



# ANNUAL REPORT

## 2015 - 16



HINDUSTAN AERONAUTICS LIMITED

# LIGHT UTILITY HELICOPTER (LUH)

## ROLES

- Reconnaissance and Surveillance
- Troop Transport
- Rescue and Relief Operations
- Casualty evacuation
- Close air support for ground troops
- External cargo

## FEATURES

- 3 Ton class dual Pilot Helicopter
- Predominantly Composite Airframe with crashworthy feature
- Hinge-less Rotor system to ensure high agility and maneuverability
- Spacious cabin ensuring enough room for troop transport upto 6 troops / 2 stretchers
- Modern Avionics Suite with fully integrated Smart Multi-Functional Displays(SMFD)
- Safran's Ardiden-1U engine with Full Authority Digital Electronic Controller (FADEC)
- Dual redundant systems to ensure higher level of safety
- Range of 350 km and Service ceiling of 6.5 km



## IMPORTANT MILESTONES / MAJOR ACHIEVEMENTS

- Successful maiden technical flight of First prototype (PT-1) on 6<sup>th</sup> September, 2016
- PT-1 is currently undergoing developmental flight tests
- 2<sup>nd</sup> and 3<sup>rd</sup> Prototypes are under build
- Operation clearance of basic version planned by December 2017



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# 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





## BOARD OF DIRECTORS



**Shri T. Suvarna Raju**

Chairman & 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 1<sup>st</sup> February, 2015, and appointed as Chairman from 5<sup>th</sup> March, 2015. The post was re-designated as Chairman & Managing Director w.e.f. 1<sup>st</sup> 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, First Member Secretary of the Design and Development Management Board (DDMB) established by MoD and also Chairman of the Bengaluru Chapter of the Aeronautical Society of India .



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 Manger (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 27<sup>th</sup> July, 2011. He was conferred the "Chanakya Award" for Business Excellence in HR on 12<sup>th</sup> 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 1<sup>st</sup> August, 2013 to 31<sup>st</sup> March, 2015.



**Shri V. M. Chamola**

Director (HR)



**Shri S. Subrahmanyan**  
Director (Operations)

Shri S. Subrahmanyan, an Engineering Graduate in Mechanical Engineering and Post Graduate in Aircraft Production from IIT, Madras, joined HAL as Management Trainee, in August 1980.

He rose to the position of the Chief of Projects, Helicopter Division and was the Chief of Projects at Corporate Office. He was Managing Director (MiG Complex) from 1<sup>st</sup> December, 2012 to 31<sup>st</sup> March, 2015. He had also held the additional charge of the post of Managing Director (Accessories Complex), HAL in respect of Lucknow Division and TAD Kanpur, from 1<sup>st</sup> August, 2013 to 31<sup>st</sup> March, 2015.

Subsequently, in view of restructuring of HAL Board, Shri Subrahmanyan was re-located to Corporate Office and re-designated as Director (Operations) w.e.f 1<sup>st</sup> April, 2015. With his rich experience of over 36 years, he has contributed immensely to the success

of many important projects such as ROH for Cheetah/Chetak, manufacturing of Chetal Helicopters, Project Planning and Productionisation of Advanced Light Helicopter, setting up of the Centre for Excellence for landing gear manufacture & Overhaul, setting up of a manufacturing facility for mega projects of Su-30MKI Aircraft, development of supply chain and outsourcing of major structural work packages of flight control system.

Shri D K Venkatesh, is a Mechanical Engineer from National Institute of Technology, Surat, Associate of the Institute of Costs & Works accountants of India, Post Graduate diploma in Marketing Management and a Post Graduate in Computer Applications.

Shri Venkatesh joined HAL as a Management Trainee on August, 1980 and appointed as Director (Engineering and R & D) of the Company with effect from 27<sup>th</sup> November, 2015.

He has more than 36 years of experience in Manufacture, Assembly, Repair, Overhaul, Prototype development in the areas of Production, Operations, Quality Management, Projects, Design, Customer Support of Aircraft, Helicopters and Gas Turbine Engines. He is a member of the Aeronautical Society of India and active member of the Society for Failure Analysis.



**Shri D K Venkatesh**  
Director (Engg. and R & D)



**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 35 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 BAe HAL 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 Kamlesh K. Pant, Joint Secretary (Aerospace), Ministry of Defence was appointed as a Part-Time Official Director of HAL with effect from 30<sup>th</sup> October, 2014.

Shri Pant is a Mechanical Engineer from IIT, Kanpur and joined the Indian Administrative Service in the year 1993. Before taking over as Joint Secretary (Aerospace), he had served as Director (State Taxes) in the Ministry of Finance, Government of India.

Besides serving in District Administration he had served in the Government of Himachal Pradesh in various capacities, such as Secretary in Finance Department, Director (Institutional Finance), Director (Treasury, Accounts & Lotteries), Managing Director – Himachal Pradesh Financial Corporation, Managing Director – State Industrial Development Corporation and Managing Director – Uttarkhand Transport Corporation.



**Shri Kamlesh K. Pant**  
Joint Secretary (Aerospace), MoD  
Govt. Nominee Director.



**Shri P. S. Krishnan**  
Independent Director

Shri P. S. Krishnan, a distinguished Scientist and former Director of Aeronautical Development Establishment (ADE), was appointed as Part-Time Non-Official Director on the Board of the Company with effect from 5<sup>th</sup> May, 2014. He graduated as a mechanical engineer from IIT, Madras and holds a Master Degree also from IIT, Madras.

Shri Krishnan has contributed substantially during his illustrious career spanning 37 years with Aeronautical Development Establishment (ADE), a premier Systems Establishment of DRDO, in various positions, particularly for development of Flight Control System for Unmanned Air Vehicles and Light Combat Aircraft (LCA).

He also served DRDL, Hyderabad between 1972-76 and worked on the development of the Gimbaled Inertial Navigation System, which was tested successfully in Avro Aircraft.

Shri Krishnan has published several technical papers and had been conferred with several awards viz., Performance Excellence Award 2010 for development of Nishant UAV and Award for path breaking research for development of Fly By Wire FCS for Tejas in 2002, in recognition of his contributions.

Prof. Pradipta Banerji, a Civil Engineer from IIT, Delhi, MS & Ph. D in Structural Engineering from University of California, Berkeley, USA, joined the HAL Board as a Part-Time Non-Official Director with effect from 5<sup>th</sup> May, 2014.

Prof. Banerji started his career at the University of California as a teacher/Research Assistant in Civil Engineering from 1981 to 1987, and thereafter joined IIT, Bombay as Assistant Professor and spent more than 15 years as Faculty Member. Presently, he is Director at the Indian Institute of Technology, Roorkee.

Prof. Banerji was a visiting Research Professor at the University of Manitoba, Winnipeg, Canada and the Institute of Statics and Dynamics for Aerospace Structures at the University of Stuttgart, Germany. He was Advisor, Global Alliances, Intellectual Venture India Ltd, before taking over as Director, Indian Institute of Technology, Roorkee in October 2011. His areas of specialisation are Earthquake Engineering and Structural Health Monitoring.



**Prof. Pradipta Banerji**  
Independent Director



**Shri Gopabandhu Pattanaik**  
Independent Director

Shri Gopabandhu Pattanaik, a 1978 batch IAS officer of the UP cadre, retired as Principal Secretary to the Government of Uttar Pradesh on 31<sup>st</sup> March, 2013. He is a science graduate with specialisation in Physics and also holds a Master Degree in Science (specialisation in Economics) from the University of Wales. He was appointed as Part-Time Non-Official Director on the Board of HAL with effect from 5<sup>th</sup> May, 2014.

He has served for over 8 years as Secretary/Principal Secretary to Governor/Chancellor of State Universities. He is well conversant with the University System, and has been a member of several Search Committees for the appointment of Vice Chancellors.

Shri Pattanaik has wide experience in infrastructure and social sector. He has worked as Secretary, Home, Medical Education, Programme Implementation and Principal Secretary Agriculture, Energy during his illustrious career.

Shri Pattanaik was the Chairman of UP Power Corporation Ltd. During his tenure wide-scale reform initiatives were undertaken. He had successfully steered Garhwal Development Corporation, UP Cement Corporation and UP Power Corporation.

He has also served in the Ministry of Welfare and Ministry of Culture, Government of India.

Air Vice Marshal (Retd.) D.K. Pande, a graduate in Electrical Engineering and holds an M. Tech in Satellite Communication from IIT, Kharagpur, in addition to PG from Defence Service Staff College, Wellington. He was appointed as Part-Time Non-Official Director on the Board of the Company with effect from 5<sup>th</sup> May, 2014.

AVM D.K. Pande retired as Assistant Chief of Air Staff (Maintenance Plans) in October 2013. He had served in various commands of the IAF and possessed more than 36 years of experience in the maintenance of various types of aircraft in general and Russian equipment / platforms in particular.

Air Vice Marshal (Retd.) D.K. Pande was awarded the Vishishta Seva Medal in 2004 and Ati Vishishta Seva Medal in 2013. Besides, he has received commendations from Chief of the Air Staff in 1992 and 1995.



**Air Vice Marshal (Retd.)  
D.K. Pande, AVSM, VSM**  
Independent Director



**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 8<sup>th</sup> 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 Niteesh Estates Ltd.

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



## BOARD OF DIRECTORS

(As on 30<sup>th</sup> July, 2016)

### **Shri T. Suvarna Raju**

Chairman & Managing Director (CMD)

### **Shri V. M. Chamola**

Director (Human Resources)

### **Shri S. Subrahmanyam**

Director (Operations)

### **Shri D. K. Venkatesh**

Director (Engineering and R&D)

### **Shri C. V Ramana Rao**

Director (Finance) & CFO

### **Shri Kamlesh K. Pant**

Joint Secretary (Aerospace)

Ministry of Defence

Govt. Nominee Director

### **Shri P.S. Krishnan**

Independent Director

### **Prof. Pradipta Banerji**

Independent Director

### **Shri Gopabandhu Pattanaik**

Independent Director

### **Air Vice Marshal (Retd.) D.K. Pande, AVSM, VSM**

Independent Director

### **Smt Dipali Khanna**

Independent Director

## MEMBERS OF THE MANAGEMENT COMMITTEE

Shri T. Suvarna Raju

Chairman & Managing Director (CMD)

Shri V. M. Chamola

Director (Human Resources)

Shri S. Subrahmanyam

Director (Operations)

Shri D. K. Venkatesh

Director (Engineering and R&D)

Shri C. V Ramana Rao

Director (Finance) & CFO

Shri V. Sadagopan

CEO (Helicopter Complex)

Shri Kaveri Renganathan

CEO (Bangalore Complex)

Shri Daljeet Singh

CEO (MiG Complex)

Shri Rajiv Kumar

CEO (Accessories Complex)

## COMPANY SECRETARY

Shri G. V. Sessa Reddy



### **BANKERS**

State Bank of India  
State Bank of Mysore  
State Bank of Hyderabad  
State Bank of Travancore  
State Bank of Patiala  
State Bank of Bikaner & Jaipur  
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. Tandon Seth & Co.,**  
Chartered Accountants, Kanpur  
**M/s. R. B. Jain & Associates.,**  
Chartered Accountants, Mumbai  
**M/s. Krishna & Prasad,**  
Chartered Accountants, Hyderabad

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

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

**M/s. Patnaik & Co.,**  
Chartered Accountants, Cuttack

**M/s. J. N. Sharma & Co.,**  
Chartered Accountants, Kanpur

**M/s. Vijay Panchappa & Co.,**  
Chartered Accountants, Bengaluru

**M/s. G.K.P. Associates,**  
Chartered Accountants, Bengaluru

**M/s. Phillipos & Co.,**  
Chartered Accountants, Bengaluru

**M/s. BNPSY & Associates.,**  
Chartered Accountants, Lucknow

**M/s. N. N. Yuvraj & Associates.,**  
Chartered Accountants, Bengaluru

**M/s. N N R & Co.,**  
Chartered Accountants, Bengaluru

**M/s. Rajagopal & Badri Narayanan,**  
Chartered Accountants, Bengaluru

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

**M/s. Bhaskaran & Ramesh,**  
Chartered Accountants, Bengaluru

**M/s. B. V. Swamy & Co.,**  
Chartered Accountants, Bengaluru

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

**M/s. P. Chandrashekar,**  
Chartered Accountants, Bengaluru

**M/s. Rao & Swami,**  
Chartered Accountants, Bengaluru

### **COST AUDITOR**

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

### **LEGAL ADVISERS**

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

### **TAX CONSULTANT**

**M/s. PricewaterhouseCoopers Pvt. Ltd.**

### **CREDIT RATING AGENCY**

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



HTFE 25 kN Engine



## FINANCIAL HIGHLIGHTS

Sl. No.	Particulars	Units	01-02	02-03	03-04	04-05	05-06
<b>A</b>	<b>Our Earnings</b>						
	Sales - Inland	₹ Cr.	2707.96	3016.53	3584.43	4383.75	5155.31
	Export Sales	₹ Cr.	66.85	103.89	215.35	150.05	186.19
	<b>Total Sales</b>	<b>₹ Cr.</b>	<b>2774.81</b>	<b>3120.42</b>	<b>3799.78</b>	<b>4533.80</b>	<b>5341.50</b>
	Changes in WIP & SIT& FG	₹ Cr.	188.63	357.42	-43.64	450.75	575.12
	<b>Total</b>	<b>₹ Cr.</b>	<b>2963.44</b>	<b>3477.84</b>	<b>3756.14</b>	<b>4984.55</b>	<b>5916.62</b>
<b>B</b>	<b>Our Outgoings</b>						
	Cost of Materials	₹ Cr.	1255.85	1607.51	1673.36	2686.17	3313.49
	Manpower Cost	₹ Cr.	724.00	746.80	773.25	808.78	837.69
	Net Operating Cost	₹ Cr.	829.16	953.48	899.91	917.87	1014.21
	Net Financing Cost	₹ Cr.	-257.02	-308.54	-247.01	-250.96	-452.37
	Depreciation	₹ Cr.	37.98	45.22	57.21	65.16	77.31
	<b>Total</b>	<b>₹ Cr.</b>	<b>2589.97</b>	<b>3044.47</b>	<b>3156.72</b>	<b>4227.02</b>	<b>4790.33</b>
<b>C</b>	<b>Our Savings</b>						
	Profit Before Tax	₹ Cr.	373.48	433.37	599.42	757.53	1126.29
	Provision For Tax	₹ Cr.	28.70	43.41	189.63	256.47	355.15
	<b>Profit After Tax For Appropriation</b>	<b>₹ Cr.</b>	<b>344.78</b>	<b>389.96</b>	<b>409.79</b>	<b>501.06</b>	<b>771.14</b>
<b>D</b>	<b>We Own</b>						
	Net Block	₹ Cr.	352.19	434.74	515.44	525.87	730.34
	Other Assets (net)	₹ Cr.	2037.90	2038.46	2450.61	3108.37	3853.59
	<b>Total</b>	<b>₹ Cr.</b>	<b>2390.09</b>	<b>2473.20</b>	<b>2966.05</b>	<b>3634.24</b>	<b>4583.93</b>
<b>E</b>	<b>We Owe</b>						
	Equity	₹ Cr.	120.50	120.50	120.50	120.50	120.50
	Reserves and Surplus	₹ Cr.	1640.41	1810.31	2120.92	2508.06	3050.58
	<b>Shareholders' Funds</b>	<b>₹ Cr.</b>	<b>1760.91</b>	<b>1930.81</b>	<b>2241.42</b>	<b>2628.56</b>	<b>3171.08</b>
	Deferred Tax Liability	₹ Cr.		166.85	354.27	623.90	1047.95
	Borrowings	₹ Cr.	380.06	374.47	365.34	363.78	363.88
	Cash Credit Loan	₹ Cr.	249.12	1.07	5.02	18.00	1.02
	<b>Total</b>	<b>₹ Cr.</b>	<b>2390.09</b>	<b>2473.20</b>	<b>2966.05</b>	<b>3634.24</b>	<b>4583.93</b>
<b>F</b>	<b>Financial Statistics</b>						
	Value of Production	₹ Cr.	2963.44	3477.84	3756.14	4984.55	5916.62
	Value Added	₹ Cr.	1707.59	1870.33	2082.78	2298.38	2603.13
	Dividend Paid (including Tax)	₹ Cr.	68.96	87.99	92.46	113.92	228.62
	R & D Expenditure	₹ Cr.	203.72	265.06	313.81	306.63	433.58
	Gross Margin (incl.int income)	₹ Cr.	531.83	594.54	800.36	974.46	1408.15
	Gross Block	₹ Cr.	1085.41	1211.04	1344.26	1417.27	1694.58
	Inventory	₹ Cr.	2073.24	2394.95	2576.52	3508.64	4809.74
	Sundry Debtors	₹ Cr.	248.23	510.02	990.20	1106.20	1404.13
No. Of Employees	Nos.	31652	31138	30450	29807	29668	
<b>G</b>	<b>Financial Ratios</b>						
	Sales Per Employee	₹	876663	1002126	1247875	1521052	1800426
	Value Added Per Employee	₹	539487	600658	684000	771087	877424
	PBT to Sales	%	13.46	13.89	15.78	16.71	21.09
	Earnings Per Share	₹	28.61	32.36	34.01	41.58	64.00
	Dividend as %age of Equity (including Dividend Tax)	%	57.23	73.02	76.73	94.54	189.73



06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16
7513.10	8284.24	9936.80	11252.03	12878.12	13855.88	13940.81	14687.90	15131.06	16287.21
270.51	341.09	436.58	204.67	237.38	348.33	382.82	440.04	490.12	449.28
<b>7783.61</b>	<b>8625.33</b>	<b>10373.38</b>	<b>11456.70</b>	<b>13115.50</b>	<b>14204.21</b>	<b>14323.63</b>	<b>15127.94</b>	<b>15621.18</b>	<b>16736.49</b>
1418.27	166.19	1437.47	2032.89	3335.34	-1510.91	-121.80	739.52	667.10	536.16
<b>9201.88</b>	<b>8791.52</b>	<b>11810.85</b>	<b>13489.59</b>	<b>16450.84</b>	<b>12693.30</b>	<b>14201.83</b>	<b>15867.46</b>	<b>16288.28</b>	<b>17272.65</b>
5980.40	4684.43	7635.95	9221.80	11772.43	5761.39	8008.44	9148.45	8882.37	9169.17
1054.46	1802.69	2542.78	1954.05	2246.28	2720.66	2446.33	2685.44	3378.99	3262.13
1163.10	1686.02	886.86	984.87	764.68	2812.63	2382.87	2348.91	2215.11	2785.64
-839.96	-1663.80	-1732.16	-1525.57	-1340.86	-2107.00	-2316.27	-2064.38	-1622.65	-1548.57
100.28	117.95	142.55	166.00	168.79	177.10	183.48	171.35	261.94	314.82
<b>7458.28</b>	<b>6627.29</b>	<b>9475.98</b>	<b>10801.15</b>	<b>13611.32</b>	<b>9364.78</b>	<b>10704.86</b>	<b>12289.77</b>	<b>13115.76</b>	<b>13983.19</b>
1743.60	2164.23	2334.86	2688.43	2839.52	3328.52	3496.97	3577.69	3172.52	3288.46
594.84	532.35	595.00	721.02	725.26	789.09	500.06	885.17	784.47	1634.69
<b>1148.76</b>	<b>1631.88</b>	<b>1739.86</b>	<b>1967.41</b>	<b>2114.26</b>	<b>2539.43</b>	<b>2996.91</b>	<b>2692.52</b>	<b>2388.05</b>	<b>1653.77</b>
1020.98	1080.07	1327.56	1465.50	1509.18	1555.83	1548.07	1581.71	1559.41	1696.38
4352.20	5584.72	6816.16	8163.49	9721.76	11259.90	13396.60	15794.04	16846.00	12306.03
<b>5373.18</b>	<b>6664.79</b>	<b>8143.72</b>	<b>9628.99</b>	<b>11230.94</b>	<b>12815.73</b>	<b>14944.67</b>	<b>17375.75</b>	<b>18405.41</b>	<b>14002.41</b>
120.50	120.50	120.50	120.50	120.50	120.50	120.50	482.00	482.00	361.50
3913.92	5163.22	6495.97	8003.02	9624.72	11218.10	13257.69	14532.64	16304.07	12057.14
<b>4034.42</b>	<b>5283.72</b>	<b>6616.47</b>	<b>8123.52</b>	<b>9745.22</b>	<b>11338.60</b>	<b>13378.19</b>	<b>15014.64</b>	<b>16786.07</b>	<b>12418.64</b>
1334.73	1379.05	1525.27	1505.29	1485.55	1476.97	1566.32	1681.60	1619.22	1583.67
4.03	2.03	1.98	0.18	0.17	0.16	0.16	679.51	0.12	0.10
<b>5373.18</b>	<b>6664.79</b>	<b>8143.72</b>	<b>9628.99</b>	<b>11230.94</b>	<b>12815.73</b>	<b>14944.67</b>	<b>17375.75</b>	<b>18405.41</b>	<b>14002.41</b>
9201.88	8791.52	11810.85	13489.59	16450.84	12693.30	14201.83	15867.46	16288.28	17272.65
3221.48	4107.09	4174.90	4267.78	4678.42	6931.91	6193.39	6719.01	7405.91	8103.48
285.42	382.57	407.12	460.35	492.56	946.06	957.32	1041.26	575.97	755.02
637.79	662.14	674.78	832.12	986.96	967.51	1948.95	1083.26	1042.43	1182.28
2124.53	2650.95	2905.32	3382.75	3654.32	4050.83	4098.30	4181.17	3986.85	4142.91
2080.89	2254.97	2638.09	2933.53	3142.73	3362.97	3524.81	3728.71	4023.03	4460.14
7222.52	8614.64	10431.19	13660.03	17427.18	16152.99	17980.42	22361.00	25153.32	24159.33
1281.18	1486.10	1848.26	1858.03	2318.22	3916.73	5530.17	6917.05	6258.15	5131.82
31666	34323	34822	33990	33681	32659	32644	32108	31144	30300
2458034	2512989	2978973	3370609	3894036	4349250	4387830	4711581	5015791	5523595
1017330	1196600	1198926	1255600	1389038	2122513	1897252	2092628	2377957	2674418
22.40	25.09	22.51	23.47	21.65	23.43	24.41	23.65	20.31	19.65
95.33	135.43	144.39	163.27	175.46	210.74	62.18	55.86	49.54*	34.31*
236.86	317.49	337.86	382.04	408.76	785.11	198.61	216.03	119.50	208.86

\* The Company has bought back 12,05,00,000 Equity Shares of ₹ 10/- each on 30<sup>th</sup> March, 2016. Earnings per share has been calculated by dividing the net profit or loss for the period by 48,20,00,000 equity shares. 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.



## CHAIRMAN'S STATEMENT

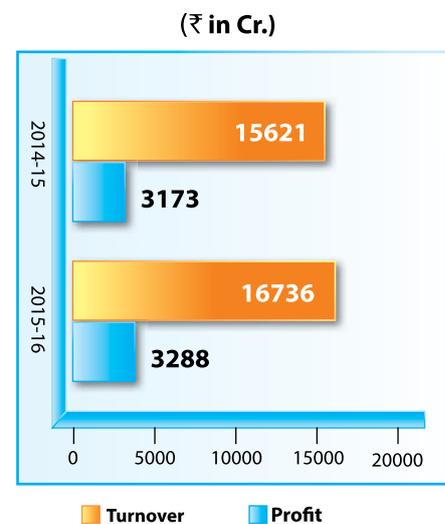


Dear Shareholders,

It is my proud privilege to extend a very warm welcome to you all for the 53<sup>rd</sup> Annual General Meeting of your Company. I thank you for gracing the occasion with your kind presence. The Financial Statements for the year ended 31<sup>st</sup> March, 2016 and the Directors' Report have been with you. With your permission, I shall take them as read.

### Performance Overview

- The year 2015-16 has been the Year of Platinum Jubilee for HAL with the completion of 75 years of continuous journey by your Company in serving the nation. During the year, the Company recorded highest ever turnover of ₹ 16,736 Cr. and registered a growth of 7.14 % in comparison with the turnover of the previous year. The Profit Before Tax (PBT) for the year 2015-16 is ₹ 3,288 Cr. in comparison with the previous year PBT of ₹ 3173 Cr. HAL also contributed to the nation's exchequer to the tune of ₹ 4284 Cr. (excluding applicable taxes), by way of buy-back of shares. The Company produced 60 numbers of new Aircraft and Helicopters in addition to the production of Engines and Accessories at its various Divisions.
- The production encompassed multiple types of Aircraft covering Su-30 MKI, Hawk, Tejas (Light Combat Aircraft - LCA), Dornier Do-228, Intermediate Jet Trainer and Helicopters Dhruv (Advanced Light Helicopter - ALH) and Cheetal. During the year, the Company has achieved the peak production of 12 numbers of Su-30MKI aircraft from Raw Material Phase achieving the full installed capacity and also achieved the highest ever production of 17 Hawk aircraft.
- HAL's performance during the year against MoU with the MoD is assessed provisionally as "EXCELLENT" and formal evaluation by the Department of Public Enterprises is awaited.





## Dividend

I am happy to inform you that the Company has paid interim dividend of ₹ 510.00 Cr during the year 2015-16.

The Board of Directors of your Company has recommended a Final Dividend of 32.45% of Paid-Up Capital (₹ 3.25 per share) amounting to ₹ 117.32 Cr for the year 2015-16. Thus, the total dividend for the year 2015-16 is 173.53 % of Paid-Up Capital (₹17.35 per share) amounting to ₹ 627.32 Cr (excluding dividend distribution tax) as against 99.59 % of Paid-Up Capital (₹ 9.96 per share) amounting to ₹ 480 Cr. paid in the previous year.



Shri T. Suvarna Raju, CMD, HAL presents the second interim dividend cheque to Hon'ble Raksha Mantri Shri Manohar Parrikar during Defexpo-2016, on 28<sup>th</sup> March 2016.

## Significant Achievements

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

- The Indigenous Light Combat Helicopter (LCH), under advanced stages of development at the Company, participated in IAF's Iron-Fist 2016 exercise in March 2016 and displayed its armament capability with rocket firing trials.
- HAL showcased Indigenously Designed and Developed Tejas (Light Combat Aircraft - LCA) and Dhruv - ALH at Bahrain International Air Show held from 21 to 23 January, 2016 and displayed the Company's advanced capabilities in the Aeronautical product spectrum. This also marks an important milestone that an indigenous fighter aircraft of the Company undertook Flying Demonstration at an International Air Show for the first time.
- Initial Operational Clearance for IAF variant of ALH-WSI was received in December, 2015.
- HAL delivered the 1000th set of Boeing 777 Main Landing Gear Uplock Box Assembly in January, 2016, having begun the project in the year 2000.
- HAL and Pawan Hans Ltd (PHL) signed an MoU on 16<sup>th</sup> March, 2016 to establish a Joint Venture at Delhi to carry out the maintenance work related to all types of helicopters and address the needs of defence and civil markets in India and other countries.
- HAL bagged 57 awards (Company Level: 23, Division Level: 12, Individual Level: 22) during the year 2015-16.



- The Company delivered the Orbiter Craft Module Structure of Chandrayaan-2 to ISRO.
- The inaugural run of the core of 25 kN indigenous Aero Engine (Hindustan Turbo Fan Engine – HTFE 25), was successfully completed
- HAL handed over the first two Rudra (ALH-WSI) helicopter to IAF on 17<sup>th</sup> June, 2016

### New Initiatives

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

- **New Helicopter Manufacturing facility:** Hon'ble Prime Minister of India laid the foundation stone for HAL's new Helicopter Facility at about 100 km from Bengaluru, at Tumakuru District, on 3<sup>rd</sup> January, 2016.



*Hon'ble Prime Minister, Shri Narendra Modi laid the foundation stone for HAL's new Helicopter Manufacturing Facility at Biderehalla Kaval, Gubbi Taluk, Tumakuru, on 3<sup>rd</sup> January, 2016.*

- **ALH Production - 2nd line at Kanpur:** Shri Ashok Kumar Gupta, Secretary (Defence Production) inaugurated the second production line of ALH at TAD, Kanpur on 28<sup>th</sup> December, 2015.
- **3D Printing:** An innovative technology of 3D printing is being adopted in HAL. The machine has been installed & commissioned and parts are being manufactured. This technology will be of great use during Design and Development as inevitable changes can be incorporated with minimum time and cost.
- **Make in India initiatives:** During the year, HAL undertook several measures to adopt "Make in India" concept and implemented various initiatives. Some of the major initiatives taken are as follows:
  - a) HAL's "Make in India" Portal: It was launched by Hon'ble Raksha Mantri on 6<sup>th</sup> September, 2015 on HAL's website [www.hal-india.com](http://www.hal-india.com). HAL hosted around 300 imported systems and sub-systems in the portal to enable other industries to take up indigenisation.
  - b) Testing Facilities: The details of HAL's testing facilities available for utilization by other industries which will support indigenous Development and Production efforts were hosted in HAL's website.



- c) Make in India Exhibition, Mumbai: HAL actively participated in 'Make in India Week 2016' exhibition held at Mumbai from 13<sup>th</sup> to 18<sup>th</sup> February, 2016. Numerous systems and subsystems available for manufacture under Make in India initiative were displayed in addition to Aircraft/ Helicopter models/ mock-up.
- d) The first carriage flight of Su-30 MKI aircraft with BrahMos missile was successfully achieved.
- **HAL-IAF e-portal:** Hon'ble Raksha Mantri launched an IAF-HAL e-portal in September, 2015. This portal is aimed at increased levels of coordination towards real time data sharing and faster decision making.
  - **Mini MRO Hub:** Established MRO hub at Indian Army Base, Mamun to extend on-site service and spares support to enhance serviceability of ALH.
  - Outsourcing Manual of the Company has been updated considering the changing aerospace industrial scenario paving way for greater participation of private industry. A new chapter on "Sub-contractor Development" has been included in this manual.
  - HAL is exploring outsourcing major packages like Manufacturing of ALH Mk-III as a complete product under ToT, LCA Tejas structural work packages, ALH structural assemblies, LCH structural assembly and has issued Eo/RFIs.



First Carriage flight of Su- 30MkI aircraft with BrahMos Missile at HAL Airport, Nashik on 25th June, 2015.



Hon'ble Union Minister of State (Independent Charge) for Planning and Minister of State for Defence, Shri Rao Inderjit Singh, opened HAL's upgraded Heritage Center and unveiled HAL Platinum Jubilee Plaque, on 12<sup>th</sup> December, 2015.

### Future Outlook

Indian economy continues to show upward trend and according to World Bank's report Global Economic Prospect – January, 2016, Indian Economy has become the fastest growing economy. World Bank also predicted that India will continue to be the fastest growing economy in the world in the near future with the growth rate of above 7.8%.

The Government of India is also bringing the various initiatives to reform Indian Aerospace and Defence Manufacturing Industry and create conducive environment for industries to achieve the progressive growth. Your Company has devised strategies aligned to the government's initiatives to maximise the benefits and superior growth.

The Government initiatives like "Make in India" drive, increased public private partnerships etc. will give right impetus to country's Aeronautical and Defense industry growth. HAL has chalked out its strategies to utilize the above opportunities to shape the future business outlook of the Company as outlined below:

Defense Manufacturing is one of the priority sector identified under "Make in India" initiative which aims at increasing the Manufacturing industry contribution in National GDP to 25%. As a major Aerospace defense sector enterprise in the country, your Company has taken following initiatives:

- 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.
- HAL has evolved strategic partnerships with DRDO Establishments, CSIR Labs and premier Academic institutions to foster country's advancement in the field of Research and Technology Development.
- HAL has taken concerted Vendor Development efforts to encourage greater public private partnerships and would be playing a lead role in developing a sound manufacturing vendor base in the country.



### Research and Development

During the FY 2015-16, HAL has continued to make concerted efforts towards Developmental projects and activities to enhance capability with a view to overcome the future technological challenges that require the Company to develop New Products and go in for Product Enhancements. Towards the progress of the R&D efforts, the Company has incurred a total expenditure of ₹ 1182 Cr. for the FY 2015-16 which is 7.07% of the Turnover.

HAL is jointly working with premier R&D organisation like DRDO laboratories, CSIR-NAL, CIPET, IITs and IISc towards Self-Reliance in the Aviation field harnessing the Partnership Strategy. In its continuous effort for enhancement of R&D efforts, your Company has established chairs at IIT Madras, IIT Roorkee, IIT Kharagpur, IIT Mumbai and IIT Kanpur.

Your Company has transferred a sum of ₹ 87.50 Cr. (10% of Operating profit after tax of ₹ 875 Cr.) to R&D reserve for contribution to R&D corpus during the year 2015-16. Your Company has re-organised and strengthened its R&D set up. A high level Technology and Design Policy Committee of the Board guides the R&D effort in the Company, sanctions and reviews the projects / technologies that are to be undertaken on a regular basis.

Your Company has achieved major progress in various R&D / Development Projects viz. Light Combat Helicopter (LCH), Light Utility Helicopter (LUH), Light Combat Aircraft (LCA), Hindustan Turboprop Trainer Aircraft (HTT-40), Fifth Generation Fighter Aircraft (FGFA), Jaguar Darin III Upgrade, Mirage 2000 Upgrade, UAV and Development of Engines.

During the year, HAL has successfully completed Design and Development of the Soft-Net Radio (SDR2010) transceiver, state-of-the art, 2 channel Software Defined Radio. It has been integrated on board HS-748 Avro aircraft and also completed ground integration and flight trials. HAL has also Designed and Developed Gas Turbine Electrical Generator for starting AI-20D engine of AN-32 aircraft and successfully demonstrated on engine test bed at 3BRD, Chandigarh.

HAL has continued the drive across the Company, to assess and identify the technologies and processes which will build up its Intellectual Property portfolio. During the year HAL has filed 197 IPR applications which make cumulative number of IPRs filed by Company to be 1291. 22 IPRs have also been granted during the year taking cumulative IPRs held by the organization to 32.



Hon'ble Prime Minister, Shri Narendra Modi and Hon'ble Defence Minister, Shri Manohar Parrikar, paid a visit to HAL stall during International Fleet Review 2016 held from 4<sup>th</sup> to 8<sup>th</sup> February, 2016 at Visakhapatnam.



### Corporate Governance

Your Company is continuously complying with the guidelines on Corporate Governance framed by the Department of Public Enterprises (DPE). HAL 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 and procedures to ensure that its Board of Directors is well informed and well equipped to fulfil its overall responsibilities and to enhance the overall value of all stakeholders. The policies and procedures of the Company are constantly reviewed and updated to ensure transparency in all aspects of the Company's working.

### Corporate Social Responsibility and Sustainability Development

Your Company is committed for discharging its Corporate Social Responsibility as good Corporate Citizen. During the year, an amount of ₹68.31 Cr. has been spent. A few activities carried out are highlighted hereunder:

- During 2015-16, HAL has entered into a MoU with the Indian Institute of Science (IISc), Bengaluru to establish the "HAL-IISc Skill Development Centre" at IISc's new Campus at Challakere, Chitradurga District, Karnataka.
- 5 Students of M. Tech (Technology & Development) were sponsored by the Company as per the MoU entered with IIT, Bombay. This ongoing activity commenced during 2014-15 and will continue till 2018-19 (5 Years). The aim of the Programme is to provide trained Technical Professionals in Development of Rural Areas.
- 81 Students were inducted for the ITI plus Apprenticeship (integrated) Courses from Below Poverty Line (BPL) families, against the target of 60 at Koraput, Odisha and Bengaluru, Karnataka. The Trades have been identified on the basis of employment potential in the area / location, where the Divisions are situated.



Inauguration of Wind Turbine Generators of 6.3 MW by the CMD, HAL at Harapanahalli, Davanagere District, Karnataka



Providing Cement concrete road in four villages of Kolar district under CSR and Installation of Rooftop Solar Power Plants at Government Schools through TERI



- Installation of 6.3 MW Wind Power Project at Davangere, Karnataka was completed & commissioned during 2015-16. The Revenue generated from the Plant would be added to the CSR Budget of each coming year.
- HAL in association with The Energy & Resources Institute (TERI) has installed Rooftop Solar Power Plants of 8-12 KVA capacity in 20 selected Government Schools at Bengaluru under Sustainable Educational Institutions. The Solar Roof Top Power Plants are grid-tied through net-metering without any storage. Excess energy generated is injected into the grid.
- During 2015-16, the Company has established a Football Academy at Bengaluru to impart coaching to young students (under 15 years age) who have flair for playing Football. The objective is to provide exposure and ample opportunities to participate in State / National Level Tournaments and make a career in the field of Football. The Programme is for 5 years with a total strength of 36 students. 21 students were inducted during 2015-16. The students are being trained under talented / experienced coaches.
- Kumudavathi River Rejuvenation Project has been taken up during 2015-16 also, in association with the International Association for Human Values [IAHV]. 2 Mini Watersheds were constructed during 2015-16 and on completion, these structures were handed over to the concerned Villages.
- Construction / Renovation of Toilets in Govt. Schools were taken up during 2015-16 also under the initiative of Swachh Vidyalaya Campaign. Total 200 Toilets were constructed / renovated in Schools, against the target of 50. Extension of Medical Facilities to adopted / neighbouring villages by organizing Medical Health Camps is an ongoing activity. Medical Cards were issued to the residents of the 14 adopted Villages at Koraput. Medical History of patients are also being maintained to have follow up of the treatment. In-patient & Out-patient Medical Facilities are being extended to the residents of the adopted Villages, in HAL Hospital.



Establishment of Football Academy at Bengaluru



### **Acknowledgement**

In continuity of its pursuit and keep pace with global standards, I am sure that the Company shall achieve many milestones & attain all round success with the continued support & guidance of all stakeholders.

I take this opportunity to extend my sincere gratitude to the Department of Defence Production, Defence Acquisition, Defence Finance, Department of Civil Aviation and our valuable customers viz. the Indian Air Force, Army, Navy, Coast Guard, Border Security Force 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 & Commercial Audit, C&AG, Statutory and Branch Auditors, Bankers, Legal Advisors, Collaborators, Suppliers and other Agencies and acknowledge their contributions in our achievements.

I am grateful to my colleagues on the Board for their continuous guidance and encouragement. I also acknowledge contribution of the employees of the Company and, above all their families.

**JAI HIND**

A handwritten signature in blue ink, which appears to be 'T. Suvarna Raju'.

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

Place: Bengaluru

Date: 27.07.2016



## NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that 53<sup>rd</sup> Annual General Meeting of the Members of Hindustan Aeronautics Limited will be held on Saturday, 30<sup>th</sup> July, 2016 at 1400 Hours at Registered Office of the Company, at 15/1, Cubbon Road, Bengaluru – 560 001 to transact the following businesses:

### ORDINARY BUSINESS:

1. To receive, consider and adopt:
  - (a) the Audited Standalone Financial Statement of the Company for the financial year ended 31<sup>st</sup> March, 2016, the reports of the Board of Directors and Auditors thereon; and
  - (b) the Audited Consolidated Financial Statement of the Company for the financial year ended 31<sup>st</sup> March, 2016 and the report of the Auditors thereon.
2. To confirm payment of interim dividend and declare final dividend for the financial year 2015-16.
3. To authorise the Board of Directors to fix remuneration of statutory auditors of the Company for the financial year 2016-17 in compliance with the orders and directions of appointment by the Comptroller and Auditor-General of India.

### SPECIAL BUSINESS:

4. To appoint Shri D K Venkatesh (DIN: 07359941), as Director of the Company and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**“Resolved** that pursuant to the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made thereunder, Shri D K Venkatesh, (DIN: 07359941), who was appointed as Director (Engineering and R&D), by the President of India vide letter no. 49016/2/2015-D (HAL-III) dated 27<sup>th</sup> November, 2015 and subsequently appointed as a Director by the Board of Directors with effect from 27<sup>th</sup> November, 2015, in terms of Article No. 95 of the Articles of Association of the Company and Section 161 of the Companies Act, 2013, be and is hereby appointed as Director (Engineering and R&D) of the Company on same terms & conditions as determined by the Govt. of India”.
5. To appoint Shri C V Ramana Rao (DIN:07365725), as Director of the Company and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**“Resolved** that pursuant to the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made thereunder, Shri C V Ramana Rao (DIN:07365725), who was appointed as Director (Finance), by the President of India vide letter no. 49016/1/2015-D (HAL-III) dated 4<sup>th</sup> November, 2015 and subsequently appointed as a Director by the Board of Directors with effect from 1<sup>st</sup> February, 2016 in terms of Article No.95 of the Articles of Association of the Company and Section 161 of the Companies Act, 2013, be and is hereby appointed as Director (Finance) of the Company on same terms & conditions as determined by the Govt. of India”.
6. To appoint Smt. Dipali Khanna (DIN:03395440), as Independent Director of the Company and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:



**“Resolved** that pursuant to the provisions of Section 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made thereunder, Smt. Dipali Khanna (DIN: 03395440), who was appointed as Woman Independent Director, by the President of India vide letter no. 49016/02/2014-D (HAL-III) dated 8th January, 2016 and subsequently appointed as an Woman Independent Director by the Board of Directors with effect from 8th January, 2016 be and is hereby appointed as Woman Independent Director of the Company on the same terms & conditions as determined by the Govt. of India”.

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

A handwritten signature in blue ink, appearing to read 'G V Sessa Reddy'.

**G V Sessa Reddy  
Company Secretary**

Place: Bengaluru

Date: 21.07.2016

**NOTE:**

- 1) A member who is entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of herself/himself and such a proxy need not be a member of the Company. The duly filled proxy form should be deposited at the Registered Office, 48 hours before the time of the Meeting.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital carrying voting right. A member holding more than ten percent of the total share capital of the Company may appoint a single person as proxy and such person shall not act as a proxy for any other person or member.

- 2) The Explanatory Statement setting out material facts as required under Section 102(1) of the Companies Act, 2013 is annexed herewith.
- 3) The Register of Directors Shareholding maintained under Section 170 and Register of Contracts, maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the members at the meeting.



## EXPLANATORY STATEMENT

### Item No.4

Shri D K Venkatesh (DIN: 07359941), was appointed as Director (Engineering and R&D) of the Company by the President of India vide letter No. 49016/2/2015-D (HAL-III) dated 27<sup>th</sup> November, 2015 issued by Ministry of Defence, Department of Defence Production for a period of five years or till the date of superannuation, whichever is earlier, and was accordingly appointed as a Director w.e.f 27<sup>th</sup> November, 2015. Pursuant to the provisions of Section 152(2) of the Companies Act, 2013, every directors of the Company has to be appointed in the general meeting of the Company. Therefore, approval of the shareholders is sought for regularisation of the appointment of Shri D K Venkatesh as Director (Engineering and R&D) on same terms and conditions as determined by the Government of India.

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

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

The Board recommends the Ordinary Resolution for your approval.

### Item No.5

Shri C V Ramana Rao (DIN: 07365725), was appointed as Director (Finance) of the Company by the President of India vide letter No. 49016/1/2015-D (HAL-III) dated 4<sup>th</sup> November, 2015 issued by Ministry of Defence, Department of Defence Production for a period of five years or till the date of superannuation, whichever is earlier, and was accordingly appointed as a Director w.e.f 1<sup>st</sup> February, 2016. Pursuant to the provisions of Section 152(2) of the Companies Act, 2013 every directors of the Company has to be appointed in the general meeting of the Company. Therefore, approval of the shareholders is sought for regularisation of the appointment of Shri C V Ramana Rao as Director (Finance) on same terms and conditions as determined by the Government of India.

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

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

The Board recommends the Ordinary Resolution for your approval.

### Item No.6

Smt. Dipali Khanna (DIN: 03395440), was appointed as Woman Independent Director of the Company by the President of India vide letter No. 49016/02/2014-D (HAL-III) dated 8<sup>th</sup> January, 2016 issued by Ministry of Defence, Department of Defence Production for a period of three years from the date of notification of her appointment, or until further orders, whichever is earliest, and was accordingly appointed as a Director w.e.f 8<sup>th</sup> January, 2016. 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, every directors of the Company has to be appointed in the general meeting of the Company. Therefore, approval of the shareholders is sought for regularisation of the appointment of Smt. Dipali Khanna as Woman Independent Director on same terms and conditions as determined by the Government of India.



In the opinion of the Board, Independent Directors fulfill the conditions specified in the Act. She is independent of the management.

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

The Board recommends the Ordinary Resolution for your approval.

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

**GV Sessa Reddy  
Company Secretary**

Place: Bengaluru

Date: 21.07.2016



## Form No. MGT-11

### Proxy Form

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

CIN: **U35301KA1963GOI001622**

Name of the Company: **Hindustan Aeronautics Limited**

Registered office: **15/1, Cubbon Road, Bengaluru – 560 001**

Name of the Member (s) : Registered address :  E-mail Id : Folio No: DP Id :
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I/We, being the member (s) of.....shares of the above named Company, hereby appoint

- 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 53<sup>rd</sup> Annual General Meeting of the Company, to be held on Saturday, the 30<sup>th</sup> July, 2016 at 1400 hrs at HAL Corporate, No. 15/1, Cubbon Road, Bengaluru – 560 001 and at any adjournment thereof in respect of such resolutions as are indicated below:

#### Ordinary Business

Resolution No.

- Adoption of Financial Statements for the year ended 31<sup>st</sup> March, 2016.
- To confirm payment of interim dividend and declare final dividend for the financial year 2015-16.
- To fix remuneration of statutory auditors of the Company for the financial year 2016-17.

#### Special Business

Resolution No.

- To appoint Shri D K Venkatesh. (DIN: 07359941), as Director of the Company
- To appoint Shri C V Ramana Rao (DIN:07365725), as Director of the Company.
- To appoint Smt. Dipali Khanna (DIN: 03395440), as Independent Director of the Company.

Signed this..... day of..... 20....

Signature of shareholder

Signature of Proxy holder(s)



**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.**



## HIGHLIGHTS

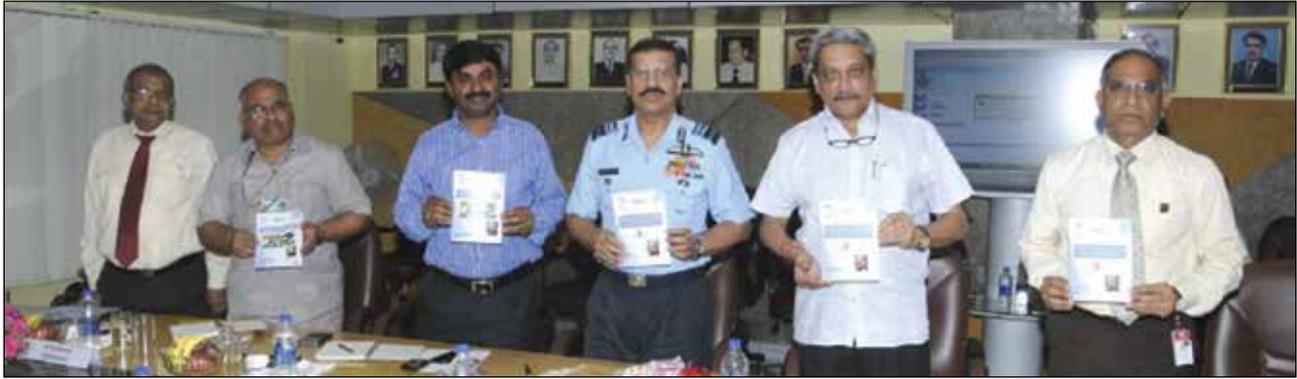
*The Defence Minister, Shri Manohar Parrikar, visited Helicopter Complex on 16<sup>th</sup> October, 2015 and looked at LCH's advanced features and armament fit.*



*Dedication of Automated Aluminium Foundry & Sand Rapid Prototyping Facility by CMD, HAL*

*HAL completed Kumudvathi river rejuvenation projects and handed them over to Village Panchayats.*





*Hon'ble Defence Minister Shri Manohar Parrikar launched the IAF-HAL ePortal at HAL Corporate Office on 6<sup>th</sup> September, 2015. This is the first Inter Organization Information Sharing System (IOIS) under Digital India initiative between a defence service organization and a defence PSU.*



*Shri T Suvarna Raju, CMD (sitting extreme left) was one among the Indian industry leaders who participated in the first meeting of the reconstituted UK-India CEO Forum held at London on 13<sup>th</sup> November, 2015.*



*The Air Chief Marshal Arup Raha, inaugurated the structural repair shop for Su-30 MKI, ROH (Repairs and Overhaul) at HAL's Nashik Division on 25<sup>th</sup> November, 2015, in the presence of Shri T. Suvarna Raju, CMD, and others.*



## DIRECTORS' REPORT

To,

The Members of HAL,

Dear Members,

Your Directors are pleased to present the 53<sup>rd</sup> Annual Report on the business and operations of the Company together with the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2016.

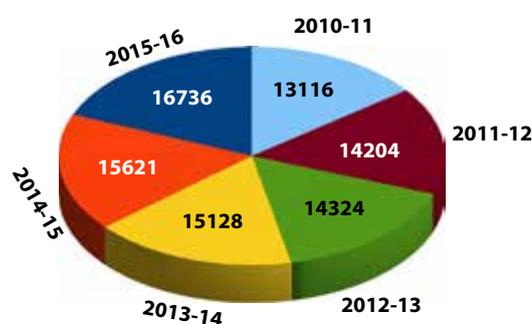
### OPERATING RESULTS

During the year 2015-16, your Company has registered the highest-ever turnover of ₹16,736 Cr compared to ₹15,621 Cr recorded in the last year, a growth of 7.14 percent over the previous year. The Profit Before Tax stood at ₹3,288 Cr as compared to ₹3,173 Cr in the previous year.

The financial highlights for the year ended 31<sup>st</sup> March, 2016 are summarized as under: -

₹ in Cr.

PARTICULARS	2015-16	2014-15
Turnover	16736.49	15621.18
Exports	449.28	490.12
Profit Before Tax (PBT)	3288.46	3172.52
Provision for Tax	1634.69	784.47
Profit After Tax (PAT)	1653.77	2388.05
R&D Expenditure	1182.28	1042.43
<b>APPROPRIATION</b>		
Interim Dividend on Equity Shares	510.00	480.00
Proposed Final Dividend on Equity Shares	117.32	-
Total Dividend	627.32	480.00
Tax on Dividend	127.71	95.97
Transfer to General Reserve	631.55	1695.25
Transfer to R&D Reserve	146.69	116.82
Transfer to Capital Redemption Reserve	120.50	-



Total Sales ₹ in Cr.

### DIVIDEND

Your Company has paid interim dividend of ₹510.00 Cr during the year 2015-16.

The Board of Directors of your Company has recommended a Final Dividend of 32.45% of Paid-Up Capital (₹3.25 per share) amounting to ₹117.32 Cr for the year 2015-16. Thus, the total dividend for the year 2015-16 is 173.53 % of Paid-Up Capital (₹17.35 per share) amounting to ₹627.32 Cr (excluding dividend distribution tax) as against 99.59 % of Paid-Up Capital (₹9.96 per share) amounting to ₹480 Cr. paid in the previous year.



HAL presents cheque of ₹4284 Cr. to Government of India as buyback of 25% of the share capital and free reserves during Defexpo-2016, on 29<sup>th</sup> March, 2016.

### BUYBACK OF SHARES

In accordance with the approval of Board of Directors at its 396<sup>th</sup> meeting held on 22<sup>nd</sup> March, 2016 and approval of shareholders through special resolution in the Extra-ordinary General Meeting held on the same date, your 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 ₹4,284.38 Cr. excluding dividend distribution tax of ₹981.54 Cr. at ₹355.55 per equity share from the President of India. The consideration amount for the shares bought back was paid to the Government of India on 30<sup>th</sup> March, 2016 and the shares so bought back were extinguished on 5<sup>th</sup> April, 2016.

After Buy-back, paid-up share capital has been reduced from ₹482.00 Cr. to ₹361.50 Cr.

### RESERVES

During the financial year under review, an amount of ₹631.55 Cr., ₹146.69 Cr. and ₹120.50 Cr. has been transferred to the General Reserve, Research & Development Reserve and Capital Redemption Reserve respectively.

### EXTRACTS OF THE ANNUAL RETURN

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 extract of the Annual Return in Form MGT-9 is annexed herewith to the Directors' Report as **Annexure I**.

### NUMBER OF MEETINGS OF THE BOARD

During the financial year under review, your Company had conducted 10 (Ten) Board Meetings. For further details please



refer report on Corporate Governance on Page No - 60 of the Annual Report.

#### **DECLARATION GIVEN BY INDEPENDENT DIRECTORS**

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

#### **COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION**

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

The Government Nominee Directors are appointed (as Ex-Officio Director) by the Ministry of Defence and they are not entitled to any remuneration / sitting fees.

The Non-Executive Independent Directors are appointed by 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, is not required pursuant to the Ministry of Corporate Affairs (MCA) Notification No GSR 463 (E) dated 5<sup>th</sup> June, 2015.

#### **PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN AND SECURITIES PROVIDED UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

The particulars of Loans given, Investments made, Guarantees given and Securities provided are provided in the financial statements (please refer to Note No. 13 & clause 1 of Note 34 of the financial statement)

#### **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

As per requirement of Section 188(2) of the Companies Act, 2013 and Rule 8 of the Companies (Accounts) Rules, 2014, particulars of contracts or arrangement, during the financial year 2015-16 with related parties referred to in Section 188(1) of the Companies Act, 2013 in Form AOC-2 is given under **Annexure II**

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

Your Company being a defence PSU, the disclosure of information with respect to conservation of energy, technology absorption, foreign exchange earning 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 4<sup>th</sup> September, 2015 has granted exemption to Defence Public Sector Undertakings.

#### **DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY**

The Company has taken several initiatives for effective management of Risks in pursuit of implementation of Board approved policy on an ongoing basis, which, inter alia, include nomination of Risk co-ordinator and Risk Management Committee at each division, formation of Corporate Risk Management Committee and Management Committee on Risk Management at Corporate level, besides organizing the Programmes/interactive sessions for creating awareness for Risk Management in the Company. These initiatives are directed towards evolving a culture for Enterprise Risk Management through embedding the Risk Management mechanism in the operating systems.



Inauguration of HAL New Helicopter Factory at Tumakuru, Karnataka

#### **INTERNAL FINANCIAL CONTROL**

The Company has set up proper and adequate Internal Financial Controls in respect of Financial Statements. The Manuals containing Rules and Procedures pertaining to various functions/activities such as Purchase, Outsourcing, Stores, Accounts, Systems Audit etc., have been updated and implemented for carrying out various activities with approval of Competent Authority as per the Delegation of Powers approved by the Board. No instance of material weakness in the operation has been observed. The necessary disclosures have been made in Notes to Accounts.

The Systems Audit, which is carried out through the Internal Officials with finance as well as technical background in addition to internal audit by the practicing firms of Chartered Accountants, has been strengthened to cover audit studies with focus on systemic aspects.

#### **SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS OR COURTS OR TRIBUNALS**

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

#### **PUBLIC DEPOSITS**

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

#### **ISSUE OF EQUITY SHARES WITH DIFFERENTIAL RIGHTS**

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

#### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

In accordance with 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 the Schedule VII of the Companies Act, 2013. As a responsible corporate citizen, the Company has been discharging its Corporate Social Responsibility diligently as a part of its corporate philosophy.

The Board of Directors of your Company has constituted Committee (please refer Page no. - 62 of Corporate Governance Report) on Corporate Social Responsibility & Sustainable Development (CSR & SD) 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.com](http://www.hal-india.com)). During the year under review, the Company has spent ₹68.31 Cr (100% of the target amount i.e. ₹68.31 Cr.) on CSR Activities.

Pursuant to the provisions of Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014 the Annual Report on CSR activities for the financial 2015-16 is annexed herewith and marked as **Annexure III**.

#### **FORMAL ANNUAL EVALUATION OF BOARD AND THAT OF ITS COMMITTEES AND INDIVIDUAL DIRECTORS**

Pursuant to the Notification No. 463 (E) dated 5<sup>th</sup> 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.

#### **REPORT ON THE FINANCIAL PERFORMANCE OF THE JOINT VENTURE COMPANIES**

A report on the performance and financial position of each of the Joint Venture Companies as per provisions of the Companies Act, 2013 is provided herewith and annexed as **Annexure IV**.

#### **CHANGES IN BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

The following changes took place in the Directorship of the Company:-

- Shri D. K. Venkatesh was appointed as Director (Engineering and R & D) w.e.f. 27<sup>th</sup> November, 2015.
- Shri P. R. Sharma ceased to be Independent Director consequent upon resignation w.e.f. 1<sup>st</sup> December, 2015.
- Smt. Dipali Khanna was appointed as Independent Woman Director w.e.f. 8<sup>th</sup> January, 2016.
- Dr. A. K. Mishra ceased to be Director (Finance) and Chief Financial Officer (CFO) of the Company consequent upon superannuation on 31<sup>st</sup> January, 2016.
- Shri C. V. Ramana Rao was appointed as Director (Finance) w.e.f. 1<sup>st</sup> February, 2016 and Chief Financial Officer of the Company w.e.f. 26<sup>th</sup> February, 2016.
- Air Marshal S. B. P. Sinha, AVSM, VM ceased to be Government Nominee Director w.e.f. 3<sup>rd</sup> March, 2016.
- Dr. A. K. Jain ceased to be Director due to sudden demise on 8<sup>th</sup> April, 2016.

Further, pursuant to the provisions of Section 152 (2) and Schedule IV of the Companies Act, 2013, appointment of Shri D. K. Venkatesh, Director (Engineering and R & D), Shri C V Ramana Rao, Director (Finance) and Smt. Dipali Khanna, Independent Director will be regularized at the Annual General Meeting.

#### **AUDIT COMMITTEE**

Your Board has constituted Audit Committee as per the provisions of Section 177 of the Companies Act, 2013. For Composition and other details please refer page no. - 61 of Corporate Governance Report. All recommendations made by Audit Committee were accepted by the Board.



### PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

In terms of provisions of Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, none of the employees of the Company was in receipt of remuneration of ₹60 lakh or more in the financial year or ₹5 lakh or more per month during the financial year under review.

### PERFORMANCE VIS-À-VIS MOU

Your Company has been signing Memorandum of Understanding (MoU) every year with Ministry of Defence, Government of India. The performance of the Company for the year 2014-15 has been rated as "Excellent" in terms of MoU with the Government.

The Performance for the year 2015-16 has been evaluated based on the provisional figures. The Company maintains the "Excellent Rating" for the year 2015-16 also, in terms of MoU signed with the Government of India.

### CREDIT RATING

During the year under review, your Company's credit rating for Long Term and Short Term bank loan facilities – CC/ILC/FLC/BG of ₹2500 Cr rated as 'IND AAA' and 'IND A1+' respectively by M/s India Ratings & Research Private Ltd. and CARE AAA/A1+ (pronounced Triple A/A One Plus) and CARE AAA/A1+ (pronounced Triple A/A One Plus) respectively by M/s Credit Analysis & Research Limited.

### SIGNIFICANT ACHIEVEMENTS

Significant achievements during the year under review are as follows:-

- The Company recorded highest ever turnover of ₹16,736 Cr during the year 2015-16 and registered a growth of 7.14% over the previous year turnover. The Profit Before Tax (PBT) for the year 2015-16 is ₹3,288 Cr. with a growth of 3.62% over the previous year PBT of ₹3,173 Cr.
- Light Combat Helicopter (LCH) participated in IAF's Iron Fist 2016 exercise in March, 2016 and displayed its rocket firing capabilities.



Light Combat Helicopter (LCH) took part at IAF's 'Iron Fist 2016' exercise on 18<sup>th</sup> March, 2016.



India's own fighter Aircraft Light Combat Aircraft - Tejas (LCA) and ALH Dhruv made its debut at the Bahrain International Air Show (21<sup>st</sup> to 23<sup>rd</sup> January, 2016).

- HAL has showcased its Indigenously Designed and Developed Light Combat Aircraft (LCA) and ALH Dhruv at Bahrain International Air Show held from 21<sup>st</sup> to 23<sup>rd</sup> January, 2016 and displayed their capabilities through a series of aerobatic manoeuvres. This is the first time that an indigenous fighter aircraft has been showcased at an International Air Show.
- HAL delivered the 1000<sup>th</sup> set of Boeing 777 Main Landing Gear Up lock Box Assembly in January, 2016 having begun the project in the year 2000. HAL built up lock Box Assembly for Boeing 777 aircraft is directly shipped to Boeing's assembly line in Everett, USA.
- HAL signed an MoU with BAe Systems Plc, UK in May, 2015 for development of combat Hawk for Indian and export markets.
- HAL and Pawan Hans Ltd (PHL) signed an MoU on 16<sup>th</sup> March, 2016 to establish a Joint Venture at Delhi to carry out the maintenance work related to all types of helicopters and address the needs of defence and civil markets in India and other countries.
- Initial Operational Clearance for IAF variant of ALH-WSI was received in December, 2015.
- ALH Dhruv was used for Rescue operation in Siachen to airlift lance Naik Hanumanthappa when he was found to be miraculously alive after having been buried under the snow for five days at a height of 19000 feet after an avalanche in February, 2016.



HAL signed an MoU with BAe Systems Plc.,UK in May,2015 for Hawk Mk132 Upgrade at Bengaluru



HAL and Pawan Hans Ltd (PHL) signed an MoU to establish a Joint Venture at Delhi.

## BUSINESS FROM OFFSET

In view of acquiring new capabilities through Defence Offsets HAL is interacting with OEMs of Aerospace Sector. In last few years there is a continuous increase in Offset Business arising through Defence capital acquisition, Civil Offset Business and Offsets arising from HAL own purchases.



## OUTSOURCING

Considering the dynamic nature of the prevalent aerospace ecosystem, the MoD guidelines for Outsourcing & Vendor Development for DPSUs/OFB and the "Make in India" drive, HAL has revised its Outsourcing Policy and procedure for sub-contracting, simplifying the procedures and giving thrust to private sector participation.

- Total value of Outsourcing during FY 2015-16:
  - ◆ In terms of value of PO placed - ₹387.52 Cr.
  - ◆ In terms of SMH - 160 Lakh SMH
- HAL has hosted major work packages which are intended to be outsourced in the coming years along with other details including the strategies, support provided, registration methodology etc., in HAL website under the "Make in India" portal.
- A separate Outsourcing department has been created at Corporate level headed by GM (Outsourcing) to increase the level of outsourcing and to develop a robust system for outsourcing.

## SIGNIFICANT EVENTS

- The year 2015-16 has been the Platinum Jubilee year for HAL with the completion of 75 years of existence and journey of serving the nation.
- Ojhar (Nashik) airport terminal building taken over by HAL from Maharashtra State Government on 8<sup>th</sup> April, 2015.
- The Hon'ble Defence Minister, Shri Manohar Parrikar launched the IAF-HAL e-Portal at HAL Corporate Office on 6<sup>th</sup> September, 2015.
- HAL concluded a contract with Indian Air Force for supply of 10 Cheetal helicopters on 11<sup>th</sup> September, 2015.
- Air Chief Marshal Arup Raha inaugurated the structural repair shop for Su-30 MKI, ROH (Repair and Overhaul) at HAL Nashik Division on 25<sup>th</sup> November, 2015.
- The inaugural run of the core of 25 kN indigenous Aero Engine (Hindustan Turbo Fan Engine – HTFE 25), was successfully completed in the presence of Shri Manohar Parrikar, Hon'ble Defence Minister at HAL Engine Division on 14<sup>th</sup> December, 2015.



The inaugural run of the core of 25 kN indigenous Aero Engine (Hindustan Turbo Fan Engine – HTFE 25), in the presence of Hon'ble Defence Minister, Shri Manohar Parrikar at HAL's Engine Division on 14<sup>th</sup> December, 2015.



- Shri Manohar Parrikar, Hon'ble Defence Minister inaugurated HAL's 'Centre for Aerospace Management Excellence & Leadership' at Marathahalli, Bengaluru on 14<sup>th</sup> December, 2015.
- Shri T. Suvarna Raju, CMD, unveiled to the full scale model of Light Combat Aircraft (LCA) Tejas placed at the iconic Minsk Square opposite to the HAL Corporate Office, Bengaluru on 10<sup>th</sup> December, 2015.
- Shri Rao Inderjit Singh, the Hon'ble Union Minister of State (Independent Charge) for Planning and Minister of State for Defence, opened HAL's upgraded Heritage Center and unveiled HAL Platinum Jubilee Plaque, on 12<sup>th</sup> December, 2015.
- Shri A K Gupta, Secretary (Defence Production) laid the foundation stone for second production line for ALH at TAD Kanpur, on 28<sup>th</sup> December, 2015.
- Hon'ble Prime Minister, Shri Narendra Modi laid down the foundation stone for HAL's new Helicopter Manufacturing Facility at Biderehalla Kaval, Gubbi Taluk, Tumakuru, on 3<sup>rd</sup> January, 2016.



*Shri T. Suvarna Raju, CMD, unveiled the full scale model of Light Combat Aircraft (LCA) Tejas at Bengaluru on December 10, 2015.*



*The Hon'ble Prime Minister, Shri Narendra Modi unveiled the foundation stone for HAL's new Helicopter Manufacturing Facility at Tumakuru, Karnataka on 3rd January, 2016.*



- The India Post released a customized commemorative stamp on HAL in recognition of the Company's 75 years of services to the nation on 21<sup>st</sup> March, 2016.
- The first upgraded Mirage 2000 aircraft was handed over to IAF on 31<sup>st</sup> March, 2016.
- HAL has been conferred with 'SCOPE Excellence Award' for outstanding contribution to the Public Sector Management by Shri Pranab Mukherjee, Hon'ble President of India on 11<sup>th</sup> April, 2016.



Shri T. Suvarna Raju, CMD Receiving 'SCOPE Excellence Award' for outstanding contribution to the Public Sector Management from Shri Pranab Mukherjee, Hon'ble President of India on 11<sup>th</sup> April, 2016.

- The Company achieved a major milestone with the maiden flight of Basic Trainer Aircraft HTT-40 on 31<sup>st</sup> May, 2016 and the inaugural flight on 17<sup>th</sup> June, 2016 in the presence of the Defence Minister.
- The first carriage flight of Su-30 MKI aircraft with BrahMos missile was successfully achieved at HAL Airport, Nashik on 25<sup>th</sup> June, 2016. It is the first time in the world that such a heavy weight (2500 kg) supersonic cruise missile has been integrated on a fighter aircraft.



The first carriage flight of Su-30 MKI Aircraft with BrahMos missile



## EXPORTS AND PARTICIPATION IN AIRSHOWS

The Company has achieved an Export Order booking worth ₹447 Cr. during the financial year.

Major exports during the year include, delivery of one shipset of Do-228 aero-structure to Germany well ahead of scheduled commitment, delivery of 1000<sup>th</sup> set Main Landing Gear Uplock Box Assembly for Boeing 777, supply of Indigenously designed and developed Avionics to Rosoboronexport for fitment on Su-30 aircraft, completed 12/24 monthly servicing was carried out on the Do-228 aircraft of Seychelles People Defence Force, Structural Work Packages, Forgings, Castings, Rolled Rings and supply of spares & repairables to diverse countries covering Europe, USA, Latin America, Asia and Africa.

The Company has exported DHRUV, Cheetah, Chetak, Cheetal, Lancer and Do-228 aircraft to the international customers in the past and the product support and training programmes for these platforms are being provided by the Company besides support for other variants of aircraft in service with international customers.

Export business has been generated through supply of high precision structural work packages and assemblies to Global Aviation customers/majors like Airbus, Boeing, IAI, Rolls Royce, RUAG, Turbomeca etc.,. Follow-on orders from Airbus, Boeing and other customers reaffirm customer confidence in HAL's export performance in terms of quality, delivery and reliability. HAL continues to export rings, forgings and castings for civil aircraft engine programmes.

HAL's brand image and identity was strategically projected and showcased its products and capabilities while participating in leading international Air Shows/Exhibitions. Light Combat Aircraft – TEJAS, was demonstrated in an International Air Show outside India for the first time at Bahrain, which was well covered by international media. The Company participated in LAAD-2015 at Brazil, Paris Air Show-2015, MAKS-2015 at Moscow, DSEi-2015 at London, Bahrain International Air Show-2016 and domestic events like India Aviation-2016 and Defexpo-2016.

Offset programmes linked to various acquisitions by Govt. of India are being leveraged to secure orders from OEMs and several strategic initiatives have been taken to conclude Long Term Business Agreements (LTBA) with OEMs.

In addition, efforts are also being made to secure export orders for aircraft and helicopter platforms from various countries arising out of bilateral defence cooperation agreements signed between the Government of India and the respective countries.

## SUPPLY CHAIN MANAGEMENT

Your Company has taken several initiatives during the year to improve its supply chain, namely:-

- 4<sup>th</sup> Global Vendors' Meet was organized on 14<sup>th</sup> November, 2015 to make the vendors aware about HAL's procurement system, make suppliers aware of various procedures, statutory requirements, past, current and future business potentials of HAL, opportunities available in HAL and glimpse of what HAL is looking forward.
- Participated in various MSME exhibitions organized at Bengaluru, Hubballi and Shivamogga to deliberate Vendor Registration procedure of HAL.
- Central Vendor Directory has been created for the Company as a whole for the first time. Separate home page for vendor directory has been introduced. This helps all Divisions to know the vendor base in turn increase the competition in the procurement.
- Based on MOD's standardization cell directive, common Defence Vendors' Directory for Safety and Security items has been successfully made which can be used by all DPSUs and OFB.
- MSE Vendor Directory has been created for the Company as a whole for the first time. 1004 Nos of vendors are available in the MSE vendor directory.



- Introduced HTML format in e-procurement portal for generation of online comparative statement of e-tender.
- With active interaction with Ministry of Defence and Ministry of Environment, Forest and Climate Change, customs problem related to re-import of repair items has been successfully resolved. Amendment to notification has also been received to this effect.
- Two days conference in May, 2015 and one day open house session in March, 2016 were organized to the dealing officers (viz. IMM, Finance & IT dept.) for familiarization and implementation of change in Customs & Excise Notifications. Custom & Excise Cell formed at Corporate Office to provide clarification and suggestion to Divisions for easy implementation and operation of revised customs and excise duty notifications.
- Conducted 2 days workshop on 16<sup>th</sup> and 17<sup>th</sup> October, 2015 at HMA on "Transparency in Public Procurement" by M/s. Transparency International India

### **Procurement from Micro & Small Enterprises (MSEs)**

During the year 2015-16, the total value of procurement including outsourcing made from MSEs is ₹603.19 Cr, as against the set target of ₹ 221 Cr. The annual target for 2016-17 is ₹ 473 Cr.

### **CURRENT PROJECTS AND PROGRAMS**

During the year 2015-16, HAL has continued to carry out the production and supply orders of Su-30 MKI Aircraft, Hawk Advanced Jet Trainer Aircraft, Light Combat Aircraft(LCA), Dornier-228 Aircraft, Advanced Light Helicopter (Dhruv), Cheetal Helicopters to fulfil the requirement of the Indian Defence customers. HAL has also successfully carried out first flight of upgraded trainer variant Jaguar DARIN III and upgraded two (02) Mirage 2000 aircraft to IOC Standard. HAL has also made considerable progress in the Design and Development projects.

### **RESEARCH AND DEVELOPMENT (Projects-wise)**

Your Company's Research and Development continues to play a vital role in the realisation of new Aircraft/Helicopters and upgradation of Products and indigenisation activity. The progress achieved in respect of major R&D / Development projects during the year is given below:-

#### **LIGHT COMBAT AIRCRAFT (LCA)**

During the year 2015-16, a total of 184 flights were carried out and the cumulative number of flights carried out so far is 3100. Hot weather trails, Derby missile firing, and Integration of Python-V missile were completed successfully. LCA Navy Arrestor Hook System (AHS) integration on aircraft was completed including structural and system changes. LCA participated in the flying display at Bahrain International Air Show held in January, 2016 and in IAF Exercise "Iron Fist 2016" held in March, 2016 at Jaisalmer showcasing its capability.

#### **INTERMEDIATE JET TRAINER (IJT)**

A total of 57 flights was carried out during FY 2015-16. The cumulative number of flights completed so far is 1062. During the year Spin test Phase I Part 1 completed successfully and two Limited Series Production aircraft were produced.

#### **FIFTH GENERATION FIGHTER AIRCRAFT (FGFA)**

Contract Negotiation for R&D Phase progressed further with several Bilateral CNC meetings with Russian participation during the FY 2015-16. All the major issues pertaining to the R&D contract have been resolved.



Upgraded Mirage 2000 Aircraft

### **MIRAGE 2000 UPGRADE**

Indigenous Airworthy prototype of Mission Computer (MC2) has been developed. Protocol testing between HAL MC2 and French Modular Data Processing Unit (MDPU) on System integration rig completed. Critical Design Review of Helmet Mounted Display System (HMDS) for FOC integration completed in October, 2015. Upgrade of 2 aircraft to IOC standard by HAL has been completed in addition to upgrade of 2 aircraft by OEM at HAL.

### **JAGUAR DARIN-III UPGRADE**

A total of 193 flights have been carried out so far on upgraded Jaguar aircraft. Phase-1 and Phase-2 weapon trials completed successfully during the year 2015-16. Results of release trials of Practice Bombs, Live Bombs and Rockets in various configurations released have been assessed as satisfactory.

First flight of Upgraded Trainer variant of the aircraft was carried out in January, 2016. Further, flight test with OSAMC completed in March, 2016.

### **HINDUSTAN TURBOPROP TRAINER (HTT-40) AIRCRAFT**

HAL has made significant progress with respect to the indigenous Design and Development of a Basic Trainer Aircraft HTT-40. HAL has pursued the progress of the Design and Development of this Aircraft as a Company



Indigenous Trainer Aircraft HTT-40 makes inaugural flight on 17<sup>th</sup> June, 2016



financed project. Towards flight trials and certification activities, first Prototype of HTT-40 was rolled out on 29th January, 2016, 37 Nos of Engine Ground Run (EGR) completed and Low Speed Taxi Trials (LSTT) were commenced in March, 2016.

#### **MULTI-ROLE TRANSPORT AIRCRAFT (MTA)**

Technical work of Preliminary Design (PD) has been completed. All Technical issues were clarified and accepted by IAF with regard to Preliminary Design of MTA. Issues pertaining to FADEC, Modularity of Engine and Program costs are to be resolved. A Co-ordination Committee comprising of MoD, IAF, HAL and Russian side has been set up to study the details of technical and financial issues and make recommendations on the way ahead.

#### **LIGHT COMBAT HELICOPTER (LCH)**

A total of 231 flights have been carried out during year 2015-16. The cumulative number of flights completed so far is 715. Maiden flight of 4th Technology Demonstrator (TD) was carried out successfully in December, 2015. Hot Weather and High Altitude trials on LCH have been completed.

LCH achieved the credit of being the first attack helicopter to land in and takeoff from high altitude forward bases at Siachen. LCH participated in IAF Exercise "Iron Fist 2016" and demonstrated its capabilities including successful firing of 70 mm rocket in March, 2016.

Basic configuration of the Helicopter has been finalised. A letter on completion of performance flight trials of LCH has been handed over to HAL by CEMILAC during the year in the presence of Hon'ble Raksha Mantri on 16th October, 2015.

#### **LIGHT UTILITY HELICOPTER (LUH)**

Design and Development of LUH has been progressed considerably during the year 2015-16. Ground Test Vehicle (GTV) Run commenced with Ardiden 1U Engine in December 2015. Build of first prototype (PT-1) has



*Technical Flight of Indigenous Light Utility Helicopter (LUH)*



been progressed with structural assembly and equipping of Helicopter completed. Preliminary shake test completed on PT-1. All major tests have been completed as pre-requisite for PT-1 first flight. LRUs developed by HAL's R&D centres have been integrated in the PT-1.

#### **ADVANCED LIGHT HELICOPTER (ALH) – WSI**

As a part of Helina development and integration on ALH- WSI, three HELINA missiles fitted with IR seeker were successfully fired at Chandan firing range in July 2015. Initial Operational Clearance (IOC) for ALH Mk-IV IAF variant accorded by Regional Centre For Military Airworthiness (Helicopters) on 2<sup>nd</sup> December, 2015.

#### **UNMANNED AERIAL VEHICLE (UAV) - MINI UAV (8 Kg. Class)**

Autonomous flight testing on Technology Demonstrator (TD) was completed with testing of fail-safe modes of 'returning home' when there is 'Link Loss' or 'Critical Battery Voltage'. Two Prototypes have been produced. First flight of PT-1 carried out on 21<sup>st</sup> April, 2015 and PT-2 on 1<sup>st</sup> February, 2016. Further, autopilot has been installed on PT-2 and autonomous flights are initiated.

#### **HINDUSTAN TURBO FAN ENGINE-25 (HTFE-25)**

Design and Development of 25 KN HTFE has been progressed significantly during the year 2015-16 and build of core engine completed. Core Engine run was initiated on 14<sup>th</sup> December, 2015 and was witnessed by Hon'ble Raksha Mantri. Engine idle run has been achieved. Trials to achieve 100% RPM are under progress.

#### **HINDUSTAN TURBO SHAFT ENGINE – (HTSE-1200)**

Design and Development of 1200 kW HTSE has been progressed further and Preliminary Layout Design completed. Activities leading to Pre-Preliminary Design Review were commenced.

#### **QUALITY INITIATIVES AND SAFETY:**

Quality Management System in all Divisions of HAL continues to be accredited to International standards AS 9100C and ISO 9001. Additionally, all production Divisions are approved by Directorate General of Aeronautical Quality Assurance (DGAQA) as per their Approval of Firm and its Quality Management System (AFQMS) requirements. Divisions that are exporting products and services are also certified to National Aerospace Defence Contractors' Accreditation Program (NADCAP) and approvals from OEMs like Airbus, Boeing, Turbomeca, Rolls Royce etc.

The Research & Design centers of HAL continue to hold the 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, New Delhi.

21 Quality Circle teams comprising 105 members, participated in NCQCC held at Pune. 10 Circles won PAR EXCELLENCE award and 10 circles won EXCELLENT award with 1 Circle bagging DISTINGUISHED award.

Operator's conferences and workshops at operating bases to address fleet specific operational problems continues to be practiced.

Joint Quality Audits with customer were concluded for ALH, MiG-21, Jaguar, Hawk, SU-30, Mirage and MiG-29 (RD 33) fleets.

Over the last one year, all Aircraft Divisions at three flying locations have maintained a good flight safety record. The FY 2015-16 has shown a downward trend with a total of 6 Cat-I accidents. The observations/ recommendations from flight safety audits at all Divisions have largely been implemented and they have yielded the desired results. To enhance the



knowledge level of HAL Officers participating in Aircraft Accident Investigation of all Defence Operators, a three day course on "Flight Safety & Accident Investigation" was conducted at HAL. Around 60 officers from different Divisions have participated in the course.

In order to bring out awareness on the procedure of defect investigation and various facilities / infrastructure available at HAL Divisions, a presentation was made by HAL during Aerospace Safety Conclave held at Air HQ, New Delhi on 25<sup>th</sup> - 26<sup>th</sup> February, 2016.

### MAKE IN INDIA INITIATIVES

HAL as a major Aerospace defence public sector under Ministry of Defence has initiated several steps to adopt "Make in India" concept and accordingly several strategies are being implemented at HAL for Indigenous development of Aircraft, Helicopters, Aero engines, UAVs, Aircraft Systems such as avionics, mechanical systems etc. Some of the initiatives taken at HAL are as furnished below.

- HAL Make in India Portal was launched by Hon'ble Raksha Mantri on 6<sup>th</sup> September, 2015. HAL has hosted more than 300 imported systems and sub systems of mechanical, electrical, avionics, instrumentation and castings in HAL's portal and enable private industries to take up for indigenisation. This can be accessed through [www.hal-india.com](http://www.hal-india.com) under Make in India.
- A conference on Make in India was held in HAL Corporate office, Bengaluru on 19<sup>th</sup> March, 2016. All Nodal officers for Make in India from various divisions participated in the conference. The theme of the Conference was to improve the Make in India portal and the website to be more interactive with the Industries.
- More than 250 LRUs / items are also hosted in HAL website for indigenization with Indian Private Industries for meeting SU-30MKI RoH requirements.
- HAL has hosted in its website the details of testing facilities available at HAL to be utilized by private industries and can be accessed through [www.hal-india.com](http://www.hal-india.com) under Make in India.
- HAL is participating in various vendor development programs to identify suitable vendors for indigenization. During the year, HAL participated in the following major events on Make in India :-
  - a) Defexpo India 2016, Goa
  - b) Make in India Exhibition, Mumbai
  - c) National Vendor Development Program-cum-Exhibition, Bengaluru
  - d) Industrial Exhibition "Make in India" & Seminar on "Challenges for Make in India Initiatives"



Glimpses of HAL Stall at Defexpo India-2016 held at Goa



## HR DEVELOPMENT:

The strength of employees as on 31<sup>st</sup> March, 2016 was 30, 300.

Sponsorship for Post Graduate Programmes at Canfield University, UK; Management Development Institute (MDI), Gurgaon; International Management Institute (IMI), Delhi; Indian Institute of Technology (IITs) at Kanpur, Roorkee, Madras, Mumbai & Kharagpur, provided opportunities to the Officers to further build their knowledge base and competencies. During 2015-16, 47 Officers were sponsored for higher studies. 3 Officers were also sponsored for Ph.D Programme at IITs.

During the Year, a total of 2754 Apprentices (including Diploma Holders and Engineering Graduates) have completed their training under the Apprentices Act, 1961.

## REPRESENTATION OF SC/ST

The position regarding representation of Scheduled Castes/ Scheduled Tribes (SCs / STs) is as follows:

### Representation of SCs / STs in the total strength of the Company as on 1<sup>st</sup> January, 2015 and 1<sup>st</sup> January, 2016

Category (Grade / Scale of Pay)	Total Strength as on		Number of SCs as on		Number of STs as on	
	1.1.2015	1.1.2016	1.1.2015	1.1.2016	1.1.2015	1.1.2016
<b>Group – A</b> (Grade-II & above)	9,360	9,234	1,649	1,614	548	541
<b>Group – B</b> (Grade-I)	385	216	61	35	22	12
<b>Group - C</b> (Scale – 3 to Special Scale)	21,594	20,908	3,757	3,623	1,536	1,502
<b>Group - D</b> (Scales – 1 & 2)						
(i) Excluding Safai Karmacharis	19	18	6	5	-	-
(ii) Safai Karmacharis	-	-	-	-	-	-
<b>Total</b>	<b>31,358</b>	<b>30,376</b>	<b>5,473</b>	<b>5,277</b>	<b>2,106</b>	<b>2,055</b>

### Recruitments made during the period 1<sup>st</sup> January, 2015 to 31<sup>st</sup> December, 2015 and the SCs & STs amongst them

Category (Grade / Scale of Pay)	Total number of Posts filled	No. of Reservations made for		No. of Posts filled by appointment of	
		SCs	STs	SCs	STs
<b>Group – A</b> (Grade-II & above)	44	6	3	4	4
<b>Group – B</b> (Grade-I)	13	-	1	-	1
<b>Group - C</b> (Scale – 3 to Special Scale)	61	23	5	4	3
<b>Group - D</b> (Scale – 1 & 2)					
(i) Excluding Safai Karmacharis	-	-	-	-	-
(ii) Safai Karmacharis	-	-	-	-	-
<b>Total</b>	<b>118</b>	<b>29</b>	<b>9</b>	<b>8</b>	<b>8</b>



**Vacancy based Promotions made during the period 1<sup>st</sup> January, 2015 to 31<sup>st</sup> December, 2015 and the SCs & 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
<b>Group – A</b> (Grade-II & above)	850	NA	NA	176	45
<b>Group – B</b> (Grade-I)	20	2	-	2	-
<b>Group - C</b> (Scale – 3 to Special Scale)	-	-	-	-	-
<b>Group - D</b> (Scale – 1 & 2)					
(i) Excluding Safai Karmacharis	-	-	-	-	-
(ii) Safai Karmacharis	-	-	-	-	-
<b>Total</b>	<b>870</b>	<b>2</b>	<b>-</b>	<b>178</b>	<b>45</b>

**EMPLOYEE RELATIONS (ER) / INDUSTRIAL RELATIONS**

The ER 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 progressively eliminate any scope for conflicts and misunderstandings, achieve better understanding of each other’s point of view and thus facilitate maintenance of Industrial Harmony. The Management holds regular Meetings with the representatives of the recognized Unions / Officers Associations at the Divisional, Complex and Corporate Levels.

Further, Plant Level Committees and Shop Level Committees are set up with equal representatives from the Management as well as Workmen, in the Divisions. Representatives of the Unions are also co-opted in various Committees at the Corporate level (bi-partite) for suggesting / recommending new Schemes / Policies or changes, as required. In order to address Employee / Public Grievances / Representations, Grievance Redressal Mechanisms are also in place in the Company.

**STAFF WELFARE**

Welfare of the employees is being taken care through various measures which include Medical Facilities, Housing Facilities, Canteen Facilities, Educational Facilities for employee’s Children, Uniforms, Sports Facilities, Various Allowances, etc.

**RAJBHASHA IMPLEMENTATION**

All out efforts are being made by all the Divisions of HAL for implementation of the Official Language (OL) Policy of Government of India. To encourage OL implementation, Programmes are being organized to sensitize employees towards their duties. During the year “All HAL OL” Conference was organized on 17-18 December, 2015 at Avionics Division Hyderabad. As a result of our efforts, most of the Divisions are bringing out fortnightly/monthly/quarterly news letters in addition to regular Hindi Magazines. HAL also organizes All HAL Hindi Ustav at every alternate year, where in large number of employees take part in various Hindi competitions/programmes. Review of implementation on Official Language is done by the Hindi Margdarshan Samiti duly constituted at the Corporate Office level. Decisions taken by the Apex Committee are implemented at Company level.

**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 action has 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 been suitably amended in this regard.

Internal Complaints Committee as per Section 4 of the Act has been put in place. In terms of Section 22 of the Act, the information for the year 2015 is as indicated below:

- (i) Number of Complaints of Sexual Harassment - 4 (Four) as on 31.12.2015 received in the year 2015
- (ii) Number of Complaints disposed of during the - Nil year 2015
- (iii) Status of pending cases (4) as on 31.12.2015 - Enquiries under progress

### IT INITIATIVES

Your Company has undertaken a comprehensive Business Process Transformation (BPT) exercise to transform the Organization into a “Digitally Empowered and Knowledge based Company” through Project Parivartan. The program rests on 3 key pillars viz., i) Empowerment of customers, employees and suppliers through improved collaboration, using ESS, SRM and CRM integration with ERP, ii) Governance based on distributed accountability defined by the Company’s task and measured through KPIs and iii) Process Automation of ERP systems through auto approvals and process optimization.

To bring in the customer delight through information sharing, an e-Portal pilot was implemented for secured information sharing between HAL & IAF, which was inaugurated by Hon’ble Defence Minister, Shri Manohar Parrikar as first Inter Organization Information Sharing System (IOIS) under Digital India initiative in August, 2015.

Your Company has taken a project for determination of CNC Machine Utilization based on usage instead of availability which will involve a mechanism of extracting data from CNC Machines for developing analytics to draw action plan for better utilization of key assets of the Company.

On IT infrastructure front, the Company is establishing a high speed network connectivity across contiguous Bengaluru based divisions to facilitate access of high volume data in cost effective manner. The Company has undertaken a Company wide Active Directory and Antivirus Project along with certification of Data Centre with ISO27001 to continue our endeavour towards a secured workplace to use Information Technology.

The various IT initiatives taken by Company has led to following awards during the year:

- a) Shri. S. Subrahmanyam, Director (Operations) has been awarded with “Digital Business Leader” award by a leading information research Company- International Data Corporation (IDC) for implementation of Saral Patra Vyavahar (SPV) across the Company.
- b) Shri. Rajeev Agarwal, AGM(IT) has been awarded with ‘Infosec Maestro Award-2015’ and ‘Innovative 100 CIO Award - 2015’ for implementation of HAL Single Sign-on and for the project ‘User Alert for Change of Location’ respectively.
- c) The Company has been honoured with many awards during the year 2015-16 for various IT initiatives which includes – ‘2<sup>nd</sup> Annual PSU Summit & Awards-2015’ by SCOPE, ‘IDC Insights Award-2015’ by International Data Corporation (IDC), Business Impact Award by CSO Forum, ‘Top 100 CISO Award’ by CISO Platform, ‘BW CIO 3.0 Award’ by BW CIO World.



## AWARDS & RECOGNITIONS

HAL has won several awards in recognition of its performance in various fields, during the year 2015-16. These are summarised below:-

### A. Company level

- HAL was presented with 'Best Project Award' in 2<sup>nd</sup> Annual PSU Summit & Awards 2015 by SCOPE on 26<sup>th</sup> August, 2015 at New Delhi.
- HAL has been conferred with Performance Excellence Award under Organizational category for the year 2014 by Indian Institute of Industrial Engineering (IIIE) on 08<sup>th</sup> October, 2015 at Dubai.
- HAL received "Best Enterprise Award in Aeronautic Sphere" by European Business Assembly under Organizational category on 12<sup>th</sup> October, 2015 in Cannes, France.
- HAL had been conferred with "FICCI R&D Awards - 2015" on 7<sup>th</sup> December, 2015 at New Delhi.
- HAL bagged "Legend PSU of the year" by News Ink Media & Production for empowering India.
- HAL received "Golden Peacock Award for Corporate Social Responsibility (GPACSR)" for the year 2015.
- HAL has received Raksha Mantri's Award for Excellence in Performance under Institutional Award category for the year 2012-13.



HAL conferred with 'Raksha Mantri's Awards for Excellence in Performance, Innovation and Indigenisation' on 28<sup>th</sup> January, 2016.

### B. Divisional level:

- HAL Divisions namely TAD, Kanpur and Avionics Division, Korwa has jointly won Raksha Mantri's Innovation Award under Group/Individual Award category for the year 2012-13 for their project Electro Plasticity Assisted Incremental Forming (EPAIF) and Deployable Flight Data Recorder System respectively.
- HAL Avionics Division, Hyderabad received Raksha Mantri's Awards for Best Performing Division of DPSUs under Division/Factory Award category for the year 2013-14.
- HAL SLRDC, Hyderabad received Raksha Mantri's Indigenization Award under Group / Individual Award category for the year 2013-14 for the project Float Deck High Voltage (FDHV) Module for PAR 2080C.
- Engine Division, HAL (BC) has been awarded with 'Uttama Suraksha Puraskara Certificate and Trophy' by National Safety Council (NSC), Karnataka Chapter in recognition of the best safety performance and management systems, on 9<sup>th</sup> September, 2015. The award received by a HAL team led by Shri R V Padasalagi, Offg. CoP from Shri V B Sant, Director General, National Safety Council, Navi Mumbai.



### C. Individual Level:

- Shri T. Suvarna Raju, CMD, has been conferred with “Chief Executive of the Year Award-2015” in the CPSE category by Indian Institute of Materials Management.
- Shri T. Suvarna Raju, CMD, has been conferred with “Legend CMD of the year” award by News Ink Media & Production for empowering India.
- Shri V. M Chamola, Director(HR) was awarded “BT STAR PSU Director HR” Award by The Bureaucracy Today.



*Shri T. Suvarna Raju, CMD was conferred with “Chief Executive of the year Award- 2015” by Indian Institute of Materials Management on 27<sup>th</sup> November, 2015.*

- Shri S. Subrahmanyam, Director (Operations) has been conferred with the “Dr. Biren Roy Trust Award” for his outstanding contribution in the field of design, development, maintenance, operation, training, manufacturing and allied areas of aviation and space.
- Shri C.H. Krishna Kishore, Manager (D) of ARDC Division bagged “Airbus Systems Design Award” for the research project on “Designing of landing gear hydraulic system by using Magneto Rheological fluids (smart fluids)” at Cranfield University, UK.
- Shri J. Ravishankar, Senior Master Technician of Overhaul Division-BC has been selected as the winner of “Production Technology Award” for the year 2014 by the Aeronautical Society of India (AeSI) in recognition of his innovative ideas on maintenance and repair of piston engine and manufacture of composite radome.
- Smt. S Vasanthi, AGM, RWRDC and Shri D.S.D. Prasada Rao, AGM, RWRDC jointly received “Dr. V.M. Ghatge Award – 2014” from the Governor, Karnataka on the occasion. The award was conferred on them in recognition of indigenous design and development of Control Saturation Warning System for ALH.

### VIGILANCE

Main focus of Vigilance Department is on preventive and proactive activities through streamlining of procedures and policy interventions. To enhance the capacity of the employees and officers’ community, 56 awareness sessions have been held.

Bi-Annual Vigilance Newsletter, Marg Darshan is being published regularly containing write-ups on Preventive Vigilance strategies, news articles from field executives, current awareness about Vigilance department activities, etc. During the year, Marg Darshan, Vol-XII, Issue No 1 was released during April 2015 with focus on Preventive Vigilance. Vol-XII, Issue No 2 was released in October, 2015 during the Vigilance Awareness Week-2015. The fortnightly bulletin “V2” is being brought out to sensitize the employees, each covering a specific issue.

The guidelines issued by CVC on “Illustrative Check Points for various stages of Procurement & Works” was brought out in the form of a booklet for ready reference and guide to the executives dealing with public procurement and Vigilance officials to ensure fairness, equity and transparency.

Vigilance Awareness Week-2015 was celebrated with the theme “Preventive Vigilance as a Tool of Good Governance”.



As desired by CVC, thrust was given to spread awareness amongst the young generation by way of conducting elocution and essay competitions in 43 schools and colleges located in Bengaluru, Hyderabad, Lucknow, Kanpur, Koraput, Nasik and Barrackpore.

During various sensitization sessions conducted across the Company on The Lokpal & Lokayuktas Act-2013, certain common doubts were raised by the participants with regard to declaration of Assets and Liabilities by the employees. A set of Frequently Asked Questions & Answers was prepared and forwarded to the Management. The same was circulated among the HAL fraternity by the Management.

TEJAS TALK, a Video Tutorial on RTI Act, 2005 has been finalized and released to enable the employees/officers to understand the provisions of the Act.

During the period, 428 routine/surprise checks were conducted. 27 complaints have been taken up for investigation. Investigation reports were finalized in 26 cases and 17 cases have been submitted with appropriate recommendations for disciplinary and administrative action and measures for system improvements to the concerned authorities. 9 cases were closed without further action after investigation. Disciplinary action has been initiated against 20 officials and administrative action has been taken against 131 officials.

During the year, HAL Team Vigilance has won "Corporate Vigilance Excellence Award" in the Manufacturing Sector instituted by IPE:-

- Shri Amal Kumar, Dy Manager (Vig), Koraput Division won "Individual Excellence Award" instituted by Vigilance Study Circle for his work in the case of "Irregularities in Procurement of Sweaters".

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- a) in the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2016, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) 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 at 31<sup>st</sup> March, 2016 and of the profit and loss of the Company for the year ended on that date;
- c) 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;
- d) the Directors have prepared the annual accounts on a "going concern" basis.
- e) 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 AND AUDITORS' REPORT**

### **Statutory Auditors**

M/s. S. Venkatram & Co., Chartered Accountants, Bengaluru were appointed as Statutory Auditors for auditing the Accounts of the Company for the year ended 31<sup>st</sup> March, 2016 and 20 firms of Chartered Accountants were appointed as Branch Auditors.

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

### **Cost Auditor**

M/s. KPR & Associates, Cost Accountants, Bengaluru were appointed as Cost Auditors for conducting the Cost Audit of the Company for the year 2015 -16.

### **Secretarial Auditors**

M/s. BRKS & Associates, Practicing Company Secretaries, Bengaluru were appointed to conduct Secretarial Audit of the Company for the financial year 2015 -16. The Secretarial Audit report submitted by the Auditors is annexed to the Board Report as per **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 the Annual Accounts for the financial year 2015-16 and comments of the Comptroller & Auditor General of India under Section 143(6) of the Companies Act, 2013 are appended to this Report.

During the year under review, no fraud has been reported by the Auditor under section 143(12) of the Companies Act, 2013.

## **CORPORATE GOVERNANCE**

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by Dept. of Public Enterprises (DPE). The report on Corporate Governance as stipulated under the DPE Guidelines forms an integral part of this report. The requisite certificates from M/s. BRKS & Associates, Company Secretaries, Bengaluru confirming compliance with the conditions of Corporate Governance is annexed to this report.

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The Management Discussion and Analysis Report for the year under review as stipulated under the DPE Guidelines is annexed and forms part of the Annual Report.

## **VIGIL MECHANISM**

Pursuant to the provisions of the Section 177(9) of the Companies Act, 2013 read with Rule (7) of the Companies (Meeting of the Board & its Power) Rules, 2014 and DPE Guidelines for CPSEs, the Board of Directors had approved the policy on whistle Blower / Vigil Mechanism and the same was hosted on website of the Company. The policy inter-alia provides a direct access to the Chairman of the Audit Committee.



## ACKNOWLEDGEMENT

The Board placed 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 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 also wish to place on record there 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 : 21.07.2016



## Management Discussion & Analysis Report

### 1 INDUSTRY SCENARIO

#### 1.1 Global Scenario

- 1.1.1 As per Stockholm International Peace Research Institute (SIPRI), the long declining trend of global defence expenditure which started in 2011 has undergone change with the growth of defence expenditure by around 1% in 2015. This growth refers to the continuing growth in Asia and Oceania, Central and Eastern Europe, and some Middle Eastern Countries.
- 1.1.2 The global defence expenditure totalled around USD 1.7 trillion in 2015. The United States, China, Saudi Arabia and Russia together account for 56 percent of the total global defence expenditure. The next 6 largest spenders as per the rank are UK, India, France, Japan, Germany and South Korea. These countries together account for 17.3 percent of the total global defence expenditure.
- 1.1.3 In 2015, the global commercial aerospace sector continued the growth trend with rise in strong demand for next generation aircraft and increasing the passenger traffic demand in India, China, Middle East and other Asia Pacific Countries. The global passenger and cargo aircraft fleet and average number of passengers are expected to be doubled over the next two decades. The growth in the passenger traffic and freight traffic are expected to grow at an average annual rate of 4.6% and 4.4 % respectively over next 20 years.
- 1.1.4 It has been projected that the global A&D sector is expected to grow by 3 % in 2016. This growth will be supported by the stronger passenger traffic, continued demand of commercial aircraft and expected end of multi-year decline and recovery in the global military expenditure due to growing regional tension, instability and security threats in many regions.

#### 1.2 Indian Scenario

- 1.2.1 In 2015, India has been ranked 6<sup>th</sup> among the top 10 countries in the world in terms of military expenditure and is also ranked 2<sup>nd</sup> largest importer of conventional defence equipment as it continues to modernize its forces and equipment. 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.
- 1.2.2 The Union budget allocation in 2016-17 for Armed Forces (excluding pension and including OFs, DRDO, DGQA, RR, MF, ECHS and NCC) is ₹ 2,49,099 Cr with an increase of 0.96% and 10.89% over the previous year allocation of ₹ 2,46,727 Cr (BE) and ₹ 2,24,636 Cr (RE) respectively. Current budgeted allocation of Armed Forces includes ₹ 1,62,759 Cr for revenue expenditure and ₹ 86,340 Cr for the capital expenditure. The current allocated capital expenditure has been reduced by the 8.72% over the allocation of ₹ 94,588 Cr (BE) in year 2015-16. This decline in capital expenditure is expected to have negative impact on the new acquisition plan of the Armed Forces and will pose challenges to manufacturing Companies like HAL.



1.2.3 In the new Defence Procurement Procedure (DPP) -2016, promulgated by MoD, two new Make categories have been incorporated; first Make-I (Government Funded) will involve Govt. funding of 90%; and second Make-II (Industry Funded) will involve prototype development of platform/ equipment without Govt funding. The Make category has been opened to Indian Industry, R&D Organisation, academic institutions and their combination to undertake the design and development of required defence equipment/system/platform. Further a new category Buy (IDDM) for acquisition of Indigenously Designed, Developed and Manufactured equipment has been added and it has been given highest order of priority. This policy will benefit HAL which has R&D centres with expertise in its areas of operation.

However, the new DPP also gives Indian private sector both the support and freedom to design, develop and manufacture defence components with the help of foreign partners of their choice. Further the new policies also state that nomination facility for DPSUs will no longer prevail. This implies that HAL must gear up for competition even for getting projects in many of its traditional product lines.

1.2.4 Another important factor to be considered is that the Indian Govt has opened the defence sector for Indian Private Companies and Foreign Companies with a view to encourage investment to build local defence manufacturing base to achieve self reliance in defence. The entry of foreign Companies was eased by increase in Foreign Direct Investment (FDI) limit to 49 percent from the earlier cap of 26 percent under Automatic route and limit above 49% under Government Approval route on case to case basis. FDI guidelines have been further relaxed by eliminating the requirement of a single Indian Company to own a minimum of a 51 percent equity stake and 3 year lock-in period for equity transfer, which will enable the foreign Companies to do business in India more easily. Foreign Companies will now be able to enter into suitable joint ventures with Indian Companies, thus resulting in greater challenges to Company's operations.

1.2.5 Indian civil aviation sector is amongst the fastest growing market and is expected to become the third largest by year 2020 and the largest by year 2030. Presently India is the world's ninth largest civil aviation market, with a market size of US \$16 billion. The total passenger traffic registered in India in 2015-16 is around 106.45 million with growth of 12.47 percent over previous year. The Indian Domestic passenger traffic has expanded at a Compound Annual Growth Rate (CAGR) of 3.8 percent over 2006 – 2016. Freight traffic is also expected to be five times of the current level in next two decades. It is expected to be 11.4 million ton by year 2032. Growth in the import and export in India will be key driver for growth in freight traffic as 30 percent of total trade is undertaken by airways.

1.2.6 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. Further the Geo political scenario with security threats and the growing air traffic in the civil sector are the factors which will give raise to increased A&D products in the country.

## 2. ORGANISATION STRUCTURE

2.1 The Company is headed by the Chairman and Managing Director. It has four Functional Directors (Operations, Engineering and R&D, Finance and Human Resource) who support the Chairman and Managing Director (CMD) in evolving business strategies, plans, policies for the growth of the Company



and monitoring the performance of the Company vis-à-vis the planned targets.

2.2 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:

- ◆ Bengaluru 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
- ◆ Accessories Complex: Production and ROH of Accessories and Avionics for both Fixed Wing and Rotary Wing Platforms
- ◆ Design Complex: Design and Development of Fixed Wing and Rotary Wing Aircraft, Unmanned Aerial Vehicles (UAV), Aero-engines, Avionics and Accessories.

2.3 These business verticals are managed as independent profit centres by respective Chief Executive Officer (CEO). The R&D centres however report to Director (Engineering and R&D) from the point of integrated functioning in terms of future products of the Company. All the CEOs have been empowered with autonomy in decision making commensurate to the responsibility endowed on them.

2.4 The Company had 30,300 employees on its rolls as on 31<sup>st</sup> March, 2016 comprising 9,360 officers and 12,789 direct workmen and 8,151 support staff.

### 3. PRODUCTS & SERVICES

3.1 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 29 types of aircraft produced by the Company so far, 15 have been of indigenous design. The Company is currently manufacturing Su-30 Mkl, Hawk, Dornier, ALH, Cheetal, LCA 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 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**

- ◆ Long credible history of R&D, Manufacturing and MRO services.
- ◆ Established track record in offering Product Life Cycle support extending to periods beyond 3 to 4 decades.
- ◆ In-house infrastructure for design, manufacture, testing and overhaul of aircraft, helicopters, engines, accessories and avionics.
- ◆ Availability of manpower with expertise in aerospace domain.



- ◆ Accredited with necessary quality certification standards.

### **Weaknesses**

- ◆ Dependence on Indian Defence customers.
- ◆ Dependency on foreign suppliers for critical technologies and raw materials.
- ◆ Weak Supply Chain system due to underdeveloped indigenous aerospace manufacturing eco-system.
- ◆ Limitations in attracting talent.
- ◆ Delays in Project completion or delivery.
- ◆ Lack of access to the diversified and international market.

### **Opportunities**

- ◆ Growing Defence and Civil aerospace market in India.
- ◆ Special emphasis on manufacturing sector by the Government.
- ◆ Surge in modernisation of Indian defence services.
- ◆ Diversification of product portfolio.
- ◆ Export markets for Light helicopters, Dornier aircraft and MRO of defence aircraft and helicopters.
- ◆ Single window solution provider status, being OEM of major platforms.

### **Threats**

- ◆ Increase in FDI limit in defence manufacturing sector and relaxation in FDI guideline for ease of entry of foreign Companies in India.
- ◆ Rise in level of competition with the entry of large private Companies.
- ◆ Governments thrust on the private participation in defence production.
- ◆ Participation of Indian private Companies in Make category acquisition programme.
- ◆ Changing preference of defence customers by moving away from single source to multiple sources.
- ◆ Emerging alliance and collaboration between Foreign OEMs and Indian private Companies.

## **5. PRODUCT-WISE PERFORMANCE**

5.1 Keeping in view the nature of its business and the sensitive nature of disclosure, HAL has been exempted from disclosing segment-wise information, required as per Accounting Standard-17. Such non-disclosure does not have any financial impact on the Accounts of the Company.

## **6. OUTLOOK**

6.1 The Indian Aerospace and Defence business environment is going through transformation under the 'Make in India' initiative. The Government is emphasising on building and enhancing the complete manufacturing ecosystem in India with an aim to increase the contribution of manufacturing output to 25 percent of GDP.



- 6.2 The government is also undertaking various initiatives and policy changes and these initiatives are expected to create challenging and competitive scenarios for HAL with emerging competition from Indian Private Firms in collaboration with the Foreign OEMs. These changes in the business environment are forcing the Company to increase focus on R&D to develop next generation technology and products with a view on long term sustainability. The Company is continuously undertaking R&D programmes in-house as well as in collaboration with Indian or Foreign OEMs. The Company is also undertaking the co-design and co-development programmes in collaboration with leading Aerospace Companies, is expected to give boost to future business prospects of the Company.
- 6.3 Requirement of the Indian Defence Services in the areas of combat aircraft, helicopters in light and medium weight category offers excellent opportunity for your Company in the near future. Your Company has infrastructure and expertise and these will be an edge over competition in the short term. Simultaneously the Company is also working toward forming business collaboration with OEMs, Research Laboratories and Academic Institutions to enhance the Company's future product portfolio and also enter into the diversified markets such as Civil Aeronautics and UAVs etc.
- 6.4 Continuing its thrust on R&D, the Company has put in place system for effective co-ordination among various R&D Labs / establishments within the Company and at the national level with a view to optimise resources. The Company has earmarked 10 percent of its operating profit as R&D corpus to promote technology development and innovation.
- 6.5 The Company's quest for development of indigenous aircraft / helicopter has progressed considerably. Projects like ALH weaponised version (ALH-WSI), Light Combat Helicopter (LCH), Light Utility Helicopter (LUH), HTT-40, UAVs, Jaguar Darin III upgrade and Mirage 2000 upgrade are expected to lead the Company to expand its business horizon over a period of next 10 to 15 years.
- 6.6 The Company has made concerted efforts during the year toward the diversification into Civil Segment to leverage the growth of the Indian Civil Aviation. The Company has issued an RFI to seek interest from the OEMs for collaboration for manufacturing of developed and proven 50-80 seater Regional Transport Aircraft in India. The Company has also initiated the manufacturing of two (02) Dornier Do-228 civil variant as demonstrator for entering into the civil segment.
- 6.7 Obsolescence is a concern for your Company in the area of MRO, especially in the ageing fleets of older aircraft/helicopters still under operation by customers. Denial of technology or support denial by the OEMs in critical areas may have adverse impact on the MRO support to customers. This is being addressed through measures like indigenization, alternate sources and LTBA's for spares support from the OEMs. While obsolescence management effort has to continue, this also calls for establishing necessary guidelines on phasing out old fleets.

## 7. MEASURES TO TACKLE CHALLENGES

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

### **Technology Development / Acquisition**

- 7.1 The Company has achieved considerable progress in its various major Research and Development programmes viz. Light Combat Helicopter (LCH), Light Utility Helicopter (LUH), Intermediate Jet Trainer



(IJT), Light Combat Aircraft (LCA), Hindustan Turboprop Trainer Aircraft (HTT-40), Fifth Generation Fighter Aircraft (FGFA), Jaguar Darin III Upgrade, Mirage 2000 Upgrade, UAV and Development of Engines. The Company has also under taken design and development of various systems/ sub-systems/ components/ LRUs to support the indigenous development of aircraft/ helicopters. The Company has also made significant progress towards the indigenous development of HTFE-25 engine and HTSE-1200 engine.

- 7.2 Considering the future requirement of Avionics Upgrade of Hawk Mk-132, the Company has initiated activities for development and integration of majority of indigenous contemporary systems both in terms of hardware and software to avoid dependency on OEM and OEM partners for improvements/modifications as ToT manufacturing on system equipment and LRUs were not considered when the contracts were finalised by MoD earlier. The new systems proposed under this programme will cater entire new functionalities and will replace the existing systems for advance functions and obsolescence management.
- 7.3 The Company has successfully completed the development of Orthogonal Frequency Division Multiplexing (OFDM) technique for Air borne data link and communications with IIT, Kanpur and development of speech recognition algorithm for Airborne Control System with IIT, Hyderabad.
- 7.4 During the year, HAL signed an MoU with BAE Systems, UK for maintenance solutions to support Jaguar and Hawk fleet. HAL has also signed MoU with Turbomeca/Safran, France to establish a Joint Venture to provide maintenance, repair and overhaul of engines installed on HAL produced helicopters, with the objective of optimizing engine availability.

#### **Developing Human Capital**

- 7.5 HAL has taken up several measures under the Skill Development arena and initiated actions for aligning skill development systems & practices to the vision & mission of the Company and enable significant enhancement of competitiveness of HAL.
- 7.6 Some of the initiatives are Development of Occupational Standards, Development of Skill Development Web Portal, Pilot Project on Skill Development, identification of Critical Skills, Training of Trainers and Skill Development Policy. Also a Training Module & Syllabus was formulated for induction of Personnel on Tenure Basis.
- 7.7 Measures to standardize the job roles to improve quality, productivity and customer satisfaction by improving skill, knowledge and understanding were taken up. Identification of Job Roles was carried out in order to align Recruitment Rules to the National Skills Qualification Framework (NSQF). A Term Sheet was signed with National Skill Development Council (NSDC) covering project objectives, segments, target training trades and broad execution plan. HAL has also donated spare equipment and machinery for training to ITIs and Training Organisations.

#### **Customer Orientation**

- 7.8 For the financial year 2015-16, the customer services continued its focus to assist customers in improving its fleet serviceability. Zero AOGs (Aircraft Operationally Grounded) with the Indian Air Force has been the ultimate goal. Towards Zero AOGs, the Company has suggested a proposal to supply Spares, with a



nil waiting period on a ware housing / off the shelf supply basis. The pricing model will be finalised in consultation with Customer / MoD. HAL has established MRO Hub at Mamun to support servicing and AOG clearance to improve ALH serviceability of Indian Army.

- 7.9 For the year 2016-17, your Company has targeted visits by top executives to Command Head Quarters to bring in more visibility of customer concerns and finding solutions thereon. Direct interactions on the issues with operators have helped HAL resolving the various issues which otherwise may hinder smooth operations. Towards this, the experts from the various fleets participated in the Operator's Conferences of the respective fleets and provided their valuable inputs. The inputs provided by such experts help the customers both in flying operations as well as the fleet maintenance.
- 7.10 To help the IAF tide over the training commitments, your Company is providing active support to its Kiran fleet until 2019. Similarly, to help the IAF derive maximum potential out of its potent Jaguar fleet, inducted in 1978, your Company would continue to support it for the next 25 years. For this purpose Steering Committee for Jaguar fleet is being formed by the executives from HAL & IAF.
- 7.11 HAL has undertaken Obsolescence Management of Jaguar, Kiran, Avro and Dornier fleets in a big way. Also, upgrade on Jaguar and Mirage is being undertaken for performance improvement. Efforts on the Indigenization also have been accelerated to meet the requirements and reduce the dependence on foreign OEMs and high costs. Facilities of ROH of Hawk and Su-30 have been set up. In the coming years, your Company's endeavor would be to provide complete maintenance support to the Services leaving them focused on the operations alone.

### **Business Processes**

- 7.12 The Company has embarked on the journey to infuse efficiency, and technology advancements, with a view to adapt the various systems and mechanism developed in the Company for managing men, material and processes to match modern day aerospace industry philosophies. One of the significant initiatives in this direction will be Project Parivartan undertaken by the Company, which is implementation of new upgraded ERP which is intended to enhance productivity of the organisation across the functional disciplines to address issues of competition. Further, the processes for knowledge management and knowledge capturing are being emphasized and methodologies evolved to enhance and retain the intellectual and knowledge base of the Company.
- 7.13 The Company has decided to increase its efforts to enhance the visibility of its products in the International market which in turn is expected to generate interest by the prospective customers. The Company is also leveraging its capability of modification and upgradation of military aircraft in collaboration with foreign OEMs to develop its business and market potential. One of the thrust direction with respect to the above will be in terms of participating in joint development of Combat version of Hawk aircraft with BAE Systems.
- 7.14 The Company has emphasised on improving the Product serviceability by establishing a spares centre/ Mini MRO centre at customer locations. As a step toward enhancement of serviceability of ALH, the Company has established an MRO hub to extend on-site service and spares support for ALH. Similarly, the Company is also planning to establish spares centre/ Mini MRO centre for Su-30 MKI.



- 7.15 During the year, the Company has updated the outsourcing manual considering the changing aerospace industrial scenario, greater participation of private industry and vendor development. As an effort to promote private industry participation in line with "Make in India", the Company has hosted the items which are intended to be outsourced on HAL's website. HAL has also issued EoI/RFIs for major outsourcing packages pertaining to ALH and LCH to enhance the participation of private industry in HAL's Indigenous Helicopter programmes.
- 7.16 The Divisions are being encouraged to enter into Long Term Business Agreements with vendors incorporating staggered deliveries in-line with the requirement schedule, which would result in inventory reduction and also ensure timely availability.
- 7.17 Production processes are being reviewed to remove bottlenecks and enhance productivity by addition of suitable machinery / equipment, processes and technology, with an objective to set up world class infrastructure in each of the Divisions.

## 8. FINANCIAL PERFORMANCE

8.1 The financial performance of the Company for the year 2015-16 is summarised here below:-

Particulars	Unit	31.3.2016	31.3.2015
Total Sales	₹ Cr.	16736.49	15621.18
Export Sales	₹ Cr.	449.28	490.12
Profit before Tax (PBT)	₹ Cr.	3288.46	3172.52
Gross Margin	₹ Cr.	4142.91	3986.85
Net Worth	₹ Cr.	12418.64	16786.07
R&D Expenditure	₹ Cr.	1182.28	1042.43
Dividend Pay-out (Excluding Dividend Tax)	₹ Cr.	627.32	480.00
Dividend as a percentage to Paid-up Capital	%		99.59
Pre Buy-back		130.15	
Post Buy-back		173.53	
Sales Per Employee (net of excise duty)	₹ Lakh	55.24	50.16
Earnings Per Share *			49.54
Pre Buy-back	₹	34.31	
Post Buy-back		34.31	

\*The Company had bought back 12,05,00,000 of equity shares on 30<sup>th</sup> March, 2016. The effect of buy-back of shares is not considered for calculation of EPS as there is no significant change for change in value of the same

### 8.2 Analysis of Financial Performance 2015-16:

- ◆ The Sales registered a growth of 7.14 % to ₹ 16,736.49 Cr. in the previous year from ₹ 15,621.18 Cr.
- ◆ The Company has recorded a profit of ₹ 3,288.46 Cr. during the year as compared to ₹ 3,172.52 Cr in the previous year.
- ◆ Gross Margin is ₹ 4,142.91 Cr. during the year as compared to ₹ 3,986.85 Cr. in the previous year .
- ◆ Earnings Per Share is ₹ 34.31 as against ₹ 49.54 in the previous year.
- ◆ Decrease in net worth from ₹ 16,786.07 Cr. in the previous year to ₹ 12,418.64 Cr. in the current year due to buy back of shares to the extent of ₹ 4,284.38 Cr.



## 9. HUMAN RESOURCE DEVELOPMENT

### (i) Complex level- leadership development program for executives at the level of senior managers

In furtherance to the Leadership Development Program for developing future leaders, a Complex level Leadership Development Program was devised for Officers in the level of Senior Manager. Twenty participants from each of the 5 Complexes in the Company will undergo the program. During 2015-16, 38 Executives have been nominated to undergo the Program. The Program is conducted in 4 Phases, spanning over a period of six months and includes an Institution module at IIM-Lucknow for a period of three weeks.

### (ii) Assessment Centers

Assessment Centers are conducted to facilitate HAL in identifying the potential of its leaders and their key development needs. The Assessment Centre method is a universally accepted methodology, which attempts to create simulated work environment to observe behavioral competencies of participants. This is a step towards mapping the strengths and gaps in competencies and identifying Officers to occupy leadership positions in the Company.

Officers in the rank of Chief Manager & above undergo the Assessment Development Centers. 259 Officers in Chief Manager & above level have been assessed by KPMG Advisory Services Private Ltd during the year 2015.

### (iii) Utilizing Graduate Aptitude Test in Engineering (GATE) Scores for selection of Management Trainees / Design Trainees

A Policy for adopting GATE Scores for shortlisting candidates for interview for selection of Management Trainees / Design Trainees has been adopted as one of the Multiple Channels of Recruitment.

## 10. MANPOWER

Total Employees as on 31.03.2016	Officers	Workmen		Total Workmen
		Direct	Indirect	
30,300	9,360	12,789	8,151	20,940

## 11. ENVIRONMENT PROTECTION AND CONSERVATION

11.1 The Company has been planting saplings every year. The Division-wise details of saplings planted during the years 2015-16 and 2014-15 are as indicated below:

Sl. No.	Name of the Division / Complex	Total number of saplings planted during	
		2015-16	2014-15
1	Bangalore Complex	4,092	2,800
2	Koraput Division	49,620	45,740
3	Nasik Division	10,417	6,582
4	Korwa Division	1,000	881
5	Lucknow Division	2,550	3,000
6	Barrackpore Division	20,049	22,715
7	TAD Kanpur	750	690
8	Hyderabad Division	600	1,100
	<b>TOTAL</b>	<b>89,078</b>	<b>83,508</b>



## CORPORATE GOVERNANCE REPORT

### **Philosophy and Code of Governance**

HAL has a well defined Corporate Governance structure which underlines its commitment to quality of governance, honesty, integrity, accountability, disclosure, Corporate Social Responsibility, transparency in decision making and accountability to take care of the interest of all the stakeholders.

It believes that all operations must be spearheaded towards attaining the final objective of enhancing the stakeholders' value, financial prudence and commitment to values. The Company gives importance to adherence to corporate values and objectives and discharging social responsibilities as a corporate citizen.

The Company has implemented the guidelines enunciated by the Department of Public Enterprises, Govt. of India, on Corporate Governance. For effective implementation of the Corporate Governance practices, the Company has a well-defined policy framework. The HAL Corporate Governance Policy is based on the following principles:-

- Code of Conduct for Senior Management and Board of Directors
- Risk Management Policy
- Integrity Pact to enhance transparency in business
- Whistle Blower Policy
- Well laid down administrative setup to facilitate decentralised and transparent decision-making
- Compliance of applicable Laws, Rules and Regulations
- Accuracy and transparency in disclosures regarding operations, performance and financial position
- Conduct, Discipline and Appeal Rules for Employees.
- Secretarial Audit to ensure compliance of laws

### **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 policy thinking in order to improve the quality of governance. It has constituted Sub-Committees to facilitate smooth and efficient flow of decision-making process.

### **Composition**

Your Company being a Public Sector Undertaking, 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.

As on 31<sup>st</sup> March, 2016 the Composition of the Board of Directors of the Company consists of Chairman and Managing Director, four functional directors, one Government Nominee director and six Independent directors.



### **Meetings and Attendance**

During the financial year ended on 31<sup>st</sup> March, 2016, 10 numbers of Board Meetings were held as mentioned below:

SI No	Date of Board Meeting	SI No	Date of Board Meeting
1	24 <sup>th</sup> April, 2015	6	28 <sup>th</sup> September, 2015
2	8 <sup>th</sup> June, 2015	7	13 <sup>th</sup> December, 2015
3	27 <sup>th</sup> June, 2015	8	29 <sup>th</sup> January, 2016
4	8 <sup>th</sup> August, 2015	9	26 <sup>th</sup> February 2016
5	30 <sup>th</sup> & 31 <sup>st</sup> August, 2015	10	22 <sup>nd</sup> March, 2016

Details of attendance of the Directors at the Board Meetings during 2015-16 are given below:-

Sl. No.	Directors	Board Meetings held during respective tenure of Director	No. of Board Meetings attended
1	Shri T. Suvarna Raju, CMD	10	10
2	Shri K K Pant	10	9
3	A/M S B P Sinha, AVSM, VM*	8	2
4	Shri V M Chamola	10	10
5	Dr. A K Mishra*	8	7
6	Shri S. Subrahmanyam	10	10
7	Shri D K Venkaesh*	4	4
8	Shri C V Ramana Rao*	2	2
9	A/M (R) P R Sharma, PVSM, AVSM*	7	5
10	Shri P S Krishnan	10	5
11	Shri Pradipta Banerji	10	6
12	Shri Gopabandhu Pattanaik	10	9
13	Dr. A K Jain	10	9
14	AVM (R) D K Pande, AVSM, VSM	10	10
15	Ms. Dipali Khanna*	3	3

\* Change in Board of Directors

- Air Marshal S.B.P Sinha, AVSM, VM was ceased to be Government Nominee Director with effect from 3<sup>rd</sup> March, 2016.
- Dr. A K Mishra ceased to be Director with effect from 31<sup>st</sup> January, 2016.
- Shri D K Venkatesh was appointed as Director (Engineering and R&D) with effect from 27<sup>th</sup> November, 2015.
- Shri C V Ramana Rao was appointed as Director (Finance) with effect from 1<sup>st</sup> February, 2016 .
- Shri P R Sharma ceased to be Director with effect from 1<sup>st</sup> December, 2015.
- Ms. Dipali Khanna was appointed as Independent Woman Director with effect from 8<sup>th</sup> January, 2016.

### **Audit Committee**

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



The Audit Committee was reconstituted by the Board in its 388<sup>th</sup> meeting held on 8<sup>th</sup> June, 2015. It consists of 5 Independent Directors and 1 Government Nominee Director. During the year ended on 31<sup>st</sup> March, 2016, the Audit Committee met 6 times on 8<sup>th</sup> June, 2015, 8<sup>th</sup> August, 2015, 28<sup>th</sup> September 2015, 13<sup>th</sup> December, 2015, 29<sup>th</sup> January, 2016 and 22<sup>nd</sup> March 2016. The attendance of the members of the Audit Committee in these meetings was as follows:-

Sl. No.	Name of Attendees	Meetings held during respective tenure of Director	No. of Audit Committee Meetings attended
1	Shri Gopabandhu Pattanaik	6	6
2	Dr. Arun Kumar Jain	6	6
3	Shri P S Krishnan	6	3
4	Shri Pradipta Banerji	6	2
5	AVM (R) D K Pande, AVSM, VSM*	5	5
6	Shri K K Pant	6	4

\* Change in Members of the Audit Committee

- AVM (R) D K Pande, AVSM, VSM was appointed as member of the Committee with effect from 8<sup>th</sup> June, 2015.

The Chairman of the Audit Committee attended the last Annual General Meeting.

The Composition of the Committee as on 31<sup>st</sup> March, 2016 is as under:-

- Shri Gopabandhu Pattanaik - Chairman
- Prof . (Dr) Arun Kumar Jain
- Air Vice Marshal (R) D K Pande
- Shri P S Krishnan
- Prof Pradipta Banerji
- Joint Secretary (Aero)

The Director (Operations) and Concerned CEO's are permanent invitees. The Company Secretary is the Secretary to the Committee.

Due to the sudden demise of Dr. Arun Kumar Jain, the Board in its 397<sup>th</sup> Meeting held on 28<sup>th</sup> May, 2016 reconstituted the Committee as under.

- Shri Gopabandhu Pattanaik - Chairman
- Ms Dipali Khanna
- Air Vice Marshal (R) D K Pande
- Shri P S Krishnan
- Prof Pradipta Banerji
- Joint Secretary (Aero)

The Director (Operations), Director (Finance) and Concerned CEO's are permanent invitees. The Company Secretary is the Secretary to the Committee.



### **Nomination & Remuneration Committee**

The Nomination & Remuneration Committee is headed by an Independent Director and decides on the Annual Bonus / Variable Pay (Performance-Related Pay) pool and policy for its distribution across the Executives within the prescribed limits in line with the Government directives.

Being a Central Public Sector Enterprise, the appointment of the Chairman & Managing Director and Whole Time Directors is made by the President of India indicating the tenure, remuneration package and other terms and conditions of appointment.

The Composition of the Committee as on 31<sup>st</sup> March, 2016 was as under:-

- Prof. (Dr.) Arun Kumar Jain - Chairman
- Prof. Pradipta Banerji
- Shri Gopabandhu Pattanaik
- Air Vice Marshal (Retd.) D. K. Pande
- Deputy Chief of Air Staff
- Joint Secretary (Aerospace)

Director (Finance) & Director (HR) are the Permanent Invitees to the Committee. The GM (HR) is the Secretary of the Committee.

During the year under review, no Nomination & Remuneration Committee meeting was held.

Consequent upon cessation of Directorship of Air Marshal S.B.P. Sinha, Ex-DCAS and sudden demise of Dr. Arun Kumar Jain, the Board in its 397<sup>th</sup> Meeting held on 28<sup>th</sup> May, 2016 reconstituted the Committee as under.

- Prof. Pradipta Banerji - Chairman
- Shri Gopabandhu Pattanaik
- Air Vice Marshal (Retd.) D. K. Pande
- Joint Secretary (Aerospace)

Director (Finance) & Director (HR) are the Permanent Invitees to the Committee. The ED (HR) is the Secretary of the Committee.

### **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 CSR & Sustainable Development Committee as on 31<sup>st</sup> March, 2016 was as under:-

- Prof. Pradipta Banerji, Chairman
- Director (Human Resources)
- Director (Operations)
- Director (Finance)

General Manager (HR) is the Secretary to the Committee

CEO (BC/HC/AC/MC) and General Manager (Finance) – Corporate Office are Permanent Invitees to the Committee.

During the year, the CSR & SD Committee held 2 (Two) meetings on 8<sup>th</sup> August, 2015 and 11<sup>th</sup> December, 2015.

**Shareholders / Investors Grievance Committee**

Shareholders/Investors Grievance Committee headed by an Independent Director.

The Composition of the Committee as on 31<sup>st</sup> March, 2016 is as under:-

- Shri P S Krishnan - Chairman
- Director (HR)
- Director (Finance)

Company Secretary is the Secretary of the Committee

**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 31<sup>st</sup> March, 2016 is as under:-

- Director (HR) – Chairman
- Director (Finance)
- Director (Operations)

Company Secretary is the Secretary of the Committee

**(b) HR Committee**

HR Committee, headed by an Independent Director, recommends and advises the Board on HR issues especially in laying down the policies, guidelines and evolving HR strategies.

The Composition of the Committee as on 31<sup>st</sup> March, 2016 was as under:-

- Shri P. S. Krishnan - Chairman
- Prof. (Dr.) Arun Kumar Jain
- Director (HR)
- Director (Finance)

ED (HR) is the Secretary of the Committee.

Due to the sudden demise of Dr. Arun Kumar Jain, the Board in its 397<sup>th</sup> Meeting held on 28<sup>th</sup> May, 2016 reconstituted the Committee as under:-

- Shri P. S. Krishnan - Chairman
- Air Vice Marshal (Retd.) D. K. Pande
- Director (HR)
- Director (Finance)

ED (HR) is the Secretary of the Committee.

**(c) Procurement Sub-Committee**

Procurement Sub- Committee consisting of the following members has been delegated powers to approve Procurement Proposals having value over 60 crore and upto 120 crore :-



- Chairman and Managing Director (CMD)
- Joint Secretary (Aerospace)
- Director (Finance)
- Director (Operations)

Concerned CEO(s) are permanent invitees to the Committee.

Company Secretary is the Secretary to the Committee

#### **(d) Business Strategy Sub Committee**

Business Strategy Sub Committee, headed by an Independent Director, analyses the business scenario and guides the Board of Directors in devising strategy and diversifying the business for sustaining growth. The Composition of the Committee as on 31<sup>st</sup> March, 2016 was as under:-

- Prof. (Dr) Arun Kumar Jain - Chairman
- Shri P S Krishnan
- Prof Pradipta Banerji
- Air Vice Marshal (Retd) D K Pande
- Director (Finance)
- Director (Operations)
- Director (Engg. and R&D)

Concerned CEO's are permanent invitees and GM(Proj & Planning) is the Secretary to the Committee.

Due to the sudden demise of Dr. Arun Kumar Jain, the Board in its 397<sup>th</sup> Meeting held on 28<sup>th</sup> May, 2016 reconstituted the Committee as under:-

- Shri P S Krishnan - Chairman
- Prof Pradipta Banerji
- Air Vice Marshal (Retd) D K Pande
- Director (Finance)
- Director (Operations)
- Director (Engg. and R&D)

Concerned CEO's are permanent invitees and GM (Proj & Planning) is the Secretary to the Committee.

#### **(e) Management Committee**

Management Committee is empowered to approve the proposals under the powers delegated by the Board. The Composition of the Committee as on 31<sup>st</sup> March, 2016 was as under

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

Company Secretary is the Secretary to the committee

#### **(f) 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.



### **Remuneration to the Directors**

The Independent Directors are not paid any remuneration except sitting fee of ₹ 20,000 per sitting of the Board and its Committee Meetings. The Government Directors are neither paid any remuneration nor any sitting fee.

The Sitting fee paid to the Independent Directors during the year 2015 -16 is as follows:

(In ₹)

Name of Independent Director	Board Meetings	Committee Meetings	Total Remuneration
Prof. (Dr.) Arun Kumar Jain	180,000	240,000	420,000
Prof. Pradipta Banerji	120,000	120,000	240,000
Shri Gopabandhu Pattanaik	180,000	120,000	300,000
Air Marshal Priya Ranjan Sharma, PVSM, AVSM	100,000	20,000	120,000
Shri P.S. Krishnan	100,000	100,000	200,000
Air Marshal (Retd.) D.K .Pande, AVSM,VSM	200,000	140,000	340,000
Smt Dipali Khanna	60,000	-	60,000

Details of remuneration of Whole Time Directors during the year 2015-16 are given at **Enclosure IV of Annexure I**.

### **Code of Conduct**

The Board of Directors of your Company has laid down a Code of Conduct for all Board Members and Senior Management of the Company. The Code of Conduct has been posted on the Company's website [www.hal-india.com](http://www.hal-india.com). All Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct during the year 2015-16. A declaration to this effect signed by the Chairman & Managing Director is appended to this report.

### **Shareholding Pattern**

HAL is not listed on any Stock Exchange in India or abroad. The entire paid up equity share capital of the Company is held by the President of India and his nominees.

### **General Meetings**

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

Meeting No.	Venue	Date & Time
50 <sup>th</sup>	Hindustan Aeronautics Limited 15/1, Cubbon Road, Bengaluru – 560001, Karnataka	27 <sup>th</sup> September, 2013 at 1500 HRS
51 <sup>st</sup>	Hindustan Aeronautics Limited 15/1, Cubbon Road, Bengaluru – 560001, Karnataka	27 <sup>th</sup> September, 2014 at 1100 HRS
52 <sup>nd</sup>	Hindustan Aeronautics Limited 15/1, Cubbon Road, Bengaluru – 560001, Karnataka	28 <sup>th</sup> September, 2015 at 1400 HRS

No Special Resolution was put up at 50<sup>th</sup> & 52<sup>nd</sup> Annual General Meetings held on 27<sup>th</sup> September, 2013 and 28<sup>th</sup> September, 2015 respectively.

The Company at its 51<sup>st</sup> Annual General Meeting held on 27<sup>th</sup> September, 2014, passed one Special Resolution for alteration of Article 107B of the Articles of Association of the Company titled "Period of retention of lien up to a period not exceeding 5 (five) years".



The Annual General Meeting for the year 2015-16 will be held on:-

Day & Date : Saturday, 30<sup>th</sup> July, 2016  
Time : 1400 hrs  
Venue : Hindustan Aeronautics Limited 15/1, Cubbon Road, Bengaluru – 560001, Karnataka

**Registered / Corporate Office address for correspondence**

**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.com

**Disclosures**

a) **Related Party Transactions** are disclosed in Note no.34(20) to notes to the Accounts. The Company does not have any materially significant related party transactions, which may have potential conflict with its interest at large.

b) **Accounting Standards:** The Company is complying with all applicable Accounting Standards.

Ministry of Corporate Affairs vide Notification No 463 (E) dated 5<sup>th</sup> June, 2015 granted exemption to your Company with respect to applicability of Accounting Standard 17 (segment reporting) being the Company engaged in defence production.

Disclosure in this regard has been made at Note no. 34(19) of Note to the Accounts.

Pursuant to the provisions of the Section 129 of the Companies Act, 2013, the Company has prepared consolidated financial statements for the year 2015-16.

c) **Training of Directors:** The Directors were sponsored for training programmes on Corporate Governance.

d) **Whistle Blower Policy:** The Company had promulgated a Whistle Blower Policy during the year 2010 with a view to establish a mechanism for the employees to report to the Management about their concerns on unethical behaviour or the cases of suspected fraud, violation of Company's general guidelines on Conduct and Ethics. The Policy provides for adequate safeguards to protect genuine Whistle Blower against victimisation. The policy is posted in the Company's website i.e. www.hal-india.com.

e) **Presidential Directives:**

All the Presidential Directives and Guidelines issued by the Government of India from time to time regarding reservations of 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 deliver their job effectively.



The representation of SCs/STs/OBCs in HAL as on 31<sup>st</sup> December, 2015 was as under:

Category of Employees	Group - A	Group - B	Group - C	Group - D	Total
Scheduled Caste	1614	35	3623	5	5280
Scheduled Tribe	541	12	1502	-	2054
Other Backward Classes	2115	30	5145	6	7296

The representation of Persons with Disabilities and Ex-Servicemen as on 31<sup>st</sup> December, 2015 was as under:

Category of Employees	Group - A	Group - B	Group - C	Group - D	Total
Persons with Disabilities	158	4	534	3	699
Ex-Servicemen	101	4	1723	-	1828

**f) 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.

**g) 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 2015-16.

**h) Corporate Social Responsibility & Sustainable Development (CSR & SD)**

During the year, the Company had spent ₹ 68.31 Cr. against an allocated budget of ₹ 68.31 Cr. towards CSR & Sustainable Development. The Company had also undertaken specific CSR activities in accordance with the MoU entered with the Government.

**i) 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.

**j) Means of Communications**

The Annual Report of the Company is circulated to the members and others entitled to receive it. The Company displays the Accounts and other relevant information including those required under the Right to Information Act on its website [www.hal-india.com](http://www.hal-india.com).



#### **k) Compliance**

The Company has complied with the Guidelines on Corporate Governance for CPSEs issued by the Department of Public Enterprises, Government of India. The Company is also submitting quarterly Compliance Report to the Ministry of Defence, Government of India within 15 days from the close of each quarter. Certificate on Compliance of the Policy / DPE guidelines on Corporate Governance issued by the Company Secretary in Practice is enclosed to this report.

#### **DECLARATION**

Pursuant to the Department of Public Enterprises (DPE) Guidelines on Corporate Governance for Central Public Sector Enterprises as contained in the DPE Office Memorandum No. 18(8)/2005-GM dated 14<sup>th</sup> May, 2010, 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 31<sup>st</sup> March, 2016.

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

A handwritten signature in blue ink, appearing to read 'T. Suvarna Raju', written in a cursive style.

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

Place : Bengaluru  
Date : 21.07.2016



## CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

Corporate Identification No. : U35301KA1963GOI001622  
Authorised Capital : Rs.600,00,00,000

To,

The Members of  
Hindustan Aeronautics Limited  
Bangalore

We have examined all the relevant records of Hindustan Aeronautics Limited for the year ended 31<sup>st</sup> March, 2016 for the purpose of certifying compliance of the conditions of Corporate Governance as stipulated in Department of Public Enterprises (DPE) Guidelines 2010 on Corporate Governance for Central Public Sector Enterprises. We have obtained all the Information and explanations which to the best of our knowledge and belief as were necessary for the purpose of certification.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedure and implementation process adopted by the Company for ensuring the Compliance of conditions of Corporate Governance.

On the basis of our examination of the records produced and the explanations and information furnished, we certify that the Company has maintained proper records and complied with the conditions of Corporate Governance as stipulated in DPE Guidelines 2010 on Corporate Governance for Central Public Sector Enterprises for the financial year ending 31<sup>st</sup> March, 2016.

(K Sandhya Lakshmi)  
Partner  
B R K S & Associates  
Company Secretaries  
C.P. No.8538

Place: Bangalore  
Date : 29.06.2016



## ANNEXURE- I TO DIRECTORS' REPORT

Form No.MGT-9

### EXTRACT OF ANNUAL RETURN

As on the Financial Year ended on 31<sup>st</sup> March 2016

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

#### I. REGISTRATION AND OTHER DETAILS:

i)	CIN	<b>U35301KA1963GOI001622</b>
ii)	Registration Date	<b>16 / 08 / 1963</b>
iii)	Name of the Company	<b>Hindustan Aeronautics Limited</b>
iv)	Category of the Company Sub-Category of the Company	<b>Public Company Government Company</b>
v)	Address of the Registered office and contact details	<b>No: 15/1, Cubbon Road PB No: 5150 Bengaluru - 560 001 Karnataka Ph No: 080 22320001</b>
vi)	Whether listed Company	<b>Yes/No</b>
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	<b>NA</b>

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the Company
1	Manufacture of Aircraft and Helicopters	35301	59
2	Repair, Maintenance of Aircraft and Helicopters	35308	34

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING / SUBSIDIARY / ASSOCIATE	% of shares held	Applicable Section
1	<b>BAeHAL Software Limited</b> Airport Lane, HAL Estate, Bengaluru – 560 017	U72200KA1993PLC013983	Associate	HAL: 49 % BAe Systems: 40 % BAe HAL Employee Trust: 11 %	Section 2(76) (viii)
2	<b>Snecma HAL Aerospace Private Limited</b> No 140/1, Hoody Whitefield Road, Whitefield Industrial Area, Bengaluru – 560 066	U35303KA2005PTC037539	Associate	Snecma: 50 % HAL: 50 %	Section 2(76) (viii)



3	<b>SAMTEL HAL Display Systems Limited</b> No 501, 5 <sup>th</sup> Floor, Copia Corporate Suits, Plot No 9, District Centre, Jasola, Delhi – 110 025	U32204DL2007PLC158372	Associate	Samtel: 60 % HAL:40 %	Section 2(76) (viii)
4	<b>Infotech HAL Limited</b> 5 <sup>th</sup> Floor, Infotech IT Park, Phase-1, 110A & 110B, Electronics City, Hosur Main Road, Bengaluru – 560 100	U29200KA2007PLC043691	Associate	HAL: 50 % Infotech (renamed as Cyient Limited): 50 %	Section 2(76) (viii)
5	<b>HAL-Edgewood Technologies Private Limited</b> 3 <sup>rd</sup> Floor, Old ADB Building, HAL Main Factory, HAL Airport Road, Bengaluru – 560 017	U73100KA2007PTC042634	Associate	HAL:50 % Edgewood Inc, USA: 26 % Edgewood India: 24 %	Section 2(76) (viii)
6	<b>HALBIT Avionics Private Limited</b> No 15/1, Cubbon Road, Bengaluru – 560 001	U35303KA2007PTC042680	Associate	HAL: 50 % Elbit:26 % Merlinhawk Asso, Blore: 24 %	Section 2(76) (viii)
7	<b>Indo-Russian Aviation Limited</b> No 15/1, Cubbon Road, Bengaluru – 560 001	U35303KA1994PLC016219	Associate	HAL : 48 % ICICI Bank : 5 % RAC MiG : 31 % Ryazan :10 % Aviazapchast :6 %	Section 2(76) (viii)
8	<b>HATSOFF Helicopter Training Private Limited</b> Survey No 3 & 4, Opp to ARDC Main Gate HAL, Vibhuthipura, Bengaluru - 560037	U74999KA2008PTC044972	Associate	HAL: 50 % CAE Canada: 50 %	Section 2(76) (viii)
9	<b>Tata HAL Technologies Limited</b> Venus Building, # ½, Kalyanamantapa Road, Jakkasandra, Koramangala, Bengaluru – 560 034	U93000KA2008PLC046588	Associate	HAL: 50 % Tata Technologies: 50 %	Section 2(76) (viii)
10	<b>Multirole Transport Aircraft Limited</b> MTAL House, HAL Senior Officer Enclave, Old Madras Road, Bengaluru – 560 093	U29199KA2010PLC056091	Associate	HAL : 50% Russians :50% (UAC-TA & ROE)	Section 2(76) (viii)
11	<b>International Aerospace Manufacturing Private Limited</b> Survey No.3, Kempapura Village, VarthurHobli, Bengaluru East Taluk, Bengaluru – 560 037	U29253KA2010PTC054509	Associate	HAL: 50 % Rolls Royce : 50 %	Section 2(76) (viii)



12	<b>Aerospace and Aviation Sector Skill Council</b> HAL, Technical Training Institute, Surjandas Road, Vimanapura Road, Bengaluru – 560 017	U80301KA2014NPL076367	Associate	HAL: 50% BCIC: 25% SIATI: 25%	Section 2(76) (viii)
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**IV. SHAREHOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity):**

- i. Category-wise Share Holding **(Refer Enclosure - I)**
- ii. Shareholding of Promoters **(Refer Enclosure – II)**
- iii. Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
i.	At the beginning of the year	48,20,00,000	100%	48,20,00,000	100%
ii.	Date wise Increase/ *Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer/bonus/ sweat equity etc.)	12,05,00,000	25%	12,05,00,000	25%
iii.	At the end of the year	36,15,00,000	100%	36,15,00,000	100%

**\* Company has bought back 12,05,00,000 equity shares from President of India equivalent to 25 per cent of the paid-up share capital and free reserves**



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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
a	At the beginning of the year	-	-	-	-
b	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/ sweat equity etc.)	-	-	-	-
c	At the End of the year (or on the date of separation, if separated during the year)	-	-	-	-

- v. Shareholding of Directors and Key Managerial Personnel (Refer Enclosure - III)

## V. INDEBTEDNESS

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

(₹ In lakhs)

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



**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (Refer Enclosure IV)**

- a. Remuneration to Managing Director, Whole-time Directors and/or Manager:
- b. Remuneration to other directors:
- c. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES - NIL**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/NCLT/Court)	Appeal made if any (give details)
<b>A. Company</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on behalf of Board of Directors  
Hindustan Aeronautics Limited



(T. Suvarna Raju)  
Chairman & Managing Director

Date: 21.07.2016

Place: Bengaluru



Enclosure I

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter's</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	48,20,00,000	48,20,00,000	100%	36,15,00,000	-	36,15,00,000	100%	25%*
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-Total (A) (1)</b>	-	<b>48,20,00,000</b>	<b>48,20,00,000</b>	<b>100%</b>	<b>36,15,00,000</b>	-	<b>36,15,00,000</b>	<b>100%</b>	<b>25%*</b>
<b>(2) Foreign</b>	-	-	-	-	-	-	-	-	-
NRIs- Individuals	-	-	-	-	-	-	-	-	-
Other – Individuals	-	-	-	-	-	-	-	-	-
Bodies Corp	-	-	-	-	-	-	-	-	-
Banks / FI	-	-	-	-	-	-	-	-	-
Any other	-	-	-	-	-	-	-	-	-
<b>Sub Total (A) (2)</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A) = A(1) + A(2)</b>	-	<b>48,20,00,000</b>	<b>48,20,00,000</b>	<b>100%</b>	<b>36,15,00,000</b>	-	<b>36,15,00,000</b>	<b>100%</b>	<b>25%*</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-



Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>Sub-total (B)(1):-</b>	-	-	-	-	-	-	-	-	-
<b>2. Non-Institutions</b>									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	-	-	-	-	-	-	-	-	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	48,20,00,000	48,20,00,000	100%	36,15,00,000	-	36,15,00,000	100%	25%*

\*The Company in its EGM held on 22<sup>nd</sup> March, 2016 approved buy back of shares equivalent to 25 per cent of the paid-up share capital and free reserves of the Company i.e 12,05,00,000 Equity Shares.



(Enclosure-II)

**ii. Shareholding of Promoters**

Sl. No.	Share holder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	The President of India	48,20,00,000	100%	-	36,15,00,000	100%	-	25%*
	<b>Total</b>	<b>48,20,00,000</b>	<b>100%</b>	<b>-</b>	<b>36,15,00,000</b>	<b>100%</b>	<b>-</b>	<b>25%</b>

\*The Company in its EGM held on 22<sup>nd</sup> March, 2016 approved buy back of shares equivalent to 25% of the paid-up share capital and free reserves of the Company i.e 12,05,00,000 Equity Shares.

(Enclosure - III)

**II. Shareholding of Directors and Key Managerial Personnel**

**1. Shri K K Pant, Joint Secretary (Aero)\***

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
i.	At the beginning of the year	40	-	40	-
ii.	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	-	-	-	-
iii.	At the end of the year	40	-	40	-

**2. Shri T. Suvarna Raju, Chairman & Managing Director\***

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
i.	At the beginning of the year	40	-	40	-
ii.	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	-	-	-	-
iii.	At the end of the year	40	-	40	-



### 3. Shri V M Chamola, Director (HR)\*

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
i.	At the beginning of the year	40	-	40	-
ii.	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	-	-	-	-
iii.	At the end of the year	40	-	40	-

### 4. Shri D K Venkatesh, Director (Engg and R&D)\*

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
i.	At the beginning of the year	-	-	-	-
ii.	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	40**	-	40**	-
iii.	At the end of the year	40	-	40	-

### 5. Shri CV Ramana Rao, Director (Finance)\*

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
i.	At the beginning of the year	-	-	-	-
ii.	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	40***	-	40***	-
iii.	At the end of the year	40	-	40	-

\*Nominee Shareholders of the President of India

\*\* Share transferred from Air Marshal S B P Sinha, AVSM, VM on 26<sup>th</sup> February, 2016

\*\*\* Shares transferred from Dr. A K Mishra on 26<sup>th</sup> February, 2016



Enclosure-IV

**REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

Sl. No	Particulars of Remuneration	Name of MD/WTD/Manager						Total Amount	
		T Suvarna Raju	V M Chamola	S. Subrahmanyam	D K Venkatesh*	C V Ramana Rao**	Dr. A K Mishra***		
1.	Gross salary	28,49,633	28,06,319	26,98,333	7,29,788	2,10,800	27,68,215	1,20,63,088	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act,1961****								
	(b) Value of perquisites u/s 17(2) Income-tax Act,1961	4,90,358	4,63,563	4,37,639	1,04,437	4,367	5,55,700	20,56,064	
	(c) Profits in lieu of salary under section 17(3) Income-tax Act,1961	-	-	-	-	-	-	-	
2	Stock option	-	-	-	-	-	-	-	
3	Sweat Equity	-	-	-	-	-	-	-	
4	Commission as % of profit others (specify)	-	-	-	-	-	-	-	
5	Others, please specify	-	-	-	-	-	-	-	
	<b>Total (A)</b>	<b>33,39,991</b>	<b>32,69,882</b>	<b>31,35,972</b>	<b>8,34,225</b>	<b>2,15,167</b>	<b>33,23,915</b>	<b>141,19,152</b>	
	****Include leave encashment	-	171,035	165,426	156,275	-	187,782	680,518	
	Ceiling as per the Act	Exempted as per the MCA Notification No. 463 (E) dated 05.06.2015							

\* Shri D K Venkatesh appointed on 27th November, 2015

\*\*Shri CV Ramana Rao appointed on 1st February, 2016

\*\*\*Dr. A K Mishra superannuated on 31st January, 2016



**B. Remuneration to other Directors:**

(₹ In lakhs)

Sl. No	Particulars of Remuneration	Name of Directors							Total Amount
		A/M (Retd.) P R Sharma	P S Krishnan	Prof. Pradipta Banerji	G. Pattanaik	Dr. A K Jain	AVM (Retd) D K Pande	Dipali Khanna	
1.	a. Fee for attending board & committee meetings	1.20	2.00	2.40	3.00	4.20	3.40	0.60	16.80
	b. Commission	--	--	--	--	--	--	--	--
	c. Others, please specify	--	--	--	--	--	--	--	--
	<b>Total (1)</b>	<b>1.20</b>	<b>2.00</b>	<b>2.40</b>	<b>3.00</b>	<b>4.20</b>	<b>3.40</b>	<b>0.60</b>	<b>16.80</b>
2	<b>Other Non-Executive Directors</b>	<b>K K Pant #</b>	<b>A/M S.B.P. Sinha #</b>						
	a. Fee for attending board committee meetings	--	--	--	--	--	--	--	--
	b. Commission	--	--	--	--	--	--	--	--
	c. Others, please specify	--	--	--	--	--	--	--	--
	<b>Total (2)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
	<b>Total(B)=(1+2)</b>	<b>1.20</b>	<b>2.00</b>	<b>2.40</b>	<b>3.00</b>	<b>4.20</b>	<b>3.40</b>	<b>0.60</b>	<b>16.80</b>
	Total Managerial Remuneration Over all Ceiling as per the Act	Exempted as per the MCA Notification No. 463 (E) dated 05.06.2015							

# Note: No fees / commission being paid to the Part-time Official (Govt. Nominee) Director



**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

(In ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel					Total
		CEO	Ex-Company Secretary** (Ashok Tandon)	Company Secretary*** (G. V. Sesha Reddy)	CFO (C V Ramana Rao)	Ex-CFO (Dr. A K Mishra)	
1	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	Already included in Part A	10,09,174 *	9,11,761	Already included in Part A	Already included in Part A	19,20,935
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961		3,31,832	88,857			4,20,689
	(c ) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961		-	-			-
2	Stock Option		-	-			-
3	Sweat Equity		-	-			-
4	Commission as % of profit others, specify	-	-	-			
5	Others, please specify	-	-	-			
	<b>Total</b>		<b>13,41,006</b>	<b>10,00,618</b>		<b>23,41,624</b>	

\*includes leave encashment of ₹3,09,044/-

\*\*Shri Ashok Tandon, Ex-Executive Director (Company Secretary) superannuated on 30<sup>th</sup> April, 2015.

\*\*\*Shri G V Sesha Reddy, Company Secretary appointed on 18<sup>th</sup> June, 2015

## 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 there to

## 1. Details of contracts or arrangements or transactions at arm's length basis.

SI 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:
1	M/s. BAeHAL Software Limited, Bengaluru	Joint Venture	Service Contract through limited tender	One year	Placement of Purchase Order for CNC Programming Work Package, at total value of ₹ 16.60 Lakhs inclusive of Service Tax.	13 <sup>th</sup> December, 2015 (393 <sup>rd</sup> BM)	-
2	M/s. BAeHAL, Bengaluru	Joint Venture	Supply contracts through e-portal web tender.	-	Post facto approval and ratification for placement of order for supply of items at ₹ 9.48 lakhs for development of work station set up	13 <sup>th</sup> December, 2015 (393 <sup>rd</sup> BM)	-
3	M/s Indo Russian Aviation Ltd.	Joint Venture	Supply contracts through limited tender	-	Placement of 5 Nos. of Purchase Orders (5 proposals) for procuring of 199 items at valuing of USD 657761.13(Landed cost ₹ 486.46 lakhs)	13 <sup>th</sup> December, 2015 (393 <sup>rd</sup> BM)	-
4	M/s Indo Russian Aviation Ltd.	Joint Venture	Supply contracts through limited tender	-	Procurement of 1152 items for procuring of 1152 items at valuing of \$12,145,471.00 (Landed cost ₹ 8991.40 lakhs)	13 <sup>th</sup> December, 2015 (393 <sup>rd</sup> BM)	-
5	M/s. BAeHAL Software Ltd., Bengaluru	Joint Venture	Service contract on single tender basis.	-	Placement of purchase order for Making of videos of Engine modules / assembly at a cost of ₹ 2.86 Lakhs (including service tax)	13 <sup>th</sup> December, 2015 (393 <sup>rd</sup> BM)	-



6	M/s. BAeHAL Software Ltd., Bengaluru	Joint Venture	Service Contract on single tender basis.	Contract extension up to 20.09.2016 from 4.7.2013 (Modification in the period of Contract)	Modification in the Contract period from 2 years to 3 years and 3 months without any additional financial implications.	13 <sup>th</sup> December, 2015 (393 <sup>rd</sup> BM)	-
7	M/s. BAeHAL Software Ltd., Bengaluru	Joint Venture	Supply contract through limited tender	-	Placement of Purchase Order on BAeHAL Software Ltd for Development of CBT Aids for the Description and Operation as well as I & II Line Maintenance Activities on Mission and Weapon system of ALH (Dhruv) Mk-III & Mk-IV, at a total value of ₹84.05 lakh (inclusive of all taxes).	13 <sup>th</sup> December, 2015 (393 <sup>rd</sup> BM)	-
8	M/s. BAeHAL Software Ltd., Bengaluru	Joint Venture	Service contract through limited tender	-	Placement of purchase order for Making of 3D Model Animation Video of LUH Helicopter Development, Testing and Delivery at a total value of ₹ 4.00 lakh. (inclusive of tax)	29 <sup>th</sup> January, 2016 (394 <sup>th</sup> BM)	-
9	M/s. TATA HAL Technologies Ltd., Bengaluru	Joint Venture	Service contract on single tender basis, in line with earlier approval of engineering consultancy and processing of software including supply of toolings.	-	Placement of purchase order for Fabrication of 164 tools for assembly of LCA Front Fuselage at total value of ₹ 302 lakhs	26 <sup>th</sup> February, 2016 (395 <sup>th</sup> BM)	-



**2. Details of material 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 or transactions 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
1	M/s. Infotech-HAL Ltd	Joint Venture	Service Contract against limited tender to 3 JV's.	-	Outsourcing of Engineering Services for HTFE-25 Programme at a total value of ₹1.24 Cr., (inclusive of taxes)	Infotech-HAL Ltd. was L1 against limited tenders to 3 JV's. It was considered that private players in India did not have required expertise and facilities in this field.	19 <sup>th</sup> February, 2015 (384 <sup>th</sup> Board).	-	08 <sup>th</sup> August, 2015
2	M/s. BAeHAL Software Ltd., Bengaluru	Joint Venture	Service Contract on single tender basis.	3 years	Finalization of Rate Contract towards availing Technical and Functional Consultancy for various modules of IFS for a duration of three years at total value of ₹1244.64 Lakhs, inclusive of applicable service tax. Total value considering provisioning of additional amount for outlying Division towards TA/DA etc., works out to ₹1336.96 Lakhs	Implementation of IFS in HAL had been undertaken by BAeHAL software an authorised representative of OEM i.e. IFS.	8 <sup>th</sup> June 2015 (388 <sup>th</sup> BM)	-	-



3	M/s. Indo Russian Aviation Ltd (IRAL)	Joint Venture	Supply contract	-	Supply of 7 types of Avionics with delivery terms as CIP, International Airport, Algeria valued at ₹ 22.11 crore by HAL Avionics Division, Hyderabad for fitment on Algerian Su-30 aircraft.	An enquiry for supply of HAL made avionics was received from IRAL for export to Algeria through Spet Techno, Ukraine. This export opportunity was availed for sales of avionics item for Su-30 aircraft. IRAL and Spets Techno facilitated the export process. Accordingly, division supplied the avionics through IRAL.	30 <sup>th</sup> August, 2015 (391 <sup>st</sup> BM)	-	-
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For and on behalf of Board of Directors  
Hindustan Aeronautics Limited

(T.Suvarna Raju)  
Chairman & Managing Director

Date: 21.07.2016  
Place: Bengaluru



## ANNEXURE - III TO THE DIRECTORS' REPORT

### Annual Report on Corporate Social Responsibility (CSR) activities for the Financial Year 2015-16:

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.**

a. **Outline of CSR Policy:**

- CSR Policy is framed based on the provisions of the Companies Act, 2013 and Rules notified there under.
- CSR Budget is calculated as 2% of the average Net Profits of the Company made during the three immediately preceding Financial Years.
- Under the Companies Act, 2013, there is no provision for carrying forward the unspent CSR Budget amount. In case the Company has failed to spend 2% of the average net Profit of the last three financial years, or any part thereof, it is necessary to provide the reasons for not spending the amount in its Report made under Clause (o) of Sub-Section (3) of Section 134 of the Act.
- However, as per the Guidelines on CSR & Sustainability for CPSUs issued by the Department of Public Enterprises (DPE) vide OM No.15(13)/2013-DPE (GM) dated 21<sup>st</sup> October, 2014, "unspent CSR amount in a particular year would not lapse, instead it would be carried forward to the next year for utilization for the purpose for which it was allocated".
- Only those CSR Projects / Activities falling within the ambit of Schedule VII of the Companies Act, 2013, would be considered as valid CSR Projects / Activities.
- Specific CSR Projects / Activities along with the modalities of execution, time frame and expenditure should be approved by the Board and the same needs to be published in the Company's Website at the beginning of the Financial Year.
- Not more than 5% of the CSR Budget can be spent on Capacity Building of Manpower including those of the implementing Agencies, including expenditure on administrative overheads.
- Surpluses arising out of the CSR Projects / Activities shall not form part of the Business Profit of the Company.
- The CSR Projects or Programs or Activities that benefit only the employees of the Company and their families shall not be considered as CSR activities in accordance with Section 135 of the Act.
- In line with the provisions of Clause 9 of the CSR Rules notified on 27.02.14, approved CSR Policy of the Company along with the CSR Activities undertaken by the Company during 2015-16 have been displayed on the Company's website [www.hal-india.com](http://www.hal-india.com)

b. **CSR Activities as per MoU 2015-16:**

HAL had taken up CSR Projects / Activities as indicated below, as per the MoU signed with the Government for the year:

i. **Skill Development / Vocational Training:**

Imparting Vocational Training (ITI Course and Apprenticeship) to students from backward regions was one of the targets taken up. 81 Students were inducted against the set target of 60 [21 Students in Programming



Assistant & System Administration Assistant (PASA), 16 in Welder & 20 in Sheet Metal Worker (SMW) Trades at Bengaluru and 24 in Welder Trade at Koraput]. These Trades have been identified on the basis of employment potential in the near future in the Divisions situated at these locations.

Selections were made at Bengaluru by inviting Applications through an Advertisement in 'Vijaya Vani', Kannada Daily, Company's Website and notifying to District Employment Exchanges. The students were selected from Below Poverty Line (BPL) families. Selections at Koraput were made by inviting Applications from the Adopted Villages (Tribal dominated) of HAL at Koraput.

ii. **Adoption of Villages for Health Care Purposes:**

Adoptions of 5 Villages were the target under the MoU for the year 2015-16. Against the target, 16 Villagers were adopted.

Extension of Medical Facilities to adopted / neighboring villages by organizing Medical Health Camps is an ongoing activity. Medical Cards were issued to the residents of the 14 adopted Villages at Koraput. Statistics (Medical History) of patients are also being maintained to have follow up of the treatment. In-patient & Out-patient Medical Facilities are being extended to the residents of the adopted Villages, in HAL Hospital. Health Awareness Programmes with regard to Dengue / Chikanguniya / Eye / Ear /Dental / HIV / AIDS / Swine Flu etc are conducted in adopted and non-adopted Villages .Free distribution of Medicines, Artificial Limbs, Hearing Aids, Spectacles and such other Medical Aids to people is also being carried out on need basis to the residents of both adopted / non-adopted villages. Arranging blood in emergencies and organizing blood donation camps is also being done, on need basis.

iii. **Swachh Vidyalaya :**

Construction / Renovation of Toilets in Govt. Schools has been taken up under the initiative of Swachh Vidyalaya Campaign. Total 200 Toilets were constructed / Renovated in Schools, against the Target of 50.

c. **Division specific CSR Activities:**

Apart from the Projects taken up under the MoU, Divisions have taken up various CSR Projects / Activities based on the needs identified locally.

i) **Sports Development:**

**Establishment of Football Academy at Bengaluru :**

During 2015-16, the Company has established a Football Academy at Bengaluru to impart coaching to young students who have flair for playing Football. The objective is to provide exposure and ample opportunities to participate in State / National Level Tournaments and make a career in the field of Football. The Programme is for 5 years with a total capacity of 36 students. 21 students were inducted during 2015-16. The students are being trained under talented / experienced coaches.

ii. **Kumudavthi River Rejuvenation Programme at Bengaluru :**

- ◆ 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 Kumudavthi River Rejuvenation. This Project aims at rejuvenation of the water stream through erosion control measures by construction of Boulder Checks, Groundwater recharge through Injection Wells



and rejuvenation of Water Bodies through construction of Tanks and Tree Plantation.

- ◆ The catchment area covers about 460 Sq Km, 278 villages and is classified into 18 mini-watersheds for rejuvenation works. Out of the total of 18 Mini-watersheds, 1 Mini Water Shed during 2014-15 at the cost ₹ 120.84 Lakhs and 2 Mini Watersheds during 2015-16 at the cost of ₹ 356.00 Lakhs were constructed. On completion of the Project, these were handed over to the concerned Villages. Certificates were handed over to the Village Panchayat Head.
- ◆ Construction of one more Mini Water Shed during 2016-17 at an estimated cost of ₹ 200 lakhs has also been taken up.

iii. **Installation of Rooftop Solar Power Plants of 8-12 KVA capacity in Government Schools:**

The Energy & Resources Institute (TERI) had approached HAL with a proposal on Sustainable Educational Institutions at Bengaluru. The proposal was for installation of Rooftop Solar Power Plants of 8-12 KVA capacity in 20 selected Government Schools. The Solar Roof Top Power Plants were to be grid-tied through net-metering without any storage. The power generated by the Rooftop Solar Power Plant will be utilized immediately as schools function during day time. Any excess energy generated will be injected into the grid thereby reducing the energy bill of the School. In case the energy injected into the grid is more than the energy drawn from the grid, Bengaluru Electricity Supply Company (BESCOM) will pay the relevant charges to the school as per the prevalent tariff. This would be a revenue source for the schools and can be utilized for other welfare activities within the school.

Accordingly, HAL in association with TERI had installed Rooftop Solar Power Plants of 8-12 KVA capacity in 20 selected Government Schools during 2015-16. Based on the positive feedback given by the beneficiaries & School Authorities, the same is further being implemented during 2016-17 in 10 selected Government Schools.

iv. **Sponsorship of M.Tech Students of IIT, Bombay towards Technology Development:**

- ◆ Centre for Technology Alternatives for Rural Areas (CTARA) at IIT, Bombay (IITB) was set up in 1985 with the objective of supplying technological solutions to the development sector. Its methods involve understanding of both technical and social contexts. In 2007, CTARA started the M.Tech. Programme in Technology and Development (MTD), aimed at supplying technical professionals in the development sector.
- ◆ Realising the need to support manpower generation in this critical area, HAL agreed to sponsor students to be trained in Masters Level Technology and Development programmes at CTARA, IITB, with an aim to supply trained technical professionals in the development sector as a part of HAL Corporate Social Responsibility Initiatives. Accordingly, HAL had entered into an MoU with the IITB, for sponsoring 5 (five) students every year for the M.Tech (Technology & Development) Course aimed at developing Technologies in Rural areas.
- ◆ The sponsorship arrangement is for 5 students per year for five years. The programme commenced from 2014-15 and it will continue till 2018-19.

v. **Establishment of HAL-IISc Skill Development Centre:**

- During 2015-16, HAL has entered into an MoU with the Indian Institute of Science (IISc), Bengaluru to establish



the HAL-IISc Skill Development Centre at IISc's new Campus at Challakere, Chitradurga District, Karnataka during the period from 2015-16 to 2019-20, at an estimated Budget of ` 73.70 Cr. ` 5.90 Cr. has been released from 2015-16 CSR Budget to commence the Project.

- The following activities are planned to be carried out at the Centre under the Skill Development Programme:
  - ◆ Basic Skill Development Programmes consisting of Lathes, Milling, Shaping, Drilling etc.; conventional manufacturing facilities including joining operations like Welding, Brazing, Riveting etc.; and basic Sheet Metal Operations like use of Jigs & Fixtures, Assembly Processes etc.
  - ◆ Under Electronic System Design and Manufacturing, creation of new facilities in the segments of Electronic Products, Electronic Components, Semiconductor Design Services and Electronics Manufacturing Services (EMS).

**vi. Establishment of Wind Power Project:**

Installation of 6.3 MW Wind Power Project was one of the MoU Targets during the year 2012-13 (Medium-Term Project to be implemented in 3 years).

The Project was planned at Davangere, Karnataka with an investment of ₹ 43.89 Cr. However, implementation was delayed by 1 year. The Project was completed & commissioned during 2015-16. The Revenue generated from the Wind Power Project would be added to the CSR Budget of the coming years.

**2. Composition of the CSR Committee:**

Composition of the CSR & SD Committee as on 31<sup>st</sup> March, 2016 was as under:

- ◆ Prof. Pradipta Banerji, Independent Director, Chairman;
- ◆ Shri V M Chamola, Director (HR), Member;
- ◆ Shri S Subrahmanyam, Director (Operation), Member;
- ◆ Shri C.V. Ramana Rao, Director (Finance) Member;
- ◆ Shri V Sadagopan, CEO, HC, Permanent Invitee;
- ◆ Shri R Kaveri Renganathan, CEO, BC, Permanent Invitee;
- ◆ Shri Rajiv Kumar, CEO, AC, Permanent Invitee;
- ◆ Shri Daljeet Singh, CEO, MC, Permanent Invitee;
- ◆ Shri A K Tyagi, ED (HR)-CO, Secretary.
- ◆ Shri C B Ananth Krishnan, GM (F), CO, Permanent Invitee;



**3. Average Net Profit of the Company for the last three Financial Years**

2012-13, 2013-14 & 2014-15 : ₹3415.73Cr

**4. Prescribed CSR Expenditure (2% of the amount at 3 above): ₹68.31Cr.**

**5. Details of CSR spent during the Financial Year:**

a. Total amount to be spent for the Financial Year: ₹ 68.31Cr.

b. Amount unspent,if any: Nil

c. 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 : NA**

**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 CSR Policy is in compliance with the CSR Objectives and Policy of the Company.

Sd/-  
Director(HR)

Sd/-  
Chairman CSR & SD Committee

## DETAILS OF CSR PROJECTS 2015-16

## APPENDIX-A

(₹ In lakhs)

1	2	3	4	5	6	7	8
Sl. No.	CSR Project or activity identified	Sector in which the project is covered Schedule -VII	Projects or programmes 1) Local area or other 2) Specify the State and District where projects or programmes were undertaken	Amount outlay (budget) project or programme wise	Amount spent on the projects or programs Sub Heads: 1) Direct expenditure on projects or programs 2) Overheads	Cumulative expenditure up to the reporting period (31.3.16)	Amount Spent: Direct or through implementing Agency
1	Development of adopted villages in Rural area of Kanpur	(x) Rural development	District- Kanpur Uttar Pradesh	130.20	162.14	162.14	Direct
2	Swachh Vidyalaya - Construction/ Renovation/ Modifications of Toilet Units in schools in Kanpur	(i) Sanitation	District- Kanpur Uttar Pradesh	70.00	78.10	78.10	Direct
3	Procurement of artificial limbs & tools for PWDs registered with VRC (Govt. of India) Kanpur through ALIMCO.	(ii) Vocational training and livelihood enhancement projects for differently abled	District- Kanpur Uttar Pradesh	10.00	16.62	16.62	Direct
4	Renovation of Pediatric Ward of GSM Medical College	i) Promotion of Health	District- Kanpur Uttar Pradesh	45.00	43.06	43.06	Direct
5	Supporting education of inmate Children of Haven Homes (Orphanage)	(ii) Promotion of Education	District- Kanpur Uttar Pradesh	0.25	0.25	0.25	Direct
6	Adoption of Wild Animals	(iv) Environment Sustainability	District- Kanpur Uttar Pradesh	7.20	7.29	7.29	Direct
7	Distribution of Solar study Lamp	(iv) Environment Sustainability	District- Kanpur Uttar Pradesh	100.00	16.28	16.28	Direct
8	Construction of Roads	(x) Rural Development	District- Kanpur Uttar Pradesh	100.00	48.65	48.65	Direct
9	Training to promote Rural sports	(vii) Promotion of Sports	District- Kanpur Uttar Pradesh	4.00	3.44	3.44	Direct
<b>TOTAL</b>				<b>466.65</b>	<b>375.83</b>	<b>375.83</b>	

Kanpur





1	Adoption of Villages for Health Care purpose, Preventive Health Care & Medical Camps.	ii) Promotion of Health	Local area , Amethi Uttar Pradesh	29.84	29.84	29.84	Nav Jeevan Hospital & Institute of Paramedical Sciences, Sultanpur, UP
2	Installation of Solar lights in nearby villages	(iv) Environment Sustainability	Local area , Amethi Uttar Pradesh	56.99	56.99	56.99	Chloride Power Systems & Solutions Limited, Kolkata
3	School adoption for renovation works involving civil works, provision for Drinking Water, facilities, provision for solar panels for lights, fans etc.	ii) Promotion of Education	Local area , Amethi Uttar Pradesh	36.29	10.00	10.00	1. M/s. Kumar Traders, Allahabad Road, Sultanpur. 2) Chloride Power Systems & Solutions Limited, Kolkata
4	CC Path and allied works in Korwa village for rural transportation - involves construction of road of about 4 KMs.	(x) Rural Development	Local area , Amethi Uttar Pradesh	176.26	20.04	20.04	M/s. Darb Concept Pvt Ltd, Chandra Nagar, Raibareli
5	Installation of Hand pumps for nearby villages for providing safe Drinking water.	(i) Drinking Water	Local area , Amethi Uttar Pradesh	18.99	11.50	11.50	M/s Sai Construction, Budhanpur, Azamgarh (UP)
6	Construction / renovation of Schools Toilets under Swachh Vidyalaya Abhiyan	(i) Sanitation	Local area , Amethi Uttar Pradesh	9.93	9.50	9.50	M/s. Ramesh Traders, Korwa, Amethi
7	Skills Development and distribution of tool kits	(ii) Employment enhancing Vocation skills	Local area , Amethi Uttar Pradesh	17.28	17.28	17.28	1) Sofcon India Pvt Limited, Faizabad Road, Lucknow . 2) Institute of Entrepreneurship Development, Kanpur Road Lucknow
8	Promotion of Rural Sports - conduct of Athletic Meet and Volley Ball Tournament.	(vii) Promotion of Sports	Local area , Amethi Uttar Pradesh	3.93	3.93	3.93	Direct
9	Miscellaneous, Logistics, and others.		Local area , Amethi Uttar Pradesh	3.24	3.24	3.24	Direct
10	Carrying out Civil Works at Villages	(x) Rural Development	Local area , Amethi Uttar Pradesh	22.25	18.75	18.75	Direct
11	Construction of Road at Villages	(x) Rural Development	Local area , Amethi Uttar Pradesh	36.25	35.35	35.35	Direct
<b>TOTAL</b>				<b>411.25</b>	<b>216.42</b>	<b>216.42</b>	

Korwa



1	Providing Skill Development / Vocational training	(ii) Skill Development	Sunabeda, Koraput, Dist, Odisha	35.00	21.69	21.69	Direct
2	"Adoption of Villages for Health Care purpose, Preventive Health Care & Medical Camps."	(i)- Promotion of Health	Sunabeda, Koraput, Dist, Odisha	40.00	38.98	38.98	Direct
3	Construction of Toilets	(i) Sanitation	Sunabeda, Koraput, Dist, Odisha	25.00	17.32	17.32	Direct
4	Conducting Sports Tournaments	(vii) Promotion of Sports	Sunabeda, Koraput, Dist, Odisha	46.00	50.09	50.09	Direct
5	Providing Vocational / Skill Development Training to rural youth	(ii) Skill Development	Sunabeda, Koraput, Dist, Odisha	60.00	25.79	25.79	CIPET, Bhubaneswar, Govt. of India
6	Providing education facilities	(ii) Promotion of Education	Sunabeda, Koraput, Dist, Odisha	433.00	616.81	616.81	Direct
7	Repair & renovation of R-Zone Govt. UP School.	(ii) Promotion of Education	Sunabeda, Koraput, Dist, Odisha	30.00	14.69	14.69	Direct
8	Construction of School Building	(ii) Promotion of Education	Sunabeda, Koraput, Dist, Odisha	15.00	11.34	11.34	Direct
9	Resurfacing of Bitumen Road	(x) Rural Development	Sunabeda, Koraput, Dist, Odisha	25.00	39.28	39.28	Direct
10	Promotion of Self Help groups and other activities .	(iii) Empowering Women	Sunabeda, Koraput, Dist, Odisha	13.00	3.11	3.11	Direct
11	Construction of Approach Road	(x) Rural Development	Sunabeda, Koraput, Dist, Odisha	1.01	1.01	1.01	Direct
12	Development of SAI-HAL Sports Centre	(vii) Promotion of Sports	Sunabeda, Koraput, Dist, Odisha	1.01	1.01	1.01	Direct
13	Development of SAI-HAL Archery Ground	(vii) Promotion of Sports	Sunabeda, Koraput, Dist, Odisha	5.62	5.62	5.62	Direct
14	Committed amount of 2014-15 spent on various activities	(x) Rural Development		151.21	145.84	145.84	Direct
15	Administrative expenses			38.39	38.39	38.39	
<b>TOTAL</b>				<b>919.24</b>	<b>1030.97</b>	<b>1030.97</b>	

Koraput



Lucknow	1	Providing Street Lights in villages	(x) Rural Development	Lucknow & Barabanki District, UP	236.50	0.00	0.00	NA
	2	Providing Solar Home Lighting in Villages	(iv) Ensuring Environmental Sustainability	Jaikaranpurva Village, Nindura Block, Barabanki District, UP	9.92	9.72	9.72	Direct
	3	One-time repair of solar lights installed in 2013-14 in Villages	(iv) Ensuring Environmental Sustainability	(i) Village Firozpur, Malihabad Block, Lucknow District. (ii) Village Garhi Arazi, Siddhaur Block, Barabanki District.	2.52			NA
	4	Construction of Roads in Villages	(x) Rural Development	Village Garhi Arazi, Siddhaur Block, Barabanki District, UP.	17.10	5.62	5.62	Direct
	5	Construction of Toilets /Hand Pump/ Roofing in Villages	(x) Rural Development	Village Garhi Arazi, Siddhaur Block, Barabanki District, UP.	16.30	7.79	7.79	Direct
	6	Construction of Roads in Villages	(x) Rural Development	Village Jaikaranpurva, Nindura Block, Barabanki District, UP.	24.87	24.87	24.87	Direct
	7	Providing Shed& Hand Pump in Villages	(x) Rural Development	Village Jaikaranpurva, Nindura Block, Barabanki District., UP	16.93	16.93	16.93	Direct
	8	Conducting Medical Health Camps in Villages	(i) Promotion of Health care	(i) Village Firozpur, Malihabad Block & Village Bhatgaon Pandey, Sarojini Nagar Block, Lucknow District. UP (ii) Village Garhi Arazi, Siddhaur Block & Village Jaikaranpurva, Nindura Block, Barabanki District. UP	5.39	5.39	5.39	Direct
	9	Dissemination of Health & Hygiene and objective of Swachh Bharat to Childern of schools in Villages	(i) Promotion of Health care	(i) Village Firozpur, Malihabad Block & Village Bhatgaon Pandey, Sarojini Nagar Block, Lucknow Dist, UP (ii) Village Garhi Arazi, Siddhaur Block & Village Jaikaranpurva, Nindura Block, Barabanki District. UP	1.08	1.08	1.08	Direct
	10	Administrative expenses	Nil		1.97	2.18	2.18	NA
	11	Committed amount of 2014-15 spent on various activities	(x) Rural Development		70.08	68.76	68.76	Direct
<b>TOTAL</b>				<b>402.66</b>	<b>142.34</b>	<b>142.34</b>		



ARDK	1	Construction of Community Hall with Rooms, Kitchen, Toilets and wash areas	(x) Rural Development	Krishnaiahna Doddy, Kanakapura Taluk, Karnataka	110.00	82.28	82.28	Nirmithi Kendra, Ramanagara Distt.
	2	Construction of Public Toilet for Ladies & Gents.	(i) Sanitation	Kanakapura Taluk, Karnataka	20.00	20.25	20.25	Nirmithi Kendra, Ramanagara Distt.
	3	Providing LED Street Lights replacement to existing Conventional Poles.	(x) Rural Development	Madike Halli Village, Kunigal Taluk Karnataka	20.00	19.91	19.91	Nirmithi Kendra, Ramanagara Distt.
	4	Construction of Toilet Blocks in Two Govt. Primary Schools.	(i) Sanitation	Bidalapura & Ramanahalli, Devanahalli Taluk, Karnataka	16.00	15.62	15.62	Nirmithi Kendra, Bangalore Rural Distt.
<b>Total</b>					<b>166.00</b>	<b>138.06</b>	<b>138.06</b>	
Hyderabad	1	Adoption of Two Villages for overall development	(x) Rural Development	Muralinagar, Komshettipallya, Ranga Reddy Distt. Telengana	139.8	139.8	139.8	Through District Collectors
	2	Construction of School Toilets for Boys & Girls in Govt. Schools	(i) Sanitation	Kasaragod, Kerala ZPHS, Kasala, Medak Dist. ZPHS, Jagadgirigutta, Janwada & Bantwaram in R.R. Distt.	82.46	82.46	82.46	Through District Collectors
	3	Providing infrastructure i.e. Construction of Kitchen, Dining Hall for Mid Day Meal Programme in Govt. ZPH Schools, Providing Solar Power in Govt. Schools, Organising Medical Camps in Rural Villages, Providing cots, utensils etc. to Old Age Home. Adoption of Kachiguda Railway Station by providing Dust Bins, RO Plant, Battery Operated Car for physically challenged etc.	ii) Promotion of Education	Kasaragod, Kerala ZPHS, Kasala, Medak Dist. ZPHS, Jagadgirigutta, Janwada & Bantwaram in Ranga Reddy Distt.	152.74	152.74	152.74	Through District Collectors
<b>Total</b>					<b>375.00</b>	<b>375.00</b>	<b>375.00</b>	





Nasik	21	Provision of Roti Making Machine	(ii) Promotion of Education	Shri Gurudutta Sikshan Prasarak Santha, Karanji	15.00	Nil	Nil	Direct	
	22	Provision of Personal Computers, Printer & Table	(ii) Promotion of Sports	Shri Gurudutta Sikshan Prasarak Santha, Karanji	10.00	1.20	1.20	Direct	
	23	To Conduct Cataract operation of 1000 patients	(ii) Promotion of Health	Ojhar Nasik Dist, Maharashtra	5.00	5.00	5.00	Direct	
	24	Supply of HPV Vaccines to Aadhar Ashram (Adolescent Girls)	(ii) Promotion of Health	Ojhar Nasik Dist, Maharashtra	1.00	0.56	0.56	Direct	
	25	Immunisation of HPV Vaccine to adolescent girls in ZP Schools	(ii) Promotion of Health	Nasik Dist, Maharashtra	10.00	Nil	Nil	Direct	
	26	Supply of Medicines & Surgical items to Premdan (Mother Teresa Mission of Charity)	(i) Promotion of Health	Nasik Dist, Maharashtra	0.50	Nil	Nil	Direct	
	27	General Health Camp (Diagnostic & Therapeutic) for 100 beneficiaries	(i) Promotion of Health	Nasik Dist, Maharashtra	0.50	Nil	Nil	Direct	
	28	Provided medicines for Kumbamela 2015 & other Miscellaneous expenditure	(i) Promotion of Health	Ojhar Nasik Dist, Maharashtra	0.50	0.36	0.36	Direct	
	29	Procurement of Inj. Erythropoietine 4000IU, PFS	(i) Promotion of Health	Ojhar Nasik Dist, Maharashtra	2.00	Nil	Nil	Direct	
	30	Street lights, Ojhar, Shirsagaon and Chatorji	(x) Rural Development	Ojhar Nasik Dist, Maharashtra	30.00	23.82	23.82	Direct	
	31	Providing Solar Street lights	(iv) Environment Sustainability	Ambe Dindori, Shirasaon, Kurnoli, & Shri Gurudutta, Karanji Ojhar Nasik Dist, Maharashtra	30.00	Nil	Nil	Direct	
	32	Solar water heater	(iv) Environment Sustainability	Dhanori Nasik Dist, Maharashtra	10.00	8.41	8.41	Direct	
	33	Solar water heater cooler	(iv) Environment Sustainability	Dhanori Nasik Dist, Maharashtra	1.00	Nil	Nil	Direct	
	34	Resurfacing of Bitumen Road	(x) Rural Development	Ojhar Nasik Dist, Maharashtra	13.00	12.32	12.32	Direct	
	35	Resurfacing of Bitumen Road	(x) Rural Development	Sakora village Nasik Dist, Maharashtra	15.00	14.03	14.03	Direct	
	36	Resurfacing of Bitumen Road	(x) Rural Development	Datyane village Nasik Dist, Maharashtra	20.00	18.01	18.01	Direct	
	37	Installation of street Conventional Street light	(x) Rural Development	Shirasaon, & Ambidindori	5.00	3.90	3.90	Direct	
		<b>Total</b>			<b>1009.50</b>	<b>161.86</b>	<b>161.86</b>		
	FMD	1	Activities related to Medical	(ii) Promotion of Health	Bangalore, Karnataka	12.00	12.54	12.54	Direct
		<b>Total</b>			<b>12.00</b>	<b>12.54</b>	<b>12.54</b>		



Barrackpore	1	Construction R.C.C Roof Construction of new Classrooms, Dinning Hall in 02 Govt. recognised schools i.e. Latbagan GSFP & Latbagan A.P. School Barrackpore	(x) Rural Development Project	Latbagan, Barrackpore, West Bengal	51.69	39.18	39.18	Barrackpore Municipality
	2	Covering the open drain existing both side of the road at Ghosipara Main Road with renovation as well as renovation of a existing cemented Garbage Vat.	(i) Sanitation	Ghosipara Main Road, Barrackpore, West Bengal	6.19	6.19	6.19	Barrackpore Municipality
	3	Providing training equipments to Umeed Asha Kiran School for differently abled children.	(ii) Promotion of Education	6 Wing, Air Force Station, Barrackpore	2.99	2.99	2.99	Direct
	4	Construction of Toilet Blocks in Government recognised School	i) Sanitation	Barrackpore & Titagarh	10.00	10.00	10.00	Direct
	<b>Total</b>				<b>70.87</b>	<b>58.36</b>	<b>58.36</b>	-
ACD	1	Installation of RO Plant	(iv) Environment Sustainability	Sherkankote, Chelur Panchayat, Bagepalli Taluk, Chikkaballapur District, Karnataka	7.11	6.47	6.47	Direct
	2	Construction of Toilets	(i) Sanitation	Govt. Schools, Pasupalavarpalli-2, Bagepalli Taluk, Chikkaballapur District, Karnataka	4.00	3.29	3.29	Direct
	3	Installation of Solar Street Lights	(iv) Environment Sustainability	Paragodu & other Panchayats, Bagepalli Taluk, Chikkaballapur District, Karnataka	27.63	27.63	27.63	Direct
	4	Conduct of General Health Camp	(iii) Promotion of Health	Bagepalli Taluk, Chikkaballapur District, Karnataka	10.25	9.87	9.87	Direct
	5	Administrative expenses				0.10	0.10	Direct
<b>Total</b>				<b>48.99</b>	<b>47.36</b>	<b>47.36</b>		
Helicopter	1	Installation of 152 solar powered street lights at Villages	(iv) Environment Sustainability	Bagepallitaluk, Chikkaballapur District, Karnataka	28.57	28.57	28.57	Direct
	2	Construction of four units of toilets at Government School	(i) Sanitation	Bagepalli taluk, Chikkaballapur District, Karnataka	8.00	6.59	6.59	Zilla Panchayat, Chikkaballapur
	3	Installation of One RO unit	(iv) Environment Sustainability	Bagepalli taluk, Chikkaballapur District, Karnataka	7.11	6.45	6.45	Zilla Panchayat, Chikkaballapur
	4	Swachh Bharat Abhiyan	(i) Sanitation		3.00	2.74	2.74	Direct
	5	Administrative expenses			0.32	0.65	0.65	Direct
<b>TOTAL</b>				<b>47.00</b>	<b>45.00</b>	<b>45.00</b>		



MRO	1	Installation of 160 solar Powered Street Light in 3 villages	(iv) Environment Sustainability	Bagepalli Taluk, Chickballapur District, Karnataka	30.70	31.17	31.17	Direct
	2	Construction of 4 units of Toilets in Govt. High School.	(i) Sanitation	Bagepalli Taluk, Chickballapur District, Karnataka	8.00	8.03	8.03	Direct
	3	Screening of Cervical Cancer & Breast Cancer for 1200 Women	(i) Promotion of Health	Bagepalli Taluk, Chickballapur District, Karnataka	3.30	3.30	3.30	Direct
	4	Provision of DG Sets to 5 Govt. Hospitals	ii) Promotion of Education	Bagepalli Taluk, Chickballapur District, Karnataka	26.00	26.33	26.33	Direct
	5	Administrative Expenses				7.30	7.30	Direct
	<b>Total</b>			<b>68.0</b>	<b>76.13</b>	<b>76.13</b>		
RWRDC	1	Construction toilet Units in School	(i) Sanitation		20.00	19.81	19.81	Direct
	2	Provision of RO Plants	(iv) Environment Sustainability		21.33	19.35	19.35	Direct
	3	Installation of Solar Street Lights at Identified villages	(iv) Environment Sustainability	Gulur Panchayat, Bagepalli Taluk.	23.00	22.93	22.93	Direct
	4	AMC for already installed Solar Street lights	(iv) Environment Sustainability		0.25	0.06	0.06	Direct
	5	Miscellaneous Expenditure			0.42	2.48	2.48	Direct
	<b>Total</b>			<b>65.0</b>	<b>64.63</b>	<b>64.63</b>		
AERDC	1	Rehabilitation of children with special needs/ ongoing project for years (2013-16)	iii) Measurement for reducing inequality faced by specially & economically backward Groups	Areas of Dommasandra Sarjapur & Lakkur PHC. Bangalore Rural & Kolar District, Karnataka	9.00	9.00	9.00	Direct
	2	Providing Health Equipment to Govt. Hospitals [Project Proposal for 3 years (2015-18)]	i) Promotion of Health	Bangalore Urban Chickballapur & Bijapura Districts	44.00	43.43	43.43	Direct
	<b>Total</b>			<b>53.00</b>	<b>52.43</b>	<b>52.43</b>		



MCSRDC	1	Construction of Toilet Block in Two schools	(i) Sanitation	Chintamani Taluk Chikkaballapur Dist Karnataka	28.00	8.40	8.40	Direct
	2	Installation and commission of two Nos of RO Plant for drinking water for four needy villages	i) Drinking Water	Chintamani Taluk Chikkaballapur Dist, Karnataka	20.00	14.00	14.00	Direct
	3	Repair of Boundry mesh at Govt model Kannada Primary School	ii) Promotion of Education	Bangalore Dist, Karnataka	2.00	1.75	1.75	Direct
	<b>Total</b>			<b>50.00</b>	<b>24.15</b>	<b>24.15</b>		
F&F	1	Under Skill Development Initiative - full term Apprenticeship program for students belonging to BPL Category	ii) Skill Development	Bangalore, Karnataka	200.00	149.85	149.85	Direct
	2	Adoptin of ITIs	ii) Skill Development	Tumkur & Kolar Dist, Karnataka	50.00	2.53	2.53	Direct
	<b>Total</b>			<b>250.00</b>	<b>152.38</b>	<b>152.38</b>		
LCA	1	Energy Management	(iv) Environment Sustainability		8.92	8.92	8.92	Direct
	<b>Total</b>			<b>8.92</b>	<b>8.92</b>	<b>8.92</b>		



Corporate							
1	Sustainable school TERI- Ph-I	(iv) Environment Sustainability	Govt. Schools, Local Area Bangalore Karnataka	215.00	215.00	215.00	M/s TERI
2	Computer facility for rural schools with solar backup through KREDL	(iv) Environment Sustainability		200.00	162.00	162.00	M/s Techser
3	Sustainable schools by TERI Ph-II	(iv) Environment Sustainability	Govt. Schools, Local Area Bangalore Karnataka	275.00	170.00	170.00	M/s TERI
4	Kumudavathi river rejuvenation Project Ph-II	"(iv) Environment Sustainability	Nelmanagal Taluk, Bangalore Rural Karnataka	356.00	356.00	356.00	M/s IAHV
5	Providing concrete roads	(x) Rural Development	Uppakunte & Nachahalli Villages of Kolar District	92.00	39.00	39.00	M/s G. Babu Naidu
6	Providing concrete roads	(x) Rural Development	Danavahalli & Mittaganahalli Villages of Kolar District	94.00	27.00	27.00	M/s G. Babu Naidu
7	Providing solar street lights	(iv) Environment Sustainability	Villages in Kolar District	72.00	0.00	0.00	M/s Prompte Solutions
8	Construction of Sub Health Centre	(i) Promotion of Health	Rammagar in Kolar District	24	0	0	NA
9	Construction of toilets in 6 Govt. Schools	(i) Sanitation	Govt. Schools, Local Area Bangalore Karnataka	150.00	0.00	0.00	M/s RR Construction
10	Construction of toilets in 4 Govt. Schools	(i) Sanitation	Govt. Schools, Local Area Bangalore Karnataka	100.00	0.00	0.00	M/s Narayana Swamy
11	Wind power Project 6.3 MW capacity	(iv) Environment Sustainability	Davangere District Karnataka "	4389	4147.00	4147.00	M/s Suzlon Energy Ltd
12	Football Academy Expenses, Site Engineers Expenses etc .	(vii) Promotion of Sports	Bangalore Karnataka		5.00	5.00	Direct
13	Energy Management	(iv) Environment Sustainability			308.54	308.54	Direct
14	Establishment of HAL-IISc Skill Development Centre	ii) Skill Development	Challakere, Chitradurga Dist Karnataka	590.00	590.00	590.00	IISc & CPWD
15	Sponsorship of M.Tech Students of IIT, Bombay towards Technology Development:	ii) Promoting special Education	Bengaluru	41.00	41.00	41.00	Direct
16	Sponsorship of National Para Athletic Championship	(vii) Training to promote ... nationally recognized Sports, Paralympic Sports	Panchkula, Haryana	25.00	25.00	25.00	Direct
17	Administrative expenses			3.00	3.00	3.00	Direct
	<b>Total</b>			<b>6626.00</b>	<b>6088.54</b>	<b>6088.54</b>	
	<b>Grand Total</b>			<b>11050.08</b>	<b>9070.92</b>	<b>9070.92</b>	



## ANNEXURE – IV TO THE DIRECTORS' REPORT

### REPORT ON THE FINANCIAL PERFORMANCE OF THE JOINT VENTURE COMPANIES

Driven by prudent operational strategem and aimed at facilitating development of new technologies and products, services and risk sharing, HAL has established 11 Joint Venture Companies (JVCs) in collaboration with leading international aviation and Indian Organizations. Of the 11 JVCs, Multirole Transport Aircraft Limited (MTAL) engaged in Design and development of Multi-Role Transport Aircraft, is yet to commence commercial operations. Out of the balance 10 JVCs, 6 JVCs have reported profitable operations where as another 4 have incurred losses.

HAL has made a total investment of ₹225.26 Cr in the equity capital of the JVCs as on 31<sup>st</sup> March, 2016 during the year under review the total turnover reported by the JVCs is to the tune of ₹403.56 Cr. as per details given below:

(Amount in ₹ Cr.)

SI No	Name of the JV	HAL share holding (%)	Turnover	Profit Before Tax
i	BAeHAL Software Ltd.	49	20.34	(2.39)
ii	Indo Russian Aviation Limited.	48	83.32	26.65
iii	Snecma HAL Aerospace Pvt. Ltd.	50	64.40	11.05
iv	Samtel HAL Display System Ltd.	40	42.06	0.03
v	HAL-Edgewood Technologies Pvt. Ltd. (HETL)	50	0.92	(1.18)
vi	HALBIT Avionics Pvt. Ltd.	50	6.71	(5.54)
vii	Infotech HAL Ltd.	50	6.06	1.00
viii	TATA-HAL Technologies Ltd.	50	8.87	0.41
ix	HATSOFF Helicopter Training Pvt. Ltd.	50	31.71	(7.85)
x	International Aerospace Manufacturing Pvt. Ltd.	50	139.17	0.81
xi	Multi-Role Transport Aircraft Limited	50	0.00	3.59

**Note:** Figures in brackets () indicate loss

In addition to the above 11 commercial Joint Venture Companies HAL also established Aerospace & Aviation Sector Skill Council (AASSC), a Section-8 (non-profit) organization with equity participation of ₹ 12.50 lakhs.

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



**(T. Suvarna Raju)**

**Chairman & Managing Director**

Date: 21.07.2016

Place: Bengaluru



## ANNEXURE- V TO DIRECTORS' REPORT

### SECRETARIAL AUDIT REPORT

To,  
The Members,  
Hindustan Aeronautics Limited  
15/1, Cubbon Road,  
Bangalore – 560 001.

1. We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Hindustan Aeronautics Limited ("the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

2. Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March 2016, 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.

3. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March 2016, according to the provisions of:

- (i) The Companies Act, 2013 and rules made thereunder;
- (ii) The Company is not a Listed Company and hence the provisions of the Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder are not applicable;
- (iii) The Company is not a Listed Company. However, the Company has demoted the entire shares. The Company has complied with the Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder with regard to payment of custodian fee and corporate actions.



- (iv) There are no transactions requiring compliances under Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The Company is not a listed Company and Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are not applicable.

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

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

6. The Board of Directors of the Company are appointed by the President of India. The Board is duly constituted as per the guidelines on Corporate Governance issued by the Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises.

7. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were also sent at least seven days in advance except in few instances where the Company has sent second / third set of Agenda and Briefs giving less than Seven Days' time to discuss urgent business matters. Independent Directors have participated in the meetings wherein Agenda and Briefs were circulated with less than seven days' time. 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.

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

**We further report that**

9. There are systems and processes in the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines as well as a system of reporting compliances to the Board periodically. However, the systems and processes in the company need to be strengthened to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that**

10. As per the information and explanations provided to us by the Company:

- (i) The Company has stringent procedures to ensure risk mitigation. The Company has formulated Risk Management Policy and started implementing the same during the under review.
- (ii) All the Directors, including non-executive and Independent Directors, are appointed by the President of India through a selection process adopted by the Public Enterprises Selection Board (PESB) for a fixed tenure. The performance of Whole Time Directors is evaluated on an annual basis and also at the time of re-appointment, by the concerned administrative Ministry. Further, the nominee Directors of the Administrative Ministry, by participating in the meetings of Board and Committees, closely monitors the performance of the Board as a whole and Directors individually. As on the date of our Report, the provisions with regard to evaluation of the Board are exempted to Government Companies.

**11. We further report that** during the audit period, the company has complied with the provisions of the Companies Act, 2013 and the Rules made under the Act with regard to:

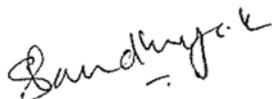
- (a) Maintenance of various statutory registers and documents and making necessary entries therein;
- (b) Forms, returns, documents and resolutions required to be filed with the Registrar of Companies and the Central Government; In certain cases, the Company has filed the forms with additional fee as allowed under the Act.



-4-

- (c) Service of documents by the Company on its Members, Auditors and the Registrar of Companies;
- (d) Notice of Board meetings and Committee meetings of Directors;
- (e) The meetings of Directors and Committees of Directors and Shareholders including passing of resolutions by circulation;
- (f) The 52<sup>nd</sup> Annual General Meeting was held on September 28, 2015;
- (g) Minutes of proceedings of General Meetings and of the Board and its Committee meetings;
- (h) Approvals of the Members, the Board of Directors, the Committees of Directors and the government authorities, wherever required;
- (i) Payment of remuneration to Directors;
- (j) Transfer of Company's shares;
- (k) Declaration and payment of dividends;
- (l) Form of balance sheet as prescribed under Part I, form of statement of profit and loss as prescribed under Part II and General Instructions for preparation of the same as prescribed in Schedule VI to the Act;
- (m) Directors' report;
- (n) Alteration of Articles of Association;
- (o) Buy Back of shares;
- (p) Generally, all other applicable provisions of the Act and the Rules made under the Act.

Place: Bangalore  
Date: 29.06.2016

  
Signature  
(K Sandhya Lakshmi)  
Partner  
B R K S & Associates  
Company Secretaries  
M No:16597  
CP No:8538



## ACCOUNTING POLICIES

### 1. BASIS OF ACCOUNTING

The financial statements are prepared on accrual basis of accounting at historical cost convention to comply in all material aspects in accordance with Generally Accepted Accounting Principles in India, the relevant provisions of the Companies Act, 2013 including Accounting Standards notified under Sec 133 of the Act, read with Rule 7 of Companies(Account) Rules, 2014 unless otherwise stated.

### 2. FIXED ASSETS

2.1 Land received free from the State Government till 31<sup>st</sup> March, 1969 has not been valued. Such land, which have been taken over by the Company after 1<sup>st</sup> April, 1969, have been valued at estimated fair price ruling on the date of taking possession.

Land, other than the above, has been capitalised at cost to the Company. Expenditure on development is shown under land.

The gross block of Fixed Assets (other than land acquired free from the State Government) is stated at cost of acquisition or construction including any cost attributable to bringing the assets to their working conditions for their intended use.

With effect from 01.04.2000, Borrowing Costs whether specific or general, utilised for acquisition, construction or production of qualifying assets, are capitalised as part of the cost of such assets, till the activities necessary for its intended use or sale are complete.

2.2 Fixed Assets acquired with financial assistance / subsidy from outside agencies either wholly or partly are capitalised at net cost to the Company.

2.3 Where the actual cost of Fixed / Current Assets are not readily ascertainable, they are accounted initially on provisional basis but adjusted subsequently to cost when ascertained.

2.4 Fixed Assets declared surplus / discarded are valued at lower of net book value and net realisable value, where the amounts involved are material and the depreciation on such Assets is calculated on a pro-rata basis from the date of such Addition or, as the case may be, up to date on which such asset has been discarded, demolished or destroyed. The entire excess / deficit of sale proceeds over the net book value of Fixed Assets is transferred to the Statement of Profit and Loss.

2.5 Expenditure on re-conditioning, re-siting and re-layout of machinery and equipment which do not increase the future benefits from the existing assets beyond the previously assessed standard of performance based on the technical assessment, is not capitalised.

2.6 Cost of the initial pack of Spares procured with Plant, Machinery and Equipment is capitalised and depreciated in the same manner as Plant, Machinery and Equipment.

2.7 Indirect expenses on Administration and Supervision in respect of expansion facilities / new projects at the existing operating Divisions are charged to Revenue.



### **3. 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.

### **4. TOOLS AND EQUIPMENT**

Expenditure on special purpose tools, jigs and fixtures including those specific to projects / products is initially capitalised for amortisation over production on technical assessment and to the extent not amortised is carried forward as Tangible asset. Expenditure on maintenance, re-work, re-conditioning, periodical inspection, referencing of tooling, replenishing of cutting tools and work of similar nature is charged to revenue at the time of issue.

### **5. INTANGIBLE ASSETS**

#### **5.1 Research and Development Expenditure**

Expenditure on Research and Development as and when incurred is debited to the Statement of Profit and Loss.

To the extent of Development Costs, which relate to Design, Construction and Testing of a chosen alternative for new or improved material, devices, products, processes, systems or services are recognized as an intangible asset, if it is probable that expenditure will enable the asset to generate future economic benefit. Such intangible assets are amortized over a period not exceeding ten years using straight line method.

5.2 Expenditure on licence fees, documentation charges etc. based on the definition criteria of intangible assets in terms of identifiability, control and future economic benefits from the assets, are amortised over production on technical estimates, and to the extent not amortised, are carried forward.

5.3 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 in the Books of Accounts and is amortised over a period not exceeding three years, on straight line method. Amortisation commences when the asset is available for use.

### **6. DEFERRED DEBTS**

Unpaid installment payments under deferred payment terms for the cost of imported material and tooling content of the equipment / products sold are accounted as deferred debts from the customer and are recovered as and when the instalments are paid.

### **7. SUNDRY DEBTORS**

Disputed / Time-barred debts from the Government departments are generally not treated as doubtful debts.

### **8. INVENTORY**

8.1 Inventories are valued at lower of cost and net realisable value. The cost of raw material, components and



stores are assigned by using the actual weighted average cost formula and those in transit at cost to date. In the case of 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.

- 8.2 Provision for redundancy is maintained at a suitable percentage / level of the value of closing inventory of raw material and components, stores and spare parts and construction material. Besides, where necessary, adequate provision is made for the redundancy of such material in respect of completed / specific projects and other surplus / redundant material pending transfer to salvage stores.
- 8.3 Stores declared surplus / unserviceable / redundant are charged to revenue.
- 8.4 Consumables issued from main stores and lying unused at the end of the year are not reckoned as inventory.
- 8.5 Saleable / Disposable scrap is valued at net realisable value.

## 9. SALES

### 9.1 Manufacturing, Repair and Overhaul / Spares Sale

Sales are set up on completion of contracted work on the basis of

-Acceptance by the buyer's Inspector, by way of signaling out certificate, in the case of the manufacture or repair and overhaul of aircraft and helicopters.

-For other deliverables like spares, site repairs, Cat 'B' repair servicing etc., sales are set up based on acceptance by the buyer's inspection agency or as agreed to by the buyer.

-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.

### 9.2 Development Sales

Development sales are set up on incurrence of expenditure identifiable to work orders and milestones achieved as per contract. Where milestones have not been defined sales will be as per actual incurrence of expenditure.

## 10. EMPLOYEE BENEFIT

- 10.1 Liability towards gratuity provided on yearly actuarial valuation in respect of all employees is remitted to a trust progressively.
- 10.2 Provision for Earned leave and Provident fund is made on the basis of actuarial valuation.

## 11. DEPRECIATION

Depreciation on Fixed Assets is charged on straight line method. The rates of Depreciation are determined based on Useful life prescribed in Schedule II to the Companies Act, 2013 for all assets. Depreciation is charged on shift basis applicable for asset other than NESD items. Each of the Fixed Assets is depreciated to rupee one value. Where during any Financial Year, any addition has been made to any Asset, or where any Asset has been



sold, discarded, demolished or destroyed, the depreciation on such Assets is calculated on a pro-rata basis from the date of such Addition or, as the case may be, up to date on which such asset has been sold, discarded, demolished or destroyed. Fixed Assets acquired after 01.04.2014 and individually costing ₹ 50,000/- and below are fully depreciated in the year of purchase.

As per the requirement of Schedule II to Companies Act, 2013, the Company has adopted "Component Accounting" w.e.f 1.4.2015 where "cost of a part of the asset is significant to total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part shall be determined separately."

All CSR Assets are fully depreciated in the year of capitalisation

## 12. FOREIGN CURRENCY TRANSACTION

Assets and Liabilities are re-instated at the year-end at the rate prevalent on 31<sup>st</sup> March of each year. The Income / Expenditure on account of this is charged to revenue.

## 13. CLAIMS BY / AGAINST 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.

Claims for Liquidated damages by / against the Company are recognised in Accounts on acceptance.

No provision is made for liabilities which are contingent in nature, but if material are disclosed by way of Notes.

## 14. WARRANTY

Provision for warranty is made at the time of setting up of sales for manufactured / overhauled aircraft / Helicopters/ engines / rotables / accessories and supply of spares within the frame work of the conditions agreed with the customers.

### **Incurrence of Expenditure:**

Expenditure incurred against Work Order towards warranty is charged to revenue and corresponding provision is withdrawn.

### **Withdrawal of un-utilised Warranty Provisions:**

#### **For Defence Customers:**

- For manufacturing programme, the un-utilised provision is withdrawn only after the expiry of warranty liability for all the aircraft / Helicopters / engines covered under the respective contract.

-For Overhaul programme, the un-utilised provision is withdrawn on expiry of warranty liability for each aircraft / Helicopters / engine / rotables.

-For supply of Spares (only for own fabricated spares), the un-utilised provision is withdrawn on expiry of warranty liability for each spare as per respective customer order.



**For Non- Defence Customers:**

For supply and services to Civil customers, withdrawal of un-utilised provision is made on expiry of warranty liability as per terms and conditions of respective contract.

**(C.V. RAMANA RAO)**  
Director (Finance) & CFO

**(T. SUVARNA RAJU)**  
Chairman & Managing Director

**(G.V. SESA REDDY)**  
(Company Secretary)

Place: Bengaluru  
Date: 29<sup>th</sup> June, 2016



## Balance Sheet As At 31<sup>st</sup> March, 2016

(₹ In Lakhs)

Particulars	Note No.	31 <sup>st</sup> March 2016	31 <sup>st</sup> March 2015
<b>I. Equity and Liabilities</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	1	36150.00	48200.00
(b) Reserves and Surplus	2	1205714.38	1630406.99
<b>Sub Total</b>		<b>1241864.38</b>	<b>1678606.99</b>
<b>(2) Share Application Money Pending Allotment</b>			
<b>(3) Non-Current Liabilities</b>			
(a) Long-Term Borrowings	3	402.33	427.83
(b) Deferred Tax Liabilities (Net)	4	158366.80	161922.23
(c) Other Long Term Liabilities	5	1007899.71	965389.73
(d) Long Term Provisions	6	73610.91	62606.62
<b>Sub Total</b>		<b>1240279.75</b>	<b>1190346.41</b>
<b>(4) Current Liabilities</b>			
(a) Short Term Borrowings	7	-	-
(b) Trade Payables	8		
Micro, Small and Medium Enterprises		1519.40	414.24
Other than Micro, Small and Medium Enterprises		214386.54	226882.40
<b>Sub Total-Trade Payables</b>		<b>215905.94</b>	<b>227296.64</b>
(c) Other Current Liabilities	9	2779426.62	3052074.16
(d) Short Term Provisions	10	273472.17	255919.87
<b>Sub Total</b>		<b>3268804.73</b>	<b>3535290.67</b>
<b>Total I (1+2+3+4)</b>		<b>5750948.86</b>	<b>6404244.07</b>
<b>II. Assets</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets			
Gross Block	11A	1029017.62	929164.51
Less: Accumulated Depreciation	11B	484457.20	425423.10
Less: Impairment	11C	-	-
Net Block		544560.42	503741.41
(ii) Intangible Assets			
Gross Carrying Amount	11D	406160.46	374954.01
Less: Cumulative Amortisation & Impairment Loss	11E	184523.90	159581.67
Net Carrying Amount		221636.56	215372.34
(iii) Capital Work-In-Progress	12	36254.57	21637.92
(b) Non-Current Investments	13	88638.27	74530.52
(c) Long Term Loans and Advances	14	25855.07	27229.43
(d) Other Non-Current Assets	15	92702.30	92243.68
<b>Sub Total</b>		<b>1009647.19</b>	<b>934755.30</b>
<b>(2) Current Assets</b>			
(a) Current Investments	16	-	-
(b) Inventories	17	2415932.80	2514693.13
(c) Trade Receivables	18	513181.92	624260.47
(d) Cash and Cash Equivalents	19	1330343.05	1767138.39
(e) Short Term Loans and Advances	20	261981.74	362919.58
(f) Other Current Assets	21	219862.16	200477.20
<b>Sub Total</b>		<b>4741301.67</b>	<b>5469488.77</b>
<b>Total II (1+2)</b>		<b>5750948.86</b>	<b>6404244.07</b>
<b>Notes on Accounts</b>	34		

Note '1' to '34' and Accounting Policies attached form part of the Accounts

As per our Report attached for **M/s. S. Venkatram & Co.,**  
Chartered Accountants  
Firm Regn. No.004656S

  
**(S Sundarraman)**

Partner  
Membership No. 201028  
Place: Bengaluru  
Date: 29<sup>th</sup> June, 2016

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

  
**(T. SUVARNA RAJU)**  
Chairman & Managing Director

  
**(G.V. SESHHA REDDY)**  
(Company Secretary)



## Statement of Profit and Loss For the period ended 31<sup>st</sup> March, 2016

(₹ In Lakhs)

S. No.	Particulars	Note No.	31 <sup>st</sup> March 2016	31 <sup>st</sup> March 2015
<b>I.</b>	<b>Revenue from Operations</b>	22	1728007.93	1573047.92
	Less: Excise Duty		36062.65	45.39
	Net Revenue from Operations		1691945.28	1573002.53
II.	Other Income	23	157882.86	164241.74
III.	<b>Total Revenue (I + II)</b>		<b>1849828.14</b>	<b>1737244.27</b>
<b>IV.</b>	<b>Expenses:</b>			
	Cost of Materials Consumed	24	880548.91	786586.62
	Purchase of Stock-in-Trade	24A	36368.28	101650.33
	Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	25	-53208.78	-67130.43
	Employee Benefits Expenses	26	326212.64	337899.03
	Finance Costs	27	-	826.94
	Depreciation and Amortisation Expenses	28	85445.18	80605.75
	Other Expenses	29	117963.43	103669.25
	Direct Input to WIP / Expenses Capitalised	30	51193.11	43479.25
	Provisions	31	110062.33	80142.88
	Total Gross Expenses		1554585.10	1467729.62
	Deduct: Expenses relating to Capital and Other Accounts	32	33602.66	47737.33
	<b>Total Net Expenses</b>		<b>1520982.44</b>	<b>1419992.29</b>
<b>V.</b>	<b>Profit Before Exceptional And Extraordinary Items And Tax (III - IV)</b>		<b>328845.70</b>	<b>317251.98</b>
<b>VI.</b>	<b>Exceptional items</b>			
<b>VII.</b>	<b>Profit Before Extraordinary Items and Tax (V - VI)</b>		<b>328845.70</b>	<b>317251.98</b>
<b>VIII.</b>	<b>Extraordinary Items</b>			
<b>IX.</b>	<b>Profit Before Tax (VII - VIII) *</b>		<b>328845.70</b>	<b>317251.98</b>
	* includes Prior Period Gain / (Expense)	33	253.54	1247.06
X.	Tax Expenses			
	(1) Current Tax		84943.86	70000.00
	(2) Minimum Alternate Tax (MAT) Credit (Entitlement)/Utilisation		20905.76	12534.15
	(3) Earlier Tax		61174.70	-
	(4) Deferred Tax		-3555.43	-4086.87
<b>XI.</b>	<b>Profit / (Loss) for the period from Continuing Operations (IX - X)</b>		<b>165376.81</b>	<b>238804.70</b>
XII.	Profit/(Loss) from Discontinuing Operations		-	-
XIII.	Tax expense of Discontinuing Operations		-	-
XIV.	Profit/(Loss) from Discontinuing Operations (After Tax) (XII - XIII)		-	-
<b>XV.</b>	<b>Profit(Loss) for the Period (XI + XIV)</b>		<b>165376.81</b>	<b>238804.70</b>
XVI.	Earnings per Equity Share (₹) ( Refer Clause No. 24A of Note 34)			
	<b>Basic and Diluted</b>		<b>34.31</b>	<b>49.54</b>
	<b>Notes on Accounts</b>	34		

Note '1' to '34' and Accounting Policies attached form part of the Accounts

As per our Report attached for **M/s. S. Venkatram & Co.,**  
Chartered Accountants  
Firm Regn. No.004656S

  
**(S Sundarraman)**

Partner  
Membership No. 201028  
Place: Bengaluru  
Date: 29<sup>th</sup> June, 2016

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

  
**(T. SUVARNA RAJU)**  
Chairman & Managing Director

  
**(G.V. SESA REDDY)**  
(Company Secretary)



## NOTE -1: SHARE CAPITAL

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
<b>Authorised Capital</b> 60,00,00,000 (PY 60,00,00,000) Equity Shares of ₹10 each	60000.00	60000.00
<b>Issued, Subscribed and Fully Paid up</b> 36,15,00,000(PY48,20,00,000) Equity Shares of ₹10 each fully paidup	36150.00	48200.00
<b>Subscribed and not Fully Paid up</b>		
<b>Par Value per Share (₹)</b>	10	10
<b>Reconciliation of the Number of Shares Outstanding at the beginning and at the end of the Reporting period</b>		
Opening Equity Shares (Nos.)	482000000	482000000
Add: Bonus Shares Issued (Nos.)		
Less: Shares Bought Back (Nos.)	120500000	-
Closing Equity Shares (Nos.)	361500000	482000000
<b>Shares in the Company held by each Shareholder holding more than 5 percent shares specifying the number of Shares held</b>	President of India and Nominees hold the entire 36,15,00,000 Shares	President of India and Nominees hold the entire 48,20,00,000 Shares
<b>Terms/ Rights attached to Equity Shares:</b>		
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. Entire Capital is held by Single Share Holder.		



## NOTE-2: RESERVES AND SURPLUS

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
<b>Research &amp; Development Reserve</b>		
Opening Balance	17437.90	11674.52
Add: Current Year Transfer : ₹8749.90 Lakhs	14668.90	11682.38
Transfer from 2014-15 : ₹5919.00 Lakhs		
Less: Transfer to General Reserve on utilisation	592.63	5919.00
Closing Balance- (A)	<b>31514.17</b>	<b>17437.90</b>
<b>Corporate Social Responsibility &amp; Sustainable Development Reserve</b>		
Opening Balance	-	2714.78
Add: Current Year Transfer	-	-
Less: Utilised in Current Year/ Transfer to General Reserve	-	2714.78
Closing Balance- (B)	-	-
<b>Capital Redemption Reserve</b>		
Opening Balance	-	-
Add: Current Year Transfer	12050.00	-
Less: Written Back in Current Year	-	-
Closing Balance (C)	<b>12050.00</b>	-
<b>General Reserve As per last Balance Sheet</b>	1612969.09	1438874.33
(+/-) Surplus Transferred from Statement of Profit and Loss	63155.44	169525.14
Add: Transfer from CSR Reserves	-	2714.78
Add: Transfer from R&D Reserve	592.63	5919.00
Less: Depreciation on transition to Sch-II of the Companies Act 2013	25.09	4064.16
Less: Withdrawn towards Buy Back of Shares		
Reserves : ₹416387.75 Lakhs	514541.86	-
Tax on Buyback : ₹98154.11 Lakhs		
Net Amount : ₹514541.86 Lakhs		
Closing Balance- (D)	<b>1162150.21</b>	<b>1612969.09</b>
<b>Surplus in Statement of Profit and Loss</b>		
Add: Net Profit for the Current Year	165376.81	238804.70
Less: Appropriations / Allocations		
Transfer to Research & Development Reserve	14668.90	11682.38
Interim Dividend	51000.00	48000.00
Proposed Final Dividend	11731.76	-
Tax on Dividend	12770.71	9597.18
Transfer to Capital Redemption Reserve	12050.00	-
	<b>102221.37</b>	<b>69279.56</b>
<b>Transferred to General Reserve</b>	<b>63155.44</b>	<b>169525.14</b>
<b>(A+B+C+D)</b>	<b>1205714.38</b>	<b>1630406.99</b>



### NOTE-3: LONG TERM BORROWINGS

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
<b>A. Secured Long Term Borrowings:</b>		
<b>Sub-total (A)</b>	-	-
<b>B. Unsecured Long Term Borrowings:</b>		
Deferred Payment Liabilities		
Towards:		
10/15 Years	123.94	123.94
45 Years	278.39	303.89
<b>Sub-total (B)</b>	<b>402.33</b>	<b>427.83</b>
<b>Total (A + B)</b>	<b>402.33</b>	<b>427.83</b>

### NOTE-4: DEFERRED TAX LIABILITIES (NET)

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
<b>As per last Balance Sheet</b>	161922.23	168160.01
Add / Less: Current Year's Provisions	-3555.43	-4086.87
Add/Less: Impact of Depreciation on transition to Sch-II of the Companies Act 2013	-	-2150.91
<b>Total</b>	<b>158366.80</b>	<b>161922.23</b>



## NOTE-5: OTHER LONG TERM LIABILITIES

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
Trade Payables		
Other than Micro, Small and Medium Enterprises	-	339.38
<b>Sub Total</b>	<b>-</b>	<b>339.38</b>
<b>Advances from Customers</b>		
<b>Outstanding Advances from Customers</b>		
Defence	323089.32	259594.43
<b>Sub Total (A)</b>	<b>323089.32</b>	<b>259594.43</b>
<b>Outstanding Milestone Receipt</b>		
Defence	574638.20	615537.11
Others	17728.41	-
<b>Sub Total (B)</b>	<b>592366.61</b>	<b>615537.11</b>
<b>Advances from Customers (A + B)</b>	<b>915455.93</b>	<b>875131.54</b>
Other Liabilities	92443.78	89918.81
<b>Total</b>	<b>1007899.71</b>	<b>965389.73</b>

## NOTE-6: LONG TERM PROVISIONS

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
<b>A. Provisions for Employee Benefits</b>		
Earned Leave	45348.46	39785.26
<b>Sub-total (A)</b>	<b>45348.46</b>	<b>39785.26</b>
<b>B. Others</b>		
Replacement and Other Charges	9517.73	9460.44
Warranty	18744.72	13360.92
<b>Sub-total (B)</b>	<b>28262.45</b>	<b>22821.36</b>
<b>Total (A + B)</b>	<b>73610.91</b>	<b>62606.62</b>



## NOTE-7: SHORT TERM BORROWINGS

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
<b>SHORT TERM BORROWINGS</b>	-	-

## NOTE-8: TRADE PAYABLES

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
<b>Trade Payables</b>		
Micro, Small and Medium Enterprises	1519.40	414.24
Other than Micro, Small and Medium Enterprises	214386.54	226882.40
<b>Total</b>	<b>215905.94</b>	<b>227296.64</b>

## NOTE-9: OTHER CURRENT LIABILITIES

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
Current Maturities of Long term Debt		
Deferred Liabilities Towards 45 Years - Unsecured	25.49	25.49
<b>Advances from Customers</b>		
Outstanding Advances from Customers		
Defence	427052.59	542861.82
Others	4233.14	3150.88
<b>Sub Total (A)</b>	<b>431285.73</b>	<b>546012.70</b>
<b>Outstanding Milestone Receipt</b>		
Defence	2072730.86	2311811.42
Others	58908.20	57014.25
<b>Sub Total (B)</b>	<b>2131639.06</b>	<b>2368825.67</b>
<b>Advances from Customers (A + B)</b>	<b>2562924.79</b>	<b>2914838.37</b>
<b>Other Payables</b>		
Taxes	105061.89	11693.60
Dues to Employees	39973.51	37729.06
Others Liabilities	71440.94	87787.64
<b>Total</b>	<b>2779426.62</b>	<b>3052074.16</b>



**NOTE-10: SHORT TERM PROVISIONS**

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
<b>A. Provisions for Employee Benefits</b>		
Gratuity	3022.58	12669.49
Earned Leave	33586.88	32788.17
Others	5894.46	21305.64
<b>Sub-total (A)</b>	<b>42503.92</b>	<b>66763.30</b>
<b>B. Others</b>		
Proposed Dividend (Incl. Tax)	14120.07	-
Replacement and Other Charges	79451.23	48905.76
Warranty	92862.18	89713.81
Liquidated Damages	43413.41	50537.00
Excise Duty on Finished Goods	1121.36	-
<b>Sub-total (B)</b>	<b>230968.25</b>	<b>189156.57</b>
<b>Total (A + B)</b>	<b>273472.17</b>	<b>255919.87</b>

**NOTE-11A: GROSS CARRYING COST - FIXED ASSETS-TANGIBLE ASSETS**

(₹ In Lakhs)

Description	Gross Block as at 01.04.15	Additions	Reclasfn. / Adjustment	Disposals	Gross Block as at 31.03.16
<b>Fixed Assets <sup>1</sup></b>					
Land					
- Leasehold*	710.68	134.83	-	-	845.51
- Freehold	1780.93	-	-	-	1780.93
Buildings	84783.35	7539.66	51.60	16.01	92358.60
Plant and Equipment	249367.83	27830.53	145.71	900.57	276443.50
Furniture and Fixtures	10604.16	1723.90	-	102.56	12225.50
Vehicles	7451.33	1027.71	-	121.51	8357.53
Office Equipment	16771.14	2101.76	-145.71	396.14	18331.05
Assets used for CSR Activities	-	4254.17	-	-	4254.17
Roads and Drains	5964.95	401.70	-	15.73	6350.92
Water Supply	3888.75	252.61	-51.60	3.70	4086.06
Rail Road Sidings	71.07	-	-	-	71.07
Runways	5566.28	-	-	-	5566.28
Aircraft/Helicopters	15342.50	-	-	-	15342.50
<b>Sub Total</b>	<b>402302.97</b>	<b>45266.87</b>	<b>-</b>	<b>1556.22</b>	<b>446013.62</b>
Special Tools	526861.54	56142.46	-	-	583004.00
<b>Total</b>	<b>929164.51</b>	<b>101409.33</b>	<b>-</b>	<b>1556.22</b>	<b>1029017.62</b>
Previous Year-Fixed Assets	372871.08	30583.41	-	1151.52	402302.97
Previous Year- Special Tools	501036.49	25825.05	-	-	526861.54

<sup>1</sup> Doesn't include Customer funded assets as indicated in Clause-11 of Note 34

\* Additions includes lease of Government Land for establishing 6MW Wind power plant which is pending registration



## NOTE-11B: ACCUMULATED DEPRECIATION - TANGIBLE ASSETS

(₹ In Lakhs)

Description	Provision as at 01.04.15	Additions		Reclasfn. / Adjustment	Disposals	Provision as at 31.03.16	Net Block as at 31.03.16	Net Block as at 31.03.15
		CY	PY					
<b>Depreciation <sup>2</sup></b>								
Land								
- Leasehold	56.43	7.95	-	-	-	64.38	781.13	654.25
- Freehold	-	-	-	-	-	-	1780.93	1780.93
Buildings	30171.96	3809.48	1.41	51.60	15.87	34018.58	58340.02	54611.39
Plant and Equipment	175415.91	16837.54	36.01	27.59	870.02	191447.03	84996.47	73951.92
Furniture and Fixtures	7500.96	1615.38	0.42	-2.50	79.54	9034.72	3190.78	3103.20
Vehicles	4873.38	542.52	-	-	106.28	5309.62	3047.91	2577.95
Office Equipment	13344.51	2257.17	8.35	-	402.81	15207.22	3123.83	3426.62
Assets used for CSR Activities	-	4254.17	-	-	-	4254.17	-	-
Roads and Drains	4103.54	891.82	2.90	-	15.73	4982.53	1368.39	1861.41
Water Supply	2462.57	226.94	-	-51.60	3.70	2634.21	1451.85	1426.18
Rail Road Sidings	71.06	-	-	-	-	71.06	0.01	0.01
Runways	4554.92	266.02	-	-	-	4820.94	745.34	1011.36
Aircraft/Helicopters	3807.06	723.74	-	-	-	4530.80	10811.70	11535.44
<b>Sub Total</b>	<b>246362.31</b>	<b>31432.73</b>	<b>49.09</b>	<b>25.09</b>	<b>1493.95</b>	<b>276375.27</b>	<b>169638.36</b>	<b>155940.67</b>
Special Tools	179060.81	28913.80	107.32	-	-	208081.93	374922.07	347800.74
<b>Total</b>	<b>425423.12</b>	<b>60346.53</b>	<b>156.41</b>	<b>25.09</b>	<b>1493.95</b>	<b>484457.20</b>	<b>544560.43</b>	<b>503741.41</b>
Previous Year- Fixed Assets	214700.52	26144.53	49.78	6215.06	747.58	246362.31	155940.67	-
Previous Year- Special Tools	150885.37	28175.43	-	-	-	179060.80	347800.74	-

Above Includes:

Gross Value of Assets with M/s. MIDHANI

Cumulative Depreciation in respect of Assets with M/s. MIDHANI

**31.03.16**   **31.03.15**

1195.39   1195.39

532.24   443.54

**31.03.16**   **31.03.15**

<sup>1</sup> Gross Value of Assets retired from active use

2730.11   2883.26

<sup>2</sup> Less: Cumulative Depreciated Value of Assets retired from active use

2723.92   2870.30

WDV of Assets retired from active use

6.19   12.96

\* Depreciation for the year includes lease charges for land taken on lease for establishing units at Kasaragod & LO Mumbai  
Also refer Note No. 34 Clauses 8,11 and 32

## NOTE 11C: IMPAIRMENT

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
Impairment	-	-



**NOTE-11D & 11E: INTANGIBLE ASSETS**

(₹ In Lakhs)

Description	As on 01.4.2015	Additions	Adjustment	As on 31.03.2016
<b>11D. Gross Carrying Amount</b>				
Development Expenditure	76944.89	25653.20	-	102598.09
Licence Fees	12129.91	143.18	-	12273.09
Computer Software	8732.85	2538.96	-	11271.81
Documentation	2153.35	-	-	2153.35
<b>Total</b>	<b>99961.00</b>	<b>28335.34</b>	-	<b>128296.34</b>
Previous Year	83842.57	16950.45	-832.02	99961.00
Description	As on 01.4.2015	Amortisation and Impairment Loss	Adjustment	As on 31.03.2016
<b>11E. Cumulative Amortisation</b>				
Development Expenditure	25279.56	3766.82	-	29046.38
Licence Fees	4947.81	581.36	-	5529.17
Computer Software	7490.65	1000.17	-	8490.82
Documentation	608.39	236.92	-	845.31
<b>Total</b>	<b>38326.41</b>	<b>5585.27</b>	-	<b>43911.68</b>
Previous Year	33195.31	5963.12	-832.02	38326.41

**NOTE 11D & 11E: INTANGIBLE ASSETS (CUSTOMER FUNDED)**

(₹ In Lakhs)

Description	As on 01.4.2015	Additions	Adjustment	As on 31.03.2016
<b>Gross Carrying Amount</b>				
Licence Fees	234322.19	2017.69	-	236339.88
Computer Software	329.37	5.96	-	335.33
Documentation	40341.45	847.47	-	41188.92
<b>Total</b>	<b>274993.01</b>	<b>2871.12</b>	-	<b>277864.13</b>
Previous Year	288707.55	10842.87	-24557.40	274993.01
Description	As on 01.4.2015	Amortisation and Impairment Loss	Adjustment	As on 31.03.2016
<b>Cumulative Amortisation</b>				
Licence Fees	108997.90	18047.60	-	127045.50
Computer Software	298.73	17.84	-	316.57
Documentation	11958.63	1291.52	-	13250.15
<b>Total</b>	<b>121255.26</b>	<b>19356.96</b>	-	<b>140612.22</b>
Previous Year	125539.75	20272.91	-24557.40	121255.26
<b>Total Gross Carrying Amount</b>	<b>374954.01</b>	<b>31206.46</b>	-	<b>406160.47</b>
<b>Total Cumulative Amortisation</b>	<b>159581.67</b>	<b>24942.23</b>	-	<b>184523.90</b>



## NOTE-12: CAPITAL WORK-IN-PROGRESS

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
Buildings	18672.66	10197.47
Plant, Machinery and Equipment	12556.40	6109.82
Roads and Drains	98.05	96.92
Water Supply	178.14	44.55
Plant, Machinery and Equipment under Inspection and in Transit	4749.32	5189.16
<b>Total</b>	<b>36254.57</b>	<b>21637.92</b>

## NOTE-13: NON-CURRENT INVESTMENT

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March 2016	31 <sup>st</sup> March 2015
<b>A. INVESTMENTS AT COST LESS PROVISION FOR OTHER THAN TEMPORARY DIMINUTION (TRADE / UN-QUOTED)</b>		
Investment Property	-	-
Investment in Equity Instruments		
- in Joint Ventures		
M/s BAe-HAL Software Ltd-29,40,000 (29,40,000-P.Y) shares of ₹10 FV each fully paid	294.00	294.00
Less Provision for Diminution in value of Investment	-	-
Net -M/s BAe-HAL Software Ltd	294.00	294.00
M/s Snecma HAL Aerospace Private Ltd -11,40,000 (11,40,000-P.Y) Shares of ₹100 F.V. each fully paid	1140.00	1140.00
Less Provision for Diminution in value of Investment	-	-
Net - M/s Snecma HAL Aerospace Private Ltd	1140.00	1140.00
M/s Indo Russian Aviation Ltd - 9,36,525 (9,36,525-P.Y) shares of ₹ 10 FV each fully paid	93.65	93.65
Less Provision for Diminution in value of Investment	-	-
Net - M/s Indo Russian Aviation Ltd.	93.65	93.65
M/s HALBIT Avionics Pvt Ltd -3,82,500(3,82,500-P.Y) Shares of ₹100 FV each fully paid	382.50	382.50
Less Provision for Diminution in value of Investment	382.50	320.43
Net - M/s. HALBIT Avionics Pvt. Ltd.	-	62.07
M/s HAL Edgewood Technologies Pvt Ltd 3,00,000(3,00,000-P.Y) Shares of ₹100 FV each fully paid	300.00	300.00
Less Provision for Diminution in value of Investment	300.00	300.00
Net- M/s. HAL Edgewood Technologies Pvt. Ltd.	-	-
M/s SAMTEL HAL Display Systems Ltd-1,60,000 (1,60,000-P.Y) Shares of ₹100 FV each fully paid	160.00	160.00
Less Provision for Diminution in value of Investment	104.58	-
Net - M/s SAMTEL HAL Display Systems Ltd	55.42	160.00



(₹ In Lakhs)

Particulars	31 <sup>st</sup> March 2016	31 <sup>st</sup> March 2015
M/s INFOTECH HAL Ltd - 20,00,000 ( 20,00,000-P.Y) Shares of ₹10 FV each fully paid	200.00	200.00
Less Provision for Diminution in value of Investment	166.27	166.27
Net- M/s. INFOTECH HAL Ltd.	33.73	33.73
M/s. HATSOFF Helicopter Training Pvt. Ltd. -3,84,04,204 ( 3,84,04,204 P.Y.) Shares of ₹10 FV each fully paid	3840.42	3840.42
Less Provision for Diminution in value of Investment	3840.42	3840.42
Net- M/s. HATSOFF Helicopter Training Pvt. Ltd.	-	-
M/s. TATA HAL Technologies Ltd. - 50,70,000 (50,70,000 P.Y.) Shares of ₹10 each fully paid	507.00	507.00
Less Provision for Diminution in value of Investment	362.48	362.48
Net- M/s. TATA HAL Technologies Ltd.	144.52	144.52
M/s. International Aerospace Manufacturing Pvt. Ltd. - 42,50,000 (42,50,000 - P.Y.) Shares of ₹100 FV each fully paid	4250.00	4250.00
Less Provision for Diminution in value of Investment	855.31	-
Net-M/s International Aerospace Manufacturing Pvt Ltd	3394.69	4250.00
M/s. Multirole Transport Aircraft Ltd. - 113,46,564 (113,46,564 P.Y.) Shares of ₹100 FV each fully paid	11346.56	11346.56
Less Provision for Diminution in value of Investment	450.34	-
Net-M/s. Multirole Transport Aircraft Ltd.	10896.22	11346.56
M/s. Aerospace & Aviation Sector Skill Council(AASSC) - 125 (125 P.Y.) Shares of Rs 10000 FV each fully paid	12.50	12.50
Less Provision for Diminution in value of Investment	-	-
Net-M/s. Aerospace & Aviation Sector Skill Council	12.50	12.50
<b>Sub Total (A)</b>	<b>16064.73</b>	<b>17537.03</b>
<b>B. INVESTMENTS AT COST (NON-TRADE / UN-QUOTED)</b>		
- Others	-	-
HAE Co-operative Society of 25 (25P.Y) Shares of ₹ 100 FV each fully paid	0.03	0.03
M/s Satnam Apartment Ltd - 41 (41 P.Y) Shares of ₹ 100 each at cost for acquisition of a Flat	0.07	0.07
M/s LIC of India (For Funding Vacation Leave)	72573.44	56993.39
<b>Sub Total (B)</b>	<b>72573.54</b>	<b>56993.49</b>
<b>Total (A + B)</b>	<b>88638.27</b>	<b>74530.52</b>
<b>Disclosure</b>		
(i) Aggregate amount of Quoted Investment and Market Value.	<b>NIL</b>	NIL
(ii) Aggregate amount of Unquoted Investments.	<b>95100.17</b>	<b>79520.12</b>
(iii) Aggregate Provision or Diminution in value of Investments	<b>6461.90</b>	<b>4989.60</b>



## NOTE-14: LONG TERM LOANS AND ADVANCES

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
<b>A. Secured Considered Good</b>		
Capital Advances	513.65	504.39
Loans and Advances to Related Parties	-	400.00
Advances against Goods and Services	2654.90	1551.58
Advances against Special Tools	979.11	3854.10
Employee Advances <sup>5</sup>	1224.46	1264.45
<b>Sub-total (A)</b>	<b>5372.12</b>	<b>7574.52</b>
<b>B. Unsecured Considered Good</b>		
Capital Advances	12405.01	9851.55
Security Deposit		
Govt Departments for Customs Duty and for Supplies	250.40	287.69
Public Utility Concerns	2940.54	2697.20
Others	287.83	331.40
Advances against Goods and Services	462.02	32.86
Advances against Special Tools	3043.37	4431.29
Employee Advances <sup>5</sup>	91.76	64.71
Other Loans and Advances	1002.02	1958.21
<b>Sub-total (B)</b>	<b>20482.95</b>	<b>19654.91</b>
<b>C. Considered Doubtful</b>		
<b>Sub-total (C)</b>	-	-
<b>TOTAL (A +B +C)</b>	<b>25855.07</b>	<b>27229.43</b>
<sup>5</sup> Amount due by the Officers of the Company at the end of the year	-	-



## NOTE-15: OTHER NON-CURRENT ASSETS

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
<b>Inventories</b> <sup>3</sup>		
(Cost or Net Realisable Value whichever is lower)		
Raw materials and Components	35396.71	33854.63
Less: Provision for Redundancy	35396.71	33215.56
	-	639.07
Stores and Spares Parts	2100.09	2661.18
Less: Provision for Redundancy	2100.09	2661.18
	-	-
Loose Tools and Equipment	2174.87	810.01
Less: Provision for Redundancy	2174.87	810.01
	-	-
Construction Materials	1.64	1.56
Less: Provision for Redundancy	1.64	1.56
	-	-
<b>Sub Total Inventories</b>	-	<b>639.07</b>
<b>Long Term Trade Receivables</b>		
Secured Considered Good	-	-
Unsecured Considered Good	-	1554.18
Doubtful	407.88	253.46
	407.88	1807.64
Less: Provision for Bad and Doubtful	407.88	253.46
<b>Trade Receivables</b>	-	<b>1554.18</b>
Deferred Debts - 10/15 yrs	123.94	123.94
Deferred Debts - 45 yrs	268.00	292.12
<b>Claims Receivable</b>		
Considered Good	92309.92	89566.46
Considered Doubtful	7934.58	4826.15
	100244.50	94392.61
Less: Provision for Doubtful Claims	7934.58	4826.15
<b>Claims Receivable</b>	<b>92309.92</b>	<b>89566.46</b>
Balance with Banks <sup>4</sup>	-	47.85
Prepaid Expenses	-	19.85
Interest Accrued not due	0.44	0.21
<b>Total</b>	<b>92702.30</b>	<b>92243.68</b>
<sup>3</sup> includes those issued to Sub-Contractors for Job Works / Customers	-	-

<sup>4</sup>Fully Earmarked for Committed Liabilities of more than 12 months



## NOTE-16: CURRENT INVESTMENT

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
	-	-

## NOTE 17 : INVENTORIES <sup>3</sup> (Cost or Net Realisable Value whichever is lower)

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
Raw materials and Components	1235532.11	1311298.71
Less: Provision for Redundancy	21497.99	22499.29
	1214034.12	1288799.42
Work-in-Progress	895197.98	860968.86
Finished Goods	192957.42	171747.55
Stock-in-Trade	4645.57	5346.75
Stores and Spare Parts	30009.28	24639.56
Less: Provision for Redundancy	566.57	797.90
	29442.71	23841.66
Loose Tools and Equipment	7671.56	8058.82
Less: Provision for Redundancy	143.55	135.60
	7528.01	7923.22
Construction Materials	99.64	87.78
Less: Provision for Redundancy	4.29	4.08
	95.35	83.70
Disposable Scrap	1381.25	1788.92
Good under Inspection and in Transit		
- Raw material and Components	64985.23	149595.28
- Stores and Spare Parts	4012.84	2804.02
- Loose Tools and Equipment	1652.32	1793.76
	70650.39	154193.06
<b>Total Inventories</b>	<b>2415932.80</b>	<b>2514693.13</b>
<sup>3</sup> includes those issued to Sub-Contractors for Job Works / lying with Customers	31783.16	32503.91



### NOTE-18: TRADE RECEIVABLES

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
<b>Trade Receivables</b>		
(A) Debts outstanding for a period exceeding six months from the dates they have fallen due		
Secured Considered Good	-	28.37
Unsecured Considered Good	223292.23	276030.64
Doubtful	5177.18	909.23
	228469.41	276968.24
Less: Provision for Doubtful Debts	5177.18	909.23
<b>Sub Total (A)</b>	<b>223292.23</b>	<b>276059.01</b>
(B) Debts outstanding for a period less than six months from the dates they have fallen due		
Secured Considered Good	10.32	103.59
Unsecured Considered Good	289879.37	348097.87
Doubtful	5480.49	-
	295370.18	348201.46
Less: Provision for Doubtful Debts	5480.49	-
<b>Sub Total (B)</b>	<b>289889.69</b>	<b>348201.46</b>
<b>Total (A +B)</b>	<b>513181.92</b>	<b>624260.47</b>

### NOTE-19: CASH AND CASH EQUIVALENTS

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
<b>A) CASH AND CASH EQUIVALENTS</b>		
Cash on Hand	16.41	19.66
Cheques, Drafts on Hand	-	0.83
Balances with Bank		
- Current Account	33391.04	47052.73
- Short Term Deposits	1709.28	126395.12
	<b>35116.73</b>	<b>173468.34</b>
<b>B) Other Bank Balances</b>		
Short Term Deposits *	1295226.32	1593670.05
	<b>1295226.32</b>	<b>1593670.05</b>
<b>C) OTHERS</b>	-	-
<b>TOTAL CASH AND BANK BALANCES (A + B+C)</b>	<b>1330343.05</b>	<b>1767138.39</b>

\*Includes CY - Nil (PY ₹15.68 lakhs) earmarked for committed liability less than one year



## NOTE-20 : SHORT TERM LOANS AND ADVANCES

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
<b>A. Secured Considered Good</b>		
Loans and Advances to Related Parties	-	1925.50
Advances against Goods and Services	64330.48	64925.12
Advance against Special Tools	1024.21	1485.49
Employee advances <sup>5</sup>	1086.83	1058.70
<b>Sub-total (A)</b>	<b>66441.52</b>	<b>69394.81</b>
<b>B. Unsecured Considered Good</b>		
Security Deposit		
Govt. Departments for Customs Duty and for Supplies	3488.17	3276.74
Public Utility Concerns	36.53	48.08
Others	1599.89	1345.89
Loans and Advances to Related Parties	266.50	6787.30
Advances against Goods and Services	61744.49	88012.12
Employee advances <sup>5</sup>	3501.78	3149.88
Other Loans and Advances	124902.86	190904.76
<b>Sub-total (B)</b>	<b>195540.22</b>	<b>293524.77</b>
<b>C. Considered Doubtful</b>		
<b>Sub-total (C)</b>	-	-
<b>Total (A +B +C)</b>	<b>261981.74</b>	<b>362919.58</b>
<sup>5</sup> Amount due by the Officers of the Company at the end of the year	-	-

## NOTE-21: OTHER CURRENT ASSETS

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
Interest Accrued and Due on Non-current Investments and Advance to Related Party	5985.56	5585.72
Interest Accrued and not Due on Short Term Bank Deposits	49390.48	63423.67
<b>Claims Receivable</b>		
Considered Good	162846.76	126865.21
Considered Doubtful	3956.18	3042.41
	166802.94	129907.62
Less: Provision for Doubtful Claims	3956.18	3042.41
<b>Claims Receivable</b>	<b>162846.76</b>	<b>126865.21</b>
Prepaid Expenses	1585.36	4572.29
Revenue Stamps	24.53	-
Balances in Franking Machine	5.34	6.18
Current Maturities in Deferred Debt - 45 yrs	24.13	24.13
<b>Total</b>	<b>219862.16</b>	<b>200477.20</b>



## NOTE-22: REVENUE FROM OPERATIONS

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
<b>Revenue from Operations</b>		
<b>a) Sale of Products</b>		
<b>Inland Sales</b>		
Finished Goods	1017690.90	921514.38
Spares	174121.60	189075.51
Development	61091.00	61340.06
Miscellaneous	2045.56	9708.98
Prior Period	494.45	1758.81
<b>Total Inland Sales of Products</b>	<b>1255443.51</b>	<b>1183397.74</b>
<b>Export Sales</b>		
Finished Goods	23123.97	31492.54
Spares	16801.82	17343.70
Prior Period	-	-78.07
<b>Total Export Sales of Products</b>	<b>39925.79</b>	<b>48758.17</b>
<b>Total Sale of Products (a)</b>	<b>1295369.30</b>	<b>1232155.91</b>
<b>b) Sale of Services</b>		
<b>Inland Sale of Services</b>		
Repair and Overhaul	407990.27	327262.81
Other Services	1314.58	1904.58
Prior Period	35.62	586.20
<b>Total Inland Sales of Services</b>	<b>409340.47</b>	<b>329753.59</b>
<b>Export Sale of Services</b>		
Repair and Overhaul	3058.29	220.14
Other Services	1943.96	33.79
<b>Total Export Sales of Services</b>	<b>5002.25</b>	<b>253.93</b>
<b>Total Sales of Services (b)</b>	<b>414342.72</b>	<b>330007.52</b>
<b>Total Sales (a+b)</b>	<b>1709712.02</b>	<b>1562163.43</b>
<b>c) Other Operating Revenues</b>		
(i) Disposal of Scrap and Surplus / Unserviceable Stores	366.40	891.16
(ii) Provision no Longer Required	11057.35	5089.83
(iii) Others	6872.16	4903.50
<b>Total Operating Revenues (c)</b>	<b>18295.91</b>	<b>10884.49</b>
<b>Gross Revenue from Operations (d) = (a+b+c)</b>	<b>1728007.93</b>	<b>1573047.92</b>
Less: Excise Duty (e)	36062.65	45.39
<b>Net Revenue from Operations (f) = (d - e)</b>	<b>1691945.28</b>	<b>1573002.53</b>



## NOTE-23: OTHER INCOME

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
Interest Income		
-Short term Deposits / Loans	154857.31	163092.44
- Sundry Advances - Employees	119.31	120.37
- Other Deposits	190.98	137.73
Less Interest Liability to Customer	-	1105.37
	<b>155167.60</b>	<b>162245.17</b>
Dividend Income		
- Dividend Income from JVs	221.43	183.97
Profit on Sale of Assets (Net)	197.65	-139.04
Miscellaneous	2296.04	1951.64
Prior Period Items	0.14	-
<b>Total</b>	<b>157882.86</b>	<b>164241.74</b>

## NOTE-24: COST OF MATERIAL CONSUMED

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
<b>CONSUMPTION OF RAW MATERIAL, COMPONENTS, STORES AND SPARE PARTS <sup>6</sup></b>		
Opening Stock	1372543.42	1181502.15
Add: Purchases	856193.17	998277.47
Add: Subcontracting, Fabrication and Machining Charges.	22273.32	20107.10
Less: Closing stock	1303139.46	1372543.42
	<b>947870.45</b>	<b>827343.30</b>
Less: Transfer to		
Special Tools and Equipment	51588.34	21968.10
Capital Works	4.66	-
Development Expenditure	4215.79	4087.04
Expense Accounts and Others	11512.75	14701.54
	<b>67321.54</b>	<b>40756.68</b>
<b>Total</b>	<b>880548.91</b>	<b>786586.62</b>
<sup>6</sup> includes Prior Period Items	-162.57	906.01

## NOTE-24A: PURCHASE OF STOCK-IN-TRADE

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
Purchase of Stock-in-Trade	36368.28	101650.33



**NOTE-25: CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN- PROGRESS, STOCK-IN-TRADE AND SCRAP**

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
<b>CHANGE IN INVENTORIES OF FINISHED GOODS,WORK-IN-PROGRESS AND STOCK IN TRADE (A)</b>		
<b>Accretion / (Decretion)</b>		
Opening Balance		
(i) Finished Goods	171747.55	175016.38
(ii) Work-in-progress	860968.86	790569.85
(iii) Stock in Trade	5346.75	5767.19
	<b>1038063.16</b>	<b>971353.42</b>
Closing Balance		
(i) Finished Goods	192957.42	171747.55
(ii) Work-in-progress	895197.98	860968.86
Less : Excise Duty on accretion/ Decretion to Stock	-1121.36	-
(iii) Stock in Trade	4645.57	5346.75
	<b>1091679.61</b>	<b>1038063.16</b>
<b>Accretion / (Decretion)</b>	<b>53616.45</b>	<b>66709.74</b>
<b>CHANGE IN DISPOSABLE SCRAP (B)</b>		
Opening Balance	1788.92	1368.23
Closing Balance	1381.25	1788.92
<b>Accretion / (Decretion)</b>	<b>-407.67</b>	<b>420.69</b>
<b>TOTAL (A+B)</b>	<b>53208.78</b>	<b>67130.43</b>

**NOTE-26: EMPLOYEES BENEFIT EXPENSES<sup>7</sup>**

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
<b>Employee Benefits Expenses</b>		
Salaries and Wages	265273.91	269961.83
Contribution to Provident and Other Funds		
- Contribution to Provident Fund/ Others	43349.03	39964.20
- Contribution to Gratuity	3022.58	12670.57
Staff Welfare Expenses ( Net )	13819.90	14524.80
Rent for Hiring Accommodation for Officers / Staff	734.50	777.63
Prior Period	12.72	-
	<b>326212.64</b>	<b>337899.03</b>
<sup>7</sup> Includes Directors' Remuneration		
Salaries	127.65	172.06
Contribution to Provident Fund	10.71	15.56
Gratuity	10.00	10.00



## NOTE-27: FINANCE COST

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
<b>Finance Cost</b>		
Interest Expenses		
- Interest on Short Term Loans	-	826.94
<b>TOTAL</b>	-	<b>826.94</b>

## NOTE-28: DEPRECIATION AND AMORTISATION EXPENSES

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
<b>A. DEPRECIATION ON ASSETS</b>	31481.82	26194.30
<b>B. AMORTISATION</b>		
Development Expenditure	3766.82	2981.36
Deferred Revenue Expenditure		
- Licence Fees	18628.96	20484.38
- Computer Software	1017.68	569.81
- Documentation	1517.09	2200.47
Special Tools	28913.80	28175.43
Prior Period	119.01	-
<b>B. AMORTISATION</b>	<b>53963.36</b>	<b>54411.45</b>
<b>TOTAL (A + B)</b>	<b>85445.18</b>	<b>80605.75</b>



## NOTE-29: OTHER EXPENSES

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
Shop Supplies	10656.60	9867.44
Power and Fuel	17269.71	16742.71
Water Charges	6235.93	5222.10
Rent for Office Premises etc.	253.73	219.42
Travelling (includes Foreign Travel)	7143.76	7483.02
Training (includes Foreign Training)	1185.89	2335.94
Repairs:		
Buildings	7671.17	7027.72
Plant, Machinery and Equipment	10484.01	10775.33
Others	3785.66	4281.44
Expenses on Tools and Equipment	5059.13	4108.44
Insurance	1706.86	1714.41
Rates and Taxes	847.24	2272.42
Postage and Telephones	1189.89	958.24
Printing and Stationery	1223.11	1235.32
Publicity	1982.90	2377.74
Advertisement	1809.36	2063.24
Bank Charges	593.15	639.31
Loss on Foreign Currency Transaction and Translation (Net)	4412.50	-8013.27
Legal Expenses	303.26	190.23
Auditors' Remuneration:		
For Audit Fee	38.30	38.30
For Taxation matters	3.79	3.79
For Other Services	43.25	61.76
Selling Agents Commission	41.87	212.76
Donations	0.67	104.84
Handling Charges	370.96	262.93
Write Off:		
Fixed Assets	2.29	2.09
Stores	191.58	190.82
Shortages / Rejections	1.04	0.18
Freight and Insurance	1076.29	1139.57
JWG share of Profit	184.88	121.49
Sustainable Development & Corporate Social Responsibility*	4816.75	4575.65
Interest on Micro, Small and Medium Enterprises	1.13	-
Other Operating Expenses <sup>8</sup>	27225.67	25389.78
Prior Period Items	151.10	64.09
<b>Total</b>	<b>117963.43</b>	<b>103669.25</b>
<sup>8</sup> includes Director's Sitting Fees	19.00	26.79

\*Does not include CSR Assets of ₹4254.17 lakhs capitalised under Note 11A. Total CSR expenditure is ₹9070.92 lakhs



## NOTE-30: DIRECT INPUT TO WIP AND EXPENSES CAPITALISED

(₹ In Lakhs)

Particulars	31st March, 2016	31st March, 2015
<b>A) DIRECT INPUT TO WIP</b>		
Project related Travel	671.54	987.09
Project related Training	1008.37	199.52
Project related other Expenditure	4180.84	1365.09
Royalty	904.31	1017.00
Foreign Technician Fee	8488.78	6006.20
Ground Risk Insurance	2260.96	2611.62
Quality Audit Expenses	-	42.52
Design and Development	6425.83	5206.18
Sundry Direct Charges - Others	21699.22	13605.59
<b>Sub-Total (A)</b>	<b>45639.85</b>	<b>31040.81</b>
<b>B) EXPENSES CAPITALISED</b>		
Licence Fees	2160.87	9172.12
Computer software	2544.92	1113.93
Documentation	847.47	2152.39
<b>Sub-Total (B)</b>	<b>5553.26</b>	<b>12438.44</b>
<b>Total (A + B)</b>	<b>51193.11</b>	<b>43479.25</b>

## NOTE-31: PROVISIONS

(₹ In Lakhs)

Particulars	31st March, 2016	31st March, 2015
Replacement and Other Charges	32315.20	9546.05
Warranty	18094.60	21244.80
Raw Materials and Components, Stores and Spare parts and Construction Materials	7344.51	9711.26
Liquidated Damages	36846.63	39521.68
Doubtful Debts	9902.87	5.37
Doubtful Claims	4086.22	113.72
Diminution in the value of long term Investments	1472.30	-
<b>Total</b>	<b>110062.33</b>	<b>80142.88</b>



## NOTE-32: EXPENSES RELATING TO CAPITAL AND OTHER ACCOUNTS

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
Expenses allocated to:		
Deferred Revenue Expenditure	5553.26	12438.44
Special Tools	4554.12	3856.94
Capital Works	-	645.99
Development Expenditure	21437.41	11267.83
Others	2057.87	19528.12
<b>EXPENSES RELATING TO CAPITAL AND OTHER ACCOUNTS</b>	<b>33602.66</b>	<b>47737.33</b>

## NOTE-33: PRIOR PERIOD GAIN / (EXPENSE)

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
<b>(A) Income</b>		
Inland Sales	530.07	2345.01
Export Sales	-	-78.07
Other Income	0.14	-
<b>Sub-Total (A)</b>	<b>530.21</b>	<b>2266.94</b>
<b>(B) Expenditure</b>		
Consumption of Raw Material, Components, Stores and Spare Parts	-162.57	906.01
Amortisation	119.01	-
Salaries and Wages	12.72	-
Depreciation	156.41	49.78
Other Expenses	151.10	64.09
<b>Sub-Total (B)</b>	<b>276.67</b>	<b>1019.88</b>
<b>Total (A - B)</b>	<b>253.54</b>	<b>1247.06</b>





(₹ In Lakhs)

Particulars		31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
5	Expenditure in Foreign currency on account of		
	(i) Royalty	904.31	1017.00
	(ii) License Fee	2017.69	8629.48
	(iii) Documentation	781.37	2051.73
	(iv) Professional, Consultancy and Foreign Technician Fees	18530.23	15467.98
	(v) Foreign Travel	1129.45	956.09
	(vi) Liason Offices abroad	277.99	278.75
	(vii) Others	1193.79	1812.97
	<b>Total</b>	<b>24834.83</b>	<b>30214.00</b>
6	Earnings in Foreign Exchange :		
	(i) Export on FOB Basis*	35659.25	40547.11
	(ii) Services**	4825.94	253.85
	*excludes CY ₹ 4263.05 Lakhs (PY ₹ 8209.55 lakhs) towards exports made to Nepal in INR		
	**excludes CY ₹ 176.30 Lakhs (PY ₹ Nil lakhs) towards exports made to Nepal in INR		
	<b>Total</b>	<b>40485.19</b>	<b>40800.96</b>
7	The effect on Profit due to Prior Period Transactions	253.54	1247.06
8	Pursuant to the enactment of Companies Act 2013, the Company has applied the estimated useful lives as specified in Schedule II for the purpose of computation of depreciation on Fixed Assets. The Company has identified and depreciated significant components with different useful life separately for all fixed assets.		
8(a)	Impact on Additional depreciation debited to P&L a/c on account of revision in useful life.	-	7568.22
8(b)	Impact on Additional Depreciation debited to retained earnings net of tax (deferred tax - ₹ 2150.91)	-	4064.16
8(c)	Impact on Additional depreciation debited to P&L a/c on account of Component Accounting	314.80	-
8(d)	Impact on Additional Depreciation debited to retained earnings on account of Component Accounting	25.09	-
8(e)	Impact due to changes in Accounting Policies on CSR Assets	4254.17	-
8(f)	Impact due to changes in Accounting Policies on account of Actuarial Valuation of Provident Fund	1103.90	-
9	Exemption had been granted to the Company from compliance of the provisions 3(i)(a), 3(ii)(a)(1), 3(ii)(a)(2), 3(ii)(d) and 4C contained in Part II of the erstwhile Schedule VI to the erstwhile Companies Act, 1956 vide Ministry of Law, Government of India letter no. 3/33/72-CL VI dated 06/06/1974. Based on the above exemption, the Company has not disclosed Rawmaterials under broad heads as required under General instructions for preparation of Statement of Profit & Loss vide paragraphs , Goods Purchased under broad heads, Purchases, Sales and Consumption of Raw Material under broad heads, Work-in-Progress under broad heads as required under "General Instructions for preparation of Statement of Profit & Loss" vide paragraphs 5(ii)(a)(1), 5(ii)(a)(2), 5(ii)(d), 5(iii) respectively of the Sch III to the Companies Act, 2013		
10	As per AS-11 relating to Accounting for the effects of changes in the Foreign Exchange rates,		
(a)	Exchange rate variation recognised in Statement of Profit and Loss towards Capital Assets	28.77	-69.27



(₹ In Lakhs)

Particulars		31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
(b)	As and when the instalments in respect of deferred debts referred to in Accounting policy No 6 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 ERV considered for CY is ₹ 3886.57 Lakhs (PY ₹ 5121.80 Lakhs). The Assets and Liabilities relating to deferred credit transaction are reinstated as on 31st March each year under Non-Current Assets, Current Assets (recoverable within one year), Non-current Liabilities and Current Liabilities (to be settled within one year)		
11	Fixed Assets acquired with financial assistance / subsidy from outside agencies either wholly or partly are capitalised at net cost to the Company and does not include Assets given by the customer for use of their jobs by the Company	117712.83	97215.57
12	Special Tools include expenditure funded by customer and amortized over production on technical assessment and to the extent not amortized is carried forward.		
13	Intangible Assets under Note 11D and 11E include items funded by the Customers and are amortised over production based on technical estimates which may or may not exceed 10 years and to the extent not amortised are carried forward		
13A	All Secured Loans and Advances are backed by Bank Guarantee.		
14	As per AS-12 relating to Accounting for Government Grants, amount of Grants received for Fixed Assets during the year	-	-
15	As per AS-13 relating to Accounting for Investments, amount being Dividend received from Joint Venture Companies, which is recognised when right to receive Dividend is established.	221.43	183.97
16	Provision for Provident Fund, Gratuity and Earned Leave has been made based on Actuarial Valuation. The date of Actuarial valuation is of 31st March 2016. <b>Employee Benefits:</b> The Company has adopted the Revised Accounting Standard (AS)-15 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.		
16 A	<b>Provident Fund :</b> During the year the Company has recognized an amount of ₹ 21095.34 lakhs towards contribution to Employees Provident Fund and Pension Schemes in the Statement of Profit and Loss. The Guidance on Implementing AS 15(Revised) issued by the Institute of Chartered Accountants of India States that Provident Funds set up by employers that guarantee a specified rate of return and which require interest shortfalls to be met by the employer would be defined benefit plans in accordance with the requirements of paragraph 26(b) of AS 15(R) and actuarially valued.  Pursuant to the Guidance Note, the Company has determined on the basis of Actuarial Valuation carried out as at 31 March 2016, that there is a liability of ₹1103.90 lakhs on valuation date.  The following table summarizes the disclosure report provided by the Actuary;		



EMPLOYEES' PROVIDENT FUND TRUST	HAL(BC)	NASIK	KORAPUT	HYDERABAD	LUCKNOW	KORWA	KANPUR	HQ	Total
<b>Summary of Data:</b>									
Accumulated Value of the PF as at Valuation Date	125300.41	66462.71	52249.10	24486.75	58109.93	26059.75	20819.36	6,846.10	380334.11
Value of Surplus/(Deficit) Account as at Valuation Date	1851.71	800.87	695.59	484.67	96.62	61.35	60.19	87.54	4138.54
Avg. Remaining Tenure of the Investment	7.55	6.8	8.65	6.17	4.72	4.75	8.00	5.80	-
Amount to be Recognized in Balance Sheet:									
Present Value of Obligation as at the end of the period	125300.41	66462.71	53353.00	24486.75	58109.93	26059.75	20819.36	6846.10	381438.01
Fair Value of Plan Assets at the end of the year	125300.41	66462.71	52249.10	24486.75	58109.93	26059.75	20819.36	6846.10	380334.11
<b>Asset Information:</b>									
State Government Securities	-	-	-	-	-	-	-	-	-
Government of India Securities	77696.00	24150.25	21763.00	11005.00	23586.60	15656.72	9418.86	4640.85	187917.28
High Quality Corporate Bonds	30742.50	24128.00	17872.50	9120.00	21420.15	700.00	8735.19	1366.49	114084.83
Special Deposit Scheme	14980.03	9294.57	6852.69	507.08	5900.06	1584.64	1547.89	374.80	41041.76
Equity Shares of Listed Companies	-	-	-	254.31	140.00	-	214.90	-	609.21
Investment with Insurer	-	-	-	-	-	-	-	-	-
Dues to HAL	-	-	-	-	-	-	-	-	-
Others	1881.88	8889.89	5760.91	3600.36	7063.12	8118.40	902.52	463.96	36681.04
<b>Total:</b>	<b>125300.41</b>	<b>66462.71</b>	<b>52249.10</b>	<b>24486.75</b>	<b>58109.93</b>	<b>26059.76</b>	<b>20819.36</b>	<b>6846.10</b>	<b>380334.12</b>
<b>Summary of Principal Actuarial Assumptions:</b>									
Discount Rate (p.a)	7.85%	7.85%	7.85%	7.85%	7.85%	7.85%	7.85%	7.85%	
Expected Rate of Return on Assets (p.a)	9.61%	9.28%	8.25%	9.48%	9.14%	9.43%	9.16%	9.01%	
Discount Rate for the Remaining Term to Maturity of the Investment (p.a)	7.77%	7.81%	7.86%	7.84%	7.61%	7.65%	7.77%	7.82%	
Average Historic Yield on the Investment (p.a)	9.53%	9.24%	8.26%	9.47%	8.90%	9.23%	9.08%	8.98%	
Guaranteed Rate of Return(p.a)	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%	
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.									



(₹ In Lakhs)

Particulars		31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
16 B	<p><b>Gratuity:</b></p> <p>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 ₹10 (Ten) Lakhs.</p> <p>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:</p>		
	<p><b>Gratuity:</b></p> <p>(i) Change in Benefit Obligations :</p> <p>Present Value of Obligation (PVO) as at the beginning of the year</p> <p>Current Service Cost</p> <p>Interest Cost</p> <p>Actuarial (Gain) / Loss</p> <p>Benefits Paid</p> <p>Present Value of Obligation as at the end of the period</p> <p>(ii) Change in Fair Value of Plan Assets :</p> <p>Fair Value of Plan Assets at the beginning of the year</p> <p>Expected return on Plan Assets</p> <p>Contributions</p> <p>Benefit Paid</p> <p>Actuarial Gain / (Loss) on Plan Assets</p> <p>Fair Value of Plan Assets at the end of the year</p> <p>(iii) Expenses Recognised in the Statement of Profit and Loss :</p> <p>Opening Net Liability</p> <p>Current Service Cost</p> <p>Interest Cost</p> <p>Expected return on Plan Assets</p> <p>Net Actuarial (Gain) / Loss recognised in the period</p> <p>Expenses Recognised in the Statement of Profit and Loss</p> <p>Actual Return on Plan Assets</p> <p>(iv) Amounts Recognised in Balance Sheet :</p> <p>Present Value of Obligation as at the end of the period</p> <p>Less : Fair Value of Plan Assets at the end of the Period</p> <p>Liability recognised in Balance Sheet</p> <p>(v) Category of Assets as at March 31 :</p> <p>State Government Securities</p> <p>Government of India Securities</p> <p>Investment with Insurer</p> <p>Dues to HAL</p> <p>Others</p> <p>(vi) Reconciliation of Net Liability for the period :</p> <p>Opening Net Liability</p> <p>Add: Employee Benefit Expenses for the period</p> <p>Less: Contributions by Employer</p> <p>Closing Net Liability</p>	<p>87615.06</p> <p>2930.32</p> <p>6549.97</p> <p>1403.59</p> <p>-9155.63</p> <p>89343.30</p> <p>74945.58</p> <p>6146.07</p> <p>12669.49</p> <p>-9155.63</p> <p>1715.22</p> <p>86320.73</p> <p></p> <p>2930.32</p> <p>6549.97</p> <p>-6146.07</p> <p>-311.62</p> <p>3022.58</p> <p>7861.29</p> <p>89343.30</p> <p>86320.73</p> <p>3022.58</p> <p></p> <p>3463.00</p> <p>90839.40</p> <p>-8195.73</p> <p>214.06</p> <p>12669.49</p> <p>3022.58</p> <p>12669.49</p> <p>3022.58</p> <p>3022.58</p>	<p>76425.92</p> <p>2520.36</p> <p>6399.87</p> <p>11560.14</p> <p>-9291.23</p> <p>87615.06</p> <p>74134.46</p> <p>6101.81</p> <p>2292.53</p> <p>-9291.23</p> <p>1708.00</p> <p>74945.57</p> <p></p> <p>2520.36</p> <p>6399.87</p> <p>-6101.81</p> <p>9852.15</p> <p>12670.57</p> <p>7809.81</p> <p>87615.06</p> <p>74945.57</p> <p>12669.49</p> <p></p> <p>4018.00</p> <p>86057.37</p> <p>-15381.28</p> <p>251.48</p> <p>2291.45</p> <p>12669.49</p> <p>2291.45</p> <p>12669.49</p>





(₹ In Lakhs)

Particulars		31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
17A	<p><b>Pension</b></p> <p>In line with the Guidelines issued by the Department of Public Enterprises, Ministry of Heavy Industries &amp; Public Enterprises, Govt. of India for revision of the Salary Structure of Executives of CPSEs w.e.f. 1.1.07 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 16.7.14, in respect of Executives retired etc., from 1.1.07.</p> <p>A Defined Contribution Pension Scheme in respect of Workmen retired after 1.1.12 was notified on 2.6.15, which was agreed as a part of the Workmen's Wage Revision effective from 1.1.12.</p> <p>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 &amp; Sustainability by the Company.</p> <p>The Scheme is managed by a duly constituted Trust.</p>		
17B	<p><b>Post Superannuation Group Health Insurance Schemes</b></p> <p>In line with the Guidelines issued by the Department of Public Enterprises, Ministry of Heavy Industries &amp; Public Enterprises, Govt. 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 &amp; Workmen) retired before 1.1.07 and (b) Executives retired on or after 1.1.07, were introduced w.e.f. 1.2.14.</p> <p>A Post Superannuation Group Health Insurance Scheme in respect of Workmen of the Company retired, etc. after 1.1.07 has been introduced in the Company w.e.f 1.2.15, which was agreed as a part of the Workmen's Wage Revision effective from 1.1.12.</p> <p>Benefits under the Scheme may vary from year to year, as contribution to the Corpus of the Scheme is dependent on Profits generated, Affordability &amp; Sustainability by the Company.</p> <p>The Scheme is managed by a duly constituted Trust.</p>		
18	As per Accounting Standard 16 issued by Institute of Chartered Accountants of India, relating to Borrowing Costs, borrowing cost capitalised during the year is	-	-
19	Exemption has been granted to the Company from compliance of Accounting Standard 17 issued by Institute of Chartered Accountants of India, vide notification no. GSR/463E dated 05.06.2015.		



20 DISCLOSURE RELATING TO AS-18 ON RELATED PARTY DISCLOSURES		₹ In Lakhs)											
(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	HATS OFF 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
(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
(c)	Volume of the transactions either as an amount or as an appropriate proportion on Purchase of Goods and Services	7328.80	873.32	-	3970.41	78.63	13066.27	140.86	5.90	554.20	-	-	-
	(Previous Year)	(12606.53)	(986.10)	-	(1456.98)	(67.75)	(398.61)	(192.45)	(19.82)	(620.56)	-	-	-
(d)	Volume of the transactions either as an amount or as an appropriate proportion on Sale of Goods and Services	895.00	-	-	-	-	-	-	1.29	-	501.43	-	-
	(Previous Year)	-	-	-	-	-	-	-	(0.5)	-	(927.81)	-	-
	Amounts or appropriate proportions of outstanding items pertaining to related parties at the Balance Sheet date on Purchase of Goods and Services	2661.17	418.24	-	55.59	96.79	3866.34	3.62	4.35	279.19	-	-	-
	(Previous Year)	(3064.18)	(358.34)	-	(24.54)	(67.75)	(648.94)	(13.31)	(0.27)	(161.24)	-	(11.45)	-



(₹ In Lakhs)													
(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
	Amounts or appropriate proportions of outstanding items pertaining to related parties at the Balance Sheet date on Sale of Goods and Services	903.16	105.30	-	-	327.81	50.29	-	344.58	-	876.91	8.13	-
(e)	(Previous Year)	(1.95)	(87.71)	-	-	(303.40)	(41.01)	-	(289.68)	-	(872.31)	(7.91)	-
	Rent	1.77	188.87	-	0.13	31.61	48.84	-	52.56	-	135.89	18.32	-
	(Previous Year)	(1.96)	(209.44)	-	(0.11)	(32.69)	(49.59)	-	(52.56)	-	(127.00)	(16.54)	-
(f)	Advances	-	-	-	-	-	-	-	-	-	-	-	-
	Outstanding on Purchases of Goods and Services as on 31.03.2016.	-	-	0.77	237.06	48.57	100.88	-	-	-	-	-	-
	(Previous Year)	-	-	(0.77)	(481.28)	(73.97)	(8,155.28)	-	-	-	-	-	-
	Advances	-	-	-	-	-	-	-	-	-	-	-	-
	Outstanding on Sale of Goods and Services as on 31.03.2016.	-	-	-	-	-	-	-	447.51	-	-	2684.86	-
	(Previous Year)	-	-	-	-	-	-	-	(447.51)	-	-	(3649.86)	-
(g)	Interest	-	-	-	-	-	-	-	40.94	-	-	-	-
	(Previous Year)	-	-	-	-	-	-	-	(71.30)	-	-	-	-
(h)	Dividend on Investments	154.53	44.10	22.80	-	-	-	-	-	-	-	-	-
	(Previous Year)	(117.07)	(44.10)	(22.80)	-	-	-	-	-	-	-	-	-
(i)	Loans	-	-	-	-	-	-	-	-	-	-	-	-
	Outstanding	-	-	-	-	-	-	-	-	-	-	-	-
	(Previous Year)	-	-	-	-	-	-	-	(400)*	-	-	-	-

\* Out of ₹650 lakhs loan granted to M/s Hatsoff Helicopter Training Services Pvt Ltd, ₹250 lakhs has been received during 2014-15. The differences in the amount disclosed by the company and the JV's are due to adoption of different accounting policies and reconciliation items.



j Key Management Personnel of the Company in Joint Ventures are as follows:

Shri. T. Suvarna Raju - Chairman & Managing Director

Dr. A. K. Mishra - Director (Finance) till 31.01.2016

Shri S. Subrahmanyam - Managing Director (MiG Complex)

Shri V. M. Chamola - Director (HR)

Shri D. K. Venkatesh - Director - Engineering and R&D

Shri C. V. Ramana Rao - Director (Finance) & CFO from 01.02.2016

Shri K. Naresh Babu - Managing Director - (Bangalore Complex) &

Additional Charge of Director (Corporate Planning & Marketing) till 31.03.2015

The total salaries including perquisites drawn by the above key Management Personnel from Joint Ventures is nil.

**Note 21 Disclosure with regard to Joint Venture**

The proportionate share of Assets and Liabilities of the Joint Venture Companies for the year 2015-16 is given below:

Name of the JV	The proportionate share of Assets and Liabilities of the Joint Venture Companies for the year 2015-16 is given below:										Multirole Transport Aircraft Ltd.		AASC			
	HAL % Share in the Joint Venture	BAeHAL Software Ltd.	Sneema HAL Aerospace Pvt. Ltd.	Samtel HAL Display Systems Ltd.	HAL Edgewood Technologies Pvt. Ltd.	HALBIT Avionics Pvt. Ltd.	Indo-Russian Aviation Ltd.	Infotech HAL Limited	HATSOFF Helicopter Training Pvt. Ltd.	Tata HAL Technologies Ltd.	International Aerospace Mfg. Pvt. Ltd.	Multirole Transport Aircraft Ltd.	AASC			
(1) Shareholders' Funds																
(a) Share Capital	49	294.00	1140.00	160.00	300.00	382.50	93.65	200.00	3840.42	507.00	4250.00	11346.57	12.50			
(b) Reserves and Surplus		460.59	1370.97	-104.58	-628.09	-466.89	4359.94	-83.40	-6054.22	-277.43	-855.31	-450.34	168.88			
(c) Money Received Against Share Warrants		-	-	-	-	-	-	-	-	-	-	-	-			
<b>Sub Total</b>		<b>754.59</b>	<b>2510.97</b>	<b>55.42</b>	<b>-328.09</b>	<b>-84.39</b>	<b>4453.59</b>	<b>116.60</b>	<b>-2213.80</b>	<b>229.57</b>	<b>3394.69</b>	<b>10896.22</b>	<b>181.38</b>			
(2) Share Application Money Pending Allotment		-	-	-	-	-	-	-	-	-	-	-	-			
(3) Non-Current Liabilities																
(a) Long-Term Borrowings		-	38.87	-	-	-	-	-	9461.40	-	928.04	-	-			
(b) Deferred Tax Liabilities (Net)		-21.50	-118.50	-50.90	-28.11	-	7.93	-1.74	-	-	-336.78	-12.01	-			
(c) Other Long Term Liabilities		-	-	-	24.88	1.64	67.44	-	-	-	-	-	-			
(d) Long Term Provisions		43.63	30.64	21.48	4.51	76.98	209.13	8.77	37.78	11.23	52.95	-	-			
<b>Sub Total</b>		<b>22.13</b>	<b>-48.99</b>	<b>-29.41</b>	<b>1.28</b>	<b>78.62</b>	<b>284.50</b>	<b>7.03</b>	<b>9499.18</b>	<b>11.23</b>	<b>644.21</b>	<b>-12.01</b>	<b>-</b>			



(₹ In Lakhs)												
Name of the JV	BAeHAL Software Ltd.	Snecma HAL Aerospace Pvt. Ltd.	Samtel HAL Display Systems Ltd.	HAL Edgewood Technologies Pvt. Ltd.	HALBIT Avionics Pvt. Ltd.	Indo-Russian Aviation Ltd.	Infotech HAL Limited	HATSOFF Helicopter Training Pvt. Ltd.	Tata HAL Technologies Ltd.	International Aerospace Mfg. Pvt. Ltd.	Multirole Transport Aircraft Ltd.	AASC
(4) Current Liabilities												
(a) Short Term Borrowings	-	-	180.67	237.77	-	-	-	525.58	-	4251.29	-	-
(b) Trade Payables												
Micro, Small and Medium Enterprises	-	-	-	-	-	-	-	-	-	-	-	-
Other than Micro and Small Enterprises	191.97	540.64	44.90	209.30	2271.93	1168.61	230.51	55.33	99.41	2604.16	-	-
<b>Sub Total-Trade Payables</b>	<b>191.97</b>	<b>540.64</b>	<b>44.90</b>	<b>209.30</b>	<b>2271.93</b>	<b>1168.61</b>	<b>230.51</b>	<b>55.33</b>	<b>99.41</b>	<b>2604.16</b>	-	-
(c) Other Current Liabilities	272.55	640.00	161.10	440.69	718.86	279.64	2.47	4214.24	10.75	150.43	6.17	1.67
(d) Short Term Provisions	28.32	133.85	2.29	35.61	35.74	64.35	2.95	4.14	1.09	6.59	0.87	-
<b>Sub Total</b>	<b>492.84</b>	<b>1314.48</b>	<b>388.96</b>	<b>923.35</b>	<b>3026.54</b>	<b>1512.60</b>	<b>235.92</b>	<b>4799.29</b>	<b>111.25</b>	<b>7012.47</b>	<b>7.04</b>	<b>1.67</b>
<b>Total I (1+2+3+4)</b>	<b>1269.56</b>	<b>3776.46</b>	<b>414.97</b>	<b>596.54</b>	<b>3020.77</b>	<b>6250.69</b>	<b>359.55</b>	<b>12084.67</b>	<b>352.05</b>	<b>11051.37</b>	<b>10891.25</b>	<b>183.05</b>
<b>II. Assets</b>												
(1) Non-Current Assets												
(a) Fixed Assets												
(i) Tangible Assets												
Gross Block	261.45	1274.05	180.94	103.65	258.66	73.81	18.20	9574.69	48.30	6577.85	24.12	-
Less: Accumulated Depreciation	222.94	602.33	114.56	64.35	198.42	36.56	17.11	2635.57	41.16	2214.48	12.09	-
Less: Impairment	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Block</b>	<b>38.51</b>	<b>671.71</b>	<b>66.39</b>	<b>39.30</b>	<b>60.24</b>	<b>37.25</b>	<b>1.09</b>	<b>6939.12</b>	<b>7.13</b>	<b>4363.38</b>	<b>12.03</b>	-
(ii) Intangible Assets												
Gross Carrying Amount	276.51	28.64	-	393.80	49.47	4.53	21.78	8.18	102.25	451.67	4189.86	-
Less: Cumulative Amortisation & Impairment Loss	268.91	15.38	-	56.64	46.90	1.51	21.78	8.18	95.28	254.92	1.29	-
<b>Net Carrying Amount</b>	<b>7.60</b>	<b>13.26</b>	-	<b>337.16</b>	<b>2.58</b>	<b>3.02</b>	-	-	<b>6.97</b>	<b>196.75</b>	<b>4188.57</b>	-
(iii) Capital Work-In-Progress	-	-	-	-	-	-	-	1861.79	0.65	140.31	-	1.13
(iv) Intangible Assets under Development	-	-	-	-	-	-	-	-	-	-	-	-



(₹ In Lakhs)

Name of the JV	BAeHAL Software Ltd.	Sneema HAL Aerospace Pvt. Ltd.	Samtel HAL Display Systems Ltd.	HAL Edgewood Technologies Pvt. Ltd.	HALBIT Avionics Pvt. Ltd.	Indo-Russian Aviation Ltd.	Infotech HAL Limited	HATSOFF Helicopter Training Pvt. Ltd.	Tata HAL Technologies Ltd.	International Aerospace Mfg. Pvt. Ltd.	Multirole Transport Aircraft Ltd.	AASC
(b) Non-Current Investments	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Tax Assets	-	-	-	-	-	-	-	-	-	-	-	-
(c) Long Term Loans and Advances	56.40	177.47	0.70	0.05	2.96	0.02	-	1762.94	13.22	432.28	-	-
(d) Other Non-Current Assets	-	318.55	-	-	6.00	337.01	16.60	123.82	-	-	-	-
<b>Sub Total</b>	<b>102.51</b>	<b>1194.72</b>	<b>67.08</b>	<b>376.51</b>	<b>71.78</b>	<b>377.30</b>	<b>17.69</b>	<b>10687.68</b>	<b>27.97</b>	<b>5132.73</b>	<b>4200.59</b>	<b>1.13</b>
(2) Current Assets	-	-	-	-	-	-	-	-	-	-	-	-
(a) Current Investments	-	-	-	-	-	-	-	-	-	-	-	-
(b) Inventories	-	1538.69	49.44	94.41	30.59	-	-	37.57	7.93	3592.91	-	-
(c) Trade Receivables	343.48	363.00	267.50	61.50	2047.19	1715.43	104.79	126.12	201.29	2115.50	-	-
(d) Cash and Bank Balances	454.77	638.31	1.60	49.01	495.22	3862.13	26.72	976.15	85.92	114.62	4262.46	177.11
(e) Short Term Loans and Advances	235.08	30.27	29.35	11.07	138.60	129.76	17.15	233.99	21.43	29.27	2267.65	0.75
(f) Other Current Assets	133.73	11.48	-	4.06	237.40	166.09	193.22	23.15	7.52	66.35	160.56	4.08
<b>Sub Total</b>	<b>1167.05</b>	<b>2581.74</b>	<b>347.88</b>	<b>220.04</b>	<b>2948.99</b>	<b>5873.40</b>	<b>341.87</b>	<b>1396.99</b>	<b>324.08</b>	<b>5918.64</b>	<b>6690.66</b>	<b>181.93</b>
<b>Total III (1+2)</b>	<b>1269.56</b>	<b>3776.46</b>	<b>414.96</b>	<b>596.55</b>	<b>3020.77</b>	<b>6250.70</b>	<b>359.55</b>	<b>12084.67</b>	<b>352.05</b>	<b>11051.37</b>	<b>10891.25</b>	<b>183.05</b>

The proportionate share of Income and Expenditure of the Joint Venture Companies for the year 2015-16 is given below:

Name of the JV	BAeHAL Software Ltd.	Sneema HAL Aerospace Pvt. Ltd.	Samtel HAL Display Systems Ltd.	HAL Edgewood Technologies Pvt. Ltd.	HALBIT Avionics Pvt. Ltd.	Indo-Russian Aviation Ltd.	Infotech HAL Limited	HATSOFF Helicopter Training Pvt. Ltd.	Tata HAL Technologies Ltd.	International Aerospace Mfg. Pvt. Ltd.	Multirole Transport Aircraft Ltd.	AASC
Particulars												
Revenue from Operations	996.52	3283.27	1683.61	45.87	340.75	4056.30	302.82	1585.64	450.49	6969.01	14.80	-
Less: Excise Duty	-	-	179.28	-	-	-	-	-	-	1.32	-	-
Net Revenue from Operations	996.52	3283.27	1504.33	45.87	340.75	4056.30	302.82	1585.64	450.49	6967.69	14.80	-
Other Income	64.84	1.91	0.29	0.27	45.50	333.86	0.44	7.93	12.75	9.04	350.76	4.89
Total Revenue (I + II)	1061.36	3285.17	1504.62	46.14	386.25	4390.16	303.26	1593.58	463.23	6976.74	365.55	4.89
Expenses:												
Cost of Materials Consumed	269.78	1959.40	1264.82	9.68	243.40	3056.20	138.96	-	80.42	3990.01	-	-



(₹ In Lakhs)

Name of the JV	BAeHAL Software Ltd.	Sneema HAL Aerospace Pvt. Ltd.	Samtel HAL Display Systems Ltd.	HAL Edgewood Technologies Pvt. Ltd.	HALBIT Avionics Pvt. Ltd.	Indo-Russian Aviation Ltd.	Infotech HAL Limited	HATSOFF Helicopter Training Pvt. Ltd.	Tata HAL Technologies Ltd.	International Aerospace Mfg. Pvt. Ltd.	Multirole Transport Aircraft Ltd.	AASC
Purchase of Stock-in-Trade	-	-	-	-	-	-	-	-	-	-	-	-
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	-	-43.44	-	3.40	15.81	-	-	-	-	-494.52	-	-
Employee Benefits Expense	628.24	346.14	127.29	35.26	169.57	65.73	98.10	118.59	245.93	515.24	40.47	5.55
Finance Costs	-	14.44	39.28	11.26	10.38	1.49	-	420.62	5.63	140.49	-	-
Depreciation and Amortisation Expense	31.15	162.59	14.30	8.85	34.50	4.24	0.21	490.69	18.11	1059.06	3.80	-
Other Expenses	248.73	292.75	57.58	36.87	189.13	-29.53	15.77	955.99	92.41	1527.21	142.04	6.53
Provisions for Redundancy and Doubtful Debts / Claims	0.58	0.59	-	-	0.62	12.76	-	-	-	198.75	-	-
Inter Services and Common Services	-	-	-	-	-	-	-	-	-	-	-	-
Total Gross Expenses	1178.48	2732.47	1503.27	105.32	663.40	3110.88	253.03	1985.89	442.49	6936.25	186.30	12.08
Deduct: Expenses relating to Capital and Other Accounts	-	-	-	-	-	-	-	-	-	-	-	-
Total Net Expenses	1178.48	2732.47	1503.27	105.32	663.40	3110.88	253.03	1985.89	442.49	6936.25	186.30	12.08
Profit before exceptional and extraordinary items and tax (III - IV)	-117.12	552.71	1.35	-59.19	-277.15	1279.28	50.24	-392.32	20.74	40.49	179.25	-7.19
Exceptional items	-	-	-	-	-	-	-	-	-	-	-	-
Profit Before Extraordinary Items and Tax (V - VI)	-117.12	552.71	1.35	-59.19	-277.15	1279.28	50.24	-392.32	20.74	40.49	179.25	-7.19
Extraordinary Items	-	-	-	-	-	-	-	-	-	-	-	-
<b>Profit Before Tax (VII - VIII) *</b>	<b>-117.12</b>	<b>552.71</b>	<b>1.35</b>	<b>-59.19</b>	<b>-277.15</b>	<b>1279.28</b>	<b>50.24</b>	<b>-392.32</b>	<b>20.74</b>	<b>40.49</b>	<b>179.25</b>	<b>-7.19</b>
* includes Prior Period	-	-	-	-	-	-9.02	-	-	-	87.07	-	-
Tax expenses	-	-	-	-	-	-	-	-	-	-	-	-
(1) Current Tax	4.36	208.29	-	-	-	444.56	-	-	4.51	-	43.63	-
(2) Minimum Alternate Tax (MAT) Credit Entitlement	-	-	-	-	-	-	2.23	-	-	-	-	-
(3) Earlier Years	8.84	-	-	-	-	2.16	-	-	-	-	0.22	-
(4) Deferred Tax	-	-37.59	-1.41	-	-	0.63	-1.74	-	-	26.13	15.42	-



(₹ In Lakhs)

Name of the JV	BAEHAL Software Ltd.	Snecma HAL Aerospace Pvt. Ltd.	Samtel HAL Display Systems Ltd.	HAL Edgewood Technologies Pvt. Ltd.	HALBIT Avionics Pvt. Ltd.	Indo-Russian Aviation Ltd.	Infotech HAL Limited	HATSOFF Helicopter Training Pvt. Ltd.	Tata HAL Technologies Ltd.	International Aerospace Mfg. Pvt. Ltd.	Multirole Transport Aircraft Ltd.	AASC
<b>Pofit / (Loss) for the period</b>	<b>-130.31</b>	<b>382.00</b>	<b>2.76</b>	<b>-59.19</b>	<b>-277.15</b>	<b>831.92</b>	<b>49.75</b>	<b>-392.32</b>	<b>16.23</b>	<b>14.35</b>	<b>119.99</b>	<b>-7.19</b>
3. Contingent Liabilities & Commitments												
Letter of Credits & Bank Guarantees	197.73	500	-	-	1365.34	36.66	-	229.6	-	-	-	-
Commitments												
- Capital	-	107.12	-	80.37	-	-	-	1712.47	-	6.17	-	-
- Revenue	-	-	-	-	-	-	-	-	-	-	-	-
Claims against the Company not acknowledged as debts	*30.49	129.79	-	9.37	59.14	18.72	2.79	-	1.6	-	-	-

\*exclude contingent liability in respect of Income tax, as it was not quantifiable  
The information pertaining to Joint Ventures is based on Audited Accounts.



### Note 21 Disclosure with regard to Joint Ventures

The proportionate share of Assets and Liabilities of the Joint Venture Companies for the year 2014-15 is given below:

Name of the JV	(₹ In Lakhs)												
	HAL % Share in the Joint Venture	BAeHAL Software Ltd.	Snecma HAL Aerospace Pvt. Ltd.	Samtel HAL Display Systems Ltd.	HAL Edgewood Technologies Pvt. Ltd.	HALBIT Avionics Pvt. Ltd.	Indo-Russian Aviation Ltd.	Infotech HAL Limited	HATSOFF Helicopter Training Pvt. Ltd.	Tata HAL Technologies Ltd.	International Aerospace Mfg. Pvt. Ltd.	Multirole Transport Aircraft Ltd.	AASC
<b>I. Equity and Liabilities</b>													
(1) Shareholders' Funds													
(a) Share Capital	294.00	1140.00	160.00	300.00	382.50	93.65	200.00	3840.42	507.00	4250.00	11346.57	12.50	
(b) Reserves and Surplus	590.90	1016.46	-107.34	-568.91	-189.74	3696.76	-133.15	-5661.89	-293.67	-869.66	-570.33	-0.43	
(c) Money Received Against Share Warrants	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Sub Total</b>	<b>884.90</b>	<b>2156.46</b>	<b>52.66</b>	<b>-268.91</b>	<b>192.76</b>	<b>3790.41</b>	<b>66.85</b>	<b>-1821.47</b>	<b>213.33</b>	<b>3380.34</b>	<b>10776.24</b>	<b>12.07</b>	
(2) Share Application Money Pending Allotment	-	-	-	-	-	-	-	-	-	-	-	-	
(3) Non-Current Liabilities													
(a) Long-Term Borrowings	-	51.12	-	-	-	-	-	10019.55	-	213.19	-	-	
(b) Deferred Tax Liabilities (Net)	-21.50	-80.91	-49.49	-28.11	-	7.30	-	-	-	-362.91	-27.43	-	
(c) Other Long Term Liabilities	-	1.00	-	23.47	1.64	67.44	-	-	-	-	-	-	
(d) Long Term Provisions	48.26	29.47	13.06	4.02	94.71	210.47	6.69	35.59	10.44	37.65	-	-	
<b>Sub Total</b>	<b>26.76</b>	<b>0.68</b>	<b>-36.43</b>	<b>-0.62</b>	<b>96.35</b>	<b>285.21</b>	<b>6.69</b>	<b>10055.14</b>	<b>10.44</b>	<b>-112.07</b>	<b>-27.43</b>	<b>-</b>	
(4) Current Liabilities													
(a) Short Term Borrowings	-	-	241.78	196.09	-	-	-	741.67	2.90	4570.68	-	-	
(b) Trade Payables	-	-	-	-	-	-	-	-	-	-	-	-	
Micro, Small and Medium Enterprises	-	-	-	-	-	-	-	-	-	-	-	-	
Other than Micro and Small Enterprises	138.76	709.21	10.58	199.70	2310.49	797.14	137.55	31.92	59.40	2470.80	-	-	
<b>Sub Total-Trade Payables</b>	<b>138.76</b>	<b>709.21</b>	<b>10.58</b>	<b>199.70</b>	<b>2310.49</b>	<b>797.14</b>	<b>137.55</b>	<b>31.92</b>	<b>59.40</b>	<b>2470.80</b>	<b>-</b>	<b>-</b>	
(c) Other Current Liabilities	229.35	507.81	278.54	392.63	28.35	428.24	0.34	2502.59	9.70	176.79	21.75	0.26	
(d) Short Term Provisions	78.22	107.04	1.38	35.61	23.10	88.58	0.60	5.73	1.12	6.58	8.65	-	
<b>Sub Total</b>	<b>446.33</b>	<b>1324.05</b>	<b>532.28</b>	<b>824.02</b>	<b>2361.94</b>	<b>1313.96</b>	<b>138.49</b>	<b>3281.89</b>	<b>73.12</b>	<b>7224.85</b>	<b>30.39</b>	<b>0.26</b>	
<b>Total I (1+2+3+4)</b>	<b>1357.98</b>	<b>3481.18</b>	<b>548.51</b>	<b>554.50</b>	<b>2651.06</b>	<b>5389.58</b>	<b>212.02</b>	<b>11515.55</b>	<b>296.90</b>	<b>10493.12</b>	<b>10779.20</b>	<b>12.33</b>	



(₹ In Lakhs)

Name of the JV	BAeHAL Software Ltd.	Snecma HAL Aerospace Pvt. Ltd.	Samtel HAL Display Systems Ltd.	HAL Edgewood Technologies Pvt. Ltd.	HALBIT Avionics Pvt. Ltd.	Indo-Russian Aviation Ltd.	Infotech HAL Limited	HATSOFF Helicopter Training Pvt. Ltd.	Tata HAL Technologies Ltd.	International Aerospace Mfg. Pvt. Ltd.	Multirole Transport Aircraft Ltd.	AASC
HAL % Share in the Joint Venture	49	50	40	50	50	48	50	50	50	50	50	50
<b>II. Assets</b>												
(1) Non-Current Assets												
(a) Fixed Assets												
(i) Tangible Assets												
Gross Block	255.53	1036.03	178.22	103.48	256.88	70.73	17.88	9574.33	47.56	6060.92	24.12	-
Less: Accumulated Depreciation	203.32	445.74	100.26	57.61	169.82	33.83	16.90	2151.80	33.18	1244.59	8.30	-
Less: Impairment	52.20	590.29	77.96	45.88	87.06	36.90	0.98	7422.53	14.38	4816.33	15.82	-
Net Block												
(ii) Intangible Assets												
Gross Carrying Amount	267.16	13.67	-	393.80	49.33	-	21.78	8.18	102.25	418.92	3707.36	-
Less: Cumulative Amortisation & Impairment Loss	260.79	9.39	-	54.54	41.00	-	21.78	8.18	85.38	165.95	1.29	-
Net Carrying Amount	6.37	4.29	-	339.26	8.33	-	-	1759.23	16.87	252.96	3706.07	-
(iii) Capital Work-In-Progress	-	7.54	-	-	-	-	-	-	-	85.05	-	-
(iv) Intangible Assets under Development	-	-	-	-	-	-	-	-	-	-	-	-
(b) Non-Current Investments												
Deferred Tax Assets	-	-	-	-	-	-	-	-	-	-	-	-
(c) Long Term Loans and Advances	61.01	152.61	0.65	0.05	1.97	0.14	-	1762.94	19.22	320.48	-	-
(d) Other Non-Current Assets	-	221.10	-	-	6.00	375.80	13.12	142.92	-	7.04	-	-
<b>Sub Total</b>	<b>119.59</b>	<b>975.82</b>	<b>78.62</b>	<b>385.19</b>	<b>103.36</b>	<b>412.84</b>	<b>14.10</b>	<b>11087.61</b>	<b>50.47</b>	<b>5481.86</b>	<b>3721.89</b>	
(2) Current Assets												
(a) Current Investments	-	-	-	-	-	-	-	-	-	-	-	-
(b) Inventories	-	1123.15	1.74	100.42	46.39	-	-	10.33	0.50	2938.74	-	-
(c) Trade Receivables	377.52	278.25	109.43	53.15	388.70	1451.91	107.41	87.19	176.69	1862.04	-	-
(d) Cash and Bank Balances	390.86	1004.86	5.18	1.62	392.55	3291.93	14.43	89.15	23.51	110.58	4274.84	11.77
(e) Short Term Loans and Advances	303.49	92.05	353.54	11.83	167.07	87.06	11.20	219.92	25.78	53.58	2750.15	0.56
(f) Other Current Assets	166.52	7.06	-	2.31	1553.00	145.85	64.89	21.36	19.95	46.33	32.33	-
<b>Sub Total</b>	<b>1238.39</b>	<b>2505.36</b>	<b>469.89</b>	<b>169.32</b>	<b>2547.70</b>	<b>4976.74</b>	<b>197.92</b>	<b>427.94</b>	<b>246.43</b>	<b>5011.26</b>	<b>7057.31</b>	<b>12.33</b>
<b>Total III (1+2)</b>	<b>1357.98</b>	<b>3481.18</b>	<b>548.51</b>	<b>554.50</b>	<b>2651.06</b>	<b>5389.58</b>	<b>212.02</b>	<b>11515.55</b>	<b>296.90</b>	<b>10493.12</b>	<b>10779.20</b>	<b>12.33</b>



The proportionate share of Income and Expenditure of the Joint Venture Companies for the year 2014-15 is given below:

Name of the JV	(₹ In Lakhs)											
	BAeHAL Software Ltd.	Sneema HAL Aerospace Pvt. Ltd.	Samtel HAL Display Systems Ltd.	HAL Edgewood Technologies Pvt. Ltd.	HALBIT Avionics Pvt. Ltd.	Indo-Russian Aviation Ltd.	Infotech HAL Limited	HATSOFF Helicopter Training Pvt. Ltd.	Tata HAL Technologies Ltd.	International Aerospace Mfg. Pvt. Ltd.	Multirole Transport Aircraft Ltd.	AASC
<b>Particulars</b>												
Revenue from Operations	1168.29	3577.22	604.94	53.62	1163.09	6272.81	305.57	1309.81	628.14	5861.41	-	-
Less: Excise Duty	-	-	61.03	-	-	-	-	-	-	2.80	-	-
Net Revenue from Operations	1168.29	3577.22	543.91	53.62	1163.09	6272.81	305.57	1309.81	628.14	5858.61	-	-
IFD sale	-	-	-	-	-	-	-	-	-	-	-	-
Other Income	65.80	2.09	0.54	12.74	58.60	270.96	1.31	1.54	4.95	14.26	246.89	-
Charges Received on Inter Divisional Transfers	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (I + II)	1234.09	3579.31	544.45	66.35	1221.69	6543.78	306.88	1311.34	633.09	5872.87	246.89	-
Expenses:												
Cost of Materials Consumed	203.88	2165.56	420.54	1.31	780.53	4935.45	114.45	-	2.92	3801.07	-	-
Purchase of Stock-in-Trade	-	-	-	-	-	-	43.06	-	-	-	-	-
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	-	-85.53	-	19.04	-20.59	-	-	-	-	-705.48	-	-
Employee Benefits Expense	681.59	399.20	123.42	41.35	200.42	67.56	81.77	126.59	259.97	386.29	57.80	-
Finance Costs	0.00	8.75	52.70	10.63	10.26	8.43	0.47	432.50	3.16	126.73	-	-
Depreciation and Amortisation Expense	40.68	151.50	17.57	17.89	41.48	4.97	0.11	525.78	23.38	813.21	4.68	-
Other Expenses	222.58	438.21	39.50	31.23	173.88	-9.42	33.61	780.51	274.85	1263.91	46.54	0.43
Direct Input to WIP / Expenses Capitalised	-	-	-	-	-	-	-	-	-	-	-	-
Provisions for Redundancy and Doubtful Debts / Claims	8.37	-	-	-	3.96	110.48	-	-	-	-	-	-
Inter Services and Common Services	-	-	-	-	-	-	-	-	-	-	-	-
Total Gross Expenses	1157.11	3077.69	653.73	121.43	1189.93	5117.46	273.47	1865.37	564.27	5685.73	109.02	0.43
Deduct: Expenses relating to Capital and Other Accounts	-	-	-	-	-	-	-	-	-	-	-	-
Total Net Expenses	1157.11	3077.68	653.73	121.43	1189.93	5117.46	273.47	1865.37	564.27	5685.73	109.02	0.43
Profit before exceptional and extraordinary items and tax (III - IV)	76.98	501.62	-109.28	-55.08	31.76	1426.32	33.41	-554.03	68.81	187.14	137.88	-0.43
Exceptional items	-	-182.39	-	-	-	-	-	-	-	-	-	-



Name of the JV	(₹ In Lakhs)											
	BAeHAL Software Ltd.	Snecma HAL Aerospace Pvt. Ltd.	Samtel HAL Display Systems Ltd.	HAL Edgewood Technologies Pvt. Ltd.	HALBIT Avionics Pvt. Ltd.	Indo-Russian Aviation Ltd.	Infotech HAL Limited	HATSOFF Helicopter Training Pvt. Ltd.	Tata HAL Technologies Ltd.	International Aerospace Mfg. Pvt. Ltd.	Multirole Transport Aircraft Ltd.	AASC
Profit Before Extraordinary Items and Tax (V - VI)	76.98	684.01	-109.28	-55.08	31.76	1426.32	33.41	-554.03	68.81	187.14	137.88	-0.43
Extraordinary Items	-	-	-	-	-	-	-	-	-	-	-	-
<b>Profit Before Tax (VII - VIII) *</b>	<b>76.98</b>	<b>684.01</b>	<b>-109.28</b>	<b>-55.08</b>	<b>31.76</b>	<b>1426.32</b>	<b>33.41</b>	<b>-554.03</b>	<b>68.81</b>	<b>187.14</b>	<b>137.88</b>	<b>-0.43</b>
* includes Prior Period	-	-	-	-	-	-14.36	-	-	-	-	10.97	-
Tax expenses	-	-	-	-	-	-	-	-	-	-	-	-
(1) Current Tax	15.09	244.42	-	-	-	458.46	-	-	-	0.94	30.75	-
(2) Minimum Alternate Tax (MAT) Credit Entitlement	7.40	-	-	-	-	-	0.13	-	-	-	-	-
(3) Earlier Years	1.41	-	-	-	-	29.25	-	-	-	-	6.43	-
(4) Deferred Tax	-21.50	-33.14	-29.60	24.24	-	2.17	-	-	-	0.00	10.43	-
Profit / (Loss) for the period from Continuing Operations (IX - X)	74.58	472.74	-79.68	-79.31	31.76	936.43	33.29	-554.03	68.81	186.19	90.27	-0.43
Profit/(Loss) from Discontinuing Operations	-	-	-	-	-	-	-	-	-	-	-	-
Tax expense of Discontinuing Operations	-	-	-	-	-	-	-	-	-	-	-	-
Profit/(Loss) from Discontinuing Operations (After Tax) (XII - XIII)	-	-	-	-	-	-	-	-	-	-	-	-
<b>Profit(Loss) for the Period (XI + XIV)</b>	<b>74.58</b>	<b>472.74</b>	<b>-79.68</b>	<b>-79.31</b>	<b>31.76</b>	<b>936.43</b>	<b>33.29</b>	<b>-554.03</b>	<b>68.81</b>	<b>186.19</b>	<b>90.27</b>	<b>-0.43</b>
3. Contingent Liabilities & Commitments	-	-	-	-	-	-	-	-	-	-	-	-
Letter of Credits & Bank Guarantees	195.14	500	-	0.45	1365.34	31.44	-	258.75	-	-	-	-
Commitments	-	-	-	-	-	-	-	-	-	-	-	-
- Capital	-	-	-	80.37	-	-	-	1622.59	-	181.71	-	-
- Revenue	-	-	-	-	-	-	-	-	-	149.94	-	-
Claims against the company not acknowledged as debts	*15.46	23.39	-	9.37	59.14	223.01	-	-	-	-	-	-

\*exclude contingent liability in respect of Income tax, as it was not quantifiable  
The information pertaining to Joint Ventures is based on Audited Accounts.



(₹ In Lakhs)

22	Key Management Personnel in the Company	31 <sup>st</sup> March, 2016			31 <sup>st</sup> March, 2015		
		Salary	Company Contribution to PF / Gratuity *	Total	Salary	Company Contribution to PF / Gratuity*	Total
(i)	Shri R. K. Tyagi**				56.13	11.85	67.98
(ii)	Shri T Suvarna Raju, Chairman & Managing Director	33.40	2.49	35.89	41.11	2.23	43.34
(iii)	Shri V.M. Chamola, Director (HR)	32.70	2.46	35.16	40.23	2.26	42.49
(iv)	Dr. A. K. Mishra ****	33.24	15.24	48.48	46.45	2.26	48.71
(v)	Shri C. V. Ramana Rao, Director(Finance) & CFO	2.15	0.19	2.34			
(vi)	Shri K.Naresh Babu, MD(BC) & D(CP&M) ***				48.61	15.45	64.06
(vii)	Shri S. Subrahmanyam, Director(Operations)	31.36	2.36	33.72	37.70	2.17	39.87
(viii)	Shri D.K. Venkatesh, Director - Engineering	8.34	0.57	8.91			
(ix)	Shri Ashok Tandon (Company Secretary)*****	13.41	13.36	26.77	37.92	2.04	39.96
(x)	Shri G.V. Sesha Reddy (Company Secretary)	10.01	0.90	10.91			
	*does not include Employers contribution towards Pension Fund as the entitlement of the same is only on superannuation ** Dr. R.K. Tyagi superannuated on 31st January 2015 ***Shri K. Naresh Babu superannuated on 31.03.2015 **** Dr. A.K. Mishra superannuated on 31.01.2016 ***** Shri Ashok Tandon superannuated on 30.04.2016						

(₹ In Lakhs)

	Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
23	<b>Disclosure relating to AS-19 (Leases)</b> 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 ₹253.73 lakhs (PY ₹219.42 lakhs) in Note 29 and ₹734.50 lakhs (PY ₹ 777.63 lakhs) in Note 26		
24	<b>BUYBACK OF SHARES</b> In accordance with the approval of Board of Directors at its 396 <sup>th</sup> meeting held on 22 <sup>nd</sup> 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 reserve of the Company, for an aggregate amount of ₹428437.75 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 5 <sup>th</sup> April, 2016.		
24A	<b>As per AS-20 relating to Earnings per Share (Basic and Diluted)-</b>		
	Profit Before Tax	328845.70	317251.98
	Provision for Taxation	163468.89	78447.28
	Net Profit After Tax	165376.81	238804.70
	Number of Equity Shares of Face Value of ₹10/- each fully paidup *	482000000	482000000
	Earnings per Share (in ₹) - Basic and Diluted *	34.31	49.54
	*The Company has bought back 12,05,00,000 Equity Shares of ₹ 10/- each on 30 <sup>th</sup> March 2016. Earnings per share has been calculated by dividing the net profit or loss for the period by 48,20,00,000 equity shares. 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.		



(₹ In Lakhs)

Particulars		31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
24B	<b>Break - up of Deferred Tax Liabilities and Assets are given below:</b>		
	<b>Deferred Tax Liabilities</b>		
	Depreciation Incl. Deferred Revenue Expenditures Amortisation (PY-Reffer clause 8(b))	73166.06	74757.35
	Tax effect on depreciation directly adjusted against General Reserve on transition to Schedule II of the Companies Act, 2013		-2150.91
	Special Tools and Equipment	129753.03	117602.28
	<b>TOTAL</b>	<b>202919.09</b>	<b>190208.72</b>
	<b>Deferred Tax Asset</b>		
	Accrued Leave Salary	27317.93	24330.88
	Provision against Trade Receivables/Claims	16506.94	2689.72
	Statutory Payments	727.41	1265.88
	<b>TOTAL</b>	<b>44552.28</b>	<b>28286.48</b>
	<b>Deferred Tax Liability</b>		
	Opening Balance	190208.71	190665.88
	Addition / Reversal during the year	12710.37	1693.74
	Tax effect on depreciation directly adjusted against General Reserve on transition to Schedule II of the Companies Act, 2013		-2150.91
	<b>Total Deferred Tax Liability</b>	<b>202919.08</b>	<b>190208.71</b>
	<b>Deferred Tax Assets</b>		
	Opening Balance	28286.48	22505.86
	Addition during the year	16265.80	5780.62
	<b>Total Deferred Tax Assets</b>	<b>44552.28</b>	<b>28286.48</b>
	<b>Net Deferred Tax Liability</b>	<b>158366.80</b>	<b>161922.23</b>
24C	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 2009-10 to 2013-14, which are under Appeal by the Company before Appellate Authorities and for the Assessment years 2014-15 and 2015-16 also same treatment has been adopted in the Accounts for which Assessments are pending. The amount of ₹ 208212.73 Lakhs is disclosed in Contingent liability.		
24D	The Company is liable to pay tax under regular provisions of the Act and has utilised MAT credit of ₹ 20905.76 lakhs ( PY 12534.15 lakhs) during the year.		
24E	HAL has reached a settlement with Income Tax Department regarding disallowance of provisions towards warranty, replacement, materials, liquidated damages and allowance of reversal of such provisions. This year provision has been created for ₹ 54620.27 lakhs. Apart from this, interest on tax provisions has been provisionally estimated and provided for ₹ 6554.43 lakhs for the year 2015-16		



(₹ In Lakhs)

Particulars		31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
25	<b>Disclosure with regard to Joint Working Groups</b>		
	HAL has entered into a Joint Working Agreement with Air India to start Ramp Handling Business and MSIL & 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, MSIL, HALCON:		
	Air India	148.93	126.72
	MSIL*	-	-
	HALCON	35.96	-5.22
	<b>Total</b>	<b>184.89</b>	<b>121.50</b>

25A **Disclosure with regard to Joint Working Group**

(₹ In Lakhs)

Name of the Joint Working Group	AIJWG		HALCON	
	2015-16	2014-15	2015-16	2014-15
Country of Incorporation	India		India	
Share of Company/ Ownership Interest	50.00%	50.00%	50.00%	50.00%
Principal Activities	Flight Handling		Cargo Handling	
Current Liabilities - Company's Share	1301.11	1122.16	687.96	647.89
Non - Current Assets - Company's Share	1.91	0.76	206.85	220.72
Current Assets - Company's Share	1299.21	1121.39	481.11	427.17
Income - Company's Share	190.25	164.29	136.22	95.35
Expenditure - Company's Share	41.32	37.57	81.34	100.57
Profit / (Loss) Company's Share	148.93	126.72	35.96	-5.22
Contingent Liability				
The information pertaining to joint working group is based on Audited accounts for the current year and previous year.				
* The contract between MSIL and HAL expired on 31.03.2014. The settlement process between the parties are on. Against a claim of ₹ 228.28 lakhs by MSIL. HAL has admitted a claim of ₹ 184.49 Lakhs. Correspondance between the parties is on.				

(₹ In Lakhs)

Particulars		31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
26	<b>Useful life / Amortisation rate used for Intangible Assets</b>		
	Development Expenditure is amortised over a period not exceeding 10 years. Cost of software which is not an integral part of the related hardware is amortised over a period not exceeding 3 years. Intangible Assets are amortised over production on technical estimates and to the extent not amortised, are carried forward. For SU-30 Project, Sea King Project, ALH Project, Mirage, Hawk and Cheetah / Chetak Projects, Intangible Assets are being amortised on the number of units produced based on programmes which at present exceeds 10 years. The unamortised assets are viable and amortized over production		
27	As per Accounting Standard - 28 issued by Institute of Chartered Accountants of India on Impairment Loss - the Impairment Loss recognised in the Books Of Accounts is	-	-





(₹ In Lakhs)

Particulars		31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015		
31	<p>Pending finalisation of the contract for delivery of 1 ALH to Nepal, the Sales has been recognized at the rate it was originally sold to Indian Army.</p> <p>At the insistence of Govt. Of India, One ALH which was manufactured for delivery to Indian Army against a Contract was diverted for delivery to Govt. of Nepal during 2014-15. Pending finalisation of contract for delivery of 1 ALH to Nepal, the sale was recognised provisionally at ₹ 8209.55 lakhs in the year 2014-15 at the rate it was originally sold to Indian Army. Based on the replacement cost for delivery to Indian Army, an invoice for ₹ 12472.6 lakhs was raised to Ministry of External Affairs, Govt. of India. During 2015-16 Ministry of External Affairs(MEA) has agreed to pay 60% of the invoice value amounting to ₹7483.56 lakhs. Balance 40% need to be collected from Govt. Of Nepal for which confirmation from them is awaited. Pending confirmation of payment of balance 40% from Govt. of Nepal, sales is recognised at ₹12472.60 lakhs provisionally and a provision of ₹4989.04 lakhs being 40% due from Govt. of Nepal is created in the books as doubtful debt.</p>	12472.60	8209.55		
32	<b>Total Land held (in Acres). (Refer Note -11A)</b>	<b>11808.44</b>	<b>11802.44</b>		
(₹ In Lakhs)					
	<b>Out of the above</b>	<b>Division</b>	<b>Assets</b>		
			<b>Acres</b>		
			<b>Amount</b>		
32.1	Instruments of transfer in respect of land and building taken possession by the Company have not been executed	Lucknow/ Kanpur / FMD / Nasik	Land	736.62	308.98
		(Previous Year)	Land	(736.62)	(308.98)
		Kanpur	Building		35.33
		(Previous Year)	Building	-	(35.33)
32.2	Land has been handed over /earmarked to the Government / other agencies pending execution of instruments of transfer	FMD/ Nasik/ Korwa/ Engine / Koraput	Land	180.66	56.46
		(Previous Year)	Land	(180.66)	(56.46)
32.3	Land has been given on lease to the Government/ other agencies	FMD/ Nasik/ Lucknow/ Kanpur/CO	Land	1068.93	66.89
		(Previous Year)	Land	(1,068.93)	(66.89)
<b>Particulars</b>		<b>31<sup>st</sup> March, 2016</b>	<b>31<sup>st</sup> March, 2015</b>		
32.4	<p>HAL 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 ₹ 31.50 Lakhs (Previous year ₹ 31.00 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 Army in exchange of 5 acres of Land at Bangalore which was received free of cost from State Govt. 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.</p> <p>Land under Fixed Assets includes Land taken on lease for establishing a unit at Kasargod at a cost of ₹ 708Lakhs (200 acres). This cost is amortised over the lease period of 90 years. The Lease charges for the year amounting to ₹7.86 Lakhs has been considered under Depreciation for the year.</p> <p>Land under Fixed Assets includes Land taken on lease for Liason Office Mumbai at a cost of ₹ 2.68 lakhs (including development cost and area 0.27 acres). This cost is amortised over the lease period of 30 years amounting to ₹0.09 (PY 0.09 lakhs) has been considered under Depreciation for the year.</p>				



(₹ In Lakhs)

Particulars		31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
32.5	<p>a) FMD Division is holding 2099.831 Acres (2099.831 acres) land of which 11.959 Acres (11.959 Acres) is under litigation/encroachment with third parties and 10.152 Acres(10.152 Acres) is under dispute with M/s. BEML, Bangalore.</p> <p>b) Titles to land are not in the name of the Company in respect of 173 survey numbers at FMD Division, However, Records of Tenancy Certificate is available.</p> <p>c) An amount of ₹ 2061.10 Lakhs (₹ 1913.09 Lakhs) towards Lease cum Rental charges with various parties has not been considered in the books of accounts of FMD, pending dispute settlement.</p> <p>d) 1.339 acres of land encroached by 7 persons in Nasik Division.</p> <p>e) Further, about 50.21 acres of the land belonging to HAL Koraput Division is encroached upon by the nearby villagers for cultivation.</p> <p>f) Out of Land measuring about 1.08 Acres of Corporate Office , 711.22 sq.mt. has been acquired for the Metro Rail Project by M/s. BMRCL . The compensation awarded of ₹ 548.82 Lacs by M/s. KIADB is contested by Company in the City Civil Court at Bangalore. As the matter is subjudice, no adjustment has been made in the Books of Accounts. A joint committee of HAL &amp; BMRCL has been presently been formed to arrive at an out of the court settlement.</p>		
33	Special Tools and Equipment includes Tools and Equipment in progress, under inspection and in transit.	3671.70	3326.85
34	Sales include deliveries for which amendment to firm task is awaited from the customer.	4491.66	4695.19
35	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.		
36	The Total Inventory does not include materials belonging to customers but held by the Company on their behalf	74904.61	54461.15
37	Dividend (a) The amount of dividend proposed to be distributed to Equity share holders	11731.76	-
38	Total amount remitted during the year in foreign currencies on account of dividends (i) Total Number of Non-resident Shareholders (ii) Total Number of Shares held by Non-resident Shareholders on which the Dividends were due and the year to which the Dividends related	NIL NIL	NIL NIL
39(a)	In terms of Pricing Policy agreed with IAF, prices approved are exclusive of taxes and duties i.e. Sales Tax, Service Tax etc. In case such taxes are levied, the same will be reimbursed by the customer at actuals, if the customer does not produce necessary exemption.		



(₹ In Lakhs)

Particulars		31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
39(b)	<p>The long pending Sales Tax /VAT/Entry Tax disputes on defence sales in the State of Karnataka and in the state of Odisha have been finally resolved between officials of Department of Defence Production, MoD, HAL and representatives of IAF and Army with Commercial Tax Department and Finance Department of Govt., of Karnataka / Odisha.</p> <p>1. State of Karnataka</p> <p>The amount payable for the period quantified by the Commercial Tax Department is as below:</p> <p>a. Amount as per normal applicable rate (ranging from 12.5% to 14.5% in different years)</p> <p>b. Amount to be waived by Govt. of Karnataka through Grant or administrative order</p> <p>c. Amount as per agreed formulation (a-b)</p> <p>d. Amount of waiver by way of grant already issued</p> <p>e. Amount already paid by HAL</p> <p>f. i) Balance tax dues towards grant yet to be sanctioned by Government of Karnataka - ii) Balance sales tax payable by HAL</p> <p>g. Amount already collected from the customer</p> <p>h. Balance to be collected from the customer</p> <p>2. State of Odisha</p> <p>The amount payable for the period quantified by the Commercial Tax Department is as below</p> <p>a. Amount as per normal applicable rate (ranging from 12.5% to 14.5% in different years)</p> <p>b. Amount of waiver by Govt., of Odisha</p> <p>c. Amount as per agreed formulation</p> <p>d. Amount already paid by HAL</p> <p>e. Balance amount to be paid by HAL</p> <p>f. Amount recovered from customers</p> <p>g. Balance to be recovered from customers (₹ 11272.00 lakhs has been received from customers in May 2015)</p> <p>3. In respect of other states, where the sales tax demands are under dispute, the same is shown under contingent liability (Clause 1 of Note No. 34). Air Head Quarters vide letter reference Air HQ/95357/64/ Fin P/DCA dated 16th July 2014 have directed that other state governments may be approached for granting the similar concessions.</p>		
		-	-
		-	-
		130709.83	130709.83
		-	-
		-	-
		-	-
		113404.45	92946.45
		17305.38	37763.38
		-	-
		333700	333700
		279444	279444
		54256	54256
		54256	54256
		NIL	NIL
		54256	42984
		NIL	11272
		-	-



(₹ In Lakhs)

Particulars		31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015																																								
40	Information under Micro, Small and Medium Enterprises 1. The Principal and the Interest due thereon as at 31.03.2016 a.) Principal b.) Interest 2. The amounts paid by the Company beyond the appointed day during the year ending 31st March 2016 a.) Principal 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. 4. The interest accrued and remaining unpaid at the year ending 31.03.2016 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. The information has been given in respect of such suppliers to the extent they could be indentified as Micro Small and Medium Enterprises on the basis of information available with the Company.	1306.55 210.76 377.11 - 9.01 2.09 1.13 -	249.88 162.14 - - - 2.22 - -																																								
40A	The Company, during the financial year 2011-12, had detected a fraud which had been committed by a contract person, by way of unauthorised transfer from the bank account of the Division to his beneficiary bank account. The total amount of fraud is ₹391.06 lakhs. The Company has initiated criminal proceedings against the accused in 2011-12. During 2012-13, a Senior Criminal Lawyer has been appointed as Public Prosecutor by the Government of Karnataka to represent the Company's case. The Company, during 2012-13, has filed two Civil Suits for recovery of fraudulently drawn amounts against the accused, his accomplices and institutions namely, the State Bank of India for ₹289 Lakhs and Shri Krishna Souharda Credit Co-operative Limited for ₹102.06 Lakhs. Both the civil cases and criminal case are under progress. Two properties of the accused valuing ₹84.30 lakhs stand attached by the Court. Further, one more property valued at ₹54 Lakhs has been attached by the Court during 2014-15 for a total value of ₹138.30 lakhs.  Based on the initiative of the Company, the Karnataka State Souharda Federal Co-operative Limited, Government of Karnataka has also filed a criminal case against Shri Krishna Souharda Credit Co-operative Limited. Based on Company's strength in the case and as opined by the Legal Counsel, the Company is fully confident of recovery and hence the Claims Receivable is considered good. M/s SBI, during the case hearing on 31.1.2014, through their counsel, sought an adjournment stating that the bank is in the process of negotiating with HAL for settlement of its liability. HAL is in the process of discussion with SBI towards the same.																																										
41	(a). Gross amount required to be spent by the Company on CSR activities- (b). Amount spent during the year on CSR activities - 2015-16	6831.45 9070.92	6935.45 4575.65																																								
	<table border="1"> <thead> <tr> <th>Sl No</th> <th>Particulars</th> <th>In cash</th> <th>Yet to be paid in cash</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>(i)</td> <td>Construction / Acquisition of any Assets</td> <td>5263.01</td> <td>595.38</td> <td>5858.39</td> </tr> <tr> <td>(ii)</td> <td>On purposes other than (i) above</td> <td>2793.88</td> <td>418.65</td> <td>3212.53</td> </tr> <tr> <td></td> <td><b>Total</b></td> <td><b>8056.89</b></td> <td><b>1014.03</b></td> <td><b>9070.92</b></td> </tr> </tbody> </table> 2014-15 <table border="1"> <thead> <tr> <th>Sl No</th> <th>Particulars</th> <th>In cash</th> <th>Yet to be paid in cash</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>(i)</td> <td>Construction / Acquisition of any Assets</td> <td>1119.29</td> <td>548.38</td> <td>1667.67</td> </tr> <tr> <td>(ii)</td> <td>On purposes other than (i) above</td> <td>2897.78</td> <td>10.20</td> <td>2907.98</td> </tr> <tr> <td></td> <td><b>Total</b></td> <td><b>4017.07</b></td> <td><b>558.58</b></td> <td><b>4575.65</b></td> </tr> </tbody> </table>	Sl No	Particulars	In cash	Yet to be paid in cash	Total	(i)	Construction / Acquisition of any Assets	5263.01	595.38	5858.39	(ii)	On purposes other than (i) above	2793.88	418.65	3212.53		<b>Total</b>	<b>8056.89</b>	<b>1014.03</b>	<b>9070.92</b>	Sl No	Particulars	In cash	Yet to be paid in cash	Total	(i)	Construction / Acquisition of any Assets	1119.29	548.38	1667.67	(ii)	On purposes other than (i) above	2897.78	10.20	2907.98		<b>Total</b>	<b>4017.07</b>	<b>558.58</b>	<b>4575.65</b>		
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41A	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.																																										



(₹ In Lakhs)

	Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
42	<p>Sales has been set up in accordance with para-9.1 of the Accounting policy based on Signaling Out Certificate(SOC). It was commented by C&amp;AG during the audit of the Accounts of 2012-13 that the existing policy for recognition of revenue based on SOC need to be revisited and reframed as the SOC's are given with significant concessions. C&amp;AG had suggested that the readiness of Aircraft for delivery is to be considered as the basis for Revenue recognition in addition to SOC in respect of the aircraft &amp; ferry out and the acceptance by the Board of Officers(BOO) as specified in the Contract for helicopters. The issue had been examined in consultation with legal and professional experts in the field and the Audit committee had also noted C&amp;AG observations on policy of Setting up of sales based on signaling out certificates and was of the view that once the Aircraft / Helicopter has been accepted by the certifying authorities, sales could be set up. As the flying of Aircraft / Helicopter and ferrying out to customer's base was prerogative of the customer, it was noted that the sales would continue to be set up based on the SOC as was being done in the earlier years. Accordingly sales for the current year has been set up based on SOC and not based on ferry out.</p> <p>The Company has taken up with MOD for amendment of ALH contract in respect of both IAF and Indian Army to bring them in line with the sales accounting policy of the Company. In respect of Indian Air Force, MOD Finance vide letter no: 1(9)/2006/AF(EP) dated 15.05.2012 have concurred "in principle" to above, with the stipulation that the contract amendment can be signed only after similar contract amendment in respect of Army contract with the Company is finalized by IHQ of MOD(Army). In respect of Indian Army contract, after repeated correspondence IHQ, MOD(Army) vide letter No. 28424/GS/WE-10(avn)/105 ALH Contract Amendment/19 dated 11/06/2014 stated, Contract amendment envisages resolving all issues which was emerged over a period after signing of contract. It is therefore, prudent and mandatory that issues which necessitate contract amendment are resolved in entirety before we proceed ahead". Several rounds of discussion has taken place with the customers on this issue. IAF vide letter dated 18.12.2015 decided that the contract amendments as recommended by CSDO(Dett) and HAL would be processed and taken up by Air HQ on priority. Further HAL vide letter dated 29.02.2016 and 28.03.2016 has forwarded the amendment proposal to Indian Army. The matter is being still pursued by the Company.</p> <p>Total Sales and the Value of Aircraft / Helicopters yet to be ferried out as on the date of approval of accounts is as under</p>		

YEAR	SALES (Net Excise Duty)	VALUE OF THE AIRCRAFT /HELICOPTERS TO BE FERRIED OUT					% OF SALES	DATE OF APPROVAL OF ACCOUNTS
		Su 30	Hawk	ALH	DORNIER			
2012-13	1432212.88	-	-	12715.00	-	0.89%	05.08.2013	
2013-14	1512683.90	-	-	-	-	-	26.07.2014	
2014-15	1562118.04	-	-	51106.00	-	3.27%	08.08.2015	
2015-16	1673649.38	-	19600.00	137552.00	-	9.39%	29.06.2016	

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 customer, their handling flights and rectification of snags involved, if any, formation of the new squadron, training of pilots etc. The expenditure involved in the work carried out post SOC date is absorbed against the provision for future charges.		
--	--	--



(₹ In Lakhs)

	Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
43	In the LCA(FOC) Contract No AirHQ/S 96056/6/4/ASR(FOC) dated 23rd Dec 2014, the GE Engine price has been included at EC 2003 level and without escalation clause. The issue of incorporation of escalation clause has been taken up with IAF/MOD for amendment. In the interim, the said GE Engine have been evaluated at lower of cost or Net Realizable Value to give effect to AS-2. Consequently the amount of ₹ 37590.58 lakhs has been charged to cost of sales.	14654.87	16728.28
44	HTFE 25 Project: HAL 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.  The expenditure of ₹ 4530.54 lakhs (PY ₹ 1604.89 lakhs) has been accounted under Intangible Assets and would be amortized over production units.  Preliminary Design Review(PDR) of Engine has been completed during 2014-15. The Idle run of Core Engine achieved during December 2015. Further tests, under progress for full rpm. The second core engine parts are under manufacturing.		
44A	HTT 40 Project: HAL 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 upto the year 2020.  Considering the tight time lines for Design and Development of the Aircraft and also the business plan, HAL has proposed to fund the HTT Design and Development programme.  Hence the expenditure of ₹7771.27 lakhs (PY ₹ 3022.23 lakhs) has been treated as Development expenditure and accounted under Intangible Assets.		
44B	Preliminary Design of Prospective Multi Role Fighter (PMF) project has been completed in 2013-14. The unspent amount is lying in Advances (Note No.9). Pending finalization of R&D contract with MoD, the expenditure incurred towards design and development of PMF during 2015-16 is ₹ 477.91 lakhs (Cumulative ₹ 958.04 lakhs and (PY ₹ 480.13 lakhs) has been retained in WIP (Note 17). The R&D contract is likely to be concluded during 2016-17.		
45	Operating Cycle	HAL is having Multiple Business Activity. Operating Cycles are determined by Divisions based on Product Profile	
46	Special Tools includes ₹ 2351.39 Lakhs (Previous Year; ₹ 2351.38 lakhs) towards COMPASS Project at BEL, on behalf of MRO Division against which Company derives future economic benefits for repair of electro optical pods.		
47	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 customer has accepted the same, the sales are accounted, consistently, on the basis of SOC (Signal Out Certificate). As a principle, Cat-B / Loan items fitted on the aircraft are excluded in value for recognising Sales. Sales in respect of such items are set up on supply of Cat-A items, within the contract period. Provision for delivery of Aircraft with Cat-B items is available in the Contract.		
48	The Company has been providing for Liquidated Damages (LD) in respect of deliverables at the time of setting up of sales based on matching concept. Further, HAL Contracts provide enabling clauses for amendment to Delivery schedule. HAL has been successful in obtaining refunds for Liquidated damages in respect of 20 Jaguar Strike and Su-30 Block I. However as a accounting practice, LD for unexecuted portion of sales is disclosed under Contingent Liability. (Refer Clause No 1(v))		



Particulars					
49	Advances from Customers of ₹ 754375.05 Lakhs and Milestone receipts of ₹ 2724005.67 Lakhs disclosed in Note Nos. 5 and 9 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:				
(₹ In Lakhs)					
		31 <sup>st</sup> March, 2016		31 <sup>st</sup> March, 2015	
	Particulars	Note 5 Non - Current	Note 9 Current	Note 5 Non - Current	Note 9 Current
	<b>Outstanding Advances from Customer</b>				
	- Defence	323089.32	427052.59	259594.43	542861.82
	- Others	-	4233.14	-	3150.88
		<b>323089.32</b>	<b>431285.73</b>	<b>259594.43</b>	<b>546012.70</b>
	<b>Less: Utilisation of Advances</b>				
	- Inventory	234034.92	217804.42	179189.37	362843.91
	- Advances against Goods & Services	7179.96	26507.87	9759.98	16475.54
	- Deferred Revenue Expenditure	562.17	-	1281.00	-
	- Special Tools & Equipment	17875.84	5041.83	26458.95	-
	- Trade Receivables	-	1206.19	-	-
	- Claims Receivables	1361.53	-	3569.39	-
		<b>261014.42</b>	<b>250560.31</b>	<b>220258.69</b>	<b>379319.45</b>
	<b>Net Outstanding Advances (A)</b>	<b>62074.90</b>	<b>180725.42</b>	<b>39335.74</b>	<b>166693.26</b>
	<b>Outstanding Milestone Receipt</b>				
	- Defence	574638.20	2072730.86	615537.11	2311811.42
	- Others	17728.41	58908.20	-	57014.25
		<b>592366.61</b>	<b>2131639.06</b>	<b>615537.11</b>	<b>2368825.67</b>
	<b>Less: Utilisation of Milestone Receipts</b>				
	- Inventory	197023.65	1226518.88	324757.70	1174604.28
	- Advances against Goods & Services	2432.79	35660.88	6492.25	97217.57
	- Deferred Revenue Expenditure	11467.08	83363.04	11456.44	86780.45
	- Special Tools & Equipment	99996.42	221447.86	80423.51	204867.96
	- Trade Receivables	-	44556.84	1509.69	62217.25
	- Claims Receivables	905.42	2488.35	2318.44	533.49
		<b>311825.36</b>	<b>1614035.85</b>	<b>426958.02</b>	<b>1626221.01</b>
	<b>Net Outstanding Milestone Receipts (B)</b>	<b>280541.25</b>	<b>517603.21</b>	<b>188579.09</b>	<b>742604.66</b>
	<b>Total (A+B)</b>	<b>342616.15</b>	<b>698328.63</b>	<b>227914.83</b>	<b>909297.92</b>



(₹ In Lakhs)

Summary	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
<b>Particulars</b>		
(A) Gross Advances from Defence Customers		
Initial Advances from Defence Customers	750141.91	802456.25
Milestone Advances from Defence Customers	2647369.06	2927348.53
<b>Gross Advances from Defence Customers (A)</b>	<b>3397510.97</b>	<b>3729804.78</b>
<b>Advances from Others (B)</b>	<b>80869.75</b>	<b>60165.13</b>
<b>Total (A+B)</b>	<b>3478380.72</b>	<b>3789969.91</b>
Less Advances / Milestone utilisation (C)	2437435.94	2652757.16
<b>Outstanding Advances / Milestone Receipts (A+B-C)</b>	<b>1040944.78</b>	<b>1137212.75</b>
<b>Defence Customers</b>	<b>960075.03</b>	<b>1077047.62</b>
<b>Others</b>	<b>80869.75</b>	<b>60165.13</b>
<b>Total</b>	<b>1040944.78</b>	<b>1137212.75</b>

Currency Type	As on 31.03.2016		As on 31.03.2015	
	Foreign Currency	Amount in INR (in lakhs)	Foreign Currency	Amount in INR (in lakhs)
GBP	347,97,942.00	33,538.00	191,41,086.00	16,561.00
EURO	212,82,219.00	15,658.00	262,83,664.00	18,017.00
USD	128,32,914.00	8,737.00	585,79,742.00	37,278.00

51 Figures in brackets relates to previous year and they have been rearranged or regrouped wherever necessary.  
Note '1' to '34' and Accounting Policies attached form part of the Accounts

Note '1' to '34' and Accounting Policies attached form part of the Accounts

As per our Report attached for **M/s. S. Venkatram & Co.,**  
Chartered Accountants  
Firm Regn. No.004656S

**(S Sundarraman)**  
Partner  
Membership No. 201028

Place: Bengaluru  
Date: 29<sup>th</sup> June, 2016

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

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

**(G.V. SESH REDDY)**  
Company Secretary



## STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

(₹ In Lakhs)

Sl.No.	Particulars	2015-16		2014-15	
<b>I.</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
	Net Profit Before Tax		328845.70		317251.98
	<b>Adjustment To Reconcile Net Income To Net Cash</b>				
	<b>Providing by Operating Activities:</b>				
	Depreciation and Amortisation Expense	85445.18		80605.75	
	Provision for Diminution in value of Investment	1472.30		0.00	
	Interest Paid	0.00		826.94	
	Profit On Sale of Fixed Assets	(197.65)		139.03	
	Interest Received - Net of Interest Liability to Customer	(155167.60)		(162245.17)	
	Dividend Received	(221.43)		(183.97)	
	<b>Sub Total</b>		<b>(68669.20)</b>		<b>(80857.42)</b>
	<b>Operating Profit Before Working Capital Changes</b>		<b>260176.50</b>		<b>236394.56</b>
	<b>Adjustment For Changes In Operating Assets And Liabilities:</b>				
	Trade Receivables, Loans and Advances	172002.34		347131.42	
	Inventories	99399.42		(279232.58)	
	Trade Payables, Current Liabilities and Provisions	(227091.74)		(86540.54)	
	Other Bank Balances	298443.73		(1017708.15)	
	<b>Sub Total</b>		<b>342753.75</b>		<b>(1036349.85)</b>
	<b>Cash Generated From Operations</b>		<b>602930.25</b>		<b>(799955.29)</b>
	Direct Tax Paid		<b>(146118.56)</b>		<b>(89266.66)</b>
	<b>Net Cash Provided By Operating Activities (a)</b>		<b>456811.69</b>		<b>(889221.95)</b>
<b>II.</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
	Purchase Of Fixed Assets <sup>1</sup>	(116025.99)		(59572.24)	
	Sale Of Fixed Assets	259.93		264.91	
	Intangible Assets	(31206.45)		(27793.33)	
	Interest Received - Net Of Interest Liability To Customer	155167.60		162245.17	
	Dividend Received	221.43		183.97	
	Investments	(15580.05)		(3787.67)	
	<b>Net Cash Provided By (used in) Investing Activities (b)</b>		<b>(7163.53)</b>		<b>71540.81</b>



(₹ In Lakhs)

Sl.No.	Particulars	2015-16		2014-15	
<b>III.</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
	Proceeds/( Repayment) -Short Term Secured Loans	-		(67937.18)	
	Proceeds/( Repayment) -Deletion of shares	(12050.00)			
	Proceeds/(Repayment) -Buy back of shares (Including Tax)	(514541.86)			
	Repayment of Deferred Liabilities - Net	(25.50)		(25.72)	
	Interest Paid	0.00		(826.94)	
	Dividend Paid	(61382.40)		(57597.18)	
	<b>Net Cash Provided By Financing Activities ( c )</b>		<b>(587999.76)</b>		<b>(126387.02)</b>
	<b>Abstract :</b>				
I.	Net Cash Provided By Operating Activities ( a )		456811.69		(889221.95)
II.	Net Cash Provided By (used in) Investing Activities ( b )		(7163.53)		71540.81
III.	Net Cash Provided By Financing Activities ( c )		(587999.76)		(126387.02)
	<b>Net Increase In Cash And Cash Equivalents During the Year</b>		<b>(138351.61)</b>		<b>(944068.16)</b>
	Cash And Cash Equivalents At Beginning Of The Year <sup>2</sup>		173468.34		1117536.50
	Cash And Cash Equivalents At The End Of The Year <sup>2</sup>		35116.73		173468.34
	<b>Net Increase In Cash And Cash Equivalents During the Year</b>		<b>(138351.61)</b>		<b>(944068.16)</b>

Note :

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 **M/s. S. Venkatram & Co.,**  
Chartered Accountants  
Firm Regn. No.0046565

**(S Sundarraman)**  
Partner  
Membership No. 201028

Place: Bengaluru  
Date: 29<sup>th</sup> June, 2016

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

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

**(G.V. SESH 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 Standalone Financial Statements:

1. We have audited the accompanying standalone financial statements of **M/s. Hindustan Aeronautics Limited** (the "**Company**"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of Significant Accounting Policies and Other Explanatory Information.

### Management's Responsibility for the Standalone 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility:

3. Our responsibility is to express an opinion on these standalone financial statements based on 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 there under. 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 financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the 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 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 financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

**Opinion:**

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, and its profit and its cash flows for the period ended on that date.

**Other Matter:**

7. We did not audit any of the 38 divisions of the Company whose Financial Statements, have been audited by Independent Divisional Auditors, and included in the Company's Standalone Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended of the Company ("Financial Statements"). The Financial Statements/financial information collectively reflect 100% of the total assets as at 31<sup>st</sup> March, 2016 and 100% of the total revenues for the year ended on that date. The Audit Reports of the Divisional Auditors have been furnished to us and the Financial Statements take into account the particulars and information made available to us and also changes carried out based on the observations of the Divisional Auditors. In our opinion in so far as it relates to the disclosures included in the Other Explanatory Information respect of these Divisions, are based solely on the report of such Divisional Auditors.
8. Our opinion is not modified in respect of Other Matters mentioned hereinabove.

**Report on Other Legal and Regulatory Requirements:**

9. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on the information and explanations given to us and books and records produced to us by the Company for our examination, we give in the "**Annexure - A**", a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by section 143(3) of the Act, we report that:
  - 10.1 we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - 10.2 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;
  - 10.3 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 furnished to us; and have been appropriately dealt with considering further information and explanations furnished to us by the management;
  - 10.4 the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from the branches not visited by us;
  - 10.5 in terms of Circular No GSR 463(E) dated 05.06.2015 issued by the Ministry of Corporate Affairs, Government of India, the Company being engaged in Defence Production is exempt from the compliance to Accounting Standard – 17 "Segment Reporting" specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. Having regard to the above, we state that in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under



Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

- 10.6 in terms of circular No. GSR 463(E) dated 05.06.2015 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;
- 10.7 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**";
- 10.8 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, in our opinion and to the best of our information and according to the explanations given to us:
- The Company has, in accordance with the generally accepted accounting practice, disclosed the impact of pending litigations on its financial position in its financial statements – Refer Clause 1 of Note 34 to the standalone financial statements;
  - The Company has entered into long term arrangements with its customers for development of products/ prototypes, etc., and the Company does not foresee any material losses in respect of such arrangements. The Company does not also foresee any material foreseeable losses in respect of any derivative contracts;
  - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
11. 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 & Co**  
Chartered Accountants  
Firm Registration No. 004656S



**S. Sundarraman**

Partner

Membership No. 201028

**Place :** Bengaluru

**Date :** 29<sup>th</sup> June, 2016

**“Annexure - A” to the Independent Auditors’ Report**

(referred to in paragraph 1 under the heading ‘Report on Other Legal & Regulatory Requirement’ of our report of even date to the financial statements of the Company for the year ended 31<sup>st</sup> March, 2016):

- (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. Pursuant to the programme, fixed assets at certain locations were physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
- (c) The title deeds of immovable properties are held in the name of the Company.
- (ii) The inventories of the Company have been physically verified by the management at reasonable intervals during the period under audit. We have been informed that the discrepancies noticed on verification between the 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 any Companies, firms or other parties covered in register maintained under Section 189 of the Companies Act, 2013 during the year. The Company has in the earlier years, granted a secured loan to one Company covered in the register maintained under Section 189 of the Companies Act, 2013.
  - (a) In our opinion, the rate of interest and other terms and condition on which the loan was granted is not prejudicial to the interest of the Company.
  - (b) The principal amount and interest, as stipulated had been regularly recovered. The loan is fully repaid.
  - (c) There is no overdue amount of loan granted to above Company; hence the question of taking steps for recovery of principal and interest does not arise.
- (iv) In our opinion, the Company has complied with the provision of section 185 and 186 of the Act, with respect to the loan and investments made.
- (v) The Company has not accepted any deposits from the 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, Wealth tax, Service tax, Duty of Customs, Duty of Excise, Value Added 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 or cess which have remained outstanding as at 31st March 2016 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 Wealth tax or Service Tax or Duty of Customs or Duty of Excise or value Added Tax or cess which have not been deposited on account of any dispute except as stated below:

Statue	Nature of Dues	Amount (₹ in lakhs)	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	1,09,545.65	2006-07, 2010-11, 2011-12, 2012-13	CIT (Appeals)
	Income Tax	1,20,440.65	2004-06, 2007-10	Income Tax Appellate Tribunal
Finance Act, 1994	Service Tax	39,632.47	2002-03 to 2014-15	Appellate Tribunal & Commissioner (Appeals)
		33,413.59	2007-08 to 2013-14	Commissioner (Appeals)
		4,286.00	2006-07 and 2007-08	Supreme Court
		355.61	2008-09 and 2009-10	Show cause Notice cum Demand
Customs Act, 1962	Customs Duty	23,568.53	2012-13	Appellate Tribunal
Sales tax / VAT / Entry Tax	Sales Tax/ VAT/ Entry Tax	3,52,442.42	1996-97 to 2012-13	Appellate Tribunal
		19,375.03	1986-87 to 2001-02	1st Appellate Authority
		1,49,994.64	2007-08 to 2010-11	2nd Appellate Authority
		94,312.76	2000-01, 2004 to 2012	Commissioner (Appeals)
		7,281.98	2003-04, 2008-09 & 2010-11	High Court
GHMC	Sewage Cess	1,494.51	Till March 2015	High Court
Employee State Insurance Corporation	Employee's State Insurance	125.66	2013-14, 2014-15	ESI Court
<b>Total</b>		<b>9,50,757.37</b>		

- (c) There are no amounts required to be transferred to Investor Education and Protection Fund in accordance with relevant provisions of the Companies Act, 1956 and rules made there under.

- (viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the order is not applicable.
- (ix) The Company did not raise any money by way of initial offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.
- (x) No material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) The provisions of section 197 are not applicable to a Government Company and managerial remuneration is paid as per the letter of appointment from Government of India.
- (xii) In our opinion the Company is not a nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) The transactions with the related parties are in compliance with the Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by



the applicable 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 non-cash transactions with directors or persons connected with him.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934.

**For S. Venkatram & Co**

Chartered Accountants

Firm Registration No. 004656S

**S. Sundarraman**

Partner

Membership No. 201028

Place : Bengaluru

Date : 29<sup>th</sup> June, 2016



## **“Annexure - B” to the Independent Auditors’ Report**

### **Independent 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 Hindustan Aeronautics Limited (“the Company”) as of 31st March, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls:**

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 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 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 the present financial year amongst other areas has specifically identified the following areas (i) Goods in Transit, (ii) Capital Work in Progress and (iii) Trade Payables, 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 on Audit of Internal Financial Controls over Financial Reporting (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 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 judgments, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
6. 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:**

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, the Company has, in all material respects, an adequate Internal Financial Controls system over financial reporting and such Internal Financial Controls over financial reporting were operating effectively as at 31st March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**Other Matters:**

10. All the 38 divisions of the Company are audited by the Divisional Statutory Auditors and our work is confined to the Consolidation of the accounts. Our reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the Internal Financial Controls over Financial Reporting is based on the corresponding audit reports of the 38 Divisions.

**For S. Venkatram & Co**

Chartered Accountants

Firm Registration No. 004656S

**S. Sundarraman**

Partner

Membership No. 201028

Place : Bengaluru

Date : 29<sup>th</sup> June, 2016



**"Annexure - C" to the Independent Auditors' Report**

**Directions indicating the areas to be examined by the Statutory Auditors during the course of audit of Annual Accounts of Hindustan Aeronautics Limited (Standalone) for the year 2015-16 issued by the Comptroller & Auditor General of India under Section 143(5) of the Companies Act, 2013.**

<b>S. No.</b>	<b>Areas Examined</b>	<b>Observation/Finding</b>
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	We have been informed that the Company has clear title/lease deeds for freehold and leasehold land respectively except in cases which have been disclosed in Note 34 of the Financial Statements.
2.	Please report whether there are any cases of waiver/write off of debts /loans/interest etc., if yes, the reasons there for and the amount involved.	We have been informed that there has been no instance of waiver/write off of debts/loans/interest etc., by the Company during the year.
3.	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.	We have been informed that the Company is maintaining proper records for inventories lying with third parties and assets received as gift from Government of India or other authorities.

**For S. Venkatram & Co**  
Chartered Accountants  
Firm Registration No. 004656S



**S. Sundarraman**  
Partner  
Membership No. 201028

Place : Bengaluru  
Date : 29<sup>th</sup> June, 2016



**Confidential**  
**By Speed Post**

सं./No. Reports/2016-17/HAL/157

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. 21 July 2016

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 accounts of Hindustan  
Aeronautics Limited, Bangalore for the year ended 31 March 2016.

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.

Yours faithfully,

(E P Nivedita)

Pr. Director of Commercial Audit

Encl: As above.

भारतीय लेखा तथा लेखापरीक्षा विभाग  
INDIAN AUDIT & ACCOUNTS DEPARTMENT  
पहला 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) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF HINDUSTAN AERONAUTICS LIMITED, BANGALORE FOR THE YEAR ENDED 31 MARCH 2016.**

The preparation of financial statements (Standalone Financial Statement) of **Hindustan Aeronautics Limited, Bangalore** for the year ended 31 March 2016 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(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 29.6.2016.

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 2016. 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**

A handwritten signature in black ink, appearing to be 'E P Nivedita', written in a cursive style.

**(E P Nivedita, IA&AS)  
Pr. Director of Commercial Audit  
& Ex-Officio Member, Audit Board, Bangalore.**

**Bangalore  
Dated: 21 July 2016**



## ACCOUNTING POLICIES

### 1. BASIS OF ACCOUNTING

The financial statements are prepared on accrual basis of accounting at historical cost convention to comply in all material aspects in accordance with Generally Accepted Accounting Principles in India, the relevant provisions of the Companies Act, 2013 including Accounting Standards notified under Sec 133 of the Act, read with Rule 7 of Companies(Account) Rules, 2014 unless otherwise stated.

### 2. FIXED ASSETS

2.1 Land received free from the State Government till 31<sup>st</sup> March, 1969 has not been valued. Such land, which have been taken over by the Company after 1<sup>st</sup> April, 1969, have been valued at estimated fair price ruling on the date of taking possession.

Land, other than the above, has been capitalised at cost to the Company. Expenditure on development is shown under land.

The gross block of Fixed Assets (other than land acquired free from the State Government) is stated at cost of acquisition or construction including any cost attributable to bringing the assets to their working conditions for their intended use.

With effect from 01.04.2000, Borrowing Costs whether specific or general, utilised for acquisition, construction or production of qualifying assets, are capitalised as part of the cost of such assets, till the activities necessary for its intended use or sale are complete.

2.2 Fixed Assets acquired with financial assistance / subsidy from outside agencies either wholly or partly are capitalised at net cost to the Company.

2.3 Where the actual cost of Fixed / Current Assets are not readily ascertainable, they are accounted initially on provisional basis but adjusted subsequently to cost when ascertained.

2.4 Fixed Assets declared surplus / discarded are valued at lower of net book value and net realisable value, where the amounts involved are material and the depreciation on such Assets is calculated on a pro-rata basis from the date of such Addition or, as the case may be, up to date on which such asset has been discarded, demolished or destroyed. The entire excess / deficit of sale proceeds over the net book value of Fixed Assets is transferred to the Statement of Profit and Loss.

2.5 Expenditure on re-conditioning, re-siting and re-layout of machinery and equipment which do not increase the future benefits from the existing assets beyond the previously assessed standard of performance based on the technical assessment, is not capitalised.

2.6 Cost of the initial pack of Spares procured with Plant, Machinery and Equipment is capitalised and depreciated in the same manner as Plant, Machinery and Equipment.

2.7 Indirect expenses on Administration and Supervision in respect of expansion facilities / new projects at the existing operating Divisions are charged to Revenue.



### **3. 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.

### **4. TOOLS AND EQUIPMENT**

Expenditure on special purpose tools, jigs and fixtures including those specific to projects / products is initially capitalised for amortisation over production on technical assessment and to the extent not amortised is carried forward as Tangible asset. Expenditure on maintenance, re-work, re-conditioning, periodical inspection, referencing of tooling, replenishing of cutting tools and work of similar nature is charged to revenue at the time of issue.

### **5. INTANGIBLE ASSETS**

#### **5.1 Research and Development Expenditure**

Expenditure on Research and Development as and when incurred is debited to the Statement of Profit and Loss.

To the extent of Development Costs, which relate to Design, Construction and Testing of a chosen alternative for new or improved material, devices, products, processes, systems or services are recognized as an intangible asset, if it is probable that expenditure will enable the asset to generate future economic benefit. Such intangible assets are amortized over a period not exceeding ten years using straight line method.

5.2 Expenditure on licence fees, documentation charges etc. based on the definition criteria of intangible assets in terms of identifiability, control and future economic benefits from the assets, are amortised over production on technical estimates, and to the extent not amortised, are carried forward.

5.3 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 in the Books of Accounts and is amortised over a period not exceeding three years, on straight line method. Amortisation commences when the asset is available for use.

### **6. DEFERRED DEBTS**

Unpaid installment payments under deferred payment terms for the cost of imported material and tooling content of the equipment / products sold are accounted as deferred debts from the customer and are recovered as and when the instalments are paid.

### **7. SUNDRY DEBTORS**

Disputed / Time-barred debts from the Government departments are generally not treated as doubtful debts.

### **8. INVENTORY**

8.1 Inventories are valued at lower of cost and net realisable value. The cost of raw material, components and



stores are assigned by using the actual weighted average cost formula and those in transit at cost to date. In the case of 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.

- 8.2 Provision for redundancy is maintained at a suitable percentage / level of the value of closing inventory of raw material and components, stores and spare parts and construction material. Besides, where necessary, adequate provision is made for the redundancy of such material in respect of completed / specific projects and other surplus / redundant material pending transfer to salvage stores.
- 8.3 Stores declared surplus / unserviceable / redundant are charged to revenue.
- 8.4 Consumables issued from main stores and lying unused at the end of the year are not reckoned as inventory.
- 8.5 Saleable / Disposable scrap is valued at net realisable value.

## 9. SALES

### 9.1 Manufacturing, Repair and Overhaul / Spares Sale

Sales are set up on completion of contracted work on the basis of

-Acceptance by the buyer's Inspector, by way of signaling out certificate, in the case of the manufacture or repair and overhaul of aircraft and helicopters.

-For other deliverables like spares, site repairs, Cat 'B' repair servicing etc., sales are set up based on acceptance by the buyer's inspection agency or as agreed to by the buyer.

-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.

### 9.2 Development Sales

Development sales are set up on incurrance of expenditure identifiable to work orders and milestones achieved as per contract. Where milestones have not been defined sales will be as per actual incurrance of expenditure.

## 10. EMPLOYEE BENEFIT

- 10.1 Liability towards gratuity provided on yearly actuarial valuation in respect of all employees is remitted to a trust progressively.
- 10.2 Provision for Earned leave and Provident fund is made on the basis of actuarial valuation.

## 11. DEPRECIATION

Depreciation on Fixed Assets is charged on straight line method. The rates of Depreciation are determined based on Useful life prescribed in Schedule II to the Companies Act, 2013 for all assets. Depreciation is charged on shift basis applicable for asset other than NESD items. Each of the Fixed Assets is depreciated to rupee one value. Where during any Financial Year, any addition has been made to any Asset, or where any Asset has been



sold, discarded, demolished or destroyed, the depreciation on such Assets is calculated on a pro-rata basis from the date of such Addition or, as the case may be, up to date on which such asset has been sold, discarded, demolished or destroyed. Fixed Assets acquired after 01.04.2014 and individually costing ₹ 50,000/- and below are fully depreciated in the year of purchase.

As per the requirement of Schedule II to Companies Act, 2013, the Company has adopted "Component Accounting" w.e.f 1.4.2015 where "cost of a part of the asset is significant to total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part shall be determined separately."

All CSR Assets are fully depreciated in the year of capitalisation

## 12. FOREIGN CURRENCY TRANSACTION

Assets and Liabilities are re-instated at the year-end at the rate prevalent on 31<sup>st</sup> March of each year. The Income / Expenditure on account of this is charged to revenue.

## 13. CLAIMS BY / AGAINST 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.

Claims for Liquidated damages by / against the Company are recognised in Accounts on acceptance.

No provision is made for liabilities which are contingent in nature, but if material are disclosed by way of Notes.

## 14. WARRANTY

Provision for warranty is made at the time of setting up of sales for manufactured / overhauled aircraft / Helicopters/ engines / rotables / accessories and supply of spares within the frame work of the conditions agreed with the customers.

### **Incurrence of Expenditure:**

Expenditure incurred against Work Order towards warranty is charged to revenue and corresponding provision is withdrawn.

### **Withdrawal of un-utilised Warranty Provisions:**

#### **For Defence Customers:**

- For manufacturing programme, the un-utilised provision is withdrawn only after the expiry of warranty liability for all the aircraft / Helicopters / engines covered under the respective contract.

-For Overhaul programme, the un-utilised provision is withdrawn on expiry of warranty liability for each aircraft / Helicopters / engine / rotables.

-For supply of Spares (only for own fabricated spares), the un-utilised provision is withdrawn on expiry of warranty liability for each spare as per respective customer order.



**For Non- Defence Customers:**

For supply and services to Civil customers, withdrawal of un-utilised provision is made on expiry of warranty liability as per terms and conditions of respective contract.

**(C.V. RAMANA RAO)**  
Director (Finance) & CFO

**(T. SUVARNA RAJU)**  
Chairman & Managing Director

**(G.V. SESA REDDY)**  
(Company Secretary)

Place: Bengaluru  
Date: 29<sup>th</sup> June, 2016



## Consolidated Balance Sheet As at 31<sup>st</sup> March, 2016

(₹ In Lakhs)

Particulars	Note No.	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
<b>I. Equity and Liabilities</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	1	36150.00	48200.00
(b) Reserves and Surplus	2	1209585.25	1632219.52
(c) Money Received Against Share Warrants		-	-
<b>Sub Total</b>		<b>1245735.25</b>	<b>1680419.52</b>
<b>(2) Share Application Money Pending Allotment</b>			
<b>(3) Non-Current Liabilities</b>			
(a) Long-Term Borrowings	3	10830.63	10711.69
(b) Deferred Tax Liabilities (Net)	4	157805.21	161359.18
(c) Other Long Term Liabilities	5	1007993.66	965483.28
(d) Long Term Provisions	6	74108.01	63096.97
<b>Sub Total</b>		<b>1250737.51</b>	<b>1200651.12</b>
<b>(4) Current Liabilities</b>			
(a) Short Term Borrowings	7	5195.31	5753.12
(b) Trade Payables	8		
Micro, Small and Medium Enterprises		1519.40	414.24
Other than Micro, Small and Medium Enterprises		221803.30	233747.95
<b>Sub Total-Trade Payables</b>		<b>223322.70</b>	<b>234162.19</b>
(c) Other Current Liabilities	9	2786325.18	3056650.50
(d) Short Term Provisions	10	273787.97	256276.44
<b>Sub Total</b>		<b>3288631.16</b>	<b>3552842.25</b>
<b>Total I (1+2+3+4)</b>		<b>5785103.92</b>	<b>6433912.89</b>
<b>II. Assets</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets			
Gross Block	11A	1047411.97	946790.19
Less: Accumulated Depreciation	11B	490485.15	429888.45
Less: Impairment	11C	-	-
Net Block		556926.82	516901.74
(ii) Intangible Assets			
Gross Carrying Amount	11D	411687.14	379936.45
Less: Cumulative Amortisation & Impairment Loss	11E	185294.67	160229.96
Net Carrying Amount		226392.47	219706.49
(iii) Capital Work-In-Progress			
Net Carrying Amount	12	38271.89	23488.41
(iv) Intangible Assets under Development			
Net Carrying Amount		-	-
(b) Non-Current Investments			
Net Carrying Amount	13	72573.54	56993.49
(c) Long Term Loans and Advances			
Net Carrying Amount	14	28301.11	29548.49
(d) Other Non-Current Assets			
Net Carrying Amount	15	93504.26	93009.64
<b>Sub Total</b>		<b>1015970.09</b>	<b>939648.26</b>
<b>(2) Current Assets</b>			
(a) Current Investments			
Net Carrying Amount	16	-	-
(b) Inventories			
Net Carrying Amount	17	2421123.22	2518829.66
(c) Trade Receivables			
Net Carrying Amount	18	520527.70	629152.72
(d) Cash and Cash Equivalents			
Net Carrying Amount	19	1341487.05	1776749.65
(e) Short Term Loans and Advances			
Net Carrying Amount	20	265126.08	366995.82
(f) Other Current Assets			
Net Carrying Amount	21	220869.78	202536.78
<b>Sub Total</b>		<b>4769133.83</b>	<b>5494264.63</b>
<b>Total II( 1+2)</b>		<b>5785103.92</b>	<b>6433912.89</b>
<b>Notes on Accounts</b>			
	34		

Note '1' to '34' and Accounting Policies attached form part of the Accounts

As per our Report attached for **M/s. S. Venkatram & Co.,**  
Chartered Accountants  
Firm Regn. No.0046565



**(S SUNDARRAMAN)**  
Partner  
Membership No. 201028  
Place: Bengaluru  
Date: 29<sup>th</sup> June, 2016



**(C.V. RAMANA RAO)**  
Director (Finance) & CFO



**(T. SUVARNA RAJU)**  
Chairman & Managing Director



**(G.V. SESA REDDY)**  
(Company Secretary)



## Consolidated Statement of Profit and Loss For the period ended 31<sup>st</sup> March, 2016

(₹ In Lakhs)

S. No.	Particulars	Note No.	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
<b>I.</b>	<b>Revenue from Operations</b>	22	1747737.01	1593992.81
	Less: Excise Duty		36243.25	109.22
	Net Revenue from Operations		1711493.76	1593883.59
<b>II.</b>	Other Income	23	158715.33	164921.40
<b>III.</b>	<b>Total Revenue (I + II)</b>		<b>1870209.09</b>	<b>1758804.99</b>
<b>IV.</b>	<b>Expenses:</b>			
	Cost of Materials Consumed	24	891637.93	799097.07
	Purchase of Stock-in-Trade	24A	36368.28	101693.38
	Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	25	-53727.52	-67922.99
	Employee Benefits Expenses	26	328608.74	340324.95
	Finance Costs	27	643.60	1480.56
	Depreciation and Amortisation Expenses	28	87272.65	82247.00
	Other Expenses	29	121498.93	106965.10
	Direct Input to WIP / Expenses Capitalised	30	51193.10	43479.25
	Provisions	31	110275.63	80265.70
	Total Gross Expenses		1573771.34	1487630.02
	Deduct: Expenses relating to Capital and Other Accounts	32	33602.65	47737.32
	Total Net Expenses		<b>1540168.69</b>	<b>1439892.70</b>
<b>V.</b>	<b>Profit Before Exceptional And Extraordinary Items And Tax (III - IV)</b>		<b>330040.40</b>	<b>318912.29</b>
<b>VI.</b>	<b>Exceptional items</b>		-	-182.39
<b>VII.</b>	<b>Profit Before Extraordinary Items and Tax (V - VI)</b>		<b>330040.40</b>	<b>319094.68</b>
<b>VIII.</b>	<b>Extraordinary Items</b>		-	-
	Adjustment on account of Consolidation ( Depreciation & Asset transfer)		-6.46	1.32
<b>IX.</b>	<b>Profit Before Tax (VII - VIII) *</b>		<b>330046.86</b>	<b>319093.36</b>
	* includes Prior Period Gain / (Expense)	33	331.59	1243.67
<b>X.</b>	<b>Tax expenses</b>			
	(1) Current Tax		85649.20	70749.66
	(2) Minimum Alternate Tax (MAT) Credit (Entitlement)/Utilisation		20907.99	12541.67
	(3) Earlier Tax		61185.91	37.09
	(4) Deferred Tax		-3553.97	-4134.27
<b>XI.</b>	<b>Profit / (Loss) for the period from Continuing Operations (IX - X)</b>		<b>165857.73</b>	<b>239899.21</b>
<b>XII.</b>	Profit/(Loss) from Discontinuing Operations		-	-
<b>XIII.</b>	Tax expense of Discontinuing Operations		-	-
<b>XIV.</b>	Profit/(Loss) from Discontinuing Operations (After Tax) (XII - XIII)		-	-
<b>XV.</b>	<b>Profit(Loss) for the Period (XI + XIV)</b>		<b>165857.73</b>	<b>239899.21</b>
<b>XVI.</b>	<b>Earnings per Equity Share (₹)</b>			
	<b>Basic and Diluted</b>		<b>34.41</b>	<b>49.77</b>
	<b>Notes on Accounts</b>	34		

Note '1' to '34' and Accounting Policies attached form part of the Accounts

As per our Report attached for **M/s. S. Venkatram & Co.,**  
Chartered Accountants  
Firm Regn. No.0046565

**(S SUNDARRAMAN)**  
Partner  
Membership No. 201028  
Place: Bengaluru  
Date: 29<sup>th</sup> June, 2016

**(C.V. RAMANA RAO)**  
Director (Finance) & CFO

**(T. SUVARNA RAJU)**  
Chairman & Managing Director

**(G.V. SESA REDDY)**  
(Company Secretary)



## Note -1: SHARE CAPITAL

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
<b>Authorised Capital</b> 60,00,00,000 (PY 60,00,00,000) Equity Shares of Rs.10 each	60000.00	60000.00
<b>Issued, Subscribed and Fully Paid up</b> 36,15,00,000 (PY48,20,00,000) Equity Shares of ₹ 10 each fully paidup	36150.00	48200.00
<b>Subscribed and not Fully Paid up</b>	-	-
<b>Par Value per Share (₹)</b>	10	10
<b>Reconciliation of the Number of Shares Outstanding at the beginning and at the end of the Reporting period</b>		
Opening Equity Shares (Nos.)	482000000	482000000
Add: Bonus Shares Issued (Nos.)	-	-
Less: Shares Bought Back (Nos.)	120500000	-
Closing Equity Shares (Nos.)	361500000	482000000
<b>Shares in the Company held by each Shareholder holding more than 5 percent shares specifying the number of Shares held</b>	President of India and Nominees hold the entire 36,15,00,000 Shares	President of India and Nominees hold the entire 48,20,00,000 Shares
<b>Terms/ Rights attached to Equity Shares:</b> 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. Entire Capital is held by Single Share Holder.		



## NOTE-2: RESERVES AND SURPLUS

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
<b>Research &amp; Development Reserve</b>		
Opening Balance	17437.90	11674.52
Add: Current Year Transfer : ₹ 8749.90 Lakhs	14668.90	11682.38
Transfer from 2014-15 : ₹ 5919.00 Lakhs		
Less: Transfer to General Reserve on utilisation	592.63	5919.00
Closing Balance- (A)	<b>31514.17</b>	<b>17437.90</b>
<b>Corporate Social Responsibility &amp; Sustainable Development Reserve</b>		
Opening Balance	-	2714.78
Add: Current Year Transfer	-	-
Less: Utilised in Current Year/ Transfer to General Reserve	-	2714.78
Closing Balance- (B)	-	-
<b>Capital Redemption Reserve</b>		
Opening Balance	-	-
Add: Current Year Transfer	12050.00	-
Less: Written Back in Current Year	-	-
Closing Balance (C)	<b>12050.00</b>	-
<b>Capital Reserve</b>		
Opening Balance	4989.61	-
Add: Current Year Transfer	-0.43	-
Add : Grants Received	176.50	-
Add: Created on account of Consolidation	1472.30	4989.61
Less: Written Back in Current Year	7.19	-
Closing Balance (D)	<b>6630.79</b>	<b>4989.61</b>
<b>Foreign Currency Translation Reserve</b>		
Opening Balance	-674.48	45.04
Add: Current Year Transfer	-	-719.52
Less: Written Back in Current Year	-	-
Closing Balance (E)	<b>-674.48</b>	<b>-674.48</b>



(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
<b>General Reserve As per last Balance Sheet</b>	1616627.96	1441813.99
(+/-) Surplus Transferred from Statement of Profit and Loss	63814.19	170244.72
Add: Transfer from Capital Reserve	7.19	-
Add: Transfer from CSR Reserves	-	2714.78
Add: Transfer from R&D Reserve	592.63	5919.00
Less: Depreciation on transition to Sch-II of the Companies Act 2013	25.09	4064.52
Less: Withdrawn towards Buy Back of Shares		
-Reserves : ₹ 416387.75 Lakhs	514541.86	-
-Tax on Buyback : ₹ 98154.11 Lakhs		
Net Amount : ₹ 514541.86 Lakhs		
Closing Balance- (F)	<b>1166475.02</b>	<b>1616627.96</b>
<b>Surplus in Statement of Profit and Loss</b>	-6161.47	-6293.37
Add: Net Profit for the Current Year	165857.73	239899.21
Less: Appropriations / Allocations		
Depreciation Share of (JV)	-	22.47
Transfer to Research & Development Reserve	14668.90	11682.38
Corporate Social Responsibility & Sustainable Development Reserve		
Interim Dividend	51093.65	48056.19
Proposed Final Dividend	11801.39	127.77
Tax on Dividend	12803.66	9633.78
Transfer to Capital Redemption Reserve	12050.00	-
Transfer to Capital Reserve	-0.43	-
Add/less Adjustment on account of Change in Accounting policy	124.85	-
<b>Closing Balance</b>	<b>57403.94</b>	<b>164083.25</b>
<b>Transferred to General Reserve</b>	<b>63814.19</b>	<b>170244.72</b>
Net Closing Balance - (G)	<b>-6410.25</b>	<b>-6161.47</b>
<b>(A+B+C+D+E+F+G)</b>	<b>1209585.25</b>	<b>1632219.52</b>



### NOTE-3: LONG TERM BORROWINGS

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
<b>A. Secured Long Term Borrowings:</b>		
Bonds / Debentures	-	-
Term Loans		
From Banks	10389.43	10232.74
<b>Sub-total (A)</b>	<b>10389.43</b>	<b>10232.74</b>
<b>B. Unsecured Long Term Borrowings:</b>		
Deferred Liabilities		
Towards:		
10/15 Years	123.94	123.94
45 Years	278.39	303.89
From Related Parties	38.87	51.12
<b>Sub-total (B)</b>	<b>441.20</b>	<b>478.95</b>
<b>Total (A + B)</b>	<b>10830.63</b>	<b>10711.69</b>

### NOTE-4: DEFERRED TAX LIABILITIES (Net)

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
<b>As per last Balance Sheet</b>	161359.18	167644.36
Add / Less: Current Year's Provisions	-3553.97	-4134.27
Add/Less: Impact of Depreciation on transition to Sch-II of the Companies Act 2013	-	-2150.91
<b>Total</b>	<b>157805.21</b>	<b>161359.18</b>



## NOTE-5: OTHER LONG TERM LIABILITIES

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
<b>Trade Payables</b>		
Other than Micro, Small and Medium Enterprises	1.64	341.02
<b>Sub Total</b>	<b>1.64</b>	<b>341.02</b>
<b>Advances from Customers</b>		
<b>Outstanding Advances from Customers</b>		
Defence	323089.32	259594.43
<b>Sub Total (A)</b>	<b>323089.32</b>	<b>259594.43</b>
<b>Outstanding Milestone Receipt</b>		
Defence	574638.20	615537.11
Others	17728.41	-
<b>Sub Total (B)</b>	<b>592366.61</b>	<b>615537.11</b>
<b>Advances from Customers (A + B)</b>	<b>915455.93</b>	<b>875131.54</b>
Other Liabilities	92536.09	90010.72
<b>Total</b>	<b>1007993.66</b>	<b>965483.28</b>

## NOTE-6: LONG TERM PROVISIONS

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
<b>A. Provisions for Employee Benefits</b>		
Gratuity	112.96	107.16
Earned Leave	45465.56	39880.53
<b>Sub-total (A)</b>	<b>45578.52</b>	<b>39987.69</b>
<b>B. Others</b>		
Replacement and Other Charges	9517.73	9460.44
Warranty	19011.76	13648.84
<b>Sub-total (B)</b>	<b>28529.49</b>	<b>23109.28</b>
<b>Total (A + B)</b>	<b>74108.01</b>	<b>63096.97</b>



### NOTE-7: SHORT TERM BORROWINGS

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
<b>A. Secured Short Term Borrowings:</b>		
Loans Repayable on Demand		
From Banks ( Secured Against Term Deposit)	4816.09	4979.07
From Others	171.36	125.68
From Related Parties	27.19	406.59
<b>Sub-total (A)</b>	<b>5014.64</b>	<b>5511.34</b>
<b>B. Unsecured Short Term Borrowings:</b>		
Loans Repayable on Demand		
From Others	180.67	241.78
<b>Sub-total (B)</b>	<b>180.67</b>	<b>241.78</b>
<b>Total (A + B)</b>	<b>5195.31</b>	<b>5753.12</b>

### NOTE-8: TRADE PAYABLES

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
<b>Trade Payables</b>		
Micro, Small and Medium Enterprises	1519.40	414.24
Other than Micro, Small and Medium Enterprises	221803.30	233747.95
<b>Total</b>	<b>223322.70</b>	<b>234162.19</b>

### NOTE-9: OTHER CURRENT LIABILITIES

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
Current Maturities of Long term Debt	3364.81	2134.87
Interest Accrued but not Due	48.71	51.87
Interest accrued and Due	733.16	226.90
<b>Advances from Customers</b>		
Outstanding Advances from Customers		
Defence	427052.59	542861.82
Others	4417.91	3504.43
<b>Sub Total (A)</b>	<b>431470.50</b>	<b>546366.25</b>
<b>Outstanding Milestone Receipt</b>		
Defence	2072730.86	2311811.42
Others	58908.20	57026.03
<b>Sub Total (B)</b>	<b>2131639.06</b>	<b>2368837.45</b>
<b>Advances from Customers (A + B)</b>	<b>2563109.56</b>	<b>2915203.70</b>
<b>Other Payables</b>		
Taxes	105958.40	11859.84
Dues to Employees	40663.80	38202.80
Deferred Liabilities Towards 10/15 Years - Unsecured	15.21	28.76
Application Money received from Allotment of Securities and due for Refund	64.19	64.19
Others Liabilities	72367.34	88877.57
<b>Total</b>	<b>2786325.18</b>	<b>3056650.50</b>



## NOTE-10: SHORT TERM PROVISIONS

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
<b>A. Provisions for Employee Benefits</b>		
Gratuity	3039.64	12692.69
Earned Leave	33608.80	32814.18
Others	5894.46	21305.64
<b>Sub-total (A)</b>	<b>42542.90</b>	<b>66812.51</b>
<b>B. Others</b>		
Taxation (Net)	71.06	33.89
Proposed Dividend (Incl. Tax)	14203.92	152.79
Replacement and Other Charges	79506.09	48960.61
Warranty	92886.07	89734.14
Liquidated Damages	43449.02	50572.61
Corporate Social Responsibility	7.55	9.89
Excise Duty	1121.36	-
<b>Sub-total (B)</b>	<b>231245.07</b>	<b>189463.93</b>
<b>Total (A + B)</b>	<b>273787.97</b>	<b>256276.44</b>

## NOTE-11A: GROSS CARRYING COST - FIXED ASSETS-TANGIBLE ASSETS

(₹ In Lakhs)

Description	Gross Block as at 01.04.15	Additions	Reclasfn. / Adjustment	Disposals	Gross Block as at 31.03.16
<b>Fixed Assets<sup>1</sup></b>					
Land					
- Leasehold*	726.98	140.42	-	-	867.40
- Freehold	1780.93	-	-	-	1780.93
Buildings	86527.41	7542.68	51.60	16.01	94105.68
Plant and Equipment	264464.73	28561.93	145.71	907.25	292265.12
Furniture and Fixtures	10820.98	1729.68	-	102.56	12448.10
Vehicles	7501.67	1031.88	-	125.17	8408.38
Office Equipment	17272.38	2131.35	-145.71	396.66	18861.36
Assets used for CSR Activities	-	4254.17	-	-	4254.17
Roads and Drains	5964.95	401.70	-	15.73	6350.92
Water Supply	3888.75	252.61	-51.60	3.70	4086.06
Rail Road Sidings	71.07	0.00	-	-	71.07
Runways	5566.28	0.00	-	-	5566.28
Aircraft/Helicopters	15342.50	-	-	-	15342.50
<b>Sub Total</b>	<b>419928.64</b>	<b>46046.42</b>	<b>-</b>	<b>1567.08</b>	<b>464407.97</b>
Special Tools	526861.54	56142.46	-	-	583004.00
<b>Total</b>	<b>946790.18</b>	<b>102188.88</b>	<b>-</b>	<b>1567.08</b>	<b>1047411.97</b>
Previous Year-Fixed Assets	389742.65	31486.32	-14.72	1285.61	419928.64
Previous Year- Special Tools	501036.49	25825.05	-	-	526861.54

\* Additions includes lease of Government Land for establishing 6MW Wind power plant which is pending registration



**NOTE-11B: ACCUMULATED DEPRECIATION - TANGIBLE ASSETS**

(₹ In Lakhs)

Description	Provision as at 01.04.15	Additions		Reclasfn. / Adjustment	Disposals	Provision as at 31.03.16	Net Block as at 31.03.16	Net Block as at 31.03.15
		CY	PY					
<b>Depreciation <sup>2</sup></b>								
Land								
- Leasehold	66.21	10.17	-	-	-	76.38	791.01	660.77
- Freehold	-	-	-	-	-	-	1780.93	1780.93
Buildings	30340.96	3856.75	1.41	51.60	15.87	34234.85	59870.83	56186.46
Plant and Equipment	179231.96	18397.85	36.01	27.59	876.69	196816.72	95448.40	85232.78
Furniture and Fixtures	7615.69	1636.97	0.42	-2.50	79.54	9171.04	3277.06	3205.29
Vehicles	4908.01	547.56	-	-	109.94	5345.63	3062.75	2593.66
Office Equipment	13665.65	2325.74	8.35	-	403.26	15596.48	3264.88	3606.73
Assets used for CSR Activities	-	4254.17	-	-	-	4254.17	-	-
Roads and Drains	4103.54	891.82	2.90	-	15.73	4982.53	1368.39	1861.40
Water Supply	2462.57	226.94	-	-51.60	3.70	2634.21	1451.85	1426.18
Rail Road Sidings	71.06	-	-	-	-	71.06	0.01	0.01
Runways	4554.92	266.02	-	-	-	4820.94	745.35	1011.37
Aircraft/Helicopters	3807.06	723.74	-	-	-	4530.80	10811.70	11535.44
<b>Sub Total</b>	<b>250827.64</b>	<b>33137.73</b>	<b>49.09</b>	<b>25.09</b>	<b>1504.73</b>	<b>282534.81</b>	<b>181873.16</b>	<b>169101.00</b>
Special Tools	179060.81	28913.80	107.32	-	-	208081.93	374922.07	347800.74
Adjustment on account of Consolidation	-	-	-	-131.59	-	-131.59	131.59	-
<b>Total</b>	<b>429888.45</b>	<b>62051.53</b>	<b>156.41</b>	<b>-106.50</b>	<b>1504.73</b>	<b>490485.15</b>	<b>556926.82</b>	<b>516901.74</b>
Previous Year-Fixed Assets	217948.56	27655.30	49.78	6040.07	866.07	250827.64	169101.00	-
Previous Year- Special Tools	150885.37	28175.43	-	-	-	179060.81	347800.74	-

Above Includes:	<b>31.03.16</b>	<b>31.03.15</b>
Gross Value of Assets with M/s. MIDHANI	1195.39	1195.39
Cumulative Depreciation in respect of Assets with M/s. MIDHANI	532.24	443.54
	<b>31.03.16</b>	<b>31.03.15</b>
<sup>1</sup> Gross Value of Assets retired from active use	2815.66	2883.26
<sup>2</sup> Less: Cumulative Depreciated Value of Assets retired from active use	2751.54	2870.30
WDV of Assets retired from active use	64.12	12.96

\* Depreciation for the year includes Lease charges for Land taken on lease for establishing units at Kasaragod & LO Mumbai



## NOTE - 11C : IMPAIRMENT

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	-	-

## NOTE-11D & 11E: INTANGIBLE ASSETS

(₹ In Lakhs)

Description	As on 01.4.2015	Additions	Adjustment	As on 31.03.2016
<b>11D. Gross Carrying Amount</b>				
Development Expenditure	80998.64	26135.70	-	107134.34
Licence Fees	12129.91	143.18	-	12273.09
Computer Software	9369.04	2600.70	-	11969.74
Documentation	2444.56	-	-	2444.56
Others	1.29	-	-	1.29
<b>Total</b>	<b>104943.44</b>	<b>28879.58</b>	-	<b>133823.02</b>
Previous Year	88782.13	16994.66	-833.35	104943.44
Description	As on 01.4.2015	Amortisation and Impairment Loss	Adjustment	As on 31.03.2016
<b>11E. Cumulative Amortisation</b>				
Development Expenditure	25287.99	3768.92	-	29056.91
Licence Fees	4947.81	581.36	-	5529.17
Computer Software	8042.70	1072.01	-	9114.71
Documentation	694.91	285.46	-	980.37
Others	1.29	-	-	1.29
<b>Total</b>	<b>38974.70</b>	<b>5707.75</b>	-	<b>44682.45</b>
Previous Year	33724.90	6083.44	-833.64	38974.70



### NOTE -11D & 11E :INTANGIBLE ASSETS (CUSTOMER FUNDED)

(₹ In Lakhs)

Description	As on 01.4.2015	Additions	Adjustment	As on 31.03.2016
<b>Gross Carrying Amount</b>				
Development Expenditure	-	-	-	-
Licence Fees	234322.19	2017.69	-	236339.88
Computer Software	329.37	5.96	-	335.33
Documentation	40341.45	847.47	-	41188.92
<b>Total</b>	<b>274993.01</b>	<b>2871.12</b>	-	<b>277864.13</b>
Previous Year	288707.54	10842.87	-24557.40	274993.01
Description	As on 01.4.2015	Amortisation and Impairment Loss	Adjustment	As on 31.03.2016
<b>Cumulative Amortisation</b>				
Licence Fees	108997.90	18047.60	-	127045.50
Computer Software	298.73	17.84	-	316.57
Documentation	11958.63	1291.52	-	13250.15
<b>Total</b>	<b>121255.26</b>	<b>19356.96</b>	-	<b>140612.22</b>
Previous Year	125539.76	20272.90	-24557.40	121255.26
<b>Total Gross Carrying Amount</b>	<b>379936.45</b>	<b>31750.70</b>	-	<b>411687.15</b>
<b>Total Cumulative Amortisation</b>	<b>160229.96</b>	<b>25064.71</b>	-	<b>185294.67</b>

### NOTE-12 : CAPITAL WORK-IN-PROGRESS

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
Buildings	18672.66	10197.47
Plant, Machinery and Equipment	14573.08	7960.31
Roads and Drains	98.05	96.92
Water Supply	178.14	44.55
Plant, Machinery and Equipment under Inspection and in Transit	4749.96	5189.16
<b>Total</b>	<b>38271.89</b>	<b>23488.41</b>



### Note-13: NON-CURRENT INVESTMENT

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
<b>A. INVESTMENTS AT COST LESS PROVISION FOR OTHER THAN TEMPORARY DIMINUTION (TRADE / UN-QUOTED)</b>		
Investment Property	-	-
Investment in Equity Instruments		
- in Joint Ventures	-	-
M/s BAe-HAL Software Ltd-29,40,000 (29,40,000-P.Y) shares of ₹ 10 FV each fully paid	-	-
Less Provision for Diminution in value of Investment	-	-
Net -M/s BAe-HAL Software Ltd	-	-
M/s Snecma HAL Aerospace Private Ltd -11,40,000 (11,40,000-P.Y) Shares of ₹ 100 F.V. each fully paid	-	-
Less Provision for Diminution in value of Investment	-	-
Net - M/s Snecma HAL Aerospace Private Ltd	-	-
M/s Indo Russian Aviation Ltd - 9,36,525 (9,36,525-P.Y) shares of ₹ 10 FV each fully paid	-	-
Less Provision for Diminution in value of Investment	-	-
Net - M/s Indo Russian Aviation Ltd.	-	-
M/s HALBIT Avionics Pvt Ltd -3,82,500(3,82,500-P.Y) Shares of ₹ 100 FV each fully paid	-	-
Less Provision for Diminution in value of Investment	-	-
Net - M/s. HALBIT Avionics Pvt. Ltd.	-	-
M/s HAL Edgewood Technologies Pvt Ltd 3,00,000(3,00,000-P.Y) Shares of ₹ 100 FV each fully paid	-	-
Less Provision for Diminution in value of Investment	-	-
Net- M/s. HAL Edgewood Technologies Pvt. Ltd.	-	-
M/s SAMTEL HAL Display Systems Ltd-1,60,000 (1,60,000-P.Y) Shares of ₹ 100 FV each fully paid	-	-
Less Provision for Diminution in value of Investment	-	-
Net - M/s SAMTEL HAL Display Systems Ltd	-	-
M/s INFOTECH HAL Ltd - 20,00,000 (20,00,000-P.Y) Shares of ₹ 10 FV each fully paid	-	-
Less Provision for Diminution in value of Investment	-	-
Net- M/s. INFOTECH HAL Ltd.	-	-
M/s. HATSOFF Helicopter Training Pvt. Ltd. -3,84,04,204 (3,84,04,204 P.Y.) Shares of ₹ 10 FV each fully paid	-	-
Less Provision for Diminution in value of Investment	-	-
Net- M/s. HATSOFF Helicopter Training Pvt. Ltd.	-	-
M/s. TATA HAL Technologies Ltd. - 50,70,000 (50,70,000 P.Y.) Shares of ₹ 10 each fully paid	-	-
Less Provision for Diminution in value of Investment	-	-
Net- M/s. TATA HAL Technologies Ltd.	-	-
M/s. International Aerospace Manufacturing Pvt. Ltd. - 42,50,000 (42,50,000 - P.Y.) Shares of ₹ 100 FV each fully paid	-	-



(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
Less Provision for Diminution in value of Investment	-	-
Net-M/s International Aerospace Manufacturing Pvt Ltd	-	-
M/s. Multirole Transport Aircraft Ltd. - 113,46,564 (113,46,564 P.Y.) Shares of ₹ 100 FV each fully paid	-	-
Less Provision for Diminution in value of Investment	-	-
Net-M/s. Multirole Transport Aircraft Ltd.	-	-
M/s. Aerospace & Aviation Sector Skill Council(AASSC) - 125 (125 P.Y.) Shares of ₹ 10000 FV each fully paid	-	-
Less Provision for Diminution in value of Investment	-	-
Net-M/s. Aerospace & Aviation Sector Skill Council	-	-
<b>Sub Total (A)</b>	-	-
<b>B. INVESTMENTS AT COST (NON-TRADE / UN-QUOTED)</b>		
HAE Co-operative Society of 25 (25P.Y) Shares of ₹ 100 FV each fully paid	0.03	0.03
M/s Satnam Apartment Ltd - 41 (41 P.Y) Shares of ₹ 100 each at cost for acquisition of a Flat	0.07	0.07
M/s LIC of India (For Funding Vacation Leave)	72573.44	56993.39
<b>Sub Total (B)</b>	<b>72573.54</b>	<b>56993.49</b>
<b>Total (A + B)</b>	<b>72573.54</b>	<b>56993.49</b>
<b>Disclosure</b>		
(i) Aggregate amount of Quoted Investment and Market Value.	NIL	-
(ii) Aggregate amount of Unquoted Investments.	72573.54	56993.49
(iii) Aggregate Provision or Diminution in value of Investments	-	-



## NOTE-14: LONG TERM LOANS AND ADVANCES

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
<b>A. Secured Considered Good</b>		
Capital Advances	513.65	504.39
Loans and Advances to Related Parties	-	400.00
Advances against Goods and Services	2654.90	1551.58
Advances against Special Tools	979.11	3854.10
Employee Advances <sup>5</sup>	1224.46	1264.45
<b>Sub-total (A)</b>	<b>5372.12</b>	<b>7574.52</b>
<b>B. Unsecured Considered Good</b>		
Capital Advances	13963.88	11387.85
Security Deposit		
Govt. Departments for Customs Duty and for Supplies	665.30	595.51
Public Utility Concerns	2963.33	2712.96
Others	457.46	506.87
Loans and Advances to Related Parties	223.76	223.76
Advances against Goods and Services	463.01	32.86
Advances against Special Tools	3043.37	4431.29
Employee Advances <sup>5</sup>	91.76	64.71
Other Loans and Advances	1057.12	2018.16
<b>Sub-total (B)</b>	<b>22928.99</b>	<b>21973.97</b>
<b>C. Considered Doubtful</b>		
Capital Advances	58.94	58.94
Less: Provision for Bad and Doubtful	58.94	58.94
<b>Sub-total (C)</b>	-	-
<b>Total (A +B +C)</b>	<b>28301.11</b>	<b>29548.49</b>
<sup>5</sup> Amount due by the Officers of the Company at the end of the year	-	-



## NOTE-15: OTHER NON-CURRENT ASSETS

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March 2016	31 <sup>st</sup> March 2015
<b>Inventories <sup>3</sup></b>		
(Cost or Net Realisable Value whichever is lower)		
Raw materials and Components	35396.71	33854.63
Less: Provision for Redundancy	35396.71	33215.56
	-	639.07
Stores and Spares Parts	2100.09	2661.18
Less: Provision for Redundancy	2100.09	2661.18
	-	-
Loose Tools and Equipment	2174.87	810.01
Less: Provision for Redundancy	2174.87	810.01
	-	-
Construction Materials	1.64	1.56
Less: Provision for Redundancy	1.64	1.56
	-	-
<b>Sub Total Inventories</b>	-	<b>639.07</b>
<b>Long Term Trade Receivables</b>		
Secured Considered Good	-	-
Unsecured Considered Good	-	1554.18
Doubtful	407.88	253.46
	407.88	1807.64
Less: Provision for Bad and Doubtful	407.88	253.46
	-	<b>1554.18</b>
Deferred Debts - 10/15 yrs	123.94	123.94
Deferred Debts - 45 yrs	268.00	292.12
<b>Claims Receivable</b>		
Considered Good	92988.06	90182.46
Considered Doubtful	7951.94	4848.03
	100940.00	95030.49
Less: Provision for Doubtful Claims	7951.94	4848.03
<b>Claims Receivable</b>	<b>92988.06</b>	<b>90182.46</b>
Balance with Banks <sup>4</sup>	-	47.85
Prepaid Expenses	123.82	169.81
Interest Accrued not due	0.44	0.21
<b>Total</b>	<b>93504.26</b>	<b>93009.64</b>
<sup>3</sup> includes those issued to Sub-Contractors for Job Works / Customers	-	-

<sup>4</sup>Fully Earmarked for Committed Liabilities of more than 12 months



## NOTE-16: CURRENT INVESTMENT

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
	-	-

## NOTE-17 : INVENTORIES<sup>3</sup> ( Cost or Net Realisable Value whichever is lower)

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March 2016	31 <sup>st</sup> March 2015
Raw materials and Components	1238304.40	1313372.62
Less: Provision for Redundancy	21589.11	22553.91
	1216715.29	1290818.71
Work-in-Progress	897289.81	862422.97
Finished Goods	193318.90	172376.02
Stock-in-Trade	4645.57	5346.75
Stores and Spare Parts	30063.73	24665.91
Less: Provision for Redundancy	566.57	797.90
	29497.16	23868.01
Loose Tools and Equipment	7671.56	8058.82
Less: Provision for Redundancy	143.55	135.60
	7528.01	7923.22
Construction Materials	99.64	87.78
Less: Provision for Redundancy	4.29	4.08
	95.35	83.70
Disposable Scrap	1382.74	1797.22
Miscellaneous Stores	-	-
Good under Inspection and in Transit		
- Raw material and Components	64985.23	149595.28
- Stores and Spare Parts	4012.84	2804.02
- Loose Tools and Equipment	1652.32	1793.76
	70650.39	154193.06
<b>Total Inventories</b>	<b>2421123.22</b>	<b>2518829.66</b>
<sup>3</sup> includes those issued to Sub-Contractors for Job Works / lying with Customers	31783.16	32503.91



### NOTE-18: TRADE RECEIVABLES

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
<b>Trade Receivables</b>		
(A) Debts outstanding for a period exceeding Six months from the dates they have fallen due		
Secured Considered Good	47.93	251.79
Unsecured Considered Good	224614.82	276574.96
Doubtful	5201.38	933.66
	229864.13	277760.41
Less: Provision for Doubtful Debts	5201.38	933.66
<b>Sub Total (A)</b>	<b>224662.75</b>	<b>276826.75</b>
(B) Debts outstanding for a period less than Six months from the dates they have fallen due		
Secured Considered Good	2855.45	1540.74
Unsecured Considered Good	293009.50	350785.23
Doubtful	5480.49	-
	301345.44	352325.97
Less: Provision for Doubtful Debts	5480.49	-
<b>Sub Total (B)</b>	<b>295864.95</b>	<b>352325.97</b>
<b>TOTAL (A + B)</b>	<b>520527.70</b>	<b>629152.72</b>

### NOTE-19: CASH AND CASH EQUIVALENTS

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
<b>A) CASH AND CASH EQUIVALENTS</b>		
Cash on Hand	17.44	21.88
Cheques, Drafts on Hand	-	0.83
Balances with Bank		
- Current Account	35513.87	48319.96
- Short Term Deposits	5471.66	130858.77
	<b>41002.97</b>	<b>179201.44</b>
<b>B) Other Bank Balances</b>		
Short Term Deposits *	1300196.15	1597289.73
	<b>1300196.15</b>	<b>1597289.73</b>
<b>C) OTHERS</b>		
Margin Money	262.93	233.48
Term Deposits with Financial Institutions	25.00	25.00
	<b>287.93</b>	<b>258.48</b>
<b>TOTAL (A + B+C)</b>	<b>1341487.05</b>	<b>1776749.65</b>

\*Includes CY - Nil (PY ₹ 15.68 lakhs) earmarked for committed liability less than one year



## NOTE-20 : SHORT TERM LOANS AND ADVANCES

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
<b>A. Secured Considered Good</b>		
Loans and Advances to Related Parties	-	1925.50
Advances against Goods and Services	64330.48	65252.51
Advance against Special Tools	1024.21	1485.49
Employee advances <sup>5</sup>	1086.83	1058.70
Advance Tax	98.63	103.15
<b>Sub-total (A)</b>	<b>66540.15</b>	<b>69825.35</b>
<b>B. Unsecured Considered Good</b>		
Security Deposit		
Govt. Departments for Customs Duty and for Supplies	3488.17	3276.74
Public Utility Concerns	36.53	48.08
Others	1637.75	1367.12
Loans and Advances to Related Parties	1611.49	8614.34
Advances against Goods and Services	61933.92	88255.21
Employee advances <sup>5</sup>	3513.36	3160.15
Advance Tax	468.66	505.39
Other Loans and Advances	125896.05	191943.44
<b>Sub-total (B)</b>	<b>198585.93</b>	<b>297170.47</b>
<b>C. Considered Doubtful</b>		
Other Loans and Advances	-	1.71
Less: Provision for Bad and Doubtful	-	1.71
<b>Sub-total (C)</b>	<b>-</b>	<b>-</b>
<b>TOTAL (A +B +C)</b>	<b>265126.08</b>	<b>366995.82</b>
<sup>5</sup> Amount due by the Officers of the Company at the end of the year	-	-

## NOTE-21: OTHER CURRENT ASSETS

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
Interest Accrued and due on Non-current Investments and Advance to Related Party	6096.44	5700.92
Interest Accrued and not due on Short Term Bank Deposits	49568.31	63491.12
<b>Claims Receivable</b>		
Considered Good	163431.02	128622.18
Considered Doubtful	3956.26	3042.49
	167387.28	131664.67
Less: Provision for Doubtful Claims	3956.26	3042.49
<b>Claims Receivable</b>	<b>163431.02</b>	<b>128622.18</b>
Prepaid Expenses	1720.01	4692.25
Revenue Stamps	24.53	-
Balances in Franking Machine	5.34	6.18
Current Maturities in Deferred Debt - 45 yrs	24.13	24.13
<b>Total</b>	<b>220869.78</b>	<b>202536.78</b>



**NOTE-22: REVENUE FROM OPERATIONS**

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
<b>Revenue from Operations</b>		
<b>a) Sale of Products</b>		
<b>Inland Sales</b>		
Finished Goods	1019321.84	922112.50
Spares	178114.09	195103.26
Development	61091.00	61340.06
Miscellaneous	2520.75	10909.57
Prior Period	494.45	1758.81
<b>Total Inland Sales of Products</b>	<b>1261542.13</b>	<b>1191224.20</b>
<b>Export Sales</b>		
Finished Goods	33194.79	40872.48
Spares	16801.82	17343.70
Prior Period	87.07	-78.07
<b>Total Export Sales of Products</b>	<b>50083.68</b>	<b>58138.11</b>
<b>Total Sale of Products (a)</b>	<b>1311625.81</b>	<b>1249362.31</b>
<b>b) Sale of Services</b>		
<b>Inland Sale of Services</b>		
Repair and Overhaul	407990.27	327262.81
Other Services	4062.67	4630.15
Prior Period	35.62	586.20
<b>Total Inland Sales of Services</b>	<b>412088.56</b>	<b>332479.16</b>
<b>Export Sale of Services</b>		
Repair and Overhaul	3058.29	220.14
Other Services	2509.64	726.42
<b>Total Export Sales of Services</b>	<b>5567.93</b>	<b>946.56</b>
<b>Total Sales of Services (b)</b>	<b>417656.49</b>	<b>333425.72</b>
<b>Total Sales (a+b)</b>	<b>1729282.30</b>	<b>1582788.03</b>
<b>c) Other Operating Revenues</b>		
(i) Disposal of Scrap and Surplus / Unserviceable Stores	378.14	919.23
(ii) Provision no Longer Required	11076.06	5319.48
(iii) Others	7000.51	4966.07
<b>Total Operating Revenues (c)</b>	<b>18454.71</b>	<b>11204.78</b>
<b>Gross Revenue from Operations (d) = (a+b+c)</b>	<b>1747737.01</b>	<b>1593992.81</b>
Less: Excise Duty (e)	36243.25	109.22
<b>Net Revenue from Operations (f) = (d - e)</b>	<b>1711493.76</b>	<b>1593883.59</b>



## NOTE-23: OTHER INCOME

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
<b>Interest Income</b>		
-Short term Deposits / Loans	155613.83	163690.33
- Sundry Advances - Employees	119.31	120.37
- Other Deposits	197.83	138.28
Less Interest Liability to Customer	-	1105.37
	<b>155930.97</b>	<b>162843.61</b>
<b>Dividend Income</b>		
- Dividend Income from JVs	221.43	183.97
Profit on Sale of Assets (Net)	198.23	-138.55
Miscellaneous	2364.56	2021.40
Prior Period Items	0.14	10.97
<b>Total</b>	<b>158715.33</b>	<b>164921.40</b>

## NOTE-24: COST OF MATERIAL CONSUMED

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
<b>CONSUMPTION OF RAW MATERIAL, COMPONENTS, STORES AND SPARE PARTS<sup>6</sup></b>		
Opening Stock	1374633.36	1183372.98
Add: Purchases	867958.98	1011177.55
Add: Subcontracting, Fabrication and Machining Charges.	22524.06	20221.55
Less: Closing stock	1305928.63	1374633.36
	<b>959187.77</b>	<b>840138.72</b>
Less: Transfer to		
Special Tools and Equipment	51588.34	21968.10
Capital Works	4.66	-
Development Expenditure	4215.79	4087.04
Expense Accounts and Others/ Provisions	11741.05	14986.51
	<b>67549.84</b>	<b>41041.65</b>
	<b>891637.93</b>	<b>799097.07</b>
<sup>6</sup> includes Prior Period Items	-162.57	906.01

## NOTE-24A: PURCHASE OF STOCK-IN-TRADE

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
Purchase of Stock-in-Trade	36368.28	101693.38



**NOTE-25: CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN- PROGRESS, STOCK-IN-TRADE AND SCRAP**

(₹ In Lakhs)		
Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
<b>CHANGE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE (A)</b>		
<b>Accretion / (Decretion)</b>		
Opening Balance		
(i) Finished Goods	172376.02	175420.09
(ii) Work-in-progress	862422.47	791449.88
(iii) Stock in Trade	5346.75	5767.19
	<b>1040145.24</b>	<b>972637.16</b>
Closing Balance		
(i) Finished Goods	193380.39	172376.02
(ii) Work-in-progress	897382.64	862422.47
Less : Excise Duty on accretion/ Decretion to Stock	-1121.36	-
(iii) Stock in Trade	4645.57	5346.75
	<b>1094287.24</b>	<b>1040145.24</b>
<b>Accretion / (Decretion)</b>	<b>54142.00</b>	<b>67508.08</b>
<b>CHANGE IN DISPOSABLE SCRAP (B)</b>		
Opening Balance		
	1797.22	1382.31
Closing Balance		
	1382.74	1797.22
<b>Accretion / (Decretion)</b>	<b>-414.48</b>	<b>414.91</b>
<b>TOTAL (A+B)</b>	<b>53727.52</b>	<b>67922.99</b>

**NOTE-26: EMPLOYEES BENEFIT EXPENSES<sup>7</sup>**

(₹ In Lakhs)		
Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
<b>Employee Benefit Expenses</b>		
Salaries and Wages	267428.01	272136.34
Contribution to Provident and Other Funds		
- Contribution to Provident Fund/ Others	43449.20	40060.14
- Contribution to Gratuity	3041.85	12728.88
Staff Welfare Expenses ( Net )	13942.46	14621.96
Rent for Hiring Accomodation for Officers / Staff	734.50	777.63
Prior Period	12.72	-
	<b>328608.74</b>	<b>340324.95</b>
<sup>7</sup> Includes Directors' Remuneration		
Salaries	132.22	172.06
Contribution to Provident Fund	11.00	15.56
Gratuity	10.00	10.00



## NOTE-27: FINANCE COST

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
<b>Finance Cost</b>		
Interest Expense		
- Cash Credit	591.98	595.35
- Interest on Short Term Loans	47.23	883.46
Net Gain/Loss on Foreign Currency Translations and Transactions on Borrowings	4.39	1.75
<b>Total</b>	<b>643.60</b>	<b>1480.56</b>

## NOTE-28: DEPRECIATION AND AMORTISATION EXPENSES

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
<b>A. DEPRECIATION ON ASSETS</b>	33186.82	27705.08
<b>B. AMORTISATION</b>		
Development Expenditure	3768.92	2983.46
Deferred Revenue Expenditure		
- Licence Fees	18628.96	20484.38
- Computer Software	1097.63	660.61
- Documentation	1557.51	2238.04
Special Tools	28913.80	28175.43
Prior Period	119.01	-
<b>B. AMORTISATION</b>	<b>54085.83</b>	<b>54541.92</b>
<b>TOTAL (A + B)</b>	<b>87272.65</b>	<b>82247.00</b>



## NOTE-29: OTHER EXPENSES

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
Shop Supplies	10656.60	9867.44
Power and Fuel	17569.31	17046.08
Water Charges	6235.93	5222.12
Rent for Office Premises etc.	650.89	638.23
Travelling (includes Foreign Travel)	7356.81	7705.51
Training (includes Foreign Training)	1192.90	2340.53
Repairs:		
Buildings	7785.62	7134.22
Plant, Machinery and Equipment	10634.95	10858.76
Others	3846.58	4379.61
Expenses on Tools and Equipment	5059.13	4108.44
Insurance	1764.42	1744.96
Rates and Taxes	877.14	2294.11
Postage and Telephones	1225.42	992.44
Printing and Stationery	1233.31	1248.88
Publicity	1988.89	2388.10
Advertisement	1813.65	2067.72
Bank Charges	617.64	668.40
Loss on Foreign Currency Transaction and Translation (Net)	5543.44	-7380.25
Legal Expenses	369.13	277.30
Auditors' Remuneration:		
For Audit Fee	49.85	53.07
For Taxation matters	7.17	8.38
For Company Law matters	0.35	0.21
For Other Services	45.08	69.63
For Reimbursement of expenses	0.13	0.37
Selling Agents Commission	41.87	212.76
Donations	0.67	104.84
Handling Charges	370.96	262.93
Write Off:		
Fixed Assets	2.29	2.09
Stores	191.58	190.82
Shortages / Rejections	229.35	339.77
Others	22.02	6.22
Freight and Insurance	1078.98	1142.08
Liquidated Damages	18.35	7.48
JWG share of Profit	184.88	121.49
Sustainable Development & Corporate Social Responsibility*	4820.90	4575.65
Interest on Micro, Small and Medium Enterprises	1.13	-
Other Operating Expenses <sup>8</sup>	27851.49	26186.26
Prior Period Items	160.12	78.45
<b>Total</b>	<b>121498.93</b>	<b>106965.10</b>
<sup>8</sup> includes Director's Sitting Fees	19.45	26.79

\*Does not include CSR Assets of ₹ 4254.17 lakhs capitalised under Note 11A. Total CSR expenditure is ₹ 9070.92 lakhs



### NOTE-30: DIRECT INPUT TO WIP AND EXPENSES CAPITALISED

( In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
<b>A) DIRECT INPUT TO WIP</b>		
Project related Travel	671.54	987.09
Project related Training	1008.37	199.52
Project related other Expenditure	4180.84	1365.09
Royalty	904.31	1017.00
Foreign Technician Fee	8488.78	6006.20
Ground Risk Insurance	2260.96	2611.62
Quality Audit Expenses	-	42.52
Design and Development	6425.83	5206.18
Sundry Direct Charges - Others	21699.22	13605.59
<b>Sub-Total (A)</b>	<b>45639.85</b>	<b>31040.81</b>
<b>B) EXPENSES CAPITALISED</b>		
Licence Fees	2160.86	9172.12
Computer software	2544.92	1113.93
Documentation	847.47	2152.39
<b>Sub-Total (B)</b>	<b>5553.25</b>	<b>12438.44</b>
<b>Total (A + B)</b>	<b>51193.10</b>	<b>43479.25</b>

### NOTE-31: PROVISIONS

(₹ In Lakhs)

Particulars	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
Replacement and Other Charges	32315.20	9546.05
Warranty	18094.60	21344.76
Raw Materials and Components, Stores and Spare parts and Construction Materials	7543.27	9711.26
Liquidated Damages	36846.63	39521.68
Doubtful Debts	9917.41	18.34
Doubtful Claims	4086.22	113.72
Diminution in the value of long term Investments	1472.30	-
Corporate Social Responsibility & Sustainable Development	-	9.89
<b>Total</b>	<b>110275.63</b>	<b>80265.70</b>



## NOTE-32: EXPENSES RELATING TO CAPITAL AND OTHER ACCOUNTS

Particulars	( In Lakhs)	
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
Expenses allocated to:		
Deferred Revenue Expenditure	5553.25	12438.44
Special Tools	4554.12	3856.94
Capital Works	-	645.99
Development Expenditure	21437.41	11267.83
Others	2057.87	19528.12
<b>EXPENSES RELATING TO CAPITAL AND OTHER ACCOUNTS</b>	<b>33602.65</b>	<b>47737.32</b>

## NOTE-33: PRIOR PERIOD GAIN / (EXPENSE)

Particulars	(₹ In Lakhs)	
	31 <sup>st</sup> March, 2016	31 <sup>st</sup> March, 2015
<b>(A) Income</b>		
Inland Sales	530.07	2345.01
Export Sales	87.07	-78.07
Other Income	0.14	10.97
<b>Sub-Total (A)</b>	<b>617.28</b>	<b>2277.91</b>
<b>(B) Expenditure</b>		
Consumption of Raw Material, Components, Stores and Spare Parts	-162.57	906.01
Amortisation	119.01	-
Salaries and Wages	12.72	-
Depreciation	156.41	49.78
Other Expenses	160.12	78.45
<b>Sub-Total (B)</b>	<b>285.69</b>	<b>1034.24</b>
<b>Total (A - B)</b>	<b>331.59</b>	<b>1243.67</b>



## Note of Accounts: Consolidated - 34

1. In Compliance with Accounting Standard 27 issued by Institute of Chartered Accountants of India on Financial reporting of interest in Joint Ventures, the required information is as follows:-

1.1 Disclosure of Interest in Following class of Joint ventures:

### JOINTLY CONTROLLED ENTITIES:

Name of the Jointly Controlled Entities*	Nature of Business	Participating Interest (in %)	
		31 March 2016	31 March 2015
International Aerospace Manufacturing Private Limited (IAMPL)	Manufacturing of compressed rings, turbine blades.	50%	50%
BAeHAL Software Limited (BAeHAL)	Develop, Improve, Market, Sell, Lease or Loaning of Computer Softwares	49%	49%
Snecma HAL Aerospace Private Limited (SNECMA)	Produce Engine Parts & Components	50%	50%
SAMTEL HAL Display Systems Limited (SAMTEL)	Design, Develop & Manufacture of various types of display systems for airborne, military & Ground Applications.	40%	40%
Infotech HAL Limited (INFOTECH)	Engineering Services work in aero engines field, Technical Publications, Works from OEM.	50%	50%
HAL-Edgewood Technologies Private Limited (HAL-EDGEWOOD)	Hi-tech aerospace & Defence Product Design, Development, manufacturing & Technology Transfer.	50%	50%
HALBIT Avionics Private Limited (HALBIT)	Design, Develop, Market & Support (Operations & Maintenance) Products. *Provide support and maintenance services	50%	50%
Indo-Russian Aviation Limited (IRAL)	Overhaul & Repair of Aircraft, Engines	48%	48%
HATSOFF Helicopter Training Private Limited(HATSOFF)	Military & Civil Helicopter Pilot Training Services, Marketing about Training Services	50%	50%
TATA HAL Technologies Limited(TATA-HAL)	Provide Engineering & Design Solutions Leveraging the strength of parties.	50%	50%
Multi Role Transport Aircraft Limited(MRTAL)	Preliminary & Detail Design of MTA MTA Prototypes Prod.	50%	50%
Aerospace Aviation and Sectors Skill Council(AASSC)	Research and aggregate skill requirements of the aviation and aerospace industry	50%	50%

\* All Jointly Controlled Entities have been incorporated in India.



1.2 Principles of Consolidation:

S. No.	Particulars
1	The Consolidated Financial Statements (CFS) of Hindustan Aeronautics Limited (HAL) and its Joint Ventures are prepared in accordance with Accounting Standard (AS) – 27 on “Financial reporting of interest in Joint Ventures” issued by the Institute of Chartered Accountants of India (ICAI) and are presented to the extent possible in the same manner as the HAL’s separate financial statement.
2	Interest in Joint Venture has been accounted by using the proportionate consolidation method on line-by-line basis on items of assets, liabilities, income, expenses after fully eliminating unrealized profits in intra-group transactions as per AS – 27.
3	The excess of cost of HAL’s investments in its Jointly Controlled Entities(JCEs), over the JCEs Net Assets is recognized as Goodwill and the case of vice-versa as Capital Reserve.
4	As Shareholders’ Agreements entered by HAL relating to all the JCEs clearly specifies the intent of HAL to subscribe and hold the specified percentage of the equity from the beginning, no pre-acquisition profits/ losses arose on consolidation.
5	Capital reserve on Consolidation represents the difference in the carrying costs (net of diminution) of the respective investment and its original cost.
6	In respect of assets purchased by HAL from the profit-making JCEs and not sold by HAL, the proportionate value of the profit of JCEs is eliminated.
7	To the extent possible, the CFS are prepared using uniform accounting policies for like transactions and other events in similar circumstance and are presented in the same manner as the HAL’s financial statements. The effect of changes due to the non-uniform accounting policies of the JCE’s with that of HAL are adjusted: (i) in the Statement of Profit and Loss; and (ii) with Reserves and Surplus to the extent it relates to the earlier years.
8	No adjustments have been made in respect of claims recognized by JCEs but disputed by HAL as set-off of assets and liabilities is recommended in AS-27 only in cases where there is a legal right to set-off.
9	Disclosure with respect to related party transactions entered into by the JCEs (as required by AS-18) has been made only in respect of transactions entered by the JCEs with other related parties (other than HAL). In respect of contingent liabilities and commitments proportionate share of HAL and others entire amount as shown by JCEs has been considered for disclosure.
10	The figures of previous year have been considered based on audited financial statements received.
11	The figures in respect of Joint Ventures have been regrouped wherever necessary and disclosed in lakhs

1.3 Details of Net assets, Profit / Loss of the Group considered in the CFS is as under:

(₹ In Lakhs)

Particulars	Net Assets	% to total	Profit/Loss	% to total
HAL	12,41,864.38	98.42%	1,65,376.81	99.67%
IAMPL	3,394.69	0.27%	14.35	0.01%
BAeHAL	754.59	0.06%	(130.31)	-0.08%
SNECMA	2,510.97	0.20%	382.00	0.23%
SAMTEL	55.42	0.00%	2.76	0.00%
INFOTECH	116.60	0.01%	49.75	0.03%
HAL-EDGEWOOD	(328.09)	-0.03%	(59.19)	-0.04%
HALBIT	(84.39)	-0.01%	(277.15)	-0.17%
IRAL	4,453.59	0.35%	831.92	0.50%
HATSOFF	(2,213.80)	-0.18%	(392.32)	-0.24%
TATA-HAL	229.57	0.02%	16.23	0.01%
MRTAL	10,896.22	0.86%	119.99	0.07%
AASSC	181.38	0.01%	(7.19)	0.00%



#### 1.4 Contingent liabilities:

( In Lakhs)

S. No.	Particulars	Mar 16	Mar 15
1	<u>Contingent Liabilities to the extent not provided for:</u>		
	Outstanding :		
	(i) Letters of Credit	93,948.82	159,184.12
	Non-fund based limits of 2,05,000 lakhs(PY 2,05,000 Lakhs) from Consortium Bankers, State Bank of India, Punjab National Bank, Indian Bank, State Bank of Hyderabad, State Bank of Mysore, State Bank of Patiala, State Bank of Bikaner & Jaipur, State Bank of Travancore, Bank of Baroda, Indian Overseas Bank, Union Bank of India and Syndicate Bank are secured by hypothecation of Inventories and all Receivables. The total limits sanctioned is 2,50,000 lakhs which is interchangeable between the consortium banks and between fund based and non-fund based limits.		
	(ii) Indemnity Bonds given by the Company for performance	5,13,724.35	5,03,520.69
	(iii) Performance Guarantees	11,875.06	16,313.65
	<u>Claims / Demands against the HAL and JVs not acknowledged as Debts (Gross):</u>		
	(i) Sales Tax / Entry Tax	6,23,421.30	2,27,265.13
	(ii) Income Tax *	2,08,236.12	2,24,109.98
	(iii) Municipal Tax	7,143.91	-
	(iv) Service Tax	77,791.54	64,459.13
	(v) Liquidated Damages	1,39,847.83	1,30,438.69
	(vi) Customs Duty	23,627.68	23,627.68
	(vii) Others	11,302.11	11,893.00
	<b>Total</b>	<b>10,91,370.50</b>	<b>6,81,793.61</b>
	* exclude contingent liability in respect of Bae-HAL software Ltd, as it was not quantifiable		
2	<u>Commitments:</u>		
	<u>Estimated amount of contracts remaining to be executed and not provided for:</u>		
	i) on Capital Account	1,12,463.06	94,803.75
	ii) towards purchase of Inventory, Services,etc.	7,73,917.16	10,09,099.99
	<b>Total</b>	<b>8,86,380.22</b>	<b>11,03,903.74</b>



2 General Notes to Accounts:

(₹ In Lakhs)			
S. No.	Particulars	Mar 16	Mar 15
1	<u>Value of Imports calculated on CIF basis:</u>		
	(i) Raw Materials	4,53,309.18	6,95,787.99
	(ii) Components and Spare parts	2,55,830.16	3,05,008.27
	(iii) Capital Goods	13,991.67	5,468.51
	(iv) Special Tools	41,960.51	15,728.67
	<b>Total</b>	<b>7,65,091.52</b>	<b>10,21,993.44</b>
2	<u>Expenditure in Foreign currency on account of:</u>		
	(i) Royalty	904.31	1,017.00
	(ii) License Fee	2,017.69	8,629.48
	(iii) Documentation	781.37	2,051.73
	(iv) Professional, Consultancy and Foreign Technician Fees	18,762.44	15,581.51
	(v) Foreign Travel	1,213.91	1,068.36
	(vi) Liaison Offices abroad	277.99	315.37
	(vii) Others	2,018.89	2,419.01
	<b>Total</b>	<b>25,976.60</b>	<b>31,082.46</b>
3	<u>Earnings in Foreign Exchange:</u>		
	(i) Export on FOB Basis *	55,884.36	59,195.92
	(ii) Services **	5,971.75	1,661.96
	(iii) Others	226.69	67.75
	*excludes CY ₹ 4263.05 lakhs (PY ₹ 8209.55 lakhs) towards exports made to Nepal in INR		
	**excludes CY ₹ 176.30 lakhs (PY ₹ Nil lakhs) towards exports made to Nepal in INR		
	<b>Total</b>	<b>62,082.80</b>	<b>60,925.63</b>
4	The effect on Profit due to Prior Period Transactions	408.88	1,239.08
5	Fixed Assets acquired with financial assistance / subsidy from outside agencies either wholly or partly are capitalised at net cost to the Company and does not include Assets given by the customer for use of their jobs by the Company	1,17,712.83	97,215.57
6	Pursuant to the enactment of companies act 2013, the company has applied the estimated useful lives as specified in schedule II for the purpose of computation of depreciation on Fixed Assets. The company has identified and depreciated significant components with different useful life separately for all fixed assets.		
	(a) Impact on Additional depreciation debited to P&L a/c on account of revision in useful life.	115.86	7,592.80
	(b) Impact on Additional Depreciation debited to retained earnings net of tax (deferred tax - ₹ 2150.91)	-	4,109.66
	(c) Impact on Additional depreciation debited to P&L a/c on account of Component Accounting	314.80	-
	(d) Impact on Additional Depreciation debited to retained earnings on account of Component Accounting	25.09	-
	(e) Impact due to changes in Accounting Policies on CSR Assets	4,408.26	-
	(f) Impact due to changes in Accounting Policies on account of Actuarial Valuation of Provident Fund	1,103.90	-
7	Exemption had been granted to the Company from compliance of the provisions 3(i)(a), 3(ii)(a)(1), 3(ii)(a)(2), 3(ii)(d) and 4C contained in Part II of the erstwhile Schedule VI to the erstwhile Companies Act, 1956 vide Ministry of Law, Government of India letter no. 3/33/72-CL VI dated 06/06/1974. Based on the above exemption, the Company has not disclosed Raw materials under broad heads as required under General instructions for preparation of Statement of Profit & Loss vide paragraphs , Goods Purchased under broad heads, Purchases, Sales and Consumption of Raw Material under broad heads, Work-in-Progress under broad heads as required under "General Instructions for preparation of Statement of Profit & Loss" vide paragraphs 5(ii)(a)(1), 5(ii)(a)(2), 5(ii)(d), 5(iii) respectively of the Sch III to the Companies Act, 2013.		



### 3 Significant Notes on Consolidated Financial Statements:

#### 3.1) In respect of Hindustan Aeronautics Limited:

(₹ In Lakhs)

S. No.	Particulars	31 <sup>st</sup> March 2016	31 <sup>st</sup> March, 2015
1	Raw Materials, Spare Parts and Components consumed:		
	(i) Imported (including Customs Duty)	832952.56	739900.30
	(In % to total)	87.88	89.43
	(ii) Indigenous	114917.89	87443.00
	(In % to total)	12.12	10.57
	<b>Total (Gross)</b>	<b>947870.45</b>	<b>827343.30</b>
	(Total %)	100.00	100.00
2	Special Tools include expenditure funded by customer and amortized over production on technical assessment and to the extent not amortized is carried forward.		
3	As per AS-11 relating to Accounting for the effects of changes in the Foreign exchange rates: (a) Exchange rate variation recognised in Statement of Profit and Loss towards Capital Assets. As and when the instalments in respect of deferred debts referred to in Accounting policy No 6 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 ERV considered for CY is ₹ 3886.57 Lakhs (PY ₹ 5121.80 Lakhs). The Assets and Liabilities relating to deferred credit transaction are reinstated as on 31 <sup>st</sup> March each year under Non-Current Assets, Current Assets (recoverable within one year), Non-current Liabilities and Current Liabilities (to be settled within one year)	28.77	-69.27
4	As per AS-12 relating to Accounting for Government Grants, amount of Grants received for Fixed Assets during the year .	-	-
5	As per AS-13 relating to Accounting for Investments, amount being Dividend received from Joint Venture Companies, which is recognised when right to receive Dividend is established.	221.43	183.97
6	<b>Employee Benefits:</b> The Company has adopted the Revised Accounting Standard (AS)-15 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. Provision for PF, Gratuity and Earned Leave has been made based on Actuarial Valuation. The date of Actuarial valuation is of 31 <sup>st</sup> March 2016. <b>A ) Provident Fund:</b> During the year the company has recognized an amount of ₹ 21095.34 lakhs towards contribution to Employees Provident Fund and Pension Schemes in the Statement of Profit and Loss. The Guidance on Implementing AS 15(Revised) issued by the Institute of Chartered Accountants of India States that Provident Funds set up by employers that guarantee a specified rate of return and which require interest shortfalls to be met by the employer would be defined benefit plans in accordance with the requirements of paragraph 26(b) of AS 15(R) and actuarially valued. Pursuant to the Guidance Note, the Company has determined on the basis of Actuarial Valuation carried out as at 31 <sup>st</sup> March, 2016, that there is a liability of ₹ 1103.90 lakhs on valuation date. under para 55 and 59 of AS 15(R).		



The following table summarizes the disclosure report provided by the Actuary:

	(₹ In Lakhs)									
EMPLOYEES' PROVIDENT FUND TRUST	BC	AIRCRAFT	KORAPUT	HYDERABAD	LUCKNOW	KORWA	KANPUR	HQ	Total	Total
<b>Summary of Data:</b>										
Accumulated Value of the PF as at Valuation Date	1,25,300.41	66,462.71	52,249.10	24,486.75	58,109.93	26,059.75	20,819.36	6,846.10	3,80,334.11	3,80,334.11
Value of Surplus/(Deficit) Account as at Valuation Date	1,851.71	800.87	695.59	484.67	96.62	61.35	60.19	87.54	4,138.54	4,138.54
Avg. Remaining Tenure of the Investment	7.55	6.80	8.65	6.17	4.72	4.75	8.00	5.80	-	-
Amount to be Recognized in Balance Sheet:										
Present Value of Obligation as at the end of the period	1,25,300.41	66,462.71	53,353.00	24,486.75	58,109.93	26,059.75	20,819.36	6,846.10	3,81,438.01	3,81,438.01
Fair Value of Plan Assets at the end of the year	1,25,300.41	66,462.71	52,249.10	24,486.75	58,109.93	26,059.75	20,819.36	6,846.10	3,80,334.11	3,80,334.11
<b>Asset Information :</b>										
State Government Securities	-	-	-	-	-	-	-	-	-	-
Government of India Securities	77,696.00	24,150.25	21,763.00	11,005.00	23,586.60	15,656.72	9,418.86	4,640.85	1,87,917.28	1,87,917.28
High Quality Corporate Bonds	30,742.50	24,128.00	17,872.50	9,120.00	21,420.15	700.00	8,735.19	1,366.49	1,14,084.83	1,14,084.83
Special Deposit Scheme	14,980.03	9,294.57	6,852.69	507.08	5,900.06	1,584.64	1,547.89	374.80	41,041.76	41,041.76
Equity Shares of Listed Companies	-	-	-	254.31	140.00	-	214.90	-	609.21	609.21
Investment with Insurer	-	-	-	-	-	-	-	-	-	-
Dues to HAL	-	-	-	-	-	-	-	-	-	-
Others	1,881.88	8,889.89	5,760.91	3,600.36	7,063.12	8,118.40	902.52	463.96	36,681.04	36,681.04
<b>Total:</b>	<b>1,25,300.41</b>	<b>66,462.71</b>	<b>52,249.10</b>	<b>24,486.75</b>	<b>58,109.93</b>	<b>26,059.76</b>	<b>20,819.36</b>	<b>6,846.10</b>	<b>3,80,334.12</b>	<b>3,80,334.12</b>
<b>Summary of Principal Actuarial Assumptions:</b>										
Discount Rate (p.a)	7.85%	7.85%	7.85%	7.85%	7.85%	7.85%	7.85%	7.85%	7.85%	7.85%
Expected Rate of Return on Assets (p.a)	9.61%	9.28%	8.25%	9.48%	9.14%	9.43%	9.16%	9.01%	9.01%	9.01%
Discount Rate for the Remaining Term to Maturity of the Investment (p.a)	7.77%	7.81%	7.86%	7.84%	7.61%	7.65%	7.77%	7.82%	7.82%	7.82%
Average Historic Yield on the Investment (p.a)	9.53%	9.24%	8.26%	9.47%	8.90%	9.23%	9.08%	8.98%	8.98%	8.98%
Guaranteed Rate of Return(p.a)	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%



		(₹ In Lakhs)	
Particulars		31 March 2016	31 March 2015
B	<p><b>Gratuity:</b></p> <p>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 ₹10 (Ten) Lakhs.</p> <p>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:</p>		
<b>Manadatory Disclosure</b>			
	<p><b>Gratuity:</b></p> <p>(i) Change in Benefit Obligations :</p> <p>Present Value of Obligation (PVO) as at the beginning of the year</p> <p>Current Service Cost</p> <p>Interest Cost</p> <p>Actuarial (Gain) / Loss</p> <p>Benefits Paid</p> <p>Present Value of Obligation as at the end of the period</p> <p>(ii) Change in Fair Value of Plan Assets :</p> <p>Fair Value of Plan Assets at the beginning of the year</p> <p>Expected return on Plan Assets</p> <p>Contributions</p> <p>Benefit Paid</p> <p>Actuarial Gain / (Loss) on Plan Assets</p> <p>Fair Value of Plan Assets at the end of the year</p> <p>(iii) Expenses Recognised in the Statement of Profit and Loss :</p> <p>Opening Net Liability</p> <p>Current Service Cost</p> <p>Interest Cost</p> <p>Expected return on Plan Assets</p> <p>Net Actuarial (Gain) / Loss recognised in the period</p> <p>Expenses Recognised in the Statement of Profit and Loss</p> <p>Actual Return on Plan Assets</p> <p>(iv) Amounts Recognised in Balance Sheet :</p> <p>Present Value of Obligation as at the end of the period</p> <p>Less : Fair Value of Plan Assets at the end of the Period</p> <p>Liability recognised in Balance Sheet</p> <p>(v) Category of Assets as at March 31 :</p> <p>State Government Securities</p> <p>Government of India Securities</p> <p>Investment with Insurer</p> <p>Dues to HAL</p> <p>Others</p> <p>(vi) <b>Reconciliation of Net Liability for the period :</b></p> <p>Opening Net Liability</p> <p>Add: Employee Benefit Expenses for the period</p> <p>Less: Contributions by Employer</p> <p>Closing Net Liability</p>	<p>87,615.06</p> <p>2,930.32</p> <p>6,549.97</p> <p>1,403.59</p> <p>(9,155.63)</p> <p>89,343.30</p> <p>74,945.58</p> <p>6,146.07</p> <p>12,669.49</p> <p>(9,155.63)</p> <p>1,715.22</p> <p>86,320.73</p> <p>(6,146.07)</p> <p>(311.62)</p> <p>3,022.58</p> <p>7,861.29</p> <p>89,343.30</p> <p>86,320.73</p> <p>3,022.58</p> <p>3,463.00</p> <p>90,839.40</p> <p>(8,195.73)</p> <p>214.06</p> <p>12,669.49</p> <p>3,022.58</p> <p>12,669.49</p> <p>2,291.45</p> <p>3,022.58</p> <p>12,669.49</p> <p>3,022.58</p>	<p>76,425.92</p> <p>2,520.36</p> <p>6,399.87</p> <p>11,560.14</p> <p>(9,291.23)</p> <p>87,615.06</p> <p>74,134.46</p> <p>6,101.81</p> <p>2,292.53</p> <p>(9,291.23)</p> <p>1,708.00</p> <p>74,945.57</p> <p>(6,101.81)</p> <p>9852.15</p> <p>12,670.57</p> <p>7,809.81</p> <p>87,615.06</p> <p>74,945.57</p> <p>12,669.49</p> <p>4,018.00</p> <p>86,057.37</p> <p>(15,381.28)</p> <p>251.48</p> <p>2,291.45</p> <p>12,669.49</p> <p>2,291.45</p> <p>12,669.49</p>



(₹ In Lakhs)

(vii)	Experience Adjustments :	For the Period Ended				
		31 March 2016	31 March 2015	31 March 2014	31 March 2013	31 March 2012
	<b>Particulars</b>					
	Defined Benefit Obligation	89,343.30	87,615.06	76,425.91	75,400.61	71,692.64
	Plan Assets	86,320.73	74,945.57	74,134.46	71,197.14	69,492.17
	Surplus/(Deficit)	(3,022.58)	(12,669.49)	(2,291.45)	(4,203.47)	(2,200.47)
	Experience Adjustment on Plan Liabilities	695.36	4,998.95	6,175.47	1,979.81	3,228.70
	Experience Adjustment on Plan Assets	1,715.22	1,708.00	1,488.70	2,765.67	3,560.75
	<b>Particulars</b>				<b>31 March 2016</b>	<b>31 March 2015</b>
(viii)	<u>Principal Assumptions:</u>					
	Discounting Rate				7.85%	7.95%
	Salary escalation rate				6.00%	6.00%
	Expected rate of return on Plan Assets				9.00%	9.00%
(ix)	<u>Earned Leave</u>					
	The Actuarial Liability of Earned Leave of the employees of the Company as at March 31st				78,935.34	72,573.43
	Discounting Rate				7.85%	7.95%
	Salary escalation rate				6.00%	6.00%
	Retirement Age				60 Years	60 Years
(x)	<u>Provident Fund</u>					
	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				21,095.34	20,513.53
(xi)	<u>Pension &amp; Medical</u>					
	During the period, the Company has recognized the following amount in the statement of profit and loss					
	Defined Contribution Plan					
	Contribution to Pension				9,796.62	11,827.37
	Contribution to Medical				12,469.79	7,623.31



(₹ In Lakhs)

Particulars		31 March 2016	31 March 2015
A	<p><u>Pension</u></p> <p>In line with the Guidelines issued by the Department of Public Enterprises, Ministry of Heavy Industries &amp; Public Enterprises, Govt. of India for revision of the Salary Structure of Executives of CPSEs w.e.f. 1.1.07 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 16.7.14, in respect of Executives retired etc., from 1.1.07.</p> <p>A Defined Contribution Pension Scheme in respect of Workmen retired after 1.1.12 was notified on 2.6.15, which was agreed as a part of the Workmen's Wage Revision effective from 1.1.12.</p> <p>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 &amp; Sustainability by the Company.</p> <p>The Scheme is managed by a duly constituted Trust.</p>		
B	<p><u>Post Superannuation Group Health Insurance Schemes</u></p> <p>In line with the Guidelines issued by the Department of Public Enterprises, Ministry of Heavy Industries &amp; Public Enterprises, Govt. 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 &amp; Workmen) retired before 1.1.07 and (b) Executives retired on or after 1.1.07, were introduced w.e.f. 1.2.14.</p> <p>A Post Superannuation Group Health Insurance Scheme in respect of Workmen of the Company retired, etc. after 1.1.07 has been introduced in the Company w.e.f 1.2.15, which was agreed as a part of the Workmen's Wage Revision effective from 1.1.12.</p> <p>Benefits under the Scheme may vary from year to year, as contribution to the Corpus of the Scheme is dependent on Profits generated, Affordability &amp; Sustainability by the Company.</p> <p>The Scheme is managed by a duly constituted Trust.</p>		
7	As per AS-16 relating to Borrowing Costs, borrowing cost capitalised during the year.	-	-
8	Exemption has been granted to the Company from compliance of Accounting Standard - 17 issued by Institute of Chartered Accountants of India , vide notification no. GSR/463E dated 05.06.2015.		



9 As per AS-20 relating to Earnings per Share (Basic and Diluted):

(₹ In Lakhs)			
S. No.	Particulars	31 March 2016	31 March 2015
1	Profit Before Tax	3,28,845.70	3,17,251.98
	Provision for Taxation	1,63,468.89	78,447.28
	Net Profit After Tax	1,65,376.81	2,38,804.70
	Number of Equity Shares of Face Value of ₹10/- each fully paid-up	4820,00,000.00	4820,00,000.00
	Earnings per Share (in Rupees) - Basic and Diluted *	34.31	49.54
	*HAL has bought back 12,05,00,000 Equity Shares of ₹ 10/- each on 30th March 2016. Earnings per share has been calculated by dividing the net profit or loss for the period by 48,20,00,000 equity shares. 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.		

10 Break-up of Deferred Tax Liabilities and Assets are given below:

(₹ In Lakhs)			
Particulars	31 March 2016	31 March 2015	
Deferred Tax Liability:			
Depreciation Incl. Deferred Revenue Expenditure Amortisation (PY - Refer clause 6(b))	73,166.06	74,757.35	
Tax effect on depreciation directly adjusted against General Reserve on transition to Schedule II of the Companies Act, 2013	-	(2,150.91)	
Special Tools and Equipment	1,29,753.03	1,17,602.28	
Total	2,02,919.09	1,90,208.72	
Deferred Tax Asset			
Accrued Leave Salary	27,317.93	24,330.88	
Provision against Trade Receivables/Claims	16,506.94	2,689.72	
Statutory Payments	727.41	1,265.88	
Total	44,552.28	28,286.48	
Deferred Tax Liability			
Opening Balance	1,90,208.71	1,90,665.88	
Addition / Reversal during the year	12,710.37	1,693.74	
Tax effect on depreciation directly adjusted against General Reserve on transition to Schedule II of the Companies Act, 2013	-	(2,150.91)	
Total Deferred Tax Liability	2,02,919.08	1,90,208.71	
Deferred Tax Assets			
Opening Balance	28,286.48	22,505.86	
Addition during the year	16,265.80	5,780.62	
Total Deferred Tax Assets	44,552.28	28,286.48	
Net Deferred Tax Liability	1,58,366.80	1,61,922.23	



(₹ In Lakhs)

S. No	Particulars	31 March 2016	31 March 2015	
11	<p>Disclosure with regard to Joint Working Groups</p> <p>HAL has entered into a Joint Working Agreement with Air India to start Ramp Handling Business and MSIL &amp; 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.</p> <p>Share of income from Joint Working Groups of the company with Air India, MSIL and HALCON :</p> <p>Air India</p> <p>MSIL*</p> <p>HALCON</p> <p><b>Total</b></p>	<p>148.93</p> <p>0.00</p> <p>35.96</p> <p><b>184.89</b></p>	<p>126.72</p> <p>0.00</p> <p>-5.22</p> <p><b>121.50</b></p>	
	Name of the Joint Working Group	<b>AIJWG</b>		
		<b>2015-16</b>	<b>2014-15</b>	
	Country of incorporation	India		
	Share of Company/ Ownership Interest	50.00%	50.00%	
	Principal Activities	Flight Handling		
	Current Liabilities - Company's Share	1301.11	1122.16	
	Non - Current Assets - Company's Share	1.91	0.76	
	Current Assets - Company's Share	1299.21	1121.39	
	Income - Company's Share	190.25	164.29	
	Expenditure - Company's Share	41.32	37.57	
	Profit / (Loss) Company's Share	148.93	126.72	
	Contingent Liability	-	-	
	<p>The information pertaining to joint working group is based on Audited accounts for the current year and previous year.</p> <p>* The contract between MSIL and HAL expired on 31.03.2014. The settlement process between the parties are on. Against a claim of ₹ 228.28 lakhs by MSIL. HAL has admitted a claim of ₹ 184.49 Lakhs. Correspondance between the parties is on.</p>			



3.2) In respect of International Aerospace Manufacturing private limited:

S. No.	Particulars																		
1	<p>Loans from bank is in the nature of Export finance is secured by charge on trade receivable and stock of the Company. The short term loan from the bank is a foreign currency loan credited in Indian rupee carrying an interest of LIBOR plus 170 basis points per annum on the outstanding amount of the loan. The interest is payable at the time of loan repayment. The term loan is repayable in 180 days from the drawdown date. There were no defaults of repayments during the period.</p> <p>Term loans from bank is in the nature of Buyers' credit and is secured by charge on the plant and machinery of the Company. The term loan from bank is a foreign currency loan carrying an interest of LIBOR plus 350 basis points per annum on the outstanding amount of the loan. The interest is payable on half yearly basis. The term loan is repayable in three years from the drawdown date. The amount due for repayment for less than 365 days from the reporting date has been classified from long term to short term borrowings</p>																		
2	<p><b>Dues to Micro, Small and Medium Enterprises:</b> The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro, Small and Medium Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises has been made in the financial statements based on information received and available with the Company. Further in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the balance sheet date.</p> <p style="text-align: right;">(₹ In Lakhs)</p>																		
	<table border="1"> <thead> <tr> <th>Particulars</th> <th>31 March 2016</th> <th>31 March 2015</th> </tr> </thead> <tbody> <tr> <td>The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting period;</td> <td>Nil</td> <td>Nil</td> </tr> <tr> <td>The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year;</td> <td>Nil</td> <td>Nil</td> </tr> <tr> <td>The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;</td> <td>Nil</td> <td>Nil</td> </tr> <tr> <td>The amount of interest accrued and remaining unpaid at the end of the period;</td> <td>Nil</td> <td>Nil</td> </tr> <tr> <td>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.</td> <td>Nil</td> <td>Nil</td> </tr> </tbody> </table>	Particulars	31 March 2016	31 March 2015	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting period;	Nil	Nil	The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year;	Nil	Nil	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	Nil	Nil	The amount of interest accrued and remaining unpaid at the end of the period;	Nil	Nil	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.	Nil	Nil
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3	<p><b>Particulars of Raw Materials and Components Consumed:</b></p> <table border="1"> <thead> <tr> <th>Raw materials and components</th> <th>31 March 2016</th> <th>31 March 2015</th> </tr> </thead> <tbody> <tr> <td>Forgings</td> <td>4,336.80</td> <td>4,694.92</td> </tr> <tr> <td>Powders</td> <td>570.18</td> <td>816.99</td> </tr> <tr> <td>Cutting consumables</td> <td>1,012.53</td> <td>879.82</td> </tr> <tr> <td>Other production consumables</td> <td>2,060.52</td> <td>1,889.60</td> </tr> <tr> <td><b>TOTAL</b></td> <td><b>7,980.03</b></td> <td><b>8,281.32</b></td> </tr> </tbody> </table>	Raw materials and components	31 March 2016	31 March 2015	Forgings	4,336.80	4,694.92	Powders	570.18	816.99	Cutting consumables	1,012.53	879.82	Other production consumables	2,060.52	1,889.60	<b>TOTAL</b>	<b>7,980.03</b>	<b>8,281.32</b>
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Other production consumables	2,060.52	1,889.60																	
<b>TOTAL</b>	<b>7,980.03</b>	<b>8,281.32</b>																	

Consumption does not include rejected items of ₹ 456.612 lakhs (PY ₹ 679.18 lakhs)

Particulars of Raw Materials and Components Consumed

(₹ In Lakhs)

Raw Materials and Components	For the year ended		For the year ended	
	31 March 2016		31 March 2015	
	%	Amount	%	Amount
Imported	92%	7,312.69	84%	6,915.73
Indigenous	8%	667.34	16%	1,365.59
		7,980.03		8,281.32



#### 4 Retirement Benefits:

The Company has a gratuity plan, which is a defined benefit scheme. Every employee who has completed 5 years or more of service is eligible for gratuity on separation, which is worked out at 15 days salary (last drawn salary) for each completed year of service. The Company provides the gratuity benefit through annual contribution to a fund managed by the Life Insurance Corporation of India (LIC). Under this plan, the settlement obligation remains with the Company, although the LIC administers the plan and determines the contribution premium required to be paid by the Company.

The following table sets out the assumptions of the gratuity plan as required under AS - 15 (revised).

Assumptions	31 March 2016	31 March 2015
Discount rate	8.00%	8.00%
Expected rate of return on plan assets	8.00%	0.00%
Expected rate of salary increase	12.00%	12.00%
Attrition rate	2.00%	2.00%
Retirement age	62 years	62 years

Discount rate: The discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.

Salary escalation rate: The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotions and other relevant factors such as supply and demand factors in the

Expected rate of return on plan assets : This is based on the expectation of the average long term rate of return expected on investment of the fund during the estimated term of obligation.

(₹ In Lakhs)

Disclosure as per AS 15 - R - Defined Benefit Plans	Gratuity	Earned Leaves
Change in benefit obligations		
Obligations at period beginning(01.04.2015) - Current	2.92	3.03
Obligations at period beginning - Non-current	36.92	75.30
Service Cost	13.07	35.26
Interest on Defined benefit obligation	3.19	6.06
Benefits settled (* Amount paid to trust)	(39.84)	(5.20)
Actuarial (gain)/loss	(7.36)	(4.27)
Obligations at period end	8.89	110.19
Current Liability (within 12 months)	8.89	4.29
Non Current Liability	-	105.90
Change in plan assets	-	-
Plans assets at period beginning, at fair value	16.51	-
Difference in opening balance	-	-
Expected return on plan assets (estimated)	1.73	-
Actuarial gain/(loss)	0.11	-
Contributions	10.14	5.20
Benefits settled	-	(5.20)
Plans assets at period end, at fair value	*28.48	-
Funded Status	-	-
Closing Present Benefit Obligation	8.89	110.19
Closing Fair value of plan assets	-	-
Closing Funded status	-	(110.19)
Net asset/(Liability) recognized in balance sheet	(8.89)	(110.19)
Expenses recognised in the P & L account	-	-
Service cost	14.90	35.26
Interest cost	3.19	6.06
Expected return on plan assets	(1.73)	-
Actuarial (gain)/loss	(7.47)	(4.27)
Net Cost	8.89	37.05

\*Gratuity obligations are maintained through approved Trust Fund and Liabilities represents the Trust position



5 Related party transactions:		
(i) Names of Related Parties and description of relationships:		
Particulars	Name of the Company	
<u>Entities where Control exists:</u>		
1. Joint Venture Partners	Rolls-Royce Overseas Holding Limited	
<u>Other Related Parties with whom transactions have taken place during the period:</u>		
1. Subsidiaries and Fellow Subsidiaries	Rolls Royce Plc RR Deutschland Ltd Co KG Rolls Royce India Private Limited Rolls Royce International Limited Rolls Royce Operations India Private Limited	
2. Key Managerial Persons	Mr. Marc Jeffery Drew, CEO (Previous) Mr. Paul Seago, CEO (New) Mr.K.Ramakrishna, CFO & Company Secretary	
(ii) Transactions with Related Parties:		
Particulars	₹ In Lakhs	
	31 March 2016	31 March 2015
<u>Purchase of Raw Materials (excluding taxes &amp; levies):</u>		
Rolls-Royce Plc	741.49	755.69
<u>Purchase of Fixed Assets:</u>		
Rolls-Royce Plc	158.21	287.01
<u>Sales of parts:</u>		
Rolls-Royce Plc	11,084.06	10,049.77
RR Deutschland Ltd Co KG	2,345.80	1,573.29
<u>New parts development charges:</u>		
Rolls-Royce Plc	36.04	-
<u>Price differential claim:</u>		
Rolls-Royce Plc	378.57	-
<u>Secondment charges:</u>		
Rolls-Royce India Private Limited	272.51	439.89
<u>Transactions with Key Managerial People:</u>		
Marc Drew, CEO - Secondment charges	64.60	240.22
Paul Seago, CEO - Secondment charges	177.50	
Ramakrishan K, CFO & CS - Salary	43.84	38.74
iii) Receivables as at the Balance Sheet date:		
Particulars	31 March 2016	31 March 2015
<u>Trade Receivables:</u>		
Rolls Royce Plc	3,396.71	2,776.49
RR Deutschland Ltd Co KG	764.57	968.42
iv) Payables as at the Balance Sheet date:		
Particulars	31 March 2016	31 March 2015
<u>Trade Payables:</u>		
Rolls Royce Plc	1,255.12	807.24
<u>Other Current Liabilities:</u>		
Rolls Royce Plc	-	287.01
Rolls Royce India Private Limited	753.00	668.82



6 Hedging of Foreign Currency Receivables:

Particulars	31 March 2014	31 March 2015	31 March 2016
Forward contract value (USD)	36,22,154.60	112,65,221.60	167,98,709.47
Forward rates	56.25	58.00	60.85
Avg spot rate during the year	61.61	61.21	65.83
Var % - Depreciation of currency	10%	6%	8%
Hedging losses reported (Rs. In lakhs)	194.05	361.26	836.99

Company has entered forward contract agreement with HSBC Bank Ltd on 10<sup>th</sup> October 2012 to hedge the exchange risk on future receivables for three years period from 01<sup>st</sup> May, 2013 to 31<sup>st</sup> March, 2016. Due to weak rupee situation, the Company has continuously incurred hedging losses as shown above. The above contract is completed on 31<sup>st</sup> March, 2016.

7 As per AS-11 relating to Accounting for the effects of changes in the Foreign Exchange rates:

(₹ In Lakhs)

Exchange losses (or Gains) on reinstatement	31 March 2016	31 March 2015
Capitalized	217.13	160.84
Recognized in Statement of Profit and Loss	(82.80)	(108.67)
Total	134.33	52.18

8 Unhedged Foreign Currency Exposures:

(₹ In Lakhs)

Particulars	31 March 2016		31 March 2015	
	Foreign Currency	INR (in lakhs)	Foreign Currency	INR (in lakhs)
USD	1321512	899.49	999340	624.59
GBP	2177510	2,110.81	2393414	2225.87
EURO			17360	11.81
		3,010.30		2,862.27

9 Wages under litigation:

An amount of ₹ 60.58 lakhs being the wages not paid during the illegal industrial strike for more than 100 days has been disputed by the operators and filed an Industrial dispute case in the court. Awaiting for the court verdict, disputed amount has been provided in the books.

10 Cost of handling IR issue:

During the year company has undergone in to workmen industrial relation issue ("IR Issue") from 01<sup>st</sup> September, 2015 to 15<sup>th</sup> December, 2015, post the suspension of eight employees on disciplinary grounds. More than 2/3rd of the workmen went out and indulged in illegal strike with the help of external affiliated union. Various industrial dispute cases were filed with the labour department and court. Company has got huge disruption in the production. Further, company has incurred huge cost in handling the IR matter. Total IR handling cost came to ₹ 49.45 lakhs.



3.3) In respect of BAeHAL Software Limited

1 Dues to Micro, Small and Medium Enterprises:

The Official Memorandum dated 26 August 2008, prescribes that Micro, Small and Medium Enterprises should mention in their correspondence with their customer the Entrepreneurs Memorandum Number as allotted after filing of the Memorandum. Based on the information available with the Company, there are no enterprises which have provided goods and services to the Company and which qualifies under the definition of Micro, Small and Medium Enterprises, as defined under the Micro Small and Medium Enterprises Development Act, 2006.

( In Lakhs)

Particulars	31 March 2016	31 March 2015
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	Nil	Nil
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year.	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act.	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of the year.	Nil	Nil
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.	Nil	Nil

2 Claims against the Company not acknowledged as debts:

a) Service tax:

The Company has received an order from the Service Tax Authorities confirming the service tax demand of ₹ 42.96 lakhs on supply, customization and implementation of ERP software. The Company contends that ₹ 11.41 lakhs is correct liability and they have discharged the service tax due on supply and customization activities and the balance turnover sought to be taxed relates to the supply of goods, wherein the bought out software has been charged to their customer and no service tax is applicable on that portion. Hence, the Company has not accepted this demand and filed an appeal with Appellate Tribunal. Appellate Tribunal has directed service tax authorities to verify and ascertain the correct liability. The Company believes that it has a strong chance of obtaining a favourable order from service tax authorities and accordingly, no provision has been recorded in the financial statements for this demand.

b) Income tax:

The Company had filed its return of income ('ROI') for the AY 2004-05 claiming a deduction u/s 10B of the Income Tax Act, 1961 ('the Act'). The said deduction was denied by the AO vide the assessment order dated 29 December 2006, stating that the Company was not eligible for the deduction under section 10B of the Act due to the lapse of 10 years of the tax holiday period in the AY 2003-04. Subsequently, the Company filed an appeal with CIT(A) for deduction u/s 80HHE of the Act, which was ruled in favors of the Company and the same was upheld by the ITAT. However, in a departmental appeal before High Court of Karnataka, the High Court, in its order dated 1 March 2011, has suggested that that the Company could explore the option of filing revised ROI along with filing a petition under section 119(2)(B) to the Central Board of Direct Taxes ('CBDT') for condoning the delay in filing the revised ROI. The Company has submitted the petition to the CBDT and filed its revised return in November 2011 claiming deduction u/s 80HHE of the Act. The Company believes that it has a strong chance of obtaining an approval from the CBDT condoning the delay and will be eligible to claim a refund u/s 80HHE of the Act. Accordingly, no provision has been created in the financial statements for this assessment.

CBDT has issued order U/s.119(2)(b) of Income tax directing Assessing Officer to examine eligibility of granting exemption under section 80HHE vide its order dated 16th February 2016. Since receipt of this letter The Company is following up with Assessing Officer with all requisite documents & details for giving effect to order passed by CBDT.

c) KVAT Act, 2003:

Department of Commercial Taxes, Government of Karnataka, has passed Oder for financial year 2009- 10 disallowing claim of Input Tax credit on purchase and imposed penalty and interest for a total sum of ₹ 0.03 lakhs as on 31<sup>st</sup> March 2016. Aggrieved by this order, company has filed appeal with Appellate Authority on 26<sup>th</sup> April 2016. Company is hopeful of getting a favourable relief. Still as a prudent measure provision has been made in books of Accounts for this demand



### 3 Unhedged Foreign Currency Exposure:

The Company has the following unhedged foreign currency exposures in foreign currency:

Particulars	31 March 2016			31 March 2015		
	Type	Foreign Currency	INR (lakhs)	Type	Foreign Currency	INR (lakhs)
Trade Receivables	GBP	61139	58.00	GBP	196715	181.88
	USD	4500	2.98	USD	13500	8.45
Total Receivables			60.98			285.42
Sundry Creditors	EURO			EURO	245	0.16
Unhedged Exposure, Net			60.98			190.17

### 4 Employee Benefits:

#### Defined contribution plan:

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident fund, which is a defined contribution plan, The Company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The amount recognized as an expense towards contribution to Provident Fund for the year aggregates ₹ 0.05 lakhs (previous year: ₹ 0.06 lakhs).

#### Insurance Expenses:

As an employee welfare measure, Company has decided to absorb cost of Medclaim Insurance premium effective April 2015. Hitherto, it was recovered from employees' salary. It has resulted into additional employee cost as Staff Welfare Expense of ₹. 0.03 lakhs in this financial year

#### Defined benefit plan:

The Company has a defined benefit gratuity plan. Every employee who had completed five years or more of service is eligible to a gratuity on resignation / retirement at 15 days salary (last drawn salary) for each completed year of service. The scheme is unfunded.

The following table sets out the status of the gratuity plan as required under Accounting standard (AS) 15 "Employee Benefits" prescribed by Companies (Accounting Standards) Rules, 2006, ('the Rules'):

(₹ In Lakhs)

Particulars	31 March 2016	31 March 2015	31 March 2014	31 March 2013	31 March 2012
Obligation at the year beginning	113.03	86.12	62.13	64.63	63.23
Service cost	13.94	21.57	17.02	12.82	14.53
Past service cost	-	-	-	-	-
Interest cost	8.95	7.38	4.70	4.86	4.34
Actuarial (gain)/loss	(10.95)	6.45	11.42	(4.26)	0.80
Benefits paid	(21.38)	(8.49)	(9.15)	(15.91)	(18.27)
Obligation at the end	103.59	113.03	86.12	62.13	64.63
Particulars	31 March 2016	31 March 2015	31 March 2014	31 March 2013	31 March 2012
Reconciliation of present value of obligation and fair value of the plan asset:					
Present value of the defined benefit obligations at the end of the year	103.59	113.03	86.12	62.13	64.63
Fair value of the plan assets at the end of the year	-	-	-	-	-
Liability recognized	103.59	113.03	86.12	62.13	64.63



Gratuity cost for the period: (₹ In Lakhs)				
Particulars	For the year ended			
	31 March 2016	31 March 2015	31 March 2014	
Gratuity cost for the year				
Service cost	13.94	21.57	17.02	
Past service cost	-	-	-	
Interest cost	8.95	7.38	4.70	
Actuarial (gain)/loss	-10.95	6.45	11.42	
Net gratuity cost	11.94	35.40	33.14	
Principal actuarial assumptions in respect of gratuity:	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Interest rate	7.75%	7.90%	9.00%	8.15%
Weighted expected rate of salary increase	8%	8%	8%	5%
Retirement age	58 Years	58 Years	58 Years	58 Years
Attrition rate	10%	10%	10%	10%

The estimate of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

3.4) In respect of Snecma HAL Aerospace Private Limited:

1 Related Party transactions:

a. Name of Related Parties:

Related Parties with whom transactions have taken place during the year:

Particulars	Name of the Company
Enterprise having significant influence	Snecma Participations S.A., France
Subsidiary of enterprise having significant influence	Snecma Participations India Private Limited. Snecma S.A., France Turbomeca S.A., France Safran Engineering Services India Private Limited (Formerly Safran Aerospace India Private Limited)
Key Managerial Personnel	Theiry Brun - Managing Director Prerna Butra - Company Secretary

b. Related party transactions for the period 15 months ended March 31, 2015 and 12 months ended 31.03.2016 (₹ In Lakhs)

Particulars	For the year ended	
	31 March 2016	31 March 2015
<u>Sale of goods</u>		
Snecma S.A., France	6,417.44	7,116.18
Turbomeca S.A., France	17.14	20.64
<u>Expenses Paid</u>		
Safran Engineering Services India Private Limited	57.79	9.01
Snecma Participations S.A., France - Interest on ECB Loan	4.22	6.36
<u>Purchase of goods</u>		
Snecma S.A., France	1.43	0.93
<u>Expatriate's Salaries (For reimbursement to enterprises having significant Influence)</u>		
Snecma S.A., France	228.99	267.63



c. Balances at the year end:

(₹ In Lakhs)

Particulars	As at	
	31 March 2016	31 March 2015
<b>Receivables</b>		
Snecma S.A., France	747.14	564.62
Turbomeca S.A., France	24.77	36.01
<b>Payables</b>		
Snecma S.A., France	1,332.50	1,142.53
Turbomeca S.A., France		87.45
<b>ECB Loan Payable</b>		
Snecma Participations S.A., France	77.74	159.75
<b>ECB Interest Payable</b>		
Snecma Participations S.A., France	4.22	6.36

2 **Note on Long Term Borrowings:**

Unsecured Loan taken from Snecma Participation SA, France one of the entity having significant influence, repayable in six annual instalments repayment beginning from September, 2014 and carries fixed interest rate of 2.5% per annum.

3 **Employee benefits:**

**Gratuity:**

The details in respect of gratuity are set out below:

(₹ In Lakhs)

Particulars	For the year ended	
	31 March 2016	31 March 2015
<b>Change in present value defined benefit obligation</b>		
Obligations at the beginning of the year	36.33	13.39
Current service cost	14.31	21.62
Interest cost	2.83	0.89
Actuarial (gains)/ loss	(1.43)	1.64
Benefits paid	(1.83)	(1.20)
Obligations at the end of the year	50.21	36.33
<b>Changes in fair value of plan assets</b>		
Fair value of plan assets at beginning of the year	13.74	12.60
Contributions	4.25	-
Benefits paid	(1.84)	-
Expected return of plan assets	1.21	1.01
Actuarial gain / (loss)	(0.37)	0.13
Fair value of plans assets at end of the year	16.99	13.74
<b>Reconciliation of present value of defined benefit obligation and the fair value of plan assets</b>		
Present value of defined benefit obligation at the end of the year	50.21	59.27
Fair value of plan assets at the end of the year	16.99	13.74
Funded status amount of liability recognized in balance sheet	33.23	45.54
Classified as long term	46.04	42.29
Classified as short term	4.18	3.25
<b>Gratuity cost for the year</b>		
Current service cost	14.31	21.62
Interest cost	2.83	0.89



(₹ In Lakhs)

Particulars	For the year ended	
	31 March 2016	31 March 2015
Expected return on plan assets	(1.21)	(1.01)
Actuarial (gain) / loss	(1.06)	1.51
Net gratuity cost	14.87	23.01
Principal actuarial assumptions		
Discount rate	8.00%	8.00%
Expected return on plan assets	NA	NA
Salary escalation rate	15.00%	15.00%
Attrition rate	10.00%	10.00%

4 Unhedged Foreign Currency Exposure:

Foreign currency exposures on account of trade receivables/ trade payables not hedged by derivative instruments are as follows:

Particulars	31 March 2016		31 March 2015	
	Foreign Currency	INR (in lakhs)	Foreign Currency	INR (in lakhs)
<u>Trade receivables / Advances:</u>				
USD	11,89,317	772.46	12,41,051	762.01
Euro	1,25,161	96.21	13,251	8.74
<u>Trade payables:</u>				
USD	3,11,632	210.66	2,19,541	140.29
Swiss Franc	1,468	0.97	1,468	1.12
Euro	1,21,627	93.49	2,49,623	173.06

5 Trade receivables as at March 31, 2016 include amount receivable for export of goods amounting to ₹ 38.62 lakhs which are outstanding for more than nine months from the date of export. Trade payables as at March 31, 2015 include amount payable for import of goods/services amounting to ₹ 237.14 lakhs. As per the Foreign Exchange Management (Export of goods and services) Regulations, 2000 as amended from time to time, the value of exports shall be realized within nine months from the date of export and the value of imports shall be remitted not later than six months from date of shipment.

3.5) In respect of SAMTEL HAL Display Systems Limited:

1 Current Liabilities:

(₹ In Lakhs)

S. No.	Particulars	Rate of Interest	31-March -16	31-March-15
1	Short Term Borrowings	16% / 17%	451.67	604.44

The Short Term Borrowings represent borrowings from Hero Fin Corp Ltd, Out of the above a sum of ₹ 277.50 lakhs (Previous year ₹ 210.45 lakhs) is overdue for repayment. Besides the above a sum of ₹ 122.08 lakhs (Previous year ₹ 49.72 lakhs) is provided as interest due to Hero Fin Corp Ltd. and is shown under the head other current liabilities. The same is also overdue for payment. Also penal interest is paid at the time of repayment of principal loan amount. Hence, no provision of penal interest is made for overdue loan of Hero Fin Corp Ltd.

During the year, re-computation of interest due to Hero Fin Corp Ltd was done from the period Oct' 2014 to 31<sup>st</sup> March' 16 and provision created on that date. As a result of re-computation, interest provided up to 31<sup>st</sup> March, 2015 stood revised from ₹ 58.21 lakhs to ₹ 52.78 lakhs resulting in reduction in loss for the period ended 31<sup>st</sup> March, 2015 is ₹ 5.43 lakhs and increase in profit for the period ended 31<sup>st</sup> March, 2016 is ₹ 5.43.



## 2 Related Party Transactions:

List of Related party and Transactions ( As identified by the management):

Particulars	Name of the Company
a) Holding Company	Samtel Avionics Limited
b) Enterprise over which the Key Managerial personnel and their relatives exercise significant influence	Samtel Color Limited Samtel India Limited Samtel Glass Limited

Details of transactions with the related parties in the ordinary course of business:

(₹ In Lakhs)

Transaction description	31 March 2016		31 March 2015	
	Holding Company	Enterprise managed by key managerial personnel and their relatives	Holding Company	Enterprise managed by key managerial personnel and their relatives
Purchase of goods	3,832.51	-	629.50	-
Gross expenses incurred	108.74	-	13.00	-
Expenses Recovered	125.55	-	-	-
<u>Outstanding Balance as on 31.03.2016:</u>				
Loans and advance recoverable	-	-	818.47	-
Creditors for goods supplied	65.89	-	-	-

## 3 Gratuity And Leave Encashment:

Changes in present value of obligations:

(₹ In Lakhs)

Gratuity	31 March 2016	31 March 2015
Present value of the obligation at the end of the period	40.58	22.31
<u>The amount to be recognized in the Balance Sheet:</u>		
Gratuity	31 March 2016	31 March 2015
Present value of the obligation at the end of the period	40.58	22.31
Fair value of plan assets at end of period	0.06	2.83
Paid during the period	-	-
Net liability / (assets) recognised in Balance Sheet and related analysis	40.52	19.48
Fund status	(40.52)	(19.48)

The amount to be recognized in the Balance Sheet:

(₹ In Lakhs)

Leave Encashment	31 March 2016	31 March 2015
Present value of the obligation at the end of the period	18.92	16.60
Fair value of plan assets at end of period	-	-
Paid during the period	-	-
Net liability / (assets) recognised in Balance Sheet and related analysis	18.92	16.60
Fund status	(18.92)	(16.60)



3.6) In respect of Infotech HAL:

1 Foreign Currency Exposure not Hedged by Derivative Instruments:		
Particulars	As at	
	31 March 2016	31 March 2015
GBP - Receivable	12,781.00	26,807.00
Equivalent Rupees in lakhs	12.15	24.79
EURO - Receivable	8,150.00	59,978.00
Equivalent Rupees in lakhs	6.12	48.04
USD - Receivable	NA	300.00
Equivalent Rupees in lakhs	NA	0.19
2 The Company has determined the liability as at 31 <sup>st</sup> March, 2016 towards employee benefits in accordance with the Accounting Standard 15 (Revised) under the projected unit credit method on the basis of actuarial.		
a) Defined Contribution Plan:		(₹ In Lakhs)
Particulars	31 March 2016	31 March 2015
Provident and other funds	8.09	5.82
b) Defined Benefit Plan:		
Gratuity and Compensated absences (Leave Encashment) are unfunded obligations of the Company. The actuarial assumptions considered for determination the liability for Gratuity and Leave Encashment are given:		
(i) Gratuity:		( In Lakhs)
Particulars	31 March 2016	31 March 2015
Discount Rate (per annum)	7.75%	7.80%
Salary escalation rate	9.00%	9.00%
Retirement age	60 years	60 years
Mortality Rate	LIC (2006 –08) Ultimate	LIC (2006 –08) Ultimate
Present Value of the Defined Benefit Obligation	1.49	10.25
(ii) Leave Encashment:		(₹ In Lakhs)
Particulars	31 March 2016	31 March 2015
Discount Rate (per annum)	7.75%	7.80%
Salary escalation rate	9.00%	9.00%
Retirement age	60 years	60 years
Mortality Rate	LIC (2006 –08) Ultimate	LIC (2006 –08) Ultimate
Present Value of the Defined Benefit Obligation	3.74	4.33

3 Related Party Disclosures:

a) Relationship with related parties:

Party	Relationship
Cyient Limited	One of the Venturers
Cyient GmbH, Germany	Associated Enterprise (100% subsidiary of Cyient Ltd.)
Cyient, Europe	Associated Enterprise (100% subsidiary of Cyient Ltd.)
Vijaimohan Veeramalla	Key Management Personnel



b) Transactions with related party:

(₹ In Lakhs)

SI No.	Nature of transactions	Cyient Ltd	Cyient Europe	Cyient GMBH	KMP
1)	Income (Excl. Tax):				
	Current year	-	158.47	-	-
	Previous year	-	24.79	180.33	-
2)	Reimbursement of various expenses:				
	Current year	27.76	-	-	1.58
	Previous year	22.39	-	-	1.09
3)	Rent (Excl. service tax):				
	Current year	7.28	-	-	-
	Previous year	8.18	-	-	-
4)	Technical Consulting:				
	Current year	150.54	-	-	-
	Previous year	194.88	-	-	-
5)	Salaries:				
	Current year	-	-	-	26.55
	Previous year	-	-	-	20.51
6)	Interest on Loan:				
	Current year	-	-	-	-
	Previous year	1.17	-	-	-
7)	Loan Taken:				
	Current year	-	-	-	-
	Previous year	-	-	-	-
8)	Loan Repaid:				
	Current year	-	-	-	-
	Previous year	21.88	-	-	-
9)	Balances Outstanding(net):				
	Current year	279.12	12.15	-	1.00
		Cr	Dr		Dr
	Previous year	186.07	24.79	-	-
		Cr	Dr		



4 Deferred Tax:

(₹ In Lakhs)

Particulars	31 March 2016		31 March 2015	
	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Difference between WDV as per books of accounts and WDV as per Income-tax Act, 1961	(0.07)	-	-	-
Tax effect of depreciation charged against opening balance of retained earnings [Refer Note 8 (e) infra]	-	-	-	-
Unpaid Statutory Liabilities debited to Statement of Profit and Loss disallowed under Income-tax Act, 1961	(3.23)	-	-	-
Disallowance for non deduction of TDS under Income-tax Act, 1961	(0.17)	-	-	-
Total	(3.48)	-	-	-
Net deferred tax liability / (asset)	(3.48)	-	-	-
Net incremental asset / (liability)	3.48	-	-	-
Less: Charged against retained earnings	-	-	-	-
Net incremental asset / (liability) reversed / (charged) to the Statement of Profit and Loss	3.48	-	-	-

Difference between WDV as per books of accounts and depreciation as per Income-tax Rules:

Particulars	31 March 2016	Deferred Tax at effective rate	31 March 2015	Deferred Tax at effective rate
WDV as per books of accounts	2.18	0.67	-	-
WDV as per Income-tax Rules	2.40	0.74	-	-
Difference	-	(0.07)	-	-

Unpaid Statutory Liabilities debited to Statement of Profit and Loss disallowed under Income-tax Act, 1961:

Particulars	31 March 2016	Deferred Tax at effective rate	31 March 2015	Deferred Tax at effective rate
Long term provisions				
Gratuity	4.62	1.43	-	-
Compensated absences	-	-	-	-
Short term provisions				
Gratuity	0.11	0.03	-	-
Bonus	5.74	1.77	-	-
Compensated absences	-	-	-	-
Total	10.47	3.23	-	-

Disallowance on non deduction of TDS under Income-tax Act, 1961:

Particulars	31 March 2016	Deferred Tax at effective rate	31 March 2015	Deferred Tax at effective rate
Audit Fees	1.88	-	-	-
Disallowed (30%)	0.56	0.17	-	-
Total	2.44	0.17	-	-

5 Consumption under Note 24 include sub-contracting charges of ₹ 277.91 lakhs (PY 228.90 lakhs).



3.7) In respect of HAL-Edgewood Technologies Private Limited:

1 The Company has defaulted in repayment of loans and interest in respect of the following: <span style="float: right;">(₹ In Lakhs)</span>		
Particulars	31 March 2016	31 March 2015
Principal repayment defaulted	132.82	140.82
Interest payment defaulted*	192.76	170.25
*The Company has defaulted in repayment of loan pursuant to which the State Bank of India has classified the loan facilities as non performing assets and has stopped charging interest to the loan accounts. The State Bank of India has not confirmed the interest accrued during the financial year 2015-16, thus, interest have been provided for the current year relying on the interest rates provided in the sanction letter on the principal amount of loan facility.		

2 Contingent Liability:

(₹ in Lakhs)

Particulars	31 March 2016	31 March 2015
Estimated amount of contracts remaining to be executed on Capital account and not provided for (net of Advances)	160.73	160.73
Claims against the Company not acknowledged as Debts	9.98	9.98
Bank Guarantee	Nil	0.90
Claim by vendor but not acknowledged as debts.	8.75	8.75

M/s. iWave Systems Technologies Private Limited had rendered certain services to the Company in connection with the development of OSAMC units. The Management of the Company claims that, certain amount of ₹ 8.75 lakhs were not accounted as payable on account of non rectification of certain mistake. On account of such dispute M/s. iWave Systems had moved for arbitration in which the award was rendered against the Company and the Company has preferred an Appeal before the Hon'ble Karnataka High Court.

Further, M/s. Comavia Systems Technologies Private Limited the Company had placed the purchase order for supply of certain equipment and the Management of the Company claims that an amount of ₹ 22.05 lakhs not paid for non acceptance of the equipment and deficiency in performance. Therefore, M/s. Comavia Systems has moved for arbitration for payment of amounts.

The Company has defaulted in payment of principal liability and the interest thereon payable to State Bank of India on the working capital demand loan and cash credit loan facilities. State Bank of India has moved application before Debt Recovery Tribunal for recovery of principal liability and accrued interest amounting to ₹ 422.86 lakhs. Accordingly, the Debt Recovery Tribunal has summoned the Company to make the representation regarding their case. Pending outcome of such application, the Company has not made any provision for the difference of ₹ 97.27 lakhs in the books of accounts for the differences between amount outstanding in the books of account as against the claim made by State Bank of India.

The Company has been legally advised that it has good case on merits in respect of these matters. Considering the contractual tenability, progress of negotiation / discussion with the vendor, the management is confident resolving the cases. Therefore, the Company has not made any provision towards the liability or consequential interest in its books of accounts.

3 Related Party Disclosures:

A. List of Related Parties - Related parties with whom transactions have take place during the year:

Particulars	Name of the Company
a) Company which holds Substantial Shares	Edgewood Ventures LLC
b) Enterprise over which the Shareholders of reporting enterprise has significant influence	Edgewood Networks Pvt. Ltd
c) Key management personnel	Mr. K.K. Goswami Mr. Devendra Verma



**B. Transactions with Related Parties:**

(₹ In Lakhs)

Particulars	Name of the Relative	Nature of Relationship	Current Year	Previous Year
Rendering of Engineering Services	Edgewood Networks Pvt. Ltd	Enterprise over which Shareholder has significant influence	Nil	25.11
Unsecured Loan	Mr. Devendra Verma	Key Management Personnel	91.35	64.12
Reimbursement of expenses	Mr. Devendra Verma	Key Management Personnel	0.32	1.06
Travelling and out of pocket expenses	Mr. K. K. Goswami	Key Management Personnel	0.09	0.33

**C: Balance Receivable from and Payable to Related Parties as at the balance sheet date:**

(₹ In Lakhs)

Name of the Related Party	As at	
	31 March 2016	31 March 2015
Edgewood Networks Pvt. Ltd (Receivable on account of rendering of engineering services)	Nil	3.67
Dr. Devendra Verma (Payable on account of unsecured loan and reimbursement of expenses)	347.19	255.52
Mr. K.K. Goswami (Payable on account of reimbursement of expenses)	5.42	5.60

**4 Share Application Money Pending Allotment:**

Share Application Money Pending Allotment ₹ 128.38 lakhs received prior to 30th September 2015 from M/s Edgewood Ventures LLC - ₹ 104.38 lakhs and from M/s Edgewood Technologies Private Limited - ₹ 24 lakhs has been included under Other Current Liabilities.

**5 Employee Benefits:**

The following table sets out the funded status of the defined benefit scheme of gratuity and the amount recognised in the financial statements:

(₹ In Lakhs)

Particulars	Year Ended	
	31 March, 2016	31 March 2015
Opening Defined Benefit Obligation	8.03	6.15
Current service cost	1.81	1.85
Interest cost	0.64	0.49
Actuarial losses/(gains)	(1.45)	(0.45)
Closing Defined Benefit Obligation	9.02	8.03
Total expense recognized in the Statement of Profit and Loss	1.00	1.88

The Employees had opted out of the EPF Scheme as their salary exceeded ₹ 6,500 per month on or before 31 August 2014. The Employees Provident Fund and Miscellaneous Act, 1952 was amended vide Notification dated 22 August 2014 of Ministry of Labour and Employment issued in The Gazette of India has increased the statutory wage ceiling from existing ₹ 6,500 to 15,000 with effect from 01 September 2014. Thus, the Company has made adequate provision in the books of accounts towards contribution by the Company and employees pending registration with the authorities, despite the fact that, CTC agreed to with the Employees includes Company's Contribution to EPF, if any.



6 Provision for Liquidated Damages for an amount of ₹ 71.21 lakhs has been made as per the terms and conditions of the Purchase Orders. The Company has delivered three units during the Financial Year 2013-14 and one each unit of OSAMC prototypes during financial year 2014-15 and 2015-16 respectively to the Customer. The Customer has deducted the liquidated damages while making the payment to the Company, however, the Company is pursuing the matter for recovery of such amount and hence the corresponding amounts are still shown as recoverable from the Customer.

7 Amortisation of Intangible Assets:

The Company has developed the prototype of OSAMC units and has treated the initial development expenses as intangible assets by virtue of Clause 28 of Accounting Standard - 26 "Intangible Assets" notified by Ministry of Company Affairs. Consequentially, the Company has treated the initial development cost of ₹ 695.37 lakhs as internally generated intangible asset against the development order for 11 prototype units and further series upgrade order for 154 units. The series upgrade order for 154 units is yet to be secured by way of purchase order by the Company from the Customer. The Company has delivered three units during the financial year 2013-14 and one each OSAMC prototype during the financial year 2014-15 and 2015-16 respectively to the Customer. The Company would manufacture 165 OSAMC units including prototype and series upgrade with the Intangible Asset. By virtue of this, the Company has amortised the proportionate value of internally generated asset amounting to ₹ 12.64 lakhs ₹ 4.21 lakhs and ₹ 4.21 lakhs during the financial year 2013-14, 2014-15 and 2015-16 respectively on delivery of OSAMC prototype units to the Customer.

8 The Company had entered into an agreement dated 11 December 2007 with 3D France for transfer of technology enabling the Company to manufacture integrated circuits in three dimensions. In pursuance of this agreement, the Company has paid an amount of ₹ 117.87 lakhs towards Transfer of Technology during the years 2007 and 2009 which has been disclosed as capital advance in books of account pending implementation of the entire project.

The aforesaid agreement did not contain any time frame for setting up of the Manufacturing facilities by the Company. Therefore upon the insistence of M/s 3D Plus, the Company entered into an amendment deed on 25th March 2011 wherein it was agreed that the Manufacturing facility would be set up by the Company not later than 31 December 2012 plus an additional period of 6 months.

In view of the over-exposure of the Company to the OSAMC Project, the Company has not been able to meet this deadline. M/s. 3D Plus have served a notice dated 3 May 2013 revoking the license and have sought cease of all the use of confidential information of 3D Plus received by the Company according to Article 12.1 of the Agreement. The Company on prudent basis has provided an equal amount as provision in the books of account, even though the Company is in the process of discussion with 3D France for re-negotiation of the terms of the grant of license.

3.8) In respect of HALBIT Avionics Private Limited:

1 The Company has accumulated losses of ₹ 933.78 lakhs as at March 31, 2016 (March 31, 2015 - ₹ 379.47 lakhs). The Company also has incurred substantial operating loss during the year amounting to ₹ 554.31 lakhs. The Company's current liabilities exceed its current assets by ₹ 677.01 lakhs (March 31, 2015 - ₹ 93.70 lakhs). However, based on the estimated future growth as per the business plans and projected cash flow, the Company 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.



2 Related Party disclosure (with whom transactions have been entered in the current year):				
Particulars	Name of the Company			
a) Joint Venture Partners	ELBIT Systems Limited (26% share) Merlinhawk Associates Private Limited (24% share)			
b) Key Management Personnel	Mr.B.R. Chandran - Chief Executive Officer (resigned with effect from October 31, 2014) Mr.Narendra Singh- Chief Executive Officer (appointed with effect from October 8, 2014)			
Summary of transactions with the above related parties is has follows: <span style="float: right;">(₹ In Lakhs)</span>				
Nature of transactions	ELBIT Systems Limited	Chief Executive Officer	Chief Technology Officer & Vice President	Total
Contract revenue (net)	76.13	-	-	76.13
Expenses incurred on behalf of the related party	0.25	-	-	0.25
Purchase of project items	0.44	-	-	0.44
Rent expense	(1,133.60)	-	-	(1,133.60)
Electricity	-	-	-	-
Remuneration	-	(14.57)	-	(14.57)
Professional fees	-	-	-	-
Liability written back	-	-	-	-
Provision for doubtful advances	(7.85)	-	-	(7.85)
* Figures in brackets represent audited amounts for previous year ended March 31, 2015				
Balance sheet *: <span style="float: right;">(₹ In Lakhs)</span>				
Nature of transactions	ELBIT Systems Limited	Chief Executive Officer	Chief Technology Officer & Vice President	Total
Sundry Debtors (net)	132.69	-	-	132.69
Other receivable	(75.32)	-	-	(75.32)
Liquidated damages recoverable**	(62.26)	-	-	(62.26)
Provision for doubtful advances	(58.83)	-	-	(58.83)
Provision for estimated losses***	(3.43)	-	-	(3.43)
Unbilled Revenue	-	-	-	-
Current liabilities	4,243.98	-	-	4,243.98
[Balance outstanding]	(4,515.12)	-	-	(4,515.12)
*Figures in brackets are for previous year.      ** including LD receivable      *** Including LD Payable				



### 3 Employee benefits:

#### Gratuity

The Company has a defined benefit gratuity plan covering all employees in compliance with the requirements of 'The Payment of Gratuity Act 1972'. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is unfunded.

The principal actuarial assumptions used in determining gratuity and leave encashment for the Company's plans are shown below:

Particulars	31 March 2016	31 March 2015
Discount rate	7.95%	8.75%
Salary escalation rate	7.00%	7.00%
Mortality rate	Indian Assured Lives Mortality (2006-08)	
Employee turnover	2% - 10% for various age groups	

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

### 4 Unhedged foreign currency exposure as at balance sheet date:

Particulars	Foreign currency (FC)	31 March 2016		31 March 2015	
		Foreign Currency	INR (in lakhs)	Foreign Currency	INR (in lakhs)
Sundry debtors	US \$	2,00,738	132.69	1,20,459	75.32
Other receivable	US \$	-	-	99,566	62.26
Sundry creditors	US \$	(64,20,645.00)	(4,243.98)	(72,20,736.00)	(4,515.12)

#### 3.9) In respect of IRAL

##### 1 Related Party Transaction:

##### i) Details of related parties:

Description of Relationship	Name of related parties
a) Investing party	Mig, Ryazan, Aviazapchase, ICICI Bank
b) Key Managerial Personnel	Shri Manickavasagam

#### 3.10) In respect of TATA-HAL Technologies Limited:

##### 1 Foreign Currency exposure that has not been hedged by a derivative instrument or otherwise given below:

Particulars	Foreign currency (FC)	31 March 2016		31 March 2015	
		Foreign Currency	INR (in lakhs)	Foreign Currency	INR (in lakhs)
Payable for reimbursement of expenses	EUR	-	-	-	-
Receivable against sale of services	GBP	-	-	1,597.00	1.48
	EUR	1,02,100.00	76.95	1,63,486.00	109.86
Receivable against reimbursement of expenses	EUR	17,330.00	13.06	5,287.00	3.55
Receivable against sale of services	USD	19,585.00	12.97	-	-
	SGD	6,930.00	3.41	2,676.00	1.22



2 Related Party Transaction:

i) Details of related parties:

Description of Relationship	Name of related parties
a) Investing party	TATA Technologies (TTL)
b) Key Managerial Personnel	CEO- Mr. Rajarajan Shanmugam
c) Entities on which TTL has control	TATA Technologies Europe Limited (TTEL) TATA Technologies Inc (TTL USA) TATA Technologies pte. Ltd

ii) Transactions with Related Parties:

(₹ In Lakhs)

Particulars	TTL	TTEL	TTL USA	TTL Singapore	Key Managerial Personnel
Purchase of Computer, software and other services	58.56	-	-	-	-
	(89.81)	-	-	-	-
Income from Design Services	94.15	150.45	20.42	10.54	-
	(431.91)	(247.25)	(18.91)	-	-
Rent Received / Services Charges	-	-	-	-	-
	(7.41)	-	-	-	-
Reimbursement of Expenses	11.87	-	-	-	-
	(9.33)	-	-	-	-
Managerial Remuneration Mr. Rajarajan Shanmugam	-	-	-	-	50.42
	-	-	-	-	(28.58)

\*Figures in brackets are for previous year.

iii) Amount outstanding as at March 31,2016:

(₹ In Lakhs)

Particulars	TTL	TTEL	TTL USA	TTL Singapore	Key Managerial Personnel
Trade payables	-	-	-	-	-
	(31.43)	-	-	-	-
Trade receivables	30.04	76.95	-	3.41	-
	(67.11)	(111.33)	(13.68)	-	-
Reimbursable expense	-	13.06	-	-	-
	-	(3.55)	-	(1.22)	-
Managerial remuneration	-	-	-	-	-
	-	-	-	-	(1.19)

\*Figures in brackets are for previous year.



### 3 Employee Benefits Plans:

The disclosure in respect of the Accounting Standard 15 - Employee benefits are as given below:

Defined Contribution plans:

i) Employer's contribution to provident fund, pension scheme and employees' state insurance

During the year the Company has recognised the following amounts in the Statement of Profit and Loss:

(₹ In Lakhs)

Particulars	31 March 2016	31 March 2015
Employer's contribution to Provident Fund	23.25	22.48
ii) Principle assumptions with respect to defined benefit plan gratuity		
Particulars	31 March 2016	31 March 2015
<u>Principle actuarial assumptions:</u>		
Discount rate	8.00%	7.81%
Expected rate of return on plan assets	-	-
Escalation rate	6.00%	6.00%
Attrition rate	5.00%	5.00%
Benefits payable	As per Payment of Gratuity Act 1972	As per Payment of Gratuity Act 1972

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.



3.11) In respect of Multi Role Transport Aircraft Limited:

1 Deferred Tax:

(₹ In Lakhs)

Particulars	31 March 2016	31 March 2015
Deferred Tax Liability/(Asset)		
On account of Difference between book and tax depreciation	0.25	1.22
On account of Disallowance of expenditure U/s 43B	-0.77	-9.96
On account of Preliminary expenses U/s 35D	-23.50	-46.13
Net Deferred Tax Liability/(Asset)	-24.02	-54.86

2 Disclosure as per "AS – 18 Related Party":

Name of the related party and description of relationships:

Description of Relationship	Name of related parties
a) Companies having Significant Influence	UAC-Transport Aircraft, Russia(UAC-TA)
b) Key Management Personnel	Mr. M.A. Quraishi- CEO from 14.03.2014 till 31.03.2016 Mr. Anil Kumar Agarwal - CS & CFO from 17.02.2015

ii) Transactions with Related Parties:

(₹ In Lakhs)

Particulars	TTL
Rent & Others Excluding service tax	4.69
	(6.29)

\*Figures in brackets are for previous year

- 3 The Company has been granted permission from Reserve Bank of India to park the amount of equity share capital from Russian investors (UAC-Transport Aircraft and Rosoboronexport) in Russia in Ruble account for a period upto 14.12.2018. The said amount should be used only for parking the Foreign Direct Investment proceeds and in meeting Ruble related expenses in Russia. The bank balance in account Russia as on 31.03.2016 is 2520.00 lakhs Rubles. (2472.49 lakhs Rupees) [PY 31.03.2015 is 2378.42 lakh Rubles (₹ 2546.30 Lakh Rupees)]
- 4 During the Year, Preliminary Design Phase (PDP) expenditure report has been received from both the contractors, that is, HAL& UAC-TA. Based on the report, unspent amount on PDP amounting ₹ 4525.04 lakhs (5490.04 lakhs) is transferred to long term advances

3.12) In respect of HATSOFF Helicopter Training Private Limited:

1 GOING CONCERN:

The Company has incurred a net loss of ₹ 784.63 lakhs during the period ended 31 March 2016 and as of that date, the Company's current liabilities exceeded its current assets. 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 31<sup>st</sup> March 2016 is negative by ₹ 4427.59 lakhs (Previous year ₹ 3642.95 lakhs ) However, these financial statements have been prepared on a going concern basis notwithstanding the above factors in view of the following the HAL and CAE have provided requisite funding on earlier occasions when the Company needed the same HATSOFF and its shareholders are presently pursuing several options with ICICI for addressing the issues relating to the current classification of the loan account with them as NPA. Further ICICI has also indicated in the recent correspondence to convert debt into equity as per Facility Agreement of required and informed the Company to take necessary approvals from the JV partners. Company during the year 2015-16 has generated funds and was able to pay interest on all loans outstanding ( Overdue interest on ECB loan was paid on 6th April 2016) and was able to service promoter's loan of ₹ 750 lakhs out of ₹ 800 lakhs outstanding at the beginning of the financial year. 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.



## 2 Long Term Borrowings:

(₹ In Lakhs)

Particulars	31 March 2016	31 March 2015
Secured		
Term Loan	18,922.79	20,039.09
From Bank**		

\*\*The Term loan from bank is a foreign currency term loan ( External Commercial Borrowing) taken from ICICI Bank, Offshore Banking Unit (OBU). The loan carries interest @ 6 months LIBOR plus 2.5% margin payable semi-annually

The term loan is repayable in 25 semi-annual equal instalments of USD 16.84 lakhs each commencing from 05 September 2013 over a period of 13 years. The above term loan is secured by a first charge on the assets (excluding land and building and other movable assets) of the Company and a first charge over the cash flows of the Company Charge on security and other credit comforts as mentioned are created in favour of the Security Trustee as identified by the Banker.

At the Balance sheet date, four instalments converted at prevailing exchange rate, due on 05 September 2014, 05 March 2015 , 05 September 2015 and 05 March 2016 remain unpaid amounting to ₹1113.11 lakhs each and total amounts are due as follows A) Instalments ₹ 4452.42 lakhs and B) Interest ₹ 1201.23 lakhs

## 3 Employee benefits:

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. There are no plan assets with respect to the defined benefit plans. The Company accounts for the liability of Gratuity Benefits payable in future based on an independent actuarial valuation.

Reconciliation of the projected benefit obligations

(₹ In Lakhs)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Change in projected benefit obligations		
Obligations at beginning of the year	19.86	11.55
Service cost	3.70	5.16
Interest cost	1.55	0.85
Benefits paid	-	(3.87)
Actuarial (gain)/ loss	(6.62)	6.16
Obligations at year end	18.48	19.86
Change in plan assets		
Plan assets at beginning of the year, at fair value	-	-
Expected return on plan assets	-	-
Benefits paid	-	-
Actuarial (gain)/ loss	-	-
Contributions	-	-
Plan assets at year end, at fair value	-	-
Reconciliation of present value of obligation and fair value of plans assets		
Present value of defined benefit obligation at the end of the year	18.48	19.86
Fair value of the plan assets at the end of the year	-	-
Liability recognised in the balance sheet	18.48	19.86



(₹ In Lakhs)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Gratuity cost for the year		
Service cost	3.70	5.16
Interest cost	1.55	0.85
Expected return on plan assets	-	-
Actuarial (gain)/ loss	(6.62)	6.16
Net gratuity cost	(1.37)	12.17
Assumptions		
Interest rate	7.80%	7.85%
Discount factor	7.80%	7.85%
Rate of increase in compensation cost	6.00%	6.00%
Attrition rate	5.00%	5.00%
Retirement age (in years)	70 years	70 years

4 Related Party disclosures:

Name of the Related party and description of relationships:

Description of Relationship	Name of related parties
a) Parties where control exists	CAE Inc
b) Other Related Party with whom the Company has transactions during the year	CAE India Private Limited CAE Simulation Technologies Private Limited
c) Key Managerial Personnel	WG.SDR (RETD) NS KRISHNA (from 01.03.2014) PALAK GOYAL (from 10.03.2015) T Jagadeesh (from 01.07.2015)

Related party transactions during the year:

(₹ In Lakhs)

Particulars	31 March 2016	31 March 2015
<u>CAE INC</u>		
Repairs and maintenance - Plant and machinery	80.20	44.40
Professional Services	2.73	
<u>CAE Simulation Technologies Pvt Ltd:</u>		
Secured loan received	-	650.00
Interest expense on secured loan	38.86	75.39
Repayment of loan	350.00	250.00
	-	-
Key managerial personnel	-	-
Remuneration to N.S.Krishna, CEO	49.78	40.40
CA Sangeetha Kumar, CFO (From: 15.09.14 to 22.05.15)	0.95	3.99
Mr Shantha Kumar CFO(resigned on 30/06/2014)	-	21.21
Mr Jagadeesh CFO	8.92	-
Ms Reena Mary, CS ( resigned on 13/02/2015)	-	5.55
Palak Goyal, Company Secretary	5.34	0.27



Amount outstanding as at the Balance Sheet date:

(₹ In Lakhs)

Particulars	31 March 2016	31 March 2015
<u>CAE Inc. Canada</u>		
Capital advances	3,063.75	3,064.40
Trade Payables	42.26	
<u>CAE Simulation Technologies Pvt Ltd:</u>		
Secured Loan	50.00	400.00
Interest Accrued and Due on Secured Loan	4.38	7.10
	-	-
<u>CAE India Private Limited / Macmat Technologies pvt ltd:</u>		
Trade payables	0.40	0.40

4A Details of Deferred Tax Asset:

Particulars	31 March 2016	31 March 2015
<u>Deferred Tax Liabilities:</u>		
Excess of depreciation allowable as per income tax laws over depreciation provided in books	(1,644.55)	(1,504.73)
Other expense allowed in income tax laws but not amortised in the books	(88.32)	(100.12)
<u>Deferred Tax Assets:</u>		
Provisions for compensated absences and gratuity allowable on payment basis as per Income tax laws	25.91	25.54
Other expenses proportionate allowable as per income tax laws	-	-
Unabsorbed depreciation and brought forward losses	4,345.23	3,645.82
Deferred Tax Assets, Net	2,638.26	2,066.50

Recognition of the deferred tax asset on carry forward unabsorbed depreciation and business losses have been restricted to the deferred tax liability recognised on excess of depreciation allowable under Income-tax Act, 1961 over depreciation provided in financial statements and the deferred tax asset will be recognised as per the accounting standards read with the interpretation in the coming years.

5 Derivative instruments and un-hedged foreign currency exposure:

Derivative instruments:

Particulars	Purpose	31 March 2016	31 March 2015
Currency swap contract	Towards repayment of foreign currency loan	-	-
Interest swap contract	Towards repayment of interest on foreign currency loan	-	-

Particulars of un-hedged foreign currency exposure as at the balance sheet date:

Underlying asset / liability	31 March 2016		31 March 2015	
	Amount in USD	₹ in Lakhs	Amount in USD	₹ in Lakhs
Secured loan from bank	387,32,000.00	25,601.43	387,32,000.00	24,257.85
Advance from customers	-	-	-	-
Trade receivables	-	-	25,658.00	15.40
	387,32,000.00	25,601.43	387,57,658.00	24,273.25

6 Dues to Micro, Small and Medium Enterprises:

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro, Small and Medium Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' ('the Act'). Accordingly, the disclosure in respect of the amounts



payable to such enterprises as at 31<sup>st</sup> March, 2016 has been made in the financial statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the balance sheet date.

(₹ In Lakhs)

Particulars	31 March 2016	31 March 2015
The Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	Nil	Nil
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year.	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act.	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of the year.	Nil	Nil
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.	Nil	Nil

7 Unlike other JCE's, stock of stores and spares included in Note 17 is not considered as closing stock for the purpose of cost of materials consumed in Note 24.

3.13) In respect of Aerospace Aviation Sector Council:

1 Amount received as Grant from National Skill Development Corporation (NSDC) has been treated as Capital Reserve. The expenditure incurred during the period of the audit and the previous year expenses incurred prior to the receipt of the grant are drawn/adjusted to capital reserve ( Grant received ₹ 353.00 lakhs add interest accrued ₹ 9.77 lakhs minus Expenditure during the year ₹ 24.15 lakhs Minus Expenditure adjusted (2014-15) prior to the receipt of the grant ₹ 0.86 Lakhs).

Note '1' to '34' and Accounting Policies attached form part of the Accounts

As per our Report attached  
for **M/s. S. Venkatram & Co.,**  
Chartered Accountants  
Firm Regn. No.0046565

**(S Sundarraman)**  
Partner  
Membership No. 201028

Place: Bengaluru  
Date: 29<sup>th</sup> June, 2016

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

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

**(G.V. SESA REDDY)**  
Company Secretary



## CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2016

(₹ In Lakhs)

Sl.No.	Particulars	2015-16		2014-15	
<b>I</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
	<b>Net Profit Before Tax</b>		<b>330046.86</b>		<b>319093.36</b>
	<b>Adjustment To Reconcile Net Income To Net Cash</b>				
	<b>Providing by Operating Activities:</b>				
	Depreciation and Amortisation Expense/Exceptional Items	87272.66		82064.60	
	Adjustment on account of Consolidation ( Depreciation & Asset transfer)	(6.46)		1.32	
	Provision for Diminution in value of Investment	1472.30		-	
	Interest Paid	643.59		1480.56	
	Profit On Sale of Fixed Assets	(198.23)		138.54	
	Interest Received - Net of Interest Liability to Customer	(155930.97)		(162854.59)	
	Dividend Received	(221.43)		(183.97)	
	Net Foreign Exchange Gain or Loss & Foreign Currency Translation Reserve	-		(689.91)	
	<b>Sub Total</b>		<b>(66968.54)</b>		<b>(80043.44)</b>
	<b>Operating Profit Before Working Capital Changes</b>		<b>263078.32</b>		<b>239049.92</b>
	<b>Adjustment For Changes In Operating Assets And Liabilities:</b>				
	Trade Receivables, Loans and Advances	171330.68		344675.61	
	Inventories	98345.59		(280236.08)	
	Trade Payables, Current Liabilities and Provisions	(224335.79)		(83644.20)	
	Other Bank Balances	297064.13		(1017866.20)	
	<b>Sub Total</b>		<b>342404.61</b>		<b>(1037070.87)</b>
	<b>Cash Generated From Operations</b>		<b>605482.93</b>		<b>(798020.94)</b>
	Direct Tax Paid		(146798.39)		(90173.85)
	<b>Net Cash Provided By Operating Activities (a)</b>		<b>458684.55</b>		<b>(888194.79)</b>
<b>II</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
	Purchase Of Fixed Assets <sup>1</sup>	(116972.67)		(60679.87)	
	Sale Of Fixed Assets	260.59		225.89	
	Intangible Assets	(31750.70)		(27837.53)	
	Interest Received - Net Of Interest Liability To Customer	155930.97		162854.59	
	Dividend Received	221.43		183.97	
	Investments	(15580.05)		(3772.62)	
	<b>Net Cash Provided By (used in) Investing Activities (b)</b>		<b>(7890.43)</b>		<b>70974.42</b>



FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2016

(₹ In Lakhs)

Sl.No.	Particulars	2015-16		2014-15	
III	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
	Proceeds From Short Term Secured Loans	(557.82)		(67277.55)	
	Increase / (Decrease ) of Unsecured Loans	144.45		(813.70)	
	Proceeds/( Repayment) -Deletion of shares	(12050.00)		-	
	Proceeds/( Repayment) -Buy back of shares ( Including Tax)	(514541.86)		-	
	Grants Received from NSDC	176.50		-	
	Repayment of Deferred Liabilities - Net	(25.50)		(25.72)	
	Interest Paid	(643.59)		(1480.56)	
	Dividend Paid	(61494.78)		(57764.32)	
	<b>Net Cash Provided By Financing Activities ( c )</b>		<b>(588992.60)</b>		<b>(127361.85)</b>
	<b>Abstract :</b>				
I	Net Cash Provided By Operating Activities ( a )		458684.55		(888194.79)
II	Net Cash Provided By (used in) Investing Activities ( b )		(7890.43)		70974.42
III	Net Cash Provided By Financing Activities ( c )		(588992.60)		(127361.85)
	<b>Net Increase In Cash And Cash Equivalents During the Year</b>		<b>(138198.48)</b>		<b>(944582.22)</b>
	Cash And Cash Equivalents At Beginning Of The Year <sup>2</sup>		179201.44		1123783.66
	Cash And Cash Equivalents At The End Of The Year <sup>2</sup>		41002.96		179201.44
	<b>Net Increase In Cash And Cash Equivalents During the Year</b>		<b>(138198.48)</b>		<b>(944582.22)</b>

Note :

- 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 and Financial Institutions.
- 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 **M/s. S. Venkatram & Co.,**  
Chartered Accountants  
Firm Regn. No.0046565

**(S. SUNDARRAMAN)**  
Partner  
Membership No. 201028  
Place: Bengaluru  
Date: 29<sup>th</sup> June, 2016

**(C.V. RAMANA RAO)**  
Director (Finance) & CFO

**(T. SUVARNA RAJU)**  
Chairman & Managing Director

**(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 Financial Statements:**

1. We have audited the accompanying Consolidated Financial Statements of **Hindustan Aeronautics Limited** (the "Holding Company"), and its 12 Joint Ventures together referred to as "the Group", comprising of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2016, and the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information (the "Consolidated Financial Statements").

### **Management's Responsibility for the Financial Statements:**

2. The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Financial Statements in terms of the requirements of the Companies Act, 2013 (the "Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the Holding Company and the 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 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 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 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 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 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 Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated 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 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 Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.

6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

**Opinion:**

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the Consolidated State of Affairs of the Group as at 31st March, 2016, and their Consolidated Profit and their Consolidated Cash Flows for the year ended on that date.

**Emphasis of Matter:**

We draw attention to;

**8. In respect of Halbit Avionics Private Limited:**

- 8.1 The Company has an accumulated losses of ₹933.79 lakhs as at 31<sup>st</sup> March, 2016 has incurred substantial operating loss during the year amounting to ₹554.32 lakhs and its current liabilities exceed the current assets by ₹677.01 lakhs. These conditions indicate the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as going concern. However the Company based on its plans, is confident of funding and continue its business operations in foreseeable future. In view of above, the financial statements of the Company have been consolidated under the going concern assumptions and consequently no adjustments have been made to the carrying values or classification of balance sheet items.

**9. In respect of Hal Edgewood Technologies Private Limited:**

- 9.1 Carrying of Deferred Tax Assets on account of timing differences pertaining to earlier years aggregating to ₹56.21 lakhs (year ended 31<sup>st</sup> March 2015 ₹56.21 lakhs), as the management of the Company is of the opinion that the Deferred Tax Credit satisfies the virtual certainty test as laid down in para 17 of the Accounting Standard 22 "Accounting for Taxes on Income" and can be realised against the future taxable income.
- 9.2 Consolidation of the Company's Financial Statements on a going concern basis, notwithstanding the fact that the Company's net worth is eroded (reported negative net worth as at 31st March 2016 of ₹656.18 Lakhs (year ended 31<sup>st</sup> March 2015 ₹537.81 Lakhs)), the scheduled banks have recalled their debts to the Company. The ability of the Company to continue as a going concern is interalia dependent on the promoters ability 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.



9.3 Amortisation of intangible assets on development of prototype units to the Statement of Profit and Loss. The amortisation of intangible treatment is done in accordance with para 63 and para 72 following "unit of production method" as laid down in Accounting Standard 26 "Intangible Assets". 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, and hence the treatment of amortisation of intangible assets is in accordance with Para 72 of the aforesaid Accounting Standard. Our opinion is not qualified in respect of this matter.

**10. In respect of Hatsoff Helicopter Training Private Limited:**

10.1 The Company has incurred a net loss of ₹784.63 lakhs during the year ended 31<sup>st</sup> March, 2016 and as of that date; the Company's current liabilities exceed its current assets by ₹6,804.59 lakhs. In addition, 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 31<sup>st</sup> March, 2016 is negative by ₹4,427.59 lakhs.

10.2 As per the Company's management representation duly noted by the Board at its 44<sup>th</sup> Board meeting held on the 05<sup>th</sup> May, 2016 wherein the Company's management has assessed the entity as going concern despite the existence of above stated material uncertainties and has assessed its ability to meet the obligations that are falling due. The Company's management also has approved projections for 2016-17 with an estimated turnover of ₹ 3,325.34 lakhs with a net profit of ₹492.47 lakhs before tax and foreign exchange fluctuation as reasonable. The Company's management further confirms that ICICI Bank has indicated in the recent correspondence to convert debt into equity as per the Facility Agreement if required. With the above developments, the Company's management believes that the Company has the ability to continue as going concern.

11. Our opinion is not qualified in respect of the above matters.

**Other Matters:**

12. We did not audit any of the 38 divisions of the Holding Company whose audited Financial Statements, duly audited by the Divisional Auditors, have been included in the Company's standalone Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended of the Company ("Financial Statements"). The Financial Statements/financial information collectively reflect 100% of the total assets as at 31<sup>st</sup> March, 2016 and 100% of the total revenues for the year ended on that date. The Audit Reports of the Divisional Auditors have been furnished to us and the Company's Financial Statements take into account the particulars and information made available to us and also changes carried out based on the observations of the Divisional Auditors. In our opinion in so far as it relates to the disclosures included in the Other Explanatory Information respect of these Divisions, are based solely on the report of such Divisional Auditors.

13. We did not audit the financial statements of all the Joint Ventures, whose financial statements reflect proportionate total assets of ₹50,820.49 lakhs as at 31<sup>st</sup> March, 2016, proportionate total revenues of ₹19,548.48 lakhs and proportionate net cash flows of ₹153.14 lakhs for the year then ended on that date, as considered in the Consolidated Financial Statements. These financial statements have been audited by independent auditors



whose reports have been furnished to us by the management of the Holding Company and our opinion on the Consolidated Financial Statements, in so far as it relates to the amount and disclosures included in respect of these Joint Ventures, and our report in terms of sub section (3) and (11) of section 143 of the Act, in so far as it relates to the Joint Ventures is based solely on the reports of the other auditors.

(Amount in Lakhs)

Name of the Joint Venture Company	Assets	Revenues	Net Cash Flow
International Aerospace Manufacturing Private Limited	11,388.15	6,967.69	4.04
BAeHAL Software Limited	1,291.07	996.52	49.21
Snecma HAL Aerospace Private Limited	3,894.96	3,283.27	(366.55)
SAMTEL HAL Display Systems Limited	465.86	1,504.33	(3.58)
Infotech HAL Limited	361.29	302.82	12.28
HAL-Edgewood Technologies Private Limited	624.66	45.87	47.85
HALBIT Avionics Private Limited	3,020.77	340.75	72.78
Indo-Russian Aviation Limited	6,250.69	4,056.30	(27.63)
HATSOFF Helicopter Training Private Limited	12,084.68	1,585.65	887.01
TATA HAL Technologies Limited	352.05	450.49	62.40
Multi Role Transport Aircraft Limited	10903.26	14.80	(750.01)
Aerospace Aviation and Sectors Skill Council	183.05	-	165.34

**Report on Other Legal and Regulatory Requirements:**

14. As the Companies (Auditor’s Report) Order, 2015 (the “Order”), issued by the Central Government of India in terms of Section 143(11) of the Act, is not applicable to Consolidated Financial Statements, the same we have not included the matters specified in the said Order.
15. As required by Section 143 (3) of the Act, we report that:
  - 15.1 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;
  - 15.2 In our opinion, proper books of account as required by law have been kept by the Group so far as it appears from our examination of those books;
  - 15.3 The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of Consolidated Financial Statements.
  - 15.4 In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - 15.5 In terms of circular No. GSR 463(E) dated 05.06.2015 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 Joint Venture Companies incorporated in India, none of the directors of the Joint Venture Companies, incorporated in India is disqualified as on 31st March, 2016 from being appointed as



a director in terms of Section 164 (2) of the Act.

- 15.6 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 A".
- 15.7 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, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Group has, in accordance with the generally accepted accounting practice, disclosed the impact of pending litigations on its financial position in its financial statements – Refer Clause 1 of Note 34 to the financial statements;
  - ii. The Group has entered into long term arrangement with its customers for development of products/ prototypes, etc., and the Group does not foresee any material losses in respect of such arrangements. The Group does not also foresee any material foreseeable losses in respect of any derivative contracts;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group.

**For S. Venkatram & Co**

Chartered Accountants

Firm Registration No. 004656S



**S. Sundarraman**

Partner

Membership No. 201028

Place : Bengaluru

Date : 29<sup>th</sup> June, 2016



**“Annexure - A” to the Independent Auditors’ Report of even date on the Consolidated Financial Statements of Hindustan Aeronautics Limited**

**Independent 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 Financial Statements of the Group as of and for the year ended 31<sup>st</sup> March, 2016, we have audited the Internal Financial Controls over financial reporting of Hindustan Aeronautics Limited (“the Holding Company”) and its Joint Controlled Companies, 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 and the Joint Ventures, all of 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 Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (“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 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 Respective Management of the Holding Company and the Joint Ventures has in the present financial year amongst other areas has specifically identified the following areas (i) Goods in Transit, (ii) Capital Work in Progress and (iii) Trade Payables, 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 on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the 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 judgments, including the assessment of the risks of material misstatement of the 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 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.

**Basis of Qualified Opinion:**

9. The following material weaknesses (a 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis) have been identified by us and the Independent Auditors' of the Joint Ventures Internal Financial Controls over financial reporting as at 31<sup>st</sup> March, 2016:

**Halbit Avionics Private Limited:**

- 9.1 Inadequate documentation of the components of internal control.
- 9.2 The absence of an internal process to report deficiencies in internal control to management on a timely basis.
10. A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

**Qualified Opinion:**

11. In our opinion, except for the effects/possible effects of the material weaknesses described in the Basis of Qualified Opinion para hereinabove on the achievement of the objectives of the control criteria, the Holding Company and its Joint Ventures has maintained, in all material respects, adequate Internal Financial Controls over financial reporting and such Internal Financial Controls over financial reporting were operating effectively as of 31st March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.
12. We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the 31<sup>st</sup> March, 2016 Consolidated Financial Statements of the Company, and these material weaknesses do not affect our opinion on the Consolidated Financial Statements of the Company.

**Other Matters:**

13. All the 38 divisions of the Holding Company are audited by the Divisional Statutory Auditors and our work is confined to the Consolidation of the accounts. Our reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the Internal Financial Controls over Financial Reporting is based on the corresponding audit reports of the 38 Divisions.
14. 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 12 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 & Co**

Chartered Accountants

Firm Registration No. 004656S

**S. Sundarraman**

Partner

Membership No. 201028

Place : Bengaluru

Date : 29<sup>th</sup> June, 2016



**Confidential**  
**By Speed Post**

सं./No. Report / 2016-17 / HAL / 157

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. 21 July 2016

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 accounts of Hindustan  
Aeronautics Limited, Bangalore for the year ended 31 March 2016.

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.

Yours faithfully,



(E P Nivedita)

Pr. Director of Commercial Audit

Encl: As above.

भारतीय लेखा तथा लेखापरीक्षा विभाग  
INDIAN AUDIT & ACCOUNTS DEPARTMENT  
पहला तल, बसव भवन, श्री बसवेश्वर रोड, बेंगलूर - 560 001  
1st Floor, Basava Bhavan, Sri Basaveswara Road, Bangalore - 560 001

दृ.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 2016.**

The preparation of Consolidated Financial Statements of **Hindustan Aeronautics Limited, Bangalore** for the year ended 31 March 2016 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 29.6.2016.

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 2016. We conducted a supplementary audit of the Financial Statements of Hindustan Aeronautics Limited, Bangalore but did not conduct supplementary audit of the Financial Statements of twelve Joint Venture Companies 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**

**(E P Nivedita, IA&AS)**

**Pr. Director of Commercial Audit  
& Ex-Officio Member, Audit Board, Bangalore.**

**Bangalore**

**Dated: 21 July 2016**



## Annexure

1. BAe HAL Software Limited
2. Snecma HAL Aerospace Private Limited
3. SAMTEL HAL Display Systems Limited
4. Infotec HAL Limited
5. HAL-Edgewood Technologies Private Limited
6. HALBIT Avionics Private Limited
7. Indo-Russian Aviation Limited
8. HATSOFF Helicopter Training Private Limited
9. Tata HAL Technologies Limited
10. Multirole Transport Aircraft Limited
11. International Aerospace Manufacturing Private Limited
12. Aerospace Aviation and Sector Skill Council



Registered Office:

**HINDUSTAN AERONAUTICS LIMITED**

Post Box No.5150, 15/1, Cubbon Road, Bengaluru – 560 001

Tel : 00-91-80-22320001 FAX : 00-91-80-22320758 E-mail : cosec@hal-india.com Website : www.hal-india.com

**CORPORATE OFFICE****SHRI T. SUVARNA RAJU**  
Chairman & Managing Director**SHRI V. M. CHAMOLA**  
Director (HR)**SHRI S. SUBRAHMANYAN**  
Director (Operations)**SHRI C. V. RAMANA RAO**  
Director (Finance) & CFO**VIGILANCE****SHRI B. SELVA KUMAR**  
Chief Vigilance Officer**HAL MANAGEMENT ACADEMY****SHRI P. S. ROY**  
Offg. Executive Director (HMA)**SHRI P. S. BHOOPATHY**  
General Manager (HR)**SHRI SANDEEP PATNAIK**  
Offg. General Manager (HR-SD)**COMPANY SECRETARIAT****SHRI G. V. SESHA REDDY**  
Company Secretary**LIAISON OFFICE, NEW DELHI****SHRI MRIGENDRA KUMAR**  
Resident Manager, New Delhi**PLANNING & PROJECTS****SHRI MD MAZHAR ALI QURASHI**  
General Manager (Planning & Projects)**CUSTOMER SERVICES****SHRI MALOY DE**  
Executive Director (CS & QA)**SHRI S. MURALI**  
Executive Director (CS)**FLIGHT OPERATIONS – FIXED WING****AIR CMDE KA MUTHANA VSM (Retd.)**  
Chief Of Test Flying (FW)**FINANCE & ACCOUNTS****SHRI C.B ANANTHA KRISHNAN**  
General Manager (Finance)**SHRI D SUDHAKARAN NAIR**  
General Manager (Finance)**HUMAN RESOURCES****SHRI A. K. TYAGI**  
Executive Director (HR)**SHRI M. R. UDAYAKUMAR**  
General Manager (CSR & SD)**SHRI JOSE JACOB**  
General Manager (HR-ER)**MARKETING****SHRI VENUGOPAL D**  
General Manager (Marketing)**SHRI SANJEEV KUMAR**  
Offg. General Manager (Offset)**SYSTEM AUDIT****SHRI SANJEEV KAPOOR**  
Addl. General Manager (SYA&RM)**INDIGENISATION****SHRI A. SELVARAJ**  
General Manager (Indigenization)**JOINT VENTURE****SHRI JAGDISH MITTER NAYYAR**  
General Manager (JV & Outsourcing)**INTEGRATED MATERIALS  
MANAGEMENT****SHRI S. K. TANDON**  
Offg. General Manager (IMM)**QUALITY ASSURANCE****SHRI SYED ABDUL RAZACK**  
General Manager (QA)**INFORMATION TECHNOLOGY****SHRI RAJEEV AGARWAL**  
General Manager (IT)**MANAGEMENT SERVICES****SHRI G. BALAKRISHNAN**  
General Manager (MS)**BANGALORE COMPLEX****SHRI R KAVERI RENGANATHAN**  
CEO (BC)**SHRI B.K. MOHANTY**  
General Manager (OSD)**SMT. VIDYA UPADHYAYA**  
Offg. General Manager (Finance)**IJT-LSP PROJECT GROUP****SHRI T. K. MANDAL**  
General Manager (IJT)**FOUNDRY & FORGE DIVISION****SHRI R. KRISHNAMOORTHY**  
General Manager (F & F)**ENGINE DIVISION****SHRI A. MUTHUKUMARASWAMI**  
Executive Director (Engines and F&F)**SHRI K. RAJAMANI**  
General Manager (Engine)**AIRCRAFT DIVISION****SHRI M. N. SRINATH**  
Executive Director (Aircraft & Overhaul)**SHRI E ANDREW SUNDERAJ**  
Chief of Projects



#### **LCA – TEJAS DIVISION**

##### **SHRI V. SRIDHARAN**

Executive Director (LCA-Tejas)

##### **SHRI P.G. YOGINDRA**

General Manager (LCA-Tejas)

#### **AEROSPACE DIVISION**

##### **SHRI SHEKHAR SRIVASTAVA**

General Manager (Aerospace)

#### **MEDICAL & HEALTH**

##### **Dr. C. S. RANGA RAO**

Chief of Medical Services

#### **IMGT**

##### **SHRI R. NARAYANAN**

General Manager (IMGT)

#### **OVERHAUL DIVISION**

##### **SHRI RAKESH KAUL**

General Manager (Overhaul)

##### **SHRI RADHA KRISHNA HS**

Chief of Projects(Overhaul)

#### **FACILITIES MANAGEMENT DIVISION**

##### **SHRI G. VENKATESHWARA RAO**

General Manager (Civil)

#### **FLIGHT OPERATIONS – FIXED WING**

##### **Gp.Capt.(Retd.) C. SUBRAMANIAM**

Chief Test Pilot (FW)

#### **AIRPORT SERVICE CENTRE**

##### **SHRI RAJENDRA SHARMA**

Head of ASC

#### **DESIGN COMPLEX**

##### **SHRI D. K. VENKATESH**

Director (Engineering and R & D)

##### **SHRI S.P. BHATTACHARYA**

Executive Director (Engineering & R &D )

##### **SHRI PRAVEEN CHANDER**

Executive Director (Sys.)

##### **SHRI A. K. SRIVASTAVA**

General Manager (Fin)

##### **SHRI K.P. SINGH**

Chief Designer (DC)

##### **SHRI MAHABALESHWARA BHAT K**

Chief Designer (RW)

##### **SMT. NEMICHANDRAMMA**

Chief Designer (UAV) AIRCRAFT R&D CENTRE

#### **AIRCRAFT R&D CENTRE**

##### **SHRI SANJIV SHUKLA**

General Manager (ARDC)

##### **SHRI R. V. HULIRAJ**

Chief Designer (ARDC)

#### **AIRCRAFT UPGRADE**

#### **R&D CENTRE, NASIK**

##### **SHRI A. K. MALAGAUDANAVAR**

Addl. General Manager(Design)

#### **GAS TURBINE R&D CENTRE, KORAPUT**

##### **SHRI NABIN CHANDRA SATAPATHY**

Addl. General Manager (Design)

#### **AEROSPACE SYSTEMS & EQUIPMENT R&D CENTRE-LUCKNOW**

##### **SHRI B.K.SHARMA**

Offg. Chief Designer (ASERDC)

#### **TRANSPORT AIRCRAFT R&D CENTRE -KANPUR**

##### **SHRI VADIRAJ K.G**

Deputy General Manager (Design)

#### **DESIGN DEPARTMENT , AVIONICS DIVISION - KORWA**

##### **SHRI MATA PRASAD**

Addl. General Manager(Design)

#### **MISSION COMBAT SYSTEM R&D CENTRE**

##### **SHRI PRAKASH K**

General Manager (MCSRDC)

#### **CENTRAL MATERIAL & PROCESS LAB**

##### **Dr. RAGHAVENDRA BHAT. R**

DY. General Manager (CMPL)

#### **AERO ENGINE R&D CENTRE**

##### **Dr. V. SRIDHARA**

General Manager (AERDC)

#### **STRATEGIC ELECTRONICS R&D CENTRE, HYDERABAD**

##### **SMT. S THENMOZHI**

General Manager (SLRDC)

#### **ROTARY WING R&D CENTRE**

##### **Dr. M. VIJAYAKUMAR**

Executive Director

##### **SHRI CHALWADE D B**

Chief Designer

##### **SHRI ALAGAPPAN G**

Chief of Projects

##### **SHRI SHOWKATH ALI BAIG M**

Chief Designer

##### **SHRI S. BHATTACHARYA**

Chief Designer



## HELICOPTER COMPLEX

**SHRI V. SADAGOPAN**  
CEO (HC)

**SHRI SAMIR KUMAR PADHI**  
Executive Director (Finance)

**SHRI I NARAYANA REDDY**  
Chief of Projects

**SHRI H.K. SINGH**  
General Manager (HR)

## HELICOPTER DIVISION

**SHRI V NATARAJAN**  
General Manager (Helicopter)

**SHRI AMITABH BHAT**  
Chief of Projects (LUH)

## FLIGHT OPERATIONS (ROTARY WING)

**Wg. Cdr (Retd.) UNNI PILLAI**  
Executive Director (CTP-RW)

**Cdr. ANIL KUMAR GULATI (Retd.)**  
Deputy Chief Test Pilot (RW)

## HELICOPTER MRO DIVISION

**SHRI G.V. S. BHASKAR**  
General Manager (Helicopter-MRO)

**SHRI GANESH D**  
Chief of Projects

## BARRACKPORE DIVISION

**SHRI TAPAN ROY**  
General Manager (Barrackpore)

## AEROSPACE COMPOSITES DIVISION

**SHRI S.V. SURESH**  
General Manager (ACD)

## MIG COMPLEX

**SHRI DALJEET SINGH**  
CEO (MC)

**SHRI ASHISH KUMAR ROY**  
General Manager (Quality)

## AIRCRAFT MANUFACTURING DIVISION, NASIK

**SHRI A.B. GHARAD**  
General Manager (AMD)

## AIRCRAFT OVERHAUL DIVISION, NASIK

**SHRI B V SESHAGIRI RAO**  
General Manager (AOD)

## ENGINE DIVISION, KORAPUT

**SHRI DEBASHIS DEB**  
Offg. Executive Director (Koraput)

**SHRI JEEWAN KRISHNA MOHANTY**  
General Manager (Engines)

## SUKHOI ENGINE DIVISION, KORAPUT

**SHRI ARUP CHATTERJEE**  
Offg. Chief of Project (Engines)

## ACCESSORIES COMPLEX

**SHRI RAJIV KUMAR**  
CEO (AC)

**SHRI R B SHARMA**  
General Manager (HR)

## ACCESSORIES DIVISION, LUCKNOW

**SHRI R MADHAVAN**  
General Manager (ADL)

**SHRI K A HUSAIN**  
Chief of Projects (M&I)

## TRANSPORT AIRCRAFT DIVISION, KANPUR

**SHRI M.M.TAPASE**  
General Manager (TAD)

## AVIONICS DIVISION, KORWA

**SHRI ASHISH MUKHERJEE**  
General Manager (Korwa)

## AVIONICS DIVISION, HYDERABAD

**SHRI SUNIL KUMAR**  
Executive Director (Hyderabad & Korwa)

**SHRI NIRMAL BABU K**  
Chief of Projects



# Major Milestones of HAL



**1940**  
Establishment of Hindustan Aircraft Factory

**1941**  
First aircraft assembled flown

**1948**  
First Indian built Percival Prentice Trainer was test flown

**1951**  
First prototype of HT-2 was test flown

**1965**  
Delivery of first "Fly Away" Chetak helicopter

**1966**  
First flight of MiG-21 FL aircraft – Flyaway series

**1982**  
Initial flight and delivery of first Jaguar aircraft

**1977**  
Delivery of first raw material stage Cheetah helicopter

**1988**  
Handing over of first Dornier aircraft

**1984**  
First flight of HPT-32 aircraft, initial flight of Kiran Mk.II aircraft

**1998**  
Agreement signed with Boeing USA for supply of 300 sets of Uplock Box assembly for Boeing 777 aircraft

**1992**  
Delivery of the first set of A-320 Forward Passenger Doors to M/s. Aerospatiale

**2001**  
TD-1 of Light Combat Aircraft made its maiden flight

**2000**  
Signing of agreement between India & USSR for licence manufacture of Sukhoi-30 MKI aircraft

**2005**  
Delivery of first Su-30MKI aircraft built under licence to IAF

**2013**  
LCA gets Initial Operational Clearance

**2010**  
LCH took its first flight and first LCA (Navy) rolled out

**2016**  
First technical flight of LUH was test flown  
Madien flight of the first prototype of HTT-40 carried out

**2015**  
First series production Light Combat Aircraft, Tejas handed over to IAF  
Certification of ALH WSI Helicopter for IAF



## Hindustan Aeronautics Limited

# 15/1, Cubbon Road, Bengaluru - 560001 INDIA

[www.hal-india.com](http://www.hal-india.com)