



Hindustan Aeronautics Limited

61<sup>ST</sup>

ANNUAL  
REPORT  
2023-24







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# VISION

To be a global leader in the Aerospace & Defence Industry

# MISSION

We are committed to deliver superior technology solutions to the customers by leveraging our infrastructure and Design, Manufacture & Service skills, for achieving business excellence





# Chairman's Statement



## *Dear Shareholders,*

It gives me immense pleasure to welcome you all for the 61<sup>st</sup> Annual General Meeting of Hindustan Aeronautics Limited.

The year 2023-24 was an eventful and productive year for your Company, where in considerable progress was made in terms of revenue, profitability, order book and productivity.

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

### **Financial and Performance Highlights of the Year**

In the financial year 2023-24, your Company recorded the highest ever turnover of ₹28,16,185 Lakh experiencing strong growth of 7% from the previous year's ₹26,36,056 Lakh. The Profit before Tax for the year increased by 57% to ₹10,19,897 Lakh from ₹6,49,294 Lakh in the previous year. The Profit after Tax (PAT) increased by 31% to ₹7,59,504 Lakh from ₹5,81,117 Lakh in the previous year. Our Order Book position stood healthy at ₹94,12,900 Lakh as on 31<sup>st</sup> March, 2024.

The Company has paid interim Dividend of ₹22 per equity share of face value of ₹5 each for the Financial Year 2023-24, totalling to ₹1,47,130.50 Lakh. Further, the Board of Directors of the Company has recommended a final dividend of ₹13

per share of ₹5 each for approval of shareholders, with a cash outflow of ₹86,940.75 Lakh. On approval by the shareholders, the total cash outflow for payment of Dividend for the Financial Year 2023-24 would be ₹2,34,071.25 Lakh.

During the year, the Company has produced new Aircraft and Helicopters, covering Light Combat Aircraft (LCA) Tejas Mk1A, LCA Tejas Trainer, Dornier Do-228, Advanced Light Helicopter (ALH) Dhruv and Light Utility Helicopter (LUH) in addition to the production of New Engines and various Accessories, at its various Divisions. The Company has also overhauled various Aircraft & Helicopters and Engines during the year supporting the upkeep of the aviation assets with the Indian Defence Services and other Customers.

### **Significant Achievements**

Your Company accomplished several significant achievements during the year, some of which are highlighted as under:

- The first LCA Tejas twin seater was handed over to the Indian Air Force (IAF) in the presence of Raksha Rajya Mantri.
- Two Nos. of Hindustan-228 aircraft supplied to Guyana Defence Forces in record time within a month of signing of contract due to proactive approach of the Company.



- The first Mid Life Upgraded (MLU) Dornier aircraft fitted with Pollution Surveillance System (PSS) handed over to ICG.
- Handed over first 'Closed Inter Tank Structure (C32)' and first 'Development Service Module' for the Gaganyaan Experimental Mission of ISRO.
- A Joint Venture Company with Safran Helicopter Engines, France-SAFHAL Helicopter Engines Pvt. Ltd. was incorporated on 9<sup>th</sup> November, 2023 to undertake Design and Development of Engines for IMRH.
- The first production series of LCA Mk1A fighter has completed its Maiden flight.
- Received DGCA approval under 'CAR21 Subpart G' for series production of Hindustan 228 aircraft and 'Maintenance Type Training Certificate' under CAR147 category B1 and B2 for imparting AME type rated licence on Hindustan-228 aircraft.

### New Initiatives

During the year, your Company has taken many new initiatives, which are as under:

- MoU was signed with General Electric, USA on June 6, 2023 for ToT and Manufacturing of GE-414 aero-engine in India for LCA MK2 Aircraft.
- Successful flight with 10% blended bio-fuel was carried out on Do-228 aircraft from September 15-27, 2023, towards the effort to reduce Carbon footprints.
- The Company has entered into agreement with M/s Airbus, France and signed a Contract on November 9, 2023 for "Establishing up to 6 yearly C Checks facility for A-320 family of aircraft" at Nasik. The collaboration will strengthen Make-in-India mission and also enhance export potential, in addition to diversification into Civil MRO business.

### Future Outlook

In the Defence segment, demand for products from Indian Defence Services is expected to grow owing to the Gol's vision for achieving Atmanirbar Bharat and current geopolitical scenario. On the commercial side, air travel is likely to continue its upward trajectory. The surge in air travel will lead to an increased demand for new aircraft and MRO services.

India's annual Defence production is expected to touch ₹3 lakh Crore by 2028-29, along with arms exports of ₹50,000 Crore, as announced by Hon'ble Rakha Mantri. This indicates that Indian Defence Sector which was so far

contributing as strategic sector is gradually developing as an economic sector with capability & vision to contribute to the economic growth of the Country.

Various initiatives of the Gol have given thrust on the indigenization of Defence equipment, to reduce Defence import as well as dependence on the foreign OEMs. The role of the private sector in Defence R&D is also increasing, driven by the policy initiatives from the Government. To encourage R&D within the industry, by start-ups, and by academia, the MoD has announced schemes like Innovation for Defence Excellence (iDEX), Technology Development Fund (TDF). Over next 5 -10 years such reforms will equally help Defence PSUs and private industry to achieve a self-sustaining Defence industry in the country.

The future projects such as LCA MkII, Advance Medium Combat Aircraft (AMCA), Indian Multirole Helicopter (IMRH), Twin Engine Deck Based Fighter (TEDBF) etc. will ensure technological lead of India and HAL in particular in the years to come.

The Company has taken various initiatives to make systems more agile, effective, cost efficient and to be competitive.

### Research and Development (R&D)

Your Company has continued its efforts towards the Design and Development of new platforms/ products / technologies and activities to enhance its capability with a view to bring technological superiority to its products and to cope up with the future technological challenges. During the year, Company has incurred a total R&D expenditure of ₹2,82,624 Lakh which is 10.04 % of the Turnover. The significant R&D achievements during the year are as under:

- Indigenously designed and developed HTT-40 Basic Trainer Aircraft received the Release to Service document (RSD) from CEMILAC in January 2024.
- The Light Combat Aircraft (LCA) Naval Trainer Prototype NP5 successfully completed its maiden flight on August 18, 2023.
- The indigenous Beyond Visual Range (BVR) air-to-air missile, successfully fired from Light Combat Aircraft (LCA), off the coast of Goa on August 23, 2023.

### Corporate Governance

Your Company always strives to conduct the business with integrity, and in ethical & transparent manner and attain the highest standard of Corporate Governance practice. The Company has complied with the Guidelines on Corporate Governance framed by the Department of Public Enterprises



(DPE) and SEBI Listing Regulations except for the appointment of the requisite number of Independent Directors. The Company has established Systems and Procedures to ensure that its Board of Directors is well informed about the Policies of the Company, to enable them to discharge their responsibilities and to enhance the overall value of all stakeholders. We are periodically reviewing the Policies and Procedures of the Company and updating them to ensure transparency in all aspects of the Company's working. Your Company has been continuously rated 'Excellent' grade for its compliances with DPE Guidelines on Corporate Governance.

### Corporate Social Responsibility and Sustainability Development

Your Company is committed to its social responsibility. In this endeavour, the Company has undertaken various CSR programmes and projects, towards integrating our social and business goals in a sustainable manner in line with schedule VII of the Companies Act, 2013. An amount of ₹11,998 Lakh has been spent under CSR in the Financial Year 2023-24 against the CSR budget/ obligation of ₹10,931 Lakh.

### Acknowledgement

Your Company will continue to pursue global standards, and I am confident that the Company will achieve many milestones. We hope to attain all round success with the continued support and guidance of all our stakeholders.

I take this opportunity to extend my sincere gratitude to the Department of Defence Production, Defence Acquisition Council, Defence Finance, Department of Civil Aviation and our valuable customers viz., the Indian Air Force, Indian Army, Indian Navy, Indian Coast Guard, Border Security Force, ISRO and other Global Aviation Companies.

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

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

**JAI HIND**



**(C.B. Ananthakrishnan)**

Director (Finance) & CFO  
Chairman and Managing Director (Addl Charge)

Place: Bengaluru  
Date: July 23, 2024



# Corporate Information

## BOARD OF DIRECTORS

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**Shri C B Ananthakrishnan**

Director (Finance) & CFO  
Chairman and Managing Director (Addl Charge)

**Shri Jayadeva E P**

Director (Operations)

**Dr. D K Sunil**

Director (Engineering and R&D)

**Shri Atasi Baran Pradhan**

Director (Human Resources)

**Shri T. Natarajan**

Additional Secretary (Defence Production)  
Ministry of Defence  
Govt. Nominee Director

**Shri M Z Siddique**

Distinguished Scientist & Director General  
(Aeronautical Systems), DRDO  
Govt. Nominee Director

**Dr. Divya Gupta**

Independent Director

**Shri Deepak Abasaheb Shinde**

Independent Director

## COMPANY SECRETARY

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**Shri Shailesh Bansal**

Company Secretary







### Bankers

State Bank of India  
Punjab National Bank  
Indian Bank  
Indian Overseas Bank  
Bank of Baroda  
Canara Bank  
Union Bank of India

### Statutory Auditor

**M/s. A John Moris & Co.,**  
Chartered Accountants, Bengaluru

### Branch Auditors

**M/s. Om Rastogi & Co.**  
Chartered Accountants, Lucknow

**M/s. N G S & Co LLP.**  
Chartered Accountants, Mumbai

**M/s. K Prahlada Rao & Co.**  
Chartered Accountants, Hyderabad

**M/s. Tripathy & Co.**  
Chartered Accountants, Koraput, Jeypore

**M/s. Chhaparia & Associates.**  
Chartered Accountants, Kolkata

**M/s. P. L. Tandon & Co.**  
Chartered Accountants, Kanpur

**M/s. Singh Agarwal & Associates.**  
Chartered Accountants, Lucknow

**M/s. S R R K Sharma Associates.**  
Chartered Accountants, Bengaluru

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

**M/s. Ganesan and Company.**  
Chartered Accountants, Bengaluru

**M/s. T. Murali & Co.**  
Chartered Accountants, Bengaluru

**M/s. C S M R & Associates.**  
Chartered Accountants, Bengaluru

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

**M/s. Ishwar & Gopal.**  
Chartered Accountants, Bengaluru

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

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

**M/s. G R V & P K.**  
Chartered Accountants, Bengaluru

### Cost Auditor

**M/s. Murthy & Co.LLP.**  
Cost & Management Accountants, Bengaluru

### Legal Advisor

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

### Tax Consultants

**M/s BSR & Co. LLP.**  
Chartered Accountants, Bengaluru

### Credit Rating Agencies

**M/s. ICRA Limited**

**M/s. CARE Ratings Limited**



## Board of Directors



**Shri C B Ananthkrishnan**  
Director (Finance) & CFO,  
Chairman and Managing Director  
(Addl Charge)

Shri C.B. Ananthkrishnan is a Commerce Graduate and Post Graduate in Business Administration from Madras University and is a fellow member of Institute of Cost Accountants of India. He has also received management and leadership training from Indian Institute of Management, Ahmedabad and *Institut Aeronautique et Spatiale* (IAS) Toulouse, France.

Shri C.B. Ananthkrishnan joined HAL in 2004 and has over 36 years of work experience in both public and private sectors with stints in merchant banking, pharmaceuticals, fertilizers and Aerospace Industries. He was appointed as Director (Finance) & CFO of the Company with effect from August 1, 2018. He has been entrusted with additional charge of Chairman and Managing Director (CMD) of the Company w.e.f August 1, 2022.

Prior to his appointment as Director (Finance), Shri Ananthkrishnan was holding the post of Executive Director (Finance) in Corporate Office of the Company and handling overall Financial Planning and strategy, treasury management and taxation. He led the disinvestment effort for HAL during 2018 and various financial efficiency improvement measures in the company such as Centralised Payment Processing Center, Central Payroll Processing Centre and Implementation of Ind AS. He was instrumental in conclusion of some high value Contracts aggregating ₹ 80,000 Crores including 83 LCA Mk 1A, 159 ALH, 73 ALH, 70 HTT-40 and Engine Contracts.

Consequent to entrusting of additional charge as Chairman and Managing Director, HAL, Shri Ananthkrishnan has steered various business strategy initiatives such as separate Marketing vertical, Marketing offices abroad, Online Claim Bills Realization System (e-CBRS), Centralized Procurement, Customer Service Organization and provided impetus to prestigious R&D projects like IMRH/DBMRH, UH-M, HLFT-42, LCA MK2, ALH WSI Phase-II and LUH Civil, etc.

Shri Ananthkrishnan had taken various initiatives for enhancing the Capacity for production of HTT-40, LCA and Helicopters. He had also taken initiatives towards improving the Operational efficiency such as, implementation of Industry 4.0 concepts, Third-Party Inspection (TPI) model for inspection activities at vendor premises and Fleet-wise SPOCs as a Single Point of Contact for customer issues, etc.

Under his leadership, the Company achieved highest ever revenue of ₹ 30,381 Crore during 2023-24, and has achieved market Capitalization of around ₹ 2.22 Lakh Crores.

He is the recipient of "CFO-Outstanding Performer Award" by CMA institute. Under his leadership and guidance the Company has pegged many prestigious awards such as Dun and Bradstreet PSU Award 2023; Governance Now 9<sup>th</sup> PSU Award 2023; Business Standard Corporate Excellence Award 2022; Raksha Mantri Award for Excellence in Defence and Aerospace Sector – 2022 and AIMA Managing India Award – "Outstanding PSU of the Year" (HAL).

Shri C.B. Ananthkrishnan is also currently the Chairman of the Aerospace and Aviation Sector Skill Council; Director, Defence Innovation Organization (DIO); Board Member, Indian National Space Promotion and Authorization Centre, Department of Space (IN-Space) and Member Governing Council, CSIR-NAL.



**Shri Jayadeva E. P.**  
Director (Operations)

Shri Jayadeva E. P. was appointed as Director (Operations) of the Company w.e.f June 10, 2022. Prior to this role, he served as General Manager, LCA Tejas Division. He holds a bachelor's degree in Electrical Engineering from University Visvesvaraya College of Engineering, Bangalore and did Masters from IIT, Madras in Aircraft Production Engineering.

Joining HAL in 1987 as a Management Trainee, Shri Jayadeva E. P. has varied experience in the areas of Manufacturing, Assembly, Overhaul, Upgrades, Customer support, Indigenization, and other Management functions. He has been instrumental in establishing new infrastructure for aircraft manufacture/Overhaul and in developing indigenous solutions, both in airborne applications and ground support requirements within the Indian ecosystem. Earlier, as the Head of LCA Tejas Division, Bangalore, he established strategic outsourcing of structural assemblies to Indian Industries, and undertook initiatives for enhancement of product quality and production capacity.

Consequent to taking over as Director (Operations), Shri Jayadeva E. P. focused on the "Make in India" initiatives by developing MSME sector for aerospace manufacturing and indigenous development of line replaceable units. Addressing obsolescence management and cost reduction were also given due importance in the Company. Under his guidance, HAL has earmarked Indigenization as "Key Thrust Area" and refined policies for enhanced indigenization of its entire spectrum of products and services.

He played vital role in steering the formation of a JV for design, development and manufacture of turboshaft engine for IMRH and DBMRH.

Shri Jayadeva E. P. held the additional charge of Director (HR) from December 1, 2022 to July 18, 2023.



**Dr. D.K. Sunil**

Director (Engineering and R & D)

Dr. D.K. Sunil was appointed as Director (Engineering and Research & Development) of the Company w.e.f September 29, 2022. He heads the 9 R&D Centres of the Company. Prior to taking over as Director (Engg and R&D), Dr. D.K.Sunil was heading the Strategic Electronics Research and Design Centre of HAL at Hyderabad as its General Manager. He is graduate in Electronics & Communication Engineering from Osmania University, Hyderabad and M. Tech in Aircraft Production from IIT, Madras. He was awarded Ph.D in Electronics Science from University of Hyderabad in the year 2019.

He joined HAL in 1987 as a Management Trainee and has about 37 years of experience in varied roles in the company contributing significantly to production, quality enhancement, and customer support issues.

Under his leadership, new technologies were developed like High Power Radar Power supply, Voice activated control system, combined interrogator transponder which has become new growth areas for the Company. A trailblazer in collaborations, Dr Sunil pioneered partnerships with institutions like IIT Kanpur for datalinks and IIT Hyderabad for voice recognition technologies. His visionary approach strengthened HAL's position in cutting-edge technologies.

During his tenure in Mission Combat Systems R&D Centre in Bengaluru, he led teams focused on ground breaking projects such as Active ESA Radar, Automatic Flight Control System for Light Combat Helicopter (LCH), and Mission Computers for helicopter and fighter platforms.

His extensive design expertise spans from the equipment level to system-level projects for both aircraft and helicopters, covering the entire spectrum of design activities at HAL's design centers.

Dr Sunil has shared his knowledge with the wider community through the publication of seven papers in peer-reviewed journals, and his innovations in wireless communication are protected by nine copyrights.

Acknowledged for his expertise, he was nominated to be a member of the DGCA external expert committee for the certification of the Hindustan-Dornier 228 Aircraft.

Under the dynamic leadership of Dr. DK Sunil, as Director (Engineering and R&D) of Hindustan Aeronautics Limited, the Company witnessed a series of remarkable achievements and advancements. Notably, under his strategic guidance, HAL successfully obtained release of military certification to the HTT 40 aircraft program, secured pivotal projects such as the Indigenous Multi-Role Helicopter (IMRH) for the Indian Air Force (IAF) and Army, as well as the Utility Helicopter Maritime (UHM) for the Indian Navy.



**Shri Atasi Baran Pradhan**  
Director (Human Resources)

Shri Atasi Baran Pradhan, has been the Director (Human Resources), Hindustan Aeronautics Limited since July 19, 2023. Prior to his appointment as Director (HR), he held various positions within the Company, most recently serving as General Manager (HR) and as Executive Director (HR). Shri A B Pradhan holds a Bachelor's Degree in Chemistry (Hons.) and a Post-Graduate Degree in Personnel Management & Labour Welfare from Utkal University, Bhubaneswar, as well as a Bachelor of Laws (LLB) degree from University Law College, Bhubaneswar.

Shri A B Pradhan joined HAL in 2005 after having served in both Public and Private Sectors across various industries, including Engineering, Metallurgy, Paper, Aerospace & Defence, in various parts of India. With over 36 years of rich and diversified experience in the HR domain, his expertise spans the entire spectrum of HR functions, such as HR Policy Formulation, Manpower Planning, Recruitment & Career Development, Skill Development & Training, Performance Management, Industrial Relations, Wage Negotiations & Settlements, Corporate Social Responsibility (CSR), Statutory Compliance, Facilities Management, and Legal Affairs.

Under Shri A B Pradhan's leadership, HAL's HR function is focused on attracting and retaining talent, encouraging a culture of innovation and excellence, and aligning its workforce with the Company's strategic goals. With his extensive experience and profound knowledge of HR practices across industries, Shri A B Pradhan continues to play a pivotal role in shaping HAL's Human Capital strategy.



**Shri T Natarajan**  
Additional Secretary  
(Defence Production),  
Govt. Nominee Director

Shri T Natarajan was appointed as Government Nominee Director of the Company w.e.f. December 23, 2022. He has completed his graduation in Engineering from College of Engineering Guindy, Anna University and M.B.A. in Finance from Bharathidasan Institute of Management, Tamil Nadu, India. Later, he acquired additional education qualifications including Masters in International Development at Duke University in USA.

Shri T. Natarajan is a 1996 batch Indian Administrative Officer from Gujarat Cadre. He held a range of responsibilities in Gujarat Government including District Collector and District Development Officer. He has served in the departments of Finance, Revenue, Industry & Mining and Technical Education and held leadership positions in Public Sector Undertakings.

Shri T Natarajan was entrusted with the responsibility of Senior Advisor to the Executive Director of India in the International Monetary Fund at Washington DC by the Government of India. Before the current assignment as Additional Secretary, Defence Production, he was Additional Secretary in the Department of Economic Affairs in Government of India.



### Shri M Z Siddique

Distinguished Scientist &  
Director General (Aeronautical Systems)  
Govt. Nominee Director

Shri MZ Siddique, Distinguished Scientist and Director General (Aeronautical Systems), was appointed as Government Nominee Director of the Company w.e.f July 18, 2023. He is a Mechanical Engineer and has completed one year fellowship programme on "Gas Turbine Technology" from Institute of Armament Technology (IAT), Pune in 1988.

Shri MZ Siddique has more than 35 years of experience in design & development of Combat aircraft engines. Shri Siddique joined GTRE, Bengaluru in 1988 and served as Director, GTRE from 11<sup>th</sup> August 2015 to 14<sup>th</sup> November 2022. He was awarded DRDO Agni Award for Excellence in Self Reliance-Team Leader in the year 2010 for his contribution in successful completion of Flying Test Bed trials of Kaveri engine in GFRI, Russia.

He was appointed as Director General (Naval Systems & Materials) in November 2022. He steered many critical projects related to sonars, Air Independent Propulsion, stealth materials, critical and emerging aerospace materials amongst many others.

Since May 2023, he is leading the Aeronautical Systems Cluster Laboratories as Director General with the responsibility of design and development of state-of-the-art UAV's, Manned and Unmanned Aircrafts, Aero Gas Turbine engine technology, Air borne surveillance systems, technologies and systems related to parachute and lighter than-air systems for the Armed forces.



### Dr. Divya Gupta

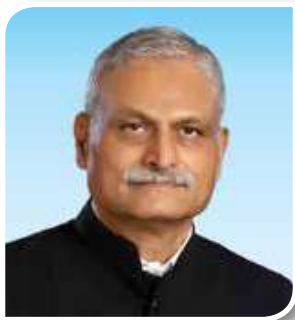
Independent Director

Dr. Divya Gupta has been appointed as Non-Official (Independent) Director of the Company w.e.f December 28, 2021. She is a Doctor by profession and has more than 38 years of experience in handling corporate affairs being director in two companies, where she involves herself in decision making process and playing a crucial role in increasing the shareholders wealth.

She is a member of National Commission for Protection of Child Rights and founder of a women based NGO named "Jwala-VOW".

She is also an active member of various social organisation where she immensely contributed to the society especially for making women self-dependent and capable. She is a columnist and keeps regularly writing in newspapers & magazines, on social issues.

Apart from various awards and accreditations she got in the past, she was recently awarded with "Confluence- Bharat Gaurav Samman Award 2022".



### Shri Deepak Abasaheb Shinde

Independent Director

Shri Deepak Abasaheb Shinde has been appointed as Non-Official (Independent) Director of the Company with effect from April 28, 2022.

Shri Shinde has done B.E (Civil) from Shivaji University, Kolhapur and M.Tech (Civil, Structural Engg.) from IIT Madras.

He has promoted private companies for manufacture of pre-stressed precast concrete products. He has more than 42 years' of work experience in different fields and has been instrumental in promotion of startups and also a Sec 8 company. He is also associated with Professional, Industrial, Financial, Educational and Social Organizations in different capacities.



## Chief Executive Officers (CEOs) (as on July 23, 2024)



### Shri Sajal Prakash

Chief Executive Officer, Accessories Complex

Shri Sajal Prakash, Chief Executive Officer, Accessories Complex holds a degree of B. Tech in Mechanical Engineering from HBTI, Kanpur, M. Tech in Aircraft Production Engineering from IIT, Madras and has completed Leadership Development Program at IIM, Ahmedabad and IAS Toulouse, France. He started his career in HAL as a Management Trainee (Tech.) in the year 1986. During his career spanning over 38 years in HAL, he has worked in Transport Aircraft Division – Kanpur, HAL Corporate Office and Helicopter Division, Bangalore before taking charge as Chief Executive Officer of Accessories Complex w.e.f. September 1, 2019.



### Shri Anbuvelan S

Chief Executive Officer, Helicopter Complex

Shri Anbuvelan S, Chief Executive Officer, Helicopter Complex, a graduate in Mechanical Engineering from Algappa Chettiar College of Engineering, Karaikudi, Tamil Nadu and holds a degree of M. Tech in Aircraft Production Engineering from IIT Madras and Post Graduate Diploma in Business Management from XIME, Bangalore. He started his career in HAL as Management Trainee (Technical) on July 21, 1986 and has been associated with HAL for 38 years. He has expertise in end-to-end process optimisation, Manufacturing, Quality and Supply Chain Management. He was elevated to the position of Executive Director, Helicopter Division in July, 2020 before taking charge as Chief Executive Officer of Helicopter Complex w.e.f. October 1, 2020.



### Shri Saket Chaturvedi

Chief Executive Officer, MiG Complex

Shri Saket Chaturvedi, Chief Executive Officer, MiG Complex, a graduate in Electronics Engineering from MITS Gwalior, M.Tech. in Digital Communication from MANIT Bhopal, MBA in Marketing and is a Project Management IPMA Level-C Certified Professional. He is also Certified Energy Manager cum Energy Auditor by Bureau of Energy Efficiency. He joined HAL in 2004 and has served in various capacities in various departments in Nasik such as Plant Maintenance, Outsourcing, MiG ROH, Business Development & Projects. He was General Manager of Aircraft Overhaul Division, Nasik before taking charge as Chief Executive Officer of MiG Complex w.e.f. April 1, 2023.



### Shri Jayakrishnan S

Chief Executive Officer, Bangalore Complex

Shri Jayakrishnan S, Chief Executive Officer, Bangalore Complex, is a B. Tech in Production Engineering from TKM College of Engineering, University of Kerala. He started his career in HAL as a Management Trainee in the year 1989. During his career spanning of 35 years in HAL, he has worked in various functions viz., Production Engineering, IT, Supply Chain, Aircraft Assembly, Customer Services, Project Management, Marketing and Business development. Prior to his appointment as Chief Executive Officer of Bangalore Complex w.e.f July 1, 2024, he served as General Manager of Aircraft, IJT (Intermediate Jet Trainer) and Airport Services Centre (ASC) Divisions at HAL.



# Major Events



Hon'ble Prime Minister of India, Shri Narendra Modi visited HAL facilities in Bengaluru on November 25, 2023. He took his maiden sortie on LCA Tejas twin seater aircraft.



Hon'ble Defence Minister, Shri Rajnath Singh inaugurated the Regional Office of HAL in Kuala Lumpur, Malaysia on July 11, 2023.

HAL handed over the first LCA Tejas twin seater to the Indian Air Force in the presence of Hon'ble Raksha Raja Mantri, Shri Ajay Bhatt in a ceremony held in LCA Tejas Division on October 4, 2023.



Shri Girdhar Aramane, Defence Secretary inaugurated a new design and test facility at Aero Engine Research and Development Centre on December 29, 2023.

Shri Girdhar Aramane, Defence Secretary, inaugurated the third LCA production line at Nashik Division, HAL on April 7, 2023.





# Major Achievement



HAL and MoD signed a contract for procurement of RD-33 aero engines for MiG-29 aircraft on March 1, 2024 at New Delhi.



Argentinian Defence Minister visited HAL facilities and Lol was signed on Co-operation for Light and Medium Utility Helicopters for the Armed Forces of Argentina.



HAL and Airbus signed a contract for establishing MRO facilities for A-320 family of aircraft at a function in New Delhi on November 9, 2023.



HAL and Safran Aircraft Engines signed a Memorandum of Understanding to develop industrial cooperation in Ring forging manufacturing for commercial engines on October 26, 2023.



The ALH-Dhruv received restricted type certification from European Union Aviation Safety Agency at a programme in Brussels, Belgium on July 4, 2023.



The Ministry of Defence, Government of India signed a contract with HAL for Mid Life Upgrade of 25 Do-228 aircraft on March 15, 2024.



## Airshow / Exhibition



HAL participated in the 54<sup>th</sup> International Paris Air Show held at Paris Airport-Le Bourget, France from June 19 to 25, 2023.



Hon'ble Prime Minister, Shri Narendra Modi visited HAL Stall during the 10<sup>th</sup> edition of 'Vibrant Gujarat Global Trade Show 2024' held from January 9 to 13, 2024 at Gandhinagar, Gujarat.



HAL took part in Asia's largest event on civil aviation 'Wings India 2024' held from January 18-21, 2024 at Begumpet Airport, Hyderabad.



The Chief of Defence Staff, General Anil Chauhan, inaugurated HAL's Avionics Expo-2023 in Delhi on December 7, 2023.



HAL participated in the Langkawi International Maritime and Aerospace-2023 biennial exhibition held from May 23 to 27, 2023 at Mahsuri International Exhibition Center, Langkawi, Malaysia.



# CSR Activity



Operation Theatre equipment was provisioned at Jagadish Chandra Bose General Hospital, Barrackpore Cantonment, West Bengal.



A plant for conversion of Bio waste to Compressed Natural Gas was constructed at Hyderabad.



HAL distributed Aids & Assistive Devices to Divyangjans to facilitate their movement and mobility.



HAL has contributed various Sanitation vehicles towards enhancing cleanliness and hygiene.



High End equipment & accessories were provisioned to Osmania General Hospital, Hyderabad.



HAL has constructed Zilla Parishad School at Nasik



HAL has constructed Sports Hostel at Kolar



HAL has constructed Health Care & Rehabilitation Centre for Homeless & Mentally Challenged Women at Koraput



## Financial Highlights

| Sl. No.  | Particulars                        | Units        | 2009-10      | 2010-11      | 2011-12      | 2012-13      | 2013-14      |
|----------|------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>A</b> | <b>Our Earnings</b>                |              |              |              |              |              |              |
|          | Sales - Inland                     | ₹ Cr.        | 11252        | 12878        | 13856        | 13941        | 14688        |
|          | Export Sales                       | ₹ Cr.        | 205          | 237          | 348          | 383          | 440          |
|          | Total Sales                        | ₹ Cr.        | 11457        | 13115        | 14204        | 14324        | 15128        |
|          | Changes in WIP & SIT& FG           | ₹ Cr.        | 2033         | 3335         | -1511        | -122         | 740          |
|          | <b>Total</b>                       | <b>₹ Cr.</b> | <b>13490</b> | <b>16450</b> | <b>12693</b> | <b>14202</b> | <b>15868</b> |
| <b>B</b> | <b>Our Outgoings</b>               |              |              |              |              |              |              |
|          | Cost of Materials                  | ₹ Cr.        | 9222         | 11772        | 5761         | 8008         | 9149         |
|          | Manpower Cost                      | ₹ Cr.        | 1954         | 2246         | 2721         | 2446         | 2685         |
|          | Net Operating Cost                 | ₹ Cr.        | 985          | 765          | 2813         | 2383         | 2349         |
|          | Net Financing Cost                 | ₹ Cr.        | -1525        | -1341        | -2107        | -2316        | -2064        |
|          | Depreciation                       | ₹ Cr.        | 166          | 169          | 177          | 184          | 171          |
|          | <b>Total</b>                       | <b>₹ Cr.</b> | <b>10802</b> | <b>13611</b> | <b>9365</b>  | <b>10705</b> | <b>12290</b> |
| <b>C</b> | <b>Our Savings</b>                 |              |              |              |              |              |              |
|          | Profit Before Tax                  | ₹ Cr.        | 2688         | 2839         | 3328         | 3497         | 3578         |
|          | Provision For Tax                  | ₹ Cr.        | 721          | 725          | 789          | 500          | 885          |
|          | Profit After Tax For Appropriation | ₹ Cr.        | 1967         | 2114         | 2539         | 2997         | 2693         |
| <b>D</b> | <b>We Own</b>                      |              |              |              |              |              |              |
|          | Net Block                          | ₹ Cr.        | 1466         | 1509         | 1556         | 1548         | 1582         |
|          | Other Assets (net)                 | ₹ Cr.        | 8163         | 9722         | 11260        | 13397        | 15794        |
|          | <b>Total</b>                       | <b>₹ Cr.</b> | <b>9629</b>  | <b>11231</b> | <b>12816</b> | <b>14945</b> | <b>17376</b> |
| <b>E</b> | <b>We Owe</b>                      |              |              |              |              |              |              |
|          | Equity                             | ₹ Cr.        | 121          | 121          | 121          | 121          | 482          |
|          | Reserves and Surplus               | ₹ Cr.        | 8003         | 9625         | 11218        | 13257        | 14533        |
|          | <b>Shareholders' Funds</b>         | <b>₹ Cr.</b> | <b>8124</b>  | <b>9746</b>  | <b>11339</b> | <b>13378</b> | <b>15015</b> |
|          | Deferred Tax Liability             | ₹ Cr.        | 1505         | 1485         | 1477         | 1567         | 1682         |
|          | Long Term Borrowings               | ₹ Cr.        |              |              |              |              |              |
|          | Short Term Borrowings              | ₹ Cr.        |              |              |              |              | 679          |
|          | <b>Total</b>                       | <b>₹ Cr.</b> | <b>9629</b>  | <b>11231</b> | <b>12816</b> | <b>14945</b> | <b>17376</b> |
| <b>F</b> | <b>Cash and Bank Balance</b>       |              | 18658        | 20099        | 21933        | 19128        | 16935        |
| <b>G</b> | <b>Financial Statistics</b>        |              |              |              |              |              |              |
|          | Revenue from Operations (Net)      | ₹ Cr.        |              | 13124        | 14211        | 14328        | 15135        |
|          | Value of Production                | ₹ Cr.        | 13490        | 16450        | 12693        | 14202        | 15868        |
|          | Value Added                        | ₹ Cr.        | 4268         | 4678         | 6932         | 6194         | 6719         |



| 2014-15      | 2015-16      | 2016-17      | 2017-18      | 2018-19      | 2019-20      | 2020-21      | 2021-22      | 2022-23      | 2023-24      |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 15131        | 16140        | 17139        | 17970        | 19416        | 21016        | 22261        | 24194        | 26067        | <b>27851</b> |
| 490          | 446          | 465          | 314          | 405          | 212          | 240          | 168          | 294          | <b>311</b>   |
| 15621        | 16586        | 17604        | 18284        | 19821        | 21228        | 22501        | 24362        | 26361        | <b>28162</b> |
| 667          | 566          | -501         | -731         | -1171        | -638         | -2457        | -592         | 694          | <b>1956</b>  |
| <b>16288</b> | <b>17152</b> | <b>17103</b> | <b>17553</b> | <b>18650</b> | <b>20590</b> | <b>20044</b> | <b>23770</b> | <b>27055</b> | <b>30118</b> |
| 8882         | 9172         | 8692         | 8046         | 7664         | 8760         | 8740         | 9412         | 10809        | <b>13035</b> |
| 3379         | 3274         | 3569         | 4299         | 4295         | 4764         | 4291         | 4590         | 4896         | <b>5276</b>  |
| 2215         | 2734         | 1873         | 2296         | 2645         | 2471         | 2197         | 4529         | 5327         | <b>2789</b>  |
| -1622        | -1549        | -880         | -610         | -14          | 347          | 239          | -288         | -778         | <b>-1499</b> |
| 262          | 314          | 266          | 282          | 318          | 310          | 300          | 296          | 308          | <b>318</b>   |
| <b>13116</b> | <b>13945</b> | <b>13520</b> | <b>14313</b> | <b>14908</b> | <b>16652</b> | <b>15767</b> | <b>18539</b> | <b>20562</b> | <b>19919</b> |
| 3172         | 3207         | 3583         | 3240         | 3742         | 3938         | 4277         | 5231         | 6493         | <b>10199</b> |
| 784          | 1209         | 967          | 1253         | 1396         | 1096         | 1038         | 144          | 682          | <b>2604</b>  |
| 2388         | 1998         | 2616         | 1987         | 2346         | 2842         | 3239         | 5087         | 5811         | <b>7595</b>  |
| 1559         | 1694         | 1985         | 2391         | 2728         | 2882         | 2690         | 2535         | 2888         | <b>2890</b>  |
| 13996        | 10140        | 12462        | 8936         | 13463        | 16204        | 12687        | 16729        | 20618        | <b>26156</b> |
| <b>15555</b> | <b>11834</b> | <b>14447</b> | <b>11327</b> | <b>16191</b> | <b>19086</b> | <b>15377</b> | <b>19264</b> | <b>23506</b> | <b>29046</b> |
| 482          | 362          | 362          | 334          | 334          | 334          | 334          | 334          | 334          | <b>334</b>   |
| 14412        | 10657        | 12175        | 9151         | 11741        | 12865        | 15034        | 18930        | 23172        | <b>28712</b> |
| <b>14894</b> | <b>11019</b> | <b>12537</b> | <b>9485</b>  | <b>12075</b> | <b>13199</b> | <b>15368</b> | <b>19264</b> | <b>23506</b> | <b>29046</b> |
| 661          | 815          | 960          | 978          | 0            | 0            | 0            | 0            | 0            | <b>0</b>     |
|              |              |              | 100          | 100          | 0            | 0            | 0            | 0            | <b>0</b>     |
|              |              | 950          | 764          | 4016         | 5887         | 9            | 0            | 0            | <b>0</b>     |
| <b>15555</b> | <b>11834</b> | <b>14447</b> | <b>11327</b> | <b>16191</b> | <b>19086</b> | <b>15377</b> | <b>19264</b> | <b>23506</b> | <b>29046</b> |
| 17671        | 13299        | 11117        | 6524         | 95           | 298          | 7166         | 14344        | 20306        | <b>26422</b> |
| 15730        | 16758        | 17950        | 18519        | 20008        | 21445        | 22882        | 24620        | 26928        | <b>30381</b> |
| 16288        | 17152        | 17103        | 17553        | 18650        | 20590        | 20044        | 23770        | 27055        | <b>30118</b> |
| 7406         | 7980         | 8411         | 9507         | 10986        | 11830        | 11304        | 14358        | 16246        | <b>17083</b> |



| Sl. No.  | Particulars  | Units        | 2009-10    | 2010-11    | 2011-12    | 2012-13    | 2013-14     |
|----------|--|--------------|------------|------------|------------|------------|-------------|
|          | <b>Dividend</b>  |              |            |            |            |            |             |
|          | Dividend   | ₹ Cr.        | 393        | 423        | 814        | 824        | 890         |
|          | Dividend Tax   | ₹ Cr.        | 67         | 69         | 132        | 134        | 151         |
|          | <b>Total</b>   | <b>₹ Cr.</b> | <b>460</b> | <b>493</b> | <b>946</b> | <b>957</b> | <b>1041</b> |
|          | <b>Government Share</b>                                    |              |            |            |            |            |             |
|          | Dividend   | ₹ Cr.        | 393        | 423        | 814        | 824        | 890         |
|          | Dividend Tax   | ₹ Cr.        | 67         | 69         | 132        | 134        | 151         |
|          | <b>Total</b>   | <b>₹ Cr.</b> | <b>460</b> | <b>493</b> | <b>946</b> | <b>957</b> | <b>1041</b> |
|          | <b>Other than Government Share</b>                         |              |            |            |            |            |             |
|          | Dividend   | ₹ Cr.        |            |            |            |            |             |
|          | Dividend Tax   | ₹ Cr.        |            |            |            |            |             |
|          | <b>Total</b>   | <b>₹ Cr.</b> |            |            |            |            |             |
|          | <b>R &amp; D Expenditure</b>                               | ₹ Cr.        | 832        | 987        | 968        | 1949       | 1083        |
|          | EBITDA   | ₹ Cr.        | 3383       | 3654       | 4051       | 4098       | 4181        |
|          | Inventory  | ₹ Cr.        | 13660      | 17427      | 16153      | 17980      | 22361       |
|          | Trade Receivables  | ₹ Cr.        | 1858       | 2318       | 3917       | 5530       | 6917        |
|          | No. of Employees   | Nos.         | 33990      | 33681      | 32659      | 32644      | 32108       |
|          | No of Equity Shares  | Cr.          | 12.05      | 12.05      | 12.05      | 12.05      | 48.20       |
| <b>H</b> | <b>Financial Ratios</b>                                    |              |            |            |            |            |             |
|          | Sales Per Employee   | ₹            | 3370697    | 3893887    | 4349184    | 4387943    | 4711598     |
|          | Value Added Per Employee                                   | ₹            | 1255663    | 1388914    | 2122539    | 1897439    | 2092625     |
|          | PBT to Sales   | %            | 23         | 22         | 23         | 24         | 24          |
|          | Earnings Per Share   | ₹            | 163.24     | 175.44     | 210.71     | 62.18      | 55.87       |
|          | <b>Dividend as %age of Equity (including Dividend Tax)</b> | <b>%</b>     | <b>382</b> | <b>409</b> | <b>785</b> | <b>199</b> | <b>216</b>  |

- 1 The Shareholders of the Company, at the 60<sup>th</sup> Annual General Meeting held on 31 August 2023, had approved the sub-division of one equity share of the face value of ₹10 each into two equity shares of face value ₹5 each. The record date for the said sub-division was 29 September 2023. The basic and diluted EPS for the previous year 22-23 have been restated considering the face value of ₹5 each in accordance with Ind AS 33- "Earnings per Share" on account of the abovementioned sub-division of equity shares.
- 2 To achieve the mandatory threshold of 25% minimum public shareholding in the Company, Government of India (Gol) had offered 3.5% (1,17,03,563) equity shares of the Company to non-Retail Investors and Retail Investors on March 23-24, 2023, out of its shareholding of 75.15% in the Company, through Offer for Sale (OFS) by Stock Exchange Mechanism. Consequent to the OFS, the Government of India shareholding stands at 71.65% as at 31<sup>st</sup> March 2023. Apart from above, as part of the OFS, Gol had also allotted 37,632 equity shares to the eligible employees of the Company during April, 2023 under Employee OFS. Consequent to the Employee OFS, the Gol shareholding stands at 71.64%.



| 2014-15    | 2015-16    | 2016-17     | 2017-18     | 2018-19    | 2019-20     | 2020-21     | 2021-22     | 2022-23     | 2023-24         |
|------------|------------|-------------|-------------|------------|-------------|-------------|-------------|-------------|-----------------|
| 480        | 510        | 917         | 1076        | 662        | 1112        | 1003        | 1338        | 1672        | <b>1973</b>     |
| 96         | 104        | 187         | 219         | 136        | 229         | 0           | 0           | 0           | <b>0</b>        |
| <b>576</b> | <b>614</b> | <b>1104</b> | <b>1295</b> | <b>798</b> | <b>1341</b> | <b>1003</b> | <b>1338</b> | <b>1672</b> | <b>1973</b>     |
| 480        | 510        | 917         | 1048        | 596        | 1000        | 754         | 1006        | 1257        | <b>1413</b>     |
| 96         | 104        | 187         | 213         | 122        | 206         | 0           | 0           | 0           | <b>0</b>        |
| <b>576</b> | <b>614</b> | <b>1104</b> | <b>1261</b> | <b>718</b> | <b>1206</b> | <b>754</b>  | <b>1006</b> | <b>1257</b> | <b>1413</b>     |
|            |            |             | 28          | 66         | 112         | 249         | 332         | 415         | <b>560</b>      |
|            |            |             | 6           | 14         | 23          | 0           | 0           | 0           | <b>0</b>        |
|            |            |             | <b>34</b>   | <b>80</b>  | <b>135</b>  | <b>249</b>  | <b>332</b>  | <b>415</b>  | <b>560</b>      |
| 1042       | 1191       | 1284        | 1612        | 1464       | 1232        | 1687        | 1967        | 2494        | <b>2826</b>     |
| 3987       | 4060       | 4273        | 4215        | 4936       | 5284        | 5694        | 6399        | 8335        | <b>11637</b>    |
| 24965      | 23998      | 21340       | 19375       | 19685      | 19454       | 16689       | 14364       | 12161       | <b>13226</b>    |
| 6108       | 4836       | 4220        | 6751        | 12459      | 11235       | 5670        | 4642        | 4719        | <b>4617</b>     |
| 31144      | 30300      | 29526       | 29035       | 28345      | 27384       | 26432       | 25412       | 24457       | <b>23766</b>    |
| 48.20      | 36.15      | 36.15       | 33.44       | 33.44      | 33.44       | 33.44       | 33.44       | 33.44       | <b>66.88</b>    |
| 5015733    | 5473927    | 5962130     | 6297179     | 6992768    | 7751972     | 8512788     | 9586809     | 10778509    | <b>11849701</b> |
| 2377986    | 2633663    | 2848508     | 3274259     | 3875816    | 4320041     | 4276634     | 5650087     | 6642679     | <b>7188000</b>  |
| 20         | 19         | 20          | 18          | 19         | 19          | 19          | 21          | 25          | <b>36</b>       |
| 49.54      | 41.45      | 72.35       | 56.15       | 70.16      | 84.99       | 96.88       | 152.11      | 86.89       | <b>113.57</b>   |
| <b>120</b> | <b>170</b> | <b>305</b>  | <b>388</b>  | <b>239</b> | <b>401</b>  | <b>300</b>  | <b>401</b>  | <b>501</b>  | <b>591</b>      |

- 3 The Government of India, on 27/08/2020 – 28/08/2020 made an offer for sale (OFS) upto 15% of the paid up equity share capital, out of its shareholding of 89.97%, in order to achieve the mandatory threshold of 25% minimum public shareholding by a listed Company. Consequent to the OFS, the Government of India shareholding stood at 75.15%.
- 4 During the Financial Year 2017-18, GOI divested 3,35,32,320 Equity Shares of ₹10/- each equivalent to 10.03% of the paid up capital of the Company. Consequently, the Company's shares was listed on 28<sup>th</sup> March 2018.
- 5 The Company has bought back 2,71,12,500 Equity Shares of ₹10/- each on 19<sup>th</sup> Dec 2017. The effect of buy-back is considered for the purpose of calculation of Earnings Per Share.
- 6 The Company has bought back 12,05,00,000 Equity Shares of ₹10/- each on 30<sup>th</sup> March 2016. The effect of buy-back is not considered for the purpose of calculation of Earnings Per Share, as there is no significant change in value of the same.
- 7 The Company has issued 36,15,00,000 Equity Shares as Bonus Shares on 7<sup>th</sup> Feb 2014.



# Notice of 61<sup>st</sup> AGM

**NOTICE** is hereby given that the 61<sup>st</sup> Annual General Meeting (AGM) of Hindustan Aeronautics Limited will be held on **Wednesday, August 28, 2024 at 3.00 P.M. (IST)** through Video Conferencing (VC) / Other Audio Visual Means (OAVM) to transact the following business:

## ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements (including audited consolidated financial statements) for the financial year ended 31<sup>st</sup> March, 2024 and the Reports of the Board of Directors and Auditors thereon and Comments of the Comptroller & Auditor General of India.
2. To confirm payment of interim dividend of ₹22/- per equity share and to declare a final dividend of ₹13/- per equity share for the financial year 2023-24.
3. To appoint a Director in place of Shri C B Ananthkrishnan, (DIN 06761339) who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. D K Sunil, (DIN 09639264) who retires by rotation and being eligible, offers himself for re-appointment.
5. To fix remuneration of Statutory Auditors for the financial year 2024-25.

In terms of provisions of Section 142 of the Companies Act, 2013, the remuneration of the Auditors shall be fixed by the Company in General Meeting or in such manner as the Company in General Meeting may determine. Hence, it is proposed that the Members may authorize the Board to fix the remuneration of the Statutory Auditors of the Company for the financial year 2024-25, as may deem fit.

## SPECIAL BUSINESS

6. To ratify the remuneration payable to the Cost Auditor appointed by the Board of Directors of the Company for the financial year 2024-25, pursuant to Section 148 and all other applicable provisions of Companies Act, 2013, by passing with or without modification(s), the following resolution as **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14 of Companies (Audit and Auditors) Rules, 2014 and other applicable provisions of the Companies Act, 2013, the remuneration of ₹1,50,000/- (Rupees One Lakh and Fifty Thousand Only) excluding applicable Tax payable to M/s Murthy & Co., LLP, Cost and Management Accountants, Bengaluru, for conducting cost audit of the

Company for the financial year 2024-25, as approved by the Board of Directors of the Company, be and is hereby ratified.”

7. To consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution** for Increase of Authorized Share Capital and Alteration of Capital Clause of the Memorandum of Association of the Company:

**“RESOLVED THAT** pursuant to the provisions of Section 61(1)(a) and all other applicable provisions, if any, of the Companies Act, 2013 and rules framed thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Article 10 of Articles of Association of the Company, and subject to such other approval(s)/consent(s) as may be required from the concerned Statutory/Regulatory Authority(ies), the approval of the members of the Company be and is hereby accorded for increase of Authorized Share Capital of the Company from ₹600,00,00,000 (Rupees Six Hundred Crore only) divided into 1,20,00,00,000 (One Hundred and Twenty Crore) equity shares of ₹5/- (Rupee Five Only) each to ₹700,00,00,000 (Rupees Seven Hundred Crore only) divided into 1,40,00,00,000 (One Hundred and Forty Crore) equity shares of ₹5/- (Rupee Five Only) each.

**“RESOLVED FURTHER THAT** pursuant to provisions of Section 13, 61 and other applicable provisions, if any, of the Companies Act, 2013, and rules issued thereunder (including any statutory modification or re-enactment thereof for the time being in force), and subject to such other approval(s)/consent(s) as may be required from the concerned Statutory/Regulatory Authority(ies), the approval of the members of the Company is hereby accorded to substitute the existing clause V of Memorandum of Association relating to Capital with the following:

“The Share Capital of the Company is ₹700,00,00,000 (Rupees Seven Hundred Crore only) divided into 1,40,00,00,000 (One Hundred and Forty Crore) equity shares of ₹5/- (Rupee Five Only) each with rights, privileges and conditions attaching thereto as may be provided by the Articles of Association of the Company for the time being, with power to increase and reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, guaranteed, qualified or special rights, privileges and conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify, amalgamate or abrogate any such rights, privileges, or





conditions in such manner as may for the time being be provided by the Articles of Association of the Company, but subject always to the provisions of the Companies Act, 1956 and / or the Companies Act, 2013 including amendments thereto from time to time.”

“**RESOLVED FURTHER THAT** for the purpose of giving effect to this Resolution, the Board of Directors of the Company (which expression shall also include a Committee thereof) and/or Whole-time Director and/or Company Secretary of the Company be and are hereby severally authorised to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise in relation to the above and to settle all matters arising out of and incidental thereto and to execute all deeds, applications, documents and writings that may be required on behalf of the Company and generally to do all acts, deeds, matters and things as they may, in their absolute discretion deem necessary, expedient, usual or proper including execution and filing of all the relevant applications, writings, deeds and documents with the Stock Exchange(s) where the shares of the Company are listed, Depositories, MCA and other appropriate authorities, in due compliance of the applicable rules and regulations, without seeking any further consent or approval of the Members or otherwise, to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this Resolution.”

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



**(Shailesh Bansal)**  
Company Secretary

Place: Bengaluru  
Date: July 23, 2024

#### NOTES:

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ('the Act') relating to the Special Business to be transacted at the Annual General Meeting ('AGM') is annexed hereto. The Board of Directors have considered and decided to include the Item No. 6 and 7 given above as Special Business in the forthcoming AGM.
2. Ministry of Corporate Affairs (MCA), vide its General Circular No. 20/2020 dated May 5, 2020 and subsequent Circulars issued from time to time and General Circular No 09/2023 dated September 25, 2023 read with relevant circulars issued by the Securities and Exchange Board of India (SEBI), from time to time ( hereinafter collectively referred to as "Circulars)", has allowed the Companies to conduct the AGM through Video Conferencing (VC) or Other Audio Visual Means (OAVM) during the calendar year 2024. In Compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the 61<sup>st</sup> AGM of the Company is being held through VC/ OAVM, without the physical presence of Members at a common venue. The deemed venue for the AGM will be the Registered Office of the Company.
3. The Company has enabled the members to participate at the 61<sup>st</sup> AGM through VC facility provided by the KFin Technologies Limited ("KFinTech") (formerly known as "KFin Technologies Private Limited"). The participation at the AGM through VC shall be allowed on a first-come-first-served basis.
4. In compliance with the aforesaid MCA Circulars and SEBI Circular, Notice of the AGM along with the Annual Report 2023-24 is being sent only through electronic mode to those Members whose email addresses are registered with the Company / Depositories. Members who requires physical copy of the Annual Report, may request for the same. Members may note that the Notice and Annual Report 2023-24 will also be available on the Company's Website [www.hal-india.co.in](http://www.hal-india.co.in), websites of the Stock Exchanges i.e BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively and on the website of KFinTech at <https://evoting.kfintech.com> at download section.
5. We desire members to support 'Green Initiative' by receiving the Company's Communication through email. Members who have not registered their email addresses and mobile number so far are requested to validate/register their details with the Depository Participant in case of shares held in electronic form and with the Registrar viz. KFinTech in case the shares are held in physical form, for receiving all communication including Annual Report



- and other Notices from the Company electronically. In case of queries, Members are requested to write to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) or call at the toll free number 1800 309 4001.
6. In compliance with the provisions of section 108 of the Act, the Rules made thereunder and Regulation 44 of the SEBI Listing Regulations, the Members are provided with the facility to cast their vote electronically, through e-voting services provided by KFin Technologies Limited, on all resolutions set forth in this Notice. Members attending the AGM through VC/ OAVM, who have not cast their votes by remote e-voting shall be able to exercise their vote through e-voting during the AGM. Members, who have cast their vote by remote e-voting prior to the AGM, may attend the AGM through VC/ OAVM but shall not be entitled to cast their vote again. **The Procedure / Instruction for e-voting and joining AGM are provided in this notice.**
  7. The remote e-voting period commences on Saturday, August 24, 2024 (9.00 A.M. IST) and ends on Tuesday, August 27, 2024 (5.00 P.M. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Wednesday, August 21, 2024, may cast their votes electronically. The remote e-voting module shall be disabled by KFin Technologies Limited for voting thereafter. Once the vote on a resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently.
  8. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under section 103 of the Act.
  9. Pursuant to the provisions under section 105 of the Act, a member who is entitled to attend and vote at a General Meeting, shall be entitled to appoint another person as a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since, this AGM is being held pursuant to the MCA Circular through VC / OAVM, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip is not annexed to this Notice. However, pursuant to Section 112 and 113 of the Act, the President of India or Body Corporate who are members are required to send a scanned copy of its Board or Governing Body Resolution / Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote electronic – voting (e-voting). The said resolutions / Authorizations can be forwarded to RTA on [evoting@kfintech.com](mailto:evoting@kfintech.com) or sent to the Company by email through its registered email address to [investors@hal-india.co.in](mailto:investors@hal-india.co.in).
  10. The Register of Members and Share Transfer Books of the Company will remain closed from August 22, 2024 to August 28, 2024 for the purpose of AGM (both days inclusive).
  11. The following documents will be available for inspection by the Members electronically during the AGM. Members seeking to inspect such documents can send an email to [investors@hal-india.co.in](mailto:investors@hal-india.co.in).
    - (a) The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013.
    - (b) The Register of Contracts or arrangements in which the Directors are interested, maintained under Section 189 of the Companies Act, 2013.
  12. Brief profile of the Directors seeking appointment/ re-appointment as mandated under Regulation 36(3) of the SEBI Listing Regulations forms part of the Notice.
  13. As per Regulation 40 (1) of SEBI Listing Regulations, as amended, transfer of securities of the Company shall not be processed unless the securities are held in the dematerialised form with a depository. Further, transmission or transposition of Securities of the Company held in physical or dematerialised form shall be effected only in dematerialised form. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialised form.
  14. The Board of Directors of the Company in its 481<sup>st</sup> meeting held on June 26, 2024 has recommended a final dividend of ₹13/- per share of ₹5/- each, subject to approval of shareholders at its 61<sup>st</sup> AGM.
  15. The Company has fixed Wednesday, August 21, 2024 as the "Record Date" for determining entitlement of Members to final dividend for the financial year ended March 31, 2024, if approved at the AGM.
  16. If the final dividend, as recommended by the Board of Directors, is approved at the AGM, payment of such dividend subject to deduction of tax at source will be made on or before September, 27, 2024 as under:
    - (i) To all Beneficial Owners in respect of shares held in dematerialized form as per the data as may be made available by the National Securities Depository Limited ("NSDL") and the Central Depository Services (India) Limited ("CDSL"), collectively "Depositories", as on record date.



- (ii) To all Members in respect of shares held in physical form after giving effect to valid transmission or transposition requests lodged with the Company as on record date.
17. Pursuant to Finance Act, 2020, dividend income will be taxable in the hands of shareholders w.e.f. 1<sup>st</sup> April 2020 and the Company is required to deduct tax at source (TDS) from dividend payable to shareholders at applicable rates, at the time of making payment of the dividend. To enable the Company to determine the appropriate TDS/withholding tax rate applicability, Members are requested to upload the requisite documents at <https://ris.kfintech.com/form15/default.aspx> on or before 22<sup>nd</sup> August, 2024, to enable the Company to determine the appropriate TDS/withholding tax rate applicable, verify the documents and provide exemption. No communication on the tax determination / deduction shall be entertained thereafter. The shareholders are requested to update their PAN with the depositories (in case of shares held in demat mode) and with Company's RTA (in case of shares held in physical mode).
18. Members are requested to address all correspondence including dividend related matters to the Registrar & Share Transfer Agent (RTA) of the Company i.e. KFin Technologies Limited (formerly known as "KFin Technologies Private Limited"), Selenium Building, Tower B, Plot 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad -500 032, Telangana, Toll free number 1800 309 4001 e-mail Id: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com).
19. Members wishing to claim dividends that remain unclaimed are requested to correspond with the RTA mentioned above or the Company Secretary of the Company or at [investors@hal-india.co.in](mailto:investors@hal-india.co.in).
20. The Board has appointed M/s DPSP & Associates, Company Secretaries, Bengaluru as the Scrutinizer to scrutinize the e-voting in a fair and transparent manner.
21. The results of the above resolutions shall be declared within 2 working days from the conclusion of the AGM of the Company and the Resolutions will be deemed to be passed on the date of the AGM, subject to receipt of the requisite number of votes in favour of the resolutions.
22. The results of the voting declared along with the scrutinizer's report will be published on the website of the Company ([www.hal-india.co.in](http://www.hal-india.co.in)) and on website of RTA (<https://evoting.kfintech.com>) within 2 working days from the conclusion of the AGM and the same shall also be simultaneously communicated to the BSE Limited and the National Stock Exchange of India Limited.
23. In terms of Section 72 of the Companies Act, 2013, nomination facility is available to individual shareholders. Members holding shares in physical form may nominate a person in respect of all the shares held by them whether singly or jointly. Members who hold shares in individual name are advised to avail nomination facility by filing their own interest. Blank form can be obtained from RTA on request. Members holding shares in dematerialised form may contact their respective DPs for registration of nomination.
24. Pursuant to Section 139(5) read with Section 142 of the Companies Act, 2013, the Auditors of a Government Company are appointed or re-appointed by the Comptroller and Auditor General (C&AG) of India and their remuneration is to be fixed by the Company in the AGM. The members may authorise the Board to fix an appropriate remuneration of Auditors for the year 2024-25.
25. Members are requested:
- I. To quote their Folio/DP & Client identification No. in all correspondence.
  - II. To notify immediately any change of their address and bank particulars to the RTA or the Company, in case shares are held in physical form and in case their shares are held in dematerialised form, information should be passed on directly to their respective Depository Participants and not to the RTA/ Company, without any delay.
  - III. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
26. The Company has designated an exclusive e-mail ID called [investors@hal-india.co.in](mailto:investors@hal-india.co.in) for redressal of shareholders'/ investors' complaints/grievances. In case you have any queries/complaints or grievances, then please write to us at the above e-mail address.
27. Since the AGM will be held through VC /OAVM, the Route Map is not annexed in this AGM Notice.

#### EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.

##### Item No. 6 – Ratification of Remuneration to Cost Auditors for FY 2024-25

The Board, on the recommendation of the Audit Committee, has approved in its 481<sup>st</sup> meeting held on June, 26, 2024, the appointment of M/s Murthy & Co, LLP, Cost and Management Accountants, Bengaluru, at a remuneration of ₹1,50,000/-



(Rupees One Lakh and Fifty Thousand only) excluding applicable tax, to conduct the Cost Audit of the Company for the financial year 2024-25.

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

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

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

**Item No. 7 – Increase of Authorized Share Capital and Alteration of Capital Clause of the Memorandum of Association of the Company:**

Presently, the Authorized Share Capital of the Company is ₹600,00,00,000 divided into 1,20,00,00,000 Equity Shares of ₹5/- each and the paid-up share capital of the Company is ₹334,38,75,000 divided into 66,87,75,000 Equity Shares of ₹5/- each fully paid up.

The order book position of the Company has increased manifold. Also there are many upcoming new projects, for which the Company may require the capital for expansion.

Further, Capital Expenditure and R&D Expenditure are considered essential considering the need to maintain the state of the art infrastructure and technologies for Aerospace Standard and also to develop systems/platforms for meeting the requirements of the Defence Forces and to become Atmanirbhar.

In order to meet the Capital and R&D expenditure, the Company may go for further issue of capital. Accordingly, there

may be requirement to increase the Authorized Share Capital of the Company.

Therefore, it is proposed to increase the Authorized Share Capital of the Company from ₹600,00,00,000 divided into 1,20,00,00,000 Equity Shares of ₹5/- each to ₹700,00,00,000 divided into 1,40,00,00,000 Equity Share of ₹5/- each.

The proposed increase in Authorized Share Capital would also require consequential amendments to the existing Clause V of the Memorandum of Association ("MOA") of the Company.

As per the provision of the Section 13 and 61 of the Companies Act, 2013, the increase in Authorized Share Capital and alteration in the Capital clause of MOA of the Company shall be effected only after the approval of the Members by passing an Ordinary Resolution.

The Board of Directors of the Company in its 481<sup>st</sup> meeting held on June 26, 2024 has considered and recommended the increase in Authorized Share Capital and alteration of Clause V of the Memorandum of Association ("MOA") of the Company subject to approval of the Members and other statutory and regulatory approvals, as applicable.

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

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

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



**(Shailesh Bansal)**  
Company Secretary

Place: Bengaluru  
Date: July 23, 2024



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

| Name of the Director  | Shri C B Ananthkrishnan  | Dr. D K Sunil  |
|---|--|--|
| DIN   | 06761339   | 09639264   |
| Date of Birth   | 29.08.1964   | 08.04.1966   |
| Date of appointment   | 01.08.2018   | 29.09.2022   |
| Brief Resume  | <p>Shri C B Ananthkrishnan, Director (Finance) &amp; CFO with additional charge of CMD (w.e.f 01.08.2022), is a Commerce Graduate and Post Graduate in Business Administration from Madras University and is a fellow member of Institute of Cost Accountants of India.</p> <p>He joined the Company in March 2004. He has over 36 years of work experience in Public &amp; Private sectors with stints in merchant banking, pharmaceuticals, fertilizers, aerospace industry.</p> | <p>Dr. D K Sunil is a graduate in Electronics &amp; Communication Engineering from Osmania University, Hyderabad and M. Tech in Aircraft Production from IIT, Madras. He was awarded Ph.D in Electronics Science from University of Hyderabad in the year 2019.</p> <p>He joined HAL in 1987 as a Management Trainee and has about 37 years of experience in varied roles in the company contributing significantly to production, quality enhancement, and customer support issues.</p> |
| Directorship held in other Listed Companies                                   | Nil  | Nil  |
| Membership/ Chairmanship in other listed Companies                            | Nil  | Nil  |
| Shareholding in the Company   | Nil  | Nil  |
| Relationship with other directors and Key Managerial Personnel of the Company | Nil  | Nil  |

### PROCEDURE AND INSTRUCTIONS FOR e-VOTING

#### PROCEDURE FOR REMOTE E-VOTING

- Pursuant to SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on "e-Voting facility provided by Listed Companies", e-Voting process has been enabled to all the individual demat account holders, by way of single login credential, through their demat accounts / websites of Depositories / DPs in order to increase the efficiency of the voting process. Individual demat account holders would be able to cast their vote without having to register again with the E-Voting Service Provider (ESP) thereby not only facilitating seamless authentication but also ease and convenience of participating in e-Voting process. Shareholders are advised to update their mobile number and e-mail ID with their DPs to access e-Voting facility.
- The remote e-Voting period commences on Saturday, August 24, 2024 (9.00 A.M. IST) and ends on Tuesday, August 27, 2024 (5.00 P.M. IST).
- The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date.
- Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) or [evoting@kfintech.com](mailto:evoting@kfintech.com). However, if he / she is already registered with KFintech for remote e-Voting then he /she can use his / her existing User ID and password for casting the vote.



- v. In case of Individual Shareholders holding securities in demat mode and who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date may follow steps mentioned below under “Login method for remote e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.”

**THE DETAILS OF THE PROCESS AND MANNER FOR REMOTE E-VOTING ARE AS UNDER:**

**I) Login method for remote e-Voting for Individual shareholders holding securities in demat mode.**

| Type of shareholders   | Login Method  |
|--|---|
| <p><b>Individual Shareholders holding securities in demat mode with NSDL</b></p> | <ol style="list-style-type: none"> <li><b>1. Member already registered for IDeAS facility may follow the below steps:</b> <ol style="list-style-type: none"> <li>I. Visit the URL: <a href="https://eservices.nsd.com">https://eservices.nsd.com</a></li> <li>II. Click on the “Beneficial Owner” icon under “Login” under ‘IDeAS’ section.</li> <li>III. On the new page, enter User ID and Password. Post successful authentication, click on “Access to e-Voting” under e-voting services.</li> <li>IV. Click on company name or e-Voting service provider i.e. KFintech and you will be re-directed to KFintech website for casting your vote.</li> </ol> </li> <li><b>2. Members who have not registered for IDeAS facility may follow the below steps:</b> <ol style="list-style-type: none"> <li>I. To register click on link: <a href="https://eservices.nsd.com">https://eservices.nsd.com</a></li> <li>II. Select “Register Online for IDeAS” or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>III. On completion of the registration formality, follow the steps provided above.</li> </ol> </li> <li><b>3. Members may alternatively vote by directly accessing the e-Voting website of NSDL:</b> <ol style="list-style-type: none"> <li>I. Visit the URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a></li> <li>II. Click on the icon “Login” which is available under ‘Shareholder/Member’ section.</li> <li>III. Enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password / OTP and a Verification Code as shown on the screen.</li> <li>IV. Post successful authentication, you will requested to select the name of the company or the e-Voting Service Provider name, i.e. KFintech.</li> <li>V. On successful selection, you will be redirected to KFintech e-Voting page for casting your vote during the remote e-Voting period.</li> </ol> </li> </ol> |



**Individual Shareholders holding securities in demat mode with CDSL**

- 1. Members already registered for Easi/Easiest facility may follow the below steps:**
  - a) Visit the following URL: <https://web.cdslindia.com/myeasitoken/home/login/> or [www.cdslindia.com](http://www.cdslindia.com)
  - b) Click on the “Login” icon and opt for “New System Myeasi” (only applicable when using the URL: [www.cdslindia.com](http://www.cdslindia.com))
  - c) On the new screen, enter User ID and Password. Without any further authentication, the e-voting page will be made available.
  - d) Click on Company name or e- voting service provider name, i.e., KFinTech to cast your vote.
- 2. Members who have not registered for Easi/ Easiest facility may follow the below steps:**
  - a) To register for this facility, visit the URL: <https://web.cdslindia.com/myeasitoken/Registration/EasiRegistration/>
  - b) On completion of the registration formality, follow the steps provided above.
- 3. Members may alternatively vote by directly accessing the e-Voting website of CDSL:**
  - a) Visit the URL: <https://evoting.cdslindia.com/Evoting/EvotingLogin>
  - b) Enter the demat account number and PAN
  - c) Enter OTP received on mobile number & email registered with the demat account for authentication.
  - d) Post successful authentication, the shareholder will receive links for the respective e-voting service provider, i.e., KFinTech where the e-voting is in progress

**Individual Shareholder login through their demat accounts / Website of Depository Participant**

- I. Members may alternatively login using the credentials of the demat account through their DP registered with NSDL /CDSL for e-Voting facility.
- II. On clicking the E-voting icon, members will be redirected to NSDL / CDSL Depository site on successful authentication.
- III. Members may then click on Company name or e-Voting service provider – Kfintech and will be redirected to e-Voting website of KFinTech for casting their vote without any further authentication.

**Important note:** Members who are unable to retrieve User ID / Password are advised to use Forgot user ID and Forgot Password option available at respective websites.

Helpdesk details for Individual Shareholders holding securities in demat mode related to login through Depository i.e. NSDL and CDSL are as under:

| Login type                | Helpdesk details   |
|---------------------------|--|
| Securities held with NSDL | Please contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: <b>1800 1020 990</b>                                       |
| Securities held with CDSL | Please contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at <b>022- 23058738</b> or <b>022-23058542-43</b> |

**II) Login method for e-Voting for shareholders other than Individual’s shareholders holding securities in demat mode and shareholders holding securities in physical mode.**



**Members whose email IDs are registered with the Company/ Depository Participant(s), will receive an email from KFintech which will include details of E-Voting Event Number (EVEN), USER ID and password. They will have to follow the following process:**

- i. Visit the URL: <https://evoting.kfintech.com/>
- ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number), followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with KFintech for e-voting, you can use your existing User ID and password for casting the vote.
- iii. After entering these details appropriately, click on "LOGIN".
- iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
- v. You need to login again with the new credentials.
- vi. On successful login, the system will prompt you to select the "EVEN" i.e., 'Hindustan Aeronautics Limited' and click on "Submit"
- vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
- viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/ demat accounts.
- ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.

- x. You may then cast your vote by selecting an appropriate option and click on "Submit".
- xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution (s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
- xii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to cast its vote through remote e-voting together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at e-mail id i.e. [cs.dakshayani@gmail.com](mailto:cs.dakshayani@gmail.com) with a copy marked to [evoting@kfintech.com](mailto:evoting@kfintech.com). The scanned image of the above-mentioned documents should be in the naming format "Corporate Name Even No."

**Procedure for Registration of email and Mobile: securities in physical mode**

Physical shareholders are hereby notified that based on SEBI Circular number: SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37, dated March 16<sup>th</sup>, 2023, all holders of physical securities in listed companies shall register the postal address with PIN for their corresponding folio numbers. It shall be mandatory for the security holders to provide mobile number. Moreover, to avail online services, the security holders can register e-mail ID. Holder can register/update the contact details through submitting the requisite ISR 1 form along with the supporting documents.

ISR 1 Form can be obtained by following the link: <https://ris.kfintech.com/clientservices/isc/default.aspx>

ISR Form(s) and the supporting documents can be provided by any one of the following modes.

- a) Through 'In Person Verification' (IPV): the authorized person of the RTA shall verify the original documents furnished by the investor and retain copy(ies) with IPV stamping with date and initials; or
- b) Through hard copies which are self-attested, which can be shared on the address below; or

| Name    | KFIN Technologies Limited   |
|---------|---|
| Address | Selenium Building, Tower-B,<br>Plot No 31 & 32, Financial District,<br>Nanakramguda, Serilingampally,<br>Hyderabad, Rangareddy,<br>Telangana India - 500 032. |





- c) Through electronic mode with e-sign by following the link: <https://ris.kfintech.com/clientservices/isc/default.aspx#>

Detailed FAQ can be found on the link: <https://ris.kfintech.com/faq.html>

For more information on updating the email and Mobile details for securities held in electronic mode, please reach out to the respective DP(s), where the DEMAT a/c is being held.

After receiving the e-voting instructions, please follow all steps above to cast your vote by electronic means.

### INSTRUCTIONS FOR ALL THE MEMBERS FOR ATTENDING THE AGM OF THE COMPANY THROUGH VC/OAVM AND E-VOTING DURING THE MEETING.

- i. Member will be provided with a facility to attend the AGM through VC / OAVM platform provided by Kfintech. Members may access the same at <https://emeetings.kfintech.com/> by using the e-voting login credentials provided in the email received from Kfintech. After logging in, click on the Video Conference tab and select the EVEN of the Company. Click on the video symbol and accept the meeting etiquettes to join the meeting. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned above.
- ii. Facility for joining AGM through VC / OAVM shall open at least 30 minutes before the commencement of the Meeting.
- iii. Members are encouraged to join the Meeting through Laptops / Desktops with Google Chrome (preferred browser), Safari, Internet Explorer, Microsoft Edge, Mozilla Firefox 22.
- iv. Members will be required to grant access to the webcam to enable VC / OAVM. Further, Members connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- v. As the AGM is being conducted through VC / OAVM, for the smooth conduct of proceedings of the AGM, Members are encouraged to express their views / send their queries in advance mentioning their name, demat account number / folio number, email id, mobile number at [investors@hal-india.co.in](mailto:investors@hal-india.co.in). Questions /queries received by the Company till August 26, 2024 (5.00 P.M.) shall only be considered and responded during the AGM.

- vi. The Members who have not cast their vote through remote e-voting shall be eligible to cast their vote through e-voting system available during the AGM. E-voting during the AGM is integrated with the VC / OAVM platform. The Members may click on the voting icon displayed on the screen to cast their votes.
- vii. A Member can opt for only single mode of voting i.e., through Remote e-voting or voting at the AGM. If a Member casts votes by both modes, then voting done through Remote e-voting shall prevail and vote at the AGM shall be treated as invalid.
- viii. Facility of joining the AGM through VC / OAVM shall be available for atleast 2000 members on first come first served basis.
- ix. Institutional Members are encouraged to attend and vote at the AGM through VC / OAVM.

### OTHER INSTRUCTIONS

- I. **Speaker Registration:** The Members who wish to speak during the meeting may register themselves as speakers for the AGM to express their views. They can visit <https://emeetings.kfintech.com> and login through the user id and password provided in the mail received from Kfintech. On successful login, select 'Speaker Registration' which will be opened from August 23, 2024 (9.00 A.M.) to August 26, 2024 (5.00 P.M.). Members shall be provided a 'queue number' before the meeting. The Company reserves the right to restrict the speakers at the AGM to only those Members who have registered themselves, depending on the availability of time for the AGM.
- II. **Post your Question:** The Members who wish to post their questions prior to the meeting can do the same by visiting <https://emeetings.kfintech.com> by login through the user id and password provided in the mail received from Kfintech. On successful login, select 'Post Your Question' option which will be opened from August 23, 2024 (9.00 A.M.) to August 26, 2024 (5.00 P.M.)
- III. In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of <https://evoting.kfintech.com> (Kfintech Website) or contact Ms B Swati Reddy, at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) and [evoting@kfintech.com](mailto:evoting@kfintech.com) or call Kfintech's toll free No. 1-800-309-4001 for any further clarifications.
- IV. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on August 21, 2024, being the cut-off date, are entitled to vote on the Resolutions set forth in this Notice. A person who



is not a Member as on the cut-off date should treat this Notice for information purposes only. Once the vote on a resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently.

V. In case a person has become a Member of the Company after dispatch of AGM Notice but on or before the cut-off date for E-voting, he/she may obtain the User ID and Password in the manner as mentioned below:

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

1. Example for NSDL:  
MYEPWD <SPACE> IN12345612345678

2. Example for CDSL:  
MYEPWD <SPACE> 1402345612345678

3. Example for Physical:  
MYEPWD <SPACE> XXXX1234567890

ii. If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.kfintech.com/>, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.

iii. Members who may require any technical assistance or support before or during the AGM are requested to contact Kfintech at toll free number 1800 309 4001 or write to them at [evoting@kfintech.com](mailto:evoting@kfintech.com)



# Board's Report

Dear Members,

Your Board of Directors takes great pleasure in presenting the Report on the performance of the Company ("the Company" or "HAL"), and its Audited Financial Statements for the Financial Year ended March 31, 2024, together with Reports of the Statutory Auditors and the Comptroller & Auditor General of India (C&A) thereon.

## FINANCIAL HIGHLIGHTS

The financial highlights for the year ended March 31, 2024 are summarised as under:

(₹ in Lakh except per equity share data)

| PARTICULARS                                       | 2023-24          | 2022-23   |
|---|------------------|-----------|
| Revenue from Operations                           | <b>30,38,084</b> | 26,92,785 |
| Turnover  | <b>28,16,185</b> | 26,36,056 |
| Exports   | <b>31,059</b>    | 29,371    |
| Profit Before Tax (PBT)                           | <b>10,19,897</b> | 6,49,294  |
| Provision for Tax                                 | <b>2,60,393</b>  | 68,177    |
| Profit After Tax (PAT)                            | <b>7,59,504</b>  | 5,81,117  |
| R&D Expenditure                                   | <b>2,82,624</b>  | 2,49,433  |
| Earnings/ Share (in ₹)<br>(Face value of ₹5 each) | <b>113.57</b>    | 86.89     |
| Book Value / Share (in ₹)                         | <b>434.32</b>    | 351.48    |

During the year, the Revenue from Operations of the Company has increased by 12.82% to ₹30,38,084 Lakh from ₹26,92,785 Lakh in the previous year. The turnover of the Company has increased by 7% to ₹28,16,185 Lakh from ₹26,36,056 Lakh in the previous year. The Profit before Tax for the year has increased by 57% to ₹10,19,897 Lakh from ₹6,49,294 Lakh in the previous year. The Profit after Tax (PAT) has increased by 31% to ₹7,59,504 Lakh from ₹5,81,117 Lakh in the previous year.

## PRODUCTION HIGHLIGHTS

During the year, the Company has produced new aircraft and helicopters, covering Light Combat Aircraft (LCA) Tejas Mk1A, LCA Tejas Trainer, Do-228, Advanced Light Helicopter (ALH) Dhruv and Light Utility Helicopter (LUH) in addition to the production of new engines and accessories, at its various Divisions. The Company has also overhauled various aircraft & helicopters and engines during the year.

## ORDER BOOK POSITION

The Order Book position of the Company stands at ₹94,129 Crore as on March 31, 2024.

During the year, the Company received manufacturing contracts of over ₹19,000 Crores and ROH Contracts of over

₹15,000 Crores, contributing to an outstanding order book of ₹94,129 Crores as on March 31, 2024. Major Orders bagged include Contracts for supply of ALH to Indian Army and Indian Coast Guard, RD-33 engine to Indian Air Force, Dornier-228 Mid Life Upgrade to Indian Navy, Dornier-228 to Indian Coast Guard, 6 sets of LM2500 Gas Turbines (GT) and Gas Turbine Auxiliary Equipment (GTAE) for NGMV Program of Cochin Shipyard Ltd and 2 Nos. of Hindustan 228 export to Guyana Defence Forces.

## DIVIDEND

During the year, your Company has declared and paid interim dividend of ₹22 per share of ₹5 each (440%) for the financial year 2023-24, amounting to ₹1,47,130.50 Lakh.

The Board of Directors of the Company has recommended a final dividend of ₹13 per share of ₹5 each to comply with the Guidelines of Department of Investment and Public Asset Management (DIPAM) on Capital restructuring with respect to payment of minimum dividend. The Final Dividend if approved by the shareholders, would involve cash outflow of ₹86,940.75 Lakhs.

Thus, the total dividend including final dividend for the financial year 2023-24 would be ₹35 per equity share (700%), amounting to ₹ 2,34,071.25 Lakh.

In terms of the provisions of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR) Regulations] and the Guidelines of DIPAM, the Company has formulated a Dividend Distribution Policy and the same is available on the Company's website at [https://hal-india.co.in/backend/wp-content/uploads/2023/02/Dividend\\_Distribution\\_Policy.pdf](https://hal-india.co.in/backend/wp-content/uploads/2023/02/Dividend_Distribution_Policy.pdf)

## CAPEX

In order to maintain the state of the art infrastructure and technologies to meet Aerospace Standard and also to develop systems/platforms for meeting the requirements of the Defence Forces and to become Atmanirbhar, the Company has incurred Capital Expenditure (CAPEX) of ₹2,16,786 Lakhs in FY 2023-24 (PY ₹2,08,173 Lakhs). The investments are mainly towards Green Field Helicopter project at Tumakuru, augmentation of facilities of LCA, ROH of SU-30, ROH of AL-31FP Engine etc. besides the regular replacement and rationalisation of the existing facilities.

## SUB-DIVISION OF EQUITY SHARES

During the year, the Company has sub-divided 1 (One) Equity Share of face value of ₹10 (Rupees Ten Only) each into two Equity Shares of face value of ₹5 (Rupees Five only) each fully paid up.



## RESERVES

During the year, ₹92,718 Lakh was transferred to Research & Development Reserve, ₹18,544 Lakh was transferred to Indigenization Fund Reserve and ₹4,42,763 Lakh to General Reserve.

## BORROWINGS

As on March 31, 2024, short term and long term borrowings of the Company was Nil.

## INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has an Internal Control System commensurate with the size, scale and complexity of its operations. The Company has in place adequate internal financial controls for ensuring efficient conduct of its business. A detailed note on internal financial controls is provided in the Management Discussion and Analysis Report.

During the year, an Independent Chartered Accountant firm was appointed to review and report on the effectiveness of Internal Financial Controls (IFC) in the Company. The firm has submitted its Report confirming the existence of effective Internal Control System.

## LOANS, GUARANTEES AND INVESTMENTS

Details of Loans, Guarantees and Investments as covered under the provisions of Section 186 of the Companies Act, 2013 ("the Act") form part of Notes to the Financial Statements.

## RELATED PARTY TRANSACTIONS

During the year, your Company has entered into transactions with related parties after obtaining approval of the Audit Committee and/or Board, as the case may be. As per the threshold mentioned in the Related Party Transactions (RPTs) Policy, there were no material related party transactions with any of the related parties. The disclosures related to RPTs in accordance with the applicable accounting standards are provided in Clause No. 45A of the Notes to the financial statements. Details of contract(s) or arrangement(s) with related parties referred to in Section 188(1) of the Companies Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014, in the prescribed form AOC-2, is attached to this Report as **Annexure-I**.

## CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Company and its Joint Venture Companies & Subsidiary Companies for the year ended March 31, 2024 have been prepared in accordance with the provisions of Section 129(3) of the Companies Act and applicable Accounting Standards, and form part of this report.

Pursuant to the first proviso of Section 129(3) of the Companies Act read with Rule 5 of the Companies (Accounts) Rules, 2014, a separate statement containing salient features of the

Financial Statements of Subsidiaries / Associate / Joint Venture Companies in **Form AOC-1** is appended to this Report, which forms part of the Financial Statements. The separate Audited Financial Statements in respect of the Subsidiaries are also available on the website of the Company at [www.hal-india.co.in](http://www.hal-india.co.in).

## SUBSIDIARY/ ASSOCIATE/ JOINT VENTURE COMPANIES

As on March 31, 2024, your Company has two Subsidiaries including one Wholly Owned Subsidiary and fourteen Joint Venture Companies (JVCs) including two Not-for-Profit Companies (Section 8 Companies).

During the year, one new 50:50 Joint Venture Company has been incorporated on November 9, 2023 with the name SAFHAL Helicopter Engines Pvt Ltd with Safran Helicopter Engines SAS, France to carry out business of indigenous design, development, certification, production, sale & support of helicopter engines with one of the first opportunities identified as engine for Indian Multi Role Helicopter (IMRH) & Deck Based Multi Role Helicopter (DBMRH) projects.

Further, Infotech HAL Ltd, a Joint Venture Company has submitted an application to NCLT on March 19, 2024, towards winding up of the JV due to its non-performance for a long time.

Pursuant to the provisions of Section 134(3)(q) of the Companies Act read with Rule 8(1) of the Companies (Accounts) Rules, 2014, a Report on the performance and financial position of each of the Joint Venture Companies and Subsidiary Companies is attached to this Report as **Annexure-II**.

## SIGNIFICANT ACHIEVEMENTS

During the year, the Company has maintained the growth momentum and achieved all-round improved performance. Significant achievements of the Company during the year are as follows:

- ❖ The first LCA Tejas twin seater was handed over to the Indian Air Force (IAF) in the presence of Raksha Rajya Mantri.
- ❖ The first production series of LCA Mk1A fighter has completed its Maiden flight.
- ❖ The Export Contract with Guyana Defence Forces for supply of 2 Nos. Hindustan-228 aircraft was signed in FY 2023-24 and due to proactive approach of the Company, both the aircraft were supplied in record time within a month of signing of contract.
- ❖ The first Mid Life Upgraded (MLU) Dornier aircraft fitted with Pollution Surveillance System (PSS) was handed over to ICG.
- ❖ Delivered 30 types of riveted structure, six types of welded structure and satellite's bus structure Rover, Lander and Castings & Forgings for Chandrayaan-3.



- ❖ Delivered 10 types of riveted structures and 5 types of welded propellant tankages for PSLV C57 (Aditya L1) mission and PSLV C58 (XPoSAT) mission.
- ❖ Handed over first 'Closed Inter Tank Structure (C32)' and first 'Development Service Module' for the Gaganyaan Experimental Mission of ISRO.
- ❖ Received DGCA approval under 'CAR21 Subpart G' for series production of Hindustan-228 aircraft and 'Maintenance Type Training Certificate' under CAR147 category B1 and B2 for imparting AME type rated licence on Hindustan-228 aircraft.

### CURRENT PROJECTS AND PROGRAMS

During the year, the Company has produced the Light Combat Aircraft (LCA) Tejas MK1A & MK1 aircraft, Do-228 aircraft, Advanced Light Helicopter (ALH) Dhruv, Light Utility Helicopter (LUH), engines, accessories and aerospace structures against various customer orders.

During the year, a New Design and Test facility at Aero Engine Research & Development Centre in Bangalore was inaugurated on December 29, 2023, to accelerate Research and Development of aero-engines.

The Company has also undertaken Design and Development of the Indian Multi Role Helicopter (IMRH) and Weapon systems integration on ALH & LCH.

### DESIGN AND DEVELOPMENT PROGRAMS

The Company continued to boost the "Atmanirbhar Bharat Abhiyan" of Govt. of India with its focused efforts towards design and development of products, technologies and capabilities to meet the future requirements of Indian defence forces and non-military aerospace market in India.

The Company has considerably progressed towards the realization of indigenous programmes viz. Basic Trainer Aircraft (HTT-40), Light Utility Helicopter (LUH), Light Combat Aircraft (LCA MK1A), Indian Multi-Role Helicopter (IMRH) and Development of Engines. The progress achieved in respect of these projects during the year are as under:

#### ❖ BASIC TRAINER AIRCRAFT (HTT-40)

HTT-40 is the Basic Trainer Aircraft indigenously designed and developed by the Company. HTT-40 would be used for basic flight training, aerobatics, instrument flying and close-formation flights whereas its secondary roles would include navigation and night flying. Features of the aircraft include Air-conditioned cockpit, Tandem seating, Zero-Zero ejection seats and Multifunction Displays. A total of 3 prototypes have been built which includes two flying prototype and one Structural Test Specimen (STS).

During the year, Propeller vibration survey completed, Inverted spin demonstration completed, all system

Certification were obtained and Approved Release to Service Document (RSD) received from CEMILAC. Production activities are in advanced stages against the Contract for supply of said aircraft.

#### ❖ LIGHT COMBAT AIRCRAFT (LCA Mk1A)

LCA Mk1A is an advanced variant of indigenously developed LCA MK1 equipped with Mission Computers (MC), Digital Map Generator (DMG), Smart Multi-function Displays (SMFD), Combined Interrogator and Transponder (CIT), Advanced Radio Altimeter and integrated with Air to Air and Air to Ground weapons.

The design and development activities for LCA Mk1A systems were undertaken and certification activities are progressing. Concurrently, series production activities are also being progressed. The first production series fighter Aircraft of LCA Mk1A completed its maiden flight. Further, software fine-tuning and flight tests for weapon trials are being progressed to facilitate delivery of aircraft.

#### ❖ LIGHT UTILITY HELICOPTER (LUH)

The LUH is a single engine, 3 Ton weight class helicopter having Glass Cockpit with Multi-Function Displays. The LUH is intended to meet different role requirements including high altitude operation. Three flying prototypes have been built and were extensively flight tested.

Work on Automatic Flight Control System (AFCS), Autorotation, Emergency Flotation System (EFS), Helmet Mounted Display System (HMDS) is progressing for completion in 2024-25.

#### ❖ INDIAN MULTI ROLE HELICOPTER (IMRH)

The Company has undertaken design and development of IMRH, a Medium Lift Helicopter of 13 Ton class primarily for high altitude troop and cargo transport. The sea variant of IMRH is named Deck Based Multi Role Helicopter (DBMRH).

IMRH and DBMRH would be designed to meet the requirement of all the three military services and its future extension will cater to offshore operations, utility, VVIP transport etc., roles will help diversify into Civil market.

The preliminary design studies of IMRH has been completed. HAL is progressing with the D&D activities as a Lead agency.

#### ❖ UTILITY HELICOPTER-MARITIME (UH-M)

Utility Helicopter – Maritime (UH-M) is a 5.7 Ton dedicated Helicopter for deck based operations with all four Main Rotor Blades foldable, to enable stowage in Navy's ships.

Ministry of Defence accorded Acceptance of Necessity (AoN) for procurement of Utility Helicopter-Maritime.



Design and Development activities are progressing with internal funding. Preliminary Design Review (PDR) has been completed and further design review of major systems like Traversing system and other LRUs is progressing.

#### ❖ **25 kN TURBOFAN ENGINE (HTFE-25)**

Design and Development of a 25kN thrust class turboprop engine, which can be used on Basic/ Advanced military trainers, on small business jets and also large UAV applications is under progress. The engine can be used on a 5 Ton weight class aircraft in single engine configuration and on aircraft of up to 9 Ton weight class with twin-engine configuration. Two core engines have been produced so far and are undergoing development trials.

#### ❖ **1200 kW TURBOSHAFT ENGINE (HTSE-1200)**

The 1200kW Turbo shaft engine would be used as power plant for 3 to 6 Ton category helicopters. One Technology Demonstrator of HTSE-1200 engine has been built and presently under testing.

### **RESEARCH AND DEVELOPMENT ACHIEVEMENTS**

During the year, the Company has incurred a total R&D expenditure of ₹2,82,624 Lakh which is 10.04 % of the Turnover and has transferred a sum of ₹92,718 Lakh (15% of Operating PAT) to R&D Reserve for contribution to R&D corpus.

The significant R&D achievements are as under:

- ❖ Indigenously designed and developed HTT-40 Basic Trainer Aircraft received the Release to Service Document (RSD) from CEMILAC in January, 2024.
- ❖ The Light Combat Aircraft (LCA) Naval Trainer Prototype NP5 successfully completed its maiden flight on August 18, 2023.  
  
LCA Navy flight testing activities will provide vital inputs towards design and development of the upcoming Naval aircraft project "Twin Engine Deck Based Fighter" (TEDBF).
- ❖ The indigenous Beyond Visual Range (BVR) air-to-air missile, successfully fired from Light Combat Aircraft (LCA), off the coast of Goa on August 23, 2023.

During the year, HAL has filed 186 Intellectual Property Right (IPR) applications which make cumulative number of 2,413 IPRs filed by Company. Further, 270 IPRs have been granted during the year taking cumulative IPRs held by the organization to 1,026 (Patents – 348, Industrial Designs – 136, Copyrights – 540, Trademark - 2)

### **BOARD AND ITS COMMITTEE MEETINGS**

During the year, 12 (Twelve) Board Meetings were held and the maximum interval between any two meetings was not more than 120 days.

The details of meetings of the Board and Committees thereof held during the year are furnished in the Corporate Governance Report, which forms part of this Report.

### **COMMITTEES OF THE BOARD**

As on March 31, 2024, the Board has five Statutory Committees namely Audit Committee, Nomination & Remuneration Committee, Corporate Social Responsibility & Sustainable Development Committee, Stakeholders Relationship Committee and Risk Management Committee.

A detailed note on the composition, terms of reference and meetings of the Board and its Committees is provided in the Corporate Governance Report.

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

During the year, following changes took place in the Board of Directors and Key Managerial Personnel (KMP) of the Company:

#### **Appointment**

- ❖ Shri M Z Siddique was appointed as Govt. Nominee Director on the Board of the Company w.e.f July 18, 2023.
- ❖ Shri Atasi Baran Pradhan was appointed as Director (HR) on the Board of the Company w.e.f July 19, 2023.

#### **Cessation**

- ❖ Dr. Tessy Thomas ceased as Govt. Nominee Director on the Board of the Company due to withdrawal of Nomination w.e.f May 8, 2023.

### **DECLARATION OF INDEPENDENCE**

Declarations from Independent Directors of the Company have been received, confirming that they met the criteria of independence as prescribed under Section 149(6) of the Companies Act and Regulation 25(8) of the SEBI (LODR) Regulations.

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

The appointment, tenure and remuneration of Functional Directors including Chairman and Managing Director (CMD) are determined by the Government of India. The Terms & Conditions of appointment, including the period of appointment, the Scale of Pay and other entitlements are notified by the Government of India.

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

Independent Directors are appointed by the Government of India and they are entitled to sitting fees for attending the Board / Committee meetings as prescribed by the Board in line with the Companies Act and Rules made thereunder.



In view of the Gazette Notification No GSR 463 (E) dated June 5, 2015 of the Ministry of Corporate Affairs (MCA), the Company, being a Government Company, is not required to frame a Policy on Directors' appointment and remuneration, including criteria for determining qualifications etc. under Section 134(3)(e) of the Companies Act.

### BOARD EVALUATION

Pursuant to the Gazette Notification No GSR 463 (E) dated June 5, 2015 of the MCA, formal annual evaluation by the Board of its own performance, its Committees and individual directors, are exempted for the Company, as the performance of Directors is evaluated by the Administrative Ministry. However, the performance of the Functional Directors are evaluated by the Independent Directors in their meeting.

The performance evaluation of Independent Directors are carried out by the Board without the presence of Independent Directors.

### ANNUAL RETURN

In accordance with the provisions of the Companies Act, Annual Return in the prescribed format has been hosted on website of the Company at [https://hal-india.co.in/backend/wp-content/uploads/2024/07/Form\\_MGT\\_7-2023-24-draft-1.pdf](https://hal-india.co.in/backend/wp-content/uploads/2024/07/Form_MGT_7-2023-24-draft-1.pdf)

### COMPLIANCE WITH SECRETARIAL STANDARDS

The Company complies with all applicable mandatory Secretarial Standards issued by the Institute of Company Secretaries of India.

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

Your Company being a defence Central Public Sector Enterprise (CPSE), the disclosure of information with respect to conservation of energy, technology absorption, foreign exchange earnings and outgo under the provisions of Section 134(3)(m) read with Rule 8(3) of the Companies (Accounts) Rules, 2014, is exempted vide Notification GSR No.680 (E) dated September 4, 2015.

### CORPORATE SOCIAL RESPONSIBILITY (CSR)

Pursuant to the provisions of Section 135 of the Companies Act, Companies (Corporate Social Responsibility Policy) Rules, 2014 & Amendment thereof and DPE Guidelines, the Company has undertaken various activities during the year as per its CSR Policy. The projects / programmes / activities taken up are in line with Schedule VII of the Companies Act. The thrust areas under CSR are Healthcare, Skill Development, Education, Enhancing Employability through Training, etc. The other areas in which support extended were Environment Sustainability, Sports Development, Rural Infrastructure Development, Sanitation etc. The Company has spent an amount of ₹11,998 Lakhs under CSR for the year as against the CSR budget/ obligation of ₹10,931 Lakhs.

The Corporate Social Responsibility Policy, Composition of the Committee and CSR Projects/ Activities of the Company are available on the Company's website at <https://hal-india.co.in/investors/corporate-social-responsibility-2> Salient features of the Policy form part of the Annual Report.

Annual Report on CSR activities undertaken by the Company during the year, pursuant to Section 135 of the Companies Act read with Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, is attached to this Report as **Annexure-III**.

### BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

In terms of Regulation 34(2)(f) of SEBI (LODR) Regulations, the Company has prepared Business Responsibility and Sustainability Report (BRSR) on Environment, Social and Governance (ESG) parameters in the prescribed format for the year 2023-24 and attached to this Report, along with reasonable assurance Report of BRSR Core, received from Independent Assurance Provider.

### DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY

The Company has a Board approved Risk Management Policy, in place. The Policy aims at elimination or reduction of risk exposures through identification and analysis of various types of risks and facilitating timely action for taking risk mitigation measures.

In line with Regulation 21 of the SEBI (LODR), Regulations, the Board of Directors had constituted the Risk Management Committee for monitoring and reviewing of the risk management plan and other such functions as it may, deem fit including ESG, Cyber Security and Business Continuity Plan, in line with applicable laws.

### SIGNIFICANT AND MATERIAL ORDERS

There are no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and the operation of the Company in future.

### PUBLIC DEPOSITS

Your Company has not accepted any deposit during the year. Further, there was no outstanding deposit and/or unpaid or unclaimed principal amount or interest against any deposit either at the beginning or at the end of the year 2023-24.

### ISSUE OF EQUITY SHARES WITH DIFFERENTIAL RIGHTS

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

### MATERIAL CHANGES SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS

No material changes / commitment of the Company have occurred after the end of the year 2023-24 and till the date of this report, which affect the financial position of the Company.



## PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

Pursuant to Gazette Notification No. G.S.R. 463 (E) dated June 5, 2015 issued by the MCA, the provisions of Section 197 of the Companies Act and the relevant Rules, regarding disclosure of particulars of employees drawing remuneration in excess of the limits specified, are exempted for the Company.

## MOU WITH GOVERNMENT

Your Company has signed Memorandum of Understanding (MoU) with the Ministry of Defence (MoD), Government of India (GoI) for the year 2023-24, the performance rating of which is awaited.

However, your Company has achieved "Excellent" performance rating with a score of 91.50 for the year 2022-23.

## INDIGENISATION AND ATMANIRBHAR BHARAT

The Company has put in concerted effort on indigenisation of components, accessories and systems required to manufacture as well as repair & overhaul of aircraft, engine and associated accessories. To reduce dependence on imports, savings in foreign exchange and manage obsolescence, every year, HAL indigenizes various items/ components and systems of foreign origin fitted on HAL platforms through in-house capabilities or with the help of local vendors, thus fostering self-reliance through 'Make in India'.

In line with the Atmanirbhar Bharat Abhiyan of Govt. of India, during the year, the Company has indigenised 2,046 Nos. of items with anticipated annual foreign exchange saving of ₹385 Crore. To align with national priorities and ensure inclusive growth, the Company has been also encouraging Indian private sector participation in the indigenization/ Make in India efforts to undertake various high value systems/equipment of foreign origin fitted on HAL platforms.

The other major initiatives / achievements during the year are as under:

### ➤ **Creation of a dedicated Indigenisation fund:**

The Company has created a dedicated indigenization fund by transferring 3% of its operating profit after tax every year. This fund will be used for carrying out indigenization activities and will provide further impetus for indigenization.

### ➤ **Identification of critical items for indigenization and inclusion in the Positive Indigenisation Lists issued by MoD:**

In a major initiative, the Company has identified and made a comprehensive roadmap for indigenization of complex aircraft Systems, LRUs & other critical Items across its major platforms. These items are planned to be indigenized in the next 4-5 years in a phased manner through

participation of Indian Private Industries and Government Agencies involving Academia. 430 such imported items are included in the Four PILs (PIL-1: 23, PIL-2: 22, PIL-3: 360, PIL-4:25) issued by DDP, MoD. During the year, 59 PIL items (cumulatively 71) have been indigenized.

### ➤ **Uploading of imported items in Srijan Defence Portal:**

Ministry of Defence (MoD) has developed and launched Srijan Defence Portal (an indigenization portal) to support Indian Industries with opportunities for Make in India in Defence. The Company has so far uploaded around 25,000 Nos. of imported items in the portal for information to private vendors and their likely participation in the indigenisation programmes of the Company.

Private vendors are showing interest for indigenisation of items uploaded in the portal. The Company is continuously interacting with the interested vendors and briefing them about the various opportunities available in the Company for indigenization.

### ➤ **Indigenisation through Make-II Procedure:**

HAL's Make-II programme is a step towards supporting the 'Atmanirbhar Bharat' & 'Make in India' mission. HAL's Make-II (Industry Funded) procedure is in compliance of the Make-II framework promulgated by MoD and envisages the assured order quantity after successful development of items through private vendors. The Company has identified the items to be indigenized through Make-II procedure and uploaded on the Srijan Defence Portal. Expression of Interest (EoIs) of these items are being issued in phased manner to take up for indigenisation under Make-II. So far, the Company has issued EoIs for around 1,000 items and Project Sanction orders have been placed for around 600 items for indigenisation under Make-II.

### ➤ **Organising / participation in Seminars, Conferences and Exhibitions on Indigenisation / Vendor Development program**

During the year, to sensitize Indian Vendors for opportunities available for indigenization and their enhanced participation in indigenization programmes, the Company has conducted/ participated in more than 40 Nos. of vendor development programs / seminars / exhibitions at Divisional level. Participants were also briefed about the Indigenisation procedure and support provide by the Company during indigenization.

## OUTSOURCING

As part of the "Make in India" drive and the Atmanirbhar Bharat Abhiyan, HAL has been nurturing & developing a vibrant indigenous aerospace & defence ecosystem. In its path of moving towards being a lead integrator, HAL has been striving to develop Tier-II and gradually Tier-I suppliers over a period of





time while retaining the core areas as prime integrators. HAL has comprehensively reviewed its outsourcing procedures to address the issues noticed and to enhance the ease of doing business with HAL, from the vendors' perspective. An updated version of the Outsourcing Manual (Rev 05-2024) was issued in March, 2024.

## EXPORTS

To boost export, following initiatives have been taken by the Company during the year:

- Two Hindustan-228 aircraft were supplied to Guyana Defence Force, well ahead of the contractual delivery commitment.
- HAL Regional Office was established in Kuala Lumpur, Malaysia on July 11, 2023 to facilitate close defence industrial collaboration between India and Malaysia. The Regional Office symbolizes the potential for closer defence industrial collaboration between India and Malaysia and is intended to serve as a hub for the HAL's engagement with the wider South-East Asian region.
- Letter of Intent (LoI) was signed between HAL and the Ministry of Defence of The Republic of Argentina in Bengaluru on July 20, 2023, on productive cooperation and acquisition of Light and Medium Utility Helicopters for the armed forces of the Argentine Republic.
- The Company participated in various International Air Shows including Paris Air Show-2023, Dubai Air Show-2023, Langkawi International Maritime and Aerospace Exhibition (LIMA)-2023, Egypt Defence Expo (EDEX)-2023 to showcase its products in the International forum. Light Utility Helicopter (LUH) was for the first time showcased in an International event in LIMA 2023.

## VENDOR DEVELOPMENT

During the year, the Company has taken several vendor development initiatives to increase the number of vendors.

The Company has conducted 31 Vendor Development Programmes, of which 3 were for Micro & Small Enterprises (MSEs) owned by SC/ST Entrepreneurs & Women Entrepreneurs, 1 was meant exclusively for MSEs owned by SC/ST Entrepreneurs while the balance 27 were for across all categories.

The Company has registered with RXIL, Mynd Solution and also with A TReDS Ltd. for enabling payments through TReDS platform to MSMEs, and payments are being made through these platforms. All efforts are also being made to bring the MSMEs on TReDS platform.

The Company has registered with MSME SAMBANDH portal and the procurement details are being updated monthly in this Portal. The Company has also registered with MSME SAMADHAAN portal and the same is being monitored regularly for resolution of payment complaints of MSEs, if any.

The Company has implemented companywide e-Procurement system through its own e-Procurement portal which is adopted for tenders issued outside GeM portal. A 24X7 e-Procurement help desk has been established to provide information, support, training, operational issues / clarifications to the vendors.

The Company has implemented the Public Procurement (Preference to Make in India), Order 2017 and its amendments thereof issued by Department for Promotion of Industry and Internal Trade (DPIIT) to encourage 'Make in India' and promote manufacturing and production of goods & services in India.

## PROCUREMENT THROUGH GeM PORTAL

The Company is a part of GeM Portal & implemented companywide GeM procurement. A detailed procedure for vendor registration were obtained from GeM and informed the same to all prospective domestic suppliers for on-boarding on GeM Portal.

All efforts are continuously being made to persuade the potential domestic suppliers (covering area of Goods, Services and Outsourcing) to on-board them on the GeM Portal.

The Company is taking up all procurements which are available in GeM Portal and invariably followed/ensured by all the buying groups. Also, the Company is taking up several procurements through BoQ Module and Custom Bid Module for those items which are not available in GeM Portal and strive to achieve a sizable procurement through GeM Portal.

During the year, 16,469 orders were placed through GeM portal amounting to ₹2,903 Crore.

## PROCUREMENT FROM MICRO & SMALL ENTERPRISES (MSEs)

The Company has implemented the Public Procurement Policy for Micro and Small Enterprises (MSEs) Order, 2012 & its amendments issued by Ministry of MSME vide order No.21(22)-2018-MA dated November 9, 2018. HAL has achieved more than the mandated procurement of 25% from MSE entrepreneurs (excluding specific defence procurement as per Sl.No.14 of the Policy).

During the year, the total value of procurement including outsourcing made from MSEs is ₹2,134 Crore.

## INTEGRITY PACT (IP)

Your Company has system of signing of Integrity Pact (IP) with vendors for all procurement of Goods, Services & Works / contracts having value of ₹5 Crore and above. Only those Vendors / bidders, who commit themselves to IP with the HAL would be considered competent to participate in the bidding process. Further, to encourage competition in HAL procurement and to reduce processing lead time, HAL has implemented the Omnibus Integrity Pact with effect from January 1, 2018. This Omnibus IP shall be valid upto 5 years and the same can



be proposed by bidder for consideration against any offers submitted by the vendor during the validity period of Omnibus IP.

### HUMAN RESOURCE DEVELOPMENT

The strength of employees as on March 31, 2024 stood at 23,766.

As on March 31, 2024, a total of 3,661 Apprenticeship were engaged in the Company in various Trades, which forms 10.55% of the total manpower strength including contractual staff.

### EMPLOYEE WELFARE

The Company continues to extend welfare benefits to the employees and their dependents in the form of comprehensive Medical Facilities, Housing Facilities, Canteen Facilities (for employees only), and Educational facilities for employee's Children, Sports Facilities, etc. Pursuant to introduction of

HAL Sabbatical Scheme for Executives, in recognition of the need for introduction of such facility for Workmen, HAL Sabbatical Scheme for Workmen was also introduced wherein the Scheme allows Workmen to take leave for self-renewal, skill development, or the pursuit of personal interests and also offers flexibility to employees to address social obligations, support family members, or embark on wellness journeys during the leave period.

The Company also extends the Group Life Insurance Policy of ₹10 Lakhs on behalf of its employees and also the Financial Assistance Scheme which provides for monthly monetary support ranging from ₹15,000/- p.m. to ₹50,000/- p.m. depending upon the Grade / Scale of the employees, to the dependents of the deceased employees.

### REPRESENTATION OF SC/STs

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

Representation of SC/STs in the total strength of the Company as on January 1, 2023 and January 1, 2024

| Category<br>(Grade / Scale of Pay)           | Total Strength as on |               | Number of SCs as on |              | Number of STs as on |              |
|--|----------------------|---------------|---------------------|--------------|---------------------|--------------|
|  | 1.1.2023             | 1.1.2024      | 1.1.2023            | 1.1.2024     | 1.1.2023            | 1.1.2024     |
| <b>Group – A</b> (Grade – II & above )       | 7,602                | <b>7,502</b>  | 1,369               | <b>1,359</b> | 473                 | <b>478</b>   |
| <b>Group – B</b> (Grade-I)                   | 13                   | <b>12</b>     | 2                   | <b>2</b>     | 1                   | <b>1</b>     |
| <b>Group – C</b> (Scale -3 to Special Scale) | 17,035               | <b>16,447</b> | 3,022               | <b>2,942</b> | 1,326               | <b>1,320</b> |
| <b>Group – D</b> (Scales – 1 & 2 )           |                      |               |                     |              |                     |              |
| (i) Excluding Safai Karmacharis              | 4                    | <b>2</b>      | 1                   | -            | -                   | -            |
| (ii) Safai Karmacharis                       | -                    | -             | -                   | -            | -                   | -            |
| <b>Total</b>                                 | <b>24,654</b>        | <b>23,963</b> | <b>4,394</b>        | <b>4,303</b> | <b>1,800</b>        | <b>1,799</b> |

Recruitments made during the period January 1, 2023 to December 31, 2023 and the SC/STs amongst them

| Category<br>(Grade / Scale of Pay)            | Total number of Post filled | No. of Reservations made for |           | No. of Posts filled by appointment of |           |
|---|-----------------------------|------------------------------|-----------|---------------------------------------|-----------|
|   |                             | SCs                          | STs       | SCs                                   | STs       |
| <b>Group – A</b> (Grade – II & above )        | 197                         | 32                           | 13        | 33                                    | 9         |
| <b>Group – B</b> (Grade-I)                    | 1                           | -                            | -         | -                                     | -         |
| <b>Group - C</b> (Scale - 3 to Special Scale) | 133                         | 19                           | 23        | 24                                    | 25        |
| <b>Group - D</b> (Scales – 1 & 2)             |                             |                              |           |                                       |           |
| (i) Excluding Safai Karmacharis               | -                           | -                            | -         | -                                     | -         |
| (ii) Safai Karmacharis                        | -                           | -                            | -         | -                                     | -         |
| <b>Total</b>                                  | <b>331</b>                  | <b>51</b>                    | <b>36</b> | <b>57</b>                             | <b>34</b> |



Vacancy - based Promotions made during the period January 1, 2023 to December 31, 2023 and the SC/STs amongst them

| Category<br>(Grade / Scale of Pay)            | Total<br>number<br>Promoted | No. of Reservations<br>made for |     | No. of Posts filled by<br>Promotion of |           |
|---|-----------------------------|---------------------------------|-----|--|-----------|
|   |                             | SCs                             | STs | SCs                                    | STs       |
| <b>Group – A</b> (Grade – II & above )        | 1,297                       | NA                              | NA  | 223                                    | 89        |
| <b>Group – B</b> (Grade-I)                    | -                           | -                               | -   | -                                      | -         |
| <b>Group – C</b> (Scale - 3 to Special Scale) | -                           | -                               | -   | -                                      | -         |
| <b>Group – D</b> (Scales – 1 & 2 )            |                             |                                 |     |  |           |
| (i) Excluding Safai Karmacharis               | -                           | -                               | -   | -                                      | -         |
| (ii) Safai Karmacharis                        | -                           | -                               | -   | -                                      | -         |
| <b>Total</b>                                  | <b>1,297</b>                | -                               | -   | <b>223</b>                             | <b>89</b> |

### EMPLOYEE RELATIONS (ER) / INDUSTRIAL RELATIONS

The Employee Relations Scenario in the Company has remained peaceful & cordial during the year. Smooth relations were maintained between the Management and the Unions / Associations by effective communication, so as to eliminate any scope for conflicts & misunderstandings and thus Industrial Harmony were maintained. Regular Meetings with the representatives of the Recognized Unions / Officers Associations at the Divisional, Complex & Corporate Levels were held to discuss and resolve issues.

Plant Level & Shop Level Committees with representatives from the Management / Trade Unions are functioning in the Divisions to discuss & resolve production related matters. In order to address employees issues / grievances, Grievance Redressal Mechanisms are also in place in the Company.

### WOMEN EMPOWERMENT

Women Empowerment & Leadership Programs are being conducted by HAL. The main objective of the programs is to enhance self-awareness & self-management, enhance competencies to drive business results, enhance ability to influence & harness the power of effective networking and to build essential leadership competencies. At present, around 73 Women Employees hold Senior Management posts i.e., above Grade VII.

HAL is a Corporate Life Member of Women in Public Sector (WIPS) Forum. Women employees are encouraged to participate in programmes / activities of WIPS Forum. The 34<sup>th</sup> Annual Conclave (National Meet) of WIPS was held in HAL, Bengaluru on 12<sup>th</sup> & 13<sup>th</sup> February, 2024 on the Theme “Women - The Future of Sustainable Growth”. During the event, HAL was awarded the “Best Performing Enterprise Award” in Navaratna Category.

Ladies Clubs / Families Welfare Associations are also functioning at different locations to take up various philanthropic / socio-cultural activities. Women’s Day is celebrated on 8<sup>th</sup> March every year.

### PROHIBITION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

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

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

|       |  |       |
|-------|--|-------|
| (i)   | Number of Cases pending as on 01/04/2023   | : Nil |
| (ii)  | Number of Complaints of Sexual Harassment received in the Financial Year 2023-24 | : 1   |
| (iii) | Number of Complaints disposed of during the Financial Year 2023-24               | : 1   |
| (iv)  | Number of Cases pending as on 31/03/2024 & its status                            | : Nil |

Awareness Programme on Sexual Harassment were also conducted at Divisions / Offices during the year.

### RAJBHASHA IMPLEMENTATION

The Company is constantly taking efforts to implement Official Language in all the Divisions/ Offices effectively as per directives issued by Dept. of Official Language, Ministry of Home Affairs and Dept. of Defence Production.

Hindi Incentive Scheme has been implemented effectively amongst the Divisions of HAL. Further, In-House Hindi Magazines are being published by the Divisions/ Offices of HAL to motivate the employees. In accordance with the Official Language guidelines, Hindi Workshops and Seminars are also being conducted on various topics from time to time, so that employees could do their routine work in Hindi as far as possible.



During the year, the responsibility of Town Official Language Implementation Committee (TOLIC), (Undertakings), Bangalore has been entrusted to Hindustan Aeronautics Limited by Department of Official Language, Ministry of Home Affairs, New Delhi. Under the Chairmanship of HAL, propagation and use of Official Language (Hindi) is being carried out for Bengaluru based 72 Member Offices / Undertakings.

The Joint Regional Official Language Conference of the South & South-West Regions was organized on January 19, 2024 in HAL Management Academy, Bengaluru by the Department of Official Language, Ministry of Home Affairs with the joint collaboration of TOLICs of Banks, Central Govt. Offices and Undertakings. The in-house OL magazine 'Nabharatna' of HAL Corporate Office was released by the Minister of State for Home affairs during the inaugural ceremony.

The meetings of Official Language Implementation Committee in all the divisions of HAL including Corporate Office are being conducted regularly. Necessary new guidelines issued by the Dept. of Official Language, Ministry of Home Affairs, New Delhi are also being circulated to all the divisions of HAL to create awareness on latest orders pertaining to implementation of Official Language. The periodical reports are also being sent online as per directives issued by the Department of Official Language, Ministry of Home Affairs, New Delhi.

The inspection reports pertaining to Parliamentary Committee inspections on Official Language and compliance related to the assurances given to the Committees are being sent to the concerned Authorities / Offices on time after reviewing the report at the Corporate level.

New website of the Company has been launched this year and it is being updated in bilingual at Corporate Office level.

### INFORMATION TECHNOLOGY (IT) INITIATIVES

During the year, your Company has taken many IT initiatives towards adopting the latest technology, increasing customer satisfaction, implementing paperless processes and improving Cyber security. Some of the major IT initiatives and achievements of the Company during the period are:

- ❖ **Project Parivartan: upgrade of ERP system:** Project Parivartan was conceptualised for upgradation of existing IFS to the higher version (IFS Apps 10) and deployment in a centralised new generation hardware with built-in redundancy and establishment of disaster recovery site at Bangalore.
- ❖ **Launch of HAL New Website:** New Website of the Company has been designed and developed using latest technologies with focus on Products, Services and R&D capabilities of HAL.
- ❖ **Centralised Internet and Firewall:** Cyber Security being of paramount concern in defence organisations, the Company has implemented centralized Internet

framework with deployment of centralised Firewall. One high speed internet facility (1Gbps) has been made available through the central firewall to the Bangalore based divisions connected in a ring architecture towards achieving better economy and management.

- ❖ **BRSR Portal:** The Company has developed the portal for uploading the relevant data and back-up documents for BRSR Core by all the Divisions for preparation of BRSR. BRSR portal provides automated calculations of various metrics required for submitting the report based on the data pertaining to parameters such as Energy, Water, Waste, Air Emission etc. Portal also has a provision to capture associated evidence with respect to data points.
- ❖ **Implementation of ISO 27001 certification:** As part of strengthening the cyber security posture of the Company, initiatives undertaken for ISO 27001 certification for all Production Divisions, R&D Centres and Offices of the Company.
- ❖ **Implementation of Maya OS:** As per recommendation of Cyber Information Research Agency (CIRA), Maya OS has been deployed in 70 internet facing machines at Corporate Office and planned to be extended to all Divisions of the Company.

### AWARDS & RECOGNITIONS

During the year, your Company has received various Awards and Recognitions. Some of the important accolades conferred to the Company are as under:

- ❖ 'CSI Cyber Security Awards 2023' under the category 'Outstanding Police/Law, Enforcement Initiative/Defence Sector' by CSI Mumbai Chapter in association with IIT Bombay.
- ❖ Prestigious 'Organisational Excellence Award' by Project Management Associates (PMA), India for HAL's remarkable achievements in managing indigenous projects LCA and HTT-40.
- ❖ 'Heavy & Medium Engineering -Defence' category award by Dun & Bradstreet during 'PSU and Government Summit 2023'.
- ❖ 'India's Top Value Creator award' under Defence category by Dun & Bradstreet during Top 500 Value Creators Summit 2023.
- ❖ 'PSE Excellence Awards' instituted by Indian Chamber of Commerce under Operational Performance Excellence, Contribution of Women & differently abled in PSEs, Corporate Governance and CSR & Sustainability categories.
- ❖ 'IEI Industry Excellence Award 2023' (Platinum) under Engineering Manufacturing and Processing Category for demonstrating outstanding performance with a high order of Business Excellence.



- ❖ 'Best Contributor to Atmanirbhar Bharat – Manufacturing / OEMs' award received at the Wings India 2024 at Hyderabad.
- ❖ 'INDIA Public Sector Enterprises Awards' for Excellence for being "Best Strategic Central Public Sector Enterprise of India – Aerospace & Defence".

## VIGILANCE

Vigilance Department of the Company is headed by Chief Vigilance Officer (CVO), an IRAS officer. Vigilance Officers are posted across Divisions and Complex Offices of the Company including Corporate Office. Preventive Vigilance has been the thrust area of the Vigilance Department and the same received focussed attention during the current year. Vigilance setup in the Company has been continuously endeavouring to bring transparency, fairness and equity in all transactions and processes of the Company through creating a sense of awareness on system and procedure through awareness campaign and training program.

Some of the key activities that have been carried out by Vigilance Department during the year are as under:

### i. Preventive Vigilance:

- ❖ 389 complaints were handled, 388 regular scrutiny/ surprise checks and 15 CTE type intensive examinations were carried out across the Company. 4 system studies were carried out on various topics like procurement of shelf life items with focus on total procurement and its utilization/non-utilization during the last 3 years, study on high value machines purchased in last 5 years - receipt, installation, commissioning & prove out and its utilization, study on CAMC/AMC executed in last 5 years for maintenance/service of high value machines and their breakdown profile and study of payment recommendations made to CPPC by the division and system improvement suggestions were made.
- ❖ A total of 114 awareness sessions were conducted on various topics. Key note address by eminent speakers were organized to spread vigilance awareness among employees on various topics.

### ii. Vigilance Publications:

Three in-house Vigilance e-magazines were published, as under:

- ❖ "Marg Darshan", an annual magazine was released during VAW 2023 on the theme "Corruption free India for a developed Nation" covering articles from internal and external writers as a part of efforts towards spreading preventive vigilance concepts.
- ❖ "Vishleshan-III", a compendium of vigilance interventions was published. Vishleshan-III is a

compendium of selected cases bearing vigilance angle, set of case studies to succinctly draw up the mistakes made in a process and highlight lessons to be learnt and system improvements to be made to avoid the same mistakes in future.

- ❖ A comic book on "PIDPI" was also published and released during VAW 2023.

**iii. System Improvement measures:** Based on the recommendations of vigilance, several system improvements have been issued by the management in the areas of HR, IMM, stores, works and finance etc. like guidelines on custom clearance of imported consignments, maintenance of BGs, EMD & SD details in IFS, Standard operating procedure for making returnable material gate passes, engagement of contract labour, HAL travelling allowance rules (Inland), store credit for raw materials etc.

**iv. Vigilance Awareness Week:** Vigilance awareness week was conducted throughout the organization in nine different geographical locations across Country from October 30 to November 5, 2023, on the theme "**Say no to corruption; Commit to the Nation**". Awareness campaign comprising of in-house and public outreach activities were conducted to spread awareness among employees & general public.

### v. Management Audit of Vigilance Unit (MAVU)

The following improvements were implemented based on the suggestions made by MAVU Audit team:

- ❖ Uniformity in Charge memorandum and differentiation of major and minor Disciplinary proceedings;
- ❖ Training on capacity building for IO/POs and officers dealing with framing of charge sheet;
- ❖ Rotation of officials posted in sensitive areas;
- ❖ Updation of manuals;
- ❖ Implementation of e-office module.

## QUALITY INITIATIVES AND FLIGHT SAFETY

- ❖ Third-Party Inspection (TPI) model for inspection activities at vendor premises has been successfully deployed. As on date, eight TPI bodies have been empanelled by the Company to carry out inspection of outsourced components on behalf of Divisions at the premises of sub-contractors. 8<sup>th</sup> TPI body has been empanelled during the year, in-coordination with DGAQA HQ New Delhi.
- ❖ Two Quality Conclaves were held during the year, with an objective to foster a culture of zero tolerance towards lapses and to strengthen our Quality System.



- ❖ NADCAP approval for various special processes viz. Chemical Processing, Heat Treating, etc. have been obtained by different Divisions of the Company to enhance consistency & reliability of special processes.
- ❖ Quality Circle teams from different Divisions have participated in State/ Chapter, National and International level competitions of CCQC/NCQC/ICQCC 2023 and have won 30 'Gold', 14 'Excellence', 9 'Par Excellence' and 1 'Silver' category awards. This has resulted in learning from interactions with different Quality Circle teams from other companies.
- ❖ Conducted 27 training programs/workshops at customer bases/field units and 78 training programs/workshops at HAL premises on critical aircraft systems. This has resulted in knowledge sharing and enhanced skill set & increased availability of equipment at customer end.
- ❖ Implementation of Industry 4.0 is being adopted at New Helicopter Factory Tumakuru on pilot project basis. Further, Industry 4.0 is also introduced in various divisions for implementation of AI based inspection system & online data fetching through Bluetooth technology thus encouraging a paperless manufacturing system.
- ❖ A fully automated Process Shop has been established at Accessories Division, Lucknow with an integrated SCADA (Supervisory Control and Data Acquisition) control system. The processing line is capable of performing number of process sequences without human intervention with online monitoring and recording of processing parameters. An online system has also been developed by Avionics Division, Korwa for Graphical Analysis of Bath solutions and trend monitoring of Anodization & Passivation process.
- ❖ Digital Dashboards and Online Portals have been developed towards paperless office for recording, measuring and monitoring of various quality parameters and generation of related reports and formats.
- ❖ Flight Safety Capsule was conducted at HMA to bring awareness about Flight Safety and Maintenance Safety among the young Officers of HAL. Also, a course on Human Factors in Aviation was conducted at Nashik, Engine Division and MRO as per DGCA guidelines for Officers and Workmen.

## AUDITORS

### Statutory Auditors

HAL being a CPSE, Statutory Auditors of the Company were appointed by the Comptroller & Auditor General of India (C&AG). M/s A John Moris & Co., Chartered Accountants, Bengaluru was appointed as Statutory Auditors for auditing the Accounts of the Company for the year and 17 firms of Chartered Accountants were appointed as Branch Auditors.

The Auditors' Report does not contain any qualification, reservation or adverse remarks.

The Auditors' Report on financial statements for the year 2023-24 and comments of the Comptroller & Auditor General of India (C&AG) under Section 143(6) of the Companies Act are attached to this Report, which is self-explanatory.

### Cost Auditors

The Company has appointed M/s Murthy & Co. LLP, Cost Accountants, Bengaluru as Cost Auditors for conducting the Cost Audit of the Company for the year 2023-24. The Company maintains cost records as specified by the Central Government under Section 148(1) of the Companies Act, which are audited by Cost Auditors.

### Internal Auditors

The Company has appointed 14 firms of Chartered Accountants for carrying out internal audit of the Company for the year 2023-24.

### Secretarial Auditor

In terms of Section 204(1) of the Companies Act, the Company has engaged M/s. DPSP & Associates, Company Secretaries, Bengaluru to conduct Secretarial Audit of the Company for the year 2023-24. The Secretarial Audit Report is annexed to this Report as **Annexure - IV** and forms part of Annual-Report.

The management's reply on the qualification of the Secretarial Auditor, form part of Secretarial Audit Report, which is self-explanatory.

### Annual Secretarial Compliance Report

As per Regulation 24A of the SEBI (LODR) Regulations, the Company has filed the Annual Secretarial Compliance Report for the year 2023-24 with the BSE Ltd and National Stock Exchange of India Limited within the stipulated time.

## CORPORATE GOVERNANCE REPORT

In terms of Regulations 34 read with Schedule V of SEBI (LODR) Regulations and DPE Guidelines, a report on Corporate Governance for the year 2023-24 along with Compliance Certificate on Corporate Governance issued by the Secretarial Auditor of the Company, is attached to this Report.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

## VIGIL MECHANISM

The Company has a Whistle Blower Policy approved by the Board. The details of the Whistle Blower Policy are explained in the Corporate Governance Report and the same is hosted on the Company's website at [www.hal-india.co.in](http://www.hal-india.co.in).



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

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

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

- (a) In the preparation of the annual accounts for the year ended March 31, 2024, the applicable accounting standards have 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 on March 31, 2024 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 laid down internal financial controls which are being followed by the Company and that such internal controls are adequate and are operating effectively;
- (f) 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.

#### **ACKNOWLEDGEMENT**

Your Directors are extremely thankful and acknowledge the excellent support extended by 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.

Your Directors also place on record their sincere appreciation towards the Company's valued customers, in particular the Indian 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 the future.

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

Your Directors are also thankful to the shareholders for the trust and confidence reposed in the Company and look forward to their continued support to propel the Company to greater heights.

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

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



**(C B Ananthkrishnan)**  
Director (Finance) & CFO

Chairman and Managing Director (Addl charge)

Place: Bengaluru  
Date: July 23, 2024

# Annexure- I to Board's Report

Form No. AOC-2

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

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

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

| Sl. No. | Name (s) of the related party  | Nature of relationship | Nature of contracts / arrangements / transactions  | Duration of the contracts / arrangements / transactions  | Salient terms of the contracts or arrangements 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 as required under first provision to Section 188 |
|---------|--------------------------------|------------------------|--|--|---|---|----------------------------------|----------------------------------|---|
| 1.      | Samtel HAL Display Systems Ltd | Joint Venture          | Design and Supply Contract on Proprietary Basis  | -  | (i) 10 nos. of Multi-Function Display (MFD), for IADS-ALH program, under Design & Development Phase (Phase 1) for total landed cost of ₹ 117.88 Lakhs (inclusive of GST @ 18%);<br>(ii) Placement of Purchase Order for Production phase (Phase-2) covering 492 Nos of Multi-Function Display (MFD), at total landed cost of ₹6,734.01 Lakhs (inclusive of GST @18%), on successful completion of Design and Development Phase. | Proprietary Item  | 12 <sup>th</sup> May, 2023       | -                                | -   |
| 2.      | BAeHAL Software Ltd.           | Joint Venture          | Amendment to Rate Contract (RC) for providing Service for IFS support through Single Tender Nomination Basis | Two years from the date of release of Amendment No. 3 of RC or till utilization of balance Man hours whichever is earlier. | Extension of validity Period of Rate Contract (RC) by additional two years from the date of release of Amendment No. 3 of RC or till utilization of balance 20,362 Man hours whichever is earlier. All other terms and conditions of RC remain same.  | AMC Services are required for ensuring continued availability of the ERP services and obtaining support for the ERP Database from the OEMs. | 12 <sup>th</sup> May, 2023       | -                                | -   |
| 3.      | BAeHAL Software Ltd.           | Joint Venture          | Service Contract through Single tender Nomination basis  | 1 Years  | Rate Contract for Renewal of Annual Technical Support (ATS) of Oracle and AMC of IFS ERP from 01.04.2023 to 31.03.2024 at all Divisions/ Offices at a total value of ₹3.942 Crore inclusive of GST.   | AMC Services are required for ensuring continued availability of the ERP services and obtaining support for the ERP Database from the OEMs. | 28 <sup>th</sup> Jul, 2023       | -                                | -   |







| Sl. No. | Name (s) of the related party                     | Nature of relationship | Nature of contracts / arrangements / transactions                 | Duration of the contracts / arrangements / transactions | Salient terms of the contracts or arrangements including the value, if any   | Justification for entering into such contracts or arrangements or transactions  | Date(s) of approval by the Board   | Amount paid as advances, if any: | Date on which the special resolution was passed in General Meeting as required under first provision to Section 188 |
|---------|---|------------------------|---|---|--|---|--|----------------------------------|---|
| 4.      | Samtel-HAL Display Systems Ltd., (SHDS)           | Joint Venture          | Supply Contract through Proprietary basis                         | 1 Years   | Supply of qty. 5 no. of H-Level MFD Functional Test Equipment (FTE) at a total value of ₹699 Lakhs for FOR IAF bases. Landed value of the proposal works out to ₹824.82 Lakhs. incl. GST@18%.  | SHDS is the OEM for the H-Level FTE and hence procurement is on Proprietary basis.  | 27 <sup>th</sup> Sep 2023  | 10% Advance Payment              | -   |
| 5.      | Samtel-HAL Display Systems Ltd., (SHDS)           | Joint Venture          | Amendment in the Quantities & Value in the existing LTRA of CMFDs | 3 years   | Amendment in the Quantities & Value in the existing LTRA of CMFDs i.e. CMFD55 & CMFD66, from 294 Nos to 514 Nos with CIF value of ₹4,667.47 Lakhs including GST, Freight & Insurance   | SHDS is the OEM   | 25 <sup>th</sup> October, 2023   | -                                | -   |
| 6.      | Indo Avia Services Limited, (erstwhile M/s. IRAL) | Joint Venture          | Renewal of Lease Agreement  | 2 years   | Renewal of lease of Office space measuring 503 sq. ft. in Old HMA building (First Floor) on a monthly rent of ₹38,540/- (excluding GST) for the period from 01.04.2023 to 31.03.2024 and ₹41,430/- (excluding GST) for the period from 01.04.2024 to 31.03.2025. | -   | 10 <sup>th</sup> November, 2023  | -                                | -   |
| 7.      | Naini Aerospace Ltd (NAEL)                        | Subsidiary             | Service Contract through Single Tender Nomination Basis           | 3 years   | As per MoU signed, which was approved by the Board, 30 nos of Purchase Order valuing ₹ 52.14 Crore. placed by HAL on NAEL.   | Service of NAEL, a wholly owned subsidiary Company was availed by HAL as per MoU signed between HAL and NAEL on 04.08.2021. | Transactions entered under the MoU for the period from 1 <sup>st</sup> April, 2023 to 30 <sup>th</sup> September, 2023 were noted by the Board at its 47 <sup>th</sup> meeting held on 10 <sup>th</sup> November, 2023.  | -                                | -   |
| 8.      | Naini Aerospace Ltd (NAEL)                        | Subsidiary             | Service Contract through Single Tender Nomination Basis           | 3 years   | As per MoU signed, which was approved by the Board, 2 nos of Purchase Order valuing ₹9.51 Crore. placed by HAL on NAEL.  | Service of NAEL, a wholly owned subsidiary Company was availed by HAL as per MoU signed between HAL and NAEL on 04.08.2021. | Transactions entered under the MoU for the period from 1 <sup>st</sup> October, 2023 to 31 <sup>st</sup> December, 2023 were noted by the Board at its 47 <sup>th</sup> meeting held on 12 <sup>th</sup> February, 2024. | -                                | -   |

| Sl. No. | Name (s) of the related party | Nature of relationship | Nature of contracts / arrangements / transactions          | Duration of the contracts / arrangements / transactions | Salient terms of the contracts or arrangements including the value, if any  | Justification for entering into such contracts or arrangements or transactions  | Date(s) of approval by the Board  | Amount paid as advances, if any: | Date on which the special resolution was passed in General Meeting as required under first provision to Section 188 |
|---------|-------------------------------|------------------------|--|---|---|---|---|----------------------------------|---|
| 9.      | Naini Aerospace Ltd (NAel)    | Subsidiary             | MoU for utilization of service of NAel on Nomination Basis | 3 years   | Signing of MoU between HAL and NAel for a period of 3 years from FY 2024-25 till FY 2026-27 for utilizing the services of trained manpower of NAel. | In order to utilize the services of trained manpower.   | 26 <sup>th</sup> March, 2024  | -                                | -   |
| 10.     | Naini Aerospace Ltd (NAel)    | Subsidiary             | Service Contract through Single Tender Nomination Basis    | 3 years   | As per MoU signed, which was approved by the Board, 6 nos of Purchase Order valuing ₹1061.82 Lakhs, placed by HAL on NAel.                          | Service of NAel, a wholly owned subsidiary Company was availed by HAL as per MoU signed between HAL and NAel on 04.08.2021. | Transactions entered under the MoU for the period from 1 <sup>st</sup> January, 2024 to 31 <sup>st</sup> March, 2024 were noted by the Board at its 479 <sup>th</sup> meeting held on 16 <sup>th</sup> May, 2024. | -                                | -   |

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

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

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



**(C. B. Ananthkrishnan)**  
Director (Finance) & CFO  
Chairman and Managing Director (Addl Charge)

Place: Bengaluru  
Date: July 23, 2024



# Annexure II to Board's Report

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

(a) As on March 31, 2024, HAL has two Subsidiaries including one wholly owned Subsidiary and fourteen Joint Venture Companies (JVCs) including two Not-for-Profit Companies (Section 8 Companies).

During the year under review, the total turnover reported by the JVCs/Subsidiaries is ₹582.89 Crore as per details given below:  
(₹ in Crores)


| Sl. No.                                       | Name of the JVCs / Subsidiaries                                      | HAL share holding (%) | Revenue from Operations | Profit Before Tax/ (Loss) |
|---|--|-----------------------|-------------------------|---------------------------|
| <b>I. Operational JVCs</b>                    |  |                       |                         |                           |
| 1.  | BAeHAL Software Ltd.   | 49                    | 20.20                   | 2.46                      |
| 2.  | Indo Avia Services Limited<br>(Erstwhile Indo Russian Aviation Ltd.) | 48                    | 25.46                   | 9.46                      |
| 3.  | Safran HAL Aircraft Engines Pvt. Ltd.                                | 50                    | 169.88                  | 21.53                     |
| 4.  | Samtel HAL Display System Ltd.                                       | 40                    | 32.20                   | 0.97                      |
| 5.  | HALBIT Avionics Pvt. Ltd.  | 50                    | 3.64                    | 1.49                      |
| 6.  | HATSOFF Helicopter Training Pvt. Ltd.                                | 50                    | 66.49                   | 19.00                     |
| 7.  | International Aerospace Manufacturing Pvt. Ltd.                      | 50                    | 250.80                  | 33.31                     |
| 8.  | Helicopter Engines MRO Pvt. Ltd.#                                    | 50                    | -                       | (0.22)                    |
| 9.  | SAFHAL Helicopter Engines Pvt. Ltd.#                                 | 50                    | -                       | (0.32)                    |
| <b>Sub - Total (I)</b>                        |  |                       | <b>568.67</b>           | <b>87.68</b>              |
| <b>II. Section-8 Company (Not-for-profit)</b> |  |                       |                         |                           |
| 10.   | Aerospace & Aviation Sector Skill Council                            | 50                    | -                       | -                         |
| 11.   | Defence Innovation Organisation                                      | 50                    | -                       | -                         |
| <b>Sub - Total (II)</b>                       |  |                       | -                       | -                         |
| <b>III. JVCs under closure</b>                |  |                       |                         |                           |
| 12.   | HAL-Edgewood Technologies Pvt. Ltd.                                  | 50                    | -                       | -                         |
| 13.   | Multi-Role Transport Aircraft Ltd.                                   | 50                    | -                       | 2.72                      |
| 14.   | Infotech HAL Ltd.  | 50                    | -                       | -                         |
| <b>Sub - Total (III)</b>                      |  |                       | -                       | <b>2.72</b>               |
| <b>A - Total (I+II+III)</b>                   |  |                       | <b>568.67</b>           | <b>90.40</b>              |
| <b>IV. Subsidiaries</b>                       |  |                       |                         |                           |
| 15.   | Indo-Russian Helicopters Ltd.  | 50.5                  | -                       | (0.19)                    |
| 16.   | Naini Aerospace Ltd.   | 100                   | 14.22                   | (3.07)                    |
| <b>B - Total (IV)</b>                         |  |                       | <b>14.22</b>            | <b>(3.26)</b>             |
| <b>Grand Total (A + B)</b>                    |  |                       | <b>582.89</b>           | <b>87.14</b>              |

**Note:** Figures in brackets ( ) indicate loss # Not yet commenced operation

(b) During the year, 2 (two) JVCs viz. Indo Avia Services Limited and International Aerospace Manufacturing Pvt Ltd. have together paid a dividend of ₹2.95 Crore to HAL.

| Sl. No.      | Name of JVCs                                  | ₹ In Crore  |
|--------------|---|-------------|
| 1.           | Indo Avia Services Limited                    | 1.87        |
| 2.           | International Aerospace Manufacturing Pvt Ltd | 1.08        |
| <b>Total</b> |   | <b>2.95</b> |

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



**(C. B. Ananthkrishnan)**

Director (Finance) & CFO  
Chairman and Managing Director (Addl Charge)

Place: Bengaluru  
Date: July 23, 2024



# Annexure III to Board's Report

## ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2023-24

### 1. Brief outline on CSR Policy of the Company:

- The CSR Policy of the Company is approved by the Board and is in consonance with the CSR Policy framework enshrined in the Section 135 of Companies Act, 2013, Companies (CSR Policy) Rules, 2014 as amended from time to time by Ministry of Corporate Affairs, Government of India and Guidelines on Corporate Social Responsibility and Sustainability for Central Public Sector Enterprises issued by Department of Public Enterprises, Government of India.
- All the CSR activities of the Company is carried out in an economically, socially and environmentally sustainable manner that is transparent and ethical, for the interest of all the stakeholders.
- The thrust areas under CSR are Healthcare, Skill Development, Education, Enhancing Employability through Training, etc. The other areas in which support extended were Environment Sustainability, Sports Development, Rural Infrastructure Development, Sanitation etc.
- The policy provides for undertaking CSR projects / programs in local areas / vicinity of the Divisions / Complexes where it operates giving preference for the theme identified by the Department of Public Enterprise (DPE) for undertaking CSR activities by Central Public Sector Enterprises (CPSEs).

### 2. Composition of CSR Committee as on March 31, 2024:

| Sl. No. | Name of Director          | Designation / Nature of Directorship                      | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|---------|---------------------------|---|--|--|
| 1       | Dr. Divya Gupta           | Chairperson/ Independent Director,                        | 3  | 3  |
| 2       | Shri C.B. Ananthakrishnan | Member / Director (Finance) & CFO with Addl charge of CMD | 3  | 0*   |
| 3       | Shri Jayadeva E P         | Member /Director (Operations)                             | 3  | 3  |
| 4       | Shri A B Pradhan**        | Member/ Director (HR)                                     | 2  | 2  |

**Note:**

\*Debriefing was made to Director (Finance) & CFO with Addl. charge of CMD after each meeting.

\*\*Shri A B Pradhan appointed as member of the Committee w.e.f July 19, 2023.

### 3. Provide the web-link(s) where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

The web-links are as under:

- Composition of CSR Committee:  
[https://hal-india.co.in/backend/wp-content/uploads/2023/05/Composition\\_of\\_CSR\\_Committee.pdf](https://hal-india.co.in/backend/wp-content/uploads/2023/05/Composition_of_CSR_Committee.pdf)
- CSR Policy approved by the Board:  
[https://hal-india.co.in/backend/wp-content/uploads/2023/05/CSR\\_Policy\\_11.pdf](https://hal-india.co.in/backend/wp-content/uploads/2023/05/CSR_Policy_11.pdf)
- Projects approved by the Board:  
<https://hal-india.co.in/backend/wp-content/uploads/2023/05/CSRProjectsforyr2023-24.pdf>

### 4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable.

The executive summary of Impact Assessment of following CSR Projects, conducted by Independent Agencies are enclosed to this report:

- Establishment of Skill Development center for experimental learning in Smart Manufacturing and Industry 4.0, at Bangalore, Karnataka.



- Establishment of Centralized kitchen for mid-day meal program at Bangalore, Karnataka.
- Construction of Toilets in Govt. Schools in Chikkaballapur/ Doddaballapur, Karnataka.
- HAL Football Academy, Bangalore, Karnataka.
- Provisioning of Garbage picking vehicles at Serligampally, Hyderabad, Telangana.
- Infrastructural Development at Kasturba Gandhi School, Barabanki, Uttar Pradesh.
- Training of Apprentices over and above the Statutory Limits under CSR, Lucknow, Uttar Pradesh (FY 2020-21 & 2021-22).
- Project for Management & Containment of COVID-19: Ambulances, High Flow Nasal Canula (HFNC) & Ventilators through Dist. Magistrate Lucknow, Uttar Pradesh.
- Establishment of COVID-19 Care Hospital at Lucknow, Uttar Pradesh FY 2021-22.
- Construction of Road & Culvert - Chamrahi & Banauga Villages, Uttar Pradesh.
- Construction, Maintenance and upkeep of Roads for improving healthcare & hygiene in Narsinghbhanpur & Bahorikpur Villages, Uttar Pradesh
- Provisioning for Drinking Water facilities, upgradation of waiting room toilet, etc., for easy access of Divyangjan / Women, etc at Railway Stations, i.e. Amethi, Gauriganj and Mushafirkhana, Uttar Pradesh.
- Construction of Hostels, Computer Lab, Smart Class Rooms, etc. in Kasturba Gandhi Residential Girls Schools (KGRG) at Amethi District, Uttar Pradesh.

**The web-link(s) of Impact Assessment of above CSR Projects is as under:**

<https://hal-india.co.in/backend/wp-content/uploads/2023/07/Impact-Assessment-2023-24.pdf>

5. (a) Average net profit of the company as per sub-section (5) of section 135. - ₹ 5,330.05 Crore
- (b) Two percent of average net profit of the company as per sub-section (5) of section 135. - ₹ 106.60 Crore
- (c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years. - ₹ 8.92 Crore
- (d) Amount required to be set-off for the financial year, if any. - ₹ 6.21 Crore
- (e) Total CSR obligation for the financial year [(b)+(c)-(d)]. - ₹ 109.31 Crore
6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project). - ₹ 117.22 Crore
- (b) Amount spent in Administrative Overheads. - ₹ 2.65 Crore
- (c) Amount spent on Impact Assessment, if applicable. - ₹ 0.11 Crore
- (d) Total amount spent for the Financial Year [(a) + (b) +(c)]. - ₹ 119.98 Crore
- (e) CSR amount spent or unspent for the Financial Year:

| Total Amount Spent for the Financial Year. (in ₹ Crore) | Amount Unspent (in ₹)  |                  |   |        |                  |
|---|--|------------------|---|--------|------------------|
|   | Total Amount transferred to Unspent CSR Account as per sub section (6) of section 135. |                  | Amount transferred to any fund specified under Schedule VII as per second proviso to sub section (5) of section 135 |        |                  |
|   | Amount   | Date of transfer | Name of the Fund  | Amount | Date of transfer |
| 119.98  | Nil  | NA               | Nil   | Nil    | NA               |

- (f) Excess amount for set off, if any

| Sl. No. | Particular  | Amount (₹ in Crores) |
|---------|---|----------------------|
| (i)     | Two percent of average net profit of the company as per sub section (5) of section 135                      | 106.60               |
| (ii)    | Total amount spent for the Financial Year   | 119.98               |
| (iii)   | Excess amount spent for the financial year [(ii)-(i)]   | 13.38                |
| (iv)    | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | 8.92                 |
| (v)     | Amount available for set off in succeeding financial years [(iii)-(iv)]                                     | 10.67*               |



**Note\*:**

- a) Total CSR Obligation for the Financial Year 2023-24 [Refer SI No. 5 (e)] - ₹ 109.31 Crore
- b) Total CSR Amount Spent for the Financial Year: - ₹ 119.98 Crore
- c) The excess amount spent during FY 2023-24 available for set off in succeeding financial years: - ₹ 10.67 Crore

**7. Details of Unspent CSR amount for the preceding three financial years:**

| Sl. No. | Preceding Financial Year(s) | Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in ₹ Crores) | Balance Amount in Unspent CSR Account under sub-section (6) of Section 135 (in ₹ Crores) | Amount spent in Financial Year (in ₹) | Amount transferred to a fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any. |                   | Amount remaining to be spent in succeeding financial years. (in ₹) | Deficiency, if any |
|---------|-----------------------------|--|--|---------------------------------------|---|-------------------|--|--------------------|
|         |                             |  |  |                                       | Amount (in ₹ Crores)  | Date of transfer. |  |                    |
| 1.      | 2020-21                     | Nil  | NA   | NA                                    | NA  | NA                | NA   | NA                 |
| 2.      | 2021-22                     | 3.00   | Nil  | 3.00                                  | NA  | NA                | Nil  | NA                 |
| 3.      | 2022-23                     | Nil  | NA   | NA                                    | NA  | NA                | NA   | NA                 |

**8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount in the financial year: YES / NO**

**No**

If Yes, enter the number of Capital assets created/ acquired: **NA**

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

| Sl. No. | Short particulars of the property or asset(s) [including complete address and location of the property] | Pincode of the property or asset(s) | Date of creation | Amount of CSR amount spent | Details of entity/ Authority/ beneficiary of the registered owner |      |                    |
|---------|---|-------------------------------------|------------------|----------------------------|---|------|--------------------|
|         |   |                                     |                  |                            | CSR Registration Number, if applicable                            | Name | Registered address |
|         |   |                                     |                  |                            |   |      |                    |

NA

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/Municipal Corporation/ Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

**9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per subsection (5) of section 135.**

**Not Applicable.**

**(Atasi Baran Pradhan)**  
Director (HR)

**(Dr. Divya Gupta)**  
Chairperson of CSR Committee



**Executive Summary of Impact Assessments of various CSR Projects  
Conducted by External Agencies during FY 2023-24**

|                         |  |
|-------------------------|--|
| <b>1. Project Name:</b> | <b>Establishment of Skill Development Center for experimental learning in Smart Manufacturing and Industry 4.0</b> |
| <b>Sector:</b>          | <b>Science &amp; Technology, Skill Development</b>   |
| <b>Location:</b>        | <b>Bengaluru, Karnataka</b>  |
| <b>Start Date:</b>      | <b>15/01/2021</b>  |
| <b>Completion Date:</b> | <b>31/03/2022</b>  |

The external agency has evaluated the Projects / activities w.r.t. the following information:

| Sl. No. | Particular   | Details  |
|---------|--|--|
| 1.      | Need for choosing the activity/ project (Conduct of Baseline Survey)             | A Centre for Industry 4.0 Skill is crucial for bridging the skill gap in the rapidly evolving Industry 4.0 landscape, thereby boosting the competitiveness of Indian manufacturing sector.   |
| 2.      | Fulfilment of the objectives for the activity/ project                           | The project successfully fulfilled its objective by effectively training a significant number of professionals in relevant Industry 4.0 skills.  |
| 3.      | a. Beneficiaries of the activity/ project.<br>b. Approximate Numbers             | a. Students and faculty from academic institutes, MSMEs (Micro, Small, and Medium Enterprises) and Industries and public sector personnel<br>b. 9480 & ongoing (6480 direct + 3000 indirect)   |
| 4.      | Budget utilization   | ₹ 200 Lakhs  |
| 5.      | Implementation aspects   | Direct Implementation by Facilities Management Division, HAL.  |
| 6.      | Timely completion of the targets.  | The targets set for the project were achieved in a timely manner, showcasing effective project management and execution.   |
| 7.      | Impact of the activity/ project on social, economic and environment perspective. | The project is contributing to Skill Development by equipping professionals with Industry 4.0 skills, contributes significantly to their employability and earning potential. Socially, it helps India build a skilled workforce, capable of driving its industrial growth and global competitiveness. |
| 8.      | Any other relevant points  | -  |



|                         |  |
|-------------------------|--|
| <b>2. Project Name:</b> | <b>Establishment of Centralized Kitchen for mid-day meal program</b> |
| <b>Sector:</b>          | <b>Education, Eradicating Hunger, Poverty &amp; Malnutrition</b>     |
| <b>Location:</b>        | <b>Bengaluru, Karnataka</b>  |
| <b>Start Date:</b>      | <b>10/09/2020</b>  |
| <b>Completion Date:</b> | <b>18/08/2021</b>  |

The external agency has evaluated the Projects / activities w.r.t. the following information:

| Sl. No. | Particular   | Details   |
|---------|--|---|
| 1.      | Need for choosing the activity/ project (Conduct of Baseline Survey)             | The Centralized Kitchen for the Mid-Day Meal Program, initiated by HAL, was implemented to tackle malnutrition, encourage school attendance, and ensure a healthier future for children in low-income communities.  |
| 2.      | Fulfilment of the objectives for the activity/ project                           | The project successfully met its objectives by serving nutritious meals daily to 9,103 children across 68 schools, thereby promoting health and education among these communities.  |
| 3.      | a. Beneficiaries of the activity/ project.<br>b. Approximate Numbers             | a. School Students<br>b. 68 School, 9100 Students daily   |
| 4.      | Budget utilization   | ₹ 245.76 Lakhs  |
| 5.      | Implementation aspects   | Direct Implementation by Facilities Management Division, HAL.   |
| 6.      | Timely completion of the targets.  | The targets set for the project were achieved in a timely manner, showcasing effective project management and execution.  |
| 7.      | Impact of the activity/ project on social, economic and environment perspective. | The project has a significant social impact by encouraging children to attend school and providing them with nutritious meals, which has improved their overall health and well-being. Economically, it has helped families save resources that would otherwise be spent on meals, while also creating employment opportunities within the kitchen operation. |
| 8.      | Any other relevant points  | -   |





|                         |  |
|-------------------------|--|
| <b>3. Project Name:</b> | <b>Construction of Toilets in Govt. Schools in Chikkaballapur/ Doddaballapur</b> |
| <b>Sector:</b>          | <b>Sanitation, Education, Gender Equity, Women Empowerment</b>                   |
| <b>Location:</b>        | <b>Chikkaballapur and Doddaballapur districts, Karnataka</b>                     |
| <b>Start Date:</b>      | <b>14/10/2019</b>  |
| <b>Completion Date:</b> | <b>02/12/2020 (in 6 schools) and 30/01/2021 (in 1 school)</b>                    |

The external agency has evaluated the Projects / activities w.r.t. the following information:

| Sl. No. | Particular   | Details   |
|---------|--|---|
| 1.      | Need for choosing the activity/ project (Conduct of Baseline Survey)             | The construction of School Toilet Blocks was initiated by HAL to address the critical issue of sanitation and hygiene in schools, which directly influences students' health, well-being and educational performance.   |
| 2.      | Fulfilment of the objectives for the activity/ project                           | The project has successfully fulfilled its objectives, constructing several toilet blocks for both boys and girls in seven different educational institutions, thereby enhancing sanitation facilities.   |
| 3.      | a. Beneficiaries of the activity/ project.<br>b. Approximate Numbers             | a. School Students, especially girl students<br>b. Over 2000 Students from 7 Schools  |
| 4.      | Budget utilization   | ₹ 103 Lakhs   |
| 5.      | Implementation aspects   | Direct Implementation by Facilities Management Division, HAL.   |
| 6.      | Timely completion of the targets.  | The project was completed in a timely manner, successfully constructing all proposed toilet blocks and urinals, as per the requirements of each school.   |
| 7.      | Impact of the activity/ project on social, economic and environment perspective. | From a social perspective, the project has positively impacted students' health and overall experience at school, which can boost attendance rates and improve educational outcomes, especially for girls. Economically, it has also indirectly contributed to the local economy by generating construction-related jobs. |
| 8.      | Any other relevant points  | -   |



|                         |                                 |
|-------------------------|---------------------------------|
| <b>4. Project Name:</b> | <b>HAL Football Academy</b>     |
| <b>Sector:</b>          | <b>Sports</b>                   |
| <b>Location:</b>        | <b>Bangalore</b>                |
| <b>Start Date:</b>      | <b>13/02/2016</b>               |
| <b>Completion Date:</b> | <b>Ongoing (Yearly Project)</b> |

The external agency has evaluated the Projects / activities w.r.t. the following information:

| Sl. No. | Particular   | Details   |
|---------|--|---|
| 1.      | Need for choosing the activity/ project (Conduct of Baseline Survey)             | HAL initiated the Football Academy to promote sports among youth, fostering holistic development, building life skills, and offering a platform for budding football talents to learn and excel in the sport.   |
| 2.      | Fulfilment of the objectives for the activity/ project                           | The HAL Football Academy has effectively fulfilled its objectives by fostering young talent, promoting football, and contributing to the holistic development of its attendees.   |
| 3.      | a. Beneficiaries of the activity/ project.<br>b. Approximate Numbers             | a. Youth<br>b. 249 (2015 to 2023)   |
| 4.      | Budget utilization   | ₹ 967.85 Lakh (FY 2015-16 to 2022-23)   |
| 5.      | Implementation aspects   | Direct Implementation by Facilities Management Division, HAL.   |
| 6.      | Timely completion of the targets.  | The HAL Football Academy consistently meets its targets on time, showcasing effective management and commitment to nurturing football talent.   |
| 7.      | Impact of the activity/ project on social, economic and environment perspective. | The HAL Football Academy has a transformative impact on its trainees by not only honing their football skills but also fostering personal growth, discipline, and team spirit. Economically, it creates opportunities for trainees to pursue careers in football, ultimately improving their livelihoods and contributing to society. |
| 8.      | Any other relevant points  | -   |



|                         |  |
|-------------------------|--|
| <b>5. Project Name:</b> | <b>Procurement of Garbage picking vehicles</b> |
| <b>Sector:</b>          | <b>Sanitation, Health care.</b>                |
| <b>Location:</b>        | <b>Serligampally, Hyderabad, Telengana</b>     |
| <b>Start Date:</b>      | <b>04/07/2020</b>                              |
| <b>Completion Date:</b> | <b>27/03/2021</b>                              |

The external agency has evaluated the Projects / activities w.r.t. the following information:

| Sl. No. | Particular   | Details   |
|---------|--|---|
| 1.      | Need for choosing the activity/ project (Conduct of Baseline Survey)             | Proposal for sponsoring Garbage Picking Vehicles under Corporate Social Responsibility was received from Greater Hyderabad Municipal Corporation (GHMC).  |
| 2.      | Fulfilment of the objectives for the activity/ project                           | The objective of the project was to sponsor 22 Nos. Garbage Picking Vehicles to GHMC, which was achieved.   |
| 3.      | a. Beneficiaries of the activity/ project.<br>b. Approximate Numbers             | a. Citizens living in Serligampally, Hyderabad<br>b. 10000  |
| 4.      | Budget utilization   | ₹ 151.27 lakhs  |
| 5.      | Implementation aspects   | The project was implemented through GHMC, Hyderabad   |
| 6.      | Timely completion of the targets.  | The project was completed on time in FY 2020-21.  |
| 7.      | Impact of the activity/ project on social, economic and environment perspective. | The project contributed to better waste collection and waste management in the location of implementation. Apart from taking care of the Environment, the project boosted health-care by preventing spread of Infectious diseases. The garbage picked-up and brought by these vehicles are also used for used for generation of bio-fuel. |
| 8.      | Any other relevant points  | -   |



|                         |   |
|-------------------------|---|
| <b>6. Project Name:</b> | <b>Construction and provisioning of essential articles / items in Kasturba Gandhi School, Barabanki</b> |
| <b>Sector:</b>          | <b>Education</b>  |
| <b>Location:</b>        | <b>Barabanki District, Uttar Pradesh</b>  |
| <b>Start Date:</b>      | <b>01.04.2020</b>   |
| <b>Completion Date:</b> | <b>31.03.2022</b>   |

The external agency has evaluated the Projects / activities w.r.t. the following information:

| Sl. No. | Particular   | Details   |
|---------|--|---|
| 1.      | Need for choosing the activity/ project (Conduct of Baseline Survey)             | The building of Kasturba Gandhi School, district Barabanki was not in a proper /secure state and was very risky for students & teachers. Schools were lacking many essential facilities which were required to run fully residential educational programs. Construction and provisioning of important articles / items was very much needed.  |
| 2.      | Fulfilment of the objectives for the activity/ project                           | The objective was to improve infrastructure at Kasturba Gandhi School, Barabanki and thus reduce drop outs by creating a better learning ambience.  |
| 3.      | a. Beneficiaries of the activity/ project.<br>b. Approximate Numbers             | a. School Children<br>b. 1000   |
| 4.      | Budget utilization   | ₹ 134.67 Lakhs  |
| 5.      | Implementation aspects   | Direct Implementation through HAL, Avionics Division, Korwa   |
| 6.      | Timely completion of the targets.  | Project was completed as per plan.  |
| 7.      | Impact of the activity/ project on social, economic and environment perspective. | Majority of the respondents stated that overall infrastructure support provided in the School has been very beneficial. These respondents stated that they had improved access to learning and they were highly satisfied with the upgraded facilities. The average drop-out rate for the students was reported to be very low due to the adequate infrastructure and other facilities at school along with the guidance of satisfied teachers. |
| 8.      | Any other relevant points  | -   |



|                         |  |
|-------------------------|--|
| <b>7. Project Name:</b> | <b>Training of Apprentices over and above the Statutory Limits under CSR (FY 2020-21 &amp; 2021-22).</b> |
| <b>Sector:</b>          | <b>Skill Development, Education</b>  |
| <b>Location:</b>        | <b>Lucknow, Uttar Pradesh</b>  |
| <b>Start Date:</b>      | <b>01.04.2020</b>  |
| <b>Completion Date:</b> | <b>31.03.2022</b>  |

The external agency has evaluated the Projects / activities w.r.t. the following information:

| Sl. No. | Particular   | Details  |
|---------|--|--|
| 1.      | Need for choosing the activity/ project (Conduct of Baseline Survey)             | Undertaking an apprenticeship at HAL Lucknow can provide valuable hands-on experience and learning opportunities in the aerospace or similar type industries.  |
| 2.      | Fulfilment of the objectives for the activity/ project                           | The objective to offer young people a pathway to acquire practical skills, gain industry experience and secure a prosperous future was fulfilled.  |
| 3.      | a. Beneficiaries of the activity/ project.<br>b. Approximate Numbers             | a. ITI / Diploma/Degree Holders<br>b. 375 (FY 2020-21) and 325 (FY 2021-22)  |
| 4.      | Budget utilization   | ₹ 251.38 Lakhs (FY 2020-21)<br>₹ 164.91 Lakhs (FY 2021-22)   |
| 5.      | Implementation aspects   | Direct Implementation by HAL, Accessories Division, Lucknow.   |
| 6.      | Timely completion of the targets.  | Project was completed as per plan.   |
| 7.      | Impact of the activity/ project on social, economic and environment perspective. | Upon successful completion of training, most trainees secured positions in various organizations aligned with their respective trade qualifications. Post-apprenticeship Program, the trainees aspired to join regular jobs in CPSEs as well as pursuing entrepreneurial ventures. |
| 8.      | Any other relevant points  | -  |



|                         |   |
|-------------------------|---|
| <b>8. Project Name:</b> | <b>Management &amp; Containment of COVID-19: Provision of Ambulances, High Flow Nasal Canula (HFNC) &amp; Ventilators</b> |
| <b>Sector:</b>          | <b>Health Care</b>  |
| <b>Location:</b>        | <b>Lucknow, Uttar Pradesh</b>   |
| <b>Start Date:</b>      | <b>01.04.2020</b>   |
| <b>Completion Date:</b> | <b>31.03.2021</b>   |

The external agency has evaluated the Projects / activities w.r.t. the following information:

| Sl. No. | Particular   | Details  |
|---------|--|--|
| 1.      | Need for choosing the activity/ project (Conduct of Baseline Survey)             | During Covid-19 pandemic, there was a major need to provide timely treatment to large number of Covid patients and also transportation of pathological samples & fast reporting.   |
| 2.      | Fulfilment of the objectives for the activity/ project                           | The objective of containment of Covid – 19, fast and safe transportation service to patients so to avail better Medical Infrastructure facilities in time was achieved.  |
| 3.      | a. Beneficiaries of the activity/ project.<br>b. Approximate Numbers             | a. Covid patients from Urban and Rural Areas<br>b. 2000  |
| 4.      | Budget utilization   | ₹ 159.29 Lakhs   |
| 5.      | Implementation aspects   | Direct Implementation by HAL, Accessories Division, Lucknow.   |
| 6.      | Timely completion of the targets.  | Project was completed as per plan.   |
| 7.      | Impact of the activity/ project on social, economic and environment perspective. | A large number of the Covid patients could survive due to timely availability of Ambulance, making healthcare in Hospitals accessible. The Medical Equipment provisioned also supported many Covid patients from financially underprivileged background. |
| 8.      | Any other relevant points  | -  |



|                         |  |
|-------------------------|--|
| <b>9. Project Name:</b> | <b>Establishment of COVID - 19 Care Hospital (CCC) at HAJ House, Lucknow</b> |
| <b>Sector:</b>          | <b>Health Care</b>   |
| <b>Location:</b>        | <b>Lucknow, Uttar Pradesh</b>  |
| <b>Start Date:</b>      | <b>01.04.2021</b>  |
| <b>Completion Date:</b> | <b>31.03.2022</b>  |

The external agency has evaluated the Projects / activities w.r.t. the following information:

| Sl. No. | Particular   | Details   |
|---------|--|---|
| 1.      | Need for choosing the activity/ project (Conduct of Baseline Survey)             | During Covid-19 pandemic, there was a major need to provide quality health care to infected patients and HAL, Lucknow decided to set up a Covid Care Centre in co-ordination with the Government.   |
| 2.      | Fulfilment of the objectives for the activity/ project                           | The objective of providing timely treatment to Covid – 19 infected patients was achieved.   |
| 3.      | a. Beneficiaries of the activity/ project.<br>b. Approximate Numbers             | a. Covid patients from Urban and Rural Areas<br>b. 2,75,000   |
| 4.      | Budget utilization   | ₹ 1251.51 Lakhs   |
| 5.      | Implementation aspects   | Direct Implementation by HAL, Accessories Division, Lucknow.  |
| 6.      | Timely completion of the targets.  | To meet the growing need of providing isolated care to citizens who have tested positive for the corona virus during second wave, HAL in just 18 days, converted the Haj House, Lucknow into Covid Care Centre with 255 beds with all the necessary medical equipment & Infrastructure and handed over to State Govt. UP. |
| 7.      | Impact of the activity/ project on social, economic and environment perspective. | A larger number of Covid patients could survive due to timely availability of healthcare services. It supported large number of Covid patients from the financially underprivileged background.   |
| 8.      | Any other relevant points  | -   |



|                          |   |
|--------------------------|---|
| <b>10. Project Name:</b> | <b>Construction of Road &amp; Culvert – Chamrahi &amp; Banauga Villages</b> |
| <b>Sector:</b>           | <b>Sanitation, Rural Development</b>  |
| <b>Location:</b>         | <b>Barabanki District, Uttar Pradesh</b>                                    |
| <b>Start Date:</b>       | <b>01.04.2020</b>   |
| <b>Completion Date:</b>  | <b>31.03.2021</b>   |

The external agency has evaluated the Projects / activities w.r.t. the following information:

| Sl. No. | Particular   | Details   |
|---------|--|---|
| 1.      | Need for choosing the activity/ project (Conduct of Baseline Survey)             | The basic infrastructure of Road and Drainage was underdeveloped in Chamrahi & Banauga Villages which needed to be improved.  |
| 2.      | Fulfilment of the objectives for the activity/ project                           | The objective of providing basic rural infrastructure like roads and drainage in rural areas of Barabanki District was achieved.  |
| 3.      | a. Beneficiaries of the activity/ project.<br>b. Approximate Numbers             | a. Rural areas of the District<br>b. 7000   |
| 4.      | Budget utilization   | ₹ 133.92 Lakhs  |
| 5.      | Implementation aspects   | Direct Implementation through HAL, Accessories Division, Lucknow.   |
| 6.      | Timely completion of the targets.  | Project was completed as per plan.  |
| 7.      | Impact of the activity/ project on social, economic and environment perspective. | Large number of the villagers are being benefitted in terms of Social Cohesion & Connectivity, Economical Advancements, while travelling on these Roads in Safe & Secure way. |
| 8.      | Any other relevant points  | -   |





|                          |   |
|--------------------------|---|
| <b>11. Project Name:</b> | <b>Construction/ Maintenance &amp; upkeep of Roads for improving Sanitation, Healthcare &amp; Hygiene on village roads.</b> |
| <b>Sector:</b>           | <b>Sanitation, Rural Development</b>  |
| <b>Location:</b>         | <b>Amethi, (Narsinghbhanpur &amp; Bahorikpur (Pure Tiwari)) Uttar Pradesh</b>   |
| <b>Start Date:</b>       | <b>01.04.2021</b>   |
| <b>Completion Date:</b>  | <b>28.12.2021</b>   |

The external agency has evaluated the Projects / activities w.r.t. the following information:

| Sl. No. | Particular   | Details   |
|---------|--|---|
| 1.      | Need for choosing the activity/ project (Conduct of Baseline Survey)             | Based on Stakeholder consultation & Proposal submitted by Gram Panchayat  |
| 2.      | Fulfilment of the objectives for the activity/ project                           | The objective of the project viz. construction/ Maintenance & upkeep of Roads for improving Sanitation, Healthcare & Hygiene in Amethi District was achieved.                 |
| 3.      | a. Beneficiaries of the activity/ project.<br>b. Approximate Numbers             | a. Rural/School Children/Sr. Citizens/etc.<br>b. 6000   |
| 4.      | Budget utilization   | ₹ 180 Lakhs   |
| 5.      | Implementation aspects   | UP Awas Evam Vikash Parishad,   |
| 6.      | Timely completion of the targets.  | Project was completed as per plan.  |
| 7.      | Impact of the activity/ project on social, economic and environment perspective. | Large number of the villagers are being benefitted in terms of Social Cohesion & Connectivity, Economical Advancements, while travelling on these Roads in Safe & Secure way. |
| 8.      | Any other relevant points  | -   |



|                          |   |
|--------------------------|---|
| <b>12. Project Name:</b> | <b>Provision for drinking water facility, upgradation of waiting room, toilets etc. for easy access of Divyangjan/ women etc. at Railways stations i.e. Amethi, Gauriganj, Musafirkhana</b> |
| <b>Sector:</b>           | <b>Health, Sanitation</b>   |
| <b>Location:</b>         | <b>Amethi, Gauriganj &amp; Musafirkhana, Uttar Pradesh</b>  |
| <b>Start Date:</b>       | <b>01.04.2019</b>   |
| <b>Completion Date:</b>  | <b>22.12.2021</b>   |

The external agency has evaluated the Projects / activities w.r.t. the following information:

| Sl. No. | Particular   | Details   |
|---------|--|---|
| 1.      | Need for choosing the activity/ project (Conduct of Baseline Survey)             | Proposed by DRM (NR) Lucknow  |
| 2.      | Fulfilment of the objectives for the activity/ project                           | The objectives of the project were met.   |
| 3.      | a. Beneficiaries of the activity/ project.<br>b. Approximate Numbers             | a. Rural/Urban/Student/Sr. Citizens/ Divyangjan and Different types of Passenger, Vender, Railway Staff, etc.<br>b. 7557 per Day. (27,57,940 per Year.)                 |
| 4.      | Budget Utilization   | ₹ 187.77 Lakhs  |
| 5.      | Implementation aspects   | Implemented by SR. DFM Lucknow, Northern Railway  |
| 6.      | Timely completion of the targets.  | The projects was completed on time  |
| 7.      | Impact of the activity/ project on social, economic and environment perspective. | The project has benefitted / benefitting thousands of railway passengers including Divyangjan, Women and Sr. Citizens, who travel through these railway stations, daily |
| 8.      | Any other relevant points  | -   |



|                          |   |
|--------------------------|---|
| <b>13. Project Name:</b> | <b>Construction of hostels, computer lab, etc. at Kasturba Gandhi Residential Girls Schools, Amethi</b> |
| <b>Sector:</b>           | <b>Education</b>  |
| <b>Location:</b>         | <b>Amethi District, Uttar Pradesh</b>   |
| <b>Start Date:</b>       | <b>01.04.2021</b>   |
| <b>Completion Date:</b>  | <b>28.12.2021</b>   |

The external agency has evaluated the Projects / activities w.r.t. the following information:

| Sl. No. | Particular  | Details   |
|---------|---|---|
| 1.      | Need for choosing the activity/project (Conduct of Baseline Survey)             | The need for the project was assessed by Education and Welfare departments & HAL officials also assessed the needs of these schools   |
| 2.      | Fulfilment of the objectives for the activity/project                           | Yes   |
| 3.      | a. Beneficiaries of the activity/project.<br>b. Approximate Numbers             | a. School Children and Teachers of Kasturba Gandhi Residential Girls Schools at various Blocks in Amethi District<br>b. Around 900 girls students   |
| 4.      | Budget utilization  | ₹ 141.43 lakhs  |
| 5.      | Implementation aspects.   | Rural Engineering Department through Tender   |
| 6.      | Timely completion of the targets.   | Yes   |
| 7.      | Impact of the activity/project on social, economic and environment perspective. | The facilities created under the projects, viz. Computer Lab, Toilets, Smart Class Rooms, etc, in the Schools has been appreciated by the Students and the staff member and the same is enabling better learning environment. |
| 8.      | Any other relevant points   | –   |



# Annexure IV to Board's Report

FORM NO. MR - 3

## SECRETARIAL AUDIT REPORT

(FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> March 2024)

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

To,  
The Members  
Hindustan Aeronautics Limited  
Bangalore - 560001

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to corporate governance practices by **Hindustan Aeronautics Limited** (Hereinafter called the "Company") for the Financial Year 2023-24. Secretarial Audit was conducted in a manner that provided us reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the 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 2024** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent and in the manner, subject to the reporting made hereinafter.

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, 2024** according to the applicable laws and more specifically the following:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, wherever applicable.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act):
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - d. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; **(Not Applicable during the audit period)**
  - e. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; **(Not Applicable during the audit period)**
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; **(Not Applicable during the audit period)**
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **(Not Applicable during the audit period)**
- (vi) Guidelines issued by Department of Public Enterprises;
- (vii) Guidelines issued by Department of Investment and Public Asset Management (DIPAM);
- (viii) Order / Regulations issued by the Govt. of India from time to time;



We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015.

During the period under review the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards etc. as mentioned above subject to the following observations during examination of the relevant documents and records in pursuance thereof on test-check basis:

- *The Company has received exemption from the Department of Investment and Public Asset Management, Ministry of Finance from compliance of DIPAM Guidelines pertaining to buyback of shares and issue of bonus shares during the financial year 2023-24.*
- *During the year under review Bombay Stock Exchange Ltd (BSE) and National Stock exchange (NSE) have imposed total fine of ₹43,18,800/- for non-compliance under Regulation 17 (1) of SEBI (LODR) Regulations, 2015.*

*During the year under the review, the President of India sold 37,632 shares (representing 0.01% of the paid up capital) of the Company by Employee Offer for Sale in April, 2023.*

*Further, during the year under the review, the Company has sub divided the Equity Shares of Face Value of ₹10/- each into 2 (Two) equity shares of Face Value of ₹5/- each by obtaining the consent of shareholders in Annual General Meeting held on 31<sup>st</sup> August, 2023. The Record Date for the purpose was 29<sup>th</sup> September, 2023.*

**We further report that:**

*As on 31<sup>st</sup> March 2024, the Company was required to appoint 5 independent directors and 1 functional director, i.e. Chairman & Managing Director to comply with the direction of Ministry of Defence vide their letter dated 5<sup>th</sup> December 2014 w.r.t. composition of Board read with Regulation 17 of SEBI (LODR) Regulations, 2015.*

*Further, half of the Board was not Independent for whole year.*

On the above referred non-compliances, it was explained by the Company that, since, the appointment of Independent Directors in the Government Companies has to be made by the concerned Administrative Ministry of the Government of India, multiple requests/ reminders were made/sent by the Company for filling the vacant posts of Independent Directors in the Company within the stipulated time, referring penal provisions both under the Companies Act, 2013 and SEBI Regulations. However, even after continuous follow up on the matter, 5 posts of Independent Directors were lying vacant as on 31.03.2024.

It was further explained that, since, the matter was beyond the control of the Company, application for waiver of fines was made to the Stock Exchanges. In response, the Stock Exchanges have advised the Company to make application for waiver only after compliance of the same.

**We further report that:**

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

All decisions are carried out unanimously and the Members' views are captured and recorded as part of the minutes.

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

**For DPSP and Associates**  
Company Secretaries



**P. Dakshayani**

Partner

C.P. No. 8411

UDIN: F008993F000525740

P.R. No. 1067/2021

Date: 04/06/2024

Place: Bangalore

*\*This report is to be read with our letter with given date which is annexed as 'Annexure A' and forms an integral part of this report.*



## 'ANNEXURE A'

To,  
The Members  
Hindustan Aeronautics Limited  
Bangalore – 560001

Our report with given date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of **HINDUSTAN AERONAUTICS LIMITED** ("the Company"). Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**For DPSP and Associates**  
Company Secretaries

**P. Dakshayani**

Partner

C.P. No. 8411

UDIN: F008993F000525740

P.R. No. 1067/2021

Date: 04/06/2024  
Place: Bangalore



# Management Discussion & Analysis Report

## 1. INDUSTRY

Aerospace & Defence (A&D) Industry is a vast industry which encompasses Commercial and General Aviation, Military aircraft, Space systems, Ground Defence and Shipbuilding. In 2023, A&D industry has recovered from COVID disruptions in both Civil and Defence segments. The Defence segment is expected to grow in 2024-25 as many countries have significantly increased Defence budgets to strengthen their military capabilities due to global geopolitical conflicts. In Civil segment the global passenger traffic has reached to pre COVID level by the end of 2023. This has become a driving factor for large size manufacturing orders and aftersales activities in the A&D industry.

### 1.1 Global Scenario

1.1.1 Reports have estimated that the global A&D industry to grow from \$884 billion in 2023 to around \$1230 billion in next five years. The major driving force in the Defence segment is global geopolitical situation, whereas in civil segment increasing passenger traffic is driving the market growth.

1.1.2 The key challenges in the industry are supply chain dependencies, pressure to achieve high efficiency, low cost of production and workforce management. As solution, OEMs are looking for local sources for materials and components. Additionally to achieve efficiencies OEMs are moving towards innovation, digital technologies and smart factories.

### 1.2 Indian Scenario

1.2.1 The Indian A&D Industry is dominated by Defence segment. The major players of Indian A&D industry are Defence Public Sector Undertakings (DPSUs). Therefore defence projects, policies and funding of Govt plays crucial role in development of A&D industry in India.

1.2.2 In the Interim Union Budget 2024-25, ₹6,21,540.85 Crore have been allocated to Defence. This includes expenditure on salaries of armed forces and civilians, pensions, modernisation of armed forces, production establishments, maintenance, and research and development organisations. This is 4.7% higher than ₹5,93,537.64 Crore (BE for FY 2023-24).

1.2.3 The budgetary allocation for Capital Expenditure in Defence for FY 24-25 is ₹1,72,000 Crore, which is 9.4% more than the revised allocation of FY23-24. Allocated amount under this head caters to procurement of new equipment and modernisation requirements of the Defence Services.

1.2.4 In the budget, ₹92,000 Crore has been allocated for Revenue Expenditure other than salary. This head caters

to repair and maintenance of equipment and MRO activities. Under "Aircraft and Aero-engine" category of the capital outlay, Defence Services have been allocated a combined amount of ₹40,777.86 Crore, which is around 44.5% more than BE of last year.

1.2.5 In the recent years significant impetus has been given by the Government to develop and strengthen the A&D Industry in the Country and indigenisation of Defence equipment under "Atmanirbhar Bharat Abhiyan" to reduce Defence import bill and make the Country self-reliant in Defence. Defence procurements are guided by the Defence Acquisition Procedure (DAP-2020) which lays down emphasis on higher indigenous content. To propel indigenisation, Five Positive Indigenisation Lists (PIL) have been issued by Department of Military Affairs (DMA), in which 21 items of HAL are listed. Major platforms included under these lists are Light Combat Aircraft (LCA) Mk1A, Light Combat Helicopter (LCH), Transport Aircraft (Do-228), Basic Trainer Aircraft (HTT-40), Small Jet Engines (PTAE), and Light Utility Helicopter (LUH). Similarly, Department of Defence Production (DDP) has released four Positive Indigenisation Lists which include 4,666 items to be taken up for indigenisation by DPSUs.

## 2. ORGANISATION STRUCTURE

2.1 Presently, HAL has 20 Production and 9 R&D Centres. These Divisions and R&D Centres are located at ten geographic locations in seven States across the Country. HAL's Divisions and R&D Centres are organized into five complexes with current & future operations given below:

- ❖ Bangalore Complex (BC): Production, MRO and upgrade of Fixed-wing Aircraft and Engines of Indian and Western Origin, Aerospace Structures, Castings, Forgings & Rolled Rings.
- ❖ MiG Complex (MC): Production of indigenous Fixed-wing aircraft, Production, MRO and upgrade of Fixed-wing aircraft and Engines of mainly Russian Origin, Civil MRO and UAV Projects.
- ❖ Helicopter Complex (HC): Production, MRO and upgrade of Helicopters of Indian and Western Origin.
- ❖ Accessories Complex (AC): Production, MRO and upgrade of Transport aircraft, Production and MRO of Accessories and Avionics for Fixed-wing and Rotary-wing Platforms (Indian, Russian and Western Origin), Depot Level Maintenance of UAVs.
- ❖ Design Complex (DC): R&D of Fixed-wing and Rotary-wing aircraft, Unmanned Aerial Vehicles (UAV), Aero-engines, Avionics and Accessories.

BC, MC, HC and AC are headed by Chief Executive Officers (CEOs). Head of Divisions under each Complex



reports to the respective CEOs, whereas Head of R&D Centres under Design Complex report to Director (Engineering and R&D). All the functional Directors and CEOs report to Chairman & Managing Director (CMD).

### 3. SWOT ANALYSIS

3.1 SWOT Analysis is the tool to identify potential opportunities and threats in the external environment and assess internal strengths and weaknesses of the organization. The SWOT analysis of the Company is as follows:

#### Strength

- ❖ The capability to cater a large spectrum of aerospace business which includes R&D, Production and MRO of the Fixed-wing aircraft, Rotary-wing aircraft, Aero-engines, LRUs and airborne systems.
- ❖ Expertise in aircraft upgrade for the Defence Customers which includes major changes like re-engining, avionics upgrade, and weapon system integration for HAL and non-HAL platforms.
- ❖ Expertise in absorption of Transfer of Technology (ToT) of fighter and transport aircraft. HAL has successfully absorbed ToT and produced MiG-21, MiG-27, Su-30MKI, Jaguar, Hawk, Dornier-228 and AVRO.
- ❖ Expertise in Design & Development of a wide range of helicopters including Utility and Combat helicopters. HAL has developed flagship platforms like ALH Variants, LCH & LUH in 3.5 to 5.5 ton class. Further, HAL is developing IMRH and DBMRH in 10-15 ton class, proving D&D capabilities in wide range of helicopters.
- ❖ Trusted partner of Indian Defence Forces for providing support to aging fleets, some of which are more than 60 years old.
- ❖ Development of large scale Defence infrastructure with the support of Government of India and trained manpower with expertise in aerospace industry.

#### Weakness

- ❖ Dependency on foreign OEMs for critical materials and LRUs.
- ❖ Little presence outside India in export market.
- ❖ Dependency on limited customers for the contracts.

#### Opportunity

- ❖ Atmanirbhar Bharat Abhiyan and other policy reforms by the Government promoting self-reliance and indigenous products.
- ❖ Active support from Govt. of India for export promotion to friendly foreign countries.

- ❖ Focus of Government to develop A&D industry in the Country, reduce import bill and make India an A&D hub.
- ❖ Gradually developing civil MRO opportunities in India.
- ❖ Development of new potential market in India such as for regional jets, UAVs etc.
- ❖ Growth potentials through alliance and partnership for global markets.

#### Threat

- ❖ Collaborations of Indian Private Companies with Global OEMs and their capability building.
- ❖ Change in preference of Defence customers by moving from nomination to competitive procurement.
- ❖ The Strategic Partnership (SP) Model may deprive HAL from some high value Defence orders.
- ❖ Direct competition from foreign companies pursuing Indian market.
- ❖ Dependence on MoD for contracts.

### 4. OUR STRATEGIES

4.1 We intend to pursue the following principal strategies to leverage our strengths and grow our business:

- ❖ Launching Design and Development programs for Indian Defence Services with initial company funding.
- ❖ Diversifying into civil market for both manufacturing and MRO opportunities.
- ❖ Enhancing Indigenisation to ensure higher indigenous content in our products & reduce supply chain dependency.
- ❖ Expanding our operations globally and acquire core technologies through collaborations with global OEMs/partners.
- ❖ Opening offices in the target geographies to explore global market.
- ❖ Strengthening and leveraging Marketing and Business Development functions.
- ❖ Enhancing customer satisfaction and improved quality of products and services.
- ❖ Strategic product development to bring out right products at right time.
- ❖ Focus on increasing operational efficiencies by adapting latest technologies such as Industry 4.0, automation, additive manufacturing, etc.





## 5. SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

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

## 6. OUTLOOK

- 6.1.1 India has the third largest armed force in the world and plans to allocate additional budget for Defence procurement over next many years. Some specific big-ticket procurement that MoD allocations will be used for, include Su-30MKI aircraft new procurement, LCA Mk1A, AL-31FP engines for Su-30MKI, RD-33 engines for MiG-29 fighters, additional C-295 transport aircraft and MQ-9B drones.
- 6.1.2 As per the SIPRI Report, India has been the largest arms importer globally for the period 2019-2023 with 9.8% share of imports of major arms. This indicates high dependency and outflow of large portion of Defence budget to foreign countries. However, through the 'Make in India' initiative and "Atmanirbhar Bharat Abhiyan", the Government has made efforts to vitalize the domestic Defence Industry to reduce dependency on other countries for the critical arms.
- 6.1.3 India's resolve to reduce its reliance on imports through "Atmanirbharta" (self-reliance), is a pivotal development in the Defence sector. In the recent time, under the self-reliance drive, India's annual Defence production is expected to touch ₹3 lakh Crore by 2028-29, along with arms exports of ₹50,000 Crore. In the last few years, India has emerged as weapon exporter and found place in the top-25 countries with around ₹21,000 Crore export value in the year 2023-24.
- 6.1.4 India's self-reliance drive also aims at creating an environment where public, private, and foreign entities can work together and help India become one of the leading countries in Defence manufacturing. Accordingly, to boost Defence manufacturing sector, Positive Indigenisation Lists (PIL) have been released which intends to procure all restricted items from indigenous sources.
- 6.1.5 To bring the industry, especially the private sector, to the forefront of Defence innovation, the MoD in the last 10 years has made several efforts. These include the launch of new schemes such as Innovation for Defence Excellence (iDEX), Technology Development Fund (TDF) and simplified 'Make' guidelines. While these schemes and guidelines have attracted many big and small players, these are especially beneficial for the start-ups and small & medium enterprises.

- 6.1.6 On the other hand, civil aviation is emerging as one of the fastest-growing sectors in India. India is projected to have more than 500 million domestic and international air travelers by 2030 and has the potential to become the world's leading aviation market by 2047. According to DGCA, over 152 million passengers were carried by domestic airlines during the year 2023 as compared to 123 million during the same period of the previous year registering an annual growth of over 23.36 percent. Based on traffic projections, Air India and IndiGo ordered 470 aircrafts (220 from Boeing and 250 from Airbus) and 500 aircraft (Airbus A320), respectively during 2023.
- 6.1.7 Leading aircraft Original Equipment Manufacturers (OEMs) see India as an important market for both exports and manufacturing because of the high demand for aircraft, parts and equipment, strategic geographic location, engineering expertise, and competitive labour costs. To capture the Civil sector opportunities, the Indian Government has revised its MRO policy to increase the ease of doing business, with the goal of making India a global leader in the MRO sector. Approximately 90 percent of India's MRO activity occurs outside India, predominantly in Sri Lanka, Singapore, and Malaysia. Local capabilities are nascent, but exhibit growth potential. Efforts are underway to make India a regional hub for MRO services, given its advantageous geographic location between Europe and Southeast Asia and its proximity to the Middle East. India's growing fleet of aircraft is likely to translate into an increase in demand for maintenance services and MRO facilities.
- 6.1.8 The possible opportunities available for HAL in the future are:
- ❖ Thrust from the Government towards domestic products for developing a self-reliant industry will bring greater opportunities and new orders.
  - ❖ The stability of military sector due to continuing geo-political factors will attract commercial players to diversify into military sector as risk aversion strategy. This opens up opportunities for HAL.

## 7. RISKS AND CONCERNS

The major risks and concerns for the Company are:

- ❖ Dependency on foreign OEMs for supply of critical components and Spares.
- ❖ Geo-political issues and instability can disrupt supply chain.
- ❖ Dependency on limited customers for new contracts.
- ❖ Competition from domestic and foreign players.

## 8. MEASURES TO TACKLE CHALLENGES

HAL has taken following measures to address the challenges, concerns and risks:



### Mitigating Strategic Challenges

- ❖ The Company is focusing on diversification to enhance its revenues from commercial / civil sector to maintain growth and mitigate the risks of skewed Sales Portfolio toward Defence.
- ❖ The Company has entered into strategic partnerships with global OEMs to acquire core engine technologies in design and development of engines for helicopters and manufacturing of engines for fighter aircraft.

### Mitigating R&D Challenges

- ❖ The Company is focusing on market-oriented products and technology developments to complement with its goals to expand in commercial and export market.
- ❖ The Company has always focused on participation of academia with Industry. Over the years, the Company has established chairs at IITs and IISc to benefit from technological developments and their application in our R&D programs.
- ❖ The Company is focusing on enhanced participation of Startup, SME/MSME companies in R&D and technology development.

### Mitigating Marketing Challenges

- ❖ The Company has enhanced the impetus on strengthening and leveraging Marketing and Business Development to complement business expansion goals.
- ❖ The Company is appointing Channel partners in the target geographies for promoting its products and expansion in export markets.

### Mitigating Operational Challenges

- ❖ The Company is focusing on enhanced digitalization and IT enabled systems for speedy communication and decision making.
- ❖ The Company is focusing on moving up the value chain by engaging in activities related to its core competency and source other activities from the ecosystem partners.
- ❖ The Company is focusing on use of advanced materials, Advanced Manufacturing Technologies and automation to improve product quality and achieve operational efficiencies.

## 9. CUSTOMER ORIENTATION

Customer orientation is an important aspect in HAL's operations, reflected in our commitments to meet the Customer needs. We are dedicated to fostering a Customer satisfaction mindset through a Customer centric culture, Continuous Improvement, Responsive Communications, Quality and Reliability.

Key initiatives towards Customer orientation are as under:

- i. **Visit of Top Management to Customer Bases / Commands:** Visit of Top Management and Senior officers to Customer Bases / Commands for interactions and understanding the Customer issues / concerns, if any, and faster resolution of the same.
- ii. **ALH Symposium:** First of kind symposium on ALH was held on December 18, 2023 at New Delhi which involved participation of Indian Air Force, Indian Army, Indian Navy, Coast Guard, BSF, DGAQA, CEMILAC and HAL. This symposium was aimed to showcase / build awareness regarding numerous initiatives and improvements implemented in ALH fleet.
- iii. **Single Point of Contact (SPOC) Set Up:** To enhance better Customer support & resolve the issues in time bound manner, fleet-wise SPOCs have been established at all four complex offices of HAL.

## 10. INTERNAL FINANCIAL CONTROLS

- 10.1 The Company has set up proper and adequate Internal Financial Controls with respect to financial statements. Systems Audit is carried out by an internal team of officials with finance and technical background. This is in addition to the internal audit by firms of Chartered Accountants/ Cost Accountants. Manuals pertaining to various functions/activities such as Purchase, Outsourcing, Stores, Accounts, Systems Audit etc., have been updated and implemented. Any instance of material weakness in the operations, if observed, is followed up with necessary remedial measures and suitable disclosures have been made in the Notes to Accounts.
- 10.2 During the year, an Independent Chartered Accountant firm was appointed to review and report the effectiveness of Internal Financial Controls (IFC) in the Company. The firm has submitted its report confirming the existence of effective internal control system in the Company.
- 10.3 The Statutory Auditors are also required to issue the Independent Auditor's Report vide Section 143(3)(i) of the Companies Act. The Report issued thereupon has been attached along with the standalone and consolidated financial statements respectively.
- 10.4 To evaluate the effectiveness of internal controls, systems and procedures across different functions in the organisation, the Company has an independent Systems Audit Department. The Department evaluates the design and effectiveness of internal controls, identifies weaknesses and recommends improvements to mitigate risks. It also monitors compliance with laws, regulations and internal policies. Necessary systems improvement guidelines are also issued by the Department. The major observations of Systems Audit are placed before the Audit Committee for review.



## 11 DISCUSSION AND ANALYSIS OF FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

(₹ in Lakh)

| Sl. No. | Particulars                                 | Year Ended March 31, 2024 | Year Ended March 31, 2023 |
|---------|---|---------------------------|---------------------------|
| 1       | Turnover                                    | 28,16,185                 | 26,36,056                 |
| 2       | Revenue from Operations                     | 30,38,084                 | 26,92,785                 |
| 3       | Value of Production                         | 30,11,802                 | 27,05,441                 |
| 4       | Gross Margin                                | 11,63,747                 | 8,33,476                  |
| 5       | Profit Before Tax                           | 10,19,897                 | 6,49,294                  |
| 6       | Tax Expense                                 | 2,60,393                  | 68,177                    |
| 7       | Profit After Tax                            | 7,59,504                  | 5,81,117                  |
| 8       | R&D Expenditure                             | 2,82,624                  | 2,49,433                  |
| 9       | Net Worth                                   | 29,04,642                 | 23,50,617                 |
| 10      | Trade Receivable                            | 4,61,667                  | 4,71,918                  |
| 11      | Cash and Bank Balance                       | 26,42,184                 | 20,30,615                 |
| 12      | Borrowings                                  | -                         | -                         |
| 13      | Book Value Per Share (Face value of ₹5) (₹) | 434.32                    | 351.48                    |
| 14      | Earnings Per Share (Face value of ₹5) (₹)   | 113.57                    | 86.89                     |
| 15      | Dividend Per Share (Face value of ₹5) (₹)   | 22                        | 27.5*                     |
| 16      | Debtors Turnover Ratio (No. of times)       | 6.03                      | 5.63                      |
| 17      | Inventory Turnover Ratio (No. of times)     | 2.22                      | 1.99                      |
| 18      | Interest Service Coverage Ratio             | -                         | -                         |
| 19      | Current Ratio                               | 1.7:1                     | 1.7:1                     |
| 20      | Debt Equity Ratio                           | -                         | -                         |
| 21      | Operating Profit Margin (%) on Turnover     | 29%                       | 18%                       |
| 22      | Net Profit Margin (%) on Turnover           | 27%                       | 22%                       |
| 23      | Return on net worth %                       | 26%                       | 25%                       |

\*Includes final dividend of ₹7.5 per share for face value of ₹5 each (₹15 per equity share of face value of ₹10 each declared in 60<sup>th</sup> AGM for the financial year 2022-23).

### Reason for significant changes in ratios for FY 2023-24:

- ❖ Debtors Turnover ratio increased due to improved collection from customers.
- ❖ There is a growth in sales during the current year as compared to previous year and also there is a considerable reduction in average inventory in the current period which has resulted improvement in Inventory Turnover Ratios.
- ❖ Increase in Operating Profit Margin mainly due to recognition of LCA IOC Contract amendment Sales and increase in Repair and Overhaul Sales.
- ❖ Net Profit Margin has improved due to revenue recognition of LCA IOC Contract amendment Sales and increase in interest income. The Company earned interest income of ₹1,633 Crore in FY 2023-24 (PY ₹929 Crore).
- ❖ Return on Net Worth has improved due to increase of Net profit.

## 12. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES

The major HR Initiatives for the year 2023-24 aimed at enabling a culture of continuous learning, employee engagement, and talent management including employee welfare. The initiatives undertaken during the year are summarised as under:

### A. Revamped Campus Recruitment Policy:

Recognizing the importance of attracting and nurturing top talent at the entry level, the extant Campus Recruitment System of the Company was revamped. This initiative facilitates induction of both Management Trainees (across various disciplines) and Design Trainees through Campus recruitment. Selection will be on the basis of ranking of top-ranked National Institutional Ranking Framework (NIRF) institutes with a focus on Engineering, Management, Law, and Architecture programs and receipt of slot / response from the Institutes. CA / CMA graduates will be inducted as Management Trainee (Finance) from the Institute of Chartered Accountants of India (ICAI) / Institute of Cost & Management Accountants of India (ICMAI). Campus recruitments would be limited to a maximum upto 50% of total MT / DT vacancies.

**B. Introduction of Town Hall Meetings:** In pursuance of the valuable insights which emerged from the 2022 Employee Engagement Survey, Town Hall meetings across Divisions / Offices were organised. The meetings provide a platform / forum for open and direct communication between Executives and Top Management on quarterly basis. The scope of the aforesaid meetings encompasses sharing of



information pertaining to significant departmental and functional milestones, transparency around future targets, initiatives, and special assignments. Open House sessions facilitated by HR Heads encourage a participative and inclusive environment which further bolsters employee engagement.

### 13. HAL MANAGEMENT ACADEMY (HMA)

During the year, HMA conducted 143 programs against a plan of 97 programs covering 3,360 Officers (5,963 participants) and 30,713 man-days of training. This accounts to 46% of the Officers of the Company. Also, 718 external candidates participated in various training programs. In addition to the planned programs, HMA introduced a new concept called 'Weekend Programmes' wherein training will be provided on special subjects / Division based training requirements / niche technology & regulatory areas. A total of 16 Weekend programs were conducted with 412 participants. Some of the initiatives undertaken in training/ development program during the year are as follows:

- i. The 46<sup>th</sup> Batch of Management Trainees (MTs) / Design Trainees (DTs) including 153 trainees were inducted on 22<sup>nd</sup> November, 2023. Presently, the trainees have completed the Induction programme, Basic Management Module Phase-I & II at HMA, Group Project work and On Job Training (Phase-1) at respective division of posting. The trainees will carry out Individual Project Work at respective division of posting.
- ii. Certification programs such as Six Sigma Green Belt, Disciplinary Proceeding Certification Workshop and Corporate Governance were conducted during the year. 110 executives are certified.
- iii. HMA collaborated with reputed Institutions such as IIM-Ahmedabad, IIM-Indore, IIM-Bangalore, IIT-Madras, IIIT-Dharwad, ISI-Bengaluru, CII, NLSIU, IICA, IMTMA etc. for various Management Development Programs.
- iv. To foster the culture of Learning & Development, HMA offered its own customised Online Certification programs which is conducted on an Online Learning Management System.
- v. The Company has signed MoUs with IICA, Akasa Airlines and Karnataka Aerospace Technology Centre (KATC) for collaboration in offering Management Development Programs and writing papers/articles.

### 14. SKILL DEVELOPMENT

14.1 Skill Development Policy (SDP) for the employees in non-executive cadre has been introduced in the Company with an objective to enhance individual's skill, knowledge

and understanding to achieve performance excellence by eliminating waste in terms of Rework, Rejection & Premature product failures, thereby enhancing productivity, quality & customer satisfaction and strengthening the competitiveness of the Company.

14.2 During the year, the Company has undertaken the following initiatives for skill development:

- ❖ More than 775 training contents have been developed to impart the skill training to the employees across HAL by the Domain specialists.
- ❖ Post Assessment Training (PAT): Over 675 employees have completed Class Room Training (CRT), Shop Floor Training (SFT) / Work Place Training (WPT) and Coaching / Mentoring (CMT).
- ❖ Over 150 Critical Skill Transfer (CST) projects have been completed and nearly 386 employees have acquired the critical skills during the year. So far, over 700 projects have been completed across the Company.
- ❖ Mission Prakshalan (5S implementation) has been launched in all the Departments across the Company to transform the organization into a clean, safe and efficient world-class Organization. It is being executed by identified officers trained as 5S Champions. 320 projects have been completed and over 60 new champions trained during the year. So far, over 860 projects have been completed across the Company.
- ❖ Mission Abhyudaya (Industry 4.0) has been launched to prepare employees to cope up with the imminent arrival of digital manufacturing ecosystem. Over 6500 employees across HAL have been trained during the year.

### 15. MANPOWER

| Total Employees as on March 31, 2024 | Officers | Workmen |          | Total Workmen |
|--------------------------------------|----------|---------|----------|---------------|
|                                      |          | Direct  | Indirect |               |
| 23,766                               | 7,466    | 10,474  | 5,826    | 16,300        |

### 16. ENVIRONMENT PROTECTION & CONSERVATION

Various Divisions of the Company located at Bangalore, Nashik, Koraput, Hyderabad, Lucknow, Kanpur, Korwa, Kasaragod and Barrackpore have taken measures towards Environment Protection & Conservation, governed by various Acts & Rules like the Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016, Solid Waste Management Rules, 2016, The Air (Prevention and Control of Pollution) Act, 1981, Environment (Protection) Act, 1986, Water (Prevention



and Control of Pollution) Act, 1974, etc. All the Divisions are ISO 14001 certified and comply with the rules prescribed by respective State Pollution Control Boards. All emissions and waste generation is monitored as prescribed by the Pollution Control Boards.

Various measures taken by the Company for environment protection and conservations are as under:

#### **Non-hazardous Waste Management:**

Municipal Solid Waste (MSW) generated from Townships and Factories is segregated at source in Townships and Factories (Wet, Dry, Garden, Sanitary and Rejects). Through the process of Vermi-Composting, the Bio-degradable waste comprising of domestic waste and horticulture waste is being converted to manure. For better utilization of biodegradable waste generated from HAL Estates, the Company has installed Solid Waste Management Units like Organic Waste Converters and Bio Gas Plants at select places. At Bangalore, 1.5 Tons per day capacity bio-gas plants are installed. Metal scrap is stored in designated areas and disposed periodically through MSTC Limited (Central PSU). The Company has taken an initiative towards recycling and reusing the waste paper generated from various offices of HAL, Bangalore by setting up a Waste Paper Recycling Unit (75kg / day). Various products made from the unit include Writing Pads, Visiting Cards, Bags, Files, Folders, etc.

#### **Hazardous Waste Management**

**Effluents:** The Divisions which use and generate hazardous effluents such as chrome, acid/alkali, cyanide etc. are having independent Effluent Treatment Plants (ETPs). Effluent samples after treatment are periodically checked in the Laboratories. The sludge from the ETPs is disposed through Agencies authorized by Pollution Control Boards. The waste water discharged from the ETPs is tested and further treated in Sewage Treatment Plants (STPs), if meeting the norms. The water processed in the STPs is being used for horticulture purposes within the Divisions and no waste water is discharged outside the premises. The sludge generated from the STPs is converted into manure and reused or disposed through authorized agencies.

**E-Waste:** The Company, as part of its operations, generates e-waste from old Electrical and Electronics Systems such as LRUs, Avionics Control / Test Systems, Electronics Items in Plant & Machinery, Computer Systems (IT) and Communication Systems, which needs to be disposed after their life expiry or damage. Apart from production activities, e-waste is also generated in Townships which is segregated and collected at source. The e-waste generated & collected is stored in designated areas (under cover) and auctioned through MSTC Limited

(Central PSU) for disposal through authorized Dismantlers / Recyclers / Refurbishers.

**Used Oil/Lubricants:** Used Oil and Lubricants produced during testing, maintenance / overhauling of equipment, vehicles and machinery is collected at source in leak proof containers. The same is stored safely in demarcated areas inside salvage yards and handed over to recyclers authorized by the respective Pollution Control Boards, through MSTC Ltd.

**Plastic:** Most of the Divisions have taken initiatives towards banning of Plastics Bags / Articles and declaring 'No-Plastics' Zones. The Non bio-degradable waste like polythene etc., is being collected and sent to recycling Agencies, as per Rules.

Other Hazardous wastes such as bio-medical waste, composite waste etc. are collected, stored and disposed through authorized agencies as per Pollution Control Board norms.

#### **Rain Water Harvesting (RWH):**

The Company has installed Rain Water Harvesting (RWH) systems at all its locations. The stored water is used for gardening and other non-potable uses. Rain Water Harvesting Systems are made compulsory in all new buildings.

Water bodies like Lakes and Ponds adjacent to some of the Divisions, are cleaned and taken care as a step towards ensuring availability of constant source of Ground Water.

#### **Air emissions:**

The emissions from process stacks and Diesel Generators are periodically monitored for compliance with the limits prescribed by Pollution Control Board.

#### **Renewable Energy:**

- ❖ Total of 7.57 MW capacity rooftop based solar power plants has been installed till date. Projects for installing another 1.4 MW capacity rooftop solar power plants are in progress.
- ❖ Total of 26.50 MW capacity ground mounted solar power plants has been installed till date.
- ❖ HAL has installed 14.7 MW capacity wind power plants in Karnataka.

The entire energy generated by the above power plants is utilized for captive consumption at our production units. The captive consumption is avoiding more than 66000 Tons of CO<sub>2</sub>e emissions in the reporting year thereby contributing to the mitigation of climate change.



# Corporate Governance Report

## 1. COMPANY'S PHILOSOPHY AND CODE OF GOVERNANCE

Your Company's philosophy on Corporate Governance is based on the principles of honesty, integrity, accountability, timely, adequate and accurate disclosures, compliances, Corporate Social Responsibility, transparency in decision making and accountability to take care of the interest of all the stakeholders. The Company continuously strives for enhancing the stakeholders' value and financial prudence. The Company seeks to protect and facilitate the exercise of the right by the shareholders, provide timely, adequate and accurate information to them and ensure equitable treatment to all shareholders. Our corporate structure, business and disclosure practise have been aligned to our Corporate Governance Philosophy.

Your Company being a Listed CPSE, adheres to Corporate Governance requirements for listed entity enunciated by Companies Act, 2013, SEBI (LODR) Regulations, 2015 (Listing Regulations) and Department of Public Enterprise (DPE).

## 2. BOARD OF DIRECTORS

The Board of Directors headed by the Executive Chairman and Managing Director (CMD) is the apex body which oversees the functioning of the Company. The Board provides long-term vision, strategic thinking, major plans of action, setting performance objectives, monitoring implementation and corporate performance. The Board has constituted Sub-Committees with specific terms of reference to facilitate for smooth and efficient decision-making process.

The sanctioned strength of the Board of Directors of the Company consist of:

- ❖ Five Whole-time/ Functional Directors including Chairman and Managing Director (CMD);
- ❖ Two Government Nominee Directors; and
- ❖ Seven Independent Directors

As on March 31, 2024, the Board of Directors of the Company comprised of four Whole-time / Functional Directors, two Government Nominee Directors and two Independent Director including one Woman Independent Director.

Your Company being a Government Company, the appointment of all Directors are made by the President of India, through the Ministry of Defence (MoD). As on March 31, 2024, the position of Chairman and Managing Director (CMD) and 5 independent directors were lying vacant. As an interim measure, Director (Finance) and CFO of the Company has been entrusted with additional charge of CMD by the MoD. The matter with respect to filing of vacant post of directors is under consideration with MoD.

Directors are not *inter-se* related to each other.

### (a) Composition and Category of Directors

As on March 31, 2024, the composition of the Board of Directors of the Company was as under:

| Sl. No.  | Name of Director  | DIN      |
|--|---|----------|
| <b>Whole-time / Functional Directors (Executive)</b> |   |          |
| 1  | Shri C.B. Ananthkrishnan<br>Director (Finance) & CFO and<br>*Chairman and Managing Director<br>(Addl. Charge) | 06761339 |
| 2  | Shri Jayadeva E P<br>Director (Operations)  | 06761333 |
| 3  | Dr. D K Sunil<br>Director (Engineering and R&D)   | 09639264 |
| 4  | Shri Atasi Baran Pradhan<br>Director (Human Resources)  | 10124018 |
| <b>Government Nominee Directors (Non-Executive)</b>  |   |          |
| 1  | Shri T Natarajan<br>Addl. Secretary (DP), DDP, MoD  | 00396367 |
| 2  | Shri M Z Siddique<br>Distinguished Scientist & DG (AS),<br>DRDO   | 10231161 |
| <b>Independent Director (Non-Executive)</b>          |   |          |
| 1  | Dr. Divya Gupta   | 00236773 |
| 2  | Shri Deepak Abasaheb Shinde   | 00288460 |

\*Holding the Additional Charge of Chairman & Managing Director w.e.f. August 1, 2022.



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

| Sl. No.  | Directors                   | Board Meeting held during respective tenure of Director | No. of Meetings attended | Attendance at the 60 <sup>th</sup> AGM | No. of other Directorship | Name of other listed entity in which Directorship held & category | No. of Committee memberships across all Companies # |        |
|--|-----------------------------|---|--------------------------|--|---------------------------|---|---|--------|
|  |                             |   |                          |  |                           |   | Chairman  | Member |
| <b>Whole-time/ Functional (Executive) Director</b> |                             |   |                          |  |                           |   |   |        |
| 1  | Shri C.B. Ananthkrishnan    | 12  | 12                       | Yes                                    | 2                         | Nil   | Nil   | 2      |
| 2  | Shri Jayadeva E P           | 12  | 12                       | Yes                                    | 2                         | Nil   | Nil   | 1      |
| 3  | Dr. D K Sunil               | 12  | 11                       | Yes                                    | 1                         | Nil   | Nil   | Nil    |
| 4  | Shri A B Pradhan*           | 9   | 9                        | Yes                                    | Nil                       | Nil   | Nil   | Nil    |
| <b>Government Nominee Director (Non-Executive)</b> |                             |   |                          |  |                           |   |   |        |
| 5  | Shri T Natarajan            | 12  | 11                       | No                                     | 2                         | Bharat Electronics Ltd – Govt. Nominee Director                   | Nil   | Nil    |
| 6  | Dr. Tessy Thomas**          | 1   | 1                        | NA                                     | Nil                       | NA  | Nil   | Nil    |
| 7  | Shri M Z Siddique***        | 9   | 6                        | No                                     | Nil                       | Nil   | Nil   | Nil    |
| <b>Independent (Non-Executive) Director</b>        |                             |   |                          |  |                           |   |   |        |
| 8  | Dr. Divya Gupta             | 12  | 12                       | Yes                                    | 3                         | Nil   | 1   | 2      |
| 9  | Shri Deepak Abasaheb Shinde | 12  | 12                       | Yes                                    | 7                         | Nil   | 1   | 1      |

# In accordance with Regulation 26 of the Listing Regulations, Membership/ Chairpersonship of only Audit Committee and Stakeholders' Relationship Committee have been considered.

\* Shri A B Pradhan appointed as Director (HR) w.e.f July 19, 2023.

\*\* Dr. Tessy Thomas ceased as Government Nominee Director due to withdrawn of Nomination w.e.f. May 8, 2023.

\*\*\* Shri M Z Siddique appointed as Government Nominee Director w.e.f July 18, 2023.

**Notes:**

- None of the Directors is a Member of more than 10 Committees or Chairman of more than 5 Committees, across all the Companies in which he is a Director;
- None of the Directors serves as a Director in more than 7 listed Companies and as Independent Director in more than 7 listed Companies;
- As on March 31, 2024, none of the Directors is holding any share in the Company;
- The Directorships / Committee Memberships in other companies are based on the latest disclosure received from respective Directors;

**(c) Meetings of the Board of Directors**

During the year, Twelve (12) Board Meetings were held. The details are as under:

| Sl. No. | Date of Board Meeting | Sl. No. | Date of Board Meeting |
|---------|-----------------------|---------|-----------------------|
| 1       | April 19, 2023        | 7       | October 25, 2023      |
| 2       | May 12, 2023          | 8       | November 10, 2023     |
| 3       | June 27, 2023         | 9       | January 05, 2024      |
| 4       | July 28, 2023         | 10      | January 29, 2024      |
| 5       | August 11, 2023       | 11      | February 12, 2024     |
| 6       | September 27, 2023    | 12      | March 26, 2024        |



**(d) Web link of familiarisation programmes imparted to Independent Directors:**

In order to familiarise the Independent Directors with their roles, rights, responsibilities, business model, nature of the industry in which the Company operates, various policies and processes, etc. the Company undertakes various familiarisation programmes from time to time.

The details of the familiarisation programs imparted to Independent Directors are hosted on the website of the Company at <https://hal-india.co.in/backend/wp-content/uploads/2023/07/Familiarization-programmes-imparted-to-Independent-Directors.pdf>

**(e) Skills/ Expertise/ Competence of the Board**

HAL being a Government Company, all of its Directors are appointed / re-appointed by the President of India through the Administrative Ministry. The skills /expertise/ competency of the Board as required in the context of the business pertaining to the Company are identified by the Government of India and accordingly selection of Directors on the Board of the Company is made by the Government. As such, all the Board Members of the Company have expertise and competency as per the Industry requirement.

**3. AUDIT COMMITTEE**

**(a) Terms of Reference:** The Terms of Reference of the Audit Committee are as provided under Section 177 of the Companies Act (except to the extent of exemptions granted to the Government Companies) and Regulation 18 of Listing Regulations (except to the extent of exemptions provided by SEBI to the Company) and other applicable Guidelines to CPSEs. The terms of reference of the Audit Committee are provided in the website of the Company [www.hal-india.co.in](http://www.hal-india.co.in).

**(b) No. of Meetings:** During the year, Eleven (11) Audit Committee Meetings were held. The details are as under:

| Sl. No | Date of Board Meeting | Sl. No | Date of Board Meeting |
|--------|-----------------------|--------|-----------------------|
| 1      | April 19, 2023        | 7      | October 25, 2023      |
| 2      | May 12, 2023          | 8      | November 10, 2023     |
| 3      | June 27, 2023         | 9      | January 05, 2024      |
| 4      | July 28, 2023         | 10     | February 12, 2024     |
| 5      | August 11, 2023       | 11     | March 26, 2024        |
| 6      | September 27, 2023    |        |                       |

**(c) Composition of the Committee as on March 31, 2024 and Meetings attended by each member:**

| Member of the Committee     | Category                 | Position | Meeting |          |
|-----------------------------|--------------------------|----------|---------|----------|
|                             |                          |          | Held    | Attended |
| Shri Deepak Abasaheb Shinde | Independent Director     | Chairman | 11      | 11       |
| Dr. Divya Gupta             | Independent Director     | Member   | 11      | 11       |
| Shri C B Ananthkrishnan     | Director (Finance) & CFO | Member   | 11      | 11       |

Director (Operations) is the permanent invitee to the Committee.

Company Secretary is the Secretary to the Committee.

**4. NOMINATION & REMUNERATION COMMITTEE (NRC)**

**(a) Terms of Reference:** The Terms of Reference of the Nomination and Remuneration Committee are as provided under Section 178 of the Companies Act (except to the extent of exemptions granted to Government Companies) and Regulation 19 of Listing Regulations (except to the extent of exemptions provided by SEBI to the Company) and other applicable Guidelines to CPSEs. The terms of reference of the Nomination & Remuneration Committee are provided in the website of the Company [www.hal-india.co.in](http://www.hal-india.co.in).

The appointment/ remuneration and other matters in respect of Key Managerial Personnel (KMP) and Senior Management Personnel are governed by the HAL Recruitment Rules and Procedures and subject to the policies and directives that may





be issued by the Company, from time to time. Pay Scales of KMPs and Senior Management Personnel are governed by the DPE Guidelines and Presidential Directives received from the Ministry of Defence.

- (b) **No. of Meetings:** During the year, Three (3) meetings of the Committee were held on June 27, 2023, October 25, 2023 and March 26, 2024.
- (c) **Composition of the Committee as on March 31, 2024 and Meetings attended by each member:**

| Member of the Committee     | Category                    | Position | Meeting |          |
|-----------------------------|-----------------------------|----------|---------|----------|
|                             |                             |          | Held    | Attended |
| Shri Deepak Abasaheb Shinde | Independent Director        | Chairman | 3       | 3        |
| Dr. Divya Gupta             | Independent Director        | Member   | 3       | 3        |
| Shri T Natarajan            | Government Nominee Director | Member   | 3       | 2        |

Director (Finance) and Director (HR) are the permanent invitees to the Committee.

Company Secretary is the Secretary to the Committee.

## 5. STAKEHOLDERS RELATIONSHIP COMMITTEE (SRC)

- (a) **Terms of Reference:** The Terms of Reference of the Stakeholders Relationship Committee are as provided under Section 178 of the Companies Act (except to the extent of exemptions granted to Government Companies) and Regulation 20 of Listing Regulations and other applicable Guidelines to CPSEs. The terms of reference of the Stakeholders Relationship Committee are provided in the website of the Company [www.hal-india.co.in](http://www.hal-india.co.in).
- (b) **No. of Meetings:** During the year, One (1) meeting of the Committee was held on November 10, 2023.
- (c) **Composition of the Committee as on March 31, 2024 and Meetings attended by each member:**

| Member of the Committee  | Category                 | Position    | Meeting |          |
|--------------------------|--------------------------|-------------|---------|----------|
|                          |                          |             | Held    | Attended |
| Dr. Divya Gupta          | Independent Director     | Chairperson | 1       | 1        |
| Shri C.B. Ananthkrishnan | Director (Finance) & CFO | Member      | 1       | 1        |
| Shri Jayadeva E P        | Director (Operations)    | Member      | 1       | 1        |

Company Secretary is the Secretary of the Committee.

(d) **Name and Designation of Compliance Officer**

Shri Shailesh Bansal,  
 Company Secretary & Compliance Officer,  
 Hindustan Aeronautics Limited,  
 15/1, Cubbon Road, Bengaluru – 560 001, Karnataka.  
 Phone: (080) 2232 0001  
 Email: [investors@hal-india.co.in](mailto:investors@hal-india.co.in)

- (e) **Number of shareholders' complaints received upto March 31, 2024:** 152
- (f) **Number of shareholders' complaints resolved upto March 31, 2024:** 152
- (g) **Number of pending complaints as on March 31, 2024:** Nil

## 6. CSR & SUSTAINABLE DEVELOPMENT COMMITTEE (CSR & SD)

- (a) **Terms of Reference:** The Terms of Reference of the CSR & Sustainable Development Committee are as provided under Section 135 of the Companies Act and the Rules made thereunder as amended and other applicable guidelines to CPSEs. The Committee formulates and recommend to the Board the CSR Policy, annual action plan, modalities of the utilisation of funds, implementation schedule of CSR projects / programmes and monitoring of CSR and Sustainable



Development activities in the Company. The terms of reference of the CSR & SD Committee are provided in the website of the Company [www.hal-india.co.in](http://www.hal-india.co.in).

**(b) No. of Meetings:** During the year, Three (3) meetings of the Committee were held on June 27, 2023, October 25, 2023 and March 26, 2024.

**(c) Composition of the Committee as on March 31, 2024 and Meetings attended by each member:**

| Member of the Committee  | Category                 | Position    | Meeting |          |
|--------------------------|--------------------------|-------------|---------|----------|
|                          |                          |             | Held    | Attended |
| Dr. Divya Gupta          | Independent Director     | Chairperson | 3       | 3        |
| Shri C.B. Ananthkrishnan | Director (Finance) & CFO | Member      | 3       | 0*       |
| Shri Jayadeva E P        | Director (Operations)    | Member      | 3       | 3        |
| Shri A B Pradhan**       | Director (HR)            | Member      | 2       | 2        |

\*Debriefing was made to Director (Finance) & CFO with Addl. charge of CMD after each meeting.

\*\*Shri A B Pradhan appointed as member of the Committee w.e.f July 19, 2023.

All CEOs of the Complexes, General Manager (Finance) and Head of Corporate CSR are the permanent invitees to the Committee.

Company Secretary is the Secretary of the Committee.

## 7. RISK MANAGEMENT COMMITTEE

**(a) Terms of Reference:** The Terms of Reference of the Risk Management Committee are as provided under Regulation 21 of Listing Regulations. The Risk Management Committee shall annually review and approve the Risk Management Policy and associated frameworks, processes and practices of the Company. The Committee shall review and assess the adequacy of the Risk Management Policy and recommend changes to the Board for approval. The terms of reference of the Risk Management Committee are provided in the website of the Company [www.hal-india.co.in](http://www.hal-india.co.in).

**(b) No. of Meetings:** During the year, Two (2) meeting of the Committee were held on September 05, 2023 and February 28, 2024.

**(c) Composition of the Committee as on March 31, 2024 and Meetings attended by each member:**

| Member of the Committee  | Category                 | Position    | Meeting |          |
|--------------------------|--------------------------|-------------|---------|----------|
|                          |                          |             | Held    | Attended |
| Dr. Divya Gupta          | Independent Director     | Chairperson | 2       | 2        |
| Shri C.B. Ananthkrishnan | Director (Finance) & CFO | Member      | 2       | 0        |
| Shri Jayadeva E P        | Director (Operations)    | Member      | 2       | 2        |
| Dr. D K Sunil            | Director (Engg and R&D)  | Member      | 2       | 2        |
| Shri A B Pradhan         | Director (HR)            | Member      | 2       | 2        |

All CEOs of the Complexes and Executive Director (CS & QA), are the permanent invitees to the Committee.

Company Secretary is the Secretary of the Committee.

## 8. OTHER COMMITTEES OF THE BOARD

Apart from the statutory committees, the Board has also constituted the following non-statutory Committees and power has been delegated for smooth operation of the Company:

HR Committee, Management Committee, Technology & Design Policy Committee, R & D Sub Committee and Procurement Committee.



## 9. SENIOR MANAGEMENT PERSONNEL

Particulars of senior management personnel including the changes therein since the close of the previous financial year:

| Sl. No. | Name                           | Designation as on 31.03.2024            | Changes during the year                  |
|---------|--------------------------------|---|--|
| 1       | Shri Atasi Baran Pradhan*      | Director (HR)                           | Appointment as D(HR)<br>w.e.f 19.07.2023 |
| 2       | Shri Sajal Prakash             | Chief Executive Officer, AC             | -  |
| 3       | Shri S Anbuvelan               | Chief Executive Officer, HC             | -  |
| 4       | Shri Mihir Kanti Mishra        | Chief Executive Officer, BC             | -  |
| 5       | Shri Saket Chaturvedi          | Chief Executive Officer, MC             | Appointment<br>w.e.f 01.04.2023          |
| 6       | Shri B. Krishnakumar           | Executive Director (Engine & IMGT)      | Superannuation<br>w.e.f 30.04.2023       |
| 7       | Shri D Deepak                  | Executive Director (HR)                 | -  |
| 8       | Shri Sairam Prasad M U         | Executive Director (IMM)                | Superannuation<br>w.e.f 30.06.2023       |
| 9       | Shri Rajeev Agarwal            | Executive Director (CS & QA)            | Superannuation<br>w.e.f 31.03.2024       |
| 10      | Shri Sandeep Patnaik           | Executive Director (HR)                 | Superannuation<br>w.e.f 31.12.2023       |
| 11      | Shri Apurba Roy                | Executive Director (AD, Korwa)          | -  |
| 12      | Shri Krishna                   | Executive Director (Corporate Planning) | Superannuation<br>w.e.f 31.01.2024       |
| 13      | Shri G Srikantha Sharma        | Executive Director (HMA)                | -  |
| 14      | Shri Syamnath G                | Executive Director (JV & OS)            | -  |
| 15      | Shri Krishna Kumar S           | Executive Director (ARDC)               | Superannuation<br>w.e.f 30.11.2023       |
| 16      | Shri Asutosh Mallick           | General Manager (Tech)                  | Superannuation<br>w.e.f 30.06.2023       |
| 17      | Shri Suresh Kumar C            | General Manager (Tech)                  | Superannuation<br>w.e.f 31.05.2023       |
| 18      | Smt Cherala Rangarao Saraswati | Executive Director (Fin)                | Superannuation<br>w.e.f 30.11.2023       |
| 19      | Shri S Manicka Vasagam         | General Manager (Aircraft)              | Superannuation<br>w.e.f 30.04.2023       |
| 20      | Shri V.S. Srinivas             | Executive Director (FMD)                | -  |
| 21      | Shri Venugopal C               | General Manager (ASERDC)                | Superannuation<br>w.e.f 30.09.2023       |
| 22      | Shri Jayan P G                 | Executive Director (ARDC)               | -  |
| 23      | Shri Chandramohan P            | Chief Designer (RC)                     | Superannuation<br>w.e.f 31.05.2023       |
| 24      | Smt. Rajashree Sharma          | General Manager (VIG.)                  | Superannuation<br>w.e.f 30.09.2023       |
| 25      | Shri Nikhil Dwivedi            | General Manager (Helicopter)            | Superannuation<br>w.e.f 30.09.2023       |
| 26      | Shri Rajender Sharma           | General Manager (Overhaul)              | -  |



| Sl. No. | Name                          | Designation as on 31.03.2024                               | Changes during the year         |
|---------|-------------------------------|--|---------------------------------|
| 27      | Shri Arun J Sarkate           | General Manager (AD, Hyderabad)                            | Superannuation w.e.f 31.05.2023 |
| 28      | Shri Ashish S. Dutta          | General Manager (MCSRDC)                                   | Superannuation w.e.f 31.05.2023 |
| 29      | Shri S K Mehta                | General Manager (Fin)                                      | -                               |
| 30      | Shri M G Balasubramanya       | General Manager (HR)                                       | -                               |
| 31      | Shri Gp.Capt.(Retd) Anand M R | Chief Test Pilot (RW)                                      | -                               |
| 32      | Shri Naresh Kumar Jain        | General Manager (SYA)                                      | -                               |
| 33      | Shri Amit Mai Srivastava      | CHIEF OF PROJECTS -TAD KANPUR (On Deputation As CEO- NAEL) | -                               |
| 34      | Shri Suneel Kumar Srivastava  | General Manager, ADL                                       | -                               |
| 35      | Shri Girish K Degaonkar       | Chief Designer (AERDC)                                     | Superannuation w.e.f 31.03.2024 |
| 36      | Shri Sridhar S                | General Manager (RWRDC)                                    | -                               |
| 37      | Shri K Ramesh                 | General Manager (AERDC)                                    | -                               |
| 38      | Shri Jena S M                 | General Manager (KPT)                                      | -                               |
| 39      | Shri Nagarajan R              | Chief Designer (RWRDC)                                     | -                               |
| 40      | Shri Ravi Prakash             | Chief Of Projects (Lucknow)                                | -                               |
| 41      | Shri Subramanya BK            | Chief Of Projects (ARDC)                                   | Superannuation w.e.f 31.05.2023 |
| 42      | Shri D K Srivastava           | General Manager (E & IMGT)                                 | -                               |
| 43      | Shri S J Bhole                | General Manager (AURDC)                                    | -                               |
| 44      | Shri Ravi K                   | General Manager, LCA                                       | -                               |
| 45      | Shri Chandrakanth K           | General Manager (HR)                                       | -                               |
| 46      | Shri Barenaya Senapati        | General Manager (Fin)                                      | -                               |
| 47      | Shri Jhoney Thomas            | General Manager, HMA                                       | -                               |
| 48      | Shri Girish Kumar Thacker     | General Manager, SED                                       | Superannuation w.e.f 31.10.2023 |
| 49      | Smt. A Niranjana Devi         | Chief Of Projects (IMGT)                                   | -                               |
| 50      | Shri Mallick B. B.            | Chief Of Projects, AD, Korwa                               | -                               |
| 51      | Shri Anil Kumar V N           | General Manager (F&F)                                      | -                               |
| 52      | Shri Jayakrishnan S           | General Manager(Aircraft)                                  | -                               |
| 53      | Shri Shishir Kumar Patra      | General Manager, ED, Koraput                               | -                               |
| 54      | Shri Ajay Kumar Shrivastava   | General Manager TAD, Kanpur                                | -                               |
| 55      | Shri Vasudev V S              | Chief Designer, ARDC                                       | Superannuation w.e.f 31.12.2023 |
| 56      | Wg.Cdr. S. P. John VM (Retd)  | Dy. Chief Test Pilot (RW)                                  | -                               |
| 57      | Shri Ananthakrishna Acharya U | Chief Designer, ARDC                                       | -                               |
| 58      | Shri Tapas Ghose              | General Manager (INDGN)                                    | -                               |
| 59      | Shri Subrata Mondal           | General Manager, AOD                                       | -                               |
| 60      | Shri Pradhan BK               | General Manager (Finance)                                  | -                               |
| 61      | Shri B E Waghmare             | Chief Of Projects, TAD, Kanpur                             | -                               |



| Sl. No. | Name                                  | Designation as on 31.03.2024     | Changes during the year            |
|---------|---------------------------------------|----------------------------------|------------------------------------|
| 62      | Shri P Mazumder                       | General Manager (SLRDC)          | -                                  |
| 63      | Shri Pradeep Kumar                    | General Manager (HR)             | -                                  |
| 64      | Smt. Nirmala S                        | Chief Designer, RWR&DC           | -                                  |
| 65      | Shri Mukesh Agarwal                   | General Manager (QA)             | -                                  |
| 66      | Smt Linda Francis                     | General Manager (Fin.)           | Superannuation<br>w.e.f 31.03.2024 |
| 67      | Shri M Rajendran                      | Chief Of Projects (CH/CK & RWA)  | -                                  |
| 68      | Shri Satyanarayana M                  | Chief Of Projects, Hyderabad, AC | -                                  |
| 69      | Shri Jasbir Singh                     | General Manager, MRO             | -                                  |
| 70      | Shri Varinder Kumar                   | General Manager (Fin.)           | -                                  |
| 71      | Shri Arup Kumar Mallick               | General Manager (Marketing)      | -                                  |
| 72      | Shri Sunil Bhati                      | Resident Manager (LOD)           | -                                  |
| 73      | Dr. L. Ravichandar                    | Chief Of Medical Services        | Superannuation<br>w.e.f 31.07.2023 |
| 74      | Shri Muralidhar BS                    | Chief Designer (MS), RWRDC       | -                                  |
| 75      | Shri Sriram R                         | General Manager (Finance)        | -                                  |
| 76      | Shri Ranjit Kumar Mandal              | Chief Of Projects (OHL)          | Appointment w.e.f<br>01.07.2023    |
| 77      | Gp Capt K K Venugopal (Retd.)         | Chief Test Pilot (FW)            | Appointment w.e.f<br>01.07.2023    |
| 78      | Shri Ravi Malhotra                    | General Manager (Finance)        | Appointment w.e.f<br>01.07.2023    |
| 79      | Shri MV Srinagesh                     | Chief Designer (SLRDC)           | Appointment w.e.f<br>01.07.2023    |
| 80      | Shri Sai Prasad C                     | Chief Designer (Proj.), RWRDC    | Appointment w.e.f<br>01.07.2023    |
| 81      | Shri K H Ganapathy Krishnan           | General Manager (MCSRDC)         | Appointment w.e.f<br>01.07.2023    |
| 82      | Shri Balaji N                         | General Manager (ASD)            | Appointment w.e.f<br>01.07.2023    |
| 83      | Shri Sandip Barman                    | General Manager (MS & IT)        | Appointment w.e.f<br>01.07.2023    |
| 84      | Shri Tapas Kumar Mandal               | General Manager, Barrackpore     | Appointment w.e.f<br>01.07.2023    |
| 85      | Shri Sharad Kashinath Barve           | General Manager (ASERDC)-Lucknow | Appointment w.e.f<br>01.07.2023    |
| 86      | Shri Devella Ramamohana Rao           | Chief Of Projects, Hyd           | Appointment w.e.f<br>01.07.2023    |
| 87      | Shri Ratnala Murali Krishna Chowdhury | General Manager (SED)            | Appointment w.e.f<br>01.07.2023    |
| 88      | Shri Muhammed Abdul Salam             | Chief Of Projects (LCA Tejas)    | Appointment w.e.f<br>01.07.2023    |
| 89      | Shri Shrirang Anilrao Kothe           | General Manager (AMD)            | Appointment w.e.f<br>01.07.2023    |



| Sl. No. | Name                    | Designation as on 31.03.2024 | Changes during the year      |
|---------|-------------------------|------------------------------|------------------------------|
| 90      | Shri K T Venkatesh      | General Manager (Fin)        | Appointment w.e.f 01.07.2023 |
| 91      | Shri P Jeeva            | General Manager (Vig)        | Appointment w.e.f 01.07.2023 |
| 92      | Dr. Gyanaranjan Pradhan | Chief Of Medical Services    | Appointment w.e.f 01.07.2023 |
| 93      | Shri P B Rangarao       | General Manager (Helicopter) | Appointment w.e.f 01.07.2023 |

\*Shri Atasi Baran Pradhan, Executive Director (HR) was appointed as Director (HR) w.e.f July 19, 2023.

## 10. REMUNERATION OF DIRECTORS

Your Company being a Government Company, the remuneration, benefits and Performance Related Pay (PRP) of Functional Directors are as per extant DPE Guidelines. Ministry of Corporate Affairs (MCA) vide Notification dated 05.06.2015, has exempted Government Companies from formulating policy relating to remuneration of Directors required under Section 178 of the Companies Act.

Government Nominee Directors (Part-time Official Directors) are appointed by the Ministry of Defence and they are not entitled to any remuneration / sitting fees.

Independent Directors (Part-Time Non-Official Directors) are paid a sitting fee for attending the meeting of the Board of Directors and Committee Meeting within the ceiling fixed under the Companies Act and as per the guidelines issued by the Government of India. The Board at its 475<sup>th</sup> Board Meeting held on January 5, 2024 has increased the payment of Sitting fee to Independent Directors from ₹30,000 to ₹40,000 per Meeting of the Board and ₹25,000 to ₹30,000 per Committee meeting of the Board.

The details of remuneration paid to Functional Directors during the year, were as follows:

| Sl. No | Name of Directors         | Salary and Perquisites as per Section 17(1) & (2) of the Income Tax Act, 1961 | Retirement & other benefits | Total     |
|--------|---------------------------|---|-----------------------------|-----------|
| 1      | Shri C.B. Ananthakrishnan | 76,98,428   | -                           | 76,98,428 |
| 2      | Shri Jayadeva E P         | 56,82,279   | -                           | 56,82,279 |
| 3      | Dr. D K Sunil             | 57,19,429   | -                           | 57,19,429 |
| 4      | Shri A B Pradhan          | 25,18,098   | -                           | 25,18,098 |

(In ₹)

During the year, sitting fee paid to the Independent Directors for attending the meetings of the Board and Committees were as follows:

| Sl. No | Name of Independent Director | Board Meetings | Committee Meetings | Total Sitting Fees |
|--------|------------------------------|----------------|--------------------|--------------------|
| 1      | Dr. Divya Gupta              | 4,00,000       | 5,55,000           | 9,55,000           |
| 2      | Shri Deepak Abasaheb Shinde  | 4,00,000       | 3,95,000           | 7,95,000           |

(In ₹)

## 11. INDEPENDENT DIRECTORS' MEETING

The Independent Directors reviewed the performance of the Functional/ Whole-time Directors and Board as a whole in a separate meeting of Independent Directors held on August 10, 2023.



## 12. CONFIRMATION ON INDEPENDENCE OF THE INDEPENDENT DIRECTORS

As per the Companies Act, Independent Directors have submitted declaration of independence to the Board and the Board confirms that all Independent Directors fulfil the conditions specified in the Companies Act and Listing Regulations and are independent of the management.

## 13. CODE OF BUSINESS CONDUCT AND ETHICS FOR BOARD MEMBERS AND SENIOR MANAGEMENT (CODE OF CONDUCT)

The Board of Directors of the Company has laid down a Code of Business Conduct and Ethics for all Board Members and Senior Management of the Company. A copy of the Code of Conduct is available on the Company's website at [www.hal-india.co.in/Investors](http://www.hal-india.co.in/Investors). All members of the Board and Senior Management have confirmed their compliance with the Code of Conduct for the year under review. A declaration signed by the Chairman & Managing Director is appended to this report.

## 14. INSIDER TRADING POLICY

In pursuance of SEBI (Prohibition of Insider Trading) Regulations, 2015, the Board of Directors of the Company has approved the Insider Trading Policy for dealing in securities of the Company by insiders and the same is available on the Company's website [www.hal-india.co.in](http://www.hal-india.co.in).

The Policy is framed to ensure that the insiders do not derive any benefit or assist others to derive any benefit from access to and possession of price sensitive information about the Company which is not in the public domain.

## 15. CEO/CFO CERTIFICATION

As required under Regulation 17(8) of Listing Regulations and DPE Guidelines, CEO/CFO Certificate on the Financial Statements and Internal Controls relating to financial reporting for the year 2023-24 was submitted to the Board and is attached to this Report.

## 16. SHAREHOLDING PATTERN AS ON MARCH 31, 2024

| Sl. No. | Category                            | Number of shareholders | Number of shares held | % of total holding |
|---------|-------------------------------------|------------------------|-----------------------|--------------------|
| 1       | President of India                  | 1                      | 47,91,02,424          | 71.64              |
| 2       | Foreign Portfolio - Corp            | 730                    | 8,30,56,641           | 12.42              |
| 3       | Mutual Funds                        | 196                    | 4,51,14,870           | 6.75               |
| 4       | Qualified Institutional Buyer       | 55                     | 1,60,58,066           | 2.40               |
| 5       | Resident Individuals                | 705864                 | 3,63,69,060           | 5.44               |
| 6       | Bodies Corporates                   | 2997                   | 30,94,116             | 0.46               |
| 7       | Alternative Investment Fund         | 30                     | 20,58,482             | 0.31               |
| 8       | Non Resident Indians                | 7760                   | 12,18,544             | 0.18               |
| 9       | H U F                               | 10513                  | 12,34,535             | 0.18               |
| 10      | Insurance Companies                 | 1                      | 8,01,036              | 0.12               |
| 11      | Non Resident Indian Non Repatriable | 5318                   | 6,21,059              | 0.09               |
| 12      | Clearing Members                    | 19                     | 3,252                 | 0.00               |
| 13      | Trusts                              | 31                     | 25,033                | 0.00               |
| 14      | NBFC                                | 9                      | 10,457                | 0.00               |
| 15      | Banks                               | 1                      | 1,000                 | 0.00               |
| 16      | Foreign Nationals                   | 1                      | 4,725                 | 0.00               |
| 17      | Foreign Portfolio Investors         | 1                      | 1,700                 | 0.00               |
|         | <b>Total</b>                        | <b>7,33,527</b>        | <b>66,87,75,000</b>   | <b>100.00</b>      |



### 16.1 Top 10 Shareholders as on March 31, 2024

| Sl. No. | Name   | Number of shares held | % of total holding |
|---------|--|-----------------------|--------------------|
| 1       | President of India                                 | 47,91,02,424          | 71.64              |
| 2       | HDFC Mutual Fund                                   | 2,09,23,586           | 3.13               |
| 3       | Life Insurance Corporation of India                | 1,26,28,239           | 1.89               |
| 4       | Government of Singapore                            | 62,85,706             | 0.94               |
| 5       | Nippon Life India Trustee Ltd                      | 45,45,727             | 0.68               |
| 6       | Fidelity Investment Trust Fidelity Series Emerging | 30,52,700             | 0.46               |
| 7       | ICICI Prudential Mutual Fund                       | 26,49,049             | 0.40               |
| 8       | Invesco India Arbitrage Fund                       | 26,06,534             | 0.39               |
| 9       | Vanguard Total International Stock Index Fund      | 26,03,131             | 0.39               |
| 10      | Vanguard Emerging Markets Stock Index Fund         | 25,44,680             | 0.38               |

### 16.2 Distribution of Shareholding by Size as on March 31, 2024

| Category       | Number of Shareholders | % of Shareholders | Total Number of Shares | % of Shareholding |
|----------------|------------------------|-------------------|------------------------|-------------------|
| 1-5000         | 7,29,130               | 99.40             | 2,91,72,663            | 4.36              |
| 5001- 10000    | 2,135                  | 0.29              | 31,06,173              | 0.46              |
| 10001- 20000   | 918                    | 0.13              | 26,25,346              | 0.39              |
| 20001- 30000   | 268                    | 0.04              | 13,37,946              | 0.20              |
| 30001- 40000   | 157                    | 0.02              | 11,01,714              | 0.16              |
| 40001- 50000   | 101                    | 0.01              | 9,30,566               | 0.14              |
| 50001- 100000  | 218                    | 0.03              | 31,83,067              | 0.48              |
| 100001 & Above | 600                    | 0.08              | 62,73,17,525           | 93.80             |
| <b>Total:</b>  | <b>7,33,527</b>        | <b>100.00</b>     | <b>66,87,75,000</b>    | <b>100.00</b>     |

## 17. GENERAL BODY MEETINGS

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

| Meeting No.      | Financial Year | Venue   | Date & Time                     |
|------------------|----------------|---|---------------------------------|
| 58 <sup>th</sup> | 2020-21        | Through Video Conferencing (VC) from Hindustan Aeronautics Limited, Corporate Office, 15/1, Cubbon Road, Bengaluru-560001 | September 30, 2021 at 1500 Hrs. |
| 59 <sup>th</sup> | 2021-22        | Through Video Conferencing (VC) from Hindustan Aeronautics Limited, Corporate Office, 15/1, Cubbon Road, Bengaluru-560001 | August 29, 2022 at 1500 Hrs.    |
| 60 <sup>th</sup> | 2022-23        | Through Video Conferencing (VC) from Hindustan Aeronautics Limited, Corporate Office, 15/1, Cubbon Road, Bengaluru-560001 | August 31, 2023 at 1500 Hrs.    |

(b) Special Resolutions

- i. No Special Resolution was put up during 58<sup>th</sup> and 60<sup>th</sup> Annual General Meeting.
- ii. During the 59<sup>th</sup> Annual General Meeting, two special resolutions were passed w.r.t Appointment of Dr. Divya Gupta and Shri Deepak Abasaheb Shinde as Part-Time Non-Official (Independent) Directors of the Company.





- (c) No Special Resolution was passed last year through postal ballot. However, two Ordinary Resolutions were passed last year through postal ballot.
- (d) No Special Resolution is proposed to be passed through postal ballot.

## 18. MEANS OF COMMUNICATION

- (a) **Quarterly / Annual Results:** The Company regularly updates its audited financial results with the Stock Exchanges, in compliance with the Listing Regulations. These financial results are generally published in at least one leading English newspaper having wide circulation across the Country, in one Kannada newspaper and one Hindi newspaper having wide circulation across the region. The results are also made available on the Company website.
- (b) **News Release, Presentation etc.:** The relevant official news releases, detailed presentations made to institutional investors, financial analysts etc. are posted on the website of the Stock Exchanges and displayed on the Company's website [www.hal-india.co.in](http://www.hal-india.co.in)
- (c) **Website:** The Company's website [www.hal-india.co.in](http://www.hal-india.co.in) contains separate section for Investors where information for shareholders is made available. The Annual Report, Shareholding Pattern, Corporate Governance Report, details of unclaimed dividend and other communiqué of the Company are also available on the website in a user-friendly manner.
- (d) **Annual Report:** Annual Report containing Financial Statements, Auditors' Report, Board's Report, Management Discussion and Analysis Report (MDAR), Corporate Governance Report and Business Responsibility and Sustainability Report and other important information is circulated through electronic mode to the members and others entitled thereto, as per MCA Circular No.20/2020 dated May 5, 2020, General Circular No. 02/2021 dated January 13, 2021, General Circular No. 02/2022 dated May 5, 2022, General Circular No. 10/2022 dated December 28, 2022, General Circular No. 09/2023 dated September 25, 2023 and SEBI Circular dated May 13, 2022, January 5, 2023 and October 7, 2023.

## 19. SHAREHOLDERS' INFORMATION

### (a) Annual General Meeting

The 61<sup>st</sup> Annual General Meeting of the Company for the year 2023-24 will be held through video conferencing as per the MCA Circular No.20/2020 dated May 5, 2020, General Circular No. 02/2021 dated January 13, 2021, General Circular No. 02/2022 dated May 5, 2022, General Circular No. 10/2022 dated December 28, 2022, General Circular No. 09/2023 dated September 25, 2023 and SEBI Circular dated May 13, 2022, January 5, 2023 and October 7, 2023, as per the following details:

|      |                            |
|------|----------------------------|
| Date | Wednesday, August 28, 2024 |
| Time | 3.00 P.M. (IST)            |

### (b) Financial Calendar

The financial calendar to approve quarterly/ annual audited financial results for the year 2024-25 is as under:

| Approval of quarterly/ annual audited financial results | Tentative date of the Meeting of the Board |
|---|--|
| June 30, 2024   | On or before August 14, 2024               |
| September 30, 2024                                      | On or before November 14, 2024             |
| December 31, 2024                                       | On or before February 14, 2025             |
| March 31, 2025  | On or before May 30, 2025                  |

### (c) Dividend Payment date

During the year, your Company has declared and paid Final Dividend of ₹15/- per Equity share for the financial year 2022-23 on September 8, 2023. Further for FY 2023-24, the 1<sup>st</sup> interim dividend of ₹22/- per Equity share were paid on March 1, 2024.



**(d) Listing on Stock Exchanges**

The equity shares of the Company are listed on the following stock exchanges:

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

The annual listing fees for the year 2023-24, as applicable, has been paid to the Stock Exchanges.

**(e) Custody/ Issuer charges to Depositories**

Your Company has paid custody/ issuer charges for the year 2023-24 to the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL).

**(f) Registrar and Share Transfer Agent**

KFin Technologies Ltd.  
(Formerly known as KFin Technologies Pvt Ltd.  
& Karvy Fintech Pvt. Ltd.)  
"Selenium Tower B", Plot No.31 & 32,  
Financial District, Nanakramguda,  
Serilingampally Mandal, Hyderabad-500032  
Telangana  
Toll free number: 1800 309 4001  
Email: einward.ris@kfintech.com  
Website: <https://www.kfintech.com> and/ or <https://ris.kfintech.com>

**(g) Share transfer system**

The shares of the Company are traded in dematerialised form. The Company has constituted a Share Transfer Committee comprising of Director (Finance), Director (Operations) and Company Secretary for approving requests related to Dematerialization/ Rematerialization/ Transfer/ Transmission/ Splitting/ Consolidation/ Reissue of share certificates etc. received from shareholders from time to time.

**(h) Dematerialisation of shares and liquidity**

As on March 31, 2024, except 700 equity shares, all the equity shares of the Company are held in dematerialised form with NSDL and CDSL. The details are as under:

| Sl. No. | Description  | No. of Shareholders | No of Shares        | % of Equity |
|---------|--------------|---------------------|---------------------|-------------|
| 1       | NSDL         | 2,52,664            | 64,69,18,139        | 96.73       |
| 2       | CDSL         | 4,80,861            | 2,18,56,161         | 3.27        |
| 3       | Physical     | 2                   | 700                 | 0.00        |
|         | <b>Total</b> | <b>7,33,527</b>     | <b>66,87,75,000</b> | <b>100</b>  |



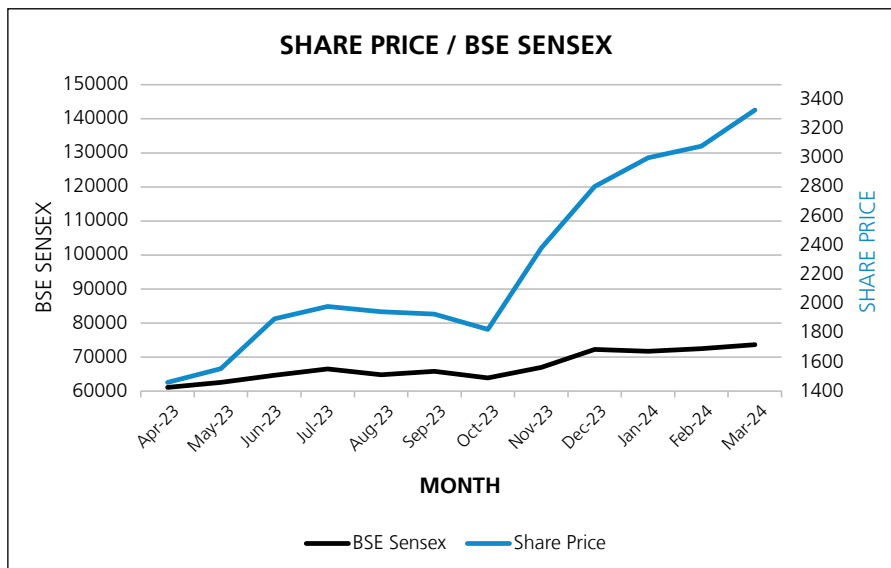
### (i) Market Price Data

Company's share price on BSE and NSE for each month during the year 2023-24 was as follows:

| Month           | BSE Limited           |                      | National Stock Exchange of India Ltd |                      |
|-----------------|-----------------------|----------------------|--------------------------------------|----------------------|
|                 | High<br>(₹ per share) | Low<br>(₹ per share) | High<br>(₹ per share)                | Low<br>(₹ per share) |
| April, 2023     | 2,925.35              | 2,670.00             | 2,924.95                             | 2,670.00             |
| May, 2023       | 3,182.60              | 2,885.95             | 3,185.00                             | 2,885.90             |
| June, 2023      | 3,950.00              | 3,061.00             | 3,950.00                             | 3,060.50             |
| July, 2023      | 3,999.10              | 3,690.00             | 3,998.90                             | 3,690.00             |
| August, 2023    | 4,138.80              | 3,702.65             | 4,135.00                             | 3,701.55             |
| September, 2023 | 4,180.00              | 1,885.10*            | 4,170.00                             | 1,885.00*            |
| October, 2023   | 1,989.05              | 1,767.95             | 1,990.00                             | 1,767.80             |
| November, 2023  | 2,443.85              | 1,818.65             | 2,444.00                             | 1,819.00             |
| December, 2023  | 2,849.95              | 2,437.10             | 2,849.75                             | 2,437.15             |
| January, 2024   | 3,078.85              | 2,746.55             | 3,079.00                             | 2,748.45             |
| February, 2024  | 3,168.35              | 2,826.00             | 3,170.00                             | 2,824.85             |
| March, 2024     | 3,428.75              | 2,915.00             | 3,428.00                             | 2,913.60             |

\*Market price was adjusted due to sub-division of shares from ₹10/- each to ₹5/- each w.e.f. record date, i.e. 28<sup>th</sup> September, 2023

### (j) Performance in comparison to broad based indices<sup>#</sup>



<sup>#</sup>Due to sub-division of shares from ₹10/- each to ₹5/- each, market price for the whole year was adjusted for comparison.

### (k) Commodity price risk or foreign exchange risk and hedging activities

Relevant information in this regard is given in Clause 33(a) of Note 49 to the Financial Statements provided in this Annual Report.



**(I) Registered / Corporate Office address and Plant Locations:**

**(i) Registered/ Corporate Office:**

Hindustan Aeronautics Limited  
 15/1, Cubbon Road, Bengaluru – 560 001, Karnataka  
 Phone: (080) 2232 0001  
 Email: [cosec@hal-india.co.in](mailto:cosec@hal-india.co.in)  
 website: [www.hal-india.co.in](http://www.hal-india.co.in)

**(ii) Production Divisions:**

|  |  |   |
|--|--|---|
| Aircraft Division,<br>Bengaluru,<br>Karnataka                        | Airport Service Centre,<br>Bengaluru,<br>Karnataka   | Sukhoi Engine Division,<br>Koraput, Odisha  |
| LCA Tejas Division,<br>Bengaluru,<br>Karnataka                       | Helicopter Division,<br>Bengaluru,<br>Karnataka<br><br>Helicopter Factory,<br>Branch factory of Helicopter<br>Division, Tumakuru | Transport Aircraft Division, Kanpur,<br>Uttar Pradesh   |
| Engine Division,<br>Bengaluru,<br>Karnataka                          | Helicopter MRO Division,<br>Bengaluru,<br>Karnataka  | Accessories Division,<br>Lucknow, Uttar Pradesh   |
| Overhaul Division,<br>Bengaluru,<br>Karnataka                        | Aerospace Composites Division,<br>Bengaluru,<br>Karnataka  | Avionics Division,<br>Korwa, Uttar Pradesh  |
| Aerospace Division,<br>Bengaluru,<br>Karnataka                       | Aircraft Manufacturing Division,<br>Nashik,<br>Maharashtra   | Avionics Division, Hyderabad,<br>Telangana<br>Strategic Electronic Factory, Branch<br>Factory of Avionics Division Hyderabad,<br>Kasargod, Kerala |
| Foundry and Forge Division,<br>Bengaluru,<br>Karnataka               | Aircraft Overhaul Division,<br>Nashik,<br>Maharashtra  | Barrackpore Division,<br>Barrackpore, West Bengal   |
| Industrial & Marine Gas<br>Turbine Division,<br>Bengaluru, Karnataka | Engine Division,<br>Koraput, Odisha  |   |

**(iii) R & D Centres:**

|  |   |
|--|---|
| Aircraft Research and Design Centre (ARDC), Bengaluru,<br>Karnataka          | Aircraft Upgrade R&D Centre (AURDC), Nashik,<br>Maharashtra                     |
| Rotary Wing Research and Design Centre (RWR&DC),<br>Bengaluru,<br>Karnataka  | Transport Aircraft R&D Centre, (TARDC) Kanpur,<br>Uttar Pradesh                 |
| Aero Engine R&D Centre (AERDC), Bengaluru,<br>Karnataka                      | Aerospace Systems & Equipment R&D Centre<br>(ASERDC),<br>Lucknow, Uttar Pradesh |
| Mission & Combat Systems R&D Centre (MCSRDC),<br>Bengaluru,<br>Karnataka     | Strategic Electronics R&D Centre (SLRDC),<br>Hyderabad, Telangana               |
| Aerospace Systems & Equipment R&D Centre (ASERDC),<br>Korwa<br>Uttar Pradesh |   |



## 20. Disclosure

### (a) Material Related Party Transactions

During the year, there were no materially significant related party transactions that had or may have potential conflict with the interest of the Company at large. A comprehensive policy on Related Party Transactions (RPT) has been approved by the Board as per the Listing Regulations and Companies Act.

The details of transactions with Related Parties are disclosed in Clause 45A of Note No. 49 of the Notes to the Financial Statements for the year ended March 31, 2024. The Company has disclosed details of transactions with Related Parties as per the disclosure requirements of Ind AS-24 on Related Party disclosures. The policy on related party transactions of the Company may be accessed at [https://hal-india.co.in/backend/wp-content/uploads/2023/07/Policy\\_on\\_Related\\_Party\\_Transactions\\_19.05.2023.pdf](https://hal-india.co.in/backend/wp-content/uploads/2023/07/Policy_on_Related_Party_Transactions_19.05.2023.pdf)

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

The Company has received several notices from the Stock Exchanges for the quarter ended December 31, 2020 and onwards for non-compliances with the provisions of the Listing Regulations with respect to Composition of Board, Quorum for Board Meeting and Composition of various Committees due to non-appointment of requisite number of Independent Directors on the Board of the Company.

On appointment of two Independent Directors including one Woman Independent Director, the quorum for board meeting and composition of various committees were regularised and waiver of fines was granted on December 9, 2022, by the NSE (the Designated Stock Exchange for the purpose) on the said non-compliances, being the matter was beyond the control of the Company.

As regard non-compliance w.r.t. composition of the Board for non-appointment of requisite number of Independent Directors, the Company is regularly taking-up the matter with the Administrative Ministry of the Government of India for the appointment of Independent Directors. However, even after continuous follow up on the matter, the Company has 5 vacant posts of Independent Directors. Since, the matter was beyond the control of the Company, application for waiver of fines was made to the Stock Exchanges. In response, it was advised by the Stock Exchanges to apply for the same after compliance.

The Company is now in compliance with all the applicable provisions of the Listing Regulations except

to the extent of composition of Board of Directors due to vacancy of 5 Nos. of Independent Directors.

### (c) Vigil Mechanism / Whistle Blower Policy

In terms of Regulation 22 of Listing Regulations and Section 177 of the Companies Act, the Company has formulated a Whistle Blower Policy to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics.

The Company has provided ample opportunities to encourage the employees to become whistle blowers (employees who voluntarily and confidentially want to bring the unethical practices, actual or suspected fraudulent transactions or violation of the Company's Code of Conduct or Ethics in the organization to the notice of the competent authority for the greater interest of the organization and the Nation). The Policy also ensures the availability of robust mechanism to protect whistle blowers from any kind of harm. It is hereby affirmed that no personnel has been denied access to the Chairman of Audit Committee.

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

The Company has not adopted any discretionary requirements provided under Part-E of Schedule II of Listing Regulations.

### (e) Policy for Determining Material Subsidiaries

A Policy for Determining Material Subsidiaries has been formulated with the approval of the Board of Directors, which may be accessed at following link: [https://hal-india.co.in/backend/wp-content/uploads/2023/02/Material\\_Subsiary\\_Policy.pdf](https://hal-india.co.in/backend/wp-content/uploads/2023/02/Material_Subsiary_Policy.pdf)

The Company does not have any material subsidiary.

### (f) Credit Rating

During the year, Credit Analysis & Research Limited have granted your Company a credit rating of CARE AAA/Stable/ CARE A1+ for Long Term and Short Term Bank facilities including Non Fund Based Limits, amounting to ₹6,05,000 Lakh.

Further, ICRA Ltd. have granted your Company a credit rating of [ICRA]AAA and outlook 'Stable' for Long Term and [ICRA] A1+ for Short Term for Fund based / Cash Credit amounting to ₹4,00,000 Lakh Non Fund Based Limits amounting to ₹2,05,000 Lakh.

### (g) None of the Directors was debarred / disqualified from being appointed or continuing as Director of the



Company during the year, and this has been certified by the Company Secretary in practice.

(h) The Company has duly complied with the DPE Guidelines on Corporate Governance and requirements specified in the Regulations 17 to 27 and Clause (b) to (i) of Regulation 46 (2) of Listing Regulations except that the strength of Independent Directors is less than 50% of the total strength of Directors on the Board.

**(i) Fees paid to Auditors**

Details of the total fees for all services paid by the Company and its subsidiaries, on a consolidated basis to statutory auditors during the year are given below:

(₹ In Lakh)

| Particulars               | Amount |
|---------------------------|--------|
| Audit Fees                | 64     |
| Tax Audit Fees            | 7      |
| Other Services            | 78     |
| Reimbursement of expenses | Nil    |

**(j) Details of Unpaid Dividend as on March 31, 2024**

The details of the dividend which remains unpaid as on March 31, 2024, are given below:

| Financial Year in which dividend declared | Amount (In ₹)       |
|---|---------------------|
| 2017-18                                   | 3,54,329.25         |
| 2018-19                                   | 4,31,422.20         |
| 2019-20                                   | 5,57,070.50         |
| 2020-21                                   | 10,82,642.00        |
| 2021-22                                   | 10,38,824.00        |
| 2022-23                                   | 15,61,947.00        |
| 2023-24 (interim)                         | 24,11,828.00        |
| <b>Total</b>                              | <b>74,38,062.95</b> |

The dividend on equity shares which remain unclaimed/ unpaid for 7 years from the date of transfer to Unclaimed Dividend Account shall be transferred by the Company to Investor Education and Protection Fund (IEPF). The details of unclaimed/ unpaid dividend has been uploaded on the website of the Company at [www.hal-india.co.in/Investors/Dividend](http://www.hal-india.co.in/Investors/Dividend).

**(k) Reconciliation of Share Capital and Compliance of Share Transfer Formalities**

Reconciliation of Share Capital was carried out by the Secretarial Auditor of the Company on quarterly

basis. The Report(s) confirms that the total issued / paid up capital is in agreement with the total number of shares in physical and demat form.

Further, Certificate on the compliance of share transfer formalities obtained from the Secretarial Auditor was submitted to Stock Exchanges pursuant to Regulation 40(10) of the Listing Regulations.

**(l) Accounting Standards**

The Company is in compliance with all applicable Indian Accounting Standards (Ind AS).

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

(m) The details of Loans and advances in the nature of loans to Firms/ Companies in which directors are interested are provided at Clause No. 55B of Note No. 49 to the Accounts.

**(n) Audited Financial Statements of Subsidiaries**

The Audited Financial Statements of subsidiaries has been uploaded on the website of the Company at <https://www.hal-india.co.in/investors/SubsidiaryCompanies>.

**(o) Training of Directors**

The Company undertakes training programmes for its Directors on Company's performance, business models, corporate plan and future outlook on their induction in the Board. In addition, at the meeting of the Board/ Committee/ other meetings, detailed presentations are made on business related issues, risk assessment, risk policy etc.

**(p) Right to Information**

In order to address the provisions of the Right to Information Act, 2005 (RTI Act), First Appellate Authority, Central Public Information Officer and Assistant Public Information Officers responsible for providing information sought by stakeholders have been appointed. In compliance with Government directives, the Company has successfully introduced the online processing of applications under the RTI Act from September, 2014 onwards.

During the year, 853 Nos. of Request for Information (RFI) applications were received & 26 Nos. were carried forward from 2022-23 under the RTI Act-2005, of which 814 have been disposed-off as of March 31,



2024 and 18 Nos. were transferred to other Public Authorities.

During the year, 56 Nos. of appeals were received & 4 Nos. were carried forward from 2022-23. No appeal was pending as on March 31, 2024.

The Hon'ble Central Information Commission (CIC), New Delhi, issued 10 Notices of hearings during the year and the same were attended by HAL Officials and were disposed-off by the Hon'ble CIC.

**(q) Redressal of Public Grievances**

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

Your Company is committed to the resolution of public grievances in an efficient and time bound manner. Deputy General Manager (HR), Corporate Office has been designated as the Nodal Officer (Grievance) to facilitate the speedy resolution of

public grievances received through the online portal from the President's Secretariat, Prime Minister's Office and the Ministry of Defence.

In line with the directions of Gol, public grievances are being resolved within the stipulated time frame. If it is not possible to resolve any grievance within the stipulated time frame, interim reply is given.

**(r) Presidential Directives Regarding Reservations**

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

The representation of SCs/STs/OBCs in HAL as on December 31, 2023 was as under:

| Category of Employees  | Group – A | Group – B | Group – C | Group – D | Total |
|------------------------|-----------|-----------|-----------|-----------|-------|
| Scheduled Caste        | 1,359     | 2         | 2,942     | 0         | 4,303 |
| Scheduled Tribe        | 478       | 1         | 1,320     | 0         | 1,799 |
| Other Backward Classes | 2,009     | 2         | 4,797     | 1         | 6,809 |

The representation of Persons with Disabilities and Ex-Servicemen as on December 31, 2023 was as under:

| Category of Employees     | Group – A | Group – B | Group – C | Group – D | Total |
|---------------------------|-----------|-----------|-----------|-----------|-------|
| Persons with Disabilities | 148       | 0         | 434       | 0         | 582   |
| Ex-Servicemen             | 88        | 0         | 890       | 0         | 978   |

**(s) Integrity Pact**

The Company 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 or 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.

**(t) 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 the business or incidental thereto, those spent towards the welfare of the employees/ ex-employees or towards fulfilling the Corporate Social Responsibility of the Company, were debited in the Books of Accounts.

**(u) 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.



**(v) Administrative and Office expenditure**

The Administrative and Office expenditure of the Company for FY 2023-24 was 1.85 % of total expenditure as against 2.09% in FY 2022-23. The financial expenditure stood at 0.15% of total expenditure in FY 2023-24 as against 0.26% in previous year.

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

**(C B Ananthkrishnan)**

Director (Finance) & CFO  
Chairman and Managing Director (Addl charge)

Place: Bengaluru  
Date: July 23, 2024





## DECLARATION OF COMPLIANCE WITH THE CODE OF CONDUCT

Pursuant to Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and DPE Guidelines on Corporate Governance for Central Public Sector Enterprises, all Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Business Conduct & Ethics for Board Members & Senior Management of Hindustan Aeronautics Limited, for the year ended March 31, 2024.



**(C B Ananthkrishnan)**

Director (Finance) & CFO

Chairman and Managing Director (Addl charge)

Place : Bengaluru

Date : June 17, 2024

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## CEO/CFO CERTIFICATION UNDER REGULATION 17(8) OF THE SEBI (LODR) REGULATIONS, 2015 AND DPE GUIDELINE ON CORPORATE GOVERNANCE

To,  
The Board of Directors  
Hindustan Aeronautics Limited

1. We have reviewed financial statements and the cash flow statement of Hindustan Aeronautics Limited for the twelve months period ended March 31, 2024 and that to the best of knowledge and belief:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting.
4. We have indicated to the auditors:
  - i. that there are no significant changes in internal control over financial reporting during the period;
  - ii. that there are no significant changes in accounting policies during the period.
  - iii. that there are no instances of significant fraud of which we have become aware.



**(C B Ananthkrishnan)**

Director (Finance) & CFO

Chairman and Managing Director

(Addl Charge)

DIN:06761339



# Certificate on Corporate Governance

To,  
**The Members of Hindustan Aeronautics Limited  
Bengaluru**

We have examined the compliance of Corporate Governance by Hindustan Aeronautics Limited, as stipulated in Regulations 17 to 27 and Clauses (b) to (i) of Regulation 46(2) and Para C and D of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Department of Public Enterprises, for the financial year ended March 31, 2024.

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

On the basis of our findings from the examination of the records produced and information furnished to us, in our opinion, the Company has complied with the conditions of Corporate Governance as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Department of Public Enterprises, for the financial year ended March 31, 2024 except to the extent of following:

**Regulations 17 (1) - provisions pertaining to Board Composition** - Half of the Board was not Independent for whole year

## Management Response:

On the above referred non-compliance, it was explained by the Company that, since, the appointment of Independent Directors in the Government Companies has to be made by the concerned Administrative Ministry of the Government of India, multiple requests/ reminders were made/sent by the Company for filling the vacant posts of Independent Directors in the Company, within the stipulated time, referring penal provisions both under the Companies Act, 2013 and SEBI Regulations. However, even after continuous follow up on the matter, 5 posts of Independent Directors were lying vacant as on 31.03.2024.

Since, the matter was beyond the control of the Company, application for waiver of fines was made to the Stock Exchanges. In response, the Stock Exchanges have advised the Company to make application for waiver only after compliance of the same.



**Dakshayani P**  
**Partner**  
**DPSP and Associates**  
**Company Secretaries**

FCS No.: 8993

C P No.: 8411

UDIN: F008993F000525289

P.R. No. 1067/2021

Place: Bangalore

Date: 04/06/2024



# Business Responsibility & Sustainability Report

## SECTION A: GENERAL DISCLOSURES

### I. Details of the Listed Entity:

|     |   |  |
|-----|---|--|
| 1.  | <b>Corporate Identity Number (CIN) of the Listed Entity</b>   | L35301KA1963GOI001622  |
| 2.  | <b>Name of the Listed Entity</b>  | Hindustan Aeronautics Limited  |
| 3.  | <b>Year of incorporation</b>  | 16/08/1963   |
| 4.  | <b>Registered office address</b>  | 15/1, Cubbon Road,<br>Bengaluru - 560001   |
| 5.  | <b>Corporate address</b>  | 15/1, Cubbon Road,<br>Bengaluru - 560001   |
| 6.  | <b>E-mail</b>   | cosec@hal-india.co.in  |
| 7.  | <b>Telephone</b>  | 080-22320001   |
| 8.  | <b>Website</b>  | www.hal-india.co.in  |
| 9.  | <b>Financial year for which reporting is being done</b>   | 2023-24  |
| 10. | <b>Name of the Stock Exchange(s) where shares are listed</b>  | 1. National Stock Exchange of India Ltd (NSE)<br>2. BSE Ltd (BSE)  |
| 11. | <b>Paid-up Capital</b>  | ₹334,38,75,000/-   |
| 12. | <b>Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report</b>   | Shri Shailesh Bansal<br>Company Secretary & Compliance Officer<br>Hindustan Aeronautics Limited<br>15/1, Cubbon Road,<br>Bengaluru – 560 001. Karnataka<br>Phone: (080) 2232 0001,<br>Email: cosec@hal-india.co.in |
| 13. | <b>Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).</b> | Standalone Basis   |
| 14. | <b>Name of assurance provider</b>   | Sustainability Actions Private Limited, Gurgaon  |
| 15. | <b>Type of assurance obtained</b>   | Reasonable Assurance   |

### II. Products/services

#### 16. Details of business activities (accounting for 90% of the turnover):

| Sl. No. | Description of Main Activity | Description of Business Activity  | % of Turnover of the entity |
|---------|------------------------------|---|-----------------------------|
| 1.      | Manufacturing                | Manufacture of Aircraft, Helicopters and its Engines, Accessories                               | 20                          |
| 2.      | Services                     | Repair, Overhaul and Maintenance, Upgrade of Aircraft, Helicopters and its Engines, Accessories | 72                          |



### 17. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

| Sl. No. | Product/Service   | NIC Code             | % of total Turnover contributed |
|---------|---|----------------------|---------------------------------|
| 1       | Manufacture of Aircraft, Helicopters                        | 30301, 30302 & 30305 | 20                              |
| 2       | Repair and Maintenance of Aircraft, Helicopters and Engines | 3315                 | 72                              |

### III. Operations

#### 18. Number of locations where plants and/or operations/offices of the entity are situated:

| Location      | Number of plants              | Number of offices | Total |
|---------------|-------------------------------|-------------------|-------|
| National      | 29<br>(20 Production & 9 R&D) | 5                 | 34    |
| International | 0                             | 3                 | 3     |

#### 19. Markets served by the entity:

##### a. Number of locations

| Locations                        | Number  |
|----------------------------------|---|
| National (No. of States)         | HAL produced aircraft are being operated by Indian Defence Services and other operators across the country. |
| International (No. of Countries) | Over the years HAL has sold its products to more than 25 Countries  |

##### b. What is the contribution of exports as a percentage of the total turnover of the entity?

Approx. 1.1%

##### c. A brief on types of customers

The Company supplies to both national and international customers catering to the Defence as well as Civil operations. However majority of the company's supplies are for the Indian Defence Services namely Indian Air Force (IAF), Indian Navy (IN), Indian Army (IA) and Indian Coast Guard (ICG).

### IV. Employees

#### 20. Details as at the end of Financial Year:

##### a. Employees and workers (including differently abled):

| Sl. No.          | Particulars                    | Total (A)    | Male         |              | Female      |             |
|------------------|--------------------------------|--------------|--------------|--------------|-------------|-------------|
|                  |                                |              | No. (B)      | % (B / A)    | No. (C)     | % (C / A)   |
| <b>EMPLOYEES</b> |                                |              |              |              |             |             |
| 1.               | Permanent (D)                  | 22655        | 20564        | 90.77        | 2091        | 9.23        |
| 2.               | Other than Permanent (E)       | 1111         | 1044         | 93.97        | 67          | 6.03        |
| 3.               | <b>Total employees (D + E)</b> | <b>23766</b> | <b>21608</b> | <b>90.92</b> | <b>2158</b> | <b>9.08</b> |
| <b>WORKERS</b>   |                                |              |              |              |             |             |
| 4.               | Permanent (F)                  | 15344        | 13995        | 91.21        | 1349        | 8.79        |
| 5.               | Other than Permanent (G)       | 956          | 914          | 95.61        | 42          | 4.39        |
| 6.               | <b>Total workers (F + G)</b>   | <b>16300</b> | <b>14909</b> | <b>91.47</b> | <b>1391</b> | <b>8.53</b> |



**b. Differently abled Employees and workers:**

| Sl. No                             | Particulars                                      | Total (A)  | Male       |              | Female    |             |
|------------------------------------|--|------------|------------|--------------|-----------|-------------|
|                                    |  |            | No. (B)    | % (B / A)    | No. (C)   | % (C / A)   |
| <b>DIFFERENTLY ABLED EMPLOYEES</b> |  |            |            |              |           |             |
| 1.                                 | Permanent (D)                                    | 570        | 522        | 91.58        | 48        | 8.42        |
| 2.                                 | Other than Permanent (E)                         | 18         | 17         | 94.44        | 1         | 5.56        |
| 3.                                 | <b>Total differently abled employees (D + E)</b> | <b>588</b> | <b>539</b> | <b>91.67</b> | <b>49</b> | <b>8.33</b> |
| <b>DIFFERENTLY ABLED WORKERS</b>   |  |            |            |              |           |             |
| 4.                                 | Permanent (F)                                    | 423        | 385        | 91.02        | 38        | 8.98        |
| 5.                                 | Other than permanent (G)                         | 16         | 15         | 93.75        | 1         | 6.25        |
| 6.                                 | <b>Total differently abled workers (F + G)</b>   | <b>439</b> | <b>400</b> | <b>91.12</b> | <b>39</b> | <b>8.88</b> |

**21. Participation / Inclusion / Representation of women**

|                          | Total (A) | No. and percentage of Females |           |
|--------------------------|-----------|-------------------------------|-----------|
|                          |           | No. (B)                       | % (B / A) |
| Board of Directors       | 8         | 1                             | 13        |
| Key Management Personnel | 5         | 0                             | NA        |

**22. Turnover rate for permanent employees and workers**

(Disclose trends for the past 3 years)

|                            | FY 2023-24<br>(Turnover rate in current FY) |             |             | FY 2022-23<br>(Turnover rate in previous FY) |        |       | FY 2021-22 (Turnover rate in the year prior to the previous FY) |        |       |
|----------------------------|---|-------------|-------------|--|--------|-------|---|--------|-------|
|                            | Male  | Female      | Total       | Male   | Female | Total | Male  | Female | Total |
| <b>Permanent Employees</b> | <b>0.21</b>                                 | <b>0.05</b> | <b>0.26</b> | 0.23   | 0.05   | 0.28  | 0.18  | 0.06   | 0.24  |
| <b>Permanent Workers</b>   | <b>0.11</b>                                 | <b>-</b>    | <b>0.11</b> | 0.07   | -      | 0.07  | 0.01  | 0.04   | 0.05  |

**V. Holding, Subsidiary and Associate Companies (including joint ventures)**

**23. (a) Names of holding / subsidiary / associate companies / joint ventures**

| Sl. No. | Name of the holding / subsidiary / associate companies / joint ventures (A) | Indicate whether holding/ Subsidiary/ Associate/ Joint Venture | % of shares held by listed entity | Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No) |
|---------|---|--|-----------------------------------|--|
| 1       | BAeHAL Software Ltd.  | Joint Venture  | 49                                | No   |
| 2       | Indo Avia Services Ltd., (IASL) (Erstwhile Indo-Russian Aviation Ltd)       | Joint Venture  | 48                                | No   |
| 3       | Safran HAL Aircraft Engines Pvt. Ltd.                                       | Joint Venture  | 50                                | No   |
| 4       | Samtel HAL Display System Ltd.  | Joint Venture  | 40                                | No   |
| 5       | HAL-Edgewood Technologies Pvt. Ltd.   | Joint Venture  | 50                                | No   |
| 6       | HALBIT Avionics Pvt. Ltd.   | Joint Venture  | 50                                | No   |
| 7       | Infotech HAL Ltd.   | Joint Venture  | 50                                | No   |



| Sl. No. | Name of the holding / subsidiary / associate companies / joint ventures (A) | Indicate whether holding/ Subsidiary/ Associate/ Joint Venture | % of shares held by listed entity | Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No) |
|---------|---|--|-----------------------------------|--|
| 8       | HATSOFF Helicopter Training Pvt. Ltd.                                       | Joint Venture  | 50                                | No   |
| 9       | International Aerospace Manufacturing Pvt. Ltd.                             | Joint Venture  | 50                                | No   |
| 10      | Multi-Role Transport Aircraft Ltd.  | Joint Venture  | 50                                | No   |
| 11      | Aerospace & Aviation Sector Skill Council (AASSC)                           | Joint Venture  | 50                                | No   |
| 12      | Helicopter Engines MRO Private Ltd.   | Joint Venture  | 50                                | No   |
| 13      | Defence Innovation Organisation   | Joint Venture  | 50                                | No   |
| 14      | SAFHAL Helicopter Engines Pvt Ltd   | Joint Venture  | 50                                | No   |
| 15      | Indo Russian Helicopters Limited  | Subsidiary   | 50.5                              | No   |
| 16      | Naini Aerospace Limited   | Subsidiary   | 100                               | No   |

#### VI. CSR Details

24. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No) : Yes

(ii) Turnover (in ₹) : 28,16,185 Lakh

(iii) Net worth (in ₹) : 29,04,642 Lakh

#### VII. Transparency and Disclosures Compliances

25. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

| Stakeholder group from whom complaint is received | Grievance Redressal Mechanism in Place (Yes/No)<br><i>(If Yes, then provide web-link for grievance redress policy)</i>   | FY 2023-24                                 |  |  | FY 2022-23                                 |  |   |
|---|--|--|--|--|--|--|---|
|   |  | Number of complaints filed during the year | Number of complaints pending resolution at close of the year | Remarks  | Number of complaints filed during the year | Number of complaints pending resolution at close of the year | Remarks   |
| Communities                                       | Yes, Centralised Public Grievance Redress and Monitoring System (CPGRAMS) under the Ministry of Personnel, Public Grievances & Pensions, the Department of Administrative Reforms & Public Grievances ( <a href="http://www.pgportal.gov.in">www.pgportal.gov.in</a> ) | 77   | 2  | Two pending grievance were received on the last week of the financial year and both these grievances were addressed within a week. | 823  | 1  | One pending grievance was received on the last day of financial year which was addressed within a week. |



| Stakeholder group from whom complaint is received | Grievance Redressal Mechanism in Place (Yes/No)<br><i>(If Yes, then provide web-link for grievance redress policy)</i> | FY 2023-24                                 |  |         | FY 2022-23                                 |  |         |
|---|--|--|--|---------|--|--|---------|
|   |  | Number of complaints filed during the year | Number of complaints pending resolution at close of the year | Remarks | Number of complaints filed during the year | Number of complaints pending resolution at close of the year | Remarks |
| Investors (other than shareholders)               | NA   | -  | -  | -       | -  | -  | -       |
| Shareholders                                      | Yes*   | 152  | 0  | -       | 173  | 0  | -       |
| Employees and workers                             | Yes<br>(Service related matters) - Web Link**  | 2  | 1  | -       | 0  | 0  | -       |
| Customers   | Yes <sup>§</sup>   | 197 <sup>#</sup>                           | 0  | -       | 171 <sup>#</sup>                           | 0  | -       |
| Value Chain Partners                              | Yes  | 10   | NIL  | -       | 14   | NIL  | -       |
| Other (please specify)                            | -  | -  | -  | -       | -  | -  | -       |

\* Shareholders queries / complaints are being handled by the Company both directly and with the support of RTA. Further, the Company has Stakeholder Relationship Committee to redress the complaints received from the shareholders as per SEBI Listing Regulations. Though there is no web-link. However, the Company has specifically dedicated email ID for receiving shareholder's complaints.

\*\* [www.hal-india.co.in](http://www.hal-india.co.in) → About us → Human Resources → HRD → HR Manuals → Book 6 → Page No. 169

<sup>§</sup> HAL deals with Defence Customers and therefore all the communication are through confidential mode as per the requirement of Customer. So there is no web link.

<sup>#</sup> The issues have been deliberated in structured meeting with Customers and have been attended.

## 26. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

| Sl. No. | Material issue identified                | Indicate whether risk or opportunity (R/O) | Rationale for identifying the risk / opportunity   | In case of risk, approach to adapt or mitigate | Financial implications of the risk or opportunity (Indicate positive or negative implications) |
|---------|--|--|--|--|--|
| 1       | Emission reduction and energy management | Opportunity                                | Opportunity to move towards energy efficiency, use of renewable energy, more efficient use of materials, biofuels, and hybrid technology to address climate change | Not Applicable                                 | Positive   |



| Sl. No. | Material issue identified | Indicate whether risk or opportunity (R/O) | Rationale for identifying the risk / opportunity   | In case of risk, approach to adapt or mitigate  | Financial implications of the risk or opportunity (Indicate positive or negative implications) |
|---------|---------------------------|--|--|---|--|
| 2       | Corporate Governance      | Risk                                       | HAL being a CPSE, the appointment of Directors are made by Govt. of India (GoI) and the Company has no control over filling up of the vacancy within the stipulated time frame specified under the Act/ Rules / Regulations, to comply the same. | Continuous follow up made with Administrative Ministry, GoI, for appointment.                               | Negative   |
| 3       | Health and Safety         | Risk                                       | Health & safety is an integral part of managing a business. Risk assessment is necessary to put measures in place to effectively control them to ensure that the hazards and risks do not cause harm to employees and workers.                   | Training/ awareness/ technological upgradation/ review at senior level                                      | Negative   |
| 4       | Waste Management          | Opportunity                                | Opportunity to move towards reduction in waste generation, meeting statutory requirements and improving resource usage   | Not Applicable  | Positive   |
| 5       | Positive labour practices | Opportunity                                | Opportunity towards improving industrial relations leading to improvement in productivity  | Not Applicable  | Positive   |
| 6       | Human capital development | Opportunity                                | Opportunity towards talent development & retention leading to improvement in productivity and intellectual property.   | Not Applicable  | Positive   |
| 7       | Cyber Security            | Risk                                       | Privacy and Data Security is becoming a major risk due to increasing digitisation  | The Company has implemented measures as per IT Security Policy for protecting from Cyber attacks & threats. | Negative   |





## SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

| Disclosure Questions   | P 1  | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 |
|--|--|-----|-----|-----|-----|-----|-----|-----|-----|
| <b>Policy and management processes</b>   |  |     |     |     |     |     |     |     |     |
| 1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)   | Yes  | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| b. Has the policy been approved by the Board? (Yes/No)   | Yes  | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| c. Web Link of the Policies, if available  | Policies of the Company are available at <a href="https://www.hal-india.co.in/investors/code-and-policies">https://www.hal-india.co.in/investors/code-and-policies</a> |     |     |     |     |     |     |     |     |
| 2. Whether the entity has translated the policy into procedures. (Yes / No)  | Yes  | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| 3. Do the enlisted policies extend to your value chain partners? (Yes/No)  | Yes  | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| 4. Name of the national and international codes/certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle. |  |     |     |     |     |     |     |     |     |
| <b>AS 9100 / 9110:</b> Quality Management System requirements for Aviation, Space and Defence Organizations  | √  | √   | √   | √   | -   | √   | -   | -   | √   |
| <b>CAR-21 / CAR-145 (DGCA):</b> Civil Aviation Requirements for Production / Maintenance Organization  | √  | √   | -   | -   | -   | -   | -   | -   | -   |
| <b>AFQMS:</b> Approval of Firm and its Quality Management System by DGAQA  | √  | √   | -   | √   | -   | -   | -   | -   | √   |
| <b>AS 7003 (Nadcap):</b> Aerospace Standard document / requirements for implementing industry consensus-based accreditation / certification Program for specific services (Special Processes)  | -  | √   | -   | -   | -   | -   | -   | -   | √   |
| <b>ISO 14001:</b> Environmental Management System Requirements   | -  | -   | -   | √   | -   | √   | -   | -   | -   |
| <b>ISO 45001:</b> Occupational Health & Safety Management System (OHSMS) Requirements  | -  | -   | √   | √   | -   | -   | -   | -   | -   |
| <b>ISO 50001: Energy Management System Requirements</b>  | -  | -   | -   | √   | -   | √   | -   | -   | -   |
| HAL Production centres, Offices & R&D centres have been certified with <b>ISO 27K</b> for Information Security Management System (ISMS). HAL Data Centre is certified with <b>ISO 27K</b> and <b>ISO 20K</b> for IT Service Management.                    | √  | √   | √   | √   | -   | -   | -   | -   | √   |
| 5. Specific commitments, goals and targets set by the entity with defined timelines, if any.   | MoU has been signed between HAL & Ministry of Defence for Financial, non-financial targets and compliance parameters for the year 2023-24 with weightage of 100 marks. |     |     |     |     |     |     |     |     |
| 6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.  | The MoU for the year 2023-24 is under evaluation. On completion of evaluation, the same will be submitted to MoD/DPE for further evaluation and award of rating.       |     |     |     |     |     |     |     |     |



## Governance, leadership and oversight

### 7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)

At HAL, we have a long history of embedding sustainability in our operations. Over the years, we have made investments to adopt renewable energy, conserve natural resources, responsibly treat and dispose solid and liquid waste, and optimize the use of water.

We have also made process improvements and worked towards installation of energy efficient Temperature & Humidity Chamber and Thermal Shock Chamber with improved GHG (Green House Gas) value, Sand Washing Facility to reclaim sand from burnt sand, Effluent Treatment plant with Zero Liquid Discharge (ZLD) System, Fume Extractors, chillers / Air Conditioners, and LED lights.

To reduce the emissions of our products, we are testing the use of biofuels.

On the Social pillar, we have robust practices to address issues such as human rights, human capital development, and health and safety of our employees, contractors, and customers. HAL is also certified for ISO 14001-2015 Environment Management System and ISO 45001-2018 OHSMS (Occupational Health and Safety Monitoring System).

On the Governance pillar, being a CPSE, we are compliant with the various rules, regulations, and best practices prescribed by local and national regulatory bodies and have robust governance mechanisms to address any governance-related issues.

Further, we are committed to driving sustainability and best in class environmental and social practices across our supply chain and in the communities we serve.

### 8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).

Director ( Human Resources)

### 9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.

Yes, Management Committee (MC)

### 10. Details of Review of NGRBCs by the Company:

| Subject for Review   | Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee   |     |     |     |     |     |     |     |     | Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify) |     |     |     |     |     |     |     |     |
|--|--|-----|-----|-----|-----|-----|-----|-----|-----|--|-----|-----|-----|-----|-----|-----|-----|-----|
|  | P 1  | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 | P 1  | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 |
| Performance against above policies and follow up action  | Directors  |     |     |     |     |     |     |     |     | As and when required.  |     |     |     |     |     |     |     |     |
| Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances | Complied except with respect to composition of the Board of Directors under SEBI (LODR) Regulations, due to non-appointment of requisite numbers of Independent Directors.<br><br>Since, the Company is a CPSE, the appointment of directors has to be made by the concerned Administrative Ministry. Hence, the matter has been referred to the MoD for filling up the post and the same is pending with MoD/ DPE |     |     |     |     |     |     |     |     | As and when required   |     |     |     |     |     |     |     |     |



|   |   |   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|---|---|
| 11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency. | P | P | P | P | P | P | P | P | P |
|   | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |

No

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

| Questions   | P | P | P | P | P | P | P | P | P              |
|---|---|---|---|---|---|---|---|---|----------------|
|   | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9              |
| The entity does not consider the Principles material to its business (Yes/No)   |   |   |   |   |   |   |   |   |                |
| The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No) |   |   |   |   |   |   |   |   |                |
| The entity does not have the financial or/human and technical resources available for the task (Yes/No)                         |   |   |   |   |   |   |   |   | Not Applicable |
| It is planned to be done in the next financial year (Yes/No)  |   |   |   |   |   |   |   |   |                |
| Any other reason (please specify)   |   |   |   |   |   |   |   |   |                |

### SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as "Essential" and "Leadership". While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

#### PRINCIPLE 1:

**BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH INTEGRITY, AND IN A MANNER THAT IS ETHICAL, TRANSPARENT AND ACCOUNTABLE.**

#### Essential Indicators

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

| Segment                           | Total number of training and awareness programmes held | Topics / principles covered under the training and its impact  | %age of persons in respective category covered by the awareness programmes |
|-----------------------------------|--|--|--|
| Board of Directors                | 2  | <ul style="list-style-type: none"> <li>Master Class on Building Better Boards, Kochi</li> <li>Orientation Programme for functional Directors of CPSEs at Guwahati</li> </ul> | 25%  |
| Key Managerial Personnel          | 2  | <ul style="list-style-type: none"> <li>Orientation Programme for functional Directors of CPSEs at Guwahati</li> <li>Effective functioning of Boards of CPSEs</li> </ul>      | 40%  |
| Employees other than BoD and KMPs | 241<br>(For Officers)                                  | (1) Training / awareness Programme pertaining to CDA, Safety & Wellness of the employees, environment & sustainability)  | 86%  |
| Workers                           | 106<br>(for Workmen)                                   | (2) These trainings / awareness Programmes will enable the employees acquire knowledge / skills for enhancement of their capabilities.                                       | 88%  |



2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

| Monetary        |                 |   |                 |                   |  |
|-----------------|-----------------|---|-----------------|-------------------|--|
|                 | NGRBC Principle | Name of the regulatory/ enforcement agencies/ judicial institutions | Amount (In INR) | Brief of the Case | Has an appeal been preferred? (Yes/No) |
| Penalty/Fine    | -               | NIL   | -               | -                 | -                                      |
| Settlement      | -               | NIL   | -               | -                 | -                                      |
| Compounding fee | -               | NIL   | -               | -                 | -                                      |

| Non-Monetary |                 |   |                   |  |
|--------------|-----------------|---|-------------------|--|
|              | NGRBC Principle | Name of the regulatory/ enforcement agencies/ judicial institutions | Brief of the Case | Has an appeal been preferred? (Yes/No) |
| Imprisonment | -               | NIL   | -                 | -                                      |
| Punishment   | -               | NIL   | -                 | -                                      |

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

| Case Details   | Name of the regulatory/ enforcement agencies/ judicial institutions |
|----------------|---|
| Not Applicable | -   |

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes, The Company believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour. Towards this end, the Company has adopted the Code of Conduct, which lays down the principles and standards that should govern the actions of the Company and its employees. Accordingly, Whistle Blower Policy has been formulated in the Company with a view to provide a mechanism for employees of the Company for any potential violation of the code, to approach the Chairman of the Audit Committee / Director (HR) / Head of Systems Audit of the Company.

Web link of the policy is <https://hal-india.co.in/backend/wp-content/uploads/2023/02/Whistle-Blower-Policy.pdf>

Further, integrity pacts are being signed with the vendors for procurement value beyond ₹5 Crore.

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

|           | FY 2023-24 | FY 2022-23 |
|-----------|------------|------------|
| Directors | 0          | 0          |
| KMPs      | 0          | 0          |
| Employees | 0          | 0          |
| Workers   | 0          | 0          |



**6. Details of complaints with regard to conflict of interest:**

|  | FY 2023-24 |         | FY 2022-23 |         |
|--|------------|---------|------------|---------|
|  | Number     | Remarks | Number     | Remarks |
| Number of complaints received in relation to issues of Conflict of Interest of the Directors | 0          | -       | 0          | -       |
| Number of complaints received in relation to issues of Conflict of Interest of the KMPs      | 0          | -       | 0          | -       |

**7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.**

Not Applicable

**8. Number of days of accounts payables ((Accounts payable \*365) / Cost of goods/services procured) in the following format:**

|                                     | FY 2023-24 | FY 2022-23 |
|-------------------------------------|------------|------------|
| Number of days of accounts payables | 94         | 129        |

**9. Open-ness of business:**

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

| Parameter                  | Metrics  | FY 2023-24   | FY 2022-23 |
|----------------------------|--|--------------|------------|
| Concentration of Purchases | a. Purchases from trading houses as % of total purchases                                 | <b>NIL*</b>  | NIL*       |
|                            | b. Number of trading houses where purchases are made from                                | <b>NA</b>    | NA         |
|                            | c. Purchases from top 10 trading houses as % of total purchases from trading houses      | <b>NA</b>    | NA         |
| Concentration of Sales     | a. Sales to dealers / distributors as % of total sales                                   | <b>NIL</b>   | NIL        |
|                            | b. Number of dealers / distributors to whom sales are made                               | <b>NA</b>    | NA         |
|                            | c. Sales to top 10 dealers / distributors as % of total sales to dealers / distributors  | <b>NA</b>    | NA         |
| Share of RPTs in           | a. Purchases (Purchases with related parties / Total Purchases)                          | <b>0.62%</b> | 0.88%      |
|                            | b. Sales (Sales to related parties / Total Sales)  | <b>0.06%</b> | 0.04%      |
|                            | c. Loans & advances (Loans & advances given to related parties / Total loans & advances) | <b>5.83%</b> | 4.87%      |
|                            | d. Investments (Investments in related parties / Total Investments made)                 | <b>8.05%</b> | 7.97%      |

**\*Note:** HAL material procurement is made through qualified suppliers, i.e., either directly through OEMs or their authorized distributor/ stockiest.



## Leadership Indicators

### 1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

| Total number of awareness programmes | Topics / principles covered under the training   | %age of value chain partners covered (by value of business done with such partners) under the awareness programmes  |
|--------------------------------------|--|---|
| 31                                   | <p>Primarily our product category, technology requirement, etc. are deliberated in such meets. Even general requirement of extending facility to MSME such as Principle of inclusive growth is discussed.</p> <p>In respect of MSMEs, specifically it was taken up with MSME Ministry to remove all on-boarding charges to on-board on TReDS platform and it was also informed to make TReDS registration mandatory requirement against Udyam Registration for ease of operations.</p> | <p>The indicated Awareness Program is done for engaging identifying new vendors.</p> <p>For the existing domestic vendors including MSME's as and when new improvements, major changes are implemented in the company special sessions are conducted, these sessions are made to make them aware of such developments. For example: Transaction through TReDS Portal has been a major subject in the last two years. For MSME vendors special sessions were held w.r.t carrying out transaction on TReDS Portal which involves the Authorised TReDS platform companies such RXIL and Mynd Solutions. These sessions are done periodically to bring in better awareness amongst domestic industries to take part in Gol initiatives.</p> <p>Payment to MSME vendors to be done within 45 days of supply of item.</p> |

### 2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.

Yes. The Company has Related Party Transaction Policy is in place to manage conflict of interest through Audit Committee and Board. Furthermore, in case of conflict of interest situation arise, no interested director are allowed to participate in the decision making process.

## PRINCIPLE 2:

### BUSINESSES SHOULD PROVIDE GOODS AND SERVICES IN A MANNER THAT IS SUSTAINABLE AND SAFE

#### Essential Indicators

### 1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

|       | FY 2023-24            | FY 2022-23            | Details of improvements in environmental and social impacts   |
|-------|-----------------------|-----------------------|---|
| R&D   | Not tracked           | Not tracked           | -   |
| CAPEX | 0.006%<br>(₹174 Lakh) | 0.31 %<br>(₹565 Lakh) | HAL has made investments towards rain water harvesting systems, energy efficient air-conditioners, sewage treatment plants, energy efficient pumps, bio-gas plant and energy efficiency lighting. |



**2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No):**

No

**b. If yes, what percentage of inputs were sourced sustainably?**

Though such condition of sustainable sourcing is not sought for compliance by our vendors, many of the vendors have already adopted the same in practice, in the procurement for items placed during FY 2023-24 to the extent of 42% of value of procurement is sourced from such supply chain partner who have already adopted such conditions.

**3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.**

The main products of the Company are Aircraft, Helicopters, Engines and other accessories for use in strategic/national security applications. Once the products are sold they would not come back to the company. Hence, Company is not in a position to reclaim the products. However, HAL has a defined process in place for reuse, recycle and safe end-of-life disposal for the products used in its operations.

**4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

No

**Leadership Indicators**

**1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?**

Not Applicable

| NIC Code | Name of Product /Service | % of total Turnover contributed | Boundary for which the Life Cycle Perspective / Assessment was conducted | Whether conducted by independent external agency (Yes/No) | Results communicated in public domain (Yes/No) If yes, provide the web-link. |
|----------|--------------------------|---------------------------------|--|---|--|
| -        | -                        | -                               | -  | -   | -  |

**2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.**

NIL

| Name of Product / Service | Description of the risk / concern | Action Taken |
|---------------------------|-----------------------------------|--------------|
| -                         | -                                 | -            |

**3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).**

NIL

| Indicate input material | Recycled or re-used input material to total material |            |
|-------------------------|--|------------|
|                         | FY 2023-24   | FY 2022-23 |
| -                       | -  | -          |



4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

|                                | FY 2023-24 |          |                 | FY 2022-23 |          |                 |
|--------------------------------|------------|----------|-----------------|------------|----------|-----------------|
|                                | Re-Used    | Recycled | Safely Disposed | Re-Used    | Recycled | Safely Disposed |
| Plastics (including packaging) | -          | -        | -               | -          | -        | -               |
| E-waste                        | -          | -        | -               | -          | -        | -               |
| Hazardous waste                | -          | -        | -               | -          | -        | -               |
| Other waste                    | -          | -        | -               | -          | -        | -               |

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

| Indicate product category | Reclaimed products and their packaging materials as % of total products sold in respective category |
|---------------------------|---|
| -                         | -   |

**Note:** The main products of the Company are Aircraft, Helicopters, Engines and other accessories for use in strategic/national security applications. Once the products are sold they would not come back to the Company.

**PRINCIPLE 3:**

**BUSINESSES SHOULD RESPECT AND PROMOTE THE WELL-BEING OF ALL EMPLOYEES, INCLUDING THOSE IN THEIR VALUE CHAINS ESSENTIAL INDICATORS**

**Essential Indicators**

1. a. Details of measures for the well-being of employees:

| Category                              | % of Employees covered by |                  |         |                                 |               |                                 |              |                                 |              |                                  |              |
|---------------------------------------|---------------------------|------------------|---------|---------------------------------|---------------|---------------------------------|--------------|---------------------------------|--------------|----------------------------------|--------------|
|                                       | Total                     | Health Insurance |         | Accident Insurance <sup>#</sup> |               | Maternity Benefits <sup>5</sup> |              | Paternity Benefits <sup>5</sup> |              | Day Care Facilities <sup>5</sup> |              |
|                                       | (A)                       | No. (B)          | % (B/A) | No. (C)                         | % (C/A)       | No. (D)                         | % (D/A)      | No. (E)                         | % (E/A)      | No. (F)                          | % (F/A)      |
| <b>Permanent Employees</b>            |                           |                  |         |                                 |               |                                 |              |                                 |              |                                  |              |
| Male                                  | 20564                     |                  |         | 20323                           | 98.82%        | NA                              | -            | 499                             | 2.43%        | NA                               | -            |
| Female                                | 2091                      |                  |         | 1995                            | 95.40%        | 54                              | 2.58%        | NA                              | -            | 104                              | 4.97%        |
| <b>Total</b>                          | <b>22655</b>              |                  |         | <b>22318</b>                    | <b>98.51%</b> | <b>54</b>                       | <b>2.58%</b> | <b>499</b>                      | <b>2.43%</b> | <b>104</b>                       | <b>4.97%</b> |
| [% w.r.to eligible Nos.]              |                           |                  |         |                                 |               |                                 |              |                                 |              |                                  |              |
| <b>Other than Permanent Employees</b> |                           |                  |         |                                 |               |                                 |              |                                 |              |                                  |              |
| Male                                  | 1044                      |                  |         | 694                             | 66.48%        | NA                              | -            | 1                               | 0.10%        | NA                               | -            |
| Female                                | 67                        |                  |         | 38                              | 56.72%        | 4                               | 5.97%        | NA                              | -            | 3                                | 4.48%        |
| <b>Total</b>                          | <b>1111</b>               |                  |         | <b>732</b>                      | <b>65.89%</b> | <b>4</b>                        | <b>5.97%</b> | <b>1</b>                        | <b>0.10%</b> | <b>3</b>                         | <b>4.48%</b> |
| [% w.r.to eligible Nos.]              |                           |                  |         |                                 |               |                                 |              |                                 |              |                                  |              |





**b. Details of measures for the well-being of workers:**

| Category                            | % of Employees covered by |                  |         |                                 |               |                                 |              |                                 |              |                                  |              |
|-------------------------------------|---------------------------|------------------|---------|---------------------------------|---------------|---------------------------------|--------------|---------------------------------|--------------|----------------------------------|--------------|
|                                     | Total                     | Health Insurance |         | Accident Insurance <sup>#</sup> |               | Maternity Benefits <sup>5</sup> |              | Paternity Benefits <sup>5</sup> |              | Day Care Facilities <sup>5</sup> |              |
|                                     | (A)                       | No. (B)          | % (B/A) | No. (C)                         | % (C/A)       | No. (D)                         | % (D/A)      | No. (E)                         | % (E/A)      | No. (F)                          | % (F/A)      |
| <b>Permanent Workers</b>            |                           |                  |         |                                 |               |                                 |              |                                 |              |                                  |              |
| Male                                | 13995                     |                  |         | 13960                           | 99.75%        | NA                              | -            | 312                             | 2.23%        | NA                               | -            |
| Female                              | 1349                      | Ref Note. (i)    |         | 1315                            | 97.48%        | 51                              | 3.78%        | NA                              | -            | 19                               | 1.41%        |
| <b>Total</b>                        | <b>15344</b>              |                  |         | <b>15275</b>                    | <b>99.55%</b> | <b>51</b>                       | <b>3.78%</b> | <b>312</b>                      | <b>2.23%</b> | <b>19</b>                        | <b>1.41%</b> |
| [% w.r.to eligible Nos.]            |                           |                  |         |                                 |               |                                 |              |                                 |              |                                  |              |
| <b>Other than Permanent Workers</b> |                           |                  |         |                                 |               |                                 |              |                                 |              |                                  |              |
| Male                                | 914                       |                  |         | 691                             | 75.60%        | NA                              | -            | 0                               | 0.00%        | NA                               | -            |
| Female                              | 42                        | Ref Note. (ii)   |         | 36                              | 85.71%        | 4                               | 9.52%        | NA                              | -            | 3                                | 7.14%        |
| <b>Total</b>                        | <b>956</b>                |                  |         | <b>727</b>                      | <b>76.05%</b> | <b>4</b>                        | <b>9.52%</b> | <b>0</b>                        | <b>0.00%</b> | <b>3</b>                         | <b>7.14%</b> |
| [% w.r.to eligible Nos.]            |                           |                  |         |                                 |               |                                 |              |                                 |              |                                  |              |

**Notes for 1 (a) & (b):**

- (i) Medical needs of permanent employees / workers have been taken care by Company Industrial Health Centers (IHC) set up in the Divisions / Offices. In case of specialized treatment, employees / workers are referred to empaneled Hospitals. Since medical needs of the permanent employees / workers have been taken care by the Company, no separate Health Insurance is taken.
- (ii) In respect of other than permanent workers (a) Management Trainees / Design Trainees : Medical facilities extended as at (i) above; (b) Tenure based : a lumpsum amount is paid every month to take care of the Medical needs and emergency care at Industrial Health Centers. Hence, no separate medical insurance is taken.

<sup>#</sup>Purely voluntary basis and premium is borne by the employees.

<sup>5</sup>Nos. actually availed the facilities during the year have been indicated.

**c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format:**

|   | FY 2023-24 | FY 2022-23 |
|---|------------|------------|
| Cost incurred on well-being measures as a % of total revenue of the company | 0.42%      | 0.87%      |

**Note:** For FY 2022-23, the cost includes additional expenditure on stressed investment loss of PF Trust, expenditure on financial assistance scheme and expenditure on uniform provided to employees.

**2. Details of retirement benefits, for Current FY and Previous Financial Year.**

| Benefits | FY 2023-24  |  |  | FY 2022-23   |  |  |
|----------|---|--|--|--|--|--|
|          | No. of employee covered as a % of total employees | No. of workers covered as a % of total workers | Deducted and deposited with the authority (Y/N/N.A.) | No. of employees covered as a % of total employees | No. of workers covered as a % of total workers | Deducted and deposited with the authority (Y/N/N.A.) |
| PF       | 100%  | 100%   | Y  | 100%   | 100%   | Y  |
| Gratuity | 100%  | 100%   | NA   | 100%   | 100%   | NA   |
| ESI      | Nil   | Nil  | NA   | Nil  | Nil  | NA   |



| Benefits  | FY 2023-24  |  |  | FY 2022-23   |  |  |
|---|---|--|--|--|--|--|
|   | No. of employee covered as a % of total employees | No. of workers covered as a % of total workers | Deducted and deposited with the authority (Y/N/N.A.) | No. of employees covered as a % of total employees | No. of workers covered as a % of total workers | Deducted and deposited with the authority (Y/N/N.A.) |
| Others:   | 100%  | 100%   | Y  | 100%   | 100%   | Y  |
| 1. Defined Contribution Pension Scheme                |   |  |  |  |  |  |
| 2. Post Superannuation Group Health Insurance Schemes |   |  |  |  |  |  |

### 3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes

### 4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Yes,

The web-link to the Policy is <https://hal-india.co.in/human-resources>

### 5. Return to work and Retention rates of permanent employees and workers that took parental leave.

| Gender       | Permanent employees |                | Permanent workers   |                |
|--------------|---------------------|----------------|---------------------|----------------|
|              | Return to work rate | Retention rate | Return to work rate | Retention rate |
| Male         | 100%                | 100%           | 100%                | 100%           |
| Female       | 100%                | 100%           | 100%                | 100%           |
| <b>Total</b> | <b>100%</b>         | <b>100%</b>    | <b>100%</b>         | <b>100%</b>    |

### 6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

|                              | Yes / No<br>(If Yes, then give details of the mechanism in brief)   |
|------------------------------|---|
| Permanent Workers            | Yes.  |
| Other than Permanent Workers | Three Stage Grievance Procedure i.r.of Workmen exists in the Company.<br>Upon exhausting all the 3 Stages, option is available to the Workmen for making petition to the General Manager if not satisfied with the decision of the Grievance Redressal Committee.<br>Thereafter, if not satisfied with the decision of the General Manager, option for preferring Appeal to the CEO/Director concerned through the Recognized Union also exists wherein the decision of the CEO/Director will be final. |



|                                | <b>Yes / No<br/>(If Yes, then give details of the mechanism in brief)</b>   |
|--------------------------------|---|
| Permanent Employees            | Yes. In addition to the Grievance Procedure i.r.of Workmen as above, there also exists Grievance Procedure i.r.of Officers (upto Gr. VI) as indicated below:<br>(i) Representing to the Dept. Head in the 1 <sup>st</sup> Stage.<br>(ii) Thereafter, representing to the Grievance Redressal Committee, wherein, based on the recommendations of the Committee, General Manager would communicate his decision.<br>(iii) In exceptional cases, if not satisfied with the decision of the General Manager, the Officer concerned may Appeal to the CEO / Director concerned, whose decision shall be final and binding on aggrieved Officer. |
| Other than Permanent Employees |   |

#### 7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

| Category                         | FY 2023-24   |  |               | FY 2022-23   |  |               |
|----------------------------------|--|--|---------------|--|--|---------------|
|                                  | Total employees / workers in respective category (A) | No. of employees / workers in respective category, who are part of association(s) or Union (B) | % (B/A)       | Total employees / workers in respective category (C) | No. of employees / workers in respective category, who are part of association(s) or Union (D) | % (D/C)       |
| <b>Total Permanent Employees</b> | <b>22655</b>   | <b>21636</b>   | <b>95.50%</b> | <b>23450</b>   | <b>22936</b>   | <b>97.81%</b> |
| - Male                           | 20564  | 19651  | 95.56%        | 21345  | 20870  | 97.78%        |
| - Female                         | 2091   | 1985   | 94.93%        | 2105   | 2066   | 98.15%        |
| <b>Total Permanent Workers</b>   | <b>15344</b>   | <b>14578</b>   | <b>95.01%</b> | <b>15980</b>   | <b>15539</b>   | <b>97.24%</b> |
| - Male                           | 13995  | 13283  | 94.91%        | 14617  | 14180  | 97.01%        |
| - Female                         | 1349   | 1295   | 96.00%        | 1363   | 1359   | 99.71%        |

#### 8. Details of training given to employees and workers:

| Category         | FY 2023-24   |                               |               |                      |               | FY 2022-23   |                               |               |                      |               |
|------------------|--------------|-------------------------------|---------------|----------------------|---------------|--------------|-------------------------------|---------------|----------------------|---------------|
|                  | Total (A)    | On Health and safety measures |               | On Skill upgradation |               | Total (D)    | On Health and safety measures |               | On Skill upgradation |               |
|                  |              | No. (B)                       | % (B/A)       | No. (C)              | % (C/A)       |              | No. (E)                       | % (E/D)       | No. (F)              | % (F/D)       |
| <b>Employees</b> |              |                               |               |                      |               |              |                               |               |                      |               |
| Male             | 20564        | 11385                         | 55.36%        | 7864                 | 38.24%        | 21345        | 13219                         | 61.93%        | 8678                 | 40.66%        |
| Female           | 2091         | 1252                          | 59.88%        | 778                  | 37.21%        | 2105         | 1554                          | 73.82%        | 759                  | 36.06%        |
| <b>Total</b>     | <b>22655</b> | <b>12637</b>                  | <b>55.78%</b> | <b>8642</b>          | <b>38.15%</b> | <b>23450</b> | <b>14773</b>                  | <b>63.00%</b> | <b>9437</b>          | <b>40.24%</b> |
| <b>Workers</b>   |              |                               |               |                      |               |              |                               |               |                      |               |
| Male             | 13995        | 7643                          | 54.61%        | 7526                 | 53.78%        | 14617        | 9541                          | 65.27%        | 8138                 | 55.67%        |
| Female           | 1349         | 790                           | 58.56%        | 735                  | 54.48%        | 1363         | 1034                          | 75.86%        | 701                  | 51.43%        |
| <b>Total</b>     | <b>15344</b> | <b>8433</b>                   | <b>54.96%</b> | <b>8261</b>          | <b>53.84%</b> | <b>15980</b> | <b>10575</b>                  | <b>66.18%</b> | <b>8839</b>          | <b>55.31%</b> |



**9. Details of performance and career development reviews of employees and worker:**

| Category                    | FY 2023-24   |                |               | FY 2022-23   |             |                |
|-----------------------------|--------------|----------------|---------------|--------------|-------------|----------------|
|                             | Total (A)    | No. (B)        | % (B / A)     | Total (C)    | No. (D)     | % (D / C)      |
| <b>Employees (Officers)</b> |              |                |               |              |             |                |
| Male                        | 6587         | 5165           | 78.41%        | 6920         | 5656        | 81.73%         |
| Female                      | 769          | 601            | 78.15%        | 767          | 617         | 80.44%         |
| <b>Total</b>                | <b>7355</b>  | <b>5766</b>    | <b>78.38%</b> | <b>7687</b>  | <b>6273</b> | <b>81.61%</b>  |
| <b>Workers</b>              |              |                |               |              |             |                |
| Male                        | 13995        | Not Applicable |               | 14617        |             |                |
| Female                      | 1349         |                |               | 1363         |             | Not Applicable |
| <b>Total</b>                | <b>15344</b> |                |               | <b>15980</b> |             |                |

**Notes:**

The Total Number indicated in column (A) of part-I above (i.e. Employees (Officer)) refers to Performance Appraisal Reports (PARs) (including Annual, Probationary (Regular & Extended), Split, Special Reports) raised during the Year. 02 Nos. of Probationary PARs are raised for Officers under Probation.

The Company's Policy provides for conduct of Performance Review Board for moderation of Annual PARs. The numbers indicated in column (B) above refers to the total number of Annual PARs raised and the Numbers indicated in the Percentage column indicates the percentage against the total number of PARs (i.e. Annual, Probationary, Split, Special PARs together) raised.

**10. Health and safety management system:**

**a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/No). If yes, the coverage such system?**

Yes. The Divisions are certified with ISO 45001:2018 (Occupational Health & Safety Management System). The scope of the system is "The Occupational Health activities and Supporting Processes associated with Design, Manufacturing, Maintenance, Repair and Overhaul of Aircrafts / Helicopters".

**b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?**

- (a) Hazard Identification and Risk Assessment (HIRA) process is used to identify work related Hazards;
- (b) Walk Through Survey, Plant Safety Inspection, Aspect & Impact Register, Complaints Registers, Internal Audits & External Audits and Conducting Safety Committee Meetings;
- (c) Work related Hazards and Risk Assessment are carried out through Shop Floor Inspection by the respective Shop In-charge alongwith the Safety Officer.

**c. Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Y/N)**

Yes

**d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)**

Yes



## 11. Details of safety related incidents, in the following format:

| Safety Incident / Number  | Category <sup>(1)</sup> | FY 2023-24 | FY 2022-23 |
|---|-------------------------|------------|------------|
| Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked) | Employees               | 0.29       | 0.29       |
|   | Workers                 | 0.36       | 0.33       |
| Total recordable work-related injuries  | Employees               | 15         | 19         |
|   | Workers                 | 14         | 19         |
| No. of fatalities <sup>(2)</sup>  | Employees               | 2          | 0          |
|   | Workers                 | 2          | 0          |
| High consequence work-related injury or ill-health (excluding fatalities)     | Employees               | 1          | 1          |
|   | Workers                 | 1          | 1          |

### Note:

(1) Contract workforce engaged through Contractors are also included.

(2) Detail on fatalities, are as under:

- Labour engaged by an Outsourced Agency while erecting temporary pandal structure for an official function had fallen down and sustained injury. Later on, succumbed to injuries after a weeks' time, while under treatment.
- Labour engaged by a Construction Agency, while working at height unhooked the safety belt to move forward lost balance resulting in fatality.

Steps taken for non-occurrence of such incidents, amongst others, includes Contractors to report to Safety Dept. before commencement of any work; engaging only trained & experienced labour to carry out work at heights; ensure wearing PPE's; use of mobile elevated work platforms as far as possible; & conduct of frequent safety awareness training.

## 12. Describe the measures taken by the entity to ensure a safe and healthy work place.

To establish a goal of zero accident, Divisions have carried out the following major activities during the year:

- (a) Regular Safety Inspection are being carried out to ensure safe working condition at work place. The observation are discussed and action is planned to take effective corrective and preventive action.
- (b) Divisions have Safety Work Permit System to ensure the contract workmen are safely performing the work.
- (c) Divisions have installed large-size LED screen for displaying various Safety & Health related topics to create an awareness.
- (d) Safety Visual Display System - Safety Sign Boards at prominent places in Offices and Shop Floor is displayed to create awareness on Safety.
- (e) Divisions are equipped with Occupational Health Center under the supervision of Medical Practitioner. OHC has a dedicated Ambulance for the Divisions.
- (f) Divisions have taken steps for removal of Hazardous & Non-Hazardous waste from the Division. The wastes are collected and sent out through authorized Vendor.
- (g) Divisions have identified certain critical Personal Protective Equipment's to be procured for the Health & Safety of the employee. These PPE's are best in class in terms of quality and safety of the employee.
- (h) The Divisions are carrying out Air Monitoring on monthly basis to analyze the quality of ambient air and stack which emits fumes from pollution sources.
- (i) Safety Day is being celebrated widely in the divisions to promote safety culture.
- (j) Periodical Medical Examination is carried out to monitor the Health of the employees.
- (k) The Divisions are equipped with Fire Alarm System for all the hangers along with Fire Hydrant System to protect from any fire emergency.



- (l) Daily walk-through survey.
- (m) Health & Safety Training to employees to create Awareness among all the employees including Contract Labour.
- (n) Conducting Fire Mock Drills on regular basis.
- (o) Display of Safety Posters, Safety Bulletins and messages via Intranet system to create awareness
- (p) Testing of Tools & Tackles, Pressure vessels etc., by competent persons.
- (q) Conducting Safety Committee Meetings regularly.
- (r) Noise level survey.
- (s) Provision of good ventilation & lighting systems & Dust Extraction Systems.
- (t) Preventive maintenance of Machineries.
- (u) Installation of smoke detectors & fire alarms and Portable Fire Extinguishers.
- (v) Conducting Occupational Health & Safety Management Audit through 3<sup>rd</sup> Party.
- (w) Regular shop-floor inspection by Safety Officer along with Shop In-charge.
- (x) Conduct of Awareness Sessions on Meditation and Mental Health.
- (y) Awareness on importance of millets on health.

**13. Number of Complaints on the following made by employees and workers:**

|                    | FY 2023-24            |                                       |         | FY 2022-23            |                                       |         |
|--------------------|-----------------------|---------------------------------------|---------|-----------------------|---------------------------------------|---------|
|                    | Filed during the year | Pending resolution at the end of year | Remarks | Filed during the year | Pending resolution at the end of year | Remarks |
| Working Conditions | 5                     | 1                                     | -       | 3                     | Nil                                   | -       |
| Health & Safety    | 4                     | 1                                     | -       | 2                     | Nil                                   | -       |

**14. Assessments for the year:**

|                             | % of your plants and offices that were assessed (by entity or statutory authorities or third parties) |
|-----------------------------|---|
| Health and safety practices | 100%  |
| Working Conditions          |   |

**15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.**

The details of action taken to address safety-related incidents and on significant risks / concerns arising from assessments of health & safety practices and working conditions are as under:

- (a) Awareness is given on wearing Personal Protective Equipment's (PPEs);
- (b) Organized Safety Training Programmes to create awareness on Safety;
- (c) Work Instructions and Safe Work Practices were made and readily available in the intranet for reference;
- (d) Electrical safety Audit & Arc Flash Assessment were carried out;
- (e) Implementation of Log Out & Tag Out (LO & TO);



- (f) Personal Protective Equipment Assessment;
- (g) Evaluation of Building Stability;
- (h) Provision of Acoustic Enclosure for Air Service trolley;
- (i) Safety Barricades for the Electrical panel;
- (j) Provision for Waste Management Bins;
- (k) Various Machine Guards are provisioned to the rotating components of the Machines to eliminate the risk while at work;
- (l) Emergency Doors are replaced with doors opening outwardly as per the standards;
- (m) Periodical Inspection and Maintenance of Tools & Machinery;
- (n) Celebration of Health Day as part of Health Awareness Campaign viz. World Heart Day, World Mental Health Day, World Diabetics Day & World Obesity Day;
- (o) Clear passages for movement of persons & materials.
- (p) Ambient Air & Ambient Noise Quality Monitoring Test, Work Zone Air & Work Zone Noise Monitoring Test through External Agency.

#### Leadership Indicators

**1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).**

(A) Employees (Y/N) – Yes.

(B) Workers (Y/N) – Yes.

**2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.**

The Bills of the value chain partners are cleared after ensuring remittance of applicable statutory dues to the concerned authorities by verifying deposit / remittance Challans submitted alongwith the Bills.

**3. Provide the number of employees / workers having suffered high consequence work- related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:**

|           | Total no. of affected employees/ workers |            | No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment |            |
|-----------|--|------------|---|------------|
|           | FY 2023-24                               | FY 2022-23 | FY 2023-24  | FY 2022-23 |
| Employees | 3  | 1          | Nil   | 1          |
| Workers   | 3  | 1          | Nil   | 1          |

**4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)**

No



**5. Details on assessment of value chain partners:**

|                             | <b>% of value chain partners (by value of business done with such partners) that were assessed</b> |
|-----------------------------|--|
| Health and safety practices | 100%   |
| Working Conditions          | 100%   |

**6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.**

NIL

**PRINCIPLE 4:**

**BUSINESSES SHOULD RESPECT THE INTERESTS OF AND BE RESPONSIVE TO ALL ITS STAKEHOLDERS**

**Essential Indicators**

**1. Describe the processes for identifying key stakeholder groups of the entity.**

The Company has robust system for identification of key stakeholders. Stakeholder engagement at HAL is an ongoing process wherein the Company interacts with its stakeholders at different levels to understand and address their expectations and collaborates with them for creating shared value. The Company has built a constructive relationship with all its stakeholders based on mutual trust, transparency, ethics and accountability. Continuous two-way dialogue process with stakeholders along with their feedbacks on various issues concerning the Company's operations has enabled us to establish sustainable relationships with the stakeholders. Apart from Customers, Suppliers, Employees, Shareholders, Government, Regulatory & Statutory Bodies, Auditors, Bankers, Collaborators and JV Partners, all community members within 50 Kms radius from the location of the plant / Divisions of the Company are considered as key stakeholder of the Company.

**2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.**

| <b>Stakeholder Group</b>   | <b>Whether identified as Vulnerable &amp; Marginalized Group (Yes/No)</b> | <b>Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other</b> | <b>Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)</b> | <b>Purpose and scope of engagement including key topics and concerns raised during such engagement</b>  |
|----------------------------|---|--|---|---|
| <b>Customers</b>           | No  | Email, Letters, Meeting  | Monthly, Quarterly, Half Yearly   | Sorting out Technical & Logistic Issues   |
| <b>Vendors / Suppliers</b> | No  | Website,<br>Emails,<br>HAL e-Portal,<br>GeM Portal   | Against specific Tender Monthly.  | Tender are hosted in Website.<br>Summary report of Order Placed<br>Nomination Procurement<br>Procurement Plan for the interest of MSE vendors<br>Procurement Plan for the interest of GeM vendors<br>Open Tender available for Participating. |
| <b>Shareholders</b>        | No  | Website, Email, Letters, Meetings, Newspaper Publications, Annual Reports  | As and when required  | Shareholders meeting and Resolution of grievance  |
| <b>Employees</b>           | No  | E-Newsletter   | Monthly, Weekly, Occasionally and Fortnightly   | Information on Company activities   |





| Stakeholder Group   | Whether identified as Vulnerable & Marginalized Group (Yes/No) | Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other   | Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify) | Purpose and scope of engagement including key topics and concerns raised during such engagement   |
|---|--|---|--|---|
| <b>Industry bodies, Regulators</b>  | No   | Email, Letters, Meeting   | As and when required   | Ensure 100% compliance to all local laws  |
| <b>Auditors</b>   | No   | Email, Letters, Meeting   | Quarterly and Annual Audit   | Audit   |
| <b>Governments; NGOs; local communities; media, industry analysts, society at large</b> | No   | As needed: Governance RFI/ RFPs; presentations; project meetings; reviews; due diligence; calls and meetings; conferences and seminars; surveys; press releases; press conferences; media interviews and quotes; sponsored events, Analyst Meet | Monthly, Quarterly, Half Yearly  | <ul style="list-style-type: none"> <li>Communicate HAL performance and strategy;</li> <li>Share and contribute to insight into public and business concerns;</li> <li>Discuss HAL response to responsible business issues.</li> </ul> |

### Leadership indicators

**1. Provide the processes for consultation between stakeholders and the board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the board.**

ESG priorities in the Company are driven from the uppermost level i.e., the Board of Directors. Board provides the strategic oversight and monitors the ESG progress. The Board of Directors has delegated the process of undertaking consultations with stakeholders to the management. The outcomes from such consultations are shared with the Board.

- During the year, HAL has initiated a comprehensive materiality assessment and stakeholder engagement exercise to identify environmental, social and governance (ESG) topics of significance to its business.
- As a part of this exercise, HAL along with an external agency, with requisite experience, engaged with the key internal and external stakeholders to understand their concerns and incorporate their views into materiality assessment, for prioritizing ESG topics.
- Insights gathered through stakeholder engagement were analyzed to develop the materiality matrix and arrive at the final list of ESG focus areas. Result of this assessment was presented to the Management and the Board. The outcome is being considered for defining ESG targets and initiatives of the Company.

**2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

Yes

**3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.**

HAL believes that every business entity needs to have a mechanism for giving back to the Society in which it operates. The Company's Business principles dovetail with its CSR initiatives to ensure that the society surrounding it grows along with the Company. In-line with this thought, activities / projects are being undertaken to address concerns of society, which also comprises of the vulnerable/ marginalized stakeholder groups. Some of the Projects in this direction, are:

- Provisioning of Medical equipment to Govt. Hospitals to boost the Healthcare;
- Entrepreneurship & Skill Development Programme / training to enhance the employability of youth;



- Infrastructure development at Govt. School;
- Providing education to Financially Underprivileged Students;
- Women Empowerment - Construction of Health Care & Rehabilitation Centre for Homeless & Mentally Challenged Women at Aspirational District, Koraput;
- Plant for conversion of Bio Waste to Compressed Natural Gas (CNG);
- Training / Coaching for aspiring youths in Sports in Tribal Area;
- Construction of Sewage Systems at Labour colonies, Roads with culverts & Drainages in rural areas;
- Provisioning of Vehicles for boosting Sanitation and Swacchta;
- Livelihood enhancement project for Particularly Vulnerable Tribal Groups (PVTGs) at Aspirational District, Asifabad;
- Distribution of Aids & Assistive Appliances to Divyangjan (PWDs);

## PRINCIPLE 5

### BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

#### Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

| Category               | FY 2023-24   |                                      |           | FY 2022-23   |                                      |           |
|------------------------|--------------|--------------------------------------|-----------|--------------|--------------------------------------|-----------|
|                        | Total (A)    | No. of employees workers covered (B) | % (B / A) | Total (C)    | No. of employees workers covered (D) | % (D / C) |
| <b>Employee</b>        |              |                                      |           |              |                                      |           |
| Permanent              | 22655        | 865                                  | 3.63%     | 23450        | 753                                  | 3.07%     |
| Other than permanent   | 1111         |                                      |           | 1007         |                                      |           |
| <b>Total Employees</b> | <b>23766</b> | <b>865</b>                           |           | <b>24457</b> | <b>753</b>                           |           |
| <b>Workers</b>         |              |                                      |           |              |                                      |           |
| Permanent              | 15344        | 330                                  | 2.02%     | 15980        | 360                                  | 2.12%     |
| Other than permanent   | 956          |                                      |           | 927          |                                      |           |
| <b>Total Workers</b>   | <b>16300</b> | <b>330</b>                           |           | <b>16907</b> | <b>360</b>                           |           |

2. Details of minimum wages paid to employees and workers, in the following format:

| Category         | FY 2023-24   |                    |         |                        |             | FY 2022-23   |                    |         |                        |             |
|------------------|--------------|--------------------|---------|------------------------|-------------|--------------|--------------------|---------|------------------------|-------------|
|                  | Total (A)    | Equal Minimum Wage |         | More than Minimum Wage |             | Total (D)    | Equal Minimum Wage |         | More than Minimum Wage |             |
|                  |              | No. (B)            | % (B/A) | No. (C)                | % (C/A)     |              | No. (E)            | % (E/D) | No. (F)                | % (F/D)     |
| <b>Employees</b> |              |                    |         |                        |             |              |                    |         |                        |             |
| <b>Permanent</b> | <b>22655</b> | -                  | -       | <b>22655</b>           | <b>100%</b> | <b>23450</b> | -                  | -       | <b>23450</b>           | <b>100%</b> |
| Male             | 20564        | -                  | -       | 20564                  | 100%        | 21345        | -                  | -       | 21345                  | 100%        |
| Female           | 2091         | -                  | -       | 2091                   | 100%        | 2105         | -                  | -       | 2105                   | 100%        |



| Category                    | FY 2023-24   |                    |         |                        |             | FY 2022-23   |                    |         |                        |             |
|-----------------------------|--------------|--------------------|---------|------------------------|-------------|--------------|--------------------|---------|------------------------|-------------|
|                             | Total (A)    | Equal Minimum Wage |         | More than Minimum Wage |             | Total (D)    | Equal Minimum Wage |         | More than Minimum Wage |             |
|                             |              | No. (B)            | % (B/A) | No. (C)                | % (C/A)     |              | No. (E)            | % (E/D) | No. (F)                | % (F/D)     |
| <b>Other than Permanent</b> | <b>1111</b>  | -                  | -       | <b>1111</b>            | <b>100%</b> | <b>1007</b>  | -                  | -       | <b>1007</b>            | <b>100%</b> |
| Male                        | 1044         | -                  | -       | 1044                   | 100%        | 955          | -                  | -       | 955                    | 100%        |
| Female                      | 67           | -                  | -       | 67                     | 100%        | 52           | -                  | -       | 52                     | 100%        |
| <b>Workers</b>              |              |                    |         |                        |             |              |                    |         |                        |             |
| <b>Permanent</b>            | <b>15344</b> | -                  | -       | <b>15344</b>           | <b>100%</b> | <b>15980</b> | -                  | -       | <b>15980</b>           | <b>100%</b> |
| Male                        | 13995        | -                  | -       | 13995                  | 100%        | 14617        | -                  | -       | 14617                  | 100%        |
| Female                      | 1349         | -                  | -       | 1349                   | 100%        | 1363         | -                  | -       | 1363                   | 100%        |
| <b>Other than Permanent</b> | <b>956</b>   | -                  | -       | <b>956</b>             | <b>100%</b> | <b>927</b>   | -                  | -       | <b>927</b>             | <b>100%</b> |
| Male                        | 914          | -                  | -       | 914                    | 100%        | 888          | -                  | -       | 888                    | 100%        |
| Female                      | 42           | -                  | -       | 42                     | 100%        | 39           | -                  | -       | 39                     | 100%        |

### 3. Details of remuneration/salary/wage

#### a. Median remuneration / wages:

|                                      | Male   |  | Female |  |
|--------------------------------------|--------|--|--------|--|
|                                      | Number | Median remuneration/salary/wages of respective category (in ₹) | Number | Median remuneration/salary/wages of respective category (in ₹) |
| (a) Board of Directors (BoD)         |        |  |        |  |
| Functional Directors                 | 4      | 57,00,854  | -      | -  |
| Govt. Nominee Director               | 2      | -  | -      | -  |
| Independent Director                 | 1      | -  | 1      | -  |
| (b) Key Managerial Personnel         | 5      | 56,82,279  | -      | -  |
| (c) Employees other than BoD and KMP | 21,603 | 17,54,924  | 2,158  | 17,35,896  |
| (d) Workers                          | 14,909 | 13,25,069  | 1,391  | 12,39,703  |

#### Note:

- Board of Directors and KMPs as on 31.03.2024 has been considered. Median salary arrived based on Salary & perquisite as per Section 17(1) & 17(2) of the Income Tax Act, 1961 for the year 2023-24.
- Key Managerial Personnel includes 4 Functional Directors and Company Secretary.
- Remuneration details of Board of Directors and KMPs are as covered under Corporate Governance Report, which is part of the Annual Report 2023-24.
- Government Nominee Director does not receive any remuneration from the Company.
- Independent Director receives the sitting fees for attending the meeting of Board and its committees.

#### b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

|   | FY 2023-24   | FY 2022-23 |
|---|--------------|------------|
| Gross wages paid to females as % of total wages | <b>8.99%</b> | 8.44%      |



**4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)**

HR Heads of the Company and the respective Divisions of HAL are responsible.

**5. Describe the internal mechanisms in place to redress grievances related to human rights issues.**

Company has a robust grievance redressal system. Refer Q.No.6 under Principle-3. Contracts with value chain partners which involve deployment of labour include specific conditions towards health & safety, working hours, and remuneration. Company complies with applicable labour Laws and a compliance report is submitted by Heads of Divisions.

For contractual employees, the Engineer-in-Charge / Office-in-Charge / Dept. concerned handling the Contracts in the Divisions / Offices looks after issues related to remuneration, health & safety within the premises and working hours.

Further, Internal Complaints Committee under the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, is constituted in the Divisions / Offices of HAL to deal with Complaints related to Sexual Harassment and conduct enquiries on such issues.

**6. Number of Complaints on the following made by employees and workers:**

|                                   | FY 2023-24            |                                       |         | FY 2022-23            |                                       |         |
|-----------------------------------|-----------------------|---------------------------------------|---------|-----------------------|---------------------------------------|---------|
|                                   | Filed during the year | Pending resolution at the end of year | Remarks | Filed during the year | Pending resolution at the end of year | Remarks |
| Sexual Harassment                 | 1                     | 0                                     | -       | 1                     | 0                                     | -       |
| Discrimination at workplace       | 0                     | 0                                     | -       | 0                     | 0                                     | -       |
| Child Labour                      | 0                     | 0                                     | -       | 0                     | 0                                     | -       |
| Forced Labour/Involuntary Labour  | 0                     | 0                                     | -       | 0                     | 0                                     | -       |
| Wages                             | 0                     | 0                                     | -       | 0                     | 0                                     | -       |
| Other human Rights related issues | 0                     | 0                                     | -       | 0                     | 0                                     | -       |

**7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:**

|   | FY 2023-24 | FY 2022-23 |
|---|------------|------------|
| Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH) | 1          | 1          |
| Complaints on POSH as a % of female employees / workers   | 0.03%      | 0.03%      |
| Complaints on POSH upheld   | 1          | Nil        |

**Note:** Female Contract workforce engaged through Contractors are also taken into account for percentage calculation.

**8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.**

It is ensured that no work related adverse consequences are meted out to the Complainant by placing the Complainant & Respondent in different work places, in case both were in the same work place. Moreover, the Complainant is encouraged to report any such incidences to the higher authorities for appropriate action.

**9. Do human rights requirements form part of your business agreements and contracts? (Yes/No)**

No



## 10. Assessments for the year:

|                             | % of your plants and offices that were assessed (by entity or statutory authorities or third parties) |
|-----------------------------|---|
| Child labour                | Nil   |
| Forced/involuntary labour   | Nil   |
| Sexual harassment           | Nil   |
| Discrimination at workplace | Nil   |
| Wages                       | Nil   |
| Others – please specify     | Nil   |

## 11. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 10 above.

Not Applicable

### Leadership Indicators

#### 1. Details on assessment of value chain partners:

|                                  | % of value chain partners (by value of business done with such partners) that were assessed |
|----------------------------------|---|
| Sexual Harassment                | Not Applicable  |
| Discrimination at workplace      | Not Applicable  |
| Child Labour                     | Not Applicable  |
| Forced Labour/Involuntary Labour | Not Applicable  |
| Wages                            | Not Applicable  |
| Others – please specify          | Not Applicable  |

#### 2. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 1 above.

Not Applicable

### PRINCIPLE 6:

#### BUSINESSES SHOULD RESPECT AND MAKE EFFORTS TO PROTECT AND RESTORE THE ENVIRONMENT

### Essential Indicators

#### 1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

| Parameter   | FY 2023-24 | FY 2022-23 |
|---|------------|------------|
| <b>From renewable sources</b>                               |            |            |
| Total electricity consumption (A)                           | 336,409 GJ | 317,006 GJ |
| Total fuel consumption (B)                                  | -          | -          |
| Energy consumption – through other sources (C)              | -          | -          |
| <b>Total energy consumed from renewable sources (A+B+C)</b> | 336,409 GJ | 317,006 GJ |
| <b>From non-renewable sources</b>                           |            |            |
| Total electricity consumption (D)                           | 451,604 GJ | 459,458 GJ |



| Parameter  | FY 2023-24              | FY 2022-23              |
|--|-------------------------|-------------------------|
| Total fuel consumption (E)   | 415,831 GJ              | 445,078 GJ              |
| Energy consumption – through other sources (F)   | -                       | -                       |
| <b>Total energy consumed from non-renewable sources (D+E+F)</b>  | 867,435 GJ              | 904,536 GJ              |
| <b>Total energy consumed (A+B+C+D+E+F)</b>   | <b>1,203,844 GJ</b>     | <b>1,221,542 GJ</b>     |
| <b>Energy intensity per rupee of turnover</b><br>(Total energy consumed / Revenue from operations)   | 39.63 GJ per<br>₹ Crore | 45.36 GJ per<br>₹ Crore |
| <b>Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)</b><br>(Total energy consumed / Revenue from operations adjusted for PPP) | 10.88 GJ per<br>₹ Crore | 12.63 GJ per<br>₹ Crore |
| <b>Energy intensity in terms of physical output</b>  | -                       | -                       |
| Energy intensity ( <i>optional</i> ) – the relevant metric may be selected by the entity   | -                       | -                       |

**Note:**

- Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency: Yes, Sustainability Actions Pvt Ltd
- The energy from fuels has been derived based on conversion factors in Table 1.2 of 2006 IPCC Guidelines for National Green House Gas Inventories. Intensity of FY 2022-23 are updated.

**2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.**

No

**3. Provide details of the following disclosures related to water, in the following format:**

| Parameter   | FY 2023-24                      | FY 2022-23                      |
|---|---------------------------------|---------------------------------|
| <b>Water withdrawal by source (in kilolitres)</b>   |                                 |                                 |
| (i) Surface water   | -                               | -                               |
| (ii) Groundwater  | 3,533,690                       | 1,816,716                       |
| (iii) Third party water   | 9,957,210                       | 10,836,222                      |
| (iv) Seawater / desalinated water   | -                               | -                               |
| (v) Others  | 2,586                           | 854                             |
| <b>Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)</b>   | <b>13,493,486</b>               | <b>12,653,792</b>               |
| <b>Total volume of water consumption (in kilolitres)</b>  | <b>13,493,486</b>               | <b>12,653,792</b>               |
| <b>Water intensity per rupee of turnover</b><br>(Total water consumption / Revenue from operations)   | <b>444.14 KL per</b><br>₹ Crore | <b>469.91 KL per</b><br>₹ Crore |
| <b>Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)</b><br>(Total water consumption / Revenue from operations adjusted for PPP) | <b>121.90 KL per</b><br>₹ Crore | <b>130.78 KL per</b><br>₹ Crore |
| <b>Water intensity in terms of physical output</b>  |                                 |                                 |
| <b>Water intensity (<i>optional</i>)</b> – the relevant metric may be selected by the entity  |                                 |                                 |

**Note:**

- Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency: Yes, Sustainability Actions Pvt Ltd
- Data includes consumption of HAL Township. Intensity of FY 2022-23 are updated.



**4. Provide the following details related to water discharged:**

| Parameter  | FY 2023-24    | FY 2022-23 |
|--|---------------|------------|
| <b>Water discharge by destination and level of treatment (in kilolitres)</b> |               |            |
| (i) To Surface water   | -             | -          |
| - No treatment   | -             | -          |
| - With treatment – please specify level of treatment                         | -             | -          |
| (ii) To Groundwater  |               |            |
| - No treatment   | -             | -          |
| - With treatment – please specify level of treatment                         | -             | -          |
| (iii) To Seawater  |               |            |
| - No treatment   | -             | -          |
| - With treatment – please specify level of treatment                         | -             | -          |
| (iv) Sent to third-parties   |               |            |
| - No treatment   | 66,257        | -          |
| - With treatment – please specify level of treatment                         | -             | -          |
| (v) Others   |               |            |
| - No treatment   | -             | -          |
| - With treatment – please specify level of treatment                         | -             | -          |
| <b>Total water discharged (in kilolitres)</b>                                | <b>66,257</b> | <b>-</b>   |

**Note:**

- Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. Yes, Sustainability Actions Pvt Ltd
- All the production locations of HAL have captive STPs/ETPs for treating the waste/effluent water. The treated water is used for non-potable purposes and to some extent in process. Offices discharge the waste water to local utility for further treatment. The discharge is estimated assuming 80% of the water withdrawn reaches the treatment plants.
- The data is reported from FY 2023-24 onwards only.

**5. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.**

HAL has made investments in an effluent treatment plant with Zero Liquid Discharge (ZLD) system.

STPs and ETPs have been installed at all our production locations for treating waste water/effluent. The treated water is used for gardening and other non-potable uses.

HAL disposes used oil, e-waste and Hazardous waste such as ETP Sludge, Paint Sludge, Waste water soluble coolant, Used Grease, Oil soaked cotton waste through Pollution Control Board authorized agencies.

**6. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:**

| Parameter                             | Please specify unit | FY 2023-24 | FY 2022-23 |
|---------------------------------------|---------------------|------------|------------|
| NOx                                   | Metric Tonnes       | 37.50      | 52.85      |
| SOx                                   | Metric Tonnes       | 17.27      | 21.52      |
| Particulate matter (PM)               | Metric Tonnes       | 96.67      | 99.33      |
| Persistent Organic Pollutants (POP)   | Metric Tonnes       | -          | -          |
| Volatile Organic Compounds (VOC)      | Metric Tonnes       | -          | -          |
| Hazardous Air Pollutants (HAP)        | Metric Tonnes       | -          | -          |
| Others – (CO, Acid mist, alkali mist) | Metric Tonnes       | 8.58       | 13.22      |

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. Yes, Sustainability Actions Pvt Ltd



**7. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:**

| Parameter   | Unit  | FY 2023-24  | FY 2022-23  |
|---|---|-------------|-------------|
| <b>Total Scope 1 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)                              | Metric tonnes of CO <sub>2</sub> equivalent | 48,876      | 46,496      |
| <b>Total Scope 2 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)                              | Metric tonnes of CO <sub>2</sub> equivalent | 89,066      | 90,615      |
| <b>Total Scope 1 and Scope 2 emission intensity per rupee of turnover</b> (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations)   |   | <b>4.54</b> | <b>5.09</b> |
| <b>Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)</b> (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations adjusted for PPP) |   | <b>1.25</b> | <b>1.42</b> |
| <b>Total Scope 1 and Scope 2 emission intensity in terms of physical output</b>   |   | -           | -           |
| <b>Total Scope 1 and Scope 2 emission intensity</b> (optional) – the relevant metric may be selected by the entity  |   |             |             |

**Note**

- Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. Yes, M/s.Sustainability Actions Pvt Ltd
- The Scope 1 emissions from fuel use have been derived based on conversion factors in Table 2.3 of 2006 IPCC Guidelines for National Greenhouse Gas Inventories.
- The Scope 2 emissions from electricity use have been derived based on conversion factor published by Central Electricity Authority Document Version 17 & 18.
- FY 2023-24 values, the sources of scope 1 emissions includes emissions from fuel consumed in processes, emissions from fuel consumed in vehicles and fugitive emissions. Intensity of FY 2022-23 are updated.

**8. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.**

Yes.

HAL has made investments towards installation of energy efficient chillers / Air Conditioners and ceiling fans.

The Company also uses renewable energy for captive consumption at production sites. Details of the renewable energy are:

- Rooftop solar: HAL has installed a total of 7.57 MW capacity Rooftop based Solar Energy Systems, till date. Projects are in progress for installing another 1.4 MW roof top solar power plants.
- Ground mounted solar: HAL has installed a total of 26.50 MW capacity Solar power plants, till date.
- Wind Energy: HAL has installed 14.7 MW capacity wind power plants in Karnataka.





9. Provide details related to waste management by the entity, in the following format:

| Parameter   | FY 2023-24                          | FY 2022-23                          |
|---|-------------------------------------|-------------------------------------|
| <b>Total Waste generated (in metric tonnes)</b>   |                                     |                                     |
| Plastic waste (A)   | 7.24                                | 48.19                               |
| E-waste (B)   | 15.96                               | 30.57                               |
| Bio-medical waste (C)   | 25.66                               | 23.75                               |
| Construction and demolition waste (D)   | 857.28                              | 2,664.29                            |
| Battery waste (E)   | 34.99                               | 21.99                               |
| Radioactive waste (F)   | 0                                   | 0                                   |
| Other Hazardous waste. Please specify, if any. (G)  |                                     |                                     |
| (i) ETP/Paint/Magnesium sludge  | 57.53                               | 41.25                               |
| (ii) Used Oil/Coolant oil (KL)  | 815.00                              | 192.33                              |
| (iii) Waste residue containing oil  | 11.00                               | 6.16                                |
| (iv) Spent hardening salt/grease/chemicals  | 7.75                                | 3.86                                |
| (v) Others  | 641.98                              | 192.26                              |
| <b>Sub-total (G)</b>  | <b>1533.26</b>                      | <b>435.86</b>                       |
| Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)                 |                                     |                                     |
| (i) Metal Scrap   | 806.68                              | 344.68                              |
| (ii) Non-Metal Scrap  | 2177.93                             | 180.00                              |
| (iii) Mixed waste   | 5601.62                             | 1583.00                             |
| (iv) Others (Cu.m)  | -                                   | 234.00                              |
| <b>Sub-total (H)</b>  | <b>8586.23</b>                      | <b>2341.68</b>                      |
| <b>Total (A + B + C + D + E + F + G + H)</b>  | <b>11060.62</b>                     | <b>5566.33</b>                      |
| Waste intensity per rupee of turnover (Total waste generated/Revenue from operations)   | <b>0.36 MT per ₹ Crore turnover</b> | <b>0.21 MT per ₹ Crore turnover</b> |
| Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated / Revenue from operations adjusted for PPP) | <b>0.10 MT per ₹ Crore turnover</b> | <b>0.06 MT per ₹ Crore turnover</b> |
| <b>Waste intensity in terms of physical output</b>  |                                     |                                     |
| <b>Waste intensity (optional)</b> – the relevant metric may be selected by the entity   |                                     |                                     |

**For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)**

|  |              |              |
|--|--------------|--------------|
| <b>Category of waste (Plastic waste)</b> |              |              |
| (i) Recycled                             | 0            | 11.44        |
| (ii) Re-used                             | 0            | 0.1          |
| (iii) Other recovery operations          | 0            | 0            |
| <b>Total</b>                             | <b>0</b>     | <b>11.54</b> |
| <b>Category of waste (E-waste)</b>       |              |              |
| (i) Recycled                             | 15.96        | 0.149        |
| (ii) Re-used                             | 0            | 0            |
| (iii) Other recovery operations          | 0            | 0            |
| <b>Total</b>                             | <b>15.96</b> | <b>0.149</b> |



**For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)**

|  |              |               |
|--|--------------|---------------|
| <b>Category of waste (Bio-medical waste)</b>                 |              |               |
| (i) Recycled   | 0            | 7.27          |
| (ii) Re-used   | 0            | 0             |
| (iii) Other recovery operations                              | 0            | 0             |
| <b>Total</b>   | <b>0</b>     | <b>7.27</b>   |
| <b>Category of waste (Construction and demolition waste)</b> |              |               |
| (i) Recycled   | 0            | 0             |
| (ii) Re-used   | 0            | 175           |
| (iii) Other recovery operations                              | 0            | 22            |
| <b>Total</b>   | <b>0</b>     | <b>197</b>    |
| <b>Category of waste (Battery waste)</b>                     |              |               |
| (i) Recycled   | 13.75        | 0             |
| (ii) Re-used   | 0            | 0             |
| (iii) Other recovery operations                              | 0            | 2.83          |
| <b>Total</b>   | <b>13.75</b> | <b>2.83</b>   |
| <b>Category of waste (Used/Coolant Oil)</b>                  |              |               |
| (i) Recycled (KL)  | 34.20        | 16            |
| (ii) Re-used   | 0            | 0             |
| (iii) Other recovery operations                              | 0            | 6             |
| <b>Total (KL)</b>  | <b>34.20</b> | <b>22</b>     |
| <b>Category of waste (Other Hazardous waste)</b>             |              |               |
| (i) Recycled   | 0            | 48            |
| (ii) Re-used   | 0            | 0             |
| (iii) Other recovery operations                              | 0            | 0             |
| <b>Total</b>   | <b>0</b>     | <b>48</b>     |
| <b>Category of waste (Other Non-Hazardous waste)</b>         |              |               |
| (i) Recycled   | 0            | 184.32        |
| (ii) Re-used   | 0            | 607.00        |
| (iii) Other recovery operations                              | 0            | 0             |
| <b>Total</b>   | <b>0</b>     | <b>791.32</b> |

**For each category of waste generated, total waste disposed by nature of disposal method (in Metric tonnes)**

|  |             |              |
|--|-------------|--------------|
| <b>Category of waste (Plastic waste)</b> |             |              |
| (i) Incineration                         | 0           | 0            |
| (ii) Landfilling                         | 0.02        | 20.63        |
| (iii) Other disposal operations          | 7.22        | 16.02        |
| <b>Total</b>                             | <b>7.29</b> | <b>36.65</b> |
| <b>Category of waste (E-waste)</b>       |             |              |
| (i) Incineration                         | 0           | 0            |
| (ii) Landfilling                         | 0           | 0            |
| (iii) Other disposal operations          | 0           | 23.75        |
| <b>Total</b>                             | <b>0</b>    | <b>23.75</b> |



| For each category of waste generated, total waste disposed by nature of disposal method (in Metric tonnes) |                |                 |
|--|----------------|-----------------|
| <b>Category of waste (Bio-medical waste)</b>   |                |                 |
| (i) Incineration   | 20.98          | 0.13            |
| (ii) Landfilling   | 0.73           | 3.56            |
| (iii) Other disposal operations  | 3.95           | 0               |
| <b>Total</b>   | <b>25.66</b>   | <b>3.69</b>     |
| <b>Category of waste (Construction and demolition waste)</b>   |                |                 |
| (i) Incineration   | 0              | 0               |
| (ii) Landfilling   | 536.95         | 2267.29         |
| (iii) Other disposal operations  | 320.33         | 200.00          |
| <b>Total</b>   | <b>857.28</b>  | <b>2,467.29</b> |
| <b>Category of waste (Battery waste)</b>   |                |                 |
| (i) Incineration   | 0              | 0               |
| (ii) Landfilling   | 0              | 0               |
| (iii) Other disposal operations  | 21.24          | 13.86           |
| <b>Total</b>   | <b>21.24</b>   | <b>13.86</b>    |
| <b>Category of waste (Used/Coolant Oil)</b>  |                |                 |
| (i) Incineration (KL)  | 20.00          | 29.80           |
| (ii) Landfilling   | 0              | 0               |
| (iii) Other disposal operations  | 760.80         | 405.53          |
| <b>Total (KL)</b>  | <b>780.80</b>  | <b>435.33</b>   |
| <b>Category of waste (Other hazardous waste)</b>   |                |                 |
| (i) Incineration   | 0              | 115.15          |
| (ii) Landfilling   | 0              | 34.24           |
| (iii) Other disposal operations  | 718.26         | 81.84           |
| <b>Total</b>   | <b>718.26</b>  | <b>231.23</b>   |
| <b>Category of waste (Other Non-hazardous waste)</b>   |                |                 |
| (i) Incineration   | 0              | 0               |
| (ii) Landfilling   | 0              | 0               |
| (iii) Other disposal operations  | 8586.23        | 1316.35         |
| <b>Total</b>   | <b>8586.23</b> | <b>1316.35</b>  |
| <b>Category of waste (Other Non-hazardous waste)</b>   |                |                 |
| (i) Incineration   | 0              | 0               |
| (ii) Landfilling   | 0              | 0               |
| (iii) Other disposal operations (cu.m)   | 0              | 234             |
| <b>Total (cu.m)</b>  | <b>0</b>       | <b>234</b>      |

**Note:**

- 1) Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? Yes, Sustainability Actions Pvt Ltd.
- 2) The various waste generated are disposed by auction/contractors. Hazardous waste is disposed through Pollution Control Board authorized agencies either for recycling/incineration/other disposal as per applicable waste management rules. Non-hazardous waste such as metal and non-metal scrap is disposed by auction through MSTC portal. Mixed waste consisting of municipal waste is disposed through local authorized agencies. Intensity of FY 2022-23 are updated



**10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.**

The Company has adopted a strong waste management system to meet the compliance with respect to local regulations. The well-established system is supporting our operations to properly segregate the waste at source & adopt the 3R concept to reduce, reuse & recycle. The waste generated within our premises is recycled through authorized recyclers and on-site composting machines (in facilities and residential establishments) and remaining waste is disposed through State Pollution Control Board approved landfill/incineration facilities.

HAL is governed by various Acts and Rules like the Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016, Solid Waste Management Rules, 2016, Air Prevention and Control of Pollution Act (1981), Environment (Protection) Act, 1986, Water (Prevention and Control of Pollution), Act, 1974 etc.

All the Divisions are ISO 14001 certified and comply with the rules prescribed by respective State Pollution Control Boards. All emissions and waste generation is monitored as prescribed by the Pollution Control Boards.

Municipal Solid Waste (MSW) generated from Townships and Factories is segregated at source in Townships and Factories (Wet, Dry, Garden, Sanitary and Rejects). Through the process of Vermi-Composting, the Bio-degradable waste comprising of domestic waste and horticulture waste is being converted to manure. For better utilization of biodegradable waste generated from HAL Estates, the Company has installed Solid Waste Management Units like Organic Waste Converters and Bio Gas Plants at select places. At Bangalore, 1.5 Tons per day capacity bio-gas plants are installed.

The Divisions which use and generate hazardous effluents such as chrome, acid/alkali, cyanide etc. have independent Effluent Treatment Plants (ETPs) for treatment.

**11. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:**

| Sl. No. | Location of operations/offices | Type of operations | Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any. |
|---------|--------------------------------|--------------------|---|
|---------|--------------------------------|--------------------|---|

HAL does not have any operations/ offices in/ around ecologically sensitive areas.

**12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:**

| Name and brief details of project | EIA Notification No. | Date | Whether conducted by independent external agency (Yes / No) | Results communicated in public domain (Yes / No) | Relevant Web link |
|-----------------------------------|----------------------|------|---|--|-------------------|
|-----------------------------------|----------------------|------|---|--|-------------------|

Not Applicable

**13. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). – Yes**

If not, provide details of all such non-compliances, in the following format:

| Sl. No. | Specify the law / regulation / guidelines which was not complied with | Provide details of the non-compliance | Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts | Corrective action taken, if any |
|---------|---|---------------------------------------|---|---------------------------------|
|---------|---|---------------------------------------|---|---------------------------------|

NA



### Leadership Indicators

1. With respect to the ecologically sensitive areas reported at Question 11 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Not Applicable

2. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

The risks related to business continuity and disaster management are covered as part of the Risk Management Policy. The policy is available at the following link: [https://hal-india.co.in/backend/wp-content/uploads/2023/07/Risk\\_Management\\_Policy\\_20.pdf](https://hal-india.co.in/backend/wp-content/uploads/2023/07/Risk_Management_Policy_20.pdf)

3. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

No assessment made.

4. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

Nil

### PRINCIPLE 7:

**BUSINESSES, WHEN ENGAGING IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A MANNER THAT IS RESPONSIBLE AND TRANSPARENT**

### Essential Indicators

1. a. Number of affiliations with trade and industry chambers/ associations.

The Company has taken Corporate Membership with five (5) Nos. of trade and industry chambers/ associations.

- b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

| Sl. No. | Name of the trade and industry chambers/ associations                    | Reach of trade and industry chambers/ associations (State/National) |
|---------|--|---|
| 1       | Federation of Indian Chambers of Commerce & Industry (FICCI)             | National  |
| 2       | The Associated Chambers of Commerce & Industry of India (ASSOCHAM India) | National  |
| 3       | Confederation of Indian Industry (CII)                                   | National  |
| 4       | Engineering Export Promotion Council India (EETPC)                       | National  |
| 5       | Society of Indian Defence Manufacturers (SIDM)                           | National  |

2. Provide details of corrective action taken or underway on any issues related to anti- competitive conduct by the entity, based on adverse orders from regulatory authorities.

| Name of authority | Brief of the case | Corrective action taken |
|-------------------|-------------------|-------------------------|
|                   | NIL               |                         |



## Leadership Indicators

### 1. Details of public policy positions advocated by the entity: – No

| Sl. No. | Public resorted advocated | Method resorted for such advocacy | Whether information available in Public domain? (Yes / No) | Frequency of Review by Board (Annually / Half Yearly / Quarterly / Others Please specify) | Web Link, if available |
|---------|---------------------------|-----------------------------------|--|---|------------------------|
| -       | -                         | -                                 | -  | -   | -                      |

## PRINCIPLE 8:

### BUSINESSES SHOULD PROMOTE INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

#### Essential Indicators

### 1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

| Name and brief details of project | SIA Notification No. | Date of Notification | Whether conducted by independent external agency (Yes / No) | Results communicated in public domain (Yes / No) | Relevant Web link |
|-----------------------------------|----------------------|----------------------|---|--|-------------------|
| NIL                               |                      |                      |   |  |                   |

### 2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

| Sl. No. | Name of Project for which R&R is ongoing | State | District | No. of Project Affected Families (PAFs) | % of PAFs covered by R&R | Amounts paid to PAFs in the FY (In INR) |
|---------|--|-------|----------|---|--------------------------|---|
| NIL     |  |       |          |   |                          |   |

### 3. Describe the mechanisms to receive and redress grievances of the community.

Complaints can be received through Public Grievance Portal ([www.pgportal.gov.in](http://www.pgportal.gov.in)).

### 4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

|  | FY 2023-24 | FY 2022-23 |
|--|------------|------------|
| Directly sourced from MSMEs/small Producers* | 44.53%     | 44%        |
| Directly from within India**                 | 20%        | 22%        |

\* The value of procurement made from MSMEs/Total Domestic Procurement

\*\* Local material consumption/ Total material consumption.

### 5. Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost

| Location     | FY 2023-24 | FY 2022-23 |
|--------------|------------|------------|
| Rural        | 3%         | 3%         |
| Semi-urban   | 23%        | 23%        |
| Urban        | 2%         | 2%         |
| Metropolitan | 72%        | 72%        |

(Places are categorized as per RBI Classification System - rural / semi-urban / urban / metropolitan)



## Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

| Details of negative social impact identified | Corrective action taken |
|--|-------------------------|
| Not Applicable                               |                         |

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

| Sl. No.      | State       | Aspirational District | Amount spent (₹ in lakh) |
|--------------|-------------|-----------------------|--------------------------|
| 1            | Odisha      | Koraput               | 1,487.47                 |
| 2            | Telangana   | Asifabad              | 21.98                    |
| 3            | Uttarakhand | Udham Singh Nagar     | 178.20                   |
| <b>Total</b> |             |                       | <b>1,687.65</b>          |

**Note:** Asifabad and Udham Singh Nagar Districts are not a designated Aspirational District for HAL. Based on the requirement/need, the projects were undertaken during FY 2023-24 at Asifabad and Udham Singh Nagar.

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)

Yes

- (b) From which marginalized /vulnerable groups do you procure?

Social Category (SC/ST) and Companies owned by Women.

- (c) What percentage of total procurement (by value) does it constitute?

|   | FY 2023-24 | FY 2022-23 |
|---|------------|------------|
| % Procurement Social Category (SC/ST) Entrepreneurs | 0.67 %     | 0.50 %     |
| % Procurement from Women Entrepreneurs              | 3.34 %     | 4.46 %     |

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

| Sl. No. | Intellectual Property based on traditional knowledge | Owned / Acquired (Yes / No) | Benefit shared (Yes / No) | Basis of calculating benefit share |
|---------|--|-----------------------------|---------------------------|------------------------------------|
| 1       | NIL  | No                          | No                        | NA                                 |

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

| Name of authority | Brief of the Case | Corrective action taken |
|-------------------|-------------------|-------------------------|
| -                 | -                 | -                       |



## 6. Details of beneficiaries of CSR Projects:

The beneficiaries of CSR Projects for which the Impact Assessment was carried out during the year:

| Sl. No. | CSR Project  | No. of persons benefitted from CSR Projects (Approx.) | % of beneficiaries from vulnerable and marginalized groups |
|---------|--|---|--|
| 1.      | Establishment of skill development center for experimental learning in Smart Manufacturing and Industry 4.0, at Bangalore, Karnataka (Estd: 2022).   | 9480  | Approx. 29%  |
| 2.      | Establishment of Centralized kitchen for mid-day meal program at Bangalore, Karnataka.   | 9100  | Approx. 49%  |
| 3.      | Construction of Toilets in Govt. Schools in Chikkaballapur/ Doddaballapur, Karnataka.  | 2000  | Approx. 28%  |
| 4.      | HAL Football Academy, Bangalore, Karnataka. (Estd: 2016).  | 250   | Approx. 25%  |
| 5.      | Provisioning of Garbage picking vehicles at Serligampally, Hyderabad, Telangana.   | 10000   | Approx. 39%  |
| 6.      | Infrastructural Development at Kasturba Gandhi School, Barabanki, Uttar Pradesh.   | 1000 – 1200   | Approx. 100%   |
| 7.      | (a) Training of Apprentices over and above the Statutory Limits under CSR, Lucknow, Uttar Pradesh (FY 2021-22).  | 325   | Approx. 58 %   |
|         | (b) Training of Apprentices over and above the Statutory Limits under CSR, Lucknow, Uttar Pradesh (FY 2020-21).  | 375   | Approx. 58%  |
| 8.      | Project for Management & Containment of COVID-19: Ambulances, High Flow Nasal Canula (HFNC) & Ventilators through Dist. Magistrate Lucknow, Uttar Pradesh (FY 2020-21).  | 2000  | Approx. 48%  |
| 9.      | Establishment of COVID-19 Care Hospital at Lucknow, Uttar Pradesh FY 2021-22   | 275000  | Approx. 45%  |
| 10.     | Construction of Road & Culvert - Chamrahi & Banauga Villages, Uttar Pradesh  | 7000  | Approx. 80%  |
| 11.     | Construction, Maintenance and upkeep of Roads for improving healthcare & hygiene in Narsinghbhanpur & Bahorikpur Villages, Uttar Pradesh   | 6000 -6500  | Approx. 29%  |
| 12.     | Provisioning for Drinking Water facilities, upgradation of waiting room toilet block facilities for easy access for Divyangjan / Women,etc at Railway Stations: Amethi, Gauriganj and Mushafirkhana, Uttar Pradesh | 7550 -8000  | Approx. 27%  |
| 13.     | Construction of Hostels, Computer Lab, Smart Class Rooms, etc. in Kasturba Gandhi Residential Girls Schools (KGRG) at Amethi District, Uttar Pradesh.  | 900   | Approx. 36%  |

**Note:** Beneficiaries are on daily basis [Sl. No: 2, 3, 5, 6 and 10-13].





**PRINCIPLE 9:**

**BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CONSUMERS IN A RESPONSIBLE MANNER**

**Essential Indicators**

**1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**

Defence forces have a well-established, structured and periodic meetings for raising issues. Same is being followed and complied by HAL. These documents are treated as confidential by Defence forces. Internally, the issues are being monitored at Corporate level and a monthly updates on the same are being forwarded to the Customers.

**2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:**

|   | As a percentage to total turnover  |
|---|--|
| Environmental and social parameters relevant to the product | The main products of the Company are Aircraft, Helicopters, Engines and other accessories for use in strategic/national security applications. Hence, Not Applicable   |
| Safe and responsible usage                                  | 100%   |
| Recycling and/or safe disposal                              | The main products of the Company are Aircraft, Helicopters, Engines and other accessories for use in strategic/national security applications. Once the products are sold they would not come back to the Company. Hence not applicable. |

**3. Number of consumer complaints in respect of the following:**

|                                | FY 2023-24               |                                   | Remarks | FY 2022-23               |                                   | Remarks |
|--------------------------------|--------------------------|-----------------------------------|---------|--------------------------|-----------------------------------|---------|
|                                | Received during the year | Pending resolution at end of year |         | Received during the year | Pending resolution at end of year |         |
| Data privacy                   | -                        | -                                 | -       | -                        | -                                 | -       |
| Advertising                    | -                        | -                                 | -       | -                        | -                                 | -       |
| Cyber-security                 | -                        | -                                 | -       | -                        | -                                 | -       |
| Delivery of essential services | 197 <sup>#</sup>         | 0                                 | -       | 171 <sup>#</sup>         | 0                                 | -       |
| Restrictive Trade Practices    | -                        | -                                 | -       | -                        | -                                 | -       |
| Unfair Trade Practices         | -                        | -                                 | -       | -                        | -                                 | -       |
| Other                          |                          |                                   |         |                          |                                   |         |

<sup>#</sup> The issues have been deliberated in structured meeting with Customers and have been attended

**4. Details of instances of product recalls on account of safety issues:**

|                   | Number | Reason for recall |
|-------------------|--------|-------------------|
| Voluntary Recalls | NIL    | NA                |
| Forced Recalls    | NIL    | NA                |

**5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.**

Yes. Web link of the cyber security policy is [https://hal-india.co.in/backend/wp-content/uploads/2023/03/Cyber\\_Security\\_Policy.pdf](https://hal-india.co.in/backend/wp-content/uploads/2023/03/Cyber_Security_Policy.pdf)

**6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.**

HAL's customers being the defence forces, the information is confidential.



**7. Provide the following information relating to data breaches:**

**a. Number of instances of data breaches**

There are no instances of data breaches

**b. Percentage of data breaches involving personally identifiable information of customers:**

Not Applicable

**c. Impact, if any, of the data breaches:**

Not Applicable

**Leadership Indicators**

**1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).**

Information on products and services are available at HAL website [www.hal-india.co.in](http://www.hal-india.co.in)

**2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

The main products of the Company are Aircraft, Helicopters, Engines and other accessories for use in strategic/national security applications by Indian Armed Forces. HAL provides training and all the necessary documents pertaining to all products of the Company to Customers.

**3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

The main products of the Company are Aircraft, Helicopters, Engines and other accessories for use in strategic/national security applications by Indian Armed Forces. HAL is committed to provide support to Indian Armed Forces till our product is in service.

**4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**

Not Applicable



# Independent Assurance Statement

To,  
The Board,  
Hindustan Aeronautics Limited  
15/1, Cubbon Road,  
Bengaluru – 560 001, Karnataka.

## Scope and Approach

Sustainability Actions Private Limited (“SAPL”) has been engaged by management of Hindustan Aeronautics Limited (“HAL” or “the Company”), to perform an independent reasonable assurance engagement of the Company’s Business Responsibility and Sustainability Report (BRSR) Core Matrices (refer to Annexure 1) for the FY 23-24.

## Reporting Criteria

The Report is prepared based on BRSR Core Framework (Annexure I of the SEBI circular SEBI/HO/CFD/CFD-SEC-2/P/ CIR2023/122 dated July 12, 2023 and “Guidance Note for Business Responsibility and Sustainability Reporting Format” by Securities and Exchange Board of India (SEBI)

## Management Responsibilities

The Company’s Management is responsible for identification of key aspects, content and presentation of the Business Responsibility and Sustainability Report in accordance with the Criteria mentioned above. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the Business Responsibility and Sustainability Report and measurement of BRSR Core Matrices which are free from material misstatement, whether due to fraud or error.

## Independence and Quality Control

We are independent from the entity in accordance with the requirements of independence and quality assurance set out in BRSR provisions and professional pronouncements and have fulfilled our additional professional obligations in accordance with these requirements.

Our assurance engagements are based on the assumption that the data and information provided by the Company to us as part of our review have been provided in good faith and free from material misstatements. We were not involved in the preparation of any statements or data included in the report except for Assurance Statement.

Our firm applies International Standard on Quality Management and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## Our Responsibility

Our responsibility is to express a reasonable assurance conclusion on the BRSR Core Matrices, based on the procedures we have performed and the evidence we have obtained. We conducted our engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (“ISAE 3000”), and the terms of reference for this engagement as agreed with HAL. Those standards require that we plan and perform our engagement to obtain reasonable assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

## Basis of our Opinion

We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our assurance opinion and the process did not involve engagement with external stakeholders. We carried out one-to-one discussions, onsite and remote assessments.

As part of our assurance process, a multi-disciplinary team of sustainability and assurance specialists reviewed the disclosures presented within the Report and referenced information, and sampled the disclosures and were reviewed through the HAL’s customised sustainability information management system.

We undertook the following activities:

- Obtained an understanding of the BRSR core matrices ;
- Interviewed selected senior managers responsible for management of sustainability topics and reviewed selected evidences to support issues disclosed in the Report. We were free to choose interviewees and interviewed those with overall responsibility to deliver HAL’s sustainability objectives;
- Reviewed processes and systems for aggregating site level sustainability information, that is, reviewed sustainability disclosures for selected sites as well as the overall data aggregated and consolidated at the Corporate level from the Company’s sustainability management system;
- Review of the processes for gathering and consolidating the selected performance data related to identified material topics and, for a sample, checking the data consolidation in context under the Principle of Completeness.



Based on the above understanding and the risks that the matrices may be materially misstated, determined the nature, timing and the extent of further procedures, reviewed records and performed testing including recalculation of sample data to establish an audit trail.

### Opinion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the company's identified sustainability criteria as per BRSR core framework (refer to Annexure 1) for the year ended 31<sup>st</sup> March 2024 are not prepared, in all material respects, in accordance with the Reporting Criteria.

### Inherent Limitations

We have relied on the information, documents, records, data, and explanations provided to us by the Company for the purpose of our review. The assurance scope excludes:

- Any disclosure other than those mentioned in the scope section above
- Data and information outside the defined reporting period
- Data related to Company's financial performance, strategy and other related linkages expressed in the Report.
- The reported financial data are based on audited financial statements issued by the Company's statutory auditors which is subject to a separate audit process. We were not involved in the review of financial data from the Annual Report.

- The Company's statements that describe expression of opinion, belief, aspiration, expectation, forward looking statements provided by the Company and assertions related to Intellectual Property Rights and other competitive issues.
- Mapping of the Report with reporting frameworks other than those mentioned in Reporting Criteria above.
- While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls.
- The procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

**For and behalf of Sustainability Actions Pvt. Ltd.**

(CIN – U74999HR2021PTC093811)



**Saket Sinha**

(Director)

Date: 27/05/2024

Place: Gurgaon, India



## Annexure – 1

### BRSR Core attributes

|        | BRSR Indicator   | Type of Assurance |
|--------|--|-------------------|
| P1 E8  | Number of days of accounts payable   | Reasonable        |
| P1 E9  | Concentration of purchases & sales done with trading houses, dealers and related parties<br>Loans and advances & investments with related parties  | Reasonable        |
| P3 E1c | Spending on measures towards well-being of employees and workers – cost incurred as a % of total revenue of the company  | Reasonable        |
| P3 E11 | Details of safety related incidents including lost time injury frequency rate, recordable work-related injuries, no. of fatalities   | Reasonable        |
| P5 E3b | Gross wages paid to females as % of wages paid   | Reasonable        |
| P5 E7  | Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, including complaints reported, complaints as a % of female employees and complaints upheld | Reasonable        |
| P6 E1  | Details of total energy consumption (in Joules or multiples)   | Reasonable        |
| P6 E1  | Details of total energy intensity  | Reasonable        |
| P6 E3  | Provide details of water withdrawal by source  | Reasonable        |
| P6 E3  | Provide details of water consumption   | Reasonable        |
| P6 E4  | Provide details of water discharged  | Reasonable        |
| P6 E6  | Details of Air Emissions (Other than GHG emissions)  | Reasonable        |
| P6 E7  | Provide details of greenhouse gas emissions (Scope 1)  | Reasonable        |
| P6 E7  | Provide details of greenhouse gas emissions (Scope 2)  | Reasonable        |
| P6 E7  | Provide details of greenhouse gas emissions (Scope 1 and Scope 2) intensity  | Reasonable        |
| P6 E9  | Provide details related to waste generated by category of waste  | Reasonable        |
| P6 E9  | Provide details related to waste recovered through recycling, re-using or other recovery operations  | Reasonable        |
| P6 E9  | Provide details related to waste disposed by nature of disposal method   | Reasonable        |
| P8 E4  | Input material sourced from following sources as % of total purchases – Directly sourced from MSMEs / small producers and from within India  | Reasonable        |
| P8 E5  | Job creation in smaller towns  | Reasonable        |
| P9 E7  | Instances involving loss / breach of data of customers as a percentage of total data breaches or cyber security events   | Reasonable        |



# Independent Auditor's Report

## To The Members of Hindustan Aeronautics Limited Report on the Audit of Standalone Financial Statements

### Opinion

We have audited the Standalone Financial Statements of **Hindustan Aeronautics Limited** ("the Company") which comprise the Standalone Balance Sheet as at 31<sup>st</sup> March 2024, and the Standalone statement of profit and loss (including Other Comprehensive Income), standalone statement of Changes in Equity and the standalone statement of cash flows for the year then ended, and Notes to the Standalone Financial Statements, including Material Accounting Policies and other explanatory information (hereinafter referred to as "the standalone financial statements") in which are included the returns of 29 divisions for the year ended on that date audited by the Divisional Auditors of the company.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March 2024, and its Profit and Other comprehensive income, Changes in Equity and its Cash Flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone Financial statements.

### Emphasis of Matter

#### (I) Attention is invited to Notes to the Financial Statements extracted below:

##### Note 49: Clause - 43G

Revision of pay scales of executives and workmen, with effect from 01.01.2017 was implemented in accordance with the guidelines issued by Department of Public Enterprises vide OM dated 03.08.2017 for Executives and in accordance with the Wage Agreement entered into between Management and Employees Union representative in 2019-20 in respect of Workmen.

On an interpretation on pay refixation and pursuant to the directives of the Administrative Ministry, the pay fixation to be revised and the excess amount paid is to be recovered from the employees.

This has resulted in reduction of salaries and wages by ₹5573 lakhs (previous year: ₹5155 lakhs) for the year ended 31<sup>st</sup> March 2024.

While so, the Employees Union and Officers Association have filed Writ Petition with Hon'ble High Court of Karnataka to stay recovery of excess amount of salary paid by the Company. The Honourable High Court has granted interim stay on recoveries, pending disposal of the writ petitions by the High court, the excess amount is shown under claims receivable (Gross) for ₹35218 lakhs (previous year: ₹29645 lakhs) and an equal amount of provision has been made in the books of accounts.

The amount withheld from employees who retired after 30 June 2021 is kept under other liabilities ₹4445 Lakhs (Previous year: ₹3026 Lakhs)

Based on the final order that may be passed, suitable effect will be carried out in the accounts.



**Note 49: Clause - 43D(ii)**

Ministry vide OM dated 12.07.2023 has conveyed the approval for increasing the Company's contribution to the Pension Scheme of Executives from existing 7% to 10% of Basic Pay + DA w.e.f. 01.01.2017. Revision of Pension contribution from 7% to 10% of Basic Pay + DA w.e.f 01.01.2017 has been made in respect of Executives who are on the rolls of the Company as on the date of implementation of the revised ceiling i.e. 01.01.2017. In respect of new incumbents who joined the Company post 01.01.2017, it will be effective from the date of appointment.

The additional liability accruing to the division due to the increased ceiling, is ₹21736 lakhs pertaining to the period from 1 January 2017 to 31 March 2024 (₹3513 lakhs for the year ended 31<sup>st</sup> March 2024). The total additional financial impact on revision of Pension contribution has been given effect in the books of accounts during the period ended 31<sup>st</sup> March 2024. Accordingly, employees cost for the current year is not comparable with the corresponding previous year.

**Note 49: Clause - 31C**

Inventory were damaged due to floods caused by rains, based on an internal technical assessment committee estimated the loss of Inventory ₹7856 lakhs and the same has been provided in the books during the year 2022-23. Subsequently, based on the findings as part of the exercise to submit an insurance claim, the actual loss has been re-assessed as ₹6591 Lakh and same provision has been created under Replacement Charges ₹5590 lakhs and Redundancy Charges of ₹1001 Lakh during the year 2023-24.

Our opinion is not modified in respect of these matters.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key Audit Matters   | Response to Key Audit Matters & Conclusion  |
|---|---|
| <p><b>a) Revenue recognition</b><br/>(Ind AS 115)</p> <p>The revenue standard establishes a comprehensive framework for determining whether, how much and when revenue is recognized. This involves certain key judgments relating to identification of distinct performance obligations, determination of transaction price of identified performance obligation, the appropriateness of the basis used to measure revenue recognized over a period. Additionally, the standard mandates robust disclosures in respect of revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.</p> | <p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> <li>• Evaluated the appropriateness of the disclosures provided under the revenue standard and assessed the completeness and mathematical accuracy of the relevant disclosures.</li> <li>• Evaluated the design of internal controls relating to implementation of the revenue accounting standard.</li> <li>• Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, reperformance and inspection of evidence in respect of operation of these controls.</li> <li>• Selected a sample of continuing and new contracts and performed the following procedures</li> <li>• Read, analysed and identified the distinct performance obligations in these contracts.</li> <li>• Compared these performance obligations with that generally identified and recorded by the group.</li> </ul> |



| Key Audit Matters   | Response to Key Audit Matters & Conclusion   |
|---|--|
|   | <ul style="list-style-type: none"> <li>• Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable revenue.</li> <li>• Examination of the correspondence relating to price revision and ascertained the reasonableness of the estimates.</li> <li>• Sample of revenues disaggregated by type and service offerings was tested with the performance obligations specified in the underlying contracts.</li> </ul> <p>Due to detailed procedures, a portion of is recognised based on the most likely amount based on past experience and the consistent practices followed. We have verified the procedures revenue recognition including unbilled revenue.</p> |
| <p><b>b) Impairment of Trade Receivables</b></p> <p>In respect of receivables from Government the company does not make any impairment provision based on past experience.</p> <p>The amount involved being significant balance and management judgment we consider this as a Key Audit Matter.</p>   | <p>We have verified the</p> <ol style="list-style-type: none"> <li>i) Effectiveness of internal controls in place and procedures followed in identifying the recoverability of long outstanding dues.</li> <li>ii) The procedures and follow-up actions in ascertaining the impairment of receivables.</li> </ol> <p>Our audit procedures include evaluation of provisions made for impairment in earlier years. We also made test checks of invoice wise collection details provided made in respect of in the five preceding financial years and we concluded the management assumption is reasonable.</p>   |
| <p><b>c) Contract Asset</b></p> <p>Contract asset represents the revenue recognized and yet to be invoiced to the customer.</p>   | <p>Contract Assets represents the Company's right to receive the consideration in exchange for the Goods or Services that the Company has transferred to the Customer, when that right is conditioned on something other than passage of time.</p>   |
| <p><b>d) Liquidated damages</b></p> <p>The Company's contract with the customers has standard clause for Liquidated damages for delayed delivery. The company's product has extended period of manufacturing; design approvals and inspection by customer at various stages which result in delay in certain cases leading to liquidated damages. The liquidated damages recognized being significant in the statement of profit and loss, is considered a key audit matter in our opinion.</p> | <p>We have verified the controls, period of delay, the expected days of delay as on 31.03.2024 and the calculation for the liquidated damages recognized and found the system followed and calculation to be in order.</p>   |
| <p><b>e) Work - in - Progress (WIP) - Inventories</b></p> <p>Inventories include Work in Progress which have been physically verified by the management based on physical verification instructions.</p>  | <p>Our Audit Procedures generally include review of</p> <ul style="list-style-type: none"> <li>• Physical Verification instructions</li> <li>• Physical verification reports</li> <li>• Roll back procedures</li> <li>• Examining the basis of valuation on a test check basis</li> </ul> <p>Currently, the verification of WIP is done on annual basis. The division wise WIP inventory was submitted from Divisions and consolidated at H.O. level.</p> <p>Based on the above audit procedures we conclude that the valuation of WIP is proper.</p>  |





| Key Audit Matters   | Response to Key Audit Matters & Conclusion   |
|---|--|
| <p><b>f) Pay Refixation</b></p> <p>5) Revision of pay scales of executives and workmen, with effect from 01.01.2017 was implemented in accordance with the guidance issued by DPE vide OM dated 03.08.2017 for Executives and in accordance with the Wage Agreement entered into between Management and Employees Union representative in 2019-20 in respect of Workmen.</p> <p>On an interpretation on pay refixation and pursuant to the directives of the Administrative Ministry, the pay fixation to be revised and the excess amount paid is to be recovered from the employees.</p> <p>This has resulted in reduction of salaries and wages for the year ended 31 March 2024 by ₹5573 lakh respectively (Previous year: ₹5155 lakh).</p> <p>While so, the Employees Union and Officers Association have filed Writ Petition with Honorable High Court of Karnataka to stay recovery of excess amount of salary paid by the Company. The Honorable High Court has granted interim stay on recoveries. Pending disposal of the writ petitions by the High Court, the excess amount is shown under claims receivable (Gross) for ₹35218 lakhs (Previous year: ₹29645 lakhs) and an equal amount of provision has been made in the books of accounts.</p> <p>The amount withheld from employees who retired after 30 June 2021 is kept under other liabilities ₹4445 lakh (Previous Year: ₹3026 lakh).</p> | <p>We have Verified the Calculations as well as the Interim Stay Granted by Hon'ble High Court of Karnataka and there are no major observations.</p> |
| <p><b>g) Revision of Contribution to Pension Scheme</b></p> <p>4) Ministry vide OM dated 12.07.2023 has conveyed the approval for increasing the Company's contribution to the Pension Scheme of Executives from existing 7% to 10% of Basic Pay + DA w.e.f. 01.01.2017. Revision of Pension contribution from 7% to 10% of Basic Pay + DA w.e.f 01.01.2017 has been made in respect of Executives who were on the rolls of the Company as on the date of implementation of the revised ceiling i.e. 01.01.2017. In respect of new incumbents who joined the Company post 01.01.2017, it will be effective from the date of their appointment.</p> <p>The additional liability accruing to the Company due to the increased ceiling, is ₹21736 lakh pertaining to the period from 1 January, 2017 to 31 March, 2024 (₹3513 lakh for the year ended 31 March, 2024). The total additional financial impact on revision of Pension contribution has been given effect in the books of accounts during the year ended 31 March, 2024. Accordingly, employees cost for the current year is not comparable with the corresponding previous year.</p>   | <p>We have Verified the Calculations and there are no major observations.</p>  |



### Management's and Board of Directors' Responsibilities for the Standalone Financial Statements.

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company, in accordance with the accounting principles generally accepted in India including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, the Management and Board of directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of standalone financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### Other Matters

We did not audit the financial statements of 29 division included in the standalone financial statements of the company whose financial statements/financial information reflect the total revenue of ₹30,38,084 lakhs for the year ended and Net profit after tax of ₹7,59,504 lakhs as at 31<sup>st</sup> March 2024 and on that date, as considered in the standalone financial statements/information of these branches have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of branches, is based solely on the report of such branch auditors.

Our opinion is not modified in respect of these matters.

### Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013 we give in the "**Annexure-B**" statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, we report, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books, and proper return adequate for the purpose of an audit have been received from the branches not visited by us.
- c) The reports on the accounts of the divisions of the Company audited under section 143(8) of the act by the division auditors have been sent to us and have been properly dealt with us in preparing this report.
- d) The Standalone balance Sheet, the Standalone Statement of Profit and Loss (Other comprehensive income), the Standalone statement of changes in equity and the Standalone statement of cash flows dealt with by this Report are in agreement with the books of account and with the returns received from the divisions not visited by us.
- e) In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- f) Ministry of Corporate Affairs vide notification no 1/2/2014-CL-V dated 23<sup>rd</sup> February 2018 has exempted the companies engaged in defence production to the extent of application of relevant Accounting Standard on Segment Reporting. In view of the above, no disclosure is made by the company as required by Ind AS 108. Subject 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.
- g) In terms of circular NO. GSR 463(E) dated 05<sup>th</sup> June 2015 issued by the Ministry of Corporate Affairs, Government of India, the company being Government Company, is exempt from the provisions of section 164(2) of the Act regarding disqualification of Directors.
- h) The provisions of Section 197 are not applicable to a government Company (in terms of MCA Notification NO.GSR 463 (E) dated 05<sup>th</sup> June 2015) as the managerial remuneration is paid as per the appointment letter from the Government of India.
- i) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure A**".
- j) With respect to the other matters to be included in the Auditors' 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 Company has disclosed the impact of pending litigations as at 31 March 2024, on its financial position in its Standalone Financial Statements - Refer Note 49 (2) (a), 49 (2) (b), 49 (20), 49 (21), 49 (43G), to the financial statements



- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, on long-term contracts. The company does not have any derivative contracts.
- iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the company.
- iv.
  - (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities Identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - (b) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
  - (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances; nothing has come to the notice that has caused us to believe that the representations under sub-clause (i) and (ii) contain any material misstatement.
- v.
  - a) The final dividend paid by the Company during the year, in respect of the same declared for the previous year is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.
  - b) The interim dividend declared and paid by the Company during the year and until the date of this audit report is in accordance with Section 123 of the Act.
  - c) The Company has not proposed any final dividend up to the date of our report.
- vi. The reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is applicable from 1 April 2023.

Based on our examination, which included test checks, the company has used accounting software for maintaining its books of account for the financial year ended 31 March, 2024 which has a feature of recording audit trail (Edit log) facility and the same has been operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with.

In our opinion, there is a scope for improvement and the existing audit trail need to be strengthened.

As proviso to Rule 3(1) of the companies (Accounts) Rules 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of the companies (Audit and Auditors) Rules, 2014 on preservation of Audit Trail as per Statutory requirements for the record retention is not applicable for the financial year ended March 31, 2024.

- 3) As required by section 143(5) of the Act, we give in "**Annexure C**" a statement on the matters specified by the Comptroller and Audit General of India for the Company.

**For A. John Moris & Co.**  
Chartered Accountants  
FRN NO: 0072205



**Rathan Raj. A**  
Partner

Membership No. 228538  
UDIN: 24228538BKFEVQ9997

Place: New Delhi  
Date: 16.05.2024



## ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF HINDUSTAN AERONAUTICS LIMITED FOR THE YEAR ENDED 31 MARCH 2024.

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act.

We have audited the Internal Financial controls with reference to standalone financial statements of **HINDUSTAN AERONAUTICS LIMITED** ("the Company") as of 31 March, 2024 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

### Management's and Board of Directors' Responsibility for Internal Financial Controls

The Company's Management and the Board of directors are responsible for establishing and maintaining Internal Financial controls with reference to financial statements criteria established by the Company, considering the essential components of Internal Control stated in the Guidance Note on Audit of Internal Financial controls with reference to financial statements, 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 Act.

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's Internal Financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial controls with reference to financial statements (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, with reference to financial statements. 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 with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the Internal Financial Controls System with reference to over Financial Reporting and their operating effectiveness. Our audit of Internal Financial controls with reference to financial statements included obtaining an understanding of Internal Financial controls with reference to financial statements, 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 Auditors' judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

### Meaning of Internal Financial controls with reference to financial statements

A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements include those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements



### Inherent Limitations of Internal Financial controls with reference to financial statements

Because of the inherent limitations of Internal Financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the Internal Financial Control over Financial Reporting may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Company has, in all material respects, an adequate Internal Financial Controls System over Financial Reporting and such Internal Financial controls with reference to financial statements were operating effectively as at March 31, 2024, 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 with reference to financial statements issued by ICAI.

**For A. John Moris & Co.**

Chartered Accountants

FRN NO: 007220S



**Rathan Raj. A**

Partner

Membership No. 228538

UDIN: 24228538BKFEVQ9997

Place: New Delhi

Date: 16.05.2024



**ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF HINDUSTAN AERONAUTICS LIMITED FOR THE YEAR ENDED 31 MARCH 2024.**

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

In terms of the information and explanations sought by us and provided to us by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief we state that;

In respect of the Company's property, plant and equipment, right-of-use assets and intangible assets

- (i) (a) (A) The Company has maintained proper records showing full particulars including quantitative details and situation of Property Plant and Equipment and relevant details of right-of-use-assets.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Company has a programme of physical verification of these Property, Plant and Equipment so as to cover all the assets once in every five years, which in our opinion is reasonable having regard to the size of the company and nature of its assets. Pursuant to the programme, certain Property, Plant and Equipment's and right of use assets were due for verification during the year and were physically verified by the management during the year. According to the information and explanations given to us no material discrepancies were noticed on such verification.
- (c) The title deeds of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the company, except the following:

| Description of item of property   | Gross Carrying value | Title deeds held in the name of | Whether title deed holder is a promoter, director or relative of promoter/ director of employee of promoter/director | Property held since which date           | Reason for not being held in the name of the company  |
|---|----------------------|---------------------------------|--|--|---|
| Land<br>76.475 acres  | 5                    | Various Persons, Bangalore      | N/A  | 1950's Approx.                           | Compendium Error. Estate department is in possession of Hand book with land acquired in various survey numbers called as Compendium. Few title documents are not available as per the compendium. |
| Land -<br>39.32 Acres   | 286                  | Lucknow Development Authority   | N/A  | 19.05.1986                               | The land is in the possessions of the division. However, same is to be registered in the name of the division by Lucknow Development Authority.   |
| Land at Kasbe Sukena Railway Station: Approx. 196.22 Acres of rail siding | -                    | Government of Maharashtra       | No   | Since Inception of Nasik Division (1964) | 196.22 Acre Land being Railway siding land is not in use by HAL & to be returned to Appropriate authority of State Government. Division is continuously following up the matter.                  |
| Land at Ojhar: Approx. 69.48 Acres of land given by State Government.     | -                    | Government of Maharashtra       | No   | Since Inception of Nasik Division (1964) | Matter of 68.95 Acre of Land is being followed with Sub Divisional Magistrate Niphad for making Indenture.  |



| Description of item of property     | Gross Carrying value | Title deeds held in the name of                      | Whether title deed holder is a promoter, director or relative of promoter/ director of employee of promoter/director | Property held since which date | Reason for not being held in the name of the company  |
|-------------------------------------|----------------------|--|--|--------------------------------|---|
| Ghaukhera-Kanpur<br>16.81 acres     | 0                    | Exhibited as Audhyogik krishik, Land in Govt. record | N/A  | 13-12-1965                     | Land acquired and handed over to HAL by District Land Acquisition Officer, case filed with SDM for transfer of name in title deed.  |
| Chak kuriyan-Kanpur<br>7.92 acres   | 0                    | Not appearing in govt. record                        | N/A  | 22-12-1965                     |   |
| Dahli Sujampur-Kanpur<br>3.11 acres | 0                    | Appearing as Vayuyaan Colony                         | N/A  | 15-12-1965                     |   |
| Land-Kanpur<br>401.19 acres         | 354                  | No title deed  | N/A  | Since inception<br>1964-65     | Possession of the immovable property was handed over to Hindustan Aeronautics Limited (HAL) by district Land Acquisition Officer and Indian Air Force, therefore no title deed is required to be executed under Government Grants Act, 1895.(Section 2 Government Grants are exempted from the operation of the Transfer of Property Act)                   |
| Buildings                           | 35                   |  |  |                                |   |
| Land -<br>7.115 Acres               |                      | Govt. of India                                       | NA   | 31-03-1969                     | 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 Government before 31 <sup>st</sup> March 1969. Therefore, no title deed is required to be executed under Government Grant Act, 1895 (Section 2 Government Grants are exempted from operation of the Transfer of Property Act) |
| Land -<br>282.4 acers               |                      | Various persons, Korwa Village                       | NA   | 26.11.1982                     | As informed vide UP Govt ltr No. 606/B/DT 08.05.1990 in the instant case sale deed or gift deed is not necessary. However the land is in the possession of the division.  |

- (d) The Company has not revalued any of its Property, Plant and Equipment and intangible assets during the year.
- (e) No proceedings have been initiated during the year or are pending against the Company as of 31<sup>st</sup> March 2024 for holding any benami property under Benami Transaction (Prohibition) Act ,1988 (has amended in 2016) and rules made thereunder.





- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals and no discrepancies of 10% or more in the aggregate for each class of the inventory were noticed.
- (b) The Company has been sanctioned working capital limits in excess of ₹5 crore, in aggregate, during the year from banks on the basis of security of current assets. The Quarterly stock statement filed by the company and the books of accounts are in agreement. Refer Clause 35C of note 49 to financial statements.
- (iii) (a) The company has not provided any loans or advances in the nature of loan or stood guarantees or provided securities to any other entities during the year. Hence reporting under clause (iii)(a) of the Order is not applicable.
- (b) In our opinion, the Investment made during the year and the terms and conditions of the grant of loans during the year are, prima facie, not prejudicial to the Companies Interest.
- (c) The repayment of principal and payment of interest for employees' loan has been stipulated and the repayments are regular.
- (d) There are no overdue amount for more than ninety days.
- (e) The company has not granted any loan or renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties. Hence, reporting under clause 3(iii)(e) of the Order is not applicable.
- (f) The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying and terms or period of repayment during the year. Hence, reporting under clause 3(iii)(f) is not applicable.
- (iv) In terms of Circular No. GSR 463 (E) dated 5<sup>th</sup> June 2015 issued by Ministry of Corporate Affairs, Government of India, the Company being a Government Company engaged in Defence production is exempt from Section 185 and 186 of Companies Act 2013 and hence considered not applicable.
- (v) The Company has not accepted any deposits or amount which are deemed to be deposits. Hence, reporting under Clause 3 (v) of the order is not applicable.
- (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 is regular in depositing undisputed statutory dues, including Goods and Services Tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess, Goods and Service Tax and any other Statutory Dues to the appropriate authorities and there were no undisputed amounts payable which were in arrears as at 31<sup>st</sup> March 2024 for a period of more than six months from the date they became payable.
- (b) Details of dues of Goods and Services Tax, income tax or Sales Tax or Service Tax or Duty of Customs or Duty of Excise or Value Added Tax, and Cess that have not been deposited as on 31<sup>st</sup> March 2024 on account of disputes are given below:

**Sales Tax:**

| Assessment Year | Amount (in lakhs) | Appeal by   | Forum Where Dispute is pending                              |
|-----------------|-------------------|-------------|---|
| 2005-06         | 102               | The company | WB Commercial Taxes Appellate and Revisional Board, Kolkata |
| 2006-07         | 448               | The company | WB Commercial Taxes Appellate and Revisional Board, Kolkata |
| 2007-08         | 351               | The company | WB Commercial Taxes Appellate and Revisional Board, Kolkata |
| 2008-09         | 849               | The company | WB Commercial Taxes Appellate and Revisional Board, Kolkata |
| 2016-17         | 83                | The company | WB Commercial Taxes Appellate and Revisional Board, Kolkata |
| 1986-87         | 3,340             | The company | 1 <sup>st</sup> Appellate Authority                         |
| 1988-89         | 5,106             | The company | 1 <sup>st</sup> Appellate Authority                         |



| Assessment Year | Amount (in lakhs) | Appeal by   | Forum Where Dispute is pending  |
|-----------------|-------------------|-------------|---|
| 1989-90         | 5,465             | The company | 1 <sup>st</sup> Appellate Authority   |
| 1991-92         | 4,279             | The company | 1 <sup>st</sup> Appellate Authority   |
| 1997-98         | 319               | The company | 1 <sup>st</sup> Appellate Authority   |
| 1999-2000       | 151               | The company | Maharashtra Sales Tax Tribunal  |
| 2001-2002       | 4                 | The company | Rectification of remand back appeal order passed on 19/05/2022. The part payment adjusted against the tax dues against the order. |
| 2000-2001       | 57                | The company | First Appellate Authority (Re calculation pending)  |
| 2000-2001       | 9                 | The company | Rectification Application submitted on 19.05.2006 for Submission of C Form. Pending before Dy.Com. Of Sales Tax Assessment Nasik. |
| 2002-2003       | 89                | The company | Maharashtra Sales Tax Tribunal, Mumbai  |
| 2002-2003       | 365               | The company | Maharashtra Sales Tax Tribunal, Mumbai  |
| 2003-2004       | 28                | The company | Maharashtra Sales Tax Tribunal, Mumbai  |
| 2003-2004       | 321               | The company | Maharashtra Sales Tax Tribunal, Mumbai  |
| 2004-2005       | 10,510            | The company | Maharashtra Sales Tax Tribunal, Mumbai  |
| 2004-2005       | 270               | The company | Ratification application before Sr. Dy. Comm. of Sales Tax Nasik  |
| 2005-2006       | 41,459            | The company | Maharashtra Sales Tax Tribunal, Mumbai  |
| 2005-2006       | 59                | The company | Remanded back order received from First Appellate Authority-Nasik on 23.11.2021   |
| 2006-2007       | 76,060            | The company | Maharashtra Sales Tax Tribunal, Mumbai  |
| 2006-2007       | 8                 | The company | Maharashtra Sales Tax Tribunal, Mumbai  |
| 2008-2009       | 82,234            | The company | Maharashtra Sales Tax Tribunal, Mumbai  |
| 2009-2010       | 1,02,090          | The company | Maharashtra Sales Tax Tribunal, Mumbai  |
| 2009-2010       | 139               | The company | Maharashtra Sales Tax Tribunal, Mumbai  |
| 2007-2008       | 57,387            | The company | Maharashtra Sales Tax Tribunal, Mumbai  |
| 2007-2008       | 14                | The company | Maharashtra Sales Tax Tribunal, Mumbai  |
| 2010-2011       | 92,600            | The company | Maharashtra Sales Tax Tribunal, Mumbai  |
| 2011-2012       | 90,384            | The company | Maharashtra Sales Tax Tribunal, Mumbai  |
| 2011-2012       | 11                | The company | Maharashtra Sales Tax Tribunal, Mumbai  |
| 2012-2013       | 79,396            | The company | Maharashtra Sales Tax Tribunal, Mumbai  |
| 2013-2014       | 93,906            | The company | Maharashtra Sales Tax Tribunal, Mumbai  |
| 2014-2015       | 67,170            | The company | 1 <sup>st</sup> Appeal order received. 2 <sup>nd</sup> Appeal to be filed before tribunal.  |
| 2014-2015       | 4                 | The company | 1 <sup>st</sup> Appeal order received. 2 <sup>nd</sup> Appeal to be filed before tribunal.  |
| 2015-2016       | 71,484            | The company | Maharashtra Sales Tax Tribunal, Mumbai  |
| 2016-2017       | 1,06,895          | The company | Maharashtra Sales Tax Tribunal, Mumbai  |
| 2016- 2017      | 61                | The company | 1 <sup>st</sup> Appeal order received. 2 <sup>nd</sup> Appeal to be filed before tribunal.  |
| 2017-18 (Q1)    | 10,142            | The company | Maharashtra Sales Tax Tribunal, Mumbai  |
| 2017-18 (Q1)    | 23                | The company | 1 <sup>st</sup> Appeal order received. 2 <sup>nd</sup> Appeal to be filed before tribunal.  |
| 2017-18         | 308               | The company | Appellate authority (Dy. Commissioner of Sales TAX)   |
| 2015-16         | 8.5               | The company | Customs, Excise and service tax Appellate Tribunal, Bengaluru   |
| 2016-17         | 3.34              | The company | Customs, Excise and service tax Appellate Tribunal, Bengaluru   |



| Assessment Year  | Amount (in lakhs) | Appeal by   | Forum Where Dispute is pending            |
|------------------|-------------------|-------------|---|
| 2004-05 to 22-23 | 32,436            | The company | Additional Commissioner (Appeal)/Tribunal |
| 2010-11          | 372               | The company | Appellate Tribunal, Lucknow               |
| 2011-12          | 1,432             | The company | High Court                                |
| 2012-13          | 4,156             | The company | High Court                                |
| 2013-14          | 4,859             | The company | High Court                                |
| 2014-15          | 8,310             | The company | High Court                                |
| 2015-16          | 15,268            | The company | Appellate Tribunal, Lucknow               |
| 2016-17          | 14,326            | The company | Appellate Tribunal, Lucknow               |
| 2017-18          | 4,371             | The company | Appellate Tribunal, Lucknow               |

# Sales Tax paid against Disputed tax of ₹32172 lakhs.

#### Service Tax

| Assessment Year                   | Amount (in lakhs) | Appeal by   | Forum Where Dispute is pending  |
|-----------------------------------|-------------------|-------------|---|
| 2009-10                           | 387               | The Company | Pending before Tribunal, Bangalore  |
| 2008-09 to 2012-13                | 4,709             | The Company | Pending before Tribunal, Bangalore  |
| 2014-15 to 2017-18                | 136               | The Company | Pending before Tribunal, Bangalore  |
| April 2017 to June 17             | 6                 | The Company | Pending before Commissioner of Service Tax (Appeals), Bangalore                                 |
| April 2003 to March 2004          | 26                | The Company | CESTAT, Bangalore   |
| August 2002 to March 2003         | 6                 | The Company | CESTAT, Bangalore   |
| April 2004 to March 2005          | 63                | The Company | CESTAT, Bangalore   |
| April 2005 to March 2006          | 78                | The Company | CESTAT, Bangalore   |
| April 2006 to March 2007          | 123               | The Company | CESTAT, Bangalore   |
| April 2007 to March 2008          | 128               | The Company | CESTAT, Bangalore   |
| April 2008 to March 2009          | 18                | The Company | CESTAT, Bangalore   |
| April 2009 to March 2010          | 1                 | The Company | CESTAT, Bangalore   |
| April 2010 to March 2011          | 1                 | The Company | CESTAT, Bangalore   |
| April 2013 to March 2017          | 13                | The Company | CESTAT, Bangalore   |
| 2012-13                           | 42                | The Company | CESTAT  |
| April 2009 To March 2013          | 450               | The Company | CESTAT  |
| 2007-08-- amount – 245+50 - Nasik | 295               | The Company | ST/134/10-MUM Dated 23.03.2010.17/ST/2009. Matter decided by H'ble CESTAT Mumbai in HAL Favour. |
| 2008-09                           | 235.96            | The Company | ST/134/10-MUM Dated 23.03.2010.17/ST/2009. Matter decided by H'ble CESTAT Mumbai in HAL Favour. |
| 2012-2013,2013-2014 and 2014-2015 | 1,001             | The Company | ST/85782/2022-DB dt 25.03.2022-Appeal filed before Hon'ble CESTAT in Mar 2022                   |
| 2012-13                           | 8                 | The Company | Appeal filed before Hon'ble CESTAT  |
| 2013-14                           | 6                 | The Company | Appeal filed before Hon'ble CESTAT  |



| Assessment Year                     | Amount (in lakhs) | Appeal by   | Forum Where Dispute is pending                                    |
|-------------------------------------|-------------------|-------------|---|
| 2014-15                             | 7                 | The Company | Appeal filed before Hon'ble CESTAT                                |
| 2015-16                             | 6.73              | The Company | Appeal filed before Hon'ble CESTAT                                |
| 2016-17                             | 4                 | The Company | Appeal filed before Hon'ble CESTAT                                |
| 2017-18                             | 0.43              | The Company | Appeal filed before Hon'ble CESTAT                                |
| April 2011 to March 2012            | 74                | The Company | CESTAT  |
| April 2009-10 to March 2010-11      | 84                | The Company | CESTAT  |
| Oct 2007 to March 2009              | 120               | The Company | CESTAT  |
| 2013-14 till 2017-18                | 56                | The Company | Commissioner of Central Tax (Appeals) East Commissionerate Domlur |
| 2009-10                             | 282               | The Company | CESTAT/Tribunal   |
| 2005- 06                            | 62                | The Company | CESTAT/Tribunal   |
| June 2013 to June 2017              | 1                 | The Company | Service Tax – The Commissioner                                    |
| 2005-06 to 2009-10                  | 385               | The Company | CESTAT  |
| 2010-11                             | 38                | The Company | CESTAT  |
| 2011-12                             | 340               | The Company | CESTAT  |
| 2010-11                             | 38                | The Company | CESTAT  |
| 2015-16                             | 280               | The Company | CESTAT  |
| 2016-17 & 2017-18                   | 242               | The Company | CESTAT  |
| 2014-15 to 2017-18 (upto June 2017) | 11.54             | The Company | CESTAT  |
| 2015-16                             | 1153              | The Company | CESTAT EZB, at Kolkata  |
| 2016-17 & 2017-18                   | 619               | The Company | CESTAT EZB, at Kolkata  |
| Various Years                       | 166               | The Company | Commissioner (Appeal)   |
| 2004-05 to 2008-09                  | 426               | The Company | Central Excise & Service Tax appellate Tribunal, New Delhi        |
| 2011-12 to 2014-15                  | 13468             | The Company | CESTAT, Allahabad   |
| 2015-16 to 2016-17                  | 204               | The Company | CESTAT, Allahabad   |
| 2007- 11                            | 11234.5           | The Company | CESTAT/Tribunal   |
| 2011-12                             | 434.17            | The Company | CESTAT/Tribunal   |
| 2012-13                             | 688.15            | The Company | CESTAT/Tribunal   |
| 2013-14                             | 1617.24           | The Company | CESTAT/Tribunal   |
| 2014-15                             | 1904.28           | The Company | CESTAT/Tribunal   |

Service Tax paid against Disputed tax of ₹3,768.29 lakhs.



## GST

| Assessment Year | Amount (in lakhs) | Appeal by   | Forum Where Dispute is pending   |
|-----------------|-------------------|-------------|--|
| 2017-18         | 2045.5            | The Company | HAL has filed appeal with the Appellate Authority (Joint Commissioner of CGST) |
| 2019-20         | 2144              | The Company | Deputy commissioner of Commercial Taxes, Yeshwantpur, Bengaluru.               |
| 2017-18         | 1.45              | The Company | GST Department Begumpet  |
| 2017-18         | 300.51            | The Company | GST Department Begumpet  |
| 2017-18         | 338.17            | The Company | Addl Commissioner (appeal) GST Lucknow.  |
| 2017-18         | 297               | The Company | GST Tribunal   |

GST paid against Disputed tax of ₹163 lakhs.

## Customs Duty

| Assessment Year                             | Amount (in lakhs) | Appeal by   | Forum Where Dispute is pending  |
|---|-------------------|-------------|---|
| 2019-20                                     | 945               | The company | Pending before Tribunal, Bangalore  |
| HSN Classification on imported Goods – ARDC | 146.57            | The company | CESTAT, Bangalore   |
| 2017-18                                     | 3674              | The company | Matter is sub judice with DRI (Mumbai)                                      |
| 2013-14                                     | 64.2              | The company | CESTAT  |
| 2013-14                                     | 10288.96          | The company | CESTAT  |
| 2013-14                                     | 94.82             | The company | CESTAT  |
| 2013-14                                     | 13120.55          | The company | CESTAT  |
| 2017-21                                     | 264.2             | The company | CESTAT  |
| 2018-19                                     | 22.4              | The company | CESTAT  |
| 2021-22                                     | 34.99             | The Company | Commissioner of Customs (Appeal), Chennai.                                  |
| 2022-23                                     | 35.5              | The Company | Commissioner of Customs (Appeal), Chennai.                                  |
| 2022-23                                     | 92.82             | The Company | CESTAT Delhi.   |
| 2017-18 to 2022-23                          | 12870             | The Company | CESTAT  |
| 2015-16 to 2019-20                          | 4,098             | The company | CESTAT  |
| 2019-20 and 2020-21                         | 699               | The Company | Amount pertains to short levy of IGST due to misclassification of HSN Code. |
| 2018-2019 and 2019 -2020                    | 1596              | The company | CESTAT, Bangalore   |
| 2017-18                                     | 240               | The company | Appeal filed with Commissioner (Appeals)                                    |
| 2022-23                                     | 11.2              | The company | short payment of duty by adopting wrong Notification for Levy of IGST       |

Customs duty paid against Disputed tax of ₹3,592 lakhs.



### Income Tax

| Assessment Year      | Amount (in lakhs) | Appeal by   | Forum Where Dispute is pending           |
|----------------------|-------------------|-------------|--|
| 2019-20              | 28442             | The company | Income Tax Appellate Tribunal            |
| 2017-18- CO          | 4248              | The Company | Commissioner of Appeals                  |
| 2022-23 – CO         | 21923             | The Company | Commissioner Of Appeals                  |
| 2008-09 to 2019-20   | 7                 | The company | Asst. Commissioner Income Tax, TDS       |
| Not mentioned        | 15                | The company | Demand of Income Tax                     |
| Not mentioned        | 488               | The company | Demand of Income Tax                     |
| 2011-12              | 33                | The company | Asst. Commissioner, Income Tax, Kanpur   |
| 2013-14              | 162               | The company | Asst. Commissioner, Income Tax, Kanpur   |
| 2023-24              | 0.45              | The company | Outstanding Dues reflected in the TRACES |
| 2022                 | 6                 | The company | Outstanding Dues reflected in the TRACES |
| 2007 to 08 - 2021-22 | 1                 | The company | Outstanding Dues reflected in the TRACES |

Income Tax paid against Disputed tax of ₹9490.10 lakhs.

### Others

| Assessment Year                       | Amount (in lakhs) | Appeal by   | Forum Where Dispute is pending                |
|---------------------------------------|-------------------|-------------|---|
| 2001-02 to 2021-22                    | 2795              | The Company | Bombay High Court                             |
| 2001-02 to 2021-22                    | 440               | The Company | Bombay High Court                             |
| 2003 onwards- employees & contractors | 421.3             |             | High Court, Telangana                         |
| 01/04/2019 to 30/09/2020              | 16.25             | The Company | ESIC, Regional Director (Appellant Authority) |
| 2013-14                               | 119               | The Company | ESI Court                                     |
| 2014-15                               | 6                 | The Company | ESI Court                                     |
| 2014-15                               | 507               | The Company | High Court                                    |

Tax paid against Disputed tax of ₹368 lakhs.

- (viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- (ix) (a) The Company has not taken any loans or other borrowings from any lender. Hence reporting under clause 3(ix)(a) of the Order is not applicable.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) The Company has not taken any term loan during the year and there are no outstanding term loans at the beginning of the year and hence, reporting under clause 3(ix)(c) of the Order is not applicable.
- (d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, have not been used during the year for long-term purposes by the Company.
- (e) on an overall examination of the financial statement of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligation of its subsidiaries.



- (f) The Company has not raised any loans during the year and hence reporting under clause 3(ix)(f) of the order is not applicable
- (x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.
- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.
- (xi) (a) No fraud by the Company or fraud on the Company has been noticed or reported during the year
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.
- (c) As per the information and explanations provided to us, no whistle blower complaints are received during the year by the Company.
- (xii) The Company is not a Nidhi Company and hence complying with the provisions of the Nidhi Rules, 2014 does not arise.
- (xiii) All transactions with the related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc, as required by the applicable Accounting Standards.
- (xiv) (a) In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
- (b) We have considered, the internal audit reports for the year under audit, issued till date to the division during the year and till date.
- (xv) The Company has not entered into any non-cash transactions with Directors or persons connected with him.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Hence reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.
- (b) In our opinion, there is no core Investment Company within Group (as defined in the Core Investment companies (Reserve Bank Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the order is not applicable.
- (xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditor of the Company during the Year.
- (xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payments of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.



- (xx) a) The Company has not transferred the amount remaining unspent on CSR Expenditure in respect of other than ongoing projects, to a fund specified in schedule VII to the Companies Act,2013 till the date of our report. However, the time period for such transfer ie six months of the expiry of the financial year as permitted under the second proviso to subsection (5) of section 135 of the act, has not elapsed till the date of our Report. The Provision of Section 135 of the Companies Act,2013 relating to CSR Expenditure is Compiled at Corporate Level. Hence paragraph (XX) (a) (b) of the order is not Commented upon.
- b) There is no unspent amount towards Corporate Social responsibility (CSR) on ongoing projects requiring a transfer to a special account in compliance with provisions of sub section (6) of section 135 of the said act.

**For A. John Moris & Co.**

Chartered Accountants  
FRN NO: 0072205

**Rathan Raj. A**

Partner

Membership No. 228538  
UDIN: 24228538BKFEVQ9997

Place: New Delhi  
Date: 16.05.2024





## ANNEXURE – C TO THE INDEPENDENT AUDITOR’S REPORT

Directions indicating the areas to be examined by the Auditors during the course of audit of annual accounts of Hindustan Aeronautics Limited for the year 2023-24 issued by the Comptroller & Auditor General of India under Section 143(5) of the Companies Act, 2013.

| S. No. | Areas Examined   | Observation/Finding  |
|--------|--|--|
| 1      | Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.   | Yes. The Company has ERP System in place and the accounting entries are generated in the System as and when transaction is made. The ERP system is not linked to Internet and the modules in the ERP system are not interlinked. In view of the same some Journal Entries are required to be made to account for certain adjustment / correction derived basically from the System and then fed in to the system through required accounting process with a maker and checker concept to ensure the integrity of the System. |
| 2      | Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for?. (In case, lender is a Government company, then this direction is also applicable for statutory Auditor of Lender Company) | Not applicable   |
| 3      | Whether funds (grants/subsidy etc.) received/receivable for specific schemes from Central/ State Government or its agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation.  | Not applicable   |

**For A. John Moris & Co.**

Chartered Accountants

FRN NO: 0072205



**Rathan Raj. A**

Partner

Membership No. 228538

UDIN: 24228538BKFEVQ9997

Place: New Delhi

Date: 16.05.2024



SUPREME AUDIT INSTITUTION OF INDIA  
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प्रधान निदेशक रक्षा-वाणिज्यिक लेखापरीक्षा का कार्यालय  
बैंगलूरु - 560 001

OFFICE OF THE PRINCIPAL DIRECTOR OF AUDIT,  
DEFENCE-COMMERCIAL, BENGALURU - 560 001

दिनांक/DATE. 18-07-2024

To

The Chairman & Managing Director  
Hindustan Aeronautics Limited  
Corporate Office,  
No.15/1, Cubbon Road,  
Bengaluru-560001.

Sir,

Sub: Comments of the Comptroller and Auditor General of India under section  
143(6)(b) of the Companies Act, 2013.

\*\*\*\*\*

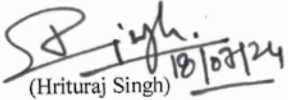
I forward herewith Nil Comments Certificate of the Comptroller and Auditor General of India  
under Section 143(6)(b) of the Companies Act, 2013 on the standalone accounts and consolidated  
accounts of Hindustan Aeronautics Limited, Bengaluru for the year ended 31 March 2024.

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,

  
(Hrituraj Singh)  
Deputy Director (Reports)

Encl: As above.

भारतीय लेखापरीक्षा एवं लेखा विभाग  
INDIAN AUDIT & ACCOUNTS DEPARTMENT  
पहला तल, बसव भवन, श्री बसवेश्वर रोड, बैंगलूरु - 560001  
1st Floor, Basava Bhavan, Sri Basweswara Road, Bengaluru - 560 001.

दू.भा./Phone : 080-2226 7646 / 2226 1168  
Email : pda.dc.blr@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 STANDALONE FINANCIAL STATEMENTS OF HINDUSTAN AERONAUTICS LIMITED, BENGALURU FOR THE YEAR ENDED 31 MARCH 2024.**

The preparation of standalone financial statements of **Hindustan Aeronautics Limited, Bengaluru** for the year ended 31 March 2024 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 16 May 2024.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **Hindustan Aeronautics Limited, Bengaluru** for the year ended 31 March 2024 under section 143(6)(a) of the Act. 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 supplementary audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to the statutory auditors' report under section 143(6)(b) of the Act.

For and on behalf of the  
Comptroller & Auditor General of India

*Rajesh Ranjan*  
(Rajesh Ranjan)

Pr. Director of Audit (Defence-Commercial)

Place: Bengaluru  
Date: 18 July 2024.



# Standalone Balance Sheet as at March 31, 2024

(₹ in Lakhs)

| Particulars  | Note No. | As at 31 <sup>st</sup> March 2024 | As at 31 <sup>st</sup> March 2023 |
|--|----------|-----------------------------------|-----------------------------------|
| <b>ASSETS</b>  |          |                                   |                                   |
| <b>Non-current assets</b>                              |          |                                   |                                   |
| (a) Property, Plant and Equipment                      | 1        |                                   |                                   |
| Gross Block  | 1A       | <b>1256231</b>                    | 1177929                           |
| Less: Accumulated Depreciation                         | 1B       | <b>628592</b>                     | 548470                            |
| Less: Impairment                                       | 1C       | <b>50303</b>                      | 50303                             |
| Net Block  |          | <b>577336</b>                     | 579156                            |
| (b) Capital work-in-progress                           | 2        | <b>93579</b>                      | 63581                             |
| (c) Investment Property                                | 3        |                                   |                                   |
| Gross Block  | 3A       | <b>4</b>                          | 4                                 |
| Less: Accumulated Depreciation                         | 3B       | <b>2</b>                          | 1                                 |
| Less: Impairment                                       | 3C       | <b>0</b>                          | 0                                 |
| Net Block  |          | <b>2</b>                          | 3                                 |
| (d) Goodwill   | 4        |                                   |                                   |
| (e) Other Intangible assets                            | 5        |                                   |                                   |
| Gross Block  | 5A       | <b>459402</b>                     | 406666                            |
| Less: Accumulated Amortization                         | 5B       | <b>299895</b>                     | 240450                            |
| Less: Impairment                                       | 5C       | <b>63843</b>                      | 62642                             |
| Net Block  |          | <b>95664</b>                      | 103574                            |
| (f) Intangible Assets under Development                | 6        |                                   |                                   |
| Gross Block  | 6A       | <b>219747</b>                     | 188608                            |
| Less: Accumulated Amortization                         | 6B       | <b>58518</b>                      | 58518                             |
| Less: Impairment                                       | 6C       | <b>5574</b>                       | 5280                              |
| Net Block  |          | <b>155655</b>                     | 124810                            |
| (g) Financial Assets                                   |          |                                   |                                   |
| (i) Investments in Subsidiaries and Joint Ventures     | 7        | <b>12039</b>                      | 11021                             |
| (ii) Investments                                       | 7A       | <b>137667</b>                     | 127518                            |
| (iii) Trade Receivables                                | 8        | <b>0</b>                          | 0                                 |
| (iv) Contract Assets                                   | 8A       | <b>0</b>                          | 0                                 |
| (v) Loans  | 9        | <b>561</b>                        | 621                               |
| (vi) Other Financial Assets                            | 10       | <b>38797</b>                      | 40598                             |
| (h) Deferred tax Assets (Net)                          | 11       | <b>145433</b>                     | 112571                            |
| (i) Other Non-Current Assets                           | 12       | <b>240063</b>                     | 359654                            |
| <b>Total non-current assets</b>                        |          | <b>1496796</b>                    | 1523107                           |
| <b>Current assets</b>                                  |          |                                   |                                   |
| (a) Inventories  | 13       | <b>1322592</b>                    | 1216067                           |
| (b) Financial Assets                                   |          |                                   |                                   |
| (i) Investments  | 14       | <b>0</b>                          | 0                                 |
| (ii) Trade receivables                                 | 15       | <b>461667</b>                     | 471918                            |
| (iii) Contract Assets                                  | 15A      | <b>1189396</b>                    | 937640                            |
| (iv) Cash and Cash Equivalents                         | 16       | <b>425416</b>                     | 443900                            |
| (v) Bank Balances other than Cash and Cash Equivalents | 17       | <b>2216768</b>                    | 1586715                           |
| (vi) Loans   | 18       | <b>1067</b>                       | 762                               |
| (vii) Other Financial Assets                           | 19       | <b>151406</b>                     | 111887                            |
| (c) Current Tax Assets (Net)                           | 20       | <b>0</b>                          | 0                                 |
| (d) Other Currents Assets                              | 21       | <b>533263</b>                     | 418931                            |
| <b>Total current assets</b>                            |          | <b>6301575</b>                    | 5187820                           |
| Assets held for Sale                                   |          | <b>0</b>                          | 811                               |
| <b>Total Assets</b>                                    |          | <b>7798371</b>                    | 6711738                           |



# Standalone Balance Sheet as at March 31, 2024

(₹ in Lakhs)

| Particulars   | Note No. | As at 31 <sup>st</sup> March 2024 | As at 31 <sup>st</sup> March 2023 |
|---|----------|-----------------------------------|-----------------------------------|
| <b>EQUITY AND LIABILITIES</b>   |          |                                   |                                   |
| <b>Equity</b>   |          |                                   |                                   |
| (a) Equity Share capital  | 22       | 33439                             | 33439                             |
| (b) Other Equity  | 23       | 2871203                           | 2317178                           |
| <b>Total equity</b>   |          | <b>2904642</b>                    | <b>2350617</b>                    |
| <b>LIABILITIES</b>  |          |                                   |                                   |
| <b>Non-current liabilities</b>  |          |                                   |                                   |
| (a) Financial Liabilities   |          |                                   |                                   |
| (i) Borrowings  | 24       | 0                                 | 0                                 |
| (ia) Lease Liabilities  | 24A      | 33                                | 182                               |
| (ii) Trade payables   | 25       |                                   |                                   |
| A) total outstanding dues of micro enterprises and small enterprises                      |          | 0                                 | 0                                 |
| B) total outstanding dues of creditors other than micro enterprises and small enterprises |          | 0                                 | 0                                 |
| <b>Sub Total- Trade payables</b>  |          | <b>0</b>                          | <b>0</b>                          |
| (iii) Other Financial Liabilities   | 26       | 50584                             | 52503                             |
| (b) Provisions  | 27       | 156413                            | 133294                            |
| (c) Deferred Tax Liabilities (Net)  | 28       | 0                                 | 0                                 |
| (d) Other Non-Current Liabilities   | 29       | 1054376                           | 1092600                           |
| <b>Total non-current liabilities</b>  |          | <b>1261406</b>                    | <b>1278579</b>                    |
| <b>Current Liabilities</b>  |          |                                   |                                   |
| (a) Financial liabilities   |          |                                   |                                   |
| (i) Borrowings  | 30       | 0                                 | 0                                 |
| (ia) Lease Liabilities  | 30A      | 2                                 | 14                                |
| (ii) Trade payables   | 31       |                                   |                                   |
| A) total outstanding dues of micro enterprises and small enterprises                      |          | 14605                             | 6407                              |
| B) total outstanding dues of creditors other than micro enterprises and small enterprises |          | 326862                            | 307327                            |
| <b>Sub Total- Trade payables</b>  |          | <b>341467</b>                     | <b>313734</b>                     |
| (iii) Other Current Liabilities   | 32       | 244921                            | 210734                            |
| (b) Other Current Liabilities   | 33       | 2254925                           | 1853667                           |
| (c) Provisions  | 34       | 761041                            | 677665                            |
| (d) Current tax liabilities (Net)   | 35       | 29967                             | 26728                             |
| <b>Total current liabilities</b>  |          | <b>3632323</b>                    | <b>3082542</b>                    |
| <b>Total Equity and Liabilities</b>   |          | <b>7798371</b>                    | <b>6711738</b>                    |

Material accounting policies and accompanying notes no.1 to 49 form an integral part of the financial statements  
As per our report of even date attached

For and on behalf of the Board of Directors

**For A JOHN MORIS & CO.**  
Chartered Accountants,  
Firm Registration No: 0072205



**RATHAN RAJ A**  
Partner  
Membership No: 228538  
Place: New Delhi  
Date: 16.05.2024



**(EJPURA PUTHRAPPA JAYADEVA)**  
Director (Operations)  
DIN: 06761333



**(C. B. ANANTHAKRISHNAN)**  
Director (Finance) & CFO  
Chairman & Managing Director  
(Additional Charge)  
DIN: 06761339



**(SHAILESH BANSAL)**  
Company Secretary  
FCS No. 5064



# Standalone Statement of Profit and Loss

for the year ended 31<sup>st</sup> March 2024

(₹ in Lakhs)

| S. No. | Particulars  | Note No.             | For the Year ended 31 <sup>st</sup> March 2024 | For the Year ended 31 <sup>st</sup> March 2023 |
|--------|--|----------------------|--|--|
|        | <b>REVENUE</b>   |                      |  |  |
| I      | Revenue from Operations  | 36                   | <b>3038084</b>                                 | 2692785  |
| II     | Other Income   | 37                   | <b>189854</b>                                  | 167180   |
| III    | <b>Total Income (I+II)</b>   |                      | <b>3227938</b>                                 | 2859965  |
| IV     | <b>EXPENSES</b>  |                      |  |  |
|        | Cost of Materials Consumed   | 38                   | <b>1236344</b>                                 | 1001026  |
|        | Purchases of Stock-in-Trade  | 38A                  | <b>67140</b>                                   | 79915  |
|        | Changes in Inventories of Finished Goods, Stock-in-Trade, Work-in-Progress and Scrap | 39                   | <b>-195889</b>                                 | -69145   |
|        | Employee Benefits Expense  | 40                   | <b>527624</b>                                  | 489589   |
|        | Finance Costs  | 41                   | <b>3205</b>                                    | 5791   |
|        | Depreciation and Amortization Expense  | 42                   | <b>140645</b>                                  | 178391   |
|        | Impairment Loss  | 42A                  | <b>1495</b>                                    | 59743  |
|        | Other Expenses   | 43                   | <b>152767</b>                                  | 155796   |
|        | Direct Input to WIP / Expenses Capitalised   | 44                   | <b>42599</b>                                   | 51603  |
|        | Provisions   | 45                   | <b>330538</b>                                  | 374264   |
|        | <b>Total Gross Expenses</b>  |                      | <b>2306468</b>                                 | 2326973  |
|        | Less: Expenses relating to Capital and Other Accounts                                | 46                   | <b>98427</b>                                   | 116302   |
|        | <b>Total expenses (IV)</b>   |                      | <b>2208041</b>                                 | 2210671  |
| V      | <b>Profit/(Loss) before Exceptional items and Tax (III-IV)</b>                       |                      | <b>1019897</b>                                 | 649294   |
| VI     | Exceptional Items  |                      | <b>0</b>                                       | 0  |
| VII    | <b>Profit/(loss) before tax (V+VI)</b>   |                      | <b>1019897</b>                                 | 649294   |
| VIII   | Tax expense:   |                      |  |  |
|        | (1) Current Tax  |                      | <b>290500</b>                                  | 225000   |
|        | (2) Earlier Year Tax Refund/Liability  | Clause 41 of Note 49 | <b>0</b>                                       | -97346   |
|        | (3) Deferred Tax   |                      | <b>-30107</b>                                  | -59477   |
| IX     | Profit (Loss) for the period from Continuing Operations (VII-VIII)                   |                      | <b>759504</b>                                  | 581117   |
| X      | Profit/(loss) from Discontinued Operations   |                      |  |  |
| XI     | Tax expense of Discontinued Operations   |                      |  |  |
| XII    | Profit/(loss) from Discontinued Operations (after tax) (X-XI)                        |                      | <b>0</b>                                       | 0  |
| XIII   | <b>Profit/(loss) for the period (IX+XII)</b>   |                      | <b>759504</b>                                  | 581117   |



# Standalone Statement of Profit and Loss

for the year ended 31<sup>st</sup> March 2024

(₹ in Lakhs)

| S. No. | Particulars  | Note No.                   | For the Year ended 31 <sup>st</sup> March 2024 | For the Year ended 31 <sup>st</sup> March 2023 |
|--------|--|----------------------------|--|--|
| XIV    | <b>Other Comprehensive Income (OCI)</b>  |                            |  |  |
|        | A (i) Items that will not be reclassified to profit or loss  | 47                         | <b>-10945</b>                                  | 13778  |
|        | (ii) Income tax benefit/(expense) on the items that will not be reclassified to Profit or Loss                                       |                            | <b>2755</b>                                    | -3468  |
|        | B (i) Items that will be reclassified to profit or loss  | 48                         | <b>0</b>                                       | -21  |
|        | (ii) Income tax benefit/(expense) on items that will be reclassified to Profit or Loss   |                            | <b>0</b>                                       | 5  |
|        | <b>Total Other Comprehensive Income (A + B)</b>  |                            | <b>-8190</b>                                   | 10294  |
| XV     | <b>Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit (Loss) and Other Comprehensive Income for the period)</b> |                            | <b>751314</b>                                  | 591411   |
| XVI    | Earnings per Equity Share (for Continuing Operations):   | Clause 47 & 48A of Note 49 |  |  |
|        | (1) Basic (₹)  |                            | <b>113.57</b>                                  | 86.89  |
|        | (2) Diluted (₹)  |                            | <b>113.57</b>                                  | 86.89  |
| XVII   | Earnings per Equity Share (for Discontinued Operations):   |                            |  |  |
|        | (1) Basic (₹)  |                            |  |  |
|        | (2) Diluted (₹)  |                            |  |  |
| XVIII  | Earnings per Equity Share (for Continuing & Discontinued Operations):  |                            |  |  |
|        | (1) Basic (₹)  |                            | <b>113.57</b>                                  | 86.89  |
|        | (2) Diluted (₹)  |                            | <b>113.57</b>                                  | 86.89  |


Material accounting policies and accompanying notes no.1 to 49 form an integral part of the financial statements  
As per our report of even date attached

**For and on behalf of the Board of Directors**

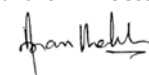
**For A JOHN MORIS & CO.**  
Chartered Accountants,  
Firm Registration No: 007220S



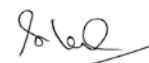
**RATHAN RAJ A**  
Partner  
Membership No: 228538  
Place: New Delhi  
Date: 16.05.2024



**(EJPURA PUTHRAPPA JAYADEVA)**  
Director (Operations)  
DIN: 06761333



**(C. B. ANANTHAKRISHNAN)**  
Director (Finance) & CFO  
Chairman & Managing Director  
(Additional Charge)  
DIN: 06761339



**(SHAILESH BANSAL)**  
Company Secretary  
FCS No. 5064

# Standalone Statement of Changes in Equity for the year ended 31<sup>st</sup> March 2024

## A. Equity Share Capital

| Particulars          | Balance as at 1 April, 2023 | Changes in Equity Share Capital due to prior period errors | Restated Balance as at 1 April, 2023 | Changes in Equity Share Capital for the year ended 31 March, 2024 | Balance as at 31 March, 2024 |
|----------------------|-----------------------------|--|--------------------------------------|---|------------------------------|
| Equity Share Capital | 33439                       | 0  | 33439                                | 0   | 33439                        |

(₹ in Lakhs)

| Particulars          | Balance as at 1 April, 2022 | Changes in Equity Share Capital due to prior period errors | Restated Balance as at 1 April, 2022 | Changes in Equity Share Capital for the year ended 31 March, 2023 | Balance as at 31 March, 2023 |
|----------------------|-----------------------------|--|--------------------------------------|---|------------------------------|
| Equity Share Capital | 33439                       | 0  | 33439                                | 0   | 33439                        |

(₹ in Lakhs)

## B. Other Equity (Refer Note 23)

| Particulars  | Reserves and Surplus             |                            |                             | Other Equity    |                   |  | Total Other Equity |  |
|--|----------------------------------|----------------------------|-----------------------------|-----------------|-------------------|--|--------------------|--|
|  | Research and Development Reserve | Capital Redemption Reserve | Indigenization Fund Reserve | General Reserve | Retained earnings | Remeasurements of net defined benefit liability/ asset |                    | Other Comprehensive Income Exchange differences in translating the financial statements of a foreign operation |
| Balance as at 1 April, 2023  | 211256                           | 14761                      | 10776                       | 2080385         |                   |  | 0                  | 2317178  |
| Changes in Other Equity due to changes in accounting policy or prior period errors |                                  |                            |                             |                 |                   |  |                    | 0  |
| Restated Balance as at 1 April, 2023   | 211256                           | 14761                      | 10776                       | 2080385         | 0                 | 0  | 0                  | 2317178  |
| Changes in Other Equity for the year ended 31 March, 2024                          |                                  |                            |                             |                 | 759504            |  |                    | 759504   |
| Profit for the year ended 31 March, 2024   |                                  |                            |                             |                 |                   |  |                    | 0  |
| Items that will be reclassified to profit or loss                                  |                                  |                            |                             |                 |                   |  |                    | 0  |
| Income tax relating to items that will be reclassified to profit or loss           |                                  |                            |                             |                 |                   |  |                    | 0  |
| Items that will not be reclassified to profit or loss                              |                                  |                            |                             |                 |                   |  |                    | -10945   |
| Remeasurements of the net defined benefit liability/asset                          |                                  |                            |                             |                 | -8190             |  |                    | -8190  |
| Income tax relating to items that will not be reclassified to profit or loss       |                                  |                            |                             |                 |                   |  |                    | 2755   |
| Transfer to Retained Earnings  |                                  |                            |                             |                 |                   |  |                    | 8190   |
| <b>Total comprehensive income for the year ended 31 March, 2024</b>                |                                  |                            |                             |                 | <b>751314</b>     | <b>0</b>   | <b>0</b>           | <b>751314</b>  |
| Current year transfer  | 92718                            |                            | 18544                       |                 |                   |  |                    | 111262   |
| Transfer to General Reserve on utilization   | -4328                            |                            | -435                        |                 |                   |  |                    | -4763  |
| Surplus Transferred from Statement of Profit and Loss                              |                                  |                            |                             | 442763          |                   |  |                    | 442763   |
| Transfer from Indigenization Fund Reserve  |                                  |                            |                             | 435             |                   |  |                    | 435  |
| Transfer from Research & Development Reserve                                       |                                  |                            |                             | 4328            |                   |  |                    | 4328   |
| Transfer to Research & Development Reserve   |                                  |                            |                             |                 | -92718            |  |                    | -92718   |
| Transfer to Indigenization Fund Reserve  |                                  |                            |                             |                 | -18544            |  |                    | -18544   |
| Final Dividend (For FY 2022-23)  |                                  |                            |                             |                 | -50158            |  |                    | -50158   |
| Interim Dividend   |                                  |                            |                             |                 | -147131           |  |                    | -147131  |
| Transfer to General Reserves   |                                  |                            |                             |                 | -442763           |  |                    | -442763  |
| <b>Balance as at 31 March, 2024</b>  | <b>299646</b>                    | <b>14761</b>               | <b>28885</b>                | <b>2527911</b>  | <b>0</b>          | <b>0</b>   | <b>0</b>           | <b>2871203</b>   |

(₹ in Lakhs)





# Standalone Statement of Changes in Equity for the year ended 31<sup>st</sup> March 2024

## B. Other Equity (Refer Note 23)

| Particulars  | Reserves and Surplus             |                            |                             |                 | Other Equity      |  |  | Total Other Equity |
|--|----------------------------------|----------------------------|-----------------------------|-----------------|-------------------|--|--|--------------------|
|  | Research and Development Reserve | Capital Redemption Reserve | Indigenization Fund Reserve | General Reserve | Retained earnings | Remeasurements of net defined benefit liability/ asset | Other Comprehensive Income Exchange differences in translating the financial statements of a foreign operation |                    |
| <b>Balance as at 1 April, 2022</b>   | 161338                           | 14761                      | 0                           | 1716846         | 0                 | 0  | 16   | 1892961            |
| Changes in Other Equity due to changes in accounting policy or prior period errors |                                  |                            |                             | 0               |                   |  |  | 0                  |
| <b>Restated Balance as at 1 April, 2022</b>  | 161338                           | 14761                      | 0                           | 1716846         | 0                 | 0  | 16   | 1892961            |
| <b>Changes in Other Equity for the year ended 31 March, 2023</b>                   |                                  |                            |                             |                 |                   |  |  |                    |
| Profit for the year ended 31 March, 2023   |                                  |                            |                             |                 | 581117            |  |  | 581117             |
| Items that will be reclassified to profit or loss                                  |                                  |                            |                             |                 |                   |  |  |                    |
| Income tax relating to items that will be reclassified to profit or loss           |                                  |                            |                             |                 |                   |  |  | -21                |
| Items that will not be reclassified to profit or loss                              |                                  |                            |                             |                 |                   | 13778  |  | 5                  |
| Remeasurements of the net defined benefit liability/asset                          |                                  |                            |                             |                 | 10310             |  |  | 13778              |
| Income tax relating to items that will not be reclassified to profit or loss       |                                  |                            |                             |                 |                   |  |  | 10310              |
| Transfer to Retained Earnings  |                                  |                            |                             |                 |                   |  |  | -3468              |
| <b>Total comprehensive income for the year ended 31 March, 2023</b>                |                                  |                            |                             |                 | 591427            | 0  | -16  | -10310             |
| Current year transfer  | 53881                            |                            | 10776                       |                 |                   |  |  | 591411             |
| Transfer to General Reserve on utilization   | -3963                            |                            |                             |                 |                   |  |  | 64657              |
| Surplus Transferred from Statement of Profit and Loss                              |                                  |                            |                             | 359576          |                   |  |  | -3963              |
| Transfer from Research & Development Reserve                                       |                                  |                            |                             | 3963            |                   |  |  | 359576             |
| Transfer to Research & Development Reserve   |                                  |                            |                             |                 |                   |  |  | 3963               |
| Transfer to Indigenization Fund Reserve  |                                  |                            |                             |                 |                   |  |  | -53881             |
| Final Dividend (For FY 2021-22)  |                                  |                            |                             |                 |                   |  |  | -10776             |
| Interim Dividend   |                                  |                            |                             |                 |                   |  |  | -33439             |
| Transfer to General Reserves   |                                  |                            |                             |                 |                   |  |  | -133755            |
| <b>Balance as at 31 March, 2023</b>  | 211256                           | 14761                      | 10776                       | 2080385         | 0                 | 0  | 0  | -359576            |

Material Accounting Policies and accompanying Notes No. 1 to 49 form an integral part of the Financial Statements

As per our report of even date attached

**For A JOHN MORIS & CO.**

Chartered Accountants

Firm Registration No: 007220S

*AJMS*

**RATHAN RAJ A**

Partner

Membership No: 228538

Place: New Delhi

Date: 16.05.2024

**For and on behalf of the Board of Directors**

*Sanjiv*

**(EJIPURA PUTHRAPPA JAYADEVA)**

Director (Operations)

DIN: 06761333

**(C. B. ANANTHAKRISHNAN)**

Director (Finance) & CFO

Chairman & Managing Director (Additional Charge)

DIN: 06761339

*Shailish Bansal*

**(SHAILESH BANSAL)**

Company Secretary

FCS No. 5064



# Standalone Statement of Cash Flows

for the year ended 31<sup>st</sup> March 2024

|          |  | (₹ in Lakhs)                                      |   |
|----------|--|---|---|
| Sl. No.  | Particulars  | For the year ended<br>31 <sup>st</sup> March 2024 | For the year ended<br>31 <sup>st</sup> March 2023 |
| <b>A</b> | <b>Cash flow from Operating activities</b>   |   |   |
|          | Profit After Tax   | 759504  | 581117  |
|          | <b>Adjustments to reconcile net profit to net cash provided by operating activities</b>  |   |   |
|          | Income Tax expense   | 260393  | 68177   |
|          | (Gain)/Loss on sale of Property, Plant & Equipment   | -590  | -318  |
|          | Finance cost   | 3135  | 2576  |
|          | Interest Income  | -163338   | -149836   |
|          | Dividend Income  | -295  | -240  |
|          | Net (Gain)/Loss on Fair Value Adjustment   | 221   | -291  |
|          | Other Adjustments  | 0   | -21   |
|          | Depreciation, amortization and impairment expense  | 142140  | 238134  |
|          | Provision for Impairment in Value of Investments   | 32  | 1491  |
|          | Provision for Doubtful Debts   | 3534  | 1418  |
|          | Provision for Doubtful Contract Assets   | 2386  | 8998  |
|          | Provision for Doubtful Claims  | 4100  | 2974  |
|          | Provision for Doubtful Advances  | 1015  | 0   |
|          | Provision for Replacement and Other charges  | 116611  | 245052  |
|          | Provision for Warranty   | 32425   | 43901   |
|          | Provision for Raw Materials and Components, Stores and Spare parts, Loose Tools and Equipment, Construction Materials, Work-in-progress and Inventory - Warranty | 100164  | 28140   |
|          | Provision for Liquidated Damages   | 70271   | 42290   |
|          | <b>Operating Profit Before Working Capital Changes</b>   | <b>1331708</b>                                    | <b>1113562</b>                                    |
|          | <b>Adjustments for:</b>  |   |   |
|          | (Increase)/decrease in Trade Receivables   | -247425   | -174954   |
|          | (Increase)/decrease in Loans, Financial Assets and Other Assets  | -136348   | -162636   |
|          | (Increase)/decrease in Inventories   | -206689   | 192151  |
|          | Increase/(decrease) in Trade Payables  | 27733   | 57757   |
|          | Increase/(decrease) in Financial Liabilities, Provisions and Other Liabilities   | 250528  | 133240  |
|          | <b>Cash generated from Operations</b>  | <b>1019507</b>                                    | <b>1159120</b>                                    |
|          | Income Taxes Paid  | -196933   | -275570   |
|          | <b>Net Cash (used in)/generated from Operating Activities (A)</b>  | <b>822574</b>                                     | <b>883550</b>                                     |
| <b>B</b> | <b>Cash flow from Investing activities</b>   |   |   |
|          | Purchase of Property, Plant & Equipment  | -91615  | -78234  |
|          | Purchase of Intangible Assets  | -83875  | -99879  |
|          | Proceeds from sale of Property, Plant & Equipment  | 797   | 506   |
|          | Investment in Joint Ventures   | -1050   | 0   |
|          | Investment in Subsidiary   | 0   | -1500   |
|          | Purchase of other non current Investments  | -10149  | -9116   |
|          | Investment in short term deposits  | -630053   | -459268   |
|          | Interest Received  | 174477  | 73817   |
|          | Dividend Received from Joint Ventures  | 295   | 240   |
|          | <b>Net Cash (used in)/generated from Investing Activities (B)</b>  | <b>-641173</b>                                    | <b>-573434</b>                                    |



# Standalone Statement of Cash Flows

for the year ended 31<sup>st</sup> March 2024

| Sl. No.  | Particulars   | (₹ in Lakhs)                                   |  |
|----------|---|--|--|
|          |   | For the year ended 31 <sup>st</sup> March 2024 | For the year ended 31 <sup>st</sup> March 2023 |
| <b>C</b> | <b>Cash flow from Financing Activities</b>                                  |  |  |
|          | Repayment of Borrowings-Current (Net)                                       |  |  |
|          | Payment of Lease Liabilities  | -31  | -368   |
|          | Interest paid   | -2565  | -5568  |
|          | Dividend Paid   | -197289  | -167194  |
|          | <b>Net Cash (used in)/generated from Financing Activities (C)</b>           | <b>-199885</b>                                 | <b>-173130</b>                                 |
|          | <b>Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)</b>         | <b>-18484</b>                                  | <b>136986</b>                                  |
|          | Add: Cash and Cash Equivalents at the beginning of the year (Refer Note 16) | 443900   | 306914   |
|          | <b>Cash and Cash Equivalents at the end of the year (Refer Note 16)</b>     | <b>425416</b>                                  | <b>443900</b>                                  |

Material Accounting Policies and accompanying Notes No. 1 to 49 form an integral part of the Financial Statements

## Notes:

- The above Statement of Cash Flows has been prepared under the "Indirect Method" as set out in Indian Accounting Standard 7 "Statement of Cash Flow"
- Cash & Cash equivalent include Short Term Deposits with Bank
- Previous year figures are rearranged or regrouped wherever necessary
- Cash and Cash Equivalents are available fully for use
- The Cash flow statement as above includes CSR Expenditure. Refer Clause 55J of Note 49

As per our report of even date attached

For and on behalf of the Board of Directors

**For A JOHN MORIS & CO.**  
Chartered Accountants,  
Firm Registration No: 0072205



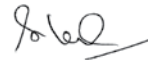
**RATHAN RAJ A**  
Partner  
Membership No: 228538  
Place: New Delhi  
Date: 16.05.2024



**(EJIYURA PUTHRAPPA JAYADEVA)**  
Director (Operations)  
DIN: 06761333



**(C. B. ANANTHAKRISHNAN)**  
Director (Finance) & CFO  
Chairman & Managing Director  
(Additional Charge)  
DIN: 06761339



**(SHAILESH BANSAL)**  
Company Secretary  
FCS No. 5064



# Material Accounting Policies for the financial year 2023-24

## CORPORATE INFORMATION:

Hindustan Aeronautics Limited (the Company) is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India with its registered office located at Bengaluru, Karnataka, India. The Company's shares are listed on Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The Company is a public sector enterprise and is under the administrative control of the Department of Defence Production, Ministry of Defence.

The Company is engaged in the design, development, manufacture, repair, overhaul, upgrade and servicing of a wide range of products including, aircraft, helicopters, aero-engines, avionics, accessories and aerospace structures.

## 1. BASIS OF ACCOUNTING:

The Financial Statements are prepared to comply in all material aspects with Indian Accounting Standards (Ind AS) as prescribed under Section 133 of Companies Act, 2013 read with relevant rules of the Companies (Indian Accounting Standards) Rules.

## 2. USES OF ESTIMATES:

- a) Preparation of financial statements in conformity with the recognition and the measurement principle of Ind AS requires the management of the Company to make estimates, judgments and assumptions that affects the reported balances of Assets and Liabilities, disclosure relating to contingent liabilities as on the date of the Financial Statements and the reported amount of revenues and expense for the reporting period.
- b) Estimates and the underlying assumption are reviewed on an ongoing basis. The revision to the accounting estimates, if material is recognized in the period in which the estimates are revised.
- c) Estimates and judgments made in applying accounting policies that have significant effect on the amounts recognized in the financial statements are as follows:

### i. Employee Defined benefit plans

The liabilities and costs for defined benefit plans are determined using actuarial valuations. The actuarial valuation involves making assumptions. These assumptions include salary escalation rate, discount rates, expected rate of return on assets and mortality rates.

### ii. Provisions and contingencies

Assessments undertaken in recognising provisions and contingencies have been made as per the best judgment of the management based on the current available information.

### iii. Income Taxes

The Company's tax jurisdiction is India. Significant judgments are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

## 3. PROPERTY, PLANT AND EQUIPMENT(PPE):

- a) Property, Plant and Equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any.
- b) The cost includes purchase price, import duties and non-refundable purchase taxes after deducting trade discounts and rebates and any cost directly attributable including borrowing cost on qualifying assets to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.
- c) Subsequent expenditure relating to PPE including major inspection costs, spare parts, standby and servicing equipment are capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably.
- d) In accordance with Ind AS 101-First Time Adoption of Indian Accounting Standards, the Company had chosen to consider the carrying value for all its PPE as their deemed cost at the Opening Balance Sheet as at April 01, 2015.



# Material Accounting Policies for the financial year 2023-24

- e) Depreciation is calculated on straight line basis over estimated useful life as prescribed in Schedule II of the Companies Act 2013. Where the useful life of the asset is not as per Schedule II of the Companies Act 2013, the same is disclosed under Notes to Accounts.
- f) PPE individually costing ₹50,000 and below are fully depreciated in the year of purchase.
- g) Where part of an item of PPE with a cost significant in relation to the total cost of the item and have different useful lives, they are treated as separate components and depreciated over their estimated useful life.
- h) Certain items like Special Tools are amortized over the number of units of production expected to be obtained from the asset based on technical assessment and management estimates depending on the nature and usage of the respective assets.
- i) CSR Assets are fully depreciated in the year of capitalization.
- j) The cost and the related accumulated depreciation are eliminated from the Financial Statements upon sale or de-recognition or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss of the relevant period.
- k) The estimated useful lives, residual values and depreciation / amortisation method are reviewed at the end of each reporting period with the effect of changes in estimates accounted for on a prospective basis.

### 3.1: CAPITAL ADVANCES AND CAPITAL WORK IN PROGRESS (CWIP)

- a) Advances given towards acquisition of PPE outstanding at each Balance Sheet date are disclosed as other Non-current assets.
- b) Cost of Assets not ready for its intended use as on the Balance Sheet date is shown as CWIP. Such properties are classified to the appropriate categories of PPE when completed and ready for its intended use.
- c) Depreciation on such assets commence when the assets are ready for their intended use.

## 4. INVESTMENT PROPERTY

- a) A property is considered as investment property only if the same is held for earning rentals and /or for capital appreciation or both. Properties held by the Company (directly or indirectly) which are used in the production of supply of goods or services for administrative purposes are not considered as Investment Property.
- b) Investment Properties are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. In accordance with Ind AS 101, First Time Adoption of Indian Accounting Standards, the Company has chosen to consider the carrying value for all its Investment Property recognized in its Indian GAAP financial statement as their deemed cost as at the transition date viz, April 01, 2015.
- c) Depreciation is calculated on straight line basis over estimated useful life as prescribed in Schedule II of the Companies Act 2013. Where the useful life of the asset is not as per Schedule II of the Companies Act 2013, the same is disclosed under Notes to Accounts.

## 5. INTANGIBLE ASSETS

- a) Intangible Assets controlled and from which future economic benefits are expected to flow and having useful life are recognized at cost less any accumulated amortization and accumulated impairment losses, if any.
- b) Development Costs having useful life and which will generate probable future economic benefits are recognized as an intangible asset and amortised over production based on technical estimate and to the extent not amortized are carried forward.
- c) Expenditure on license fees, documentation charges etc, based on the definition criteria of intangible assets in terms of reliability of measurement of cost and future economic benefits from the assets, are amortised over production based on technical estimates, and to the extent not amortised, are carried forward.



## Material Accounting Policies for the financial year 2023-24

- d) The cost of software internally generated / acquired for internal use which is not an integral part of the related hardware, is recognized as an intangible asset and is amortised over three years, on straight line method. Amortisation commences when the asset is available for use.
- e) Expenditure on Research is recognized as expenditure in the period in which it is incurred.
- f) Wherever it is not possible to assess the useful life of an intangible asset (whether or not significant) the same is not amortised. Impairment on such intangible assets are reviewed annually and when there is an indication of impairment, the asset is impaired.

### 6. LEASE ACCOUNTING

6.1. The Company recognizes, at inception of a contract a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### 6.2. The Company as a lessee

- a) At the date of commencement of the lease, the Company recognizes a right-of-use ("ROU") asset representing its right to use the underlying asset for the lease term and a lease liability for all lease arrangements in which it is a lessee except for leases with a term of 12 months or less (short term leases) and leases for which the underlying assets is of low value. For such short term and assets of low value leases, the Company recognizes the lease payment as an expense on a straight line basis over the term of the lease.
- b) At commencement date the ROU asset is measured at cost. The cost of the ROU asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred. The ROU assets are subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any.
- c) The ROU assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of ROU asset. The estimated useful lives of ROU assets are determined on the same basis as those of PPE. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognized in the statement of profit and loss.
- d) At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the Company's incremental borrowing rate.
- e) Lease liability and ROU asset are separately presented in the Balance Sheet and lease payments are classified as financing cash flows. Short term lease payments and payments for leases of low value assets are classified as operating cash flows.

#### 6.3. Company as a lessor

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease.

##### 6.3.1 Finance Lease:

- a) A lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the Lessee is classified as a finance lease. Title may or may not eventually be transferred.
- b) At commencement date, an amount equal to the net investment in the lease is presented as receivable. The interest rate implicit in the lease is used to measure the value of net investment in the lease.
- c) The finance income is recognized over the lease term in the statement of profit and loss account so as to reflect a constant periodic rate of return on the net investment in the lease.
- d) The de-recognition and impairment requirement of the underlying asset is tested as per Ind AS 109- Financial instruments.



# Material Accounting Policies for the financial year 2023-24

- e) Any modifications in the lease are accounted as a separate lease when the recognition criteria specified in paragraph 79 of the standard are met.

## 6.3.2 Operating Lease:

- a) Lease other than finance leases are operating leases.
- b) The lease payment from operating leases are recognized as income on either a straight-line basis or another systematic basic, if required.
- c) The expenses including depreciation cost associated with earning of the lease income is recognized as an expense.
- d) Depreciation on underlying assets subject to operating leases are calculated on straight line basis over estimated useful life as prescribed in Schedule II of the Companies Act, 2013.
- e) Any modifications in the lease are accounted as a separate lease if the recognition criteria specified in the standard is met.

## 6.4. Transition to Ind AS 116

- a) Effective April 1, 2019, the Company has applied Ind AS 116 on Lease Accounting. Ind AS 116 replaces Ind AS 17. The Company has adopted Ind AS 116 using the cumulative effect method. The effect of initially applying this standard is recognized at the date of initial application (i.e. April 1, 2019) and the comparative information continues to be reported under Ind AS 17.
- b) The Company has chosen the practical expedient provided by the standard to apply Ind AS 116 only to contracts that were previously identified as leases under Ind AS 17 and therefore has not reassessed whether a contract is or contains a lease at the date of initial application.

## 7. NON CURRENT INVESTMENTS

- a) In accordance with Ind AS 101, First time adoption of Indian Accounting Standards, the Company has chosen to consider the carrying amount of investment as their deemed cost as at the Opening Balance Sheet as at 01<sup>st</sup> April, 2015.
- b) Investments are carried individually at cost less accumulated impairment in the value of such Investments.
- c) Cost of Investment includes acquisition charges such as brokerage, fees and duties.
- d) The Company reviews the book value of the investment on a quarterly basis and provides for diminution in the value of the investment based on the net worth of the investee company.
- e) Impairment in the value of investment is made only if in the opinion of management when there is a permanent fall in value of investment.

## 8. IMPAIRMENT OF ASSETS

As at 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.

## 9. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Company recognizes all Financial Assets other than non-current investments and Financial Liabilities at Fair Value on inception and subsequent measurements are done at amortised cost.

## 10. DEFERRED DEBTS

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



# Material Accounting Policies for the financial year 2023-24

## 11. TRADE AND OTHER PAYABLES

Liabilities are recognized for the amounts to be paid for the goods / services received whether billed by the supplier or not.

## 12. INVENTORIES

- a) Inventories are valued at lower of Cost and Net Realisable Value.
- b) The cost of raw material excluding Goods-in-Transit, components and stores are assigned by using the weighted average cost formula. Goods-in-Transit are valued at cost-to-date. In the case of Finished Goods, Stock-in-Trade and Work-In-Progress, cost includes costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost includes Taxes and duties (other than Taxes and duties for which input credit is available).
- c) Provision for redundancy is assessed on ageing at a suitable percentage / level of the value of closing inventory of raw material and components, stores and spare parts and construction material. Besides, wherever necessary, adequate provision is made for the redundancy of such materials in respect of completed / specific projects and other surplus / redundant material pending transfer to salvage stores.
- d) Saleable / Disposable scrap is valued at Net Realisable Value.
- e) Stores declared surplus / unserviceable / redundant are charged to revenue in the year of such identification.
- f) Consumables issued from stores and lying unused at the end of the year are not reckoned as inventory.

## 13. REVENUE RECOGNITION

### 13.1. Manufacturing of Aircraft/ Helicopter/Spares/Repair Contracts

- a) Revenue on Sale of Goods and Services is recognized at a point in time when the Company satisfies the performance obligation on transfer of control of the products to the Customer in an amount that reflects the consideration the Company expects to receive in exchange for those products pursuant to the Contract with customer. Revenue from service Warranty is recognized on straight line basis over the period of Warranty.

#### Transfer of Control happens on:

- i. Acceptance by the buyer's Inspector, by way of Signaling Out Certificate (SOC)  
or  
Acceptance by the buyer's pilot, by way of Certificate of Conformity (COC), wherever, specifically required in the contract, in the case of Aircrafts/Helicopters,
  - ii. Acceptance by the Buyer's inspection agency/SOC or as agreed to by the Buyer, in the case of Repair & Overhaul of Aircraft/Helicopter/Engine, Rotables, Site repairs, Cat 'B' repair servicing etc.,
  - iii. For other deliverables like Spares, Revenue is recognized based on the Acceptance by the buyer's inspection agency or as agreed to by the buyer.
- b) In case of Performance Based Logistic Contracts, Revenue is recognized over a period of time, based on Helicopter Availability Certificate, Jointly signed by Seller and Buyer.
  - c) Revenue is recognized based on the prices agreed with Customers. Where the prices are yet to be agreed/ determined, the revenue is recognised at the most likely amount based on past experience. Differential revenue, if any, is recognised on receipt of approval / sanction.

### 13.2. Development Contracts

- a) Revenue is recognized over a period of time on incurrance of expenditure identifiable to work orders:
  - i. where milestones have been defined, on achievement of milestone under the output method.





# Material Accounting Policies for the financial year 2023-24

ii. where milestones have not been defined, on incurrance of expenditure under the input method.

- b) Where the customer's sanction for revision is pending, the expenditure incurred is retained in work-in-progress/intangible asset. Subsequent revenue is recognized on receipt of revised financial sanction from the customer.

### 13.3. Significant Financing Component

- a) For the majority of the contracts, advance payments are received, prior to commencement of work and milestone payments are paid in accordance with the terms of the contract.
- b) Payments received from customers in advance are not considered to be a significant financing component as they are given with the objective to protect the interest of the contracting parties.

### 13.4. Contract Modification

A contract modification exists when the change in scope is agreed but the corresponding change in price is not determined. In such circumstances, revenue is recognized, based on the Company's assessment of the estimated change in the transaction price arising from the modification.

### 13.5. Other Income

Interest Income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognised when the right to receive payment has been established.

## 14. Receivables

- a) Receivables represent the Company's unconditional right to consideration under the contract. The right to consideration is considered unconditional, if only passage of time is required before payment of that consideration is due.
- b) Debts from the Government departments are generally treated as fully recoverable, based on past experience, and hence in the opinion of Management there is no increase in credit risk of such financial assets.
- c) Impairment on account of expected credit loss is being assessed on a case to case basis in respect of dues outstanding for a significant period of time.

### 14.1. Contract Assets

Contract Assets represents the Company's right to receive the consideration in exchange for the Goods or Services that the Company has transferred to the Customer, when that right is conditioned on something other than passage of time.

## 15. EMPLOYEE BENEFITS

- a) Gratuity and Provident Fund are Defined Benefit Plans and the liability is provided on the basis of actuarial valuation in respect of eligible employees and is remitted to the trust progressively.
- b) Provision for Earned leave is a Defined Benefit Plan and the liability is provided on the basis of actuarial valuation.
- c) Pension Scheme and Post Superannuation Group Health Insurance Scheme for employees are Defined Contribution Plans and the contribution to the corpus of the same is made by the Company to the respective trust. The Company's liability is limited to the extent of contribution made to these trusts.

## 16. FOREIGN CURRENCY TRANSACTION/TRANSLATION

### a) Initial Recognition:

On initial recognition, transaction in foreign currencies, entered into by the Company, are recorded in the functional currency by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.



# Material Accounting Policies for the financial year 2023-24

## b) Measurement of Foreign currency items at reporting date:

Foreign currency monetary items are translated at closing exchange rates. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value is measured.

## c) Recognition of Exchange Difference:

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they are translated on initial recognition during the period or in previous financial statement is recognized in statement of profit and loss in the period in which they arise.

## 17. INCOME TAXES

- a) Current Tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of Income Tax Act, 1961 (the "Act").
- b) Deferred Tax is recognized using the Balance Sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred Tax Assets in excess of Deferred Tax Liability are recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred Tax Assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

## 18. CLAIMS BY THE COMPANY

Claims on suppliers / underwriters / carriers towards loss / damages, claims for export subsidy, duty drawbacks, and claims on Customs department for refunds are accounted when claims are preferred.

## 19. PROVISION AND CONTINGENT LIABILITIES

- a) A provision is recognised, when the Company has the present obligation as result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which reliable estimate can be made.
- b) Where no reliable estimate can be made or when there is a possible obligation or present obligations that may, but probably will not, require an outflow of resources, disclosure is made as Contingent Liability. Expected reimbursement, if any, is disclosed under Notes to Accounts.
- c) When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

### 19.1 PROVISION FOR WARRANTY

Provision for warranty is recognized on actuarial valuation for Manufacturing and Repair and Overhaul of Aircraft/Helicopter/Engine/Rotables and Spares and development activities etc.

### 19.2 PROVISION FOR LIQUIDATED DAMAGES

Provision for Liquidated Damages is recognized when the expected date of delivery of Goods / rendering of Service in respect of Manufacturing and Repair and Overhaul of Aircraft/Helicopter/Engine/Rotables, Spares and Development activities etc is beyond the due date as per delivery schedule and at the rates specified in the Contract with the Customer.

### 19.3 PROVISION FOR ONEROUS CONTRACTS

A provision for onerous contract is recognized when the expected benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.



# Material Accounting Policies for the financial year 2023-24

## 20. ESTIMATES AND ERRORS

The Company revises its accounting policies if the change is required due to a change in Ind AS or if the change will provide more relevant and reliable information to the users of the financial statements. Changes in accounting policies are applied retrospectively unless it is impracticable to apply.

A change in an accounting estimate that results in changes in the carrying amounts of recognised assets or liabilities or to statement of profit and loss is applied prospectively in the period(s) of change.

When it is difficult to distinguish a change in an accounting policy from a change in an accounting estimate, the change is treated as a change in an accounting estimate.

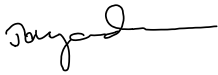
Discovery of material errors results in revisions retrospectively by restating the comparative amounts of assets, liabilities, and equity of the earliest prior period in which the error is discovered. The opening balances of the earliest period presented are also restated.

## 21. EVENTS AFTER THE REPORTING PERIOD

Adjusting events are events that provide further evidence of conditions that existed at the end of the reporting period. The financial statements are adjusted for such events before authorisation for issue.

Non-adjusting events are events that are indicative of conditions that arose after the end of the reporting period. Non-adjusting events after the reporting date are not accounted.

## 22. The functional currency of the Company is Indian Rupee.



**(EJIPURA PUTHRAPPA JAYADEVA)**

Director (Operations)

DIN: 06761333

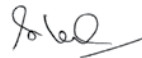


**(C. B. ANANTHAKRISHNAN)**

Director (Finance) & CFO

Chairman & Managing Director (Additional Charge)

DIN: 06761339



**(SHAILESH BANSAL)**

Company Secretary

FCS No.5064

Place : New Delhi

Date : 16.05.2024



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 1 - Property, Plant and Equipment

### Note 1A - Gross Block - Property, Plant and Equipment

The changes in the carrying value of property, plant and equipment for the year ended 31<sup>st</sup> March 2024 are as follows:

(₹ in Lakhs)

| Particulars                     | Gross block<br>As at<br>1 <sup>st</sup> April 2023 | Additions    | Reclassification<br>/Adjustment | Disposals   | Gross Block<br>As at<br>31 <sup>st</sup> March 2024 |
|---------------------------------|--|--------------|---------------------------------|-------------|---|
| <b>Own Assets:</b>              |  |              |                                 |             |   |
| Land -                          |  |              |                                 |             |   |
| - Leasehold                     |  |              |                                 |             |   |
| - Freehold                      | 1948   |              |                                 |             | <b>1948</b>   |
| Buildings                       | 164464   | 11697        | -15357                          | 51          | <b>160753</b>                                       |
| Plant and Equipment             | 249262   | 14963        | 7332                            | 745         | <b>270812</b>                                       |
| Furniture and Fixtures          | 10227  | 1026         | 10                              | 138         | <b>11125</b>  |
| Vehicles                        | 9525   | 928          |                                 | 219         | <b>10234</b>  |
| Office Equipment                | 17394  | 2904         | 1                               | 131         | <b>20168</b>  |
| <b>Others</b>                   |  |              |                                 |             |   |
| Assets used for CSR Activities  | 4525   |              |                                 |             | <b>4525</b>   |
| Roads and Drains                | 6060   | 58           | 5813                            |             | <b>11931</b>  |
| Water Supply                    | 7137   | 237          | 180                             |             | <b>7554</b>   |
| Rail Road Sidings               |  |              |                                 |             |   |
| Runways                         | 1776   | 315          | 2021                            |             | <b>4112</b>   |
| Aircraft/Helicopters            | 38713  |              |                                 |             | <b>38713</b>  |
| <b>Sub Total</b>                | <b>511031</b>                                      | <b>32128</b> |                                 | <b>1284</b> | <b>541875</b>                                       |
| Special Tools                   | <b>657602</b>                                      | <b>47429</b> |                                 |             | <b>705031</b>                                       |
| <b>Total Own Assets</b>         | <b>1168633</b>                                     | <b>79557</b> |                                 | <b>1284</b> | <b>1246906</b>                                      |
| <b>Right-of-Use Asset:</b>      |  |              |                                 |             |   |
| Land                            | <b>822</b>   |              |                                 |             | <b>822</b>  |
| Buildings                       | 8474   | 29           |                                 |             | <b>8503</b>   |
| <b>Total Right-of-Use Asset</b> | <b>9296</b>  | <b>29</b>    |                                 |             | <b>9325</b>   |
| <b>Total</b>                    | <b>1177929</b>                                     | <b>79586</b> |                                 | <b>1284</b> | <b>1256231</b>                                      |

- (i) The amount of contractual commitments for the acquisition of Property, Plant and Equipment is disclosed under Clause 3 of Note 49
- (ii) There is no charge or lien on Property, Plant and Equipment
- (iii) Refer Clause 14 to 14.9 of Note 49



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 1B - Accumulated Depreciation - Property, Plant and Equipment

(₹ in Lakhs)

| Particulars                     | Provision As at 1 <sup>st</sup> April 2023 | Additions    | Reclassification /Adjustment | Disposals   | Provisions As at 31 <sup>st</sup> March 2024 |
|---------------------------------|--|--------------|------------------------------|-------------|--|
| <b>Own Assets:</b>              |  |              |                              |             |  |
| Land -                          |  |              |                              |             |  |
| - Leasehold                     |  |              |                              |             |  |
| - Freehold                      |  |              |                              |             |  |
| Buildings                       | 30704                                      | 5020         | -124                         | 3           | 35597  |
| Plant and Equipment             | 142023                                     | 18841        | 60                           | 683         | 160241                                       |
| Furniture and Fixtures          | 8734                                       | 962          |                              | 120         | 9576   |
| Vehicles                        | 5914                                       | 969          |                              | 144         | 6739   |
| Office Equipment                | 13029                                      | 1855         | 1                            | 127         | 14758  |
| <b>Others</b>                   |  |              |                              |             |  |
| Assets used for CSR Activities  | 4525                                       |              |                              |             | 4525   |
| Roads and Drains                | 4729                                       | 1049         | 48                           |             | 5826   |
| Water Supply                    | 2792                                       | 670          | -2                           |             | 3460   |
| Rail Road Sidings               |  |              |                              |             |  |
| Runways                         | 1410                                       | 326          | 17                           |             | 1753   |
| Aircraft/Helicopters            | 16934                                      | 1794         |                              |             | 18728  |
| <b>Sub Total</b>                | <b>230794</b>                              | <b>31486</b> |                              | <b>1077</b> | <b>261203</b>                                |
| Special Tools                   | 316992                                     | 49413        |                              |             | 366405                                       |
| <b>Total Own Assets</b>         | <b>547786</b>                              | <b>80899</b> |                              | <b>1077</b> | <b>627608</b>                                |
| <b>Right-of-Use Asset:</b>      |  |              |                              |             |  |
| Land                            | 95   | 14           |                              |             | 109  |
| Buildings                       | 589  | 286          |                              |             | 875  |
| <b>Total Right-of-Use Asset</b> | <b>684</b>                                 | <b>300</b>   |                              |             | <b>984</b>                                   |
| <b>Total</b>                    | <b>548470</b>                              | <b>81199</b> |                              | <b>1077</b> | <b>628592</b>                                |

Above Includes:

|  | As at 31 <sup>st</sup> March 2024 |
|--|-----------------------------------|
| Gross Value of Assets with M/s. Midhani                        | 1195                              |
| Cumulative Depreciation in respect of Assets with M/s. Midhani | 1195                              |

|  | As at 31 <sup>st</sup> March 2024 |
|--|-----------------------------------|
| Gross Value of Assets retired from Active Use                          | 467                               |
| Less : Cumulative Depreciated Value of Assets retired from Active Use. | 467                               |
| WDV of Assets Retired from Active Use.                                 |                                   |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 1C - Impairment Loss -Property, Plant and Equipment

(₹ in Lakhs)

| Particulars                       | Impairment Loss As at 1 <sup>st</sup> April 2023 | Additions | Reclassification / Adjustment | Disposals | Impairment Loss As at 31 <sup>st</sup> March 2024 | Net Block As at 31 <sup>st</sup> March 2024 | Net Block As at 31 <sup>st</sup> March 2023 |
|-----------------------------------|--|-----------|-------------------------------|-----------|---|---|---|
| <b>Own Assets:</b>                |  |           |                               |           |   |   |   |
| Land -                            |  |           |                               |           |   |   |   |
| - Leasehold                       |  |           |                               |           |   |   |   |
| - Freehold                        |  |           |                               |           |   | 1948  | 1948  |
| Buildings                         |  |           |                               |           |   | 125156                                      | 133760                                      |
| Plant and Equipment               |  |           |                               |           |   | 110571                                      | 107239                                      |
| Furniture and Fixtures            |  |           |                               |           |   | 1549  | 1493  |
| Vehicles                          |  |           |                               |           |   | 3495  | 3611  |
| Office Equipment                  |  |           |                               |           |   | 5410  | 4365  |
| <b>Others</b>                     |  |           |                               |           |   |   |   |
| Assets used for CSR Activities    |  |           |                               |           |   |   |   |
| Roads and Drains                  |  |           |                               |           |   | 6105  | 1331  |
| Water Supply                      |  |           |                               |           |   | 4094  | 4345  |
| Rail Road Sidings                 |  |           |                               |           |   |   |   |
| Runways                           |  |           |                               |           |   | 2359  | 366   |
| Aircraft/Helicopters              |  |           |                               |           |   | 19985                                       | 21779                                       |
| <b>Subtotal</b>                   |  |           |                               |           |   | <b>280672</b>                               | <b>280237</b>                               |
| Special Tools                     | 50303  |           |                               |           | 50303   | 288323                                      | 290307                                      |
| <b>Total Own Assets</b>           | <b>50303</b>                                     |           |                               |           | <b>50303</b>                                      | <b>568995</b>                               | <b>570544</b>                               |
| <b>Right-of-Use Asset:</b>        |  |           |                               |           |   |   |   |
| Land                              |  |           |                               |           |   | 713   | 727   |
| Buildings                         |  |           |                               |           |   | 7628  | 7885  |
| <b>Total Right -of -Use Asset</b> |  |           |                               |           |   | <b>8341</b>                                 | <b>8612</b>                                 |
| <b>Total</b>                      | <b>50303</b>                                     |           |                               |           | <b>50303</b>                                      | <b>577336</b>                               | <b>579156</b>                               |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 1 - Property, Plant and Equipment

### Note 1A - Gross Block - Property, Plant and Equipment

The changes in the carrying value of property, plant and equipment for the year ended 31<sup>st</sup> March 2023 are as follows:

(₹ in Lakhs)

| Particulars                       | Gross block<br>As at<br>1 <sup>st</sup> April 2022 | Additions     | Reclassification<br>/Adjustment | Disposals   | Gross Block<br>As at<br>31 <sup>st</sup> March 2023 |
|-----------------------------------|--|---------------|---------------------------------|-------------|---|
| <b>Own Assets:</b>                |  |               |                                 |             |   |
| Land -                            |  |               |                                 |             |   |
| - Leasehold                       | 1  |               | -1                              |             |   |
| - Freehold                        | 1947   |               | 1                               |             | 1948  |
| Buildings                         | 126230   | 38234         |                                 |             | 164464  |
| Plant and Equipment               | 236102   | 13997         | 117                             | 954         | 249262  |
| Furniture and Fixtures            | 8949   | 1410          | 3                               | 135         | 10227   |
| Vehicles                          | 9069   | 656           |                                 | 200         | 9525  |
| Office Equipment                  | 14796  | 2852          | -1                              | 253         | 17394   |
| <b>Others</b>                     |  |               |                                 |             |   |
| Assets used for CSR Activities    | 4525   |               |                                 |             | 4525  |
| Roads and Drains                  | 5909   | 151           |                                 |             | 6060  |
| Water Supply                      | 4909   | 2347          | -119                            |             | 7137  |
| Rail Road Sidings                 |  |               |                                 |             |   |
| Runways                           | 1776   |               |                                 |             | 1776  |
| Aircraft/Helicopters              | 32352  | 6361          |                                 |             | 38713   |
| <b>Sub Total</b>                  | <b>446565</b>                                      | <b>66008</b>  |                                 | <b>1542</b> | <b>511031</b>                                       |
| Special Tools                     | 606188   | 51414         |                                 |             | 657602  |
| <b>Total Own Assets</b>           | <b>1052753</b>                                     | <b>117422</b> |                                 | <b>1542</b> | <b>1168633</b>                                      |
| <b>Right -of -Use Asset:</b>      |  |               |                                 |             |   |
| Land                              | 822  |               |                                 |             | 822   |
| Buildings                         | 8108   | 366           |                                 |             | 8474  |
| <b>Total Right -of -Use Asset</b> | <b>8930</b>  | <b>366</b>    |                                 |             | <b>9296</b>   |
| <b>Total</b>                      | <b>1061683</b>                                     | <b>117788</b> |                                 | <b>1542</b> | <b>1177929</b>                                      |

- (i) The amount of contractual commitments for the acquisition of Property, Plant and Equipment is disclosed under Clause 3 of Note 49
- (ii) There is no charge or lien on Property, Plant and Equipment
- (iii) Refer Clause 14 to 14.9 of Note 49



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 1B - Accumulated Depreciation- Property, Plant and Equipment

(₹ in Lakhs)

| Particulars                        | Provision As at 1 <sup>st</sup> April 2022 | Additions    | Reclassification / Adjustment | Disposals   | Provisions As at 31 <sup>st</sup> March 2023 |
|------------------------------------|--|--------------|-------------------------------|-------------|--|
| <b>Own Assets:</b>                 |  |              |                               |             |  |
| Land -                             |  |              |                               |             |  |
| - Leasehold                        |  |              |                               |             |  |
| - Freehold                         |  |              |                               |             |  |
| Buildings                          | 26206                                      | 4498         |                               |             | 30704  |
| Plant and Equipment                | 124671                                     | 18268        | -1                            | 915         | 142023                                       |
| Furniture and Fixtures             | 7684                                       | 1150         | 2                             | 102         | 8734   |
| Vehicles                           | 5013                                       | 1004         |                               | 103         | 5914   |
| Office Equipment                   | 11807                                      | 1457         | -1                            | 234         | 13029  |
| <b>Others</b>                      |  |              |                               |             |  |
| Assets used for CSR Activities     | 4525                                       |              |                               |             | 4525   |
| Roads and Drains                   | 4309                                       | 420          |                               |             | 4729   |
| Water Supply                       | 2318                                       | 474          |                               |             | 2792   |
| Rail Road Sidings                  |  |              |                               |             |  |
| Runways                            | 1327                                       | 83           |                               |             | 1410   |
| Aircraft/Helicopters               | 13787                                      | 3147         |                               |             | 16934  |
| <b>Subtotal</b>                    | <b>201647</b>                              | <b>30501</b> |                               | <b>1354</b> | <b>230794</b>                                |
| Special Tools                      | 267653                                     | 49339        |                               |             | 316992                                       |
| <b>Total Own Assets</b>            | <b>469300</b>                              | <b>79840</b> |                               | <b>1354</b> | <b>547786</b>                                |
| <b>Right -of -Use Asset:</b>       |  |              |                               |             |  |
| Land                               | 81   | 14           |                               |             | 95   |
| Buildings                          | 317  | 272          |                               |             | 589  |
| <b>Total Right -of -Use Asset:</b> | <b>398</b>                                 | <b>286</b>   |                               |             | <b>684</b>                                   |
| <b>Total</b>                       | <b>469698</b>                              | <b>80126</b> |                               | <b>1354</b> | <b>548470</b>                                |

Above Includes:

As at 31<sup>st</sup> March 2023

Gross Value of Assets with M/s. Midhani

1195

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

1195

As at 31<sup>st</sup> March 2023

Gross Value of Assets retired from Active Use

527

Less : Cumulative Depreciated Value of Assets retired from Active Use.

527

WDV of Assets Retired from Active Use.





# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 1C - Impairment Loss -Property, Plant and Equipment

(₹ in Lakhs)

| Particulars                       | Impairment Loss As at 1 <sup>st</sup> April 2022 | Additions    | Reclassification / Adjustment | Disposals | Impairment Loss As at 31 <sup>st</sup> March 2023 | Net Block As at 31 <sup>st</sup> March 2023 | Net Block As at 31 <sup>st</sup> March 2022 |
|-----------------------------------|--|--------------|-------------------------------|-----------|---|---|---|
| <b>Own Assets:</b>                |  |              |                               |           |   |   |   |
| Land -                            |  |              |                               |           |   |   |   |
| - Leasehold                       |  |              |                               |           |   |   | 1   |
| - Freehold                        |  |              |                               |           |   | 1948  | 1947  |
| Buildings                         |  |              |                               |           |   | 133760                                      | 100024                                      |
| Plant and Equipment               |  |              |                               |           |   | 107239                                      | 111431                                      |
| Furniture and Fixtures            |  |              |                               |           |   | 1493  | 1265  |
| Vehicles                          |  |              |                               |           |   | 3611  | 4056  |
| Office Equipment                  |  |              |                               |           |   | 4365  | 2989  |
| <b>Others</b>                     |  |              |                               |           |   |   |   |
| Assets used for CSR Activities    |  |              |                               |           |   |   |   |
| Roads and Drains                  |  |              |                               |           |   | 1331  | 1600  |
| Water Supply                      |  |              |                               |           |   | 4345  | 2591  |
| Rail Road Sidings                 |  |              |                               |           |   |   |   |
| Runways                           |  |              |                               |           |   | 366   | 449   |
| Aircraft/Helicopters              |  |              |                               |           |   | 21779                                       | 18565                                       |
| <b>Subtotal</b>                   |  |              |                               |           |   | <b>280237</b>                               | <b>244918</b>                               |
| Special Tools                     |  | 50303        |                               |           | 50303   | 290307                                      | 338535                                      |
| <b>Total Own Assets</b>           |  | <b>50303</b> |                               |           | <b>50303</b>                                      | <b>570544</b>                               | <b>583453</b>                               |
| <b>Right -of -Use Asset:</b>      |  |              |                               |           |   |   |   |
| Land                              |  |              |                               |           |   | 727   | 741   |
| Buildings                         |  |              |                               |           |   | 7885  | 7791  |
| <b>Total Right -of -Use Asset</b> |  |              |                               |           |   | <b>8612</b>                                 | <b>8532</b>                                 |
| <b>Total</b>                      |  | <b>50303</b> |                               |           | <b>50303</b>                                      | <b>579156</b>                               | <b>591985</b>                               |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 2 - Capital Work in Progress

(₹ in Lakhs)

| Particulars   | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
|---|--------------------------------------|--------------------------------------|
| Buildings   | 43845                                | 34508                                |
| Plant and Equipment                                 | 35335                                | 21971                                |
| Furniture and Fixtures                              | 9                                    | 0                                    |
| Office Equipment                                    | 224                                  | 150                                  |
| Water Supply  | 112                                  | 100                                  |
| Roads and Drains                                    | 0                                    | 5                                    |
| Plant and Equipment under Inspection and in Transit | 2443                                 | 3301                                 |
| Special Tools                                       | 11611                                | 3546                                 |
| <b>TOTAL</b>  | <b>93579</b>                         | <b>63581</b>                         |

- (i) Refer Clause 9D, 9E & 9F of Note 49 for further disclosures on capital work-in-progress
- (ii) The amount of contractual commitments for the acquisition of Property, Plant and Equipment is disclosed under Clause 3 of Note 49

## Note 3 - Investment Property

The changes in the carrying value of investment property for the year ended 31<sup>st</sup> March 2024 are as follows:

### Note 3A - Gross Block - Investment Property

(₹ in Lakhs)

| Particulars  | Gross block<br>As at<br>1 <sup>st</sup> April 2023 | Additions | Disposals | Gross Block<br>As at<br>31 <sup>st</sup> March 2024 |
|--------------|--|-----------|-----------|---|
| Buildings    | 4  |           |           | 4   |
| <b>Total</b> | <b>4</b>   |           |           | <b>4</b>  |

Refer Clause 14.11 of Note 49

### Note 3B - Accumulated Depreciation - Investment Property

(₹ in Lakhs)

| Particulars  | Provision<br>As at<br>1 <sup>st</sup> April<br>2023 | Additions | Disposals | Provisions<br>As at<br>31 <sup>st</sup> March<br>2024 | Net Block<br>As at<br>31 <sup>st</sup> March<br>2024 | Net Block<br>As at<br>31 <sup>st</sup> March<br>2023 |
|--------------|---|-----------|-----------|---|--|--|
| Buildings    | 1   | 1         |           | 2   | 2  | 3  |
| <b>Total</b> | <b>1</b>  | <b>1</b>  |           | <b>2</b>  | <b>2</b>   | <b>3</b>   |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 3 - Investment Property

The changes in the carrying value of investment property for the year ended 31<sup>st</sup> March 2023 are as follows:

### Note 3A - Gross Block - Investment Property

(₹ in Lakhs)

| Particulars  | Gross block<br>As at<br>1 <sup>st</sup> April 2022 | Additions | Disposals | Gross Block<br>As at<br>31 <sup>st</sup> March 2023 |
|--------------|--|-----------|-----------|---|
| Buildings    | 4  |           |           | 4   |
| <b>Total</b> | <b>4</b>   |           |           | <b>4</b>  |

Refer Clause 14.11 of Note 49

### Note 3B - Accumulated Depreciation - Investment Property

(₹ in Lakhs)

| Particulars  | Provision<br>As at<br>1 <sup>st</sup> April<br>2022 | Additions | Disposals | Provisions<br>As at<br>31 <sup>st</sup> March<br>2023 | Net Block<br>As at<br>31 <sup>st</sup> March<br>2023 | Net Block<br>As at<br>31 <sup>st</sup> March<br>2022 |
|--------------|---|-----------|-----------|---|--|--|
| Buildings    | 1   |           |           | 1   | 3  | 3  |
| <b>Total</b> | <b>1</b>  |           |           | <b>1</b>  | <b>3</b>   | <b>3</b>   |

## Note 5 - Other Intangible assets

The changes in the carrying value of other intangible assets for the year ended 31<sup>st</sup> March 2024 are as follows:

### Note 5A - Gross Block - Other Intangible Assets

(₹ in Lakhs)

| Particulars             | As at<br>1 <sup>st</sup> April 2023 | Additions    | Adjustment* | As at<br>31 <sup>st</sup> March 2024 |
|-------------------------|-------------------------------------|--------------|-------------|--------------------------------------|
| Licence Fees            | 143348                              | 1550         | 0           | <b>144898</b>                        |
| Computer Software       | 9033                                | 2285         | 0           | <b>11318</b>                         |
| Documentation           | 68903                               | 336          | 0           | <b>69239</b>                         |
| Development Expenditure | 185382                              | 47809        | 756         | <b>233947</b>                        |
| <b>Total</b>            | <b>406666</b>                       | <b>51980</b> | <b>756</b>  | <b>459402</b>                        |

\*The Intangible assets under development has been completed and transferred to other intangible assets (Refer Note 6A)

### Note 5B - Accumulated Amortization - Other Intangible assets

(₹ in Lakhs)

| Particulars             | As at<br>1 <sup>st</sup> April 2023 | Amortisation | Adjustment | As at<br>31 <sup>st</sup> March 2024 |
|-------------------------|-------------------------------------|--------------|------------|--------------------------------------|
| Licence Fees            | 75936                               | 8189         | 0          | <b>84125</b>                         |
| Computer Software       | 7520                                | 967          | 0          | <b>8487</b>                          |
| Documentation           | 24955                               | 3219         | 0          | <b>28174</b>                         |
| Development Expenditure | 132039                              | 47070        | 0          | <b>179109</b>                        |
| <b>Total</b>            | <b>240450</b>                       | <b>59445</b> | <b>0</b>   | <b>299895</b>                        |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 5C - Impairment Loss - Other Intangible assets

(₹ in Lakhs)

| Particulars             | As at<br>1 <sup>st</sup> April 2023 | Impairment Loss | Adjustment | As at<br>31 <sup>st</sup> March 2024 |
|-------------------------|-------------------------------------|-----------------|------------|--------------------------------------|
| Licence Fees            | 18484                               | 0               | 0          | <b>18484</b>                         |
| Computer Software       | 0                                   | 0               | 0          | <b>0</b>                             |
| Documentation           | 1081                                | 0               | 0          | <b>1081</b>                          |
| Development Expenditure | 43077                               | 1201            | 0          | <b>44278</b>                         |
| <b>Total</b>            | <b>62642</b>                        | <b>1201</b>     | <b>0</b>   | <b>63843</b>                         |

## Note 5 - Other Intangible assets

The changes in the carrying value of other intangible assets for the year ended 31<sup>st</sup> March 2023 are as follows:

## Note 5A - Gross Block - Other Intangible Assets

(₹ in Lakhs)

| Particulars             | As at<br>1 <sup>st</sup> April 2022 | Additions    | Adjustment* | As at<br>31 <sup>st</sup> March 2023 |
|-------------------------|-------------------------------------|--------------|-------------|--------------------------------------|
| Licence Fees            | 143113                              | 235          | 0           | 143348                               |
| Computer Software       | 7875                                | 1158         | 0           | 9033                                 |
| Documentation           | 37768                               | 31135        | 0           | 68903                                |
| Development Expenditure | 148780                              | 35591        | 1011        | 185382                               |
| <b>Total</b>            | <b>337536</b>                       | <b>68119</b> | <b>1011</b> | <b>406666</b>                        |

\*The Intangible assets under development has been completed and transferred to other intangible assets (Refer Note 6A)

## Note 5B - Accumulated Amortization - Other Intangible assets

(₹ in Lakhs)

| Particulars             | As at<br>1 <sup>st</sup> April 2022 | Amortisation | Adjustment | As at<br>31 <sup>st</sup> March 2023 |
|-------------------------|-------------------------------------|--------------|------------|--------------------------------------|
| Licence Fees            | 74739                               | 1197         | 0          | 75936                                |
| Computer Software       | 6787                                | 730          | 3          | 7520                                 |
| Documentation           | 22511                               | 2447         | -3         | 24955                                |
| Development Expenditure | 96666                               | 35373        | 0          | 132039                               |
| <b>Total</b>            | <b>200703</b>                       | <b>39747</b> | <b>0</b>   | <b>240450</b>                        |

## Note 5C - Impairment Loss - Other Intangible assets

(₹ in Lakhs)

| Particulars             | As at<br>1 <sup>st</sup> April 2022 | Impairment Loss | Adjustment | As at<br>31 <sup>st</sup> March 2023 |
|-------------------------|-------------------------------------|-----------------|------------|--------------------------------------|
| Licence Fees            | 12781                               | 5703            | 0          | 18484                                |
| Computer Software       | 0                                   | 0               | 0          | 0                                    |
| Documentation           | 0                                   | 1081            | 0          | 1081                                 |
| Development Expenditure | 40226                               | 2049            | 802        | 43077                                |
| <b>Total</b>            | <b>53007</b>                        | <b>8833</b>     | <b>802</b> | <b>62642</b>                         |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 6 - Intangible Assets under Development

The changes in the carrying value of intangible assets underdevelopment for the year ended 31<sup>st</sup> March 2024 are as follows:

### Note 6A - Gross Carrying cost - Intangible assets under Development

(₹ in Lakhs)

| Particulars             | As at<br>1 <sup>st</sup> April 2023 | Additions    | Adjustment* | As at<br>31 <sup>st</sup> March 2024 |
|-------------------------|-------------------------------------|--------------|-------------|--------------------------------------|
| Development Expenditure | 188608                              | 31895        | -756        | 219747                               |
| <b>Total</b>            | <b>188608</b>                       | <b>31895</b> | <b>-756</b> | <b>219747</b>                        |

- \*(i) The Intangible assets under development has been completed and transferred to other intangible assets (Refer Note 5A)
- (ii) The amount of contractual commitments for the acquisition of intangible assets is disclosed under Clause 3 of Note 49.
- (iii) Refer Clause 9G & 9H of Note 49 for further disclosures on Intangible assets under development

### Note 6B - Accumulated Amortization - Intangible assets under Development

(₹ in Lakhs)

| Particulars             | As at<br>1 <sup>st</sup> April 2023 | Amortisation | Adjustment | As at<br>31 <sup>st</sup> March 2024 |
|-------------------------|-------------------------------------|--------------|------------|--------------------------------------|
| Development Expenditure | 58518                               |              |            | 58518                                |
| <b>Total</b>            | <b>58518</b>                        |              |            | <b>58518</b>                         |

### Note 6C - Impairment Loss - Intangible assets under Development

(₹ in Lakhs)

| Particulars             | As at<br>1 <sup>st</sup> April 2023 | Impairment Loss | Adjustment | As at<br>31 <sup>st</sup> March 2024 |
|-------------------------|-------------------------------------|-----------------|------------|--------------------------------------|
| Development Expenditure | 5280                                | 294             |            | 5574                                 |
| <b>Total</b>            | <b>5280</b>                         | <b>294</b>      |            | <b>5574</b>                          |

## Note 6 - Intangible Assets under Development

The changes in the carrying value of intangible assets underdevelopment for the year ended 31<sup>st</sup> March 2023 are as follows:

### Note 6A - Gross Carrying cost - Intangible assets under Development

(₹ in Lakhs)

| Particulars             | As at<br>1 <sup>st</sup> April 2022 | Additions    | Adjustment*  | As at<br>31 <sup>st</sup> March 2023 |
|-------------------------|-------------------------------------|--------------|--------------|--------------------------------------|
| Development Expenditure | 157859                              | 31760        | -1011        | 188608                               |
| <b>Total</b>            | <b>157859</b>                       | <b>31760</b> | <b>-1011</b> | <b>188608</b>                        |

- \*(i) The Intangible assets under development has been completed and transferred to other intangible assets (Refer Note 5A)
- (ii) The amount of contractual commitments for the acquisition of intangible assets is disclosed under Clause 3 of Note 49.
- (iii) Refer Clause 9G & 9H of Note 49 for further disclosures on Intangible assets under development

### Note 6B - Accumulated Amortization - Intangible assets under Development

(₹ in Lakhs)

| Particulars             | As at<br>1 <sup>st</sup> April 2022 | Amortisation | Adjustment | As at<br>31 <sup>st</sup> March 2023 |
|-------------------------|-------------------------------------|--------------|------------|--------------------------------------|
| Development Expenditure |                                     | 58518        |            | 58518                                |
| <b>Total</b>            |                                     | <b>58518</b> |            | <b>58518</b>                         |

### Note 6C - Impairment Loss - Intangible assets under Development

(₹ in Lakhs)

| Particulars             | As at<br>1 <sup>st</sup> April 2022 | Impairment Loss | Adjustment  | As at<br>31 <sup>st</sup> March 2023 |
|-------------------------|-------------------------------------|-----------------|-------------|--------------------------------------|
| Development Expenditure | 5475                                | 607             | -802        | 5280                                 |
| <b>Total</b>            | <b>5475</b>                         | <b>607</b>      | <b>-802</b> | <b>5280</b>                          |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 7- Financial Asset - Investments - Subsidiaries & Joint Ventures at Cost less Provision

| Particulars  | (₹ in Lakhs)                         |                                      |
|--|--------------------------------------|--------------------------------------|
|  | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
| <b>INVESTMENTS AT COST LESS PROVISION (UN-QUOTED)</b>  |                                      |                                      |
| <b>Investment in Equity Instruments</b>  |                                      |                                      |
| <b>1. Investment in Subsidiaries</b>   |                                      |                                      |
| Naini Aerospace Limited - 6,50,00,000 (6,50,00,000 P.Y) Shares of ₹10 FV each fully paid                               | 6500                                 | 6500                                 |
| Less Provision for Impairment in value of Investment   | 6500                                 | 6486                                 |
| <b>Net - Naini Aerospace Limited</b>   | <b>0</b>                             | <b>14</b>                            |
| Indo Russian Helicopters Limited (IRHL) 5,05,000 (5,05,000 P.Y) Shares of ₹100 FV each fully paid                      | 505                                  | 505                                  |
| Less Provision for Impairment in value of Investment   | 142                                  | 124                                  |
| <b>Net -Indo Russian Helicopters Limited (IRHL)</b>  | <b>363</b>                           | <b>381</b>                           |
| <b>Total In Equity of Subsidiaries (1)</b>   | <b>363</b>                           | <b>395</b>                           |
| <b>2. Investment in Joint Ventures</b>   |                                      |                                      |
| BAe-HAL Software Ltd-29,40,000 (29,40,000-P.Y) shares of ₹10 FV each fully paid  | 294                                  | 294                                  |
| Less Provision for Impairment in value of Investment   | 61                                   | 61                                   |
| <b>Net -BAe-HAL Software Ltd</b>   | <b>233</b>                           | <b>233</b>                           |
| Safran HAL Aircraft Engines Private Ltd -11,40,000 (11,40,000-P.Y) Shares of ₹ 100 F.V. each fully paid                | 1140                                 | 1140                                 |
| Less Provision for Impairment in value of Investment   | 0                                    | 0                                    |
| <b>Net - Safran HAL Aircraft Engines Private Ltd</b>   | <b>1140</b>                          | <b>1140</b>                          |
| Indo Avia Services Ltd (Formerly Indo Russian Aviation Ltd) - 9,36,525 (9,36,525-P.Y) shares of ₹10 FV each fully paid | 94                                   | 94                                   |
| Less Provision for Impairment in value of Investment   | 0                                    | 0                                    |
| <b>Net - Indo Avia Services Ltd.</b>   | <b>94</b>                            | <b>94</b>                            |
| HALBIT Avionics Pvt Ltd -3,82,500 (3,82,500-P.Y) Shares of ₹100 FV each fully paid                                     | 383                                  | 383                                  |
| Less Provision for Impairment in value of Investment   | 383                                  | 383                                  |
| <b>Net - HALBIT Avionics Pvt. Ltd.</b>   | <b>0</b>                             | <b>0</b>                             |
| HAL Edgewood Technologies Pvt Ltd 3,00,000(3,00,000-P.Y) Shares of ₹100 FV each fully paid                             | 300                                  | 300                                  |
| Less Provision for Impairment in value of Investment   | 300                                  | 300                                  |
| <b>Net- HAL Edgewood Technologies Pvt. Ltd.</b>  | <b>0</b>                             | <b>0</b>                             |
| SAMTEL HAL Display Systems Ltd-1,60,000 (1,60,000-P.Y) Shares of ₹100 FV each fully paid                               | 160                                  | 160                                  |
| Less Provision for Impairment in value of Investment   | 160                                  | 160                                  |
| <b>Net - SAMTEL HAL Display Systems Ltd</b>  | <b>0</b>                             | <b>0</b>                             |
| INFOTECH HAL Ltd - 20,00,000 ( 20,00,000-P.Y) Shares of ₹10 FV each fully paid   | 200                                  | 200                                  |
| Less Provision for Impairment in value of Investment   | 200                                  | 200                                  |
| <b>Net- INFOTECH HAL Ltd.</b>  | <b>0</b>                             | <b>0</b>                             |
| HATSOFF Helicopter Training Pvt Ltd -3,84,04,205 (3,84,04,205 P.Y) Shares of ₹ 10 FV each fully paid                   | 3840                                 | 3840                                 |
| Less Provision for Impairment in value of Investment   | 3840                                 | 3840                                 |
| <b>Net- HATSOFF Helicopter Training Pvt. Ltd.</b>  | <b>0</b>                             | <b>0</b>                             |
| International Aerospace Manufacturing Pvt Ltd - 42,50,000 (42,50,000 - P.Y) Shares of ₹100 FV each fully paid          | 4250                                 | 4250                                 |
| Less Provision for Impairment in value of Investment   | 855                                  | 855                                  |
| <b>Net- International Aerospace Manufacturing Pvt Ltd</b>  | <b>3395</b>                          | <b>3395</b>                          |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

(₹ in Lakhs)

| Particulars   | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
|---|--------------------------------------|--------------------------------------|
| Multirole Transport Aircraft Ltd. - 113,46,564 (113,46,564 P.Y) Shares of ₹100 FV each fully paid | 11347                                | 11347                                |
| Less Provision for Impairment in value of Investment  | 6678                                 | 6678                                 |
| <b>Net- Multirole Transport Aircraft Ltd.</b>   | <b>4669</b>                          | <b>4669</b>                          |
| Helicopter Engines MRO Pvt Ltd - 24,59,986 (15,09,986 P.Y) Shares of ₹100 FV each fully paid      | 2460                                 | 1510                                 |
| Less Provision for Impairment in value of Investment  | 415                                  | 415                                  |
| <b>Net- Helicopter Engines MRO Pvt Ltd</b>  | <b>2045</b>                          | <b>1095</b>                          |
| SAFHAL Helicopter Engines Private Limited - 10,00,000 (Nil P.Y) Shares of ₹10 FV each fully paid  | 100                                  | 0                                    |
| Less Provision for Impairment in value of Investment  | 0                                    | 0                                    |
| <b>Net- SAFAL Helicopter Engines Private Ltd</b>  | <b>100</b>                           | <b>0</b>                             |
| <b>Total In Equity of Joint Ventures (2)</b>  | <b>11676</b>                         | <b>10626</b>                         |
| <b>TOTAL (1+2)</b>  | <b>12039</b>                         | <b>11021</b>                         |
| Disclosure  |                                      |                                      |
| (i) Aggregate amount of Quoted Investment and Market Value.                                       |                                      |                                      |
| (ii) Aggregate amount of Unquoted Investments. (net)  | 12039                                | 11021                                |
| (iii) Aggregate amount of impairment in value of investments                                      | 19534                                | 19502                                |
| (iv) Refer Clause 45B & 45E of Note 49 for further details on Investment in Joint Ventures        |                                      |                                      |

## Note 7A - Financial Asset - Investments at Cost

(₹ in Lakhs)

| Particulars  | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
|--|--------------------------------------|--------------------------------------|
| <b>A. Investments in Structured Entities (UNQUOTED)</b>  |                                      |                                      |
| a) HAE Co-operative Society of 25 (25 P.Y) Shares of ₹100 FV each fully paid*                            | 0                                    | 0                                    |
| b) Satnam Apartment Ltd - 41 (41 P.Y) Shares of ₹100 each at cost for acquisition of a Flat**            | 0                                    | 0                                    |
| c) Aerospace & Aviation Sector Skill Council(AASSC) - 125 (125 P.Y) Shares of ₹ 10000 FV each fully paid | 13                                   | 13                                   |
| d) Defence Innovation Organisation - 50 ( P.Y 50) Shares of ₹1000 FV each fully paid                     | 1                                    | 1                                    |
| <b>Total In Equity of Others (A)</b>   | <b>14</b>                            | <b>14</b>                            |
| <b>B. Other Investments (UNQUOTED)</b>   |                                      |                                      |
| LIC of India (For Funding Vacation Leave)  | 137653                               | 127504                               |
| <b>Total In Other Investments (B)</b>  | <b>137653</b>                        | <b>127504</b>                        |
| <b>TOTAL (A+B)</b>   | <b>137667</b>                        | <b>127518</b>                        |
| * Total ₹2500 (P.Y ₹2500) (absolute figure) are held by Kanpur division which is rounded off.            |                                      |                                      |
| ** Total ₹7220 (P.Y ₹7220) (absolute figure) are held by Nasik division which is rounded off.            |                                      |                                      |
| (i) Aggregate amount of Quoted Investment and Market Value.  |                                      |                                      |
| (ii) Aggregate amount of Unquoted Investments. (net)   | 137667                               | 127518                               |
| (iii) Aggregate amount of impairment in value of investments   | 0                                    | 0                                    |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 8 - Financial Asset - Trade Receivables

(₹ in Lakhs)

| Particulars  | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
|--|--------------------------------------|--------------------------------------|
| <b>Trade Receivables</b>                                   |                                      |                                      |
| Considered Good - Secured                                  | 0                                    | 0                                    |
| Considered Good - UnSecured                                | 0                                    | 0                                    |
| Receivables which have significant increase in credit risk | 0                                    | 0                                    |
| Credit Impaired  | 0                                    | 0                                    |
|  | 0                                    | 0                                    |
| Less: Allowance for Doubtful Debts                         | 0                                    | 0                                    |
| <b>TOTAL</b>   | <b>0</b>                             | <b>0</b>                             |

## Note 8A - Financial Asset-Contract Assets

(₹ in Lakhs)

| Particulars            | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
|------------------------|--------------------------------------|--------------------------------------|
| <b>Contract Assets</b> |                                      |                                      |
| Unbilled Revenue       | 0                                    | 0                                    |
| <b>TOTAL</b>           | <b>0</b>                             | <b>0</b>                             |

## Note 9 - Financial Asset- Loans

(₹ in Lakhs)

| Particulars  | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
|--|--------------------------------------|--------------------------------------|
| <b>A. Considered Good-Secured</b>                              |                                      |                                      |
| a) Loans to Related Parties                                    | 0                                    | 0                                    |
| <b>b) Others</b>   |                                      |                                      |
| Loans and advances to employees                                | 9                                    | 0                                    |
| <b>Sub-Total (A)</b>   | <b>9</b>                             | <b>0</b>                             |
| <b>B. Considered Good-Unsecured</b>                            |                                      |                                      |
| a) Loans to Related Parties                                    | 0                                    | 0                                    |
| <b>b) Others</b>   |                                      |                                      |
| Loans and advances to employees                                | 552                                  | 621                                  |
| <b>Sub-Total (B)</b>   | <b>552</b>                           | <b>621</b>                           |
| <b>C. Loans which have significant increase in credit risk</b> |                                      |                                      |
| <b>Sub-Total (C)</b>   | <b>0</b>                             | <b>0</b>                             |
| <b>D. Loans - Credit Impaired</b>                              |                                      |                                      |
| <b>Sub-Total (D)</b>   | <b>0</b>                             | <b>0</b>                             |
| <b>TOTAL (A +B+C+D)</b>  | <b>561</b>                           | <b>621</b>                           |





# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 10 - Other Financial Assets

(₹ in Lakhs)

| Particulars   | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
|---|--------------------------------------|--------------------------------------|
| <b>A. Claims Receivable Unsecured</b>   |                                      |                                      |
| Receivable - Credit Impaired  | 9510                                 | 10130                                |
| <b>Sub-Total</b>  | 9510                                 | 10130                                |
| Less: Provision for Doubtful Claims   | 9510                                 | 10130                                |
| <b>Sub-Total (A)</b>  | 0                                    | 0                                    |
| <b>B) Security Deposit</b>  |                                      |                                      |
| Govt Departments for Customs Duty and for Supplies  | 12                                   | 12                                   |
| Public Utility Concerns   | 2701                                 | 2642                                 |
| Others  | 1292                                 | 1420                                 |
| <b>Sub-Total (B)</b>  | 4005                                 | 4074                                 |
| <b>C. Balances with Bank</b>  |                                      |                                      |
| Bank deposit with more than 12 Months maturity*   | 1                                    | 1                                    |
| <b>Sub-Total (C)</b>  | 1                                    | 1                                    |
| <b>D. Others</b>  |                                      |                                      |
| Deferred Debts  | 34791                                | 36523                                |
| <b>Sub-Total (D)</b>  | 34791                                | 36523                                |
| <b>TOTAL (A +B +C+D)</b>  | <b>38797</b>                         | <b>40598</b>                         |
| (i) Above balances of Claims Receivable include balances with related parties (Refer Receivables of Clause No. 45A(g) of Note 49) | 522                                  | 506                                  |
| (ii) Above balances of Provision for Doubtful Claims include balances with related parties (Refer Clause No. 45A(p) of Note 49)   | 522                                  | 506                                  |
| *(iii) Fully Earmarked for Committed Liabilities of more than 12 months   | 1                                    | 1                                    |

## Note 11 - Deferred Tax Assets (Net)

(₹ in Lakhs)

| Particulars   | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
|---|--------------------------------------|--------------------------------------|
| The tax effect of significant temporary differences that resulted in deferred tax assets: |                                      |                                      |
| As per last Balance Sheet   | 112571                               | 56557                                |
| Add / (Less): Current Year's Assets   | 32862                                | 56014                                |
| <b>TOTAL</b>  | <b>145433</b>                        | <b>112571</b>                        |

Refer Clause 40 of Note 49



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 12 - Other Non - Current assets

| Particulars                                   | (₹ in Lakhs)                         |                                      |
|---|--------------------------------------|--------------------------------------|
|   | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
| <b>A. Capital Advances</b>                    | <b>24266</b>                         | 17512                                |
| <b>B. Advance Other than Capital Advances</b> |                                      |                                      |
| Advances against Goods and Services           | <b>8371</b>                          | 9291                                 |
| Other Advances                                | <b>841</b>                           | 840                                  |
|   | <b>33478</b>                         | 27643                                |
| <b>C. Others</b>                              |                                      |                                      |
| Balances with Revenue Authorities             |                                      |                                      |
| Income tax                                    | <b>166494</b>                        | 293775                               |
| Others-under dispute                          | <b>40064</b>                         | 38193                                |
| Prepaid Expenses                              | <b>27</b>                            | 43                                   |
| <b>TOTAL (A+B+C)</b>                          | <b>240063</b>                        | 359654                               |

## Note 13 - Inventories

| Particulars   | (₹ in Lakhs)                         |                                      |
|---|--------------------------------------|--------------------------------------|
|   | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
| <b>Inventories (At Lower of Cost and Net Realisable Value)#</b> |                                      |                                      |
| (i) Raw Materials and Components                                | <b>695605</b>                        | 729866                               |
| Less: Provision for Redundancy                                  | <b>243576</b>                        | 171744                               |
|   | <b>452029</b>                        | 558122                               |
| (ii) Work-in-Progress   | <b>788931</b>                        | 595222                               |
| Less: Provision for Redundancy                                  | <b>26589</b>                         | 26589                                |
|   | <b>762342</b>                        | 568633                               |
| (iii) Finished Goods  | <b>0</b>                             | 0                                    |
| (iv) Stock-in-Trade   | <b>4149</b>                          | 2241                                 |
| (v) Stores and Spares   | <b>33322</b>                         | 33540                                |
| Less: Provision for Redundancy                                  | <b>7334</b>                          | 5816                                 |
|   | <b>25988</b>                         | 27724                                |
| (vi) Loose Tools  | <b>9317</b>                          | 8277                                 |
| Less: Provision for Redundancy                                  | <b>2568</b>                          | 1386                                 |
|   | <b>6749</b>                          | 6891                                 |
| (vii) Construction Materials                                    | <b>57</b>                            | 48                                   |
| Less: Provision for Redundancy                                  | <b>10</b>                            | 15                                   |
|   | <b>47</b>                            | 33                                   |
| (viii) Disposable Scrap (at Net Realisable Value)               | <b>742</b>                           | 470                                  |
| (ix) Goods under Inspection and in Transit                      |                                      |                                      |
| Raw material and Components                                     | <b>61022</b>                         | 40335                                |
| Stores and Spares   | <b>972</b>                           | 887                                  |
| Loose Tools   | <b>397</b>                           | 240                                  |
|   | <b>62391</b>                         | 41462                                |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

(₹ in Lakhs)

| Particulars   | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
|---|--------------------------------------|--------------------------------------|
| (x) Inventory - Warranty  | 9644                                 | 12161                                |
| Less: Provision for Redundancy  | 1489                                 | 1670                                 |
|   | 8155                                 | 10491                                |
| <b>TOTAL</b>  | <b>1322592</b>                       | <b>1216067</b>                       |
| (#) (i) includes those issued to Sub-Contractors for Job Works  | 14929                                | 11689                                |
| (ii) Inter-division transfers in Transit which are not considered for Inter Divisional Sales, included in above balance | 566                                  | 154                                  |

## Note 14 - Financial Asset- Investments

(₹ in Lakhs)

| Particulars   | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
|---|--------------------------------------|--------------------------------------|
| <b>INVESTMENTS AT COST LESS PROVISION (UN-QUOTED)</b> |                                      |                                      |
| <b>TOTAL</b>  | <b>0</b>                             | <b>0</b>                             |

## Note 15 - Financial Asset-Trade Receivables

(₹ in Lakhs)

| Particulars   | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
|---|--------------------------------------|--------------------------------------|
| <b>Trade Receivables</b>  |                                      |                                      |
| Considered Good - Unsecured   | 461667                               | 471918                               |
| Credit Impaired   | 16751                                | 15409                                |
|   | 478418                               | 487327                               |
| Less: Allowance for Doubtful Debts  | 16751                                | 15409                                |
| <b>TOTAL</b>  | <b>461667</b>                        | <b>471918</b>                        |
| (i) Above balances of trade receivables include balances with related parties (Refer Receivables of Clause No. 45A(g) of Note 49) | 819                                  | 704                                  |
| (ii) Above balances of Allowance for Doubtful Debts include balances with related parties (Refer Clause No. 45A(p) of Note 49).   | 150                                  | 150                                  |
| (iii) Refer Clause 53 (c) of Note 49 for ageing schedule of Trade Receivables   |                                      |                                      |

## Note 15A - Financial Asset-Contract Assets

(₹ in Lakhs)

| Particulars                        | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
|------------------------------------|--------------------------------------|--------------------------------------|
| <b>Contract Assets</b>             |                                      |                                      |
| Unbilled Revenue                   | 1195788                              | 1050724                              |
| Less: Allowance for Doubtful Debts | 6392                                 | 113084                               |
| <b>TOTAL</b>                       | <b>1189396</b>                       | <b>937640</b>                        |

Refer Clause 53 (d) of Note 49 for ageing schedule of Contract Assets



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 16 - Financial Asset- Cash & Cash Equivalents

(₹ in Lakhs)

| Particulars  | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
|--|--------------------------------------|--------------------------------------|
| A. Balances with Bank                              |                                      |                                      |
| In Current Account                                 | 124416                               | 133900                               |
| Term Deposits with original maturity upto 3 months | 301000                               | 310000                               |
| B. Cheques, Drafts on Hand                         | 0                                    | 0                                    |
| C. Cash on Hand                                    | 0                                    | 0                                    |
| <b>TOTAL (A+B+C)</b>                               | <b>425416</b>                        | <b>443900</b>                        |

## Note-17 - Financial Asset - Bank Balances other than Cash and Cash Equivalents

(₹ in Lakhs)

| Particulars   | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
|---|--------------------------------------|--------------------------------------|
| Term Deposits with original maturity for more than 3 months but less than 12 months | 2216694                              | 1585335                              |
| Earmarked balances with banks for Unpaid Dividend                                   | 74                                   | 1380                                 |
| <b>TOTAL</b>  | <b>2216768</b>                       | <b>1586715</b>                       |

## Note 18 - Financial Asset- Loans

(₹ in Lakhs)

| Particulars  | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
|--|--------------------------------------|--------------------------------------|
| <b>A. Considered Good-Secured</b>                              |                                      |                                      |
| a) Loans to Related Parties                                    | 0                                    | 0                                    |
| <b>b) Others</b>   |                                      |                                      |
| Loans and advances to employees                                | 6                                    | 21                                   |
| <b>Sub-Total (A)</b>   | <b>6</b>                             | <b>21</b>                            |
| <b>B. Considered Good-Unsecured</b>                            |                                      |                                      |
| a) Loans to Related Parties                                    | 0                                    | 0                                    |
| <b>b) Others</b>   |                                      |                                      |
| Loans and advances to employees                                | 1061                                 | 741                                  |
| <b>Sub-Total (B)</b>   | <b>1061</b>                          | <b>741</b>                           |
| <b>C. Loans which have Significant Increase in credit risk</b> |                                      |                                      |
| <b>Sub-Total (C)</b>   | <b>0</b>                             | <b>0</b>                             |
| <b>D. Loans - Credit Impaired</b>                              |                                      |                                      |
| <b>Sub-Total (D)</b>   | <b>0</b>                             | <b>0</b>                             |
| <b>TOTAL (A +B+C+D)</b>  | <b>1067</b>                          | <b>762</b>                           |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 19 - Other Financial Assets

(₹ in Lakhs)

| Particulars  | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
|--|--------------------------------------|--------------------------------------|
| <b>Claims Receivable*</b>  |                                      |                                      |
| Unsecured Considered Good  | 75699                                | 61443                                |
| Credit Impaired  | 19433                                | 15548                                |
|  | 95132                                | 76991                                |
| Less: Provision for Doubtful Claims  | 19433                                | 15548                                |
| <b>Sub-Total</b>   | <b>75699</b>                         | <b>61443</b>                         |
| <b>Security Deposit</b>  |                                      |                                      |
| Public Utility Concerns  | 40                                   | 40                                   |
| Others   | 183                                  | 207                                  |
| Interest Accrued and not Due on Term and Other Deposits  | 65494                                | 40248                                |
| Current Maturities of Deferred Debt  | 9990                                 | 9949                                 |
| <b>TOTAL</b>   | <b>151406</b>                        | <b>111887</b>                        |
| (i) Above balances of Claims Receivable include balances with related parties (Refer Receivables of Clause No.45A(g) of Note 49) | 16805                                | 18326                                |
| (ii) Above balances of Provision for Doubtful Claims include balances with related parties (Refer Clause No.45A(p) of Note 49)   | 1859                                 | 1735                                 |

\*(iii) Refer Clause 43G of Note 49

## Note 20 - Current Tax Assets (Net)

(₹ in Lakhs)

| Particulars       | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
|-------------------|--------------------------------------|--------------------------------------|
| Current Tax (Net) | 0                                    | 0                                    |
| <b>TOTAL</b>      | <b>0</b>                             | <b>0</b>                             |

## Note 21 - Other Current Assets

(₹ in Lakhs)

| Particulars                                   | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
|---|--------------------------------------|--------------------------------------|
| <b>A. Advance Other than Capital Advances</b> |                                      |                                      |
| Advances against Goods and Services           | 453605                               | 368244                               |
| Less: Provision for Bad and Doubtful          | 1034                                 | 19                                   |
| Other Loans and Advances                      | 392                                  | 292                                  |
| Advances to Related Parties                   | 95                                   | 652                                  |
| <b>B. Others</b>                              |                                      |                                      |
| Prepaid Expenses                              | 2177                                 | 2398                                 |
| Balances with revenue Authorities             |                                      |                                      |
| Income tax                                    | 0                                    | 0                                    |
| Others  | 3141                                 | 850                                  |
| Balance with GST Electronic Ledger            | 74883                                | 46512                                |
| Balances in Franking Machine                  | 4                                    | 2                                    |
| <b>TOTAL</b>                                  | <b>533263</b>                        | <b>418931</b>                        |

Advances to Related Parties includes advance towards HAL employees Gratuity Fund

0 585



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## EQUITY

### Note 22 - Equity Share Capital

(₹ in Lakhs)

| Particulars   | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
|---|--------------------------------------|--------------------------------------|
| <b>Authorised Capital</b><br>1,20,00,00,000 Equity Shares of ₹5 each (March 31, 2023: 60,00,00,000 Equity Shares of ₹10 each)   | <b>60000</b>                         | 60000                                |
| <b>Issued, Subscribed and Fully Paid up Capital</b><br>66,87,75,000 Equity Shares of ₹5 each fully paid-up (March 31, 2023: 33,43,87,500 Equity Shares of ₹10 each fully paid-up) | <b>33439</b>                         | 33439                                |
| Par Value per Share (₹)   | <b>5</b>                             | 10                                   |
| Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period  |                                      |                                      |
| Opening Equity Shares (Nos.) (face value of ₹10 each)   | <b>334387500</b>                     | 334387500                            |
| Add: Sub-division of 1 Equity Share of the face value of ₹10 each into 2 Equity Shares of ₹5 each (Nos.)  | <b>334387500</b>                     |                                      |
| Less: Shares Bought Back (Nos.)   |                                      |                                      |
| Closing Equity Shares (Nos.)  | <b>668775000</b>                     | 334387500                            |
| Shares in the Company held by each shareholder holding more than 5 percent shares specifying the number of shares held  |                                      |                                      |
| President of India and Nominees   | <b>479102424</b>                     | 239588844                            |
| % of Shareholding of President of India and Nominees  | <b>71.64%</b>                        | 71.65%                               |
| Shares held by promoters at the end of the reporting period   |                                      |                                      |
| <b>Promoters Name:</b>  |                                      |                                      |
| President of India and Nominees   |                                      |                                      |
| No. of Shares   | <b>479102424</b>                     | 239588844                            |
| % of total Shares   | <b>71.64%</b>                        | 71.65%                               |
| % Change during the year  | <b>-0.02%</b>                        | -4.66%                               |

### Terms/ Rights attached to Equity shares

The Company has one (1) Class of Shares i.e Equity Shares

The Equity Shares rank Pari 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.

Refer Clause 48 A of Note 49 for details regarding buy back of shares



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 23 - Other Equity

(₹ in Lakhs)

| Particulars   | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
|---|--------------------------------------|--------------------------------------|
| <b>A. Research &amp; Development Reserve</b>                                |                                      |                                      |
| Opening Balance   | 211256                               | 161338                               |
| Add: Current Year Transfer  | 92718                                | 53881                                |
| Less: Transfer to General Reserve on utilisation                            | 4328                                 | 3963                                 |
| <b>Closing Balance (A)</b>  | <b>299646</b>                        | <b>211256</b>                        |
| <b>B. Capital Redemption Reserve</b>  |                                      |                                      |
| Opening Balance   | 14761                                | 14761                                |
| Add: Current Year Transfer  | 0                                    | 0                                    |
| Less: Written Back in Current Year  | 0                                    | 0                                    |
| <b>Closing Balance (B)</b>  | <b>14761</b>                         | <b>14761</b>                         |
| <b>C. Indigenization Fund Reserve</b>                                       |                                      |                                      |
| Opening Balance   | 10776                                | 0                                    |
| Add: Current Year Transfer  | 18544                                | 10776                                |
| Less: Transfer to General Reserve on utilisation                            | 435                                  | 0                                    |
| <b>Closing Balance (C)</b>  | <b>28885</b>                         | <b>10776</b>                         |
| <b>D. General Reserve as per last Balance Sheet</b>                         | <b>2080385</b>                       | <b>1716846</b>                       |
| (+/-) Surplus Transferred from statement of Profit and Loss                 | 442763                               | 359576                               |
| Add: Transfer from Research & Development Reserve                           | 4328                                 | 3963                                 |
| Add: Transfer from Indigenization Fund Reserve                              | 435                                  | 0                                    |
| <b>Closing Balance (D)</b>  | <b>2527911</b>                       | <b>2080385</b>                       |
| <b>E. Retained earnings - Surplus in the statement of Profit &amp; Loss</b> |                                      |                                      |
| Opening Balance   | 0                                    | 0                                    |
| Add/(Less): Net Profit / (Net Loss) for the current financial year          | 759504                               | 581117                               |
| Add/(Less): Remeasurement of the defined benefit plans                      | -8190                                | 10310                                |
| <b>Sub total (i)</b>  | <b>751314</b>                        | <b>591427</b>                        |
| Less: Appropriations / Allocations  |                                      |                                      |
| Transfer to Indigenization Fund Reserve                                     | 18544                                | 10776                                |
| Transfer to Research & Development Reserve                                  | 92718                                | 53881                                |
| Interim Dividend  | 147131                               | 133755                               |
| Final Dividend (For FY 2022-23)   | 50158                                | 33439                                |
| <b>Sub total (ii)</b>   | <b>308551</b>                        | <b>231851</b>                        |
| <b>Transfer To General Reserves (i)-(ii)</b>                                | <b>442763</b>                        | <b>359576</b>                        |
| <b>Closing Balance (E)</b>  | <b>0</b>                             | <b>0</b>                             |
| <b>F. Other Components of Equity</b>  |                                      |                                      |
| <b>Fair Value through Other Comprehensive Income (FVOCI) (\$)</b>           |                                      |                                      |
| Opening Balance   | 0                                    | 16                                   |
| Add/(Less): Additions made during the current financial year                | -8190                                | 10294                                |
| Add/(Less): Remeasurement of the defined benefit plans                      | 8190                                 | -10310                               |
| <b>Closing Balance (F)</b>  | <b>0</b>                             | <b>0</b>                             |
| <b>TOTAL (A+B+C+D+E+F)</b>  | <b>2871203</b>                       | <b>2317178</b>                       |

₹ Breakup is given separately in Statement of Changes in Equity



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Nature and Purpose of each Reserve:

### 1. Research & Development Reserve:

Research and Development Reserve is created by transfer from Retained Earnings an annual contribution of 15% of Operating Profit After Tax. Research & Development Reserve is created to bring technological superiority to the products in order to cope with the future technological challenges. The amount of utilisation for Research and Development purposes during the year is transferred from Research and Development Reserve to General Reserve.

### 2. Capital Redemption Reserve:

Capital Redemption Reserve is created on redemption/buyback of equity shares.

### 3. Indigenization Fund Reserve:

Indigenization Fund Reserve is created by transfer from Retained Earnings an amount equal to 3% of Operating Profit After Tax which will be utilised to encourage Indigenization of items which are being sourced from foreign sources at present.

### 4. General Reserve:

General Reserve is created out of the profits of the Company and out of Research & Development Reserve on utilization of Research & Development purposes. This is a free reserve.

## Note 24 - Borrowings

| Particulars          | (₹ in Lakhs)                         |                                      |
|----------------------|--------------------------------------|--------------------------------------|
|                      | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
| <b>A. Secured</b>    |                                      |                                      |
| a) Term Loans        |                                      |                                      |
| (i) From Banks       | 0                                    | 0                                    |
| <b>Sub-Total (A)</b> | 0                                    | 0                                    |
| <b>B. Unsecured</b>  |                                      |                                      |
| <b>Sub-Total (B)</b> | 0                                    | 0                                    |
| <b>TOTAL (A + B)</b> | 0                                    | 0                                    |

## Note 24A - Lease Liabilities

| Particulars       | (₹ in Lakhs)                         |                                      |
|-------------------|--------------------------------------|--------------------------------------|
|                   | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
| Lease Liabilities | 33                                   | 182                                  |
| <b>TOTAL</b>      | 33                                   | 182                                  |

Refer Clause 9B of Note 49 for further disclosures on lease

## Note 25- Trade Payables

| Particulars    | (₹ in Lakhs)                         |                                      |
|----------------|--------------------------------------|--------------------------------------|
|                | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
| Trade Payables | 0                                    | 0                                    |
| <b>TOTAL</b>   | 0                                    | 0                                    |





# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 26 - Other financial liabilities

(₹ in Lakhs)

| Particulars          | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
|----------------------|--------------------------------------|--------------------------------------|
| Dues to Employees    | 45                                   | 43                                   |
| Deposits             | 0                                    | 11                                   |
| Deferred liabilities | 35156                                | 36913                                |
| Other Liabilities*   | 15383                                | 15536                                |
| <b>TOTAL</b>         | <b>50584</b>                         | <b>52503</b>                         |

\*Refer Clause No. 10 of Note 49

## Note 27 - Provisions

(₹ in Lakhs)

| Particulars                                | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
|--|--------------------------------------|--------------------------------------|
| <b>A. Provisions for Employee Benefits</b> |                                      |                                      |
| Gratuity                                   | 0                                    | 0                                    |
| Earned Leave                               | 118695                               | 103252                               |
| <b>Sub-Total (A)</b>                       | <b>118695</b>                        | <b>103252</b>                        |
| <b>B. Others*</b>                          |                                      |                                      |
| Replacement and Other Charges              | 26211                                | 22519                                |
| Warranty                                   | 756                                  | 2436                                 |
| Liquidated Damages                         | 10751                                | 5087                                 |
| <b>Sub-Total (B)</b>                       | <b>37718</b>                         | <b>30042</b>                         |
| <b>TOTAL (A + B)</b>                       | <b>156413</b>                        | <b>133294</b>                        |

\*Refer Clause 49 of Note 49 for movement of Provisions

## Note 28 - Deferred tax liabilities (Net)

(₹ in Lakhs)

| Particulars                           | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
|---------------------------------------|--------------------------------------|--------------------------------------|
| As per last Balance Sheet             | 0                                    | 0                                    |
| Add / Less: Current Year's Provisions | 0                                    | 0                                    |
| <b>TOTAL</b>                          | <b>0</b>                             | <b>0</b>                             |

Refer Clause 40 of Note 49



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 29 - Other Non current Liabilities

| Particulars  | (₹ in Lakhs)                         |                                      |
|--|--------------------------------------|--------------------------------------|
|  | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
| <b>A. Advances from Customers (Contract Liability)</b> |                                      |                                      |
| Outstanding Advances from Customers                    |                                      |                                      |
| Defence  | 455250                               | 471586                               |
| <b>Sub-Total (A)</b>                                   | <b>455250</b>                        | 471586                               |
| <b>B. Milestone Receipt (Contract Liability)</b>       |                                      |                                      |
| Defence  | 598892                               | 620665                               |
| Others   | 234                                  | 349                                  |
| <b>Sub-Total (B)</b>                                   | <b>599126</b>                        | 621014                               |
| <b>TOTAL (A+B)</b>                                     | <b>1054376</b>                       | 1092600                              |

## Note 30 - Borrowings

| Particulars                                | (₹ in Lakhs)                         |                                      |
|--|--------------------------------------|--------------------------------------|
|  | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
| <b>A. Secured Short Term Borrowings:</b>   |                                      |                                      |
| <b>a) Loans Repayable on Demand</b>        |                                      |                                      |
| (i) From Banks                             | 0                                    | 0                                    |
| Working Capital Loan-Cash Credit           |                                      |                                      |
| <b>Sub-Total (A)</b>                       | <b>0</b>                             | 0                                    |
| <b>B. Unsecured Short Term Borrowings:</b> |                                      |                                      |
| <b>a) Loans Repayable on Demand</b>        |                                      |                                      |
| <b>Sub-Total (B)</b>                       | <b>0</b>                             | 0                                    |
| <b>TOTAL (A + B)</b>                       | <b>0</b>                             | 0                                    |

(i) Refer Clause No. 35A to 35D of Note No.49 for further details on Borrowings

(ii) Working Capital Loan is secured by first charge on Current Assets (All kinds of Stocks and Receivables of the Company both present and future)

## Note 30A - Lease Liabilities

| Particulars       | (₹ in Lakhs)                         |                                      |
|-------------------|--------------------------------------|--------------------------------------|
|                   | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
| Lease Liabilities | 2                                    | 14                                   |
| <b>TOTAL</b>      | <b>2</b>                             | <b>14</b>                            |

Refer Clause 9B of Note 49 for further disclosures on lease



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 31 - Trade Payables

(₹ in Lakhs)

| Particulars   | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
|---|--------------------------------------|--------------------------------------|
| Trade Payables  |                                      |                                      |
| A) total outstanding dues of micro enterprises and small enterprises  | <b>14605</b>                         | 6407                                 |
| B) total outstanding dues of creditors other than micro enterprises and small enterprises                                 | <b>326862</b>                        | 307327                               |
| <b>TOTAL</b>  | <b>341467</b>                        | 313734                               |
| (i) Above balances of Trade Payable include balances with related parties (Refer Payable of Clause No.45A(f) of Note 49). | <b>5381</b>                          | 6310                                 |
| (ii) Refer Clause 54(b) of Note 49 for ageing schedule of Trade Payables.   |                                      |                                      |
| (iii) Refer Clause No. 19 of Note No.49 for dues of micro and small enterprises   |                                      |                                      |

## Note 32 - Other Financial Liabilities

(₹ in Lakhs)

| Particulars  | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
|--|--------------------------------------|--------------------------------------|
| Liability for Outstanding Expenses   | <b>42906</b>                         | 39002                                |
| Deposits   | <b>14002</b>                         | 13067                                |
| Royalty  | <b>6562</b>                          | 6667                                 |
| Dues to Employees  | <b>63534</b>                         | 57077                                |
| Current Maturities of Deferred Debts/Liabilities   | <b>4902</b>                          | 4904                                 |
| Due to Capital Creditors - Micro enterprises and small enterprises   | <b>1432</b>                          | 151                                  |
| Due to Capital Creditors - other than micro enterprises and small enterprises  | <b>40308</b>                         | 16895                                |
| Unpaid Dividend Account  | <b>74</b>                            | 1380                                 |
| Other Liabilities  | <b>71201</b>                         | 71591                                |
| <b>TOTAL</b>   | <b>244921</b>                        | 210734                               |
| (i) Above balances of Other Liabilities include balances with related parties (Refer Payable of Clause No.45A(f) of Note 49).                      | <b>4804</b>                          | 5700                                 |
| (ii) No amount is due and outstanding to be transferred to Investor Education and Protection Fund at the period end in respect of Unpaid Dividend. |                                      |                                      |
| (iii) Refer Clause No. 19 of Note No.49 for dues of micro and small enterprises  |                                      |                                      |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 33 - Other Current Liabilities

| Particulars  | (₹ in Lakhs)                         |                                      |
|--|--------------------------------------|--------------------------------------|
|  | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
| <b>A. Advances from Customers (Contract Liability)</b> |                                      |                                      |
| Outstanding Advances from Customers                    |                                      |                                      |
| Defence  | <b>728283</b>                        | 549021                               |
| Others   | <b>7986</b>                          | 4960                                 |
| <b>Sub-total (A)</b>                                   | <b>736269</b>                        | 553981                               |
| <b>B. Milestone Receipt (Contract Liability)</b>       |                                      |                                      |
| Defence  | <b>1422456</b>                       | 1197370                              |
| Others   | <b>48784</b>                         | 54157                                |
| <b>Sub-total (B)</b>                                   | <b>1471240</b>                       | 1251527                              |
| <b>Advances from Customers (A + B)</b>                 | <b>2207509</b>                       | 1805508                              |
| <b>C. Other Payables</b>                               |                                      |                                      |
| Taxes (Other than Taxes on Income)                     | <b>7858</b>                          | 7458                                 |
| GST Payable  | <b>2464</b>                          | 17632                                |
| Others   | <b>37094</b>                         | 23069                                |
| <b>TOTAL (A+B+C)</b>                                   | <b>2254925</b>                       | 1853667                              |

## Note 34 - Provisions

| Particulars                                | (₹ in Lakhs)                         |                                      |
|--|--------------------------------------|--------------------------------------|
|  | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
| <b>A. Provisions for Employee Benefits</b> |                                      |                                      |
| Gratuity                                   | <b>9230</b>                          | 0                                    |
| Earned Leave                               | <b>12442</b>                         | 14566                                |
| Others (Performance Related Pay)           | <b>35735</b>                         | 30240                                |
| <b>Sub-Total (A)</b>                       | <b>57407</b>                         | 44806                                |
| <b>B. Others*</b>                          |                                      |                                      |
| Replacement and Other Charges              | <b>442710</b>                        | 395027                               |
| Warranty                                   | <b>125344</b>                        | 119451                               |
| Liquidated Damages                         | <b>135580</b>                        | 118381                               |
| <b>Sub-Total (B)</b>                       | <b>703634</b>                        | 632859                               |
| <b>TOTAL (A + B)</b>                       | <b>761041</b>                        | 677665                               |

\*Refer Clause 49 of Note 49 for movement of Provisions

## Note 35 - Current tax liability (Net)

| Particulars                 | (₹ in Lakhs)                         |                                      |
|-----------------------------|--------------------------------------|--------------------------------------|
|                             | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
| Current tax liability (Net) | <b>29967</b>                         | 26728                                |
| <b>TOTAL</b>                | <b>29967</b>                         | 26728                                |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 36 - Revenue from Operations

(₹ in Lakhs)

| Particulars  | For the Year ended<br>31 <sup>st</sup> March 2024 | For the Year ended<br>31 <sup>st</sup> March 2023 |
|--|---|---|
| <b>A. Sale of Products</b>                               |   |   |
| <b>(i) Inland Sales</b>                                  |   |   |
| Finished Goods   | 544573  | 474031  |
| Spares   | 584982  | 514207  |
| Development  | 152648  | 179653  |
| Miscellaneous  | 77246   | 67528   |
| <b>Total Inland Sales of Products</b>                    | <b>1359449</b>                                    | <b>1235419</b>                                    |
| <b>(ii) Export Sales</b>                                 |   |   |
| Finished Goods   | 22021   | 17020   |
| Spares   | 6516  | 7231  |
| Development  | 0   | 606   |
| <b>Total Export Sales of Products</b>                    | <b>28537</b>                                      | <b>24857</b>                                      |
| <b>Total Sale of Products (A)</b>                        | <b>1387986</b>                                    | <b>1260276</b>                                    |
| <b>B. Sale of Services</b>                               |   |   |
| <b>(i) Inland Sale of Services</b>                       |   |   |
| Repair & Overhaul  | 1421802   | 1367531   |
| Other Services   | 3875  | 3735  |
| <b>Total Inland Sales of Services</b>                    | <b>1425677</b>                                    | <b>1371266</b>                                    |
| <b>(ii) Export Sale of Services</b>                      |   |   |
| Repair & Overhaul  | 1564  | 2720  |
| Other Services   | 958   | 1794  |
| <b>Total Export Sales of Services</b>                    | <b>2522</b>                                       | <b>4514</b>                                       |
| <b>Total Sales of Services (B)</b>                       | <b>1428199</b>                                    | <b>1375780</b>                                    |
| <b>Total Sales (A+B)*</b>                                | <b>2816185</b>                                    | <b>2636056</b>                                    |
| <b>C. Other Operating Revenues</b>                       |   |   |
| (i) Disposal of Scrap and Surplus / Unserviceable Stores | 1218  | 1446  |
| (ii) Provisions no Longer Required**                     | 208512  | 53067   |
| (iii) Income from Overseas                               | 10489   | 0   |
| (iv) Others  | 1680  | 2216  |
| <b>Total Operating Revenues (C)</b>                      | <b>221899</b>                                     | <b>56729</b>                                      |
| <b>Revenue from Operations (A+B+C)</b>                   | <b>3038084</b>                                    | <b>2692785</b>                                    |

\*(i) Refer Clause 1 of Note 49 for disaggregation of revenue recognised against contract with customers

\*\* (ii) Refer Clause 49 of Note 49 for movement of Provisions



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 37 - Other Income

| Particulars  | (₹ in Lakhs)                                      |   |
|--|---|---|
|  | For the Year ended<br>31 <sup>st</sup> March 2024 | For the Year ended<br>31 <sup>st</sup> March 2023 |
| <b>Interest Income</b>                                   |   |   |
| Short term Deposits / Loans / Others                     | <b>153077</b>                                     | 83639   |
| Sundry Advances - Employees                              | <b>42</b>   | 43  |
| Other Deposits   | <b>10219</b>                                      | 9207  |
| <b>Sub-total</b>   | <b>163338</b>                                     | 92889   |
| <b>Dividend Income</b>                                   |   |   |
| Dividend from Non- Current Investments in Joint Ventures | <b>295</b>  | 240   |
| <b>Other Non-Operating Income</b>                        |   |   |
| Gain on Foreign Currency Transaction and Translation     | <b>1856</b>                                       | 0   |
| Gain on Sale of Property, Plant & Equipment (Net)        | <b>590</b>  | 318   |
| Gain on Fair Value Adjustment                            | <b>3027</b>                                       | 3144  |
| Interest on Income Tax Refund*                           | <b>0</b>  | 56947   |
| Miscellaneous  | <b>20748</b>                                      | 13642   |
| <b>TOTAL</b>   | <b>189854</b>                                     | 167180  |

(i) Refer Refer Clause 9A of Note 49 for further disclosure on Gain on Sale of Property, Plant & Equipment (Net)

\* (ii) Refer Clause 41 of Note 49

## Note 38 - Cost of materials consumed

| Particulars  | (₹ in Lakhs)                                      |   |
|--|---|---|
|  | For the Year ended<br>31 <sup>st</sup> March 2024 | For the Year ended<br>31 <sup>st</sup> March 2023 |
| <b>Consumption Of Raw Material, Components, Stores And Spare Parts</b> |   |   |
| Opening Stock  | <b>775615</b>                                     | 1036103   |
| Add: Purchases   | <b>1223350</b>                                    | 780827  |
| Add: Subcontracting, Fabrication and Machining Charges.                | <b>31237</b>                                      | 26740   |
| Less: Closing stock  | <b>738628</b>                                     | 775615  |
|  | <b>1291574</b>                                    | 1068055   |
| Less: Transfer to  |   |   |
| Special Tools and Equipment  | <b>44700</b>                                      | 49405   |
| Capital Works  | <b>127</b>  | 9336  |
| Development Expenditure  | <b>1176</b>                                       | 2457  |
| Expense Accounts and Others  | <b>9227</b>                                       | 5831  |
|  | <b>55230</b>                                      | 67029   |
| <b>TOTAL</b>   | <b>1236344</b>                                    | 1001026   |

## Note 38A - Purchase of Stock-in-Trade

| Particulars                | (₹ in Lakhs)                                      |   |
|----------------------------|---|---|
|                            | For the Year ended<br>31 <sup>st</sup> March 2024 | For the Year ended<br>31 <sup>st</sup> March 2023 |
| Purchase of Stock-in-Trade | <b>67140</b>                                      | 79915   |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 39 - Changes in Inventories of Finished Goods, Stock-in-Trade and Work-In-Progress and Scrap

(₹ in Lakhs)

| Particulars  | For the Year ended<br>31 <sup>st</sup> March 2024 | For the Year ended<br>31 <sup>st</sup> March 2023 |
|--|---|---|
| <b>Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-progress</b> |   |   |
| <b>Opening Balance</b>   |   |   |
| (i) Finished Goods   | 0   | 0   |
| (ii) Work-in-progress  | 595222  | 525084  |
| (iii) Stock in Trade   | 2241  | 2994  |
|  | <b>597463</b>                                     | <b>528078</b>                                     |
| <b>Closing Balance</b>   |   |   |
| (i) Finished Goods   | 0   | 0   |
| (ii) Work-in-progress  | 788931  | 595222  |
| (iii) Stock in Trade   | 4149  | 2241  |
|  | <b>793080</b>                                     | <b>597463</b>                                     |
| <b>Accretion / (Decretion) -A</b>  | <b>195617</b>                                     | <b>69385</b>                                      |
| <b>Change in Disposables Scrap</b>   |   |   |
| Opening Balance  | 470   | 710   |
| Closing Balance  | 742   | 470   |
| <b>Accretion / (Decretion)-B</b>   | <b>272</b>  | <b>-240</b>                                       |
| <b>TOTAL (A+B)</b>   | <b>195889</b>                                     | <b>69145</b>                                      |

## Note 40 - Employee benefits expense

(₹ in Lakhs)

| Particulars                                | For the Year ended<br>31 <sup>st</sup> March 2024 | For the Year ended<br>31 <sup>st</sup> March 2023 |
|--|---|---|
| Salaries and Wages                         | 416830  | 395564  |
| Contribution to Provident Fund and Others  | 87131   | 61686   |
| Contribution to Gratuity                   | 10745   | 8729  |
| Staff Welfare Expenses( Net)               | 12867   | 23533   |
| Rent for Hiring Accommodation for Officers | 51  | 77  |
| <b>TOTAL</b>                               | <b>527624</b>                                     | <b>489589</b>                                     |

## Note 41- Finance costs

(₹ in Lakhs)

| Particulars                             | For the Year ended<br>31 <sup>st</sup> March 2024 | For the Year ended<br>31 <sup>st</sup> March 2023 |
|---|---|---|
| Interest on Cash Credit                 | 2   | 1   |
| Interest on Lease Liabilities           | 2   | 12  |
| Interest on Income Tax                  | 3131  | 2563  |
| Interest on micro and small enterprises | 6   | 27  |
| Interest - Others                       | 64  | 3188  |
| <b>TOTAL</b>                            | <b>3205</b>                                       | <b>5791</b>                                       |

Refer Clause No. 19 of Note No. 49 for dues of micro and small enterprises



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 42 - Depreciation and Amortization expense

| Particulars   | (₹ in Lakhs)                                      |   |
|---|---|---|
|   | For the Year ended<br>31 <sup>st</sup> March 2024 | For the Year ended<br>31 <sup>st</sup> March 2023 |
| <b>A. Depreciation on Property, Plant and Equipment</b> | <b>31787</b>                                      | 30787   |
| <b>B. Amortisation</b>                                  |   |   |
| Intangible assets- Development Expenditure              | <b>47070</b>                                      | 93891   |
| Other Intangible assets                                 |   |   |
| Licence Fees  | <b>8189</b>                                       | 1197  |
| Computer Software                                       | <b>967</b>  | 730   |
| Documentation   | <b>3219</b>                                       | 2447  |
| Special Tools   | <b>49413</b>                                      | 49339   |
| <b>Sub-Total (B)</b>                                    | <b>108858</b>                                     | 147604  |
| <b>TOTAL (A+B)</b>                                      | <b>140645</b>                                     | 178391  |

## Note 42A - Impairment Loss

| Particulars                                      | (₹ in Lakhs)                                      |   |
|--|---|---|
|  | For the Year ended<br>31 <sup>st</sup> March 2024 | For the Year ended<br>31 <sup>st</sup> March 2023 |
| Impairment Loss on Property, Plant and Equipment | <b>0</b>  | 50303   |
| Impairment Loss on Intangible Asset              | <b>1495</b>                                       | 9440  |
| <b>TOTAL</b>                                     | <b>1495</b>                                       | 59743   |

Refer Clause No.50 of Note 49

## Note 43 - Other expenses

| Particulars   | (₹ in Lakhs)                                      |   |
|---|---|---|
|   | For the Year ended<br>31 <sup>st</sup> March 2024 | For the Year ended<br>31 <sup>st</sup> March 2023 |
| Shop Supplies   | <b>10627</b>                                      | 8906  |
| Power and Fuel  | <b>19373</b>                                      | 18162   |
| Less: Savings in energy charges from Company owned wind & solar power plant | <b>3620</b>                                       | 3325  |
| Net Power and Fuel  | <b>15753</b>                                      | 14837   |
| Water Charges   | <b>5254</b>                                       | 5376  |
| Rent for Office Premises etc.   | <b>72</b>   | 87  |
| Travelling (includes Foreign Travel)  | <b>8938</b>                                       | 6640  |
| Training (includes Foreign Training)  | <b>736</b>  | 1042  |
| Repairs:  |   |   |
| Buildings   | <b>8968</b>                                       | 8278  |
| Plant, Machinery and Equipment  | <b>19746</b>                                      | 16203   |
| Others  | <b>5990</b>                                       | 3734  |
| Expenses on Tools and Equipment   | <b>3267</b>                                       | 4430  |
| Insurance   | <b>4504</b>                                       | 4018  |
| Rates and Taxes   | <b>2639</b>                                       | 2518  |
| Postage and Telephones  | <b>815</b>  | 881   |
| Printing and Stationery   | <b>1166</b>                                       | 1043  |
| Publicity   | <b>1376</b>                                       | 2723  |
| Advertisement   | <b>211</b>  | 256   |
| Bank Charges  | <b>1052</b>                                       | 644   |
| Loss on Foreign Currency Transaction and Translation                        | <b>0</b>  | 12236   |
| Legal Expenses  | <b>297</b>  | 246   |





# Notes to the Standalone Financial Statements for the year ended March 31, 2024

(₹ in Lakhs)

| Particulars  | For the Year ended<br>31 <sup>st</sup> March 2024 | For the Year ended<br>31 <sup>st</sup> March 2023 |
|--|---|---|
| Auditors' Remuneration:  |   |   |
| For Audit Fee  | 63  | 57  |
| For Tax Audit Fee  | 7   | 5   |
| For Other Services-Interim Audit & Other Certification fees  | 77  | 78  |
| Selling Agents Commission  | 16  | 21  |
| Donations  | 0   | 0   |
| Handling Charges   | 207   | 212   |
| Write Off:   |   |   |
| Fixed Assets   | 0   | 7   |
| Stores   | 1028  | 1447  |
| Shortages / Rejections   | 196   | 284   |
| Others   | 55  | 4203  |
| Freight and Insurance  | 1649  | 1634  |
| Corporate Social Responsibility  | 11106   | 9503  |
| Loss on Fair Value Adjustment  | 3248  | 2853  |
| Miscellaneous Operating Expenses   | 43704   | 41394   |
| <b>TOTAL</b>   | <b>152767</b>                                     | <b>155796</b>                                     |
| (i) Miscellaneous Operating Expenses includes Director's Sitting Fees, excluding GST for the current financial year is ₹18 Lakh (For the year ended 31 <sup>st</sup> March 2023 is ₹15 Lakh) | 18  | 18  |
| (ii) Refer Clause No. 55J of Note 49 for further disclosures on Corporate Social Responsibility  |   |   |

## Note 44 - Direct Input to Work in Progress/ Expenses Capitalised

(₹ in Lakhs)

| Particulars  | For the Year ended<br>31 <sup>st</sup> March 2024 | For the Year ended<br>31 <sup>st</sup> March 2023 |
|--|---|---|
| <b>A) DIRECT INPUT TO WIP</b>                      |   |   |
| Project related Travel                             | 453   | 601   |
| Project related Training                           | 66  | 141   |
| Project related other Expenditure                  | 725   | 1639  |
| Royalty  | 592   | 1908  |
| Foreign Technician Fee                             | 516   | 1033  |
| Ground Risk Insurance                              | 2146  | 2560  |
| Quality Audit Expenses                             | 2   | 3   |
| Design and Development                             | 29725   | 10674   |
| Sundry Direct Charges - Others                     | 4203  | 516   |
| <b>Sub-Total (A)</b>                               | <b>38428</b>                                      | <b>19075</b>                                      |
| <b>B) EXPENSES CAPITALISED TO INTANGIBLE ASSET</b> |   |   |
| Licence Fees                                       | 1550  | 235   |
| Computer software                                  | 2285  | 1158  |
| Documentation                                      | 336   | 31135   |
| <b>Sub-Total (B)</b>                               | <b>4171</b>                                       | <b>32528</b>                                      |
| <b>TOTAL (A + B)</b>                               | <b>42599</b>                                      | <b>51603</b>                                      |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 45 - Provisions

| Particulars   | (₹ in Lakhs)                                      |   |
|---|---|---|
|   | For the Year ended<br>31 <sup>st</sup> March 2024 | For the Year ended<br>31 <sup>st</sup> March 2023 |
| Replacement and Other Charges   | 116611  | 245052  |
| Warranty  | 32425   | 43901   |
| Redundancy provision - Raw Materials and Components, Stores and Spare parts, Loose Tools and Equipment, Construction Materials, Inventory - Warranty and Work-in-Progress | 100164  | 28140   |
| Liquidated Damages  | 70271   | 42290   |
| Doubtful Debts  | 3534  | 1418  |
| Doubtful Claims   | 4100  | 2974  |
| Impairment of Investments   | 32  | 1491  |
| Doubtful Advances   | 1015  | 0   |
| Doubtful Contract Assets  | 2386  | 8998  |
| <b>TOTAL</b>  | <b>330538</b>                                     | <b>374264</b>                                     |

Refer Clause 49 of Note 49 for movement of Provisions

## Note 46 - Expenses relating to Capital and Other Accounts

| Particulars                   | (₹ in Lakhs)                                      |   |
|-------------------------------|---|---|
|                               | For the Year ended<br>31 <sup>st</sup> March 2024 | For the Year ended<br>31 <sup>st</sup> March 2023 |
| <b>Expenses allocated to:</b> |   |   |
| Other Intangible assets       | 4171  | 32528   |
| Special Tools                 | 2729  | 2009  |
| Capital Works                 | 353   | 3052  |
| Development Expenditure       | 78528   | 64894   |
| Others                        | 12646   | 13819   |
| <b>TOTAL</b>                  | <b>98427</b>                                      | <b>116302</b>                                     |

## Other Comprehensive Income

### Note 47 - Items that will not be reclassified to Profit or Loss

| Particulars                                 | (₹ in Lakhs)                                      |   |
|---|---|---|
|   | For the Year ended<br>31 <sup>st</sup> March 2024 | For the Year ended<br>31 <sup>st</sup> March 2023 |
| Remeasurements of the defined benefit plans | -10945  | 13778   |
| <b>TOTAL</b>                                | <b>-10945</b>                                     | <b>13778</b>                                      |

### Note 48 - Items that will be reclassified to profit or loss

| Particulars   | (₹ in Lakhs)                                      |   |
|---|---|---|
|   | For the Year ended<br>31 <sup>st</sup> March 2024 | For the Year ended<br>31 <sup>st</sup> March 2023 |
| Exchange differences in translating the financial statements of a foreign operation | 0   | -21   |
| <b>TOTAL</b>  | <b>0</b>  | <b>-21</b>  |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No. | Particulars |
|------------|-------------|
|------------|-------------|

### 1(a) Company Overview:

Hindustan Aeronautics Limited (“HAL”) herein after referred to as, “the Company” is a limited Company incorporated in India. It is presently a Government Company within the meaning of Section 2(45) of the Companies Act, 2013 as the President of India acting through the Ministry of Defence (MoD) holds 71.64%(Previous year: 71.65%) equity shares of the Company.

The Company is engaged in the design, development, manufacture, repair, overhaul, upgrade and servicing of a wide range of products including, aircraft, helicopters, aero-engines, avionics, accessories and aerospace structures. The Company has been set up to meet the requirement of Indian Defence Forces (namely Indian Air Force, Indian Army, Indian Navy and Indian Coast Guard) in the area of Aerospace.

The Company's operations are organised into five complexes, namely the Bangalore Complex, MiG Complex, Helicopter Complex, Accessories Complex and Design Complex, which together include 20 production divisions and 11 research and design centres (“R&D Centres”) and 8 support offices located across India. For the purpose of Financial Statements 29 Divisions are consolidated by merging R&D Centers and support offices with the main production division. The Company relies on Indigenous research as well as enter into technology transfer and licence agreements to manufacture its products. In addition, the Company has established 12 (previous year: 11) Commercial Joint Venture Companies(JVCs) in collaboration with leading international aviation and Indian Organizations and 2 Subsidiary Companies to grow its operations. Besides, the Company also formed 2 Section-8 (non-profit) Companies.

The financial statements are prepared to comply in all material aspects with Indian Accounting Standards (Ind AS) as prescribed under Section 133 of Companies Act, 2013 read with relevant rules of the Companies (Indian Accounting Standards) Rules.

### 1(b) Disaggregation of revenue as per Ind AS 115

| Particulars                   | For the year ended 31 <sup>st</sup> March 2024 |               |               |                 |                   |                 |               |             |                |
|-------------------------------|--|---------------|---------------|-----------------|-------------------|-----------------|---------------|-------------|----------------|
|                               | Sale of Products                               |               |               |                 | Sale of Services  |                 |               |             |                |
|                               | Finished Goods                                 | Spares        | Development   | Miscellaneous   | Repair & Overhaul | Others          | Total         |             |                |
| Timing of revenue recognition | Point in time                                  | Point in time | Point in time | Point over time | Point in time     | Point over time | Point in time |             |                |
| Revenue by geography          |  |               |               |                 |                   |                 |               |             |                |
| India                         | 544573   | 584982        | 102,456       | 50192           | 77246             | 1392233         | 29569         | 3875        | 2785126        |
| Outside India                 | 22021  | 6516          |               | -               |                   | 1564            | -             | 958         | 31059          |
| <b>TOTAL</b>                  | <b>566594</b>                                  | <b>591498</b> | <b>102456</b> | <b>50192</b>    | <b>77246</b>      | <b>1393797</b>  | <b>29569</b>  | <b>4833</b> | <b>2816185</b> |

| Particulars                   | For the year ended 31 <sup>st</sup> March 2023 |               |               |                 |                   |                 |               |             |                |
|-------------------------------|--|---------------|---------------|-----------------|-------------------|-----------------|---------------|-------------|----------------|
|                               | Sale of Products                               |               |               |                 | Sale of Services  |                 |               |             |                |
|                               | Finished Goods                                 | Spares        | Development   | Miscellaneous   | Repair & Overhaul | Others          | Total         |             |                |
| Timing of revenue recognition | Point in time                                  | Point in time | Point in time | Point over time | Point in time     | Point over time | Point in time |             |                |
| Revenue by geography          |  |               |               |                 |                   |                 |               |             |                |
| India                         | 474031   | 514207        | -             | 179653          | 67528             | 1342745         | 24786         | 3735        | 2606685        |
| Outside India                 | 17020  | 7231          | 606           | -               |                   | 2720            | -             | 1794        | 29371          |
| <b>TOTAL</b>                  | <b>491051</b>                                  | <b>521438</b> | <b>606</b>    | <b>179653</b>   | <b>67528</b>      | <b>1345465</b>  | <b>24786</b>  | <b>5529</b> | <b>2636056</b> |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No. | Particulars  | As at<br>1 <sup>st</sup> April 2023 | Additions<br>(net) | Removal<br>(from Opening<br>Balance) | As at<br>31 <sup>st</sup> March<br>2024 |
|------------|--|-------------------------------------|--------------------|--------------------------------------|---|
| 2(a)       | <b>Claims / Demands against the Company contested and are not acknowledged as Debts (Gross) - as reimbursements are available from the customers as per contract *</b> |                                     |                    |                                      |   |
|            | (i) Sales Tax / Entry Tax / Goods and Service Tax  | 1134934                             | 6666               | 46555                                | <b>1095045</b>                          |
|            | (ii) Service Tax   | 130717                              | 1549               | 90258                                | <b>42008</b>                            |
|            | (iii) Customs Duty   | 30413                               | 17102              |                                      | <b>47515</b>                            |
|            | <b>Total</b>   | <b>1296064</b>                      | <b>25317</b>       | <b>136813</b>                        | <b>1184568</b>                          |

\*In terms of Pricing Policy agreed with Indian Defence Services, prices approved are exclusive of taxes and duties i.e. Sales Tax, Entry Tax, Goods and Service Tax, Service Tax, Customs Duty etc. In case, the customer do not submit an exemption certificate, taxes would be levied and the same would be re-imbursed by the customer.

### 2(b) Contingent Liability not acknowledged as Debts(Gross)

| Particulars        | As at<br>1 <sup>st</sup> April 2023 | Additions<br>(net) | Removal<br>(from Opening<br>Balance) | As at<br>31 <sup>st</sup> March<br>2024 |
|--------------------|-------------------------------------|--------------------|--------------------------------------|---|
| (i) Income Tax     | 12625                               | 26664              | 12402                                | <b>26887</b>                            |
| (ii) Municipal Tax |                                     |                    |                                      |   |
| (iii) Others       | 9465                                | 4170               | 426                                  | <b>13208</b>                            |
| <b>TOTAL</b>       | <b>22090</b>                        | <b>30834</b>       | <b>12828</b>                         | <b>40095</b>                            |

The Bruhath Bangalore Mahanagara Palike (BBMP) issued a Demand Notice dated 24<sup>th</sup> September 2021 for a sum of ₹20253 lakhs for the period between 2008-09 to 2021-22 with respect to property tax (including interest, cess and penalty) for properties owned by the Company. The Company challenged the same before City Civil Court. During the pendency of the case, the matter was taken up by BBMP before the Government of Karnataka and a "One Time Settlement Scheme" was notified by Government of Karnataka on 27<sup>th</sup> March 2023. In furtherance thereof, a revised demand notice dated 31<sup>st</sup> March 2023 for ₹9159 lakhs (including property tax, cess and interest) was issued by BBMP. The said demand was paid and complied by the Company as on 31<sup>st</sup> March 2023.

| Particulars   | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
|---|--------------------------------------|--------------------------------------|
| 2(c) <b>Guarantees excluding financial guarantees</b> | -                                    | -                                    |

### 3 Commitments

**Estimated amount of contracts remaining to be executed and not provided for:**

| Particulars        | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
|--------------------|--------------------------------------|--------------------------------------|
| on Capital Account | 227889                               | 160734                               |

In view of the nature of business, being long term contracts there may be other commitments for purchase of material etc., which has been considered as normal business process, hence not been disclosed.



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No. | Particulars  |  |  |
|------------|--|--|--|
|            | <b>Particulars</b>   | <b>For the Year ended<br/>31<sup>st</sup> March 2024</b> | <b>For the Year ended<br/>31<sup>st</sup> March 2023</b> |
| <b>4</b>   | <b>Value of Imports calculated on CIF basis:</b>   |  |  |
|            | (i) Raw Materials  | 553468   | 273417   |
|            | (ii) Components and Spares   | 449276   | 333741   |
|            | (iii) Capital Goods  | 1402   | 1227   |
|            | (iv) Special Tools   | 5995   | 10709  |
|            | <b>Total</b>   | <b>1010140</b>   | <b>619094</b>  |
| <b>5</b>   | <b>Raw Materials, Spare Parts and Components consumed :</b>  |  |  |
|            | (i) Imported (including Customs Duty)  | 1029917  | 826231   |
|            | (% to total)   | 80   | 77   |
|            | (ii) Indigenous  | 261657   | 241824   |
|            | (% to total)   | 20   | 23   |
|            | <b>Total (Gross)</b>   | <b>1291574</b>   | <b>1068055</b>   |
|            | <b>(Total %)</b>   | <b>100</b>   | <b>100</b>   |
| <b>6</b>   | <b>Expenditure in Foreign currency on account of :</b>   |  |  |
|            | (i) Royalty  | 592  | 1174   |
|            | (ii) License Fee   | 1502   | 155  |
|            | (iii) Documentation  | 336  | 30380  |
|            | (iv) Professional, Consultancy and Foreign Technician Fees   | 522  | 480  |
|            | (v) Foreign Travel   | 402  | 296  |
|            | (vi) Liason Office Abroad  | 910  | 792  |
|            | (vii) Others   | 657  | 6  |
|            | <b>Total</b>   | <b>4921</b>  | <b>33283</b>   |
| <b>7</b>   | <b>Earnings in Foreign Exchange :</b>  |  |  |
|            | (i) FOB value of exports made by the Company   | 28537  | 24857  |
|            | (ii) Services  | 2522   | 4514   |
|            | (iii) Income from Overseas   | 10489  | -  |
|            | <b>Total</b>   | <b>41548</b>   | <b>29371</b>   |
| <b>8A</b>  | <b>The Property, Plant and Equipment does not include assets funded by the customer for use of their jobs but held by the Company on their behalf.</b> |  |  |
|            | <b>Particulars</b>   | <b>As at<br/>31<sup>st</sup> March 2024</b>              | <b>As at<br/>31<sup>st</sup> March 2023</b>              |
|            | Opening Balance  | 198771   | 172357   |
|            | Additions  | 16573  | 26414  |
|            | Closing Balance  | 215344   | 198771   |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No. | Particulars  |  |  |
|------------|--|--|--|
| <b>8B</b>  | Certain Capital items specific to projects for manufacturing facility have been funded by the customer either upfront or is reimbursed through product cost spread over the duration of the projects. The revenue in respect of funds received from the Customer for the manufacturing facility would be recognised as and when the control over manufacturing facility is transferred to the Customer as per the requirement of Ind AS 115. |  |  |
| <b>9A</b>  | <b>Particulars</b>   | <b>For the Year ended 31<sup>st</sup> March 2024</b> | <b>For the Year ended 31<sup>st</sup> March 2023</b> |
|            | Gain on Sale of Property, Plant & Equipment  | 590  | 318  |
|            | Loss on Sale of Property, Plant & Equipment  |  |  |
|            | <b>Net (Note 37 &amp; Note 43 )</b>  | <b>590</b>   | <b>318</b>   |

### 9B Disclosure under Ind AS 116 as lessee:

| Particulars  | 31 <sup>st</sup> March 2024 | 31 <sup>st</sup> March 2023 |
|--|-----------------------------|-----------------------------|
| depreciation on right-of-use assets for the year ended   | 300                         | 286                         |
| interest expense on Lease liabilities for the year ended | 2                           | 12                          |
| total cash outflow for leases for the year ended         | 31                          | 368                         |
| additions to right-of-use assets                         | 29                          | 366                         |
| carrying amount of right-of-use assets                   | 8341                        | 8612                        |

One Avro Aircraft (BH 572) is on lease from Indian Air Force for a period of 1 year for an amount of ₹271 lakhs. The charges for the same has been accounted as expenditure of ₹271 lakhs for the year ended 31<sup>st</sup> March 2024. The company has an option to renew the lease subject to increase of 9% over previous year.

### 9C as lessor:

The Company leases out its Investment property and Property, Plant and Equipment. The Company has classified these lease as operating leases, as there is no transfer substantially all the risks and rewards incidental to the ownership of the assets. Clause 14.11 of Note 49 gives information about the operating leases of Investment Property.

| Operating Lease | 31 <sup>st</sup> March 2024 | 31 <sup>st</sup> March 2023 |
|-----------------|-----------------------------|-----------------------------|
| Lease income    | 1836                        | 2221                        |

The Property, Plant and Equipment disclosed under Note 1A includes the following assets given on Operating Lease:

| Particulars           | As at 31 <sup>st</sup> March 2024 |                          |             |                           | As at 31 <sup>st</sup> March 2023 |                          |             |                           |
|-----------------------|-----------------------------------|--------------------------|-------------|---------------------------|-----------------------------------|--------------------------|-------------|---------------------------|
|                       | Gross Block                       | Accumulated Depreciation | Net Block   | Depreciation for the year | Gross Block                       | Accumulated Depreciation | Net Block   | Depreciation for the year |
| Land - Freehold       | 94                                |                          | 94          |                           | 94                                |                          | 94          |                           |
| Buildings             | 14                                | 12                       | 2           |                           | 14                                | 11                       | 3           |                           |
| Aircraft/ Helicopters | 13106                             | 5542                     | 7564        | 646                       | 13106                             | 4896                     | 8210        | 645                       |
| <b>Total</b>          | <b>13214</b>                      | <b>5554</b>              | <b>7660</b> | <b>646</b>                | <b>13214</b>                      | <b>4907</b>              | <b>8307</b> | <b>645</b>                |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No. | Particulars   | 31 <sup>st</sup> March 2024       | 31 <sup>st</sup> March 2023       |
|------------|---|-----------------------------------|-----------------------------------|
|            | The maturity analysis of lease payments (including payments from Investment Property) showing the undiscounted minimum lease payments to be received over the remaining non-cancellable term on an annual basis are as follows: |                                   |                                   |
|            | <b>Term</b>   | <b>31<sup>st</sup> March 2024</b> | <b>31<sup>st</sup> March 2023</b> |
|            | Less than one year  | 1099                              | 2334                              |
|            | One to Two years  | 330                               | 1382                              |
|            | Two to Three years  | 208                               | 772                               |
|            | Three to Four years   | 199                               | 200                               |
|            | Four to Five years  | 207                               | 189                               |
|            | More than Five years  | 3868                              | 3799                              |
|            | <b>Total undiscounted lease payments</b>  | <b>5911</b>                       | <b>8676</b>                       |

### Credit Risk

The Company has leased out its Properties to Joint Ventures, Subsidiaries and Other agencies. Lease payments are structured with periodic escalations consistent with the prevailing market conditions. Based on the Credit Risk in lease payments, suitable provision has been made in the books of accounts.

| 9D | Capital Work-in-progress                    | As at 31 <sup>st</sup> March 2024 | As at 31 <sup>st</sup> March 2023 |
|----|---|-----------------------------------|-----------------------------------|
|    | Opening Balance                             | 63581                             | 94801                             |
|    | Additions                                   | 83967                             | 62405                             |
|    | Deletions                                   | 53969                             | 93625                             |
|    | Closing Balance (refer clause No.9E and 9F) | 93579                             | 63581                             |

### 9E Capital Work-in-Progress Ageing schedule

| CWIP                                | As at 31 <sup>st</sup> March 2024                  |              |             |                   |              | As at 31 <sup>st</sup> March 2023                  |             |             |                   |              |
|-------------------------------------|--|--------------|-------------|-------------------|--------------|--|-------------|-------------|-------------------|--------------|
|                                     | Amount in Capital work in progress for a period of |              |             |                   |              | Amount in Capital work in progress for a period of |             |             |                   |              |
|                                     | Less than 1 year                                   | 1-2 years    | 2-3 years   | More than 3 years | Total        | Less than 1 year                                   | 1-2 years   | 2-3 years   | More than 3 years | Total        |
| (i) Projects in progress            | 56686  | 20135        | 5532        | 11226             | 93579        | 36988  | 5728        | 5462        | 15403             | 63581        |
| (ii) Projects temporarily suspended | -  | -            | -           | -                 | -            | -  | -           | -           | -                 | -            |
| <b>Total</b>                        | <b>56686</b>                                       | <b>20135</b> | <b>5532</b> | <b>11226</b>      | <b>93579</b> | <b>36988</b>                                       | <b>5728</b> | <b>5462</b> | <b>15403</b>      | <b>63581</b> |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No. | Particulars |
|------------|-------------|
|------------|-------------|

### 9F Capital Work-in-Progress, whose completion is overdue or has exceeded its cost compared to its original plan: CWIP completion Schedule

| CWIP                                       | As at 31 <sup>st</sup> March 2024 |              |           |                   | As at 31 <sup>st</sup> March 2023 |           |           |                   |
|--|-----------------------------------|--------------|-----------|-------------------|-----------------------------------|-----------|-----------|-------------------|
|  | To be completed in                |              |           |                   | To be completed in                |           |           |                   |
|  | Less than 1 year                  | 1-2 years    | 2-3 years | More than 3 years | Less than 1 year                  | 1-2 years | 2-3 years | More than 3 years |
| <b>Projects in progress</b>                |                                   |              |           |                   |                                   |           |           |                   |
| (i) Su-30                                  | 942                               | -            | -         | -                 | 2,815                             | -         | -         | -                 |
| (ii) LCA                                   | 2,895                             | 2,174        | -         | -                 | 206                               | -         | -         | -                 |
| (iii) General purpose CWIP                 | 4,524                             | -            | -         | -                 | 5,708                             | -         | -         | -                 |
| Projects where activity has been suspended | -                                 | -            | -         | -                 | -                                 | -         | -         | -                 |
| <b>Total</b>                               | <b>8,361</b>                      | <b>2,174</b> | <b>-</b>  | <b>-</b>          | <b>8,729</b>                      | <b>-</b>  | <b>-</b>  | <b>-</b>          |

### 9G Intangible assets under development - Ageing schedule

| Intangible assets under development | As at 31 <sup>st</sup> March 2024                             |              |              |                   |               | As at 31 <sup>st</sup> March 2023                             |              |              |                   |               |
|-------------------------------------|---|--------------|--------------|-------------------|---------------|---|--------------|--------------|-------------------|---------------|
|                                     | Amount in Intangible assets under development for a period of |              |              |                   |               | Amount in Intangible assets under development for a period of |              |              |                   |               |
|                                     | Less than 1 year  | 1-2 years    | 2-3 years    | More than 3 years | Total         | Less than 1 year  | 1-2 years    | 2-3 years    | More than 3 years | Total         |
| (i) Projects in progress            | 31139   | 31491        | 28342        | 128775            | 219747        | 57204   | 23925        | 19994        | 87485             | 188608        |
| (ii) Projects temporarily suspended | 0   | 0            | 0            | 0                 | 0             | 0   | 0            | 0            | 0                 | 0             |
| <b>Total</b>                        | <b>31139</b>  | <b>31491</b> | <b>28342</b> | <b>128775</b>     | <b>219747</b> | <b>57204</b>  | <b>23925</b> | <b>19994</b> | <b>87485</b>      | <b>188608</b> |

### 9H For Intangible assets under development, whose completion is overdue or has exceeded its cost compared to its original plan: Intangible assets under development completion Schedule

| Intangible assets under development        | As at 31 <sup>st</sup> March 2024 |           |           |                   | As at 31 <sup>st</sup> March 2023 |           |           |                   |
|--|-----------------------------------|-----------|-----------|-------------------|-----------------------------------|-----------|-----------|-------------------|
|  | To be completed in                |           |           |                   | To be completed in                |           |           |                   |
|  | Less than 1 year                  | 1-2 years | 2-3 years | More than 3 years | Less than 1 year                  | 1-2 years | 2-3 years | More than 3 years |
| <b>Projects in progress</b>                |                                   |           |           |                   |                                   |           |           |                   |
| (i) VHF and DAMS                           | 988                               | -         | -         | -                 | 344                               | -         | -         | -                 |
| Projects where activity has been suspended | -                                 | -         | -         | -                 | -                                 | -         | -         | -                 |
| <b>Total</b>                               | <b>988</b>                        | <b>-</b>  | <b>-</b>  | <b>-</b>          | <b>344</b>                        | <b>-</b>  | <b>-</b>  | <b>-</b>          |





# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No. | Particulars   |
|------------|---|
| 10         | The Company has received a sum of ₹13229 lakhs from Ministry of Defence (MoD), Government of India (GOI) on 28 <sup>th</sup> January 2011 towards subscription of Share capital of Multirole Transport Aircraft Limited (MTAL). Out of the above, the Company has invested a sum of ₹11347 lakhs and the balance of ₹1882 lakhs has been paid during the year 2020-21. Interest @ 6.85% of ₹3326 lakhs has been provided on the unutilised portion up to the date of repayment during 2020-21 and the same is included in other financial liabilities.(refer clause no. 45B). |

### 11 The aggregate amount of Research and Development Expenditure recognised as expenses during the period is as below:

| Expenditure on Research and Development included in: | For the year ended<br>31 <sup>st</sup> March 2024 | For the year ended<br>31 <sup>st</sup> March 2023 |
|--|---|---|
| Raw Material Consumption                             | 44065   | 49124   |
| Direct Expenses                                      | 31755   | 12565   |
| Salaries and Wages                                   | 80171   | 69897   |
| Others   | 126633  | 117847  |
| <b>Total R &amp; D Expenditure</b>                   | <b>282624</b>                                     | <b>249433</b>                                     |

### 12 R&D Corpus

Considering the futuristic business interest of the Company and to maintain the yearly growth in Revenues of the Company, the Board has approved the enhancement of the existing fund allocation for creation of R&D Corpus (excluding customer funded R&D) with an annual contribution from 10 % to 15% of Operational Profit After Tax from 2022-23.

### 13 Indigenization Corpus

Notification on Policy for Indigenization of Components and spares used in Defence platforms for DPSUs/OFB was issued on 8<sup>th</sup> March 2019.

As per the guidelines from Department of Defence Production(DDP) Board has approved creation of Indigenization Corpus with an annual contribution of 3% of Operating Profit After Tax from 2022-23.

| 14 | Particulars                                  | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
|----|--|--------------------------------------|--------------------------------------|
|    | Total Land held (in acres). (Refer Note -1A) | 12036.289                            | 12042.726                            |

|      |  | Division                                      | Assets | Acres    | Amount | Acres    | Amount |
|------|--|---|--------|----------|--------|----------|--------|
| 14.1 | Instruments of transfer in respect of land and building have not been executed, even though in possession by the Company | Lucknow/ Nasik/ FMD/Korwa/Kanpur/ Barrackpore | Land   | 1100.037 | 295    | 1100.037 | 295    |
| 14.2 | Land handed over/earmarked to the Government / other agencies pending execution of instruments of transfer               | FMD/ Hyderabad/ Koraput                       | Land   | 160.263  | 56     | 162.559  | 56     |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No. | Particulars  |  |      |          |    |          |    |
|------------|--|--|------|----------|----|----------|----|
| 14.3       | Land given on lease to the Government / other agencies | FMD/ Nasik/<br>Koraput/ Hyderabad/<br>Lucknow /Korwa /<br>Kanpur | Land | 1117.519 | 94 | 1107.545 | 94 |

- 14.4** The Company's Barrackpore Division is in possession of 23.385 acres (previous year: 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 ₹ 35.50 Lakhs upto the year ended 31<sup>st</sup> March 2024 (previous year: ₹35.00 Lakhs) has been made. The transfer of the land is being pursued with Defence Estate Officer, Kolkata.

The above does not includes 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 Government before 31<sup>st</sup> 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.

The title deeds of immovable properties are not held in the name of the Division.

Land(Right-of-Use) under Property Plant and Equipment includes 200 acres land taken on lease for establishing a unit at Kasargod at a cost of ₹ 708 lakhs (previous year: ₹ 708 lakhs). This cost is amortised over the lease period of 90 years. The Lease charges for the year amounting to ₹ 8 Lakhs (previous year: ₹ 8 lakhs) has been considered under depreciation for the year. However 4.171 acres(previous year: 4.171 acres) of land shortage due to surrender of certain tracts of land against local disputes by KINFRA. Land shortage issue has been taken up with KINFRA for compensation of shortfall in the land. The Board of KINFRA also decided that the lease premium of ₹ 14.78 Lakhs remitted by HAL towards 4.171 acres of land will be refunded. HAL Board has accorded approval in their 472<sup>nd</sup> Meeting held on 27.09.2023, proposal for acceptance of refund amount without interest from M/s KINFRA towards shortfall of land. Execution of amended Lease deed for 195.29 acres of land by SEF, Kasaragod is in progress.

Land under 14.3 include 12 acres of land given under lease to M/s LNB Renewable Energy Pvt Ltd., Hyderabad for 25 years, giving vendor the 'Right to Use' specific land for establishing solar PV Power Plant project only and not for any other purpose with a Purchase Agreement for a period of 25 years for purchase of electricity generated by the Solar PV Power Plant project at the fixed tariff of ₹3.23/KWh.

Further, 0.098 acres of free hold land located at Bowenpally, Hyderabad is included in total land held.

Land(Right-of-Use) under Property, Plant and Equipment includes land 0.273 acres taken on lease for Liason Office Mumbai at a cost of ₹3 lakhs (including development cost). This cost is amortised over the lease period of 30 years. The amount of amortisation has been considered under depreciation for the year. Lease rental is ₹2304/- payable annually.

Land under 14.3 include 39.79 acers to M/s Ordinance Factory, 0.098 acers to RCMA and 4.19 acers to M/s DAV College Trust.

- 14.5**
- Facilities Management Division (FMD) is holding 2117.367 acres (previous year: 2117.367 acres) land, out of which free hold land of 2096.267 acres (previous year: 2096.267 acres) is located in Bangalore and 15.1 acres (previous year: 15.1 acres) located at Bagalkot, karnataka and Lease hold Land of 6 acres (previous year: 6 acres) is located at Harapanahalli, Devanagere, of which 17.737 acres (previous year: 17.737 acres) is under litigation / encroachment by third parties and 10.152 acres( previous year: 10.152 acres) is under dispute with M/s Bharat Earth Movers Limited.
  - Titles to land are not in the name of the Company in respect of 30 survey numbers totalling to 76.475 acres(previous year: 76.475 acres) at FMD division, However, Records of Tenancy Certificate is available.



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No. | Particulars   |
|------------|---|
| c)         | <p>Pending dispute settlement, an amount of ₹3420 lakhs (previous year: ₹3269 Lakhs) towards cumulative lease rental income with various parties has not been considered in the books of accounts, The applicable revised lease rental will be considered only after settlement of dispute and renewal of the lease agreements.</p>   |
| d)         | <p>Department of Investment and Public Asset Management(DIPAM) has communicated the Institutional framework for monetization of the assets of the Central Public Sectors Enterprises, approved by Cabinet in its meeting dated 28<sup>th</sup> February 2019.</p> <p>In this regard, approval has been given by the Board in its 439<sup>th</sup> Meeting held on 13<sup>th</sup> November 2020 for Monetization of 1.45 acres of land at Okalipuram, Bengaluru for forwarding the proposal to Department of Defence Production(DDP) for approval / further action by DDP / DIPAM. HAL during November 2020 referred the proposal to MoD. MoD vide letter dated 8<sup>th</sup> January 2021 communicated that the DIPAM has taken note of the asset monetization plan and indicated that HAL may take action to process the case further after taking necessary approval of competent authority as per extant guidelines. Accordingly FMD had advertised for outright sale of 1.45 acres of land through e-auction. However no bidders came forward to participate in response to the notification even after time for participation was extended twice. Thereafter a Committee was formed and as per its recommendation it was decided to monetize the full property of 2.925 acres at Okalipuram. Accordingly, the Board in its 458<sup>th</sup> Meeting held on 29<sup>th</sup> July 2022 approved monetization of 2.925 acres of land at Okalipuram. Accordingly, the Company advertised for outright sale of 2.925 acres for which e-auction was conducted on 12<sup>th</sup> January 2023 and two parties submitted applications. The premium offered by H1 bidder is proposed for acceptance of the Competent Authority.</p> <p>In the meanwhile, Govt. Audit raised an Audit Enquiry that the projected realizable land value is lesser than the Govt. guidance value. Accordingly, the Company engaged 3 valuers to independently undertake the valuation of 2.925 acres of land at okalipuram afresh. A Committee constituted by the Competent Authority reviewed the Valuation Reports submitted by the Valuers and submitted its report dated 28<sup>th</sup> April 2023, recommending to cancel the sale of land and go for fresh asset monetization exercise by keeping the Reserve price of the land as ₹ 9780 lakhs. Based on approval of the Competent Authority on 04<sup>th</sup> July 2023, the process of sale of land to the H1 Bidder has been annulled and is in process to monetize the land at a Reserve Price of ₹ 9780 lakhs during the year 2023-24.</p> |
| e)         | <p>Freehold Land of 4620.13 acres of Nasik division includes a land of 7 Acres - 13 Guntas which has been acquired by Maharashtra Government and transferred to HAL along with Durga Devi Temple and one tree. The title deeds of the land is in the name of HAL and there is no encroachment. Further, the Land at Nasik division includes 0.0516 acres (previous year: 0.0516 Acres) of land encroached by 9 persons.</p> <p>HAL Board in its 212<sup>th</sup> Board meeting had accorded approval for leasing of land 2.47 Acres to Maharashtra State Road Transport Corporation (MSRTC) at Ojhar Nasik adjoining the National Highway to MSRTC for construction of bus stand for initial period of 30 years on a nominal rent of ₹1/- per annam per acre, in exchange of one acre of MSRTC land to be leased to HAL at Nasik City located at SL. No.287/A, Aurangabad Road, Nasik measuring 4050 Sq. Mtrs. (i.e.1 acre of land).</p> <p>Division has obtained 7/12 extract from revenue authorities Gut No.128 which indicates that land belongs to HAL.</p>  |
| f)         | <p>About 50.21 acres(previous year: 50.21 acres) of the land belonging to the Company's Koraput Division is encroached upon by the nearby villagers for cultivation.</p>  |
| g)         | <p>"Land at Corporate office includes 711.22 sq.mt(Previous year 711.22 sq. mt) of land that has been acquired for the Metro Rail Project by M/s. Bangalore Metro Rail Corporation Limited (BMRCL). The compensation awarded of ₹549 Lakhs (rounded off)(Previous year ₹549 lakhs) by M/s. Karnataka Industrial Area Development Board (KIADB) was contested by Company in the City Civil Court at Bangalore. Meanwhile, a Joint Committee comprising the Company &amp; BMRCL Officials was formed to arrive at an out of court settlement. Currently, the</p>  |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No.  | Particulars  |
|-------------|--|
|             | <p>case is pending at evidence stage before the City Civil Court at Bangalore . However, this is subject to final agreement of parties and order of court. On completion of the Metro Rail project, the land utilized is restricted to 272.94 sq.mt.(Previous year 272.94 sq. mt) Area to the extent of 438.28 sqm has been conveyed back to the Company through Deed of transfer. Compensation amount for remaining area, i.e 272.94 Sq. mt. is yet to be received by the Company. Company has filed memos in the pending cases requesting the Court to disburse ₹ 348 lakhs (rounded off) along with interest as compensation for remaining area of land (i.e. 272.94 sq.mt.). Further, Special Land Acquisition Officer (SLAO) has filed an application before Court requesting the Court to refund the entire amount with interest to it and for closing the case. Company has filed objections to the said application filed by SLAO. Company has also filed an application before the Court for disbursing ₹ 348 lakhs (rounded off) along with interest as compensation for remaining area of land (i.e. 272.94 sq.mt.) The matter was listed for hearing, on which date the SLAO filed the Memo stating that it is ready to pay compensation amount. Court is in process of hearing and disposing off our memos and the applications filed by SLAO and HAL." As the matter is subjudice, no adjustment has been made in the books.</p> |
| <b>14.6</b> | <p>Land under 14.1 includes (i) 376.76 acres (previous year: 376.76 acres) of the land acquired by State Government of Uttar Pradesh for HAL and possession was handed over to HAL by District Land Acquisition Officer. (ii) The factory area 54.30 acres was transferred during 1973 from Indian Air Force to HAL. (iii) Out of total land of 431.06 acres, 2.03 acres of land was sold to NHAI.</p> <p>In the above cases, as per the legal position, all the parties are Government bodies. According to Government Grants Act, 15 of 1895, Section-2 Governments Grants are exempted from the operation of the transfer of property Act. Thus, there is no need of execution of the sale deed / transfer deed. Hence, the title deeds are not in the name of the Company.</p> <p>Land under 14.3 does not include, the ownership of 27 acres (previous year: 27 acres) of land on which labour colony has been built by Labour Commissioner, Kanpur, belongs to the Company as per Revenue records. Out of the above said land, Joint Secretary, UP government vide its orders transferred 6.617 acres of land to UP State Electricity Board.</p> <p>The encroachment of 41.69 acres has been identified as per Drone Survey Report, HAL has taken suitable and necessary steps towards eviction of the encroachers and Land of 25.49 acres is under litigation out of the total land of 429.03 acres.</p>                                |
| <b>14.7</b> | <p>a) Approval has given by the Board for acquiring 7.41 acres of land on lease at sattari Goa for undertaking MRO activity during December 2017 Subsequently, as per the Board Approval in its 431<sup>st</sup> and 434<sup>th</sup> Meeting, tripartite lease deed was executed on the 18<sup>th</sup> May 2023 between Goa Industrial Development Corporation (GIDC), M/s Helicopter Engines MRO Private Limited (HE MRO) and HAL MRO Division for transfer of Lease hold rights of land admeasuring 7.41 acres to HE-MRO.</p> <p>b) The Company acquired during January 2021, 5 acres of defence land on lease at Akabil village, Missamari, District sonitpur for establishing MRO Hub Facilities for an annual lease rental of ₹1.00 per annum without any premium and registration charges, processing fees etc as per actual.</p> <p>c) The Company acquired during March 2021, 4.34 acres of defence land on lease at Mamun Military station for establishing MRO Hub facilities at an annual lease rental of ₹1.00 per annum without any premium along with necessary registration charges, processing fees etc as per actual.</p>   |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No.                              | Particulars   |                      |  |   |  |   |
|---|---|----------------------|--|---|--|---|
| <b>14.8</b>                             | <b>Title deeds of Immovable Property not held in name of the Company as at 31<sup>st</sup> March 2024</b> |                      |  |   |  |   |
| Relevant line item in the Balance Sheet | Description of item of property   | Gross Carrying value | Title deeds held in the name of                      | Whether title deed holder is a promoter, director or relative of promoter/ director or employee of promoter/ director | Property held since which date           | Reason for not being held in the name of the Company  |
| PPE                                     | Land<br>76.475 acres  | 5                    | Various Persons, Bangalore                           | N/A   | 1950's Approx.                           | Compendium Error. Estate department is in possession of Hand book with land acquired in various survey numbers called as Compendium. Few title documents are not available as per the compendium.   |
|   | Land - 39.32 Acres  | 286                  | Lucknow Development Authority                        | N/A   | 19/05/1986                               | The land is in the possessions of the division. However, same is to be registered in the name of the division by Lucknow Development Authority.   |
|   | Land at Kasbe Sukena Railway Station:<br>Approx. 196.22 Acres of rail siding                              | -                    | Government of Maharashtra                            | No  | Since Inception of Nasik Division (1964) | 196.22 Acre Land being Railway siding land is not in use by HAL & to be returned to Appropriate authority of State Government. Division is continuously following up the matter.  |
|   | Land at Ojhar:<br>Approx. 69.477 Acres of land given by State Government.                                 | -                    | Government of Maharashtra                            | No  | Since Inception of Nasik Division (1964) | Matter of 69.477 Acre of Land is being followed with Sub Divisional Megistrate Niphad for making Indenture.   |
|   | Land at Ghaukhera-Kanpur 16.81 acres  | 0                    | Exhibited as Audhyogik Krishik, Land in Govt. record | N/A   | 13/12/1965                               | Land acquired and handed over to HAL by District Land Acquisition Officer, case filed with SDM for transfer of name in title deed.  |
|   | Land at Chak Kuriyan-Kanpur 7.92 acres  | 0                    | Not appearing in govt. record                        | N/A   | 22/12/1965                               |   |
|   | Land at Dahli Sujanpur-Kanpur 3.11 acres  | 0                    | Appearing as Vayuyaan Colony                         | N/A   | 15/12/1965                               |   |
|   | Land-Kanpur 401.19 acres  | 4                    | No title deed  | N/A   | Since inception 1964-65                  | Possession of the immovable property was handed over to Hindustan Aeronautics Limited (HAL) by district Land Acquisition Officer and Indian Air Force, therefore no title deed is required to be executed under Government Grants Act, 1895.(Section 2 Government Grants are exempted from the operation of the Transfer of Property Act) |
|   | Building  | 35                   |  |   |  |   |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No.                              | Particulars                     |                      |                                 |   |                                |   |
|---|---------------------------------|----------------------|---------------------------------|---|--------------------------------|---|
| Relevant line item in the Balance Sheet | Description of item of property | Gross Carrying value | Title deeds held in the name of | Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director | Property held since which date | Reason for not being held in the name of the Company  |
|   | Land - 7.115 Acres              |                      | Govt. of India                  | NA  | 31/03/1969                     | 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 Government before 31 <sup>st</sup> March 1969. Therefore, no title deed is required to be executed under Government Grant Act, 1895 (Section 2 Government Grants are exempted from operation of the Transfer of Property Act) |
|   | Land - 282.4 acers              |                      | Various persons, Korwa Village  | NA  | 26/11/1982                     | As informed vide UP Govt ltr No. 606/B/DT 08.05.1990 in the instant case sale deed or gift deed is not necessary. However the land is in the possession of the division.  |

### Title deeds of Immovable Property not held in name of the Company as at 31<sup>st</sup> March 2023

| Relevant line item in the Balance Sheet | Description of item of property   | Gross Carrying value | Title deeds held in the name of | Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director | Property held since which date           | Reason for not being held in the name of the company  |
|---|---|----------------------|---------------------------------|---|--|---|
| PPE                                     | Land 72.675 acres   | 1                    | Various Persons, Bangalore      | N/A   | 1950's Approx.                           | Compendium Error. Estate department is in possession of Hand book with land acquired in various survey numbers called as Compendium. Few title documents are not available as per the compendium. |
|   | Land - 39.32 Acres  | 286                  | Lucknow Development Authority   | N/A   | 19/05/1986                               | The land is in the possessions of the division. However, same is to be registered in the name of the division by Lucknow Development Authority.   |
|   | Land at Kasbe Sukena Railway Station :<br>Approx. 196.22 Acres of rail siding | -                    | Government of Maharashtra       | No  | Since Inception of Nasik Division (1964) | 196.22 Acre Land being Railway siding land is not in use by HAL & to be returned to Appropriate authority of State Government. Division is continuously following up the matter.                  |
|   | Land at Ojhar :<br>Approx. 69.477 Acres of land given by State Government.    | -                    | Government of Maharashtra       | No  | Since Inception of Nasik Division (1964) | Matter of 69.477 Acre of Land is being followed with Sub Divisional Magistrate Niphad for making Indenture.   |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No.                              | Particulars                              |                      |  |   |                                |   |
|---|--|----------------------|--|---|--------------------------------|---|
| Relevant line item in the Balance Sheet | Description of item of property          | Gross Carrying value | Title deeds held in the name of                      | Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director | Property held since which date | Reason for not being held in the name of the company  |
|   | Land at Ghaukhera-Kanpur 16.81 acres     | 0                    | Exhibited as Audhyogik Krishik, Land in Govt. record | N/A   | 13/12/1965                     | Land acquired and handed over to HAL by District Land Acquisition Officer, case filed with SDM for transfer of name in title deed.  |
|   | Land at Chak Kuriyan-Kanpur 7.92 acres   | 0                    | Not appearing in govt. record                        | N/A   | 22/12/1965                     |   |
|   | Land at Dahli Sujanpur-Kanpur 3.11 acres | 0                    | Appearing as Vayuyaan Colony                         | N/A   | 15/12/1965                     |   |
|   | Land-Kanpur 401.19 acres                 | 4                    | No title deed  | N/A   | Since inception 1964-65        | Possession of the immovable property was handed over to Hindustan Aeronautics Limited (HAL) by district Land Acquisition Officer and Indian Air Force, therefore no title deed is required to be executed under Government Grants Act, 1895.(Section 2 Government Grants are exempted from the operation of the Transfer of Property Act)                   |
|   | Building                                 | 35                   |  |   |                                |   |
|   | Land - 7.115 Acres                       |                      | Govt. of India                                       | NA  | 31/03/1969                     | 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 Government before 31 <sup>st</sup> March 1969. Therefore, no title deed is required to be executed under Government Grant Act, 1895 (Section 2 Government Grants are exempted from operation of the Transfer of Property Act) |
|   | Land - 282.4 acers                       |                      | Various persons, Korwa Village                       | NA  | 26/11/1982                     | As informed vide UP Govt ltr No. 606/B/DT 08.05.1990 in the instant case sale deed or gift deed is not necessary. However the land is in the possession of the division.  |

**14.9** The Company has not revalued its Property, Plant and Equipment, and therefore disclosure, whether the revaluation is based on the valuation by a registered valuer as defined under rule 2 of the Companies (Registered Valuers and Valuation) Rules, 2017 does not arise.

**14.10** The Company has not revalued its intangible assets, and therefore disclosure, whether the revaluation is based on the valuation by a registered valuer as defined under rule 2 of the Companies (Registered Valuers and Valuation) Rules, 2017 does not arise.



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No. | Particulars |
|------------|-------------|
|------------|-------------|

### 14.11 Information regarding income and expenditure of Investment property As per Ind AS 40 - Investment property:

| Particulars   | For the year ended<br>31 <sup>st</sup> March 2024 | For the year ended<br>31 <sup>st</sup> March 2023 |
|---|---|---|
| Rental income derived from investment properties  | 679   | 1,152   |
| Direct operating expenses (including repairs and maintenance) generating rental income            | -   | -   |
| Direct operating expenses (including repairs and maintenance) that did not generate rental income | -   | -   |
| Profit arising from investment properties before depreciation and Indirect expenses               | 679   | 1,152   |
| Less – Depreciation   | -   | -   |
| Profit arising from investment properties before Indirect expenses                                | 679   | 1,152   |

#### Fair value of investment property

Fair value of the investment properties is ₹40562 lakhs as valued by a Registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.

- 15** 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.

| 16  | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
|---|--------------------------------------|--------------------------------------|
| The total inventory does not include materials belonging to customers but held by the Company on their behalf | 78240                                | 79835                                |

- 17** Claims Receivable(Note 19) includes ₹ 2154 lakhs (Previous year - ₹2154 Lakhs) settled under Sabka Saath Sabka Vikas scheme, is fully reimbursable by customer as per terms of pricing policy with Defence Services.

### 18A DIVIDEND POLICY:

As per extant memorandum F.No. PP/14(0005)/2016 dated June 20, 2016, of the Department of Public Enterprises, Ministry of Heavy Industries & Public Enterprises, Government of India (GOI) ("DoE") read with the memorandum F.No. 5/2/2016-Policy dated 27<sup>th</sup> May, 2016 of the Department of Investment & Public Asset Management, Ministry of Finance, GoI, all central public sector enterprises are required to pay a minimum annual dividend of 30% of Profit After Tax (PAT) or 5% of the net-worth, whichever is higher, subject to the maximum dividend permitted under the extant legal provisions and the conditions mentioned in the aforesaid memorandum.

However, the declaration and payment of dividends on our Equity Shares will be recommended by our Board and approved by our shareholders, at their discretion, subject to the provisions of the Articles, the Companies Act, 2013. Further, the dividends, if any, will depend on a number of factors, including but not limited to our earnings, guidelines issued by the DoE, capital requirements and overall financial position of our Company. In addition, our ability to pay dividends may be impacted by a number of factors, including the results of operations, financial condition, contractual restrictions, restrictive covenants under the loan or financing arrangements the Company may enter into.





# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No. | Particulars  | As at<br>31 <sup>st</sup> March 2024* | As at<br>31 <sup>st</sup> March 2023** |
|------------|--|---------------------------------------|--|
| <b>18B</b> | <b>Particulars</b>   |                                       |  |
|            | Dividend paid to Resident shareholders - President of India and nominees (including Interim Dividend)  | <b>141337</b>                         | 125646                                 |
| <b>18C</b> | Dividend paid to Resident shareholders - Other than President of India and nominees (including Interim Dividend)   | <b>30802</b>                          | 29300                                  |
| <b>18D</b> | The Company as at 31.03.2024, 12856 Shareholders (31 <sup>st</sup> March 2023 - 7699 shareholders) who are Non-Resident Indians. The Dividend Paid to the Non-Resident shareholders has been paid in Indian Rupees to their respective Non-Resident Ordinary Rupee Accounts. |                                       |  |
|            | Dividend paid to Non-Resident shareholders (including Interim Dividend)  | <b>25150</b>                          | 12248                                  |
| <b>18E</b> | Final Dividend:  |                                       |  |
|            | (a) The amount of dividend proposed to be distributed to Equity share holders  |                                       |  |
|            | * Final Dividend for the year 2022-23 ₹50158 lakhs paid during 2023-24   |                                       |  |
|            | ** Final dividend for the year 2021-22 ₹33439 lakhs paid during 2022-23  |                                       |  |

| 19 | Particulars   | 31 <sup>st</sup> March 2024 | 31 <sup>st</sup> March 2023 |
|----|---|-----------------------------|-----------------------------|
|    | The Information regarding dues to Micro and Small Enterprises*  |                             |                             |
|    | 1. The Principal and the Interest due thereon   |                             |                             |
|    | a) Principal  | <b>15604</b>                | 5938                        |
|    | b) Interest   | <b>433</b>                  | 620                         |
|    | 2. The amounts paid by the Company beyond the appointed day during the year ended   |                             |                             |
|    | a) Principal  |                             | 1588                        |
|    | 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  | <b>433</b>                  | 620                         |
|    | 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. | <b>6</b>                    | 27                          |

\* The information has been given in respect of such suppliers on the basis of information available with the Company based on information received from such suppliers.

**20** HAL has initiated criminal proceedings against the accused in 2011-12 and during 2012-13, two civil suits have been filed for recovery of fraudulently drawn amounts against the accused, his accomplices and institutions namely, the State Bank of India (SBI) for ₹289 Lakhs (COM.OS.5322/2012) and Shri Krishna Souharda credit Co-operative Limited for ₹102 lakhs (COM.OS.8225/2012), totalling to ₹391 lakhs. Both the civil cases and criminal case are under progress in the court. Properties of the accused amounting to ₹138 lakhs have also been attached by the court. An amount of ₹243 lakhs has been received from SBI on 25.04.19 and the balance amount of ₹148 lakhs has been provided in the financials of 2018-19. The Hon'ble Court has passed the judgement and decree in favour of HAL by awarding ₹289 Lakhs along with



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No. | Particulars  |   |   |
|------------|--|---|---|
|            | interest. Out of which to the extent of ₹148 Lakhs to be retained by HAL and the balance amount to be re-imbursed to SBI as per MoU entered between HAL and SBI. HAL has filed an Execution Petition on defendants for recovery of ₹597 lakhs along with interest. Further, the subject case has been transferred to Commercial Court, Bengaluru Rural. The issuance of sale warrant in respect of the attached property is pending in court.  |   |   |
| 21         | A fraud involving misappropriation of funds by Company official in collusion with six contractors has been noticed by the management and referred to Vigilance department for further investigations. The Vigilance department based on the investigations has lodged FIR with Central Bureau of Investigation (CBI), Bhubaneswar. An amount of ₹1892 lakhs has been provisionally assessed and fully provided in the financials of 2018-19 and 2020-21 as fraudulent payments made to contractors and others during the period from May 2011 to September 2018 and reported in the FIR with CBI. Adjustment of expenses relating to capital and other accounts in the financial year 2018-19 and 2020-21 includes the above mentioned amount. The matter is under investigation by CBI.   |   |   |
| 22         | Operating Cycle  | The Company is having the Multiple Business Activities. Operating Cycle is determined by Divisions based on Individual business activity. |   |
| 23         |  | <b>For the year ended<br/>31<sup>st</sup> March 2024</b>  | For the year ended<br>31 <sup>st</sup> March 2023 |
|            | Sales for the year includes deliveries for which amendment to firm task is awaited from the customer.  | <b>27785</b>  | 11610   |
| 24A        | As per the Accounting Policy of the Company, in respect of deliverables like spares, Revenue is recognized based on acceptance by the Buyers' Inspection Agency or as agreed by the buyer.<br><br>Dispatching of the items to the customers are generally within three weeks from the date of acceptance. However, during the year ended 31.03.2024, there has been a delay in dispatching spares of ₹ 11134 lakhs due to Customer insistence / space constraint.  |   |   |
| 24B        | HAL has launched production of Light Utility Helicopter (LUH) against Letter of Intent (LoI) received from customers. Against this anticipated contract Material has been procured for ₹ 6690 lakhs (previous year: ₹18011 lakhs) has been accounted as Inventory.   |   |   |
| 24C        | The Company was actively pursuing with the Ministry of Defence, Government of India for the approval of amendment of LCA (IOC) contract including price variation (LCA Change Order 3). Approval for the Change Order 3 in respect of LCA (IOC) contract was accorded. The Company has recognized differential revenue of ₹54894 lakh during the year ended 31 March, 2024 pertaining to the supplies made in the earlier years, based on the amended contract.<br><br>The Company had recognized revenue in the earlier years based on the estimated selling price of LCA aircrafts pending approval of the amendment to the contract price and out of prudence, the Company had subsequently recognized the same as doubtful debt pending approval. Consequent to the approval of the Change Order 3, the Company has reversed the provision of ₹103367 lakh made in earlier years during the year ended 31 March, 2024. |   |   |
| 25         | <b>Seasonality of business:</b><br><br>The Company experiences cyclicity in respect of recognition of revenue from operations, which is attributable to the delivery of a majority of our products happening in the second half of the year. The Company recognise sales upon acceptance of the product by customers and issuance of a signaling out certificate (SOC) /certificate of conformity (COC) by them. The sales are dependent on the certification process which needs to be completed before the customers can take deliveries. The certification process typically takes place in the third and fourth quarter due to favourable weather conditions for flight tests during this period. This leads to bunching up of sales during the third and fourth quarter of each financial year and consequently, the revenue varies significantly between the first and second half of the year.                      |   |   |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No. | Particulars  |      |                       |   |       |      |       |         |        |       |            |            |                              |            |                              |     |  |         |  |       |  |      |       |      |       |      |       |      |       |         |         |  |  |  |  |   |      |   |      |       |            |         |         |   |       |   |       |  |  |   |        |       |  |
|------------|--|------|-----------------------|---|-------|------|-------|---------|--------|-------|------------|------------|------------------------------|------------|------------------------------|-----|--|---------|--|-------|--|------|-------|------|-------|------|-------|------|-------|---------|---------|--|--|--|--|---|------|---|------|-------|------------|---------|---------|---|-------|---|-------|--|--|---|--------|-------|--|
| 26         | Aircraft have been accepted and signaled out by customers' inspector with fitment of Cat-B items taken on Loan, in case of non availability of Cat-A items. As the aircraft is flight worthy and the customers have accepted the same, the sales are accounted, consistently, on the basis of Signaling Out Certificate (SOC) / Certificate of Conformity(COC). As a principle, Loan items fitted on the aircraft are excluded in value for recognising Sales. Sales in respect of such Cat-A items are recognized on supply of Cat-A items, within the contract period.   |      |                       |   |       |      |       |         |        |       |            |            |                              |            |                              |     |  |         |  |       |  |      |       |      |       |      |       |      |       |         |         |  |  |  |  |   |      |   |      |       |            |         |         |   |       |   |       |  |  |   |        |       |  |
| 27         | Balance shown under Trade Receivables, Trade Payable, Claims Receivable, Advance against Goods and Services, Capital Advances, deposits and stock / materials lying with sub-contractors / fabricators are under reconciliation. Since the Company is a Government entity under the control of Ministry of Defence (MoD), around 98% of the Company's turnover, around 89% of Trade receivables and Contract Assets, around 34% of Claims receivables and around 99% of the customer advances is with respect to Government and Government related entities. The bills are raised on the customers by the divisions located at various places and reconciliation is carried out on an ongoing basis. However, management does not expect to have any material financial impact of such pending confirmation / reconciliation.  |      |                       |   |       |      |       |         |        |       |            |            |                              |            |                              |     |  |         |  |       |  |      |       |      |       |      |       |      |       |         |         |  |  |  |  |   |      |   |      |       |            |         |         |   |       |   |       |  |  |   |        |       |  |
| 28         | In the opinion of the Board, the Company do not have any assets other than fixed assets and Non-current investments having a value on realisation in the ordinary course of business less than the amount stated.  |      |                       |   |       |      |       |         |        |       |            |            |                              |            |                              |     |  |         |  |       |  |      |       |      |       |      |       |      |       |         |         |  |  |  |  |   |      |   |      |       |            |         |         |   |       |   |       |  |  |   |        |       |  |
| 29A        | Sales, based on Accounting Policy of the Company, is accounted on issuance of Signaling Out Certificate (SOC) by the customers. There is a time lag between SOC and Ferry out of Aircraft / Helicopter in view of the time involved in deputation of Ferry team by the customers, their handling flights and rectification of snags involved, if any, formation of the new squadron, training of pilots etc. The details of Aircraft /Helicopters which are yet to be ferried out (for which sales has been setup) as on the date of approval of financial statement is as under:  |      |                       |   |       |      |       |         |        |       |            |            |                              |            |                              |     |  |         |  |       |  |      |       |      |       |      |       |      |       |         |         |  |  |  |  |   |      |   |      |       |            |         |         |   |       |   |       |  |  |   |        |       |  |
|            | <table border="1"> <thead> <tr> <th rowspan="3">Year</th> <th rowspan="3">Sales<br/>(₹ in Lakhs)</th> <th colspan="8">Value of the Aircraft / Helicopters yet to be ferried out</th> <th rowspan="3">% of Sales</th> <th rowspan="3">Date of approval of Accounts</th> </tr> <tr> <th colspan="2">ALH</th> <th colspan="2">LCA</th> <th colspan="2">DORNIER</th> <th colspan="2">Total</th> </tr> <tr> <th>Qty.</th> <th>Value</th> <th>Qty.</th> <th>Value</th> <th>Qty.</th> <th>Value</th> <th>Qty.</th> <th>Value</th> </tr> </thead> <tbody> <tr> <td>2022-23</td> <td>2636056</td> <td></td> <td></td> <td></td> <td></td> <td>1</td> <td>8259</td> <td>1</td> <td>8259</td> <td>0.31%</td> <td>16.05.2024</td> </tr> <tr> <td>2023-24</td> <td>2816185</td> <td>5</td> <td>45775</td> <td>3</td> <td>67299</td> <td></td> <td></td> <td>8</td> <td>113074</td> <td>4.02%</td> <td></td> </tr> </tbody> </table>   | Year | Sales<br>(₹ in Lakhs) | Value of the Aircraft / Helicopters yet to be ferried out |       |      |       |         |        |       |            | % of Sales | Date of approval of Accounts | ALH        |                              | LCA |  | DORNIER |  | Total |  | Qty. | Value | Qty. | Value | Qty. | Value | Qty. | Value | 2022-23 | 2636056 |  |  |  |  | 1 | 8259 | 1 | 8259 | 0.31% | 16.05.2024 | 2023-24 | 2816185 | 5 | 45775 | 3 | 67299 |  |  | 8 | 113074 | 4.02% |  |
| Year       | Sales<br>(₹ in Lakhs)  |      |                       | Value of the Aircraft / Helicopters yet to be ferried out |       |      |       |         |        |       |            |            |                              | % of Sales | Date of approval of Accounts |     |  |         |  |       |  |      |       |      |       |      |       |      |       |         |         |  |  |  |  |   |      |   |      |       |            |         |         |   |       |   |       |  |  |   |        |       |  |
|            |  |      |                       | ALH   |       | LCA  |       | DORNIER |        | Total |            |            |                              |            |                              |     |  |         |  |       |  |      |       |      |       |      |       |      |       |         |         |  |  |  |  |   |      |   |      |       |            |         |         |   |       |   |       |  |  |   |        |       |  |
|            |  | Qty. | Value                 | Qty.  | Value | Qty. | Value | Qty.    | Value  |       |            |            |                              |            |                              |     |  |         |  |       |  |      |       |      |       |      |       |      |       |         |         |  |  |  |  |   |      |   |      |       |            |         |         |   |       |   |       |  |  |   |        |       |  |
| 2022-23    | 2636056  |      |                       |   |       | 1    | 8259  | 1       | 8259   | 0.31% | 16.05.2024 |            |                              |            |                              |     |  |         |  |       |  |      |       |      |       |      |       |      |       |         |         |  |  |  |  |   |      |   |      |       |            |         |         |   |       |   |       |  |  |   |        |       |  |
| 2023-24    | 2816185  | 5    | 45775                 | 3   | 67299 |      |       | 8       | 113074 | 4.02% |            |            |                              |            |                              |     |  |         |  |       |  |      |       |      |       |      |       |      |       |         |         |  |  |  |  |   |      |   |      |       |            |         |         |   |       |   |       |  |  |   |        |       |  |
|            | The expenditure involved in the work carried out post SOC date is absorbed against the provision for replacement charges.  |      |                       |   |       |      |       |         |        |       |            |            |                              |            |                              |     |  |         |  |       |  |      |       |      |       |      |       |      |       |         |         |  |  |  |  |   |      |   |      |       |            |         |         |   |       |   |       |  |  |   |        |       |  |
|            | The Company has taken up with Ministry of Defence (MoD) for amendment of ALH contract in respect of both Indian Air Force and Indian Army to bring them in line with the accounting policy of the Company. In respect of Indian Air Force, MoD have concurred "in principle" to above, with the stipulation that the contract amendment can be made only after similar contract amendment in respect of Indian Army contract with the Company is finalized. In respect of Indian Army contracts, the matter is under discussion.   |      |                       |   |       |      |       |         |        |       |            |            |                              |            |                              |     |  |         |  |       |  |      |       |      |       |      |       |      |       |         |         |  |  |  |  |   |      |   |      |       |            |         |         |   |       |   |       |  |  |   |        |       |  |
| 29B        | The PSLV contract contains a clause that the acceptance of hardware takes in two places. The preliminary acceptance will be based on the inspection and quality reports and test carried out at the contractor's premises and will be for the purpose of movement of hardware. Final acceptance will be at the site based on the final inspection / functional checks to be carried out on receipt at site.  |      |                       |   |       |      |       |         |        |       |            |            |                              |            |                              |     |  |         |  |       |  |      |       |      |       |      |       |      |       |         |         |  |  |  |  |   |      |   |      |       |            |         |         |   |       |   |       |  |  |   |        |       |  |
| 30A        | HTFE 25 Project: The Company has taken up the design and development of Hindustan Turbo Fan Engine (HTFE-25) in 2013-14 with a time frame of 6 years for completion. The Core Engine 2, Run completed and development activities of TD Full Engine run and Design Configuration review are under progress. An amount of ₹ 17967 Lakhs (previous year: ₹ 16766 Lakhs) has been accounted under Intangible Assets under Development. It is assessed that, further development activities involve development of flight worthy engine for certification on a particular platform would require at least another 4 years or so. Keeping this in view and also that there is no visibility of any progress of any commitment/ orders for the Product, the Intangible Asset review Committee has recommended for impairment of total expenditure incurred on this project. Accordingly, ₹17967 lakhs has been impaired upto the year ended 31 <sup>st</sup> March 2024 (upto previous year: ₹16766 lakhs). |      |                       |   |       |      |       |         |        |       |            |            |                              |            |                              |     |  |         |  |       |  |      |       |      |       |      |       |      |       |         |         |  |  |  |  |   |      |   |      |       |            |         |         |   |       |   |       |  |  |   |        |       |  |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No. | Particulars  |
|------------|--|
| <b>30B</b> | <p>HTT 40 Project: The Company has undertaken the design and development of Hindustan Turbo Prop Trainer Aircraft (HTT- 40).</p> <p>HAL has signed a contract with MoD on 6<sup>th</sup> March 2023 for supply of 70 HTT 40 Aircraft. As per the Contract, ₹ 82824 Lakhs (excluding taxes) has been sanctioned towards Design &amp; Development of HTT 40 aircraft. Accordingly ₹ 5856 lakhs (previous year: ₹ 76968 lakhs) has been recognised as revenue. The development amount of ₹ 4284 lakhs (previous year: ₹ 58518 lakhs) has been amortised against the revenue recognised.</p>   |
| <b>31A</b> | <p>One upgraded Mirage 2000 Aircraft crashed during customer acceptance flight at HAL Airport, Bangalore on 1<sup>st</sup> February 2019. HAL has taken an insurance policy for efforts and material used in repair / overhaul, and preferred the claim with the Insurance company for ₹ 3447 lakhs. An amount of ₹ 3181 lakhs has been advised for payment by Insurance Company after deducting 1% policy Administration charges, the disbursement has been received on 3<sup>rd</sup> November 2022.</p>   |
| <b>31B</b> | <p>DDP/MoD paid an advance of ₹ 20812 lakhs to HAL towards conducting Def Expo-2022 at Gandhinagar from 10<sup>th</sup> -13<sup>th</sup> Mar 2022. The event got postponed and held in the month of October 2022, HAL had incurred an expenditure of ₹ 23367 lakhs, pending completion of audit of expenses by the O/o PCDA Bangalore, the balance of ₹ 2555 lakhs shown under note-19 claims receivable as on 31<sup>st</sup> March 2024.</p>   |
| <b>31C</b> | <p>Inventory were damaged due to floods caused by rains, based on an internal technical assessment committee estimated the loss of Inventory ₹7856 lakhs and the same has been provided in the books during the year 2022-23. Subsequently, based on the findings as part of the exercise to submit an insurance claim, the actual loss has been re-assessed as ₹ 6591 lakhs and same provision has been created under Replacement Charges ₹ 5590 lakhs and Redundancy Charges of ₹1001 lakhs during the year 2023-24.</p>   |
| <b>31D</b> | <p>3<sup>rd</sup> PPRC fixed FPQ prices from 2016-17 to 2022-23. 4<sup>th</sup> PPRC for fixation of FPQ policy is due from 2023-24. Pending finalization of approval for the FPQ fixation of prices for year 2023-24, sales have been recognized provisionally based on the indices provided by Air HQ.</p>   |
| <b>31E</b> | <p>As per Accounting Instruction, provision for redundancy is assessed on ageing at a suitable percentage / level of closing inventory. 100% redundancy provision is made for inventory items which have not moved for more than 5 years. The company makes estimates for recognizing provision for inventory. To bring uniformity in identifying the materials which have not moved more than 5 years, the date of arrival of the item to stores and subsequent issues has been reckoned for calculation of 5 years period. Due to the revision of the accounting estimates, an additional impact of ₹ 102497 Lakhs considered in the accounts during the year 2023-24.</p> |

## 32 Financial instruments by category

(a) The following table presents the carrying value and fair value of each category of financial assets and liabilities as at 31<sup>st</sup> March 2024:

| Particulars   | Amor-<br>tised costs | Fair value<br>through<br>profit & loss | Fair value<br>through other<br>comprehensive<br>income | Total carry-<br>ing value | Total Fair<br>Value |
|---|----------------------|--|--|---------------------------|---------------------|
| <b>Financial Assets:</b>                                  |                      |  |  |                           |                     |
| (i) Investments   | 149706               |  |  | 149706                    | 149706              |
| (ii) Trade receivables                                    | 461667               |  |  | 461667                    | 461667              |
| (iii) Contract Assets                                     | 1189396              |  |  | 1189396                   | 1189396             |
| (iv) Cash and Cash equivalents                            | 425416               |  |  | 425416                    | 425416              |
| (v) Bank Balances other than<br>Cash and Cash equivalents | 2216768              |  |  | 2216768                   | 2216768             |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No.                    | Particulars                 |        |        |        |
|-------------------------------|-----------------------------|--------|--------|--------|
| (vi)                          | Loans                       | 1628   | 1628   | 1628   |
| (vii)                         | Other financial assets      | 190203 | 190203 | 190203 |
| <b>Financial Liabilities:</b> |                             |        |        |        |
| (i)                           | Borrowings                  |        |        |        |
| (ii)                          | Lease Liabilities           | 35     | 35     | 35     |
| (iii)                         | Trade payables              | 341467 | 341467 | 341467 |
| (iv)                          | Other financial liabilities | 295505 | 295505 | 295505 |

(b) The following table presents the carrying value and fair value of each category of financial assets and liabilities as at 31<sup>st</sup> March 2023:

| Particulars                   | Amor-<br>tised costs                                  | Fair value<br>through<br>profit & loss | Fair value<br>through other<br>comprehensive<br>income | Total carry-<br>ing value | Total Fair<br>Value |
|-------------------------------|---|--|--|---------------------------|---------------------|
| <b>Financial Assets:</b>      |   |  |  |                           |                     |
| (i)                           | Investments   | 138539                                 |  | 138539                    | 138539              |
| (ii)                          | Trade receivables                                     | 471918                                 |  | 471918                    | 471918              |
| (iii)                         | Contract Assets                                       | 937640                                 |  | 937640                    | 937640              |
| (iv)                          | Cash and Cash equivalents                             | 443900                                 |  | 443900                    | 443900              |
| (v)                           | Bank Balances other than<br>Cash and Cash equivalents | 1586715                                |  | 1586715                   | 1586715             |
| (vi)                          | Loans   | 1383                                   |  | 1383                      | 1383                |
| (vii)                         | Other financial assets                                | 152485                                 |  | 152485                    | 152485              |
| <b>Financial Liabilities:</b> |   |  |  |                           |                     |
| (i)                           | Borrowings  |  |  |                           |                     |
| (ii)                          | Lease Liabilities                                     | 196                                    |  | 196                       | 196                 |
| (iii)                         | Trade payables  | 313734                                 |  | 313734                    | 313734              |
| (iv)                          | Other financial liabilities                           | 263237                                 |  | 263237                    | 263237              |

(c) Interest income/(expenses), gains/(losses) recognised on financial assets and liabilities:

| Particulars  | For the year<br>ended<br>31 <sup>st</sup> March 2024 | For the year<br>ended<br>31 <sup>st</sup> March 2023 |
|--|--|--|
| <b>(i) Financial assets at amortised cost</b>          |  |  |
| - Interest income from bank deposits                   | 153077   | 83639  |
| - Interest income from other financial assets          | 10261  | 9250   |
| - Gain/(Loss) on amortisation of financial assets      | 3027   | 3144   |
| <b>(ii) Financial liabilities at amortised cost</b>    |  |  |
| - Gain/(Loss) on amortisation of financial liabilities | -3248  | -2853  |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No. | Particulars |
|------------|-------------|
|------------|-------------|

### 33 Financial Risk Management

The Company is exposed to market risk, credit risk and liquidity risk which may impact the fair value of its financial instruments. The Company, based on its business operation, evaluated the following risks:

#### a) Foreign currency risk:

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in exchange rates. The Company's exposure to the risk of changes in exchange rates relates primarily to the Company's imports for which the payment has to be done in currencies other than the functional currency of the Company. The fluctuation in exchange rates in respect to the Indian rupee may have very restricted impact on company as any fluctuations in foreign exchange are in general reimbursed by the customers of the Company in terms of the contractual obligations which the Company has with its customers.

#### b) Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations resulting in a financial loss to the Company. Credit risk arises principally from trade receivables, loans & advances, advances given to suppliers (for procurement of goods, services and capital goods), cash & cash equivalents and deposits with banks and financial institutions. The Company for the Financial Year (FY) derived 95% (Previous year: 93%) of its total sales from sales to the Indian Defence Services. The Company expects to continue to derive most of its sales from the Indian Defence Services under the contracts of the Ministry of Defence (MoD), Government of India (GoI) the Company's principal shareholder and administrative ministry.

#### Ageing Analysis of Trade Receivables:

| Ageing  | 0-30 days past due | 31-60 days past due | 61-90 days past due | 91-120 days past due | 121-180 days past due | more than 181 days past due | Total  |
|---|--------------------|---------------------|---------------------|----------------------|-----------------------|-----------------------------|--------|
| Net carrying amount as at 31 <sup>st</sup> March 2024 | 115734             | 29481               | 17257               | 73558                | 28892                 | 196745                      | 461667 |
| Net carrying amount as at 31 <sup>st</sup> March 2023 | 143994             | 40490               | 23825               | 30078                | 32261                 | 201270                      | 471918 |

#### c) Provision for expected credit losses:

As the Company's debtors are predominantly the Government of India (Indian Defence Services, Ministry of External Affairs), Central Public Sector Undertakings where the counter - parties have sufficient capacity to meet the obligations and where the risk of default is nil / negligible. Accordingly, impairment on account of expected credit losses is being assessed on a case to case basis in respect of dues outstanding for significant period of time as per the accounting policy of the Company. Further, management believes that the unimpaired amounts that are due is collectable in full, based on historical payment behaviour and extensive analysis of customer credit risk.

#### d) Liquidity risk:

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. The Company's standard contract terms provide that, the Company receives advance payments from customers pursuant to the applicable contracts, including the Government of India and the Indian Defence



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No. | Particulars  |
|------------|--|
|            | <p>Services at the time of signing of any contract and milestone payments on achievement of physical milestones. These payments are utilized to meet the Company's working capital needs (for the Company required to maintain a high level of working capital because the Company's activities are characterized by long product development periods and production cycles). A majority of the Company's research, design and development costs are funded by the Indian Defence services. Services and supply of spares are governed by the Fixed Price Quotation (FPQ) policy for fixation of the prices wherein the prices are fixed for the base year with escalation parameters for a pricing period of 5-7 years. The process of fixation of prices and approvals takes a minimum period of two years after the expiry of previous pricing period. In the interim, the approved prices of the previous pricing period are continued and payments are accordingly realised and on finalisation of the revised prices, the differential prices are paid to the Company. Further, certain costs not forming part of selling price are reimbursed by customer on incurrance of expenditure. The reimbursement is based on verification and issuance of audit certificate by the payees. There are delays in the above process due to unanticipated variations/ adjustments in the scope and schedule of the Company's obligations due to subsequent modifications by the customers and delays in receipt of approvals from the customer. Further, payments to the Company by the Indian Defence Services are reliant on the continuing availability of budgetary appropriations by Government of India and any disruptions to the availability of such appropriations could adversely affect the Company's cashflows.</p> |
| <b>e)</b>  | <p><b>Market risk:</b></p> <p>The Ministry of Defence (MoD) and the Government of India (GoI) have continued efforts to reform defence related policies such as the Defence Acquisition Procedure 2020 ("DAP 2020") to promote private participation, a level playing field and the domestic defence manufacturing industry and eco-system. While the MoD has given the highest priority to Indigenously Designed, Developed and Manufactured ("IDDM") products for capital procurement, the Company faces competition to be selected as the Indian production agency for such contracts. These policies have raised the level of market competition in the areas in which the Company operates.</p>   |
| <b>f)</b>  | <p><b>Risk Mitigation Process:</b></p> <p>As a step of institutionalizing the risk management in the Company, an elaborate framework has been developed and the Company's top management has overall responsibility for the establishment and oversight of the Company's risk management framework. An important purpose of the framework is to have a structured and comprehensive risk management system across the company which ensures that the risks are being properly identified and effectively managed. The Company has a risk management policy to manage &amp; mitigate these risks. The risk management process includes risk identification, risk assessment, risk evaluation, risk mitigation and regular review and monitoring of risks. The Company's risk management policy aims to reduce volatility in financial statements while maintaining balance between providing predictability in the Company's business plan along with reasonable participation in market movement.</p>  |

### 34 Capital Management:

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and requirements. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No.   | Particulars   |                                   |                                   |                                   |      |   |   |        |                |         |              |   |   |
|--------------|---|-----------------------------------|-----------------------------------|-----------------------------------|------|---|---|--------|----------------|---------|--------------|---|---|
|              | The Company monitors capital by using debt equity ratio, which is borrowings divided by Equity.   |                                   |                                   |                                   |      |   |   |        |                |         |              |   |   |
|              | <table border="1"> <thead> <tr> <th>Particulars</th> <th>As at 31<sup>st</sup> March 2024</th> <th>As at 31<sup>st</sup> March 2023</th> </tr> </thead> <tbody> <tr> <td>Debt</td> <td>-</td> <td>-</td> </tr> <tr> <td>Equity</td> <td><b>2904642</b></td> <td>2350617</td> </tr> <tr> <td>No. of times</td> <td>-</td> <td>-</td> </tr> </tbody> </table> | Particulars                       | As at 31 <sup>st</sup> March 2024 | As at 31 <sup>st</sup> March 2023 | Debt | - | - | Equity | <b>2904642</b> | 2350617 | No. of times | - | - |
| Particulars  | As at 31 <sup>st</sup> March 2024   | As at 31 <sup>st</sup> March 2023 |                                   |                                   |      |   |   |        |                |         |              |   |   |
| Debt         | -   | -                                 |                                   |                                   |      |   |   |        |                |         |              |   |   |
| Equity       | <b>2904642</b>  | 2350617                           |                                   |                                   |      |   |   |        |                |         |              |   |   |
| No. of times | -   | -                                 |                                   |                                   |      |   |   |        |                |         |              |   |   |

No changes were made in the objectives, policies or processes for managing capital during the year ended 31<sup>st</sup> March 2024 and 31<sup>st</sup> March 2023.

### 35A Borrowing Cash Credit (Note - 30)

|   |  |
|---|--|
| Details of lender                           | A Consortium of 7 banks comprising of State Bank of India (lead bank), Bank of Baroda, Indian Bank, Canara Bank, Punjab National Bank, Union Bank of India and Indian Overseas Bank. |
| Limit                                       | ₹400000 lakhs as Cash Credit (including ₹ 240000 Lakh of Commercial Paper)   |
| Purpose                                     | Working Capital Requirements   |
| Security                                    | Paripassu first charge on stocks and receivables of the Company with other consortium banks  |
| Interest Rate                               | Interest rates ranging between TBLR to MCLR based at monthly rests.  |
| Credit Rating (other than Commercial Paper) | [ICRA]AAA/Stable/ICRA A1+ by ICRA & CARE AAA/Stable/ CARE A1+ by CARE  |

### 35B Working Capital Facilities

The total Cash Credit limits ₹ 400000 lakhs including ₹240000 lakhs of Commercial Paper(previous year: ₹ 400000 lakhs including ₹240000 lakhs of Commercial Paper) and Corporate Loan of ₹NIL lakhs and Non-Fund based limits ₹ 205000 lakhs (previous year: ₹ 205000 lakhs) sanctioned by consortium of bankers. The said limits are secured by hypothecation of inventories and receivables.

### 35C Where the Company has borrowings from banks or financial institutions on the basis of security of current assets

|  | As at 31 <sup>st</sup> March 2024  | As at 31 <sup>st</sup> March 2023  |
|--|--|--|
| Quarterly returns or statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts. | The company has been sanctioned working capital limits of ₹400000 lakhs,non fund based limit of ₹205000 lakhs and Corpotate loan of ₹Nil lakhs by the consortium bankers. As on 31.03.2024, no fund based limit were utilised by the company against the sanctioned limits. The Quarterly stock statement filed by the company and the books of Accounts are in agreement. | The company has been sanctioned working capital limits of ₹400000 lakhs,non fund based limit of ₹205000 lakhs and Corpotate loan of ₹Nil lakhs by the consortium bankers. As on 31.03.2023, no fund based limit were utilised by the company against the sanctioned limits. The Quarterly stock statement filed by the company and the books of Accounts are in agreement. |





# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No. | Particulars   | As at 31 <sup>st</sup> March 2024 | As at 31 <sup>st</sup> March 2023 |
|------------|---|-----------------------------------|-----------------------------------|
| <b>35D</b> | <b>Wilful Defaulter</b>   |                                   |                                   |
|            | The company has not defaulted in payment of any dues to a Bank or Financial institutions. |                                   |                                   |
|            | (a) Date of declaration as wilful defaulter   | <b>NA</b>                         | NA                                |
|            | (b) Details of defaults(amount and nature of defaults)                                    | <b>NA</b>                         | NA                                |

### 36 UN-HEDGED FOREIGN CURRENCY EXPOSURE

| Particulars        | As at 31 <sup>st</sup> March 2024 |                          | As at 31 <sup>st</sup> March 2023 |                          |
|--------------------|-----------------------------------|--------------------------|-----------------------------------|--------------------------|
|                    | Foreign Currency                  | Amount in INR (in lakhs) | Foreign Currency                  | Amount in INR (in lakhs) |
| <b>Receivables</b> |                                   |                          |                                   |                          |
| GBP                | <b>9389</b>                       | <b>10</b>                | 144526                            | 145                      |
| EURO               | <b>508531</b>                     | <b>450</b>               | 3332145                           | 2935                     |
| USD                | <b>37309961</b>                   | <b>30818</b>             | 10083172                          | 8205                     |
| RBL                | <b>569413</b>                     | <b>5</b>                 | 134073                            | 1                        |
| <b>Payables</b>    |                                   |                          |                                   |                          |
| GBP                | <b>41514600</b>                   | <b>44347</b>             | 30248758                          | 31280                    |
| EURO               | <b>51542220</b>                   | <b>47149</b>             | 52390058                          | 47681                    |
| USD                | <b>205843331</b>                  | <b>173115</b>            | 190103993                         | 157543                   |
| CHF                | <b>132506</b>                     | <b>125</b>               | 180839                            | 164                      |
| NOK                |                                   |                          | 1777069                           | 143                      |
| CAD                | <b>157350</b>                     | <b>98</b>                | 1052640                           | 649                      |

### 37 Segment Reporting

The Ministry of Corporate Affairs vide notification no 1/2/2014-CL-V dated 23<sup>rd</sup> February 2018 has exempted the Government companies engaged in Defence production to the extent of application of Ind AS 108 on "Operating Segment".

**38** As per Ind AS-109 relating to Accounting for Investments, amount being Dividend received from Joint Venture companies, which is recognised when right to receive Dividend is established.

### 39 Disclosure with regard to Joint Working Groups

The Company has entered into two Joint Working Agreements with Air India (AIJWG) to start Ramp Handling Business and with CONCOR(HALCON) 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 profit from Joint Working Groups of the Company with Air India and CONCOR: | 31 <sup>st</sup> March 2024 | 31 <sup>st</sup> March 2023 |
|---|-----------------------------|-----------------------------|
| AIJWG   | <b>348</b>                  | 274                         |
| HALCON  | <b>118</b>                  | -95                         |
| <b>Total</b>  | <b>466</b>                  | 179                         |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No.   | Particulars                 |                             |                             |                             |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| <b>Disclosure with regard to Joint Working Group</b> |                             |                             |                             |                             |
| Name of the Joint Working Group                      | AIJWG                       |                             | HALCON                      |                             |
|  | 31 <sup>st</sup> March 2024 | 31 <sup>st</sup> March 2023 | 31 <sup>st</sup> March 2024 | 31 <sup>st</sup> March 2023 |
| Country of Operation                                 | India                       | India                       | India                       | India                       |
| Share of Company/ Ownership Interest                 | 50.00%                      | 50.00%                      | 50.00%                      | 50.00%                      |
| Principal Activities                                 | Flight Handling             | Flight Handling             | Cargo Handling              | Cargo Handling              |
| Liabilities - Company's Share                        | 2905                        | 2548                        | 378                         | 248                         |
| Non-Current Assets - Company's share                 | -                           | -                           | 151                         | 155                         |
| Current Assets - Company's share                     | 2905                        | 2548                        | 227                         | 94                          |
| Income - Company's Share                             | 393                         | 313                         | 234                         | 202                         |
| Expenditure - Company's Share                        | 46                          | 39                          | 116                         | 297                         |
| Profit / (Loss) Company's Share                      | 348                         | 274                         | 118                         | -95                         |
| Contingent Liability                                 |                             |                             |                             |                             |

### 40 Break-up of Deferred Tax Assets and Liabilities are given below:

#### (a) As at 31<sup>st</sup> March 2024

| Particulars  | As at 1 <sup>st</sup> April 2023 | Additions / (reversals) in Income statement | Additions/ (reversals) recognized in Equity | As at 31 <sup>st</sup> March 2024 |
|--|----------------------------------|---|---|-----------------------------------|
| <b>Deferred Tax Liability</b>  |                                  |   |   |                                   |
| Tangible Assets  | 12088                            | -235  |   | 11853                             |
| Intangible Assets  | 47898                            | 7269  |   | 55167                             |
| Special Tools and Equipment  | 73064                            | -499  |   | 72565                             |
| Interest on Income Tax Refund  | 20945                            | -20945                                      |   |                                   |
| <b>TOTAL</b>   | <b>153995</b>                    | <b>-14410</b>                               |   | <b>139585</b>                     |
| <b>Deferred Tax Asset</b>  |                                  |   |   |                                   |
| Provision for Earned Leave Salary  | 29652                            | 3353  |   | 33005                             |
| Provision for Replacement charges, Warranty, Raw Material, Doubtful debts and claims | 196043                           | 6209  |   | 202252                            |
| Provision for onerous contract and Liquidated Damages                                | 31074                            | 5755  |   | 36829                             |
| OCI Items  | 9796                             | 3136  |   | 12932                             |
| <b>TOTAL</b>   | <b>266567</b>                    | <b>18451</b>                                |   | <b>285018</b>                     |
| <b>Net Deferred Tax Assets</b>   | <b>112571</b>                    | <b>32862</b>                                |   | <b>145433</b>                     |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No.                                  | Particulars   |  |  |  |   |
|---|---|--|--|--|---|
| <b>(b) As at 31<sup>st</sup> March 2023</b> |   |  |  |  |   |
|   | <b>Particulars</b>  | <b>As at<br/>1<sup>st</sup> April<br/>2022</b> | <b>Additions /<br/>(reversals)<br/>in Income<br/>statement</b> | <b>Additions/<br/>(reversals)<br/>recognised in<br/>Equity</b> | <b>As at<br/>31<sup>st</sup> March<br/>2023</b> |
|   | <b>Deferred Tax Liability</b>   |  |  |  |   |
|   | Tangible Assets   | 12613  | -525   |  | 12088   |
|   | Intangible Assets   | 54893  | -6995  |  | 47898   |
|   | Special Tools and Equipment   | 85202  | -12138   |  | 73064   |
|   | Recognition of revenue in relation to LCA<br>(due to modification of Contract)  | 884  | -884   |  |   |
|   | Interest on Income Tax Refund   | 6612   | 14333  |  | 20945   |
|   | <b>TOTAL</b>  | <b>160205</b>                                  | <b>-6209</b>   |  | <b>153995</b>                                   |
|   | <b>Deferred Tax Asset</b>   |  |  |  |   |
|   | Provision for Earned Leave Salary   | 28368  | 1284   |  | 29652   |
|   | Provision for Replacement charges, Warranty,<br>Raw Material, Doubtful debts and claims                                       | 139624   | 56419  |  | 196043  |
|   | Provision for onerous contract and Liquidated<br>Damages  | 36691  | -5617  |  | 31074   |
|   | Other design sales and wage revision<br>and Recognition of sales with respect to<br>Performance Related Pay and Wage Revision | 1159   | -1159  |  |   |
|   | OCI Items   | 10919  | -1123  |  | 9796  |
|   | <b>TOTAL</b>  | <b>216762</b>                                  | <b>49805</b>   |  | <b>266567</b>                                   |
|   | <b>Net Deferred Tax Assets</b>  | <b>56557</b>                                   | <b>56014</b>   |  | <b>112571</b>                                   |

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| Particulars   | For the year<br>ended<br>31 <sup>st</sup> March 2024 | For the year<br>ended<br>31 <sup>st</sup> March 2023 |
|---|--|--|
| A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before taxes is summarised below: |  |  |
| Profit before taxes   | 1019897  | 649294   |
| Enacted tax rates   | 25.168%  | 25.168%  |
| Expected tax expense/(benefit)  | 256688   | 163414   |
| <b>Effect of:</b>   |  |  |
| <b>Deductible expense for tax purpose:</b>  |  |  |
| Other Deductible Expenditure  | 998  | 1245   |
| Provisions for Warranty, Replacement, Onerous Contracts, Doubtful Debts, Claims & Materials etc. (Net)  | -6   |  |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No. | Particulars  |  |  |
|------------|--|--|--|
|            | <b>Particulars</b>   | <b>For the year ended<br/>31<sup>st</sup> March 2024</b> | <b>For the year ended<br/>31<sup>st</sup> March 2023</b> |
|            | <b>Non-deductible expenses for tax purposes:</b>   |  |  |
|            | Sustainable Development and Corporate Social Responsibility  | 2795   | 2392   |
|            | Impairment of long term investments  |  | 375  |
|            | Diminution provision for long term investment  | 8  |  |
|            | Earlier Year Tax   |  | -97346   |
|            | Taxation impact on Ind AS Adjustment   | 56   | -73  |
|            | Gratuity and PF  | -381   | -2340  |
|            | Rounding off   | 235  | 510  |
|            | Tax Expense  | 260393   | 68177  |
|            | <b>Amount of Income Tax relating to each component of OCI:</b>   |  |  |
|            | Remeasurement of Defined Benefit Plans   | -2755  | 3463   |
|            | Exchange Differences in translating the financials statements of a foreign Operations                          |  |  |
|            | <b>Particulars</b>   | <b>As at<br/>31<sup>st</sup> March 2024</b>              | <b>As at<br/>31<sup>st</sup> March 2023</b>              |
| <b>42A</b> | <b>Earned Leave</b>  |  |  |
|            | The Actuarial Liability of Earned Leave of the employees of the Company for the period ended                   | 131137   | 117818   |
|            | Discounting Rate   | 7.20%  | 7.50%  |
|            | Salary escalation rate   | 8.50%  | 8.00%  |
|            | Retirement Age   | 60 Years   | 60 Years   |
| <b>42B</b> | <b>Particulars</b>   | <b>For the year ended<br/>31<sup>st</sup> March 2024</b> | <b>For the year ended<br/>31<sup>st</sup> March 2023</b> |
|            | <b>Provident Fund</b>  |  |  |
|            | During the period, the Company has recognized the following amount in the Statement of Profit and Loss account |  |  |
|            | Defined Benefit Plan   |  |  |
|            | Contribution to Provident Fund and Family Pension  | 30600  | 29650  |
| <b>42C</b> | <b>Pension &amp; Post Superannuation Group Health Insurance Schemes</b>  |  |  |
|            | During the period, the Company has recognized the following amount in the Statement of Profit and Loss account |  |  |
|            | Defined Contribution Plan  |  |  |
|            | Contribution to Pension  | 39292  | 17002  |
|            | Contribution to Post Superannuation Group Health Insurance Schemes   | 17239  | 15034  |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No. | Particulars  |
|------------|--|
| 43         | Provision for Gratuity and Earned Leave has been made based on Actuarial Valuation. The date of Actuarial valuation as of 31.03.2024 |

### Employee Benefits:

The Company has adopted the Ind AS-19 on Employee Benefits. Consequently, the liability thereon is accounted on the basis of actuarial valuation, and is being recognised as short-term benefits / long term benefits.

### 43A Gratuity:

The Company has a Gratuity Scheme for its employees, which is a funded plan. Every year the Company funds to the Gratuity Trust to the extent of shortfall of the assets over the fund obligations, which is determined through actuarial valuation. As per the Gratuity Scheme, Gratuity is payable to an employee on the cessation of his employment after he has rendered continuous service for not less than 5 (five) years in the Company. For every completed year of service or part thereof in excess of six months, the Company shall pay Gratuity to an employee at the rate of 15 (fifteen) days' emoluments based on the emoluments last drawn with a ceiling of ₹ 20 (twenty) Lakhs.

The following tables summarise the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the Balance Sheet for the plan as furnished in the Disclosure Report provided by the Actuary:

### Gratuity:

#### Analysis of Defined Benefit Obligation:

A split of the defined benefit obligation as at the valuation date between liability which has not vested and that which has fully vested is presented in the table below:

|   | Period Ended                |                             |
|---|-----------------------------|-----------------------------|
|   | 31 <sup>st</sup> March 2024 | 31 <sup>st</sup> March 2023 |
| DBO in respect of non vested employees  | 507                         | 451                         |
| DBO in respect of vested employees      | 173,229                     | 164,617                     |
| <b>Total defined benefit obligation</b> | <b>173,736</b>              | <b>165,068</b>              |

The component of the defined benefit obligation which is attributable to future salary increases is shown in the table below:

|   | Period Ended                |                             |
|---|-----------------------------|-----------------------------|
|   | 31 <sup>st</sup> March 2024 | 31 <sup>st</sup> March 2023 |
| Liability without projected salary increases            | 108,979                     | 102,931                     |
| Effect of projected salary increases                    | 64,757                      | 62,137                      |
| Defined benefit obligation with projected salary growth | 173,736                     | 165,069                     |

### Sensitivity Analysis:

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the outcome of the Present value of obligation(PVO) and aids in understanding the uncertainty of reported amounts. Sensitivity analysis is done by varying one parameter at a time and studying its impact. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarizes the impact in percentage terms on the reported defined



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No. | Particulars |
|------------|-------------|
|------------|-------------|

benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 50 basis points.

| Particulars                         | Period Ended                |                        |
|-------------------------------------|-----------------------------|------------------------|
|                                     | 31 <sup>st</sup> March 2024 |                        |
|                                     | Discount Rate               | Salary Escalation Rate |
| Impact of decrease in 50 bps on DBO | 5.49%                       | -0.99%                 |
| Impact of increase in 50 bps on DBO | -5.09%                      | 0.85%                  |

| Particulars                         | Period Ended                |                        |
|-------------------------------------|-----------------------------|------------------------|
|                                     | 31 <sup>st</sup> March 2023 |                        |
|                                     | Discount Rate               | Salary Escalation Rate |
| Impact of decrease in 50 bps on DBO | 6.26%                       | -1.62%                 |
| Impact of increase in 50 bps on DBO | -6.11%                      | 1.14%                  |

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis.

### Projected Plan Cash Flow

| Maturity Profile  | 31 <sup>st</sup> March 2024 | 31 <sup>st</sup> March 2023 |
|---|-----------------------------|-----------------------------|
| Expected benefits for year 1  | 16,061                      | 20,337                      |
| Expected benefits for year 2  | 8,164                       | 10,114                      |
| Expected benefits for year 3  | 8,106                       | 8,113                       |
| Expected benefits for year 4  | 9,064                       | 8,027                       |
| Expected benefits for year 5  | 10,363                      | 8,940                       |
| Expected benefits for year 6  | 10,228                      | 10,337                      |
| Expected benefits for year 7  | 11,171                      | 10,025                      |
| Expected benefits for year 8  | 12,927                      | 11,121                      |
| Expected benefits for year 9  | 14,174                      | 12,748                      |
| Expected benefits for year 10 and above                             | 349,124                     | 360,322                     |
| The weighted average duration to the payment of these cash flows is | 10.52 years                 | 10.52 years                 |

### Changes in present value of obligations:

|  | 31 <sup>st</sup> March 2024 | 31 <sup>st</sup> March 2023 |
|--|-----------------------------|-----------------------------|
| Present value of obligation as at the beginning of the period  | 165,069                     | 167,929                     |
| Interest Expense   | 11,842                      | 11,670                      |
| Current service cost   | 10,789                      | 9,141                       |
| Benefits paid  | (14,354)                    | (16,128)                    |
| Remeasurements on obligation - (Gain) / Loss                   | 391                         | (7,543)                     |
| <b>Present value of obligation as at the end of the period</b> | <b>173,736</b>              | <b>165,069</b>              |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No. | Particulars |
|------------|-------------|
|------------|-------------|

### Changes in fair value of plan assets:

A reconciliation of the plan assets during the inter-valuation period is given below:

|   | 31 <sup>st</sup> March 2024 | 31 <sup>st</sup> March 2023 |
|---|-----------------------------|-----------------------------|
| Fair value of plan assets at the beginning of the period                              | 165,653                     | 173,569                     |
| Adjustment to opening fund  | (585)                       | (5,640)                     |
| Interest Income   | 11,886                      | 12,082                      |
| Employer contributions  | -                           | -                           |
| Benefits paid   | (14,354)                    | (16,128)                    |
| Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss) | 1,906                       | 1,771                       |
| Fair value of plan assets at the end of the period                                    | 164,506                     | 165,653                     |
| Actual return on plan assets  | 13,792                      | 13,853                      |

### Net interest (income)/expense :

|  | 31 <sup>st</sup> March 2024 | 31 <sup>st</sup> March 2023 |
|--|-----------------------------|-----------------------------|
| Interest (Income) / Expense - Obligation     | 11,842                      | 11,670                      |
| Interest (Income) / Expense - Plan assets    | (11,886)                    | (12,082)                    |
| Net interest (Income) / Expense for the year | (44)                        | (412)                       |

### Remeasurements for the year (actuarial (gain) / loss)

|   | 31 <sup>st</sup> March 2024 | 31 <sup>st</sup> March 2023 |
|---|-----------------------------|-----------------------------|
| Experience (Gain) / Loss on plan liabilities  | (6,649)                     | (3,444)                     |
| Demographic (Gain) / Loss on plan liabilities |                             |                             |
| Financial (Gain) / Loss on plan liabilities   | 7,040                       | (4,099)                     |
| Experience (Gain) / Loss on plan assets       | (1,589)                     | (943)                       |
| Financial (Gain) / Loss on plan assets        | (317)                       | (828)                       |

### Amounts recognised in statement of other comprehensive income (OCI)

|   | 31 <sup>st</sup> March 2024 | 31 <sup>st</sup> March 2023 |
|---|-----------------------------|-----------------------------|
| Opening amount recognised in OCI outside profit and loss account        | 27,723                      | 37,037                      |
| Remeasurement for the year - obligation (Gain) / Loss                   | 391                         | (7,543)                     |
| Remeasurement for the year - plan assets (Gain) / Loss                  | (1,906)                     | (1,771)                     |
| Total Remeasurements Cost / (Credit) for the year recognised in OCI     | (1,515)                     | (9,314)                     |
| <b>Closing amount recognised in OCI outside Profit and Loss account</b> | <b>26,208</b>               | <b>27,723</b>               |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No. | Particulars |
|------------|-------------|
|------------|-------------|

### Amounts recognised in the balance sheet:

|   | 31 <sup>st</sup> March 2024 | 31 <sup>st</sup> March 2023 |
|---|-----------------------------|-----------------------------|
| Present value of obligation at the end of period    | 173,736                     | 165,069                     |
| Fair value of the plan assets at the end of         | 164,506                     | 165,653                     |
| Surplus / (Deficit)                                 | (9,230)                     | 585                         |
| Current liability                                   | 9,240                       |                             |
| Non-current liability                               | 164,496                     | 165,069                     |
| Amount not recognised due to asset ceiling          |                             |                             |
| Net asset / (liability) recognised in balance sheet | (9,230)                     | 585                         |

### Expense recognised in the statement of profit and loss:

|   | 31 <sup>st</sup> March 2024 | 31 <sup>st</sup> March 2023 |
|---|-----------------------------|-----------------------------|
| Service Cost  | 10,789                      | 9,141                       |
| Net interest (Income) / Expense   | (44)                        | (412)                       |
| Net periodic benefit cost recognised in the statement of profit & loss at the end of period | 10,745                      | 8,729                       |

### Reconciliation of Net Asset / (Liability) Recognised:

|  | 31 <sup>st</sup> March 2024 | 31 <sup>st</sup> March 2023 |
|--|-----------------------------|-----------------------------|
| Net asset / (liability) recognised at the beginning of the period  | 585                         | 5,640                       |
| Adjustments to opening fund  | (585)                       | (5,640)                     |
| Company contributions  |                             |                             |
| Amount recognized outside profit & loss account for the year       | 1,515                       | 9,314                       |
| Expense recognized at the end of period                            | (10,745)                    | (8,729)                     |
| <b>Net asset / (liability) recognised at the end of the period</b> | <b>(9,230)</b>              | <b>585</b>                  |

### Major categories of plan assets:

|                          | 31 <sup>st</sup> March 2024 |                  |                |
|--------------------------|-----------------------------|------------------|----------------|
|                          | Quoted Value                | Non Quoted value | Total          |
| Government securities    |                             | 500              | 500            |
| Funds managed by insurer |                             | 163,989          | 163,989        |
| Others                   |                             | 17               | 17             |
| <b>Total</b>             | -                           | <b>164,506</b>   | <b>164,506</b> |





# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No. | Particulars              | 31 <sup>st</sup> March 2023 |                  |         |
|------------|--------------------------|-----------------------------|------------------|---------|
|            |                          | Quoted Value                | Non Quoted Value | Total   |
|            | Government securities    |                             | 500              | 500     |
|            | Funds managed by insurer |                             | 165,132          | 165,132 |
|            | Others                   |                             | 21               | 21      |
|            | <b>Total</b>             | -                           | 165,653          | 165,653 |

| Principal Assumptions : |                               |                             |                             |
|-------------------------|-------------------------------|-----------------------------|-----------------------------|
|                         |                               | 31 <sup>st</sup> March 2024 | 31 <sup>st</sup> March 2023 |
|                         | Discounting Rate (p.a.)       | 7.20%                       | 7.50%                       |
|                         | Salary escalation rate (p.a.) | 8.50%                       | 8.00%                       |

**43B(i)** The exempt provident fund set up by the company is a defined benefit plan under Ind AS 19 Employee Benefits.

Provident Fund for eligible employees is managed by the Company through a trust in line with the Provident Fund and Miscellaneous Provision Act, 1952. The plan guarantees notified interest rate by the Provident Fund Authorities. The contribution by the employer and employee together with the interest accumulated thereon are payable to employees at the time of separation from the Company or retirement, whichever is earlier. The benefits vests immediately on rendering of the services by the employee.

The minimum interest rate payable by the trust to the beneficiaries every year is notified by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust (including investment risk fall) and the notified interest rate.

The Company has obtained report on the determination and disclosure of interest rate Guarantee & Diminution of Asset Values as per Ind AS19 of Employees Exempt Provident Fund of HAL for the period ended 31<sup>st</sup> March 2024.

In view of uncertainties regarding recoverability of certain investments in ILFS, Reliance Capital, Srei equipment finance, Future Enterprises etc., the liability was created. During the year ended 31<sup>st</sup> March 2024 based on actuarial valuation additional liability has been created of ₹5372 lakhs (Previous year - ₹3928 lakhs).

Further, based on settlement made by DHFL, Sintex, Reliance Commercial Finance and Hazaribagh Ranchi Express Way Ltd., the actual loss of investment including interest of ₹8247 lakhs has been accounted under employee benefits during the year ended 31<sup>st</sup> March 2023. No settlement accounted under employee benefit expenditure during the year ended 31<sup>st</sup> March 2024.

As per the approval of Board an amount of ₹8089 lakhs released to various PF Trusts of HAL towards deficit arising out of investments made in DHFL and Sintex during the year 2023-24.



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No.  | Particulars   |         |         |           |         |       |         |       |                                   |  | Total |          |
|---|---|---------|---------|-----------|---------|-------|---------|-------|-----------------------------------|--|-------|----------|
|   | HAL(BC)   | NASIK   | KORAPUT | HYDERABAD | LUCKNOW | KORWA | KANPUR  | HQ    | As at 31 <sup>st</sup> March 2024 |  |       |          |
| 43B(ii)   | The Total Amount of net liability / asset to be recorded in the Balance Sheet |         |         |           |         |       |         |       |                                   |  |       |          |
| <b>EMPLOYEES' PROVIDENT FUND TRUST</b>  |   |         |         |           |         |       |         |       |                                   |  |       |          |
| <b>Expense recognised in the Statement of Profit &amp; Loss:</b>                            |   |         |         |           |         |       |         |       |                                   |  |       |          |
| Current service cost  | 15,090  | 4,151   | 2,751   | 1,903     | 1,622   | 722   | 1,382   | 600   |                                   |  |       | 28,220   |
| Net Interest (Income) / Expense   | 679   | (183)   | 359     | (195)     | (159)   | (67)  | 13      | (52)  |                                   |  |       | 394      |
| Net periodic benefit cost recognised in the statement of profit & loss at the end of period | 15,769  | 3,967   | 3,110   | 1,707     | 1,463   | 655   | 1,395   | 548   |                                   |  |       | 28,615   |
| <b>Amounts recognised in statement of Other Comprehensive Income(OCI):</b>                  |   |         |         |           |         |       |         |       |                                   |  |       |          |
| Opening amount recognised in OCI outside profit and loss account                            | 30,874  | 4,277   | 8,521   | 459       | 423     | 236   | 2,147   | 235   |                                   |  |       | 47,171   |
| Remeasurements for the period - Obligation (Gain) / Loss                                    | 12,251  | 918     | 2,675   | 612       | 1,228   | 585   | 1,239   | 392   |                                   |  |       | 19,899   |
| Remeasurement for the period - Plan assets (Gain) / Loss                                    | (13,355)  | 1,977   | (2,613) | (256)     | (177)   | (28)  | (923)   | (153) |                                   |  |       | (15,529) |
| Total Remeasurements Cost / (Credit) for the year recognised in OCI                         | (1,104)   | 2,895   | 62      | 356       | 1,051   | 557   | 315     | 239   |                                   |  |       | 4,370    |
| Closing amount recognised in OCI outside profit and loss account                            | 29,770  | 7,172   | 8,582   | 815       | 1,474   | 793   | 2,462   | 474   |                                   |  |       | 51,542   |
| <b>Reconciliation of Net Asset / (Liability) recognised :</b>                               |   |         |         |           |         |       |         |       |                                   |  |       |          |
| Net asset / (liability) recognised at the beginning of the period                           | (31,037)  | (3,562) | (9,315) | (25)      | (365)   | (209) | (2,171) | (115) |                                   |  |       | (46,798) |
| Employer's Contributions  | 14,697  | 4,140   | 2,729   | 1,861     | 1,552   | 703   | 1,343   | 587   |                                   |  |       | 27,613   |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No.  | Particulars   |          |          |           |         |         |         |         |  |          | Total |
|---|---|----------|----------|-----------|---------|---------|---------|---------|--|----------|-------|
|   | As at 31 <sup>st</sup> March 2024   |          |          |           |         |         |         |         |  |          |       |
| 43B(ii)   | The Total Amount of net liability / asset to be recorded in the Balance Sheet |          |          |           |         |         |         |         |  |          |       |
|   | HAL(BC)   | NASIK    | KORAPUT  | HYDERABAD | LUCKNOW | KORWA   | KANPUR  | HQ      |  |          |       |
| <b>EMPLOYEES' PROVIDENT FUND TRUST</b>                                |   |          |          |           |         |         |         |         |  |          |       |
| Benefits directly paid by Company                                     | 1,104   | (2,895)  | (62)     | (356)     | (1,051) | (557)   | (315)   | (239)   |  | (4,370)  |       |
| Amount recognized outside profit & loss account for the year          | (15,769)  | (3,967)  | (3,110)  | (1,707)   | (1,463) | (655)   | (1,395) | (548)   |  | (28,615) |       |
| Expense recognised at the end of period                               |   |          |          |           |         |         |         |         |  |          |       |
| Impact of Transfer (In) / Out   |   |          |          |           |         |         |         |         |  |          |       |
| Net asset / (liability) recognised at the end of the period           | (31,005)  | (6,284)  | (9,757)  | (227)     | (1,327) | (717)   | (2,538) | (314)   |  | (52,170) |       |
| <b>Changes in present value of Benefit obligation:</b>                |   |          |          |           |         |         |         |         |  |          |       |
| Present value of benefit obligation as at the beginning of the period | 283,175   | 141,354  | 101,192  | 32,768    | 53,957  | 28,702  | 42,410  | 14,462  |  | 698,019  |       |
| Transfer in / (out)*  | (536)   | 1,093    | 672      | 63        | 1,084   | 153     | (565)   | 1,515   |  | 3,479    |       |
| Interest cost   | 19,446  | 10,190   | 7,163    | 2,290     | 3,738   | 1,944   | 3,098   | 965     |  | 48,835   |       |
| Current Service Cost  | 15,090  | 4,151    | 2,751    | 1,903     | 1,622   | 722     | 1,382   | 600     |  | 28,220   |       |
| Employee Contribution   | 29,271  | 7,871    | 6,329    | 3,394     | 3,409   | 1,504   | 2,662   | 1,030   |  | 55,470   |       |
| Benefits paid   | (47,778)  | (10,969) | (11,384) | (4,459)   | (8,222) | (5,563) | (2,202) | (3,198) |  | (93,774) |       |
| Remeasurements due to:  |   |          |          |           |         |         |         |         |  |          |       |
| Actuarial loss/(gain) arising from change in financial assumptions    | 5,321   | 2,105    | 2,077    | 628       | 919     | 494     | 728     | 208     |  | 12,481   |       |
| Actuarial loss/(gain) arising from change in demographic assumptions  |   |          |          |           |         |         |         |         |  |          |       |
| Actuarial loss/(gain) arising on account of experience changes        | 6,930   | (1,187)  | 598      | (16)      | 309     | 90      | 510     | 183     |  | 7,418    |       |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No. | Particulars  | As at 31 <sup>st</sup> March 2024 |          |          |           |         |         |         |         |  |  | Total |  |  |          |
|------------|--|-----------------------------------|----------|----------|-----------|---------|---------|---------|---------|--|--|-------|--|--|----------|
|            |  | HAL(BC)                           | NASIK    | KORAPUT  | HYDERABAD | LUCKNOW | KORWA   | KANPUR  | HQ      |  |  |       |  |  |          |
| 43B(ii)    | <b>The Total Amount of net liability / asset to be recorded in the Balance Sheet</b> |                                   |          |          |           |         |         |         |         |  |  |       |  |  |          |
|            | <b>EMPLOYEES' PROVIDENT FUND TRUST</b>   |                                   |          |          |           |         |         |         |         |  |  |       |  |  |          |
|            | Closing of defined benefit obligation  | 310,920                           | 154,609  | 109,398  | 36,570    | 56,815  | 28,046  | 48,025  | 15,765  |  |  |       |  |  | 760,149  |
|            | <b>Changes in Fair value of Plan Assets:</b>   |                                   |          |          |           |         |         |         |         |  |  |       |  |  |          |
|            | Fair value of plan assets as at the beginning of the period                          | 252,138                           | 137,792  | 91,877   | 32,743    | 53,592  | 28,493  | 40,239  | 14,347  |  |  |       |  |  | 651,221  |
|            | Transfer in / (out)*   | (536)                             | 1,093    | 672      | 63        | 1,084   | 153     | (565)   | 1,515   |  |  |       |  |  | 3,479    |
|            | Interest Income  | 18,767                            | 10,374   | 6,804    | 2,486     | 3,897   | 2,011   | 3,086   | 1,017   |  |  |       |  |  | 48,441   |
|            | Employer's Contributions   | 14,697                            | 4,140    | 2,729    | 1,861     | 1,552   | 703     | 1,343   | 587     |  |  |       |  |  | 27,613   |
|            | Employee's Contributions   | 29,271                            | 7,871    | 6,329    | 3,394     | 3,409   | 1,504   | 2,662   | 1,030   |  |  |       |  |  | 55,470   |
|            | Benefits paid  | (47,778)                          | (10,969) | (11,384) | (4,459)   | (8,222) | (5,563) | (2,202) | (3,198) |  |  |       |  |  | (93,774) |
|            | Shortfall arising on account of asset diminution                                     |                                   |          |          |           |         |         |         |         |  |  |       |  |  | -        |
|            | Amount paid on settlement  |                                   |          |          |           |         |         |         |         |  |  |       |  |  | -        |
|            | Actuarial Gain / (Loss) on plan assets   | 13,355                            | (1,977)  | 2,613    | 256       | 177     | 28      | 923     | 153     |  |  |       |  |  | 15,529   |
|            | Fair value of plan assets as at the end of the period                                | 279,915                           | 148,325  | 99,641   | 36,343    | 55,488  | 27,329  | 45,487  | 15,451  |  |  |       |  |  | 707,979  |

\* On account of business combination or inter group transfer



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

| Clause No. | Particulars   |          |         |           |         |         |        |         |      |  | Total    |
|------------|---|----------|---------|-----------|---------|---------|--------|---------|------|--|----------|
|            | HAL(BC)   | NASIK    | KORAPUT | HYDERABAD | LUCKNOW | KORWA   | KANPUR | HQ      |      |  |          |
| 43B(ii)    | As at 31 <sup>st</sup> March 2023   |          |         |           |         |         |        |         |      |  |          |
|            | <b>The Total Amount of net liability / asset to be recorded in the Balance Sheet</b>        |          |         |           |         |         |        |         |      |  |          |
|            | <b>EMPLOYEES' PROVIDENT FUND TRUST</b>  |          |         |           |         |         |        |         |      |  |          |
|            | <b>Expense recognised in the Statement of Profit &amp; Loss:</b>                            |          |         |           |         |         |        |         |      |  |          |
|            | Current service cost  | 13,855   | 3,984   | 2,612     | 1,764   | 1,577   | 833    | 1,269   | 582  |  | 26,476   |
|            | Net Interest (Income)/ Expense  | 389      | (200)   | 206       | (218)   | 60      | (35)   | 2       | (59) |  | 145      |
|            | Net periodic benefit cost recognised in the statement of profit & loss at the end of period | 14,244   | 3,784   | 2,819     | 1,546   | 1,637   | 798    | 1,271   | 523  |  | 26,621   |
|            | <b>Amounts recognised in statement of Other Comprehensive Income(OCI):</b>                  |          |         |           |         |         |        |         |      |  |          |
|            | Opening amount recognized in OCI outside profit and loss account                            | 26,845   | 3,773   | 6,758     | (231)   | 3,491   | 743    | 1,948   | 60   |  | 43,387   |
|            | Remeasurements for the period - Obligation (Gain) / Loss                                    | 5,235    | 357     | 1,217     | 575     | 389     | (143)  | (704)   | 236  |  | 7,162    |
|            | Remeasurement for the period - Plan assets (Gain) / Loss                                    | (1,206)  | 148     | 545       | 115     | (3,458) | (363)  | 902     | (62) |  | (3,379)  |
|            | Total Remeasurements Cost / (Credit ) for the year recognised in OCI                        | 4,029    | 504     | 1,762     | 690     | (3,068) | (506)  | 198     | 174  |  | 3,783    |
|            | Closing amount recognised in OCI outside profit and loss account                            | 30,874   | 4,277   | 8,521     | 459     | 423     | 236    | 2,146   | 235  |  | 47,170   |
|            | <b>Reconciliation of Net Asset / (Liability) recognised :</b>                               |          |         |           |         |         |        |         |      |  |          |
|            | Net asset / (liability) recognised at the beginning of the period                           | (26,619) | (3,257) | (7,346)   | 447     | (3,374) | (750)  | (1,971) |      |  | (42,870) |
|            | Employer's Contributions  | 13,855   | 3,984   | 2,612     | 1,764   | 1,577   | 833    | 1,269   | 582  |  | 26,477   |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No.  | Particulars   |          |          |           |          |         |         |         |  |  | Total    |
|---|---|----------|----------|-----------|----------|---------|---------|---------|--|--|----------|
|   | As at 31 <sup>st</sup> March 2023   |          |          |           |          |         |         |         |  |  |          |
| 43B(ii)   | The Total Amount of net liability / asset to be recorded in the Balance Sheet |          |          |           |          |         |         |         |  |  |          |
|   | HAL(BC)   | NASIK    | KORAPUT  | HYDERABAD | LUCKNOW  | KORWA   | KANPUR  | HQ      |  |  |          |
| <b>EMPLOYEES' PROVIDENT FUND TRUST</b>                                |   |          |          |           |          |         |         |         |  |  |          |
| Benefits directly paid by Company                                     | (4,029)   | (504)    | (1,762)  | (690)     | 3,068    | 506     | (198)   | (174)   |  |  | (3,783)  |
| Amount recognized outside profit & loss account for the year          | (14,244)  | (3,784)  | (2,819)  | (1,546)   | (1,637)  | (798)   | (1,271) | (523)   |  |  | (26,622) |
| Expense recognised at the end of period                               |   |          |          |           |          |         |         |         |  |  |          |
| Impact of Transfer (In) / Out   |   |          |          |           |          |         |         |         |  |  |          |
| Net asset / (liability) recognised at the end of the period           | (31,037)  | (3,562)  | (9,315)  | (25)      | (365)    | (209)   | (2,171) | (115)   |  |  | (46,798) |
| <b>Changes in present value of Benefit obligation:</b>                |   |          |          |           |          |         |         |         |  |  |          |
| Present value of benefit obligation as at the beginning of the period | 262,262   | 130,270  | 98,355   | 31,226    | 54,654   | 29,907  | 39,759  | 13,652  |  |  | 660,084  |
| Transfer in / (out)*  | (150)   | 465      | 748      | 81        | 428      | 138     | (45)    | 1,237   |  |  | 2,902    |
| Interest cost   | 17,529  | 9,114    | 6,639    | 2,051     | 3,616    | 1,977   | 2,783   | 881     |  |  | 44,590   |
| Current Service Cost  | 13,855  | 3,984    | 2,612    | 1,764     | 1,577    | 833     | 1,269   | 582     |  |  | 26,476   |
| Employee Contribution   | 28,721  | 8,007    | 6,432    | 3,327     | 3,538    | 1,631   | 2,617   | 1,046   |  |  | 55,319   |
| Benefits paid   | (44,277)  | (10,842) | (14,812) | (6,256)   | (10,244) | (5,642) | (3,269) | (3,172) |  |  | (98,514) |
| Remeasurements due to:  |   |          |          |           |          |         |         |         |  |  |          |
| Actuarial loss/(gain) arising from change in financial assumptions    | 2,308   | 1,062    | 866      | 308       | 365      | 209     | 396     | 106     |  |  | 5,620    |
| Actuarial loss/(gain) arising from change in demographic assumptions  |   |          |          |           |          |         |         |         |  |  |          |
| Actuarial loss/(gain) arising on account of experience changes        | 2,927   | (705)    | 351      | 267       | 24       | (352)   | (1,100) | 130     |  |  | 1,543    |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No.     | Particulars  |          |          |           |         |          |         |         |                                   |  | Total |          |
|----------------|--|----------|----------|-----------|---------|----------|---------|---------|-----------------------------------|--|-------|----------|
|                | HAL(BC)  | NASIK    | KORAPUT  | HYDERABAD | LUCKNOW | KORWA    | KANPUR  | HQ      | As at 31 <sup>st</sup> March 2023 |  |       |          |
| <b>43B(ii)</b> | <b>The Total Amount of net liability / asset to be recorded in the Balance Sheet</b> |          |          |           |         |          |         |         |                                   |  |       |          |
|                | <b>EMPLOYEES' PROVIDENT FUND TRUST</b>   |          |          |           |         |          |         |         |                                   |  |       |          |
|                | Closing of defined benefit obligation  | 283,175  | 141,354  | 101,192   | 32,768  | 53,957   | 28,702  | 42,410  | 14,462                            |  |       | 698,021  |
|                | <b>Changes in Fair value of Plan Assets:</b>   |          |          |           |         |          |         |         |                                   |  |       |          |
|                | Fair value of plan assets as at the beginning of the period                          | 235,643  | 127,012  | 91,009    | 31,673  | 51,279   | 29,157  | 37,789  | 13,652                            |  |       | 617,214  |
|                | Transfer in / (out)*   | (150)    | 465      | 748       | 81      | 428      | 138     | (45)    | 1,237                             |  |       | 2,902    |
|                | Interest Income  | 17,140   | 9,314    | 6,433     | 2,270   | 3,556    | 2,012   | 2,781   | 940                               |  |       | 44,446   |
|                | Employer's Contributions   | 13,855   | 3,984    | 2,612     | 1,764   | 1,577    | 833     | 1,269   | 582                               |  |       | 26,476   |
|                | Employee's Contributions   | 28,721   | 8,007    | 6,432     | 3,327   | 3,538    | 1,631   | 2,617   | 1,046                             |  |       | 55,318   |
|                | Benefits paid  | (44,277) | (10,842) | (14,812)  | (6,256) | (10,244) | (5,642) | (3,269) | (3,172)                           |  |       | (98,514) |
|                | Shortfall arising on account of asset diminution                                     |          |          |           |         |          |         |         |                                   |  |       | -        |
|                | Amount paid on settlement  |          |          |           |         |          |         |         |                                   |  |       | -        |
|                | Actuarial Gain / (Loss) on plan assets   | 1,206    | (148)    | (545)     | (115)   | 3,458    | 363     | (902)   | 62                                |  |       | 3,379    |
|                | Fair value of plan assets as at the end of the period                                | 252,138  | 137,792  | 91,877    | 32,743  | 53,592   | 28,493  | 40,239  | 14,347                            |  |       | 651,221  |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No.      | Particulars   | As at 31 <sup>st</sup> March 2024 (Ind AS 19) |             |             |             |             |             |             | Total       |          |
|-----------------|---|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|----------|
|                 |   | HAL(BC)                                       | NASIK       | KORAPUT     | HYDERABAD   | LUCKNOW     | KORWA       | KANPUR      |             | HQ       |
| <b>43B(iii)</b> | <b>The following table summarizes the disclosure report provided by the Actuary: As at 31<sup>st</sup> March 2024 (Ind AS 19)</b> |   |             |             |             |             |             |             |             |          |
|                 | <b>EMPLOYEES' PROVIDENT FUND TRUST*</b>   |   |             |             |             |             |             |             |             |          |
|                 | <b>Summary of Data:</b>   |   |             |             |             |             |             |             |             |          |
|                 | Total PF Account Balance  | 303,194                                       | 150,825     | 106,385     | 26,570      | 55,488      | 27,329      | 46,671      | 15,451      | 731,914  |
|                 | Investment in (Default/Stress) or surplus investment income   | (23,280)                                      | (2,500)     | (6,744)     | (227)       |             |             | (1,184)     |             | (33,936) |
|                 | Weighted Average Remaining Tenure of the investment Portfolio (in years)  | 6.42  | 7.40        | 5.79        | 5.75        | 4.47        | 8.44        | 6.11        | 7.48        |          |
|                 | <b>Amounts to be Recognized in Balance Sheet:</b>   |   |             |             |             |             |             |             |             |          |
|                 | Present Value of Obligation at the end of the period  | 310,920                                       | 154,609     | 109,398     | 36,570      | 56,815      | 28,046      | 48,025      | 15,765      | 760,149  |
|                 | Fair Value of the Plan Assets at the end of the year  | 279,915                                       | 148,325     | 99,641      | 36,343      | 55,488      | 27,329      | 45,487      | 15,451      | 707,979  |
|                 | Net asset / (liability) recognised in balance sheet   | (31,005)                                      | (6,284)     | (9,757)     | (227)       | (1,327)     | (717)       | (2,538)     | (314)       | (52,170) |
|                 | <b>Major Categories of Plan Assets (as % of Total Plan Assets):</b>   |   |             |             |             |             |             |             |             |          |
|                 | Government of India Securities  | 56%   | 68%         | 76%         | 70%         | 66%         | 81%         | 83%         | 85%         |          |
|                 | High Quality Corporate Bonds  | 28%   | 5%          | 4%          | 4%          | 3%          | 5%          | 7%          | 7%          |          |
|                 | Equity shares of listed companies   | 4%  |             |             |             |             |             |             |             |          |
|                 | Bank Balance  | 2%  | 1%          | 3%          | 3%          | 1%          | 2%          | 5%          | 3%          |          |
|                 | Special deposit scheme  | 5%  | 6%          | 7%          | 1%          | 5%          | 6%          | 2%          | 5%          |          |
|                 | Receivable from HAL   |   |             |             |             |             |             |             |             |          |
|                 | Others (refundable loans)   | 5%  | 20%         | 10%         | 22%         | 25%         | 6%          | 3%          | 5%          |          |
|                 | <b>Total</b>  | <b>100%</b>                                   | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> |          |
|                 | <b>Summary of Principal Actuarial Assumptions:</b>  |   |             |             |             |             |             |             |             |          |
|                 | Discount Rate (p.a)   | 7.20%   | 7.20%       | 7.20%       | 7.20%       | 7.20%       | 7.20%       | 7.20%       | 7.20%       |          |
|                 | Interest Rate declared by EPFO for the year   | 8.25%   | 8.25%       | 8.25%       | 8.25%       | 8.25%       | 8.25%       | 8.25%       | 8.25%       |          |
|                 | Yield Spread  | 0.50%   | 0.50%       | 0.50%       | 0.50%       | 0.50%       | 0.50%       | 0.50%       | 0.50%       |          |
|                 | Expected rate of return on plan assets  | 7.50%   | 7.50%       | 7.50%       | 7.50%       | 7.50%       | 7.50%       | 7.50%       | 7.50%       |          |
|                 | Average Historic Yield on the Investment  | 7.92%   | 8.25%       | 7.39%       | 8.25%       | 7.79%       | 8.25%       | 8.25%       | 7.71%       |          |

\* 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.





# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

| Clause No. | Particulars   |             |             |             |             |             |             |             |  |  | Total       |
|------------|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--|--|-------------|
|            | HAL(BC)   | NASIK       | KORAPUT     | HYDERABAD   | LUCKNOW     | KORWA       | KANPUR      | HQ          |  |  |             |
| 43B(iii)   | The following table summarizes the disclosure report provided by the Actuary: As at 31 <sup>st</sup> March 2023 (Ind AS 19) |             |             |             |             |             |             |             |  |  |             |
|            | <b>EMPLOYEES' PROVIDENT FUND TRUST*</b>   |             |             |             |             |             |             |             |  |  |             |
|            | <b>Summary of Data:</b>   |             |             |             |             |             |             |             |  |  |             |
|            | Total PF Account Balance  | 140,292     | 100,326     | 32,768      | 53,592      | 28,493      | 42,014      | 14,347      |  |  | 692,699     |
|            | Investment in (Default/Stress) or surplus investment income   | (2,500)     | (8,448)     | (25)        |             |             | (1,775)     |             |  |  | (41,477)    |
|            | Weighted Average Remaining Tenure of the investment Portfolio (in years)  | 6.53        | 5.65        | 6.30        | 4.47        | 6.10        | 5.10        | 6.77        |  |  |             |
|            | <b>Amounts to be Recognized in Balance Sheet:</b>   |             |             |             |             |             |             |             |  |  |             |
|            | Present Value of Obligation at the end of the period  | 283,175     | 101,192     | 32,768      | 53,957      | 28,702      | 42,410      | 14,462      |  |  | 698,020     |
|            | Fair Value of the Plan Assets at the end of the year  | 252,138     | 91,877      | 32,743      | 53,592      | 28,493      | 40,239      | 14,347      |  |  | 651,221     |
|            | Net asset / (liability) recognised in balance sheet   | (31,037)    | (9,315)     | (25)        | (365)       | (209)       | (2,171)     | (115)       |  |  | (46,799)    |
|            | <b>Major Categories of Plan Assets (as % of Total Plan Assets):</b>   |             |             |             |             |             |             |             |  |  |             |
|            | Government of India Securities  | 59%         | 77%         | 75%         | 76%         | 83%         | 87%         | 87%         |  |  | 87%         |
|            | High Quality Corporate Bonds  | 26%         | 0%          |             |             |             |             |             |  |  |             |
|            | Equity shares of listed companies   | 3%          | 4%          | 3%          | 2%          | 4%          | 5%          | 6%          |  |  | 6%          |
|            | Bank Balance  | 1%          | 1%          | 1%          | 5%          | 1%          | 1%          | 0%          |  |  | 0%          |
|            | Special deposit scheme  | 6%          | 7%          | 2%          |             | 6%          | 4%          | 3%          |  |  | 3%          |
|            | Receivable from HAL   | 1%          | 0%          |             |             |             |             | 1%          |  |  |             |
|            | Others (refundable loans)   | 4%          | 11%         | 19%         | 17%         | 6%          | 2%          | 4%          |  |  | 4%          |
|            | <b>Total</b>  | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> | <b>100%</b> |  |  | <b>100%</b> |
|            | <b>Summary of Principal Actuarial Assumptions:</b>  |             |             |             |             |             |             |             |  |  |             |
|            | Discount Rate (p.a)   | 7.50%       | 7.50%       | 7.50%       | 7.50%       | 7.50%       | 7.50%       | 7.50%       |  |  | 7.50%       |
|            | Interest Rate declared by EPFO for the year   | 8.15%       | 8.15%       | 8.15%       | 8.15%       | 8.15%       | 8.15%       | 8.15%       |  |  | 8.15%       |
|            | Yield Spread  | 0.50%       | 0.50%       | 0.50%       | 0.50%       | 0.50%       | 0.50%       | 0.50%       |  |  | 0.50%       |
|            | Expected rate of return on plan assets  | 7.30%       | 7.30%       | 7.30%       | 7.30%       | 7.30%       | 7.30%       | 7.30%       |  |  | 7.30%       |
|            | Average Historic Yield on the Investment  | 8.28%       | 8.37%       | 8.37%       | 8.75%       | 8.37%       | 8.37%       | 7.48%       |  |  | 7.48%       |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No.     | Particulars  |
|----------------|--|
| <b>43C</b>     | The Company has provided Performance Related Pay for the year as per the Guidelines issued by Department of Public Enterprises.  |
| <b>43D(i)</b>  | <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 with effect from 1<sup>st</sup> January, 2007 and as per the approval accorded by the Board of Directors and Department of Defence Production, Ministry of defence, a Defined Contribution Pension Scheme was notified in the Company on 16<sup>th</sup> July, 2014 in respect of Executives retired etc., from 1<sup>st</sup> January, 2007.</p> <p>A Defined Contribution Pension Scheme in respect of Workmen retired after 1<sup>st</sup> January, 2012 was notified on 2<sup>nd</sup> June, 2015 which was agreed as a part of the Workmen's Wage Revision effective from 1<sup>st</sup> January, 2012.</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>43D(ii)</b> | <p>Ministry vide OM dated 12.07.2023 has conveyed the approval for increasing the Company's contribution to the Pension Scheme of Executives from existing 7% to 10% of Basic Pay + DA w.e.f. 01.01.2017. Revision of Pension contribution from 7% to 10% of Basic Pay + DA w.e.f 01.01.2017 has been made in respect of Executives who are on the rolls of the Company as on the date of implementation of the revised ceiling i.e. 01.01.2017. In respect of new incumbents who joined the Company post 01.01.2017, it will be effective from the date of appointment.</p> <p>The additional liability accruing to the Company due to the increased ceiling, is ₹21736 lakh pertaining to the period from 1 January, 2017 to 31 March, 2024 (₹3513 lakh for the year ended 31 March, 2024). The total additional financial impact on revision of Pension contribution has been given effect in the books of accounts during the year ended 31 March, 2024. Accordingly, employees cost for the current year is not comparable with the corresponding previous year.</p>  |
| <b>43E</b>     | <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, Government of India and as per the approval accorded by the Board of Directors and Department of Defence Production, Ministry of defence, Post Superannuation Group Health Insurance Schemes in respect of (a) Employees (Officers &amp; Workmen) retired before 1<sup>st</sup> January, 2007 and (b) Executives retired on or after 1<sup>st</sup> January, 2007 were introduced with effect from 1<sup>st</sup> February, 2014.</p> <p>A Post Superannuation Group Health Insurance Scheme in respect of Workmen of the Company retired, etc. after 1<sup>st</sup> January, 2007 has been introduced in the Company with effect from 1<sup>st</sup> February, 2015 which was agreed as a part of the Workmen's Wage Revision effective from 1<sup>st</sup> January, 2012.</p> <p>Benefits under the Schemes may vary from year to year, as contribution to the Corpus of the Schemes is dependent on Profits generated, Affordability &amp; Sustainability by the Company.</p> <p>The Schemes are managed by a duly constituted Trust.</p> |
| <b>43F</b>     | <p><b>HAL Employees Group Life Insurance Trust:</b></p> <p>As per the approval accorded by the Board, the Company has notified an insurance scheme namely the HAL Employees Group Life Insurance Trust to cover its employees, in case of death due to any reason other than suicide. The contribution towards the scheme are borne equally by employees and the Management. In the event of Death of an employee due to any reason other than suicide, the dependent family members will be paid the sum assured (₹ 10 lakhs). The Company has made contribution of ₹ 135 lakhs to the trust with employees contributing an equal amount during the year 2023-24.</p>   |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No.  | Particulars   |                                      |                                      |                                      |  |      |    |   |  |  |
|---|---|--------------------------------------|--------------------------------------|--------------------------------------|--|------|----|---|--|--|
| <b>43G</b>  | <p>Revision of pay scales of executives and workmen, with effect from 01.01.2017 was implemented in accordance with the guidelines issued by Department of Public Enterprises vide OM dated 03.08.2017 for Executives and in accordance with the Wage Agreement entered into between Management and Employees Union representative in 2019-20 in respect of Workmen.</p> <p>On an interpretation on pay refixation and pursuant to the directives of the Administrative Ministry, the pay fixation to be revised and the excess amount paid is to be recovered from the employees.</p> <p>This has resulted in reduction of salaries and wages by ₹5573 lakhs(previous year: ₹5155 lakhs) for the year ended 31<sup>st</sup> March 2024.</p> <p>While so, the Employees Union and Officers Association have filed Writ Petition with Hon'ble High Court of Karnataka to stay recovery of excess amount of salary paid by the Company. The Honorable High Court has granted interim stay on recoveries, pending disposal of the writ petitions by the High court, the excess amount is shown under claims receivable(Gross) and provision of ₹35218 lakhs (previous year: ₹29645 lakhs) has been made in the books of accounts. The amount withheld from employees who retired after 30<sup>th</sup> June 2021 is kept under other liabilities ₹4445 lakhs (previous year: ₹3026 lakhs).</p> <p>Based on the final order that may be passed, suitable effect will be carried out in the accounts.</p>  |                                      |                                      |                                      |  |      |    |   |  |  |
| <b>43H</b>  | <p><b>Financial Assistance Scheme for Dependents of Deceased Employee</b></p> <p>As per the approval accorded by the Board, the Company has notified "Financial Assistance Scheme for dependents of Deceased Employees (FASDDE)" to pay a fixed amount on monthly basis to surviving spouse or dependent children if the spouse is not surviving, till the notional date of superannuation of the deceased employee. The prime objective of the scheme is to provide financial support for dependent beneficiaries of the employees who die while in service, to enable them to lead a normal life. The scheme will be applicable in all cases of Death of an employee due to any other reason other than suicide. Fund of ₹4000 lakhs during 2021-22 &amp; 1500 lakhs during 2022-23 transferred to trust for management of the Corpus. The income generated from the Corpus which will be invested with M/s LIC will be utilized to make payments under the Scheme.</p> <p>During the year ₹56 lakhs (previous year: ₹378 lakhs) has been incurred as expenditure under Financial Assistance Scheme for Dependents of Deceased Employee which is included in Note 40 - Staff Welfare expenditure.</p>   |                                      |                                      |                                      |  |      |    |   |  |  |
| <b>44</b>   | <p><b>As per Ind AS-21 relating to accounting for the effects of changes in the Foreign Exchange rates.</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #cccccc;">Particulars</th> <th style="background-color: #cccccc;">As at<br/>31<sup>st</sup> March 2024</th> <th style="background-color: #cccccc;">As at<br/>31<sup>st</sup> March 2023</th> </tr> </thead> <tbody> <tr> <td>(a) Exchange rate variation recognised in Statement of Profit and Loss towards Capital Assets.</td> <td style="text-align: center;">-204</td> <td style="text-align: center;">18</td> </tr> <tr> <td>(b) As and when the instalments in respect of deferred debts falls due for payment to the Russian Federation, the same is paid by applying the exchange rate ruling on the date of actual payment and liability discharged. The differences arising due to recalculation of debts at the applicable /ruling rate is charged to the revenue at the time of payment and recognised as sales when realised from the customer except to the extent it pertains to Capital Assets. The sales for Exchange Rate Variation (ERV) considered is ₹4873 Lakhs(Previous year - ₹ 5118 Lakhs). The Assets and Liabilities relating to deferred credit transaction are reinstated under Non-current Other Financial Assets, Current Other Financial Assets (recoverable within one year), Non-current Other Financial Liabilities and Current Other Financial Liabilities (to be settled within one year).</td> <td></td> <td></td> </tr> </tbody> </table> | Particulars                          | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 | (a) Exchange rate variation recognised in Statement of Profit and Loss towards Capital Assets. | -204 | 18 | (b) As and when the instalments in respect of deferred debts falls due for payment to the Russian Federation, the same is paid by applying the exchange rate ruling on the date of actual payment and liability discharged. The differences arising due to recalculation of debts at the applicable /ruling rate is charged to the revenue at the time of payment and recognised as sales when realised from the customer except to the extent it pertains to Capital Assets. The sales for Exchange Rate Variation (ERV) considered is ₹4873 Lakhs(Previous year - ₹ 5118 Lakhs). The Assets and Liabilities relating to deferred credit transaction are reinstated under Non-current Other Financial Assets, Current Other Financial Assets (recoverable within one year), Non-current Other Financial Liabilities and Current Other Financial Liabilities (to be settled within one year). |  |  |
| Particulars   | As at<br>31 <sup>st</sup> March 2024  | As at<br>31 <sup>st</sup> March 2023 |                                      |                                      |  |      |    |   |  |  |
| (a) Exchange rate variation recognised in Statement of Profit and Loss towards Capital Assets.  | -204  | 18                                   |                                      |                                      |  |      |    |   |  |  |
| (b) As and when the instalments in respect of deferred debts falls due for payment to the Russian Federation, the same is paid by applying the exchange rate ruling on the date of actual payment and liability discharged. The differences arising due to recalculation of debts at the applicable /ruling rate is charged to the revenue at the time of payment and recognised as sales when realised from the customer except to the extent it pertains to Capital Assets. The sales for Exchange Rate Variation (ERV) considered is ₹4873 Lakhs(Previous year - ₹ 5118 Lakhs). The Assets and Liabilities relating to deferred credit transaction are reinstated under Non-current Other Financial Assets, Current Other Financial Assets (recoverable within one year), Non-current Other Financial Liabilities and Current Other Financial Liabilities (to be settled within one year). |   |                                      |                                      |                                      |  |      |    |   |  |  |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No.                                |   | Particulars                                       |  |   |  |   |   |  |  |   |  |   |   |  |   |   |
|---|---|---|--|---|--|---|---|--|--|---|--|---|---|--|---|---|
| 45A                                       |   | DISCLOSURE RELATING TO Ind AS-24 ON RELATED PARTY |  |   |  |   |   |  |  |   |  |   |   |  |   |   |
| The name of the transacting related party | M/s. Indo Avia Services Limited         | M/s. BAE HAL Software Limited                     | M/s. Safran HAL Aircraft Engines 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 Limited | M/s. International Aerospace Manufacturing Private Limited | M/s. Multirite Transport Aircraft Limited | M/s. Aerospace & Aviation Sector Skill Council | M/s. Helicopter Engines MRO Private Limited | M/s. Defence Innovation Organisation    | M/s. SAFHAL Aircraft Engines Private Limited | M/s. Naini Aerospace Limited            | M/s. Indo Russian Helicopters Limited   |
| (a)                                       | India                                   | India   | India  | India                                   | India  | India                                   | India                                   | India  | India  | India                                     | India  | India                                       | India                                   | India  | India                                   | India                                   |
| Proportion of Ownership Interest          | 48%                                     | 49%   | 50%  | 40%                                     | 50%  | 50%                                     | 50%                                     | 50%  | 50%  | 50%                                       | 50%  | 50%   | 50%                                     | 50%  | 100%                                    | 50.50%                                  |
| (b)                                       | Joint Venture                           | Joint Venture                                     | Joint Venture                                    | Joint Venture                           | Joint Venture                                  | Joint Venture                           | Joint Venture                           | Joint Venture                                    | Joint Venture  | Joint Venture                             | Joint Venture                                  | Joint Venture                               | Joint Venture                           | Joint Venture                                | Subsidiary                              | Subsidiary                              |
| (c)                                       | Purchase and sale of goods and services | Purchase and sale of goods and services           | Purchase and sale of goods and services          | Purchase and sale of goods and services | Purchase and sale of goods and services        | Purchase and sale of goods and services | Purchase and sale of goods and services | Purchase and sale of goods and services          | Purchase and sale of goods and services                    | Purchase and sale of goods and services   | Purchase and sale of goods and services        | Purchase and sale of goods and services     | Purchase and sale of goods and services | Purchase and sale of goods and services      | Purchase and sale of goods and services | Purchase and sale of goods and services |
| (d)                                       | 2397                                    | 569   | 3375   | 24                                      | 44   | 1591                                    |   |  |  |   |  |   |   |  |   |   |
| (e)                                       | (3,874)                                 | (469)   | (1,820)  | (23)                                    | (34)   | (15)                                    | 1,748                                   |  |  |   |  |   |   |  | (1,360)                                 | 27                                      |
| (f)                                       | 4,153                                   | 98  | 708  | 326                                     | 3  | 12                                      |   |  |  |   |  |   |   |  | 385                                     |   |
| (g)                                       | (5,345)                                 | (165)   | (291)  | (296)                                   | (9)  | (5)                                     | (12)                                    | (100)  |  |   |  |   |   |  | (358)                                   | 70                                      |
| (h)                                       | 7                                       | 419   |  | 457                                     | 252  | 1                                       | 880                                     |  |  |   |  |   |   |  | 1,682                                   |   |
| (i)                                       | (7)                                     | (574)   |  | (457)                                   | (294)  |   | (582)                                   |  |  |   |  |   |   |  | (1,465)                                 | (67)                                    |
|   | 8                                       | 137   |  |   | 56   | 10                                      | 276                                     |  |  |   |  |   |   |  |   | 6                                       |
|   | (4)                                     | (189)   |  |   | (55)   | (9)                                     | (257)                                   |  |  |   |  |   |   |  |   | (5)                                     |
|   |   |   | 60   |   |  |   |   |  |  |   |  |   |   |  | 35                                      |   |
|   |   |   | (29)   |   |  |   |   |  |  |   |  |   |   |  | (38)                                    |   |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

| Clause No. | Particulars  |                               |  |   |  |                                       |                           |  |  |   |  |  |                                     | (₹ in Lakhs) |   |                             |
|------------|--|-------------------------------|--|---|--|---------------------------------------|---------------------------|--|--|---|--|--|-------------------------------------|--------------|---|-----------------------------|
|            | M/s. Indo Avia Services Limited  | M/s. Bae HAL Software Limited | M/s. Safran HAL Aircraft Engines 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 Limited | M/s. International Aerospace Manufacturing Private Limited | M/s. Multirole Transport Aircraft Limited | M/s. Aerospace & Aviation Sector Skill Council | M/s Helicopter Engines MRO Private Limited | M/s Defence Innovation Organisation |              | M/s SAFHAL Aircraft Engines Private Limited | M/s Naini Aerospace Limited |
| <b>(j)</b> | Advances Outstanding on Sale of land                                       | -                             | -  | -                                       | -  | -                                     | -                         | -  | -  | -   | -  | -  | -                                   | -            | -   | -                           |
| <b>(k)</b> | Previous year  | -                             | -  | -                                       | -  | -                                     | -                         | -  | -  | -   | -  | (929)                                      | -                                   | -            | -   | -                           |
|            | Amount paid towards investment in shares                                   | -                             | -  | -                                       | -  | -                                     | -                         | -  | -  | -   | -  | 950  | -                                   | 100          | -   | -                           |
| <b>(l)</b> | Previous year  | -                             | -  | -                                       | -  | -                                     | -                         | -  | -  | -   | -  | -  | -                                   | -            | -   | -                           |
|            | Dividend on Investments  | 187                           | -  | -                                       | -  | -                                     | -                         | -  | 108  | -   | -  | -  | -                                   | -            | -   | -                           |
| <b>(m)</b> | Previous year  | (187)                         | -  | -                                       | -  | -                                     | -                         | -  | (53)   | -   | -  | -  | -                                   | -            | -   | -                           |
|            | Re-imbursement Salaries including KMP Salaries                             | 98                            | 61   | -                                       | -  | 8                                     | -                         | -  | -  | -   | -  | -  | -                                   | -            | 273   | -                           |
| <b>(n)</b> | Previous year  | (86)                          | (82)   | -                                       | -  | (50)                                  | -                         | -  | (42)   | -   | -  | -  | -                                   | -            | (248)                                       | -                           |
|            | Re-imbursement of Expenses   | -                             | -  | -                                       | -  | -                                     | -                         | -  | -  | -   | -  | -  | -                                   | -            | -   | -                           |
| <b>(o)</b> | Previous year  | -                             | (43)   | -                                       | -  | 9                                     | -                         | 10   | -  | -   | -  | -  | -                                   | -            | 216   | -                           |
|            | Allowances recognised in respect of Doubtful debts during the year         | -                             | -  | -                                       | -  | -                                     | -                         | -  | -  | -   | -  | -  | -                                   | -            | -   | -                           |
| <b>(p)</b> | Previous year  | (43)                          | (43)   | -                                       | -  | (55)                                  | -                         | (53)   | -  | -   | -  | -  | -                                   | -            | (228)                                       | (67)                        |
|            | Provision for doubtful debts related to the amount of outstanding balances | -                             | -  | -                                       | -  | 457                                   | 252                       | 75   | -  | -   | -  | -  | -                                   | -            | 1,681                                       | 66                          |
| <b>(q)</b> | Previous year  | (43)                          | (43)   | -                                       | (457)  | (294)                                 | -                         | (65)   | -  | -   | -  | -  | 4,500                               | -            | (1,465)                                     | (67)                        |
|            | Grant outstanding  | -                             | -  | -                                       | -  | -                                     | -                         | -  | -  | -   | -  | -  | 4,500                               | -            | -   | -                           |
| <b>(r)</b> | Previous year  | -                             | -  | -                                       | -  | -                                     | -                         | -  | -  | -   | -  | -  | (4,500)                             | -            | -   | -                           |
|            | Write off of Advance   | -                             | -  | -                                       | -  | -                                     | -                         | -  | -  | -   | -  | -  | -                                   | -            | -   | -                           |
|            | Previous year  | -                             | -  | -                                       | (374)  | -                                     | -                         | -  | -  | -   | -  | -  | -                                   | -            | -   | -                           |

Figures in brackets relate to previous year (31.03.2023)

The differences in the amount disclosed by the Company and JV's are due to reconciliation items.

\* Does not include disputed amount of ₹1686 lakhs (previous year - ₹1686 lakhs), as the same is shown under clause 2(b) in respect of M/s HALBIT Avionics Private Ltd.

Transaction with the related parties are made on normal commercial terms and at market rates.

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

Shri C.B. Ananthkrishnan - Director(Finance) & CFO with Additional charge of Chairman and Managing Director.

Dr. D.K.Sumil - Director(Engineering and R&D)

Shri Jayadeva E.P. - Director(Operations)

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



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No.                | Particulars  | 31 <sup>st</sup> March 2024       | 31 <sup>st</sup> March 2023 |
|---------------------------|--|-----------------------------------|-----------------------------|
| <b>45A(i)</b>             | The Company makes monthly contributions to provident fund managed by “The Provident Fund of HAL” for eligible employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company contributed to PF Trust during the period is given below. |                                   |                             |
|                           | <b>Name of PF Trust</b>  | <b>31<sup>st</sup> March 2024</b> | 31 <sup>st</sup> March 2023 |
|                           | 1. HAL - Bangalore Complex   | <b>14697</b>                      | 13855                       |
|                           | 2. HAL - Nasik   | <b>4140</b>                       | 3984                        |
|                           | 3. HAL - Koraput   | <b>2729</b>                       | 2612                        |
|                           | 4. HAL - Hyderabad   | <b>1861</b>                       | 1764                        |
|                           | 5. HAL - Lucknow   | <b>1552</b>                       | 1577                        |
|                           | 6. HAL - Korwa   | <b>703</b>                        | 833                         |
|                           | 7. HAL - Kanpur  | <b>1343</b>                       | 1269                        |
| 8. HAL - Corporate Office | <b>587</b>   | 582                               |                             |
| <b>Total</b>              | <b>27613</b>   | 26476                             |                             |
| <b>45A(ii)</b>            | The Company maintains gratuity trust for the purpose of administering the gratuity payment to its employees (HAL Employees Gratuity scheme). Transaction /outstanding balance with gratuity Trust during the year is given below:  | <b>31<sup>st</sup> March 2024</b> | 31 <sup>st</sup> March 2023 |
|                           | Fund transfer during the year  | <b>16661</b>                      | 22766                       |
|                           | Amount payable   | <b>9230</b>                       |                             |
|                           | Amount receivable  | <b>14303</b>                      | 16025                       |
|                           | Advance paid   |                                   | 585                         |

**45B** The Board in its 406<sup>th</sup> meeting held on 22<sup>nd</sup> September 2017, accorded in principle approval for voluntary winding up / closure of the three Joint Ventures i.e. M/s. HAL-Edgewood Technologies Private Limited, M/s. Tata HAL Technologies Ltd and M/s. Multirole Transport Aircraft Ltd. enabling the Company to take further action in the matter.

Further, the Board authorized the Company to seek approval of Ministry of Defence (MoD), for short closure of the Contracts associated with the M/s Multirole Transport Aircraft (MTA) project and requested MoD, to initiate necessary action for closure of IGA, as it is a prerequisite for winding up of the MTA - Joint Venture Company. Further, MOD vide its letter dated 14<sup>th</sup> October 2021 notified the termination of the agreement between the Govt. of the Republic of India and Govt. of Russian Federation. In this respect the Russian Federation vide its letter dated 20<sup>th</sup> April 2022 intimated that the decision of the Indian side has been taken into consideration.

Further in 435<sup>th</sup> meeting held on 16<sup>th</sup> March 2020, the Board has directed the Company to expedite the closure of M/s. Multirole Transport Aircraft Ltd at the earliest after taking clearance from Russian partners from their Board(refer Clause No.10).

The Board in its 440<sup>th</sup> meeting held on 9<sup>th</sup> December 2020, accorded in principle approval for voluntary winding up / closure of Joint Venture M/s. Infotech HAL Limited(IHL) enabling the Company to take further action in the matter.

TATA HAL Technology Ltd., Pursuant to the Board Resolution dated 08<sup>th</sup> June 2021, the company has filed the application for voluntary liquidation to MCA in terms of Section 59 of the Insolvency and Bankruptcy Code, 2016 and the official liquidator is appointed. The official liquidator, vide their letter dated 07.03.2022, intimated about



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No.    | Particulars  |
|---------------|--|
|               | <p>the distribution of liquidation proceeds to the stakeholders of the TATA HAL Technologies Limited. Pursuant to the same liquidation proceeds of ₹34 lakhs was received by the Company during 2022-23.</p> <p>The Company has derecognized the investment made in TATA HAL Technology Limited as on 30<sup>th</sup> June 2022.</p>   |
| <b>45B(i)</b> | <p>The Company had signed an agreement with Safran Helicopter Engines SAS for setting up a joint venture to carry out business of design, development, certification, production, sale and support of helicopter engines. Pursuant to the same a Joint Venture Company with Safran Helicopter Engines SAS by name SAFHAL Helicopter Engines Private Limited has been incorporated on 09 November 2023. Each JV partner has subscribed for 1000000 equity shares of ₹10 each amounting to ₹100 lakhs.</p>   |
| <b>45C</b>    | <p><b>Defence Innovation Organisation (“DIO”):</b></p> <p>A Section 8 Company has been formed (Under Companies Act 2013) in the name of “Defence Innovation Organisation” with M/s BEL with an authorised Capital of ₹ 100 lakhs (Paid up capital as on 31<sup>st</sup> March 2024 is ₹ 1 Lakh ( HAL 50% Share and BEL 50% Share). The registered office of DIO is situated at Centre for Learning and Development, Bharat Electronics Limited, Jalahalli, Bengaluru – 560013, Karnataka, India. DIO was incorporated to implement the scheme of defence innovation fund initiative by creation of an ecosystem to foster innovation and technology development in defence.</p> <p>HAL Board in its 417<sup>th</sup> meeting held on 30<sup>th</sup> July 2018 had accorded approval for release of ₹ 5000 lakhs to DIO towards initial corpus fund in form of Grant in Aid in a staggered manner. Accordingly ₹ 500 lakhs has been released to DIO in the month of August 2018 and the balance amount is recognised and disclosed in other financial liabilities - other liabilities (note 32).</p> |
| <b>45D</b>    | <p>The Board in its 434<sup>th</sup> meeting was informed that Government approval is not required for transfer of lease hold land to M/S Helicopter Engines MRO Private Limited (HE-MRO), as it is neither defence land nor it is a land owned by HAL. Board reconsidered the decision taken in its 431<sup>st</sup> meeting and approved transfer of land without Government approval to M/s HE-MRO.</p> <p>In line with the Board Approval in its 431 and 434 meetings, Tripartite Deed of Lease was executed on the 18<sup>th</sup> May 2023 between Goa Industrial Development Corporation (GIDC), M/s Helicopter Engines MRO Private Limited (HE MRO) and HAL MRO Division for transfer of Lease hold rights of industrial plot admeasuring 7.41 acres to HE MRO.</p> <p>Further, the Sale of Deed was executed between HAL-MRO Division and HE -MRO on 8<sup>th</sup> June 2023 for sale of Building and Plant &amp; Machinery and Other Assets for a total consideration of ₹1029 lakhs.</p> <p>Accordingly necessary accounting treatment has been made in the Books of Accounts.</p>       |
| <b>45E</b>    | <p>The Company paid ₹950 lakhs towards subscription of 950000 equity shares of the face value of ₹100 each to its Joint Venture Company, Helicopter Engines MRO Private Limited, on 8 January, 2024 towards equity participation in Rights issue of the Joint Venture Company. Pursuant to the same, the investment of the Company in the Joint Venture has increased from ₹1510 lakh to ₹2460 lakh during the FY 2023-24.</p>   |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No. | Particulars                                    |  |  |                                       |       |  |                                       |       |
|------------|--|--|--|---------------------------------------|-------|--|---------------------------------------|-------|
| 45F        | <b>Key Management Personnel in the Company</b> |  | <b>For the year ended 31<sup>st</sup> March 2024</b> |                                       |       | <b>For the year ended 31<sup>st</sup> March 2023</b> |                                       |       |
|            | Name   | Designation  | Salary   | Company Contribution to PF / Gratuity | Total | Salary   | Company Contribution to PF / Gratuity | Total |
|            | Shri C.B. Ananthakrishnan                      | Director(Finance) & CFO from 1 <sup>st</sup> August 2018 with Additional Charge of Chairman & Managing Director from 1 <sup>st</sup> August 2022 | 80   | 6                                     | 86    | 73   | 6                                     | 79    |
|            | Shri Jayadeva E P                              | Director(Operations) with effect from 10 <sup>th</sup> June 2022.  | 76   | 5                                     | 81    | 59   | 4                                     | 63    |
|            | Shri Dr. Sunil D.K                             | Director(Engineering and R&D) with effect from 29 <sup>th</sup> September 2022   | 68   | 5                                     | 73    | 38   | 3                                     | 41    |
|            | Shri A B Pradhan,                              | Director (Human Resources) with effect from 19 <sup>th</sup> July 2023   | 48   | 4                                     | 52    |  |                                       |       |
|            | Shri R.Madhavan                                | Chairman & Managing Director (ceased to be the Chairman & Managing Director upon superannuation on 31 <sup>st</sup> July 2022)                   |  |                                       |       | 26   | 2                                     | 28    |
|            | Shri Arup Chatterjee,                          | Director (Engineering and R&D) (ceased to be Director (Engineering and R&D) upon superannuation on 30 <sup>th</sup> June 2022)                   |  |                                       |       | 11   | 1                                     | 12    |
|            | Shri Alok Verma                                | Director(Human Resources) (ceased to be the Director(Human Resources) upon superannuation on 30 <sup>th</sup> November 2022)                     |  |                                       |       | 45   | 3                                     | 48    |
|            | Shri G.V.Sesha Reddy                           | Company Secretary (ceased to be Company Secretary upon superannuation on 31 <sup>st</sup> October 2022)  |  |                                       |       | 28   | 2                                     | 30    |
|            | Shri Shailesh Bhansal                          | Company Secretary with effect from 28 <sup>th</sup> March 2023   | 43   | 4                                     | 47    |  |                                       |       |





# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No. | Particulars                                  | Sitting Fees |         |
|------------|--|--------------|---------|
|            |  | 2023-24      | 2022-23 |
| <b>45G</b> | <b>INDEPENDENT DIRECTORS (NON-EXECUTIVE)</b> |              |         |
|            | Dr. Divya Gupta                              | 10           | 10      |
|            | Shri Deepak Abasaheb Shinde                  | 8            | 8       |

**45H** Apart from transactions reported above, the Company has transactions with other Government related entities, which includes but not limited to the following:

|                         |                               |
|-------------------------|-------------------------------|
| Name of Government:     | Government of India           |
| Nature of Transactions: | Sale of Products and Services |

These transactions are conducted in the ordinary course of the Company's business.

### 46 The disaggregation of changes to OCI is shown below:

#### For the year ended 31<sup>st</sup> March 2024

| Particulars  | Opening balance as at 1 <sup>st</sup> April 2023 | Additions / Reversal | Transferred to Retained earnings | Closing balance as at 31 <sup>st</sup> March 2024 |
|--|--|----------------------|----------------------------------|---|
| Gains and losses arising from the financial statements of a foreign operations |  |                      |                                  |   |
| Re-measurement gains (losses) on defined benefit plans (Gratuity/PF)           |  | -8190                | -8190                            |   |
| <b>Total</b>   |  | <b>-8190</b>         | <b>-8190</b>                     |   |

#### For the year ended 31<sup>st</sup> March 2023

| Particulars  | Opening balance as at 1 <sup>st</sup> April 2022 | Additions / Reversal | Transferred to Retained earnings | Closing balance as at 31 <sup>st</sup> March 2023 |
|--|--|----------------------|----------------------------------|---|
| Gains and losses arising from the financial statements of a foreign operations | 16   | -16                  |                                  |   |
| Re-measurement gains (losses) on defined benefit plans (Gratuity/PF)           |  | 10310                | 10310                            |   |
| <b>Total</b>   | 16   | 10294                | 10310                            |   |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No. | Particulars   | For the year ended<br>31 <sup>st</sup> March 2024 | For the year ended<br>31 <sup>st</sup> March 2023 |
|------------|---|---|---|
| <b>47</b>  | <b>As per Ind AS-33 relating to Earnings per Share (Basic and Diluted)</b>        |   |   |
|            | Profit Before Tax   | <b>1019897</b>                                    | 649294  |
|            | Provision for Taxation  | <b>260393</b>                                     | 68177   |
|            | Net Profit After Tax  | <b>759504</b>                                     | 581117  |
|            | Weighted Average Number of Equity Shares of Face Value of ₹5/- each fully paid up | <b>668775000</b>                                  | 668775000   |
|            | Earnings per Share (in Rupees) - Basic  | <b>113.57</b>                                     | 86.89   |
|            | Earnings per Share (in Rupees) - Diluted  | <b>113.57</b>                                     | 86.89   |

**47A** The Shareholders of the Company, at the 60<sup>th</sup> Annual General Meeting held on 31 August 2023, had approved the sub-division of one equity share of the face value of ₹10 each into two equity shares of face value ₹5 each. The record date for the said sub-division was 29<sup>th</sup> September 2023.

The basic and diluted EPS and the number of shares for the previous year have been restated considering the face value of ₹5 each in accordance with Ind AS 33- "Earnings per Share" on account of the above mentioned sub-division of equity shares.

**48A Buyback of Shares:**

In accordance with the approval of Board of Directors at its 408<sup>th</sup> meeting held on 28<sup>th</sup> November, 2017 and approval of shareholders, the Company has bought back 2,71,12,500 fully paid equity shares of ₹10/- each equivalent to 7.5% of the paid-up share capital and Free Reserves of the Company, for an aggregate amount of ₹ 92150 lakhs (excluding tax of ₹20636 lakhs) at ₹ 339.88 per equity share from the President of India. The consideration amount for buy back of shares was paid to the Government of India on 19<sup>th</sup> December, 2017 and the shares so bought back were extinguished on 22<sup>nd</sup> December, 2017.

**48B** To achieve the mandatory threshold of 25% minimum public shareholding in the Company, Government of India (GoI) had offered 3.5% (1,17,03,563) equity shares of the Company to non-Retail Investors and Retail Investors on March 23-24, 2023, out of its shareholding of 75.15% in the Company, through Offer for Sale (OFS) by Stock Exchange Mechanism. Consequent to the OFS, the Government of India shareholding stands at 71.65%.

Apart from above, as part of the OFS, GoI had also allotted 37,632 equity shares to the eligible employees of the Company during April, 2023 under Employee OFS. Consequent to the Employee OFS, the GoI shareholding stands at 71.64%.

**49 Movement of provisions in the Books of Accounts during the year as required by Ind AS 37 "Provisions, Contingent Liabilities and Contingent Asset" is as follows:**

| Nature of Provision                         | Opening Balance 1 <sup>st</sup> April 2023 | Provision made during the year | Utilisation during the year | Reversal during the year | Closing Balance 31 <sup>st</sup> March 2024 |
|---|--|--------------------------------|-----------------------------|--------------------------|---|
| Provision for Warranty Charges              | 121887                                     | 32425                          | 21939                       | 6273                     | <b>126100</b>                               |
|   | (109325)                                   | (43901)                        | (26332)                     | (5007)                   | <b>(121887)</b>                             |
| Provision for Replacement and Other Charges | 417546                                     | 116611                         | 3303                        | 61933                    | <b>468921</b>                               |
|   | (217854)                                   | (245052)                       | (15556)                     | (29804)                  | <b>(417546)</b>                             |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No.  | Particulars                                |                                   |                                  |                                  |   |
|---|--|-----------------------------------|----------------------------------|----------------------------------|---|
| Nature of Provision   | Opening Balance 1 <sup>st</sup> April 2023 | Provision made during the year    | Utilisation during the year      | Reversal during the year         | Closing Balance 31 <sup>st</sup> March 2024 |
| Provision for Redundancy in Raw Material and Components, Stores and Spares, Construction Material and Loose Tools | 207220<br>(186236)                         | 100164<br>(28140)                 | 5<br>(2)                         | 25813<br>(7154)                  | <b>281566</b><br><b>(207220)</b>            |
| Provision for Doubtful Debts  | 15409<br>(14057)                           | 3534<br>(1418)                    | 5                                | 2187<br>(66)                     | <b>16751</b><br><b>(15409)</b>              |
| Provision for Doubtful Contract Assets  | 113084<br>(105353)                         | 2386<br>(8998)                    |                                  | 109078<br>(1267)                 | <b>6392</b><br><b>(113084)</b>              |
| Provision for Claims  | 25678<br>(31266)                           | 4100<br>(2974)                    | 185<br>(8)                       | 650<br>(8554)                    | <b>28943</b><br><b>(25678)</b>              |
| Provision for Liquidated Damages  | 123468<br>(145786)                         | 70271<br>(42290)                  | 44830<br>(63427)                 | 2578<br>(1181)                   | <b>146331</b><br><b>(123468)</b>            |
| Provision for Impairment of Investments   | 19502<br>(18518)                           | 32<br>(1491)                      | (473)                            | (34)                             | <b>19534</b><br><b>(19502)</b>              |
| Provision for Advances  | 19<br>(19)                                 | 1015                              |                                  |                                  | <b>1034</b><br><b>(19)</b>                  |
| <b>Total</b>  | <b>1043813</b><br><b>(828,414)</b>         | <b>330538</b><br><b>(374,264)</b> | <b>70267</b><br><b>(105,798)</b> | <b>208512</b><br><b>(53,067)</b> | <b>1095572</b><br><b>(1,043,813)</b>        |

Figures in brackets relate to previous year - 31<sup>st</sup> March 2023

| Nature of Provision   | As at 31 <sup>st</sup> March 2024 |                  |                  | As at 31 <sup>st</sup> March 2023 |          |                 |
|---|-----------------------------------|------------------|------------------|-----------------------------------|----------|-----------------|
|   | Non-current                       | Current          | Total Provision  | Non-current                       | Current  | Total Provision |
| Provision for Warranty Charges  | <b>756</b>                        | <b>125344</b>    | <b>126100</b>    | 2436                              | 119451   | 121887          |
| Provision for Replacement and Other Charges   | <b>26211</b>                      | <b>442710</b>    | <b>468921</b>    | 22519                             | 395027   | 417546          |
| Provision for Redundancy in Raw Material and Components, Stores and Spares, Construction Material and Loose Tools |                                   | <b>281566</b>    | <b>281566</b>    |                                   | 207220   | 207220          |
| Provision for Doubtful Debts  |                                   | <b>16751</b>     | <b>16751</b>     |                                   | 15409    | 15409           |
| Provision for Doubtful Contract Assets  |                                   | <b>6392</b>      | <b>6392</b>      |                                   | 113084   | 113084          |
| Provision for Claims  | <b>9510</b>                       | <b>19433</b>     | <b>28943</b>     | 10130                             | 15548    | 25678           |
| Provision for Liquidated Damages  | <b>10751</b>                      | <b>135580</b>    | <b>146331</b>    | 5087                              | 118381   | 123468          |
| Provision for Impairment of Investments   | <b>19534</b>                      |                  | <b>19534</b>     | 19502                             |          | 19502           |
| Provision for Advances  |                                   | <b>1034</b>      | <b>1034</b>      |                                   | 19       | 19              |
| <b>Total Provision</b>  | <b>66,762</b>                     | <b>10,28,810</b> | <b>10,95,572</b> | 59,674                            | 9,84,139 | 10,43,813       |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No. | Particulars  | For the year ended<br>31 <sup>st</sup> March 2024 | For the year ended<br>31 <sup>st</sup> March 2023 |
|------------|--|---|---|
| 50         | As required by Ind AS 36, the Company has accounted impairment losses based on the Assessment of Impairment assets committee carried out during the year and based on such assessment 'impairment loss' in the Statement of Profit and Loss has been recognised. | 1495  | 59743   |

### 51 Sensitivity of estimates on provisions:

The assumptions made for provisions relating to current period are consistent with those in the earlier years. The assumptions and estimates used for recognition of such provisions are qualitative in nature and their likelihood could alter in next financial year. It is impracticable for the Company to compute the possible effect of assumptions and estimates made in recognizing these provisions.

Provision for replacement and other charges represents, amounts towards expenditure incurred from the date of Signaling Out Certificate (SOC) to date of ferry out, loan items taken from the customer which needs to be replaced etc.

Warranty represents Performance Warranty for manufacture, repair and overhaul of Aircraft / Helicopters/ Engines / Rotables, supply of spares and development activities etc.

Provision for Redundancy in Raw Material and Components, Stores and Spares, Construction Material, Loose Tools and Work in progress represents provision on redundancy of such materials, completed / specific projects and other surplus / redundant materials pending transfer to salvage stores etc.

Provision for Liquidated Damages represents amounts provided for the period of delay between the due date of supply of the Goods / rendering of services as per delivery schedule and the expected Date of delivery of said Goods / rendering of service in respect of manufacture / repair and overhaul of Aircraft / Helicopters/ Engines / Rotables, supply of spares and development activities etc.

Provision for doubtful debts and doubtful contract assets is being assessed on a case to case basis in respect of dues outstanding for a significant period of time. Debts from the Government departments are generally treated as fully recoverable and hence the Company does not recognize credit risk of such financial assets.

Provision for doubtful claims represents provision on expected credit losses.

Impairment in value of investment represents reduction in the share of net worth below investment.

Provision for Onerous contract has been recognised as the cost of meeting obligations is over and above the economic benefits expected to be received under it.



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No. | Particulars   |                |                                   |                |
|------------|---|----------------|-----------------------------------|----------------|
|            | 31 <sup>st</sup> March 2024   |                | 31 <sup>st</sup> March 2023       |                |
|            | Note 29   | Note 33        | Note 29                           | Note 33        |
|            | Non - Current   | Current        | Non - Current                     | Current        |
| <b>52</b>  | Advances from Customers of ₹1191519 Lakhs and Milestone receipts of ₹2070366 Lakhs disclosed in Note Nos. 29 and 33 as Non-Current and Other Current Liabilities (in terms of Schedule III to the Companies Act, 2013) represent gross amounts received. These amounts have been utilised for procurement of Special Purpose Tooling, Incurrence of DRE, Inventory Holding, Advances to Vendors etc. as detailed below: |                |                                   |                |
|            | <b>Particulars</b>  |                |                                   |                |
|            | <b>31<sup>st</sup> March 2024</b>   |                | <b>31<sup>st</sup> March 2023</b> |                |
|            | <b>Note 29</b>  | <b>Note 33</b> | <b>Note 29</b>                    | <b>Note 33</b> |
|            | <b>Non - Current</b>  | <b>Current</b> | <b>Non - Current</b>              | <b>Current</b> |
|            | Outstanding Advances from Customer  |                |                                   |                |
|            | - Defence   | <b>455250</b>  | 471586                            | 549021         |
|            | - Others  | <b>7986</b>    |                                   | 4960           |
|            |   | <b>455250</b>  | 471586                            | 553981         |
|            | Less: Utilisation of Advances   |                |                                   |                |
|            | - Inventory   | <b>209812</b>  | 148861                            | 278882         |
|            | - Advances against Goods & Services   | <b>5091</b>    |                                   | 3973           |
|            | - Intangible Assets   | <b>21627</b>   |                                   | 19028          |
|            | - Special Tools & Equipment   | <b>8920</b>    | 8920                              | 36693          |
|            | - Trade Receivables   | <b>5982</b>    |                                   | 16             |
|            | - Claims Receivables  | <b>6587</b>    |                                   |                |
|            |   | <b>223823</b>  | 157781                            | 338592         |
|            | <b>Net Outstanding Advances (A)</b>   | <b>231427</b>  | 313805                            | 215389         |
|            | <b>Outstanding Milestone Receipt</b>  |                |                                   |                |
|            | - Defence   | <b>598892</b>  | 620665                            | 1197370        |
|            | - Others  | <b>234</b>     | 349                               | 54157          |
|            |   | <b>599126</b>  | 621014                            | 1251527        |
|            | <b>Less: Utilisation of Milestone Receipts</b>  |                |                                   |                |
|            | - Inventory   | <b>104076</b>  | 144114                            | 533358         |
|            | - Advances against Goods & Services   | <b>73875</b>   | 835                               | 331662         |
|            | - Intangible Assets   | <b>6465</b>    | 3025                              | 7448           |
|            | - Special Tools & Equipment   | <b>84703</b>   | 82019                             | 34084          |
|            | - Trade Receivables   | <b>51328</b>   | 42687                             | 54146          |
|            | - Claims Receivables  | <b>26351</b>   |                                   |                |
|            |   | <b>320447</b>  | 272680                            | 960697         |
|            | Net Outstanding Milestone Receipts (B)  | <b>278679</b>  | 348334                            | 290830         |
|            | <b>Total (A+B)</b>  | <b>510106</b>  | 662139                            | 506219         |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No. | Particulars                                       |                                   |                                   |
|------------|---|-----------------------------------|-----------------------------------|
|            | <b>Summary</b>                                    |                                   |                                   |
|            |   | <b>31<sup>st</sup> March 2024</b> | <b>31<sup>st</sup> March 2023</b> |
|            | <b>(A) Gross Advances from Defence Customers</b>  |                                   |                                   |
|            | Initial Advances from Defence Customers           | 1183533                           | 1020607                           |
|            | Milestone Advances from Defence Customers         | 2021348                           | 1818035                           |
|            | Gross Advances from Defence Customers (A)         | 3204881                           | 2838642                           |
|            | <b>Advances from Others (B)</b>                   | <b>57004</b>                      | <b>59466</b>                      |
|            | <b>Total (A+B)</b>                                | <b>3261885</b>                    | <b>2898108</b>                    |
|            | Less Advances / Milestone utilisation (C)         | 1978902                           | 1729750                           |
|            | Outstanding Advances / Milestone Receipts (A+B-C) | 1282983                           | 1168358                           |
|            | <b>Defence Customers</b>                          | <b>1229303</b>                    | <b>1112432</b>                    |
|            | <b>Others</b>                                     | <b>53680</b>                      | <b>55926</b>                      |
|            | <b>Total</b>                                      | <b>1282983</b>                    | <b>1168358</b>                    |

### 53(a) Non-current Trade Receivables Ageing Schedule (Note - 8)

| Particulars  | As at 31 <sup>st</sup> March 2024                          |                   |           |           |                   |          |         |       |
|--|--|-------------------|-----------|-----------|-------------------|----------|---------|-------|
|  | Outstanding for following periods from due date of payment |                   |           |           |                   | Unbilled | Not due | Total |
|  | Less than 6 months   | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years |          |         |       |
| (i) Undisputed Trade receivables - considered good                                 | -  | -                 | -         | -         | -                 | -        | -       | -     |
| (ii) Undisputed Trade receivables - which have significant increase in credit risk | -  | -                 | -         | -         | -                 | -        | -       | -     |
| (iii) Undisputed Trade receivables - credit impaired                               | -  | -                 | -         | -         | -                 | -        | -       | -     |
| (iv) Disputed Trade receivables - considered good                                  | -  | -                 | -         | -         | -                 | -        | -       | -     |
| (v) Disputed Trade receivables - which have significant increase in credit risk    | -  | -                 | -         | -         | -                 | -        | -       | -     |
| (vi) Disputed Trade receivables - credit impaired                                  | -  | -                 | -         | -         | -                 | -        | -       | -     |
| Less : Allowance for Doubtful Debts  | -  | -                 | -         | -         | -                 | -        | -       | -     |
| <b>Total</b>   | -  | -                 | -         | -         | -                 | -        | -       | -     |

| Particulars  | As at 31 <sup>st</sup> March 2023                          |                   |           |           |                   |          |         |       |
|--|--|-------------------|-----------|-----------|-------------------|----------|---------|-------|
|  | Outstanding for following periods from due date of payment |                   |           |           |                   | Unbilled | Not due | Total |
|  | Less than 6 months   | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years |          |         |       |
| (i) Undisputed Trade receivables - considered good                                 | -  | -                 | -         | -         | -                 | -        | -       | -     |
| (ii) Undisputed Trade receivables - which have significant increase in credit risk | -  | -                 | -         | -         | -                 | -        | -       | -     |
| (iii) Undisputed Trade receivables - credit impaired                               | -  | -                 | -         | -         | -                 | -        | -       | -     |
| (iv) Disputed Trade receivables - considered good                                  | -  | -                 | -         | -         | -                 | -        | -       | -     |
| (v) Disputed Trade receivables - which have significant increase in credit risk    | -  | -                 | -         | -         | -                 | -        | -       | -     |
| (vi) Disputed Trade receivables - credit impaired                                  | -  | -                 | -         | -         | -                 | -        | -       | -     |
| Less : Allowance for Doubtful Debts  | -  | -                 | -         | -         | -                 | -        | -       | -     |
| <b>Total</b>   | -  | -                 | -         | -         | -                 | -        | -       | -     |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No. | Particulars |
|------------|-------------|
|------------|-------------|

### 53(b) Non current Contract Assets Ageing schedule (Note - 8A)

| Particulars  | As at 31 <sup>st</sup> March 2024                          |                   |           |           |                   |         |       |
|--|--|-------------------|-----------|-----------|-------------------|---------|-------|
|  | Outstanding for following periods from due date of payment |                   |           |           |                   | Not due | Total |
|  | Less than 6 months   | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years |         |       |
| (i) Undisputed Contract Assets - considered good                                 | -  | -                 | -         | -         | -                 | -       | -     |
| (ii) Undisputed Contract Assets - which have significant increase in credit risk | -  | -                 | -         | -         | -                 | -       | -     |
| (iii) Undisputed Contract Assets - credit impaired                               | -  | -                 | -         | -         | -                 | -       | -     |
| (iv) Disputed Contract Assets - considered good                                  | -  | -                 | -         | -         | -                 | -       | -     |
| (v) Disputed Contract Assets - which have significant increase in credit risk    | -  | -                 | -         | -         | -                 | -       | -     |
| (vi) Disputed Contract Assets - credit impaired                                  | -  | -                 | -         | -         | -                 | -       | -     |
| Less : Allowance for Doubtful Debts  | -  | -                 | -         | -         | -                 | -       | -     |
| <b>Total</b>   | -  | -                 | -         | -         | -                 | -       | -     |

| Particulars  | As at 31 <sup>st</sup> March 2023                          |                   |           |           |                   |         |       |
|--|--|-------------------|-----------|-----------|-------------------|---------|-------|
|  | Outstanding for following periods from due date of payment |                   |           |           |                   | Not due | Total |
|  | Less than 6 months   | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years |         |       |
| (i) Undisputed Contract Assets - considered good                                 | -  | -                 | -         | -         | -                 | -       | -     |
| (ii) Undisputed Contract Assets - which have significant increase in credit risk | -  | -                 | -         | -         | -                 | -       | -     |
| (iii) Undisputed Contract Assets - credit impaired                               | -  | -                 | -         | -         | -                 | -       | -     |
| (iv) Disputed Contract Assets - considered good                                  | -  | -                 | -         | -         | -                 | -       | -     |
| (v) Disputed Contract Assets - which have significant increase in credit risk    | -  | -                 | -         | -         | -                 | -       | -     |
| (vi) Disputed Contract Assets - credit impaired                                  | -  | -                 | -         | -         | -                 | -       | -     |
| Less : Allowance for Doubtful Debts  | -  | -                 | -         | -         | -                 | -       | -     |
| <b>Total</b>   | -  | -                 | -         | -         | -                 | -       | -     |

### 53(c) Current Trade Receivables Ageing schedule (Note - 15)

| Particulars  | As at 31 <sup>st</sup> March 2024                          |                   |               |               |                   |          |         |                |
|--|--|-------------------|---------------|---------------|-------------------|----------|---------|----------------|
|  | Outstanding for following periods from due date of payment |                   |               |               |                   | Unbilled | Not due | Total          |
|  | Less than 6 months   | 6 months - 1 year | 1-2 years     | 2-3 years     | More than 3 years |          |         |                |
| (i) Undisputed Trade receivables - considered good                                 | 264,922  | 54,913            | 94,995        | 39,616        | 7,221             | -        | -       | 461,667        |
| (ii) Undisputed Trade receivables - which have significant increase in credit risk | -  | -                 | -             | -             | -                 | -        | -       | -              |
| (iii) Undisputed Trade receivables - credit impaired                               | -  | -                 | 14            | 174           | 16,563            | -        | -       | 16,751         |
| (iv) Disputed Trade receivables - considered good                                  | -  | -                 | -             | -             | -                 | -        | -       | -              |
| (v) Disputed Trade receivables - which have significant increase in credit risk    | -  | -                 | -             | -             | -                 | -        | -       | -              |
| (vi) Disputed Trade receivables - credit impaired                                  | -  | -                 | -             | -             | -                 | -        | -       | -              |
| Less : Allowance for Doubtful Debts  | -  | -                 | 14            | 174           | 16,563            | -        | -       | 16,751         |
| <b>Total</b>   | <b>264,922</b>   | <b>54,913</b>     | <b>94,995</b> | <b>39,616</b> | <b>7,221</b>      | -        | -       | <b>461,667</b> |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No. | Particulars   | As at 31 <sup>st</sup> March 2023                          |                   |               |               |                   |          |          |                |
|------------|---|--|-------------------|---------------|---------------|-------------------|----------|----------|----------------|
|            |   | Outstanding for following periods from due date of payment |                   |               |               |                   | Unbilled | Not due  | Total          |
|            |   | Less than 6 months   | 6 months - 1 year | 1-2 years     | 2-3 years     | More than 3 years |          |          |                |
| (i)        | Undisputed Trade receivables - considered good                                | 270,648  | 78,209            | 88,731        | 29,103        | 5,227             | -        | -        | 471,918        |
| (ii)       | Undisputed Trade receivables - which have significant increase in credit risk | -  | -                 | -             | -             | -                 | -        | -        | -              |
| (iii)      | Undisputed Trade receivables - credit impaired                                | 612  | 3                 | 157           | 13            | 14,624            | -        | -        | 15,409         |
| (iv)       | Disputed Trade receivables - considered good                                  | -  | -                 | -             | -             | -                 | -        | -        | -              |
| (v)        | Disputed Trade receivables - which have significant increase in credit risk   | -  | -                 | -             | -             | -                 | -        | -        | -              |
| (vi)       | Disputed Trade receivables - credit impaired                                  | -  | -                 | -             | -             | -                 | -        | -        | -              |
|            | Less : Allowance for Doubtful Debts   | 612  | 3                 | 157           | 13            | 14,624            | -        | -        | 15,409         |
|            | <b>Total</b>  | <b>270,648</b>   | <b>78,209</b>     | <b>88,731</b> | <b>29,103</b> | <b>5,227</b>      | <b>-</b> | <b>-</b> | <b>471,918</b> |

### 53(d) Current Contract Assets Ageing schedule (Note - 15A)

| Particulars | As at 31 <sup>st</sup> March 2024   |                   |                |                |                   |               | Not due  | Total            |
|-------------|---|-------------------|----------------|----------------|-------------------|---------------|----------|------------------|
|             | Outstanding for following periods from due date of payment                  |                   |                |                |                   |               |          |                  |
|             | Less than 6 months  | 6 months - 1 year | 1-2 years      | 2-3 years      | More than 3 years |               |          |                  |
| (i)         | Undisputed Contract Assets - considered good                                | 662,259           | 129,074        | 227,056        | 132,207           | 45,192        | -        | 1,195,788        |
| (ii)        | Undisputed Contract Assets - which have significant increase in credit risk | -                 | -              | -              | -                 | -             | -        | -                |
| (iii)       | Undisputed Contract Assets - credit impaired                                | -                 | -              | -              | -                 | -             | -        | -                |
| (iv)        | Disputed Contract Assets - considered good                                  | -                 | -              | -              | -                 | -             | -        | -                |
| (v)         | Disputed Contract Assets - which have significant increase in credit risk   | -                 | -              | -              | -                 | -             | -        | -                |
| (vi)        | Disputed Contract Assets - credit impaired                                  | -                 | -              | -              | -                 | -             | -        | -                |
|             | Less : Allowance for Doubtful Debts   | 1,237             | -              | -              | -                 | 5,155         | -        | 6,392            |
|             | <b>Total</b>  | <b>661,022</b>    | <b>129,074</b> | <b>227,056</b> | <b>132,207</b>    | <b>40,037</b> | <b>-</b> | <b>1,189,396</b> |

| Particulars | As at 31 <sup>st</sup> March 2023   |                   |                |                |                   |               | Not due  | Total          |
|-------------|---|-------------------|----------------|----------------|-------------------|---------------|----------|----------------|
|             | Outstanding for following periods from due date of payment                  |                   |                |                |                   |               |          |                |
|             | Less than 6 months  | 6 months - 1 year | 1-2 years      | 2-3 years      | More than 3 years |               |          |                |
| (i)         | Undisputed Contract Assets - considered good                                | 574,498           | 105,011        | 187,981        | 70,981            | 107,269       | -        | 1,045,740      |
| (ii)        | Undisputed Contract Assets - which have significant increase in credit risk | -                 | -              | -              | -                 | 4,752         | -        | 4,752          |
| (iii)       | Undisputed Contract Assets - credit impaired                                | -                 | -              | -              | -                 | 232           | -        | 232            |
| (iv)        | Disputed Contract Assets - considered good                                  | -                 | -              | -              | -                 | -             | -        | -              |
| (v)         | Disputed Contract Assets - which have significant increase in credit risk   | -                 | -              | -              | -                 | -             | -        | -              |
| (vi)        | Disputed Contract Assets - credit impaired                                  | -                 | -              | -              | -                 | -             | -        | -              |
|             | Less : Allowance for Doubtful Debts   | 7,741             | 1,837          | 9,344          | 9,841             | 84,321        | -        | 113,084        |
|             | <b>Total</b>  | <b>566,757</b>    | <b>103,174</b> | <b>178,637</b> | <b>61,140</b>     | <b>27,932</b> | <b>-</b> | <b>937,640</b> |





# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No. | Particulars |
|------------|-------------|
|------------|-------------|

### 54(a) Non current Trade Payables Ageing schedule (Note - 25)

| Particulars  | As at 31 <sup>st</sup> March 2024                          |           |           |                   |          |         |       |
|--|--|-----------|-----------|-------------------|----------|---------|-------|
|  | Outstanding for following periods from due date of payment |           |           |                   | Unbilled | Not due | Total |
|  | Less than 1 year   | 1-2 years | 2-3 years | More than 3 years |          |         |       |
| (i) Micro enterprises and Small enterprises                            | -  | -         | -         | -                 | -        | -       | -     |
| (ii) Other than Micro enterprises and Small enterprises                | -  | -         | -         | -                 | -        | -       | -     |
| (iii) Disputed dues - Micro enterprises and Small enterprises          | -  | -         | -         | -                 | -        | -       | -     |
| (iv) Disputed dues - Otherthan Micro enterprises and Small enterprises | -  | -         | -         | -                 | -        | -       | -     |
| <b>Total</b>   | -  | -         | -         | -                 | -        | -       | -     |

| Particulars   | As at 31 <sup>st</sup> March 2023                          |           |           |                   |          |         |       |
|---|--|-----------|-----------|-------------------|----------|---------|-------|
|   | Outstanding for following periods from due date of payment |           |           |                   | Unbilled | Not due | Total |
|   | Less than 1 year   | 1-2 years | 2-3 years | More than 3 years |          |         |       |
| (i) Micro enterprises and Small enterprises                             | -  | -         | -         | -                 | -        | -       | -     |
| (ii) Otherthan Micro enterprises and Small enterprises                  | -  | -         | -         | -                 | -        | -       | -     |
| (iii) Disputed dues - Micro enterprises and Small enterprises           | -  | -         | -         | -                 | -        | -       | -     |
| (iv) Disputed dues - Other than Micro enterprises and Small enterprises | -  | -         | -         | -                 | -        | -       | -     |
| <b>Total</b>  | -  | -         | -         | -                 | -        | -       | -     |

### 54(b) Current Trade Payables Ageing schedule (Note - 31)

| Particulars  | As at 31 <sup>st</sup> March 2024                          |              |              |                   |          |          |               |
|--|--|--------------|--------------|-------------------|----------|----------|---------------|
|  | Outstanding for following periods from due date of payment |              |              |                   | Unbilled | Not due  | Total         |
|  | Less than 1 year   | 1-2 years    | 2-3 years    | More than 3 years |          |          |               |
| (i) Micro enterprises and Small enterprises                            | 14170  | 68           | 141          | 226               | 0        | 0        | 14605         |
| (ii) Other than Micro enterprises and Small enterprises                | 283490   | 13315        | 10179        | 19879             | 0        | 0        | 326862        |
| (iii) Disputed dues - Micro enterprises and Small enterprises          | 0  | 0            | 0            | 0                 | 0        | 0        | 0             |
| (iv) Disputed dues - Otherthan Micro enterprises and Small enterprises | 0  | 0            | 0            | 0                 | 0        | 0        | 0             |
| <b>Total</b>   | <b>297660</b>  | <b>13383</b> | <b>10320</b> | <b>20105</b>      | <b>0</b> | <b>0</b> | <b>341467</b> |

| Particulars  | As at 31 <sup>st</sup> March 2023                          |              |             |                   |          |             |               |
|--|--|--------------|-------------|-------------------|----------|-------------|---------------|
|  | Outstanding for following periods from due date of payment |              |             |                   | Unbilled | Not due     | Total         |
|  | Less than 1 year   | 1-2 years    | 2-3 years   | More than 3 years |          |             |               |
| (i) Micro enterprises and Small enterprises                            | 5041   | 109          | 130         | 5                 | 0        | 1122        | 6407          |
| (ii) Other than Micro enterprises and Small enterprises                | 266063   | 16924        | 3884        | 17871             | 0        | 2584        | 307327        |
| (iii) Disputed dues - Micro enterprises and Small enterprises          | 0  | 0            | 0           | 0                 | 0        | 0           | 0             |
| (iv) Disputed dues - Otherthan Micro enterprises and Small enterprises | 0  | 0            | 0           | 0                 | 0        | 0           | 0             |
| <b>Total</b>   | <b>271104</b>  | <b>17033</b> | <b>4014</b> | <b>17876</b>      | <b>0</b> | <b>3706</b> | <b>313734</b> |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No. | Particulars |
|------------|-------------|
|------------|-------------|

### 55 Additional Regulatory Information:

**55A** The Company do not have any Benami Property, where any proceedings has been initiated or pending against the Company for holding any Benami property.

**55B** Loans or Advances in the nature of loans are granted to promoters, directors, KMPs and the related parties (as defined under Companies, Act, 2013) either severally or jointly with any other person that are

- repayable on demand; or
- without specifying any terms or period of repayment.

| Type of Borrower | As at 31 <sup>st</sup> March 2024                           |   | As at 31 <sup>st</sup> March 2023                           |   |
|------------------|---|---|---|---|
|                  | Amount of loan or advance in the nature of loan outstanding | Percentage to the total Loans and Advances in the nature of loans | Amount of loan or advance in the nature of loan outstanding | Percentage to the total Loans and Advances in the nature of loans |
| Promoters        | NIL   | NIL   | NIL   | NIL   |
| Directors        | NIL   | NIL   | NIL   | NIL   |
| KMPs             | NIL   | NIL   | NIL   | NIL   |
| Related Parties  | NIL   | NIL   | NIL   | NIL   |

### 55C Relationship with Struck off Companies (under section 248 of Companies Act, 2013 or section 560 of the Companies Act, 1956)

| Name of struck off Company                           | Nature of transactions with struck-off Company (ex: Investment in securities, Receivables, Payables, shares held by struck off company, Other outstanding balances) | As at 31 <sup>st</sup> March 2024 |   | As at 31 <sup>st</sup> March 2023 |   |
|--|---|-----------------------------------|---|-----------------------------------|---|
|  |   | Balance outstanding in INR        | Relationship with the struck off company, if any, to be disclosed | Balance outstanding in INR        | Relationship with the struck off company, if any, to be disclosed |
| Close Links Security Services Pvt. Ltd.              | Payables  | 367961                            | Vendor  | 367961                            | Vendor  |
| Empire Aviation Private Limited                      | Payables  | 84163                             | Customer Airlines   | 84163                             | Customer Airlines   |
| Caliban Software Solutions Pvt. Ltd.                 | Payables  | 188252                            | Vendor  | 188252                            | Vendor  |
| Hunting Hawks security & facility Services Pvt. Ltd. | Payables  | 752073                            | Vendor  | 752073                            | Vendor  |
| Formula one solution pvt ltd                         | Payables  | 30582                             | Vendor  | 30582                             | Vendor  |
| M.S. Services Pvt. Ltd.                              | Payables  | 2036556                           | Vendor  | 1956634                           | Vendor  |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No. | Particulars  | 31 <sup>st</sup> March 2024   | 31 <sup>st</sup> March 2023  |
|------------|--|---|--|
| <b>55D</b> | <b>Registration of charges or satisfaction with Registrar of Companies (ROC)</b><br><b>Where any charges or satisfaction yet to be registered with Registrar of Companies beyond the statutory period, details and reasons thereof shall be disclosed.</b> | <b>There is no Charges or Satisfaction yet to be registered with RoC beyond the statutory period.</b> | There is no Charges or Satisfaction yet to be registered with RoC beyond the statutory period. |
| <b>55E</b> | <b>Compliance with number of layers of companies</b>   | NA  | NA   |

### 55F

| Ratios                               | Numerator                           | Denominator                  | 31 <sup>st</sup> March 2024 | 31 <sup>st</sup> March 2023 | % Change in Ratio | Explanation for change in the ratio by more than 25% as compared to the preceding year |
|--------------------------------------|-------------------------------------|------------------------------|-----------------------------|-----------------------------|-------------------|--|
| (a) Current Ratio                    | Current Assets                      | Current Liabilities          | <b>1.73</b>                 | 1.68                        | 2.98%             | -  |
| (b) Debt-Equity Ratio                | Total Debt                          | Shareholder's Equity         | -                           | -                           | -                 | Not Applicable since, borrowed fund during the year is NIL.                            |
| (c) Debt Service Coverage Ratio      | Earnings available for debt service | Debt Service                 | -                           | -                           | -                 | Not Applicable since, borrowed fund during the year is NIL.                            |
| (d) Return on Equity Ratio           | Net Profits after taxes             | Average Shareholder's Equity | <b>28.90%</b>               | 27.17%                      | 6.37%             | -  |
| (e) Inventory turnover ratio         | Sales                               | Average Inventory            | <b>2.22</b>                 | 1.99                        | 11.62%            | -  |
| (f) Trade Receivables turnover ratio | Sales                               | Average Accounts Receivable  | <b>6.03</b>                 | 5.63                        | 7.12%             | -  |
| (g) Trade payables turnover ratio    | Purchases                           | Average Trade Payables       | <b>3.94</b>                 | 3.02                        | 30.37%            | -  |
| (h) Net capital turnover ratio       | Sales                               | Average Working Capital      | <b>1.18</b>                 | 1.28                        | -8.19%            | -  |
| (i) Net profit ratio                 | Net Profit                          | Sales                        | <b>27%</b>                  | 22%                         | 20.88%            | -  |
| (j) Return on Capital employed       | Earning before interest and taxes   | Capital Employed             | <b>35%</b>                  | 28%                         | 26.39%            | Increase in earnings due to impact of LCA change order 3.                              |
| (k) Return on investment.            |                                     |                              |                             |                             |                   | NA   |

- i. Current Assets = Intontories (Note-13) + Investments (Note-14) + Trade receivables (Note-15) + Contract Assets (Note-15A) + Cash and Cash Equivalentts (Note-16) + Bank Balances other than Cash and Cash Equivalentts (Note-17) + Loans (Note-18) + Other Financial Assets (Note 19) + Current tax Assets (net) (Note-20) + Other Current Assets (Note-21)
- ii. Current Liabilities = Borrowings (Note-30) + Lease liability (Note30A) + Trade Payables (Note-31) + Other Financial liabilities (Note-32) + Other current liabilities (Note-33) + Provisions (Note-34) + Current Tax Liabilities (Net) (Note-35)
- iii. Total Debt = Non-current borrowing (Note-24) + Current borrowing working capital loan - Cash Credit (Note-30) + Current borrowing from Banks - Commercial paper (Note-30)
- iv. Shareholder's Equity = Equity Share Capital (Note-22) + Other Equity (Note-23)
- v. Earnings available for debt service = Profit after Tax +Depreciation and amortisation (Note-42)+ Finance Cost (Note-41) + Loss on sale of assets



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No. | Particulars   |    |
|------------|---|----|
| vi.        | Debt Service = Finance cost (Note-41) + Principal repayment   |    |
| vii.       | Net Profits after taxes = Profit(Loss) for the period   |    |
| viii.      | Average Shareholder's Equity = (Shareholder's Equity for current period + previous year) / 2                        |    |
| ix.        | Average Inventory = (Inventories (Note-13) for current period + previous year) / 2                                  |    |
| x.         | Average Accounts Receivable = (Trade Receivables (Note-8 and Note-15) for current period + previous year) / 2       |    |
| xi.        | Average Trade Payables = (Trade payables (Note-25 and Note-31) for current period + previous year) / 2              |    |
| xii.       | Average Working Capital = (Total Current Assets - Total Current Liabilities for current period + previous year) / 2 |    |
| xiii.      | Net Profit = Profit(Loss) for the period from continuing operations   |    |
| xiv.       | Earning before interest and taxes = Profit Before Tax + Finance Cost (Note-41)                                      |    |
| xv.        | Capital Employed = Shares holder's Equity + Long Term Borrowings (Note-24) + Deferred tax liability (Note-28)       |    |
| <b>55G</b> | Compliance with approved Scheme(s) of Arrangements  | NA |

### 55H Utilisation of borrowed funds and share Premium through intermediaries or for benefit of third party beneficiaries:

No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company, its subsidiary, associate to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company, its subsidiary, associate, (Ultimate Beneficiaries).

The Company have not received any fund from any party(s) (Funding Party) with the understanding that the Company, its subsidiary, associate, shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company, its subsidiary, associate ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

### 55I Undisclosed Income

No transaction that has been not recorded in the books of accounts which are surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961(such as search or survey or any other relevant provisions of the Income Tax Act, 1961), unless there is immunity for disclosure under any scheme and previously unrecorded income and related assets that have been properly recorded in the books of accounts during the year.

### 55J Corporate Social Responsibility

| Particulars   | 31 <sup>st</sup> March 2024 | 31 <sup>st</sup> March 2023 |
|---|-----------------------------|-----------------------------|
| (a) amount required to be spent by the Company on CSR activities as per Companies Act, 2013   | 10660                       | 8882                        |
| (b) Amount of surplus generated from CSR activities through savings in energy charges from the Wind Power Plant and football stadium during the financial year 2022-23 to be spent by the Company during the year 2023-24 | 892                         | 825                         |
| Less : Excess expenditure spent during the Previous year  | 621                         | 0                           |
| <b>Gross amount required to be spent by the Company during the Financial Year 2023-24</b>   | <b>10931</b>                | <b>9707</b>                 |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No.   | Particulars                       |                        |               |
|--|-----------------------------------|------------------------|---------------|
|  | <b>31<sup>st</sup> March 2024</b> |                        |               |
| Particulars  | In Cash                           | Yet to be paid in Cash | Total         |
| (a) Amount of expenditure incurred during the year on CSR activities |                                   |                        |               |
| (i) Construction / Acquisition of any Assets                         | 2,756                             | 1,293                  | 4,049         |
| (ii) On purposes other than (i) above                                | 6,850                             | 207                    | 7,057         |
| (b) Amount of surplus generated from CSR activities*                 | 892                               | -                      | 892           |
| <b>Total</b>   | <b>10,498</b>                     | <b>1,500</b>           | <b>11,998</b> |

| <b>31<sup>st</sup> March 2023</b>                                    |              |                        |               |
|--|--------------|------------------------|---------------|
| Particulars  | In Cash      | Yet to be paid in Cash | Total         |
| (a) Amount of expenditure incurred during the year on CSR activities |              |                        |               |
| (i) Construction / Acquisition of any Assets                         | 1,349        | 1,069                  | 2,418         |
| (ii) On purposes other than (i) above                                | 7,053        | 32                     | 7,085         |
| (b) Amount of surplus generated from CSR activities*                 | 825          | -                      | 825           |
| <b>Total</b>   | <b>9,227</b> | <b>1,101</b>           | <b>10,328</b> |

\* The Company has spent an amount of ₹892 lakhs during 2023-24 (Previous year ₹825 lakhs) against the surplus generated of ₹892 lakhs (Previous year ₹825 lakhs) in financial year 2022-23 through savings in energy charges from the Wind Power Plant and football stadium as a CSR project. The details of Expenditure spent during the year is given below:

| Particulars                                       | 2023 - 24    | 2022 - 23    |
|---|--------------|--------------|
| 1. On going projects                              | 7850         | 5015         |
| 2. Other than on going projects                   | 4148         | 5313         |
| <b>Total Expenditure incurred during the year</b> | <b>11998</b> | <b>10328</b> |

In the year 2023-24, an amount of ₹ 873 lakhs surplus, was generated through savings in energy charges from the Wind Power Plant & football academy. The surplus will be utilised for other CSR projects/ activities during 2024-25 over and above the 2% budget allocation as per the Companies Act, 2013.

|                                       | 31 <sup>st</sup> March 2024 | 31 <sup>st</sup> March 2023 |
|---------------------------------------|-----------------------------|-----------------------------|
| (a) Shortfall at the end of the year  |                             |                             |
| (b) Total of previous years shortfall |                             |                             |
| (c) Reason for short fall             |                             |                             |
| (d) Nature of CSR activities:         |                             |                             |
| <b>Particulars</b>                    |                             |                             |
| Education                             | 2,301                       | 2,378                       |
| Environment Sustainability            | 578                         | 405                         |
| Facilities for Senior Citizens        | -                           | -                           |
| Healthcare                            | 1,748                       | 1,823                       |



# Notes to the Standalone Financial Statements for the year ended March 31, 2024

## Note 49 - Explanatory Notes to the Standalone Financial Statements

(₹ in Lakhs)

| Clause No. | Particulars  | 31 <sup>st</sup> March 2024 | 31 <sup>st</sup> March 2023 |
|------------|--|-----------------------------|-----------------------------|
|            | Livelihood Generation  | 7                           | 286                         |
|            | Rural Development  | 2,663                       | 882                         |
|            | Sanitation   | 252                         | 1,232                       |
|            | Sports Development   | 553                         | 333                         |
|            | Skill Development  | 2,792                       | 1,366                       |
|            | Others   | 1,104                       | 1,623                       |
|            | <b>Total</b>   | <b>11,998</b>               | <b>10,328</b>               |
|            | (e) Details of related party transactions(e.g. contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard) |                             |                             |
|            | (f) Movement in CSR Provision:   |                             |                             |
|            | Opening Balance  |                             | 273                         |
|            | Additions  |                             |                             |
|            | Deletions  |                             | 273                         |
|            | Closing Balance  |                             |                             |
| <b>55K</b> | <b>Details of Crypto Currency or Virtual Currency</b>  | <b>NA</b>                   | <b>NA</b>                   |

### 55L Recent pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

**56** The financial statements were approved for issue by the Board of Directors at their meeting held on 16<sup>th</sup> May 2024.

These financial statements are presented in Indian rupees (rounded off to lakhs). Previous Year figures have been rearranged or regrouped wherever necessary.

Material accounting policies and accompanying Notes No.1 to 49 form an integral part of the financial statements  
As per our report of even date attached

**For and on behalf of the Board of Directors**

**(EJIYURA PUTHRAPPA JAYADEVA)**

Director (Operations)  
DIN: 06761333

**(C. B. ANANTHAKRISHNAN)**

Director (Finance) & CFO  
Chairman & Managing Director  
(Additional Charge)  
DIN: 06761339

**For A JOHN MORIS & CO.**

Chartered Accountants,  
Firm Registration No: 0072205

**RATHAN RAJ A**

Partner  
Membership No: 228538

Place: New Delhi  
Date: 16.05.2024

**(SHAILESH BANSAL)**

Company Secretary  
FCS No. 5064



# Independent Auditor's Report

To The Members of Hindustan Aeronautics Limited  
Report on the Audit of the Consolidated Financial Statements

## Opinion

We have audited the Consolidated Financial Statements of Hindustan Aeronautics Limited ("Holding Company") and its Subsidiaries (Holding Company and its Subsidiaries together referred to as "the Group") and its Joint Ventures listed in Annexure A, which comprise the Consolidated Balance Sheet as at March 31, 2024 and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated cash flows statement for the year then ended and notes to the Consolidated financial statements, including a summary of Material Accounting Policies and other explanatory information (hereinafter referred to as "the consolidated financial statements".)

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 Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its Joint Ventures as at March 31, 2024 and their consolidated profit, their consolidated total comprehensive income, their consolidated changes in equity and their consolidated cash flows for the year ended on that date.

## Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143 (10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its Joint Ventures in accordance with the ethical requirements relevant to our audit of the consolidated financial statements in India in terms Code of Ethics issued by ICAI, and the provisions of the Companies Act 2013, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## Emphasis of Matter

### 1) Attention is invited to Notes to the Financial Statements extracted below:

#### Note: 49 (20)

Revision of pay scales of executives and workmen, with effect from 01.01.2017 was implemented in accordance with the guidelines issued by Department of Public Enterprises vide OM dated 03.08.2017 for Executives and in accordance with the Wage Agreement entered into between Management and Employees Union representative in 2019-20 in respect of Workmen.

On an interpretation on pay refixation and pursuant to the directives of the Administrative Ministry, the pay fixation to be revised and the excess amount paid is to be recovered from the employees.

This has resulted in reduction of salaries and wages by ₹ 5573 lakhs (previous year: ₹ 5155 lakhs).

While so, the Employees Union and Officers Association have filed Writ Petition with Hon'ble High Court of Karnataka to stay recovery of excess amount of salary paid by the Company. The Honorable High Court has granted interim stay on recoveries, pending disposal of the writ petitions by the High Court. The excess amount is shown under claims receivable (Gross) for ₹ 35218 lakhs (previous year: ₹ 29645 lakhs) and an equal amount of provision has been made in the books of accounts.

The amount withheld from employees who retired after 30<sup>th</sup> June 2021 is kept under other liabilities ₹ 4445 lakhs (Previous year: ₹ 3026 Lakhs).

Based on the final order that may be passed, suitable effect will be carried out in the accounts.

#### Note: 49 (21)

Ministry vide OM dated 12.07.2023 has conveyed the approval for increasing the Company's contribution to the Pension Scheme of Executives from existing 7% to 10% of Basic Pay + DA w.e.f. 01.01.2017. Revision of Pension contribution



from 7% to 10% of Basic Pay + DA w.e.f 01.01.2017 has been made in respect of Executives who are on the rolls of the Company as on the date of implementation of the revised ceiling i.e. 01.01.2017. In respect of new incumbents who joined the Company post 01.01.2017, it will be effective from the date of appointment.

The additional liability accruing to the division due to the increased ceiling, is ₹ 21736 lakhs pertaining to the period from 1 January, 2017 to 31 March, 2024 (₹ 3513 lakhs for the year ended 31<sup>st</sup> March 2024). The total additional financial impact on revision of Pension contribution has been given effect in the books of accounts during the year ended 31 March 2024. Accordingly, employees cost for the current year is not comparable with the corresponding previous year

Our opinion is not modified in respect of these matters.

### **LCA Division Inventory**

Inventory were damaged due to floods caused by rains, based on an internal technical assessment committee estimated the loss of Inventory ₹ 7856 lakhs and the same has been provided in the books during the year 2022-23. Subsequently, based on the findings as part of the exercise to submit an insurance claim, the actual loss has been re-assessed as ₹ 6591 Lakhs and same provision has been created under Replacement Charges ₹ 5590 lakhs and Redundancy Charges of ₹ 1001 Lakhs during the year 2023-24.

Our opinion is not modified in respect of these matters.

### **Note: 49 (32)**

#### **Notes Specific to Joint Ventures**

##### **(i) In respect of HATSOFF Helicopter Training Private Limited**

###### **Going Concern**

The Company has made a net profit of ₹ 1897.07 lakhs for the year ended 31 March, 2024 and, as of that date, the Company's current liabilities exceeded its current assets by ₹ 12960.71 lakhs. In addition to this, as at the balance sheet date, the Company has significant accumulated losses which have resulted in erosion of the net worth. The net worth of the Company as at 31 March, 2024 is negative by ₹ 1564.98 lakhs (as at 31 March, 2023 negative by ₹ 3462.05 lakhs).

The Company has incurred a cost of ₹ 4332.42 lakhs in connection with the Military Dhruv Cockpit development. The supply contract with CAE Inc, Canada, wherein the Company exported the cockpit purchased from Hindustan Aeronautics Limited to CAE Inc. for further fittings and is currently awaiting the delivery of the completed Military Dhruv Cockpit. The agreed price in 2008 was USD 6,892,777 and an amount of USD 4,892,777 (₹ 2090.73 lakhs) was paid. The revised estimated price, as quoted by CAE Inc, in June 2019 and valid until March 2020 is USD 13,692,777 reflecting cost escalation. The Company is currently negotiating for the final quote and delivery schedules from CAE Inc. The management expects to reach an agreement with CAE Inc, to finalize the price and delivery schedule. Consequently, no impairment is deemed necessary for the amount shown under CWIP and capital advances.

However, these financial statements have been prepared on a going concern basis, notwithstanding the above factors in view of the following:

- 1) Board has affirmed that Company has the ability to meet all the obligations.
- 2) The Company has been able to get the multi-year contracts from Defence forces with increased training hours.
- 3) The Company along with the shareholders are presently pursuing several options with the Company's bankers, viz. ICICI Bank.
- 4) The Company has paid ECB principal of ₹ 4518.05 lakhs (US\$ 5,445,471) against ECB overdue instalments during the reporting period at various dates and serviced interest up to 4 September 2023.
- 5) The ECB Loan is classified as Non-Performing Asset by the lending bank in view of non-payment of instalments due. The bankers have not recalled the loan.

Considering the promoters ability to fund the Company's requirements and procure orders for execution, management is of the opinion that Company is a going concern.





**(ii) In respect of HALBIT Avionics Private Ltd**

**Material Uncertainty Related to Going Concern**

The Company, as on 31 March 2024, has a net liability of ₹ 1002.06 lakhs (March 31<sup>st</sup> 2023 ₹ 1154.21 lakhs) and a net current liability of ₹ 1093.97 lakhs (March 31<sup>st</sup> 2023: ₹ 1238.7 lakhs) indicating existence of an uncertainty that may cast doubt upon the Company's ability to continue as a going concern. However, the bulk of its current liability is subject to the satisfactory completion of the performance obligations by the supplier, who is also a shareholder of this joint venture Company. Besides this, the Company continues to generate positive cash flows from its operations and plans to liquidate the liability in a phased manner. The Company expects to fund its operating and capital expenditure and continue business operations. Accordingly, the management has determined that these actions are sufficient to mitigate the uncertainty and has prepared the financial statements on a going concern basis.

**(iii) In respect of Multirole Transport Aircraft Limited**

Board in its 47<sup>th</sup> Meeting held on 09<sup>th</sup> February, 2023, approved the following resolution: "Subject to the necessary approval being obtained from the Government of India, in principle approval of the Board was accorded for the Voluntary Liquidation of the company in accordance with its Articles of Association, Shareholders Agreement and other relevant contracts, provisions of Section 59 and other applicable provisions of the Insolvency and Bankruptcy Code 2016 read with the Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulations, 2017 and other provisions of the Companies Act 2013 and relevant rules and any other law as may be applicable. Hence on fulfilment of the following steps, the Going Concern assumption will become inappropriate-

- i. Receipt of Government of India approval for closure of the company,
- ii. Adopting unanimous resolution with affirmative vote by all the directors as per Para 9.4(h) of the Shareholders Agreement read with Para 147(2)(h) of the Articles of Association, recommending liquidation of the company to the General Meeting
- iii. Adopting necessary resolutions for Voluntary Liquidation of the company in the Members General Meeting as per the provisions of Insolvency and Bankruptcy Code, 2016
- iv. Adherence of procedures for closure of MTAL Moscow Branch in compliance with rules and regulations of Russian Federation
- v. Compliance of all other necessary steps as per internal rules and regulations of the company, as well as applicable statutory provisions of the respective country (i.e. India and Russian Federation) for closure of the company.

Our opinion is not modified in respect of these above matters.

**(iv) In respect of Infotech HAL Ltd**

The audited/reviewed financial statements of Infotech HAL Ltd, joint venture of Hindustan Aeronautics Limited are not made available and hence not considered in consolidated financial statements. The joint venture was hitherto consolidated under equity method. The impact of non-consolidation, however, is not material.

**(v) In Respect of HAL Edgewood Technologies Private Limited**

The Joint Venture Company has not prepared the financial statements for the year ended 31 March 2024, and accordingly not considered for consolidation.

The impact of non-consolidation, however, is not material. The Board in its 406<sup>th</sup> meeting held on 22<sup>nd</sup> September 2017, accorded in principle approval for voluntary winding up / closure of HAL-Edgewood Technologies Private Limited enabling the Company to take further action in the matter.

**In respect of TATA HAL Technologies Ltd-CLOSED**

TATA HAL Technologies Limited, pursuant to the Board Resolution dated 8<sup>th</sup> June 2021, had filed the application for voluntary liquidation to MCA in terms of Section 59 of the Insolvency and Bankruptcy Code, 2016 and the official liquidator was appointed. The official liquidator, vide their letter dated 07.03.2022, intimated about the distribution of liquidation proceeds to the stakeholders of the TATA HAL Technologies Limited. Pursuant to the same liquidation proceeds of ₹ 34 lakhs was received by the Company. [On 27 April, 2022 (₹ 31 lakhs) and 15 June, 2022 (₹ 3 lakhs)]. The Group has derecognized the investment made in TATA HAL Technologies Limited as at 30 June, 2022.



## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Key Audit Matters   | Response to Key Audit Matters & Conclusion  |
|---|---|
| <p><b>a) Revenue recognition</b><br/>(Ind AS 115)</p> <p>The revenue standard establishes a comprehensive framework for determining whether, how much and when revenue is recognized. This involves certain key judgments relating to identification of distinct performance obligations, determination of transaction price of identified performance obligation, the appropriateness of the basis used to measure revenue recognized over a period. Additionally, the standard mandates robust disclosures in respect of revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.</p> | <p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> <li>• Evaluated the appropriateness of the disclosures provided under the revenue standard and assessed the completeness and mathematical accuracy of the relevant disclosures.</li> <li>• Evaluated the design of internal controls relating to implementation of the revenue accounting standard.</li> <li>• Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, reperformance and inspection of evidence in respect of operation of these controls.</li> <li>• Selected a sample of continuing and new contracts and performed the following procedures: <ul style="list-style-type: none"> <li>• Read, analysed and identified the distinct performance obligations in these contracts.</li> <li>• Compared these performance obligations with that of identified and recorded by the group.</li> </ul> </li> <li>• Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable revenue.</li> <li>• Examination of the correspondence relating to price revision and ascertained the reasonableness of the estimates.</li> </ul> <p>Sample of revenues disaggregated by type and service offerings was tested with the performance obligations specified in the underlying contracts.</p> |
| <p><b>b) Impairment of Trade Receivables</b></p> <p>In respect of receivables from Government the company does not make any impairment provision based on past experience.</p> <p>The amount involved being significant balance and management judgment we consider this as a Key Audit Matter.</p>   | <p>We have verified the</p> <ol style="list-style-type: none"> <li>Effectiveness of internal controls in place and procedures followed in identifying the recoverability of long outstanding dues.</li> <li>The procedures and follow-up actions in ascertaining the impairment of receivables.</li> </ol> <p>Our audit procedures include evaluation of provisions made for impairment in earlier years. We also made test checks of invoice wise collection details provided made in respect of in the five preceding financial years and we concluded the management assumption is reasonable.</p>   |



| Key Audit Matters  | Response to Key Audit Matters & Conclusion  |
|--|---|
| <p><b>c) Contract Asset</b></p> <p>Contract asset represents the revenue recognized and yet to be invoiced to the customer.</p>  | <p>Contract Assets represents the Company's right to receive the consideration in exchange for the Goods or Services that the Company has transferred to the Customer, when that right is conditioned on something other than passage of time.</p>  |
| <p><b>d) Liquidated damages</b></p> <p>The Company's contract with the customers has standard clause for Liquidated damages for delayed delivery. The Company's product has extended period of manufacturing; design approvals and inspection by customer at various stages which result in delay in certain cases leading to liquidated damages. The liquidated damages recognized being significant in the statement of profit and loss, is considered a key audit matter in our opinion.</p>  | <p>We have verified the controls, period of delay, the expected days of delay as on 31.03.2024 and the calculation for the liquidated damages recognized and found the system followed and calculation to be in order.</p>  |
| <p><b>e) Work - in - Progress (WIP) - Inventories</b></p> <p>Inventories include Work in Progress which have been physically verified by the management based on physical verification instructions.</p>   | <p>Our Audit Procedures generally include review of</p> <ul style="list-style-type: none"> <li>• Physical Verification instructions</li> <li>• Physical verification reports</li> <li>• Roll back procedures</li> <li>• Examining the basis of valuation on a test check basis</li> </ul> <p>Based on the above audit procedures we conclude that the valuation of WIP is proper.</p> |
| <p><b>f) Pay Refixation</b></p> <p>Revision of pay scales of executives and workmen, with effect from 01.01.2017 was implemented in accordance with the guidelines issued by Department of Public Enterprises vide OM dated 03.08.2017 for Executives and in accordance with the Wage Agreement entered into between Management and Employees Union representative in 2019-20 in respect of Workmen.</p> <p>On an interpretation on pay refixation and pursuant to the directives of the Administrative Ministry, the pay fixation to be revised and the excess amount paid is to be recovered from the employees.</p> <p>This has resulted in reduction of salaries and wages by ₹ 5573 lakhs (previous year: ₹ 5155 lakhs) for the year ended 31<sup>st</sup> March 2024.</p> <p>While so, the Employees Union and Officers Association have filed Writ Petition with Hon'ble High Court of Karnataka to stay recovery of excess amount of salary paid by the Company. The Honorable High Court has granted interim stay on recoveries, pending disposal of the writ petitions by the High court, the excess amount is shown under claims receivable (Gross) for ₹ 35218 lakhs (previous year: ₹ 29645 lakhs) and an equal amount of provision has been made in the books of accounts. The amount withheld from employees who retired after 30 June 2021 is kept under other liabilities ₹ 4445 lakhs (Previous Year: ₹ 3026 lakhs).</p> | <p>We have Verified the Calculations as well as the Interim Stay Granted by Hon'ble High Court of Karnataka and there are no major observations.</p>  |



## Key Audit Matters

### g) Revision of Contribution to Pension Scheme

Ministry vide OM dated 12.07.2023 has conveyed the approval for increasing the Company's contribution to the Pension Scheme of Executives from existing 7% to 10% of Basic Pay + DA w.e.f. 01.01.2017. Revision of Pension contribution from 7% to 10% of Basic Pay + DA w.e.f 01.01.2017 has been made in respect of Executives who are on the rolls of the Company as on the date of implementation of the revised ceiling i.e. 01.01.2017. In respect of new incumbents who joined the Company post 01.01.2017, it will be effective from the date of appointment.

The additional liability accruing to the division due to the increased ceiling, is ₹ 21736 lakhs pertaining to the period from 1 January, 2017 to 31 March, 2024 (₹ 3513 lakhs for the year ended 31<sup>st</sup> March 2024). The total additional financial impact on revision of Pension contribution has been given effect in the books of accounts during the period ended 31<sup>st</sup> March 2024. Accordingly, employees cost for the current year is not comparable with the corresponding previous year

## Response to Key Audit Matters & Conclusion

We have Verified the Calculations and there are no major observations.

## Information Other than the Financial Statements and Auditors Reports Thereon

The Holding Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's Annual report, but does not include the financial statements and auditor's report thereon. The Holding Company's Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

## Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act, that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the group, including its Joint Ventures, in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Management and Board of Directors of the Companies included in the Group and of its Joint Ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated 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 Management and Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the Companies included in the Group and of its Joint ventures are responsible for assessing the ability of the Group and of its Joint Ventures to continue as a Going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless



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

The respective Board of Directors of the Companies included in the Group and of its Joint ventures are responsible for overseeing the financial reporting process of Company and of its Joint ventures.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143 (3) (i) of the Companies Act 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of Consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of the assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its Joint Ventures to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its Joint Ventures to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other Companies included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings including any significant deficiencies in Internal Control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



## Other Matters

We did not audit the financial statements/financial information of Two subsidiaries, whose financial statements/ financial information reflect total assets of ₹ 4302.43 Lakhs as at 31<sup>st</sup> March 2024, total revenues of ₹ 1478 lakhs and net cash flows amounting to negative ₹ 124.24 Lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of ₹ 326.41 lakhs for the year ended 31<sup>st</sup> March, 2024, as considered in the consolidated financial statements, in respect of twelve joint ventures, whose financial statements/ financial information have not been audited by us. These financial statements/ financial information have been audited by other auditors whose reports have been furnished to us (except for two joint ventures namely HAL Edgewood Technologies Pvt Ltd and Infotech HAL Ltd) by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint ventures and our report in terms of sub – sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and joint ventures, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Our opinion is not modified in respect of these matters.

## Report on Other Legal and Regulatory Requirements

As required by Section 143 (3) of the Act, we report, to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
- d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.
- e) Ministry of Corporate Affairs vide notification no 1/2/2014-CL-V dated 23<sup>rd</sup> February 2018 has exempted the companies engaged in defence production to the extent of application of relevant Accounting Standard on Segment Reporting. In view of the above, no disclosure is made by the Group as required Ind AS 108. Subject to the above, We state that, in our opinion, the aforesaid Consolidated Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- f) In terms of Circular No.GSR 463(E) dated 05<sup>th</sup> June 2015 issued by the Ministry of Corporate Affairs, Government of India, the Company being Government Company, is exempt from the provisions of Section 164(2) of the Act regarding disqualification of Directors.
- g) With respect to the adequacy of internal financial controls with reference to Consolidated financial statements of the Group and the operating effectiveness of such controls, refer to our separate report in **"Annexure B"**.
- h) With respect to the other matters to be included in the Auditors' 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 consolidated financial statements disclose the impact of pending litigations as at 31 March 2024, on the consolidated financial position of the Group, and its joint ventures. (refer Note 49 4 (a) & (b), and 49 (20) to the consolidated financial statements)
  - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, on long-term contracts as on March 31, 2024. The Group and its Joint Ventures did not have any derivative contracts.



- iii. There are no amounts which were required to be transferred to the Investor education and protection fund by the Holding Company and its subsidiary companies and joint ventures incorporated in India.
- iv.
  - (a) The management of Holding Company represented that, to the best of their knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding company or any of its subsidiary companies incorporated in India to or in any other person(s) or entity(ies), including foreign entities (“intermediaries”), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of its subsidiary companies incorporated in India (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - (b) The management of Holding Company represented that, to the best of their knowledge and belief, no funds have been received by the Holding company or any of its subsidiary companies incorporated In India from any person(s) or entity(ies), including foreign entities (“funding Parties”), with the understanding, whether recorded in writing or otherwise, that Holding company or any of its subsidiary companies incorporated In India shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - (c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of rule 11(e), has provided under (i) and (ii) above, contain any material misstatements.
- v)
  - a) The Company has declared final dividend for the financial year 2022-2023 on 31.08.2023.
  - b) The interim dividends declared on 12.02.2024 for the financial year 2023-2024 and paid by the Company during the year is in accordance with Section 123 of the Companies Act, 2013.
  - c) The Company has not proposed any final dividend up to the date of our report.
- vi. The reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is applicable from 1 April 2023.

Based on our examination, which included test checks, the Company has used accounting software for maintaining its books of account for the financial year ended 31<sup>st</sup> March, 2024 which has a feature of recording audit trail (Edit log) facility and the same has been operated throughout the year for all relevant transactions recorded in the respective software. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with.

In our opinion, there is a scope for improvement and the existing audit trail need to be strengthened.

2. With respect to the matters specified in paragraph 3(xxi) and 4 of the Companies (Auditor’s Report) Order 2020, to be included in the Auditors report, and based on the CARO report issued by us for the Company and its subsidiaries and Joint ventures included in the consolidated financial statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO Report.

**For A. John Moris & Co.**  
Chartered Accountants  
FRN No: 0072205



**Rathan Raj. A**

Partner

Membership No. 228538

UDIN: 24228538BKFEVS2371

Place: New Delhi  
Date: 16.05.2024



## ANNEXURE-A

| Sl. No.               | Subsidiaries   |
|-----------------------|--|
| 1                     | Naini Aerospace Limited  |
| 2                     | Indo Russian Helicopters Limited (IRHL)  |
| <b>Joint Ventures</b> |  |
| 1                     | BAe-HAL Software Ltd   |
| 2                     | Safran HAL Aircraft Engines Private Ltd  |
| 3                     | Indo Avia Services Limited (Erstwhile referred as Indo Russian Aviation Limited) |
| 4                     | HALBIT Avionics Pvt. Ltd   |
| 5                     | SAMTEL HAL Display Systems Ltd   |
| 6                     | HATSOFF Helicopter Training Pvt. Ltd.  |
| 7                     | International Aerospace Manufacturing Pvt.Ltd.                                   |
| 8                     | Helicopter Engines MRO Pvt. Ltd  |
| 9                     | SAFHAL Helicopter Engines Pvt.Ltd  |
| 10                    | Multirole Transport Aircraft Ltd   |
| 11*                   | HAL Edgewood Technologies Private Limited  |
| 12*                   | Infotech HAL Limited   |

\*Not considered in Consolidation as the financial statements were not made available till the date of our report. Please refer to points (iv) to (v) of Emphasis of matter paragraph in our Report.





## ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF HINDUSTAN AERONAUTICS LIMITED

Report on the Internal Financial Controls with reference to Consolidated financial statements under Clause (i) of Subsection 3 of Section 143 of the Companies Act, 2013 ("the Act").

In conjunction with our audit of the Consolidated Financial Statements of the Company as of and for the year ended March 31, 2024, we have audited the Internal Financial Controls with reference to Consolidated financial statements of **HINDUSTAN AERONAUTICS LIMITED** ('the Holding Company') and its Subsidiary Companies and Joint Ventures, which are companies incorporated in India, as of that date.

### Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company and its Subsidiary Companies and Joint Ventures which are companies incorporated in India, are responsible for establishing and maintaining Internal Financial Controls based on the Internal Control with reference to Consolidated financial statements criteria established by the Holding 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 the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ('the Act').

### Auditors' Responsibility

Our responsibility is to express an opinion on the Group Company's and Joint Ventures Internal Financial Controls with reference to Consolidated financial statements based on our audit.

Based upon the audit conducted by the divisional statutory auditors on the divisions, our audit done for the overall position of the Company and audit conducted by the IFC auditor.

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 prescribed under section 143(10) of the Act, to the extent applicable to an audit of Internal Financial Controls, both applicable to an audit of Internal Financial Controls and, both issued by 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 with reference to Consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the Internal Financial Controls system with reference to Consolidated financial statements and their operating effectiveness. Our audit of Internal Financial Controls with reference to Consolidated financial statements included obtaining an understanding of Internal Financial Controls with reference to Consolidated financial statements, 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 Auditors' judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained 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 with reference to Consolidated financial statements of the Group and its Joint Ventures.

### Meaning of Internal Financial Controls Over Financial Reporting

A Company's Internal Financial Control with reference to Consolidated financial statements 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 with reference to Consolidated financial statements includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company.



- 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
- 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 with reference to Consolidated financial statements

Because of the inherent limitations of Internal Financial Controls with reference to Consolidated financial statements, 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 with reference to Consolidated financial statements to future periods are subject to the risk that the Internal Financial Control with reference to Consolidated financial statements may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Holding Company, its Subsidiary Companies and its Joint Ventures incorporated in India has, in all material respects, an adequate Internal Financial Controls System with reference to Consolidated financial statements and such Internal Financial Controls were operating effectively as at March 31, 2024, based on the Internal Control with reference to Consolidated financial statements 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 ICAI.

#### Other Matters

Our aforesaid Reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the Internal Financial Controls with reference to Consolidated financial statements in so far as it relates to the Subsidiaries and Joint Ventures which are companies incorporated in India, is based on the corresponding Reports of the Auditors of such companies incorporated in India.

**For A. John Moris & Co.**

Chartered Accountants  
FRN No: 0072205



**Rathan Raj. A**

Partner

Membership No. 228538  
UDIN: 24228538BKFEVS2371

Place: New Delhi  
Date: 16.05.2024



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प्रधान निदेशक रक्षा-वाणिज्यिक लेखापरीक्षा का कार्यालय  
बेंगलूरु - 560 001

OFFICE OF THE PRINCIPAL DIRECTOR OF AUDIT,  
DEFENCE-COMMERCIAL, BENGALURU - 560 001

दिनांक/DATE. 18-07-2024

To

The Chairman & Managing Director  
Hindustan Aeronautics Limited  
Corporate Office,  
No.15/1, Cubbon Road,  
Bengaluru-560001.

Sir,

Sub: Comments of the Comptroller and Auditor General of India under section  
143(6)(b) of the Companies Act, 2013.

\*\*\*\*\*

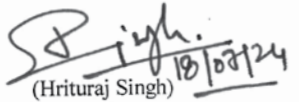
I forward herewith Nil Comments Certificate of the Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the standalone accounts and consolidated accounts of Hindustan Aeronautics Limited, Bengaluru for the year ended 31 March 2024.

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,

  
(Hrituraj Singh)  
Deputy Director (Reports)

Encl: As above.

भारतीय लेखापरीक्षा एवं लेखा विभाग  
INDIAN AUDIT & ACCOUNTS DEPARTMENT  
पहला तल, बसव भवन, श्री बसवेश्वर रोड, बेंगलूरु - 560001  
1st Floor, Basava Bhavan, Sri Basweswara Road, Bengaluru - 560 001.

दू.भा./Phone : 080-2226 7646 / 2226 1168  
Email : pda.dc.blr@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, BENGALURU FOR THE YEAR ENDED 31 MARCH 2024.**

The preparation of consolidated financial statements of **Hindustan Aeronautics Limited (HAL)**, Bengaluru for the year ended 31 March 2024 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) 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 the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by him vide their Audit Report dated 16 May 2024.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of Hindustan Aeronautics Limited, Bengaluru for the year ended 31 March 2024 under section 143(6) (a) read with section 129(4) of the Act. We conducted a supplementary audit of the financial statements of Hindustan Aeronautics Limited, Bengaluru but did not conduct supplementary audit of the two Subsidiaries, viz., Indo Russian Helicopters Limited, Bengaluru and Naini Aerospace Limited, Prayagraj and 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)(a) of the Act are not applicable to the twelve Joint Venture Companies being private entities (*Annexure*), for appointment of their Statutory Auditor and for conduct of supplementary audit. Accordingly, Comptroller and Auditor General of India 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 auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditor's Report under section 143(6)(b) of the Act.

**For and on behalf of the  
Comptroller & Auditor General of India**

*Rajesh Ranjan*  
(Rajesh Ranjan)

**Pr. Director of Commercial Audit (Defence-Commercial)**

**Place: Bengaluru  
Date: 18 July 2024.**



## ANNEXURE

List of Joint Venture Companies of Hindustan Aeronautics Limited for which supplementary audit of the Financial Statements not conducted by this office

01. BAe-HAL Software Limited
02. Indo-Avia Services Limited
03. Safran HAL Aircraft Engines Private Limited
04. SAMTEL HAL Display System Limited
05. HAL Edgewood Technologies Private Limited
06. HALBIT Avionics Private Limited
07. Infotech HAL Limited
08. HATSOFF Helicopter Training Private Limited
09. International Aerospace Manufacturing Private Limited
10. Multirole Transport Aircraft Limited
11. Helicopter Engines MRO Private Limited
12. SAFAL Helicopter Engines Private Limited



SUPREME AUDIT INSTITUTION OF INDIA  
लोकहितार्थं सत्यनिष्ठा  
Dedicated to Truth in Public Interest

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**By Speed Post**

सं./No. ~~आ~~asp-II | 2024-25 | Naini A/c | 496 | 114

प्रधान निदेशक रक्षा-वाणिज्यिक लेखापरीक्षा का कार्यालय  
बेंगलूरु - 560 001

OFFICE OF THE PRINCIPAL DIRECTOR OF AUDIT,  
DEFENCE-COMMERCIAL, BENGALURU - 560 001

दिनांक/DATE. 05.07.2024

To  
The Chairman,  
Naini Aerospace Limited  
Regd. Office : 15/1, Cubbon Road  
Bangalore – 560 001

Sir,

Sub: Comments of the Comptroller and Auditor General of India under section 143(6) (b) of the Companies Act, 2013.


I forward herewith Non-Review Certificate of the Comptroller and Auditor General of India under Section 143(6) (b) of the Companies Act, 2013 on the accounts of Naini Aerospace Limited, Prayagraj for the year ended 31 March 2024.

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,

  
(J. N. Perumal)  
Director (Admn.)

Encl: As above.

भारतीय लेखापरीक्षा एवं लेखा विभाग  
INDIAN AUDIT & ACCOUNTS DEPARTMENT

पहला तल, बसव भवन, श्री बसवेश्वर रोड, बेंगलूरु - 560001  
1st Floor, Basava Bhavan, Sri Basweswara Road, Bengaluru - 560 001.

दूर.भा./Phone : 080-2226 7646 / 2226 1168  
Email : pda.dc.blr@cag.gov.in

फैक्स /Fax : 080-2226 2491



**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF NAINI AEROSPACE LIMITED, PRAYAGRAJ FOR THE YEAR ENDED 31 MARCH 2024.**

The preparation of financial statements of Naini Aerospace Limited, Prayagraj for the year ended 31 March 2024 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 the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 01.05.2024.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of Naini Aerospace Limited, Prayagraj for the year ended 31 March 2024 and as such have no comments to make under section 143(6)(b) of the Act.

**For and on the behalf of the  
Comptroller & Auditor General of India**

  
(Rajesh Ranjan, IA&AS)  
**Pr. Director of Audit (Defence-Commercial)**

Place: Bengaluru  
Date: 05 July 2024.



SUPREME AUDIT INSTITUTION OF INDIA  
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सं./No. Insp-II/2024-25/IRHL-Ad/497/116

प्रधान निदेशक रक्षा-वाणिज्यिक लेखापरीक्षा का कार्यालय  
बेंगलूरु - 560 001

OFFICE OF THE PRINCIPAL DIRECTOR OF AUDIT,  
DEFENCE-COMMERCIAL, BENGALURU - 560 001

दिनांक/DATE. 05.07.2024

To  
The Chairman,  
M/s. Indo-Russian Helicopters Limited  
HAL Corporate Office  
Cubbon Road,  
Bengaluru – 560 001

Sir,

Sub: Comments of the Comptroller and Auditor General of India under section 143(6) (b) of the Companies Act, 2013.

I forward herewith Non-Review Certificate of the Comptroller and Auditor General of India under Section 143(6) (b) of the Companies Act, 2013 on the accounts of Indo-Russian Helicopters Limited, Bengaluru for the year ended 31 March 2024.

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,

(J. N. Perumal)  
Director (Admn.)

Encl: As above.

भारतीय लेखापरीक्षा एवं लेखा विभाग  
INDIAN AUDIT & ACCOUNTS DEPARTMENT  
पहला तल, बसव भवन, श्री बसवेश्वर रोड, बेंगलूरु - 560001  
1st Floor, Basava Bhavan, Sri Basweswara Road, Bengaluru - 560 001.

दूर.भा./Phone : 080-2226 7646 / 2226 1168  
Email : pda.dc.blr@cag.gov.in

फैक्स /Fax : 080-2226 2491





**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF INDO-RUSSIAN HELICOPTERS LIMITED, BENGALURU FOR THE YEAR ENDED 31 MARCH 2024.**

The preparation of financial statements of Indo-Russian Helicopters Limited, Bengaluru for the year ended 31 March 2024 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 the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 13.05.2024.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of Indo-Russian Helicopters Limited, Bengaluru for the year ended 31 March 2024 and as such have no comments to make under section 143(6)(b) of the Act.

**For and on the behalf of the  
Comptroller & Auditor General of India**

*Rajesh Ranjan*  
**(Rajesh Ranjan, IA&AS)**  
**Pr. Director of Audit (Defence-Commercial)**

Place: Bengaluru  
Date: 05 July 2024.



# Consolidated Balance Sheet as at March 31, 2024

(₹ in Lakhs)

| Particulars  | Note No. | As at 31 <sup>st</sup> March 2024 | As at 31 <sup>st</sup> March 2023 |
|--|----------|-----------------------------------|-----------------------------------|
| <b>ASSETS</b>  |          |                                   |                                   |
| <b>Non-current assets</b>                              |          |                                   |                                   |
| (a) Property, Plant and Equipment                      | 1        |                                   |                                   |
| Gross Block  | 1A       | <b>1257385</b>                    | 1179031                           |
| Less: Accumulated Depreciation                         | 1B       | <b>629059</b>                     | 548866                            |
| Less: Impairment                                       | 1C       | <b>50303</b>                      | 50303                             |
| Net Block  |          | <b>578023</b>                     | 579862                            |
| (b) Capital work-in-progress                           | 2        | <b>93688</b>                      | 63690                             |
| (c) Investment Property                                | 3        |                                   |                                   |
| Gross Block  | 3A       | <b>4</b>                          | 4                                 |
| Less: Accumulated Depreciation                         | 3B       | <b>2</b>                          | 1                                 |
| Less: Impairment                                       | 3C       | <b>0</b>                          | 0                                 |
| Net Block  |          | <b>2</b>                          | 3                                 |
| (d) Goodwill   | 4        | <b>0</b>                          | 0                                 |
| (e) Other Intangible assets                            | 5        |                                   |                                   |
| Gross Block  | 5A       | <b>459405</b>                     | 406669                            |
| Less: Accumulated Amortization                         | 5B       | <b>299898</b>                     | 240452                            |
| Less: Impairment                                       | 5C       | <b>63843</b>                      | 62642                             |
| Net Block  |          | <b>95664</b>                      | 103575                            |
| (f) Intangible Assets under Development                | 6        |                                   |                                   |
| Gross Block  | 6A       | <b>219747</b>                     | 188608                            |
| Less: Accumulated Amortization                         | 6B       | <b>58518</b>                      | 58518                             |
| Less: Impairment                                       | 6C       | <b>5574</b>                       | 5280                              |
| Net Block  |          | <b>155655</b>                     | 124810                            |
| (g) Investments accounted for using the Equity Method  | 7        | <b>20164</b>                      | 16833                             |
| (h) Financial Assets                                   |          |                                   |                                   |
| (i) Investments  | 7A       | <b>138969</b>                     | 128959                            |
| (ii) Trade Receivables                                 | 8        | <b>0</b>                          | 0                                 |
| (iii) Contract Assets                                  | 8A       | <b>0</b>                          | 0                                 |
| (iv) Loans   | 9        | <b>561</b>                        | 621                               |
| (v) Other Financial Assets                             | 10       | <b>39547</b>                      | 41298                             |
| (i) Deferred tax Assets (Net)                          | 11       | <b>145433</b>                     | 112571                            |
| (j) Other Non-Current Assets                           | 12       | <b>240063</b>                     | 359654                            |
| <b>Total non-current assets</b>                        |          | <b>1507769</b>                    | 1531876                           |
| <b>Current assets</b>                                  |          |                                   |                                   |
| (a) Inventories  | 13       | <b>1321754</b>                    | 1214869                           |
| (b) Financial Assets                                   |          |                                   |                                   |
| (i) Investments  | 14       | <b>0</b>                          | 0                                 |
| (ii) Trade receivables                                 | 15       | <b>461685</b>                     | 471918                            |
| (iii) Contract Assets                                  | 15A      | <b>1189396</b>                    | 937640                            |
| (iv) Cash and Cash Equivalents                         | 16       | <b>425469</b>                     | 444077                            |
| (v) Bank Balances other than Cash and Cash Equivalents | 17       | <b>2217692</b>                    | 1587584                           |
| (vi) Loans   | 18       | <b>1077</b>                       | 776                               |
| (vii) Other Financial Assets                           | 19       | <b>151419</b>                     | 111916                            |
| (c) Current Tax Assets (Net)                           | 20       | <b>0</b>                          | 0                                 |
| (d) Other Currents Assets                              | 21       | <b>533257</b>                     | 418913                            |
| <b>Total current assets</b>                            |          | <b>6301749</b>                    | 5187693                           |
| <b>Assets held for Sale</b>                            |          | <b>0</b>                          | 811                               |
| <b>Total Assets</b>                                    |          | <b>7809518</b>                    | 6720380                           |




# Consolidated Balance Sheet as at March 31, 2024

(₹ in Lakhs)

| Particulars   | Note No. | As at 31 <sup>st</sup> March 2024 | As at 31 <sup>st</sup> March 2023 |
|---|----------|-----------------------------------|-----------------------------------|
| <b>EQUITY AND LIABILITIES</b>   |          |                                   |                                   |
| <b>Equity</b>   |          |                                   |                                   |
| (a) Equity Share capital  | 22       | 33439                             | 33439                             |
| (b) Other Equity  | 23       | 2880378                           | 2323776                           |
| <b>Equity attributable to owners of the parent</b>  |          | <b>2913817</b>                    | <b>2357215</b>                    |
| Non-controlling interest  |          | 364                               | 374                               |
| <b>Total equity</b>   |          | <b>2914181</b>                    | <b>2357589</b>                    |
| <b>LIABILITIES</b>  |          |                                   |                                   |
| <b>Non-current liabilities</b>  |          |                                   |                                   |
| (a) Financial Liabilities   |          |                                   |                                   |
| (i) Borrowings  | 24       | 0                                 | 0                                 |
| (ia) Lease Liabilities  | 24A      | 108                               | 251                               |
| (ii) Trade payables   | 25       |                                   |                                   |
| A) total outstanding dues of micro enterprises and small enterprises                      |          | 0                                 | 0                                 |
| B) total outstanding dues of creditors other than micro enterprises and small enterprises |          | 0                                 | 0                                 |
| Sub Total- Trade payables   |          | 0                                 | 0                                 |
| (iii) Other Financial Liabilities   | 26       | 50586                             | 52503                             |
| (b) Provisions  | 27       | 157834                            | 134710                            |
| (c) Deferred Tax Liabilities (Net)  | 28       | 0                                 | 0                                 |
| (d) Other Non-Current Liabilities   | 29       | 1054376                           | 1092600                           |
| <b>Total non-current liabilities</b>  |          | <b>1262904</b>                    | <b>1280064</b>                    |
| <b>Current Liabilities</b>  |          |                                   |                                   |
| (a) Financial liabilities   |          |                                   |                                   |
| (i) Borrowings  | 30       | 0                                 | 0                                 |
| (ia) Lease Liabilities  | 30A      | 2                                 | 14                                |
| (ii) Trade payables   | 31       |                                   |                                   |
| A) total outstanding dues of micro enterprises and small enterprises                      |          | 14605                             | 6407                              |
| B) total outstanding dues of creditors other than micro enterprises and small enterprises |          | 326682                            | 307090                            |
| Sub Total- Trade payables   |          | 341287                            | 313497                            |
| (iii) Other Financial liabilities   | 32       | 245138                            | 210943                            |
| (b) Other Current Liabilities   | 33       | 2254968                           | 1853714                           |
| (c) Provisions  | 34       | 761071                            | 677831                            |
| (d) Current tax liabilities (Net)   | 35       | 29967                             | 26728                             |
| <b>Total current liabilities</b>  |          | <b>3632433</b>                    | <b>3082727</b>                    |
| <b>Total Equity and Liabilities</b>   |          | <b>7809518</b>                    | <b>6720380</b>                    |

Material accounting policies and accompanying Notes No. 1 to 49 form an integral part of the financial statements  
As per our report of even date attached

For and on behalf of the Board of Directors



**(EJPURA PUTHRAPPA JAYADEVA)**  
Director (Operations)  
DIN: 06761333



**(C. B. ANANTHAKRISHNAN)**  
Director (Finance) & CFO  
Chairman & Managing Director  
(Additional Charge)  
DIN: 06761339

**For A JOHN MORIS & CO.**  
Chartered Accountants,  
Firm Registration No: 0072205



**RATHAN RAJ A**  
Partner  
Membership No: 228538  
Place: New Delhi  
Date: 16.05.2024



**(SHAILESH BANSAL)**  
Company Secretary  
FCS No. 5064



# Consolidated Statement of Profit and Loss

for the year ended 31<sup>st</sup> March 2024

(₹ in Lakhs)

| S. No. | Particulars   | Note No. | For the Year ended 31 <sup>st</sup> March 2024 | For the Year ended 31 <sup>st</sup> March 2023 |
|--------|---|----------|--|--|
|        | <b>REVENUE</b>  |          |  |  |
| I      | Revenue from Operations   | 36       | <b>3038108</b>                                 | 2692746  |
| II     | Other Income  | 37       | <b>189660</b>                                  | 167012   |
| III    | <b>Total Income (I+II)</b>  |          | <b>3227768</b>                                 | 2859758  |
| IV     | <b>EXPENSES</b>   |          |  |  |
|        | Cost of Materials Consumed  | 38       | <b>1234633</b>                                 | 999368   |
|        | Purchases of Stock-in-Trade   | 38A      | <b>67140</b>                                   | 79915  |
|        | Changes in Inventories of Finished Goods, Stock-in-Trade, Work-in-Progress and Scrap              | 39       | <b>-195864</b>                                 | -69072   |
|        | Employee Benefits Expense   | 40       | <b>529069</b>                                  | 491037   |
|        | Finance Costs   | 41       | <b>3211</b>                                    | 5797   |
|        | Depreciation and Amortization Expense   | 42       | <b>140717</b>                                  | 178467   |
|        | Impairment Loss   | 42A      | <b>1495</b>                                    | 59743  |
|        | Other Expenses  | 43       | <b>153053</b>                                  | 156059   |
|        | Direct Input to WIP / Expenses Capitalised  | 44       | <b>42599</b>                                   | 51603  |
|        | Provisions  | 45       | <b>330304</b>                                  | 372480   |
|        | <b>Total Gross Expenses</b>   |          | <b>2306357</b>                                 | 2325397  |
|        | Less: Expenses relating to Capital and Other Accounts   | 46       | <b>98427</b>                                   | 116302   |
|        | <b>Total expenses (IV)</b>  |          | <b>2207930</b>                                 | 2209095  |
| V      | Profit/(Loss) before Share of Profit/(Loss) of Joint Ventures, Exceptional items and Tax (III-IV) |          | <b>1019838</b>                                 | 650663   |
| VI     | Share of Profit/(Loss) of Joint Ventures accounted using Equity Method                            |          | <b>2650</b>                                    | 287  |
| VII    | <b>Profit/(Loss) before Exceptional items and Tax (V+VI)</b>                                      |          | <b>1022488</b>                                 | 650950   |
| VIII   | Exceptional Items   |          | <b>0</b>                                       | 0  |
| IX     | <b>Profit/(loss) before tax (VII+VIII)</b>  |          | <b>1022488</b>                                 | 650950   |
| X      | Tax expense:  |          |  |  |
|        | (1) Current Tax   |          | <b>290500</b>                                  | 225000   |
|        | (2) Earlier Year Tax Refund/Liability   |          | <b>0</b>                                       | -97346   |
|        | (3) Deferred Tax  |          | <b>-30107</b>                                  | -59477   |
| XI     | Profit (Loss) for the period from Continuing Operations (IX-X)                                    |          | <b>762095</b>                                  | 582773   |
| XII    | Profit/(loss) from Discontinued Operations  |          | <b>0</b>                                       | 0  |
| XIII   | Tax expense of Discontinued Operations  |          | <b>0</b>                                       | 0  |
| XIV    | Profit/(loss) from Discontinued Operations (after tax) (XII-XIII)                                 |          | <b>0</b>                                       | 0  |
| XV     | <b>Profit/(loss) for the period (XI+XIV)</b>  |          | <b>762095</b>                                  | 582773   |
| XVI    | <b>Other Comprehensive Income (OCI)</b>   |          |  |  |
|        | A (i) Items that will not be reclassified to profit or loss                                       | 47       | <b>-10940</b>                                  | 13800  |
|        | (ii) Share of Other Comprehensive Income of JV's accounted using Equity Method                    |          | <b>-29</b>                                     | 6  |
|        | (iii) Income tax benefit/(expense) on the items that will not be reclassified to Profit or Loss   |          | <b>2755</b>                                    | -3468  |



# Consolidated Statement of Profit and Loss

for the year ended 31<sup>st</sup> March 2024

(₹ in Lakhs)

| S. No. | Particulars  | Note No.            | For the Year ended 31 <sup>st</sup> March 2024 | For the Year ended 31 <sup>st</sup> March 2023 |
|--------|--|---------------------|--|--|
|        | B (i) Items that will be reclassified to profit or loss  | 48                  | 0  | -21  |
|        | (ii) Share of Other Comprehensive Income of JV's accounted using Equity Method   |                     | 0  | 0  |
|        | (iii) Income tax benefit/(expense) on items that will be reclassified to Profit or Loss  |                     | 0  | 5  |
|        | <b>Total Other Comprehensive Income (A + B)</b>  |                     | <b>-8214</b>                                   | <b>10322</b>                                   |
| XVII   | <b>Total Comprehensive Income for the period (XV+XVI) (Comprising Profit/(Loss) and Other Comprehensive Income for the period)</b> |                     | <b>753881</b>                                  | <b>593095</b>                                  |
|        | <b>Profit/(Loss) for the period</b>  |                     |  |  |
|        | Attributable to:   |                     |  |  |
|        | Owners of the parent   |                     | <b>762105</b>                                  | 582774   |
|        | Non Controlling interest   |                     | <b>-10</b>                                     | -1   |
|        | <b>Other Comprehensive Income for the period</b>   |                     |  |  |
|        | Attributable to:   |                     |  |  |
|        | Owners of the parent   |                     | <b>-8214</b>                                   | 10322  |
|        | Non Controlling interest   |                     |  |  |
|        | <b>Total Comprehensive Income for the period</b>   |                     |  |  |
|        | Attributable to:   |                     |  |  |
|        | Owners of the parent   |                     | <b>753891</b>                                  | 593096   |
|        | Non Controlling interest   |                     | <b>-10</b>                                     | -1   |
| XVIII  | Earnings per Equity Share (for Continuing Operations):   | Clause 1 of Note 49 |  |  |
|        | (1) Basic (₹)  |                     | <b>113.95</b>                                  | 87.14  |
|        | (2) Diluted (₹)  |                     | <b>113.95</b>                                  | 87.14  |
| XIX    | Earnings per Equity Share (for Discontinued Operations):   |                     |  |  |
|        | (1) Basic (₹)  |                     | <b>0</b>                                       | 0  |
|        | (2) Diluted (₹)  |                     | <b>0</b>                                       | 0  |
| XX     | Earnings per Equity Share (for Continuing & Discontinued Operations):  |                     |  |  |
|        | (1) Basic (₹)  |                     | <b>113.95</b>                                  | 87.14  |
|        | (2) Diluted (₹)  |                     | <b>113.95</b>                                  | 87.14  |

Material accounting policies and accompanying Notes No.1 to 49 form an integral part of the financial statements  
As per our report of even date attached

For and on behalf of the Board of Directors



**(EJIPURA PUTHRAPPA JAYADEVA)**  
Director (Operations)  
DIN: 06761333



**(C. B. ANANTHAKRISHNAN)**  
Director (Finance) & CFO  
Chairman & Managing Director  
(Additional Charge)  
DIN: 06761339

**For A JOHN MORIS & CO.**  
Chartered Accountants,  
Firm Registration No: 007220S



**RATHAN RAJ A**  
Partner  
Membership No: 228538  
Place: New Delhi  
Date: 16.05.2024



**(SHAILESH BANSAL)**  
Company Secretary  
FCS No. 5064

# Consolidated Statement of Changes in Equity for the year ended 31<sup>st</sup> March 2024

## A. Equity Share Capital

| Particulars                 | (₹ in Lakhs)                |  |                                      |                              |
|-----------------------------|-----------------------------|--|--------------------------------------|------------------------------|
|                             | Balance as at 1 April, 2023 | Changes in Equity Share Capital due to prior period errors | Restated Balance as at 1 April, 2023 | Balance as at 31 March, 2024 |
| <b>Equity Share Capital</b> | 33439                       | 0  | 33439                                | <b>33439</b>                 |
|                             |                             |  |                                      |                              |
| Particulars                 | (₹ in Lakhs)                |  |                                      |                              |
| Equity Share Capital        | Balance as at 1 April, 2022 | Changes in Equity Share Capital due to prior period errors | Restated Balance as at 1 April, 2022 | Balance as at 31 March, 2023 |
|                             | 33439                       | 0  | 33439                                | 33439                        |

## B. Other Equity (Refer Note 23)

| Particulars  | (₹ in Lakhs)                     |                            |                             |                 |                   |   | Total equity attributable to equity holders of the Company | Non-controlling interest | Total other Equity |
|--|----------------------------------|----------------------------|-----------------------------|-----------------|-------------------|---|--|--------------------------|--------------------|
|  | Reserves and Surplus             |                            |                             | Other Equity    |                   |   |  |                          |                    |
|  | Research and Development Reserve | Capital Redemption Reserve | Indigenization Fund Reserve | General Reserve | Retained earnings | Remeasurements of net defined benefit liability/asset |  |                          |                    |
| <b>Balance as at 1 April, 2023</b>   | 211256                           | 14761                      | 10776                       | 2086947         |                   | 0   | 36   | 374                      | 2324150            |
| Changes in Other Equity due to changes in accounting policy or prior period errors |                                  |                            |                             |                 |                   |   |  |                          | 0                  |
| <b>Restated Balance as at 1 April, 2023</b>  | 211256                           | 14761                      | 10776                       | 2086947         |                   | 0   | 36   | 374                      | 2324150            |
| <b>Changes in Other Equity for the year ended 31 March, 2024</b>                   |                                  |                            |                             |                 |                   |   |  |                          |                    |
| Profit for the year ended 31 March, 2024   |                                  |                            |                             |                 | 762105            |   |  |                          | 762095             |
| Remeasurements of the net defined benefit liability/asset                          |                                  |                            |                             |                 | -8185             |   |  |                          | -8185              |
| Items that will not be reclassified to profit or loss                              |                                  |                            |                             |                 |                   | -10940  | -29  |                          | -10969             |
| Income tax relating to items that will not be reclassified to profit or loss       |                                  |                            |                             |                 |                   | 2755  |  |                          | 2755               |
| Transfer to Retained Earnings  |                                  |                            |                             |                 |                   | 8185  |  |                          | 8185               |
| <b>Total comprehensive income for the year ended 31 March, 2024</b>                |                                  |                            |                             |                 | <b>753920</b>     | <b>0</b>  | <b>-29</b>   | <b>-10</b>               | <b>753881</b>      |
| Current year transfer  | 92718                            |                            |                             |                 |                   |   |  |                          | 111262             |
| Transfer to General Reserve on utilization   | -4328                            |                            | 18544                       |                 |                   |   |  |                          | -4763              |
| Surplus Transferred from Statement of Profit and Loss                              |                                  |                            | -435                        | 445369          |                   |   |  |                          | 445369             |
| Transfer from Indigenization Fund Reserve  |                                  |                            |                             | 435             |                   |   |  |                          | 435                |
| Transfer from Research & Development Reserve                                       |                                  |                            |                             | 4328            |                   |   |  |                          | 4328               |
| Transfer to Research & Development Reserve   |                                  |                            |                             |                 | -92718            |   |  |                          | -92718             |
| Transfer to Indigenization Reserve   |                                  |                            |                             |                 | -18544            |   |  |                          | -18544             |
| Final Dividend (For FY 2022-23)  |                                  |                            |                             |                 | -50158            |   |  |                          | -50158             |
| Interim Dividend   |                                  |                            |                             |                 | -147131           |   |  |                          | -147131            |
| Transfer to General Reserves   |                                  |                            |                             |                 | -445369           |   |  |                          | -445369            |
| <b>Balance as at 31 March, 2024</b>  | 299646                           | 14761                      | 28885                       | 2537079         | 0                 | 0   | 7  | 364                      | 2880742            |
| <b>Balance as at 1 April, 2022</b>   | 161338                           | 14761                      | 0                           | 1721729         | 0                 | 16  | 30   | 375                      | 1898249            |
| Changes in Other Equity due to changes in accounting policy or prior period errors |                                  |                            |                             |                 |                   |   |  |                          | 0                  |
| <b>Restated Balance as at 1 April, 2022</b>  | 161338                           | 14761                      | 0                           | 1721729         | 0                 | 16  | 30   | 375                      | 1898249            |





# Consolidated Statement of Changes in Equity for the year ended 31<sup>st</sup> March 2024

B. Other Equity (Refer Note 23)

| Particulars  | Reserves and Surplus             |                            |                             |                 | Other Equity      |   |                            | Total equity attributable to equity holders of the Company | Non-controlling interest | Total other Equity |
|--|----------------------------------|----------------------------|-----------------------------|-----------------|-------------------|---|----------------------------|--|--------------------------|--------------------|
|  | Research and Development Reserve | Capital Redemption Reserve | Indigenization Fund Reserve | General Reserve | Retained earnings | Remeasurements of net defined benefit liability/asset | Other Comprehensive Income |  |                          |                    |
| <b>Changes in Other Equity for the year ended 31 March, 2023</b>             |                                  |                            |                             |                 |                   |   |                            |  |                          |                    |
| Profit for the year ended 31 March, 2023                                     |                                  |                            |                             |                 | 582774            |   |                            |  |                          | 582773             |
| Items that will be reclassified to profit or loss                            |                                  |                            |                             |                 |                   |   |                            |  |                          |                    |
| Income tax relating to items that will be reclassified to profit or loss     |                                  |                            |                             |                 |                   |   |                            | -21  |                          | -21                |
| Items that will not be reclassified to profit or loss                        |                                  |                            |                             |                 |                   |   |                            |  |                          |                    |
| Remeasurements of the net defined benefit liability/asset                    |                                  |                            |                             |                 |                   | 13800   |                            | 5  |                          | 5                  |
| Income tax relating to items that will not be reclassified to profit or loss |                                  |                            |                             |                 |                   |   |                            |  |                          |                    |
| Transfer to Retained Earnings  |                                  |                            |                             |                 |                   |   |                            |  |                          |                    |
| Total comprehensive income for the year ended 31 March, 2023                 |                                  |                            |                             |                 |                   |   |                            |  |                          |                    |
| Current year transfer  | 53881                            |                            |                             |                 |                   |   |                            |  |                          |                    |
| Transfer to General Reserve on utilization of Profit                         | -3963                            |                            | 10776                       |                 |                   |   |                            |  |                          |                    |
| Surplus Transferred from Statement of Profit and Loss                        |                                  |                            |                             | 361255          |                   |   |                            |  |                          |                    |
| Transfer from Research & Development Reserve                                 |                                  |                            |                             | 3963            |                   |   |                            |  |                          |                    |
| Transfer to Research & Development Reserve                                   |                                  |                            |                             |                 | -53881            |   |                            |  |                          |                    |
| Transfer to Indigenization Fund Reserve                                      |                                  |                            |                             |                 | -10776            |   |                            |  |                          |                    |
| Final Dividend (For FY 2021-22)  |                                  |                            |                             |                 | -33439            |   |                            |  |                          |                    |
| Interim Dividend   |                                  |                            |                             |                 | -133755           |   |                            |  |                          |                    |
| Transfer to General Reserves   |                                  |                            |                             |                 | -361255           |   |                            |  |                          |                    |
| <b>Balance as at 31 March, 2023</b>  | <b>211256</b>                    | <b>14761</b>               | <b>10776</b>                | <b>2086947</b>  | <b>0</b>          | <b>0</b>  | <b>0</b>                   | <b>36</b>  | <b>374</b>               | <b>2324150</b>     |

Material Accounting Policies and accompanying Notes No. 1 to 49 form an integral part of the Financial Statements

As per our report of even date attached

For and on behalf of the Board of Directors



**(EIJIPURA PUTHRAPPA JAYADEVA)**

Director (Operations)

DIN: 06761333



**(C. B. ANANTHAKRISHNAN)**

Director (Finance) & CFO

Chairman & Managing Director (Additional Charge)

DIN: 06761339

**For A JOHN MORIS & CO.**

Chartered Accountants,

Firm Registration No: 007220S



**RATHAN RAJ A**

Partner

Membership No: 228538

Place: New Delhi

Date: 16.05.2024

**(SHAILESH BANSAL)**

Company Secretary

FCS No. 5064



# Consolidated Statement of Cash Flows

for the year ended 31<sup>st</sup> March 2024

(₹ in Lakhs)

| Sl. No.   | Particulars  | For the Year ended 31 <sup>st</sup> March 2024 | For the Year ended 31 <sup>st</sup> March 2023 |
|-----------|--|--|--|
| <b>A</b>  | <b>Cash flow from Operating activities</b>   |  |  |
|           | Profit After Tax   | 762095   | 582773   |
|           | <b>Adjustments to reconcile net profit to net cash provided by operating activities</b>  |  |  |
|           | Income Tax expense   | 260393   | 68177  |
|           | (Gain)/Loss on sale of Property, Plant & Equipment   | -590   | -318   |
|           | Finance cost   | 3141   | 2582   |
|           | Interest Income  | -163443  | -149913  |
|           | Share of Profit or Loss of Joint Venture   | -2650  | -287   |
|           | Other Adjustments  | 45   | -25  |
|           | Net (Gain)/Loss on Fair Value Adjustment   | 221  | -291   |
|           | Depreciation, amortization and impairment expense  | 142212   | 238210   |
|           | Provision for Impairment in Value of Investments   | 0  | 3  |
|           | Provision for Doubtful Debts   | 3534   | 1418   |
|           | Provision for Doubtful Contract Assets   | 2386   | 8998   |
|           | Provision for Doubtful Claims  | 3898   | 2678   |
|           | Provision for Doubtful Advances  | 1015   | 0  |
|           | Provision for Replacement and Other charges  | 116611   | 245052   |
|           | Provision for Warranty   | 32425  | 43901  |
|           | Provision for Raw Materials and Components, Stores and Spare parts, Loose Tools and Equipment, Construction Materials, Work-in-progress and Inventory - Warranty | 100164   | 28140  |
|           | Provision for Liquidated Damages   | 70271  | 42290  |
|           | <b>Operating Profit Before Working Capital Changes</b>   | <b>1331728</b>                                 | <b>1113388</b>                                 |
|           | <b>Adjustments for:</b>  |  |  |
|           | (Increase)/decrease in Trade Receivables   | -247443  | -174956  |
|           | (Increase)/decrease in Loans, Financial Assets and Other Assets  | -136194  | -162481  |
|           | (Increase)/decrease in Inventories   | -207049  | 191719   |
|           | Increase/(decrease) in Trade Payables  | 27790  | 57736  |
|           | Increase/(decrease) in Financial Liabilities, Provisions and Other Liabilities   | 250383   | 133136   |
|           | <b>Cash generated from Operations</b>  | <b>1019215</b>                                 | <b>1158542</b>                                 |
|           | Income Taxes Paid  | -196933  | -275570  |
|           | <b>Net Cash (used in)/generated from Operating Activities (A)</b>  | <b>822282</b>                                  | <b>882972</b>                                  |
| <b>B.</b> | <b>Cash flow from Investing activities</b>   |  |  |
|           | Purchase of Property, Plant & Equipment  | -91642   | -78242   |
|           | Purchase of Intangible Assets  | -83875   | -99880   |
|           | Proceeds from sale of Property, Plant & Equipment  | 797  | 506  |
|           | Investment in Joint Ventures   | -1050  | 0  |





# Consolidated Statement of Cash Flows

for the year ended 31<sup>st</sup> March 2024

(₹ in Lakhs)

| Sl. No.   | Particulars   | For the Year ended 31 <sup>st</sup> March 2024 | For the Year ended 31 <sup>st</sup> March 2023 |
|-----------|---|--|--|
|           | Purchase of other non current Investments                                   | -10010   | -9468  |
|           | Investment in short term deposits   | -630108  | -459849  |
|           | Interest Received   | 174588   | 73891  |
|           | Dividend Received from Joint Ventures                                       | 295  | 240  |
|           | <b>Net Cash (used in)/generated from Investing Activities (B)</b>           | <b>-641005</b>                                 | <b>-572802</b>                                 |
| <b>C.</b> | <b>Cash flow from Financing Activities</b>                                  |  |  |
|           | Repayment of Borrowings-Current (Net)                                       | 0  | 0  |
|           | Payment of Lease Liabilities  | -31  | -368   |
|           | Interest paid   | -2565  | -5568  |
|           | Dividend Paid   | -197289  | -167194  |
|           | <b>Net Cash (used in)/generated from Financing Activities (C)</b>           | <b>-199885</b>                                 | <b>-173130</b>                                 |
|           | <b>Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)</b>         | <b>-18608</b>                                  | <b>137040</b>                                  |
|           | Add: Cash and Cash Equivalents at the beginning of the year (Refer Note 16) | <b>444077</b>                                  | <b>307037</b>                                  |
|           | <b>Cash and Cash Equivalents at the end of the year (Refer Note 16)</b>     | <b>425469</b>                                  | <b>444077</b>                                  |

Material Accounting Policies and accompanying Notes No. 1 to 49 form an integral part of the Financial Statements

## Notes:

- The above Statement of Cash Flows has been prepared under the "Indirect Method" as set out in Indian Accounting Standard 7 "Statement of Cash Flow"
- Cash & Cash equivalent include Short Term Deposits with Bank
- Previous year figures are rearranged or regrouped wherever necessary
- Cash and Cash Equivalents are available fully for use

As per our Report of even date attached

For and on behalf of the Board of Directors

**For A JOHN MORIS & CO.**  
Chartered Accountants,  
Firm Registration No: 007220S



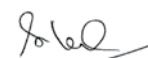
**RATHAN RAJ A**  
Partner  
Membership No: 228538  
Place: New Delhi  
Date: 16.05.2024



**(EJPURA PUTHRAPPA JAYADEVA)**  
Director (Operations)  
DIN: 06761333



**(C. B. ANANTHAKRISHNAN)**  
Director (Finance) & CFO  
Chairman & Managing Director  
(Additional Charge)  
DIN: 06761339



**(SHAILESH BANSAL)**  
Company Secretary  
FCS No.5064



# Material Accounting Policies for the financial year 2023-24

## CORPORATE INFORMATION:

Hindustan Aeronautics Limited (the 'Holding Company') is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India with its registered office located at Bengaluru, Karnataka, India. The Holding Company's shares are listed on Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The Holding Company is a public sector enterprise and is under the administrative control of the Department of Defence Production, Ministry of Defence.

The Consolidated Financial Statements comprise of the financial statements of Hindustan Aeronautics Limited (the 'Holding Company') and its subsidiaries (collectively referred to as the 'Group') and the Group's interest in associates and joint ventures.

The Group is engaged in the design, development, manufacture, repair, overhaul, upgrade and servicing of a wide range of products including, aircraft, helicopters, aero-engines, avionics, accessories and aerospace structures.

Information on the Group's structure is provided in Clause 2 of Note-49, Consolidated Notes to financial Statements.

## 1. BASIS OF ACCOUNTING:

- (a) Hindustan Aeronautics Limited and its subsidiaries is collectively referred to as the "Group" or "Company" and its Joint Ventures are consolidated in this Financial Statement.
- (b) The Financial Statements are prepared to comply in all material aspects with Indian Accounting Standards (Ind AS) as prescribed under Section 133 of Companies Act, 2013 read with relevant rules of the Companies (Indian Accounting Standards) Rules. The principles of consolidation are enumerated in Note 49(2) –Consolidated Notes to Financial Statements.

## 2. USES OF ESTIMATES:

- a) Preparation of financial statements in conformity with the recognition and the measurement principle of Ind AS requires the management of the Company to make estimates, judgments and assumptions that affects the reported balances of Assets and Liabilities, disclosure relating to contingent liabilities as on the date of the Financial Statements and the reported amount of revenues and expense for the reporting period.
- b) Estimates and the underlying assumption are reviewed on an ongoing basis. The revision to the accounting estimates, if material is recognized in the period in which the estimates are revised.
- c) Estimates and judgments made in applying accounting policies that have significant effect on the amounts recognized in the financial statements are as follows:

### i. Employee Defined benefit plans

The liabilities and costs for defined benefit plans are determined using actuarial valuations. The actuarial valuation involves making assumptions. These assumptions include salary escalation rate, discount rates, expected rate of return on assets and mortality rates.

### ii. Provisions and contingencies

Assessments undertaken in recognising provisions and contingencies have been made as per the best judgment of the management based on the current available information.

### iii. Income Taxes

The Company's tax jurisdiction is India. Significant judgments are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

## 3. PROPERTY, PLANT AND EQUIPMENT(PPE):

- a) Property, Plant and Equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any.



## Material Accounting Policies for the financial year 2023-24

- b) The cost includes purchase price, import duties and non-refundable purchase taxes after deducting trade discounts and rebates and any cost directly attributable including borrowing cost on qualifying assets to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.
- c) Subsequent expenditure relating to PPE including major inspection costs, spare parts, standby and servicing equipment are capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably.
- d) In accordance with Ind AS 101-First Time Adoption of Indian Accounting Standards, the Company had chosen to consider the carrying value for all its PPE as their deemed cost at the Opening Balance Sheet as at April 01, 2015.
- e) Depreciation is calculated on straight line basis over estimated useful life as prescribed in Schedule II of the Companies Act 2013. Where the useful life of the asset is not as per Schedule II of the Companies Act 2013, the same is disclosed under Notes to Accounts.
- f) PPE individually costing ₹ 50,000 and below are fully depreciated in the year of purchase.
- g) Where part of an item of PPE with a cost significant in relation to the total cost of the item and have different useful lives, they are treated as separate components and depreciated over their estimated useful life.
- h) Certain items like Special Tools are amortized over the number of units of production expected to be obtained from the asset based on technical assessment and management estimates depending on the nature and usage of the respective assets.
- i) CSR Assets are fully depreciated in the year of capitalization.
- j) The cost and the related accumulated depreciation are eliminated from the Financial Statements upon sale or de-recognition or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss of the relevant period.
- k) The estimated useful lives, residual values and depreciation / amortisation method are reviewed at the end of each reporting period with the effect of changes in estimates accounted for on a prospective basis.

### 3.1: CAPITAL ADVANCES AND CAPITAL WORK IN PROGRESS (CWIP)

- a) Advances given towards acquisition of PPE outstanding at each Balance sheet date are disclosed as other Non-current assets.
- b) Cost of Assets not ready for its intended use as on the Balance sheet date is shown as CWIP. Such properties are classified to the appropriate categories of PPE when completed and ready for its intended use.
- c) Depreciation on such assets commence when the assets are ready for their intended use.

## 4. INVESTMENT PROPERTY

- a) A property is considered as investment property only if the same is held for earning rentals and /or for capital appreciation or both. Properties held by the Company (directly or indirectly) which are used in the production of supply of goods or services for administrative purposes are not considered as Investment Property.
- b) Investment Properties are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. In accordance with Ind AS 101, First Time Adoption of Indian Accounting Standards, the Company has chosen to consider the carrying value for all its Investment Property recognized in its Indian GAAP financial statement as their deemed cost as at the transition date viz, April 01, 2015.
- c) Depreciation is calculated on straight line basis over estimated useful life as prescribed in Schedule II of the Companies Act 2013. Where the useful life of the asset is not as per Schedule II of the Companies Act 2013, the same is disclosed under Notes to Accounts.



# Material Accounting Policies for the financial year 2023-24

## 5. INTANGIBLE ASSETS

- a) Intangible Assets controlled and from which future economic benefits are expected to flow and having useful life are recognized at cost less any accumulated amortization and accumulated impairment losses, if any.
- b) Development Costs having useful life and which will generate probable future economic benefits are recognized as an intangible asset and amortised over production based on technical estimate and to the extent not amortized are carried forward.
- c) Expenditure on license fees, documentation charges etc, based on the definition criteria of intangible assets in terms of reliability of measurement of cost and future economic benefits from the assets, are amortised over production based on technical estimates, and to the extent not amortised, are carried forward.
- d) The cost of software internally generated / acquired for internal use which is not an integral part of the related hardware, is recognized as an intangible asset and is amortised over three years, on straight line method. Amortisation commences when the asset is available for use.
- e) Expenditure on Research is recognized as expenditure in the period in which it is incurred.
- f) Wherever it is not possible to assess the useful life of an intangible asset (whether or not significant) the same is not amortised. Impairment on such intangible assets are reviewed annually and when there is an indication of impairment, the asset is impaired.

## 6. LEASE ACCOUNTING

**6.1.** The Company recognizes, at inception of a contract a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### 6.2. The Company as a lessee

- a) At the date of commencement of the lease, the Company recognizes a right-of-use ("ROU") asset representing its right to use the underlying asset for the lease term and a lease liability for all lease arrangements in which it is a lessee except for leases with a term of 12 months or less (short term leases) and leases for which the underlying assets is of low value. For such short term and assets of low value leases, the Company recognizes the lease payment as an expense on a straight line basis over the term of the lease.
- b) At commencement date the ROU asset is measured at cost. The cost of the ROU asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred. The ROU assets are subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any.
- c) The ROU assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of ROU asset. The estimated useful lives of ROU assets are determined on the same basis as those of PPE. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognized in the statement of profit and loss.
- d) At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the Company's incremental borrowing rate.
- e) Lease liability and ROU asset are separately presented in the Balance Sheet and lease payments are classified as financing cash flows. Short term lease payments and payments for leases of low value assets are classified as operating cash flows.

### 6.3. Company as a lessor

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease.

#### 6.3.1 Finance Lease:

- a) A lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the Lessee is classified as a finance lease. Title may or may not eventually be transferred.



## Material Accounting Policies for the financial year 2023-24

- b) At commencement date, an amount equal to the net investment in the lease is presented as receivable. The interest rate implicit in the lease is used to measure the value of net investment in the lease.
- c) The finance income is recognized over the lease term in the statement of profit and loss account so as to reflect a constant periodic rate of return on the net investment in the lease.
- d) The de-recognition and impairment requirement of the underlying asset is tested as per Ind AS 109- Financial instruments.
- e) Any modifications in the lease are accounted as a separate lease when the recognition criteria specified in paragraph 79 of the standard are met.

### 6.3.2 Operating Lease:

- a) Lease other than finance leases are operating leases.
- b) The lease payment from operating leases are recognized as income on either a straight-line basis or another systematic basic, if required.
- c) The expenses including depreciation cost associated with earning of the lease income is recognized as an expense.
- d) Depreciation on underlying assets subject to operating leases are calculated on straight line basis over estimated useful life as prescribed in Schedule II of the Companies Act, 2013.
- e) Any modifications in the lease are accounted as a separate lease if the recognition criteria specified in the standard is met.

### 6.4. Transition to Ind AS 116

- a) Effective April 1, 2019, the Company has applied Ind AS 116 on Lease Accounting. Ind AS 116 replaces Ind AS 17. The Company has adopted Ind AS 116 using the cumulative effect method. The effect of initially applying this standard is recognized at the date of initial application (i.e. April 1, 2019) and the comparative information continues to be reported under Ind AS 17.
- b) The Company has chosen the practical expedient provided by the standard to apply Ind AS 116 only to contracts that were previously identified as leases under Ind AS 17 and therefore has not reassessed whether a contract is or contains a lease at the date of initial application.

## 7. NON CURRENT INVESTMENTS

- a) In accordance with Ind AS 101, First time adoption of Indian Accounting Standards, the Company has chosen to consider the carrying amount of investment as their deemed cost as at the Opening Balance Sheet as at 01<sup>st</sup> April, 2015.
- b) Investments are carried individually at cost less accumulated impairment in the value of such Investments.
- c) Cost of Investment includes acquisition charges such as brokerage, fees and duties.
- d) The Company reviews the book value of the investment on a quarterly basis and provides for diminution in the value of the investment based on the net worth of the investee company.
- e) Impairment in the value of investment is made only if in the opinion of management when there is a permanent fall in value of investment.

## 8. IMPAIRMENT OF ASSETS

As at 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.



# Material Accounting Policies for the financial year 2023-24

## 9. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Company recognizes all Financial Assets other than non-current investments and Financial Liabilities at Fair Value on inception and subsequent measurements are done at amortised cost.

## 10. DEFERRED DEBTS

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

## 11. TRADE AND OTHER PAYABLES

Liabilities are recognized for the amounts to be paid for the goods / services received whether billed by the supplier or not.

## 12. INVENTORIES

- a) Inventories are valued at lower of Cost and Net Realisable Value.
- b) The cost of raw material excluding Goods-in-Transit, components and stores are assigned by using the weighted average cost formula. Goods-in-Transit are valued at cost-to-date. In the case of Finished Goods, Stock-in-Trade and Work-In-Progress, cost includes costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost includes Taxes and duties (other than Taxes and duties for which input credit is available).
- c) Provision for redundancy is assessed on ageing at a suitable percentage / level of the value of closing inventory of raw material and components, stores and spare parts and construction material. Besides, wherever necessary, adequate provision is made for the redundancy of such materials in respect of completed / specific projects and other surplus / redundant material pending transfer to salvage stores.
- d) Saleable / Disposable scrap is valued at Net Realisable Value.
- e) Stores declared surplus / unserviceable / redundant are charged to revenue in the year of such identification.
- f) Consumables issued from stores and lying unused at the end of the year are not reckoned as inventory.

## 13. REVENUE RECOGNITION

### 13.1. Manufacturing of Aircraft/ Helicopter/Spares/Repair Contracts

- a) Revenue on Sale of Goods and Services is recognized at a point in time when the Company satisfies the performance obligation on transfer of control of the products to the Customer in an amount that reflects the consideration the Company expects to receive in exchange for those products pursuant to the Contract with customer. Revenue from service Warranty is recognized on straight line basis over the period of Warranty.

#### Transfer of Control happens on:

- i. Acceptance by the buyer's Inspector, by way of Signaling Out Certificate (SOC)

or

Acceptance by the buyer's pilot, by way of Certificate of Conformity (COC), wherever, specifically required in the contract, in the case of Aircrafts/Helicopters,

- ii. Acceptance by the Buyer's inspection agency/SOC or as agreed to by the Buyer, in the case of Repair & Overhaul of Aircraft/Helicopter/Engine, Rotables, Site repairs, Cat 'B' repair servicing etc.,
- iii. For other deliverables like Spares, Revenue is recognized based on the Acceptance by the buyer's inspection agency or as agreed to by the buyer.



# Material Accounting Policies for the financial year 2023-24

- b) In case of Performance Based Logistic Contracts, Revenue is recognized over a period of time, based on Helicopter Availability Certificate, Jointly signed by Seller and Buyer.
- c) Revenue is recognized based on the prices agreed with Customers. Where the prices are yet to be agreed/ determined, the revenue is recognised at the most likely amount based on past experience. Differential revenue, if any, is recognised on receipt of approval / sanction.

## 13.2. Development Contracts

- a) Revenue is recognized over a period of time on incurrance of expenditure identifiable to work orders:
  - i. where milestones have been defined, on achievement of milestone under the output method.
  - ii. where milestones have not been defined, on incurrance of expenditure under the input method.
- b) Where the customer's sanction for revision is pending, the expenditure incurred is retained in work-in-progress/ intangible asset. Subsequent revenue is recognized on receipt of revised financial sanction from the customer.

## 13.3. Significant Financing Component

- a) For the majority of the contracts, advance payments are received, prior to commencement of work and milestone payments are paid in accordance with the terms of the contract.
- b) Payments received from customers in advance are not considered to be a significant financing component as they are given with the objective to protect the interest of the contracting parties.

## 13.4. Contract Modification

A contract modification exists when the change in scope is agreed but the corresponding change in price is not determined. In such circumstances, revenue is recognized, based on the Company's assessment of the estimated change in the transaction price arising from the modification.

## 13.5. Other Income

Interest Income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognised when the right to receive payment has been established.

## 14. Receivables

- a) Receivables represent the Company's unconditional right to consideration under the contract. The right to consideration is considered unconditional, if only passage of time is required before payment of that consideration is due.
- b) Debts from the Government departments are generally treated as fully recoverable, based on past experience, and hence in the opinion of Management there is no increase in credit risk of such financial assets.
- c) Impairment on account of expected credit loss is being assessed on a case to case basis in respect of dues outstanding for a significant period of time.

## 14.1. Contract Assets

Contract Assets represents the Company's right to receive the consideration in exchange for the Goods or Services that the Company has transferred to the Customer, when that right is conditioned on something other than passage of time.

## 15. EMPLOYEE BENEFITS

- a) Gratuity and Provident Fund are Defined Benefit Plans and the liability is provided on the basis of actuarial valuation in respect of eligible employees and is remitted to the trust progressively.



## Material Accounting Policies for the financial year 2023-24

- b) Provision for Earned leave is a Defined Benefit Plan and the liability is provided on the basis of actuarial valuation.
- c) Pension Scheme and Post Superannuation Group Health Insurance Scheme for employees are Defined Contribution Plans and the contribution to the corpus of the same is made by the Company to the respective trust. The Company's liability is limited to the extent of contribution made to these trusts.

### 16. FOREIGN CURRENCY TRANSACTION/TRANSLATION

#### a) Initial Recognition:

On initial recognition, transaction in foreign currencies, entered into by the Company, are recorded in the functional currency by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

#### b) Measurement of Foreign currency items at reporting date:

Foreign currency monetary items are translated at closing exchange rates. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value is measured.

#### c) Recognition of Exchange Difference:

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they are translated on initial recognition during the period or in previous financial statement is recognized in statement of profit and loss in the period in which they arise.

### 17. INCOME TAXES

- a) Current Tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of Income Tax Act, 1961 (the "Act").
- b) Deferred Tax is recognized using the Balance Sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred Tax Assets in excess of Deferred Tax Liability are recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred Tax Assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

### 18. CLAIMS BY THE COMPANY

Claims on suppliers / underwriters / carriers towards loss / damages, claims for export subsidy, duty drawbacks, and claims on Customs department for refunds are accounted when claims are preferred.

### 19. PROVISION AND CONTINGENT LIABILITIES

- a) A provision is recognised, when the Company has the present obligation as result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which reliable estimate can be made.
- b) Where no reliable estimate can be made or when there is a possible obligation or present obligations that may, but probably will not, require an outflow of resources, disclosure is made as Contingent Liability. Expected reimbursement, if any, is disclosed under Notes to Accounts.
- c) When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

#### 19.1 PROVISION FOR WARRANTY

Provision for warranty is recognized on actuarial valuation for Manufacturing and Repair and Overhaul of Aircraft/ Helicopter/Engine/Rotables and Spares and development activities etc.





# Material Accounting Policies for the financial year 2023-24

## 19.2 PROVISION FOR LIQUIDATED DAMAGES

Provision for Liquidated Damages is recognized when the expected date of delivery of Goods / rendering of Service in respect of Manufacturing and Repair and Overhaul of Aircraft/Helicopter/Engine/Rotables, Spares and Development activities etc is beyond the due date as per delivery schedule and at the rates specified in the Contract with the Customer.

## 19.3 PROVISION FOR ONEROUS CONTRACTS

A provision for onerous contract is recognized when the expected benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

## 20. ESTIMATES AND ERRORS

The Company revises its accounting policies if the change is required due to a change in Ind AS or if the change will provide more relevant and reliable information to the users of the financial statements. Changes in accounting policies are applied retrospectively unless it is impracticable to apply.

A change in an accounting estimate that results in changes in the carrying amounts of recognised assets or liabilities or to statement of profit and loss is applied prospectively in the period(s) of change.

When it is difficult to distinguish a change in an accounting policy from a change in an accounting estimate, the change is treated as a change in an accounting estimate.

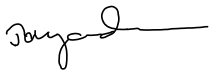
Discovery of material errors results in revisions retrospectively by restating the comparative amounts of assets, liabilities, and equity of the earliest prior period in which the error is discovered. The opening balances of the earliest period presented are also restated.

## 21. EVENTS AFTER THE REPORTING PERIOD

Adjusting events are events that provide further evidence of conditions that existed at the end of the reporting period. The financial statements are adjusted for such events before authorisation for issue.

Non-adjusting events are events that are indicative of conditions that arose after the end of the reporting period. Non-adjusting events after the reporting date are not accounted.

## 22. The functional currency of the Company is Indian Rupee.



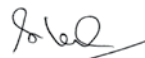
**(EJPURA PUTHRAPPA JAYADEVA)**

Director (Operations)  
DIN: 06761333



**(C. B. ANANTHAKRISHNAN)**

Director (Finance) & CFO  
Chairman & Managing Director (Additional Charge)  
DIN: 06761339



**(SHAILESH BANSAL)**

Company Secretary  
FCS No.5064

Place : New Delhi  
Date : 16.05.2024



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 1 - Property, Plant and Equipment

### Note 1A - Gross Block - Property, Plant and Equipment

The changes in the carrying value of property, plant and equipment for the year ended 31<sup>st</sup> March 2024 are as follows:

(₹ in Lakhs)

| Particulars                     | Gross block<br>As at<br>1 <sup>st</sup> April 2023 | Additions    | Reclassification<br>/ Adjustment | Disposals   | Gross Block<br>As at<br>31 <sup>st</sup> March 2024 |
|---------------------------------|--|--------------|----------------------------------|-------------|---|
| <b>Own Assets:</b>              |  |              |                                  |             |   |
| Land -                          |  |              |                                  |             |   |
| - Leasehold                     | 34   | 0            | 0                                | 0           | <b>34</b>   |
| - Freehold                      | 1948   | 0            | 0                                | 0           | <b>1948</b>   |
| Buildings                       | 164827   | 11720        | -15357                           | 51          | <b>161139</b>                                       |
| Plant and Equipment             | 249573   | 14984        | 7332                             | 745         | <b>271144</b>                                       |
| Furniture and Fixtures          | 10256  | 1028         | 10                               | 138         | <b>11156</b>  |
| Vehicles                        | 9557   | 928          | 0                                | 219         | <b>10266</b>  |
| Office Equipment                | 17519  | 2910         | 1                                | 131         | <b>20299</b>  |
| <b>Others</b>                   |  |              |                                  |             |   |
| Assets used for CSR Activities  | 4525   | 0            | 0                                | 0           | <b>4525</b>   |
| Roads and Drains                | 6110   | 58           | 5813                             | 0           | <b>11981</b>  |
| Water Supply                    | 7143   | 237          | 180                              | 0           | <b>7560</b>   |
| Rail Road Sidings               | 0  | 0            | 0                                | 0           | <b>0</b>  |
| Runways                         | 1776   | 315          | 2021                             | 0           | <b>4112</b>   |
| Aircraft/Helicopters            | 38713  | 0            | 0                                | 0           | <b>38713</b>  |
| <b>Sub Total</b>                | <b>511981</b>                                      | <b>32180</b> | <b>0</b>                         | <b>1284</b> | <b>542877</b>                                       |
| Special Tools                   | 657709   | 47429        | 0                                | 0           | <b>705138</b>                                       |
| <b>Total Own Assets</b>         | <b>1169690</b>                                     | <b>79609</b> | <b>0</b>                         | <b>1284</b> | <b>1248015</b>                                      |
| <b>Right-of-Use Asset:</b>      |  |              |                                  |             |   |
| Land                            | 867  | 0            | 0                                | 0           | <b>867</b>  |
| Buildings                       | 8474   | 29           | 0                                | 0           | <b>8503</b>   |
| <b>Total Right-of-Use Asset</b> | <b>9341</b>  | <b>29</b>    | <b>0</b>                         | <b>0</b>    | <b>9370</b>   |
| <b>Total</b>                    | <b>1179031</b>                                     | <b>79638</b> | <b>0</b>                         | <b>1284</b> | <b>1257385</b>                                      |

- (i) The amount of contractual commitments for the acquisition of Property, Plant and Equipment is disclosed under Clause 4 (c) of Note 29
- (ii) There is no charge or lien on Property, Plant and Equipment



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 1B - Accumulated Depreciation- Property, Plant and Equipment

(₹ in Lakhs)

| Particulars                     | Provision As at 1 <sup>st</sup> April 2023 | Additions    | Reclassification / Adjustment | Disposals   | Provisions As at 31 <sup>st</sup> March 2024 |
|---------------------------------|--|--------------|-------------------------------|-------------|--|
| <b>Own Assets:</b>              |  |              |                               |             |  |
| Land -                          |  |              |                               |             |  |
| - Leasehold                     | 4  | 1            | 0                             | 0           | 5  |
| - Freehold                      | 0  | 0            | 0                             | 0           | 0  |
| Buildings                       | 30739                                      | 5031         | -124                          | 3           | 35643  |
| Plant and Equipment             | 142153                                     | 18869        | 60                            | 683         | 160399                                       |
| Furniture and Fixtures          | 8759                                       | 965          | 0                             | 120         | 9604   |
| Vehicles                        | 5929                                       | 973          | 0                             | 144         | 6758   |
| Office Equipment                | 13140                                      | 1866         | 1                             | 127         | 14880  |
| <b>Others</b>                   |  |              |                               |             |  |
| Assets used for CSR Activities  | 4525                                       | 0            | 0                             | 0           | 4525   |
| Roads and Drains                | 4768                                       | 1059         | 48                            | 0           | 5875   |
| Water Supply                    | 2792                                       | 670          | -2                            | 0           | 3460   |
| Rail Road Sidings               | 0  | 0            | 0                             | 0           | 0  |
| Runways                         | 1410                                       | 326          | 17                            | 0           | 1753   |
| Aircraft/Helicopters            | 16934                                      | 1794         | 0                             | 0           | 18728  |
| <b>Subtotal</b>                 | <b>231153</b>                              | <b>31554</b> | <b>0</b>                      | <b>1077</b> | <b>261630</b>                                |
| Special Tools                   | 317025                                     | 49415        | 0                             | 0           | 366440                                       |
| <b>Total Own Assets</b>         | <b>548178</b>                              | <b>80969</b> | <b>0</b>                      | <b>1077</b> | <b>628070</b>                                |
| <b>Right-of-Use Asset:</b>      |  |              |                               |             |  |
| Land                            | 99   | 15           | 0                             | 0           | 114  |
| Buildings                       | 589  | 286          | 0                             | 0           | 875  |
| <b>Total Right-of-Use Asset</b> | <b>688</b>                                 | <b>301</b>   | <b>0</b>                      | <b>0</b>    | <b>989</b>                                   |
| <b>Total</b>                    | <b>548866</b>                              | <b>81270</b> | <b>0</b>                      | <b>1077</b> | <b>629059</b>                                |

Above Includes:

|  | As at 31 <sup>st</sup> March 2024 |
|--|-----------------------------------|
| Gross Value of Assets with M/s. Midhani                        | 1195                              |
| Cumulative Depreciation in respect of Assets with M/s. Midhani | 1195                              |
|  | 0                                 |

|  | As at 31 <sup>st</sup> March 2024 |
|--|-----------------------------------|
| Gross Value of Assets retired from Active Use                          | 467                               |
| Less : Cumulative Depreciated Value of Assets retired from Active Use. | 467                               |
| WDV of Assets Retired from Active Use.                                 | 0                                 |



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 1C - Impairment Loss - Property, Plant and Equipment

(₹ in Lakhs)

| Particulars                     | Impairment loss As at 1 <sup>st</sup> April 2023 | Additions | Reclassification / Adjustment | Disposals | Impairment Loss As at 31 <sup>st</sup> March 2024 | Net Block As at 31 <sup>st</sup> March 2024 | Net Block As at 31 <sup>st</sup> March 2023 |
|---------------------------------|--|-----------|-------------------------------|-----------|---|---|---|
| <b>Own Assets:</b>              |  |           |                               |           |   |   |   |
| Land -                          |  |           |                               |           |   |   |   |
| - Leasehold                     |  |           |                               |           |   | 29  | 30  |
| - Freehold                      |  |           |                               |           |   | 1948  | 1948  |
| Buildings                       |  |           |                               |           |   | 125496                                      | 134088                                      |
| Plant and Equipment             |  |           |                               |           |   | 110745                                      | 107420                                      |
| Furniture and Fixtures          |  |           |                               |           |   | 1552  | 1497  |
| Vehicles                        |  |           |                               |           |   | 3508  | 3628  |
| Office Equipment                |  |           |                               |           |   | 5419  | 4379  |
| <b>Others</b>                   |  |           |                               |           |   |   |   |
| Assets used for CSR Activities  |  |           |                               |           |   | 0   | 0   |
| Roads and Drains                |  |           |                               |           |   | 6106  | 1342  |
| Water Supply                    |  |           |                               |           |   | 4100  | 4351  |
| Rail Road Sidings               |  |           |                               |           |   | 0   | 0   |
| Runways                         |  |           |                               |           |   | 2359  | 366   |
| Aircraft/Helicopters            |  |           |                               |           |   | 19985                                       | 21779                                       |
| <b>Subtotal</b>                 |  |           |                               |           |   | <b>281247</b>                               | <b>280828</b>                               |
| Special Tools                   | 50303  |           |                               |           | 50303   | 288395                                      | 290381                                      |
| <b>Total Own Assets</b>         | <b>50303</b>                                     |           |                               |           | <b>50303</b>                                      | <b>569642</b>                               | <b>571209</b>                               |
| <b>Right-of-Use Asset:</b>      |  |           |                               |           |   |   |   |
| Land                            |  |           |                               |           |   | 753   | 768   |
| Buildings                       |  |           |                               |           |   | 7628  | 7885  |
| <b>Total Right-of-Use Asset</b> |  |           |                               |           |   | <b>8381</b>                                 | <b>8653</b>                                 |
| <b>Total</b>                    | <b>50303</b>                                     |           |                               |           | <b>50303</b>                                      | <b>578023</b>                               | <b>579862</b>                               |



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 1 - Property, Plant and Equipment

### Note 1A - Gross Block-Property, Plant and Equipment

The changes in the carrying value of property, plant and equipment for the year ended 31<sup>st</sup> March 2023 are as follows:

(₹ in Lakhs)

| Particulars                      | Gross block<br>As at<br>1 <sup>st</sup> April 2022 | Additions     | Reclassification<br>/Adjustment | Disposals   | Gross Block<br>As at<br>31 <sup>st</sup> March 2023 |
|----------------------------------|--|---------------|---------------------------------|-------------|---|
| <b>Own Assets:</b>               |  |               |                                 |             |   |
| Land -                           |  |               |                                 |             |   |
| - Leasehold                      | 35   | 0             | -1                              | 0           | 34  |
| - Freehold                       | 1947   | 0             | 1                               | 0           | 1948  |
| Buildings                        | 126593   | 38234         | 0                               | 0           | 164827  |
| Plant and Equipment              | 236409   | 14001         | 117                             | 954         | 249573  |
| Furniture and Fixtures           | 8978   | 1410          | 3                               | 135         | 10256   |
| Vehicles                         | 9101   | 656           | 0                               | 200         | 9557  |
| Office Equipment                 | 14917  | 2856          | -1                              | 253         | 17519   |
| <b>Others</b>                    |  |               |                                 |             |   |
| Assets used for CSR Activities   | 4525   | 0             | 0                               | 0           | 4525  |
| Roads and Drains                 | 5959   | 151           | 0                               | 0           | 6110  |
| Water Supply                     | 4915   | 2347          | -119                            | 0           | 7143  |
| Rail Road Sidings                | 0  | 0             | 0                               | 0           | 0   |
| Runways                          | 1776   | 0             | 0                               | 0           | 1776  |
| Aircraft/Helicopters             | 32352  | 6361          | 0                               | 0           | 38713   |
| <b>Sub Total</b>                 | <b>447507</b>                                      | <b>66016</b>  | <b>0</b>                        | <b>1542</b> | <b>511981</b>                                       |
| Special Tools                    | 606295   | 51414         | 0                               | 0           | 657709  |
| <b>Total Own Assets:</b>         | <b>1053802</b>                                     | <b>117430</b> | <b>0</b>                        | <b>1542</b> | <b>1169690</b>                                      |
| <b>Right-of-Use Asset:</b>       |  |               |                                 |             |   |
| Land                             | 867  | 0             | 0                               | 0           | 867   |
| Buildings                        | 8108   | 366           | 0                               | 0           | 8474  |
| <b>Total Right-of-Use Asset:</b> | <b>8975</b>  | <b>366</b>    | <b>0</b>                        | <b>0</b>    | <b>9341</b>   |
| <b>Total</b>                     | <b>1062777</b>                                     | <b>117796</b> | <b>0</b>                        | <b>1542</b> | <b>1179031</b>                                      |

(i) The amount of contractual commitments for the acquisition of Property, Plant and Equipment is disclosed under Clause 4 (c) of Note 49

(ii) There is no charge or lein on Property, Plant and Equipment



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 1B - Accumulated Depreciation- Property, Plant and Equipment

(₹ in Lakhs)

| Particulars                     | Provision As at 1 <sup>st</sup> April 2022 | Additions    | Reclassification /Adjustment | Disposals   | Provisions As at 31 <sup>st</sup> March 2023 |
|---------------------------------|--|--------------|------------------------------|-------------|--|
| <b>Own Assets:</b>              |  |              |                              |             |  |
| Land -                          |  |              |                              |             |  |
| - Leasehold                     | 3  | 1            | 0                            | 0           | 4  |
| - Freehold                      | 0  | 0            | 0                            | 0           | 0  |
| Buildings                       | 26231                                      | 4508         | 0                            | 0           | 30739  |
| Plant and Equipment             | 124772                                     | 18297        | -1                           | 915         | 142153                                       |
| Furniture and Fixtures          | 7708                                       | 1151         | 2                            | 102         | 8759   |
| Vehicles                        | 5024                                       | 1008         | 0                            | 103         | 5929   |
| Office Equipment                | 11909                                      | 1466         | -1                           | 234         | 13140  |
| <b>Others</b>                   |  |              |                              |             |  |
| Assets used for CSR Activities  | 4525                                       | 0            | 0                            | 0           | 4525   |
| Roads and Drains                | 4338                                       | 430          | 0                            | 0           | 4768   |
| Water Supply                    | 2318                                       | 474          | 0                            | 0           | 2792   |
| Rail Road Sidings               | 0  | 0            | 0                            | 0           | 0  |
| Runways                         | 1327                                       | 83           | 0                            | 0           | 1410   |
| Aircraft/Helicopters            | 13787                                      | 3147         | 0                            | 0           | 16934  |
| <b>Subtotal</b>                 | <b>201942</b>                              | <b>30565</b> | <b>0</b>                     | <b>1354</b> | <b>231153</b>                                |
| Special Tools                   | 267676                                     | 49349        | 0                            | 0           | 317025                                       |
| <b>Total Own Assets</b>         | <b>469618</b>                              | <b>79914</b> | <b>0</b>                     | <b>1354</b> | <b>548178</b>                                |
| <b>Right-of-Use Asset:</b>      |  |              |                              |             |  |
| Land                            | 84   | 15           | 0                            | 0           | 99   |
| Buildings                       | 317  | 272          | 0                            | 0           | 589  |
| <b>Total Right-of-Use Asset</b> | <b>401</b>                                 | <b>287</b>   | <b>0</b>                     | <b>0</b>    | <b>688</b>                                   |
| <b>Total</b>                    | <b>470019</b>                              | <b>80201</b> | <b>0</b>                     | <b>1354</b> | <b>548866</b>                                |

Above Includes:

|  | As at 31 <sup>st</sup> March 2023 |
|--|-----------------------------------|
| Gross Value of Assets with M/s. Midhani                        | 1195                              |
| Cumulative Depreciation in respect of Assets with M/s. Midhani | 1195                              |
|  | 0                                 |

|  | As at 31 <sup>st</sup> March 2023 |
|--|-----------------------------------|
| Gross Value of Assets retired from Active Use                          | 527                               |
| Less : Cumulative Depreciated Value of Assets retired from Active Use. | 527                               |
| WDV of Assets Retired from Active Use.                                 | 0                                 |



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 1C - Impairment Loss - Property, Plant and Equipment

(₹ in Lakhs)

| Particulars                     | Impairment loss as at 1 <sup>st</sup> April 2022 | Additions    | Reclassification / Adjustment | Disposals | Impairment Loss As at 31 <sup>st</sup> March 2023 | Net Block as at 31 <sup>st</sup> March 2023 | Net Block As at 31 <sup>st</sup> March 2022 |
|---------------------------------|--|--------------|-------------------------------|-----------|---|---|---|
| <b>Own Assets:</b>              |  |              |                               |           |   |   |   |
| Land -                          |  |              |                               |           |   |   |   |
| - Leasehold                     |  |              |                               |           | 0   | 30  | 32  |
| - Freehold                      |  |              |                               |           | 0   | 1948  | 1947  |
| Buildings                       |  |              |                               |           | 0   | 134088                                      | 100362                                      |
| Plant and Equipment             |  |              |                               |           | 0   | 107420                                      | 111637                                      |
| Furniture and Fixtures          |  |              |                               |           | 0   | 1497  | 1270  |
| Vehicles                        |  |              |                               |           | 0   | 3628  | 4077  |
| Office Equipment                |  |              |                               |           | 0   | 4379  | 3008  |
| <b>Others</b>                   |  |              |                               |           |   |   |   |
| Assets used for CSR Activities  |  |              |                               |           | 0   | 0   | 0   |
| Roads and Drains                |  |              |                               |           | 0   | 1342  | 1621  |
| Water Supply                    |  |              |                               |           | 0   | 4351  | 2597  |
| Rail Road Sidings               |  |              |                               |           | 0   | 0   | 0   |
| Runways                         |  |              |                               |           | 0   | 366   | 449   |
| Aircraft/Helicopters            |  |              |                               |           | 0   | 21779                                       | 18565                                       |
| <b>Subtotal</b>                 | 0  | 0            | 0                             |           | 0   | 280828                                      | 245565                                      |
| Special Tools                   | 0  | 50303        | 0                             |           | 50303   | 290381                                      | 338619                                      |
| <b>Total Own Assets</b>         | <b>0</b>   | <b>50303</b> | <b>0</b>                      |           | <b>50303</b>                                      | <b>571209</b>                               | <b>584184</b>                               |
| <b>Right -of -Use Asset:</b>    |  |              |                               |           |   |   |   |
| Land                            |  |              |                               |           | 0   | 768   | 783   |
| Buildings                       |  |              |                               |           | 0   | 7885  | 7791  |
| <b>Total Right-of-Use Asset</b> | 0  | 0            | 0                             |           | 0   | 8653  | 8574  |
| <b>Total</b>                    | <b>0</b>   | <b>50303</b> | <b>0</b>                      |           | <b>50303</b>                                      | <b>579862</b>                               | <b>592758</b>                               |



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 2 - Capital Work-in-Progress

(₹ in Lakhs)

| Particulars   | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
|---|--------------------------------------|--------------------------------------|
| Buildings   | 43845                                | 34508                                |
| Plant and Equipment                                 | 35444                                | 22080                                |
| Furniture and Fixtures                              | 9                                    | 0                                    |
| Office Equipment                                    | 224                                  | 150                                  |
| Water Supply  | 112                                  | 100                                  |
| Roads and Drains                                    | 0                                    | 5                                    |
| Plant and Equipment under Inspection and in Transit | 2443                                 | 3301                                 |
| Special Tools                                       | 11611                                | 3546                                 |
| <b>TOTAL</b>  | <b>93688</b>                         | <b>63690</b>                         |

- (i) Refer Clause 9 of Note 49 for further disclosures on capital work-in-progress
- (ii) The amount of contractual commitments for the acquisition of Property, Plant and Equipment is disclosed under Clause 4 (c) of Note 49

## Note 3 - Investment Property

The changes in the carrying value of investment property for the year ended 31<sup>st</sup> March 2024 are as follows:

### Note - 3A -Gross Block - Investment Property

(₹ in Lakhs)

| Particulars  | Gross block<br>As at<br>1 <sup>st</sup> April 2023 | Additions | Disposals | Gross Block<br>As at<br>31 <sup>st</sup> March 2024 |
|--------------|--|-----------|-----------|---|
| Buildings    | 4  | -         | -         | 4   |
| <b>Total</b> | <b>4</b>   | <b>-</b>  | <b>-</b>  | <b>4</b>  |

Refer Clause 6 of Note 49

### Note 3B - Accumulated Depreciation - Investment Property

(₹ in Lakhs)

| Particulars  | Provision<br>As at<br>1 <sup>st</sup> April<br>2023 | Additions | Disposals | Provisions<br>As at<br>31 <sup>st</sup> March<br>2024 | Net Block<br>As at<br>31 <sup>st</sup> March<br>2024 | Net Block<br>As at<br>31 <sup>st</sup> March<br>2023 |
|--------------|---|-----------|-----------|---|--|--|
| Buildings    | 1   | 1         | -         | 2   | 2  | 3  |
| <b>Total</b> | <b>1</b>  | <b>1</b>  | <b>-</b>  | <b>2</b>  | <b>2</b>   | <b>3</b>   |





# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 3 - Investment Property

The changes in the carrying value of investment property for the year ended 31<sup>st</sup> March 2023 are as follows:

### Note 3A - Gross Block - Investment Property

(₹ in Lakhs)

| Particulars  | Gross block<br>As at<br>1 <sup>st</sup> April 2022 | Additions | Disposals | Gross Block<br>As at<br>31 <sup>st</sup> March 2023 |
|--------------|--|-----------|-----------|---|
| Buildings    | 4  | -         | -         | 4   |
| <b>Total</b> | <b>4</b>   | <b>-</b>  | <b>-</b>  | <b>4</b>  |

Refer Clause 6 of Note 49

### Note 3B - Accumulated Depreciation - Investment Property

(₹ in Lakhs)

| Particulars  | Provision<br>As at<br>1 <sup>st</sup> April<br>2022 | Additions | Disposals | Provisions<br>As at<br>31 <sup>st</sup> March<br>2023 | Net Block<br>As at<br>31 <sup>st</sup> March<br>2023 | Net Block<br>As at<br>31 <sup>st</sup> March<br>2022 |
|--------------|---|-----------|-----------|---|--|--|
| Buildings    | 1   | 0         | 0         | 1   | 3  | 3  |
| <b>Total</b> | <b>1</b>  | <b>0</b>  | <b>0</b>  | <b>1</b>  | <b>3</b>   | <b>3</b>   |

## Note 5 - Other Intangible assets

The changes in the carrying value of other intangible assets for the year ended 31<sup>st</sup> March 2024 are as follows:

### Note 5A - Gross Block - Other Intangible Assets

(₹ in Lakhs)

| Particulars             | As at<br>1 <sup>st</sup> April 2023 | Additions    | Adjustment* | As at<br>31 <sup>st</sup> March 2024 |
|-------------------------|-------------------------------------|--------------|-------------|--------------------------------------|
| Licence Fees            | 143349                              | 1550         | 0           | <b>144899</b>                        |
| Computer Software       | 9035                                | 2285         | 0           | <b>11320</b>                         |
| Documentation           | 68903                               | 336          | 0           | <b>69239</b>                         |
| Development Expenditure | 185382                              | 47809        | 756         | <b>233947</b>                        |
| <b>Total</b>            | <b>406669</b>                       | <b>51980</b> | <b>756</b>  | <b>459405</b>                        |

\*The Intangible assets under development has been completed and transferred to other intangible assets (Refer Note 6A)

### Note 5B - Accumulated Amortization - Other Intangible assets

(₹ in Lakhs)

| Particulars             | As at<br>1 <sup>st</sup> April 2023 | Amortisation | Adjustment | As at<br>31 <sup>st</sup> March 2024 |
|-------------------------|-------------------------------------|--------------|------------|--------------------------------------|
| Licence Fees            | 75937                               | 8189         | 0          | <b>84126</b>                         |
| Computer Software       | 7521                                | 968          | 0          | <b>8489</b>                          |
| Documentation           | 24955                               | 3219         | 0          | <b>28174</b>                         |
| Development Expenditure | 132039                              | 47070        | 0          | <b>179109</b>                        |
| <b>Total</b>            | <b>240452</b>                       | <b>59446</b> | <b>0</b>   | <b>299898</b>                        |



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 5C - Impairment Loss - Other Intangible assets

(₹ in Lakhs)

| Particulars             | As at<br>1 <sup>st</sup> April 2023 | Impairment<br>Loss | Adjustment | As at<br>31 <sup>st</sup> March 2024 |
|-------------------------|-------------------------------------|--------------------|------------|--------------------------------------|
| Licence Fees            | 18484                               | 0                  | 0          | <b>18484</b>                         |
| Computer Software       | 0                                   | 0                  | 0          | <b>0</b>                             |
| Documentation           | 1081                                | 0                  | 0          | <b>1081</b>                          |
| Development Expenditure | 43077                               | 1201               | 0          | <b>44278</b>                         |
| <b>Total</b>            | <b>62642</b>                        | <b>1201</b>        | <b>0</b>   | <b>63843</b>                         |

## Note 5 - Other Intangible assets

The changes in the carrying value of other intangible assets for the year ended 31<sup>st</sup> March 2023 are as follows:

## Note 5A - Gross Block - Other Intangible Assets

(₹ in Lakhs)

| Particulars             | As at<br>1 <sup>st</sup> April 2022 | Additions    | Adjustment* | As at<br>31 <sup>st</sup> March 2023 |
|-------------------------|-------------------------------------|--------------|-------------|--------------------------------------|
| Licence Fees            | 143114                              | 235          | 0           | <b>143349</b>                        |
| Computer Software       | 7876                                | 1159         | 0           | <b>9035</b>                          |
| Documentation           | 37768                               | 31135        | 0           | <b>68903</b>                         |
| Development Expenditure | 148780                              | 35591        | 1011        | <b>185382</b>                        |
| <b>Total</b>            | <b>337538</b>                       | <b>68120</b> | <b>1011</b> | <b>406669</b>                        |

\*The Intangible assets under development has been completed and transferred to other intangible assets (Refer Note 6A)

## Note 5B - Accumulated Amortization - Other Intangible assets

(₹ in Lakhs)

| Particulars             | As at<br>1 <sup>st</sup> April 2022 | Amortisation | Adjustment | As at<br>31 <sup>st</sup> March 2023 |
|-------------------------|-------------------------------------|--------------|------------|--------------------------------------|
| Licence Fees            | 74740                               | 1197         | 0          | <b>75937</b>                         |
| Computer Software       | 6787                                | 731          | 3          | <b>7521</b>                          |
| Documentation           | 22511                               | 2447         | -3         | <b>24955</b>                         |
| Development Expenditure | 96666                               | 35373        | 0          | <b>132039</b>                        |
| <b>Total</b>            | <b>200704</b>                       | <b>39748</b> | <b>0</b>   | <b>240452</b>                        |

## Note 5C - Impairment Loss -Other Intangible assets

(₹ in Lakhs)

| Particulars             | As at<br>1 <sup>st</sup> April 2022 | Impairment<br>Loss | Adjustment | As at<br>31 <sup>st</sup> March 2023 |
|-------------------------|-------------------------------------|--------------------|------------|--------------------------------------|
| Licence Fees            | 12781                               | 5703               | 0          | <b>18484</b>                         |
| Computer Software       | 0                                   | 0                  | 0          | <b>0</b>                             |
| Documentation           | 0                                   | 1081               | 0          | <b>1081</b>                          |
| Development Expenditure | 40226                               | 2049               | 802        | <b>43077</b>                         |
| <b>Total</b>            | <b>53007</b>                        | <b>8833</b>        | <b>802</b> | <b>62642</b>                         |



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 6 - Intangible Assets under Development

The changes in the carrying value of intangible assets under development for the year ended 31<sup>st</sup> March 2024 are as follows:

### Note 6A - Gross Carrying cost -Intangible assets under Development

(₹ in Lakhs)

| Particulars             | As at<br>1 <sup>st</sup> April 2023 | Additions    | Adjustment* | As at<br>31 <sup>st</sup> March 2024 |
|-------------------------|-------------------------------------|--------------|-------------|--------------------------------------|
| Development Expenditure | 188608                              | 31895        | -756        | <b>219747</b>                        |
| <b>Total</b>            | <b>188608</b>                       | <b>31895</b> | <b>-756</b> | <b>219747</b>                        |

- \*(i) The Intangible assets under development has been completed and transferred to other intangible assets (Refer Note 5A)
- (ii) The amount of contractual commitments for the acquisition of intangible assets is disclosed under Clause 4 (c) of Note 49.
- (iii) Refer Clause 10 of Note 49 for further disclosures on Intangible assets under development

### Note 6B - Accumulated Amortization - Intangible assets under Development

(₹ in Lakhs)

| Particulars             | As at<br>1 <sup>st</sup> April 2023 | Amortisation | Adjustment | As at<br>31 <sup>st</sup> March 2024 |
|-------------------------|-------------------------------------|--------------|------------|--------------------------------------|
| Development Expenditure | 58518                               | 0            | 0          | <b>58518</b>                         |
| <b>Total</b>            | <b>58518</b>                        | <b>0</b>     | <b>0</b>   | <b>58518</b>                         |

### Note 6C - Impairment Loss -Intangible assets under Development

(₹ in Lakhs)

| Particulars             | As at<br>1 <sup>st</sup> April 2023 | Impairment<br>Loss | Adjustment | As at<br>31 <sup>st</sup> March 2024 |
|-------------------------|-------------------------------------|--------------------|------------|--------------------------------------|
| Development Expenditure | 5280                                | 294                | 0          | <b>5574</b>                          |
| <b>Total</b>            | <b>5280</b>                         | <b>294</b>         | <b>0</b>   | <b>5574</b>                          |

## Note 6 - Intangible Assets under Development

The changes in the carrying value of intangible assets underdevelopment for the year ended 31<sup>st</sup> March 2023 are as follows:

### Note 6A - Gross Carrying cost -Intangible assets under Development

(₹ in Lakhs)

| Particulars             | As at<br>1 <sup>st</sup> April 2022 | Additions    | Adjustment*  | As at<br>31 <sup>st</sup> March 2023 |
|-------------------------|-------------------------------------|--------------|--------------|--------------------------------------|
| Development Expenditure | 157859                              | 31760        | -1011        | <b>188608</b>                        |
| <b>Total</b>            | <b>157859</b>                       | <b>31760</b> | <b>-1011</b> | <b>188608</b>                        |

- \*(i) The Intangible assets under development has been completed and transferred to other intangible assets (Refer Note 5A)
- (ii) The amount of contractual commitments for the acquisition of intangible assets is disclosed under Clause 4 (c) of Note 49.
- (iii) Refer Clause 10 of Note 49 for further disclosures on Intangible assets under development

### Note 6B - Accumulated Amortization - Intangible assets under Development

(₹ in Lakhs)

| Particulars             | As at<br>1 <sup>st</sup> April 2022 | Amortisation | Adjustment | As at<br>31 <sup>st</sup> March 2023 |
|-------------------------|-------------------------------------|--------------|------------|--------------------------------------|
| Development Expenditure | -                                   | 58518        | -          | <b>58518</b>                         |
| <b>Total</b>            | <b>-</b>                            | <b>58518</b> | <b>-</b>   | <b>58518</b>                         |



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 6C - Impairment Loss -Intangible assets under Development

(₹ in Lakhs)

| Particulars             | As at<br>1 <sup>st</sup> April 2022 | Impairment<br>Loss | Adjustment  | As at<br>31 <sup>st</sup> March 2023 |
|-------------------------|-------------------------------------|--------------------|-------------|--------------------------------------|
| Development Expenditure | 5475                                | 607                | -802        | <b>5280</b>                          |
| <b>Total</b>            | <b>5475</b>                         | <b>607</b>         | <b>-802</b> | <b>5280</b>                          |

## Note 7 - Investments accounted for using the equity method

(₹ in Lakhs)

| Particulars   | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
|---|--------------------------------------|--------------------------------------|
| <b>INVESTMENTS AT COST LESS PROVISION (UN-QUOTED)</b>   |                                      |                                      |
| <b>Investment in Joint Ventures</b>   |                                      |                                      |
| B Ae-HAL Software Ltd-29,40,000 (29,40,000-P.Y) shares of ₹ 10 FV each fully paid                                       | <b>294</b>                           | 294                                  |
| +/-Interest in Joint Venture  | <b>153</b>                           | 42                                   |
| Less Provision for Impairment in value of Investment  | <b>61</b>                            | 61                                   |
| <b>Net -B Ae-HAL Software Ltd</b>   | <b>386</b>                           | 275                                  |
| Safran HAL Aircraft Engines Private Ltd -11,40,000 (11,40,000-P.Y) Shares of ₹ 100 F.V. each fully paid                 | <b>1140</b>                          | 1140                                 |
| +/-Interest in Joint Venture  | <b>4469</b>                          | 3676                                 |
| <b>Net - Safran HAL Aircraft Engines Private Ltd</b>  | <b>5609</b>                          | 4816                                 |
| Indo Avia Services Ltd (Formerly Indo Russian Aviation Ltd) - 9,36,525 (9,36,525-P.Y) shares of ₹ 10 FV each fully paid | <b>94</b>                            | 94                                   |
| +/-Interest in Joint Venture  | <b>6618</b>                          | 6105                                 |
| <b>Net - Indo Avia Services Ltd.</b>  | <b>6712</b>                          | 6199                                 |
| HALBIT Avionics Pvt Ltd -3,82,500 (3,82,500-P.Y) Shares of ₹ 100 FV each fully paid                                     | <b>383</b>                           | 383                                  |
| Less Provision for Impairment in value of Investment  | <b>383</b>                           | 383                                  |
| <b>Net - HALBIT Avionics Pvt. Ltd.</b>  | <b>0</b>                             | 0                                    |
| HAL Edgewood Technologies Pvt Ltd 3,00,000(3,00,000-P.Y) Shares of ₹ 100 FV each fully paid                             | <b>300</b>                           | 300                                  |
| Less Provision for Impairment in value of Investment  | <b>300</b>                           | 300                                  |
| <b>Net- HAL Edgewood Technologies Pvt. Ltd.</b>   | <b>0</b>                             | 0                                    |
| SAMTEL HAL Display Systems Ltd-1,60,000 (1,60,000-P.Y) Shares of ₹ 100 FV each fully paid                               | <b>160</b>                           | 160                                  |
| Less Provision for Impairment in value of Investment  | <b>160</b>                           | 160                                  |
| <b>Net - SAMTEL HAL Display Systems Ltd</b>   | <b>0</b>                             | 0                                    |
| INFOTECH HAL Ltd - 20,00,000 (20,00,000-P.Y) Shares of ₹ 10 FV each fully paid  | <b>200</b>                           | 200                                  |
| Less Provision for Impairment in value of Investment  | <b>200</b>                           | 200                                  |
| <b>Net- INFOTECH HAL Ltd.</b>   | <b>0</b>                             | 0                                    |
| HATSOFF Helicopter Training Pvt Ltd -3,84,04,205 (3,84,04,205 P.Y) Shares of ₹ 10 FV each fully paid                    | <b>3840</b>                          | 3840                                 |
| Less Provision for Impairment in value of Investment  | <b>3840</b>                          | 3840                                 |



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(₹ in Lakhs)

| Particulars   | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
|---|--------------------------------------|--------------------------------------|
| <b>Net- HATSOFF Helicopter Training Pvt. Ltd.</b>   | <b>0</b>                             | <b>0</b>                             |
| International Aerospace Manufacturing Pvt Ltd - 42,50,000 (42,50,000 - P.Y) Shares of ₹100 FV each fully paid | <b>4250</b>                          | 4250                                 |
| +/-Interest in Joint Venture  | <b>2332</b>                          | 1437                                 |
| Less Provision for Impairment in value of Investment  | <b>855</b>                           | 855                                  |
| <b>Net- International Aerospace Manufacturing Pvt Ltd</b>   | <b>5727</b>                          | 4832                                 |
| Multirole Transport Aircraft Ltd. - 113,46,564 (113,46,564 P.Y.) Shares of ₹100 FV each fully paid            | <b>11347</b>                         | 11347                                |
| +/-Interest in Joint Venture  | <b>-4669</b>                         | -4669                                |
| Less Provision for Impairment in value of Investment  | <b>6678</b>                          | 6678                                 |
| <b>Net- Multirole Transport Aircraft Ltd.</b>   | <b>0</b>                             | <b>0</b>                             |
| Helicopter Engines MRO Pvt Ltd - 24,59,986 (15,09,986 P.Y.) Shares of Rs 100 FV each fully paid               | <b>2460</b>                          | 1510                                 |
| +/-Interest in Joint Venture  | <b>-399</b>                          | -384                                 |
| Less Provision for Impairment in value of Investment  | <b>415</b>                           | 415                                  |
| <b>Net- Helicopter Engines MRO Pvt Ltd</b>  | <b>1646</b>                          | 711                                  |
| SAFHAL Helicopter Engines Private Limited - 10,00,000 (Nil P.Y.) Shares of Rs 10 FV each fully paid           | <b>100</b>                           | 0                                    |
| +/-Interest in Joint Venture  | <b>-16</b>                           | 0                                    |
| <b>Net- SAFAL Helicopter Engines Private Ltd</b>  | <b>84</b>                            | 0                                    |
| <b>Total In Equity of Joint Ventures</b>  | <b>20164</b>                         | 16833                                |
| <b>TOTAL</b>  | <b>20164</b>                         | 16833                                |
| Disclosure  |                                      |                                      |
| (i) Aggregate amount of Quoted Investment and Market Value.   | <b>0</b>                             | 0                                    |
| (ii) Aggregate amount of Unquoted Investments. (net)  | 20164                                | 16833                                |
| (iii) Aggregate amount of impairment in value of investments  | 12892                                | 12892                                |
| (iv) Refer Clause 30 (c) of Note 49 for further details on Investment in Joint Ventures                       |                                      |                                      |

## Note 7A - Financial Asset- Investments at Cost

(₹ in Lakhs)

| Particulars   | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
|---|--------------------------------------|--------------------------------------|
| <b>A. Investments in Structured Entities (UNQUOTED)</b>   |                                      |                                      |
| a) HAE Co-operative Society of 25 (25P.Y) Shares of ₹ 100 FV each fully paid*                             | <b>0</b>                             | 0                                    |
| b) Satnam Apartment Ltd - 41 (41 P.Y) Shares of ₹100 each at cost for acquisition of a Flat**             | <b>0</b>                             | 0                                    |
| c) Aerospace & Aviation Sector Skill Council(AASSC) - 125 (125 P.Y.) Shares of ₹ 10000 FV each fully paid | <b>13</b>                            | 13                                   |
| d) Defence Innovation Organisation - 50 ( P.Y 50) Shares of ₹ 1000 FV each fully paid                     | <b>1</b>                             | 1                                    |
| <b>Total In Equity of Others (A)</b>  | <b>14</b>                            | 14                                   |



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(₹ in Lakhs)

| Particulars   | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
|---|--------------------------------------|--------------------------------------|
| <b>B. Other Investments (UNQUOTED)</b>  |                                      |                                      |
| LIC of India (For Funding Vacation Leave)   | <b>138955</b>                        | 128945                               |
| <b>Total In Other Investments (B)</b>   | <b>138955</b>                        | 128945                               |
| <b>TOTAL (A+B)</b>  | <b>138969</b>                        | 128959                               |
| * Total ₹ 2500 (P.Y ₹ 2500) (absolute figure) are held by Kanpur division which is rounded off. |                                      |                                      |
| ** Total ₹ 7220 (P.Y ₹ 7220) (absolute figure) are held by Nasik division which is rounded off. |                                      |                                      |
| (i) Aggregate amount of Quoted Investment and Market Value.                                     | <b>0</b>                             | 0                                    |
| (ii) Aggregate amount of Unquoted Investments. (net)  | <b>138969</b>                        | 128959                               |
| (iii) Aggregate amount of impairment in value of investments                                    | <b>0</b>                             | 0                                    |

## Note 8 - Financial Asset-Trade Receivables

(₹ in Lakhs)

| Particulars  | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
|--|--------------------------------------|--------------------------------------|
| <b>Trade Receivables</b>                                   |                                      |                                      |
| Considered Good - Secured                                  | <b>0</b>                             | 0                                    |
| Considered Good - Unsecured                                | <b>0</b>                             | 0                                    |
| Receivables which have significant increase in credit risk | <b>0</b>                             | 0                                    |
| Credit Impaired  | <b>0</b>                             | 0                                    |
|  | <b>0</b>                             | 0                                    |
| Less: Allowance for Doubtful Debts                         | <b>0</b>                             | 0                                    |
| <b>TOTAL</b>   | <b>0</b>                             | 0                                    |

## Note 8A - Financial Asset-Contract Assets

(₹ in Lakhs)

| Particulars            | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
|------------------------|--------------------------------------|--------------------------------------|
| <b>Contract Assets</b> |                                      |                                      |
| Unbilled Revenue       | <b>0</b>                             | 0                                    |
| <b>TOTAL</b>           | <b>0</b>                             | 0                                    |



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 9 - Financial Asset- Loans

| Particulars  | (₹ in Lakhs)                         |                                      |
|--|--------------------------------------|--------------------------------------|
|  | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
| <b>A. Considered Good-Secured</b>                              |                                      |                                      |
| a) Loans to Related Parties                                    | 0                                    | 0                                    |
| <b>b) Others</b>   |                                      |                                      |
| Loans and advances to employees                                | 9                                    | 0                                    |
| <b>Sub-Total (A)</b>   | <b>9</b>                             | <b>0</b>                             |
| <b>B. Considered Good-Unsecured</b>                            |                                      |                                      |
| a) Loans to Related Parties                                    | 0                                    | 0                                    |
| <b>b) Others</b>   |                                      |                                      |
| Loans and advances to employees                                | 552                                  | 621                                  |
| <b>Sub-Total (B)</b>   | <b>552</b>                           | <b>621</b>                           |
| <b>C. Loans which have significant increase in credit risk</b> |                                      |                                      |
| <b>Sub-Total (C)</b>   | <b>0</b>                             | <b>0</b>                             |
| <b>D. Loans - Credit Impaired</b>                              |                                      |                                      |
| <b>Sub-Total (D)</b>   | <b>0</b>                             | <b>0</b>                             |
| <b>TOTAL (A+B+C+D)</b>   | <b>561</b>                           | <b>621</b>                           |

## Note 10 - Other Financial Assets

| Particulars  | (₹ in Lakhs)                         |                                      |
|--|--------------------------------------|--------------------------------------|
|  | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
| <b>A. Claims Receivable Unsecured</b>              |                                      |                                      |
| Receivable - Credit Impaired                       | 9510                                 | 10130                                |
| <b>Sub-Total</b>                                   | <b>9510</b>                          | <b>10130</b>                         |
| Less: Provision for Doubtful Claims                | 9510                                 | 10130                                |
| <b>Sub-Total (A)</b>                               | <b>0</b>                             | <b>0</b>                             |
| <b>B. Security Deposit</b>                         |                                      |                                      |
| Govt Departments for Customs Duty and for Supplies | 12                                   | 12                                   |
| Public Utility Concerns                            | 2701                                 | 2642                                 |
| Others   | 1292                                 | 1420                                 |
| <b>Sub-Total (B)</b>                               | <b>4005</b>                          | <b>4074</b>                          |
| <b>C. Balances with Bank</b>                       |                                      |                                      |
| Bank deposit with more than 12 Months maturity*    | 751                                  | 701                                  |
| <b>Sub-Total (C)</b>                               | <b>751</b>                           | <b>701</b>                           |
| <b>D. Others</b>                                   |                                      |                                      |
| Deferred Debts                                     | 34791                                | 36523                                |
| <b>Sub-Total (D)</b>                               | <b>34791</b>                         | <b>36523</b>                         |
| <b>TOTAL (A+B+C+D)</b>                             | <b>39547</b>                         | <b>41298</b>                         |



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(₹ in Lakhs)

| Particulars   | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
|---|--------------------------------------|--------------------------------------|
| (i) Above balances of Claims Receivable include balances with related parties (Refer Receivables of Clause No.3(i)(g) of Note 49) | 522                                  | 506                                  |
| (ii) Above balances of Provision for Doubtful Claims include balances with related parties (Refer Clause No.3(i)(p) of Note 49)   | 522                                  | 506                                  |
| *(iii) Fully Earmarked for Committed Liabilities of more than 12 months   | 1                                    | 1                                    |

## Note 11 - Deferred Tax Assets (Net)

(₹ in Lakhs)

| Particulars  | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
|--|--------------------------------------|--------------------------------------|
| The tax effect of significant temporary differences that resulted in deferred tax assets:<br>As per last Balance Sheet | 112571                               | 56557                                |
| Add / (Less): Current Year's Assets  | 32862                                | 56014                                |
| <b>TOTAL</b>   | <b>145433</b>                        | 112571                               |

## Note 12 - Other Non - Current assets

(₹ in Lakhs)

| Particulars                                   | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
|---|--------------------------------------|--------------------------------------|
| <b>A. Capital Advances</b>                    | <b>24266</b>                         | 17512                                |
| <b>B. Advance Other than Capital Advances</b> |                                      |                                      |
| Advances against Goods and Services           | 8371                                 | 9291                                 |
| Other Advances                                | 841                                  | 840                                  |
|   | <b>33478</b>                         | 27643                                |
| <b>C. Others</b>                              |                                      |                                      |
| Balances with Revenue Authorities             |                                      |                                      |
| Income tax                                    | 166494                               | 293775                               |
| Others-under dispute                          | 40064                                | 38193                                |
| Prepaid Expenses                              | 27                                   | 43                                   |
| <b>TOTAL (A+B+C)</b>                          | <b>240063</b>                        | 359654                               |





# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 13 - Inventories

(₹ in Lakhs)

| Particulars   | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
|---|--------------------------------------|--------------------------------------|
| <b>Inventories ( At Lower of Cost and Net Realisable Value)#</b>  |                                      |                                      |
| (i) Raw Materials and Components  | 694869                               | 728745                               |
| Less: Provision for Redundancy  | 243576                               | 171744                               |
|   | 451293                               | 557001                               |
| (ii) Work-in-Progress   | 788829                               | 595145                               |
| Less: Provision for Redundancy  | 26589                                | 26589                                |
|   | 762240                               | 568556                               |
| (iii) Finished Goods  | 0                                    | 0                                    |
| (iv) Stock-in-Trade   | 4149                                 | 2241                                 |
| (v) Stores and Spares   | 33322                                | 33540                                |
| Less: Provision for Redundancy  | 7334                                 | 5816                                 |
|   | 25988                                | 27724                                |
| (vi) Loose Tools  | 9317                                 | 8277                                 |
| Less: Provision for Redundancy  | 2568                                 | 1386                                 |
|   | 6749                                 | 6891                                 |
| (vii) Construction Materials  | 57                                   | 48                                   |
| Less: Provision for Redundancy  | 10                                   | 15                                   |
|   | 47                                   | 33                                   |
| (viii) Disposable Scrap (at Net Realisable Value)   | 742                                  | 470                                  |
| (ix) Goods under Inspection and in Transit  |                                      |                                      |
| Raw material and Components   | 61022                                | 40335                                |
| Stores and Spares   | 972                                  | 887                                  |
| Loose Tools   | 397                                  | 240                                  |
|   | 62391                                | 41462                                |
| (x) Inventory - Warranty  | 9644                                 | 12161                                |
| Less: Provision for Redundancy  | 1489                                 | 1670                                 |
|   | 8155                                 | 10491                                |
| <b>TOTAL</b>  | <b>1321754</b>                       | <b>1214869</b>                       |
| (#) (i) includes those issued to Sub-Contractors for Job Works  | 14929                                | 11689                                |
| (ii) Inter-division transfers in Transit which are not considered for Inter Divisional Sales, included in above balance | 566                                  | 154                                  |

## Note 14 - Financial Asset - Investments

(₹ in Lakhs)

| Particulars   | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
|---|--------------------------------------|--------------------------------------|
| <b>INVESTMENTS AT COST LESS PROVISION (UN-QUOTED)</b> |                                      |                                      |
| <b>TOTAL</b>  | <b>0</b>                             | <b>0</b>                             |



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 15 - Financial Asset-Trade Receivables

| Particulars   | (₹ in Lakhs)                         |                                      |
|---|--------------------------------------|--------------------------------------|
|   | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
| <b>Trade Receivables</b>  |                                      |                                      |
| Considered Good - Unsecured   | 461685                               | 471918                               |
| Credit Impaired   | 16601                                | 15259                                |
|   | <b>478286</b>                        | 487177                               |
| Less: Allowance for Doubtful Debts  | 16601                                | 15259                                |
| <b>TOTAL</b>  | <b>461685</b>                        | 471918                               |
| (i) Above balances of trade receivables include balances with related parties (Refer Receivables of Clause No.3(i)(g) of Note 49) | 669                                  | 554                                  |
| (ii) Above balances of Allowance for Doubtful Debts include balances with related parties (Refer Clause No. 3(i)(p) of Note 49).  | 0                                    | 0                                    |
| (iii) Refer Clause 11 of Note 49 for ageing schedule of Trade Receivables   |                                      |                                      |

## Note 15A - Financial Asset-Contract Assets

| Particulars                        | (₹ in Lakhs)                         |                                      |
|------------------------------------|--------------------------------------|--------------------------------------|
|                                    | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
| <b>Contract Assets</b>             |                                      |                                      |
| Unbilled Revenue                   | 1195788                              | 1050724                              |
| Less: Allowance for Doubtful Debts | 6392                                 | 113084                               |
| <b>TOTAL</b>                       | <b>1189396</b>                       | 937640                               |

Refer Clause 12 of Note 49 for ageing schedule of Contract Assets

## Note 16 - Financial Asset- Cash & Cash Equivalents

| Particulars  | (₹ in Lakhs)                         |                                      |
|--|--------------------------------------|--------------------------------------|
|  | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
| A. Balances with Bank                                    |                                      |                                      |
| In Current Account                                       | 124444                               | 133972                               |
| Term Deposits with original maturity upto 3 months       | 301000                               | 310101                               |
| B. Cheques, Drafts on Hand                               | 0                                    | 0                                    |
| C. Cash on Hand  | 0                                    | 0                                    |
| <b>Sub Total</b>   | <b>425444</b>                        | 444073                               |
| D. Others  |                                      |                                      |
| In Other Short Term Deposits with Financial Institutions | 25                                   | 4                                    |
| <b>Sub-Total (D)</b>                                     | <b>25</b>                            | 4                                    |
| <b>TOTAL (A+B+C+D)</b>                                   | <b>425469</b>                        | 444077                               |



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 17 - Financial Asset- Bank Balances other than Cash and Cash Equivalents

(₹ in Lakhs)

| Particulars   | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
|---|--------------------------------------|--------------------------------------|
| Term Deposits with original maturity for more than 3 months but less than 12 months | 2217618                              | 1586204                              |
| Earmarked balances with banks for Unpaid Dividend                                   | 74                                   | 1380                                 |
| <b>TOTAL</b>  | <b>2217692</b>                       | <b>1587584</b>                       |

## Note 18 - Financial Asset- Loans

(₹ in Lakhs)

| Particulars  | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
|--|--------------------------------------|--------------------------------------|
| <b>A. Considered Good-Secured</b>                              |                                      |                                      |
| a) Loans to Related Parties                                    | 0                                    | 0                                    |
| b) <b>Others</b>   |                                      |                                      |
| Loans and advances to employees                                | 6                                    | 21                                   |
| <b>Sub-Total (A)</b>   | <b>6</b>                             | <b>21</b>                            |
| <b>B. Considered Good-Unsecured</b>                            |                                      |                                      |
| a) Loans to Related Parties                                    | 0                                    | 0                                    |
| b) <b>Others</b>   |                                      |                                      |
| Loans and advances to employees                                | 1071                                 | 755                                  |
| <b>Sub-Total (B)</b>   | <b>1071</b>                          | <b>755</b>                           |
| <b>C. Loans which have Significant Increase in credit risk</b> |                                      |                                      |
| <b>Sub-Total (C)</b>   | <b>0</b>                             | <b>0</b>                             |
| <b>D. Loans - Credit Impaired</b>                              |                                      |                                      |
| <b>Sub-Total (D)</b>   | <b>0</b>                             | <b>0</b>                             |
| <b>TOTAL (A+B+C+D)</b>   | <b>1077</b>                          | <b>776</b>                           |



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 19 - Other Financial Assets

| Particulars   | (₹ in Lakhs)                         |                                      |
|---|--------------------------------------|--------------------------------------|
|   | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
| <b>Claims Receivable</b>  |                                      |                                      |
| Unsecured Considered Good   | 75716                                | 61456                                |
| Credit Impaired   | 17835                                | 14166                                |
|   | 93551                                | 75622                                |
| Less: Provision for Doubtful Claims   | 17847                                | 14166                                |
| <b>Sub-Total</b>  | <b>75704</b>                         | <b>61456</b>                         |
| <b>Security Deposit</b>   |                                      |                                      |
| Public Utility Concerns   | 45                                   | 47                                   |
| Others  | 183                                  | 207                                  |
| Interest Accrued and not Due on Term and Other Deposits   | 65497                                | 40257                                |
| Current Maturities of Deferred Debt   | 9990                                 | 9949                                 |
| <b>TOTAL</b>  | <b>151419</b>                        | <b>111916</b>                        |
| (i) Above balances of Claims Receivable include balances with related parties (Refer Receivables of Clause No.3(i)(g) of Note 49) | 15203                                | 16944                                |
| (ii) Above balances of Provision for Doubtful Claims include balances with related parties (Refer Clause No.3(i)(p) of Note 49)   | 262                                  | 353                                  |

## Note 20 - Current Tax Assets (Net)

| Particulars       | (₹ in Lakhs)                         |                                      |
|-------------------|--------------------------------------|--------------------------------------|
|                   | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
| Current Tax (Net) | 0                                    | 0                                    |
| <b>TOTAL</b>      | <b>0</b>                             | <b>0</b>                             |

## Note 21 - Other Current Assets

| Particulars  | (₹ in Lakhs)                         |                                      |
|--|--------------------------------------|--------------------------------------|
|  | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
| <b>A. Advance Other than Capital Advances</b>                                    |                                      |                                      |
| Advances against Goods and Services  | 453605                               | 368244                               |
| Less: Provision for Bad and Doubtful   | 1034                                 | 19                                   |
| Other Loans and Advances   | 395                                  | 295                                  |
| Less: Provision for Bad and Doubtful   | 2                                    | 0                                    |
| Advances to Related Parties  | 61                                   | 614                                  |
| <b>B. Others</b>   |                                      |                                      |
| Prepaid Expenses   | 2179                                 | 2400                                 |
| Balances with revenue Authorities  |                                      |                                      |
| Income tax   | 25                                   | 15                                   |
| Others   | 3141                                 | 850                                  |
| Balance with GST Electronic Ledger   | 74883                                | 46512                                |
| Balances in Franking Machine   | 4                                    | 2                                    |
| <b>TOTAL</b>   | <b>533257</b>                        | <b>418913</b>                        |
| Advances to Related Parties includes advance towards HAL employees Gratuity Fund | 0                                    | 585                                  |



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## EQUITY

### Note 22 - Equity Share Capital

(₹ in Lakhs)

| Particulars   | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
|---|--------------------------------------|--------------------------------------|
| <b>Authorised Capital</b><br>1,20,00,00,000 Equity Shares of ₹ 5 each (March 31, 2023: 60,00,00,000 Equity Shares of ₹ 10 each)   | <b>60000</b>                         | 60000                                |
| <b>Issued, Subscribed and Fully Paid up Capital</b><br>66,87,75,000 Equity Shares of ₹ 5 each fully paid-up (March 31, 2023: 33,43,87,500 Equity Shares of ₹ 10 each fully paid-up) | <b>33439</b>                         | 33439                                |
| Par Value per Share (₹)   | <b>5</b>                             | 10                                   |
| Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period  |                                      |                                      |
| Opening Equity Shares (Nos.) (face value of ₹ 10 each)  | <b>334387500</b>                     | 334387500                            |
| Add: Sub-division of 1 Equity Share of the face value of ₹ 10 each into 2 Equity Shares of ₹ 5 each (Nos.)  | <b>334387500</b>                     | 0                                    |
| Less: Shares Bought Back (Nos.)   | <b>0</b>                             | 0                                    |
| Closing Equity Shares (Nos.)  | <b>668775000</b>                     | 334387500                            |
| Shares in the Company held by each shareholder holding more than 5 percent shares specifying the number of shares held  |                                      |                                      |
| President of India and Nominees   | <b>479102424</b>                     | 239588844                            |
| % of Shareholding of President of India and Nominees  | <b>71.64%</b>                        | 71.65%                               |
| Shares held by promoters at the end of the reporting period   |                                      |                                      |
| <b>Promoters Name:</b>  |                                      |                                      |
| President of India and Nominees   |                                      |                                      |
| No. of Shares   | <b>479102424</b>                     | 239588844                            |
| % of total Shares   | <b>71.64%</b>                        | 71.65%                               |
| % Change during the year  | <b>-0.02%</b>                        | -4.66%                               |

#### Terms/ Rights attached to Equity shares

The Company has one (1) Class of Shares i.e Equity Shares

The Equity Shares rank Pari 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.

Refer Clause 18 of Note 49 for details regarding buy back of shares

### Note 23 - Other Equity

(₹ in Lakhs)

| Particulars                                      | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
|--|--------------------------------------|--------------------------------------|
| <b>A. Research &amp; Development Reserve</b>     |                                      |                                      |
| Opening Balance                                  | <b>211256</b>                        | 161338                               |
| Add: Current Year Transfer                       | <b>92718</b>                         | 53881                                |
| Less: Transfer to General Reserve on utilisation | <b>4328</b>                          | 3963                                 |
| <b>Closing Balance (A)</b>                       | <b>299646</b>                        | 211256                               |



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(₹ in Lakhs)

| Particulars   | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
|---|--------------------------------------|--------------------------------------|
| <b>B. Capital Redemption Reserve</b>  |                                      |                                      |
| Opening Balance   | 14761                                | 14761                                |
| Add: Current Year Transfer  | 0                                    | 0                                    |
| Less: Written Back in Current Year  | 0                                    | 0                                    |
| <b>Closing Balance (B)</b>  | 14761                                | 14761                                |
| <b>C. Indigenization Fund Reserve</b>                                       |                                      |                                      |
| Opening Balance   | 10776                                | 0                                    |
| Add: Current Year Transfer  | 18544                                | 10776                                |
| Less: Transfer to General Reserve on utilisation                            | 435                                  | 0                                    |
| <b>Closing Balance (C)</b>  | 28885                                | 10776                                |
| <b>D. General Reserve as per last Balance Sheet</b>                         | 2086947                              | 1721729                              |
| (+/-) Surplus Transferred from statement of Profit and Loss                 | 445369                               | 361255                               |
| Add: Transfer from Research & Development Reserve                           | 4328                                 | 3963                                 |
| Add: Transfer from Indigenization Fund Reserve                              | 435                                  | 0                                    |
| <b>Closing Balance (D)</b>  | 2537079                              | 2086947                              |
| <b>E. Retained earnings - Surplus in the statement of Profit &amp; Loss</b> |                                      |                                      |
| Opening Balance   | 0                                    | 0                                    |
| Add/(Less): Net Profit / (Net Loss) for the current financial year          | 762105                               | 582774                               |
| Add/(Less): Remeasurement of the defined benefit plans                      | -8185                                | 10332                                |
| <b>Sub total (i)</b>  | 753920                               | 593106                               |
| Less: Appropriations / Allocations  |                                      |                                      |
| Transfer to Indigenization Fund Reserve                                     | 18544                                | 10776                                |
| Transfer to Research & Development Reserve                                  | 92718                                | 53881                                |
| Interim Dividend  | 147131                               | 133755                               |
| Final Dividend (For FY 2022-23)   | 50158                                | 33439                                |
| <b>Sub total (ii)</b>   | 308551                               | 231851                               |
| <b>Transfer To General Reserves (i)-(ii)</b>                                | 445369                               | 361255                               |
| <b>Closing Balance (E)</b>  | 0                                    | 0                                    |
| <b>F. Other Components of Equity</b>  |                                      |                                      |
| <b>Fair Value through Other Comprehensive Income (FVOCI) (\$)</b>           |                                      |                                      |
| Opening Balance   | 36                                   | 46                                   |
| Add/(Less): Additions made during the current financial year                | -8214                                | 10322                                |
| Add/(Less): Remeasurement of the defined benefit plans                      | 8185                                 | -10332                               |
| <b>Closing Balance (F)</b>  | 7                                    | 36                                   |
| <b>Total attributable to Owners of the Company</b>                          | <b>2880378</b>                       | <b>2323776</b>                       |



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

(₹ in Lakhs)

| Particulars  | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
|--|--------------------------------------|--------------------------------------|
| <b>G. Attributable to Non-controlling interest</b> |                                      |                                      |
| Opening balance                                    | 374                                  | 375                                  |
| Profit/(Loss) for the year                         | -10                                  | -1                                   |
| Closing balance (G)                                | 364                                  | 374                                  |
| <b>TOTAL (A+B+C+D+E+F+G)</b>                       | <b>2880742</b>                       | <b>2324150</b>                       |

\$ Breakup is given separately in Statement of Changes in Equity

## Nature and Purpose of each Reserve:

### 1. Research & Development Reserve:

Research and Development Reserve is created by transfer from Retained Earnings an annual contribution of 15% of Operating Profit After Tax. Research & Development Reserve is created to bring technological superiority to the products in order to cope with the future technological challenges. The amount of utilisation for Research and Development purposes during the year is transferred from Research and Development Research to General Reserve.

### 2. Capital Redemption Reserve:

Capital Redemption Reserve is created on redemption/buyback of equity shares.

### 3. Indigenization Fund Reserve:

Indigenization Fund Reserve is created by transfer from Retained Earnings an amount equal to 3 % of Operating Profit After Tax which will be utilised to encourage Indigenization of items which are being sourced from foreign sources at present.

### 4. General Reserve:

General Reserve is created out of the profits of the Company and out of Research & Development Reserve on utilization of Research & Development purposes. This is a free reserve.

## Note 24 - Borrowings

(₹ in Lakhs)

| Particulars          | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
|----------------------|--------------------------------------|--------------------------------------|
| <b>A. Secured</b>    |                                      |                                      |
| a) Term Loans        |                                      |                                      |
| (i) From Banks       | 0                                    | 0                                    |
| <b>Sub-Total (A)</b> | <b>0</b>                             | <b>0</b>                             |
| <b>B. Unsecured</b>  |                                      |                                      |
| <b>Sub-Total (B)</b> | <b>0</b>                             | <b>0</b>                             |
| <b>TOTAL (A + B)</b> | <b>0</b>                             | <b>0</b>                             |



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 24A - Lease Liabilities

| Particulars       | (₹ in Lakhs)                         |                                      |
|-------------------|--------------------------------------|--------------------------------------|
|                   | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
| Lease Liabilities | 108                                  | 251                                  |
| <b>TOTAL</b>      | <b>108</b>                           | <b>251</b>                           |

Refer Clause 5 of Note 49 for further disclosures on lease

## Note 25 - Trade Payables

| Particulars    | (₹ in Lakhs)                         |                                      |
|----------------|--------------------------------------|--------------------------------------|
|                | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
| Trade Payables | 0                                    | 0                                    |
| <b>TOTAL</b>   | <b>0</b>                             | <b>0</b>                             |

## Note 26 - Other financial liabilities

| Particulars          | (₹ in Lakhs)                         |                                      |
|----------------------|--------------------------------------|--------------------------------------|
|                      | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
| Dues to Employees    | 47                                   | 43                                   |
| Deposits             | 0                                    | 11                                   |
| Deferred liabilities | 35156                                | 36913                                |
| Other Liabilities    | 15383                                | 15536                                |
| <b>TOTAL</b>         | <b>50586</b>                         | <b>52503</b>                         |

## Note 27 - Provisions

| Particulars                                | (₹ in Lakhs)                         |                                      |
|--|--------------------------------------|--------------------------------------|
|  | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
| <b>A. Provisions for Employee Benefits</b> |                                      |                                      |
| Gratuity                                   | 977                                  | 1077                                 |
| Earned Leave                               | 119139                               | 103591                               |
| <b>Sub-Total (A)</b>                       | <b>120116</b>                        | <b>104668</b>                        |
| <b>B. Others*</b>                          |                                      |                                      |
| Replacement and Other Charges              | 26211                                | 22519                                |
| Warranty                                   | 756                                  | 2436                                 |
| Liquidated Damages                         | 10751                                | 5087                                 |
| <b>Sub-Total (B)</b>                       | <b>37718</b>                         | <b>30042</b>                         |
| <b>TOTAL (A + B)</b>                       | <b>157834</b>                        | <b>134710</b>                        |

\*Refer Clause 14 of Note 49 for movement of Provisions





# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 28 - Deferred tax liabilities (Net)

| Particulars  | (₹ in Lakhs)                         |                                      |
|--------------|--------------------------------------|--------------------------------------|
|              | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
| <b>TOTAL</b> | <b>0</b>                             | <b>0</b>                             |

## Note 29 - Other Non current Liabilities

| Particulars  | (₹ in Lakhs)                         |                                      |
|--|--------------------------------------|--------------------------------------|
|  | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
| <b>A. Advances from Customers (Contract Liability)</b> |                                      |                                      |
| <b>Outstanding Advances from Customers</b>             |                                      |                                      |
| Defence  | 455250                               | 471586                               |
| <b>Sub-Total (A)</b>                                   | <b>455250</b>                        | <b>471586</b>                        |
| <b>B. Milestone Receipt (Contract Liability)</b>       |                                      |                                      |
| Defence  | 598892                               | 620665                               |
| Others   | 234                                  | 349                                  |
| <b>Sub-Total (B)</b>                                   | <b>599126</b>                        | <b>621014</b>                        |
| <b>TOTAL (A+B)</b>                                     | <b>1054376</b>                       | <b>1092600</b>                       |

## Note 30 - Borrowings

| Particulars                                | (₹ in Lakhs)                         |                                      |
|--|--------------------------------------|--------------------------------------|
|  | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
| <b>A. Secured Short Term Borrowings:</b>   |                                      |                                      |
| <b>a) Loans Repayable on Demand</b>        |                                      |                                      |
| (i) From Banks                             | 0                                    | 0                                    |
| Working Capital Loan-Cash Credit           | 0                                    | 0                                    |
| <b>Sub-Total (A)</b>                       | <b>0</b>                             | <b>0</b>                             |
| <b>B. Unsecured Short Term Borrowings:</b> |                                      |                                      |
| <b>Sub-Total (B)</b>                       | <b>0</b>                             | <b>0</b>                             |
| <b>TOTAL (A + B)</b>                       | <b>0</b>                             | <b>0</b>                             |

- (i) Refer Clause No. 15 & 16 of Note No.49 for further details on Borrowings
- (ii) Working Capital Loan is secured by first charge on Current Assets (All kinds of Stocks and Receivables of the Company both present and future)

## Note 30A - Lease Liabilities

| Particulars       | (₹ in Lakhs)                         |                                      |
|-------------------|--------------------------------------|--------------------------------------|
|                   | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
| Lease Liabilities | 2                                    | 14                                   |
| <b>TOTAL</b>      | <b>2</b>                             | <b>14</b>                            |

Refer Clause 5 of Note 49 for further disclosures on lease



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 31 - Trade Payables

| Particulars  | (₹ in Lakhs)                         |                                      |
|--|--------------------------------------|--------------------------------------|
|  | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
| <b>Trade Payables</b>  |                                      |                                      |
| A) total outstanding dues of micro enterprises and small enterprises   | <b>14605</b>                         | 6407                                 |
| B) total outstanding dues of creditors other than micro enterprises and small enterprises                                  | <b>326682</b>                        | 307090                               |
| <b>TOTAL</b>   | <b>341287</b>                        | 313497                               |
| (i) Above balances of Trade Payable include balances with related parties (Refer Payable of Clause No.3(i)(f) of Note 49). | <b>5161</b>                          | 6073                                 |
| (ii) Refer Clause 13 of Note 49 for ageing schedule of Trade Payables.   |                                      |                                      |

## Note 32 - Other Financial Liabilities

| Particulars  | (₹ in Lakhs)                         |                                      |
|--|--------------------------------------|--------------------------------------|
|  | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
| Liability for Outstanding Expenses   | <b>43056</b>                         | 39128                                |
| Deposits   | <b>14002</b>                         | 13067                                |
| Royalty  | <b>6562</b>                          | 6667                                 |
| Dues to Employees  | <b>63621</b>                         | 57160                                |
| Current Maturities of Deferred Debts/Liabilities   | <b>4902</b>                          | 4904                                 |
| Due to Capital Creditors - Micro enterprises and small enterprises   | <b>1528</b>                          | 250                                  |
| Due to Capital Creditors - other than micro enterprises and small enterprises  | <b>40336</b>                         | 16895                                |
| Unpaid Dividend Account  | <b>74</b>                            | 1380                                 |
| Other Liabilities  | <b>71057</b>                         | 71492                                |
| <b>TOTAL</b>   | <b>245138</b>                        | 210943                               |
| (i) Above balances of Other Liabilities include balances with related parties (Refer Payable of Clause No.3(i)(f) of Note 49).                   | <b>4639</b>                          | 5579                                 |
| (ii) No amount is due and outstanding to be transferred to Investor Education and Protection Fund at the year end in respect of Unpaid Dividend. |                                      |                                      |

## Note 33 - Other Current Liabilities

| Particulars  | (₹ in Lakhs)                         |                                      |
|--|--------------------------------------|--------------------------------------|
|  | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
| <b>A. Advances from Customers (Contract Liability)</b> |                                      |                                      |
| <b>Outstanding Advances from Customers</b>             |                                      |                                      |
| Defence  | <b>728283</b>                        | 549021                               |
| Others   | <b>7986</b>                          | 4961                                 |
| <b>Sub-total (A)</b>                                   | <b>736269</b>                        | 553982                               |



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

| Particulars                                      | (₹ in Lakhs)                         |                                      |
|--|--------------------------------------|--------------------------------------|
|  | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
| <b>B. Milestone Receipt (Contract Liability)</b> |                                      |                                      |
| Defence  | 1422456                              | 1197370                              |
| Others   | 48784                                | 54157                                |
| <b>Sub-total (B)</b>                             | <b>1471240</b>                       | <b>1251527</b>                       |
| <b>Advances from Customers (A + B)</b>           | <b>2207509</b>                       | <b>1805509</b>                       |
| <b>C. Other Payables</b>                         |                                      |                                      |
| Taxes (Other than Taxes on Income)               | 7864                                 | 7462                                 |
| GST Payable                                      | 2501                                 | 17674                                |
| Others   | 37094                                | 23069                                |
| <b>TOTAL (A + B + C)</b>                         | <b>2254968</b>                       | <b>1853714</b>                       |

## Note 34 - Provisions

| Particulars                                | (₹ in Lakhs)                         |                                      |
|--|--------------------------------------|--------------------------------------|
|  | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
| <b>A. Provisions for Employee Benefits</b> |                                      |                                      |
| Gratuity                                   | 9245                                 | 0                                    |
| Earned Leave                               | 12457                                | 14732                                |
| Others (Performance Related Pay)           | 35735                                | 30240                                |
| <b>Sub-Total (A)</b>                       | <b>57437</b>                         | <b>44972</b>                         |
| <b>B. Others*</b>                          |                                      |                                      |
| Replacement and Other Charges              | 442710                               | 395027                               |
| Warranty                                   | 125344                               | 119451                               |
| Liquidated Damages                         | 135580                               | 118381                               |
| <b>Sub-Total (B)</b>                       | <b>703634</b>                        | <b>632859</b>                        |
| <b>TOTAL (A + B)</b>                       | <b>761071</b>                        | <b>677831</b>                        |

\*Refer Clause 14 of Note 49 for movement of Provisions

## Note 35 - Current tax liability (Net)

| Particulars                 | (₹ in Lakhs)                         |                                      |
|-----------------------------|--------------------------------------|--------------------------------------|
|                             | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
| Current tax liability (Net) | 29967                                | 26728                                |
| <b>TOTAL</b>                | <b>29967</b>                         | <b>26728</b>                         |



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 36 - Revenue from Operations

(₹ in Lakhs)

| Particulars  | For the Year ended<br>31 <sup>st</sup> March 2024 | For the Year ended<br>31 <sup>st</sup> March 2023 |
|--|---|---|
| <b>A. Sale of Products</b>                               |   |   |
| <b>(i) Inland Sales</b>                                  |   |   |
| Finished Goods   | 544528  | 474035  |
| Spares   | 584982  | 514207  |
| Development  | 152648  | 179653  |
| Miscellaneous  | 77246   | 67528   |
| <b>Total Inland Sale of Products</b>                     | <b>1359404</b>                                    | <b>1235423</b>                                    |
| <b>(ii) Export Sales</b>                                 |   |   |
| Finished Goods   | 22021   | 17020   |
| Spares   | 6516  | 7231  |
| Development  | 0   | 606   |
| <b>Total Export Sale of Products</b>                     | <b>28537</b>                                      | <b>24857</b>                                      |
| <b>Total Sale of Products (A)</b>                        | <b>1387941</b>                                    | <b>1260280</b>                                    |
| <b>B. Sale of Services</b>                               |   |   |
| <b>(i) Inland Sale of Services</b>                       |   |   |
| Repair & Overhaul  | 1421802   | 1367531   |
| Other Services   | 3925  | 3731  |
| <b>Total Inland Sale of Services</b>                     | <b>1425727</b>                                    | <b>1371262</b>                                    |
| <b>(ii) Export Sale of Services</b>                      |   |   |
| Repair & Overhaul  | 1564  | 2720  |
| Other Services   | 958   | 1794  |
| <b>Total Export Sale of Services</b>                     | <b>2522</b>                                       | <b>4514</b>                                       |
| <b>Total Sale of Services (B)</b>                        | <b>1428249</b>                                    | <b>1375776</b>                                    |
| <b>Total Sales (A + B)</b>                               | <b>2816190</b>                                    | <b>2636056</b>                                    |
| <b>C. Other Operating Revenues</b>                       |   |   |
| (i) Disposal of Scrap and Surplus / Unserviceable Stores | 1218  | 1446  |
| (ii) Provisions no Longer Required*                      | 208512  | 53067   |
| (iii) Income from Overseas                               | 10489   | 0   |
| (iv) Others  | 1699  | 2177  |
| <b>Total Operating Revenues (C)</b>                      | <b>221918</b>                                     | <b>56690</b>                                      |
| <b>Revenue from Operations (A + B + C)</b>               | <b>3038108</b>                                    | <b>2692746</b>                                    |

\*Refer Clause 14 of Note 49 for movement of Provisions



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 37 - Other Income

(₹ in Lakhs)

| Particulars  | For the Year ended<br>31 <sup>st</sup> March 2024 | For the Year ended<br>31 <sup>st</sup> March 2023 |
|--|---|---|
| <b>Interest Income</b>                               |   |   |
| Short term Deposits / Loans / Others                 | 153182  | 83716   |
| Sundry Advances - Employees                          | 42  | 43  |
| Other Deposits                                       | 10219   | 9207  |
| <b>Sub-total</b>                                     | <b>163443</b>                                     | <b>92966</b>                                      |
| <b>Other Non-Operating Income</b>                    |   |   |
| Gain on Foreign Currency Transaction and Translation | 1856  | 0   |
| Gain on Sale of Property, Plant & Equipment (Net)    | 590   | 318   |
| Gain on Fair Value Adjustment                        | 3027  | 3144  |
| Interest on Income Tax Refund                        | 0   | 56947   |
| Miscellaneous  | 20744   | 13637   |
| <b>TOTAL</b>   | <b>189660</b>                                     | <b>167012</b>                                     |

## Note 38 - Cost of materials consumed

(₹ in Lakhs)

| Particulars  | For the Year ended<br>31 <sup>st</sup> March 2024 | For the Year ended<br>31 <sup>st</sup> March 2023 |
|--|---|---|
| <b>Consumption Of Raw Material, Components, Stores And Spare Parts</b> |   |   |
| Opening Stock  | 774494  | 1034477   |
| Add: Purchases   | 1223377   | 780827  |
| Add: Subcontracting, Fabrication and Machining Charges.                | 29884   | 25587   |
| Less: Closing stock  | 737892  | 774494  |
|  | <b>1289863</b>                                    | <b>1066397</b>                                    |
| Less: Transfer to  |   |   |
| Special Tools and Equipment  | 44700   | 49405   |
| Capital Works  | 127   | 9336  |
| Development Expenditure  | 1176  | 2457  |
| Expense Accounts and Others  | 9227  | 5831  |
|  | <b>55230</b>                                      | <b>67029</b>                                      |
| <b>TOTAL</b>   | <b>1234633</b>                                    | <b>999368</b>                                     |

## Note 38A - Purchase of Stock-in-Trade

(₹ in Lakhs)

| Particulars                | For the Year ended<br>31 <sup>st</sup> March 2024 | For the Year ended<br>31 <sup>st</sup> March 2023 |
|----------------------------|---|---|
| Purchase of Stock-in-Trade | 67140   | 79915   |



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 39 - Changes in Inventories of Finished Goods, Stock-in-Trade and Work-In-Progress and Scrap

| Particulars  | (₹ in Lakhs)                                      |   |
|--|---|---|
|  | For the Year ended<br>31 <sup>st</sup> March 2024 | For the Year ended<br>31 <sup>st</sup> March 2023 |
| <b>Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-progress</b> |   |   |
| <b>Opening Balance</b>   |   |   |
| (i) Finished Goods   | 0   | 0   |
| (ii) Work-in-progress  | 595145  | 525080  |
| (iii) Stock-in-Trade   | 2241  | 2994  |
|  | <b>597386</b>                                     | 528074  |
| <b>Closing Balance</b>   |   |   |
| (i) Finished Goods   | 0   | 0   |
| (ii) Work-in-progress  | 788829  | 595145  |
| (iii) Stock-in-Trade   | 4149  | 2241  |
|  | <b>792978</b>                                     | 597386  |
| <b>Accretion / (Decretion) -A</b>  | <b>195592</b>                                     | 69312   |
| <b>Change in Disposables Scrap</b>   |   |   |
| Opening Balance  | 470   | 710   |
| Closing Balance  | 742   | 470   |
| <b>Accretion / (Decretion)-B</b>   | <b>272</b>  | -240  |
| <b>TOTAL (A + B)</b>   | <b>195864</b>                                     | 69072   |

## Note 40 - Employee benefits expense

| Particulars                                | (₹ in Lakhs)                                      |   |
|--|---|---|
|  | For the Year ended<br>31 <sup>st</sup> March 2024 | For the Year ended<br>31 <sup>st</sup> March 2023 |
| Salaries and Wages                         | 418014  | 396747  |
| Contribution to Provident Fund and Others  | 87237   | 61799   |
| Contribution to Gratuity                   | 10783   | 8772  |
| Others                                     | 19  | 19  |
| Staff Welfare Expenses( Net)               | 12965   | 23623   |
| Rent for Hiring Accommodation for Officers | 51  | 77  |
| <b>TOTAL</b>                               | <b>529069</b>                                     | 491037  |

## Note 41 - Finance costs

| Particulars                             | (₹ in Lakhs)                                      |   |
|---|---|---|
|   | For the Year ended<br>31 <sup>st</sup> March 2024 | For the Year ended<br>31 <sup>st</sup> March 2023 |
| Interest on Cash Credit                 | 2   | 1   |
| Interest on Lease Liabilities           | 8   | 18  |
| Interest on Income Tax                  | 3131  | 2563  |
| Interest on micro and small enterprises | 6   | 27  |
| Interest - Others                       | 64  | 3188  |
| <b>TOTAL</b>                            | <b>3211</b>                                       | 5797  |



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 42 - Depreciation and Amortization expense

(₹ in Lakhs)

| Particulars   | For the Year ended<br>31 <sup>st</sup> March 2024 | For the Year ended<br>31 <sup>st</sup> March 2023 |
|---|---|---|
| <b>A. Depreciation on Property, Plant and Equipment</b> | <b>31856</b>                                      | 30852   |
| <b>B. Amortisation</b>                                  |   |   |
| Intangible assets- Development Expenditure              | <b>47070</b>                                      | 93891   |
| Other Intangible assets                                 |   |   |
| Licence Fees  | <b>8189</b>                                       | 1197  |
| Computer Software                                       | <b>968</b>  | 731   |
| Documentation   | <b>3219</b>                                       | 2447  |
| Special Tools   | <b>49415</b>                                      | 49349   |
| <b>Sub-Total (B)</b>                                    | <b>108861</b>                                     | 147615  |
| <b>TOTAL (A+B)</b>                                      | <b>140717</b>                                     | 178467  |

## Note 42A - Impairment Loss

(₹ in Lakhs)

| Particulars                                      | For the Year ended<br>31 <sup>st</sup> March 2024 | For the Year ended<br>31 <sup>st</sup> March 2023 |
|--|---|---|
| Impairment Loss on Property, Plant and Equipment | <b>0</b>  | 50303   |
| Impairment Loss on Intangible Asset              | <b>1495</b>                                       | 9440  |
| <b>TOTAL</b>                                     | <b>1495</b>                                       | 59743   |

Refer Clause No.8 of Note 49

## Note 43 - Other expenses

(₹ in Lakhs)

| Particulars   | For the Year ended<br>31 <sup>st</sup> March 2024 | For the Year ended<br>31 <sup>st</sup> March 2023 |
|---|---|---|
| Shop Supplies   | <b>10627</b>                                      | 8906  |
| Power and Fuel  | <b>19397</b>                                      | 18187   |
| Less: Savings in energy charges from Company owned wind & solar power plant | <b>3620</b>                                       | 3325  |
| Net Power and Fuel  | <b>15777</b>                                      | 14862   |
| Water Charges   | <b>5271</b>                                       | 5393  |
| Rent for Office Premises etc.   | <b>72</b>   | 87  |
| Travelling (includes Foreign Travel)  | <b>8980</b>                                       | 6691  |
| Training (includes Foreign Training)  | <b>736</b>  | 1043  |
| <b>Repairs:</b>   |   |   |
| Buildings   | <b>8969</b>                                       | 8278  |
| Plant, Machinery and Equipment  | <b>19763</b>                                      | 16205   |
| Others  | <b>5993</b>                                       | 3736  |
| Expenses on Tools and Equipment   | <b>3267</b>                                       | 4430  |
| Insurance   | <b>4505</b>                                       | 4019  |
| Rates and Taxes   | <b>2640</b>                                       | 2520  |
| Postage and Telephones  | <b>819</b>  | 885   |
| Printing and Stationery   | <b>1168</b>                                       | 1044  |
| Publicity   | <b>1376</b>                                       | 2723  |
| Advertisement   | <b>211</b>  | 256   |
| Bank Charges  | <b>1052</b>                                       | 644   |



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

| Particulars  | (₹ in Lakhs)                                      |   |
|--|---|---|
|  | For the Year ended<br>31 <sup>st</sup> March 2024 | For the Year ended<br>31 <sup>st</sup> March 2023 |
| Loss on Foreign Currency Transaction and Translation   | 0   | 12236   |
| Legal Expenses   | 298   | 260   |
| <b>Auditors' Remuneration:</b>   |   |   |
| For Audit Fee  | 64  | 58  |
| For Tax Audit Fee  | 7   | 5   |
| For Other Services-Interim Audit & Other Certification fees  | 78  | 79  |
| Selling Agents Commission  | 16  | 21  |
| Handling Charges   | 207   | 212   |
| <b>Write Off:</b>  |   |   |
| Fixed Assets   | 0   | 7   |
| Stores   | 1028  | 1447  |
| Shortages / Rejections   | 196   | 284   |
| Others   | 55  | 4204  |
| Freight and Insurance  | 1649  | 1634  |
| Corporate Social Responsibility  | 11106   | 9503  |
| Loss on Fair Value Adjustment  | 3248  | 2853  |
| Miscellaneous Operating Expenses   | 43875   | 41534   |
| <b>TOTAL</b>   | <b>153053</b>                                     | <b>156059</b>                                     |
| (i) Miscellaneous Operating Expenses includes Director's Sitting Fees, excluding GST for the current financial year is ₹18 Lakh (For the year ended 31 <sup>st</sup> March 2023 is ₹ 15 Lakhs) | 18  | 18  |

## Note 44 - Direct Input to Work in Progress/ Expenses Capitalised

| Particulars  | (₹ in Lakhs)                                      |   |
|--|---|---|
|  | For the Year ended<br>31 <sup>st</sup> March 2024 | For the Year ended<br>31 <sup>st</sup> March 2023 |
| <b>A) DIRECT INPUT TO WIP</b>                      |   |   |
| Project related Travel                             | 453   | 601   |
| Project related Training                           | 66  | 141   |
| Project related other Expenditure                  | 725   | 1639  |
| Royalty  | 592   | 1908  |
| Foreign Technician Fee                             | 516   | 1033  |
| Ground Risk Insurance                              | 2146  | 2560  |
| Quality Audit Expenses                             | 2   | 3   |
| Design and Development                             | 29725   | 10674   |
| Sundry Direct Charges - Others                     | 4203  | 516   |
| <b>Sub-Total (A)</b>                               | <b>38428</b>                                      | <b>19075</b>                                      |
| <b>B) EXPENSES CAPITALISED TO INTANGIBLE ASSET</b> |   |   |
| Licence Fees                                       | 1550  | 235   |
| Computer software                                  | 2285  | 1158  |
| Documentation                                      | 336   | 31135   |
| <b>Sub-Total (B)</b>                               | <b>4171</b>                                       | <b>32528</b>                                      |
| <b>TOTAL (A + B)</b>                               | <b>42599</b>                                      | <b>51603</b>                                      |





# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 45 - Provisions

| Particulars   | (₹ in Lakhs)                                      |   |
|---|---|---|
|   | For the Year ended<br>31 <sup>st</sup> March 2024 | For the Year ended<br>31 <sup>st</sup> March 2023 |
| Replacement and Other Charges   | 116611  | 245052  |
| Warranty  | 32425   | 43901   |
| Redundancy provision - Raw Materials and Components, Stores and Spare parts, Loose Tools and Equipment, Construction Materials, Inventory - Warranty and Work-in-Progress | 100164  | 28140   |
| Liquidated Damages  | 70271   | 42290   |
| Doubtful Debts  | 3534  | 1418  |
| Doubtful Claims   | 3898  | 2678  |
| Impairment of Investments   | 0   | 3   |
| Doubtful Advances   | 1015  | 0   |
| Doubtful Contract Assets  | 2386  | 8998  |
| <b>TOTAL</b>  | <b>330304</b>                                     | <b>372480</b>                                     |

Refer Clause 14 of Note 49 for movement of Provisions

## Note 46 - Expenses relating to Capital and Other Accounts

| Particulars                   | (₹ in Lakhs)                                      |   |
|-------------------------------|---|---|
|                               | For the Year ended<br>31 <sup>st</sup> March 2024 | For the Year ended<br>31 <sup>st</sup> March 2023 |
| <b>Expenses allocated to:</b> |   |   |
| Other Intangible assets       | 4171  | 32528   |
| Special Tools                 | 2729  | 2009  |
| Capital Works                 | 353   | 3052  |
| Development Expenditure       | 78528   | 64894   |
| Others                        | 12646   | 13819   |
| <b>TOTAL</b>                  | <b>98427</b>                                      | <b>116302</b>                                     |

## Other Comprehensive Income

### Note 47 - Items that will not be reclassified to Profit or Loss

| Particulars  | (₹ in Lakhs)                                      |   |
|--|---|---|
|  | For the Year ended<br>31 <sup>st</sup> March 2024 | For the Year ended<br>31 <sup>st</sup> March 2023 |
| Remeasurements of the defined benefit plans  | -10940  | 13800   |
| Share of Other Comprehensive Income in Associates and Joint Ventures, to the extent not to be classified into profit or loss | -29   | 6   |
| <b>TOTAL</b>   | <b>-10969</b>                                     | <b>13806</b>                                      |

### Note 48 - Items that will be reclassified to profit or loss

| Particulars   | (₹ in Lakhs)                                      |   |
|---|---|---|
|   | For the Year ended<br>31 <sup>st</sup> March 2024 | For the Year ended<br>31 <sup>st</sup> March 2023 |
| Exchange differences in translating the financial statements of a foreign operation | 0   | -21   |
| <b>TOTAL</b>  | <b>0</b>  | <b>-21</b>  |



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 49 - Consolidated Notes to Financial Statements

(₹ unless otherwise stated is in lakhs)

### 1. Earnings per Share (EPS)

₹ in Lakhs

| Particulars  | For the year ended<br>31 March 2024 | For the year ended<br>31 March 2023 |
|--|-------------------------------------|-------------------------------------|
| Profit Before Tax  | 1022488                             | 650950                              |
| Provision for Taxation   | 260393                              | 68177                               |
| Net Profit After Tax   | 762095                              | 582773                              |
| Weighted Average Number of Equity Shares of Face Value of ₹ 5/- each fully paid up | 668775000                           | 668775000                           |
| Earnings per Share (in Rupees) - Basic   | 113.95                              | 87.14                               |
| Earnings per Share (in Rupees) - Diluted   | 113.95                              | 87.14                               |

The Shareholders of the Company, at the 60<sup>th</sup> Annual General Meeting held on 31 August 2023, had approved the sub-division of one equity share of the face value of ₹ 10 each into two equity shares of face value ₹ 5 each. The record date for the said sub-division was set at 29 September 2023.

The basic and diluted EPS and the number of shares for the prior periods have been restated considering the face value of ₹ 5 each in accordance with Ind AS 33- "Earnings per Share" on account of the abovementioned sub-division of equity shares.

### 2. Principles of Consolidation:

| Sl. No. | Particulars  |
|---------|--|
| i       | The Consolidated Financial Statements (CFS) of Hindustan Aeronautics Limited (HAL), Joint Ventures and its Subsidiaries are prepared in accordance with Ind AS 28 (Investments in Associates & Joint Ventures), Ind AS 110 (Consolidated Financial Statements), Ind AS 111 (Joint Arrangements) and are presented to the extent possible in the same manner as the Company's Standalone Financial Statement.   |
| ii      | Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date when control ceases.  |
| iii     | The Group combines the financial statements of the parents and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of Subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Group.  |
| iv      | Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post acquisition profits or losses of the investee in profit and loss, and the Group's share of other comprehensive income of the investee in other comprehensive income.<br><br>Dividends received or receivable from Joint Ventures are recognised as a reduction in the carrying amount of the investment.<br><br>When the Group's share of losses in Joint Ventures equals or exceeds the Group's interest in the entity, including any other long-term unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity. |



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 49 - Consolidated Notes to Financial Statements

In accordance with Equity method of consolidation of Joint Venture, where investment is fully impaired and impairment loss is recognised, further share of losses is not considered in CFS. Similarly, contingent liabilities in respect of those Joint Ventures are also not disclosed as there is no further liability/losses to the parent.

Unrealised gains on transactions between the Group and its Joint Ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of Joint Ventures have been changed where necessary to ensure consistency with the policies adopted by the Group. The carrying amount of equity accounted investments are tested for impairment.

|      |  |
|------|--|
| v    | Interests in Joint Ventures are accounted for using the equity method after initially being recognised at cost in the Consolidated Balance Sheet.  |
| vi   | As per the Shareholders' Agreements entered by the Company relating to all the Joint Ventures which clearly specifies the intent of the Company to subscribe and hold the specified percentage of the equity from the beginning, no pre-acquisition profits/losses arose on consolidation. |
| vii  | In respect of contingent liabilities and commitments proportionate share of the Company's and others entire amount as shown by Joint Ventures has been considered for disclosure.  |
| viii | The figures of previous year have been considered based on audited financial statements of the Subsidiary / Joint Ventures.  |



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 49 - Consolidated Notes to Financial Statements

### 3 Related Party Transactions

(i) Disclosure on Related Party Transactions as required by Ind AS 24 - Related Party Disclosures is given below:

|   |  | ₹ in Lakhs               |                            |                          |   |                                    |  |                                 |                      |  |   |                                   |   |                                 |                                 |   |       |     |               |                             |
|---|--|--------------------------|----------------------------|--------------------------|---|------------------------------------|--|---------------------------------|----------------------|--|---|-----------------------------------|---|---------------------------------|---------------------------------|---|-------|-----|---------------|-----------------------------|
| The name of the transacting related party |  | Country of incorporation | Indo Avia Services Limited | BAe HAL Software Limited | Safran HAL Aircraft Engines Private Ltd | SAMTEL HAL Display Systems Limited | HAL-Edge-wood Technologies Private Limited | HALBIT Avionics Private Limited | Infotech HAL Limited | HATSOFF Helicopter Training Private Ltd. | International Aero-space Manu-facturing Pvt. Ltd. | Multirole Transport Aircraft Ltd. | Aerospace & Aviation Sector Skill Council | Helicopter MRO Engines Pvt. Ltd | Defence Innovation Organisation | SAFHAL Aircraft Engines Private Limited | India | 50% | Joint Venture | Description of transactions |
|   |  |                          |                            |                          |   |                                    |  |                                 |                      |  |   |                                   |   |                                 |                                 |   |       |     |               |                             |
| (a)                                       | Proportion of Ownership Interest   |                          |                            |                          |   |                                    |  |                                 |                      |  |   |                                   |   |                                 |                                 |   |       |     |               |                             |
| (b)                                       | Description of the relationship between the parties                      |                          |                            |                          |   |                                    |  |                                 |                      |  |   |                                   |   |                                 |                                 |   |       |     |               |                             |
| (c)                                       | Description of the nature of the transactions                            |                          |                            |                          |   |                                    |  |                                 |                      |  |   |                                   |   |                                 |                                 |   |       |     |               |                             |
| (d)                                       | Amount for Purchase of Goods and Services and other expenses             |                          | 2,397                      | 569                      | -                                       | 3,375                              | -  | 24                              | -                    | 44                                       | -   | -                                 | -   | -                               | -                               | -                                       | -     | -   | -             | -                           |
| (e)                                       | Previous year 31 <sup>st</sup> March 2023                                |                          | (3,874)                    | (469)                    | -                                       | (1,820)                            | -  | -                               | (23)                 | (34)                                     | (15)  | -                                 | -   | -                               | -                               | -                                       | -     | -   | -             | -                           |
| (f)                                       | Amount outstanding for Purchase of Goods and Services and other expenses |                          | 4,153                      | 98                       | -                                       | 708                                | -  | 326                             | -                    | 3  | 12  | -                                 | -   | -                               | -                               | -                                       | -     | -   | -             | -                           |
| (g)                                       | Previous year 31 <sup>st</sup> March 2023                                |                          | (5,345)                    | (165)                    | -                                       | (291)                              | -  | (296)                           | (9)                  | (5)                                      | (12)  | -                                 | -   | -                               | (100)                           | -                                       | -     | -   | -             | -                           |
| (h)                                       | Income on Rent, Water and Electricity                                    |                          | 7                          | 419                      | -                                       | -                                  | 457  | 252                             | -                    | 75                                       | 880   | 1                                 | -   | -                               | -                               | -                                       | -     | -   | -             | -                           |
| (i)                                       | Advances Outstanding on Purchases of Goods and Services                  |                          | (7)                        | (574)                    | -                                       | -                                  | (457)                                      | (294)                           | -                    | (65)                                     | (582)   | -                                 | -   | -                               | -                               | -                                       | -     | -   | -             | -                           |
| (j)                                       | Advances Outstanding on Sale of land                                     |                          | 8                          | 137                      | -                                       | -                                  | -  | 56                              | -                    | 221                                      | 276   | 10                                | -   | -                               | -                               | -                                       | -     | -   | -             | -                           |
| (k)                                       | Previous year 31 <sup>st</sup> March 2023                                |                          | (4)                        | (189)                    | -                                       | -                                  | -  | (55)                            | -                    | (208)                                    | (257)   | (9)                               | -   | -                               | -                               | -                                       | -     | -   | -             | -                           |
| (l)                                       | Amount paid towards investment in shares                                 |                          | -                          | -                        | -                                       | -                                  | -  | -                               | -                    | -  | -   | -                                 | -   | -                               | -                               | -                                       | -     | -   | -             | -                           |
| (m)                                       | Previous year 31 <sup>st</sup> March 2023                                |                          | -                          | -                        | -                                       | -                                  | -  | -                               | -                    | -  | -   | -                                 | -   | -                               | -                               | -                                       | -     | -   | -             | -                           |
| (n)                                       | Dividend on Investments  |                          | 187                        | -                        | -                                       | -                                  | -  | -                               | -                    | -  | 108   | -                                 | -   | -                               | -                               | -                                       | -     | -   | -             | -                           |
| (o)                                       | Previous year 31 <sup>st</sup> March 2023                                |                          | -                          | -                        | -                                       | -                                  | -  | -                               | -                    | -  | -   | -                                 | -   | -                               | (929)                           | -                                       | -     | -   | -             | -                           |
| (p)                                       | Amount paid towards investment in shares                                 |                          | -                          | -                        | -                                       | -                                  | -  | -                               | -                    | -  | -   | -                                 | -   | -                               | 950                             | -                                       | -     | -   | -             | -                           |
| (q)                                       | Previous year 31 <sup>st</sup> March 2023                                |                          | -                          | -                        | -                                       | -                                  | -  | -                               | -                    | -  | -   | -                                 | -   | -                               | -                               | -                                       | -     | -   | -             | -                           |
| (r)                                       | Dividend on Investments  |                          | -                          | -                        | -                                       | -                                  | -  | -                               | -                    | -  | -   | -                                 | -   | -                               | -                               | -                                       | -     | -   | -             | -                           |



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 49 - Consolidated Notes to Financial Statements

|  | ₹ in Lakhs                 |                          |   |                                    |  |                                 |                      |  |  |                                   |   |                                 |                                 |   |
|--|----------------------------|--------------------------|---|------------------------------------|--|---------------------------------|----------------------|--|--|-----------------------------------|---|---------------------------------|---------------------------------|---|
| The name of the transacting related party                                  | Indo Avia Services Limited | BAe HAL Software Limited | Safran HAL Aircraft Engines Private Ltd | SAMTEL HAL Display Systems Limited | HAL-Edge-wood Technologies Private Limited | HALBIT Avionics Private Limited | Infotech HAL Limited | HATSOFF Helicopter Training Private Ltd. | International Aero-space Manufacturing Pvt. Ltd. | Multirole Transport Aircraft Ltd. | Aerospace & Aviation Sector Skill Council | Helicopter MRO Engines Pvt. Ltd | Defence Innovation Organisation | SAFHAL Aircraft Engines Private Limited |
| (m) Previous year 31 <sup>st</sup> March 2023                              | (187)                      | -                        | -                                       | -                                  | -  | -                               | -                    | -  | (53)   | -                                 | -   | -                               | -                               | -                                       |
| Re-imbursment Salaries including KMP Salaries                              | 98                         | 61                       | -                                       | -                                  | -  | 8                               | -                    | -  | -  | -                                 | -   | -                               | -                               | -                                       |
| (n) Previous year 31 <sup>st</sup> March 2023                              | (86)                       | (82)                     | -                                       | -                                  | -  | (50)                            | -                    | -  | (42)   | -                                 | -   | -                               | -                               | -                                       |
| Re-imbursment of Expenses during the year                                  | -                          | -                        | -                                       | -                                  | -  | -                               | -                    | -  | -  | -                                 | -   | -                               | -                               | -                                       |
| (o) Previous year 31 <sup>st</sup> March 2023                              | -                          | -                        | -                                       | -                                  | -  | -                               | -                    | -  | -  | -                                 | -   | -                               | -                               | -                                       |
| Allowances recognised in respect of Doubtful debts during the year         | -                          | (43)                     | -                                       | -                                  | -  | 9                               | -                    | 10                                       | -  | -                                 | -   | -                               | -                               | -                                       |
| (p) Previous year 31 <sup>st</sup> March 2023                              | -                          | (43)                     | -                                       | -                                  | -  | (55)                            | -                    | (53)                                     | -  | -                                 | -   | -                               | -                               | -                                       |
| Provision for doubtful debts related to the amount of outstanding balances | -                          | -                        | -                                       | -                                  | 457  | 252                             | -                    | 75                                       | -  | -                                 | -   | -                               | -                               | -                                       |
| (q) Previous year 31 <sup>st</sup> March 2023                              | -                          | (43)                     | -                                       | -                                  | (457)                                      | (294)                           | -                    | (65)                                     | -  | -                                 | -   | -                               | 4,500                           | -                                       |
| Grant outstanding as on balance sheet date                                 | -                          | -                        | -                                       | -                                  | -  | -                               | -                    | -  | -  | -                                 | -   | -                               | (4,500)                         | -                                       |
| (r) Previous year 31 <sup>st</sup> March 2023                              | -                          | -                        | -                                       | -                                  | -  | -                               | -                    | -  | -  | -                                 | -   | -                               | -                               | -                                       |
| Write off of Advance   | -                          | -                        | -                                       | -                                  | -  | -                               | -                    | -  | -  | -                                 | -   | -                               | -                               | -                                       |
| Previous year  | -                          | -                        | -                                       | -                                  | (374)                                      | -                               | -                    | -  | -  | -                                 | -   | -                               | -                               | -                                       |

Figures in brackets relate to previous year (31.03.2023)

The differences in the amount disclosed by the Company and JV's are due to reconciliation items.

Transaction with the related parties are made on normal commercial terms and at market rates.

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

Shri C.B. Ananthkrishnan - Director (Finance) & CFO with Additional charge of Chairman and Managing Director.

Dr. D.K.Sunil - Director (Engineering and R&D)

Shri Jayadeva E.P. - Director (Operations)

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



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 49 - Consolidated Notes to Financial Statements

### (ii) Details of Transactions with Key Management Personnel

₹ in Lakhs

| Sl. No. | Particulars                              | Designation  | For the year ended 31 March 2024 |                                       |       | For the year ended 31 March 2023 |                                       |       |
|---------|--|--|----------------------------------|---------------------------------------|-------|----------------------------------|---------------------------------------|-------|
|         |  |  | Salary                           | Company Contribution to PF / Gratuity | Total | Salary                           | Company Contribution to PF / Gratuity | Total |
| 1       | Shri C. B. Anantha Krishnan              | Director(Finance) & CFO from 1 <sup>st</sup> August 2018 with Additional Charge of Chairman & Managing Director from 1 <sup>st</sup> August 2022 | 80                               | 6                                     | 86    | 73                               | 6                                     | 79    |
| 2       | Shri Jayadeva E P                        | Director(Operations) with effect from 10 <sup>th</sup> June 2022.  | 76                               | 5                                     | 81    | 59                               | 4                                     | 63    |
| 3       | Shri Dr. Sunil D.K                       | Director(Engineering and R&D) with effect from 29 <sup>th</sup> September 2022   | 68                               | 5                                     | 73    | 38                               | 3                                     | 41    |
| 4       | Shri A B Pradhan                         | Director (Human Resources) with effect from 19 <sup>th</sup> July 2023   | 48                               | 4                                     | 52    | 0                                | 0                                     | 0     |
| 5       | Shri R Madhavan                          | Chairman & Managing Director (ceased to be the Chairman & Managing Director upon superannuation on 31 <sup>st</sup> July 2022)                   | 0                                | 0                                     | 0     | 26                               | 2                                     | 28    |
| 6       | Shri Arup Chatterjee                     | Director (Engineering and R&D) (ceased to be Director (Engineering and R&D) upon superannuation on 30 <sup>th</sup> June 2022)                   | 0                                | 0                                     | 0     | 11                               | 1                                     | 12    |
| 7       | Shri Alok Verma                          | Director(Human Resources) (ceased to be the Director (Human Resources) upon superannuation on 30 <sup>th</sup> November 2022)                    | 0                                | 0                                     | 0     | 45                               | 3                                     | 48    |
| 8       | Shri G.V.Sesha Reddy, Company Secretary  | Company Secretary (ceased to be Company Secretary upon superannuation on 31 <sup>st</sup> October 2022)  | 0                                | 0                                     | 0     | 28                               | 2                                     | 30    |
| 9       | Shri Shailesh Bhansal, Company Secretary | Company Secretary with effect from 28 <sup>th</sup> March 2023   | 43                               | 4                                     | 47    | 0                                | 0                                     | 0     |

### (iii) Sitting Fees paid to Independent Directors (Non-Executive)

₹ in Lakhs

|   |                             | For the year ended 31 March 2024 | For the year ended 31 March 2023 |
|---|-----------------------------|----------------------------------|----------------------------------|
| 1 | Dr. Divya Gupta             | 10                               | 10                               |
| 2 | Shri Deepak Abasaheb Shinde | 8                                | 8                                |



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 49 - Consolidated Notes to Financial Statements

- (iv) The Company makes monthly contributions to provident fund managed by “The Provident Fund of HAL” for eligible employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company’s contribution to PF Trust during the period is given below.

₹ in Lakhs

| Name of PF Trust           | 31 March 2024 | 31 March 2023 |
|----------------------------|---------------|---------------|
| 1. HAL - Bangalore Complex | 14697         | 13855         |
| 2. HAL - Nasik             | 4140          | 3984          |
| 3. HAL - Koraput           | 2729          | 2612          |
| 4. HAL - Hyderabad         | 1861          | 1764          |
| 5. HAL - Lucknow           | 1552          | 1577          |
| 6. HAL - Korwa             | 703           | 833           |
| 7. HAL - Kanpur            | 1343          | 1269          |
| 8. HAL - Corporate Office  | 587           | 582           |
| <b>Total</b>               | <b>27613</b>  | <b>26476</b>  |

- (v) The Company maintains gratuity trust for the purpose of administering the gratuity payment to its employees (HAL Employees Gratuity scheme). Transaction /outstanding balance with gratuity Trust during the year is given below:

|                               | 31 March 2024 | 31 March 2023 |
|-------------------------------|---------------|---------------|
| Fund transfer during the year | 16661         | 22766         |
| Amount payable                | 9230          | 0             |
| Amount receivable             | 14303         | 16025         |
| Advance paid                  | 0             | 585           |

- (vi) Apart from transactions reported above, the Group has transactions with other Government related entities, which includes but not limited to the following:

|                         |                               |
|-------------------------|-------------------------------|
| Name of Government:     | Government of India           |
| Nature of Transactions: | Sale of Products and Services |

These transactions are conducted in the ordinary course of the Group’s business

## 4 (a) Claims / Demands against the Group contested and are not acknowledged as debts (Gross)- as reimbursements are available from the customers as per contract\*.

₹ in Lakhs

| Particulars   | As at 31 March 2024 | As at 31 March 2023 |
|---|---------------------|---------------------|
| <b>In respect of the Group</b>  |                     |                     |
| (i) Sales Tax / Entry Tax / Goods and Service Tax   | 1095045             | 1134934             |
| (ii) Service Tax  | 42008               | 130717              |
| (iii) Customs Duty  | 47515               | 30413               |
| * In terms of Pricing Policy agreed with Indian Defence Services, prices approved are exclusive of taxes and duties i.e. Sales Tax, Entry Tax, Goods and Service Tax, Service Tax, Customs Duty etc. In case, the customer do not submit an exemption certificate, taxes would be levied and the same would be re-imbursed by the customer. |                     |                     |
| <b>Sub Total (A)</b>  | <b>1184568</b>      | <b>1296064</b>      |



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 49 - Consolidated Notes to Financial Statements

### (b) Contingent Liability not acknowledged as debts (Gross)

| Particulars  | ₹ in Lakhs             |                        |
|--|------------------------|------------------------|
|  | As at<br>31 March 2024 | As at<br>31 March 2023 |
| <b>In respect of the Group</b>   |                        |                        |
| (i) Income Tax   | 26890                  | 12628                  |
| (ii) Municipal Tax   | 0                      | 0                      |
| (ii) Others**  | 11882                  | 8081                   |
| ** ₹ 11882 lakhs does not include ₹ 1686 lakhs (P.Y. ₹ 1686 lakhs) of contingent liability to M/s Halbit Avionics Private Limited.   |                        |                        |
| The Bruhath Bangalore Mahanagara Palike (BBMP) issued a Demand Notice dated 24 <sup>th</sup> September 2021 for a sum of ₹ 20253 lakhs for the period between 2008-09 to 2021-22 with respect to property tax (including interest, cess and penalty) for properties owned by the Company. The Company challenged the same before City Civil Court. During the pendency of the case, the matter was taken up by BBMP before the Government of Karnataka and a "One Time Settlement Scheme" was notified by Government of Karnataka on 27 <sup>th</sup> March 2023. In furtherance thereof, a revised demand notice dated 31 <sup>st</sup> March 2023 for ₹ 9159 lakhs (including property tax, cess and interest) was issued by BBMP. The said demand was paid and complied by the Company as on 31 <sup>st</sup> March 2023. |                        |                        |
| <b>Sub Total (A)</b>   | <b>38772</b>           | 20709                  |

### (c) Commitments

| Particulars  | ₹ in Lakhs             |                        |
|--|------------------------|------------------------|
|  | As at<br>31 March 2024 | As at<br>31 March 2023 |
| In respect of the Group  |                        |                        |
| Estimated amount of contracts remaining to be executed and not provided for on Capital Account | 227891                 | 160761                 |

In view of the nature of business, being long term contracts there may be other commitments for purchase of material etc., which has been considered as normal business process, hence not been disclosed.

## 5 Pursuant to Ind AS-116-Leases, the following information is disclosed:

### a) Group as a Lessee:

| Sl. No. | Particulars   | ₹ in Lakhs   |              |
|---------|---|--------------|--------------|
|         |   | Year 2023-24 | Year 2022-23 |
| 1       | depreciation on right-of-use assets (Refer Note 1 B)    | 301          | 287          |
| 2       | interest expense on Lease liabilities (Refer Note 41)   | 8            | 18           |
| 3       | total cash outflow for leases                           | 31           | 368          |
| 4       | additions to right-of-use assets (Refer Note 1 A)       | 29           | 366          |
| 5       | carrying amount of right-of-use assets (Refer Note 1 C) | 8381         | 8653         |

One Avro Aircraft (BH 572) is on lease from Indian Air Force for a period of 1 year for an amount of ₹ 271 lakhs. The charges for the same has been accounted as expenditure of ₹ 271 lakhs for the year ended 31<sup>st</sup> March 2024. The Company has an option to renew the lease subject to increase of 9% over previous year.





# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 49 - Consolidated Notes to Financial Statements

### b) Group as a Lessor:

The Group leases out its Investment property and Property, Plant and Equipment. The Group has classified these lease as operating leases, as there is no transfer substantially all the risks and rewards incidental to the ownership of the assets. Clause 6 of Note 49 gives information about the operating leases of Investment Property.

₹ in Lakhs

| Operating Lease | For the year ended<br>31 March 2024 | For the year ended<br>31 March 2023 |
|-----------------|-------------------------------------|-------------------------------------|
| Lease income    | 1836                                | 2221                                |

The Property, Plant and Equipment disclosed under Note 1A includes the following assets given on Operating Lease

₹ in Lakhs

| Particulars          | As at 31 March 2024 |                          |             |                                  | As at 31 March 2023 |                          |             |                                  |
|----------------------|---------------------|--------------------------|-------------|----------------------------------|---------------------|--------------------------|-------------|----------------------------------|
|                      | Gross Block         | Accumulated Depreciation | Net Block   | Depreciation Charge for the year | Gross Block         | Accumulated Depreciation | Net Block   | Depreciation Charge for the year |
| Land - Freehold      | 94                  | 0                        | 94          | 0                                | 94                  | 0                        | 94          | 0                                |
| Buildings - Owned    | 14                  | 12                       | 2           | 0                                | 14                  | 11                       | 3           | 0                                |
| Aircraft/Helicopters | 13106               | 5542                     | 7564        | 646                              | 13106               | 4896                     | 8210        | 645                              |
| <b>Total</b>         | <b>13214</b>        | <b>5554</b>              | <b>7660</b> | <b>646</b>                       | <b>13214</b>        | <b>4907</b>              | <b>8307</b> | <b>645</b>                       |

The maturity analysis of lease payments (including payments from Investment Property) showing the undiscounted minimum lease payments to be received over the remaining non-cancellable term on an annual basis are as follows:

₹ in Lakhs

| Term                                     | As at<br>31 March 2024 | As at<br>31 March 2023 |
|--|------------------------|------------------------|
| Less than one year                       | 1099                   | 2334                   |
| One to Two years                         | 330                    | 1382                   |
| Two to Three years                       | 208                    | 772                    |
| Three to Four years                      | 199                    | 200                    |
| Four to Five years                       | 207                    | 189                    |
| More than Five years                     | 3868                   | 3799                   |
| <b>Total undiscounted lease payments</b> | <b>5911</b>            | <b>8676</b>            |

### Credit Risk

The Group has leased out its Properties to Joint Ventures and Other agencies. Lease payments are structured with periodic escalations consistent with the prevailing market conditions. Based on the Credit Risk in lease payments, suitable provision has been made in the books of accounts.



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 49 - Consolidated Notes to Financial Statements

### 6 Information regarding income and expenditure of Investment property As per Ind AS 40 - Investment property:

₹ in Lakhs

| Particulars   | For the year ended<br>31 March 2024 | For the year ended<br>31 March 2023 |
|---|-------------------------------------|-------------------------------------|
| Rental income derived from investment properties  | 679                                 | 1,152                               |
| Direct operating expenses (including repairs and maintenance) generating rental income            | -                                   | -                                   |
| Direct operating expenses (including repairs and maintenance) that did not generate rental income | -                                   | -                                   |
| Profit arising from investment properties before depreciation and Indirect expenses               | 679                                 | 1,152                               |
| Less – Depreciation   | -                                   | -                                   |
| Profit arising from investment properties before Indirect expenses                                | 679                                 | 1,152                               |

#### Fair value of investment property

Fair value of the investment properties is ₹ 40562 lakhs as valued by a Registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.

### 7 Segment Reporting

The Ministry of Corporate Affairs vide notification no 1/2/2014-CL-V dated 23<sup>rd</sup> February 2018 has exempted the Government companies engaged in defence production to the extent of application of Ind AS 108 on "Operating Segment".

₹ in Lakhs

| 8 As required by Ind AS 36, the Company has accounted impairment losses based on the assessment of impairment assets committee carried out during the year and based on such assessment 'impairment loss' in the Statement of Profit and Loss has been recognised. | For the year ended<br>31 March 2024 | For the year ended<br>31 March 2023 |
|--|-------------------------------------|-------------------------------------|
| Impairment Loss  | 1495                                | 59743                               |

### 9 Capital work-in-progress (CWIP) (Refer Note-2)

#### (a) Movement in Capital work-in-progress

₹ in Lakhs

| Capital Work-in-progress                        | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
|---|--------------------------------------|--------------------------------------|
| Opening Balance                                 | 63690                                | 94910                                |
| Additions                                       | 83967                                | 62405                                |
| Deletions                                       | 53969                                | 93625                                |
| Closing Balance (refer clause No.9(b) and 9(c)) | 93688                                | 63690                                |



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 49 - Consolidated Notes to Financial Statements

### (b) Ageing of Capital work-in-progress

₹ in Lakhs

| CWIP                                | As at 31 March 2024            |              |             |                   |              | As at 31 March 2023            |             |             |                   |              |
|-------------------------------------|--------------------------------|--------------|-------------|-------------------|--------------|--------------------------------|-------------|-------------|-------------------|--------------|
|                                     | Amount in CWIP for a period of |              |             |                   | Total        | Amount in CWIP for a period of |             |             |                   | Total        |
|                                     | Less than 1 year               | 1-2 years    | 2-3 years   | More than 3 years |              | Less than 1 year               | 1-2 years   | 2-3 years   | More than 3 years |              |
| (i) Projects in progress            | 56686                          | 20135        | 5532        | 11335             | 93688        | 36988                          | 5728        | 5571        | 15403             | 63690        |
| (ii) Projects temporarily suspended | -                              | -            | -           | -                 | 0            | -                              | -           | -           | -                 | 0            |
| <b>Total</b>                        | <b>56686</b>                   | <b>20135</b> | <b>5532</b> | <b>11335</b>      | <b>93688</b> | <b>36988</b>                   | <b>5728</b> | <b>5571</b> | <b>15403</b>      | <b>63690</b> |

### (c) Expected completion schedule of capital work-in-progress where cost or time overrun has exceeded original plan

₹ in Lakhs

| CWIP (individual project wise details)     | As at 31 March 2024 |             |           |                   | As at 31 March 2023 |           |            |                   |
|--|---------------------|-------------|-----------|-------------------|---------------------|-----------|------------|-------------------|
|  | To be completed in  |             |           |                   | To be completed in  |           |            |                   |
|  | Less than 1 year    | 1-2 years   | 2-3 years | More than 3 years | Less than 1 year    | 1-2 years | 2-3 years  | More than 3 years |
| <b>Projects in progress</b>                |                     |             |           |                   |                     |           |            |                   |
| SU-30                                      | 942                 | 0           | 0         | 0                 | 2815                | 0         | 0          | 0                 |
| LCA  | 2895                | 2174        | 0         | 0                 | 206                 | 0         | 0          | 0                 |
| General purpose CWIP                       | 4524                | 0           | 0         | 0                 | 5708                | 0         | 0          | 0                 |
| Project pertaining to Subsidiary Company   | 0                   | 0           | 0         | 109               | 0                   | 0         | 109        | 0                 |
| Projects where activity has been suspended | 0                   | 0           | 0         | 0                 | 0                   | 0         | 0          | 0                 |
| <b>Total</b>                               | <b>8361</b>         | <b>2174</b> | <b>0</b>  | <b>109</b>        | <b>8729</b>         | <b>0</b>  | <b>109</b> | <b>0</b>          |

## 10 Intangible assets under development (Refer Note-6A)

### (a) Ageing of Intangible assets under development

₹ in Lakhs

| Intangible assets under development | As at 31 March 2024   |              |              |                   |               | As at 31 March 2023   |              |              |                   |               |
|-------------------------------------|---|--------------|--------------|-------------------|---------------|---|--------------|--------------|-------------------|---------------|
|                                     | Amount in Intangible assets under development for a period of |              |              |                   | Total         | Amount in Intangible assets under development for a period of |              |              |                   | Total         |
|                                     | Less than 1 year  | 1-2 years    | 2-3 years    | More than 3 years |               | Less than 1 year  | 1-2 years    | 2-3 years    | More than 3 years |               |
| (i) Projects in progress            | 31139   | 31491        | 28342        | 128775            | 219747        | 57204   | 23925        | 19994        | 87485             | 188608        |
| (ii) Projects temporarily suspended | -   | -            | -            | -                 | 0             | -   | -            | -            | -                 | 0             |
| <b>Total</b>                        | <b>31139</b>  | <b>31491</b> | <b>28342</b> | <b>128775</b>     | <b>219747</b> | <b>57204</b>  | <b>23925</b> | <b>19994</b> | <b>87485</b>      | <b>188608</b> |



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 49 - Consolidated Notes to Financial Statements

### (b) Expected completion schedule of intangible assets under development where cost or time overrun has exceeded original plan

₹ in Lakhs

| Intangible assets under development        | As at 31 March 2024 |           |           |                   | As at 31 March 2023 |           |           |                   |
|--|---------------------|-----------|-----------|-------------------|---------------------|-----------|-----------|-------------------|
|  | To be completed in  |           |           |                   | To be completed in  |           |           |                   |
|  | Less than 1 year    | 1-2 years | 2-3 years | More than 3 years | Less than 1 year    | 1-2 years | 2-3 years | More than 3 years |
| <b>Projects in progress</b>                |                     |           |           |                   |                     |           |           |                   |
| (i) VHF and DAMS                           | 988                 | 0         | 0         | 0                 | 344                 | 0         | 0         | 0                 |
| Projects where activity has been suspended | 0                   | 0         | 0         | 0                 | 0                   | 0         | 0         | 0                 |
| <b>Total</b>                               | <b>988</b>          | <b>0</b>  | <b>0</b>  | <b>0</b>          | <b>344</b>          | <b>0</b>  | <b>0</b>  | <b>0</b>          |

### 11 Trade Receivable ageing schedule is as given below:

#### Current Trade Receivables (Refer Note-15)

₹ in Lakhs

| Particulars                                    | As at 31 March 2024  |                   |              |              |                   | Un billed | Not due  | Total         |
|--|--|-------------------|--------------|--------------|-------------------|-----------|----------|---------------|
|  | Outstanding for following periods from due date of payment |                   |              |              |                   |           |          |               |
|  | Less than 6 months   | 6 months - 1 year | 1-2 years    | 2-3 years    | More than 3 years |           |          |               |
| Undisputed Trade receivables - considered good | 264940   | 54913             | 94995        | 39616        | 7221              | 0         | 0        | 461685        |
| Undisputed Trade receivables - credit impaired | 0  | 0                 | 14           | 174          | 16413             | 0         | 0        | 16601         |
| Less : Allowance for Doubtful Debts            | 0  | 0                 | 14           | 174          | 16413             | 0         | 0        | 16601         |
| <b>Total</b>                                   | <b>264940</b>  | <b>54913</b>      | <b>94995</b> | <b>39616</b> | <b>7221</b>       | <b>0</b>  | <b>0</b> | <b>461685</b> |

₹ in Lakhs

| Particulars                                    | As at 31 March 2023  |                   |              |              |                   | Un billed | Not due  | Total         |
|--|--|-------------------|--------------|--------------|-------------------|-----------|----------|---------------|
|  | Outstanding for following periods from due date of payment |                   |              |              |                   |           |          |               |
|  | Less than 6 months   | 6 months - 1 year | 1-2 years    | 2-3 years    | More than 3 years |           |          |               |
| Undisputed Trade receivables - considered good | 270648   | 78208             | 88732        | 29103        | 5227              | 0         | 0        | 471918        |
| Undisputed Trade receivables - credit impaired | 612  | 3                 | 7            | 13           | 14624             | 0         | 0        | 15259         |
| Less : Allowance for Doubtful Debts            | 612  | 3                 | 7            | 13           | 14624             | 0         | 0        | 15259         |
| <b>Total</b>                                   | <b>270648</b>  | <b>78208</b>      | <b>88732</b> | <b>29103</b> | <b>5227</b>       | <b>0</b>  | <b>0</b> | <b>471918</b> |



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 49 - Consolidated Notes to Financial Statements

### 12 Contract Asset ageing schedule is as given below:

#### Current Contract Assets (Refer Note-15A)

₹ in Lakhs

| Particulars                                  | As at 31 March 2024  |                   |               |               |                   | Not due  | Total          |
|--|--|-------------------|---------------|---------------|-------------------|----------|----------------|
|  | Outstanding for following periods from due date of payment |                   |               |               |                   |          |                |
|  | Less than 6 months   | 6 months - 1 year | 1-2 years     | 2-3 years     | More than 3 years |          |                |
| Undisputed Contract Assets - considered good | 662259   | 129074            | 227056        | 132207        | 45192             | 0        | 1195788        |
| Less : Allowance for Doubtful Debts          | 1237   | 0                 | 0             | 0             | 5155              | 0        | 6392           |
| <b>Total</b>                                 | <b>661022</b>  | <b>129074</b>     | <b>227056</b> | <b>132207</b> | <b>40037</b>      | <b>0</b> | <b>1189396</b> |

₹ in Lakhs

| Particulars   | As at 31 March 2023  |                   |               |              |                   | Not due  | Total         |
|---|--|-------------------|---------------|--------------|-------------------|----------|---------------|
|   | Outstanding for following periods from due date of payment |                   |               |              |                   |          |               |
|   | Less than 6 months   | 6 months - 1 year | 1-2 years     | 2-3 years    | More than 3 years |          |               |
| Undisputed Contract Assets - considered good                                | 574498   | 105010            | 187982        | 70981        | 107269            | 0        | 1045740       |
| Undisputed Contract Assets - which have significant increase in credit risk | 0  | 0                 | 0             | 0            | 4752              | 0        | 4752          |
| Undisputed Contract Assets - credit impaired                                | 0  | 0                 | 0             | 0            | 232               | 0        | 232           |
| Less : Allowance for Doubtful Debts   | 7741   | 1837              | 9344          | 9841         | 84321             | 0        | 113084        |
| <b>Total</b>  | <b>566757</b>  | <b>103173</b>     | <b>178638</b> | <b>61140</b> | <b>27932</b>      | <b>0</b> | <b>937640</b> |



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 49 - Consolidated Notes to Financial Statements

### 13 Trade Payable ageing schedule is as given below:

#### Current Trade Payables Ageing schedule (Refer Note-31)

₹ in Lakhs

| Particulars   | As at 31 March 2024  |              |              |                   |           |          |               |
|---|--|--------------|--------------|-------------------|-----------|----------|---------------|
|   | Outstanding for following periods from due date of payment |              |              |                   | Un billed | Not due  | Total         |
|   | Less than 1 year   | 1-2 years    | 2-3 years    | More than 3 years |           |          |               |
| (i) Micro enterprises and Small enterprises             | 14170  | 68           | 141          | 226               | 0         | 0        | 14605         |
| (ii) Other than Micro enterprises and Small enterprises | 283310   | 13315        | 10179        | 19879             | 0         | 0        | 326682        |
| <b>Total</b>  | <b>297480</b>  | <b>13383</b> | <b>10320</b> | <b>20105</b>      | <b>0</b>  | <b>0</b> | <b>341287</b> |

₹ in Lakhs

| Particulars   | As at 31 March 2023  |              |             |                   |           |             |               |
|---|--|--------------|-------------|-------------------|-----------|-------------|---------------|
|   | Outstanding for following periods from due date of payment |              |             |                   | Un billed | Not due     | Total         |
|   | Less than 1 year   | 1-2 years    | 2-3 years   | More than 3 years |           |             |               |
| (i) Micro enterprises and Small enterprises             | 5041   | 109          | 130         | 5                 | 0         | 1122        | 6407          |
| (ii) Other than Micro enterprises and Small enterprises | 265826   | 16924        | 3884        | 17871             | 0         | 2584        | 307090        |
| <b>Total</b>  | <b>270867</b>  | <b>17033</b> | <b>4014</b> | <b>17876</b>      | <b>0</b>  | <b>3706</b> | <b>313497</b> |



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 49 - Consolidated Notes to Financial Statements

### 14 (a) Movement in provisions for the year as required by Ind AS 37-Provisions, Contingent Liabilities and Contingent Asset is as follows:

₹ in Lakhs

| Nature of Provision   | Opening Balance as at 1 April 2023 | Provision made during the year | Utilisation during the year | Reversal during the year | Closing Balance as at 31 March 2024 |
|---|------------------------------------|--------------------------------|-----------------------------|--------------------------|-------------------------------------|
| Provision for Warranty  | 121887                             | 32425                          | 21939                       | 6273                     | <b>126100</b>                       |
| (Previous Year-31.03.2023)  | (1,09,325)                         | (43,901)                       | (26,332)                    | (5,007)                  | <b>(1,21,887)</b>                   |
| Provision for Replacement and Other Charges   | 417546                             | 116611                         | 3303                        | 61933                    | <b>468921</b>                       |
| (Previous Year-31.03.2023)  | (2,17,854)                         | (2,45,052)                     | (15,556)                    | (29,804)                 | <b>(4,17,546)</b>                   |
| Provision for Redundancy in Raw Material and Components, Work in progress, Stores and Spares, Construction Material and Loose Tools | 207220                             | 100164                         | 5                           | 25813                    | <b>281566</b>                       |
| (Previous Year-31.03.2023)  | (1,86,236)                         | (28,140)                       | (2)                         | (7,154)                  | <b>(2,07,220)</b>                   |
| Provision for Doubtful Debts  | 15259                              | 3534                           | 5                           | 2187                     | <b>16601</b>                        |
| (Previous Year-31.03.2023)  | (13,907)                           | (1,418)                        | -                           | (66)                     | <b>(15,259)</b>                     |
| Provision for Contract Assets   | 1,13,084                           | 2,386                          | -                           | 1,09,078                 | <b>6392</b>                         |
| (Previous Year-31.03.2023)  | (1,05,353)                         | (8,998)                        | -                           | (1,267)                  | <b>(1,13,084)</b>                   |
| Provision for Claims  | 24296                              | 3896                           | 185                         | 650                      | <b>27357</b>                        |
| (Previous Year-31.03.2023)  | (30,180)                           | (2,678)                        | (8)                         | (8,554)                  | <b>(24,296)</b>                     |
| Provision for Liquidated Damages  | 123468                             | 70271                          | 44830                       | 2578                     | <b>146331</b>                       |
| (Previous Year-31.03.2023)  | (1,45,786)                         | (42,290)                       | (63,427)                    | (1,181)                  | <b>(1,23,468)</b>                   |
| Provision for Impairment of Investments   | 12892                              |                                |                             |                          | <b>12892</b>                        |
| (Previous Year-31.03.2023)  | (13,396)                           | (3)                            | (473)                       | (34)                     | <b>(12,892)</b>                     |
| Provision for Advances  | 19                                 | 1,017                          | -                           | -                        | <b>1,036</b>                        |
| (Previous Year-31.03.2023)  | (19)                               | 0                              | 0                           | 0                        | <b>(19)</b>                         |

\* Figures in brackets relate to previous year.

| Nature of Provision   | As at 31 March 2024 |               |                 | As at 31 March 2023 |         |                 |
|---|---------------------|---------------|-----------------|---------------------|---------|-----------------|
|   | Non-current         | Current       | Total Provision | Non-current         | Current | Total Provision |
| Provision for Warranty Charges  | <b>756</b>          | <b>125344</b> | <b>126100</b>   | 2436                | 119451  | 121887          |
| Provision for Replacement and Other Charges   | <b>26211</b>        | <b>442710</b> | <b>468921</b>   | 22519               | 395027  | 417546          |
| Provision for Redundancy in Raw Material and Components, Work in progress, Stores and Spares, Construction Material and Loose Tools | <b>0</b>            | <b>281566</b> | <b>281566</b>   | 0                   | 207220  | 207220          |
| Provision for Doubtful Debts  | <b>0</b>            | <b>16601</b>  | <b>16601</b>    | 0                   | 15259   | 15259           |
| Provision for Contract Assets   | <b>0</b>            | <b>6392</b>   | <b>6392</b>     | 0                   | 113084  | 113084          |
| Provision for Claims  | <b>9510</b>         | <b>17847</b>  | <b>27357</b>    | 10130               | 14166   | 24296           |
| Provision for Liquidated Damages  | <b>10751</b>        | <b>135580</b> | <b>146331</b>   | 5087                | 118381  | 123468          |
| Provision for Impairment of Investments   | <b>12892</b>        | <b>0</b>      | <b>12892</b>    | 12892               | 0       | 12892           |
| Provision for Advances  | <b>0</b>            | <b>1036</b>   | <b>1036</b>     | 0                   | 19      | 19              |



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 49 - Consolidated Notes to Financial Statements

### (b) Sensitivity of estimates on provisions:

The assumptions made for provisions relating to current period are consistent with those in the earlier years. The assumptions and estimates used for recognition of such provisions are qualitative in nature and their likelihood could alter in next financial year. It is impracticable for the Group to compute the possible effect of assumptions and estimates made in recognizing these provisions.

Provision for replacement and other charges represents, amounts towards expenditure incurred from the date of Signalling Out Certificate (SOC) to date of ferry out, loan items taken from the customer which needs to be replaced etc.,

Warranty represents Performance Warranty for manufacture, repair and overhaul of Aircraft / Helicopters/ Engines / Rotables, supply of spares and development activities etc.

Provision for Redundancy in Raw Material and Components, Work in progress, Stores and Spares, Construction Material and Loose Tools represents provision on redundancy of such materials, completed / specific projects and other surplus / redundant materials pending transfer to salvage stores etc.

Provision for Liquidated Damages represents amounts provided for the period of delay between the due date of supply of the Goods / rendering of services as per delivery schedule and the expected Date of delivery of said Goods / rendering of service in respect of manufacture / repair and overhaul of Aircraft / Helicopters/ Engines / Rotables, supply of spares and development activities etc.

Provision for doubtful debts is being assessed on a case to case basis in respect of dues outstanding for a significant period of time. Debts from the Government departments are generally treated as fully recoverable and hence the Company does not recognize credit risk of such financial assets.

Provision for doubtful claims represents provision on expected credit losses.

Impairment in value of investment represents reduction in the share of net worth below investment.

Provision for Onerous contract has been recognised as the cost of meeting obligations is over and above the economic benefits expected to be received under it.

## 15 Borrowing Cash Credit (Refer Note-30)

|  |  |
|--|--|
| Details of lender                              | A Consortium of 7 banks comprising of State Bank of India (lead bank), Bank of Baroda, Indian Bank, Canara Bank, Punjab National Bank, Union Bank of India and Indian Overseas Bank. |
| Limit  | ₹ 400000 lakhs as Cash Credit (including ₹ 240000 Lakhs of Commercial Paper)   |
| Purpose  | Working Capital Requirements   |
| Security                                       | Paripassu first charge on stocks and receivables of the Company with other consortium banks  |
| Interest Rate                                  | Interest rates ranging between TBLR to MCLR based at monthly rests.  |
| Credit Rating<br>(other than Commercial Paper) | [ICRA]AAA/Stable/ICRA A1+ by ICRA & CARE AAA/Stable/ CARE A1+ by CARE  |





# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 49 - Consolidated Notes to Financial Statements

### 16 Working Capital Facilities

The total Cash Credit limits ₹ 400000 lakhs including ₹ 240000 lakhs of Commercial Paper (previous year: ₹ 400000 lakhs including ₹ 240000 lakhs of Commercial Paper) and Corporate Loan of ₹ NIL lakhs and Non-Fund based limits ₹ 205000 lakhs (previous year: ₹ 205000 lakhs) sanctioned by consortium of bankers. The said limits are secured by hypothecation of inventories and receivables.

₹ in Lakhs

| 17 Where the Company has borrowings from banks or financial institutions on the basis of security of current assets                                      | As at<br>31 <sup>st</sup> March 2024  | As at<br>31 <sup>st</sup> March 2023   |
|--|---|--|
| Quarterly returns or statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts. | <b>The Company has been sanctioned working capital limits of ₹ 400000 lakhs, non fund based limit of ₹ 205000 lakhs and Corporate loan of ₹ Nil lakhs by the consortium bankers. As on 31.03.2024, no fund based limit were utilised by the Company against the sanctioned limits. The Quarterly stock statement filed by the Company and the books of Accounts are in agreement.</b> | The Company has been sanctioned working capital limits of ₹ 400000 lakhs, non fund based limit of ₹ 205000 lakhs and Corporate loan of ₹ Nil lakhs by the consortium bankers. As on 31.03.2023, no fund based limit were utilised by the Company against the sanctioned limits. The Quarterly stock statement filed by the Company and the books of Accounts are in agreement. |

### 18 Buyback of Shares:

In accordance with the approval of Board of Directors at its 408<sup>th</sup> meeting held on 28<sup>th</sup> November, 2017 and approval of shareholders, the Company has bought back 2,71,12,500 fully paid equity shares of ₹ 10/- each equivalent to 7.5% of the paid-up share capital and Free Reserves of the Company, for an aggregate amount of ₹ 92150 lakhs (excluding tax of ₹ 20636 lakhs) at ₹ 339.88 per equity share from the President of India. The consideration amount for back buy of shares was paid to the Government of India on 19<sup>th</sup> December, 2017 and the shares so bought back were extinguished on 22<sup>nd</sup> December, 2017.

19 To achieve the mandatory threshold of 25% minimum public shareholding in the Company, Government of India (Gol) had offered 3.5% (1,17,03,563) equity shares of the Company to non-Retail Investors and Retail Investors on March 23-24, 2023, out of its shareholding of 75.15% in the Company, through Offer for Sale (OFS) by Stock Exchange Mechanism. Consequent to the OFS, the Government of India shareholding stands at 71.65% as on 31<sup>st</sup> March 2023.

Apart from above, as part of the OFS, Gol had also allotted 37,632 equity shares to the eligible employees of the Company during April, 2023 under Employee OFS. Consequent to the Employee OFS, the Gol shareholding stands at 71.64%.

20 Revision of pay scales of executives and workmen, with effect from 01.01.2017 was implemented in accordance with the guidelines issued by Department of Public Enterprises vide OM dated 03.08.2017 for Executives and in accordance with the Wage Agreement entered into between Management and Employees Union representative in 2019-20 in respect of Workmen.

On an interpretation on pay refixation and pursuant to the directives of the Administrative Ministry, the pay fixation to be revised and the excess amount paid is to be recovered from the employees.

This has resulted in reduction of salaries and wages by ₹ 5573 lakhs (previous year: ₹ 5155 lakhs) for the year ended 31<sup>st</sup> March 2024.

While so, the Employees Union and Officers Association have filed Writ Petition with Hon'ble High Court of Karnataka to stay recovery of excess amount of salary paid by the Company. The Honorable High Court has granted interim stay on recoveries,



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 49 - Consolidated Notes to Financial Statements

pending disposal of the writ petitions by the High Court, the excess amount is shown under claims receivable (Gross) and provision of ₹ 35218 lakhs (previous year: ₹ 29645 lakhs) has been made in the books of accounts. The amount withheld from employees who retired after 30<sup>th</sup> June 2021 is kept under other liabilities ₹ 4445 lakhs (previous year: ₹ 3026 lakhs).

Based on the final order that may be passed, suitable effect will be carried out in the accounts.

- 21** Ministry vide OM dated 12.07.2023 has conveyed the approval for increasing the Company's contribution to the Pension Scheme of Executives from existing 7% to 10% of Basic Pay + DA w.e.f. 0.1.01.2017. Revision of Pension contribution from 7% to 10% of Basic Pay + DA w.e.f. 01.01.2017 has been made in respect of Executives who are on the rolls of the Company as on the date of implementation of the revised ceiling i.e. 01.01.2017. In respect of new incumbents who joined the Company post 01.01.2017, it will be effective from the date of appointment.

The additional liability accruing to the Company due to the increased ceiling, is ₹ 21736 lakhs pertaining to the period from 1 January, 2017 to 31 March, 2024 (₹ 3513 lakhs for the year ended 31 March, 2024). The total additional financial impact on revision of Pension contribution has been given effect in the books of accounts during the year ended 31 March, 2024. Accordingly, employees cost for the current year is not comparable with the corresponding previous year.

|   |  | ₹ in Lakhs                                  |   |
|---|--|---|---|
| <b>22.1 Value of Imports calculated on CIF basis:</b> |  | <b>For the year ended<br/>31 March 2024</b> | <b>For the year ended<br/>31 March 2023</b> |
| (i) Raw Materials                                     |  | 553468                                      | 273417                                      |
| (ii) Components and Spares                            |  | 449276                                      | 333741                                      |
| (iii) Capital Goods                                   |  | 1402  | 1227  |
| (iv) Special Tools                                    |  | 5995  | 10709                                       |
| <b>Total</b>  |  | <b>1010140</b>                              | <b>619094</b>                               |

|  |  | ₹ in Lakhs                                  |   |
|--|--|---|---|
| <b>22.2 Raw Materials, Spare Parts and Components consumed :</b> |  | <b>For the year ended<br/>31 March 2024</b> | <b>For the year ended<br/>31 March 2023</b> |
| (i) Imported (including Customs Duty)                            |  | 1029917                                     | 826231                                      |
| (% to total)   |  | 79.74                                       | 77.36                                       |
| (ii) Indigenous  |  | 259946                                      | 240166                                      |
| (% to total)   |  | 20.26                                       | 22.64                                       |
| Total (Gross)  |  | 1289863                                     | 1066397                                     |
| <b>(Total %)</b>   |  | <b>100</b>                                  | <b>100</b>                                  |

- 23** The aggregate amount of Research and Development Expenditure recognised as expenses during the year is as below:

|   |  | ₹ in Lakhs                                  |   |
|---|--|---|---|
| <b>Expenditure on R&amp;D included in :</b> |  | <b>For the year ended<br/>31 March 2024</b> | <b>For the year ended<br/>31 March 2023</b> |
| Raw Material Consumption                    |  | 44065                                       | 49124                                       |
| Direct Expenses                             |  | 31755                                       | 12565                                       |
| Salaries and Wages                          |  | 80171                                       | 69897                                       |
| Other Expenses                              |  | 126633                                      | 117847                                      |
| <b>Total R &amp; D Expenditure</b>          |  | <b>282624</b>                               | <b>249433</b>                               |



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 49 - Consolidated Notes to Financial Statements

₹ in Lakhs

| 24 The Property, Plant and Equipment does not include assets funded by the customer for use of their jobs but held by the Company on their behalf. | As at<br>31 March 2024 | As at<br>31 March 2023 |
|--|------------------------|------------------------|
| Opening Balance  | 198771                 | 172357                 |
| Additions  | 16573                  | 26414                  |
| Closing Balance  | 215344                 | 198771                 |

₹ in Lakhs

| 25.1 Joint Ventures                           | For the year ended<br>31 March 2024        |                         | For the year ended<br>31 March 2023        |                         |
|---|--|-------------------------|--|-------------------------|
|   | Capital<br>Expenditure of<br>Joint Venture | Share of the<br>Company | Capital<br>Expenditure of<br>Joint Venture | Share of the<br>Company |
| BAeHAL Software Limited                       | 4  | 1                       | 7  | 3                       |
| Safran HAL Aircraft Engines Private Limited   | 1907                                       | 954                     | 705  | 353                     |
| Indo Avia Services Limited                    | -  | -                       | 4  | 2                       |
| HATSOFF Helicopter Training Private Limited   | 12   | 6                       | 26   | 13                      |
| International Aerospace Manufacturing Private | 8997                                       | 4499                    | 1350                                       | 675                     |
| Multirole Transport Aircraft Limited          | -  | -                       | 235  | 118                     |
| Helicopter Engines MRO Private Ltd            | 1224                                       | 612                     | -  | -                       |
| SAFHAL Helicopter Engines Private Limited     | 76   | 38                      | -  | -                       |
| <b>Total</b>                                  | <b>12220</b>                               | <b>6110</b>             | 2327                                       | 1164                    |

₹ in Lakhs

| 25.2 Joint Ventures                           | For the year ended<br>31 March 2024           |                         | For the year ended<br>31 March 2023           |                         |
|---|---|-------------------------|---|-------------------------|
|   | Revenue from<br>Export Sales<br>Joint Venture | Share of the<br>Company | Revenue from<br>Export Sales<br>Joint Venture | Share of the<br>Company |
| BAeHAL Software Limited                       | -   | -                       | -   | -                       |
| Safran HAL Aircraft Engines Private Limited   | -   | -                       | -   | -                       |
| Indo Avia Services Limited                    | 45  | 21                      | 63  | 30                      |
| HATSOFF Helicopter Training Private Limited   | 10  | 5                       | 12  | 6                       |
| International Aerospace Manufacturing Private | 24859   | 12429                   | 18239   | 9119                    |
| Multirole Transport Aircraft Limited          | -   | -                       | -   | -                       |
| Helicopter Engines MRO Private Ltd            | -   | -                       | -   | -                       |
| SAFHAL Helicopter Engines Private Limited     | -   | -                       | -   | -                       |
| <b>Total</b>                                  | <b>24913</b>                                  | <b>12455</b>            | 18314   | 9155                    |



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 49 - Consolidated Notes to Financial Statements

### 26 Financial instruments by category

(a) The carrying value and fair value of Financial instruments by each category as at 31 March, 2024 were as follows:

₹ in Lakhs

| Particulars   | Financial assets/<br>liabilities at<br>amortised<br>costs | Financial<br>assets/<br>liabilities at<br>FVTPL | Financial<br>assets/<br>liabilities at<br>FVTOCI | Total<br>Carrying<br>Value | Total Fair<br>Value |
|---|---|---|--|----------------------------|---------------------|
| <b>Assets:</b>  |   |   |  |                            |                     |
| (i) Investments                                       | 138969  |   |  | 138969                     | 138969              |
| (ii) Loans  | 1638  |   |  | 1638                       | 1638                |
| (iii) Other financial assets                          | 190966  |   |  | 190966                     | 190966              |
| (iv) Trade receivables                                | 461685  |   |  | 461685                     | 461685              |
| (v) Contract Asset                                    | 1189396   |   |  | 1189396                    | 1189396             |
| (vi) Cash and Cash equivalents                        | 425469  |   |  | 425469                     | 425469              |
| (vii) Bank balance other than Cash & Cash equivalents | 2217692   |   |  | 2217692                    | 2217692             |
| <b>Liabilities:</b>                                   |   |   |  |                            |                     |
| (i) Trade payables                                    | 341287  |   |  | 341287                     | 341287              |
| (ii) Other financial liabilities                      | 295724  |   |  | 295724                     | 295724              |
| (iii) Borrowings                                      | 0   |   |  | 0                          | 0                   |
| (iv) Lease Liabilities                                | 110   |   |  | 110                        | 110                 |

(b) The carrying value and fair value of Financial instruments by each category as at 31 March, 2023 were as follows:

₹ in Lakhs

| Particulars   | Financial assets/<br>liabilities at<br>amortised<br>costs | Financial<br>assets/<br>liabilities at<br>FVTPL | Financial<br>assets/<br>liabilities at<br>FVTOCI | Total<br>Carrying<br>Value | Total Fair<br>Value |
|---|---|---|--|----------------------------|---------------------|
| <b>Assets:</b>  |   |   |  |                            |                     |
| (i) Investments                                       | 128959  |   |  | 128959                     | 128959              |
| (ii) Loans  | 1397  |   |  | 1397                       | 1397                |
| (iii) Other financial assets                          | 153214  |   |  | 153214                     | 153214              |
| (iv) Trade receivables                                | 471918  |   |  | 471918                     | 471918              |
| (v) Contract Asset                                    | 937640  |   |  | 937640                     | 937640              |
| (vi) Cash and Cash equivalents                        | 444077  |   |  | 444077                     | 444077              |
| (vii) Bank balance other than Cash & Cash equivalents | 1587584   |   |  | 1587584                    | 1587584             |
| <b>Liabilities:</b>                                   |   |   |  |                            |                     |
| (i) Trade payables                                    | 313497  |   |  | 313497                     | 313497              |
| (ii) Other financial liabilities                      | 263446  |   |  | 263446                     | 263446              |
| (iii) Borrowings                                      | 0   |   |  | 0                          | 0                   |
| (iv) Lease Liabilities                                | 265   |   |  | 265                        | 265                 |



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 49 - Consolidated Notes to Financial Statements

### (c) Interest income/expenses, gain/loss recognised on Financial assets and liabilities in the Consolidated Statement of Profit & Loss are as follows:

₹ in Lakhs

| Particulars  | For the year ended<br>31 <sup>st</sup> March 2024 | For the year ended<br>31 <sup>st</sup> March 2023 |
|--|---|---|
| <b>(i) Financial assets at amortised cost</b>          |   |   |
| - Interest income from bank deposits                   | 153182  | 83716   |
| - Interest income from other financial assets          | 10261   | 9250  |
| - Gain/(Loss) on amortisation of financial assets      | 3027  | 3144  |
| <b>(ii) Financial liabilities at amortised cost</b>    |   |   |
| - (Gain)/Loss on amortisation of financial liabilities | 3248  | 2853  |

## 27 Financial Risk Management

The Group is exposed to market risk, credit risk and liquidity risk which may impact the fair value of its financial instruments. The Group based on its business operation evaluated the following risks:

### a) Foreign currency risk:

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in exchange rates. The Group's exposure to the risk of changes in exchange rates relates primarily to the Group's imports for which the payment has to be done in currencies other than the functional currency of the Group. The fluctuation in exchange rates in respect to the Indian rupee may have very restricted impact on Group as any fluctuations in foreign exchange are in general reimbursed by the customers of the Group in terms of the contractual obligations which the Group has with its customers.

### b) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counter party to a financial instrument fails to meet its contractual obligations resulting in a financial loss to the Group. Credit risk arises principally from trade receivables, loans & advances, advances given to suppliers (for procurement of goods, services and capital goods), cash & cash equivalents and deposits with banks and financial institutions. The Group for the Financial Year (FY) derived 95% (Previous year - 93%) of its total sales from sales to the Indian Defence Services. The Group expects to continue to derive most of its sales from the Indian Defence Services under the contracts of the Ministry of Defence (MoD), Government of India (GoI) –the Group's principal shareholder and administrative ministry.

#### Ageing Analysis of the Trade Receivables

₹ in Lakhs

| Ageing                               | 0-30 days past due | 31-60 days past due | 61-90 days past due | 91-120 days past due | 121-180 days past due | more than 181 days past due | Total  |
|--------------------------------------|--------------------|---------------------|---------------------|----------------------|-----------------------|-----------------------------|--------|
| Net carrying amount as at 31.03.2024 | 115752             | 29481               | 17257               | 73558                | 28892                 | 196745                      | 461685 |
| Net carrying amount as at 31.03.2023 | 144004             | 40479               | 23825               | 30079                | 32261                 | 201269                      | 471918 |

### c) Provision for expected credit losses:

As the Group's debtors are predominantly the Government of India (Indian Defence Services, Ministry of External Affairs), Central Public Sector Undertakings where the counter-parties have sufficient capacity to meet the obligations and where the risk of default is NIL/negligible. Accordingly, impairment on account of expected credit losses is being assessed on a case to case basis in respect of dues outstanding for significant period of time as per the accounting policy of the Group. Further, management believes that the unimpaired amounts that are due is collectable in full, based on historical payment behaviour and extensive analysis of customer credit risk.



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 49 - Consolidated Notes to Financial Statements

### d) Liquidity risk:

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. The Group's standard contract terms provide that, the Group receives advance payments from customers pursuant to the applicable contracts, including the Government of India and the Indian Defence Services at the time of signing of any contract and milestone payments on achievement of physical milestones. These payments are utilized to meet the Group's working capital needs (for the Group required to maintain a high level of working capital because the Group's activities are characterized by long product development periods and production cycles). A majority of the Group's research, design and development costs are funded by the Indian Defence services. Services and supply of spares are governed by the Fixed Price Quotation (FPQ) policy for fixation of the prices wherein the prices are fixed for the base year with escalation parameters for a pricing period of 5-7 years. The process of fixation of prices and approvals takes a minimum period of two years after the expiry of previous pricing period. In the interim, the approved prices of the previous pricing period are continued and payments are accordingly realised and on finalisation of the revised prices, the differential prices are paid to the Group. Further, certain costs not forming part of selling price are reimbursed by customer on incurrance of expenditure. The reimbursement is based on verification and issuance of audit certificate by the payees. There are delays in the above process due to unanticipated variations/adjustments in the scope and schedule of the Group's obligations due to subsequent modifications by the customers and delays in receipt of approvals from the customer. Further, payments to the Group by the Indian Defence Services are reliant on the continuing availability of budgetary appropriations by Government of India and any disruptions to the availability of such appropriations could adversely affect the Group's cash flows.

### e) Market risk:

The Ministry of Defence (MoD) and the Government of India (GoI) have continued efforts to reform Defence related policies such as the Defence Acquisition Procedure 2020 ("DAP 2020") to promote private participation, a level playing field and the domestic Defence manufacturing Industry and eco-system. While the MoD has given the highest priority to Indigenously Designed, Developed and Manufactured ("IDDM") products for capital procurement, the Group faces competition to be selected as the Indian production agency for such contracts. These policies have raised the level of market competition in the areas in which the Group operates.

### f) Risk Mitigation Process:

As a step of institutionalizing the risk management in the Group, an elaborate framework has been developed and the Group's top management has overall responsibility for the establishment and oversight of the Group's risk management framework. An important purpose of the framework is to have a structured and comprehensive risk management system across the Group which ensures that the risks are being properly identified and effectively managed. The Group has a risk management policy to manage & mitigate these risks. The risk management process includes risk identification, risk assessment, risk evaluation, risk mitigation and regular review and monitoring of risks. The Group's risk management policy aims to reduce volatility in financial statements while maintaining balance between providing predictability in the Group's business plan along with reasonable participation in market movement.

## 28 Capital Management:

For the purpose of the Group's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and requirements. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 49 - Consolidated Notes to Financial Statements

The Group monitors capital by using debt equity ratio, which is borrowings divided by Equity.

₹ in Lakhs

| Particulars | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
|-------------|--------------------------------------|--------------------------------------|
| Debt        | 0                                    | 0                                    |
| Equity      | 2914181                              | 2357589                              |
| No of times | 0.00:1                               | 0.00:1                               |

No changes were made in the objectives, policies or processes for managing capital during the period ended 31 March 2024 and 31 March 2023.

## 29 UN-HEDGED FOREIGN CURRENCY EXPOSURE

| RECEIVABLES     | As at 31 March 2024 |                          | As at 31 March 2023 |                          |
|-----------------|---------------------|--------------------------|---------------------|--------------------------|
|                 | Foreign Currency    | Amount in INR (in Lakhs) | Foreign Currency    | Amount in INR (in Lakhs) |
| GBP             | 9389                | 10                       | 144526              | 145                      |
| EURO            | 508531              | 450                      | 3332145             | 2935                     |
| USD             | 37309961            | 30818                    | 10083172            | 8205                     |
| RBL             | 569413              | 5                        | 134073              | 1                        |
| <b>PAYABLES</b> |                     |                          |                     |                          |
| GBP             | 41514600            | 44347                    | 30248758            | 31280                    |
| EURO            | 51542220            | 47149                    | 52390058            | 47681                    |
| USD             | 205843331           | 173115                   | 190103993           | 157543                   |
| CHF             | 132506              | 125                      | 180839              | 164                      |
| NOK             | -                   | -                        | 1777069             | 143                      |
| CAD             | 157350              | 98                       | 1052640             | 649                      |

## 30. In Compliance with Ind AS 112 - Disclosure of Interest in Other Entities, the required information is as follows:-

### a) Information about subsidiaries

The consolidated financial statements of the Group includes subsidiaries listed in the table below:

| Name of the Subsidiary*          | Nature of Business  | Equity Interest (in %)               |                                      |
|----------------------------------|---|--------------------------------------|--------------------------------------|
|                                  |   | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
| Naini Aerospace Limited          | Manufacture of Looms for Helicopter and Aircrafts and support for second line manufacture of Helicopter at TAD, Kanpur  | 100%                                 | 100%                                 |
| Indo-Russian Helicopters Limited | Production, maintenance, operation, repairs modernize and upgrade the Ka-226 T Helicopters. The Company will also do marketing for third countries export and provide technical support for these Helicopters | 50.5%                                | 50.5%                                |

\*All Subsidiaries have been incorporated in India and the principal place of business is in India.



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 49 - Consolidated Notes to Financial Statements

### Proportion of equity interest held by non-controlling interests:

| Name of the Subsidiary           | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
|----------------------------------|--------------------------------------|--------------------------------------|
| Indo-Russian Helicopters Limited | 49.5%                                | 49.5%                                |

### b) Summarised financial information of Subsidiary

The summarised financial information of the subsidiaries are provided below. This information is based on amounts before inter-company eliminations.

#### Summarised Balance Sheet:

₹ in Lakhs

| Particulars                                  | Naini Aerospace Limited              |                                      | Indo-Russian Helicopters Limited     |                                      |
|--|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
|  | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
| Current assets                               | 1376                                 | 1343                                 | 60                                   | 124                                  |
| Current liabilities                          | 2210                                 | 2045                                 | 72                                   | 68                                   |
| <b>Net Current assets</b>                    | <b>-834</b>                          | <b>-702</b>                          | <b>-12</b>                           | <b>56</b>                            |
| Non-current assets                           | 2116                                 | 2275                                 | 750                                  | 700                                  |
| Non-current liabilities                      | 1496                                 | 1485                                 | 2                                    | -                                    |
| <b>Net Non-current assets</b>                | <b>620</b>                           | <b>790</b>                           | <b>748</b>                           | <b>700</b>                           |
| <b>Net assets</b>                            | <b>-214</b>                          | <b>88</b>                            | <b>736</b>                           | <b>756</b>                           |
| <b>Accumulated Non-Controlling Interests</b> | <b>-</b>                             | <b>-</b>                             | <b>364</b>                           | <b>374</b>                           |

#### Summarised Statement of Profit & Loss:

₹ in Lakhs

| Particulars   | Naini Aerospace Limited                              |  | Indo-Russian Helicopters Limited                     |  |
|---|--|--|--|--|
|   | For the year<br>ended<br>31 <sup>st</sup> March 2024 | For the year<br>ended<br>31 <sup>st</sup> March 2023 | For the year<br>ended<br>31 <sup>st</sup> March 2024 | For the year<br>ended<br>31 <sup>st</sup> March 2023 |
| Revenue   | 1478   | 1191   | 51   | 42   |
| Profit for the year   | -307   | -608   | -20  | -3   |
| Other Comprehensive Income                                      | 5  | 22   | -  | -  |
| <b>Total Comprehensive Income</b>                               | <b>-302</b>  | <b>-586</b>  | <b>-20</b>   | <b>-3</b>  |
| <b>Profit/(Loss) allocated to<br/>Non-Controlling Interests</b> | <b>-</b>   | <b>-</b>   | <b>-10</b>   | <b>-1</b>  |
| <b>Dividends paid to Non-Controlling<br/>Interests</b>          | <b>-</b>   | <b>-</b>   | <b>-</b>   | <b>-</b>   |





# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 49 - Consolidated Notes to Financial Statements

### Summarised Cash Flow:

₹ in Lakhs

| Particulars   | Naini Aerospace Limited                        |  | Indo-Russian Helicopters Limited               |  |
|---|--|--|--|--|
|   | For the year ended 31 <sup>st</sup> March 2024 | For the year ended 31 <sup>st</sup> March 2023 | For the year ended 31 <sup>st</sup> March 2024 | For the year ended 31 <sup>st</sup> March 2023 |
| Cash flow from operating activities                         | -117   | -884   | -115   | -48  |
| Cash flow from investing activities                         | 57   | -555   | 51   | 42   |
| Cash flow from financing activities                         |  | 1500   |  |  |
| <b>Net increase/(decrease) in cash and cash equivalents</b> | <b>-60</b>                                     | <b>61</b>                                      | <b>-64</b>                                     | <b>-6</b>                                      |

### c) Details of interest in Joint Venture is as under:

| Name of the Joint Ventures*  | Nature of Business   | Proportion of Ownership Interest (in %) |                                   |
|--|--|---|-----------------------------------|
|  |  | As at 31 <sup>st</sup> March 2024       | As at 31 <sup>st</sup> March 2023 |
| 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%                               |
| Safran HAL Aircraft Engines Private Limited (Formerly known as Snecma HAL Aerospace Private Limited) | 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 Avia Services Limited (Formerly known as Indo Russian Aviation Limited))                        | 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%                               |
| Multirole Transport Aircraft Limited (MTAL)  | Preliminary & Detail Design of MTA<br>MTA Prototypes Prod.<br>Factory Testing of MTA<br>Flight Aircraft Tests of MTA | 50%                                     | 50%                               |



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 49 - Consolidated Notes to Financial Statements

| Name of the Joint Ventures*               | Nature of Business   | Proportion of Ownership Interest (in %) |                                   |
|---|--|---|-----------------------------------|
|   |  | As at 31 <sup>st</sup> March 2024       | As at 31 <sup>st</sup> March 2023 |
| Helicopter Engines MRO Private Ltd        | To provide support, maintenance, repair and overhaul of Helicopter engines                                       | 50%                                     | 50%                               |
| SAFHAL Helicopter Engines Private Limited | To carry out business of design, development, certification, production, sale and support of helicopter engines. | 50%                                     | -                                 |

\* All Joint Ventures have been incorporated in India and the principal place of business is in India.

i Hindustan Aeronautics Limited has invested in two companies i.e. Aerospace and Aviation Sector Skill Council & Defence Innovation Organisation. The companies are incorporated under Sec 8 of the Companies Act 2013. As per Ind AS 110, the Company does not exercise any control over Aerospace and Aviation Sector Skill Council & Defence Innovation Organisation. Hence they have not been considered for consolidation in Consolidated Financial Statements.

ii The Board in its 406<sup>th</sup> meeting held on 22<sup>nd</sup> September 2017, accorded in principle approval for voluntary winding up / closure of the three Joint Ventures i.e. M/s. HAL-Edgewood Technologies Private Limited, M/s. Tata HAL Technologies Ltd and M/s. Multirole Transport Aircraft Ltd. enabling the Company to take further action in the matter.

Further, the Board authorized the Company to seek approval of Ministry of Defence (MoD), for short closure of the Contracts associated with the M/s Multirole Transport Aircraft (MTA) project and requested MoD, to initiate necessary action for closure of IGA, as it is a prerequisite for winding up of the MTA - Joint Venture Company. Further, MOD vide its letter dated 14<sup>th</sup> October 2021 notified the termination of the agreement between the Govt. of the Republic of India and Govt. of Russian Federation. In this respect the Russian Federation vide its letter dated 20<sup>th</sup> April 2022 intimated that the decision of the Indian side has been taken into consideration.

Further in 435<sup>th</sup> meeting held on 16<sup>th</sup> March 2020, the Board has directed the Company to expedite the closure of M/s. Multirole Transport Aircraft Ltd at the earliest after taking clearance from Russian partners from their Board.

The Board in its 440<sup>th</sup> meeting held on 9<sup>th</sup> December 2020, accorded in principle approval for voluntary winding up / closure of Joint Venture M/s. Infotech HAL Limited (IHL) enabling the Company to take further action in the matter.

TATA HAL Technology Ltd., Pursuant to the Board Resolution dated 08<sup>th</sup> June 2021, the Company has filed the application for voluntary liquidation to MCA in terms of Section 59 of the Insolvency and Bankruptcy Code, 2016 and the official liquidator is appointed. The official liquidator, vide their letter dated 07.03.2022, intimated about the distribution of liquidation proceeds to the stakeholders of the TATA HAL Technologies Limited. Pursuant to the same liquidation proceeds of ₹ 34 lakhs was received by the Company during 2022-23.

The Company has derecognized the investment made in TATA HAL Technology Limited as on 30<sup>th</sup> June 2022.

iii The name of the Joint venture company Indo Russian Aviation Limited has been changed to Indo Avia Services Limited with effect from 08.05.2023.

iv The Company had signed an agreement with Safran Helicopter Engines SAS for setting up a joint venture to carry out business of design, development, certification, production, sale and support of helicopter engines. Pursuant to the same a Joint Venture Company with Safran Helicopter Engines SAS by name SAFHAL Helicopter Engines Private Limited has been incorporated on 09 November 2023. Each JV partner has subscribed for 1000000 equity shares of ₹ 10 each amounting to ₹ 100 lakhs.

v The Company had paid ₹ 950 lakhs towards subscription of 950000 equity shares of the face value of ₹ 100 each to its Joint Venture Company, Helicopter Engines MRO Private Limited, on 8 January, 2024 towards equity participation in Rights issue of the Joint Venture Company. Pursuant to the same, the investment of the Company in the Joint Venture has increased from ₹ 1510 lakhs to ₹ 2460 lakhs during the FY 2023-24.



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 49 - Consolidated Notes to Financial Statements

### d) Summarised Financial information in respect of each of Group's Joint Ventures is set out below:

The summarised financial information below represents amount shown in the Joint Venture's financial statements prepared in accordance with Ind AS adjusted by the Group for equity accounting purpose.

#### Summarised Balance Sheet

| Particulars  | BAe-HAL Software Ltd |                     | Safran HAL Aircraft Engines Private Ltd |                     | SAMTEL HAL Display Systems Ltd |                     |
|--|----------------------|---------------------|---|---------------------|--------------------------------|---------------------|
|  | As at 31 March 2024  | As at 31 March 2023 | As at 31 March 2024                     | As at 31 March 2023 | As at 31 March 2024            | As at 31 March 2023 |
| Current assets                                     |                      |                     |   |                     |                                |                     |
| - Cash & Cash equivalents                          | 58                   | 20                  | 419                                     | 120                 | 4                              | 4                   |
| - Other assets                                     | 1908                 | 1699                | 10730                                   | 8176                | 1622                           | 1204                |
| <b>Total current assets</b>                        | <b>1966</b>          | <b>1719</b>         | <b>11149</b>                            | <b>8296</b>         | <b>1626</b>                    | <b>1208</b>         |
| <b>Total non-current assets</b>                    | <b>224</b>           | <b>211</b>          | <b>7015</b>                             | <b>5980</b>         | <b>59</b>                      | <b>71</b>           |
| Current liabilities                                |                      |                     |   |                     |                                |                     |
| - Financial liabilities (excluding trade payables) |                      |                     | 1300                                    | 26                  |                                | 360                 |
| - Other liabilities                                | 1173                 | 1131                | 4169                                    | 3338                | 2466                           | 1803                |
| <b>Total current liabilities</b>                   | <b>1173</b>          | <b>1131</b>         | <b>5469</b>                             | <b>3364</b>         | <b>2466</b>                    | <b>2163</b>         |
| Non-Current liabilities                            |                      |                     |   |                     |                                |                     |
| - Financial liabilities (excluding trade payables) |                      |                     | 1307                                    | 1139                |                                |                     |
| - Other liabilities                                | 106                  | 114                 | 170                                     | 141                 | 26                             | 20                  |
| <b>Total non-current liabilities</b>               | <b>106</b>           | <b>114</b>          | <b>1477</b>                             | <b>1280</b>         | <b>26</b>                      | <b>20</b>           |
| <b>Net assets</b>                                  | <b>911</b>           | <b>685</b>          | <b>11218</b>                            | <b>9632</b>         | <b>-807</b>                    | <b>-904</b>         |

₹ in Lakhs



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 49 - Consolidated Notes to Financial Statements

### Summarised Balance Sheet

₹ in Lakhs

| Particulars  | HALBIT Avionics Pvt Ltd           |                                   | Indo Avia Services Ltd            |                                   | HATSOFF Helicopter Training Pvt Ltd |                                   |
|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|
|  | As at 31 <sup>st</sup> March 2024 | As at 31 <sup>st</sup> March 2023 | As at 31 <sup>st</sup> March 2024 | As at 31 <sup>st</sup> March 2023 | As at 31 <sup>st</sup> March 2024   | As at 31 <sup>st</sup> March 2023 |
| Current assets                                     |                                   |                                   |                                   |                                   |                                     |                                   |
| - Cash & Cash equivalents                          | 1595                              | 1156                              | 11622                             | 10973                             | 1784                                | 1012                              |
| - Other assets                                     | 2578                              | 2717                              | 6217                              | 7144                              | 3772                                | 4978                              |
| <b>Total current assets</b>                        | <b>4173</b>                       | <b>3873</b>                       | <b>17839</b>                      | <b>18117</b>                      | <b>5556</b>                         | <b>5990</b>                       |
| <b>Total non-current assets</b>                    | <b>85</b>                         | <b>96</b>                         | <b>72</b>                         | <b>77</b>                         | <b>13030</b>                        | <b>13991</b>                      |
| Current liabilities                                |                                   |                                   |                                   |                                   |                                     |                                   |
| - Financial liabilities (excluding trade payables) |                                   |                                   |                                   |                                   | 18177                               | 18809                             |
| - Other liabilities                                | 5267                              | 5111                              | 1735                              | 2325                              | 340                                 | 292                               |
| <b>Total current liabilities</b>                   | <b>5267</b>                       | <b>5111</b>                       | <b>1735</b>                       | <b>2325</b>                       | <b>18517</b>                        | <b>19101</b>                      |
| Non-Current liabilities                            |                                   |                                   |                                   |                                   |                                     |                                   |
| - Financial liabilities (excluding trade payables) |                                   |                                   |                                   |                                   | 1404                                | 4151                              |
| - Other liabilities                                | 13                                | 12                                | 450                               | 460                               | 230                                 | 191                               |
| <b>Total non-current liabilities</b>               | <b>13</b>                         | <b>12</b>                         | <b>450</b>                        | <b>460</b>                        | <b>1634</b>                         | <b>4342</b>                       |
| <b>Net assets</b>                                  | <b>-1022</b>                      | <b>-1154</b>                      | <b>15726</b>                      | <b>15409</b>                      | <b>-1565</b>                        | <b>-3462</b>                      |



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 49 - Consolidated Notes to Financial Statements

### Summarised Balance Sheet

₹ in Lakhs

| Particulars  | International Aerospace Manufacturing Pvt Ltd |                                   | Multirole Transport Aircraft Ltd. |                                   | Helicopter Engines MRO Pvt Ltd    |                                   | SAFHAL Helicopter Engines Private Limited |                                   |
|--|---|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|---|-----------------------------------|
|  | As at 31 <sup>st</sup> March 2024             | As at 31 <sup>st</sup> March 2023 | As at 31 <sup>st</sup> March 2024 | As at 31 <sup>st</sup> March 2023 | As at 31 <sup>st</sup> March 2024 | As at 31 <sup>st</sup> March 2023 | As at 31 <sup>st</sup> March 2024         | As at 31 <sup>st</sup> March 2023 |
| Current assets                                     |   |                                   |                                   |                                   |                                   |                                   |   |                                   |
| - Cash & Cash equivalents                          | 172   | 51                                | 2559                              | 2941                              | 1674                              | 1153                              | 200                                       | -                                 |
| - Other assets                                     | 12621   | 8982                              | 9648                              | 9048                              | 31                                | 129                               | 14  | -                                 |
| <b>Total current assets</b>                        | <b>12793</b>                                  | <b>9033</b>                       | <b>12207</b>                      | <b>11989</b>                      | <b>1705</b>                       | <b>1282</b>                       | <b>214</b>                                | <b>-</b>                          |
| <b>Total non-current assets</b>                    | <b>15662</b>                                  | <b>7857</b>                       |                                   | <b>1</b>                          | <b>2504</b>                       | <b>973</b>                        | <b>69</b>                                 | <b>-</b>                          |
| Current liabilities                                |   |                                   |                                   |                                   |                                   |                                   |   |                                   |
| - Financial liabilities (excluding trade payables) | 6383  | 538                               |                                   |                                   |                                   |                                   | 17  | -                                 |
| - Other liabilities                                | 8390  | 4677                              | 6                                 | 27                                | 5                                 | 3                                 | 44  | -                                 |
| <b>Total current liabilities</b>                   | <b>14773</b>                                  | <b>5215</b>                       | <b>6</b>                          | <b>27</b>                         | <b>5</b>                          | <b>3</b>                          | <b>61</b>                                 | <b>-</b>                          |
| Non-Current liabilities                            |   |                                   |                                   |                                   |                                   |                                   |   |                                   |
| - Financial liabilities (excluding trade payables) |   |                                   |                                   |                                   | 79                                |                                   | 54  | -                                 |
| - Other liabilities                                | 380   | 254                               | 1                                 | 2                                 | 2                                 |                                   |   |                                   |
| <b>Total non-current liabilities</b>               | <b>380</b>                                    | <b>254</b>                        | <b>1</b>                          | <b>2</b>                          | <b>81</b>                         |                                   | <b>54</b>                                 | <b>-</b>                          |
| <b>Net assets</b>                                  | <b>13302</b>                                  | <b>11421</b>                      | <b>12200</b>                      | <b>11961</b>                      | <b>4123</b>                       | <b>2252</b>                       | <b>168</b>                                | <b>-</b>                          |



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 49 - Consolidated Notes to Financial Statements

### Summarised Statement of Profit & loss

₹ in Lakhs

| Particulars                              | BAe-HAL Software Ltd                           |  | Safran HAL Aircraft Engines Private Ltd        |  | SAMTEL HAL Display Systems Ltd                 |  | HALBIT Avionics Pvt Ltd                        |  | Indo Avia Services Ltd                         |  |
|--|--|--|--|--|--|--|--|--|--|--|
|  | For the year ended 31 <sup>st</sup> March 2024 | For the year ended 31 <sup>st</sup> March 2023 | For the year ended 31 <sup>st</sup> March 2024 | For the year ended 31 <sup>st</sup> March 2023 | For the year ended 31 <sup>st</sup> March 2024 | For the year ended 31 <sup>st</sup> March 2023 | For the year ended 31 <sup>st</sup> March 2024 | For the year ended 31 <sup>st</sup> March 2023 | For the year ended 31 <sup>st</sup> March 2024 | For the year ended 31 <sup>st</sup> March 2023 |
| Revenue                                  | 2226   | 2003   | 16988  | 12398  | 3220   | 2347   | 365  | 475  | 2701   | 4860   |
| Interest Income                          | 14   | 8  |  |  | 1  | 3  | 78   | 55   | 743  | 537  |
| Depreciation & amortisation              | 18   | 26   | 617  | 438  | 7  | 8  | 1  | 1  | 5  | 7  |
| Interest expense                         | 27   | 11   | 20   | 19   | 9  | 2  |  |  |  |  |
| Income tax expense                       | 8  | 31   | 556  | 414  |  |  | 17   | 1  | 238  | 221  |
| Other Expenditure                        | 1949   | 1884   | 14198  | 10116  | 3108   | 2322   | 293  | 570  | 2494   | 4517   |
| <b>Profit from continuing operations</b> | <b>238</b>                                     | <b>59</b>                                      | <b>1597</b>                                    | <b>1411</b>                                    | <b>97</b>                                      | <b>18</b>                                      | <b>132</b>                                     | <b>-42</b>                                     | <b>707</b>                                     | <b>652</b>                                     |
| Profit from discontinued operations      |  |  |  |  |  |  |  |  |  |  |
| <b>Profit for the year</b>               | <b>238</b>                                     | <b>59</b>                                      | <b>1597</b>                                    | <b>1411</b>                                    | <b>97</b>                                      | <b>18</b>                                      | <b>132</b>                                     | <b>-42</b>                                     | <b>707</b>                                     | <b>652</b>                                     |
| Other comprehensive income               | -12  | 13   | -11  | -4   |  |  |  | -1   |  |  |
| <b>Total comprehensive income</b>        | <b>226</b>                                     | <b>72</b>                                      | <b>1586</b>                                    | <b>1407</b>                                    | <b>97</b>                                      | <b>18</b>                                      | <b>132</b>                                     | <b>-43</b>                                     | <b>707</b>                                     | <b>652</b>                                     |
| Dividends Received (HAL share)           |  |  |  |  |  |  |  |  | 187  | 187  |



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 49 - Consolidated Notes to Financial Statements

### Reconciliation of the summarised financial information to the carrying amount of interest in Joint venture

₹ in Lakhs

| Particulars                                     | BAe-HAL Software Ltd              |                                   | Safran HAL Aircraft Engines Private Ltd |                                   | SAMTEL HAL Display Systems Ltd    |                                   | HALBIT Avionics Pvt Ltd           |                                   | Indo Avia Services Ltd            |                                   |
|---|-----------------------------------|-----------------------------------|---|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
|   | As at 31 <sup>st</sup> March 2024 | As at 31 <sup>st</sup> March 2023 | As at 31 <sup>st</sup> March 2024       | As at 31 <sup>st</sup> March 2023 | As at 31 <sup>st</sup> March 2024 | As at 31 <sup>st</sup> March 2023 | As at 31 <sup>st</sup> March 2024 | As at 31 <sup>st</sup> March 2023 | As at 31 <sup>st</sup> March 2024 | As at 31 <sup>st</sup> March 2023 |
| Opening net assets                              | 685                               | 613                               | 9632                                    | 8225                              | -904                              | -922                              | -1154                             | -1111                             | 15409                             | 15147                             |
| Restatement of financial statement by JV        |                                   |                                   |   |                                   |                                   |                                   |                                   |                                   |                                   |                                   |
| Profit for the year                             | 238                               | 59                                | 1597                                    | 1411                              | 97                                | 18                                | 132                               | -42                               | 707                               | 652                               |
| Other comprehensive income                      | -12                               | 13                                | -11                                     | -4                                |                                   |                                   |                                   | -1                                | -390                              |                                   |
| Dividends paid                                  |                                   |                                   |   |                                   |                                   |                                   |                                   |                                   |                                   |                                   |
| Appropriation                                   |                                   |                                   |   |                                   |                                   |                                   |                                   |                                   |                                   |                                   |
| Share Capital issued                            |                                   |                                   |   |                                   |                                   |                                   |                                   |                                   |                                   |                                   |
| <b>Closing net assets</b>                       | <b>911</b>                        | <b>685</b>                        | <b>11218</b>                            | <b>9632</b>                       | <b>-807</b>                       | <b>-904</b>                       | <b>-1022</b>                      | <b>-1154</b>                      | <b>15726</b>                      | <b>15409</b>                      |
| Group's share in %                              | 49%                               | 49%                               | 50%                                     | 50%                               | 40%                               | 40%                               | 50%                               | 50%                               | 48%                               | 48%                               |
| Group's share in INR                            | 447                               | 336                               | 5609                                    | 4816                              | -323                              | -362                              | -511                              | -577                              | 7550                              | 7396                              |
| Unrealised Gain/ Loss                           |                                   |                                   |   |                                   |                                   | 522                               |                                   | 960                               | -838                              | -1197                             |
| Unrecognised Losses (Net of subsequent profits) |                                   |                                   |   |                                   |                                   |                                   |                                   |                                   |                                   |                                   |
| Provision for Diminution                        | 61                                | 61                                |   |                                   | 160                               | 160                               | 383                               | 383                               |                                   |                                   |
| Goodwill  |                                   |                                   |   |                                   |                                   |                                   |                                   |                                   |                                   |                                   |
| <b>Carrying amount</b>                          | <b>386</b>                        | <b>275</b>                        | <b>5609</b>                             | <b>4816</b>                       | <b>0</b>                          | <b>0</b>                          | <b>0</b>                          | <b>0</b>                          | <b>6712</b>                       | <b>6199</b>                       |



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 49 - Consolidated Notes to Financial Statements

### Summarised Statement of Profit & loss

₹ in Lakhs

| Particulars                              | HATSOFF Helicopter Training Pvt Ltd            |  | SAFHAL Helicopter Engines Private Limited      |  | International Aerospace Manufacturing Pvt Ltd  |  | Multirole Transport Aircraft Ltd.              |  | Helicopter Engines MRO Pvt Ltd                 |  |
|--|--|--|--|--|--|--|--|--|--|--|
|  | For the year ended 31 <sup>st</sup> March 2024 | For the year ended 31 <sup>st</sup> March 2023 | For the year ended 31 <sup>st</sup> March 2024 | For the year ended 31 <sup>st</sup> March 2023 | For the year ended 31 <sup>st</sup> March 2024 | For the year ended 31 <sup>st</sup> March 2023 | For the year ended 31 <sup>st</sup> March 2024 | For the year ended 31 <sup>st</sup> March 2023 | For the year ended 31 <sup>st</sup> March 2024 | For the year ended 31 <sup>st</sup> March 2023 |
| Revenue                                  | 6652   | 6156   | -  | 19234  | 7  | 452  |  |  |  |  |
| Interest Income                          | 75   | 73   | -  | 3  | 813  | 697  | 45   | 52   |  |  |
| Depreciation & amortisation              | 1041   | 1037   | 7  | 1031   |  | 647  | 33   | 4  |  |  |
| Interest expense                         | 1915   | 1404   | 2  | 20   |  |  | 7  |  |  |  |
| Income tax expense                       |  |  |  | 682  | 34   | 48   | 7  | -3   |  |  |
| Other Expenditure                        | 1871   | 3357   | 23   | 16064  | 547  | 5726   | 27   | -4   |  |  |
| <b>Profit from continuing operations</b> | <b>1900</b>                                    | <b>431</b>                                     | <b>-32</b>                                     | <b>1440</b>                                    | <b>239</b>                                     | <b>-5272</b>                                   | <b>-29</b>                                     | <b>55</b>                                      |  |  |
| Profit from discontinued operations      |  |  |  |  |  |  |  |  |  |  |
| <b>Profit for the year</b>               | <b>1900</b>                                    | <b>431</b>                                     | <b>-32</b>                                     | <b>1440</b>                                    | <b>239</b>                                     | <b>-5272</b>                                   | <b>-29</b>                                     | <b>55</b>                                      |  |  |
| Other comprehensive income               | -3   | -1   |  | 3  |  |  |  |  |  |  |
| <b>Total comprehensive income</b>        | <b>1897</b>                                    | <b>430</b>                                     | <b>-32</b>                                     | <b>1443</b>                                    | <b>239</b>                                     | <b>-5272</b>                                   | <b>-29</b>                                     | <b>55</b>                                      |  |  |
| Dividends Received (HAL share)           |  |  |  | 53   |  |  |  |  |  |  |





# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 49 - Consolidated Notes to Financial Statements

### Reconciliation of the summarised financial information to the carrying amount of interest in Joint venture

₹ in Lakhs

| Particulars                                     | HATSOFF Helicopter Training Pvt Ltd |                                   | SAFHAL Helicopter Engines Private Limited |                                   | International Aerospace Manufacturing Pvt Ltd |                                   | Multirole Transport Aircraft Ltd. |                                   | Helicopter Engines MRO Pvt Ltd    |                                   |
|---|-------------------------------------|-----------------------------------|---|-----------------------------------|---|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
|   | As at 31 <sup>st</sup> March 2024   | As at 31 <sup>st</sup> March 2023 | As at 31 <sup>st</sup> March 2024         | As at 31 <sup>st</sup> March 2023 | As at 31 <sup>st</sup> March 2024             | As at 31 <sup>st</sup> March 2023 | As at 31 <sup>st</sup> March 2024 | As at 31 <sup>st</sup> March 2023 | As at 31 <sup>st</sup> March 2024 | As at 31 <sup>st</sup> March 2023 |
| Opening net assets                              | -3462                               | -3892                             | -   | 10084                             | 11421   | 10084                             | 11960                             | 17233                             | 2252                              | 2197                              |
| Restatement of financial statement by JV        |                                     |                                   |   |                                   |   |                                   |                                   |                                   |                                   |                                   |
| Adjustment for Ind AS 116                       |                                     |                                   |   |                                   |   |                                   |                                   |                                   |                                   |                                   |
| Profit for the year                             | 1900                                | 431                               | -32                                       | 1440                              | 2131  | 1440                              | 239                               | -5272                             | -29                               | 55                                |
| Other comprehensive income                      | -3                                  | -1                                |   | 3                                 | -34   | 3                                 |                                   |                                   |                                   |                                   |
| Dividends paid                                  |                                     |                                   |   | -106                              | -216  | -106                              |                                   |                                   |                                   |                                   |
| Appropriation                                   |                                     |                                   |   |                                   |   |                                   |                                   |                                   |                                   |                                   |
| Share Capital issued                            |                                     |                                   | 200                                       |                                   |   |                                   |                                   |                                   | 1900                              |                                   |
| <b>Closing net assets</b>                       | <b>-1565</b>                        | <b>-3462</b>                      | <b>168</b>                                | <b>11421</b>                      | <b>13302</b>                                  | <b>11421</b>                      | <b>12199</b>                      | <b>11960</b>                      | <b>4123</b>                       | <b>2252</b>                       |
| Group's share in %                              | 50%                                 | 50%                               | 50%                                       | 50%                               | 50%   | 50%                               | 50%                               | 50%                               | 50%                               | 50%                               |
| Group's share in INR                            | -783                                | -1731                             | 84  | 5710                              | 6650  | 5710                              | 6100                              | 5981                              | 2061                              | 1126                              |
| Unrealised Gain/ Loss                           |                                     |                                   |   | -23                               | -68   | -23                               |                                   |                                   |                                   |                                   |
| Unrecognised Losses (Net of subsequent profits) | 4623                                | 5571                              |   |                                   |   |                                   | 578                               | 697                               |                                   |                                   |
| Provision for Diminution Goodwill               | 3840                                | 3840                              |   | 855                               | 855   | 855                               | 6678                              | 6678                              | 415                               | 415                               |
| <b>Carrying amount</b>                          | <b>0</b>                            | <b>0</b>                          | <b>84</b>                                 | <b>4832</b>                       | <b>5727</b>                                   | <b>4832</b>                       | <b>0</b>                          | <b>0</b>                          | <b>1646</b>                       | <b>711</b>                        |



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 49 - Consolidated Notes to Financial Statements

### Commitments and Contingent Liabilities in respect of Joint Ventures

₹ in Lakhs

| Particulars  | As at<br>31 <sup>st</sup> March 2024 | As at<br>31 <sup>st</sup> March 2023 |
|--|--------------------------------------|--------------------------------------|
| <b>In respect of Joint Ventures (Group Share)</b>  |                                      |                                      |
| (i) Sales Tax / Entry Tax / GST  | 161                                  | 161                                  |
| (ii) Service Tax   | 0                                    | 0                                    |
| (iii) Customs Duty   | 0                                    | 0                                    |
| <b>Sub Total (B)</b>   | <b>161</b>                           | 161                                  |
| <b>In respect of Joint Ventures (Group Share)</b>  |                                      |                                      |
| (i) Income Tax   | 41                                   | 38                                   |
| (ii) Municipal Tax   | 0                                    | 0                                    |
| (iii) Others   | 0                                    | 0                                    |
| <b>In respect of Joint Ventures (Group Share)</b>  |                                      |                                      |
| Estimated amount of contracts remaining to be executed and not provided for on Capital Account | 5537                                 | 444                                  |



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 49 - Consolidated Notes to Financial Statements

### 31. Additional information pursuant to para 2 of general instructions for the preparation of consolidated financial statements

₹ in Lakhs

| Name of the Entity in the Group                             | Net Assets, i.e. Total Assets minus Total Liabilities |                                 | Share in Net Profit or Loss |                                     | Share in Other Comprehensive Income |   | Share in Total Comprehensive Income |   |               |
|---|---|---------------------------------|-----------------------------|-------------------------------------|-------------------------------------|---|-------------------------------------|---|---------------|
|   | 2023-24   | As % of consolidated net assets | 2023-24                     | As % of consolidated profit or loss | 2023-24                             | As % of consolidated other comprehensive income | 2023-24                             | As % of consolidated comprehensive income |               |
| <b>Parent</b>   |   |                                 |                             |                                     |                                     |   |                                     |   |               |
| Hindustan Aeronautics Limited                               | 99.53   |                                 | 2900500                     | 99.70                               | 759772                              | 99.71   | -8190                               | 99.70                                     | 751582        |
| <b>Subsidiaries</b>   |   |                                 |                             |                                     |                                     |   |                                     |   |               |
| Naini Aerospace Limited                                     | -0.23   |                                 | -6714                       | -0.04                               | -307                                | -0.06   | 5                                   | -0.04                                     | -302          |
| Indo-Russian Helicopters Ltd                                |   |                                 | -133                        |                                     | -10                                 |   |                                     |   | -10           |
| Non Controlling Interest in Subsidiaries                    | 0.01  |                                 | 364                         |                                     | -10                                 |   |                                     |   | -10           |
| <b>Joint Ventures (Investment as per the equity method)</b> |   |                                 |                             |                                     |                                     |   |                                     |   |               |
| M/s BAe-HAL Software Ltd                                    | 0.01  |                                 | 386                         | 0.02                                | 117                                 | 0.07  | -6                                  | 0.01                                      | 111           |
| M/s Safran HAL Aircraft Engines Private Ltd                 | 0.19  |                                 | 5609                        | 0.10                                | 799                                 | 0.07  | -6                                  | 0.11                                      | 793           |
| M/s Indo Avia Services Ltd                                  | 0.23  |                                 | 6712                        | 0.09                                | 700                                 |   |                                     | 0.09                                      | 700           |
| M/s HALBIT Avionics Pvt Ltd                                 |   |                                 |                             |                                     |                                     |   |                                     |   |               |
| M/s HAL Edgewood Technologies Pvt Ltd                       |   |                                 |                             |                                     |                                     |   |                                     |   |               |
| M/s SAMTEL HAL Display Systems Ltd                          |   |                                 |                             |                                     |                                     |   |                                     |   |               |
| M/s INFOTECH HAL Ltd  |   |                                 |                             |                                     |                                     |   |                                     |   |               |
| M/s HATSOFF Helicopter Training Pvt Ltd                     |   |                                 |                             |                                     |                                     |   |                                     |   |               |
| M/s TATA HAL Technologies Ltd                               |   |                                 |                             |                                     |                                     |   |                                     |   |               |
| M/s International Aerospace Manufacturing Pvt Ltd           | 0.20  |                                 | 5727                        | 0.14                                | 1065                                | 0.21  | -17                                 | 0.14                                      | 1048          |
| M/s. Multirole Transport Aircraft Ltd                       |   |                                 |                             |                                     |                                     |   |                                     |   |               |
| M/s. Helicopter Engines MIRO Pvt Ltd                        | 0.06  |                                 | 1646                        |                                     | -15                                 |   |                                     |   | -15           |
| M/s.SAFHAL Helicopter Engines Private Limited               |   |                                 | 84                          |                                     | -16                                 |   |                                     |   | -16           |
| <b>Total</b>  | <b>100</b>  |                                 | <b>2914181</b>              | <b>100</b>                          | <b>762095</b>                       | <b>100</b>                                      | <b>-8214</b>                        | <b>100</b>                                | <b>753881</b> |

Note: The above figures are after eliminating intra-group transactions and intra-group balances as at 31<sup>st</sup> March 2024.



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 49 - Consolidated Notes to Financial Statements

### Additional information pursuant to para 2 of general instructions for the preparation of consolidated financial statements

₹ in Lakhs

| Name of the Entity in the Group                             | Net Assets, i.e. Total Assets minus Total Liabilities |                | Share in Net Profit or Loss         |               | Share in Other Comprehensive Income             |                            | Share in Total Comprehensive Income             |                            |
|---|---|----------------|-------------------------------------|---------------|---|----------------------------|---|----------------------------|
|   | 2022-23   |                | 2022-23                             |               | 2022-23   |                            | 2022-23   |                            |
|   | As % of consolidated net assets                       | Net Asset      | As % of consolidated profit or loss | Profit/-Loss  | As % of consolidated other comprehensive income | Other Comprehensive Income | As % of consolidated total comprehensive income | Total Comprehensive Income |
| <b>Parent</b>   |   |                |                                     |               |   |                            |   |                            |
| Hindustan Aeronautics Limited                               | 99.55   | 2346917        | 100.06                              | 583097        | 99.73   | 10294                      | 100.05  | 593391                     |
| <b>Subsidiaries</b>   |   |                |                                     |               |   |                            |   |                            |
| Naini Aerospace Limited                                     | -0.27   | -6412          | -0.10                               | -608          | 0.21  | 22                         | -0.10   | -586                       |
| Indo-Russian Helicopters Ltd                                | -0.01   | -123           |                                     | -2            |   |                            |   | -2                         |
| Non Controlling Interest in Subsidiaries                    | 0.02  | 374            |                                     | -1            |   |                            |   | -1                         |
| <b>Joint Ventures (Investment as per the equity method)</b> |   |                |                                     |               |   |                            |   |                            |
| M/s BAE-HAL Software Ltd                                    | 0.01  | 275            |                                     | 29            | 0.07  | 7                          | 0.01  | 36                         |
| M/s Saffran HAL Aircraft Engines Private Ltd                | 0.20  | 4816           | 0.12                                | 705           | -0.02   | -2                         | 0.12  | 703                        |
| M/s Indo Avia Services Ltd                                  | 0.26  | 6199           | 0.13                                | 745           |   |                            | 0.13  | 745                        |
| M/s HALBIT Avionics Pvt Ltd                                 |   |                |                                     |               |   |                            |   |                            |
| M/s HAL Edgewood Technologies Pvt Ltd                       |   |                |                                     |               |   |                            |   |                            |
| M/s SAMTEL HAL Display Systems Ltd                          |   |                |                                     |               |   |                            |   |                            |
| M/s INFOTECH HAL Ltd  |   |                |                                     |               |   |                            |   |                            |
| M/s HATSOFF Helicopter Training Pvt Ltd                     |   |                |                                     |               |   |                            |   |                            |
| M/s TATA HAL Technologies Ltd                               |   |                |                                     |               |   |                            |   |                            |
| M/s International Aerospace Manufacturing Pvt Ltd           | 0.20  | 4832           | 0.12                                | 720           | 0.01  | 1                          | 0.12  | 721                        |
| M/s. Multitrole Transport Aircraft Ltd                      |   |                | -0.33                               | -1939         |   |                            | -0.33   | -1939                      |
| M/s. Helicopter Engines MRO Pvt Ltd                         | 0.03  | 711            |                                     | 27            |   |                            |   | 27                         |
| <b>Total</b>  | <b>100</b>  | <b>2357589</b> | <b>100</b>                          | <b>582773</b> | <b>100</b>                                      | <b>10322</b>               | <b>100</b>                                      | <b>593095</b>              |

Note: The above figures are after eliminating intra-group transactions and intra-group balances as at 31<sup>st</sup> March 2023.



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 49 - Consolidated Notes to Financial Statements

### 32 Notes Specific to Joint Ventures

#### (i) In respect of HATSOFF Helicopter Training Private Limited

##### Going Concern

The Company has made a net profit of ₹ 1897.07 lakhs for the year ended 31 March, 2024 and, as of that date, the Company's current liabilities exceeded its current assets by ₹ 12960.71 lakhs. In addition to this, as at the balance sheet date, the Company has significant accumulated losses which have resulted in erosion of the net worth. The net worth of the Company as at 31 March, 2024 is negative by ₹ 1564.98 lakhs (as at 31 March, 2023 negative by ₹ 3462.05 lakhs).

The Company has incurred a cost of ₹ 4332.42 lakhs in connection with the Military Dhruv Cockpit development. The supply contract with CAE Inc, Canada, wherein the Company exported the cockpit purchased from Hindustan Aeronautics Limited to CAE Inc. for further fittings and is currently awaiting the delivery of the completed Military Dhruv Cockpit. The agreed price in 2008 was USD 6,892,777 and an amount of USD 4,892,777 (₹ 2090.73 lakhs) was paid. The revised estimated price, as quoted by CAE Inc, in June 2019 and valid until March 2020 is USD 13,692,777 reflecting cost escalation. The Company is currently negotiating for the final quote and delivery schedules from CAE Inc. The management expects to reach an agreement with CAE Inc, to finalize the price and delivery schedule. Consequently, no impairment is deemed necessary for the amount shown under CWIP and capital advances.

However, these financial statements have been prepared on a going concern basis, notwithstanding the above factors in view of the following:

- 1) Board has affirmed that Company has the ability to meet all the obligations.
- 2) The Company has been able to get the multi-year contracts from Defence forces with increased training hours.
- 3) The Company along with the shareholders are presently pursuing several options with the Company's bankers, viz. ICICI Bank.
- 4) The Company has paid ECB principal of ₹ 4518.05 lakhs (US\$ 5,445,471) against ECB overdue installments during the reporting period at various dates and serviced interest up to 4 September 2023.
- 5) The ECB Loan is classified as Non-Performing Asset by the lending bank in view of non-payment of installments due. The bankers has not recalled the loan.

Considering the promoters ability to fund the Company's requirements and procure orders for execution, management is of the opinion that Company is a going concern.

#### (ii) In respect of HALBIT Avionics Private Ltd

##### Material Uncertainty related to Going Concern

The Company, as on 31 March 2024, has a net liability of ₹ 1022.06 lakhs (March 31<sup>st</sup> 2023: ₹ 1154.21 lakhs) and a net current liability of ₹ 1093.97 lakhs (March 31<sup>st</sup> 2023: ₹ 1238.70 lakhs) indicating existence of an uncertainty that may cast doubt upon the Company's ability to continue as a going concern. However, the bulk of its current liability is subject to the satisfactory completion of the performance obligations by the supplier, who is also a shareholder of this joint venture Company. Besides this, the Company continues to generate positive cash flows from its operations and plans to liquidate the liability in a phased manner. The Company expects to fund its operating and capital expenditure and continue business operations. Accordingly, the management has determined that these actions are sufficient to mitigate the uncertainty and has prepared the financial statements on a going concern basis.

#### (iii) In respect of Multirole Transport Aircraft Limited

Board in its 47<sup>th</sup> Meeting held on 09<sup>th</sup> February, 2023, approved the following resolution: "Subject to the necessary approval being obtained from the Government of India, in principle approval of the Board was accorded for the Voluntary Liquidation of the Company in accordance with its Articles of Association, Shareholders Agreement and other



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 49 - Consolidated Notes to Financial Statements

relevant contracts, provisions of Section 59 and other applicable provisions of the Insolvency and Bankruptcy Code 2016 read with the Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulations, 2017 and other provisions of the Companies Act 2013 and relevant rules and any other law as may be applicable. Hence on fulfillment of the following steps, the Going Concern assumption will become inappropriate-

- i. Receipt of Government of India approval for closure of the Company,
- ii. Adopting unanimous resolution with affirmative vote by all the directors as per Para 9.4(h) of the Shareholders Agreement read with Para 147(2)(h) of the Articles of Association, recommending liquidation of the Company to the General Meeting
- iii. Adopting necessary resolutions for Voluntary Liquidation of the Company in the Members General Meeting as per the provisions of Insolvency and Bankruptcy Code, 2016
- iv. Adherence of procedures for closure of MTAL Moscow Branch in compliance with rules and regulations of Russian Federation
- v. Compliance of all other necessary steps as per internal rules and regulations of the Company, as well as applicable statutory provisions of the respective country (i.e. India and Russian Federation) for closure of the Company.

### (iv) In respect of Infotech HAL Ltd

The audited/reviewed financial statements of Infotech HAL Ltd, joint venture of Hindustan Aeronautics Limited are not made available and hence not considered in consolidated financial statements. The joint venture was hitherto consolidated under equity method. The impact of non-consolidation, however, is not material.

### (v) In respect of HAL-Edgewood Technologies Private Limited

The Joint Venture Company has not prepared the financial statements for the year ended 31 March 2024, and accordingly not considered for consolidation.

The impact of non-consolidation, however, is not material. The Board in its 406<sup>th</sup> meeting held on 22<sup>nd</sup> September 2017, accorded in principle approval for voluntary winding up / closure of M/s. HAL-Edgewood Technologies Private Limited enabling the Company to take further action in the matter.

## 33 Defence Innovation Organisation ("DIO"):

A Section 8 Company has been formed (Under Companies Act 2013) in the name of "Defence Innovation Organisation" with M/s Bharat Electronics Limited (BEL) with an authorised Capital of ₹ 100 lakhs (Paid up capital as on 30.06.2023 is ₹ 1 lakhs (HAL 50% Share and BEL 50% Share). The registered office of DIO is situated at Centre for Learning and Development, Bharat Electronics Limited, Jalhalli, Bengaluru – 560 013, Karnataka, India. DIO was incorporated to implement the scheme of defence innovation fund initiative by creation of an ecosystem to foster innovation and technology development in defence.

HAL Board in its 417<sup>th</sup> meeting held on 30<sup>th</sup> of July 2018 had accorded approval for release of ₹ 5000 lakhs to DIO towards initial corpus fund in form of Grant in Aid in a staggered manner. Accordingly ₹ 500 lakhs has been released to DIO in the month of August 2018 and the balance amount is recognised and disclosed in other financial liabilities - other liabilities (Note 32).

34 The Board in its 434<sup>th</sup> meeting was informed that Government approval is not required for transfer of lease hold land to M/s Helicopter Engines MRO Private Limited (HE-MRO), as it is neither defence land nor it is a land owned by HAL. Board reconsidered the decision taken in its 431<sup>st</sup> meeting and approved transfer of land without Government approval to M/s HE-MRO.

In line with the Board Approval in its 431 and 434 meetings, Tripartite Deed of Lease was executed on the 18<sup>th</sup> May 2023 between Goa Industrial Development Corporation (GIDC), M/s Helicopter Engines MRO Private Limited (HE MRO) and HAL MRO Division for transfer of Lease hold rights of industrial plot admeasuring 7.41 acres to HE MRO.



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 49 - Consolidated Notes to Financial Statements

Further, the Sale of Deed was executed between HAL-MRO Division and HE -MRO on 8<sup>th</sup> June 2023 for sale of Building and Plant & Machinery and Other Assets for a total consideration of ₹ 1029 lakhs.

Accordingly necessary accounting treatment has been made in the Books of Accounts.

### 35 Additional Regulatory Information

(a) The Group has not given any loans or advances in the nature of loans to promoters, directors, KMPs and the related parties (as defined under Companies, Act, 2013), either severally or jointly with any other person that are repayable on demand or without specifying any terms or period of repayment.

(b) The Group does not have any Benami Property, where any proceedings has been initiated or pending against the Group for holding any Benami property.

#### (c) Wilful Defaulter

No entity in the Group has been declared a wilful defaulter by any bank or financial institution or other lender (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.

(d) The Group has following outstanding balances with struck off companies under Section 248 of the Companies Act, 2013 or Section 560 of the Companies Act 1956.

| Name of struck off Company                           | Nature of transactions with struck-off Company (eg: Investment in securities, Receivables, Payables, shares held by struck off company, Other outstanding balances (to be specified)) | As at 31 <sup>st</sup> March 2024 |   | As at 31 <sup>st</sup> March 2023 |   |
|--|---|-----------------------------------|---|-----------------------------------|---|
|  |   | Balance outstanding in INR        | Relationship with the struck off company, if any, to be disclosed | Balance outstanding in INR        | Relationship with the struck off company, if any, to be disclosed |
| Close Links Security Services Pvt. Ltd.              | Payables  | 367961                            | Vendor  | 367961                            | Vendor  |
| Empire Aviation Private Limited                      | Payables  | 84163                             | Customer Airlines   | 84163                             | Customer Airlines   |
| Caliban Software Solutions Pvt. Ltd.                 | Payables  | 188252                            | Vendor  | 188252                            | Vendor  |
| Hunting Hawks security & facility Services Pvt. Ltd. | Payables  | 752073                            | Vendor  | 752073                            | Vendor  |
| Formula one solution Pvt. Ltd.                       | Payables  | 30582                             | Vendor  | 30582                             | Vendor  |
| M.S. Services Pvt. Ltd.                              | Payables  | 2036556                           | Vendor  | 1956634                           | Vendor  |

(e) Compliance with number of layers of companies NA

(f) Compliance with approved Scheme(s) of Arrangements NA

(g) The Group does not have any charges or satisfaction which is yet to be registered with Registrar of Companies (RoC) beyond the statutory period.

#### (h) Utilisation of borrowed funds and share Premium through intermediaries or for benefit of third party beneficiaries:

The Group has not advanced or loaned or invested funds to any other person or entity, including foreign entities (Intermediaries) with the understanding that the Intermediary shall:



# Notes to the Consolidated Financial Statements for the year ended March 31, 2024

## Note 49 - Consolidated Notes to Financial Statements

- a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries); or
- b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (i) The Group has not received any fund from any person or entity, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall :
  - a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries); or
  - b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

### (j) Undisclosed Income

No entity in the Group has any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.)

### (k) Details of Crypto Currency or Virtual Currency

The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

### (l) Recent pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Group.

**36** The financial statements were approved for issue by the Board of Directors at their meeting held on 16<sup>th</sup> May 2024

These financial statements are presented in Indian rupees (rounded off to lakhs). Previous Year figures have been rearranged or regrouped wherever necessary.

Material Accounting Policies and accompanying Notes No. 1 to 49 form an integral part of the Financial Statements.

As per our report of even date attached

**For and on behalf of the Board of Directors**

**For A JOHN MORIS & CO.**

Chartered Accountants  
Firm Registration No: 007220S



**RATHAN RAJ A**

Partner  
Membership No: 228538  
Place: New Delhi  
Date: 16.05.2024



**(EJPURA PUTHRAPPA JAYADEVA)**

Director (Operations)  
DIN: 06761333



**(C. B. ANANTHAKRISHNAN)**

Director (Finance) & CFO  
Chairman & Managing Director  
(Additional Charge)  
DIN: 06761339



**(SHAILESH BANSAL)**

Company Secretary  
FCS No.5064





## Form AOC-1

Statement containing salient features of the financial statement of subsidiaries/Associate companies/ joint ventures  
(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

### Part "A" : Subsidiaries

| Sl. No. | Particulars  |                         | ₹ in Lakhs                       |
|---------|--|-------------------------|----------------------------------|
| 1       | Name of the Subsidiary   | Naini Aerospace Limited | Indo-Russian Helicopters Limited |
| 2       | Reporting period for the subsidiary concerned, if different from the holding company's reporting period                      | NA                      | NA                               |
| 3       | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries. | NA                      | NA                               |
| 4       | Share capital  | 6500                    | 1000                             |
| 5       | Reserves & surplus   | -6714                   | -264                             |
| 6       | Total assets   | 3492                    | 810                              |
| 7       | Total Liabilities  | 3706                    | 74                               |
| 8       | Investments  | 1302                    | 0                                |
| 9       | Turnover   | 1422                    | 0                                |
| 10      | Profit/loss before taxation  | -307                    | -20                              |
| 11      | Provision for taxation   | 0                       | 0                                |
| 12      | Profit/loss after taxation   | -307                    | -20                              |
| 13      | Proposed Dividend  | 0                       | 0                                |
| 14      | % of shareholding  | 100%                    | 50.5%                            |

1 Names of subsidiaries which are yet to commence operations – Indo Russian Helicopters Limited

2 Names of subsidiaries which have been liquidated or sold during the year- NIL

As per our report of even date attached

### For and on behalf of the Board of Directors

**For A JOHN MORIS & CO.**  
Chartered Accountants  
Firm Registration No: 007220S

  
**RATHAN RAJ A**

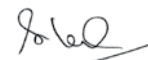
Partner  
Membership No: 228538  
Place: New Delhi  
Date: 16.05.2024



**(EJPURA PUTHRAPPA JAYADEVA)**  
Director (Operations)  
DIN: 06761333



**(C. B. ANANTHAKRISHNAN)**  
Director (Finance) & CFO  
Chairman & Managing Director  
(Additional Charge)  
DIN: 06761339



**(SHAILESH BANSAL)**  
Company Secretary  
FCS No.5064

## Form AOC-1 Part "B" : Associates and Joint Ventures

| Sl. No.   | Name of Joint Venture   | Latest audited Balance Sheet Date | M/s BAE-HAL Software Ltd | Safran HAL Aircraft Engines Private Ltd | M/s SAMTEL HAL Display Systems Ltd | M/s HALBIT Avionics Pvt Ltd | M/s Indo Avia Services Ltd | M/s HATSOFF Helicopter Training Pvt Ltd | M/s International Aerospace Manufacturing Pvt Ltd | M/s Multirole Transport Aircraft Ltd. | M/s Helicopter Engines MRO Pvt Ltd | SAFHAL Helicopter Engines Private Limited |
|---|---|-----------------------------------|--------------------------|---|------------------------------------|-----------------------------|----------------------------|---|---|---------------------------------------|------------------------------------|---|
| 1   |   |                                   | 31.03.2024               | 31.03.2024                              | 31.03.2024                         | 31.03.2024                  | 31.03.2024                 | 31.03.2024                              | 31.03.2024  | 31.03.2024                            | 31.03.2024                         | 31.03.2024                                |
| 2   | Date on which the Associates or joint venture was associated or acquired  | Feb-93                            | Oct-05                   | Jan-07                                  | May-07                             | Sep-94                      | Jan-08                     | Jul-10                                  | Dec-10  | Aug-16                                | Nov-23                             |   |
| 3   | Shares of Associate/Joint Ventures held by the company on the year end    |                                   |                          |   |                                    |                             |                            |   |   |                                       |                                    |   |
| a) No.  |   | 2940000                           | 1140000                  | 160000                                  | 382500                             | 936525                      | 38404205                   | 4250000                                 | 11346564  | 2459986                               | 1000000                            |   |
| b) Amount of Investment in Associates/Joint Venture |   | 294                               | 1140                     | 160                                     | 383                                | 94                          | 3840                       | 4250                                    | 11347   | 2460                                  | 100                                |   |
| c) Extent of Holding %                              |   | 49%                               | 50%                      | 40%                                     | 50%                                | 48%                         | 50%                        | 50%                                     | 50%   | 50%                                   | 50%                                | 50%                                       |
| 4   | Description of how there is significant influence                         |                                   | NA                       | NA                                      | NA                                 | NA                          | NA                         | NA                                      | NA  | NA                                    | NA                                 | NA  |
| 5   | Reason why the associate/joint venture is not consolidated                |                                   | NA                       | NA                                      | NA                                 | NA                          | NA                         | NA                                      | NA  | NA                                    | NA                                 | NA  |
| 6   | Networth attributable to Shareholding as per latest audited Balance Sheet | 446                               | 5609                     | -323                                    | -511                               | 7549                        | -782                       | 6651                                    | 6100  | 2061                                  | 84                                 |   |
| 7   | Profit / Loss for the year  | 226                               | 1586                     | 97                                      | 132                                | 707                         | 1897                       | 2097                                    | 239   | -29                                   | -32                                |   |
| i) Considered in Consolidation                      |   | 111                               | 793                      | 0                                       | 0                                  | 340                         | 0                          | 1048                                    | 0   | -15                                   | -16                                |   |
| ii) Not Considered in Consolidation                 |   | 115                               | 793                      | 97                                      | 132                                | 368                         | 1897                       | 1049                                    | 239   | -14                                   | -16                                |   |

₹ in Lakhs

1 Name(s) of joint venture(s) which is/are yet to commence operations:-

a) Helicopter Engines MRO Pvt Ltd

b) SAFHAL Helicopter Engines Private Limited

2 Names of associates or joint ventures which have been liquidated or sold during the year: NIL

As per our Report of even date attached

For and on behalf of the Board of Directors


**(EJPURA PUTHRAPPA JAYADEVA)**

Director (Operations)

DIN: 06761333


**(C. B. ANANTHAKRISHNAN)**

Director (Finance) &amp; CFO

Chairman &amp; Managing Director (Additional Charge)

DIN: 06761339


**RATHAN RAJ A**

Partner

Membership No: 228538

Place: New Delhi

Date: 16.05.2024


**(SHAILESH BANSAL)**

Company Secretary

FCS No. 5064







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15/1, Cubbon Road, Bengaluru-560 001, Karnataka  
CIN: L35301KA1963GOI001622  
Phone : (080) 2232 0001, Fax: (080) 2232 0758  
Website: [www.hal-india.co.in](http://www.hal-india.co.in)