Hindustan Aeronautics Limited

57th Annual Report 2019-20





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Vision



To become a significant global player in the aerospace industry.

Mission

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



Chairman's Statement



Dear Shareholders,

It is my privilege to extend a very warm welcome to you all for the 57th Annual General Meeting of your Company.

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 2019-20, we recorded the turnover of ₹ 21,218 Crore, which is a 7% increase from the previous year's ₹ 19,821 Crore. The Profit Before Tax (PBT) saw a growth of 5% from ₹ 3,742 Crore to ₹ 3,928 Crore while the Profit After Tax (PAT) increased by 21% from ₹ 2,346 Crore to ₹ 2,832 Crore. Our Order Book position stood at a healthy ₹ 52,965 Crore, as on 31st March, 2020.

We paid an Interim Dividend of ₹ 33.25 per share of ₹ 10 each (330%) for the Financial Year 2019-20, totalling to ₹ 1,111.84 Crore, excluding Dividend Distribution Tax of ₹ 228.54 Crore.

Our focus on production continues and during the year 2019-20, your Company has produced 31 new Aircraft and Helicopters, covering Su-30 MKI, LCA Tejas, Dornier Do-228, ALH Dhruv, Cheetal Helicopter and Chetak Helicopter. Additionally, we produced 117 New Engines and Accessories. I am proud of our initiatives to indigenise production and become self-reliant, as set out by the Make in India mandate.

Your Company overhauled 201 platforms including both fixed wing and rotary wing aircraft of various types. Further, 486 aero-engines of Russian and western origin were also overhauled during the year under review.

Offer for Sale (OFS)

After end of the financial year 2019-20, to meet minimum public shareholding requirement of the Company as prescribed under Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended, and Regulation 38 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, Govt of India has made Offer for Sale (OFS) upto 15% of Paid up Equity Capital of the Company out of its shareholding of 89.97% in the Company on August 27-28, 2020.

Significant Achievements

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

- Final Operational Clearance (FOC) for Jaguar DARIN-III upgrade was achieved on July 30, 2019.
- First Do-228 Aircraft equipped with the state-of-the-art Glass Cockpit system was delivered to IAF on November 2, 2019 and First Naval version of Dornier Do-228 Aircraft was delivered to Indian Navy on December 14, 2019.



- LCA Naval Prototype (NP1) being designed jointly by HAL and ADA successfully performed ski jump take-off and arrested hook landing from the ship INS Vikramaditya on January 11, 2020.
- Initial Operational Clearance for Light Utility Helicopter (LUH) was achieved on February 7, 2020.
- First Light Combat Aircraft (LCA) in FOC standard (SP-21) took to the skies for maiden flight on March 17, 2020.
- Successfully demonstrated hot refueling on HTT-40 while keeping the engine running.

New Initiatives

During the year, your Company has taken many new initiatives. Some of the major initiatives taken are as under:

- Manufacturing, Testing and Integration of Bombs and Missiles.
- Venture into MRO of Civil aircraft and helicopters.
- Letter of Acceptance (LOA) signed with M/s Dassault Aviation for undertaking ROH of Mirage 2000 LRUs for French Air Force.
- HAL and CSIR-NAL has signed MoU on March 13, 2020 for Design, Development, Certification, Production, Marketing and Life Cycle Maintenance of 19 seater SARAS MK II Aircraft.
- HAL, IAI, Israel and Dynamatics Technologies (DTL) entered into a tripartite MoU on February 5, 2020 to form a strategic collaboration for marketing, manufacturing and selling of UAVs to Indian Defence Forces, Paramilitary Forces and Central Armed Police Forces (CAPF).
- MoU between HAL and Elbit Systems ISTAR Division, Israel was signed on February 5, 2020 for assessing the feasibility of a joint development of a Vertical Take-off and Landing (VTOL) Unmanned Aerial Vehicle (UAV) (Rotary UAV of 2000 kilo class) for maritime and land based military operations which caters to the domestic as well as the global requirements.
- MoU was signed between HAL and Elbit Systems, Israel on February 5, 2020 for extending cooperation for new Digital Head Up Displays (HUD) technologies and promote Digital HUD to the Indian Defence Services and other potential customers.

Future Outlook

The past one decade has seen consistent growth of military and commercial sectors of the Aerospace and Defence Industry, both in the international as well as the domestic market. During the past decade, your company has reported an impressive growth with an increase in sales of the order of 62% and efforts are in place to maintain the growth momentum. However, the last quarter of the financial year saw the COVID-19 pandemic engulfing countries world over, disrupting normal operations of industries due to the lockdown. While the pandemic has impacted all major industry sectors, in the A&D sector it has put severe supply and demand challenges for the commercial aviation sector, world over.

Looking at the Indian scenario, demand on Aerospace and Defence (A&D) manufacturing sector in the country is dominated by the demands from Defence sector. The Company business is mainly concentrated to Defence Services, major negative impact on the demand side of the business due to the pandemic in the long term is not anticipated currently, as the defence contracts reflects long term requirements of national interest. However, the Company is a highly technology intensive company with product spectrum including both ToT as well as indigenous platforms and contain systems/ sub-systems/ raw-materials etc. of foreign origin used on these platforms. Since the pandemic has caused world-wide lockdown, suppliers in general are financially stressed due to cash flow and liquidity problems, possible production hold up in suppliers' facilities and restriction on movement of goods through international freights can lead to disruption of established supply chains and hence there could be likely disruption of production in the short term at HAL. However, through all out efforts the Company is confident to tide over such aberrations with resilience.

Defence projects, policies and funding of Govt of India play crucial role in the growth of A&D industry in India and in-turn HAL, because of the major dependence on the Defence sector. Hence, downsizing of Defence budget and risk of economic recession can lead to difficulty in the working capital availability. However, as a positive note, there is a strong push from the government through the 'Atmanirbhar Bharat Abhiyan', the policy formulations and reforms post COVID which is giving significant impetus to self-reliance and local production. This is expected to favorably impact the operations of the Company. The Defence Services are looking for more indigenous options as compared to import and your company is expected to greatly benefit from this as there are a slew of indigenous products like LCA Tejas and its variants, LCH, LUH, HTT-40, etc.

The Company has been the flag bearer for the country in the aviation sector and has contributed immensely towards indigenous capability development in this niche segment. This was possible due to the continued focus on technology upgrade and innovative business initiatives. The futuristic programs on the anvil such as Advance Medium Combat Aircraft (AMCA), LCA Mk II, the advance version of LCA Tejas, Twin Engine Deck Based Fighter, the twin engine naval version of LCA, twelve ton class Indian Multirole Helicopter (IMRH), aero engine development etc., will ensure the technological lead of your Company in the years to come. Collaborative



initiatives such as the tripartite MoU between HAL-IAI-DTL for UAV segment, lease agreements with Airline operators for Do-228 civil operations etc are expected to add new business streams to the Company portfolio.

Overall the future behold bright promises to you by your Company, to be a part in building an Atmanirbhar Bharat, through truly indigenous contributions.

Research and Development (R&D)

R&D has been the main focus area of your Company for increasing indigenisation and value addition in our products / systems. During the year, the Company continued to focus its efforts towards development of new platform, technology and activities to enhance its capability with a view to bring technological superiority to its products and in order to cope with the future technological challenges. Towards the progress of the R&D efforts, the Company has incurred a total expenditure of ₹ 1,232 Crore for the year 2019-20 which is 6 % of the Turnover. Further, an amount of ₹ 254 Crore has been transferred to the R&D reserve during the year. It is pertinent to note that many of the in-house R&D projects could be commercially exploited in the past. The major success has been in Advanced Light Helicopter (both utility and weaponised version). Many of in-house R& D projects currently undertaken including LCH, LUH, HTT-40, LCA MK1A are in the final stage of Design & Development and are likely to be commercially productionised in the next couple of years.

Corporate Governance

Your Company always strives to attain highest standard of Corporate Governance practice. The Company is complying with the Guidelines on Corporate Governance framed by the Department of Public Enterprises (DPE) and SEBI Listing Regulations. 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 constantly reviewing the Policies and Procedures of the Company, and updating them to ensure transparency in all aspects of the Company's working.

Corporate Social Responsibility and Sustainability Development

As always, your Company is committed to social responsibility. We have undertaken various programmes and projects, towards integrating our social and business goals, and in a sustainable manner in line with schedule VII of the Companies Act, 2013. During the year, an amount of ₹ 82 Crore has been spent on CSR activities.

Acknowledgement

We continue, and 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, the Defence Acquisition Council, Defence Finance, Department of Civil Aviation and our valuable customers viz., the Indian Air Force, Army, Navy, Coast Guard, Border Security Force, ISRO and other Global Aviation Companies.

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

I am grateful to my colleagues 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



Place : Bengaluru
Date : August 28, 2020

R. Madhavan
Chairman and Managing Director

Major Achievements



Light Combat Helicopter (LCH) prototypes have cumulatively logged 1500 flights and the 1500th flight was flown on Technology Demonstrator (TD3) prototype on April 11, 2019.



Certifying Agency RCMA (Regional Centre of Military Airworthiness) accorded Final Operation Clearance (FOC) for Jaguar DARIN III upgrade on July 30, 2019.



HTT-40 successfully demonstrated 6-turn spin capability at Bengaluru on October 1, 2019.



Light Utility Helicopter (LUH) successfully completed night flying tests on November 15, 2019.



LCA Navy Mk-1 prototype-2 successfully demonstrated arrested landing on ship INS Vikramaditya on January 11, 2020.



First Light Combat Aircraft (LCA) in FOC standard took to the skies for maiden flight on March 17, 2020.

Major Events



HAL organized a workshop of Indian private players to boost manufacturing of upgraded ALH Dhruv (Civil version) under ToT in Bengaluru on June 29, 2019.





Shri Rajnath Singh, Hon'ble Defence Minister flew the LCA Tejas Aircraft on September 19, 2019 at HAL, Bengaluru.





Air Chief Marshal RKS Bhadauria, Chief of the Air Staff flew HTT-40 Aircraft at HAL Airport, Bengaluru on November 14, 2019.



HAL received the Initial Operational Clearance (IOC) for its Light Utility Helicopter (LUH) during DefExpo 2020 on February 7, 2020 at Lucknow.



Master General of Ordnance (MGO) flew the Light Combat Helicopter (LCH) during his visit to Helicopter Complex on January 17, 2020.



Defence Minister Shri Rajnath Singh inaugurated the new LCH production hangar at Helicopter Division on February 27, 2020.

Visitors







South Korean delegation led by Mr Yougeun Kim, First Deputy Director of National Security, Republic of Korea (ROK) visited Accessories Division, Lucknow on July 30, 2019.



Five member delegation from Saudi Arabia visited HAL facilities in Bengaluru on August 19, 2019.



Shri Shripad Yesso Naik, Raksha Rajya Mantri paid a maiden visit to HAL facilities in Bengaluru on August 21, 2019.



Mr. Atanasio Salvador M'tumuke, Minister of National Defence of the Republic of Mozambique along with a delegation visited HAL Bengaluru facilities on November 29, 2019.

New Business Initiatives



Memorandum of Understanding (MoU) was signed between HAL and Elbit Systems ISTAR Division, Israel on February 5, 2020 for Joint Development of Rotary UAV of 2000 Kg Class.



HAL signed an MoU with Blue Ray Aviation Pvt Limited on March 14, 2020 during 'Wings India 2020' for possible deployment of two Do-228 aircraft for air connectivity/ charter services /air ambulance roles.



MoU was signed between HAL and CSIR-NAL on March 13, 2020 for design, development, production and maintenance of SARAS MKII Aircraft.



MoU was signed on February 5, 2020 between HAL, Israel Aerospace Industries Limited (IAI) and Dynamatic Technologies Limited (DTL) for marketing, manufacturing and selling of IAI's Unmanned Aerial Vehicles (UAVs) to Indian Defence Forces, Paramilitary Forces and Central Armed Police Forces.



Awards



HAL received SCOPE Corporate Communications Excellence Award 2019 on August 3, 2019 at New Delhi.

HAL received Karnataka State Export Award for the year 2016-17 under the PSU category on September 6, 2019.





HAL was conferred with Governance Now 7th PSU award for 'Research and Innovation' on February 19, 2020.

Glimpse of DefExpo 2020 held at Lucknow



General Bipin Rawat, Chief of Defence Staff visited HAL stall at DefExpo-2020 on February 6, 2020.



Shri Rajnath Singh, Defence Minister visited HAL stall at DefExpo-2020 on February 7, 2020.



HAL took the lead role in organizing the 11th biennial edition of DefExpo-2020 in coordination with Ministry of Defence (MoD) at Lucknow, Uttar Pradesh from February 5-9, 2020.



Shri Shripad Yesso Naik, Minister of State for Defence visited HAL stall at DefExpo-2020 on February 6, 2020.



General V K Singh (Retd), Minister of State for Road Transport and Highways visited HAL stall at DefExpo-2020 on February 7, 2020.

Board of Directors (As on August 18, 2020)



Shri R. Madhavan
Chairman and Managing Director

Shri R. Madhavan was appointed as Chairman and Managing Director (CMD) of the Hindustan Aeronautics Limited (HAL) with effect from September 1, 2018. He is a graduate in Mechanical Engineering from NIT, Raipur and also holds post graduate degree of M. Tech from IIT Madras.

Shri R. Madhavan joined HAL as a Management Trainee (Technical) in July 1982 and has been associated with the company for over 38 years. Prior to his elevation as CMD of HAL, Shri Madhavan held the position of Executive Director, Accessories Division at Lucknow.

Under his leadership, Accessories Division, Lucknow had overcome multiple challenges and emerged much stronger by doubling up its top line within a span of 3 fiscal years besides consistently meeting annual targets of all financial & physical parameters. He spearheaded successful absorption of technology for production of Su-30 Airframe & Engine accessories from raw material phase, at HAL Accessories Division, Lucknow. During his tenure, the division was awarded the best performing Division (Customer Services) award in company-wide competition during January 2016.

Shri Madhavan with his rich and varied experience had provided solutions related to intricate technical problems and strategic issues. He provided valuable inputs as a member of Tri-service committee for high altitude operation of Helicopters and had overseen successful launch of export of Engine sets to USA while in Engine Division, Bangalore, which led to considerable improvement in the Division's process to meet the international standards.

Under his leadership, the Quality team at Corporate Office bagged the prestigious Platinum Technology award for the company at Berlin.

He had also extensively contributed to GOI's "Make in India" strategy by developing MSME sector vendors for Aerospace Manufacturing, and had set roadmap for enhancing self-reliance & self-sufficiency through indigenisation efforts for obsolescence management and for developing alternate technology leading to product improvement & reduction in cost.

Under Shri Madhavan's leadership, HAL has earmarked Indigenization as "Key Thrust Area" and over a period has refined its internal machinery and policy for indigenisation of components, accessories and systems required for manufacturing as well as repair & overhaul of aircraft, engine and equipment.

A very important aspect towards development of engineering and technology in aerospace industry is availability of skilled manpower. Shri Madhavan in the capacity of Chairman of Aerospace & Aviation Sector Skill Council is contributing immensely to meet the challenge of skill development.

Shri Madhavan had also taken several e-initiatives, implementation of which have brought in systemic changes, transparency & process improvements.

An avid reader and active in professional societies, Shri. Madhvan is a member of Aeronautical Society of India.



Shri Arup Chatterjee
Director
(Engineering and R&D)

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

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

Shri Arup Chatterjee has over 37 years of wide experience in Aerospace Industry. During his career span, Shri Chatterjee has served in various Divisions of HAL. He was the head of Machine Shop, Methods Deptt., IMM Department, Projects, Planning of Avionics Equipment required for Russian & Western origin Aircraft platform, in Korwa Division, where he has served for 28 years. He has also served in Kanpur Division for 4 years in the field of Air Frame Manufacturing and had served in the capacity of head of IJT project, Planning and IMM for Dornier, Avro & UAV Projects.

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



Shri C B Ananthakrishnan
Director (Finance) & CFO

Shri C B Ananthakrishnan was appointed as Director (Finance) & CFO of the Company with effect from August 1, 2018. Prior to his appointment as Director (Finance), he was holding the post of Executive Director (Finance) of the Company. He joined the company as Chief Manager (Finance) on March 31, 2004 and thereafter worked in various capacities. He holds a Bachelor's Degree in Commerce from Loyola College, Chennai, MBA in Finance from Madras University and is a Cost & Management Accountant. He has over 31 years of work experience in Public & Private sectors with stints in merchant banking, pharmaceuticals, fertilizers, aerospace industry and has held various positions in our Company. He is also Nominee Director on the Board Multi-Role Transport Aircraft Limited (MTAL), a Joint Venture Company of the HAL.

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



Shri M.S.Velpari
Director (Operations)

Shri M S Velpari was appointed as Director (Operations) of the Company w.e.f August 1, 2019. He holds a Bachelor's Degree in Mechanical Engineering from College of Engineering, Guindy, Chennai and also done Masters from IIT Madras in Aircraft Production Engineering.

Shri Velpari joined the Company as 20th batch Management Trainee in the year 1984 and has about 35 years of experience in the areas of Manufacturing, Assembly, Design, Product support, customer support, Indigenisation and other Management functions,in various types of fixed wing and rotary wing platforms. He worked in various divisions like Aircraft Division of Bangalore & Nashik and Foundry & Forge division, in Bangalore. He was holding position of Chief of Project, LCA-Tejas Programme at Bangalore, before assuming charge as Director (Operations) of HAL.

Shri Velpari was instrumental in sustained growth of LCA production from initial 2 Aircraft per annum in 2015-16 to 8 Aircraft per annum in 2018-19. He took a path breaking steps with the strategic outsourcing of structural assemblies of LCA Tejas, which is poised to grow further. A phenomenal number of 1850 types of Castings, Forgings Rolled Rings and Rubber Products were indigenised under his meticulous leadership.

He had bagged the prestigious National Award "Indigenisation of the year award" for his work in productionising of Shape Memory Ferrules for use in LCA from Aeronautical society of India.



Shri Alok Verma
Director (Human Resources)

Shri Alok Verma was appointed as Director (Human Resources) of the Company w.e.f January 1, 2020. Prior to his appointment as Director (Human Resources), he was holding the post of General Manager (Human Resources - Employee Relations) of the Company. He holds a Bachelor's Degree in Science from Patna University and Post Graduate Degree in Social Work. He also holds an LLB from Jiwaji University and a Post Graduate Diploma in Computer Applications from Punjab Technical University.

Shri Alok Verma joined HAL as Chief Manager (Human Resources) at Nasik Division in the year 2006. During his stint at Nasik, he took over the reins of the HR Function at HAL Hyderabad wherein he was instrumental in transforming the face of Employee Management Relations.

Shri Alok Verma played a key role in settlement of the Wage Negotiations between the HAL Management and the recognized Unions culminating in signing of the Memorandum of Understanding (MoU) with the Union in December 2019. Having started his career with National Fertilizers Ltd. in November 1987, Shri Verma brings to the table, a rich and a diverse experience of over three decades in the Human resources function.



Shri Chandraker Bharti
Joint Secretary (Aerospace)
Govt. Nominee Director

Shri Chandraker Bharti was appointed as Government Nominee Director of the Company w.e.f May 15, 2018. He also served as Government Nominee Director of the Company from April 27, 2017 to February 28, 2018. He is an engineering graduate from Delhi College of Engineering, joined the Indian Administrative Services in September 1996. He has also acquired M.Sc degree in Public Management & Policy from London School of Economics & Political Science, UK.

He has more than 22 years of experience in Civil Services and held various important assignments, which include Additional Commissioner, Department of Sales Tax, Govt. of NCT of Delhi; Director, Ministry of Commerce & Industry; Development Commissioner in various Government Departments such as Agriculture, Finance & Planning, Industries & Commerce, Information Technology, etc. in the Union Territory of Pondicherry. He had also served for a short period at Health & Family Welfare and Environment & Forest Departments of Govt. of NCT of Delhi.



Dr. Tessy Thomas
Director General
(Aeronautical System), ADE
Govt. Nominee Director

Dr. Tessy Thomas was appointed as Government Nominee Director of the Company with effect from July 2, 2018. She is a Post-Graduate in Mechanical Engineering with specialization in Guided Missiles from Institute of Armament and has also done MBA in Operations Management from Indira Gandhi National Open University. She has been awarded Doctor of Philosophy (Ph.D) in Missile Guidance by Jawaharlal Nehru Technological University, Hyderabad.

Dr. Tessy Thomas, who is currently serving as Director General, Aeronautical Systems in Aeronautical Development Establishment, Bangalore, has served more than 31 years in DRDO. She had held multi-dimensional roles & responsibilities and had contributed in various fields such as Guidance, Control, Inertial Navigation, Trajectory Simulation and Mission Design. Dr. Tessy Thomas had held various key assignments in DRDO, which include Project Director for AGNI-4 project, Project Director (Mission) for the long range AGNI-5 system, Director, Advanced Systems Laboratory, DRDO.

Dr. Tessy Thomas is the Chairperson of Board of Governors of the Indian Institute of Science Education & Research, Thiruvananthapuram and Indian Society for Advancement of Materials & Process Engineering, Hyderabad Chapter. Dr. Tessy Thomas is also a member in various other Professional Institutions and Societies related to Science, Technology and Engineering.

Dr. Tessy Thomas has been conferred with various prestigious Awards / Honours, the latest being the "First Ladies" Award for First Missile Woman of India from the Hon'ble President of India as Exceptional Woman who transcended barriers to be the First in their Fields on January 21, 2018.



Dr. J. K. Bajaj
Independent Director

Dr. J.K. Bajaj was appointed as Independent Director on the Board of the Company with effect from September 11, 2017. He is the founder Director of the Centre for Policy Studies has done M.Sc (Honours) in Physics and also holds Ph.D in Theoretical Physics from the Punjab University, Chandigarh. His areas of specialization include Scientific & Technological tradition of India; Indian Society, Economy and Polity; Indian Ideas and Institutions; Religious Demography, Natural Resources and Geography.

Dr. Bajaj, during his career had held several important positions and has been a member of the apex governing and advisory bodies of several national institutions, including, the Indian Council of Social Science Research (ICSSR). Currently he is serving as a member of the Governing Body of the National Council of Rural Institutes and as a member of the Expert Group on Environmental Standards of the Ministry of Environment and Forests.

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



Shri Siddharth
Independent Director

Shri Siddharth was appointed as Independent Director on the Board of the Company with effect from March 5, 2018. He is a graduate from St. Stephen's College, University of Delhi also holds Post-Graduation with specialization in History from the University of Rajasthan, Jaipur. Shri Siddharth, a 1983 batch IAS officer of West Bengal cadre has more than 32 years of experience and retired as Additional Chief Secretary to Government of West Bengal in November 2015.

During his illustrious career, Shri Siddharth has served with distinction over 3 decades and had held key positions in the Government of India and the State Government. He has rich experience in the field of Commerce & Industry with valuable global exposure. Shri Siddharth has also served in International Organizations, where he was the Chairman of the Board of Governors of Common Fund for Commodities, Amsterdam – An International Organization with 106 member countries under the aegis of United Nations, during 2010-11. Driven by the impeccable service record coupled with domain expertise, the West Bengal Government appointed him as the Principal Advisor Industry on the day of his retirement in November 2015 and later he was also appointed as Chairman of the Bengal Industrial Development and Promotion Board, where he served from 2016 to 2017.



Shri Neelakanta Iyer R.
Independent Director

Shri Neelakanta Iyer R. was appointed as Independent Director on the Board of the Company with effect from March 5, 2018. He is a Chartered Accountant by profession and has more than 38 years of experience. He holds Bachelor Degree of Science in Zoology from University College of Trivandrum and also has done Chartered Accountancy from the Institute of Chartered Accountants of India, Delhi. His areas of specialization include Funds Management, Budgeting, Cost controls & reduction, Funds raising, Cash flow management and ERP implementation.

Shri Neelakanta Iyer, during his career spanning over 38 years had held several important positions, including Chief Executive Officer, wherein he was instrumental in setting up a greenfield BPO Company for handling accounting and book keeping jobs from across the globe. He had also served as Financial Controller, Revenue Controller, Financial Advisor and Consultant Chartered Accountant with key focus on streamlining the financial operations, preparation of Corporate Plans for restructuring & diversification, Financial Management, Taxation etc.

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



Shri Anil Kumar
Independent Director

Shri Anil Kumar was appointed as Independent Director on the Board of the Company with effect from March 5, 2018. He is a M.Tech graduate in Mechanical Engineering from IIT, Delhi. He has served in Bharat Electronics Limited, a Defence Public Sector Undertaking, for more than 38 years.

During his career in BEL, he had held key positions in the areas of Development and Engineering (R&D), Production, Materials Management. He has vast experience in Product Design, Project Management, General Management and Technology Management areas. Shri Anil Kumar retired as Chairman & Managing Director of BEL in December 2013. Prior to his elevation to the post of Chairman & Manging Director, Shri Anil Kumar had served as Director (Other Units) of BEL, where he had headed 8 of the 9 units of BEL located across the Country. Shri Anil Kumar had also served as Advisor to Chairman, HAL, during October 2014 to September 2015.



Rear Admiral K C Sekhar AVSM, VMS (Retd)
Independent Director

Rear Admiral K.C. Sekhar was appointed as Independent Director on the Board of the Company with effect from July 24, 2018. He is an alumni of National Defence Academy was commissioned in the Indian Navy in July 1972. He has served in Indian Navy for 36 years.

During his long career in the Indian Navy spanning over 36 years, Rear Admiral K.C. Sekhar had held various key positions, such as, Director, DMDE, Hyderabad; Diplomatic Assignment at Asmara, Ethiopia; Deputy Director General of Naval Projects; Admiral Superintendent, Naval Dockyard, Mumbai; and Assistant Chief of Material at Naval Headquarters. He had the rare distinction of commanding the establishment of INS Eksila at Visakhapatnam, the premier Gas Turbine Overhauling Establishment of the Indian Navy.

Rear Admiral Sekhar took premature retirement from the Indian Navy and took over the reins of Garden Reach Shipbuilders & Engineers (GRSE), as Chairman & Managing Director from July 2, 2008 to October 31, 2011. He was also holding the additional charge of CMD of Hindustan Shipyard Ltd, Visakhapatnam from January, 2011 to August, 2011. After superannuation from GRSE, Rear Admiral Sekhar served as Chief Operating Officer of erstwhile Pipavav Defence and Off Shore Engg. Company Ltd, Rajoula, Gujarat till 2015. He had also served as Independent Director of Bharat Electronics Ltd during 2013 for a period of one year. Currently, Rear Admiral Sekhar is serving as Independent Director for MV Hospital for Diabetes, Royapuram, Chennai.

Rear Admiral K.C. Sekhar has been awarded two meritorious awards i.e. Ati Vishisht Seva Medal (AVSM) and Vishisht Seva Medal (VSM) for his outstanding contribution to the Indian Navy.



Dr. S Malla Reddy
Independent Director

Dr. Malla Reddy was appointed as Independent Director on the Board of the Company with effect from July 24, 2018. He has done Master's Degree in Arts and LLB. He has also been awarded Doctor of Philosophy (PhD) in Political Science by Osmania University.

Dr. Malla Reddy had held various key assignments, such as, Director, Co-op. Agriculture Development Bank, Medchal from 1981-85, Sarpanch, Grama Panchayat Bowrampet from 1988 to 95 and Director, Golconda Grameena Bank from 2000-2002.

Chief Executive Officers (CEOs) (As on August 18, 2020)



Shri G V S Bhaskar
Chief Executive Officers (HC)

Shri G V S Bhaskar, Chief Executive Officer, Helicopter Complex has done B. Tech from Regional Engg College, Warangal and Master of Engineering from Indian Institute of Science, Bangalore. He had joined HAL in August 1984 and started his career in Rotary Wing Research & Design Centre (RWRDC) as Aeronautical Engineer. He was appointed as Chief Executive Officer, Helicopter Complex, w.e.f October 1, 2017. As a technical & management executive, he has 35 years of experience in various spectrum of Aeronautical Field.



Shri Bh V Seshagiri Rao
Chief Executive Officer (MC)

Shri Bh. V. Seshagiri Rao, Chief Executive Officer, MiG Complex, graduate in Electronics & Communications Engineering from Andhra University and holds Master's Degree in Business Administration (Marketing) from Osmania University, Telangana. He joined HAL on June 1, 1983 in Avionics Division, Hyderabad as Engineering Trainee. During his career span of 36 years in HAL, he has experience of working in various departments like Quality Control, Assembly & Testing and Program Management of Aircraft and its accessories.He was appointed as Chief Executive Officer, MiG Complex, w.e.f. November 1, 2018.



Shri Sajal Prakash
Chief Executive Officer (AC)

Shri Sajal Prakash, Chief Executive Officer, Accessories Complex, holds a degree of B. Tech in Mechanical Engineering from HBTI, Kanpur, a PG degree of 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.) (XXI Batch) in the year 1986. During his career spanning over 33 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 Amitabh Bhatt
Chief Executive Officer (BC)

Shri Amitabh Bhatt, Chief Executive Officer, Bangalore Complex, holds a degree of B.Sc. (Engg.) in Mechanical from Regional Engineering College (REC), Rourkela and a Post Graduate Degree in Management. He has undergone 'Leadership Development Program', at IIM-Ahmedabad and at Institute of Aerospace Studies, Toulouse, France. During his career span of 32 years of professional experience in Marketing, Planning and Projects, both in Private and Public Sector Company, he has worked in Fusion Engineering Products Ltd and SKF India Limited, prior to joining to HAL as DGM (Marketing) in the year 2006. He has led the team as Chief of Projects (LUH), for setting up an integrated new Helicopter Factory at Tumkur. In addition to this, he led the Business Development activities of Helicopter Complex, involving Sales & Marketing and Program Management. He was appointed as Chief Executive Officer, Bangalore Complex w.e.f February 1, 2020.



Financial Highlights

Sl. No.	Particulars	Units	05-06	06-07	07-08	08-09	09-10
A	**Our Earnings**						
	Sales - Inland	₹ Cr.	5155	7513	8284	9937	11252
	Export Sales	₹ Cr.	186	271	341	437	205
	Total Sales	₹ Cr.	5341	7784	8625	10374	11457
	Changes in WIP & SIT& FG	₹ Cr.	575	1418	166	1437	2033
	Total	₹ Cr.	**5916**	**9202**	**8791**	**11811**	**13490**
B	**Our Outgoings**						
	Cost of Materials	₹ Cr.	3313	5980	4684	7636	9222
	Manpower Cost	₹ Cr.	838	1055	1803	2543	1954
	Net Operating Cost	₹ Cr.	1014	1163	1686	887	985
	Net Financing Cost	₹ Cr.	-452	-840	-1664	-1732	-1525
	Depreciation	₹ Cr.	77	100	118	142	166
	Total	₹ Cr.	**4790**	**7458**	**6627**	**9476**	**10802**
C	**Our Savings**						
	Profit Before Tax	₹ Cr.	1126	1744	2164	2335	2688
	Provision For Tax	₹ Cr.	355	595	532	595	721
	Profit After Tax For Appropriation	₹ Cr.	771	1149	1632	1740	1967
D	**We Own**						
	Net Block	₹ Cr.	730	1021	1080	1328	1466
	Other Assets (net)	₹ Cr.	3854	4352	5585	6816	8163
	Total	₹ Cr.	**4584**	**5373**	**6665**	**8144**	**9629**
E	**We Owe**						
	Equity	₹ Cr.	121	121	121	121	121
	Reserves and Surplus	₹ Cr.	3050	3913	5163	6496	8003
	Shareholders' Funds	₹ Cr.	3171	4034	5284	6617	8124
	Deferred Tax Liability	₹ Cr.	1048	1335	1379	1525	1505
	Long Term Borrowings	₹ Cr.	363	2			
	Short Term Borrowings	₹ Cr.					
	Total	₹ Cr.	**4584**	**5373**	**6665**	**8144**	**9629**
F	**Cash and Bank Balance**		11146	16706	19646	19745	18658



10-11	11-12	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20
12878	13856	13941	14688	15131	16140	17139	17970	19416	21006
237	348	383	440	490	446	465	314	405	212
13115	14204	14324	15128	15621	16586	17604	18284	19821	21218
3335	-1511	-122	740	667	566	-501	-731	-1171	-638
16450	**12693**	**14202**	**15868**	**16288**	**17152**	**17103**	**17553**	**18650**	**20580**
11772	5761	8008	9149	8882	9172	8692	8046	7664	8760
2246	2721	2446	2685	3379	3274	3569	4299	4295	4764
765	2813	2383	2349	2215	2734	1873	2296	2645	2471
-1341	-2107	-2316	-2064	-1622	-1549	-880	-610	-14	347
169	177	184	171	262	314	266	282	318	310
13611	**9365**	**10705**	**12290**	**13116**	**13945**	**13520**	**14313**	**14908**	**16652**
2839	3328	3497	3578	3172	3207	3583	3240	3742	3928
725	789	500	885	784	1209	967	1253	1396	1096
2114	2539	2997	2693	2388	1998	2616	1987	2346	2832
1509	1556	1548	1582	1559	1694	1985	2391	2728	2882
9722	11260	13397	15794	13996	10140	12462	8936	13463	16083
11231	**12816**	**14945**	**17376**	**15555**	**11834**	**14447**	**11327**	**16191**	**18965**
121	121	121	482	482	362	362	334	334	334
9625	11218	13257	14533	14412	10657	12175	9151	11741	12856
9746	11339	13378	15015	14894	11019	12537	9485	12075	13190
1485	1477	1567	1682	661	815	960	978	-	-
							100	100	-
			679			950	764	4016	5775
11231	**12816**	**14945**	**17376**	**15555**	**11834**	**14447**	**11327**	**16191**	**18965**
20099	21933	19128	16935	17671	13299	11117	6524	95	298



Sl. No.	Particulars	Units	05-06	06-07	07-08	08-09	09-10
G	**Financial Statistics**						
	Revenue from Operations (Net)	₹ Cr.					
	Value of Production	₹ Cr.	5916	9202	8791	11811	13490
	Value Added	₹ Cr.	2603	3222	4107	4175	4268
	Dividend						
	Dividend	₹ Cr.	201	250	327	348	393
	Dividend Tax	₹ Cr.	28	35	56	59	67
	Total	₹ Cr.	**229**	**285**	**383**	**407**	**460**
	Govt Share						
	Dividend	₹ Cr.				348	393
	Dividend Tax	₹ Cr.				59	67
	Total	₹ Cr.				**407**	**460**
	Other than Government - share						
	Dividend	₹ Cr.					
	Dividend Tax	₹ Cr.					
	Total	₹ Cr.	-	-	-	-	-
	R & D Expenditure	₹ Cr.	434	638	662	675	832
	EBITDA	₹ Cr.	1408	2125	2651	2905	3383
	Inventory	₹ Cr.	4810	7223	8615	10431	13660
	Trade Receivables	₹ Cr.	1404	1281	1486	1848	1858
	No. of Employees	Nos.	29668	31666	34323	34822	33990
	No of Equity Shares	Cr.	12.05	12.05	12.05	12.05	12.05
H	**Financial Ratios**						
	Sales Per Employee	₹	1800256	2458157	2512892	2979151	3370697
	Value Added Per Employee	₹	877376	1017495	1196574	1198955	1255663
	PBT to Sales	%	21	22	25	23	23
	Earnings Per Share	₹	63.98	95.35	135.44	144.40	163.24
	Dividend as %age of Equity (including Dividend Tax)	%	**190**	**237**	**318**	**338**	**382**

1. During the Financial Year 2017-18, GOI divested 3,35,32,320 Equity Shares of ₹ 10/- each equivalent to 10.03% of the paid up capital of the Company. Consequently, the Company's shares was listed on 28th March 2018.

2. The Company has bought back 2,71,12,500 Equity Shares of ₹ 10/- each on 19th Dec 2017. The effect of buy-back is considered for the purpose of calculation of Earnings Per Share.

10-11	11-12	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20
13124	14211	14328	15135	15730	16758	17950	18519	20008	21438
16450	12693	14202	15868	16288	17152	17103	17553	18650	20580
4678	6932	6194	6719	7406	7980	8411	9507	10986	11820
423	814	824	890	480	510	917	1076	662	1112
69	132	134	151	96	104	187	219	136	229
493	**946**	**957**	**1041**	**576**	**614**	**1104**	**1295**	**798**	**1341**
423	814	824	890	480	510	917	1048	596	1000
69	132	134	151	96	104	187	213	122	206
493	**946**	**957**	**1041**	**576**	**614**	**1104**	**1261**	**718**	**1206**
							28	66	112
							6	14	23
-	**-**	**-**	**-**	**-**	**-**	**-**	**34**	**80**	**135**
987	968	1949	1083	1042	1191	1284	1612	1464	1232
3654	4051	4098	4181	3987	4060	4273	4215	4936	5274
17427	16153	17980	22361	24965	23998	21340	19375	19685	19454
2318	3917	5530	6917	6108	4836	4220	6751	12459	11583
33681	32659	32644	32108	31144	30300	29526	29035	28345	27384
12.05	12.05	12.05	48.20	48.20	36.15	36.15	33.44	33.44	33.44
3893887	4349184	4387943	4711598	5015733	5473927	5962130	6297179	6992768	7748320
1388914	2122539	1897439	2092625	2377986	2633663	2848508	3274259	3875816	4316389
22	23	24	24	20	19	20	18	19	19
175.44	210.71	62.18	55.87	49.54	41.45	72.35	56.15	70.16	84.70
409	**785**	**199**	**216**	**120**	**170**	**305**	**388**	**239**	**401**

3. The Company has bought back 12,05,00,000 Equity Shares of ₹ 10/- each on 30th March 2016. The effect of buy-back is not considered for the purpose of calculation of Earnings Per Share, as there is no significant change in value of the same.

4. The Company has issued 36,15,00,000 Equity Shares as Bonus Shares on 7th Feb 2014.

Corporate Information

BOARD OF DIRECTORS (As on August 18, 2020)

Shri R Madhavan
Chairman and Managing Director (CMD)

Shri Arup Chatterjee
Director (Engineering and R&D)

Shri C B Ananthakrishnan
Director (Finance) & CFO

Shri M.S. Velpari
Director (Operations)

Shri Alok Verma
Director (Human Resources)

Shri Chandraker Bharti
Joint Secretary (Aerospace)
Ministry of Defence
Govt. Nominee Director

Dr. Tessy Thomas
Director General (Aeronautical System)
Aeronautical Development Establishment (ADE)
Govt. Nominee Director

Dr. J K Bajaj
Independent Director

Shri Anil Kumar
Independent Director

Shri Siddharth
Independent Director

Shri Neelakanta Iyer R
Independent Director

Rear Admiral K C Sekhar, AVSM, VSM (Retd)
Independent Director

Dr. S Malla Reddy
Independent Director

Company Secretary
Shri G. V. Sesha Reddy





Bankers

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

Statutory Auditors

M/s. Maharaj NR Suresh and Co.,
Chartered Accountants, Bengaluru

Branch Auditors

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

M/s. Desai Associates
Chartered Accountants, Mumbai

M/s. Sarath & Associates
Chartered Accountants, Hyderabad

M/s. Patel Mohan Ramesh & Co.,
Chartered Accountants, Bengaluru

M/s. Rajesh K Jhunjhunwala & Co. LLP,
Chartered Accountants, Cuttack

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

M/s. Prakash & Santhosh
Chartered Accountants, Kanpur

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

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

M/s. Mukunda Shiva & Associates
Chartered Accountants, Bengaluru

M/s. A Sachdev & Co.,
Chartered Accountants, Luknow

M/s. T Sriram Mehta & Tadimalla,
Chartered Accountants, Bengaluru

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

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

M/s. YCRJ & Associates
Chartered Accountants, Bengaluru

Ms. P.V. Menon & Associates
Chartered Accountants, Bengaluru

M/s. A.P. Kunjithaya & Co.,
Chartered Accountants, Bengaluru

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

Cost Auditor

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

Legal Advisers

M/s. Sundaraswamy & Ramdas,
Advocates, Bengaluru

Tax Consultant

M/s. Price Waterhouse Coopers Pvt. Ltd.

Credit Rating Agency

ICRA
CARE



NOTICE OF 57TH AGM

NOTICE is hereby given that the 57th Annual General Meeting (AGM) of Hindustan Aeronautics Limited will be held on **Wednesday, September 30, 2020 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:

   a. Audited Standalone Financial Statements of the Company for the financial year ended on March 31, 2020, together with the Board's Report and the Auditors' Report thereon and Comments of the Comptroller & Auditor General of India.

   b. Audited Consolidated Financial Statements of the Company for the financial year ended on March 31, 2020, together with the Auditors' Report thereon and Comments of the Comptroller & Auditor General of India.

2. To confirm payment of Interim Dividend of ₹ 33.25 per equity share paid in March, 2020 as final dividend for the Financial Year 2019-20.

3. To appoint a Director in place of Shri M S Velpari, (DIN -08516652) who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint a Director in place of Dr. Tessy Thomas, (DIN - 08189164) who retires by rotation and being eligible, offers herself for re-appointment.

5. To fix remuneration of Statutory Auditors for the financial year 2020-21.

   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 2020-21, as may deem fit.

SPECIAL BUSINESS

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

   "RESOLVED THAT pursuant to the provisions of Section152(2), 160 and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made thereunder, Shri Alok Verma (DIN: 08652280) who was appointed as an Additional Director and designated as Director (Human Resources)of the Company by the Board of Directors with effect from January 1, 2020 as per the Govt. of India, MoD Letter F. No. 49016/1/2019 –D(HAL-III) dated December 30, 2019 and who holds office until the date of ensuing Annual General Meeting in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from him under Section 160 of the Companies Act, 2013 signifying his intention to appoint him as a Director, be and is hereby appointed as Director of the Company on terms and conditions as stipulated by the Government of India."

7. To ratify the remuneration payable to the Cost Auditor appointed by the Board of Directors of the Company for the financial year 2019-20 pursuant to Section 148 and all other applicable provisions of Companies Act, 2013, by passing with or without modification(s), the following resolution as **Ordinary Resolution:**

   "**RESOLVED THAT** pursuant to the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14 of Companies (Audit and Auditors) Rules, 2014 and other applicable provisions of the Companies Act, 2013, the remuneration of ₹ 2,50,000/-(Rupees Two Lakhs and Fifty Thousand Only) excluding applicable Tax payable to M/s GNV & Associates, Cost Accountants, Bengaluru, for conducting cost audit of the Company for the financial year 2019-20, as approved by the Board of Directors of the Company, be and is hereby ratified."

8. To ratify the remuneration payable to the Cost Auditor appointed by the Board of Directors of the Company for the financial year 2020-21 pursuant to Section 148 and all other applicable provisions of Companies Act, 2013, by passing with or without modification(s), the following resolution as **Ordinary Resolution:**

   "**RESOLVED THAT** pursuant to the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14 of Companies (Audit and Auditors) Rules, 2014 and other applicable provisions of the Companies Act, 2013, the remuneration of ₹ 2,50,000/- (Rupees Two Lakhs and Fifty Thousand Only) excluding applicable Tax payable to M/s GNV & Associates, Cost Accountants, Bengaluru, for conducting cost audit of the Company for the financial year 2020-21, as approved by the Board of Directors of the Company, be and is hereby ratified."

By Order of the Board of Directors
For Hindustan Aeronautics Limited



Place: Bengaluru
Date: August 27, 2020

(G V Sesha Reddy)
Company Secretary



NOTES:

1. In view of the COVID-19 pandemic, the Ministry of Corporate Affairs (MCA) vide its General Circular No. 20/2020 dated May 5, 2020 read with Circulars dated April 8, 2020 and April 13, 2020 ("Collectively referred as "MCA Circulars") and Securities Exchange Board of India (SEBI) vide its circular dated May 12, 2020 has permitted for holding of the Annual General Meeting ('AGM') through Video Conferencing (VC) / Other Audio Visual Means (OAVM), without the physical presence of the Members at the AGM venue. 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 57th AGM of the Company is being held through VC / OAVM.

2. The Company has enabled the members to participate at the 57th AGM through VC facility provided by the M/s KFin Technologies Private Limited ("KFintech"). The participation at the AGM through VC shall be allowed on a first –come-first –served basis.

3. In compliance with the aforesaid MCA Circulars and SEBI Circular, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company / Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's Website 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 and www.nseindia.com respectively and on the website of KFintech at https://evoting.kfintech.com at download section.

4. 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

5. Members who have not registered their E-mail address and in consequence the Annual Report, Notice of e-AGM and e-voting notice cannot be serviced, may temporarily get registered their email address and mobile number with KFintech, by accessing the link: https://ris.kfintech.com/email_registration/. Members are requested to follow the process as guided to capture the email address and mobile number for sending the soft copy of the notice and e-voting instructions along with the User ID and Password. In case of any queries, shareholder may write to einward.ris@kfintech.com.

   Kindly note that in case the shares are held in electronic form, the above facility is only for temporary registration of email address for receipt of Annual-Report and the e-voting instructions along with the User ID and Password. Such Members will have to register their email address with their DPs permanently, so that all communications are received by them in electronic form.

   In case of queries, Members are requested to write to einward.ris@kfintech.com or call at the toll free number 1800 345 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 M/s KFin Technologies Private Limited, on all resolutions set forth in this Notice. Members attending the AGM through VC/ OAVM, who have not already 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 September 26, 2020 (9.00 A.M. IST) and ends on September 29, 2020 (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 September 23, 2020, may cast their votes electronically. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only. The remote e-voting module shall be disabled by M/s KFin Technologies Private 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 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 are 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 or sent to the Company by email through its registered email address to investors@hal-india.co.in.

10. The Register of Members and Share Transfer Books of the Company will remain closed from September 24, 2020 to September 30, 2020 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.

    (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, Securities of Listed Companies can be transferred only in dematerialised form w.e.f April 1, 2019, except in case of request received for transmission or transposition of Securities. 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. Share transfer documents and all correspondence relating thereto, must be addressed to the Registrar & Share Transfer Agent (RTA) of the Company i.e. KFin Technologies Private Limited (formerly known as "Karvy Fintech Private Limited"), Selenium Building, Tower B, Plot 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Telangana 500032 Tel: 91 (40) 67162222, Fax: +91 (40) 2342 0814 e-mail Id: einward.ris@kfintech.com; website: www.kfintech.com.

15. The Board has appointed M/s Thirupal Gorige & Associates LLP, Practicing Company Secretary, as the Scrutinizer to scrutinize the e-voting in a fair and transparent manner.

16. The results of the above resolutions shall be declared not later than 48 hours from the conclusion of the AGM of the Company and the Resolutions will be deemed to be passed on the date of the AGM, subject to receipt of the requisite number of votes in favour of the resolutions.

17. The results of the voting declared along with the scrutinizer's report will be published on the website of the Company (www.hal-india.co.in) and on website of RTA (https://evoting.kfintech.com) within 48 hours from the conclusion of the AGM and the same shall also be simultaneously communicated to the BSE Limited and the National Stock Exchange of India Limited.

18. 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.

19. 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 2020-21 after taking into consideration the increase in volume of work and prevailing inflation etc.

20. Relevant Explanatory Statement pursuant to Section 102(2) of the Act, in respect of Special Business, as set out above is annexed hereto.

21. 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.

22. The Company has designated an exclusive e-mail ID called investors@hal-india.co.in for redressal of shareholders'/ investors' complaints/grievances. In case you have any queries/complaints or grievances, then please write to us at the above e-mail address.

23. 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 - Appointment of Shri Alok Verma, as Director (Human Resources)

Pursuant to the MoD letter F. No 49016/1/2019 –D(HAL-III) dated December 30, 2019, Shri Alok Verma (DIN: 08652280), was appointed as additional director and designated as Director (Human Resources) of the Company by the Board of Directors with effect from January 1, 2020 under Section 161 of the Companies Act, 2013.

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

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

Born on December 1, 1962 Shri Alok Verma holds a Bachelor's Degree in Science from Patna University and Post Graduate Degree in Social Work. He also holds an LLB from Jiwaji University and a Post Graduate Diploma in Computer Applications from Punjab Technical University.

He joined HAL as Chief Manager (Human Resources) at Nasik Division in the year 2006. Prior to his appointment as Director (Human Resources), he was holding the post of General Manager (Human Resources - Employee Relations) of the Company. Shri Verma has rich and diverse experience of over three decades in the Human resources function.

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

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

None of the Directors, Key Managerial Personnel of the Company or their relatives except Shri Alok Verma, 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 – Ratification of Remuneration to Cost Auditors for FY 2019-20

The Board, on the recommendation of the Audit Committee, has approved through Circular Resolution on September 18, 2019, the appointment of M/s GNV & Associates, Cost Accountants, Bengaluru, at a remuneration of ₹ 2,50,000/- (Rupees Two Lakh Fifty Thousand only) excluding applicable Tax to conduct the Cost Audit of the Company for the financial year 2019-20.

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. 8 – Ratification of Remuneration to Cost Auditors for FY 2020-21

The Board, on the recommendation of the Audit Committee, has approved in its 437th meeting held on August 18, 2020, the appointment of M/s GNV & Associates, Cost Accountants, Bengaluru, at a remuneration of ₹ 2,50,000/- (Rupees Two Lakh Fifty Thousand only) excluding applicable Tax to conduct the Cost Audit of the Company for the financial year 2020-21.

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.

By Order of the Board of Directors
For Hindustan Aeronautics Limited



Place: Bengaluru
Date: August 27, 2020

(G V Sesha Reddy)
Company Secretary

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 M S Velpari	Dr. Tessy Thomas
DIN	08516652	08189164
Date of Birth	02.02.1962	27.04.1963
Date of appointment	01.08.2019	02.07.2018
Brief Resume	Shri M S Velpari, Director (Operations) holds a BE (Mechanical Engg.), Masters from IIT Madras in Aircraft Production Engineering. Shri Velpari joined HAL as Management Trainee in the year 1984. He has over 35 years of experience in the areas of Manufacturing, Assembly, Design, Product support, customer support, Indigenisation and other Management functions, in various types of fixed wing.	Dr. Tessy Thomas, Government Nominee Director is a post-graduate in Mechanical Engineering with specialization in Guided Missiles from Institute of Armament and has also done MBA in Operations Management from Indira Gandhi National Open University. She has been awarded Doctor of Philosophy (Ph.D) in Missile Guidance by Jawaharlal Nehru Technological University, Hyderabad. She has served more than 31 years in DRDO and has been conferred with various prestigious Awards / Honours, the latest being the "First Ladies" Award for First Missile Woman of India from the Hon'ble President of India as Exceptional Woman who transcended barriers to be the First in their Fields on January 21, 2018.
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

Remote e-voting: In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and the provisions of Regulation 44 of the SEBI Listing Regulations, the Company has provided a facility to its Members to exercise their votes electronically through e-voting facility provided by M/s KFin Technologies Private Limited ('KFintech') on all resolutions set forth in this Notice.

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

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

i. Launch internet browser by typing the URL: https://emeetings.kfintech.com

ii. Enter the login credentials (i.e. User ID and Password).

User ID – for members holding shares in demat form:

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

(b) For CDSL: 16 digit Beneficiary ID

User ID – for members holding shares in physical form:

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

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

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

iii. After entering these details appropriately, click on "LOGIN".

iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,$,

etc.,). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

v. You need to login again with the new credentials.

vi. On successful login, select the tab "Remote E-voting". The system will prompt to re-enter the user id and password and the captcha for the security reasons. Now kindly select "EVENT" of the company i.e., **"HINDUSTAN AERONAUTICS LIMITED."**

vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.

viii. Members holding multiple folios / demat accounts shall choose the voting process separately for each folio / demat accounts.

ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.

x. You may then cast your vote by selecting an appropriate option and click on "Submit". A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify.

xi. Once you have voted on the resolution (s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).

xii. Corporate / Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/ Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email gthirupal@gmail.com with a copy marked to evoting@kfintech.com. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_Event No."

OTHER INSTRUCTIONS

a. In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of https://evoting.kfintech.com or contact Mr. B. Srinivas (Unit:HINDUSTAN AERONAUTICS LIMITED) at KFin Technologies Private Limited, Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 or at einward.ris@kfintech.com or call toll free No. 1-800-345-4001 for any further clarifications.

b. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

c. The remote e-voting period commences on September 26, 2020 (9.00 A.M. IST) and ends on September 29, 2020 (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 September 23, 2020, may cast their votes electronically. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only. The remote e-voting module shall be disabled for voting thereafter. Once the vote on a resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently.

d. The voting rights of Members shall be in proportion to their share of the paid up equity share capital of the Company as on the cut-off date i.e September 23, 2020.

e. In case a person has become a Member of the Company after dispatch of AGM Notice but on or before the cut-off date for E-voting i.e., September 23, 2020, he/she may obtain the User ID and Password in the manner as mentioned below :

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

Example for NSDL:

MYEPWD <SPACE> IN12345612345678

Example for CDSL:

MYEPWD <SPACE> 1402345612345678

Example for Physical:

MYEPWD <SPACE> XXXX1234567890

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

iii. Member may call KFin Technologies Private Limited toll free number 1800-3454-001.



INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC / OAVM ARE AS UNDER:

1. Member will be provided with facility to attend the e-AGM through VC platform provided by KFin Technologies Pvt. Ltd. Members may access the same at https://emeetings.kfintech.com by clicking "Video Conference" login by using the remote e-voting credentials as per the instruction for e-voting mentioned in the notice of AGM. Please note that the Members who have not registered their e-mail address or 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 other instructions for e-voting mentioned in this Notice.
2. The facility for joining the AGM through VC/ OAVM will be opened 15 minutes before the scheduled start time of the AGM and will be available for members on first-come-first-served basis.
3. Members are encouraged to join the Meeting using Google Chrome (preferred browser), Safari, Internet Explorer, Microsoft Edge or Mozilla Firefox 2.
4. Members will be required to grant access to the web-cam to enable two-way video conferencing.
5. Members are advised to use stable Wi-Fi or LAN connection to participate at the AGM through VC/OAVM in a smooth manner. Participants may experience audio/video loss due to fluctuation in their respective networks.
6. Members who may want to express their views or ask questions at the AGM may visit https://emeetings.kfintech.com and click on the tab "Post Your Queries" to post their queries in the window provided, by mentioning their email ID and mobile number. The window shall remain active during the remote e-voting period and shall be closed at 5.00 P.M. on September 29, 2020.
7. In addition to the above mentioned step, the Members may register themselves as speakers for the AGM to pose their queries. Accordingly, the Members may visit https://emeetings.kfintech.com/ and click on 'Speaker Registration' during the remote e-voting period. Members shall be provided a 'queue number' and direct link to join the e-meeting before the AGM. 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.
8. 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 platform. Members may click on the voting tab or icon on the left side of the screen to cast their votes.
9. Members who may require any technical assistance or support before or during the AGM are requested to contact KFin Technologies Private Limited at toll free number 1-800-3454-001 or write to them at evoting@kfintech.com. The members can also play AV "How it Works" available on the https://emeetings.kfintech.com for easy reference.

Board's Report

Dear Members,

The Board of Directors take great pleasure in presenting their 57th Annual Report on the performance of your Company ("the Company" or "HAL"), together with the Audited Financial Statements for the Financial Year ended March 31, 2020, along with Reports of the Statutory Auditors and the Comptroller & Auditor General of India (C&AG) thereon.

FINANCIAL HIGHLIGHTS

The financial highlights for the year ended March 31, 2020 are summarised as under:

(₹ in Lakh except per equity share data)

PARTICULARS	2019-20	2018-19
Turnover	**21,21,787**	19,82,093
Exports	**21,185**	40,504
Profit Before Tax (PBT)	**3,92,835**	3,74,234
Provision for Tax	**1,09,599**	1,39,628
Profit After Tax (PAT)	**2,83,236**	2,34,606
R&D Expenditure	**1,23,196**	1,46,440
Earnings/ Share (in ₹)	**85**	70
Book Value / Share (in ₹)	**394**	361

During the year under review, the turnover of the Company increased by 7%, to ₹ 21,21,787 Lakh from ₹ 19,82,093 Lakh of the previous year. The Profit before Tax for the year increased by 5% to ₹ 3,92,835 Lakh from ₹ 3,74,234 Lakh in the previous year. The Profit After Tax (PAT) increased by 21% to ₹ 2,83,236 Lakh from ₹ 2,34,606 Lakh in the previous year.

PRODUCTION HIGHLIGHTS

During the year, the Company has produced 31 new Aircraft and Helicopters, covering Su-30 MKI, LCA Tejas, Dornier Do-228, ALH Dhruv, Cheetal Helicopter and Chetak Helicopter, in addition to the production of 117 New Engines and Accessories.

Your Company overhauled 201 platforms including both fixed wing and rotary wing aircraft of various types. Further, 486 aero-engines of Russian and Western origin were also overhauled during the year under review.

The Company has signalled out Seven (7) ALHs of the current year production ahead of schedule for Army and delivered One (1) Chetak Helicopter to the Indian Navy ahead of schedule.

During the year, the Company has commenced production of Jaguar DARIN III (FOC) Upgrade and started manufacturing of RD-33 Engines.

COVID-19 IMPACT

The World Health Organisation declared a global pandemic of the Novel Coronavirus disease (COVID-19) on February 11, 2020. In the wake of the instruction of the Government of India and for enforcing social distancing to contain the spread of the disease, the Company observed Lockdown in all its Units spread across the country except essential services. During the period HAL Divisions have manufactured aerosol enclosures, masks and other Paraphernalia for medical staff posted at various Hospitals across the country. In addition, Isolation Wards have been earmarked at places where HAL Divisions are located to meet the medical need and any medical eventuality.

The Company, in line with the consolidated revised guidelines issued vide MHA Order No.40-3/2020-DM-I(A) dated April 15, 2020, initiated action for resumption of work at locations classified / identified for this purpose w.e.f. April 20, 2020. Also, instructions have been issued to all the Units of the Company to assign Field Service Representatives of HAL at various Customer Bases of Defence Forces to render services for Repair and Overhauling of the Fleet. To ensure serviceability of the Fleet, Field Service Representatives/ Technicians were positioned at Customer Bases as required by the Armed Forces.

The Company has considered the possible effects that may result from COVID-19 pandemic on the carrying amounts of Property, Plant and Equipment (PPE), Investments, Inventories, Receivables and other Current Assets.

Impact due to COVID-19 is minimal as major portion of the Company's Revenue is generated from Defence Services. Further, Ministry of Defence, vide Letter No. 4(4)(d)(ACQ/20) dated June 12, 2020 have extended the contractual delivery date for a period of 4 months i.e. March 25, 2020 to July 24, 2020 due to Force Majeure. Based on the business model, there is no material impairment which needs to be recognized on Property, Plant and Equipment, Receivables and Inventory.

ATMANIRBHAR BHARAT

'Atmanirbhar Bharat Abhiyan' led by the Government is giving significant impetus to self-reliance and local production which may favourably impact the operations of the Company as the Defence Services may demand HAL products like LCH, LUH, HTT-40, LCA etc.

DIVIDEND

During the year, your Company has declared and paid interim dividend of ₹ 33.25 per share of ₹ 10 each (330%) for the financial year 2019-20, totalling to ₹ 1,11,184 Lakh, excluding dividend distribution tax of ₹ 22,854 Lakh. No final dividend has been recommended by the Board for the financial year 2019-20.

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 Department of Investment and Public Asset Management (DIPAM), your Company has formulated a Dividend Distribution Policy and the same is available on the Company's website at https://hal-india.co.in/Common/Uploads/DMS/Dividend_Distribution_Policy.pdf

RESERVES

During the year under review, ₹ 25,351 Lakh was transferred to Research & Development Reserve and ₹ 1,23,847 Lakh to General Reserve.

BORROWINGS

During the year, the Company has issued Commercial Paper (CP) for an amount of ₹ 2,50,000 Lakh. The outstanding amount of CP as at March 31, 2020 was ₹ 1,50,000 Lakh.

As on March 31, 2020, the short term and long term borrowings of the Company stood at ₹ 4,27,518 Lakh and ₹ Nil respectively.

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.

LOANS, GUARANTEES AND INVESTMENTS

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

RELATED PARTY TRANSACTIONS

Your Company has undertaken transactions with related parties during the year in ordinary course of business. In line with Related Party Transactions (RPTs) Policy, approval of the Audit Committee and Board, as the case may be was obtained for RPTs. As per the threshold mentioned in the Policy, there were no material related party transactions with the Company's Promoters, Directors, Management or their relatives, which could have had a potential conflict with the interests of the Company. The disclosures related to RPTs in accordance with the applicable standards are provided in Note No. 45 A 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 your Company and its Joint Venture Companies and Subsidiary Companies for the year ended March 31, 2020 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/Investors/Subsidiary Companies.

SUBSIDIARY/ ASSOCIATE/ JOINT VENTURE COMPANIES

As on March 31, 2020, 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).

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

Significant achievements of the Company during the year are as follows:-

- Final Operational Clearance (FOC) for Jaguar DARIN-III upgrade was achieved on July 30, 2019.
- First Do-228 Aircraft equipped with the state-of-the-art Glass Cockpit system was delivered to IAF on November 2, 2019 and First Naval version of Dornier Do-228 Aircraft was delivered to Indian Navy on December 14, 2019.
- LCA Naval Prototype (NP1) being designed jointly by HAL and ADA successfully performed ski jump take-off and arrested hook landing from the ship INS Vikramaditya on January 11, 2020. It is the first indigenous aircraft which successfully took-off from ship and landed on a ship.
- The Company has received the modification document of Dornier Do-228 (Upgraded) civil aircraft for 5700 Kg All Up Weight (AUW) from DGCA on February 6, 2020.
- Initial Operational Clearance for Light Utility Helicopter (LUH) was achieved on February 7, 2020**.**
- Real Time Operating System (RTOS) is a key constituent of modern Avionics and embedded control systems. The Company has indigenously designed and developed a RTOS with highest design assurance level to support both safety critical and mission critical systems. The Company has handed over indigenous RTOS to the Indira Gandhi

Atomic Research Center, Kalpakum to use on their hardware platform.

- First Light Combat Aircraft (LCA) in FOC standard (SP-21) took to the skies for maiden flight on March 17, 2020.
- The Company has handed over the 50th set of L-40 stage of Geo Synchronous Launch Vehicle (GSLV-MKII) to ISRO.
- Successfully demonstrated hot refueling on HTT-40 while keeping the engine running. The HTT-40 already has the capability of running switch over, wherein the pilots can be swapped with the engine running. Along with hot refueling capability HTT-40 can be flown continuously for six hours with additional oxygen cylinder. HTT-40 will be the only turbo propeller trainer in the world to have features of running change over and hot refueling.
- During the year, the Company has completed Repair & Overhaul (ROH) of one Su-30 MKI Aircraft with less than 15 months cycle time.
- Successfully developed first Directionally Solidified (DS) Turbine Blade Casting and supplied 2 Engine sets for HTSE-1200 development program.
- Indigenously developed Test Rig for combustion chamber, Main manifold and Ground Support Equipment (GSE) for IAF Bases and GU-3 Tester for Su-30 fleet.
- Preliminary design of Army/Air Force version and Naval version of the 12.5 Ton Indian Multi Role Helicopter (IMRH) completed and Preliminary Project Report (PPR) forwarded to MoD. This would propel the concept of Atma Nirbhar Bharat and the entire Indian Eco-system would get largely benefitted due to numbers involved which are high.
- Gas Turbine Electrical Generator (GTEG-60), the indigenously designed and developed Auxiliary Power unit, cleared for operational usage up to 1.5 km altitude on AN-32 Aircraft.
- Design and Development of INS Simulator Stations completed and three units supplied to M/s Elbit Israel.
- Development of Solid State Weapon Control System to replace the obsolete Armament Main Unit of Jaguar Aircraft completed.
- Helmet Mounted Display System (HMDS), Garuthma Store of DRDO, indigenous VOR/ILS, Software Defined Radio (SDR) and Radio Altimeter were integrated on Su-30 MKI Aircraft.
- Successful completion of Flight Trials of Solid State Flight Data Recorder (SSFDR) on Cheetal Helicopter and HTT-40 Aircraft.
- Total Technical Life (TTL) of Aircraft Accessories Gear Box KSA-2 of RD-33 Aero Engine extended from 1100 hours to 1200 hours.
- Harpoon Missile modification completed on 4 Nos. of a particular type of fighter Aircraft at IAF bases.

Artificial Intelligence (AI) Initiatives

- Artificial Intelligence based Voice Actuated Command System (VACS) was flight tested on Hawk-i Aircraft and cleared by RCMA for preliminary usage.
- Artificial Intelligence based Automatic Target Recognition application developed to recognize the targets from Radar ISAR image, validated and certified by RCMA.
- Artificial Intelligence Based Diagnostic Algorithm for maintenance of helicopter components was developed and implemented on HUMS Ground Station and provisional clearance obtained from RDAQA (MRO/Helicopter).

ORDER BOOK POSITION

During the year, the Company has entered into a contract for upgrade of 17 Do-228 Aircraft of Coast Guard on February 7, 2020. The Order Book position of the Company stands at ₹ 52,96,500 Lakh as on March 31, 2020.

CURRENT PROJECTS AND PROGRAMS

During the year, the Company has continued to carry out the production and supply orders of Su-30 MKI Aircraft, Light Combat Aircraft (LCA) Tejas, Dornier Do-228 Aircraft, Advanced Light Helicopter (ALH) Dhruv, Cheetal Helicopter, Chetak Helicopter, Mirage 2000 upgrade and Engines & Aerospace Structures to fulfil the requirements of our esteemed customers. On successful achievement of Final Operational Clearance (FOC) for Jaguar DARIN-III upgrade, the Company is undertaking activities for DARIN-III upgrade of Jaguar DARIN-I Aircraft.

The Company also continued its endeavour to Design & Develop new platforms to add them as the new revenue lines which could supplement the gaps going to arise in future on completion of the ongoing production programs. The major milestones achieved during the year are completion of Initial Operational Clearance (IOC) of LUH, completion of spin trial of HTT-40 Aircraft, completion of sea level trials of HTFE-25 Engine and HTSE-1200 Engine clocked its 100% speed.

DEVELOPMENT PROGRAMS

The Company has achieved significant progress in various Research & Development Projects during the year as given below:-

- **BASIC TRAINER AIRCRAFT (HTT-40)**

  HTT-40 is the Basic Trainer Aircraft indigenously designed and developed by HAL. HTT-40 would be used for basic flight training, aerobatics, instrument flying and close-formation flights. 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. The Aircraft has the capability to be converted to armed / weaponised version at a later stage.

The program has been taken up with internal funding. A total of three prototypes have been built which include two flying prototypes and one Structural Test Specimen (STS).The Aircraft successfully demonstrated 6-turn spin capability on both RH and LH side during flight tests in September and October 2019. The platform has demonstrated compliance to all major PSQR requirements including spin and is now moving towards certification.

The Company has successfully demonstrated the capability of hot refuelling on HTT-40 and the capability of running switch over of pilots while keeping the engine running. Along with hot refuelling capability HTT-40 can be flown continuously for six hours with additional oxygen cylinder. HTT-40 will be the only Turbo Prop Trainer in the world to have features of running change over and hot refuelling.

- **LIGHT COMBAT AIRCRAFT (LCA) Mk 1A**

LCA Mk1A is a variant of indigenously developed LCA Mk1, which is presently being developed by HAL. It is a single engine, light weight, highly agile, multi-role supersonic fighter. It has quadruplex digital fly-by-wire Flight Control System (FCS) with associated advanced flight control law. Extensive use of advanced composites in the airframe gives a high strength to weight ratio, long fatigue life and low radar signatures. It has additional features and improvements such as Self Protection Jammer, Active Electronically Scanned Array (AESA) RADAR, Beyond Visual Range (BVR) Missile, maintainability improvements etc.

The Company has submitted Technical & Commercial proposal against Request for Proposal (RFP) received from Air HQ. for manufacturing and supply of 83 LCA Mk1A, for which order is awaited.

- **LIGHT UTILITY HELICOPTER (LUH)**

The LUH is a single engine, 3 Ton weight class Helicopter having Glass Cockpit with Multi-Function Displays. The LUH will be deployed for Reconnaissance and Surveillance roles. The helicopter will be capable of flying at 220 Kmph; service ceiling of 6.5 Km and a range of 350 Km with 500 kg payload. Three flying prototypes have been built and extensively flight tested. In 2019-20, LUH successfully demonstrated high altitude capability in hot and high weather conditions in the Himalayas, Sea level trials and Night flying with and without Night Vision Goggles etc. The Company has successfully achieved Initial Operational Clearance (IOC) for LUH on February 7, 2020**.**

- **LIGHT COMBAT HELICOPTER (LCH)**

The LCH is a dedicated combat helicopter indigenously designed and developed by HAL. LCH has the distinction of being the first attack helicopter to land at Siachen at a height of 4700 mtrs. Four Technology Demonstrators (TDs) have been built and were extensively flight tested. LCH has achieved Operational Clearance for IAF and the Army variants, having completed the entire tests including weapon trials and is ready for operational induction. The Company has submitted quotation against Request for Proposal (RFP) for supply of initial batch 15 LCH.

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

Design & Development of a 25kN thrust class turbofan engine is under progress, which can be used on Basic/ Advanced military trainers, on small business jets and on large fixed wing UAVs. The engine can be used on a 5-ton weight class aircraft in single engine configuration and on aircraft of up to nine- ton weight class with twin-engine configuration. The Company has produced two core engines so far and are undergoing development trials. Sea level trials have been completed on the Core Engine and performance was found to be satisfactory.

- **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 was built and it is presently under testing.100% speed run achieved and Sea level trials of core engine completed successfully.

The Company in association with the Defence Metallurgical Research Laboratory (DMRL) has developed Single Crystal Blade samples. The Company has also completed the manufacturing of parts and modular assemblies for Power mode engine.

- **JAGUAR DARIN-III UPGRADE**

Final Operational Clearance (FOC) for Jaguar DARIN-III upgrade was achieved on July 30, 2019. Implementation of Air HQ recommendations / observations related to Engine & Flight Instrumentation System (EFIS) and Attitude & Heading Reference System (AHRS) have been completed. EFIS & AHRS flight tested and found satisfactory. First Jaguar DARIN III upgraded aircraft was ferried out on March 6, 2020.

- **HAWK upgrade**

The Company has taken up the indigenous upgrade of Hawk Mk 132 Aircraft with enhanced operational and training capabilities. Flight evaluation of HAL Mission Computer (MC), Radio Altimeter (RADALT), IFF Mk-XII, Solid State Digital Video Recording System (SSDVRS), Softnet Radio, indigenous Smart Anti Airfield Weapon (SAAW) and VACS (Standalone Mode) have been completed.

Integration of Voice Activated Command System (VACS) on Aircraft completed. Voice recognition algorithm

is fine-tuned for maximizing the performance. Flight trials in standalone mode have been completed & satisfactory performance feedback obtained. VACS has been integrated on indigenous Mission Computer (MC). Integration testing on rig and ground integration checks completed. Implementation of full Hawk Mk 132 functionalities through Real Time Operating System (RTOS) was also completed.

BOARD AND ITS COMMITTEE MEETINGS

During the year, ten 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.

CHANGES IN BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Appointment

- Shri M.S. Velpari was appointed as Director (Operations) w.e.f. August 1, 2019.
- Shri Alok Verma was appointed as Director (Human Resources) w.e.f. January 1, 2020.

Cessation

- Shri Sunil Kumar ceased as Director (Operations) on the Board of the Company due to his superannuation on July 31, 2019.
- Shri V M Chamola ceased as Director (Human Resources) on the Board of the Company due to his superannuation on December 31, 2019.
- Ms. Dipali Khanna ceased as Independent Director w.e.f January 8, 2020 due to completion of her tenure.

COMMITTEES OF THE BOARD

As on March 31, 2020, 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.

DECLARATION OF INDEPENDENCE

The Company has received declarations from all the Independent Directors of the Company under the Companies Act 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 and they have also complied with the Code for Independent Directors as prescribed in Schedule IV of the Act.

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 adherence with the statutory Rules and Regulations.

In view of the Gazette Notification No GSR 463 (E) dated June 5, 2015 of the Ministry of Corporate Affairs (MCA), your Company, as 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 Notification No. 463 (E) dated June 5, 2015 issued by the Ministry of Corporate Affairs, the statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors is not required for your Company, as the performance of directors is evaluated by the Administrative Ministry.

The performance evaluation of the Independent Directors was carried out by the entire Board. The performance of non-independent directors and Board as a whole was reviewed by the Independent Directors during the year. The Board opined that all the Independent Directors fulfil the conditions specified in the Companies Act and SEBI (LODR) Regulations and are independent of the management.

EXTRACT OF ANNUAL RETURN

In accordance with the provisions of Section 92(3) and Section 134(3)(a) of the Companies Act read with Rules 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return in the form of MGT-9 is annexed to this report as **Annexure- III**.

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

As a defence Central Public Sector Enterprise (CPSE), your Company was granted exemption vide Notification GSR No.680 (E) dated September 4, 2015, from 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.

OUTSOURCING

As part of the "Make in India" drive, HAL has been nurturing & developing a robust indigenous aerospace & defence ecosystem. In its path of moving towards a system integrated process, 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 been taking up outsourcing diligently even in the new projects, so as to turn the suppliers into reliable partners over time.

DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY

The Company has a robust Risk Management Policy, approved by the Board and the same is available on the Company's website. 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. The policy envisages that all programs and project reviews will highlight the progress of risk mitigation plans till the closure and signing off the mitigation plans. The Company has constituted the Risk Management Committee for monitoring and reviewing of the risk management plan and other such functions from time-to-time, in line with the applicable laws.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Pursuant to the provisions of Section 135 of the Companies Act and Companies (Corporate Social Responsibility Policy) Rules, 2014 & 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 inter-alia include Healthcare & Sanitation, Education and Employment enhancing Vocational Schemes, Empowerment of women and socially backward groups etc. During the year, the Company has spent ₹ 8,200 Lakh on various CSR activities.

The Corporate Social Responsibility Policy of the Company is available on the Company's website at https://hal-india.co.in/Investors/Code and Policies. Salient features of the Policy form part of the Annual Report.

A separate Report on CSR activities undertaken by your Company during the year 2019-20 is attached to this Report as **Annexure-IV.**

BUSINESS RESPONSIBILITY REPORT

SEBI (LODR) Regulations stipulate that the Annual Report shall include a Business Responsibility Report describing the initiatives taken by the listed entity from an environmental, social and governance perspective, in the format specified. Accordingly, the Business Responsibility Report for the year 2019-20 has been drawn up and appended to this Report.

SIGNIFICANT AND MATERIAL ORDERS

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

PUBLIC DEPOSITS

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

MAINTENANCE OF COST RECORDS

Your Company maintains cost records as specified by the Central Government under Section 148(1) of the Companies Act.

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.

EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS

There are no material changes and commitments affecting the financial position of the Company that have occurred between March 31, 2020 and date of signing of this Report.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The provisions of Section 197 of the Companies Act and the relevant Rules regarding particulars of employees drawing remuneration in excess of the limits specified are exempted for Government Company, in view of the Gazette Notification No. G.S.R. 463 (E) dated June 5, 2015 issued by the Ministry of Corporate Affairs, Government of India.

MOU WITH GOVERNMENT

Your Company signs the annual Memorandum of Undertaking (MoU) with the Ministry of Defence (MoD), Government of India (GoI).

The performance of the Company for the year 2018-19 has been rated as "Excellent" in terms of the MoU with the GoI. MoU rating for the year 2019-20 is under review by the GoI.

RESEARCH AND DEVELOPMENT EFFORTS

During the year, the Company has continued to focus its efforts towards new platforms development, technology development and activities to enhance its capability with a view to bring

technological superiority to its products and in order to cope up with the future technological challenges that require the Company to develop new products and its enhancement. The Company has incurred a total expenditure of ₹ 1,23,196 Lakh for the year 2019-20 towards R&D efforts, which is 6% of the turnover.

The Company has transferred a sum of ₹ 25,351 Lakh (10% of Operating PAT) to R&D reserve for contribution to R&D corpus during the year 2019-20.

During the year, the Company has filed 201 IPR applications which make cumulative number of 1823 IPRs filed by company. 140 IPRs have been granted during the year taking cumulative IPRs held by the organization to 318.

EXPORTS

HAL has achieved Export Sales of ₹ 21,185 Lakh. The major Export highlights during the year include Mid-life up-gradation of one Do-228 aircraft of Mauritius Police Force, supply of Structural Work Packages, Forgings, Castings, Rolled Rings & Avionics to major Aerospace OEMs and Spares & Repairables to foreign Customers operating HAL Platforms.

In order to boost the exports, the Company has taken various initiatives during the year. Some of the major initiatives are as under:

- Memorandum of Understanding (MOU) was signed with Rosoboronexport, Russia, to conclude a General Contract for export of spares & services / undertake repair & overhaul of aircraft, engines and aggregates of Russian origin, to friendly countries.
- In order to enhance Brand image and Identity, the Company has participated in leading Air Shows/ Exhibitions during the year such as Paris Air Show 2019 , MAKS-2019, Moscow, Dubai Air Show 2019, DEFEXPO-2020, Lucknow and Wings India 2020, Hyderabad.
- Interactive sessions with select Foreign Defence Attaches / Foreign Missions were conducted during three different sessions in order to establish rapport / formal networking for gathering Business Intelligence such as the Defence Procurement ethos / Registration procedure in these countries, requirement of local agents etc.
- The Company has been interacting with various global Aerospace OEMs including Boeing, SAAB, Lockheed Martin, Dassault Aviation, Northrop Grumman etc. and also signed Letters of Intent to become their Indian Offset Partner (IOP) for discharge of their Offset Obligations, arising out of MoD, GoI procurement contracts.

VENDOR DEVELOPMENT

During the year, the Company has conducted 19 Vendor Development Programmes, of which four were for Micro & Small Enterprises (MSEs) owned by SC/ST Entrepreneurs & two were for Women Enterprises.

The Company has registered with RXIL for enabling payments through the TReDS platform to MSEs and has already made payments through the TReDS–RXIL platform. Efforts are made to bring the MSEs on the TReDS platform and several vendors already registered with the 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.

HAL is a part of Government e-Marketplace (GeM portal) and it procures commonly used items through GeM portal. All our vendors are being persuaded to be on board in the GeM portal to utilize the facilities available in the GeM portal.

The Company has registered on DPE portal and the weekly data is being regularly uploaded w.r.t procurement from MSEs, procurement from MSEs through the Government e-Marketplace (GeM) portal and payment to MSEs through the TReDS platform.

The Company has implemented the Public Procurement (Preference to Make in India), Order 2017 and its amendments thereof to encourage 'Make in India' and to promote manufacturing of goods & services in India.

The Company has implemented Company wide e-Procurement system through its own e-Procurement portal for all tenders valuing more than ₹ 2 Lakh. A 24 x 7 e-Procurement help desk has been established to provide information, support, training and clarifications to the vendors.

PROCUREMENT FROM MICRO & SMALL ENTERPRISES (MSES)

In line with the Public Procurement Policy of the Government of India, as amended, your Company has achieved more than the mandated procurement of 25% from MSEs (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 was ₹ 63,640 Lakh.

INDIGENISATION

The Company indigenizes various items/ components and systems of foreign origin fitted on HAL platforms through in-house capabilities/ with the help of local vendors to reduce dependence on imports and manage obsolescence, thus fostering self-reliance through 'Make in India'. Obsolescence management, savings in foreign exchange and cost reduction of various items for manufacture and ROH of Aircraft, Helicopters and Engines are the consideration for Indigenisation. During the year, the number of items indigenized is 1,501 and total anticipated foreign exchange saving is ₹ 12,312 Lakh. The

Company has received an appreciation letter from IAF on successful indigenization of Su-30 MKI brake pads ahead of schedule.

MAKE IN INDIA INITIATIVES

The Company has taken many initiatives during the year to promote Make in India. Some of the major initiatives are as under:

Implementation of HAL Make-II Procedure:

- The Company has implemented the Make-II (Industry Funded) procedure with assured Order with quantity specified upfront in compliance with the Framework for Make-II promulgated by MoD. The procedure document and items identified for indigenisation under Make-II are hosted in the Company's website.

HAL's "Make in India" Portal:

- The Company has hosted around 300 imported systems and sub systems of mechanical, electrical, avionics & instrumentation categories under 'Make in India' portal in its website. More than 100 Tools, Testers and Ground Equipment (TTGE) are also hosted in the Company's website under 'Make in India' to enable private industries to take up for indigenization.

Testing Facilities:

- The Company has hosted in its website, more than 85 types of test facilities available in the Company for utilization by industries on payment basis. More than 55 vendors (Indian Private and Govt Organizations) have utilised the test facilities.

HUMAN RESOURCE DEVELOPMENT

The strength of employees as on March 31, 2020 stood at 27,384.

During the year, opportunities for Officers to build their knowledge-based competencies were provided. Ten Officers were sponsored for M.Sc Programme at the Cranfield University, United Kingdom and one Officer was sponsored for the Ph.D Programme at IIT, Kanpur.

As on March 31, 2020, a total of 3,594 Apprentices were engaged in the Company, comprising 9.28 % of the total employee strength including contractual staff.

EMPLOYEE WELFARE

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

REPRESENTATION OF SC/STs

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, 2019 and January 1, 2020

Category (Grade / Scale of Pay)	Total Strength as on		Number of SCs as on		Number of STs as on	
	1.1.2019	1.1.2020	1.1.2019	1.1.2020	1.1.2019	1.1.2020
Group – A (Grade – II & above)	8,554	8,281	1,516	1,479	514	504
Group – B (Grade-I)	31	37	4	5	2	2
Group – C (Scale -3 to Special Scale)	19,972	19,354	3,501	3,384	1,463	1,431
Group – D (Scales - 1 & 2)						
i. Excluding Safai Karmacharis	15	7	4	1	-	-
ii. Safai Karmacharis	-	-	-	-	-	-
Total	**28,572**	**27,679**	**5,025**	**4,869**	**1,979**	**1,937**

Recruitments made during the period January 1, 2019 to December 31, 2019 and the SC/STs amongst them

Category (Grade / Scale of Pay)	Total number of Post filled	No. of Reservations made for		No. of Posts filled by appointment of	
		SCs	STs	SCs	STs
Group – A (Grade – II & above)	25	4	1	3	-
Group – B (Grade-I)	13	2	1	2	1
Group – C (Scale -3 to Special Scale)	119	23	3	20	-
Group – D (Scales – 1 & 2)	-	-	-	-	-
i. Excluding Safai Karmacharis	-	-	-	-	-
ii. Safai Karmacharis					
Total	**157**	**29**	**5**	**25**	**1**

Vacancy –based Promotions made during the period January 1, 2019 to December 31, 2019 and the SC/STs amongst them

Category (Grade / Scale of Pay)	Total number Promoted	No. of Reservations made for		No. of Posts filled by Promotion of	
		SCs	STs	SCs	STs
Group – A (Grade – II & above)	888	NA	NA	155	48
Group – B (Grade-I)	-	-	-	-	-
Group – C (Scale -3 to Special Scale)	-	-	-	-	-
Group – D (Scales – 1 & 2)					
i. Excluding Safai Karmacharis	-	-	-	-	-
ii. Safai Karmacharis	-	-	-	-	-
Total	**888**	**-**	**-**	**155**	**48**

EMPLOYEE RELATIONS (ER) / INDUSTRIAL RELATIONS

The Employee Relations Scenario in the Company has been peaceful and cordial during the year except for the Strike resorted to by the Recognized Trade Unions during the period October 14, 2019 to October 22 & 23, 2019 in connection with the Wage Revision of workmen which was due w.e.f January 1, 2017. The Strike was called-off by the Unions based on the Interim Order of the Hon'ble High Court of Karnataka. Subsequently, discussions were held between the Management and the Recognized Unions and the Wage Settlement was concluded.

In line with the Company's stated Policy of encouraging Employee Participation in Management, regular Meetings with the representatives of the Recognized Unions / Officers Associations at the Divisional, Complex & Corporate Levels were held to discuss issues. Plant Level & Shop Level Committees with representatives from the Management & Workmen / Union Representatives are functioning in the Divisions to discuss and resolve production issues and other related matters. In order to address Employee / Public Grievance / Representations, Grievance Redressal Mechanisms are also in place in the Company.

Wage Revision of Workmen w.e.f. January 1, 2017

Wage Revision of Workmen was due w.e.f January 1, 2017. Government vide DPE OM No.W-02/0015/2016-DPE(WC)-GL-XXIV/17 dated November 24, 2017 had issued Policy Guidelines for conducting Negotiations with the Unions. After receipt of the Guidelines, the Management had commenced the Negotiations with the Unions during February 2018. Several rounds of discussions / negotiations were held between the Unions & Management. As a result of the final negotiations held during December 5, 2019 to December 10, 2019, a Memorandum of Understanding (MoU) was signed with the Unions on 10.12.2019 at the Corporate Level. Subsequently, Memorandums of Settlement (MoS) were signed before the concerned Labour Authorities at the unit / Division level and the revised wage structure was implemented during January 2020.

RAJBHASHA IMPLEMENTATION

In accordance with the Guidelines issued by the Department of Official Language (OL), Ministry of Home Affairs, New Delhi all out efforts are being made by all the Divisions of the Company for implementation of the Official Language Policy

of the Government of India. To make aware with the OL Policy &Technical Facilities developed in the field of Official Language, a one-day Training Programme on 'The updated Information regarding Official Language in IT Sector was organized on June 19, 2019 for OL Staff of Bangalore based Divisions/Offices. In addition, a one-day Training Programme on 'Hindi usage in routine works' was organized for the Members of the Official Language Implementation Committee (OLIC) of Corporate Office.

Intensive (Special) Hindi Prabodh classes were organized for officers/workmen of Bangalore based Divisions/Office from July 2019 with the co-operation of the Central Hindi Teaching Institute (CHTI), Bengaluru.

Hindi Fortnight was celebrated from 14th to 28th September, 2019 in all the Divisions of HAL. A large number of employees took part in various Hindi Competitions organized during the Celebrations.

The progress made towards OL Implementation by the Divisions of HAL was reviewed in the Hindi Margdarshan Samiti at the Corporate Level. Decisions taken by the Apex Committee are implemented at the Company level. Inspections of various Divisions related to Official Language have been conducted by the Department of Official Language / Ministry of Defence with the Co-Ordination of Corporate Office during the year. Responsibilities of Town Official Language Implementation Committee (TOLIC) are being borne by our three Divisions viz. HAL AMD-Nasik, HAL SED-Koraput and HAL AD-Lucknow and they are conducting TOLIC Meetings successfully.

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 / HAL Conduct Rules applicable to Workmen have the required provisions in this regard.

Internal Complaints Committees as per Section 4 of the Act have been put in place at various locations of the Company. Information for the year 2019, in terms of Section 22 of the Act, is as indicated below:

(i)	Number of Cases pending as on January 1, 2019	-	1
(ii)	Number of Complaints of Sexual Harassment received in the year 2019	-	5
(iii)	Number of Complaints disposed of during the year 2019	-	3
(iv)	Number of Cases pending as on December 31, 2019 & its status	-	3 1 case pending as on December 31, 2019 was closed on January 8, 2020. Other two cases were pending at the ICC enquiry stage

INFORMATION TECHNOLOGY (IT) INITIATIVES

During the year, your Company has taken many IT initiatives towards improving digital journey and key focus areas are Process Improvement through Digitisation, Customer Delight through Inter organisational processes, Decision enabling through data effectiveness and Mitigation of Cyber Risk through world class framework. The achievement of above objectives is a continuous journey and the major outcome is in terms of change of culture/practices, however, few measurable aspects are as below:

- **Digitisation Coefficient**: Reduction of paper consumption by 33% as compared to 2016-17 level and is expected to reach 60% during 2020-21. Source-Company's Purchase data.
- **Data Driven Enterprise**: Improvement in data effectiveness to 93% as compared to 60% in 2017. Source: Company's ERP platform
- **Diffusing Cyber Attacks**: By continuous upgrade in Cyber Security practices Company witnessed zero major incident during the year, whereas File-less attacks increased by 256% globally. Source: CSO online

Some of the major IT initiatives are:-

- Improving Business partner's delight by enhancing data driven collaboration and streamlining partner facing processes have been an area of focus during the year.
- Online mechanism to monitor the Vendor Payment status, a dashboard was made operational in November, 2019.
- The processes in the Company have been streamlined by using various software tools such as Yatra portal to book Company guesthouses from any location within the HAL network. Tender Name Record (TNR) to reduce printing of Bids submitted by the vendors, eFile program to make paperless office.
- On the infrastructure strengthening front, the Company has taken the following measures **:**

  i) Complementing the existing leased lines with new technology MPLS lines (Multi-Protocol Level Switching).

  ii) Up gradation of internal mailing system (GroupWise) with latest features.

iii) State of the art Video Conferencing system to connect 20 High Definition Instances to improve the User experience on Video Conferencing.

iv) Implementation of IT Asset Management Portal which has information of IT Assets and their movement.

- Cyber Security practices in your Company are being continuously improved to keep pace with the environmental changes. The Key initiatives taken by the Company with respect to Cyber Security during the year are as under:

  i) Policy interventions: Standard Operating Procedures (SOP) were developed for Usage and sanitization of USBs, Laptops, Active Directory group policies management, Network Baseline Document, Risk Identification prioritization and Mitigation.

  ii) Tools: Real time threat monitoring system was deployed for Internet facing HAL Servers to take proactive measures from Cyber threat attacks through a state of the art Attack Vector Dashboard. 360 degree representation of IT Security Compliance for tracking progress on IT Security Initiative through IT Security Dashboard.

AWARDS & RECOGNITIONS

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

- HAL bagged SCOPE Corporate Communication Excellence Award 2019 (third prize) under the "Best Corporate Communication Campaign Program - External Communication" on August 3, 2019.
- HAL bagged "Online Sustainability Award 2019" organized by Econaur under Water Harvesting Category for the Kumudavathi River Rejuvenation Project under CSR on April 22, 2019.
- HAL bagged the "Visvesvaraya Trade Promotion Centre (VTPC) Karnataka State Export Award" for the year 2016-17 under the PSU category on September 6, 2019.
- HAL was conferred with the "Governance Now 7th PSU Award" for 'Research and Innovation' on February 19, 2020.
- HAL (Koraput Division)has been conferred with the "Kalinga CSR Award – 2018" in recognition of its consistent contribution towards CSR & SD during the fourth National Seminar on "Corporate Social Responsibility Initiatives-2019" (Transition to Transformation – The Next Generation CSR), held at Bhubaneswar in June, 2019.
- HAL LCA Tejas Division was awarded the "Unnatha Suraksha Puraskar" by the National Safety Council, Karnataka Chapter as part of the Safety Awards -2019 on September 9, 2019.
- HAL Aircraft Division, Bangalore won the 'National Safety Award' for performance under the category of 'Lowest Average Frequency Rate' (Winners) for the year 2017-18 in August, 2019.

VIGILANCE

The Vigilance Department of the Company is headed by the Chief Vigilance Officer (CVO). Vigilance Officers and Staff are posted to the Corporate Office and all the Divisions and Complex Offices of the Company. The Vigilance Department has been certified as ISO 9001: 2015 compliant, an initiative for delivering Quality Vigilance work.

During the year, 255 complaints were handled. 580 Surprise /Routine checks and 27 CTE (Chief Technical Examiner) Type inspections were carried out in the Divisions. Based on the outcome of checks/inspections and complaints, 30 cases were taken up for detailed investigation after due verification. Points requiring systemic corrections as noted during the checks, verifications, system studies and investigations were brought to the notice of the Management for suitable interventions.

Detailed Investigation of 34 cases were concluded and submitted, out of which 7 cases were referred for Disciplinary Action and 11 cases for Administrative Action. 5 cases were forwarded to Management for System Improvements and 11cases were closed as nothing adverse was found during the investigation.

Final orders awarding 4 Major Penalties (including 2 dismissals), 17 Minor Penalties and 83 Advisory/ Counseling/ Exoneration were issued by the concerned Disciplinary Authorities during the period.

Preventive and Proactive Vigilance has been the thrust area of the Vigilance Department. Some of the major initiatives by the Department during the year were:

- **System studies** were carried out in various areas and appropriate measures were suggested to streamline procedures.
- **Sensitization of Vigilance:** 56 sessions were conducted to sensitize HAL officials during this period to be vigilant and join hands in curbing corruption.
- During the year, 3 Vigilance Manuals were revised/ updated.

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, 2020, 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, 2020 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.

AUDITORS

Statutory Auditors

The Statutory Auditors of your Company were appointed by the Comptroller & Auditor General of India (C&AG). M/s. Maharaj N.R. Suresh and Co., Chartered Accountants, Bengaluru was appointed as Statutory Auditors for auditing the Accounts of the Company for the year 2019-20 and 18 firms of Chartered Accountants were appointed as Branch Auditors. The statutory auditors' report does not contain any qualification, reservation or adverse remarks.

The Auditors' Report on financial statements for the financial year 2019-20 and comments of the Comptroller & Auditor General of India (C&AG) under Section 143(6) of the Companies Act are appended to this Report.

Cost Auditor

M/s. GNV & Associates, Cost Accountants, Bengaluru were appointed as Cost Auditors for conducting the Cost Audit of the Company for the year 2019-20.

Internal Auditors

The Company has appointed Seven (7) Nos. of Chartered Accountants /firms for carrying out internal audit functions of the Company for the year 2019-20.

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 2019-20. The Secretarial Audit Report is annexed to this Report as **Annexure - V** and forms part of Annual-Report. The said report does not contain any qualification, reservation or adverse remarks.

Annual Secretarial Compliance Report

The Company has filed the Annual Secretarial Compliance Report for the year 2019-20 with the BSE Ltd and National Stock Exchange of India Limited, The report was received from a Practising Company Secretary and filed within the stipulated time as specified under Regulation 24A of the SEBI (LODR) Regulations.

CORPORATE GOVERNANCE

In terms of Regulations 34 read with Schedule V of SEBI (LODR) Regulations and DPE Guidelines, a report on Corporate Governance for the year ended March 31, 2020 has been prepared and annexed to this Report. The Company's Secretarial Auditor has issued a certificate on Corporate Governance, which is appended to the Corporate Governance 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 and the same is made available on the Company's website. The details of the Whistle Blower Policy are explained in the Corporate Governance Report and also hosted on the website of the Company at www.hal-india.co.in/Investors/Code and Policies.

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

QUALITY INITIATIVES AND SAFETY

- All production units and R&D Centers of the Company continue to be certified to International Aerospace Standard AS9100 Rev. D and division involved in Overhaul and Repair activities, has been additionally certified to AS9110C (Requirements for Aviation Maintenance Organization). Many of our special processes are certified to Nadcap to meet export requirements. Test laboratories located in the various divisions of the Company are certified by the National Accreditation Board for Testing and Calibration Laboratories (NABL) which is an autonomous body under the Department of Science and Technology.

- The Quality Management System of all the divisions of the Company are approved by the Directorate General of Aeronautical Quality Assurance (DGAQA) and divisions catering to civil customers are approved by Director General



of Civil Aviation (DGCA) complied with Civil Aviation Requirements (CAR-21 and CAR-145). The R&D centers of the Company continue to hold Design Organization Approval from the Centre for Military Airworthiness and Certification (CEMILAC) and are also recognized by the Department of Scientific and Industrial Research (DSIR) for in-house R&D.

- Standardization of Quality Management Systems has been adopted at par with World Aviation Industries through the formulation of Corporate Quality Assurance Guidelines. Six Quality procedures out of ten procedures have been protected so far with the Registrar of Copyrights, New Delhi. Three more guidelines are under approval for release.

- To improve the Flight Safety Culture a visit to IAF bases by HAL teams on the concept of "Observe and Learn" was undertaken during the year. Benchmarking of good practices will be implemented at various divisions of the Company for improvement in safety aspects.

ACKNOWLEDGEMENT

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

The Company wishes to place on record its appreciation for the cooperation 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 Auditors, Cost Auditors, Secretarial Auditors, Bankers, Collaborators, JV Partners and Suppliers.

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

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

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



(R. Madhavan)
Chairman and Managing Director

Place : Bengaluru
Date : August 25, 2020

Annexure I to Board's Report

Form No. AOC-2

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

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third provison 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	M/s. Naini Aerospace Limited, Allahabad	Subsidiary	Fabrication of ALH Looms, Manufacturing & Assembly of Sub-Assembly Bottom Structure and Transmission & Coupling Jig Work on Nomination basis	1 year	Fabrication of 11 sets each of 35 types of ALH Looms and Mfg. & Assy. of 4 sets each of Sub-Assy. (50 types), Bottom Str. and Coupling Jig work for 18 ALH WSI (ARMY MK-IV) at a total value of ₹ 6.20 Crs.	Development of Subsidiary as a source for fabrication/supply of looms, Jigs & Assemblies on Nomination basis as per DPR/Business plan approved by Board	11th November 2019	-	-
2	Helicopter Engine MRO Pvt Ltd. (HE-MRO)	Joint Venture	Transfer/Sale of lease hold rights of Industrial plot of about 7 ½ acres at Plot Goa		Transfer/Sale of lease hold rights of Industrial plot of about 7 ½ acres at Plot No. 2, Honda Industrial estate, Sattari District, North Goa and all facilities comprising of office building, shop hangar and other services & utilities like power, water connection, bore well, security cabin etc. for a consideration of ₹ 9.29 Crore		11th November 2019	-	-

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
	———	———	———	NIL	———	———	———	———

For and on behalf of Board of Directors
Hindustan Aeronautics Limited

(R. Madhavan)
Chairman and Managing Director

Date: August 25, 2020
Place: Bengaluru



Annexure II to Board's Report

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

(a) HAL has established 12 (twelve) commercial Joint Venture Companies (JVCs) in collaboration with leading international aviation and Indian Organizations and 2 (two) subsidiary Companies. Besides, the Company also formed 2 (two) Section-8 (non-profit) Companies.

During the year under review, the total Revenue from Operations reported by the JVCs/Subsidiaries is ₹ 406.82 Crs, as per details given below:

(Amount in ₹ Crores)

Sl. No.	Name of the JVCs	HAL share holding (%)	Revenue from Operations	Profit Before Tax
i	BAeHAL Software Ltd.	49	19.13	0.18
ii	Indo Russian Aviation Ltd.	48	50.48	13.54
iii	Safran HAL Aircraft Engines Pvt. Ltd.	50	101.17	9.81
iv	Samtel HAL Display Systems Ltd.	40	11.78	(2.33)
v	HAL-Edgewood Technologies Pvt. Ltd.	50	--	(1.25)
vi	HALBIT Avionics Pvt. Ltd.	50	3.64	(1.14)
vii	Infotech HAL Ltd.	50	2.87	(0.27)
viii	HATSOFF Helicopter Training Pvt. Ltd.	50	41.87	(20.33)
ix	TATA-HAL Technologies Ltd.	50	7.15	0.86
x	International Aerospace Manufacturing Pvt. Ltd.	50	160.15	4.94
xi	Multi-Role Transport Aircraft Ltd.**	50	0.00	(10.93)
xii	Aerospace & Aviation Sector Skill Council (AASSC)*	50	0.85	–
xiii	Helicopter Engines MRO Private Ltd.	50	1.41	(1.97)
xiv	Defence Innovation Organisation*	50	–	–
	Name of the Subsidiaries			
xv	Indo-Russian Helicopters Limited**	50.5	–	(0.34)
xvi	Naini Aerospace Limited	100	6.32	(9.08)
TOTAL			**406.82**	**(18.31)**

Note: Figures in brackets () indicate loss

* Section-8 (non-profit) Companies.

** Not commenced operation

(b) During the current financial year, 2 (two) JVCs viz. Indo Russian Aviation Ltd and International Aerospace Manufacturing Pvt Ltd. have together paid a dividend of ₹ 1.35 Crs. to HAL.

Sl. No.	Name of JVCs	₹ In Crs
1	Indo-Russian Aviation Ltd	1.26
2	International Aerospace Manufacturing Pvt Ltd	0.09
Total		**1.35**

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

(R. Madhavan)
Chairman and Managing Director

Date : August 25, 2020
Place : Bengaluru

Annexure III to Board's Report

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the Financial Year ended on 31st March, 2020

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	L35301KA1963GOI001622
ii)	Registration Date	16 / 08 / 1963
iii)	Name of the Company	Hindustan Aeronautics Limited
iv)	Category of the Company Sub-Category of the Company	Public Limited Company Government Company
v)	Address of the Registered office and contact details	No: 15/1, Cubbon Road PB No: 5150 Bengaluru - 560 001 Karnataka Ph No: 080 22320001
vi)	Whether listed company	Yes / ~~No~~
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s KFin Technologies Private Limited (Formerly known as M/s Karvy Fintech Pvt Ltd) "Karvy Selenium Tower B", Plot No 31 & 32, Financial District, Nanakramguda, Serilingampally, Rangareddi Hyderabad – 500032 Telengana Ph No: 040-67162222 / 79611000

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the Company
1	Manufacture of Aircraft and Helicopters	35301	40%
2	Repair, Maintenance of Aircraft and Helicopters	35308	55%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1	BAeHAL Software Limited Airport Lane, HAL Estate, Bangalore - 560 017	U72200KA1993PLC013983	Associate	HAL: 49% BAe Systems: 40% BAe HAL Employee Trust: 11%	Section 2(76) (viii)
2	Safran HAL Aircraft Engines Private Limited (formerly known as Snecma HAL Aerospace Pvt Ltd) No 140/1, Hoody Whitefield Road, Whitefield Industrial Area, Bangalore - 560 066	U35303KA2005PTC037539	Associate	HAL: 50% Safran Aircraft Engines: 50%	Section 2(76) (viii)
3	SAMTEL HAL Display Systems Limited No 501, 5th Floor, Copia Corporate Suits, Plot No 9, District Centre, Jasola, Delhi - 110 025	U32204DL2007PLC158372	Associate	HAL: 40% Samtel: 60%	Section 2(76) (viii)
4	Infotech HAL Limited 5th Floor, Infotech IT Park, Phase-1, 110A & 110B, Electronics City, Hosur main road, Bangalore - 560 100	U29200KA2007PLC043691	Associate	HAL: 50% Infotech (renamed as Cyient Limited): 50%	Section 2(76) (viii)
5	HAL-Edgewood Technologies Private Limited 3rd Floor, Old ADB Building, HAL Main Factory, HAL Airport Road, Bangalore - 560 017	U73100KA2007PTC042634	Associate	HAL: 50% Edgewood Inc, USA: 26% Edgewood India: 24%	Section 2(76) (viii)
6	HALBIT Avionics Private Limited No 15/1, Cubbon Road, Bangalore - 560 001	U35303KA2007PTC042680	Associate	HAL: 50% Elbit:26% Merlinhawk Asso. Blore: 24%	Section 2(76) (viii)
7	Indo-Russian Aviation Limited No 15/1, Cubbon Road, Bangalore - 560 001	U35303KA1994PLC016219	Associate	HAL: 48% ICICI Bank: 5% RAC MiG: 31% Ryazan:10% Aviazapchast: 6%	Section 2(76) (viii)
8	HATSOFF Helicopter Training Private Limited Survey No 3 & 4, Opp to ARDC Main Gate HAL, Vibhuthipura, Bangalore - 560037	U74999KA2008PTC044972	Associate	HAL: 50% CAE Canada: 50%	Section 2(76) (viii)
9	Tata HAL Technologies Limited Aurbis ORR, #287/58/7, First Floor, A Wing, Devarabeesanahalli Village, Varthur Hobli, Bangalore - 560 034	U93000KA2008PLC046588	Associate	HAL: 50% Tata Technologies: 50%	Section 2(76) (viii)

Sl. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
10	Multirole Transport Aircraft Limited MTAL House, HAL Senior Officer Enclave, Old Madras Road, Bangalore - 560 093	U29199KA2010PLC056091	Associate	HAL: 50% Russians: 50% (UAC-TA & ROE)	Section 2(76) (viii)
11	International Aerospace Manufacturing Private Limited Survey No.3, Kempapura Village, VarthurHobli, Bangalore East Taluk, Bangalore - 560 037	U29253KA2010PTC054509	Associate	HAL: 50% Rolls Royce: 50%	Section 2(76) (viii)
12	Aerospace and Aviation Sector Skill Council HAL, Technical Training Institute, Surjandas Road, Vimanapura Road, Bangalore - 560 017	U80301KA2014NPL076367	Associate	HAL: 50% BCIC: 25% SIATI: 25%	Section 2(76) (viii)
13	Helicopter Engines MRO Pvt Ltd 2727, 80ft Road, HAL 3rd Stage, Indiranagar, Bengaluru - 560075	U74999KA2016PTC095837	Associate	HAL: 50% Safran Helicopters Engines: 50%	Section 2(76) (viii)
14	Naini Aerospace Ltd No.15/1, Cubbon Road, PB No 5150, Bengaluru - 560001	U29309KA2016GOI098895	Subsidiary	HAL: 100%	Section 2(76) (viii)
15	Defence Innovation Organization Bharat Electronics Limited Campus, Jalahalli, Bangalore - 560013	U73100KA2017NPL102118	Associate	HAL: 50% BEL: 50%	Section 2(76) (viii)
16	Indo-Russian Helicopters Ltd No.15/1, Cubbon Road, PB No 5150, Bengaluru - 560001	U35999KA2017GOI102728	Subsidiary	HAL-50.5% Russian Helicopter & Rosoboronexport: 49.5%	Section 2(76) (viii)

IV. SHAREHOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity):

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

Sl No.	President of India	No. of shares	% of total shares of the Company
i.	At the beginning of the year	30,08,55,180	89.97
ii.	Cumulative Shareholding during the year	30,08,55,180	89.97
iii.	At the end of the year	30,08,55,180	89.97

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

1. Life Insurance Corporation of India

Date	At the beginning of the year		Change in Shareholding during the year		Cumulative Shareholding during the year	% of shares
	No. of shares	% of shares	Increase	Decrease		
01.04.19	2,34,07,104	7.00	-	-	2,34,07,104	7.00
31.03.20	-	-	-	-	2,34,07,104	7.00

2. State Bank of India

Date	At the beginning of the year		Change in Shareholding during the year		Cumulative Shareholding during the year	% of shares
	No. of shares	% of shares	Increase	Decrease		
01.04.19	15,65,267	0.47	-	-	15,65,267	0.47
15.11.19	-	-	-	3,000	15,62,267	0.47
17.01.20	-	-	-	10,000	15,52,267	0.46
31.03.20	-	-	-	-	15,52,267	0.46

3. ICICI Prudential Equity & Debt Fund

Date	At the beginning of the year		Change in Shareholding during the year		Cumulative Shareholding during the year	% of shares
	No. of shares	% of shares	Increase	Decrease		
01.04.19	10,35,712	0.31	-	-	10,35,712	0.31
05.04.19	-	-	9,600	-	10,45,312	0.31
12.04.19	-	-	45,413	-	10,90,725	0.33
19.04.19	-	-	1,522	-	10,92,247	0.33
17.05.19	-	-	34	-	10,92,281	0.33
24.05.19	-	-	17	-	10,92,298	0.33
31.05.19	-	-	5,026	-	10,97,324	0.33
07.06.19	-	-	17,580	-	11,14,904	0.33
14.06.19	-	-	2,213	-	11,17,117	0.33
21.06.19	-	-	9,437	-	11,26,554	0.34
28.06.19	-	-	15,934	-	11,42,488	0.34
05.07.19	-	-	17	-	11,42,505	0.34
12.07.19	-	-	9,840	-	11,52,345	0.34
19.07.19	-	-	10,027	-	11,62,372	0.35
26.07.19	-	-	20,778	-	11,83,150	0.35
02.08.19	-	-	6,857	-	11,90,007	0.36
09.08.19	-	-	281	-	11,90,288	0.36
16.08.19	-	-	17	-	11,90,305	0.36
23.08.19	-	-	12,846	-	12,03,151	0.36
30.08.19	-	-	36,088	-	12,39,239	0.37
06.09.19	-	-	4,421	-	12,43,660	0.37
20.09.19	-	-	2,248	-	12,45,908	0.37
27.09.19	-	-	12,167	-	12,58,075	0.38

Date	At the beginning of the year		Change in Shareholding during the year		Cumulative Shareholding during the year	% of shares
	No. of shares	% of shares	Increase	Decrease		
30.09.19	-	-	2,846	-	12,60,921	0.38
04.10.19	-	-	26,091	-	12,87,012	0.38
11.10.19	-	-	3,763	-	12,90,775	0.39
18.10.19	-	-	2	-	12,90,777	0.39
25.10.19	-	-	9,280	-	13,00,057	0.39
01.11.19	-	-	959	-	13,01,016	0.39
22.11.19	-	-	17	-	13,01,033	0.39
27.12.19	-	-	15	-	13,01,048	0.39
10.01.20	-	-	16	-	13,01,064	0.39
31.01.20	-	-	328	-	13,01,392	0.39
07.02.20	-	-	16	-	13,01,408	0.39
14.02.20	-	-	8	-	1301416	0.39
14.02.20	-	-	-	8	13,01,408	0.39
06.03.20	-	-	41	-	13,01,449	0.39
13.03.20	-	-	192	-	13,01,641	0.39
20.03.20	-	-	299	-	13,01,940	0.39
27.03.20	-	-	153	-	13,02,093	0.39
31.03.20	-	-	202	-	13,02,295	0.39
31.03.20	-	-	-	-	13,02,295	0.39

4. Reliance Capital Trustee CO LTD-A/C Reliance ETF N

Date	At the beginning of the year		Change in Shareholding during the year		Cumulative Shareholding during the year	% of shares
	No. of shares	% of shares	Increase	Decrease		
01.04.19	3,316	-	-	-	3,316	-
05.04.19	-	-	275	-	3,591	-
12.04.19	-	-	576	-	4,167	-
19.04.19	-	-	224	-	4,391	-
26.04.19	-	-	64	-	4,455	-
03.05.19	-	-	98	-	4,553	-
10.05.19	-	-	-	1643	2,910	-
17.05.19	-	-	160	-	3,070	-
24.05.19	-	-	50,085	-	53,155	0.02
31.05.19	-	-	50,888	-	1,04,043	0.03
07.06.19	-	-	2,98,192	-	4,02,235	0.12
14.06.19	-	-	-	40	4,02,195	0.12
21.06.19	-	-	88	-	402,283	0.12
28.06.19	-	-	4,57,643	-	8,59,926	0.26
05.07.19	-	-	249	-	8,60,175	0.26
12.07.19	-	-	104	-	8,60,279	0.26
19.07.19	-	-	234	-	8,60,513	0.26

Date	At the beginning of the year		Change in Shareholding during the year		Cumulative Shareholding during the year	% of shares
	No. of shares	% of shares	Increase	Decrease		
26.07.19	-	-	96	-	8,60,609	0.26
02.08.19	-	-	11	-	8,60,620	0.26
09.08.19	-	-	5,241	-	8,65,861	0.26
09.08.19	-	-	-	5,033	8,60,828	0.26
16.08.19	-	-	40	-	8,60,868	0.26
23.08.19	-	-	378	-	8,61,246	0.26
30.08.19	-	-	126	-	8,61,372	0.26
06.09.19	-	-	24	-	8,61,396	0.26
13.09.19	-	-	56	-	8,61,452	0.26
20.09.19	-	-	17,056	-	8,78,508	0.26
27.09.19	-	-	12,604	-	8,91,112	0.27
30.09.19	-	-	43	-	8,91,155	0.27
04.10.19	-	-	32	-	8,91,187	0.27
11.10.19	-	-	3,357	-	8,94,544	0.27
18.10.19	-	-	10,048	-	9,04,592	0.27
01.11.19	-	-	5,072	-	9,09,664	0.27
08.11.19	-	-	24	-	9,09,688	0.27
15.11.19	-	-	3,813	-	9,13,501	0.27
15.11.19	-	-	-	89	9,13,412	0.27
22.11.19	-	-	10,061	-	9,23,473	0.28
22.11.19	-	-	-	100	9,23,373	0.28
29.11.19	-	-	-	2,143	9,21,230	0.28
06.12.19	-	-	5,000	-	9,26,230	0.28
06.12.19	-	-	-	383	9,25,847	0.28
13.12.19	-	-	6,527	-	9,32,374	0.28
20.12.19	-	-	5,506	-	9,37,880	0.28
27.12.19	-	-	5,369	-	9,43,249	0.28
31.12.19	-	-	8	-	9,43,257	0.28
03.01.20	-	-	5,294	-	9,48,551	0.28
10.01.20	-	-	1,13,191	-	10,61,742	0.32
17.01.20	-	-	62,592	-	11,24,334	0.34
24.01.20	-	-	312	-	11,24,646	0.34
31.01.20	-	-	-	695	11,23,951	0.34
07.02.20	-	-	424	-	11,24,375	0.34
07.02.20	-	-	-	8,405	11,15,970	0.33
14.02.20	-	-	73	-	11,16,043	0.33
14.02.20	-	-	-	28,577	10,87,466	0.33
21.02.20	-	-	-	57,214	10,30,252	0.31
28.02.20	-	-	-	25,117	10,05,135	0.30
06.03.20	-	-	240	-	10,05,375	0.30
13.03.20	-	-	1,360	-	10,06,735	0.30

Date	At the beginning of the year		Change in Shareholding during the year		Cumulative Shareholding during the year	% of shares
	No. of shares	% of shares	Increase	Decrease		
13.03.20	-	-	-	3,757	10,02,978	0.30
20.03.20	-	-	-	34,986	9,67,992	0.29
27.03.20	-	-	-	7,687	9,60,305	0.29
31.03.20	-	-	424	-	9,60,729	0.29
31.03.20	-	-	-	382	9,60,347	0.29
31.03.20	-	-	-	-	9,60,347	0.29

5. General Insurance Corporation of India

Date	At the beginning of the year		Change in Shareholding during the year		Cumulative Shareholding during the year	% of shares
	No. of shares	% of shares	Increase	Decrease		
01.04.19	6,69,336	0.20	-	-	6,69,336	0.20
31.03.20	-	-	-	-	6,69,336	0.20

6. The New India Assurance Company Limited

Date	At the beginning of the year		Change in Shareholding during the year		Cumulative Shareholding during the year	% of shares
	No. of shares	% of shares	Increase	Decrease		
01.04.19	6,04,836	0.18	-	-	6,04,836	0.18
31.03.20	-	-	-	-	6,04,836	0.18

7. Union Bank of India

Date	At the beginning of the year		Change in Shareholding during the year		Cumulative Shareholding during the year	% of shares
	No. of shares	% of shares	Increase	Decrease		
01.04.19	2,57,261	0.08	-	-	2,57,261	0.08
31.03.20	-	-	-	-	2,57,261	0.08

8. Canara Bank

Date	At the beginning of the year		Change in Shareholding during the year		Cumulative Shareholding during the year	% of shares
	No. of shares	% of shares	Increase	Decrease		
01.04.19	2,44,896	0.07	-	-	2,44,896	0.07
31.03.20	-	-	-	-	2,44,896	0.07

9. Bank of Baroda

Date	At the beginning of the year		Change in Shareholding during the year		Cumulative Shareholding during the year	% of shares
	No. of shares	% of shares	Increase	Decrease		
01.04.19	80,640	0.02	-	-	80,640	0.02
12.04.19	-	-	41,148	-	1,21,788	0.04
31.03.20	-	-	-	-	1,21,788	0.04

10. SYNDICATE BANK

Date	At the beginning of the year		Change in Shareholding during the year		Cumulative Shareholding during the year	% of shares
	No. of shares	% of shares	Increase	Decrease		
01.04.19	93,386	0.03	-	-	93,386	0.03
29.11.19	-	-	93,386	-	1,86,772	0.06
29.11.19	-	-	-	93,386	93,386	0.03
31.03.20	-	-	-	-	93,386	0.03

v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Name of Directors and Key Managerial Personnel	Shareholding at the beginning of the year		Changes	Cumulative Shareholding during the year		At the end of the year	
		No. of shares	% of total shares of the company		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
NIL								

V. INDEBTEDNESS

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

(₹ In lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	4,15,801	-	-	4,15,801
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**4,15,801**	**-**	**-**	**4,15,801**
Change in Indebtedness during the financial year				
• **Addition**				
Principal	1,33,934	-	-	1,33,934
Interest	10		-	10
• **Reduction**				
Principal	-	-	-	-
Interest	-	-	-	-
Net Change	**1,33,944**	**-**	**-**	**1,33,944**
Indebtedness at the end of the financial year				
i. Principal Amount	5,49,735	-	-	5,49,735
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	10	-	-	10
Total (i+ii+iii)	**5,49,745**	**-**	**-**	**5,49,745**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:
B. Remuneration to other directors:
C. Remuneration to key managerial personnel other than MD/Manager/WTD

} Enclosure - III

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES - NIL

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

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

(R. Madhavan)
Chairman and Managing Director

Place : Bengaluru
Date : August 25, 2020

Enclosure I

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2019]				No. of Shares held at the end of the year [As on 31-March-2020]				% of Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter's									
(1) Indian									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	30,08,55,180	-	30,08,55,180	89.97	30,08,55,180	-	30,08,55,180	89.97	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1)	**30,08,55,180**	**-**	**30,08,55,180**	**89.97**	**30,08,55,180**	**-**	**30,08,55,180**	**89.97**	**-**
(2) Foreign	-	-	-	-	-	-	-	-	-
a) NRIs- Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub Total (A) (2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total shareholding of Promoter (A) = A(1) + A(2)	**30,08,55,180**	**-**	**30,08,55,180**	**89.97%**	**30,08,55,180**	**-**	**30,08,55,180**	**89.97%**	**-**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds / UTI	10,39,028	-	10,39,028	0.31	22,64,647	-	22,64,647	0.68	0.37
b) Banks / FI	23,75,891	-	23,75,891	0.71	23,61,737	-	23,61,737	0.71	0.00
c) Central Govt	-	-	-	-	-	-	-	-	
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	2,46,81,276	-	2,46,81,276	7.38	2,46,81,276	-	2,46,81,276	7.38	0.00
g) FIIs	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2019]				No. of Shares held at the end of the year [As on 31-March-2020]				% of Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (Foreign Institutional Investor)	9,66,714	-	9,66,714	0.29	-	-	-	-	(0.29)
Sub-total (B)(1):-	**2,90,62,909**	**-**	**2,90,62,909**	**8.69**	**2,93,07,660**	**-**	**2,93,07,660**	**8.76**	**0.07**
2. Non-Institutions									
a) Bodies Corp.	2,76,522	-	2,76,522	0.08	1,28,650	-	1,28,650	0.04	(0.04)
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakh	39,85,074	65	39,85,139	1.19	38,76,910	65	38,76,975	1.16	(0.03)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	62,123	-	62,123	0.02	67,981	-	67,981	0.02	0.00
c) Others (NBFC's Registered with RBI)	353	-	353	0.00	-	-	-	-	-
Non Resident Indians	82,378	-	82,378	0.02	87,686	-	87,686	0.03	0.0
NRI Non -Repatriation	40,354	-	40,354	0.01	33,353	-	33,353	0.01	0.00
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Qualified Institutional Buyers	-	-	-	-	5,729	-	5,729	0.00	0.00
Clearing Members	22,386	-	22,386	0.01	23,473	-	23,473	0.01	0.00
Trusts	156	-	156	0.00	813	-	813	0.00	0.00
Sub-total (B)(2):-	**44,69,346**	**65**	**44,69,411**	**1.34**	**42,24,595**	**65**	**42,24,660**	**1.27**	**(0.07)**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**3,35,32,255**	**65**	**3,35,32,320**	**10.03**	**3,35,32,255**	**65**	**3,35,32,320**	**10.03**	**-**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**33,43,87,435**	**65**	**33,43,87,500**	**100%**	**33,43,87,435**	**65**	**33,43,87,500**	**100%**	**-**



(Enclosure-II)

ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year [As on 01-April-2019]			Shareholding at the end of the year [As on 31-March-2020]			% of Change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged/ encumbered to total shares	No. of Shares	%of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	The President of India	30,08,55,180	89.97	-	30,08,55,180	89.97	-	-
	Total	**30,08,55,180**	**89.97**	**-**	**30,08,55,180**	**89.97**	**-**	**-**

Enclsoure-III

REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(In ₹)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager							Total Amount
		R Madhavan	V M Chamola (ceased to be director w.e.f 31.12.2019)	Arup Chatterjee	Sunil Kumar (ceased to be director w.e.f 31.07.2019)	C B Ananthakrishnan	M S Velpari (Appointed as director w.e.f 01.08.2019)	Alok Verma (appointed w.e.f 01.01.2020)	
1.	Gross salary								
	a) Salary as per provisions contained in section17(1) of the Income-tax Act,1961**	40,86,124	83,58,871	37,65,935	61,62,836	37,97,384	25,09,075	5,55,164	2,92,35,389
	b. Value of perquisites u/s 17(2) Income-tax Act,1961	6,70,572	10,81,897	6,08,659	4,24,587	6,13,799	78,228	89,910	35,67,652
	c. Profits in lieu of salary under section 17(3) Income-tax Act,1961	-	-	-	-	-	-	-	-
2.	Stock option	-	-	-	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-	-	-	-
4.	Commission as % of profit	-	-	-	-	-	-	-	-
5.	Others, please specify	-	-	-	-	-	-	-	-
	Total (A)	**47,56,696**	**94,40,768**	**43,74,594**	**65,87,423**	**44,11,183**	**25,87,303**	**6,45,074**	**3,28,03,041**
	**Include leave encashment								
	Ceiling as per the Act	Exempted as per MCA notification no 463(E) dt 5th June, 2015							

B. Remuneration to other Directors:

(₹ In lakhs)

Sl. No.	Particulars of Remuneration	Name of Directors							Total Amount
1.	Independent Directors	**Dipali Khanna**	**Dr. J K Bajaj**	**Anil Kumar**	**Neelakanta Iyer R**	**Siddharth**	**Dr S Malla Reddy**	**Rear Admiral (R) K C Sekhar, AVSM, VSM**	
	a) Fee for attending board & committee meetings	2.8	4.6	3.8	3.2	3.8	3.8	5	27
	b) Commission	-	-	-	-	-	-	-	-
	c) Others, please specify	-	-	-	-	-	-	-	-
	Total(1)	**2.8**	**4.6**	**3.8**	**3.2**	**3.8**	**3.8**	**5**	**27**
2.	Other Non-Executive Directors	**Shri Chandraker Bharti#**	**Dr Tessy Thomas#**	-	-	-	-	-	-
	a) Fee for attending board committee meetings	-	-	-	-	-	-	-	-
	b) Commission	-	-	-	-	-	-	-	-
	c) Others, please specify	-	-	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	-	-	-
	Total (B)=(1+2)								**27**
	Total Managerial Remuneration Over all Ceiling as per the Act	Exempted as per MCA notification no 463(E) dt 5th June, 2015							

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



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

(In ₹)

Sl. No.	Particulars of Remuneration	CEO	Key Managerial Personnel		Total
	Gross Salary		**Company Secretary (G V Sesha Reddy)**	**CFO (C B Ananthakrishnan)**	
1	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.*	Already included in Part A	25,07,852	Already included in Part A	25,07,852
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961		4,21,274		4,21,274
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961		-		-
2	Stock Option		-		-
3	Sweat Equity		-		-
4	Commission as % of profit		-		-
5	Others, please specify		-		-
	Total		**29,29,126**		**29,29,126**

*Include leave encashment



Annexure IV to Board's Report

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2019-20

1. A BRIEF OUTLINE OF THE COMPANY'S CSR POLICY, INCLUDING OVERVIEW OF PROJECTS OR PROGRAMS UNDERTAKEN AND A REFERENCE TO THE WEB-LINK TO THE CSR POLICY AND PROJECTS OR PROGRAMS

Brief outline of Company's CSR Policy:

In line with the Provisions of the Companies Act, 2013 and Rules notified thereunder during 2014, CSR Policy of the Company was revised and was recommended to the Board by the CSR & SD Committee at its 9th Meeting held on September 27, 2014. The same was approved by the Board at its 380th Meeting held on November 27, 2014. The CSR Policy is amended from time to time as required and the latest amended Policy was approved by the Board at its 432nd meeting held on 17th December, 2019. A brief outline of the CSR Policy is as follows:

- The budgetary allocation for CSR Projects / activities for the year will be based on the profitability of the Company. The budget allocation for the CSR Projects will be 2% of the Average Net Profits of the Company made during the three immediately preceding Financial Years. Average Net Profits shall be calculated in accordance with the provisions of Section 198 of the Companies Act, 2013.
- Up to 5% of the Annual CSR Budget may be utilized to build CSR Capacities of the Employees of the Company including those of the Implementing Agencies through Institutions with established Track Records subject to the condition that it will not exceed 5% of the Total CSR Expenditure in one Financial Year.
- The Board is the Competent Authority for approving the Policy on Corporate Social Responsibility of the Company based on the recommendation of the CSR & SD Committee of the Board.
- The budget for CSR Projects / activities will be sanctioned by the Corporate Office at the beginning of the Financial Year. The Projects / activities are to be implemented by Complexes/ Divisions as per the Delegation of Powers (DoP).
- The Company will give preference to the needs of the people living in the local area / vicinity of the Divisions / Complexes where it operates, for spending the amount earmarked for Corporate Social Responsibility Projects / Activities.
- The Divisions / Complexes may adopt various methods for need assessment studies through in-house expertise and resources. Gram Sabhas and Panchayati Raj institutions at the village level are important and reliable sources for assessing the social, economic & environmental needs in rural areas. Therefore, as far as possible, they should be consulted in planning CSR Projects / Activities.

  i) The Divisions will choose CSR Projects / Activities, relating to activities, areas or subjects specified in Schedule VII of the Companies Act, 2013; or

  ii) Projects or programs relating to activities undertaken by the Board of Directors of the Company (Board) in pursuance of recommendations of the Corporate Social Responsibility & Sustainable Development Committee of the Board subject to the condition that such Projects will include areas or subjects specified in Schedule VII of the Companies Act, 2013.

- CSR expenditure shall include all expenditure including contribution to corpuses for projects or programmes relating CSR activities by the Board on the recommendation of its CSR & SD Committee, but do not include any expenditure on any item not covered in areas or subjects specified in the Schedule VII of the Companies Act, 2013.
- The Divisions / Complexes will not take up Projects / Activities required to be implemented by the Government and / or for which Central / State Government Schemes have been sanctioned, as it could result in unnecessary duplication.
- Projects / activities which are selected under CSR should, as far as possible, be implemented in a Project mode, which entails charting the stages of execution in advance through planned processes, with mobilization of pre-estimated quantum of resources, and within the allocated budgets and prescribed timelines.
- Contribution of any amount directly or indirectly to any Political Party shall not be considered as a valid CSR Activity.
- The CSR Policy along with the CSR Projects / Activities to be undertaken is being displayed on the Company's Website, as per the particulars specified in the Act.
- The CSR Projects / Activities that benefit only the employees of the Company and their families will not be considered as a CSR Project / Activity.
- The surplus arising out of the CSR Projects / Activities shall not form part of the Business Profits of the Company.

Overview of the CSR Projects or Programmes undertaken during 2019 - 2020:

CSR Projects / Activities of the Company in general are identified in consultation with the local Stakeholders in line with the CSR Policy of the Company. Basically, these are aimed at the holistic development of the local area / vicinity. Based on the availability of the budget and feasibility of implementation, the projects are prioritized with a view to bring in holistic development, improve the quality of life of the socially & economically backward groups and marginalized & weaker Sections of the Society.

Brief on some of the CSR Projects implemented during the year 2019 - 20 is indicated below:

a) Combating Covid-19:

As part of the fight against COVID-19, HAL had contributed ₹ 20 Crore from its CSR Funds to the PM-CARES Fund, during 2019-20.

b) Education and Skill Development

i) HAL - IISc Skill Development Centre:

Skilled Manpower is a basic requirement for development of technology, which has a significant contribution towards the overall development of the Nation. In order to address the Skill Development gaps in the niche engineering sectors in the Nation, HAL is supporting the Indian Institute of Science (IISc), Bangalore in establishment of HAL-IISc Skill Development Centre (SDC) at Challakere, Chitradurga District, Karnataka, at a total Budget of ₹ 73.70 crores.

Construction work of the Facility had been completed as on March, 31, 2020, with approximate area of 75,000 sq. ft. which includes Lecture Halls, Skill Development Workshops, Auditorium with a seating capacity of 250, Hostel facilities for Trainees & Trainers, etc. Lab Equipments and required Machines are under procurement.



The Completed Structure of HAL - IISc SDC, Challakere, Chitradurga.



Vatsalya - School for Special Education, Bangalore

ii) Vatsalya -School for Special Education, Bangalore:

The School admits children in the age group of 5-25 years with varying degrees of mental retardation associated with Down's Syndrome, Autism and associated disabilities, Cerebral Palsy & Locomotors Disabilities who are commonly defined as "Mentally challenged". The School employs specially trained Faculty with Pupil Teacher ratio of 7:1. An exclusive Vocational Skill Training Unit is set up at the School to train the children in the making of Woolen Doily, Paper Covers, Bags, Medical Covers, Scribbling Pad, Diyas Painting etc.

Students have excelled in various inter School competitions and have won laurels for the School in Sports, Drawing, Painting, Dancing, Art and Craft. School ex-students are in receipt of 5 International & 12 National Medals. The expenditure towards education of Non-HAL Children belonging to Below Poverty Line (BPL) Families is being borne under CSR.

iii) Centre of Excellence (CoE):

HAL has set up a Centre of Excellence (CoE) in Advanced Machining at HAL – Technical Training Institute, Bangalore with 7 latest CNC Machines, Computer-Aided Design (CAD) & Computer-Aided Manufacturing (CAM) Programming Station, CNC (Computer Numerical Control) Simulator and Computerized Laser Tracker. In order to improve the quality of training in the ITIs, 'Train the Trainers' program was organized at the Centre for the Instructors of Govt. ITIs. The program covered CNC Construction Details, Programming Aspects, Hands on Training on CNC Simulator and CNC Lathe & Milling Machines.



ToT Batch 2019-20 at HAL TTI, Bangalore



Skill Development Workshop, Kanpur

iv) Skill Development Initiatives:

Vocational Training in the areas of Tailoring / Basic Sewing Machine Operations, Basic Beauty & Hair Dressing, Computer Tally (E-Billing), Automobile Servicing, etc., were organized by the Kanpur Division, through the Institute of Entrepreneurship Development (IED), Govt of U.P., for the youth / needy people from the rural areas in the vicinity of the Division. Tool Kits were distributed to the Trainees to help them become self-reliant.

Skill Training Programmes in Construction Trades like Land Surveyor, Electrician, and General Work Supervisor were undertaken by the Korwa Division in Amethi District, Uttar Pradesh, in association with the Construction Industry Development Council (CIDC), New Delhi (set up by the erstwhile Planning Commission, now NITI Aayog) and Construction Industry Association of India, for livelihood enhancement of rural youth from the socially and economically weaker Sections of the society.

The training was conducted at the Regional Training Centre of CIDC in Amethi District and was residential in nature. It was aimed to simulate actual labour camps in construction sites to acquaint the trainees with real life work environment. It included classroom theory classes combined with practical sessions in the field. After successful completion of the Course / Training, candidates were issued with Certificates, which are accepted by CPWD, NITI Aayog, Construction Industry Associations and several Companies. The CIDC had assured employment or gainful self-employment to 70 % of the Trainees.



Skill Training programme in Construction Trades, Korwa



Inauguration of 'Skill Development Centre cum Multipurpose Hall' at Nasik by Smt. Dipali Khanna, the then Chairperson of CSR & SD Committee and Independent Director.

Construction of Skill Development Centre cum Multipurpose Halls in Nasik and Dhule Districts of Maharashtra at a budgeted amount of ₹ 7 Crores was taken-up by the Nasik Division during the year 2018-19. One such Hall was inaugurated on November 15, 2019 at Vani, Dindori Taluka of Nashik District. Another Centre was at Pratapgad, Surgana Taluka. Pratapgad is an area mostly inhabited by tribal families who are given training in the making of Bamboo Furniture. The initiative is intended towards eradicating hunger and providing permanent income source to the tribal population. Approx. 150 to 200 artisans are engaged in making of Bamboo Furniture.

c) Museum on the lives of Martyrs:

Setting up of a Museum on the lives of Martyrs at Shahjahanpur, Uttar Pradesh, in association with the Shahjahanpur Cantonment Board was taken up during the year 2019-20. Shahjahanpur is having a great significance in the Indian Rebellion of 1857, where several freedom fighters had united to plan the struggle. 80% of the Project Funding was granted by the Ministry of Culture, Govt. of India with a condition that the remaining 20% of the amount is to be granted by the Organizers of the Project, i.e., the Cantonment Board, Shahjahanpur. As the Cantonment Board was not in a position to bear the 20% cost, HAL was approached. Considering the fact that the Museum Complex is being established for showcasing the lives and significance of the sacrifices of Revolutionary Freedom Fighters of Shahjahanpur like Ram Prasad Bismil, Ashfaqullah Khan, Banwari Lal, Premkishan Khanna, Thakur Roshan Singh, Jagdish and others, HAL agreed to support the Project with a contribution of ₹ 1 Crore. The Museum Complex is expected to be an Educational and Cultural Centre for the City.



The MoU for construction of the Museum on the lives of Martyrs at Shahjahanpur was signed on 9.7.2019

d) Rural & Infrastructure Development:

Based on the requests of the local Stakeholders, several Infrastructure Developmental Projects were taken-up by the Divisions in the vicinity of their operational areas such as Construction / Repair / Renovation of Bitumen / Cement Concrete / Water Bound Macadam (WBM) Roads with Rain Water Drains and Culverts, Bridge across Canal, etc., were undertaken to ensure better transportation, especially in the rural areas. Construction of Community Halls along with Kitchen & Toilets, Dining Halls in the Schools, Compound Walls for public amenities like Anganwadi Centers, Schools, Dumping Yard, etc., were also undertaken during the year to augment development of rural infrastructure of the villages.



Service Road Repair, Nasik



Construction of Dining Room at Primary School, Koraput



Construction of School Building, Nasik



Construction of Toilet Block in Govt. School, Chickballapura, Karnataka.

e) Safe Drinking Water:

i) A Project was undertaken by the Nasik Division to provide Safe Drinking Water through Water ATMs at various villages of Niphad Taluka, Nasik District, Maharashtra.

ii) Koraput Division, which is located in the Aspirational District of Koraput, Odisha, has provided Industrial Grade Drinking Water Purifier Cum Coolers in the Aahar Kendras near the Public Health Centers of the District. Aahar Yojna is a food subsidization programme run by the Government of Odisha to provide cooked lunch / dinner to the poor at highly subsidized cost. The objective behind taking up the project was to supply safe and cool drinking water free of cost at Aahar Kendras, where the beneficiaries are mostly sanitary workers, daily labourers, beggars, rickshaw pullers and the poor patient attendants from far flung rural areas coming to the Public Health Centers / District Hospitals, etc.



Water ATM for providing clean Drinking Water, Nasik



Provisioning of Water Purifier cum Coolers in the Aahar Kendras, Koraput

f) Healthcare:

i) HAL has been organizing health camps for the convenience of the aged, women and children in the vicinity of the Divisions. Free in-patient and out-patient treatment is also extended at Koraput, Odisha.

ii) Distribution of Artificial Limbs & Assistive Devices for Physically Challenged Persons was done by the Divisions at Kanpur, Lucknow and Korwa (Amethi) in Uttar Pradesh.



Distribution of Artificial Limbs & Assistive Devices for Divyang Beneficiaries, Lucknow



Distribution of Retro-fitted Vehicles to Persons with Disabilities, Hyderabad

iii) Hyderabad Division had distributed Retrofitted Vehicles for Persons with Disabilities / (PwDs) in order to facilitate and enhance their confidence level and mobility, at a project cost of ₹ 45.00 Lakhs.

iv) As a preventive health care measure, Koraput Division had undertaken immunization programmes of the State Government against diseases like Diphtheria, Whooping Cough, Tetanus, Polio, Tuberculosis, Measles, Hepatitis-B, etc., in the surrounding areas of Koraput. Females in the age group of 14 to 45 years were sensitized about personal hygiene, healthy habits & importance of nutrition in their routine life. Women of the villages were provided with hygiene kits comprising of Sanitary Napkins, Intimate Wash, Antiseptic Soap, Iron-Folic Acid Supplements, Nutrition Supplements, De-Worming Medicines, etc. The importance and usage of the kit were explained to the villagers by the Health Workers. Further, the Division had organized Health Camps in remote and non-adopted villages, where Specialist Doctors of HAL Hospital in different Disciplines had provided free consultation as well as medicines.



Health camps organized at Koraput



Typical hygiene kit distributed to Women in the Villages, Koraput



Medical and Health Check-up Camps in Chakeri, Kanpur



Sanitary Pad Incinerator / Vending Machines at Koraput

v) Installation of Sanitary Pad Incinerator for disposal with optional provisioning of sanitary pads vending machine with allied facilities was undertaken at Govt. Girls Polytechnic and Tribal Residential High Schools at Lucknow District, Uttar Pradesh and Koraput District, Odisha State, respectively.

g) Sports:

i) Football Academy at Bangalore:

HAL Sports Club Bangalore, a pioneer in promoting sports, had started a Football Academy at Bangalore to spot / identify and nurture young talent in Football through professional tie-ups. The selected players of the Academy are being provided complete Technical Expertise with the support of the Bhaichung Bhutia Football School, for which an agreement was signed on May 24, 2019.

Shri Bhaichung Bhutia, renowned Foot-baller, during his visit in November 2019, had appreciated the facilities created by HAL as one of the best in the Country, especially the two FIFA standard Football Grounds, one with Artificial Turf and the other with Natural Turf. He had urged the young trainees of the Academy to utilize the opportunity in the right earnest.



Trainees at the Football Academy, Bangalore



SAI-HAL Sports Training Centre, Koraput

ii) SAI-HAL Sports Training Centre:

SAI-HAL Sports Training Centre, started during July 2010, is considered to be a significant initiative towards sports development of the Koraput-Balangir-Kalahandi (KBK) region, Odisha State. The main objective of the Centre is capacity building of the tribal youth; focusing towards identifying, nurturing and developing local sports talents to match them up to the national / international standards by providing world class sports training in the fields of Football, Archery & Athletics, and support them by providing the required fitness facilities through this State of the Art Centre. The Centre also aims to provide quality vernacular education, wholesome nutrition & better Medical and Health Care to the inmates for their all-round development. During the year 2019-20, 400 Meters Athletics Track was developed in the Centre.

During the year 2019-20, the Trainees of the Centre participated in various Sports Tournaments and won 8 Silver & 4 Bronze Medals at the National Level and 7 Gold, 14 Silver and 13 Bronze Medals at the State Level in Archery. In Athletics, the Trainees secured 2 Gold, 5 Silver & 3 Bronze Medals at State Level and 1 Gold Medal at the Zonal Level. The Football Trainees participated in various National Seniors and State Seniors Tourneys.

iii) Sponsoring Athletes from Tribal Areas at Nasik:

The HAL Nasik Division has taken up the Project for sponsoring Athletes from the Tribal Areas through the State Government's Integrated Tribal Development Department (ITDD), at Kalwan and Nasik, for providing nutritional food supplements, sports kits, etc to the children being trained by the Kreeda Probodhini under the banner of the Tribal Development Dept (TDD), in order to enable them to get proper coaching and training, enabling them to play at the National / International level. This initiative is not only helping in improving the Physical Fitness and Health of the youth living in the vicinity by encouraging them to participate in sports more vigorously, but also helping in building / improving the rapport between youth of nearby villages and the Company.



Dietary Supplements to sponsored Athletes from Tribal Areas, Nasik



Provisioning of Sports Kits to sponsored Athletes from Tribal Areas, Nasik

h) HAL showcases best Practices of CSR in Aspirational District at DPE Conference

A one–day Conference on 'Implementation of Corporate Social Responsibility (CSR) by CPSEs in Aspirational Districts was held in New Delhi on 3rd March 2020. A poster exhibition was organized on the occasion by select CPSEs and State / District Authorities to showcase their CSR initiatives.



Shri Amitabh Kant, CEO NITI Aayog, inaugurating the HAL CSR Stall in the presence of Shri Sailesh, Secretary, DPE & others.

HAL had prominently showcased the CSR initiatives in Sports, Healthcare, Education and Civic Amenities undertaken in Koraput, one of the Aspirational Districts in Odisha.

2. COMPOSITION OF THE CSR & SD COMMITTEE AS ON 31st MARCH, 2020 WAS AS UNDER:

- Rear Admiral K C Sekhar, AVSM, VSM (Retd.), Independent Director, Chairman;
- Shri. C B Anathakrishnan, Director (Finance), Member;
- Shri. M S Velpari, Director (Operations), Member;
- Shri. Alok Verma, Director (HR), Member;
- Shri. G V Sesha Reddy, Company Secretary, Secretary.

3.	**AVERAGE NET PROFIT OF THE COMPANY FOR THE LAST THREE FINANCIAL YEARS (2016-17, 2017-18 & 2018-19)**	:	₹ 3,483.00 Crs
4.	a) Prescribed CSR Expenditure (2% of the amount as in item 3 above)	:	₹ 69.67 Crs
	b) Revenue generated during 2018-19 from the Wind Power Plant of 6.3 MW established at Davanagere, Karnataka utilizing CSR Funds, which was commissioned in 2015-16 under CSR	:	₹ 8.67 Crs
	Total Budget (a+b)	:	₹ 78.34 Crs
5.	**DETAILS OF CSR SPENT DURING THE FINANCIAL YEAR**	:	₹ 82.00 Crs
	Total amount to be spent during the Financial Year	:	₹ 78.34 Crs
	Amount unspent, if any	:	Nil
	Manner in which the amount was spent during the Financial Year is detailed in Appendix – A.		

6. IN CASE THE COMPANY HAS FAILED TO SPEND THE TWO PER CENT OF THE AVERAGE NET PROFIT OF THE LAST THREE YEARS OR ANY PART THEREOF, THE COMPANY SHALL PROVIDE THE REASONS FOR NOT SPENDING THE AMOUNT IN ITS BOARD REPORT

Not Applicable. The Company has spent the total budgeted CSR amount.

7. RESPONSIBILITY STATEMENT:

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

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

(Alok Verma)
Director (HR)

(K. C. Shekhar)
Chairman, CSR & SD Committee

Appendix A

CSR ANNUAL REPORT 2019-20

(₹ In Lakhs)

Name of the Division / Office	Sl. No	CSR Project or Activity identified	Sector in which the Project is covered (under Schedule VII)	Projects or Programmes 1) Local area or Other 2) Specify the State and District where Projects or Programmes were undertaken	Amount Outlay (Budget) Project or Programme -wise	Amount spent on the Projects or Programmes (Direct Expenditure)	Cumulative Expenditure up to the Reporting Period	Mode of Implementation (Direct or through Implementing Agencies)
Corporate Office	1	Establishment of HAL - IISc Skill Development Centre	II	Challakere, Chitradurga Dist, Karnataka	1435.00	273.00	273.00	IISc, Bangalore
	2	Training of Apprentices over and above the Statutory Limits	II	Various Divisions of HAL	1700.00	1542.04	1542.04	Direct
	3	Contribution to PM - CARES Fund	VIII	New Delhi	0.00	2000.00	2000.00	Direct
	4	Contribution to iDEX Partner - SINE IIT Bombay	IX	Bombay, Maharashtra	40.00	10.00	10.00	IIT-Bombay
	5	Administrative Expenses	_	Bangalore, Karnataka	98.00	86.40	86.40	Direct
	6	Carry Forward Projects of 2018-19 (expenditure incurred in 2019-20)	-	Shahjahanpur District, Uttar Pradesh.	100.00	100.00	100.00	Direct
		Sub Total			**3373.00**	**4011.44**	**4011.44**	
Technical Training Institute, Foundry & Forge Division, Bangalore	1	Full Term Apprentices Programme under the Centre of Excellence	II	Bangalore, Karnataka	50.00	40.72	40.72	Direct
	2	Carry Forward Projects of 2018-19 (expenditure incurred in 2019-20)	II	Chamarajanagar District, Karnataka	20.00	20.00	20.00	Direct
		Sub Total			**70.00**	**60.72**	**60.72**	
Vathsalya School, Bangalore	1	Supporting Education of Differently Abled Children.	II	Bangalore, Karnataka	13.00	13.00	13.00	Direct
FMD, Bangalore	1	Construction of Toilet Blocks in Govt Schools	I	Chikkaballapura and Doddaballapura Districts, Karnataka	150.00	40.83	40.83	Direct
	2	Football Academy at Bangalore	VII	Bangalore Urban District, Karnataka	317.00	145.14	145.14	Direct
	3	Administrative Expenses	_	Bangalore, Karnataka	24.00	24.18	24.18	Direct
	4	Carry Forward Projects of 2018-19 (expenditure incurred in 2019-20)	_	Chikkaballapura, Doddaballapura, Bangalore Rural & Bangalore Urban Districts, Karnataka.	446.53	446.53	446.53	Direct
		Sub Total			**937.53**	**656.68**	**656.68**	

(₹ In Lakhs)

Name of the Division / Office	Sl. No	CSR Project or Activity identified	Sector in which the Project is covered (under Schedule VII)	Projects or Programmes 1) Local area or Other 2) Specify the State and District where Projects or Programmes were undertaken	Amount Outlay (Budget) Project or Programme -wise	Amount spent on the Projects or Programmes (Direct Expenditure)	Cumulative Expenditure up to the Reporting Period	Mode of Implementation (Direct or through Implementing Agencies)
Barrackpore	1	Rural Development Project - Development of Self Help Group (SHG) by constructing Cottage with all amenities for running Community based Tourism for livelihood (Carry Forward Project of 2018-19, Expenditure incurred in 2019-20)	X	24 Paraganas (South) District, West Bengal.	5.63	5.63	5.63	Gram Panchayat
		Sub Total			**5.63**	**5.63**	**5.63**	
Lucknow	1	Installation of Solar Power Plant (50 KW) with roof treatment and allied works at ITI, Mohanlalganj, Lucknow	IV	Lucknow District, Uttar Pradesh	28.43	19.43	19.43	Direct
	2	Establishment of IT Lab by provision of Desk Top Computers with UPS and allied infrastructural facilities at ITI, Mohanlalganj & Govt Girls Polytechnic, Lucknow.	II & III	Lucknow District, Uttar Pradesh	32.94	32.14	32.14	Direct
	3	Construction of new Workshop for Welder Trade, Provisions of Equipments and allied works at ITI, Mohanlalganj, Lucknow	II	Lucknow District, Uttar Pradesh	33.96	25.75	25.75	Direct
	4	Renovation / Upgradation & Provision of Equipments for IT Lab & Smart Classes at ITI, Mohanlalganj, Lucknow	II	Lucknow District, Uttar Pradesh	26.08	26.08	26.08	Direct
	5	Drinking Water Coolers / facilities and allied works for various Primary Schools, Community Health Centres and Public Places.	I	Barabanki / Lucknow Districts, Uttar Pradesh	11.43	11.43	11.43	Direct
	6	Provision of Equipments & Limbs for Differently Abled persons (Divyangjan) (through ALIMCO)	II	Lucknow District, Uttar Pradesh	34.79	34.79	34.79	Artificial Limbs Manufacturing Corporation of India (ALIMCO), Kanpur.
	7	Renovation/ up gradation of Class Rooms, Toilets etc and allied works in Govt. Schools of Villages - Pure Jaruwa and Sikandarpur.	II & X	Barabanki District, Uttar Pradesh	27.57	11.07	11.07	Direct



(₹ In Lakhs)

Name of the Division / Office	Sl. No	CSR Project or Activity identified	Sector in which the Project is covered (under Schedule VII)	Projects or Programmes 1) Local area or Other 2) Specify the State and District where Projects or Programmes were undertaken	Amount Outlay (Budget) Project or Programme -wise	Amount spent on the Projects or Programmes (Direct Expenditure)	Cumulative Expenditure up to the Reporting Period	Mode of Implementation (Direct or through Implementing Agencies)
Lucknow (Contd.)	8	Provision of Playing Equipments / Furniture and allied works for various Primary Schools and Rain Water Harvesting recharge Pits at ITI, Mohanlalganj.	II & IV	Barabanki / Lucknow Districts, Uttar Pradesh	19.03	16.68	16.68	Direct
	9	Provision of patient attendant waiting rooms, Renovation works, Ayushman Room, Medical Equipments, etc and allied works at Community Health Centre, Lucknow.	I	Lucknow District, Uttar Pradesh	35.87	7.48	7.48	Direct
	10	Provision of Sanitary Pads Incinerator for disposal with optional provisioning of Sanitary Pads Vending Machine with allied facilities through HLL Life Care Ltd at Girls Colleges / Hostels, Lucknow.	I	Lucknow District, Uttar Pradesh	2.67	2.67	2.67	Direct
	11	Smart classes / IT labs equipped with Allied Electronic items and Computer networking system at Govt Girls Polytechnic, Lucknow.	II & III	Lucknow District, Uttar Pradesh	41.45	39.28	39.28	Direct
	12	Renovation / Upgradation of infrastructure facilities at Govt Girls Polytechnic, Lucknow.	I & III	Lucknow District, Uttar Pradesh	45.74	23.65	23.65	Direct
	13	Furniture for computer labs and smart classes at ITI, Mohanlalganj & Govt Girls Polytechnic, Lucknow.	II	Lucknow District, Uttar Pradesh	17.95	17.95	17.95	Direct
	14	Administrative Expenses	_	Lucknow, Uttar Pradesh	2.00	2.46	2.46	Direct
	15	Carry Forward Projects of 2018-19 (expenditure incurred in 2019-20)	_	Barabanki / Lucknow Districts, Uttar Pradesh	47.90	47.90	47.90	Direct
		Sub Total			**407.81**	**318.76**	**318.76**	

(₹ In Lakhs)

Name of the Division / Office	Sl. No	CSR Project or Activity identified	Sector in which the Project is covered (under Schedule VII)	Projects or Programmes 1) Local area or Other 2) Specify the State and District where Projects or Programmes were undertaken	Amount Outlay (Budget) Project or Programme -wise	Amount spent on the Projects or Programmes (Direct Expenditure)	Cumulative Expenditure up to the Reporting Period	Mode of Implementation (Direct or through Implementing Agencies)
Hyderabad	1	Pullanji Cultivation, Skill Up-gradation, Pullanji Weaving and forward integration for better and assured market for branding the product.	II	Kasaragod District, Kerala	10.00	10.00	10.00	District Collector, Kasargod, Kerala
	2	Solar Power System in Zilla Parishad High Schools, at: a) Kukatpally b) Neredmet c) Uppal d) Kushaiguda e) Suraram Colony f) Malkajgiri g) Quthballapur h) Kapra	II	Medchal District, Telangana	53.00	52.80	52.80	District Collector, Medchal District, Telangana
	3	Construction of Compound Wall, Toilets, procurement of Furniture, Machinery for Electrical Trade and providing Drinking Water (RO System) to Govt. ITI Shamirpet	II	Medchal District, Telangana	35.00	35.01	35.01	Director, Employment & Training, Govt of Telangana, Hyderabad
	4	Provision of Retro fitted Honda 5G Vehicles to people with Disabilities	II	Ranga Reddy District, Telangana	45.00	44.90	44.90	District Collector, Ranga Reddy District, Telangana State
	5	Construction of dormitories at Kasturba Gandhi Balika Vidyalaya (KGBV) Schools, Ranga Reddy District.	II	Ranga Reddy District, Telangana	200.00	130.00	130.00	
	6	Construction of She Toilets at Hyderabad.	I	Hyderabad District, Telangana	63.00	48.02	48.02	Zonal Commissioner, Greater Hyderabad Municipal Corporation, Hyderabad
	7	Construction of Bio Toilets at Hyderabad.	I	Hyderabad District, Telangana	4.00	1.19	1.19	
	8	Administrative Expenses	_	Hyderabad, Telangana	18.00	18.00	18.00	Direct
		Sub Total			**428.00**	**339.92**	**339.92**	

(₹ In Lakhs)

Name of the Division / Office	Sl. No	CSR Project or Activity identified	Sector in which the Project is covered (under Schedule VII)	Projects or Programmes 1) Local area or Other 2) Specify the State and District where Projects or Programmes were undertaken	Amount Outlay (Budget) Project or Programme -wise	Amount spent on the Projects or Programmes (Direct Expenditure)	Cumulative Expenditure up to the Reporting Period	Mode of Implementation (Direct or through Implementing Agencies)
Kanpur	1	Construction of Government School Building at Ramaipur Village.	II	Kanpur District, Uttar Pradesh	41.21	20.61	20.61	Direct
	2	Construction of Veterinary Hosipital & Approach Road at Oriyara village, Kanpur	X	Kanpur District, Uttar Pradesh	51.31	25.65	25.65	Direct
	3	Construction of Govt. School building at Aundha Village and Development of Play Ground & Plantation of saplings at Oriyara village.	II, V & IV	Kanpur District, Uttar Pradesh	58.72	40.20	40.20	Direct
	4	Construction Govt. School building - Middle School, Chakeri, Sadar Kanpur along with Boundary Wall, Approach Road & 500 Nos. Tree Guards for saplings	II & IV	Kanpur District, Uttar Pradesh	41.16	41.16	41.16	Direct
	5	Construction of Toilets : (i) Near Chakeri Post Office, Kanpur & (ii) KV Chakeri No. 3. Air Force Station. Kanpur	I	Kanpur District, Uttar Pradesh	30.84	3.72	3.72	Direct
	6	Renovation & Repairing of Pre Middle School and Construction of Model Community Toilet at Mandhana Village, Kanpur.	I	Kanpur District, Uttar Pradesh	32.84	6.57	6.57	Direct
	7	Electrical Work as part of Development Project at Sarsaul & Bidhnu Villages, Kanpur	X	Kanpur District, Uttar Pradesh	6.65	6.64	6.64	Direct
	8	Medical Camps at Chakeri, Sadar Kanpur.	I	Kanpur District, Uttar Pradesh	2.00	1.66	1.66	Direct
	9	Renovation / Upgradation of OT Building & other Civil works at A.H.M and Dufferin Govt. Hospital (Distt. Female Hospital), Kanpur	I	Kanpur District, Uttar Pradesh	21.25	10.50	10.50	Direct
	10	Procurement of various Equipments at A.H.M and Dufferin Govt. Hospital (Dist. Female Hospital), Kanpur	I	Kanpur District, Uttar Pradesh	16.01	10.40	10.40	Direct

(₹ In Lakhs)

Name of the Division / Office	Sl. No	CSR Project or Activity identified	Sector in which the Project is covered (under Schedule VII)	Projects or Programmes 1) Local area or Other 2) Specify the State and District where Projects or Programmes were undertaken	Amount Outlay (Budget) Project or Programme -wise	Amount spent on the Projects or Programmes (Direct Expenditure)	Cumulative Expenditure up to the Reporting Period	Mode of Implementation (Direct or through Implementing Agencies)
Kanpur (Contd.)	11	Electrical works under Renovation / Upgration at A.H.M and Dufferin Govt. Hospital (Dist. Female Hospital), Kanpur	I	Kanpur District, Uttar Pradesh	2.15	2.16	2.16	Direct
	12	Adoption of Wild Animals / Birds of Kanpur Zoological Park	IV	Kanpur District, Uttar Pradesh	15.00	14.96	14.96	Kanpur Zoological Park
	13	Procurement of Artificial Limbs & Tools for Differently Abled Persons registered with Vocational Rehabilitation Centre VRC (Govt, of India) Kanpur through ALIMCO.	II	Kanpur District, Uttar Pradesh	21.36	13.51	13.51	Direct
	14	Skill Development: Imparting Vocational Training & distribution of Tool Kits to the needy people to help them become self reliant [through Institute of Entrepreneurship Development (IED), Govt of U.P.]	II	Kanpur District, Uttar Pradesh	23.90	18.10	18.10	Institute of Entrepreneurship Development, Lucknow
	15	Solar Power Plant to Rajkiya Mahila Sharnalay, Kanpur	IV	Kanpur District, Uttar Pradesh	4.12	4.12	4.12	Direct
	16	Providing Medical Equipment, ICU Bed, Motorized Fouler Bed and other accessories to Ganesh Shankar Vidyarthi Memorial Medical College(Govt. Hospital), Kanpur	I	Kanpur District, Uttar Pradesh	42.69	17.44	17.44	Direct
	17	Administrative Expenses	_	Kanpur, Uttar Pradesh	32.00	31.71	31.71	Direct
	18	Carry Forward Projects of 2018-19 (expenditure incurred in 2019-20)	_	Kanpur District, Uttar Pradesh	113.40	113.40	113.40	Direct
		Sub Total			**556.61**	**382.51**	**382.51**	



(₹ In Lakhs)

Name of the Division / Office	Sl. No	CSR Project or Activity identified	Sector in which the Project is covered (under Schedule VII)	Projects or Programmes 1) Local area or Other 2) Specify the State and District where Projects or Programmes were undertaken	Amount Outlay (Budget) Project or Programme -wise	Amount spent on the Projects or Programmes (Direct Expenditure)	Cumulative Expenditure up to the Reporting Period	Mode of Implementation (Direct or through Implementing Agencies)
Korwa	1	Construction / Maintenance & upkeep of Roads for improving Sanitation, Healthcare & Hygiene on village roads in Ramdaypur and Sardan Gram Panchayats, Amethi.	I & X	Amethi District, Uttar Pradesh	200	100.08	100.08	Direct
	2	Vocational Skills training through Construction Industry Development Council for socially and economically weaker sections, in Construction Trades like Electrician, General Works Supervisor and Land Surveyor.	I	Amethi District, Uttar Pradesh	50	49.29	49.29	Direct
	3	Provision of Drinking Water facility, upgradation of Waiting Room, Toilet Block, facilities for easy access for PWDs / Women etc. at Gauriganj and Mushafirkhana Railway Stations.	I & III	Amethi District, Uttar Pradesh	225	45	45.00	Direct
	4	Distribution of Wheel Chairs, Tricycles etc. for Persons with Disabilities in the nearby Villages of Amethi District	IV	Amethi District, Uttar Pradesh	20	19.98	19.98	Direct
	5	Administrative Expenses	_	Amethi, Uttar Pradesh	22.00	21.86	21.86	Direct
	6	Carry Forward Projects of 2018-19 (expenditure incurred in 2019-20)	_	Amethi District, Uttar Pradesh	62.40	62.40	62.40	Direct
		Sub Total			**579.40**	**298.61**	**298.61**	

(₹ In Lakhs)

Name of the Division / Office	Sl. No	CSR Project or Activity identified	Sector in which the Project is covered (under Schedule VII)	Projects or Programmes 1) Local area or Other 2) Specify the State and District where Projects or Programmes were undertaken	Amount Outlay (Budget) Project or Programme -wise	Amount spent on the Projects or Programmes (Direct Expenditure)	Cumulative Expenditure up to the Reporting Period	Mode of Implementation (Direct or through Implementing Agencies)
Nasik	1	Construction work of First Floor, Kokangaon ZP School Building.	X	Nasik District, Maharashtra	90.00	86.20	86.20	Direct
	2	Construction of Bridge across Palkhed Ujwa Canal, Konkangaon shivar.	X	Nasik District, Maharashtra	35.00	30.01	30.01	Direct
	3	Construction of Skill Development Center Cum Multipurpose Hall for training of Tribals on Bamboo Furniture.	II	Nasik District, Maharashtra	100.00	114.56	114.56	Direct
	4	1) Provision of Computers, Projectors, Invertors & Other Misc. Items. 2) Provision of Sports Items, equipments etc. 3)Providing Wheel Chairs / Water Coolers etc to the PWD / PH Students in Tribal Areas.	I, II &VII	Nasik District, Maharashtra	25.00	4.43	4.43	Direct
	5	1) Construction of Under Ground Drainage System / Facility in Niphad and Dindori Talukas, Nasik. 2)Construction of Toilet / E-Toilet & Bathrooms in Z.P Schools at Nasik	I & X	Nasik District, Maharashtra	115.00	104.50	104.50	Direct
	6	Construction of Sewage Treatment Plant at Odha, Eklahare Taluka, Nasik.	X	Nasik District, Maharashtra	300.00	210.00	210.00	Direct
	7	Impart OJT to Students of adopted ITI Kalwan and Furnishing of Boys & Girls Hostels by providing soft furniture, Cots, Benches, etc.	I, II, III & X	Nasik District, Maharashtra	35.00	23.15	23.15	Direct
	8	ATM for clean Drinking Water at various villages.	I	Nasik District, Maharashtra	75.00	56.26	56.26	Direct
	9	Administrative Expenses	_	Nasik, Maharashtra	59.00	59.35	59.35	Direct
	10	Carry Forward Projects of 2018-19 (expenditure incurred in 2019-20)	_	Nasik District, Maharashtra	522.14	559.54	559.54	Direct
		Sub Total			**1356.14**	**1248.00**	**1248.00**	



(₹ In Lakhs)

Name of the Division / Office	Sl. No	CSR Project or Activity identified	Sector in which the Project is covered (under Schedule VII)	Projects or Programmes 1) Local area or Other 2) Specify the State and District where Projects or Programmes were undertaken	Amount Outlay (Budget) Project or Programme -wise	Amount spent on the Projects or Programmes (Direct Expenditure)	Cumulative Expenditure up to the Reporting Period	Mode of Implementation (Direct or through Implementing Agencies)
Koraput	1	Installation of Sanitary Pads Disposable Machines (10 units) in Tribal Residential Schools	I	Koraput District, Odisha	1.00	1.22	1.22	Direct
	2	Construction of Labour Room and Observation Ward at Dumuriput, Koraput.	I	Koraput District, Odisha	52.00	12.49	12.49	Direct
	3	Pre-birth waiting Rooms at Kunduli, Koraput.	I	Koraput District, Odisha	30.00	5.90	5.90	Direct
	4	Imparting education to poor children from in and around Sunabeda, Koraput in HAL run Educational Institutions.	II	Koraput District, Odisha	500.00	500.00	500.00	Direct
	5	Providing Health Care facilities to the inhabitants of adopted villages in HAL Hospital and organizing Health Camps in the surrounding villages.	I	Koraput District, Odisha	40.00	44.70	44.70	Direct
	6	Running of SAI-HAL Sports Training Centre and organizing of village Sports Tournaments.	VIII	Koraput District, Odisha	60.00	53.64	53.64	Direct
	7	Skill Development / Vocational Training through CIPET / similar Institutions.	II	Koraput District, Odisha	50.00	44.42	44.42	Direct
	8	Supply & Installation of Industrial Drinking Water Cooler in 5 Aahaar Kendras in Koraput District near Health Centres.	I	Koraput District, Odisha	5.00	3.5	3.50	Direct
	9	Approach Road with Culvert and Fencing at SAI-HAL Sports Training Centre Ground	VII	Koraput District, Odisha	45.00	17.22	17.22	Direct
	10	Provision of Stadium Lights for night practice in Athletics-cum-Football Ground of SAI-HAL Sports Training Centre Ground.	VII	Koraput District, Odisha	15.00	4.75	4.75	Direct
	11	Construction of Multipurpose Dining Hall and bath rooms at Sevashram School, Chikapar (Girls residential and Boys Day boarder)	II	Koraput District, Odisha	15.00	6.97	6.97	Direct

(₹ In Lakhs)

Name of the Division / Office	Sl. No	CSR Project or Activity identified	Sector in which the Project is covered (under Schedule VII)	Projects or Programmes 1) Local area or Other 2) Specify the State and District where Projects or Programmes were undertaken	Amount Outlay (Budget) Project or Programme -wise	Amount spent on the Projects or Programmes (Direct Expenditure)	Cumulative Expenditure up to the Reporting Period	Mode of Implementation (Direct or through Implementing Agencies)
Koraput (Contd.)	12	Construction of Multipurpose Dining Hall at Sevashram School, Rajpalma (Girls Residential)	II	Koraput District, Odisha	15.00	6.00	6.00	Direct
	13	Rural Development Projects in the surrounding villages viz Construction / Repair / Renovation of Community Halls, Roads, Drains, Culverts, Boundary Walls, village Play Grounds, open Well, etc.	X	Koraput District, Odisha	80.00	11.70	11.70	Direct
	14	Administrative Expenses	_	Koraput, Odisha	54.00	54.05	54.05	Direct
	15	Carry Forward Projects of 2018-19 (expenditure incurred in 2019-20)	_	Koraput District, Odisha	98.17	98.17	98.17	Direct
		Sub Total			**1060.17**	**864.73**	**864.73**	
		Grand Total			**8787.29**	**8200.00**	**8200.00**	



Annexure V to Board's Report

FORM NO. MR - 3

SECRETARIAL AUDIT REPORT

(FOR THE FINANCIAL YEAR ENDED 31st March 2020)

[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 2019-20. 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 **31st March 2020** 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 **31st March, 2020** 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) 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, 1992;

c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not Applicable during the audit period)**

e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(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, 2009; **(Not Applicable during the audit period)**

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not Applicable during the audit period)**

i. Guidelines issued by Department of Public Enterprises;

j. Guidelines issued by Ministry of Defence;

k. Guidelines issued by Department of Investment and Public Asset management (DIPAM);

l. 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 sought exemption from the Department of Investment and Public Assest Management, Ministry of Finance from compliance of DIPAM Guidelines pertaining to payment of permissible maximum dividend, buyback of shares, issue of bonus shares and splitting of shares during the financial year 2019-20 vide their letter dated 3rd June 2019.

We further report that:

1. The Company is one of the top 500 listed entities and on completion of tenure of Smt. Dipali Khanna, Woman Independent Director, on 7th January 2020; Composition of the Board of Directors of the Company fall short of one (1) Woman Independent Director, which need to be appointed by the Company by 6th April, 2020. ***However, the appointment to the said position is still vacant as on date.***

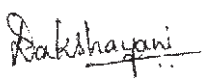
2. Since, the Company has executive chairman, the strength of independent directors on the Board should be at least 50% of the total strength, ***however, the same has been reduced to less than 50% on completion of tenure of Smt. Dipali Khanna, as woman independent director.***

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.

Majority decision is carried 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: F008993B000355889

Date: 19/06/2020
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 record 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: F008993B000355889

Date: 19/06/2020
Place: Bangalore



Management Discussion & Analysis Report

1. INDUSTRY

Globally, the Aerospace & Defence Industry had been growing steadily over the past one decade. However, the COVID-19 pandemic has posed challenges to both commercial and military sectors of the industry. The challenges are severe for the commercial sector which is facing adverse impacts on both supply and demand sides, whereas the military sector has supply side challenges of prime concern in the short term.

1.1 Global Scenario

1.1.1 The Aerospace & Defence Industry is a vast industry which encompasses Commercial and General Aviation, Military Aircraft, Space Systems, Ground Defence and Shipbuilding.

1.1.2 In 2019, the military aircraft sector sustained the growth trend as the major economies continued to invest in Defence due to the threat perception, military expansion and modernization. As per data of Stockholm International Peace Research Institute (SIPRI) Factsheet April 2020, the global military expenditure has been $1917 billion in 2019, an increase of 3.6% in real terms over the previous year. The total military spending has been estimated to be 2.2% of global GDP in 2019. Also, Deloitte's Report "2020 Global Aerospace and Defence Industry Outlook" mentions that over the next five years, global Defence spending is expected to grow at a CAGR of about 3% over the period 2019-2023 to reach $2.1 trillion. Though the estimations are likely to change due to COIVD-19 impact, global military expenditure is expected to follow growth trends.

1.2 The Indian Scenario

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

1.2.2 According to the SIPRI Report, India is at the 3rd position globally in terms of military spending in 2019, with an estimated military expenditure of $71.1 billion in 2019. This is 2.4% of India's estimated GDP for the year and 3.7% of the global military expenditure.

1.2.3 In the Budget 2020-21, ₹4,71,378 crore have been allocated for Defence. Excluding the Pension and Miscellaneous expenditure, ₹3,23,053 crore is the fund allocation for Capital and Revenue Expenditure, which is 2.1% increase over the previous years (2019-20 RE). Under "Aircraft and Aeroengine" category, Indian Army has received an allocation of ₹4,000 crore, Indian Navy ₹4,640 crore and Indian Air Force ₹26,910 crore, summing to a total allocation of ₹35,550 crore for Aircraft and Aeroengines.

1.2.4 In the recent years, significant impetus has been given by the Government to develop and strengthen the A&D Industry in the country. The draft Defence Procurement Procedures (DPP-2020) which promotes higher indigenous content in Defence procurements, has been rolled out and is being finalized. The SMEs and MSMEs are also in focus for capability and capacity development to support the A&D Industry ecosystem in the country.

1.2.5 Economic reforms have been announced by the Government of India to mitigate the effects of COVID-19 on the Indian economy. Increase in Foreign Direct Investment limit in Defence manufacturing from 49% to 74% under the automatic route, ban on import of certain defence equipment and a separate budget for Indian-made Defence equipment are the steps announced by the Govt. to reduce Defence import bill and make the country self-reliant in Defence.

2. ORGANISATION STRUCTURE

2.1 The Company has 20 Production / Overhaul Divisions and 11 Research and Development (R&D) Centers co-located with the Production Divisions, across the country. All the Divisions and R&D Centers function under five Complexes, as indicated below:

- Bangalore Complex: Production and Repair & Overhaul (ROH) of Fixed Wing Aircraft and Aeroengines of Western and Indian origin.
- MiG Complex: Production and ROH of Fixed Wing Aircraft and Aeroengines of Russian origin.
- Helicopter Complex: Production and ROH of Helicopters of Indian and Foreign origin.
- Accessories Complex: Production and ROH of Accessories and Avionics for both Fixed Wing and Rotary Wing Platforms of Indian and Foreign origin.
- Design Complex: Design and Development (D&D) of Fixed Wing and Rotary Wing Aircraft, Unmanned Aerial Vehicles (UAVs), Aeroengines, Avionics and Accessories.

The Complexes other than Design Complex are headed by Chief Executive Officers (CEOs) and managed as independent profit centers. The R&D centres under Design Complex report to Director (Engineering and R&D) to ensure integrated functioning of design support and development of future products of the Company.

3. SWOT ANALYSIS

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

Strengths

- The capability to cater a large spectrum of aerospace business which includes D&D, manufacturing and MRO of Fixed Wing, Rotary Wing, Aeroengines, LRUs and airborne systems.
- Good track record in aircraft upgrades for its defence customers which include major changes like re-engining, avionics upgrade and weapon system integration.
- Good expertise of Russian platforms. Successful absorption of the Transferred Technology (ToT) and production of MiG-21, MiG-27 and Su-30MkI Aircraft from raw material stage.
- Expertise in D&D of utility and combat helicopters. A wide range of helicopter platforms like Chetak, Cheetal, ALH, LCH and LUH to offer to our customers.
- Trusted partner of IAF for providing support to its aging (some of which are more than 40 years) and obsolete fleets.

Weaknesses

- Dependency on foreign OEMs for critical materials and LRUs.
- Little presence outside India in the export market.
- The Company's Cash Flow mainly depends on the allocation of budget by the Ministry of Defence.

Opportunities

- Policy reforms in the country to promote Defence manufacturing.
- Focus of Government to reduce Defence import bill.
- Growing civil aviation market in India. Reduction in GST for Civil MRO.
- Developing potential market for regional jets in India.
- Growth potential through alliance and partnership for global markets.

Threats

- Change in preference of Defence customers by moving away from single source to multiple sources.
- The Strategic Partnership (SP) Model which is exclusively for private companies may deprive HAL of some high value defence orders.
- COVID-19 specific threats: Economic depression, downsizing of Defence budget, Supply chain disruptions, failing of vendors, legal complications etc.
- Competitions from foreign companies due to increase of FDI limit from 49% to 74% through the automatic route.

4. OUR STRATEGIES

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

- Expand our operations through partnerships and collaborations.
- Enhance customer satisfaction.
- Diversify into civil market for both manufacturing and servicing opportunities.
- Develop in-house capabilities to design and develop specialised products.
- Optimise operations to become a lead integrator of aircraft platforms.
- Enhance indigenisation to ensure higher indigenous content in our products.
- Exploring global market and export opportunities.
- Focus on increasing operational efficiencies through absorption of latest technologies.

5. COVID-19 IMPACT ON THE INDUSTRY AND RECOVERY MEASURES

5.1 In the past one decade, Aerospace and Defence Industry has grown consistently and the trends were supposed to continue, until the world faced COVID-19 outbreak in the beginning of 2020.

5.2 The effect of COVID-19 pandemic on Defence aerospace is not as severe as on the commercial sector. No short or mid-term effect on demand is expected because of projects of national importance. However, flattening of the growth curve over the long term is expected due to economic slowdown or recessions. In the short term, greater risks are of supply chain disruptions as:

- Suppliers are financially stressed due to cash flow and liquidity problems.
- Production holdup in suppliers' facilities.
- Restriction on movement of goods through international freights.

5.3 In the post-pandemic scenario, the Company will have to adapt new norms of Management, Production and Safety, such as:

- Identifying key suppliers vulnerable to crisis in the short and medium term.
- Production in environment of social distancing.
- Ensuring hygiene and safety habits by the employees.
- New norms for coordination with customers for test and trials.

5.4 The possible opportunities available in the post-pandemic scenario are:

- Inclination towards domestic products for developing a self-reliant economy brings greater opportunities for new order questions.
- The stability of military sector during the time of crisis will attract commercial players to diversify into the military sector as risk aversion strategy. This will bring opportunities for HAL to diversify into the commercial sector by forming strategic alliances with such Companies.

6. SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

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

7. OUTLOOK

7.1 Both military and commercial aerospace sectors have good growth potential in India. The Defence budget allocation has been continuously increasing over the years. In Budget 2020–21, the fund allocation for Capital and Revenue Expenditure has increased by 2.1% over the previous year (2019-20 RE). The surge in Defence Budget allocation in India is a crucial factor in the development of the Aerospace Industry in the country. This year, IAF, Navy and Army have received 23.8%, 303.5% and 24% increased allocation respectively under the "Aircraft and Aeroengines" head. As per the IAF announcements, in the next 15 years around 200 LCA Mk 1A and LCA Mk II are required. Also, over the next 35 years, 450 fighter aircraft are required which would mainly include Light weight and medium weight fighters.

7.2 In the commercial aviation sector, as per the IATA report on "World Air Transport Statistics 2019", in 2018, domestic aviation market in India showed the fastest growth in Air Traffic as number of passengers increased by 18.5%. In terms of total number of passengers, Indian domestic aviation registered 116 million passengers in 2018 becoming the third largest domestic market following US and China. As per an estimate, 2300 new passenger aircraft are required over the next 20 years valued $320 billion. Out of these, 80% are expected to be single aisle aircraft (90-200 seats).

7.3 As per pre-COVID estimations, Indian aviation market was expected to become world's largest by 2024. India has plans to develop civil aviation in the country through regional connectivity of its tier-2 cities. The Government has targeted to build 100 new airports by 2024 to boost air travel under the UDAN scheme. It is also targeted to increase fleet strength from 600 to 1200 by 2024.

7.4 The Defence and Aerospace Industry have always been capital-intensive with high technological requirements and long gestation periods. In addition, the industry has challenges in supply chain, and has to contend with costly raw material, unavailability of skilled labour, technological requirements and multiple suppliers. The Government is supporting the industry through the creation of Defence Industry Corridors and Special Economic Zones (SEZ). This will help micro, small and medium enterprises (MSMEs) that supply components and sub-assemblies to large manufacturers. The long gestation period and capital intensity often creates entry barriers for MSMEs in this sector. SEZs would make it easy for companies to have access to talent and create synergies on logistics.

7.5 Since the industry needs a skilled talent pool for this highly specialized industry, the initiation of the Government to create skill centres, educational institutions and universities that are tailor-made for the Defence and Aerospace Industry will significantly help in making India a preferred manufacturing destination.

8. RISKS AND CONCERNS

The major risks and concerns of the Company are:

- Risk of economic depression, downsizing of Defence Budget, Supply chain disruptions, failing of vendors, legal complications etc. due to COVID-19 pandemic.
- Depending heavily on Ministry of Defence (MoD) contracts, quantum of allocation of Defence budget and timely allocation of budget.
- Competition from domestic and foreign players.
- Dependence on OEMs for supply of various components / spare parts required for the manufacture and overhaul of Aircraft/ Helicopters.
- Increase in cost of various components / spare parts.
- Risk of Exchange Rate Variation.
- Risk of natural disasters.

9. MEASURES TO TACKLE CHALLENGES

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

9.2 **Strategic Challenges**

- The Company is focusing on diversification and enhance its revenues from commercial/civil sector to maintain the growth and mitigate the risks of skewed presence in the Defence Sector.
- The Company is focusing on forming strategic alliances with global aerospace companies to expand its exports market and revenue from exports.

9.3 **R&D Challenges**

- The Company is putting focus on market oriented products and technology developments to complement with company goals to expand in the 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 specialized Stratup Companies in R&D and technology development.

9.4 **Marketing Challenges**

- The Company is putting emphasis to strengthen and leverage Marketing and Business Development efforts for business expansion goals.

9.5 **Operational Challenges**

- The Company is focusing on enhanced digitalization and IT enabled systems for speedy communication and decision making.
- The Company is focusing on use of advanced materials, Advanced Manufacturing Technologies and automation to improve product quality and achieve operational efficiencies.

10. CUSTOMER ORIENTATION

10.1 The Company is dedicated to enhance customer satisfaction and the following measures/ initiatives have been undertaken towards achieving the same:

- Service support to Customer Bases is provided to operationalize and enhance the serviceability of Aircraft fleet.
- Customer Service Workshops are being conducted regularly for increased awareness and training on products and services.
- The IAF HAL e-Portal is launched in order to facilitate real time data transfer between HAL & IAF. The portal will obviate the tedious and time consuming process of manual data reconciliation. The portal consists of AOG, RMSO & RRT interfaces and currently covers ten fleets of IAF.
- Senior Executives of the Company visit Operational areas as well as Customer Head Quarters periodically in order to get a first-hand appreciation of customers regarding product performance and to enhance the effectiveness of Customer Services.
- Emphasis is placed on indigenization of critical items to reduce dependence on Foreign OEMs and also to mitigate obsolescence and enable Customers for increased exploitation of vintage fleets.

11. INTERNAL FINANCIAL CONTROLS

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 a combined finance and technical background. This is in addition to the internal audit by the practicing 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.

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.

12. DISCUSSION AND ANALYSIS OF FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

(₹ in Lakh)

Sl. No.	Particulars	Year Ended 31st March, 2020	Year Ended 31st March, 2019
1	Turnover	21,21,787	19,82,093
2	Revenue from Operations	21,43,838	20,00,847
3	Value of Production	20,57,957	18,64,947
4	Gross Margin	5,27,438	4,93,641
5	Profit Before Tax	3,92,835	3,74,234
6	Tax Expense	1,09,599	1,39,628
7	Profit After Tax	2,83,236	2,34,606
8	R&D Expenditure	1,23,196	1,46,440

(₹ in Lakh)

Sl. No.	Particulars	Year Ended 31st March, 2020	Year Ended 31st March, 2019
9	Net Worth	13,18,993	12,07,493
10	Trade Receivable	11,58,339	12,45,903
11	Cash and Bank Balance	29,791	9,538
12	Borrowings	5,77,518	4,11,620
13	Book Value Per Share (₹)	394	361
14	Earnings Per Share (₹)	84.70	70.16
15	Dividend Per Share (₹)	33.25	19.80
16	Debtors Turnover Ratio	1.77	2.06
17	Inventory Turnover Ratio	1.08	1.01
18	Interest Coverage Ratio	11.93	23.07
19	Current Ratio	1.3:1	1.4:1
20	Debt Equity Ratio	0.4:1	0.3:1
21	Operating Profit Margin	17%	17%
22	Net Profit Margin	13%	12%
23	Return on net worth	21%	19%

Reason for significant changes in ratios:

- Debtors Turnover Ratio has decreased because of delay in payment by Customers, due to budget constraints.
- Interest Coverage Ratio has decreased because the Company had to resort to borrowings to fund its working capital requirements, caused by budget constraints with customers.

13. HUMAN RESOURCE DEVELOPMENT

13.1 As a part of the HR Parameters of the MoU 2019-20, a Massive Online Open Courses Initiative was launched, which provided opportunity to Officers to pursue online courses on various platforms. The initiative envisages to further the cause of developing a Learning Culture within the Organisation. Additionally, a number of Women Centric Initiatives/ Workshops/ Seminars were conducted across the Organisation covering topics with respect to Leadership Development, striking a Work – Life Balance, health and nutrition, etc.

13.2 During the year, the amended Scheme for engagement of Personnel on Tenure Basis in the Non – Executive Cadre was notified, which provides for grant of an extension of Tenure, based on stipulated criteria, for a further maximum period of 4 years. The amendment envisages to meet the dynamic requirement of skilled manpower for the current, critical and time bound projects.

13.3 In furtherance to creating a Performance Driven Culture, the Attendance Recording System in respect of Workmen was revisited and modifications & clarifications were issued to bring in greater accountability as also enhance discipline.

14. HAL MANAGEMENT ACADEMY

14.1 The details of Management Development Programs (MDPs) conducted by the HAL Management Academy during the year 2019-20 are given below:

Description	No. of MDPs
No. of Programs	135
No. of Participants	3795
No. of Man Days	23018

14.2 HMA has completed 50 years (1969 – 2019) and the Golden Jubilee celebrations were held on November 25 & 26, 2019 wherein all ex-Principals were felicitated. Three Conferences on Technical Excellence, Operational Excellence and Applications of Six Sigma Methodology in Aerospace Industry were held. To commemorate the event, a Book titled 'SMRITI' was released. HMA also signed an MoU with the Rajiv Gandhi National Aviation University (RGNAU), a Central University under the Ministry of Civil Aviation, on November 25, 2019.

14.3 The Course for the first batch of AICTE approved Post Graduate Diploma in Aviation Management (PGDAM) (15 Months Programme) was commenced on November 15, 2018 and the Convocation was held on February 13, 2020. All the 31 students were awarded the Post Graduate Diploma. The second batch of PGDAM commenced on November, 15, 2019 at HMA with 20 participants.

14.4 The second batch of the 3 month Certification Programme in Aerospace Management (CPAM), designed in collaboration with IIM-Lucknow, was conducted during 6th May – 26th July, 2019 with 21 participants.

14.5 HMA also opened short duration Programmes on Technical, Behavioral & Functional Development and Certification Programmes to external participants. 28 external candidates participated in various HMA Learning & Development MDP programmes.

14.6 Four Workshops on 'Emotional Intelligence at Work' was conducted at HMA for ISRO Executives from various Units. A total of 92 Executives attended the workshop with a feedback rating consistently above 9.

14.7 HMA conducted Aerospace Elective Courses for Engineering Students studying in the 7th Semester from Mechanical and Electronics allied Disciplines to give them

an exposure to Aerospace and Avionics subject domains. 41 students participated in the programs.

14.8 Against the MoU Target of 2019-20 in respect of Talent Management & Career Progression for Executives, four programs were conducted in which 99 Officers have undergone training at various Institutions of Eminence like ISI, NLSIU, IIM-Kozhikode & XLRI, Jamshedpur. Also, as part of the MoU Target, 383 Officers have taken up training on nine e-learning programs to build their Technical and Managerial Competencies for higher positions.

14.9 HMA organized a 2 days program on 'Building Includable Leaders' conducted by 'Enable India Team' with 12 participants. Enable India is a Non-Profit Organization working for economic independence and dignity of Persons with Disability, since 1999.

14.10 During the year, 133 Officers were certified as 'Six Sigma Black / Green/Yellow Belt holders. A Faculty from HMA received the Master Black Belt Certification. The Projects carried out as part of the Certification addressed quality improvements and delivery enhancement, resulting in an estimated savings of over ₹15 Crores per annum. HMA organized a Six Sigma Conference on the occasion of HMA's Golden Jubilee celebrations and the high impact projects were rewarded. CMD had released the first Book 'Applied Six Sigma – Aerospace Case Studies' published by HMA. The Book is co-authored by HMA Faculty Members, Dr. Shivaprasad CG, Dr. G Srikantha Sharma and Shri Shashanka RH and documents the six sigma process for Aerospace application and is illustrated with case studies across various processes and domains.

14.11 Division and function specific Workshops were conducted during the year. 'Saksham- Capability Building' Workshop was designed specifically for Managers in helicopter projects to enhance team building and productivity. Three Workshops covering 63 Middle level Executives from Helicopter Division were conducted. A training program on 'Strategic Process Control using Minitab' was also arranged exclusively for Helicopter Division which was attended by 73 Executives. Similar specific programs were organized for Officers of LCA-Tejas and Aircraft Divisions. A program on Personal effectiveness and engagement was carried out for Doctors from the Medical & Health Unit, Bengaluru.

15. SKILL DEVELOPMENT

15.1 Recognition of Prior Learning (RPL) in Best in Class Employers (BICE) Category under the Pradhan Mantri Kaushal Vikas Yojana (PMKVY) is being implemented in the Company for the Tenure based Technical Workmen. 203 Tenure based workmen have undergone assessment and Certificates have been generated in the National Skill Development Corporation (NSDC) Portal under RPL against National Skill Development Agency (NSDA) approved Job Roles. The program was conducted with the help of Divisional Assessors in co-ordination with the Aerospace and Aviation Sector Skill Council (AASSC) & Skill Development Unit (SDU) of the Company. The Certification through the RPL Scheme will enhance the employability of the Tenure based workmen, once their term with the Company is completed.

16. MANPOWER

Total Employees as on 31st March, 2020	Officers	Workmen		
		Direct	Indirect	Total
27,384	8,255	12,188	6,941	19,129

17. ENVIRONMENT PROTECTION & CONSERVATION

17.1 The Company's Divisions are spread across the Country at different locations viz. Bangalore, Nasik, Koraput, Hyderabad, Lucknow, Kanpur, Korwa, Kasaragod and Barrackpore. Environment Protection & Management of the Divisions is governed by various Acts & 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 Act 1974 (Prevention and Control of Pollution), etc. All the Divisions are complying with the Rules in their day-to-day operations.

17.2 **Hazardous Waste Management:** Divisions are having independent Effluent Treatment Plants (ETPs) for treatment of hazardous effluents such as chrome, acid/ alkali, cyanide etc. Industrial effluent generated from the shops are being treated at the ETPs. Effluent samples after treatment are periodically checked in the Laboratories. The sludge from the ETPs is disposed through authorized Agencies. Treated waste water which is meeting all the parameters is being sent to the Sewage Treatment Plants (STPs) for further necessary processing. The water processed in the STPs is being used for irrigation of lawns and plantation in the premises.

17.3 **Waste Oil Management:** Waste Oil produced during maintenance / overhauling of equipment, vehicles and machinery is collected at source in leak proof containers. The same is stored in salvage and handed over to oil re-processors approved by the Central Pollution Control Board / respective State Governments as per Rules.

17.4 **E-Waste Management:** The Company has various streams of Operational domains which generate 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 salvaged / discarded after their life expiry (a stage when they become non-functional / beyond repair). HAL follows the process for management of e-waste through their segregation depending upon the type of waste generated, storing the same in designated areas (under cover) demarcated for e-waste storage and finally coordinate with MSTC Limited (Central PSU) for disposal through authorized Dismantlers / Recyclers / Refurbishers.

17.5 **Solid Waste Management:** Municipal Solid Waste (MSW) is generated from Townships and Factories. Segregation of MSW at source is being implemented in Townships (Wet, Dry, Garden, Sanitary and Rejects). In Factories, Wet, Dry and Garden waste are segregated. 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, kitchen waste and canteen waste is fed into the system and on an average 30 Nos. of LPG Cylinders (14.2kgs) equivalent of gas is being generated on a monthly basis and is utilized for cooking purpose by the Defence Security Corps (DSC). The sludge generated from the sewage treatment plant is being used as manure in horticulture.

17.6 Most of the Divisions have taken initiatives towards banning of Plastic 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.

17.7 Shop to Shop collection of solid waste is done inside the Factory through identified bins. Similarly, Door to Door collection of domestic waste is being done in some of the Townships, segregating waste in the dry and wet form.

17.8 At Bangalore, 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.

17.9 **Air Pollution Management:** Divisions of HAL have implemented various air pollution control measures.

17.10 The Company has been planting saplings every year. The Division-wise details of saplings planted during the years 2019-20 & 2018-19 are as indicated below:

Sl. No.	Name of the Division / Complex	Total number of Saplings planted during	
		2019-20	2018-19
1	Bangalore	15,057	2,348
2	Koraput	37,924	18,581
3	Nasik	4,666	13,140
4	Korwa	3,000	1,500
5	Lucknow	308	9,680
6	Barrackpore	15,136	11,245
7	TAD, Kanpur	786	4,215
8	Hyderabad	3,000	7,000
	Total	**79,877**	**67,709**

17.11 As an initiative towards Air Pollution Management, Avionics Division, Korwa as part of its CSR Projects / Activities had formed a Self Help Group (SHG), viz., Jai Matadi Urja for introducing clean cooking solutions for livelihood enhancement in Barauliya Village, which is at a distance of 10 Kms from the Division. Under the project, agricultural waste is collected and shredded in a machine. The shredded pieces are recycled into fuel pellets with the help of a Fuel Pellet Making Machine. These bio-degradable fuel pellets are used in specially designed stoves for cooking which do not generate any smoke. The stove has a rechargeable battery to drive a fan which helps in combustion. The Division has installed one Fuel Pellet Making Machine with a Shredder at a cost of ₹5.55 Lakh. Around 400 stoves have been distributed to Below Poverty Line households, in coordination with the Village Pradhan.

17.12 **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.

17.13 Some of the Divisions are having adjacent water bodies like Lakes and Ponds which are cleaned and taken care as a step towards ensuring constant source of Ground Water enrichment.

17.14 The new Campus of the HAL Management Academy (HMA) at Bangalore was designed and constructed according to GRIHA (Green Rating for Integrated Habitat Assessment) 4 Star Rating. As part of the GRIHA rating program, rain water harvesting is an essential item. All the blocks of HMA New Campus, namely Training Block, Hostel Block, Cafeteria Block and Auditorium, have been designed and constructed in such a way that the rain water precipitating on the terrace is transported through drain pipes to the open drain and then further transported to the stepped water reservoir. In the bottom step of the water reservoir, multiple holes have been provided to use the collected water to recharge the ground water table. This arrangement fulfills the rain water harvesting requirements of the HMA New Campus.

Corporate Governance Report

1. A BRIEF STATEMENT ON YOUR COMPANY'S PHILOSOPHY AND CODE OF GOVERNANCE

The Company's philosophy on Corporate Governance is based on principles of transparency, honesty, integrity, accountability, Corporate Social Responsibility, compliance of laws &regulations and meeting ethical standards to take care of the interest of all the stakeholders. The Corporate Governance at the Company is a value based framework to manage our Company Affairs in a fair and transparent manner. We have evolved guidelines and best practices over the years to ensure timely and accurate disclosure of information regarding our financials, performance, leadership and governance of the Company.

The Board of Directors ("The Board') is at the core of our Corporate Governance practice and oversees how the management serves and protects the long term interest of all our stakeholders.

Your Company has formulated and uploaded the following policies/codes on its website at www.hal-india.co.in in line with the Companies Act, SEBI (LODR) Regulations and DPE Guidelines:

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

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

The Sanctioned strength of the Board of Directors is as follows:

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

As on March 31, 2020, the Board of Directors of the Company comprised five Whole time / Functional Directors including the Chairman and Managing Director, two Government Nominee Directors and Six Non-Executive (Independent) Directors.

Your Company being a Government Company, the appointment of all Directors is done by the President of India, through the Ministry of Defence. As at March 31, 2020, the position of Woman Independent Director was lying vacant due to completion of tenure of Ms. Dipali Khanna, Independent Director.

Directors are not inter se related to each other.

(a) Composition and category of Directors

As on March 31, 2020, the composition of the Board of Directors of the Company was as under:

Sl. No.	Name of Director	DIN
Whole-time / Functional Directors (Executive)		
1	Shri R. Madhavan, Chairman and Managing Director	08209860
2	Shri Arup Chatterjee, Director (Engineering and R&D)	08139347
3	Shri C.B. Ananthakrishnan, Director (Finance) and CFO	06761339
4	Shri M S Velpari, Director (Operations)	08516652
5	Shri Alok Verma, Director (Human Resources)	08652280
Government Nominee Directors (Non-Executive)		
1	Shri Chandraker Bharti, Joint Secretary (Aero), DDP, MoD	02599261
2	Dr. Tessy Thomas, DG (Aeronautical Systems), DRDO	08189164
Independent Directors (Non-Executive)		
1	Dr. J.K. Bajaj	07942314
2	Shri Siddharth	06401463
3	Shri Neelakantalyer R.	07019560
4	Shri Anil Kumar	02948372
5	Rear Admiral K C Sekhar, AVSM, VSM (Retd.)	02263868
6	Dr. S. Malla Reddy	08196657



(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 56th AGM	No. of other Directorship	Name of other listed entity in which Directorship held & category	No. of Committee memberships across all Companies#	
							As Chairman	As Member
Whole-time/ Functional (Executive) Director								
1	Shri R. Madhavan	10	10	Yes	2	Nil	Nil	Nil
2	Shri Arup Chatterjee	10	10	Yes	1	Nil	Nil	Nil
3	Shri C.B. Ananthakrishnan	10	10	Yes	1	Nil	Nil	1
4	Shri Sunil Kumar (Ceased as Director w.e.f 31.07.2019)	4	2	NA	Nil	Nil	Nil	Nil
5	Shri M S Velpari (Appointed as Director w.e.f 01.08.2019)	6	6	Yes	1	Nil	Nil	Nil
6	Shri V.M. Chamola (Ceased as Director w.e.f 31.12.2019)	7	7	Yes	2	Nil	Nil	1
7	Shri Alok Verma (Appointed as Director w.e.f 01.01.2020)	3	3	NA	1	Nil	Nil	1
Government Nominee Director (Non-Executive)								
8	Shri. Chandraker Bharti	10	7	No	Nil	Nil	Nil	Nil
9	Dr. Tessy Thomas	10	7	No	Nil	Nil	Nil	Nil
Independent (Non-Executive) Director								
10	Ms. Dipali Khanna (Ceased as Director w.e.f 08.01.2020)	7	4	Yes	6	**Independent Director** • India Power Corporation Ltd., • Nitesh Estates Ltd., • Techno Electric & Engineering Company Ltd.	1	1
11	Dr. J.K. Bajaj	10	9	Yes	Nil	Nil	1	Nil
12	Shri Anil Kumar	10	7	Yes	Nil	Nil	Nil	1
13	Shri Neelakantalyer R	10	8	Yes	Nil	Nil	Nil	1
14	Shri Siddharth	10	10	Yes	1	Nil	1	1
15	Dr. S. Malla Reddy	10	10	Yes	Nil	Nil	Nil	2
16	Rear Adml. K.C. Shekar, AVSM, VSM (Retd.)	10	9	Yes	1	Nil	Nil	1

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

Notes:

i) 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;

ii) None of the Directors serves as a Director in more than 7 listed Companies and as Independent Director in more than 7 listed Companies;

iii) As on March 31, 2020, none of the Directors is holding any share in the Company;

iv) Details of the Directorship on the Board of other Companies and Committee positions are as on the date of cessation from the Board of the Company.

(c) Meetings of the Board of Directors

Ten Board Meetings were held during the financial year ended on March 31, 2020. The details are as under:

Sl. No.	Date of Board Meeting	Sl. No.	Date of Board Meeting
1	April 17, 2019	6	November 11 & 12, 2019
2	May 27, 2019	7	December 17, 2019
3	June 28, 2019	8	January 21, 2020
4	July 27, 2019	9	February 13, 2020
5	August 13 & 14, 2019	10	March 16, 2020

(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, 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 http://hal-india.co.in/Common/Uploads/DMS/familiarization.pdf.

(e) Skills/ Expertise/ Competence of the Board

HAL being a Government Company, 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 the Companies Act (except to the extent of exemptions granted to the Government Companies) and SEBI (LODR) Regulations (except to the extent of exemptions provided by SEBI to the Company) and other applicable guidelines to CPSEs.

(b) No. of Meetings: During the financial year, 6 (Six) Audit Committee Meetings were held on May 27, 2019, June 28, 2019 , August 13, 2019, November 11, 2019, February 13, 2020 and March 16, 2020.

(c) Composition of the Committee as on March 31, 2020 and Meetings attended by each member:

Member of the Committee	Category	Position	Meeting	
			Held	Attended
Ms. Dipali Khanna (Ceased as Director w.e.f. 08.01.2020)	Independent Director	Chairperson	4	3
Dr. J.K. Bajaj (Elected as Chairman w.e.f. 13.02.2020)	Independent Director	Chairman	6	6
Shri Siddharth	Independent Director	Member	6	6
Shri Neelakanta Iyer R.	Independent Director	Member	6	5
Shri Anil Kumar	Independent Director	Member	6	4
Rear Admiral K C Sekhar, AVSM, VSM (Retd.) (Appointed as member w.e.f. 17.04.2019)	Independent Director	Member	6	6
Dr S Malla Reddy (Appointed as member w.e.f. 17.04.2019)	Independent Director	Member	6	6

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

The Company Secretary is the Secretary to the Committee.

The composition of the Audit Committee is in line with Section 177 of the Companies Act, Regulation 18 of the SEBI (LODR) Regulations and the DPE Guidelines on Corporate Governance for CPSEs.

4. NOMINATION & REMUNERATION COMMITTEE (NRC)

(a) Terms of Reference: The Terms of Reference of the Nomination and Remuneration Committee are as provided under the Companies Act (except to the extent of exemptions granted to Government Companies) and SEBI (LODR) Regulations (except to the extent of exemptions provided by SEBI to the Company) and other applicable guidelines to CPSEs.

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

(b) No. of Meetings: During the financial year, 4 (four) meetings of the Committee were held on June 28, 2019, August 13, 2019, December 17, 2019 and January 21, 2020.

(c) Composition of the Committee as on March 31, 2020 and Meetings attended by each member:

Member of the Committee	Category	Position	Meeting	
			Held	Attended
Ms. Dipali Khanna (Ceased as Director w.e.f. 08.01.2020)	Independent Director	Chairperson	3	2
Rear Admiral K C Shekar, AVSM, VSM (Retd) (Appointed as member w.e.f. 17.04.2019 & Elected as Chairman w.e.f. 21.01.2020)	Independent Director	Chairman	4	3
Dr. J.K. Bajaj	Independent Director	Member	4	3
Shri Anil Kumar	Independent Director	Member	4	3

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

The Company Secretary is the Secretary to the Committee.

5. STAKEHOLDERS RELATIONSHIP COMMITTEE(SRC)

(a) Terms of Reference: The main Terms of Reference of the Committee are as under:

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

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

(iii) To review transfer, transmissions, dematerialization, re-materialization, splitting, consolidation etc. of Equity Shares and other securities issued by our Company, as approved by the Committee constituted for the purpose and report the same to the Board of Directors in its subsequent meeting.

(b) No. of Meetings: During the financial year, 2 (Two) meetings of the Committee were held on May 27, 2019 and February 13, 2020.

(c) Composition of the Committee as on March 31, 2020 and Meetings attended by each member:

Member of the Committee	Category	Position	Meeting	
			Held	Attended
Shri Siddharth (Appointed as Member w.e.f. 17.04.2019 and Chairman w.e.f. 27.05.2019)	Independent Director	Chairman	2	2
Dr. S Malla Reddy (Appointed as member w.e.f. 17.04.2019)	Independent Director	Member	2	2
Shri V.M. Chamola (Ceased as member w.e.f. 31.12.2019 on superannuation.)	Director (HR)	Member	1	1
Shri Alok Verma (Appointed as member w.e.f. 01.01.2020)	Director (HR)	Member	1	1
Shri C.B. Ananthkrishnan	Director (Finance)& CFO	Member	2	2

The Company Secretary is the Secretary of the Committee.

(d) Name and Designation of Compliance Officer

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

(e) Number of shareholders' complaints received upto March 31, 2020 : 240

(f) Number of shareholders' complaints resolved upto March 31, 2020 : 240

(g) Number of pending complaints as on March 31, 2020 : Nil

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

(a) Terms of Reference: The CSR & Sustainable Development Committee recommends to the Board CSR Policy which shall indicate the activities to be undertaken by the Company in areas or subjects specified in Schedule VII to the Companies Act and amount of expenditure to be incurred on CSR activities. The Committee oversees the implementation of CSR and Sustainable Development activities in the Company.

(b) No. of Meetings: During the financial year, 4 (four) meetings of the Committee were held on April 29, 2019, August 27 & 28, 2019, December 16, 2019 and March 5, 2020.

(c) Composition of the Committee as on March 31, 2020 and Meetings attended by each member:

Member of the Committee	Category	Position	Meeting	
			Held	Attended
Ms. Dipali Khanna (Ceased as Director w.e.f. 08.01.2020)	Independent Director	Chairperson	3	3
Rear Admiral K C Shekar, AVSM, VSM (Retd.) (Appointed as member w.e.f. 17.04.2019 and elected as Chairman w.e.f. 05.03.2020)	Independent Director	Chairman	4	3
Shri Anil Kumar (Appointed as Member w.e.f. 16.03.2020)	Independent Director	Member	NA	NA
Shri C.B. Ananthkrishnan	Director (Finance) & CFO	Member	4	1

Member of the Committee	Category	Position	Meeting	
			Held	Attended
Shri Sunil Kumar (Ceased as member w.e.f. 31.07.2019)	Director (Operations)	Member	1	1
Shri M S Velpari (Appointed as Member w.e.f. 01.08.2019)	Director (Operations)	Member	3	1
Shri V M Chamola (Ceased as member w.e.f. 31.12.2019)	Director (HR)	Member	3	3
Shri Aok Verma (Appointed as Member w.e.f. 01.01.2020)	Director (HR)	Member	1	1

All CEOs of the Complexes, General Manager (Finance) and AGM (HR) – Corporate Office are permanent invitees to the Committee.

The Company Secretary is the Secretary of the Committee

7. RISK MANAGEMENT COMMITTEE

(a) Terms of Reference: The Risk Management Committee shall annually review and approve the Risk Management Policy and associated frameworks, processes and practices of the Company. The Committee shall review and assess the adequacy of the Risk Management Policy annually and recommend changes to the Board for approval.

(a) No. of Meetings: During the financial year, 1 (One) meeting of the Committee was held on February 13, 2020.

(b) Composition of the Committee as on March 31, 2020 and Meetings attended by each member:

Member of the Committee	Category	Position	Meeting	
			Held	Attended
Shri Neelakanta Iyer R (Appointed as member w.e.f. 17.04.2019 & Elected as Chairman w.e.f. 13.02.2020)	Independent Director	Chairman	1	1
Rear Admiral K C Shekar, AVSM, VSM (Retd.) (Appointed as Member w.e.f. 16.03.2020)	Independent Director	Member	NA	NA
Shri Arup Chatterjee	Director (Engineering and R&D)	Member	1	1
Shri C.B. Ananthkrishnan	Director (Finance) & CFO	Member	1	1
Shri M S Velpari	Director (Operations)	Member	1	1
Shri Alok Verma	Director (Human Resources)	Member	1	1

All CEOs of the Complexes and AGM (JV, OS & RM)-Corporate Office, are permanent invitees to the Committee.

The Company Secretary is the Secretary of the Committee.

8. OTHER COMMITTEES OF THE BOARD

The Board has constituted various other non-statutory Committees which inter-alia include the HR Committee, Management Committee, Technology & Design Policy Committee, R & D Sub Committee and Procurement Committee to take decisions on the matters delegated by the Board.

9. 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. MCA has exempted Government Companies from formulating policy relating to remuneration of Directors required under Section 178 of the Companies Act.

Part-time Official Directors (Government Nominee Directors) are not entitled to any remuneration /sitting fees as per DPE Guidelines.

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

The details of remuneration paid to Functional Directors during the financial year 2019-20 were as follows:

(Amt. in ₹)

Sl. No.	Name / Designation of Directors	Salary and Perquisites as per Section 17(1) & (2) of the Income Tax Act, 1961	Retirement & other benefits	Total
1	Shri R. Madhavan	47 56,696	-	47, 56,696
2	Shri V.M. Chamola, Director (HR) (Ceased as Director w.e.f. 31.12.2019)	74,10,453	20,30,315	94,40,768
3	Shri Sunil Kumar, Director (Operations) (Ceased as Director w.e.f. 31.07.2019)	42,87,423	23,00,000	65,87,423
4	Shri Arup Chatterjee	43,74,594	-	43,74,594
5	Shri C.B. Ananthakrishnan	44,11,183	-	44,11,183
6	Shri M S Velpari (Appointed as Director w.e.f. 01.08.2019)	25,87,303	-	25,87,303
7	Shri Alok Verma (Appointed as Director w.e.f. 01.01.2020)	6,45,074	-	6,45,074

During the year, sitting fee paid to the Part-Time Non-Official Directors (Independent Directors) for attending the meetings of the Board and Committees were as follows:-

(Amt. ₹ in Lakh)

Sl. No.	Name of Independent Director	Board Meetings	Committee Meetings	Total Sitting Fees
1	Ms.Dipali Khanna*	0.8	2.0	2.8
2	Dr J.K. Bajaj	1.8	2.8	4.6
3	Shri Anil Kumar	1.4	2.4	3.8
4	Shri Neelakantalyer R.	1.6	1.6	3.2
5	Shri Siddharth	2.0	1.8	3.8
6	Dr S. Malla Reddy	2.0	1.8	3.8
7	Rear Admiral K.C. Sekhar, AVSM, VSM (Retd.)	1.8	3.2	5.0

**ceased to be Independent Director w.e.f. January 8, 2020*

10. INDEPENDENT DIRECTORS' MEETING

During the year, one Meeting of Independent Directors was held on May 15, 2019.

11. CONFIRMATION ON INDEPENDENCE OF THE INDEPENDENT DIRECTORS

Based on the declarations submitted by the Independent Directors, the Board hereby confirms that all Independent Directors fulfil the conditions specified in the Companies Act and SEBI (LODR) Regulations and are independent of the management.

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

The Company is committed to conduct its business in accordance with the highest standards of business ethics and complying with applicable Laws, Rules and Regulations. A copy of the Code of Conduct is available on the Company's website at 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.

13. 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.

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.

14. CEO/CFO CERTIFICATION

In terms of Regulation 17(8) of SEBI (LODR) Regulations the Compliance Certificate issued by the CEO and CFO on the financial statements and internal controls relating to financial reporting for the year 2019-20 was submitted to the Board at the meeting held on August 18, 2020 and is attached to this Report.

15. SHAREHOLDING PATTERN AS ON MARCH 31, 2020

Sl. No.	Category	Number of shares held	% of total holding
1	President of India	30,08,55,180	89.97
2	Insurance Companies	2,46,81,276	7.38
3	Resident Individuals	37,40,684	1.12
4	Banks	23,49,610	0.70
5	Mutual Funds	22,64,647	0.68
6	Bodies Corporates	1,28,650	0.04
7	Clearing Members	23,473	0.01
8	H U F	1,41,294	0.04
9	Non-Resident Indians	87,686	0.03
10	Non-Resident Indian Non-Repatriable	33,353	0.01
11	Employees	62,978	0.02
12	Indian Financial Institutions	12,127	0.00
13	Qualified Institutional Buyers	5,729	0.00
14	Trusts	813	0.00
	Total	**33,43,87,500**	**100**

15.1 Top 10 Shareholders as on March 31, 2020 (Based on PAN)

Sl. No	Name	Number of shares held	% of total holding
1	President of India	30,08,55,180	89.97
2	Life Insurance Corporation of India	2,34,07,104	7.00
3	State Bank of India	15,52,267	0.46
4	ICICI Prudential Equity & Debt Fund	13,02,295	0.39
5	Reliance Capital Trustee Co Ltd-A/c Nippon India ETF Nifty Midcap 150	9,60,347	0.29

Sl. No	Name	Number of shares held	% of total holding
6	General Insurance Corporation of India	6,69,336	0.20
7	The New India Assurance Company Limited	6,04,836	0.18
8	Union Bank of India	2,57,261	0.08
9	Canara Bank	2,44,896	0.07
10	Bank of Baroda	1,21,788	0.04

15.2 Distribution of Shareholding by Size as on March 31, 2020

Category	Number of Shareholders	% of Shareholders	Total Number of Shares	% of Shareholding
1 - 5000	137,129	99.97	40,52,452	1.21
5001 - 10000	16	0.01	1,15,322	0.03
10001 - 20000	9	0.01	1,22,999	0.04
20001 - 30000	0	0.00	0	0.00
30001 - 40000	2	0.00	68,865	0.02
40001 - 50000	0	0.00	0	0.00
50001 - 100000	4	0.00	3,17,339	0.09
100001 and above	11	0.01	32,97,10,523	98.60
TOTAL	**1,37,171**	**100.00**	**33,43,87,500**	**100.00**

16. GENERAL BODY MEETINGS

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

Meeting No.	Financial Year	Venue	Date & Time
54th	2016-17	Hindustan Aeronautics Limited 15/1, Cubbon Road, Bengaluru - 56000,1 Karnataka	July 29, 2017 at 1300 Hrs
55th	2017-18	HAL Management Academy (New Campus) Doddanekundi Main Road, Marathahalli, Bengaluru - 560037	September 28, 2018 at 1500 Hrs
56th	2018-19	Dr. V M Ghatge Convention Centre, HAL, Next to HAL Hertiagte Centre and Aerospace Museum, Old Airport Road, Marathahalli Post, Bengaluru - 560037	September 18, 2019 at 1600 Hrs

b. Special Resolutions

i. During the 54th Annual General Meeting, One special resolution was put up w.r.t Alteration of the Articles of Association of the Company.

ii. No Special Resolution was put up during the 55th Annual General Meeting.

iii. During the 56th Annual General Meeting, two special resolutions were put up w.r.t Alteration of the Articles of Association and Re-appointment of Ms. Dipali Khanna, Independent Women Director of the Company.

c. No special resolution was passed last year through postal ballot and no special resolution is proposed to be conducted through postal ballot.

17. 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 published in one leading English newspaper having wide circulation across the Country and in one Kannada newspaper having wide circulation across the region. The results are also made available on the Company website.

(b) News Release, Presentation etc.: The official news releases, detailed presentations made to media, institutional investors, financial analysts etc. are displayed on the Company's website www.hal-india.co.in.

(c) Website: The Company's website www.hal-india.co.in contains separate dedicated section for Investors where information for shareholders is made available. The Annual Report and 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 Report including Information for the Shareholders 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.

18. SHAREHOLDERS' INFORMATION

(a) Annual General Meeting

The 57th Annual General Meeting of the Company for the year 2019-20 will be held through video conferencing as per the MCA Circular No. 20/2020 dated May 5, 2020 and SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/ 2020/79 dated May 12, 2020 as per the following details:

Date	September 30, 2020
Time	3.00 P.M. IST

(b) Financial Calendar

The financial calendar to approve quarterly/ annual audited financial results for the year 2020-21 is as under:

Approval of quarterly/ annual audited financial results	Tentative date of the Meeting of the Board
June 30, 2020	On or before September 10, 2020
September 30, 2020	On or before November 13, 2020
December 31, 2020	On or before February 13, 2021
March 31, 2021	On or before May 29, 2021

(c) Dividend Payment date

During the year, your Company has declared and paid interim dividend of ₹ 33.25 per share of ₹ 10 each on March 30, 2020.

(d) Listing on Stock Exchanges

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

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

The annual listing fees for the year 2019-20 and 2020-21, 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 2019-20 and 2020-21 to the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL).

(f) Registrar to an issue and share transfer agent

M/s KFin Technologies Pvt Ltd.
(formerly known as M/s Karvy Fintech Pvt. Ltd.)
"Karvy Selenium Tower B", Plot No.31 & 32, Financial District, Nanakramguda,
Gachibowli, Telangana - 500032
Tel: 040- 6716 2222, Fax:040-2343 1551
Email:einward.ris@kfintech.com, Website: https://kfintech.com

(g) Share transfer system

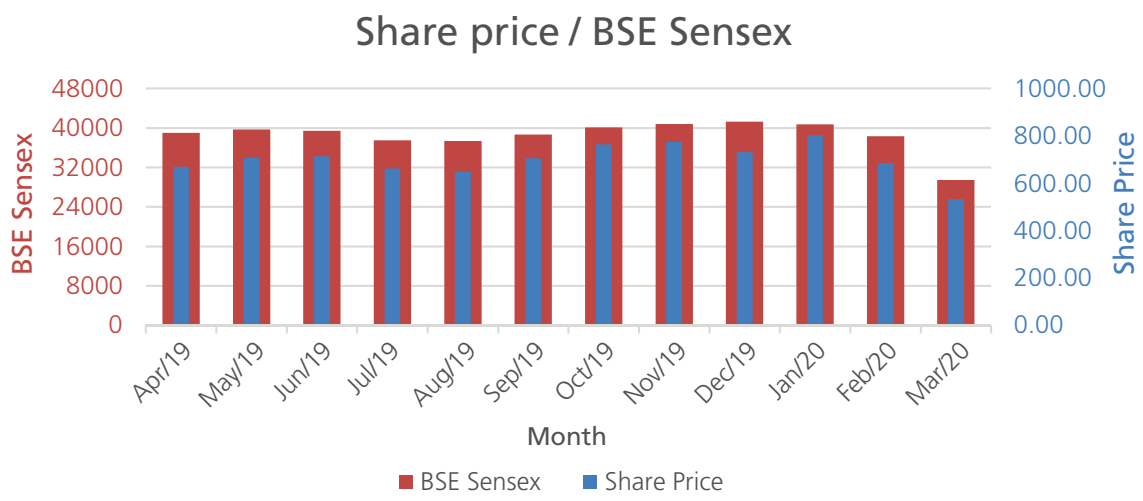
The shares of the Company are traded in dematerialised form. The Company has constituted a Share Transfer Committee comprising of Director (Finance) & CFO, Director (Operations)and Company Secretary for approving requests related to Dematerialization/ Rematerialization/ Transfer/ Transmission/ Splitting/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

(h) Dematerialisation of shares and liquidity

As on March 31, 2020, 100 per cent of 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	Shares	% of Equity
1.	NSDL	81,558	33,29,53,269	99.57
2.	CDSL	55,610	14,34,166	0.43
3.	Physical	3	65	0.00
Total		1,37,171	33,43,87,500	**100.00**

(i) Performance in comparison to broad based indices



(j) 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.

(k) Stock market information

Company's share price on BSE and NSE for each month during the year 2019-20 was as follows:

Month	BSE Limited		National Stock Exchange of India Ltd	
	High (₹ per share)	Low (₹ per share)	High (₹ per share)	Low (₹ per share)
April, 2019	729.90	660.60	729.50	665.25
May, 2019	744.00	626.70	741.00	620.85
June, 2019	752.25	670.00	758.00	670.00
July, 2019	728.90	655.85	729.00	660.00
August, 2019	679.10	620.00	680.00	625.00
September, 2019	774.00	636.00	776.00	634.35
October, 2019	815.00	637.00	815.00	661.50
November, 2019	827.50	751.00	827.85	750.65
December, 2019	791.85	712.10	792.85	711.00
January, 2020	896.35	724.80	895.90	721.70
February, 2020	875.00	678.50	825.00	683.05
March, 2020	708.00	448.00	708.00	470.00

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

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

(ii) Production Divisions

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



(iii) R & D Centres

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

19. DISCLOSURE

a. Material Contracts/ Related Party Transactions

The Company has not entered into any material financial or commercial transactions with the Directors or the Management or their relatives or the companies and firms, etc., in which they are either directly or through their relatives interested as Directors and/ or Partners except with certain JVCs and subsidiaries where the Directors of the Company are Nominee Directors. The Company has obtained declarations from all concerned in this regard, which were noted by the Board. A comprehensive policy on Related Party Transactions (RPT) has been approved by the Board as per the SEBI (LODR) Regulations and Companies Act.

The details of transactions with related parties are disclosed in Clause 45A Note No. 49 of the Notes to the Financial Statements for the year ended 31st March, 2020.The Company has disclosed details of transactions with related parties as per the disclosure requirements of IndAS-24 on Related Party disclosures. The policy on related party transactions of the Company may be accessed at https://hal-india.co.in/Common/Uploads/DMS/ Policy_on_Related_Party_Transactions.pdf

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

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

Based on the Ministry of Defence, DDP letter No. 48013/1/2017-D (HAL-II) dated March 31, 2018, the Company had paid 2nd Interim dividend without complying with the applicable SEBI (LODR) Regulations. However, an application was made to SEBI for exemption in this regard and in turn SEBI had granted exemption vide letter No. CFD/CMD/PR/OW/11002/2018 dated April 9, 2018.

c. Vigil Mechanism / Whistle-blower Policy

In terms of Regulation 22 of SEBI (LODR) Regulations, the Company has established a vigil mechanism for directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy.

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

e. Policy for determining material subsidiaries

A policy for determining material subsidiaries has been formulated with the approval of the Board of Directors. The same has been hosted on the website of the Company and can be accessed at the following link: https://hal-india.co.in/Common/Uploads/DMS/Material_Subsidiary_Policy.pdf

As per the Policy, the Company does not have any material subsidiary.

f. Credit Rating

During the year, M/s Credit Analysis & Research Limited have granted your Company a credit rating of CARE AA+; Stable/ CARE A1+ for Long Term and Short Term Bank facilities including Non Fund Based Limits, amounting to ₹ 7,30,000 Lakh.

Further, M/s ICRA. Ltd. have granted your Company a credit rating of "[ICRA] AA; Stable/ [ICRA] A1+" for Long Term and Short Term Bank facilities including Non Fund Based Limits, amounting to ₹ 7,30,000 Lakh.

Similarly, during the year, ICRA Ltd. and CARE Ratings Ltd. have granted a credit rating of (ICRA) A1+ and CARE A1+ respectively for Commercial Paper.

g. None of Directors were debarred / disqualified from being appointed or continuing as Director of the Company during the year under review 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 SEBI (LODR) Regulations except the following:

(i) On completion of tenure of Ms Dipali Khanna, Woman Independent Director on January 7, 2020, composition of Board of Directors of the Company fall short of one woman Independent Director, which need to be appointed by April 6, 2020.

(ii) The Company has executive Chairman, the strength of Independent Directors on the Board should be atleast 50% of the total strength. However, the same has been reduced to less than 50% on completion of tenure of Ms Dipali Khanna.

HAL being a Govt. Company, all the Directors on the Board of the Company are appointed by the Government of India. The Company is awaiting appointment of Woman Independent Director for above compliances.

i. 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	48
Tax Audit Fees	6
Other Services	73
Reimbursement of expenses	Nil

j. Details of Unpaid Dividend as on March 31, 2020

The details of the dividend which remains unpaid as on March 31, 2020, are given below:

Financial Year in which dividend declared	Amount (In ₹)
2017-18 (Interim)	5,31,225.75
2018-19 (Interim)	6,31,620.00

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.

k. Reconciliation of Share Capital

Reconciliation of Share Capital audit was carried out by the Secretarial Auditor of the Company every quarterly. The report confirms that the total issued / paid up capital is in agreement with the total number of shares in physical and demat form.

Further, half yearly certificates on the compliance of share transfer formalities obtained from the Secretarial Auditor were also submitted to Stock Exchanges pursuant to Regulation 40(10) of the SEBI (LODR) 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 those 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. Audited Financial Statements of Subsidiaries

The Audited Financial Statements of subsidiaries has been uploaded on the website of the Company at http://www.hal-india.co.in/investors/Subsidiary Companies.

n. Training of Directors

The Company undertakes training / familiarisation programmes for its Directors.

o. 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 to Government directives, your Company has successfully introduced the online processing of applications under the RTI Act from September, 2014 onwards.

During the year, 1241 Request for Information (RFI) applications were received under the RTI Act-2005, of which 1231 have been disposed off as of March 31, 2020.

During the year, 88 Nos. of 1st Stage appeals were received, out of which 85 were disposed off as on March 31, 2020.

The Hon'ble Central Information Commission, New Delhi, issued 15 Notices of hearings during the year 2019-20 and the same were attended by HAL officials and were disposed off by the Hon'ble CIC.

p. 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.

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

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

q. Presidential Directives

All the Presidential Directives and Guidelines issued by the Government of India from time to time regarding reservations for SCs, STs, OBCs, Persons with Disabilities, Ex-Servicemen and Economically Weaker Sections (EWS) are complied with 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, 2019 was as under:

Category of Employees	Group – A	Group – B	Group – C	Group – D	Total
Scheduled Castes	1,479	5	3,384	1	4,869
Scheduled Tribes	504	2	1,431	0	1,937
Other Backward Classes	2,023	11	5,231	2	7,267

The representation of Persons with Disabilities and Ex-Servicemen as on December 31, 2019 was as under:

Category of Employees	Group – A	Group – B	Group – C	Group – D	Total
Persons with Disabilities	152	1	491	1	645
Ex-Servicemen	90	-	1,547	0	1,637

r. 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.

s. 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 2019-20.

t. 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.

For and on behalf of Board of Directors
Hindustan Aeronautics Limited



Place : Bengaluru
Date : August 25, 2020

(R. Madhavan)
Chairman and Managing Director

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 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, 2020.

Place: Bengaluru
Date: July 6, 2020

(R. Madhavan)
Chairman and Managing Director

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

To,
The Board of Directors
Hindustan Aeronautics Limited

1. We have reviewed financial statements and the cash flow statement of Hindustan Aeronautics Limited for the year ended March 31, 2020 and that to the best of knowledge and belief:

   i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

2. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. We have come across one reportable deficiencies in the design or operation of such internal controls and necessary corrective action has already been initiated.

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, except for Implementation of Ind AS for Leases (Ind AS 116).

   iii. that there are no instances of significant fraud of which we have become aware.

(C B Ananthakrishnan)
Director (Finance) & CFO
DIN: 06761339

(R. Madhavan)
Chairman and Managing Director
DIN: 08209860



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, 2020.

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, 2020 except to the extent of non-appointment of one Women Independent Director after completion of tenure of earlier incumbent and composition of Board of Directors to that extent.

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

Dakshayani

Dakshayani P
Practicing Company Secretary
FCS No.: 8993
C P No.: 8411
UDIN: F008993B000261850

Place: Bangalore
Date: 20/05/2020

Business Responsibility Report

Section A: General Information about the Company

1.	**Corporate Identity Number (CIN) of the Company**	:	L35301KA1963GOI001622
2.	**Name of the Company**	:	Hindustan Aeronautics Limited
3.	**Registered address**	:	15/1, Cubbon Road, Bengaluru - 560001
4.	**Website**	:	www.hal-india.co.in
5.	**Email ID**	:	cosec@hal-india.co.in
6.	**Financial Year reported**	:	2019-20
7.	**Sector(s) that the Company is engaged in (industrial activity code- wise)**	:	Aerospace & Defence

8. List three key products/services that the Company manufactures/provides (as in Balance Sheet):

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

i. Su-30 MKI Aircraft
ii. LCA Tejas Aircraft
iii. Dhruv - Advance Light Helicopter (ALH)

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

i. Number of International Locations:-

Overseas Offices: 2 i.e. London (UK) and Moscow (Russia)

ii. Number of National Locations:-

Manufacturing Locations: 9 i.e. Bengaluru (Karnataka), Lucknow (Uttar Pradesh), Kanpur (Uttar Pradesh), Korwa (Uttar Pradesh), Nasik (Maharashtra), Hyderabad (Telangana), Koraput (Odisha), Barrackpore (West Bengal) and Kasaragod (Kerala).

Regional/Marketing Offices: 4 i.e. (New Delhi, Mumbai, Visakhapatnam and Chennai)

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

Both National and International Markets are served by the Company.

Section B: Financial Details of the Company

1. **Paid up Capital :** ₹ 3,343,875,000
2. **Total Turnover :** ₹ 21,21,787 Lakh
3. **Total Profit After Taxes :** ₹ 2,83,236 Lakh
4. **Total Spending on Corporate Social Responsibility (CSR) (including amount set aside) as percentage of Profit After Tax (%):**

2% of average Net Profits of the Company made during the three preceding financial years. The amount spent during the financial year 2019-20 was ₹ 8,200 Lakh. Details are at Appendix – A of Annexure-IV to the Board's Report.

5. **List of activities in which expenditure in 4 above has been incurred:**

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

Section C: Other Details

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

Yes.

i. Naini Aerospace Limited, Naini (UP)

ii. Indo-Russian Helicopters Limited, Bengaluru

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

No

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

No

Section D: BR Information

1. Details of Director /Directors responsible for BR.

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

DIN: 08652280

Name: Shri Alok Verma

Designation: Director (Human Resources)

b) Details of the BR head:

Sl No.	Particulars	Details
1	DIN (if applicable)	08652280
2	Name	Shri Alok Verma
3	Designation	Director (Human Resources)
4	Telephone number	080-22320315
5	e-mail id	dhr@hal-india.co.in

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

Sl. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have policy/policies for	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Policy formulated after extensive internal consultation covering all functional areas.								
3	Does the policy conform to any national/ international standards? If yes, specify?	Policy conforms to SEBI guidelines on "BR Reports" for listed entities and the Ministry of Corporate Affairs 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business'.								
4	Has the policy been approved by the Board? If yes, has it been signed by MD/ Owner/ CEO/ appropriate Board Director?	The policies are approved by the Board/ Competent Authorities as per the approved Delegation of Powers-2018 in the Company. Policy has been signed by Director (HR).								

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

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

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

3. Governance related to BR

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

  Various principles of BR performance are integral to the day-to-day operations of the Company and same are reviewed by Functional Directors as and when required.

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

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

Section E: Principle - wise performance

Principle 1

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

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

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

During the year, 240 complaints were received and all have been resolved.

Principle 2

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

None

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

(a) Reduction during sourcing / production /distribution achieved since previous year throughout the value chain?

Not Applicable

(b) Reduction during the usage by the consumers (energy, water) has been achieved since previous year?

Not Applicable

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

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

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

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

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

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

a. Issuance of tender sets free of cost, exemption from payment of Earnest Money Deposit (EMD) & purchase preference.

b. Further, HAL provides assistance to MSEs in the following manner:

- Provides technical documents, drawings, process sheets, tool drawings for special tools, templates and provides available tooling, special / specific-to-type tools / gauges and raw material for aircraft components wherever required to MSEs.
- Training & technical inputs to the Vendors' personnel/technician/ engineers at HAL and/or at vendors' works by deputing HAL Engineers.

c. HAL conducts vendor development programmes/ meets at various places to increase the No. of MSEs participating in HAL manufacturing programmes.

d. Further, HAL has relaxed the terms & conditions (viz. payment, prior turnover, prior experience, etc.) to MSEs & Start-ups as per the directives received from GOI time to time.

e. HAL has on-boarded on Trade Receivables Discounting System (TReDS) platform which facilitate prompt en-cashing/ financing of trade receivables of MSEs from HAL. This system will take care of ensuring timely payment to vendor. All our vendors are being persuaded to on board on the TReDS platform to avail this facility.

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

g. HAL has implemented the Public Procurement (Preference to Make in India), Order 2017 and its amendments issued vide letter No.P-45021/2/2017-PP(BE-II) dt. 29th May 2019 by the Department for Promotion of Industry and Internal Trade(DPIIT) to encourage 'Make in India' and promote manufacturing and production of goods & services in India. HAL has registered on DPE portal and the weekly data is regularly uploaded w.r.t procurement from MSEs, procurement from MSEs through GeM portal and payment to MSEs through TReDS platform.

h. HAL is a part of Public Procurement Portal, Government e-Marketplace (GeM portal). HAL procures commonly used items through GeM portal. All our vendors are being persuaded to on board on the GeM portal to utilize the facilities available in the GeM portal.

i. HAL has implemented Company wide e-Procurement system through its own e-Procurement portal for all tenders valuing more than ₹ 2 Lakh. A 24X7 e-Procurement help desk has been established to provide information, support, training, operational issues/clarifications to the vendors. This e-procurement portal has online vendor registration.

5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof.

The main products of the Company are Aircraft, Helicopters, Engines and other accessories for use in strategic/ national security applications. Once the products are sold, they would not come back to the Company. Hence the Company is not in a position to recycle the products.

Company has well established mechanism to channelize for disposal of waste generated during the manufacture of products / equipments. Different types of wastes are being disposed off as per rules, through recyclers / handlers duly authorised by the respective Pollution Control Boards. Metal waste and Used Oil is sent to authorized recyclers for recycling and recovery. Paper and plastics are handed over to recyclers. Left out food waste is used for generation of Biogas in a facility at Bangalore. Biodegradable waste from townships and market is processed in Organic Waste Converters and utilized as manure for gardening. A paper recycling facility is also in operation at Bangalore for recycling of waste paper and files/ folders/ bags etc.

Waste water generated during the manufacturing is treated and totally (100%) recycled water is being used for gardening.

Principle 3

1. Please indicate the Total number of employees: 27384 (as on 31.03.2020)

2. Please indicate the Total number of employees hired on Contractual/temporary/casual basis:

Contract labour : **11076 (as on 31.03.2020)**
Casual labour : **261(as on 31.03.2020)**

3. Please indicate the Number of permanent women employees: 2294

4. Please indicate the Number of permanent employees with disabilities: 643

5. Do you have an employee association that is recognized by management?

Yes, Workmen have recognized Trade Unions; and Officers have their own Associations.

6. What percentage of your permanent employees is members of this recognized employee association?

Almost 100%

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour & sexual harassment in the last financial year and pending as on the end of the financial year:

Sl. No.	Category	No. of complaints filed during the financial year	No. of complaints pending at the end of the financial year
1	Child labour/ forced labour/ involuntary labour	Nil	Nil
2	Sexual harassment	5	2
3	Discriminatory employment	Nil	Nil

8. What percentage of your under-mentioned employees was given safety & skill up-gradation training in the last year?

Sl. No.	Category	% of Persons trained on Safety Aspects	% of Persons trained for skill upgradation
1	Permanent Employees	14%	22%
2	Permanent Women Employees	4%	8%
3	Casual / Temporary / Contractual Employees	30%	36%
4	Employees with Disabilities	13%	17%

Principle 4

1. Has the Company mapped its internal and external stakeholders?

Yes, the Company has mapped its internal and external stakeholders.

2. Out of the above, has the Company identified the disadvantaged & marginalized stakeholders?

Yes. The Company has identified the disadvantaged & marginalized stakeholders as indicated below:

i) SC/ST employees
ii) Employees with Disabilities
iii) Women employees

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof.

i) Special Initiatives for SC/ST employees and their children:

The Company provides facilities for imparting additional tutorial / training classes to SC/ST Candidates at the Technical Training Centers of the Divisions concerned. They are given special training in the subject / skill in which they may be lacking. SC/ST employees are provided with more opportunities for Institutional Training and for attending Seminars / Conferences etc.

Children of HAL employees studying in HAL managed / aided Schools are awarded Scholarships based on merit. The Scholarships are meant for students studying in each standard of the Primary, Secondary and Higher Secondary classes in each school / college, in each medium of instruction, in each Division. Scholarships are awarded in the Categories of General, SC & ST (1 each in standard).

ii) Special initiatives for Employees with disabilities:

The Company extends Special Allowance for Blind and Orthopedically disabled Workmen. Further, Blind, Deaf & Dumb and Orthopedically disabled Workmen are eligible for an additional Transport Allowance. Advance for purchase of vehicle is also provided to such Workmen.

Employees with Disabilities are reimbursed the cost of Artificial Appliances, at actuals, limited to the ceilings prescribed by the Company or as per the prevailing CGHS / CSMA Rates, whichever is lower. They are also extended financial assistance for purchase of Hearing Aids.

Facilities have been provided in factory premises like Ramps & Lifts to ease the movement of employees with Disabilities. They are given special permission to come to their work spot inside Factory premises in Motorized Transport.

iii) Special Initiatives for Women employees :

The Company is a Corporate Life Member of the Forum of Women in Public Sector (WIPS) (under the ageis of SCOPE). Women Employees are sponsored to State / Regional level WIPS Seminars / Programmes conducted by WIPS. Women Employees are nominated for Training Programs such as Women Empowerment, Health Awareness etc.

Ladies Club / Family Welfare Associations are functioning in the Divisions. They take up various philanthropic / socio cultural activities.

Special Casual Leave of 14 days is extended to Women Employees for undergoing family planning operation.

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 has been notified in the Company. In line with the Guidelines received from the Govt. from time to time, necessary actions have been taken to prevent Sexual Harassment of Women at Workplace.

Principle 5

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?

There is no separate Policy on Human Rights in the Company. However, all HR Policies are framed in the Company by adopting the Principles of Human Rights and applicable Laws. Hence, Human Rights are Fundamental Principles in all the HR Policies.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

During the year, 240 complaints were received and all have been resolved.

Principle 6

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/others.

It covers the Company only. In addition, the Company promotes Customer awareness in Environmental Management to minimize impact on Environment during usage of the Company's Products. The Company also persuades and encourages its Business Partners / Vendors / Contractors to move towards environmental friendly processes, right from design to disposal.

2. Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? Y/N If yes, please give hyperlink for webpage etc.

Yes. The Company is addressing issues pertaining to climate change and global warming through energy conservation measures and energy substitution. Renewable energy resources such as wind and solar for energy generation and captive consumption are being used to the extent possible, to reduce Global Warming and use of clean green energy. The Company has a target of installing 50 MW capacity renewable energy power projects out of which about 46 MW is operational (14.7 MW based on wind and balance based on solar). The Company has generated about 775 Lakh units of electricity from the wind & solar power plants during the year leading to a reduction of about 74000 Tons of CO2 emissions.

Also, the following initiatives have been taken at various Divisions of the Company to address the global environmental issues:-

- Rain Water Harvesting for the conservation of rain water
- Sewage Treatment Plant (STP) for the recycling of waste water
- Lush green premises with plantations for green environment.
- Solar Power Plants installations in some of the Divisions.
- Solar Street & Traffic Signals in the Townships & Airport Areas, and Solar Lights in Office Premises.
- Installation of Solar Heaters in Factories, Townships, Hospitals, Guest-House, etc.

Hyperlink for webpage – http://hal-india.co.in/Sustainability/M__112

3. Does the Company identify and assess potential environmental risks? Y/N

Yes. All the Divisions of the Company are ISO 14001 certified and identification of environmental risks is an ongoing process. Also, the Company has a Risk Management Policy with a defined organizational structure for identifying and mitigating risks.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof. Also, if Yes, whether any environmental compliance report is filed?

No

5. Has the Company undertaken any other initiatives on clean technology, energy efficiency, renewable energy, etc? Y/N. If yes, please give hyperlink for web page etc.

Yes. The Company has a target of installing 50 MW capacity renewable energy power projects out of which around 46 MW is operational. The Company is working towards 100% replacement of conventional light fittings with LED light fittings in order to reduce the energy consumption. Around 60% replacement has been achieved so far.

Hyperlink for webpage – http://hal-india.co.in/Sustainability/M__112

Also, the following initiatives have been taken at various Divisions of the Company for enhancing energy efficiency:-

- Replacement of Reciprocating Chiller with energy efficient Screw Chiller
- Replacement of Reciprocating type air compressor with Screw type air compressor.
- Solar Street Lights with automatic switch- on / off.
- Thyristorized power controls have been planned for high energy consumed furnaces to reduce energy consumption in a phased manner.
- Arresting compressor air leakages from centralised compressor units as well as from the underground pipelines.
- Replacement of low efficient reciprocating Russian origin compressor by high efficiency centrifugal compressor to reduce power consumption.
- Metal Halide lights replaced with LED lights.
- Waste ATF used as fuel to run steam generation units.
- Relining with Fibrothal for Furnace done to reduce Energy consumption

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Yes.

7. Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

NIL

Principle 7

1. Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with.

a. Federation of Indian Chambers of Commerce & Industry (FICCI);

b. Standing Conference of Public Enterprises (SCOPE);

c. Confederation of Indian Industry (CII); and

d. Associated Chambers of Commerce and Industry of India (ASSOCHAM);

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others).**

Whenever Policy guidelines are issued, suggestions are being provided. In addition, seminars / workshops are also attended for conveying our view on the Policies.

Principle 8

1. **Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

Yes. The Company 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.

The Company has specified programmes / initiatives / Projects in pursuit of the Policy related to Principle 8. These Projects / Activities are in synchronization with the themes indicated in Schedule – VII of the Companies Act, 2013. The list of such Projects / Initiatives carried out under CSR during 2019-20, are provided in Appendix - A of Annexure-IV to the Board's Report.

2. **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?**

Most of the CSR programmes / projects of HAL are being undertaken through in house teams directly, at the Divisional Level.

However, the following two projects which required specialized expertise were / are being carried out in coordination with External Agencies / NGO with proven track records, such as:-

- Kumudavathi River Rejuvenation Project at Bangalore Rural and Ramanagara District, Karnataka State, was implemented through the International Association for Human Values (IAHV), a partner organization of the Art of Living Foundation.
- Development of HAL-IISc Skill Development Centre, at Challekere, Chitradurga District, Karnataka State is being carried out in association with the Indian Institute of Science, Bangalore, a premier Education Institute.

CSR Projects of the Hyderabad Division are identified, finalized and executed in coordination with various Agencies of State / Central Government such as the Office of the District Collector, Greater Hyderabad Municipal Corporation, District Administration, Railways, etc.

HAL Koraput Division, is located in Koraput District, Odisha State, which is notified as Aspirational District by the NITI Aayog. The Division identifies, finalizes and executes some of the CSR Projects in coordination with the Office of the District Administration.

Further, other Divisions of HAL are also taking up CSR Projects / Activities in the vicinity based on the requests of the concerned Local Government Bodies.

3. **Have you done any impact assessment of your initiative?**

CSR Projects are selected by HAL Divisions in the vicinity on the basis of need assessment of particular areas and due diligence with concerned stakeholders like Village Head, Panchayat Head, Block Development Officers, District Collectors, etc. Thus, It can be said that the CSR activities undertaken by HAL are tailored to match the requirement of the target beneficiaries from the very initiation. During the course of the CSR Project, regular interaction takes place amongst the Stakeholders and HAL representatives.

In respect of the Kumudavathi River Rejuvenation Project, implemented through the International Association for Human Values (IAHV), the Impact Assessment of the project was carried out by M/s. Pixel Softek Pvt. Ltd., an independent agency.

Further, Impact assessment is carried out by the CSR Committees of the respective Divisions by visiting the actual sites of the CSR Activities and interacting with the beneficiaries/ Stakeholders viz School Students, Gramsevaks / villagers to know about the effectiveness of the CSR projects at Ground Level.

At Hyderabad Division, where the CSR Projects have been/ are being undertaken in coordination with the State/ Central Government Authorities, the effectiveness is ascertained by meeting and interacting with the concerned Officials.

Several letters of appreciations/ communications received from the respective stake-holders testifies the positive impact of the CSR Projects.

4. What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

During the year, an amount of ₹ 8200 Lakh has been spent on various CSR Projects / Activities. The details of CSR Projects implemented during the year are indicated in Appendix – A of Annexure-IV to the Board's Report.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain.

Yes. The Divisions of HAL select the CSR Projects / Activities with an aim to address issues related to Health, Education, Sanitation and Infrastructural / Rural Development as per the needs projected by the concerned Stakeholders. Due – diligence is done by the CSR Implementation Committees existing in the Divisions. Consultation and Interaction takes place on regular basis, amongst Stakeholders and HAL representatives. On completion of these projects / facilities, they are handed over to the respective Authorities for further utility / maintenance. The details of CSR Projects implemented during the year are indicated in Appendix – A of Annexure-IV to the Board's Report.

Principle 9

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

Customer's issues are addressed by a dedicated Customer Service Department set up in each of the Divisions – Spares supply, Coordination for Repair/ Service at HAL/ at Customer site etc. Periodic meetings are also held with all customers viz., IAF, Army, Navy and Coast Guard for resolving issues on mutually agreeable terms. With regard to product performance, Defect Investigation (DI) Services are provided by the Company on a regular basis. The findings are shared with Customers & appropriate remedial measures are taken to improve the performance of products. About 90% of the Customer Issues are resolved during the same financial year.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/NA/Remarks (additional information).

The final products (viz., Aircraft and Helicopter) produced by the organisation are primarily meant for Defence requirement. The final product is identified by unique tail number.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof.

Nil

4. Did your company carry out any consumer survey/consumer satisfaction trends?

The products are primarily meant for defence requirement and periodic customer satisfaction survey is carried out.

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Independent Auditor's Report

To The Members of Hindustan Aeronautics Limited
Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the Standalone Financial Statements of **Hindustan Aeronautics Limited** ("the Company") which comprise the Balance Sheet as at 31st March 2020 and the Statement of Profit and Loss (including Other Comprehensive Income), (Statement of Changes in Equity) and the Statement of Cash Flows for the year then ended, and Notes to the Standalone Financial Statements, including a summary of Significant Accounting Policies and other explanatory information (hereinafter referred to as "the standalone financial statements") in which are included the returns of 27 divisions for the year ended on that date audited by the Division 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 accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and the Profit, (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 Standards are further described in the Auditor's Responsibilities for the Audit of the 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 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.

Emphasis of Matter

Attention is invited to Notes to the Financial Results extracted below:

a) Note: 49 (33) (g)

"The Company has considered the possible effects that may result from COVID-19 pandemic on the carrying amounts of Property, Plant and Equipment (PPE), Investments, Inventories, Receivables and other current assets.

Impact due to Covid 19 will be minimal as major portion of company's revenue is generated from Defense services. Further Ministry of Defense, vide letter no 4(4)(d)(ACQ/20 dated 12.06.2020 have extended the contractual delivery date for a period of 4 months i.e. 25th March 2020 to 24th July 2020 due to Force Majeure.

Based on the business model, there is no material impairment that needs to be recognised on Property, Plant and Equipment (PPE), Investments, Inventories, Receivables and other current assets."

b) Note no: 49 (1)(b)(i to vii)

"We have verified the adjustments, as described in Notes No 49 (1) (b) (i to vi) to the Statements, which have been made to the comparative financial information presented for the year ended 31st March 2019, in accordance with the requirements of applicable Ind AS. In our opinion, such adjustments are appropriate and have been properly applied."

c) Note no: 49 (43) (c)

"Consequent to settlement reached with workmen on 10th December 2019, the differential 21195 lakhs for the period from 01.1.2017 to 31.03.2019 is recognized in "Employee benefit Expenses" for the year ended 31st March 2020.

Corresponding eligible sales of ₹ 15291 lakhs' is included in revenue."

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 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
a) Revenue recognition ('Ind AS 115') The revenue standard establishes a comprehensive framework for determining whether, how much and when revenue is recognized. This involves certain key judgements 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.	Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows: • Evaluated the appropriateness of the disclosures provided under the revenue standard and assessed the completeness and mathematical accuracy of the relevant disclosures. • Evaluated the design of internal controls relating to implementation of the revenue accounting standard. • 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. • Selected a sample of continuing and new contracts and performed the following procedures: • Read, analyzed and identified the distinct performance obligations in these contracts. • Compared these performance obligations with that of identified and recorded by the group. • 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. • Examination of the correspondence relating to price revision and ascertained the reasonableness of the estimates. • Sample of revenues disaggregated by type and service offerings was tested with the performance obligations specified in the underlying contracts.
b) Impairment of Trade Receivables In respect of receivables from Government the company does not make any impairment provision based on past experience. The amount involved being significant balance and management judgement we consider this as a Key Audit Matter	We have verified the i) Effectiveness of internal controls in place and procedures followed in identifying the recoverability of long outstanding dues. ii) The procedures and follow up actions in ascertaining the impairment of receivables. 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.

Key Audit Matters	Response to Key Audit Matters & Conclusion
c) Recognition and Impairment of Intangible assets A significant degree of judgement is required to determine the Intangibles to be recognized and intangibles to be impaired. The company has substantial intangibles assets both under use and in progress. The recognition /impairment assessment involves technical and management estimates and Judgements. In respect of intangible Assets which are under development and whose life is infinite the same was reviewed by internal technical team as at the end of the reporting period and necessary impairment, if any, is recognized.	Our audit procedures involved the test check of verification of internal controls and incurrence of expenditure on intangible assets. We also reviewed the report of the Technical committee constituted to review the Intangibles Assets – development expenditure who have given a recommendation of the Intangible assets to be recognized and assets to be impaired in the Financial year. Based on the audit procedures as above we find the recognition and impairment provision have been made accordingly.
d) Work – in - Progress (WIP) - Inventories Inventories include Work in Progress which have been physically verified by the management based on physical verification instructions. Due to COVID – 19 lockdown we were not present during physical verification.	Our Audit Procedures include review of • Physical Verification instructions • Physical verification reports • Roll back procedures • Examining the basis of valuation on a test check basis Based on the above audit procedures we conclude that the valuation of WIP is proper.
e) Deferred Tax Asset on Provision Hitherto, Deferred Tax Assets on Provisions for warranty, replacements, doubtful debts etc., amounting to ₹ 106600 lakhs as on 31st March 2019 (31st March 2018- ₹ 107637 lakhs) and (-) ₹ 1037 lakhs for the year ended 31st March 2019 were not recognized since the temporary differences were not likely to reverse in the foreseeable future. The issue was referred to the Expert Advisory Committee (EAC) of Institute of Chartered Accountants of India for their Expert Opinion. Pursuant to the EAC opinion and as advised by them, the deferred tax assets have been recognized by re-statement of the previous year financial statements in accordance with Ind AS 8.	We have verified the Deferred Tax Asset computations for the respective periods and the restatements made and found them to be in line with Ind AS.
f) Remeasurement of Employee Benefits Provident Fund 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 interest at the notified 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.	We have verified the inputs given to the Actuary for valuation and the disclosures made.

Key Audit Matters	Response to Key Audit Matters & Conclusion
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 actuarial valuation 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 31st March 2020. In view of uncertainties regarding recoverability of certain investment in ILFS, Dewan Housing, Reliance Capital, syntax etc., during the current year ended 31st March, 2020, the Company has provided ₹ 32717 lakhs being the shortfall arising on account of asset diminution and change in re-measurement of the defined benefit plans etc., which has been recognized in "other Comprehensive Income" and Other Financial Liabilities.	
g) Recognition & Restatement of Revenue-Variable consideration in FPQ Contract relating to Vacation leave, Performance related pay & Gratuity In the previous financial years 2016-17 to 2018-19 the company had not recognised Variable consideration due to Uncertainty in the basis of measurement of revenue, which has been recognized in this Financial year.	We have verified the correspondence from customer regarding the determination of variable consideration. We have also verified the estimation made by the management for the respective financial years and the restatement made as per Ind AS – 8.
h) Current Tax and Deferred Tax The Company elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Act, 2019. Accordingly, the Company has recognized provision for Income Tax and re-measured its Deferred Tax Assets, basis the rate prescribed in the said section and an amount of ₹ 7254 lakhs has been provided to tax expense for the year ended 31st March, 2020.	We have verified the management computation of Current Tax, Deferred Tax as on 31st March 2020, as well as the calculation of write off by applying the rate of tax under section 115 BAA of the Income Tax Act 1961 and the amount determined charged to Tax Expenses.

Information Other than the Financial Statements and Auditors Reports Thereon

The company's Board of Directors is responsible for the other information. The other information comprises the information included in Board's Report, Management Discussion & Analysis Report, Business Responsibility Report, but does not include the financial statements and our auditor's report thereon. The Board's Report, Management Discussion & Analysis Report, Business Responsibility Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the 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 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 financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the report, if we conclude that there is a material misstatement there in, we are required to communicate the matter to those charged with governance.



Responsibility of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance,(Changes in Equity)and cash flows of the Company in accordance with the accounting principles generally accepted in India including the accounting Standards specified under Section 133 of the Act. 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 Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, The Board of Directors is 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.

Those Board of Directors are 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 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 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 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 management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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 Matter

a) We did not audit the financial statements/ information of 27 Divisions included in the financial statement of the company whose financial statements/financial information reflect total assets of ₹ 4669369 Lakhs as at 31st March 2020 and the total revenue of ₹ 2042601 lakhs for the year ended on that date, as considered in the standalone financial statements/ information of these divisions have been audited by the division 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 divisions, is based solely on the report of such division auditors.

b) Pursuant to supplementary audit by C&AG certain corrections were made in the financial statements adopted by the board of directors on 25.06.2020. The financial statements adopted by the board of directors on 25.06.2020 have been revised. The revised financial statements were adopted by the board on 18.08.2020. The impact of revision is stated in note no 49 (51) of the financial statements. This report supercedes our earlier report dated 25th June 2020.

Our opinion is not modified in respect of these matters

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("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.

2. As required by Section 143(3) of the Act, we report, that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the divisions not visited by us.

   c) The reports on the accounts of the divisions of the company audited under Section 143 (8) of the Act by the division auditors have been sent to us and have been properly dealt with by us in preparing this report.

   d) The Balance Sheet, the Statement of Profit and Loss (the Statement of Changes in Equity) and Cash Flow Statement 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 Accounting Standards 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 23rd February 2018 has exempted the companies engaged in defense 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 05th June 2015 issued by the Ministry of Corporate Affairs, Government of India, the company being Government Company, is exempt from the provisions of section 164(2) of the Act regarding disqualification of Directors.

   h) The provisions of Section 197 are not applicable to a government Company (in terms of MCA Notification NO. GSR 463 (E) dated 05th 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 over financial reporting 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 on its financial position in its Financial Statements –Refer Note 49 (2) (b) 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 were no amounts which were required to be transferred to the Investor education and protection fund by the company.

iv. 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 MAHARAJ N R SURESH AND CO
Chartered Accountants
FRN No: 001931S



N R Suresh
Partner
MNO: 021661
UDIN: 2002166AAAABX6577

Place: Chennai
Date: August 18th 2020

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF HINDUSTAN AERONAUTICS LIMITED.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act").

We have audited the Internal Financial Controls over Financial Reporting of HINDUSTAN AERONAUTICS LIMITED ("the Company") as of March 31, 2020 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining Internal Financial Controls based on the Internal Control over Financial Reporting criteria established by the Company, considering the essential components of Internal Control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting, issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's Internal Financial Controls over Financial Reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of Internal Financial Controls, both applicable to an audit of Internal Financial Controls and both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate Internal Financial Controls over Financial Reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the Internal Financial Controls System over Financial Reporting and their operating effectiveness. Our audit of Internal Financial Controls over Financial Reporting included obtaining an understanding of Internal Financial Controls over Financial Reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the 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 System over Financial Reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's Internal Financial Control over Financial Reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's Internal Financial Control over Financial Reporting includes those policies and procedures that:

(i) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(ii) 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

(iii) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of Internal Financial Controls over Financial Reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the Internal Financial Controls over Financial Reporting to future periods are subject to the risk that the Internal Financial Control over Financial Reporting may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate Internal Financial Controls System over Financial Reporting and such Internal Financial Controls over Financial Reporting were operating effectively as at March 31, 2020, based on the Internal Control over Financial Reporting criteria established by the Company, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

For MAHARAJ N R SURESH AND CO
Chartered Accountants
FRN No: 001931S



N R Suresh
Partner
MNO: 021661
UDIN: 2002166AAAABX6577

Place: Chennai
Date: August 18th 2020

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF HINDUSTAN AERONAUTICS LIMITED.

The Annexure referred to in Paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' of our Report of even date:

(i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;

(b) These fixed assets have been physically verified by the management in accordance with its phased programme designed to cover the assets of all locations/units by physical verification over a period of one to five years, which in our opinion is reasonable having regard to the size of the company and nature of the assets

(c) The title deeds of immovable properties are held in the name of the Company except as stated as per Note 49 Clause 14.1 to 14.6.

(ii) The Management has conducted physical verification of inventory at reasonable intervals and no material discrepancies were noticed.

(iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act 2013.

(iv) In terms of Circular No. GSR 463(E) dated 05th June 2015 issued by Ministry of Corporate Affairs, Government of India, the Company being a Government Company engaged in Defense production is exempt from Section 185 and 186 of Companies Act 2013.

(v) The Company has not accepted any deposits from the public.

(vi) We have broadly reviewed the books of account relating to materials, labor 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) According to the information and explanations given to us in respect of Statutory dues:

(a) The Company is regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, 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 31st March 2020 for a period of more than six months from the date they became payable.

(b) Details of dues of Income Tax or Sales Tax or Service Tax or Duty of Customs or Duty of Excise or Value Added Tax, Cess and Goods and Service Tax have not been deposited as on 31st March 2020 on account of disputes are given below:

Sales Tax

Assessment Year	Amount (In Lakhs)	Appeal by	Forum Where dispute is pending
1986-87	3,340	The Company	1st Appellate Authority
1988-90	10,571	The Company	1st Appellate Authority
1991-92	4,279	The Company	1st Appellate Authority
1996-97to 2012-13	33,034	UP Sales Tax Dept	Pending for hearing at High Court, Allahabad
1997-99	648	The Company	1st Appellate Authority
1999-00	151	The Company	Maharashtra Sales Tax Tribunal
2000-01	9	The Company	Dy. Com Of Sales Tax Nasik
2000-02	537	The Company	1st Appellate Authority
2002-03 to 2004-05	11,313	The Company	Maharashtra Sales Tax Tribunal, Mumbai

Assessment Year	Amount (In Lakhs)	Appeal by	Forum Where dispute is pending
2004-05	270	The Company	Sr. Dpty Commissioner of Sales Tax Nasik
2004-12	3,659	The Company	Assessing officer (For revision)
2004-16	21,432	The Company	Additional Commissioner (Appeals)
2005-06	138	The Company	CCT, J & K
2005-06 to 2013-14	715,761	The Company	Ist Appellate Authority Nasik
2005-09	1,750	The Company	WB Commercial Taxes Appellate and Revisional Board, Kolkata
2008-09	12	The Company	Additional Commissioner (Appeals)
2010-11	349	The Company	Joint Commissioner Sales Tax
2011-15	17,475	The Company	High Court
2013-15	6,905	The Company	Pending for hearing at Tribunal
2014-15	67,170	The Company	Writ petition is filed before the High Court on 03.06.2019
2015-16	12,191	The Company	Appellate Tribunal Lucknow
2016-17	4,325	The Company	Order passed by JT commissioner. Appeal for stay proceedings to be initiated.
2016-17	209	The Company	Ld. Senior Joint Commissioner of Sales Tax
2015-16	48	The Company	Appellate Tribunal Lucknow
Total	**9,15,576**		

Sales Tax Paid against Disputed Tax ₹ 6500 lakhs

Service Tax #

Assessment Year	Amount (In Lakhs)	Appeal by	Forum Where dispute is pending
2003-04 to 2010-11	444	The Company	CESTAT, Bangalore
2004-05 to 2008-09	426	The Company	Central Excise and Service Tax Appellate, New Delhi
2005-06	62	The Company	Commissioner of Service Tax
2005-06 to 2009-10	1,757	The Company	CESTAT
2006-07 to 2007-08	5,628	Service tax department	Supreme Court
2006-07 to 2017-18	62,860	The Company	CESTAT, Mumbai
2007-08 & 2010-11	11,235	The Company	Service Tax Department
2007-08 to 2011-12	5,096	The Company	Tribunal, Banglore
2007-08 to 2011-12	9,151	The Company	CESTAT EZB, Kolkata
2008-09 to 2010-11	525	The Company	Service Tax Department, Nasik
2009-10	282	The Company	Commissioner of Service Tax
2009-13	465	The Company	CESTAT
2010-11	38	Commissioner of Customs, Central Excise & Service Tax–Hyd-IV Commissionerate.	CESTAT

Assessment Year	Amount (In Lakhs)	Appeal by	Forum Where dispute is pending
2010-11	421	The Company	CESTAT
2010-11	57	The Company	Commissioner of Service Tax
2011-12 to 2014-15	10,633	The Company	CESTAT Allahabad
2011-12 to 2017-18	4,970	The Company	Service Tax Department
2013-14 to 2017-18	56	The Company	Commissioner of Central Tax (Appeals) East Commissionerate Domlur
2013-14 to 2017-18	72	The Company	Commissionerate of GST, Banglore
2015-16	936	The Company	Commissioner of CGST & Central Excise, Audit Commissionerate Bhubaneswar
2015-16 to 2017-18	522	The Company	CESTAT
2016-17	228	The Company	Commissioner of Service Tax
March 2012 to March 2014	182	The Company	Commissioner of Appeals
October 2013 to June 2017	310	The Company	Commissioner of Appeals
2013-14 to 2017-18	6	The Company	Commissioner of Appeals Bangalore
2011-12 to 2014-15	3523	The Company	CESTAT Allahabad
Total	**119885**		

Service Tax paid against disputed tax ₹ 3533 Lakhs

GST

Assessment Year	Amount (In Lakhs)	Appeal by	Forum Where dispute is pending
2019	131	Department	Supreme Court
2019	177	Department	Supreme court
Total	**308**		

GST paid under Protest ₹ 13 lakhs

Customs Duty *

Assessment Year	Amount (In Lakhs)	Appeal by	Forum Where dispute is pending
2012-13	23474	The Company	CESTAT
2012-13	95	The Company	CCE Appeals
Total	**23569**		

* Customs duty paid against disputed tax ₹ 3127 Lakhs

Income Tax

Assessment Year	Amount (In Lakhs)	Appeal by	Forum Where dispute is pending
2011-12	33	The Company	Asst. Commissioner Income Tax, Kanpur
2017-18	27670	The Company	Commissioner of Appeals
2007-08, 2011-12, 2012-13, 2013-14, 2014-15, 2015-16	58076	The Company	Income Tax Appellate Tribunal
Total	**85779**		

(viii) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders.

(ix) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year.

(x) No fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) The provisions of Section 197 are not applicable to a Government Company (in terms of MCA Notification no. GSR 463(E) dated 05th June 2015) as the managerial remuneration is paid as per the appointment letter from Government of India.

(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) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

(xv) The Company has not entered into any non-cash transactions with Directors or persons connected with him.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For MAHARAJ N R SURESH AND CO.
Firm Regn. No.: 001931S



N R Suresh
Membership No.: 021661
Partner
Chartered Accountants
UDIN: 2002166AAAABX6577

Place: Chennai
Date: August 18th 2020

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 2019-20 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 are 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.	Not applicable
3.	Whether funds received/receivable for specific schemes from Central/State agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation.	The Company has received a sum of ₹ 13229 lakhs from Ministry of Defence(MOD), Government of India (GOI), towards investments by the Company in M/s Multirole Transport Aircraft Ltd (MTAL). Out of the above, the Company has till date invested a sum of ₹ 11347 lakhs (PY ₹ 11347 lakhs). The balance of ₹ 1882 lakhs (PY ₹ 1882 lakhs) is shown other Current liabilities. Interest @ 6.85% has been provided on the unutilized portion under other financial liabilities.

For MAHARAJ N R SURESH AND CO.
Firm Regn. No.: 001931S



N R Suresh
Membership No.: 021661
Partner
Chartered Accountants
UDIN: 2002166AAAABX6577

Place: Chennai
Date: August 18th 2020



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प्रधान निदेशक वाणिज्यिक लेखापरीक्षा एवं पदेन सदस्य
लेखापरीक्षा बोर्ड का कार्यालय, बेंगलूरु - 560 001
OFFICE OF THE PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT and ex-Officio MEMBER, AUDIT BOARD.
BENGALURU - 560 001.

दिनांक/DATE: 28-08-2020

To

The Chairman & Managing Director
Hindustan Aeronautics Limited
Corporate Office,
No.15/1, Cubbon Road,
Bangalore- 560001.

Sir,

Sub: Comments of the Comptroller and Auditor General of India under section 143(6) (b) of the Companies Act, 2013.

I forward herewith Nil Comments Certificate of the Comptroller and Auditor General of India under Section 143(6) (b) of the Companies Act, 2013 on the standalone accounts and consolidated accounts of Hindustan Aeronautics Limited, Bangalore for the year ended 31 March 2020.

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,

(Arun Kumar VM)
Deputy Director (Reports)

Encl: As above.

भारतीय लेखापरीक्षा तथा लेखा विभाग
INDIAN AUDIT & ACCOUNTS DEPARTMENT
पहला तल, बसव भवन, श्री बसवेश्वर रोड, बेंगलूरु - 560 001
1st Floor, Basava Bhavan, Sri Basaveswara Road, Bengaluru - 560 001
दू.भा/Phone : 2226 7646 / 2226 1168
E-mail : mabbangalore@cag.gov.in
फैक्स/Fax : 080-2226 2491

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF HINDUSTAN AERONAUTICS LIMITED, BANGALORE FOR THE YEAR ENDED 31 MARCH 2020.

The preparation of financial statements (Standalone Financial Statement) of **Hindustan Aeronautics Limited, Bangalore** for the year ended 31 March 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 25 June 2020 and Revised report dated 18 August 2020.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of **Hindustan Aeronautics Limited, Bangalore** for the year ended 31 March 2020. 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.

In view of the ***revisions made in the financial statements by the management as indicated in item No.49(51) of Notes to Accounts and revisions made in Independent Auditors' Report under 'Other matters'*** as a result of my audit observations highlighted during supplementary audit, I have no further comments to offer 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

28/08/2020

(Santosh Kumar, IA&AS)
Pr. Director of Commercial Audit
& Ex-Officio Member, Audit Board, Bangalore.

Bangalore
Date: 28 August 2020.

Standalone Balance Sheet as at March 31, 2020

(₹ in Lakhs)

Particulars	Note No.	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
ASSETS				
Non-current assets				
(a) Property, Plant and Equipment	1			
Gross Block	1A	**966648**	885510	793972
Less: Accumulated Depreciation	1B	**332189**	257183	174965
Net Block		**634459**	628327	619007
(b) Capital work-in-progress	2	**85742**	69915	54676
(c) Investment Property	3			
Gross Block	3A	**4**	4	4
Less: Accumulated Depreciation	3B	**1**	-	-
Net Block		**3**	4	4
(d) Goodwill	4			
(e) Other Intangible assets	5			
Gross Block	5A	**250556**	239008	213479
Less: Accumulated Amortization	5B	**116429**	92429	72513
Less: Impairment	5C	**33441**	29480	6366
Net Block		**100686**	117099	134600
(f) Intangible Assets under Development	6			
Gross Block	6A	**119282**	81781	84090
Less: Accumulated Amortization	6B	**-**	-	-
Less: Impairment	6C	**1013**	1795	-
Net Block		**118269**	79986	84090
(g) Investments in Subsidiaries and Joint Ventures	7	**11714**	15278	13553
(h) Financial Assets				
(i) Investments	7A	**82301**	74901	85384
(ii) Trade Receivables	8	**-**	-	-
(iii) Contract Assets	8A	**-**	-	-
(iv) Loans	9	**4796**	4836	5029
(v) Other Financial Assets	10	**33813**	34843	35800
(i) Deferred tax Assets (Net)	11	**47011**	25931	5948
(j) Other Non-Current Assets	12	**61666**	53167	31386
Total non-current assets		**1180460**	1104287	1069477
Current assets				
(a) Inventories	13	**1945392**	1968477	1997944
(b) Financial Assets				
(i) Investments	14	**-**	-	-
(ii) Trade receivables	15	**1158339**	1245903	583398
(iii) Contract Assets	15A	**748342**	477232	206923
(iv) Cash and Cash Equivalents	16	**27783**	1133	9149
(v) Bank Balances other than Cash and Cash Equivalents	17	**2008**	8405	641807
(vi) Loans	18	**1928**	2721	5001
(vii) Other Financial Assets	19	**123156**	123441	158850
(c) Current Tax Assets	20	**3531**	-	-
(d) Other Currents Assets	21	**129063**	137111	113459
Total current assets		**4139542**	3964423	3716531
Total Assets		**5320002**	5068710	4786008

Standalone Balance Sheet as at March 31, 2020

(₹ in Lakhs)

Particulars	Note No.	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital	22	**33439**	33439	33439
(b) Other Equity	23	**1285554**	1174054	1025090
Total equity		**1318993**	1207493	1058529
LIABILITIES				
Non-current liabilities				
(a) Financial Liabilities				
(i) Borrowings	24	**-**	10000	10000
(ii) Trade payables	25			
(iii) Other Financial Liabilities	26	**41927**	38632	39621
(b) Provisions	27	**151439**	151611	213838
(c) Deferred Tax Liabilities (Net)	28	**-**	-	-
(d) Other Non-Current Liabilities	29	**705654**	841652	846215
Total non-current liabilities		**899020**	1041895	1109674
Current Liabilities				
(a) Financial liabilities				
(i) Borrowings	30	**577518**	401620	72726
(ii) Trade payables	31			
A) total outstanding dues of micro enterprises and small Enterprises		**4779**	1513	814
B) total outstanding dues of creditors other than micro enterprises and Small Enterprises		**404144**	261768	166133
Sub Total- Trade payables		**408923**	263281	166947
(iii) Other Financial liabilities	32	**262298**	179180	149950
(b) Other Current Liabilities	33	**1315149**	1407349	1806636
(c) Provisions	34	**480025**	449357	350271
(d) Current Tax Liabilities	35	**58076**	118535	71275
Total current liabilities		**3101989**	2819322	2617805
Total Equity and Liabilities		**5320002**	5068710	4786008

Significant Accounting Policies and accompanying Notes No. 1 to 49 form an integral part of the Financial Statements

As per our Report of even date

For and on behalf of the Board of Directors

For Maharaj N R Suresh and Co.
Chartered Accountants
FRN No. 001931S

CA N R Suresh
Partner
Membership No. 021661

Place: Chennai
Date: 18.08.2020

(C. B. Ananthakrishnan)
Director (Finance) & CFO
DIN: 06761339

(R. Madhavan)
Chairman & Managing Director
DIN: 08209860

(G. V. Sesha Reddy)
Company Secretary

Standalone Statement of Profit and Loss

for the year ended 31st March 2020

(₹ in Lakhs)

S. No	Particulars	Note No.	For the year ended 31st March 2020	For the Year ended 31st March 2019
	REVENUE			
I	Revenue from Operations	36	**2143838**	2000847
II	Other Income	37	**29333**	37551
III	**Total Income (I+II)**		**2173171**	2038398
IV	**EXPENSES**			
	Cost of Materials Consumed	38	**817334**	735668
	Purchases of Stock-in-Trade	38A	**58715**	30749
	Changes in Inventories of Finished Goods, Stock-in-Trade, Work-in-Progress and Scrap	39	**63567**	117201
	Employee Benefits Expense	40	**476359**	429517
	Finance Costs	41	**34840**	16960
	Depreciation and Amortization Expense	42	**99763**	102447
	Impairment Loss	42A	**3179**	24909
	Other Expenses	43	**144600**	161326
	Direct Input to WIP / Expenses Capitalised	44	**17829**	30350
	Provisions	45	**149539**	130001
	Total Gross Expenses		**1865725**	1779128
	Less: Expenses relating to Capital and Other Accounts	46	**73497**	114964
	Total expenses (IV)		**1792228**	1664164
V	**Profit/(Loss) before Exceptional items and Tax (III-IV)**		**380943**	374234
VI	Exceptional Items	Clause 9A of Note 49	**11892**	-
VII	**Profit/(loss) before tax (V+VI)**		**392835**	374234
VIII	Tax expense:			
	(1) Current Tax		**118000**	158629
	(2) Earlier Tax		**-**	982
	(3) Deferred Tax		**-8401**	-19983
IX	Profit (Loss) for the period from Continuing Operations (VII-VIII)		**283236**	234606
X	Profit/(loss) from Discontinued Operations			
XI	Tax expense of Discontinued Operations			
XII	Profit/(loss) from discontinued operations (after tax) (X-XI)		**-**	-
XIII	Profit/(loss) for the period (IX+XII)		**283236**	234606
XIV	**Other Comprehensive Income (OCI)**			
	A (i) Items that will not be reclassified to profit or loss	47	**-50377**	-8962
	(ii) Income tax benefit/(expense) on the items that will not be reclassified to Profit or Loss		**12679**	3132

Standalone Statement of Profit and Loss

for the year ended 31st March 2020

(₹ in Lakhs)

S. No	Particulars	Note No.	For the year ended 31st March 2020	For the Year ended 31st March 2019
	B (i) Items that will be reclassified to profit or loss	48	-	9
	(ii) Income tax benefit/(expense) on items that will be reclassified to Profit or Loss		-	-3
	Total Other Comprehensive Income (A + B)		**-37698**	-5824
XV	**Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit (Loss) and Other Comprehensive Income for the period)**		**245538**	228782
XVI	Earnings per Equity Share (for Continuing Operations):			
	(1) Basic (₹)		**84.70**	70.16
	(2) Diluted (₹)		**84.70**	70.16
XVII	Earnings per Equity Share (for Discontinued Operations):			
	(1) Basic (₹)			
	(2) Diluted (₹)			
XVIII	Earnings per Equity Share (for Continuing & Discontinued Operations):			
	(1) Basic (₹)		**84.70**	70.16
	(2) Diluted (₹)		**84.70**	70.16

Significant Accounting Policies and accompanying Notes No. 1 to 49 form an integral part of the Financial Statements

As per our Report of even date

For and on behalf of the Board of Directors

For Maharaj N R Suresh and Co.
Chartered Accountants
FRN No. 001931S

(C. B. Ananthakrishnan)
Director (Finance) & CFO
DIN: 06761339

(R. Madhavan)
Chairman & Managing Director
DIN: 08209860

CA N R Suresh
Partner
Membership No. 021661

(G. V. Sesha Reddy)
Company Secretary

Place: Chennai
Date: 18.08.2020

Standalone Statement of Changes in Equity for the year ended 31st March 2020

(₹ in Lakhs)

Particulars	Equity Share Capital	Other Equity						Total Equity
		Reserves and Surplus				Other Comprehensive Income		
		Research and Development Reserve	Capital Redemption Reserve	General Reserve	Retained earnings	Remeasure-ments of net defined benefit liability/ asset	Exchange differences in translating the financial state-ments of a foreign operation	
Balance as at April 1, 2018	**33439**	**65341**	**14761**	**965303**		**-20325**	**10**	**1058529**
Changes in equity for the year ended March 31, 2019								
Profit for the year					234606			234606
Items that will be reclassified to profit or loss							9	9
Income tax relating to items that will be reclassified to profit or loss							-3	-3
Items that will not be reclassified to profit or loss						-8962		-8962
Income tax relating to items that will not be reclassified to profit or loss						3132		3132
Total comprehensive income for the year					**234606**	**-5830**	**6**	**228782**
Current Year Transfer		21488						21488
Transfer to General Reserve on utlization		-809						-809
Surplus Transferred from Statement of Profit and Loss				133300				133300
Transfer from Research & Development Reserve				809				809
Transfer to Research & Development Reserve					-21488			-21488
Final Dividend (including dividend distribution tax)					-79818			-79818
Transfer to General Reserves					-133300			-133300
Balance as at March 31, 2019	**33439**	**86020**	**14761**	**1099412**	**-**	**-26155**	**16**	**1207493**
Balance as at April 1, 2019	**33439**	**86020**	**14761**	**1099412**	**-**	**-26155**	**16**	**1207493**
Changes in equity for the year ended March 31, 2020								
Profit for the year					283236			283236
Items that will be reclassified to profit or loss								-
Income tax relating to items that will be reclassified to profit or loss								-
Items that will not be reclassified to profit or loss						-50377	-	-50377

Standalone Statement of Changes in Equity for the year ended 31st March 2020

(₹ in Lakhs)

Particulars	Equity Share Capital	Other Equity						Total Equity
		Reserves and Surplus				Other Comprehensive Income		
		Research and Development Reserve	Capital Redemption Reserve	General Reserve	Retained earnings	Remeasure-ments of net defined benefit liability/ asset	Exchange differences in translating the financial state-ments of a foreign operation	
Income tax relating to items that will not be reclassified to profit or loss						12679	-	12679
Total comprehensive income for the year					**283236**	**-37698**	**-**	**245538**
Current Year Transfer		25351						25351
Transfer to General Reserve on utlization		-2639						-2639
Surplus Transferred from Statement of Profit and Loss				123847				123847
Transfer from Research & Development Reserve				2639				2639
Transfer to Research & Development Reserve					-25351			-25351
Interim Dividend (including dividend distribution tax)					-134038			-134038
Transfer to General Reserves					-123847			-123847
Balance as at March 31, 2020	**33439**	**108732**	**14761**	**1225898**	**-**	**-63853**	**16**	**1318993**

Significant Accounting Policies and accompanying Notes No. 1 to 49 form an integral part of the Financial Statements

As per our Report of even date

For and on behalf of the Board of Directors

For Maharaj N R Suresh and Co.
Chartered Accountants
FRN No. 001931S

CA N R Suresh
Partner
Membership No. 021661

Place: Chennai
Date: 18.08.2020

(C. B. Ananthakrishnan)
Director (Finance) & CFO
DIN: 06761339

(R. Madhavan)
Chairman & Managing Director
DIN: 08209860

(G. V. Sesha Reddy)
Company Secretary

Standalone Statement of Cash Flow

for the year ended 31st March 2020

(₹ in Lakhs)

Sl. No.	Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
A	**Cash flow from Operating activities**		
	Profit for the year	**283236**	234606
	Adjustments to reconcile net profit to net cash provided by operating activities		
	Income Tax expense	**109599**	139628
	(Gain)/Loss on sale of Property, Plant & Equipment	**-23**	-58
	Finance cost	**34840**	16960
	Interest Income	**-6439**	-26020
	Dividend Income	**-135**	-182
	Net (Gain)/Loss on Fair Value Adjustment	**37**	37
	Depreciation,amortization and impairment expense	**102942**	127356
	Provision for Diminution in Value of Investments	**3664**	275
	Provision for Doubtful Debts	**3767**	719
	Provision for Doubtful Claims	**4023**	2153
	Provision for Replacement and Other charges	**46328**	51323
	Provision for Warranty	**21384**	22186
	Provision for Raw Materials and Components, Stores and Spare parts and Construction Materials	**18213**	9638
	Provision for Liquidated Damages	**52160**	43707
	Operating Profit Before Working Capital Changes	**673596**	622328
	Adjustments for:		
	(Increase)/decrease in Trade Receivables	**-187313**	-933533
	(Increase)/decrease in Loans, Financial Assets and Other Assets	**-3294**	2976
	(Increase)/decrease in Inventories	**4872**	19829
	Increase/(decrease) in Trade Payables	**145642**	96334
	Increase/(decrease) in Financial Liabilities, Provisions and Other Liabilities	**-286711**	-468073
	Cash generated from Operations	**346792**	-660139
	Income Taxes Paid	**-181990**	-109222
	Net Cash (used in)/generated from Operating Activities (A)	**164802**	-769361
B	**Cash flow from Investing activities**		
	Purchase of Property, Plant & Equipment	**-88992**	-108870
	Purchase of Intangible Assets	**-49049**	-30157
	Proceeds from sale of Property, Plant & Equipment	**157**	160
	Investment in Joint Ventures	**-100**	-
	Investment in Subsidiary	**-**	-2000
	Purchase of other non current Investments	**-7400**	10483
	Proceeds from maturity of short term deposits	**6397**	633402
	Interest Received	**6439**	26020
	Dividend Received from Joint Ventures	**135**	182
	Net Cash (used in)/generated from Investing Activities (B)	**-132413**	529220

Standalone Statement of Cash Flow

for the year ended 31st March 2020

(₹ in Lakhs)

Sl. No.	Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
C	**Cash flow from Financing Activities**		
	Share application money paid	**-1000**	
	Proceeds from Borrowings-Current (Net)	**164135**	328894
	Payment of Lease Liabilities	**-7**	
	Interest paid	**-34829**	-16960
	Dividend Paid (including Dividend distribution Tax)	**-134038**	-79818
	Net Cash (used in)/generated form Financing Activities (C)	**-5739**	232116
D	**Effect of Exchange differences on translation of foreign currency cashand cash equivalents**	**-**	9
	Net increase/(decrease) in Cash and Cash Equivalents (A+B+C+D)	**26650**	-8025
	Add: Cash and Cash Equivalents at the beginning of the year (Refer Note 16)	**1133**	9149
	Cash and Cash Equivalents at the end of the year (Refer Note 16)	**27783**	1133

Significant Accounting Policies and accompanying Notes No. 1 to 49 form an integral part of the Financial Statements

Notes:

1. 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"
2. Cash & Cash equivalent include Short Term Deposits with Bank
3. Purchase of Fixed Assets are stated inclusive of capital work-in-progress between the beginning and end of the period
4. Previous year figures are rearranged or regrouped wherever necessary
5. Cash and Cash Equivalents are available fully for use

As per our Report of even date

For and on behalf of the Board of Directors

For Maharaj N R Suresh and Co.
Chartered Accountants
FRN No. 001931S

CA N R Suresh
Partner
Membership No. 021661

Place: Chennai
Date: 18.08.2020

(C. B. Ananthakrishnan)
Director (Finance) & CFO
DIN: 06761339

(R. Madhavan)
Chairman & Managing Director
DIN: 08209860

(G. V. Sesha Reddy)
Company Secretary

Significant Accounting Policies for the financial year 2019-20

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.

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.

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.

Significant Accounting Policies for the financial year 2019-20

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.

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 an 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.

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 basis, 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 01st April, 2015.

Significant Accounting Policies for the financial year 2019-20

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.

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), 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) 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 incurrence 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 incurrence 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.

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.

Significant Accounting Policies for the financial year 2019-20

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.

Significant Accounting Policies for the financial year 2019-20

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. The functional currency of the Company is Indian Rupee.

(C. B. Ananthakrishnan)
Director (Finance) & CFO
DIN: 06761339

(R. Madhavan)
Chairman & Managing Director
DIN: 08209860

(G. V. Sesha Reddy)
Company Secretary

Place: Bengaluru
Date: 18.08.2020

Notes to the Financial Statements for the year ended March 31, 2020

Note 1 - Plant, Property and Equipment

Note 1A - Gross Block - Plant, Property and Equipment

The changes in the carrying value of property, plant and equipment for year ended 31st March 2020 are as follows:

(₹ in Lakhs)

Particulars	Gross block As at 1st April 2019	Additions	Reclassification /Adjustment	Disposals	Gross Block As at 31st March 2020
Land					
- Right-of-Use Assets	-	33	1234	-	**1267**
- Leasehold	1235	-	-1234	-	**1**
- Freehold	1653	294	-	-	**1947**
Buildings	111907	15885	-	-	**127792**
Plant and Equipment	203668	25534	94	469	**228827**
Furniture and Fixtures	8199	481	-	71	**8609**
Vehicles	6064	817	-	148	**6733**
Office Equipment	10769	1980	-94	202	**12453**
Others					
Assets Used for CSR Activities	4525	-	-	-	**4525**
Roads and Drains	5391	336	-	-	**5727**
Water Supply	3227	324	-	-	**3551**
Rail Road Sidings	-	-	-	-	**-**
Runways	1776	-	-	-	**1776**
Aircraft/Helicopters	31430	922	-	-	**32352**
Sub Total	**389844**	**46606**	**-**	**890**	**435560**
Special Tools	495666	35422	-	-	**531088**
Total	**885510**	**82028**	**-**	**890**	**966648**

The amount of contractual commitments for the accquisition of property, plant and equipment is disclosed under Clause 3 of Note 49

There is no charge or lein on Property, Plant and Equipment

Refer Clause No. 13 & 14.1 to 14.7 of Note 49

Notes to the Financial Statements for the year ended March 31, 2020

Note 1B - Accumulated Depreciation - Plant, Property and Equipment

(₹ in Lakhs)

Particulars	Provision As at 1st April 2019	Additions	Reclassification / Adjustment	Disposals	Provisions As at 31st March 2020	Net Block As at 31st March 2020	Net Block As at 31st March 2019
Land							
- Right-of-Use Assets	-	19	56	-	**75**	**1192**	-
- Leasehold	55	1	-56	-	**-**	**1**	1180
- Freehold	-	-	-	-	**-**	**1947**	1653
Buildings	14621	4178	-	-	**18799**	**108993**	97286
Plant and Equipment	71385	19683	9	451	**90626**	**138201**	132283
Furniture and Fixtures	5851	858	-	56	**6653**	**1956**	2348
Vehicles	2637	827	-	59	**3405**	**3328**	3427
Office Equipment	7939	1430	-9	190	**9170**	**3283**	2830
Others							
Assets Used for CSR Activities	4525	-	-	-	**4525**	**-**	-
Roads and Drains	2672	638	-	-	**3310**	**2417**	2719
Water Supply	1224	372	-	-	**1596**	**1955**	2003
Rail Road Sidings	-	-	-	-	**-**	**-**	-
Runways	981	180	-	-	**1161**	**615**	795
Aircraft/Helicopters	5198	2861	-	-	**8059**	**24293**	26232
Sub Total	**117088**	**31047**	**-**	**756**	**147379**	**288181**	**272756**
Special Tools	140095	44715	-	-	**184810**	**346278**	355571
Total	**257183**	**75762**	**-**	**756**	**332189**	**634459**	**628327**

Above Includes:	As at 31st March 2020
Gross Value of Assets with M/s. Midhani	**751**
Cumulative Depreciation in respect of Assets with M/s. Midhani	**723**
	28

	As at 31st March 2020
Gross Value of Assets retired from Active Use	**1898**
Less : Cumulative Depreciated Value of Assets retired from Active Use.	**1881**
WDV of Assets Retired from Active Use.	**17**

Notes to the Financial Statements for the year ended March 31, 2020

Note 1 - Plant, Property and Equipment

Note 1A - Gross Block - Plant, Property and Equipment

The changes in the carrying value of property, plant and equipment for year ended 31st March 2019 are as follows:

(₹ in Lakhs)

Particulars	Gross block As at 1st April 2018	Additions	Reclassification / Adjustment	Disposals	Gross Block As at 31st March 2019
Land					
- Leasehold	1235	-	-	-	1235
- Freehold*	1787	-134	-	-	1653
Buildings	102309	9650	-52	-	111907
Plant and Equipment**	173413	30493	-1	237	203668
Furniture and Fixtures	7172	1072	-	45	8199
Vehicles	5648	525	-	109	6064
Office Equipment	9104	1688	1	24	10769
Others					
Assets Used for CSR Activities	4525	-	-	-	4525
Roads and Drains	4412	979	-	-	5391
Water Supply	2920	255	52	-	3227
Rail Road Sidings	-	-	-	-	-
Runways	1776	-	-	-	1776
Aircraft/Helicopters***	19754	4739	6937	-	31430
Sub Total	**334055**	**49267**	**6937**	**415**	**389844**
Special Tools	459917	35749	-	-	495666
Total	**793972**	**85016**	**6937**	**415**	**885510**

The amount of contractual commitments for the accquisition of property, plant and equipment is disclosed under Clause 3 of Note 49

* Negative in Additions represnts refund of Land Conversion Charges

**Additions include ₹ 104 Lakh finance cost has been capitalised

*** The Intangible assets under development has been completed and transferred to Aircraft/Helicopters (Refer Note 6A) Refer Clause No. 13 & 14.1 to 14.7 of Note 49

Notes to the Financial Statements for the year ended March 31, 2020

Note 1B - Accumulated Depreciation - Plant, Property and Equipment

(₹ in Lakhs)

Particulars	Provision as at 1st April 2018	Additions	Reclassi-fication / Adjustment	Disposals	Provisions As at 31st March 2019	Net Block As at 31st March 2019	Net Block As at 31st March 2018
Land							
- Leasehold	36	19	-	-	55	1180	1199
- Freehold	-	-	-	-	-	1653	1787
Buildings	10591	4082	-52	-	14621	97286	91718
Plant and Equipment	51844	19767	-1	225	71385	132283	121569
Furniture and Fixtures	4521	1361	3	34	5851	2348	2651
Vehicles	1927	744	-3	31	2637	3427	3721
Office Equipment	6080	1881	1	23	7939	2830	3024
Others							
Assets Used for CSR Activities	4525	-	-	-	4525	-	-
Roads and Drains	2103	569	-	-	2672	2719	2309
Water Supply	822	350	52	-	1224	2003	2098
Rail Road Sidings	-	-	-	-	-	-	-
Runways	757	224	-	-	981	795	1019
Aircraft/Helicopters	2440	2758	-	-	5198	26232	17314
Sub Total	**85646**	**31755**	**-**	**313**	**117088**	**272756**	**248409**
Special Tools	89319	50776	-	-	140095	355571	370598
Total	**174965**	**82531**	**-**	**313**	**257183**	**628327**	**619007**

Above Includes:	As at 31st March 2019
Gross Value of Assets with M/s. Midhani	751
Cumulative Depreciation in respect of Assets with M/s. Midhani	613
	138

	As at 31st March 2019
Gross Value of Assets retired from Active Use	3357
Less : Cumulative Depreciated Value of Assets retired from Active Use.	3344
WDV of Assets Retired from Active Use.	13

Notes to the Financial Statements for the year ended March 31, 2020

Note 2 - Capital Work in Progress

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Buildings	**45355**	34869	25159
Plant and Equipment	**22398**	24815	17885
Furniture and Fixtures	**23**	23	-
Roads and Drains	**-**	5	81
Office Equipment	**38**	-	-
Water Supply	**147**	50	-
Plant and Equipment under Inspection and in Transit	**1375**	5157	9505
Special Tools	**16406**	4996	2046
Total	**85742**	**69915**	**54676**

Note 3 - Investment Property

The changes in the carrying value of investment property for year ended 31st March 2020 are as follows:

Note 3A - Gross Block - Investment Property

(₹ in Lakhs)

Particulars	Gross block As at 1st April 2019	Additions	Disposals	Gross Block As at 31st March 2020
Buildings	4	-	-	**4**
Total	**4**	**-**	**-**	**4**

Note 3B - Accumulated Depreciation - Investment Property

(₹ in Lakhs)

Particulars	Provision As at 1st April 2019	Additions	Reclassi-fication / Adjustment	Disposals	Provisions As at 31st March 2020	Net Block As at 31st March 2020	Net Block As at 31st March 2019
Buildings	-	1	-	-	**1**	**3**	4
Total	**-**	**1**	**-**	**-**	**1**	**3**	**4**

Note 3 - Investment Property

The changes in the carrying value of investment property for year ended 31st March 2019 are as follows:

Note 3A - Gross Block - Investment Property

(₹ in Lakhs)

Particulars	Gross block As at 1st April 2018	Additions	Disposals	Gross Block As at 31st March 2019
Buildings	**4**	**-**	**-**	**4**
Total	**4**	**-**	**-**	**4**

Notes to the Financial Statements for the year ended March 31, 2020

Note 3B - Accumulated Depreciation - Investment Property

(₹ in Lakhs)

Particulars	Provision As at 1st April 2018	Additions	Reclassi-fication / Adjustment	Disposals	Provisions As at 31st March 2019	Net Block As at 31st March 2019	Net Block As at 31st March 2018
Buildings	-	-	-	-	-	4	4
Total	-	-	-	-	-	4	4

Note 5 - Other Intangible assets

The changes in the carrying value of other intangible assets for the year ended 31st March 2020 are as follows:

Note 5A - Gross Block - Other Intangible Assets

(₹ in Lakhs)

Particulars	As at 1st April 2019	Additions	Adjustment*	As at 31st March 2020
Licence Fees	136059	384	-	**136443**
Computer Software	5841	816	-	**6657**
Documentation	37679	88	-	**37767**
Development Expenditure	59429	9138	1122	**69689**
Total	**239008**	**10426**	**1122**	**250556**

**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 1st April 2019	Amortisation	Adjustment	As at 31st March 2020
Licence Fees	47698	15599	-	**63297**
Computer Software	4721	705	-	**5426**
Documentation	11730	1821	-	**13551**
Development Expenditure	28280	5875	-	**34155**
Total	**92429**	**24000**	**-**	**116429**

Note 5C - Impairment Loss -Other Intangible assets

(₹ in Lakhs)

Particulars	As at 1st April 019	Impairment Loss	Adjustment	As at 31st March 2020
Development Expenditure	29480	3179	782	**33441**
Total	**29480**	**3179**	**782**	**33441**

Notes to the Financial Statements for the year ended March 31, 2020

Note 5 - Other Intangible assets

The changes in the carrying value of other intangible assets for year ended 31st March 2019 are as follows:

Note 5A - Gross Block - Other Intangible Assets

(₹ in Lakhs)

Particulars	As at 1st April 2018	Additions	Adjustment*	As at 31st March 2019
Licence Fees	135691	368	-	136059
Computer Software	4969	872	-	5841
Documentation	37329	350	-	37679
Development Expenditure	35490	2130	21809	59429
Total	**213479**	**3720**	**21809**	**239008**

**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 1st April 2018	Additions	Adjustment	As at 31st March 2019
Licence Fees	35572	12126	-	47698
Computer Software	3510	1211	-	4721
Documentation	9063	2667	-	11730
Development Expenditure	24368	3912	-	28280
Total	**72513**	**19916**	**-**	**92429**

Note 5C - Impairment Loss - Other Intangible assets

(₹ in Lakhs)

Particulars	As at 1st April 2018	Additions	Adjustment	As at 31st March 2019
Development Expenditure	6366	23114	-	29480
Total	**6366**	**23114**	**-**	**29480**

Note 6 - Intangible Assets under Development

The changes in the carrying value of intangible assets under development for year ended 31st March 2020 are as follows:

Note 6A - Gross Carrying cost - Intangible assets under Development

(₹ in Lakhs)

Particulars	As at 1st April 2019	Additions	Adjustment*	As at 31st March 2020
Development Expenditure	81781	38623	-1122	**119282**
Total	**81781**	**38623**	**-1122**	**119282**

**The Intangible assets under development has been completed and transferred to other intangible assets (Refer Note 5A)*

The amount of contractual commitments for the accquisition of intangible assets is disclosed under Clause 3 of Note 49

Note 6B - Accumulated Amortization - Intangible assets under Development

(₹ in Lakhs)

Particulars	As at 1st April 2019	Amortisation	Adjustment	As at 31st March 2020
Development Expenditure	-	-	-	-
Total	**-**	**-**	**-**	**-**

Note 6C - Impairment Loss - Intangible assets under Development

(₹ in Lakhs)

Particulars	As at 1st April 2019	Impairment Loss	Adjustment	As at 31st March 2020
Development Expenditure	1795	-	-782	**1013**
Total	**1795**	**-**	**-782**	**1013**

-

Note 6 - Intangible Assets under Development

The changes in the carrying value of intangible assets underdevelopment for year ended 31st March 2019 are as follows:

Note 6A - Gross Carrying cost - Intangible assets under Development

(₹ in Lakhs)

Particulars	As at 1st April 2018	Additions	Adjustment*	As at 31st March 2019
Development Expenditure	84090	26437	-28746	81781
Total	**84090**	**26437**	**-28746**	**81781**

**The Project development has been completed and transferred to other intangible assets (Refer Note 1A & 5A)*

The amount of contractual commitments for the accquisition of intangible assets is disclosed under Clause 3 of Note 49

Note 6B - Accumulated Amortization - Intangible assets under Development

(₹ in Lakhs)

Particulars	As at 1st April 2018	Amortisation	Adjustment	As at 31st March 2019
Development Expenditure	-	-	-	-
Total	**-**	**-**	**-**	**-**

Note 6C - Impairment Loss - Intangible assets under Development

(₹ in Lakhs)

Particulars	As at 1st April 2018	Impairment Loss	Adjustment	As at 31st March 2019
Development Expenditure	-	1795	-	1795
Total	**-**	**1795**	**-**	**1795**

Notes to the Financial Statements for the year ended March 31, 2020

Note 7 - Investments - Subsidiaries & Joint Ventures

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
INVESTMENTS AT COST LESS PROVISION (UNQUOTED)			
Investment in Equity Instruments			
1. Investment in Subsidiaries			
Naini Aerospace Limited - 5,00,00,000 (5,00,00,000PY) Shares of ₹ 10 FV each fully paid	**5000**	5000	3000
Less Provision for Impairment in value of Investment	**3466**	-	-
Net - Naini Aerospace Limited	**1534**	**5000**	**3000**
Indo Russian Helicopters Limited (IRHL) 5,05,000 (5,05,000 PY) Shares of ₹ 100 FV each fully paid	**505**	505	505
Less Provision for Impairment in value of Investment	**65**	-	-
Net -Indo Russian Helicopters Limited (IRHL)	**440**	**505**	**505**
Total In Equity of Subsidiaries (1)	**1974**	**5505**	**3505**
2. Investment in Joint Ventures			
BAe-HAL Software Ltd-29,40,000 (29,40,000-P.Y) shares of ₹ 10 FV each fully paid	**294**	294	294
Less Provision for Impairment in value of Investment	**-**	-	-
Net - BAe-HAL Software Ltd	**294**	**294**	**294**
Safran HAL Aircraft Engines Private Ltd -11,40,000 (11,40,000-P.Y) Shares of ₹ 100 F.V. each fully paid	**1140**	1140	1140
Less Provision for Impairment in value of Investment	**-**	-	-
Net - Safran HAL Aircraft Engines Private Ltd	**1140**	**1140**	**1140**
Indo Russian Aviation Ltd - 9,36,525 (9,36,525-P.Y) shares of ₹ 10 FV each fully paid	**94**	94	94
Less Provision for Impairment in value of Investment	**-**	-	-
Net - Indo Russian Aviation Ltd.	**94**	**94**	**94**
HALBIT Avionics Pvt Ltd -3,82,500 (3,82,500-P.Y) Shares of ₹ 100 FV each fully paid	**383**	383	383
Less Provision for Impairment in value of Investment	**383**	383	383
Net - HALBIT Avionics Pvt. Ltd.	**-**	**-**	**-**
HAL Edgewood Technologies Pvt Ltd 3,00,000 (3,00,000-P.Y) Shares of ₹ 100 FV each fully paid	**300**	300	300
Less Provision for Impairment in value of Investment	**300**	300	300
Net - HAL Edgewood Technologies Pvt. Ltd.	**-**	**-**	**-**
SAMTEL HAL Display Systems Ltd-1,60,000 (1,60,000-P.Y) Shares of ₹ 100 FV each fully paid	**160**	160	160
Less Provision for Impairment in value of Investment	**160**	160	160
Net - SAMTEL HAL Display Systems Ltd	**-**	**-**	**-**
INFOTECH HAL Ltd - 20,00,000 (20,00,000-P.Y) Shares of ₹ 10 FV each fully paid	**200**	200	200
Less Provision for Impairment in value of Investment	**200**	166	166

Notes to the Financial Statements for the year ended March 31, 2020

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Net - INFOTECH HAL Ltd.	**-**	**34**	**34**
HATSOFF Helicopter Training Pvt Ltd -3,84,04,205 (3,84,04,205 P.Y) Shares of ₹ 10 FV each fully paid	**3840**	3840	3840
Less Provision for Impairment in value of Investment	**3840**	3840	3840
Net - HATSOFF Helicopter Training Pvt. Ltd.	**-**	**-**	**-**
TATA HAL Technologies Ltd -50,70,000 (50,70,000 P.Y.) Shares of ₹ 10 each fully paid	**507**	507	507
Less Provision for Impairment in value of Investment	**507**	507	495
Net - TATA HAL Technologies Ltd.	**-**	**-**	**12**
International Aerospace Manufacturing Pvt Ltd - 42,50,000 (42,50,000 - P.Y) Shares of ₹ 100 FV each fully paid	**4250**	4250	4250
Less Provision for Impairment in value of Investment	**855**	855	855
Net - International Aerospace Manufacturing Pvt Ltd	**3395**	**3395**	**3395**
Multirole Transport Aircraft Ltd. - 113,46,564 (113,46,564 P.Y.) Shares of ₹ 100 FV each fully paid	**11347**	11347	11347
Less Provision for Impairment in value of Investment	**6678**	6678	6678
Net - Multirole Transport Aircraft Ltd.	**4669**	**4669**	**4669**
Helicopter Engines MRO Pvt Ltd - 5,09,986 (4,09,988 P.Y.) Shares of ₹ 100 FV each fully paid	**510**	410	410
Less Provision for Impairment in value of Investment	**362**	263	-
Net - Helicopter Engines MRO Pvt Ltd	**148**	**147**	**410**
Total In Equity of Joint Ventures (2)	**9740**	**9773**	**10048**
TOTAL (1+2)	**11714**	**15278**	**13553**

Disclosure			
(i) Aggregate amount of Quoted Investment and Market Value.	**-**	-	-
(ii) Aggregate amount of Unquoted Investments. (net)	**11714**	15278	13553
(iii) Aggregate amount of impairment in value of investments	**16816**	13152	12877

Notes to the Financial Statements for the year ended March 31, 2020

Note 7A - Financial Asset - Investments

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
A. Investments in Structured Entities (UNQUOTED)			
a) HAE Co-operative Society of 25 (25P.Y) Shares of ₹ 100 FV each fully paid*	-	-	-
b) Satnam Apartment Ltd - 41 (41 P.Y) Shares of ₹ 100 each at cost for acquisition of a Flat**	-	-	-
c) Aerospace & Aviation Sector Skill Council(AASSC) - 125 (125 P.Y.) Shares of ₹ 10000 FV each fully paid	**13**	13	13
d) Defence Innovation Organisation - 50 (P.Y 50) Shares of ₹ 1000 FV each fully paid	**1**	1	-
Total In Equity of Others (A)	**14**	14	13
B. Other Investments (UNQUOTED)			
LIC of India (For Funding Vacation Leave)	**82287**	74887	85371
Total In Other Investments (B)	**82287**	74887	85371
TOTAL (A+B)	**82301**	**74901**	**85384**

* 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)	**82301**	74901	85384
(iii)	Aggregate amount of impairment in value of investments			

Note 8 - Financial Asset - Trade Receivables

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Trade Receivables	-	-	-
TOTAL	-	-	-

Note 8A - Financial Asset - Contract Assets

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Contract Assets	-	-	-
TOTAL	-	-	-

Notes to the Financial Statements for the year ended March 31, 2020

Note 9 - Financial Asset - Loans

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
A. Secured and Considered Good			
a) Security Deposit			
b) Loans to Related Parties	**-**	-	-
c) Others			
Loans and advances to employees	**187**	235	230
Sub-Total (A)	**187**	**235**	**230**
B. Unsecured and Considered Good			
a) Security Deposit			
Govt Departments for Customs Duty and for Supplies	**12**	12	12
Public Utility Concerns	**3440**	3079	3089
Others	**388**	422	478
b) Loans to Related Parties	**-**	-	-
c) Others			
Loans and advances to employees	**769**	1088	1220
Sub-Total (B)	**4609**	**4601**	**4799**
TOTAL (A +B)	**4796**	**4836**	**5029**

Note 10 - Other Financial Assets

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
A. Claims Receivable Unsecured*			
Receivable - Credit Impaired	**22465**	22722	23096
	22465	22722	23096
Less: Provision for Doubtful Claims	**22465**	22722	23096
Sub-Total (A)	**-**	**-**	**-**
B. Balances with Bank			
Bank deposit with more than 12 Months maturity**	**1**	1	-
Sub-Total (B)	**1**	1	-
C. Others			
Deferred Debts	**33812**	34842	35800
Sub-Total (C)	**33812**	34842	35800
TOTAL (A +B +C)	**33813**	**34843**	**35800**
*Above balances of Claims Receivable include balances with related parties (Refer Receivables of Clause No.45A(e), (g), (m) of Note 49)	**778**	778	685
**Fully Earmarked for Committed Liabilities of more than 12 months	**1**	1	-

Notes to the Financial Statements for the year ended March 31, 2020

Note 11 - Deferred Tax Assets (Net)

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
The tax effect of significant temporary differences that resulted in deferred tax assets:			
As per last Balance Sheet	**25931**	5948	-
Add / Less: Current Year's Assets	**21080**	19983	5948
TOTAL	**47011**	**25931**	**5948**

Note 12 - Other Non - Current assets

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
A. Capital Advances	**27513**	27903	12767
B. Advance Other than Capital Advances			
Advances against Goods and Services	**128**	468	398
Advances against Special Tools	**248**	-	-
Other Advances	**440**	446	457
	28329	**28817**	**13622**
C. Others			
Balances with Revenue Authorities			
Income tax	**19436**	14637	10561
Others-under dispute	**13860**	9713	7203
Prepaid Expenses	**41**	-	-
TOTAL (A+B+C)	**61666**	**53167**	**31386**

Note 13 - Inventories

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Inventories (At Lower of Cost and Net Realisable Value)#			
(i) Raw Materials and Components	**1025938**	1037173	952976
Less: Provision for Redundancy	**85783**	72465	70426
	940155	**964708**	**882550**
(ii) Work-in-Progress	**827789**	893551	1012735
(iii) Finished Goods	**-**	-	-
(iv) Stock-in-Trade	**5249**	3319	1282
(v) Stores and Spares Parts	**36868**	36534	33701
Less: Provision for Redundancy	**3217**	3217	3527
	33651	**33317**	**30174**

Notes to the Financial Statements for the year ended March 31, 2020

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
(vi) Loose Tools and Equipment	**10382**	10474	10415
Less: Provision for Redundancy	**1446**	1620	1828
	8936	**8854**	**8587**
(vii) Construction Materials	**71**	82	104
Less: Provision for Redundancy	**1**	15	22
	70	67	82
(viii) Disposable Scrap	**804**	541	596
(ix) Goods under Inspection and in Transit			
Raw material and Components	**110018**	40558	40528
Stores and Spare Parts	**1048**	1656	1534
Loose Tools and Equipment	**372**	244	113
	111438	42458	42175
(x) Inventory - Warranty	**19381**	22599	21274
Less: Provision for Redundancy	**2081**	937	1511
	17300	21662	19763
TOTAL	**1945392**	**1968477**	**1997944**
(#) includes those issued to Sub-Contractors for Job Works	**29553**	37483	45724

Note 14 - Financial Asset - Investments

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
INVESTMENTS AT COST LESS PROVISION (UN-QUOTED)			
TOTAL	**-**	**-**	**-**
Disclosure			
(i) Aggregate amount of Quoted Investment and Market Value.	**-**	-	-
(ii) Aggregate amount of Unquoted Investments.	**-**	-	-
(iii) Aggregate amount of impairment in value of investments	**-**	-	-

Notes to the Financial Statements for the year ended March 31, 2020

Note 15 - Financial Asset - Trade Receivables

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Trade Receivables*			
Considered Good - Unsecured	**1158339**	1245903	583398
Significant Increase in Credit Risk	-	-	-
Credit Impaired	**15972**	16712	18102
	1174311	1262615	601500
Less: Allowance for Doubtful Debts	**15972**	16712	18102
TOTAL	**1158339**	**1245903**	**583398**
*Above balances of trade receivables include balances with related parties (Refer Receivables of Clause No.45A(e) of Note 49)	**914**	933	638

Note 15A - Financial Asset - Contract Assets

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Contract Assets-Considered Good - Unsecured			
Unbilled Revenue	**748342**	477232	206923
TOTAL	**748342**	**477232**	**206923**

Note 16 - Financial Asset - Cash & Cash Equivalents

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
A. Balances with Bank			
In Current Account	**27783**	1107	9143
Term Deposits with original maturity of less than 3 months	**-**	20	-
B. Cheques, Drafts on Hand	**-**	6	-
C. Cash on Hand	**-**	-	6
TOTAL (A+B+C)	**27783**	**1133**	**9149**

Note 17 - Financial Asset- Bank Balances other than Cash and Cash Equivalents

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Term Deposits with original maturity for more than 3 months but less than 12 months	**1993**	1760	641807
Earmarked balances with banks-Unpaid Dividend	**15**	6645	-
TOTAL	**2008**	**8405**	**641807**

Notes to the Financial Statements for the year ended March 31, 2020

Note 18 - Financial Asset- Loans

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
A. Secured, Considered Good			
a) Security Deposit			
b) Loans to Related Parties	**-**	-	-
c) Others			
Loans and advances to employees	**282**	316	344
Sub-Total (A)	**282**	**316**	**344**
B. Unsecured, Considered Good			
a) Security Deposit			
Govt Departments for Customs Duty and for Supplies	**-**	-	1
Public Utility Concerns	**40**	41	38
Others	**718**	1131	1399
b) Loans to Related Parties	**-**	-	-
c) Others			
Loans and advances to employees	**888**	1233	3219
Sub-Total (B)	**1646**	**2405**	**4657**
TOTAL (A+B)	**1928**	**2721**	**5001**

Note 19 - Other Financial Assets

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Claims Receivable			
Unsecured Considered Good	**107754**	106803	120770
Receivable which have Significant Increase in Credit Risk	**-**	-	-
Credit Impaired	**9502**	8440	6735
	117256	115243	127505
Less: Provision for Doubtful Claims	**9502**	8440	6735
Sub-Total	**107754**	**106803**	**120770**
Interest Accrued and Due on Investment with LIC of India	**6060**	7400	6955
Interest Accrued and not Due	**108**	109	22915
Current Maturities of Deferred Debt	**8234**	9129	8210
Share Application Money Paid*	**1000**	-	-
TOTAL	**123156**	**123441**	**158850**
Above balances of Claims Receivable & Share Application Money paid include balances with related parties (Refer Receivables of Clause No.45A(e), (g), (m) of Note 49)	**2254**	928	388

*Refer Clause No.45F of Note 49

Notes to the Financial Statements for the year ended March 31, 2020

Note 20 - Current Tax Assets

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Current Tax	**3531**	-	-
TOTAL	**3531**	**-**	**-**

Note 21 - Other Current Assets

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
A. Advance Other than Capital Advances			
Advances against Goods and Services	**109498**	100406	89117
Other Loans and Advances	**533**	534	274
Advances to Related Parties	**18**	123	219
B. Others			
Prepaid Expenses	**2759**	2078	1562
Unamortised discount on commercial paper	**1763**	-	-
Balances with revenue Authorities			
Others	**-**	577	14
Balance with GST Electronic Ledger	**14489**	33389	22270
Revenue Stamps	**-**	1	-
Balances in Franking Machine	**3**	3	3
TOTAL	**129063**	**137111**	**113459**

EQUITY

Note 22 - Equity Share Capital

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Authorised Capital 60,00,00,000 Equity Shares of ₹ 10 each	**60000**	60000	60000
Issued, Subscribed and Fully Paid up 33,43,87,500 (33,43,87,500 PY) Equity Shares of ₹ 10 each fully paid-up	**33439**	33439	33439
Par Value per Share (₹)	**10**	10	10
Reconciliation of the Number of Shares Outstanding at the beginning and at the end of the reporting period			
Opening Equity Shares (Nos.)	**334387500**	334387500	334387500
Add: Additions during the Year (Nos.)			
Less: Shares Bought Back (Nos.)			
Closing Equity Shares (Nos.)	**334387500**	334387500	334387500

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Shares in the Company held by each Shareholder holding more than 5 percent shares specifying the number of Shares held			
President of India and Nominees	**300855180**	300855180	300855180
% of Shareholding of President of India and Nominees	**89.97%**	89.97%	89.97%
Life Insurance Corporation of India	**23407104**	23407104	23407104
% of Shareholding of Life Insurance Corporation of India	**7.00%**	7.00%	7.00%

Terms/ Rights attached to Equity shares

The Company has one (1) Class of Shares i.e Equity Shares

The Equity Shares rank Parri Passu in all respects including right to Dividend, Issue of New Shares, Voting Rights and in the Assets of the Company in the event of Liquidation.

Note 23 - Other Equity

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Other Reserves			
A. Research & Development Reserve			
Opening Balance	**86020**	65341	65341
Add: Current Year Transfer	**25351**	21488	-
Less: Transfer to General Reserve on utilisation	**2639**	809	-
Closing Balance (A)	**108732**	**86020**	**65341**
B. Capital Redemption Reserve			
Opening Balance	**14761**	14761	14761
Closing Balance (B)	**14761**	**14761**	**14761**
C. General Reserve As per last Balance Sheet	**1099412**	965303	855339
(+/-) Surplus Transferred from Statement of Profit and Loss	**123847**	133300	-
(+/-) Ind AS Adjustment/Restatement	**-**	-	109964
Add: Transfer from R&D Reserve	**2639**	809	-
Closing Balance (C)	**1225898**	**1099412**	**965303**
D. Retained earnings - Surplus in the statement of Profit & Loss			
Opening Balance	**-**	-	-
Add: Net Profit / (Net Loss) for the Current Year (i)	**283236**	234606	
Less: Appropriations / Allocations			
Transfer to Research & Development Reserve	**25351**	21488	
Interim Dividend (PY - Final Dividend)	**111184**	66209	
Tax on Dividend	**22854**	13609	
Total (ii)	**159389**	101306	-
Transfer To General Reserves (i)-(ii)	**123847**	133300	-
Closing Balance (D)	**-**	**-**	**-**

Notes to the Financial Statements for the year ended March 31, 2020

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
E. Other Components of Equity			
Fair Value through Other Comprehensive Income (FVOCI) ($)			
Opening Balance	**-26139**	-20315	-20315
Add:- Additions made during the year	**-37698**	-5824	-
Closing Balance (E)	**-63837**	**-26139**	**-20315**
TOTAL (A+B+C+D+E)	**1285554**	**1174054**	**1025090**

1. Refer Clause No.1(b)(v) of Note 49 for reconcilation between 31st March 2018 and 1st April 2018
2. $ Breakup is given separately in Statement of Changes in Equity

Nature and Purpose of each Reserve:

1. Research & Development Reserve:

   Research & Development Reserve is created to bring technological superiority to its products in order to cope with the future technological challenges by transfer of annual contribution of 10% of Operating Profit After Tax. The amount of utilisation for R&D puposes during the year is transferred to General Reserve.

2. Captial Redemption Reserve:

   This was created on redemption/buyback of equity shares.

3. 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 31st March 2020	As at 31st March 2019	As at 1st April 2018
A. Secured			
a) Term Loans			
(i) From Banks*	**-**	10000	10000
Sub-Total (A)	**-**	**10000**	**10000**
B. Unsecured			
Sub-Total (B)	**-**	-	-
TOTAL (A+B)	**-**	**10000**	**10000**

** Refer Clause No.35A of Note No.49*

Note 25 - Trade Payables

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Trade Payables			
TOTAL	**-**	**-**	**-**

Notes to the Financial Statements for the year ended March 31, 2020

Note 26 - Other financial liabilities

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Dues to Employees	**19**	19	19
Deposits	**18**	15	12
Other Liabilities	**7542**	3377	3398
Lease Liabilities	**170**	-	-
Deferred liabilities	**34178**	35221	36192
TOTAL	**41927**	**38632**	**39621**

Note 27 - Provisions

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
A. Provisions for Employee Benefits			
Gratuity	**24093**	18700	52720
Earned Leave	**65883**	50734	48588
Sub-Total (A)	**89976**	**69434**	**101308**
B. Others			
Replacement and Other Charges	**14346**	14775	12276
Liquidated Damages	**47117**	67402	75541
Onerous Contract	**-**	-	24713
Sub-Total (B)	**61463**	**82177**	**112530**
TOTAL (A + B)	**151439**	**151611**	**213838**

Note 28 - Deferred tax liabilities (Net)

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
The tax effect of significant temporary differences that resulted in deferred tax liabilities:			
As per last Balance Sheet	**-**	-	97758
Add / Less: Current Year's Provisions	**-**	-	-97758
TOTAL	**-**	**-**	**-**

Notes to the Financial Statements for the year ended March 31, 2020

Note 29 - Other Non current Liabilities

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
A. Advances from Customers (Contract Liability)			
Outstanding Advances from Customers			
Defence	**193655**	274000	329076
Sub-Total (A)	**193655**	**274000**	**329076**
B. Milestone Receipt (Contract Liability)			
Defence	**496250**	562766	504398
Others	**15749**	4886	12741
Sub-Total (B)	**511999**	**567652**	**517139**
TOTAL (A+B)	**705654**	**841652**	**846215**

Note 30 - Borrowings

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
A. Secured Short Term Borrowings:			
a) Loans Repayable on Demand			
(i) From Banks*	**427518**	401620	72726
Working Capital Loan-Cash Credit*			
Sub-Total (A)	**427518**	**401620**	**72726**
B. Unsecured Short Term Borrowings:			
a) Loans Repayable on Demand			
(i) From Banks - Commercial paper	**150000**	-	-
Sub-Total (B)	**150000**	**-**	**-**
TOTAL (A + B)	**577518**	**401620**	**72726**

Refer Clause No. 35B(i) and 35B(ii) of Note No.49

* 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 31 - Trade Payables

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Trade Payables*			
A) total outstanding dues of micro enterprises and small Enterprises	**4779**	1513	814
B) total outstanding dues of creditors other than micro enterprises and small enterprises	**404144**	261768	166133
TOTAL	**408923**	**263281**	**166947**
* Above balances of Trade Payable include balances with related parties (Refer Payable of Clause No.45A(e) of Note 49)	**6355**	8273	6779

* Refer Clause No. 19 of Note No.49

Notes to the Financial Statements for the year ended March 31, 2020

Note 32 - Other Financial Liabilities

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Liability for Outstanding Expenses	**47404**	51320	28400
Deposits	**11617**	10687	8442
Royalty	**5600**	4761	4426
Dues to Employees	**107519**	51772	47141
Lease Liabilities	**8**	-	-
Others Liabilities*	**67139**	39444	53511
Current Maturities of Deferred Debts/Liabilities	**4047**	4046	4046
Due to Capital Creditors	**18949**	10505	3984
Unpaid Dividend Account	**15**	6645	-
TOTAL	**262298**	**179180**	**149950**
* Above balances of Other Liabilities include balances with related parties (Refer Payable of Clause No.45A(e), (o) of Note 49)	**4744**	5151	167

*Refer Clause No. 10 of Note 49)

Note 33 - Other Current Liabilities

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
A. Advances from Customers (Contract Liability)			
Outstanding Advances from Customers			
Defence	**355468**	378059	454287
Others	**3841**	4412	7425
Sub-total (A)	**359309**	**382471**	**461712**
B. Milestone Receipt (Contract Liability)			
Defence	**832206**	914586	1243342
Others	**81847**	68073	62302
Sub-total (B)	**914053**	**982659**	**1305644**
Advances from Customers (A + B)	**1273362**	**1365130**	**1767356**
C. Other Payables			
Taxes (Other than Taxes on Income)	**11689**	6686	12763
GST Payable	**17368**	25341	17393
Others	**12730**	**10192**	**9124**
TOTAL (A+B+C)	**1315149**	**1407349**	**1806636**

Notes to the Financial Statements for the year ended March 31, 2020

Note 34 - Provisions

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
A. Provisions for Employee Benefits			
Earned Leave	**41895**	36997	36783
Others	**17539**	50210	24800
Sub-Total (A)	**59434**	**87207**	**61583**
B. Others			
Replacement and Other Charges	**167401**	129880	89301
Warranty	**65384**	56463	43056
Liquidated Damages	**155623**	122903	90714
Onerous Contract	**32183**	52904	65617
Sub-Total (B)	**420591**	**362150**	**288688**
TOTAL (A + B)	**480025**	**449357**	**350271**

Note 35 - Current tax liability

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Current tax liability	**58076**	118535	71275
TOTAL	**58076**	**118535**	**71275**

Note 36 - Revenue from Operations

(₹ in Lakhs)

Particulars	For the year ended 31st March 2020	For the Year ended 31st March 2019
A. Sale of Products		
(i) Inland Sales		
Finished Goods	**846916**	842743
Spares	**258452**	181287
Development	**42486**	68075
Miscellaneous	**40653**	52590
Total Inland Sales of Products	**1188507**	**1144695**
(ii) Export Sales		
Finished Goods	**5935**	32546
Spares	**7475**	6307
Development	**2783**	1212
Total Export Sales of Products	**16193**	**40065**
Total Sale of Products (A)	**1204700**	**1184760**

Notes to the Financial Statements for the year ended March 31, 2020

(₹ in Lakhs)

Particulars	For the year ended 31st March 2020	For the Year ended 31st March 2019
B. Sale of Services		
(i) Inland Sale of Services		
Repair & Overhaul	**908744**	794789
Other Services	**3351**	2105
Total Inland Sales of Services	**912095**	**796894**
(ii) Export Sale of Services		
Repair & Overhaul	**4952**	318
Other Services	**40**	121
Total Export Sales of Services	**4992**	**439**
Total Sales of Services (B)	**917087**	**797333**
Total Sales (A+B)	**2121787**	**1982093**
C. Other Operating Revenues		
(i) Disposal of Scrap and Surplus / Unserviceable Stores	**777**	906
(ii) Provisions no Longer Required	**18555**	13266
(iii) Others	**2719**	4582
Total Operating Revenues (C)	**22051**	**18754**
Revenue from Operations (A+B+C)	**2143838**	2000847

Note 37 - Other Income

(₹ in Lakhs)

Particulars	For the year ended 31st March 2020	For the Year ended 31st March 2019
Interest Income		
Short term Deposits / Loans / Others	**137**	18358
Sundry Advances - Employees	**83**	102
Other Deposits	**6219**	7560
Sub-total	**6439**	**26020**
Dividend Income		
Dividend from Non- Current Investments in Joint Ventures	**135**	182
Other Non-Operating Income		
Gain on Sale of Property, Plant & Equipment (Net)*	**23**	58
Miscellaneous	**19432**	7915
Gain on Fair Value Adjustment	**3304**	**3376**
TOTAL	**29333**	**37551**

* Refer Clause 9B of Note 49

Notes to the Financial Statements for the year ended March 31, 2020

Note 38 - Cost of materials consumed

(₹ in Lakhs)

Particulars	For the year ended 31st March 2020	For the Year ended 31st March 2019
Consumption of Raw Material, Components, Stores and Spare Parts		
Opening Stock	**1096388**	1008055
Add: Purchases	**820295**	835497
Add: Subcontracting, Fabrication and Machining Charges	**27475**	36282
Less: Closing stock	**1082258**	1096388
	861900	**783446**
Less: Transfer to		
Special Tools and Equipment	**34469**	34925
Capital Works	**-**	234
Development Expenditure	**606**	221
Expense Accounts and Others	**9491**	12398
	44566	47778
TOTAL	**817334**	**735668**

Note 38A - Purchase of Stock-in-Trade

(₹ in Lakhs)

Particulars	For the year ended 31st March 2020	For the Year ended 31st March 2019
Purchase of Stock-in-Trade	**58715**	30749

Note 39 - Changes in Inventories of Finished Goods, Stock-in-Trade and Work-In-Progress and Scrap

(₹ in Lakhs)

Particulars	For the year ended 31st March 2020	For the Year ended 31st March 2019
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-progress		
Opening Balance		
(i) Finished Goods	**-**	-
(ii) Work-in-progress	**893551**	1012734
(iii) Stock in Trade	**3319**	1282
	896870	**1014016**
Closing Balance		
(i) Finished Goods	**-**	-
(ii) Work-in-progress	**827790**	893551
(iii) Stock in Trade	**5250**	3319
	833040	896870
Accretion / (Decretion)-A	**-63830**	**-117146**
Change in Disposable Scrap		
Opening Balance	**541**	596
Closing Balance	**804**	541
Accretion / (Decretion)-B	**263**	**-55**
TOTAL (A+B)	**-63567**	**-117201**

Notes to the Financial Statements for the year ended March 31, 2020

Note 40 - Employee benefits expense

(₹ in Lakhs)

Particulars	For the year ended 31st March 2020	For the Year ended 31st March 2019
Salaries and Wages	**403743**	358604
Contribution to Provident and Other Funds		
Contribution to Provident Fund/ Others	**51255**	45723
Contribution to Gratuity	**6434**	9737
Staff Welfare Expenses(Net)	**14610**	14961
Rent for Hiring Accommodation for Officers / Staff	**317**	492
TOTAL	**476359**	**429517**

Note 41 - Finance costs

(₹ in Lakhs)

Particulars	For the year ended 31st March 2020	For the Year ended 31st March 2019
Interest on Cash Credit	**26842**	8969
Discount on Commercial paper	**866**	-
Interest on Lease Liability	**11**	-
Interest - Others*	**129**	129
Interest on Financial Liability carried at Amortised Cost	**630**	845
Interest on Income Tax	**6222**	7017
Interest on Micro and Small Enterprises**	**140**	-
TOTAL	**34840**	**16960**

*Refer Clause No. 10 of Note 49 for Interest-Others

**Refer Clause No.19 of Note 49

Note 42 - Depreciation and Amortization expense

(₹ in Lakhs)

Particulars	For the year ended 31st March 2020	For the Year ended 31st March 2019
A. Depreciation on Plant, Property and Equipment	**31048**	31755
B. Amortisation		
Intangible assets- Development Expenditure	**5875**	3912
Other Intangible assets		
Licence Fees	**15599**	12126
Computer Software	**705**	1211
Documentation	**1821**	2667
Special Tools	**44715**	50776
Sub-Total (B)	**68715**	70692
TOTAL (A+B)	**99763**	**102447**

Note 42A - Impairment Loss

(₹ in Lakhs)

Particulars	For the year ended 31st March 2020	For the Year ended 31st March 2019
Impairment Loss on Intangible Asset	**3179**	24909
TOTAL	**3179**	**24909**

Refer Clause No. 48B of Note 49

Notes to the Financial Statements for the year ended March 31, 2020

Note 43 - Other expenses

(₹ in Lakhs)

Particulars	For the year ended 31st March 2020	For the Year ended 31st March 2019
Shop Supplies	**11061**	11956
Power and Fuel	**15112**	18198
Water Charges	**5014**	5056
Rent for Office Premises etc.	**166**	244
Travelling (includes Foreign Travel)	**5702**	6746
Training (includes Foreign Training)	**691**	658
Repairs:		
Buildings	**7641**	8146
Plant, Machinery and Equipment	**13731**	14813
Others	**5509**	4967
Expenses on Tools and Equipment	**3957**	5277
Insurance	**3007**	2675
Rates and Taxes	**1506**	2831
Postage and Telephones	**840**	949
Printing and Stationery	**934**	996
Publicity	**641**	16240
Advertisement	**227**	1725
Bank Charges	**1103**	789
Loss on Foreign Currency Transaction and Translation	**16216**	802
Legal Expenses	**219**	284
Auditors' Remuneration:		
For Audit Fee	**48**	38
For Taxation matters	**6**	7
For Other Services-Interim Audit & Other Certification fees	**73**	68
Selling Agents Commission	**17**	27
Donations	**2**	2
Handling Charges	**290**	363
Write Off:		
Stores	**1267**	595
Shortages / Rejections	**876**	935
Others	**10**	-
Freight and Insurance	**1427**	1644
Corporate Social Responsibility#	**8200**	7246
Loss on Fair Value Adjustment	**3341**	3413
Miscellaneous Operating Expenses (@)	**35766**	43636
TOTAL	**144600**	**161326**
(@) includes Director's Sitting Fees, excluding GST for the current period is ₹ 28 Lakh (For the year ended 31st March 2019 is ₹ 26 Lakh)	**32**	30

(#) Does not include CSR assets for the current period is ₹ 0 lakhs (For the year ended 31st March 2019 is ₹ 0 lakhs) capitalised under Note 1A.

Total CSR expenditure for current period is ₹ 8200 Lakhs (For the year ended 31st March 2019 is ₹ 7246 lakhs). Refer Clause No. 22 of Note No.49 for CSR.

Notes to the Financial Statements for the year ended March 31, 2020

Note 44 - Direct Input to Work in Progress/ Expenses Capitalised

(₹ in Lakhs)

Particulars	For the year ended 31st March 2020	For the Year ended 31st March 2019
A) DIRECT INPUT TO WIP		
Project related Travel	**625**	935
Project related Training	**43**	133
Project related other Expenditure	**2186**	1518
Travel outstation jobs	**-**	1
Royalty	**1032**	1103
Foreign Technician Fee	**1313**	1113
Ground Risk Insurance	**3487**	1485
Quality Audit Expenses	**2**	-
Design and Development	**7482**	20080
Sundry Direct Charges - Others	**371**	2392
Sub-Total (A)	**16541**	**28760**
B) EXPENSES CAPITALISED TO INTANGIBLE ASSET		
Licence Fees	**384**	368
Computer software	**816**	872
Documentation	**88**	350
Sub-Total (B)	**1288**	**1590**
TOTAL (A + B)	**17829**	**30350**

Note 45 - Provisions

(₹ in Lakhs)

Particulars	For the year ended 31st March 2020	For the Year ended 31st March 2019
Replacement and Other Charges	**46328**	51323
Warranty	**21384**	22186
Redundancy provision - Raw Materials and Components, Stores and Spare parts and Construction Materials	**18213**	9638
Liquidated Damages	**52160**	43707
Doubtful Debts	**3767**	719
Doubtful Claims	**4023**	2153
Impairment of Investments	**3664**	275
TOTAL	**149539**	**130001**

Notes to the Financial Statements for the year ended March 31, 2020

Note 46 - Expenses relating to Capital and Other Accounts

(₹ in Lakhs)

Particulars	For the year ended 31st March 2020	For the Year ended 31st March 2019
Expenses allocated to:		
Other Intangible assets	**1288**	1590
Special Tools	**418**	824
Capital Works	**-**	104
Development Expenditure	**47155**	28346
Others	**24636**	84100
TOTAL	**73497**	**114964**

Other Comprehensive Income

Note 47 - Items that will not be reclassified to Profit or Loss

(₹ in Lakhs)

Particulars	For the year ended 31st March 2020	For the Year ended 31st March 2019
Remeasurements of the defined benefit plans	**-50377**	-8962
TOTAL	**-50377**	**-8962**

Note 48 - Items that will be reclassified to profit or loss

(₹ in Lakhs)

Particulars	For the year ended 31st March 2020	For the Year ended 31st March 2019
Exchange differences in translating the financial statements of a foreign operation;	**-**	9
TOTAL	**-**	**9**

Notes to the Financial Statements for the year ended March 31, 2020

Note 49 - Notes to Accounts

(₹ 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 Defense (MoD) holds 89.97% 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 Defense Forces (namely Indian Airforce, Indian Navy, Indian Army and 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 invested in 14 joint ventures and 2 subsidiaries to grow our operations.
1(b)(i)	**Restatement for the year ended 31 March 2019 and as at 1 April 2018** In accordance with Ind AS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' and Ind AS 1, 'Presentation of Financial Statements', the Company has retrospectively restated its Balance Sheet as at 31 March 2019 and 1 April 2018 (beginning of the preceding period) and Statement of Profit and Loss for the year ended 31 March 2019 for the reasons as stated in the notes below. Reconciliation of financial statement line items which are retrospectively restated are as under:

Reconciliation of restated items of Balance Sheet as at 1 April 2018

Particulars	Note No.	As previously reported	Ind AS 115 Restatement made on 01st April 2018 in financial year 2018-19	Reclassification	Restatement as on 01st April 2018 for prior periods in financial year 2019-20	As restated
ASSETS						
Non-current assets						
(a) i Property, Plant and Equipment	1	609683	-	-1	**9325**	619007
ii Property, Plant and Equipment-Customer Funded	1	12320	-	-	**-12320**	-
(b) Capital work-in-progress	2	61692	-	-7016	**-**	54676
(c) Investment Property	3	4	-	-	**-**	4
(e) Other Intangible assets	5	134600	-	-	**-**	134600
(f) Intangible Assets under Development	6	84090	-	-	**-**	84090
(g) Investments in Subsidiaries and Joint Ventures	7	13566	-	-13	**-**	13553

Notes to the Financial Statements for the year ended March 31, 2020

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars	Note No.	As previously reported	Ind AS 115 Restatement made on 01st April 2018 in financial year 2018-19	Reclassi-fication	Restatement as on 01st April 2018 for prior periods in financial year 2019-20	As restated
	(h) Financial Assets						
	(i) Investments	7A	85371	-	13	-	85384
	(ii) Trade Receivables	8	-	-	-	-	-
	(iii) Contract Assets	8A	-	-	-	-	-
	(iv) Loans	9	5595	-	-566	-	5029
	(v) Other Financial Assets	10	35800	-	-	-	35800
	(i) Deferred tax Assets (net)	11	-	-	-	5948	5948
	(j) Other Non-Current Assets	12	22201	-	9185	-	31386
	Current assets						
	(a) Inventories	13	1937518	67939	-	-7513	1997944
	(b) Financial Assets						
	(i) Investments	14	-	-	-	-	-
	(ii) Trade receivables	15	675079	-36858	-55574	751	583398
	(iii) Contract Assets	15A	99076	36444	58187	13216	206923
	(iv) Cash and Cash Equivalents	16	9154	-	-5	-	9149
1(b)(i)	(v) Bank Balances other than Cash and Cash Equivalents	17	643266	-	-1459	-	641807
	(vi) Loans	18	6340	-	-1339	-	5001
	(vii) Other Financial Assets	19	217013	-58784	209	412	158850
	(c) Current Tax Assets (Net)	20	-	-	-	-	-
	(d) Other Currents Assets	21	113705	-	-246	-	113459
	Total		**4766073**	**8741**	**1375**	**9819**	**4786008**
	EQUITY AND LIABILITIES						
	Equity						
	(a) Equity Share capital	22	33439	-	-	-	33439
	(b) Other Equity	23	915126	-6315	-	116279	1025090
	LIABILITIES						
	Non-current liabilities						
	(a) Financial Liabilities						
	(i) Borrowings	24	10000	-	-	-	10000
	(ii) Trade payables	25	282	-	-282	-	-
	(iii) Other Financial Liabilities	26	39621	-	-	-	39621
	(b) Provisions	27	213838	-	-	-	213838

Notes to the Financial Statements for the year ended March 31, 2020

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars	Note No.	As previously reported	Ind AS 115 Restatement made on 01st April 2018 in financial year 2018-19	Reclassification	Restatement as on 01st April 2018 for prior periods in financial year 2019-20	As restated
	(c) Deferred Tax Liabilities (Net)	28	97758	-643	-	-97115	-
	(d) Other Non-Current Liabilities	29	846215	-	-	-	846215
	Current Liabilities						
	(a) Financial liabilities						
	(i) Borrowings	30	76406	-	-3680	-	72726
1(b)(i)	(ii) Trade payables	31	166560	-	387	-	166947
	(iii) Other Financial liabilities	32	147932	-	2018	-	149950
	(b) Other Current Liabilities	33	1802720	10595	2666	-9345	1806636
	(c) Provisions	34	345167	5104	-	-	350271
	(d) Current Tax Liabilities (Net)	35	71009	-	266	-	71275
	Total		**4766073**	**8741**	**1375**	**9819**	**4786008**

Note: Reclassification/disclosure which has no impact on profit and loss and retained earnings.

Reconciliation of restated items of Balance Sheet as at 31 March 2019

Clause No.	Particulars	Note No.	As previously reported	Reclassification	Restatement as on 31st March 2019 for prior periods in financial year 2019-20	As restated
	ASSETS					
	Non-current assets					
	(a) i Property, Plant and Equipment	1	614025	-1	14303	628327
	ii Property, Plant and Equipment-Customer Funded	1	22371	-	-22371	-
1(b)(ii)	(b) Capital work-in-progress	2	77733	-7818	-	69915
	(c) Investment Property	3	4	-	-	4
	(e) Other Intangible assets	5	117099	-	-	117099
	(f) Intangible Assets under Development	6	79986	-	-	79986
	(g) Investments in Subsidiaries and Joint Ventures	7	15292	-14	-	15278
	(h) Financial Assets					
	(i) Investments	7A	74887	14	-	74901
	(ii) Trade Receivables	8	9044	-9044	-	-
	(iii) Contract Assets	8A	-	-	-	-
	(iv) Loans	9	6424	-1588	-	4836
	(v) Other Financial Assets	10	34843	-	-	34843

Notes to the Financial Statements for the year ended March 31, 2020

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars	Note No.	As previously reported	Reclassification	Restatement as on 31st March 2019 for prior periods in financial year 2019-20	As restated
	(i) Deferred tax Assets (net)	11	-	-	25931	25931
	(j) Other Non-Current Assets	12	42216	10951	-	53167
	Current assets					
	(a) Inventories	13	1976451	-	-7974	1968477
	(b) Financial Assets					
	(i) Investments	14	-	-	-	-
	(ii) Trade receivables	15	1393897	-149245	1251	1245903
	(iii) Contract Assets	15A	302005	150487	24740	477232
	(iv) Cash and Cash Equivalents	16	1150	-17	-	1133
	(v) Bank Balances other than Cash and Cash Equivalents	17	10071	-1666	-	8405
	(vi) Loans	18	4490	-1769	-	2721
	(vii) Other Financial Assets	19	118490	4951	-	123441
	(c) Current Tax Assets (Net)	20	-	-	-	-
	(d) Other Currents Assets	21	142090	-4979	-	137111
	Total		**5042568**	**-9738**	**35880**	**5068710**
	EQUITY AND LIABILITIES					
	Equity					
1(b)(ii)	(a) Equity Share capital	22	33439	-	-	33439
	(b) Other Equity	23	1051413	-	122641	1174054
	LIABILITIES					
	Non-current liabilities					
	(a) Financial Liabilities					
	(i) Borrowings	24	10000	-	-	10000
	(ii) Trade payables	25	273	-273	-	-
	(iii) Other Financial Liabilities	26	38632	-	-	38632
	(b) Provisions	27	151611	-	-	151611
	(c) Deferred Tax Liabilities (Net)	28	72024	-	-72024	-
	(d) Other Non-Current Liabilities	29	841652	-	-	841652
	Current Liabilities					
	(a) Financial liabilities					
	(i) Borrowings	30	405801	-4181	-	401620
	(ii) Trade payables	31	262906	283	92	263281
	(iii) Other Financial liabilities	32	177559	1621	-	179180
	(b) Other Current Liabilities	33	1430411	-8233	-14829	1407349
	(c) Provisions	34	449357	-	-	449357
	(d) Current Tax Liabilities (Net)	35	117490	1045	-	118535
	Total		**5042568**	**-9738**	**35880**	**5068710**

Note: Reclassification/disclosure which has no impact on profit and loss and retained earnings.

Notes to the Financial Statements for the year ended March 31, 2020

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars	For the year ended 31 March 2019
1(b)(iii)	**Reconciliation of restated items of Statement of Profit and Loss for the year ended 31 March 2019**	
	Profit after tax as per previously audited financial statement	228244
	RESTATEMENT ADJUSTEMENTS:	
	Recognition of revenue in relation to Vacation Leave and Performance Related Pay (PRP) for the financial year 2018-19	11524
	Recognition of Revenue on repair of Artouste Engines pertaining to 2018-19	500
	Booking of cost on repair Artoutse engine pertaining to 2018-19	-461
	Reversal of Revenue recognised on Customer Funded Asset	-402
	Reversal of Depreciation recognised on Customer Funded Asset	402
	Booking of expenditure incurred on deep technical investigation pertaining to 2018-19	-92
	Deferred Tax on Replacement, Warranty, Materials, Doubtful Debts, Claims, Vacation Leave and PRP	-5108
	Profit after tax as per Restated Accounts	**234606**
	Other Comprehensive Income	-5824
	Total Comprehensive Income	**228782**

Earning per share

As a result of the above-mentioned adjustments, basic and diluted earnings per share for the financial year 2018-19 changed as below:

1(b)(iv)	Particulars	As previously reported	Adjustments	As restated
	Earning per Share			
	Basic earnings per Equity Share (in Rupees)	68.26	1.90	70.16
	Diluted earnings per Equity Share (in Rupees)	68.26	1.90	70.16

Notes to the Financial Statements for the year ended March 31, 2020

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars	As at 1 April 2018	As at 31 March 2019
1(b)(v)	**Equity as previously reported**	948565	1084852
	Ind AS 115 Restatement made on 01st April 2018 in financial year 2018-19	-6316	-
	Recognition of revenue in relation to Vacation Leave, PRP and Gratutiy for the financial year 2016-17 & 2017-18	13216	13216
	Recognition of revenue in relation to Vacation Leave, PRP and Gratutiy for the financial year 2018-19	-	11524
	Reversal of Revenue for Depreciation of Customer Funded Assets, not having control (Adjusted to Advances)	-	-402
	Reversal of Depreciation of Customer Funded Assets, not having control (Adjusted to Advances)	-	402
	Deferred Tax on Replacement, Warranty, Materials, Doubtful Debts & Claims	103064	97954
	Recognition of revenue for 4 GE engines boughtout pertaining to the period prior to the comparative period presented	7513	
	Booking of cost on 4GE engines boughtout	-7513	
	Recognition of Revenue on repair of Artouste Engines pertaining to 2018-19	-	500
	Booking of cost on repair of Artoutse engine pertaining to 2018-19		-461
	Booking of expenditure incurred on deep technical investigation pertaining to 2018-19	-	-92
	Equity as per re-stated Accounts	**1058529**	**1207493**

Note to 1(b)(i)&(ii)

(a) Recognition of Revenue with respect to Vacation Leave(VL), Performance Related Pay(PRP) and Gratuity

In respect of certain contracts / customers, variable consideration in FPQ contracts relating to Vacation Leave, Gratuity and PRP for the years 2016-17 to 2018-19 hitherto not recognized pending approval / sanction have been recognized in these financial statements, in terms of Ind AS 115 are detailed as below:

1(b)(vi)

Particulars	Financial Year		
	2016-17	2017-18	2018-19
Vacation leave	3698	8120	11061
PRP for Army, Navy, Coast Guard	757	540	463
Gratuity for Coast Guard	101	-	-
Total	**4556**	**8660**	**11524**

Being an omission to estimate, based on Ind AS 115 and recognize the revenues in the previous periods, the retained equity as on 1st April 2018, sales revenue for 2018-19 and consequently the Contract Assets have been restated as required by Ind AS 8.

Notes to the Financial Statements for the year ended March 31, 2020

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars	As at 1.4.2018	31.03.2019	Cumulative
	Note to 1(b)(i)&(ii)			
	(b) Property, Plant and Equipment (Customer Funded)(Net)			
	A. Customer Funded Asset	12320	10051	22371
	B. Reclassified to PPE where HAL has control over the assets	9325	4978	14303
	C. Assets controlled by Customers (A-B)	2995	5073	8068
	D. Adjusted from Advances from Customers	2583	5485	8068
	E. Debit to claims (C-D)	412	-412	-

As at 01.04.2018

An amount of ₹ 12320 lakhs has been removed from Property, Plant and Equipment (Customer Funded), in respect of assets where HAL has control to the extent of ₹ 9325 lakhs has been re-classified under Property, Plant and Equipment. Out of remaining amount of ₹ 2995 lakhs, where HAL has no control has been set off against Customer advances for ₹ 2583 lakhs and debited to Claims Receivable for ₹ 412 lakhs.

During 18-19

An amount of ₹ 10051 lakhs has been removed from Property, Plant and Equipment (Customer Funded), in respect of assets where HAL has control to the extent of ₹ 4978 lakhs has been re-classified under Property, Plant and Equipment. Out of remaining amount of ₹ 5073 lakhs, where HAL has no control has been set off against Customer advances for ₹ 5485 lakhs and credited to Claims Receivable for ₹ 412 lakhs.

1(b)(vi) Subsequent to implementation of Ind AS 115, Ind AS 18 is withdrawn. Consequently Appendix C of Ind AS 18, where, assets were created out of funds given by the Customer and accounted as Customer funded PPE in our Books and revenue recognised to the extent of depreciation have been reviewed. Hence, in 2018-19 depreciation and revenue has been reversed to the extent of ₹ 402 lakhs.

Note to 1(b)(i)&(ii)

(c) Deferred Tax

Hitherto, Deferred Tax Assets on Provisions for warranty, replacements, doubtful debts etc., amounting to ₹ 106600 lakhs as on 31st March 2019, (31st March 2018, ₹ 107637 lakhs) and (-) ₹ 1037 lakhs for the year ended 31st March 2019 were not recognized since the temporary differences were not likely to reverse in the foreseeable future. The issue was referred to the Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India for their Expert Opinion. Pursuant to the EAC opinion and as advised by them, the deferred tax assets have been recognised by re-statement of the previous year financial statements in accordance with Ind AS 8.

Pursuant to recognition of sales with respect to Performance related pay, Vacation Leave and Gratuity for the Financial Years from 2016-17, 2017-18 and 2018-19, deferred tax liability has been recognised by re-statement of equity as on 31.03.2019 - ₹ 8645 lakhs (31.3.2018 - ₹ 4574 lakhs).

Further, the available deferred tax liabilities have been netted off to deferred tax assets as on 31.03.2019 - ₹ 72024 lakhs (31.03.2018 - ₹ 97115 lakhs)

(d) As at 01.04.2018

For 4 GE engines inspection was completed in March 2016. However revenue for ₹ 7513 lakhs was ommitted to be recognised, in previous periods. Since the revenue pertains to the period prior to the comparative period presented, Revenue and cost to the extent of ₹ 7513 lakhs is recognised in the opening reserve as on 01.04.2018. Consequently trade receivable for ₹ 7513 is recognised as on 01.04.2018 and related Milestone receipts to the extent of ₹ 6762 lakhs has been setoff against trade receivable.

Notes to the Financial Statements for the year ended March 31, 2020

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars
1(b)(vi)	**(e) 2018-19** Revenue on repair of Artouste engines, accepted by the customer in 2018-19, which was omitted to recognise is now recognised by restating the Revenue and cost of repairs in the Comparative period i.e. 2018-19 for ₹ 500 lakhs and ₹ 461 lakhs respectively. **(f) 2018-19** Expenditure on deep technical investigation ₹ 92 lakhs incurred in 2018-19 was omitted to recognise and is now recognised by restating the comparative period i.e. 2018-19.
1(c)	The Standalone Financial Statements of the Company for the year ended 31st March 2020 in respect of lease transaction has been prepared applying Ind AS 116 (Lease Accounting) which has been notified by the Ministry of Corporate Affairs (MCA) vide notification dated 30th March 2019. The Company has adopted Ind AS 116, effective annual reporting period beginning 1st April 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognized at the date of initial application (1st April 2019). The application of the Ind AS 116 does not have significant impact on the opening retained earnings.

Disclosure under Ind AS 116 as lessee:

Sl. No.	Particulars	₹ in lakhs
1	depreciation on right-of-use assets during the year 31st March 2020	19
2	interest expense on Lease liabilities during the year 31st March 2020	11
3	total cash outflow for leases during the year 31st March 2020	7
4	additions to right-of-use assets during the year 31st March 2020	33
5	carrying amount of right-of-use assets as at 31st March 2020	1192

1(d)

Disaggregation of Revenue as per Ind AS 115

Particulars	For the year ended 31st March 2020					For the year ended 31st March 2019				
	Sale of Goods					Sale of Goods				
	Finished Goods	Spares	Development		Miscel-laneous	Finished Goods	Spares	Development		Miscella-neous
Timing of revenue recognition	**Point in time**	**Point in time**	**Point over time**	**Point in time**	**Point in time**	Point in time	Point in time	Point over time	Point in time	Point in time
Revenue by Geography										
INDIA	**846916**	**258452**	**42486**		**40653**	842743	181287	68075		52590
REST OF THE WORLD	**5935**	**7475**		**2783**	**-**	32546	6307		1212	-
TOTAL	**852851**	**265927**	**42486**	**2783**	**40653**	**875289**	**187594**	**68075**	**1212**	**52590**

Notes to the Financial Statements for the year ended March 31, 2020

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars	For the year ended 31st March 2020		For the year ended 31st March 2019	
		Sale of Services		Sale of Services	
		Repairs & Overhaul	Others	Repairs & Overhaul	Others
	Timing of revenue recognition	**Point in time**	**Point in time**	Point in time	Point in time
	Revenue by Geography				
	INDIA	**908744**	**3351**	794789	2105
	REST OF THE WORLD	**4952**	**40**	318	121
	TOTAL	**913696**	**3391**	**795107**	**2226**

Claims / Demands against the Company are not acknowledged as Debts (Gross) as reimbursements are available from the customers as per contract.

Particulars*	As at 1st April 2019	Additions (net)	Removal (from Opening Balance)	As at 31st March 2020
(i) Sales Tax / Entry Tax	910740	87904	82760	**915884**
(ii) Service Tax	105281	21189	6585	**119885**
(iii) Customs Duty	23569	-	-	**23569**
Total	**1039590**	**109093**	**89345**	**1059338**

2(a)

* In terms of Pricing Policy agreed with Defense Services, prices approved are exclusive of taxes and duties i.e.Sales Tax, Service Tax, GST, 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.

* The Sales Tax /VAT/Entry Tax disputes on sales to the Indian Armed Forces in the State of Karnataka and Odisha have been resolved between officials of Department of Defense Production(DDP), Ministry of Defense (MoD), the Company and representatives of Indian Air Force (IAF) and Indian Army with Commercial Tax Department and Finance Department of Government of Karnataka and Odisha.

In the year 2019-20, an out of court settlement for sales tax has been reached between the Company and Government of Telengana. As per the settlement, the disputed tax demand has been reduced from ₹ 81579 lakhs to ₹ 13917 lakhs. The Company has paid ₹ 8500 lakhs on 20th March, 2020 and balance amount will be paid in 2020-21. The amount so settled will be reimbursed by the Defense Customers.

Contingent Liability not acknowledged as Debts (Gross)

2(b)

Particulars	As at 1st April 2019	Additions (net)	Removal (from Opening Balance)	As at 31st March 2020
(i) Income Tax		27703		**27703**
(ii) Municipal Tax	5774		5774	
(iii) Others	13013	39965	2425	**50553**
Total	**18787**	**67668**	**8199**	**78256**

Notes to the Financial Statements for the year ended March 31, 2020

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars	As at 31st March 2020	As at 31st March 2019
2(c)	Guarantees excluding financial guarantees	**300**	300
	Commitments		
	Estimated amount of contracts remaining to be executed and not provided for:		
3	on Capital Account	**118561**	141782
	Total	**118561**	**141782**
	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.		
	Outstanding Letters of Credit and Guarantees		
	(i) Letters of Credit	**42041**	63539
4	The total Fund based limits ₹ 1000000 lakhs including ₹ 480000 lakhs of Commercial Paper (Previous Year - ₹ 400000 lakhs including ₹ Nil lakhs of Commercial Paper) and Non-Fund based limits ₹ 205000 lakhs (Previous Year - ₹ 205000 lakhs) sanctioned by consortium of bankers is interchangeable between the consortium of banks and also between Fund based and Non-Fund based limits. The said limits are secured by hypothecation of inventories and receivables.		
	(ii) Indemnity Bonds given by the Company for performance	**636249**	591282
	(iii) Performance Guarantee	**537**	749
	Value of Imports calculated on CIF basis:		
		For the year ended 31st March 2020	For the year ended 31st March 2019
5	(i) Raw Materials	**329533**	362940
	(ii) Components and Spare parts	**364117**	384740
	(iii) Capital Goods	**13030**	15050
	(iv) Special Tools	**19837**	20250
	Total	**726517**	**782980**
	Raw Materials, Spare Parts and Components consumed :		
	(i) Imported (including Customs Duty)	**705893**	651308
	(In % to total)	**81.90**	83.13
6	(ii) Indigenous	**156007**	132139
	(In % to total)	**18.10**	16.87
	Total (Gross)	**861900**	**783446**
	(Total %)	**100**	**100**

Notes to the Financial Statements for the year ended March 31, 2020

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
7	**Expenditure in Foreign currency on account of :**		
	(i) Royalty	**193**	697
	(ii) License Fee	**93**	213
	(iii) Documentation	**75**	205
	(iv) Professional, Consultancy and Foreign Technician Fees	**1382**	3945
	(v) Foreign Travel	**385**	343
	(vi) Liason Office Abroad	**262**	473
	(vii) Others	**693**	1451
	Total	**3083**	**7327**
7A	**Earnings in Foreign Exchange :**		
	(i) FOB value of exports made by the Company	**16193**	40065
	(ii) Services	**4992**	439
	Total	**21185**	**40504**

	Particulars	As at 31st March 2020	As at 31st March 2019
8A	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.		
	Opening Balance	**126510**	121035
	Additions	**4143**	5475
	Closing Balance	**130653**	126510
8B	Certain Capital Projects have been funded by the customer either upfront or is reimbursed through product cost spread over projects. These funding is project specific. Physical posession and control lies with the Company. Presently, the assets are accounted under HAL - Funded assets and to the extent of depreciation, revenue is recognised. An expert advisory opinion on the accounting treatment will be sought and based on the opinion, necessary accouting treatment will be made.		
9A	Exceptional item of ₹ 11892 Lakhs for the year ended 31st March 2020 (Previous Year - ₹ NIL lakhs) represents compensation received from the Office of Special Land Acquisition Officer, Bangalore under KIADB Act, on acquisition of 14,424.06 Sq. Mtrs (3.624 Acres) of HAL land at Beninganahalli Village, Bangalore by M/S Bangalore Metro Rail Corporation Ltd.		
9B	Profit on Sale of Property, Plant & Equipment	**50**	89
	Loss on Sale of Property, Plant & Equipment	**27**	31
	Net (Note 37 - Other Income & Note 43 - Other Expenses)	**23**	**58**
10	The Company has received a sum of ₹ 13229 lakhs(Previous Year - ₹ 13229 lakhs) from Ministry of defense (MoD), Government of India (GOI) towards investment by the Company in Multirole Transport Aircraft Limited (MTAL). Out of the above, the Company has till date invested a sum of ₹ 11347 lakhs (Previous Year - ₹ 11347 lakhs). The balance of ₹ 1882 lakhs (Previous Year - ₹ 1882 lakhs) is shown under Other Current liabilities. Interest @ 6.85% has been provided on the unutilised portion and included in other financial liabilities.	**3294**	3165

Notes to the Financial Statements for the year ended March 31, 2020

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars

The aggregate amount of Research and Development Expenditure recognised as expenses during the period is as below:

Research and Development Expenditure

Clause No.	Expenditure in R&D included in :	For the year ended 31st March 2020	For the year ended 31st March 2019
11	Raw Material Consumption	**17288**	16185
	Direct Expenses	**11216**	22321
	Salaries and Wages	**67535**	66611
	Other Expenses	**13292**	7478
	Depreciation & Amortisation	**8018**	6828
	Impairment	**3179**	24909
	Provisions	**2668**	2108
	Total R & D Expenditure	**123196**	**146440**

12A — **R&D Corpus**

Board has approved the creation of R&D Corpus (excluding customer funded R&D) with an annual contribution of 10% of Operating Profit After Tax (PAT).

12B — **Indigenization Corpus**

Notification on Policy for Indigenization of Components and spares used in Defense platforms for DPSUs/OFB was issued on 8th March 2019.

As the guidelines from Department of Defense Production(DDP) regarding modalities has not been received as on 31.03.2020 no provision has been made in this year.

Clause No.		As at 31st March 2020	As at 31st March 2019
13	Total Land held (in acres). (Refer Note -1A)	**11817.91**	11814.47

Clause No.		Division	Assets	Acres	Amount	Acres	Amount
14.1	Instruments of transfer in respect of land and building have not been executed, even though possession by the Company	Lucknow/ Nasik	Land	304.49	286	304.49	286
14.2	Land handed over /earmarked to the Government / other agencies pending execution of instruments of transfer	FMD/ Hyderabad	Land	160.05	56	160.05	56
14.3	Land given on lease to the Government/ other agencies	FMD/ Nasik/ Koraput/ Hyderabad/ Lucknow /Korwa /Kanpur	Land	1071.49	105	1071.49	105

Notes to the Financial Statements for the year ended March 31, 2020

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars
14.4	The Company's Barrackpore Division is in possession of 22.51 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 ₹ 33.50 Lakhs (Previous Year - ₹ 33.00 Lakhs) has been made. The transfer of the land is being pursued with Defense Estate Officer, Kolkata. The above does not include 7.115 acres of Land received from Army in exchange of 5 acres of Land at Bangalore which was received free of cost from State Government before 31st March 1969. Since the value of 5 acres land was nil, the value of 7.115 acres land received in exchange of 5 acres land is also taken as nil. Land (Right-of-Use) under Property Plant and Equipment includes land taken on lease for establishing a unit at Kasargod at a cost of ₹ 708 lakhs for 200 acres(Previous Year - ₹ 708 lakhs for 200 acres). This cost is amortised over the lease period of 90 years. The Lease charges for the year amounting to ₹ 8.00 Lakhs (Previous Year - ₹ 8.00 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. However issue has been taken up with KINFRA for compensation of shortfall in the land. The Board of KINFRA also decided that the lease premium remitted by HAL towards 4.171 acres of land will be refunded and necessary corrections are to be made in the lease deed to effect the changes. Awaiting action from KINFRA. Land (Right-of-Use) under Property Plant and Equipment includes land (0.27 acres) taken on lease for Liason Office Mumbai at a cost of ₹ 3 lakhs (including development cost). This cost is amortised over the lease period of 30 years. The amount of amortisation has been considered under depreciation for the year. Land under 14.3 include 38.68 acres of land given under lease to M/s Ordanance Factory Board (OFB), out of which 8.65 acres has been sub-leased to M/s Indo-Russian Rifles Private Limited (IRRPL) at an annual rent of ₹1 per annum.
14.5	a) Facilities Management Division (FMD) is holding 2109.267 acres (Previous Year - 2105.831 acres) land, out of which free hold land of 2096.27 acres (Previous Year - 2099.831 acres) is located in Bangalore and 7 acres located at Bagalkot, karnataka and Lease hold Land of 6 acres (Previous Year - 6 acres) is located at Harapanahalli, Devanagere (Previous Year Free hold land of 2099.831 acres located in Bangalore and Leasehold Land of 6 acres located in 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 BEML. b) Titles to land are not in the name of the Company in respect of 30 survey numbers totalling to 72.675 acres at FMD Division, However, Records of Tenancy Certificate is available. c) An amount of ₹ 2819 Lakhs (Previous Year - ₹ 2672 Lakhs) towards Lease cum Rental charges with various parties has not been considered in the books of accounts of FMD, pending dispute settlement. d) Land at Nasik Division includes 0.052 acres (Previous Year - 0.052 acres) of land encroached by 9 persons. e) Further, 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. f) Land at Corporate office includes 711.22 sq.mt (Previous Year -711.22 Sq.mt) of land has been acquired for the Metro Rail Project by M/s. Bangalore Metro Rail Corporation Limited (BMRCL). The compensation awarded of ₹ 549 Lakhs (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 & BMRCL Officials was formed to arrive at an out of court settlement. Currently the case is pending at evidence stage, the Company is seeking adjournment on account of discussion between parties for settlement. 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 HAL through Deed of transfer. Compensation amount for remaining area, i.e. 272.94 Sq. mt. is yet to be received by the Company. Accordingly, further necessary actions are being taken by the BMRCL/ KIADB in the matter. As the matter is subjudice, no adjustment has been made in the Books.

Notes to the Financial Statements for the year ended March 31, 2020

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars
14.6	Land under 14.1 does not include 374.73 acres (Previous Year - 374.73 acres) of the land was aquired by State Govt. of UP and possession was handed over to HAL by District Land Acquisition Officer. The factory area 54.30 acres was transferred during 1973 from Indian Air Force to HAL. As per the legal position, both 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. A transfer of the title of land, thus, required no registration. The transfer of land by State of UP and IAF to HAL need not require any registration as this transfer is exempted by the Goverenment Grants Act. 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.
14.7	a) Approval has been given by the Board for acquiring 5 acres of defense 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. b) Approval has been given by the Board for acquiring 4.34 acres of defense 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.
14.8	One Hawk-i Aircraft has been used by Aircraft Division for Marketing and Testing Activities. The useful life of the Hawk-i Aircraft is technically assessed to be 5 years from 2018-19, accordingly the depreciation has been provided @ 20% per annuam.
14.9	An amount of ₹ 202 Lakhs was received as advance from Lucknow Metro Rail Corporation (LMRC) in respect of transfer / sale of 363.83 Meters land of HAL has been shown under Other Financial liabilities (Capital Creditors) as transfer of ownership of land is not yet completed.

15A	Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
	Sales for the period includes deliveries for which amendment to firm task is awaited from the customer.	**5247**	2497

15B	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. Delivery of the items to the customers are generally within three weeks from the date of acceptance. However during 2019-20, due to COVID 19 Pandemic, there has been a delay in dispatching spares of ₹ 1158 lakhs to the Customers within three weeks from the date of acceptance.
15C	In respect of Light Combat Helicopter(LCH) and Brahmos where the Company has submitted quotes to the customers and production activities for the projects have been started in anticipation of receipt of Orders, pending finalization of Contracts, actual cost booked against these anticipated contracts have been accounted as Work in Progress ₹ 12767 lakhs in the Financial Statements of 2019-20.
15D	Revenue from Operations includes ₹ 48.18 Crores on account of amount received on resolving of Adour 871 Lifing issue. An amount of ₹ 48.18 Crores was withheld by O/o DCDA based on a qualification by CRI towards short Lifing of 11 Group A parts used in manufacturing of the Engines. The same is rectified and the OEM has certified the life of the Assets to its full 2000 flying hours in the Time Limits Manual during June 2019. Based on the above restoration of life of Group A Components and O/o DCDA having paid the balance withheld amount of ₹ 48.18 Crores during 2019-20, revenue was recognized for the same amount during 2019-20.
16	In respect of the materials received under bulk contracts with the Russian Federation where the suppliers do not Indicate itemized prices, the value of materials issued is assessed on technical estimates to exhibit a fair value of the closing work-in-progress and inventory of these materials is subject to adjustment at the end of the project.

Notes to the Financial Statements for the year ended March 31, 2020

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars	As at 31st March 2020	As at 31st March 2019
17A	The Total inventory does not include materials belonging to customers but held by the Company on their behalf	**77249**	79319
17B	Claims Receivable (Note 19) includes ₹ 2258 Lakhs settled under Sabka Saath Sabka Vikas scheme, is fully reimbursable by customer as per terms of pricing policy with Defense 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 27th 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.		

	Particulars	As at 31st March 2020	As at 31st March 2019
18B(i)	Dividend paid to Resident shareholders - President of India and nominees (including Interim Dividend)	100034	59569
	Dividend Distribution Tax on the above (including Dividend Distribution Tax on Interim Dividend)	20562	12244
18B(ii)	Dividend paid to Resident shareholders - Other than President of India and nominees (including Interim Dividend)	11110	6616
	Dividend Distribution Tax on the above (including Dividend Distribution Tax on Interim Dividend)	2284	1360
18C	The Company as at 31st March 2020, 1498 Shareholders (Previous Year - 1498 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)	40	24
	Dividend Distribution Tax (including Dividend Distribution Tax on Interim Dividend)	8	5
18D	**Final Dividend:**		
	(a) The amount of dividend proposed to be distributed to Equity share holders	-	-
	(b) The corresponding amount of dividend distribution tax for the amount of proposed dividend	-	-

Notes to the Financial Statements for the year ended March 31, 2020

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars	As at 31st March 2020	As at 31st March 2019
19	The Information regarding dues to Micro and Small Enterprises*		
	1. The Principal and the Interest due thereon as at 31st March 2020		
	a) Principal	**4639**	1512
	b) Interest	**140**	1
	2. The amounts paid by the Company beyond the appointed day during the year ended 31st March 2020	**-**	-
	a) Principal	**1453**	129
	b) Interest	**21**	
	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 as at 31st March 2020	**140**	1
	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.	**140**	
	* 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 fradulently drawn amounts against the accused , his accomplices and institutions namely, the State Bank Of India (SBI) for ₹ 289 Lakhs and Shri Krishna Souharda credit Co-operative Limited for ₹ 102 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. Though, the provision has been made in the books of accounts, efforts will be made for recovery of the balance amount.		
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), Bhubaneshwar. An amount of ₹ 1876 lakhs has been provisionally assessed as fraudulent payments made to contractors during the period from December 2013 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 includes the above mentioned amount. The matter is under investigation by CBI.		

Notes to the Financial Statements for the year ended March 31, 2020

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars		For the year ended 31st March 2020	For the year ended 31st March 2019
	Corporate Social Responsibility			
	(a) Gross amount required to be spent by the Company on CSR activities as per Companies Act, 2013		**6967**	6742

2019-20	**In Cash**	**Yet to be paid in Cash**	**Total**
(b) Amount spent during the year on CSR activities			
(i) Construction / Acquisition of any Assets	965	993	1,958
(ii) On purposes other than (i) above	5,771	471	6,242
Total	**6,736**	**1,464**	**8,200**

2018-19	**In Cash**	**Yet to be paid in Cash**	**Total**
(c) Amount spent during the year on CSR activities			
(i) Construction / Acquisition of any Assets	1,387	599	1,986
(ii) On purposes other than (i) above	5,020	240	5,260
Total	**6,407**	**839**	**7,246**

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The Company had established Wind Power Plant at Davanagere District, Karnataka as a CSR project in 2015-16. An amount of ₹ 867 lakhs surplus, was generated through savings in energy charges from the Wind Power Plant for FY 2018-19. The surplus has been utilised for other CSR projects/ activities during FY 2019-20 over and above the 2% budget allocation as per the Companies Act, 2013. The Company has spent an amount of ₹ 8200 lakhs on CSR activities during the year 2019-20 under the following heads.

Particulars	₹ in Lakhs
Drinking Water	236
Education	1393
Environment Sustainability	80
Facilities for Senior Citizens	-
Healthcare	2335
Livelihood Generation	6
Rural Development	452
Sanitation	906
Sports Development	327
Skill Development	1649
Others	816
	-
Total	**8200**

In the year 2019-20, an amount of ₹ 1193 lakhs surplus, was generated through savings in energy charges from the Wind Power Plant. The surplus will be utilised for other CSR projects/ activities during 2020-21 over and above the 2% budget allocation as per the Companies Act, 2013.

Notes to the Financial Statements for the year ended March 31, 2020

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars	
23	Operating Cycle	The Company is having the Multiple Business Activities. Operating Cycle is determined by Divisions based on Individual business activity.
24A	The Company's IJT Division is primarily engaged in the production of Intermediate Jet Trainers (IJT) Aircraft. The supply contract with IAF is under execution. In view of the fact that concurrent production is happening alongwith improvement in the Design & Development to meet the customers requirement, resulted in non-absorption of fixed overheads. This in turn has resulted in losses for the division. However, considering the value of advancement / progress made in the products under development., the division will be a cash generating unit once the supply of produced Aircrafts commences and there is no impairement is considered necessary.	
24B	The Company's Aircraft Division is primarily engaged in the production of Aircraft. The division is manufacturing airframe structure of LCA(IOC) and FOC offloaded by LCA division along with other activities under Task/RMSO issued by Defense Services. The loss is due to the non-absorption of overheads commensurate to the workload. However, considering the LCA production program in ensuing years, the division will be a profit generating unit and there is no impairement is considered necessary.	
25	**Seasonality of business :** The Company experiences cyclicality 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 signalling out certificate by them. The sales are dependent on the certification process which needs to be completed before the customers can take deliveries. The certification process typically takes place in the third and fourth quarter due to favourable weather conditions for flight tests during this period. This leads to bunching up of sales during the third and fourth quarter of each financial year and consequently, the revenue varies significantly between the first and second half of the year.	
26A	Aircraft have been accepted and signalled out by customers' inspector with fitment of Cat-B items taken on Loan, in cases of non availability of Cat-A item. As the aircraft is flight worthy and the customers have accepted the same, the sales are accounted, consistently, on the basis of Signalling Out Certificate (SOC). 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.	
26B	Pending finalisation of contract for delivery of 1 ALH to Nepal as directed by Government of India, sales was initially recognised at ₹ 8210 lakhs (at the rate it was originally sold to Indian Army). Based on the replacement cost, an invoice for ₹ 12473 lakhs was subsequently raised on Ministry of External Affairs (MEA), Government of India (GOI). Against the invoice amount, an amount of ₹ 12473 lakhs has been received upto June 2019 from the Ministry of External Affairs.	
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 subject to confirmation, reconciliation & consequential adjustments, if any. Since the Company is a Government entity under the control of Ministry of Defense (MoD), around 99% of the Company's turnover, around 99% of Trade receivables and Contract Assets, around 97% of Claims receivables and around 95% 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.	

Notes to the Financial Statements for the year ended March 31, 2020

Note 49 - Notes to Accounts

(₹ in Lakhs)

<table>
<tr><th>Clause No.</th><th>Particulars</th></tr>
<tr><td>29</td><td>Sales, based on Accounting Policy of the Company, is accounted on issuance of Signalling Out Certificate (SOC) by the customers. There is a time lag between SOC and Ferry out of Aircraft / Helicopter in view of the time involved in deputation of Ferry team by the customers, their handling flights and rectification of snags involved, if any, formation of the new squadron, training of pilots etc. The details of Aircraft / Helicopters which are yet to be ferried out (for which sales has been setup) as on the date of approval of financial statements is as under:
<table>
<tr><th rowspan="2">Year</th><th rowspan="2">Sales (Net of Excise Duty) (₹ in lakhs)</th><th colspan="4">Value of the Aircraft / Helicopters to be ferried out</th></tr>
<tr><th>Su 30</th><th>ALH</th><th>Total</th><th>% of Sales</th><th>Date of approval of Accounts</th></tr>
<tr><td>2017-18</td><td>1828386</td><td>-</td><td>7097</td><td>7097</td><td>0%</td><td>30.05.2018</td></tr>
<tr><td>2018-19</td><td>1982093</td><td>-</td><td>20928</td><td>20928</td><td>1%</td><td>27.05.2019</td></tr>
<tr><td>2019-20</td><td>2121787</td><td>212513</td><td>71903</td><td>284416</td><td>13%</td><td>25.06.2020</td></tr>
</table>
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 Defense (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.</td></tr>
<tr><td>29A</td><td>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.</td></tr>
<tr><td>30A</td><td>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 ₹ 13456 Lakhs as at 31st March 2020 (Previous Year - ₹ 11389 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 5 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 recommend for impairment of total expenditure incurred on this project. Accordingly, ₹ 13456 lakhs has been impaired as at 31.03.2020 (Previous Year - ₹ 11389 lakhs).</td></tr>
<tr><td>30B</td><td>HTT 40 Project: The Company has undertaken the design and development of Hindustan Turbo Prop Trainer Aircraft (HTT-40). Taking into the capability of the proposed Turbo Prop Aircraft, market studies, upgrade functionality etc. requirement of 290 Aircraft (70 Aircraft for IAF and 220 Aircraft for other customers) has been projected by the Company.

The Company continues to fund the HTT Design and Development program.

Hence the expenditure of ₹ 5272.12 lakhs (Previous Year - ₹ 6580 lakhs) has been treated as Development Expenditure and accounted under Intangible Assets under Development.</td></tr>
<tr><td>30C</td><td>Special Tools includes ₹ 845 Lakhs (Previous Year - ₹ 1328 lakhs) towards COMPASS Project at Bharat Electronics Limited (BEL), on behalf of MRO Division against which Company derives future economic benefits for repair of electro optical pods.</td></tr>
</table>

Notes to the Financial Statements for the year ended March 31, 2020

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars
31	One Upgraded Mirage 2000 Aircraft crashed during customer acceptance flight at HAL Airport, Bangalore on 1st February 2019. HAL has taken an insurance policy for ₹ 3412 lakhs for HAL 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 adviced for payment by Insurance Company after deducting 1% policy Administration charges (Claim admitted ₹ 3215 Lakhs less 34 lakhs), the disbursement is awaited.

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Financial instruments by category

(a) The carrying value and fair value of financial instruments by each category as at 31st March 2020 were as follows:

Particulars	Financial assets/ liabilities at amortised costs	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI	Total Carrying Value	Total Fair Value
Assets:					
(i) Investments	82301	-	-	82301	82301
(ii) Loans	6724	-	-	6724	6724
(iii) Other financial assets	156969	-	-	156969	156969
(iv) Trade receivables	1158339	-	-	1158339	1158339
(v) Cash and Cash equivalents	27783	-	-	27783	27783
(vi) Bank Balances other than (v)	2008	-	-	2008	2008
(vii) Contract Assets	748342	-	-	748342	748342
Liabilities:					
(i) Borrowings	577518	-	-	577518	577518
(ii) Trade payables	408923	-	-	408923	408923
(iii) Other financial liabilities	304225	-	-	304225	304225

(b) The carrying value and fair value of financial instruments by each category as at 31st March, 2019 were as follows:

Particulars	Financial assets/ liabilities at amortised costs	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI	Total Carrying Value	Total Fair Value
Assets:					
(i) Investments	74901	-	-	74901	74901
(ii) Loans	7557	-	-	7557	7557
(iii) Other financial assets	158284	-	-	158284	158284
(iv) Trade receivables	1245903	-	-	1245903	1245903
(v) Cash and Cash equivalents	1133	-	-	1133	1133
(vi) Bank Balances other than (v)	8405	-	-	8405	8405
(vii) Contract Assets	477232	-	-	477232	477232
Liabilities:					
(i) Borrowings	411620	-	-	411620	411620
(ii) Trade payables	263281	-	-	263281	263281
(iii) Other financial liabilities	217812	-	-	217812	217812

Notes to the Financial Statements for the year ended March 31, 2020

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars

(c) Interest income/(expenses), gains/(losses) recognised on financial assets and liabilities:

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Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
(i) Financial assets at amortised cost		
- Interest income from bank deposits	137	18358
- Interest income from other financial assets	6302	7662
- Gain/(Loss) on amortisation of financial assets	3304	3376
(ii) Financial liabilities at amortised cost		
- Gain/(Loss) on amortisation of financial liabilities	**-3341**	-3413

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:

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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 94 % (Previous Year - 94%) of its total sales from sales to the Indian Defense Services. The Company expects to continue to derive most of its sales from the Indian Defense Services under the contracts of the Ministry of Defense (MoD), Government of India (GoI) –the Company's principal shareholder and administrative ministry.

Ageing Analysis of the 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 180 days past due	Total
Net carrying amount as at 31st March 2020	202858	107628	80880	124610	86273	556090	1158339
Net carrying amount as at 31st March 2019	315475	60858	76858	85425	87053	620233	1245903

c) Provision for expected credit losses:

As the Company's debtors are predominantly the Government of India (Indian Defense Services, Ministry of External Affairs), Central Public Sector Undertakings where the counter - parties have sufficient capacity to meet the obligations and where the risk of default is nil/negligible. Accordingly, no loss allowance for impairment has been recognized. Further, management believes that the unimpaired amounts that are due collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk. Hence, no impairment loss has been recognized during the reporting periods in respect of trade receivables.

Notes to the Financial Statements for the year ended March 31, 2020

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars
33	**d) Liquidity risk:** Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. The Company's standard contract terms provide that, the Company receives advance payments from customers pursuant to the applicable contracts, including the GoI and the Indian Defense Services at the time of signing of any contract and milestone payments on achievement of physical milestones. These payments are utilized to meet the Company's working capital needs (for the Company required to maintain a high level of working capital because the Company's activities are characterized by long product development periods and production cycles). A majority of the Company's research, design and development costs are funded by the Indian Defense services. Services and supply of spares are governed by the Fixed Price Quotation (FPQ) policy for fixation of the prices wherein the prices are fixed for the base year with escalation parameters for a pricing period of 5-7 years. The process of fixation of prices and approvals takes a minimum period of two years after the expiry of previous pricing period. In the interim, the approved prices of the previous pricing period are continued and payments are accordingly realised and on finalisation of the revised prices, the differential prices are paid to the Company. Further, certain costs not forming part of selling price are reimbursed by customer on incurrence of expenditure. The reimbursement is based on verification and issuance of audit certificate by the payees. There are delays in the above process due to unanticipated variations/ adjustments in the scope and schedule of the Company's obligations due to subsequent modifications by the customers and delays in receipt of approvals from the customer. Further, payments to the Company by the Indian Defense Services are reliant on the continuing availability of budgetary appropriations by Government of India and any disruptions to the availability of such appropriations could adversely affect the Company's cashflows.
	e) Market risk: The Ministry of Defense (MoD) and the Government of India (GoI) have continued efforts to reform Defense related policies such as the Defense Procurement Procedure 2016 ("DPP 2016") to promote private participation, a level playing field and the domestic Defense manufacturing Industry and eco-system. While the MoD has given the highest priority to Indigenously Designed, Developed and Manufactured ("IDDM") products for capital procurement, the Company faces competetion to be selected as the Indian production agency for such contracts. These policies have raised the level of market competition in the areas in which the Company operates.
	f) Risk Mitigation Process: As a step of institutionalizing the risk management in the Company, an elaborate framework has been developed and the Company's top management has overall responsibility for the establishment and oversight of the Company's risk management framework. An important purpose of the framework is to have a structured and comprehensive risk management system across the company which ensures that the risks are being properly identified and effectively managed. The Company has a risk management policy to manage & mitigate these risks. The risk management process includes risk identification, risk assessment, risk evaluation, risk mitigation and regular review and monitoring of risks.The Company's risk management policy aims to reduce volatility in financial statements while maintaining balance between providing predictability in the Company's business plan along with reasonable participation in market movement.

Notes to the Financial Statements for the year ended March 31, 2020

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars
33	**g) COVID-19 Risk** **Current year Impact:** The Company has considered the possible effects that may result from COVID 19 pandemic on the carrying amounts of Property, Plant and Equipment (PPE), Investments, Inventories, receivables and other current assets. Impact due to COVID 19 will be minimal as major portion of the Company's Revenue is generated from Defense services. Further Ministry of Defense, vide letter no 4(4)(d)(ACQ/20) dt 12.06.2020 have extended the contractual delivery date for a period of 4 months i.e. 25th March 2020 to 24th July 2020 due to Force Majeure. Based on the business model, there is no material impairment which needs to be recognised on Property, Plant and Equipment, Receivables and Inventory. **Anticipated Future Impact :** The Company's revenue is mainly from Defense Services. Hence, impact on the future business in the long term is not anticipated currently. However, downsizing of Defense Budget and risk of economic recession may have an impact on the operations of the Company.
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. The Company monitors capital by using debt equity ratio, which is borrowings divided by Equity.

Particulars	As at 31st March 2020	As at 31st March 2019
Debt	**577518**	411620
Equity	**1318993**	1207493
No. of times	**0.44:1**	0.34:1

No changes were made in the objectives, policies or processes for managing capital during the periods ended 31st March 2020 and 31st March 2019.

Notes to the Financial Statements for the year ended March 31, 2020

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars	
35A	**Borrowing Term Loan (Note - 24)**	
	Name of the lender	State Bank of India
	Facilities	Term loan of ₹ 100000 lakhs may be availed as Rupee facility or capex LC subject to maximum of ₹ 40000 lakhs
	Purpose	The proceeds of the Term Loan will be utilized specifically for building capacity for executing order of 162 LCH. The expenses will include, Civil works, Plant and Machinery and Deferred Revenue Expenditure.
	Security	**Primary:** First charge on the Project assets present and future excluding Civil works and intangible. **Collateral:** Second charge on the Current Assets (stock and receivables)
	Interest Rate	Interest at the rate of 0.10% above 1 year MCLR which is presently 7.95%p.a.calculated on daily products at monthly rests. The Bank shall at any time and from time to time be entitled to vary the margin based on the Credit Risk Assessment of the borrower at its discretion and MCLR will be reset on an annual basis on the anniversary of reset. The interest will be serviced by the Company during the moratorium.
	Security Perfection	The security has to be perfected within 6 months from the date of first disbursement. In the event the Company does not perfect the security within the stipulated period, a penal interest of 0.25% p.a. will be charged for the delayed period
	Disbursement	The term loan of ₹ 100000 lakhs will be disbursed in tranches beginning from the fourth quarter of Financial Year 2017-18 to first quarter of Financial Year 2024-25.
	Repayment	The repayment will be in quarterly installments amounting to ₹ 6250 lakhs after moratorium of 4 years i.e. Repayment will be from the Fourth Quater of the Financial Year 2021-22 to Third quater of the Financial Year 2025-26. The term loan availed of ₹ 10000 lakhs has been repaid during December 2019. Hence, the term loan not appearing for the year ending 31st March 2020.
35B(i)	**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, Syndicate Bank, Punjab National Bank, Union Bank of India and Indian Overseas Bank.
	Limit	₹ 1000000 lakhs as Cash Credit (including ₹ 480000 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 i.e. @ 6.50% p.a. to MCLR based i.e. @8.65% at monthly rests.
	Credit Rating (other than Commercial Paper)	[ICRA]AA/STABLE by ICRA & CARE AA+/STABLE by CARE

Notes to the Financial Statements for the year ended March 31, 2020

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars	
35B(ii)	Short term borowings include Commercial Paper (unsecured) outstanding, as given below:	
	Security Description	Commercial Papers
	Scrip Code	INE066F14023
	Face Value	₹ 150000 lakhs
	Paid up Value	₹ 150000 lakhs
	Issue Price	₹ 147939 lakhs
	Date of allotment	19th March 2020.
	Date of redemption	17th June 2020
	Rate of Interest	5.65%
	Credit Rating and Change in Credit Rating, if any	ICRA A1+, CARE A1+

UN-HEDGED FOREIGN CURRENCY EXPOSURE

36	As at 31st March 2020		As at 31st March 2019	
	Foreign Currency	Amount in INR (in lakhs)	Foreign Currency	Amount in INR (in lakhs)
RECEIVABLES				
GBP	**184574**	**170**	423503	379
EURO	**131892**	**108**	64838	49
USD	**22194224**	**16657**	23092211	15881
RBL	**47622**	*****	66163	1
PAYABLES				
GBP	**34637703**	**32656**	34723783	31794
EURO	**61862723**	**52126**	32897596	25884
USD	**387833042**	**294365**	143327141	99798
CHF	**1022891**	**816**	834206	588
NOK	**2068365**	**150**	2835485	230
JPY	**1895161**	**13**	151160154	957

* Less than ₹ 50,000/-.

37	The Ministry of Corporate Affairs vide notification no 1/2/2014-CL-V dated 23rd February 2018 has exempted the Government companies engaged in defense 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.

Notes to the Financial Statements for the year ended March 31, 2020

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars

Disclosure with regard to Joint Working Groups

The Company has entered into a Joint Working Agreement with Air India (AIJWG) to start Ramp Handling Business and CONCOR to carry out Air Cargo Handling Business. The Joint Working Group pools together the resources for carrying out its business activity and ownership of the assets vests with the respective working group.

	31st March 2020	31st March 2019
Share of income from Joint Working Groups of the Company with Air India and HALCON :		
AIJWG	182	187
HALCON	48	69
Total	**230**	**256**

Disclosure with regard to Joint Working Group

39

Name of the Joint Working Group	AIJWG		HALCON	
	31st March 2020	31st March 2019	**31st March 2020**	31st March 2019
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	**1936**	1747	**525**	496
Non-Current Assets - Company's share	**1**	1	**171**	200
Current Assets - Company's share	**1935**	1746	**354**	296
Income - Company's Share	**223**	247	**218**	234
Expenditure - Company's Share	**41**	60	**170**	165
Profit / (Loss) Company's Share	**182**	187	**48**	69
Contingent Liability	**-**	-	**-**	-

Break-up of Deferred Tax Liabilities and Assets are given below:

(a) As at 31st March 2020

40A

Particulars	Opening balance as on 1st April 2019	Additions / (reversals) in Income statement	Additions/ (reversals) recognized in Equity	Closing balance as on 31st March 2020
Deferred Tax Liability				
Tangible Assets	21525	-7854		**13671**
Intangible Assets	59887	-9881		**50006**
Special Tools and Equipment	124251	-37099		**87151**
LCA Sales	1227	-343		**884**
Recognition of sales with respect to VL and PRP for FY 16-17, 17-18 & 18-19	8645	-8645		
Gratuity & PF		4547		**4547**
TOTAL	**215535**	**-59276**		**156259**

Notes to the Financial Statements for the year ended March 31, 2020

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars	Opening balance as on 1st April 2019	Additions / (reversals) in Income statement	Additions/ (reversals) recognized in Equity	Closing balance as on 31st March 2020
	Deferred Tax Asset				
	Provision for Accrued Leave Salary for Note -27 & Note -34	30657	-3532		**27125**
	Provision for Replacement charges, Warranty, Raw Material, Doubtful debts, Claims	106600	-20015		**86585**
	Provision for onerous contract and LD (Note -27 and Note -34)	84987	-25862		**59125**
	Wage Revision	17545	-949		**16596**
	Statutory Payments	34	-34		
	Other design sales and wage revision and recognition of sales with respect to PRP and Wage Revision	1642	-482		**1159**
	OCI Items		12679		**12679**
	TOTAL	**241466**	**-38195**		**203270**
	Net Deferred Tax Assets	**25931**	**21080**		**47011**

(c) As at 31st March 2019

Clause No.	Particulars	Opening balance as on 1st April 2018	Additions / (reversals) in Income statement	Additions/ (reversals) recognized in Equity	Closing balance as on 31st March 2019
	Deferred Tax Liability				
40A	Tangible Assets	17775	3750		21525
	Intangible Assets	64459	-4572		59887
	Special Tools and Equipment	128257	-4006		124251
	LCA Sales	1215	12		1227
	Recognition of sales with respect to VL and PRP for FY 16-17, 17-18 & 18-19	4574	4071		8645
	Recognition of sales with respect to PRP and Wage Revision	4076	-4076		
	TOTAL	**220356**	**-4821**		**215535**
	Deferred Tax Asset				
	Provision for Accrued Leave Salary for Note -27 & Note -34	29545	1112		30657
	Provision for Replacement charges, Warranty, Raw Material, Doubtful debts, Claims	107637	-1037		106600
	Provision for onerous contract and LD (Note -27 and Note-34)	74569	10418		84987
	Wage Revision	8583	8963		17545
	Statutory Payments	36	-2		34
	Other design sales and wage revision	5703	-4061		1642
	Reversal of Revenue in relation LCA (due to modification of contract)	231	-231		
	TOTAL	**226304**	**15162**		**241466**
	Net Deferred Tax Assets	**5948**	**19983**		**25931**

Notes to the Financial Statements for the year ended March 31, 2020

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
40B	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	**392835**	374234
	Enacted tax rates	**25.168%**	34.944%
	Expected tax expense/(benefit)	**98869**	130772
	Effect of :		
	Deductible expense for tax purpose:		
	Expenditure on Scientific Research u/s. 35		-7558
	Other Deductible Expenditure	**-56453**	6222
	Provisions for Warranty, Replacement, Onerous Contracts, Doubtful Debts, Claims & Materials etc. (Net)	**54582**	5975
	Non-deductible expenses for tax purposes:		
	Sustainable Development and Corporate Social Responsibility	**2064**	2532
	Impairment of long term investments	**922**	96
	Other Non Deductible Expenses	**609**	594
	Earlier Year Tax		982
	Taxation impact on Ind AS Adjustment	**6236**	13
	Capital Gains Tax	**2770**	
	Tax Expense	**109599**	139628
	Amount of Income Tax relating to each component of OCI:		
	Remeasurement of Defined Benefit Plans	**-12679**	-3132
	Exchange Differences in translating the financials statements of a foreign Operations		3
41A	The income tax department has, for the assessment years 2005-06 to 2015-16, disallowed the company's claim towards Research & Development expenditure resulting in a tax demand including interest ₹ 225776 lakhs. While the issue is contested in appeal by the Company and the department is pending before appellete forums the department has collected ₹ 189541 lakhs by adjustment of later year refunds and collections. The demand was disclosed as contingent liability while the payments was disclosed as payments under protest. MCA by notification dated 30.03.2019 have amended Ind AS 12 by introducing Appendix C-Uncertainity over Tax Treatments, which is effective 1st April 2019. Pursuant to the amendment, the Company undertook a review of the issue with the tax advocate representing the matter before appellete authorities. Based on the deliberations, the demand being high and not stayed and the litigations is likely to prolong to the highest level, as a prudent measure the demand is recognised in the Financial Statements, without prejudice to the continuation of the appellete remedies.		

Notes to the Financial Statements for the year ended March 31, 2020

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars
41B	Pursuant to early adoption of Appendix C – Uncertainty over Tax Treatments, which is mandatory from 01.04.2019, Income Tax liability relating to Assessment Year 2005-06 to Assessment Year 2007-08 and Assessment Year 2010-11 to Assessment Year 2015-16, ₹ 212247 lakhs and consequent interest thereon upto 31.03.2017, ₹ 4280 lakhs is recognized in Equity as on 1.4.2017 and interest for 2017-18 ₹ 2232 lakhs is recognized in Financial Year 2017-18 and restated in the financial statements for the year 31st March 2019. The amounts adjusted / paid aggregates to ₹ 173922 lakhs is adjusted against the liabilities as on 31.03.2019 and the balance after adjustment/payment is disclosed in Note No.35 Current tax liabilities.
41C	Hitherto, Deferred Tax Assets on Provisions for warranty, replacements, doubtful debts etc., amounting to ₹ 106600 lakhs as on 31st March 2019, (31st March 2018, ₹ 107637 lakhs) and (-) ₹ 1037 lakhs for the year ended 31st March 2019 were not recognized since the temporary differences were not likely to reverse in the foreseeable future. The issue was referred to the Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India for their Expert Opinion. Pursuant to the EAC opinion and as advised by them, the deferred tax assets have been recognised by re-statement of the previous year financial statements in accordance with Ind AS 8.
41D	The Company elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws [Amendment] Act, 2019. Accordingly, the Company has recognized Provision for Income Tax and re-measured its Deferred Tax Assets basis the rate prescribed in the said section and an amount of ₹ 7254 lakhs has been provided to tax expense for the year ended 31st March, 2020.

	Particulars	As at 31st March 2020	As at 31st March 2019
42A	**Earned Leave**		
	The Actuarial Liability of Earned Leave of the employees of the Company for the period ended	**107778**	87731
	Discounting Rate	**6.90%**	7.75%
	Salary escalation rate	**8.00%**	8.00%
	Retirement Age	**60 Years**	60 Years

	Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
42B	**Provident Fund**		
	During the period, the Company has recognized the following amount in the Statement of Profit and Loss account		
	Defined Benefit Plan		
	Contribution to PF and Family Pension	**26675**	23856
42C	**Pension & Medical**		
	During the period, the Company has recognized the following amount in the Statement of Profit and Loss account		
	Defined Contribution Plan		
	Contribution to Pension	**12978**	11270
	Contribution to Medical	**11602**	10597

Notes to the Financial Statements for the year ended March 31, 2020

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars
43	Provision for Gratuity and Earned Leave has been made based on Actuarial Valuation. The date of Actuarial valuation is of 31st Mar, 2020 **Employee Benefits:** The Company has adopted the Accounting Standard (Ind AS)-19 on Employee Benefits. Consequently, the liability thereon is accounted on the basis of actuarial valuation, and is being recognised as short-term benefits / long term benefits:

Gratuity:

The Company has a Gratuity Scheme for its employees, which is a funded plan. Every year the Company funds to the Gratuity Trust to the extent of shortfall of the assets over the fund obligations, which is determined through actuarial valuation. As per the Gratuity Scheme, Gratuity is payable to an employee on the cessation of his employment after he has rendered continuous service for not less than 5 (five) years in the Company. For every completed year of service or part thereof in excess of six months, the Company shall pay Gratuity to an employee at the rate of 15 (fifteen) days' emoluments based on the emoluments last drawn with a ceiling of ₹ 20 (twenty) Lakhs.

The following tables summarise the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the Balance Sheet for the plan as furnished in the Disclosure Report provided by the Actuary:

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:

43A

	Period Ended	
	31st March 2020	31st March 2019
DBO in respect of non vested employees	**815**	596
DBO in respect of vested employees	**179039**	158329
Total defined benefit obligation	**179854**	**158925**

The component of the defined benefit obligation which is attributable to future salary increases is shown in the table below:

	Period Ended	
	31st March 2020	31st March 2019
Defined benefit obligation without effect of projected salary growth	**107385**	96370
Plus effect of salary growth	**72469**	62555
Defined benefit obligation with projected salary growth	**179854**	158925

Sensitivity Analysis:

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarizes the impact in percentage terms on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 50 basis points.

Notes to the Financial Statements for the year ended March 31, 2020

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars	Period Ended 31st March 2020	
		Discount Rate	Salary Escalation Rate
	Impact of increase in 50 bps on DBO	**-5.02%**	**1.95%**
	Impact of decrease in 50 bps on DBO	**5.47%**	**-2.26%**

Particulars	Period Ended 31st March 2019	
	Discount Rate	Salary Escalation Rate
Impact of increase in 50 bps on DBO	-4.67%	2.35%
Impact of decrease in 50 bps on DBO	5.08%	-2.57%

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

43A

Maturity Profile	31st March 2020	31st March 2019
Expected benefits for year 1	24,449	23,042
Expected benefits for year 2	17,133	15,793
Expected benefits for year 3	15,136	16,527
Expected benefits for year 4	11,736	14,632
Expected benefits for year 5	9,623	11,218
Expected benefits for year 6	7,237	9,135
Expected benefits for year 7	6,911	6,801
Expected benefits for year 8	7,429	6,440
Expected benefits for year 9	8,572	6,806
Expected benefits for year 10 and above	335,556	318,604
Total	**443,782**	**428,998**
The weighted average duration to the payment of these cash flows is	10.47 years	9.74 years

Amount recognised in Balance Sheet:

	31st March 2020	31st March 2019
Present value of funded defined benefit obligation	**179854**	158925
Fair value of plan assets	**155761**	140224
Net funded obligation	**24093**	18701
Net defined benefit liability / (asset) recognized in balance sheet	**24093**	18701
Net defined benefit liability / (asset) is bifurcated as follows:		
Non Current	**24093**	18701

Notes to the Financial Statements for the year ended March 31, 2020

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars	31st March 2020	31st March 2019
	Amount recognised in Statement of Profit & Loss:		
	Current Service Cost	**5,179**	5,615
	Past Service Cost	**-**	-
	Administration expenses	**-**	-
	Interest on net defined benefit liability / (asset)	**1,256**	4,123
	(Gains) / losses on settlement	**-**	-
	Total expense charged to Statement of Profit and Loss	**6,435**	**9,738**

Amount recognised in Other Comprehensive Income:

43A		31st March 2020	31st March 2019
	Opening amount recognized in OCI outside Profit and Loss account	**39,942**	30,979
	Remeasurements during the period due to		
	Changes in financial assumptions	**14,902**	4,528
	Changes in demographic assumptions	**-**	-89
	Experience adjustments	**4,092**	7,774
	Actual return on plan assets less interest on plan assets	**-1,335**	-3,250
	Closing amount recognized in OCI outside Statement of Profit and Loss	**57,601**	**39,942**

Reconciliation of Net Liability / Asset:

The movement of net liability / asset from the beginning to the end of the accounting period as recognized in the Balance Sheet of the Company is shown below:

	31st March 2020	31st March 2019
Opening net defined benefit liability / (asset)	**18701**	52719
Expense charged to profit & loss account	**6434**	9738
Amount recognized outside profit & loss account	**17659**	8963
Employer contributions	**-18701**	-52719
Impact of liability assumed or (settled)*	**-**	-
Closing net defined benefit liability / (asset)	**24093**	**18701**

Notes to the Financial Statements for the year ended March 31, 2020

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars		
43A	**MOVEMENT IN BENEFIT OBLIGATIONS:**		
		31st March 2020	31st March 2019
	Opening of defined benefit obligation	158925	144484
	Current service cost	5179	5615
	Past service cost	-	-
	Interest on defined benefit obligation	11424	10781
	Remeasurements due to:		
	Actuarial loss / (gain) arising from change in financial assumptions	14902	4528
	Actuarial loss / (gain) arising from change in demographic assumptions	-	-89
	Actuarial loss / (gain) arising on account of experience changes	4092	7774
	Benefits paid	-14668	-14168
	Liabilities assumed / (settled)*	-	-
	Liabilities extinguished on settlements	-	-
	Closing of defined benefit obligation	**179854**	**158925**
	MOVEMENT IN PLAN ASSETS:		
	A reconciliation of the plan assets during the inter-valuation period is given below:		
		31st March 2020	31st March 2019
	Opening fair value of plan assets	**140225**	91765
	Employer contributions	**18701**	52719
	Interest on plan assets	**10168**	6658
	Administration expenses	**-**	-
	Remeasurements due to:		
	Actual return on plan assets less interest on plan assets	**1335**	3251
	Benefits paid	**-14668**	-14168
	Assets acquired / (settled)*	**-**	-
	Assets distributed on settlements	**-**	-
	Closing fair value of plan assets	**155761**	140225

* On account of business combination or inter group transfer

Notes to the Financial Statements for the year ended March 31, 2020

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars	Period Ended 31st March 2020		
		Quoted Value	Non Quoted Value	Total
	DISAGGREGATION OF PLAN ASSETS:			
	Property	-	-	-
	Government debt instruments	-	**1109**	**1109**
	Other debt instruments	-	-	-
	Entity's own equity instruments	-	-	-
	Insurer managed funds	-	**153824**	**153824**
	Others	-	**828**	**828**
			155761	**155761**

43A	Particulars	Period ended 31st March 2019		
		Quoted Value	Non Quoted Value	Total
	Property	-	-	-
	Government debt instruments	-	1786	1786
	Other debt instruments	-	-	-
	Entity's own equity instruments	-	-	-
	Insurer managed funds	-	138353	138353
	Others	-	86	86
			140225	140225

Principal Assumptions :

Particulars	31st March 2020	31st March 2019
Discounting Rate (p.a.)	**6.90%**	7.75%
Salary escalation rate (p.a.)	**8.00%**	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 interest at the notified 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 31st March 2020.

In view of uncertainties regarding recoverability of certain investment in ILFS, Dewan Housing, Reliance Capital, syntex etc., during the current year ended 31st March, 2020, the Company has provided ₹ 32717 lakhs being change due to re-measurement of the defined benefit plans etc., which has been recognized in "other Comprehensive Income" and Note 26 & Note 32 - Other Financial Llabilities.

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars									
	The Total Amount of net liability / asset to be recorded in the Balance Sheet									
						As on 31.03.2020				
	EMPLOYEES' PROVIDENT FUND TRUST	**HAL(BC)**	**NASIK**	**KORAPUT**	**HYDERABAD**	**LUCKNOW**	**KORWA**	**KANPUR**	**HQ**	**Total**
	Profit & Loss Account Expense:									
	Current service cost	11542	3494	2400	820	1747	902	1061	411	22377
	Administration expenses									
	Interest on net defined benefit liability / (asset)									
	Total expense charged to profit and loss account	11542	3494	2400	820	1747	902	1061	411	22377
	Amount Recorded in Other Comprehensive Income:									
	Opening amount recognized in OCI outside profit and loss account									
	Remeasurements during the period due to									
	Changes in financial assumptions		417	885	63				408	1773
	Changes in demographic assumptions									-
	Experience adjustments	1163	74	2230	-373	-372	267	-346	110	2753
43B(ii)	Actual return on plan assets less interest on plan assets	13236	2307	6285	373	2842	1178	2080	-110	28191
	Adjustment to recognize the effect of asset ceiling									-
	Closing amount recognized in OCI outside profit and loss account	14399	2798	9400	63	2470	1445	1734	408	32717
	Reconciliation of Net Liability / Asset:									
	Opening net defined benefit liability / (asset)									-
	Expense charged to profit & loss account	11542	3494	2400	820	1747	902	1061	411	22377
	Amount recognized outside profit & loss account	14399	2798	9400	63	2470	1445	1734	408	32717
	Employer contributions	-11542	-3494	-2400	-820	-1747	-902	-1061	-411	-22377
	Impact of liability assumed or (settled)*									-
	Closing net defined benefit liability / (asset)	14399	2798	9400	63	2470	1445	1734	408	32717
	* On account of business combination or inter group transfer									

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars								
	The Total Amount of net liability / asset to be recorded in the Balance Sheet								
					As on 31.03.2020				
	EMPLOYEES' PROVIDENT FUND TRUST	**HAL(BC)**	**NASIK**	**KORAPUT**	**HYDERABAD**	**LUCKNOW**	**KORWA**	**KANPUR**	**HQ**	**Total**
	Movement in Benefit Obligations:									
	Opening net defined benefit obligation	195581	91569	78066	30148	60668	31205	28726	9646	525609
	Current Service Cost	11542	3494	2400	820	1747	902	1061	411	22377
	Interest on Defined benefit obligation	15170	7110	6048	2324	4626	2409	2240	743	40670
	Remeasurements due to:									-
	Acturial loss/(gain) arising from change in financial assumptions		417	885	63				408	1773
	Acturial loss/(gain) arising from change in demmographic assumptions									
	Acturial loss/(gain) arising on account of experience changes	1163	74	2230	-373	-372	267	-346	110	2753
	Employees Contribution	31666	4173	7435	1761	5901	2259	2850	1169	57214
	Benefits paid	-31327	-3930	-5790	-2934	-13888	-4969	-1639	-1559	-66036
	Liabilities assumed / (settled)*	498	-390	-2883	-87	97	-217	97	506	-2379
	Closing of defined benefit obligation	224293	102517	88391	31722	58779	31856	32989	11434	581981
	* On account of business combination or inter group transfer									
	Movement in Plan Assets:									
43B(ii)	Opening fair value of plan assets	195581	91569	78066	30148	60668	31205	28726	9646	525609
	Interest on plan asset	15170	7110	6048	2324	4626	2409	2240	743	40670
	Remeasurements due to:									-
	Actual return on plan assets less interest on plan assets	2366	74	-384	336	-892	-128	-826	110	656
	Employer Contributions during the period	11542	3494	2400	820	1747	902	1061	411	22377
	Employee Contributions during the period	31666	4173	7435	1761	5901	2259	2850	1169	57214
	Shortfall arising on account of asset dimunition	-15602	-2382	-5900	-710	-1950	-1050	-1255	-	-28849
	Benefits paid	-31327	-3930	-5790	-2934	-13888	-4969	-1639	-1559	-66036
	Assets acquired /(settled)*	498	-390	-2883	-87	97	-216	97	506	-2378
	Closing fair value of plan assets	209894	99718	78992	31658	56309	30412	31254	11026	549263

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars									
	The Total Amount of net liability / asset to be recorded in the Balance Sheet									
						As on 31.03.2019				
	EMPLOYEES' PROVIDENT FUND TRUST	**HAL(BC)**	**NASIK**	**KORAPUT**	**HYDERABAD**	**LUCKNOW**	**KORWA**	**KANPUR**	**HQ**	**Total**
	Profit & Loss Account Expense:									
	Current service cost	9757	2930	2012	475	1731	822	884	391	19002
	Administration expenses									
	Interest on net defined benefit liability / (asset)									
	Total expense charged to profit and loss account	9757	2930	2012	475	1731	822	884	391	19002
	Amount Recorded in Other Comprehensive Income:									
	Opening amount recognized in OCI outside profit and loss account									-
	Remeasurements during the period due to									-
	Changes in financial assumptions									-
	Changes in demographic assumptions									-
	Experience adjustments	2384	-234	-38	-46	-996	76	-1014	86	218
43B(ii)	*Actual return on plan assets less interest on plan assets*	-2384	234	38	46	996	-76	1014	-86	-218
	Adjustment to recognize the effect of asset ceiling									-
	Closing amount recognized in OCI outside profit and loss account	-	-	-	-	-	-	-	-	-
	Reconciliation of Net Liability / Asset:									
	Opening net defined benefit liability / (asset)									-
	Expense charged to profit & loss account	9757	2930	2012	475	1731	822	884	391	19002
	Amount recognized outside profit & loss account									-
	Employer contributions	-9757	-2930	-2012	-475	-1731	-822	-884	-391	-19002
	Impact of liability assumed or (settled)*									-
	Closing net defined benefit liability / (asset)	-	-	-	-	-	-	-	-	-
	* On account of business combination or inter group transfer									

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars								
	The Total Amount of net liability / asset to be recorded in the Balance Sheet								
						As on 31.03.2019			
	EMPLOYEES' PROVIDENT FUND TRUST	**HAL(BC)**	**NASIK**	**KORAPUT**	**HYDERABAD**	**LUCKNOW**	**KORWA**	**KANPUR**	**HQ**	**Total**
	Movement in Benefit Obligations:									
	Opening net defined benefit obligation	173668	82295	69305	29349	61244	30175	26013	8630	480679
	Current Service Cost	9757	2930	2012	475	1731	822	884	391	19002
	Interest on Defined benefit obligation	14043	6629	5597	2335	4875	2423	2107	688	38697
	Remeasurements due to:									-
	Acturial loss/(gain) arising from change in financial assumptions	-	-	-	-	-				-
	Acturial loss/(gain) arising from change in demmographic assumptions	-	-	-	-	-				-
	Acturial loss/(gain) arising on account of experience changes	2384	-234	-38	-46	-996	76	-1013	86	219
	Employees Contribution	27782	3603	6562	972	5899	2195	2519	1078	50610
	Benefits paid	-32357	-3121	-3429	-2599	-11873	-4318	-1321	-1709	-60727
	Liabilities assumed / (settled)*	305	-532	-1943	-338	-212	-168	-463	482	-2869
43B(ii)	Closing of defined benefit obligation	195582	91570	78066	30148	60668	31205	28726	9646	525611
	* On account of business combination or inter group transfer									
	Movement in Plan Assets:									
	Opening fair value of plan assets	173668	82295	69305	29349	61244	30175	26013	8630	480679
	Interest on plan asset	14043	6629	5597	2335	4875	2423	2107	688	38697
	Remeasurements due to:									0
	Actual return on plan assets less interest on plan assets	2384	-234	-38	-46	-996	76	-1013	86	219
	Employer Contributions during the period	9757	2930	2012	475	1731	822	884	391	19002
	Employee Contributions during the period	27782	3603	6562	972	5899	2195	2519	1078	50610
	Shortfall arising on account of asset dimunition	-	-							-
	Benefits paid	-32357	-3121	-3429	-2599	-11873	-4318	-1321	-1709	-60727
	Assets acquired /(settled)*	305	-532	-1943	-338	-212	-168	-463	482	-2869
	Closing fair value of plan assets	195582	91570	78066	30148	60668	31205	28726	9646	525611

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars								
	The following table summarizes the disclosure report provided by the Actuary: As at 31st March 2020 (Ind AS 19)								
	EMPLOYEES' PROVIDENT FUND TRUST	**HAL(BC)**	**NASIK**	**KORAPUT**	**HYDERABAD**	**LUCKNOW**	**KORWA**	**KANPUR**	**HQ**
	Summary of Data:								
	Accumulated Value of the PF as at Valuation Date	224293	102,100	84892	31658	58259	31462	32509	11025
	Value of Surplus/(Deficit) Account as at Valuation Date	3191	538	346	743				
	Avg. Remaining Tenure of the Investment	5.69 years	5.86 years	6.43 years	5.35 years	4.47 years	4.47 Years	6.65 years	6.18 years
	Amount to be Recognized in Balance Sheet:								408
	Present Value of Obligation as at the end of the period	224293	102,516	88392	31721	58779	31857	32988	11434
	Fair Value of Plan Assets at the end of the year	209894	99,718	78992	31658	56309	30412	31254	11025
43B(iii)	**Net Liability**	**14,399**	**2,798**	**9,400**	**63**	**2,470**	**1,445**	**1,734**	**408**
	Asset Information :								
	State Government Securities				9402		9802	13314	
	Government of India Securities	147587	44,098	35326	3105	28329	14675	2486	5658
	High Quality Corporate Bonds / Other Debt Instruments	44094	43,413	9833	13170	18625		10347	4294
	Special Deposit Scheme		-		507		1585	1548	
	Equity Shares of Listed Companies	4333	3,985	3894	1271	2090	644	953	488
	Investment with Insurer		-						
	Dues to the Company		-				396		
	Others	13880	8,222	29939	4203	7265	3310	2606	584
	Total	**209,894**	**99,718**	**78,992**	**31,658**	**56,309**	**30,412**	**31,254**	**11,025**



Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars								
	The following table summarizes the disclosure report provided by the Actuary: As at 31st March 2020 (Ind AS 19)								
	EMPLOYEES' PROVIDENT FUND TRUST	**HAL(BC)**	**NASIK**	**KORAPUT**	**HYDERABAD**	**LUCKNOW**	**KORWA**	**KANPUR**	**HQ**
	Amount recognised in Other Comprehensive Income:								
	Opening amount recognized in OCI outside Profit and Loss account		-						
	Remeasurements during the period due to								
	Changes in financial assumptions		417	885	63				408
	Changes in demographic assumptions		-						
	Experience adjustments	1163	74	2230	-373	-372	267	-346	110
	Actual return on plan assets less interest on plan assets	13236	2,307	6285	373	2842	1178	2080	-110
43B(iii)	**Closing amount recognized in OCI outside Statement of Profit and Loss**	**14,399**	**2,798**	**9,400**	**63**	**2,470**	**1,445**	**1,734**	**408**
	Summary of Principal Actuarial Assumptions:								
	Discount Rate (p.a)	6.90%	6.90%	6.90%	6.90%	6.90%	6.90%	6.90%	6.90%
	Expected Rate of Return on Assets (p.a)	9.75%	9.37%	8.33%	9.40%	9.65%	9.52%	9.55%	8.71%
	Discount Rate for the Remaining Term to Maturity of the Investment (p.a)	6.40%	6.40%	6.50%	6.35%	6.00%	6.00%	6.50%	6.45%
	Average Historic Yield on the Investment (p.a)	9.25%	8.87%	7.93%	8.85%	8.75%	8.62%	9.15%	8.26%
	Guaranteed Rate of Return (p.a)	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%

In case of inter-divisional transfer of employees moneys standing to the credit of the employees in the trust accounts will be transferred to the trust accounts of the division to which he is posted.

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars								
	The following table summarizes the disclosure report provided by the Actuary: As at 31st March 2019 (Ind AS 19)								
	EMPLOYEES' PROVIDENT FUND TRUST *	**HAL(BC)**	**NASIK**	**KORAPUT**	**HYDERABAD**	**LUCKNOW**	**KORWA**	**KANPUR**	**HQ**
	Summary of Data:								
	Accumulated Value of the PF as at Valuation Date	195581	91569	78066	30147	60668	31205	28726	9646
	Value of Surplus/(Deficit) Account as at Valuation Date	2655	911	1152	781	161	129	410	72
	Avg. Remaining Tenure of the Investment	6.55 Years	5.88 Years	7.19 Years	5.54 Years	7 years	4.55 Years	7 Years	6.27 Years
	Amount to be Recognized in Balance Sheet:								
	Present Value of Obligation as at the end of the period	195581	91569	78066	30147	60668	31205	28726	9646
	Fair Value of Plan Assets at the end of the year	195581	91569	78066	30147	60668	31205	28726	9646
43B(iii)	**Net Liability**					-			
	Asset Information :								
	Property								
	Government of India Securities	130991	71835	31968	14073	49845	25196	25115	8338
	High Quality Corporate Bonds/ Other Debt Instruments	52935	9295	17511	9057	2600	1585	1548	375
	Special Deposit Scheme								
	Equity Shares of Listed Companies	3918		3019	732	802	859	1273	408
	Investment with Insurer								
	Dues to the Company								
	Others	7737	10439	25568	6285	7421	3565	790	525
	Total	**195,581**	**91,569**	**78066**	**30147**	**60668**	**31205**	**28726**	**9646**

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars								
	The following table summarizes the disclosure report provided by the Actuary: As at 31st March 2019 (Ind AS 19)								
	EMPLOYEES' PROVIDENT FUND TRUST *	**HAL(BC)**	**NASIK**	**KORAPUT**	**HYDERABAD**	**LUCKNOW**	**KORWA**	**KANPUR**	**HQ**
	Amount recognised in Other Comprehensive Income:								
	Opening amount recognized in OCI outside Profit and Loss account								
	Remeasurements during the period due to								
	Changes in financial assumptions								
	Changes in demographic assumptions								
	Experience adjustments	2384	-234	-38	-46	-996	76	-1014	86
	Actual return on plan assets less interest on plan assets	-2384	234	38	46	996	-76	1014	-86
43B(iii)	**Closing amount recognized in OCI outside Statement of Profit and Loss**	-	-	-	-	-	-	-	-
	Summary of Principal Actuarial Assumptions:								
	Disccount Rate (p.a)	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%
	Future Derived Return on Assets (p.a)	9.79%	9.50%	8.53%	9.64%	9.09%	9.50%	9.50%	9.20%
	Discount Rate for the Remaining Term to Maturity of the Investment (p.a)	7.35%	7.20%	7.50%	7.15%	7.50%	7.05%	7.50%	7.30%
	Average Historic Yield on the Investment (p.a)	9.39%	8.95%	8.28%	9.04%	8.84%	8.80%	9.25%	8.75%
	Guaranteed Rate of Return(p.a)	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%

* In case of inter-divisional transfer of employees 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 Financial Statements for the year ended March 31, 2020

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars
43C	Consequent to the settlement reached on 10th December 2019, the differential liability of ₹ 21195 lakhs for the period from 01.01.2017 to 31.03.2019 is recognized in "Employee Benefit Expense" for the year ended 31st March 2020. Corresponding eligible sales of ₹ 15291 lakhs is included in revenue. Liability has been provided in the books of accounts for the 2nd instalment of arrears to be disbursed to workmen on account of wage revision, accounted in Note 32- Dues to Employees.
43D	The Company has provided Performance Related Pay as per the Guidelines issued by DPE.
43E	**Pension:** In line with the Guidelines issued by the Department of Public Enterprises, Ministry of Heavy Industries & Public Enterprises, Govt. of India for revision of the Salary Structure of Executives of CPSEs with effect from 1st January, 2007 and as per the approval accorded by the Board of Directors and Department of Defense Production, Ministry of defense, a Defined Contribution Pension Scheme was notified in the Company on 16th July, 2014 in respect of Executives retired etc., from 1st January, 2007. A Defined Contribution Pension Scheme in respect of Workmen retired after 1st January, 2012 was notified on 2nd June, 2015 which was agreed as a part of the Workmen's Wage Revision effective from 1st January, 2012. Contribution to the corpus of the above schemes by the Management may vary from year to year as the same is dependent on profits generated, affordability & sustainability by the Company. The Scheme is managed by a duly constituted Trust.
43F	**Post Superannuation Group Health Insurance Schemes:** In line with the Guidelines issued by the Department of Public Enterprises, Ministry of Heavy Industries & Public Enterprises, Government of India and as per the approval accorded by the Board of Directors and Department of Defense Production, Ministry of defense, Post Superannuation Group Health Insurance Schemes in respect of (a) Employees (Officers & Workmen) retired before 1st January, 2007 and (b) Executives retired on or after 1st January, 2007 were introduced with effect from 1st February, 2014. A Post Superannuation Group Health Insurance Scheme in respect of Workmen of the Company retired, etc. after 1st January, 2007 has been introduced in the Company with effect from 1st February, 2015 which was agreed as a part of the Workmen's Wage Revision effective from 1st January, 2012. Benefits under the Schemes may vary from year to year, as contribution to the Corpus of the Schemes is dependent on Profits generated, Affordability & Sustainability by the Company. The Schemes are managed by a duly constituted Trust.

44	As per Ind AS-21 relating to accounting for the effects of changes in the Foreign Exchange rates,	**As at 31st March 2020**	As at 31st March 2019
(a)	Exchange rate variation recognised in Statement of Profit and Loss towards Capital Assets.	**6**	39
(b)	As and when the instalments in respect of deferred debts fall due for payment to the Russian Federation, the same is paid by applying the exchange rate ruling on the date of actual payment and liability discharged. The differences arising due to recalculation of debts at the applicable /ruling rate is charged to the revenue at the time of payment and recognised as sales when realised from the customer except to the extent it pertains to Capital Assets.The sales for Exchange Rate Variation (ERV) considered for the year ended 31st March 2020 is ₹ 5351 Lakhs (Previous Year - ₹ 3392 Lakhs). The Assets and Liabilities relating to deferred credit transaction are reinstated under Non-current Other Financial Assets, Current Other Financial Assets (recoverable within one year), Non-current Other Financial Liabilities and Current Other Financial Liabilities (to be settled within one year).		

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars																
45A	DISCLOSURE RELATING TO Ind AS-24 ON RELATED PARTY																
	The name of the transacting related party	**M/s. Indo Russian Aviation Limited**	**M/s. BAe HAL Software Limited**	**M/s. Safran HAL Aircraft Engines Private Ltd**	**M/s. SAMTEL HAL Display Systems Limited****	**M/s. HAL-Edgewood Technologies Private Limited**	**M/s. HALBIT Avionics Private Limited***	**M/s. Infotech HAL Limited**	**M/s. HATSOFF Helicopter Training Private Ltd.**	**M/s. Tata HAL Technologies Ltd.**	**M/s. International Aerospace Manufacturing Pvt. Ltd.**	**M/s. Multirole Transport Aircraft Ltd.**	**M/s Aerospace & Aviation Sector Skill Council**	**M/s Helicopter MRO Engines Pvt. Ltd**	**M/s Defence Innovation Organisation**	**M/s Nainee Aerospace Ltd**	**M/s Indo Russian Helicopters Pvt Ltd**
(a)	**Country of incorporation**	**India**	**India**	**India**	**India**	**India**	**India**	**India**	**India**	**India**	**India**	**India**	**India**	**India**	**India**	**India**	**India**
	Proportion of Ownnership Interest	**48%**	**49%**	**50%**	**40%**	**50%**	**50%**	**50%**	**50%**	**50%**	**50%**	**50%**	**50%**	**50%**	**50%**	**100%**	**50.50%**
(b)	**Description of the relationship between the parties**	**Joint Venture**	**Joint Venture**	**Joint Venture**	**Joint Venture**	**Joint Venture**	**Joint Venture**	**Joint Venture**	**Joint Venture**	**Joint Venture**	**Joint Venture**	**Joint Venture**	**Joint Venture**	**Joint Venture**	**Joint Venture**	**Subsidiary**	**Subsidiary**
(c)	Description of the nature of the transactions	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services
(d)	Volume of the transactions either as an amount or as an appropriate proportion on Purchase of Goods and Services and other expenses	4704	388		1195		81	94		425	17			15		745	
	Previous year 31.03.2019	(8,701)	(442)	-	(1,713)	(74)	(42)	(159)	(11)	(367)	-	-	-	(12)	-	(475)	-
	Volume of the transactions either as an amount or as an appropriate proportion on Sale of Goods and Services	274							0		1647					1	
	Previous year 31.03.2019	-	-	-	-	-	-	-	(469)	-	(1,053)	-	-	-	-	(135)	-
(e)	Amounts or appropriate proportions of outstanding items pertaining to related parties at the Balance Sheet date on Purchase of Goods and Services and other expenses	4689	254			2	639			221				107	139	549	
	Previous year 31.03.2019	(6,386)	(289)	-	-	(74)	(1,338)	-	(11)	(312)	-	-	-	(111)	-	(403)	-

Note 49 - Notes to Accounts

(₹ 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 Russian Aviation Limited	M/s. BAe HAL Software Limited	M/s. Safran HAL Aircraft Engines Private Ltd	M/s. SAMTEL HAL Display Systems Limited**	M/s. HAL-Edgewood Technologies Private Limited	M/s. HALBIT Avionics Private Limited*	M/s. Infotech HAL Limited	M/s. HATSOFF Helicopter Training Private Ltd.	M/s. Tata HAL Technologies Ltd.	M/s. International Aerospace Manufacturing Pvt. Ltd.	M/s. Multirole Transport Aircraft Ltd.	M/s Aerospace & Aviation Sector Skill Council	M/s Helicopter MRO Engines Pvt. Ltd	M/s Defence Innovation Organisation	M/s Nainee Aerospace Ltd	M/s Indo Russian Helicopters Pvt Ltd
(e)	Amounts or appropriate proportions of outstanding items pertaining to related parties at the Balance Sheet date on Sale of Goods and Services and other expenses	6	232			404	106		469		992	4				681	
	Previous year 31.03.2019	(6)	(179)	-	-	(437)	(132)	-	(421)	-	(842)	(9)	-	(3)	-	(532)	-
(f)	Rent, Water and Electricity Expenses	4	133		1	36	55		62		210	15					
	Previous year 31.03.2019	(3)	(166)	-	(1)	(36)	(54)	-	(62)	-	(196)	(22)	-	-	-	-	-
(g)	Advances Outstanding on Purchases of Goods and Services			1	17	52											
	Previous year 31.03.2019	-	-	(1)	(122)	(64)	(14)	-	-	-	-	-	-	-	-	-	-
	Advances Outstanding on Sale of Goods and Services																
	Previous year 31.03.2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(h)	Interest																
	Previous year 31.03.2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(i)	Dividend on Investments	126									9						
	Previous year 31.03.2019	(173)	-	-	-	-	-	-	-	-	(9)	-	-	-	-	-	-
(j)	Loans Outstanding																
	Previous year 31.03.2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(k)	Re-imbursement Salaries including KMP Salaries	63					37				45	33					
	Previous year 31.03.2019	(69)	-	-	-	-	-	-	-	-	(61)	(9)	-	(29)	-	-	-



Note 49 - Notes to Accounts

(₹ 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 Russian Aviation Limited	M/s. BAe HAL Software Limited	M/s. Safran HAL Aircraft Engines Private Ltd	M/s. SAMTEL HAL Display Systems Limited**	M/s. HAL-Edgewood Technologies Private Limited	M/s. HALBIT Avionics Private Limited*	M/s. Infotech HAL Limited	M/s. HATSOFF Helicopter Training Private Ltd.	M/s. Tata HAL Technologies Ltd.	M/s. International Aerospace Manufacturing Pvt. Ltd.	M/s. Multirole Transport Aircraft Ltd.	M/s Aerospace & Aviation Sector Skill Council	M/s Helicopter MRO Engines Pvt. Ltd	M/s Defence Innovation Organisation	M/s Nainee Aerospace Ltd	M/s Indo Russian Helicopters Pvt Ltd
(l)	Re-imbursement of Expenses																
	Previous year 31.03.2019	(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(m)	Amount paid towards investment in shares													1000			
	Previous year 31.03.2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(n)	Grant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Previous year 31.03.2019	-	-	-	-	-	-	-	-	-	-	-	-	-	(500)	-	-
(o)	Grant outstanding as on Balance sheet Date														4500		
	Previous year 31.03.2019	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,500)	-	-

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(PY ₹ 1195 lakhs), as the same is shown under clause 2(a) in respect of M/s HALBIT Avionics Private Ltd.

** Does not include disputed amount of ₹ NIL lakhs(PY ₹ 111 lakhs), in respect of M/s Samtel HAL Display Systems Limited due to reconciliation items.

Figures in brackets relate to Previous Year (as at 31.03.2019)

Transaction with the related parties are made on normal commercial terms and at market rates.

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

Shri T.Suvarna Raju - Chairman & Managing Director upto 31.08.2018

Shri R.Madhavan, Chairman & Managing Director

Shri V.M.Chamola - Director(HR) upto 31.12.2019

Shri Alok Verma - Director(HR)

Shri M.S.Velpari was appointed as Director(Operations)

Shri D.K. Venkatesh - Director - Engineering and R&D upto 31.05.2018

Shri Arup Chatterji, Director - Engineering and R&D

Shri C.V. Ramana Rao - Director(Finance) & CFO upto 31.07.2018

Shri C.B. Anantha Krishnan - Director(Finance) & CFO

Shri G.V.Sesha Reddy - Co. Secy

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

Notes to the Financial Statements for the year ended March 31, 2020

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars
45B	The Board in its 406th meeting held on 22nd September 2017, accorded in principle approval for voluntary winding up / closure of the three Joint Ventures i.e. M/s. HAL-Edgewood Technologies Private Limited, M/s. Tata HAL Technologies Ltd and M/s. Multirole Transport Aircraft Ltd. enabling the Company to take further action in the matter. Further, the Board authorized the Company to seek approval of Ministry of Defense (MoD), for short closure of the Contracts associated with the M/s Multirole Transport Aircraft (MTA) project and request MoD, to initiate necessary action for closure of IGA, as it is a prerequisite for winding up of the MTA - Joint Venture Company. Further in 435th meeting held on 16th 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.
45C	**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 BEL with an authorised Capital of ₹ 100 lakhs (Paid up capital as on 31-03-2020 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, Jalhalli, Bengaluru – 560013, Karnataka, India. DIO was incorporated to implement the scheme of defense innovation fund initiative by creation of an ecosystem to foster innovation and technology development in defense. HAL Board in its 417 th meeting held on 30th of July 2018 had accorded approval for release of ₹ 5000 lakhs to DIO towards intitial 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. The balance amount is recognised in financials.
45D	The Board in its 434th meeting was informed that Govt 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 431st meeting and approved transfer of land without Govt approval to M/s HE-MRO. Meanwhile, considering the emerging situation due to Covid 19, it was decided to downsize the operation of the Joint Venture (Helicopter Engine MRO) to Zero level until further directions from the promoters. JV is placed in dormant mode and its operations will be reviewed by promoters in 2021. Hence execution of land transfer is also put on hold, till a decision is taken on the resumption of operation of JV.
45E	Impairment of Net worth as on 31.03.2020 has not been considered for the Joint Venture(JV) HE-MRO though the JV Board in its resolution down sized the operations of the Company w.e.f. 31st May 2020, as the management of JV indicated that there are positive indicators including the plan provided by Safran and HAL to support to the JV in the foreseeable future for meeting financial obligations, continuing technical, operational and Management support.
45F	Share Application money has since been refunded by HE MRO in May 2020 as they have Cancelled the Rights issue due to Covid 19 Crisis.

Notes to the Financial Statements for the year ended March 31, 2020

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Key Management Personnel in the Company	For the year ended 31st March 2020			For the year ended 31st March 2019		
	Particulars	Salary	Company Contribution to PF / Gratuity	Total	Salary	Company Contribution to PF / Gratuity	Total
45G(i)	1. Shri T Suvarna Raju, Chairman & Managing Director				26	2	28
	2. Shri R Madhavan, Chairman & Managing Director	**56**	**5**	**61**	31	3	34
	3. Shri V.M. Chamola, Director (HR)	**46**	**4**	**50**	60	5	65
	4. Shri Alok Verma, Director (HR)	**12**	**1**	**13**			
	5. Shri C. V. Ramana Rao, Director(Finance) & CFO				19	1	20
	6. Shri C. B. Anantha Krishnan, Director(Finance) & CFO	**50**	**4**	**54**	31	3	34
	7. Shri Sunil Kumar, Director (Operations)	**17**	**1**	**18**	50	4	54
	8. Shri M.S. Velpari, Director (Operations)	**33**	**3**	**36**			
	9. Shri D.K. Venkatesh, Director - Engineering				8	1	9
	10. Shri Arup Chatterji, Director - Engineering	**50**	**4**	**54**	36	3	39
	11. Shri G.V. Sesha Reddy (Company Secretary)	**31**	**3**	**34**	29	3	32

Shri T. Suvarna Raju, Chairman & Managing Director ceased to be the chairman consequent upon superannuation on 31st August 2018.

Shri R. Madhavan was appointed as Chairman & Managing Director with effect from 1st September 2018

Shri C.V. Ramana Rao ceased to be Director (Finance) and CFO consequent upon supperannuation on 31st July 2018

Shri C.B. Anantha Krishnan was appointed as Director (Finance) and CFO with effect from 1st August 2018

Shri Sunil Kumar, ceased to be Director (Operations) of the company consequent upon supperannuation on 31st July 2019

Shri M.S. Velpari was appointed as Director (Operations) with effect from 1st August 2019

Shri D K Venkatesh, ceased to be Director- Engineering consequent upon superannuation on 31st May 2018.

Shri Arup Chatterji was appointed as Director (Engineering) with effect from 1st June 2018.

Shri V.M. Chamola, ceased to be Director (HR) consequent upon supperannuation on 31st December 2019.

Shri Alok Verma was appointed as Director (HR) with effect from 1st January 2020.

Notes to the Financial Statements for the year ended March 31, 2020

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars		
45G(ii)	**PART TIME NON-OFFICIAL DIRECTORS**		**Sitting Fees**
	1. Smt Dipali Khanna, Independent Director		3
	2. Dr J K Bajaj, Independent Director		5
	3. Shri Anil Kumar, Independent Director		4
	4. Shri Neelakanta Iyer R, Independent Director		3
	5. Shri Siddharth, Independent Director		4
	6. Rear Admiral K.C Sekhar AVSM,VSM(Retd), Independent Director		5
	7. Dr. S Malla Reddy, Independent Director		4
			28
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		

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The disaggregation of changes to OCI is shown below:

For the year ended 31st March 2020

Particulars	Opening balance as on 01.04.2019	Additions	Reversals	Closing balance as on 31.03.2020
Gains and losses arising from the financial statements of a foreign operations	15			**15**
Re-measurement gains (losses) on defined benefit plans (Gratuity)	-26154	-37698	-	**-63852**
Total	**-26139**	**-37698**	**-**	**-63837**

For the year ended 31st March 2019

Particulars	Opening balance as on 01.04.2018	Additions	Reversals	Closing balance as on 31.03.2019
Gains and losses arising from the financial statements of a foreign operations	9	6	-	15
Re-measurement gains (losses) on defined benefit plans (Gratuity)	-20324	-5830	-	-26154
Total	**-20315**	**-5824**	**-**	**-26139**

Notes to the Financial Statements for the year ended March 31, 2020

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
47	As per Ind AS-33 relating to Earnings per Share (Basic and Diluted)-		
	Profit Before Tax	**392835**	374234
	Provision for Taxation	**109599**	139628
	Net Profit After Tax	**283236**	234606
	Weighted Average Number of Equity Shares of Face Value of ₹ 10/- each fully paid up	**334387500**	334387500
	Earnings per Share (in Rupees) - Basic	**84.70**	70.16
	Earnings per Share (in Rupees) - Diluted	**84.70**	70.16
48A	**Buyback of Shares:** In accordance with the approval of Board of Directors at its 408th meeting held on 28th November, 2017 and approval of shareholders, the Company has bought back 2,71,12,500 fully paid equity shares of ₹ 10/- each equivalent to 7.5% of the paid-up share capital and Free Reserves of the Company, for an aggregate amount of ₹ 92150 lakhs (excluding tax of ₹ 20636 lakhs) at ₹ 339.88 per equity share from the President of India. The consideration amount for back buy of shares was paid to the Government of India on 19th December, 2017 and the shares so bought back were extinguished on 22nd December, 2017.		

		For the year ended 31st March 2020	For the year ended 31st March 2019
48B	As required by Ind AS 36, an assessment of impairment of assets was carried out and based on such assessment, the Company has accounted impairment losses due to decrease in value in use in respect of Intangible Assets is recognised in 'impairment loss' in the Statement of Profit and Loss.	**3179**	24909

Notes to the Financial Statements for the year ended March 31, 2020

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars

As per Ind AS 37 relating to Provisions, Contingent Liability and Contingent Assets - the movement of provisions in the Books of Accounts is as follows:

Nature of Provision	Opening Balance 01.04.2019	Provision made during the year	Utilisation during the year	Reversal during the year	Closing Balance 31.03.2020
Provision for Warranty Charges	56463	21384	8166	4297	**65384**
(Previous Year)	(43056)	(22186)	(6838)	(1941)	**(56463)**
Provision for Replacement and Other Charges	144655	46328	6808	2428	**181747**
(Previous Year)	(101577)	(51323)	(8075)	(171)	**(144655)**
Provision for Redundancy in Raw Material and Components, Stores and Spares, Construction Material and Loose Tools	78254	18213	137	3802	**92528**
(Previous Year)	(77314)	(9638)	(137)	(8561)	**(78254)**
Provision for Doubtful Debts	16712	3767		4507	**15972**
(Previous Year)	(18101)	(719)		(2108)	**(16712)**
Provision for Claims	31162	4023	(1)	3219	**31967**
(Previous Year)	(29831)	(2153)	(250)	(572)	**(31162)**
Provision for Liquidated Damages	190305	52160	39424	301	**202740**
(Previous Year)	(166255)	(43707)	(19658)		**(190305)**
Provision for Impairment of Investments	13152	3664			**16816**
(Previous Year)	(12877)	(275)			**(13152)**
Provision for Onerous contract	52904		20721		**32183**
(Previous Year)	(90330)			(37426)	**(52904)**

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* Figures in brackets relate to previous year.

Nature of Provision	As at 31st March 2020			As at 31st March 2019		
	Long Term Provision	Short Term Provision	Total Provision	Long Term Provision	Short Term Provision	Total Provision
Provision for Warranty Charges		**65384**	**65384**		56463	56463
Provision for Replacement and Other Charges	**14346**	**167401**	**181747**	14775	129880	144655
Provision for Redundancy in Raw Material and Components, Stores and Spares, Construction Material and Loose Tools		**92528**	**92528**		78254	78254
Provision for Doubtful Debts		**15972**	**15972**		16712	16712
Provision for Claims	**22465**	**9502**	**31967**	22722	8440	31162
Provision for Liquidated Damages	**47117**	**155623**	**202740**	67402	122903	190305
Provision for Impairment of Investments	**16816**		**16816**	13152		13152
Provision for Onerous contract		**32183**	**32183**		52904	52904

Notes to the Financial Statements for the year ended March 31, 2020

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars
50A	**Sensitivity of estimates on provisions:** The assumptions made for provisions relating to current period are consistent with those in the earlier years. The assumptions and estimates used for recognition of such provisions are qualitative in nature and their likelihood could alter in next financial year. It is impracticable for the Company to compute the possible effect of assumptions and estimates made in recognizing these provisions. Provision for replacement and other charges represents, amounts towards expenditure incurred from the date of Signalling Out Certificate (SOC) to date of ferry out, loan items taken from the customer which needs to be replaced etc. Warranty represents Performance Warranty for manufacture, repair and overhaul of Aircraft / Helicopters/ Engines / Rotables, supply of spares and development activities etc. Provision for Redundancy in Raw Material and Components, Stores and Spares, Construction Material and Loose Tools represents provision on redundancy of such materials, completed / specific projects and other surplus / redundant materials pending transfer to salvage stores etc. Provision for Liquidated Damages represents amounts provided for the period of delay between the due date of supply of the Goods / rendering of services as per delivery schedule and the expected Date of delivery of said Goods / rendering of service in respect of manufacture / repair and overhaul of Aircraft / Helicopters/ Engines / Rotables, supply of spares and development activities etc. Provision for doubtful debts is being assessed on a case to case basis in respect of dues outstanding for a significant period of time. Debts from the Government departments are generally treated as fully recoverable and hence the Company does not recognize credit risk of such financial assets. Provision for doubtful claims represents provision on expected credit losses. Impairment in value of investment represents reduction in the share of net worth below investment. Provision for Onerous contract has been recognised as the cost of meeting obligations is over and above the economic benefits expected to be received under it.

50B		**For the year ended 31st March 2020**	For the year ended 31st March 2019
	Information regarding income and expenditure of Investment property		
	As per Ind AS 40 - Investment property:		
	Rental income derived from investment properties	**511**	536
	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	**511**	536
	Less – Depreciation	**-**	-
	Profit arising from investment properties before Indirect expenses	**511**	536
	Fair value of investment property		
	As at 31st March 2020, the fair value of the properties is ₹ 3861 lakhs as valued by an Independent valuer.		

Notes to the Financial Statements for the year ended March 31, 2020

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars

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Persuant to supplimentary audit by C&AG under Section 143(6)(b) of the Companies Act, 2013, the financial statements approved by the Board of Directors on 25.06.2020 was revised and approved by the Board of Directors on 18.08.2020 and the impact is tabulated below:

₹ in lakhs

Sl. No.	Item Revised	As stated originally	Addition / deletion(-)	Revised amount	Percentage change to original
1.	Sales	2130147	-8360	2121787	-0.39%
2.	Profit before Tax	396057	-3222	392835	-0.81%
3.	Assets	5312049	7953	5320002	0.15%
4.	Liabilities	3990537	10472	4001009	0.26%
5.	Other Equity	1321512	-2519	1318993	-0.19%
6.	Earnings per share (in Rupees)	85.44	-0.74	84.70	-0.87%

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Advances from Customers of ₹ 552964 Lakhs and Milestone receipts of ₹ 1426052 Lakhs disclosed in Note Nos. 29 and 33 as Non-Current and Other Current Liabilities (in terms of Schedule III to the Companies Act, 2013) represent gross amounts received. These amounts have been utilised for procurement of Special Purpose Tooling, Incurrence of DRE, Inventory Holding, Advances to Vendors etc. as detailed below:

Particulars	31st March 2020		31st March 2019	
	Note 29	Note 33	Note 29	Note 33
	Non - Current	Current	Non - Current	Current
Outstanding Advances from Customer				
- Defence	**193655**	**355468**	274000	378059
- Others		**3841**		4412
	193655	**359309**	**274000**	**382471**
Less: Utilisation of Advances				
- Inventory	**143912**	**264196**	226641	306676
- Advances against Goods & Services		**6638**		5283
- Intangible Assets		**6923**		7543
- Special Tools & Equipment	**8920**	**8101**	9219	7307
- Trade Receivables		**139**		
- Claims Receivables			16	1022
	152832	**285997**	**235876**	**327831**
Net Outstanding Advances (A)	**40823**	**73312**	38124	54640
Outstanding Milestone Receipt				
- Defence	**496250**	**832206**	562766	914586
- Others	**15749**	**81847**	4886	68073
	511999	**914053**	**567652**	**982659**
Less: Utilisation of Milestone Receipts				
- Inventory	**143913**	**463434**	192397	495499
- Advances against Goods & Services	**18179**	**62607**	14632	65161
- Intangible Assets	**8869**	**10624**	26697	11837
- Special Tools & Equipment	**55281**	**56127**	56765	68154
- Trade Receivables		**6132**		34577
- Claims Receivables		**5833**	2300	3428
	226242	**604757**	**292791**	**678656**
Net Outstanding Milestone Receipts (B)	**285757**	**309296**	**274861**	**304003**
Total (A+B)	**326580**	**382608**	**312985**	**358643**

Notes to the Financial Statements for the year ended March 31, 2020

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars	31st March 2020	31st March 2019
	Summary		
	(A) Gross Advances from Defence Customers		
	Initial Advances from Defence Customers	**549123**	652059
	Milestone Advances from Defence Customers	**1328456**	1477352
	Gross Advances from Defence Customers (A)	**1877579**	2129411
	Advances from Others (B)	**101437**	77371
52	**Total (A+B)**	**1979016**	**2206782**
	Less Advances / Milestone utilisation (C)	**1269828**	1535154
	Outstanding Advances / Milestone Receipts (A+B-C)	**709188**	671628
	Defence Customers	**609725**	616523
	Others	**99463**	55105
	Total	**709188**	**671628**
53	The financial statements were approved for issue by the Board of Directors at their meeting held on 18th August 2020. These financial statements are presented in Indian rupees (rounded off to lakhs). Previous Year figures have been rearranged or regrouped wherever necessary.		

Significant Accounting Policies and accompanying Notes No. 1 to 49 form an integral part of the Financial Statements

As per our Report of even date

For and on behalf of the Board of Directors

For Maharaj N R Suresh and Co.
Chartered Accountants
FRN No. 001931S

CA N R Suresh
Partner
Membership No. 021661

Place: Chennai
Date: 18.08.2020

(C. B. Ananthakrishnan)
Director (Finance) & CFO
DIN: 06761339

(R. Madhavan)
Chairman & Managing Director
DIN: 08209860

(G. V. Sesha Reddy)
Company Secretary

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 accompanying Consolidated Financial Statements of **Hindustan Aeronautics Limited** (hereinafter referred to as "the 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, 2020 and the Consolidated Statement of Profit and Loss, (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 Significant 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 accounting principles generally accepted in India, of the Consolidated state of affairs of the Group and its Joint Ventures as at March 31, 2020, of Consolidated Profit, (consolidated statement of changes in equity), and its consolidated cash flows for the year then ended.

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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Attention is invited to Notes to the Financial Statements extracted below:

a) Note:49 (9.1) (g)

"The Company has considered the possible effects that may result from COVID-19 pandemic on the carrying amounts of Property, Plant and Equipment (PPE), Investments, Inventories, Receivables and other current assets.

Impact due to Covid 19 will be minimal as major portion of company's revenue is generated from Defense services. Further Ministry of Defense, vide letter no 4(4)(d)(ACQ/20 dated 12.06.2020 have extended the contractual delivery date for a period of 4 months i.e. 25th March 2020 to 24th July 2020 due to Force Majeure.

Based on the business model, there is no material impairment that needs to be recognised on Property, Plant and Equipment (PPE), Investments, Receivables and Inventory. "

b) Note no : 49 (7) (a to f)

"We have verified the adjustments, as described in Notes No 49 (7) (a to f) to the financial Statements, which have been made to the comparative financial information presented for the year ended 31st March 2019, in accordance with the requirements of applicable Ind AS.In our opinion, such adjustments are appropriate and have been properly applied."

c) Note no : 49 (9.7)

"Consequent to settlement reached with workmen on 10th December 2019, the differential 21195 lakhs for the period from 01.1.2017 to 31.03.2019 is recognized in "Employee benefit Expenses" for the year ended 31st March 2020.

Corresponding eligible sales of ₹ 15291 lakhs' is included in revenue."

Our opinion is not modified in respect of these matters.

d) Notes specific to Joint Ventures

(i) In respect of HATSOFF Helicopter Training Private Limited

Going Concern

The Company has made a net loss of ₹ 2041.12 Lakhs during the period ended 31st March, 2020 and, as of that date, the Company's current liabilities exceeded its current assets. In addition to this, as at the balance sheet date, the Company has significant accumulated losses which have resulted in erosion of the net worth. The net worth of the Company as at 31st March 2020 is negative by ₹ 5283.08 Lakhs (as at 31st March 2019 negative by ₹ 3241.96 Lakhs). 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 obligation.

2) The Company is able to get multiyear contracts from Defense 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 loan interest upto 05th March 2020 and continues to service interest commitments regularly. Besides interest payment, ECB principal of ₹ 1499.20 Lakhs (US$ 2,300,000) in April 2018 has been repaid against ECB overdue instalments.

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 Companies requirements and procure orders for execution, management is of the opinion that Company is a going concern.

(ii) In respect of HAL-Edgewood Technologies Private Limited

a) The company has developed the prototype of OSAMC units and has treated the initial development expenses as "Intangible Asset". Consequentially, the Company has treated the initial development cost of ₹ 6,95,36,553 as internally generated Intangible asset against the development order for 11 prototype units and further series upgrade order for 154 units. The series upgrade order for 154 units is yet to be secured by way of purchase order by the Company from the Customer. The Company has delivered three units during the financial year 2013-14 and one each OSAMC prototype during the financial year 2014-15, 2015-16 and 2016-17 respectively to the customer. The company would manufacture 165 OSAMC units including prototype and series upgrade with the Intangible asset.

b) The Company has developed OSAMC units by conducting the research and development based on the order received from the Customer. The conception and development of the OSAMC units took additional time and costs than originally anticipated at the time of acceptance of the order from Customer thereby materially affecting the operational results and cash flows of the Company. The Company has continuously implemented the measures in improving operational efficiencies and cost control measures to improve the Companies operating results and cash flows.

c) The Company has accumulated losses of ₹ 1,317.37 Lakhs as at 31 March 2020 and its net worth as at that date is negative ₹ 588.99 Lakhs. Company is of the view that, expenditure incurred towards research and development phase is towards creation of assets (Mission Computer), which should be evaluated independently. The Company owes money to the vendors and are outstanding for longer periods than stated in the purchase orders/ agreements. Although these conditions may cast significant doubt on the Company's ability to continue as a going concern, it has detailed plans for speed up the assembling operations and discharge the financial commitments.

d) The Company continues to explore various options to raise finance in order to meet its financial obligations. Based on the detailed evaluation of the current situation and plans formulated, the Company is confident of raising adequate finance and receiving continued support from the Customer. Accordingly the Companies financial statement have been prepared on a going concern basis whereby the realization of assets and discharge of liabilities are expected to occur in the normal course of business and that no adjustments are required to the carrying value of assets and liabilities.

e) The Independent auditors of the Joint Venture have issued qualified opinion on the ability of the joint venture to continue as a going concern.

However, in the opinion of the Management the impact of the above is not material considering the total assets/total liabilities/total revenues/net profit of the Group as well as that of the Parent.

(iii) In respect of HALBIT Avionics Private Ltd

The Company has the following conditions that may cast doubt on its ability to continue as a going concern viz., Net liability position (₹ 1202.08 lakhs as at 31 March 2020 and ₹ 1085.80 lakhs as at March 31 2019); Net current liability position (₹ 1281.71 lakhs for the year ended 31 March 2020 and ₹ 1109.77 lakhs for the year ended 31 March 2019). Despite these conditions, its current liability to creditor, though recorded, isn't payable immediately, as they are yet to complete part performance of their obligation and being a shareholder-joint venture partner themselves, the Company has drawn up financial plans to liquidate the liability in a phased manner. The Company, based on its estimated future growth as per the business plans and projected cash flow, is confident of funding its operating and capital expenditure and continue business operations in the foreseeable future. Accordingly, these financial statements have been prepared on a going concern basis.

(iv) In respect of TATA HAL Technologies Ltd

During the year both the joint ventures of the Company, M/s Tata Technologies Limited and Hindustan Aeronautics Limited expressed their respective Board decisions for voluntary winding up of the Company. The matter has been discussed during the Board Meeting of the Company held on 09th March 2020 during which the Board has accorded in principle approval for closure of the operations of the Company on 31st March, 2020 except for pending work related to Purchase Order from HAL. Considering the above fact the accounts have been prepared on a non-going concern basis and assets have been valued at the amount which the Company expects to realize an assets and liabilities are stated at the amount which the Company expects to settle the liability. The accounts for the Financial Year ended 31st March 2019 were prepared on a going concern basis.

(v) In respect of Infotech HAL Ltd

During the year ended March 31,2020, the management has re-evaluated the Company's recognition process of unbilled revenue, revenue from services contracts and its related provisions over a period. The management's procedure was more emphasised on re computation of revenue, cost, unbilled revenue and the provision for its prior period based on the correspondence with the customer, the actual cost incurred and percentage of completion of service contracts as per Ind AS.

On assessment of the revenue recognition made in prior years, the management noted an error in recognition of revenue, cost, unbilled revenue and provision for the year 2018-19 and prior periods. Accordingly, for each prior period, the Company have presented in the financial statements, the amount of correction for each financial statement line item affected and the amount of the correction at the beginning of the earliest prior period. The management believes that these errors are solely due to mistake in application of accounting policies. The consolidated financial statement is not restated, impact being not material to the group.

(vi) In respect of Helicopter Engines MRO Private Ltd

Pursuant to the decision of Board of Directors of the Company vide Board Resolution dated 05 May 2020 to down size the operations of the Company with effect from 31 May 2020, these financial statements of the Company have been prepared on the basis of a going concern. In making this assessment, the Management have considered several positive indicators including the plan provided by Safran and HAL, the joint venture partner, to provide support in the foreseeable future for meeting financial obligations and continuing technical, operational and management support being provided by them.

Our opinion is not modified with respect to the above matters.

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
a) Revenue recognition ('Ind AS 115') The revenue standard establishes a comprehensive framework for determining whether, how much and when revenue is recognized. This involves certain key judgements 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.	Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows: • Evaluated the appropriateness of the disclosures provided under the revenue standard and assessed the completeness and mathematical accuracy of the relevant disclosures. • Evaluated the design of internal controls relating to implementation of the revenue accounting standard. • 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. • Selected a sample of continuing and new contracts and performed the following procedures: • Read, analyzed and identified the distinct performance obligations in these contracts. • Compared these performance obligations with that of identified and recorded by the group. • 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. • Examination of the correspondence relating to price revision and ascertained the reasonableness of the estimates. • Sample of revenues disaggregated by type and service offerings was tested with the performance obligations specified in the underlying contracts.
b) Impairment of Trade Receivables In respect of receivables from Government the Group does not make any impairment provision based on past experience. The amount involved being significant balance and management judgement we consider this as a Key Audit Matter	We have verified the i) Effectiveness of internal controls in place and procedures followed in identifying the recoverability of long outstanding dues. ii) The procedures and follow up actions in ascertaining the impairment of receivables. 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.

Key Audit Matters	Response to Key Audit Matters & Conclusion
c) Recognition and Impairment of Intangible assets A significant degree of judgement is required to determine the Intangibles to be recognized and intangibles to be impaired. The company has substantial intangibles assets both under use and in progress. The recognition /impairment assessment involves technical and management estimates and Judgements. In respect of intangible Assets which are under development and whose life is infinite the same was reviewed by internal technical team as at the end of the reporting period and necessary impairment, if any, is recognized	Our audit procedures involved the test check of verification of internal controls and incurrence of expenditure on intangible assets. We also reviewed the report of the Technical committee constituted to review the Intangibles Assets – development expenditure who have given a recommendation of the Intangible assets to be recognized and assets to be impaired in the Financial year. Based on the audit procedures as above we find the recognition and impairment provision have been made accordingly
d) Work – in - Progress (WIP) - Inventories Inventories include Work in Progress which have been physically verified by the management based on physical verification instructions. Due to COVID–19 lockdown we were not present during physical verification.	Our Audit Procedures include review of • Physical Verification instructions • Physical verification reports • Roll back procedures • Examining the basis of valuation on a test check basis Based on the above audit procedures we conclude that the valuation of WIP is proper.
e) Deferred Tax Asseton Provision Hitherto, Deferred Tax Assets on Provisions for warranty, replacements, doubtful debts etc., amounting to ₹106600 lakhs as on 31st March 2019 (31st March 2018- ₹107637 lakhs) and (-) ₹1037 lakhs for the year ended 31st March 2019 were not recognized since the temporary differences were not likely to reverse in the foreseeable future. The issue was referred to the Expert Advisory Committee (EAC) of Institute of Chartered Accountants of India for their Expert Opinion. Pursuant to the EAC opinion and as advised by them, the deferred tax assets have been recognized by re-statement of the previous year financial statements in accordance with Ind AS 8.	We have verified the Deferred Tax Asset computations for the respective periods and the restatements made and found them to be in line with Ind AS.
f) Remeasurement of Employee Benefits Provident Fund The exempt provident fund set up by the Group 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 interest at the notified 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 Group or retirement, whichever is earlier. The benefits vests immediately on rendering of the services by the employee.	We have verified the inputs given to the Actuary for valuation and the disclosures made.

Key Audit Matters	Response to Key Audit Matters & Conclusion
The minimum interest rate payable by the trust to the beneficiaries every year is notified by the Government. The Group 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 Group has obtained actuarial valuation 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 31st March 2020. In view of uncertainties regarding recoverability of certain investment in ILFS, Dewan Housing, Reliance Capital, syntax etc., during the current year ended 31st March, 2020, the Group has provided ₹ 32717 lakhs being the shortfall arising on account of asset diminution and change in re-measurement of the defined benefit plans etc., which has been recognized in "other Comprehensive Income" and Other Financial Liabilities.	
g) Recognition & Restatement of Revenue-Variable consideration in FPQ Contract relating to Vacation leave, Performance related pay & Gratuity In the previous financial years 2016-17 to 2018-19 the Group had not recognised Variable consideration due to Uncertainty in the basis of measurement of revenue, which has been recognized in this Financial year.	We have verified the correspondence from customer regarding the determination of variable consideration. We have also verified the estimation made by the management for the respective financial years and the restatement made as per Ind AS – 8.
h) Current Tax and Deferred Tax The Company elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Act, 2019. Accordingly, the Group has recognized provision for Income Tax and re-measured its Deferred Tax Assets, basis the rate prescribed in the said section and an amount of ₹ 7254 lakhs has been provided to tax expense for the year ended 31st March, 2020.	We have verified the management computation of Current Tax, Deferred Tax as on 31st March 2020, as well as the calculation of write off by applying the rate of tax under section 115 BAA of the Income Tax Act 1961 and the amount determined charged to Tax Expenses.

Information Other than the Financial Statements and Auditors Reports Thereon

The holding company's Board of Directors is responsible for the other information's. The other information comprises the information included in the Board's Report, Management Discussion & Analysis Report, Business Responsibility Report, but does not include the financial statements and our auditor's report thereon. The Board's Report, Management Discussion & Analysis Report, Business Responsibility Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the 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 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 financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the report, if we conclude that there is a material misstatement there in, we are required to communicate the matter to those charged with governance.



Responsibilitiesof Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term**s** of the requirements of the Companies Act ,2013 that give a true and fair view of the consolidated financial position, consolidated financial performance, (Consolidated 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 Accounting Standards specified under section 133 of the Act. The respective 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 the Group 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the Consolidated financial statements by the directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective 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 Board of Directors either intends to liquidate the group 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 the Group 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 management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Group and its Joint Ventures 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 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.

  Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

  We communicate with those charged with governance of the holding company and such other entities 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

(a) We did not audit the financial statements/financial information of Two subsidiaries, whose financial statements/ financial information reflect total assets of ₹ 5083 Lakhs as at 31st March 2020, total revenues of ₹ 825 lakhs and net cash flows amounting to ₹ (1405) 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 ₹ 702 lakhs for the year ended 31st March, 2020, as considered in the consolidated financial statements, in respect of fourteen associates, 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 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.

b) Pursuant to supplementary audit by C&AG certain corrections were made in the financial statements adopted by the board of directors on 25.06.2020. The financial statements adopted by the board of directors on 25.06.2020 have been revised. The revised financial statements were adopted by the board on 18.08.2020. The impact of revision is stated in note no 49(23) of the financial statements. This report supercedes our earlier report dated 25th June 2020.

Our opinion is not modified in respect of these matters

Report on Other Legal and Regulatory Requirements

1. 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, (the Consolidated Statement of Changes in Equity) and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.

d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards prescribed under Section 133 of the Act read with rule 7 of the Companies (Accounts) Rules, 2014.

e) Ministry of Corporate Affairs vide notification no 1/2/2014-CL-V dated 23rd February 2018 has exempted the companies engaged in defense 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 Accounting Standards specified under Section 133 of the Act

f) In terms of Circular No. GSR 463(E) dated 05th June 2015 issued by the Ministry of Corporate Affairs, Government of India, the Company being Government Company, is exempt from the provisions of Section 164(2) of the Act regarding disqualification of Directors.

g) With respect to the adequacy of internal financial controls over financial reporting 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 on the consolidated financial position of the Group, and its joint ventures. (refer Note 49 4 (a) & (b) 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, 2020; The Group and its Joint Ventures did not have any derivative contracts.

   iii. There were no amounts which were required to be transferred to the Investor education and protection fund by the Holding Company and its subsidiary companies and joint ventures incorporated in India.

For MAHARAJ N R SURESH AND CO
Chartered Accountants
FRN No: 001931S



N R Suresh
Partner
MNO: 021661
UDIN: 20021661AABY8455

Place: Chennai
Date: August 18th 2020

ANNEXURE A

S. No	Subsidiaries
1	Naini Aerospace Limited
2	Indo Russian Helicopters Limited (IRHL)
	Joint Ventures
1	BAe-HAL Software Ltd
2	Safran HAL Aircraft Engines Private Ltd
3	Indo Russian Aviation Ltd
4	HALBIT Avionics Pvt. Ltd
5	HAL Edgewood Technologies Pvt. Ltd
6	SAMTEL HAL Display Systems Ltd
7	INFOTECH HAL Ltd
8	HATSOFF Helicopter Training Pvt. Ltd.
9	TATA HAL Technologies Ltd
10	International Aerospace Manufacturing Pvt. Ltd.
11	Multirole Transport Aircraft Ltd
12	Aerospace & Aviation Sector Skill Council
13	Helicopter Engines MRO Pvt. Ltd
14	Defence Innovation Organisation

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 Over Financial Reporting under Clause (i) of Sub-section 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, 2020, we have audited the Internal Financial Controls Over Financial Reporting 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 over Financial Reporting 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 Over Financial Reporting based on our audit.

We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and 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 over Financial Reporting 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 Over Financial Reporting and their operating effectiveness. Our audit of Internal Financial Controls Over Financial Reporting included obtaining an understanding of Internal Financial Controls Over Financial Reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of Internal Control based on the assessed risk. The procedures selected depend on the 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 over Financial Reporting of the Group and its Joint Ventures.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's Internal Financial Control Over Financial Reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's Internal Financial Control Over Financial Reporting includes those policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(ii) 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

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of Internal Financial Controls Over Financial Reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the Internal Financial Controls Over Financial Reporting to future periods are subject to the risk that the Internal Financial Control Over Financial Reporting may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

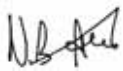
Opinion

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 Over Financial Reporting and such Internal Financial Controls Over Financial Reporting were operating effectively as at March 31, 2020, based on the Internal Control Over Financial Reporting criteria established by the Company, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by 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 Over Financial Reporting 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 MAHARAJ N R SURESH AND CO
Chartered Accountants
FRN No: 001931S



N R Suresh
Partner
MNO: 021661
UDIN: 20021661AABY8455

Place: Chennai
Date: August 18th 2020

सत्यनिष्ठा लोकहितार्थ
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प्र./No.: Reports/2020-21/HAL(19-20)/147

प्रधान निदेशक वाणिज्यिक लेखापरीक्षा एवं पदेन सदस्य
लेखापरीक्षा बोर्ड का कार्यालय, बेंगलूरु - 560 001
OFFICE OF THE PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT and ex-Officio MEMBER, AUDIT BOARD, BENGALURU - 560 001.

दिनांक/DATE: 28-08-2020

To

The Chairman & Managing Director
Hindustan Aeronautics Limited
Corporate Office,
No.15/1, Cubbon Road,
Bangalore- 560001.

Sir,

Sub: Comments of the Comptroller and Auditor General of India under section 143(6) (b) of the Companies Act, 2013.

I forward herewith Nil Comments Certificate of the Comptroller and Auditor General of India under Section 143(6) (b) of the Companies Act, 2013 on the standalone accounts and consolidated accounts of Hindustan Aeronautics Limited, Bangalore for the year ended 31 March 2020.

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,

(Arun Kumar VM)
Deputy Director (Reports)

Encl: As above.

भारतीय लेखापरीक्षा तथा लेखा विभाग
INDIAN AUDIT & ACCOUNTS DEPARTMENT
पहला तल, बसव भवन, श्री बसवेश्वर रोड, बेंगलूरु - 560 001
1st Floor, Basava Bhavan, Sri Basaveswara Road, Bengaluru - 560 001

दू.भा/Phone : 2226 7646 / 2226 1168
E-mail : mabbangalore@cag.gov.in

फैक्स/Fax : 080-2226 2491

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF HINDUSTAN AERONAUTICS LIMITED, BANGALORE FOR THE YEAR ENDED 31 MARCH 2020.

The preparation of consolidated financial statements of **Hindustan Aeronautics Limited, Bangalore** for the year ended 31 March 2020 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/ auditors appointed by the Comptroller and Auditor General of India under section 139(5) read with section 129(4) of the Act are responsible for expressing opinion on the financial statements under section 143 read with section 129(4) of the Act based on independent audit in accordance with 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 25 June 2020 and Revised report dated 18 August 2020.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6) (a) read with section 129(4) of the Act of the consolidated financial statements of **Hindustan Aeronautics Limited, Bangalore** for the year ended 31 March 2020. We conducted a supplementary audit of the financial statements of Hindustan Aeronautics Limited, Bangalore and of the two Subsidiaries, viz., Indo Russian Helicopters Limited, Bangalore , Naini Aerospace Limited, Prayagraj but did not conduct supplementary audit of the financial statements of Defence Innovation Organisation, Bangalore (jointly owned by HAL and BEL) and of thirteen Joint Ventures 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 these thirteen Joint Venture Companies being private entities, 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 auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

In view of the ***revisions made in the financial statements by the management as indicated in item No.49(23) of Notes to Accounts and revisions made in Independent Auditors' Report under 'Other matters'*** as a result of my audit observations highlighted during supplementary audit, I have no further comments to offer upon or supplement to the statutory auditors' report, under section 143(6)(b) read with section 129(4) of the Act.

For and on behalf of the
Comptroller & Auditor General of India

28/08/2020

(Santosh Kumar, IA&AS)
Pr. Director of Commercial Audit
& Ex-Officio Member, Audit Board, Bangalore.

Place: Bangalore
Dated: 28 August 2020

ANNEXURE

List of Joint Venture Companies of Hindustan Aeronautics Limited for which supplementary audit of the Financial Statements not conducted by this office

I. Joint Venture Companies

01. BAe-HAL Software Limited
02. Indo Russian Aviation 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. TATA HAL Technologies Limited
10. International Aerospace Manufacturing Private Limited
11. Multirole Transport Aircraft Limited
12. Aerospace and Aviation Sector Skill Council
13. Helicopter Engine MRO Private Limited



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प्र.No.: Reports/2020-21/IR114 (19-20)/142
प्रधान निदेशक वाणिज्यिक लेखापरीक्षा एवं पदेन सदस्य
लेखापरीक्षा बोर्ड का कार्यालय, बेंगलूरु - 560 001
OFFICE OF THE PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT and ex-Officio MEMBER, AUDIT BOARD, BENGALURU - 560 001.

दिनांक/DATE: 24-09-2020

To
The Chairman,
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 Nil Comments Certificate of the Comptroller and Auditor General of India under Section 143(6) (b) of the Companies Act, 2013 on the accounts of Indo-Russian Helicopters Limited, Bengaluru for the year ended 31 March 2020.

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,

(Arun Kumar VM)
Deputy Director (Reports)

Encl: As above.

भारतीय लेखापरीक्षा तथा लेखा विभाग
INDIAN AUDIT & ACCOUNTS DEPARTMENT
पहला तल, बसव भवन, श्री बसवेश्वर रोड, बेंगलूरु - 560 001
1st Floor, Basava Bhavan, Sri Basaveswara Road, Bengaluru - 560 001
दूरभाष/Phone : 2226 7646 / 2226 1155
E-mail : mabbangalore@cag.gov.in
फैक्स/Fax : 080-2226 2491

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF INDO-RUSSIAN HELICOPTERS LIMITED, BENGALURU FOR THE YEAR ENDED 31 MARCH 2020.

The preparation of financial statements of **Indo-Russian Helicopters Limited, Bengaluru** for the year ended 31 March 2020 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 29 May 2020.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **Indo-Russian Helicopters Limited, Bengaluru** for the year ended 31 March 2020 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 statutory auditors' report under section 143(6)(b) of the Act.

For and on behalf of the
Comptroller & Auditor General of India

24/08/2020

(Santosh Kumar, IA&AS)
Pr. Director of Commercial Audit
& Ex-Officio Member, Audit Board, Bangalore.

Bangalore
Date: 24 August 2020.



सं./No.: Reports/2020-21/NAINI(19-20)/132

प्रधान निदेशक वाणिज्यिक लेखापरीक्षा एवं पदेन सदस्य
लेखापरीक्षा बोर्ड का कार्यालय, बेंगलूरु - 560 001
OFFICE OF THE PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT and ex-Officio MEMBER, AUDIT BOARD.
BENGALURU - 560 001.

दिनांक/DATE: 07-08-2020

लोकहितार्थ सत्यनिष्ठा
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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 Nil Comments Certificate of the Comptroller and Auditor General of India under Section 143(6) (b) of the Companies Act, 2013 on the accounts of Naini Aerospace Limited, Prayagraj for the year ended 31 March 2020.

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,

(Arun Kumar VM)
Deputy Director (Reports)

Encl: As above.

भारतीय लेखापरीक्षा तथा लेखा विभाग
INDIAN AUDIT & ACCOUNTS DEPARTMENT
पहला तल, बसव भवन, श्री बसवेश्वर रोड, बेंगलूरु - 560 001
1st Floor, Basava Bhavan, Sri Basaveswara Road, Bengaluru - 560 001

दू.भा/Phone : 2226 7646 / 2226 1168
E-mail : mabbangalore@cag.gov.in
फैक्स/Fax : 080-2226 2491

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF NAINI AEROSPACE LIMITED, PRAYAGRAJ FOR THE YEAR ENDED 31 MARCH 2020.

The preparation of financial statements of **Naini Aerospace Limited, Prayagraj** for the year ended 31 March 2020 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 29 May 2020.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **Naini Aerospace Limited, Prayagraj** for the year ended 31 March 2020 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 statutory auditors' report under section 143(6)(b) of the Act.

For and on behalf of the
Comptroller & Auditor General of India

07/08/2020

(Santosh Kumar, IA&AS)
Pr. Director of Commercial Audit
& Ex-Officio Member, Audit Board, Bangalore.

Bangalore
Date: 07 August 2020.

Consolidated Balance Sheet as at March 31, 2020

(₹ in Lakhs)

Particulars	Note No.	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
ASSETS				
Non-current assets				
(a) Property, Plant and Equipment	1			
Gross Block	1A	**967435**	886112	794006
Less: Accumulated Depreciation	1B	**332376**	257281	174984
Net Block		**635059**	628831	619022
(b) Capital work-in-progress	2	**86000**	70225	55066
(c) Investment Property	3			
Gross Block	3A	**4**	4	4
Less: Accumulated Depreciation	3B	**1**	-	-
Net Block		**3**	4	4
(d) Goodwill	4			
(e) Other Intangible assets	5			
Gross Block	5A	**250557**	239009	213479
Less: Accumulated Amortization	5B	**116429**	92429	72513
Less: Impairment	5C	**33441**	29480	6366
Net Block		**100687**	117100	134600
(f) Intangible Assets under Development	6			
Gross Block	6A	**119282**	81781	84090
Less: Accumulated Amortization	6B	**-**	-	-
Less: Impairment	6C	**1013**	1795	-
Net Block		**118269**	79986	84090
(g) Investments accounted for using the Equity Method	7	**15754**	15230	15627
(h) Financial Assets				
(i) Investments	7A	**83326**	75734	85384
(ii) Trade Receivables	8	**-**	-	-
(iii) Contract Assets	8A	**-**	-	-
(iv) Loans	9	**4796**	4836	5029
(v) Other Financial Assets	10	**34513**	35543	35800
(i) Deferred tax Assets (Net)	11	**47011**	25931	5948
(j) Other Non-Current Assets	12	**61666**	53167	31386
Total non-current assets		**1187084**	1106587	1071956
Current assets				
(a) Inventories	13	**1943590**	1966426	1996185
(b) Financial Assets				
(i) Investments	14	**-**	-	-
(ii) Trade receivables	15	**1158339**	1245800	583473
(iii) Contract Assets	15A	**748342**	477232	206923
(iv) Cash and Cash Equivalents	16	**27932**	2687	10687
(v) Bank Balances other than Cash and Cash Equivalents	17	**3724**	9679	642401
(vi) Loans	18	**1937**	2734	5021
(vii) Other Financial Assets	19	**123177**	123035	158719
(c) Current Tax Assets	20	**3531**	-	-
(d) Other Currents Assets	21	**129117**	137199	113517
Total current assets		**4139689**	3964792	3716926
Total Assets		**5326773**	5071379	4788882

Consolidated Balance Sheet as at March 31, 2020

(₹ in Lakhs)

Particulars	Note No.	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital	22	**33439**	33439	33439
(b) Other Equity	23	**1290447**	1174773	1027650
Equity attributable to owners of the parent		**1323886**	**1208212**	**1061089**
Non-controlling interest		**431**	448	-22
Total equity		**1324317**	**1208660**	**1061067**
LIABILITIES				
Non-current liabilities				
(a) Financial Liabilities				
(i) Borrowings	24	**-**	10000	10000
(ii) Trade payables	25			
(iii) Other Financial Liabilities	26	**41978**	38632	39621
(b) Provisions	27	**152968**	153146	214255
(c) Deferred Tax Liabilities (Net)	28	**-**	-	-
(d) Other Non-Current Liabilities	29	**705654**	841652	846215
Total non-current liabilities		**900600**	**1043430**	**1110091**
Current Liabilities				
(a) Financial liabilities				
(i) Borrowings	30	**577518**	401620	72726
(ii) Trade payables	31			
A) total outstanding dues of micro enterprises and small Enterprises		**4779**	1513	814
B) total outstanding dues of creditors other than micro enterprises and Small Enterprises		**403595**	261411	166133
Sub Total- Trade payables		**408374**	262924	166947
(iii) Other Financial liabilities	32	**262578**	179474	149846
(b) Other Current Liabilities	33	**1315211**	1407351	1806638
(c) Provisions	34	**480099**	449385	350292
(d) Current Tax Liabilities	35	**58076**	118535	71275
Total current liabilities		**3101856**	2819289	2617724
Total Equity and Liabilities		**5326773**	5071379	4788882

Significant Accounting Policies and accompanying Notes No. 1 to 49 form an integral part of the Financial Statements

As per our Report of even date

For and on behalf of the Board of Directors

For Maharaj N R Suresh and Co.
Chartered Accountants
FRN No. 001931S

(C. B. Ananthakrishnan)
Director (Finance) & CFO
DIN: 06761339

(R. Madhavan)
Chairman & Managing Director
DIN: 08209860

CA N R Suresh
Partner
Membership No. 021661

(G. V. Sesha Reddy)
Company Secretary

Place: Chennai
Date: 18.08.2020

Consolidated Statement of Profit and Loss

for the year ended 31st March 2020

(₹ in Lakhs)

Sr. No	Particulars	Note No.	For the year ended 31st March 2020	For the Year ended 31st March 2019
	REVENUE			
I	Revenue from Operations	36	**2143817**	2000823
II	Other Income	37	**29391**	37551
III	**Total Income (I+II)**		**2173208**	**2038374**
IV	**EXPENSES**			
	Cost of Materials Consumed	38	**816453**	735543
	Purchases of Stock-in-Trade	38A	**58715**	30749
	Changes in Inventories of Finished Goods, Stock-in-Trade, Work-in-Progress and Scrap	39	**63568**	117215
	Employee Benefits Expense	40	**477757**	431103
	Finance Costs	41	**34846**	16960
	Depreciation and Amortization Expense	42	**99852**	102526
	Impairment Loss	42A	**3179**	24909
	Other Expenses	43	**144874**	161584
	Direct Input to WIP / Expenses Capitalised	44	**17829**	30357
	Provisions	45	**145327**	130001
	Total Gross Expenses		**1862400**	**1780947**
	Less: Expenses relating to Capital and Other Accounts	46	**73497**	114964
	Total expenses (IV)		**1788903**	**1665983**
V	Profit/(Loss) before Share of Profit/(Loss) of Joint Ventures, Exceptional items and Tax (III-IV)		**384305**	372391
VI	Share of Profit/(Loss) of Joint Ventures accounted using Equity Method		**702**	75
VII	**Profit/(Loss) before Exceptional items and Tax (V+VI)**	Clause 21 of Note 49	**385007**	**372466**
VIII	Exceptional Items		**11892**	-
IX	**Profit/(loss) before tax (VII+VIII)**		**396899**	**372466**
X	Tax expense:			
	(1) Current Tax		**118000**	158629
	(2) Earlier Tax		**-**	982
	(3) Deferred Tax		**-8401**	-19983
XI	Profit (Loss) for the period from Continuing Operations (IX-X)		**287300**	232838
XII	Profit/(loss) from Discontinued Operations			
XIII	Tax expense of Discontinued Operations			
XIV	Profit/(loss) from Discontinued Operations (after tax) (XII-XIII)		**-**	-
XV	Profit/(loss) for the period (XI+XIV)		**287300**	232838
XVI	**Other Comprehensive Income (OCI)**			
	A (i) Items that will not be reclassified to profit or loss	47	**-50296**	-9069
	(ii) Share of Other Comprehensive Income of JV's accounted using Equity Method		**13**	3
	(iii) Income tax benefit/(expense) on the items that will not be reclassified to Profit or Loss		**12679**	3132
	B (i) Items that will be reclassified to profit or loss	48	**-**	9
	(ii) Share of Other Comprehensive Income of JV's accounted using Equity Method		**-1**	6
	(iii) Income tax benefit/(expense) on items that will be reclassified to Profit or Loss		**-**	-3
	Total Other Comprehensive Income (A + B)		**-37605**	**-5922**

Consolidated Statement of Profit and Loss

for the year ended 31st March 2020

(₹ in Lakhs)

Sr. No	Particulars	Note No.	For the year ended 31st March 2020	For the Year ended 31st March 2019
XVII	**Total Comprehensive Income for the period (XV+XVI) (Comprising Profit/(Loss) and Other Comprehensive Income for the period)**		**249695**	**226916**
	Profit/(Loss) for the period			
	Attributable to:			
	Owners of the parent		**287317**	232863
	Non Controlling interest		**-17**	-25
	Other Comprehensive Income for the period			
	Attributable to:			
	Owners of the parent		**-37605**	-5922
	Non Controlling interest		**-**	-
	Total Comprehensive Income for the period			
	Attributable to:			
	Owners of the parent		**249712**	226941
	Non Controlling interest		**-17**	-25
XVIII	Earnings per Equity Share (for Continuing Operations):			
	(1) Basic (₹)		**85.92**	69.63
	(2) Diluted (₹)		**85.92**	69.63
XIX	Earnings per Equity Share (for Discontinued Operations):			
	(1) Basic (₹)		**-**	-
	(2) Diluted (₹)		**-**	-
XX	Earnings per Equity Share (for Continuing & Discontinued Operations):			
	(1) Basic (₹)		**85.92**	69.63
	(2) Diluted (₹)		**85.92**	69.63

Significant Accounting Policies and accompanying Notes No. 1 to 49 form an integral part of the Financial Statements

As per our Report of even date

For and on behalf of the Board of Directors

For Maharaj N R Suresh and Co.
Chartered Accountants
FRN No. 001931S

CA N R Suresh
Partner
Membership No. 021661

Place: Chennai
Date: 18.08.2020

(C. B. Ananthakrishnan)
Director (Finance) & CFO
DIN: 06761339

(R. Madhavan)
Chairman & Managing Director
DIN: 08209860

(G. V. Sesha Reddy)
Company Secretary

Consolidated Statement of Changes in Equity for the year ended 31st March 2020

(₹ in Lakhs)

Particulars	Equity Share Capital	Other Equity							Total equity attributable to equity holders of the Company	Non-controlling interest	Total Equity
		Reserves and Surplus				Other Comprehensive Income					
		Research and Development Reserve	Capital Redemption Reserve	General Reserve	Retained earnings	Remeasurements of net defined benefit liability/ asset	Exchange differences in translating the financial statements of a foreign operation	Share of Other Comprehensive Income in Joint Venture			
Balance as at April 1, 2018	**33439**	**65341**	**14761**	**967844**		**-20325**	**10**	**19**	**1061089**	**-22**	**1061067**
Changes in equity for the year ended March 31, 2019											
Profit for the year					232863				232863	-25	232838
Items that will be reclassified to profit or loss							9	6	15		15
Income tax relating to items that will be reclassified to profit or loss							-3		-3		-3
Items that will not be reclassified to profit or loss						-9069		3	-9066		-9066
Income tax relating to items that will not be reclassified to profit or loss						3132			3132		3132
Total comprehensive income for the year					**232863**	**-5937**	**6**	**9**	**226941**	**-25**	**226916**
Current Year Transfer		21488							21488		21488
Written Back in Current Year		-809							-809		-809
Surplus Transferred from Statement of Profit and Loss				131557					131557		131557
Transfer from Research & Development Reserve				809					809		809
Transfer to Research & Development Reserve					-21488				-21488		-21488
Final Dividend (including dividend distribution tax)					-79818				-79818		-79818
Transfer to General Reserves					-131557				-131557		-131557
Share Capital issued									-	495	495
Balance as at March 31, 2019	**33439**	**86020**	**14761**	**1100210**	**-**	**-26262**	**16**	**28**	**1208212**	**448**	**1208660**
Balance as at April 1, 2019	**33439**	**86020**	**14761**	**1100210**	**-**	**-26262**	**16**	**28**	**1208212**	**448**	**1208660**
Changes in equity for the year ended March 31, 2020											
Profit for the year					287317				287317	-17	287300
Items that will be reclassified to profit or loss								-1	-1		-1
Income tax relating to items that will be reclassified to profit or loss									-		-

Consolidated Statement of Changes in Equity for the year ended 31st March 2020

(₹ in Lakhs)

Particulars	Equity Share Capital	Other Equity							Total equity attributable to equity holders of the Company	Non-controlling interest	Total Equity
		Reserves and Surplus				Other Comprehensive Income					
		Research and Development Reserve	Capital Redemption Reserve	General Reserve	Retained earnings	Remeasurements of net defined benefit liability/ asset	Exchange differences in translating the financial statements of a foreign operation	Share of Other Comprehensive Income in Joint Venture			
Items that will not be reclassified to profit or loss						-50296		13	-50283		-50283
Income tax relating to items that will not be reclassified to profit or loss						12679	-		12679		12679
Total comprehensive income for the year					**287317**	**-37617**	**-**	**12**	**249712**	**-17**	**249695**
Current Year Transfer		25351							25351		25351
Written Back in Current Year		-2639							-2639		-2639
Surplus Transferred from Statement of Profit and Loss				127928					127928		127928
Transfer from Research & Development Reserve				2639					2639		2639
Transfer to Research & Development Reserve					-25351				-25351		-25351
Interim Dividend (including dividend distribution tax)					-134038				-134038		-134038
Transfer to General Reserves					-127928				-127928		-127928
Balance as at March 31, 2020	**33439**	**108732**	**14761**	**1230777**	**-**	**-63879**	**16**	**40**	**1323886**	**431**	**1324317**

Significant Accounting Policies and accompanying Notes No. 1 to 49 form an integral part of the Financial Statements

As per our Report of even date

For and on behalf of the Board of Directors

For Maharaj N R Suresh and Co.
Chartered Accountants
FRN No. 001931S

CA N R Suresh
Partner
Membership No. 021661

Place: Chennai
Date: 18.08.2020

(C. B. Ananthakrishnan)
Director (Finance) & CFO
DIN: 06761339

(R. Madhavan)
Chairman & Managing Director
DIN: 08209860

(G. V. Sesha Reddy)
Company Secretary

Consolidated Statement of Cash Flow

for the year ended 31st March 2020

(₹ in Lakhs)

Sl. No.	Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
A	**Cash flow from Operating activities**		
	Profit for the year	**287300**	**232838**
	Adjustments to reconcile net profit to net cash provided by operating activities		
	Income Tax expense	**109599**	139628
	(Gain)/Loss on sale of Property, Plant & Equipment	**-23**	-58
	Finance cost	**34846**	16960
	Interest Income	**-6629**	-26198
	Share of Profit or Loss of Joint Venture	**-702**	-75
	Other Adjustments	**22**	24
	Net (Gain)/Loss on Fair Value Adjustment	**37**	37
	Depreciation and amortization expense	**103031**	127435
	Provision for Diminution in Value of Investments	**133**	275
	Provision for Doubtful Debts	**3767**	719
	Provision for Doubtful Claims	**3342**	2153
	Provision for Replacement and Other charges	**46328**	51323
	Provision for Warranty	**21384**	22186
	Provision for Raw Materials and Components, Stores and Spare parts and Construction Materials	**18213**	9638
	Provision for Liquidated Damages	**52160**	43707
	Operating Profit Before Working Capital Changes	**672808**	620592
	Adjustments for:		
	(Increase)/decrease in Trade Receivables	**-187416**	-933355
	(Increase)/decrease in Loans, Financial Assets and Other Assets	**-4765**	2528
	(Increase)/decrease in Inventories	**4623**	20121
	Increase/(decrease) in Trade Payables	**145450**	95977
	Increase/(decrease) in Financial Liabilities, Provisions and Other Liabilities	**-286597**	-466669
	Cash generated from Operations	**344103**	**-660806**
	Income Taxes Paid	**-181990**	-109222
	Net Cash (used in)/generated from Operating Activities (A)	**162113**	-770028
B	**Cash flow from Investing activities**		
	Purchase of Property, Plant & Equipment	**-89027**	-109346
	Purchase of Intangible Assets	**-49049**	-30158
	Proceeds from sale of Property, Plant & Equipment	**157**	160
	Investment in Joint Ventures	**-100**	-
	Purchase of other non current Investments	**-7592**	9650
	Proceeds from maturity of short term deposits	**5955**	632722
	Interest Received	**6629**	26198
	Dividend Received from Joint Ventures	**135**	182
	Net Cash (used in)/generated from Investing Activities (B)	**-132892**	529408

Consolidated Statement of Cash Flow

for the year ended 31st March 2020

(₹ in Lakhs)

Sl. No.	Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
C	**Cash flow from Financing Activities**		
	Share application money paid	**-1000**	-
	Proceeds from Borrowings-Current (Net)	**165898**	328894
	Payment of Lease Liabilities	**-7**	-
	Interest paid	**-34829**	-16960
	Transaction with Minority Interest		495
	Dividend Paid (including Dividend distribution Tax)	**-134038**	-79818
	Net Cash (used in)/generated form Financing Activities (C)	**-3976**	232611
D	**Effect of Exchange differences on translation of foreign currency cashand cash equivalents**	**-**	9
	Net increase/(decrease) in Cash and Cash Equivalents (A+B+C+D)	**25245**	-8009
	Add: Cash and Cash Equivalents at the beginning of the year (Refer Note 16)	**2687**	10687
	Cash and Cash Equivalents at the end of the year (Refer Note 16)	**27932**	2687

Significant Accounting Policies and accompanying Notes No. 1 to 49 form an integral part of the Financial Statements

Notes:

1. 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"
2. Cash & Cash equivalent include Short Term Deposits with Bank
3. Purchase of Fixed Assets are stated inclusive of capital work-in-progress between the beginning and end of the period
4. Previous year figures are rearranged or regrouped wherever necessary
5. Cash and Cash Equivalents are available fully for use

As per our Report of even date

For and on behalf of the Board of Directors

For Maharaj N R Suresh and Co.
Chartered Accountants
FRN No. 001931S

CA N R Suresh
Partner
Membership No. 021661

Place: Chennai
Date: 18.08.2020

(C. B. Ananthakrishnan)
Director (Finance) & CFO
DIN: 06761339

(R. Madhavan)
Chairman & Managing Director
DIN: 08209860

(G. V. Sesha Reddy)
Company Secretary

Significant Accounting Policies for the financial year 2019-20

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.

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.

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.

Significant Accounting Policies for the financial year 2019-20

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.

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 an 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.

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 basis, 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 01st April, 2015.

Significant Accounting Policies for the financial year 2019-20

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.

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), 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) 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 incurrence 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 incurrence 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.

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.

Significant Accounting Policies for the financial year 2019-20

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.

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. The functional currency of the Company is Indian Rupee.

(C. B. Ananthakrishnan)
Director (Finance) & CFO
DIN: 06761339

(R. Madhavan)
Chairman & Managing Director
DIN: 08209860

(G. V. Sesha Reddy)
Company Secretary

Place: Bengaluru
Date: 18.08.2020

Notes to the Financial Statements for the year ended March 31, 2020

Note 1 - Plant, Property and Equipment

Note 1A - Gross Block - Plant, Property and Equipment

The changes in the carrying value of property, plant and equipment for year ended 31st March 2020 are as follows:

(₹ in Lakhs)

Particulars	Gross block As at 1st April 2019	Additions	Reclassification /Adjustment	Disposals	Gross Block As at 31st March 2020
Land					
- Right-of-Use Assets	-	78	1234	-	**1312**
- Leasehold	1269	-	-1234	-	**35**
- Freehold	1653	294	-	-	**1947**
Buildings	111989	15906	-	-	**127895**
Plant and Equipment	203928	25535	94	469	**229088**
Furniture and Fixtures	8224	485	-	71	**8638**
Vehicles	6072	841	-	148	**6765**
Office Equipment	10849	2020	-94	202	**12573**
Others					
Assets Used for CSR Activities	4525	-	-	-	**4525**
Roads and Drains	5391	386	-	-	**5777**
Water Supply	3233	324	-	-	**3557**
Rail Road Sidings	-	-	-	-	**-**
Runways	1776	-	-	-	**1776**
Aircraft/Helicopters	31430	922	-	-	**32352**
Sub Total	**390339**	**46791**	**-**	**890**	**436240**
Special Tools	495773	35422	-	-	**531195**
Total	**886112**	**82213**	**-**	**890**	**967435**

The amount of contractual commitments for the accquisition of property, plant and equipment is disclosed under Clause 4(c) of Note 49

There is no charge or lein on Property, Plant and Equipment

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

Note 1B - Accumulated Depreciation - Plant, Property and Equipment

(₹ in Lakhs)

Particulars	Provision As at 1st April 2019	Additions	Reclassi-fication / Adjustment	Disposals	Provisions As at 31st March 2020	Net Block As at 31st March 2020	Net Block As at 31st March 2019
Land							
- Right-of-Use Assets	-	20	56	-	**76**	**1236**	-
- Leasehold	55	2	-56	-	**1**	**34**	1214
- Freehold	-	-	-	-	**-**	**1947**	1653
Buildings	14623	4181	-	-	**18804**	**109091**	97366
Plant and Equipment	71407	19709	9	451	**90674**	**138414**	132521
Furniture and Fixtures	5867	863	-	56	**6674**	**1964**	2357
Vehicles	2638	829	-	59	**3408**	**3357**	3434
Office Equipment	7991	1461	-9	190	**9253**	**3320**	2858
Others							
Assets Used for CSR Activities	4525	-	-	-	**4525**	**-**	-
Roads and Drains	2672	647	-	-	**3319**	**2458**	2719
Water Supply	1224	372	-	-	**1596**	**1961**	2009
Rail Road Sidings	-	-	-	-	**-**	**-**	-
Runways	981	180	-	-	**1161**	**615**	795
Aircraft/Helicopters	5198	2861	-	-	**8059**	**24293**	26232
Sub Total	**117181**	**31125**	**-**	**756**	**147550**	**288690**	**273158**
Special Tools	140100	44726	-	-	**184826**	**346369**	355673
Total	**257281**	**75851**	**-**	**756**	**332376**	**635059**	**628831**

Above Includes:	As at 31st March 2020
Gross Value of Assets with M/s. Midhani	**751**
Cumulative Depreciation in respect of Assets with M/s. Midhani	**723**
	28

	As at 31st March 2020
Gross Value of Assets retired from Active Use	**1898**
Less : Cumulative Depreciated Value of Assets retired from Active Use.	**1881**
WDV of Assets Retired from Active Use.	**17**

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

Note 1 - Plant, Property and Equipment

Note 1A - Gross Block - Plant, Property and Equipment

The changes in the carrying value of property, plant and equipment for year ended 31st March 2019 are as follows:

(₹ in Lakhs)

Particulars	Gross block As at 1st April 2018	Additions	Reclassification / Adjustment	Disposals	Gross Block As at 31st March 2019
Land					
- Leasehold	1238	31	-	-	1269
- Freehold*	1787	-134	-	-	1653
Buildings	102309	9732	-52	-	111989
Plant and Equipment**	173413	30753	-1	237	203928
Furniture and Fixtures	7183	1086	-	45	8224
Vehicles	5656	525	-	109	6072
Office Equipment	9116	1756	1	24	10849
Others					
Assets Used for CSR Activities	4525	-	-	-	4525
Roads and Drains	4412	979	-	-	5391
Water Supply	2920	261	52	-	3233
Runways	1776	-	-	-	1776
Aircraft/Helicopters***	19754	4739	6937	-	31430
Sub Total	**334089**	**49728**	**6937**	**415**	**390339**
Special Tools	459917	35856	-	-	495773
Total	**794006**	**85584**	**6937**	**415**	**886112**

The amount of contractual commitments for the accquisition of property, plant and equipment is disclosed under Clause 4(c) of Note 49

* Negative in Additions represnts refund of Land Conversion Charges

**Additions include ₹ 104 Lakh finance cost has been capitalised

*** The Intangible assets under development has been completed and transferred to Aircraft/Helicopters (Refer Note 6A)

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

Note 1B - Accumulated Depreciation - Plant, Property and Equipment

(₹ in Lakhs)

Particulars	Provision As at 1st April 2018	Additions	Reclassi-fication / Adjustment	Disposals	Provisions As at 31st March 2019	Net Block As at 31st March 2019	Net Block As at 31st March 2018
Land							
- Leasehold	36	19	-	-	55	1214	1202
- Freehold	-	-	-	-	-	1653	1787
Buildings	10591	4084	-52	-	14623	97366	91718
Plant and Equipment	51844	19789	-1	225	71407	132521	121569
Furniture and Fixtures	4528	1370	3	34	5867	2357	2655
Vehicles	1927	745	-3	31	2638	3434	3729
Office Equipment	6092	1921	1	23	7991	2858	3024
Others							
Assets Used for CSR Activities	4525	-	-	-	4525	-	-
Roads and Drains	2103	569	-	-	2672	2719	2309
Water Supply	822	350	52	-	1224	2009	2098
Runways	757	224	-	-	981	795	1019
Aircraft/Helicopters	2440	2758	-	-	5198	26232	17314
Sub Total	**85665**	**31829**	**-**	**313**	**117181**	**273158**	**248424**
Special Tools	89319	50781	-	-	140100	355673	370598
Total	**174984**	**82610**	**-**	**313**	**257281**	**628831**	**619022**

Above Includes:	As at 31st March 2019
Gross Value of Assets with M/s. Midhani	751
Cumulative Depreciation in respect of Assets with M/s. Midhani	613
	138

	As at 31st March 2019
Gross Value of Assets retired from Active Use	3357
Less : Cumulative Depreciated Value of Assets retired from Active Use.	3344
WDV of Assets Retired from Active Use.	**13**

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

Note 2 - Capital Work in Progress

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Buildings	**45613**	35137	25337
Plant and Equipment	**22398**	24815	18094
Furniture and Fixtures	**23**	23	-
Roads and Drains	**-**	47	81
Office Equipment	**38**	-	3
Water Supply	**147**	50	-
Plant and Equipment under Inspection and in Transit	**1375**	5157	9505
Special Tools	**16406**	4996	2046
Total	**86000**	**70225**	**55066**

Note 3 - Investment Property

The changes in the carrying value of investment property for year ended 31st March 2020 are as follows:

Note 3A - Gross Block - Investment Property

(₹ in Lakhs)

Particulars	Gross block As at 1st April 2019	Additions	Disposals	Gross Block As at 31st March 2020
Buildings	4	-	-	**4**
Total	**4**	**-**	**-**	**4**

Note 3B - Accumulated Depreciation - Investment Property

(₹ in Lakhs)

Particulars	Provision As at 1st April 2019	Additions	Reclassi-fication / Adjustment	Disposals	Provisions As at 31st March 2020	Net Block As at 31st March 2020	Net Block As at 31st March 2019
Buildings	-	1	-	-	**1**	**3**	4
Total	**-**	**1**	**-**	**-**	**1**	**3**	**4**

Note 3 - Investment Property

The changes in the carrying value of investment property for year ended 31st March 2019 are as follows:

Note 3A - Gross Block - Investment Property

(₹ in Lakhs)

Particulars	Gross block As at 1st April 2018	Additions	Disposals	Gross Block As at 31st March 2019
Buildings	**4**	**-**	**-**	**4**
Total	**4**	**-**	**-**	**4**

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

Note 3B - Accumulated Depreciation - Investment Property

(₹ in Lakhs)

Particulars	Provision As at 1st April 2018	Additions	Reclassi-fication / Adjustment	Disposals	Provisions As at 31st March 2019	Net Block As at 31st March 2019	Net Block As at 31st March 2018
Buildings	-	-	-	-	-	**4**	**4**
Total	-	-	-	-	-	**4**	**4**

Note 5 - Other Intangible assets

The changes in the carrying value of other intangible assets for the year ended 31st March 2020 are as follows:

Note 5A - Gross Block - Other Intangible Assets

(₹ in Lakhs)

Particulars	As at 1st April 2019	Additions	Adjustment*	As at 31st March 2020
Licence Fees	136060	384	-	**136444**
Computer Software	5841	816	-	**6657**
Documentation	37679	88	-	**37767**
Development Expenditure	59429	9138	1122	**69689**
Total	**239009**	**10426**	**1122**	**250557**

**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 1st April 2019	Amortisation	Adjustment	As at 31st March 2020
Licence Fees	47698	15599	-	**63297**
Computer Software	4721	705	-	**5426**
Documentation	11730	1821	-	**13551**
Development Expenditure	28280	5875	-	**34155**
Total	**92429**	**24000**	**-**	**116429**

Note 5C - Impairment Loss -Other Intangible assets

(₹ in Lakhs)

Particulars	As at 1st April 2019	Impairment Loss	Adjustment	As at 31st March 2020
Development Expenditure	29480	3179	782	**33441**
Total	**29480**	**3179**	**782**	**33441**

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

Note 5 - Other Intangible assets

The changes in the carrying value of other intangible assets for year ended 31st March 2019 are as follows:

Note 5A - Gross Block - Other Intangible Assets

(₹ in Lakhs)

Particulars	As at 1st April 2018	Additions	Adjustment*	As at 31st March 2019
Licence Fees	135691	368	-	136059
Computer Software	4969	873	-	5842
Documentation	37329	350	-	37679
Development Expenditure	35490	2130	21809	59429
Total	**213479**	**3721**	**21809**	**239009**

**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 1st April 2018	Additions	Adjustment	As at 31st March 2019
Licence Fees	35572	12126	-	47698
Computer Software	3510	1211	-	4721
Documentation	9063	2667	-	11730
Development Expenditure	24368	3912	-	28280
Total	**72513**	**19916**	**-**	**92429**

Note 5C - Impairment Loss - Other Intangible assets

(₹ in Lakhs)

Particulars	As at 1st April 2018	Additions	Adjustment	As at 31st March 2019
Development Expenditure	6366	23114	-	29480
Total	**6366**	**23114**	**-**	**29480**

Note 6 - Intangible Assets under Development

The changes in the carrying value of intangible assets under development for year ended 31st March 2020 are as follows:

Note 6A - Gross Carrying cost - Intangible assets under Development

(₹ in Lakhs)

Particulars	As at 1st April 2019	Additions	Adjustment*	As at 31st March 2020
Development Expenditure	81781	38623	-1122	**119282**
Total	**81781**	**38623**	**-1122**	**119282**

**The Intangible assets under development has been completed and transferred to other intangible assets (Refer Note 5A)*

The amount of contractual commitments for the accquisition of intangible assets is disclosed under Clause 4(c) of Note 49

Note 6B - Accumulated Amortization - Intangible assets under Development

(₹ in Lakhs)

Particulars	As at 1st April 2019	Amortisation	Adjustment	As at 31st March 2020
Development Expenditure	-	-	-	-
Total	**-**	**-**	**-**	**-**

Note 6C - Impairment Loss - Intangible assets under Development

(₹ in Lakhs)

Particulars	As at 1st April 2019	Impairment Loss	Adjustment	As at 31st March 2020
Development Expenditure	1795	-	-782	**1013**
Total	**1795**	**-**	**-782**	**1013**

-

Note 6 - Intangible Assets under Development

The changes in the carrying value of intangible assets under development for year ended 31st March 2019 are as follows:

Note 6A - Gross Carrying cost - Intangible assets under Development

(₹ in Lakhs)

Particulars	As at 1st April 2018	Additions	Adjustment*	As at 31st March 2019
Development Expenditure	84090	26437	-28746	81781
Total	**84090**	**26437**	**-28746**	**81781**

**The Project development has been completed and transferred to other intangible assets (Refer Note 1A & 5A)*

The amount of contractual commitments for the accquisition of intangible assets is disclosed under Clause 4(c) of Note 49

Note 6B - Accumulated Amortization - Intangible assets under Development

(₹ in Lakhs)

Particulars	As at 1st April 2018	Amortisation	Adjustment	As at 31st March 2019
Development Expenditure	-	-	-	-
Total	**-**	**-**	**-**	**-**

Note 6C - Impairment Loss - Intangible assets under Development

(₹ in Lakhs)

Particulars	As at 1st April 2018	Impairment Loss	Adjustment	As at 31st March 2019
Development Expenditure	-	1795	-	1795
Total	**-**	**1795**	**-**	**1795**

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

Note 7 - Investments accounted for using the equity method

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
INVESTMENTS AT COST LESS PROVISION (UNQUOTED)			
Investment in Equity Instruments			
Investment in Joint Ventures			
BAe-HAL Software Ltd-29,40,000 (29,40,000-P.Y) shares of ₹ 10 FV each fully paid	**294**	294	294
+/-Interest in Joint Venture	**241**	239	270
Net -BAe-HAL Software Ltd	**535**	**533**	**564**
Safran HAL Aircraft Engines Private Ltd -11,40,000 (11,40,000-P.Y) Shares of ₹ 100 F.V. each fully paid	**1140**	1140	1140
+/-Interest in Joint Venture	**2492**	2123	1713
Net - Safran HAL Aircraft Engines Private Ltd	**3632**	**3263**	**2853**
Indo Russian Aviation Ltd - 9,36,525 (9,36,525-P.Y) shares of ₹ 10 FV each fully paid	**94**	94	94
+/-Interest in Joint Venture	**4746**	4168	3963
Net - Indo Russian Aviation Ltd.	**4840**	**4262**	**4057**
HALBIT Avionics Pvt Ltd -3,82,500 (3,82,500-P.Y) Shares of ₹ 100 FV each fully paid	**383**	383	383
Less Provision for Impairment in value of Investment	**383**	383	383
Net - HALBIT Avionics Pvt. Ltd.	**-**	**-**	**-**
HAL Edgewood Technologies Pvt Ltd 3,00,000 (3,00,000-P.Y) Shares of ₹100 FV each fully paid	**300**	300	300
Less Provision for Impairment in value of Investment	**300**	300	300
Net- HAL Edgewood Technologies Pvt. Ltd.	**-**	**-**	**-**
SAMTEL HAL Display Systems Ltd-1,60,000 (1,60,000-P.Y) Shares of ₹ 100 FV each fully paid	**160**	160	160
Less Provision for Impairment in value of Investment	**160**	160	160
Net - SAMTEL HAL Display Systems Ltd	**-**	**-**	**-**
INFOTECH HAL Ltd - 20,00,000 (20,00,000-P.Y) Shares of ₹ 10 FV each fully paid	**200**	200	200
+/-Interest in Joint Venture	**-**	61	12
Less Provision for Impairment in value of Investment	**200**	166	166
Net- INFOTECH HAL Ltd.	**-**	**95**	**46**
HATSOFF Helicopter Training Pvt Ltd -3,84,04,205 (3,84,04,205 P.Y) Shares of ₹10 FV each fully paid	**3840**	3840	3840
Less Provision for Impairment in value of Investment	**3840**	3840	3840
Net- HATSOFF Helicopter Training Pvt. Ltd.	**-**	**-**	**-**
TATA HAL Technologies Ltd -50,70,000 (50,70,000 P.Y.) Shares of ₹ 10 each fully paid	**507**	507	507
+/-Interest in Joint Venture	**-**	-	-12
Less Provision for Impairment in value of Investment	**507**	**507**	**495**
Net- TATA HAL Technologies Ltd.	**-**	**-**	**-**
International Aerospace Manufacturing Pvt Ltd - 42,50,000 (42,50,000 - P.Y) Shares of ₹ 100 FV each fully paid	**4250**	4250	4250

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
+/-Interest in Joint Venture	**416**	182	414
Less Provision for Impairment in value of Investment	**855**	855	855
Net- International Aerospace Manufacturing Pvt Ltd	**3811**	**3577**	**3809**
Multirole Transport Aircraft Ltd. - 113,46,564 (113,46,564 P.Y.) Shares of ₹ 100 FV each fully paid	**11347**	11347	11347
+/-Interest in Joint Venture	**-1733**	-1188	-653
Less Provision for Impairment in value of Investment	**6678**	6678	6678
Net- Multirole Transport Aircraft Ltd.	**2936**	**3481**	**4016**
Helicopter Engines MRO Pvt Ltd - 5,09,986 (4,09,988 P.Y.) Shares of ₹ 100 FV each fully paid	**510**	410	410
+/-Interest in Joint Venture	**-148**	-128	-128
Less Provision for Impairment in value of Investment	**362**	263	-
Net- Helicopter Engines MRO Pvt Ltd	**-**	**19**	**282**
TOTAL	**15754**	**15230**	**15627**
Disclosure			
(i) Aggregate amount of Quoted Investment and Market Value.	**-**	-	-
(ii) Aggregate amount of Unquoted Investments. (net)	**15754**	15230	15627
(iii) Aggregate amount of impairment in value of investments	**13285**	13152	12877

Note 7A - Financial Asset - Investments

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
A. Investments in Structured Entities (UNQUOTED)			
a) HAE Co-operative Society of 25 (25P.Y) Shares of ₹ 100 FV each fully paid*	**-**	-	-
b) Satnam Apartment Ltd - 41 (41 P.Y) Shares of ₹ 100 each at cost for acquisition of a Flat**	**-**	-	-
c) Aerospace & Aviation Sector Skill Council (AASSC) - 125 (125 P.Y.) Shares of ₹ 10000 FV each fully paid	**13**	13	13
d) Defence Innovation Organisation - 50 (P.Y 50) Shares of ₹ 1000 FV each fully paid	**1**	1	-
Total In Equity of Others (A)	**14**	14	13
B. Other Investments (UNQUOTED)			
LIC of India (For Funding Vacation Leave)	**83312**	75720	85371
Total In Other Investments (B)	**83312**	75720	85371
TOTAL (A+B)	**83326**	**75734**	**85384**

"* 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)	**83326**	75734	85384
(iii) Aggregate amount of impairment in value of investments			

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

Note 8 - Financial Asset - Trade Receivables

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Trade Receivables	-	-	-
TOTAL	-	-	-

Note 8A - Financial Asset - Contract Assets

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Contract Assets	-	-	-
TOTAL	-	-	-

Note 9 - Financial Asset - Loans

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
A. Secured and Considered Good			
a) Security Deposit			
b) Loans to Related Parties	-	-	-
c) Others			
Loans and advances to employees	**187**	235	230
Sub-Total (A)	**187**	**235**	**230**
B. Unsecured and Considered Good			
a) Security Deposit			
Govt Departments for Customs Duty and for Supplies	**12**	12	12
Public Utility Concerns	**3440**	3079	3089
Others	**388**	422	478
b) Loans to Related Parties	-	-	-
c) Others			
Loans and advances to employees	**769**	1088	1220
Sub-Total (B)	**4609**	**4601**	**4799**
TOTAL (A +B)	**4796**	**4836**	**5029**

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

Note 10 - Other Financial Assets

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
A. Claims Receivable Unsecured*			
Receivable - Credit Impaired	**22465**	22722	23096
Less: Provision for Doubtful Claims	**22465**	22722	23096
Sub-Total (A)	**-**	**-**	-
B. Balances with Bank			
Bank deposit with more than 12 Months maturity**	**701**	701	-
Sub-Total (B)	**701**	701	-
C. Others			
Deferred Debts	**33812**	34842	35800
Sub-Total (C)	**33812**	34842	35800
TOTAL (A+B+C)	**34513**	**35543**	**35800**
*Above balances of Claims Receivable include balances with related parties (Refer Receivables of Clause No.19.1(e), (g), (m) of Note 49)	**778**	778	685
**Fully Earmarked for Committed Liabilities of more than 12 months	**1**	1	-

Note 11 - Deferred Tax Assets (Net)

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
The tax effect of significant temporary differences that resulted in deferred tax assets:			
As per last Balance Sheet	**25931**	5948	-
Add / Less: Current Year's Assets	**21080**	19983	5948
TOTAL	**47011**	**25931**	**5948**

Note 12 - Other Non - Current assets

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
A. Capital Advances	**27513**	27903	12767
B. Advance Other than Capital Advances			
Advances against Goods and Services	**128**	468	398
Advances against Special Tools	**248**	-	-
Other Advances	**440**	446	457
	28329	28817	13622
C. Others			
Balances with Revenue Authorities			
Income tax	**19436**	14637	10561
Others-under dispute	**13860**	9713	7203
Prepaid Expenses	**41**	-	-
TOTAL (A+B+C)	**61666**	**53167**	**31386**

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

Note 13 - Inventories

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Inventories (At Lower of Cost and Net Realisable Value)#			
(i) Raw Materials and Components	**1024151**	1035137	951218
Less: Provision for Redundancy	**85783**	72465	70426
	938368	**962672**	**880792**
(ii) Work-in-Progress	**827774**	893536	1012734
(iii) Finished Goods	-	-	-
(iv) Stock-in-Trade	**5249**	3319	1282
(v) Stores and Spares Parts	**36868**	36534	33701
Less: Provision for Redundancy	**3217**	3217	3527
	33651	**33317**	**30174**
(vi) Loose Tools and Equipment	**10382**	10474	10415
Less: Provision for Redundancy	**1446**	1620	1828
	8936	**8854**	**8587**
(vii) Construction Materials	**71**	82	104
Less: Provision for Redundancy	**1**	15	22
	70	**67**	**82**
(viii) Disposable Scrap	**804**	541	596
(ix) Goods under Inspection and in Transit			
Raw material and Components	**110018**	40558	40528
Stores and Spare Parts	**1048**	1656	1534
Loose Tools and Equipment	**372**	244	113
	111438	**42458**	**42175**
(x) Inventory - Warranty	**19381**	22599	21274
Less: Provision for Redundancy	**2081**	937	1511
	17300	**21662**	**19763**
TOTAL	**1943590**	**1966426**	**1996185**
(#) includes those issued to Sub-Contractors for Job Works	**29553**	37483	45724

Note 14 - Financial Asset - Investments

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
INVESTMENTS AT COST LESS PROVISION (UN-QUOTED)			
TOTAL	**-**	**-**	**-**
Disclosure			
(i) Aggregate amount of Quoted Investment and Market Value.	**-**	-	-
(ii) Aggregate amount of Unquoted Investments.	**-**	-	-
(iii) Aggregate amount of impairment in value of investments	**-**	-	-

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

Note 15 - Financial Asset - Trade Receivables

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Trade Receivables*			
Considered Good - Unsecured	**1158339**	1245800	583473
Significant Increase in Credit Risk	-	-	-
Credit Impaired	**15972**	16712	18102
	1174311	1262512	601575
Less: Allowance for Doubtful Debts	**15972**	16712	18102
TOTAL	**1158339**	**1245800**	**583473**
*Above balances of trade receivables include balances with related parties (Refer Receivables of Clause No.19.1(e) of Note 49)	**914**	933	638

Note 15A - Financial Asset - Contract Assets

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Contract Assets-Considered Good - Unsecured			
Unbilled Revenue	**748342**	477232	206923
TOTAL	**748342**	**477232**	**206923**

Note 16 - Financial Asset - Cash & Cash Equivalents

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
A. Balances with Bank			
In Current Account	**27826**	1185	9368
In Short Term Deposits	**100**	120	8
Term Deposits with original maturity of less than 3 months	-	1370	1305
B. Cheques, Drafts on Hand	-	6	-
C. Cash on Hand	-	-	6
Sub Total	**27926**	**2681**	**10687**
D. Other Bank Balances			
In Other Short Term Deposits with Financial Institutions	**6**	**-**	**-**
Term Deposits with Financial Institutions	**-**	**6**	**-**
Sub-Total (D)	**6**	**6**	**-**
TOTAL (A+B+C+D)	**27932**	**2687**	**10687**

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

Note 17 - Financial Asset- Bank Balances other than Cash and Cash Equivalents

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Term Deposits with original maturity for more than 3 months but less than 12 months	**3709**	3034	641807
Earmarked balances with banks-Unpaid Dividend	**15**	6645	594
TOTAL	**3724**	**9679**	**642401**

Note 18 - Financial Asset- Loans

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
A. Secured, Considered Good			
a) Security Deposit			
b) Loans to Related Parties	-	-	-
c) Others			
Loans and advances to employees	**282**	316	344
Sub-Total (A)	**282**	**316**	**344**
B. Unsecured, Considered Good			
a) Security Deposit			
Govt Departments for Customs Duty and for Supplies	**-**	-	1
Public Utility Concerns	**47**	47	57
Others	**719**	1132	1400
b) Loans to Related Parties	-	-	-
c) Others			
Loans and advances to employees	**889**	1239	3219
Sub-Total (B)	**1655**	**2418**	**4677**
TOTAL (A+B)	**1937**	**2734**	**5021**

Note 19 - Other Financial Assets

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Claims Receivable			
Unsecured Considered Good	**107768**	106386	120598
Receivable which have Significant Increase in Credit Risk	-	-	-
Credit Impaired	**8821**	8440	6735
	116589	114826	127333
Less: Provision for Doubtful Claims	**8821**	8440	6735
Sub-Total	**107768**	**106386**	**120598**
Interest Accrued and Due on Investment with LIC of India	**6067**	7411	6996
Interest Accrued and not Due	**108**	109	22915
Current Maturities of Deferred Debt	**8234**	9129	8210
Share Application Money Paid*	**1000**	-	-
TOTAL	**123177**	**123035**	**158719**
Above balances of Claims receivable and Share application money paid include balances with related parties (Refer Receivables of Clause No.19.1(e), (g), (m)of Note 49)	**1573**	396	388

*Refer Clause No.15 of Note 49

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

Note 20 - Current Tax Assets

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Current Tax	**3531**	-	-
TOTAL	**3531**	**-**	**-**

Note 21 - Other Current Assets

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
A. Advance Other than Capital Advances			
Advances against Goods and Services	**109498**	100406	89117
Other Loans and Advances	**535**	536	292
Advances to Related Parties	**18**	123	219
B. Others			
Prepaid Expenses	**2775**	2104	1566
Unamortised discount on commercial paper	**1763**	-	-
Balances with revenue Authorities			
Income tax	**36**	38	18
Others	**-**	577	14
Balance with GST Electronic Ledger	**14489**	33411	22288
Revenue Stamps	**-**	1	-
Balances in Franking Machine	**3**	3	3
TOTAL	**129117**	**137199**	**113517**

EQUITY

Note 22 - Equity Share Capital

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Authorised Capital 60,00,00,000 Equity Shares of ₹ 10 each	**60000**	60000	60000
Issued, Subscribed and Fully Paid up 33,43,87,500 (33,43,87,500 PY) Equity Shares of ₹ 10 each fully paid-up	**33439**	33439	33439
Par Value per Share (₹)	**10**	10	10
Reconciliation of the Number of Shares Outstanding at the beginning and at the end of the reporting period			
Opening Equity Shares (Nos.)	**334387500**	334387500	334387500
Add: Additions during the Year (Nos.)			
Less: Shares Bought Back (Nos.)			
Closing Equity Shares (Nos.)	**334387500**	334387500	334387500

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Shares in the Company held by each Shareholder holding more than 5 percent shares specifying the number of Shares held			
President of India and Nominees	**300855180**	300855180	300855180
% of Shareholding of President of India and Nominees	**89.97%**	89.97%	89.97%
Life Insurance Corporation of India	**23407104**	23407104	23407104
% of Shareholding of Life Insurance Corporation of India	**7.00%**	7.00%	7.00%

Terms/ Rights attached to Equity shares

The Company has one (1) Class of Shares i.e Equity Shares

The Equity Shares rank Parri Passu in all respects including right to Dividend, Issue of New Shares, Voting Rights and in the Assets of the Company in the event of Liquidation.

Note 23 - Other Equity

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Other Reserves			
A. Research & Development Reserve			
Opening Balance	**86020**	65341	65341
Add: Current Year Transfer	**25351**	21488	-
Less: Transfer to General Reserve on utilisation	**2639**	809	-
Closing Balance (A)	**108732**	**86020**	**65341**
B. Capital Redemption Reserve			
Opening Balance	**14761**	14761	14761
Add: Current Year Transfer	-	-	-
Less: Written Back in Current Year	-	-	-
Closing Balance (B)	**14761**	**14761**	**14761**
C. General Reserve As per last Balance Sheet	**1100210**	967844	857880
(+/-) Surplus Transferred from Statement of Profit and Loss	**127928**	131557	
(+/-) Ind AS Adjustment/Restatement	**-**	-	109964
Add: Transfer from R&D Reserve	**2639**	809	-
Closing Balance (C)	**1230777**	**1100210**	**967844**
D. Retained earnings - Surplus in the statement of Profit & Loss			
Opening Balance	-	-	-
Add: Net Profit / (Net Loss) for the Current Year (i)	**287317**	232863	-
Less: Appropriations / Allocations			
Transfer to Research & Development Reserve	**25351**	21488	-
Interim Dividend (PY - Final Dividend)	**111184**	66209	-
Tax on Dividend	**22854**	13609	-
Total (ii)	**159389**	**101306**	**-**
Transfer To General Reserves (i)-(ii)	**127928**	**131557**	**-**
Closing Balance (D)	-	-	-

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
E. Other Components of Equity			
Fair Value through Other Comprehensive Income (FVOCI) ($)			
Opening Balance	**-26218**	-20296	-20296
Add:- Additions made during the year	**-37605**	-5922	-
Closing Balance (E)	**-63823**	**-26218**	**-20296**
Total attributable to Owners of the Company	**1290447**	**1174773**	**1027650**
F. Attributable to Non-controlling interest			
Opening balance	**448**	-22	-22
Profit/(Loss) for the year	**-17**	-25	-
Share Capital issued	**-**	495	-
Closing balance (F)	**431**	**448**	**-22**
TOTAL (A+B+C+D+E+F)	**1290878**	**1175221**	**1027628**

1. Refer Clause No. 7(e)of Note 49 for reconcilation between 31st March 2018 and 1st April 2018
2. $ Breakup is given separately in Statement of Changes in Equity

Nature and Purpose of each Reserve:

1 Research & Development Reserve:

Research & Development Reserve is created to bring technological superiority to its products in order to cope with the future technological challenges by transfer of annual contribution of 10% of Operating Profit After Tax. The amount of utilisation for R&D puposes during the year is transferred to General Reserve.

2 Captial Redemption Reserve:

This was created on redemption/buyback of equity shares.

3 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 31st March 2020	As at 31st March 2019	As at 1st April 2018
A. Secured			
a) Term Loans			
(i) From Banks*	-	10000	10000
Sub-Total (A)	-	**10000**	**10000**
B. Unsecured			
Sub-Total (B)	-	**-**	**-**
TOTAL (A + B)	-	**10000**	**10000**

** Refer Clause No.9.3 of Note No.49*

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

Note 25 - Trade Payables

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
TOTAL	**-**	**-**	**-**

Note 26 - Other financial liabilities

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Dues to Employees	**19**	19	19
Deposits	**18**	15	12
Other Liabilities	**7542**	3377	3398
Lease Liabilities	**221**	-	-
Deferred liabilities	**34178**	35221	36192
TOTAL	**41978**	**38632**	**39621**

Note 27 - Provisions

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
A. Provisions for Employee Benefits			
Gratuity	**25137**	19710	52720
Earned Leave	**66368**	51259	49005
Sub-Total (A)	**91505**	**70969**	**101725**
B. Others			
Replacement and Other Charges	**14346**	14775	12276
Liquidated Damages	**47117**	67402	75541
Onerous Contract	**-**	-	24713
Sub-Total (B)	**61463**	**82177**	**112530**
TOTAL (A + B)	**152968**	**153146**	**214255**

Note 28 - Deferred tax liabilities (Net)

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
The tax effect of significant temporary differences that resulted in deferred tax liabilities:			
As per last Balance Sheet	**-**	-	97758
Add / Less: Current Year's Provisions	**-**	-	-97758
TOTAL	**-**	**-**	**-**

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

Note 29 - Other Non current Liabilities

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
A. Advances from Customers (Contract Liability)			
Outstanding Advances from Customers			
Defence	**193655**	274000	329076
Sub-Total (A)	**193655**	**274000**	**329076**
B. Milestone Receipt (Contract Liability)			
Defence	**496250**	562766	504398
Others	**15749**	4886	12741
Sub-Total (B)	**511999**	**567652**	**517139**
TOTAL (A+B)	**705654**	**841652**	**846215**

Note 30 - Borrowings

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
A. Secured Short Term Borrowings:			
a) Loans Repayable on Demand			
(i) From Banks*	**427518**	401620	72726
Working Capital Loan-Cash Credit*			
Sub-Total (A)	**427518**	**401620**	**72726**
B. Unsecured Short Term Borrowings:			
a) Loans Repayable on Demand			
(i) From Banks - Commercial paper	**150000**	-	-
Sub-Total (B)	**150000**	**-**	**-**
TOTAL (A + B)	**577518**	**401620**	**72726**

Refer Clause No. 9.4 & 9.5 of Note No.49

* 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 31 - Trade Payables

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Trade Payables*			
A) total outstanding dues of micro enterprises and small Enterprises	**4779**	1513	814
B) total outstanding dues of creditors other than micro enterprises and small enterprises	**403595**	261411	166133
TOTAL	**408374**	**262924**	**166947**
* Above balances of Trade Payable include balances with related parties (Refer Payable of Clause No.19.1(e) of Note 49)	**5806**	7870	6704

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

Note 32 - Other Financial Liabilities

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Liability for Outstanding Expenses	**47482**	51494	28580
Deposits	**11617**	10687	8442
Royalty	**5600**	4761	4426
Dues to Employees	**107600**	51865	47213
Lease Liabilities	**8**	-	-
Others Liabilities*	**67175**	39439	53135
Current Maturities of Deferred Debts/Liabilities	**4047**	4046	4046
Due to Capital Creditors	**19034**	10537	4004
Unpaid Dividend Account	**15**	6645	-
TOTAL	**262578**	**179474**	**149846**
* Above balances of Other Liabilities include balances with related parties (Refer Payable of Clause No.19.1(e), (o) of Note 49)	**4744**	5151	167

Note 33 - Other Current Liabilities

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
A. Advances from Customers (Contract Liability)			
Outstanding Advances from Customers			
Defence	**355468**	378059	454287
Others	**3841**	4412	7425
Sub-total (A)	**359309**	**382471**	**461712**
B. Milestone Receipt (Contract Liability)			
Defence	**832206**	914586	1243342
Others	**81847**	68073	62302
Sub-total (B)	**914053**	**982659**	**1305644**
Advances from Customers (A + B)	**1273362**	**1365130**	**1767356**
C. Other Payables			
Taxes (Other than Taxes on Income)	**11690**	6688	12765
GST Payable	**17429**	25341	17393
Others	**12730**	**10192**	**9124**
TOTAL (A+B+C)	**1315211**	**1407351**	**1806638**

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

Note 34 - Provisions

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
A. Provisions for Employee Benefits			
Earned Leave	**41969**	37025	36804
Others	**17539**	50210	24800
Sub-Total (A)	**59508**	**87235**	**61604**
B. Others			
Replacement and Other Charges	**167401**	129880	89301
Warranty	**65384**	56463	43056
Liquidated Damages	**155623**	122903	90714
Onerous Contract	**32183**	52904	65617
Sub-Total (B)	**420591**	**362150**	**288688**
TOTAL (A + B)	**480099**	**449385**	**350292**

Note 35 - Current tax liability

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019	As at 1st April 2018
Current tax liability	**58076**	118535	71275
TOTAL	**58076**	**118535**	**71275**

Note 36 - Revenue from Operations

(₹ in Lakhs)

Particulars	For the year ended 31st March 2020	For the Year ended 31st March 2019
A. Sale of Products		
(i) Inland Sales		
Finished Goods	**846894**	842719
Spares	**258452**	181287
Development	**42486**	68075
Miscellaneous	**40653**	52590
Total Inland Sales of Products	**1188485**	**1144671**
(ii) Export Sales		
Finished Goods	**5935**	32546
Spares	**7475**	6307
Development	**2783**	1212
Total Export Sales of Products	**16193**	**40065**
Total Sale of Products (A)	**1204678**	**1184736**

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

(₹ in Lakhs)

Particulars	For the year ended 31st March 2020	For the Year ended 31st March 2019
B. Sale of Services		
(i) Inland Sale of Services		
Repair & Overhaul	**908744**	794789
Other Services	**3352**	2105
Total Inland Sales of Services	**912096**	**796894**
(ii) Export Sale of Services		
Repair & Overhaul	**4952**	318
Other Services	**40**	121
Total Export Sales of Services	**4992**	**439**
Total Sales of Services (B)	**917088**	**797333**
Total Sales (A+B)	**2121766**	**1982069**
C. Other Operating Revenues		
(i) Disposal of Scrap and Surplus / Unserviceable Stores	**777**	906
(ii) Provisions no Longer Required	**18555**	13266
(iii) Others	**2719**	4582
Total Operating Revenues (C)	**22051**	**18754**
Revenue from Operations (A+B+C)	**2143817**	2000823

Note 37 - Other Income

(₹ in Lakhs)

Particulars	For the year ended 31st March 2020	For the Year ended 31st March 2019
Interest Income		
Short term Deposits / Loans / Others	**271**	18506
Sundry Advances - Employees	**83**	102
Other Deposits	**6275**	7590
Sub-total	**6629**	**26198**
Other Non-Operating Income		
Gain on Sale of Property, Plant & Equipment (Net)	**23**	58
Miscellaneous	**19435**	7919
Gain on Fair Value Adjustment	**3304**	**3376**
TOTAL	**29391**	**37551**

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

Note 38 - Cost of materials consumed

(₹ in Lakhs)

Particulars	For the year ended 31st March 2020	For the Year ended 31st March 2019
Consumption Of Raw Material, Components, Stores And Spare Parts		
Opening Stock	**1094352**	1006297
Add: Purchases	**820295**	835259
Add: Subcontracting, Fabrication and Machining Charges.	**26844**	36117
Less: Closing stock	**1080472**	1094352
	861019	**783321**
Less: Transfer to		
Special Tools and Equipment	**34469**	34925
Capital Works	**-**	234
Development Expenditure	**606**	221
Expense Accounts and Others	**9491**	12398
	44566	47778
TOTAL	**816453**	**735543**

Note 38A - Purchase of Stock-in-Trade

(₹ in Lakhs)

Particulars	For the year ended 31st March 2020	For the Year ended 31st March 2019
Purchase of Stock-in-Trade	**58715**	30749

Note 39 - Changes in Inventories of Finished Goods, Stock-in-Trade and Work-In-Progress and Scrap

(₹ in Lakhs)

Particulars	For the year ended 31st March 2020	For the Year ended 31st March 2019
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-progress		
Opening Balance		
(i) Finished Goods	**-**	-
(ii) Work-in-progress	**893536**	1012733
(iii) Stock in Trade	**3319**	1282
	896855	**1014015**
Closing Balance		
(i) Finished Goods	**-**	-
(ii) Work-in-progress	**827774**	893536
(iii) Stock in Trade	**5250**	3319
	833024	896855
Accretion / (Decretion)-A	**-63831**	**-117160**
Change in Disposable Scrap		
Opening Balance	**541**	596
Closing Balance	**804**	541
Accretion / (Decretion)-B	**263**	**-55**
TOTAL (A+B)	**-63568**	**-117215**

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

Note 40 - Employee benefits expense

(₹ in Lakhs)

Particulars	For the year ended 31st March 2020	For the Year ended 31st March 2019
Salaries and Wages	**404857**	359820
Contribution to Provident and Other Funds		
Contribution to Provident Fund/ Others	**51363**	45824
Contribution to Gratuity	**6490**	9895
Others	**13**	15
Staff Welfare Expenses (Net)	**14717**	15057
Rent for Hiring Accommodation for Officers / Staff	**317**	492
TOTAL	**477757**	**431103**

Note 41 - Finance costs

(₹ in Lakhs)

Particulars	For the year ended 31st March 2020	For the Year ended 31st March 2019
Interest on Cash Credit	**26842**	8969
Discount on Commercial paper	**866**	-
Interest on Lease Liability	**17**	-
Interest - Others	**129**	129
Interest on Financial Liability carried at Amortised Cost	**630**	845
Interest on Income Tax	**6222**	7017
Interest on Micro and Small Enterprises	**140**	-
TOTAL	**34846**	**16960**

Note 42 - Depreciation and Amortization expense

(₹ in Lakhs)

Particulars	For the year ended 31st March 2020	For the Year ended 31st March 2019
A. Depreciation on Plant, Property and Equipment	**31126**	31829
B. Amortisation		
Intangible assets- Development Expenditure	**5875**	3912
Other Intangible assets		
Licence Fees	**15599**	12126
Computer Software	**705**	1211
Documentation	**1821**	2667
Special Tools	**44726**	50781
Sub-Total (B)	**68726**	70697
TOTAL (A+B)	**99852**	**102526**

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

Note 42A - Impairment Loss

(₹ in Lakhs)

Particulars	For the year ended 31st March 2020	For the Year ended 31st March 2019
Impairment Loss on Intangible Asset	**3179**	24909
TOTAL	**3179**	**24909**

Refer Clause No.17 of Note 49

Note 43 - Other expenses

(₹ in Lakhs)

Particulars	For the year ended 31st March 2020	For the Year ended 31st March 2019
Shop Supplies	**11061**	11956
Power and Fuel	**15137**	18221
Water Charges	**5031**	5087
Rent for Office Premises etc.	**166**	251
Travelling (includes Foreign Travel)	**5738**	6784
Training (includes Foreign Training)	**693**	658
Repairs:		
Buildings	**7641**	8146
Plant, Machinery and Equipment	**13737**	14813
Others	**5509**	4967
Expenses on Tools and Equipment	**3957**	5277
Insurance	**3007**	2675
Rates and Taxes	**1512**	2838
Postage and Telephones	**845**	951
Printing and Stationery	**936**	999
Publicity	**641**	16240
Advertisement	**227**	1725
Bank Charges	**1113**	800
Loss on Foreign Currency Transaction and Translation	**16216**	802
Legal Expenses	**221**	298
Auditors' Remuneration:		
For Audit Fee	**49**	40
For Taxation matters	**6**	7
For Company Law matters	**-**	-
For Management Services	**-**	-
For Other Services-Interim Audit & Other Certification fees	**74**	68
For Reimbursement of expenses	**-**	-
Selling Agents Commission	**17**	27
Donations	**2**	2
Handling Charges	**290**	363

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

(₹ in Lakhs)

Particulars	For the year ended 31st March 2020	For the Year ended 31st March 2019
Write Off:		
Fixed Assets	-	-
Stores	1267	595
Shortages / Rejections	876	935
Others	10	-
Freight and Insurance	1427	1644
Corporate Social Responsibility#	8200	7246
Loss on Fair Value Adjustment	3341	3413
Miscellaneous Operating Expenses (@)	35927	43756
TOTAL	**144874**	**161584**
(@) includes Director's Sitting Fees, excluding GST for the current period is ₹ 28 Lakh (For the year ended 31st March 2019 is ₹ 26 Lakh)	32	30

(#) Does not include CSR assets for the current period is ₹ 0 lakhs (For the year ended 31st March 2019 is ₹ 0 lakhs) capitalised under Note 1A .

Total CSR expenditure for current period is ₹ 8200 Lakhs (For the year ended 31st March 2019 is ₹ 7246 lakhs

Note 44 - Direct Input to Work in Progress/ Expenses Capitalised

(₹ in Lakhs)

Particulars	For the year ended 31st March 2020	For the Year ended 31st March 2019
A) DIRECT INPUT TO WIP		
Project related Travel	625	942
Project related Training	43	133
Project related other Expenditure	2186	1518
Travel outstation jobs	-	1
Royalty	1032	1103
Foreign Technician Fee	1313	1113
Ground Risk Insurance	3487	1485
Quality Audit Expenses	2	-
Design and Development	7482	20080
Sundry Direct Charges - Others	371	2392
Sub-Total (A)	**16541**	**28767**
B) EXPENSES CAPITALISED TO INTANGIBLE ASSET		
Licence Fees	384	368
Computer software	816	872
Documentation	88	350
Sub-Total (B)	**1288**	**1590**
TOTAL (A + B)	**17829**	**30357**

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

Note 45 - Provisions

(₹ in Lakhs)

Particulars	For the year ended 31st March 2020	For the Year ended 31st March 2019
Replacement and Other Charges	**46328**	51323
Warranty	**21384**	22186
Redundancy provision - Raw Materials and Components, Stores and Spare parts and Construction Materials	**18213**	9638
Liquidated Damages	**52160**	43707
Doubtful Debts	**3767**	719
Doubtful Claims	**3342**	2153
Impairment of Investments	**133**	275
TOTAL	**145327**	**130001**

Note 46 - Expenses relating to Capital and Other Accounts

(₹ in Lakhs)

Particulars	For the year ended 31st March 2020	For the Year ended 31st March 2019
Expenses allocated to:		
Other Intangible assets	**1288**	1590
Special Tools	**418**	824
Capital Works	**-**	104
Development Expenditure	**47155**	28346
Others	**24636**	84100
TOTAL	**73497**	**114964**

Other Comprehensive Income

Note 47 - Items that will not be reclassified to Profit or Loss

(₹ in Lakhs)

Particulars	For the year ended 31st March 2020	For the Year ended 31st March 2019
Remeasurements of the defined benefit plans	**-50296**	-9069
Share of Other Comprehensive Income in Joint Ventures, to the extent not to be classified into profit or loss; and	**13**	3
TOTAL	**-50283**	**-9066**

Note 48 - Items that will be reclassified to profit or loss

(₹ in Lakhs)

Particulars	For the year ended 31st March 2020	For the Year ended 31st March 2019
Exchange differences in translating the financial statements of a foreign operation;	**-**	9
Share of Other Comprehensive Income Joint Ventures, to the extent to be classified into profit or loss; and	**-1**	6
TOTAL	**-1**	**15**

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

Note 49 - Consolidated Notes to Financial Statements

(₹ unless otherwise stated is in lakhs)

1. In Compliance with Ind AS 112 - Disclosure of Interest in Other Entities, the required information is as follows:-

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	
		31st March 2020	31st March 2019
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.

Proportion of equity interest held by non-controlling interests:

Name of the Subsidiary	As at	
	31st March 2020	31st March 2019
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		As at	
	31st March 2020	31st March 2019	**31st March 2020**	31st March 2019
Current assets	**2330**	**3152**	**168**	202
Current liabilities	**1097**	**901**	**-**	-
Net Current assets	**1233**	**2251**	**168**	**202**
Non-current assets	**1881**	**1645**	**703**	703
Non-current liabilities	**1580**	**1535**	**-**	-
Net Non-current assets	**301**	**110**	**703**	**703**
Net assets	**1534**	**2361**	**871**	**905**
Accumulated Non-Controlling Interests	**-**	**-**	**431**	**448**

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

Note 49 - Consolidated Notes to Financial Statements

Summarised Statement of Profit & Loss:

₹ in Lakhs

Particulars	Naini Aerospace Limited		Indo-Russian Helicopters Limited	
	For the year ended		For the year ended	
	31st March 2020	31st March 2019	**31st March 2020**	31st March 2019
Revenue	**769**	**555**	**55**	30
Profit for the year	**-908**	**-1295**	**-34**	-50
Other Comprehensive Income	**81**	**-107**	**-**	-
Total Comprehensive Income	**-827**	**-1402**	**-34**	**-50**
Profit/(Loss) allocated to Non-Controlling Interests	**-**	**-**	**-17**	**-25**
Dividends paid to Non-Controlling Interests	**-**	**-**	**-**	**-**

Summarised Cash Flow:

₹ in Lakhs

Particulars	Naini Aerospace Limited		Indo-Russian Helicopters Limited	
	For the year ended		For the year ended	
	31st March 2020	31st March 2019	**31st March 2020**	31st March 2019
Cash flow from operating activities	**-748**	-225	**-80**	65
Cash flow from investing activities	**-631**	-546	**54**	27
Cash flow from financing activities	**-**	2000	**-**	-
Net increase/(decrease) in cash and cash equivalents	**-1379**	**1229**	**-26**	**92**

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

Note 49 - Consolidated Notes to Financial Statements

2. Principles of Consolidation:

Sl. No.	Particulars
1	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 the Company's Standalone Financial Statement.
2	Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to 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.
3	The Group combines the financial statements of the parents and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of Subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Group.
4	Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post acquisition profits or losses of the investee in profit and loss, and the Group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from Joint Ventures are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in Joint Ventures equals or exceeds 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. Unrealised gains on transactions between the Group and its Joint Ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of Joint Ventures have been changed where necessary to ensure consistency with the policies adopted by the Group. The carrying amount of equity accounted investments are tested for impairment.
5	Interests in Joint Ventures are accounted for using the equity method after initially being recognised at cost in the Consolidated Balance Sheet.
6	As per the Shareholders' Agreements entered by the Company relating to all the Joint Ventures which clearly specifies the intent of the Company to subscribe and hold the specified percentage of the equity from the beginning, no pre-acquisition profits/losses arose on consolidation.
7	In respect of contingent liabilities and commitments proportionate share of the Company's and others entire amount as shown by Joint Ventures has been considered for disclosure.
8	The figures of previous year have been considered based on audited financial statements of the Subsidiary / Joint Ventures.

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

Note 49 - Consolidated Notes to Financial Statements

3. In Compliance with Ind AS 112 - Disclosure of Interest in Other Entities, the required information is as follows:-

a) Details of interest in Joint Venture is as under:

Name of the Joint Ventures*	Nature of Business	Proportion of Ownership Interest (in %)	
		As at	
		31st March 2020	31st March 2019
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-Russian Aviation Limited (IRAL)	Overhaul & Repair of Aircraft, Engines	**48%**	48%
HATSOFF Helicopter Training Private Limited (HATSOFF)	Military & Civil Helicopter Pilot Training Services, Marketing about Training Services	**50%**	50%
TATA HAL Technologies Limited (TATA-HAL)	Provide Engineering & Design Solutions Leveraging the strength of parties.	**50%**	50%
Multirole Transport Aircraft Limited (MTAL)	Preliminary & Detail Design of MTA MTA Prototypes Prod. Factory Testing of MTA Flight Aircraft Tests of MTA	**50%**	50%
Helicopter Engines MRO Private Ltd	To provide support, maintenance, repair and overhaul of Helicopter engines	**50%**	50%

* All Joint Ventures have been incorporated in India and the principal place of business is in India.

Hindustan Aeronautics Limited has invested in two companies i.e. Aerospace and Aviation Sector Skill Council & Defence Innovation Organisation.The companies are incorporated under Sec8 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 Consilidated Financial Statements

Note 49 - Consolidated Notes to Financial Statements

b) 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

₹ in Lakhs

Particulars	BAe-HAL Software Ltd		Safran HAL Aircraft Engines Private Ltd		SAMTEL HAL Display Systems Ltd		HAL Edgewood Technologies Pvt Ltd	
	As at		As at		As at		As at	
	31st March 2020	31st March 2019	**31st March 2020**	31st March 2019	**31st March 2020**	31st March 2019	**31st March 2020**	31st March 2019
Current assets								
- Cash & Cash equivalents	**9**	115	**1550**	1269	**1**	1	**2**	-
- Other assets	**2120**	1531	**8527**	5949	**125**	571	**357**	327
Total current assets	**2129**	**1646**	**10077**	**7218**	**126**	**572**	**359**	**327**
Total non-current assets	**353**	**326**	**2777**	**2382**	**66**	**81**	**738**	**756**
Current liabilities								
- Financial liabilities (excluding trade payables)	**13**	-	**1654**	90	**680**	863	**28**	28
- Other liabilities	**1236**	766	**2872**	1950	**282**	330	**1153**	1068
Total current liabilities	**1249**	**766**	**4526**	**2040**	**962**	**1193**	**1181**	**1096**
Non-Current liabilities								
- Financial liabilities (excluding trade payables)	**-**	-	**946**	843	**-**	-	**501**	447
- Other liabilities	**140**	118	**119**	194	**70**	67	**4**	4
Total non-current liabilities	**140**	**118**	**1065**	**1037**	**70**	**67**	**505**	**451**
Net assets	**1093**	**1088**	**7263**	**6524**	**-840**	**-607**	**-589**	**-464**
* Share application money pending allotment							**128**	128

Note 49 - Consolidated Notes to Financial Statements

Summarised Balance Sheet

₹ in Lakhs

Particulars	HALBIT Avionics Pvt Ltd		Indo-Russian Aviation Ltd		INFOTECH HAL Ltd			HATSOFF Helicopter Training Pvt Ltd	
	As at		As at		As at			As at	
	31st March 2020	31st March 2019	**31st March 2020**	31st March 2019	**31st March 2020**	31st March 2019	**31st March 2019 Restated**	**31st March 2020**	31st March 2019
Current assets									
- Cash & Cash equivalents	**636**	552	**10558**	10451	**10**	19	19	**2925**	1796
- Other assets	**3201**	3193	**5838**	6988	**194**	2016	166	**2345**	2016
Total current assets	**3837**	**3745**	**16396**	**17439**	**204**	**2035**	**185**	**5270**	**3812**
Total non-current assets	**101**	**99**	**80**	**75**	**16**	**22**	**-**	**17650**	**18660**
Current liabilities									
- Financial liabilities (excluding trade payables)	**-**	-	**-**	-	**402**	51	417	**15515**	12060
- Other liabilities	**5118**	4910	**2178**	3907	**120**	1467	45	**1117**	734
Total current liabilities	**5118**	**4910**	**2178**	**3907**	**522**	**1518**	**462**	**16632**	**12794**
Non-Current liabilities									
- Financial liabilities (excluding trade payables)	**-**	-	**-**	-	**-**	-	-	**11425**	12802
- Other liabilities	**22**	75	**461**	455	**4**	16	16	**146**	118
Total non-current liabilities	**22**	**75**	**461**	**455**	**4**	**16**	**16**	**11571**	**12920**
Net assets	**-1202**	**-1141**	**13837**	**13152**	**-306**	**523**	**-293**	**-5283**	**-3242**



Note 49 - Consolidated Notes to Financial Statements

Summarised Balance Sheet

₹ in Lakhs

Particulars	TATA HAL Technologies Ltd		International Aero-space Manufacturing Pvt Ltd		Multirole Transport Aircraft Ltd.		Helicopter Engines MRO Pvt Ltd	
	As at		As at		As at		As at	
	31st March 2020	31st March 2019	**31st March 2020**	31st March 2019	**31st March 2020**	31st March 2019	**31st March 2020**	31st March 2019
Current assets								
- Cash & Cash equivalents	**43**	36	**58**	368	**2692**	87	**2137**	56
- Other assets	**356**	377	**12566**	10971	**7991**	10386	**158**	175
Total current assets	**399**	**413**	**12624**	**11339**	**10683**	**10473**	**2295**	**231**
Total non-current assets	**-**	**88**	**8535**	**9305**	**8617**	**9874**	**33**	**121**
Current liabilities								
- Financial liabilities (excluding trade payables)	**78**	296	**6157**	7773	**12**	-	**2000**	-
- Other liabilities	**184**	119	**5473**	3464	**20**	21	**31**	56
Total current liabilities	**262**	**415**	**11630**	**11237**	**32**	**21**	**2031**	**56**
Non-Current liabilities								
- Financial liabilities (excluding trade payables)	**-**	-	**-**	350	**42**	10	**-**	-
- Other liabilities	**-**	28	**151**	144	**-**	-	**-**	2
Total non-current liabilities	**-**	**28**	**151**	**494**	**42**	**10**	**-**	**2**
Net assets	**137**	**58**	**9378**	**8913**	**19226**	**20316**	**297**	**294**

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		HAL Edgewood Technologies Pvt Ltd		HALBIT Avionics Pvt Ltd		Indo Russian Aviation Ltd	
	For the year ended		For the year ended		For the year ended		For the year ended		For the year ended		For the year ended	
	31st March 2020	31st March 2019	**31st March 2020**	31st March 2019	**31st March 2020**	31st March 2019	**31st March 2020**	31st March 2019	**31st March 2020**	31st March 2019	**31st March 2020**	31st March 2019
Revenue	**1984**	1704	**10311**	10930	**1184**	1741	**-**	63	**438**	422	**5397**	9417
Interest Income	**11**	19	**18**	19	**2**	-	**-**	-	**61**	33	**784**	697
Depreciation & amortisation	**12**	15	**351**	381	**15**	25	**9**	9	**1**	25	**8**	6
Interest expense	**-**	-	**109**	8	**6**	7	**-**	-	**-**	-	**-**	-
Income tax expense	**16**	-135	**259**	367	**-**	-	**-**	-	**-**	-	**347**	624
Other Expenditure	**1965**	1920	**8888**	9384	**1398**	1940	**116**	75	**612**	1350	**4820**	8010
Profit from continuing operations	**2**	**-77**	**722**	**809**	**-233**	**-231**	**-125**	**-21**	**-114**	**-920**	**1006**	**1474**
Profit from discontinued operations												
Profit for the year	**2**	**-77**	**722**	**809**	**-233**	**-231**	**-125**	**-21**	**-114**	**-920**	**1006**	**1474**
Other comprehensive income	**3**	14	**17**	10	**-**	-	**-**	-	**-2**	7	**-3**	-3
Total comprehensive income	**5**	**-63**	**739**	**819**	**-233**	**-231**	**-125**	**-21**	**-116**	**-913**	**1003**	**1471**
Dividends Received (HAL share)	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**126**	173



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		HAL Edgewood Technologies Pvt Ltd		HALBIT Avionics Pvt Ltd		Indo Russian Aviation Ltd	
	As at		As at		As at		As at		As at		As at	
	31st March 2020	31st March 2019	**31st March 2020**	31st March 2019	**31st March 2020**	31st March 2019	**31st March 2020**	31st March 2019	**31st March 2020**	31st March 2019	**31st March 2020**	31st March 2019
Opening net assets	**1088**	1151	**6524**	5705	**-607**	-376	**-464**	-443	**-1141**	-229	**13152**	12116
Restatement of financial statement by JV	**-**	-	**-**	-	**-**	-	**-**	-	**55**	-	**-**	-
Share application money pending allotment relating to other JV Partner	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Profit for the year	**2**	-77	**722**	809	**-233**	-231	**-125**	-21	**-114**	-920	**1006**	1474
Other comprehensive income	**3**	14	**17**	10	**-**	-	**-**	-	**-2**	7	**-3**	-3
Dividends paid	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-318**	-435
Appropriation	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Share Capital issued	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Closing net assets	**1093**	**1088**	**7263**	**6524**	**-840**	**-607**	**-589**	**-464**	**-1202**	**-1141**	**13837**	**13152**
Group's share in %	**49%**	49%	**50%**	50%	**40%**	40%	**50%**	50%	**50%**	50%	**48%**	48%
Group's share in INR	**535**	533	**3632**	3263	**-336**	-243	**-295**	-232	**-601**	-571	**6642**	6313
Unrealised Gain/ Loss	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-1802**	-2051
Unrecognised Losses (Net of subsequent profits)	**-**	-	**-**	-	**496**	403	**595**	532	**984**	954	**-**	-
Provision for Diminution	**-**	-	**-**	-	**160**	160	**300**	300	**383**	383	**-**	-
Goodwill	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Carrying amount	**535**	533	**3632**	3263	**-**	-	**-**	-	**-**	-	**4840**	4262

Note 49 - Consolidated Notes to Financial Statements

Summarised Statement of Profit & loss

₹ in Lakhs

Particulars	INFOTECH HAL Ltd			HATSOFF Helicopter Training Pvt Ltd		TATA HAL Technologies Ltd		International Aerospace Manufacturing Pvt Ltd		Multirole Transport Aircraft Ltd.		Helicopter Engines MRO Pvt Ltd	
	For the year ended			For the year ended		For the year ended		For the year ended		For the year ended		For the year ended	
	31st March 2020	31st March 2019	31st March 2019 Restated	**31st March 2020**	31st March 2019	**31st March 2020**	31st March 2019	**31st March 2020**	31st March 2019	**31st March 2020**	31st March 2019	**31st March 2020**	31st March 2019
Revenue	**320**	927	188	**4189**	3896	**724**	582	**16174**	15995	**-**	2	**148**	70
Interest Income	**-**	1	1	**116**	94	**8**	7	**16**	15	**662**	610	**-**	-
Depreciation & amortisation	**-**	-	-	**984**	981	**3**	4	**1668**	2057	**1306**	1294	**58**	22
Interest expense	**11**	-	3	**1485**	1467	**20**	30	**337**	401	**-**	-	**-**	-
Income tax expense	**-**	39	34	**-**	-	**-2**	-9	**22**	-62	**28**	60	**-**	-
Other Expenditure	**336**	799	289	**3869**	2322	**624**	538	**13691**	13404	**421**	331	**287**	319
Profit from continuing operations	**-27**	**90**	**-137**	**-2033**	**-780**	**87**	**26**	**472**	**210**	**-1093**	**-1073**	**-197**	**-271**
Profit from discontinued operations	**-**	-	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Profit for the year	**-27**	**90**	**-137**	**-2033**	**-780**	**87**	**26**	**472**	**210**	**-1093**	**-1073**	**-197**	**-271**
Other comprehensive income	**14**	9	9	**-8**	3	**-8**	8	**13**	-14	**5**	2	**-**	1
Total comprehensive income	**-13**	**99**	**-128**	**-2041**	**-777**	**79**	**34**	**485**	**196**	**-1088**	**-1071**	**-197**	**-270**
Dividends Received (HAL share)	**-**	-	-	**-**	-	**-**	-	**9**	9	**-**	-	**-**	-



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	INFOTECH HAL Ltd			HATSOFF Helicopter Training Pvt Ltd		TATA HAL Technologies Ltd		International Aerospace Manufacturing Pvt Ltd		Multirole Transport Aircraft Ltd.		Helicopter Engines MRO Pvt Ltd	
	As at			As at		As at		As at		As at		As at	
	31st March 2020	31st March 2019	31st March 2019 Restated	**31st March 2020**	31st March 2019	**31st March 2020**	31st March 2019	**31st March 2020**	31st March 2019	**31st March 2020**	31st March 2019	**31st March 2020**	31st March 2019
Opening net assets	**523**	424	-165	**-3242**	-2465	**58**	24	**8913**	8738	**20316**	21387	**294**	564
Restatement of financial statement by JV	**-816**	-	-	**-**	-	**-**	-	**-**	-		-	**-**	-
Adjustment for Ind AS 116	**-**	-	-	**-**	-	**-**	-	**-**	-	**-2**	-	**-**	-
Share application money pending allotment	**-**	-	-	**-**	-	**-**	-	**-**	-		-	**-**	-
Profit for the year	**-27**	90	-137	**-2033**	-780	**87**	26	**472**	210	**-1093**	-1073	**-197**	-271
Other comprehensive income	**14**	9	9	**-8**	3	**-8**	8	**13**	-14	**5**	2	**-**	1
Dividends paid	**-**	-	-	**-**	-	**-**	-	**-20**	-20	**-**	-	**-**	-
Appropriation	**-**	-	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Share Capital issued	**-**	-	-	**-**	-	**-**	-	**-**	-	**-**	-	**200**	-
Closing net assets	**-306**	**523**	**-293**	**-5283**	**-3242**	**137**	**58**	**9378**	**8913**	**19226**	**20316**	**297**	**294**
Group's share in %	**50%**	50%	-	**50%**	50%	**50%**	50%	**50%**	50%	**50%**	50%	**50%**	50%
Group's share in INR	**-153**	261	-	**-2642**	-1621	**68**	29	**4689**	4456	**9614**	10159	**149**	147
Unrealised Gain/ Loss	**-**	-	-	**-**	-	**-**	-	**-23**	-24		-	**-**	-
Unrecognised Losses (Net of subsequent profits)	**353**	-	-	**6482**	5461	**439**	478	**-**	-	**-**	-	**213**	135
Provision for Diminution	**200**	166	-	**3840**	3840	**507**	507	**855**	855	**6678**	6678	**362**	263
Goodwill	**-**	-	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Carrying amount	**-**	95	-	**-**	-	**-**	-	**3811**	3577	**2936**	3481	**-**	19

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

Note 49 - Consolidated Notes to Financial Statements

4. Claims / Demands against the Company not acknowledged as debt

(a)

₹ in Lakhs

Particulars*	As at	
	31st March 2020	31st March 2019
In respect of the Group		
(i) Sales Tax / Entry Tax	**915884**	910740
(ii) Service Tax	**119885**	105281
(iii) Customs Duty	**23569**	23569
* In terms of Pricing Policy agreed with Defense Services, prices approved are exclusive of taxes and duties i.e.Sales Tax,Service Tax, GST, 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. * The Sales Tax /VAT/Entry Tax disputes on sales to the Indian Armed Forces in the State of Karnataka and Odisha have been resolved between officials of Department of Defense Production(DDP), Ministry of Defence (MoD), the Company and representatives of Indian Air Force (IAF) and Indian Army with Commercial Tax Department and Finance Department of Government of Karnataka and Odisha. In the year 2019-20, an out of court settlement for sales tax has been reached between the Company and Government of Telengana. As per the settlement, the disputed tax demand has been reduced from ₹ 81579 lakhs to ₹ 13917 lakhs. The Company has paid ₹ 8500 lakhs on 20th March, 2020 and balance amount will be paid in 2020-21. The amount so settled will be reimbursed by the Defense Customers.		
Sub Total (A)	**1059338**	**1039590**
In respect of Joint Ventures (Group Share)		
(i) Sales Tax / Entry Tax	**-**	6
(ii) Service Tax	**16**	122
(iii) Customs Duty	**-**	-
Sub Total (B)	**16**	**128**
Total (A+B)	**1059353**	**1039718**

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

Note 49 - Consolidated Notes to Financial Statements

(b) Contingent Liability not acknowledged as debts

₹ in Lakhs

Particulars	As at	
	31st March 2020	31st March 2019
In respect of the Group		
(i) Income Tax	**27703**	-
(ii) Municipal Tax	**-**	5774
(iii) Others**	**48951**	11818
** ₹ 48951 lakh does not include ₹ 1686 lakh (P.Y. ₹ 1195 lakh) of contingent liability to M/s Halbit Avionics Private Limited.		
Sub Total (A)	**76654**	**17592**
In respect of Joint Ventures (Group Share)		
(i) Income Tax	**73**	75
(ii) Municipal Tax	**-**	-
(iii) Others	**11**	30
Sub Total (B)	**84**	**105**
Total (A+B)	**76738**	**17697**

(c) Commitments

₹ in Lakhs

Particulars	As at	
	31st March 2020	31st March 2019
In respect of the Group		
Estimated amount of contracts remaining to be executed and not provided for on Capital Account	**118711**	141933
In respect of Joint Ventures (Group Share)		
Estimated amount of contracts remaining to be executed and not provided for on Capital Account	**2451**	3117
Total	**121162**	**145050**

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.

Note 49 - Consolidated Notes to Financial Statements

5. Notes Specific to Joint Ventures

(i) In respect of HATSOFF Helicopter Training Private Limited

Going Concern

The Company has made a net loss of ₹ 2041.12 Lakhs during the period ended 31st March 2020 and, as of that date, the Company's current liabilities exceeded its current assets. In addition to this, as at the balance sheet date, the Company has significant accumulated losses which have resulted in erosion of the net worth. The networth of the Company as at 31st March 2020 is negative by ₹ 5283.08 Lakhs (as at 31st March 2019 negative by ₹ 3241.96 Lakhs). 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 obligation.

2) The Company is able to get multiyear contracts from Defense 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 loan interest upto 05th March 2020 and continues to service interest commitments regularly. Besides interest payment, ECB principal of ₹ 1499.20 Lakhs (US$ 2,300,000) in April 2018 has been repaid against ECB overdue instalments.

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 Companies requirements and procure orders for execution, management is of the opinion that Company is a going concern.

(ii) In respect of HAL-Edgewood Technologies Private Limited

a) The company has developed the prototype of OSAMC units and has treated the initial development expenses as "Intangible Asset". Consequentially, the Company has treated the initial development cost of ₹ 6,95,36,553 as internally generated Intangible asset against the development order for 11 prototype units and further series upgrade order for 154 units. The series upgrade order for 154 units is yet to be secured by way of purchase order by the Company from the Customer. The Company has delivered three units during the financial year 2013-14 and one each OSAMC prototype during the financial year 2014-15, 2015-16 and 2016-17 respectively to the customer. The company would manufacture 165 OSAMC units including prototype and series upgrade with the Intangible asset.

b) The Company has developed OSAMC units by conducting the research and development based on the order received from the Customer. The conception and development of the OSAMC units took additional time and costs than originally anticipated at the time of acceptance of the order from Customer thereby materially affecting the operational results and cash flows of the Company. The Company has continuously implemented the measures in improving operational efficiencies and cost control measures to improve the Companies operating results and cash flows.

c) The Company has accumulated losses of ₹ 1,317.37 Lakhs as at 31 March 2020 and its networth as at that date is negative ₹ 588.99 Lakhs. Company is of the view that, expenditure incurred towards research and development phase is towards creation of assets (Mission Computer), which should be evaluated independently. The Company owes money to the vendors and are outstanding for longer periods than stated in the purchase orders/ agreements. Although these conditions may cast significant doubt on the Company's ability to continue as a going concern, it has detailed plans for speed up the assembling operations and discharge the financial commitments.

d) The Company continues to explore various options to raise finance in order to meet its financial obligations. Based on the detailed evaluation of the current situation and plans formulated, the Company is confident of raising adequate finance and receiving continued support from the Customer. Accordingly the Companies financial statement have been prepared on a going concern basis whereby the realization of assets and discharge of liabilities are expected to occur in the normal course of business and that no adjustments are required to the carrying value of assets and liabilities.

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

Note 49 - Consolidated Notes to Financial Statements

e) The Independent auditors of the Joint Venture have issued qualified opinion on the ability of the Joint Venture to continue as a going concern.

f) However, in the opinion of the Management, the impact of the above is not material considering the total assets/ total liabilities/ total revenues/ net profits of the Group as well as that of the Parent.

(iii) In respect of HALBIT Avionics Private Ltd

The Company has the following conditions that may cast doubt on its ability to continue as a going concern viz., Net liability position (₹1202.08 lakhs as at 31 March 2020 and ₹1085.80 lakhs as at March 31 2019); Net current liability position (₹1281.71 lakhs for the year ended 31 March 2020 and ₹1109.77 lakhs for the year ended 31 March 2019). Despite these conditions, its current liability to creditor, though recorded, isn't payable immediately, as they are yet to complete part performance of their obligation and being a shareholder-joint venture partner themselves, the Company has drawn up financial plans to liquidate the liability in a phased manner. The Company, based on its estimated future growth as per the business plans and projected cash flow, is confident of funding its operating and capital expenditure and continue business operations in the foreseeable future. Accordingly, these financial statements have been prepared on a going concern basis.

(iv) In respect of TATA HAL Technologies Ltd

During the year both the joint ventures of the Company, M/s Tata Technologies Limited and Hindustan Aeronautics Limited expressed their respective Board decisions for voluntary winding up of the Company. The matter has been discussed during the Board Meeting of the Company held on 09th March 2020 during which the Board has accorded in principle approval for closure of the operations of the Company on 31st March, 2020 except for pending work related to Purchase Order from HAL. Considering the above fact the accounts have been prepared on a non-going concern basis and assets have been valued at the amount which the Company expects to realize an assets and liabilities are stated at the amount which the Company expects to settle the liability. The accounts for the Financial Year ended 31st March 2019 have been prepared on a going concern basis.

(v) In respect of Infotech HAL Ltd

During the year ended March 31, 2020, the management has re-evaluated the Company's recognition process of unbilled revenue, revenue from services contracts and its related provisions over a period. The management's procedure was more emphasised on re computation of revenue, cost, unbilled revenue and the provision for its prior period based on the correspondence with the customer, the actual cost incurred and percentage of completion of service contracts as per Ind AS.

On assessment of the revenue recognition made in prior years, the management noted an error in recognition of revenue, cost, unbilled revenue and provision for the year 2018-19 and prior periods. Accordingly, for each prior period, the Company have presented in the financial statements, the amount of correction for each financial statement line item affected and the amount of the correction at the beginning of the earliest prior period. The management believes that these errors are solely due to mistake in application of accounting policies.

The consolidated financial statement are not restated, impact being not material to the group.

(vi) In respect of Helicopter Engines MRO Private Ltd

Pursuant to the decision of Board of Directors of the Company vide Board Resolution dated 05 May 2020 to down size the operations of the Company with effect from 31 May 2020, these financial statements of the Company have been prepared on the basis of a going concern. In making this assessment, the Management have considered several positive indicators including the plan provided by Safran and HAL, the joint venture partner, to provide support in the foreseeable future for meeting financial obligations and continuing technical, operational and management support being provided by them.

Note 49 - Consolidated Notes to Financial Statements

6. 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	
	2019-20		2019-20		2019-20		2019-20	
	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
Parent								
Hindustan Aeronautics Limited	99	1311663	100	287539	100	-37698	100	249841
Subsidiaries								
Naini Aerospace Limited*	-	-3466	-	-908	-	81	-	-827
Indo-Russian Helicopters Ltd*	-	-65	-	-17			-	-17
Non Controlling Interest in Subsidiaries*	-	431	-	-17			-	-17
Joint Ventures (Investment as per the equity method)								
M/s BAe-HAL Software Ltd*	-	535	-	1	-	1	-	2
M/s Safran HAL Aircraft Engines Private Ltd*	-	3632	-	361	-	8	-	369
M/s Indo Russian Aviation Ltd*	-	4840	-	706	-	-2	-	704
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*			-	-57	-	-4	-	-61
M/s HATSOFF Helicopter Training Pvt Ltd								
M/s TATA HAL Technologies Ltd								
M/s International Aerospace Manufacturing Pvt Ltd*	-	3811	-	258	-	7	-	265
M/s. Multirole Transport Aircraft Ltd.*	-	2936	-	-547	-	2	-	-545
M/s.Helicopter Engines MRO Pvt Ltd*			-	-20			-	-20
Total	**100**	**1324317**	**100**	**287300**	**100**	**-37605**	**100**	**249695**

* less than 1%



Note 49 - Consolidated Notes to Financial Statements

6. 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	
	2018-19		2018-19		2018-19		2018-19	
	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
Parent								
Hindustan Aeronautics Limited	99	1195669	101	234108	98	-5824	101	228284
Subsidiaries								
Naini Aerospace Limited*	-	-2639	-1	-1295	2	-107	-1	-1402
Indo-Russian Helicopters Ltd*	-	-48	-	-25			-	-25
Non Controlling Interest in Subsidiaries*	-	448	-	-25			-	-25
Joint Ventures (Investment as per the equity method)								
M/s BAe-HAL Software Ltd*	-	533	-	-38	-	7	-	-31
M/s Safran HAL Aircraft Engines Private Ltd*	-	3263	-	405	-	5	-	410
M/s Indo Russian Aviation Ltd*	-	4262	-	379	-	-1	-	378
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*	-	95	-	45	-	4	-	49
M/s HATSOFF Helicopter Training Pvt Ltd								
M/s TATA HAL Technologies Ltd*			-	12			-	12
M/s International Aerospace Manufacturing Pvt Ltd*	-	3577	-	-192	-	-7	-	-199
M/s. Multirole Transport Aircraft Ltd.*	-	3481	-	-536	-	1	-	-535
M/s.Helicopter Engines MRO Pvt Ltd*	-	19						
Total	**100**	**1208660**	**100**	**232838**	**100**	**-5922**	**100**	**226916**

* less than 1%

Note 49 - Consolidated Notes to Financial Statements

7. Restatement for the year ended 31 March 2019 and as at 1 April 2018

In accordance with Ind AS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' and Ind AS 1, 'Presentation of Financial Statements', the Company has retrospectively restated its Balance Sheet as at 31 March 2019 and 1 April 2018 (beginning of the preceding period) and Statement of Profit and Loss for the year ended 31 March 2019 for the reasons as stated in the notes below. Reconciliation of financial statement line items which are retrospectively restated are as under:

(a) Reconciliation of restated items of Balance Sheet as at 1 April 2018

₹ in Lakhs

Particulars	Note No.	As previously reported	Ind AS 115 Restatement made on 01st April 2018 in financial year 2018-19	Reclassification	Restatement as on 01st April 2018 for prior periods in financial year 2019-20	As restated
ASSETS						
Non-current assets						
(a) i Property, Plant and Equipment	1	609698		-1	9325	619022
ii Property, Plant and Equipment-Customer Funded	1	12320			-12320	-
(b) Capital work-in-progress	2	62082		-7016	-	55066
(c) Investment Property	3	4			-	4
(e) Other Intangible assets	5	134600			-	134600
(f) Intangible Assets under Development	6	84090			-	84090
(g) Investments accounted for using the equity method	7	15640		-13	-	15627
(h) Financial Assets						
(i) Investments	7A	85371		13	-	85384
(ii) Trade Receivables	8	-			-	-
(iii) Contract Assets	8A	-			-	-
(iv) Loans	9	5595		-566	-	5029
(v) Other Financial Assets	10	35800			-	35800
(i) Deferred tax Assets (net)	11	-			5948	5948
(j) Other Non-Current Assets	12	22201		9185	-	31386
Current assets						
(a) Inventories	13	1935759	67939		-7513	1996185
(b) Financial Assets						
(i) Investments	14	-			-	-
(ii) Trade receivables	15	675154	-36858	-55574	751	583473
(iii) Contract Assets	15A	99076	36444	58187	13216	206923
(iv) Cash and Cash Equivalents	16	11286		-599	-	10687
(v) Bank Balances other than Cash and Cash Equivalents	17	643266		-865	-	642401
(vi) Loans	18	6360		-1339	-	5021
(vii) Other Financial Assets	19	216882	-58784	209	412	158719

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

Note 49 - Consolidated Notes to Financial Statements

₹ in Lakhs

Particulars	Note No.	As previously reported	Ind AS 115 Restatement made on 01st April 2018 in financial year 2018-19	Reclassification	Restatement as on 01st April 2018 for prior periods in financial year 2019-20	As restated
(c) Current Tax Assets (Net)	20	-			-	-
(d) Other Currents Assets	21	113763		-246	-	113517
Total		**4768947**	**8741**	**1375**	**9819**	**4788882**
EQUITY AND LIABILITIES						
Equity						
(a) Equity Share capital	22	33439			-	33439
(b) Other Equity	23	917686	-6315		116279	1027650
Non-controlling interest		-22				-22
LIABILITIES						
Non-current liabilities						
(a) Financial Liabilities						
(i) Borrowings	24	10000			-	10000
(ii) Trade payables	25	282		-282	-	-
(iii) Other Financial Liabilities	26	39621			-	39621
(b) Provisions	27	214255			-	214255
(c) Deferred Tax Liabilities (Net)	28	97758	-643		-97115	-
(d) Other Non-Current Liabilities	29	846215			-	846215
Current Liabilities						
(a) Financial liabilities						
(i) Borrowings	30	76406		-3680	-	72726
(ii) Trade payables	31	166560		387	-	166947
(iii) Other Financial liabilities	32	147828		2018	-	149846
(b) Other Current Liabilities	33	1802722	10595	2666	-9345	1806638
(c) Provisions	34	345188	5104	-	-	350292
(d) Current Tax Liabilities (Net)	35	71009		266	-	71275
Total		**4768947**	**8741**	**1375**	**9819**	**4788882**

Note: Reclassification/disclosure which has no impact on Profit and loss and retained earnings.

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

Note 49 - Consolidated Notes to Financial Statements

(b) Reconciliation of restated items of Balance Sheet as at 31.03.2019

₹ in Lakhs

Particulars	Note No.	As previously reported	Reclassification	Restatement as on 31st March 2019 for prior periods in financial year 2019-20	As restated
ASSETS					
Non-current assets					
(a) i Property, Plant and Equipment	1	614529	-1	14303	628831
ii Property, Plant and Equipment-Customer Funded	1	22371		-22371	-
(b) Capital work-in-progress	2	78043	-7818	-	70225
(c) Investment Property	3	4		-	4
(e) Other Intangible assets	5	117100		-	117100
(f) Intangible Assets under Development	6	79986		-	79986
(g) Investments accounted for using the equity method	7	15244	-14	-	15230
(h) Financial Assets					
(i) Investments	7A	75720	14	-	75734
(ii) Trade Receivables	8	9044	-9044	-	-
(iii) Contract Assets	8A	-		-	-
(iv) Loans	9	6424	-1588	-	4836
(v) Other Financial Assets	10	35543		-	35543
(i) Deferred tax Assets (net)	11	-		25931	25931
(j) Other Non-Current Assets	12	42216	10951	-	53167
Current assets					
(a) Inventories	13	1974400		-7974	1966426
(b) Financial Assets					-
(i) Investments	14	-		-	-
(ii) Trade receivables	15	1393794	-149245	1251	1245800
(iii) Contract Assets	15A	302005	150487	24740	477232
(iv) Cash and Cash Equivalents	16	2778	-91	-	2687
(v) Bank Balances other than Cash and Cash Equivalents	17	11271	-1592	-	9679
(vi) Loans	18	4503	-1769	-	2734
(vii) Other Financial Assets	19	118084	4951	-	123035
(c) Current Tax Assets (Net)	20	-		-	-
(d) Other Currents Assets	21	142178	-4979	-	137199
Total		**5045237**	**-9738**	**35880**	**5071379**

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

Note 49 - Consolidated Notes to Financial Statements

₹ in Lakhs

Particulars	Note No.	As previously reported	Reclassification	Restatement as on 31st March 2019 for prior periods in financial year 2019-20	As restated
EQUITY AND LIABILITIES					
Equity					
(a) Equity Share capital	22	33439		-	33439
(b) Other Equity	23	1052132		122641	1174773
Non-controlling interest		448			448
LIABILITIES					
Non-current liabilities					
(a) Financial Liabilities					
(i) Borrowings	24	10000		-	10000
(ii) Trade payables	25	273	-273	-	-
(iii) Other Financial Liabilities	26	38632		-	38632
(b) Provisions	27	153146		-	153146
(c) Deferred Tax Liabilities (Net)	28	72024		-72024	-
(d) Other Non-Current Liabilities	29	841652		-	841652
Current Liabilities					
(a) Financial liabilities					
(i) Borrowings	30	405801	-4181	-	401620
(ii) Trade payables	31	262549	283	92	262924
(iii) Other Financial liabilities	32	177853	1621	-	179474
(b) Other Current Liabilities	33	1430413	-8233	-14829	1407351
(c) Provisions	34	449385		-	449385
(d) Current Tax Liabilities (Net)	35	117490	1045	-	118535
Total		**5045237**	**-9738**	**35880**	**5071379**

Note: Reclassification/disclosure which has no impact on Profit and loss and retained earnings.

Note 49 - Consolidated Notes to Financial Statements

(c) Reconciliation of restated items of Statement of Profit and Loss for the year ended 31 March 2019

₹ in Lakhs

Particulars	For the year ended 31 March 2019
Profit after tax as per previously audited financial statement	226476
RESTATEMENT ADJUSTEMENTS:	
Recoginition of revenue in relation to Vacation Leave and Performance Related Pay (PRP) for the financial year 2018-19	11524
Recognition of Revenue on repair of Artouste Engines pertaining to 2018-19.	500
Booking of cost on repair Artoutse engine pertaining to 2018-19.	-461
Reversal of Revenue recognised on Customer Funded Asset	-402
Reversal of Depreciation recognised on Customer Funded Asset	402
Booking of expenditure incurred on deep technical investigation pertaining to 2018-19.	-92
Deferred Tax on Replacement, Warranty, Materials, Doubtful Debts, Claims, Vacation Leave and PRP	-5109
Profit after tax as per Restated Accounts	**232838**
Other Comprehensive Income	-5922
Total Comprehensive Income	**226916**

(d) Earning per share

As a result of the above-mentioned adjustments, basic and diluted earnings per share for the financial year 2018-19 changed as below:

Particulars	As previously reported	Adjustments	As restated
Earnings per Share			
Basic earnings per Equity Share (in Rupees)	67.73	1.9	69.63
Diluted earnings per Equity Share (in Rupees)	67.73	1.9	69.63

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

Note 49 - Consolidated Notes to Financial Statements

₹ in Lakhs

(e)	Particulars	As at 1 April 2018	As at 31 March 2019
	Equity as previously reported	**951103**	**1086019**
	Ind AS 115 Restatement made on 01st April 2018 in financial year 2018-19	-6315	-
	Recoginition of revenue in relation to Vacation Leave, PRP and Gratuity for the financial year 2016-17 & 2017-18	13216	13216
	Recoginition of revenue in relation to Vacation Leave, PRP and Gratuity for the financial year 2018-19	-	11524
	Reversal of revenue for depreciation of Customer Funded Assets, not having control (Adjusted to Advances from Customers)	-	-402
	Reversal of depreciation of Customer Funded Assets, not having control (Adjusted to Advances)	-	402
	Deferred Tax on Replacement, Warranty, Materials, Doubtful Debts and Claims	103063	97954
	Recognition of revenue for 4 GE engines boughtout pertaining to the period prior to the comparative period presented.	7513	-
	Booking of cost on 4 GE engines boughtout	-7513	
	Recognition of Revenue on repair of Artouste Engines pertaining to 2018-19.	-	500
	Booking of cost on repair of Artoutse engine pertaining to 2018-19	-	-461
	Booking of expenditure incurred on deep technical investigation pertaining to 2018-19.	-	-92
	Equity as per re-stated Accounts	**1061067**	**1208660**

(f) Note to 7(a) & (b)

(i) Recognition of Revenue with respect to Vacation Leave(VL), Performance Related Pay(PRP) and Gratuity

In respect of certain contracts/customers, variable consideration in FPQ contracts relating to Vacation Leave, Gratuity and PRP for the years 2016-17 to 2018-19 hitherto not recognized pending approval/sanction have been recognized in these financial statements, in terms of Ind AS 115 are detailed as below:

₹ in Lakhs

Particulars	Financial Year		
	2016-17	2017-18	2018-19
Vacation leave	3698	8120	11061
PRP for Army, Navy, Coast Guard	757	540	463
Gratuity for Coast Guard	101	-	-
Total	**4556**	**8660**	**11524**

Being an omission to estimate, based on Ind AS 115 and recognize the revenues in the previous periods, the retained equity as on 1st April 2018, sales revenue for 2018-19 and consequently the Contract Assets have been restated as required by Ind AS 8.

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

Note 49 - Consolidated Notes to Financial Statements

(f) Note to 7(a) & (b)

(ii) Property, Plant and Equipment (Customer Funded) (Net)

₹ In Lakhs

Particulars	As at 1.4.2018	31.03.2019	Cumulative
A. Customer Funded Asset	12320	10051	22371
B. Reclassified to PPE where HAL has control over the assets	9325	4978	14303
C. Assets controlled by Customers (A-B)	2995	5073	8068
D. Adjusted from Advances from Customers	2583	5485	8068
E. Debit to claims (C-D)	412	-412	-

As at 01.04.2018

An amount of ₹ 12320 lakhs has been removed from Property, Plant and Equipment(Customer Funded), in respect of assets where HAL has control to the extent of ₹ 9325 lakhs has been re-classified under Property, Plant and Equipment. Out of remaining amount of ₹ 2995 lakhs, where HAL has no control has been set of against Customer advances for ₹ 2583 lakhs and debited to Claims Receivable for ₹ 412 lakhs.

During 18-19

An amount of ₹ 10051 lakhs has been removed from Property, Plant and Equipment(Customer Funded), in respect of assets where HAL has control to the extent of ₹ 4978 lakhs has been re-classified under Property, Plant and Equipment. Out of remaining amount of ₹ 5073 lakhs, where HAL has no control has been set of against Customer advances for ₹ 5485 lakhs and credited to Claims Receivable for ₹ 412 lakhs.

Subsequent to implementation of Ind AS 115, Ind AS 18 is withdrawn. Consequently Appendix C of Ind AS 18, where, assets were created out of funds given by the Customer and accounted as Customer funded PPE in our Books and revenue recognised to the extent of depreciation have been reviewed. Hence, in 2018-19 depreciation and revenue has been reversed to the extent of ₹ 402 lakhs.

(iii) Deferred Tax

Hitherto, Deferred Tax Assets on Provisions for warranty, replacements, doubtful debts etc., amounting to ₹ 106600 lakhs as on 31st March 2019, (31st March 2018, ₹ 107637 lakhs) and (-) ₹ 1037 lakhs for the year ended 31st March 2019 were not recognized since the temporary differences were not likely to reverse in the foreseeable future. The issue was referred to the Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India for their Expert Opinion. Pursuant to the EAC opinion and as advised by them, the deferred tax assets have been recognised by re-statement of the previous year financial statements in accordance with Ind AS 8.

Pursuant to recognition of sales with respect to Performance related pay, Vacation Leave and Gratuity for the Financial Years from 2016-17, 2017-18 and 2018-19, deferred tax liability has been recognised by re-statement of equity as on 31.03.2019 - ₹ 8645 lakhs (31.3.2018 - ₹ 4574 lakhs).

Further, the available deferred tax liabilities have been netted off to deferred tax assets as on 31.03.2019 - ₹ 72024 lakhs (31.03.2018 - ₹ 97115 lakhs).

(iv) As at 01.04.2018

For 4 GE engines inspection was completed in March 2016. However, revenue for ₹ 7513 lakhs was omitted to be recognised, in previous periods. Since the revenue pertains to the period prior to the comparatve period presented, revenue and cost to the extent of ₹ 7513 lakhs is recognised in the opening reserve as on 01.04.2018. Consequently, trade receivables for ₹ 7513 lakhs is recognised as on 01.04.2018 and related milestone receipts to the extent of ₹ 6762 lakhs has been set off against trade receivable.

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

Note 49 - Consolidated Notes to Financial Statements

(v) 2018-19

Revenue on repairs of Artouste Engines, accepted by the customer in 2018-19, which was omitted to recognise is now recognised by restating the revenue and cost of repairs in the comparative period i.e. 2018-19, for ₹ 500 lakhs and ₹ 461 lakhs respectively.

(vi) 2018-19

Expenditure on deep technical investigation of ₹ 92 lakhs incurred in 2018-19 was omitted to recognise is now recognised by restating the comparative perod i.e. 2018-19.

8. Financial instruments by category

(a) The carrying value and fair value of Financial instruments by each category as at 31st March, 2020 were as follows:

₹ in Lakhs

Particulars	Financial assets/liabilities at amortised costs	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI	Total Carrying Value	Total Fair Value
Assets:					
(i) Investments	83326	-	-	83326	83326
(ii) Loans	6733	-	-	6733	6733
(iii) Other financial assets	157690	-	-	157690	157690
(iv) Trade receivables	1158339	-	-	1158339	1158339
(v) Contract Asset	748342	-	-	748342	748342
(vi) Cash and Cash equivalents	27932	-	-	27932	27932
(vii) Bank balance other than Cash & Cash equivalents	3724	-	-	3724	3724
Liabilities:					
(i) Trade payables	408374	-	-	408374	408374
(ii) Other financial liabilities	304556	-	-	304556	304556
(iil) Borrowings	577518	-	-	577518	577518

Note 49 - Consolidated Notes to Financial Statements

(b) The carrying value and fair value of Financial instruments by each category as at 31st March, 2019 were as follows:

₹ in Lakhs

Particulars	Financial assets/liabilities at amortised costs	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI	Total Carrying Value	Total Fair Value
Assets:					
(i) Investments	75734	-	-	75734	75734
(ii) Loans	7570	-	-	7570	7570
(iii) Other financial assets	158578	-	-	158578	158578
(iv) Trade receivables	1245800	-	-	1245800	1245800
(v) Contract Asset	477232	-	-	477232	477232
(vi) Cash and Cash equivalents	2687	-	-	2687	2687
(vii) Bank balance other than Cash & Cash equivalents	9679	-	-	9679	9679
Liabilities:					
(i) Trade payables	262924	-	-	262924	262924
(ii) Other financial liabilities	218106	-	-	218106	218106
(iil) Borrowings	411620	-	-	411620	411620

(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	Year ended	
	31st March 2020	31st March 2019
(i) Financial assets at amortised cost		
- Interest income from bank deposits	**271**	18506
- Interest income from other financial assets	**6358**	7692
- Gain/(Loss) on amortisation of financial assets	**3304**	3376
(ii) Financial liabilities at amortised cost		
- (Gain)/Loss on amortisation of financial liabilities	**3341**	3413

9.1 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.

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

Note 49 - Consolidated Notes to Financial Statements

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 94% (Previous Year (PY) 93% of its total sales from sales to the Indian Defense Services. The Group expects to continue to derive most of its sales from the Indian Defense Services under the contracts of the Ministry of Defense (MoD), Government of India (GoI) –the 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 180 days past due	Total
Net carrying amount as on 31.03.2020	202858	107628	80880	124610	86273	556090	1158339
Net carrying amount as on 31.03.2019	315373	60858	76858	85425	87053	620233	1245800

c) Provision for expected credit losses:

As the Group's debtors are predominantly the Government of India (Indian Defense Services, Ministry of External Affairs), Central Public Sector Undertakings where the counter-parties have sufficient capacity to meet the obligations and where the risk of default is NIL/negligible. Accordingly, no loss allowance for impairment has been recognized. Further, management believes that the unimpaired amounts that are due collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk. Hence, no impairment loss has been recognized during the reporting periods in respect of trade receivables.

d) Liquidity risk:

Liquidity risk is the risk that the 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 GoI and the Indian Defense Services at the time of signing of any contract and milestone payments on achievement of physical milestones. These payments are utilized to meet the 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 Defense services. Services and supply of spares are governed by the Fixed Price Quotation (FPQ) policy for fixation of the prices wherein the prices are fixed for the base year with escalation parameters for a pricing period of 5-7 years. The process of fixation of prices and approvals takes a minimum period of two years after the expiry of previous pricing period. In the interim, the approved prices of the previous pricing period are continued and payments are accordingly realised and on finalisation of the revised prices, the differential prices are paid to the Group. Further, certain costs not forming part of selling price are reimbursed by customer on incurrence of expenditure. The reimbursement is based on verification and issuance of audit certificate by the payees. There are delays in the above process due to unanticipated variations/adjustments in the scope and schedule of the 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 Defense Services are reliant on the continuing availability of budgetary appropriations by Government of India and any disruptions to the availability of such appropriations could adversely affect the Group's cashflows.

e) Market risk:

The Ministry of Defense (MoD) and the Government of India (GoI) have continued efforts to reform Defense related policies such as the Defense Procurement Procedure 2016 ("DPP 2016") to promote private participation, a level playing field and the domestic Defense manufacturing Industry and eco-system. While the MoD has given the highest priority to Indigenously Designed, Developed and Manufactured ("IDDM") products for capital procurement, the Group faces competetion 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.

Note 49 - Consolidated Notes to Financial Statements

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.

g) COVID-19 Risk

Current year Impact:

The Group has considered the possible effects that may result from COVID 19 pandemic on the carrying amounts of Property, Plant and Equipment (PPE), Investments, Inventories, receivables and other current assets.

Impact due to COVID 19 will be minimal as major portion of the Group's Revenue is generated from Defense services. Further Ministry of Defense, vide letter no 4(4)(d)(ACQ/20) dt 12.06.2020 have extended the contractual delivery date for a period of 4 months i.e. 25th March 2020 to 24th July 2020 due to Force Majeure. Based on the business model, there is no material impairment which needs to be recognised on Property, Plant and Equipment, Receivables and Inventory.

Anticipated Future Impact :

The Group's revenue is mainly from Defense Services. Hence, impact on the future business in the long term is not anticipated currently. However, downsizing of Defense Budget and risk of economic recession may have an impact on the operations of the Group.

9.2 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.

The Group monitors capital by using debt equity ratio, which is borrowings divided by Equity.

₹ in Lakhs

Particulars	As at 31st March 2020	As at 31st March 2019
Debt	**577518**	411620
Equity	**1324317**	1208660
No of times	**0.44:1**	0.34:1

No changes were made in the objectives, policies or processes for managing capital during the periods ended 31st March 2020 and 31st March 2019.

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

Note 49 - Consolidated Notes to Financial Statements

9.3 Borrowing Term Loan (Note - 24)

Name of the lender	State Bank of India
Facilities	Term loan of ₹ 100000 lakhs may be availed as Rupee facility or capex LC subject to maximum of ₹ 40000 lakhs.
Purpose	The proceeds of the Term Loan will be utilized specifically for building capacity for executing order of 162 LCH. The expenses will include, Civil works, Plant and Machinery and Deferred Revenue Expenditure.
Security	Primary: First charge on the Project assets present and future excluding Civil works and intangible. Collateral: Second charge on the Current Assets (stock and receivables)
Interest Rate	Interest at the rate of 0.10% above 1 year MCLR which is presently 7.95%p.a.calculated on daily products at monthly rests. The Bank shall at any time and from time to time be entitled to vary the margin based on the Credit Risk Assessment of the borrower at its discretion and MCLR will be reset on an annual basis on the anniversary of reset. The interest will be serviced by the Group during the moratorium.
Security Perfection	The security has to be perfected within 6 months from the date of first disbursement. In the event the Group does not perfect the security within the stipulated period, a penal interest of 0.25% p.a. will be charged for the delayed period.
Disbursement	The term loan of ₹ 100000 lakh will be disbursed in tranches beginning from the fourth quarter of Financial Year 2017-18 to first quarter of Financial Year 2024-25.
Repayment	The repayment will be in quarterly installments amounting to ₹ 6250 lakh after moratorium of 4 years i.e. Repayment will be from the Fourth Quater of the Financial Year 2021-22 to Third quater of the Financial Year 2025-26. The term loan availed of ₹ 10000 lakh has been repaid during December 2019. Hence, the term loan is not appearing for the year ending 31st March 2020.

9.4 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, Syndicate Bank, Punjab National Bank, Union Bank of India and Indian Overseas Bank.
Limit	₹ 1000000 lakhs as Cash Credit (including ₹ 480000 Lakh of Commercial Paper Submitted)
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 i.e. @ 6.50% p.a. to MCLR based i.e. @8.65% at monthly rests.
Credit Rating (other than Commercial Paper)	[ICRA]AA/STABLE by ICRA & CARE AA+/STABLE by CARE

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

Note 49 - Consolidated Notes to Financial Statements

9.5 Short term borowings include Commercial Paper (unsecured) outstanding, as given below:

Security Description	Commercial Papers
Scrip Code	INE066F14023
Face Value	₹ 150000 lakhs
Paid up Value	₹ 150000 lakhs
Issue Price	₹ 147939 lakhs
Date of allotment	19th March 2020
Date of redemption	17th June 2020
Rate of Interest	5.65%
Credit Rating and Change in Credit Rating, if any	ICRA A1+, CARE A1+

9.6 UN-HEDGED FOREIGN CURRENCY EXPOSURE

	As at 31st March 2020		As at 31st March 2019	
	Foreign Currency	**Amount in INR (in Lakhs)**	Foreign Currency	Amount in INR (in Lakhs)
RECEIVABLES				
GBP	**184574**	**170**	423503	379
EURO	**131892**	**108**	64838	50
USD	**22194224**	**16657**	23092211	15881
RBL	**47622**	*****	66163	1
PAYABLES				
GBP	**34637703**	**32656**	34723783	31794
EURO	**61862723**	**52126**	32897596	25884
USD	**387833042**	**294365**	143327141	99798
CHF	**1022891**	**816**	834206	588
NOK	**2068365**	**150**	2835485	230
JPY	**1895161**	**13**	151160154	957

* Less than ₹ 50,000/-

9.7 Consequent to the settlement reached on 10th December 2019, the differential liability of ₹ 21195 lakhs for the period from 01.01.2017 to 31.03.2019 is recognized in "Employee Benefit Expense" for the year ended 31st March 2020.

Corresponding eligible sales of ₹ 15291 lakhs is included in revenue.

Liability has been provided in the books of accounts for the 2nd instalment of arrears to be disbursed to workmen on account of wage revision, accounted in Note 32- Dues to Employees.

10. The Ministry of Corporate Affairs vide notification no 1/2/2014-CL-V dated 23rd February 2018 has exempted the Government companies engaged in defense production to the extent of application of Ind AS 108 on "Operating Segment".

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

Note 49 - Consolidated Notes to Financial Statements

11. The Board in its 406th meeting held on 22nd September 2017, accorded in principle approval for voluntary winding up / closure of the three Joint Ventures i.e. M/s. HAL-Edgewood Technologies Private Limited, M/s. Tata HAL Technologies Ltd and M/s. Multirole Transport Aircraft Ltd. enabling the Company to take further action in the matter.

Further, the Board authorized the Company to seek approval of Ministry of Defense (MoD), for short closure of the Contracts associated with the M/s Multirole Transport Aircraft (MTA) project and request MoD, to initiate necessary action for closure of IGA, as it is a prerequisite for winding up of the MTA - Joint Venture Company.

Further in 435th meeting held on 16th 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.

12. 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 31-03-2020 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, Jalhalli, Bengaluru – 560013, Karnataka, India. DIO was incorporated to implement the scheme of defense innovation fund initiative by creation of an ecosystem to foster innovation and technology development in defense.

HAL Board in its 417 th meeting held on 30th of July 2018 had accorded approval for release of ₹ 5000 lakhs to DIO towards intitial 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. The balance amount is recognised in financials.

13. The Board in its 434th meeting was informed that Govt approval is not required for transfer of lease hold land to M/S Helicopter Engines-MRO Private Limited (HE-MRO), as it is neither Defense land nor it is a land owned by HAL. Board reconsidered the decision taken in its 431st meeting and approved transfer of land without Govt approval to M/s HE-MRO.

Meanwhile, considering the emerging situation due to Covid 19, it was decided to downsize the operation of the Joint Venture (Helicopter Engine MRO) to ZERO level until further directions from the promoters. JV is placed in dormant mode and its operations will be reviewed by promoters in 2021. Hence execution of land transfer is also put on hold, till a decision is taken on the resumption of operation of JV.

14. Impairment of Net worth as on 31.03.2020 has not been considered for the JV HE-MRO though the JV Board in its resolution down sized the operations of the Company w.e.f. 31st May 2020, as the management of JV indicated that there are postive indicators including the plan provided by Safran and HAL to support to the JV in the foreseeable future for meeting financial obligations, continuing technical, operational and Management support.

15. Share Application money has since been refunded by HE MRO in May 2020 as they have Cancelled the Rights issue due to Covid 19 Crisis.

16. Buyback of Shares:

In accordance with the approval of Board of Directors at its 408th meeting held on 28th November, 2017 and approval of shareholders, the Company has bought back 2,71,12,500 fully paid equity shares of ₹ 10/- each equivalent to 7.5% of the paid -up share capital and Free Reserves of the Company, for an aggregate amount of ₹ 92150 lakhs (excluding tax of ₹ 20636 lakhs) at ₹ 339.88 per equity share from the President of India. The consideration amount for back buy of shares was paid to the Government of India on 19th December, 2017 and the shares so bought back were extinguished on 22nd December, 2017.

17.

₹ in Lakhs

	For the year ended 31st March 2020	For the year ended 31st March 2019
As required by Ind AS 36, an assessment of impairment of assets was carried out and based on such assessment, the Group has accounted impairment losses due to decrease in value in use in respect of Intangible Assets is recognised in 'impairment loss' in the Statement of Profit and Loss.	**3179**	24909

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

Note 49 - Consolidated Notes to Financial Statements

18.1 As per Ind AS 37 relating to Provisions, Contingent Liability and Contingent Assets - the movement of provisions in the Books of Accounts is as follows:

₹ in Lakhs

Nature of Provision	Opening Balance as at 01st April 2019	Provision made during the year	Utilisation during the year	Reversal during the year	Closing Balance as at 31st March 2020
Provision for Warranty Charges	56463	21384	8166	4297	**65384**
(Previous Year)	(43,056)	(22,186)	(6,838)	(1,941)	**(56,463)**
Provision for Replacement and Other Charges	144655	46328	6808	2428	**181747**
(Previous Year)	(101,577)	(51,323)	(8,075)	(171)	**(144,655)**
Provision for Redundancy in Raw Material and Components, Stores and Spares, Construction Material and Loose Tools	78254	18213	137	3802	**92528**
(Previous Year)	(77,314)	(9,638)	(137)	(8,561)	**(78,254)**
Provision for Doubtful Debts	16712	3767		4507	**15972**
(Previous Year)	(18,101)	(719)	-	(2,108)	**(16,712)**
Provision for Claims	31162	4023	-1	3219	**31967**
(Previous Year)	(29,831)	(2,153)	(250)	(572)	**(31,162)**
Provision for Liquidated Damages	190305	52160	39424	301	**202740**
(Previous Year)	(166,255)	(43,707)	(19,658)	-	**(190,305)**
Provision for Impairment of Investments	13,152	3,664	-	-	**16,816**
(Previous Year)	(12,877)	(275)	-	-	**(13,152)**
Provision for Onerous contract	52,904	-	20,721	-	**32,183**
(Previous Year)	(90,330)	-	-	(37,426)	**(52,904)**

* Figures in brackets relate to previous year.

Nature of Provision	As at 31st March 2020			As at 31st March 2019		
	Long Term Provision	Short Term Provision	Total Provision	Long Term Provision	Short Term Provision	Total Provision
Provision for Warranty Charges	**-**	**65384**	**65384**	-	56463	56463
Provision for Replacement and Other Charges	**14346**	**167401**	**181747**	14775	129880	144655
Provision for Redundancy in Raw Material and Components, Stores and Spares, Construction Material and Loose Tools	**-**	**92528**	**92528**	-	78254	78254
Provision for Doubtful Debts	**-**	**15972**	**15972**	-	16712	16712
Provision for Claims	**22465**	**9502**	**31967**	22722	8440	31162
Provision for Liquidated Damages	**47117**	**155623**	**202740**	67402	122903	190305
Provision for Impairment of Investments	**16816**	**-**	**16816**	13152	-	13152
Provision for Onerous contract	**-**	**32183**	**32183**	-	52904	52904

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

Note 49 - Consolidated Notes to Financial Statements

18.2 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, 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 Group 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.

18.3 Provisions for the material foreseeable losses on long-term contracts has been made in the respective financial statements of the Joint ventures as listed below:

₹ in Lakhs

Joint Venture Name	For the year ended 31st March 2020	For the year ended 31st March 2019
Halbit Avionics Private Limited	**24**	28

Note 49 - Consolidated Notes to Financial Statements

19.1 DISCLOSURE RELATING TO Ind AS-24 ON RELATED PARTY DISCLOSURES

₹ in Lakhs

	The name of the transacting related party	M/s. Indo Russian Aviation Limited	M/s. BAe HAL Software Limited	M/s. Safran HAL Aircraft Engines Private Ltd	M/s. SAMTEL HAL Display Systems Limited	M/s. HAL-Edge-wood Technologies Private Limited	M/s. HALBIT Avionics Private Limited	M/s. Infotech HAL Limited	M/s. HATSOFF Helicopter Training Private Ltd.	M/s. Tata HAL Tech-nologies Ltd.	M/s. Inter-national Aerospace Manufac-turing Pvt. Ltd.	M/s. Multirole Transport Aircraft Ltd.	M/s Aerospace & Aviation Sector Skill Council	M/s Helicopter MRO Engines Pvt. Ltd	M/s Defence Innovation Organisa-tion
	Country of incorporation	**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%**
(b)	Description of the relationship between the parties	**Joint Venture**	**Joint Venture**	**Joint Venture**	**Joint Venture**	**Joint Venture**	**Joint Venture**	**Joint Venture**	**Joint Venture**	**Joint Venture**	**Joint Venture**	**Joint Venture**	**Joint Venture**	**Joint Venture**	**Joint Venture**
(c)	Description of the nature of the transactions	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services
(d)	Volume of the transactions either as an amount or as an appropriate proportion on Purchase of Goods and Services and other expenses	4,704	388	-	1,195	-	81	94	-	425	17	-	-	15	-
	Previous period 31.03.2019	(8,701)	(442)	-	(1,713)	(74)	(42)	(159)	(11)	(367)	-	-	-	(12)	-
	Volume of the transactions either as an amount or as an appropriate proportion on Sale of Goods and Services	274	-	-	-	-	-	-	-	-	1,647	-	-	-	-
	Previous period 31.03.2019	-	-	-	-	-	-	-	(469)	-	(1,053)	-	-	-	-
(e)	Amounts or appropriate proportions of outstanding items pertaining to related parties at the Balance Sheet date on Purchase of Goods and Services and other expenses	4,689	254	-	-	2	639	-	-	221	-	-	-	107	139
	Previous period 31.03.2019	(6,386)	(289)	-	-	(74)	(1,338)	-	(11)	(312)	-	-	-	(111)	-
	Amounts or appropriate proportions of outstanding items pertaining to related parties at the Balance Sheet date on Sale of Goods and Services and other expenses	6	232	-	-	404	106	-	469	-	992	4	-	-	-
	Previous period 31.03.2019	(6)	(179)	-	-	(437)	(132)	-	(421)	-	(842)	(9)	-	(3)	-
(f)	Rent, Water and Electricity Expenses	4	133	-	1	36	55	-	62	-	210	15	-	-	-
	Previous period 31.03.2019	(3)	(166)	-	(1)	(36)	(54)	-	(62)	-	(196)	(22)	-	-	-
(g)	Advances Outstanding on Purchases of Goods and Services as on 31.03.2020	-	-	1	17	52	-	-	-	-	-	-	-	-	-
	Previous period 31.03.2019	-	-	(1)	(122)	(64)	(14)	-	-	-	-	-	-	-	-
	Advances Outstanding on Sale of Goods and Services as on 31.03.2020	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Previous period 31.03.2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-



Note 49 - Consolidated Notes to Financial Statements

₹ in Lakhs

	The name of the transacting related party	M/s. Indo Russian Aviation Limited	M/s. BAe HAL Software Limited	M/s. Safran HAL Aircraft Engines Private Ltd	M/s. SAMTEL HAL Display Systems Limited	M/s. HAL-Edge-wood Technologies Private Limited	M/s. HALBIT Avionics Private Limited	M/s. Infotech HAL Limited	M/s. HATSOFF Helicopter Training Private Ltd.	M/s. Tata HAL Tech-nologies Ltd.	M/s. Inter-national Aerospace Manufac-turing Pvt. Ltd.	M/s. Multirole Transport Aircraft Ltd.	M/s Aerospace & Aviation Sector Skill Council	M/s Helicopter MRO Engines Pvt. Ltd	M/s Defence Innovation Organisa-tion
(h)	Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Previous period 31.03.2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(i)	Dividend on Investments	126	-	-	-	-	-	-	-	-	9	-	-	-	-
	Previous period 31.03.2019	(173)	-	-	-	-	-	-	-	-	(9)	-	-	-	-
(j)	Loans Outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Previous period 31.03.2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(k)	Re-imbursement Salaries including KMP Salaries	63	-	-	-	-	37	-	-	-	45	33	-	-	-
	Previous period 31.03.2019	(69)	-	-	-	-	-	-	-	-	(61)	(9)	-	(29)	-
(l)	Re-imbursement of Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Previous period 31.03.2019	(2)	-	-	-	-	-	-	-	-	-	-	-	-	-
(m)	Amount paid towards investment in shares	-	-	-	-	-	-	-	-	-	-	-	-	1,000	-
	Previous period 31.03.2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(n)	Grant	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Previous period 31.03.2019	-	-	-	-	-	-	-	-	-	-	-	-	-	(500)
(o)	Grant outstanding as on 31.03.2020	-	-	-	-	-	-	-	-	-	-	-	-	-	4,500
	Previous period 31.03.2019	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,500)

The differences in the amount disclosed by the Company and JV's are due to reconciliation items.

Figures in brackets relate to Previous Year 31.03.2019

Transaction with the related parties are made on normal commercial terms and at market rates.

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

Shri T. Suvarna Raju - Chairman & Managing Director upto 31.08.2018

Shri R Madhavan, Chairman & Managing Director

Shri V.M.Chamola - Director(HR) upto 31.12.2019

Shri Alok Verma - Director(HR)

Shri M.S.Velpari - Director(Operations)

Shri D.K. Venkatesh - Director - Engineering and R&D upto 31.05.2018

Shri Arup Chatterji, Director - Engineering and R&D

Shri C.V. Ramana Rao - Director(Finance) & CFO upto 31.07.2018

Shri C.B. Anantha Krishnan - Director(Finance) & CFO

Shri G V Sesha Reddy Company Secretary

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, 2020

Note 49 - Consolidated Notes to Financial Statements

19.2 Key Management Personnel in the Company

₹ in Lakhs

	Particulars	For the year ended 31st March 2020			For the year ended 31st March 2019		
		Salary	**Company Contribution to PF / Gratuity**	**Total**	Salary	Company Contribution to PF / Gratuity	Total
1	Shri T Suvarna Raju, Chairman & Managing Director	**-**	**-**	**-**	26	2	28
2	Shri R Madhavan, Chairman & Managing Director	**56**	**5**	**61**	31	3	34
3	Shri V.M. Chamola, Director (HR)	**46**	**4**	**50**	60	5	65
4	Shri Alok Verma, Director (HR)	**12**	**1**	**13**		-	-
5	Shri C. V. Ramana Rao, Director (Finance) & CFO	**-**	**-**	**-**	19	1	20
6	Shri C. B. Anantha Krishnan, Director(Finance) & CFO	**50**	**4**	**54**	31	3	34
7	Shri Sunil Kumar, Director (Operations)	**17**	**1**	**18**	50	4	54
8	Shri M.S.Velpari, Director (Operations)	**33**	**3**	**36**	-	-	-
9	Shri D.K. Venkatesh, Director - Engineering	**-**	**-**	**-**	8	1	9
10	Shri Arup Chatterji, Director - Engineering	**50**	**4**	**54**	36	3	39
11	Shri G.V. Sesha Reddy (Company Secretary)	**31**	**3**	**34**	29	3	32

Shri T. Suvarna Raju, Chairman & Managing Director ceased to be the chairman consequent upon superannuation on 31st August 2018.

Shri R. Madhavan was appointed as Chairman & Managing Director with effect from 1st September 2018

Shri C.V. Ramana Rao ceased to be Director(Finance) and CFO consequent upon supperannuation on 31st July 2018

Shri C.B. Anantha Krishnan was appointed as Director(Finance) and CFO with effect from 1st August 2018

Shri Sunil Kumar, ceased to be Director(Operations) of the company consequent upon supperannuation on 31st July 2019

Shri M.S. Velpari was appointed as Director(Operations) with effect from 1st August 2019

Shri D.K. Venkatesh, ceased to be Director- Engineering consequent upon superannuation on 31st May 2018.

Shri Arup Chatterji was appointed as Director (Engineering) with effect from 1st June 2018.

Shri V.M. Chamola, ceased to be Director(HR) consequent upon supperannuation on 31st December 2019.

Shri Alok Verma was appointed as Director (HR) with effect from 1st January 2020.

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

Note 49 - Consolidated Notes to Financial Statements

19.3 PART TIME NON-OFFICIAL DIRECTORS

₹ in Lakhs

		Sitting Fees
1	Smt Dipali Khanna, Independent Director	3
2	Dr J K Bajaj, Independent Director	5
3	Shri Anil Kumar, Independent Director	4
4	Shri Neelakanta Iyer R, Independent Director	3
5	Shri Siddharth, Independent Director	4
6	Rear Admiral K.C Sekhar AVSM, VSM (Retd), Independent Director	5
7	Dr. S Malla Reddy, Independent Director	4
		28

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

20. The Consolidated Financial Statements of the Group for year ended 31st March 2020 in respect of lease transaction has been been prepared applying Ind As 116 (Lease Accounting) which has been notified by the Ministry of Corporate Affairs (MCA) vide notification dated 30th March 2019. The Group has adopted Ind AS 116, effective annual reporting period beginning 1st April 2019 and applied the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognized at the date of initial application (1st April 2019). The application of the Ind AS 116 does not have significant impact on the opening retained earnings.

Disclosure under Ind AS 116 as lessee:

Sl. No.	Particulars	₹ in Lakhs
1.	depreciation on right-of-use assets during the year 31st March 2020	20
2.	interest expense on Lease liabilities during the year 31st March 2020	17
3.	total cash outflow for leases during the year 31st March 2020	7
4.	additions to right-of-use assets during the year 31st March 2020	78
5.	carrying amount of right-of-use assets as at 31st March 2020	1236

21. Exceptional item of ₹ 11892 Lakhs for the year ended 31st March 2020 (Previous Year - ₹ NIL lakhs) represents compensation received from the Office of Special Land Acquisition Officer, Bangalore under KIADB Act, on acquisition of 14,424.06 Sq. Mtrs (3.624 Acres) of HAL land at Beninganahalli Village, Bangalore by M/s Bangalore Metro Rail Corporation Ltd.

₹ in Lakhs

Particulars	For the year ended	
	31st March 2020	31st March 2019
22. As per Ind AS-33 relating to Earnings per Share (Basic and Diluted)-		
Profit Before Tax	**396899**	372466
Provision for Taxation	**109599**	139628
Net Profit After Tax	**287300**	232838
Weighted Average Number of Equity Shares of Face Value of ₹ 10/- each fully paid up	**334387500**	334387500
Earnings per Share (in Rupees) - Basic	**85.92**	69.63
Earnings per Share (in Rupees) - Diluted	**85.92**	69.63

Notes to the Consolidated Financial Statements for the year ended March 31, 2020

Note 49 - Consolidated Notes to Financial Statements

23. Pursuant to supplementary audit by C&AG under Section 143(6)(b) of the Companies Act, 2013, the financial statements approved by the Board of Directors on 25.06.2020 was revised and approved by the Board of Directors on 18.08.2020 and the impact is tabulated below:

₹ in Lakhs

Sl. No.	Item Revised	As stated originally	Addition / deletion (-)	Revised amount	Percentage change to original
1.	Sales	2130126	-8360	2121766	-0.39%
2.	Profit befor tax	400121	-3222	396899	-0.81%
3.	Assets	5318820	7953	5326773	0.15%
4.	Liabilities	3991984	10472	4002456	0.26%
5.	Equity	1326836	-2519	1324317	-0.19%
6.	Earnings per share (in Rupees)	86.66	-0.74	85.92	-0.85%

24. The financial statements were approved for issue by the Board of Directors at their meeting held on 18th August 2020. These financial statements are presented in Indian rupees (rounded off to lakhs). Previous Year figures have been rearranged or regrouped wherever necessary.

Significant Accounting Policies and accompanying Notes No. 1 to 49 form an integral part of the Financial Statements

As per our Report of even date

For and on behalf of the Board of Directors

For Maharaj N R Suresh and Co.
Chartered Accountants
FRN No. 001931S

CA N R Suresh
Partner
Membership No. 021661

Place: Chennai
Date: 18.08.2020

(C. B. Ananthakrishnan)
Director (Finance) & CFO
DIN: 06761339

(R. Madhavan)
Chairman & Managing Director
DIN: 08209860

(G. V. Sesha Reddy)
Company Secretary

Form AOC-1

Statement containing salient features of the financial statement of subsidiaries/Associate companies/ joint ventures

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Part "A" : Subsidiaries

Sl. No.	Particulars		₹ in Lakhs
1	**Name of the Subsidiary**	**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	5000	1000
5	Reserves & surplus	-3466	-129
6	Total assets	4211	871
7	Total Liabilities	2677	-
8	Investments	1025	-
9	Turnover	632	-
10	Profit/loss before taxation	-908	-34
11	Provision for taxation	-	-
12	Profit/loss after taxation	-908	-34
13	Proposed Dividend	-	-
14	% of shareholding	100%	50.5%

1 Names of subsidiaries which are yet to commence operations – Indo Russian Helicopters Limited

2 Names of subsidiaries which have been liquidated or sold during the year- NIL

For and on behalf of the Board of Directors

(C. B. Ananthakrishnan)
Director (Finance) & CFO
DIN: 06761339

(R. Madhavan)
Chairman & Managing Director
DIN: 08209860

(G. V. Sesha Reddy)
Company Secretary

For Maharaj N R Suresh and Co.
Chartered Accountants
FRN No. 001931S

CA N R Suresh
Partner
Membership No. 021661

Place: Chennai
Date: 18.08.2020

Form AOC-1

Part "B" : Associates and Joint Ventures

₹ in Lakhs

Sl. No.	Name of Joint Venture	M/s BAe-HAL Software Ltd	Safran HAL Aircraft Engines Private Ltd (Formerly M/s Snecma HAL Aerospace Private Ltd)	M/s SAMTEL HAL Display Systems Ltd	M/s HAL Edgewood Technologies Pvt Ltd	M/s HALBIT Avionics Pvt Ltd	M/s Indo Russian Aviation Ltd	M/s INFOTECH HAL Ltd	M/s HATSOFF Helicopter Training Pvt Ltd	M/s TATA HAL Technologies Ltd	M/s International Aerospace Manufacturing Pvt Ltd	M/s Multirole Transport Aircraft Ltd.	M/s Aerospace & Aviation Sector Skill Council (AASSC)	M/s Helicopter Engines MRO Pvt Ltd	Defence Innovation Organisation (DIO)
1	Latest audited Balance Sheet Date	31.03.2020	31.03.2020	31.03.2020	31.03.2020	31.03.2020	31.03.2020	31.03.2020	31.03.2020	31.03.2020	31.03.2020	31.03.2020	31.03.2020	31.03.2020	31.03.2020
2	Date on which the Associates or joint venture was associated or acquired	Feb-93	Oct-05	Jan-07	Apr-07	May-07	Sep-94	Aug-07	Jan-08	May-08	Jul-10	Dec-10	Sep-14	Aug-16	Apr-17
3	Shares of Associate/Joint Ventures held by the company on the year end														
	a. No.	2940000	1140000	160000	300000	382500	936525	2000000	38404205	5070000	4250000	11346564	125	409988	50
	b. Amount of Investment in Associates/Joint Venture	294	1140	160	300	383	94	200	3840	507	4250	11347	13	410	1
	c. Extent of Holding %	49%	50%	40%	50%	50%	48%	50%	50%	50%	50%	50%	50%	50%	50%
4	Description of how there is significant influence	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
5	Reason why the associate/joint venture is not consolidated	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	Does not exercise control	NA	Does not exercise control
6	Networth attributable to Shareholding as per latest audited Balance Sheet	535	3632	-336	-295	-601	6642	-153	-2641	68	4689	9614	13	149	1
7	Profit / Loss for the year	5	739	-233	-125	-116	1003	-13	-2041	79	485	-1088	-	-197	-
	i. Considered in Consolidation	2	369				481				243	-545		-20	-
	ii. Not Considered in Consolidation	3	371	-233	-125	-116	522	-13	-2041	79	243	-543	-	-177	-

1 Name(s) of joint venture(s) which is/are yet to commence operations:-
   a. Multi-Role Transport Aircraft Limited

2 Names of associates or joint ventures which have been liquidated or sold during the year-NIL

For and on behalf of the Board of Directors

(C. B. Ananthakrishnan)
Director (Finance) & CFO
DIN: 06761339

(R. Madhavan)
Chairman & Managing Director
DIN: 08209860

(G. V. Sesha Reddy)
Company Secretary

For Maharaj N R Suresh and Co.
Chartered Accountants
FRN No. 001931S

CA N R Suresh
Partner
Membership No. 021661

Place: Chennai
Date: 18.08.2020



Notes

Notes



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