

ANNUAL REPORT

2014 - 2015



HINDUSTAN AERONAUTICS LIMITED

HINDUSTAN TURBO TRAINER (HTT-40)

ROLES

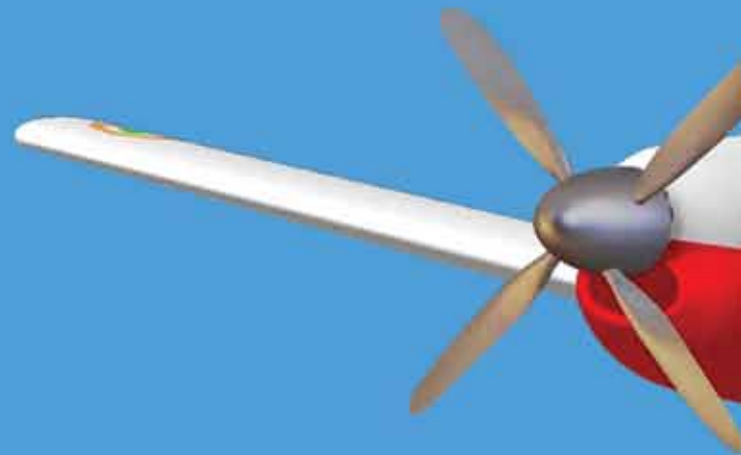
- Basic flying training
- Aerobatics
- Instrument Flying
- Navigation
- Night Flying
- Close formation

FEATURES

- Air conditioned cockpit
- Tandem seating
- Zero-Zero ejection seats
- Multifunction Displays

IMPORTANT MILESTONES / MAJOR ACHIEVEMENTS

- Detail design completed.
- Build of PT 1 initiated
 - ◆ Procurement action for all LRUs completed.
 - ◆ Completion of Phase-2 Wind Tunnel tests of HTT-40.
 - ◆ Front & Rear fuselage, Canopy & wind screen assembly completed.
 - ◆ Rudder Jig commissioned and part loaded.
 - ◆ Base structures for all structural jigs completed.
 - ◆ Wing assembly under progress.
 - ◆ Ejection Seat pullout tests completed.





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VISION

To become a significant global player in the aerospace industry

MISSION

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





BOARD OF DIRECTORS



Shri T. Suvarna Raju

Chairman & Managing Director (CMD)

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

Shri Raju joined HAL as a Management Trainee in June 1980 and grew up the ladder with varied experiences of manufacturing, overhaul and upgrade of several fleets including Jaguar and Mirage. He saw through the production of Hawk Mk-132 for the Indian Air Force and Indian Navy well ahead of schedule, right from establishing its manufacturing facilities. Having worked through Aircraft and Overhaul Divisions in various capacities, he rose on the portals of HAL as GM, Aircraft Division and then to the post of Director (Design & Development). Shri Raju was assigned the additional charge of Chairman w.e.f 1st February, 2015, and appointed as Chairman from 5th March, 2015. The post was re-designated as Chairman & Managing Director w.e.f. 1st April, 2015 as a part of restructuring of its Board.

Shri Raju is a firm believer that best of technology can never be bought, it can only be developed. To transform the company into a technology power house, he has taken various path breaking measures to make R&D set up in the company more competitive. He has put in an R&D Policy in place for the same and has brought in all R&D centres of HAL under a Committee of Institutional Network (COIN) to synergise learning across the organisation. In order to create an IPR wealth for the company, he has been instrumental in registering more than one thousand patents in the last two years. He has also provided impetus to programmes like LCA, LUH, LCH, IJT and HTT-40 apart from upgrades of Mirage and Jaguar DARIN-III. He is also keenly steering futuristic programmes such as UAVs, FGFA, MTA and Civil Aircraft Development. He has not only pioneered the concept of Performance Based Logistics, but has also been advocating its implementation for the military assets.

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



Air Marshal S.B.P. Sinha,
AVSM, VM

Deputy Chief of Air Staff

Air Marshal S.B.P. Sinha, DCAS, IAF was appointed as Part-Time Official Director of HAL with effect from 2nd July, 2014. He is an alumnus of the National Defence Academy and a Graduate of the Defence Services Staff College (DSSC), Wellington. He was commissioned in the fighter stream on 15th June, 1980.

Air Marshal Sinha has held various important Command, Instructional and Staff appointments, including as Instructor at the Flying Instructors' School, Flight Commander of a Mirage 2000 squadron, Chief Flying Instructor of Basic Flying Training School, Commandant of Electronic Warfare Range, Air Officer Commanding of a premier Su-30 MKI base and Team Leader of the WASCS Project Team in Israel.

He has also held important Staff Appointments at the Air Headquarters, including as Deputy Director of Operations (Electronic Warfare), Principal Director of Plans, CISR and Acquisitions and Assistant Chief of Air Staff (Plans) at Air HQs. He is the recipient of the Ati Vishista Seva Medal and the Vayu Sena Medal.



Shri Kamlesh K. Pant
Joint Secretary (Aerospace), MoD

Shri Kamlesh K. Pant, Joint Secretary (Aerospace), Ministry of Defence was appointed as a Part-Time Official Director of HAL with effect from 30th October, 2014.

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

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



**Air Marshal (Retd.)
Priya Rajan Sharma,
PVSM, AVSM**
Independent Director

Air Marshal (Retd.) P.R. Sharma, PVSM, AVSM, Ex-Air Officer-in-Charge Personnel was commissioned in the Flying branch of the Indian Air Force in 1975 and has served in the IAF for 39 years, before his superannuation in February 2014. He was appointed as Part-Time Non-Official Director on the Board of HAL with effect from 5th May, 2014.

While posted at ASTE – Bengaluru, Air HQs, Su-30 Project Team at Moscow and at Headquarters Strategic Force Command, Air Marshal Sharma interacted closely with organisations like DRDO, HAL & BEL. While at ASTE, Bengaluru between 1984 to 1987, he made noteworthy contributions in Armament flight trials of indigenous RP bombs, 3 kg and 11.5 kg Practice Bombs, Modified Vikram (MiG-21 BIS) aircraft by HAL, Nasik Division, Indigenous integration of Russian R-60 missiles on various versions of MiG 21 aircraft, Flight Evaluation of indigenous avionics on MiG-21, MiG-23, MiG-29, Hawk, Alpha Jet advance jet trainer aircraft and Dornier aircraft.

Air Marshal (Retd.) P.R. Sharma was awarded Param Vishishta Seva Medal, Ati Vishishta Seva Medal for his distinguished service.



Shri P. S. Krishnan
Independent Director

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

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

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

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



BOARD OF DIRECTORS



Prof. Pradipta Banerji
Independent Director

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

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

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



Shri Gopabandhu Pattanaik
Independent Director

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

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

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

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

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



Dr. Arun Kumar Jain
Independent Director

Dr. Arun Kumar Jain an eminent Professor of IIM Lucknow, was appointed as Part-Time Non-Official Director on the Board of the Company with effect from 5th May, 2014.

Dr. Jain is an Engineering graduate from the MA National Institute of Technology, Bhopal and holds a Ph.D in Strategic Management and Business Policy from IIM, Ahmedabad. His areas of specialisation include Business & Public Policy, Strategy, International Business, Corporate Governance, Leadership, Technology & Innovation.

Dr. Jain has held several important positions as full time/ Honorary Chair professor in Indian as well as International Management Institutions. He was also a member of the high powered Primary Market Advisory Committee of SEBI.

Dr. Jain has contributed over 100 case studies and research papers on issues relating to corporate success, failures, globalisation and internationalisation, corporate governance and ethics, national and international economies, financial and banking innovations and delivered key note addresses and lectures in various international platforms.



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

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

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

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



Shri V. M. Chamola
Director (HR)

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

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

He has also served as Chief General Manager, BEML. He possesses rich experience in HRD and has contributed towards streamlining the HR systems with a view to provide a healthy environment. He took over as Director (Human Resources) of the Company on 27th July, 2011. He was conferred the "Chanakya Award" for Business Excellence in HR on 12th February, 2012 by the Public Relations Council of India (PRCI) during its Annual Conclave at Mumbai in February 2012. He also held the additional charge of the post of Managing Director (Accessories Complex), HAL in respect of Hyderabad and Korwa Divisions, from 1st August, 2013 to 31st March, 2015.



CA Dr. A. K. Mishra
Director (Finance) & CFO

CA Dr. A.K. Mishra, a Law graduate and a Fellow Member of the Institute of Chartered Accountants of India holds a Ph.D., in Finance. He is an alumnus of National Law School of India University, Bengaluru.

During his long career spanning over 31 years, Dr. Mishra has served in Governments of Bihar, UP and PSUs viz., Indian Telephone Industries Ltd. (ITI) before joining HAL in November 1994 as Deputy General Manager (Finance) at Transport Aircraft Division, Kanpur. He later took over as General Manager (Finance) at HAL Accessories Complex, Lucknow.

In June 2007, Dr. Mishra took over as Executive Director (Finance) in HAL Accessories Complex, Lucknow and later joined Corporate Office in 2008.

He has held important positions in Divisions & at Corporate Office and has provided proactive leadership in developing and utilizing Corporate resources to drive and deliver financial and business growth.

Dr. A. K. Mishra was appointed as Director (Finance) with effect from 28th October, 2011.



BOARD OF DIRECTORS



Shri S. Subrahmanyan
Director (Operations)

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

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

Subsequently, in view of restructuring of HAL Board, Shri Subrahmanyan was re-located to Corporate Office and re-designated as Director (Operations) w.e.f 1st April, 2015. Shri Subrahmanyan has also been assigned with the Additional Charge of the Post of Director (Engineering & R&D) w.e.f 16th April, 2015.

With his rich experience of over 34 years, he has contributed immensely to the success of many important projects such as ROH for Cheetah/Chetak, manufacturing of Cheetal Helicopters, Project Planning and Productionisation of Advanced Light Helicopter, setting up of the Centre for Excellence for landing gear manufacture & Overhaul, setting up of a manufacturing facility for mega projects of Su-30MKI Aircraft, development of supply chain and outsourcing of major structural work packages of flight control system.





Sukhoi-30MKI



Light Combat Aircraft (LCA)



Mirage - 2000



Jaguar



Hawk



Dornier Do-228



BOARD OF DIRECTORS

(As on 28th September, 2015)

Shri T. Suvarna Raju

Chairman & Managing Director (CMD)

Shri V. M. Chamola

Director (Human Resources)

CA Dr. A.K. Mishra

Director (Finance) & CFO

Shri S. Subrahmanyam

Director (Operations) & Addl. Charge of Director
(Engineering & R&D)

Air Marshal S.B.P. Sinha, AVSM, VM

Deputy Chief of Air Staff

Air Head Quarters, Vayu Bhawan, New Delhi

Shri Kamlesh K. Pant

Joint Secretary (Aerospace)

Ministry of Defence

Air Marshal (Retd.) Priya Rajan Sharma, PVSM, AVSM

Independent Director

Shri P.S. Krishnan

Independent Director

Prof. Pradipta Banerji

Independent Director

Shri Gopabandhu Pattanaik

Independent Director

Dr. Arun Kumar Jain

Independent Director

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

Independent Director

MEMBERS OF THE MANAGEMENT COMMITTEE

Shri T. Suvarna Raju

Chairman

Shri V. M. Chamola

Director (Human Resources)

CA Dr. A. K. Mishra

Director (Finance) & CFO

Shri S. Subrahmanyam

Director (Operations)

Shri V. Sadagopan

CEO (Helicopter Complex)

Shri Kaveri Renganathan

CEO (Bangalore Complex)

Shri Daljeet Singh

CEO (MiG Complex)

Shri Rajiv Kumar

CEO (Accessories Complex)

COMPANY SECRETARY

Shri G. V. Sessa Reddy

BANKERS

State Bank of India
 State Bank of Mysore
 State Bank of Hyderabad
 State Bank of Travancore
 State Bank of Patiala
 State Bank of Bikaner & Jaipur
 Punjab National Bank
 Indian Bank
 Indian Overseas Bank
 Bank of Baroda
 Exim Bank
 Syndicate Bank
 Union Bank of India

STATUTORY AUDITORS

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

BRANCH AUDITORS

M/s. Tandon Seth & Co.,
 Chartered Accountants, Kanpur
M/s. Samria & Co.,
 Chartered Accountants, Mumbai
M/s. Krishna & Prasad,
 Chartered Accountants, Hyderabad

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

M/s. K. D. Lath & Co.,
 Chartered Accountants, Rourkela

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

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

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

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

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

M/s. S. K. Jindal & Co.,
 Chartered Accountants, Lucknow

M/s. B. S. Prakash & Co.,
 Chartered Accountants, Bengaluru

M/s. V. Ramaswamy Iyer & Co.,
 Chartered Accountants, Bengaluru

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

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

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

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

M/s. B. N. Subramanya & Co.,
 Chartered Accountants, Bengaluru

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

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

COST AUDITOR

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

LEGAL ADVISERS

M/s. Sundaraswamy & Ramdas,
 Advocates, Bengaluru

TAX CONSULTANT

M/s. PricewaterhouseCoopers Pvt. Ltd.

CREDIT RATING AGENCY

ICRA, CRISIL



FINANCIAL HIGHLIGHTS

Sl. No.	Particulars	Units	00-01	01-02	02-03	03-04	04-05
A	Our Earnings						
	Sales - Inland	₹ Cr.	2387.94	2707.96	3016.53	3584.43	4383.75
	Export Sales	₹ Cr.	58.61	66.85	103.89	215.35	150.05
	Total Sales	₹ Cr.	2446.55	2774.81	3120.42	3799.78	4533.80
	Changes in WIP & SIT& FG	₹ Cr.	156.71	188.63	357.42	-43.64	450.75
	Total	₹ Cr.	2603.26	2963.44	3477.84	3756.14	4984.55
B	Our Outgoings						
	Cost of Materials	₹ Cr.	927.67	1255.85	1607.51	1673.36	2686.17
	Manpower Cost	₹ Cr.	837.02	724.00	746.80	773.25	808.78
	Net Operating Cost	₹ Cr.	805.55	829.16	953.48	899.91	917.87
	Net Financing Cost	₹ Cr.	-263.25	-257.02	-308.54	-247.01	-250.96
	Depreciation	₹ Cr.	31.12	37.98	45.22	57.21	65.16
	Total	₹ Cr.	2338.11	2589.97	3044.47	3156.72	4227.02
C	Our Savings						
	Profit Before Tax	₹ Cr.	265.15	373.48	433.37	599.42	757.53
	Provision For Tax	₹ Cr.	21.50	28.70	43.41	189.63	256.47
	Profit After Tax For Appropriation	₹ Cr.	243.65	344.78	389.96	409.79	501.06
D	We Own						
	Net Block	₹ Cr.	278.10	352.19	434.74	515.44	525.87
	Other Assets (net)	₹ Cr.	1448.72	2037.90	2038.46	2450.61	3108.37
	Total	₹ Cr.	1726.82	2390.09	2473.20	2966.05	3634.24
E	We Owe						
	Equity	₹ Cr.	120.50	120.50	120.50	120.50	120.50
	Reserves and Surplus	₹ Cr.	1379.11	1640.41	1810.31	2120.92	2508.06
	Shareholders' Funds	₹ Cr.	1499.61	1760.91	1930.81	2241.42	2628.56
	Deferred Tax Liability	₹ Cr.			166.85	354.27	623.90
	Borrowings	₹ Cr.	227.21	380.06	374.47	365.34	363.78
	Cash Credit Loan	₹ Cr.	0.00	249.12	1.07	5.02	18.00
	Total	₹ Cr.	1726.82	2390.09	2473.20	2966.05	3634.24
F	Financial Statistics						
	Value of Production	₹ Cr.	2603.26	2963.44	3477.84	3756.14	4984.55
	Value Added	₹ Cr.	1675.59	1707.59	1870.33	2082.78	2298.38
	Dividend Paid (including Tax)	₹ Cr.	53.70	68.96	87.99	92.46	113.92
	R & D Expenditure	₹ Cr.	204.09	203.72	265.06	313.81	306.63
	Gross Margin	₹ Cr.	404.70	531.83	594.54	800.36	974.46
	Gross Block	₹ Cr.	976.53	1085.41	1211.04	1344.26	1417.27
	Inventory	₹ Cr.	1905.41	2073.24	2394.95	2576.52	3508.64
	Sundry Debtors	₹ Cr.	210.19	248.23	510.02	990.20	1106.20
	No. Of Employees	Nos.	32642	31652	31138	30450	29807
G	Financial Ratios						
	Sales Per Employee	₹	749508	876663	1002126	1247875	1521052
	Value Added Per Employee	₹	513323	539487	600658	684000	771087
	PBT to Sales	%	10.84	13.46	13.89	15.78	16.71
	Earnings Per Share	₹	20.22	28.61	32.36	34.01	41.58
	Dividend as %age of Equity (including Dividend Tax)	%	44.56	57.23	73.02	76.73	94.54

05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15
5155.31	7513.10	8284.24	9936.80	11252.03	12878.12	13855.88	13940.81	14687.90	15122.23
186.19	270.51	341.09	436.58	204.67	237.38	348.33	382.82	440.04	499.40
5341.50	7783.61	8625.33	10373.38	11456.70	13115.50	14204.21	14323.63	15127.94	15621.63
575.12	1418.27	166.19	1437.47	2032.89	3335.34	-1510.91	-121.80	739.52	667.10
5916.62	9201.88	8791.52	11810.85	13489.59	16450.84	12693.30	14201.83	15867.46	16288.73
3313.49	5980.40	4684.43	7635.95	9221.80	11772.43	5761.39	8008.44	9148.45	8887.42
837.69	1054.46	1802.69	2542.78	1954.05	2246.28	2720.66	2446.33	2685.44	3394.01
1014.21	1163.10	1686.02	886.86	984.87	764.68	2812.63	2382.87	2348.91	2196.14
-452.37	-839.96	-1663.80	-1732.16	-1525.57	-1340.86	-2107.00	-2316.27	-2064.38	-1623.30
77.31	100.28	117.95	142.55	166.00	168.79	177.10	183.48	171.35	261.94
4790.33	7458.28	6627.29	9475.98	10801.15	13611.32	9364.78	10704.86	12289.77	13116.21
1126.29	1743.60	2164.23	2334.86	2688.43	2839.52	3328.52	3496.97	3577.69	3172.52
355.15	594.84	532.35	595.00	721.02	725.26	789.09	500.06	885.17	784.47
771.14	1148.76	1631.88	1739.86	1967.41	2114.26	2539.43	2996.91	2692.52	2388.05
730.34	1020.98	1080.07	1327.56	1465.50	1509.18	1555.83	1548.07	1581.71	1559.41
3853.59	4352.20	5584.72	6816.16	8163.49	9721.76	11259.90	13396.60	15794.04	16846.00
4583.93	5373.18	6664.79	8143.72	9628.99	11230.94	12815.73	14944.67	17375.75	18405.41
120.50	120.50	120.50	120.50	120.50	120.50	120.50	120.50	482.00	482.00
3050.58	3913.92	5163.22	6495.97	8003.02	9624.72	11218.10	13257.69	14532.64	16304.07
3171.08	4034.42	5283.72	6616.47	8123.52	9745.22	11338.60	13378.19	15014.64	16786.07
1047.95	1334.73	1379.05	1525.27	1505.29	1485.55	1476.97	1566.32	1681.60	1619.22
363.88	4.03	2.03	1.98	0.18	0.17	0.16	0.16	679.51	0.12
1.02									
4583.93	5373.18	6664.79	8143.72	9628.99	11230.94	12815.73	14944.67	17375.75	18405.41
5916.62	9201.88	8791.52	11810.85	13489.59	16450.84	12693.30	14201.83	15867.46	16288.73
2603.13	3221.48	4107.09	4174.90	4267.78	4678.42	6931.91	6193.39	6719.01	7401.31
228.62	285.42	382.57	407.12	460.35	492.56	946.06	957.32	1041.26	575.97
433.58	637.79	662.14	674.78	832.12	986.96	967.51	1948.95	1083.26	1046.67
1408.15	2124.53	2650.95	2905.32	3382.75	3654.32	4050.83	4098.30	4181.17	3986.85
1694.58	2080.89	2254.97	2638.09	2933.53	3142.73	3362.97	3524.81	3728.71	4023.03
4809.74	7222.52	8614.64	10431.19	13660.03	17427.18	16152.99	17980.42	22361.00	25153.32
1404.13	1281.18	1486.10	1848.26	1858.03	2318.22	3916.73	5530.17	6917.05	6258.15
29668	31666	34323	34822	33990	33681	32659	32644	32108	31144
1800426	2458034	2512989	2978973	3370609	3894036	4349250	4387830	4711581	5015937
877424	1017330	1196600	1198926	1255600	1389038	2122513	1897252	2092628	2376481
21.09	22.40	25.09	22.51	23.47	21.65	23.43	24.41	23.65	20.31
64.00	95.33	135.43	144.39	163.27	175.46	210.74	62.18*	55.86*	49.54
189.73	236.86	317.49	337.86	382.04	408.76	785.11	198.61*	216.03*	119.50

*The Company has issued 36150000 Equity Shares of ₹ 10/- each as Bonus Shares on 7th Feb 2014. Accordingly figures for 2012-13 have been recast.



CHAIRMAN'S STATEMENT



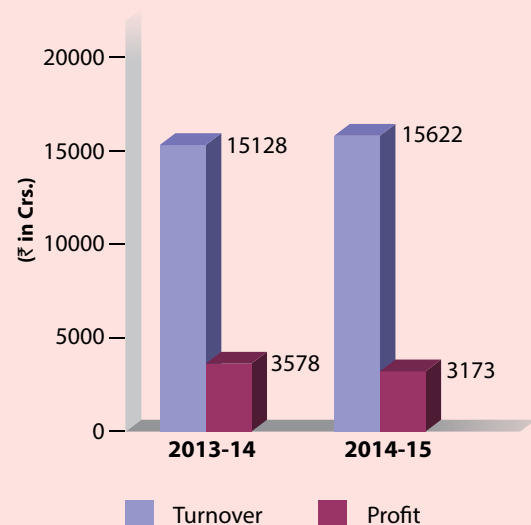
Dear Shareholders,

It is my proud privilege to extend a very warm welcome to you all for the 52nd Annual General Meeting of your Company. I thank you for gracing the occasion with your kind presence.

The Annual Accounts for the year ended 31st March, 2015 and the Directors' Report have been with you. With your permission, I shall take them as read.

PERFORMANCE OVERVIEW

It gives me immense pleasure to inform you that your Company has recorded an all-time high turnover of ₹ 15,622 Cr. during the financial year 2014-15, registering a growth of 3.26% over previous year turnover of ₹ 15,128 Cr. The Profit Before Tax during 2014-15 stood at ₹ 3,173 Cr. as compared to ₹ 3,578 Cr. of the previous year. The Company has achieved "Excellent" MoU performance rating which is a reflection of all round success. These achievements have been possible because of your unstinted support and continued faith in the capabilities of your Company.



DIVIDEND

I am happy to inform you that the Board of Directors has declared total dividend of ₹480.00 Cr. (excluding Dividend tax of ₹ 95.97 Cr.) during the year 2014-15, being 99.59% of the Paid-Up Share Capital of the Company.

SIGNIFICANT ACHIEVEMENTS

The company has witnessed many significant achievements in its journey during last year, as follows:-

- The Company has been awarded 'Production Organization Approval' by DGCA for manufacture of Dornier Do-228 aircraft for civil sector. This will give momentum to your company in its pursuit of diversification to civil aviation sector at Transport Aircraft Division, Kanpur.
- MoU has been signed with BAe Systems UK for Hawk Mk132 Upgrade, maintenance solutions for supporting Jaguar and Hawk fleet and also to develop combat Hawk for Indian and export markets.
- The Company has also signed an MoU with Turbomeca (Safran), France to establish a Joint Venture for providing maintenance, repair and overhaul for engines manufactured by Turbomeca / HAL and installed on HAL produced helicopters. The JV aims at optimizing engine availability.
- The Company has successfully completed and delivered the structure for orbiter craft module for ISRO's prestigious Chandrayan-2 mission.
- Light Combat Helicopter (LCH) has successfully completed hot weather and high altitude trials. It has the distinction of being the only helicopter in the world to have landed at Siachen.
- HAL designed and produced ALH (Dhruv) played an important role in rescue and relief operations in the earthquake affected regions of Nepal, including landing at inaccessible terrain, which involved 244 sorties and nearly 466 hours of flying



High Altitude Trails of Light Combat Helicopter (LCH) at Leh during August, 2015



CHAIRMAN'S STATEMENT

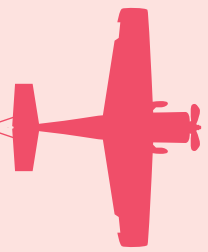


Signing an MoU with Turbomeca (Safran), France to establish a Joint Venture for providing maintenance, repair and overhaul for engines manufactured by Turbomeca / HAL and installed on HAL produced helicopters, during Paris Air Show on 17th June, 2015

NEW INITIATIVES

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

- Formulation of a comprehensive R & D Policy addressing all the aspects to facilitate effective R & D ecosystem for Design & Development of technologies to develop product and services through creative and innovative R & D efforts.
- A society has been registered for formation of Corporate Meta University for carrying out industry oriented technological research in aeronautical sector.
- MoU has been signed with Central Institute of Plastics Engineering & Technology (CIPET) for indigenous development of glass and carbon composites, adhesives, tooling, machining and training.
- Setting up of facility for Integrated Cryogenic Engine Manufacturing (ICEM) for manufacturing, integration, and testing of Cryogenic Engine CE20 and Semi Cryogenic Engine SE2000 for launch of GSLV MKII and GSLV MKIII launch vehicles. This will put HAL in the league of top-notch technologically equipped organisations across the globe.
- The Company has, in order to gradually shift role as system integrator, taken various initiatives to give a fillip to outsourcing & vendor development. The highlights of initiatives are as given below:-
 - ◆ Formulation of new outsourcing policy with focus on vendor development with a view to develop vendors as business partners.



- ◆ Establishment of a 24X7 e-procurement help desk to provide information, support, training, addressing operational issues and giving clarification to the vendors.
 - ◆ Implementations of online bill tracking system to enable vendors to ascertain the status of their bills.
 - ◆ Implementation of e-procurement for all tenders above Rs. 5 Lakh with system for online registration of vendors besides implementation of e-payment mechanism for the vendors.
 - ◆ The alchemy of transformation through strategic use of Information Technology is being achieved by enhancing accountability and optimizing processes, cutting down wastages, making information available online and improving vendor collaboration.
- We have embarked upon a journey called 'Project Parivartan' (Centralization of ERP) with a view to align IT with Future vision of the organization.
 - Performance Appraisal, Annual Property Returns, Project Management and file tracking have been made online.

FUTURE OUTLOOK

- Indian economic scenario has seen an upsurge in the recent years with strong pro-industry reformative measures from Government and your Company strategies have been well aligned to reap maximum benefits out of this industry conducive environment.



Hon'ble Prime Minister of India, Shri Narendra Modi being briefed by Shri T. Suvarna Raju, CMD, HAL on features of LCH at HAL Stall during Aero India - 2015 on 18th February, 2015.



CHAIRMAN'S STATEMENT



Hon'ble Raksha Rajya Mantri Rao Inderjit Singh and Shri T Suvarna Raju, CMD, HAL with French Defence Minister at Paris Air Show on 17th June, 2015

- The Government initiatives like “Make in India” drive, increased public private partnerships etc. will give right impetus to country’s defense industrial growth and a fillip to company’s performance levels. HAL has chalked out its strategies to utilize the above opportunities to shape the future business outlook of the company as outlined below:
 - ◆ Defense Manufacturing is one of the priority sector identified for “Make in India” initiative aimed at increasing the manufacturing industry contribution in national GDP to 25%. As a major aerospace defense sector enterprise in the country, your company has aligned its operations to facilitate “Make in India” mission and has taken following initiatives:
 - Thrust on Design & Development to encourage indigenization of components, accessories & systems required for manufacture as well as repair & overhaul of aircraft, engines & associated systems.
 - HAL has evolved strategic partnerships with DRDO Labs, premier academic institutions to foster country’s advancement in the field of Research & Technology Development.
 - HAL has taken concerted Vendor Development efforts to encourage greater public private partnerships and play a lead role in developing a sound manufacturing vendor base in the country.

HAL has launched “Make in India” e-portal which would attract private vendors to take up indigenization of various systems, sub-systems and facilitate to maximize outsourcing of manufacturing activities and be a significant contributing factor for the success of “Make in India” mission.

RESEARCH AND DEVELOPMENT

Your Company continues its focus on technology development in order to cope up with the upcoming technological challenges that require HAL to develop new products and product enhancements. The total R&D expenditure of HAL was ₹ 1046.67 Cr. for 2014-15 and this worked out to 6.70% of the turnover.

HAL is jointly working with DRDO laboratories, CSIR-NAL, CIPET, IITs and IISc towards Self-Reliance in the Aviation field harnessing the Partnership Strategy. As a continuous efforts for enhancement of R&D projects your company has established new chairs at IIT Madras and IISc Bengaluru in addition to the Chairs already established at IIT Roorkee, IIT Kharagpur, IIT Mumbai and IIT Kanpur.

During the period under review your company has signed MoUs with IIT -K & ADE and ADE on July, 2014 and February 2015 for RUAV project and Rustom –II UAV projects respectively.

Your company has transferred a sum of ₹ 116.82 Cr. to R&D reserve for contribution to R&D corpus during the year 2014-15. Your Company has re-organised and strengthened its R&D set up. A high level Technology and Design Policy Committee of the Board guides the R&D effort in the Company, sanctions and reviews the projects / technologies that are to be undertaken on a regular basis. In order to give more thrust to the company's R&D initiatives, the Government of India has created a post of Director (Engineering and R&D) in place of Director (Design & Development)

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



Hon'ble Defence Minister, Shri Manohar Parrikar made a visit to HAL Stall during Aero India - 2015 on 18th February, 2015.



CHAIRMAN'S STATEMENT



Construction of roads in village, Installation of hand pumps / bore wells, Distribution of School Furniture, Health Camp, Construction of toilets and repair of floor for Govt. schools under CSR.

HAL has initiated a drive across the Company to assess and identify the technologies and processes to build the Intellectual Property portfolio. In this regard, HAL has so far filed 1042 patent applications and 45 copyright applications.

CORPORATE GOVERNANCE

Your Company is continuously complying the guidelines on Corporate Governance framed by the Department of Public Enterprises (DPE). The Company has established systems and procedures to ensure that its Board of Directors is well informed and well equipped to fulfil its overall responsibilities and to enhance the overall value of all stakeholders.

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY DEVELOPMENT

The Company has undertaken various activities as a part of its commitment towards Corporate Social Responsibility & Sustainability Development. A few of them are highlighted hereunder:

- Forty five (45) students from backward regions were inducted for imparting Vocational Training (ITI Course and Apprenticeship).
- Fifty one (51) Mobile Medical Camps (General & Eye) were conducted in identified backward villages and medicines were distributed free of cost.
- Under promotion of solar energy, 58 Solar Street Lights were installed as against a target of 20. Energy Audit Recommendations were implemented in the Divisions as per the recommendations of the Agency.

- Villages were adopted with a view to develop them as 'Model Villages'. Amenities like Drinking Water facilities, Street Lights, Concrete/ Bituminous roads, Provision of needful Infrastructure in Schools and Colleges and Medical Facilities to the residents were provided in order to improve the health & standard of living of people in these villages.
- Skill development programmes were offered to youth in villages in the field of Mobile Phone Repair, TV Repair, Electrical Winding, Electrician Training, Plumbing, Masonry, Basic Computer Training etc., with a view to make them self-reliant. Women were trained in Tailoring, Pickle / Papad Making, Mushroom Cultivation, Candle Making etc., to encourage self-employment. Sewing Machines were distributed to all the qualified women in Tailoring Course to start their own business to support their livelihood.
- HAL is associated with International Association for Human Values (IAHV) a sister organization of Art of Living for rejuvenation of Kumudavathi River by adopting one Mini-watershed out of the total 18 Mini-watersheds. This project aims at rejuvenation of the water stream through erosion control measures through construction of Boulder checks, groundwater recharge through injection wells and rejuvenation of water bodies through construction of tanks and tree plantation.
- Under promotion of education, the Company has provided desks, benches, computers and stationery items like books, pens etc., to Government schools in the villages.
- Considering the fact that most of the school dropouts among girl students occur due to non-availability of toilets and also keeping the Swachh Vidyalaya Campaign in view, separate toilets (29 Nos) for girls and boys have been built in Government schools in the nearby villages of the Divisions.



Handing over of the Mini-watershed adopted by HAL to rejuvenate River Kumudavathi to the Grampanchayat leaders of Doddabell, Tyamgondlu, Kodigihalli & Manne villages, Taluk Nelamangala, Bengaluru Rural District, Karnataka.



CHAIRMAN'S STATEMENT

ACKNOWLEDGEMENT

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

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

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

Last but not the least, my sincere thanks to all my colleagues on the Board for their continuous guidance and encouragement. I also acknowledge contribution of the employees of the Company and above all their families.

JAI HIND

A handwritten signature in blue ink, appearing to read 'T. Suvarna Raju'.

(T. Suvarna Raju)

Chairman & Managing Director

Place: Bengaluru

Date: 28th September, 2015

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 52nd Annual General Meeting of the Members of Hindustan Aeronautics Limited, will be held at 1400 hours on Monday, the 28th September 2015 at the Registered Office of the Company at 15/1, Cubbon Road, Bengaluru – 560 001 to transact the following business :-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements for the year ended 31st March, 2015 and the Reports of the Board of Directors and Auditors thereon.
2. To confirm the payment of interim dividend of ₹ 9.96 per equity share aggregating to ₹ 480 Crs.
3. To fix the Remuneration of Auditors for the year 2015-16.

SPECIAL BUSINESS

A. Ratification of remuneration of Cost auditor

4. To consider and, if thought fit, to pass, 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 fifty thousand only) (all inclusive) excluding applicable Service Tax payable to M/S KPR & Associates, Cost Accountants, Bengaluru, for conducting cost audit of the Company for the financial year 2015-16, as approved by the Board of Directors of the Company at its 390th meeting held on 8th August, 2015, be and is ratified.”

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



G V Sessa Reddy
Company Secretary

Place: Bengaluru

Date: 15th September, 2015



NOTE:

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

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

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

EXPLANATORY STATEMENT

(Pursuant to Section 102 (1) of the Companies Act, 2013)

Item No. 4

The Board, on the recommendation of the Audit Committee, has approved in its meeting held on 8th August, 2015, the appointment of M/s KPR & Associates, Cost Accountants, Bengaluru, at a remuneration of ₹ 2,50,000/- (Rupees two lakhs fifty thousand only) (all inclusive) excluding applicable Service Tax to conduct the Cost Audit of the Company for the financial year 2015-16.

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

None of the Directors/ Key Managerial Personnel of the Company are interested or concerned in the resolution. The Board of Directors, recommends the Ordinary Resolution for approval by the members.

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



GV Sessa Reddy
Company Secretary

Place: Bengaluru

Date: 15th September, 2015



Form No. MGT-11

Proxy form

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

CIN: **U35301KA1963GOI001622**

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

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

Name of the Member (s) : Registered address : E-mail Id : Folio No: DP Id :

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

- Name:
Address:
E-mail Id:
Signature:....., or failing him
- Name:
Address:
E-mail Id:
Signature:....., or failing him
- Name:
Address:
E-mail Id:
Signature:.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 52nd Annual general meeting of the Company, to be held on Monday, the 28th September, 2015 At 2.00 p.m. at 15/1, Cubbon Road, Bengaluru – 560 001 and at any adjournment thereof in respect of such resolutions as are indicated below:

Ordinary Business

Resolution No.

1. Adoption of Financial Statements for the year ended 31st March, 2015.
2. To confirm the payment of interim dividend.
3. To fix the Remuneration of Auditors for the year 2015-16.

Special Business

Resolution No.

4. Ratification of remuneration of Cost auditor.

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

Affix
Revenue
Stamp

Signature of shareholder

Signature of Proxy holder(s)

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



DIRECTORS' REPORT

To,
The Members of HAL,

Dear Members,

Your Directors are pleased to present the 52nd Annual Report on the business and operations of the Company together with the Audited Accounts for the year ended 31st March, 2015.

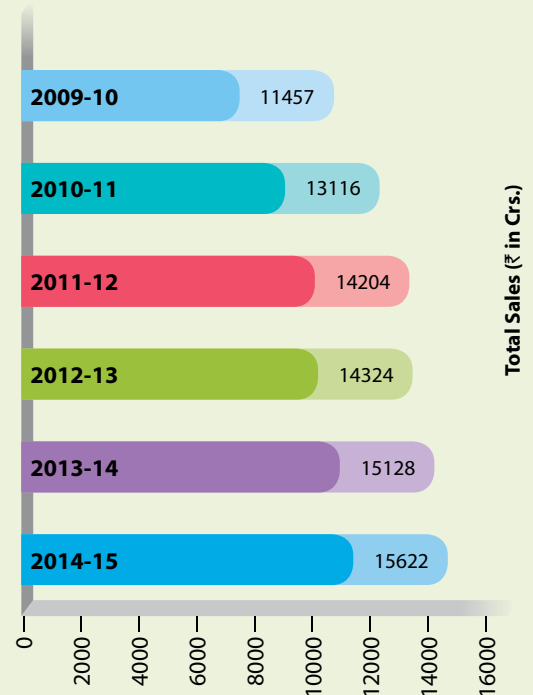
OPERATING RESULTS

During the year 2014-15, your Company has registered the highest-ever turnover of ₹ 15,622 Cr. compared to ₹15,128 Cr. recorded in the last year, a growth of 3.26% per cent over the previous year. The Profit Before Tax stood at ₹ 3,173 Cr. as compared to ₹ 3,578 Cr. in the previous year.

The financial highlights for the year ended 31st March, 2015 are summarized as under: -

(₹ in crore)

PARTICULARS	2014-15	2013-14
Turnover	15621.63	15,127.94
Exports	499.40	440.04
Profit Before Tax (PBT)	3172.52	3,577.69
Provision for Tax	784.47	885.17
Profit After Tax (PAT)	2388.05	2,692.52
R&D Expenditure	1046.67	1,083.26
APPROPRIATION		
Interim Dividend on Equity Shares	480.00	890.00
Proposed Final Dividend on Equity Shares	-	-
Total Dividend	480.00	890.00
Tax on Dividend	95.97	151.26
Transfer to General Reserve	1695.25	1,492.55
Transfer to R&D Reserve	116.82	116.74
Transfer to Corporate Social Responsibility & Sustainable Development Reserve	-	41.97



DIVIDEND

Your company has paid total dividend @ 99.59 % on the paid up equity share capital of ₹ 482 Cr. amounting to ₹ 480 Cr. excluding Dividend Tax of ₹95.97 Cr. during the year 2014-15.

RESERVE

During the financial year under review, an amount of ₹ 1695.25 Cr. and ₹116.82 Cr. has been transferred to the General Reserves and Research & Development Reserves respectively.



HAL handing over the first overhauled SU-30MKI aircraft to Air Chief Marshal Arup Raha, Chief of the Air Staff in the presence of Hon'ble Defence Minister Shri Manohar Parrikar on 9th January, 2015

EXTRACTS OF THE ANNUAL RETURN

Pursuant to the provisions of Section 92(3) and Section 134(3)(a) of the Companies Act, 2013 read with Rules 12(1) of the Companies (Management and Administration) Rules, 2014, the extract of the Annual Return in Form MGT-9 is enclosed to the Directors' Report as **Annexure- I.**

MEETINGS OF THE BOARD OF DIRECTORS

During the financial year under review, your Company had conducted 15 (Fifteen) Board Meetings. For further details please refer report on Corporate Governance on Page No. 61 of the Annual Report.

DECLARATION GIVEN BY INDEPENDENT DIRECTORS

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

COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION.

Your Company have Nomination & Remuneration Committee consisting of 6 (Six) Non-Executive Directors out of which 4 (four) Directors are Independent Directors. The Company being a CPSE, the appointment of Directors and fixation of remuneration is done by the Administrative Ministry.

Ministry of Corporate Affairs (MCA) vide Notification No GSR 463 (E) dated 5th June, 2015 granted exemption in this regard for the Government Companies.



DIRECTORS' REPORT



Hon'ble Defence Minister Shri Manohar Parrikar visited HAL facilities (LCA Tejas Division) on 17th January, 2015

PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEE GIVEN AND SECURITIES PROVIDED

The particulars of Loans given, Investments made, Guarantees given and Securities provided are provided in the financial statement (please refer to note no. 13, 14 & 20 of the financial statement)

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

Pursuant to the provisions of Section 188(1) of the Companies Act, 2013, the particulars of Contract(s) or Arrangement(s) made with the related parties during the year under review is annexed (AOC-2) as **Annexure – II** to the Directors' Report.

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

The particulars relating to the conservation of energy, technology absorption, foreign exchange earnings and outgo of your company as specified under Section 134(3)(m) read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are provided in **Annexure – III** to this report.

DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY

The Company has in place Risk Management Policy approved by the Board. 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, project reviews will highlight the progress of risk mitigation plans till the closure and signing off the mitigation plans.

INTERNAL FINANCIAL CONTROL

The Company has internal system audit department apart from Internal Audit through external chartered accountant firms. During the year under review, there is no reportable material weakness in the operations were observed. All the issues have been disclosed in the notes to accounts.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Corporate Social Responsibility is an integral part of Hindustan Aeronautics Limited (HAL) and HAL has been discharging its social responsibility as a part of its corporate philosophy.

The Board of Directors of your Company has constituted Committee (please refer Page No. 64 of Corporate Governance Report) on Corporate Social Responsibility & Sustainable Development (CSR & SD) in line with the provisions of Section 135 of the Companies Act, 2013. The Committee has formulated and recommended to the Board CSR Policy indicating the projects / activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.

The CSR policy and initiatives taken by the Company may be accessed on the Company website at the link (www.hal-india.com).

During the year under review, the Company has spent ₹ 45.76 Cr. (around 65.98 % the target amount of ₹ 69.35 Cr.) on CSR Activities.

The Annual Report on CSR activities is annexed herewith and marked as **Annexure – IV**.

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

Ministry of Corporate Affairs (MCA) vide Notification no. 463 (E) dated 5th June, 2015 granted exemption to Government Company in case the Directors are evaluated by the Ministry or Department of the Central Government which is administratively incharge of the Company.

Your Company being CPSE, the performance of Directors are evaluated by the Administrative Ministry.

REPORT ON THE FINANCIAL PERFORMANCE OF THE JOINT VENTURE COMPANIES.

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

During the year under review, your Company has established one Joint Venture Company i.e. Aerospace & Aviation Sector Skill Council (AASSC), a Section 8 (non-profit) Company with 50% equity participation of ₹12.50 lakhs.

RECONSTITUTION OF BOARD OF DIRECTORS:

The Department of Defence Production, Ministry of Defence vide letter No 59011/15/2012-D(HAL-II) dated 5th December, 2014, had communicated the approval of the Appointments Committee of the Cabinet (ACC) for reconstitution of the Board of Directors of the Company, as under:-

- Restructuring of the Board of the Company with 5 (five) Functional, 2 (two) Official and 7 (seven) Independent Directors (Total fourteen) as per recommendations of the Expert Group with effect from 1st April, 2015.
- The post of Chairman, has been re-designated as Chairman & Managing Director, with effect from 1st April, 2015.



DIRECTORS' REPORT

- The posts of Director (Corporate Planning & Marketing) and Director (Design & Development) has been discontinued and two re-designated posts of Director (Operations) & Director (Engineering and R&D) in lieu thereof, has been created with effect from 1st April, 2015.
- An additional post of Independent Director on the Board of Directors has been created with effect from 1st April, 2015.
- Director level posts of Managing Directors (Helicopter Complex, Accessories Complex, Bengaluru Complex and MiG Complex) have been re-designated as Chief Executive Officers (CEOs) of respective Complexes below Board Level in the existing (same) Pay Scales and Perks, with effect from 1st April, 2015.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

- Dr. R. K. Tyagi ceased to be the Chairman with effect from 31st January, 2015.
- Shri T. Suvarna Raju, Director (D&D) was assigned the additional charge of Chairman with effect from 1st February, 2015 and appointed as Chairman with effect from 5th March, 2015. Consequent upon restructuring of the Board of Directors, he has been re-designated as Chairman & Managing Director w.e.f 1st April, 2015.
- Shri K. Naresh Babu, ceased to be Managing Director (Bengaluru Complex) consequent upon superannuation on 31st March, 2015.
- Consequent to the restructuring of the Board of Directors, the post of Managing Director (MiG Complex) was discontinued. Shri S. Subrahmanyam, Managing Director (MiG Complex) was appointed as Director (Operations) w.e.f 1st April, 2015. He was also assigned with the Additional Charge for the post of Director (Engineering and R &D) w.e.f 16th April, 2015.
- Shri A. K. Gupta was appointed as Government Nominee Director with effect from 2nd July, 2014 and ceased to be Director with effect from 30th October, 2014.
- Air Marshal S. B. P. Sinha, AVSM, VM was appointed as Government Nominee Director with effect from 2nd July, 2014.
- Shri. K. K. Pant ceased to be Government Nominee Director with effect from 2nd July, 2014 and again was appointed as Government Nominee Director with effect from 30th October, 2014.
- Shri. P. K. Kataria ceased to be Government Nominee Director with effect from 2nd July, 2014.
- CA Dr. A. K. Mishra, Director (Finance) has been appointed as Chief Financial Officer (CFO) of the Company w.e.f 20th March, 2015.
- Shri. Ashok Tandon, Executive Director (Company Secretary) has been superannuated on 30th April, 2015.
- Shri. G. V. Sessa Reddy has been appointed as Company Secretary w.e.f. from 18th June, 2015.



Sitting (L to R): Air Vice Marshal (Retd) D. K Pande, AVSM, VSM, Shri K. K. Pant, Joint Secretary (Aero), MoD, Dr. Arun Kumar Jain, Independent Director, Shri T. Suvarna Raju, CMD, Shri. Gopabandhu Pattanaik, Independent Director, Air Marshal S.B.P Sinha, AVSM, VM, DCAS, Vice Adml R.K Pattanaik, PVSM, AVSM, YSM, DCNS, Shri P.K Kataria, Addl FA (K) & JS, MoD (Finance Wing).

Standing (L to R): Shri. Rajiv Kumar, CEO (Accessories Complex), Shri. R Kaveri Renganathan, CEO (Bangalore Complex), Shri. V Sadagopan, CEO (Helicopter Complex), Shri. Daljeet Singh, CEO (MiG Complex), CA Dr. A.K Mishra, Director (Finance), Shri. V.M Chamola, Director (HR), Shri. S. Subrahmanyam, Director (Operations), Shri. Pradipta Banerji, Independent Director, Air Marshal (Retd) Priya Ranjan Sharma, PVSM, AVSM, Independent Director.

AUDIT COMMITTEE

Your Board has constituted Audit Committee as per the provisions of Section 177 of the Companies Act, 2013. The Composition and other details please refer Page No. 62 of Corporate Governance Report.

All recommendations made by Audit Committee were accepted by the Board.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

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

PERFORMANCE VIS-À-VIS MOU

Your Company's performance evaluated based on provisional figures indicates an "Excellent" rating for the year 2014 - 15, in terms of the MoU signed with the Government of India. The performance for the year 2013-14 has been rated and confirmed as "Excellent" by the Department of Public Enterprises, Government of India.



DIRECTORS' REPORT



HAL carried out maiden flight of LCA-Tejas Series Production on 30th September, 2014, barely nine months of receiving IOC.

CREDIT RATING

During the year under review, your Company's credit rating for Long Term and Short Term bank loan facilities relating to ₹1500 crore rated as CRISIL AAA / Stable and CRISIL A1+ respectively by CRISIL and [ICRA] AAA (Pronounced ICRA Triple A) and [ICRA] A1+ (Pronounced ICRA A One Plus) respectively by ICRA.

SIGNIFICANT ACHIEVEMENTS

Significant achievements during the year are as follows:-

- Your Company recorded highest ever turnover of ₹ 15,621.63 Cr. The Company produced 68 new aircrafts and helicopters along with engines and accessories. The production encompasses Su-30MKI, Hawk, Advanced Light Helicopter (ALH), Dornier Do-228, and Limited Series Production (LSP) of Intermediate Jet Trainer (IJT), Cheetal and PTA. The performance of the Company during the year against MoU with the Ministry of Defence (MoD) is assessed as "EXCELLENT."
- First Series production of indigenously developed Light Combat Aircraft was handed over to IAF by Hon'ble Raksha Mantri on 17th January, 2015.
- First overhaul on SU-30 MKI aircraft at HAL, Nasik was completed and the aircraft was handed over to IAF by Hon'ble Raksha Mantri on 9th January, 2015.
- First flight of indigenously Designed and Developed mini UAV successfully completed on 23rd September, 2014.

- A Society has been registered for formation of a Corporate Meta University for industry focused research relating to aeronautical sector in all disciplines and interdisciplinary areas of technologies.
- The Company has contributed in a major way towards the successful launch of the maiden Geostationary Satellite Launch Vehicle (GSLV MK-III) experimental mission of ISRO by supplying nineteen types of complex structural assemblies, six types of welded propellant tankages & feedlines and the Human Spaceflight Program (HSP) crew module for the CARE (Crew Module Atmospheric Re-entry Experiment) payload.
- Foundation stone was laid in Aerospace Division on 1st December, 2014 for Integrated Cryogenic Engine Manufacturing (ICEM). This facility will manufacture, integrate and test the Cryogenic Engine CE20 and Semi Cryogenic Engine SE2000 for launch of GSLV MKII and GSLV MKIII launch vehicles. The facility will put HAL in the top notch of technologically capable companies in the space sector.
- A "Global Vendors' Meet" on Jaguar Aircraft's product support was organized on 18th November, 2014 at Bengaluru. The event focused on bringing together the Customer (IAF), OEMs, Suppliers and Stockist aimed at assuring a supply chain and to address obsolescence issues to sustain the Jaguar fleet till the year 2035.
- An "Airline Operators' Conference" on 14th November, 2014, was organized in Nasik, with an objective of bringing awareness among the Airlines fraternity on the progress made on Nasik airport infrastructure development and to have first-hand appreciation of the airport and cargo infrastructure.



HAL contributed to the successful testing of ISRO's Human Spaceflight Programme (HSP) crew module for the GSLV Mk III's 'Crew Module Atmospheric Re-entry Experiment' on 18th December, 2014.



DIRECTORS' REPORT



HAL bagged a major Defence contract for supplying 14 Do-228 aircraft to the Indian Air Force in February 2015.

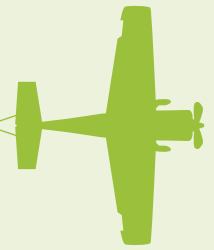
SIGNIFICANT EVENTS:

- The Government of Mauritius signed a contract with HAL in Mauritius Capital Port Louis to acquire HAL-made Dornier aircraft for maritime surveillance to guard its extensive coastline.
- The Government of India handed over Advanced Light Helicopter (ALH-Dhruv) to Government of Nepal.
- Three Cheetal Helicopters were handed over to the Government of Afghanistan during the year.
- Government of Karnataka (GoK) allotted 610 acres land at Tumkur on 9th July, 2014 to HAL for setting up of new factory for manufacturing of Helicopters.
- The following manuals were updated during the financial year 2014-15:
 - ◆ Accounts manual
 - ◆ System Audit manual
 - ◆ Cost manual
 - ◆ Stores manual

EXPORT AND PARTICIPATION IN AIRSHOWS:

Your Company continues to maintain a steady growth on exports over a period of time by offering its range of Platforms, Work Packages, Services, Repair & Overhaul (RoH) activities. Export Orders worth of ₹446 Cr. were booked during the financial year.

Major exports during the year includes, supply of one Dhruv-Advanced Light Helicopter to Nepal Army, three Cheetal Helicopters to Afghanistan Govt., Avionics to Rosoboronexport for Su-30 aircraft, Structural Work Packages, Forgings, Castings, Rolled Rings and supply of spares and repairables to diverse countries covering Europe, Latin America, Asia, Africa and Middle East.



Three Cheetal Helicopters were handed over to the Government of Afghanistan during the year.



Hon'ble Prime Minister of India, Shri Narendra Modi handing over HAL's ALH-Dhruv to the Hon'ble Prime Minister of Nepal, Shri Sushil Koirala at Kathmandu on 25th November, 2014.



DIRECTORS' REPORT

Your Company has sustained the export business through supply of high precision structural and composite work packages and assemblies to its regular Global Aviation customers/majors like Airbus, Boeing, Rolls Royce etc., Follow-on orders from Airbus, Boeing and other customers reaffirm customer confidence in your Company's export performance in terms of quality, delivery and reliability. The Company is also continuing its export of rings, forgings and castings for civil aircraft engine programmes.

Your Company's brand image and identity was strategically projected and showcasing its products and capabilities while participating in leading international Air Shows / Exhibitions viz., Farnborough Air Show-2014 at UK, Eurosatory-2014 at Paris, Africa Aerospace Defence in South Africa, Indo-Defence-2014 in Indonesia and in Aero India-2015.

Continuous efforts are being made towards developing new customers and exploring business that requires state of the art technology. Interaction with major aerospace companies continued on various identified work-packages to forge long term partnerships and achieve a steady growth in export.

The company is making continuous efforts to increase its exports by utilising the opportunities arising out of planned defence acquisitions of the Govt. of India with Offset Obligation.

BUSINESS FROM OFFSET:

With an objective to enhance business potential, through Offsets, the Company has established its credibility for Design & Development of Accessories and Supply of high end Structural and Avionics work packages to leading Global Aviation Companies. The Company is thriving to increase its offset business by leveraging the Government of India Defence Capital Acquisition.

The export includes offsets covering the following avenues:

- Defence Capital Acquisition
- Civil Offset Business arising from Civil Aircraft Purchases
- Offsets arising from Own Purchases

The Company's focus is to secure orders from OEMs for meeting their requirements of components /items for global market through offset programmes in the areas of Structural and Avionics work packages. In this regard, several strategic initiatives have been taken to conclude business framework agreement with the OEMs.

OUTSOURCING:

Your Company's policy on Outsourcing is focused on development of vendors for major sub-assemblies and tooling/ components with a view to ensure optimum utilization of the inhouse resources on high end manufacturing and final assembly work.

SUPPLY CHAIN MANAGEMENT:

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

- Existing Stores Manual issued in 1988, has been reviewed and a revised Stores Manual, to address the dynamic needs of the organization has been issued w.e.f. 12th December, 2014.
- Third Global vendors meet organized on 31st May, 2014, was attended by 48 Foreign (from over 26 countries) & 53 Indian vendors. The vendors were educated about procurement system, current and future projects followed by interaction for co-operation with your Company.
- Integrity Pact format has been revised by including Agents/Agency Commission clause and Threshold value of IP has been revised from Rs.20 crore to Rs.5 crore, as a means to increase transparency in the Procurement system.
- Annual Procurement Plan from MSEs is being hosted in the company's website to increase procurement from the MSEs
- HAL e-procurement team had set up a Help desk at Aero India-2015 held during 18th-22nd February, 2015, to provide an insight into HAL's online procurement system, its requirements from the vendors, its product range etc.
- The Material Planning and Inventory Control Manual has been introduced.

During the year (2014-15) under review, purchases to the tune of ₹4.04 Cr. were made from 37 Nos. of Ancillary Industries.

During the year 2014-15, the total value of procurement including outsourcing made from MSEs is ₹280 Cr. as against the set target of ₹206 Cr. The annual target for 2015-16 is ₹ 221 Cr.

CURRENT PROJECTS AND PROGRAMS

Currently, your Company is executing supply orders of Su-30 MKI Aircraft, Hawk Advance Jet Trainer Aircraft, Light Combat Aircraft, Dornier-228 Aircraft, Advanced Light Helicopter (Dhruv), Cheetal Helicopters, Pilotless Target Aircraft (PTA) to Indian Defence customers. In addition, Limited Series production of Intermediate Jet Trainers progressed concurrently with the certification efforts towards Initial Operation Clearance. First flight of indigenously Designed and Developed mini UAV successfully completed on 23rd September, 2014. HAL made considerable progress in the Design and Development projects.

RESEARCH & DEVELOPMENT (R&D)

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



DIRECTORS' REPORT

Light Combat Helicopter (LCH)

LCH program witnessed considerable progress with completion of 133 flights during FY 2014-15 on three Technology Demonstrator vehicles taking the cumulative number of flights to 484. The third Technology Demonstrator vehicle TD-3 joined the flight efforts with its first flight on 12th November, 2014. Cold weather trials were carried out successfully at Air Force Station, Leh in February, 2015. To expedite the process of Initial Operation Clearance, production of 4th Technology Demonstrator was launched and this will join flight test program during the 2015-16.



LCH Cold weather trials were carried out successfully at Air Force Station, Leh in February, 2015.

Light Utility Helicopter (LUH)

Design and Development of LUH progressed with achievement of many critical design activities during the year. Main gear box and Tail gear box wipe tests were completed along with functional tests. All gears for transmission system were developed. Whirl tower test for main rotor and tail rotor carried out. Initial Ground Test Vehicle (GTV) run was carried out on 6th December, 2014. Build of the first prototype helicopter progressed with completion of four modules during the year viz., Transmission Deck assembly, Bottom Structure assembly, Engine Deck assembly & Cockpit assembly.



HAL successfully carried out the first Ground Run of Ground Test Vehicle (GTV) of Light Utility Helicopter (LUH) on 6th December, 2014.

Intermediate Jet Trainer (IJT)

A total of 140 flights carried out during FY 2014-15 taking the cumulative number of flights 1004 sorties. Desirable stall characteristic were achieved, which is one of the major criteria for certification. High Speed Low Drag (HSLD) carriage at Out Board pylon, Antiskid testing, all cases of Drop tank jettison by jettisoning partial and empty Drop tanks had been carried out during the year. Flight tests for Spin performance are planned during 2015-16.

Light Combat Aircraft (LCA)

As of end 2014-15, 2871 flights completed in total and 364 flights carried out during the year. Maiden flight of LCA PV-6 trainer aircraft was successfully completed on 8th November, 2014. Second Naval prototype, NP-2, made its maiden flight on 6th February, 2015. Telemetry free flying was also achieved during the year for the first time in the LCA flight program demonstrating the readiness for delivering the aircraft to operational use.



LCA-Tejas Naval Prototype (NP2) made its maiden flight from HAL airport, Bengaluru in February, 2015.

Fifth Generation Fighter Aircraft (FGFA)

Contract Negotiation for R & D Phase progressed further with several Bilateral CNC meetings with Russian participation during the FY 2014-15. Hon'ble Raksha Mantri reviewed the project on 23rd January, 2015

Multi-Role Transport Aircraft (MTA)

Preliminary Design Phase (PDP) Documentation was received by MTAL, on 2nd April, 2014. Five Joint Review of PDP Documentation by IAF, MTAL, UAC-TA and HAL held. Formal closure of PDP to be carried out after final technical acceptance of PDP documentation by Customer (IAF).

Jaguar Darin III Upgrade

Cumulative of 60 developmental flights were completed on Maritime and Strike variant upgraded aircraft. Operational performance of Avionics LRU's such as Radar, INGPS, Head up Display, Digital Map Generator, Solid State Flight Data Recorder (SSFDR), Solid State digital Video Recorder (SSDVR), IFF, Tactical Navigation (TACAN), Radio Altimeter



DIRECTORS' REPORT



DARIN III upgraded Jaguar strike aircraft made its maiden flight on 25th March, 2015

(RAM), INCOM Radio set, Auto Pilot and Engine Flight Instrumentation System (EFIS) were proven during flight tests. Development of OSAMC unit and Integration of SSDVR, New Smart Multifunction Display (SMD), EFIS & RADAR and other navigational systems with OSAMC completed. Maiden flight of the upgraded Jaguar strike aircraft was carried out successfully on 25th March, 2015. The Design and Development work for this upgrade program is carried out indigenously by HAL.

Mirage 2000 Upgrade

Upgrade of Mirage 2000 aircraft progressed further with completion of System Design, Hardware Design and Software design. Critical Design review has been completed in April, 2014. Contracts have been signed for critical LRU/ systems. Two Aircrafts have been upgraded to IOC standard by OEM at France.

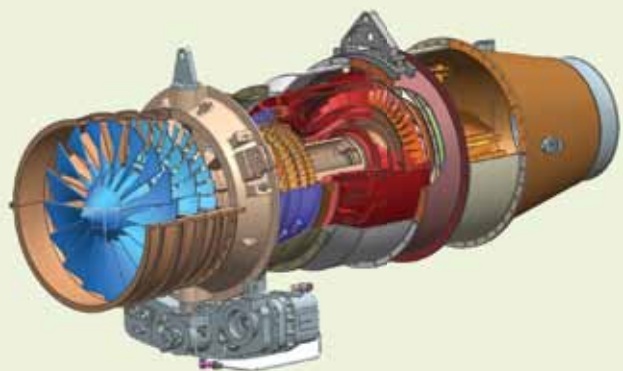
UAV

Indigenous Design and Development of mini UAV has been taken up by HAL. First flight of Low cost Composite Technology Demonstrator (LCTD) was carried out in September, 2014. Auto pilot integrated on LCTD and flights carried out. Stage –II of Mini UAV project has been initiated.

Development of Engines

Significant progress has been done in the Design and Development of 25 KN engine with completion of Core engine layout. Detail Design of core engine components has been completed and drawings were released for parts fabrication.

On Design and Development of 1200 KW engine, engine configuration studies completed. Modeling and analysis of various engine components initiated.



Hindustan Turbofan Engine being designed and developed by Aero Engine R & D Centre (AERDC)

QUALITY INITIATIVE AND SAFETY:

Quality Management System in all Divisions of HAL continues to be accredited to International standards AS 9100C and ISO 9000. Additionally, all production Divisions are approved by DGAQA as per its Approval of Firm and its QMS (AFQMS) requirements.

To enhance the knowledge level of persons participating in defect investigation and accident investigation, a two day Work shop on "Aircraft Accident Investigation" was conducted during May 2014. Over 60 executives from different disciplines participated and interacted with eminent faculties in this field.

Three Quality Circle teams comprising 15 members, participated in ICQCC-2014 held at Colombo, Sri Lanka. One Gold and two Silver awards were won by our teams.

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

Joint Quality Audits with customer were concluded for ALH, Chetak /Cheetah, Dornier, MIG-21 and AN-32 fleets.

Over the last year, your divisions at three major flying locations have maintained a good flight safety record. At the national level, during the unprecedented flash floods in Uttarakhand and the more recent Nepal earth quake, your Company stepped forward to the call of duty and contributed immensely. The Company amply demonstrated its prowess to provide and sustain technical and maintenance support in-situ abinitio under field conditions under the most testing circumstances. Significantly there were no accidents / incident. The operators were able to achieve the task that was assigned to them. Through this your Company was able to demonstrate its capability, capacity and resolve when called upon at such short notice. This contribution by your Company was highly applauded and appreciated at the national level.

Finally, the observations / recommendations from flight safety audits at all your divisions have largely been implemented and they have yielded the desired results.

HR DEVELOPMENT:

The strength of employees as on 31st March, 2015 was 31,144.

Sponsorship for Post Graduate Programmes at Cranfield University, UK; Management Development Institute (MDI), Gurgaon; International Management Institute (IMI), Delhi; Indian Institute of Technology (IITs) at Kanpur, Roorkee, Madras, Mumbai and Kharagpur; and NITIE, Mumbai provided opportunities to the Officers to further build their knowledge base and competencies. During 2014-15, 55 Officers were sponsored for higher studies. 5 Officers were also sponsored for Ph.D Programme at IISc and IITs.

During the year, a total of 3,470 Apprentices (including Diploma Holders and Engineering Graduates) have completed their training under the Apprentices Act, 1961.



DIRECTORS' REPORT

REPRESENTATION OF SC/ST

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

Representation of SCs & STs in the total strength of the Company as on 1st January, 2014 and 1st January, 2015

Category (Grade / Scale of Pay)	Total strength as on		Number of SCs as on		Number of STs as on	
	1.1.2014	1.1.2015	1.1.2014	1.1.2015	1.1.2014	1.1.2015
A (Grade-II and above)	9,134	9,360	1,625	1,649	556	548
B (Grade-I)	581	385	97	61	34	22
C (Scale-3 to Special Scale)	22,391	21,594	3,939	3,757	1,579	1,536
D (Scales -1 & 2)						
i) Excluding Safai Karamcharis	23	19	8	6	1	-
ii) Safai Karamcharis	-	-	-	-	-	-
TOTAL	32,129	31,358	5,669	5,473	2,170	2,106

Recruitments made during the period 1st January, 2014 to 31st December, 2014 and the SCs & STs amongst them

Category (Grade / Scale of Pay)	Total number of posts filled	Number of Reservations made for		Number of posts filled by appointment of	
		SCs	STs	SCs	STs
A (Grade-II and above)	62	21	8	3	1
B (Grade-I)	3	0	0	0	0
C (Scale-3 to Special Scale)	49	8	10	6	20
D (Scales -1 & 2)					
i) Excluding Safai Karamcharis	-	-	-	-	-
ii) Safai Karamcharis	-	-	-	-	-
TOTAL	114	29	18	9	21

Vacancy based promotions made during the period 1st January, 2014 to 31st December, 2014 and SCs & STs amongst them

Category (Grade / Scale of Pay)	Total number promoted	Number of reservations made for		Number of posts filled by promotion of	
		SCs	STs	SCs	STs
A (Grade-II and above)	1711	-	-	313	86
B (Grade-I)	48	5	0	5	0
C (Scale-3 to Special Scale)	-	-	-	-	-
D (Scales -1 & 2)					
i) Excluding Safai Karamcharis	-	-	-	-	-
ii) Safai Karamcharis	-	-	-	-	-
TOTAL	1759	5	0	318	86

EMPLOYEE RELATIONS (ER)

The ER Scenario in the Company has been peaceful, healthy and cordial. It has been the constant endeavour of the Company to establish and maintain meaningful and effective communication between the Management and the Employees Unions / Associations in order to reduce and progressively eliminate any scope for conflicts and misunderstandings, achieve better understanding of each other's point of view and thus facilitate maintenance of Industrial Harmony. ER Policy of the Company has contributed effectively for the establishment of mutual trust and understanding between the Unions / Associations. The Management holds periodical meetings with the representatives of the recognized Unions/Officers Associations of the Company.

Unions and Associations from all the Units of the Company participate in the structured meetings, through its representatives in the All India HAL Trade Unions Co-ordination Committee and All India Hindustan Aeronautics Officers' Federation. Through consultative approach and by taking the representatives in to confidence, issues are resolved.

In order to bridge the gap between Management and Worker Representatives, Plant Level and Shop Level Committees are set up with equal representatives from the Management as well as Workers in various Divisions of HAL, located in different parts of the Country. The PLCs & SLCs are having regular meetings. Further, representatives of the Unions are co-opted in various Committees at the Corporate level for formulating Schemes / Policies as required. In order to address Employee / Public Grievance/Representations, Grievance Redressal Mechanisms are also in place in the Company.

STAFF WELFARE:

Welfare of the employees is being taken care through various measures which include Medical facilities, Housing facilities, Educational facilities for employee's Children, Uniforms, Shoe Allowance, Sports facilities, Allowances to Sportspersons, etc.

RAJBHASHA IMPLEMENTATION

Your Company is committed towards implementation of Official Language Policy. All-out efforts are being made to implement Official Language in the Divisions of the Company. The Company has gone a step further to popularize Official Language Hindi by organizing Hindi Utsav at Company level and with the help of this programme the employees of the Company are encouraged and motivated to use Official Language in their day-to-day working. The Company has achieved most of the targets pertaining to Official Language. The Divisions of HAL are bringing out monthly / quarterly news letters in Hindi in addition to full-fledged house magazine in Hindi highlighting various aspects of Official Language as well as the activities of Divisions. The various programmes organized by the Divisions for implementation of Hindi have proved very fruitful.

IT INITIATIVES:

Your Company has undertaken a Comprehensive program named as "Project Parivartan" to enable Business Goals, through a turnaround at "People", "Process" and "Partners" levels. The program is targeted to bring Customer Delight through three key drives i.e., "On Time Delivery", "Cost Optimization" and "Global Quality Standards". This alchemy of



DIRECTORS' REPORT

transformation will be achieved by enhancing accountability and performance measurement at individual level, optimizing processes by cutting down waste and making information online and improving partner collaboration.

A Company-wide programme called "Project Kavach" was undertaken to improve the IT Security posture. Under this programme, various measures as compliance to IT Security Policy, Mandatory Awareness Training to the IT Users and IT Security audit have been ensured.

To leverage existing ERP System towards enhancing the customer delight, common Customer Service Dashboard has been created for all the Divisions, enabling availability of information. The dashboard also provides benchmark on the task performed by different Divisions along with analytics.

The Company has launched its New Website with state-of-the-art features like Integration with Social Media, Alerts to interested applicants on vacancies, Mobile and Tablets Compatibility, Integration of Tenders with e-Procurement Portal, etc.

Continuous journey of the Company towards improvements of the process by leveraging technology has enabled the company to get three awards during the year viz., "Top 100 CISO" by CISO Platform, "CIO 100 2014" instituted by IDG and "Best CSO 2014" instituted by CSO Forum.

AWARDS & RECOGNITIONS:

HAL has won several awards in recognition of its performance in various fields, during the year 2014-15. These are summarised below:-

A Company level

- HAL has been honoured with the "Best PSU of the year award" by Bengaluru Management Association at its 61st Anniversary Awards night held in Bengaluru on 25th May, 2014.
- "Golden Peacock Innovative Product/Service Award-2014" by Institute of Directors at the 24th World Congress on Total Quality and Leadership held at Trivandrum, Kerala during May 23-24, 2014. The award presented under the category of "Innovative Product/Service Award" for "Design and Development of Single Axis Tilt Sensor for Aircraft Control Surface Deflection Measurement" for use in MiG 21 and MiG 27 Operational Squadrons of IAF.
- American Helicopter Society (AHS) Honoured Indian team for the heroic operations of "Dhruv" in delivering lifesaving supplies, and evacuating those in need during recent



Bengaluru Management Association at its 61st Anniversary Awards night held in Bengaluru on 25th May, 2014.



"Golden Peacock Innovative Product/Service Award-2014" by Institute of Directors at the 24th World Congress on Total Quality and Leadership held at Trivandrum, Kerala during 23-24th May, 2014.

relief operations in Uttarakhand during annual forum of the American Helicopter Society(AHS) held on May 20-22, 2014, in Montreal, Canada.

- “Best PSU Excellence Award” under innovation category given by The Bureaucracy Today.
- “Best PSU” under the category “Best Global Presence” by first ever India Today survey on Indian Public Sectors.



Shri M. Venkaiah Naidu, Union Minister for Urban Development honours HAL with “SKOCH ORDER-OF-MERIT” and “SKOCH Renaissance award” for weaponisation of ALH Mk-IV on 21st November, 2014.

- “SKOCH ORDER-OF-MERIT” and “SKOCH Renaissance” award for “Weaponisation of Advanced Light Helicopter (ALH Mk - IV)” being one of India’s best projects of 2014 during the 38th Skoch Summit held during November 20-21, 2014 at New Delhi.
- “IT Adoption & Innovation – 2014” award instituted by the Governance Now, a leading publication focusing on Governance related issues.
- ‘IEI Industry Excellence Award 2014’ by The Institution of Engineers (India).
- “ICC PSE Excellence Award 2014” for “Corporate Governance & Innovation in Business” instituted by Indian Chamber of Commerce.
- “Most Influential Companies of the year” under “Aerospace and Defence Awards” organised by SAP Media Worldwide.

B. Divisional level:

- Quality Circle Team from HAL have bagged awards in the 38th International Convention on Quality Control Circles (ICQCC-2014) held at Colombo, Srilanka during 12th-15th October, 2014.
 - ◆ “Leading Edge” from Foundry and Forge Division, won Gold category award
 - ◆ “MANTHANA” from Engine Division won silver Category award
 - ◆ “Dynamic” from Aircraft Division won silver Category award.
- AURDC team has Bagged prestigious SODET Gold award for “Technology Development” for the year 2013-14 by Society for Defence Technologists (SODET) in recognition to the Design and Development of Single Axis Tilt sensor.
- Another team from AURDC, bagged SODET Bronze Award for “Technology Innovation” for the year 2013-14 in recognition to the design and development contribution for Integration of Operational Data Link (Project Eye Shadow) and Auxiliary Mission Computer (MC-3) on Su-30MKI.
- AURDC, Nasik has undertaken the design and development of Vapour Compression Machine (VCM) for cooling of Radar equipment of PMF aircraft and preliminary design of VCM has been accepted by Sukhoi Design Bureau, Moscow.



DIRECTORS' REPORT

C. Individual Level:

- Dr. R.K. Tyagi, former Chairman, HAL was bestowed with "Annual Inspired Indian Foundation Award" at a program held at Raj Bhavan on 8th June, 2014 to distinguished personalities drawn from different fields.
- Dr. R. K. Tyagi, former Chairman, HAL bestowed with "Honor of Excellence" award by Shri Pranab Mukherji, Hon'ble President of India for his contribution in building self-reliant India.
- Shri Anantha Agasthya, Executive Director, HAL Management Academy has been awarded with the "Corporate Guru" award by International School of Business and Research (ISBR), Bengaluru.
- Shri Rajeev Agarwal, AGM(IT) has been honoured with "Best CSO" 2014 award for the "Best Cyber Security Implementation of the year 2014-15".
- Shri Vivek Dadu, Senior Manager (Design) of Avionics Division, Korwa has been conferred with 'IEI Young Engineers Award' in recognition of his contribution in the field of Aerospace Engineering on the occasion of Twenty-eighth National Convention of Aerospace Engineers held at Karnataka State Centre, Bengaluru on November 14-15, 2014.
- Shri Amit Sharma, DM(Development) of F&F Division, Bengaluru has been awarded the "The Institute of Materials, Minerals & Mining Group Project Prize in Advanced Materials" by the Cranfield University, UK for his research work entitled "Novel Thermal Barrier Coating Systems for Two Stroke Marine Diesel Engines" for the year 2012-2013.

VIGILANCE

The endeavour of Vigilance Department has been preventive and proactive through streamlining of procedures and policy interventions. To enhance the capacity of the employees and officers' community, 68 awareness sessions have been held. Special emphasis was given to the provisions regarding 'Declaration of Assets & Liabilities by Workmen under Lokpal and Lokayuktas Act.

The revised HAL Vigilance Manual has been published during the period. The fortnightly bulletin "V2" is being brought out to sensitize the employees, each covering a specific issue. Two volumes of in-house Vigilance magazine "Marg Darshan" on "Promoting Good Governance" and "National Framework to Prevent Corruption" were brought out. "PRAYAS-2", a compendium of Vigilance Interventions and cases handled has been published during the period.

Comprehensive policy on Corruption Risk Management in HAL with mitigating measures has been framed as part of participative vigilance intervention. This was formulated after interactive sessions with all stakeholders. The report has been approved by the Board of Directors and incorporated in the Risk Management Policy of the Company.

The Department has successfully brought out TEJAS TALK, a Video Tutorial on Complaint Handling Policy to enable the employees/officers to understand the nuances of Complaint Handling Policy.

During the period, 944 routine/surprise checks were conducted and 47 complaints have been taken up for investigation. Investigation reports in 41 cases have been submitted with appropriate recommendations for disciplinary & administrative action and measures for system improvements to the concerned authorities. Disciplinary action has been initiated against 21 officials and administrative action has been taken against 163 officials.



Shri Pradeep Kumar, Central Vigilance Commissioner, CVC handing over "National Vigilance Excellence Award-2014" to Shri C Venkatesh, Vigilance Officer, M&H at Vigilance Study Circle, Hyderabad

Vigilance Excellence Award was presented to Team Vigilance – HAL, by Institute of Public Enterprises (IPE), Hyderabad, during "Conclave of Vigilance Officers" on 12th March, 2015. The award was presented in recognition of excellent track record of its vigilance activities and spreading the vigilance awareness and sensitizing the employees and other stakeholders. Vigilance Study Circle, Hyderabad has conferred 'Excellence Award' to Shri C Venkatesh, Vigilance Officer, M&H Unit, BC, in recognition of the study conducted by him on Medical Management system in HAL. Shri Mahesh H Kulkarni, CM (IMM-Vig), Corporate Office, was awarded the Individual Excellence Award by Institute of Public Enterprises (IPE), Hyderabad for his contribution in drafting Corruption Risk Management Policy for HAL.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- in the preparation of the annual accounts for the year ended 31st March, 2015, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2015 and of the profit and loss of the company for the year ended on that date;
- the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;



DIRECTORS' REPORT

- the directors have prepared the annual accounts on a going concern basis. and
- the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDITORS AND AUDITORS' REPORT

Statutory Auditors

M/s. Dagliya & Company, Chartered Accountants, Bengaluru were appointed as Statutory Auditors for auditing the Accounts of the Company for the year ended 31st March, 2015 and 20 firms of Chartered Accountants were appointed as Branch Auditors.

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

Cost Auditor

M/s. KPR & Associates, Cost Accountants, Bengaluru were appointed as Cost Auditors for conducting the Cost Audit of the Company for the year 2014 -15.

Secretarial Auditors

M/s. BRKS & Associates, Practicing Company Secretaries, Bengaluru were appointed to conduct Secretarial Audit of the Company for the financial year 2014-15. The Secretarial Audit report submitted by the Auditors is annexed to the Board Report as per **Annexure-VI** and forms part of Annual-Report.

Clause 4 of the Secretarial Audit Report contains a qualification, which is self explanatory.

Auditors' Report

The Auditors' Report on the Annual Accounts for the financial year 2014-15 and comments of the Comptroller & Auditor General of India under Section 143(6) of the Companies Act, 2013 are appended to this Report.

CORPORATE GOVERNANCE

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

VIGIL MECHANISM

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

GENERAL

Your Directors state that during the year under review:

- Company did not accept any deposits covered under Chapter V of the Companies Act, 2013.
- Company did not Issue any equity shares with differential rights as to dividend, voting or otherwise.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operation in future.

ACKNOWLEDGEMENT

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

The Board gratefully acknowledges the patronage extended to it by the Defence Services and look forward to their continued support and co-operation in future.

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

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

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



(T. Suvarna Raju)

Chairman & Managing Director

Place : Bengaluru

Date : 10th September, 2015



MANAGEMENT DISCUSSION & ANALYSIS REPORT

1. INDUSTRY SCENARIO

1.1 Global Scenario

- 1.1.1 The trend of declining defence sector and growing commercial aviation sector has continued and it resulted in another year of low growth rate for Global Aerospace & Defence Industry. As per SIPRI "Trends In World Military Expenditure, 2014", the global defence spending in 2014 amounted to around US\$1.77 Trillion, with approximately 35% attributable to defence spending by the United States. Military spending by the USA fell by around 6.5% in 2014.
- 1.1.2 However, defence spending is increasing in several regions, including the Middle East, China, South Korea, Brazil, Japan and India, to equip their militaries with modern defence platforms and technologies.
- 1.1.3 The second largest defence spending is of China with around 12% of global defence spending in 2014. China's spending was estimated to be increased by approx 13% in 2014, representing a long-term policy of rising military spending in line with economic growth. The total defence spending of next eight highest defence spending countries, i.e. Russia, Saudi Arabia, France, United Kingdom, Germany, Japan, India and South Korea accounts for approximately 26% of global defence spending in 2014.
- 1.1.4 Russia have the largest exports of major weapons in 2014 with 31% and 27% of global share of major weapons export respectively. Countries of Asia and Oceania received nearly 40 per cent of all imports of major weapons in 2010-14, and the three largest recipients of major weapons were all Asian: India (15%), Saudi Arabia (5%) and China(5%).
- 1.1.5 In 2014, the global commercial aerospace industry continued the upward trend with increasing the passenger traffic demand in India, China, Middle East & other Asia Pacific Countries. This upward trend will be driven by increased production rate to accelerate the replacement of the obsolete aircraft with next generation fuel efficient aircraft. The growth in the passenger travel demand is expected to continue to grow around 5% every year over next 20 years.
- 1.1.6 In 2014 the Top 20 global commercial aerospace companies' revenues and operating profit have grown by approximately 7.7% & 13.6% respectively over previous year. The Top 20 global commercial aerospace companies have performed better than the Top 20 global defence aerospace companies.

1.2 The Indian Scenario

- 1.2.1 Indian Aerospace & Defence market is continuing with a trend of growth in line with the emerging markets worldwide due to the economic growth of the nation, increased demand from the armed forces and the growing air traffic in the civil sector.

- 1.2.2 India ranks among the top 10 countries in the world in terms of military expenditure and is the largest importers of conventional defence equipment as it strives to modernize its forces and replace obsolete equipment. As per the Union Budget 2015-16, the budgetary allocation for Indian defence has been raised by 7.7% increase over the previous year's allocation of ₹2,46,727 Cr. (approx US\$ 40 billion).
- 1.2.3 This defence budget allocation includes the revenue expenditure allocation of ₹ 1,34,412.1 Cr. (61.66%) and capital expenditure allocation of ₹ 94,588.0 Cr. (38.34%). The revenue expenditure allocation has grown by 13% and the capital expenditure allocation has been kept same as previous year. However, there has been a decline in the capital expenditure share of defence budget for the current year which is below 40%. This change is expected to have a negative impact on the new acquisition plan of the forces.
- 1.2.4 The Indian Aerospace & Defence market has continued to be one of the most attractive markets as the Indian defence continues to emphasize on modernisation and replacement of obsolete equipment of the armed forces, especially the IAF with present strength of 35 active fighter squadrons whereas their requirement is around 45 squadrons.
- 1.2.5 Indian Defence industry has been primarily dominated by Defence Public Sector Undertakings (DPSUs) and ordinance factories. During the last decade, there has been noticeable growth in the participation of medium & large private companies in Indian Defence industry.
- 1.2.6 The Government of India is providing enormous thrust to the Indian Manufacturing Industry through its initiative "Make in India". This "Make in India" movement is expected to facilitate building an Aerospace & Defence Manufacturing eco-system. However, to boost Aerospace & Defence Manufacturing, particularly the private industry, will require huge investment in plant & machinery, technology and skill development.
- 1.2.7 It is anticipated that the emphasis on indigenous production of defence equipment, the government would require to provide various incentives and opportunities for the private industries to participate in a big way in Indian defence industry. These will make industry to witness formation of Joint Ventures, Alliance or collaborations etc. with the foreign OEMs to vie for the Indian defence market. This was observed through the decision that the 56 transport aircraft to replace the Avro will be built in India by Tata Group in partnership with Airbus. It will be a milestone move towards "Make in India" in technically complex area of aerospace.
- 1.2.8 This move of the Government of India shows a sign of the paradigm shift and will bring forward a competitive and challenging time ahead for DPSUs and OFBs of Defence Industry in general and to HAL in particular. The business environment is undergoing changes and DPSUs and OFBs will be forced to keep up with the changes. The DPSUs will be required to put more emphasis on R&D by investing more in developing next generation technologies and to create new products to support the military mission requirements & address the new threats. Simultaneously, the DPSUs and OFBs will be required to improve their cost



structure & operational efficiency to reduce the cost through advanced manufacturing technologies to become more competitive. DPSUs and OFBs will also need to enter into new markets and form alliance or collaborations or JVCs to continuously grow.

1.2.9 In the Civil Aviation Domain, India is amongst the fastest growing market and is expected to become the third largest by year 2020. India is the world's ninth largest civil aviation market. The total passenger traffic growth registered in India in 2014-15 is 5.9% The Indian Domestic passenger traffic has expanded at a Compound Annual Growth Rate (CAGR) of 11.6% over 2006 – 2014 against the international passenger traffic growth at a CAGR of 9.6% over the same period. Civil Aviation in India is projected to have highest traffic growth in the world for the next 20 years. The regional airlines are also providing point-to-point service to connect all the possible and economically viable Indian cities greatly reducing the travel time.

1.2.10 Increasing demand for affordable and comfortable air travel is creating demand for new and advanced aircraft in the civil airline sector. However, all Indian operators are completely dependent on imported aircraft for their operations, thus creating an opportunity for development of indigenous aircraft. This sector opens up an opportunity for Indian Aerospace Industries to Design, Develop and productionise a civil aircraft in the 70-100 seater. Opportunity for HAL exists to take on a leading role in this endeavour with its experience in aircraft Design and Development.

2. ORGANISATION STRUCTURE

2.1 Your Company has 20 Production / Overhaul Divisions and 10 Research & Development Centres co-located with the production Divisions across the country. These Divisions were organised into five Complexes:

- ◆ Bengaluru Complex: Production and ROH of Fixed Wing Aircraft / Engines (Indian & Western origin)
- ◆ MiG Complex: Production and ROH of Fixed Wing Aircraft / Engines (Russian origin)
- ◆ Helicopter Complex: Design, Production and ROH of Helicopters
- ◆ Accessories Complex: Production and ROH of Transport Aircraft. Production and ROH of Accessories and Avionics for Fixed Wing Aircraft, Helicopters and Engines.
- ◆ Design Complex: Design & Development of Fixed Wing Aircraft.

2.2 These business verticals were managed as independent profit centres by respective Managing Directors. As a consequence of restructuring, the posts of Managing Directors have been replaced by Chief Executive Officers (CEOs) for these business verticals wef 1st April, 2015. The R & D centres were attached to the complexes based on the nature of activities handled by the respective R & D centres. However, after restructuring all the R & D centres will be reporting to Director (Engineering & R&D) for efficient functioning. All the CEOs have been empowered with autonomy in decision making commensurate to the responsibility endowed on them.

- 2.3 In addition, your Company has three Functional Directorates (Operations, Finance and HR) who support the CMD in evolving business strategies, plans, policies and monitoring the performance of the Company vis-à-vis the planned targets.

Your Company had 31,144 employees on its rolls as on 31st March, 2015 including 9,675 executives, 12,988 direct workmen and 8,481 support staff.

3. PRODUCTS & SERVICES

- 3.1 The Company has a comprehensive design and development set up and vast experience in design and manufacture of a diversified range of aircraft and its systems. Out of 29 types of aircraft produced by the Company so far, 15 have been of indigenous design.
- 3.2 The Company has identified additional key technology thrust areas such as Aero-engines, UAVs and Civil Aviation which are being pursued earnestly.

4. SWOT ANALYSIS

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

Strengths

- Long credible history of R&D, Manufacturing and MRO services.
- Good track record in offering life cycle support extending to periods beyond 3 to 4 decades.
- Available in-house infrastructure for design, manufacture, testing and overhaul of aircraft, helicopters, engines, accessories and avionics.
- Availability of manpower with expertise in aerospace domain.
- Accredited with necessary quality certification standards.

Weakness

- Dependence on the Defence customers.
- Dependency on foreign suppliers for critical technologies and certain raw materials.
- Weak Supply Chain due to underdeveloped indigenous aerospace manufacturing eco-system .
- Limitations in attracting talent.

Opportunity

- Growing Defence and Civil aerospace market in India.
- Special emphasis on manufacturing sector by the present Government.
- Export markets for Light helicopters, Dornier aircraft and MRO of defence aircraft and helicopters.

Threats

- Rise in level of competition with the entry of private companies.
- Changing preference of defence customers by moving away from single source to multiple sources.



- Government's thrust for private participation in defence production.
- Emerging alliances and collaborations between foreign OEMs & Indian private companies.
- Increase in FDI limit in defence manufacturing sector

5. PRODUCT-WISE PERFORMANCE

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

6. OUTLOOK

- 6.1 The business environment of the Indian A&D industry, as brought out above, is going through major changes since the formation of new government last year. The Government is emphasising on building & enhancing the complete manufacturing ecosystem in India through its "Make in India" campaign. The Government is also emphasising on increasing Indigenisation, investment and growth of Indian Aerospace & Defence Industry.
- 6.2 Recent initiatives by the Government are creating challenging & competitive scenarios with emerging competition from Indian Private Firms in collaboration with the Foreign OEMs. These changes in the business environment are forcing the Company to increase focus on R&D to develop next generation technology & products with a view on long term sustainability. So the Company is emphasising on R&D, both in-house as well as collaborative, indigenous development programmes, besides co-design & co-development projects being executed in collaboration with leading Aerospace Companies, is expected to give boost to future business prospects of the Company.
- 6.3 Requirement of the Indian Defence Services in the areas of combat aircraft, helicopters in light and medium weight category offers excellent opportunity for your Company in the near future. Your Company has infrastructure set up for design, manufacture and MRO of fixed wing aircraft, helicopters, engines, accessories and avionics mainly in the defence domain. There will be an edge over competition in quickly adapting to the new product portfolio arising out of the defence requirements.
- 6.4 Continuing its thrust on R&D, the Company has put in place system for effective co-ordination among various R&D Labs / establishments within the Company and at the national level with a view to optimise resources. The Company has earmarked 10% of its operating profit after tax as R&D corpus to promote technology development and innovation. During the current year, HAL has filed 814 patent applications, taking the cumulative number of applications to 1094.
- 6.5 Your Company's quest for development of indigenous aircraft / helicopter has progressed considerably. New products like ALH weaponised version, Light Combat Helicopter(LCH), Light Utility Helicopter(LUH), Basic Trainer Aircraft (HTT-40) and UAVs are expected to lead the Company to expand its business horizon.
- 6.6 In the light helicopter category, sufficient inroads have been made through ALH (Dhruv). The Light Combat Helicopter (LCH) and the Light Utility Helicopter (LUH) under design & development will

position your Company as a complete solution provider in the Light helicopter category to Indian Defence Services. During the year, your Company has taken steps to expand its infrastructure and capacity to cater to the new programs. Towards this, a modern state-of-the-art green field helicopter production facility is planned in Tumkur, Karnataka for which the process of land acquisition for around 610 acres has been completed.

- 6.7 Obsolescence is a concern for your Company in the area of MRO, especially in the ageing fleets of older aircraft/helicopters still under operation by customers. Denial of technology by the OEMs in critical areas may have adverse impact on the MRO support to customers. This is being addressed through measures like indigenization, alternate sources and LTBA's for spare supports from the OEMs.

7 MEASURES TO TACKLE CHALLENGES

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

Technology Development / Acquisition

- 7.2 R&D policy is formulated aiming at developing an effective R&D eco system to design and develop technologies, products and services through creative and innovative R&D efforts.
- 7.3 Two major projects that have been launched in 2014-15 under R&D Corpus are:
- ◆ Development of a 1200 kW Turbo Shaft Engine (HTSE).
 - ◆ Development of Navigation Sensor Unit (NSU) for Hawk
- 7.4 Meta University: A society has been registered for formation of Corporate Meta University for industry focused research relating to aeronautical sector in all disciplines and inter-disciplinary areas of technologies.
- 7.5 Chairs have been established at IIT Kharagpur, IIT Bombay and IIT Madras for various Design and Development activities.
- 7.6 Your Company launched the production of HTT-40 prototype while progressing further on Design and Development of Basic Trainer Aircraft. Pending Government approval, preliminary and detail design of the aircraft has been completed.
- 7.7 An MoU was signed with ADE for development and production of Rustom II MALE UAV

Developing Human Capital

- 7.8 The focus of HR strategy is to initiate planned efforts to help employees acquire job-related knowledge, skills, abilities, and behaviors, with the goal of applying them on the job. The need for improved productivity has become globally accepted and initiatives for capability building in terms of Competencies and Skill Development play a significant role in accomplishing this objective. Competency Frame Work has thus become the theme for initiatives to enhance HR processes and systems.



- 7.9 Organisational Change demands deliverables based on HR value proposition. The Company employs personnel who possess a wide variety of skills. The manufacture of aircraft has undergone revolutionary changes both conceptually and technologically. The Company faces the challenge of updating the skills of its manpower and enable it to cope with these changes. The need to revitalize the HR functions and make them contribute to greater organizational effectiveness is thus apparent.
- 7.10 In order to meet the existing and emerging challenges, the Company needs HR capabilities to ensure continuous and timely supply of high performance individuals to occupy leadership roles. Succession Planning is identified as a thrust area to assume key business positions. Major initiatives launched by the Company to build feeder groups include Leadership Development Programme, Assessment & Development Centres and Competency based Training.
- 7.11 Based on the approval accorded by the Board of Directors of the Company, Aerospace and Aviation Sector Skill Council (AASSC) has been registered as a Section 8 (Non Profit) Company under the Companies Act, 2013, along with Bengaluru Chamber of Industries and Commerce (BCIC) and Society of Indian Aerospace Technologies & Industries (SIATI), under the aegis of National Skill Development Corporation (NSDC). About 30 Courses will be introduced in the first three years to ensure growth, relevance of the skills in the Aerospace sector.

Customer Orientation

- 7.12 For the financial year 2014-15, the customer services continued its focus to assist customers in improving its fleet serviceability. Zero AOGs (Aircraft Operationally Grounded) with the Indian Air Force has been the ultimate goal. Towards Zero AOGs, the Company has suggested a proposal to supply spares, with a nil waiting period on a ware housing / off the shelf supply basis. The pricing model will be finalised in consultation with Customers / MoD.
- 7.13 For the year 2015-16, your Company has targeted visits by top executives to Command Head Quarters to bring in more visibility of customer concerns and finding solutions thereon. Direct interactions on the issues with operators have helped HAL resolving the various issues which otherwise may hinder smooth operations. Towards this, the experts from the various fleets participated in the Operator's Conferences of the respective fleets and provided their valuable inputs. The inputs provided by such experts help the customers both in flying operations as well as the fleet maintenance.
- 7.14 To help the IAF tide over the training commitments, your Company is providing active support to its Kiran fleet until 2019. Similarly, to help the IAF derive maximum potential out of its potent Jaguar fleet, inducted in 1978, your Company would continue to support it for the next 25 years. For this purpose Steering Committee for Jaguar fleet is being formed by the expert executives from HAL & IAF.
- 7.15 HAL has undertaken Obsolescence Management of Jaguar, Kiran, Avro and Dornier fleets in a big way. Efforts on the Indigenization also have been accelerated to meet the requirements and reduce the dependence on foreign OEMs and high costs. Facilities for ROH of Hawk & Su-30 have been set up. In the coming years, your Company's endeavour would be to provide complete maintenance support to the IAF leaving them focused on the operations alone.

Business Processes

- 7.16 Your Company revisited policies and processes to bring them in tune with the changing business environment. In addition, sustained efforts were continued in the IT and other initiatives launched during the previous year. Modernisation of production systems was given thrust to improve efficiency through new machineries and other infrastructure. A Risk Management Policy was introduced to enable business decisions considering all aspects of environment.
- 7.17 To leverage existing ERP System towards enhancing the customer delight with one standardized approach, common Customer Service Dashboard has been created for all the Divisions, enabling availability of information on AOG, RRT, RMSO, etc. The dashboard also provides benchmark on the task performed by different divisions along with analytics.
- 7.18 The Company has undertaken a Comprehensive program named as "Project Parivartan" to enable Business Goals. The program is targeted to bring Customer Delight through three key drives i.e, "On Time Delivery", "Cost Optimization" and "Global Quality Standards".
- 7.19 The first 'Make in India' Public-Private Partnership Meet organized jointly by HAL and Confederation of Indian Industries (CII) in Bengaluru on 18th December, 2014. The unique two-day meet is aimed at not only identifying and attracting potential suppliers, R&D partners to boost indigenization but also outlining the path for the integration of SMEs into the defence supply chain.
- 7.20 The Outsourcing policy has been formulated in December 2014. The policy broadly covers the area of Vendor registration, Assessment of vendor capability, Selection of vendor, Pricing & Evaluation guidelines, Technical assistance and Long term Business agreement etc.
- 7.21 The Divisions are being encouraged to enter into Long Term Business Agreements with vendors to supply the material in split quantities at periodic intervals in-line with the requirement schedule, to avoid pile up of inventory on one hand and ensure timely availability of the materials on the other.
- 7.22 The inventory level of the Company stands at ₹25,153 Cr. as on 31st March, 2015. Su- 30 project inventory constitute 42% of the inventory followed by Hawk, ALH and LCA amounting to 29%. All material required for execution of current contract have largely been procured. Inventory for the repair / overhaul programme is being continuously provisioned based on forecast task.
- 7.23 A society has been registered for formation of Corporate Meta University for industry focused research relating to aeronautical sector in all disciplines and inter-disciplinary areas of technologies.
- 7.24 Production processes are being reviewed to remove bottlenecks and enhance productivity by addition of suitable machinery / equipment, processes and technology, with an objective to set up world class infrastructure in each of the Divisions.



8. FINANCIAL PERFORMANCE

8.1 The financial performance of the Company for the year 2014-15 is summarised here below:-

Particulars	Unit	31.3.2015	31.3.2014
Total Sales	₹ Cr.	15,621.63	15,127.94
Export Sales	₹ Cr.	499.40	440.04
Profit before Tax (PBT)	₹ Cr.	3,172.52	3,577.69
Gross Margin	₹ Cr.	3,986.85	4,181.17
Net Worth	₹ Cr.	16,786.07	15,014.64
R&D Expenditure	₹ Cr.	1,046.67	1,083.26
Dividend Pay-out (Excluding Dividend Tax)	₹ Cr.	480.00	890.00
Dividend as a percentage to Paid-up Capital	%	99.59	184.65
Sales Per Employee	₹ Lakh	50.16	47.12
Earnings Per Share	₹	49.54	55.86

8.2 Analysis of Financial Performance 2014-15:

8.3 The Sales registered a growth of 3.26% from ₹ 15,127.94 Cr. in the previous year to ₹ 15,621.63 Cr.

8.4 The Company has recorded a profit of ₹ 3,172.52 Cr. during the year as compared to ₹ 3,577.69 Cr. in the previous year.

8.5 Gross Margin is ₹ 3,986.85 Cr. during the year as compared to ₹ 4,181.17 Cr. in the previous year .

8.6 Earnings Per Share is ₹ 49.54 as against ₹ 55.86 in the previous year.

8.7 Increase in net worth from ₹ 15,014.64 Cr. in the previous year to ₹ 16,786.07 Cr. in the current year.

9. HUMAN RESOURCE DEVELOPMENT

9.1 Human Resource Management in HAL has been constantly re-inventing the HR Practices, Policies & Procedures to cater to the changing needs of the Workforce.

9.2 The focus has been to foster a process of building leadership capability across various levels in the Organisation. The emphasis, therefore is on developing a wide spectrum of talent within the Management cadre so that availability of internal talent to take over critical positions will not be a constraint to the strategic intent of the Organisation. The Company has taken several initiatives to build the leadership capabilities through structured programmes, workshops & training. Leadership Development Programme (LDP), Sanghshaptak organised in association with the Indian Institute of Management, Ahmedabad, is aimed at preparing today's generation of Senior Executives to take on the challenges of tomorrow. During 2014-15, LDP was taken forward by nomination of 60 Senior Executives in 2 batches. The initiative will help HAL to groom future leaders for succession to key positions and develop a Leadership Pipeline.

- 9.3 Competency Gaps identified through Assessment Development Centres form the basis for Competency Development Programmes. During the year, Competency Development Programmes were conducted at Indian Institutes of Management at Ahmedabad, Bengaluru & Calcutta covering 136 Senior Officers.
- 9.4 A Scheme for Engagement of Personnel on Tenure Basis in the Non – Executive cadre has been introduced in the Company to meet the dynamic manpower requirement for the new, critical and time-bound projects of the Company in specific Trades/ Disciplines. The Scheme will provide flexibility in hiring manpower based on workload and economic conditions and will facilitate optimum utilisation of Resources. It will also bring cost effectiveness with focus on developing multitasking capabilities in the workforce.
- 9.5 The Company has introduced Post Superannuation Group Health Insurance Scheme during the year in respect of workmen retired after 1st January, 2007. Schemes in respect of Employees (Officers & Workmen) retired before 1st January, 2007 and Officers retired after 1st January, 2007 were introduced during the Year 2013-14. The Schemes besides providing assistance to the retired employees, are also aimed at reducing the rate of attrition as well as attracting talent.

10. ENVIRONMENT PROTECTION AND CONSERVATION:

- 10.1 The Company has been planting saplings every year. The Division–wise details of saplings planted during the years 2013-14 and 2014-15 are as indicated below:

Sl. No.	Name of the Division / Complex	Total number of saplings planted during	
		2013 -14	2014-15
1	Bengaluru Complex	985	2,800
2	Koraput Division	41,000	45,740
3	Nasik Division	25,880	6,582
4	Korwa Division	1,200	881
5	Lucknow Division	3,000	3,000
6	Barrackpore Division	22,238	22,715
7	TAD Kanpur	21,574	690
8	Hyderabad Division	00	1,100
	TOTAL	1,15,877	83,508



CORPORATE GOVERNANCE REPORT

PHILOSOPHY AND CODE OF GOVERNANCE

The Company's philosophy on Corporate Governance is based on the principles of honesty, integrity, accountability, disclosure, Corporate Social Responsibility, transparency in decision making and avoiding conflicts of interest.

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

The Company has implemented the guidelines enunciated by the Department of Public Enterprises, Government of India., on Corporate Governance. It has a strong and well laid down administrative set up to facilitate decentralised and transparent decision making. For effective implementation of the Corporate Governance practices, the Company has a well-defined policy framework. The HAL Corporate Governance Policy is based on the following principles:-

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

BOARD OF DIRECTORS

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

COMPOSITION

Your Company being a Public Sector Undertaking, appointment of all the Directors is being done by the President of India, through the Ministry of Defence. The Board has an appropriate mix of Executive, Non-Executive (official) and Independent Directors and is headed by an Executive Chairman.

The Board structure of the Company has been revised with effect from 1st April, 2015 based on the decision of the Government conveyed vide letter No. 59011/15/2012-D(HAL-II) dated 5th December, 2014 pursuant to the recommendation of the Expert Group. As per the decision the Composition of the Board of Directors consists of Chairman & Managing Director, 4 Functional Directors, 2 Official Directors and 7 Independent Directors (Total 14 Directors).

MEETINGS AND ATTENDANCE

During the financial year ended on 31st March, 2015, 15 numbers of Board Meetings were held as mentioned below:

SI No	Date of Board Meeting	SI No	Date of Board Meeting
1	15 th April, 2014	9	27 th November, 2014
2	12 th May, 2014	10	20 th December, 2014
3	2 nd June, 2014	11	28 th January, 2015
4	20 th June, 2014	12	10 th February, 2015
5	26 th July, 2014	13	19 th February, 2015
6	30 th August, 2014	14	20 th March, 2015
7	30 th September, 2014	15	30 th March, 2015
8	6 th November, 2014		

Details of attendance of the Directors at the Board Meetings during 2014-15 are given below:-

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

* Change in Board of Directors

- Dr. R K Tyagi ceased to be the Chairman with effect from 31st January, 2015.
- Shri T Suvarna Raju was assigned the additional charge of Chairman with effect from 1st February, 2015 and appointed as Chairman from 5th March, 2015.
- Shri A K Gupta was appointed as Government Nominee Director with effect from 2nd July, 2014 and ceased to be Director with effect from 30th October, 2014.



- Air Marshal S B P Sinha, AVSM,VM was appointed as Government Nominee Director with effect from 2nd July, 2014.
- Shri K K Pant ceased to be Government Nominee Director with effect from 2nd July, 2014 and again was appointed as Government Nominee Director with effect from 30th October, 2014.
- Shri P K Kataria ceased to be Government Nominee Director with effect from 2nd July, 2014.
- Air Marshal (Retd.) P R Sharma, PVSM, AVSM, Shri P S Krishnan, Shri Pradipta Banerji, Shri Gopabandhu Pattanaik, Dr. Arun Kumar Jain, and Air Vice Marshal (Retd.) D K Pande, AVSM,VSM appointed as Independent Director with effect from 5th May, 2014.

AUDIT COMMITTEE

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

The Audit Committee consists of 4 Independent Directors and 1 Government Nominee Director as given below:

- Shri Gopabandhu Pattanaik, Chairman
- Dr. Arun Kumar Jain
- Shri P S Krishnan
- Prof Pradipta Banerji
- Shri K K Pant, JS (Aero)

The Company Secretary is the Secretary of the Audit Committee. The Statutory Auditors of the Company and Director (Operations) are permanent invitees. The Director (Finance) and Head of the Systems Audit Department also attends the meetings of the Audit Committee regularly. The terms of reference of the Audit Committee are in line with Section 177 of the Companies Act, 2013 and the DPE Guidelines.

During the year ended on 31st March, 2015, the Audit Committee met 7 times on 20th June, 2014, 25th July, 2014, 26th August, 2014, 5th November, 2014, 26th November, 2014, 20th December, 2014 and 14th March, 2015. The attendance of the Chairman and members of the Audit Committee in these meetings was as follows:-

Sl. No.	Name of Members	Meetings held during respective tenure of Director	No. of Audit Comm. Meetings attended
1	Shri Gopabandhu Pattanaik	7	5
2	Dr. Arun Kumar Jain	7	6
3	Shri P S Krishnan	7	5
4	Shri Pradipta Banerji	7	5
5	Shri K K Pant*	4	2
6	Shri P K Kataria*	1	0
7	Shri A.K. Gupta*	1	0

* Change in Members of the Audit Committee

- Shri K K Pant ceased to be member of the Committee with effect from 2nd July, 2014 and again appointed as member with effect from 6th November, 2014.
- Shri P K Kataria ceased to be Director with effect from 2nd July, 2014.
- Shri A.K. Gupta was appointed as member of the Committee with effect from 26th July, 2014 and ceased to be member with effect from 30th October, 2014.

The Chairman of the Audit Committee was present at the last Annual General Meeting.

Consequent upon restructuring of Board of Directors of HAL w.e.f 1st April, 2015 as per MoD letter No 59011/15/2012-D(HAL-II) dated 5th December, 2014 the Composition of Audit Committee had reconstituted by the Board in its 388th meeting held on 8th June, 2015 as under:

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

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

NOMINATION & REMUNERATION COMMITTEE

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

The Constitution of the Nomination & Remuneration Committee is as follows:

- Prof. (Dr.) Arun Kumar Jain, Chairman
- Prof.Pradipta Banerji
- Shri Gopabandhu Pattanaik
- Air Marshal S.B.P Sinha, (DCAS)
- Shri K K Pant, JS (Aero)*

*Member of the Committee w.e.f 6th November, 2014

During the year ended 31st March, 2015, the Nomination & Remuneration Committee met twice on 26th August, 2014 and 14th January, 2015.

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



Consequent upon restructuring of Board of Directors of HAL w.e.f 1st April, 2015 as per MoD letter No 59011/15/2012-D(HAL-II) dated 5th December, 2014 the Composition of Nomination & Remuneration Committee was reconstituted by the Board in its 388th meeting held on 8th June, 2015 as under:

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

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

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

The Independent Directors are not paid any remuneration except the sitting fee of ₹.20,000.00 per sitting of the Board and its Committee Meetings. The Government Directors are neither paid any remuneration nor any sitting fee.

The Sitting fee paid to the Independent Directors during the year 2014-15 is as follows:

(₹ in Lakhs)

SI. No.	Name of Independent Director	Board Meetings	Committee Meetings	Total Remuneration
1	Prof. (Dr.) Arun Kumar Jain	2.00	4.00	6.00
2	Prof. Pradipta Banerji	1.80	2.00	3.80
3	Shri Gopabandhu Pattanaik	1.60	1.20	2.80
4	Air Marshal (Retd.) Priya Ranjan Sharma, PVSM, AVSM	2.20	1.40	3.60
5	Shri P.S. Krishnan	2.40	2.00	4.40
6	Air Marshal (Retd.) D.K.Pande, AVSM,VSM	2.60	0.80	3.40

Details of remuneration of Whole Time Directors during the year 2014-15 are given at **Enclosure IV of Annexure I.**

CSR & SUSTAINABLE DEVELOPMENT COMMITTEE

The CSR & Sustainable Development Committee, headed by an Independent Director, oversees implementation of CSR and sustainable development activities in the Company. The Committee consist of the following members:-

- Prof. Pradipta Banerji, Chairman
- Director (Human Resources)
- Managing Director (Bengaluru Complex)
- Managing Director (MiG Complex)
- General Manager (Finance)

General Manager (HR) is the Secretary to the Committee

During the year, the CSR & SD Committee held 2 (two) meetings on 27th September, 2014 & 10th February, 2015.

Consequent upon restructuring of Board of Directors of HAL w.e.f 1st April, 2015 as per MoD letter No 59011/15/2012-D(HAL-II) dated 5th December, 2014 the Composition of CSR & SD Committee had reconstituted by the Board in its 388th meeting held on 8th June, 2015 as under.

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

General Manager (HR) is the Secretary to the Committee

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

SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

Shareholders/Investors Grievance Committee headed by an Independent Director. The Committee consist of the following members:-

- Air Vice Marshal (Retd.) D.K. Pande, Chairman
- Director (HR)
- Director (Finance)

Company Secretary is the Secretary of the Committee.

Consequent upon restructuring of Board of Directors of HAL w.e.f 1st April, 2015 as per MoD letter No 59011/15/2012-D(HAL-II) dated 5th December, 2014 the Composition of Shareholders / Investor Grievance Committee had reconstituted by the Board in its 388th meeting held on 8th June, 2015 as under:

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

Company Secretary is the Secretary of the Committee



OTHER COMMITTEES OF THE BOARD

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

a. IPO COMMITTEE

The Committee consisted of the following members:-

- ◆ Director (HR)- Chairman
- ◆ Managing Director (BC)
- ◆ Director (Finance)

Company Secretary is the Secretary of the Committee

Consequent upon restructuring of Board of Directors of HAL w.e.f 1st April, 2015 as per MoD letter No 59011/15/2012-D(HAL-II) dated 5th December, 2014 the Composition of IPO Committee had reconstituted by the Board in its 388th meeting held on 8th June, 2015 as under:

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

Company Secretary is the Secretary of the Committee

b. HR COMMITTEE

HR Committee recommends and advises the Board on HR issues especially in laying down the policies, guidelines and evolving HR strategies. The composition of the HR Committee, headed by an Independent Director is as follows:

- ◆ Air Marshal (Retd.) P.R. Sharma, Chairman
- ◆ Prof. (Dr.) Arun Kumar Jain
- ◆ Director (HR)
- ◆ Director (Finance)

GM (HR) is the Secretary of the Committee.

During the year ended 31st March, 2015, the HR Committee had met thrice, on 26th August, 2014, 29th October, 2014 and 14th January, 2015.

c. PROCUREMENT SUB-COMMITTEE

The Committee consisting of the following members has been delegated powers to approve Procurement Proposals having value over ₹ 60 Cr. and upto ₹120 Cr. :

- ◆ Shri T Suvarna Raju, Chairman
- ◆ Joint Secretary (Aerospace), MoD
- ◆ Air Marshal S B P Sinha, AVSM,VM (DCAS)
- ◆ Director (Finance)

- ◆ Director (CP&M)
- ◆ Concerned Managing Director (s)/ Director (s)

Shri P K Kataria, Addl (FA) K & JS is Permanent Invitee to the Committee and Company Secretary is the Secretary to the Committee.

Consequent upon restructuring of Board of Directors of HAL w.e.f 1st April, 2015 as per MoD letter No 59011/15/2012-D(HAL-II) dated 5th December, 2014 the Composition of Procurement Sub-Committee had reconstituted by the Board in its 388th meeting held on 8th June, 2015 as under.

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

Addl FA (K) & (JS), DDP, MoD and Concerned CEO(s) are permanent Invitees to the Committee.

Company Secretary is the Secretary to the Committee

d. BUSINESS STRATEGY SUB COMMITTEE

The Committee consisted of the following members:-

- ◆ Dr. Arun Kumar Jain – Chairman
- ◆ Air Marshal (Retd.) P.R. Sharma
- ◆ Shri P.S. Krishnan
- ◆ Director (CP&M)
- ◆ Director (Finance)
- ◆ Director (D&D)

ED (P&P) is the Secretary to the Committee.

Consequent upon restructuring of Board of Directors of HAL w.e.f 1st April, 2015 as per MoD letter No 59011/15/2012-D(HAL-II) dated 5th December, 2014 the Composition of Business Strategy Sub Committee had reconstituted by the Board in its 388th meeting held on 8th June, 2015 as under:

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



Concerned CEOs are permanent invitees and the Head of planning department is the Secretary to the Committee.

e. MANAGEMENT COMMITTEE

The Committee consisting of all Whole time Directors chaired by the CMD of the Company has been empowered to approve the proposals under the powers delegated by the Board. The Board of Directors in its 388th meeting held on 8th June 2015 reconstituted the Committee as under:

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

f. DESIGN POLICY COMMITTEE

The Committee consisting of all Whole time Directors, chaired by the CMD of the Company, have been delegated powers by the Board to approve Research & Development and Indigenisation proposals. The Board of Directors in its 388th meeting held on 8th June, 2015 discontinued the Technology Development Committee and renamed the Design Policy Committee as Technology and Design Policy Committee. GM (ARDC) is the Secretary to the Committee.

CODE OF CONDUCT

The Board of Directors of your Company has laid down a Code of Conduct for all Board Members and Senior Management of the Company. The Code of Conduct has been posted on the Company’s website www.hal-india.com. All Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct during the year 2014-15. A declaration to this effect signed by the Chairman & Managing Director is appended to this report.

SHAREHOLDING PATTERN

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

GENERAL MEETINGS

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

Year	Venue	Date & Time
2011-12	Hindustan Aeronautics Limited 15/1, Cubbon Road, Bengaluru – 560001. Karnataka	26 th September, 2012 at 1500 HRS
2012-13	Hindustan Aeronautics Limited 15/1, Cubbon Road, Bengaluru – 560001. Karnataka	27 th September, 2013 at 1500 HRS
2013-14	Hindustan Aeronautics Limited 15/1, Cubbon Road, Bengaluru – 560001. Karnataka	27 th September, 2014 at 1100 HRS

No Special Resolutions was put up at 50th Annual General Meetings held on 27th September, 2013.

At the 49th Annual General Meeting held on 26th September, 2012, one Special Resolution was passed for alteration of Article 119(b) of the Articles of Association of the Company titled "Powers of Directors" regarding powers reserved for the decision of the President and at the 51st Annual General Meeting held on 27th September, 2014, one Special Resolution was passed for alteration of Article 107B of the Articles of Association of the Company titled "Period of retention of lien up to a period not exceeding five (5) years".

The Annual General Meeting for the year 2014-15 will be held on:-

Day & Date : Monday & 28th September, 2015

Time : 1400 hours

Venue : Hindustan Aeronautics Limited, 15/1, Cubbon Road, Bengaluru – 560001. Karnataka

Registered / Corporate Office address for correspondence

Hindustan Aeronautics Limited

15/1, Cubbon Road, Bengaluru – 560001. Karnataka

Phone (080) 2232 0001, Fax (080) 2232 0758

Email: cosec@hal-india.com

Website: www.hal-india.com

Disclosures

- (a) **Related Party Transactions** are disclosed in Note no. 34 (21A) to notes to the Accounts. The Company does not have any materially significant related party transactions, which may have potential conflict with its interest at large.
- (b) **Accounting Standards:** The Company is complying with all applicable Accounting Standards. Ministry of Corporate Affairs to vide Notification No GSR 463 (E) dated 5th June, 2015 granted exemption to your Company with respect to applicability of Accounting Standard 17 (segment reporting) being the Company engaged in defence production. Disclosure in this regard has been made at Note no. 34 (20) of Note to the Accounts.
- (c) **Training of Directors:** The Directors were sponsored for training programmes on Corporate Governance.
- (d) **Whistle Blower Policy:** The Company had promulgated a Whistle Blower Policy during the year 2010 with a view to establish a mechanism for the employees to report to the Management about their concerns on unethical behaviour or the cases of suspected fraud, violation of Company's general guidelines on Conduct and Ethics. The Policy provides for adequate safeguards to protect genuine Whistle Blower against victimisation. The policy also been posted in the Company's website i.e. www.hal-india.com
- (e) **Presidential Directives:** Your Company has been following the Presidential Directives and Guidelines issued by the Government of India from time to time regarding reservation of SCs, STs



and OBCs, in letter and spirit. Liaison Officers are appointed at various Units / Offices all over the Country to ensure implementation of the Government Directives. Officers dealing with the subject were provided with necessary training to enable them to update their knowledge on the subject and perform their job effectively. HAL has been implementing the Government directives on reservation. The representation of SCs/STs/OBCs in HAL as on 31st December, 2014 was as under:

Category of Employees	Group-A	Group-B	Group-C	Group-D	Total
Scheduled Caste	1649	61	3757	6	5473
Scheduled Tribe	548	22	1536	-	2106
Other Backward Classes	2120	56	5225	6	7407

The Company has been implementing the Government Directives on reservation for Persons with Disabilities and Ex-servicemen. Their representation as on 31st December, 2014 was as under:

Category of Employees	Group-A	Group-B	Group-C	Group -D	Total
Physically Handicapped	160	7	519	3	689
Ex-Servicemen	91	6	1730	00	1827

The Company has implemented Presidential Directives on the Official Languages Act, 1963.

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

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

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

Expenses incurred for the Board of Directors and Top Management are in the nature of salaries, allowances, perquisites, benefits and sitting fees as permissible under the Rules of the Company. No other expenses, which are personal in nature, were incurred for the Board of Directors and Top Management during the year 2014-15.

(h) Corporate Social Responsibility & Sustainable Development (CSR & SD) : During the year, the Company had spent ₹ 45.76 Cr. against an allocated budget of ₹69.35 Cr. towards CSR & Sustainable Development. The Company had also undertaken specific CSR activities in accordance with the MoU entered with the Government.

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

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

- (j) **Means of Communications:** The Annual Report of the Company is circulated to the members and others entitled to receive it. The Company displays the Accounts and other relevant information including those required under the Right to Information Act on its website www.hal-india.com.
- (k) **Compliance:** The Company has complied with the Guidelines on Corporate Governance for CPSEs issued by the Department of Public Enterprises, Government of India. The Company is also submitting quarterly Compliance Report regularly to the Ministry of Defence, Government of India. Certificate on Compliance of the Policy / DPE guidelines on Corporate Governance issued by the Company Secretary in Practice is enclosed to this report.

DECLARATION

Pursuant to the Department of Public Enterprises (DPE) Guidelines on Corporate Governance for Central Public Sector Enterprises as contained in the DPE Office Memorandum No. 18(8)/2005-GM dated 14th May, 2010, all Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Business Conduct & Ethics for Board Members & Senior Management of Hindustan Aeronautics Limited, for the year ended 31st March, 2015.

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



(T. Suvarna Raju)

Chairman & Managing Director

Place : Bengaluru

Date : 10th September, 2015



CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

Corporate Identification No. : U35301KA1963GOI001622

Authorised Capital : ₹ 600,00,00,000

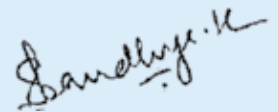
To,

The Members of
Hindustan Aeronautics Limited
Bengaluru

We have examined all the relevant records of Hindustan Aeronautics Limited for the year ended 31st March, 2015 for the purpose of certifying compliance of the conditions of Corporate Governance as stipulated in Department of Public Enterprises (DPE) Guidelines 2010 on Corporate Governance for Central Public Sector Enterprises. We have obtained all the Information and explanations which to the best of our knowledge and belief as were necessary for the purpose of certification.

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

On the basis of our examination of the records produced and the explanations and information furnished, we certify that the Company has maintained proper records and complied with the conditions of Corporate Governance as stipulated In DPE Guidelines 2010 on Corporate Governance for Central Public Sector Enterprises for the financial year ending 31st March, 2015.

A handwritten signature in black ink, appearing to read 'Sandhya K'.

(K Sandhya Lakshmi)

Partner

B R K S & Associates

Company Secretaries

C.P. No.8538

Place: Bengaluru

Date : 8th August, 2015

ANNEXURE- I TO DIRECTORS' REPORT**Form No.MGT-9****EXTRACT OF ANNUAL RETURN****As on the Financial Year ended on 31st March 2015**

[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	U35301KA1963GOI001622
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 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	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	Manufacture of Aircraft and Helicopters	35301	59
2	Repair, Maintenance of Aircraft and Helicopters	35308	33

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, Bengaluru – 560 017	U72200KA1993PLC013983	Associate	HAL:49 % BAe Systems:40 % BAe HAL Employee Trust: 11 %	Section 2(76) (viii)
2	Snecma HAL Aerospace Private Limited No 140/1, Hoody Whitefield Road, Whitefield Industrial Area, Bengaluru – 560 066	U35303KA2005PTC037539	Associate	Snecma: 50 % HAL: 50 %	Section 2(76) (viii)



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

11	International Aerospace Manufacturing Private Limited Survey No.3, Kempapura Village, VarthurHobli, Bengaluru East Taluk, Bengaluru – 560 037	U29253KA2010PTC054509	Associate	HAL: 50 % Rolls Royce : 50 %	Section 2(76) (viii)
12	Aerospace Aviation and Sector Skill Council HAL, Technical Training Institute, Surjandas Road, Vimanapura Road, Bengaluru – 560 017	U80301KA2014NPL076367	Associate	HAL: 50% BCIC: 25% SIATI: 25%	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.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
a	At the beginning of the year	-	-	-	-
b	Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment/ transfer/bonus/ sweat equity etc.)	-	-	-	-
c	At the end of the year	-	-	-	-



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

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

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

V. INDEBTEDNESS

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

(₹ In lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	67937.18	--	--	67937.18
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	--	--	--	--
Total(i+ii+iii)	67937.18	--	--	67937.18
Change in Indebtedness during the financial year				
• Addition	--	--	--	--
• Reduction	67937.18	--	--	67937.18
Net Change	(67937.18)	--	--	(67937.18)
Indebtedness at the end of the financial year				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	Nil	Nil	Nil	Nil

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

- a. Remuneration to Managing Director, Whole-time Directors and/or Manager:
- b. Remuneration to other directors:
- c. Remuneration to key managerial personnel other than MD/Manager/WTD

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES - NIL

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

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

(T. Suvarna Raju)
Chairman & Managing Director

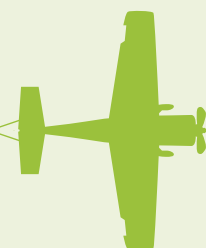
Date: 10th September, 2015

Place: Bengaluru



i) **Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% 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	-	48,20,00,000	48,20,00,000	100%	-	48,20,00,000	48,20,00,000	100%	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-Total (A) (1)	-	48,20,00,000	48,20,00,000	100%	-	48,20,00,000	48,20,00,000	100%	-
(2) Foreign									
NRIs- Individuals	-	-	-	-	-	-	-	-	-
Other – Individuals	-	-	-	-	-	-	-	-	-
Bodies Corp	-	-	-	-	-	-	-	-	-
Banks / FI	-	-	-	-	-	-	-	-	-
Any other	-	-	-	-	-	-	-	-	-
Sub Total (A) (2)	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = A(1) + A(2)	-	48,20,00,000	48,20,00,000	100%	-	48,20,00,000	48,20,00,000	100%	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-



Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	48,20,00,000	48,20,00,000	100%	-	48,20,00,000	48,20,00,000	100%	-



(Enclosure-II)

ii. **Shareholding of Promoters**

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

(Enclosure - III)

II. Shareholding of Directors and Key Managerial Personnel

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

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

2. **Air Marshal S.B.P Sinha, AVSM ,VM (DCAS)***

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

3. Shri T. Suvarna Raju, Chairman & Managing Director*

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

4. Dr. A.K. Mishra* D (F)*

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

5. Shri V M Chamola, D(HR)*

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

*Note: Nominee Shareholders of the President of India



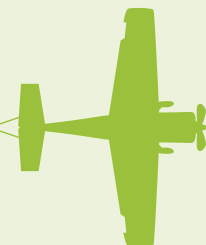
REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No	Particulars of Remuneration	Name of MD/WTD/Manager						Total Amount
		T Suvarna Raju	Dr. R K Tyagi*	V M Chamola	K Naresh Babu**	Dr. A K Mishra	S. Subrahmanyam	
1.	Gross salary (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961*** (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	3593706	4647311	3456817	4472246	4000578	3246425	23417083
2.	Stock option	-	-	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-	-	-
4.	Commission as % of profit others (specify)	-	-	-	-	-	-	-
5.	Others, please specify	-	-	-	-	-	-	-
	Total (A)	4111063	5613563	4023468	4860925	4644993	3769859	27023871
	***Include leave encashment	157628	235911	-	538391	528530	153032	-
	Ceiling as per the Act	Exempted as per the MCA Notification No. 463 (E) dated 05.06.2015						-

(In ₹)

* Dr. R K Tyagi superannuated on 31st January 2015.**Shri K Naresh Babu superannuated on 31st March 2015



B. Remuneration to other Directors:

(₹ In lakhs)

Sl. No	Particulars of Remuneration	Name of Directors						Total Amount
		A/M (Retd.) P R Sharma	P S Krishnan	Prof. Pradipta Banerji	G. Pattanaik	Dr. A K Jain	AVM (Retd) D K Pande	
1.	a. Fee for attending board & committee meetings	3.60	4.40	3.80	2.80	6.00	3.40	24
	b. Commission	--	--	--	--	--	--	--
	c. Others, please specify	--	--	--	--	--	--	--
	Total (1)	3.60	4.40	3.80	2.80	6.00	3.40	24
2	Other Non-Executive Directors	A K Gupta #	K K Pant #	A/M S.B.P. Sinha #				
	a. Fee for attending board committee meetings	--	--	--	--	--	--	--
	b. Commission	--	--	--	--	--	--	--
	c. Others, please specify	--	--	--	--	--	--	--
	Total (2)	--	--	--	--	--	--	--
	Total(B)=(1+2)	3.60	4.40	3.80	2.80	6.00	3.40	24
	Total Managerial Remuneration Over all Ceiling as per the Act	Exempted as per the MCA Notification No. 463 (E) dated 05.06.2015						

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



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

(In ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary** (Ashok Tandon)	CFO (Dr. A K Mishra)	Total
1	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.*	Already included in Part A	32,67,678	Already included in Part A	32,67,678
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961		5,24,650		5,24,650
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961				
2	Stock Option		-		-
3	Sweat Equity		-		-
4	Commission as % of profit others, specify	-	-		
5	Others, please specify	-	-		
	Total		37,92,328		37,92,328

* Including VL encashment ₹ 7,22,098/-

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

Form No. AOC-2

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

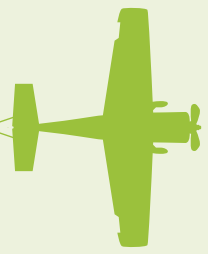
Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

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

Sl No	Name(s) of the related party	Nature of relationship	Nature of contracts / arrangements / transactions	Duration of the contracts / arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any:	Date on which the special resolution was passed in General Meeting
1	HALBIT Avionics Pvt Ltd	Joint Venture	Service Contract	One Year	AMC of Mirage Mission Simulator (MMS) for a period of one year, for services, procurement and supply of spares to the Air Force Station, Gwalior at total value of ₹ 185.81 lakh	The unit prices offered by M/s. HALBIT Avionics Pvt Ltd, Bengaluru are within the prices agreed with IAF and internal estimated prices. And also initially P.O. No. 3052015 dtd 30.04.2008 on HALBIT for executing the refurbishment and Upgrade of MMS was placed and successfully completed by M/s. HALBIT	15 & 21 April, 2014 (372 nd BM)	-	2006.2014



2	Samtel HAL Display Systems Ltd	Joint Venture	Supply Contract through Single Tender basis being a Proprietary item	---	Supply of 298 nos of CMFD 55 & 48 nos of CMFD 66 along with installation kits at a total value of ₹ 7104.43 lakh including due escalation upto point of delivery, taxes (5% VAT) and Excise Duty (10.30%)	CMFDs have been successfully developed and Air HQ has accorded production clearance for fitment of these MFDs on Su-30 MKI Aircraft. Division has so far placed order for 570 nos. CMFD 55 and 101 nos. CMFD 66 on M/s SHDS, New Delhi. These orders have been successfully executed by SHDS. The weighted average annual price escalation worked out to be 6.16% (including annual ERV impact of 3.60% approx.) w.r.t previous base price at Dec'08 level to Dec'14 level. Cost of indigenous MFD is less by 24.46% as compared to cost of imported MFD from M/s Thales, France at Dec'14 level.	27.11.2014 (380 th BM)	15% advance payment.	20.12.2014
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3	BAeHAL Software Ltd	Joint Venture	Service Contract through Single Tender / Nomination Basis		<p>The proposed transaction is for issuance of Amendment No.2 to PO 3886987 placed on M/s. BAe HAL-Software Ltd., for enhancing the Technical publications to 95,768 Man hours and IETM/ Web enabling to 55,040 Man hours. With this enhancement the total work content in the PO would be revised as 1,50,808 Man hours and the total value works out to ₹ 497.80 lakh considering service tax @ 12.36% and VAT @5.5%.</p> <p>Post facto approval for extending the delivery schedule from 15th May, 2014 to the date of issuance of the proposed Amendment No. 2 and for additional period of six months from the date of issuance of Amendment No.2.</p>	<p>For execution of the job, the vendor was required to have an extensive knowledge of CAD options, Aircraft functioning and maintenance etc. Since, incidences of jobs of similar nature being outsourced are not available, for comparison purposes, the rates charged by HAL Infotech another JV Company for such engineering services (CAD functions with Aircraft Design / operation domain) have been considered for comparison. A price of ₹ 280 per hour was agreed vide PO No: 8908102 dated 22nd November 2013 on HAL Infotech. Hence, the prices were considered reasonable.</p> <p>The same price had been retained by the vendor without any escalation / increase inspite of passage of two years and inflation during this period.</p>	27.11.2014 (380 th BM)	20.12.2014
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4	Samtel HAL Display Systems Ltd	Joint Venture	-----	Purchase Contract through Open Tender	-----	Development and supply of 4 aircraft sets of fully qualified ISIS and to render necessary technical assistance during integration of the system on the aircraft etc during development phase. The total value works out to ₹ 3.02 Crs. for delivery at HAL, ARDC, Bengaluru.	The order is placed on L1 basis against global tender basis. The PO prices are less than the HAL estimated prices.	27.11.2014 (380 th BW)	-	20.12.2014
5	BAeHAL Software Ltd	Joint Venture	-----	Service Contract through Single Tender / Nomination basis	-----	Implementation of ERP-Supplier Blanket System for outsourcing activity for both Engine Division, Koraput & Sukhoi Engine Division, Koraput, on single tender/ nomination basis at ₹ 8000/- per man day excluding Service tax @ 12.36%. The Order value for the total requirement is ₹ 280,000/- and the landed cost is ₹ 3,14,608/-.	IFS ERP System implemented by BAEHAL at HAL. The implementation charges proposed by the vendor is same & in line with implementation charges applicable for all Division(s) of HAL. As per BAEHAL's Offer, the number of Man days required was 41 vis-à-vis 35 Man days quoted by BAEHAL Limited, Bengaluru. Further, charge per Man day was noted at ₹ 14,500/- vis-à-vis ₹ 8000/- quoted by BAEHAL (Exclusive of Taxes & Duties) which was higher than BAEHAL's Offer.	27.11.2014 (380 th BW)	-	20.12.2014

6	Indo Russian Aviation Ltd	Joint Venture	Service Contract through Limited Tender basis		Up-gradation of ROH facilities for auxiliary power unit (APU) TG-16 of AN-32 aircraft on M/s. Indo Russian Aviation Limited (IRAL), at final offer price is USD 1,657,755,000 (₹. 10.03 Cr. @ 1 USD = ₹. 60.50) on CIP Mumbai basis with training of HAL specialists to OEM plant for a period of 1.5 months at free of cost. However, the cost towards Air fare, lodging, boarding, insurance, EBT etc. shall be borne by HAL.	The order is placed on L1 basis against Limited tender. The PO prices are less than by 9.39% the HAL estimated prices.	27.11.2014 (380 th BM)	-	20.12.2014
7	Indo Russian Aviation Ltd	Joint Venture	-		Post facto approval of the 21 cases with the value of ₹23,21,82,433/- from Koraput and Nasik Division, Placement of PO on IRAL in respect of 12 cases valuing ₹82,54,49,156/- from Koraput and Nasik Division	The order is placed on L1/Single offer basis against Limited tender. The PO prices are less than the HAL estimated prices. The order is placed on L1/Single offer basis against Limited tender. The PO prices are less than the HAL estimated prices.	27.11.2014 (380 th BM)	-	20.12.2014



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

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

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



(T. Suvarna Raju)

Chairman & Managing Director

Date: 10th September, 2015

Place: Bengaluru

ANNEXURE - III TO DIRECTORS' REPORT

Particular of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo as required u/s 134(3)(m) of Companies Act, 2013 read with Rule 8 (3) of Companies (Accounts) Rules, 2014

A. CONSERVATION OF ENERGY

(i)	<p>The steps taken or impact on conservation of energy;</p> <p>Energy conservation dictates how efficiently a Company can conduct its operations. HAL has recognized the importance of Energy Conservation in decreasing the deleterious effects of Global Warming and Climate Changes. The Company has undertaken various energy efficient practices that have strengthen the Company commitment towards becoming an environment friendly organization.</p> <p>The Major energy conservation initiatives taken during the year 2014-15 are as under:-</p>	
The following steps taken by various Complex for Conservation of Energy		
a.	Bengaluru based Complex (BC / HC / DC)	<p>During 2014-15, implementation of energy conservation measures has been continued based on the recommendations from the Energy Audits conducted during 2012-13. These measures include</p> <ul style="list-style-type: none"> • Replacement of conventional lighting sources with energy efficient lighting sources such as T-5 and LED. • Use of VFD's in compressors and Air-conditioning plants. • Providing Solar streetlights. • Refurbishing of furnaces in production areas. • Efficient management of compressed air etc in production areas. <p>The Energy Conservation measures had resulted in energy savings of 21.50 Lakh KWh during 2014-15 in Bengaluru based divisions.</p>
b.	Accessories Complex	<ul style="list-style-type: none"> • Temperature sensors with controllers provided for controlling the ON time of fan motors for 06 Nos. cooling towers for optimum running to a set temperature. • 4 Nos Automatic Power Factor Control [APFC] panels provided in substations for ensuring less line current and reduced line/distribution losses. • Replaced 400 Nos 2x36w florescent tube light fittings with 100 Nos. 100W high bay LED lights at fabrication hanger that resulted in more than 50% energy conservation. • Provided dedicated portable air compressors for individual shops at 5 places for running in II/IIIrd shift to avoid running of central air compressors and there by ensured reduction in energy consumption during the night shift and holidays. • De-energization of Transformer during night shifts. • Installed 90 Nos. of Occupancy Sensors at office of COM & Conference Halls door Automatic controlling of Lights. • Use of Day light by replacing roof of hangars. • Periodical descaling done for compressor pipe lines of Central AC plants and environmental chambers and thereby effective cooling arrangement made to reduce power consumption. • Improvement of Power Factor by installing Automatic Power Factory Correction panels and regular monitoring. • Installation of 90W LED Street Lights(200Nos.) inplace of 150W Sodium vapour fittings on trunk road poles. • Installation of 18W LED Tube Lights(100Nos.) inplace of 36/40W flourcent tube lights. • Installation of 8/10W LED Tube Lights(200Nos.) inplace of 18/20W flourcent tube lights. • Installation of 2Nos. New APFC panels(500KVAR each).



c.	MiG Complex	<ul style="list-style-type: none"> Variable Frequency Drives (VFD) have been installed for Electroplating blowers and Test House Compressors resulting in total energy saving of 2,81,830 units in 2014-15. Street lights with conventional Sodium Vapor (SV) and Mercury Vapor (MV) fixtures have been replaced by energy efficient LED and Metal Halide lights in factory and township resulting in overall energy savings of 1,16,880 units during the year. Maintaining Unity Power Factor in Factory & Township and getting Power Factor Improvement Incentive from M/s Maharashtra State Electricity Distribution Company Ltd. 44 watts LED based street light installed in Admin Block in place of 70 watts High Pressure Sodium Vapour (HPSV) lamps.(Qty: 50 Nos.) Installed 1 No X 75 KW Screw compressor in place of 2 Nos. X 75 KW reciprocating compressor. Timer installed at 099 Hanger to switch off 25 Nos overhead lamps in lunch period
----	-------------	---

(ii) The steps taken by the Company for utilizing alternate sources of energy;		
The following steps taken by various Complex for utilizing alternate sources of energy		
a.	Bengaluru based Complex (BC / HC / DC)	<ul style="list-style-type: none"> Several initiatives have been taken towards utilizing alternate sources of energy. The bio-gas plant established in Bengaluru supplies cooking gas to the kitchen. Solar streetlights have been installed in both Township and Factory. Two solar PV power plants of 25 KW and 100KW capacities have been commissioned on roof tops. Further, HAL has taken up the work of establishing a 6.3MW wind power plant in Karnataka which will be commissioned during 2015-16.
b.	Accessories Complex	<ul style="list-style-type: none"> Solar energy is utilised for powering common public buildings at HAL Township to a capacity of 30 KW and provided 16 Nos standalone solar street lights at children's park. Installed & commissioned 50 KWp Roof Top Solar Plant at Administrative Building Generated Electricity, 70,000 unit per year.
c.	MiG Complex	<ul style="list-style-type: none"> 3000 LPD Solar Water Heaters have been installed at SAI Sports Hostel, 1000 LPD Solar Water Heater has been installed at T&D Hostel and 1000 LPD Solar Water Heater has been installed at ChikaparSevashram School in Chikapar adopted village during the year. Wind driven roof top Turbo Ventilators installed in place of electrically operated fans. Implementation of Variable Refrigeration Flow system in Air-conditioning.

(iii) The capital investment on energy conservation equipments;		
The following steps taken by various Complex for capital investment on energy conservation equipment		
a.	Bengaluru based Complex (BC / HC / DC)	The measures have been taken up under Sustainable Development Program and funded through the CSR budget. The total expenditure incurred towards energy conservation measures is ₹ 214.53 Lakhs.
b.	Accessories Complex	Total capital investment on energy conservation equipments ₹192.91 lakhs (approx.)
c.	MiG Complex	The total investment for installation of energy conservation equipment in the Complex during the year 2014-15 is ₹ 142.34 lakh.

B. TECHNOLOGY ABSORPTION**i) Major efforts made towards technology absorption and the benefits derived like product improvement, cost reduction, product development or import substitution;**

Efforts in 2014	Benefit
Bench check facility for ISIS fitted on ALH from M/s. Datasol, Bengaluru	Cost reduction
Ground station for VMS fitted on ALH from M/s. Honeywell, USA	Cost reduction
Bench check facility for Hydraulic Package fitted on ALH from M/s. APPH, UK	Cost reduction
Bench check facility for Oil cooler fan fitted on ALH from M/s. Ametek, UK	Cost reduction
"O"-Level Test facility for EW-Suite fitted on ALH from M/s. SAAB, SA	Cost reduction
Bench check facility for CoMPASS fitted on ALH from M/s. Elop, Israel	Cost reduction
ROH of 3 Engine accessories of Hawk aircraft	Cost reduction
Depot Level Maintenance (DLM) facilities for Engine Control Amplifier (ECA) fitted on Hawk Aircraft from Ultra Electronic Controls, UK	Cost reduction
Manufacture and DLM of RLG/INGPS fitted on Su-30, DARIN II, MiG-27 Upgrade, DARIN-III, MiG 29 Naval version, LCA & Hawk aircraft with M/s Sagem, France.	Product improvement and cost reduction

ii) in case of imported technology (imported during the last three years)-

SI No	ToT Particulars	Status
2011-12		
1	ToT Agreement for ROH of ECS LRUs (7 types) of LCA with Honeywell, UK	Technology Absorption completed for 3 LRUs. For balance 4 LRUs, technology absorption is under progress
2	Setting up manufacturing and repair facilities for Multi-Mode Fire Control Radar (MFCR) fitted on Jaguar DARIN from IAI/ELTA Systems Ltd, Israel	Complete Build Unit(CBU) (phase-1) absorbed (MFCR RADAR) CBU (Phase-2) under review. (AESR RADAR) <ul style="list-style-type: none"> AESR Radar offered by OEM in place of contracted Mechanical scanned Radar. Contract with OEM will be amended for AESR Radar after amendment to parent contract between Air Force and HAL
3	ToT for ROH of 4 LRUs from Goodrich Control Systems, U.K for Hawk aircraft.	Technology absorbed
4	ToT for ROH of 3 LRUs from Lital S.P.A, ITALY for Hawk aircraft.	Technology absorbed
5	ToT for ROH of 4 LRUs from Goodrich Actuation, U.K. for Hawk aircraft.	Technology absorbed
2012-13		
1	Depot Level Maintenance Agreement for Gyro Horizon of Cheetah / Chetak with M/s Thales France	Technology absorbed
2	Manufacturing and ROH of Ejection seat IJT from M/s Martin Baker, UK	Under Implementation



3	Manufacturing and ROH of Actuators of IJT from M/s Sermat, France	Under Implementation
4	Manufacturing and ROH of 3 LRUs of IJT from M/s Secondomona, Italy	Under Implementation
5	Development, supply of kits and Transfer of Technology for manufacture and repair of Solid State Digital Video Recording System (SSDVRS) for Jaguar DARIN -III upgrade from RADA Electronic Industries Ltd, Israel	<ul style="list-style-type: none"> Manufacturing & Repair Facilities established. CBU Phase Technology absorbed. RM Phase Technology transfer is presently under progress and will be completed in 2016-17.
6	ToT for ROH of 32 LRUs from ToT for ROH of 4 LRUs from Goodrich Control Systems, U.K	<ul style="list-style-type: none"> ROH facilities established for 14 LRUs. Facility establishment under progress for balance 18 LRUs and will be completed by November 15.
2013-14		
1	Bench check facility for Servo Actuators fitted on ALH from M/s. Easter, Italy	Technology absorbed
2	Bench check facility for FADEC (Matched to Shakti Engine) fitted on ALH from M/s. Turbomeca, France	Technology absorbed
3	Setting up of Manufacturing & Depot Level maintenance facilities for Automatic Flight Control System (AFCS) from SAGEM Defense Securite , France	<ul style="list-style-type: none"> CBU (Phase-0) & SKD (Phase -1) technology absorbed. CKD (Phase-2) & RM Phase Technology transfer under progress and shall be absorbed during 2016-17, as per the Contract.
4	ToT for ROH of 11 LRUs from Meggitt Aircraft Braking Systems	<ul style="list-style-type: none"> ROH facilities established for 10 LRUs. Facility establishment for 1 LRU is under progress and will be completed by October 2015.

iii) The expenditure incurred on Research and Development.

R & D Expenditure for the year 2014-15 is ₹1046.67 Cr.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The Foreign Exchange earned in terms of actual inflows ₹41,728.77 lakh during the year and the Foreign Exchange outgo ₹30,244.52 lakh during the year in terms of actual outflows.

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



(T. Suvarna Raju)

Chairman & Managing Director

Date: 10th September, 2015

Place: Bengaluru

ANNEXURE - IV TO THE DIRECTORS' REPORT

Annual Report on Corporate Social Responsibility (CSR) activities for the Financial Year 2014-15.

1. **A brief outline of the Company's CSR policy, including overview of projects or programs undertaken and a reference to the web-link to the CSR policy and projects or programs.**

a. **Outline of CSR Policy:**

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



b. CSR Activities as per MoU 2014-15 :

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

i. Skill Development / Vocational Training:

Imparting Vocational Training (ITI Course and Apprenticeship) to students from backward regions was one of the targets taken up. 45 students were inducted against the set target of 40 (19 in Machinist Trade at Bengaluru; and 19 in Machinist & 7 in Welder Trades at Koraput).

ii. Medical Care:

51 Mobile Medical Camps (General & Eye) were conducted against the set target of 20 camps in identified backward villages and medicines were distributed free of cost.

iii. Energy Management:

Promotion of solar energy (Erection of Solar Street lights and Water heaters in the Divisions) & Implementation of Energy Audit Recommendations was another target taken up under MoU 2014-15. Energy Audit Recommendations were implemented in the Divisions as per the recommendations of the Agency. 58 Solar Street Lights were installed against a target of 20.

c. Division specific CSR activities:

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

i. Holistic Development:

Villages are adopted in the vicinity of the Divisions with a view to develop them as '**Model Villages**'. Amenities like Drinking Water facilities, Street Lights, Concrete/ Bituminous roads, Provision of needful Infrastructure in Schools & Colleges and Medical Facilities to the residents are provided in order to improve the health & standard of living of people in these villages thereby reducing regional imbalances to a great extent.

ii. Skill Development:

HAL has been offering **skill development programmes to youth** in villages in Mobile Phone Repairing, TV Repairing, Electrical Winding, Electrician Training, Plumbing, Masonry, Four Wheel Driving, Basic Computer Training etc., with a view to make the youth stand on their own feet. These trainings have helped them in starting their own business under self-employment schemes or to get private employment in respective areas. Women were trained in Tailoring, Pickle / Papad Making, Mushroom Cultivation, Candle Making etc., to encourage self-employment. This has also led to the development of Self-Help Groups (SHGs) in many adopted villages. Further, few women who were trained in tailoring course were successful in getting employment with garment manufacturing Companies. Sewing

Machines were distributed to all the qualified women in Tailoring Course to start their own business to support their livelihood.

iii. Sports Development:

A Sports Academy which was established with a view to nurture the **Sports talent** of locals / tribal at Sunabeda, Koraput District, Odisha with technical support from Sports Authority of India (SAI) is continuously doing good job. Students from this Sports Academy are continuously bringing laurels by winning gold, silver and bronze medals at the State and National Level Sports Tournaments.

iv. Education:

In order to promote education, HAL has been providing school supplies like desks, benches, computers and stationery items like books, pens etc., to Government schools in the villages.

v. Swachh Vidyalaya:

Considering the fact that most of the school dropouts among girl students occur due to non-availability of toilets and also keeping the Swachh Vidyalaya Campaign in view, separate toilets (29 Nos) for girls & boys have been built in Government schools in the nearby villages of the Divisions.

2. The Composition of the CSR committee:

Composition of the CSR & SD Committee as on 31st March, 2015 was as under:

- Prof. Pradipta Banerji, Independent Director, Chairman
- Shri V M Chamola, Director (HR), Member
- Shri K Naresh Babu, Managing Director (Bengaluru Complex), Member
- Shri S. Subramanyan, Managing Director (MiG Complex), Member
- Shri S K Padhi, General Manager (Finance), Corporate Office, Member
- Shri A K Tyagi, General Manager (Human Resources), Corporate Office, Member/Secretary.

Note: The Board of Directors of the Company at its 388th Board Meeting held on 8th June 2015 has reconstituted the CSR & SD Committee.

3. Average net profit of the Company for last three financial years : ₹3467.73 Crs.
4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): ₹ 69.35 Crs.
5. Details of CSR spent during the Financial Year (Divisional Targets)
 - a. Total amount to be spent for the Financial Year: ₹ 69.35 Crs.
 - b. Amount unspent, if any: ₹ 23.59 Crs.
 - c. Manner in which the amount spent during the financial year is detailed in **Appendix – A**



6. The reason for failure to spend the total amount during the financial year is outlined as under:

a. Establishment of Wind Power Project:

Out of the total budget of ₹ 69.35 Crs. allocated for CSR during 2014-15, major amount of ₹ 47.13 Crs. was earmarked for establishment of 6 MW +/-5% Wind Power Plant.

Though the proposal was initiated in the month of January 2014, approval of the Board could be obtained only in September, 2014. As the project was getting delayed by July/August 2015, it was estimated that only ₹ 21 Crs. could be spent during 2014-15 out of the Budget of ₹ 47.13 Crs. projected towards the Project. Tendering action was initiated immediately during October 2014 as per HAL Works Manual/standard procedure. However, during the pre-bid meeting, prospective bidders requested for more time and many clarifications were also sought. In order to facilitate receipt of competitive offers, the tender due date was extended till December 2014. On the last day of tender submission, only a single offer was received. Due to administrative processes involved, the contract could not be finalized immediately. Hence, the projected expenditure could not be incurred.

As on 31st March, 2015, the process was at its final stage. Order was released in the second week of April, 2015.

Hence, no amount on the Project was spent in 2014-15.

b. Proposal for Installation of Solar Lighting Systems through Ministry of New & Renewable Energy (MNRE)

On 9th July, 2014, a proposal was received from Joint Secretary, MNRE for providing Solar Lighting Systems to needy households in remote Villages. The proposal was that HAL to contribute 30% of the expenditure, MNRE would contribute 30% and balance 40% would be arranged either through State Government or individual himself or through a Bank. Since the estimated expenditure as of August 2014 towards the Wind Power Project during 2014-15 was reduced by more than ₹20 Crs. the proposal from MNRE was initially found feasible and accordingly was presented to the CSR & SD Committee at its 9th meeting held on 27th September, 2014 for allocating ₹20 Crs. for the project, which was approved. Accordingly, till end of November, 2014, preparatory work was being done to implement the project, in coordination with MNRE. However, during December, 2014, Officials of MNRE informed during discussions that they are unable to arrange the funds. Consequently, MNRE suggested an alternate proposal. The new proposal was examined and it was found that the same was not feasible for HAL as the required contribution from the beneficiary increased from 40% to 60% and this funding would be through loan to beneficiary being arranged by NABARD.

Hence, the projected expenditure could not be incurred.

In line with the Guidelines on CSR & Sustainability for CPSUs issued by Department of Public Enterprises (DPE) vide OM F. No.15 (13)/2013-DPE (GM) dated 21st October, 2014, the unspent CSR amount for the year 2014-15 has been carried forward to the current year 2015-16.

7. Responsibility Statement

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

The implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the Company.

Sd/-
Director(HR)

Sd/-
Chairman CSR & SD Committee



DETAILS OF CSR PROJECTS 2014-15 FOR ANNUAL REPORT

₹ In lakhs

1	2	3	4	5	6	7	8
Sl. No.	CSR Project or activity identified	Sector in which the project is covered Schedule -VII	Projects or programmes 1) Local area or other District where projects or programmes were undertaken	Amount outlay (budget) project or programme wise	Amount spent on the projects or programmes Sub Heads: 1) Direct expenditure on projects or programmes 2) Overheads	Cumulative expenditure up to the reporting period (31.3.15)	Amount Spent: Direct or through implementing Agency
1	Imparting training and placement for school dropouts, Tribals, SC/ST etc.. of under privileged backward areas	(ii) employment enhancing vocational skills	Ranga Reddy District, Telangana	20.00	20.00	20.00	Project Director Dist. Rural Development Agency, III Floor, Spoorthy Premises, Collectorate Premises, Lakdikapool, Hyd-04.
2	Construction of Dormitory Building to the Girls and Women Self Help Group Members	(ii), (iii) & (x) Education, Empowerment of Women & Rural Development	Ranga Reddy District, Telangana	49.30	49.30	49.30	
3	Additional construction activities etc for Dormitory Building to the Girls and Women Self Help Group Members	(iii), (x) Empowerment of Women & Rural Development	Ranga Reddy District, Telangana	12.14	12.14	12.14	
4	Medical Camps in Rural Villages of Ranga Reddy District, Telangana.	(i) & (x) Promotion of Health & Rural Development	Ranga Reddy District, Telangana	5.00	5.00	5.00	Project Director Implementing Agency: Dist. Medical & Health Officer, (FAC), R.R. Dist H. No.6-1-70, Shivarampally (V), Rajendranagar (M), R.R.Dist., Hyderabad - 500 052
Hyderabad							

Hyderabad	5	Solar Photovoltaic Power System 5 KW capacity and Solar Water Heating System 2,500 LPD (FPC Model) at School	(iv) & (ii) Environment sustainability & Promotion of Education	Ranga Reddy District, Telangana	11.79	11.79	11.79	Implementing Agency: Executive Engineer, Telangana Sarva Shiksha Abhiyaan,	
	6	Solar Photovoltaic Power System 5 KW capacity and Solar Water Heating System 2,500 LPD (FPC Model) at School	(iv) & (ii) Environment sustainability & Promotion of Education	Ranga Reddy District, Telangana	11.62	11.62		Abhiyaan, Project Director R.R.Dist.	
	7	Construction of Kitchen, Store Room, Dining Hall, Borewell with pump set at School.	(ii) Promotion of education	ZPH School Doulthabad (V), Hathnoora (M), Medak District, Telangana	14.17	14.17		Project Officer Telangana SSA, Medak at Sangareddy	
	8	Construction of Girls Toilets in High School Doulthabad (V),	(ii) & (iii) Promotion of education & Empowerment of Women	Medak District, Telangana	8.45	8.45			
	9	Development of Old Age Day Care centre at Grama Panchayat	(iii) & (x) Setting up old age Homes & Rural Development	Kasaragod District, Kerala	4.43	4.43			
	10	Free Diagnostic Centre at Grama Panchayat	(i) & (x) Promotion of Health & Rural Development	Kasaragod District, Kerala	2.93	2.93			
	11	Roof Top Rain water Harvesting 300 KL	(iv) Environment sustainability	Ranga Reddy District, Telangana	7.81	7.81		Direct	
	12	Promotion of solar energy (Erection of Solar Street lights and Water heaters & Implementation of Energy Audit Recommendations).	(iv) Environment sustainability	Ranga Reddy District, Telangana	45.61	45.61		Direct	
	TOTAL				193.25	193.25	193.25		
	Kanpur	1	Sponsorship of education of inmate children of Haven Home (Orphanage)	(ii) Promoting education	New Azad Nagar, Kanpur, Uttar Pradesh	2.21	2.34		Project Director/Direct
		2	Construction of ladies toilet in Govt. Jr. High School,	(i) & (iii) Sanitation & Empowerment of Women	District-Kanpur, Uttar Pradesh	5.36	5.66		Direct
		3	Construction of ladies toilet in Govt. Jr. High School,	(i) & (iii) Sanitation & Empowerment of Women	District-Kanpur, Uttar Pradesh	10.70	11.09		Direct



4	Installation of 15 hand pumps / Bore Wells in Tatiyanhanaku Village-	(i) & (x) Safe Drinking Water & Rural Development	District-Kanpur, Uttar Pradesh	6.37	6.27	6.27	Direct
5	Plantation of 500 Saplings with tree guards and maintenance	(iv) Ensuring environmental sustainability	District-Kanpur, Uttar Pradesh	9.80	10.34	10.34	Direct
6	Installation of 104 Solar Street Lights in the needy villages at Block-Sarsaul.	(iv) & (x) Ensuring environmental sustainability and Rural development project	District-Kanpur, Uttar Pradesh	21.94	22.76	22.76	Direct
7	Painting of the Solar Street Light poles in the needy villages in Block-Sarsaul.	(iv) & (x) Ensuring environmental sustainability and Rural development project	District-Kanpur, Uttar Pradesh	0.42	0.45	0.45	Project Director/Direct
8	Imparting vocational training to the needy PWDs	(ii) Promoting education employment enhancing vocation skills especially among different abled	District-Kanpur, Uttar Pradesh	18.39	19.40	19.40	Direct
9	Construction of connecting roads for Tatiyanhanaka (Slum)	(x) Rural development project	District-Kanpur, Uttar Pradesh	44.28	42.43	42.43	Direct
10	Construction of road in Village- Khujaupur under Rural development Block-Sarsaul.	(x) Rural development project	District-Kanpur, Uttar Pradesh	19.24	19.38	19.38	Direct
11	Imparting vocational training to the needy women to help them to become self reliant	(ii) & (iii) employment enhancing vocation skills & Empowering Women	District-Kanpur, Uttar Pradesh	9.45	9.98	9.98	Direct
12	Providing assistance to Govt. Hospital w.r.t. Civil work	(i) Promotion of Health	District-Kanpur, Uttar Pradesh	23.58	24.94	24.94	Direct
13	Providing assistance to Govt. Hospital	(i) Promotion of Health	District-Kanpur, Uttar Pradesh	1.25	1.45	1.45	Project Director/Direct
14	Conducting of medical camps in identified villages	Promotion of Health	Block-Sarsaul, District-Kanpur, Uttar Pradesh	1.69	1.81	1.81	Direct
15	Adoption of wild animals / birds of Kanpur Zoological Park	(iv) Protection of flora & fauna	Kanpur Zoological park, District-Kanpur, Uttar Pradesh	6.57	6.95	6.95	Direct
16	Conducting Rural Sports / Tournaments at Block-Sarsaul,	(vii) & (x) Promotion of Rural sports & Rural Development	District-Kanpur, Uttar Pradesh	1.99	2.10	2.10	Direct

Kanpur

Kanpur	17	Conducting Training program on CSR	Training of personnel on CSR	Dist-Kanpur, Uttar Pradesh	0.08	0.09	0.09	Direct
	18	Providing support equipments to needy PWDs through ALIMCO	(ii) Employment enhancing vocation skills especially among different abled	District-Kanpur, Uttar Pradesh	9.03	9.83	9.83	Direct
	19	Installation of 3 Solar street lights in Division under CSR & SD MoU parameters	(iv) Ensuring environmental sustainability	Kanpur, Uttar Pradesh	0.86	0.89	0.89	Project Director/Direct
Total				193.20	198.17	198.17		
Korwa	1	Repair of around 1.03 km stretch of road	(x) Rural development project	Local Area, Amethi (UP)	73.16	38.34	38.34	Direct
	2	Medical Care Camps and FollowUp Treatment	(i) Promotion of Health	Local Area, Amethi (UP)	35.32	38.20	38.20	Direct
	3	Rural Sports/Coaching camp	(vii)& (x) Promotion of rural sports Rural Development	Local Area, Amethi (UP)	2.52	2.64	2.64	Direct
	4	Skill Development: Computer training, tailoring etc.	(ii) Promoting education.... employment enhancing vocation skills	Local Area, Amethi (UP)	20.50	22.14	22.14	Project Director/Institute of Enterprrenurhip Development (UP)
	5	Solar lights in nearby villages & LED Lights in the Division under Energy Management at Amethi	(iv) Ensuring environmental sustainability	Local Area, Amethi (UP)	57.53	60.25	60.25	Chloride Power Systems & Solutions Ltd. GK Electricals, Kanpur
	6	School Toilet-Swachh Vidhyalaya Abhiyan	(i) & (ii) Sanitation Education	Local Area, Amethi (UP)	4.22	3.35	3.35	M/s Ramesh Trades
Total				193.25	164.92	164.92		
Lucknow	1	Mobile Medical Camps in near by Villages	(i) & (x) Promotion of Health & Rural Development.	(i) Village Firozpur, Malhabad Block, Lucknow District. (ii) Village Bhatgaon Pandey, Sarojini Nagar Block, Lucknow District. (iii) Village Garhi Arazi, Siddhaur Block, Barabanki District. (iv) Village Jaikaranpurva, Nindura Block, Barabanki District.	11.06	12.94	12.94	Project Director/Direct



2	Construction of Compound wall to the school	(i) & (x) Promotion of Health & Rural Development.	Sarojini Nagar Block, Lucknow District.	15.72	5.80	5.80	Direct
3	Promotion of Rural Sports	(vii)& (x) Promotion of rural sports & Rural Development	Malihabad Block, Lucknow District. Siddhaur Block, Barabanki District.	2.96	3.47	3.47	Project Director/Direct
4	Plantation of trees	(iv) Ensuring environmental sustainability	(i) Village Garhi Arazi, Siddhaur Block, Barabanki District.	0.16	0.18	0.18	Direct
5	Construction of Roads	(x) Rural Development	Sarojini Nagar Block, Lucknow District. Village Nindura	15.79	8.90	8.90	Direct
6	Solar Street Lights at Bhatgaon Pandey & Jaikaranpurva Villages	(iv) Environment sustainability	Sarojini Nagar Block, Lucknow District. Nindura Block, Barabanki District.	18.58	0	0	Direct
7	LED Lights	(iv) Environment sustainability	Local Area	15	14.40	14.40	Direct
8	Lighting Mgmt. Devices	(iv) Environment sustainability	Local Area	18.36	21.48	21.48	Project Director/Direct
9	Roof Solar Panels	(iv) Environment sustainability	Local Area	45.84	53.62	53.62	Direct
10	Roof Solar Panels	(iv) Environment sustainability	Local Area	42.90	0	0	Direct
11	Rain Water Harvesting	(iv) Environment sustainability	Local Area	6.86	6.88	6.88	Direct
Total				193.25	127.67	127.67	
1	Energy Management	(iv) Environment sustainability	Local Area	391.22	236.88	236.88	Direct
2	Rural Electrification	(x) Rural development	Local Area	1956.43	68.04	68.04	Direct
3	Medical camps & technical training at TTI	(i) & (ii) Promotion of Health and enhancing Vocation Skills	In various locations nearby Bengaluru and Technical Training Institute	30.33	25.93	25.93	Project Director/Direct
4	Roads in villages	(x) Rural development	Tumkur District, Pavagada Taluk, Husseinpura and Jellodu villages. Karnataka	202.18	181.22	181.22	Direct
5	Street lighting in villages	(iv) & (x) Environment sustainability	Tumkur District, Pavagada Taluk, Husseinpura and Jellodu villages. Karnataka	70.76	27.01	27.01	Direct
6	Kumudavathy Program	(iv) Environment sustainability	Local Area	122.32	122.73	122.73	Project Director/Direct

7	Integrated Rain Water Harvesting	(iv) Environment sustainability	Local Area	202.18	174.00	174.00	Direct
8	Construction of Toilets	(i) Sanitation	Bengaluru District Karnataka	144.23	3.56	3.56	Direct
9	Contribution to Prime Minister's Swachh Bharath Kosh'	Swachh Bharat	Bengaluru	2021.80	2000.00	2000.00	Direct
Total				5141.45	2839.37	2839.37	
CO	1	Sponsorship of IIT Bombay Post Graduate Students	Bengaluru	31.00	52.56	52.56	Direct
	Total	Promoting Special Education		31.00	52.56	52.56	
Helicopter, Bengaluru	1	Installation of 99 Nos of Solar Powered Street Lights	Chikkaballur District, Karnataka State	27.93	34.62	34.62	Project Director/Direct
	2	Swachh Bharat Abhiyan	Chikkaballur district, Karnataka State	1.12	1.85	1.85	Direct
	Total			29.05	36.47	36.47	
MRO	1	Installation of 61 nos of Solar powered Street Lights	Bagepalli taluk Chikkaballur District, Karnataka State	19.06	28.01	28.01	Direct
	Total	(iv) Environment sustainability		19.06	28.01	28.01	
Barrackpore	1	Construction of 02 Toilet Blocks in 02 Govt. Recognised Schools.	Local Area West Bengal, Dist.: 24 Pgs(North)	7.00	13.43	13.43	Direct
	2	Rain Water Harvesting for drinking water (new project) in a Govt. Recognised School	Local Area West Bengal, Dist.: 24 Pgs(North)	2.50	4.73	4.73	Project Director/Direct
	3	Expansion of Rain Water Harvesting Project for drinking water done in a Govt. Recognised School	Local Area West Bengal, Dist.: 24 Pgs(North)	1.50	2.84	2.84	Direct
	Total	(i) & (ii) Sanitation & Promoting education (i) (ii) & (iv) Drinking Water, Education & Environment sustainability (i) (i) & (iv) Drinking Water Education & Environment sustainability		11.00	21.00	21.00	
CMD	1	General Health Camp	Some Villages of Bagepalli Taluk.	7.35	14.00	14.00	Direct
	2	Eye Camp	Some Villages of Bagepalli Taluk.	1.65	3.17	3.17	Direct
	Total	(i) Promotion of Health (i) Promotion of Health		9.00	17.17	17.17	



RWRDC	1	Installation of Solar street lights	(iv) Environment sustainability	Some Villages of Chikballapur, Kamataka	27.87	27.87	27.87	Project Director/Direct
	Total				27.87	27.87	27.87	
MCSRDC	1	Construction and renovation work at Govt Model Kannada Primary School,	(ii) Promoting Education	Suranjandas Road, Vimanapura post, Bengaluru-75	23.10	23.10	23.10	Direct
	Total				23.10	23.10	23.10	
AERDC	1	Promoting Health Care / Rehabilitation of Children with Special Needs at Anugondanahalli Primary Health center	(i) Promotion of Health	Kolar District and Bengaluru Rural district	12.00	10.31	10.31	Lakkur Primary Health Centre
	2	Promoting Health Care / Support for the Acute Treatment of Needy Patients with Guillain Barre Syndrome (GBS)	(i) Promotion of Health	Local Area	1.50	1.50	1.50	Direct
	Total				13.5	11.81	11.81	
ARD	1	Infrastructure Development Management at Nallahalli Village,	(x) Rural Development	Some Villages of Kanakapura Taluk, Ramanagara Distt.	26.40	58.00	58.00	Project Director/Direct
	2	Energy Management	(iv) Environment sustainability	Local Area	1.0	1.59	1.59	Direct
	Total				27.40	59.59	59.59	
Aircraft	1	Energy Conservation	(iv) Energy Conservation	Bengaluru	5.00	4.99	4.99	Direct
Overhaul	2	Energy Conservation	(iv) Energy Conservation	Bengaluru	1.10	1.10	1.10	Direct
Medical	3	Health Care	(i) Health Care	Bengaluru	17.94	17.94	17.94	Direct
	Total				24.04	24.03	24.03	

Koraput		1	Free medical facilities to 14 adopted villages	(i) Promoting preventive health care	Koraput dist. of Odisha state	23.50	118.37	118.37	Project Director/Direct
		2	Promotion of sports (SAI-HAL Sports Training Centre & adopted village sports tournaments)	(vii) & Training to promote rural sports	Koraput dist. of Odisha state	85.63	57.73	57.73	Direct
		3	Vocational training	(ii) employment enhancing vocational skills	Koraput dist. of Odisha state	59.47	35.47	35.47	Direct
		4	Construction of Roads, Halls, Boundary Walls, Tube wells etc.	(x) Rural development projects	Koraput dist. of Odisha state	226.90	165.34	165.34	Direct
		5	Environmental sustainability	(x) Ensuring environmental sustainability	Koraput dist. of Odisha state	5.50	6.11	6.11	Direct
		TOTAL				401.00	383.02	383.02	
		1	Construction of bituminous road	(x) Rural Development Projects	Ojhar, Dist Nasik, Maharashtra	74.01	83.42	83.42	Project Director/Direct
		2	Resurfacing of bituminous road	(x) Rural Development Projects	Ojhar, Dist Nasik, Maharashtra	35.33	33.37	33.37	Direct
		3	Construction of bituminous road	(x) Rural Development Projects	Sakora Dist Nasik, Maharashtra	44.40	38.93	38.93	Direct
		4	Construction of ZP School Class rooms	(ii) & (x) Education & Rural Development	Datyane Dist Nasik, Maharashtra	5.60	0.00	0.00	Direct
		5	Provision of toilet block in school	(i) & (ii) Sanitation & promoting Education	Mokhnal & Bopegaon Dist Nasik, Maharashtra	3.70	0.00	0.00	Direct
		6	Compound fencing to ZP School building	(ii) & (x) Promoting Education & Rural Development	Mohadi & Sakora Dist Nasik, Maharashtra	4.83	0.00	0.00	Direct
		7	Installation of conventional street lights	(x) Rural Development Projects	Rui, Shirsgaon & Ambedindori Dist Nasik, Maharashtra	23.68	21.15	21.15	Project Director/Direct
		8	Imparting vocational training in various trades to youth	(ii) Promoting Education enhancing Vocational Skills	In & around HAL, Dist Nasik, Maharashtra	1.30	0.00	0.00	Direct
		9	Provision of notebooks, stationary items, to ZP school & study material to students of Engg / Medical under BPL	(ii) Promoting of Education	In & around HAL, Dist Nasik, Maharashtra	9.87	8.61	8.61	Direct
		10	Conducting sports tournaments for Rural youth	(vii) promotion of Rural sports	Villages of Nasik, Maharashtra District	0.99	1.22	1.22	Direct
Nasik									



11	Conducting Medical Camps	(i) Promoting preventive health care.	In & around HAL, Dist Nasik, Maharashtra	7.89	8.91	8.91	Direct
12	Installation of solar panel on Car Shed, Canteen, Hospital, Guest House, Community Building, etc.	(iv) Environment sustainability		74.01	61.73	61.73	Direct
13	Provisions of Benches to ZP schools	(i) Promoting Education	Ojhar, Shirsgaon, Mauje Sukene,	11.50	10.84	10.84	Direct
14	Conducting cataract Operations	(ii) Promoting Health	In & around HAL, Dist Nasik, Maharashtra	1.00	0.63	0.63	Direct
15	Provision of Conventional lights	(iii) Rural Development Projects	Kokangaon, Dist Nasik, Maharashtra	12.40	10.91	10.91	Direct
16	Construction of Cement concrete roads, shopping complex, compound wall, drains, community hall	(x) Rural Development Projects	Goregaon, Dhawaniwada, Kati, Kamtha, Desgaon, Thanegaon, Kawalewada Dist Gondia, Maharashtra	71.60	67.79	67.79	Executive Engineer, EGS PW Division, Gondia, Maharashtra
17	Construction of Cement concrete roads, compound wall, community hall	Rural Development Projects	Adyal, Sendurwafa, Dist Bhandara, Maharashtra	22.80	21.10	21.10	Project Director/Executive Engineer, PW Division, Bhandara, Maharashtra
TOTAL				404.58	368.62	368.62	

Nasik

ANNEXURE – V TO THE DIRECTORS' REPORT**REPORT ON THE FINANCIAL PERFORMANCE OF
THE JOINT VENTURE COMPANIES**

Driven by prudent operational strategem and aimed at facilitating development of new technologies and products, services and risk sharing, your Company has established 11 Joint Venture Companies (JVCs) in collaboration with leading international aviation and Indian Organisations. Of the 11 JVCs, Multirole Transport Aircraft Limited (MTAL) is engaged in Design and Development of Multi-Role Transport Aircraft, and yet to commence commercial production. Out of 10 JVCs, 7 JVCs have reported profitable operations, where as another 3 have incurred losses.

The Company has made a total investment of ₹225.26 Cr. in the equity capital of the JVCs as on 31st March, 2015. During the year under review the total turnover reported by the JVCs is to the tune of ₹ 407.55 Cr. as per details given below.

(Amount in ₹ Cr.)

SI No	Name of the JV	HAL share holding (%)	Turnover	Profit Before Tax
i	BAeHAL Software Ltd.	49	23.84	1.57
ii	Indo Russian Aviation Limited.	48	125.90	29.71
iii	Snecma HAL Aerospace Pvt. Ltd.	50	57.53	11.15
iv	Samtel HAL Display System Ltd.*	40	15.09	(2.73)
v	HAL-Edgewood Technologies Pvt. Ltd.(HETL)*	50	0.92	(1.07)
vi	HALBIT Avionics Pvt. Ltd.	50	23.03	0.64
vii	Infotech HAL Ltd.	50	6.00	0.67
viii	TATA-HAL Technologies Ltd.	50	12.43	1.38
ix	HATSOFF Helicopter Training Pvt Ltd.	50	26.20	(11.08)
x	International Aerospace Manufacturing Pvt. Ltd.	50	116.61	3.74
xi	Multi-Role Transport Aircraft Limited	50	-	2.76

*From un-audited financial statements

Note: Figures in brackets () indicate loss

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

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

(T. Suvarna Raju)

Chairman & Managing Director

Date: 10th September, 2015

Place: Bengaluru



ANNEXURE - VI TO DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT

To,

The Members,

Hindustan Aeronautics Limited

15/1, Cubbon Road,

Bengaluru – 560 001.

1. We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Hindustan Aeronautics Limited ("the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.
2. Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.
3. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2015, according to the provisions of:
 - i. The Companies Act, 2013 and rules made thereunder;
 - ii. The Company is not a Listed Company and hence the provisions of the Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder are not applicable;
 - iii. The Company is not a Listed Company and the Shares are also not under dematerialisation mode. Hence, the Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder are not applicable;
 - iv. There are no transactions requiring compliances under Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 - v. The Company is not a listed Company and Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are not applicable.
4. During the period under review the company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc., mentioned above subject to the following:

a. The Company has not appointed Woman Director

We further report that

5. The Board of Directors of the Company are appointed by the President of India. The Board is duly constituted as per the guidelines on Corporate Governance issued by the Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises subject to our remarks at Para 4 a.
6. 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 except in few instances where the Company has called for a meeting to discuss urgent business matters. Independent Directors have participated in the meetings called with shorter notice. A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
7. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that

8. 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.

We further report that

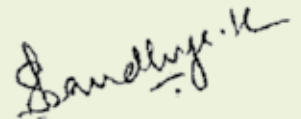
9. As per the information and explanations provided to us by the Company:
 - i. The Company has stringent procedures to ensure risk mitigation. However, the Company has formulated Risk Management Policy and a system is being put in place to implement the same.
 - ii. All the Directors, including non-executive and Independent Directors, are appointed by the President of India through a selection process adopted by the Public Enterprises Selection Board (PESB) for a fixed tenure. The performance of Whole Time Directors is evaluated on an annual basis and also at the time of re-appointment, by the concerned administrative Ministry. Further, the nominee Directors of the Administrative Ministry, by participating in the meetings of Board and Committees, closely monitors the performance of the Board as a whole and Directors individually. As on the date of our Report, the provisions with regard to evaluation of the Board are exempted to Government Companies.
10. We further report that during the audit period the company has complied with the provisions of the Companies Act, 2013 and the Rules made under that Act with regard to:
 - (a) Maintenance of various statutory registers and documents and making necessary entries therein;
 - (b) Forms, returns, documents and resolutions required to be filed with the Registrar of Companies and the Central Government; In Certain cases the Company has filed the forms with additional fee as allowed under the Act.
 - (c) Service of documents by the Company on its Members, Auditors and the Registrar of Companies;



- (d) Notice of Board meetings and Committee meetings of Directors;
- (e) The meetings of Directors and Committees of Directors;
- (f) The 51st Annual General Meeting was held on 27th September, 2014;
- (g) Minutes of proceedings of General Meetings and of the Board and its Committee meetings;
- (h) Approvals of the Members, the Board of Directors, the Committees of Directors and the government authorities, wherever required;
- (i) Payment of remuneration to Directors;
- (j) Transfer of the Company's shares;
- (k) Declaration and payment of dividends;
- (l) Form of balance sheet as prescribed under Part I, form of statement of profit and loss as prescribed under Part II and General Instructions for preparation of the same as prescribed in Schedule VI to the Act;
- (m) Directors' report;
- (n) Alteration of Articles of Association;
- (o) Generally, all other applicable provisions of the Act and the Rules made under the Act.

Place: Bengaluru

Date : 8th August, 2015



(K Sandhya Lakshmi)

Partner

B R K S & Associates

Company Secretaries

ACS No:16597

CP No:8538

ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING

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

2. FIXED ASSETS

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

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

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

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

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

2.3 Where the actual cost of Fixed / Current Assets

are not readily ascertainable, they are accounted initially on provisional basis but adjusted subsequently to cost when ascertained.

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

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

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

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

3. IMPAIRMENT OF ASSETS

As at the end of each Balance Sheet date, the carrying amount of assets is assessed as to whether there is any indication of impairment. If the estimated recoverable amount is found less than its carrying amount, the impairment loss is recognised and assets are written down to their recoverable amount.



4. TOOLS AND EQUIPMENT

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

5. NON-CURRENT ASSETS - INTANGIBLE ASSETS / OTHER NON-CURRENT ASSETS

5.1 Research and Development Expenditure

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

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

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

5.3 The cost of software internally generated / acquired for internal use which is not an integral part of the related hardware, is recognized as an intangible asset in the Books of Accounts and is amortised over a period not exceeding three

years, on straight line method. Amortisation commences when the asset is available for use.

6. DEFERRED DEBTS

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

7. SUNDRY DEBTORS

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

8. INVENTORY

8.1 Inventories are valued at lower of cost and net realisable value. The cost of raw material, components and stores are assigned by using the actual weighted average cost formula and those in transit at cost to date. In the case of stock-in-trade and work-in-progress, cost includes costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

8.2 Provision for redundancy is maintained at a suitable percentage / level of the value of closing inventory of raw material and components, stores and spare parts and construction material. Besides, where necessary, adequate provision is made for the redundancy of such material in respect of completed / specific projects and other surplus / redundant material pending transfer to salvage stores.

8.3 Stores declared surplus / unserviceable / redundant are charged to revenue.

8.4 Consumables issued from main stores and lying unused at the end of the year are not reckoned as inventory.

8.5 Saleable / Disposable scrap is valued at estimated realisable value.

9. SALES

9.1 Manufacturing, Repair and Overhaul / Spares Sale

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

- Acceptance by the buyer's Inspector, by way of signaling out certificate, in the case of the manufacture or repair and overhaul of aircraft and helicopters.
- For other deliverables like spares, site repairs, Cat 'B' repair servicing etc., sales are set up based on acceptance by the buyer's inspection agency or as agreed to by the buyer.
- Sales are set up based on prices agreed with the customers. Where the prices are yet to be agreed with the customer, sales are set up on provisional basis.

9.2 Development Sales

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

10. EMPLOYEE BENEFIT

10.1 Liability towards gratuity provided on yearly actuarial valuation in respect of all employees is remitted to a trust progressively.

10.2 Provision for vacation leave is made on the basis of actuarial valuation.

11. DEPRECIATION

Depreciation on Fixed Assets is charged on

straight line method. The rates of Depreciation are determined based on Useful life prescribed in Schedule II to the Companies Act, 2013 for all assets. Depreciation is charged on shift basis applicable for asset other than NESD items. Each of the Fixed Assets is depreciated to rupee one value. Where during any Financial Year, any addition has been made to any Asset, or where any Asset has been sold, discarded, demolished or destroyed, the depreciation on such Assets is calculated on a pro-rata basis from the date of such Addition or, as the case may be, up to date on which such asset has been sold, discarded, demolished or destroyed. Fixed Assets acquired after 01.04.2014 and individually costing Rs. 50,000/- and below are fully depreciated in the year of purchase.

12. FOREIGN CURRENCY TRANSACTION

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

13. CLAIMS BY / AGAINST THE COMPANY

Claims on suppliers / underwriters / carriers towards loss / damages, claims for export subsidy, duty drawbacks, and claims on Customs department for refunds are accounted when claims are preferred.

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

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

14. WARRANTY

Provision for warranty is made at the time of setting up of sales for manufactured /



overhauled aircraft / Helicopters/ engines / rotables / accessories and supply of spares within the frame work of the conditions agreed with the customers.

Incurrence of Expenditure:

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

Withdrawal of un-utilised Warranty Provisions:

For Defence Customers:

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



(Dr. A.K. MISHRA)
Director (Finance) & CFO

covered under the respective contract.

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

For Non- Defence Customers:

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



(T. SUVARNA RAJU)
Chairman & Managing Director



(G.V. SESA REDDY)
Company Secretary

Place: Bengaluru

Date: 8th August, 2015





BALANCE SHEET

As at 31st March, 2015

(₹ In Lakhs)

Particulars	Note No.	31 st March 2015	31 st March 2014
I. Equity and Liabilities			
(1) Shareholders' Funds			
(a) Share Capital	1	48200.00	48200.00
(b) Reserves and Surplus	2	1630406.99	1453263.63
Sub Total		1678606.99	1501463.63
(2) Share Application Money Pending Allotment			
(3) Non-Current Liabilities			
(a) Long-Term Borrowings	3	427.83	453.55
(b) Deferred Tax Liabilities (Net)	4	161922.23	168160.01
(c) Other Long Term Liabilities	5	705036.68	622077.77
(d) Long Term Provisions	6	62606.62	48385.23
Sub Total		929993.36	839076.56
(4) Current Liabilities			
(a) Short Term Borrowings	7	-	67937.18
(b) Trade Payables	8	233937.90	208291.03
(c) Other Current Liabilities	9	3305765.23	3495034.24
(d) Short Term Provisions	10	255940.60	276039.30
Sub Total		3795643.73	4047301.75
Total I (1+2+3+4)		6404244.08	6387841.94
II. Assets			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets			
Gross Block	11A	402302.97	372871.08
Less: Accumulated Depreciation	11B	246362.31	214700.52
Net Block		155940.66	158170.56
(ii) Intangible Assets			
Gross Carrying Amount	11C	99961.00	83842.57
Less: Cumulative Amortisation & Impairment Loss	11D	38326.41	33195.31
Net Carrying Amount		61634.59	50647.26
(iii) Capital Work-In-Progress			
	12	21637.92	18474.13
(b) Non-Current Investments	13	74530.52	70742.85
(c) Long Term Loans and Advances	14	27228.68	13310.48
(d) Other Non-Current Assets	15	594846.84	618026.49
Sub Total		935819.21	929371.77
(2) Current Assets			
(a) Current Investments	16	-	-
(b) Inventories	17	2513628.45	2234951.17
(c) Trade Receivables	18	624260.47	688405.89
(d) Cash and Bank Balances	19	1767138.39	1693498.40
(e) Short Term Loans and Advances	20	362987.08	512814.03
(f) Other Current Assets	21	200410.48	328800.68
Sub Total		5468424.87	5458470.17
Total II(1+2)		6404244.08	6387841.94
Notes on Accounts	34		

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

As per our Report attached
for **M/s.DAGLIYA & CO.,**
Chartered Accountants
Firm Regn. No.06715



(P. MANOHARA GUPTA)
Partner
Membership No. 16444
Place: Bengaluru
Date: 8th August, 2015.



(Dr. A.K. MISHRA)
Director (Finance) & CFO



(T. SUVARNA RAJU)
Chairman & Managing Director



(G.V. SESHAREDDY)
(Company Secretary)

STATEMENT OF PROFIT AND LOSS

For the year ended 31st March, 2015

(₹ In Lakhs)

S. No.	Particulars	Note No.	31 st March 2015	31 st March 2014
I.	Revenue from Operations	22	1563033.15	1513589.39
	Less: Excise Duty		45.39	110.37
	Net Revenue from Operations		1562987.76	1513479.02
II.	Other Income	23	243786.67	261847.12
III.	Total Revenue (I + II)		1806774.43	1775326.14
IV.	Expenses:			
	Cost of Materials Consumed	24	787129.44	835936.14
	Purchase of Stock-in-Trade	24A	101612.43	78908.79
	Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	25	-67130.43	-74490.64
	Employee Benefits Expenses	26	339401.45	268544.04
	Finance Costs	27	826.94	97.18
	Depreciation and Amortisation Expenses	28	80605.75	60251.21
	Other Expenses	29	158002.40	139377.39
	Direct Input to WIP / Expenses Capitalised	30	43555.86	52910.78
	Provisions	31	97894.71	99293.34
	Total Gross Expenses		1541898.55	1460828.23
	Deduct: Expenses relating to Capital and Other Accounts	32	52376.10	43270.62
	Total Net Expenses		1489522.45	1417557.61
V.	Profit before exceptional and extraordinary items and tax (III - IV)		317251.98	357768.53
VI.	Exceptional items		-	-
VII.	Profit Before Extraordinary Items and Tax (V - VI)		317251.98	357768.53
VIII.	Extraordinary Items		-	-
IX.	Profit Before Tax (VII - VIII) *		317251.98	357768.53
	* includes Prior Period Gain / (Expense)	33	1247.06	-2977.06
X.	Tax expenses			
	(1) Current Tax		70000.00	79000.00
	(2) Minimum Alternate Tax (MAT) Credit (Entitlement)/Utilisation		12534.15	-2011.09
	(3) Deferred Tax		-4086.87	11527.93
XI.	Profit / (Loss) for the period from Continuing Operations (IX - X)		238804.70	269251.69
XII.	Profit/(Loss) from Discontinuing Operations		-	-
XIII.	Tax expense of Discontinuing Operations		-	-
XIV.	Profit/(Loss) from Discontinuing Operations (After Tax) (XII - XIII)		-	-
XV.	Profit(Loss) for the Period (XI + XIV)		238804.70	269251.69
XVI.	Earnings per Equity Share (₹) (Refer Clause No. 23 of Note 34)			
	Basic and Diluted		49.54	55.86
	Notes on Accounts	34		

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

As per our Report attached
for **M/s.DAGLIYA & CO.,**
Chartered Accountants
Firm Regn. No.06715


(P. MANOHARA GUPTA)

Partner
Membership No. 16444
Place: Bengaluru
Date: 8th August, 2015.



(Dr. A.K. MISHRA)
Director (Finance) & CFO



(T. SUVARNA RAJU)
Chairman & Managing Director



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



NOTE -1: SHARE CAPITAL

(₹ In Lakhs)

Particulars	31 st March 2015	31 st March 2014
Authorised Capital 60,00,00,000 (PY 60,00,00,000) Equity Shares of ₹ 10 each	60000.00	60000.00
Issued, Subscribed and Fully Paid up 48,20,00,000 Equity Shares of ₹ 10 each fully paidup	48200.00	48200.00
Subscribed and not Fully Paid up	-	-
Par Value per Share (₹)	10.00	10.00
Reconciliation of the Number of Shares Outstanding at the beginning and at the end of the Reporting period		
Opening Equity Shares (Nos.)	482000000	120500000
Add: Bonus Shares Issued (Nos.)	-	361500000
Less: Shares Bought Back (Nos.)	-	-
Closing Equity Shares (Nos.)	482000000	482000000
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 hold the entire 48,20,00,000 Shares	President of India and Nominees hold the entire 48,20,00,000 Shares
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. Entire Capital is held by Single Share Holder. Aggregate number of Equity shares allotted as fully paid up by way of bonus shares in the last 5 years ended 31.3.2015	361500000	361500000

NOTE-2: RESERVES AND SURPLUS

(₹ In Lakhs)

Particulars	31 st March 2015	31 st March 2014
Research & Development Reserve		
Opening Balance	11674.52	-
Add: Current Year Transfer	11682.38	11674.52
Less: Transfer to General Reserve on utilisation	5919.00	-
Closing Balance- (A)	17437.90	11674.52
Corporate Social Responsibility & Sustainable Development Reserve		
Opening Balance	2714.78	-
Add: Current Year Transfer	-	4196.55
Less: Utilised in Current Year/ Transfer to General Reserve	2714.78	1481.77
Closing Balance- (B)	-	2714.78
General Reserve As per last Balance Sheet	1438874.33	1325769.26
(+/-) Surplus Transferred from Statement of Profit and Loss	169525.14	149255.07
Less: Withdrawn towards issue of Bonus Shares	-	36150.00
Add: Transfer from CSR Reserves	2714.78	-
Add: Transfer from R&D Reserve	5919.00	-
Less: Depreciation on transition to Sch-II of the Companies Act 2013 (Ref Clause 8 of Note-34) (Net of Deferred Tax ₹ 2150.91 lakhs)	4064.16	-
Closing Balance- (C)	1612969.09	1438874.33
Surplus in Statement of Profit and Loss		
Add: Net Profit for the Current Year	238804.70	269251.69
Less: Appropriations / Allocations		
Transfer to Research & Development Reserve	11682.38	11674.52
Interim & Final Dividend (CY ₹ 9.96 Per Share & PY ₹ 18.46 Per Share)	48000.00	89000.00
Transfer to Corporate Social Responsibility & Sustainable Development Reserve*	-	4196.55
Tax on Dividend (Interim)	9597.18	15125.55
	69279.56	119996.62
Transferred to General Reserve	169525.14	149255.07
(A+B+C)	1630406.99	1453263.63

* Includes for CY- Nil & PY- ₹1199.64 lakhs being accumulated unspent balance lying in Provisions as on 31.03.2013



NOTE-3: LONG TERM BORROWINGS

(₹ In Lakhs)

Particulars	31 st March 2015	31 st March 2014
A. Secured Long Term Borrowings:		
Sub-total (A)	-	-
B. Unsecured Long Term Borrowings:		
Deferred Liabilities		
Towards:		
10/15 Years	123.94	123.94
45 Years	303.89	329.61
Sub-total (B)	427.83	453.55
Total (A + B)	427.83	453.55

NOTE-4: DEFERRED TAX LIABILITIES (NET)

(₹ In Lakhs)

Particulars	31 st March 2015	31 st March 2014
As per last Balance Sheet	168160.01	156632.08
Add / Less: Current Year's Provisions	-4086.87	11527.93
Add/Less: Impact of Depreciation on transition to Sch-II of the Companies Act 2013	-2150.91	-
Total	161922.23	168160.01

NOTE-5: OTHER LONG TERM LIABILITIES

(₹ In Lakhs)

Particulars	31 st March 2015	31 st March 2014
Trade Payables		
Other than Micro and Small Enterprises	1196.71	1724.32
Sub Total	1196.71	1724.32
Advances from Customers		
Outstanding Advances from Customers		
Defence	148721.28	129185.61
Sub Total (A)	148721.28	129185.61
Outstanding Milestone Receipt		
Defence	465147.43	390426.05
Others	-	292.14
Sub Total (B)	465147.43	390718.19
Advances from Customers (A + B)	613868.71	519903.80
Other Liabilities	89971.26	100449.65
Total	705036.68	622077.77

NOTE-6: LONG TERM PROVISIONS

(₹ In Lakhs)

Particulars	31 st March 2015	31 st March 2014
A. Provisions for Employee Benefits		
Earned Leave	39785.26	28956.43
Sub-total (A)	39785.26	28956.43
B. Others		
Replacement and Other Charges	9460.44	9618.40
Warranty	13360.92	9810.40
Sub-total (B)	22821.36	19428.80
Total (A + B)	62606.62	48385.23



NOTE-7: SHORT TERM BORROWINGS

(₹ In Lakhs)

Particulars	31 st March 2015	31 st March 2014
A. Secured Short Term Borrowings:		
Loans Repayable on Demand		
From Banks (Secured Against Term Deposit)	-	67937.18
Sub-total (A)	-	67937.18
B. Unsecured Short Term Borrowings:		
Sub-total (B)	-	-
Total (A + B)	-	67937.18

NOTE-8: TRADE PAYABLES

(₹ In Lakhs)

Particulars	31 st March 2015	31 st March 2014
Trade Payables		
Micro, Small and Medium Enterprises	458.52	1797.94
Other than Micro and Small Enterprises	233479.38	206493.09
	233937.90	208291.03

NOTE-9: OTHER CURRENT LIABILITIES

(₹ In Lakhs)

Particulars	31 st March 2015	31 st March 2014
Current Maturities of Long term Debt		
Deferred Liabilities Towards 45 Years - Unsecured	25.49	25.49
Advances from Customers		
Outstanding Advances from Customers		
Defence	712913.29	789997.09
Others	2617.28	2534.35
Sub Total (A)	715530.57	792531.44
Outstanding Milestone Receipt		
Defence	2406335.38	2438865.12
Others	54235.25	58850.52
Sub Total (B)	2460570.63	2497715.64
Advances from Customers (A + B)	3176101.20	3290247.08
Other Payables		
Taxes	11693.98	23067.90
Dues to Employees	37708.33	44520.18
Others Liabilities	80236.23	137173.59
	3305765.23	3495034.24

NOTE-10: SHORT TERM PROVISIONS

(₹ In Lakhs)

Particulars	31 st March 2015	31 st March 2014
A. Provisions for Employee Benefits		
Gratuity	12669.49	2291.45
Earned Leave	32788.17	28036.95
Others	21326.37	79063.94
Sub-total (A)	66784.03	109392.34
B. Others		
Replacement and Other Charges	48905.76	40547.73
Warranty	89713.81	78360.75
Liquidated Damages	50537.00	47738.48
Sub-total (B)	189156.57	166646.96
Total (A + B)	255940.60	276039.30

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

(₹ In Lakhs)

Description	Gross Block as at 01.04.14	Additions	Reclasfn. / Adjustment	Disposals	Transfer to(-) from (+) Div	Gross Block as at 31.03.15
Fixed Assets¹						
Land						
- Leasehold	710.68	-	-	-	-	710.68
- Freehold	1017.68	763.25	-	-	-	1780.93
Buildings	82512.86	2761.44	-45.13	445.82	-	84783.35
Plant and Equipment	236070.99	13682.99	42.58	428.84	0.11	249367.83
Furniture and Fixtures	8740.62	1692.08	233.22	62.53	0.77	10604.16
Vehicles	6465.48	1067.92	1.18	83.25	-	7451.33
Office Equipment	14641.55	2492.85	-231.85	130.52	-0.88	16771.14
Others						
Roads and Drains	5828.96	135.99	-	-	-	5964.95
Water Supply	3580.98	308.33	-	0.56	-	3888.75
Rail Road Sidings	71.07	-	-	-	-	71.07
Runways	5533.13	33.15	-	-	-	5566.28
Aircraft/Helicopters	7697.09	7645.41	-	-	-	15342.50
Total	372871.08	30583.41	-	1151.52	-	402302.97
Previous Year	352481.17	20732.89	-	342.98	-	372871.08

* Doesn't include Customer funded assets as indicated in Clause-13 of Note 34



NOTE-11B: ACCUMULATED DEPRECIATION - TANGIBLE ASSETS

(₹ In Lakhs)

Description	Provision as at 01.04.14	Additions		Reclasfn. / Adjustment	Transfer to (-) from (+) Div	Disposals	Provision as at 31.03.15	Net Block as at 31.03.15	Net Block as at 31.03.14
		CY	PY						
Depreciation ²									
Land									
- Leasehold	48.47	7.96	-	-	-	-	56.43	654.25	662.21
- Freehold	-	-	-	-	-	-	-	1780.93	1017.68
Buildings	25783.55	3582.35	1.53	900.85	-	96.33	30171.96	54611.39	56729.31
Plant and Equipment	156577.89	16335.34	5.06	2912.10	-0.17	414.31	175415.91	73951.92	79493.10
Furniture and Fixtures	5783.15	1368.73	3.23	398.53	-0.05	52.63	7500.96	3103.20	2957.47
Vehicles	4319.99	566.15	-	46.08	-	58.83	4873.38	2577.95	2145.49
Office Equipment	10937.93	2107.21	39.45	384.63	0.22	124.92	13344.51	3426.62	3703.62
Others									
Roads and Drains	1584.44	1068.77	0.49	1449.84	-	-	4103.54	1861.41	4244.52
Water Supply	2122.75	242.20	0.02	98.16	-	0.56	2462.57	1426.18	1458.23
Rail Road Sidings	71.06	-	-	-	-	-	71.06	0.01	0.01
Runways	4264.88	265.17	-	24.87	-	-	4554.92	1011.36	1268.25
Aircraft/Helicopters	3206.41	600.65	-	-	-	-	3807.06	11535.44	4490.68
Total	214700.52	26144.53	49.78	6215.06	-	747.58	246362.31	155940.66	158170.56
Previous Year	197673.69	17713.50	-578.82			107.84	214700.52	158170.56	

Above Includes:

31.03.15 **31.03.14**

Gross Value of Assets with M/s. MIDHANI

1195.39 1195.39

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

443.54 354.84

31.03.15 **31.03.14**

¹ Gross Value of Assets retired from active use

2954.33 2811.64

² Less: Cumulative Depreciated Value of Assets retired from active use

2941.37 2802.39

WDV of Assets retired from active use

12.96 9.25

* Depreciation for the year includes Lease charges for Land taken on lease for establishing units at Kasaragod & LO Mumbai

Also refer Note No. 34 Clauses 8,13 and 31

NOTE-11C & 11D: INTANGIBLE ASSETS

(₹ In Lakhs)

Description	As on 01.4.2014	Additions	Adjustment	As on 31.03.2015
11C. Gross Carrying Amount				
Development Expenditure	61590.02	15354.87	-	76944.89
Licence Fees	11708.84	421.07	-	12129.91
Computer Software	8321.96	1084.41	-673.52	8732.85
Documentation	2221.75	90.10	-158.50	2153.35
Total	83842.57	16950.45	-832.02	99961.00
Previous Year	74942.05	8900.52	-	83842.57
Description	As on 01.4.2014	Amortisation and Impairment Loss	Adjustment	As on 31.03.2015
11D. Cumulative Amortisation				
Development Expenditure	22298.20	2981.36	-	25279.56
Licence Fees	2650.56	2297.25	-	4947.81
Computer Software	7609.95	554.22	-673.52	7490.65
Documentation	636.60	130.29	-158.50	608.39
Total	33195.31	5963.12	-832.02	38326.41
Previous Year	28902.55	4292.75	-	33195.31

NOTE-12: CAPITAL WORK-IN-PROGRESS

(₹ In Lakhs)

Particulars	31 st March 2015	31 st March 2014
Buildings	10197.47	6330.64
Plant, Machinery and Equipment	6124.40	9485.78
Roads and Drains	96.92	13.39
Water Supply	44.55	23.43
Plant, Machinery and Equipment under Inspection and in Transit	5174.58	2620.89
Total	21637.92	18474.13



NOTE-13: NON-CURRENT INVESTMENT

(₹ In Lakhs)

Particulars	31 st March 2015	31 st March 2014
A. INVESTMENTS AT COST LESS PROVISION FOR OTHER THAN TEMPORARY DIMINUTION (TRADE / UN-QUOTED)		
Investment in Equity Instruments		
- in Joint Ventures		
M/s BAe-HAL Software Ltd-29,40,000 (29,40,000-P.Y) shares of ₹10 FV each fully paid	294.00	294.00
Less Provision for Diminution in value of Investment	-	-
Net -M/s BAe-HAL Software Ltd	294.00	294.00
M/s Snecma HAL Aerospace Private Ltd -11,40,000 (11,40,000-P.Y) Shares of ₹100 F.V. each fully paid	1140.00	1140.00
Less Provision for Diminution in value of Investment	-	-
Net - M/s Snecma HAL Aerospace Private Ltd	1140.00	1140.00
M/s Indo Russian Aviation Ltd - 9,36,525 (9,36,525-P.Y) shares of ₹ 10 FV each fully paid	93.65	93.65
Less Provision for Diminution in value of Investment	-	-
Net - M/s Indo Russian Aviation Ltd.	93.65	93.65
M/s HALBIT Avionics Pvt Ltd -3,82,500(3,82,500-P.Y) Shares of ₹100 FV each fully paid	382.50	382.50
Less Provision for Diminution in value of Investment	320.43	320.43
Net - M/s. HALBIT Avionics Pvt. Ltd.	62.07	62.07
M/s HAL Edgewood Technologies Pvt Ltd 3,00,000(3,00,000-P.Y) Shares of ₹100 FV each fully paid	300.00	300.00
Less Provision for Diminution in value of Investment	300.00	300.00
Net- M/s. HAL Edgewood Technologies Pvt. Ltd.	-	-
M/s SAMTEL HAL Display Systems Ltd-1,60,000 (1,60,000-P.Y) Shares of ₹ 100 FV each fully paid	160.00	160.00
Less Provision for Diminution in value of Investment	-	-
Net - M/s SAMTEL HAL Display Systems Ltd	160.00	160.00
M/s INFOTECH HAL Ltd - 20,00,000 (20,00,000-P.Y) Shares of ₹ 10 FV each fully paid	200.00	200.00
Less Provision for Diminution in value of Investment	166.27	166.27
Net- M/s. INFOTECH HAL Ltd.	33.73	33.73
M/s. HATSOFF Helicopter Training Pvt. Ltd. -3,84,04,204 (3,84,04,204 P.Y.) Shares of ₹ 10 FV each fully paid	3840.42	3840.42
Less Provision for Diminution in value of Investment	3840.42	3840.42
Net- M/s. HATSOFF Helicopter Training Pvt. Ltd.	-	-
M/s. TATA HAL Technologies Ltd. - 50,70,000 (50,70,000 P.Y.) Shares of ₹ 10 each fully paid	507.00	507.00
Less Provision for Diminution in value of Investment	362.48	362.48
Net- M/s. TATA HAL Technologies Ltd.	144.52	144.52
M/s. International Aerospace Manufacturing Pvt. Ltd. - 42,50,000 (42,50,000 - P.Y.) Shares of ₹ 100 FV each fully paid	4250.00	4250.00
Less Provision for Diminution in value of Investment	-	-
Net-M/s International Aerospace Manufacturing Pvt Ltd	4250.00	4250.00

M/s. Multirole Transport Aircraft Ltd. - 113,46,564 (113,46,564 P.Y.) Shares of ₹ 100 FV each fully paid	11346.56	11346.56
Less Provision for Diminution in value of Investment	-	-
Net-M/s. Multirole Transport Aircraft Ltd.	11346.56	11346.56
M/s. Aerospace & Aviation Sector Skill Council(AASSC) - 125 (NIL P.Y.) Shares of ₹ 10000 FV each fully paid	12.50	-
Less Provision for Diminution in value of Investment	-	-
Net-M/s. Aerospace & Aviation Sector Skill Council	12.50	-
Sub Total (A)	17537.03	17524.53
B. INVESTMENTS AT COST (NON-TRADE / UN-QUOTED)		
- Others		
HAE Co-operative Society of 25 (25P.Y) Shares of ₹ 100 FV each fully paid	0.03	0.03
M/s Satnam Apartment Ltd - 41 (41 P.Y) Shares of ₹ 100 each at cost for acquisition of a Flat	0.07	0.07
M/s LIC of India (For Funding Vacation Leave)	56993.39	53218.22
Sub Total (B)	56993.49	53218.32
Total (A + B)	74530.52	70742.85
Disclosure		
(i) Aggregate amount of Quoted Investment and Market Value.	NIL	-
(ii) Aggregate amount of Unquoted Investments.	79520.12	75732.45
(iii) Aggregate Provision or Diminution in value of Investments	4989.60	4989.60

Refer clause No-11 of Note-34



NOTE-14: LONG TERM LOANS AND ADVANCES

(₹ In Lakhs)

Particulars	31 st March 2015	31 st March 2014
A. Secured Considered Good		
Capital Advances	504.39	488.79
Loans and Advances to Related Parties	400.00	-
Advances against Goods and Services	1551.58	149.34
Advances against Special Tools	3854.10	-
Employee Advances ⁵	1097.74	1193.87
Other Loans and Advances	227.69	186.17
Sub-total (A)	7635.50	2018.17
B. Unsecured Considered Good		
Capital Advances	9851.55	6036.13
Security Deposit		
Govt Departments for Customs Duty and for Supplies	287.69	287.88
Public Utility Concerns	2697.21	2668.18
Others	331.40	297.40
Advances against Goods and Services	32.86	349.51
Advances against Special Tools	4431.29	360.26
Employee Advances ⁵	230.65	161.58
Other Loans and Advances	1730.53	1131.37
Sub-total (B)	19593.18	11292.31
C. Considered Doubtful		
Sub-total (C)	-	-
TOTAL (A +B +C)	27228.68	13310.48
⁵ Amount due by the Officers of the Company at the end of the year	-	-

NOTE-15: OTHER NON-CURRENT ASSETS

(₹ In Lakhs)

Particulars	31 st March 2015	31 st March 2014
Inventories³		
Raw materials and Components	33854.63	29121.05
Less: Provision for Redundancy	33215.56	28452.83
	639.07	668.22
Stores and Spares Parts	3707.42	2110.08
Less: Provision for Redundancy	2642.74	1629.86
	1064.67	480.22
Loose Tools and Equipment	810.01	630.62
Less: Provision for Redundancy	810.01	630.62
	-	-
Construction Materials	1.56	1.20
Less: Provision for Redundancy	1.56	1.20
	-	-
Sub Total Inventories	1703.74	1148.44
Long Term Trade Receivables		
Secured Considered Good	-	-
Unsecured Considered Good	1554.18	3298.76
Doubtful	253.46	363.68
	1807.64	3662.44
Less: Provision for Bad and Doubtful	253.46	363.68
Trade Receivables	1554.18	3298.76
Deferred Debts - 10/15 yrs	123.94	123.94
Deferred Debts - 45 yrs	292.12	316.50
Claims Receivable		
Considered Good	89566.46	99729.78
Considered Doubtful	4826.15	4954.05
	94392.61	104683.84
Less: Provision for Doubtful Claims	4826.15	4954.05
Claims Receivable	89566.46	99729.78
Special Tools (15C)	347800.74	350151.12
Deferred Revenue Expenditure (15A & 15B)	153737.75	163167.80
Balance with Banks ^{4a}	47.85	15.68
Prepaid Expenses	19.85	74.35
Interest Accrued not due	0.21	0.12
	594846.84	618026.49
³ includes those issued to Sub-Contractors for Job Works / Customers	-	-

^{4a} Fully Earmarked for Committed Liabilities of more than 12 months



NOTE-15A & 15B: DEFERRED REVENUE EXPENDITURE (CUSTOMER FUNDED)

(₹ In Lakhs)

Description	As on 01.4.2014	Additions	Adjustment	As on 31.03.2015
Gross Carrying Amount				
Development Expenditure	-	-	-	-
Licence Fees	247033.44	8751.05	-21462.30	234322.19
Computer Software	299.84	29.53	-	329.37
Documentation	41374.26	2062.29	-3095.10	40341.45
Total	288707.55	10842.87	-24557.40	274993.01
Previous Year	270066.91	18640.64	-	288707.55
Description	As on 01.4.2014	Amortisation and Impairment Loss	Adjustment	As on 31.03.2015
15B. Cumulative Amortisation				
Development Expenditure	-	-	-	-
Licence Fees	112273.07	18187.13	-21462.30	108997.90
Computer Software	283.14	15.59	-	298.73
Documentation	12983.54	2070.19	-3095.10	11958.63
Total	125539.75	20272.91	-24557.40	121255.26
Previous Year	110367.95	15171.78	-	125539.75

NOTE-15C: SPECIAL TOOLS

(₹ In Lakhs)

Description	As on 01.4.2014	Additions	Amortisation	As on 31.03.2015
SPECIAL TOOLS	350151.12	25825.05	28175.43	347800.74
	350151.12	25825.05	28175.43	347800.74
Previous Year	324411.23	49391.88	23651.99	350151.12

NOTE-16: CURRENT INVESTMENT

(₹ In Lakhs)

Particulars	31 st March 2015	31 st March 2014
	-	-

NOTE-17: INVENTORIES³

(₹ In Lakhs)

Particulars	31 st March 2015	31 st March 2014
Raw materials and Components	1311298.71	1129262.33
Less: Provision for Redundancy	22499.29	18967.04
	1288799.42	1110295.29
Work-in-Progress	860968.86	790569.86
Finished Goods	171747.55	175016.38
Stock-in-Trade	5346.75	5767.19
Stores and Spare Parts	23577.73	20919.24
Less: Provision for Redundancy	816.34	631.99
	22761.39	20287.25
Loose Tools and Equipment	8058.82	7702.24
Less: Provision for Redundancy	135.60	127.64
	7923.22	7574.60
Construction Materials	87.78	88.26
Less: Provision for Redundancy	4.08	4.08
	83.70	84.18
Disposable Scrap	1788.92	1368.23
Miscellaneous Stores	15.59	15.74
Good under Inspection and in Transit		
- Raw material and Components	139972.93	84978.89
- Stores and Spare Parts	12426.37	37341.62
- Loose Tools and Equipment	1793.76	1651.94
	154193.06	123972.45
Total Inventories	2513628.45	2234951.17
³ includes those issued to Sub-Contractors for Job Works / lying with Customers	32503.91	30935.82



NOTE-18: TRADE RECEIVABLES

(₹ In Lakhs)

Particulars	31 st March 2015	31 st March 2014
Trade Receivables		
(A) Debts outstanding for a period exceeding Six months from the dates they have fallen due		
Secured Considered Good	28.37	2.16
Unsecured Considered Good	276030.64	352722.69
Doubtful	909.23	948.75
	276968.24	353673.60
Less: Provision for Doubtful Debts	909.23	948.75
Sub Total (A)	276059.01	352724.85
(B) Debts outstanding for a period less than Six months from the dates they have fallen due		
Secured Considered Good	103.59	122.64
Unsecured Considered Good	348097.87	335558.40
Sub Total (B)	348201.46	335681.04
TOTAL (A +B)	624260.47	688405.89

NOTE-19: CASH AND BANK BALANCES

(₹ In Lakhs)

Particulars	31 st March 2015	31 st March 2014
A) CASH AND CASH EQUIVALENTS		
Cash on Hand	19.66	27.65
Cheques, Drafts on Hand	0.83	0.05
Balances with Bank		
- Current Account ⁴	47052.73	317.57
- Short Term Deposits	806395.12	1117191.23
	853468.34	1117536.50
B) Other Bank Balances		
Short Term Deposits *	913604.30	575961.90
	913604.30	575961.90
C) OTHERS		
- Short Term Deposits with Financial Institutions	65.75	-
	65.75	-
TOTAL CASH AND BANK BALANCES (A + B+C)	1767138.39	1693498.40

⁴ Refer Clause No. 9 in Note 34 - Explanatory Notes

*Includes ₹ 15.68 lakhs earmarked for committed liability less than one year

NOTE-20 : SHORT TERM LOANS AND ADVANCES

(₹ In Lakhs)

Particulars	31 st March 2015	31 st March 2014
A. Secured Considered Good		
Loans and Advances to Related Parties	1925.50	1920.78
Advances against Goods and Services	84925.12	158188.00
Advance against Special Tools	1485.49	-
Employee advances ⁵	967.31	1302.21
Sub-total (A)	89303.42	161410.99
B. Unsecured Considered Good		
Security Deposit		
Govt. Departments for Customs Duty and for Supplies	3276.74	3229.44
Public Utility Concerns	48.08	44.88
Others	1168.00	550.28
Loans and Advances to Related Parties	6789.26	5464.57
Advances against Goods and Services	67053.45	195640.07
Employee advances ⁵	3240.53	9347.94
Advance Tax - (Net of Provision of Income Tax i.e. Advance Tax ₹ 93585.54 Lakhs (PY ₹ 83318.88 Lakhs) Less: Provision for Income Tax ₹ 70000.00 Lakhs (PY ₹ 79000.00 Lakhs))	23585.54	4318.88
Other Loans and Advances (includes ₹ 20905.76 Lakhs for CY and ₹ 33439.91 Lakhs for PY towards MAT Credit entitlement)	168522.06	132806.98
Sub-total (B)	273683.66	351403.04
C. Considered Doubtful		
Sub-total (C)	-	-
TOTAL (A +B +C)	362987.08	512814.03
⁵ Amount due by the Officers of the Company at the end of the year	-	-

NOTE-21: OTHER CURRENT ASSETS

(₹ In Lakhs)

Particulars	31 st March 2015	31 st March 2014
Interest Accrued and Due on Non-current Investments and Advance to Related Party	5585.72	5291.52
Interest Accrued and Not Due on Short Term Bank Deposits	63423.67	126923.14
Claims Receivable		
Considered Good	126798.49	190248.19
Considered Doubtful	3042.41	3868.43
	129840.90	194116.62
Less: Provision for Doubtful Claims	3042.41	3868.43
Claims Receivable	126798.49	190248.19
Prepaid Expenses	4572.29	6308.58
Balances in Franking Machine	6.18	5.14
Current Maturities in Deferred Debt - 45 yrs	24.13	24.11
	200410.48	328800.68



NOTE-22: REVENUE FROM OPERATIONS

(₹ In Lakhs)

Particulars	31 st March 2015	31 st March 2014
Revenue from Operations		
a) Sale of Products		
Inland Sales		
Finished Goods	920586.57	863809.61
Spares	189075.51	172824.39
Development	61340.06	73337.18
Miscellaneous	9708.98	2407.90
Prior Period	1758.81	4775.60
Total Inland Sales of Products	1182469.93	1117154.68
Export Sales		
Finished Goods	32420.35	22441.95
Spares	17343.70	18411.05
Prior Period	-78.07	-
Total Export Sales of Products	49685.98	40853.00
Total Sale of Products (a)	1232155.91	1158007.68
b) Sale of Services		
Inland Sale of Services		
Repair and Overhaul	327262.81	347524.53
Other Services	1904.58	3618.71
Prior Period	586.20	491.96
Total Inland Sales of Services	329753.59	351635.20
Export Sale of Services		
Repair and Overhaul	220.14	2907.97
Other Services	33.79	240.31
Prior Period	-	3.11
Total Export Sales of Services	253.93	3151.39
Total Sales of Services (b)	330007.51	354786.59
Total Sales (a+b)	1562163.43	1512794.27
c) Other Operating Revenues		
(i) Disposal of Scrap and Surplus / Unserviceable Stores	869.73	795.12
Total Operating Revenues (c)	869.73	795.12
Gross Revenue from Operations (d) = (a+b+c)	1563033.15	1513589.39
Sale of Stock in Trade Products	114577.98	88483.65

NOTE-23: OTHER INCOME

(₹ In Lakhs)

Particulars	31 st March 2015	31 st March 2014
Interest Income		
- Short term Deposits / Loans	163156.99	206535.19
- Sundry Advances - Employees	124.55	112.81
- Other Deposits	149.89	110.92
Less Interest Liability to Customer	1105.37	3889.22
	162326.06	202869.70
Dividend Income		
- Dividend Income from JVs	183.97	188.61
Transportation - Employees	240.18	132.13
Canteen	53.89	47.79
Other Welfare Schemes	1859.06	1640.97
Profit on Sale of Assets (Net)	-139.03	-35.99
Miscellaneous ⁶	71249.27	56569.69
Gain on Foreign Currency Transaction and Translation	8013.27	-
Prior Period Items	-	434.22
	243786.67	261847.12
⁶ Includes Provision no Longer Required	63416.28	45265.50

NOTE-24: COST OF MATERIAL CONSUMED

(₹ In Lakhs)

Particulars	31 st March 2015	31 st March 2014
CONSUMPTION OF RAW MATERIAL, COMPONENTS, STORES AND SPARE PARTS ⁷		
Opening Stock	1181502.14	869659.26
Add: Purchases	998804.71	1189566.73
Add: Subcontracting, Fabrication and Machining Charges.	20107.10	20205.30
Less: Closing stock	1372527.83	1181502.14
	827886.12	897929.15
Less: Transfer to		
Special Tools and Equipment	21968.10	44498.81
Development Expenditure	4087.04	620.76
Expense Accounts and Others	14701.54	16873.44
	40756.68	61993.01
	787129.44	835936.14
⁷ includes Prior Period Items	906.01	268.32

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

(₹ In Lakhs)

Particulars	31 st March 2015	31 st March 2014
Purchase of Stock-in-Trade	101612.43	78908.79



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

(₹ In Lakhs)

Particulars	31 st March 2015	31 st March 2014
CHANGE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE (A)		
Accretion / (Decretion)		
Opening Balance		
(i) Finished Goods	175016.38	147403.63
(ii) Work-in-progress*	790569.85	745528.00
(iii) Stock in Trade	5767.19	4470.25
	971353.42	897401.88
Closing Balance		
(i) Finished Goods	171747.55	175016.38
(ii) Work-in-progress	860968.86	790569.86
(iii) Stock in Trade	5346.75	5767.19
	1038063.16	971353.43
Accretion / (Decretion)	66709.74	73951.55
CHANGE IN DISPOSABLE SCRAP (B)		
Opening Balance	1368.23	829.14
Closing Balance	1788.92	1368.23
Accretion / (Decretion)	420.69	539.09
TOTAL (A+B)	67130.43	74490.64
(* includes Prior Period Items	-	4258.27

NOTE-26: EMPLOYEES BENEFIT EXPENSES⁸

(₹ In Lakhs)

Particulars	31 st March 2015	31 st March 2014
Salaries and Wages	272033.61	238447.38
Contribution to Provident and Other Funds		
- Contribution to Provident Fund/ Others	38052.27	16499.47
- Contribution to Gratuity	12670.57	2291.45
Staff Welfare Expenses	15869.17	10629.56
Rent for Hiring Accomodation for Officers / Staff	775.83	646.62
Prior Period	-	29.56
	339401.45	268544.04
⁸ Includes Directors' Remuneration		
Salaries	172.06	199.04
Contribution to Provident Fund	13.56	13.81
Gratuity	-	10.00

NOTE-27: FINANCE COST

(₹ In Lakhs)

Particulars	31 st March 2015	31 st March 2014
Interest Expenses		
- Interest on Short Term Loans	826.94	97.18
	826.94	97.18

NOTE-28: DEPRECIATION AND AMORTISATION EXPENSES

(₹ In Lakhs)

Particulars	31 st March 2015	31 st March 2014
A. DEPRECIATION ON ASSETS	26194.30	17134.68
B. AMORTISATION	54411.45	43116.53
TOTAL (A + B)	80605.75	60251.21



NOTE-29: OTHER EXPENSES

(₹ In Lakhs)

Particulars	31 st March 2015	31 st March 2014
Shop Supplies	9880.82	9718.26
Power and Fuel	17533.04	17308.51
Water Charges	5323.72	4379.14
Rent for Office Premises etc.	221.22	187.71
Travelling (includes Foreign Travel)	7483.02	8041.97
Training (includes Foreign Training)	2336.44	1541.97
Repairs:		
Buildings	7473.86	5597.21
Plant, Machinery and Equipment	10909.87	11168.23
Others	4193.77	5812.52
Expenses on Tools and Equipment	4108.44	8645.43
Insurance	1714.41	1712.55
Rates and Taxes	2272.42	844.37
Postage and Telephones	958.93	822.88
Printing and Stationery	1235.32	1215.94
Publicity	2377.74	1055.96
Advertisement	2074.76	1140.93
Bank Charges	639.31	730.52
Loss on Foreign Currency Transaction and Translation (Net)	-	7560.93
Legal Expenses	190.23	183.32
Auditors' Remuneration:		
For Audit Fee	38.33	25.19
For Taxation matters	3.79	3.51
For Other Services	61.73	49.63
Selling Agents Commission	212.76	396.39
Donations	104.84	61.82
Handling Charges	281.40	266.91
Write Off:		
Fixed Assets	2.10	3.85
Stores	190.82	176.34
Shortages / Rejections	0.18	-
Others	-	0.22
Freight and Insurance	1139.57	1016.33
Liquidated Damages	37527.41	10393.42
JWG share of Profit	121.49	337.63
Cost of Warranty	7234.86	11695.70
Corporate Social Responsibility	4575.65	-
Other Operating Expenses ⁹	25516.06	23813.74
Prior Period Items	64.09	3468.36
	158002.40	139377.39
⁹ includes Director's Sitting Fees	26.79	17.60

NOTE-30: DIRECT INPUT TO WIP AND EXPENSES CAPITALISED

(₹ In Lakhs)

Particulars	31 st March 2015	31 st March 2014
A) DIRECT INPUT TO WIP		
Project related Travel	987.09	1136.42
Project related Training	199.52	964.30
Project related other Expenditure	1365.09	1397.40
Travel outstation jobs	-	128.38
Royalty	1017.00	999.41
Foreign Technician Fee	6006.20	4312.85
Ground Risk Insurance	2652.47	2192.99
Quality Audit Expenses	42.52	27.77
Design and Development	5206.18	4276.16
Sundry Direct Charges - Others	13641.35	18118.21
Sub-Total (A)	31117.42	33553.89
B) EXPENSES CAPITALISED		
Licence Fees	9172.12	16572.17
Computer software	1113.93	540.75
Documentation	2152.39	2243.97
Sub-Total (B)	12438.44	19356.89
Total (A + B)	43555.86	52910.78

NOTE-31: PROVISIONS

(₹ In Lakhs)

Particulars	31 st March 2015	31 st March 2014
Replacement and Other Charges	14839.32	17014.26
Warranty	41782.46	32109.10
Raw Materials and Components, Stores and Spare parts and Construction Materials	10976.16	12032.25
Liquidated Damages	30177.68	30166.33
Doubtful Debts	5.37	712.11
Doubtful Claims	113.72	2269.69
Diminution in the value of long term Investments	-	4989.60
Total	97894.71	99293.34



NOTE-32: EXPENSES RELATING TO CAPITAL AND OTHER ACCOUNTS

(₹ In Lakhs)

Particulars	31 st March 2015	31 st March 2014
Expenses allocated to:		
Deferred Revenue Expenditure	12438.44	19356.89
Special Tools	3856.94	4893.08
Capital Works	645.99	6999.42
Development Expenditure	11267.83	7563.52
Warranty	7234.86	11695.70
Others	16932.03	-7237.99
EXPENSES RELATING TO CAPITAL AND OTHER ACCOUNTS	52376.10	43270.62
(*) includes Prior Period Items	-	1155.68

NOTE-33: PRIOR PERIOD GAIN / (EXPENSE)

(₹ In Lakhs)

Particulars	31 st March 2015	31 st March 2014
(A) Income		
Inland Sales	2345.01	5267.56
Export Sales	-78.07	3.11
Other Income	-	434.22
Sub-Total (A)	2266.94	5704.89
(B) Expenditure		
Consumption of Raw Material, Components, Stores and Spare Parts	906.01	268.32
Amortisation	-	80.58
Expenses relating to Capital & Other Accounts	-	1155.68
Salaries and Wages	-	29.56
Depreciation	49.78	-578.82
Increase / Decrease in FG/WIP	-	4258.27
Other Expenses	64.09	3468.36
Sub-Total (B)	1019.88	8681.95
Total (A - B)	1247.06	-2977.06

NOTE-34: EXPLANATORY NOTES

(₹ In Lakhs)

Particulars		31 st March 2015	31 st March 2014
Mandatory Disclosures			
1	Contingent Liabilities not provided for		
	Outstanding Letters of Credit and Guarantees		
	(i) Letters of Credit	158925.37	115769.28
	(ii) Guarantees	517741.97	511263.78
	Total	676667.34	627033.06
	Non-fund based limits from Consortium Bankers, State Bank of India, Punjab National Bank, Indian Bank, State Bank of Hyderabad, State Bank of Mysore, State Bank of Patiala, State Bank of Bikaner & Jaipur, State Bank of Travancore, Export Import Bank of India, Bank of Baroda, Indian Overseas Bank, Union Bank of India and Syndicate Bank are secured by hypothecation of Inventories and all Receivables.		
	Claims / Demands against the Company not acknowledged as Debts (Gross)		
	(i) Sales Tax / Entry Tax (Refer Clause 38(a&b))	227265.13	61722.99
	(ii) Income Tax	224086.59	135959.09
	(iii) Municipal Tax	-	857.34
	(iv) Service Tax (Refer Clause 38(a&b))	64443.67	123276.74
	(v) Liquidated Damages (Refer Clause 48)	130438.69	106742.98
	(vi) Customs Duty	23568.54	23568.54
	(vii) Others	11660.63	9638.07
	Total	681463.25	461765.75
2	Commitments		
	Estimated amount of contracts remaining to be executed and not provided for		
	i) on Capital Account	92919.09	53293.08
	ii) towards Joint Ventures	139168.37	139155.87
	iii) towards purchase of Inventory, Services, Employee Contracts etc.	100895.04	891039.30
	Total	1241037.50	1083488.25
3	Value of Imports calculated on CIF basis:		
	(i) Raw Materials	685786.32	842273.60
	(ii) Components and Spare parts	292287.36	321874.23
	(iii) Capital Goods	4804.97	9440.11
	(iv) Special Tools	15728.67	32151.98
	Total	998607.32	1205739.92
4	Raw Materials, Spare Parts and Components consumed :		
	(i) Imported (including Customs Duty)	740275.28	804619.01
	(In % to total)	89.42	89.61
	(ii) Indigenous	87610.84	93310.15
	(In % to total)	10.58	10.39
	Total (Gross)	827886.12	897929.16
	(Total %)	100.00	100.00



(₹ In Lakhs)

Particulars		31 st March 2015	31 st March 2014
5	Expenditure in Foreign currency on account of		
	(i) Royalty	1017.00	170.99
	(ii) License Fee	8629.48	14070.48
	(iii) Documentation	2051.73	4459.88
	(iv) Professional, Consultancy and Foreign Technician Fees	15467.98	5086.01
	(v) Foreign Travel	1053.46	1660.91
	(vi) Others	2024.87	1882.58
	Total	30244.52	27330.85
6	Earnings in Foreign Exchange :		
	(i) Export on FOB Basis *	41474.92	40852.01
	(ii) Services	253.85	3146.06
	*excludes ₹ 8209.55 lakhs (PY nil lakhs) towards exports made to Nepal in INR		
	Total	41728.77	43998.07
7	The effect on Profit due to Prior Period Transactions		
		1247.06	-2977.06
8	Pursuant to the enactment of companies act 2013, the company has applied the estimated useful lives as specified in schedule II for the purpose of computation of depreciation on Fixed Assets.		
8(a)	Impact on Additional debit to P&L a/c on account of revision in useful life.	7568.22	-
8(b)	Impact on Additional Depreciation debited to retained earnings net of tax (deferred tax - ₹ 2150.91)	4064.16	-
8(c)	As per Accounting Policy 11 on Depreciation, "Fixed Assets acquired after 01.04.2014 and individually costing ₹ 50,000/- and below are fully depreciated in the year of purchase". This amount has been revised to ₹ 50,000 in the year 2014-15 from ₹ 10,000/- in the year 1991-92, considering the size of the company, materiality and price indexation.		
9	Bank Balances in Note No. 19 include		
	Balances in Current Account with Foreign Banks		
	SBI Paris	19.12	107.79
	SBI London	11.54	19.93
	JSC VTB Bank, Moscow	17.96	35.30
	Maximum balance outstanding during the year		
	SBI Paris	123.15	259.56
	SBI London	347.54	321.25
	JSC VTB Bank, Moscow	40.50	45.26

(₹ In Lakhs)

Particulars		31 st March 2015	31 st March 2014																					
10	Exemption had been granted to the Company from compliance of the provisions 3(i)(a), 3(ii)(a)(1), 3(ii)(a)(2), 3(ii)(d) and 4C contained in Part II of the erstwhile Schedule VI to the erstwhile Companies Act, 1956 vide Ministry of Law, Government of India letter no. 3/33/72-CL VI dated 06/06/1974. Based on the above exemption, the Company has not disclosed Rawmaterials under broad heads as required under General instructions for preparation of Statement of Profit & Loss vide paragraphs , Goods Purchased under broad heads, Purchases, Sales and Consumption of Raw Material under broad heads, Work-in-Progress under broad heads as required under "General Instructions for preparation of Statement of Profit & Loss" vide paragraphs 5(ii)(a)(1), 5(ii)(a)(2), 5(ii)(d), 5(iii) respectively of the Sch III to the Companies Act, 2013																							
11	<p>Long Term Investments are carried at cost. Any diminution other than temporary in nature is provided. During the period under report, an amount of ₹ NIL lakhs (PY ₹ 4989.60 Lakhs) has been provided as diminution in the value of investment in the following Joint Venture Companies.</p> <table border="0"> <thead> <tr> <th>Name of the Joint Venture</th> <th>Amount Provided</th> <th></th> </tr> </thead> <tbody> <tr> <td>M/s HALBIT Avionics Private Limited</td> <td>320.43</td> <td></td> </tr> <tr> <td>M/s HAL Edgewood Technologies Private Limited</td> <td>300.00</td> <td>4989.60</td> </tr> <tr> <td>M/s Infotech HAL Limited</td> <td>166.27</td> <td></td> </tr> <tr> <td>M/s HATSOFF Helicopter Training Limited</td> <td>3840.42</td> <td></td> </tr> <tr> <td>M/s TATA HAL Technologies Limited</td> <td>362.48</td> <td></td> </tr> <tr> <td>Total</td> <td>4989.60</td> <td></td> </tr> </tbody> </table> <p>Diminution in value of investments in IAMPL , MTAL & SAMTEL is considered as temporary and hence no provision is made.</p>	Name of the Joint Venture	Amount Provided		M/s HALBIT Avionics Private Limited	320.43		M/s HAL Edgewood Technologies Private Limited	300.00	4989.60	M/s Infotech HAL Limited	166.27		M/s HATSOFF Helicopter Training Limited	3840.42		M/s TATA HAL Technologies Limited	362.48		Total	4989.60			
Name of the Joint Venture	Amount Provided																							
M/s HALBIT Avionics Private Limited	320.43																							
M/s HAL Edgewood Technologies Private Limited	300.00	4989.60																						
M/s Infotech HAL Limited	166.27																							
M/s HATSOFF Helicopter Training Limited	3840.42																							
M/s TATA HAL Technologies Limited	362.48																							
Total	4989.60																							
Disclosures as per Accounting Standards																								
12	As per AS-11 relating to Accounting for the effects of changes in the Foreign Exchange rates,																							
(a)	Exchange rate variation recognised in Statement of Profit and Loss towards Capital Assets	-69.27	-114.77																					
(b)	As and when the instalments in respect of deferred debts referred to in Accounting policy No 6 fall due for payment to the Russian federation, the same is paid by applying the exchange rate ruling on the date of actual payment and liability discharged. The differences arising due to recalculation of debts at the applicable /ruling rate is charged to the revenue at the time of payment and is realised from the customer except to the extent it pertains to Capital Assets. The Assets and Liabilities relating to deferred credit transaction are reinstated as on 31st March each year under Non-Current Assets, Current Assets (recoverable within one year), Non-current Liabilities and Current Liabilities (to be settled within one year)																							
(c)	Net Gain / -Loss on Foreign Currency Transaction and Translation	8013.27	-7560.93																					
13	Fixed Assets acquired with financial assistance / subsidy from outside agencies either wholly or partly are capitalised at net cost to the company. Gross block does not include Assets given by the customer for use of their jobs by the Company	97215.57	88554.19																					



(₹ In Lakhs)

Particulars		31 st March 2015	31 st March 2014
14	DRE under Note 15A and 15B represents items funded by the Customers and are amortised over production based on technical estimates which may or may not exceed 10 years and to the extent not amortised are carried forward		
15	As per AS-12 relating to Accounting for Government Grants, amount of Grants received for Fixed Assets during the year	-	-
16	As per AS-13 relating to Accounting for Investments, amount being Dividend received from Joint Venture companies, which is recognised when right to receive Dividend is established.	183.97	188.61
17	<p>Provision for Gratuity and Earned Leave has been made based on Actuarial Valuation. The date of Actuarial valuation is of 31st March.</p> <p>Employee Benefits:</p> <p>The Company has adopted the Revised Accounting Standard (AS)-15 on Employee Benefits. Consequently, the liability thereon is accounted on the basis of actuarial valuation, and is being recognised as short-term benefits / long term benefits:</p> <p>A Gratuity:</p> <p>The Company has a Gratuity Scheme for its employees, which is a funded plan. Every year the Company funds to the Gratuity Trust to the extent of shortfall of the assets over the fund obligations, which is determined through actuarial valuation. As per the Gratuity Scheme, Gratuity is payable to an employee on the cessation of his employment after he has rendered continuous service for not less than 5 (five) years in the Company. For every completed year of service or part thereof in excess of six months, the Company shall pay Gratuity to an employee at the rate of 15 (fifteen) days' emoluments based on the emoluments last drawn with a ceiling of ₹ 10 (Ten) Lakhs.</p> <p>The following tables summarise the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the Balance Sheet for the plan as furnished in the Disclosure Report provided by the Actuary:</p>		
	<p>Gratuity:</p> <p>(i) Change in Benefit Obligations :</p> <p>Present Value of Obligation (PVO) as at the beginning of the year</p> <p>Current Service Cost</p> <p>Interest Cost</p> <p>Actuarial (Gain) / Loss</p> <p>Benefits Paid</p> <p>Present Value of Obligation as at the end of the period</p> <p>(ii) Change in Fair Value of Plan Assets :</p> <p>Fair Value of Plan Assets at the beginning of the year</p> <p>Expected return on Plan Assets</p> <p>Contributions</p> <p>Benefit Paid</p> <p>Actuarial Gain / (Loss) on Plan Assets</p> <p>Fair Value of Plan Assets at the end of the year</p>	<p>76425.92</p> <p>2520.36</p> <p>6399.87</p> <p>11560.14</p> <p>-9291.23</p> <p>87615.06</p> <p>74134.46</p> <p>6101.81</p> <p>2292.53</p> <p>-9291.23</p> <p>1708.00</p> <p>74945.57</p>	<p>75400.61</p> <p>2997.81</p> <p>5707.14</p> <p>942.74</p> <p>-8622.38</p> <p>76425.92</p> <p>71197.14</p> <p>5867.54</p> <p>4203.47</p> <p>-8622.38</p> <p>1488.69</p> <p>74134.46</p>

(₹ In Lakhs)

Particulars		31 st March 2015	31 st March 2014			
(iii)	Expenses Recognised in the Statement of Profit and Loss :					
	Opening Net Liability					
	Current Service Cost	2520.36	2997.81			
	Interest Cost	6399.87	5707.14			
	Expected return on Plan Assets	-6101.81	-5867.54			
	Net Actuarial (Gain) / Loss recognised in the period	9852.15	-545.96			
	Expenses Recognised in the Statement of Profit and Loss	12670.57	2291.45			
	Actual Return on Plan Assets	7809.81	7356.24			
(iv)	Amounts Recognised in Balance Sheet :					
	Present Value of Obligation as at the end of the period	87615.06	76425.91			
	Less : Fair Value of Plan Assets at the end of the Period	74945.57	74134.46			
	Liability recognised in Balance Sheet	12669.49	2291.45			
(v)	Category of Assets as at March 31 :					
	State Government Securities					
	Government of India Securities	4018.00	4865.00			
	Investment with Insurer	86057.37	76405.44			
	Dues to HAL	(15,381.28)	(7,469.93)			
	Others	251.48	333.95			
		74945.57	74134.46			
(vi)	Reconciliation of Net Liability for the period :					
	Opening Net Liability	2291.45	4203.47			
	Add: Employee Benefit Expenses for the period	12669.49	2291.45			
	Less: Contributions by Employer	2291.45	4203.47			
	Closing Net Liability	12669.49	2291.45			
	Particulars	Period Ended				
(vii)	Experience Adjustments :	31st March, 2015	31st March, 2014	31st March, 2013	31st March, 2012	31st March, 2011
	Defined Benefit Obligation	87615.06	76425.91	75400.61	71692.64	71145.65
	Plan Assets	74945.57	74134.46	71197.14	69492.17	55429.01
	Surplus/(Deficit) Experience	-12669.49	-2291.45	-4203.47	-2200.47	-15716.64
	Adjustment on Plan Liabilities Experience	4998.95	6175.47	1979.81	3228.70	14750.16
	Adjustment on Plan Assets	1708.00	1488.70	2765.67	3560.75	2046.42
(viii)	Principal Assumptions :	31st March, 2015				31st March, 2014
	Discounting Rate	7.95%				9.00%
	Salary escalation rate	6.00%				6.00%
	Expected rate of return on Plan Assets	9.00%				9.00%
B	Earned Leave					
	The Actuarial Liability of Earned Leave of the employees of the Company as at March 31	72573.43				56993.37
	Discounting Rate	7.95%				9.00%
	Salary escalation rate	6.00%				6.00%
	Retirement Age	60				60



(₹ In Lakhs)

Particulars		31 st March 2015	31 st March 2014
18A	<p>Pension</p> <p>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 w.e.f. 1.1.07 and as per the approval accorded by the Board of Directors and Department of Defence Production, Ministry of Defence, a Defined Contribution Pension Scheme was notified in the Company on 16.7.14, in respect of Executives retired etc., from 1.1.07.</p> <p>A Defined Contribution Pension Scheme in respect of Workmen retired after 1.1.12 was notified on 2.6.15, which was agreed as a part of the Workmen's Wage Revision effective from 1.1.12.</p> <p>Contribution to the Corpus of the above Schemes by the Management may vary from year to year as the same is dependent on Profits generated, Affordability & Sustainability by the Company.</p> <p>The Scheme is managed by a duly constituted Trust.</p>		
18B	<p>Post Superannuation Group Health Insurance Schemes</p> <p>In line with the Guidelines issued by the Department of Public Enterprises, Ministry of Heavy Industries & Public Enterprises, Govt. of India and as per the approval accorded by the Board of Directors and Department of Defence Production, Ministry of Defence, Post Superannuation Group Health Insurance Schemes in respect of (a) Employees (Officers & Workmen) retired before 1.1.07 and (b) Executives retired on or after 1.1.07, were introduced w.e.f. 1.2.14.</p> <p>A Post Superannuation Group Health Insurance Scheme in respect of Workmen of the Company retired, etc. after 1.1.07 has been introduced in the Company w.e.f 1.2.15, which was agreed as a part of the Workmen's Wage Revision effective from 1.1.12.</p> <p>Benefits under the Scheme may vary from year to year, as contribution to the Corpus of the Scheme is dependent on Profits generated, Affordability & Sustainability by the Company.</p> <p>The Scheme is managed by a duly constituted Trust.</p>		
18C	Pending resolution from DPE, liability for PRP has been provided in the books of Accounts on Profit Before Tax (PBT) including interest income.		
19	As per AS-16 relating to Borrowing Costs, borrowing cost capitalised during the year.	-	-
20	Exemption has been granted to the company from compliance of AS 17 vide notification no. GSR/463E dated 05.06.2015.		

21A DISCLOSURE RELATING TO AS-18 ON RELATED PARTY DISCLOSURES		(₹ In Lakhs)											
(a)	The name of the transacting related party	M/s. Indo Russian Aviation Limited	M/s. BAe HAL Software Limited	M/s. Snecma HAL Aerospace Private Limited	M/s. SAMTEL HAL Display Systems Limited	M/s. HAL-Edgewood Technologies Private Limited	M/s. HALBIT Avionics Private Limited	M/s. Infotech HAL Limited	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
(b)	Description of the relationship between the parties	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture
(c)	Volume of the transactions either as an amount or as an appropriate proportion on Purchase of Goods and Services	12606.53	984.72	-	1456.98	67.75	398.61	192.45	19.82	620.56	-	-	-
	(Previous Year)	(8238.80)	(1141.41)	-	(201.56)	(72.59)	(257.39)	(52.93)	(46.29)	(432.77)	-	-	-
	Volume of the transactions either as an amount or as an appropriate proportion on Sale of Goods and Services	30.37	-	-	-	-	-	-	0.50	-	1018.13	24.42	-
	(Previous Year)	(41)	-	-	-	-	-	-	-	-	(705.83)	-	-
(d)	Amounts or appropriate proportions of outstanding items pertaining to related parties at the Balance Sheet date on Purchase of Goods and Services	3063.90	358.34	-	24.54	68.22	648.94	13.31	0.27	161.24	-	11.45	-



(₹ In Lakhs)													
(a)	The name of the transacting related party	M/s. Indo Russian Aviation Limited	M/s. BAe HAL Software Limited	M/s. Snecma HAL Aerospace Private Limited	M/s. SAMTEL HAL Display Systems Limited	M/s. HAL-Edgewood Technologies Private Limited	M/s. HALBIT Avionics Private Limited	M/s. Infotech HAL Limited	M/s. HATSOFF Helicopter Training Private Ltd.	M/s. Tata HAL Technologies Ltd.	M/s. International Aerospace Manufacturing Pvt. Ltd.	M/s. Multirole Transport Aircraft Ltd.	M/s. Aerospace & Aviation Sector Skill Council
	(Previous Year)	(1887.26)	(215.26)	-	(15.91)	(5.72)	(226.41)	-	(5.37)	(22.07)	-	(11.45)	-
	Amounts or proportions of outstanding items pertaining to related parties at the Balance Sheet date on Sale of Goods and Services	1.17	87.71	-	-	302.93	41.01	-	289.20	-	872.31	7.91	-
(e)	(Previous Year)	(0.67)	(22.5)	-	-	(274.96)	(4.42)	-	(235.78)	-	(429.66)	(3.76)	-
	Rent	3.13	209.44	-	0.11	32.69	49.59	-	52.56	-	127.00	16.54	-
	(Previous Year)	(2.28)	(114)	-	-	(29.49)	(27.74)	-	(75.56)	-	(118.69)	(13.97)	-
(f)	Advances	-	-	-	-	-	-	-	-	-	-	-	-
	Outstanding on Purchases of Goods and Services as on 31.03.2015.	1.50	-	0.77	481.28	73.97	8157.24	-	-	-	-	-	-
	(Previous Year)	(27.25)	-	(0.77)	-	(73.97)	(7283.36)	-	-	-	-	-	-
	Advances	-	-	-	-	-	-	-	-	-	-	-	-
	Outstanding on Sale of Goods and Services as on 31.03.2015.	-	-	-	-	-	-	-	447.51	-	-	3649.86	-
(g)	(Previous Year)	-	-	-	-	-	-	-	(447.51)	-	-	(3803.35)	-
	Interest	-	-	-	-	-	-	-	71.30	-	-	-	-
(h)	(Previous Year)	-	-	-	-	-	-	-	-	-	-	-	-
	Dividend on Investments	117.07	44.10	22.80	-	-	-	-	-	-	-	-	-
	(Previous Year)	(159.21)	(29.4)	-	-	-	-	-	-	-	-	-	-
(i)	Loans	-	-	-	-	-	-	-	-	-	-	-	-
	Outstanding (Previous Year)	-	-	-	-	-	-	-	400*	-	-	-	-
* Out of ₹ 650 lakhs loan granted to M/s Hatsoff Helicopter Training Services Pvt Ltd, ₹ 250 lakhs has been received during 2014-15											-	-	-
The differences in the amount disclosed by the Company and the JV's are due to adoption of different accounting policies and reconciliation items.													

(j)	Key Management Personnel of the Company in Joint Ventures are as follows: Shri T. Suvarna Raju - Chairman & Managing Director Dr. A.K. Mishra - Director (Finance) Shri S. Subrahmanyam - Managing Director (MiG Complex) Shri P. Soundara Rajan - Managing Director (Helicopter Complex) till 31.05.2013 Shri S.K. Jha - Managing Director (Accessories Complex) - Till 31.07.2013 Shri K. Naresh Babu - Managing Director - (Bengaluru Complex) & Additional Charge of Director (Corporate Planning & Marketing)
The total salaries including perquisites drawn by the above key Management Personnel from Joint Ventures is nil.	

		21B Disclosure with regard to Joint Ventures											(` In Lakhs)	
Name of the Joint Venture	Country of Incorporation	M/s. BAE HAL Software Limited	M/s. Indo Russian Aviation Limited	M/s. Snecma HAL Aerospace Private Limited	M/s. SAMTEL HAL Display Systems Limited	M/s. HAL-Edgewood Technologies Private Limited	M/s. HALBIT Avionics Private Limited	M/s. Infotech HAL Limited	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	
Share of the Company	India	49.00%	48.00%	50.00%	40.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	
(Previous Year)		(49%)	(48%)	(50%)	(40%)	(50%)	(50%)	(50%)	(50%)	(50%)	(50%)	(50%)	(50%)	
Total Assets		2815.28	11228.29	6962.00	1494.99	1165.20	5302.12	424.04	23034.89	593.80	21712.07	21558.39		
(Previous Year)		(2767.20)	(9567.52)	(5592)	(1291.66)	(1264.71)	(4208.94)	(291.87)	(23799.86)	(585.44)	(18512.35)	(22826.26)		
Total Liabilities		2815.28	11228.29	6962.00	1494.99	1165.20	5302.12	424.04	23034.89	593.80	21712.07	21558.39		
(Previous Year)		(2767.20)	(9567.52)	(5592)	(1291.66)	(1264.71)	(4208.94)	(291.87)	(23799.86)	(585.44)	(18512.35)	(22826.26)		
Total Income		2518.54	13769.46	5893.00	1361.13	136.09	2443.39	603.07	2622.69	1266.17	11689.52	493.78		
(Previous Year)		(2562.99)	(10283.13)	(5240)	(1823.90)	(454.90)	(4517.49)	(294.62)	(1785.20)	(931.36)	(5303.92)	(530.11)		
Dividend Declared		15%	125%	2%	-	-	-	-	-	-	-	-	-	
(Previous Year)		(15%)	125%	(2%)	-	-	-	-	-	-	-	-	-	
Dividend Amount		90.00	243.88	46.00	-	-	-	-	-	-	-	-	-	
(Previous Year)		(90)	(243.89)	(46)	-	-	-	-	-	-	-	-	-	
Contingent Liability		*429.8	530.09	1047.00	-	178.97	2848.96	-	517.50	-	-	-	-	
(Previous Year)		(340.59)	(1342.21)	(1047)	-	(176.97)	(2848.96)	-	(380.60)	-	(263.30)	-	-	

* exclude contingent liability in respect of Income tax, as it was not quantifiable.

The information pertaining to Joint Ventures is based on Audited / Provisional Accounts



(₹ In Lakhs)

22	Key Management Personnel in the Company	2014-15			2013-14		
		Salary	Company Contribution to PF / Gratuity *	Total	Salary	Company Contribution to PF / Gratuity	Total
(i)	Dr. R. K. Tyagi, Chairman **	56.13	11.85	67.98	29.25	2.33	31.58
(ii)	Shri T Suvarna Raju, Chairman & Managing Director	41.11	2.23	43.34	32.09	2.03	34.12
(iii)	Shri V.M. Chamola, Director (HR)	40.23	2.26	42.49	33.98	2.08	36.06
(iv)	Dr. A.K. Mishra, Director(Finance)	46.45	2.26	48.71	43.53	2.07	45.60
(v)	Shri K.Naresh Babu, MD(BC) & D(CP&M) ***	48.61	15.45	64.06	38.79	2.04	40.83
(vi)	Shri S.K. Jha, MD(A) - retired on 31.07.2013	-	-	-	43.17	10.84	54.01
(vii)	Shri P. Soundara Rajan - Managing Director - retired on 31.05.2013 (Helicopter Complex)	-	-	-	25.35	10.52	35.87
(viii)	Shri S. Subrahmanyam, MD(M)	37.70	2.17	39.87	29.78	1.97	31.75
(ix)	Shri A.K. Tandon (Company Secretary)	37.92	2.04	39.96	25.94	2.74	28.68
*does not include Employers contribution towards Pension Fund as the entitlement of the same is only on superannuation							
** Dr. R.K. Tyagi superannuated on 31st January 2015							
*** Shri K. Naresh Babu superannuated on 31st March 2015							

Particulars		31 st March 2015	31 st March 2014
23	As per AS-20 relating to Earnings per Share (Basic and Diluted)-		
	Profit Before Tax	317251.98	357768.53
	Provision for Taxation	78447.28	88516.84
	Net Profit After Tax	238804.70	269251.69
	Number of Equity Shares of Face Value of ₹10/- each fully paidup	482000000	482000000
	*(The Company has issued 361500000 bonus shares during the year 2013-14)		
	Earnings per Share (in ₹) - Basic and Diluted	49.54	55.86
24	Break-up of Deferred Tax Liabilities and Assets are given below:		
	Deferred Tax Liability		
	Depreciation Incl. Deferred Revenue Expenditure Amortisation (Refer clause 8(b))	74757.35	73905.62
	Tax effect on depreciation directly adjusted against General Reserve on transition to Schedule II of the Companies Act, 2013	-2150.91	
	Special Tools and Equipment	117602.28	116760.26
	Accrued Leave Salary		
	TOTAL	190208.72	190665.88
	Deferred Tax Asset		
	Accrued Leave Salary	24330.88	18938.93
	Provision against Trade Receivables/Claims	2689.72	3071.68
	Statutory Payments	1265.88	495.25
	Gratuity		-
	TOTAL	28286.48	22505.86
	Deferred Tax Liability		
	Opening Balance	190665.88	177233.70
	Addition / Reversal during the year	1693.74	13432.18
	Tax effect on depreciation directly adjusted against General Reserve on transition to Schedule II of the Companies Act, 2013	-2150.91	
	Total Deferred Tax Liability	190208.71	190665.88

(₹ In Lakhs)

Particulars		31 st March 2015	31 st March 2014
Deferred Tax Assets			
	Opening Balance	22505.86	20601.61
	Addition during the year	5780.62	1904.25
Total Deferred Tax Assets		28286.48	22505.86
Net Deferred Tax Liability		161922.23	168160.01
24A	Provision for Income Tax has been made for the year considering that Grant-in-aid received from Government of India towards Research and Development being a capital receipt is not taxable though the Income Tax Authorities have considered the expenditure on Grant-in-aid received from Government of India towards R&D as Taxable for the Assessment Years 2005-06 to 2007-08 and 2009-10 to 2012-13, which are under Appeal by the Company before Appellate Authorities and for the Assessment years 2013-14 and 2014-15 also same treatment has been adopted in the Accounts for which Assessments are pending. In the mean time, the Company has been advised that in view of the favourable decision on this issue by ITAT, Bengaluru Bench 'C' in ITA No. 763/Bang/1998 vide Order dt.22-2-2002 for the A.Y. 1995-96, no Provision for Tax be made in the accounts for the year on such capital receipts. The amount of ₹ 224086.59 Lakhs is disclosed in Contingent liability		
24B	The Company is liable to pay under regular provisions of the Act and has utilised MAT credit of ₹ 12534.15 lakhs during the year.		
25A	Disclosure with regard to Joint Working Groups HAL has entered into a Joint Working Agreement with Air India to start Ramp Handling Business and with MSIL to carry out Air Cargo Handling Business. The Joint Working Group pools together the resources for carrying out its business activity and ownership of the assets vests with the respective working group. Share of income from Joint Working Groups of the company with Air India, MSIL and HALCON :		
	Air India	126.72	117.20
	MSIL	-	4.24
	HALCON	-5.23	216.19
	Total	121.49	337.63

25B Disclosure with regard to Joint Working Group

(₹ In Lakhs)

Name of the Joint Working Group	AIJWG		MSIL		HALCON	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Country of Incorporation	India		India		India	
Share of Company/ Ownership Interest	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
Principal Activities	Flight Handling		Cargo Handling		Cargo Handling	
Total Assets	2244.31	1969.81	-	728.44	1295.77	1443.77
Total Liabilities	2244.31	1969.81	-	728.44	1295.77	1443.77
Income - Company's Share	328.58	328.88	-	330.40	190.70	760.92
Expenditure - Company's Share	201.86	211.68	-	326.17	195.93	544.73
Profit / (Loss) Company's Share	126.72	117.20	-	4.24	-5.23	216.19
Contingent Liability	-	-	-	-	-	-
The information pertaining to Joint Working Group is based on Audited Accounts for the current year and the previous year.						
The Joint Working Agreement between HAL and MSIL has expired on 31.03.2014 and settlement of accounts pending.						
Advances from CONCOR & MSIL- ₹ 103.49 lakhs & Liability for Profit share- ₹ 229.13 lakhs is included under "Current Liabilities - Other Liabilities"						



(₹ In Lakhs)

Particulars		31 st March 2015	31 st March 2014		
26	Useful life / Amortisation rate used for Deferred Revenue Expenditure (DRE) Assets				
	Development Expenditure is amortised over a period not exceeding 10 years. Cost of software which is not an integral part of the related hardware is amortised over a period not exceeding 3 years. Other DRE Assets are amortised over production on technical estimates and to the extent not amortised, are carried forward. For SU-30 Project, Sea King Project, ALH Project, Mirage, Hawk and Cheetah / Chetak Projects, DRE Assets are being amortised on the number of units produced based on programmes which at present exceeds 10 years.				
27	As per AS - 28 on Impairment Loss - the Impairment Loss recognised in the Books Of Accounts	-	-		
28A	The aggregate amount of Research and Development Expenditure recognised as expenses during the period is as below:				
	Research and Development Expenditure				
	Expenditure in R&D included in :				
	Raw Material Consumption	20603.78	30457.14		
	Direct Expenses	23770.13	23402.66		
	Salaries and Wages	41811.03	36551.90		
	Other Expenses	7638.50	8221.85		
	Interest	-	-		
	Depreciation and Amortisation	2929.48	2359.26		
	Provisions	414.68	504.65		
	Inter Services /Common Services	7499.48	6828.61		
	Total R & D Expenditure	104667.08	108326.07		
28B	R&D Corpus				
	Board has approved the creation of R&D Corpus (excluding customer funded R&D) with an annual contribution of 10% of Operational Profit after tax.				
	Utilisation of R&D Reserve is disclosed at Note 2 of the Accounts				
29	As per AS 29 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	Provision made during the year	Utilisation/ Reversal during the year	Closing Balance
	Provision for Warranty Charges	88171.15	41782.46	26878.87	103074.74
		(83703.85)	(32109.10)	(27641.8)	(88171.15)
	Provision for Replacement and Other Charges	50166.13	14839.32	6639.25	58366.20
		(41871.83)	(17014.26)	(8719.96)	(50166.13)
	Provision for Claims	8822.48	113.72	1067.65	7868.55
		(6858.50)	(2269.69)	(305.71)	(8822.48)
	Provision for Liquidated Damages	47738.48	30177.68	27379.16	50537.01
		(24320.62)	(30166.33)	(6748.46)	(47738.48)

(₹ In Lakhs)

Particulars		31 st March 2015	31 st March 2014		
30 A	Sales include delivery of one ALH manufactured for IAF and diverted to Indian Navy for supply to Maldives pending finalization of contract with Indian Navy. As the prices are yet to be agreed with the customer, sales are set up on provisional basis. HAL has quoted the price of this helicopter along with the quotes of 40 helicopters to Indian Army during February 2015. Contract negotiation of 41 helicopters is under progress at MOD. On finalisation of negotiation, contract will be signed for this helicopter with Indian Navy.	-	9556.45		
30 B	Pending finalisation of the contract for delivery of 1 ALH to Nepal, the Sales has been recognized at the rate it was originally sold to Indian Army.	8209.55			
31	Total Land held (in Acres). (Refer Note -11A)	11886.34	11276.34		
(₹ In Lakhs)					
Particulars		Division	Assets	Acres	Amount
31.1	Instruments of transfer in respect of land and building taken possession by the Company have not been executed	Lucknow/ Kanpur / FMD / Nasik	Land	736.62	308.98
		(Previous Year)	Land	(736.62)	(308.98)
		Kanpur	Building	-	35.33
		(Previous Year)	Building	-	(35.33)
31.2	Land has been handed over / earmarked to the Government / other agencies pending execution of instruments of transfer	FMD/ Nasik/ Korwa/ Engine / Koraput	Land	180.84	56.58
		(Previous Year)	Land	(180.84)	(56.58)
31.3	Land has been given on lease to the Government/ other agencies	FMD/ Nasik/ Lucknow/ Kanpur	Land	1068.93	-
		(Previous Year)	Land	(1074.72)	-
31.4	<p>HAL Barrackpore Unit is in possession of 22.51 acres (22.51 acres) of land on which the division has its buildings, hangar, Plant and Machinery etc. The instruments of transfer in favour of division/ company either by way of lease or transfer in respect of this land is pending execution. Provision for lease rental amounting to ₹ 31.00 Lakhs (Previous year ₹ 30.50 Lakhs) has been made. The transfer of the land is being pursued with Defence Estate Officer, Kolkata. The above does not include 7.115 acres of Land received from Army in exchange of 5 acres of Land at Bengaluru which was received free of cost from State Govt. before 31st March 1969. Since the value of 5 acres land was NIL, the value of 7.115 acres land received in exchange of 5 acres land is also taken as NIL.</p> <p>Land under Fixed Assets includes Land taken on lease for establishing a unit at Kasargod at a cost of ₹ 708Lakhs (200 acres). This cost is amortised over the lease period of 90 years. The Lease charges for the year amounting to ₹ 7.87 Lakhs has been considered under Depreciation for the year.</p> <p>Land under Fixed Assets includes Land taken on lease for Liason Office Mumbai at a cost of ₹ 2.68 lakhs (including development cost and area 0.06acres). This cost is amortised over the lease period of 30 years. The Lease charges for the year amounting to ₹ 0.09 lakhs (PY 0.09 lakhs) has been considered under Depreciation for the year.</p>				



(₹ In Lakhs)

	Particulars	31 st March 2015	31 st March 2014
31.5	<p>a) FMD Division is holding 2099.831 Acres (2099.831 acres) land of which 11.959 Acres (11.959 Acres) is under litigation/encroachment with third parties and 10.152 Acres(10.152 Acres) is under dispute with M/s. BEML, Bengaluru.</p> <p>b) Titles to land are not in the name of the Company in respect of 173 survey numbers at FMD Division, However, Records of Tenancy Certificate is available.</p> <p>c) An amount of ₹ 1913.09 Lakhs (₹ 1782.64 Lakhs) towards Lease cum Rental charges with various parties has not been considered in the books of accounts of FMD, pending dispute settlement.</p> <p>d) 1.339 acres of land encroached by 7 persons in Nasik Division.</p> <p>e) Further, about 50.21 acres of the land belonging to HAL Koraput Division is encroached upon by the nearby villagers for cultivation.</p> <p>f) At Corporate Office, part of Land measuring about 1.08 Acres . of which 711.22 sq.mt. has been acquired for the Metro Rail Project by M/s. BMRCL with building. The Building along with Land there on has been valued at Rs. 548.82 lakhs by M/s. KIADB. The compensation awarded by M/s. KIADB is contested by HAL in the City Civil Court at Bengaluru. As the matter is subjudice, no adjustment has been made in the Books of Accounts.</p>		
32	Special Tools and Equipment includes Tools and Equipment in progress, under inspection and in transit.	2762.28	7545.69
33	Sales include deliveries for which amendment to firm task is awaited from the customer.	4695.19	6637.98
34	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.		
35	The Total Inventory of :-	2515332.20	2236099.61
	(i) does not include materials belonging to customers but held by the Company on their behalf, worth approximately	54461.15	62569.04
36	Dividend		
	(a) The amount of dividend proposed to be distributed to Equity share holders	-	-
	(b) Amount per share (Rs.)	-	-
37	Total amount remitted during the year in foreign currencies on account of dividends		
	(i) Total Number of Non-resident Shareholders	-	-
	(ii) Total Number of Shares held by Non-resident Shareholders on which the Dividends were due and the year to which the Dividends related	-	-
38(a)	In terms of Pricing Policy agreed with IAF, prices approved are exclusive of taxes and duties i.e. Sales Tax, Service Tax etc. In case such taxes are levied, the same will be reimbursed by the customer at actuals, if the customer does not produce necessary exemption.		

(₹ In Lakhs)

	Particulars	31 st March 2015	31 st March 2014
38(b)	<p>The long pending Sales Tax /VAT/Entry Tax disputes on defence sales in the State of Karnataka and in the state of Odisha have been finally resolved between officials of Department of Defence Production, MoD, HAL and representatives of IAF and Army with Commercial Tax Department and Finance Department of Govt., of Karnataka / Odisha.</p> <p>1. State of Karnataka The amount payable for the period quantified by the Commercial Tax Department is as below:</p> <p>a. Amount as per normal applicable rate (ranging from 12.5% to 14.5% in different years)</p> <p>b. Amount to be waived by Govt. of Karnataka through Grant or administrative order</p> <p>c. Amount as per agreed formulation (a-b)</p> <p>d. Amount of waiver by way of grant already issued</p> <p>e. Amount already paid by HAL</p> <p>f. i) Balance tax dues towards grant yet to be sanctioned by Govt. of Karnataka ii) Balance sales tax payable by HAL</p> <p>g. Amount already collected from the customer</p> <p>h. Balance to be collected from the customer</p> <p>2. State of Odisha The amount payable for the period quantified by the Commercial Tax Department is as below:</p> <p>a. Amount as per normal applicable rate (ranging from 12.5% to 14.5% in different years)</p> <p>b. Amount of waiver by Govt., of Odisha</p> <p>c. Amount as per agreed formulation</p> <p>d. Amount already paid by HAL</p> <p>e. Balance amount to be paid by HAL</p> <p>f. Amount recovered from customers</p> <p>g. Balance to be recovered from customers (₹ 11272.00 lakhs has been received from customer in May 2015)</p> <p>3. In respect of other states, where the sales tax demands are under dispute, the same is shown under contingent liability (Clause 1 of Note No. 34). Air Head Quarters vide letter reference Air HQ/95357/64/ Fin P/DCA dated 16th July 2014 have directed that other state governments may be approached for granting the similar concessions.</p>		
			449691.94
			318982.11
		130709.83	130709.83
			137875.13
			93295.43
			181106.98
			37414.40
		92946.45	
		37763.38	
		333700.00	333700.00
		279444.00	279444.00
		54256.00	54256.00
		54256.00	31784.00
		nil	22472.00
		42984.00	
		11272.00	
39	<p>Information under Micro and Small Enterprises</p> <p>1) The Principal Amount and the Interest due thereon remaining unpaid to any Supplier as at the end of the accounting year</p> <p>2) The amount of Interest paid during the year along with the amounts of payment made to the Supplier beyond the appointed date during each accounting year</p> <p>3) The amount of Interest due and payable for the period (where the Principal has been paid but Interest not paid)</p> <p>4) The amount of Interest accrued and remaining unpaid at the end of accounting year</p>		
		458.52	1797.94
		-	-
		-	-
		164.35	162.13



(₹ In Lakhs)

	Particulars	31 st March 2015	31 st March 2014	
	5) The amount of further Interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the Small Enterprise, for the purpose of disallowance as a deductible expenditure	-	-	
40 A	<p>The Company, during the financial year 2011-12, had detected a fraud which had been committed by a contract person, by way of unauthorised transfer from the bank account of the Division to his beneficiary bank account. The total amount of fraud is ₹ 391.06 lakhs. The Company has initiated criminal proceedings against the accused in 2011-12. During 2012-13, a Senior Criminal Lawyer has been appointed as Public Prosecutor by the Government of Karnataka to represent the Company's case. The Company, during 2012-13, has filed two Civil Suits for recovery of fraudulently drawn amounts against the accused, his accomplices and institutions namely, the State Bank of India for ₹ 289 Lakhs and Shri Krishna Souharda Credit Co-operative Limited for ₹ 102.06 Lakhs. Both the civil cases and criminal case are under progress. Two properties of the accused valuing ₹ 84.30 lakhs stand attached by the Court. Further, one more property valued at ₹ 54 Lakhs has been attached by the Court during 2014-15 for a total value of ₹ 138.30 lakhs.</p> <p>Based on the initiative of the Company, the Karnataka State Souharda Federal Co-operative Limited, Government of Karnataka has also filed a criminal case against Shri Krishna Souharda Credit Co-operative Limited. Based on Company's strength in the case and as opined by the Legal Counsel, the Company is fully confident of recovery and hence the Claims Receivable is considered good. M/s SBI, during the case hearing on 31.1.2014, through their counsel, sought an adjournment stating that the bank is in the process of negotiating with HAL for settlement of its liability. HAL is in the process of discussion with SBI towards the same.</p>			
40B	(a). Gross amount required to be spent by the company on CSR activities	6935.45		
	(b). Amount spent during the year on CSR activities	4575.65		
SI No	Particulars	In cash	Yet to be paid in cash	Total
(i)	Construction / Acquisition of any Assets	1119.29	548.38	1667.67
(ii)	On purposes other than (i) above	2897.78	10.20	2907.98
	Total	4017.07	558.58	4575.65
41	Sales includes the element of differential sales arising out of finalisation of fixed price quotation prices applicable for the period 2009-10 to 2015-16 with the customer and approved by the Hon'ble Raksha Mantri and communicated by the customer vide letter ref no: Air HQ /95357/61/PPRC/ FIP P dated 25.03.2014 Repair and Overhaul		-	69181.27
	Spares		-	4179.51
	Total		-	73360.78

(₹ In Lakhs)

	Particulars	31 st March 2015	31 st March 2014
42	<p>Sales has been set up in accordance with para-9.1 of the Accounting policy based on Signaling Out Certificate(SOC). It was commented by C&AG during the audit of the Accounts of 2012-13 that the existing policy for recognition of revenue based on SOC need to be revisited and reframed as the SOCs are given with significant concessions. C&AG had suggested that the readiness of Aircraft for delivery is to be considered as the basis for Revenue recognition in addition to SOC in respect of the aircraft & ferry out and the acceptance by the Board of Officers(BOO) as specified in the Contract for helicopters. The issue had been examined in consultation with legal and professional experts in the field and the Audit committee had also noted C&AG observations on policy of Setting up of sales based on signaling out certificates and was of the view that once the Aircraft / Helicopter has been accepted by the certifying authorities, sales could be set up. As the flying of Aircraft / Helicopter and ferrying out to customer's base was prerogative of the customer, it was noted that the sales would continue to be set up based on the SOC as was being done in the earlier years. Accordingly sales for the current year has been set up based on SOC and not based on ferry out.</p> <p>HAL has taken up with MOD for amendment of ALH contract in respect of both IAF and Indian Army to bring them in line with the sales accounting policy of HAL. In respect of Indian Air Force, MOD Finance vide letter no: 1(9)/2006/AF(EP) dated 15.05.2012 have concurred "in principle" to above, with the stipulation that the contract amendment can be signed only after similar contract amendment in respect of Army contract with HAL is finalized by IHQ of MOD(Army). In respect of Indian Army contract, after repeated correspondence IHQ, MOD(Army) vide letter No. 28424/GS/WE-10(avn)/105 ALH Contract Amendment/19 dated 11/06/2014 stated, "Contract amendment envisages resolving all issues which was emerged over a period after signing of contract. It is therefore, prudent and mandatory that issues which necessitate contract amendment are resolved in entirety before we proceed ahead." Several rounds of discussion has taken place with the customers on this issue, the last being on 20.05.2015 with Army and 21.05.2015 with IAF. The matter is being still pursued by HAL.</p> <p>Total Sales and the Value of Aircraft / Helicopters yet to be ferried out as on the date of approval of accounts is as under</p>		

YEAR	SALES	VALUE OF THE AIRCRAFT /HELICOPTERS TO BE FERRIED OUT				DATE OF APPROVAL OF ACCOUNTS
		SU30	ALH	DORNIER	% OF SALES	
2012-13	1432362.59		45664.00		3.19	05.08.2013
2013-14	1512794.27		41071.00		2.71	26.07.2014
2014-15	1562163.43	163085.31	123628.00	5415.66	18.70	08.08.2015

	<p>There is a time lag between SOC and Ferry out of Aircraft / Helicopter in view of the time involved in deputation of Ferry team by the customer, their handling flights and rectification of snags involved, if any, formation of the new squadron, training of pilots etc. The expenditure involved in the work carried out post SOC date is absorbed against the provision for future charges.</p>		
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(₹ In Lakhs)

	Particulars	31 st March 2015	31 st March 2014
43 A	In respect of Intermediate Jet Trainer Aircraft Design and Development Project (IJT) funded by the customer, sales of ₹ 3003.54 lakhs (PY 10557.63 lakhs) has been recognized in 2014-15 based on the actual cost incurred, as per para 9.2 of the accounting policy of the Company and the amounts are fully realized. The sales of ₹ 60244.31 lakhs recognized is within the overall sanction for the project notwithstanding variations in the labour to the extent of ₹ 3122.27 lakhs. (PY 910 lakhs)		
43 B	In the LCA(FOC) Contract No AirHQ/S 96056/6/4/ASR(FOC) dated 23rd Dec 2014, the GE Engine price has been included at EC 2003 level and without escalation clause. The issue of incorporation of escalation clause has been taken up with IAF/MOD for amendment. In the interim, the said GE Engine have been evaluated at lower of cost or realizable value to give effect to AS-2. Consequently the amount has been charged to cost of sales.	16728.28	5568.96
43C	Confirmation of balances have been obtained in respect of all divisions except for overhaul division where confirmation request has been sent subsequent to Branch Audit & confirmation is awaited. However, out of Sundry Debtors of ₹ 47286.80 lakhs outstanding in respect of overhaul division as on 31st March 2015, an amount of ₹ 14545.96 lakhs has been realised till 08/08/2015		
44A	HTFE 25 Project: HAL has taken up the design and development of Hindustan Turbo Fan Engine (HTFE-25) in 2013-14 with a time frame of 6 years for completion. The project has been initiated based on the technical feasibility and the market potential of 200-250 units. The expenditure of ₹ 1095.89 lakhs (PY Rs.508.99 lakhs)has been accounted under Intangible Assets and would be amortized over production units. Preliminary design of Engine has been completed during 2014-15. The core engine components are under manufacturing and testing of core engine components is planned for the year 2016-17.		
44B	HTT 40 Project: HAL has undertaken the design and development of Hindustan Turbo Prop Trainer Aircraft (HTT- 40). Taking into the capability of the proposed Turbo Prop Aircraft , Market Studies, Upgrade functionality etc. requirement of 326 Aircraft (106 Aircraft for IAF and 220 Aircraft for other customers) has been projected upto the year 2020. Considering the tight time lines for Design and Development of the Aircraft and also the business plan, HAL has proposed to fund the HTT Design and Development programme. Hence the expenditure of ₹ 3022.23 lakhs (PY 3795.63 lakhs) has been treated as Development expenditure and accounted under Intangible Assets.		
44C	Preliminary Design of Prospective Multi Role Fighter (PMF) project has been completed in 2013-14. The unspent amount is lying in Advances (Note No.9). Pending finalization of R&D contract with MoD, the expenditure incurred towards design and development of PMF during 2014-15 of ₹ 1206.70 lakhs has been retained in WIP (Note 17).		
45	Operating Cycle	HAL is having Multiple Business Activity. Operating Cycles are determined by Divisions based onProduct Profile	

(₹ In Lakhs)

	Particulars	31 st March 2015	31 st March 2014
46	Other Non-Currents Assets (DRE) includes ₹ 2351.38 Lakhs (Previous Year ; ₹ 2230 lakhs) towards COMPASS Project at BEL, on behalf of MRO Division against which company derives future economic benefits for repair of electro optical pods.		
47	Aircraft have been accepted and signalled out by customers' inspector with fitment of Cat-B items taken on Loan, in cases of non availability of Cat-A item. As the aircraft is flight worthy and customer has accepted the same, the sales are accounted, consistently, on the basis of SOC (Signal Out Certificate). As a principle, Cat-B / Loan items fitted on the aircraft are excluded in value for recognising Sales. Sales in respect of such items are set up on supply of Cat-A items, in lieu, at a later date. Provision for delivery of Aircraft with Cat-B items is available in the Contract.		
48	The Company has been providing for Liquidated Damages (LD) in respect of deliverables at the time of setting up of sales based on matching concept. Further, HAL Contracts provide enabling clauses for amendment to Delivery schedule. HAL has been successful in obtaining refunds for Liquidated damages in respect of 20 Jaguar Strike and Su-30 Block I. However as a good accounting practice, LD for unexecuted portion of sales is disclosed under Contingent Liability. (Refer Clause No 1(v))		
49	Advances from Customers of ₹ 8,64,251.85 Lakhs and Milestone receipts of ₹ 29,25,718.06 Lakhs disclosed in Note Nos. 5 and 9 as Non-Current and Other Current Liabilities (in terms of Schedule III to the Companies Act, 2013) represent gross amounts received. These amounts have been utilised for procurement of Special Purpose Tooling, Incurrence of DRE, Inventory Holding, Advances to Vendors etc. as detailed below:		

(₹ In Lakhs)

Particulars	31/3/2015		31/3/2014	
	Note 5 Non - Current	Note 9 Current	Note 5 Non - Current	Note 9 Current
Outstanding Advances from Customer				
- Defence	148721.28	712913.29	129185.61	789997.09
- Others	-	2617.28	-	2534.35
	148721.28	715530.57	129185.61	792531.44
Less: Utilisation of Advances				
- Inventory	86357.24	455676.04	73397.23	499453.18
- Advances against Goods & Services	9759.98	16475.54	6111.48	14598.27
- Deferred Revenue Expenditure	1281.00	3555.37	5179.32	4055.37
- Special Tools & Equipment	8417.93	70351.37	11080.87	117623.95
- Trade Receivables	-	-	-	-
- Claims Receivables	3569.39	-	129.64	2944.02
	109385.54	546058.32	95898.54	638674.79
Net Outstanding Advances (A)	39335.74	169472.25	33287.07	153856.65
Outstanding Milestone Receipt				
- Defence	465147.43	2406335.38	390426.05	2438865.11
- Others	-	54235.25	292.14	58850.52
	465147.43	2460570.63	390718.19	2497715.63



(₹ In Lakhs)

	Particulars	31/3/2015		31/3/2014	
		Note 5 Non - Current	Note 9 Current	Note 5 Non - Current	Note 9 Current
	Less: Utilisation of Milestone Receipts				
	- Inventory	77912.20	1421574.74	51879.64	1231308.29
	- Advances against Goods & Services	6492.25	97217.57	8586.02	277559.84
	- Deferred Revenue Expenditure	63969.00	30712.52	71353.45	33255.53
	- Special Tools & Equipment	124366.76	109016.27	77641.39	99322.96
	- Trade Receivables	1509.69	62217.25	584.17	38336.39
	- Claims Receivables	2318.44	533.49	375.19	24663.76
		276568.34	1721271.84	210419.86	1704446.77
	Net Outstanding Milestone Receipts (B)	188579.09	739298.79	180298.33	793268.86
	Total (A+B)	227914.83	908771.05	213585.40	947125.51
	Summary				
	Particulars			31/3/2015	31/3/2014
	(A) Gross Advances from Defence Customers				
	Initial Advances from Defence Customers			861634.57	919182.70
	Milestone Advances from Defence Customers			2871482.81	2829291.16
	Gross Advances from Defence Customers (A)			3733117.38	3748473.86
	Advances from Others (B)			56852.53	61677.01
	Total (A+B)			3789969.91	3810150.87
	Less Advances / Milestone utilisation (C)			2653284.03	2649439.96
	Outstanding Advances / Milestone Receipts (A+B-C)			1136685.88	1160710.91
	Defence Customers			1079833.34	1099033.90
	Others			56852.53	61677.01
	Total			1136685.87	1160710.91
50	Disclosure with regard to Capital Expenditure incurred during the year			31/3/2015	31/3/2014
	A. CAPITAL				
	i) Additions to Fixed Assets			30583.42	20732.89
	ii) Additions to Customer Funded Fixed Asset			8661.37	10279.84
	iii) Movement in Capital WIP			3163.77	8207.72
	iv) Movement in Capital Advances			3831.01	4884.56
	v) Movement in Claim Receivable -Customer Funded Capital Assets			3385.41	1966.58
	Sub Total "A"			49624.98	46071.59
	B. INTANGIBLE ASSETS				
	Additions to Special Tools			25825.05	49391.89
	Movement in Advances to Special Tools			9410.62	-1745.46
	Addition to Development Expenditure Company Funded			15354.87	8184.28
	Addition to License Fee Company Funded			421.07	156.36
	Addition to Documentation Company Funded			90.10	43.81
	Addition to License Fee customer Funded			8751.05	16415.80
	Addition to Documentation customer Funded			2062.29	2200.16
	Sub Total "B"			61915.06	74646.84

	Particulars	31/3/2015	31/3/2014
C. OTHER INTANGIBLE EXPENDITURE			
	Foreign Technician Fees	6006.19	4312.85
	Project related travel	987.09	1136.42
	Project related training	199.52	964.30
	Sub Total "C"	7192.80	6413.57
	GRAND TOTAL (A+B+C)	118732.84	127132.00
51	Figures in brackets relates to previous year and they have been rearranged or regrouped wherever necessary.		

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

As per our Report attached
for **M/s.DAGLIYA & CO.**,
Chartered Accountants
Firm Regn. No.0671S



(P. MANOHARA GUPTA)
Partner
Membership No. 16444

Place: Bengaluru
Date: 8th August, 2015.



(Dr. A.K. MISHRA)
Director (Finance) & CFO



(T. SUVARNA RAJU)
Chairman & Managing Director



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



STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31st MARCH 2015

(₹ In Lakhs)

Sl.No.	Particulars	2014-15		2013-14	
I.	CASH FLOW FROM OPERATING ACTIVITIES				
	Net Profit Before Tax		317251.98		357768.53
	Adjustment To Reconcile Net Income To Net Cash				
	Providing by Operating Activities:				
	Depreciation and Amortisation Expense	80605.75		60251.21	
	Provision for Diminution in value of Investment	-		4989.60	
	Interest Paid	826.94		97.18	
	Loss On Sale of Fixed Assets	139.03		35.99	
	Interest Received - Net of Interest Liability to Customer	(162326.06)		(202869.70)	
	Dividend Received	(183.97)		(188.61)	
	Utilisation of CSR & SD Reserve			(1481.77)	
	Sub Total		(80938.31)		(139166.10)
	Operating Profit Before Working Capital Changes		236313.67		218602.43
	Adjustment For Changes In Operating Assets And Liabilities:				
	Trade Receivables, Loans and Advances	347131.42		187920.42	
	Inventories	(279232.58)		(438057.85)	
	Trade Payables, Current Liabilities and Provisions	(86540.54)		391884.19	
	Other Bank Balances	(337708.15)		207537.44	
	Sub Total		(356349.85)		349284.19
	Adjustment For Other Assets		(120036.18)		567886.62
	Special Tools and Equipment	(25825.05)		(49391.88)	
	Deferred Revenue Expenditure	(10842.87)		(18640.64)	
	Sub Total		(36667.92)		(68032.52)
	Cash Generated From Operations		(156704.10)		499854.10
	Direct Tax Paid		(89266.66)		(60722.47)
	Net Cash Provided By Operating Activities (a)		(245970.76)		439131.63
II.	CASH FLOW FROM INVESTING ACTIVITIES				
	Purchase Of Fixed Assets ¹	(33747.20)		(28940.61)	
	Sale Of Fixed Assets	264.91		199.15	
	Intangible Assets	(16950.45)		(8900.52)	
	Interest Received - Net Of Interest Liability To Customer	162326.06		202869.70	

FOR THE YEAR ENDED 31st MARCH 2015

(₹ In Lakhs)

Sl.No.	Particulars	2014-15		2013-14	
	Dividend Received	183.97		188.61	
	Investments	(3787.67)		(4997.59)	
	Net Cash Provided By (used in) Investing Activities (b)		108289.62		160418.74
III.	CASH FLOW FROM FINANCING ACTIVITIES				
	Proceeds/(Repayment) -Short Term Secured Loans	(67937.18)		67937.18	
	Repayment of Deferred Liabilities - Net	(25.72)		(25.49)	
	Interest Paid	(826.94)		(97.18)	
	Dividend Paid	(57597.18)		(104125.55)	
	Net Cash Provided By Financing Activities (c)		(126387.02)		(36311.04)
	Abstract :				
I.	Net Cash Provided By Operating Activities (a)		(245970.76)		439131.63
II.	Net Cash Provided By (used in) Investing Activities (b)		108289.62		160418.74
III.	Net Cash Provided By Financing Activities (c)		(126387.02)		(36311.04)
	Net Increase In Cash And Cash Equivalents During the Year		(264068.16)		563239.33
	Cash And Cash Equivalents At Beginning Of The Year ²		1117536.50		554297.17
	Cash And Cash Equivalents At The End Of The Year ²		853468.34		1117536.50
	Net Increase In Cash And Cash Equivalents During the Year		(264068.16)		563239.33

Note :

1. Purchase of Fixed Assets are stated inclusive of capital work-in-progress between the beginning and end of the period.
2. Cash and Cash Equivalents include Short Term Deposits with Banks and Financial Institutions.
3. Previous year figures are regrouped wherever necessary.
4. Cash and Cash Equivalents are available fully for use.

As per our Report attached
for **M/s.DAGLIYA & CO.,**
Chartered Accountants
Firm Regn. No.0671S



(P. MANOHARA GUPTA)
Partner
Membership No. 16444
Place: Bengaluru
Date: 8th August, 2015.



(Dr. A.K. MISHRA)
Director (Finance) & CFO



(T. SUVARNA RAJU)
Chairman & Managing Director



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



INDEPENDENT AUDITORS' REPORT

**The Members of
HINDUSTAN AERONAUTICS LIMITED
Bengaluru**

Report on the Financial Statements

We have audited the accompanying financial statements of Hindustan Aeronautics Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. These financial statements incorporate all the 38 Divisions of the company audited by the Division Statutory Auditors.

Management's Responsibility for the 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 financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the

Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the financial statements.

Basis for Qualified Opinion

Attention is drawn to Clause 38(a) and 38(b) of Note 34 of the Accounts, regarding taxes and duties i.e, sales tax, value added tax, service tax etc., not charged on invoices raised in respect of sale of Aircrafts as well as repair and Overhaul to defence customers in some of the Divisions. The company has resolved disputes with the commercial tax departments of the Governments of Karnataka and Odissa and recognized liability towards settled sales tax dues and also accounted for similar amounts as claims receivable from the customers. With regard to other states, the Company has not provided for the demands from the Commercial Taxes Departments, since the demand is disputed by the Company. The same is disclosed as a contingent Liability in Clause 1 of Note 34 of the accounts. The respective agreements for such sale and repairs/overhaul provide for furnishing an exemption certificate or re-imburement of sales tax and similar statutory levies when determined. However, the reimbursement of penalties, if any and/or interest levied on such non-payment have not been dealt with in the agreement and the same is not quantified by the company. Although, the taxes are to be reimbursed by the customers in terms of the respective agreements, the company has neither quantified nor provided for the interest and/or penalties, if any, on such taxes in case the same are payable. We are unable to quantify the Net Impact of such non provision/ non-disclosure on the Financial Statements.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the Basis for Qualified Opinion paragraph , the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its **profit** and its cash flows for the year ended on that date.

Other Matter:

All the 38 divisions of Hindustan Aeronautics Limited are audited by the Division Statutory Auditors in accordance with the allocation made by the Comptroller & Auditor General of India, New Delhi, our work being confined to the Consolidated Annual Accounts only. The financial statements include two foreign liaison offices incorporated in the respective division accounts audited by that Division's statutory auditors. The consolidated accounts take into account the particulars and information made available to us and also changes carried out at consolidation. In framing our report we have considered the reports of the Division auditors and further information and explanations provided by the Management.

Our opinion is not qualified in respect of this matter.



Report on Other Legal and Regulatory Requirements

I. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act and based on such checks as we considered appropriate and according to the information and explanations given to us, we state that:

(i) Fixed Assets:

- (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year in accordance with its phased programme designed to cover the assets of all locations/units by physical verification over a period of one to five years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, fixed assets at certain locations were physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed.

(ii) Inventories:

- (a) The inventories of the company have been physically verified by the management at reasonable intervals during the year.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material having regard to the nature of business and volume of operations and the same have been properly dealt with in the books of accounts.

(iii) Loans Given:

- (a) The company has granted a secured loan to one company covered in the register maintained under Section 189 of the Companies Act, 2013.
- (b) The principal amount and interest, as stipulated have been regularly recovered.
- (c) There is no overdue amount of loan granted to above company, hence the question of taking steps for recovery of principal and interest does not arise.

(iv) Internal Control System:

In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.

(v) Deposits from Public:

In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from public with in the meaning of Sec 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014; hence the question of compliance with the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder as per clause (v) of the Order does not arise.

(vi) Maintenance of Cost Records:

We have broadly reviewed the books of accounts relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act 2013 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) Remittance of Statutory Dues:

- (a) The company is regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income tax, Sales Tax, Wealth tax, Service tax, Duty of Customs, duty of Excise, Value Added Tax, Cess and other statutory dues with the appropriate authorities to the extent applicable to it.
- (b) According to the information and explanations given to us and based on the records verified by us, we state that no undisputed amounts payable in respect of Income Tax, Wealth Tax, Service Tax, Sales Tax, Value Added Tax, Duty of Customs, Duty of Excise or Cess which have remained outstanding as at 31st March 2015 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of Income tax or Sales Tax or Wealth tax or Service Tax or Duty of Customs or Duty of Excise or value Added Tax or Cess which have not been deposited on account of any dispute except as stated below:

SI No	Statute	Nature of Dues	Amount (₹ in Lacs)	Period to which amount relates	Forum where Dispute pending
1	Central Excise Act, 1944	Excise Duty	71.67	2007	Appellate Tribunal
2	Customs Act, 1962	Custom Duty	20441.33	2012-13	Appellate Tribunal
3	Finance Act, 1994	Service Tax	33681.00	August 2002 to 2013	Appellate Tribunal
4	Finance Act, 1994	Service Tax	24978.00	2005-2013	Commissioner
5	Finance Act, 1994	Service Tax	2169.51	2006-11	Show Cause Notice Cum Demand pending Before Commissioner
6	Finance Act, 1994	Service Tax	3421.09	2006-07	Supreme Court
7	GHMC	Sewerage Cess	826.50	Till March 2015	High Court
8	Income Tax Act, 1961	Income Tax	144375.10	2006-07, 2008-09, 2010-11	CIT (Appeals)
9	Income Tax Act, 1961	Income Tax	4918.70	2003-04	DCIT



10	Income Tax Act, 1961	Income Tax	74792.84	2004-06, 2007-2010	Income Tax Appellate Tribunal
		Non Agricultural			
11	Non Agricultural Cess	Cess	2245.94	2001-15	High Court
		VAT/Sales Tax/		1986-90, 1991-92, 1997-99,	
12	VAT/Sales Tax/Entry Tax	Entry Tax	181416.00	2000-05, 2010-11	1st Appellate Authority
		VAT/Sales Tax/			
13	VAT/Sales Tax/Entry Tax	Entry Tax	30512.84	1996-2012	Appellate Tribunal
		VAT/Sales Tax/			
14	VAT/Sales Tax/Entry Tax	Entry Tax	8108.49	2004-2010	Department
		VAT/Sales Tax/			
15	VAT/Sales Tax/Entry Tax	Entry Tax	7281.97	2003-04, 2008-09, 2010-11	High Court

(d) According to the information and explanations given to us, there are no amounts required to be transferred to Investor Education and Protection Fund in accordance with relevant provisions of the Companies Act, 1956 and rules made thereunder.

(viii) Accumulated Cash Losses:

The company has not incurred cash loss during the financial year covered by our audit as well as in the immediate previous financial year and has no accumulated losses as at the end of the financial year.

(ix) Dues to Banks & Financial Institutions:

In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. The company has neither borrowed any loans from Financial Institutions nor issued any debentures and consequently the question of default in repayment does not arise

(x) Guarantees given by the Company for Loan taken by Others:

According to the information given to us the Company has not given guarantees for loans taken by others from banks or financial institutions. Hence Clause 4 (x) of the Companies (Auditor's Report) Order, 2015 is not applicable to the company.

(xi) End use of Term Loans raised:

The company has not obtained any term loans. Hence the question of application of loan funds for the purpose for which they are obtained does not arise.

(xii) Frauds:

To the best of our knowledge and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

II. As required by section 143(5) of the Act, we report that:

i) The Company has been selected for disinvestment vide letter No; V-99011/72/2011/D (HAL-I/II) dated 26th April, 2013 from the Department of Defence Production, Ministry of Defence, Government of India and it has accounted all Assets including Intangible Assets & Land and all Liabilities as per

Accounting Policies and Notes attached to and forming part of Financial Statements and as per relevant Accounting Standards and Contingent Liabilities are disclosed by way of Notes to Accounts. The Government of India has approved disinvestment of 10% out of its 100% Shareholding in the Company, through offer for sale of equity shares by following rules, regulations and procedures prescribed by SEBI. The contracts between the Company and Defence Services/ Ministry of Defence, being confidential, are under examination by the representatives of the Defence Services for giving clearance to the Company for sharing/ disclosing contract related information to Book Running Lead Managers/ Lead Managers to the issue and for making disclosures in the offer document.

- ii) No instances of waiver/ write off of debts/loans/interest etc by the company were noticed during the course of our audit.
- iii) The company is maintaining proper records for inventories lying with third parties and assets received as gift from Govt. or other authorities.
- iv) The report on age-wise analysis of pending legal/ arbitration cases including the reasons of pendency are enclosed in Annexure I herewith. In relation to monitoring mechanism for expenditure on legal expenses (foreign and local) it is explained to us that legal expenses are being incurred with due concurrence / approval of respective Heads of Finance Department & Complex / Divisional Heads as per delegation of powers.

III. As required by section 143(3) of the Act, we report that:

i) Information and Explanations:

Except for the matter described in the basis for Qualified Opinion paragraph, 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;

ii) Maintenance of Books of Accounts:

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;

iii) Agreement with Books of Account:

The balance sheet, statement of profit & loss and cash flow statement dealt with by this report are in agreement with the books of account;

iv) Returns of the Divisions/ Branches:

Proper returns adequate for the purposes of our audit have been received from the Divisions/ Branches not visited by us. The reports on the accounts of the Divisions/Branches audited by the Branch/ Division auditors have been forwarded to us and have been appropriately dealt with considering further information and explanations furnished to us by the management.



v) Compliance with Accounting Standards:

In terms of Circular No GSR 463(E) dated 05.06.2015 issued by the Ministry of Corporate Affairs, Government of India, the Company being engaged in Defence Production, is exempt from the compliance to Accounting Standard – 17 “Segment Reporting” specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

Having regard to the above, we state that in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

vi) Reporting Requirements under Section 164(2) of the Act:

In terms of circular No. GSR 463(E) dated 05.06.2015 issued by the Ministry of Corporate Affairs, Government of India, the Company being Government Company, is exempt from the provisions of section 164(2) of the Act regarding disqualification of Directors.

vii) Reporting Requirements under Rule 11 of the Companies (Audit and Auditors) Rules, 2014:

With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Clause 1 of Note 34 to the financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

for **M/s.DAGLIYA & CO.**,
Chartered Accountants
Firm Regn. No.06715



(P. MANOHARA GUPTA)
Partner
Membership No. 16444

Place : Bengaluru
Dated: 8th August, 2015.

Annexure-I

Analysis of pending Legal / Arbitration Cases (As on 31st March 2015)

a. No. of cases pending for less than 5 years.	:	338
b. No. of cases pending for 5-10 years.	:	148
c. No. of cases pending for 10-15 years.	:	69
d. No. of cases pending for 15 to 20 years.	:	34
e. No. of cases pending for over 20 years.	:	25
	Total :	614
f. Reasons for pendency:		
(i) Delay in Judicial Proceedings.		
(ii) Cases transferred to other Courts/higher courts.		
(iii) Delay in filing documents by the parties.		
(iv) Prevailing practice of High Courts (like Orissa) where cases are being listed and disposed off on year-old bases.		
(v) Long adjournments.		
(vi) Matters are dealt with by various Courts of Law as per their own procedure.		
(vii) Some of the cases on argument / waiting final hearing / Orders.		
(viii) Some cases are yet to be heard.		



OBSERVATIONS BY THE STATUTORY AUDITORS ON THE ACCOUNTS OF HINDUSTAN AERONAUTICS LTD., BENGALURU FOR THE YEAR ENDED 31ST MARCH, 2015 AND REPLIES BY THE COMPANY.

Sl. No.	Auditor's Qualifications	Company's Replies
1.	<p>Attention is drawn to Clause 38(a) and 38(b) of Note 34 of the Accounts, regarding taxes and duties i.e, sales tax, value added tax, service tax etc., not charged on invoices raised in respect of sale of Aircrafts as well as repair and Overhaul to defence customers in some of the Divisions. The company has resolved disputes with the commercial tax departments of the Governments of Karnataka and Odisha and recognized liability towards settled sales tax dues and also accounted for similar amounts as claims receivable from the customers. With regard to other states, the Company has not provided for the demands from the Commercial Taxes Departments, since the demand is disputed by the Company. The same is disclosed as a contingent Liability in Clause 1 of Note 34 of the accounts. The respective agreements for such sale and repairs/overhaul provide for furnishing an exemption certificate or re-imburement of sales tax and similar statutory levies when determined. However, the reimbursement of penalties, if any and/or interest levied on such non-payment have not been dealt with in the agreement and the same is not quantified by the company. Although, the taxes are to be reimbursed by the customers in terms of the respective agreements, the company has neither quantified nor provided for the interest and/or penalties, if any, on such taxes in case the same are payable. We are unable to quantify the Net Impact of such non provision/ non-disclosure on the Financial Statements.</p>	<p>The Company is filing the Sales Tax returns regularly. Wherever demands have been raised, based on such assessments and disputed by the Company, the same have been disclosed in Clause No.1 of Note 34 to Accounts.</p> <p>In terms of Pricing Policy agreed with the main customer, prices approved are exclusive of taxes and duties., i.e., Sales Tax etc. In case, such taxes are levied, the same will be reimbursed by the customer at actuals, if the customer does not produce necessary exemption. As per this agreement, in case there is any liability for sales tax, wherever it has not been paid, the same, on payment, will be recovered from the customer resulting in NIL effect on the accounts of the Company.</p> <p>With regard to Karnataka and Odisha Sales Tax disputes, the same has been resolved and the liability for the settled amount has been recognized in the books and also accounted for similar amounts as Claims receivable from the customer since the same is reimbursable by the customer. The settlement with the respective Governments is as a total package. As a part of the settlement, the amount paid to the Karnataka and Odisha Governments has also been reimbursed by the major customers.</p> <p>These facts have been sufficiently disclosed in Clause No.38(a) and 38(b) of Note 34 on Accounts and have been consistently accepted by the Audit.</p>

COMMENTS OF THE COMPTROLLER & AUDITOR GENERAL



Confidential
By Speed Post

सं./No. Report (HAL Accs (2014-15) 261

प्रधान निदेशक वाणिज्यिक लेखापरीक्षा एवं पदेन सदस्य
लेखापरीक्षा बोर्ड का कार्यालय, बंगलूर - 560 001.
OFFICE OF THE PRINCIPAL DIRECTOR OF COMMERCIAL
AUDIT and Ex-Officio MEMBER, AUDIT BOARD,
BANGALORE - 560 001.

दिनांक / DATE. 10.9.2015

To

The Chairman & Managing Director
Hindustan Aeronautics Limited
Corporate Office,
No.15/1, Cubbon Road,
Bangalore-560001.

Sir,

Sub: Comments of the Comptroller and Auditor General of India
under section 143(6)(b) of the Companies Act, 2013.

I forward herewith Nil Comments Certificate of the Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the accounts of Hindustan Aeronautics Limited, Bangalore for the year ended 31 March 2015.

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 Section 143(6)(b) of the Companies Act, 2013.

The receipt of this letter may please be acknowledged.

Yours faithfully,

(V.K. Girijavallabhan)

Pr. Director of Commercial Audit

Encl: As above.

भारतीय लेखा तथा लेखापरीक्षा विभाग
INDIAN AUDIT & ACCOUNTS DEPARTMENT
पहला तल, बसव भवन, श्री बसवेश्वर रोड, बंगलूर - 560 001
1st Floor, Basava Bhavan, Sri Basaveswara Road, Bangalore - 560 001

दु.भा / Phone : 2226 7646 / 2226 1168
Email : mabbangalore@cag.gov.in

फैक्स / Fax : 080-2226 2491



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF HINDUSTAN AERONAUTICS LIMITED, BANGALORE FOR THE YEAR ENDED 31 MARCH 2015.

The preparation of financial statements of **Hindustan Aeronautics Limited, Bangalore** for the year ended 31 March 2015 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 8.8.2015.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of **Hindustan Aeronautics Limited, Bangalore** for the year ended 31 March 2015. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

**For and on behalf of the
Comptroller & Auditor General of India**

A handwritten signature in black ink, appearing to read 'V.K. Girijavallabhan', with a horizontal line underneath it.

**(V.K.Girijavallabhan, IA&AS)
Pr. Director of Commercial Audit
& Ex-Officio Member, Audit Board, Bangalore.**

**Bangalore
Dated: 10 September 2015**

Registered Office:

HINDUSTAN AERONAUTICS LIMITED

Post Box No.5150, 15/1, Cubbon Road, Bengaluru – 560 001

Tel : 00-91-80-22320001 FAX : 00-91-80-22320758 E-mail : cosec@hal-india.com Website : www.hal-india.com

CORPORATE OFFICE**SHRI T. SUVARNA RAJU**
Chairman & Managing Director**SHRI V. M. CHAMOLA**
Director (HR)**SHRI S. SUBRAHMANYAN**
Director (Operations) & Addl. Charge of
Director(Engineering and R&D)**CA Dr. A. K. MISHRA**
Director (Finance) & CFO**HAL MANAGEMENT ACADEMY****SHRI P. S. ROY**
Offg. Executive Director (HMA)**COMPANY SECRETARIAT****SHRI G. V. SESA REDDY**
Company Secretary**LIAISON OFFICE, NEW DELHI****SHRI C. K. VISHWAKARMA**
Executive Director (Co-ordination)**SHRI MRIGENDRA KUMAR**
Resident Manager, Delhi**PLANNING & PROJECTS****SHRI MD MAZHAR ALI QURAISHI**
General Manager (Planning & Projects)**CUSTOMER SERVICES****SHRI MALOY DE**
Executive Director (CS & QA)**SHRI S. MURALI**
General Manager (CS)**FLIGHT OPERATIONS – FIXED WING****AIR CMDE KA MUTHANA VSM (Retd.)**
Chief Of Test Flying (FW)**VIGILANCE****SHRI. B SELVA KUMAR**
Chief Vigilance Officer**FINANCE & ACCOUNTS****SHRI C.B ANANTHA KRISHNAN**
General Manager (Finance)**HUMAN RESOURCES****SHRI A. K. TYAGI**
Executive Director (HR)**SHRI JOSE JACOB**
General Manager (HR-ER)**MARKETING****SHRI S. K. MITTAL**
General Manager (Business Development)**SHRI VENUGOPAL D**
General Manager (Marketing)**SHRI SANJEEV KUMAR**
Offg. General Manager (Offset)**SYSTEM AUDIT****SHRI C. V. RAMANA RAO**
General Manager (Finance) – Accounts
& Audit**INDIGENISATION****SHRI A. SELVARAJ**
General Manager (Indigenization)**JOINT VENTURE****SHRI JAGDISH MITTER NAYYAR**
General Manager (JV & Outsourcing)**INTEGRATED MATERIALS
MANAGEMENT****SHRI P.G YOGINDRA**
General Manager (IMM)**QUALITY ASSURANCE****SHRI SYED ABDUL RAZACK**
General Manager (QA)**INFORMATION TECHNOLOGY****SHRI RAJEEV AGARWAL**
Addl. General Manager (IT)**MANAGEMENT SERVICES****SHRI G. BALAKRISHNAN**
Addl. General Manager (MS)**CONTRACTS****SHRI S K TANDON**
Offg. General Manager (Contract)**BANGALORE COMPLEX****SHRI R KAVERI RENGANATHAN**
CEO (BC)**SHRI P. S. BHOOPATHY**
General Manager (HR)**IJT-LSP PROJECT GROUP****SHRI T. K. MANDAL**
General Manager (IJT)**FOUNDRY & FORGE DIVISION****SHRI R. KRISHNAMOORTHY**
General Manager (F & F)**ENGINE DIVISION****SHRI A. MUTHUKUMARASWAMI**
Executive Director (Engines and F&F)**SHRI P. BALASUNDARAM**
Chief of Projects (Engines)**SHRI R. V. PADASALGI**
Chief of Projects (Engines)**AIRCRAFT DIVISION****SHRI M. N. SRINATH**
Executive Director (Aircraft & Overhaul)



Registered Office:

HINDUSTAN AERONAUTICS LIMITED

Post Box No.5150, 15/1, Cubbon Road, Bengaluru – 560 001

Tel : 00-91-80-22320001 FAX : 00-91-80-22320758 E-mail : cosec@hal-india.com Website : www.hal-india.com

LCA – TEJAS DIVISION

SHRI V. SRIDHARAN
General Manager (LCA – Tejas)

AIRPORT SERVICE CENTRE

SHRI RAJENDER SHARMA
Deputy General Manager(ASC)

AEROSPACE DIVISION

SHRI SHEKHAR SRIVASTAVA
General Manager (Aerospace)

MEDICAL & HEALTH

Dr. C. S. RANGA RAO
Chief of Medical Services

IMGT

SHRI B. K. MOHANTY
General Manager (IMGT)

OVERHAUL DIVISION

SHRI RAKESH KAUL
General Manager (Overhaul)

FACILITIES MANAGEMENT

DIVISION

SHRI M. R. UDAYAKUMAR
General Manager (FM)

SHRI G. VENKATESHWARA RAO
General Manager (Civil)

FLIGHT OPERATIONS – FIXED WING

Gp.Capt.(Retd.) C. SUBRAMANIAM
Chief Test Pilot (FW)

DESIGN COMPLEX

SHRI S. SUBRAHMANYAN
Director (Operations) & Addl. Charge of Director(Engineering and R&D)

SHRI S P BHATTACHARYA
Executive Director (Engg. and R&D)

SHRI D. K. VENKATESH
Officer on Special Duty (OSD),DC

SHRI PRAVEEN CHANDER
Chief Designer (Sys.)

SHRI K. P. SINGH
Chief Designer (DC)

SHRI K. RAJAMANI
Chief Designer (Engines)

AIRCRAFT R&D CENTRE

SHRI SANJIV SHUKLA
General Manager (ARDC)

SHRI R. V. HULIRAJ
Chief Designer (ARDC)

SMT NEMICHANDRAMMA
Chief Designer (UAV) - (ARDC)

MISSION COMBAT SYSTEM R&D CENTRE

SHRI PRAKASH K
General Manager (MCSRDC)

AERO ENGINE R&D CENTRE

Dr. V. SRIDHARA
General Manager (AERDC)

ROTARY WING R&D CENTRE

Dr. M. VIJAYAKUMAR
General Manager (RWRDC)

SHRI CHALWADE DB
Chief Designer (RWRDC)

SHRI ALAGAPPAN
Offg. Chief of Projects (RWRDC)

AIRCRAFT UPGRADE R&D CENTRE, NASIK

SHRI A K MALAGAUDANAVAR
Addl. General Manager(Design)

GAS TURBINE R&D CENTRE, KORAPUT

SHRI NABIN CHANDRA SATAPATHY
Addl. General Manager (Design)

AEROSPACE SYSTEMS & EQUIPMENT R&D CENTRE- LUCKNOW

SHRI B.K.SHARMA
Offg. Chief Designer (ASERDC)

TRANSPORT AIRCRAFT R&D CENTRE -KANPUR

SHRI A B SINGH
Deputy General Manager (Design)

DESIGN DEPARTMENT, AVIONICS DIVISION - KORWA

SHRI MATA PRASAD
Addl. General Manager(Design)

STRATEGIC ELECTRONICS R&D CENTRE, HYDERABAD

SMT. S. THENMOZHI
General Manager (SLRDC)

HELICOPTER COMPLEX

SHRI V. SADAGOPAN
CEO (HC)

SHRI SAMIR KUMAR PADHI
Executive Director (Finance)

HELICOPTER DIVISION

SHRI V. NATARAJAN
General Manager (Helicopter)

CDR. K. S. RAVI (RETD.)
Chief of Projects (LUH)

SHRI I. NARAYANA REDDY
Chief of Projects (Ch/Ck)

Registered Office:

HINDUSTAN AERONAUTICS LIMITED

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Tel : 00-91-80-22320001 FAX : 00-91-80-22320758 E-mail : cosec@hal-india.com Website : www.hal-india.com

**FLIGHT OPERATIONS
(ROTARY WING)****Wg. Cdr (Retd.) UNNI PILLAI**
Offg. Executive Director (CTP-RW)**SHRI MAHABALESHWARA BHAT K**
Chief Designer (Rotary Wing)**HELICOPTER MRO DIVISION****SHRI G. V. S. BHASKAR**
General Manager (Helicopter-MRO)**BARRACKPORE DIVISION****SHRI TAPAN ROY**
General Manager (Barrackpore)**COMPOSITE MANUFACTURING
DIVISION****SHRI S. V. SURESH**
General Manager (CMD)**MiG COMPLEX****SHRI DALJEET SINGH**
CEO (MC)**SHRI ASHISH KUMAR ROY**
General Manager (Quality)**AIRCRAFT MANUFACTURING
DIVISION, NASIK****SHRI A B GHARAD**
Offg. General Manager (AMD)**AIRCRAFT OVERHAUL DIVISION,
NASIK****SHRI R. NARAYAN**
General Manager (AOD)**ENGINE DIVISION, KORAPUT****SHRI ARUP CHATTERJEE**
Offg. Chief of Project (Engines)**SUKHOI ENGINE DIVISION,
KORAPUT****SHRI DEBASHIS DEB**
General Manager (SED)**ACCESSORIES COMPLEX****SHRI RAJIV KUMAR**
CEO (AC)**SHRI R.B. SHARMA**
General Manager (HR)**ACCESSORIES DIVISION,
LUCKNOW****SHRI R. MADHAVAN**
General Manager (ADL)**TRANSPORT AIRCRAFT DIVISION,
KANPUR****SHRI M. M. TAPASE**
General Manager (TAD)**AVIONICS DIVISION, KORWA****SHRI PRAMOD SAXENA**
General Manager (Korwa)**SHRI ASHIS MUKHERJEE**
Offg. Chief of Projects (Su 30)**AVIONICS DIVISION, HYDERABAD****SHRI SUNIL KUMAR**
Executive Director (Hyderabad & Korwa)**SHRI NIRMAL BABU K**
Chief of Projects (Su-30)





Hindustan Aeronautics Limited

15/1, Cubbon Road, Bengaluru - 560001 INDIA

www.hal-india.com