



Hindustan Aeronautics Limited



**58TH ANNUAL
REPORT
2020-21**



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Vision

To be a global leader in the Aerospace & Defence Industry



Mission

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



Chairman's Statement

Dear Shareholders,

It is my privilege to extend a very warm welcome to you all for the 58th Annual General Meeting of your Company.

The financial year 2020-21 was challenging for each one of us. The COVID-19 pandemic has had a significant impact on lives, livelihoods and the business. Due to COVID pandemic situation in the country, the Company's operations was disrupted in the first quarter of the financial year. However, the Company had recovered from the impact in the subsequent quarters of the financial year.

During the period, the Company has made dedicated efforts to extend all possible assistance to the Government bodies, medical units and frontline workers in combating this pandemic. The Company has started free of cost vaccination drive for its employees and their dependent family members. Covid Care Centres have been set-up at various locations in the country.

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

Financial and Performance Highlights of the Year

In the financial year 2020-21, your Company recorded the turnover of ₹ 22,369 Crore, which is 5% increase from the previous year's ₹ 21,228 Crore. The Profit Before Tax (PBT) saw a growth of 8% from ₹ 3,938 Crore to ₹ 4,271 Crore while the Profit After Tax (PAT) increased by 14% from ₹ 2,842 Crore to ₹ 3,233 Crore. Our Order Book position stood at a healthy ₹ 80,639 Crore as on March 31, 2021.

The Company has paid Dividend of ₹ 30 per share of ₹ 10 each (300%) for the Financial Year 2020-21, totalling to ₹ 1,003.16 Crore.

Our focus on production continues during the year 2020-21, your Company has produced 44 Nos of new Aircraft and Helicopters, covering Su-30 MKI, LCA Tejas, Dornier Do-228, ALH Dhruv, Light Combat Helicopter (LCH) and Chetak helicopter. Additionally, we produced 102 New Engines and Accessories.

Your Company overhauled 198 platforms including both fixed wing and rotary wing aircraft of various types. Further, 506 engines were also overhauled during the year under review.

I am proud of our initiatives to indigenise production and become self-reliant, as set out by the Make in India and Atmanirbhar Bharat mandate.



Significant Achievements

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

- Final Operational Clearance standard LCA Tejas has been inducted into IAF Squadron 'The Flying Bullets' on May 27, 2020, marking another major milestone for HAL.
- Two Light Combat Helicopters (LCH) were deployed for operations at high altitude at short notice to support IAF missions on August 12, 2020.
- Three Light Combat Helicopters (LCH) have been produced and signalled out against the Letter of Intent of IAF.
- Received Initial Operational Clearance (IOC) of Light Utility Helicopter (LUH) for the Indian Army from CEMILAC.
- Received Operational Clearance from CEMILAC for ALH Mk-III for Indian Coast Guard and Indian Navy in January, 2021. The Company handed over three ALH Mk III to the Indian Navy and two ALH to Indian Coast Guard.
- Successfully demonstrated the tail boom folding operation on ALH Mk-III helicopter in November, 2020.
- The first Upgraded ALH Mk III CIVIL helicopter produced in November, 2020.
- The Company has indigenously designed and developed a 60kW Gas Turbine Electrical Generator (GTEG-60), the Auxiliary Power Unit (APU) for the Military Transport aircraft AN-32, which has attained operational clearance on May 28, 2020. The control unit (FADEC) of GTEG-60 is also designed and developed in-house by the Company.



- Successfully integrated and conducted trial of NGARM (New Generation Anti-Radiation Missile) and Precision Guidance Kit for High-Speed Low Drag 500 kg bomb on Su-30MKI aircraft.

New Initiatives

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

- ❖ Design and development of Combat Air Teaming System (CATS) with TEJAS-MAX cockpit as the mother-ship platform with the embedded air teaming intelligence concepts to demonstrate the fully integrated as well as autonomous wingman platforms and swarming of drones to engage in the mission.
- ❖ Design and development of Amphibian / Seaplane variant of HAL Do-228 aircraft.
- ❖ To foray into Civil MRO segment, HAL has signed two MoUs with Air Works India (Engineering) Pvt Ltd and Air India Engineering Service Limited.
- ❖ HAL entered into MoU with ADA for Design and Development of Advanced Medium Combat Aircraft (AMCA). AMCA is a twin engine multi role aircraft with fifth generation capabilities and is being developed by ADA for the IAF.
- ❖ MoU signed between HAL and DRDO for Transfer of Technology for Production and Designated HAL as Lead System Integrator of UTTAM Radar, an Active Electronically Scanned Array (AESA) Radar, designed & developed by DRDO for LCA Mk1 & Mk1A aircraft.
- ❖ Your Company has formulated new Vision and Mission statements in order to align HAL's new line of thinking and spirit to achieve business excellence. Accordingly, the Board of Directors of the Company has approved the "Corporate Perspective Plan and Design Prospective Plan 2021- 2030" to address the dynamic changes in external and internal environment conditions and to prepare various strategies and plans to keep the Company in competitive position and achieve significant growth.
- ❖ Your Company has appointed M/s Boston Consulting Group (BCG) for providing strategic advisory services for devising business cum growth plan

Future Outlook

In the past one decade Aerospace and Defence Industry has grown consistently and the trends projected the enhanced growth in this market, until world faced COVID-19 outbreak in the beginning of 2020. The current economic downtrend due to pandemic has impacted the related aircraft manufacturing industry adversely and disrupted the supply chain. The pandemic has resulted in drop in production capability of the manufacturers worldwide.

The business of your Company is mainly concentrated to Defence Services which is highly technology intensive. The Company has a vision to expand the revenue sources in the domestic and international market. This is mainly to boost the growth of the Company. External environment is full of challenges in the future. HAL has laid down roadmap to enable company, not only to sustain the challenges but also to grow consistently. Even though Indian Defence market is more secured compared to the civil, focusing on market segments other than Indian Defence and allied diversification in product and service segments is crucial for the company in this decade. Our goal is to enhance export market significantly.

Collaboration with compatible OEMs is one of the important strategic aspects to make headway in the niche areas and diversification as well. Digitization across company, AI, Automation and Industry-4.0 are the important technologies which we are emphasizing to benchmark our performance with leading companies and achieve operational excellence.

HAL has been developing aerospace ecosystem in the country to boost the growth of industry in line with "Atmanirbhar Bharat Abhiyan". HAL is also playing a pioneer role in capability development and extended employment generation in Aerospace & Defence by handholding the vendors and suppliers.

While the Indian Defence market will continue to be prime revenue source, due to projects like LCA Mk1A, LCH, LUH, HTT-40 we need to prepare ourselves during this period to have differentiated products and services, required in future, make our systems more agile, effective and cost efficient, to face the market challenges. The futuristic projects on the anvil such as LCA MkII, Advance Medium Combat Aircraft (AMCA), Indian Multirole Helicopter (IMRH), Twin Engine Deck Based Fighter (TEDBF), Aero Engines Development etc., will ensure technological lead of your Company in the years to come. HAL is focusing Short Term and Long Term Strategy to meet UAV requirements of the Indian Defence Forces through indigenous efforts and the business collaborations with the global OEMs.

Research and Development (R&D)

R&D has been the main focus area of your Company for increasing indigenisation and value addition in our products / systems. During the year, the Company has continued to focus its efforts towards new platforms development, technology development, and activities to enhance its capability with a view to bring technological superiority to its products and in order to cope up with the future technological challenges that require the Company to develop new products and go in for Product Enhancements. Towards the progress of the R&D efforts, the Company has incurred a total expenditure of ₹ 1,687 Crore for the year 2020-21 which is 8% of the Turnover. The Company has transferred a sum of ₹ 296 Crore (10% of Operating PAT) to R&D reserve for contribution to R&D corpus during the year 2020 -21.



The continued efforts of the Company to Design and Develop new platforms/ products have resulted in achieving operational clearance for ALH MKIII Navy/ CG and Light Utility Helicopter (LUH) – Army, completion of User Assisted Technical Trial phase-I and 8 turn spin trial of HTT-40. The Company is also progressing with the development of 10 ton class Indian Multi Role Helicopter (IMRH), Turbo fan Engine HTFE-25 and Turbo shaft engine HTSE-1200. These efforts are going to add new revenue lines and enhance the product mix of the Company.

Corporate Governance

Your Company always strives to attain highest standard of Corporate Governance practice. The Company has complied with the Guidelines on Corporate Governance framed by the Department of Public Enterprises (DPE) and SEBI Listing Regulations. The Company has established Systems and Procedures to ensure that its Board of Directors is well informed about the Policies of the Company, to enable them to discharge their responsibilities and to enhance the overall value of all stakeholders. We are constantly reviewing the Policies and Procedures of the Company and updating them to ensure transparency in all aspects of the Company's working.

Corporate Social Responsibility and Sustainability Development

As always, your Company is committed to social responsibility. We have undertaken various programmes and projects, towards integrating our social and business goals and in a sustainable manner in line with schedule VII of the Companies Act, 2013. During the year, an amount of ₹ 90.52 Crore has been spent on CSR activities.

Your Company has donated Ambulances, C.T. Scan Machine, Haemodialysis Machines, Deep Freezers for storage of COVID-19 Vaccines, Aerosol Boxes, Personal Protection Equipments, etc. to the Government Bodies to combat against

the global pandemic COVID -19. The Company has established a 180 bed COVID-19 Care Centre at Bengaluru with an approx. cost of ₹ 90 Lakhs and also established one COVID Testing Facility at Kargil, Ladakh in association with CSIR-IIIM, Jammu.

Acknowledgement

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

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

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

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

JAI HIND



R. Madhavan

Place : Bengaluru

Date : August 30, 2021

Chairman and Managing Director



Corporate Information

BOARD OF DIRECTORS

Shri R Madhavan

Chairman & Managing Director (CMD)

Shri Arup Chatterjee

Director (Engineering and R&D)

Shri C B Ananthkrishnan

Director (Finance) & CFO

Shri M.S. Velpari

Director (Operations)

Shri Alok Verma

Director (Human Resources)

Shri Chandraker Bharti

Joint Secretary (Aerospace)

Ministry of Defence

Govt. Nominee Director

Dr. Tessy Thomas

Director General (Aeronautical System)

Aeronautical Development Establishment (ADE)

Govt Nominee Director

Rear Admiral K C Sekhar AVSM, VSM (Retd)

Independent Director

Dr. S Malla Reddy

Independent Director

Dr. J K Bajaj

Independent Director

(Ceased on 10.09.2020)

Shri Anil Kumar

Independent Director

(Ceased on 04.03.2021)

Shri Siddharth

Independent Director

(Ceased on 04.03.2021)

Shri Neelakanta Iyer R

Independent Director

(Ceased on 04.03.2021)

COMPANY SECRETARY

Shri G. V. Sessa Reddy

Executive Director

(Company Secretary)



Bankers

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

Statutory Auditor

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

Branch Auditors

M/s. S Srivastava & Co.,
Chartered Accountants, Luknow

M/s. Desai Associates
Chartered Accountants, Mumbai

M/s. Sarath & Associates
Chartered Accountants, Hyderabad

M/s. Rodi Dabir & Co.,
Chartered Accountants, Bengaluru

M/s. RKJS & Co., LLP,
Chartered Accountants, Cuttack

M/s. Abhijit Dutt & Associates
Chartered Accountants, Kolkata

M/s. Prakash & Santhosh
Chartered Accountants, Kanpur

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

M/s. Manohar & Venkata
Chartered Accountants, Bengaluru

M/s. Sekharan Associates
Chartered Accountants, Bengaluru

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

M/s. SSB & Associates
Chartered Accountants, Bengaluru

M/s. BN Subramanya & Co.,
Chartered Accountants, Bengaluru

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

M/s. YCRJ & Associates
Chartered Accountants, Bengaluru

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

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

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

Cost Auditor

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

Legal Advisors

M/s. Sundaraswamy & Ramdas,
Advocates, Bengaluru

Tax Consultant

Price Waterhouse Coopers Pvt. Ltd.

Credit Rating Agency

ICRA

CARE



Board of Directors (as on 16th July, 2021)



Shri R. Madhavan
Chairman and Managing Director

Shri R. Madhavan was appointed as Chairman and Managing Director (CMD) of the Hindustan Aeronautics Limited (HAL) with effect from September 1, 2018. He is a graduate in Mechanical Engineering from NIT, Raipur and also holds post graduate degree of M. Tech from IIT Madras. He joined HAL as a Management Trainee (Technical) in July, 1982 and has been associated with the company for over 39 years.

Prior to his elevation as CMD of HAL, Shri. Madhavan held the position of Executive Director, Accessories Division at Lucknow. He spearheaded successful absorption of technology for production of Su-30 Airframe & Engine accessories from raw material phase. During his tenure, the division was awarded the best performing Division (Customer Services) award in company-wide competition during January 2016.

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

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

He had also extensively contributed to GOI's "Make in India" strategy by developing MSME sector vendors for Aerospace Manufacturing and had set roadmap for enhancing self-reliance & self-sufficiency through indigenization efforts for obsolescence management and for developing alternate technology leading to product improvement & reduction in cost. Under Shri Madhavan's leadership, HAL has earmarked Indigenization as "Key Thrust Area" and over a period has refined its internal machinery and policy for indigenisation of components, accessories and systems required for manufacturing as well as repair & overhaul of aircraft, engine and equipment.

A very important aspect towards development of engineering and technology in aerospace industry is availability of skilled manpower. Shri Madhavan in the capacity of Chairman of Aerospace & Aviation sector skill council is contributing immensely to meet the challenge of skill development. As part of Government of India's ambitious programme to encourage innovation, Mr. Madhavan is appointed as one of the Director of Defence Innovation Organisation (DIO) which is doing pioneering work in providing impetus to technology start-ups in the country in Aerospace and Aviation sector.

Shri Madhavan had also taken several e-initiatives, implementation of which have brought in systemic changes, transparency & process improvements. Under his leadership, HAL is embarking upon a major e-initiative called "Project Parivartan" in a journey to revive company's ERP system to increase operational efficiencies.

An avid reader and active in professional societies, Shri. Madhavan is a member of Aeronautical Society of India. He is also a member of Governing Council of CMTI and CSIR-NAL.



Shri Arup Chatterjee
Director (Engineering and R&D)

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

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

Shri Arup Chatterjee has over 39 years of wide experience in Aerospace Industry. During his career span, Shri Chatterjee has served in various Divisions of HAL. He was the head of various departments in the field of Avionics Equipment required for Russian & Western origin Aircraft platform, in Korwa Division, where he has served for 28 years. He has also served in Kanpur Division for 4 years in the field of Air Frame Manufacturing, for Dornier, Avro & UAV Projects.

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

He had successfully steered Completion of IOC for LCH (Army), Completion of IOC for LUH (IAF & Army), Completion of 6 turn spin on HTT-40, FOC for Jaguar DARIN III Upgrade, Operational Clearance for ALH Mk III for Indian Coast Guard and Indian Navy and Reinitiating IJT project for spin trials.

Many new projects have been taken up under his leadership which have futuristic potential. Some of them are Tailboom folding & 2-segmented blade folding on ALH, IMRH, 200kg RUAV, LUH Civil, CATS, LCA Mk-IA, Avro Upgrade and major LRUs development for outlying divisions.



Shri C B Ananthkrishnan
Director (Finance) & CFO

Shri C B Ananthkrishnan was appointed as Director (Finance) & CFO of the Company with effect from August 1, 2018. Prior to his appointment as Director (Finance), he was holding the post of Executive Director (Finance) of the Company. He joined the company as Chief Manager (Finance) on March 31, 2004 and thereafter worked in various capacities. He holds a Bachelor's Degree in Commerce from Loyola College, Chennai, MBA in Finance from Madras University and is a Cost & Management Accountant. He has over 32 years of work experience in Public & Private sectors with stints in merchant banking, pharmaceuticals, fertilizers, aerospace industry and has held various positions in our Company. He is also Nominee Director on the Board Multi-Role Transport Aircraft Limited (MTAL), a Joint Venture Company of the HAL.

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



Shri M.S.Velpari
Director (Operations)

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

Shri Velpari joined the Company as 20th batch of Management Trainee in the year 1984 and has about 37 years of experience in the areas of Manufacturing, Assembly, Design, Product support, customer support, Indigenisation and other Management functions, in various types of fixed wing and rotary wing platforms. He worked in various divisions like Aircraft Division of Bangalore & Nashik and Foundry & Forge division, in Bangalore. He was holding position of Chief of Project, LCA-Tejas Programme at Bangalore, before assuming charge as Director (Operations) of HAL.

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

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



Shri Alok Verma
Director (Human Resources)

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

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

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



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

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

He has more than 24 years of experience in Civil Services and held various important assignments, which include Additional Commissioner, Department of Sales Tax, Govt. of NCT of Delhi; Director, Ministry of Commerce & Industry; Development Commissioner in various Government Departments such as Agriculture, Finance & Planning, Industries & Commerce, Information Technology, etc. in the Union Territory of Pondicherry. He had also served for a short period at Health & Family Welfare and Environment & Forest Departments of Govt. of NCT of Delhi.



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

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

Dr. Tessy Thomas, who is currently serving as Director General, Aeronautical Systems in Aeronautical Development Establishment, Bangalore, has served more than 32 years in DRDO. She had held multi-dimensional roles & responsibilities and had contributed in various fields such as Guidance, Control, Inertial Navigation, Trajectory Simulation and Mission Design. Dr. Tessy Thomas had held various key assignments in DRDO, which include Project Director for AGNI-4 project, Project Director (Mission) for the long range AGNI-5 system, Director, Advanced Systems Laboratory, DRDO.

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

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



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

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

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

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

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



Dr. S Malla Reddy
Independent Director

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

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



Chief Executive Officers (CEOs) (as on 16th July, 2021)



Shri Sajal Prakash
Chief Executive Officer,
(Accessories Complex)

Shri Sajal Prakash, Chief Executive Officer, Accessories Complex holds a degree of B. Tech in Mechanical Engineering from HBTI, Kanpur, a PG degree of M. Tech in Aircraft Production Engineering from IIT, Madras and has completed Leadership Development Program at IIM, Ahmedabad and IAS Toulouse, France. He started his career in HAL as a Management Trainee (Tech.) in the year 1986. During his career spanning over 34 years in HAL, he has worked in Transport Aircraft Division – Kanpur, HAL Corporate Office and Helicopter Division, Bangalore before taking charge as Chief Executive Officer of Accessories Complex w.e.f September 1, 2019



Shri Amitabh Bhatt
Chief Executive Officer,
(Bangalore Complex)

Shri Amitabh Bhatt, Chief Executive Officer, Bangalore Complex holds a degree of B.Sc.(Engg.) in Mechanical from Regional Engineering College (REC), Rourkela and a Post Graduate Degree in Management. He has undergone 'Leadership Development Program', at IIM-Ahmedabad and at Institute of Aerospace Studies, Toulouse, France. During his career span of 33 years of professional experience in Marketing, Planning and Projects, both in Private and Public Sector Company, he has worked in Fusion Engineering Products Ltd and SKF India Limited, prior to joining to HAL as DGM (Marketing) in the year 2006. He has led the team as Chief of Projects (LUH), for setting up an integrated new Helicopter Factory at Tumkur. In addition to this, he led the Business Development activities of Helicopter Complex, involving Sales & Marketing and Program Management. He was appointed as Chief Executive Officer, Bangalore Complex w.e.f. February 1, 2020.



Shri Anbuvelan S
Chief Executive Officer,
(Helicopter Complex)

Shri Anbuvelan S, Chief Executive Officer, Helicopter Complex, a graduate in Mechanical Engineering from Algappa Chettiar College of Engineering, Karaikudi, Tamil Nadu and holds a degree of M.Tech in Aircraft Production Engineering from IIT Madras and Post Graduate Diploma in Business Management from XIME, Bangalore. He started his career in HAL as Management Trainee (Technical) on July 21, 1986 and has been associated with HAL for 35 years. He has expertise in end-to-end process optimisation, Manufacturing, Quality and Supply Chain management. He was elevated to the position of Executive Director, Helicopter Division in July 2020 before taking charge as Chief Executive Officer of Helicopter Complex w.e.f October 1, 2020



Shri Dibyendu Maiti
Chief Executive Officer,
(MiG Complex)

Shri Dibyendu Maiti, Chief Executive Officer, MiG Complex, a graduate in Mechanical Engineering from REC Durgapur and holds a degree of M.Tech in Aircraft Production Engg from IIT, Madras and MS in Aeronautics & Space Technology from ENSAE, Toulouse, France. During his career spanning over 35 years in HAL, he has worked at Nasik Division, MiG Complex Office and Corporate Office at various positions in various capacities. He contributed significantly towards indigenous development of highly complicated test rigs for RD-33 engine accessories & BISON upgrade. He was instrumental in establishing the ROH facilities of Su-30MKI Aircraft. During his tenure in Corporate Office, he played a key role in activities such as 'Perspective Plan 2021-2030'. He was appointed as Chief Executive Officer, MiG Complex w.e.f July 1, 2021



Major Achievements



FOC standard LCA Tejas produced by the Company was inducted into IAF Squadron 'The Flying Bullets' at a function in Sullur (Tamil Nadu) on May 27, 2020.



The contract for 83 LCA MK1A was formally handed over by Director General (Acquisition), Ministry of Defence to Shri R Madhavan, CMD in the presence of Shri Rajnath Singh, Hon'ble Defence Minister and others on February 3, 2021



Shri R Madhavan, CMD handed over the 150th Do-228 aircraft, produced by HAL to Rear Admiral VM Doss, VSM, ACNS (AM) on November 11, 2020.



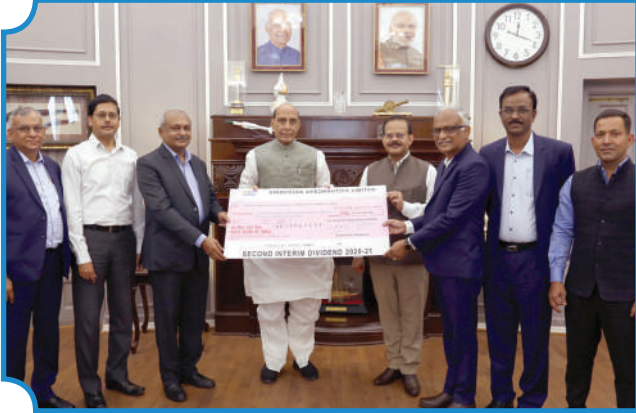
The Demonstration of the tail boom folding operation was carried out on November 7, 2020 on ALH Mk-III DWDM prototype helicopter.



HAL delivered the biggest cryogenic propellant tank (C32 LH2) ever fabricated by the Company to ISRO on November 28, 2020.



Major Events



HAL handed over the second interim dividend cheque of ₹ 376.94 crores for the FY 2020-21 to Hon'ble Defence Minister, Shri Rajnath Singh on March 10, 2021.

Hon'ble Defence Minister, Shri Rajnath Singh inaugurated the second plant of HAL's LCA Division in Bengaluru on February 2, 2021.



Shri Raj Kumar, Secretary (Defence Production) visited HAL facilities in Bengaluru on January 16, 2021.

The Chief of Naval Staff, Admiral Karambir Singh visited HAL facilities on March 27, 2021.





New Business Initiatives



HAL and MIDHANI signed a Memorandum of Understanding (MoU) at the Aero India 2021 on February 4, 2021 for development and production of composite raw materials.



HAL and Rolls-Royce agreed to expand their partnership in India and establish an authorized maintenance centre for Adour Mk871 engines to support Rolls-Royce's global customers.



Glimpses of Aero India 2021 held at Bengaluru



HAL showcased a unique flying display of its indigenous platforms titled 'Aatmanirbhar Formation Flight' during Aero India 2021.



Hon'ble President of India, Shri Ram Nath Kovind visited India Pavilion during Aero India 2021.



The Chief of the Army Staff General Manoj Mukund Naravane in HAL Stall during Aero India 2021.

HAL's major attraction during Aero India 2021 was the Combat Air Teaming System (CATS) simulator. The simulator had TEJAS-MAX cockpit as the mother-ship.





COVID-19 Initiative under CSR



180 bed HAL- BBMP COVID-19 Care Center, was set up in 16 days at Bengaluru.



HAL donated two ambulances to Bowring Hospital, Bengaluru on August 6, 2020.



COVID-19 Initiative under CSR



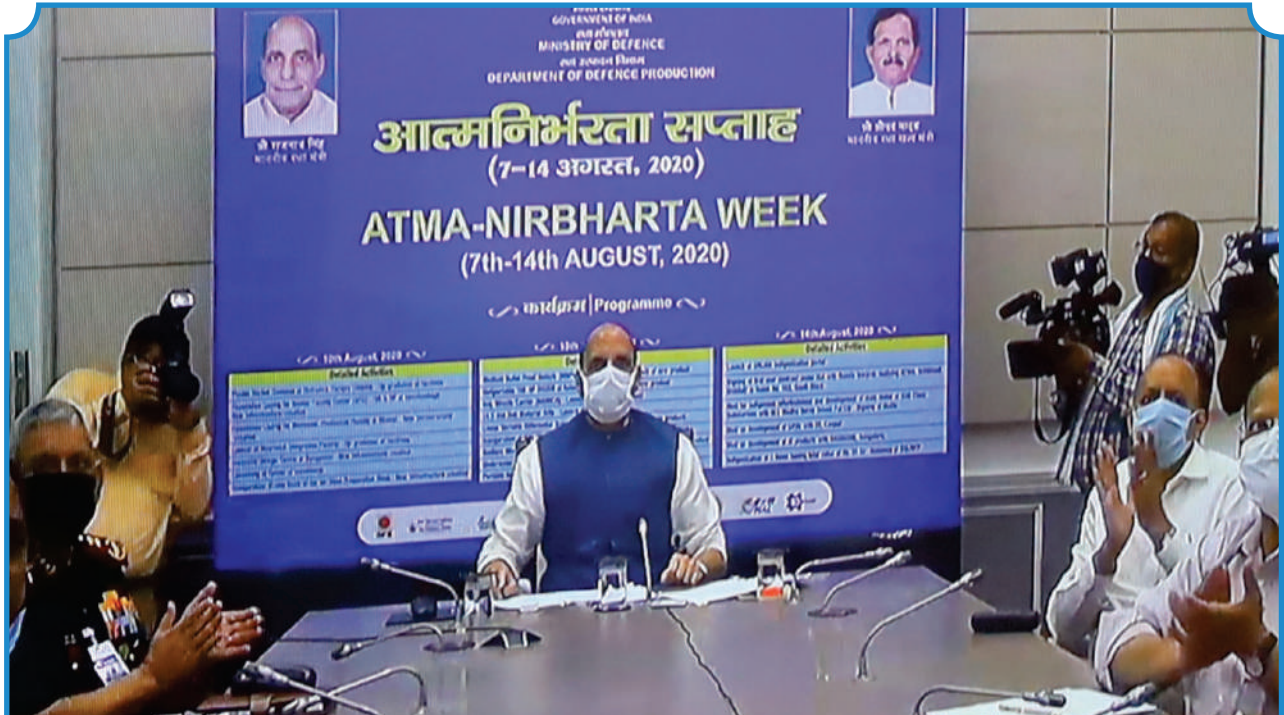
32-Slice CT Scan Machine donated to Shri Atal Bihari Vajpayee Medical College & Research Institute, Bengaluru.



Deep freezers for storing Covid 19 vaccine donated to Dept. of Health & Family Welfare Service, Govt of Karnataka.



Corporate Social Responsibility



Shri Rajnath Singh, Hon'ble Defence Minister, inaugurated the HAL-IISc Skill Development Centre (SDC) through a video conference on August 13, 2020.



Shri Alok Verma, Director (HR), HAL inaugurated the First training programme of HAL – IISc SDC on December 7, 2020.



Financial Highlights

Sl. No.	Particulars	Units	06-07	07-08	08-09	09-10	10-11
A	Our Earnings						
	Sales - Inland	₹ Cr.	7513	8284	9937	11252	12878
	Export Sales	₹ Cr.	271	341	437	205	237
	Total Sales	₹ Cr.	7784	8625	10374	11457	13115
	Changes in WIP & SIT & FG	₹ Cr.	1418	166	1437	2033	3335
	Total	₹ Cr.	9202	8791	11811	13490	16450
B	Our Outgoings						
	Cost of Materials	₹ Cr.	5980	4684	7636	9222	11772
	Manpower Cost	₹ Cr.	1055	1803	2543	1954	2246
	Net Operating Cost	₹ Cr.	1163	1686	887	985	765
	Net Financing Cost	₹ Cr.	-840	-1664	-1732	-1525	-1341
	Depreciation	₹ Cr.	100	118	142	166	169
	Total	₹ Cr.	7458	6627	9476	10802	13611
C	Our Savings						
	Profit Before Tax	₹ Cr.	1744	2164	2335	2688	2839
	Provision For Tax	₹ Cr.	595	532	595	721	725
	Profit After Tax For Appropriation	₹ Cr.	1149	1632	1740	1967	2114
D	We Own						
	Net Block	₹ Cr.	1021	1080	1328	1466	1509
	Other Assets (net)	₹ Cr.	4352	5585	6816	8163	9722
	Total	₹ Cr.	5373	6665	8144	9629	11231
E	We Owe						
	Equity	₹ Cr.	121	121	121	121	121
	Reserves and Surplus	₹ Cr.	3913	5163	6496	8003	9625
	Shareholders' Funds	₹ Cr.	4034	5284	6617	8124	9746
	Deferred Tax Liability	₹ Cr.	1335	1379	1525	1505	1485
	Long Term Borrowings	₹ Cr.	2				
	Short Term Borrowings	₹ Cr.					
	Total	₹ Cr.	5373	6665	8144	9629	11231
F	Cash and Bank Balance		16706	19646	19745	18658	20099



11-12	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20	20-21
13856	13941	14688	15131	16140	17139	17970	19416	21016	22129
348	383	440	490	446	465	314	405	212	240
14204	14324	15128	15621	16586	17604	18284	19821	21228	22369
-1511	-122	740	667	566	-501	-731	-1171	-638	-2457
12693	14202	15868	16288	17152	17103	17553	18650	20590	19912
5761	8008	9149	8882	9172	8692	8046	7664	8760	8593
2721	2446	2685	3379	3274	3569	4299	4295	4764	4291
2813	2383	2349	2215	2734	1873	2296	2645	2471	2198
-2107	-2316	-2064	-1622	-1549	-880	-610	-14	347	239
177	184	171	262	314	266	282	318	310	320
9365	10705	12290	13116	13945	13520	14313	14908	16652	15641
3328	3497	3578	3172	3207	3583	3240	3742	3938	4271
789	500	885	784	1209	967	1253	1396	1096	1038
2539	2997	2693	2388	1998	2616	1987	2346	2842	3233
1556	1548	1582	1559	1694	1985	2391	2728	2882	3016
11260	13397	15794	13996	10140	12462	8936	13463	16204	12349
12816	14945	17376	15555	11834	14447	11327	16191	19086	15365
121	121	482	482	362	362	334	334	334	334
11218	13257	14533	14412	10657	12175	9151	11741	12865	15022
11339	13378	15015	14894	11019	12537	9485	12075	13199	15356
1477	1567	1682	661	815	960	978	0	0	0
						100	100	0	0
		679			950	764	4016	5887	9
12816	14945	17376	15555	11834	14447	11327	16191	19086	15365
21933	19128	16935	17671	13299	11117	6524	95	298	7166



Sl. No.	Particulars	Units	06-07	07-08	08-09	09-10	10-11
G	Financial Statistics						
	Revenue from Operations (Net)	₹ Cr.					13124
	Value of Production	₹ Cr.	9202	8791	11811	13490	16450
	Value Added	₹ Cr.	3222	4107	4175	4268	4678
	Dividend						
	Dividend	₹ Cr.	250	327	348	393	423
	Dividend Tax	₹ Cr.	35	56	59	67	69
	Total	₹ Cr.	285	383	407	460	493
	Govt. Share						
	Dividend	₹ Cr.			348	393	423
	Dividend Tax	₹ Cr.			59	67	69
	Total	₹ Cr.			407	460	493
	Other than Government - share						
	Dividend	₹ Cr.					
	Dividend Tax	₹ Cr.					
	Total	₹ Cr.					
	R & D Expenditure	₹ Cr.	638	662	675	832	987
	EBITDA	₹ Cr.	2125	2651	2905	3383	3654
	Inventory	₹ Cr.	7223	8615	10431	13660	17427
	Trade Receivables	₹ Cr.	1281	1486	1848	1858	2318
	No. of Employees	Nos.	31666	34323	34822	33990	33681
	No. of Equity Shares	Cr.	12.05	12.05	12.05	12.05	12.05
H	Financial Ratios						
	Sales Per Employee	₹	2458157	2512892	2979151	3370697	3893887
	Value Added Per Employee	₹	1017495	1196574	1198955	1255663	1388914
	PBT to Sales	%	22	25	23	23	22
	Earnings Per Share	₹	95.35	135.44	144.40	163.24	175.44
	Dividend as %age of Equity (including Dividend Tax)	%	237	318	338	382	409

- 1 The Government of India, on 27/08/2020 – 28/08/2020 made an offer for sale (OFS) upto 15% of the paid up equity share capital, out of its shareholding of 89.97%, in order to achieve the mandatory threshold of 25% minimum public shareholding by a listed Company. Consequent to the OFS, the Government of India shareholding stands at 75.15%.
- 2 During the Financial Year 2017-18, GOI divested 3,35,32,320 Equity Shares of ₹ 10/- each equivalent to 10.03% of the paid up capital of the Company. Consequently, the Company's shares was listed on 28th March 2018.



11-12	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20	20-21
14211	14328	15135	15730	16758	17950	18519	20008	21445	22755
12693	14202	15868	16288	17152	17103	17553	18650	20590	19912
6932	6194	6719	7406	7980	8411	9507	10986	11830	11319
814	824	890	480	510	917	1076	662	1112	1003
132	134	151	96	104	187	219	136	229	0
946	957	1041	576	614	1104	1295	798	1341	1003
814	824	890	480	510	917	1048	596	1000	754
132	134	151	96	104	187	213	122	206	0
946	957	1041	576	614	1104	1261	718	1206	754
						28	66	112	249
						6	14	23	0
						34	80	135	249
968	1949	1083	1042	1191	1284	1612	1464	1232	1687
4051	4098	4181	3987	4060	4273	4215	4936	5284	5708
16153	17980	22361	24965	23998	21340	19375	19685	19454	16560
3917	5530	6917	6108	4836	4220	6751	12459	11235	5639
32659	32644	32108	31144	30300	29526	29035	28345	27384	26432
12.05	12.05	48.20	48.20	36.15	36.15	33.44	33.44	33.44	33.44
4349184	4387943	4711598	5015733	5473927	5962130	6297179	6992768	7751972	8462848
2122539	1897439	2092625	2377986	2633663	2848508	3274259	3875816	4320041	4282309
23	24	24	20	19	20	18	19	19	19
210.71	62.18	55.87	49.54	41.45	72.35	56.15	70.16	84.99	96.68
785	199	216	120	170	305	388	239	401	300

- 3 The Company has bought back 2,71,12,500 Equity Shares of ₹ 10/- each on 19th Dec 2017. The effect of buy-back is considered for the purpose of calculation of Earnings Per Share.
- 4 The Company has bought back 12,05,00,000 Equity Shares of ₹ 10/- each on 30th March 2016. The effect of buy-back is not considered for the purpose of calculation of Earnings Per Share, as there is no significant change in value of the same.
- 5 The Company has issued 36,15,00,000 Equity Shares as Bonus Shares on 7th Feb 2014.



Notice of 58th AGM

NOTICE is hereby given that the 58th Annual General Meeting (AGM) of Hindustan Aeronautics Limited will be held on **Thursday, September 30, 2021 at 3:00 P.M. (IST)** through Video Conferencing (VC) / Other Audio Visual Means (OAVM) to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited financial statements (including audited consolidated financial statements) for the financial year ended 31st March, 2021 and the Reports of the Board of Directors and Auditors thereon and Comments of the Comptroller & Auditor General of India.
2. To confirm payment of Interim Dividend of ₹ 30/- per equity share as final dividend for the Financial Year 2020-21.
3. To appoint a Director in place of Shri Arup Chatterjee, (DIN-08139347) who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri C B Ananthkrishnan (DIN-06761339) who retires by rotation and being eligible, offers himself for re-appointment.
5. To fix remuneration of Statutory Auditors for the financial year 2021-22.

In terms of provisions of Section 142 of the Companies Act, 2013, the remuneration of the Auditors shall be fixed by the Company in General Meeting or in such manner as the Company in General Meeting may determine. Hence, it is proposed that the Members may authorize the Board to fix the remuneration of the Statutory Auditors of the Company for the financial year 2021-22, as may deem fit.

NOTES:

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ('the Act') relating to the Special Business to be transacted at the Annual General Meeting ('AGM') is annexed hereto. The Board of Directors have considered and decided to include the Item No. 6 given above as Special Business in the ensuing AGM.
2. In view of the continuing restrictions on the movement of persons at several places in the country, due to outbreak of Covid-19, the Ministry of Corporate Affairs (MCA), vide its General Circular No. 20/2020 dated 5th May, 2020 read with General Circular No. 14/2020 dated 8th April, 2020, General Circular No. 17/2020 dated 13th April, 2020 and General Circular No. 02/2021 dated 13th January, 2021 and other applicable circulars issued by the Securities and Exchange Board of India (SEBI), has allowed the Companies to conduct the AGM through Video Conferencing (VC) or Other Audio Visual Means

SPECIAL BUSINESS

6. To ratify the remuneration payable to the Cost Auditor appointed by the Board of Directors of the Company for the financial year 2021-22 pursuant to Section 148 and all other applicable provisions of Companies Act, 2013, by passing with or without modification(s), the following resolution as **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14 of Companies (Audit and Auditors) Rules, 2014 and other applicable provisions of the Companies Act, 2013, the remuneration of ₹ 2,50,000/- (Rupees Two Lakhs and Fifty Thousand Only) excluding applicable Tax payable to GNV & Associates, Cost Accountants, Bengaluru, for conducting cost audit of the Company for the financial year 2021-22, as approved by the Board of Directors of the Company, be and is hereby ratified."

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

**(G V Sessa Reddy)
Executive Director
Company Secretary**

Place: Bengaluru
Date: August 30, 2021

- (OAVM) during the calendar year 2021. In Compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the 58th AGM of the Company is being held through VC/ OAVM.
3. The Company has enabled the members to participate at the 58th AGM through VC facility provided by the KFin Technologies Private Limited ("KFinTech"). The participation at the AGM through VC shall be allowed on a first –come-first –served basis.
4. In compliance with the aforesaid MCA Circulars and SEBI Circular, Notice of the AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those Members whose email addresses are registered with the Company / Depositories. Members may note that the Notice and Annual Report 2020-21 will also be available on the Company's Website at



www.hal-india.co.in/investors websites of the Stock Exchanges i.e BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and on the website of KFinTech at <https://evoting.kfintech.com> at download section.

5. We desire members to support 'Green Initiative' by receiving the Company's Communication through email. Members who have not registered their email addresses and mobile number so far are requested to validate/register their details with the Depository Participant in case of shares held in electronic form and with the Registrar viz. KFinTech in case the shares are held in physical form for receiving all communication including Annual Report and other Notices from the Company electronically.

6. Members who have not registered their e-mail address and in consequence the Annual Report, Notice of e-AGM and e-voting instructions cannot be serviced, may temporarily get registered their email address and mobile number with KFinTech, by accessing the link: <https://ris.kfintech.com/client-services/mobilereg/mobileemailreg.aspx>.

Members are requested to follow the process as guided to capture the email address and mobile number for sending the soft copy of the notice and e-voting instructions along with the User ID and Password. In case of any queries, shareholder may write to einward.ris@kfintech.com.

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

In case of queries, Members are requested to write to einward.ris@kfintech.com or call at the toll free number 1800 309 4001.

7. In compliance with the provisions of section 108 of the Act, the Rules made thereunder and Regulation 44 of the SEBI Listing Regulations, the Members are provided with the facility to cast their vote electronically, through e-voting services provided by KFin Technologies Private Limited, on all resolutions set forth in this Notice. Members attending the AGM through VC/ OAVM, who have not already cast their votes by remote e-voting shall be able to exercise their vote through e-voting during the AGM. Members, who have cast their vote by remote e-voting prior to the AGM, may attend the AGM through VC/ OAVM but shall not be entitled to cast their vote again.

The Procedure / Instruction for e-voting and joining AGM are provided in this notice.

8. The remote e-voting period commences on September 26, 2021 (9.00 A.M. IST) and ends on September 29, 2021 (5.00 P.M. IST). During this period, Members of the

Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of September 23, 2021, may cast their votes electronically. The remote e-voting module shall be disabled by KFin Technologies Private Limited for voting thereafter. Once the vote on a resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently.

9. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under section 103 of the Act.

10. Pursuant to the provisions under section 105 of the Act, a member is entitled to attend and vote at a General Meeting, shall be entitled to appoint another person as a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since, this AGM is being held pursuant to the MCA Circular through VC / OAVM, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice. However, pursuant to Section 112 and 113 of the Act, the President of India or Body Corporate who are members are required to send a scanned copy of its Board or Governing Body Resolution / Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote electronic – voting (e-voting). The said resolutions / Authorizations can be forwarded to RTA on evoting@kfintech.com or sent to the Company by email through its registered email address to investors@hal-india.co.in.

11. The Register of Members and Share Transfer Books of the Company will remain closed from September 24, 2021 to September 30, 2021 for the purpose of AGM (both days inclusive).

12. The following documents will be available for inspection by the Members electronically during the AGM. Members seeking to inspect such documents can send an email to investors@hal-india.co.in.

(a) The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013.

(b) The Register of Contracts or arrangements in which the Directors are interested, maintained under Section 189 of the Companies Act, 2013.

13. Brief profile of the Directors seeking appointment/ re-appointment as mandated under regulation 36(3) of the SEBI Listing Regulations forms part of the Notice.

14. As per Regulation 40 (1) of SEBI Listing Regulations, as amended, Securities of Listed Companies can be transferred only in dematerialised form w.e.f April 1, 2019, except in case of request received for transmission or transposition of Securities. In view of this and to



- eliminate all risks associated with physical shares and for ease of portfolio management members holding shares in physical form are requested to consider converting their holdings to dematerialised form.
15. Members are requested to address all correspondence including dividend related matters to the Registrar & Share Transfer Agent (RTA) of the Company i.e. KFin Technologies Private Limited (formerly known as "Karvy Fintech Private Limited"), Selenium Tower B, Plot 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad -500 032, Telangana, Toll free number 1800 309 4001 e-mail Id: einward.ris@kfintech.com.
 16. Members wishing to claim dividends that remain unclaimed are requested to correspond with the RTA mentioned above or the Company Secretary of the Company or at investors@hal-india.co.in.
 17. The Board has appointed M/s Thirupal Gorige & Associates LLP, Practicing Company Secretary, as the Scrutinizer to scrutinize the e-voting in a fair and transparent manner.
 18. The results of the above resolutions shall be declared within 2 working days from the conclusion of the AGM of the Company and the Resolutions will be deemed to be passed on the date of the AGM, subject to receipt of the requisite number of votes in favour of the resolutions.
 19. The results of the voting declared along with the scrutinizer's report will be published on the website of the Company (www.hal-india.co.in) and on website of RTA (<https://evoting.kfintech.com>) within 2 working days from the conclusion of the AGM and the same shall also be simultaneously communicated to the BSE Limited and the National Stock Exchange of India Limited.
 20. In terms of Section 72 of the Companies Act, 2013, nomination facility is available to individual shareholders. Members holding shares in physical form may nominate a person in respect of all the shares held by them whether singly or jointly. Members who hold shares in individual name are advised to avail nomination facility by filing the form in their own interest. Blank form can be obtained from RTA on request. Members holding shares in dematerialised form may contact their respective DPs for registration of nomination.
 21. Pursuant to Section 139(5) read with Section 142 of the Companies Act, 2013, the Auditors of a Government Company are appointed or re-appointed by the Comptroller and Auditor General (C&AG) of India and their remuneration is to be fixed by the Company in the AGM. The members may authorise the Board to fix an appropriate remuneration of Auditors for the year 2021-22.
 22. Members are requested:
 - I. To quote their Folio/DP & Client identification No. in all correspondence.
 - II. To notify immediately any change of their address and bank particulars to the RTA or the Company, in case shares are held in physical form and in case their shares are held in dematerialised form, information should be passed on directly to their respective Depository Participants and not to the RTA/ Company, without any delay.
 - III. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
 23. The Company has designated an exclusive e-mail ID called investors@hal-india.co.in for redressal of shareholders'/ investors' complaints/grievances. In case you have any queries/complaints or grievances, then please write to us at the above e-mail address.
 24. Since the AGM will be held through VC /OAVM, the Route Map is not annexed in this AGM Notice.
- EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.**
- Item No. 6 – Ratification of Remuneration to Cost Auditors for FY 2021-22**
- The Board, on the recommendation of the Audit Committee, has approved in its 445th meeting held on July 16, 2021, the appointment of GNV & Associates, Cost Accountants, Bengaluru, at a remuneration of ₹ 2,50,000/- (Rupees Two Lakh Fifty Thousand only) excluding applicable Tax to conduct the Cost Audit of the Company for the financial year 2021-22.
- In accordance with the provisions of Section 148 (3) of the Companies Act, 2013 read with Rule 14 of Companies (Audit & Auditor Rules), 2014, the remuneration payable to the Cost Auditor is required to be ratified by the members of the Company.
- None of the Directors, Key Managerial Personnel of the Company or their relatives is in any way, concerned or interested, financially or otherwise, in the resolution.
- The Board of Directors recommends the Ordinary Resolution for your approval.

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

**(G V Sessa Reddy)
Executive Director
Company Secretary**

Place: Bengaluru
Date: August 30, 2021



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

Name of the Director	Shri Arup Chatterjee	Shri C B Ananthkrishnan
DIN	08139347	06761339
Date of Birth	09.06.1962	29.08.1964
Date of appointment	01.06.2018	01.08.2018
Brief Resume	Shri Arup Chatterjee, Director (Engg and R&D) holds a B.Tech in Mechanical Engineering from Jadavpur University, and has done M. Tech in Aircraft Production Engineering from IIT, Chennai. He has also done MBA from IGNOU. Shri Chatterjee joined HAL as Management Trainee in 1982. He has over 39 years of wide experience in Aerospace Industry.	Shri C B Ananthkrishnan, Director (Finance) & CFO holds a bachelor's degree in Commerce from Loyola College, Chennai, MBA in Finance from Madras University and is a Cost & Management Accountant. He joined the company as Chief Manager (Finance) in March 2004. He has over 32 years of work experience in Public & Private sectors with stints in merchant banking, pharmaceuticals, fertilizers, aerospace industry.
Directorship held in other Listed Companies	Nil	Nil
Membership/ Chairmanship in other listed Companies	Nil	Nil
Shareholding in the Company	Nil	Nil
Relationship with other directors and Key Managerial Personnel of the Company	Nil	Nil

PROCEDURE AND INSTRUCTIONS FOR e-VOTING

PROCEDURE FOR REMOTE E-VOTING

- Pursuant to SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on "e-Voting facility provided by Listed Companies", e-Voting process has been enabled to all the individual demat account holders, by way of single login credential, through their demat accounts / websites of Depositories / DPs in order to increase the efficiency of the voting process. Individual demat account holders would be able to cast their vote without having to register again with the e-Voting service provider (ESP) thereby not only facilitating seamless authentication but also ease and convenience of participating in e-Voting process. Shareholders are advised to update their mobile number and e-mail ID with their DPs to access e-Voting facility.
- The remote e-Voting period commences on September 26, 2021 and ends on September 29, 2021.
- The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date.
- Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at einward.ris@kfintech.com or evoting@Kfintech.com. However, if he / she is already registered with Kfintech for remote e-Voting then he /she can use his / her existing User ID and password for casting the vote.
- In case of Individual Shareholders holding securities in demat mode and who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date may follow steps mentioned below under "Login method for remote e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode."



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

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

Type of shareholders	Login Method		
Individual Shareholders holding securities in demat mode with NSDL	1. Member already registered for IDeAS facility may follow the below steps: I. Visit the URL: https://eservices.nsdl.com II. Click on the "Beneficial Owner" icon under "Login" under 'IDeAS' section. III. On the new page, enter User ID and Password. Post successful authentication, click on "Access to e-Voting" under e-voting services. IV. Click on company name or e-Voting service provider i.e. KFintech and you will be re-directed to KFintech website for casting your vote.		
	2. Members who have not registered for IDeAS facility may follow the below steps: I. To register click on link : https://eservices.nsdl.com II. Select "Register Online for IDeAS" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp III. On completion of the registration formality, follow the steps provided above.		
	3. Members may alternatively vote by directly accessing the e-Voting website of NSDL I. Visit the URL: https://www.evoting.nsdl.com/ II. Click on the icon "Login" which is available under 'Shareholder/Member' section. III. Enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password / OTP and a Verification Code as shown on the screen. IV. Post successful authentication, you will requested to select the name of the company or the e-Voting Service Provider name, i.e.KFintech. V. On successful selection, you will be redirected to KFintech e-Voting page for casting your vote during the remote e-Voting period.		
	Individual Shareholders holding securities in demat mode with CDSL	1. Members already registered for Easi / Easiest may follow the below steps I. Visit URL: https://web.cdslindia.com/myeasi/home/login or URL: www.cdslindia.com II. Click on New System Myeasi III. Login with your registered user id and password. IV. The member will see the e-Voting Menu. Click on company name or e-Voting service provider i.e. KFintech and you will be re-directed to KFintech website for casting your vote.	
		2. Members who have not registered for Easi/Easiest may follow the below steps I. To register click on link : https://web.cdslindia.com/myeasi/Registration/EasiRegistration II. On completion of the registration formality, follow the steps provided above.	
		3. Members may alternatively vote by directly accessing the e-Voting website of CDSL I. Visit URL: www.cdslindia.com II. Enter your demat Account Number and PAN No. III. Enter OTP received on registered Mobile & Email as recorded in the demat Account for authentication. IV. After successful authentication, the member will receive links for the respective ESP, i.e KFintech where the e- Voting is in progress.	
		Individual Shareholder login through their demat accounts / Website of Depository Participant	I. Members may alternatively login using the credentials of the demat account through their DP registered with NSDL /CDSL for e-Voting facility. II. On clicking the E-voting icon, members will be redirected to NSDL / CDSL Depository site on successful authentication. III. Members may then click on Company name or e-Voting service provider – Kfintech and will be redirected to e-Voting website of KFintech for casting their vote without any further authentication.



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

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

Login type	Helpdesk details
Securities held with NSDL	Please contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Securities held with CDSL	Please contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 022-23058542-43

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

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

- i. Visit the URL: <https://emeetings.kfintech.com/>
- ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number), followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with Kfintech for e-voting, you can use your existing User ID and password for casting the vote.
- iii. After entering these details appropriately, click on "LOGIN".
- iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
- v. You need to login again with the new credentials.
- vi. On successful login, the system will prompt you to select the "EVEN" i.e., "Hindustan Aeronautics Limited" and click on "Submit"

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



(B) Members whose email IDs are not registered with the Company/Depository Participants(s), and consequently the Annual Report, Notice of AGM and e-voting instructions cannot be serviced, will have to follow the following process:

- i. Members who have not registered their email address and in consequence the Annual Report, Notice of AGM and e-voting instructions cannot be serviced, may temporarily get registered their email address and mobile number with Kfintech, by accessing the link: <https://ris.kfintech.com/clientservices/mobilereg/mobileemailreg.aspx>. Members are requested to follow the process as guided to capture the email address and mobile number for sending the soft copy of the notice and e-voting instructions along with the User ID and Password. In case of any queries, member may write to einward.ris@kfintech.com.
- ii. Alternatively, member may send an e-mail request at the email id einward.ris@kfintech.com along with scanned copy of the signed copy of the request letter providing the email address, mobile number, self-attested PAN copy and Client Master copy in case of electronic folio and copy of share certificate in case of physical folio for sending the Annual report, Notice of AGM and the e-voting instructions.
- iii. After receiving the e-voting instructions, please follow all steps above to cast your vote by electronic means.

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

- i. Member will be provided with a facility to attend the AGM through VC / OAVM platform provided by Kfintech. Members may access the same at <https://emeetings.kfintech.com/> by using the e-voting login credentials provided in the email received from Kfintech. After logging in, click on the Video Conference tab and select the EVEN of the Company. Click on the video symbol and accept the meeting etiquettes to join the meeting. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned above.
- ii. Facility for joining AGM though VC/ OAVM shall open at least **15 minutes** before the commencement of the Meeting.
- iii. Members are encouraged to join the Meeting through Laptops/ Desktops with Google Chrome (preferred browser), Safari, Internet Explorer, Microsoft Edge, Mozilla Firefox 22.

- iv. Members will be required to grant access to the webcam to enable VC / OAVM. Further, Members connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- v. As the AGM is being conducted through VC / OAVM, for the smooth conduct of proceedings of the AGM, Members are encouraged to express their views / send their queries in advance mentioning their name, demat account number / folio number, email id, mobile number at investors@hal-india.co.in. Questions /queries received by the Company till September 28, 2021 shall only be considered and responded during the AGM.
- vi. The Members who have not cast their vote through remote e-voting shall be eligible to cast their vote through e-voting system available during the AGM. E-voting during the AGM is integrated with the VC / OAVM platform. The Members may click on the voting icon displayed on the screen to cast their votes.
- vii. A Member can opt for only single mode of voting i.e., through Remote e-voting or voting at the AGM. If a Member casts votes by both modes, then voting done through Remote e-voting shall prevail and vote at the AGM shall be treated as invalid.
- viii. Facility of joining the AGM through VC / OAVM shall be available for atleast 2000 members on first come first served basis.
- ix. Institutional Members are encouraged to attend and vote at the AGM through VC / OAVM.

OTHER INSTRUCTIONS

- I. **Speaker Registration:** The Members who wish to speak during the meeting may register themselves as speakers for the AGM to express their views. They can visit <https://emeetings.kfintech.com> and login through the user id and password provided in the mail received from Kfintech. On successful login, select 'Speaker Registration' which will be opened from September 26, 2021 to September 28, 2021. Members shall be provided a 'queue number' before the meeting. The Company reserves the right to restrict the speakers at the AGM to only those Members who have registered themselves, depending on the availability of time for the AGM.
- II. **Post your Question:** The Members who wish to post their questions prior to the meeting can do the same by visiting <https://emeetings.kfintech.com>. Please login through the user id and password provided in the mail received from Kfintech. On successful login, select 'Post Your Question' option which will be opened from September 26, 2021 to September 28, 2021.



- III. In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of <https://evoting.kfintech.com> (KFintech Website) or contact B Srinivas, at einward.ris@kfintech.com and evoting@kfintech.com or call KFintech's toll free No. 1-800-309-4001 for any further clarifications.
- IV. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on September 23, 2021, being the cut-off date, are entitled to vote on the Resolutions set forth in this Notice. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only. Once the vote on a resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently.
- V. In case a person has become a Member of the Company after dispatch of AGM Notice but on or before the cut-off date for E-voting, he/she may obtain the User ID and Password in the manner as mentioned below:
- i. If the mobile number of the member is registered against Folio No./ DP ID Client ID, the member may send SMS: MYEPWD <space> E-Voting Event Number+Folio No. or DP ID Client ID to 9212993399
 1. Example for NSDL:
MYEPWD <SPACE> IN12345612345678
 2. Example for CDSL:
MYEPWD <SPACE> 1402345612345678
 3. Example for Physical:
MYEPWD <SPACE> XXXX1234567890
 - ii. If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.kfintech.com/>, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
 - iii. Members who may require any technical assistance or support before or during the AGM are requested to contact KFintech at toll free number 1-800-309-4001 or write to them at evoting@kfintech.com



Board's Report

Dear Members,

Your Board of Directors takes great pleasure in presenting the 58th Annual Report on the performance of your Company ("the Company" or "HAL"), together with the Audited Financial Statements for the Financial Year ended March 31, 2021, along with Reports of the Statutory Auditors and the Comptroller & Auditor General of India (C&AG) thereon.

FINANCIAL HIGHLIGHTS

The financial highlights for the year ended March 31, 2021 are summarised as under:

(₹ in Lakh except per equity share data)

PARTICULARS	2020-21	2019-20
Turnover	22,36,893	21,22,752
Exports	23,980	21,185
Profit Before Tax (PBT)	4,27,089	3,93,800
Provision for Tax	1,03,793	1,09,599
Profit After Tax (PAT)	3,23,296	2,84,201
R&D Expenditure	1,68,740	1,23,196
Earnings/ Share (in ₹)	96.68	84.99
Book Value / Share (in ₹)	459.24	394.74

During the year under review, the turnover of the Company increased by 5%, to ₹ 22,36,893 Lakh from ₹ 21,22,752 Lakh of the previous year. The Profit before Tax for the year increased by 8% to ₹ 4,27,089 Lakh from ₹ 3,93,800 Lakh in the previous year. The Profit after Tax (PAT) increased by 14% to ₹ 3,23,296 Lakh from ₹ 2,84,201 Lakh in the previous year.

PRODUCTION HIGHLIGHTS

During the year, the Company has produced 44 Nos of new Aircraft and Helicopters, covering Su-30 MKI, LCA Tejas, Dornier Do-228, ALH Dhruv, Light Combat Helicopter (LCH) and Chetak helicopter in addition to the production of 102 New Engines and Accessories.

Your Company overhauled 198 Nos of Aircraft and Helicopters. Further, 506 engines were also overhauled during the year under review.

OFFER FOR SALE (OFS)

During the year, to meet minimum public shareholding requirement of the Company as prescribed under Rule 19(2) (b) read with 19A of the Securities Contracts (Regulation) Rules, 1957, as amended and Regulation 38 of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended, Government of India (GoI) has made Offer for Sale (OFS) through Stock Exchange mechanism upto 15% of Paid up Equity Capital

of the Company out of its shareholding of 89.97% in the Company on August 27-28, 2020. Presently, GoI is holding 75.15% of the total shares in the Company.

COVID-19 IMPACT AND MEASURES TAKEN BY THE COMPANY

In March 2020, when the COVID-19 pandemic first broke, HAL in the wake of the instruction of the Government of India and for enforcing social distancing to contain the spread of the disease, observed Lockdown in all its Units spread across the Country except essential services. During the period, the Company has manufactured & distributed aerosol enclosures, provisioned masks and other Paraphernalia for medical staff posted at various Hospitals across the country. In addition, Isolation wards have been created at places where HAL Divisions are located to meet the medical need and any medical eventuality.

In line with the Guidelines issued vide MHA Order No. 40-3/2020-DM-I(A) dated April 15, 2020, the Company scaled up its efforts quickly and initiated action for resumption of work at the earliest at all its locations and resumed all the Bengaluru based Divisions w.e.f. April 20, 2020. Also, instructions have been issued to all the Units of the Company to assign Field Service Representatives of HAL at various Customer Bases of Defence Forces to render services for Repair and Overhauling of the Fleet. To ensure serviceability of the Fleet, Field Service Representatives/ Technicians were positioned at Customer Bases as required by the Armed Forces.

In April, 2021 health crisis has deepened and the world's attention was focused on India's response to it. In order to handle the crisis during the 2nd wave of the Pandemic, the Company has been at the forefront to deal with the national emergency situations. The Company has made dedicated efforts to extend all possible assistance to the Government bodies, medical units and frontline workers in combating this pandemic. To combat the surge in COVID-19 cases based on the request from Bruhat Bengaluru Mahanagara Palike (BBMP), the Company has converted its Ghatage Convention Centre into a 180 bed COVID Care Centre including few beds with oxygen support and handed over to them on July 17, 2020. The Centre is functioning during the 2nd wave also.

HAL has set-up a 255 bed COVID Care Hospital in Lucknow, UP with 25 ICU beds and 230 beds with oxygen support. The Company has also made provision for COVID treatment at its existing hospitals of 180 bed at Bengaluru, Karnataka; 70 bed at Koraput, Odisha and 40 bed at Nashik, Maharashtra. The Company is also making arrangements to provide more ventilators and oxygen points at Bengaluru and Lucknow.

The Company in collaboration with CSIR – IIM, Jammu (Council for Scientific and Industrial Research - Indian Institute of Integrative Medicine) had established COVID Testing Facility



at Kargil, Ladakh. HAL has also signed an MoA with CSIR-CBRI, Roorkee (Council for Scientific and Industrial Research – Central Building Research Institute) towards establishment of one Make shift Hospital at Jammu and Kashmir for COVID-19.

The Company has donated a total of 16 Ambulances to various Government Hospitals located at Bengaluru, Lucknow, Amethi, Nashik, Koraput and Hyderabad, one 32- Slice Computed Tomography (CT) Scan Machine and three Haemodialysis Machines to Government Hospital at Bengaluru. The Company also donated 97 deep freezers (small) for storing COVID-19 vaccines to the Department of Health and Family Welfare, Government of Karnataka, Bengaluru.

The COVID-19 has disrupted lives of many employees and inflicted heavy burden on their emotional wellbeing. To mitigate the negative impact, team of medical experts of HAL hospitals and counsellors reached out to the employees and their families to provide psychological guidance and cope up with the situation. Further, in order to improve the wellness quotient and lessen psychological effects on the HAL families, a 'Financial Assistance Scheme' for dependents of deceased employees has been implemented in the Company to pay a fixed amount on monthly basis. In order to mitigate the financial hardship of family members of the deceased due to COVID-19, ex-gratia payment of ₹ 5 lakhs is being paid.

The Company has started free of cost vaccination drive for its employees and their dependent family members. Few other measures adopted for preventing the spread of COVID-19 are Deployment of Manpower in staggered Shifts; Conducting of Virtual Meetings; Declaration of Holidays to Break the Chain; Display of Posters, Banners, Signboards, Placards, Dos & Don'ts at all the prominent places, announcement in the Townships regarding COVID-19 appropriate behaviour and Closure of Common facilities like Schools, Crèche, Community Halls, Libraries, Clubs, Swimming Pools, Sports Amenities Centres, etc.

ATMANIRBHAR BHARAT

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

DIVIDEND

During the year, your Company has declared and paid 1st interim dividend of ₹ 15 per share of ₹ 10 each (150%) for the financial year 2020-21, amounting to ₹ 50,158 Lakh.

Further, the Company has also declared and paid 2nd interim dividend of ₹ 15 per share of ₹ 10 each (150%) for the financial year 2020-21, amounting to ₹ 50,158 Lakh.

Thus, the total dividend paid by the Company for the financial year 2020-21 was ₹ 30 per equity share (300%), amounting to ₹ 1,00,316 lakh.

The Board of Directors has not recommended any final dividend with a view to conserve cash for investments in business operations.

In terms of the provisions of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR) Regulations] and the Guidelines of Department of Investment and Public Asset Management (DIPAM), your Company has formulated a Dividend Distribution Policy and the same is available on the Company's website at https://hal-india.co.in/Common/Uploads/DMS/Dividend_Distribution_Policy.pdf

RESERVES

During the year under review, ₹ 29,599 Lakh was transferred to Research & Development Reserve and ₹ 1,22,245 Lakh to General Reserves.

BORROWINGS

During the year, Commercial Paper (CP) amounting to ₹ 6,00,000 Lakh were issued. The outstanding amount of CP as at March 31, 2021 was Nil.

As on March 31, 2021, the short term and long term borrowings of the Company stood at ₹ 907 Lakh and ₹ NIL respectively.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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

LOANS, GUARANTEES AND INVESTMENTS

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

RELATED PARTY TRANSACTIONS

Your Company has undertaken transactions with related parties during the year in ordinary course of business. In line with Related Party Transactions (RPTs) Policy, approval of the Audit Committee and Board, as the case may be was obtained for RPTs. As per the threshold mentioned in the Policy, there were no material related party transactions with the Company's Promoters, Directors, Management or their relatives, which could have had a potential conflict with the interests of the Company. The disclosures related to RPTs in accordance with the applicable standards are provided in Clause No. 45A of the Notes to the financial statements. Details of contract(s) or arrangement(s) with related parties referred to in Section 188(1) of the Companies Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014, in the prescribed form AOC-2 is attached to this Report as **Annexure-I**.



CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of your Company and its Joint Venture Companies and Subsidiary Companies for the year ended March 31, 2021 have been prepared in accordance with the provisions of Section 129(3) of the Companies Act and applicable Accounting Standards and form part of this report.

Pursuant to the first proviso of Section 129(3) of the Companies Act read with Rule 5 of the Companies (Accounts) Rules, 2014, a separate statement containing salient features of the Financial Statements of Subsidiaries / Associate / Joint Venture Companies in Form AOC-1 is appended to this report, which forms part of the Financial Statements. The separate Audited Financial Statements in respect of the Subsidiaries are also available on the website of the Company at www.hal-india.co.in.

SUBSIDIARY/ ASSOCIATE/ JOINT VENTURE COMPANIES

As on March 31, 2021, your Company has two Subsidiaries including one wholly owned Subsidiary and fourteen Joint Venture Companies (JVCs) including two Not-for-Profit Companies (Section 8 Companies).

Tata HAL Technologies Limited, one of the Joint Venture Companies has obtained approval of shareholders in its Extra-Ordinary General Meeting held on Tuesday, the June 8, 2021 for voluntary liquidation of the Company pursuant to the provisions of Section 59 of the Insolvency and Bankruptcy Code, 2016 read with Regulation 3 of Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulations, 2017 and appointed an Insolvency Professional as liquidator under Section 35 of the Insolvency and Bankruptcy Code, 2016.

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

SIGNIFICANT ACHIEVEMENTS

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

- HAL produced FOC standard LCA Tejas has been inducted into IAF Squadron 'The Flying Bullets' on May 27, 2020, marking another major milestone for HAL.
- Second production line for LCA aircraft has been operationalised and 2 LCAs have been produced in FY 2020-21.
- Two Light Combat Helicopters (LCH) were deployed for operations at high altitude at short notice to support IAF missions on August 12, 2020.
- Three Light Combat Helicopters (LCH) have been produced and signalled out against the Letter of Intent of IAF.

- The Company has overhauled 5 Nos of Su30-MKI aircraft within 15 month cycle time against the stipulated ROH cycle time of 22 months.
- HAL received Initial Operational Clearance (IOC) of Light Utility Helicopter (LUH) for the Indian Army from CEMILAC at the Aero India 2021.
- HAL received Operational Clearance from CEMILAC for ALH Mk-III for Indian Coast Guard and Indian Navy in January, 2021. The Company handed over three ALH Mk III to the Indian Navy and two ALH to Indian Coast Guard at the Aero India 2021.
- HAL successfully demonstrated the tail boom folding operation on ALH Mk-III helicopter in November, 2020.
- The first Upgraded ALH Mk III CIVIL helicopter has been produced in November, 2020.
- The Company has indigenously designed and developed a 60kW Gas Turbine Electrical Generator (GTEG-60), the Auxiliary Power Unit (APU) for the Military Transport aircraft AN-32, which has attained operational clearance on May 28, 2020. The control unit (FADEC) of GTEG-60 is also designed and developed in-house by the Company.
- The 150th Do-228 aircraft, produced by HAL was handed over on November 11, 2020. A digital 'Pilot Operating Handbook (POH)' was also released as in-house efforts towards automation and 'Digital India'.
- HAL manufactured 300th Advanced Light Helicopter (ALH) was rolled out and certified on 29th September, 2020. With over 2,80,000 flying hours ALH has proven to be a multirole helicopter for 'Any Mission, Any Place, Any Time'.
- The biggest Cryogenic propellant tank (C32 LH2) ever fabricated for ISRO, was delivered to ISRO on November 28, 2020.
- First 'ISROSENE Propellant Tank' of semi cryo developmental project has been formally handed over to LPSC, ISRO on February 5, 2021.
- Inner Ring, a critical aero-engine component operating in the hot zone, has been successfully developed and manufactured through 3D printing technology with the collaboration of Wipro Enterprises (P) Ltd. The Inner Ring has been awarded 'Airworthiness Certification' from Centre for Military Airworthiness and Certification (CEMILAC) during Aero India 2021.
- Successful integration and trial of NGARM (New Generation Anti-Radiation Missile) and Precision Guidance Kit for High-Speed Low Drag 500 kg bomb on Su-30MKI aircraft.



ORDER BOOK POSITION

During the year, the Company has entered into a contract for supply of 83 LCA Mk1A to IAF.

The Order Book position of the Company stands at ₹ 80,63,900 Lakh as on March 31, 2021.

CURRENT PROJECTS AND PROGRAMS

During the year, HAL has continued to carry out the production and supply orders of Su-30 MKI aircraft, Light Combat Aircraft (LCA) Tejas, Dornier Do-228 Aircraft, Advanced Light Helicopter (ALH) Dhruv, Light Combat Helicopter (LCH), Chetak helicopter, engines, accessories and aerospace structures to fulfil the requirement of our esteemed customers.

The continued efforts of the Company to Design and Develop new platforms/ products have resulted in achieving operational clearance for ALH MKIII Navy/ CG and Light Utility Helicopter (LUH) – Army, completion of User Assisted Technical Trial phase-I and 8 turn spin trial of HTT-40. HAL is also progressing with the development of 10 ton class Indian Multi Role Helicopter (IMRH), Turbo fan Engine HTFE-25 and Turbo shaft engine HTSE-1200. These efforts are going to add new revenue lines and enhance the product mix of the Company.

In addition to above, in Aero India 2021 the Company has showcased its ambitious projects Combat Air Teaming System (CATS) simulator with TEJAS-MAX cockpit as the mother-ship platform with the embedded air teaming intelligence concepts to demonstrate the fully integrated as well as autonomous wingman platforms and swarming of drones to engage in the mission. HAL also announced the design and development of the amphibian variant of HAL Do-228 aircraft.

DEVELOPMENT PROGRAMS

The Company has achieved significant progress in various R&D / Development Projects viz. Basic Trainer Aircraft (HTT-40), Light Utility Helicopter (LUH), Light Combat Aircraft (LCA)- MK1A, Jaguar Darin III Upgrade, Hawk-i and Development of Engines. The progress achieved in respect of these projects during the year is given below:-

➤ BASIC TRAINER AIRCRAFT (HTT-40)

HTT – 40 is the Basic Trainer aircraft currently being indigenously designed and developed by HAL. HTT-40 would be used for basic flight training, aerobatics, instrument flying and close-formation flights whereas its secondary roles would include navigation and night flying. Features of the aircraft include Air conditioned cockpit, Tandem seating, Zero-Zero ejection seats and Multifunction Displays. The aircraft has the capability to be converted to armed / weaponised version at a later stage. The program has been taken up with internal funding. A total of 3 prototypes have been built which includes two flying prototype and one Structural Test Specimen (STS).

In the FY 2020-21, the aircraft has successfully completed 8-turn spin capability on both RH and LH side with gantry. It has also successfully completed 6 turn spin (both sides LH & RH) without Anti Spin Parachute System (ASPS). HTT-40 participated in Flying display during Aero India 2021. In February 2021, RFP for HTT-40 aircraft received from IAF and response has been submitted in April, 2021.

➤ LIGHT COMBAT AIRCRAFT (LCA)Mk 1A

LCA Mk1A is a variant of indigenously developed LCA MK1 presently being developed by HAL. It is a single engine, light weight, highly agile, multi-role supersonic fighter. It has quadruplex digital fly-by-wire Flight Control System (FCS) with associated advanced flight control law and with extensive use of advanced composites in the airframe gives a high strength to weight ratio, long fatigue life and low radar signatures. It has additional features and improvements such as Self Protection Jammer (SPJ), Active Electronically Scanned Array(AESA) RADAR, Beyond Visual Range(BVR) Missile and maintainability improvements etc.

➤ LIGHT UTILITY HELICOPTER (LUH)

The LUH is a single engine, 3 Ton weight class helicopter having Glass Cockpit with Multi-Function Displays. The LUH will be deployed for Reconnaissance and Surveillance role. The helicopter will be capable of flying at 220 Km/h; service ceiling of 6.5 Km and a range of 350 Km with 500 kg payload. Three flying prototypes have been built and were extensively flight tested.

During the year, LUH successfully demonstrated Two Segment Blade Folding and completed user trial such as engine relight trials, Slope landing, Night Flying test and Hot & High Altitude User evaluation Flight trials at Leh. HAL has successfully achieved Initial Operation Clearance (IOC) for LUH Army in February, 2021.

During the year, the customer has issued Letter of Intent for LUH.

➤ LIGHT COMBAT HELICOPTER (LCH)

The LCH is a dedicated combat helicopter indigenously designed and developed by HAL. LCH has the distinction of being the first attack helicopter to land Siachen at a height of 4700 mtrs. Four Technology Demonstrators (TDs) have been built and were extensively flight tested. LCH has achieved Operational Clearance for IAF and the Army variants, having completed all the test including weapon trials and is ready for operational induction, awaiting orders.

Two Light Combat Helicopters (LCH) were deployed for operations at high altitude at short notice to support IAF missions on August 12, 2020. Three Light Combat Helicopters (LCH) have been produced and signalled out against the Letter of Intent of IAF.



HAL has submitted quotation against RFP for supply of initial batch of 15 LCH in March, 2018 against which order is awaited.

➤ **25 kN TURBOFAN ENGINE (HTFE-25)**

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

➤ **1200 kW TURBOSHAFT ENGINE (HTSE-1200)**

The 1200kW Turbo shaft engine would be used as power plant for 3 to 6-ton category helicopters. One technology demonstrator of HTSE-1200 engine was built and it is presently under testing. 100% speed run achieved on core engine. Sea level trials of core engine completed successfully.

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

➤ **HAWK-i**

Hawk India (Hawk-i) is the indigenously upgraded Hawk Mk 132 aircraft with enhanced operational and training capabilities. Hawk-i has been integrated with Flight evaluation of HAL Mission Computer (MC), Radio Altimeter (RADALT), IFF Mk-XII, Solid State Digital Video Recording System (SSDVRS), Softnet Radio, indigenous Smart Anti Airfield Weapon (SAAW) and VACS (Standalone Mode).

Integration of Voice Activated Command System (VACS) on Aircraft completed. Voice recognition algorithm is fine-tuned for maximizing the performance. Flight trials in standalone mode completed & satisfactory performance feedback obtained. VACS has been integrated on Indigenous Mission Computer (MC). Integration testing on rig and ground integration checks completed. Implementation of full Hawk Mk 132 functionalities through RTOS completed.

BOARD AND ITS COMMITTEE MEETINGS

During the year, 7 (seven) Board Meetings were held and the maximum interval between any two meetings was not more than 120 days. The details of meetings of the Board and Committees thereof held during the year are furnished in the Corporate Governance Report, which forms part of this Report.

CHANGES IN BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Cessation

- Dr J K Bajaj ceased as Independent Director on the Board of the Company due to completion of his tenure on September 10, 2020.
- Shri Anil Kumar, Shri Siddharth and Shri Neelakanta Iyer R, ceased as Independent Directors on the Board of the Company due to completion of their tenure on March 4, 2021.

COMMITTEES OF THE BOARD

As on March 31, 2021, the Board has five Statutory Committees namely Audit Committee, Nomination & Remuneration Committee, Corporate Social Responsibility & Sustainable Development Committee, Stakeholders Relationship Committee and Risk Management Committee.

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

DECLARATION OF INDEPENDENCE

The Company has received declarations from all the Independent Directors of the Company under the Companies Act confirming that they met the criteria of independence as prescribed under Section 149(6) of the Companies Act and Regulation 25(8) of the SEBI (LODR) Regulations and they have also complied with the Code for Independent Directors as prescribed in Schedule IV of the Act.

COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

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

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

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



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

BOARD EVALUATION

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

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

ANNUAL RETURN

In accordance of the Companies Act, 2013, the Annual Return in the prescribed format has been hosted on website of the Company at https://hal-india.co.in/Common/Uploads/PDFS/Form_MGT-7_20_21_for%20website.pdf

COMPLIANCE WITH SECRETARIAL STANDARDS

The Company complies with all applicable mandatory secretarial standards issued by the Institute of Company Secretaries of India.

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

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

OUTSOURCING

As part of the "Make in India" drive and the Atmanirbhar Bharat Abhiyan, HAL has been nurturing & developing a vibrant indigenous aerospace & defence ecosystem. In its path of moving towards a system integrated process, the Company has been striving to develop Tier-II and gradually Tier-I suppliers over a period of time while retaining the core areas as prime integrators. HAL has been taking up outsourcing diligently even in the new and upcoming projects, so as to turn the suppliers into reliable business partners over time.

DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY

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

In line with Regulation 21 of the SEBI (LODR), Regulations, 2015, the Board of Directors had constituted the Risk Management Committee for monitoring and reviewing of the risk management plan and other such functions as it may, deem fit including cyber security, in line with applicable laws.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Pursuant to the provisions of Section 135 of the Companies Act and Companies (Corporate Social Responsibility Policy) Rules, 2014 and Amendment thereof & DPE Guidelines, the Company has undertaken various activities during the year as per its CSR Policy. The projects / programmes / activities taken up are in line with Schedule VII of the Companies Act. The thrust areas under CSR include assisting the Government Bodies to combat against the global pandemic COVID -19 like donation of Ambulances, C.T. Scan Machine, Haemodialysis Machines, Deep Freezers for storage of Vaccines, Aerosol Boxes, Personal Protection Equipments, etc. The other areas in which support was extended are Skill Development, Education, Employment Enhancement, Sanitation, Drinking Water, Environment Sustainability, etc. The company has spent an amount of ₹ 9,052 Lakhs under CSR for the Financial Year 2020-21.

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

Annual Report on CSR activities undertaken by your Company during the year 2020-21, pursuant to Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, is attached to this Report as **Annexure-III**.

BUSINESS RESPONSIBILITY REPORT

Business Responsibility Report for the year 2020-21 as stipulated under SEBI (LODR) Regulations has been prepared describing the initiatives taken by the Company from an environmental, social and governance perspective in the format specified and appended to this Report.

SIGNIFICANT AND MATERIAL ORDERS

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



PUBLIC DEPOSITS

Your Company has not accepted any deposit during the year. Further, there was no outstanding deposit and/or unpaid or unclaimed principal amount or interest against any deposit either at the beginning or at the end of the Financial Year 2020-21.

ISSUE OF EQUITY SHARES WITH DIFFERENTIAL RIGHTS

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

EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS

Revision of pay scales of executives and workmen, with effect from January 1, 2017 was implemented in accordance with the guidance issued by DPE vide OM dated August 3, 2017 for Executives and in accordance with the Wage Agreement entered between Management and Employees Union representative in 2019-20 in respect of Workmen.

On an interpretation on pay re-fixation and pursuant to the directives of the Administrative Ministry, the pay fixation is being revised and the excess amount paid is to be recovered from the employees.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

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

MOU WITH GOVERNMENT

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

The Company has achieved "Excellent" performance rating against MoU signed with the GoI for the financial year 2019-20.

RESEARCH AND DEVELOPMENT EFFORTS

During the year, HAL has continued to focus its efforts towards new platforms development, technology development, and activities to enhance its capability with a view to bring technological superiority to its products and in order to cope up with the future technological challenges that require the Company to develop New Products and go in for Product Enhancements. Towards the progress of the R&D efforts, the company has incurred a total expenditure of ₹ 1,68,740 Lakhs for the year 2020-21 which is 8% of the Turnover.

The company has transferred a sum of ₹ 29,599 Lakhs (10% of Operating PAT) to R&D reserve for contribution to R&D corpus during the year 2020 -21.

During the year, the Company has filed 104 IPR applications which make cumulative number of 1929 IPRs filed by company. Further, 146 IPRs have also been granted during the year taking cumulative IPRs held by the organization to 464.

EXPORTS

The Company has achieved Export Sales of ₹ 23,980 Lakhs in 2020-21. Initiatives taken to boost Exports during the year are as under:

- Global recognition of HAL platforms by responding to following RFIs:
 - i. Light Combat Aircraft (LCA), Tejas was shortlisted by Royal Malaysian Air Force (RMAF) and RFI issued to HAL. The RFI response was re-validated in June 2020.
 - ii. Offered Light Combat Aircraft (LCA) as Lead in Fighter Trainer (LIFT) configuration to Australian DoD in July 2020.
 - iii. Offered Light Combat Aircraft (Naval Twin seat Trainer) to US Navy in July 2020.
 - iv. Offered Do-228 aircraft to US Navy in July 2020, in response to their Global RFI for Multi Engine Trainer Aircraft program.
 - v. Received interest from Philippines Coast Guard for procurement of 7 ALH and 8 Do-228 aircraft through Government of India Line of Credit.
- Progressed discussion with Mauritius side for supply of one each ALH Mk.III wheel variant and Passenger Variant Do-228 aircraft under GoI Line of Credit.
- Completed price reasonability study of Do-228 Maritime aircraft for export to Maldives and Sri Lanka by a Team of Experts comprising of Acquisition Wing, a representative from Service Wing and HAL in March 2021.
- MoU signed with M/s MMTC as channelizing partner for import of palm oil, for likely countertrade for sale of LCA-Tejas to Royal Malaysian Air Force.
- Progressing discussion for Co-validation of Civil Certification of HAL Civil Do-228 by Civil Aviation Authority of Nepal for promotion in Nepal.
- Enhancing engagement of Channel Partners / Registration abroad.
- HAL's brand image and identity was strategically projected by showcasing its products and capabilities while participating in leading international Air Show-Aero India 2021 and also in Sri Lanka on their Air Force day.



VENDOR DEVELOPMENT

During the year, the Company has conducted 21 Vendor Development Programmes, of which four were for Micro & Small Enterprises (MSEs) owned by SC/ST Entrepreneurs & two were for Women Entrepreneurs.

The Company has registered with RXIL for enabling payments through TReDS platform to MSEs. HAL has already made payments through TReDS–RXIL platform. All efforts are made to bring the MSEs on TReDS platform. Currently, several vendors are registered with TReDS platform and efforts are being made to bring other vendors also on the portal.

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

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

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

The Company has implemented company wide e-Procurement system through its own e-Procurement portal for all tenders valuing more than ₹ 2 lakhs. A 24X7 e-Procurement help desk has been established to provide information, support, training, operational issues/clarifications to the vendors.

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

PROCUREMENT FROM MICRO & SMALL ENTERPRISES (MSEs)

In line with the Public Procurement Policy of the Government of India, as amended, your Company has achieved more than the mandated procurement of 25% from MSEs (excluding specific defence procurement as per Sl.No.14 of the policy). During the year, the total value of procurement including outsourcing made from MSEs was ₹ 69,424 Lakh.

INDIGENISATION

The Company has put in concerted effort on indigenisation of components, accessories and systems required to manufacture as well as repair & overhaul of aircraft, engine and associated accessories. Every year, HAL indigenizes various

items/ components and systems of foreign origin fitted on HAL platforms through in-house capabilities or with the help of local vendors to reduce dependence on imports, savings in foreign exchange and manage obsolescence, thus fostering self-reliance through 'Make in India'.

To support Atmanirbhar Bharat Abhiyan of Govt. of India, HAL has planned to indigenize 2,615 imported components and spares from 2020 to 2025. During the year, the Company has indigenized 1004 Nos. of items resulting in anticipated foreign exchange savings of ₹ 129.9 Crores. Towards self-reliance, a notable achievement has been made by HAL with indigenisation of 100% mandatory replacement BOF items with respect to seven LRUs of SU-30MKI. HAL has hosted the details of items available for indigenization under Make- in- India portal on its website. HAL has also hosted in its website, more than 85 types of test facilities available at HAL for utilization by industries on payment basis. These facilities are being extensively utilised by both government organizations and Indian private companies.

The other major initiatives / achievements are as under:

- **Indigenisation through Make-II procedure:**

In a notable important initiative during FY 2020-21, HAL also started indigenization through HAL Make-II procedure. HAL's Make-II (Industry Funded) procedure is in compliance of the Make-II framework promulgated by MoD and envisages the assured order quantity after successful development of items through private vendors. HAL has identified items to be indigenized through Make-II procedure and the same is hosted in HAL's website with other details. During the FY 2020-21, Expression of Interest (Eoi) for more than 700 items were issued for indigenization through Make-II procedure.

- **Uploading of imported items in Srijan Defence Portal:**

To support Indian Industries with opportunities for Make In India in Defence, MoD has developed and launched Srijan Defence Portal. HAL has also taken the lead in uploading the imported items in the portal for indigenization and uploaded more than 6,700 nos. of imported items in the portal during the FY 2020-21.

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

To sensitise Indian vendors for opportunities available at HAL for indigenization, HAL organized and participated in number of seminars / conferences / vendor development meets through virtual mode. Participants were also briefed about the Indigenisation procedure and support provided by HAL during indigenization.



HUMAN RESOURCE DEVELOPMENT

The strength of employees as on March 31, 2021 stood at 26,432.

As on March 31, 2021, a total of 3,123 Apprentices were engaged in the Company, comprising 8.31 % of the total employee strength including contractual staff.

EMPLOYEE WELFARE

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

In the wake of COVID-19 pandemic, the Company has taken various initiatives to contain the spread of the virus. Standard Operating Procedures (SoPs) in line with MHA Guidelines have

been put in place in the Divisions / Offices since the onset of the pandemic and the instructions / guidelines notified by the Central / State Governments from time to time were adhered to. Vitamin Tablets / Immunity Booster Kit were supplied to employees and vaccination against COVID-19 is being administered to the employees and their dependents at the Company Hospitals / Dispensaries.

A Scheme to provide financial support to the family of deceased employees by payment of Ex-gratia / Compensation of an upfront amount of ₹ 5 Lakhs to the dependent family members of the employees who die while in service due to COVID-19, was introduced in the Company during the year. Further, a Group Life Insurance Policy for the employees, which provides for payment of ₹ 10 Lakhs to the dependent family members, due to death of an employee for any reason other than suicide, with a matching contribution / premium by the employees, was also introduced during the year.

REPRESENTATION OF SC/STs

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

Representation of SC/STs in the total strength of the Company as on January 1, 2020 and January 1, 2021

Category (Grade / Scale of Pay)	Total Strength as on		Number of SCs as on		Number of STs as on	
	1.1.2020	1.1.2021	1.1.2020	1.1.2021	1.1.2020	1.1.2021
Group – A (Grade – II & above)	8,281	8,000	1,479	1,436	504	493
Group – B (Grade-I)	37	25	5	3	2	2
Group – C (Scale -3 to Special Scale)	19,354	18,620	3,384	3,260	1,431	1,393
Group – D (Scales – 1 & 2)						
(i) Excluding Safai Karmacharis	7	5	1	1	-	-
(ii) Safai Karmacharis	-	-	-	-	-	-
Total	27,679	26,650	4,869	4,700	1,937	1,888

Recruitments made during the period January 1, 2020 to December 31, 2020 and the SC/STs amongst them

Category (Grade / Scale of Pay)	Total number of Post filled	No. of Reservations made for		No. of Posts filled by appointment of	
		SCs	STs	SCs	STs
Group – A (Grade – II & above)	16	-	1	-	1
Group – B (Grade-I)	-	-	-	-	-
Group - C (Scale - 3 to Special Scale)	27	7	-	8	-
Group - D (Scales – 1 & 2)					
(i) Excluding Safai Karmacharis	-	-	-	-	-
(ii) Safai Karmacharis	-	-	-	-	-
Total	43	7	1	8	1



Vacancy –based Promotions made during the period January 1, 2020 to December 31, 2020 and the SC/STs amongst them

Category (Grade / Scale of Pay)	Total number Promoted	No. of Reservations made for		No. of Posts filled by Promotion of	
		SCs	STs	SCs	STs
Group – A (Grade – II & above)	991	NA	NA	171	74
Group – B (Grade-I)	-	-	-	-	-
Group – C (Scale - 3 to Special Scale)	-	-	-	-	-
Group – D (Scales – 1 & 2)	-	-	-	-	-
(i) Excluding Safai Karmacharis	-	-	-	-	-
(ii) Safai Karmacharis	-	-	-	-	-
Total	991	-	-	171	74

EMPLOYEE RELATIONS (ER) / INDUSTRIAL RELATIONS

The Employee Relations Scenario in the Company has been peaceful & cordial during the year. The recognized Trade Union of Bengaluru based Divisions of the Company had participated in One Day Nation-wide General Strike on November 26, 2020, based on the decision taken by the Joint Action Front of Negotiating Trade Unions for Bengaluru based CPSUs. The Strike Call was not related to any issues pertaining to HAL. However, the Trade Unions at other locations of the Company had not participated in the General Strike on the said day.

Cordial relations were maintained between the Management and the Unions / Associations by effective communication, so as to eliminate any scope for conflicts & misunderstandings and thus facilitate maintenance of Industrial Harmony. In line with Company's stated Policy of encouraging Employees Participation in Management, regular Meetings with the representatives of the Recognized Unions / Officers Associations at the Divisional, Complex & Corporate Levels were held to discuss issues. Plant Level & Shop Level Committees comprising of representatives of Management / Union are functioning in the Divisions to discuss & resolve production related matters. In order to address Employee / Public Grievance / Representations, Grievance Redressal Mechanisms are also in place in the Company.

RAJBHASHA IMPLEMENTATION

In accordance with the Guidelines issued by Department of Official Language, Ministry of Home Affairs, New Delhi, constant efforts are being made by all the Divisions of the Company towards implementation of the Official Language Policy (OL Policy). Employees are being encouraged through Monthly Incentive Scheme related to Official Language. Efforts have been made to make Executive Notings in bilingual in our E-Filing System.

Hindi Fortnight was celebrated from September 14, 2020 to September 28, 2020 by all the Divisions of the Company as per directives issued by Department of Official Language, Ministry of Home Affairs, New Delhi. Inspection of HAL Liaison Office, Delhi was done by Committee of Parliament on Official Language on October 12, 2020. In this inspection, Liaison Office, Delhi coordinated inspection visits successfully related to other three offices viz. NPCIL, Bharat Petroleum Ltd. and Ministry of External Affairs as per responsibility assigned by the Committee of Parliament on Official Language.

E-Inspections of Helicopter and Engine Divisions, Bengaluru were done successfully on June 22, 2020 & July 18, 2020 by Dy. Director (Implementation), RIO, Bengaluru. Hindi Shabd Gyan Competition was conducted online by Corporate Office on August 25, 2020 for Bengaluru based Undertakings as per direction given by TOLIC (Undertaking) Bengaluru.

The Department of Official Language, Ministry of Home Affairs have assigned the responsibilities of Town Official Language Implementation Committee (TOLIC) to the Nashik, Koraput and Lucknow Divisions of the Company and they are conducting TOLIC Meetings successfully.

PROHIBITION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

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

Internal Complaints Committees as per Section 4 of the Act have been put in place. Information for the Financial Year 2020-21 in terms of Section 22 of the Act, is as indicated below:



(i) Number of Cases pending as on 1 st April, 2020	-	2
(ii) Number of Complaints of Sexual Harassment received in the Financial Year 2020 -21	-	5
(iii) Number of Complaints disposed of during the Financial Year 2020-21	-	3
(iv) Number of Cases pending as on March 31, 2021 & its status	-	4

In 2 Cases ICC Report submitted and in 2 other cases ICC Enquiry under progress.

INFORMATION TECHNOLOGY (IT) INITIATIVES

During the year, your Company has taken many IT initiatives towards improving digital journey. Some of the important IT initiatives during the year are as under:

• CUSTOMER RELATIONSHIP

Operationalization of HAL – VAYUSENA INVENTORY PORTAL (HAVAI)

Operationalization of HAVAI e-Portal for electronic exchange of data between IMMOLS of IAF and IFS ERP of HAL was launched by Chief of Air Staff and CMD, HAL for providing information regarding AOG, RRT and RMS Orders. HAVAI Portal provides access to authentic information on bottlenecks in the production and the supply chain processes to enable both HAL & IAF to work synergistically towards improving the production and procurement processes while improving the production performance and liquidation rates for critical holdups resulting better serviceability of IAF weapon systems. The Portal has an added functionality of Online Budgetary Quote (BQ) Module where HAL would provide electronic Budgetary Quotes against requisition placed by IAF Units.

• BUSINESS EXCELLENCE

Increase in Company wide usage of e-file: Company-wide e-file usage percentage has been increased to 95% by the year end as compared to 65% at the beginning of the financial year 2020-21.

Digitization of Personal files: An initiative to digitize and store all personnel records/ documents of employees securely was successfully implemented at all the Divisions. The software has provision to upload, store and view documents/ records by Divisional/ Complex /Corporate HR.

Digitalization (Paperless Office): Initiatives taken to make the Company paperless organisation by 2022-23. Digital Approval Systems, Digital Shop Floor and e-Documentation are being implemented in phased manner.

Central Payment Processing System: Online System for payment advice, invoicing, voucher creation/approval, bank advice etc. was implemented for Centralization and Standardization of Bills Payable and Cash office function for all Bengaluru based Divisions at Central Payment Processing Centre (CPPC).

Online Accounts Consolidation System: An Online Accounts Consolidation System has been successfully developed and implemented for pulling Division wise accounts related data and consolidation of accounts at corporate level.

Commencement of Project Parivartan: HAL & Tech Mahindra Ltd (TM) signed a contract on Project Parivartan for Company wide implementation and support of latest ERP-IFS version which include a Company wide standardization of business processes, real-time collaboration with suppliers & customers and corporate performance measurement through Key Performance Indicators (KPIs). It will also be a platform to embrace new technologies like Internet of Things (IoT), Artificial Intelligence (AI) and Business Analytics in future. Major milestones like project kick-off, establishment of project office, as-is Study of Business processes and familiarization Training were completed during the year 2020-21.

• CYBER SECURITY IMPROVEMENTS

Implementation of InterScan Messaging Security Virtual Appliance (IMSV):

InterScan Messaging Security Virtual Appliance (IMSV) System was also implemented by integrating multi-tiered spam prevention and anti-phishing with antivirus and anti-spamware for protecting internet mail users.

AWARDS & RECOGNITIONS

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

- HAL has been conferred with the "Aerospace and Defense Awards – 2021" instituted by "SAP Media Worldwide Ltd" under two Categories namely "Outstanding contribution in Defence Industry" and "Excellence in Innovation, Design, Technology or R&D".
- HAL has been felicitated with Kaushalacharya Award in recognition of outstanding contribution towards engaging apprentices and adopting initiatives relating to Apprenticeship Training in "Central Government & Central PSU" Category during the Kaushalacharya Samadar 2020.
- The COVID Care Center established by the Company at the HAL Convention Center, Bengaluru was awarded the Skoch 'Order of Merit' certificate under Skoch Award 2020 organized by the Skoch Group.



- Shri. R Madhavan, CMD, HAL has been conferred with "PSU Award of the year 2019" in recognition and appreciation of the contribution made by him to the Company" by the Dalal Street Investment Journal.

VIGILANCE

Your Company has a well-established vigilance department headed by the Chief Vigilance Officer (CVO). Vigilance Officers and Staff are posted to the Corporate Office and all the Divisions and Complex Offices of the Company.

The major initiatives/ activities carried out by Vigilance department with a focus on preventive, participative vigilance are as under:

- System studies were carried out in various areas and appropriate measures were suggested to streamline the procedures.
- Sensitisation of Vigilance: 46 sessions were conducted on various topics related to Vigilance issues and one day programme on 'Preventive Vigilance' was organized.
- In-house Vigilance Magazine, Marg Darshan: In-house Vigilance e-magazine "Marg Darshan" was released during the year. Articles from Executives of the Organization on the theme "Integrity- A Way of Life" were published as a part of efforts towards spreading preventive vigilance concepts.
- Vigilance Awareness Week was conducted throughout the Organization at nine different geographical locations from October 27, 2020 to November 2, 2020, adhering to covid-19 guidelines, laying emphasis on the theme "Satark Bharat, Samridh Bharat (Vigilant India, Prosperous India)" prescribed by CVC. Apart from activities taken up in campaign mode, in-house events and outreach activities for public/citizens were also conducted to spread awareness about role and responsibility of public in eradication of corruption.
- System Improvements: Based on the recommendations of Vigilance, several system improvements have been issued by the Management in the areas of Bills Payable, Service Contracts, Township Administration, Insurance Coverage, Bank Guarantees through IFS, online monitoring of Gate Pass system, etc.

During the year, 309 complaints were handled. 545 Surprise /Routine checks and 26 CTE (Chief Technical Examiner) Type inspections were carried out in the Divisions on corruption prone areas. Based on the outcome of checks/inspections and complaints, 31 cases were taken up for detailed investigation after due verification. Points requiring systemic correction as noted during checks, verifications, system studies and investigations were brought to the notice of the Management for needful systemic improvements and punitive actions.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- In the preparation of the annual accounts for the year ended March 31, 2021, the applicable accounting standards have 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 on March 31, 2021 and of the profit and loss of the Company for the year ended on that date;
- the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the directors have prepared the annual accounts on a "going concern" basis;
- the directors have laid down internal financial controls which are being followed by the Company and that such internal controls are adequate and are operating effectively;
- the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDITORS

Statutory Auditor

The Statutory Auditor of your Company were appointed by the Comptroller & Auditor General of India (C&AG). M/s. Maharaj N.R. Suresh and Co., Chartered Accountants, Bengaluru was appointed as Statutory Auditors for auditing the Accounts of the Company for the year 2020-21 and 18 firms of Chartered Accountants were appointed as Branch Auditors. During the year, the status of the Statutory Auditor of the Company has been changed from partnership firm to Limited Liability Partnership (LLP). The statutory auditor's report does not contain any qualification, reservation or adverse remarks.

The Auditors' Report on financial statements for the financial year 2020-21 and comments of the Comptroller & Auditor General of India (C&AG) under Section 143(6) of the Companies Act are appended to this Report.

Cost Auditor

Your Company has appointed M/s. GNV & Associates, Cost & Management Accountants as Cost Auditors for conducting the Cost Audit of the Company for the year 2020-21. The Company maintains cost records as specified by the Central Government under Section 148(1) of the Companies Act, which are audited by Cost Auditors.



Internal Auditors

The Company has appointed Thirteen (13) Nos. of Chartered Accountant firms for carrying out internal audit function of the Company for the year 2020-21.

Secretarial Auditor

In terms of Section 204(1) of the Companies Act, the Company has engaged M/s. DPSP & Associates, Company Secretaries, Bengaluru to conduct Secretarial Audit of the Company for the year 2020-21. The Secretarial Audit Report is annexed to this Report as **Annexure - IV** and forms part of Annual Report.

On the qualification of the Secretarial Auditors with respect to the composition of Board of Directors under Regulation 17 of the SEBI (LODR), Regulations, 2015, the Board has clarified that, since appointment of Independent Directors in the Government Company is being made by the Administrative Ministry, the Company has no control over such appointment. However, the Company has made representations to MoD, GoI for appointment of requisite number of Independent Directors.

Annual Secretarial Compliance Report

The Company has filed the Annual Secretarial Compliance Report for the year 2020-21 with the BSE Ltd and National Stock Exchange of India Limited. The report was received from a Practising Company Secretary and filed within the stipulated time as specified under Regulation 24A of the SEBI (LODR) Regulations.

CORPORATE GOVERNANCE REPORT

In terms of Regulations 34 read with Schedule V of SEBI (LODR) Regulations and DPE Guidelines, a report on Corporate Governance for the year ended March 31, 2021 has been prepared and annexed to this Report. The Company's Secretarial Auditor has issued a certificate on Corporate Governance, which is appended to the Corporate Governance Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

VIGIL MECHANISM

The Company has a Whistle Blower Policy approved by the Board and the same is made available on the Company's website. The details of the Whistle Blower Policy are explained in the Corporate Governance Report and also hosted on the website of the Company at www.hal-india.co.in.

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

QUALITY INITIATIVES AND SAFETY

- Standardization of Quality Management System across HAL has been achieved in different areas through Corporate Quality Assurance Guidelines on Aircraft Fuel & Oil Discipline (CQAG9011), Calibration Process (CQAG9012) and Root Cause Analysis (CQAG9013) while a directive on Remote Inspection was also issued in concurrence with DGAQA to address Inspection issues arising out of the Pandemic situation.
- Documents with respect to CQAG9011, CQAG9012, CQAG9013, Manufacturing aspects on Fabrication of Composite Reference Standard for NDT Ultrasonic Inspection and Performing digital X-Ray inspection on Honeycomb sandwich assemblies/panels with 8 axis movements have been protected through registration of copyrights.
- Training conducted for 75 officers from HAL and DGAQA at Engineering Staff College of India (ESCI) Hyderabad on Quality Rating Maturity Assessment based on IAQG model for Business Process evaluation to achieve Self Certification status through Enhanced Delegation.
- Digitization of Quality Function: Establishment of Remote Inspection, online Audits, inspection clearances through VCs, digital documentation, online memo clearance, Barcoded form Q423, real-time MoD status etc.
- Established and upgraded various facilities at customer bases and conducted online training programs and Calibration/ Harmonization/ Repair/ Operational Training workshops at customer bases/field units on critical items/systems.
- IOC to FOC upgrade of first Mirage aircraft KT202 was carried out successfully in September 2020. The activity was verified by DGAQA representative and aircraft is currently in service. Documentation such as Air crew Manual, Maintenance Documentation pertaining to the upgrade were delivered to IAF.
- LCA –TD, Helicopter and Engine Division Bengaluru have engaged Third Party Inspection Agencies for carrying out inspection related activities at outsourced Vendor premises. The inspection personnel of the Third Party Inspection Bodies have been directly approved by DGAQA based on the mandatory 96 Hrs training imparted by HAL-QA besides their past performance and audit recommendations.
- Quality department has facilitated DGAQA approval of 10 Special processes at 22 external Special process facilities for supply of Machined components of LCA-Tejas through Outsourcing vendors.



- Commissioning the state of the art “Integrated Avionics Test Set-up (IATS)” for Pre-Installation (PI) check of 21 LRUs of Avionics and IFCS trade has enabled LCA-Tejas Division to independently carry out PI checks without depending on other facilities/agencies outside the Division.

ACKNOWLEDGEMENT

Your Directors acknowledge the excellent support extended by the Government of India, in particular the Ministry of Defence, Department of Defence Production, Defence Acquisition and Defence Finance as well as other Ministries of the Government of India in all the endeavours of the Company.

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

The Company wishes to place on record its appreciation for the cooperation extended and services provided by the Comptroller & Auditor General of India (C&AG), the Principal

Director of Commercial Audit & Ex-officio Member, Audit Board, Statutory Auditors, Cost Auditors, Secretarial Auditors, Bankers, Collaborators, JV Partners and Suppliers.

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

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

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



(R. Madhavan)

Chairman and Managing Director

Place : Bengaluru

Date : August 30, 2021

Annexure- I to Board's Report

Form No. AOC-2

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

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

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

Sl. No	Name(s) of the related party	Nature of relationship	Nature of contracts / arrangements / transactions	Duration of the contracts / arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any:	Date on which the special resolution was passed in General Meeting as required under first proviso to Section 188
1	HALBIT Avionics Pvt. Ltd	Joint Venture	Single tender basis and not in the ordinary course of business	1 year	Contract for shifting of Hawk Simulators to new facility at INS Dega, Vizag at a total value of ₹159.65 Lakhs including GST (i.e ₹135.00 Lakhs plus GST @ 18% & 28% respectively). Any change in statutory levy as per prevailing rate as on the date of supply / service will be paid on actual basis.	-	December 9, 2020	-	-
2	Naini Aerospace Limited (NAEL)	Subsidiary	Outsourcing Contract on Nomination basis	1 year	Purchase order for Outsourcing of Coupling Jig Work of 4 Sets of MK-IV ALH Helicopter against 18 WSI contract at a total order value of ₹ 199.24 lakhs including 18% GST. Duties and taxes will be paid at prevailing rates at the time of delivery.	Development of Subsidiary as a source for fabrication/ supply of looms, Jigs & Assemblies on Nomination basis as per DPR/Business plan approved by Board	February 12, 2021	-	-
3	HALBIT Avionics Pvt Ltd, Bengaluru	Joint Venture	Service Contract through Single tender basis	1 year	Purchase order for dis-assembly of HMDS HU I Level tester at HAL LCA Division and re-installation at IAF Base, Sulur for the value of ₹ 7.96 Lakhs (including GST @ 18%). Any change in statutory levy as per the prevailing rate as on the date of supply/ service will be paid on actual basis	The subject tester is high precision optical instrument and requires technical knowhow of the equipment for dis-assembly and installation and the same expertise is not available in open market. HALBIT Avionics Pvt Ltd, Bengaluru being a Joint Venture Company with Elbit, have expertise for doing the same and hence, it is proposed for utilizing their services. Further, assistance of Elbit, if any, required during the dis-assembly and installation, the OEM - Elbit would be ready to share the information to HALBIT (being a JV partner) rather than the third supplier	February 12, 2021	-	-





Sl. No	Name(s) of the related party	Nature of relationship	Nature of contracts / arrangements / transactions	Duration of the contracts / arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any:	Date on which the special resolution was passed in General Meeting as required under first proviso to Section 188
4	Samtel Display Limited	Joint Venture	Supply Contract on Proprietary basis	1 year	Procurement of one no. of CMFD test bench for Su-30 ROH enhancement program at HAL, Korwa having a unit price of ₹ 111.00 Lakhs (without GST) from Samtel HAL Display System Limited (a JV company of HAL). The total value of proposal is ₹ 130.98 lakhs including GST@18%, F.O.R. HAL Korwa.	IPR of CMFD rests with Samtel HAL Display Systems Limited (SHDS) and test bench involves certain proprietary interfaces and software. Hence proved test bench from SHDS was proposed.	February 12, 2021	-	-
5	Samtel Display Limited	Joint Venture	Supply Contract on Single Tender basis	1 year	Procurement of 25 nos. of CMFD55 and 27 nos. of CMFD66 along-with 06 types of accessories (Mating Connector, Backshell & Protective Cover) at a unit price ₹ 22.80 Lakhs & ₹ 27.50 Lakhs for CMFD 55 & CMFD66 respectively from M/s Samtel HAL Display Systems Ltd (JV company with HAL). Total value of purchase order including GST @ 5% is ₹ 1378.13 Lakhs, FOR HAL Korwa	-	February 26, 2021	-	-

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

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

For and on behalf of Board of Directors
Hindustan Aeronautics Limited



(R. Madhavan)

Chairman and Managing Director

Date: August 30, 2021
Place: Bengaluru



Annexure II to Board's Report

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

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

During the year under review, the total turnover reported by the JVCs/Subsidiaries is ₹ 285.88 Crore, as per details given below:

(Amount in ₹ Crores)

Sl. No.	Name of the JVCs / Subsidiaries	HAL share holding (%)	Turnover	Profit Before Tax
1	BAeHAL Software Ltd.	49	12.91	(2.51)
2	Indo Russian Aviation Ltd.	48	62.70	14.90
3	Safran HAL Aircraft Engines Pvt. Ltd.	50	42.39	4.76
4	Samtel HAL Display Systems Ltd.	40	14.08	(1.07)
5	HAL-Edgewood Technologies Pvt. Ltd.#	50	--	--
6	HALBIT Avionics Pvt. Ltd.	50	3.16	0.37
7	Infotech HAL Ltd.	50	2.47	(0.75)
8	HATSOFF Helicopter Training Pvt. Ltd.	50	37.02	10.87
9	TATA-HAL Technologies Ltd.	50	0.25	(0.49)
10	International Aerospace Manufacturing Pvt. Ltd.	50	105.40	1.47
11	Multi-Role Transport Aircraft Ltd.**	50	--	(8.69)
12	Aerospace & Aviation Sector Skill Council (AASSC) *	50	0.78	--
13	Helicopter Engines MRO Private Ltd.	50	0.006	(0.50)
14	Defence Innovation Organisation*	50	--	--
	Subsidiaries			
15	Indo-Russian Helicopters Limited**	50.5	--	(0.80)
16	Naini Aerospace Limited	100	4.71	(11.04)
	TOTAL		285.88	6.52

Note: Figures in brackets () indicate loss

* Section-8 (non-profit) Companies.

** Not commenced operation

During FY 2020-21, the JV had suspended business activities due to COVID-19.

(b) During the current financial year, 2 (two) JVCs viz. Indo-Russian Aviation Ltd and International Aerospace Manufacturing Pvt Ltd. have together paid a dividend of ₹ 1.11 Crore to HAL.

Sl. No.	Name of JVCs	₹ In Crs
1	Indo-Russian Aviation Ltd	0.94
2	International Aerospace Manufacturing Pvt Ltd	0.17
	Total	1.11

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

(R. Madhavan)

Chairman and Managing Director

Place : Bengaluru
Date : August 30, 2021



Annexure III to Board's Report

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2020-21

1. Brief outline on CSR Policy of the Company.

- The Corporate Social Responsibility (CSR) Policy of HAL was approved by the Board at its 380th Meeting held on November 27, 2014 with the recommendation of the CSR & SD Committee. The CSR Policy is amended from time to time as required and latest amended policy was approved by the Board in its 443rd Meeting held on May 10, 2021. The Policy is in consonance with the CSR Policy framework enshrined in the Section 135 of Companies Act, 2013, Companies (CSR Policy) Rules, 2014 as amended vide Notification No. CSR-05/3/2020-CSR-MCA dated January 22, 2021 by Ministry of Corporate Affairs, Government of India and Guidelines on Corporate Social Responsibility and Sustainability for Central Public Sector Enterprises issued by Department of Public Enterprises, Government of India.
- It shall apply to all CSR Projects / Programmes undertaken by the Company as the activities listed in Schedule-VII of the Act, within the geographical limits of India alone, preferably towards the benefit of marginalized, disadvantaged, poor and deprived sections of the community and the environment.
- As per the policy, Projects/ Programs are identified and budgets allocated for them through a process incorporating identification of suitable implementation agencies, need assessment and clear outlining of desired outcomes.
- As per the mandate of Companies Act 2013, the Company has been spending 2% of its average net profit (calculated in accordance with the provisions of Section 198 of the Companies Act, 2013) during the three immediately preceding financial years under different heads stipulated under Schedule VII of the said Act.
- For undertaking CSR Projects/ Programs preference is given to the local area / vicinity of the Divisions / Complexes where it operates based on baseline survey considering the theme identified by the DPE for undertaking CSR activities by Central Public Sector Enterprises (CPSEs), for spending the amount earmarked for Corporate Social Responsibility Projects / Activities. In this regard, it is to state that Gram Sabhas and Panchayati Raj institutions at the village level are important and reliable sources for assessing the social, economic and environmental needs in rural areas. Therefore, as far as possible they should be consulted in planning for CSR Projects/activities.
- The CSR Projects / Activities that benefit only the employees of the Company and their families will not be considered as a CSR Project / Activity.

2. Composition of CSR Committee:

Sl. No	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Rear Admiral K C Sekhar, AVSM, VSM (Retd.)	Independent Director, Chairman of the Committee	4	4
2	Shri Anil Kumar (Ceased as Director w.e.f 04.03.2021)	Independent Director, Member	4	4
3	Shri C.B. Ananthkrishnan	Director (Finance) & CFO, Member	4	3
4	Shri M. S. Velpari	Director (Operations), Member	4	4
5	Shri Alok Verma	Director (HR), Member	4	4

On completion of tenure of Shri Anil Kumar, Independent director, the Committee was reconstituted at the 443rd Board Meeting held on May 10, 2021 with the following members:

- Rear Admiral K C Sekhar, AVSM, VSM (Retd.), Chairman
- Shri C.B. Ananthkrishnan, Member
- Shri M. S. Velpari, Member
- Shri Alok Verma, Member



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

The Company Secretary is the Secretary of the Committee

3. The web-link where Composition of CSR - Committee, CSR Policy and CSR Projects approved by the board are disclosed on the website of the Company.

The web-links are as under:

- Composition of CSR Committee:
https://hal-india.co.in/Common/Uploads/Finance/CompositionCSR_SDCCommittee.pdf
- CSR Policy approved by the Board:
https://hal-india.co.in/Common/Uploads/Finance/CSR_Policy-2021.pdf
- CSR Projects approved by the Board:
<https://hal-india.co.in/Common/Uploads/Finance/CSR%20Projects%202021-22.pdf>

4. The details of Impact assessment of CSR projects carried out in pursuance of Sub-Rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable.

The details of Impact Assessment study of following CSR Projects as applicable under the Rule, has been conducted by Independent Agencies, which has been enclosed to this report:

- Kumudavathi River Rejuvenation Project
- HAL- IISC Skill Development Centre
- Road Construction Projects
- Provision of Passenger Lift for elderly and disabled persons at Secunderabad Railway Station.

5. Details of the amount available for set off in pursuance of Sub-rule (3) of Rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set- off for the financial year, if any (in ₹)
1	2017-18	Nil	Nil
2	2018-19	Nil	Nil
3	2019-20	Nil	Nil
	TOTAL	Nil	Nil

		(Amount in ₹ Crores)
6.	Average net profit of the Company as per section 135(5).	3595.48
7.	(a) Two percent of average net profit of the Company as per section 135(5)	71.91
	(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years.	11.93
	(c) Amount required to be set off for the financial year, if any	Nil
	(d) Total CSR obligation for the financial year (7a+7b- 7c).	83.84



8. (a) CSR amount spent or unspent for the financial year:

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

(b) Details of CSR amount spent against ongoing projects for the financial year :

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project		Project duration	Amount allocated for the project (in ₹ Lakhs)	Amount spent in the current financial Year (in ₹ Lakhs)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹ Lakhs)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number

Details of CSR amount spent against ongoing projects for the financial year 2020-21 are enclosed at **Enclosure- I**

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project (in ₹)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State.	District.			Name	CSR Registration number

Details of CSR amount spent against other than ongoing projects for the financial year 2020-21 are enclosed at **Enclosure- II.**

	Amount (in ₹ Crores)
(d) Amount spent on Administrative Overheads	4.16
(e) Amount spent on Impact Assessment, if applicable	Nil
(f) Total amount spent for the Financial Year (8b+8c+8d+8e)	90.52

(g) Excess amount for set off, if any

Sl. No.	Particular	Amount (in ₹ Crores)
(i)	Two percent of average net profit of the company as per section 135(5)	71.91
(ii)	Total amount spent for the Financial Year	90.52
(iii)	Excess amount spent for the financial year [(ii)-(i)]	18.61
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	11.93
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	6.68



9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹ Crores)	Amount spent in the reporting Financial Year (in ₹ Crores)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in ₹ Crores)	Date of transfer	
1.	2019-20	Nil	82.00	NA	Nil	NA	Nil
2.	2018-19	Nil	72.46	NA	Nil	NA	Nil
3.	2017-18	Nil	77.29	NA	Nil	NA	Nil
TOTAL		Nil	231.75	NA	Nil	NA	Nil

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year. (in ₹)	Status of the project - Completed/ Ongoing
-----Nil-----								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year

(Asset-wise details).

(a)	Date of creation or acquisition of the capital asset(s).	-	Nil
(b)	Amount of CSR spent for creation or acquisition of capital asset	-	Nil
(c)	Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.	-	NA
(d)	Provide details of the capital asset(s) created or acquired (Including complete address and location of the capital asset).	-	Nil

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

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

(Alok Verma)
Director (HR)

(Rear Admiral K.C. Sekhar) (Retd)
Chairman, CSR & SD Committee



Enclosure - I

Details of CSR amount spent against ongoing projects for the Financial Year 2020-21

(1) Sl. No.	(2) Name of the Project	(3) Item from the list of activities in Schedule VII to the Act	(4) Local area (Yes/No)	(5) Location of the project		(6) Project duration - Years	(7) Amount allocated for the project (₹ in Lakhs)	(8) Amount spent in the current financial Year (in ₹ Lakh)	(9) Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	(10) Mode of Implementation -Direct (Yes/No)	(11) Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
1	Establishing One Makeshift Hospital through CSIR - CBRI	I - Health Care	No	Jammu & Kashmir	Srinagar	2	77.00	0.00	NA	No	Council for Scientific and Industrial Research - Central Building Research Institute, Roorke.	NA
2	Infrastructure Development works in the Adopted Govt. ITIs and TTI, Bengaluru	II - Skill Development	Yes	Karnataka	Bengaluru, Kolar	2	275.00	40.08	NA	Yes	-	NA
3	Establishment of Centralized Kitchen through the Akshaya Patra Foundation	I - Nutrition	Yes	Karnataka	Bengaluru	2	250.00	225.00	NA	No	The Akshaya Patra Foundation	NA
4	Establishment of Advance centre for Bio energy Research at University of Agricultural Sciences, Bengaluru	IV - Environment Sustainability	Yes	Karnataka	Bengaluru Urban District	2	200.00	11.00	NA	No	University of Agricultural Sciences, Bengaluru	NA
5	Promoting Science, Technology, Engineering, and Mathematics (STEM) education through interactive labs in Government Schools.	II - Education	Yes	Karnataka	Bengaluru Urban District	2	45.00	0.00	NA	Yes	-	NA
6	Bus shelter and toilet block construction in villages in Gubbi Taluk	X - Rural Development	Yes	Karnataka	Gubbi taluk, Tumkur District	2	24.00	0.00	NA	Yes	-	NA
7	Football Academy at Bengaluru	VII - Sports	Yes	Karnataka	Bengaluru	2	52.03	29.03	NA	Yes	-	NA
8	Establishment of Covid Care Center	I - Healthcare	Yes	Karnataka	Bengaluru	2	78.04	74.97	NA	Yes	-	NA
9	(i) Construction of school building of Haricharan Lala Adarsha Prathamick Vidyalaya (ii) Barricade for Aquatic Pool at Umeed Asha Kiran School, for differently abled children.	II - Education	Yes	West Bengal	Barrackpore, 24 Parganas (North)	2	25.00	13.22	NA	(i) NO (ii) Yes	(i) Through Barrackpore Municipality -	NA
10	Promotion of Education in Government School including infrastructure facilities, Rain water conservation, Solar Energy, etc., at Mashat Girls' High School under Diamond Harbour-I Development Block.	II - Education	Yes	West Bengal	Diamond Harbour, 24 Parganas (South)	2	30.50	27.86	NA	NO	Through BDO, Diamond Harbour	NA
11	Construction of School Hostel Building & Toilet Block at Madan Mohanpur RCS Vidyamondir under Kulpi Block.	II - Education	Yes	West Bengal	Kulpi, 24 Parganas (South)	2	29.50	28.31	NA	NO	Through BDO, Kulpi	NA



(1) Sl. No.	(2) Name of the Project	(3) Item from the list of activities in Schedule VII to the Act	(4) Local area (Yes/No)	(5) Location of the project		(6) Project duration - Years	(7) Amount allocated for the project (₹ in Lakhs)	(8) Amount spent in the current financial Year (in ₹ Lakh)	(9) Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	(10) Mode of Implementation -Direct (Yes/No)	(11) Mode of Implementation - Through Implementing Agency	
				State	District						Name	Registration number
12	Climate Smart sustainable Organic Agriculture through Natural Farming Practices & Solar Pump Irrigation at Santipur Development Block, North 24 Parganas.	X - Rural Development	Yes	West Bengal	Santipur, Nadia.	2	15.00	11.28	NA	Yes	-	NA
13	Infrastructure Development at Govt. Girls Polytechnic - Multipurpose Indoor Sports Center & Vehicle Parking for Students	II - Education	Yes	Uttar Pradesh	Lucknow	2	66.19	34.11	NA	Yes	-	NA
14	Construction and provisioning of essential articles /items in Kasturba Gandhi School, Barabanki & Structural Consultancy.	II - Education	Yes	Uttar Pradesh	Lucknow	2	120.99	52.35	NA	Yes	-	NA
15	Digital teaching device and UPS for primary Schools – Chinhat, Chamrahi, Garhi Arazi, etc.	II - Education	Yes	Uttar Pradesh	Lucknow	2	40.63	39.89	NA	Yes	-	NA
16	Construction & Up gradation of infrastructure in Govt. Schools/ Colleges. –CHINHAT & LOKHARIYA	II - Education	Yes	Uttar Pradesh	Lucknow	2	57.96	43.20	NA	Yes	-	NA
17	Smart Class Furniture Items	II - Education	Yes	Uttar Pradesh	Lucknow	2	16.44	4.78	NA	Yes	-	NA
18	Playing Equipment for Primary Schools and Drinking Water Purifier cum Cooler	II - Education	Yes	Uttar Pradesh	Lucknow	2	26.25	12.99	NA	Yes	-	NA
19	Development of Slum (Ranga Reddy Banda) - Jeedi Metla.	XI - Slum Development	Yes	Telangana	Hyderabad	2	92.00	83.49	NA	No	Zonal Commissioner, Kukatpally, GHMC	NA
20	Development of Slum (Yadhi Reddy Banda) - Jeedi Metla.	XI - Slum Development	Yes	Telangana	Hyderabad	2	60.00	54.61	NA	No	Zonal Commissioner, Kukatpally, GHMC	NA
21	Additional Class Rooms at ZPH Schools, Saroor Nagar.	II - Education	Yes	Telangana	Ranga Reddy	2	28.00	5.78	NA	No	District Collector, Ranga Reddy Dist.	NA
22	Facilities at Kasturiba Gandhi Balika Vidyalaya (KGBV), Shabad.	II - Education	Yes	Telangana	Ranga Reddy	2	41.00	9.62	NA	No	District Educational Officer, Ranga Reddy Dist.	NA
23	Sports Amenity Centre at Kollyadukam, Kasaragod.	VII - Sports	Yes	Kerala	Kasaragod	2	50.00	40.00	NA	No	District Collector, Kasaragod	NA
24	Rejuvenation of Pond at Anodi Pallom in Puthige Grama Panchayath, Kasaragod	IV - Conservation of Natural Resources	Yes	Kerala	Kasaragod	2	50.00	40.00	NA	No	District Collector, Kasaragod	NA



(1) Sl. No.	(2) Name of the Project	(3) Item from the list of activities in Schedule VII to the Act	(4) Local area (Yes/No)	(5) Location of the project		(6) Project duration - Years	(7) Amount allocated for the project (₹ in Lakhs)	(8) Amount spent in the current financial Year (in ₹ Lakh)	(9) Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	(10) Mode of Implementation -Direct (Yes/No)	(11) Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
25	Construction of 4 Class Rooms at Zilla Parishad High School, Kothapet.	II - Education	Yes	Telangana	Medchal -Malkajgiri	2	42.00	35.89	NA	No	Zonal Commissioner GHMC, Serilingampally Zone.	NA
26	Dormitories to Kasturba Balika Vidyalaya (KGBV) (5 Nos. Dormitory Halls) 1. KGBV, Amangal 2. KGBV, Farooq Nagar 3. KGBV, Keshampet 4. KGBV, Manchal 5. KGBV, Shankarpally	II - Education	Yes	Telangana	Ranga Reddy	2	70.00	50.00	NA	No	District Collector, Ranga Reddy Dist.	NA
27	SHE Toilets	I - Sanitation	Yes	Telangana	Hyderabad	2	63.00	0.00	NA	No	Zonal Commissioner GHMC, Serilingampally Zone.	NA
28	Wholesome Development of nearby villages - Construction of Road, Community Center & Playground, Installation of High Mast Lamp.	X - Rural Development	Yes	Uttar Pradesh	Kanpur	2	535.65	394.29	NA	Yes	-	NA
29	Setting up Waste Management System.	IV - Environment Sustainability	Yes	Uttar Pradesh	Kanpur	2	104.99	59.05	NA	Yes	-	NA
30	Infrastructure Enhancement at Community Health Center (CHC), Sarsaul, Kanpur including Civil and Medical Equipment.	I - Health Care	Yes	Uttar Pradesh	Kanpur	2	59.36	31.47	NA	Yes	-	NA
31	Construction of hostels, computer lab, etc. at Kasturba Gandhi Residential Girls Schools at various Blocks in Amethi District	II - Education	Yes	Uttar Pradesh	Amethi	2	141.43	116.07	NA	No	Rural Engg. Deptt(RED), Amethi.	NA
32	Construction of toilets in Anganwadis in Amethi district	I - Sanitation	Yes	Uttar Pradesh	Amethi	2	168.90	93.47	NA	No	Rural Engg. Deptt(RED), Amethi.	NA
33	Provision for drinking water facility, upgradation of waiting room, toilet block, facilities for easy access for PWDs/ women etc. at Railways stations: Amethi, Gaugirani, Musafirkhana	I - Making available safe drinking water, sanitation	Yes	Uttar Pradesh	Amethi	2	135.00	78.92	NA	No	DRM, Northern Railways, Lucknow	NA



(1) Sl. No.	(2) Name of the Project	(3) Item from the list of activities in Schedule VII to the Act	(4) Local area (Yes/No)	(5) Location of the project		(6) Project duration - Years	(7) Amount allocated for the project (₹ in Lakhs)	(8) Amount spent in the current financial Year (in ₹ Lakh)	(9) Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	(10) Mode of Implementation -Direct (Yes/No)	(11) Mode of Implementation - Through Implementing Agency	
				State	District						Name	Registration number
34	Provision of Infrastructure Facility in Rural area by Construction (s) /Resurfacing of Roads.	X - Rural Development	Yes	Maharashtra	Nashik	2	191.85	180.00	NA	Yes	-	NA
35	Construction of Sewage treatment plant	X - Rural Development	Yes	Maharashtra	Nashik	2	75.36	65.00	NA	Yes	-	NA
36	Waste management Plant i.e. conversion of municipal waste , food waste etc. to Bio Gas	X - Rural Development	Yes	Maharashtra	Nashik	2	66.25	50.00	NA	Yes	-	NA
37	Construction / repair of Check Dams at Waldevi River	IV - Environment Sustainability	Yes	Maharashtra	Nashik	2	154.50	123.60	NA	No	Through State Irrigation Department	NA
38	Construction of 3 New ZP School Buildings in Nashik District	II - Education	Yes	Maharashtra	Nashik	2	447.89	235.00	NA	Yes	-	NA
39	Ambulance to District Administration / Govt. Hospitals	I - Health Care	Yes	Maharashtra	Nashik	2	92.50	74.00	NA	Yes	-	NA
40	Additional class Room in 12 different Schools.	II - Education	Yes	Odisha	Koraput	2	156.45	110.00	NA	Yes	-	NA
41	Infrastructure Development at Deaf and Dumb School, Sunabeda-1 -Multipurpose Dining Hall -Vocational Training Class Rooms -Toilet Block -Approach Road to Hostel	II - Education	Yes	Odisha	Koraput	2	86.26	60.00	NA	Yes	-	NA
42	Pre-Birth waiting room at Public Health Centre, Rabanaguda	I - Healthcare	Yes	Odisha	Koraput	2	28.68	27.00	NA	Yes	-	NA
43	Installation of Sanitary Napkin Incinerators at residential girls schools	I - Healthcare	Yes	Odisha	Koraput	2	0.80	0.78	NA	Yes	-	NA
44	Rejuvenation of Jagannath Sagar Lake at Jeypore	IV - Environment Sustainability	Yes	Odisha	Koraput	2	100.00	0.00	NA	Yes	-	NA
45	Infrastructure Development at SAH-HAL Sports Centre : - Provision of Synthetic Foot Ball Court with Sub-Base - Chain link Fencing on entrance side of the Football Ground	VII - Sports	Yes	Odisha	Koraput	2	273.77	9.62	NA	Yes	-	NA
46	Construction of Approach Road with Drain & Culvert in Chakroli - Rajpalama, Kakigaon villages & Orphanage (around 2.8 Km in total)	X - Rural Development	Yes	Odisha	Koraput	2	269.12	115.66	NA	Yes	-	NA
							TOTAL	5014.29	2791.38			



Enclosure - II

Details of CSR amount spent against other than ongoing projects for the financial year 2020-21

(1) Sl. No.	(2) Name of the Project	(3) Item from the list of activities in schedule VII to the Act.	(4) Local area (Yes/No).	(5) Location of the project.		(6) Amount spent for the project (in ₹ Lakh).	(7) Mode of implementation - Direct (Yes/No).	(8) Mode of implementation - Through implementing agency.	
				State.	District.			Name.	CSR registration number.
1	Establishment of HAL- IISc Skill Development Centre	II - Skill Development	Yes	Karnataka	Chitradurga	499.82	No	Indian Institute of Science, Bengaluru.	NA
2	Training of Apprentices over and above the Statutory Limits	II - Skill Development	Yes	PAN India	Across the Divisions of HAL	1196.16	Yes	-	NA
3	Contribution to IDEX Partner i.) Forge, Coimbatore ii.) SINE, IIT Bombay	IX - Contributions to Incubators funded by Central Government	No	i.) Tamil Nadu ii.) Maharashtra	i.) Coimbatore ii.) Mumbai	70.00	No	i.) M/s. Coimbatore Innovation and Business Incubator (Forge, Coimbatore ii.) Society for Innovation and Entrepreneurship (SINE), Mumbai	NA
4	Donation of 2 Ambulances to Bowring and Lady Curzon Medical College and Research Institute, Bengaluru.	I - Health Care	Yes	Karnataka	Bengaluru	45.56	Yes	-	NA
5	Donation of 2 Ambulances, 1 each to Institute of Nephro Urology, and Sir C V Raman General Hospital, Bengaluru.	I - Health Care	Yes	Karnataka	Bengaluru	45.27	Yes	-	NA
6	Establishing a COVID Testing Centre through CSIR - IILM	I - Health Care	No	Ladakh	Kargil	24.66	No	Council for Scientific and Industrial Research - Indian Institute of Integrative Medicine, Jammu	NA
7	Procurement of CT Scanner for Bowring and Lady Curzon Medical College and Research Institute, Bengaluru.	I - Health Care	Yes	Karnataka	Bengaluru	176.40	Yes	-	NA
8	Procurement of Hemo Dialysis Machines	I - Health Care	Yes	Karnataka	Bengaluru	22.05	Yes	-	NA
9	Procurement of CCEs - Deep Freezers as per instruction of the DPE for Karnataka State Government.	I - Health Care	Yes	Karnataka	Bengaluru	41.65	Yes	-	NA
10	Contribution to People for Animals	IV - Animal Welfare	Yes	New Delhi	New Delhi	7.00	No	People for Animals, New Delhi	NA
11	Full term Apprentices Programme under CoE	II - Livelihood / Skill Development	Yes	Karnataka	Bengaluru	32.28	Yes	-	NA
12	Supporting Education of Differentlyabled Children	II - Education	Yes	Karnataka	Bengaluru	15.03	Yes	-	NA
13	Construction of public toilet block at NIMHANS, Bengaluru through M/s Sulabh International	I - Sanitation	Yes	Karnataka	Bengaluru	19.24	No	Sulabh International Social Service Organization	NA



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				State.	District.			Name.	CSR registration number.
14	Establishment of HAL-CMTI Skill Development Centre for Experimental Learning in Smart Manufacturing and Industry 4.0	IX - Livelihood Generation / Skill Development	Yes	Karnataka	Bengaluru	200.00	No	Central Manufacturing Technology Institute	NA
15	Toilets in Govt. schools	I - Sanitation	Yes	Karnataka	Chickballapur and Doddaballapur districts	62.11	Yes	-	NA
16	Solar power plants for Govt. schools	IV - Environment Sustainability	Yes	Karnataka	Chickballapur and Doddaballapur districts	31.04	Yes	-	NA
17	Gallery for Artificial turf ground in Football academy	VII - Sports	Yes	Karnataka	Bengaluru Urban District	101.17	Yes	-	NA
18	Dug out for Artificial turf ground in Football Academy	VII - Sports	Yes	Karnataka	Bengaluru Urban District	4.89	Yes	-	NA
19	Rural Development Project - Developing Self Help Group(SHG) by providing Machinery and Training for manufacturing Sanitary Napkin for their livelihood	X - Livelihood Generation / Skill Development	Yes	West Bengal	Jharkhali, 24 Parganas (South)	4.98	No	Jharkhali Gram Panchayat	NA
20	Providing Solar light in Government recognised primary School	II - Education	Yes	West Bengal	Barrackpore, 24 Parganas (North)	2.59	Yes	-	NA
21	Rural Development - Climate Smart sustainable Organic Agriculture through Natural Farming Practices and Irrigation through Solar Pump at Santipur Development Block, North 24 Parganas, West Bengal, and Training	X - Livelihood Generation / Skill Development	Yes	West Bengal	Santipur, Nadia	11.28	Yes	-	NA
22	Infrastructure development at ITI Mohanlalganj – Toilets & Boundary Wall	I & II, Sanitation & Promoting Education	Yes	Uttar Pradesh	Lucknow	34.59	Yes	-	NA
23	Smart Class AC Works & related electrical work- Mahamaya Govt. Degree College	II - Education	Yes	Uttar Pradesh	Barabanki/ Lucknow District	12.86	Yes	-	NA
24	Smart Class IT Equipments - Mahamaya Govt. Degree College	II - Education	Yes	Uttar Pradesh	Barabanki/ Lucknow District	19.98	Yes	-	NA
25	Construction & Up gradation of infrastructure in Govt. Schools /Colleges. - CHAMRAHI	II - Education	Yes	Uttar Pradesh	Barabanki/ Lucknow District	39.26	Yes	-	NA
26	Equipments, Limbs for Differently Able persons (Divyangjan)	I - Healthcare	Yes	Uttar Pradesh	Barabanki/ Lucknow District	40.00	No	ALIMCO, Kanpur	NA



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				State.	District.			Name.	CSR registration number.
27	Construction of Road & CULVERT – CHAMRAHI & BANAUAGA	I & X - Sanitation & Rural Development	Yes	Uttar Pradesh	Barabanki/ Lucknow District	127.54	Yes	-	NA
28	Construction of Drainage with Cover and Allied works – Anaura Kalan	I & X - Sanitation & Rural Development	Yes	Uttar Pradesh	Barabanki/ Lucknow District	15.59	Yes	-	NA
29	Solar Power Plant at Educational Institutions	IV - Environment Sustainability	Yes	Uttar Pradesh	Lucknow	67.64	Yes	-	NA
30	Support to Nagar Nigam – Hopper Tipper	I - Sanitation	Yes	Uttar Pradesh	Lucknow	65.97	Yes	-	NA
31	Additional Project COVID – 19 Support	I - Preventive Health care	Yes	Uttar Pradesh	Lucknow	145.99	Yes	-	NA
32	Installation of Solar Power Plant (50 KW) with roof treatment and allied works	IV - Environmental Sustainability	Yes	Uttar Pradesh	Lucknow	9.00	Yes	-	NA
33	Establishment of IT lab by provisioning of Desk Top computers with UPS and allied infrastructural facilities etc.	II - Skill Development	Yes	Uttar Pradesh	Lucknow	0.80	Yes	-	NA
34	Construction of new workshop for Welder Trade, Equipments and allied works	II - Skill Development	Yes	Uttar Pradesh	Lucknow	8.21	Yes	-	NA
35	Drinking water coolers /facilities and allied works for various primary schools, CHC and public places	I - Drinking Water	Yes	Uttar Pradesh	Lucknow	9.88	Yes	-	NA
36	Renovation/ up gradation of class rooms, toilets etc and allied works in primary schools	II & X - Education/ Rural Development	Yes	Uttar Pradesh	Lucknow	16.50	Yes	-	NA
37	Playing equipments/ Furniture and allied works for various primary schools (05 locations approx.) and Rain water harvesting recharge pits at ITI, Mohanlalgaraj.	II & IV - Education/ Environmental Sustainability	Yes	Uttar Pradesh	Lucknow	21.73	Yes	-	NA
38	Provisioning of equipments in zoological garden e.g. Veterinary Equipments etc.	IV - Environmental Sustainability	Yes	Uttar Pradesh	Lucknow	3.20	Yes	-	NA
39	Provision of Battery Operated food loaders for animal cages etc.	IV - Environmental Sustainability	Yes	Uttar Pradesh	Lucknow	28.14	Yes	-	NA
40	Community Toilet Block at Public Place as per Nagar Nigam	I - Sanitation	Yes	Uttar Pradesh	Lucknow	22.34	Yes	-	NA
41	Provision of patient attendant waiting rooms, Renovation works, ayushman room, medical equipments, etc and allied works at Community Health Centre as per request of CMO, Lucknow	I - Healthcare	Yes	Uttar Pradesh	Lucknow	28.39	Yes	-	NA



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				State.	District.			Name.	CSR registration number.
42	Provisioning for sanitary pads incinerator for disposal with optional provisioning of sanitary pads vending machine with allied facilities through HLL Life care Ltd, CPSU under Min of Health & Family Welfare on nomination basis.	I - Sanitation	Yes	Uttar Pradesh	Lucknow	2.42	Yes	-	NA
43	Smart classes and IT labs equipped with electronic Lantern podium, central audio system, microphone, visualiser, Infrared interactive board, Projector with arm, UPS, Computer networking system, Air conditioners and allied items.	II & III - Education/ Women Empowerment	Yes	Uttar Pradesh	Lucknow	2.17	Yes	-	NA
44	Renovation / Upgradation of infrastructure facilities (Toilets, Mess, common room, kitchen in Girls hostels)	I & III - Sanitation/ Women Empowerment	Yes	Uttar Pradesh	Lucknow	30.91	Yes	-	NA
45	Providing Three Mobile Toilet Vehicles consisting of six (6) toilets in each vehicle	I - Healthcare / Sanitation	Yes	Telangana	Hyderabad	66.00	No	Zonal Commissioner, Kukatpally, GHMC	NA
46	Providing Toilets at Government Schools	I & II - Healthcare / Swachh Vidyalaya	Yes	Telangana	Hyderabad	82.29	No	Zonal Commissioner, Kukatpally, GHMC	NA
47	Conducting of Breast Cancer Screening & Health Camps, wellness camps programme to sanitation workers and slum workers.	I & III - Health Care / Women Empowerment	Yes	Telangana	Hyderabad	6.00	No	Zonal Commissioner, Serilingampally, GHMC	NA
48	Waste shredder	I & IV - Health Care / Environment Sustainability	Yes	Telangana	Hyderabad	20.00	No	Zonal Commissioner, Serilingampally, GHMC	NA
49	Garbage Picking Vehicles	I & IV - Health Care / Environment Sustainability	Yes	Telangana	Hyderabad	151.27	No	Zonal Commissioner, Serilingampally, GHMC	NA
50	Solar Systems installation in ZPH Schools	IV - Environment Sustainability	Yes	Telangana	Malkajgiri District,	29.29	No	District Collector, Medchal-Malkajgiri District	NA
51	Ambulances-2 Nos	I - Healthcare	Yes	Telangana	Hyderabad	29.79	No	Direct by HAL, Hyderabad	NA
52	Bio Toilets (9 Nos.)	I - Health Care / Sanitation	Yes	Telangana	Hyderabad	2.77	No	Zonal Commissioner, GHMC, Serilingampally Zone.	NA
53	"Wholesome development of villages nearby HAL, TAD Kanpur". Construction of Govt. School building, village Ramaipur	II - Education	Yes	Uttar Pradesh	Kanpur	19.45	Yes	-	NA



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				State.	District.			Name.	CSR registration number.
54	Construction of Veterinary Hospital & Approach Road, village Oriyara	IV - Environment Sustainability	Yes	Uttar Pradesh	Kanpur	16.15	Yes	-	NA
55	Construction of Govt. School building, village Aundha, Gram Panchayat-Oriyara & Development of Play Ground & Plantation of saplings, village Oriyara.	II - Education	Yes	Uttar Pradesh	Kanpur	16.99	Yes	-	NA
56	Construction of Toilets : (i) NCC Campus, Cantt., Kanpur & (ii) KV Chakeri No. 3, Air Force Station, Kanpur.	I - Healthcare	Yes	Uttar Pradesh	Kanpur	30.28	Yes	-	NA
57	Renovation & Repairing of Pre Middle School, Mandhana and Construction of one model Community Toilet in village Mandhana, Gram Panchayat - Tushaura, Sarsaul Block, Kanpur.	II - Education	Yes	Uttar Pradesh	Kanpur	26.43	Yes	-	NA
58	Electrical works in all activities under this project "Wholesome development of villages nearby to HAL, TAD Kanpur".	I - Health Care, Sanitation and Safe Drinking Water	Yes	Uttar Pradesh	Kanpur	0.63	Yes	-	NA
59	Medical Camps	I - Health Care	Yes	Uttar Pradesh	Kanpur	0.09	Yes	-	NA
60	Renovation / upgradation of buildings of Govt. Hospital and Infrastructural Augmentation etc. of A. H. M. and Dufferin Hospital (Dist. Female Hospital)	I - Health Care	Yes	Uttar Pradesh	Kanpur	9.17	Yes	-	NA
61	Renovation/ upgradation of OT Building & Other Civil works.								
62	Procurement of various Equipments at A.H.M. and Dufferin Hospital	I - Health Care	Yes	Uttar Pradesh	Kanpur	3.89	Yes	-	NA
63	Procurement of Artificial Limbs & Tools for Differently Abled persons registered with V R C (Govt. of India) Kanpur through ALIMCO.	I - Health Care	Yes	Uttar Pradesh	Kanpur	7.85	Yes	-	NA
63	Skill Development: Imparting vocational training & distribution of tool kits to the needy people to help them become self-reliant [Through Institute of Entrepreneurship Development (IED), Govt of U.P.]	II - Employment Enhancing vocation skills & livelihood Enhancement	Yes	Uttar Pradesh	Kanpur	4.67	Yes	-	NA



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				State.	District.			Name.	CSR registration number.
64	Providing Medical Equipment, ICU Bed, Motorized Foulur Bed and other accessories to Govt. Hospital Kanpur (i.e. GSVM, Kanpur)	I - Health Care	Yes	Uttar Pradesh	Kanpur	22.69	Yes	-	NA
65	Expenditure against Covid19	I - Health Care	Yes	Uttar Pradesh	Kanpur	34.57	Yes	-	NA
66	Installation of RO System in Kanshi Ram Govt. Hospital, Kanpur,	I - Safe Drinking Water	Yes	Uttar Pradesh	Kanpur	11.21	Yes	-	NA
67	GSVM Govt. Hospital Kanpur – Mobile Digital Radiography System required for treatment of Covid19 Patients, 02 Nos.	I - Health Care	Yes	Uttar Pradesh	Kanpur	28.38	Yes	-	NA
68	Construction of Toilet at Village – Bausar, Sarsaul, Kanpur, U.P. (Gram Pradhan, of Village – Bausar, Sarsaul, Kanpur.	I - Health Care & Sanitation	Yes	Uttar Pradesh	Kanpur	6.64	Yes	-	NA
69	Construction/ Maintenance & upkeep of Roads for improving Sanitation, Healthcare & Hygiene on village roads in nearby villages (SAP under CSR)	I - Sanitation X - Rural development	Yes	Uttar Pradesh	Amethi	150.00	No	UP Awas Evam Vikas Parishad (UPAEVP), Amethi	NA
70	Provision for class room furniture, library, cycle shed, etc. at Govt. ITI, Gauriganj	II - Skill Development	Yes	Uttar Pradesh	Amethi	61.97	No	Construction work: UPAEVP, Amethi Procurement of items: Directly by HAL	NA
71	Construction of HAL-RGIPT Innovation & Skill Development Centre at Rajiv Gandhi Institute of Petroleum Technology, Jais, Amethi for its programme RISE	II - Skill Development	Yes	Uttar Pradesh	Amethi	74.95	No	RGIPT, Jais, Amethi	NA
72	GYAN ARPAN for imparting remedial tuitions/coaching for students in the nearby localities to be undertaken by Rajiv Gandhi Institute of Petroleum Technology, Jais, Amethi.	II - Promotion of education	Yes	Uttar Pradesh	Amethi	49.96	No	RGIPT, Jais, Amethi	NA
73	Vocational skills training in construction trades through CIDC for socially and economically weaker sections. Trades: Electrician, Mason, General works supervisor, Land surveyor etc.	I - Promotion of employment enhancing vocations skills training	Yes	Uttar Pradesh	Amethi	64.90	No	Construction Industry Development Council (CIDC), New Delhi	NA
74	Construction/ Maintenance & upkeep of Roads for improving Sanitation, Healthcare & Hygiene on village roads	I - Sanitation X - Rural development	Yes	Uttar Pradesh	Amethi	80.88	Yes	-	NA



(1) Sl. No.	(2) Name of the Project	(3) Item from the list of activities in schedule VII to the Act.	(4) Local area (Yes/No).	(5) Location of the project.		(6) Amount spent for the project (in ₹ Lakh).	(7) Mode of implementation - Direct (Yes/No).	(8) Mode of implementation - Through implementing agency.	
				State.	District.			Name.	CSR registration number.
75	Provision for assistance for augmenting healthcare infrastructure fighting Covid-19 in Amethi District	I - Promotion of Healthcare	Yes	Uttar Pradesh	Amethi	37.69	Yes	-	NA
76	Provision of Infrastructure Facility like construction of Kitchen with Waste Mgt/ Biogas plant, Toilet block etc.	X - Rural Development	Yes	Maharashtra	Nashik	54.98	Yes	-	NA
77	Construction of Nivara/Shelter / Multipurpose Shed.	X - Rural Development	Yes	Maharashtra	Nashik	19.86	Yes	-	NA
78	Infrastructural Development works.	II - Promoting Education	Yes	Maharashtra	Nashik	35.00	Yes	-	NA
79	Construction of Toilet Block (s) in nearby villages	I - Sanitation	Yes	Maharashtra	Nashik	35.00	Yes	-	NA
80	Infrastructure Development in Zila Parishad Ojhar Township School & Compound wall of ZP Schools	II - Promoting Education	Yes	Maharashtra	Nashik	85.98	Yes	-	NA
81	Rapid Antigen Kit Test Camp	I - Health Care	Yes	Maharashtra	Nashik	5.00	Yes	-	NA
82	Drinking Water Provision (RO Plant) in Nashik Railway Station.03 Plants.	I - Health Care	Yes	Maharashtra	Nashik	13.03	Yes	-	NA
83	Plastic Baling Unit for ITI Students of	X - Rural Development	Yes	Maharashtra	Nashik	14.75	Yes	-	NA
84	Sewing Machines for ITI Students of Sewing Trade 263 Nos Machine.	II - Promoting Education	Yes	Maharashtra	Nashik	19.68	Yes	-	NA
85	Sewage Treatment Plant (STP)	X - Rural Development	Yes	Maharashtra	Nashik	122.72	Yes	-	NA
86	Imparting Education to poor children in and around Sunabeda, Koraput in HAL run Educational Institutions	II - Education	Yes	Odisha	Koraput	500.00	Yes	-	NA
87	Providing Health Care facilities to the inhabitants of adopted villages in HAL Hospital and organization of health camps in the surrounding villages.	I - Healthcare	Yes	Odisha	Koraput	32.86	Yes	-	NA
88	1) Running of SAI-HAL Sports Training Centre and organization of village sports tournaments. 2) Provision of gym/fitness equipment for 08 villages & SAI-HAL sports centre.	VII - Sports	Yes	Odisha	Koraput	61.04	Yes	-	NA
89	Skill Development / Vocational Training through CIPET, ORMAS or through any other reputed NGOs/ Institutions.	II - Livelihood Generation / Skill Development	Yes	Odisha	Koraput	20.45	Yes	-	NA



(1) Sl. No.	(2) Name of the Project	(3) Item from the list of activities in schedule VII to the Act.	(4) Local area (Yes/No).	(5) Location of the project.		(6) Amount spent for the project (in ₹ Lakh).	(7) Mode of implementation - Direct (Yes/No).	(8) Mode of implementation - Through implementing agency.	
				State.	District.			Name.	CSR registration number.
90	Industrial Drinking Water purifier at MANAS (centre for Mentally Challenged Children), SA-HAL Sports Centre, Deaf & Dumb School & TTS	I - Drinking Water	Yes	Odisha	Koraput	1.11	Yes	-	NA
91	1) Provisioning of one Advance Life support Ambulance with Ventilator to the District Administration for COVID-19 2) Accommodating already incurred expenditure of ₹ 3.88 Lakhs under CSR towards procurement of Relief & Sanitation items provided to the District Administration	I - Healthcare	Yes	Odisha	Koraput	37.06	Yes	-	NA
92	Development of Upgraded Public Health Centre (UPHC) at Sunabeda	I - Healthcare	Yes	Odisha	Koraput	29.17	Yes	-	NA
93	Creche facility centre (05 Units)	I - Nutrition	Yes	Odisha	Koraput	6.55	Yes	-	NA
94	Refurbishment and conversion of Anganwadi Centres in to model anganwadi (10Units)	I - Healthcare	Yes	Odisha	Koraput	10.29	Yes	-	NA
95	Establishment of Model Schools equipped with Smart classrooms(04 Schools)	II - Education	Yes	Odisha	Koraput	102.60	Yes	-	NA
96	Construction of Labour room and observation ward	I - Healthcare	Yes	Odisha	Koraput	16.42	Yes	-	NA
97	Approach road with culvert and fencing at SAI-HAL Sports Training Centre ground	VII - Sports	Yes	Odisha	Koraput	23.61	Yes	-	NA
98	Provision of Stadium lights for night practice in Athletics-cum-football ground.	VII - Sports	Yes	Odisha	Koraput	5.24	Yes	-	NA
99	Construction of Multipurpose Dinning Hall and bath rooms at Sevashram School, Chikapur (Girls residential and Boys Day boarder)	I - Healthcare	Yes	Odisha	Koraput	6.86	Yes	-	NA
100	Construction of Multipurpose Dinning Hall at Sevashram School, Rajpalma (Girls residential)	I - Healthcare	Yes	Odisha	Koraput	8.85	Yes	-	NA
101	Rural Development Projects in the surrounding villages viz - Common Community Hall at Nuaguda	X - Rural Development	Yes	Odisha	Koraput	7.20	Yes	-	NA



(1) Sl. No.	(2) Name of the Project	(3) Item from the list of activities in schedule VII to the Act.	(4) Local area (Yes/No).	(5) Location of the project.		(6) Amount spent for the project (in ₹ Lakh).	(7) Mode of implementation - Direct (Yes/No).	(8) Mode of implementation - Through implementing agency.	
				State.	District.			Name.	CSR registration number.
102	Rural Development Projects in the surrounding villages viz - Common Community Hall at Belaiguda	X - Rural Development	Yes	Odisha	Koraput	11.56	Yes	-	NA
103	Rural Development Projects in the surrounding villages viz - Common Community Hall at Kakigaon	X - Rural Development	Yes	Odisha	Koraput	25.67	Yes	-	NA
104	Rural Development Projects in the surrounding villages viz - Construction of toilets, Provisioning Drinking water facility & Development of Playground of "MANAS" Koraput Under CSR.	X - Rural Development	Yes	Odisha	Koraput	19.15	Yes	-	NA
Total						5844.83			



Summary Report - CSR Project Impact Assessment

Project Name:	Kumudavathi River Rejuvenation Project
Sector:	IV - Environment Sustainability
Location:	Nelamangala taluk, Bengaluru Rural District, Karnataka.
Start Date:	2014-15
Completion Date:	2019-20
Impact Assessment Conducted by:	M/s. Pixel Softek Pvt. Ltd., Bengaluru, Karnataka

Impact Assessment needs to be conducted for the CSR Projects having outlays of one crore rupees or more and which have been completed not less than one year before undertaking the "Impact Study".

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

Sl. no	Particular	Details
1.	Need for choosing the activity/project (Conduct of Baseline Survey)	Kumudavathi river was a source of water for Bengaluru and had almost disappeared due to over-exploitation of ground water resources, deforestation etc. A detailed project report was prepared by IAHV (International Association for Human Values), an NGO led by geological experts, which concluded that the river rejuvenation is possible through scientific interventions. The Impact assessment was carried out by M/s. Pixel Softek Pvt. Ltd., Bengaluru, Karnataka.
2.	Fulfillment of the objectives for the activity/project	The catchment area of the river was divided into 18 Mini-watersheds and all the watersheds were covered under the rejuvenation programme over a period of 6 years. HAL funded 11 mini-watersheds. The interventions planned as per project report have been completed.
3.	a. Beneficiaries of the activity/project.	a. Rural People and Villagers
	b. Approximate Numbers	b. 1.91 Lakh People, 278 Villages
4.	Budget utilization (₹ in Lakhs)	₹ 1319.30 Lakh
5.	Implementation aspects.	The 11 mini-watersheds were developed in six phases over the 6 year period. Interventions included boulder checks, water pools, recharge wells, injection borewells and afforestation.
6.	Timely completion of the targets.	The Project was completed as per plan.
7.	Impact of the activity/project on social, economic and environment perspective.	<ol style="list-style-type: none"> Augmented the aquifer recharge by 5% which amounts to around 215 Crore litres of water in one rainy season. Systematic observation of the water levels in the injection wells and soil moisture movements has revealed increase in water table in all the injection wells (from 20 feet to 137 feet) during a period of observation of one year. The SOCIO-ECONOMIC study based on the data collected from the various farmers in the area have indicates that increased availability of the water for crops has improved their livelihood. It has helped their livestock because the water pools constructed have water for the longer durations than the existing huge water bodies in the watershed.
8.	Any other relevant points	<p>The project has been widely recognized and received accolades & awards at various CSR Forums as below:</p> <ol style="list-style-type: none"> Best CSR Project in 3rd Corporate Social Responsibility Summit by NHRD Best Environment Friendly Project by ABP News "Blue Economy Projects in India" and received Skoch "Order of Merit" Rotary Karnataka CSR Awards 2019 under "Water & Sanitation Category" Apex India CSR Excellence Awards 2018 Online Sustainability Award by Econaur under Water Harvesting category.



Summary Report - CSR Project Impact Assessment

Project Name:	Establishment of HAL - IISc Skill Development Centre
Sector:	II - Skill Development
Location:	Challakere, Chitradurga Dist, Karnataka
Start Date:	28.03.2016
Completion Date:	31.03.2020
Impact Assessment Conducted by:	M/s. AlphaValue Consulting Private Limited, New Delhi

Impact Assessment needs to be conducted for the CSR Projects having outlays of one crore rupees or more and which have been completed not less than one year before undertaking the "Impact Study".

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

Sl. no	Particular	Details
1.	Need for choosing the activity/project (Conduct of Baseline Survey)	<p>We have made the analysis on the CSR Activities and its impact, and for this we have relied upon the Government of Karnataka data, details available in public domain and conducted online survey. We have analyzed the CSR activities and found that IISc has been able to deploy well the CSR funds provided by HAL towards the development of the HAL-IISc Skill Development Centre (SDC).</p> <ul style="list-style-type: none"> Capital expenditure on HAL-IISc Skill Development Centre was incurred and the Centre came out very well and it has already started giving training to participants. Skill enhancement trainings are being provided by Centre in fulfilling its objectives.
2.	Fulfillment of the objectives for the activity/project	<ul style="list-style-type: none"> Improved quality of Science and Mathematics education in Karnataka Government and Government-aided high schools, by expanding the scope and scale of the existing Teachers' Training Programmes. Trainings in skill development have been imparted in niche engineering areas such as aerospace, mechanical, electrical and electronics sectors at multiple levels, in line with the "Make in India" mission. Significant improvements have been seen in the result of Students of Karnataka in SSLC examination in Science and Mathematics.
3.	a. Beneficiaries of the activity/project.	(a) Mathematics and Science Teachers of Karnataka Government and Government-aided high schools and students trained by these teachers. Participants of training programs conducted in niche engineering areas such as aerospace, mechanical, electrical and electronics sectors at multiple levels.
	b. Approximate Numbers	(b) 6,08,310 People (includes direct & indirect beneficiaries)
4.	Budget utilization (₹ in Lakhs)	₹ 5,953.34 Lakhs



Sl. no	Particular	Details
5.	Implementation aspects.	<ul style="list-style-type: none"> • Skill Development Centre at IISc Challakere campus has been constructed at Challakere, Chitradurga District. The construction activity was completed as on 31 March, 2020. • The office of HAL-IISc Skill development Center has started functioning subsequently. • Administrative staffs for correspondence, procurement and to facilitate the operation of the SDC resources/activity have been recruited. • Procurement of necessary infrastructure such as Computer, Laptop for SDC office was completed. • HAL-IISc SDC website also went online: https://sdc.iisc.ac.in/ • Training programs are being conducted regularly at the SDC.
6.	Timely completion of the targets.	The Project was completed on time.
7.	Impact of the activity / project on social, economic and environment perspective.	It has a deep impact on the society at large towards Skill Enhancement. It also has impacted the result of students by improving the skill set of teachers. Further, The SDC has extended a platform for providing training in the niche Engineering areas such as Aerospace, Mechanical, Electrical and Electronic sectors at multiple levels, in line with the "Make in India" Mission.
8.	Any other relevant points	The IISc-HAL Skill Development Centre is a collaborative step taken by the Premier Defence PSU - HAL & Centre of Excellence – IISc and is perceived to go the extra mile in providing staunch support to the emerging Skill Eco-System in India in the days to come. Also, the SDC is expected to contribute in the propulsion of India in achieving self-reliance.



Summary Report - CSR Project Impact Assessment

Project Name:	Construction/renovation of roads under Rural Development
Sector:	X - Rural development
Location:	Villages- Barauliya, Hariharpur & Korwa in Amethi District (U.P)
Start Date:	24/02/2016
Completion Date:	24/06/2017
Impact Assessment Conducted by:	G. B. Pant Social Science Institute, Prayagraj, Uttar Pradesh.

Impact Assessment needs to be conducted for the CSR Projects having outlays of one crore rupees or more and which have been completed not less than one year before undertaking the "Impact Study".

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

Sl. no	Particular	Details
1.	Need for choosing the activity/project (Conduct of Baseline Survey)	The development of rural infrastructure in general and rural connectivity, in particular, is very crucial in India. Rural road connectivity ensures access to critical services and opportunities and fosters sustainable development as well as employment generation through industrialization in rural areas. Rural Connectivity is a key component of rural development and contributes significantly to the socio-economic development of rural people by providing access to amenities like education, health, marketing etc. It has been established that investments in rural roads not only elevate rural people above the poverty line but also enhances their quality of life.
2.	Fulfillment of the objectives for the activity/project	A total of 8184.30 meters roads were constructed in all three villages. Length of constructed roads was 2984.30 meters in village Barauliya, 1200 meters in village Hariharpur, 4000 meters in village Korwa roads. For the construction of these roads, a total of ₹ 321.79 lakhs was spent by HAL out of which ₹ 89.68 lakhs in village Barauliya, ₹ 51.86 lakhs in village Hariharpur, ₹ 180.25 lakhs in village Korwa.
3.	a. Beneficiaries of the activity/project.	a. Residents of particular villages and general public
	b. Approximate Numbers	b. 25000 People
4.	Budget utilization (₹ in Lakhs)	₹ 321.79 Lakhs
5.	Implementation aspects.	All the roads were constructed by awarding the tender to reputed contractors
6.	Timely completion of the targets.	Roads were completed within the allocated time
7.	Impact of the activity / project on social, economic and environment perspective.	Total of 4 roads have been constructed in three selected villages and the total length of the roads is 8184.30 meters, which have directly benefitted approximately 25000 people residing in 35 hamlets and neighbouring areas of these villages. The easy accessibility due to roads has positively impacted the overall development of villages. The study discloses that now cultivators easily carry their products from agriculture field to home / markets, the number of school-going girls increased, some girls moved for higher education, working women got more options for employment, daily commuting laborers have access to better wage markets, ambulance comes in the village without any hassle, aged people & pregnant women are getting better health facility, etc. These are the positive impacts that has improved directly the socio-economic and education environment of the village. The study reveals that the number of public & private passenger vehicles, private goods transport vehicles and school vehicles has significantly increased. The number varies from village to village from 10 to 60 percent. Local people are happy with positive impacts in terms of mobility, transportation, accessibility of market, social respect resulted due to the construction of roads in the village.
8.	Any other relevant points	Due to increased mobility, transportation, accessibility of market and health facilities in the village, land value has also increased.



Summary Report - CSR Project Impact Assessment

Project Name:	Construction/ Maintenance & upkeep of Roads for improving Sanitation, Healthcare & Hygiene on village roads
Sector:	I- Sanitation, X- Rural development
Location:	Villages- Ramdaipur & Rajapur Kalyan (Shardan) in Amethi District (U.P)
Start Date:	10/12/2019
Completion Date:	31/03/2020 (Work worth ₹ 100.08 lakhs completed till 31/3/2020)
Impact Assessment Conducted by:	G. B. Pant Social Science Institute, Prayagraj, Uttar Pradesh.

Impact Assessment needs to be conducted for the CSR Projects having outlays of one crore rupees or more and which have been completed not less than one year before undertaking the "Impact Study".

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

Sl. no	Particular	Details
1.	Need for choosing the activity/project (Conduct of Baseline Survey)	The development of rural infrastructure in general and rural connectivity, in particular, is very crucial in India. Rural road connectivity ensures access to critical services and opportunities and fosters sustainable development as well as employment generation through industrialization in rural areas. Rural Connectivity is a key component of rural development and contributes significantly to the socio-economic development of rural people by providing access to amenities like education, health, marketing etc. It has been established that investments in rural roads not only elevate rural people above the poverty line but also enhances their quality of life.
2.	Fulfillment of the objectives for the activity/project	A total of 3912.43 meters roads were constructed in two villages in which length was 1462.43 meters in village Ramdaipur and 2450 meters in village Rajapur Kalyan (Shardan) roads. For the construction of these roads, a total of ₹ 181.27 lakhs was spent by HAL in which ₹ 68.45 lakhs in village Ramdaipur, ₹ 112.82 lakhs in village Rajapur Kalyan (Shardan).
3.	a. Beneficiaries of the activity/project.	a. Residents of particular villages and General Public
	b. Approximate Numbers	b. 10500 People
4.	Budget utilization (₹ in Lakhs)	₹ 181.27 Lakhs (₹ 100.08 lakhs by 31-3-2020)
5.	Implementation aspects.	All the roads were constructed by awarding the tender to reputed contractors
6.	Timely completion of the targets.	Roads were completed within the allocated time
7.	Impact of the activity / project on social, economic and environment perspective.	Total 6 roads have been constructed in two selected villages and the total length of roads is 3912.43 meters, which have benefited directly approximately 10500 people residing in the hamlets and neighboring areas of the villages. The easy accessibility due to roads has positively impacted the overall development of villages. The study discloses that now cultivators easily carry their products from agriculture field to home / markets, the number of school-going girls increased, some girls moved for higher education, working women got more options for employment, daily commuting laborers access the better wage markets and now ambulance comes in the village without any hassle and aged people and pregnant women getting better health facility etc. These are the positive impacts that improve directly the socio-economic and education environment of the village. The study reveals that the number of public & private passenger vehicles, private goods transport vehicles and school vehicles has significantly increased. The number varies from village to village from 10 to 60 percent. Local people are happy with positive impacts in terms of mobility, transportation, accessibility of market, social respect resulted due to the construction of roads in the village.
8.	Any other relevant points	Due to increased mobility, transportation, accessibility of market and health facilities in the village, land value has also increased.



Summary Report - CSR Project Impact Assessment

Project Name:	Passenger Lifts for elderly and disabled persons at Secunderabad Railway Station, South Central Railway
Sector:	III – Facilities for Senior Citizens
Location:	Secunderabad Railway Station,SCR, Secunderabad, Telangana State
Start Date:	24/10/2016
Completion Date:	27/03/2018
Impact Assessment Conducted by:	M/s. Haven Home Society, Hyderabad.

Impact Assessment needs to be conducted for the CSR Projects having outlays of one crore rupees or more and which have been completed not less than one year before undertaking the "Impact Study".

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

Sl. no	Particular	Details
1.	Need for choosing the activity/project (Conduct of Baseline Survey)	Authorities of Secunderabad Railway Station, South Central Railway have requested to sponsor 2 Nos. Passenger Lifts for the benefit of Elderly & Disabled Passengers.
2.	Fulfillment of the objectives for the activity/project	Yes, the object of the project is fulfilled. Passenger lifts sponsored by Hindustan Aeronautics Limited, Avionics Division, Hyderabad under its Corporate Social Responsibility to South Central Railway, Secunderabad for the welfare of Elder & Disabled Persons is very useful to the Society at large.
3.	a. Beneficiaries of the activity/project. b. Approximate Numbers	a. Elderly & Disabled passengers b. 10,000 People
4.	Budget utilization (₹ in Lakhs)	₹ 110.09 Lakhs
5.	Implementation aspects.	The Project is implemented through South Central Railway, Secunderabad.
6.	Timely completion of the targets.	Project was completed in time.
7.	Impact of the activity/project on social, economic and environment perspective.	The Project is being utilized by Elderly & Disabled passengers along with others. The CSR Initiative of Lifts at Railway Station is Impactful since it ensures the purpose of the project is fulfilled effectively.
8.	Any other relevant points	Since Secunderabad Railway Station is one of the busiest Stations, passenger lifts are beneficial to the passengers in terms of saving time and extending the much needed assistance to the aged and Disabled. A large number of Passengers are using the above lift every day.



Annexure IV to Board's Report

FORM NO. MR - 3

SECRETARIAL AUDIT REPORT

(FOR THE FINANCIAL YEAR ENDED 31st March 2021)

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

To,
The Members
Hindustan Aeronautics Limited
Bengaluru - 560001

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to corporate governance practices by **Hindustan Aeronautics Limited** (Hereinafter called the "Company") for the Financial Year 2020-21. Secretarial audit was conducted in a manner that provided us reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on **31st March 2021** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent and in the manner, subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on **31st March, 2021** according to the applicable laws and more specifically the following:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, wherever applicable.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act).
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not Applicable during the audit period)**
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not Applicable during the audit period)**
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not Applicable during the audit period)**



- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not Applicable during the audit period)**
- i. Guidelines issued by Department of Public Enterprises;
- j. Guidelines issued by Ministry of Defense;
- k. Guidelines issued by Department of Investment and Public Asset Management (DIPAM);
- l. Order / Regulations issued by the Govt. of India from time to time;

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

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

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

The Company has sought exemption from the Department of Investment and Public Asset Management, Ministry of Finance from compliance of DIPAM Guidelines pertaining to payment of permissible maximum dividend, buyback of shares, issue of bonus shares and splitting of shares during the financial year 2020-21 vide their letter dated **7th September, 2020**.

We further report that:

- 1. Provisions pertaining to Board Composition as per Regulation 17 of SEBI (LODR) Regulations, 2015 is not compliant w.r.t the following:
 - a. Half of the Board is not Independent
 - b. No Woman Independent Director on the Board

Regulation 17 (1)(a) of SEBI LODR Regulations, 2015- The Board of directors of a listed entity shall have an optimum combination of executive and non-executive directors with at least one woman director and not less than fifty percent of the board of directors shall comprise of non-executive directors.

On the matter, it was explained by the Company that, since appointment of Independent Directors in the Government Companies is being made by concerned Administrative Department of the Government of India, the Company has no control over such appointments.

It was further explained by the Company that application for waiving of fine on delay of such appointments has been made to NSE on 17th February, 2021 under Sr. No 3 (a) of the Policy of exemption of fines issued by SEBI, citing no control over the matter. Though no response on the exemption has been received so far from NSE, BSE has su-moto granted the wavier of penalty for non-compliance under Regulation 17 of SEBI (LODR) Regulation, 2015.

- 2. As on 31st March, 2021 the Audit Committee of the Company had only 2 independent directors as members and did not have Chairperson. However, the Company in its 443rd Board Meeting held on 10th May, 2021 has reconstituted the Audit Committee.
- 3. As on 31st March, 2021 the Nomination and Remuneration Committee of the Company had only one independent director as member and the committee did not have Chairperson. However, the Company in its 443rd Board Meeting held on 10th May, 2021 has reconstituted the Nomination and Remuneration Committee.
- 4. As on 31st March, 2021 the Stakeholders Relationship Committee of the Company did not have Chairperson. However, the Company in its 443rd Board Meeting held on 10th May, 2021 the Company has appointed the chairperson and reconstituted the Stakeholders Relationship Committee.



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

Majority decision is carried unanimously and the Members' views are captured and recorded as part of the minutes.

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

For DPSP and Associates
Company Secretaries



P. Dakshayani
Partner

C.P. No. 8411
UDIN: F008993C000466692

Date: 15/06/2021
Place: Bengaluru

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

'ANNEXURE A'

To,
The Members
Hindustan Aeronautics Limited
Bengaluru – 560001

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

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

For DPSP and Associates
Company Secretaries



P. Dakshayani
Partner

C.P. No. 8411
UDIN: F008993C000466692

Date: 15/06/2021
Place: Bengaluru



Management Discussion & Analysis Report

1. INDUSTRY

After a challenging year in 2020, the Global Aerospace & Defence (A&D) industry is expected to revive partially in 2021. However the recovery is expected to be uneven across the two key sectors, Commercial Aerospace and Defence. The Defence Sector is expected to remain stable in 2021, as most countries have not significantly reduced Defence budgets and remain committed to sustaining their military capabilities. However, due to disruption in the complex global supply chain, some Defence programs may face minor cost and time overrun in 2021.

1.1 Global Scenario

1.1.1 Commercial Aerospace Sector has got major hit by the COVID-19 pandemic, globally and in India. Global air traffic has dramatically decreased as the world fights the coronavirus and countries imposed restriction on international flights. As per an industry report the global Aerospace & Defence market is expected to grow from \$736.36 billion in 2020 to \$774.54 billion in 2021 at a growth rate of 5.2%. The growth is mainly due to the companies recovering their operations from the COVID-19 impact.

1.1.2 In Defence Sector, as per SIPRI report (Trends in World Military Expenditure – 2020), World military expenditure was \$1981 billion in 2020, an increase of 2.6% on 2019 in real terms. Total world military spending accounted for 2.4% of global Gross Domestic Product (GDP) in 2020.

1.2 The Indian Scenario

1.2.1 The Indian Aerospace and Defence (A&D) Industry is dominated by Defence sector. The major players of Indian A&D industry are Defence Public Sector Undertaking (DPSU) companies those have controlling stake of Government of India in them. Therefore Defence projects, policies and funding of Govt plays crucial role in development of A&D industry in India.

1.2.2 As per SIPRI report (Trends in World Military Expenditure – 2020), India is at 3rd position in world in terms of military spending with \$ 72.9 billion in 2020. This was 2.1% higher than in 2019 and it is 2.9% spending as a share of Indian GDP.

1.2.3 In the Union Budget 2021-22, ₹4,78,196 Crore have been allocated for Defence. This includes expenditure on Salaries, Pensions, Modernization of the Armed Forces, Production Establishments, Maintenance and R&D Organisations. This is 1.3% lesser than ₹4,84,736 Crore (RE for FY 2020-21). Under “Aircraft and Aero-engine” category, Indian Army has received an allocation of ₹4,224 Crore, Indian Navy has received an allocation of ₹5,511

Crore and Indian Air Force has received an allocation of ₹ 24,268 Crore, summing to a total allocation of ₹ 34,003 Crore for Aircraft and Aero-engines.

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

1.2.5 In 2020, various economic reforms have been announced to mitigate effects of COVID-19 on Indian economy. Increasing Foreign Direct Investment limit in Defence manufacturing from 49% to 74% under the automatic route and creating a positive list for weapons and Defence Platforms are the steps taken to reduce Defence import bill and make the country self-reliant in Defence.

2. ORGANISATION STRUCTURE

2.1 Presently, HAL has 20 Production and 10 R&D Centres co-located with the Production Divisions, located at nine geographic locations across the country. These Divisions are organized into five complexes. The detail of the Complexes with major operations are as under:

- Bangalore Complex (BC): Production and ROH of Fixed-wing Aircraft and Engines (Indian and Western origin), Spacecraft Structures, Castings, Forgings & Rolled Rings.
- MiG Complex (MC): Production and ROH of Fixed-wing Aircraft and Engines (mainly Russian origin).
- Helicopter Complex (HC): Production and ROH of Helicopters (Indian and Western origin).
- Accessories Complex (AC): Production and ROH of Transport Aircraft. Production and ROH of Accessories and Avionics for Fixed-wing and Rotary-wing Platforms (Indian, Russian and Western origin). Depot Level Maintenance of UAVs.
- Design Complex (DC): Design & Development of Fixed-wing and Rotary-wing Aircraft, Unmanned Aerial Vehicles (UAV), Aero-engines, Avionics and Accessories.

2.2 BC, MC, HC and AC are headed by Chief Executive Officers (CEOs). Head of Divisions under each complex reports to the respective CEOs, whereas Head of R&D Centres under Design Complex report to Director (Engineering and R&D). All the Directors and CEOs report to CMD.



3. SWOT ANALYSIS

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

Strength

- The capability to cater a large spectrum of aerospace business which includes D&D, manufacturing and MRO of the Fixed-wing, Rotary-wing, Aero-engines, LRUs and airborne systems.
- Expertise in aircraft upgrade for the Defence customers which includes major changes like re-engining, avionics upgrade, and weapon system integration.
- Expertise in Transfer of Technology (ToT) absorption and production. Successfully completed ToT and production of Jaguar, Hawk, MiG-21, MiG-27, Su-30MKI, Cheetah and Chetak Helicopter.
- Expertise in D&D of utility and combat helicopters. A wide range of helicopter platforms like ALH, LCH, Rudra and LUH have been offered to the customers.
- Trusted partner of Indian Defence Forces for providing support to its aging (some of which are more than 40 years) and obsolete fleets.

Weakness

- Dependency on foreign OEMs for critical materials and LRUs.
- Little presence outside India in export market.
- The Company cash flow mainly depends on the allocation of the budget by the MoD.

Opportunity

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

Threat

- Change in preference of Defence customers by moving away from single source to multiple sources.
- Collaborations of Global OEMs with private companies and capability building by them.
- The Strategic Partnership (SP) Model which is exclusively for private companies, deprives HAL of some high value Defence orders.
- Competition from foreign companies due to increase of FDI limit from 49% to 74% through the automated route.
- COVID-19 specific risks: Economic depression, downsizing of Defence budget, Supply chain disruptions, failing of vendors, legal complications etc.

4. OUR STRATEGIES

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

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

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

5.1 Due to COVID pandemic situation in the country, the Company's operations was disrupted in the first quarter of the financial year resulting into loss of Standard Man Hours (SMH). However, the Company had recovered from the impact in the subsequent quarters of the financial year. Similar situation was there in the first quarter of the Financial Year 2021-22, but having had experience of the last year first quarter and first pandemic wave, the Company was well prepared and equipped to handle the situation.



6. SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

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

7. OUTLOOK

7.1 During the FY 2021-22, defence budgets and revenues for defence contractors are expected to remain largely stable, as military programs continue to be critical to national Defence, especially considering geopolitical tensions. Global Defence spending is expected to grow about 2.8% in 2021, crossing the \$2 trillion mark. Countries across the globe continue to spend on strengthening their militaries as geopolitical tensions intensify despite the global pandemic.

7.2 Both military and commercial aerospace sectors have good growth potentials in India. During the FY 2021-22, the total allocation to the three forces (including pensions) is ₹4,51,704 Crore (94% of the total Defence Budget). The rest of the allocation is towards research and development and defence services ordinance factories. Nearly 61% of the defence budget is allocated for the Army. 20% of the budget is allocated for the Air Force and 14% for the Navy.

7.3 The Global Airline industry and the related Aerospace Industry are some of the most impacted Industries because of the pandemic. By the end of April 2020, 80% drop in flight movement was recorded globally. International Air Transport Association IATA estimated (dated March 24, 2020) the loss of \$252 billion to the Airlines globally. Also, the regional jet segment is the emerging segment in the commercial aviation due to increased demand from Asia Pacific, Middle East and Latin America. As per pre-pandemic estimation there is a demand of more than 5000 regional jets in next 20 years. As per pre-COVID estimations Indian aviation market was expected to become world largest by 2024. India has plans to develop civil aviation in the country through regional connectivity of its tier-2 cities. Government has also launched UDAN Scheme for the purpose. The Government has targeted to build 100 new airports to boost UDAN.

7.4 The possible opportunities available in post-pandemic scenario are:

- Inclination of Indian Government towards domestic products for developing a self-reliant economy brings greater opportunities for new order.
- The stability of military sector during the time of crisis will entice commercial players to diversify in to

military sector as risk aversion strategy. This will bring opportunities for HAL to diversify in to commercial sector by forming strategic alliance with such companies.

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

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

7.7 To align HAL's new line of thinking and spirit to achieve business excellence, new Vision and Mission statements have been formulated. Accordingly, the Board of Directors of the Company has approved the "Corporate Perspective Plan and Design Prospective Plan 2021-2030" to address the dynamic changes in external and internal environment conditions and to prepare various strategies and plans to keep the Company in competitive position and achieve significant growth.

8. RISKS AND CONCERNS

The major risks and concerns of the Company are:

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



9. MEASURES TO TACKLE CHALLENGES

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

Strategic Challenges

- The Company is focusing on diversification and enhance its revenues from commercial/civil sector to maintain the growth and mitigate the risks of skewed Sales Portfolio toward Defence.
- The Company is focusing on forming strategic alliance with global aerospace Companies to expand its exports market and revenue from exports.

R&D Challenges

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

Marketing Challenges

- The Company is putting enhanced impetus on strengthening and leveraging Marketing and Business Development to complement business expansion goals.

Operational Challenges

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

10. CUSTOMER ORIENTATION

10.1 HAVAI (HAL-Vayusena) Portal with a feature of Online Budgetary Quote submission was inaugurated during Aero-India 2021. The E-Portal is developed as a part of Inter-Organisation Information Sharing system (IOIS) under 'Digital India' initiative. Such an initiative has been taken up between two Government organisations (IAF and HAL) for the first time. This portal will optimize

long-term material planning and increase the serviceability of fleet. It will also reduce the time for finalisation of tasking and Budgetary Quotation process.

10.2 To ensure better support and coordination with Customer. Training and Workshops with respect to various fleets were conducted.

10.3 An Inter-Divisional team led by a Senior Officer set up to improve serviceability and availability of LCAs with IAF.

11. INTERNAL FINANCIAL CONTROLS

11.1 The Company has set up proper and adequate Internal Financial Controls with respect to financial statements. Systems Audit is carried out by an internal team of officials with a combined finance and technical background. This is in addition to the internal audit by firms of Chartered Accountants/ Cost Accountants. Manuals pertaining to various functions/activities such as Purchase, Outsourcing, Stores, Accounts, Systems Audit etc., have been updated and implemented. Any instance of material weakness in the operations, if observed, is followed up with necessary remedial measures and suitable disclosures have been made in the Notes to Accounts.

11.2 The Statutory Auditors are also required to issue the Independent Auditor's Report vide Section 143(3)(i) of the Companies Act. The Report issued there upon has been attached along with the standalone and consolidated financial statements respectively.

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

(₹ in Lakh)

Sl. No	Particulars	Year Ended 31 st March, 2021	Year Ended 31 st March, 2020
1	Turnover	22,36,893	21,22,752
2	Revenue from Operations	22,75,458	21,44,537
3	Value of Production	19,91,149	20,58,922
4	Gross Margin	5,70,758	5,28,403
5	Profit Before Tax	4,27,089	3,93,800
6	Tax Expense	1,03,793	1,09,599
7	Profit After Tax	3,23,296	2,84,201
8	R&D Expenditure	1,68,740	1,23,196
9	Net Worth	15,35,655	13,19,958
10	Trade Receivable	5,63,936	11,23,473
11	Cash and Bank Balance	7,16,633	29,791
12	Borrowings	907	5,88,650
13	Book Value Per Share (₹)	459.24	394.74



(₹ in Lakh)

Sl. No	Particulars	Year Ended 31 st March, 2021	Year Ended 31 st March, 2020
14	Earnings Per Share (₹)	96.68	84.99
15	Dividend Per Share (₹)	30.00	33.25
16	Debtors Turnover Ratio	2.65	1.79
17	Inventory Turnover Ratio	1.24	1.08
18	Interest Coverage Ratio	17.48	11.96
19	Current Ratio	1.6:1	1.3:1
20	Debt Equity Ratio	0:1	0.45:1
21	Operating Profit Margin (%)	17%	17%
22	Net Profit Margin (%)	14%	13%
23	Return on net worth %	21%	22%

Reason for significant changes in ratios:

- Debtors Turnover Ratio improved in FY 2020-21 due to improvement in collection from Customers by arranging necessary budget allocation from customers.
- Interest Coverage Ratio improved in FY 2020-21 due to improved collection from customers and consequent reduction in borrowings to fund the working capital requirements.

13. HUMAN RESOURCE DEVELOPMENT

- 13.1 During the year, focus of Human Resource Development continued to be in creating a performance driven culture with specific emphasis on developing Technical and Behavioral competencies of Employees. Additionally, a number of initiatives towards creating avenues for leadership development including selection of Officers for the 5th batch of Leadership Development Programme and towards e-enabling HR systems were carried out.
- 13.2A policy on Sponsorship of Officers for Online M.Tech (Aerospace Engineering) course at IIT Madras was notified. The policy entails to sponsor 20 Officers, every year, for a 3 year online programme. The objective of the Course is to enable technical expertise in the field of Aerospace Engineering to the Officers working in Design Disciplines.
- 13.3 In furtherance to developing practices that have Competencies at the core, foundation was placed during the year to move towards creating Competency Based HR Practices. Role Directories have been created for 899 identified Roles (generic & specific) across the Company, delineating aspects like role requirements, role responsibilities, competencies etc.

14. HAL MANAGEMENT ACADEMY

- 14.1 The year 2020-21 was a challenging period amid pandemic and HMA took new initiatives in Learning & Development to ensure continuity of training activities in the Organization. Executives were encouraged to take up training in MOOC programs, live interactive classes on online platforms. Also, training programs were conducted for Bengaluru based executives in classroom mode at HMA Campus with limited participants ensuring social distancing norms. A total of 13,618 man-days of training was accomplished during the year. These include 77 online programs and 32 classroom programs.
- 14.2 In order to encourage officers tap into the rich repository of knowledge in the MOOC programs offered by Global Institutions and Universities, the Company sponsored 347 executives to undertake such certification programs across a spectrum of knowledge areas. Further, the Academy developed its own online recorded modules on specific knowledge areas and offered it on its own LMS platform for knowledge dissemination across the organization.
- 14.3 HMA received the prestigious National level award for innovative training practices instituted by the Indian Society for Training & Development (ISTD). 34 organizations participated in the event spread over two days and HAL was one of the eight organizations selected in the manufacturing sector. The final presentation was in Delhi on April 10, 2021 and HAL was declared the winner in manufacturing category.
- 14.4 The Company conducted a HR Leadership Program for selected 20 Middle Level HR Managers to build capability in six specific areas of HR. The program was designed and developed in association with XLRI Jamshedpur. The workshop included officers working on six projects of importance for HAL, wherein the executives worked in groups under the guidance of Faculty from XLRI and HMA. The Projects were completed in December, 2020 with a presentation to the Management.
- 14.5 Continuing the efforts to build a pipeline of leaders as part of succession planning, the 5th Batch of Leadership Development Program for 30 select senior executives of the Company was taken up by the Company during the year. The program will be held in seven phases including HMA, Divisions & External Institutes.
- 14.6 In addition to the various training programmes, HMA has started AICTE approved 24-month Post Graduate Diploma programs in Aviation and Production Management disciplines for fresh graduates during the year. This program will train fresh Engineers to build the capabilities required for the expanding Aerospace ecosystem of the country.
- 14.7 HMA has also formulated a 19 weeks training module in coordination with DGAQA for newly inducted 15 DGAQA Probationary Officers.



15. SKILL DEVELOPMENT

15.1 Skill Development Policy for the employees in non-executive cadre has been introduced in HAL in July 2016 with an objective to enhance individual's skill, knowledge and understanding to achieve performance excellence by eliminating waste in terms of Rework, Rejection & Premature product failures, thereby enhancing productivity, quality & customer satisfaction and strengthening the competitiveness of the Company. This will help in creating a large base of quality conscious skilled workforce for the present and future projects.

15.2 Process of Skill Development in HAL: Functional analysis was done across all Divisions of HAL in which 181 Job Roles for the Technical & Non-Technical Employees have been identified and developed. The current skill and the performance level of an employee is mapped, in terms of productivity and quality, against the well documented Functional standards for a particular job role. The comparison results into single or multiple skill gaps. The skill gaps are then prioritized based on their impact on the output of the employee in terms of deliverables such as productivity, rework, rejections, number of non-conformances, repeated snags, etc. The skill gap of the employee is bridged through various forms of training by domain specialists based on specially designed Training Curriculum and Content, which is a total package of learning activities designed to achieve the objectives of training programs.

15.3 A Compendium of 142 training curricula has been developed. A re-evaluation of skills and assessment is being followed after the training and coaching/mentoring so as to measure the improvements in skills. PDCA (Plan, Do, Check, Act) is conducted and corrective action is taken through training & coaching/mentoring for bridging the Skill gap.

15.4 Kaushal Vikas Portal: A dedicated web portal for skill development called Kaushal Vikas Portal has been developed to handle the huge skill data of HAL that enables skill mapping of employees, updation of classroom training, shop-floor training/Work Place training, Coaching/Mentoring, TWI and Assessment.

15.5 Recognition of Prior Learning (RPL) Program at HAL Divisions: RPL in Best in Class Employer's (BICE) category under Pradhan Mantri Kaushal Vikas Yojana (PMKVY) is being implemented in HAL for the tenure based technical employees. 203 tenure based technical employees working in HAL have undergone assessment and the certificates have been generated in the National Skill Development Corporation (NSDC) Portal under RPL against National Skill Development Agency (NSDA) approved job roles. The program was conducted with the help of Divisional Assessors in co-ordination with Aerospace and Aviation Sector Skill Council (AASSC) & Skill Development Unit

(SDU). The certification through RPL scheme will enhance the employability of tenure based technical employees after their term with HAL is completed.

16. MANPOWER

Total Employees as on 31 st March 2021	Officers	Workmen		Total Workmen
		Direct	Indirect	
26,432	7,966	11,795	6,671	18,466

17. ENVIRONMENT PROTECTION & CONSERVATION

The Divisions of the Company at different locations viz., Bengaluru, Nashik, Koraput, Hyderabad, Lucknow, Kanpur, Korwa, Kasaragod and Barrackpore have taken various measures towards Environment Protection & Conservation, governed by various Acts & Rules like the Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016, Solid Waste Management Rules, 2016, Air Prevention and Control of Pollution Act (1981), Environment (Protection) Act, 1986, Water (Prevention and Control of Pollution), Act, 1974, e-Waste (Management) Rules, 2016, etc. All the Divisions are ISO 14001 certified and comply with the rules prescribed by respective State Pollution Control Boards. All emissions and waste generation is monitored as prescribed by the Pollution Control Boards.

Solid Waste Management: Municipal Solid Waste (MSW) is generated from Townships and Factories. Segregation of MSW at source is being implemented in Townships (Wet, Dry, Garden, Sanitary and Rejects). In Factories, Wet, Dry and Garden waste are segregated. Through the process of Vermicomposting, the Bio-degradable waste comprising of domestic waste and horticulture waste is being converted to manure. The Company has installed Solid Waste Management Units like Organic Waste Converters and Bio Gas Plants at select places, for better utilization of biodegradable waste generated from HAL Estates.

Hazardous Waste Management: The divisions which use and generate hazardous effluents such as chrome, acid/alkali, cyanide etc are having independent Effluent Treatment Plants (ETPs) for treatment. The waste water discharged from the ETPs is tested and further treated in Sewage Treatment Plants (STPs) if meeting the norms. The water processed in the STPs is being used for horticulture purposes within the Divisions and no waste water is discharged to the public areas. The sludge generated from the STPs is converted into manure and reused.

e-Waste Management: The Company, as part of its operations, generates e-waste from old Electrical and Electronics Systems such as LRUs, Avionics Control / Test Systems, Electronics Items in Plant & Machinery, Computer Systems (IT) and Communication Systems, which needs to be disposed after their life expiry or damage. Apart from production activities,



e-waste is also generated in HAL Townships which is segregated and collected at source. The e-waste generated & collected is stored in designated areas (under cover) and auctioned through MSTC Limited (Central PSU) for disposal through authorized Dismantlers / Recyclers / Refurbishers.

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

At Bengaluru, the Company has taken an initiative towards recycling and reusing the waste paper generated from various offices of HAL, Bengaluru by setting up a Waste Paper Recycling Unit (75kg / day). Various products made from the unit include Writing Pads, Visiting Cards, Bags, Files, Folders, etc.

The Company has been planting saplings every year. The Division-wise details of saplings planted during the years 2020-21 & 2019-20 are as indicated below:

Sl. No.	Name of the Division / Complex	Total number of Saplings planted during	
		2020-21	2019-20
1	Bangalore	1,002	15,057
2	Koraput	2,600	37,924
3	Nashik	850	4,666
4	Korwa	1,251	3,000
5	Lucknow	16,630	308
6	Barrackpore	564	15,136
7	TAD, Kanpur	5,600	786
8	Hyderabad	11,905	3,000
Total		40,402	79,877

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



Corporate Governance Report

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

Your Company has a well-defined Corporate Governance system which underlines its commitment to quality of governance, honesty, integrity, accountability, disclosures, Corporate Social Responsibility, transparency in decision making and accountability to take care of the interest of all the stakeholders. It believes that all operations must be spearheaded towards attaining the final objective of enhancing the stakeholders' value, financial prudence and commitment to values. The Company gives importance to adherence to corporate values and objectives and discharging social responsibilities as a corporate citizen.

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

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

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

2. BOARD OF DIRECTORS

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

The sanctioned strength of the Board of Directors is as under:

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

As on March 31, 2021, the Board of Directors of the Company comprised of five Whole time / Functional Directors including the Chairman and Managing Director, two Government Nominee Directors and two Non-Executive (Independent) Directors.

Your Company being a Government Company, the appointment of all Directors is done by the President of India, through the Ministry of Defence (MoD). As at March 31, 2021, the position of 5 independent directors including woman independent director was lying vacant due to completion of their tenure. The Company is pursuing with MoD for appointment of requisite number of Independent Directors and the matter is under consideration at MoD.

Directors are not inter se related to each other.

(a) Composition and category of Directors

As on March 31, 2021, the composition of the Board of Directors of the Company was as under:

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



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

Sl. No	Directors	Board Meeting held during respective tenure of Director	No. of Meetings attended	Attendance at the 57 th AGM	No. of other Directorship	Name of other listed entity in which Directorship held & category	No. of Committee memberships across all Companies #	
							As Chairman	As Member
Whole-time/ Functional (Executive) Director								
1	Shri R. Madhavan	7	7	Yes	2	Nil	Nil	Nil
2	Shri Arup Chatterjee	7	7	Yes	1	Nil	Nil	Nil
3	Shri C.B. Ananthakrishnan	7	7	Yes	1	Nil	Nil	1
4	Shri M S Velpari	7	7	Yes	Nil	Nil	Nil	Nil
5	Shri Alok Verma	7	7	Yes	1	Nil	Nil	1
Government Nominee Director (Non-Executive)								
6	Shri. Chandraker Bharti	7	7	Yes	1	Government Nominee Director-Bharat Dynamics Limited	Nil	Nil
7	Dr. Tessy Thomas	7	7	No	Nil	Nil	Nil	Nil
Independent (Non-Executive) Director								
8	Dr. J.K. Bajaj (Ceased as Director w.e.f 10.09.2020)	3	3	NA	Nil	Nil	1	Nil
9	Shri Anil Kumar (Ceased as Director w.e.f 04.03.2021)	7	7	Yes	Nil	Nil	Nil	1
10	Shri Neelakanta Iyer R (Ceased as Director w.e.f 04.03.2021)	7	7	Yes	Nil	Nil	Nil	1
11	Shri Siddharth (Ceased as Director w.e.f 04.03.2021)	7	7	Yes	1	Nil	1	1
12	Dr. S. Malla Reddy	7	7	Yes	Nil	Nil	Nil	2
13	Rear Adml. K.C. Sekhar, AVSM, VSM (Retd.)	7	7	Yes	1	Nil	Nil	1

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

Notes:

- i) None of the Directors is a Member of more than 10 Committees or Chairman of more than 5 Committees, across all the Companies in which he is a Director;
- ii) None of the Directors serves as a Director in more than 7 listed Companies and as Independent Director in more than 7 listed Companies;
- iii) As on March 31, 2021, none of the Directors is holding any share in the Company;
- iv) Details of the Directorship on the Board of other Companies and Committee positions are as on the date of cessation from the Board of the Company.



(c) Meetings of the Board of Directors

Seven (7) Board Meetings were held during the financial year ended on March 31, 2021. The details are as under:

Sl. No	Date of Board Meeting	Sl. No	Date of Board Meeting
1	June 25, 2020	5	December 9, 2020
2	August 18, 2020	6	February 12, 2021
3	September 10, 2020	7	February 26, 2021
4	November 13, 2020		

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

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

The details of the familiarisation programs imparted to Independent Directors are hosted on the website of the Company at <https://hal-india.co.in/Common/Uploads/DMS/familiarization.pdf>.

(c) Composition of the Committee as on March 31, 2021 and Meetings attended by each member:

Member of the Committee	Category	Position	Meeting	
			Held	Attended
Dr. J.K. Bajaj (Ceased as Director w.e.f 10.09.2020)	Independent Director	Chairman	3	3
Shri Siddharth (Ceased as Director w.e.f 04.03.2021)	Independent Director	Member	9	9
Shri Neelakanta Iyer R. (Ceased as Director w.e.f 04.03.2021)	Independent Director	Member	9	9
Shri Anil Kumar (Ceased as Director w.e.f 04.03.2021)	Independent Director	Member	9	9
Rear Admiral K C Sekhar, AVSM, VSM (Retd.)	Independent Director	Member	9	9
Dr S Malla Reddy	Independent Director	Member	9	9

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

On completion of tenure of Dr. J.K. Bajaj, Shri Siddharth, Shri Neelakanta Iyer R and Shri Anil Kumar, Independent Directors during the year, the Committee was reconstituted at the 443rd Board Meeting held on May 10, 2021 with the following members:

- Rear Admiral K C Sekhar, AVSM, VSM (Retd.), Chairman
- Dr S Malla Reddy,
- Director (Finance) and CFO

Director (Operations) is permanent invitee to the Committee.

Company Secretary is the Secretary to the Committee.

(e) Skills/ Expertise/ Competence of the Board

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

3. AUDIT COMMITTEE

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

(b) No. of Meetings: During the financial year ended on March 31, 2021, Nine (9) Audit Committee Meetings were held on June 25, 2020, August 18, 2020, September 10, 2020, November 3, 2020, November 13, 2020, December 8, 2020, January 20, 2021, February 12, 2021 and February 26, 2021.



4. NOMINATION & REMUNERATION COMMITTEE (NRC)

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

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

- (b) **No. of Meetings:** During the financial year ended on March 31, 2021, Four (4) meetings of the Committee were held on June 24, 2020, August 18, 2020, September 10, 2020 and December 8, 2020.

- (c) **Composition of the Committee as on March 31, 2021 and Meetings attended by each member:**

Member of the Committee	Category	Position	Meeting	
			Held	Attended
Rear Admiral K C Sekhar, AVSM, VSM (Retd)	Independent Director	Member	4	4
Dr. J.K. Bajaj (Ceased as Director w.e.f 10.09.2020)	Independent Director	Member	3	3
Shri Anil Kumar (Ceased as Director w.e.f 04.03.2021)	Independent Director	Chairman	4	4
Shri Siddharth (Ceased as Director w.e.f 04.03.2021)	Independent Director	Member	1	1

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

On completion of tenure of Dr. J.K. Bajaj, Shri Siddharth and Shri Anil Kumar, Independent Directors during the year, the Committee was reconstituted at the 443rd Board Meeting held on May 10, 2021 with the following members:

- Rear Admiral K.C. Sekhar, AVSM, VSM (Retd.) – Chairman
- Dr. S Malla Reddy
- Dr. Tessa Thomas

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

Company Secretary is the Secretary to the Committee.

5. STAKEHOLDERS RELATIONSHIP COMMITTEE (SRC)

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

- Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- To review transfer, transmissions, dematerialization, re-materialization, splitting, consolidation etc. of Equity Shares and other securities issued by our Company, as approved by the Committee constituted for the purpose and report the same to the Board of Directors in its subsequent meeting.

- (b) **No. of Meetings:** During the financial year ended on March 31, 2021, One (1) meeting of the Committee was held on November 3, 2020.



(c) Composition of the Committee as on March 31, 2021 and Meetings attended by each member:

Member of the Committee	Category	Position	Meeting	
			Held	Attended
Shri Siddharth (Ceased as Director w.e.f 04.03.2021)	Independent Director	Chairman	1	1
Dr. S Malla Reddy	Independent Director	Member	1	1
Shri Alok Verma	Director (HR)	Member	1	1
Shri C.B. Ananthkrishnan	Director (Finance) & CFO	Member	1	1

On completion of tenure of Shri Siddharth, Independent Director during the year, the Committee was reconstituted at the 443rd Board Meeting held on May 10, 2021 with the following members:

- Dr. S. Malla Reddy- Chairman
- Director (Finance) & CFO
- Director (HR)

Company Secretary is the Secretary of the Committee.

(d) Name and Designation of Compliance Officer

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

(e) Number of shareholders' complaints received upto March 31, 2021: 237

(f) Number of shareholders' complaints resolved upto March 31, 2021: 217

(g) Number of pending complaints as on March 31, 2021: 20

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

(a) Terms of Reference: The Terms of Reference of the CSR & Sustainable Development Committee are as provided under the Companies Act and Companies (CSR Policy) Amendment Rules, 2021 and other applicable guidelines to CPSEs. The Committee formulates and recommend to the Board the CSR Policy, annual action plan, modalities of the utilisation of funds, implementation schedule of CSR projects / programmes and monitoring of CSR and Sustainable Development activities in the Company.

(b) No. of Meetings: During the financial year ended on March 31, 2021, four (4) meetings of the Committee were held on September 11, 2020, November 12, 2020, January 8, 2021 and February 19, 2021.

(c) Composition of the Committee as on March 31, 2021 and Meetings attended by each member:

Member of the Committee	Category	Position	Meeting	
			Held	Attended
Rear Admiral K C Sekhar, AVSM, VSM (Retd.)	Independent Director	Chairman	4	4
Shri Anil Kumar (Ceased as Director w.e.f 04.03.2021)	Independent Director	Member	4	4
Shri C.B. Ananthkrishnan	Director (Finance) & CFO	Member	4	3
Shri M S Velpari	Director (Operations)	Member	4	4
Shri Alok Verma	Director (HR)	Member	4	4



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

On completion of tenure of Shri Anil Kumar, Independent Director during the year, the Committee was reconstituted at the 443rd Board Meeting held on May 10, 2021 with the following members:

- Rear Admiral K.C. Sekhar, AVSM, VSM (Retd.) - Chairman
- Director (Finance) & CFO
- Director (Operations)
- Director (HR)

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

Company Secretary is the Secretary of the Committee

7. RISK MANAGEMENT COMMITTEE

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

(b) No. of Meetings: During the financial year ended on March 31, 2021, One (1) meeting of the Committee was held on 24th March, 2021.

(c) Composition of the Committee as on March 31, 2021 and Meetings attended by each member:

Member of the Committee	Category	Position	Meeting	
			Held	Attended
Shri Neelakanta Iyer R (Ceased as Director w.e.f 04.03.2021)	Independent Director	Chairman	NA	NA
Rear Admiral K C Sekhar, AVSM, VSM (Retd.) (Elected as Chairman of the Committee w.e.f 24.03.2021)	Independent Director	Member	1	1
Shri Arup Chatterjee	Director (Engineering and R&D)	Member	1	1
Shri C.B. Ananthkrishnan	Director (Finance) & CFO	Member	1	1
Shri M S Velpari	Director (Operations)	Member	1	1
Shri Alok Verma	Director (Human Resources)	Member	1	1

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

On completion of tenure of Shri Neelakanta Iyer R, Independent Director during the year, the Committee was reconstituted at the 443rd Board Meeting held on May 10, 2021 with the following members:

- Rear Admiral K.C. Sekhar, AVSM, VSM (Retd.) - Chairman
- Dr. S Malla Reddy
- Director (Engineering and R&D)
- Director (Finance) & CFO
- Director (Operations)
- Director (HR)

All CEOs of the Complexes and GM- Quality (Corporate Office), are permanent invitees to the Committee.

Company Secretary is the Secretary of the Committee.



8. OTHER COMMITTEES OF THE BOARD

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

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

9. REMUNERATION OF DIRECTORS

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

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

The Part-Time Non-Official Directors (Independent Directors) are paid a sitting fee of ₹30,000/- per meeting of the Board and ₹25,000/- per Committee Meeting, as approved by the Board within the ceiling fixed under the Companies Act and as per the guidelines issued by the Government of India.

The details of remuneration paid to Functional Directors during the financial year 2020-21 were as follows:

Sl. No	Name / Designation of Directors	Salary and Perquisites as per Section 17(1) & (2) of the Income Tax Act, 1961	Retirement & other benefits	(Amt. in ₹)
				Total
1	Shri R. Madhavan	59,68,710	-	59,68,710
2	Shri Arup Chatterjee	55,52,483	-	55,52,483
3	Shri C.B. Ananthakrishnan	54,29,030	-	54,29,030
4	Shri M S Velpari	47,55,238	-	47,55,238
5	Shri Alok Verma	50,03,713	-	50,03,713

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

Sl. No	Name of Independent Director	Board Meetings	Committee Meetings	(₹ in Lakh)
				Total Sitting Fees
1	Dr J.K. Bajaj*	0.9	2.0	2.9
2	Shri Anil Kumar#	2.1	5.25	7.35
3	Shri Neelakantalyer R. #	2.1	2.75	4.85
4	Shri Siddharth#	2.1	3.25	5.35
5	Dr S. Malla Reddy	2.1	3.0	5.1
6	Rear Admiral K.C. Sekhar, AVSM, VSM (Retd.)	2.1	5.25	7.35

*Ceased as Independent Director w.e.f. September 10, 2020

#Ceased as Independent Director w.e.f March 4, 2021

10. INDEPENDENT DIRECTORS' MEETING

During the year, One (1) Meeting of Independent Directors was held on June 23, 2020 which was deferred. The deferred meeting was held on August 31, 2020.

11. CONFIRMATION ON INDEPENDENCE OF THE INDEPENDENT DIRECTORS

As per the Companies Act, 2013, Independent Directors have submitted declaration of independence to the Board and the Board hereby confirms that all Independent Directors fulfil the conditions specified in the Companies Act and SEBI (LODR) Regulations, and are independent of the management.



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

The Company is committed to conduct its business in accordance with the highest standards of business ethics and complying with applicable Laws, Rules and Regulations. A copy of the Code of Conduct is available on the Company's website at www.hal-india.co.in/Investors. All members of the Board and Senior Management have confirmed their compliance with the Code of Conduct for the year under review. A declaration signed by the Chairman & Managing Director is appended to this report.

13. INSIDER TRADING POLICY

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

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

14. CEO/CFO CERTIFICATION

In terms of Regulation 17(8) of SEBI (LODR) Regulations, 2015 the Compliance Certificate issued by the CEO and CFO on the financial statements and internal controls relating to financial reporting for the year 2020-21 was submitted to the Board at its 444th the meeting held on June 28, 2021 and is attached to this Report.

15. SHAREHOLDING PATTERN AS ON MARCH 31, 2021

Sl. No.	Category	Number of shareholders	Number of shares held	% of total holding
1	President of India	1	25,12,92,407	75.15
2	Insurance Companies	3	4,96,49,508	14.85
3	Mutual Funds	34	1,49,79,112	4.48
4	Resident Individuals	203162	96,46,978	2.88
5	Banks	4	32,98,407	0.99
6	Foreign Portfolio-Corp	61	30,28,034	0.91
7	Bodies Corporates	405	8,99,856	0.27
8	Qualified Institutional Buyers	4	6,20,622	0.19
9	H U F	6222	4,36,488	0.13
10	Non-Resident Indians	1948	2,60,348	0.08
11	Clearing Members	226	1,41,925	0.04
12	Non-Resident Indian Non-Repatriable	843	79,035	0.02
13	Employees	1457	52,226	0.02
14	Trusts	5	2,554	0.00
	Total	2,14,375	33,43,87,500	100.00

15.1 Top 10 Shareholders as on March 31, 2021

Sl. No	Name	Number of shares held	% of total holding
1	President of India	25,12,92,407	75.15
2	Life Insurance Corporation of India	4,83,82,104	14.47
3	HDFC Trustee Company Ltd-Flexi Cap Fund	95,43,029	2.85
4	State Bank of India	31,52,718	0.94
5	Nippon Life India Trustee Ltd-A/C Nippon India NIF	25,25,559	0.76
6	ICICI Prudential Infrastructure Fund	24,63,946	0.74
7	Abu Dhabi Investment Authority - LGLINV	9,92,620	0.30
8	General Insurance Corporation of India	6,62,568	0.20
9	The New India Assurance Company Limited	6,04,836	0.18
10	Aditya Birla Sun Life Insurance Company Limited	4,18,301	0.13



15.2 Distribution of Shareholding by Size as on March 31, 2021

Category	Number of Shareholders	% of Shareholders	Total Number of Shares	% of Shareholding
1 - 5000	2,14,193	99.92	92,54,597	2.77
5001 - 10000	67	0.03	5,05,926	0.15
10001 - 20000	45	0.02	6,34,991	0.19
20001 - 30000	6	0.00	1,51,484	0.05
30001 - 40000	9	0.00	3,17,971	0.10
40001 - 50000	5	0.00	2,28,788	0.07
50001 - 100000	18	0.01	13,87,159	0.41
100001 and above	32	0.01	32,19,06,584	96.27
TOTAL	2,14,375	100.00	33,43,87,500	100.00

16. GENERAL BODY MEETINGS

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

Meeting No.	Financial Year	Venue	Date & Time
55 th	2017-18	HAL Management Academy (New Campus) Doddanekundi Main Road, Marathahalli, Bengaluru -560037	September 28, 2018 at 1500 Hrs
56 th	2018-19	Dr. V M Ghatge Convention Centre, HAL, Next to HAL Hertiagte Centre and Aerospace Museum, Old Airport Road, Marathahalli Post, Bengaluru-560037	September 18, 2019 at 1600 Hrs
57 th	2019-20	Through Video Conferencing (VC) from Hindustan Aeronautics Limited Corporate Office, 15/1, Cubbon Road, Bengaluru-560001	September 30, 2020 at 1500 Hrs

(b) Special Resolutions

- No Special Resolution was put up during the 55th Annual General Meeting.
- During the 56th Annual General Meeting, two special resolutions were put up w.r.t Alteration of the Articles of Association and Re-appointment of Ms. Dipali Khanna, Independent Women Director of the Company.
- No Special Resolution was put up during the 57th Annual General Meeting.

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

17. MEANS OF COMMUNICATION

(a) Quarterly/ Annual Results: The Company regularly updates its audited financial results with the Stock Exchanges, in compliance with the Listing Regulations. These financial results are published in one leading English newspaper having wide circulation across the Country and in one Kannada newspaper having wide circulation across the region. The results are also made available on the Company website.

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

(c) Website: The Company's website www.hal-india.co.in contains separate dedicated section for Investors where information for shareholders is made available. The Annual Report and Shareholding Pattern, Corporate Governance Report, details of unclaimed dividend and other communiqué of the Company are also available on the website in a user-friendly manner.



- (d) **Annual Report:** Annual Report containing Financial Statements, Auditors' Report, Board's Report, Management Discussion and Analysis Report (MDAR), Corporate Governance Report and Business Responsibility Report including Information for the Shareholders and other important information is circulated through electronic mode to the members and others entitled thereto, as per MCA Circular No.20/2020 dated May 5, 2020 and General Circular No. 02/2021 Dated January 13, 2021.

18. SHAREHOLDERS' INFORMATION

(a) Annual General Meeting

The 58th Annual General Meeting of the Company for the year 2020-21 will be held through video conferencing as per the MCA General Circular No. 02/2021 dated January 13, 2021 and SEBI Circular No. SEBI//HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 as per the following details:

Date	September 30, 2021
Time	3.00 P.M. (IST)

(b) Financial Calendar

The financial calendar to approve quarterly/ annual audited financial results for the year 2021-22 is as under:

Approval of quarterly/ annual audited financial results	Tentative date of the Meeting of the Board
June 30, 2021	On or before August 13, 2021
September 30, 2021	On or before November 12, 2021
December 31, 2021	On or before February 14, 2022
March 31, 2022	On or before May 30, 2022

(c) Dividend Payment date

During the year, your Company has declared and paid 1st interim dividend of ₹15 per share of ₹10 each on January 4, 2021 and 2nd interim dividend of ₹15 per share of ₹ 10 each on March 22, 2021.

(d) Listing on Stock Exchanges

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

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

The annual listing fees for the year 2021-22, as applicable, has been paid to the stock exchanges.

(e) Custody/ Issuer charges to Depositories

Your Company has paid custody/ issuer charges for the year 2021-22 to the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL).

(f) Registrar to an issue and share transfer agent

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



(g) Share transfer system

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

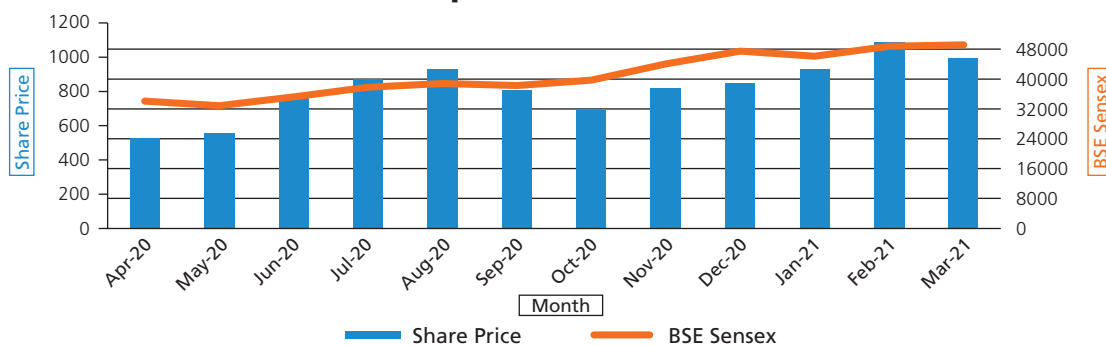
(h) Dematerialisation of shares and liquidity

As on March 31, 2021, 100 per cent of the equity shares of the Company are held in dematerialised form with NSDL and CDSL. The details are as under:

Sl. No.	Description	No. of Shareholders	Shares	% of Equity
1	NSDL	1,03,741	32,90,23,738	98.40
2	CDSL	1,10,631	53,63,697	1.60
3	Physical	3	65	0.00
	Total	2,14,375	33,43,87,500	100.00

(i) Performance in comparison to broad based indices

Share price / BSE Sensex



(j) Commodity price risk or foreign exchange risk and hedging activities

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

(k) Stock market information

Company's share price on BSE and NSE for each month during the year 2020-21 was as follows:

Month	BSE Limited		National Stock Exchange of India Ltd	
	High (₹ per share)	Low (₹ per share)	High (₹ per share)	Low (₹ per share)
April, 2020	615	514	622	513.55
May, 2020	580	490	580.25	489.05
June, 2020	817.3	558.85	817.9	555.15
July, 2020	1,028	755.1	1,028.00	754.7
August, 2020	1,423.55	861	1,423.00	860.1
September, 2020	937.9	746.55	938	744.25
October, 2020	829.65	685	828.7	684.4
November, 2020	825.9	660	825.8	658
December, 2020	894.4	760.2	894.5	761
January, 2021	1,047	847.8	1,048.00	847.6
February, 2021	1,114.1	906.2	1,115.00	906
March, 2021	1,123	973.5	1,123.85	973



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

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

(ii) Production Divisions

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

(iii) R & D Centres

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

19. Disclosure

(a) Material Contracts/ Related Party Transactions

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



The details of transactions with related parties are disclosed in Clause 45A of Note No. 49 of the Notes to the Financial Statements for the year ended March 31, 2021. The Company has disclosed details of transactions with related parties as per the disclosure requirements of IndAS-24 on Related Party disclosures. The policy on related party transactions of the Company may be accessed at https://hal-india.co.in/Common/Uploads/DMS/Policy_on_Related_Party_Transactions.pdf

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

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

The composition of Board of Directors under Regulation 17(1) of the SEBI (LODR) Regulations, 2015 does not comply the requirements of provisions of the Regulations due to vacancy of 5 Nos. of Independent Directors including One Women Independent Director.

Notice was received from Stock Exchanges w.r.t the Non-Compliance of the Regulation 17(1) of the SEBI (LODR) Regulations, 2015 for the quarter ended December, 2020 and March, 2021. However, based on the application of the Company for waiver of fine levied, BSE Ltd has granted waiver of fine for quarter ended December, 2020. The application for waiver of fine for quarter ended March, 2021 is awaited.

(c) Vigil Mechanism / Whistle-blower Policy

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

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

has been denied access to the Chairman of Audit Committee.

(d) Details of compliance with non-mandatory requirements

The Company has not adopted any discretionary requirements provided under Part-E of Schedule II of SEBI (LODR) Regulations.

(e) Policy for determining material subsidiaries

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

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

(f) Credit Rating

During the year, M/s Credit Analysis & Research Limited have granted your Company a credit rating of CARE AA+; Stable/ CARE A1+ for Long Term and Short Term Bank facilities including Non Fund Based Limits, amounting to ₹ 12,05,000 Lakh.

Further, M/s ICRA. Ltd. have granted your Company a credit rating of "[ICRA] AA+ (revised from AA) and outlook revised to positive from Stable for Long Term –Fund based / Cash Credit amounting to ₹ 10,00,000 lakh and [ICRA] A1+" for Short Term Non Fund Based Limits amounting to ₹ 2, 05,000 Lakh.

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

(g) None of Directors were debarred / disqualified from being appointed or continuing as Director of the Company during the year under review, and this has been certified by the Company Secretary in practice.

(h) The Company has duly complied with the DPE Guidelines on Corporate Governance and requirements specified in the Regulations 17 to 27 and clause (b) to (i) of Regulation 46 (2) of SEBI (LODR) Regulations except the following:

i. The Company has executive Chairman, the strength of Independent Directors on the Board should be atleast 50% of the total strength. However, the same has been reduced to less than 50%, on completion of tenure of 5 Independent Directors including Woman Independent Director.



- ii. Till March 4, 2021, the composition of Audit Committee was consisting of five independent Directors and it was chaired by an Independent Director. After completion of tenure of 3 Independent Directors on March 4, 2021, the Committee fall short of minimum required number of Directors. However, the Committee has been reconstituted in the 443rd Board Meeting held on May 10, 2021 and the composition of the same disclosed in this report.
- iii. Till March 4, 2021, the composition of Nomination & Remuneration Committee was consisting of three independent Directors and it was chaired by an Independent Director. After completion of tenure of 3 Independent Directors, the Committee fall short of minimum required number of Directors. However, the Committee has been reconstituted in the 443rd Board Meeting held on May 10, 2021 and the composition of the same disclosed in this report.
- (i) Details of the total fees for all services paid by the Company and its subsidiaries, on a consolidated basis to statutory auditors during the year are given below:

(₹ In Lakh)

Particulars	Amount
Audit Fees	49
Tax Audit Fees	6
Other Services	79
Reimbursement of expenses	-

(j) Details of Unpaid Dividend as on March 31, 2021

The details of the dividend which remains unpaid as on March 31, 2021, are given below:

Financial Year in which dividend declared	Amount (In ₹)
2017-18 (Interim)	5,30,929
2018-19 (Interim)	6,20,532
2019-20 (Interim)	15,15,801
2020-21 (1 st Interim)	11,50,153

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

(k) Reconciliation of Share Capital

Reconciliation of Share Capital audit was carried out by the Secretarial Auditor of the Company on quarterly basis. The report confirms that the total

issued / paid up capital is in agreement with the total number of shares in physical and demat form.

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

(l) Accounting Standards

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

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

(m) Audited Financial Statements of Subsidiaries

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

(n) Training of Directors

The Company undertakes training / familiarisation programmes for its Directors.

(o) Right to Information

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

During the year, 1019 Nos. Request for Information (RFI) applications were received & 45 Nos. were carried forward from 2019-20 under the RTI Act-2005, of which 903 have been disposed off as of March 31, 2021.

During the year, 73 Nos. of 1st Stage appeals were received & 9 Nos. were carry forward from 2019-20, out of which 77 were disposed off as on March 31, 2021.

The Hon'ble Central Information Commission, New Delhi, issued 5 Notices of hearings during the year 2020-21 and the same were attended by HAL Officials and were disposed off by the Hon'ble CIC.



(p) Redressal of Public Grievances

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

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

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

(q) Presidential Directives

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

The representation of SCs/STs/OBCs in HAL as on December 31, 2020 was as under:

Category of Employees	Group – A	Group – B	Group – C	Group – D	Total
Scheduled Castes	1,436	3	3,260	1	4,700
Scheduled Tribes	493	2	1,393	0	1,888
Other Backward Classes	1,996	8	5,129	2	7,135

The representation of Persons with Disabilities and Ex-Servicemen as on December 31, 2020 was as under:

Category of Employees	Group – A	Group – B	Group – C	Group – D	Total
Persons with Disabilities	150	1	477	0	628
Ex-Servicemen	85	-	1,387	0	1,472

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

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

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

Expenses incurred for the Board of Directors and Top Management are in the nature of salaries, allowances, perquisites, benefits and sitting fees as permissible under the Rules of the Company. No other expenses, which are personal in nature, were incurred for the Board of Directors and Top Management during the year 2020-21.

(t) Integrity Pact

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

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

For and on behalf of Board of Directors
Hindustan Aeronautics Limited

(R. Madhavan)

Place : Bengaluru
Date : August 30, 2021

Chairman and Managing Director



Declaration of Compliance with the Code of Conduct

Pursuant to Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and DPE Guidelines on Corporate Governance for Central Public Enterprises, all Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Business Conduct & Ethics for Board Members & Senior Management of Hindustan Aeronautics Limited, for the year ended March 31, 2021.



(R. Madhavan)

Chairman and Managing Director

Place: Bengaluru

Date: 03/07/2021

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

To,
The Board of Directors
Hindustan Aeronautics Limited

1. We have reviewed financial statements and the cash flow statement of Hindustan Aeronautics Limited for the year ended March 31, 2021 and that to the best of knowledge and belief:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. We have come across one reportable deficiencies in the design or operation of such internal controls, and necessary corrective action has already been initiated.
4. We have indicated to the auditors:
 - i. that there are no significant changes in internal control over financial reporting during the period;
 - ii. that there are no significant changes in accounting policies during the period.
 - iii. that there are no instances of significant fraud of which we have become aware.



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



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



Certificate on Corporate Governance

To,
The Members of Hindustan Aeronautics Limited
Bengaluru

We have examined the compliance of Corporate Governance by Hindustan Aeronautics Limited, as stipulated in Regulations 17 to 27 and Clauses (b) to (i) of Regulation 46(2) and Para C and D of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Department of Public Enterprises, for the financial year ended March 31, 2021.

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

On the basis of our findings from the examination of the records produced and information furnished to us, in our opinion, the Company has complied with the conditions of Corporate Governance as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Department of Public Enterprises, for the financial year ended March 31, 2021 except to the extent of following:

1. Provisions pertaining to Board Composition as per Regulation 17 of SEBI (LODR) Regulations, 2015 is not compliant w.r.t the following:
 - a. Half of the Board is not Independent
 - b. No Woman Independent Director on the Board

Regulation 17 (1)(a) of SEBI LODR Regulations, 2015- The Board of directors of a listed entity shall have an optimum combination of executive and non-executive directors with at least one woman director and not less than fifty percent of the board of directors shall comprise of non-executive directors.

On the matter, it was explained by the Company that, since appointment of Independent Directors in the Government Companies is being made by concerned Administrative Department of the Government of India, the Company has no control over such appointments.

It was further explained by the Company that application for waiving of fine on delay of such appointments has been made to NSE on 17th February, 2021 under Sr. No 3 (a) of the Policy of exemption of fines issued by SEBI, citing no control over the matter. Though no response on the exemption has been received so far from NSE, BSE has su-moto granted the wavier of penalty for non-compliance under Regulation 17 of SEBI (LODR) Regulation, 2015.

2. As on 31st March, 2021 the Audit Committee of the Company had only 2 independent directors as members and did not have Chairperson. However, the Company in its 443rd Board Meeting held on 10th May, 2021 has reconstituted the Audit Committee.
3. As on 31st March, 2021 the Nomination and Remuneration Committee of the Company had only one independent director as member and the committee did not have Chairperson. However, the Company in its 443rd Board Meeting held on 10th May, 2021 has reconstituted the Nomination and Remuneration Committee.
4. As on 31st March, 2021 the Stakeholders Relationship Committee of the Company did not have Chairperson. However, the Company in its 443rd Board Meeting held on 10th May, 2021 the Company has appointed the chairperson and reconstituted the Stakeholders Relationship Committee.

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

Dakshayani P
Practicing Company Secretary
FCS No.: 8993
C P. No.: 8411
UDIN: F008993C000466758

Place: Bengaluru
Date: 15/06/2021



Business Responsibility Report

Section A: General Information about the Company

1. Corporate Identity Number (CIN) of the Company	: L35301KA1963GOI001622
2. Name of the Company	: Hindustan Aeronautics Limited
3. Registered address	: 15/1, Cubbon Road, Bengaluru - 560001
4. Website	: www.hal-india.co.in
5. E - mail ID	: cosec@hal-india.co.in
6. Financial Year reported	: 2020-21
7. Sector(s) that the Company is engaged in (industrial activity code - wise)	: Aerospace & Defence

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

The three key products manufactured by the Company are:-

- i. LCA Tejas Aircraft
- ii. Advance Light Helicopter (ALH)
- iii. LCH – Light Combat Helicopter

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

- i. Number of International Locations:-

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

- ii. Number of National Locations:-

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

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

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

Both National and International Markets are served by the Company.

Section B: Financial Details of the Company

1. **Paid up Capital:** ₹3,343,875,000

2. **Total Turnover :** ₹ 22,36,893 Lakhs

3. **Total Profit After Taxes :** ₹ 3,23,296 Lakhs

4. **Total Spending on Corporate Social Responsibility (CSR) (including amount set aside) as percentage of Profit After Tax (%):**

2% of Average Net Profits of the Company made during the three immediately preceding financial years. The "Average Net Profit" calculated in accordance with the provisions of the Section 198 of the Companies Act.

The amount spent during 2020-21 was ₹90.52 Crores. Details are at Annexure III to the Board's Report.

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

Refer Annexure – III to the Board's Report.



Section C: Other Details

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

Yes.

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

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

No

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

No

Section D: BR Information

1. Details of Director /Directors responsible for BR.

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

DIN: 08652280

Name: Shri Alok Verma

Designation: Director (Human Resources)

b) Details of the BR head:

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

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

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



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

2a. If answer to Sl. No. 1 against any principle is 'No', please explain why:

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

3. Governance related to BR

- Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year?
Various principles of BR performance are integral to the day-to-day operations of the Company and same are reviewed by Functional Directors as and when required.
- Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?
Yes. Company publishes BR Report and Sustainability Report as part of its Annual Report and posts the same on its website at www.hal-india.co.in/Investors.



Section E: Principle - wise performance

Principle 1

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

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

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

During the year, 237 investors' complaints were received and all have been resolved.

Principle 2

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

None

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

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

Not Applicable

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

Not Applicable

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

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

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

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

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

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

- Issuance of tender sets free of cost, exemption from payment of Earnest Money Deposit (EMD) & purchase preference.
- Further, HAL provides assistance to MSEs in the following manner:
 - Supply of technical documents, drawings, process sheets, tool drawings for special tools, templates and supply of available tooling, special / specific-to-type tools / gauges, raw material for aircraft components wherever required to MSEs.
 - Training & technical inputs to the Vendors' personnel/technician/ engineers at HAL and/or at vendors' works by deputing HAL Engineers.



- c. HAL conducts vendor development programmes/ meets at various places to increase the no. of MSEs participation in HAL manufacturing programmes.
- d. Further, HAL has relaxed the terms & conditions (viz. payment, prior turnover, prior experience, etc.) to MSEs & Start-ups as per the directives received from GOI time to time.
- e. HAL has on-boarded on Trade Receivables Discounting System (TReDS) platform which facilitate prompt en-cashing/ financing of trade receivables of MSEs from HAL. This system will take care of ensuring timely payment to vendor. All our vendors are being persuaded to on board on the TReDS platform to avail this facility.
- f. HAL has registered with MSME SAMADHAAN portal and the same is being monitored regularly for resolution of payment complaints of MSEs, if any. The procurement details are being updated monthly in "MSME SAMBANDH" Portal.
- g. HAL has implemented the Public Procurement (Preference to Make in India), Order 2017 and its subsequent amendments issued by Department for Promotion of Industry and Internal Trade (DPIIT) to encourage 'Make in India' and promote manufacturing and production of goods & services in India.
- h. HAL has registered on DPE portal and the weekly data is regularly uploaded w.r.t procurement from MSEs, procurement from MSEs through GeM portal and payment to MSEs through TReDS platform.
- i. HAL is a part of Public Procurement Portal, Government e-Marketplace (GeM portal). All our vendors are being persuaded to on board on the GeM portal to utilize the facilities available in the GeM portal.
- j. HAL has implemented company wide e-Procurement system through its own e-Procurement portal for all tenders valuing more than ₹2 lakhs. A 24X7 e-Procurement help desk has been established to provide information, support, training, operational issues/clarifications to the vendors. This e-procurement portal has online vendor registration.

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

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

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

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

Principle 3

1. **Please indicate the Total number of employees:** 26,432 (as on 31.3.2021)
2. **Please indicate the Total number of employees hired on Contractual/ temporary/ casual basis:**
 - i) Contract labour : 10,924
 - ii) Casual labour : 225
3. **Please indicate the Number of permanent women employees:** 2,244
4. **Please indicate the Number of permanent employees with disabilities:** 624



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

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

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

Almost 100%

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

Sl. No.	Category	No. of complaints filed during the financial year	No. of complaints pending at the end of the financial year
1	Child labour/ forced labour/ involuntary labour	Nil	Nil
2	Sexual harassment	5	4
3	Discriminatory employment	Nil	Nil

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

Sl. No.	Category	% of Persons trained on Safety Aspects	% of Persons trained for skill upgradation
1	Permanent Employees	20%	17%
2	Permanent Women Employees	26%	25%
3	Casual / Temporary / Contractual Employees	0	0
4	Employees with Disabilities	23%	25%

Principle 4

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

Yes

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

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

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

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

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

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



ii. Special initiatives for Employees with disabilities:

HAL extends Special Allowance for Blind and Orthopedically disabled Workmen. Further, Blind, Deaf & Dumb and Orthopedically disabled Workmen are eligible for Transport Allowance at double the normal rates of Conveyance Allowance. Two-wheeler Advance for purchase of Tricycle is also provided to such Workmen.

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

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

iii. Special Initiatives for Women employees:

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

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

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

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

Principle 5

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

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

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

Nil

Principle 6

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

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

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

Yes. The Company is addressing issues pertaining to climate change and global warming through energy conservation measures and energy substitution. Renewable energy resources such as wind and solar for energy generation and captive consumption, are being used to extent possible to reduce Global Warming and use of clean green energy. The Company has a target of installing 50 MW capacity renewable energy power projects out of which about 47 MW is operational (14.7 MW based on wind and balance based on solar). The Company has generated about 840 Lakh units of electricity from the wind & solar power plants during the year 2020-21, leading to a reduction of about 79000 Tons of CO2 emissions.



Further, the Company has initiated the following strategies in-house to address the global environmental issues;

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

Hyperlink for webpage - http://hal-india.co.in/Sustainability/M_112

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

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

Further, the following measures have been taken up to address environmental risks:

- Life expired chemicals and Hazardous waste are being disposed to nearest authorized Treatment Storage Disposal Facility (TSD) at regular intervals.
- Engineering controls such as local exhaust ventilation with scrubbers for collection of dust and chemical fumes
- ETP-Effluent Treatment Plant to treat the effluents from electroplating shops with acid and alkali streams

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

No

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

Yes. The Company has target of installing 50 MW capacity renewable energy power projects out of which around 47 MW is operational. The Company is working towards 100% replacement of conventional light fittings with LED light fittings in order to reduce the energy consumption.

Hyperlink for webpage - http://hal-india.co.in/Sustainability/M_112

Further, the following initiatives have also been taken towards enhancing energy efficiency;

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



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

Yes.

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

NIL

Principle 7

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

- a. Federation of Indian Chambers of Commerce & Industry (FICCI);
- b. Standing Conference of Public Enterprises (SCOPE);
- c. Confederation of Indian Industry (CII); and
- d. Associated Chambers of Commerce and Industry of India (ASSOCHAM);

2. Have you advocated / lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas.

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

Principle 8

1. Does the Company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes details thereof.

Yes. The Company has always prioritized and had been at the fore-front, when it comes to the welfare of the society in the vicinity of which it operates. Especially, in these unprecedented times of the global pandemic, the focus has been to extend all possible support to the respective authorities, empowering them to fight against the deadly virus. The Company Business Principals also reflects the same.

The Company has specified programmes / initiatives / Projects in pursuit of the Policy related to Principle 8. These Projects / Activities are in synchronisation with the themes indicated in Schedule – VII of the Companies Act, 2013.

The list of such Projects / Initiatives carried out under CSR during 2020-21, are provided in Annexure- III to the Board's Report.

2. Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organization?

The in-house team at various Divisions of the Company are directly executing majority of the CSR Activities / Programmes.

However, Specialized Agencies with proven track records have been associated for execution of some CSR Activities / Projects where-in their specialized expertise is required. Few such projects are depicted below;

- Development of HAL-IISc Skill Development Centre, at Challekere, Chitradurga District, Karnataka State has been carried out in association with the Indian Institute of Science, Bengaluru, a premier Educational Institute.
- COVID Testing Centre at Kargil has been established through Council for Scientific and Industrial Research - Indian Institute of Integrative Medicine, Jammu.
- Public toilet block at NIMHANS, Bengaluru has been executed through M/s Sulabh International, a renowned name in such projects.
- HAL-CMTI Skill Development Centre for Experimental Learning in Smart Manufacturing and Industry 4.0 has been established through Central Manufacturing Technology Institute, Bengaluru.



Similarly, CSR Projects of the Hyderabad Division are identified, finalized and executed in coordination with various Agencies of State / Central Government such as Greater Hyderabad Municipal Corporation, District Administration, Railways, etc.

In case of HAL Koraput Division, which is located in Koraput District, Odisha State, notified as one of the Aspirational Districts by the NITI Aayog, the Division identifies, finalizes and executes some of the CSR Projects in Co-ordination with the Office of the District Administration.

3. Have you done any impact assessment of your initiative?

As per the provisions of the Companies (Corporate Social Responsibility policy) Amended Rules, 2021, the Company has carried out the Impact assessment of CSR projects, as applicable under the amended rules.

In respect of the Kumudavathi River Rejuvenation Project, implemented through the International Association for Human Values (IAHV), Art of Living, the Impact Assessment of the project was carried out by M/s. Pixel Softek Pvt. Ltd., an independent agency.

The Impact assessment study for the HAL-IISc Skill Development Centre has been conducted by M/s. Alpha Value Consulting, Noida, an independent agency.

Similarly, the Impact assessment in case of Roads Construction Projects carried out by the Korwa Division have been conducted by M/s. G. B. Pant Social Science Institute, Prayagraj, Uttar Pradesh. The Impact assessment of the CSR Project undertaken by Hyderabad Division, "Provision of Passenger Lift for elderly and disabled persons at Secunderabad Railway Station" has been conducted through M/s. Haven Homes Society Ltd, Hyderabad.

4. What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

During the year 2020-21 an amount of ₹ 90.52 Crores has been spent on various CSR Projects / Activities. Majority of the CSR Projects Carried out by HAL are aimed at Community Development.

The details of CSR Projects implemented during the year are indicated in Annexure III to the Board's Report.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain.

Yes. The CSR Projects / Activities are taken up in various areas such as Health, Education, Sanitation and Infrastructural / Rural Development as per the requirement of the specific areas. Especially during the FY 2020-21, in view of the global pandemic, the need of the society towards medical equipment and health related sector was given emphasis.

The CSR Projects are selected by HAL Divisions in the vicinity on the basis of need assessment of particular areas and in consultation with concerned stakeholders like Village Head, Panchayat Head, Block Development Officers, District Collectors, etc. During the course of the CSR Projects, regular interaction takes place amongst the Stakeholders and HAL representatives

Due diligence is done by the CSR Implementation Committees existing in the respective Divisions. On completion of these projects / facilities, they are handed over to the respective Authorities for further utility / maintenance.

Thus, it is ensured that the community development initiatives are successfully adopted by the community.

The details of CSR Projects implemented during the year are indicated in Annexure III to the Board's Report.



Principle 9

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

Customer's issues are addressed by a dedicated Customer Service Department set up in each of the Divisions – Spares supply, Co-ordination for Repair/ Service at HAL/ at Customer site etc. Periodic meetings are also held with all customers viz., IAF, Army, Navy and Coast Guard for resolving issues on mutually agreeable terms. With regard to product performance, Defect Investigation (DI) Services are provided by the Company on a regular basis. The findings are shared with Customers & appropriate remedial measures are taken to improve the performance of product. About 90% of the Customer Issues are resolved during the same financial year.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/NA/Remarks (additional information).

The final products (viz., Aircraft and Helicopter) produced by the organisation are primarily meant for Defence requirement. The final product is identified by unique tail number.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof.

Nil

4. Did your company carry out any consumer survey/consumer satisfaction trends?

The products are primarily meant for defence requirement and periodic customer satisfaction survey is carried out.



Independent Auditor's Report

To The Members of Hindustan Aeronautics Limited Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the Standalone Financial Statements of **Hindustan Aeronautics Limited** ("the Company") which comprise the Balance Sheet as at 31st March 2021 and the Statement of Profit and Loss (including Other Comprehensive Income), (Statement of Changes in Equity) and the Statement of Cash Flows for the year then ended, and Notes to the Standalone Financial Statements, including a summary of Significant Accounting Policies and other explanatory information (hereinafter referred to as "the standalone financial statements")in which are included the returns of 27 divisions for the year ended on that date audited by the Division Auditors of the company.

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and the Profit, (Changes in Equity) and its Cash Flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Act, and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

- 1) **Due to Covid – 19 pandemic - Second Wave**, lockdown and restrictions on travel and resources deployment were imposed by the Central / State Government, State Local authorities during the period of Audit. As a result, complete onsite (physical) audit could not be conducted in certain divisions and therefore, we have relied on the schedules / notes / approvals/ other supporting evidences that were made available to us through e-mails and other technology platforms to complete the audit. Consequently, we relied on alternate audit procedure as per Standards on Auditing prescribed by ICAI.

Our opinion on Standalone financial results is not modified in respect of the above matter.

2) Attention is invited to Notes to the Financial Results extracted below:

a) Note: 49 (33) (g)

COVID-19 Impact

Current year Impact:

Due to lockdown imposed to contain the spread of COVID-19 pandemic, the Company's manufacturing facilities were temporarily shut down during April 2020. The activities resumed from 28th April 2020 with precautions, reduced availability of manpower and disrupted supply chain, resulting in lower turnover and consequent lower profit during the first half of the financial year 2020-21. However, during the second half of the financial year 2020-21 near normalcy is restored in the operations. The Company improved its turnover and profitability as compared to the financial year 2019-20.

Anticipated Future Impact:

Based on the information available (internal as well as external) up to the date of approval of this financial result, Company expects to recover the carrying amount of Intangible assets, Inventories, Property, Plant and Equipment's, Lease, Financial Instruments, Trade Receivables etc. Efforts are being made to minimize the impact. The Company will continue to closely monitor the developments, the future economic and business outlook and its impact on Company's future financial statements with a view to minimize the Covid impact.



Second wave of Covid impact

Second wave of Covid-19 has forced the company to declare for a phased Lockdown at various divisions on substitution basis during April and May 2021. The Employees will put in additional hours for the lost hours during lockdown period. It is therefore, expected that the lost man hours will be recovered in the coming months, hence no significant impact is anticipated.

b) Note no :49 (1)(b)

Revision of pay scales of executives and workmen, with effect from 01.01.2017 was implemented in accordance with the guidance issued by DPE vide OM dated 03.08.2017 for Executives and in accordance with the Wage Agreement entered between Management and Employees Union representative in 2019-20 in respect of Workmen.

On an interpretation on Pay refixation and pursuant to the directives of Administrative Ministry, the pay fixation is being revised and the excess amount paid is to be recovered from Employees.

This has resulted in reduction of Salaries and wages by ₹ 14450 lakhs and a Consequential reduction in sales revenue by ₹ 5677 Lakhs.

Our opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	Response to Key Audit Matters & Conclusion
<p>a) Revenue recognition (‘Ind AS 115’)</p> <p>The revenue standard establishes a comprehensive framework for determining whether, how much and when revenue is recognized. This involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of identified performance obligation, the appropriateness of the basis used to measure revenue recognized over a period. Additionally, the standard mandates robust disclosures in respect of revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.</p>	<p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> • Evaluated the appropriateness of the disclosures provided under the revenue standard and assessed the completeness and mathematical accuracy of the relevant disclosures. • Evaluated the design of internal controls relating to implementation of the revenue accounting standard. • Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, reperformance and inspection of evidence in respect of operation of these controls. • Selected a sample of continuing and new contracts and performed the following procedures: • Read, analyzed and identified the distinct performance obligations in these contracts. • Compared these performance obligations with that of identified and recorded by the group. • Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable revenue. • Examination of the correspondence relating to price revision and ascertained the reasonableness of the estimates.



Key Audit Matters	Response to Key Audit Matters & Conclusion
<p>b) Impairment of Trade Receivables</p> <p>In respect of receivables from Government the company does not make any impairment provision based on past experience.</p> <p>The amount involved being significant balance and management judgement we consider this as a Key Audit Matter.</p>	<ul style="list-style-type: none"> Sample of revenues disaggregated by type and service offerings was tested with the performance obligations specified in the underlying contracts. <p>We have verified the</p> <ol style="list-style-type: none"> Effectiveness of internal controls in place and procedures followed in identifying the recoverability of long outstanding dues. The procedures and follow up actions in ascertaining the impairment of receivables. <p>Our audit procedures include evaluation of provisions made for impairment in earlier years. We also made test checks of invoice wise collection details provided made in respect of in the five preceding financial years and we concluded the management assumption is reasonable.</p>
<p>c) Recognition and Impairment of Intangible assets</p> <p>A significant degree of judgement is required to determine the Intangibles to be recognized and intangibles to be impaired. The company has substantial intangibles assets both under use and in progress. The recognition /impairment assessment involves technical and management estimates and Judgements.</p> <p>In respect of intangible Assets which are under development and whose life is infinite the same was reviewed by internal technical team as at the end of the reporting period and necessary impairment, if any, is recognized.</p>	<p>Our audit procedures involved the test check of verification of internal controls and incurrence of expenditure on intangible assets. We also reviewed the report of the Technical committee constituted to review the Intangibles Assets – development expenditure who have given a recommendation of the Intangible assets to be recognized and assets to be impaired in the Financial year.</p> <p>Based on the audit procedures as above we find the recognition and impairment provision have been made accordingly.</p>
<p>d) Work - in - Progress (WIP) - Inventories</p> <p>Inventories include Work in Progress which have been physically verified by the management based on physical verification instructions. Due to COVID – 19 lockdown we were not present during physical verification.</p>	<p>Our Audit Procedures include review of</p> <ul style="list-style-type: none"> Physical Verification instructions Physical verification reports Roll back procedures Examining the basis of valuation on a test check basis <p>Based on the above audit procedures we conclude that the valuation of WIP is proper.</p>
<p>e) Remeasurement of Employee Benefits Provident Fund</p> <p>The exempt provident fund set up by the company is a defined benefit plan under Ind AS 19 Employee Benefits.</p> <p>Provident Fund for eligible employees is managed by the Company through a trust in line with the Provident Fund and Miscellaneous Provision Act, 1952. The plan guarantees interest at the notified by the Provident Fund Authorities. The contribution by the employer and employee together with the interest accumulated thereon are payable to employees at the time of separation from the Company or retirement, whichever is earlier. The benefits vests immediately on rendering of the services by the employee.</p>	<p>We have verified the inputs given to the Actuary for valuation and the disclosures made.</p>



Key Audit Matters

The minimum interest rate payable by the trust to the beneficiaries every year is notified by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust (including investment risk fall) and the notified interest rate.

The Company has obtained actuarial valuation report on the determination and disclosure of interest rate Guarantee & Diminution of Asset Values as per IND AS19 of Employees Exempt Provident Fund of HAL for the period ended 31st March 2021.

In view of uncertainties regarding recoverability of certain investment in ILFS, Dewan Housing, Reliance Capital, syntax, Srei equipment finance etc., during the year ended 31st March, 2021, the Company has provided ₹ 7832 lakhs being the shortfall arising on account of asset diminution and change in re-measurement of the defined benefit plans etc., which has been recognized in "other Comprehensive Income" and Other Financial Liabilities.

f) Revision of pay

Revision of pay scales of executives and workmen, with effect from 01.01.2017 was implemented in accordance with the guidance issued by DPE vide OM dated 03.08.2017 for Executives and in accordance with the Wage Agreement entered between Management and Employees Union representative in 2019-20 in respect of Workmen.

During the FY 2018 – 2019, C&AG raised a draft para on the methodology of fixation of basic pay by HAL. It was referred to the Department of Defence Production, MOD being the Administrative Ministry for resolving the interpretation issue.

During the current financial year, based on the directives of the Administrative Ministry, the pay fixation is proposed to be rectified and the excess amount paid will be recovered from the employees.

This being a change in the accounting estimate, an amount of ₹14450 lakhs is credited to Salaries and Wages and included as part of claim recoverable in Note No.19 based on the inputs available at present. This has resulted in reduction in the sales revenue by ₹ 5677 lakhs.

Response to Key Audit Matters & Conclusion

We have verified the Draft Audit para given by PDCA Bangalore, and the directives given by the Administrative Ministry dated 07.04.2021.

We verified the internal control and the programme logic for recalculation of the employees cost and also made test check on walk through basis. Based on above audit procedure we find the reversal to Salaries and wages is Considered Satisfactory.

Information Other than the Financial Statements and Auditors Reports Thereon

The company's Board of Directors is responsible for the other information. The other information comprises the information included in Board's Report, Management Discussion & Analysis Report, Business Responsibility Report, but does not include the financial statements and our auditor's report thereon. The Board's Report, Management Discussion & Analysis Report, Business Responsibility Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.



In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibility of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance, (Changes in Equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India including the accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, The Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ◆ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ◆ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- ◆ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings including any significant deficiencies in Internal Control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

- a) We did not audit the financial statements/ information of 27 Divisions included in the financial statement of the company whose financial statements/financial information reflect total assets of ₹ 2177916 Lakhs as at 31st March 2021 and the total revenue of ₹ 402472 lakhs for the year ended on that date, as considered in the standalone financial statements/information of these divisions have been audited by the division auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of divisions, is based solely on the report of such division auditors.

Our opinion is not modified in respect of these matters

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 (" the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013 we give in the "**Annexure –B**" statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the divisions not visited by us.
 - c) The reports on the accounts of the divisions of the company audited under Section 143 (8) of the Act by the division auditors have been sent to us and have been properly dealt with by us in preparing this report.
 - d) The Balance Sheet, the Statement of Profit and Loss (the Statement of Changes in Equity) and Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from the divisions not visited by us.
 - e) In our opinion, the aforesaid Standalone financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - f) Ministry of Corporate Affairs vide notification no 1/2/2014-CL-V dated 23rd February 2018 has exempted the companies engaged in defence production to the extent of application of relevant Accounting Standard on Segment Reporting. In view of the above, no disclosure is made by the company as required by Ind AS 108. Subject to the above, we state that, in our opinion, the aforesaid standalone financial Statements comply with the Accounting Standards specified under Section 133 of the Act.
 - g) In terms of circular NO. GSR 463(E) dated 05th June 2015 issued by the Ministry of Corporate Affairs, Government of India, the company being Government Company, is exempt from the provisions of section 164(2) of the Act regarding disqualification of Directors.



- h) The provisions of Section 197 are not applicable to a government Company (in terms of MCA Notification NO.GSR 463 (E) dated 05th June 2015) as the managerial remuneration is paid as per the appointment letter from the Government of India.
- i) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure A"**.
- j) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements –Refer Note 49 (2) (b) to the financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, on long-term contracts. The company does not have any derivative contracts.
 - iii. There were no amounts which were required to be transferred to the Investor education and protection fund by the company.
 - iv. As required by section 143 (5) of the Act, we give in **"Annexure C"**, a statement on the matters specified by the Comptroller and Audit General of India for the Company.

For Maharaj N R Suresh and Co. LLP

Chartered Accountants
FRN No.001931S/S000020

N R Suresh

Partner

MNO: 021661

UDIN: 21021661AAAAAW5567

Place: Chennai
Date: June 28th, 2021



ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF HINDUSTAN AERONAUTICS LIMITED.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act").

We have audited the Internal Financial Controls over Financial Reporting of HINDUSTAN AERONAUTICS LIMITED ("the Company") as of March 31, 2021 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining Internal Financial Controls based on the Internal Control over Financial Reporting criteria established by the Company, considering the essential components of Internal Control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting, issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's Internal Financial Controls over Financial Reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of Internal Financial Controls, both applicable to an audit of Internal Financial Controls and both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate Internal Financial Controls over Financial Reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the Internal Financial Controls System over Financial Reporting and their operating effectiveness. Our audit of Internal Financial Controls over Financial Reporting included obtaining an understanding of Internal Financial Controls over Financial Reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the Auditors' judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's Internal Financial Controls System over Financial Reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's Internal Financial Control over Financial Reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's Internal Financial Control over Financial Reporting includes those policies and procedures that:

- (i) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (ii) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the Company are being made only in accordance with authorisations of Management and Directors of the Company; and
- (iii) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.



Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of Internal Financial Controls over Financial Reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the Internal Financial Controls over Financial Reporting to future periods are subject to the risk that the Internal Financial Control over Financial Reporting may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate Internal Financial Controls System over Financial Reporting and such Internal Financial Controls over Financial Reporting were operating effectively as at March 31, 2021, based on the Internal Control over Financial Reporting criteria established by the Company, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

FOR MAHARAJ N R SURESH AND CO LLP

Chartered Accountants
FRN NO:001931S/S000020

N R Suresh
Partner

MNO: 021661

UDIN: 21021661AAAAAW5567

Place: Chennai
Date: June 28th 2021



ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF HINDUSTAN AERONAUTICS LIMITED.

The Annexure referred to in Paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' of our Report of even date:

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) These fixed assets have been physically verified by the management in accordance with its phased programme designed to cover the assets of all locations/units by physical verification over a period of one to five years, which in our opinion is reasonable having regard to the size of the company and nature of the assets
- (c) The title deeds of immovable properties are held in the name of the Company except as stated as per Note 49 Clause 14.1 to 14.6.
- (ii) The Management has conducted physical verification of inventory at reasonable intervals and no material discrepancies were noticed.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act 2013.
- (iv) In terms of Circular No. GSR 463(E) dated 05th June 2015 issued by Ministry of Corporate Affairs, Government of India, the Company being a Government Company engaged in Defence production is exempt from Section 185 and 186 of Companies Act 2013
- (v) The Company has not accepted any deposits from the public.
- (vi) We have broadly reviewed the books of account relating to materials, labor and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us in respect of Statutory dues:
 - (a) The Company is regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess, Goods and Service Tax and any other Statutory Dues to the appropriate authorities and there were no undisputed amounts payable which were in arrears as at 31st March 2021 for a period of more than six months from the date they became payable.
 - (b) Details of dues of Income Tax or Sales Tax or Service Tax or Duty of Customs or Duty of Excise or Value Added Tax, Cess and Goods and Service Tax have not been deposited as on 31st March 2021 on account of disputes are given below:

Sales Tax

Assessment Year	Amount (In Lakhs)	Appeal by	Forum Where dispute is pending
1986-87	3,341	The Company	1 st Appellate Authority
1988-89	5,106	The Company	1 st Appellate Authority
1989-90	5,465	The Company	1 st Appellate Authority
1991-92	4,279	The Company	1 st Appellate Authority
1997-98	319	The Company	1 st Appellate Authority
1998-1999	329	The Company	1 st Appellate Authority (Re calculation pending)
1999-2000	151	The Company	Maharashtra Sales Tax Tribunal
2000-2001	65	The Company	1 st Appellate Authority. (Re calculation pending)



Assessment Year	Amount (In Lakhs)	Appeal by	Forum Where dispute is pending
2001-2002	480	The Company	Rectification Application submitted on 19.05.2006 for submission of wanting "C" Forms, pending before Dy.Com. Of Sales Tax Assessment Nashik
2002-2003	454	The Company	1 st Appellate Authority (Re calculation pending)
2003-2004	349	The Company	Maharashtra Sales Tax Tribunal, Mumbai
2004-2005	10,781	The Company	Maharashtra Sales Tax Tribunal, Mumbai
2005-2006	41,518	The Company	Maharashtra Sales Tax Tribunal, Mumbai
2006-2007	76,068	The Company	Maharashtra Sales Tax Tribunal, Mumbai
2008-2009	82,234	The Company	Maharashtra Sales Tax Tribunal, Mumbai
2009-2010	1,02,229	The Company	Ratification application before Sr Deputy Commissioner of Sales Tax Nasik
2007-2008	57,400	The Company	Stay Application granted without insisting for any amount as part payment received on 06.03.2017 & Pending before II ND Appellate Authority Mumbai
2010-2011	92,600	The Company	Stay Application granted without insisting for any amount as part payment received on 06.03.2017 & Pending before II ND Appellate Authority Mumbai
2011-2012	90,395	The Company	Stay Application granted without insisting for any amount as part payment received on 06.03.2017 & Pending before II ND Appellate Authority Mumbai
2012-13	79,396	The Company	Stay Application granted without insisting for any amount as part payment received on 06.03.2017 & Pending before II ND Appellate Authority Mumbai
2013-14	93,921	The Company	Stay Application granted without insisting for any amount as part payment received on 06.03.2017 & Pending before II ND Appellate Authority Mumbai
2014-15	67,170	The Company	Assessment order Received. Writ is filed before the Bombay High Court on 03.06.2019
2015-16	71,484	The Company	Pending with IST Appellate Authority 30/06/2020
2019-20	308	The Company	Matter decided by H'ble CESTAT, Mumbai in HAL Favour. Department has gone into appeal before Supreme Court.
2005-06	138	The Company	Sub-Judice
2010-11	372	The Company	Matter is pending with Commissioner Appeal
2011-12	1,432	The Company	Case pending in High Court for hearing
2012-13	4,156	The Company	Case pending in High Court for hearing
2013-14	4,859	The Company	Case pending in High Court for hearing
2014-15	7,895	The Company	Matter is pending with Commissioner Appeal
2015-16	13,414	The Company	Matter is pending with Commissioner Appeal
2016-17	11,461	The Company	Matter is pending with Commissioner Appeal
2004-05	1	The Company	Court of Addl Comm. (Appeals), Faizabad
2004-05	1	The Company	Court of Addl Comm. (Appeals), Faizabad
2005-06	501	The Company	Assessing officer, Faizabad (For revision)
2006-07	1,508	The Company	Assessing officer, Faizabad (For revision)



Assessment Year	Amount (In Lakhs)	Appeal by	Forum Where dispute is pending
2007-08 (upto Dec-07)	967	The Company	Assessing officer, Faizabad (For revision)
2008-09	462	The Company	Assessing officer, Faizabad (For revision)
2009-10	221	The Company	Assessing officer, Faizabad (For revision)
2014-15	3,841	The Company	Court of Addl Comm. (Appeals), Faizabad
2015-16	4,968	The Company	Court of Addl Comm. (Appeals), Faizabad
2016-17	7,345	The Company	Court of Addl Comm. (Appeals), Faizabad
2010-11	4,004	The Company	Court of Addl Comm. (Appeals), Faizabad
2011-12	3,312	The Company	Court of Addl Comm. (Appeals), Faizabad
2012-13	2,036	The Company	Court of Addl Comm. (Appeals), Faizabad
2013-14	3,264	The Company	Court of Addl Comm. (Appeals), Faizabad
2004-05	1	The Company	Court of Addl Comm. (Appeals), Faizabad
2004-05	0	The Company	Court of Addl Comm. (Appeals), Faizabad
2007-08	1	The Company	Court of Addl Comm. (Appeals), Faizabad
2005-06	3	The Company	Court of Addl Comm. (Appeals), Faizabad
2005-06	0	The Company	Court of Addl Comm. (Appeals), Faizabad
2007-08 (upto Dec-07)	1	The Company	Court of Addl Comm. (Appeals), Faizabad
1996-97	479	The Company	Pending for hearing at High Court, Allahabad
1997-98	593	The Company	Pending for hearing at High Court, Allahabad
1998-99	751	The Company	Pending for hearing at High Court, Allahabad
1999-00	488	The Company	Pending for hearing at High Court, Allahabad
2000-01	1,058	The Company	Pending for hearing at High Court, Allahabad
2001-02	1,222	The Company	Pending for hearing at High Court, Allahabad
2002-03	1,361	The Company	Pending for hearing at High Court, Allahabad
2003-04	709	The Company	Pending for hearing at High Court, Allahabad
2004-05	935	The Company	Pending for hearing at High Court, Allahabad
2005-06	1,230	The Company	Pending for hearing at High Court, Allahabad
2006-07	2,386	The Company	Pending for hearing at High Court, Allahabad
2007-08	2,988	The Company	Pending for hearing at High Court, Allahabad
2008-09	2,316	The Company	Pending for hearing at High Court, Allahabad
2009-10	2,922	The Company	Pending for hearing at High Court, Allahabad
2010-11	3,348	The Company	Pending for hearing at High Court, Allahabad
2011-12	4,399	The Company	Pending for hearing at High Court, Allahabad
2012-13	5,848	The Company	Pending for hearing at High Court, Allahabad
2013-14	3,194	The Company	Pending for hearing at Tribunal
2014-15	3,710	The Company	
2015-16	1,688	The Company	Order passed by Jt commissioner. Appeal for stay proceedings to be initiated.
2016-17	2,637	The Company	
2017-18	835	The Company	Order passed by Jt commissioner. Appeal for stay proceedings is under process.



Assessment Year	Amount (In Lakhs)	Appeal by	Forum Where dispute is pending
2005-06	102	The Company	Hearing not yet fixed by West Bengal Commercial Taxes Appellate and Revisional Board
2006-07	448	The Company	Hearing not yet fixed by West Bengal Commercial Taxes Appellate and Revisional Board
2007-08	351	The Company	Hearing not yet fixed by West Bengal Commercial Taxes Appellate and Revisional Board
2008-09	849	The Company	Hearing not yet fixed by West Bengal Commercial Taxes Appellate and Revisional Board
2016-17	83	The Company	Appeal filed before West Bengal Commercial Taxes Appellate and Revisional Board
Total	10,08,937		

Sales Tax Paid against Disputed Tax ₹ 9,371 Lakhs.

Service Tax

Assessment Year	Amount (In Lakhs)	Appeal by	Forum Where dispute is pending
2003-2004	25.89	The Company	CESTAT Bangalore
2004-2005	62.58	The Company	CESTAT bang lore
2005-06	61.66	The Company	Service Tax Appellate Tribunal
2005-2006	77.59	The Company	CESTAT Bangalore
2006-07	5143.27	The Company	Matter decided by H'ble CESTAT, Mumbai Interest 495 .69 in HAL favour. Department has gone into Penalty 162.26 appeal in Supreme Court
2006-07	1124.81	The Company	Appeal filed before CESTAT, Mumbai vide ST/86342113-MUM Dated 01.04.2013
2006-2007	123.43	The Company	CESTAT Bangalore
2007 -08	739.88	The Company	Appeal filed before CESTAT, Mumbai vide ST/86342113-MUM Dated 01.04.2013
2007-08	820.21	The Company	Matter decided by H'ble CESTAT, Mumbai Interest 495 .69 in HAL favour. Department has gone into Penalty 162.26 appeal in Supreme Court
2007-2008	128.24	The Company	CESTAT Bangalore
2008-09	265.46	The Company	1) Matter decided by H'ble CESTAT Interest 157.54 Mumbai in HAL Favour. Department has gone into appeal in Supreme Court. 2) Joint Commissioner of Centra I Excise & Customs, Nashik.
2008-09	630.48	The Company	Appeal filed before CESTAT, Mumbai vide ST/86342113-MUM Dated 01.04.2013
2008-2009	17.65	The Company	CESTAT Bangalore
2009-10	281.79	The Company	Service Tax Appellate Tribunal
2009-10	271.8	The Company	1) Dy/Asst Comm. of Central Excise & Customs, Nashik. Reply to SCN given on 14.07.2010. No Further hearing posted by the department. 2) Dy /Asst Comm. of Central Excise & Customs, Nashik. Reply to SCN given on 27.05.2011. No Further hearing posted by the department.



Assessment Year	Amount (In Lakhs)	Appeal by	Forum Where dispute is pending
2009-10	314.42	The Company	Appeal filed before CESTAT, Mumbai vide ST/86342113-MUM Dated 01.04.2013
2009-10 to 2010-11	84	The Company	CESTAT
2009-2010	1.46	The Company	CESTAT Bangalore
2010-11	56.77	The Company	Commissioner (Appeal)
2010-11	98.16	The Company	Reply to SCN given on 12.05.2012. No Further hearing posted by the department.
2010-11	360.64	The Company	Appeal filed before CESTAT, Mumbai vide ST/86342113-MUM Dated 01.04.2013
2010-2011	1.25	The Company	CESTAT Bangalore
2011-12	81.17	The Company	Reply to SCN given on 12.05.2012. No Further hearing posted by the department.
2011-12	186.6	The Company	1) Appeal filed before CESTAT vide ST/89144113-MUM Dated 27.11.2013; Case remanded back by CESTAT vide final order Dt.20.10.2017. Addl Comm. CGST & Central excise Nashik has issued OiO No. 031AddIIADJ/20 19 Dt. 31.01.2019 for Demand of ₹ 21.21 Lacs. 2) ST/85856115-MUM Dated 21.04.2015; Case remanded back by CESTAT vide final order Dt.O 1.11.20 18 to the adjudicating authority to consider the eligibility of Notification No. 12/2003-ST Dt.20.06.2003 afresh. No further progress in the case.
2011-2012	74	The Company	CESTAT
2012-13	605.72	The Company	Appeal filed before CESTAT T Mumbai vide ST/85856115-MUM Dated 21.04.2015; Case remanded back by CESTAT T vide final order Dt.O 1.11.2018 to the adjudicating authority to consider the eligibility of Notification No. 12/2003-ST Dt.20.06.2003 afresh. No further progress in the case
2012-13	6.67	The Company	
2012-13	126.07	The Company	Appeal filed before CESTAT in Mar 20 19;ST/86125/20 19-08; No further hearing posted
2013-14	8710.34	The Company	Appeal filed before CESTAT T, Mumbai vide ST/87320 DT 10/ 10/2016; No further hearing posted
2013-14	5.46	The Company	
2013-14	149.77	The Company	Appeal filed before CESTAT in Mar 20 19;ST/86125/20 19-08; No further hearing posted
2013-14 till 2017-18	56.02	The Company	Commissioner of Central Tax (Appeal) East Commissionerate Domaluru
2014-15	11126.12	The Company	Appeal filed before CESTAT, Mumbai vide ST/85007 Dt. 11/01/2017; No further hearing posted
2014-15	5.92	The Company	
2014-15	152.29	The Company	Appeal filed before CESTAT in Mar 20 19;ST/86125/20 19-08; No further hearing posted



Assessment Year	Amount (In Lakhs)	Appeal by	Forum Where dispute is pending
2015-16	11411.65	The Company	Appeal filed before CESTAT in Mar 2019 vide ST/86124/2019-DB; No further hearing posted
2015-16	150.67	The Company	Appeal filed before CESTAT in Mar 20 19;ST/86125 /20 19-DB; No further hearing posted
2015-16	5.08	The Company	Appeal filed before CESTAT
2016-17	227.88	The Company	Service Tax Appellate Tribunal
2016-17	13974.01	The Company	CESTAT/ Tribunal
2016-17	33138.75	The Company	Appeal filed before CESTAT in Mar 2019 ; ST/86 124/20 19-0B; No further hearing posted
2016-17	228.71	The Company	Appeal filed before CESTAT in Mar 20 19;5T/86 125 /20 19-08; No further hearing posted
2016-17	3.13	The Company	Appeal filed before CESTAT
2017-18	1904.46	The Company	CESTAT/ Tribunal
2017-18	1921.62	The Company	Appeal filed before CESTAT in Mar 2019 ; ST/86 124/20 19-0B; No further hearing posted
2017-18	0.3	The Company	Appeal filed before CESTAT
2017-18 (Apr 17 - June 17)	14.13	The Company	SCN dated 26 th June 2020 received reply to SCN submitted on 30-07-2020
2019-20	325.53	The Company	CESTAT/ Tribunal
August 2002 to March 2003	6.3	The Company	CESTAT Bangalore
FY 2007-08 to 2011-12	4709	The Company	Pending Before Tribunal Bangalore
FY 2008-09	387	The Company	Pending Before Tribunal Bangalore
FY 2013-14 to 2016-17	136	The Company	Pending Before Tribunal Bangalore
October 2007- March 2009	120	The Company	CESTAT
Varous Years (Not Specified)	166	The Company	Commissioner (Appeal)
2012-13 to 2017-18	1	The Company	Pending for Appeal
2020-2021	33	The Company	The matter is with department
July 2007 to March 2008.	1168.47	The Company	CESTAT
2018-19	183	The Company	Appeal filed with Commissioner of Appeals
Oct-2013 to June-2017	309.54	The Company	Appeal filed with Commissioner of service tax
2005-06 to 2012-13	1295	The Company	CESTAT
2015-16 to 2017-18	522	The Company	CESTAT
2020-21	12	The Company	CESTAT
2004-05 to 2008-09	426	The Company	Central Excise and Service Tax Appellate Tribunal, New Delhi
2011-12 to 2014-15	11,272	The Company	CESTAT Allahabad
2015-16 to 2016-17	174	The Company	CESTAT Allahabad
2007-18 to 2011-12	9,747	The Company	CESTAT EZB, KOLKATA
2013-14 to 2018-19	34	The Company	Commissioner of Central Tax (Appeal) Domalpur Bangalore



Assessment Year	Amount (In Lakhs)	Appeal by	Forum Where dispute is pending
2015-16	991	The Company	Commissioner of CGST & Central Excise, Audit Commissionerate, Bhubaneswar
2013-14 to 2017-18 (Upto June 17)	77	The Company	Commissionerate of GST, Bangalore
2016-17 & 2017-18	306	The Company	Pending before The Joint Commissioner of CGST & Central Excise, Audit Commissionerate, Bhubaneswar
Total	1,27,359		

Service Tax Paid against Disputed tax ₹ 3,561 Lakhs.

GST

Assessment Year	Amount (In Lakhs)	Appeal by	Forum Where dispute is pending
2017-18	308	Department	Supreme Court
Total	308		

GST Paid under protest ₹ 13 Lakhs

Customs Duty

Assessment Year	Amount (In Lakhs)	Appeal by	Forum Where dispute is pending
2012-13	64	The Company	CESTAT
2012-13	10,289	The Company	CESTAT
2012-13	95	The Company	CESTAT
2012-13	13,121	The Company	CESTAT
2018-19	945	The Company	Pending Before Appellate Tribunal Bangalore
2020-21	862	The Company	Commissionerate of Customs
Total	25,376		

Customs Duty Paid against Disputed Tax ₹ 4,337 Lakhs.

Income Tax

Assessment Year	Amount (In Lakhs)	Appeal by	Forum Where dispute is pending
2011-12	732	The Company	Asst. Commissioner Income Tax, TDS
2017-18	18066	The Company	Commissioner of Appeals
2007-08, 2011-12, 2012-13, 2013-14, 2014-15, 2015-16	52375	The Company	Income Tax Appellate Tribunal
Total	71173		

- (viii) The Company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders.
- (ix) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year.
- (x) A fraud Involving theft in stores by the Service Contract labour has been noticed by the Management and police complaint was lodged and FIR has been filed against the Suspected Contract Personal. An amount of ₹ 85.75 lakhs has been provisionally assessed as theft from stores from 01.01.2020 to 07.02.2020 and reported in the FIR with Police. As explained to us no fraud has been committed by the Company



- (xi) The provisions of Section 197 are not applicable to a Government Company (in terms of MCA Notification no. GSR 463(E) dated 05th June 2015) as the managerial remuneration is paid as per the appointment letter from Government of India.
- (xii) The Company is not a Nidhi Company and hence complying with the provisions of the Nidhi Rules, 2014 does not arise.
- (xiii) All transactions with the related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable and the details have been disclosed in the Financial Statements, etc., as required by the applicable Accounting Standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) The Company has not entered into any non-cash transactions with Directors or persons connected with him.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Maharaj N R Suresh and Co. LLP

Chartered Accountants
FRN No.001931S/S000020

N R Suresh

Membership No.: 021661
Partner

Chartered Accountants
UDIN: 21021661AAAAAW5567

Place: Chennai
Date: June 28th, 2021



ANNEXURE – C TO THE INDEPENDENT AUDITOR’S REPORT

Directions indicating the areas to be examined by the Auditors during the course of audit of annual accounts of Hindustan Aeronautics Limited for the year 2020-21 issued by the Comptroller & Auditor General of India under Section 143(5) of the Companies Act, 2013.

S. No.	Areas Examined	Observation/Finding
1.	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	Yes. The Company has ERP System in place and the accounting entries are generated in the System as and when transaction are made. The ERP system is not linked to Internet and the modules in the ERP system are not interlinked. In view of the same some Journal Entries are required to be made to account for certain adjustment / correction derived basically from the System and then fed in to the system through required accounting process with a maker and Checker concept to ensure the integrity of the System.
2.	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for?. (In case, lender is a Government company, then this direction is also applicable for statutory Auditor of Lender Company)	Not applicable
3.	Whether funds (grants/subsidy etc.) received/receivable for specific schemes from Central/ State Government or its agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation.	The Company has received a sum of ₹ 13229 lakhs from Ministry of Defence (MOD), Government of India(GOI), towards investments by the Company in M/s Multirole Transport Aircraft Ltd (MTAL). Out of the above, the Company has till date invested a sum of ₹ 11347 lakhs (PY ₹ 11 347 lakhs). The balance of ₹ 1 882 lakhs repaid during the year. (PY ₹ 1 882 lakhs) Interest @ 6.85 % has been provided on the unutilized portion till June 2020 Shown under other financial liabilities.

For Maharaj N R Suresh and Co. LLP

Chartered Accountants
FRN No.001931S/S000020



N R Suresh

Membership No.: 021661
Partner

Chartered Accountants
UDIN: 21021661AAAAAW5567

Place: Chennai
Date: June 28th, 2021



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

दिनांक/DATE. *01-09-2021*

To

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

Sir,

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

I forward herewith Nil Comments Certificate of the Comptroller and Auditor General of India under Section 143(6) (b) of the Companies Act, 2013 on the standalone accounts and consolidated accounts of Hindustan Aeronautics Limited, Bengaluru for the year ended 31 March 2021.

It may please be ensured that the Comments are:

- (i) printed in toto without any editing;
- (ii) placed next to the Statutory Auditors' Report in the Annual Report of the Company with proper indication in the index;
- (iii) Placed before the AGM as required under proviso to Section 143(6)(b) of the Companies Act, 2013.

The receipt of this letter may please be acknowledged.

Yours faithfully,

(Arun Kumar VM)
Deputy Director (Reports)

Encl: As above.

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

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

फैक्स /Fax : 080-2226 2491

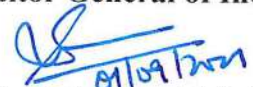


COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF HINDUSTAN AERONAUTICS LIMITED, BENGALURU FOR THE YEAR ENDED 31 MARCH 2021.

The preparation of financial statements (standalone financial statement) of **Hindustan Aeronautics Limited, Bengaluru** for the year ended 31 March 2021 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 28 June 2021.

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, Bengaluru** for the year ended 31 March 2021. 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 under section 143(6)(b) of Act.

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



(Santosh Kumar, IA&AS)

**Pr. Director of Commercial Audit
& Ex-Officio Member, Audit Board, Bengaluru.**

**Bengaluru
Date: 01 September 2021.**



Standalone Balance Sheet as at March 31, 2021

(₹ in Lakhs)

Particulars	Note No.	As at 31 st March 2021	As at 31 st March 2020
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	1		
Gross Block	1A	1058475	966648
Less: Accumulated Depreciation	1B	404567	332189
Net Block		653908	634459
(b) Capital work-in-progress	2	79038	85742
(c) Investment Property	3		
Gross Block	3A	4	4
Less: Accumulated Depreciation	3B	1	1
Net Block		3	3
(d) Goodwill	4		
(e) Other Intangible assets	5		
Gross Block	5A	295628	250556
Less: Accumulated Amortization	5B	161395	116429
Less: Impairment	5C	39826	33441
Net Block		94407	100686
(f) Intangible Assets under Development	6		
Gross Block	6A	129640	119282
Less: Accumulated Amortization	6B	0	0
Less: Impairment	6C	1013	1013
Net Block		128627	118269
(g) Investments in Subsidiaries and Joint Ventures	7	10569	11714
(h) Financial Assets			
(i) Investments	7A	88345	82301
(ii) Trade Receivables	8	0	0
(iii) Contract Assets	8A	0	0
(iv) Loans	9	4613	4796
(v) Other Financial Assets	10	33776	33813
(i) Deferred tax Assets (Net)	11	5235	47011
(j) Other Non-Current Assets	12	70686	62940
Total non-current assets		1169207	1181734
Current assets			
(a) Inventories	13	1656033	1945392
(b) Financial Assets			
(i) Investments	14	0	0
(ii) Trade receivables	15	563936	1123473
(iii) Contract Assets	15A	834616	784173
(iv) Cash and Cash Equivalents	16	714148	27783
(v) Bank Balances other than Cash and Cash Equivalents	17	2485	2008
(vi) Loans	18	1456	1934
(vii) Other Financial Assets	19	105771	121882
(c) Current Tax Assets (Net)	20	0	3531
(d) Other Currents Assets	21	139512	129057
Total current assets		4017957	4139233
Total Assets		5187164	5320967



Standalone Balance Sheet as at March 31, 2021

(₹ in Lakhs)

Particulars	Note No.	As at 31 st March 2021	As at 31 st March 2020
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	22	33439	33439
(b) Other Equity	23	1502216	1286519
Total equity		1535655	1319958
LIABILITIES			
Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	24	0	0
(ii) Trade payables	25		
(iii) Other Financial Liabilities	26	49503	55156
(b) Provisions	27	120073	127346
(c) Deferred Tax Liabilities (Net)	28	0	0
(d) Other Non-Current Liabilities	29	930769	705654
Total non-current liabilities		1100345	888156
Current Liabilities			
(a) Financial liabilities			
(i) Borrowings	30	907	588650
(ii) Trade payables	31		
A) total outstanding dues of micro enterprises and small enterprises		4698	4779
B) total outstanding dues of creditors other than micro enterprises and small enterprises		219917	404144
Sub Total-Trade payables		224615	408923
(iii) Other Financial liabilities	32	196448	250259
(b) Other Current Liabilities	33	1689381	1302827
(c) Provisions	34	397559	504118
(d) Current Tax Liabilities (Net)	35	42254	58076
Total current liabilities		2551164	3112853
Total Equity and Liabilities		5187164	5320967


Significant Accounting Policies and accompanying Notes No. 1 to 49 form an integral part of the Financial Statements
As per our Report of even date

For and on behalf of the Board of Directors

For Maharaj N R Suresh and Co. LLP
Chartered Accountants
FRN No.001931S/S000020


(C. B. Ananthkrishnan)
Director (Finance) & CFO
DIN: 06761339


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


CA N R Suresh
Partner
Membership No. 021661


(G. V. Sesha Reddy)
Company Secretary

Place: Chennai
Date: 28.06.2021



Standalone Statement of Profit and Loss

for the year ended 31st March 2021

(₹ in Lakhs)

S. No	Particulars	Note No.	For the Year ended 31 st March 2021	For the Year ended 31 st March 2020
	REVENUE			
I	Revenue from Operations	36	2275458	2144537
II	Other Income	37	35867	29599
III	Total Income (I+II)		2311325	2174136
IV	EXPENSES			
	Cost of Materials Consumed	38	777176	817334
	Purchases of Stock-in-Trade	38A	82116	58715
	Changes in Inventories of Finished Goods, Stock-in-Trade, Work-in-Progress and Scrap	39	245827	63567
	Employee Benefits Expense	40	429102	476359
	Finance Costs	41	25911	34840
	Depreciation and Amortization Expense	42	117758	99763
	Impairment Loss	42A	6385	3179
	Other Expenses	43	121372	144600
	Direct Input to WIP / Expenses Capitalised	44	25977	17829
	Provisions	45	146208	149539
	Total Gross Expenses		1977832	1865725
	Less: Expenses relating to Capital and Other Accounts	46	93394	73497
	Total expenses (IV)		1884438	1792228
V	Profit/(Loss) before Exceptional items and Tax (III-IV)		426887	381908
VI	Exceptional Items		202	11892
VII	Profit/(loss) before tax (V+VI)		427089	393800
VIII	Tax expense:			
	(1) Current Tax		64500	118000
	(2) Earlier Tax Refund		-4933	0
	(3) Deferred Tax		44226	-8401
IX	Profit (Loss) for the period from Continuing Operations (VII-VIII)		323296	284201
X	Profit/(loss) from Discontinued Operations			
XI	Tax expense of Discontinued Operations			
XII	Profit/(loss) from discontinued operations (after tax) (X-XI)		0	0
XIII	Profit/(loss) for the period (IX+XII)		323296	284201
XIV	Other Comprehensive Income (OCI)			
A	(i) Items that will not be reclassified to profit or loss	47	-9733	-50377
	(ii) Income tax benefit/(expense) on the items that will not be reclassified to Profit or Loss		2450	12679



Standalone Statement of Profit and Loss

for the year ended 31st March 2021

(₹ in Lakhs)

S. No	Particulars	Note No.	For the Year ended 31 st March 2021	For the Year ended 31 st March 2020
B	(i) Items that will be reclassified to profit or loss	48	0	0
	(ii) Income tax benefit/(expense) on items that will be reclassified to Profit or Loss		0	0
	Total Other Comprehensive Income (A + B)		-7283	-37698
XV	Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit (Loss) and Other Comprehensive Income for the period)		316013	246503
XVI	Earnings per Equity Share (for Continuing Operations):			
	(1) Basic (₹)		96.68	84.99
	(2) Diluted (₹)		96.68	84.99
XVII	Earnings per Equity Share (for Discontinued Operations):			
	(1) Basic (₹)			
	(2) Diluted (₹)			
XVIII	Earnings per Equity Share (for Continuing & Discontinued Operations):			
	(1) Basic (₹)		96.68	84.99
	(2) Diluted (₹)		96.68	84.99

Significant Accounting Policies and accompanying Notes No. 1 to 49 form an integral part of the Financial Statements
As per our Report of even date

For and on behalf of the Board of Directors

For Maharaj N R Suresh and Co. LLP

Chartered Accountants
FRN No.001931S/S000020



CA N R Suresh

Partner
Membership No. 021661

Place: Chennai
Date: 28.06.2021



(C. B. Ananthkrishnan)
Director (Finance) & CFO
DIN: 06761339



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



(G. V. Seshu Reddy)
Company Secretary

Standalone Statement of Changes in Equity for the year ended 31st March 2021

(₹ in Lakhs)

Particulars	Equity Share Capital	Reserves and Surplus				Other Equity			Total Equity
		Research and Development Reserve	Capital Redemption Reserve	General Reserve	Retained earnings	Remeasurements of net defined benefit liability/asset	Exchange differences in translating the financial statements of a foreign operation		
Balance as at 1 April, 2019	33439	86020	14761	1099412				16	1207493
Changes in equity for the year ended 31 March, 2020									
Profit for the period						284201			284201
Items that will not be reclassified to profit or loss									-50377
Income tax relating to items that will not be reclassified to profit or loss									12679
Total comprehensive income for the period						284201			-37698
Current period Transfer					25351				25351
Transfer to General Reserve on utilization					-2639				-2639
Surplus Transferred from Statement of Profit and Loss						124812			124812
Transfer from Research & Development Reserve						2639			2639
Transfer to Research & Development Reserve									-25351
Final Dividend (including dividend distribution tax)									-134038
Transfer to General Reserves									-124812
Balance as at 31 March, 2020	33439	108732	14761	1226863		0			16
Balance as at 1 April, 2020	33439	108732	14761	1226863		0			16
Changes in equity for the year ended 31 March, 2021									
Profit for the period						323296			323296
Items that will not be reclassified to profit or loss									-9733
Income tax relating to items that will not be reclassified to profit or loss									2450
Total comprehensive income for the period						323296			-7283





Standalone Statement of Changes in Equity

for the year ended 31st March 2021

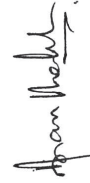
(₹ in Lakhs)

Particulars	Equity Share Capital				Other Equity				Total Equity
	Reserves and Surplus				Other Comprehensive Income				
	Research and Development Reserve	Capital Redemption Reserve	General Reserve	Retained earnings	Remeasurements of net defined benefit liability/asset	Exchange differences in translating the financial statements of a foreign operation			
Transfer from Other Comprehensive Income				-71136	71136				0
Current period Transfer	29599								29599
Transfer to General Reserve on utilization	-4604								-4604
Surplus Transferred from Statement of Profit and Loss			122245						122245
Transfer from Research & Development Reserve			4604						4604
Transfer to Research & Development Reserve				-29599					-29599
Interim Dividend				-100316					-100316
Transfer to General Reserves				-122245					-122245
Balance as at 31 March, 2021	133727	14761	1353712	0	0	0	16		1535655

Significant Accounting Policies and accompanying Notes No. 1 to 49 form an integral part of the Financial Statements

As per our Report of even date

For and on behalf of the Board of Directors



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



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



CA N R Suresh

Partner
Membership No. 021661
Place: Chennai
Date: 28.06.2021



(G. V. Seshu Reddy)
Company Secretary



Standalone Statement of Cash Flow

for the year ended 31st March 2021

		(₹ in Lakhs)	
Sl. No.	Particulars	For the Year ended 31 st March 2021	For the Year ended 31 st March 2020
A	Cash flow from Operating activities		
	Profit for the year	323296	284201
	Adjustments to reconcile net profit to net cash provided by operating activities		
	Income Tax expense	103793	109599
	(Gain)/Loss on sale of Property, Plant & Equipment	-12	-23
	Finance cost	25911	34840
	Interest Income	-8802	-6439
	Dividend Income	-111	-135
	Net (Gain)/Loss on Fair Value Adjustment	64	37
	Depreciation, amortization and impairment expense	124143	102942
	Provision for Impairment in Value of Investments	1145	3664
	Provision for Doubtful Debts	1426	3767
	Provision for Doubtful Claims	3017	4023
	Provision for Replacement and Other charges	21175	46328
	Provision for Warranty	32561	21384
	Provision for Raw Materials and Components, Stores and Spare parts, Loose Tools and Equipment, Construction Materials and Inventory - Warranty	43009	18213
	Provision for Liquidated Damages	43875	52160
	Provision for Onerous Contract	-32183	-20721
	Operating Profit Before Working Capital Changes	682307	653840
	Adjustments for:		
	(Increase)/decrease in Trade Receivables	507668	-188278
	(Increase)/decrease in Loans, Financial Assets and Other Assets	-22104	-3294
	(Increase)/decrease in Inventories	246350	4872
	Increase/(decrease) in Trade Payables	-184308	145642
	Increase/(decrease) in Financial Liabilities, Provisions and Other Liabilities	368908	-277127
	Cash generated from Operations	1598821	335655
	Income Taxes Paid	-71858	-181990
	Net Cash (used in)/generated from Operating Activities (A)	1526963	153665
B	Cash flow from Investing activities		
	Purchase of Property, Plant & Equipment	-76190	-88988
	Purchase of Intangible Assets	-55430	-49049
	Proceeds from sale of Property, Plant & Equipment	123	157
	Investment in Joint Ventures	0	-100
	Purchase of other non current Investments	-6044	-7400
	Purchase of other current Investments	0	0
	Proceeds from maturity of short term deposits	-477	6397
	Interest Received	8802	6439
	Dividend Received from Joint Ventures	111	135
	Share application money refunded/(paid) by Joint Venture	1000	-1000
	Net Cash (used in)/generated from Investing Activities (B)	-128105	-133409



Standalone Statement of Cash Flow

for the year ended 31st March 2021

(₹ in Lakhs)

Sl. No.	Particulars	For the Year ended 31 st March 2021	For the Year ended 31 st March 2020
C	Cash flow from Financing Activities		
	Repayment of Borrowings-Current (Net)	-585980	175267
	Payment of Lease Liabilities	-297	-6
	Interest paid	-25900	-34829
	Dividend Paid	-100316	-134038
	Net Cash (used in)/generated from Financing Activities (C)	-712493	6394
D	Effect of Exchange differences on translation of foreign currency cash and cash equivalents		
	Net increase/(decrease) in Cash and Cash Equivalents (A+B+C+D)	686365	26650
	Add: Cash and Cash Equivalents at the beginning of the year (Refer Note 16)	27783	1133
	Cash and Cash Equivalents at the end of the year (Refer Note 16)	714148	27783

Significant Accounting Policies and accompanying Notes No. 1 to 49 form an integral part of the Financial Statements

Notes:

1. The above Statement of Cash Flows has been prepared under the "Indirect Method" as set out in Indian Accounting Standard 7 "Statement of Cash Flow"
2. Cash & Cash equivalent include Short Term Deposits with Bank
3. Purchase of Fixed Assets are stated inclusive of capital work-in-progress between the beginning and end of the period
4. Previous year figures are rearranged or regrouped wherever necessary
5. Cash and Cash Equivalents are available fully for use

As per our Report of even date

For and on behalf of the Board of Directors

For Maharaj N R Suresh and Co. LLP

Chartered Accountants
FRN No.001931S/S000020



CA N R Suresh

Partner
Membership No. 021661

Place: Chennai
Date: 28.06.2021



(C. B. Ananthkrishnan)
Director (Finance) & CFO
DIN: 06761339



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



(G. V. Sesha Reddy)
Company Secretary



Significant Accounting Policies for the financial year 2020-21

1. BASIS OF ACCOUNTING:

The Financial Statements are prepared to comply in all material aspects with Indian Accounting Standards (Ind AS) as prescribed under Section 133 of Companies Act, 2013 read with relevant rules of the Companies (Indian Accounting Standards) Rules.

2. USES OF ESTIMATES:

- a) Preparation of financial statements in conformity with the recognition and the measurement principle of Ind AS requires the management of the Company to make estimates, judgments and assumptions that affects the reported balances of Assets and Liabilities, disclosure relating to contingent liabilities as on the date of the Financial Statements and the reported amount of revenues and expense for the reporting period.
- b) Estimates and the underlying assumption are reviewed on an ongoing basis. The revision to the accounting estimates, if material is recognized in the period in which the estimates are revised.
- c) Estimates and judgments made in applying accounting policies that have significant effect on the amounts recognized in the financial statements are as follows:

i. Employee Defined benefit plans

The liabilities and costs for defined benefit plans are determined using actuarial valuations. The actuarial valuation involves making assumptions. These assumptions include salary escalation rate, discount rates, expected rate of return on assets and mortality rates.

ii. Provisions and contingencies

Assessments undertaken in recognising provisions and contingencies have been made as per the best judgment of the management based on the current available information.

iii. Income Taxes

The Company's tax jurisdiction is India. Significant judgments are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

3. PROPERTY, PLANT AND EQUIPMENT(PPE):

- a) Property, Plant and Equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any.
- b) The cost includes purchase price, import duties and non-refundable purchase taxes after deducting trade discounts and rebates and any cost directly attributable including borrowing cost on qualifying assets to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.
- c) Subsequent expenditure relating to PPE including major inspection costs, spare parts, standby and servicing equipment are capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably.
- d) In accordance with Ind AS 101-First Time Adoption of Indian Accounting Standards, the Company had chosen to consider the carrying value for all its PPE as their deemed cost at the Opening Balance Sheet as at April 01, 2015.
- e) Depreciation is calculated on straight line basis over estimated useful life as prescribed in Schedule II of the Companies Act 2013. Where the useful life of the asset is not as per Schedule II of the Companies Act 2013, the same is disclosed under Notes to Accounts.
- f) PPE individually costing ₹ 50,000 and below are fully depreciated in the year of purchase.
- g) Where part of an item of PPE with a cost significant in relation to the total cost of the item and have different useful lives, they are treated as separate components and depreciated over their estimated useful life.



Significant Accounting Policies for the financial year 2020-21

- h) Certain items like Special Tools are amortized over the number of units of production expected to be obtained from the asset based on technical assessment and management estimates depending on the nature and usage of the respective assets.
- i) CSR Assets are fully depreciated in the year of capitalization.
- j) The cost and the related accumulated depreciation are eliminated from the Financial Statements upon sale or de-recognition or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss of the relevant period.
- k) The estimated useful lives, residual values and depreciation / amortisation method are reviewed at the end of each reporting period with the effect of changes in estimates accounted for on a prospective basis.

3.1: Capital Advances and Capital Work in Progress (CWIP)

- a) Advances given towards acquisition of PPE outstanding at each Balance sheet date are disclosed as other Non-current assets.
- b) Cost of Assets not ready for its intended use as on the Balance sheet date is shown as CWIP. Such properties are classified to the appropriate categories of PPE when completed and ready for its intended use.
- c) Depreciation on such assets commence when the assets are ready for their intended use.

4. INVESTMENT PROPERTY

- a) A property is considered as investment property only if the same is held for earning rentals and /or for capital appreciation or both. Properties held by the Company (directly or indirectly) which are used in the production of supply of goods or services for administrative purposes are not considered as Investment Property.
- b) Investment Properties are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. In accordance with Ind AS 101, First Time Adoption of Indian Accounting Standards, the Company has chosen to consider the carrying value for all its Investment Property recognized in its Indian GAAP financial statement as their deemed cost as at the transition date viz, April 01, 2015.
- c) Depreciation is calculated on straight line basis over estimated useful life as prescribed in Schedule II of the Companies Act 2013. Where the useful life of the asset is not as per Schedule II of the Companies Act 2013, the same is disclosed under Notes to Accounts.

5. INTANGIBLE ASSETS

- a) Intangible Assets controlled and from which future economic benefits are expected to flow and having useful life are recognized at cost less any accumulated amortization and accumulated impairment losses, if any.
- b) Development Costs having useful life and which will generate probable future economic benefits are recognized as an intangible asset and amortised over production based on technical estimate and to the extent not amortized are carried forward.
- c) Expenditure on license fees, documentation charges etc, based on the definition criteria of intangible assets in terms of reliability of measurement of cost and future economic benefits from the assets, are amortised over production based on technical estimates, and to the extent not amortised, are carried forward.
- d) The cost of software internally generated / acquired for internal use which is not an integral part of the related hardware, is recognized as an intangible asset and is amortised over three years, on straight line method. Amortisation commences when the asset is available for use.
- e) Expenditure on Research is recognized as an expenditure in the period in which it is incurred.
- f) Wherever it is not possible to assess the useful life of an intangible asset (whether or not significant) the same is not amortised. Impairment on such intangible assets are reviewed annually and when there is an indication of impairment, the asset is impaired.



Significant Accounting Policies for the financial year 2020-21

6. LEASE ACCOUNTING

6.1. The Company recognizes, at inception of a contract a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

6.2. The Company as a lessee

- a) At the date of commencement of the lease, the Company recognizes a right-of-use ("ROU") asset representing its right to use the underlying asset for the lease term and a lease liability for all lease arrangements in which it is a lessee except for leases with a term of 12 months or less (short term leases) and leases for which the underlying assets is of low value. For such short term and assets of low value leases, the Company recognizes the lease payment as an expense on a straight line basis over the term of the lease.
- b) At commencement date the ROU asset is measured at cost. The cost of the ROU asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred. The ROU assets are subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any.
- c) The ROU assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of ROU asset. The estimated useful lives of ROU assets are determined on the same basis as those of PPE. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognized in the statement of profit and loss.
- d) At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the Company's incremental borrowing rate.
- e) Lease liability and ROU asset are separately presented in the Balance Sheet and lease payments are classified as financing cash flows. Short term lease payments and payments for leases of low value assets are classified as operating cash flows.

6.3. Company as a lessor

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease.

6.3.1 Finance Lease:

- a) A lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the Lessee is classified as a finance lease. Title may or may not eventually be transferred.
- b) At commencement date, an amount equal to the net investment in the lease is presented as receivable. The interest rate implicit in the lease is used to measure the value of net investment in the lease.
- c) The finance income is recognized over the lease term in the statement of profit and loss account so as to reflect a constant periodic rate of return on the net investment in the lease.
- d) The de-recognition and impairment requirement of the underlying asset is tested as per Ind AS 109- Financial instruments.
- e) Any modifications in the lease are accounted as a separate lease when the recognition criteria specified in paragraph 79 of the standard are met.

6.3.2 Operating Lease:

- a) Lease other than finance leases are operating leases.
- b) The lease payment from operating leases are recognized as income on either a straight-line basis or another systematic basic, if required.
- c) The expenses including depreciation cost associated with earning of the lease income is recognized as an expense.



Significant Accounting Policies for the financial year 2020-21

- d) Depreciation on underlying assets subject to operating leases are calculated on straight line basis over estimated useful life as prescribed in Schedule II of the Companies Act, 2013.
- e) Any modifications in the lease are accounted as a separate lease if the recognition criteria specified in the standard is met.

6.4. Transition to Ind AS 116

- a) Effective April 1, 2019, the Company has applied Ind AS 116 on Lease Accounting. Ind AS 116 replaces Ind AS 17. The Company has adopted Ind AS 116 using the cumulative effect method. The effect of initially applying this standard is recognized at the date of initial application (i.e. April 1, 2019) and the comparative information continues to be reported under Ind AS 17.
- b) The Company has chosen the practical expedient provided by the standard to apply Ind AS 116 only to contracts that were previously identified as leases under Ind AS 17 and therefore has not reassessed whether a contract is or contains a lease at the date of initial application.

7. NON CURRENT INVESTMENTS

- a) In accordance with Ind AS 101, First time adoption of Indian Accounting Standards, the Company has chosen to consider the carrying amount of investment as their deemed cost as at the Opening Balance Sheet as at 01st April, 2015.
- b) Investments are carried individually at cost less accumulated impairment in the value of such Investments.
- c) Cost of Investment includes acquisition charges such as brokerage, fees and duties.
- d) The Company reviews the book value of the investment on a quarterly basis and provides for diminution in the value of the investment based on the net worth of the investee company.
- e) Impairment in the value of investment is made only if in the opinion of management when there is a permanent fall in value of investment.

8. IMPAIRMENT OF ASSETS

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

9. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Company recognizes all Financial Assets other than non-current investments and Financial Liabilities at Fair Value on inception and subsequent measurements are done at amortised cost.

10. DEFERRED DEBTS

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

11. TRADE AND OTHER PAYABLES

Liabilities are recognized for the amounts to be paid for the goods / services received whether billed by the supplier or not.

12. INVENTORIES

- a) Inventories are valued at lower of Cost and Net Realisable Value.
- b) The cost of raw material excluding Goods-in-Transit, components and stores are assigned by using the weighted average cost formula. Goods-in-Transit are valued at cost-to-date. In the case of Finished Goods, Stock-in-Trade and Work-In-Progress, cost includes costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost includes Taxes and duties (other than Taxes and duties for which input credit is available).



Significant Accounting Policies for the financial year 2020-21

- c) Provision for redundancy is assessed on ageing at a suitable percentage / level of the value of closing inventory of raw material and components, stores and spare parts and construction material. Besides, wherever necessary, adequate provision is made for the redundancy of such materials in respect of completed / specific projects and other surplus / redundant material pending transfer to salvage stores.
- d) Saleable / Disposable scrap is valued at Net Realisable Value.
- e) Stores declared surplus / unserviceable / redundant are charged to revenue in the year of such identification.
- f) Consumables issued from stores and lying unused at the end of the year are not reckoned as inventory.

13. REVENUE RECOGNITION

13.1. Manufacturing of Aircraft/ Helicopter/Spares/Repair Contracts

- a) Revenue on Sale of Goods and Services is recognized at a point in time when the Company satisfies the performance obligation on transfer of control of the products to the Customer in an amount that reflects the consideration the Company expects to receive in exchange for those products pursuant to the Contract with customer. Revenue from service Warranty is recognized on straight line basis over the period of Warranty.

Transfer of Control happens on:

- i. Acceptance by the buyer's Inspector, by way of Signaling Out Certificate (SOC)

or

Acceptance by the buyer's pilot, by way of Certificate of Conformity (COC), wherever, specifically required in the contract

in the case of Aircrafts/Helicopters,

- ii. Acceptance by the Buyer's inspection agency/SOC or as agreed to by the Buyer, in the case of Repair & Overhaul of Aircraft/Helicopter/Engine, Rotables, Site repairs, Cat 'B' repair servicing etc.,
- iii. For other deliverables like Spares, Revenue is recognized based on the Acceptance by the buyer's inspection agency or as agreed to by the buyer.
- b) In case of Performance Based Logistic Contracts, Revenue is recognized over a period of time, based on Helicopter Availability Certificate, Jointly signed by Seller and Buyer.
- c) Revenue is recognized based on the prices agreed with Customers. Where the prices are yet to be agreed/ determined, the revenue is recognised at the most likely amount based on past experience. Differential revenue, if any, is recognised on receipt of approval / sanction.

13.2. Development Contracts

- a) Revenue is recognized over a period of time on incurrence of expenditure identifiable to work orders:
 - i. where milestones have been defined, on achievement of milestone under the output method.
 - ii. where milestones have not been defined, on incurrence of expenditure under the input method.
- b) Where the customer's sanction for revision is pending, the expenditure incurred is retained in work-in-progress/ intangible asset. Subsequent revenue is recognized on receipt of revised financial sanction from the customer.

13.3. Significant Financing Component

- a) For the majority of the contracts, advance payments are received, prior to commencement of work and milestone payments are paid in accordance with the terms of the contract.
- b) Payments received from customers in advance are not considered to be a significant financing component as they are given with the objective to protect the interest of the contracting parties.

13.4. Contract Modification

A contract modification exists when the change in scope is agreed but the corresponding change in price is not determined. In such circumstances, revenue is recognized, based on the Company's assessment of the estimated change in the transaction price arising from the modification.



Significant Accounting Policies for the financial year 2020-21

13.5. Other Income

Interest Income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognised when the right to receive payment has been established.

14. RECEIVABLES

- a) Receivables represent the Company's unconditional right to consideration under the contract. The right to consideration is considered unconditional, if only passage of time is required before payment of that consideration is due.
- b) Debts from the Government departments are generally treated as fully recoverable, based on past experience, and hence in the opinion of Management there is no increase in credit risk of such financial assets.
- c) Impairment on account of expected credit loss is being assessed on a case to case basis in respect of dues outstanding for a significant period of time.

14.1. Contract Assets

Contract Assets represents the Company's right to receive the consideration in exchange for the Goods or Services that the Company has transferred to the Customer, when that right is conditioned on something other than passage of time.

15. EMPLOYEE BENEFITS

- a) Gratuity and Provident Fund are Defined Benefit Plans and the liability is provided on the basis of actuarial valuation in respect of eligible employees and is remitted to the trust progressively.
- b) Provision for Earned leave is a Defined Benefit Plan and the liability is provided on the basis of actuarial valuation.
- c) Pension Scheme and Post Superannuation Group Health Insurance Scheme for employees are Defined Contribution Plans and the contribution to the corpus of the same is made by the Company to the respective trust. The Company's liability is limited to the extent of contribution made to these trusts.

16. FOREIGN CURRENCY TRANSACTION/TRANSLATION

a) Initial Recognition:

On initial recognition, transaction in foreign currencies, entered into by the Company, are recorded in the functional currency by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

b) Measurement of Foreign currency items at reporting date:

Foreign currency monetary items are translated at closing exchange rates. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value is measured.

c) Recognition of Exchange Difference:

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they are translated on initial recognition during the period or in previous financial statement is recognized in statement of profit and loss in the period in which they arise.

17. INCOME TAXES

- a) Current Tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of Income Tax Act, 1961 (the "Act").



Significant Accounting Policies for the financial year 2020-21

- b) Deferred Tax is recognized using the Balance Sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred Tax Assets in excess of Deferred Tax Liability are recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred Tax Assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

18. CLAIMS BY THE COMPANY

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

19. PROVISION AND CONTINGENT LIABILITIES

- a) A provision is recognised, when the Company has the present obligation as result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which reliable estimate can be made.
- b) Where no reliable estimate can be made or when there is a possible obligation or present obligations that may, but probably will not, require an outflow of resources, disclosure is made as Contingent Liability. Expected reimbursement, if any, is disclosed under Notes to Accounts.
- c) When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

19.1 PROVISION FOR WARRANTY

Provision for warranty is recognized on actuarial valuation for Manufacturing and Repair and Overhaul of Aircraft/Helicopter/Engine/Rotables and Spares and development activities etc.

19.2 PROVISION FOR LIQUIDATED DAMAGES

Provision for Liquidated Damages is recognized when the expected date of delivery of Goods / rendering of Service in respect of Manufacturing and Repair and Overhaul of Aircraft/Helicopter/Engine/Rotables, Spares and Development activities etc is beyond the due date as per delivery schedule and at the rates specified in the Contract with the Customer.

19.3 PROVISION FOR ONEROUS CONTRACTS

A provision for onerous contract is recognized when the expected benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

20. ESTIMATES AND ERRORS

The Company revises its accounting policies if the change is required due to a change in Ind AS or if the change will provide more relevant and reliable information to the users of the financial statements. Changes in accounting policies are applied retrospectively unless it is impracticable to apply.

A change in an accounting estimate that results in changes in the carrying amounts of recognised assets or liabilities or to statement of profit and loss is applied prospectively in the period(s) of change.

When it is difficult to distinguish a change in an accounting policy from a change in an accounting estimate, the change is treated as a change in an accounting estimate.

Discovery of material errors results in revisions retrospectively by restating the comparative amounts of assets, liabilities, and equity of the earliest prior period in which the error is discovered. The opening balances of the earliest period presented are also restated.




Significant Accounting Policies for the financial year 2020-21

21. EVENTS AFTER THE REPORTING PERIOD

Adjusting events are events that provide further evidence of conditions that existed at the end of the reporting period. The financial statements are adjusted for such events before authorisation for issue.

Non-adjusting events are events that are indicative of conditions that arose after the end of the reporting period. Non-adjusting events after the reporting date are not accounted.

22. The functional currency of the Company is Indian Rupee.



(C. B. Ananthkrishnan)

Director (Finance) & CFO
DIN: 06761339



(R. Madhavan)

Chairman & Managing Director
DIN: 08209860



(G. V. Sessa Reddy)

Company Secretary

Place: Bengaluru
Date: 28.06.2021



Notes to the Financial Statements for the year ended March 31, 2021

Note 1 - Plant, Property and Equipment

Note 1A - Gross Block - Plant, Property and Equipment

The changes in the carrying value of property, plant and equipment for the year ended 31st March 2021 are as follows:

(₹ in Lakhs)

Particulars	Gross block as at 1 st April 2020	Additions	Reclassification /Adjustment	Disposals	Gross Block As at 31 st March 2021
Land - Right-of-Use Assets	1267	0	0	0	1267
- Leasehold	1	0	0	0	1
- Freehold	1947	0	0	0	1947
Buildings - Right-of-Use Assets	0	8108	0	0	8108
- Owned	127792	18088	0	0	145880
Plant and Equipment	228827	14305	0	210	242922
Furniture and Fixtures	8609	465	3	86	8991
Vehicles	6733	2418	0	139	9012
Office Equipment	12453	1575	-3	90	13935
Others					
Assets Used for CSR Activities	4525	0	0	0	4525
Roads and Drains	5727	236	0	0	5963
Water Supply	3551	312	0	0	3863
Runways	1776	0	0	0	1776
Aircraft/Helicopters	32352	0	0	0	32352
Sub Total	435560	45507	0	525	480542
Special Tools	531088	46845	0	0	577933
Total	966648	92352	0	525	1058475

The amount of contractual commitments for the acquisition of property, plant and equipment is disclosed under Clause 3 of Note 49.

There is no charge or lien on Property, Plant and Equipment

Refer Clause No.14 to 14.7 of Note 49



Notes to the Financial Statements for the year ended March 31, 2021

Note 1 - Plant, Property and Equipment

Note 1A - Gross Block - Plant, Property and Equipment

The changes in the carrying value of property, plant and equipment for year ended 31st March 2020 are as follows:

(₹ in Lakhs)

Particulars	Gross block as at 1 st April 2019	Additions	Reclassification / Adjustment	Disposals	Gross Block As at 31 st March 2020
Land					
- Right-of-Use Assets	0	33	1234	0	1267
- Leasehold	1235	0	-1234	0	1
- Freehold	1653	294	0	0	1947
Buildings	111907	15885	0	0	127792
Plant and Equipment	203668	25534	94	469	228827
Furniture and Fixtures	8199	481	0	71	8609
Vehicles	6064	817	0	148	6733
Office Equipment	10769	1980	-94	202	12453
Others					
Assets Used for CSR Activities	4525	0	0	0	4525
Roads and Drains	5391	336	0	0	5727
Water Supply	3227	324	0	0	3551
Runways	1776	0	0	0	1776
Aircraft/Helicopters	31430	922	0	0	32352
Sub Total	389844	46606	0	890	435560
Special Tools	495666	35422	0	0	531088
Total	885510	82028	0	890	966648

The amount of contractual commitments for the acquisition of property, plant and equipment is disclosed under Clause 3 of Note 49

There is no charge or lien on Property, Plant and Equipment

Refer Clause No.14 to 14.7 of Note 49



Notes to the Financial Statements for the year ended March 31, 2021

Note 1B - Accumulated Depreciation - Plant, Property and Equipment

(₹ in Lakhs)

Particulars	Provision as at 1 st April 2019	Additions	Reclassification / Adjustment	Disposals	Provisions As at 31 st March 2020	Net Block As at 31 st March 2020	Net Block as at 31 st March 2019
Land							
- Right-of-Use Assets	0	19	56	0	75	1192	0
- Leasehold	55	1	-56	0	0	1	1180
- Freehold	0	0	0	0	0	1947	1653
Buildings	14621	4178	0	0	18799	108993	97286
Plant and Equipment	71385	19683	9	451	90626	138201	132283
Furniture and Fixtures	5851	858	0	56	6653	1956	2348
Vehicles	2637	827	0	59	3405	3328	3427
Office Equipment	7939	1430	-9	190	9170	3283	2830
Others							
Assets Used for CSR Activities	4525	0	0	0	4525	0	0
Roads and Drains	2672	638	0	0	3310	2417	2719
Water Supply	1224	372	0	0	1596	1955	2003
Runways	981	180	0	0	1161	615	795
Aircraft/Helicopters	5198	2861	0	0	8059	24293	26232
Subtotal	117088	31047	0	756	147379	288181	272756
Special Tools	140095	44715	0	0	184810	346278	355571
Total	257183	75762	0	756	332189	634459	628327

Above Includes:

	As at 31 st March 2020
Gross Value of Assets with M/s. Midhani	751
Cumulative Depreciation in respect of Assets with M/s. Midhani	723
	28
	As at 31 st March 2020
Gross Value of Assets retired from Active Use	1898
Less : Cumulative Depreciated Value of Assets retired from Active Use.	1881
WDV of Assets Retired from Active Use.	17



Notes to the Financial Statements for the year ended March 31, 2021

Note 2 - Capital Work in Progress

(₹ in Lakhs)

Particulars	As at 31 st March 2021	As at 31 st March 2020
Buildings	43017	45355
Plant and Equipment	25830	22398
Furniture and Fixtures	0	23
Office Equipment	7	38
Water Supply	102	147
Plant and Equipment under Inspection and in Transit	1461	1375
Special Tools	8621	16406
TOTAL	79038	85742

Refer Clause 8C of Note 49 for movement of Capital Work in Progress.

Note 3 - Investment Property

The changes in the carrying value of investment property for the year ended 31st March 2021 are as follows:

Note 3A - Gross Block - Investment Property

(₹ in Lakhs)

Particulars	Gross block as at 1 st April 2020	Additions	Disposals	Gross Block As at 31 st March 2021
Buildings	4	-	-	4
Total	4	-	-	4

Note 3B - Accumulated Depreciation - Investment Property

(₹ in Lakhs)

Particulars	Provision As at 1 st April 2020	Additions	Reclassi- fication / Adjustment	Disposals	Provisions As at 31 st March 2021	Net Block As at 31 st March 2021	Net Block As at 31 st March 2020
Buildings	1	-	-	-	1	3	3
Total	1	-	-	-	1	3	3

Note 3 - Investment Property

The changes in the carrying value of investment property for year ended 31st March 2020 are as follows:

Note 3A - Gross Block - Investment Property

(₹ in Lakhs)

Particulars	Gross block As at 1 st April 2019	Additions	Disposals	Gross Block As at 31 st March 2020
Buildings	4	-	-	4
Total	4	-	-	4



Notes to the Financial Statements for the year ended March 31, 2021

Note 3B - Accumulated Depreciation - Investment Property

(₹ in Lakhs)

Particulars	Provision As at 1 st April 2019	Additions	Reclassification / Adjustment	Disposals	Provisions As at 31 st March 2020	Net Block As at 31 st March 2020	Net Block As at 31 st March 2019
Buildings	-	1	-	-	1	3	4
Total	-	1	-	-	1	3	4

Note 5 - Other Intangible assets

The changes in the carrying value of other intangible assets for the year ended 31st March 2021 are as follows:

Note 5A - Gross Block - Other Intangible Assets

(₹ in Lakhs)

Particulars	As at 1 st April 2020	Additions	Adjustment*	As at 31 st March 2021
Licence Fees	136443	216	0	136659
Computer Software	6657	534	0	7191
Documentation	37767	1	0	37768
Development Expenditure	69689	12114	32207	114010
Total	250556	12865	32207	295628

*The Intangible assets under development has been completed and transferred to other intangible assets (Refer Note 6A)

Note 5B - Accumulated Amortization - Other Intangible assets

(₹ in Lakhs)

Particulars	As at 1 st April 2020	Amortisation	Adjustment	As at 31 st March 2021
Licence Fees	63297	9968	0	73265
Computer Software	5426	748	0	6174
Documentation	13551	5433	0	18984
Development Expenditure	34155	28817	0	62972
Total	116429	44966	0	161395

Note 5C - Impairment Loss - Other Intangible assets

(₹ in Lakhs)

Particulars	As at 1 st April 2020	Impairment Loss	Adjustment	As at 31 st March 2021
Licence Fees				
Computer Software				
Documentation				
Development Expenditure	33441	6385	0	39826
Total	33441	6385	0	39826



Notes to the Financial Statements for the year ended March 31, 2021

Note 5 - Other Intangible assets

The changes in the carrying value of other intangible assets for the year ended 31st March 2020 are as follows:

Note 5A - Gross Block - Other Intangible Assets

(₹ in Lakhs)

Particulars	As at 1 st April 2019	Additions	Adjustment*	As at 31 st March 2020
Licence Fees	136059	384	0	136443
Computer Software	5841	816	0	6657
Documentation	37679	88	0	37767
Development Expenditure	59429	9138	1122	69689
Total	239008	10426	1122	250556

*The Intangible assets under development has been completed and transferred to other intangible assets (Refer Note 6A)

Note 5B - Accumulated Amortization - Other Intangible assets

(₹ in Lakhs)

Particulars	As at 1 st April 2019	Amortisation	Adjustment	As at 31 st March 2020
Licence Fees	47698	15599	0	63297
Computer Software	4721	705	0	5426
Documentation	11730	1821	0	13551
Development Expenditure	28280	5875	0	34155
Total	92429	24000	0	116429

Note 5C - Impairment Loss - Other Intangible assets

(₹ in Lakhs)

Particulars	As at 1 st April 2019	Impairment Loss	Adjustment	As at 31 st March 2020
Licence Fees				
Computer Software				
Documentation				
Development Expenditure	29480	3179	782	33441
Total	29480	3179	782	33441

Note 6 - Intangible Assets under Development

The changes in the carrying value of intangible assets under development for the year ended 31st March 2021 are as follows:

Note 6A - Gross Carrying cost - Intangible assets under Development

(₹ in Lakhs)

Particulars	As at 1 st April 2020	Additions	Adjustment*	As at 31 st March 2021
Development Expenditure	119282	42565	-32207	129640
Total	119282	42565	-32207	129640

*The Intangible assets under development has been completed and transferred to other intangible assets (Refer Note 5A)

The amount of contractual commitments for the acquisition of intangible assets is disclosed under Clause 3 of Note 49



Notes to the Financial Statements for the year ended March 31, 2021

Note 6B - Accumulated Amortization - Intangible assets under Development

(₹ in Lakhs)

Particulars	As at 1 st April 2020	Amortisation	Adjustment	As at 31 st March 2021
Development Expenditure	-	-	-	-
Total	-	-	-	-

Note 6C - Impairment Loss - Intangible assets under Development

(₹ in Lakhs)

Particulars	As at 1 st April 2020	Impairment Loss	Adjustment	As at 31 st March 2021
Development Expenditure	1013	-	-	1013
Total	1013	-	-	1013

Note 6 - Intangible Assets under Development

The changes in the carrying value of intangible assets underdevelopment for year ended 31st March 2020 are as follows:

Note 6A - Gross Carrying cost - Intangible assets under Development

(₹ in Lakhs)

Particulars	As at 1 st April 2019	Additions	Adjustment*	As at 31 st March 2020
Development Expenditure	81781	38623	-1122	119282
Total	81781	38623	-1122	119282

*The Intangible assets under development has been completed and transferred to other intangible assets (Refer Note 5A)

The amount of contractual commitments for the acquisition of intangible assets is disclosed under Clause 3 of Note 49

Note 6B - Accumulated Amortization - Intangible assets under Development

(₹ in Lakhs)

Particulars	As at 1 st April 2019	Amortisation	Adjustment	As at 31 st March 2020
Development Expenditure	-	-	-	-
Total	-	-	-	-

Note 6C - Impairment Loss - Intangible assets under Development

(₹ in Lakhs)

Particulars	As at 1 st April 2019	Impairment Loss	Adjustment	As at 31 st March 2020
Development Expenditure	1795	-	-782	1013
Total	1795	-	-782	1013



Notes to the Financial Statements for the year ended March 31, 2021

Note 7-Investments - Subsidiaries & Joint Ventures at Cost less Provision

(₹ in Lakhs)

Particulars	As at 31 st March 2021	As at 31 st March 2020
INVESTMENTS AT COST LESS PROVISION (UNQUOTED)		
Investment in Equity Instruments		
1. Investment in Subsidiaries		
Naini Aerospace Limited - 5,00,00,000 (5,00,00,000PY) Shares of ₹ 10 FV each fully paid	5000	5000
Less Provision for Impairment in value of Investment	4546	3466
Net - Naini Aerospace Limited	454	1534
Indo Russian Helicopters Limited (IRHL) 5,05,000 (5,05,000 PY) Shares of ₹ 100 FV each fully paid	505	505
Less Provision for Impairment in value of Investment	105	65
Net -Indo Russian Helicopters Limited (IRHL)	400	440
Total In Equity of Subsidiaries (1)	854	1974
2. Investment in Joint Ventures		
BAe-HAL Software Ltd-29,40,000 (29,40,000-P.Y) shares of ₹ 10 FV each fully paid	294	294
Less Provision for Impairment in value of Investment	0	0
Net - BAe-HAL Software Ltd	294	294
Safran HAL Aircraft Engines Private Ltd -11,40,000 (11,40,000-P.Y) Shares of ₹ 100 F.V. each fully paid	1140	1140
Less Provision for Impairment in value of Investment	0	0
Net - Safran HAL Aircraft Engines Private Ltd	1140	1140
Indo Russian Aviation Ltd - 9,36,525 (9,36,525-P.Y) shares of ₹ 10 FV each fully paid	94	94
Less Provision for Impairment in value of Investment	0	0
Net - Indo Russian Aviation Ltd.	94	94
HALBIT Avionics Pvt Ltd -3,82,500 (3,82,500-P.Y) Shares of ₹ 100 FV each fully paid	383	383
Less Provision for Impairment in value of Investment	383	383
Net - HALBIT Avionics Pvt. Ltd.	0	0
HAL Edgewood Technologies Pvt Ltd 3,00,000 (3,00,000-P.Y) Shares of ₹ 100 FV each fully paid	300	300
Less Provision for Impairment in value of Investment	300	300
Net - HAL Edgewood Technologies Pvt. Ltd.	0	0
SAMTEL HAL Display Systems Ltd-1,60,000 (1,60,000-P.Y) Shares of ₹ 100 FV each fully paid	160	160
Less Provision for Impairment in value of Investment	160	160
Net - SAMTEL HAL Display Systems Ltd	0	0
INFOTECH HAL Ltd - 20,00,000 (20,00,000-P.Y) Shares of ₹ 10 FV each fully paid	200	200
Less Provision for Impairment in value of Investment	200	200
Net - INFOTECH HAL Ltd.	0	0



Notes to the Financial Statements for the year ended March 31, 2021

(₹ in Lakhs)

Particulars	As at 31 st March 2021	As at 31 st March 2020
HATSOFF Helicopter Training Pvt Ltd - 3,84,04,205 (3,84,04,205 P.Y) Shares of ₹ 10 FV each fully paid	3840	3840
Less Provision for Impairment in value of Investment	3840	3840
Net - HATSOFF Helicopter Training Pvt. Ltd.	0	0
TATA HAL Technologies Ltd -50,70,000 (50,70,000 P.Y.) Shares of ₹ 10 each fully paid	507	507
Less Provision for Impairment in value of Investment	507	507
Net - TATA HAL Technologies Ltd.	0	0
International Aerospace Manufacturing Pvt Ltd - 42,50,000 (42,50,000 - P.Y) Shares of ₹ 100 FV each fully paid	4250	4250
Less Provision for Impairment in value of Investment	855	855
Net - International Aerospace Manufacturing Pvt Ltd	3395	3395
Multirole Transport Aircraft Ltd. - 113,46,564 (113,46,564 P.Y.) Shares of ₹ 100 FV each fully paid	11347	11347
Less Provision for Impairment in value of Investment	6678	6678
Net - Multirole Transport Aircraft Ltd.	4669	4669
Helicopter Engines MRO Pvt Ltd - 5,09,986 (5,09,986 P.Y.) Shares of ₹ 100 FV each fully paid	510	510
Less Provision for Impairment in value of Investment	387	362
Net - Helicopter Engines MRO Pvt Ltd	123	148
Total In Equity of Joint Ventures (2)	9715	9740
TOTAL (1+2)	10569	11714
Disclosure		
(i) Aggregate amount of Quoted Investment and Market Value.	-	-
(ii) Aggregate amount of Unquoted Investments. (net)	10569	11714
(iii) Aggregate amount of impairment in value of investments	17961	16816



Notes to the Financial Statements for the year ended March 31, 2021

Note 7A - Financial Asset - Investments at Cost

Particulars	(₹ in Lakhs)	
	As at 31 st March 2021	As at 31 st March 2020
A. Investments in Structured Entities (UNQUOTED)		
a) HAE Co-operative Society of 25 (25P.Y) Shares of ₹ 100 FV each fully paid*	0	0
b) Satnam Apartment Ltd - 41 (41 P.Y) Shares of ₹ 100 each at cost for acquisition of a Flat**	0	0
c) Aerospace & Aviation Sector Skill Council (AASSC) - 125 (125 P.Y.) Shares of ₹ 10000 FV each fully paid	13	13
d) Defence Innovation Organisation - 50 (P.Y 50) Shares of ₹ 1000 FV each fully paid	1	1
Total In Equity of Others (A)	14	14
B. Other Investments (UNQUOTED)		
LIC of India (For Funding Vacation Leave)	88331	82287
Total In Other Investments (B)	88331	82287
TOTAL (A+B)	88345	82301

* Total ₹ 2500 (P.Y ₹ 2500) (absolute figure) are held by Kanpur division which is rounded off.

** Total ₹ 7220 (P.Y ₹ 7220) (absolute figure) are held by Nashik division which is rounded off.

(i) Aggregate amount of Quoted Investment and Market Value.	-	-
(ii) Aggregate amount of Unquoted Investments. (net)	88345	82301
(iii) Aggregate amount of impairment in value of investments		

Note 8 - Financial Asset - Trade Receivables

Particulars	(₹ in Lakhs)	
	As at 31 st March 2021	As at 31 st March 2020
TOTAL	-	-

Note 8A - Financial Asset - Contract Assets

Particulars	(₹ in Lakhs)	
	As at 31 st March 2021	As at 31 st March 2020
Contract Assets	-	-
TOTAL	-	-



Notes to the Financial Statements for the year ended March 31, 2021

Note 9 - Financial Asset - Loans

(₹ in Lakhs)

Particulars	As at 31 st March 2021	As at 31 st March 2020
A. Secured and Considered Good		
a) Security Deposit		
b) Loans to Related Parties	0	0
c) Others		
Loans and advances to employees	153	187
Sub-Total (A)	153	187
B. Unsecured and Considered Good		
a) Security Deposit		
Govt. Departments for Customs Duty and for Supplies	12	12
Public Utility Concerns	2747	2649
Others	1104	1179
b) Loans to Related Parties	0	0
c) Others		
Loans and advances to employees	597	769
Sub-Total (B)	4460	4609
C. Loans which have Significant Increase in Credit Risk		
Sub-Total (C)	0	0
D. Loans - Credit Impaired		
Sub-Total (D)	0	0
TOTAL (A+B+C+D)	4613	4796

Note 10 - Other Financial Assets

(₹ in Lakhs)

Particulars	As at 31 st March 2021	As at 31 st March 2020
A. Claims Receivable Unsecured*		
Receivable - Credit Impaired	19211	22465
	19211	22465
Less: Provision for Doubtful Claims	19211	22465
Sub-Total (A)	0	0
B. Balances with Bank		
Bank deposit with more than 12 Months maturity**	1	1
Sub-Total (B)	1	1
C. Others		
Deferred Debts	33775	33812
Sub-Total (C)	33775	33812
TOTAL (A +B +C)	33776	33813
*Above balances of Claims Receivable include balances with related parties (Refer Receivables of Clause No.45A(e) of Note 49)	778	778
** Fully Earmarked for Committed Liabilities of more than 12 months	1	1



Notes to the Financial Statements for the year ended March 31, 2021

Note 11 - Deferred Tax Assets (Net)

(₹ in Lakhs)

Particulars	As at 31 st March 2021	As at 31 st March 2020
The tax effect of significant temporary differences that resulted in deferred tax assets:		
As per last Balance Sheet	47011	25931
Add / (Less): Current Year's Assets	-41776	21080
TOTAL	5235	47011

Note 12 - Other Non - Current assets

(₹ in Lakhs)

Particulars	As at 31 st March 2021	As at 31 st March 2020
A. Capital Advances	16804	27513
B. Advance Other than Capital		
Advances against Goods and Services	569	128
Advances against Special Tools	0	248
Other Advances	1037	440
	18410	28329
C. Others		
Balances with Revenue Authorities		
Income tax	34441	19436
Others-under dispute	17808	15134
Prepaid Expenses	27	41
TOTAL (A+B+C)	70686	62940

Note 13 - Inventories

(₹ in Lakhs)

Particulars	As at 31 st March 2021	As at 31 st March 2020
Inventories (At Lower of Cost and Net Realisable Value)#		
(i) Raw Materials and Components	1094149	1025938
Less: Provision for Redundancy	125941	85783
	968208	940155
(ii) Work-in-Progress	585052	827789
(iii) Finished Goods	0	0
(iv) Stock-in-Trade	2244	5249
(v) Stores and Spares	33684	36868
Less: Provision for Redundancy	3977	3217
	29707	33651



Notes to the Financial Statements for the year ended March 31, 2021

Particulars	(₹ in Lakhs)	
	As at 31 st March 2021	As at 31 st March 2020
(vi) Loose Tools	9923	10382
Less: Provision for Redundancy	1310	1446
	8613	8936
(vii) Construction Materials	51	71
Less: Provision for Redundancy	8	1
	43	70
(viii) Disposable Scrap	721	804
(ix) Goods under Inspection and in Transit		
Raw material and Components	47127	110018
Stores and Spares	798	1048
Loose Tools	106	372
	48031	111438
(x) Inventory - Warranty	15419	19381
Less: Provision for Redundancy	2005	2081
	13414	17300
TOTAL	1656033	1945392
(#) includes those issued to Sub-Contractors for Job Works	18062	29553

Note 14 - Financial Asset - Investments

Particulars	(₹ in Lakhs)	
	As at 31 st March 2021	As at 31 st March 2020
INVESTMENTS AT COST LESS PROVISION (UN-QUOTED)		
TOTAL	-	-
Disclosure		
(i) Aggregate amount of Quoted Investment and Market Value.	-	-
(ii) Aggregate amount of Unquoted Investments.	-	-
(iii) Aggregate amount of impairment in value of investments	-	-



Notes to the Financial Statements for the year ended March 31, 2021

Note 15 - Financial Asset - Trade Receivables

Particulars	(₹ in Lakhs)	
	As at 31 st March 2021	As at 31 st March 2020
Trade Receivables*		
Considered Good - Unsecured	563936	1123473
Significant Increase in Credit Risk	0	0
Credit Impaired	15802	15972
	579738	1139445
Less: Allowance for Doubtful Debts	15802	15972
TOTAL	563936	1123473
*Above balances of trade receivables include balances with related parties (Refer Receivables of Clause No. 45A (e) of Note 49)	760	914

Note 15A - Financial Asset - Contract Assets

Particulars	(₹ in Lakhs)	
	As at 31 st March 2021	As at 31 st March 2020
Contract Assets-Considered Good - Unsecured		
Unbilled Revenue	835176	784173
Less: Allowance for Doubtful Debts	560	0
TOTAL	834616	784173

Note 16 - Financial Asset - Cash & Cash Equivalents

Particulars	(₹ in Lakhs)	
	As at 31 st March 2021	As at 31 st March 2020
A. Balances with Bank		
In Current Account	64148	27783
In Short Term Deposits	650000	0
Term Deposits with original maturity of less than 3 months	0	0
B. Cheques, Drafts on Hand	0	0
C. Cash on Hand	0	0
TOTAL (A+B+ C)	714148	27783

Note-17 - Financial Asset- Bank Balances other than Cash and Cash Equivalents

Particulars	(₹ in Lakhs)	
	As at 31 st March 2021	As at 31 st March 2020
Term Deposits with original maturity for more than 3 months but less than 12 months	2236	1993
Earmarked balances with banks for Unpaid Dividend	249	15
TOTAL	2485	2008



Notes to the Financial Statements for the year ended March 31, 2021

Note 18 - Financial Asset- Loans

Particulars	(₹ in Lakhs)	
	As at 31 st March 2021	As at 31 st March 2020
A. Secured, Considered Good		
a) Security Deposit		
b) Loans to Related Parties	0	0
c) Others		
Loans and advances to employees	211	282
Sub-Total (A)	211	282
B. Unsecured, Considered Good		
a) Security Deposit		
Public Utility Concerns	42	40
Others	640	718
b) Loans to Related Parties	0	0
c) Others		
Loans and advances to employees	563	894
Sub-Total (B)	1245	1652
C. Loans which have Significant Increase in credit risk		
Sub-Total (C)	0	0
D. Loans - Credit Impaired		
Sub-Total (D)	0	0
TOTAL (A +B+C+D)	1456	1934

Note 19 - Other Financial Assets

Particulars	(₹ in Lakhs)	
	As at 31 st March 2021	As at 31 st March 2020
Claims Receivable		
Unsecured Considered Good	89302	106480
Receivable which have Significant Increase in Credit Risk	0	0
Credit Impaired	9839	9431
	99141	115911
Less: Provision for Doubtful Claims	9839	9431
Sub-Total	89302	106480
Interest Accrued and Due on Investment with LIC of India	6581	6060
Interest Accrued and not Due	1345	108
Current Maturities of Deferred Debt	8543	8234
Share Application Money Paid*	0	1000
TOTAL	105771	121882
Above balances of Claims Receivable & Share Application Money paid include balances with related parties (Refer Receivables of Clause No.45A(e), (k) of Note 49)	1871	2202

*Refer Clause No.45F of Note 49



Notes to the Financial Statements for the year ended March 31, 2021

Note 20 Current Tax Assets (Net)

Particulars	(₹ in Lakhs)	
	As at 31 st March 2021	As at 31 st March 2020
Current Tax (Net)	0	3531
TOTAL	0	3531

Note 21 - Other Current Assets

Particulars	(₹ in Lakhs)	
	As at 31 st March 2021	As at 31 st March 2020
A. Advance Other than Capital Advances		
Advances against Goods and Services	91285	109517
Less: Provision for Bad and Doubtful	19	19
Other Loans and Advances	260	527
Advances to Related Parties	250	70
Less: Provision for Bad and Doubtful	52	52
B. Others		
Prepaid Expenses	2813	2759
Unamortised discount on commercial paper	0	1763
Balances with revenue Authorities		
Others	0	0
Balance with GST Electronic Ledger	44971	14489
Revenue Stamps	0	0
Balances in Franking Machine	4	3
TOTAL	139512	129057

EQUITY

Note 22 - Equity Share Capital

Particulars	(₹ in Lakhs)	
	As at 31 st March 2021	As at 31 st March 2020
Authorised Capital		
60,00,00,000 Equity Shares of ₹10 each	60000	60000
Issued, Subscribed and Fully Paid up	33439	33439
33,43,87,500 (33,43,87,500 PY) Equity Shares of ₹10 each fully paid-up		
Par Value per Share (₹)	10	10
Reconciliation of the Number of Shares Outstanding at the beginning and at the end of the reporting period		
Opening Equity Shares (Nos.)	334387500	334387500
Add: Additions during the Year (Nos.)		
Less: Shares Bought Back (Nos.)		
Closing Equity Shares (Nos.)	334387500	334387500



Notes to the Financial Statements for the year ended March 31, 2021

Particulars	(₹ in Lakhs)	
	As at 31 st March 2021	As at 31 st March 2020
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	251292407	300855180
% of Shareholding of President of India and Nominees	75.15%	89.97%
Life Insurance Corporation of India	48382104	23407104
% of Shareholding of Life Insurance Corporation of India	14.47%	7.00%

Terms/ Rights attached to Equity shares

The Company has one (1) Class of Shares i.e Equity Shares

The Equity Shares rank Parri Passu in all respects including right to Dividend, Issue of New Shares, Voting Rights and in the Assets of the Company in the event of Liquidation.

Note 23 - Other Equity

Particulars	(₹ in Lakhs)	
	As at 31 st March 2021	As at 31 st March 2020
Other Reserves		
A. Research & Development Reserve		
Opening Balance	108732	86020
Add: Current Year Transfer	29599	25351
Less: Transfer to General Reserve on utilisation	4604	2639
Closing Balance (A)	133727	108732
B. Capital Redemption Reserve		
Opening Balance	14761	14761
Closing Balance (B)	14761	14761
C. General Reserve As per last Balance Sheet	1226863	1099412
(+/-) Surplus Transferred from Statement of Profit and Loss	122245	124812
Add: Transfer from R&D Reserve	4604	2639
Closing Balance (C)	1353712	1226863
D. Retained earnings - Surplus in the statement of Profit & Loss		
Opening Balance	0	0
Add/(Less): Net Profit / (Net Loss) for the Current Year	323296	284201
Add/(Less): Remeasurement of the defined benefit plans	-71136	0
Sub total (i)	252160	284201
Less: Appropriations / Allocations		
Transfer to Research & Development Reserve	29599	25351
Interim Dividend (PY - Final Dividend)	100316	111184
Tax on Dividend	0	22854
Sub total (ii)	129915	159389
Transfer To General Reserves (i)-(ii)	122245	124812
Closing Balance (D)	0	0



Notes to the Financial Statements for the year ended March 31, 2021

Particulars	(₹ in Lakhs)	
	As at 31 st March 2021	As at 31 st March 2020
E. Other Components of Equity		
Fair Value through Other Comprehensive Income (FVOCI) (\$)		
Opening Balance	-63837	-26139
Add/(Less): Additions made during the year	-7283	-37698
Add/(Less): Remeasurement of the defined benefit plans	71136	0
Closing Balance (E)	16	-63837
TOTAL (A+B+C+D+E)	1502216	1286519

1. \$ Breakup is given separately in Statement of Changes in Equity

Nature and Purpose of each Reserve:

1 Research & Development Reserve:

Research & Development Reserve is created to bring technological superiority to its products in order to cope with the future technological challenges by transfer of annual contribution of 10% of Operating Profit After Tax. The amount of utilisation for R&D purposes during the year is transferred to General Reserve.

2 Capital Redemption Reserve:

This was created on redemption/buyback of equity shares.

3 General Reserve:

General Reserve is created out of the profits of the Company and out of Research & Development Reserve on utilization of Research & Development purposes. This is a free reserve.

Note 24 - Borrowings

Particulars	(₹ in Lakhs)	
	As at 31 st March 2021	As at 31 st March 2020
A. Secured		
a) Term Loans		
(i) From Banks	-	-
Sub-Total (A)	-	-
B. Unsecured		
Sub-Total (B)	-	-
TOTAL (A+B)	-	-

Note 25 - Trade Payables

Particulars	(₹ in Lakhs)	
	As at 31 st March 2021	As at 31 st March 2020
Trade Payables		
TOTAL	-	-



Notes to the Financial Statements for the year ended March 31, 2021

Note 26 - Other financial liabilities

Particulars	(₹ in Lakhs)	
	As at 31 st March 2021	As at 31 st March 2020
Dues to Employees	18	19
Deposits	17	18
Lease Liabilities	174	170
Deferred liabilities	34154	34178
Due to Capital Creditors - Micro enterprises and Small Enterprises	0	0
Due to Capital Creditors - other than micro enterprises and small enterprises	0	0
Other Liabilities*	15140	20771
TOTAL	49503	55156

*Refer Clause No. 10 of Note 49

Note 27 - Provisions

Particulars	(₹ in Lakhs)	
	As at 31 st March 2021	As at 31 st March 2020
A. Provisions for Employee Benefits		
Gratuity	0	0
Earned Leave	96197	65883
Sub-Total (A)	96197	65883
B. Others*		
Replacement and Other Charges	12544	14346
Liquidated Damages	11332	47117
Onerous Contract	0	0
Sub-Total (B)	23876	61463
TOTAL (A + B)	120073	127346

*Refer Clause 49 of Note 49 for movement of Provisions

Note 28 - Deferred tax liabilities (Net)

Particulars	(₹ in Lakhs)	
	As at 31 st March 2021	As at 31 st March 2020
TOTAL	-	-



Notes to the Financial Statements for the year ended March 31, 2021

Note 29 - Other Non current Liabilities

(₹ in Lakhs)

Particulars	As at 31 st March 2021	As at 31 st March 2020
A. Advances from Customers (Contract Liability)		
Outstanding Advances from Customers		
Defence*	631575	193655
Others	0	0
Sub-Total (A)	631575	193655
B. Milestone Receipt (Contract Liability)		
Defence*	286508	496250
Others	12686	15749
Sub-Total (B)	299194	511999
TOTAL (A+B)	930769	705654

* includes Advance received against LCA Mark IA of ₹ 566741 Lakhs

Note 30 - Borrowings

(₹ in Lakhs)

Particulars	As at 31 st March 2021	As at 31 st March 2020
A. Secured Short Term Borrowings:		
a) Loans Repayable on Demand		
(i) From Banks*	907	438650
Working Capital Loan-Cash Credit*		
Sub-Total (A)	907	438650
B. Unsecured Short Term Borrowings:		
a) Loans Repayable on Demand		
(i) From Banks - Commercial paper	0	150000
Sub-Total (B)	0	150000
TOTAL (A + B)	907	588650

Refer Clause No. 35B(i) and 35B(ii) of Note No.49

* Working Capital Loan is secured by first charge on Current Assets (All kinds of Stocks and Receivables of the company both present and future)

Note 31 - Trade Payables

(₹ in Lakhs)

Particulars	As at 31 st March 2021	As at 31 st March 2020
Trade Payables*		
A) total outstanding dues of micro enterprises and small Enterprises	4698	4779
B) total outstanding dues of creditors other than micro enterprises and small enterprises	219917	404144
TOTAL	224615	408923
* Above balances of Trade Payable include balances with related parties (Refer Payable of Clause No.45A(e) of Note 49)	9477	6355

Refer Clause No. 19 of Note No. 49 for dues of micro and small enterprises



Notes to the Financial Statements for the year ended March 31, 2021

Note 32 - Other Financial Liabilities

Particulars	(₹ in Lakhs)	
	As at 31 st March 2021	As at 31 st March 2020
Liability for Outstanding Expenses	58475	47404
Deposits	12314	11617
Royalty	5261	5600
Dues to Employees	29978	106612
Lease Liabilities	8	8
Current Maturities of Deferred Debts/Liabilities	4182	4047
Due to Capital Creditors - Micro enterprises and Small Enterprises	575	259
Due to Capital Creditors - other than micro enterprises and small enterprises	16833	18690
Unpaid Dividend Account	249	15
Others Liabilities*	68573	56007
TOTAL	196448	250259
* Above balances of Other Liabilities include balances with related parties (Refer Payable of Clause No.45A(e) & (l) of Note 49)	4644	4744

Refer Clause No. 19 of Note No.49 for dues of micro and small enterprises

Note 33 - Other Current Liabilities

Particulars	(₹ in Lakhs)	
	As at 31 st March 2021	As at 31 st March 2020
A. Advances from Customers (Contract Liability)		
Outstanding Advances from Customers		
Defence	509646	355468
Others	4272	3841
Sub-total (A)	513918	359309
B. Milestone Receipt (Contract Liability)		
Defence	1066688	818977
Others	80442	81847
Sub-total (B)	1147130	900824
Advances from Customers (A + B)	1661048	1260133
C. Other Payables		
Taxes (Other than Taxes on Income)	5954	11689
GST Payable	7111	17368
Others	15268	13637
TOTAL (A+B+C)	1689381	1302827



Notes to the Financial Statements for the year ended March 31, 2021

Note 34 - Provisions

Particulars	(₹ in Lakhs)	
	As at 31 st March 2021	As at 31 st March 2020
A. Provisions for Employee Benefits		
Gratuity	3174	24093
Earned Leave	14575	41895
Others	39890	17539
Sub-Total (A)	57639	83527
B. Others*		
Replacement and Other Charges	140728	167401
Warranty	82581	65384
Liquidated Damages	116611	155623
Onerous Contract	0	32183
Sub-Total (B)	339920	420591
TOTAL (A + B)	397559	504118

*Refer Clause 49 of Note 49 for movement of Provisions

Note 35- Current tax liability (Net)

Particulars	(₹ in Lakhs)	
	As at 31 st March 2021	As at 31 st March 2020
Current tax liability (Net)	42254	58076
TOTAL	42254	58076

Note 36 - Revenue from Operations

Particulars	(₹ in Lakhs)	
	For the Year ended 31 st March 2021	For the Year ended 31 st March 2020
A. Sale of Products		
(i) Inland Sales		
Finished Goods	856367	846916
Spares	372687	258961
Development	87171	42486
Miscellaneous	20463	40653
Total Inland Sales of Products	1336688	1189016
(ii) Export Sales		
Finished Goods	3251	5935
Spares	18481	7475
Development	24	2783
Total Export Sales of Products	21756	16193
Total Sale of Products (A)	1358444	1205209



Notes to the Financial Statements for the year ended March 31, 2021

(₹ in Lakhs)

Particulars	For the Year ended 31 st March 2021	For the Year ended 31 st March 2020
B. Sale of Services		
(i) Inland Sale of Services		
Repair & Overhaul	873263	909200
Other Services	2962	3351
Total Inland Sales of Services	876225	912551
(ii) Export Sale of Services		
Repair & Overhaul	2189	4952
Other Services	35	40
Total Export Sales of Services	2224	4992
Total Sales of Services (B)	878449	917543
Total Sales (A+B)	2236893	2122752
C. Other Operating Revenues		
(i) Disposal of Scrap and Surplus / Unserviceable Stores	861	777
(ii) Provisions no Longer Required*	34723	18555
(iii) Others	2981	2453
Total Other Operating Revenues (C)	38565	21785
Revenue from Operations (A+B+C)	2275458	2144537

*Refer Clause 49 of Note 49 for movement of Provisions

Note 37 - Other Income

(₹ in Lakhs)

Particulars	For the Year ended 31 st March 2021	For the Year ended 31 st March 2020
Interest Income		
Short term Deposits / Loans / Others	2009	137
Sundry Advances - Employees	68	83
Other Deposits	6725	6219
Sub-total	8802	6439
Dividend Income		
Dividend from Non- Current Investments in Joint Ventures	111	135
Other Non-Operating Income		
Gain on Foreign Currency Transaction and Translation	368	0
Gain on Sale of Property, Plant & Equipment (Net)*	12	23
Gain on Fair Value Adjustment	4159	3304
Miscellaneous	22415	19698
TOTAL	35867	29599

* Refer Clause 9 of Note 49



Notes to the Financial Statements for the year ended March 31, 2021

Note 38 - Cost of materials consumed

(₹ in Lakhs)

Particulars	For the Year ended 31 st March 2021	For the Year ended 31 st March 2020
Consumption Of Raw Material, Components, Stores And Spare Parts		
Opening Stock	1082258	1096388
Add: Purchases	865184	820295
Add: Subcontracting, Fabrication and Machining Charges.	27012	27475
Less: Closing stock	1143303	1082258
	831151	861900
Less: Transfer to		
Special Tools and Equipment	45751	34469
Capital Works	0	0
Development Expenditure	1742	606
Expense Accounts and Others	6482	9491
	53975	44566
TOTAL	777176	817334

Note 38A - Purchase of Stock-in-Trade

(₹ in Lakhs)

Particulars	For the Year ended 31 st March 2021	For the Year ended 31 st March 2020
Purchase of Stock-in-Trade	82116	58715

Note 39 - Changes in Inventories of Finished Goods, Stock-in-Trade and Work-In-Progress and Scrap

(₹ in Lakhs)

Particulars	For the Year ended 31 st March 2021	For the Year ended 31 st March 2020
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-progress		
Opening Balance		
(i) Finished Goods	0	0
(ii) Work-in-progress	827790	893551
(iii) Stock in Trade	5250	3319
	833040	896870
Closing Balance		
(i) Finished Goods	0	0
(ii) Work-in-progress	585052	827790
(iii) Stock in Trade	2244	5250
	587296	833040
Accretion / (Decretion) -A	-245744	-63830
Change in Disposables Scrap		
Opening Balance	804	541
Closing Balance	721	804
Accretion / (Decretion)-B	-83	263
TOTAL (A+B)	-245827	-63567



Notes to the Financial Statements for the year ended March 31, 2021

Note 40 - Employee benefits expense

Particulars	(₹ in Lakhs)	
	For the Year ended 31 st March 2021	For the Year ended 31 st March 2020
Salaries and Wages	348988	403743
Contribution to Provident Fund and Others	57759	51255
Contribution to Gratuity	9632	6434
Staff Welfare Expenses(Net)	12512	14610
Rent for Hiring Accommodation for Officers	211	317
TOTAL	429102	476359

Note 41 - Finance costs

Particulars	(₹ in Lakhs)	
	For the Year ended 31 st March 2021	For the Year ended 31 st March 2020
Interest on Cash Credit	13279	26842
Discount on Commercial paper	6895	866
Interest on Lease Liability	11	11
Interest on Financial Liability carried at Amortised Cost	0	630
Interest on Income Tax	5475	6222
Interest on Micro and Small Enterprises	219	140
Interest - Others*	32	129
TOTAL	25911	34840

Refer Clause No. 19 of Note No. 49 for dues of micro and small enterprises

*Refer Clause No. 10 of Note 49 for Interest-Others

Note 42 - Depreciation and Amortization expense

Particulars	(₹ in Lakhs)	
	For the Year ended 31 st March 2021	For the Year ended 31 st March 2020
A. Depreciation on Plant, Property and Equipment	32008	31048
B. Amortisation		
Intangible assets- Development Expenditure	28817	5875
Other Intangible assets		
Licence Fees	9968	15599
Computer Software	748	705
Documentation	5433	1821
Special Tools	40784	44715
Sub-Total (B)	85750	68715
TOTAL (A+B)	117758	99763

Note 42A - Impairment Loss

Particulars	(₹ in Lakhs)	
	For the Year ended 31 st March 2021	For the Year ended 31 st March 2020
Impairment Loss on Intangible Asset	6385	3179
TOTAL	6385	3179

Refer Clause No. 48C of Note 49



Notes to the Financial Statements for the year ended March 31, 2021

Note 43 - Other expenses

(₹ in Lakhs)

Particulars	For the Year ended 31 st March 2021	For the Year ended 31 st March 2020
Shop Supplies	8992	11061
Power and Fuel	13312	15112
Water Charges	4984	5014
Rent for Office Premises etc.	96	166
Travelling (includes Foreign Travel)	2676	5702
Training (includes Foreign Training)	513	691
Repairs:		
Buildings	6278	7641
Plant, Machinery and Equipment	13081	13731
Others	4007	5509
Expenses on Tools and Equipment	3401	3957
Insurance	4692	3007
Rates and Taxes	1321	1506
Postage and Telephones	747	840
Printing and Stationery	626	934
Publicity	2106	641
Advertisement	154	227
Bank Charges	761	1103
Loss on Foreign Currency Transaction and Translation	0	16216
Legal Expenses	423	219
Auditors' Remuneration:		
For Audit Fee	48	48
For Tax Audit Fee	6	6
For Other Services-Interim Audit & Other Certification fees	79	75
Selling Agents Commission	21	17
Donations	0	2
Handling Charges	255	290
Write Off:		
Stores	2320	1267
Shortages / Rejections	899	876
Others	1935	10
Freight and Insurance	947	1427
Corporate Social Responsibility [#]	7859	8200
Loss on Fair Value Adjustment	4223	3341
Miscellaneous Operating Expenses ^(@)	34610	35764
TOTAL	121372	144600
(@) includes Director's Sitting Fees, excluding GST for the current period is ₹ 32 Lakh (For the year ended 31 March 2020 is ₹ 28 Lakh)	39	32

Refer Clause No. 22 of Note 49



Notes to the Financial Statements for the year ended March 31, 2021

Note 44 - Direct Input to Work in Progress/ Expenses Capitalised

(₹ in Lakhs)

Particulars	For the Year ended 31 st March 2021	For the Year ended 31 st March 2020
A) DIRECT INPUT TO WIP		
Project related Travel	212	625
Project related Training	25	43
Project related other Expenditure	2665	2186
Royalty	1374	1032
Foreign Technician Fee	908	1313
Ground Risk Insurance	3180	3487
Quality Audit Expenses	3	2
Design and Development	16496	7482
Sundry Direct Charges - Others	363	371
Sub-Total (A)	25226	16541
B) EXPENSES CAPITALISED TO INTANGIBLE ASSET		
Licence Fees	216	384
Computer software	534	816
Documentation	1	88
Sub-Total (B)	751	1288
TOTAL (A + B)	25977	17829

Note 45 - Provisions

(₹ in Lakhs)

Particulars	For the Year ended 31 st March 2021	For the Year ended 31 st March 2020
Replacement and Other Charges	21175	46328
Warranty	32561	21384
Redundancy provision - Raw Materials and Components, Stores and Spare parts, Loose Tools and Equipment, Construction Materials and Inventory - Warranty	43009	18213
Liquidated Damages	43875	52160
Doubtful Debts	1426	3767
Doubtful Claims	3017	4023
Impairment of Investments	1145	3664
TOTAL	146208	149539

Refer Clause 49 of Note 49 for movement of Provisions



Notes to the Financial Statements for the year ended March 31, 2021

Note 46 - Expenses relating to Capital and Other Accounts

(₹ in Lakhs)

Particulars	For the Year ended 31 st March 2021	For the Year ended 31 st March 2020
Expenses allocated to:		
Other Intangible assets	751	1288
Special Tools	1094	418
Capital Works	181	0
Development Expenditure	52937	47155
Others	38431	24636
TOTAL	93394	73497

Other Comprehensive Income

Note 47 - Items that will not be reclassified to Profit or Loss

(₹ in Lakhs)

Particulars	For the Year ended 31 st March 2021	For the Year ended 31 st March 2020
Remeasurements of the defined benefit plans	-9733	-50377
TOTAL	-9733	-50377

Note 48- Items that will be reclassified to profit or loss

(₹ in Lakhs)

Particulars	For the Year ended 31 st March 2021	For the Year ended 31 st March 2020
Exchange differences in translating the financial statements of a foreign operation	-	-
TOTAL	-	-



Notes to the Financial Statements for the year ended March 31, 2021

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars
	Company Overview:
	Hindustan Aeronautics Limited ("HAL") herein after referred to as, "the Company" is a limited Company incorporated in India. It is presently a Government Company within the meaning of Section 2(45) of the Companies Act, 2013 as the President of India acting through the Ministry of Defence (MoD) holds 75.15% (Previous year - 89.97%) equity shares of the Company.
1(a)	The Company is engaged in the design, development, manufacture, repair, overhaul, upgrade and servicing of a wide range of products including, aircraft, helicopters, aero-engines, avionics, accessories and aerospace structures. The Company has been set up to meet the requirement of Indian Defence Forces (namely Indian Airforce, Indian Navy, Indian Army and Indian Coast Guard) in the area of Aerospace.
	The Company's operations are organised into five complexes, namely the Bangalore Complex, MiG Complex, Helicopter Complex, Accessories Complex and Design Complex, which together include 20 production divisions and 11 research and design centres ("R&D Centres") and 8 support offices located across India. For the purpose of Financial Statements 29 Divisions are consolidated by merging R&D Centers and support offices with the main production division. The Company relies on Indigenous research as well as enter into technology transfer and licence agreements to manufacture its products. In addition, the Company has established 12(twelve) Commercial Joint Venture Companies (JVCs) in collaboration with leading international aviation and Indian Organizations and 2(two) Subsidiary Companies to grow our operations. Besides, the Company also formed 2(two) Section-8 (non-profit) Companies.

Restatement for the year ended 31st March 2020

In accordance with Ind AS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' and Ind AS 1, 'Presentation of Financial Statements', the Company has retrospectively restated its Balance Sheet as at 31 March 2020 and Statement of Profit and Loss for the year ended 31 March 2020 for the reasons as stated in the notes below. There is no restatement for the year ended 31 March 2021. Reconciliation of financial statement line items which are retrospectively restated are as under:

Reconciliation of restated items of Balance Sheet as at 31st March 2020

Particulars	Note No.	As previously reported	Reclassification	As at 31.03.2020	Restatement as on 31 st March 2020 for prior periods in financial year 2020-21	As restated
ASSETS						
Non-current assets						
(a) Property, Plant and Equipment	1	634459		634459		634459
(b) Capital work-in-progress	2	85742		85742		85742
(c) Investment Property	3	3		3		3
(e) Other Intangible assets	5	100686		100686		100686
(f) Intangible Assets under Development	6	118269		118269		118269
(g) Investments accounted for using the Equity Method	7	11714		11714		11714



Notes to the Financial Statements for the year ended March 31, 2021

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars	Note No.	As previously reported	Reclassification	As at 31.03.2020	Restatement as on 31 st March 2020 for prior periods in financial year 2020-21	As restated
	(h) Financial Assets						
	(i) Investments	7A	82301		82301		82301
	(ii) Trade Receivables	8	0		0		0
	(iii) Contract Assets	8A	0		0		0
	(iv) Loans	9	4796		4796		4796
	(v) Other Financial Assets	10	33813		33813		33813
	(i) Deferred tax Assets (net)	11	47011		47011		47011
	(j) Other Non-Current Assets	12	61666	1274	62940		62940
	Current assets						
	(a) Inventories	13	1945392		1945392		1945392
	(b) Financial Assets						
	(i) Investments	14	0		0		0
	(ii) Trade receivables	15	1158339	-35831	1122508	965	1123473
	(iii) Contract Assets	15A	748342	35831	784173		784173
	(iv) Cash and Cash Equivalents	16	27783		27783		27783
	(v) Bank Balances other than Cash and Cash Equivalents	17	2008		2008		2008
1(b)(i)	(vi) Loans	18	1928	6	1934		1934
	(vii) Other Financial Assets	19	123156	-1274	121882		121882
	(c) Current Tax Assets	20	3531		3531		3531
	(d) Other Currents Assets	21	129063	-6	129057		129057
	Total		5320002	0	5320002	965	5320967
	EQUITY AND LIABILITIES						
	Equity						
	(a) Equity Share capital	22	33439		33439	0	33439
	(b) Other Equity	23	1285554		1285554	965	1286519
	LIABILITIES						
	Non-current liabilities						
	(a) Financial Liabilities						
	(i) Borrowings	24	0		0		0
	(ii) Trade payables	25	0		0		0
	(iii) Other Financial Liabilities	26	41927	13229	55156		55156
	(b) Provisions	27	151439	-24093	127346		127346



Notes to the Financial Statements for the year ended March 31, 2021

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars	Note No.	As previously reported	Reclassification	As at 31.03.2020	Restatement as on 31 st March 2020 for prior periods in financial year 2020-21	As restated
	(c) Deferred Tax Liabilities (Net)	28	0		0		0
	(d) Other Non-Current Liabilities	29	705654		705654		705654
	Current Liabilities						
	(a) Financial liabilities						
	(i) Borrowings	30	577518	11132	588650		588650
1(b)(i)	(ii) Trade payables	31	408923		408923		408923
	(iii) Other Financial liabilities	32	262298	-12039	250259		250259
	(b) Other Current Liabilities	33	1315149	-12322	1302827		1302827
	(c) Provisions	34	480025	24093	504118		504118
	(d) Current Tax Liabilities	35	58076		58076		58076
	Total		5320002	0	5320002	965	5320967

Note: Reclassification/disclosure which has no impact on Profit and loss and retained earnings.

Reconciliation of restated items of Statement of Profit and Loss for the year ended 31st March 2020

Particulars	For the year ended 31 March 2020
Profit after tax as per previously audited financial statement	283236
RESTATEMENT ADJUSTMENTS:	
Recognition of Revenue on repair of Accessories and supply of Spares pertaining to 2019-20	965
Profit after tax as per Restated Accounts	284201
Other Comprehensive Income	-37698
Total Comprehensive Income	246503

Earning per Equity share

As a result of the above mentioned adjustments, basic and diluted earnings per share for the financial year 2019-20 changed as below:

Particulars	As previously reported	Adjustments	As restated
Earning per Equity Share			
Basic earnings per Equity Share (in Rupees)	84.70	0.29	84.99
Diluted earnings per Equity Share (in Rupees)	84.70	0.29	84.99



Notes to the Financial Statements for the year ended March 31, 2021

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars	As at 31 March 2020
	Equity as previously reported	1318993
1(b)(iv)	Recognition of Revenue on repair of Accessories and supply of Spares pertaining to 2019-20	965
	Equity as per re-stated Accounts	1319958
	Note to 1(b)(i)	
1(b)(v)	Recognition of Revenue on repair of Accessories and supply of Spares accepted by customer in 2019-20, which was omitted to recognise, is now recognised by restating the Revenue in the comparative period i.e. 2019-20 for ₹ 965 Lakhs.	

Disclosure under Ind AS 116

as a lessee:

Sl. No.	Particulars	31 st March 2021	31 st March 2020	
1(c)	1	depreciation on right-of-use assets during the year	63	19
	2	interest expense on Lease liabilities during the year	11	11
	3	total cash outflow for leases during the year	297	6
	4	additions to right-of-use assets during the year	8108	33
	5	carrying amount of right-of-use assets	9237	1192

as a lessor:

1(d) The Company leases out its Investment property and Property, Plant and Equipment. The Company has classified these lease as operating leases, because they do not transfer substantially all the risks and rewards incidental to the ownership of the assets. Clause 51 of Note 49 gives information about the operating leases of Investment Property.

Operating Lease	31 st March 2021	31 st March 2020
Lease income	727	621

The Property, Plant and Equipment disclosed under Note 1A includes the following assets given on Operating Lease

Particulars	As at 31 st March 2021				As at 31 st March 2020			
	Gross Block	Accumulated Depreciation	Net Block	Depreciation Charge for the year	Gross Block	Accumulated Depreciation	Net Block	Depreciation Charge for the year
Land - Freehold	94		94		93		93	
Buildings - Owned	4	1	3	0	4	1	3	0
Total	98	1	97	0	97	1	96	0



Notes to the Financial Statements for the year ended March 31, 2021

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars	31 st March 2021	31 st March 2020
	The maturity analysis of lease payments (including payments from Investment Property) showing the undiscounted minimum lease payments to be received over the remaining non-cancellable term on an annual basis are as follows:		
	Term	31st March 2021	31st March 2020
	Less than one year	456	432
	One to Two years	477	451
	Two to Three years	341	472
	Three to Four years	358	335
	Four to Five years	376	352
	More than Five years	435	793
	Total undiscounted lease payments	2443	2836

Credit Risk

The Company has leased out its Properties to Joint Ventures, Subsidiaries and Other agencies. Lease payments are structured with periodic escalations consistent with the prevailing market conditions. Based on the Credit Risk in lease payments, suitable provision has been made.

Disaggregation of Revenue as per Ind AS 115

Particulars	For the year ended 31 st March 2021					For the year ended 31 st March 2020				
	Sale of Goods					Sale of Goods				
	Finished Goods	Spares	Development	Miscellaneous		Finished Goods	Spares	Development	Miscellaneous	
1(e) Timing of revenue recognition	Point in time	Point in time	Point over time	Point in time	Point in time	Point in time	Point in time	Point over time	Point in time	Point in time
Revenue by Geography										
INDIA	856367	372687	87171		20463	846916	258961	42486		40653
REST OF THE WORLD	3251	18481		24		5935	7475		2783	
TOTAL	859618	391168	87171	24	20463	852851	266436	42486	2783	40653

Particulars	For the year ended 31 st March 2021			For the year ended 31 st March 2020		
	Sale of Services			Sale of Services		
	Repairs & Overhaul	Others		Repairs & Overhaul	Others	
Timing of revenue recognition	Point in time	Point over time	Point in time	Point in time	Point over time	Point in time
Revenue by Geography						
INDIA	872987	276	2962	909200		3351
REST OF THE WORLD	2189		35	4952		40
TOTAL	875176	276	2997	914152		3391



Notes to the Financial Statements for the year ended March 31, 2021

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars				
	Claims / Demands against the Company contested and are not acknowledged as Debts (Gross) - as reimbursements are available from the customers as per contract.				
	Particulars*	As at 1 st April 2020	Additions (net)	Removal (from Opening Balance)	As at 31 st March 2021
	(i) Sales Tax / Entry Tax / GST	915884	93263	209	1008938
	(ii) Service Tax	119885	10184	2710	127359
	(iii) Customs Duty	23569	1807		25376
	Total	1059338	105254	2919	1161673

2(a) * In terms of Pricing Policy agreed with Defence Services, prices approved are exclusive of taxes and duties i.e. Sales Tax, Service Tax, GST, Customs Duty etc. In case, the customer do not submit an exemption certificate, taxes would be levied and the same would be re-imbursed by the customer.

* The Sales Tax /VAT/Entry Tax disputes on sales to the Indian Armed Forces in the State of Karnataka, Odisha and Telengana have been resolved between officials of Department of Defence Production (DDP), Ministry of Defence (MoD), the Company and representatives of Indian Air Force (IAF) and Indian Army with Commercial Tax Department and Finance Department of Government of Karnataka, Odisha and Telengana.

In the year 2019-20, an out of court settlement for sales tax has been reached between the Company and Government of Telengana. As per the settlement, the disputed tax demand of ₹ 81579 lakhs was settled at ₹ 13917 lakhs. The Company paid ₹ 8500 lakhs in March, 2020 and balance amount of ₹ 5417 lakhs was paid in September 20. Subsequently, the division received the reimbursement from AODAD to the extent of ₹ 13917 lakhs as full and final value of settlement amount.

Contingent Liability not acknowledged as Debts (Gross)

	Particulars	As at 1 st April 2020	Additions (net)	Removal (from Opening Balance)	As at 31 st March 2021
2(b)	(i) Income Tax	27703	634	9637	18700
	(ii) Others	50553	10334	8512	52375
	Total	78256	10968	18149	71075

	Particulars	As at 31 st March 2021	As at 31 st March 2020
2(c)	Guarantees excluding financial guarantees	300	300



Notes to the Financial Statements for the year ended March 31, 2021

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars	As at 31 st March 2021	As at 31 st March 2020
	Commitments		
	Estimated amount of contracts remaining to be executed and not provided for:		
3	on Capital Account	121432	118561
	Total	121432	118561
	In view of the nature of business, being long term contracts there may be other commitments for purchase of material etc., which has been considered as normal business process, hence not been disclosed.		
	Outstanding Letters of Credit and Guarantees		
	(i) Letters of Credit	74521	42041
4	The total Fund based limits ₹ 1000000 lakhs including ₹ 480000 lakhs of Commercial Paper (Previous year - ₹ 1000000 lakhs including ₹ 480000 lakhs of Commercial Paper) and Non-Fund based limits ₹ 205000 lakhs (Previous year - ₹ 205000 lakhs) sanctioned by consortium of bankers is interchangeable between the consortium of banks and also between Fund based and Non-Fund based limits. The said limits are secured by hypothecation of inventories and receivables.		
	(ii) Indemnity Bonds given by the Company for performance	634962	636249
	(iii) Performance Guarantee	728	537
	Value of Imports calculated on CIF basis:		
		For the year ended 31st March 2021	For the year ended 31st March 2020
5	(i) Raw Materials	379689	329533
	(ii) Components and Spares	306769	364117
	(iii) Capital Goods	10135	13030
	(iv) Special Tools	31157	19837
	Total	727750	726517
	Raw Materials, Spare Parts and Components consumed :		
	(i) Imported (including Customs Duty)	621881	705893
	(In % to total)	74.82	81.90
6	(ii) Indigenous	209270	156007
	(In % to total)	25.18	18.10
	Total (Gross)	831151	861900
	(Total %)	100	100



Notes to the Financial Statements for the year ended March 31, 2021

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars	For the year ended 31 st March 2021	For the year ended 31 st March 2020
	Expenditure in Foreign currency on account of :		
7	(i) Royalty	1575	193
	(ii) License Fee	303	93
	(iii) Documentation		75
	(iv) Professional, Consultancy and Foreign Technician Fees	912	1382
	(v) Foreign Travel	258	385
	(vi) Liason Office Abroad	353	262
	(vii) Others	379	693
	Total	3780	3083
	Earnings in Foreign Exchange :		
7A	(i) FOB value of exports made by the Company	21756	16193
	(ii) Services	2224	4992
	Total	23980	21185
	Particulars	As at 31st March 2021	As at 31st March 2020
8A	The Property, Plant and Equipment does not include assets funded by the customer for use of their jobs but held by the Company on their behalf.		
	Opening Balance	130653	126510
	Additions	3900	4143
	Deletions		
	Closing Balance	134553	130653
8B	Certain Capital items specific to projects have been funded by the customer either upfront or is reimbursed through product cost spread over the duration of the projects. Physical possession and control lies with the Company. Presently, the assets are accounted under HAL - Funded assets and to the extent of depreciation, revenue is recognised. An Expert Advisory Committee opinion on the accounting treatment has been sought and based on the opinion, necessary accounting treatment will be made.		
	Capital Work-in-progress	As at 31st March 2021	As at 31st March 2020
8C	Opening Balance	85742	69915
	Additions	89548	101971
	Deletions	96252	86144
	Closing Balance	79038	85742
	Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
9	Profit on Sale of Property, Plant & Equipment	12	23
	Loss on Sale of Property, Plant & Equipment		
	Net (Note 37 - Other Income & Note 43 - Other Expenses)	12	23
10	The Company has received a sum of ₹ 13229 lakhs (Previous year - ₹ 13229 lakhs) from Ministry of Defence (MoD), Government of India (GOI) towards investment by the Company in Multirole Transport Aircraft Limited (MTAL). Out of the above, the Company has till date invested a sum of ₹ 11347 lakhs (Previous year - ₹ 11347 lakhs). The balance of ₹ 1882 lakhs has been paid during the year to the customer (Previous year - ₹ 1882 lakhs is shown under Other Current liabilities). Interest @ 6.85% has been provided on the unutilised portion up to the date of repayment ₹ 3326 lakhs (Previous year - ₹ 3294 lakhs) included in other financial liabilities. (refer clause no. 45B).		



Notes to the Financial Statements for the year ended March 31, 2021

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars
	<p>The Company's Barrackpore Division is in possession of 22.51 acres (Previous year - 22.51 acres) of land on which the Division has its Buildings, Hangar, Plant and Machinery etc. The instruments of transfer in favour of Division / Company either by way of lease or transfer in respect of this land is pending execution. Provision for lease rental amounting to ₹ 34.00 Lakhs (Previous year - ₹ 33.50 Lakhs) has been made. The transfer of the land is being pursued with Defence Estate Officer, Kolkata.</p> <p>The above does not include 7.115 acres of Land received from Army in exchange of 5 acres of Land at Bangalore which was received free of cost from State Government before 31st March 1969. Since the value of 5 acres land was nil, the value of 7.115 acres land received in exchange of 5 acres land is also taken as nil.</p> <p>Land (Right-of-Use) under Property Plant and Equipment includes land taken on lease for establishing a unit at Kasargod at a cost of ₹ 708 lakhs for 200 acres (Previous Year - ₹ 708 lakhs for 200 acres). This cost is amortised over the lease period of 90 years. The Lease charges for the year amounting to ₹ 8.00 Lakhs (Previous Year - ₹ 8.00 lakhs) has been considered under depreciation for the year. However 4.171 Acres (Previous Year - 4.171 Acres) of land shortage due to surrender of certain tracts of land against local disputes by KINFRA. However issue has been taken up with KINFRA for compensation of shortfall in the land. The Board of KINFRA also decided that the lease premium of ₹ 14.76 lakhs remitted by HAL towards 4.171 acres of land will be refunded and necessary corrections are to be made in the lease deed to effect the changes. Awaiting action from KINFRA.</p> <p>Land under 14.3 include 12 acres of land given under lease to M/s LNB Renewable Energy Pvt Ltd., Hyderabad for 25 years, giving vendor the 'Right to Use' specific land for establishing solar PV Power Plant project only and not for any other purpose with a Purchase Agreement for a period of 25 years for purchase of electricity generated by the Solar PV Power Plant project at the fixed tariff of ₹ 3.23/KWh.</p> <p>Land (Right-of-Use) under Property Plant and Equipment includes land (0.27 acres) taken on lease for Liason Office Mumbai at a cost of ₹ 3 lakhs (including development cost). This cost is amortised over the lease period of 30 years. The amount of amortisation has been considered under depreciation for the year. Lease rental is ₹ 2304/- payable annually.</p> <p>Land under 14.3 includes 38.68 acres of land given under lease to M/s Ordnance Factory Board (OFB), out of which 8.65 acres has been sub-leased to M/s Indo-Russian Rifles Private Limited (IRRPL) at an annual rent of ₹ 1 per annum.</p>
14.4	
14.5	<p>a) Facilities Management Division (FMD) is holding 2117.367 acres (Previous year - 2109.267 acres) land, out of which free hold land of 2096.267 acres (Previous year - 2096.267 acres) is located in Bangalore and 15.1 acres (Previous year - 7 acres) located at Bagalkot, Karnataka and Lease hold Land of 6 acres (Previous year - 6 acres) is located at Harapanahalli, Davanagere, of which 17.737 acres (Previous year - 17.737 acres) is under litigation / encroachment by third parties and 10.152 acres (Previous year - 10.152 acres) is under dispute with M/s Bharat Earth Movers Limited (BEML).</p> <p>b) Titles to land are not in the name of the Company in respect of 30 survey numbers totalling to 72.675 acres (Previous year - 72.675 acres) at FMD Division, However, Records of Tenancy Certificate is available.</p> <p>c) An amount of ₹ 2967 lakhs (Previous year - ₹ 2819 lakhs) towards cumulative Lease Rental charges with various parties has not been considered in the books of accounts of FMD, pending dispute settlement.</p> <p>d) DIPAM has communicated the Institutional framework for monetization of the assets of the CPSE's, approved by Cabinet in its meeting dated 28th February 2019.</p> <p>In this regard, approval has been given by the Board in its 439th Meeting held on 13th November 2020 for Monetization of 1.45 acres of land at Okalipuram, Bengaluru for forwarding the proposal to DDP for approval / further action by DDP/DIPAM. HAL during November 2020 referred the proposal to MoD. MoD vide letter dated 8th January 2021 communicated that the DIPAM has taken note of the asset monetisation plan and indicated that HAL may take action to process the case further after taking necessary approval of competent authority as per extant guidelines. FMD division further processing the case.</p> <p>e) Land at Nasik Division includes 0.052 acres (Previous year - 0.052 acres) of land encroached by 9 persons.</p>



Notes to the Financial Statements for the year ended March 31, 2021

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars						
	<p>f) Further, about 50.21 acres(Previous year - 50.21 acres) of the land belonging to the Company's Koraput Division is encroached upon by the nearby villagers for cultivation.</p> <p>g) Land at Corporate office includes 711.22 sq.mt (Previous year - 711.22 Sq.mt) of land has been acquired for the Metro Rail Project by M/s Bangalore Metro Rail Corporation Limited (BMRCL). The compensation awarded of ₹ 549 Lakhs (Previous year - ₹ 549 lakhs) by M/s Karnataka Industrial Area Development Board (KIADB) was contested by Company in the City Civil Court at Bangalore. Meanwhile, a Joint Committee comprising the Company & BMRCL Officials was formed to arrive at an out of court settlement. Currently the case is pending at evidence stage, the Company is seeking adjournment on account of discussion between parties for settlement. However, this is subject to final agreement of parties and order of court. On completion of the Metro Rail project, the land utilized is restricted to 272.94 sq.mt (Previous year - 272.94 Sq.mt). Area to the extent of 438.28 sqm has been conveyed back to HAL through Deed of transfer. Compensation amount for remaining area, i.e 272.94 Sq. mt. is yet to be received by the Company. Accordingly, further necessary actions are being taken by the BMRCL / KIADB in the matter. HAL has filed memos in the pending cases requesting the Court to disburse ₹ 348 lakhs along with interest as compensation for remaining area of land (i.e. 272.94 sq.mt.) to HAL. As the matter is subjudice, no adjustment has been made in the Books.</p>						
14.6	<p>Land under 14.1 does not include 374.73 acres (Previous year - 374.73 acres) of the land was acquired by State Government of Uttar Pradesh and possession was handed over to HAL by District Land Acquisition Officer. The factory area 54.30 acres was transferred during 1973 from Indian Air Force to HAL. As per the legal position, both the parties are Government bodies. According to Government Grants Act, 15 of 1895, Section-2 Governments Grants are exempted from the operation of the transfer of property Act. Thus, there is no need of execution of the sale deed / transfer deed. A transfer of the title of land, thus, required no registration. The transfer of land by State of Uttar Pradesh and Indian Air Force to HAL need not require any registration as this transfer is exempted by the Government Grants Act.</p> <p>Land under 14.3 does not include, the ownership of 27 acres (Previous year - 27 acres) of land on which labour colony has been built by Labour Commissioner, Kanpur belongs to the Company as per Revenue records.</p>						
14.7	<p>a) Approval has been given by the Board for acquiring 5 acres of defence land on lease at Akabil village, Missamari, District sonitpur for establishing MRO Hub Facilities for an annual lease rental of ₹ 1.00 per annum without any premium and registration charges, processing fees etc as per actual.</p> <p>b) Approval has been given by the Board for acquiring 4.34 acres of defence land on lease at Mamun Military station for establishing MRO Hub facilities at an annual lease rental of ₹ 1.00 per annum without any premium along with necessary registration charges, processing fees etc as per actual.</p>						
14.8	<p>One Hawk-i Aircraft has been used by Aircraft Division for Marketing and Testing Activities. The useful life of the Hawk-i Aircraft is technically assessed to be 5 years from 2018-19, accordingly the depreciation has been provided @ 20% per annum.</p>						
15A	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #d3d3d3;">Particulars</th> <th style="background-color: #d3d3d3;">For the year ended 31st March 2021</th> <th style="background-color: #d3d3d3;">For the year ended 31st March 2020</th> </tr> </thead> <tbody> <tr> <td>Sales for the period includes deliveries for which amendment to firm task is awaited from the customer.</td> <td style="text-align: right;">7,467</td> <td style="text-align: right;">5,247</td> </tr> </tbody> </table>	Particulars	For the year ended 31 st March 2021	For the year ended 31 st March 2020	Sales for the period includes deliveries for which amendment to firm task is awaited from the customer.	7,467	5,247
Particulars	For the year ended 31 st March 2021	For the year ended 31 st March 2020					
Sales for the period includes deliveries for which amendment to firm task is awaited from the customer.	7,467	5,247					
15B	<p>As per the Accounting Policy of the Company, in respect of deliverables like spares, Revenue is recognized based on acceptance by the Buyers' Inspection Agency or as agreed by the buyer.</p> <p>Delivery of the items to the customers are generally within three weeks from the date of acceptance. However, during 2020-21, due to COVID 19 Pandemic, there has been a delay in dispatching spares of ₹ 2243 lakhs (Previous year - ₹ 1158 lakhs) to the Customers within three weeks from the date of acceptance.</p>						



Notes to the Financial Statements for the year ended March 31, 2021

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars	As at 31 st March 2021	As at 31 st March 2020
15C	In response to RFP for 15 Light Combat Helicopter(LCH) LSP received from MoD on 22 nd Dec 2017, HAL submitted its quote on 14 th March 2018. The bid submitted was negotiated, and contract is under final stage of approval with Gol. Pending finalization of contract, Customer has given Letter of Intent (LOI) for supply of 10 LCH. Inline with LOI received from customers, 3 LCH of IAF has been signalled out and ₹ 33883 Lakhs is recognized as Revenue from Operation during FY 2020-21 in accordance with provisions of Ind AS 115. Further the balance cost of ₹ 7972 lakhs (Previous year - ₹ 12767 lakhs) booked against this anticipated contract has been accounted as Work in Progress.		
16	In respect of the materials received under bulk contracts with the Russian Federation where the suppliers do not indicate itemized prices, the value of materials issued is assessed on technical estimates to exhibit a fair value of the closing work-in-progress and inventory of these materials is subject to adjustment at the end of the project.		
17A	The total inventory does not include materials belonging to customers but held by the Company on their behalf	72048	77249
17B	Claims Receivable (Note 19) includes ₹ 1597 lakhs (Previous year - ₹ 2258 Lakhs) settled under Sabka Saath Sabka Vikas scheme, is fully reimbursable by customer as per terms of pricing policy with Defence Services.		

DIVIDEND POLICY:

As per extant memorandum F.No. PP/14(0005)/2016 dated June 20, 2016, of the Department of Public Enterprises, Ministry of Heavy Industries & Public Enterprises, Government of India (GOI) ("DoE") read with the memorandum F.No. 5/2/2016-Policy dated 27th May, 2016 of the Department of Investment & Public Asset Management, Ministry of Finance, Gol, all central public sector enterprises are required to pay a minimum annual dividend of 30% of Profit After Tax (PAT) or 5% of the net-worth, whichever is higher, subject to the maximum dividend permitted under the extant legal provisions and the conditions mentioned in the aforesaid memorandum.

However, the declaration and payment of dividends on our Equity Shares will be recommended by our Board and approved by our shareholders, at their discretion, subject to the provisions of the Articles, the Companies Act, 2013. Further, the dividends, if any, will depend on a number of factors, including but not limited to our earnings, guidelines issued by the DoE, capital requirements and overall financial position of our Company. In addition, our ability to pay dividends may be impacted by a number of factors, including the results of operations, financial condition, contractual restrictions, restrictive covenants under the loan or financing arrangements the Company may enter into.

Particulars	As at 31 st March 2021	As at 31 st March 2020
18B(i) Dividend paid to Resident shareholders - President of India and nominees (including Interim Dividend)	75388	100034
Dividend Distribution Tax on the above (including Dividend Distribution Tax on Interim Dividend)		20562
18B(ii) Dividend paid to Resident shareholders - Other than President of India and nominees (including Interim Dividend)	24327	11110
Dividend Distribution Tax on the above (including Dividend Distribution Tax on Interim Dividend)		2284
18C The Company as at 31 st March 2021, 2728 Shareholders (Previous Year -1498 shareholders) who are Non-Resident Indians. The Dividend Paid to the Non-Resident shareholders has been paid in Indian Rupees to their respective Non-Resident Ordinary Rupee Accounts.		
Dividend paid to Non-Resident shareholders (including Interim Dividend)	601	40
Dividend Distribution Tax (including Dividend Distribution Tax on Interim Dividend)		8



Notes to the Financial Statements for the year ended March 31, 2021

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars	As at 31 st March 2021	As at 31 st March 2020
	Final Dividend:		
18D	(a) The amount of dividend proposed to be distributed to Equity share holders	-	-
	(b) The corresponding amount of dividend distribution tax for the amount of proposed dividend	-	-

Particulars	As at 31 st March 2021	As at 31 st March 2020
The Information regarding dues to Micro and Small Enterprises*		
1. The Principal and the Interest due thereon		
a) Principal	4914	4897
b) Interest	359	140
2. The amounts paid by the Company beyond the appointed day during the year ended		
a) Principal	4660	2398
b) Interest		
19 3. The Interest due and payable for the period of delay (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act.		
4. The interest accrued and remaining unpaid	359	140
5. The amount of further Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the Small Enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act.	219	140

* The information has been given in respect of such suppliers on the basis of information available with the Company based on information received from such suppliers.

20 HAL has initiated criminal proceedings against the accused in 2011-12 and during 2012-13, two civil suits have been filed for recovery of fraudulently drawn amounts against the accused, his accomplices and institutions namely, the State Bank of India (SBI) for ₹ 289 Lakhs and Shri Krishna Souharda credit Co-operative Limited for ₹ 102 lakhs, totalling to ₹ 391 lakhs. Both the civil cases and criminal case are under progress in the court. Properties of the accused amounting to ₹ 138 lakhs have also been attached by the court. An amount of ₹ 243 lakhs has been received from SBI on 25.04.19 and the balance amount of ₹148 lakhs has been provided in the financials of 2018-19.

The Hon'ble Court has passed the judgement and decree in favour of HAL by awarding ₹ 289 lakhs along with interest. Out of which to the extent of ₹ 148 lakhs to be retained by HAL and the balance amount to be re-imbursed to SBI as per MoU. HAL has filed an Execution Petition No.COM. EX/100/2021 dt 03.03.21 on defendants for recovery of ₹ 289 lakhs along with interest.

21 A fraud involving misappropriation of funds by Company official in collusion with six contractors has been noticed by the management and referred to Vigilance department for further investigations. The Vigilance department based on the investigations has lodged FIR with Central Bureau of Investigation (CBI), Bhubaneswar. An amount of ₹ 1892 lakhs has been provisionally assessed and fully provided in the financials of 2018-19 and 2020-21 as fraudulent payments made to contractors and others during the period from May 2011 to September 2018 and reported in the FIR with CBI. Adjustment of expenses relating to capital and other accounts in the financial year 2018-19 and 2020-21 includes the above mentioned amount. The matter is under investigation by CBI.



Notes to the Financial Statements for the year ended March 31, 2021

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars	For the year ended 31 st March 2021	For the year ended 31 st March 2020
	Corporate Social Responsibility(CSR)		
(a)	Gross amount required to be spent by the Company on CSR activities as per Companies Act, 2013	7191	6967

2020-21

Particulars	In Cash	Yet to be paid in Cash	Total
(b) Amount spent during the year on CSR activities			
(i) Construction / Acquisition of any Assets	2,434	1,101	3,535
(ii) On purposes other than (i) above	5,268	249	5,517
Total*	7,702	1,350	9,052

2019-20

Particulars	In Cash	Yet to be paid in Cash	Total
(c) Amount spent during the year on CSR activities			
(i) Construction / Acquisition of any Assets	965	993	1,958
(ii) On purposes other than (i) above	5,771	471	6,242
Total	6,736	1,464	8,200

22

* includes ₹ 7859 lakhs under Note-43 (against ₹ 7191 lakhs being 2% budget allocation as per Companies Act, 2013) and ₹ 1193 lakhs surplus, generated in financial year 2019-20 through savings in energy charges from the Wind Power Plant established by the Company at Davanagere District, Karnataka as a CSR project which were utilised for other CSR projects/ activities during financial year 2020-21.

The total amount spent on CSR by the Company for the year 2020-21 is ₹ 9052 lakhs on CSR activities under the following heads.

Particulars	₹ in Lakhs
Drinking Water	238
Education	1887
Environment Sustainability	389
Healthcare	1404
Livelihood Generation	23
Rural Development	1095
Sanitation	991
Sports Development	275
Skill Development	2266
Others	484
Total	9052

In the year 2020-21, an amount of ₹ 884 lakhs surplus, was generated through savings in energy charges from the Wind Power Plant & football academy. The surplus will be utilised for other CSR projects/ activities during 2021-22 over and above the 2% budget allocation as per the Companies Act, 2013.



Notes to the Financial Statements for the year ended March 31, 2021

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars
23	<p>Operating Cycle</p> <p>The Company is having the Multiple Business Activities. Operating Cycle is determined by Divisions based on Individual business activity.</p>
24A	<p>The Company's IJT Division is primarily engaged in the production of Intermediate Jet Trainer (IJT) Aircraft. The supply contract with IAF is pending for fulfilment of parameters as required by the customer. Two IJT-LSP aircraft (LSP3 & LSP4) are modified as per BAR recommendations and Initial block of flights are completed. LSP4 aircraft is also fitted with a new Spin recovery parachute system (SRPS) and flight streaming of parachutes is completed. Spin Test commenced and 3 Turn spin on LH successfully demonstrated. Further, demonstration of 6 turn spin is under progress.</p> <p>The division will be a cash generating unit once the supply of produced Aircrafts commences and no impairment is considered necessary.</p>
24B	<p>The Company's Aircraft Division is primarily engaged in the production of Aircraft. The division is manufacturing airframe structure of LCA(IOC) and FOC offloaded by LCA division along with other activities under Task / RMSO issued by Defence Services. The loss is due to the non-absorption of overheads commensurate to the workload. The loss of the division during Financial Year 2020-21 reduced compared to the previous year 2019-20. The Division will generate more revenue in the coming years to reduce the loss.</p> <p>However, considering the LCA production program in ensuing years, the division will be a profit generating unit and no impairment is considered necessary.</p>
	<p>Seasonality of business :</p>
25	<p>The Company experiences cyclicity in respect of recognition of revenue from operations, which is attributable to the delivery of a majority of our products happening in the second half of the year. The Company recognise sales upon acceptance of the product by customers and issuance of a signalling out certificate by them. The sales are dependent on the certification process which needs to be completed before the customers can take deliveries. The certification process typically takes place in the third and fourth quarter due to favourable weather conditions for flight tests during this period. This leads to bunching up of sales during the third and fourth quarter of each financial year and consequently, the revenue varies significantly between the first and second half of the year.</p>
26	<p>Aircraft have been accepted and signalled out by customers' inspector with fitment of Cat-B items taken on Loan, in cases of non availability of Cat-A item. As the aircraft is flight worthy and the customers have accepted the same, the sales are accounted, consistently, on the basis of Signalling Out Certificate (SOC) / Certificate of Conformity (COC). As a principle, Loan items fitted on the aircraft are excluded in value for recognising Sales. Sales in respect of such Cat-A items are recognized on supply of Cat-A items, within the contract period.</p>
27	<p>Balance shown under Trade Receivables, Trade Payable, Claims Receivable, Advance against Goods and Services, Capital Advances, deposits and stock / materials lying with sub-contractors / fabricators are under reconciliation. Since the Company is a Government entity under the control of Ministry of Defence (MoD), around 97% of the Company's turnover, around 98% of Trade receivables and Contract Assets, around 60% of Claims receivables and around 98% of the customer advances is with respect to Government and Government related entities. The bills are raised on the customers by the divisions located at various places and reconciliation is carried out on an ongoing basis. However, management does not expect to have any material financial impact of such pending confirmation / reconciliation.</p>
28	<p>In the opinion of the Board, the Company do not have any assets other than fixed assets and Non-current investments having a value on realisation in the ordinary course of business less than the amount stated.</p>



Notes to the Financial Statements for the year ended March 31, 2021

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars									
	Sales, based on Accounting Policy of the Company, is accounted on issuance of Signalling Out Certificate (SOC) by the customers. There is a time lag between SOC and Ferry out of Aircraft / Helicopter in view of the time involved in deputation of Ferry team by the customers, their handling flights and rectification of snags involved, if any, formation of the new squadron, training of pilots etc. The details of Aircraft / Helicopters which are yet to be ferried out (for which sales has been setup) as on the date of approval of financial statements is as under:									
	Year	Sales (₹ in lakhs)	Value of the Aircraft / Helicopters to be ferried out						%	Date of approval of Accounts
			Su 30	ALH	LCH	Dornier	LCA	Total	of Sales	
29A	2019-20	2122752		17254				17254	1%	25.06.2020
	2020-21	2236893	34959	21133	33883	13898	57498	161371	7%	28.06.2021
	The expenditure involved in the work carried out post SOC date is absorbed against the provision for replacement charges.									
	The Company has taken up with Ministry of Defence (MoD) for amendment of ALH contract in respect of both Indian Air Force and Indian Army to bring them in line with the accounting policy of the Company. In respect of Indian Air Force, MoD have concurred "in principle" to above, with the stipulation that the contract amendment can be made only after similar contract amendment in respect of Indian Army contract with the Company is finalized. In respect of Indian Army contracts, the matter is under discussion.									
29B	The PSLV contract contains a clause that the acceptance of hardware takes in two places. The preliminary acceptance will be based on the inspection and quality reports and test carried out at the contractor's premises and will be for the purpose of movement of hardware. Final acceptance will be at the site based on the final inspection / functional checks to be carried out on receipt at site.									
30A	HTFE 25 Project: The Company has taken up the design and development of Hindustan Turbo Fan Engine (HTFE-25) in 2013-14 with a time frame of 6 years for completion. The Core Engine 2, Run completed and development activities of TD Full Engine run and Design Configuration review are under progress. An amount of ₹ 15542 Lakhs (Previous year - ₹ 13456 Lakhs) has been accounted under Intangible Assets under Development. It is assessed that, further development activities involve development of flight worthy engine for certification on a particular platform would require at least another 5 years or so. Keeping this in view and also that there is no visibility of any progress of any commitment/ orders for the Product, the Intangible Asset review Committee has recommended for impairment of total expenditure incurred on this project. Accordingly, ₹ 15542 lakhs has been impaired (Previous year - ₹ 13456 lakhs).									
30B	HTT 40 Project: The Company has undertaken the design and development of Hindustan Turbo Prop Trainer Aircraft (HTT- 40). Taking into the capability of the proposed Turbo Prop Aircraft, market studies, upgrade functionality etc. requirement of 290 Aircraft (70 Aircraft for IAF and 220 Aircraft for other customers) has been projected by the Company. The Company continues to fund the HTT Design and Development program. Hence the expenditure of ₹ 3493 lakhs (Previous year - ₹ 5272 lakhs) has been treated as Development Expenditure and accounted under Intangible Assets under Development.									
30C	Special Tools includes ₹ 434 Lakhs (Previous year - ₹ 845 lakhs) towards COMPASS Project at Bharat Electronics Limited (BEL), on behalf of MRO Division against which Company derives future economic benefits for repair of electro optical pods.									



Notes to the Financial Statements for the year ended March 31, 2021

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars
31	One upgraded Mirage 2000 Aircraft crashed during customer acceptance flight at HAL Airport, Bangalore on 1 st February 2019. HAL has taken an insurance policy for ₹ 3412 lakhs for HAL efforts and material used in repair / overhaul, and preferred the claim with the Insurance company for ₹ 3447 lakhs. An amount of ₹ 3181 lakhs has been advised for payment by Insurance Company after deducting 1% policy Administration charges (Claim admitted ₹ 3215 lakhs less ₹ 34 lakhs), the disbursement is awaited.

Financial instruments by category

(a) The carrying value and fair value of financial instruments by each category as at 31st March 2021 were as follows:

Particulars	Financial assets/ liabilities at amortised costs	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI	Total Carrying Value	Total Fair Value
Assets:					
(i) Investments	88345			88345	88345
(ii) Loans	6069			6069	6069
(iii) Other financial assets	139547			139547	139547
(iv) Trade receivables	563936			563936	563936
(v) Cash and Cash equivalents	714148			714148	714148
(vi) Bank balances other than (v)	2485			2485	2485
(vii) Contract Assets	834616			834616	834616
Liabilities:					
(i) Borrowings	907			907	907
(ii) Trade payables	224615			224615	224615
(iii) Other financial liabilities	245951			245951	245951

(b) The carrying value and fair value of financial instruments by each category as at 31st March 2020 were as follows:

Particulars	Financial assets/ liabilities at amortised costs	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI	Total Carrying Value	Total Fair Value
Assets:					
(i) Investments	82301			82301	82301
(ii) Loans	6730			6730	6730
(iii) Other financial assets	155695			155695	155695
(iv) Trade receivables	1123473			1123473	1123473
(v) Cash and Cash equivalents	27783			27783	27783
(vi) Bank Balances other than (v)	2008			2008	2008
(vii) Contract Assets	784173			784173	784173
Liabilities:					
(i) Borrowings	588650			588650	588650
(ii) Trade payables	408923			408923	408923
(iii) Other financial liabilities	305415			305415	305415



Notes to the Financial Statements for the year ended March 31, 2021

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars		
	(c) Interest income/(expenses), gains/(losses) recognised on financial assets and liabilities:		
	Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
32	(i) Financial assets at amortised cost		
	- Interest income from bank deposits	2009	137
	- Interest income from other financial assets	6793	6302
	- Gain/(Loss) on amortisation of financial assets	4159	3304
	(ii) Financial liabilities at amortised cost		
	- Gain/(Loss) on amortisation of financial liabilities	-4223	-3341

Financial Risk Management

The Company is exposed to market risk, credit risk and liquidity risk which may impact the fair value of its financial instruments. The Company, based on its business operation, evaluated the following risks:

a) Foreign currency risk:

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in exchange rates. The Company's exposure to the risk of changes in exchange rates relates primarily to the Company's imports for which the payment has to be done in currencies other than the functional currency of the Company. The fluctuation in exchange rates in respect to the Indian rupee may have very restricted impact on company as any fluctuations in foreign exchange are in general reimbursed by the customers of the Company in terms of the contractual obligations which the Company has with its customers.

b) Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations resulting in a financial loss to the Company. Credit risk arises principally from trade receivables, loans & advances, advances given to suppliers (for procurement of goods, services and capital goods, cash & cash equivalents and deposits with banks and financial institutions). The Company for the Financial Year (FY) derived 92% (Previous year - 94%) of its total sales from sales to the Indian Defence Services. The Company expects to continue to derive most of its sales from the Indian Defence Services under the contracts of the Ministry of Defence (MoD), Government of India (GoI) - the Company's principal shareholder and administrative ministry.

33

Ageing Analysis of the Trade Receivables :

Ageing	0-30 days past due	31-60 days past due	61-90 days past due	91-120 days past due	121-180 days past due	more than 181 days past due	Total
Net carrying amount as at 31.03.2021	147291	53588	30297	66366	47707	218686	563936
Net carrying amount as at 31.03.2020	203823	107628	80880	125051	86273	519818	1123473

c) Provision for expected credit losses:

As the Company's debtors are predominantly the Government of India (Indian Defence Services, Ministry of External Affairs), Central Public Sector Undertakings where the counter - parties have sufficient capacity to meet the obligations and where the risk of default is nil / negligible. Accordingly, no loss allowance for impairment has been recognized. Further, management believes that the unimpaired amounts that are due collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk. Hence, no impairment loss has been recognized during the reporting periods in respect of trade receivables.



Notes to the Financial Statements for the year ended March 31, 2021

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars
33	<p>d) Liquidity risk:</p> <p>Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. The Company's standard contract terms provide that, the Company receives advance payments from customers pursuant to the applicable contracts, including the Government of India and the Indian Defence Services at the time of signing of any contract and milestone payments on achievement of physical milestones. These payments are utilized to meet the Company's working capital needs (for the Company required to maintain a high level of working capital because the Company's activities are characterized by long product development periods and production cycles). A majority of the Company's research, design and development costs are funded by the Indian Defence services. Services and supply of spares are governed by the Fixed Price Quotation (FPQ) policy for fixation of the prices wherein the prices are fixed for the base year with escalation parameters for a pricing period of 5-7 years. The process of fixation of prices and approvals takes a minimum period of two years after the expiry of previous pricing period. In the interim, the approved prices of the previous pricing period are continued and payments are accordingly realised and on finalisation of the revised prices, the differential prices are paid to the Company. Further, certain costs not forming part of selling price are reimbursed by customer on incurrance of expenditure. The reimbursement is based on verification and issuance of audit certificate by the payees. There are delays in the above process due to unanticipated variations/adjustments in the scope and schedule of the Company's obligations due to subsequent modifications by the customers and delays in receipt of approvals from the customer. Further, payments to the Company by the Indian Defence Services are reliant on the continuing availability of budgetary appropriations by Government of India and any disruptions to the availability of such appropriations could adversely affect the Company's cashflows.</p> <hr/> <p>e) Market risk:</p> <p>The Ministry of Defence (MoD) and the Government of India (GoI) have continued efforts to reform Defence related policies such as the Defence Acquisition Procedure 2020 ("DAP 2020") to promote private participation, a level playing field and the domestic Defence manufacturing Industry and eco-system. While the MoD has given the highest priority to Indigenously Designed, Developed and Manufactured ("IDDM") products for capital procurement, the Company faces competition to be selected as the Indian production agency for such contracts. These policies have raised the level of market competition in the areas in which the Company operates.</p> <hr/> <p>f) Risk Mitigation Process:</p> <p>As a step of institutionalizing the risk management in the Company, an elaborate framework has been developed and the Company's top management has overall responsibility for the establishment and oversight of the Company's risk management framework. An important purpose of the framework is to have a structured and comprehensive risk management system across the company which ensures that the risks are being properly identified and effectively managed. The Company has a risk management policy to manage & mitigate these risks. The risk management process includes risk identification, risk assessment, risk evaluation, risk mitigation and regular review and monitoring of risks. The Company's risk management policy aims to reduce volatility in financial statements while maintaining balance between providing predictability in the Company's business plan along with reasonable participation in market movement.</p>



Notes to the Financial Statements for the year ended March 31, 2021

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars
	g) COVID-19 Impact
	Current year Impact:
	Due to lockdown imposed to contain the spread of COVID-19 pandemic, the Company's manufacturing facilities were temporarily shut down during April 2020. The activities resumed from 28 th April 2020 with precautions, reduced availability of manpower and disrupted supply chain, resulting in lower turnover and consequent lower profit during the first half of the financial year 2020-21. However during the second half of the financial year 2020-21 near normalcy is restored in the operations. The Company improved its turnover and profitability as compared to the financial year 2019-20.
33	Anticipated Future Impact:
	Based on the information available (internal as well as external) up to the date of approval of this financial result, Company expects to recover the carrying amount of Intangible assets, Inventories, Property, Plant and Equipment's, Lease, Financial Instruments, Trade Receivables etc. Efforts are being made to minimize the impact. The Company will continue to closely monitor the developments, the future economic and business outlook and its impact on Company's future financial statements with a view to minimize the Covid impact.
	Second Wave of Covid-19 Impact:
	Second wave of Covid-19 has forced the Company to declare for a phased lockdown at various Divisions on substitution basis during April and May 2021. The employees will put in additional hours for the hours lost during lockdown period. It is, therefore, expected that the lost man hours will be recovered in the coming months, hence, no significant impact is anticipated.

Capital Management:

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and requirements. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

34 The Company monitors capital by using debt equity ratio, which is borrowings divided by Equity.

Particulars	As at 31 st March 2021	As at 31 st March 2020
Debt	907	588650
Equity	1535655	1319958
No. of times	0.00:1	0.45:1

No changes were made in the objectives, policies or processes for managing capital during the year ended 31st March 2021 and 31st March 2020.



Notes to the Financial Statements for the year ended March 31, 2021

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars
	Borrowing Term Loan (Note - 24)
	Name of the lender State Bank of India
	Facilities Term loan of ₹ 100000 lakhs may be availed as Rupee facility or capex LC subject to maximum of ₹ 40000 lakhs
	Purpose The proceeds of the Term Loan will be utilized specifically for building capacity for executing order of 162 LCH. The expenses will include, Civil works, Plant and Machinery and Deferred Revenue Expenditure.
	Security Primary: First charge on the Project assets present and future excluding Civil works and intangible. Collateral: Second charge on the Current Assets (stock and receivables)
35A	Interest Rate Interest at the rate of 0.10% above 1 year MCLR which is presently 7.95%p.a. calculated on daily products at monthly rests. The Bank shall at any time and from time to time be entitled to vary the margin based on the Credit Risk Assessment of the borrower at its discretion and MCLR will be reset on an annual basis on the anniversary of reset. The interest will be serviced by the Company during the moratorium.
	Security Perfection The security has to be perfected within 6 months from the date of first disbursement. In the event the Company does not perfect the security within the stipulated period, a penal interest of 0.25% p.a. will be charged for the delayed period.
	Disbursement The term loan of ₹ 100000 lakhs will be disbursed in tranches beginning from the fourth quarter of Financial Year 2017-18 to first quarter of Financial Year 2024-25.
	Repayment The repayment will be in quarterly installments amounting to ₹ 6250 lakhs after moratorium of 4 years i.e. Repayment will be from the Fourth Quarter of the Financial Year 2021-22 to Third quarter of the Financial Year 2025-26. The term loan availed of ₹ 10000 lakhs has been repaid during December 2019. Hence, the term loan not appearing for the year ending 31 st March 2020.
	Borrowing Cash Credit (Note 30)
	Details of lender A Consortium of 7 banks comprising of State Bank of India (lead bank), Bank of Baroda, Indian Bank, Canara Bank, Punjab National Bank, Union Bank of India and Indian Overseas Bank.
	Limit ₹ 1000000 lakhs as Cash Credit (including ₹ 480000 Lakh of Commercial Paper)
35B(i)	Purpose Working Capital Requirements
	Security Paripassu first charge on stocks and receivables of the Company with other consortium banks
	Interest Rate Interest rates ranging between TBLR i.e. @ 4.00% p.a. to MCLR based i.e. @8.65% at monthly rests.
	Credit Rating (other than Commercial Paper) [ICRA]AA/STABLE by ICRA & CARE AA+/STABLE by CARE



Notes to the Financial Statements for the year ended March 31, 2021

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars	
35B(ii)	Short term borrowings include Commercial Paper (unsecured) outstanding, as given below:	
	Security Description	Commercial Papers
	Scrip Code / ISIN Number	719877 / INE066F14056
	Face Value	₹ 200000 lakhs
	Paid up Value	₹ 200000 lakhs
	Issue Price	₹ 198392 lakhs
	Date of allotment	14 th December 2020
	Date of redemption	15 th March 2021
	Rate of Interest	3.25%
	Credit Rating and Change in Credit Rating, if any	ICRA A1+, CARE A1+

UN-HEDGED FOREIGN CURRENCY EXPOSURE

	As at 31 st March 2021		As at 31 st March 2020	
	Foreign Currency	Amount in INR (in lakhs)	Foreign Currency	Amount in INR (in lakhs)
RECEIVABLES				
GBP	16441	16	184574	170
EURO	3997088	3379	131892	108
USD	5257645	3823	22194224	16657
RBL	72566	1	47622	*
PAYABLES				
GBP	23570247	24148	34637703	32656
EURO	33736674	29494	61862723	52126
USD	106996117	79403	387833042	294365
CHF	462908	367	1022891	816
NOK			2068365	150
JPY	207628783	1399	1895161	13

* Less than ₹ 50,000/-.

37 The Ministry of Corporate Affairs vide notification no 1/2/2014-CL-V dated 23rd February 2018 has exempted the Government companies engaged in Defence production to the extent of application of Ind AS 108 on "Operating Segment".

38 As per Ind AS-109 relating to Accounting for Investments, amount being Dividend received from Joint Venture companies, which is recognised when right to receive Dividend is established.



Notes to the Financial Statements for the year ended March 31, 2021

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars	31 st March 2021	31 st March 2020
	Disclosure with regard to Joint Working Groups		
	The Company has entered into two Joint Working Agreements with Air India (AIJWG) to start Ramp Handling Business and with CONCOR(HALCON) to carry out Air Cargo Handling Business. The Joint Working Group pools together the resources for carrying out its business activity and ownership of the assets vests with the respective working group.		
	Share of profit from Joint Working Groups of the Company with Air India and CONCOR:		
	AIJWG	139	182
	HALCON	4	48
	Total	143	230

Disclosure with regard to Joint Working Group

39	Name of the Joint Working Group	AIJWG		HALCON	
		31 st March 2021	31 st March 2020	31 st March 2021	31 st March 2020
	Country of Operation	India	India	India	India
	Share of Company/ Ownership Interest	50.00%	50.00%	50.00%	50.00%
	Principal Activities	Flight Handling	Flight Handling	Cargo Handling	Cargo Handling
	Liabilities - Company's Share	2078	1936	402	525
	Non-Current Assets - Company's share	-	1	160	171
	Current Assets - Company's share	2078	1935	242	354
	Income - Company's Share	182	223	143	218
	Expenditure - Company's Share	43	41	139	170
	Profit / (Loss) Company's Share	139	182	4	48
	Contingent Liability				

Break-up of Deferred Tax Liabilities and Assets are given below:

(a) As at 31st March 2021

40A	Particulars	As at 01.04.2020	Additions / (reversals) in Income statement	Additions/ (reversals) recognized in Equity	As at 31.03.2021
	Deferred Tax Liability				
	Tangible Assets	13671	-1904		11767
	Intangible Assets	50006	2143		52149
	Special Tools and Equipment	87151	1526		88677
	Recognition of revenue in relation to LCA (due to modification of Contract)	884	0		884
	Gratuity & PF	4547	-4547		
	TOTAL	156259	-2782		153477



Notes to the Financial Statements for the year ended March 31, 2021

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars	As at 01.04.2020	Additions / (reversals) in Income statement	Additions/ (reversals) recognized in Equity	As at 31.03.2021
	Deferred Tax Asset				
	Provision for Accrued Leave Salary for Note -27 & Note -34	27125	754		27879
	Provision for Replacement charges, Warranty, Raw Material, Doubtful debts, Claims	86585	-1423		85162
	Provision for onerous contract and Liquidated Damages(Note -27 and Note -34)	59125	-26924		32201
	Wage Revision	16596	-16596		
	Other design sales and wage revision and Recognition of sales with respect to Performance Related Pay and Wage Revision	1159	0		1159
	OCI Items	12679	-370		12309
	TOTAL	203270	-44559		158710
	Net Deferred Tax Assets	47011	-41776		5235
	(b) As at 31st March 2020				
	Particulars	As at 01.04.2019	Additions / (reversals) in Income statement	Additions/ (reversals) recognized in Equity	As at 31.03.2020
	Deferred Tax Liability				
	Tangible Assets	21525	-7854		13671
	Intangible Assets	59887	-9881		50006
	Special Tools and Equipment	124251	-37099		87151
	LCA Sales	1227	-343		884
	Recognition of sales with respect to VL and Performance Related Pay for FY 16-17 & 17-18 & 18-19	8645	-8645		
	Gratuity and PF		4547		4547
	TOTAL	215535	-59276		156259
	Deferred Tax Asset				
	Provision for Accrued Leave Salary for Note -27 & Note -34	30657	-3532		27125
	Provision for Replacement charges, Warranty, Raw Material, Doubtful debts, Claims	106600	-20015		86585
	Provision for onerous contract and Liquidated Damages (Note -27 and Note -34)	84987	-25862		59125
	Wage Revision	17545	-949		16596
	Statutory Payments	34	-34		
	Other design sales and wage revision and Recognition of sales with respect to Performance Related Pay and Wage Revision	1642	-482		1159
	OCI items		12679		12679
	TOTAL	241466	-38195		203270
	Net Deferred Tax Assets	25931	21080		47011



Notes to the Financial Statements for the year ended March 31, 2021

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars	For the year ended 31 st March 2021	For the year ended 31 st March 2020
	A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before taxes is summarised below:		
	Profit before taxes	427089	393800
	Enacted tax rates	25.168%	25.168%
	Expected tax expense/(benefit)	107490	99112
	Effect of :		
	Deductible expense for tax purpose:		
	Other Deductible Expenditure	76	-56696
	Provisions for Warranty, Replacement, Onerous Contracts, Doubtful Debts, Claims & Materials etc.(Net)	18	54582
	Non-deductible expenses for tax purposes:		
40B	Sustainable Development and Corporate Social Responsibility	1978	2064
	Impairment of long term investments		922
	Other Non Deductible Expenses		608
	Earlier Year Tax	-4933	
	Diminution provision for long term investments	288	
	Taxation impact on Ind AS Adjustment	16	6236
	Gratuity and PF	-1485	
	Rounding off	346	
	Capital Gain Tax		2770
	Tax Expense	103793	109599
	Amount of Income Tax relating to each component of OCI:		
	Remeasurement of Defined Benefit Plans	-2450	-12679
	Exchange Differences in translating the financials statements of a foreign Operations		
41A	Pursuant to the Orders passed for the Assessment years 2005-06 and 2006-07, giving effect to the orders of the Appellate authority, ₹ 4933 lakhs provision no longer required is credited under Tax expense and consequent interest income of ₹ 4792 lakhs is included in other income. Pending passing of Revision order by the Assessing officer, giving effect to the order of the High Court for the AY 2010-11, estimated refund of ₹ 21720 lakhs and the interest thereon is not recognised and will be given effect in the year in which the revision order is passed by the Assessing Officer.		
41B	Hitherto, Deferred Tax Assets on Provisions for warranty, replacements, doubtful debts etc., amounting to ₹ 106600 lakhs as on 31 st March 2019, (31 st March 2018, ₹ 107637 lakhs) and (-) ₹ 1037 lakhs for the year ended 31 st March 2019 were not recognized since the temporary differences were not likely to reverse in the foreseeable future. The issue was referred to the Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India for their Expert Opinion. Pursuant to the EAC opinion and as advised by them, the deferred tax assets have been recognised by re-statement of the previous year financial statements in accordance with Ind AS-8.		



Notes to the Financial Statements for the year ended March 31, 2021

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars
41C	The Company elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws [Amendment] Act, 2019. Accordingly, the Company has recognized Provision for Income Tax and re-measured its Deferred Tax Assets basis the rate prescribed in the said section and an amount of ₹ 7254 lakhs has been provided to tax expense for the year ended 31 st March, 2020.
41D	The Profit after Tax (PAT) for the year ended 31.03.2020, is after a onetime write back of ₹ 20150 lakhs of deferred tax liability consequent to the reduction in applicable tax rate.

	Particulars	As at	As at
		31 st March 2021	31 st March 2020
42A	Earned Leave		
	The Actuarial Liability of Earned Leave of the employees of the Company for the period ended	110772	107778
	Discounting Rate	6.80%	6.90%
	Salary escalation rate	8.00%	8.00%
	Retirement Age	60 Years	60 Years

	Particulars	For the year ended	For the year ended
		31 st March 2021	31 st March 2020
42B	Provident Fund		
	During the period, the Company has recognized the following amount in the Statement of Profit and Loss account		
	Defined Benefit Plan		
	Contribution to PF and Family Pension	29281	26675
42C	Pension & Medical		
	During the period, the Company has recognized the following amount in the Statement of Profit and Loss account		
	Defined Contribution Plan		
	Contribution to Pension	15846	12978
	Contribution to Medical	12632	11602



Notes to the Financial Statements for the year ended March 31, 2021

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars
43	<p>Provision for Gratuity and Earned Leave has been made based on Actuarial Valuation. The date of Actuarial valuation as of 31.03.2021.</p> <p>Employee Benefits:</p> <p>The Company has adopted the Ind AS-19 on Employee Benefits. Consequently, the liability thereon is accounted on the basis of actuarial valuation, and is being recognised as short-term benefits / long term benefits.</p>

Gratuity:

The Company has a Gratuity Scheme for its employees, which is a funded plan. Every year the Company funds to the Gratuity Trust to the extent of shortfall of the assets over the fund obligations, which is determined through actuarial valuation. As per the Gratuity Scheme, Gratuity is payable to an employee on the cessation of his employment after he has rendered continuous service for not less than 5 (five) years in the Company. For every completed year of service or part thereof in excess of six months, the Company shall pay Gratuity to an employee at the rate of 15 (fifteen) days' emoluments based on the emoluments last drawn with a ceiling of ₹ 20 (twenty) Lakhs.

The following tables summarise the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the Balance Sheet for the plan as furnished in the Disclosure Report provided by the Actuary:

Gratuity:

Analysis of Defined Benefit Obligation:

A split of the defined benefit obligation as at the valuation date between liability which has not vested and that which has fully vested is presented in the table below:

	Period Ended	
	31 st March 2021	31 st March 2020
43A DBO in respect of non vested employees	534	815
DBO in respect of vested employees	176418	179039
Total defined benefit obligation	176952	179854

The component of the defined benefit obligation which is attributable to future salary increases is shown in the table below:

	Period Ended	
	31 st March 2021	31 st March 2020
Defined benefit obligation without effect of projected salary growth	109200	107385
Plus effect of salary growth	67751	72469
Defined benefit obligation with projected salary growth	176951	179854

Sensitivity Analysis:

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. Sensitivity analysis indicates the influence of a reasonable change in certain significant assumptions on the outcome of the Present value of obligation (PVO) and aids in understanding the uncertainty of reported amounts. Sensitivity analysis is done by varying one parameter at a time and studying its impact. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarizes the impact in percentage terms on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 50 basis points.



Notes to the Financial Statements for the year ended March 31, 2021

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars	Period Ended	
		31 st March 2021	
		Discount Rate	Salary Escalation Rate
	Impact of increase in 50 bps on DBO	-5.06%	1.84%
	Impact of decrease in 50 bps on DBO	5.50%	-2.10%

Particulars	Period Ended	
	31 st March 2020	
	Discount Rate	Salary Escalation Rate
Impact of increase in 50 bps on DBO	-5.02%	1.95%
Impact of decrease in 50 bps on DBO	5.47%	-2.26%

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis.

Projected Plan Cash Flow

43A	Maturity Profile	31 st March 2021	31 st March 2020
		Expected benefits for year 1	25,660
Expected benefits for year 2	15,047	17,133	
Expected benefits for year 3	11,803	15,136	
Expected benefits for year 4	9,838	11,736	
Expected benefits for year 5	7,785	9,623	
Expected benefits for year 6	7,654	7,237	
Expected benefits for year 7	8,526	6,911	
Expected benefits for year 8	9,942	7,429	
Expected benefits for year 9	9,685	8,572	
Expected benefits for year 10 and above	378,304	335,556	
Total	484,245	443,782	
The weighted average duration to the payment of these cash flows is		10.89 years	10.47 years

Amount recognised in Balance Sheet:

	31 st March 2021	31 st March 2020
Present value of funded defined benefit obligation	176952	179854
Fair value of plan assets	173778	155761
Net funded obligation	3174	24093
Net defined benefit liability / (asset) recognized in balance sheet	3174	24093
Net defined benefit liability / (asset) is bifurcated as follows:		
Non Current	3174	24093



Notes to the Financial Statements for the year ended March 31, 2021

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars	31 st March 2021	31 st March 2020
	Amount recognised in Statement of Profit & Loss:		
	Current Service Cost	8,801	5,179
	Past Service Cost		
	Administration expenses		
	Interest on net defined benefit liability / (asset)	831	1,256
	(Gains) / losses on settlement		
	Total expense charged to Statement of Profit and Loss	9,632	6,435
	Amount recognised in Other Comprehensive Income:		
		31st March 2021	31st March 2020
	Opening amount recognized in OCI outside Profit and Loss account	57,601	39,942
	Remeasurements during the period due to		
	Changes in financial assumptions	1,853	14,902
	Changes in demographic assumptions		
43A	Experience adjustments	-6,323	4,092
	Actual return on plan assets less interest on plan assets	-1,988	-1,335
	Closing amount recognized in OCI outside Statement of Profit and Loss	51,143	57,601
	Reconciliation of Net Liability / Asset:		
	The movement of net liability / asset from the beginning to the end of the accounting period as recognized in the Balance Sheet of the Company is shown below:		
		31st March 2021	31st March 2020
	Opening net defined benefit liability / (asset)	24093	18701
	Expense charged to profit & loss account	9632	6434
	Amount recognized outside profit & loss account	-6458	17659
	Employer contributions	-24093	-18701
	Impact of liability assumed or (settled)*		
	Closing net defined benefit liability / (asset)	3174	24093



Notes to the Financial Statements for the year ended March 31, 2021

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars	31 st March 2021	31 st March 2020
	MOVEMENT IN BENEFIT OBLIGATIONS:		
	Opening of defined benefit obligation	179854	158925
	Current service cost	8801	5179
	Past service cost		
	Interest on defined benefit obligation	11755	11424
	Remeasurements due to:		
	Actuarial loss / (gain) arising from change in financial assumptions	1853	14902
	Actuarial loss / (gain) arising from change in demographic assumptions		
	Actuarial loss / (gain) arising on account of experience changes	-6323	4092
	Benefits paid	-18988	-14668
	Liabilities assumed / (settled)*		
	Liabilities extinguished on settlements		
43A	Closing of defined benefit obligation	176952	179854

MOVEMENT IN PLAN ASSETS:

A reconciliation of the plan assets during the inter-valuation period is given below:

	31 st March 2021	31 st March 2020
Opening fair value of plan assets	155761	140225
Employer contributions	24093	18701
Interest on plan assets	10924	10168
Administration expenses		
Remeasurements due to:		
Actual return on plan assets less interest on plan assets	1988	1335
Benefits paid	-18988	-14668
Assets acquired / (settled)*		
Assets distributed on settlements		
Closing fair value of plan assets	173778	155761

* On account of business combination or inter group transfer



Notes to the Financial Statements for the year ended March 31, 2021

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars	31 st March 2021		
		Quoted Value	Non Quoted Value	Total
	DISAGGREGATION OF PLAN ASSETS:			
	Property			
	Government debt instruments		1000	1000
	Other debt instruments			
	Insurer managed funds		172730	172730
	Others		48	48
		-	173778	173778
	Particulars	31st March 2020		
		Quoted Value	Non Quoted Value	Total
43A	Property			
	Government debt instruments		1109	1109
	Other debt instruments			
	Entity's own equity instruments			
	Insurer managed funds		153824	153824
	Others		828	828
		-	155761	155761
	Principal Assumptions :			
	Particulars	31st March 2021	31st March 2020	
	Discounting Rate (p.a.)	6.80%	6.90%	
	Salary escalation rate (p.a.)	8.00%	8.00%	

The exempt provident fund set up by the company is a defined benefit plan under Ind AS 19 Employee Benefits.

Provident Fund for eligible employees is managed by the Company through a trust in line with the Provident Fund and Miscellaneous Provision Act, 1952. The plan guarantees interest at the notified by the Provident Fund Authorities. The contribution by the employer and employee together with the interest accumulated thereon are payable to employees at the time of separation from the Company or retirement, whichever is earlier. The benefits vests immediately on rendering of the services by the employee.

43B(i) The minimum interest rate payable by the trust to the beneficiaries every year is notified by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust (including investment risk fall) and the notified interest rate.

The Company has obtained report on the determination and disclosure of interest rate Guarantee & Diminution of Asset Values as per Ind AS19 of Employees Exempt Provident Fund of HAL for the period ended 31st March 2021.

In view of uncertainties regarding recoverability of certain investment in ILFS, Dewan Housing, Reliance Capital, syntax, Srei equipment finance etc., during the year ended 31.03.2021, the Company has provided ₹ 7832 lakhs (Previous year - ₹ 28191 lakhs) which is included in re-measurement of the defined benefit plans etc., (refer Note - 47) which has been recognized in "Other Comprehensive Income" and Note 26 & Note 32 - Other Financial Liabilities.



Notes to the Financial Statements for the year ended March 31, 2021

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars	As at 31.03.2021								Total
		HAL(BC)	NASIK	KORAPUT	HYDERABAD	LUCKNOW	KORWA	KANPUR	HQ	
	The Total Amount of net liability / asset to be recorded in the Balance Sheet									
	EMPLOYEES' PROVIDENT FUND TRUST									
	Profit & Loss Account Expense:									
	Current service cost	13221	4179	2193	864	1811	915	1088	433	24704
	Administration expenses									
	Interest on net defined benefit liability / (asset)	-467	-376	334	-52	-104	-10	-21	-28	-724
	Total expense charged to profit and loss account	12754	3803	2527	812	1707	905	1067	405	23980
	Amount Recorded in Other Comprehensive Income:									
	Opening amount recognized in OCI outside profit and loss account	14399	2798	9400	63	2470	1445	1734	408	32717
	Remeasurements during the period due to									
	Changes in financial assumptions	-3551	-2721	-783	-335	-553	-235	-453	-41	-8672
	Changes in demographic assumptions		0							0
	Experience adjustments	16740	5271	4431	769	1736	1242	2348	158	32695
	Actual return on plan assets less interest on plan assets	-1099	85	-4314	12	-607	-831	-986	-92	-7832
	Shortfall arising on account of asset diminution									0
	Closing amount recognized in OCI outside profit and loss account	26489	5433	8734	509	3046	1621	2643	433	48908
	Reconciliation of Net Liability / Asset:									
	Opening net defined benefit liability / (asset)	14399	2798	9400	63	2470	1445	1734	408	32717
	Expense charged to profit & loss account	12754	3803	2527	812	1707	905	1067	405	23980
	Amount recognized outside profit & loss account	12090	2635	-665	446	576	176	909	25	16192
	Employer contributions	-13221	-4178	-2194	-864	-1811	-915	-1088	-433	-24704
	Impact of liability assumed or (settled)*		0					0		0
	Closing net defined benefit liability / (asset)	26022	5058	9068	457	2942	1611	2622	405	48185

* On account of business combination or inter group transfer



Notes to the Financial Statements for the year ended March 31, 2021

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars										Total
	HAL(BC)	NASIK	KORAPUT	HYDERABAD	LUCKNOW	KORWA	KANPUR	HQ	As at 31.03.2021		
The Total Amount of net liability / asset to be recorded in the Balance Sheet											
EMPLOYEES' PROVIDENT FUND TRUST											
Movement in Benefit Obligations:											
Opening net defined benefit obligation	224293	102517	88391	31722	58779	31856	32989	11434			581981
Current Service Cost	13221	4178	2193	864	1811	915	1088	433			24703
Interest on Defined benefit obligation	13920	6874	5937	2088	3640	1996	2176	696			37327
Remeasurements due to:											0
Actuarial loss/(gain) arising from change in financial assumptions	-3551	-2721	-783	-335	-553	-235	-453	-41			-8672
Actuarial loss/(gain) arising from change in demographic assumptions		0									
Actuarial loss/(gain) arising on account of experience changes	16740	5271	4431	769	1736	1242	2348	158			32695
Employees Contribution	29117	12307	6929	765	6141	2256	3006	1202			61723
Benefits paid	-45121	-5795	-4706	-2934	-12050	-5858	-2901	-2683			-82048
Liabilities assumed / (settled)*	811	-1586	-3622	518	-406	-454	324	915			-3500
Closing of defined benefit obligation	249430	121045	98770	33457	59098	31718	38577	12114			644209
Movement in Plan Assets:											
Opening fair value of plan assets	209894	99718	78992	31658	56309	30412	31254	11025			549262
Interest on plan asset	14387	7249	5602	2139	3744	2006	2198	725			38050
Remeasurements due to:											0
Actual return on plan assets less interest on plan assets	1099	-85	4314	-12	607	831	986	92			7832
Employer's Contributions during the period	13221	4179	2193	864	1811	915	1088	433			24704
Employee's Contributions during the period	29117	12307	6930	765	6141	2255	3006	1202			61723
Shortfall arising on account of asset diminution		0			0						0
Benefits paid	-45121	-5795	-4706	-2933	-12050	-5858	-2900	-2683			-82046
Assets acquired /(settled)*	811	-1586	-3622	519	-406	-454	324	915			-3499
Closing fair value of plan assets	223408	115987	89703	33000	56156	30107	35956	11709			596026

* On account of business combination or inter group transfer



Notes to the Financial Statements for the year ended March 31, 2021

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars										Total
	As at 31.03.2020										
The Total Amount of net liability / asset to be recorded in the Balance Sheet											
	HAL(BC)	NASIK	KORAPUT	HYDERABAD	LUCKNOW	KORWA	KANPUR	HQ			
EMPLOYEES' PROVIDENT FUND TRUST											
Profit & Loss Account Expense:											
Current service cost	11,542	3,494	2,400	820	1,747	902	1,061	411			22,377
Administration expenses											
Interest on net defined benefit liability / (asset)											
Total expense charged to profit and loss account	11,542	3,494	2,400	820	1,747	902	1,061	411			22,377
Amount Recorded in Other Comprehensive Income:											
Opening amount recognized in OCI outside profit and loss account											
Remeasurements during the period due to											
<i>Changes in financial assumptions</i>		417	885	63				408			1,773
<i>Changes in demographic assumptions</i>											-
<i>Experience adjustments</i>	1,163	74	2,230	-373	-372	267	-346	110			2,753
<i>Actual return on plan assets less interest on plan assets</i>	13,236	2,307	6,285	373	2,842	1,178	2,080	-110			28,191
<i>Adjustment to recognize the effect of asset ceiling</i>											-
Closing amount recognized in OCI outside profit and loss account	14,399	2,798	9,400	63	2,470	1,445	1,734	408			32,717
Reconciliation of Net Liability / Asset:											
Opening net defined benefit liability / (asset)											
Expense charged to profit & loss account	11,542	3,494	2,400	820	1,747	902	1,061	411			22,377
Amount recognized outside profit & loss account	14,399	2,798	9,400	63	2,470	1,445	1,734	408			32,717
Employer contributions	-11,542	-3,494	-2,400	-820	-1,747	-902	-1,061	-411			-22,377
Impact of liability assumed or (settled)*											
Closing net defined benefit liability / (asset)	14,399	2,798	9,400	63	2,470	1,445	1,734	408			32,717

* On account of business combination or inter group transfer



Notes to the Financial Statements for the year ended March 31, 2021

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars										Total
	The Total Amount of net liability / asset to be recorded in the Balance Sheet										
	As at 31.03.2020										
	HAL(BC)	NASIK	KORAPUT	HYDERABAD	LUCKNOW	KORWA	KANPUR	HQ			
EMPLOYEES' PROVIDENT FUND TRUST											
Movement in Benefit Obligations:											
Opening net defined benefit obligation	195,581	91,569	78,066	30,148	60,668	31,205	28,726	9,646			525,609
Current Service Cost	11,542	3,494	2,400	820	1,747	902	1,061	411			22,377
Interest on Defined benefit obligation	15,170	7,110	6,048	2,324	4,626	2,409	2,240	743			40,670
Remeasurements due to:											-
Actuarial loss/(gain) arising from change in financial assumptions		417	885	63				408			1,773
Actuarial loss/(gain) arising from change in demographic assumptions											
Actuarial loss/(gain) arising on account of experience changes	1,163	74	2,230	-373	-372	267	-346	110			2,753
Employees Contribution	31,666	4,173	7,435	1,761	5,901	2,259	2,850	1,169			57,214
Benefits paid	-31,327	-3,930	-5,790	-2,934	-13,888	-4,969	-1,639	-1,559			-66,036
Liabilities assumed / (settled)*	498	-390	-2,883	-87	97	-217	97	506			-2,379
Closing of defined benefit obligation	224,293	102,517	88,391	31,722	58,779	31,856	32,989	11,434			581,981
Movement in Plan Assets:											
Opening fair value of plan assets	195,581	91,569	78,066	30,148	60,668	31,205	28,726	9,646			525,609
Interest on plan asset	15,170	7,110	6,048	2,324	4,626	2,409	2,240	743			40,670
Remeasurements due to:											-
Actual return on plan assets less interest on plan assets	2,366	74	-384	336	-892	-128	-826	110			656
Employer Contributions during the period	11,542	3,494	2,400	820	1,747	902	1,061	411			22,377
Employee Contributions during the period	31,666	4,173	7,435	1,761	5,901	2,259	2,850	1,169			57,214
Shortfall arising on account of asset diminution	-15,602	-2,382	-5,900	-710	-1,950	-1,050	-1,255	-			-28,849
Benefits paid	-31,327	-3,930	-5,790	-2,934	-13,888	-4,969	-1,639	-1,559			-66,036
Assets acquired /(settled)*	498	-390	-2,883	-87	97	-216	97	506			-2,378
Closing fair value of plan assets	209,894	99,718	78,992	31,658	56,309	30,412	31,254	11,026			549,263

* On account of business combination or inter group transfer



Notes to the Financial Statements for the year ended March 31, 2021

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars	EMPLOYEES' PROVIDENT FUND TRUST*							
		HAL(BC)	NASIK	KORAPUT	HYDERABAD	LUCKNOW	KORWA	KANPUR	HQ
	The following table summarizes the disclosure report provided by the Actuary: As at 31.03.2021 (Ind AS 19)								
	Summary of Data:								
	Accumulated Value of the PF as at Valuation Date	244927	118907	95639	33000	58356	31157	37626	11709
	Value of Surplus/(Deficit) Account as at Valuation Date	-21519	-2920	-5936	0	-2200	-1050	-1670	
	Avg. Remaining Tenure of the Investment	8.93 years	6.59 years	5.94 years	6.06 years	4.47 years	5.16 years	4.95 years	6.66 years
	Amount to be Recognized in Balance Sheet:								
	Present Value of Obligation as at the end of the period	249430	121,044	98771	33,457	59098	31718	38578	12114
	Fair Value of Plan Assets at the end of the year	223408	115,987	89703	33,000	56156	30107	35956	11709
	Net Liability	26,022	5,057	9,068	457	2,942	1,611	2,622	405
	Asset Information :								
	State Government Securities						32%		
	Government of India Securities	62%	46%	46%	48%	46%	50%	49%	60%
	High Quality Corporate Bonds / Other Debt Instruments	25%	31%	32%	31%	34%		38%	29%
	Special Deposit Scheme	6%	8%	7%	2%	4%	5%	4%	3%
	Equity Shares of Listed Companies	2%	4%	5%	3%	2%	5%	4%	5%
	Investment with Insurer								
	Dues to the Company								
	Others	5%	11%	10%	16%	14%	8%	5%	3%
	Total	100%	100%	100%	100%	100%	100%	100%	100%
	Summary of Principal Actuarial Assumptions:								
	Discount Rate (p.a)	6.80%	6.80%	6.80%	6.80%	6.80%	6.80%	6.80%	6.80%
	Expected Rate of Return on Assets (p.a)	6.90%	6.90%	6.90%	6.90%	6.90%	6.90%	6.90%	6.90%
	Discount Rate for the Remaining Term to Maturity of the Investment (p.a)								
	Average Historic Yield on the Investment (p.a)	8.58%	8.37%	7.57%	8.44%	8.75%	8.57%	8.90%	8.33%
	Guaranteed Rate of Return (p.a)	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%

* In case of inter-divisional transfer of employees moneys standing to the credit of the employees in the trust accounts will be transferred to the trust accounts of the division to which he is posted.



Notes to the Financial Statements for the year ended March 31, 2021

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars								
	HAL(BC)	NASIK	KORAPUT	HYDERABAD	LUCKNOW	KORWA	KANPUR	HQ	
The following table summarizes the disclosure report provided by the Actuary: As at 31.03.2020 (Ind AS 19)									
EMPLOYEES' PROVIDENT FUND TRUST*									
Summary of Data:									
	Accumulated Value of the PF as at Valuation Date	224293	102100	84892	31658	58259	31462	32509	11025
	Value of Surplus/(Deficit) Account as at Valuation Date	3191	538	346	743				
	Avg. Remaining Tenure of the Investment	5.69 years	5.86 years	6.43 years	5.35 years	4.47 years	4.47 Years	6.65 years	6.18 years
	Amount to be Recognized in Balance Sheet:								
	Present Value of Obligation as at the end of the period	224293	102,516	88392	31,721	58779	31857	32988	11434
	Fair Value of Plan Assets at the end of the year	209894	99,718	78992	31,658	56309	30412	31254	11025
	Net Liability	14399	2798	9400	63	2470	1445	1734	408
	Asset Information :								
	State Government Securities				30%		32%	43%	
	Government of India Securities	70%	44%	45%	10%	50%	48%	8%	51%
	High Quality Corporate Bonds/ Debt Instruments	21%	44%	12%	42%	33%		33%	39%
	Special Deposit Scheme				1%		5%	5%	
	Equity Shares of Listed Companies	2%	4%	5%	4%	4%	2%	3%	4%
	Investment with Insurer								
	Dues to the Company						2%		
	Others	7%	8%	38%	13%	13%	11%	8%	5%
	Total	100%	100%	100%	100%	100%	100%	100%	100%
	Summary of Principal Actuarial Assumptions:								
	Discount Rate (p.a)	6.90%	6.90%	6.90%	6.90%	6.90%	6.90%	6.90%	6.90%
	Future Derived Return on Assets (p.a)	9.75%	9.37%	8.33%	9.40%	9.65%	9.52%	9.55%	8.71%
	Discount Rate for the Remaining Term to Maturity of the Investment (p.a)	6.40%	6.40%	6.50%	6.35%	6.00%	6.00%	6.50%	6.45%
	Average Historic Yield on the Investment (p.a)	9.25%	8.87%	7.93%	8.85%	8.75%	8.62%	9.15%	8.26%
	Guaranteed Rate of Return(p.a)	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%

* In case of inter-divisional transfer of employees moneys standing to the credit of the employees in the trust accounts will be transferred to the trust accounts of the division to which he is posted.



Notes to the Financial Statements for the year ended March 31, 2021

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars
43C	Profit for the year ended 31 March, 2020 includes an additional provisioning of ₹ 21195 lakhs, consequent to settlement of workmen wage revision, for the period 01.01.2017 to 31.03.2019 and the same was recognized in "Employee Benefit Expense".
43D	The Company has provided Performance Related Pay as per the Guidelines issued by DPE.
	Pension:
43E	In line with the Guidelines issued by the Department of Public Enterprises, Ministry of Heavy Industries & Public Enterprises, Govt. of India for revision of the Salary Structure of Executives of CPSEs with effect from 1 st January, 2007 and as per the approval accorded by the Board of Directors and Department of Defence Production, Ministry of defence, a Defined Contribution Pension Scheme was notified in the Company on 16 th July, 2014 in respect of Executives retired etc., from 1 st January, 2007. A Defined Contribution Pension Scheme in respect of Workmen retired after 1 st January, 2012 was notified on 2 nd June, 2015 which was agreed as a part of the Workmen's Wage Revision effective from 1 st January, 2012. Contribution to the corpus of the above schemes by the Management may vary from year to year as the same is dependent on profits generated, affordability & sustainability by the Company. The Scheme is managed by a duly constituted Trust.
	Post Superannuation Group Health Insurance Schemes:
43F	In line with the Guidelines issued by the Department of Public Enterprises, Ministry of Heavy Industries & Public Enterprises, Government of India and as per the approval accorded by the Board of Directors and Department of Defence Production, Ministry of defence, Post Superannuation Group Health Insurance Schemes in respect of (a) Employees (Officers & Workmen) retired before 1 st January, 2007 and (b) Executives retired on or after 1 st January, 2007 were introduced with effect from 1 st February, 2014. A Post Superannuation Group Health Insurance Scheme in respect of Workmen of the Company retired, etc. after 1 st January, 2007 has been introduced in the Company with effect from 1 st February, 2015 which was agreed as a part of the Workmen's Wage Revision effective from 1 st January, 2012. Benefits under the Schemes may vary from year to year, as contribution to the Corpus of the Schemes is dependent on Profits generated, Affordability & Sustainability by the Company. The Schemes are managed by a duly constituted Trust.
	HAL Employees Group Life Insurance Trust:
43G	As per the approval accorded by the Board, the Company has notified an insurance scheme namely the HAL Employees Group Life Insurance Trust to cover its employees, in case of death due to any reason other than suicide. The contribution towards the scheme are borne equally by employees and the Management. In the event of Death of an employee due to any reason other than suicide, the dependent family members will be paid the sum assured (₹ 10 lakhs). The Company has made contribution of ₹ 537 lakhs to the trust. There is no further liability payable to the trust for the financial year as per the valuation made by the Actuary.



Notes to the Financial Statements for the year ended March 31, 2021

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars		
	Revision of pay scales of executives and workmen, with effect from 01.01.2017 was implemented in accordance with the guidance issued by DPE vide OM dated 03.08.2017 for Executives and in accordance with the Wage Agreement entered between Management and Employees Union representative in 2019-20 in respect of Workmen.		
43H	On an interpretation on pay refixation and pursuant to the directives of the Administrative Ministry, the pay fixation is being revised and the excess amount paid is to be recovered from the employees. This has resulted in reduction of salaries and wages by ₹ 14450 lakhs and a consequential reduction in sales revenue by ₹ 5677 lakhs.		
43I	The Board in its 436 th meeting held on 25 th June 2020 accorded approval to introduce the HAL Employees Voluntary Retirement Scheme-2020 subject to approval of the Administrative Ministry in light of the present economic circumstances and changing business scenario and to operate economically to reduce surplus manpower and high labour cost to withstand the competition from private companies. Administrative Ministry approval for the scheme is awaited.		
44	As per Ind AS-21 relating to accounting for the effects of changes in the Foreign Exchange rates,	As at 31st March 2021	As at 31 st March 2020
(a)	Exchange rate variation recognised in Statement of Profit and Loss towards Capital Assets.	9	6
(b)	As and when the instalments in respect of deferred debts falls due for payment to the Russian Federation, the same is paid by applying the exchange rate ruling on the date of actual payment and liability discharged. The differences arising due to recalculation of debts at the applicable /ruling rate is charged to the revenue at the time of payment and recognised as sales when realised from the customer except to the extent it pertains to Capital Assets. The sales for Exchange Rate Variation (ERV) considered is ₹ 4106 Lakhs (Previous year - ₹ 5351 Lakhs). The Assets and Liabilities relating to deferred credit transaction are reinstated under Non-current Other Financial Assets, Current Other Financial Assets (recoverable within one year), Non-current Other Financial Liabilities and Current Other Financial Liabilities (to be settled within one year).		



Notes to the Financial Statements for the year ended March 31, 2021

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.		Particulars																	
45A		DISCLOSURE RELATING TO Ind AS-24 ON RELATED PARTY																	
The name of the transacting related party		M/s. Indo Russian Aviation Limited	M/s. BAE HAL Software Limited	M/s. HAL Software Limited	M/s. HAL Software Private Ltd	M/s. SAMTEL HAL Display Systems Limited	M/s. HAL-Edge Technologies Private Limited	M/s. HALBIT Avionics Private Limited*	M/s. Infotech HAL Limited	M/s. HATSOFF Helicopter Training Private Ltd.	M/s. Tata HAL Technologies Ltd.	M/s. International Aerospace Manufacturing Pvt. Ltd.	M/s. Multirole Transport Aircraft Ltd.	M/s. Aerospace & Aviation Sector Skill Council	M/s. Helicopter Engines Pvt. Ltd	M/s. Defence Innovation Organisation	M/s. Nainee Aerospace Ltd	M/s. Indo Russian Helicopters Pvt Ltd	
Country of incorporation		India	India	India	India	India	India	India	India	India	India	India	India	India	India	India	India	India	
Proportion of Ownership Interest		48%	49%	50%	40%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	100%	50.50%	
Description of the relationship between the parties		Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Subsidiary	Subsidiary	
Description of the nature of the transactions		Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	
(a)	Volume of the transactions either as an amount or as an appropriate proportion on Purchase of Goods and Services and other expenses	5830	592	1232	91	172	30	7	556										
(b)	Previous year	(4,704)	(388)	(1,195)	(81)	(94)	(425)	(17)	(15)	(745)	150								
(c)	Volume of the transactions either as an amount or as an appropriate proportion on Sale of Goods and Services	373																	
(d)	Previous year	(274)						(1,647)											
(e)	Amounts or appropriate proportions of outstanding items pertaining to related parties at the Balance Sheet date on Purchase of Goods and Services and other expenses	8283	290	32	2	394	7												
(e)	Previous year	(4,689)	(253)	-	(2)	(639)	145	527	753	2	65	4	1107	(549)	(139)	(107)	(139)	(549)	65
(f)	Amounts or appropriate proportions of outstanding items pertaining to related parties at the Balance Sheet date on Sale of Goods and Services and other expenses	6	296	439	145	62	20	70	225	20	70								
(f)	Previous year	(6)	(232)	(404)	(106)	62	20	70	(993)	(4)									
(f)	Rent, Water and Electricity Expenses	3	163	35	54	62	20	70	225	20	70								
(f)	Previous year	(4)	(133)	(1)	(36)	(55)	(15)		(210)	(15)									



Notes to the Financial Statements for the year ended March 31, 2021

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars																
45A	DISCLOSURE RELATING TO Ind AS-24 ON RELATED PARTY																
	The name of the transacting related party	M/s. Indo Russian Aviation Limited	M/s. BAE HAL Software Limited	M/s. HAL Aircraft Engines Pvt Ltd	M/s. SAMTEL HAL Display Systems Limited	M/s. HAL-Edge-wood Technologies Private Limited	M/s. HALBIT Avionics Private Limited*	M/s. Infotech HAL Limited	M/s. HATSOFF Helicopter Training Private Ltd.	M/s. Tata HAL Technologies Ltd.	M/s. International Aerospace Manufacturing Pvt. Ltd.	M/s. Multirole Transport Aircraft Ltd.	M/s. Aerospace & Aviation Sector Skill Council	M/s. Helicopter Engines Pvt. Ltd	M/s. Defence Innovation Organisation	M/s. Nainee Aerospace Ltd	M/s Indo Russian Helicopters Pvt Ltd
(g)	Advances Outstanding on Purchases of Goods and Services	-	-	1	197	52	-	-	-	-	-	-	-	-	-	-	-
	Previous year	-	-	(1)	(17)	(52)	-	-	-	-	-	-	-	-	-	-	-
(h)	Dividend on Investments	94	-	-	-	-	-	-	-	-	17	-	-	-	-	-	-
	Previous year	(126)	-	-	-	-	-	-	-	-	(9)	-	-	-	-	-	-
(i)	Re-imbursment Salaries including KMP Salaries	67	-	-	-	40	-	-	-	-	52	-	-	-	-	-	-
	Previous year	(63)	-	-	-	(37)	-	-	-	-	(45)	(33)	-	-	-	-	-
(j)	Re-imbursment of Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4
	Previous year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(k)	Amount paid towards investment in shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Previous year	-	-	-	-	-	-	-	-	-	-	-	-	(1,000)	-	-	-
(l)	Grant outstanding as on Balance sheet Date	-	-	-	-	-	-	-	-	-	-	-	-	-	4500	-	-
	Previous year	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,500)	-	-

The differences in the amount disclosed by the Company and JV's are due to reconciliation items.

* Does not include disputed amount of ₹ 1686 lakhs (Previous year - ₹ 1686 lakhs), as the same is shown under clause 2(b) in respect of M/s HALBIT Avionics Private Ltd.

Figures in brackets relate to Previous Year (as at 31.03.2020)

Transaction with the related parties are made on normal commercial terms and at market rates.

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

Shri R. Madhavan, Chairman and Managing Director

Shri V.M. Chamola - Director (Human Resources) upto 31.12.2019

Shri Alok Verma - Director (Human Resources)

Shri M.S. Velpari - Director (Operations)

Shri Arup Chatterjee, Director - Engineering and R&D

Shri C.B. Ananthkrishnan - Director (Finance) & CFO

Shri G. V. Sresha Reddy - Company Secretary

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



Notes to the Financial Statements for the year ended March 31, 2021

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars
45B	<p>The Board in its 406th meeting held on 22nd September 2017, accorded in principle approval for voluntary winding up / closure of the three Joint Ventures i.e. M/s. HAL-Edgewood Technologies Private Limited, M/s. Tata HAL Technologies Ltd and M/s. Multirole Transport Aircraft Ltd. enabling the Company to take further action in the matter.</p> <p>Further, the Board authorized the Company to seek approval of Ministry of Defence (MoD), for short closure of the Contracts associated with the M/s Multirole Transport Aircraft (MTA) project and request MoD, to initiate necessary action for closure of IGA, as it is a prerequisite for winding up of the MTA - Joint Venture Company.</p> <p>Further in 435th meeting held on 16th March 2020, the Board has directed the Company to expedite the closure of M/s. Multirole Transport Aircraft Ltd at the earliest after taking clearance from Russian partners from their Board(refer Clause No.10).</p> <p>The Board in its 440th meeting held on 9th December 2020, accorded in principle approval for voluntary winding up / closure of Joint Venture M/s. Infotech HAL Limited (IHL) enabling the Company to take further action in the matter.</p>
45C	<p>Defence Innovation Organisation (“DIO”):</p> <p>A Section 8 Company has been formed (Under Companies Act 2013) in the name of “Defence Innovation Organisation” with M/s BEL with an authorised Capital of ₹ 100 lakhs (Paid up capital as on 31.03.2021 is ₹ 1 Lakh - HAL 50% Share and BEL 50% Share). The registered office of DIO is situated at Centre for Learning and Development, Bharat Electronics Limited, Jalhalli, Bengaluru – 560013, Karnataka, India. DIO was incorporated to implement the scheme of defence innovation fund initiative by creation of an ecosystem to foster innovation and technology development in defence.</p> <p>HAL Board in its 417th meeting held on 30th July 2018 had accorded approval for release of ₹ 5000 lakhs to DIO towards initial corpus fund in form of Grant in Aid in a staggered manner. Accordingly ₹ 500 lakhs has been released to DIO in the month of August 2018. The balance amount is recognised in financials of 2018-19.</p>
45D	<p>The Board in its 434th meeting was informed that Government approval is not required for transfer of lease hold land to M/S Helicopter Engines-MRO Private Limited (HE-MRO), as it is neither Defence land nor it is a land owned by HAL. Board reconsidered the decision taken in its 431st meeting and approved transfer of land without Government approval to M/s HE-MRO.</p> <p>Meanwhile, considering the emerging situation due to Covid 19, it was decided to downsize the operation of the Joint Venture (Helicopter Engine MRO) to Zero level until further directions from the promoters. Joint Venture is placed in dormant mode and its operations will be reviewed by promoters in 2021. Hence execution of land transfer is also put on hold, till a decision is taken on the resumption of operation of Joint Venture.</p>
45E	<p>Impairment of Net worth as on 31.03.2021 has not been considered for the Joint Venture (JV) HE-MRO though the JV Board in its resolution down sized the operations of the Company w.e.f. 31st May 2020, as the management of JV indicated that there are positive indicators including the plan provided by Safran and HAL to support to the JV in the foreseeable future for meeting financial obligations, continuing technical, operational and Management support.</p>
45F	<p>Share Application money has been refunded by HE MRO in May 2020 as they have cancelled the Rights issue due to Covid 19 Crisis.</p>



Notes to the Financial Statements for the year ended March 31, 2021

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Key Management Personnel in the Company	For the year ended 31 st March 2021			For the year ended 31 st March 2020		
		Salary	Company Contribution to PF / Gratuity	Total	Salary	Company Contribution to PF / Gratuity	Total
	1. Shri R Madhavan, Chairman and Managing Director	63	5	68	56	5	61
	2. Shri V.M. Chamola, Director (Human Resources)				46	4	50
	3. Shri Alok Verma, Director (Human Resources)	53	4	57	12	1	13
	4. Shri C. B. Ananthkrishnan, Director (Finance) & CFO	56	5	61	50	4	54
	5. Shri Sunil Kumar, Director (Operations)				17	1	18
	6. Shri M.S.Velpari, Director (Operations)	53	4	57	33	3	36
45G(i)	7. Shri Arup Chatterjee, Director (Engineering and R&D)	55	5	60	50	4	54
	8. Shri G.V. Sessa Reddy (Company Secretary)	35	3	38	31	3	34

Shri R. Madhavan was appointed as Chairman and Managing Director with effect from 1st September 2018

Shri C.B. Ananthkrishnan was appointed as Director(Finance) and CFO with effect from 1st August 2018

Shri Sunil Kumar, ceased to be Director(Operations) of the company consequent upon superannuation on 31st July 2019

Shri M.S. Velpari was appointed as Director(Operations) with effect from 1st August 2019

Shri Arup Chatterjee was appointed as Director (Engineering and R&D) with effect from 1st June 2018

Shri V.M. Chamola, ceased to be Director(Human Resources) consequent upon superannuation on 31st December 2019.

Shri Alok Verma was appointed as Director (Human Resources) with effect from 1st January 2020.



Notes to the Financial Statements for the year ended March 31, 2021

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars	
	PART TIME NON-OFFICIAL DIRECTORS	Sitting Fees
45G(ii)	1. Dr J K Bajaj, Independent Director	3
	2. Shri Anil Kumar, Independent Director	7
	3. Shri Neelakanta Iyer R, Independent Director	5
	4. Shri Siddharth, Independent Director	5
	5. Rear Admiral K.C Sekhar AVSM, VSM (Retd), Independent Director	7
	6. Dr. S Malla Reddy, Independent Director	5
		32

Apart from transactions reported above, the Company has transactions with other Government related entities, which includes but not limited to the following:

45H	Name of Government:	Government of India
	Nature of Transactions:	Sale of Products and Services
These transactions are conducted in the ordinary course of the Company's business		

The disaggregation of changes to OCI is shown below:

For the year ended 31st March 2021

Particulars	Opening balance as at 01.04.2020	Additions / Reversal	Transferred to Retained earnings	Closing balance as at 31.03.2021
Gains and losses arising from the financial statements of a foreign operations	16			16
Re-measurement gains (losses) on defined benefit plans (Gratuity/PF)	-63853	-7283	-71136	
46 Total	-63837	-7283	-71136	16

For the year ended 31st March 2020

Particulars	Opening balance as at 01.04.2019	Additions / Reversal	Transferred to Retained earnings	Closing balance as at 31.03.2020
Gains and losses arising from the financial statements of a foreign operations	16		-	16
Re-measurement gains (losses) on defined benefit plans (Gratuity/PF)	-26155	-37698	-	-63853
Total	-26139	-37698	-	-63837



Notes to the Financial Statements for the year ended March 31, 2021

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars	For the year ended 31 st March 2021	For the year ended 31 st March 2020
47	As per Ind AS-33 relating to Earnings per Share (Basic and Diluted)		
	Profit Before Tax	427089	393800
	Provision for Taxation	103793	109599
	Net Profit After Tax	323296	284201
	Weighted Average Number of Equity Shares of Face Value of ₹ 10/- each fully paid up	334387500	334387500
	Earnings per Share (in Rupees) - Basic	96.68	84.99
	Earnings per Share (in Rupees) - Diluted	96.68	84.99

Buyback of Shares:

48A In accordance with the approval of Board of Directors at its 408th meeting held on 28th November, 2017 and approval of shareholders, the Company has bought back 2,71,12,500 fully paid equity shares of ₹ 10/- each equivalent to 7.5% of the paid-up share capital and Free Reserves of the Company, for an aggregate amount of ₹ 92150 lakhs (excluding tax of ₹ 20636 lakhs) at ₹ 339.88 per equity share from the President of India. The consideration amount for buy back of shares was paid to the Government of India on 19th December, 2017 and the shares so bought back were extinguished on 22nd December, 2017.

48B The Government of India, on 27th August 2020 – 28th August 2020 made an offer for sale (OFS) upto 15% of the paid up equity share capital, out of its shareholding of 89.97%, in order to achieve the mandatory threshold of 25% minimum public shareholding by a listed Company. Consequent to the OFS, the Government of India shareholding stands at 75.15%.

		For the year ended 31 st March 2021	For the year ended 31 st March 2020
48C	As required by Ind AS 36, an assessment of impairment of assets was carried out and based on such assessment, the Company has accounted impairment losses due to decrease in value in use in respect of Intangible Assets is recognised in 'impairment loss' in the Statement of Profit and Loss.	6385	3179



Notes to the Financial Statements for the year ended March 31, 2021

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars					
	Movement of provisions in the Books of Accounts during the year as required by Ind AS 37 "Provisions, Contingent Liabilities and Contingent Asset" is as follows:					
	Nature of Provision	Opening Balance 01.04.2020	Provision made during the year	Utilisation during the year	Reversal during the year	Closing Balance 31.03.2021
	Provision for Warranty Charges	65384	32561	12897	2467	82581
	(Previous Year)	(56463)	(21384)	(8166)	(4297)	(65384)
	Provision for Replacement and Other Charges	181747	21175	26554	23096	153272
	(Previous Year)	(144655)	(46328)	(6808)	(2428)	(181747)
	Provision for Redundancy in Raw Material and Components, Stores and Spares, Construction Material and Loose Tools	92528	43009	1	2295	133241
	(Previous Year)	(78254)	(18213)	(137)	(3802)	(92528)
	Provision for Doubtful Debts	15972	1426	1	1035	16362
	(Previous Year)	(16712)	(3767)		(4507)	(15972)
	Provision for Claims	31896	3017	33	5830	29050
	(Previous Year)	(31162)	(4023)		(3289)	(31896)
	Provision for Liquidated Damages	202740	43875	118672		127943
	(Previous Year)	(190305)	(52160)	(39424)	(301)	(202740)
	Provision for Impairment of Investments	16816	1145			17961
	(Previous Year)	(13152)	(3664)			(16816)
	Provision for Onerous contract	32183		32183		
	(Previous Year)	(52904)		(20721)		(32183)

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* Figures in brackets relate to previous year.

Nature of Provision	As at 31 st March 2021			As at 31 st March 2020		
	Long Term Provision	Short Term Provision	Total Provision	Long Term Provision	Short Term Provision	Total Provision
Provision for Warranty Charges		82581	82581		65384	65384
Provision for Replacement and Other Charges	12544	140728	153272	14346	167401	181747
Provision for Redundancy in Raw Material and Components, Stores and Spares, Construction Material and Loose Tools		133241	133241		92528	92528
Provision for Doubtful Debts		16362	16362		15972	15972
Provision for Claims	19211	9839	29050	22465	9431	31896
Provision for Liquidated Damages	11332	116611	127943	47117	155623	202740
Provision for Impairment of Investments	17961		17961	16816		16816
Provision for Onerous contract					32183	32183



Notes to the Financial Statements for the year ended March 31, 2021

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars
	Sensitivity of estimates on provisions:
	The assumptions made for provisions relating to current period are consistent with those in the earlier years. The assumptions and estimates used for recognition of such provisions are qualitative in nature and their likelihood could alter in next financial year. It is impracticable for the Company to compute the possible effect of assumptions and estimates made in recognizing these provisions.
	Provision for replacement and other charges represents, amounts towards expenditure incurred from the date of Signalling Out Certificate (SOC) to date of ferry out, loan items taken from the customer which needs to be replaced etc.
	Warranty represents Performance Warranty for manufacture, repair and overhaul of Aircraft / Helicopters/ Engines / Rotables, supply of spares and development activities etc.
50	Provision for Redundancy in Raw Material and Components, Stores and Spares, Construction Material and Loose Tools represents provision on redundancy of such materials, completed / specific projects and other surplus / redundant materials pending transfer to salvage stores etc.
	Provision for Liquidated Damages represents amounts provided for the period of delay between the due date of supply of the Goods / rendering of services as per delivery schedule and the expected Date of delivery of said Goods / rendering of service in respect of manufacture / repair and overhaul of Aircraft / Helicopters/ Engines / Rotables, supply of spares and development activities etc.
	Provision for doubtful debts is being assessed on a case to case basis in respect of dues outstanding for a significant period of time. Debts from the Government departments are generally treated as fully recoverable and hence the Company does not recognize credit risk of such financial assets.
	Provision for doubtful claims represents provision on expected credit losses.
	Impairment in value of investment represents reduction in the share of net worth below investment.
	Provision for Onerous contract has been recognised as the cost of meeting obligations is over and above the economic benefits expected to be received under it.

Particulars	For the year ended 31 st March 2021	For the year ended 31 st March 2020
Information regarding income and expenditure of Investment property		
As per Ind AS 40 - Investment property:		
Rental income derived from investment properties	694	511
Direct operating expenses (including repairs and maintenance) generating rental income	-	-
Direct operating expenses (including repairs and maintenance) that did not generate rental income	-	-
Profit arising from investment properties before depreciation and Indirect expenses	694	511
Less – Depreciation	-	-
Profit arising from investment properties before Indirect expenses	694	511
Fair value of investment property		
As at 31 st March 2021, the fair value of the properties is ₹ 3250 lakhs as valued by an Independent valuer.		



Notes to the Financial Statements for the year ended March 31, 2021

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars				
	31 st March 2021		31 st March 2020		
	Note 29	Note 33	Note 29	Note 33	
	Non - Current	Current	Non - Current	Current	
	Advances from Customers of ₹ 1145493 Lakhs and Milestone receipts of ₹ 1446324 Lakhs disclosed in Note Nos. 29 and 33 as Non-Current and Other Current Liabilities (in terms of Schedule III to the Companies Act, 2013) represent gross amounts received. These amounts have been utilised for procurement of Special Purpose Tooling, Incurrence of DRE, Inventory Holding, Advances to Vendors etc. as detailed below:				
	Particulars				
	31st March 2021		31st March 2020		
	Note 29	Note 33	Note 29	Note 33	
	Non - Current	Current	Non - Current	Current	
	Outstanding Advances from Customer				
	- Defence	631575	509646	193655	355468
	- Others		4272		3841
		631575	513918	193655	359309
	Less: Utilisation of Advances				
	- Inventory	37689	373812	143912	257489
	- Advances against Goods & Services		17991		6638
	- Intangible Assets		7948		6923
	- Special Tools & Equipment	8920	35044	8920	8101
	- Trade Receivables		6299		139
52	- Claims Receivables		89		
		46609	441183	152832	279290
	Net Outstanding Advances (A)	584966	72735	40823	80019
	Outstanding Milestone Receipt				
	- Defence	286508	1066688	496250	818977
	- Others	12686	80442	15749	81847
		299194	1147130	511999	900824
	Less: Utilisation of Milestone Receipts				
	- Inventory	85829	508615	143913	463434
	- Advances against Goods & Services		50294	18179	62607
	- Intangible Assets	3127	10397	8869	10624
	- Special Tools & Equipment	40682	61409	55281	56127
	- Trade Receivables		2469		6132
	- Claims Receivables		6710		5833
		129638	639894	226242	604757
	Net Outstanding Milestone Receipts (B)	169556	507236	285757	296067
	Total (A+B)	754522	579971	326580	376086



Notes to the Financial Statements for the year ended March 31, 2021

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars	31 st March 2021	31 st March 2020
	Summary		
	(A) Gross Advances from Defence Customers		
	Initial Advances from Defence Customers	1141221	549123
	Milestone Advances from Defence Customers	1353196	1315227
	Gross Advances from Defence Customers (A)	2494417	1864350
	Advances from Others (B)	97400	101437
52	Total (A+B)	2591817	1965787
	Less Advances / Milestone utilisation (C)	1257324	1263121
	Outstanding Advances / Milestone Receipts (A+B-C)	1334493	702666
	Defence Customers	1241445	603203
	Others	93048	99463
	Total	1334493	702666

Recent pronouncements

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.



Notes to the Financial Statements for the year ended March 31, 2021

Note 49 - Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars
54	The financial statements were approved for issue by the Board of Directors at their meeting held on 28 th June 2021. These financial statements are presented in Indian rupees (rounded off to lakhs). Previous Year figures have been rearranged or regrouped wherever necessary.

Significant Accounting Policies and accompanying Notes No. 1 to 49 form an integral part of the Financial Statements
As per our Report of even date

For and on behalf of the Board of Directors

For Maharaj N R Suresh and Co. LLP

Chartered Accountants
FR No.001931S/S000020

CA N R Suresh

Partner
Membership No. 021661

Place: Chennai
Date: 28.06.2021

(C. B. Ananthkrishnan)

Director (Finance) & CFO
DIN: 06761339

(R. Madhavan)

Chairman & Managing Director
DIN: 08209860

(G. V. Sesha Reddy)

Company Secretary



Independent Auditor's Report

To the Members of Hindustan Aeronautics Limited Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated Financial Statements of **Hindustan Aeronautics Limited** (hereinafter referred to as "the Holding Company") and its Subsidiaries (Holding Company and its Subsidiaries together referred to as "the Group") and its Joint ventures listed in Annexure A, which comprise the Consolidated Balance Sheet as at March 31, 2021 and the Consolidated Statement of Profit and Loss, (the Consolidated Statement of Changes in Equity) and the Consolidated cash flows statement for the year then ended and notes to the Consolidated financial statements, including a summary of Significant Accounting Policies and other explanatory information (hereinafter referred to as "the consolidated financial statements".)

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the Consolidated state of affairs of the Group and its Joint Ventures as at March 31, 2021, of Consolidated Profit, (consolidated statement of changes in equity), and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143 (10) of the Act. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the group and its Joint ventures in accordance with the ethical requirements relevant to our audit of the consolidated financial statements in India in terms Code of Ethics issued by ICAI, and the provisions of the Companies Act 2013, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

- 1) **Due to Covid – 19 pandemic - Second Wave**, lockdown and restrictions on travel and resources deployment were imposed by the Central / State Government, State Local authorities during the period of Audit. As a result, complete onsite (physical) audit could not be conducted in certain divisions and therefore, we have relied on the schedules / notes / approvals/ other supporting evidences that were made available to us through e-mails and other technology platforms to complete the audit. Consequently, we relied on alternate audit procedure as per Standards on Auditing prescribed by ICAI.

Our opinion on Standalone financial results is not modified in respect of the above matter.

2) Attention is invited to Notes to the Financial Results extracted below:

a) Note:49 (33) (g)

COVID-19 Impact

Current year Impact:

Due to lockdown imposed to contain the spread of COVID-19 pandemic, the Company's manufacturing facilities were temporarily shut down during April 2020. The activities resumed from 28th April 2020 with precautions, reduced availability of manpower and disrupted supply chain, resulting in lower turnover and consequent lower profit during the first half of the financial year 2020-21. However, during the second half of the financial year 2020-21 near normalcy is restored in the operations. The Company improved its turnover and profitability as compared to the financial year 2019-20.

Anticipated Future Impact:

Based on the information available (internal as well as external) up to the date of approval of this financial result, Company expects to recover the carrying amount of Intangible assets, Inventories, Property, Plant and Equipment's, Lease, Financial Instruments, Trade Receivables etc. Efforts are being made to minimize the impact. The Company will continue to closely monitor the developments, the future economic and business outlook and its impact on Company's future financial statements with a view to minimize the Covid impact.



Second wave of Covid impact

Second wave of Covid-19 has forced the company to declare for a phased Lockdown at various divisions on substitution basis during April and May 2021. The Employees will put in additional hours for the lost hours during lockdown period. It is therefore, expected that the lost man hours will be recovered in the coming months, hence no significant impact is anticipated.

b) Note no :49

Revision of pay scales of executives and workmen, with effect from 01.01.2017 was implemented in accordance with the guidance issued by DPE vide OM dated 03.08.2017 for Executives and in accordance with the Wage Agreement entered between Management and Employees Union representative in 2019-20 in respect of Workmen.

On an interpretation on Pay refixation and pursuant to the directives of Administrative Ministry, the pay fixation is being revised and the excess amount paid is to be recovered from Employees.

This has resulted in reduction of Salaries and wages by ₹ 14450 lakhs and a Consequential reduction in sales revenue by ₹ 5677 Lakhs.

Our opinion is not modified in respect of these matters.

c) Notes specific to Joint Ventures

(i) In respect of HATSOFF Helicopter Training Private Limited

Going Concern

The Company has made a net profit of ₹ 1086.86 Lakhs during the period ended 31 March, 2021 and, as of that date, the Company's current liabilities exceeded its current assets. In addition to this, as at the balance sheet date, the Company has significant accumulated losses which have resulted in erosion of the net worth. The networth of the Company as at 31 March, 2021 is negative by ₹ 4196.22 Lakhs (as at 31 March, 2020 negative by ₹ 5283.08 Lakhs). However, these financial statements have been prepared on a going concern basis, notwithstanding the above factors in view of the following:

- 1) Board has affirmed that Company has the ability to meet all the obligation.
- 2) The Company is able to get multi-year contracts from Defense forces with increased training hours.
- 3) The Company along with the shareholders are presently pursuing several options with the Company's bankers, viz., ICICI Bank.
- 4) The Company has paid ECB loan interest upto 05th September 2020 and continues to service interest commitments regularly. Besides interest payment, ECB principal of ₹ 1222.26 Lakhs (US\$ 1,635,452.39) in August 2020 and ₹ 398.61 Lakhs (US\$ 545,000) in April 2021 has been repaid against ECB overdue instalments.
- 5) The ECB Loan is classified as Non-Performing Asset by the lending bank in view of non-payment of installments due. The bankers has not recalled the loan.

Considering the promoters ability to fund the Company's requirements and procure orders for execution, management is of the opinion that Company is a going concern.

(ii) In respect of HALBIT Avionics Private Ltd

The Company has the following conditions that may cast doubt on its ability to continue as a going concern viz., Net liability position (₹ 1164 lakhs as at 31 March, 2021 and ₹ 1202 lakhs as at March 31, 2020); Net current liability position (₹ 1239 lakhs for the year ended 31 March, 2021 and ₹ 1281 lakhs for the year ended 31 March, 2020). Despite these conditions, its current liability to creditor, though recorded, isn't payable immediately, as they are yet to complete part performance of their obligation and being a shareholder-joint venture partner themselves, the Company has drawn up financial plans to liquidate the liability in a phased manner. The Company, based on its estimated future growth as per the business plans and projected cash flow, is confident of funding its operating and capital expenditure and continue business operations in the foreseeable future. Accordingly, these financial statements have been prepared on a going concern basis.



(iii) In respect of TATA HAL Technologies Ltd

During the year 2019-20 both the joint venturers of the Company, M/s Tata Technologies Limited and Hindustan Aeronautics Limited expressed their respective Board decisions for voluntary winding up of the Company. The matter has been discussed during the Board Meeting of the Company held on 09 March, 2020 during which the Board has accorded in principle approval for closure of the operations of the Company on 31 March, 2020 except for pending work related to Purchase Order from HAL. Considering the above fact the accounts have been prepared on a non-going concern basis and assets have been valued at the amount which the Company expects to realize an assets and liabilities are stated at the amount which Company expects to settle the liability. The accounts for the corresponding previous period ended 31 March, 2020 have been prepared on a going concern basis.

(iv) In respect of Infotech HAL Ltd

On July 22, 2020, the Board decided to discontinue the operations of the Company after completion of all ongoing projects and as of now, the management has no intention of reviving the operations or for exploring other business opportunities.

The Company has discontinued its operations and has no intention to revive the business. Accordingly, these financial statements have been prepared under the liquidation basis of accounting. The carrying values of all assets are presented at their estimated realizable values and all liabilities are presented at their estimated settlement amounts as at March 31, 2021 as determined by the Company's management, which are subject to change upon actual realization / settlement.

(v) In respect of Helicopter Engines MRO Private Ltd

Pursuant to the decision of Board of Directors of the Company vide Board Resolution dated 05 May, 2020 to down size the operations of the Company with effect from 31 May, 2020, these financial statements of the Company have been prepared on the basis of a going concern. In making this assessment, the Management have considered several positive indicators including the plan provided by Safran and HAL, the joint venture partner, to provide support in the foreseeable future for meeting financial obligations and continuing technical, operational and management support being provided by them.

(vi) HAL Edgewood Technologies Private Limited, is a Joint venture company of Hindustan Aeronautics Limited, has vide their letter dated 09.07.2020, intimated their employees regarding the official closure of the company with immediate effect due to the spread of Covid 19-Pandemic.

The Joint Venture Company has not prepared the financial statements for the year ended March 31, 2021 due to the abovementioned reason.

Hence, HAL Edgewood Technologies Private Limited, has not been considered for consolidation for the year ended March 31, 2021, in the Consolidated Financial Statements.

The impact of non-consolidation, however, is not material.

Our opinion is not modified in respect of the above matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.



Key Audit Matters

a) Revenue recognition

('Ind AS 115')

The revenue standard establishes a comprehensive framework for determining whether, how much and when revenue is recognized. This involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of identified performance obligation, the appropriateness of the basis used to measure revenue recognized over a period. Additionally, the standard mandates robust disclosures in respect of revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.

b) Impairment of Trade Receivables

In respect of receivables from Government the Group does not make any impairment provision based on past experience.

The amount involved being significant balance and management judgement we consider this as a Key Audit Matter

Response to Key Audit Matters & Conclusion

Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:

- Evaluated the appropriateness of the disclosures provided under the revenue standard and assessed the completeness and mathematical accuracy of the relevant disclosures.
- Evaluated the design of internal controls relating to implementation of the revenue accounting standard.
- Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, reperformance and inspection of evidence in respect of operation of these controls.
- Selected a sample of continuing and new contracts and performed the following procedures:
 - Read, analyzed and identified the distinct performance obligations in these contracts.
 - Compared these performance obligations with that of identified and recorded by the group.
 - Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable revenue.
 - Examination of the correspondence relating to price revision and ascertained the reasonableness of the estimates.
 - Sample of revenues disaggregated by type and service offerings was tested with the performance obligations specified in the underlying contracts.

We have verified the

- i) Effectiveness of internal controls in place and procedures followed in identifying the recoverability of long outstanding dues.
- ii) The procedures and follow up actions in ascertaining the impairment of receivables.

Our audit procedures include evaluation of provisions made for impairment in earlier years. We also made test checks of invoice wise collection details provided made in respect of in the five preceding financial years and we concluded the management assumption is reasonable.



Key Audit Matters

c) Recognition and Impairment of Intangible assets

A significant degree of judgement is required to determine the Intangibles to be recognized and intangibles to be impaired. The company has substantial intangibles assets both under use and in progress. The recognition /impairment assessment involves technical and management estimates and Judgements.

In respect of intangible Assets which are under development and whose life is infinite the same was reviewed by internal technical team as at the end of the reporting period and necessary impairment, if any, is recognized.

d) Work – in - Progress (WIP) - Inventories

Inventories include Work in Progress which have been physically verified by the management based on physical verification instructions. Due to COVID – 19 lockdown we were not present during physical verification.

e) Remeasurement of Employee Benefits Provident Fund

The exempt provident fund set up by the Group is a defined benefit plan under Ind AS 19 Employee Benefits.

Provident Fund for eligible employees is managed by the Company through a trust in line with the Provident Fund and Miscellaneous Provision Act, 1952. The plan guarantees interest at the notified by the Provident Fund Authorities. The contribution by the employer and employee together with the interest accumulated thereon are payable to employees at the time of separation from the Group or retirement, whichever is earlier. The benefits vests immediately on rendering of the services by the employee.

The minimum interest rate payable by the trust to the beneficiaries every year is notified by the Government. The Group has an obligation to make good the shortfall, if any, between the return from the investments of the trust (including investment risk fall) and the notified interest rate.

The Group has obtained actuarial valuation report on the determination and disclosure of interest rate Guarantee & Diminution of Asset Values as per IND AS19 of Employees Exempt Provident Fund of HAL for the period ended 31st March 2021.

Response to Key Audit Matters & Conclusion

Our audit procedures involved the test check of verification of internal controls and incurrence of expenditure on intangible assets. We also reviewed the report of the Technical committee constituted to review the Intangibles Assets – development expenditure who have given a recommendation of the Intangible assets to be recognized and assets to be impaired in the Financial year.

Based on the audit procedures as above we find the recognition and impairment provision have been made accordingly.

Our Audit Procedures include review of

- Physical Verification instructions
- Physical verification reports
- Roll back procedures
- Examining the basis of valuation on a test check basis

Based on the above audit procedures we conclude that the valuation of WIP is proper.

We have verified the inputs given to the Actuary for valuation and the disclosures made.



Key Audit Matters

In view of uncertainties regarding recoverability of certain investment in ILFS, Dewan Housing, Reliance Capital, syntax, Srei equipment finance etc., during the year ended 31st March, 2021, the Company has provided ₹ 7832 lakhs being the shortfall arising on account of asset diminution and change in re-measurement of the defined benefit plans etc., which has been recognized in "other Comprehensive Income" and Other Financial Liabilities.

f) Revision of pay

Revision of pay scales of executives and workmen, with effect from 01.01.2017 was implemented in accordance with the guidance issued by DPE vide OM dated 03.08.2017 for Executives and in accordance with the Wage Agreement entered between Management and Employees Union representative in 2019-20 in respect of Workmen.

During the FY 2018 – 2019, C&AG raised a draft para on the methodology of fixation of basic pay by HAL. It was referred to the Department of Defence Production, MOD being the Administrative Ministry for resolving the interpretation issue.

During the current financial year, based on the directives of the Administrative Ministry, the pay fixation is proposed to be rectified and the excess amount paid will be recovered from the employees.

This being a change in the accounting estimate, an amount of ₹ 14450 lakhs is credited to Salaries and Wages and included as part of claim recoverable in Note No.19 based on the inputs available at present. This has resulted in reduction in the sales revenue by ₹ 5677 lakhs.

Response to Key Audit Matters & Conclusion

We have verified the Draft Audit para given by PDCA Bangalore, and the directives given by the Administrative Ministry dated 07.04.2021.

We verified the internal control and the programme logic for recalculation of the employees cost and also made test check on walk through basis. Based on above audit procedure we find the reversal to Salaries and wages is Considered satisfactory.

Information Other than the Financial Statements and Auditors Reports Thereon

The holding company's Board of Directors is responsible for the other information's. The other information comprises the information included in the Board's Report, Management Discussion & Analysis Report, Business Responsibility Report, but does not include the financial statements and our auditor's report thereon. The Board's Report, Management Discussion & Analysis Report, Business Responsibility Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the report, if we conclude that there is a material misstatement there in, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial



position, consolidated financial performance, (Consolidated Changes in Equity) and Consolidated Cash Flows of the Group, including its Joint Ventures, in accordance with the accounting principles generally accepted in India including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the Companies included in the Group and of its Joint Ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the Consolidated financial statements by the directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its Joint ventures are responsible for assessing the ability of the Group and of its Joint Ventures to continue as a Going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the group or to cease operations or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its Joint ventures are responsible for overseeing the financial reporting process of the Group and of its Joint ventures.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ◆ Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ◆ Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143 (3) (i) of the Companies Act 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Group and its Joint Ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its Joint Ventures to cease to continue as a going concern.
- ◆ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ◆ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its Joint Ventures to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated



financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the holding company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings including any significant deficiencies in Internal Control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

- (a) We did not audit the financial statements/financial information of Two subsidiaries, whose financial statements/ financial information reflect total assets of ₹ 4414 Lakhs as at 31st March 2021, total revenues of ₹ 593 lakhs and net cash flows amounting to ₹ 318 Lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of ₹ 481 lakhs for the year ended 31st March, 2021, as considered in the consolidated financial statements, in respect of fourteen associates, whose financial statements/ financial information have not been audited by us. These financial statements/ financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements , in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint ventures and our report in terms of sub – sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and joint ventures, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Our opinion is not modified in respect of these matters

Report on Other Legal and Regulatory Requirements

- As required by Section 143 (3) of the Act, we report, to the extent applicable, that:
 - We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
 - In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors.
 - The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, (the Consolidated Statement of Changes in Equity) and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
 - In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards prescribed under Section 133 of the Act read with rule 7 of the Companies (Accounts) Rules, 2014.
 - Ministry of Corporate Affairs vide notification no 1/2/2014-CL-V dated 23rd February 2018 has exempted the companies engaged in defense production to the extent of application of relevant Accounting Standard on Segment Reporting. In view of the above, no disclosure is made by the Group as required Ind AS 108. Subject to the above, We state that, in our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act



- f) In terms of Circular No.GSR 463(E) dated 05th June 2015 issued by the Ministry of Corporate Affairs, Government of India, the Company being Government Company, is exempt from the provisions of Section 164(2) of the Act regarding disqualification of Directors.
- g) With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in **Annexure B**.
- h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, and its joint ventures.(refer Note 49 4 (a) & (b) to the consolidated financial statements)
 - Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, on long-term contracts as on March 31, 2021; The Group and its Joint Ventures did not have any derivative contracts.
 - There were no amounts which were required to be transferred to the Investor education and protection fund by the Holding Company and its subsidiary companies and joint ventures incorporated in India.

For MAHARAJ N R SURESH AND CO LLP

Chartered Accountants
FRN NO:0019315/S000020



N R Suresh

Partner

MNO: 021661

UDIN: 21021661AAAAAX6146

Place: Chennai
Date: June 28th, 2021



ANNEXURE A

S. No	Subsidiaries
1	Naini Aerospace Limited
2	Indo Russian Helicopters Limited (IRHL)
Joint Ventures	
1	BAe-HAL Software Ltd
2	Safran HAL Aircraft Engines Private Ltd
3	Indo Russian Aviation Ltd
4	HALBIT Avionics Pvt. Ltd
5	SAMTEL HAL Display Systems Ltd
6	INFOTECH HAL Ltd
7	HATSOFF Helicopter Training Pvt. Ltd.
8	TATA HAL Technologies Ltd
9	International Aerospace Manufacturing Pvt. Ltd.
10	Multirole Transport Aircraft Ltd
11	Helicopter Engines MRO Pvt. Ltd



ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF HINDUSTAN AERONAUTICS LIMITED.

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act").

In conjunction with our audit of the Consolidated Financial Statements of the Company as of and for the year ended March 31, 2021, we have audited the Internal Financial Controls Over Financial Reporting of **HINDUSTAN AERONAUTICS LIMITED** ('the Holding Company') and its Subsidiary Companies and Joint Ventures, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company and its Subsidiary Companies and Joint Ventures which are companies incorporated in India, are responsible for establishing and maintaining Internal Financial Controls based on the Internal Control over Financial Reporting criteria established by the Holding Company considering the essential components of Internal Control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ('the Act').

Auditors' Responsibility

Our responsibility is to express an opinion on the Group Company's and Joint Ventures Internal Financial Controls Over Financial Reporting based on our audit.

We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and prescribed under section 143(10) of the Act, to the extent applicable to an audit of Internal Financial Controls, both applicable to an audit of Internal Financial Controls and, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate Internal Financial Controls over Financial Reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the Internal Financial Controls system Over Financial Reporting and their operating effectiveness. Our audit of Internal Financial Controls Over Financial Reporting included obtaining an understanding of Internal Financial Controls Over Financial Reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of Internal Control based on the assessed risk. The procedures selected depend on the Auditors' judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other Auditors in terms of their Reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's Internal Financial Controls system over Financial Reporting of the Group and its Joint Ventures.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's Internal Financial Control Over Financial Reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's Internal Financial Control Over Financial Reporting includes those policies and procedures that:

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with Generally Accepted Accounting Principles and that receipts and expenditures of the Company are being made only in accordance with authorizations of Management and Directors of the Company; and
- (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.



Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of Internal Financial Controls Over Financial Reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the Internal Financial Controls Over Financial Reporting to future periods are subject to the risk that the Internal Financial Control Over Financial Reporting may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Holding Company, its Subsidiary Companies and its Joint Ventures incorporated in India has, in all material respects, an adequate Internal Financial Controls System Over Financial Reporting and such Internal Financial Controls Over Financial Reporting were operating effectively as at March 31, 2021, based on the Internal Control Over Financial Reporting criteria established by the Company, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

Other Matters

Our aforesaid Reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the Internal Financial Controls Over Financial Reporting in so far as it relates to the Subsidiaries and Joint Ventures which are companies incorporated in India, is based on the corresponding Reports of the Auditors of such companies incorporated in India.

For MAHARAJ N R SURESH AND CO LLP

Chartered Accountants
FRN NO:001931S/S000020

N R Suresh

Partner

MNO: 021661

UDIN: 21021661AAAAAX6146

Place: Chennai
Date: June 28th, 2021



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सं./No. *Reports/2021-22/HAL/14(20-21)/148*

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

दिनांक/ DATE. *01-09-2021*

To

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

Sir,

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

I forward herewith Nil Comments Certificate of the Comptroller and Auditor General of India under Section 143(6) (b) of the Companies Act, 2013 on the standalone accounts and consolidated accounts of Hindustan Aeronautics Limited, Bengaluru for the year ended 31 March 2021.

It may please be ensured that the Comments are:

- printed in toto without any editing;
- placed next to the Statutory Auditors' Report in the Annual Report of the Company with proper indication in the index;
- Placed before the AGM as required under proviso to Section 143(6)(b) of the Companies Act, 2013.

The receipt of this letter may please be acknowledged.

Yours faithfully,



(Arun Kumar VM)
Deputy Director (Reports)

Encl: As above.

भारतीय लेखापरीक्षा तथा लेखा विभाग
INDIAN AUDIT & ACCOUNTS DEPARTMENT

प्रथम तल, बसव भवन, श्री बसवेश्वर रोड, बेंगलूर - 560 001.
1st Floor, Basava Bhavan, Sri Basaveswara Road, Bengaluru - 560 001.

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

फैक्स /Fax : 080-2226 2491



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF HINDUSTAN AERONAUTICS LIMITED, BENGALURU FOR THE YEAR ENDED 31 MARCH 2021.

The preparation of consolidated financial statements of **Hindustan Aeronautics Limited, Bengaluru** for the year ended 31 March 2021 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor/ auditors appointed by the Comptroller and Auditor General of India under section 139(5) read with section 129(4) of the Act are responsible for expressing opinion on the financial statements under section 143 read with section 129(4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 28 June 2021.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of **Hindustan Aeronautics Limited, Bengaluru** for the year ended 31 March 2021 under section 143(6) (a) read with section 129(4) of the Act. We conducted a supplementary audit of the financial statements of Hindustan Aeronautics Limited, Bengaluru and of the one subsidiary viz., Defence Innovation Organisation, Bengaluru (jointly owned by HAL and BEL), but did not conduct supplementary audit of the financial statements of two Subsidiaries, viz., Indo Russian Helicopters Limited, Bengaluru, Naini Aerospace Limited, Prayagraj and of thirteen Joint Ventures of Hindustan Aeronautics Limited (as per *Annexure*) for the year ended on that date. **Further, section 139(5) and 143(6) (a) of the Act are not applicable to the thirteen Joint Venture Companies being private entities, for appointment of their Statutory Auditor and for conduct of supplementary audit. Accordingly Comptroller and Auditor General of India has neither appointed the Statutory Auditors nor conducted the supplementary audit of these companies.** This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143 (6)(b) of the Act.

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


(Santosh Kumar, IA&AS)

Pr. Director of Commercial Audit
& Ex-Officio Member, Audit Board, Bengaluru.

Place: Bengaluru
Date: 01 September 2021.



ANNEXURE

List of Joint Venture Companies of Hindustan Aeronautics Limited for which supplementary audit of the Financial Statements not conducted by this office

I. Joint Venture Companies

01. BAe-HAL Software Limited
02. Indo Russian Aviation Limited
03. Safran HAL Aircraft Engines Private Limited
04. SAMTEL HAL Display System Limited
05. HAL Edgewood Technologies Private Limited
06. HALBIT Avionics Private Limited
07. Infotech HAL Limited
08. HATSOFF Helicopter Training Private Limited
09. TATA HAL Technologies Limited
10. International Aerospace Manufacturing Private Limited
11. Multirole Transport Aircraft Limited
12. Aerospace and Aviation Sector Skill Council
13. Helicopter Engine MRO Private Limited



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

दिनांक/ DATE. 31-08-2021

To
The Chairman,
M/s. Indo-Russian Helicopters Limited
HAL Corporate Office
Cubbon Road,
Bengaluru - 560 001

Sir,

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

I forward herewith Non-Review Certificate of the Comptroller and Auditor General
of India under Section 143(6) (b) of the Companies Act, 2013 on the accounts of Indo-
Russian Helicopters Limited, Bengaluru for the year ended 31 March 2021.

It may please be ensured that the Comments are:

- (i) printed in *toto* without any editing;
- (ii) placed next to the Statutory Auditors' Report in the Annual Report of the
Company with proper indication in the index;
- (iii) Placed before the AGM as required under proviso to Section 143(6) (b) of the
Companies Act, 2013.

The receipt of this letter may please be acknowledged.

Yours faithfully,

(Arun Kumar VM)
Deputy Director (Reports)

Encl: As above.

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

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

फैक्स /Fax : 080-2226 2491

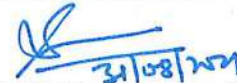


**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL
STATEMENTS OF INDO-RUSSIAN HELICOPTERS LIMITED, BENGALURU FOR
THE YEAR ENDED 31 MARCH 2021**

The preparation of financial statements of Indo-Russian Helicopters Limited, Bengaluru for the year ended 31 March 2021 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 22.04.2021.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of Indo-Russian Helicopters Limited, Bengaluru for the year ended 31 March 2021 and as such have no comments to make under section 143(6)(b) of the Act.

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



(Santosh Kumar, IA & AS)

**Pr. Director of Commercial Audit
and Ex-Officio Member, Audit Board, Bangalore**

Place: Bengaluru
Date: 31 August 2021.



लोकहितार्थं सत्यनिष्ठा
Dedicated to Truth in Public Interest

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

दिनांक/DATE. 30/08/2021

To
The Chairman,
Naini Aerospace Limited
Regd. Office : 15/1, Cubbon Road
Bangalore - 560 001

Sir,

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

I forward herewith Non-Review Certificate of the Comptroller and Auditor General
of India under Section 143(6) (b) of the Companies Act, 2013 on the accounts of Naini
Aerospace Limited, Prayagraj for the year ended 31 March 2021.

It may please be ensured that the Comments are:

- (i) printed in *to to* without any editing;
- (ii) placed next to the Statutory Auditors' Report in the Annual Report of the
Company with proper indication in the index;
- (iii) Placed before the AGM as required under proviso to Section 143(6) (b) of the
Companies Act, 2013.

The receipt of this letter may please be acknowledged.

Yours faithfully,

(Arun Kumar VM)
Deputy Director (Reports)

Encl: As above.

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

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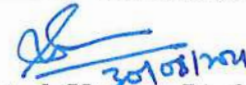


COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF NAINI AEROSPACE LIMITED, PRAYAGRAJ FOR THE YEAR ENDED 31 MARCH 2021

The preparation of financial statements of Naini Aerospace Limited, Prayagraj for the year ended 31 March 2021 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 09.06.2021.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of Naini Aerospace Limited, Prayagraj for the year ended 31 March 2021 and as such have no comments to make under section 143(6)(b) of the Act.

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



(Santosh Kumar, IA & AS)

**Pr. Director of Commercial Audit
and Ex-Officio Member, Audit Board, Bangalore**

Place: Bengaluru

Date: 30 August 2021.



Consolidated Balance Sheet as at March 31, 2021

(₹ in Lakhs)

Particulars	Note No.	As at 31 st March 2021	As at 31 st March 2020
ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	1		
Gross Block	1A	1059523	967435
Less: Accumulated Depreciation	1B	404822	332376
Net Block		654701	635059
(b) Capital work-in-progress	2	79156	86000
(c) Investment Property	3		
Gross Block	3A	4	4
Less: Accumulated Depreciation	3B	1	1
Net Block		3	3
(d) Goodwill	4		
(e) Other Intangible assets	5		
Gross Block	5A	295629	250557
Less: Accumulated Amortization	5B	161396	116429
Less: Impairment	5C	39826	33441
Net Block		94407	100687
(f) Intangible Assets under Development	6		
Gross Block	6A	129640	119282
Less: Accumulated Amortization	6B	0	0
Less: Impairment	6C	1013	1013
Net Block		128627	118269
(g) Investments accounted for using the Equity Method	7	16096	15754
(h) Financial Assets			
(i) Investments	7A	89455	83326
(ii) Trade Receivables	8	0	0
(iii) Contract Assets	8A	0	0
(iv) Loans	9	4613	4796
(v) Other Financial Assets	10	34476	34513
(i) Deferred tax Assets (Net)	11	5235	47011
(j) Other Non-Current Assets	12	70686	62940
Total non-current assets		1177455	1188358
Current assets			
(a) Inventories	13	1654477	1943590
(b) Financial Assets			
(i) Investments	14	0	0
(ii) Trade receivables	15	563786	1123473
(iii) Contract Assets	15A	834616	784173
(iv) Cash and Cash Equivalents	16	714615	27932
(v) Bank Balances other than Cash and Cash Equivalents	17	3120	3724
(vi) Loans	18	1470	1943
(vii) Other Financial Assets	19	105510	121903
(c) Current Tax Assets (Net)	20	0	3531
(d) Other Currents Assets	21	139541	129111
Total current assets		4017135	4139380
Total Assets		5194590	5327738



Consolidated Balance Sheet as at March 31, 2021

(₹ in Lakhs)

Particulars	Note No.	As at 31 st March 2021	As at 31 st March 2020
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	22	33439	33439
(b) Other Equity	23	1507788	1291412
Equity attributable to owners of the parent		1541227	1324851
Non-controlling interest		391	431
Total equity		1541618	1325282
LIABILITIES			
Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	24	0	0
(ii) Trade payables	25	0	0
(iii) Other Financial Liabilities	26	49560	55207
(b) Provisions	27	121572	128875
(c) Deferred Tax Liabilities (Net)	28	0	0
(d) Other Non-Current Liabilities	29	930769	705654
Total non-current liabilities		1101901	889736
Current Liabilities			
(a) Financial liabilities			
(i) Borrowings	30	907	588650
(ii) Trade payables	31		
A) total outstanding dues of micro enterprises and small enterprises		4698	4779
B) total outstanding dues of creditors other than micro enterprises and small enterprises		219404	403595
Sub Total- Trade payables		224102	408374
(iii) Other Financial liabilities	32	196748	250539
(b) Other Current Liabilities	33	1689422	1302889
(c) Provisions	34	397638	504192
(d) Current Tax Liabilities (Net)	35	42254	58076
Total current liabilities		2551071	3112720
Total Equity and Liabilities		5194590	5327738

Significant Accounting Policies and accompanying Notes No. 1 to 49 form an integral part of the Financial Statements
As per our Report of even date

For and on behalf of the Board of Directors

For Maharaj N R Suresh and Co., LLP

Chartered Accountants
FRN No.001931S/S000020



(CA N R Suresh)

Partner
Membership No. 021661

Place: Chennai
Date: 28.06.2021

(C. B. Ananthkrishnan)

Director (Finance) & CFO
DIN: 06761339



(R. Madhavan)

Chairman & Managing Director
DIN: 08209860



(G. V. Sesha Reddy)

Company Secretary





Consolidated Statement of Profit and Loss

for the year ended 31st March 2021

(₹ in Lakhs)

Sl. No	Particulars	Note No.	For the Year ended 31 st March 2021	For the Year ended 31 st March 2020
	REVENUE			
I	Revenue from Operations	36	2275454	2144516
II	Other Income	37	35823	29657
III	Total Income (I+II)		2311277	2174173
IV	EXPENSES			
	Cost of Materials Consumed	38	776472	816453
	Purchases of Stock-in-Trade	38A	82116	58715
	Changes in Inventories of Finished Goods, Stock-in-Trade, Work-in-Progress and Scrap	39	245814	63568
	Employee Benefits Expense	40	430517	477762
	Finance Costs	41	25917	34846
	Depreciation and Amortization Expense	42	117828	99852
	Impairment Loss	42A	6385	3179
	Other Expenses	43	121603	144869
	Direct Input to WIP / Expenses Capitalised	44	25977	17829
	Provisions	45	145026	145327
	Total Gross Expenses		1977655	1862400
	Less: Expenses relating to Capital and Other Accounts	46	93394	73497
	Total expenses (IV)		1884261	1788903
V	Profit/(Loss) before Share of Profit/(Loss) of Joint Ventures, Exceptional items and Tax (III-IV)		427016	385270
VI	Share of Profit/(Loss) of Joint Ventures accounted using Equity Method		481	702
VII	Profit/(Loss) before Exceptional items and Tax (V+VI)		427497	385972
VIII	Exceptional Items		202	11892
IX	Profit/(loss) before tax (VII+VIII)		427699	397864
X	Tax expense:			
	(1) Current Tax		64500	118000
	(2) Earlier Tax Refund		-4933	0
	(3) Deferred Tax		44226	-8401
XI	Profit (Loss) for the period from Continuing Operations (IX-X)		323906	288265
XII	Profit/(loss) from Discontinued Operations		0	0
XIII	Tax expense of Discontinued Operations		0	0
XIV	Profit/(loss) from Discontinued Operations (after tax) (XII-XIII)		0	0
XV	Profit/(loss) for the period (XI+XIV)		323906	288265
XVI	Other Comprehensive Income (OCI)			
	A (i) Items that will not be reclassified to profit or loss	47	-9687	-50296
	(ii) Share of Other Comprehensive Income of JV's accounted using Equity Method		-17	13
	(iii) Income tax benefit/(expense) on the items that will not be reclassified to Profit or Loss		2450	12679
	B (i) Items that will be reclassified to profit or loss	48	0	0
	(ii) Share of Other Comprehensive Income of JV's accounted using Equity Method		0	-1
	(iii) Income tax benefit/(expense) on items that will be reclassified to Profit or Loss		0	0
	Total Other Comprehensive Income (A + B)		-7254	-37605



Consolidated Statement of Profit and Loss

for the year ended 31st March 2021

(₹ in Lakhs)

Sl. No	Particulars	Note No.	For the Year ended 31 st March 2021	For the Year ended 31 st March 2020
XVII	Total Comprehensive Income for the period (XV+XVI) (Comprising Profit/(Loss) and Other Comprehensive Income for the period)		316652	250660
	Profit/(Loss) for the period			
	Attributable to:			
	Owners of the parent		323946	288282
	Non Controlling interest		-40	-17
	Other Comprehensive Income for the period			
	Attributable to:			
	Owners of the parent		-7254	-37605
	Non Controlling interest			
	Total Comprehensive Income for the period			
	Attributable to:			
	Owners of the parent		316692	250677
	Non Controlling interest		-40	-17
XVIII	Earnings per Equity Share (for Continuing Operations):			
	(1) Basic (₹)		96.87	86.21
	(2) Diluted (₹)		96.87	86.21
XIX	Earnings per Equity Share (for Discontinued Operations):			
	(1) Basic (₹)		0	0
	(2) Diluted (₹)		0	0
XX	Earnings per Equity Share (for Continuing & Discontinued Operations):			
	(1) Basic (₹)		96.87	86.21
	(2) Diluted (₹)		96.87	86.21

Significant Accounting Policies and accompanying Notes No. 1 to 49 form an integral part of the Financial Statements
As per our Report of even date

For and on behalf of the Board of Directors



(C. B. Ananthkrishnan)
Director (Finance) & CFO
DIN: 06761339



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

For Maharaj N R Suresh and Co., LLP

Chartered Accountants
FRN No.001931S/S000020



(CA N R Suresh)

Partner
Membership No. 021661

Place: Chennai
Date: 28.06.2021



(G. V. Sesha Reddy)
Company Secretary

Consolidated Statement of Changes in Equity for the year ended 31st March 2021

(₹ in Lakhs)

Particulars	Equity Share Capital				Other Equity				Total equity attributable to equity holders of the Company	Non-controlling interest	Total Equity
	Reserves and Surplus				Other Comprehensive Income						
	Research and Development Reserve	Capital Redemption Reserve	General Reserve	Retained earnings	Remeasurements of net defined benefit liability/asset	Exchange differences in translating the financial statements of a foreign operation	Share of Other Comprehensive Income in Joint Venture				
Balance as at 1 April, 2019	86020	14761	1100210		-26262	16	28	1208212	448	1208660	
Changes in equity for the year ended 31 March, 2020				288282							
Profit for the period				288282				288282	-17	288265	
Items that will be reclassified to profit or loss								-1	-1	-1	
Income tax relating to items that will be reclassified to profit or loss								0	0	0	
Items that will not be reclassified to profit or loss					-50296		13	-50283		-50283	
Income tax relating to items that will not be reclassified to profit or loss					12679			12679		12679	
Total comprehensive income for the period				288282	-37617	0	12	250677	-17	250660	
Current period Transfer	25351							25351		25351	
Transfer to General Reserve on utilization	-2639							-2639		-2639	
Surplus Transferred from Statement of Profit and Loss			128893					128893		128893	
Transfer from Research & Development Reserve			2639					2639		2639	
Transfer to Research & Development Reserve				-25351				-25351		-25351	
Final Dividend (including dividend distribution tax)				-134038				-134038		-134038	
Transfer to General Reserves				-128893				-128893		-128893	
Balance as at 31 March 2020	108732	14761	1231742	0	-63879	16	40	1324851	431	1325282	
Balance as at 1 April, 2020	108732	14761	1231742		-63879	16	40	1324851	431	1325282	
Changes in equity for the year ended 31 March 2021				323946				323946	-40	323906	
Profit for the period				323946				323946	-40	323906	
Items that will be reclassified to profit or loss							0	0	0	0	
Income tax relating to items that will be reclassified to profit or loss								0	0	0	





Consolidated Statement of Cash Flow

for the year ended 31st March 2021

(₹ in Lakhs)

Sl. No.	Particulars	For the year ended 31 st March 2021	For the year ended 31 st March 2020
A	Cash flow from Operating activities		
	Profit for the year	323906	288265
	Adjustments to reconcile net profit to net cash provided by operating activities		
	Income Tax expense	103793	109599
	(Gain)/Loss on sale of Property, Plant & Equipment	-12	-23
	Finance cost	25917	34846
	Interest Income	-8923	-6629
	Share of Profit or Loss of Joint Venture	-481	-702
	Other Adjustments	-14	22
	Net (Gain)/Loss on Fair Value Adjustment	64	37
	Depreciation, amortization and impairment expense	124213	103031
	Provision for Impairment in Value of Investments	25	133
	Provision for Doubtful Debts	1426	3767
	Provision for Doubtful Claims	2955	3342
	Provision for Replacement and Other charges	21175	46328
	Provision for Warranty	32561	21384
	Provision for Raw Materials and Components, Stores and Spare parts, Loose Tools and Equipment, Construction Materials and Inventory - Warranty	43009	18213
	Provision for Liquidated Damages	43875	52160
	Provision for Onerous Contract	-32183	-20721
	Operating Profit Before Working Capital Changes	681306	653052
	Adjustments for:		
	(Increase)/decrease in Trade Receivables	507818	-188381
	(Increase)/decrease in Loans, Financial Assets and Other Assets	-21740	-3002
	(Increase)/decrease in Inventories	246104	4623
	Increase/(decrease) in Trade Payables	-184272	145450
	Increase/(decrease) in Financial Liabilities, Provisions and Other Liabilities	368914	-277013
	Cash generated from Operations	1598130	334729
	Income Taxes Paid	-71858	-181990
	Net Cash (used in)/generated from Operating Activities (A)	1526272	152739
B	Cash flow from Investing activities		
	Purchase of Property, Plant & Equipment	-76298	-89023
	Purchase of Intangible Assets	-55430	-49049
	Proceeds from sale of Property, Plant & Equipment	123	157
	Investment in Joint Ventures	0	-100
	Purchase of other non current Investments	-6129	-7592
	Purchase of other current Investments	0	0
	Proceeds from maturity of short term deposits	604	5955
	Interest Received	8923	6629
	Dividend Received from Joint Ventures	111	135
	Share application money refunded/(paid) by Joint Venture	1000	-1000
	Net Cash (used in)/generated from Investing Activities (B)	-127096	-133888



Consolidated Statement of Cash Flow

for the year ended 31st March 2021

(₹ in Lakhs)

Sl. No.	Particulars	For the year ended 31 st March 2021	For the year ended 31 st March 2020
C	Cash flow from Financing Activities		
	Repayment of Borrowings-Current (Net)	-585980	175267
	Payment of Lease Liabilities	-297	-6
	Interest paid	-25900	-34829
	Dividend Paid	-100316	-134038
	Net Cash (used in)/generated from Financing Activities (C)	-712493	6394
D	Effect of Exchange differences on translation of foreign currency cash and cash equivalents	0	0
	Net increase/(decrease) in Cash and Cash Equivalents (A+B+C+D)	686683	25245
	Add: Cash and Cash Equivalents at the beginning of the year (Refer Note 16)	27932	2687
	Cash and Cash Equivalents at the end of the year (Refer Note 16)	714615	27932

Significant Accounting Policies and accompanying Notes No. 1 to 49 form an integral part of the Financial Statements

Notes:

1. The above Statement of Cash Flow has been prepared under the "Indirect Method" as set out in Indian Accounting Standard 7 "Statement of Cash Flow"
2. Cash & Cash equivalent include Short Term Deposits with Bank
3. Purchase of Fixed Assets are stated inclusive of capital work-in-progress between the beginning and end of the period
4. Previous year figures are rearranged or regrouped wherever necessary
5. Cash and Cash Equivalents are available fully for use

As per our report of even date

For and on behalf of the Board of Directors

For Maharaj N R Suresh and Co., LLP

Chartered Accountants
FRN No.001931S/S000020



(CA N R Suresh)

Partner
Membership No. 021661

Place: Chennai
Date: 28.06.2021


(C. B. Ananthkrishnan)

Director (Finance) & CFO
DIN: 06761339



(R. Madhavan)

Chairman & Managing Director
DIN: 08209860



(G. V. Sesha Reddy)

Company Secretary





Significant Accounting Policies for the financial year 2020-21

1. BASIS OF ACCOUNTING:

The Financial Statements are prepared to comply in all material aspects with Indian Accounting Standards (Ind AS) as prescribed under Section 133 of Companies Act, 2013 read with relevant rules of the Companies (Indian Accounting Standards) Rules.

2. USES OF ESTIMATES:

- a) Preparation of financial statements in conformity with the recognition and the measurement principle of Ind AS requires the management of the Company to make estimates, judgments and assumptions that affects the reported balances of Assets and Liabilities, disclosure relating to contingent liabilities as on the date of the Financial Statements and the reported amount of revenues and expense for the reporting period.
- b) Estimates and the underlying assumption are reviewed on an ongoing basis. The revision to the accounting estimates, if material is recognized in the period in which the estimates are revised.
- c) Estimates and judgments made in applying accounting policies that have significant effect on the amounts recognized in the financial statements are as follows:

i. Employee Defined benefit plans

The liabilities and costs for defined benefit plans are determined using actuarial valuations. The actuarial valuation involves making assumptions. These assumptions include salary escalation rate, discount rates, expected rate of return on assets and mortality rates.

ii. Provisions and contingencies

Assessments undertaken in recognising provisions and contingencies have been made as per the best judgment of the management based on the current available information.

iii. Income Taxes

The Company's tax jurisdiction is India. Significant judgments are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

3. PROPERTY, PLANT AND EQUIPMENT(PPE):

- a) Property, Plant and Equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any.
- b) The cost includes purchase price, import duties and non-refundable purchase taxes after deducting trade discounts and rebates and any cost directly attributable including borrowing cost on qualifying assets to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.
- c) Subsequent expenditure relating to PPE including major inspection costs, spare parts, standby and servicing equipment are capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably.
- d) In accordance with Ind AS 101-First Time Adoption of Indian Accounting Standards, the Company had chosen to consider the carrying value for all its PPE as their deemed cost at the Opening Balance Sheet as at April 01, 2015.
- e) Depreciation is calculated on straight line basis over estimated useful life as prescribed in Schedule II of the Companies Act 2013. Where the useful life of the asset is not as per Schedule II of the Companies Act 2013, the same is disclosed under Notes to Accounts.
- f) PPE individually costing ₹ 50,000 and below are fully depreciated in the year of purchase.
- g) Where part of an item of PPE with a cost significant in relation to the total cost of the item and have different useful lives, they are treated as separate components and depreciated over their estimated useful life.



Significant Accounting Policies for the financial year 2020-21

- h) Certain items like Special Tools are amortized over the number of units of production expected to be obtained from the asset based on technical assessment and management estimates depending on the nature and usage of the respective assets.
- i) CSR Assets are fully depreciated in the year of capitalization
- j) The cost and the related accumulated depreciation are eliminated from the Financial Statements upon sale or de-recognition or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss of the relevant period.
- k) The estimated useful lives, residual values and depreciation / amortisation method are reviewed at the end of each reporting period with the effect of changes in estimates accounted for on a prospective basis.

3.1: Capital Advances and Capital Work In Progress (CWIP)

- a) Advances given towards acquisition of PPE outstanding at each Balance sheet date are disclosed as other Non-current assets.
- b) Cost of Assets not ready for its intended use as on the Balance sheet date is shown as CWIP. Such properties are classified to the appropriate categories of PPE when completed and ready for its intended use.
- c) Depreciation on such assets commence when the assets are ready for their intended use.

4. INVESTMENT PROPERTY

- a) A property is considered as investment property only if the same is held for earning rentals and /or for capital appreciation or both. Properties held by the Company (directly or indirectly) which are used in the production of supply of goods or services for administrative purposes are not considered as Investment Property.
- b) Investment Properties are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. In accordance with Ind AS 101, First Time Adoption of Indian Accounting Standards, the Company has chosen to consider the carrying value for all its Investment Property recognized in its Indian GAAP financial statement as their deemed cost as at the transition date viz, April 01, 2015.
- c) Depreciation is calculated on straight line basis over estimated useful life as prescribed in Schedule II of the Companies Act 2013. Where the useful life of the asset is not as per Schedule II of the Companies Act 2013, the same is disclosed under Notes to Accounts.

5. INTANGIBLE ASSETS

- a) Intangible Assets controlled and from which future economic benefits are expected to flow and having useful life are recognized at cost less any accumulated amortization and accumulated impairment losses, if any.
- b) Development Costs having useful life and which will generate probable future economic benefits are recognized as an intangible asset and amortised over production based on technical estimate and to the extent not amortized are carried forward.
- c) Expenditure on license fees, documentation charges etc, based on the definition criteria of intangible assets in terms of reliability of measurement of cost and future economic benefits from the assets, are amortised over production based on technical estimates, and to the extent not amortised, are carried forward.
- d) The cost of software internally generated / acquired for internal use which is not an integral part of the related hardware, is recognized as an intangible asset and is amortised over three years, on straight line method. Amortisation commences when the asset is available for use.
- e) Expenditure on Research is recognized as an expenditure in the period in which it is incurred.
- f) Wherever it is not possible to assess the useful life of an intangible asset (whether or not significant) the same is not amortised. Impairment on such intangible assets are reviewed annually and when there is an indication of impairment, the asset is impaired.



Significant Accounting Policies for the financial year 2020-21

6. LEASE ACCOUNTING

6.1. The Company recognizes, at inception of a contract a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

6.2. The Company as a lessee

- a) At the date of commencement of the lease, the Company recognizes a right-of-use ("ROU") asset representing its right to use the underlying asset for the lease term and a lease liability for all lease arrangements in which it is a lessee except for leases with a term of 12 months or less (short term leases) and leases for which the underlying assets is of low value. For such short term and assets of low value leases, the Company recognizes the lease payment as an expense on a straight line basis over the term of the lease.
- b) At commencement date the ROU asset is measured at cost. The cost of the ROU asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred. The ROU assets are subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any.
- c) The ROU assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of ROU asset. The estimated useful lives of ROU assets are determined on the same basis as those of PPE. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognized in the statement of profit and loss.
- d) At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the Company's incremental borrowing rate.
- e) Lease liability and ROU asset are separately presented in the Balance Sheet and lease payments are classified as financing cash flows. Short term lease payments and payments for leases of low value assets are classified as operating cash flows.

6.3. Company as a lessor

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease.

6.3.1 Finance Lease:

- a) A lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the Lessee is classified as a finance lease. Title may or may not eventually be transferred.
- b) At commencement date, an amount equal to the net investment in the lease is presented as receivable. The interest rate implicit in the lease is used to measure the value of net investment in the lease.
- c) The finance income is recognized over the lease term in the statement of profit and loss account so as to reflect a constant periodic rate of return on the net investment in the lease.
- d) The de-recognition and impairment requirement of the underlying asset is tested as per Ind AS 109- Financial instruments.
- e) Any modifications in the lease are accounted as a separate lease when the recognition criteria specified in paragraph 79 of the standard are met.

6.3.2 Operating Lease:

- a) Lease other than finance leases are operating leases.
- b) The lease payment from operating leases are recognized as income on either a straight-line basis or another systematic basic, if required.
- c) The expenses including depreciation cost associated with earning of the lease income is recognized as an expense.



Significant Accounting Policies for the financial year 2020-21

- d) Depreciation on underlying assets subject to operating leases are calculated on straight line basis over estimated useful life as prescribed in Schedule II of the Companies Act, 2013.
- e) Any modifications in the lease are accounted as a separate lease if the recognition criteria specified in the standard is met.

6.4. Transition to Ind AS 116

- a) Effective April 1, 2019, the Company has applied Ind AS 116 on Lease Accounting. Ind AS 116 replaces Ind AS 17. The Company has adopted Ind AS 116 using the cumulative effect method. The effect of initially applying this standard is recognized at the date of initial application (i.e. April 1, 2019) and the comparative information continues to be reported under Ind AS 17.
- b) The Company has chosen the practical expedient provided by the standard to apply Ind AS 116 only to contracts that were previously identified as leases under Ind AS 17 and therefore has not reassessed whether a contract is or contains a lease at the date of initial application.

7. NON CURRENT INVESTMENTS

- a) In accordance with Ind AS 101, First time adoption of Indian Accounting Standards, the Company has chosen to consider the carrying amount of investment as their deemed cost as at the Opening Balance Sheet as at 01st April, 2015.
- b) Investments are carried individually at cost less accumulated impairment in the value of such Investments.
- c) Cost of Investment includes acquisition charges such as brokerage, fees and duties.
- d) The Company reviews the book value of the investment on a quarterly basis and provides for diminution in the value of the investment based on the net worth of the investee company.
- e) Impairment in the value of investment is made only if in the opinion of management when there is a permanent fall in value of investment.

8. IMPAIRMENT OF ASSETS

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

9. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Company recognizes all Financial Assets other than non-current investments and Financial Liabilities at Fair Value on inception and subsequent measurements are done at amortised cost.

10. DEFERRED DEBTS

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

11. TRADE AND OTHER PAYABLES

Liabilities are recognized for the amounts to be paid for the goods / services received whether billed by the supplier or not.

12. INVENTORIES

- a) Inventories are valued at lower of Cost and Net Realisable Value.
- b) The cost of raw material excluding Goods-in-Transit, components and stores are assigned by using the weighted average cost formula. Goods-in-Transit are valued at cost-to-date. In the case of Finished Goods, Stock-in-Trade and Work-In-Progress, cost includes costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost includes Taxes and duties (other than Taxes and duties for which input credit is available).



Significant Accounting Policies for the financial year 2020-21

- c) Provision for redundancy is assessed on ageing at a suitable percentage / level of the value of closing inventory of raw material and components, stores and spare parts and construction material. Besides, wherever necessary, adequate provision is made for the redundancy of such materials in respect of completed / specific projects and other surplus / redundant material pending transfer to salvage stores.
- d) Saleable / Disposable scrap is valued at Net Realisable Value.
- e) Stores declared surplus / unserviceable / redundant are charged to revenue in the year of such identification.
- f) Consumables issued from stores and lying unused at the end of the year are not reckoned as inventory.

13. REVENUE RECOGNITION

13.1. Manufacturing of Aircraft/ Helicopter/Spares/Repair Contracts

- a) Revenue on Sale of Goods and Services is recognized at a point in time when the Company satisfies the performance obligation on transfer of control of the products to the Customer in an amount that reflects the consideration the Company expects to receive in exchange for those products pursuant to the Contract with customer. Revenue from service Warranty is recognized on straight line basis over the period of Warranty.

Transfer of Control happens on:

- i. Acceptance by the buyer's Inspector, by way of Signaling Out Certificate (SOC)
or
Acceptance by the buyer's pilot, by way of Certificate of Conformity (COC), wherever, specifically required in the contract
in the case of Aircrafts/Helicopters,
- ii. Acceptance by the Buyer's inspection agency/SOC or as agreed to by the Buyer, in the case of Repair & Overhaul of Aircraft/Helicopter/Engine, Rotables, Site repairs, Cat 'B' repair servicing etc.,
- iii. For other deliverables like Spares, Revenue is recognized based on the Acceptance by the buyer's inspection agency or as agreed to by the buyer.
- b) In case of Performance Based Logistic Contracts, Revenue is recognized over a period of time, based on Helicopter Availability Certificate, Jointly signed by Seller and Buyer.
- c) Revenue is recognized based on the prices agreed with Customers. Where the prices are yet to be agreed/ determined, the revenue is recognised at the most likely amount based on past experience. Differential revenue, if any, is recognised on receipt of approval / sanction.

13.2. Development Contracts

- a) Revenue is recognized over a period of time on incurrance of expenditure identifiable to work orders:
 - i. where milestones have been defined, on achievement of milestone under the output method.
 - ii. where milestones have not been defined, on incurrance of expenditure under the input method.
- b) Where the customer's sanction for revision is pending, the expenditure incurred is retained in work-in-progress/ intangible asset. Subsequent revenue is recognized on receipt of revised financial sanction from the customer.

13.3. Significant Financing Component

- a) For the majority of the contracts, advance payments are received, prior to commencement of work and milestone payments are paid in accordance with the terms of the contract.
- b) Payments received from customers in advance are not considered to be a significant financing component as they are given with the objective to protect the interest of the contracting parties.



Significant Accounting Policies for the financial year 2020-21

13.4. Contract Modification

A contract modification exists when the change in scope is agreed but the corresponding change in price is not determined. In such circumstances, revenue is recognized, based on the Company's assessment of the estimated change in the transaction price arising from the modification.

13.5. Other Income

Interest Income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognised when the right to receive payment has been established.

14. RECEIVABLES

- a) Receivables represent the Company's unconditional right to consideration under the contract. The right to consideration is considered unconditional, if only passage of time is required before payment of that consideration is due.
- b) Debts from the Government departments are generally treated as fully recoverable, based on past experience, and hence in the opinion of Management there is no increase in credit risk of such financial assets.
- c) Impairment on account of expected credit loss is being assessed on a case to case basis in respect of dues outstanding for a significant period of time.

14.1. Contract Assets

Contract Assets represents the Company's right to receive the consideration in exchange for the Goods or Services that the Company has transferred to the Customer, when that right is conditioned on something other than passage of time.

15. EMPLOYEE BENEFITS

- a) Gratuity and Provident Fund are Defined Benefit Plans and the liability is provided on the basis of actuarial valuation in respect of eligible employees and is remitted to the trust progressively.
- b) Provision for Earned leave is a Defined Benefit Plan and the liability is provided on the basis of actuarial valuation.
- c) Pension Scheme and Post Superannuation Group Health Insurance Scheme for employees are Defined Contribution Plans and the contribution to the corpus of the same is made by the Company to the respective trust. The Company's liability is limited to the extent of contribution made to these trusts.

16. FOREIGN CURRENCY TRANSACTION/TRANSLATION

a) Initial Recognition:

On initial recognition, transaction in foreign currencies, entered into by the Company, are recorded in the functional currency by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction

b) Measurement of Foreign currency items at reporting date:

Foreign currency monetary items are translated at closing exchange rates. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value is measured.

c) Recognition of Exchange Difference:

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they are translated on initial recognition during the period or in previous financial statement is recognized in statement of profit and loss in the period in which they arise.



Significant Accounting Policies for the financial year 2020-21

17. INCOME TAXES

- a) Current Tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of Income Tax Act, 1961 (the "Act").
- b) Deferred Tax is recognized using the Balance Sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred Tax Assets in excess of Deferred Tax Liability are recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred Tax Assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

18. CLAIMS BY THE COMPANY

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

19. PROVISION AND CONTINGENT LIABILITIES

- a) A provision is recognised, when the Company has the present obligation as result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which reliable estimate can be made.
- b) Where no reliable estimate can be made or when there is a possible obligation or present obligations that may, but probably will not, require an outflow of resources, disclosure is made as Contingent Liability. Expected reimbursement, if any, is disclosed under Notes to Accounts.
- c) When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

19.1 PROVISION FOR WARRANTY

Provision for warranty is recognized on actuarial valuation for Manufacturing and Repair and Overhaul of Aircraft/Helicopter/Engine/Rotables and Spares and development activities etc.

19.2 PROVISION FOR LIQUIDATED DAMAGES

Provision for Liquidated Damages is recognized when the expected date of delivery of Goods / rendering of Service in respect of Manufacturing and Repair and Overhaul of Aircraft/Helicopter/Engine/Rotables, Spares and Development activities etc. is beyond the due date as per delivery schedule and at the rates specified in the Contract with the Customer.

19.3 PROVISION FOR ONEROUS CONTRACTS

A provision for onerous contract is recognized when the expected benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

20. ESTIMATES AND ERRORS

The Company revises its accounting policies if the change is required due to a change in Ind AS or if the change will provide more relevant and reliable information to the users of the financial statements. Changes in accounting policies are applied retrospectively unless it is impracticable to apply.

A change in an accounting estimate that results in changes in the carrying amounts of recognised assets or liabilities or to statement of profit and loss is applied prospectively in the period(s) of change.

When it is difficult to distinguish a change in an accounting policy from a change in an accounting estimate, the change is treated as a change in an accounting estimate.



Significant Accounting Policies for the financial year 2020-21

Discovery of material errors results in revisions retrospectively by restating the comparative amounts of assets, liabilities, and equity of the earliest prior period in which the error is discovered. The opening balances of the earliest period presented are also restated.

21. EVENTS AFTER THE REPORTING PERIOD

Adjusting events are events that provide further evidence of conditions that existed at the end of the reporting period. The financial statements are adjusted for such events before authorisation for issue.

Non-adjusting events are events that are indicative of conditions that arose after the end of the reporting period. Non-adjusting events after the reporting date are not accounted

22. The functional currency of the Company is Indian Rupee.



(C. B. Ananthkrishnan)
Director (Finance) & CFO
DIN: 06761339



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



(G. V. Sessa Reddy)
Company Secretary

Place: Bengaluru
Date: 28.06.2021



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 1 - Plant, Property and Equipment

Note 1A - Gross Block - Plant, Property and Equipment

The changes in the carrying value of property, plant and equipment for the year ended 31st March 2021 are as follows:

(₹ in Lakhs)

Particulars	Gross block as at 1 st April 2020	Additions	Reclassification /Adjustment	Disposals	Gross Block as at 31 st March 2021
Land - Right-of-Use Assets	1312	0	0	0	1312
- Leasehold	35	0	0	0	35
- Freehold	1947	0	0	0	1947
Buildings - Right-of-Use Assets	0	8108	0	0	8108
- Owned	127895	18348	0	0	146243
Plant and Equipment	229088	14305	0	210	243183
Furniture and Fixtures	8638	465	3	86	9020
Vehicles	6765	2418	0	139	9044
Office Equipment	12573	1577	-3	91	14056
Others					
Assets Used for CSR Activities	4525	0	0	0	4525
Roads and Drains	5777	236	0	0	6013
Water Supply	3557	312	0	0	3869
Runways	1776	0	0	0	1776
Aircraft/Helicopters	32352	0	0	0	32352
Sub Total	436240	45769	0	526	481483
Special Tools	531195	46845	0	0	578040
Total	967435	92614	0	526	1059523

The amount of contractual commitments for the acquisition of property, plant and equipment is disclosed under Clause 4 (c) of Note 49

There is no charge or lien on Property, Plant and Equipment



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 1 - Plant, Property and Equipment

Note 1A - Gross Block - Plant, Property and Equipment

The changes in the carrying value of property, plant and equipment for year ended 31st March 2020 are as follows:

(₹ in Lakhs)

Particulars	Gross block as at 1 st April 2019	Additions	Reclassification / Adjustment	Disposals	Gross Block As at 31 st March 2020
Land					
- Right-of-Use Assets	0	78	1234	0	1312
- Leasehold	1269	0	-1234	0	35
- Freehold	1653	294	0	0	1947
Buildings	111989	15906	0	0	127895
Plant and Equipment	203928	25535	94	469	229088
Furniture and Fixtures	8224	485	0	71	8638
Vehicles	6072	841	0	148	6765
Office Equipment	10849	2020	-94	202	12573
Others					
Assets Used for CSR Activities	4525	0	0	0	4525
Roads and Drains	5391	386	0	0	5777
Water Supply	3233	324	0	0	3557
Runways	1776	0	0	0	1776
Aircraft/Helicopters	31430	922	0	0	32352
Sub Total	390339	46791	0	890	436240
Special Tools	495773	35422	0	0	531195
Total	886112	82213	0	890	967435

The amount of contractual commitments for the acquisition of property, plant and equipment is disclosed under Clause 4(c) of Note 49

There is no charge or lein on Property, Plant and Equipment



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 2 - Capital Work in Progress

(₹ in Lakhs)

Particulars	As at 31 st March 2021	As at 31 st March 2020
Buildings	43017	45613
Plant and Equipment	25948	22398
Furniture and Fixtures	0	23
Office Equipment	7	38
Water Supply	102	147
Plant and Equipment under Inspection and in Transit	1461	1375
Special Tools	8621	16406
TOTAL	79156	86000

Refer Clause 26 of Note 49 for movement of Capital Work in Progress

Note 3 - Investment Property

The changes in the carrying value of investment property for the year ended 31st March 2021 are as follows:

Note 3A - Gross Block - Investment Property

(₹ in Lakhs)

Particulars	Gross block as at 1 st April 2020	Additions	Disposals	Gross Block As at 31 st March 2021
Buildings	4	-	-	4
Total	4	-	-	4

Note 3B - Accumulated Depreciation - Investment Property

(₹ in Lakhs)

Particulars	Provision as at 1 st April 2020	Additions	Reclassifica- tion /Adjust- ment	Disposals	Provisions As at 31 st March 2021	Net Block As at 31 st March 2021	Net Block as at 31 st March 2020
Buildings	1	-	-	-	1	3	3
Total	1	-	-	-	1	3	3

Note 3 - Investment Property

The changes in the carrying value of investment property for the year ended 31st March 2020 are as follows:

Note 3A - Gross Block - Investment Property

(₹ in Lakhs)

Particulars	Gross block as at 1 st April 2019	Additions	Disposals	Gross Block As at 31 st March 2020
Buildings	4	-	-	4
Total	4	-	-	4



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 3B - Accumulated Depreciation - Investment Property

(₹ in Lakhs)

Particulars	Provision as at 1 st April 2019	Additions	Reclassification /Adjustment	Disposals	Provisions As at 31 st March 2020	Net Block as at 31 st March 2020	Net Block as at 31 st March 2019
Buildings	-	1	-	-	1	3	4
Total	-	1	-	-	1	3	4

Note 5 - Other Intangible assets

The changes in the carrying value of other intangible assets for the year ended 31st March 2021 are as follows:

Note 5A - Gross Block - Other Intangible Assets

(₹ in Lakhs)

Particulars	As at 1 st April 2020	Additions	Adjustment*	As at 31 st March 2021
Licence Fees	136444	216	0	136660
Computer Software	6657	534	0	7191
Documentation	37767	1	0	37768
Development Expenditure	69689	12114	32207	114010
Total	250557	12865	32207	295629

*The Intangible assets under development has been completed and transferred to other intangible assets (Refer Note 6A)

Note 5B - Accumulated Amortization - Other Intangible assets

(₹ in Lakhs)

Particulars	As at 1 st April 2020	Amortisation	Adjustment	As at 31 st March 2021
Licence Fees	63297	9969	-	73266
Computer Software	5426	748	-	6174
Documentation	13551	5433	-	18984
Development Expenditure	34155	28817	-	62972
Total	116429	44967	-	161396

Note 5C - Impairment Loss - Other Intangible assets

(₹ in Lakhs)

Particulars	As at 1 st April 2020	Impairment Loss	Adjustment	As at 31 st March 2021
Licence Fees				
Computer Software				
Documentation				
Development Expenditure	33441	6385	0	39826
Total	33441	6385	0	39826



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 5 - Other Intangible assets

The changes in the carrying value of other intangible assets for the year ended 31st March 2020 are as follows:

Note 5A - Gross Block - Other Intangible Assets

(₹ in Lakhs)

Particulars	As at 1 st April 2019	Additions	Adjustment*	As at 31 st March 2020
Licence Fees	136060	384	-	136444
Computer Software	5841	816	-	6657
Documentation	37679	88	-	37767
Development Expenditure	59429	9138	1122	69689
Total	239009	10426	1122	250557

*The Intangible assets under development has been completed and transferred to other intangible assets (Refer Note 6A)

Note 5B - Accumulated Amortization - Other Intangible assets

(₹ in Lakhs)

Particulars	As at 1 st April 2019	Amortisation	Adjustment	As at 31 st March 2020
Licence Fees	47698	15599	-	63297
Computer Software	4721	705	-	5426
Documentation	11730	1821	-	13551
Development Expenditure	28280	5875	-	34155
Total	92429	24000	-	116429

Note 5C - Impairment Loss - Other Intangible assets

(₹ in Lakhs)

Particulars	As at 1 st April 2019	Impairment Loss	Adjustment	As at 31 st March 2020
Licence Fees				
Computer Software				
Documentation				
Development Expenditure	29480	3179	782	33441
Total	29480	3179	782	33441

Note 6 - Intangible Assets under Development

The changes in the carrying value of intangible assets under development for the year ended 31st March 2021 are as follows:

Note 6A - Gross Carrying cost - Intangible assets under Development

(₹ in Lakhs)

Particulars	As at 1 st April 2020	Additions	Adjustment*	As at 31 st March 2021
Development Expenditure	119282	42565	-32207	129640
Total	119282	42565	-32207	129640

*The Intangible assets under development has been completed and transferred to other intangible assets (Refer Note 5A)

The amount of contractual commitments for the acquisition of intangible assets is disclosed under Clause 4(c) of Note 49



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 6B - Accumulated Amortization - Intangible assets under Development

(₹ in Lakhs)

Particulars	As at 1 st April 2020	Amortisation	Adjustment	As at 31 st March 2021
Development Expenditure	-	-	-	-
Total	-	-	-	-

Note 6C - Impairment Loss - Intangible assets under Development

(₹ in Lakhs)

Particulars	As at 1 st April 2020	Impairment Loss	Adjustment	As at 31 st March 2021
Development Expenditure	1013	0	0	1013
Total	1013	0	0	1013

Note 6 - Intangible Assets under Development

The changes in the carrying value of intangible assets under development for the year ended 31st March 2020 are as follows:

Note 6A - Gross Carrying cost - Intangible assets under Development

(₹ in Lakhs)

Particulars	As at 1 st April 2019	Additions	Adjustment*	As at 31 st March 2020
Development Expenditure	81781	38623	-1122	119282
Total	81781	38623	-1122	119282

*The Intangible assets under development has been completed and transferred to other intangible assets (Refer Note 5A)
The amount of contractual commitments for the acquisition of intangible assets is disclosed under Clause 4(c) of Note 49

Note 6B - Accumulated Amortization - Intangible assets under Development

(₹ in Lakhs)

Particulars	As at 1 st April 2019	Amortisation	Adjustment	As at 31 st March 2020
Development Expenditure	-	-	-	-
Total	-	-	-	-

Note 6C - Impairment Loss - Intangible assets under Development

(₹ in Lakhs)

Particulars	As at 1 st April 2019	Impairment Loss	Adjustment	As at 31 st March 2020
Development Expenditure	1795	0	-782	1013
Total	1795	0	-782	1013



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 7 - Investments accounted for using the equity method

Particulars	(₹ in Lakhs)	
	As at 31 st March 2021	As at 31 st March 2020
INVESTMENTS AT COST LESS PROVISION (UNQUOTED)		
Investment in Joint Ventures		
BAe-HAL Software Ltd-29,40,000 (29,40,000-P.Y) shares of ₹ 10 FV each fully paid	294	294
+/-Interest in Joint Venture	148	241
Net -BAe-HAL Software Ltd	442	535
Safran HAL Aircraft Engines Private Ltd -11,40,000 (11,40,000-P.Y) Shares of ₹ 100 F.V. each fully paid	1140	1140
+/-Interest in Joint Venture	2668	2492
Net - Safran HAL Aircraft Engines Private Ltd	3808	3632
Indo Russian Aviation Ltd - 9,36,525 (9,36,525-P.Y) shares of ₹ 10 FV each fully paid	94	94
+/-Interest in Joint Venture	5431	4746
Net - Indo Russian Aviation Ltd.	5525	4840
HALBIT Avionics Pvt Ltd -3,82,500(3,82,500-P.Y) Shares of ₹ 100 FV each fully paid	383	383
Less Provision for Impairment in value of Investment	383	383
Net - HALBIT Avionics Pvt. Ltd.	0	0
HAL Edgewood Technologies Pvt Ltd 3,00,000(3,00,000-P.Y) Shares of ₹ 100 FV each fully paid	300	300
Less Provision for Impairment in value of Investment	300	300
Net- HAL Edgewood Technologies Pvt. Ltd.	0	0
SAMTEL HAL Display Systems Ltd-1,60,000 (1,60,000-P.Y) Shares of ₹ 100 FV each fully paid	160	160
Less Provision for Impairment in value of Investment	160	160
Net - SAMTEL HAL Display Systems Ltd	0	0
INFOTECH HAL Ltd - 20,00,000 (20,00,000-P.Y) Shares of ₹ 10 FV each fully paid	200	200
+/-Interest in Joint Venture	0	0
Less Provision for Impairment in value of Investment	200	200
Net- INFOTECH HAL Ltd.	0	0
HATSOFF Helicopter Training Pvt Ltd -3,84,04,205 (3,84,04,205 P.Y) Shares of ₹ 10 FV each fully paid	3840	3840
Less Provision for Impairment in value of Investment	3840	3840
Net- HATSOFF Helicopter Training Pvt. Ltd.	0	0
TATA HAL Technologies Ltd -50,70,000 (50,70,000 P.Y.) Shares of ₹ 10 each fully paid	507	507
Less Provision for Impairment in value of Investment	507	507
Net- TATA HAL Technologies Ltd.	0	0
International Aerospace Manufacturing Pvt Ltd - 42,50,000 (42,50,000 - P.Y) Shares of ₹ 100 FV each fully paid	4250	4250
+/-Interest in Joint Venture	434	416
Less Provision for Impairment in value of Investment	855	855
Net- International Aerospace Manufacturing Pvt Ltd	3829	3811



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(₹ in Lakhs)

Particulars	As at 31 st March 2021	As at 31 st March 2020
Multirole Transport Aircraft Ltd. - 113,46,564 (113,46,564 P.Y.) Shares of ₹ 100 FV each fully paid	11347	11347
+/-Interest in Joint Venture	-2177	-1733
Less Provision for Impairment in value of Investment	6678	6678
Net- Multirole Transport Aircraft Ltd.	2492	2936
Helicopter Engines MRO Pvt Ltd - 5,09,986 (5,09,986 P.Y.) Shares of ₹ 100 FV each fully paid	510	510
+/-Interest in Joint Venture	-123	-148
Less Provision for Impairment in value of Investment	387	362
Net- Helicopter Engines MRO Pvt Ltd	0	0
Total In Equity of Joint Ventures	16096	15754
TOTAL	16096	15754
Disclosure		
(i) Aggregate amount of Quoted Investment and Market Value.	-	-
(ii) Aggregate amount of Unquoted Investments. (net)	16096	15754
(iii) Aggregate amount of impairment in value of investments	13310	13285

Note 7A - Financial Asset - Investments at cost

(₹ in Lakhs)

Particulars	As at 31 st March 2021	As at 31 st March 2020
A. Investments in Structured Entities (UNQUOTED)		
a) HAE Co-operative Society of 25 (25P.Y) Shares of ₹ 100 FV each fully paid*	0	0
b) Satnam Apartment Ltd - 41 (41 P.Y) Shares of ₹ 100 each at cost for acquisition of a Flat**	0	0
c) Aerospace & Aviation Sector Skill Council(AASSC) - 125 (125 P.Y.) Shares of Rs 10000 FV each fully paid	13	13
d) Defence Innovation Organisation - 50 (P.Y 50) Shares of Rs 1000 FV each fully paid	1	1
Total In Equity of Others (A)	14	14
B. Other Investments (UNQUOTED)		
LIC of India (For Funding Vacation Leave)	89441	83312
Total In Other Investments (B)	89441	83312
TOTAL (A+B)	89455	83326

* Total ₹ 2500 (P.Y ₹ 2500) (absolute figure) are held by Kanpur division which is rounded off.

** Total ₹ 7220 (P.Y ₹ 7220) (absolute figure) are held by Nasik division which is rounded off.

(i) Aggregate amount of Quoted Investment and Market Value.	-	-
(ii) Aggregate amount of Unquoted Investments. (net)	89455	83326
(iii) Aggregate amount of impairment in value of investments	-	-



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 8 - Financial Asset - Trade Receivables

Particulars	(₹ in Lakhs)	
	As at 31 st March 2021	As at 31 st March 2020
Trade Receivables	-	-
TOTAL	-	-

Note 8A - Financial Asset - Contract Assets

Particulars	(₹ in Lakhs)	
	As at 31 st March 2021	As at 31 st March 2020
Contract Assets	-	-
TOTAL	-	-

Note 9 - Financial Asset - Loans

Particulars	(₹ in Lakhs)	
	As at 31 st March 2021	As at 31 st March 2020
A. Secured and Considered Good		
a) Security Deposit		
b) Loans to Related Parties	0	0
c) Others		
Loans and advances to employees	153	187
Sub-Total (A)	153	187
B. Unsecured and Considered Good		
a) Security Deposit		
Govt. Departments for Customs Duty and for Supplies	12	12
Public Utility Concerns	2747	2649
Others	1104	1179
b) Loans to Related Parties	0	0
c) Others		
Loans and advances to employees	597	769
Sub-Total (B)	4460	4609
C. Loans which have Significant Increase in Credit Risk		
Sub-Total (C)	0	0
D. Loans - Credit Impaired		
Sub-Total (D)	0	0
TOTAL (A +B+C+D)	4613	4796



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 10 - Other Financial Assets

(₹ in Lakhs)

Particulars	As at 31 st March 2021	As at 31 st March 2020
A. Claims Receivable Unsecured*		
Receivable - Credit Impaired	19211	22465
Less: Provision for Doubtful Claims	19211	22465
Sub-Total (A)	0	0
B. Balances with Bank		
Bank deposit with more than 12 Months maturity**	701	701
Sub-Total (B)	701	701
C. Others		
Deferred Debts	33775	33812
Sub-Total (C)	33775	33812
TOTAL (A+B+C)	34476	34513
*Above balances of Claims Receivable include balances with related parties (Refer Receivables of Clause No.14.1 (e) of Note 49)	778	778
**Fully Earmarked for Committed Liabilities of more than 12 months	1	1

Note 11 - Deferred Tax Assets (Net)

(₹ in Lakhs)

Particulars	As at 31 st March 2021	As at 31 st March 2020
The tax effect of significant temporary differences that resulted in deferred tax assets:		
As per last Balance Sheet	47011	25931
Add / (Less): Current Year's Assets	-41776	21080
TOTAL	5235	47011

Note 12 - Other Non - Current assets

(₹ in Lakhs)

Particulars	As at 31 st March 2021	As at 31 st March 2020
A. Capital Advances	16804	27513
B. Advance Other than Capital Advances		
Advances against Goods and Services	569	128
Advances against Special Tools	0	248
Other Advances	1037	440
	18410	28329
C. Others		
Balances with Revenue Authorities		
Income tax	34441	19436
Others-under dispute	17808	15134
Prepaid Expenses	27	41
TOTAL (A+B+C)	70686	62940



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 13 - Inventories

(₹ in Lakhs)

Particulars	As at 31 st March 2021	As at 31 st March 2020
Inventories (At Lower of Cost and Net Realisable Value) #		
(i) Raw Materials and Components	1092596	1024151
Less: Provision for Redundancy	125941	85783
	966655	938368
(ii) Work-in-Progress	585049	827774
(iii) Finished Goods	0	0
(iv) Stock-in-Trade	2244	5249
(v) Stores and Spares	33684	36868
Less: Provision for Redundancy	3977	3217
	29707	33651
(vi) Loose Tools	9923	10382
Less: Provision for Redundancy	1310	1446
	8613	8936
(vii) Construction Materials	51	71
Less: Provision for Redundancy	8	1
	43	70
(viii) Disposable Scrap	721	804
(ix) Goods under Inspection and in Transit		
Raw material and Components	47127	110018
Stores and Spares	798	1048
Loose Tools	106	372
	48031	111438
(x) Inventory - Warranty	15419	19381
Less: Provision for Redundancy	2005	2081
	13414	17300
TOTAL	1654477	1943590
(#) includes those issued to Sub-Contractors for Job Works	18062	29553

Note 14 - Financial Asset - Investments

(₹ in Lakhs)

Particulars	As at 31 st March 2021	As at 31 st March 2020
INVESTMENTS AT COST LESS PROVISION (UNQUOTED)		
TOTAL	-	-
Disclosure		
(i) Aggregate amount of Quoted Investment and Market Value.	-	-
(ii) Aggregate amount of Unquoted Investments.	-	-
(iii) Aggregate amount of impairment in value of investments	-	-



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 15 - Financial Asset - Trade Receivables

Particulars	(₹ in Lakhs)	
	As at 31 st March 2021	As at 31 st March 2020
Trade Receivables*		
Considered Good - Unsecured	563786	1123473
Significant Increase in Credit Risk	0	0
Credit Impaired	15802	15972
	579588	1139445
Less: Allowance for Doubtful Debts	15802	15972
TOTAL	563786	1123473
*Above balances of trade receivables include balances with related parties (Refer Receivables of Clause No.14.1(e) of Note 49)	610	914

Note 15A - Financial Asset - Contract Assets

Particulars	(₹ in Lakhs)	
	As at 31 st March 2021	As at 31 st March 2020
Contract Assets-Considered Good - Unsecured		
Unbilled Revenue	835176	784173
Less: Allowance for Doubtful Debts	560	0
TOTAL	834616	784173

Note 16 - Financial Asset - Cash & Cash Equivalents

Particulars	(₹ in Lakhs)	
	As at 31 st March 2021	As at 31 st March 2020
A. Balances with Bank		
In Current Account	64209	27826
In Short Term Deposits	650101	100
Term Deposits with original maturity of less than 3 months	300	0
B. Cheques, Drafts on Hand	0	0
C. Cash on Hand	0	0
Sub Total	714610	27926
D. Other Bank Balances		
In Other Short Term Deposits with Financial Institutions	5	6
Sub-Total (D)	5	6
TOTAL (A+B+ C+D)	714615	27932



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 17 - Financial Asset- Bank Balances other than Cash and Cash Equivalents

(₹ in Lakhs)

Particulars	As at 31 st March 2021	As at 31 st March 2020
Term Deposits with original maturity for more than 3 months but less than 12 months	2871	3709
Earmarked balances with banks for Unpaid Dividend	249	15
TOTAL	3120	3724

Note 18 - Financial Asset- Loans

(₹ in Lakhs)

Particulars	As at 31 st March 2021	As at 31 st March 2020
A. Secured, Considered Good		
a) Security Deposit		
b) Loans to Related Parties	0	0
c) Others		
Loans and advances to employees	211	282
Sub-Total (A)	211	282
B. Unsecured, Considered Good		
a) Security Deposit		
Public Utility Concerns	49	47
Others	641	719
b) Loans to Related Parties	0	0
c) Others		
Loans and advances to employees	569	895
Sub-Total (B)	1259	1661
C. Loans which have Significant Increase in credit risk		
Sub-Total (C)	0	0
D. Loans - Credit Impaired		
Sub-Total (D)	0	0
TOTAL (A +B+C+D)	1470	1943

Note 19 - Other Financial Assets

(₹ in Lakhs)

Particulars	As at 31 st March 2021	As at 31 st March 2020
Claims Receivable		
Unsecured Considered Good	89037	106494
Receivable which have Significant Increase in Credit Risk	0	0
Credit Impaired	9096	8750
	98133	115244
Less: Provision for Doubtful Claims	9096	8750
Sub-Total	89037	106494
Interest Accrued and Due on Investment with LIC of India	6581	6060
Interest Accrued and not Due	1349	115
Current Maturities of Deferred Debt	8543	8234
Share Application Money Paid*	0	1000
TOTAL	105510	121903
Above balances of Claims Receivable & Share Application Money paid include balances with related parties (Refer Receivables of Clause No.14.1(e), (k) of Note 49)	849	1521

*Refer Clause No.14.8 of Note 49



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 20 Current Tax Assets (Net)

(₹ in Lakhs)

Particulars	As at 31 st March 2021	As at 31 st March 2020
Current Tax (Net)	0	3531
TOTAL	0	3531

Note 21 - Other Current Assets

(₹ in Lakhs)

Particulars	As at 31 st March 2021	As at 31 st March 2020
A. Advance Other than Capital Advances		
Advances against Goods and Services	91285	109517
Less: Provision for Bad and Doubtful	19	19
Other Loans and Advances	262	529
Advances to Related Parties	250	70
Less: Provision for Bad and Doubtful	52	52
B. Others		
Prepaid Expenses	2819	2775
Unamortised discount on commercial paper	0	1763
Balances with revenue Authorities		
Income tax	21	36
Others	0	0
Balance with GST Electronic Ledger	44971	14489
Revenue Stamps	0	0
Balances in Franking Machine	4	3
TOTAL	139541	129111

EQUITY

Note 22 - Equity Share Capital

(₹ in Lakhs)

Particulars	As at 31 st March 2021	As at 31 st March 2020
Authorised Capital	60000	60000
60,00,00,000 Equity Shares of ₹ 10 each		
Issued, Subscribed and Fully Paid up	33439	33439
33,43,87,500 (33,43,87,500 PY) Equity Shares of ₹ 10 each fully paid-up		
Par Value per Share (₹)	10	10
Reconciliation of the Number of Shares Outstanding at the beginning and at the end of the reporting period		
Opening Equity Shares (Nos.)	334387500	334387500
Add: Additions during the Year (Nos.)		
Less: Shares Bought Back (Nos.)		
Closing Equity Shares (Nos.)	334387500	334387500



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Particulars	(₹ in Lakhs)	
	As at 31 st March 2021	As at 31 st March 2020
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	251292407	300855180
% of Shareholding of President of India and Nominees	75.15%	89.97%
Life Insurance Corporation of India	48382104	23407104
% of Shareholding of Life Insurance Corporation of India	14.47%	7.00%

Terms/ Rights attached to Equity shares

The Company has one (1) Class of Shares i.e Equity Shares

The Equity Shares rank Parri Passu in all respects including right to Dividend, Issue of New Shares, Voting Rights and in the Assets of the Company in the event of Liquidation.

Note 23 - Other Equity

Particulars	(₹ in Lakhs)	
	As at 31 st March 2021	As at 31 st March 2020
Other Reserves		
A. Research & Development Reserve		
Opening Balance	108732	86020
Add: Current Year Transfer	29599	25351
Less: Transfer to General Reserve on utilisation	4604	2639
Closing Balance (A)	133727	108732
B. Capital Redemption Reserve		
Opening Balance	14761	14761
Closing Balance (B)	14761	14761
C. General Reserve As per last Balance Sheet	1231742	1100210
(+/-) Surplus Transferred from Statement of Profit and Loss	122915	128893
Add: Transfer from R&D Reserve	4604	2639
Closing Balance (C)	1359261	1231742
D. Retained earnings - Surplus in the statement of Profit & Loss		
Opening Balance	0	0
Add/(Less): Net Profit / (Net Loss) for the Current Year	323946	288282
Add/(Less): Remeasurement of the defined benefit plans	-71116	0
Sub total (i)	252830	288282
Less: Appropriations / Allocations		
Transfer to Research & Development Reserve	29599	25351
Interim Dividend (PY - Final Dividend)	100316	111184
Tax on Dividend	0	22854
Sub total (ii)	129915	159389
Transfer To General Reserves (i)-(ii)	122915	128893
Closing Balance (D)	0	0



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(₹ in Lakhs)

Particulars	As at 31 st March 2021	As at 31 st March 2020
E. Other Components of Equity		
Fair Value through Other Comprehensive Income (FVOCI) (\$)		
Opening Balance	-63823	-26218
Add/(Less): Additions made during the year	-7254	-37605
Add/(Less): Remeasurement of the defined benefit plans	71116	0
Closing Balance (E)	39	-63823
Total attributable to Owners of the Company	1507788	1291412
F. Attributable to Non-controlling interest		
Opening balance	431	448
Profit/(Loss) for the year	-40	-17
Closing balance (F)	391	431
TOTAL (A+B+C+D+E+F)	1508179	1291843

1. \$ Breakup is given separately in Statement of Changes in Equity

Nature and Purpose of each Reserve:

1 Research & Development Reserve:

Research & Development Reserve is created to bring technological superiority to its products in order to cope with the future technological challenges by transfer of annual contribution of 10% of Operating Profit After Tax. The amount of utilisation for R&D purposes during the year is transferred to General Reserve.

2 Capital Redemption Reserve:

This was created on redemption/buyback of equity shares.

3 General Reserve:

General Reserve is created out of the profits of the Company and out of Research & Development Reserve on utilization of Research & Development purposes. This is a free reserve.

Note 24 - Borrowings

(₹ in Lakhs)

Particulars	As at 31 st March 2021	As at 31 st March 2020
A. Secured		
a) Term Loans		
(i) From Banks	-	-
Sub-Total (A)	-	-
B. Unsecured		
Sub-Total (B)	-	-
TOTAL (A + B)	-	-



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 25 - Trade Payables

Particulars	(₹ in Lakhs)	
	As at 31 st March 2021	As at 31 st March 2020
Trade Payables	-	-
TOTAL	-	-

Note 26 - Other financial liabilities

Particulars	(₹ in Lakhs)	
	As at 31 st March 2021	As at 31 st March 2020
Dues to Employees	18	19
Deposits	17	18
Lease Liabilities	231	221
Deferred liabilities	34154	34178
Due to Capital Creditors - Micro enterprises and Small Enterprises	0	0
Due to Capital Creditors - other than micro enterprises and small enterprises	0	0
Other Liabilities	15140	20771
TOTAL	49560	55207

Note 27 - Provisions

Particulars	(₹ in Lakhs)	
	As at 31 st March 2021	As at 31 st March 2020
A. Provisions for Employee Benefits		
Gratuity	1087	1044
Earned Leave	96609	66368
Sub-Total (A)	97696	67412
B. Others*		
Replacement and Other Charges	12544	14346
Liquidated Damages	11332	47117
Onerous Contract	0	0
Sub-Total (B)	23876	61463
TOTAL (A + B)	121572	128875

*Refer Clause 13.1 of Note 49 for movement of Provisions

Note 28 - Deferred tax liabilities (Net)

Particulars	(₹ in Lakhs)	
	As at 31 st March 2021	As at 31 st March 2020
TOTAL	-	-



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 29 - Other Non current Liabilities

Particulars	(₹ in Lakhs)	
	As at 31 st March 2021	As at 31 st March 2020
A. Advances from Customers (Contract Liability)		
Outstanding Advances from Customers		
Defence*	631575	193655
Sub-Total (A)	631575	193655
B. Milestone Receipt (Contract Liability)		
Defence*	286508	496250
Others	12686	15749
Sub-Total (B)	299194	511999
TOTAL (A+B)	930769	705654

* includes Advance received against LCA Mark IA of ₹ 566741 Lakhs

Note 30 - Borrowings

Particulars	(₹ in Lakhs)	
	As at 31 st March 2021	As at 31 st March 2020
A. Secured Short Term Borrowings:		
a) Loans Repayable on Demand		
(i) From Banks*	907	438650
Working Capital Loan-Cash Credit*		
Sub-Total (A)	907	438650
B. Unsecured Short Term Borrowings:		
a) Loans Repayable on Demand		
(i) From Banks - Commercial paper	0	150000
Sub-Total (B)	0	150000
TOTAL (A + B)	907	588650

Refer Clause No.11.2 and 11.3 of Note No. 49

* Working Capital Loan is secured by first charge on Current Assets (All kinds of Stocks and Receivables of the company both present and future)

Note 31 - Trade Payables

Particulars	(₹ in Lakhs)	
	As at 31 st March 2021	As at 31 st March 2020
Trade Payables*		
A) total outstanding dues of micro enterprises and small Enterprises	4698	4779
B) total outstanding dues of creditors other than micro enterprises and small enterprises	219404	403595
TOTAL	224102	408374
	8964	5806

* Above balances of Trade Payable include balances with related parties (Refer Payable of Clause No.14.1(e) of Note 49)



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 32 - Other Financial Liabilities

Particulars	(₹ in Lakhs)	
	As at 31 st March 2021	As at 31 st March 2020
Liability for Outstanding Expenses	58565	47482
Deposits	12314	11617
Royalty	5261	5600
Dues to Employees	30070	106693
Lease Liabilities	8	8
Current Maturities of Deferred Debts/Liabilities	4182	4047
Due to Capital Creditors - Micro enterprises and Small Enterprises	674	344
Due to Capital Creditors - other than micro enterprises and small enterprises	16833	18690
Unpaid Dividend Account	249	15
Others Liabilities*	68592	56043
TOTAL	196748	250539
* Above balances of Other Liabilities include balances with related parties (Refer Payable of Clause No. 14.1 (e) & (l) of Note 49)	4644	4744

Note 33 - Other Current Liabilities

Particulars	(₹ in Lakhs)	
	As at 31 st March 2021	As at 31 st March 2020
A. Advances from Customers (Contract Liability)		
Outstanding Advances from Customers		
Defence	509646	355468
Others	4272	3841
Sub-total (A)	513918	359309
B. Milestone Receipt (Contract Liability)		
Defence	1066688	818977
Others	80442	81847
Sub-total (B)	1147130	900824
Advances from Customers (A + B)	1661048	1260133
C. Other Payables		
Taxes (Other than Taxes on Income)	5957	11690
GST Payable	7148	17429
Others	15269	13637
TOTAL (A+B+C)	1689422	1302889



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 34 - Provisions

Particulars	(₹ in Lakhs)	
	As at 31 st March 2021	As at 31 st March 2020
A. Provisions for Employee Benefits		
Gratuity	3174	24093
Earned Leave	14654	41969
Others	39890	17539
Sub-Total (A)	57718	83601
B. Others*		
Replacement and Other Charges	140728	167401
Warranty	82581	65384
Liquidated Damages	116611	155623
Onerous Contract	0	32183
Sub-Total (B)	339920	420591
TOTAL (A + B)	397638	504192

*Refer Clause 13.1 of Note 49 for movement of Provisions

Note 35 - Current tax liability (Net)

Particulars	(₹ in Lakhs)	
	As at 31 st March 2021	As at 31 st March 2020
Current tax liability (Net)	42254	58076
TOTAL	42254	58076

Note 36- Revenue from Operations

Particulars	(₹ in Lakhs)	
	For the year ended 31 st March 2021	For the Year ended 31 st March 2020
A. Sale of Products		
(i) Inland Sales		
Finished Goods	856363	846894
Spares	372687	258961
Development	87171	42486
Miscellaneous	20463	40653
Total Inland Sales of Products	1336684	1188994
(ii) Export Sales		
Finished Goods	3251	5935
Spares	18481	7475
Development	24	2783
Total Export Sales of Products	21756	16193
Total Sale of Products (A)	1358440	1205187



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

(₹ in Lakhs)

Particulars	For the year ended 31 st March 2021	For the Year ended 31 st March 2020
B. Sale of Services		
(i) Inland Sale of Services		
Repair & Overhaul	873263	909200
Other Services	2962	3352
Total Inland Sales of Services	876225	912552
(ii) Export Sale of Services		
Repair & Overhaul	2189	4952
Other Services	35	40
Total Export Sales of Services	2224	4992
Total Sales of Services (B)	878449	917544
Total Sales (A+B)	2236889	2122731
C. Other Operating Revenues		
(i) Disposal of Scrap and Surplus / Unserviceable Stores	861	777
(ii) Provisions no Longer Required*	34723	18555
(iii) Others	2981	2453
Total Other Operating Revenues (C)	38565	21785
Revenue from Operations (A+B+C)	2275454	2144516

Refer Clause No.13.1 of Note 49 for movement of Provisions

Note 37 - Other Income

(₹ in Lakhs)

Particulars	For the year ended 31 st March 2021	For the Year ended 31 st March 2020
Interest Income		
Short term Deposits / Loans / Others	2130	327
Sundry Advances - Employees	68	83
Other Deposits	6725	6219
Sub-total	8923	6629
Dividend Income		
Dividend from Non- Current Investments in Joint Ventures	0	0
Other Non-Operating Income		
Gain on Foreign Currency Transaction and Translation	368	0
Gain on Sale of Property, Plant & Equipment (Net)	12	23
Gain on Fair Value Adjustment	4159	3304
Miscellaneous	22361	19701
TOTAL	35823	29657



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 38- Cost of materials consumed

Particulars	(₹ in Lakhs)	
	For the year ended 31 st March 2021	For the Year ended 31 st March 2020
Consumption of Raw Material, Components, Stores And Spare Parts		
Opening Stock	1080472	1094352
Add: Purchases	865184	820295
Add: Subcontracting, Fabrication and Machining Charges.	26541	26844
Less: Closing stock	1141750	1080472
	830447	861019
Less: Transfer to		
Special Tools and Equipment	45751	34469
Capital Works	0	0
Development Expenditure	1742	606
Expense Accounts and Others	6482	9491
	53975	44566
TOTAL	776472	816453

Note 38A - Purchase of Stock-in-Trade

Particulars	(₹ in Lakhs)	
	For the year ended 31 st March 2021	For the Year ended 31 st March 2020
Purchase of Stock-in-Trade	82116	58715

Note 39- Changes in Inventories of Finished Goods, Stock-in-Trade and Work-In-Progress and Scrap

Particulars	(₹ in Lakhs)	
	For the year ended 31 st March 2021	For the Year ended 31 st March 2020
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-progress		
Opening Balance		
(i) Finished Goods	0	0
(ii) Work-in-progress	827774	893536
(iii) Stock in Trade	5250	3319
	833024	896855
Closing Balance		
(i) Finished Goods	0	0
(ii) Work-in-progress	585049	827774
(iii) Stock in Trade	2244	5250
	587293	833024
Accretion / (Decretion) -A	-245731	-63831
Change in Disposables Scrap		
Opening Balance	804	541
Closing Balance	721	804
Accretion / (Decretion)-B	-83	263
TOTAL (A+B)	-245814	-63568



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 40 - Employee benefits expense

Particulars	(₹ in Lakhs)	
	For the year ended 31 st March 2021	For the Year ended 31 st March 2020
Salaries and Wages	350122	404857
Contribution to Provident Fund and Others	57873	51363
Contribution to Gratuity	9676	6490
Others	20	18
Staff Welfare Expenses(Net)	12615	14717
Rent for Hiring Accommodation for Officers	211	317
TOTAL	430517	477762

Note 41 - Finance costs

Particulars	(₹ in Lakhs)	
	For the year ended 31 st March 2021	For the Year ended 31 st March 2020
Interest on Cash Credit	13279	26842
Discount on Commercial paper	6895	866
Interest on Lease Liability	17	17
Interest on Financial Liability carried at Amortised Cost	0	630
Interest on Income Tax	5475	6222
Interest on Micro and Small Enterprises	219	140
Interest - Others	32	129
TOTAL	25917	34846

Note 42 - Depreciation and Amortization expense

Particulars	(₹ in Lakhs)	
	For the year ended 31 st March 2021	For the Year ended 31 st March 2020
A. Depreciation on Plant, Property and Equipment	32070	31126
B. Amortisation		
Intangible assets- Development Expenditure	28817	5875
Other Intangible assets		
Licence Fees	9969	15599
Computer Software	748	705
Documentation	5433	1821
Special Tools	40791	44726
Sub-Total (B)	85758	68726
TOTAL (A+B)	117828	99852

Note 42A - Impairment Loss

Particulars	(₹ in Lakhs)	
	For the year ended 31 st March 2021	For the Year ended 31 st March 2020
Impairment Loss on Intangible Asset	6385	3179
TOTAL	6385	3179

Refer Clause No. 18 of Note 49



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 43 - Other expenses

(₹ in Lakhs)

Particulars	For the year ended 31 st March 2021	For the Year ended 31 st March 2020
Shop Supplies	8992	11061
Power and Fuel	13338	15137
Water Charges	5001	5031
Rent for Office Premises etc.	106	166
Travelling (includes Foreign Travel)	2687	5738
Training (includes Foreign Training)	513	693
Repairs:		
Buildings	6278	7641
Plant, Machinery and Equipment	13083	13737
Others	4008	5509
Expenses on Tools and Equipment	3401	3957
Insurance	4693	3007
Rates and Taxes	1322	1507
Postage and Telephones	751	845
Printing and Stationery	627	936
Publicity	2106	641
Advertisement	154	227
Bank Charges	772	1113
Loss on Foreign Currency Transaction and Translation	0	16216
Legal Expenses	423	221
Auditors' Remuneration:		
For Audit Fee	49	49
For Tax Audit Fee	6	6
For Other Services-Interim Audit & Other Certification fees	79	75
Selling Agents Commission	21	17
Donations	0	2
Handling Charges	255	290
Write Off:		
Stores	2320	1267
Shortages / Rejections	899	876
Others	1935	10
Freight and Insurance	947	1427
Corporate Social Responsibility	7859	8200
Loss on Fair Value Adjustment	4223	3341
Miscellaneous Operating Expenses (@)	34755	35926
TOTAL	121603	144869
(@) includes Director's Sitting Fees, excluding GST for the current period is ₹ 32 Lakh (For the year ended 31 March 2020 is ₹ 28 Lakh)	39	32



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 44 - Direct Input to Work in Progress/ Expenses Capitalised

(₹ in Lakhs)

Particulars	For the year ended 31 st March 2021	For the Year ended 31 st March 2020
A) DIRECT INPUT TO WIP		
Project related Travel	212	625
Project related Training	25	43
Project related other Expenditure	2665	2186
Royalty	1374	1032
Foreign Technician Fee	908	1313
Ground Risk Insurance	3180	3487
Quality Audit Expenses	3	2
Design and Development	16496	7482
Sundry Direct Charges - Others	363	371
Sub-Total (A)	25226	16541
B) EXPENSES CAPITALISED TO INTANGIBLE ASSET		
Licence Fees	216	384
Computer software	534	816
Documentation	1	88
Sub-Total (B)	751	1288
TOTAL (A + B)	25977	17829

Note 45 - Provisions

(₹ in Lakhs)

Particulars	For the year ended 31 st March 2021	For the Year ended 31 st March 2020
Replacement and Other Charges	21175	46328
Warranty	32561	21384
Redundancy provision - Raw Materials and Components, Stores and Spare parts, Loose Tools and Equipment, Construction Materials and Inventory - Warranty	43009	18213
Liquidated Damages	43875	52160
Doubtful Debts	1426	3767
Doubtful Claims	2955	3342
Impairment of Investments	25	133
TOTAL	145026	145327

Refer Clause No.13.1 of Note 49 for movement of Provisions



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 46 - Expenses relating to Capital and Other Accounts

(₹ in Lakhs)

Particulars	For the year ended 31 st March 2021	For the Year ended 31 st March 2020
Expenses allocated to:		
Other Intangible assets	751	1288
Special Tools	1094	418
Capital Works	181	0
Development Expenditure	52937	47155
Others	38431	24636
TOTAL	93394	73497

Other Comprehensive Income

Note 47 - Items that will not be reclassified to Profit or Loss

(₹ in Lakhs)

Particulars	For the year ended 31 st March 2021	For the Year ended 31 st March 2020
Remeasurements of the defined benefit plans	-9687	-50296
Share of Other Comprehensive Income in Associates and Joint Ventures, to the extent not to be classified into profit or loss	-17	13
TOTAL	-9704	-50283

Note 48 - Items that will be reclassified to profit or loss

(₹ in Lakhs)

Particulars	For the year ended 31 st March 2021	For the Year ended 31 st March 2020
Share of Other Comprehensive Income in Associates and Joint Ventures, to the extent to be classified into profit or loss	0	-1
TOTAL	0	-1



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 49 - Consolidated Notes to Financial Statements

(₹ unless otherwise stated is in lakhs)

1. In Compliance with Ind AS 112 - Disclosure of Interest in Other Entities, the required information is as follows:-

a) Information about subsidiaries

The consolidated financial statements of the Group includes subsidiaries listed in the table below:

Name of the Subsidiary*	Nature of Business	Equity Interest (in %) as at	
		31 st March 2021	31 st March 2020
Naini Aerospace Limited	Manufacture of Looms for Helicopter and Aircrafts and support for second line manufacture of Helicopter at TAD, Kanpur	100%	100%
Indo-Russian Helicopters Limited	Production, maintenance, operation, repairs modernize and upgrade the Ka-226 T Helicopters. The company will also do marketing for third countries export and provide technical support for these Helicopters	50.5%	50.5%

* All Subsidiaries have been incorporated in India and the principal place of business is in India.

Proportion of equity interest held by non-controlling interests:

Name of the Subsidiary	As at	
	31 st March 2021	31 st March 2020
Indo-Russian Helicopters Limited	49.5%	49.5%

b) Summarised financial information of Subsidiary

The summarised financial information of the subsidiaries are provided below. This information is based on amounts before inter-company eliminations.

Summarised Balance Sheet:

₹ in Lakhs

Particulars	Naini Aerospace Limited		Indo-Russian Helicopters Limited	
	As at		As at	
	31 st March 2021	31 st March 2020	31 st March 2021	31 st March 2020
Current assets	1519	2330	156	168
Current liabilities	1525	1097	66	
Net Current assets	-6	1233	90	168
Non-current assets	2038	1881	701	703
Non-current liabilities	1556	1580		
Net Non-current assets	482	301	701	703
Net assets	476	1534	791	871
Accumulated Non-Controlling Interests	-	-	391	431



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 49 - Consolidated Notes to Financial Statements

Summarised Statement of Profit & Loss:

₹ in Lakhs

Particulars	Naini Aerospace Limited		Indo-Russian Helicopters Limited	
	For the year ended		For the year ended	
	31 st March 2021	31 st March 2020	31 st March 2021	31 st March 2020
Revenue	540	769	53	55
Profit for the year	-1104	-908	-80	-34
Other Comprehensive Income	46	81		
Total Comprehensive Income	-1058	-827	-80	-34
Profit/(Loss) allocated to Non-Controlling Interests	-	-	-40	-17
Dividends paid to Non-Controlling Interests	-	-	-	-

Summarised Cash Flow:

₹ in Lakhs

Particulars	Naini Aerospace Limited		Indo-Russian Helicopters Limited	
	For the year ended		For the year ended	
	31 st March 2021	31 st March 2020	31 st March 2021	31 st March 2020
Cash flow from operating activities	-605	-748	-55	-80
Cash flow from investing activities	925	-631	53	54
Cash flow from financing activities				
Net increase/(decrease) in cash and cash equivalents	320	-1379	-2	-26



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 49 - Consolidated Notes to Financial Statements

2. Principles of Consolidation:

Sl. No.	Particulars
1	The Consolidated Financial Statements (CFS) of Hindustan Aeronautics Limited (HAL), Joint Ventures and its Subsidiaries are prepared in accordance with Ind AS 28 (Investments in Associates & Joint Ventures), Ind AS 110 (Consolidated Financial Statements), Ind AS 111 (Joint Arrangements) and are presented to the extent possible in the same manner as the the Company's Standalone Financial Statement.
2	Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date when control ceases.
3	The Group combines the financial statements of the parents and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of Subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Group.
4	<p>Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post acquisition profits or losses of the investee in profit and loss, and the Group's share of other comprehensive income of the investee in other comprehensive income.</p> <p>Dividends received or receivable from Joint Ventures are recognised as a reduction in the carrying amount of the investment.</p> <p>When the Group's share of losses in Joint Ventures equals or exceeds the Group's interest in the entity, including any other long-term unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.</p> <p>Unrealised gains on transactions between the Group and its Joint Ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.</p> <p>Accounting policies of Joint Ventures have been changed where necessary to ensure consistency with the policies adopted by the Group. The carrying amount of equity accounted investments are tested for impairment.</p>
5	Interests in Joint Ventures are accounted for using the equity method after initially being recognised at cost in the Consolidated Balance Sheet.
6	As per the Shareholders' Agreements entered by the Company relating to all the Joint Ventures which clearly specifies the intent of the Company to subscribe and hold the specified percentage of the equity from the beginning, no pre-acquisition profits/losses arose on consolidation.
7	In respect of contingent liabilities and commitments proportionate share of the Company's and others entire amount as shown by Joint Ventures has been considered for disclosure.
8	The figures of previous year have been considered based on audited financial statements of the Subsidiary / Joint Ventures.



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 49 - Consolidated Notes to Financial Statements

3. In Compliance with Ind AS 112 - Disclosure of Interest in Other Entities, the required information is as follows:-

a) Details of interest in Joint Venture is as under:

Name of the Joint Ventures*	Nature of Business	Proportion of Ownership Interest (in %) as at	
		As at 31 st March 2021	As at 31 st March 2020
International Aerospace Manufacturing Private Limited (IAMPL)	Manufacturing of compressed rings, turbine blades.	50%	50%
BAeHAL Software Limited (BAeHAL)	Develop, Improve, Market, Sell, Lease or Loaning of Computer Softwares	49%	49%
Safran HAL Aircraft Engines Private Limited (Formerly known as Snecma HAL Aerospace Private Limited)	Produce Engine Parts & Components	50%	50%
Samtel HAL Display Systems Limited (SAMTEL)	Design, Develop & Manufacture of various types of display systems for airborne, military & Ground Applications.	40%	40%
Infotech HAL Limited (INFOTECH)	Engineering Services work in aero engines field, Technical Publications, Works from OEM.	50%	50%
HAL Edgewood Technologies Private Limited (HAL-EDGEWOOD)	Hi-tech aerospace & Defence Product Design, Development, manufacturing & Technology Transfer.	50%	50%
Halbit Avionics Private Limited (HALBIT)	Design, Develop, Market & Support (Operations & Maintenance) Products. Provide support and maintenance services	50%	50%
Indo-Russian Aviation Limited (IRAL)	Overhaul & Repair of Aircraft, Engines	48%	48%
HATSOFF Helicopter Training Private Limited (HATSOFF)	Military & Civil Helicopter Pilot Training Services, Marketing about Training Services	50%	50%
TATA HAL Technologies Limited (TATA-HAL)	Provide Engineering & Design Solutions Leveraging the strength of parties.	50%	50%
Multirole Transport Aircraft Limited (MTAL)	Preliminary & Detail Design of MTA MTA Prototypes Prod. Factory Testing of MTA Flight Aircraft Tests of MTA	50%	50%
Helicopter Engines MRO Private Ltd	To provide support, maintenance, repair and overhaul of Helicopter engines	50%	50%

* All Joint Ventures have been incorporated in India and the principal place of business is in India.

Hindustan Aeronautics Limited has invested in two companies i.e. Aerospace and Aviation Sector Skill Council & Defence Innovation Organisation. The companies are incorporated under Sec 8 of the Companies Act 2013. As per Ind AS 110, the Company does not exercise any control over Aerospace and Aviation Sector Skill Council & Defence Innovation Organisation. Hence they have not been considered for consolidation in Consolidated Financial Statements.



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 49 - Consolidated Notes to Financial Statements

b) Summarised Financial information in respect of each of Group's Joint Ventures is set out below:

The summarised financial information below represents amount shown in the Joint Venture's financial statements prepared in accordance with Ind AS adjusted by the Group for equity accounting purpose.

Summarised Balance Sheet

Particulars	₹ in Lakhs					
	BAe-HAL Software Ltd		Safran HAL Aircraft Engines Private Ltd		SAMTEL HAL Display Systems Ltd	
	As at		As at		As at	
	31 st March 2021	31 st March 2020	31 st March 2021	31 st March 2020	31 st March 2021	31 st March 2020
Current assets						
- Cash & Cash equivalents	5	9	444	1550	18	1
- Other assets	2113	2120	7263	8527	1707	125
Total current assets	2118	2129	7707	10077	1725	126
Total non-current assets	296	353	2951	2777	54	66
Current liabilities						
- Financial liabilities (excluding trade payables)	63	13	587	1654	380	380
- Other liabilities	1300	1236	1441	2872	2283	582
Total current liabilities	1363	1249	2028	4526	2663	962
Non-Current liabilities						
- Financial liabilities (excluding trade payables)			913	946		
- Other liabilities	148	140	102	119	63	70
Total non-current liabilities	148	140	1015	1065	63	70
Net assets	903	1093	7615	7263	-947	-840



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 49 - Consolidated Notes to Financial Statements

Summarised Balance Sheet

₹ in Lakhs

Particulars	HALBIT Avionics Pvt Ltd		Indo-Russian Aviation Ltd		INFOTECH HAL Ltd		HATSOFF Helicopter Training Pvt Ltd	
	As at 31 st March 2021	As at 31 st March 2020	As at 31 st March 2021	As at 31 st March 2020	As at 31 st March 2021	As at 31 st March 2020	As at 31 st March 2021	As at 31 st March 2020
Current assets								
- Cash & Cash equivalents	670	636	8034	10558	33	10	2097	2925
- Other assets	2737	3201	9763	5838	250	194	2949	2345
Total current assets	3407	3837	17797	16396	283	204	5046	5270
Total non-current assets	96	101	78	80	20	16	16637	17650
Current liabilities								
- Financial liabilities (excluding trade payables)					409	402	15814	15515
- Other liabilities	4646	5118	2662	2178	280	120	1295	1117
Total current liabilities	4646	5118	2662	2178	689	522	17109	16632
Non-Current liabilities								
- Financial liabilities (excluding trade payables)							8623	11425
- Other liabilities	22	22	461	461		4	147	146
Total non-current liabilities	22	22	461	461		4	8770	11571
Net assets	-1165	-1202	14752	13837	-386	-306	-4196	-5283

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 49 - Consolidated Notes to Financial Statements

Summarised Balance Sheet

₹ in Lakhs

Particulars	TATA HAL Technologies Ltd		International Aero-space Manufacturing Pvt Ltd		Multirole Transport Aircraft Ltd.		Helicopter Engines MRO Pvt Ltd	
	As at 31 st March 2021	As at 31 st March 2020	As at 31 st March 2021	As at 31 st March 2020	As at 31 st March 2021	As at 31 st March 2020	As at 31 st March 2021	As at 31 st March 2020
Current assets								
- Cash & Cash equivalents	47	43	72	58	2698	2692	118	2137
- Other assets	55	356	10017	12566	8368	7991	111	158
Total current assets	102	399	10089	12624	11066	10683	229	2295
Total non-current assets			7761	8501	7287	8617	19	33
Current liabilities								
- Financial liabilities (excluding trade payables)		78	3884	6157		12		2000
- Other liabilities	15	184	4411	5439	14	20	1	31
Total current liabilities	15	262	8295	11596	14	32	1	2031
Non-Current liabilities								
- Financial liabilities (excluding trade payables)					1	42		
- Other liabilities			171	151				
Total non-current liabilities			171	151	1	42		
Net assets	87	137	9384	9378	18338	19226	247	297



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 49 - Consolidated Notes to Financial Statements

Summarised Statement of Profit & loss

₹ in Lakhs

Particulars	BAe-HAL Software Ltd		Safran HAL Aircraft Engines Private Ltd		SAMTEL HAL Display Systems Ltd		HALBIT Avionics Pvt Ltd		Indo Russian Aviation Ltd	
	31 st March 2021	31 st March 2020	31 st March 2021	31 st March 2020	31 st March 2021	31 st March 2020	31 st March 2021	31 st March 2020	31 st March 2021	31 st March 2020
Revenue	1404	1984	4250	10311	1408	1184	411	438	6469	5394
Interest Income	8	11	24	18		2	42	61	599	784
Depreciation & amortisation	16	12	230	351	12	15	1	1	9	8
Interest expense	17	15	28	109	15	6				
Income tax expense	-55	16	124	259					380	347
Other Expenditure	1630	1950	3540	8888	1488	1398	415	612	5569	4820
Profit from continuing operations	-196	2	352	722	-107	-233	37	-114	1110	1003
Profit from discontinued operations										
Profit for the year	-196	2	352	722	-107	-233	37	-114	1110	1003
Other comprehensive income	6	3		17				-2		
Total comprehensive income	-190	5	352	739	-107	-233	37	-116	1110	1003
Dividends Received (HAL share)									94	126

Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 49 - Consolidated Notes to Financial Statements

Reconciliation of the summarised financial information to the carrying amount of interest in Joint venture

₹ in Lakhs

Particulars	BAe-HAL Software Ltd		Safran HAL Aircraft Engines Private Ltd		SAMTEL HAL Display Systems Ltd		HALBIT Avionics Pvt Ltd		Indo Russian Aviation Ltd	
	As at	31 st March 2020	As at	31 st March 2020	As at	31 st March 2020	As at	31 st March 2020	As at	31 st March 2020
Opening net assets	1093	1088	7263	6524	-840	-607	-1202	-1141	13837	13152
Restatement of financial statement by JV								55		
Profit for the year	-196	2	352	722	-107	-233	37	-114	1110	1006
Other comprehensive income	6	3		17				-2		-3
Dividends paid									-195	-318
Appropriation										
Share Capital issued										
Closing net assets	903	1093	7615	7263	-947	-840	-1165	-1202	14752	13837
Group's share in %	49%	49%	50%	50%	40%	40%	50%	50%	48%	48%
Group's share in INR	442	535	3808	3632	-379	-336	-583	-601	7081	6642
Unrealised Gain/ Loss									-1556	-1802
Unrecognised Losses (Net of subsequent profits)					539	496	966	984		
Provision for Diminution					160	160	383	383		
Goodwill										
Carrying amount	442	535	3808	3632	0	0	0	0	5525	4840



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 49 - Consolidated Notes to Financial Statements

Summarised Statement of Profit & loss

₹ in Lakhs

Particulars	INFOTECH HAL Ltd		HATSOFF Helicopter Training Pvt Ltd		TATA HAL Technologies Ltd		International Aerospace Manufacturing Pvt Ltd		Multirole Transport Aircraft Ltd.		Helicopter Engines MRO Pvt Ltd	
	For the year ended	31 st March 2020	For the year ended	31 st March 2020	For the year ended	31 st March 2020	For the year ended	31 st March 2020	For the year ended	31 st March 2020	For the year ended	31 st March 2020
Revenue	260	320	4432	4189	36	724	10809	16174	7		17	148
Interest Income			114	116	9	8	13	16	535	662	2	
Depreciation & amortisation	1		984	984		3	1388	1668	1306		17	58
Interest expense	3	11	982	1485	2	20	147	337				
Income tax expense	4					-2	74	22	11	28		
Other Expenditure	331	336	1493	3869	92	624	9140	13691	105	421	52	287
Profit from continuing operations	-79	-27	1087	-2033	-49	87	73	472	-880	-1093	-50	-197
Profit from discontinued operations												
Profit for the year	-79	-27	1087	-2033	-49	87	73	472	-880	-1093	-50	-197
Other comprehensive income		14		-8	-1	-8	-33	13	-8	5		
Total comprehensive income	-79	-13	1087	-2041	-50	79	40	485	-888	-1088	-50	-197
Dividends Received (HAL share)	-	-	-	-	-	-	17	9	-	-	-	-



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 49 - Consolidated Notes to Financial Statements

Reconciliation of the summarised financial information to the carrying amount of interest in Joint venture

₹ in Lakhs

Particulars	INFOTECH HAL Ltd		HATSOFF Helicopter Training Pvt Ltd		TATA HAL Technologies Ltd		International Aerospace Manufacturing Pvt Ltd		Multirole Transport Aircraft Ltd.		Helicopter Engines MRO Pvt Ltd	
	As at 31st March 2021	31st March 2020	As at 31st March 2021	31st March 2020	As at 31st March 2021	31st March 2020	As at 31st March 2021	31st March 2020	As at 31st March 2021	31st March 2020	As at 31st March 2021	As at 31st March 2020
Opening net assets	-306	523	-5283	-3242	137	58	9378	8913	19226	20316	297	294
Restatement of financial statement by JV		-816										
Adjustment for Ind AS 116												
Profit for the year	-79	-27	1087	-2033	-49	87	73	472	-880	-1093	-50	-197
Other comprehensive income		14		-8	-1	-8	-33	13	-8	5		
Dividends paid							-34	-20				
Appropriation												
Share Capital issued												200
Closing net assets	-385	-306	-4196	-5283	87	137	9384	9378	18338	19226	247	297
Group's share in %	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Group's share in INR	-193	-153	-2098	-2642	43	68	4692	4689	9170	9614	124	149
Unrealised Gain/ Loss							-8	-23				
Unrecognised Losses (Net of subsequent profits)	393	353	5938	6482	464	439					263	213
Provision for Diminution	200	200	3840	3840	507	507	855	855	6678	6678	387	362
Goodwill												
Carrying amount			0	0	0	0	3829	3811	2492	2936	0	0



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 49 - Consolidated Notes to Financial Statements

4.

(a) Claims / Demands against the Company not acknowledged as debt

₹ in Lakhs

Particulars*	As at	
	31 st March 2021	31 st March 2020
In respect of the Group		
(i) Sales Tax / Entry Tax / GST	1008938	915884
(ii) Service Tax	127359	119885
(iii) Customs Duty	25376	23569
* In terms of Pricing Policy agreed with Defence Services, prices approved are exclusive of taxes and duties i.e. Sales Tax, Service Tax, GST, Customs Duty etc. In case, the customer do not submit an exemption certificate, taxes would be levied and the same would be re-imbursed by the customer.		
* The Sales Tax /VAT/Entry Tax disputes on sales to the Indian Armed Forces in the State of Karnataka, Odisha and Telengana have been resolved between officials of Department of Defence Production(DDP), Ministry of Defence (MoD), the Company and representatives of Indian Air Force (IAF) and Indian Army with Commercial Tax Department and Finance Department of Government of Karnataka, Odisha and Telengana.		
In the year 2019-20, an out of court settlement for sales tax has been reached between the Company and Government of Telengana. As per the settlement, the disputed tax demand of ₹ 81579 lakhs was settled at ₹ 13917 lakhs. The Company paid ₹ 8500 lakhs in March, 2020 and balance amount of ₹ 5417 lakhs was paid in September 20. Subsequently, the division received the reimbursement from AODAD to the extent of ₹ 13917 lakhs as full and final value of settlement amount.		
Sub Total (A)	1161673	1059338
In respect of Joint Ventures (Group Share)		
(i) Sales Tax / Entry Tax / GST	0	0
(ii) Service Tax	0	16
(iii) Customs Duty	0	0
Sub Total (B)	0	16
Total (A+B)	1161673	1059354



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 49 - Consolidated Notes to Financial Statements

(b) Contingent Liability not acknowledged as debts

₹ in Lakhs

Particulars	As at	
	31 st March 2021	31 st March 2020
In respect of the Group		
(i) Income Tax	18700	27703
(iii) Others**	50846	48951
** ₹ 50846 lakh does not include ₹ 1686 lakh (P.Y. ₹ 1686 lakh) of contingent liability to M/s Halbit Avionics Private Limited.		
Sub Total (A)	69546	76654
In respect of Joint Ventures (Group Share)		
(i) Income Tax	22	73
(ii) Municipal Tax	0	0
(iii) Others	0	11
Sub Total (B)	22	84
Total (A+B)	69568	76738

(c) Commitments

₹ in Lakhs

Particulars	As at	
	31 st March 2021	31 st March 2020
In respect of the Group		
Estimated amount of contracts remaining to be executed and not provided for on Capital Account	121433	118711
In respect of Joint Ventures (Group Share)		
Estimated amount of contracts remaining to be executed and not provided for on Capital Account	4022	2451
Total	125455	121162

In view of the nature of business, being long term contracts there may be other commitments for purchase of material etc., which has been considered as normal business process, hence not been disclosed.



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 49 - Consolidated Notes to Financial Statements

5. Notes Specific to Joint Ventures

(i) In respect of HATSOFF Helicopter Training Private Limited

Going Concern

The Company has made a net profit of ₹ 1086.86 Lakhs during the period ended 31 March, 2021 and, as of that date, the Company's current liabilities exceeded its current assets. In addition to this, as at the balance sheet date, the Company has significant accumulated losses which have resulted in erosion of the net worth. The networth of the Company as at 31 March, 2021 is negative by ₹ 4196.22 Lakhs (as at 31 March, 2020 negative by ₹ 5283.08 Lakhs). However, these financial statements have been prepared on a going concern basis, notwithstanding the above factors in view of the following:

- 1) Board has affirmed that Company has the ability to meet all the obligation.
- 2) The Company is able to get multi-year contracts from Defence forces with increased training hours.
- 3) The Company along with the shareholders are presently pursuing several options with the Company's bankers ,viz., ICICI Bank.
- 4) The Company has paid ECB loan interest upto 05 September, 2020 and continues to service interest commitments regularly. Besides interest payment, ECB principal of ₹ 1222.26 Lakhs (US\$ 1,635,452.39) in August, 2020 and ₹ 398.61 Lakhs (US\$ 545,000) in April, 2021 has been repaid against ECB overdue instalments.
- 5) The ECB Loan is classified as Non-Performing Asset by the lending bank in view of non-payment of installments due. The bankers has not recalled the loan.

Considering the promoters ability to fund the Company's requirements and procure orders for execution, management is of the opinion that Company is a going concern.

(ii) In respect of HALBIT Avionics Private Ltd

The Company has the following conditions that may cast doubt on its ability to continue as a going concern viz., Net liability position (₹ 1164 lakhs as at 31 March, 2021 and ₹ 1202 lakhs as at 31 March, 2020); Net current liability position (₹ 1239 lakhs for the year ended 31 March, 2021 and ₹ 1281 lakhs for the year ended 31 March, 2020). Despite these conditions, its current liability to creditor, though recorded, isn't payable immediately, as they are yet to complete part performance of their obligation and being a shareholder-joint venture partner themselves, the Company has drawn up financial plans to liquidate the liability in a phased manner. The Company, based on its estimated future growth as per the business plans and projected cash flow, is confident of funding its operating and capital expenditure and continue business operations in the foreseeable future. Accordingly, these financial statements have been prepared on a going concern basis.

(iii) In respect of TATA HAL Technologies Ltd

During the year 2019-20 both the joint venturers of the Company, M/s Tata Technologies Limited and Hindustan Aeronautics Limited expressed their respective Board decisions for voluntary winding up of the Company. The matter has been discussed during the Board Meeting of the Company held on 09 March, 2020 during which the Board has accorded in principle approval for closure of the operations of the Company on 31 March, 2020 except for pending work related to Purchase Order from HAL. Considering the above fact the accounts have been prepared on a non-going concern basis and assets have been valued at the amount which the Company expects to realize an assets and liabilities are stated at the amount which Company expects to settle the liability. The accounts for the corresponding previous period ended 31 March, 2020 have been prepared on a going concern basis.



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 49 - Consolidated Notes to Financial Statements

(iv) In respect of Infotech HAL Ltd

On July 22, 2020, the Board decided to discontinue the operations of the Company after completion of all ongoing projects and as of now, the management has no intention of reviving the operations or for exploring other business opportunities.

The Company has discontinued its operations and has no intention to revive the business. Accordingly, these financial statements have been prepared under the liquidation basis of accounting. The carrying values of all assets are presented at their estimated realizable values and all liabilities are presented at their estimated settlement amounts as at March 31, 2021 as determined by the Company's management, which are subject to change upon actual realization / settlement.

(v) In respect of Helicopter Engines MRO Private Ltd

Pursuant to the decision of Board of Directors of the Company vide Board Resolution dated 05 May, 2020 to down size the operations of the Company with effect from 31 May, 2020, these financial statements of the Company have been prepared on the basis of a going concern. In making this assessment, the Management have considered several positive indicators including the plan provided by Safran and HAL, the joint venture partner, to provide support in the foreseeable future for meeting financial obligations and continuing technical, operational and management support being provided by them.

(vi) In respect of HAL-Edgewood Technologies Private Limited

HAL Edgewood Technologies Private Limited, is a Joint venture company of Hindustan Aeronautics Limited, has vide their letter dated 09.07.2020, intimated their employees regarding the official closure of the company with immediate effect due to the spread of Covid 19-Pandemic.

The Joint Venture Company has not prepared the financial statements for the year ended 31 March, 2021 due to the abovementioned reason.

Hence, HAL Edgewood Technologies Private Limited, has not been considered for consolidation for the year ended 31 March, 2021, in the Consolidated Financial Statements.

The impact of non-consolidation, however is not material



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 49 - Consolidated Notes to Financial Statements

6. Additional information pursuant to para 2 of general instructions for the preparation of consolidated financial statements

₹ in Lakhs

Name of the Entity in the Group	Net Assets, i.e. Total Assets minus Total Liabilities		Share in Net Profit or Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	2020-21	As % of consolidated net assets	2020-21	As % of consolidated profit or loss	2020-21	As % of consolidated other comprehensive income	2020-21	As % of consolidated total comprehensive income
Parent								
Hindustan Aeronautics Limited	99	1529760	100	324609	100	-7283	100	317326
Subsidiaries								
Naini Aerospace Limited*	0	-4524	0	-1104	-1	46	0	-1058
Indo-Russian Helicopters Ltd*	0	-105	0	-40			0	-40
Non Controlling Interest in Subsidiaries*	0	391	0	-40			0	-40
Joint Ventures (Investment as per the equity method)								
M/s BAe-HAL Software Ltd*	0	442	0	-96	0	3	0	-93
M/s Safran HAL Aircraft Engines Private Ltd*	0	3808	0	176			0	176
M/s Indo Russian Aviation Ltd*	0	5525	0	779			0	779
M/s HALBIT Avionics Pvt Ltd								
M/s HAL Edgewood Technologies Pvt Ltd								
M/s SAMTEL HAL Display Systems Ltd								
M/s INFOTECH HAL Ltd*								
M/s HATSOFF Helicopter Training Pvt Ltd								
M/s TATA HAL Technologies Ltd*								
M/s International Aerospace Manufacturing Pvt Ltd*	0	3829	0	37	0	-16	0	21
M/s. Multirole Transport Aircraft Ltd.*	0	2492	0	-440	0	-4	0	-444
M/s. Helicopter Engines MRO Pvt Ltd*			0	25			0	25
Total	100	1541618	100	323906	100	-7254	100	316652

* less than 1%



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 49 - Consolidated Notes to Financial Statements

6. Additional information pursuant to para 2 of general instructions for the preparation of consolidated financial statements

₹ in Lakhs

Name of the Entity in the Group	Net Assets, i.e. Total Assets minus Total Liabilities		Share in Net Profit or Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	2019-20	As % of consolidated net assets	2019-20	As % of consolidated profit or loss	2019-20	As % of consolidated other comprehensive income	2019-20	As % of consolidated total comprehensive income
Parent								
Hindustan Aeronautics Limited	99	1312628	100	288504	100	-37698	100	250806
Subsidiaries								
Naini Aerospace Limited*	0	-3466	0	-908	0	81	0	-827
Indo-Russian Helicopters Ltd*	0	-65	0	-17	0		0	-17
Non Controlling Interest in Subsidiaries*	0	431	0	-17	0		0	-17
Joint Ventures (Investment as per the equity method)								
M/s BAE-HAL Software Ltd*	0	535	0	1	0	1	0	2
M/s Safran HAL Aircraft Engines Private Ltd*	0	3632	0	361	0	8	0	369
M/s Indo Russian Aviation Ltd*	0	4840	0	706	0	-2	0	704
M/s HALBIT Avionics Pvt Ltd								
M/s HAL Edgewood Technologies Pvt Ltd								
M/s SAMTEL HAL Display Systems Ltd								
M/s INFOTECH HAL Ltd*	0		0	-57	0	-4	0	-61
M/s HATSOFF Helicopter Training Pvt Ltd								
M/s TATA HAL Technologies Ltd								
M/s International Aerospace Manufacturing Pvt Ltd*	0	3811	0	258	0	7	0	265
M/s. Multirole Transport Aircraft Ltd.*	0	2936	0	-547	0	2	0	-545
M/s. Helicopter Engines MRO Pvt Ltd*	0		0	-20	0		0	-20
Total	100	1325282	100	288265	100	-37605	100	250660

* less than 1%



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 49 - Consolidated Notes to Financial Statements

7. Restatement for the year ended 31 March 2020

In accordance with Ind AS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' and Ind AS 1, 'Presentation of Financial Statements', the Company has retrospectively restated its Balance Sheet as at 31 March 2020 and Statement of Profit and Loss for the year ended 31 March 2020 for the reasons as stated in the notes below. There is no restatement for the year ended 31.03.2021. Reconciliation of financial statement line items which are retrospectively restated are as under:

(a) Reconciliation of restated items of Balance Sheet as at 31.03.2020

₹ in Lakhs

Particulars	Note No.	As previously reported	Reclassification	Restatement as on 31 st March 2020 for prior periods in the year ended March 2020	As restated
ASSETS					
Non-current assets					
(a) Property, Plant and Equipment	1	635059			635059
(b) Capital work-in-progress	2	86000			86000
(c) Investment Property	3	3			3
(e) Other Intangible assets	5	100687			100687
(f) Intangible Assets under Development	6	118269			118269
(g) Investments accounted for using the Equity Method	7	15754			15754
(h) Financial Assets					
(i) Investments	7A	83326			83326
(ii) Trade Receivables	8	0			0
(iii) Contract Assets	8A	0			0
(iv) Loans	9	4796			4796
(v) Other Financial Assets	10	34513			34513
(i) Deferred tax Assets (net)	11	47011			47011
(j) Other Non-Current Assets	12	61666	1274		62940
Current assets					
(a) Inventories	13	1943590			1943590
(b) Financial Assets					
(i) Investments	14	0			0
(ii) Trade receivables	15	1158339	-35831	965	1123473
(iii) Contract Assets	15A	748342	35831		784173
(iv) Cash and Cash Equivalents	16	27932			27932
(v) Bank Balances other than Cash and Cash Equivalents	17	3724			3724
(vi) Loans	18	1937	6		1943
(vii) Other Financial Assets	19	123177	-1274		121903



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 49 - Consolidated Notes to Financial Statements

₹ in Lakhs

Particulars	Note No.	As previously reported	Reclassification	Restatement as on 31 st March 2020 for prior periods in the year ended March 2020	As restated
(c) Current Tax Assets (Net)	20	3531			3531
(d) Other Currents Assets	21	129117	-6		129111
Total		5326773	0	965	5327738
EQUITY AND LIABILITIES					
Equity					
(a) Equity Share capital	22	33439		0	33439
(b) Other Equity	23	1290447		965	1291412
Non-controlling interest		431			431
LIABILITIES					
Non-current liabilities					
(a) Financial Liabilities					
(i) Borrowings	24	0			0
(ii) Trade payables	25	0			0
(iii) Other Financial Liabilities	26	41978	13229		55207
(b) Provisions	27	152968	-24093		128875
(c) Deferred Tax Liabilities (Net)	28	0			0
(d) Other Non-Current Liabilities	29	705654			705654
Current Liabilities					
(a) Financial liabilities					
(i) Borrowings	30	577518	11132		588650
(ii) Trade payables	31	408374			408374
(iii) Other Financial liabilities	32	262578	-12039		250539
(b) Other Current Liabilities	33	1315211	-12322		1302889
(c) Provisions	34	480099	24093		504192
(d) Current Tax Liabilities (Net)	35	58076			58076
Total		5326773	0	965	5327738

Note: Reclassification/disclosure which has no impact on Profit and loss and retained earnings.



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 49 - Consolidated Notes to Financial Statements

(b) Reconciliation of restated items of Statement of Profit and Loss for the year ended 31 March 2020

₹ in Lakhs

Particulars	For the year ended 31 March 2020
Profit after tax as per previously audited financial statement	287300
RESTATEMENT ADJUSTMENTS:	
Recognition of Revenue on repair of Accessories and supply of Spares pertaining to 2019-20	965
Profit after tax as per Restated Accounts	288265
Other Comprehensive Income	-37605
Total Comprehensive Income	250660

(c) Earning per Equity share

As a result of the above-mentioned adjustments, basic and diluted earnings per share for the financial year 2019-20 changed as below:

Particulars	As previously reported	Adjustments	As restated
Earnings per Equity Share			
Basic earnings per Equity Share (in Rupees)	85.92	0.29	86.21
Diluted earnings per Equity Share (in Rupees)	85.92	0.29	86.21

₹ in Lakhs

Particulars	As at 31 March 2020
Equity as previously reported	1324317
Recognition of Revenue on repair of Accessories and supply of Spares pertaining to 2019-20	965
Equity as per re-stated Accounts	1325282

(e) Note to 7(a) & (b)

2019-20

Recognition of Revenue on repair of Accessories and supply of Spares accepted by customer in 2019-20, which was omitted to recognise, is now recognised by restating the Revenue in the comparative period i.e. 2019-20 for ₹ 965 Lakhs



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 49 - Consolidated Notes to Financial Statements

8. Financial instruments by category

(a) The carrying value and fair value of Financial instruments by each category as at 31st March, 2021 were as follows:

₹ in Lakhs

Particulars	Financial assets/liabilities at amortised costs	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVTOCI	Total Carrying Value	Total Fair Value
Assets:					
(i) Investments	89455	-	-	89455	89455
(ii) Loans	6083	-	-	6083	6083
(iii) Other financial assets	139986	-	-	139986	139986
(iv) Trade receivables	563786	-	-	563786	563786
(v) Contract Asset	834616	-	-	834616	834616
(vi) Cash and Cash equivalents	714615	-	-	714615	714615
(vii) Bank balance other than Cash & Cash equivalents	3120	-	-	3120	3120
Liabilities:					
(i) Trade payables	224102	-	-	224102	224102
(ii) Other financial liabilities	246308	-	-	246308	246308
(iii) Borrowings	907	-	-	907	907

(b) The carrying value and fair value of Financial instruments by each category as at 31st March, 2020 were as follows:

₹ in Lakhs

Particulars	Financial assets/liabilities at amortised costs	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVTOCI	Total Carrying Value	Total Fair Value
Assets:					
(i) Investments	83326	-	-	83326	83326
(ii) Loans	6739	-	-	6739	6739
(iii) Other financial assets	156416	-	-	156416	156416
(iv) Trade receivables	1123473	-	-	1123473	1123473
(v) Contract Asset	784173	-	-	784173	784173
(vi) Cash and Cash equivalents	27932	-	-	27932	27932
(vii) Bank balance other than Cash & Cash equivalents	3724	-	-	3724	3724
Liabilities:					
(i) Trade payables	408374	-	-	408374	408374
(ii) Other financial liabilities	305746	-	-	305746	305746
(iii) Borrowings	588650	-	-	588650	588650



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 49 - Consolidated Notes to Financial Statements

(c) Interest income/expenses, gain/loss recognised on Financial assets and liabilities in the Consolidated Statement of Profit & Loss are as follows:

₹ in Lakhs

Particulars	For the year ended	
	31 st March 2021	31 st March 2020
(i) Financial assets at amortised cost		
- Interest income from bank deposits	2130	327
- Interest income from other financial assets	6793	6302
- Gain/(Loss) on amortisation of financial assets	4159	3304
(ii) Financial liabilities at amortised cost		
- (Gain)/Loss on amortisation of financial liabilities	4223	3341

9 Financial Risk Management

The Group is exposed to market risk, credit risk and liquidity risk which may impact the fair value of its financial instruments. The Group based on its business operation evaluated the following risks:

a) Foreign currency risk:

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in exchange rates. The Group's exposure to the risk of changes in exchange rates relates primarily to the Group's imports for which the payment has to be done in currencies other than the functional currency of the Group. The fluctuation in exchange rates in respect to the Indian rupee may have very restricted impact on Group as any fluctuations in foreign exchange are in general reimbursed by the customers of the Group in terms of the contractual obligations which the Group has with its customers.

b) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counter party to a financial instrument fails to meet its contractual obligations resulting in a financial loss to the Group. Credit risk arises principally from trade receivables, loans & advances, advances given to suppliers (for procurement of goods, services and capital goods, cash & cash equivalents and deposits with banks and financial institutions). The Group for the financial year ended 31 March 2021 derived 92% (for the financial year ended 31 March 2020 94%) of its total sales from sales to the Indian Defence Services. The Group expects to continue to derive most of its sales from the Indian Defence Services under the contracts of the Ministry of Defence (MoD), Government of India (GoI) –the Group's principal shareholder and administrative ministry.

Ageing Analysis of the Trade Receivables

₹ in Lakhs

Ageing	0-30 days past due	31-60 days past due	61-90 days past due	91-120 days past due	121-180 days past due	more than 181 days past due	Total
Net carrying amount as on 31.03.2021	147292	53588	30297	66366	47707	218536	563786
Net carrying amount as on 31.03.2020	203823	107628	80880	125051	86273	519818	1123473

c) Provision for expected credit losses:

As the Group's debtors are predominantly the Government of India (Indian Defence Services, Ministry of External Affairs), Central Public Sector Undertakings where the counter-parties have sufficient capacity to meet the obligations and where the risk of default is NIL/negligible. Accordingly, no loss allowance for impairment has been recognized. Further, management believes that the unimpaired amounts that are due collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk. Hence, no impairment loss has been recognized during the reporting periods in respect of trade receivables.



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 49 - Consolidated Notes to Financial Statements

d) Liquidity risk:

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. The Group's standard contract terms provide that, the Group receives advance payments from customers pursuant to the applicable contracts, including the GoI and the Indian Defence Services at the time of signing of any contract and milestone payments on achievement of physical milestones. These payments are utilized to meet the Group's working capital needs (for the Group required to maintain a high level of working capital because the Group's activities are characterized by long product development periods and production cycles). A majority of the Group's research, design and development costs are funded by the Indian Defence services. Services and supply of spares are governed by the Fixed Price Quotation (FPQ) policy for fixation of the prices wherein the prices are fixed for the base year with escalation parameters for a pricing period of 5-7 years. The process of fixation of prices and approvals takes a minimum period of two years after the expiry of previous pricing period. In the interim, the approved prices of the previous pricing period are continued and payments are accordingly realised and on finalisation of the revised prices, the differential prices are paid to the Group. Further, certain costs not forming part of selling price are reimbursed by customer on incurrance of expenditure. The reimbursement is based on verification and issuance of audit certificate by the payees. There are delays in the above process due to unanticipated variations/adjustments in the scope and schedule of the Group's obligations due to subsequent modifications by the customers and delays in receipt of approvals from the customer. Further, payments to the Group by the Indian Defence Services are reliant on the continuing availability of budgetary appropriations by Government of India and any disruptions to the availability of such appropriations could adversely affect the Group's cashflows.

e) Market risk:

The Ministry of Defence (MoD) and the Government of India (GoI) have continued efforts to reform Defence related policies such as the Defence Acquisition Procedure 2020 ("DAP 2020") to promote private participation, a level playing field and the domestic Defence manufacturing Industry and eco-system. While the MoD has given the highest priority to Indigenously Designed, Developed and Manufactured ("IDDM") products for capital procurement, the Group faces competition to be selected as the Indian production agency for such contracts. These policies have raised the level of market competition in the areas in which the Group operates.

f) Risk Mitigation Process:

As a step of institutionalizing the risk management in the Group, an elaborate framework has been developed and the Group's top management has overall responsibility for the establishment and oversight of the Group's risk management framework. An important purpose of the framework is to have a structured and comprehensive risk management system across the Group which ensures that the risks are being properly identified and effectively managed. The Group has a risk management policy to manage & mitigate these risks. The risk management process includes risk identification, risk assessment, risk evaluation, risk mitigation and regular review and monitoring of risks. The Group's risk management policy aims to reduce volatility in financial statements while maintaining balance between providing predictability in the Group's business plan along with reasonable participation in market movement.

g) COVID-19 Impact

Current year Impact:

Due to lockdown imposed to contain the spread of COVID-19 pandemic, the Group's manufacturing facilities were temporarily shut down during April 2020. The activities resumed from 28th April 2020 with precautions, reduced availability of manpower and disrupted supply chain, resulting in lower turnover and consequent lower profit during the first half of the financial year 2020-21. However during the second half of the financial year 2020-21 near normalcy is restored in the operations. The Group improved its turnover and profitability as compared to the financial year 2019-20.

Anticipated Future Impact :

Based on the information available (internal as well as external) up to the date of approval of this financial result, Group expects to recover the carrying amount of Intangible assets, Inventories, Property, Plant and Equipment's, Lease, Financial Instruments, Trade Receivables etc. Efforts are being made to minimize the impact. The Group will continue to closely monitor the developments, the future economic and business outlook and its impact on Group's future financial statements with a view to minimize the Covid impact.



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 49 - Consolidated Notes to Financial Statements

Second Wave of Covid-19 Impact:

Second wave of Covid-19 has forced the Group to declare for a phased lockdown at various Divisions on substitution basis during April and May 2021. The employees will put in additional hours for the hours lost during lockdown period. It is, therefore, expected that the lost man hours will be recovered in the coming months, hence, no significant impact is anticipated.

10 Capital Management:

For the purpose of the Group's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and requirements. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital by using debt equity ratio, which is borrowings divided by Equity.

₹ in Lakhs

Particulars	As at 31 st March 2021	As at 31 st March 2020
Debt	907	588650
Equity	1541618	1325282
No of times	0.00:1	0.44:1

No changes were made in the objectives, policies or processes for managing capital during the year ended 31st March 2021 and 31st March 2020.

11.1 Borrowing Term Loan (Note - 24)

Name of the lender	State Bank of India
Facilities	Term loan of ₹ 100000 lakhs may be availed as Rupee facility or capex LC subject to maximum of ₹ 40000 lakhs
Purpose	The proceeds of the Term Loan will be utilized specifically for building capacity for executing order of 162 LCH. The expenses will include, Civil works, Plant and Machinery and Deferred Revenue Expenditure.
Security	Primary: First charge on the Project assets present and future excluding Civil works and intangible. Collateral: Second charge on the Current Assets (stock and receivables)
Interest Rate	Interest at the rate of 0.10% above 1 year MCLR which is presently 7.95%p.a. calculated on daily products at monthly rests. The Bank shall at any time and from time to time be entitled to vary the margin based on the Credit Risk Assessment of the borrower at its discretion and MCLR will be reset on an annual basis on the anniversary of reset. The interest will be serviced by the Group during the moratorium.
Security Perfection	The security has to be perfected within 6 months from the date of first disbursement. In the event the Group does not perfect the security within the stipulated period, a penal interest of 0.25% p.a. will be charged for the delayed period
Disbursement	The term loan of ₹ 100000 lakh will be disbursed in tranches beginning from the fourth quarter of Financial Year 2017-18 to first quarter of Financial Year 2024-25.



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 49 - Consolidated Notes to Financial Statements

Repayment	The repayment will be in quarterly installments amounting to ₹ 6250 lakh after moratorium of 4 years i.e. Repayment will be from the Fourth Quarter of the Financial Year 2021-22 to Third quarter of the Financial Year 2025-26. The term loan availed of ₹ 10000 lakh has been repaid during December 2019. Hence, the term loan is not appearing for the year ending 31 st March 2020.
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11.2 Borrowing Cash Credit (Note 30)

Details of lender	A Consortium of 7 banks comprising of State Bank of India (lead bank), Bank of Baroda, Indian Bank, Canara Bank, Punjab National Bank, Union Bank of India and Indian Overseas Bank.
Limit	₹ 1000000 lakhs as Cash Credit (including ₹ 480000 Lakh of Commercial Paper)
Purpose	Working Capital Requirements
Security	Paripassu first charge on stocks and receivables of the Company with other consortium banks
Interest Rate	Interest rates ranging between TBLR i.e. @ 4.00% p.a. to MCLR based i.e. @8.65% at monthly rests.
Credit Rating (other than Commercial Paper)	[ICRA]AA/STABLE by ICRA & CARE AA+/STABLE by CARE

11.3 Short term borrowings include Commercial Paper (unsecured) outstanding, as given below:

Security Description	Commercial Papers
Scrip Code / ISIN Number	719877 / INE066F14056
Face Value	₹ 200000 lakhs
Paid up Value	₹200000 lakhs
Issue Price	₹ 198392 lakhs
Date of allotment	14 th December 2020
Date of redemption	15 th March 2021
Rate of Interest	3.25%
Credit Rating and Change in Credit Rating, if any	ICRA A1+, CARE A1+



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 49 - Consolidated Notes to Financial Statements

12 UN-HEDGED FOREIGN CURRENCY EXPOSURE

	As at 31 st March 2021		As at 31 st March 2020	
	Foreign Currency	Amount in INR (in Lakhs)	Foreign Currency	Amount in INR (in Lakhs)
RECEIVABLES				
GBP	16441	16	184574	170
EURO	3997088	3379	131892	108
USD	5257645	3823	22194224	16657
RBL	72566	1	47622	*
PAYABLES				
GBP	23570247	24148	34637703	32656
EURO	33736674	29494	61862723	52126
USD	106996117	79403	387833042	294365
CHF	462908	367	1022891	816
NOK	-	-	2068365	150
JPY	207628783	1399	1895161	13

* Less than ₹ 50,000/-

13.1 Movement of provisions in the Books of Accounts during the year as required by Ind AS 37 "Provisions, Contingent Liabilities and Contingent Asset" specified under Section 133 of the Companies Act, 2013, is as follows:

₹ in Lakhs

Nature of Provision	Opening Balance as at 01 st April 2020	Provision made during the year	Utilisation during the year	Reversal during the year	Closing Balance as at 31 st March 2021
Provision for Warranty Charges	65384	32561	12897	2467	82581
(Previous Year)	(56,463)	(21,384)	(8,166)	(4,297)	(65,384)
Provision for Replacement and Other Charges	181747	21175	26554	23096	153272
(Previous Year)	(144,655)	(46,328)	(6,808)	(2,428)	(181,747)
Provision for Redundancy in Raw Material and Components, Stores and Spares, Construction Material and Loose Tools	92528	43009		2296	133241
(Previous Year)	(78,254)	(18,213)	(137)	(3,802)	(92,528)
Provision for Doubtful Debts	15972	1426	1	1035	16362
(Previous Year)	(16,712)	(3,767)	-	(4,507)	(15,972)
Provision for Claims	31215	2955	33	5830	28307
(Previous Year)	(31,162)	(3,342)	-	(3,289)	(31,215)
Provision for Liquidated Damages	202740	43875	118672		127943
(Previous Year)	(190,305)	(52,160)	(39,424)	(301)	(202,740)
Provision for Impairment of Investments	13,285	25	-	-	13,310
(Previous Year)	(13,152)	(133)	-	-	(13,285)
Provision for Onerous contract	32,183	-	32,183	-	-
(Previous Year)	(52,904)	-	(20,721)	-	(32,183)

* Figures in brackets relate to previous year.



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 49 - Consolidated Notes to Financial Statements

Nature of Provision	As at 31 st March 2021			As at 31 st March 2020		
	Long Term Provision	Short Term Provision	Total Provision	Long Term Provision	Short Term Provision	Total Provision
Provision for Warranty Charges		82581	82581		65384	65384
Provision for Replacement and Other Charges	12544	140728	153272	14346	167401	181747
Provision for Redundancy in Raw Material and Components, Stores and Spares, Construction Material and Loose Tools		133241	133241		92528	92528
Provision for Doubtful Debts		16362	16362		15972	15972
Provision for Claims	19211	9096	28307	22465	8750	31215
Provision for Liquidated Damages	11332	116611	127943	47117	155623	202740
Provision for Impairment of Investments	13310		13310	13285		13285
Provision for Onerous contract					32183	32183

13.2 Sensitivity of estimates on provisions:

The assumptions made for provisions relating to current period are consistent with those in the earlier years. The assumptions and estimates used for recognition of such provisions are qualitative in nature and their likelihood could alter in next financial year. It is impracticable for the Company to compute the possible effect of assumptions and estimates made in recognizing these provisions.

Provision for replacement and other charges represents, amounts towards expenditure incurred from the date of Signalling Out Certificate (SOC) to date of ferry out, loan items taken from the customer which needs to be replaced etc.,

Warranty represents Performance Warranty for manufacture, repair and overhaul of Aircraft / Helicopters/ Engines / Rotables, supply of spares and development activities etc

Provision for Redundancy in Raw Material and Components, Stores and Spares, Construction Material and Loose Tools represents provision on redundancy of such materials, completed / specific projects and other surplus / redundant materials pending transfer to salvage stores etc.

Provision for Liquidated Damages represents amounts provided for the period of delay between the due date of supply of the Goods / rendering of services as per delivery schedule and the expected Date of delivery of said Goods / rendering of service in respect of manufacture / repair and overhaul of Aircraft / Helicopters/ Engines / Rotables, supply of spares and development activities etc.

Provision for doubtful debts is being assessed on a case to case basis in respect of dues outstanding for a significant period of time. Debts from the Government departments are generally treated as fully recoverable and hence the Company does not recognize credit risk of such financial assets.

Provision for doubtful claims represents provision on expected credit losses.

Impairment in value of investment represents reduction in the share of net worth below investment.

Provision for Onerous contract has been recognised as the cost of meeting obligations is over and above the economic benefits expected to be received under it.

13.3 Provisions for the material foreseeable losses on long-term contracts has been made in the respective financial statements of the Joint ventures as listed below:

₹ in Lakhs

Joint Venture Name	For the year ended 31 st March 2021	For the year ended 31 st March 2020
Halbit Avionics Private Limited	-	24



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

₹ in Lakhs

Note 49 - Consolidated Notes to Financial Statements 14.1 DISCLOSURE RELATING TO IND AS-24 ON RELATED PARTY DISCLOSURES

(a) The name of the transacting related party	M/s. Indo Russian Aviation Limited	M/s. HAL Software Limited	M/s. Safran HAL Aircraft Engines Pvt. Ltd	M/s. SAMTEL HAL Display Systems Limited	M/s. HAL-Edge-wood Technologies Private Limited	M/s. HALBIT Avionics Private Limited	M/s. Infotech HAL Limited	M/s. HATSOFF Helicopter Training Private Ltd.	M/s. Tata HAL Technologies Ltd.	M/s. International Aerospace Manufacturing Pvt. Ltd.	M/s. Multirole Transport Aircraft Ltd.	M/s. Aerospace & Aviation Sector Skill Council	M/s. Helicopter MRO Engines Pvt. Ltd	"M/s. Defence Innovation Organisation"
(b) Country of incorporation	48%	49%	50%	40%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
(c) Description of the relationship between the parties	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture
(d) Description of the nature of the transactions	Purchase of goods and services	Purchase of goods and services	Purchase of goods and services	Purchase of goods and services	Purchase of goods and services	Purchase of goods and services	Purchase of goods and services	Purchase of goods and services	Purchase of goods and services	Purchase of goods and services	Purchase of goods and services	Purchase of goods and services	Purchase of goods and services	Purchase of goods and services
(e) Volume of the transactions either as an amount or as an appropriate proportion on Purchase of Goods and Services and other expenses	5,830	592	592	1,232	-	91	172	-	30	-	-	-	7	-
(f) Previous year ended 31 March 2020	(4,704)	(388)	-	(1,195)	-	(81)	(94)	-	(425)	(17)	-	-	(15)	-
(g) Volume of the transactions either as an amount or as an appropriate proportion on Sale of Goods and Services	373	-	-	-	-	-	-	-	-	496	-	-	-	-
(h) Previous year ended 31 March 2020	(274)	-	-	-	-	-	-	-	-	(1,647)	-	-	-	-
(i) Amounts or appropriate proportions of outstanding items pertaining to related parties at the Balance Sheet date on Purchase of Goods and Services and other expenses	8,283	290	-	32	2	394	7	-	-	-	-	-	100	-
(j) Previous year ended 31 March 2020	(4,689)	(255)	-	-	(2)	(639)	-	-	(221)	-	-	-	(107)	(139)
(k) Amounts or appropriate proportions of outstanding items pertaining to related parties at the Balance Sheet date on Purchase of Goods and Services and other expenses	6	296	-	-	439	145	-	527	-	753	2	65	-	4
(l) Previous year ended 31 March 2020	(6)	(232)	-	-	(404)	(106)	-	(469)	-	(993)	(4)	-	-	-
(m) Rent, Water and Electricity Expenses	3	163	-	-	35	54	-	62	-	225	20	70	-	-
(n) Previous year ended 31 March 2020	(4)	(133)	-	(1)	(36)	(55)	-	(62)	-	(210)	(15)	-	-	-
(o) Advances Outstanding on Purchases of Goods and Services	-	-	1	197	52	-	-	-	-	-	-	-	-	-
(p) Previous year ended 31 March 2020	-	-	(1)	(17)	(52)	-	-	-	-	-	-	-	-	-



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 49 - Consolidated Notes to Financial Statements

₹ in Lakhs

(a) The name of the transacting related party	M/s. Indo Russian Aviation Limited	M/s. BAE HAL Software Limited	M/s. Safran HAL Aircraft Engines Private Ltd	M/s. SAMTEL HAL Display Systems Limited	M/s. HAL-Edge-wood Technologies Private Limited	M/s. HALBIT Avionics Private Limited	M/s. HAL Infotech Limited	M/s. HATSOFF Helicopter Training Private Ltd.	M/s. Tata HAL Technologies Ltd.	M/s. International Aerospace Manufacturing Pvt. Ltd.	M/s. Multirole Transport Aircraft Ltd.	M/s. Aerospace & Aviation Sector Skill Council	M/s. Helicopter Engines Pvt. Ltd	M/s. Defence Innovation Organisation
(h) Dividend on Investments	94	-	-	-	-	-	-	-	-	17	-	-	-	-
Previous year ended 31 March 2020	(126)	-	-	-	-	-	-	-	-	(9)	-	-	-	-
(i) Re-imbursment Salaries including KMP Salaries	67	-	-	-	-	40	-	-	-	52	-	-	-	-
Previous year ended 31 March 2020	(63)	-	-	-	-	(37)	-	-	-	(45)	(33)	-	-	-
(j) Re-imbursment of Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	4
Previous year ended 31 March 2020	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(k) Amount paid towards investment in shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Previous year ended 31 March 2020	-	-	-	-	-	-	-	-	-	-	-	-	(1,000)	-
(l) Grant outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	4,500
Previous year ended 31 March 2020	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,500)

The differences in the amount disclosed by the Group and JV's are due to reconciliation items.

Figures in brackets relate to Previous Year 31 March 2020

Transaction with the related parties are made on normal commercial terms and at market rates.

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

- Shri R Madhavan, Chairman & Managing Director
- Shri V M Chamola-Director (Human Resources) upto 31.12.2019
- Shri Alok Verma - Director (Human Resources)
- Shri M.S.Velpari - Director (Operations)
- Shri Arup Chatterjee, Director - Engineering and R&D
- Shri C.B. Anantha Krishnan - Director(Finance) & CFO
- Shri G V Sesha Reddy Company Secretary

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



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 49 - Consolidated Notes to Financial Statements

14.2 Key Management Personnel in the Company

₹ in Lakhs

Particulars	For the year ended 31 st March 2021			For the year ended 31 st March 2020		
	Salary	Company Contribution to PF / Gratuity	Total	Salary	Company Contribution to PF / Gratuity	Total
1 Shri R Madhavan, Chairman & Managing Director	63	5	68	56	5	61
2 Shri V.M. Chamola, Director (Human Resources)				46	4	50
3 Shri Alok Verma, Director (Human Resources)	53	4	57	12	1	13
4 Shri C. B. Anantha Krishnan, Director (Finance) & CFO	56	5	61	50	4	54
5 Shri Sunil Kumar, Director (Operations)				17	1	18
6 Shri M.S.Velpari, Director (Operations)	53	4	57	33	3	36
7 Shri Arup Chatterjee, Director (Engineering and R&D)	55	5	60	50	4	54
8 Shri G.V. Sessa Reddy (Company Secretary)	35	3	38	31	3	34

Shri R. Madhavan was appointed as Chairman & Managing Director with effect from 1st September 2018

Shri C.B. Anantha Krishnan was appointed as Director (Finance) and CFO with effect from 1st August 2018

Shri Sunil Kumar, ceased to be Director (Operations) of the Company consequent upon superannuation on 31st July 2019

Shri M.S.Velpari was appointed as Director (Operations) with effect from 1st August 2019

Shri Arup Chatterjee was appointed as Director (Engineering and R&D) with effect from 1st June 2018.

Shri V.M. Chamola, ceased to be Director (Human Resources) consequent upon superannuation on 31st December 2019.

Shri Alok Verma was appointed as Director (Human Resources) with effect from 1st January 2020.



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 49 - Consolidated Notes to Financial Statements

14.3 PART TIME NON-OFFICIAL DIRECTORS

		₹ in Lakhs
		Sitting Fees
1	Dr J K Bajaj, Independent Director	3
2	Shri Anil Kumar, Independent Director	7
3	Shri Neelakanta Iyer R, Independent Director	5
4	Shri Siddharth, Independent Director	5
5	Rear Admiral K.C Sekhar AVSM ,VSM(Retd), Independent Director	7
6	Dr. S Malla Reddy, Independent Director	5
		32

Apart from transactions reported above, the Group has transactions with other Government related entities, which includes but not limited to the following:

Name of Government:	Government of India
Nature of Transactions:	Sale of Products and Services

These transactions are conducted in the ordinary course of the Group's business

- 14.4** The Board in its 406th meeting held on 22nd September 2017, accorded in principle approval for voluntary winding up / closure of the three Joint Ventures i.e. M/s. HAL-Edgewood Technologies Private Limited, M/s. Tata HAL Technologies Ltd and M/s. Multirole Transport Aircraft Ltd. enabling the Company to take further action in the matter.

Further, the Board authorized the Company to seek approval of Ministry of Defense (MoD), for short closure of the Contracts associated with the M/s Multirole Transport Aircraft (MTA) project and request MoD, to initiate necessary action for closure of IGA, as it is a prerequisite for winding up of the MTA - Joint Venture Company

Further in 435th meeting held on 16th March 2020, the Board has directed the Company to expedite the closure of M/s. Multirole Transport Aircraft Ltd at the earliest after taking clearance from Russian partners from their Board.

The Board in its 440th meeting held on 9th December 2020, accorded in principle approval for voluntary winding up/ closure of Joint Venture M/s. Infotech HAL Limited (IHL) enabling the Company to take further action in the matter.

14.5 Defence Innovation Organisation ("DIO"):

A Section 8 Company has been formed (Under Companies Act 2013) in the name of "Defence Innovation Organisation" with M/s Bharat Electronics Limited (BEL) with an authorised Capital of ₹ 100 lakhs (Paid up capital as on 31.03.2021 is ₹ 1 Lakh (HAL 50% Share and BEL 50% Share). The registered office of DIO is situated at Centre for Learning and Development, Bharat Electronics Limited, Jalhalli, Bengaluru – 560013, Karnataka, India. DIO was incorporated to implement the scheme of defence innovation fund initiative by creation of an ecosystem to foster innovation and technology development in defence.

HAL Board in its 417th meeting held on 30th of July 2018 had accorded approval for release of ₹ 5000 lakhs to DIO towards initial corpus fund in form of Grant in Aid in a staggered manner. Accordingly ₹ 500 lakhs has been released to DIO in the month of August 2018. The balance amount is recognised in financials of 2018-19.

- 14.6** The Board in its 434th meeting was informed that Government approval is not required for transfer of lease hold land to M/S Helicopter Engines-MRO Private Limited (HE-MRO), as it is neither Defence land nor it is a land owned by HAL. Board reconsidered the decision taken in its 431st meeting and approved transfer of land without Government approval to M/s HE-MRO.

Meanwhile, considering the emerging situation due to Covid 19, it was decided to downsize the operation of the Joint Venture (Helicopter Engine MRO) to zero level until further directions from the promoters. Joint Venture is placed in dormant mode and its operations will be reviewed by promoters in 2021. Hence execution of land transfer is also put on hold, till a decision is taken on the resumption of operation of Joint Venture.



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 49 - Consolidated Notes to Financial Statements

- 14.7** Impairment of Net worth as on 31.03.2021 has not been considered for the Joint Venture (JV) HE-MRO though the JV Board in its resolution down sized the operations of the Company w.e.f. 31st May 2020, as the management of JV indicated that there are positive indicators including the plan provided by Safran and HAL to support to the JV in the foreseeable future for meeting financial obligations, continuing technical, operational and Management support.
- 14.8** Share Application money has since been refunded by HE MRO in May 2020 as they have Cancelled the Rights issue due to Covid 19 Crisis.
- 15.** The Ministry of Corporate Affairs vide notification no 1/2/2014-CL-V dated 23rd February 2018 has exempted the Government companies engaged in defence production to the extent of application of Ind AS 108 on "Operating Segment".

16. Buyback of Shares:

In accordance with the approval of Board of Directors at its 408th meeting held on 28th November, 2017 and approval of shareholders, the Company has bought back 2,71,12,500 fully paid equity shares of ₹ 10/- each equivalent to 7.5% of the paid-up share capital and Free Reserves of the Company, for an aggregate amount of ₹ 92150 lakhs (excluding tax of ₹ 20636 lakhs) at ₹ 339.88 per equity share from the President of India. The consideration amount for back buy of shares was paid to the Government of India on 19th December, 2017 and the shares so bought back were extinguished on 22nd December, 2017.

- 17.** The Government of India, on 27th August 2020 – 28th August 2020 made an offer for sale (OFS) upto 15% of the paid up equity share capital, out of its shareholding of 89.97%, in order to achieve the mandatory threshold of 25% minimum public shareholding by a listed Company. Consequent to the OFS, the Government of India shareholding stands at 75.15%.

₹ in Lakhs

18.	For the year ended 31 st March 2021	For the year ended 31 st March 2020
As required by Ind AS 36, an assessment of impairment of assets was carried out and based on such assessment, the Company has accounted impairment losses due to decrease in value in use in respect of Intangible Assets is recognised in 'impairment loss' in the Statement of Profit and Loss.	6385	3179

- 19.** Profit for the year ended 31 March, 2020 includes an additional provisioning of ₹ 21195 lakhs, consequent to settlement of workmen wage revision, for the period 01.01.2017 to 31.03.2019 and the same was recognized in "Employee Benefit Expense".

- 20.** Revision of pay scales of executives and workmen, with effect from 01.01.2017 was implemented in accordance with the guidance issued by DPE vide OM dated 03.08.2017 for Executives and in accordance with the Wage Agreement entered between Management and Employees Union representative in 2019-20 in respect of Workmen.

On an interpretation on pay refixation and pursuant to the directives of the Administrative Ministry, the pay fixation is being revised and the excess amount paid is to be recovered from the employees.

This has resulted in reduction of salaries and wages by ₹ 14450 lakhs and a consequential reduction in sales revenue by ₹ 5677 lakhs.

As the effect of the above is given in the quarter ended 31 March, 2021, further amount of ₹ 3691 lakhs relating to first three quarters of the current year are adjusted in the quarter ended 31.03.2021.

- 21.** The Board in its 436th meeting held on 25th June 2020 accorded approval to introduce the HAL Employees Voluntary Retirement Scheme-2020 subject to approval of the Administrative Ministry in light of the present economic circumstances and changing business scenario and to operate economically to reduce surplus manpower and high labour cost to withstand the competition from private companies. Administrative Ministry approval for the scheme is awaited.

- 22.** The Profit after Tax (PAT) for the year ended 31.03.2020, is after a onetime write back of ₹ 20150 lakhs of deferred tax liability consequent to the reduction in applicable tax rate.



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 49 - Consolidated Notes to Financial Statements

23. Pursuant to the Order passed for the Assessment year 2005-06 and 2006-07, giving effect to the orders of the Appellate authority, ₹ 4933 lakhs provision no longer required is credited under Tax expense and consequent interest income of ₹ 4792 lakhs is included in other income. Pending passing of Revision order by the Assessing officer, giving effect to the order of the High Court for the AY 2010-11, estimated refund of ₹ 21720 lakhs and the interest thereon is not recognised and will be given effect in the year in which the revision order is passed by the Assessing Officer.

24. Disclosure under Ind AS 116 as lessee:

a) As a Lessee:

		₹ in Lakhs	
Sl. No.	Particulars	31 st March 2021	31 st March 2020
1.	depreciation on right-of-use assets for the year	64	20
2.	interest expense on lease liabilities for the year	17	17
3.	total cash outflow for leases for the year	297	6
4.	additions to right-of-use assets for the year	8108	78
5.	carrying amount of right-of-use assets as at	9280	1236

b) As a Lessor:

The Group leases out its Investment property and Property, Plant and Equipment. The Group has classified these lease as operating leases, because they do not transfer substantially all the risks and rewards incidental to the ownership of the assets. Clause 25 of Note 49 gives information about the operating leases of Investment Property.

		₹ in Lakhs	
Operating Lease		31.03.2021	31.03.2020
Lease income		672	621

The Property, Plant and Equipment disclosed under Note 1A includes the following assets given on Operating Lease

Particulars	As at 31.03.2021				As at 31.03.2020			
	Gross Block	Accumulated Depreciation	Net Block	Depreciation Charge for the year	Gross Block	Accumulated Depreciation	Net Block	Depreciation Charge for the year
Land - Freehold	94	0	94	0	93	0	93	0
Buildings - Owned	4	1	3	0	4	1	3	0
Total	98	1	97	0	97	1	96	0

The maturity analysis of lease payments (including payments from Investment Property) showing the undiscounted minimum lease payments to be received over the remaining non-cancellable term on an annual basis are as follows:

		₹ in Lakhs	
Term		31.03.2021	31.03.2020
Less than one year		456	432
One to Two years		477	451
Two to Three years		341	472
Three to Four years		358	335
Four to Five years		376	352
More than Five years		435	793
Total undiscounted lease payments		2443	2836



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 49 - Consolidated Notes to Financial Statements

Credit Risk

The Group has leased out its Properties to Joint Ventures and Other agencies. Lease payments are structured with periodic escalations consistent with the prevailing market conditions. Based on the Credit Risk in lease payments, suitable provision has been made.

₹ in Lakhs

Particulars	For the year ended 31 st March 2021	For the year ended 31 st March 2020
25 Information regarding income and expenditure of Investment property as per Ind AS 40 - Investment property:		
Rental income derived from investment properties	694	511
Direct operating expenses (including repairs and maintenance) generating rental income	-	-
Direct operating expenses (including repairs and maintenance) that did not generate rental income	-	-
Profit arising from investment properties before depreciation and Indirect expenses	694	511
Less – Depreciation	-	-
Profit arising from investment properties before indirect expenses	694	511

Fair value of investment property

As at 31st March 2021, the fair value of the properties is ₹ 3250 lakhs as valued by an Independent valuer.

₹ in Lakhs

Capital Work-in-progress	As at 31 st March 2021	As at 31 st March 2020
Opening Balance	86000	70225
Additions	89666	101971
Deletions	96510	86196
Closing Balance	79156	86000

₹ in Lakhs

Particulars	For the year ended	
	31 st March 2021	31 st March 2020
As per Ind AS-33 relating to Earnings per Share (Basic and Diluted)-		
Profit Before Tax	427699	397864
Provision for Taxation	103793	109599
Net Profit After Tax	323906	288265
Weighted Average Number of Equity Shares of Face Value of ₹ 10/- each fully paid up	334387500	334387500
Earnings per Share (in Rupees) - Basic	96.87	86.21
Earnings per Share (in Rupees) - Diluted	96.87	86.21



Notes to the Consolidated Financial Statements for the year ended March 31, 2021

Note 49 - Consolidated Notes to Financial Statements

28 Recent pronouncements

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

The amendments are extensive and the Group will evaluate the same to give effect to them as required by law.

29 The financial statements were approved for issue by the Board of Directors at their meeting held on 28th June 2021.

These financial statements are presented in Indian rupees (rounded off to lakhs). Previous Year figures have been rearranged or regrouped wherever necessary.

Significant Accounting Policies and accompanying Notes No. 1 to 49 form an integral part of the Financial Statements

As per our Report of even date

For and on behalf of the Board of Directors

(C. B. Ananthkrishnan)
Director (Finance) & CFO
DIN: 06761339

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

For Maharaj N R Suresh and Co., LLP

Chartered Accountants
FRN No.0019315/S000020

(CA N R Suresh)

Partner
Membership No. 021661

Place: Chennai

Date: 28.06.2021

(G. V. Sesha Reddy)

Company Secretary



Form AOC-1

Statement containing salient features of the financial statement of subsidiaries/Associate companies/ joint ventures
(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Part "A" : Subsidiaries

Sl. No.	Particulars	₹ in Lakhs	
		Naini Aerospace Limited	Indo-Russian Helicopters Limited
1	Name of the Subsidiary		
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA	NA
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	NA	NA
4	Share capital	5000	1000
5	Reserves & surplus	-4524	-208
6	Total assets	3557	857
7	Total Liabilities	3081	65
8	Investments	1110	0
9	Turnover	471	0
10	Profit/loss before taxation	-1104	-80
11	Provision for taxation	0	0
12	Profit/loss after taxation	-1104	-80
13	Proposed Dividend	0	0
14	% of shareholding	100%	50.5%

- Names of subsidiaries which are yet to commence operations – Indo-Russian Helicopters Limited
- Names of subsidiaries which have been liquidated or sold during the year- NIL

For and on behalf of the Board of Directors



(C. B. Ananthkrishnan)
Director (Finance) & CFO
DIN: 06761339



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

For Maharaj N R Suresh and Co., LLP
Chartered Accountants
FRN No.001931S/S000020



(CA N R Suresh)
Partner
Membership No. 021661



(G. V. Sessa Reddy)
Company Secretary

Place: Chennai
Date: 28.06.2021

Form AOC-1 Part "B" : Associates and Joint Ventures

Sl. No.	Name of Joint Venture	Latest audited Balance Sheet Date	M/s BAE-HAL Software Ltd	Safran HAL Aircraft Engines Private Ltd (Formerly M/s Smeeta HAL Aerospace Private Ltd)	M/s SAMTEL HAL Display Systems Ltd	M/s HAL Edgewood Technologies Pvt Ltd	M/s HALBIT Avionics Pvt Ltd	M/s Indo Russian Aviation Ltd	M/s INFOTECH HAL Ltd	M/s HATSOFF Helicopter Training Pvt Ltd	M/s TATA HAL Technologies Ltd	M/s International Aerospace Manufacturing Pvt Ltd	M/s Multinole Transport Aircraft Ltd.	M/s Aerospace & Aviation Sector Skill Council (AASSC)	M/s Helicopter Engines MRO Pvt Ltd	Defence Innovation Organisation (DIO)
			31.03.2021	31.03.2021	31.03.2021	31.03.2021	31.03.2021	31.03.2021	31.03.2021	31.03.2021	31.03.2021	31.03.2021	31.03.2021	31.03.2021	31.03.2021	31.03.2021
1	Latest audited Balance Sheet Date	Feb-93		Oct-05	Jan-07	Apr-07	May-07	Sep-94	Aug-07	Jan-08	May-08	Jul-10	Dec-10	Sep-14	Aug-16	Apr-17
2	Date on which the Associates or joint venture was associated or acquired															
3	Shares of Associate/Joint Ventures held by the company on the year end															
a	No.	2940000	1140000	160000	300000	382500	936525	2000000	38404205	5070000	4250000	11346564	125	509986	50	
b	Amount of Investment in Associates/ Joint Venture	294	1140	160	300	383	94	200	3840	507	4250	11347	13	510	1	
c	Extent of Holding %	49%	50%	40%	50%	50%	48%	50%	50%	50%	50%	50%	50%	50%	50%	50%
4	Description of how there is significant influence	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
5	Reason why the associate/joint venture is not consolidated	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	Does not exercise control	NA	Does not exercise control
6	Networth attributable to Shareholding as per latest audited Balance Sheet	442	3808	-379	0	-583	7081	-193	-2098	43	4692	9170	13	124	1	
7	Profit / Loss for the year	-190	352	-107	0	37	1110	-79	1087	-50	40	-888	0	-50	0	
(i)	Considered in Consolidation	-93	176	0	0	0	533	0	0	0	21	-444	0	25	0	
(ii)	Not Considered in Consolidation	-97	176	-107	0	37	577	-79	1087	-50	19	-444	0	-75	0	

1 Name(s) of joint venture(s) which is/are yet to commence operations:-

a. Multi-Role Transport Aircraft Limited

2 Names of associates or joint ventures which have been liquidated or sold during the year-NIL

For and on behalf of the Board of Directors



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



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

For Mahraj N R Suresh and Co. LLP
Chartered Accountants
FRN No.001931S/000020



(CA N R Suresh)
Partner
Membership No. 021661

Place: Chennai
Date: 28.06.2021



(G. V. Seshu Reddy)
Company Secretary





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