



भारत 2023 INDIA

वसुधैव कुटुम्बकम्

ONE EARTH • ONE FAMILY • ONE FUTURE



Hindustan Aeronautics Limited



60<sup>TH</sup> | ANNUAL REPORT  
2022-23





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# Vision

To be a global leader in the Aerospace & Defence Industry



# Mission

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





# Chairman's Statement



## *Dear Shareholders,*

It gives me immense pleasure to welcome you all for the 60<sup>th</sup> Annual General Meeting of Hindustan Aeronautics Limited.

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 2022-23, your Company recorded the highest ever turnover of ₹ 26,36,056 Lakh, experiencing strong growth of 8% from the previous year's ₹ 24,36,166 Lakh. The Profit Before Tax (PBT) saw a growth of 24% from ₹ 5,23,115 Lakh to ₹ 6,49,294 Lakh while the Profit After Tax (PAT) increased by 14% from ₹ 5,08,650 Lakh to ₹ 5,81,117 Lakh. Our Order Book position stood healthy at ₹ 81,78,400 Lakh as on 31<sup>st</sup> March, 2023.

The Company has paid 1<sup>st</sup> & 2<sup>nd</sup> interim Dividend each of ₹ 20 per share of face value of ₹10 each for the Financial Year 2022-23, totalling to ₹1,33,755 Lakh. Further, the Board of Directors of the Company has recommended a final dividend of ₹ 15 per share of ₹10 each for approval of shareholders, with a cash outflow of ₹ 50,158 Lakh. On approval by the shareholders, the total cash outflow for payment of Dividend for the Financial Year 2022-23 would be ₹ 1,83,913 Lakh.

During the year, the Company has produced 22 numbers of new Aircraft and Helicopters, covering LCA Tejas, Dornier Do-228, ALH Dhruv, Light Combat Helicopter (LCH) and Light Utility Helicopter (LUH) in addition to the production of 51 New Engines and Accessories, at its various Divisions. The Company has also overhauled 216 Aircraft / Helicopters and 536 engines during the year.

Your 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, the Company 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'.

During the year, in line with the Atmanirbhar Bharat Abhiyan of Govt. of India, the Company has placed orders worth ₹ 5,977 Lakh for indigenous development of 26 Line Replaceable Units (LRUs) under Make-I and Project Sanction Orders for additional 36 LRUs under Make II.







## Significant Achievements

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

- Hon'ble President of India, inaugurated HAL's state-of-the-art Integrated Cryogenic Engine Manufacturing Facility (ICMF) in Bengaluru on 27<sup>th</sup> September, 2022. The facility not only cater to the entire Rocket Engine Manufacturing under one roof for ISRO but also boost self-reliance in manufacturing of Hi-thrust Rocket engines.
- Hon'ble Prime Minister, Shri Narendra Modi unveiled HTT-40 the indigenous trainer aircraft designed and developed by HAL at the India Pavilion during DEFEXPO-2022 at Gandhinagar, Gujarat on 19<sup>th</sup> October, 2022.
- Hon'ble Prime Minister dedicated HAL's New Helicopter Factory in Tumakuru to the nation on 6<sup>th</sup> February, 2023. During the event, Hon'ble Prime Minister unveiled HAL's indigenously designed and developed Light Utility Helicopter (LUH).
- Hon'ble Raksha Mantri inducted Prachand - Light Combat Helicopters (LCH) in IAF on 3<sup>rd</sup> October, 2022.
- Successfully completed the production of 15 Light Combat Helicopters (LCH) ahead of contract schedule.
- The first flight of the LCA Mk1A prototype (LCA SP-25 modified for MK1A features) was conducted on 20<sup>th</sup> May, 2022, which is a major milestone towards LCA MK1A program.
- Delivered the first set of hardware for Gaganyaan mission (first unmanned mission) as well as the 150<sup>th</sup> HAL made Satellite Bus-structure to ISRO on 4<sup>th</sup> April, 2022.
- Mission Management System (MMS) for DO-228 aircraft was Indigenously Designed and Developed and 4 aircraft were upgraded and delivered to Indian Coast Guard (ICG).
- Solid State Flight Data Recorder (SSFDR) / Cockpit Voice Recorder (CVR) for Cheetah, Chetak and Cheetal helicopter was designed and developed. 'Type Approval' for this system has been accorded by CEMILAC. The 'Flight Clearance' for deployable Flight Data Recorder (FDR) and Interface Computer for DO-228 aircraft was also accorded by RCMA (Korwa).

## New Initiatives

During the year, your Company has taken many new initiatives, which includes Design and Development of LUH Civil, Hindustan Lead in Fighter Trainer (HLFT-42), ALH WSI Phase-II program, Level D Full Flight Simulator for Hindustan-228, Full Mission Simulator for LUH, Indigenisation of Integrated Architecture & Display System (IADS) and Automatic Flight Control System

(AFCS) of ALH. HAL also received a Development cum Production Partner (DcPP)/ Production Agency (PA) certificate for ABHYAS - High Speed Expendable Aerial Target (HEAT) System from DRDO. Further, following significant MOUs have been signed by HAL:

- With Safran Helicopter Engines to create a new joint venture intended for design, development, production, sales and support of helicopter engines to meet not only the requirements of future helicopters programmes of Indian Defence including the 13-ton IMRH (Indian Multi-Role Helicopter), but also for the Global market.
- With Air Mauritius Limited for undertaking a feasibility study for enhancing / setting-up MRO facility by Air Mauritius towards maintenance and other associated works on HAL supplied Do-228 aircraft to Mauritius Air Squadron as well as other countries in the region.
- With Rolls Royce in July, 2022 to explore the potential opportunity of HAL to become in Country partner supplier for MT7 Marine Gas Turbine Package for sales within the Indian Market.
- With Heroux Devtek at Farnborough Airshow on 19<sup>th</sup> July, 2022, for design, development, manufacture, repair and overhaul of Landing gears of C-295 aircraft.
- With Honeywell International Inc. at Farnborough Airshow in July, 2022 for 'High Power Generation Equipment collaboration'.
- With Israel Aerospace Industries (IAI) Limited for leasing, operation and maintenance of fixed wing UAVs to the Indian Defence Forces.

## Future Outlook

Indian Defence Sector which was so far contributing as strategic sector is gradually developing as an economic sector which is capable to contribute to the economic growth of the country. Under the Atmanirbhar Bharat initiative, Government is facilitating the development of the Indian industry to reduce the defence import as well as dependence on the foreign OEMs. Various initiatives of the GoI in recent days have given thrust on the indigenization and indigenous procurement of defence equipment. Over next 5 -10 years such reforms will equally help Defence PSUs and private industry to put a firm step towards achieving a self-sustaining Defence industry in the country.

As continuous efforts towards achieving self-reliance "Atmanirbharta" in the Aerospace & Defence industry in India, HAL will remain involved in supporting Startup Companies, SMEs/ MSMEs, Tier – II and III vendors. HAL will also keep handholding the vendors and suppliers in R&D, capability development and extended employment generation.





In near future, Indian Defence market will continue to be prime revenue source for HAL due to projects like LCA Mk1A, LCH, LUH and HTT-40. The company has taken various initiatives to make systems more agile, effective, cost efficient and to be competitive. Enhancement of HAL capability is being planned to cater above projects. New production line are being installed for HTT-40 and LCA Mk1A Production.

In medium term, we are also looking forward to diversify and increase our presence in UAV, Civil MRO & allied operations, Digital Solutions and new space segments as strategic initiatives. Also, we are focusing on strengthening marketing efforts, expanding geographical presence and collaboration with Indian Industry / Global OEMs to boost export sales.

### Research and Development (R&D)

Your Company has continued its efforts towards the Design and Development of new platforms/ products / technologies and activities to enhance its capability with a view to bring technological superiority to its products and to cope up with the future technological challenges. These efforts have resulted in major achievements such as successful first flight of ALH with two segmented Main Rotor Blades and Pre-Cone Main Rotor Head developed to address the stringent stowage dimension requirement of Indian Navy, first Inverted Spin tests of HTT-40, first flight of LCA Mk1A and maiden arrested landing & ski-jump take-off by LCA Navy MK1 aircraft from the indigenous aircraft carrier INS Vikrant.

The futuristic projects such as LCA Mk II, Advance Medium Combat Aircraft (AMCA), Indian Multirole Helicopter (IMRH), Twin Engine Deck Based Fighter (TEDBF), Combat Air Teaming System (CATS) etc. will ensure technological lead of HAL in the years to come, due to significant design & development activities. This will provide good visibility for future platform orders.

During the year, the Company has incurred a total R&D expenditure of ₹2,49,433 Lakh, which is 9.46% of the Turnover. The Company has transferred a sum of ₹53,881 Lakh (15% of Operating PAT) to R&D corpus during the year 2022-23.

### Corporate Governance

Your Company always strives to conduct the business with integrity, and in ethical & transparent manner and attain the highest standard of Corporate Governance practice. The Company has complied with the Guidelines on Corporate Governance framed by the Department of Public Enterprises (DPE) and SEBI Listing Regulations except for the appointment of the requisite number of Independent Directors. The Company has established Systems and Procedures to ensure that its Board of Directors is well informed about the Policies of

the Company, to enable them to discharge their responsibilities and to enhance the overall value of all stakeholders. We are periodically reviewing the Policies and Procedures of the Company and updating them to ensure transparency in all aspects of the Company's working. Your Company has been continuously rated 'Excellent' grade for its compliances with DPE Guidelines on Corporate Governance.

### Corporate Social Responsibility and Sustainability Development

Your Company is committed to its social responsibility. In this endeavour, the Company has undertaken various CSR programmes and projects, towards integrating our social and business goals in a sustainable manner in line with schedule VII of the Companies Act, 2013. An amount of ₹ 10,328 Lakh has been spent under CSR in the Financial Year 2022-23 against the CSR budget/ obligation of ₹9,707 Lakh.

### Acknowledgement

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

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

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

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

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

Place : Bengaluru  
Date : July 19, 2023





# Corporate Information

## BOARD OF DIRECTORS

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### **Shri C B Ananthakrishnan**

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

### **Shri Jayadeva E P**

Director (Operations)

### **Dr. D K Sunil**

Director (Engineering and R&D)

### **Shri Atasi Baran Pradhan**

Director (Human Resources)

### **Shri T. Natarajan**

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

### **Shri M Z Siddique**

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

### **Dr. Divya Gupta**

Independent Director

### **Shri Deepak Abasaheb Shinde**

Independent Director

## COMPANY SECRETARY

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### **Shri Shailesh Bansal**

Company Secretary







### Bankers

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

### Statutory Auditor

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

### Branch Auditors

**M/s. S Srivastava & Co.,**  
Chartered Accountants, Lucknow

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

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

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

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

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

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

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

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

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

**M/s. A. Sachdev & Co.,**  
Chartered Accountants, Lucknow

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

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

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

**M/s. Panduranga Shenoy & Co.,**  
Chartered Accountants, Bengaluru

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

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

### Cost Auditor

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

### Legal Advisor

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

### Tax Consultants

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

### Credit Rating Agencies

**M/s. ICRA Limited**

**M/s. CARE Ratings Limited**







# Board of Directors



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

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

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

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

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

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

Under his leadership the Company achieved highest ever revenue of Rs 26,927 Crore during 2022-23, and has achieved market Capitalization of over ₹ 1 Lakh Crore.

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



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

Shri Jayadeva E. P. was appointed as Director (Operations) of the Company w.e.f June 10, 2022. Prior to his appointment as Director (Operations), he was holding the post of General Manager, LCA Tejas Division, of the Company. He holds a bachelor's degree in Electrical Engineering from University Visvesvaraya College of Engineering, Bangalore and did Masters from IIT, Madras in Aircraft Production Engineering. Shri Jayadeva E P, has been entrusted with additional charge of Director (HR) of the Company from December 1, 2022 till the appointment of regular incumbent.

He joined HAL in 1987 as a Management Trainee, and has about 34 years of experience in the areas of Manufacturing, Assembly, Overhaul, Upgrades, Customer support, Indigenisation and other Management functions. He was instrumental in establishment of Repair & Overhaul and Upgrade facility for Kiran, Hawk and Mirage Aircraft at Overhaul Division. He has contributed in developing indigenous solutions, both in airborne applications and ground support requirements from Indian ecosystem.

He undertook the Product Quality enhancement initiatives and capacity augmentation process for Light Combat Aircraft (LCA) to double the rate of production to 16 aircraft per annum.





### **Dr. D. K. Sunil**

Director (Engineering and R & D)

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

He joined Hindustan Aeronautics Limited (HAL) in 1987 as a Management Trainee, and has about 35 years of experience in various key positions.

During his tenure in Mission Combat Systems R & D Centre, Bengaluru, he led teams working on Active ESA Radar, Automatic Flight Control System for LCH and Mission Computers for helicopter and fighter platforms.

Under his leadership new technologies were developed like High Power Radar Power supply, Voice Activated Control System, Combined Interrogator Transponder which have become new growth areas for the company. He also pioneered collaboration with IIT Kanpur for datalinks and IIIT, Hyderabad for voice recognition technologies

He has lead design projects at equipment level as well at system level for aircraft and helicopter. His experience covers the whole range of design activities pursued at HAL design centres from LRU to aircraft level.

He has published 7 papers in peer reviewed journals. He holds 9 copyrights related to wireless communication. He has been an member of DGCA external expert committee for certification of Hindustan - Dornier 228 Aircraft. He is a Vice President of Aeronautical Society of India (AeSI).



### **Shri Atasi Baran Pradhan**

Director (Human Resources)

Shri Atasi Baran Pradhan, was appointed as Director (Human Resources) of the Company w.e.f July 19, 2023. Prior to his appointment as Director (HR) of the Company, Shri A B Pradhan, was holding the post of Executive Director (HR). He holds a Bachelor's Degree in Chemistry (Hons.) and PG Degree in Personnel Management & Labour Welfare from Utkal University, Bhubaneswar. He also holds Bachelor of Laws (LLB) degree from University Law College, Bhubaneswar.

Shri A B Pradhan, joined Hindustan Aeronautics Limited (HAL) in 2005 and has 35 years of rich and varied experience in HR function serving in both Public and Private Sectors with exposure to various industries dealing with Engineering, Metallurgy, Paper, Aerospace & Defence that are situated in various parts of India.

Shri A B Pradhan has wide exposure to whole gamut of HR functions like Industrial Relations, Corporate Social Responsibility (CSR), Wage Negotiation & Settlements, Statutory Compliance, HR Policy formulation, Manpower Planning, Recruitment & Career Development, Skill Development & Training, Performance Management, Facilities Management and Legal Affairs.





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

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

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

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



**Shri M Z Siddique**  
Distinguished Scientist & Director  
General (Aeronautical Systems),  
Govt. Nominee Director

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

Shri M Z Siddique joined GTRE, Bengaluru as Scientist 'B' in 1988 and served as Director, GTRE from August 11, 2015 to November 14, 2022. He has more than 34 years of experience in design and development of combat aircraft engines and systems.

Shri M Z Siddique was appointed as Director General (Naval Systems & Materials) in the year 2022. He steered many critical projects related to sonars, air independent propulsion, stealth materials, critical and emerging aerospace materials, etc. Presently, he is leading the Aeronautical Systems Cluster Laboratories as Director General with the responsibility of design and development of state-of-the-art UAV's, Manned and Unmanned Aircrafts, Aero Gas Turbine engine technology, Air borne surveillance systems, technologies and systems related to parachute and lighter than-air systems for the Armed forces.





**Dr. Divya Gupta**  
Independent Director

Dr. Divya Gupta has been appointed as Non-Official (Independent) Director of the Company w.e.f December 28, 2021. She is a Doctor by profession and has more than 37 years of experience in handling corporate affairs being director in two companies, where she involves herself in decision making process and playing a crucial role in increasing the shareholders wealth.

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

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

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



**Shri Deepak Abasaheb Shinde**  
Independent Director

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

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

After completing his post-graduation from IIT, Madras in 1981, he worked in a family firm Miraj Concrete Works where he executed various Irrigation pipeline projects. He has more than 41 years' of work experience in different field and has promoted various private Ltd Companies during this period. He was also associated with Professional, Industrial, Financial, Educational and Social Organizations in different capacity.





# Chief Executive Officers (CEOs)



**Shri Sajal Prakash**

**Chief Executive Officer, Accessories Complex**

Shri Sajal Prakash, Chief Executive Officer, Accessories Complex holds a degree of B. Tech in Mechanical Engineering from HBTI, Kanpur, M. Tech in Aircraft Production Engineering from IIT, Madras and has completed Leadership Development Program at IIM, Ahmedabad and IAS Toulouse, France. He started his career in HAL as a Management Trainee (Tech.) in the year 1986. During his career spanning over 37 years in HAL, he has worked in Transport Aircraft Division – Kanpur, HAL Corporate Office and Helicopter Division, Bangalore before taking charge as Chief Executive Officer of Accessories Complex w.e.f September 1, 2019.



**Shri Anbuvelan S**

**Chief Executive Officer, Helicopter Complex**

Shri Anbuvelan S, Chief Executive Officer, Helicopter Complex, a graduate in Mechanical Engineering from Algappa Chettiar College of Engineering, Karaikudi, Tamil Nadu and holds a degree of M.Tech in Aircraft Production Engineering from IIT Madras and Post Graduate Diploma in Business Management from XIME, Bangalore. He started his career in HAL as Management Trainee (Technical) on July 21, 1986 and has been associated with HAL for 37 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 Mihir Kanti Mishra**

**Chief Executive Officer, Bangalore Complex**

Shri Mihir Kanti Mishra, Chief Executive Officer, Bangalore Complex, is a graduate in Mechanical Engineering from Sambalpur University and M. Tech in Aircraft Production Engineering from IIT, Madras. He started his career in HAL as a Management Trainee in the year 1987. During his career spanning over 35 years in HAL, he has worked in a wide array of business verticals of engine, aircraft, space and corporate functions with roles and responsibility related to manufacturing, assembly, engineering, strategy planning, project management & international marketing. Shri Mishra was leading HAL's space business unit, Aerospace Division, as General Manager before taking charge as Chief Executive Officer of Bangalore Complex w.e.f July 1, 2022.



**Shri Saket Chaturvedi**

**Chief Executive Officer, MiG Complex**

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



# Major Events



Hon'ble Prime Minister of India, Shri Narendra Modi dedicated HAL's New Helicopter Factory in Tumakuru to the nation on February 6, 2023.



Hon'ble President of India Smt Droupadi Murmu inaugurated HAL's state-of-the-art Integrated Cryogenic Engine Manufacturing Facility in Bengaluru on September 27, 2022.



LCH – Prachand were inducted into IAF at Jodhpur in the presence of Hon'ble Defence Minister Shri Rajnath Singh on October 3, 2022.







# Major Events



Hon'ble Prime Minister of India, Shri Narendra Modi unveiled HTT-40 the indigenous trainer aircraft designed and developed by HAL during DefExpo-2022 at Gandhinagar, Gujarat on October 19, 2022.



Hon'ble Defence Minister, Shri Rajnath Singh presented awards for Excellence in Defence and Aerospace to HAL in the Institutional and Individual/Team categories during DefExpo 2022 at Gandhinagar, Gujarat.



Safran Helicopter Engines and HAL signed a workshare agreement for the joint development of the engine intended for the future 13-ton Indian Multi-Role Helicopter and its naval version Deck Based Multi-Role Helicopter.



HAL handed over second interim dividend cheque of ₹ 502.58 crores for the FY 2022-23 to the Hon'ble Defence Minister, Shri Rajnath Singh.



Hon'ble Raksha Mantri, Shri Rajnath Singh handed over the Air System Design Organisation Certificate to HAL during DefExpo 2022 at Gandhinagar, Gujarat.



Dr. Mohamed Irfaan Ali, President of the Cooperative Republic of Guyana, visited HAL TAD Kanpur on January 13, 2023.





# Major Achievements



HAL handed over the 16<sup>th</sup> ALH MKIII (Maritime Role) to the Indian Coast Guard (ICG) on November 15, 2022.



HAL received a Development cum Production Partner / Production Agency certificate for ABHYAS - High Speed Expendable Aerial Target System from DRDO during DefExpo-2022.



The first flight of Advanced Light Helicopter (ALH) – Wheeled Version with segmented Main Rotor Blades and Pre-Cone Main Rotar Head.



DGCA approved modification for Hindustan-228 Aircraft with 19 passengers.



The maiden arrested landing and ski-jump take-off from the indigenous aircraft carrier INS Vikranth was carried out by the LCA Navy MK1 on February 6, 2023.







# Glimpse of Aero India-2023



Admiral R Harikumar, Chief of Naval Staff and Shri C B Ananthakrishnan, Chairman and Managing Director (Addl. Charge), released a Photo Essay, compiled by HAL, on RD 33MK ROH project without ToT during Aero India 2023.



HAL signed a Memorandum of Understanding with Response Plus Holding PISC (RPM) to explore new opportunities for co-operation in the areas of Emergency Medical Services, Medical Evacuation, Helicopter Emergency Medical Services and other mutually-beneficial fields in India, the Gulf region and the MENA region.



HAL signed a contract with Argentinian Air Force for supply of spares and engine repair of legacy two tonne class helicopters. The contract was signed by Brigadier General Xavier Issac, Chief of Air Force, AAF and Shri. C B Ananthakrishnan, Chairman and Managing Director (Addl Charge).



Hon'ble Defence Minister, Shri Rajnath Singh visited HAL Stall during Aero India - 2023.



Hon'ble Prime Minister of India, Shri Narendra Modi taking a look at LCH (Prachand).







## Glimpse of CSR Activities



HAL provided Medical Equipment / Instruments to National Institute of Mental Health & Neurosciences, Bangalore.

HAL, Koraput Division provided Two Basic Lifesaving Ambulance for Urban Health Centre Sunabeda and for Mobile Medical Unit to cater to the medical requirements of the 14 adopted villages under CSR.



HAL is identifying and training young and talented Football players at the Football Academy, Bangalore.

HAL, Avionics Division, Hyderabad sponsored Solar Street Lights, Computers, Computer tables, Dual Desks, Bunker Beds with mattress and Pillows etc. to Kasturba Gandhi Balika Vidyalaya, Shabad, Telangana.





# Financial Highlights

Sl. No.	Particulars	Units	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
<b>A</b>	<b>Our Earnings</b>							
	Sales - Inland	₹ Cr.	9937	11252	12878	13856	13941	14688
	Export Sales	₹ Cr.	437	205	237	348	383	440
	Total Sales	₹ Cr.	10374	11457	13115	14204	14324	15128
	Changes in WIP & SIT& FG	₹ Cr.	1437	2033	3335	-1511	-122	740
	<b>Total</b>	<b>₹ Cr.</b>	<b>11811</b>	<b>13490</b>	<b>16450</b>	<b>12693</b>	<b>14202</b>	<b>15868</b>
<b>B</b>	<b>Our Outgoings</b>							
	Cost of Materials	₹ Cr.	7636	9222	11772	5761	8008	9149
	Manpower Cost	₹ Cr.	2543	1954	2246	2721	2446	2685
	Net Operating Cost	₹ Cr.	887	985	765	2813	2383	2349
	Net Financing Cost	₹ Cr.	-1732	-1525	-1341	-2107	-2316	-2064
	Depreciation	₹ Cr.	142	166	169	177	184	171
	<b>Total</b>	<b>₹ Cr.</b>	<b>9476</b>	<b>10802</b>	<b>13611</b>	<b>9365</b>	<b>10705</b>	<b>12290</b>
<b>C</b>	<b>Our Savings</b>							
	Profit Before Tax	₹ Cr.	2335	2688	2839	3328	3497	3578
	Provision For Tax	₹ Cr.	595	721	725	789	500	885
	Profit After Tax For Appropriation	₹ Cr.	1740	1967	2114	2539	2997	2693
<b>D</b>	<b>We Own</b>							
	Net Block	₹ Cr.	1328	1466	1509	1556	1548	1582
	Other Assets (net)	₹ Cr.	6816	8163	9722	11260	13397	15794
	<b>Total</b>	<b>₹ Cr.</b>	<b>8144</b>	<b>9629</b>	<b>11231</b>	<b>12816</b>	<b>14945</b>	<b>17376</b>
<b>E</b>	<b>We Owe</b>							
	Equity	₹ Cr.	121	121	121	121	121	482
	Reserves and Surplus	₹ Cr.	6496	8003	9625	11218	13257	14533
	<b>Shareholders' Funds</b>	<b>₹ Cr.</b>	<b>6617</b>	<b>8124</b>	<b>9746</b>	<b>11339</b>	<b>13378</b>	<b>15015</b>
	Deferred Tax Liability	₹ Cr.	1525	1505	1485	1477	1567	1682
	Long Term Borrowings	₹ Cr.						
	Short Term Borrowings	₹ Cr.						679
	<b>Total</b>	<b>₹ Cr.</b>	<b>8144</b>	<b>9629</b>	<b>11231</b>	<b>12816</b>	<b>14945</b>	<b>17376</b>
<b>F</b>	<b>Cash and Bank Balance</b>	<b>₹ Cr.</b>	<b>19745</b>	<b>18658</b>	<b>20099</b>	<b>21933</b>	<b>19128</b>	<b>16935</b>





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







Sl. No.	Particulars	Units	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
<b>G</b>	<b>Financial Statistics</b>							
	Revenue from Operations (Net)	₹ Cr.			13124	14211	14328	15135
	Value of Production	₹ Cr.	11811	13490	16450	12693	14202	15868
	Value Added	₹ Cr.	4175	4268	4678	6932	6194	6719
	<b>Dividend</b>							
	Dividend	₹ Cr.	348	393	423	814	824	890
	Dividend Tax	₹ Cr.	59	67	69	132	134	151
	<b>Total</b>	<b>₹ Cr.</b>	<b>407</b>	<b>460</b>	<b>493</b>	<b>946</b>	<b>957</b>	<b>1041</b>
	<b>Government Share:</b>							
	Dividend	₹ Cr.	348	393	423	814	824	890
	Dividend Tax	₹ Cr.	59	67	69	132	134	151
	<b>Total</b>	<b>₹ Cr.</b>	<b>407</b>	<b>460</b>	<b>493</b>	<b>946</b>	<b>957</b>	<b>1041</b>
	<b>Other than Government Share:</b>							
	Dividend	₹ Cr.						
	Dividend Tax	₹ Cr.						
	<b>Total</b>	<b>₹ Cr.</b>						
	<b>R &amp; D Expenditure</b>	₹ Cr.	675	832	987	968	1949	1083
	EBITDA	₹ Cr.	2905	3383	3654	4051	4098	4181
	Inventory	₹ Cr.	10431	13660	17427	16153	17980	22361
	Trade Receivables	₹ Cr.	1848	1858	2318	3917	5530	6917
	No. of Employees	Nos.	34822	33990	33681	32659	32644	32108
	No of Equity Shares	Cr.	12.05	12.05	12.05	12.05	12.05	48.20
<b>H</b>	<b>Financial Ratios</b>							
	Sales Per Employee	₹	2979151	3370697	3893887	4349184	4387943	4711598
	Value Added Per Employee	₹	1198955	1255663	1388914	2122539	1897439	2092625
	PBT to Sales	%	23	23	22	23	24	24
	Earnings Per Share	₹	144.40	163.24	175.44	210.71	62.18	55.87
	<b>Dividend as %age of Equity (including Dividend Tax)</b>	<b>%</b>	<b>338</b>	<b>382</b>	<b>409</b>	<b>785</b>	<b>199</b>	<b>216</b>

1. To achieve the mandatory threshold of 25% minimum public shareholding in the Company, Government of India (GoI) had offered 3.5% (1,17,03,563) equity shares of the Company to non-Retail Investors and Retail Investors on March 23-24, 2023, out of its shareholding of 75.15% in the Company, through Offer for Sale (OFS) by Stock Exchange Mechanism. Consequent to the OFS, the Government of India shareholding stood at 71.65% as at 31<sup>st</sup> March 2023.

Apart from above, as part of the OFS, GoI had also allotted 37,632 equity shares to the eligible employees of the Company during April, 2023 under Employee OFS. Consequent to the Employee OFS, the GoI shareholding stands at 71.64%.

2. 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.



2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
15730	16758	17950	18519	20008	21445	22882	24620	<b>26928</b>
16288	17152	17103	17553	18650	20590	20044	23770	<b>27055</b>
7406	7980	8411	9507	10986	11830	11304	14358	<b>16246</b>
480	510	917	1076	662	1112	1003	1338	<b>1672</b>
96	104	187	219	136	229	0	0	<b>0</b>
<b>576</b>	<b>614</b>	<b>1104</b>	<b>1295</b>	<b>798</b>	<b>1341</b>	<b>1003</b>	<b>1338</b>	<b>1672</b>
480	510	917	1048	596	1000	754	1006	<b>1257</b>
96	104	187	213	122	206	0	0	<b>0</b>
<b>576</b>	<b>614</b>	<b>1104</b>	<b>1261</b>	<b>718</b>	<b>1206</b>	<b>754</b>	<b>1006</b>	<b>1257</b>
			28	66	112	249	332	<b>415</b>
			6	14	23	0	0	<b>0</b>
			<b>34</b>	<b>80</b>	<b>135</b>	<b>249</b>	<b>332</b>	<b>415</b>
1042	1191	1284	1612	1464	1232	1687	1967	<b>2494</b>
3987	4060	4273	4215	4936	5284	5694	6399	<b>8335</b>
24965	23998	21340	19375	19685	19454	16689	14364	<b>12161</b>
6108	4836	4220	6751	12459	11235	5670	4642	<b>4719</b>
31144	30300	29526	29035	28345	27384	26432	25412	<b>24457</b>
48.20	36.15	36.15	33.44	33.44	33.44	33.44	33.44	<b>33.44</b>
5015733	5473927	5962130	6297179	6992768	7751972	8512788	9586809	<b>10778509</b>
2377986	2633663	2848508	3274259	3875816	4320041	4276634	5650087	<b>6642679</b>
20	19	20	18	19	19	19	21	<b>25</b>
49.54	41.45	72.35	56.15	70.16	84.99	96.88	152.11	<b>173.79</b>
<b>120</b>	<b>170</b>	<b>305</b>	<b>388</b>	<b>239</b>	<b>401</b>	<b>300</b>	<b>401</b>	<b>501</b>

Consequent to the OFS, the Government of India shareholding stood at 75.15%.

- During the Financial Year 2017-18, GOI divested 3,35,32,320 Equity Shares of ₹ 10/- each equivalent to 10.03% of the paid up capital of the Company. Consequently, the Company's shares was listed on 28<sup>th</sup> March 2018.
- The Company has bought back 2,71,12,500 Equity Shares of ₹ 10/- each on 19<sup>th</sup> Dec 2017. The effect of buy-back is considered for the purpose of calculation of Earnings Per Share.
- The Company has bought back 12,05,00,000 Equity Shares of ₹ 10/- each on 30<sup>th</sup> March 2016. The effect of buy-back is not considered for the purpose of calculation of Earnings Per Share, as there is no significant change in value of the same.
- The Company has issued 36,15,00,000 Equity Shares as Bonus Shares on 7<sup>th</sup> Feb 2014.





# Notice of 60<sup>th</sup> AGM

**NOTICE** is hereby given that the 60<sup>th</sup> Annual General Meeting (AGM) of Hindustan Aeronautics Limited will be held on **Thursday, August 31, 2023 at 3.00 P.M. (IST)** through Video Conferencing (VC) / Other Audio Visual Means (OAVM) to transact the following business:-

## ORDINARY BUSINESS:

1. To receive, consider and adopt the audited financial statements (including audited consolidated financial statements) for the financial year ended 31<sup>st</sup> March, 2023 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 ₹ 40/- per equity share and to declare a Final Dividend of ₹ 15/- per equity share for the financial year 2022-23.
3. To appoint a Director in place of Shri Jayadeva E P, (DIN 06761333) who retires by rotation and being eligible, offers himself for re-appointment.
4. To fix remuneration of Statutory Auditors for the financial year 2023-24.

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 2023-24, as may deem fit.

## SPECIAL BUSINESS

5. To ratify the remuneration payable to the Cost Auditor appointed by the Board of Directors of the Company for the financial year 2023-24, pursuant to Section 148 and all other applicable provisions of Companies Act, 2013, by passing with or without modification(s), the following resolution as **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14 of Companies (Audit and Auditors) Rules, 2014 and other applicable provisions of the Companies Act, 2013, the remuneration of ₹1,50,000/- (Rupees One Lakh Fifty Thousand Only) excluding applicable Tax payable to M/s Murthy & Co., LLP, Cost Accountants, Bengaluru, for conducting cost audit of the Company for the financial year 2023-24, as approved by the Board of Directors of the Company, be and is hereby ratified."

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as **Ordinary Resolution** for appointment of Shri T Natarajan,

Additional Secretary (DP), Ministry of Defence as Part-time Official Director (Government Nominee Director) of the Company:

**"RESOLVED THAT** pursuant to the provisions of Sections 152, 160, 161 and all other applicable provisions of the Companies Act, 2013 (including any statutory modifications or re-enactment thereof, for the time being in force) and the rules made thereunder, the Articles of Association of the Company, Regulation 17(1C) and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, as amended, Shri T. Natarajan, Additional Secretary (Defence Production), Ministry of Defence (DIN 00396367), who was appointed by the Board as Part-time Official Director (Government Nominee Director) of the Company w.e.f. 23<sup>rd</sup> December, 2022 in terms of Letter No. 8(32)/2019-D (Coord/DDP) dated 23<sup>rd</sup> December, 2022 issued by Ministry of Defence, Govt. of India (on behalf of President of India), be and is hereby appointed as Government Nominee Director of the Company on such terms, conditions and tenure as may be determined by the Government of India."

7. To consider and if thought fit, to pass with or without modification, the following as an **Ordinary Resolution** for sub-division of 1 (One) Equity Share of the Company of the face value of ₹10/- (Rupees Ten Only) each into 2 (Two) Equity Shares of Rupees 5/- (Rupees Five Only) each.

**"RESOLVED THAT** pursuant to the provisions of Section 61(1)(d) and all other applicable provisions, if any, of the Companies Act, 2013 and rules framed thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Article 13 of Articles of Association of the Company, and subject to such other approval(s)/consent(s) as may be required from the concerned Statutory/Regulatory Authority(ies), the approval of the members of the Company be and is hereby accorded for the sub-division of 1 (One) Equity Share of the Company of the face value of ₹10/- (Rupees Ten Only) each into 2 (Two) Equity Shares of the Company of face value of ₹ 5/- (Rupee Five only) each fully paid up.

**RESOLVED FURTHER THAT** pursuant to the sub-division of the Equity Shares of the Company, all the issued, subscribed and paid up equity shares of face value of ₹ 10/- (Rupees Ten only) each shall stand sub-divided into two Equity Shares of the Company of face value of ₹ 5/- (Rupee Five only) each, from the record date as may be fixed by the Board of Directors of the Company and shall rank *pari passu* in all respects with and carry the same rights as the existing fully paid Equity Shares of ₹ 10/- (Rupees Ten only) each of the Company.







**RESOLVED FURTHER THAT** upon sub-division of the Equity Shares as aforesaid, the existing Share Certificate(s) in relation to the existing Equity Shares of the face value of ₹ 10/- (Rupees Ten only) each held in physical form shall be deemed to have been automatically cancelled and be of no effect on and from the "Record Date" of the sub-division or such other date as may be determined by the Board (which expression shall also include a Committee thereof), and the Company may without requiring the surrender of the existing Share Certificate(s), directly issue and dispatch the new Share Certificate(s) of the Company, in lieu of such existing issued Share Certificate(s) subject to provisions of Companies (Share Capital and Debentures) Rules, 2014 and in the case of the Equity Shares held in the dematerialized form, the number of sub-divided Equity Shares be credited to the respective beneficiary accounts of the Members with the Depository Participants, in lieu of the existing credits representing the Equity Shares of the Company, before sub-division.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this Resolution, the Board of Directors of the Company (which expression shall also include a Committee thereof) and/or any Whole-time Director and/or Company Secretary of the Company be and are hereby severally authorised to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise in relation to the above and to settle all matters arising out of and incidental thereto and to accept and make any alteration(s), modification(s) to the terms and conditions as they may deem necessary, concerning any aspect of the sub-division of equity shares including but not limited to fixing record date, in accordance with the statutory requirements as well as to give such directions as may be necessary or desirable, to settle any question, difficulty or doubt that may arise in this regard and to execute all deeds, applications, documents and writings that may be required on behalf of the Company and generally to do all acts, deeds, matters and things as they may, in their absolute discretion deem necessary, expedient, usual or proper in relation to or in connection with or for matters in relation / consequential to the sub-division of Equity Shares including execution and filing of all the relevant applications, writings, deeds and documents with the Stock Exchange(s) where the shares of the Company are listed, Depositories, MCA and other appropriate authorities, in due compliance of the applicable rules and regulations, without seeking any further consent or approval of the Members or otherwise, to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this Resolution."

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

"**RESOLVED THAT** pursuant to provisions of Section 13, 61 and other applicable provisions, if any, of the Companies Act, 2013, and rules issued there under (including any

statutory modification or re-enactment thereof for the time being in force), and subject to such other approval(s)/ consent(s) as may be required from the concerned Statutory/Regulatory Authority(ies), the approval of the members of the Company is hereby accorded to substitute the existing clause V of Memorandum of Association relating to Capital with the following:

"The Share Capital of the Company is ₹ 600,00,00,000 (Rupees Six Hundred Crore only) divided into 1,20,00,00,000 (One Hundred and Twenty Crore) equity shares of ₹ 5/- (Rupee Five Only) each with rights, privileges and conditions attaching thereto as may be provided by the Articles of Association of the Company for the time being, with power to increase and reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, guaranteed, qualified or special rights, privileges and conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify, amalgamate or abrogate any such rights, privileges, or conditions in such manner as may for the time being be provided by the Articles of Association of the Company, but subject always to the provisions of the Companies Act 1956 and / or the Companies Act, 2013 including amendments thereto from time to time."

**RESOLVED FURTHER THAT** for the purpose of giving effect to this Resolution, the Board of Directors of the Company (which expression shall also include a Committee thereof) and/or Whole-time Director and/or Company Secretary of the Company be and are hereby severally authorised to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise in relation to the above and to settle all matters arising out of and incidental thereto and to accept and make any alteration(s), modification(s) to the terms and conditions as they may deem necessary, concerning any aspect of the subdivision of equity shares including but not limited to fixing record date, in accordance with the statutory requirements as well as to give such directions as may be necessary or desirable, to settle any question, difficulty or doubt that may arise in this regard and to execute all deeds, applications, documents and writings that may be required on behalf of the Company and generally to do all acts, deeds, matters and things as they may, in their absolute discretion deem necessary, expedient, usual or proper in relation to or in connection with or for matters in relation / consequential to the sub-division of Equity Shares including execution and filing of all the relevant applications, writings, deeds and documents with the Stock Exchange(s) where the shares of the Company are listed, Depositories, MCA and other appropriate authorities, in due compliance of the applicable rules and regulations, without seeking any further consent or approval of the Members or otherwise, to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this Resolution."



9. To consider and if thought fit, to pass with or without modification(s), the following resolution as **Ordinary Resolution** for appointment of Shri M Z Siddique, Distinguished Scientist (DS) and Director General (Aeronautical Systems), DRDO as Part-time Official Director (Government Nominee Director) of the Company:

**“RESOLVED THAT** pursuant to the provisions of Sections 152, 160, 161 and all other applicable provisions of the Companies Act, 2013 (including any statutory modifications or re-enactment thereof, for the time being in force) and the rules made thereunder, the Articles of Association of the Company, Regulation 17(1C) and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, as amended, Shri M Z Siddique, DS & DG (Aero), DRDO (DIN 10231161), who was appointed by the Board as Part-time Official Director (Government Nominee Director) of the Company w.e.f. July 18, 2023, in terms of Letter No. 49016/03/2016-D(HAL-III) dated 23<sup>rd</sup> June, 2023 issued by Ministry of Defence, Govt. of India (on behalf of President of India), be and is hereby appointed as Government Nominee Director of the Company on such terms, conditions and tenure as may be determined by the Government of India.”

10. To consider and if thought fit, to pass with or without modification(s), the following resolution as **Ordinary Resolution** for appointment of Shri Atasi Baran Pradhan as Director (HR), of the Company:

**“RESOLVED THAT** pursuant to the provisions of Section 152, 160 and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made thereunder and Regulation 17(1C) of SEBI (LODR) Regulations, 2015 as amended, Shri Atasi Baran Pradhan (DIN 10124018) who was appointed as an Additional Director and designated as Director (HR) of the Company by the Board of Directors with effect from July 19, 2023 as per the Govt. of India, MoD Letter No. 49016/01/2022-D(HAL-III) dated 19<sup>th</sup> July, 2023 and who holds office until the date of ensuing Annual General Meeting in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from him under Section 160 of the Companies Act, 2013 signifying his intention to appoint him as a Director, be and is hereby appointed as Director (HR) of the Company on terms and conditions as stipulated by the Government of India.”

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

**(Shailesh Bansal)**  
Company Secretary

Place: Bengaluru  
Date: July 19, 2023

#### 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. 5, 6, 7, 8, 9 and 10 given above as Special Business in the forthcoming AGM.
2. Ministry of Corporate Affairs (MCA), vide its General Circular No. 20/2020 dated May 5, 2020 and subsequent Circulars issued from time to time and General Circular No 10/2022 dated December 28, 2022 read with relevant circulars issued by the Securities and Exchange Board of India (SEBI), from time to time (hereinafter collectively referred to as "Circulars)", has allowed the Companies to conduct the AGM through Video Conferencing (VC) or Other Audio Visual Means (OAVM) during the calendar year 2023. 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 60<sup>th</sup> AGM of the Company is being held through VC/ OAVM.
3. The Company has enabled the members to participate at the 60<sup>th</sup> AGM through VC facility provided by the KFin Technologies Limited ("KFinTech") (formerly known as "KFin Technologies Private Limited"). The participation at the AGM through VC shall be allowed on a first-come-first-served basis.
4. In compliance with the aforesaid MCA Circulars and SEBI Circular, Notice of the AGM along with the Annual Report 2022-23 is being sent only through electronic mode to those Members whose email addresses are registered with the Company / Depositories. Members who requires physical copy of the Annual-Report, may request for the same. Members may note that the Notice and Annual Report 2022-23 will also be available on the Company's Website [www.hal-india.co.in](http://www.hal-india.co.in), websites of the Stock Exchanges i.e BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively and on the website of KFinTech at <https://evoting.kfintech.com> at download section.
5. We desire members to support 'Green Initiative' by receiving the Company's Communication through email. Members who have not registered their email addresses and mobile number so far are requested to validate/register their details with the Depository Participant in case of shares held in electronic form and with the Registrar viz. KFinTech in case the shares are held in physical form for receiving all communication including Annual Report and other Notices from the Company electronically. In case of queries, Members are requested to write to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) or call at the toll free number 1800 309 4001.





6. In compliance with the provisions of section 108 of the Act, the Rules made thereunder and Regulation 44 of the SEBI Listing Regulations, the Members are provided with the facility to cast their vote electronically, through e-voting services provided by KFin Technologies Limited, on all resolutions set forth in this Notice. Members attending the AGM through VC/ OAVM, who have not cast their votes by remote e-voting shall be able to exercise their vote through e-voting during the AGM. Members, who have cast their vote by remote e-voting prior to the AGM, may attend the AGM through VC/ OAVM but shall not be entitled to cast their vote again. **The Procedure / Instruction for e-voting and joining AGM are provided in this notice.**
7. The remote e-voting period commences on Sunday, August 27, 2023 (9.00 A.M. IST) and ends on Wednesday, August 30, 2023 (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 Thursday, August 24, 2023, may cast their votes electronically. The remote e-voting module shall be disabled by KFin Technologies Limited for voting thereafter. Once the vote on a resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently.
8. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under section 103 of the Act.
9. Pursuant to the provisions under section 105 of the Act, a member who is entitled to attend and vote at a General Meeting, shall be entitled to appoint another person as a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since, this AGM is being held pursuant to the MCA Circular through VC / OAVM, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip is not annexed to this Notice. However, pursuant to Section 112 and 113 of the Act, the President of India or Body Corporate who are members are required to send a scanned copy of its Board or Governing Body Resolution / Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote electronic – voting (e-voting). The said resolutions / Authorizations can be forwarded to RTA on [evoting@kfintech.com](mailto:evoting@kfintech.com) or sent to the Company by email through its registered email address to [investors@hal-india.co.in](mailto:investors@hal-india.co.in).
10. The Register of Members and Share Transfer Books of the Company will remain closed from August 25, 2023 to August 31, 2023 for the purpose of AGM (both days inclusive).
11. The following documents will be available for inspection by the Members electronically during the AGM. Members seeking to inspect such documents can send an email to [investors@hal-india.co.in](mailto:investors@hal-india.co.in).
  - (a) The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013.
  - (b) The Register of Contracts or arrangements in which the Directors are interested, maintained under Section 189 of the Companies Act, 2013.
12. Brief profile of the Directors seeking appointment/ re-appointment as mandated under Regulation 36(3) of the SEBI Listing Regulations forms part of the Notice.
13. As per Regulation 40 (1) of SEBI Listing Regulations, as amended, transfer of securities of the Company shall not be processed unless the securities are held in the dematerialised form with a depository. Further, transmission or transposition of Securities of the Company held in physical or dematerialised form shall be effected only in dematerialised form. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialised form.
14. The Board of Directors of the Company in its 469<sup>th</sup> meeting held on June 27, 2023 has recommended a final dividend of ₹ 15 per share of ₹ 10 each, subject to approval of shareholders at its 60<sup>th</sup> AGM.
15. The Company has fixed Thursday, August 24, 2023 as the "Record Date" for determining entitlement of Members to final dividend for the financial year ended March 31, 2023, if approved at the AGM.
16. The Company has fixed Friday, September 29, 2023 as the "Record Date" for determining entitlement of members for issue of shares with new face value after Sub-division of Shares of the Company, if approved at the AGM
17. If the final dividend, as recommended by the Board of Directors, is approved at the AGM, payment of such dividend subject to deduction of tax at source will be made on or before September, 30, 2023 as under:
  - (i) To all Beneficial Owners in respect of shares held in dematerialized form as per the data as may be made available by the National Securities Depository Limited ("NSDL") and the Central Depository Services (India) Limited ("CDSL"), collectively "Depositories", as on record date.





- (ii) To all Members in respect of shares held in physical form after giving effect to valid transmission or transposition requests lodged with the Company as on record date.
18. Members are requested to address all correspondence including dividend related matters to the Registrar & Share Transfer Agent (RTA) of the Company i.e. KFin Technologies Limited (formerly known as "KFin Technologies Private Limited"), Selenium Building, Tower B, Plot 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad -500 032, Telangana, Toll free number 1800 309 4001 e-mail Id: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com).
19. Members wishing to claim dividends that remain unclaimed are requested to correspond with the RTA mentioned above or the Company Secretary of the Company or at [investors@hal-india.co.in](mailto:investors@hal-india.co.in).
20. The Board has appointed M/s DPSP & Associates, Company Secretaries, Bengaluru as the Scrutinizer to scrutinize the e-voting in a fair and transparent manner.
21. The results of the above resolutions shall be declared within 2 working days from the conclusion of the AGM of the Company and the Resolutions will be deemed to be passed on the date of the AGM, subject to receipt of the requisite number of votes in favour of the resolutions.
22. The results of the voting declared along with the scrutinizer's report will be published on the website of the Company ([www.hal-india.co.in](http://www.hal-india.co.in)) and on website of RTA (<https://evoting.kfintech.com>) within 2 working days from the conclusion of the AGM and the same shall also be simultaneously communicated to the BSE Limited and the National Stock Exchange of India Limited.
23. In terms of Section 72 of the Companies Act, 2013, nomination facility is available to individual shareholders. Members holding shares in physical form may nominate a person in respect of all the shares held by them whether singly or jointly. Members who hold shares in individual name are advised to avail nomination facility by filing their own interest. Blank form can be obtained from RTA on request. Members holding shares in dematerialised form may contact their respective DPs for registration of nomination.
24. Pursuant to Section 139(5) read with Section 142 of the Companies Act, 2013, the Auditors of a Government Company are appointed or re-appointed by the Comptroller and Auditor General (C&AG) of India and their remuneration is to be fixed by the Company in the AGM. The members may authorise the Board to fix an appropriate remuneration of Auditors for the year 2023-24.
25. Members are requested:
- I. To quote their Folio/DP & Client identification No. in all correspondence.
  - II. To notify immediately any change of their address and bank particulars to the RTA or the Company, in case shares are held in physical form and in case their shares are held in dematerialised form, information should be passed on directly to their respective Depository Participants and not to the RTA/ Company, without any delay.
  - III. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
26. The Company has designated an exclusive e-mail ID called [investors@hal-india.co.in](mailto:investors@hal-india.co.in) for redressal of shareholders'/ investors' complaints/grievances. In case you have any queries/complaints or grievances, then please write to us at the above e-mail address.
27. Since the AGM will be held through VC /OAVM, the Route Map is not annexed in this AGM Notice.

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

##### **Item No. 5 – Ratification of Remuneration to Cost Auditors for FY 2023-24**

The Board, on the recommendation of the Audit Committee, has approved in its 469<sup>th</sup> meeting held on June 27, 2023, the appointment of M/s Murthy & Co, LLP, Cost Accountants, Bengaluru, at a remuneration of ₹ 1,50,000/- (Rupees One Lakh Fifty Thousand only) excluding applicable Tax to conduct the Cost Audit of the Company for the financial year 2023-24.

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

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

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

##### **Item No. 6 – Appointment of Shri T Natarajan, Additional Secretary (Defence Production), as Part-time Official Director (Government Nominee Director) of the Company:**

The Board of Directors of the Company through Circular Resolution has appointed Shri T Natarajan, Additional Secretary (DP), Ministry of Defence as Part-time Official





Director (Government Nominee Director) of the Company w.e.f. December 23, 2022 in terms of Letter No. 8(32)/2019-D (Coord/DDP) dated 23<sup>rd</sup> December, 2022 issued by Ministry of Defence, Govt. of India.

Born on May 5, 1971, Shri T Natarajan, Additional Secretary (DP) has done graduation in Mining Engineering from College of Engineering Guindy, Anna University and M.B.A. in Finance from Bharathidesan Institute of Management, Tamil Nadu. He also acquired Masters in International Development at Duke University in USA.

Shri T Natarajan has more than 27 years of experience in civil services and held various administrative posts in the Government of India related to Economic Affairs, Finance, Revenue, HRD, etc. and also served as director in many listed and unlisted companies.

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

- Disclosure of relationship between directors inter-se: Nil
- Directorship held in other listed Companies: One
- Membership/ Chairmanship of the Committee in other listed Companies: Nil
- Shareholding in Hindustan Aeronautics Ltd: Nil
- The skills /expertise/ competency of Shri T Natarajan, AS(DP) as required in the context of the business pertaining to the Company are identified by the Government of India and accordingly selection of the Director on the Board of the Company is made by the Government of India.

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

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

**Item No. 7 – Sub-division of 1 (One) Equity Share of the Company of the face value of ₹10/- (Rupees Ten Only) each into 2 (Two) Equity Shares of Rupees 5/- each**

The Equity Shares of your Company are listed and traded on BSE Ltd and National Stock Exchange of India Ltd. The Company's strong performance over the years has led the significant rise in the market price of the equity shares of the Company.

With a view to encourage wider participation of small investors and to enhance the liquidity of the Equity Shares at the Stock Market, the Board of Directors at its 469<sup>th</sup> meeting held on June 27, 2023 has considered and recommended the sub-division of 1 (One) Equity Share of the Company of the face

value of ₹10/- (Rupees Ten Only) each into two Equity Shares of the Company of face value of ₹ 5/- (Rupees Five only) each fully paid up subject to approval of the Members and other statutory and regulatory approvals, as applicable.

None of the Directors / Key Managerial Personnel of the Company or their relatives are concerned or interested in the resolution except to the extent of their shareholding in the Company, if any.

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

**Item No. 8 – Alteration of Capital Clause of the Memorandum of Association of the Company**

Presently, the Authorized Share Capital of the Company is ₹ 600,00,00,000/- divided into 60,00,00,000 Equity Shares of ₹ 10/- each and the paid-up share capital of the Company is ₹ 334,38,75,000 divided into 33,43,87,500 Equity Shares of ₹ 10/- each fully paid up.

The proposed sub-division of equity shares will not result in any change in the amount of authorized and paid-up share capital of the Company. However, the sub-division of Shares as aforesaid would also require consequential amendments to the existing Clause V of the Memorandum of Association ("MOA") of the Company to reflect the change in face value of each Equity Share of the Company from existing ₹ 10/- (Rupees Ten only) each to proposed ₹ 5/- (Rupees Five only) each.

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

The Board of Directors of the Company in its 469<sup>th</sup> meeting held on June 27, 2023 has considered and recommended the alteration of Clause V of the Memorandum of Association ("MOA") of the Company to reflect the change in face value of each Equity Share of the Company from existing ₹ 10/- (Rupees Ten only) each to proposed ₹5/- (Rupees Five only) each, subject to approval of the Members and other statutory and regulatory approvals, as applicable.

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

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

**Item No. 9 – Appointment of Shri M Z Siddique, DS & DG (Aero), DRDO, as Part-time Official Director (Government Nominee Director) of the Company:**

The Board of Directors of the Company in its 469<sup>th</sup> meeting held on June 27, 2023 has appointed Shri M Z Siddique, DS & DG (Aero), DRDO as Part-time Official Director (Government



Nominee Director) of the Company w.e.f. July 18, 2023 in terms of Letter No. 49016/03/2016-D(HAL-III) dated 23<sup>rd</sup> June, 2023 issued by Ministry of Defence, Govt. of India.

Born on August 8, 1964, Shri M Z Siddique, DS & DG (Aero), DRDO, has done Mechanical Engineering from Annamalai University.

Shri M Z Siddique has more than 34 years of experience. He has joined GTRE, Bengaluru as Scientist 'B' in 1988 after completion of one year fellowship programme on "Gas Turbine Technology" from Institute of Armament Technology (IAT), Pune in 1988. He has served as Director, GTRE from August 11, 2015 to November 14, 2022.

Shri M Z Siddique was appointed as Director General (Naval Systems & Materials) in the year 2022. He steered many critical projects related to sonars, air independent propulsion, stealth materials, critical and emerging aerospace materials, etc. Presently, he is leading the Aeronautical Systems Cluster Laboratories as Director General with the responsibility of design and development of state-of-the-art UAV's, Manned and Unmanned Aircrafts, Aero Gas Turbine engine technology, Air borne surveillance systems, technologies and systems related to parachute and lighter than-air systems for the Armed forces.

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

- Disclosure of relationship between directors inter-se: Nil
- Directorship held in other listed Companies: Nil
- Membership/ Chairmanship of the Committee in other listed Companies: Nil
- Shareholding in Hindustan Aeronautics Ltd: Nil
- The skills /expertise/ competency of Shri M Z Siddique, DS & DG (Aero), DRDO, as required in the context of the business pertaining to the Company are identified by the Government of India and accordingly selection of the Director on the Board of the Company is made by the Government of India.

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

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

**Item No. 10 – Appointment of Shri Atasi Baran Pradhan, as Director (HR) of the Company:**

The Board of Directors of the Company by Circular Resolution has appointed Shri Atasi Baran Pradhan as Additional Director

and designated as Director (HR) of the Company w.e.f. July 19, 2023 in terms of Letter No. 49016/01/2022-D(HAL-III) dated 19<sup>th</sup> July, 2023 issued by Ministry of Defence, Govt. of India.

Born on February 2, 1965, Shri Atasi Baran Pradhan, holds Bachelor Degree in Chemistry (Hons.) and PG Degree in Personnel Management & Labour Welfare from Utkal University, Bhubaneswar. He has also graduated in Bachelor of Laws (LLB).

Shri Atasi Baran Pradhan joined Hindustan Aeronautics Limited (HAL) in 2005 and has 35 years of rich and varied experience in Human Resource function serving in both Public and Private Sectors with exposure to various industries that are dealing with Engineering, Metallurgy, Paper, Aerospace & Defence that are situated in various parts of India.

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

- Disclosure of relationship between directors inter-se: Nil
- Directorship held in other listed Companies: Nil
- Membership/ Chairmanship of the Committee in other listed Companies: Nil
- Shareholding in Hindustan Aeronautics Ltd: Nil
- The skills /expertise/ competency of Shri Atasi Baran Pradhan, as required in the context of the business pertaining to the Company are identified by the Government of India and accordingly selection of the Director on the Board of the Company is made by the Government of India.

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

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

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

**(Shailesh Bansal)**  
Company Secretary

Date: July 19, 2023  
Place: Bengaluru







## 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 E P Jaydeva
DIN	06761333
Date of Birth	20.08.1964
Date of appointment	10.06.2022
Brief Resume	<p>Shri Jayadeva E.P holds a bachelor's degree in Electrical Engineering from University Visvesvaraya College of Engineering, Bangalore and Masters from IIT Madras in Aircraft Production Engineering.</p> <p>He joined HAL in 1987 as a Management Trainee, and has about 34 years of experience in the areas of Manufacturing, Assembly, Overhaul, Upgrades, Customer support, Indigenisation and other Management functions.</p>
Directorship held in other Listed Companies	Nil
Membership/ Chairmanship in other listed Companies	Nil
Shareholding in the Company	Nil
Relationship with other directors and Key Managerial Personnel of the Company	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 Sunday, August 27, 2023 (9.00 A.M. IST) and ends on Wednesday, August 30, 2023 (5.00 P.M. IST).
- The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date.
- Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) or [evoting@kfintech.com](mailto:evoting@kfintech.com). However, if he / she is already registered with Kfintech for remote e-Voting then he /she can use his / her existing User ID and password for casting the vote.
- In case of Individual Shareholders holding securities in demat mode and who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date may follow steps mentioned below under "Login method for remote e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode."





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

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

Type of shareholders	Login Method
<p><b>Individual Shareholders holding securities in demat mode with NSDL</b></p>	<p><b>1. Member already registered for IDeAS facility may follow the below steps:</b></p> <ol style="list-style-type: none"> <li>I. Visit the URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a></li> <li>II. Click on the "Beneficial Owner" icon under "Login" under 'IDeAS' section.</li> <li>III. On the new page, enter User ID and Password. Post successful authentication, click on "Access to e-Voting" under e-voting services.</li> <li>IV. Click on company name or e-Voting service provider i.e. KFintech and you will be re-directed to KFintech website for casting your vote.</li> </ol> <p><b>2. Members who have not registered for IDeAS facility may follow the below steps:</b></p> <ol style="list-style-type: none"> <li>I. To register click on link : <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a></li> <li>II. Select "Register Online for IDeAS" or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>III. On completion of the registration formality, follow the steps provided above.</li> </ol> <p><b>3. Members may alternatively vote by directly accessing the e-Voting website of NSDL</b></p> <ol style="list-style-type: none"> <li>I. Visit the URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a></li> <li>II. Click on the icon "Login" which is available under 'Shareholder/Member' section.</li> <li>III. Enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password / OTP and a Verification Code as shown on the screen.</li> <li>IV. Post successful authentication, you will requested to select the name of the company or the e-Voting Service Provider name, i.e.KFintech.</li> <li>V. On successful selection, you will be redirected to KFintech e-Voting page for casting your vote during the remote e-Voting period.</li> </ol>
<p><b>Individual Shareholders holding securities in demat mode with CDSL</b></p>	<ol style="list-style-type: none"> <li>1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login to Easi / Easiest are requested to visit CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login icon &amp; New System Myeasi Tab.</li> <li>2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly.</li> <li>3) If the user is not registered for Easi/Easiest, option to register is available at CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login &amp; New System Myeasi Tab and then click on registration option.</li> <li>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</li> </ol>





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

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

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

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

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

**Members whose email IDs are registered with the Company/ Depository 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://evoting.kfintech.com/>
- ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number), followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with Kfintech for e-voting, you can use your existing User ID and password for casting the vote.
- iii. After entering these details appropriately, click on "LOGIN".
- iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID etc.

on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

- v. You need to login again with the new credentials.
- vi. On successful login, the system will prompt you to select the "EVEN" i.e., ' Hindustan Aeronautics Limited " and click on "Submit"
- vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/ AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
- viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/ demat accounts.
- ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.







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

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

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

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

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

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

- i. Member will be provided with a facility to attend the AGM through VC / OAVM platform provided by KFintech. Members may access the same at <https://emeetings.kfintech.com/> by using the e-voting login credentials provided in the email received from KFintech. After logging in, click on the Video Conference tab and select the EVEN of the Company. Click on the video symbol and accept the meeting etiquettes to join the meeting. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned above.
- ii. Facility for joining AGM though VC/ OAVM shall open at least 30 minutes before the commencement of the Meeting.
- iii. Members are encouraged to join the Meeting through Laptops/ Desktops with Google Chrome (preferred browser), Safari, Internet Explorer, Microsoft Edge, Mozilla Firefox 22.
- iv. Members will be required to grant access to the webcam to enable VC / OAVM. Further, Members connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- v. As the AGM is being conducted through VC / OAVM, for the smooth conduct of proceedings of the AGM, Members are encouraged to express their views / send their queries in advance mentioning their name, demat account number / folio number, email id, mobile number at [investors@hal-india.co.in](mailto:investors@hal-india.co.in). Questions /queries received by the Company till August 29, 2023 (5.00 P.M.) shall only be considered and responded during the AGM.
- vi. The Members who have not cast their vote through remote e-voting shall be eligible to cast their vote through

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

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

ISR 1 Form can be obtained by following the link:

<https://ris.kfintech.com/clientservices/isc/default.aspx>

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

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

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





e-voting system available during the AGM. E-voting during the AGM is integrated with the VC / OAVM platform. The Members may click on the voting icon displayed on the screen to cast their votes.

- vii. A Member can opt for only single mode of voting i.e., through Remote e-voting or voting at the AGM. If a Member casts votes by both modes, then voting done through Remote e-voting shall prevail and vote at the AGM shall be treated as invalid.
- viii. Facility of joining the AGM through VC / OAVM shall be available for atleast 2000 members on first come first served basis.
- ix. Institutional Members are encouraged to attend and vote at the AGM through VC / OAVM.

#### OTHER INSTRUCTIONS

- I. **Speaker Registration:** The Members who wish to speak during the meeting may register themselves as speakers for the AGM to express their views. They can visit <https://emeetings.kfintech.com> and login through the user id and password provided in the mail received from Kfintech. On successful login, select 'Speaker Registration' which will be opened from August 26, 2023 (9.00 A.M.) to August 29, 2023 (5.00 P.M.). Members shall be provided a 'queue number' before the meeting. The Company reserves the right to restrict the speakers at the AGM to only those Members who have registered themselves, depending on the availability of time for the AGM.
- II. **Post your Question:** The Members who wish to post their questions prior to the meeting can do the same by visiting <https://emeetings.kfintech.com> by login through the user id and password provided in the mail received from Kfintech. On successful login, select 'Post Your Question' option which will be opened from August 26, 2023 (9.00 A.M.) to August 29, 2023 (5.00 P.M.)
- III. In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of <https://evoting.kfintech.com> (Kfintech Website) or contact Ms B

Swati Reddy, at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) and [evoting@kfintech.com](mailto:evoting@kfintech.com) or call Kfintech's toll free No. 1-800-309-4001 for any further clarifications.

- IV. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on August 24, 2023, being the cut-off date, are entitled to vote on the Resolutions set forth in this Notice. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only. Once the vote on a resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently.
- V. In case a person has become a Member of the Company after dispatch of AGM Notice but on or before the cut-off date for E-voting, he/she may obtain the User ID and Password in the manner as mentioned below:
  - i. If the mobile number of the member is registered against Folio No./ DP ID Client ID, the member may send SMS: MYEPWD <space> E-Voting Event Number+Folio No. or DP ID Client ID to 9212993399
    1. Example for NSDL:  
MYEPWD <SPACE> IN12345612345678
    2. Example for CDSL:  
MYEPWD <SPACE> 1402345612345678
    3. Example for Physical:  
MYEPWD <SPACE> XXXX1234567890
  - ii. If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.kfintech.com/>, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
  - iii. Members who may require any technical assistance or support before or during the AGM are requested to contact Kfintech at toll free number 1800 309 4001 or write to them at [evoting@kfintech.com](mailto:evoting@kfintech.com)





# Board's Report

Dear Members,

Your Board of Directors takes great pleasure in presenting their Report on the performance of the Company ("the Company" or "HAL"), and its Audited Financial Statements for the Financial Year ended March 31, 2023, together 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, 2023 are summarised as under:

(₹ in Lakh except per equity share data)

PARTICULARS	2022-23	2021-22
Turnover	<b>26,36,056</b>	24,36,166
Exports	<b>29,371</b>	16,796
Profit Before Tax (PBT)	<b>6,49,294</b>	5,23,115
Provision for Tax	<b>68,177</b>	14,465
Profit After Tax (PAT)	<b>5,81,117</b>	5,08,650
R&D Expenditure	<b>2,49,433</b>	1,96,691
Earnings/ Share (in ₹)	<b>173.79</b>	152.11
Book Value / Share (in ₹)	<b>702.96</b>	576.10

During the year under review, the turnover of the Company increased by 8% to ₹26,36,056 Lakh from ₹24,36,166 Lakh of the previous year. The Profit before Tax for the year increased by 24% to ₹6,49,294 Lakh from ₹5,23,115 Lakh in the previous year. The Profit after Tax (PAT) increased by 14% to ₹5,81,117 Lakh from ₹5,08,650 Lakh in the previous year.

## PRODUCTION HIGHLIGHTS

During the year, the Company has produced 22 numbers of new Aircraft and Helicopters, covering LCA Tejas, Dornier Do-228, ALH Dhruv, Light Combat Helicopter (LCH) and Light Utility Helicopter (LUH) in addition to the production of 51 New Engines and Accessories, at its various Divisions. The Company has also overhauled 216 Aircraft / Helicopters and 535 engines during the year.

## ORDER BOOK POSITION

During the year, the Company has bagged contracts for production and supply of 70 Nos. of HTT-40 Basic Trainer Aircraft on March 6, 2023 and 6 Nos. of Dornier 228 Aircraft on March 10, 2023.

The Order Book position of the Company stands at ₹ 81,78,400 Lakh as on March 31, 2023.

## DIVIDEND

During the year, your Company has declared and paid 1<sup>st</sup> interim dividend of ₹20 per share of ₹10 each (200 %) for the financial year 2022-23, amounting to ₹ 66,877.50 Lakh.

Further, the Company has also declared and paid 2<sup>nd</sup> interim dividend of ₹ 20 per share of ₹10 each (200 %) for the financial year 2022-23, amounting to ₹ 66,877.50 Lakh.

The Board of Directors of the Company has recommended a final dividend of ₹15/- per share of ₹ 10 each to comply with the Guidelines of Department of Investment and Public Asset Management (DIPAM) on Capital restructuring with respect to payment of minimum dividend. The Final Dividend if approved by the shareholders, would involve cash outflow of ₹50,158 Lakhs.

Thus, the total dividend including final dividend for the financial year 2022-23 would be ₹55/-per equity share (550%), amounting to ₹1,83,913 Lakhs.

In terms of the provisions of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR) Regulations] and the Guidelines of DIPAM, 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](https://hal-india.co.in/Common/Uploads/DMS/Dividend_Distribution_Policy.pdf)

## CAPEX

In order to maintain the state of the art infrastructure and technologies to meet Aerospace Standard and also to develop systems/platforms for meeting the requirements of the Defence Forces and to become Atmanirbhar Bharat, HAL has incurred Capital Expenditure (CAPEX) of ₹2,08,173 Lakhs in FY 2022-23 ( PY ₹1,62,174 Lakhs). The investments are mainly towards Green Field Helicopter project at Tumakuru, augmentation of facilities of LCA, ROH of SU-30, ROH of AL-31 FP Engine etc. besides the regular replacement and rationalisation of the existing facilities.

## OFFER FOR SALE (OFS)

To achieve the mandatory threshold of 25% minimum public shareholding in the Company, Government of India (Gol) had offered 3.5% (1,17,03,563) equity shares of the Company to non-Retail Investors and Retail Investors on March 23-24, 2023, out of its shareholding of 75.15% in the Company, through Offer for Sale (OFS) by Stock Exchange Mechanism. Consequent to the OFS, the Gol shareholding as on March 31, 2023 stands at 71.65%.

Apart from above, as part of the OFS, Gol had also allotted 37,632 equity shares to the eligible employees of the Company during April, 2023 under Employee OFS. Consequent to the Employee OFS, the Gol shareholding stands at 71.64%.

## RESERVES

During the year under review, ₹53,881 Lakh was transferred to Research & Development Reserve, ₹10,776 Lakh was transferred to Indigenization Fund Reserve and ₹ 3,59,576 Lakh to General Reserve.







## BORROWINGS

As on March 31, 2023, the short term and long term borrowings of the Company was Nil.

## INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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

## LOANS, GUARANTEES AND INVESTMENTS

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

## RELATED PARTY TRANSACTIONS

During the year, your Company has entered into transactions with related parties. 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 accounting standards are provided in Clause No. 45A of the Notes to the financial statements. Details of contract(s) or arrangement(s) with related parties referred to in Section 188(1) of the Companies Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014, in the prescribed form AOC-2, is attached to this Report as **Annexure-I**.

## CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of your Company and its Joint Venture Companies & Subsidiary Companies for the year ended March 31, 2023 have been prepared in accordance with the provisions of Section 129(3) of the Companies Act and applicable Accounting Standards, and form part of this report.

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

## SUBSIDIARY/ ASSOCIATE/ JOINT VENTURE COMPANIES

As on March 31, 2023, your Company has two Subsidiaries including one wholly owned Subsidiary and thirteen Joint Venture Companies (JVCs) including two Not-for-Profit Companies (Section 8 Companies).

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

## SIGNIFICANT ACHIEVEMENTS

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

- The state-of-the-art Integrated Cryogenic Engine Manufacturing Facility (ICMF) of the Company was inaugurated by Hon'ble President of India, in Bengaluru on September 27, 2022. The facility will cater to the entire Rocket Engine Manufacturing under one roof for ISRO, it will also boost self-reliance in manufacturing of Hi-thrust Rocket engines.
- HAL's New Helicopter Factory in Tumakuru was dedicated to the nation by Hon'ble Prime Minister of India on February 6, 2023.
- Successfully completed the production of 15 Light Combat Helicopters (LCH) against the 15 LCH contract ahead of contract schedule.
- Handed over the last of the 16 ALH MKIII (Maritime role) order to the Indian Coast Guard (ICG) on November 15, 2022. During the event, a Letter of Intent (LoI) for nine more helicopters was received from ICG.
- The first flight of the LCA Mk1A prototype (LCA SP-25 modified for MK1A features) was conducted on May 20, 2022, which is the major milestone towards LCA MK1A program.
- Successfully produced 4 Do-228 aircraft in advance against the contract for supply 6 Do-228 to IAF.
- The maiden arrested landing and ski-jump take-off from the indigenous aircraft carrier INS Vikrant was carried out by the LCA Navy MK1 aircraft on February 6, 2023.
- Delivered the first set of hardware for Gaganyaan mission (first unmanned mission) as well as the 150<sup>th</sup> HAL made Satellite Bus-structure to ISRO on April 4, 2022. HAL also delivered the Crew Module Fairing (CMF) and HEM-Thrust Transfer Structure (HTS) hardware for 'Human Spaceflight Program' to Indian Space Research Organization (ISRO) on August 17, 2022 in Bengaluru.
- Build of LCA Navy MK I Trainer prototype aircraft NP5 (3<sup>rd</sup> Naval prototype) completed and engine ground run carried out on January 16, 2023.





- Design & development of Indigenous Mission Management System (MMS) integrated on DO-228 (ICG) and flight testing commenced from August 25, 2022.
- Solid State Flight Data Recorder (SSFDR) / Cockpit Voice Recorder (CVR) for Cheetah, Chetak and Cheetal helicopter has designed and developed. 'Type Approval' for this system has been accorded by CEMILAC. The 'Flight Clearance' for deployable Flight Data Recorder (FDR) and Interface Computer for DO-228 aircraft as also accorded by RCMA (Korwa).

### CURRENT PROJECTS AND PROGRAMS

During the year, the Company has produced Light Combat Aircraft (LCA) Tejas, Dornier Do-228 Aircraft, Advanced Light Helicopter (ALH) Dhruv, Light Combat Helicopter (LCH), Light Utility Helicopter (LUH), engines, accessories and aerospace structures against the various customer orders. To boost the Atmanirbharta in defence, the Company has indigenously designed and developed two products namely HTT-40 Basic Trainer Aircraft and LUH Mk1. The Company has received contract for supply of 70 HTT-40 aircraft in March, 2023.

During the year, the Company has commenced manufacturing of helicopter at New Helicopter Factory, Tumakuru. The Company has also established facilities for manufacturing of semi cryogenic and cryogenic engine components at Integrated Cryogenic Engine Manufacturing Facility (ICMF). The facility will cater to the entire Rocket Engine Manufacturing under one roof for ISRO, it will also boost self-reliance in manufacturing of Hi-thrust Rocket engines.

The Company has achieved a significant milestone towards civil aviation segment and Regional Connectivity Scheme UDAN with the first commercial flight of HAL's civil Do-228 held on April 12, 2022 at Dibrugarh-Pasighat route. The Company has progressed on bringing improvements in civil Do-228 / Hindustan 228-201 aircraft and attained Type Certification with latest FAR 23 certification requirement from DGCA. Further, Hindustan 228-201LW with Maximum Take Off Weight of 5695 Kgs has also been approved by DGCA in January, 2023. With this modification, the aircraft would fall in the Sub 5700 kg aircraft category.

### DESIGN AND DEVELOPMENT PROGRAMS

The Company continued to boost the "Atmanirbhar Bharat Abhiyan" of Govt. of India with its focused efforts towards design and development of products, technologies and capabilities to meet the future requirements of Indian defence forces and non-military aerospace market in India. The Company has considerably progressed towards the realization of our indigenous programmes viz. Basic Trainer Aircraft (HTT-40), Light Utility Helicopter (LUH), Light Combat Aircraft (LCA)- MK1A, Indian Multi-Role Helicopter (IMRH) and Development of Engines. The progress achieved in respect of these projects during the year 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 program was taken up with internal funding. A total of 3 prototypes have been built which includes two flying prototype and one Structural Test Specimen (STS).

During the year, HTT-40 successfully completed erect spin certification flights, and PSQR validation trials. All systems certified to PSQR and FAR 23. Airworthiness certificate for Aircraft obtained. First Inverted Spin tests was carried out in March, 2023. HAL has bagged the contract for supply of 70 HTT-40 aircraft on March 6, 2023.

#### • LIGHT COMBAT AIRCRAFT (LCA) Mk 1A

LCA Mk1A is an improved variant of indigenously developed LCA MK1, presently being developed by HAL. It has additional features and improvements such as Self Protection Jammer, Active Electronically Scanned Array (AESA) RADAR, Beyond Visual Range (BVR) Missile and maintainability improvements etc.

LCA Mk1A development activities are under progress. Aircraft modification completed with integration of AESA Radar, EW Suite, and upgraded Open Architecture Computer (OAC) software. Flight testing commenced on May 20, 2022.

#### • LIGHT UTILITY HELICOPTER (LUH)

The LUH is a single engine, 3 Ton weight class helicopter having Glass Cockpit with Multi-Function Displays. The LUH is intended to meet different role requirements including high altitude operation which is specific requirement of our Defence Services. Three flying prototypes have been built and were extensively flight tested. Initial Operational Clearance (IOC) for LUH IAF Version was accorded on February 7, 2020 and for the Indian Army Version on February 5, 2021.

Integration of Automatic Flight Control System (AFCS) is progressing and will be completed by December, 2023. HAL has produced first LUH Mk-I in July, 2022 against the Letter of Intent (LoI) for 12 helicopters.

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

The Company has under taken the design and development of 10-15 ton class IMRH for Indian Air Force, Indian Army and Indian Navy. The Naval variant of IMRH is christened Deck Based Multi Role Helicopter (DBMRH).





IMRH and DBMRH would be designed to meet the requirement of all the three military services and its future extension to civil market to cater to off shore operations, utility, VVIP transport etc., to enlarge the helicopter business through production as well as MRO activities.

Currently, the preliminary design activities are under progress. HAL has completed Phase 1 of wind tunnel testing of IMRH-IAF scaled model and results are satisfactory. Phase-2 of Wind Tunnel testing are under progress.

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

Design and development of a 25kN thrust class turbofan 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.

- **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 is presently under testing.

- **HAWK-i**

Hawk-i is the indigenously upgraded Hawk Mk 132 aircraft with enhanced operational and training capabilities. Hawk-i is now equipped with new suite of Avionics like improved Radio Altimeter (RADALT), Identification of Friend & Foe (IFF Mk XII), Solid State Digital Video Recording System (SSDVRS), Counter Measure Dispensing System (CMDMS), Softnet Radio, Integrated Communication System (INCOM), Data Transfer System (DTS), Smart Anti-Airfield Weapon (SAAW), Radar Warning Receiver (RWR), Voice Activated Command System (VACS), Integrated Control Unit (ICU) & Head Up Display (HUD) .

## RESEARCH AND DEVELOPMENT EFFORTS

During the year, indigenously designed and developed HTT-40 Basic Trainer Aircraft and LUH were unveiled by Hon'ble Prime Minister.

The R&D efforts of the Company have resulted in successful first flight of ALH with two segmented Main Rotor Blades and Pre-Cone Main Rotor Head developed to address the stringent stowage dimension requirement of Indian Navy, first Inverted Spin tests of HTT-40, first flight of LCA Mk1A and maiden arrested landing & ski-jump take-off by LCA Navy MK1 aircraft out from the indigenously aircraft carrier INS Vikrant.

The Company is also undertaking the development of aero engine, starter engines, avionics and accessories. Towards this, a major achievement of the Company is development of the

gas turbine starter engine GTSU-127E for ADA and successful built of a Technology Demonstrator (TD) unit. The TD unit was tested for light-up, acceleration and initial performance and the results are as anticipated in the design stage.

During the year, the Company has incurred a total R&D expenditure of ₹2,49,433 Lakh, which is 9.46% of the Turnover. The Company has transferred a sum of ₹53,881 Lakh (15% of Operating PAT) to R&D reserve for contribution to R&D corpus during the year 2022-23.

During the year, HAL has filed 192 IPR applications which make cumulative number of 2224 IPRs filed by company. Further, 116 IPRs have also been granted during the year taking cumulative IPRs held by the organization to 748. (Patents – 154, Industrial Designs – 115, Copyrights – 477, Trademark - 2).

## BOARD AND ITS COMMITTEE MEETINGS

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

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

## COMMITTEES OF THE BOARD

As on March 31, 2023, the Board has five Statutory Committees namely Audit Committee, Nomination & Remuneration Committee, Corporate Social Responsibility & Sustainable Development Committee, Stakeholders Relationship Committee and Risk Management Committee.

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

## CHANGES IN BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

### Appointment

- Shri Deepak Abasaheb Shinde appointed as Part –Time Non-Official (Independent Director) on the Board of the Company w.e.f April 28, 2022.
- Shri Jayadeva E P appointed as Director (Operations) on the Board of the Company w.e.f June 10, 2022.
- Shri Rajeev Prakash appointed as Govt. Nominee Director on the Board of the Company w.e.f September 14, 2022.
- Dr D K Sunil appointed as Director (Engg and R&D) on the Board of the Company w.e.f September 29, 2022.





- Shri T Natarajan appointed as Govt. Nominee Director on the Board of the Company w.e.f December 23, 2022.
- Shri Shailesh Bansal appointed as Company Secretary of the Company w.e.f. March 28, 2023.

### Cessation

- Shri Arup Chatterjee ceased as Director (Engg and R & D) on the Board of the Company due to his superannuation on June 30, 2022.
- Shri R Madhavan ceased as Chairman and Managing Director on the Board of the Company due to his superannuation on July 31, 2022.
- Shri Alok Verma ceased as Director (HR) on the Board of the Company due to his superannuation on November 30, 2022.
- Shri Chandraker Bharti ceased as Govt. Nominee Director on the Board of the Company due to withdrawal of Nomination w.e.f September 14, 2022.
- Shri Rajeev Prakash ceased as Govt. Nominee Director on the Board of the Company due to withdrawal of Nomination w.e.f December 23, 2022.
- Shri G V Sessa Reddy, ceased as Company Secretary of the Company due to his superannuation on October 31, 2022.

### DECLARATION OF INDEPENDENCE

Declarations from the Independent Directors of the Company have been received, confirming that they met the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and Regulation 25(8) of the SEBI (LODR) Regulations.

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

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

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

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

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

### BOARD EVALUATION

Pursuant to the 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 Independent Directors was carried out by the entire Board.

### ANNUAL RETURN

In accordance with the provisions 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/DMS/Draft\\_MGT\\_7\\_2022\\_23.pdf](https://hal-india.co.in/Common/Uploads/DMS/Draft_MGT_7_2022_23.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.

### 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 are Healthcare, Skill Development, Education, Enhancing Employability through Training, etc. The other areas in which support extended were Environment Sustainability, Sports Development, Rural Infrastructure Development, Sanitation etc. The Company has spent an amount of ₹10,328 Lakhs under CSR for the Financial Year 2022-23 against the CSR budget/ obligation of ₹ 9,707 Lakhs.



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/Corporate%20Social%20Responsibility/M\\_412](https://hal-india.co.in/Corporate%20Social%20Responsibility/M_412). Salient features of the Policy form part of the Annual Report.

Annual Report on CSR activities undertaken by your Company during the year 2022-23, 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 AND SUSTAINABILITY REPORT

In terms of amendment dated May 05, 2021 to Regulation 34(2)(f) of SEBI (LODR) Regulations, the Company has prepared Business Responsibility and Sustainability Report (BRSR) for the year 2022-23 on Environment, Social and Governance (ESG) parameters in the prescribed format and attached to this Report.

## DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY

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

In line with Regulation 21 of the SEBI (LODR), Regulations, 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 ESG, Cyber Security and Business Continuity Plan, in line with applicable laws.

## SIGNIFICANT AND MATERIAL ORDERS

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

## PUBLIC DEPOSITS

Your Company has not accepted any deposit during the year. Further, there was no outstanding deposit and/or unpaid or unclaimed principal amount or interest against any deposit either at the beginning or at the end of the Financial Year 2022-23.

## ISSUE OF EQUITY SHARES WITH DIFFERENTIAL RIGHTS

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

## MATERIAL CHANGES SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS

No material changes / commitment of the Company have occurred after the end of the Financial Year 2022-23 and till the date of this report, which affect the financial position of the Company.

## 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 is signing Memorandum of Understanding (MoU) every year with the Ministry of Defence (MoD), Government of India (GoI).

The Company has achieved "Excellent" performance rating with a score of 92.83 for the financial year 2021-22 against MoU signed with the Ministry of Defence, Government of India.

## INDIGENISATION AND ATMANIRBHAR BHARAT

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

In line with the Atmanirbhar Bharat Abhiyan of Govt. of India, HAL indigenised 1298 no. of items which may lead to annual foreign exchange saving of ₹ 160.30 Crore during the FY 2022-23. To align with national priorities and ensure inclusive growth, HAL has been also encouraging Indian private sector participation in the indigenization/ Make in India efforts to undertake various high value systems/equipment of foreign origin fitted on HAL platforms.

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

### ➤ Creation of a dedicated Indigenisation fund:

The Company has created a dedicated indigenization fund by transfer of 3% operating profit after tax of the Company every year from the FY 2022-23. This fund will be used for carrying out indigenization activities and will provide further impetus for indigenization.

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

In a major initiative, the Company has identified and made a comprehensive roadmap for indigenization of complex aircraft Systems, LRUs & other critical Items across its major





platforms. These items are planned to be indigenized in the next 4-5 years in a phased manner through participation of Indian Private Industries and Government Agencies involving Academia. Such 430 imported items are included in the four PILs (PIL-1: 23, PIL-2: 22, PIL-3: 360, PIL-4: 25) issued by DDP, MoD. Indigenisation of these items will be a significant milestone towards Atmanirbharta in Defence Sector.

➤ **Indigenisation through Company Funds (similar to Make-I concept) :**

Indigenization activity at HAL has, hitherto, been primarily driven by the need to address the challenges posed by obsolescence of bought-out items pertaining to legacy fleets and supply-chain constraints arising from various geo-political events. In certain specific cases, indigenization was also taken up to counter the threat of exorbitant price increase by foreign OEMs. HAL is utilizing internal funds to address all these challenges.

In the recent years, indigenization has been actively endorsed as a strategy to increase self-reliance, in sync with the GoI policy of promoting 'Atmanirbhar Bharat'. Accordingly, some high value critical items are also being taken-up for indigenization with internal funds.

In this procedure Development cost is being borne by HAL and supply orders are placed on need basis.

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

HAL's Make-II programme is a step towards supporting the 'Aatmanirbhar Bharat' & 'Make in India' mission. HAL's Make-II (Industry Funded) procedure is in compliance of the Make-II framework promulgated by MoD and envisages the assured order quantity after successful development of items through private vendors. HAL has identified items to be indigenized through Make-II procedure and uploaded in the Srijan Defence Portal. Eols of these items are being issued in phased manner to take up for indigenisation under Make-II and so far, HAL has issued Eols for around 900 items and Nil value Project Sanction order is placed for around 500 items for indigenisation under Make-II.

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

MoD has developed and launched Srijan Defence Portal (an indigenization portal) to support Indian Industries with opportunities for Make in India in Defence. HAL has uploaded so far around 19000 nos. of imported items in the portal for information to private vendors and their likely participation in the indigenisation programmes of HAL.

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

The Company has conducted / participated in more than 30 nos. of vendor development programs / seminars / exhibitions at Divisional level during the current financial year to sensitize Indian Vendors for opportunities available at HAL for indigenization and their enhanced participation in indigenization programmes.

Details of testing facilities available at HAL which could be utilized by private industries are hosted in HAL's website and can be accessed through [www.hal-india.co.in](http://www.hal-india.co.in).

**OUTSOURCING**

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

**EXPORTS**

Initiatives taken to boost Exports during the year are as under:

- One passenger variant Do-228 (PVD) aircraft was handed over to Mauritius Police Force within a record time of 6 months from the date of signing of the contract, well ahead of the contractual delivery commitment.
- Delivery of one ALH MKIII helicopter to Mauritius Police Force ahead of contractual delivery schedule.
- Imparting Phase-II flying training on Chetak Helicopter for six officers of Nigerian Army Aviation.
- Signed contract between HAL and Argentine Air Force for Engine repair and Spares support for 2 ton class helicopter.

**BUSINESS DEVELOPMENT**

The following Initiatives taken for Business Development during the year:

- HAL Hindustan 228-201 aircraft attained Type Certification from DGCA. This is the first Type Certified fixed wing aircraft complying with latest FAR 23 certification requirement.
- Received approval for type training on Civil Do-228 aircraft from Civil Aviation Authority of Nepal under NCAR147.







## VENDOR DEVELOPMENT

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

During the year, the Company has conducted 35 Vendor Development Programmes, out of which, 6 were for Micro & Small Enterprises (MSEs) owned by SC/ST Entrepreneurs & Woman Entrepreneurs. The balance 29 were for across all categories. .

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

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

Your Company is a part of Public Procurement Portal, Government e-Marketplace (GeM portal) and registered as a Buyer in GeM Portal and taking up procurement of items which are available in GeM Portal. Also procuring several items which are not available in GeM Portal utilizing Custom Bid Module/ BoQ Module extensively. All our vendors are being persuaded to on board on the GeM portal to utilize the facilities available in the GeM portal.

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

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

## PROCUREMENT FROM MICRO & SMALL ENTERPRISES (MSEs)

The Company has implemented the Public Procurement Policy for Micro and Small Enterprises (MSEs) Order, 2012 & its amendments thereof issued by Ministry of MSME. The Company has achieved more than the mandated procurement of 25% from MSE entrepreneurs (excluding specific defence procurement as per Sl.No.14 of the policy). During the year, the total value of procurement including\ outsourcing made from MSEs is ₹ 1,78,240 Lakh.

## INTEGRITY PACT (IP)

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

## HUMAN RESOURCE DEVELOPMENT

The strength of employees as on March 31, 2023 stood at 24,457.

As on March 31, 2023, a total of 3618 Apprentices were engaged in the Company, comprising 10.31 % of the total employee strength including contractual staff.

## EMPLOYEE WELFARE

Company continues to extend welfare benefits to the employees and their dependants by way of comprehensive Medical Facilities, Housing Facilities, Canteen Facilities (for employees only), Educational facilities for employee's Children, Sports Facilities, etc. Further, Company had taken Group Life Insurance Policy of ₹ 10 Lakhs on behalf of employees and also introduced Financial Assistance Scheme to provide regular monthly monetary support ranging from ₹ 15,000/- p.m. to ₹ 50,000/- p.m. depending upon the Grade / Scale of employee, to the dependents of deceased employees.





## REPRESENTATION OF SC/STs

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

Representation of SC/STs in the total strength of the Company as on January 1, 2022 and January 1, 2023

Category (Grade / Scale of Pay)	Total Strength as on		Number of SCs as on		Number of STs as on	
	1.1.2022	1.1.2023	1.1.2022	1.1.2023	1.1.2022	1.1.2023
<b>Group – A</b> (Grade – II & above )	7,843	<b>7,602</b>	1,396	<b>1,369</b>	482	<b>473</b>
<b>Group – B</b> (Grade-I)	19	<b>13</b>	2	<b>2</b>	2	<b>1</b>
<b>Group – C</b> (Scale -3 to Special Scale)	17,801	<b>17,035</b>	3,114	<b>3,022</b>	1,364	<b>1,326</b>
<b>Group – D</b> (Scales – 1 & 2 )						
(i) Excluding Safai Karmacharis	5	<b>4</b>	1	<b>1</b>	-	-
(ii) Safai Karmacharis	-	-	-	-	-	-
<b>Total</b>	<b>25,668</b>	<b>24,654</b>	<b>4,513</b>	<b>4,394</b>	<b>1,848</b>	<b>1,800</b>

Recruitments made during the period January 1, 2022 to December 31, 2022 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
<b>Group – A</b> (Grade – II & above )	92	13	7	15	7
<b>Group – B</b> (Grade-I)	-	-	-	-	-
<b>Group – C</b> (Scale - 3 to Special Scale)	8	1	-	4	-
<b>Group - D</b> (Scales – 1 & 2)					
(i) Excluding Safai Karmacharis	-	-	-	-	-
(ii) Safai Karmacharis	-	-	-	-	-
<b>Total</b>	<b>100</b>	<b>14</b>	<b>7</b>	<b>19</b>	<b>7</b>

Vacancy - based Promotions made during the period January 1, 2022 to December 31, 2022 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
<b>Group – A</b> (Grade – II & above )	1176	NA	NA	198	75
<b>Group – B</b> (Grade-I)	-	-	-	-	-
<b>Group – C</b> (Scale - 3 to Special Scale)	-	-	-	-	-
<b>Group – D</b> (Scales – 1 & 2 )					
(i) (i) Excluding Safai Karmacharis	-	-	-	-	-
(ii) Safai Karmacharis	-	-	-	-	-
<b>Total</b>	<b>1176</b>	-	-	<b>198</b>	<b>75</b>

## EMPLOYEE RELATIONS (ER) / INDUSTRIAL RELATIONS

The Employee Relations / Industrial Relations Scenario remained peaceful & cordial during the year. Effective communication between the Management and the Trade Unions / Associations paved way for smooth relations / maintenance of industrial harmony and to eliminate any scope of conflicts & misunderstandings. Meetings with the representatives of the Recognized Unions / Officers Associations at the Divisional, Complex & Corporate Levels were held periodically to discuss various issues.





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

### RAJBHASHA IMPLEMENTATION

The Company is constantly taking efforts to implement Official Language in all the Divisions/ Offices effectively. During the year, many initiatives have been taken such as printing of all Technical Manuals, Form-Formats in bilingual.

As per directions given by First Sub-Committee, Committee of Parliament on Official Language (CPOL) during the inspections, necessary directives have been issued to all the Divisions/Offices of HAL to maintain expenditure towards the advertisements and publicity as per Official Language guidelines.

Apart from this, Employees are being motivated through publication of In-house magazine 'Nabharatna' at Corporate Office. 'HAL Connect' – a weekly e-magazine is also being issued in bilingual for encouraging the Employees to read technical literature in Hindi also. Around 15-16 In-House Hindi Magazines are also being published by the Divisions of HAL on annual basis.

Hindi Incentive Scheme has been implemented effectively. Further, Hindi roster related information pertaining to knowledge of Hindi of the Employees is being updated for the purpose of preparing time bound programme to train our Employees, who have no working knowledge of Hindi, from forthcoming training session.

The periodical reports are also being sent and uploaded as per directives issued by the Department of Official Language, Ministry of Home Affairs, New Delhi in this regard. As per the Official Language guidelines, Hindi workshops are also being conducted on various topics, so that Employees could do their routine work in Hindi effectively.

HAL website is being updated in bilingual from time to time at Corporate Office level. Inspections of various divisions related to Official Language have been done successfully during the year. The Officers from all the Divisions including Corporate Office are attending TOLIC Meetings during the year. The actions on minutes of TOLIC meetings are also carried out as per the decisions taken in the meeting.

The inspection reports pertaining to inspections of Ministry of Defence, Ministry of Home Affairs and compliance reports related to assurances given to the Committee of Parliament on Official Language are being sent to the concerned authorities/offices in time after reviewing the report at the Corporate Office level.

The meetings of Official Language Implementation Committee in all the divisions of HAL including Corporate Office are being conducted regularly. Necessary guidelines issued by the Dept.

of Official Language, Ministry of Home Affairs, New Delhi are also being circulated to all the divisions of HAL to make aware of latest orders pertaining to implementation of Official Language.

### WOMEN EMPOWERMENT:

Women Empowerment & Leadership Programs are being conducted by HAL. The main objective of the programs is to enhance the Self-Awareness & Self - Management, Managing Relationships, enhancing Business Leadership Skills, etc. Equal Opportunities are provided to Women Employees at all levels for advancement in their career. Around 60 Women Employees hold Senior Management posts i.e., above Grade VII.

HAL is a Corporate Life Member of the Women in Public Sector (WIPS) Forum. Women employees are encouraged to participate in programmes / activities of WIPS Forum. All statutory welfare amenities have been extended to women employees.

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

### PROHIBITION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

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

Internal Complaints Committees as per Section 4 of the said Act have been put in place. Information for the year 2022-2023 in terms of Section 22 of the Act, is as indicated below:

(i)	Number of Cases pending as on 01/04/2022	:	Nil
(ii)	Number of Complaints of Sexual Harassment received in the Financial Year 2022-2023	:	1
(iii)	Number of Complaints disposed of during the Financial Year 2022-2023	:	1
(iv)	Number of Cases pending as on 31/03/2023 & its status	:	Nil

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

### INFORMATION TECHNOLOGY (IT) INITIATIVES

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





- **HAL Website :** The Company has taken Initiative to revamp the website to serve as a digital platform for marketing, suppliers, employees and other stake holders with new features such as dynamic content management, multilanguage support, browser & device independent web structure, real-time stock price, employee/retiree section etc.
- **Customer Relationship Management Initiatives:** Towards development of customer relationship management, the Company has developed a centralised portal for registering customer complaints and the dashboard for quick supply of ARS items by providing a single screen view of the current stock position of ARS parts.
- **Paperless Initiatives:** A project management portal has been developed for providing a platform for collaboration, transparency and timely resolution of design and production related issues between Design and Production Divisions.

Further, Online portal for evaluation of Indirect Labour performance for monthly incentive of indirect labour and Online Claim Bills Realization System (e-CBRS) has also been developed.

- **Infrastructure & Cyber Security**
  - As part of strengthening the cyber security posture of the Company, initiatives undertaken for ISO 27001 certification for all Production Divisions, R&D Centres and Offices of HAL. Twenty two (22) Divisions/R&D Centres / Offices have completed the certification in the current financial year.
  - Implementation of cloud based secure medium for sharing sensitive information with external agencies.

#### AWARDS & RECOGNITIONS

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

- Raksha Mantri Award for Excellence in Defence and Aerospace Sector for the year 2021-22 under "Raksha Anveshan Ratna" Award (Institutional Award) category for the project titled "Development of Indigenous Automatic Flight Control System (AFCS) for the Light Combat Helicopter (LCH).
- "IIIE Performance Excellence Award-2022" conferred for the outstanding contribution made by the Company towards excellence in performance.
- Prime Minister's Award for excellence in administration under the category Innovation-Central to the team "Innovation for Defence Excellence (i-DEX) of Department of Defence Production, Government of India."
- Dun & Bradstreet PSU award in the 'Heavy & Medium Engineering (Central PSUs)' category during 'PSU and Government Summit 2022'.
- "MRO Excellence Award" from the MRO Association for setting up the Airport Infrastructure at Nashik and third party

MRO under the convergence mission of Govt. of India.

- "IEI Industry Excellence Award 2022" under 'Engineering Manufacturing and Processing' category for demonstrating outstanding performance with a high order of business excellence.
- "Governance Now PSU Award" under the categories Nation Building and PSU IT Award (Digital PSU and Use of emerging technologies - Enterprise Security sub categories) amongst the Navratna Companies.
- "Business Standard Annual Award for Corporate Excellence 2022" under the category "Star PSU of the year".
- "ICC PSE Excellence Award" under the category "Inclusivity - Contribution of Women and differently abled in PSEs".

#### 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 vigilance activities carried out by Vigilance department are as under:

##### i. Preventive Vigilance:

- During the period, 391 complaints were handled, 462 regular scrutiny/ surprise checks and 28 CTE type intensive examinations were carried out across the Company. Five system studies were carried out on various topics like scrap disposal, insourcing purchase orders, implementation of PPI order placed on class I & II vendor and check of Minimum Local Contact (MLC) certified by the vendors, procurement of shelf life items with focus on total procurement and its utilization/non utilization, study on LC payments –delivery schedule and applicability of liquidated damages etc.
- A total of 87 awareness sessions were conducted on various topics. Key note address / talk by eminent speakers were organized to spread vigilance awareness among employees on various topics like preventive vigilance through preventive forensics, online banking transactions and related frauds, financial frauds in commercial procedure, maintaining professionalism, transparency and accountability in public procurement, PIDPI, complaint handling policy and sensitization on the ill effects of corruption etc.

##### ii. Vigilance Publications:

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

- "Marg Darshan", a bi-annual magazine was circulated during the year on the theme "Independent India @ 75: self-reliance with integrity" and "Leveraging



technology to prevent corruption” covering articles from internal and external writers as a part of efforts towards spreading preventive vigilance concepts.

- “Vishleshan-II”, a compendium of vigilance interventions was also published during the year. Vishleshan-II is a compendium of selected cases bearing a vigilance angle, set of case studies to succinctly draw up the mistakes made in a process and highlight lessons to be learnt and system improvements to be made to avoid the same mistakes in future.
- “Do’s & Don’ts”, a compendium of HAL rules and regulations was also published during the year.

iii. **System Improvement measures:** Based on the recommendations of vigilance, several system improvements have been issued by the management in the areas of HR, IMM, stores, works and finance etc like verification of education / caste certificates, guidelines for preparing material adequacy and issue of raw material, guidelines for Annual Maintenance Contract (AMC) of plant & machinery including test equipment, declaration of value for insurance purpose repair and return cases, procedure for payment of royalty, remittance of PF & ESI, engagement of external enquiry officers for conducting departmental enquiries, submission of false declaration for availing Company medical facility and improvements in weigh bridge operations etc.

iv. **Vigilance Awareness Week:** Vigilance awareness week was conducted throughout the organization at all divisions of HAL in nine different geographical locations across country from October 31, 2022 to November 6, 2022, on the theme “Corruption free India for a developed Nation”. Awareness campaign comprising of in-house and public outreach activities were conducted to spread awareness among employees & general public.

#### QUALITY INITIATIVES AND SAFETY

- Third-Party Inspection (TPI) model for inspection activities at vendor premises has been successfully deployed. As on date, seven TPI bodies have been empanelled by HAL to carry out inspection of outsourced components on behalf of HAL Divisions at the premises of sub-contractors. The 7<sup>th</sup> TPI body was empanelled in FY 2022-23 in-coordination with DGAQA, HQ New Delhi. Further, five HAL Divisions have placed orders to the TPI bodies for inspection related activities.
- Operator Self Verification program in coordination with DGAQA, has been introduced for empowering shop operators / technicians to carry out inspection under delegation for non-critical inspection stages leading to pride of ownership of one’s work and increased awareness towards quality.

- HAL TAD Kanpur, Hyderabad & Korwa divisions have received additional Nadcap certifications in ‘Chemical Processing’ for chromic acid anodizing, painting and chromate conversion coating respectively which will increase the process reliability and enhance business prospects for the organization.
- HAL Avionics Division, Hyderabad has been certified under the Occupational Health and Safety Management System in accordance with ISO 45001:2018 which will promote safe and environment friendly working conditions.
- Avionics Division, Korwa has obtained Production Organization Approval (POA) as per Civil Aviation Requirements (CAR-21) Subpart G from DGCA for Solid State Cockpit Voice & Flight Data Recorder and Control Unit for Hindustan 228-01 & Do-228-01 aircrafts. This will enhance the support for the Company in Civil Aviation endeavors.

#### AUDITORS

##### Statutory Auditors

HAL being a CPSE, Statutory Auditors of the Company were appointed by the Comptroller & Auditor General of India (C&AG). M/s A. John Moris & Co., Chartered Accountants, Bengaluru was appointed as Statutory Auditors for auditing the Accounts of the Company for the year 2022-23 and 17 firms of Chartered Accountants were appointed as Branch Auditors. The statutory auditors’ report does not contain any qualification, reservation or adverse remarks.

The Auditors’ Report on financial statements for the financial year 2022-23 and comments of the Comptroller & Auditor General of India (C&AG) under Section 143(6) of the Companies Act are attached to this Report, which is self-explanatory.

##### Cost Auditors

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 2022-23. The Company maintains cost records as specified by the Central Government under Section 148(1) of the Companies Act, which are audited by Cost Auditors.

##### Internal Auditors

The Company has appointed 14 (fourteen) Nos. of Chartered Accountant firms for carrying out internal audit of the Company for the year 2022-23.

##### 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 2022-23. The Secretarial Audit Report is annexed to this Report as **Annexure - IV** and forms part of Annual-Report.





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

### Annual Secretarial Compliance Report

The Company has filed the Annual Secretarial Compliance Report for the year 2022-23 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, 2023 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. The details of the Whistle Blower Policy are explained in the Corporate Governance Report and the same is hosted on the Company's website at [www.hal-india.co.in](http://www.hal-india.co.in).

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

### DIRECTORS' RESPONSIBILITY STATEMENT

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

- (a) In the preparation of the annual accounts for the year ended March 31, 2023, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as on March 31, 2023 and of the profit and loss of the Company for the year ended on that date;
- (c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- (d) the directors have prepared the annual accounts on a "going concern" basis;
- (e) the directors have laid down internal financial controls which are being followed by the Company and that such internal controls are adequate and are operating effectively;
- (f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### ACKNOWLEDGEMENT

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

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

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

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

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

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

**(C B Ananthkrishnan)**

Director (Finance) & CFO

Chairman and Managing Director (Addl charge)

Place : Bengaluru

Date : July 19, 2023





# 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 provision to Section 188
1	HATSOFF Helicopter Training Pvt Ltd. (HATSOFF)	Joint Venture	Renewal of Lease Agreement	10 years	Renewal of the lease of 1.5 acres of land to HATSOFF for a period of 10 years from 15.02.2014 to 14.02.2024 for a total lease rent of ₹ 917 Lakh plus GST.	The Company has given unutilized land to HATSOFF, a JVC, on lease basis, to carry on their business.	June 28, 2022	-	-
2	Helicopter Engines MRO Private Limited	Joint Venture	Deputation of an employee of HAL to JVC	-	Reimbursement of salary (including performance related pay) of an Employee by JVC, as per the entitlement from October 8, 2021 till the deputation of the employee.	As per the Shareholders Agreement with JVC.	July 11, 2022	-	-
3	Naini Aerospace Limited (NAeL)	Subsidiary	Service Contract through Single tender Nomination basis	-	Outsourcing of manufacturing and supply of 42 sets of LCA MK1A Stub Wing Assemblies (LH & RH) including calibration of Laser Tracker at a total landed value of ₹ 807.72 Lakh	Total requirement of Stub Wing Assemblies (SWA) for 83 LCA project is 83 sets. However, LCA Division has the capability to manufacture only 41 sets during the period 2022-27. In view of the above and in accordance to the provision of MoU it has been proposed to outsource the manufacturing of 42 sets of SWA from M/s. NAeL as subcontractor	The transaction was noted by Board in its 463 <sup>rd</sup> meeting held on 09.12.2022	-	-
4	Naini Aerospace Limited (NAeL)	Subsidiary	Service Contract through Single tender Nomination basis	-	As per the MoU signed, which was approved by the Board, 17 Purchase Orders (POs) valuing ₹ 3,343 Lakhs placed by HAL on NAeL.	Service of Naini Aerospace Limited, Prayagraj (NAeL), a wholly owned subsidiary company was availed by HAL, as per the MoU signed between HAL and NAeL on 04.08.2021.	All the transaction entered upto December, 2022, under the MoU was noted by Board in its 467 <sup>th</sup> meeting held on 19.04.2022	-	-



Sl. No	Name (s) of the related party	Nature of relationship	Nature of contracts / arrangements / transactions	Duration of the contracts / arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any:	Date on which the special resolution was passed in General Meeting as required under first provision to Section 188
5	Naini Aerospace Limited (NAeL)	Subsidiary	Service Contract through Single tender Nomination basis	-	As per the MoU signed, which was approved by the Board, 3 Purchase Orders (POs) valuing ₹ 621.84 Lakhs placed by HAL on NAeL.	Service of Naini Aerospace Limited, Prayagraj (NAeL), a wholly owned subsidiary company was availed by HAL, as per the MoU signed between HAL and NAeL on 04.08.2021.	All the transaction entered from January to March, 2023 under the MoU, was noted by Board in its 469 <sup>th</sup> meeting held on 27.06.2023	-	-

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

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

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

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

Place: Bengaluru  
 Date: July 19, 2023



# Annexure II to Board's Report

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

(a) As on March 31, 2023, HAL has two Subsidiaries including one wholly owned Subsidiary and thirteen Joint Venture Companies (JVCs) including two Not-for-Profit Companies (Section 8 Companies).

During the year under review, the total turnover reported by the JVCs/Subsidiaries is ₹ 472.86 Crs, as per details given below:  
(Amount in ₹ Crores)

Sl. No.	Name of the JVCs / Subsidiaries	HAL share holding (%)	Revenue from Operations	Profit Before Tax/ (Loss)
<b>I</b>	<b>Operational JVCs</b>			
1	BAeHAL Software Ltd.	49	18.17	0.90
2	Indo-Russian Aviation Ltd. (Now known as Indo Avia Services Ltd.)	48	45.16	8.74
3	Safran HAL Aircraft Engines Pvt. Ltd.	50	123.74	18.25
4	Samtel HAL Display Systems Ltd.	40	23.47	0.18
5	HALBIT Avionics Pvt. Ltd.	50	4.49	(0.41)
6	HATSOFF Helicopter Training Pvt. Ltd.	50	61.52	4.87
7	International Aerospace Manufacturing Pvt. Ltd.	50	184.78	21.22
8	Helicopter Engines MRO Pvt. Ltd.*	50	-	0.52
	<b>Sub - Total (I)</b>		<b>461.33</b>	<b>54.27</b>
<b>II</b>	<b>Section-8 Company (Not-for-profit)</b>			
9	Aerospace & Aviation Sector Skill Council	50	-	-
10	Defence Innovation Organisation	50	-	-
	<b>Sub - Total (II)</b>		-	-
<b>III</b>	<b>JVCs under closure</b>			
11	HAL-Edgewood Technologies Pvt. Ltd.	50	-	-
12	Multi-Role Transport Aircraft Ltd.	50	-	(52.24)
13	Infotech HAL Ltd.	50	-	-
	<b>Sub - Total (III)</b>		-	<b>(52.24)</b>
	<b>Total (I+II+III)</b>		<b>461.33</b>	<b>2.03</b>
<b>IV</b>	<b>Subsidiaries</b>			
14	Indo-Russian Helicopters Ltd.*	50.5	-	(0.03)
15	Naini Aerospace Ltd.	100	11.53	(6.08)
	<b>Sub - Total (IV)</b>		<b>11.53</b>	<b>(6.11)</b>
	<b>Grand Total (I+II+III+IV)</b>		<b>472.86</b>	<b>(4.08)</b>

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

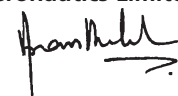
(b) During the current financial year, 2 (two) JVCs viz. Indo-Russian Aviation Ltd and International Aerospace Manufacturing Pvt Ltd. have together paid a dividend of ₹ 2.40 Crore to HAL.

Sl. No.	Name of JVCs	₹ In Crs
1	Indo-Russian Aviation Ltd. (Now known as Indo Avia Services Ltd.)	1.87
2	International Aerospace Manufacturing Pvt Ltd	0.53
	<b>Total</b>	<b>2.40</b>

(c) Closure of TATA-HAL Technologies Ltd (THTL):

Final order from National Company Law Tribunal (NCLT) for dissolution of the JVC was received on 17<sup>th</sup> March 2023. Further to this, the liquidator has submitted an application to the Registrar of Companies (RoC) for deletion of the JVC's name in their records.

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



**(C B Ananthkrishnan)**

Director (Finance) & CFO

Chairman and Managing Director (Addl charge)

Place : Bengaluru

Date : July 19, 2023







# Annexure III to Board's Report

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2022-23

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

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

### 2. Composition of CSR Committee (as on March 31, 2023):

Sl. No	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during respective tenure of member	Number of meetings of CSR Committee attended during respective tenure of member
1	Dr Divya Gupta	Independent Director	3	3
2	Shri R Madhavan*	CMD & Addl Charge of Director (Operations)	Nil	NA
3	Shri C.B. Ananthakrishnan	Director (Finance) & CFO	3	1
4	Shri Alok Verma*	Director (HR)	2	2
5	Shri Jayadeva E P*	Director (Operations) and Addl. charge of Director (HR)	3	3

\*Note

- Shri R Madhavan, CMD has entrusted with additional charge of the post of Director (Operations) from 01.03.2022 to 09.06.2022.
- Shri Alok Verma ceased as Member of the Committee w.e.f 30.11.2022.
- Shri Jayadeva E P appointed as member of the Committee w.e.f 10.06.2022. Further, he has been entrusted with additional charge of the post of Director (HR) w.e.f 01.12.2022.

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

The web-links are as under:

- Composition of CSR Committee:  
[https://hal-india.co.in/Common/Uploads/Finance/Composition\\_of\\_CSR\\_Committee.pdf](https://hal-india.co.in/Common/Uploads/Finance/Composition_of_CSR_Committee.pdf)
- CSR Policy approved by the Board:  
[https://hal-india.co.in/Common/Uploads/Finance/CSR\\_Policy\\_11%20\(1\).pdf](https://hal-india.co.in/Common/Uploads/Finance/CSR_Policy_11%20(1).pdf)
- CSR Projects approved by the Board:  
<https://hal-india.co.in/Common/Uploads/Finance/Copy%20of%20CSR%20Projects%20for%20FY%202022-23.pdf>





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

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

- Construction of Under Ground Drainage System / Facility in Niphad and Dindori Taluka, Nasik.
- Construction of Sewage Treatment Plant at Odha, Eklahare Taluka, Nasik.
- Construction of Skill Development Centre cum multipurpose hall in Dhule District
- Construction of Skill Development Centre cum multipurpose hall in Nashik District
- Various Construction at Nasik, viz: Bituminous Road over Gangapur Canal Road, Ojhar; Marimata Gate Junction to Gangapur Canal, Ojhar; Prabhu Dham Mandir, Ojhar to HALCON; Bridge across canal Dixi Road; Bridge across canal Dixi Road Tal-Niphad Dist-Nashik; Development of Crematorium; Installation of High Mast Light; Foundation/Erection of Aircraft, horticulture & Electrical Works, Vilholi Naka, Nasik
- Laying of Bituminous Roads/ Resurfacing of Road from service road at Tal-Niphad & Dindori
- Installation of LED Street Light / Solar Street Light in 24 Villages close to Nashik.
- Engagement of Apprentices over and above the statutory limit of 2.5% to 10% - ITI, Nasik, Maharashtra
- Procurement of CT scanner for Bowring and Lady Curzon Medical College and Research Institute, Bangalore.
- Imparting Education to poor children in and around Sunabeda, Koraput in HAL run Education Institution.
- Infrastructure Development at SAI-HAL Sports Centre: - Provision of Synthetic Foot Ball Court with Sub-Base, at HAL Koraput, Odisha.
- Construction of Approach Road with Drain & Culvert in Chakroli- Rajpalama, Kakigaon Village & Orphanage.
- Additional Class Room in 12 different Schools at Koraput District, Odisha.
- Wholesome Development of Villages nearby to HAL TAD Kanpur, Construction of Road.

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

<https://hal-india.co.in/Common/Uploads/Finance/Impact%20Assesment%2006-06-2023.pdf>

	(₹ in Crores)
<b>5.</b> (a) Average net profit of the company as per sub-section (5) of section 135.	4,441.22
(b) Two percent of average net profit of the company as per sub-section (5) of section 135.	88.82
(c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years.	8.25
(d) Amount required to be set-off for the financial year, if any.	Nil
(e) Total CSR obligation for the financial year [(b)+(c)-(d)].	97.07

	(₹ in Crores)
<b>6.</b> (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project).	103.24
(b) Amount spent in Administrative Overheads.	Nil
(c) Amount spent on Impact Assessment, if applicable.	0.04
(d) Total amount spent for the Financial Year [(a)+(b)+(c)].	103.28

(e) CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year. (₹ in Crore)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per 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
103.28	Nil	NA	Nil	Nil	NA





(f) Excess amount for set off, if any

Sr. No.	Particular	(₹ in Crore)
(i)	Two percent of average net profit of the company as per sub section (5) of section 135	88.82
(ii)	Total amount spent for the Financial Year	103.28
(iii)	Excess amount spent for the financial year [(ii)-(i)]	14.46
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	8.25
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	6.21

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

Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub section (6) of section 135 (₹ in Crores)	Balance Amount in Unspent CSR Account under sub-section (6) of Section 135 (₹ In Crores)	Amount spent in Financial Year (₹ in Crore)	Amount transferred to a fund as specified under Schedule VII as per second proviso to sub section (5) of section 135, if any.		Amount remaining to be spent in succeeding financial years (in ₹)	Deficiency, if any
					Amount (in ₹)	Date of transfer		
1	2019-20	Nil	NA	NA	NA	NA	NA	NA
2	2020-21	Nil	NA	NA	NA	NA	NA	NA
3	2021-22	3.00	Nil	3.00	NA	NA	Nil	NA

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

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

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

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

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

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

- **Not Applicable.**

**(Jayadeva EP)**

Director (Operations) with Addl. charge of Director (HR)

**(Dr. Divya Gupta)**

Chairperson, CSR & SD Committee







### Executive Summary (Report) - CSR Project Impact Assessment

<b>Project Name:</b>	<b>Construction of Under Ground Drainage System / Facility in Niphad and Dindori Taluka, Nashik.</b>
	<b>Construction of Toilet in ZP School in Niphad Dist Nashik.</b>
<b>Sector:</b>	<b>Rural Development &amp; Health Care (X, I)</b>
<b>Location:</b>	<b>Under Ground Drainage -Janori, Shivnai, Mohadi, Jaulke Shiwar in Tal –Dindori Dist-Nashik.</b>
<b>Start Date:</b>	<b>(01/08/2019)</b>
<b>Completion Date:</b>	<b>(31/01/2020)</b>

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 evaluate the Projects/activities w.r.t. the following information:

Sl. no.	Particular	Details
1.	Need for choosing the activity/project (Conduct of Baseline Survey)	<b>Under Ground Drainage</b> -To provide underground drainage system for proper disposal of domestic wastewater. The waste water of above villages were let out into the river resulting in water pollution. Therefore, a request was received from concerned Grampanchayat's for providing underground drainage system for the above villages for personal hygiene and to keep the surrounding clean and defecation free. <b>Construction of Toilet</b> - ZP School, Karsul village was provided Toilet Block for personal hygiene and to keep the surrounding clean and defecation free.
2.	Fulfillment of the objectives for the activity/project	The construction of underground drainage & Construction of Toilet Block at ZP School was successfully completed and objectives achieved.
3.	a. Beneficiaries <sup>(*)</sup> of the activity/project.	a. People living in village & students studying in the school
	b. Approximate Numbers	b. 1,00,000 to 1,50,000 villagers and Approx. 212 students every year
4.	Budget utilization	₹ 104.50 Lakh
5.	Implementation aspects.	From the data analysis after the visit to villages containing underground sewer lines and Toilets blocks at Schools, it is interpreted that quality construction carried is good.
6.	Timely completion of the targets.	Completion of all the drainage lines and toilets were in stipulated time.
7.	Impact of the activity/project on social, economic and environment perspective.	As a part of Swachhta Action Plan to construct underground drainage system and toilets to facilitate villagers'/ students make them aware of personal hygiene and to keep the surrounding clean and defecation free.
8.	Approx. number of beneficiarial.	1,00,000 to 1,50,000
9.	Any other relevant points	Overall feedback received from the people living in the villages and students is positive. This improved the health & hygiene of the users.





### Executive Summary (Report) - CSR Project Impact Assessment

<b>Project Name:</b>	<b>Construction of Sewage Treatment Plant at Odha, Eklahare Taluka, Nashik.</b>
<b>Sector:</b>	<b>Rural Development &amp; Health Care (X, I)</b>
<b>Location:</b>	<b>At post Odha, Eklahare Tal –Nashik Dist-Nashik</b>
<b>Start Date:</b>	<b>(27/01/2020)</b>
<b>Completion Date:</b>	<b>(31/03/2021)</b>

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 evaluate 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 sewage water of Nashik city is getting mixed in the water of Godavari River without treatment resulting in water pollution of Godavari River. The Dy. CEO, ZP, Nashik had requested HAL to make the CSR fund available for construction of one Sewage Treatment Plant at Odha & Eklahare village Tal-Nashik Dist-Nashik.
2.	Fulfillment of the objectives for the activity/project	Pollution free water of Godavari River.
3.	Beneficiaries (*) of the activity/project.	a. Nearby area.
	Approximate Numbers	
	b) Approximate Numbers	b. 12697
4.	Budget utilization	₹ 210.00 Lakhs in the year 19-20 & ₹ 128.86 in the year 20-21
5.	Implementation aspects.	The quality of works conducted is good and is well implemented.
6.	Timely completion of the targets.	The project has been timely completed.
7.	Impact of the activity/project on social, economic and environment perspective.	Pollution free water of Godavari River and adequate water for development of garden/ farming at Odha & Eklahare Village.
8.	Approx. number of Beneficiary.	12697
9.	Any other relevant points	Overall feedback received from the people living in the villages was positive. It has increased health & hygiene of the villagers





### Executive Summary (Report) - CSR Project Impact Assessment

<b>Project Name:</b>	<b>Construction of Skill Development Centre cum multipurpose hall in Dhule District</b>
<b>Sector:</b>	<b>Promoting Education , Skill Development (Sector - II)</b>
<b>Location:</b>	<b>39 Nos. Villages in Tal- Dhule, Sakri &amp; Shindkheda, Dist Dhule.</b>
<b>Start Date:</b>	<b>(01/08/2019)</b>
<b>Completion Date:</b>	<b>(31/03/2020)</b>

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 evaluate the Projects/activities w.r.t. the following information:

Sl. no.	Particular	Details
1.	Need for choosing the activity/project (Conduct of Baseline Survey)	To provide skill development center cum multipurpose hall for various educational as well as social activities in the village
2.	Fulfillment of the objectives for the activity/project	Successfully constructed skill development center cum multipurpose hall in Various villages in Tal- Dhule, Sakri & Shindkheda, Dist Dhule
3.	a. Beneficiaries <sup>(*)</sup> of the activity/project.	a. People living in villages
	b. Approximate Numbers	b. 150000 to 170000
4.	Budget utilization	₹ 252 Lakhs in the year 18-19 & ₹ 352 Lakhs in the year 19-20
5.	Implementation aspects.	From the data analysis after the visit to skill development centers cum multipurpose halls, it is interpreted that quality construction has been carried out successfully and it fulfills the need of different social as well as educational activities in villages.
6.	Timely completion of the targets.	The project has been timely completed.
7.	Impact of the activity/project on social, economic and environment perspective.	The centers are used for Social functions, Panchayat meetings/gatherings, Shelter during rainy season, conduct for free classes. Mostly they are used for social/village gatherings. People appreciated the effort of HAL in the villages which had a positive impact on people living in those villages.
8.	Approx. number of Beneficiary.	150000 to 170000
9.	Any other relevant points	Overall feedback received from the people living in the village was positive. However, in some villages awareness to villagers for better utilization of the infrastructure to be provided.







### Executive Summary (Report) - CSR Project Impact Assessment

<b>Project Name:</b>	<b>Construction of Skill Development Centre cum multipurpose hall in Nashik District</b>
<b>Sector:</b>	<b>Promoting Education , Skill Development (Sector-II)</b>
<b>Location:</b>	<b>12 Nos villages in Tal Kalwan, Surgana, Peth, Igatpuri, Baglan, Deola, Trimbakeshwar, Dindori &amp; Nashik, Dist – Nashik</b>
<b>Start Date:</b>	<b>(01/08/2019)</b>
<b>Completion Date:</b>	<b>(30/06/2020)</b>

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 evaluate the Projects/activities w.r.t. the following information:

Sl. no.	Particular	Details
1.	Need for choosing the activity/project (Conduct of Baseline Survey)	To provide skill development center cum multipurpose hall for various educational as well as social activities in the village
2.	Fulfillment of the objectives for the activity/project	Successfully constructed skill development center in Various villages in Various villages in Tal & Dist Nashik and handed over to concern Grampanchayat
3.	a. Beneficiaries <sup>(*)</sup> of the activity/project.	a. People living in villages
	b. Approximate Numbers	b. 50000 to 55000
4.	Budget utilization	₹ 103 Lakhs in the year 18-19 & ₹ 120 Lakhs in the year 19-20
5.	Implementation aspects.	From the data analysis after the visit to skill development centers it is interpreted that quality construction has been carried out successfully and it fulfills the need of different social as well as educational activities in villages.
6.	Timely completion of the targets.	The project has been timely completed.
7.	Impact of the activity/project on social, economic and environment perspective.	The centers are used for Social functions, Panchayat meetings/gatherings, Shelter during rainy season, conduct for free coaching classes, yoga/gym centre. Mostly they are used for social/village gatherings. People appreciated the effort of HAL in the villages which had a positive impact on people living in those villages.
8.	Approx. number of Beneficiary.	50000 to 55000
9.	Any other relevant points	Overall feedback received from the people living in the village was positive. However, in some villages awareness to villagers for better/effective utilization of the infrastructure to be provided.





## Executive Summary (Report) - CSR Project Impact Assessment

<b>Project Name:</b>	<p>Construction of Bituminous Road over Gangapur Canal Road, Ojhar, Construction of road from Marimata Gate Junction to Gangapur Canal, Ojhar Construction of Road from Prabhu Dham Mandir, Ojhar to HALCON Construction Bridge across canal Dixi Road Tal-Niphad Dist Nashik. Development of Crematorium Tal-Niphad Dist-Nashik. Installation of High Mast Light. Construction of Foundation/Erection of Aircraft, horticulture &amp; Electrical Works, Vilholi Naka, Nashik</p>
<b>Sector:</b>	Rural Development (X), Environmental Sustainability (IV)
<b>Location:</b>	<p>At post Sakora, Ojhar, Prabhudham to HALCON, Marimata gate to Dixi Tal-Niphad Dist-Nashik.</p> <p>Construction Bridge across canal Dixi Road</p> <p>Construction of Crematorium at Ojhar.</p> <p>Installation of High Mast Light, Nashik</p> <p>Construction of Foundation/Erection of Aircraft at Vilholi Naka, Nashik</p>
<b>Start Date:</b>	(15/04/2017)
<b>Completion Date:</b>	(31/03/2018)

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><b>Construction of Road</b> -To provide better quality of roads, bridges for improvising living quality of rural population.</p> <p><b>Construction Bridge across canal-</b> To provide better quality of roads, bridges for improving living quality of rural population. As per the request letters from residents/ Grampanchayat Authorities the project was identified in the nearby vicinity of HAL factory which is around 6-7 kms. Previously, the residents had to cross the canal by walking for 2-3 kms from one end to another.</p> <p><b>Construction / Development of Crematorium-</b> Construction of crematorium shed with water facility in Ojhar village since, the crematorium shed was in bad condition and villagers were facing problem. Constructed the crematorium for better hygiene and sanitation of community as a part of Swachhta Action Plan.</p> <p><b>Installation of High Mast Light</b> - To provide better lighting and illumination facilities to the villagers and also address the safety issues due to thefts / wild animals etc.</p> <p><b>Construction of Foundation/Erection of Aircraft-</b> Being a premier Aircraft Industry, HAL wanted to develop an Aerospace awareness hub at Nashik under its CSR Activity.</p>





Sl. no.	Particular	Details
2.	Fulfillment of the objectives for the activity/project	<p>Road – According to the need of selected villages Bituminous roads were constructed/ repaired successfully.</p> <p>Bridge -Improved the transportation / smooth movement of villagers</p> <p>Crematorium -Improvement in rural infrastructure and provide better hygienic conditions at the crematoriums.</p> <p>High Mast Light - According to the need of selected villages High Mast Lamps are provided in the villages. Installed successfully.</p> <p>Construction of Foundation/Erection of Aircraft- The site was developed with maintenance of Horticulture and in addition, two aircraft models were erected at the site.</p>
3.	a. Beneficiaries <sup>(*)</sup> of the activity/project. b. Approximate Numbers	a. People living as well as visiting selected villages/city. b. 8,81,697 to 9,00,000
4.	Budget utilization	₹ 572.77 Lakhs
5.	Implementation aspects.	From the data analysis it is interpreted that the all work done is of good quality and up to the mark.
6.	Timely completion of the targets.	All the projects are completed in stipulated time.
7.	Impact of the activity/project on social, economic and environment perspective.	Constructed road impacted very well in their daily life of people living in those villages. It also initiated various business as well as job opportunities for the population through better connectivity, High Mast Lamps provided for better night activity and Development of Traffic Hub alongwith installation of Aircraft created awareness amongst the local population regarding the Aircraft Industry in Nashik City. Hygiene has been improved at Crematorium. These projects increased/improved economic, social & health of the villages.
8.	Approx. number of Beneficiary.	8,81,697 to 9,00,000
9.	Any other relevant points	Overall feedback received from the people living in the village was positive.







### Executive Summary (Report) - CSR Project Impact Assessment

<b>Project Name:</b>	<b>Laying of Bituminous Roads/ Resurfacing of Road from service road</b>
<b>Sector:</b>	<b>Rural Development (X)</b>
<b>Location:</b>	<b>Tal- Niphad &amp; Dindori</b>
<b>Start Date:</b>	<b>(20/07/2016)</b>
<b>Completion Date:</b>	<b>(31/03/2017)</b>

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)	To provide better quality of roads for smooth transition of vehicles from the village.
2.	Fulfillment of the objectives for the activity/project	According to the needs of selected villages Bituminous roads were constructed/ repaired successfully.
3.	a. Beneficiaries <sup>(*)</sup> of the activity/project. b. Approximate Numbers	a. People living as well as visiting selected villages. b. 65200 to 67350
4.	Budget utilization	₹ 543.29 Lakhs
5.	Implementation aspects.	From the data analysis it is interpreted that the all work done is of good quality and up to the mark.
6.	Timely completion of the targets.	Construction of Bituminous roads/ repairing of roads completed within stipulated time.
7.	Impact of the activity/project on social, economic and environment perspective.	Constructed road impacted very well in their daily life of people living in those villages. It also initiated various business as well as job opportunities for the population.
8.	Approx. number of Beneficiary.	65200 to 67350
9.	Any other relevant points	Overall feedback received from the people living in the village was positive. Improved economic and social development of villagers.





### Executive Summary (Report) - CSR Project Impact Assessment

<b>Project Name:</b>	<b>Installation of LED Street Light / Solar Street Light</b>
<b>Sector:</b>	<b>Rural Development (X)</b>
<b>Location:</b>	<b>Installed in 24 villages in Nashik District</b>
<b>Start Date:</b>	<b>(15/06/2016)</b>
<b>Completion Date:</b>	<b>(29/11/2017)</b>

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)	To provide better lighting and illumination facilities to the villagers and also address the safety issues due to thefts / wild animals etc.
2.	Fulfillment of the objectives for the activity/project	According to the need of selected villages street lights along the approach roads to villages and high masts in the villages installed successfully.
3.	a. Beneficiaries <sup>(*)</sup> of the activity/project.	a. People living in the villages.
	b. Approximate Numbers	b. 75600 to 76250
4.	Budget utilization	₹ 131.47 Lakhs
5.	Implementation aspects.	From the data analysis it is interpreted that the all work done is appropriate and upto the mark.
6.	Timely completion of the targets.	Installation of street lights completed within stipulated time.
7.	Impact of the activity/project on social, economic and environment perspective.	The brightness of lighting improves visibility and creates a sense of security. It improves the quality of life in the region where there is no other source of artificial light, boosts nighttime activities, and creates a safe living atmosphere. These projects increased economical as well as social development of these villages.
8.	Approx. number of Beneficiary.	75600 to 76250
9.	Any other relevant points	Overall feedback received from the people living in the village was positive. Improved their Social & Economical Development.





### Executive Summary (Report) - CSR Project Impact Assessment

<b>Project Name:</b>	<b>Engagement of Apprentices over and above the statutory limit of 2.5% to 10% - ITI, Nashik, Maharashtra</b>
<b>Sector:</b>	<b>Promoting Education (II)</b>
<b>Location:</b>	<b>Ojhar Nashik</b>
<b>Start Date:</b>	<b>(15/04/2016)</b>
<b>Completion Date:</b>	<b>(30/11/2017)</b>

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)	Apprentices are inducted as per Government regulation, Apprentice Act 1961.
2.	Fulfillment of the objectives for the activity/project	The trainees who enter as hesitant, semiskilled & raw students are transferred into confident skill and matured professionals, offer the one year intervention of apprenticeship training.
3.	a. Beneficiaries <sup>(*)</sup> of the activity/project.	Around 600 - 700 Apprentices per year
	b. Approximate Numbers	-
4.	Budget utilization	₹ 256.11 Lakhs in the year 2016-17 ₹ 270.59 Lakhs in the year 2017-18 ₹ 337.33 Lakhs in the year 2018-19 ₹ 302.92 Lakhs in the year 2019 -20
5.	Implementation aspects.	Implemented as per itinerary of the training programme as per Board Regulations
6.	Timely completion of the targets.	Apprenticeship training completed as per schedule.
7.	Impact of the activity/project on social, economic and environment perspective.	Beneficiaries benefitted in acquiring career, Specific Skills, Gainful employment.
8.	Approx. number of Beneficiary.	Around 600 – 700 per year
9.	Any other relevant points	N/A







### Executive Summary (Report) - CSR Project Impact Assessment

<b>Project Name:</b>	<b>Providing advanced 32 slice CT scanner</b>
<b>Sector:</b>	<b>Healthcare</b>
<b>Location:</b>	<b>Bowring &amp; Lady Curzon Hospital , Bengaluru</b>
<b>Start Date:</b>	<b>05-04-2021</b>
<b>Completion Date:</b>	<b>31-03-2022</b>

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 Bowring & Lady Curzon hospital, Govt. of Karnataka attached to Shri Atal Bihari Vajpayee Medical College & Research Institute is situated in the heart of Bangalore City. The hospital gets patients not only from the city but also from other states. Since CT Scanner with the hospital was 10 years old and could not capture many images in a rotation, the need for an advanced/ latest technology Multi-slice CT scanner for treating the poor and needy patients in the city was felt.
2.	Fulfillment of the objectives for the activity/project	<ul style="list-style-type: none"> <li>➤ Reduced scan time and low radiation comparing the previous machine.</li> <li>➤ Improvement in the quality of education of the training doctors and allied health professional</li> <li>➤ Promoting equal healthcare for the poor and middle class educational opportunity among child in the community.</li> <li>➤ To upgrade the quality of diagnosis with latest technology by providing enabling resources.</li> <li>➤ Reduced the turnover time of the patients diagnosis</li> <li>➤ Boosting the Confidence, Critical and Creative thinking level in patients mind.</li> <li>➤ Changing the community mindset that private hospitals are better than government hospital.</li> </ul>
3.	a. Beneficiaries <sup>(*)</sup> of the activity/project. b. Approximate Numbers	a. Urban and rural patients across the state b. More than 8000 patients are benefited till date
4.	Budget utilization	176.40 Lakhs
5.	Implementation aspects.	Direct Implementation through Division
6.	Timely completion of the targets.	Project completed as per plan.





Sl. no.	Particular	Details
7.	Impact of the activity/project on social, economic and environment perspective.	<ul style="list-style-type: none"> <li>✓ This advanced CT scanner is an timely asset to this institution during the COVID-19 pandemic</li> <li>✓ The CT scan machine which the Bowing and lady curzon hospital had earlier was 10 years old and the machine could capture just 6 Images in a rotation, but the new Scanner provided by HAL under CSR could capture 32 images in one rotation a lot of time is saved for the patients and this will help patients in quick diagnosis and earlier treatment.</li> <li>✓ Quality images are produced comparing the pervious scanner, which helps in better diagnosis.</li> <li>✓ This advanced technology CT scan in hospital will Change the patients &amp; community and increase the confidence level of patients in getting treated in government hospital.</li> <li>✓ This machine will also reduce the radiation dose, absorbed by per patient during the scan.</li> <li>✓ 1000 of students across the country come here for training and research, they get lot benefited using this machine.</li> </ul>
8.	Any other relevant points	N/A





### Executive Summary (Report) - CSR Project Impact Assessment

<b>Project Name:</b>	<b>Imparting Education to poor children in and around Sunabeda, Koraput in HAL run Educational Institutions.</b>
<b>Sector:</b>	<b>(II), Education</b>
<b>Location:</b>	<b>Koraput District, Odisha</b>
<b>Start Date:</b>	<b>(01/04/2021)</b>
<b>Completion Date:</b>	<b>(31/03/2022)</b>
<b>Impact Assessment Conducted by:</b>	<b>WORD – Women’s Organization for Rural Development</b>

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 project is a regular ongoing project carried out since FY 2015. It was identified by the Divisional CSR & SD committee after consideration of due request from the local needy people along with villagers of HAL adopted villages.
2.	Fulfillment of the objectives for the activity/project	Promotion of education in backward area of Koraput District.
3.	c. Beneficiaries <sup>(*)</sup> of the activity/project.	a. Students of surrounding areas of HAL, Sunabeda belongs to Semiliguda and Koraput Block of Koraput District.
	d. Approximate Numbers	b. 1200 student approximately.
4.	Budget utilization	₹ 500.00 Lakhs
5.	Implementation aspects.	The project has been implemented by Aeronautics Education Society, HAL, Sunabeda.
6.	Timely completion of the targets.	Yes, the project has been completed before 31.03.2023
7.	Impact of the activity/project on social, economic and environment perspective.	The project is a boost for the promotion of education in rural area of Koraput District. It will ensure the changes in physical and psychological aspect of poor children. In long run it will bring changes in social, cultural and economic facet of the rural population.
8.	Any other relevant points	N/A







### Executive Summary (Report) - CSR Project Impact Assessment

<b>Project Name:</b>	<b>Infrastructure Development at SAI-HAL Sports Centre : - Provision of Synthetic Football Court with Sub-Base</b>
<b>Sector:</b>	<b>(VII) - Sports</b>
<b>Location:</b>	<b>Koraput District, Odisha</b>
<b>Start Date:</b>	<b>(06/03/2021)</b>
<b>Completion Date:</b>	<b>(31/03/2022)</b>
<b>Impact Assessment Conducted by:</b>	<b>WORD – Women’s Organization for Rural Development</b>

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 project has been identified by the SAI-HAL, Sports Training center, Koraput.
2.	Fulfillment of the objectives for the activity/project	Provision of synthetic turf based football ground for the development of Football in KBK District of Odisha. The ground is being used by the football trainees of SAI-HAL, Koraput for development of football skills.
3.	e. Beneficiaries <sup>(*)</sup> of the activity/project. f. Approximate Numbers	a. All football trainees of SAI-HAL sports training center. b. Present strength is 38 nos.
4.	Budget utilization	₹ 263.03 lakhs
5.	Implementation aspects.	The project has been implemented by SYNCOTTS INTERNATIONAL, New Delhi. The work awarded after following competitive bidding method.
6.	Timely completion of the targets.	Yes, the project has been completed in time.
7.	Impact of the activity/project on social, economic and environment perspective.	Provision of synthetic football turf court could enhance the performance of the football trainees of SAI-HAL Sports training center.  It has a direct impact on their preparedness for the international standard football stadiums.
8.	Any other relevant points	This is the first artificial football turf court in the state of Odisha.





### Executive Summary (Report) - CSR Project Impact Assessment

<b>Project Name:</b>	<b>Construction of Approach Road with Drain &amp; Culvert in Chakroli - Rajpalama, Kakigaon villages &amp; Orphanage</b>
<b>Sector:</b>	<b>(X) - Rural Development</b>
<b>Location:</b>	<b>Koraput District, Odisha</b>
<b>Start Date:</b>	<b>(12/01/2021)</b>
<b>Completion Date:</b>	<b>(31/03/2022)</b>
<b>Impact Assessment Conducted by:</b>	<b>WORD – Women’s Organization for Rural Development</b>

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 project was identified by the Koraput District Administration for development of rural infrastructure under Aspirational District Project.
2.	Fulfillment of the objectives for the activity/project	Following objectives are met by the project: <ol style="list-style-type: none"> <li>1. Connectivity in rural area</li> <li>2. Providing all weather road for better communication.</li> <li>3. Socio, economic development in rural area.</li> </ol>
3.	g. Beneficiaries (*) of the activity/project.	a. Directly 6 villagers are benefitted.
	h. Approximate Numbers	b. Around 6000 people benefitted.
4.	Budget utilization	₹ 170.88 lakhs
5.	Implementation aspects.	The work has been implemented through M/s Gadadhar Nayak, Koraput, after following competitive bidding method.
6.	Timely completion of the targets.	The work has been completed within the stipulated time.
7.	Impact of the activity/project on social, economic and environment perspective.	Following impact are felt: <ol style="list-style-type: none"> <li>1. The project solved the long standing need of the villagers.</li> <li>2. An all-weather road is essential in rural area.</li> <li>3. Improved Inter village communication and connectivity.</li> <li>4. Socio, economic &amp; cultural development in long run</li> </ol>
8.	Any other relevant points	Road is the basic need of rural India, The path way to Development in tribal villages of Koraput





### Executive Summary (Report) - CSR Project Impact Assessment

<b>Project Name:</b>	<b>Additional class Room in 12 different Schools.</b>
<b>Sector:</b>	<b>(II) - Education</b>
<b>Location:</b>	<b>Koraput District, Odisha</b>
<b>Start Date:</b>	<b>(04/12/2020)</b>
<b>Completion Date:</b>	<b>(31/03/2022)</b>
<b>Impact Assessment Conducted by:</b>	<b>WORD – Women’s Organization for Rural Development</b>

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 project was identified by the Koraput District Administration for development of education under Aspirational District Project.
2.	Fulfillment of the objectives for the activity/project	<ul style="list-style-type: none"> <li>- The shortage of class rooms has been addressed</li> <li>- School enrollment strength &amp; attendance has increase due to improvement in education environment &amp; infrastructure facilities</li> <li>- An all-weather, durable &amp; easy to maintain facility is developed for multiple use by the schools.</li> <li>- Additional shelter during summer and rainy season and during natural calamities</li> </ul>
3.	i. Beneficiaries (*) of the activity/project.	a. 12 schools benefited under the sanctioned project.
	j. Approximate Numbers	b. Approximately 1500 school students of 12 schools.
4.	Budget utilization	₹ 145.51 lakhs
5.	Implementation aspects.	The projects were carried out by the external agency M/s Trilochan Parida, after following competitive bidding method.
6.	Timely completion of the targets.	The work has been completed under the stipulated time.
7.	Impact of the activity/project on social, economic and environment perspective.	The project will be very beneficial towards development of education in the region. Additional class room could add additional infrastructure towards providing education in the region. It is a boost for education for all.
8.	Any other relevant points	This is good project. Such project need to be carried out in future.





### Executive Summary (Report) - CSR Project Impact Assessment

<b>Project Name:</b>	<b>Whole Development of Villages nearby to HAL TAD Kanpur Construction of Road</b>
<b>Sector:</b>	<b>(X) Rural Development</b>
<b>Location:</b>	<b>Villages Gadeva Mohisinpur, Dande ka Purwa, Valjee Purwa &amp; Dev ka Purwa,Block Bidhnoo, Kanpur</b>
<b>Start Date:</b>	<b>(10/12/2020)</b>
<b>Completion Date:</b>	<b>(09/06/2021)</b>

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)	HAL-TAD Kanpur has adopted the above named villages under CSR & SD programme and HAL officials have assessed the needs of villages before implementation of the project for this purpose a feasibility assessment was done by HAL official in the selected villages through interaction with representatives of Gram Panchayat villagers, vulnerable sections women youths and concerned Government officials, HAL officials documented and prioritized the infrastructural needs based on their assessment. The concerned Gram Panchayats and block officials have given approval to HAL and thereafter HAL officials again visited the selected villages to validate the identified needs, HAL prepared the 'Detailed project Report (DPR)' for implementation of projects. The project was implemented through tender by awarding the work to reputed agency.
2.	Fulfillment of the objectives for the activity/project	To examine the impact of the RCC roads on social, economic and environmental perspective on various communities along with reasons;  To measure the impacts on various stakeholders and number of public-private passenger & goods vehicles serving the selected habitation;  To document the perceptions of different communities regarding quality, durability and benefits of RCC roads;  To assess the changing impact of projects on the quality of life and lifestyle of people residing in selected villages and to identify the requirement of modification in the existing projects to take care of the changing needs and suggest effective mechanism for the future strategy of such projects.
3.	k. Beneficiaries <sup>(*)</sup> of the activity/project. l. Approximate Numbers	a). Villages and residents of neighboring villages/urban areas. b). Around 25 Villages
4.	Budget utilization	₹ 387.90 Lakhs
5.	Implementation aspects.	Though Tendering process
6.	Timely completion of the targets.	All the roads were constructed within the stipulated time.
7.	Impact of the activity/project on social, economic and environment perspective.	Positive
8.	Any other relevant points	N/A







# Annexure IV to Board's Report

## FORM NO. MR - 3 SECRETARIAL AUDIT REPORT

(FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> March 2023)

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

To,  
The Members  
Hindustan Aeronautics Limited  
Bangalore - 560001

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to corporate governance practices by **Hindustan Aeronautics Limited** (Hereinafter called the "Company") for the Financial Year 2022-23. Secretarial Audit was conducted in a manner that provided us reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its Officers, Agents and Authorized Representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on **31<sup>st</sup> March 2023** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent and in the manner, subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on **31<sup>st</sup> March, 2023** 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, 2018;
  - d. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; **(Not Applicable during the audit period)**
  - e. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; **(Not Applicable during the audit period)**
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; **(Not Applicable during the audit period)**





h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **(Not Applicable during the audit period)**

- (vi) Guidelines issued by Department of Public Enterprises;
- (vii) Guidelines issued by Ministry of Defense ;
- (viii) Guidelines issued by Department of Investment and Public Asset Management (DIPAM);
- (ix) Order / Regulations issued by the Govt. of India from time to time;

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

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

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

*The Company has received exemption from the Department of Investment and Public Asset Management, Ministry of Finance from compliance of DIPAM Guidelines pertaining to buyback of shares and issue of bonus shares during the financial year 2022-23. As regard, splitting of shares, a communication was received from DIPAM that splitting will be carried out post completion of minimum public shareholding.*

*During the year under review Bombay Stock Exchange Ltd (BSE) and National Stock exchange (NSE) have imposed total fine of ₹ 58,69,320/- for non-compliance under SEBI (LODR) Regulations, 2015. Out of which, the Company has received waiver of fine of ₹ 15,38,720/-.*

During the year under the review, the President of India sold 1,17,03,563 shares (representing 3.50%) of the Company by offer for sale through stock exchange mechanism on 23 & 24 March, 2023.

#### **We further report that:**

1. As on 31<sup>st</sup> March 2023, the Company was required to appoint 5 independent directors and 2 functional directors including CMD to comply the direction of Ministry of Defence vide their letter dated 5<sup>th</sup> December 2014 w.r.t. composition of Board read with Regulation 17 of SEBI (LODR) Regulations, 2015.

Further, half of the board was not Non-executive during the period from 01.04.2022 to 27.04.2022 and from 10.06.2022 to 30.06.2022 and half of the Board was not Independent for whole year.

2. Due to non-appointment of requisite number of independent Directors, the Audit Committee was not validly constituted till 3<sup>rd</sup> May, 2022.
3. Due to non-appointment of requisite number of independent Directors, the Nomination & Remuneration Committee was not validly constituted till 3<sup>rd</sup> May, 2022.
4. Non-submission of Report on related party transactions in a timely manner in the XBRL mode for the half year ended 31<sup>st</sup> March 2022 under Regulation 23(9) of SEBI (LODR) Regulations, 2015

On the above referred non-compliances from (1) to (3), it was explained by the Company that, since, the appointment of Independent Directors in the Government Companies has to be made by the concerned Administrative Ministry of the Government of India, multiple requests/ reminders were made/sent by the Company to Ministry of Defence (MoD) for filling the vacant posts of Independent Directors in the Company, within the stipulated time, referring penal provisions both under the Companies Act, 2013 and SEBI Regulations. Continuous follow up on the matter with MoD and DPE was made to fill up the vacancy. However as on 31.03.2023, there are 5 vacant posts of Independent Directors.

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





It was also explained that, on appointment of requisite number of Independent Directors, constitution of the Audit Committee and Nomination and Remuneration Committee was regularized w.e.f. 4<sup>th</sup> May, 2022. Subsequently, being matter was beyond the control of the Company, on filing application, waiver of fines against the said non-compliance was granted by the NSE (being designated stock exchange for the purpose) on 9<sup>th</sup> December, 2022.

With regard to non-compliance at (4), it was explained that, since, the XBRL Utility as per the new format was not made available by both NSE and BSE for filing within the prescribed period of 15 days after the publication of Company's Financial Results, the same could not be filed by the Company within the said period. However, by following better governance practice, as a precautionary measure, the same was filed in PDF mode on 1<sup>st</sup> June, 2022. Considering the submission of the Report in PDF mode as delay in filing, NSE and BSE have imposed a fine of ₹ 11,800/- each.

Subsequently, on release of XBRL Utility by the Stock Exchanges on 12<sup>th</sup> July, 2022, the Report was again filed in XBRL mode within the prescribed due date extended for the purpose.

It was explained that, since, there was no delay on the part of the Company in filing the Report in XBRL mode and since no instructions were passed for filing the Report in PDF mode, waiver application was filed with NSE (being designated stock exchange for the purpose) on 25<sup>th</sup> July, 2022 which was rejected by NSE on 13<sup>th</sup> February, 2023. Thereafter, the matter was discussed with SEBI Officials and again a review application was filed with NSE against rejection on 20<sup>th</sup> February, 2023, the reply of which is still awaited.


**We further report that:**

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

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: F008993E000435751

P.R. No.: 1067/2021

Date: 31/05/2023

Place: Bangalore

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





**'ANNEXURE A'**

To,  
The Members  
Hindustan Aeronautics Limited  
Bangalore – 560001

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

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

**For DPSP and Associates**  
Company Secretaries

**P. Dakshayani**

Partner

C.P. No. 8411

UDIN: F008993E000435751

P.R. No.: 1067/2021

Date: 31/05/2023  
Place: Bangalore







# Management Discussion & Analysis Report

## 1. INDUSTRY

After COVID-19, the Aerospace & Defence (A&D) industry is recovering in both Civil and Defence Sectors. The Defence Sector is expected to continue to grow in 2023-24, as due to global geopolitical conflicts many countries have significantly increased Defence budgets to strengthen their military capabilities. In Civil Sector, the global passenger traffic has improved significantly in 2022 which is expected to reach 2019 levels by end of 2023 or early 2024. This has become a driving factor for large size manufacturing orders and after-sales activities in the industry.

### 1.1 Global Scenario

1.1.1 The A&D Industry is a vast industry which encompasses Commercial and General Aviation, Military Aircraft, Space Systems, Ground Defence and Shipbuilding. As per an industry report the global Aerospace & Defence market is expected to grow from \$796 billion in 2022 to \$855 billion in 2023 at a growth rate of 7.4%. The growth is mainly driven by the companies recovering their operations from the COVID-19 impact, and Defence budget allocation in various countries.

1.1.2 Globally supply chain disruptions and delays have made OEMs to look for local sources for materials and components. Additionally to achieve efficiencies OEMs are moving more and more towards digital technologies and smart factories. As per estimates the global A&D market is expected to reach \$1076 billion by 2027.

1.1.3 Presently, the key drivers in the A&D industry are Localisation of Supply Chain, high efficiency & low fuel consumption, using digital technologies and smart factories.

### 1.2 The Indian Scenario

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

1.2.2 In the Union Budget 2023-24, ₹ 5,93,537.64 Crore have been allocated for Defence. This includes expenditure on salaries of armed forces and civilians, pensions, modernisation of armed forces, production establishments, maintenance, and research and development organisations. This is 13% higher than ₹5,25,166.15 Crore (BE for FY 2022-23).

1.2.3 Under "Aircraft and Aero-engine" category, Indian Army has received an allocation of ₹ 5,500 Crore, Indian Navy has received an allocation of ₹ 7,000 Crore and Indian Air Force has received an allocation of ₹ 15,721.65 Crore, summing to a total allocation of ₹ 28,221.65 Crore in addition to revenue budget provisions for maintenance, repair & overhaul.

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 released. Four Positive Indigenisation Lists (PIL) issued by Department of Military Affairs (DMA), in which 35 items of HAL are listed. Major platforms included under these lists are Light Combat Aircraft (LCA) Mk IA, Light Combat Helicopter (LCH), Transport Aircraft (Do-228), Basic Trainer Aircraft (HTT-40), Expendable Aerial Targets (ABHYAS), Small Jet Engines with 120 kgf thrust (PTAE), Light Utility Helicopter (LUH), Naval Utility Helicopter (NUH), Medium Altitude Long Endurance UAV (MALE), Combat Air Teaming System (CATS), Long Range UAV (HALE). Significant thrust has been given to the indigenisation of Defence equipment under "Aatm Nirbhar Bharat" movement 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. These Divisions / R&D Centres are located at ten geographic locations in seven states across the country. These Divisions are organized into five complexes with current & future operations given below:

- 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), Civil MRO and UAV Projects.
- 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): R&D of Fixed-wing and Rotary-wing Aircraft, Unmanned Aerial Vehicles (UAV), Aero-engines, Avionics and Accessories.

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



### 3. SWOT ANALYSIS

3.1 SWOT Analysis is the tool to assess internal strengths and weaknesses of the organisation 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 R&D, Production and MRO of the Fixed-wing Aircraft, Rotary-wing Aircraft, Aero-engines, LRUs and airborne systems.
- Expertise in aircraft upgrade for the Defence Customers which includes major changes like re-engining, avionics upgrade, and weapon system integration.
- Expertise in absorption of Transfer of Technology (ToT) of fighter and transport aircraft. Successfully absorbed ToT and produced MiG-21, MiG-27, Su-30MKI, Jaguar, Dornier-228 and AVRO.
- Expertise in Design & Development of a wide range of helicopters including utility and combat helicopters. The Company has developed flagship platforms like ALH Variants, LCH, LUH in 3.5 to 5.5 ton class. Further, the Company is developing IMRH and DBMRH in 10-15 ton class, proving D&D capabilities in wide range of helicopters.
- Trusted partner of Indian Defence Forces for providing support to aging fleets, some of which are more than 60 years old fleets.

#### Weakness

- Dependency on foreign OEMs for critical materials and LRUs.
- Little presence outside India in export market.
- Heavy dependency on MoD for the contracts which could adversely affect our ability to grow or maintain our sales, earnings and cash flow.

#### Opportunity

- Multiple policy reforms in the country to promote Defence manufacturing.
- Focus of Government to reduce Defence import bill.
- Gradually developing civil MRO opportunities in India.
- Development of new potential market in India such as for regional jets, UAVs etc.
- Growth potentials through alliance and partnership for global markets.
- Atmanirbhar Bharat Abhiyan of Govt. of India.

#### Threat

- Collaborations of Indian Private Companies with Global OEMs and capability building by them.
- Change in preference of Defence customers by moving from nomination to competitive procurement.
- The Strategic Partnership (SP) Model may deprives HAL of some high value Defence orders.
- Direct competition from foreign companies looking for enter/sustain into Indian market.

### 4. OUR STRATEGIES

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

- Launching Design and Development programs with initial company funding for Indian Defence Services.
- Diversify into civil market for both manufacturing and MRO opportunities.
- Enhance Indigenisation to ensure higher indigenous content in our products.
- Expand our operations globally through collaborations with global partners.
- Opening Export Offices in the target geographies to explore global market and export opportunities.
- Strengthening and leveraging Marketing and Business Development functions through restructuring.
- Enhance customer satisfaction and improved quality of products and services.
- Strategic product development to bring out right products for our customers at right time.
- Focus on increasing operational efficiencies by adapting latest technologies such as Industry 4.0, automation, additive manufacturing, etc.

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

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

### 6. OUTLOOK

6.1 In the year 2023-24, revenues of Aerospace & Defence companies are expected to remain largely stable or grow, as military programs continue to be critical to national





security for many countries, especially considering rises in geopolitical tensions globally. Global defense spending is expected to grow as major world powers are likely to continue to strengthen their militaries in response to geopolitical tensions.

6.2 Both military and commercial aerospace sectors have good growth potentials in India. In 2023-24, the total allocation of the three forces (including pensions) is ₹5,54,875 Crore which is ~93% of the total Defence budget. Out of this, allocation for Army accounts for ~57% of the defence budget followed by the Air Force around 19% and Navy ~17%.

6.3 India has plans to develop civil aviation in the country through regional connectivity for its tier-2 cities. Government has launched UDAN Scheme for the purpose. HAL is contributing to the UDAN initiative through its Hindustan-228 aircraft which is the first made in India civil aircraft used for commercial flight.

6.4 The possible opportunities available for the Company in the future are:

- Thrust from the Government towards domestic products for developing a self-reliant industry will bring greater opportunities and new orders.
- The stability of military sector during the time of crisis will entice commercial players to diversify into military sector as risk aversion strategy. This will bring opportunities for HAL to diversify into commercial sector by forming strategic alliance with such companies.

6.5 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.

6.6 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. RISKS AND CONCERNS

7.1 The major risks and concerns for the Company are:

- Dependency on foreign OEMs for supply of critical Components and Spares required for the manufacture and overhaul of Aircraft/ Helicopters.
- Dependency on limited customers for new contracts.
- Competition from domestic and foreign players.
- Risk of natural disasters and pandemic.

## 8. MEASURES TO TACKLE CHALLENGES

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

### Mitigating 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 opening Export Offices in the target geographies to expand its exports market and revenue from exports.

### Mitigating 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 Startup, SME/MSME companies in R&D and technology development.

### Mitigating Marketing Challenges

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

### Mitigating Operational Challenges

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





## 9. CUSTOMER ORIENTATION

During the year, the Company has undertaken following initiatives towards customer orientation:

- **Performance Based Logistics (PBL):** Company has been providing PBL for Advanced Light Helicopter (ALH) Mk-III fleet of Indian Coast Guard. Efforts are being made to expand PBL services to other Indian Defence Customers also.
- **Fleetwise CS Workshop:** For expeditious resolution of long pending issues and in order to bring manufacturers and users on a common platform for exchange/ share ideas, CS workshops were held during the year 2022-23. Fleets like Hawk, Jaguar, LCA, Dornier and RPA benefitted by the workshops.
- **Case Management System:** In order to have a centralized updated Life cycle tracking of critical issues raised by different Customer, an In-house dashboard has been developed for recording of Customer issues for effective tracking and closure in least possible time.
- **Single Point of Contact (SPoC):** To enhance better Customer support, it was felt that a fleetwise SPoC would be more effective.

## 10. INTERNAL FINANCIAL CONTROLS

- 10.1 The Company has set up proper and adequate Internal Financial Controls with respect to financial statements. Systems Audit is carried out by an internal team of officials with 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.
- 10.2 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 thereupon has been attached along with the standalone and consolidated financial statements respectively.

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

(₹ in Lakh)

Sl. No	Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
1	Turnover	26,36,056	24,36,166
2	Revenue from Operations	26,92,785	24,62,021
3	Value of Production	27,05,441	23,76,948
4	Gross Margin	8,33,476	6,39,916
5	Profit Before Tax	6,49,294	5,23,115
6	Tax Expense	68,177	14,465
7	Profit After Tax	5,81,117	5,08,650
8	R&D Expenditure	2,49,433	1,96,691
9	Net Worth	23,50,617	19,26,400
10	Trade Receivable	4,71,907	4,64,155
11	Cash and Bank Balance	20,30,615	14,34,361
12	Borrowings	-	-
13	Book Value Per Share (₹)	702.96	576.10
14	Earnings Per Share (₹)	173.79	152.11
15	Dividend Per Share (₹)	40	50*
16	Debtors Turnover Ratio	5.63	4.73
17	Inventory Turnover Ratio	1.99	1.57
18	Interest Service Coverage Ratio	-	-
19	Current Ratio	1.7:1	1.8:1
20	Debt Equity Ratio	-	-
21	Operating Profit Margin (%)	18%	17%
22	Net Profit Margin (%)	22%	21%
23	Return on net worth %	25%	26%

\* Includes final dividend of ₹10/- per equity share declared in 59<sup>th</sup> AGM for the financial year 2021-22.

### Reason for significant changes in ratios:

- Debtors Turnover Ratio improved in FY 2022-23 due to improved collection from customers.
- There is a growth in sales during the current year as compared to previous year and also there is a considerable reduction in holding of inventory in the current period which has resulted improvement in Inventory Turnover Ratios.
- Increase in Operating Profit Margin in FY 2022-23 is due to increase in Repair and Overhaul Sales in FY 2022-23.







- Net Profit Margin has improved in FY 2022-23 due to increase in interest income and Interest on IT Refund in the FY 2022-23 as compared to PY 2021-22. The Company earned interest income of ₹ 929 Crore in FY 2022-23 (PY ₹ 424 Crore) and Interest of ₹ 569 Crore on IT refund (PY ₹ 263 Crore).
- Return on Networth has decreased in FY 2022-23 due to increase in percentage of Networth at a higher rate as compared to increase in percentage of Net profit in FY 2022-23.

## 12. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES

- 12.1 During the year, Human Resource Development initiatives were geared in view of the changes in the company's strategy and plan. The HR Vision and Mission was reframed to align with the new organizational vision & mission. The new HR Vision is to "Develop a Community of Excellence driven by technology and market culture to become globally competitive". The new HR Mission is to "enable a positive environment through empowerment to explore, learn, grow, innovate and drive collaboration to deliver business excellence".
- 12.2 As a continuous improvement towards developing competencies, and thereby creating a competitive Performance driven culture, the customised Competency Framework for the Company was developed with 10 competencies in 3 clusters, with the sole objective of Development of Executives. The Company has also introduced Reverse Mentoring Scheme (WINGS) to enable new-age learning from junior to senior executives, to empower the young workforce, and to develop learning organization, among other objectives. The Scheme has been implemented through an Online Portal.
- 12.3 During the Year, the conduct of Employee Engagement Survey was institutionalized as a process in the Company through a Standard Operating Procedure, to be conducted once in two years, across key parameters. Employee Engagement Survey for the Year 2022 was conducted during August – September 2022 with 93.97% participation. Short-term, Mid-term and Long-term initiatives are planned based on the results of the Survey.
- 12.4 HAL Reward Scheme for Exemplary Performance in respect of Executives in Grades I to VIII was introduced, incorporating provisions for recognition of achievements of High Performers in terms of their Individual Contribution, Team based deliverables, and Project level performance.

## 13. HAL MANAGEMENT ACADEMY (HMA)

During the year 2022-23, HMA conducted 140 programs against a plan of 87 programs covering 6185 participants thereby achieving 39048 mandays of training. This amounts to 42% of the Officers of the Company undergoing training at HMA till date. Also, 595 external candidates participated in various training programs. Some of the initiatives undertaken in training/ development program during 2022-23 are as follows:

- (i) As part of the succession planning, the one year LDP Batch-6 commenced at HMA with 30 Officers on November 21, 2022.
- (ii) The 45<sup>th</sup> batch of Management Trainees (MTs) /Design Trainees (DTs) have completed training at Institution module (Mechanical & allied at IIT-Kanpur, Electrical & allied at IIT-Kharagpur, Non-Technical at IIM-Indore & Computer Science at IIIT-Dharwad) and are posted in Divisions.
- (iii) The Company has entered into an MoU with Indian Institute of Management-Indore for offering customised management programs in the fields of Strategy Management, Operational Excellence, Organisational Behaviour and Project Management for Mid-level and Senior level executives of HAL.
- (iv) Institution Programs: HMA collaborated with reputed Institutions such as PMA-India, IIT-Madras, IIT Kanpur, IIT-Kharagpur, IIIT-Dharwad, IIM-Ahmedabad, IIM-Indore, IICA, NITIE, NLSIU, IMTMA, CII, ISI etc. for various Management Development Programs, MTs/ DTs Training Programme and PGDM programmes.
- (v) The Company has sponsored 20 Officers for Online M.Tech in Aerospace Engineering at IIT-Madras.

## 14. SKILL DEVELOPMENT

- 14.1 Skill Development Policy (SDP) for the employees in non-executive cadre exist in the Company with an objective to enhance individual's skill, knowledge and understanding to achieve performance excellence by eliminating waste in terms of Rework, Rejection & Pre-mature product failures, thereby enhancing productivity, quality & customer satisfaction and strengthening the competitiveness of the Company.
- 14.2 The "Skill Development Process in HAL" has been granted Copyright Certificate in March 2020 by the Registrar of Copyrights, New Delhi.
- 14.3 More than 350 employees have been assessed during the year. So, far, over 15800 employees have been assessed out of 16000 employees across HAL. Based on the assessment report, the post assessment training is planned.
- 14.4 Post Assessment Training: Over 1200 employees have completed Classroom Training (CRT), 2040 employees have completed Shop Floor Training (SFT) / Work Place Training (WPT), and 1700 employees completed Coaching / Mentoring (CMT) process during the year 2022-23.
- 14.5 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 the employees, updation of Class Room Training (CRT), Shop Floor Training (SFT)/ Work Place training (WPT), Coaching/ Mentoring (CMT), CST, Assessment and Post Assessment Training etc.



## 15. MANPOWER

Total Employees as on 31 <sup>st</sup> March 2023	Officers	Workmen		Total Workmen
		Direct	Indirect	
24,457	7,550	10,836	6,071	16,907

## 16. ENVIRONMENT PROTECTION & CONSERVATION

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

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

**Solid Waste Management:** Municipal Solid Waste (MSW) generated from Townships and Factories is segregated at source in Townships and Factories (Wet, Dry, Garden, Sanitary and Rejects). Through the process of Vermi-Composting, the Bio-degradable waste comprising of domestic waste and horticulture waste is being converted to manure. For better utilization of biodegradable waste generated from HAL Estates, the Company has installed Solid Waste Management Units like Organic Waste Converters and Bio Gas Plants at select places. At Bangalore, 1.5 Tons per day capacity bio-gas plants are installed.

**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. Effluent samples after treatment are periodically checked in the Laboratories. The sludge from the ETPs is disposed through Agencies authorized by Pollution Control Boards. The waste water discharged from the ETPs is tested and further treated in Sewage Treatment Plants (STPs) if meeting the norms. The water processed in the STPs is being used for horticulture purposes within the Divisions and no waste water is discharged 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 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.

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

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

### Rain Water Harvesting (RWH):

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

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

The Lake De-siltation, afforestation & Water –literacy works were undertaken by HAL under CSR as part of the Kumudavathi River Rejuvenation Projects - Phase 2 activities.

### Renewable Energy:

**Rooftop solar:** HAL has installed a total of 7.57 MW capacity Rooftop based Solar Energy Systems, till date.

**Ground mounted solar:** HAL has installed a total of 26.50 MW capacity Solar power plants, till date.

**Wind Energy:** HAL has installed 14.7 MW capacity wind power plants in Karnataka.

The entire energy generated by the above power plants is utilized for captive consumption at our production units. The captive consumption is avoiding more than 63000 Tons of CO<sub>2</sub>e emissions annually thereby contributing to the mitigation of climate change.





# Corporate Governance Report

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

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

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

## 2. BOARD OF DIRECTORS

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

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

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

As on March 31, 2023, the Board of Directors of the Company comprised of three Whole time / Functional Directors including the Chairman and Managing Director, two Government Nominee Directors and two Non-Executive (Independent) Director.

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 on March 31, 2023, the position of 5 independent directors were lying vacant due to completion of their tenure. The matter with respect to filing of vacant post of independent directors is under consideration with MoD.

Directors are not interse related to each other.

### (a) Composition and Category of Directors

As on March 31, 2023, the composition of the Board of Directors of the Company was as under:

Sl. No.	Name of Director	DIN
<b>Whole-time / Functional Directors (Executive)</b>		
1	Shri C.B. Ananthkrishnan Director (Finance) & CFO and *Addl. Charge of Chairman and Managing Director	06761339
2	Shri Jayadeva E P Director (Operations) and #Addl. Charge of Director (Human Resources)	06761333
3	Dr. D K Sunil Director (Engineering and R&D)	09639264
<b>Government Nominee Directors (Non-Executive)</b>		
1	Shri T Natarajan Addl. Secretary (DP), DDP, MoD	00396367
2	Dr. Tessy Thomas Distinguished Scientist & DG (AS), DRDO	08189164
<b>Independent Directors (Non-Executive)</b>		
1	Dr. Divya Gupta	00236773
2	Shri Deepak Abasaheb Shinde	00288460

\*Holding the Addl Charge of Chairman and Managing Director w.e.f 01.08.2022.

# Holding the Addl Charge of Director (HR) w.e.f 01.12.2022.





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

Sl. No	Directors	Board Meeting held during respective tenure of Director	No. of Meetings attended	Attendance at the 59 <sup>th</sup> AGM	No. of other Directorship	Name of other listed entity in which Directorship held & category	No. of Committee memberships across all Companies #	
							Chairman	Member
<b>Whole-time/ Functional (Executive) Director</b>								
1	Shri R. Madhavan*	4	4	NA	2	Nil	Nil	Nil
2	Shri Arup Chatterjee*	2	2	NA	1	Nil	Nil	Nil
3	Shri C.B. Ananthakrishnan	12	12	Yes	2	Nil	Nil	2
4	Shri Alok Verma*	8	8	Yes	1	Nil	Nil	1
5	Shri Jayadeva E P*	11	11	Yes	2	Nil	Nil	1
6	Dr. D K Sunil*	6	6	NA	1	Nil	Nil	Nil
<b>Government Nominee Director (Non-Executive)</b>								
7	Shri Chandraker Bharti*	5	4	No	4	Bharat Dynamics Ltd - Government Nominee Director	Nil	Nil
8	Shri Rajeev Prakash*	4	0	NA	1	Garden Reach Shipbuilders & Engineers Ltd - Government Nominee Director	Nil	Nil
9	Shri T Natarajan*	3	3	NA	2	Bharat Electronics Ltd - Government Nominee Director	Nil	Nil
10	Dr. Tessy Thomas	12	8	Yes	Nil	Nil	Nil	Nil
<b>Independent (Non-Executive) Director</b>								
11	Dr. Divya Gupta	12	12	Yes	3	Nil	1	2
12	Shri Deepak Abasaheb Shinde	12	12	Yes	7	Nil	1	1

**\*Note**

- Shri R Madhavan ceased as Chairman and Managing Director on the Board of the Company due to his superannuation on 31.07.2022.
- Shri Arup Chatterjee ceased as Director (Engg and R&D) on the Board of the Company due to his superannuation on 30.06.2022.
- Shri Alok Verma ceased as Director (HR) on the Board of the Company due to his superannuation on 30.11.2022.
- Shri Jayadeva E P appointed as Director (Operations) on the Board of the Company w.e.f 10.06.2022.
- Dr. D K Sunil appointed as Director (Engg and R&D) on the Board of the Company w.e.f 29.09.2022.
- Shri Chandraker Bharti ceased as Govt. Nominee Director on the Board of the Company due to withdrawal of Nomination w.e.f 14.09.2022.
- Shri Rajeev Prakash appointed as Govt. Nominee Director on the Board w.e.f 14.09.2022 and ceased as Govt. Nominee Director on the Board of the Company due to withdrawal of Nomination w.e.f 23.12.2022.
- Shri T Natarajan appointed as Govt. Nominee Director on the Board w.e.f 23.12.2022.

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

**Notes:**

- None of the Directors is a Member of more than 10 Committees or Chairman of more than 5 Committees, across all the Companies in which he is a Director;
- None of the Directors serves as a Director in more than 7 listed Companies and as Independent Director in more than 7 listed Companies;
- As on March 31, 2023, none of the Directors is holding any share in the Company;
- The Directorships/ Committee Memberships in other companies are based on the latest disclosure received from respective Directors;







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

Twelve (12) Board Meetings were held during the financial year ended on March 31, 2023. The details are as under:

Sl. No	Date of Board Meeting	Sl. No	Date of Board Meeting
1	May 13, 2022	7	October 12, 2022
2	June 28, 2022	8	November 11, 2022
3	July 11, 2022	9	December 9, 2022
4	July 29, 2022	10	January 12, 2023
5	August 12, 2022	11	February 9, 2023
6	September 20, 2022	12	March 10, 2023

**(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/DMSIFamiliarization\\_programmes\\_impacted\\_to\\_ID.pdf](https://hal-india.co.in/Common/Uploads/DMSIFamiliarization_programmes_impacted_to_ID.pdf)

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

HAL being a Government Company, all of its Directors are appointed / re-appointed by the President of India through the Administrative Ministry. The skills /expertise/

competency of the Board as required in the context of the business pertaining to the Company are identified by the Government of India and accordingly selection of Directors on the Board of the Company is made by the Government. As such, all the Board Members of the Company have expertise and competency as per the Industry requirement.

**3. AUDIT COMMITTEE**

**(a) Terms of Reference:** The Terms of Reference of the Audit Committee are as provided under Section 177 of the Companies Act (except to the extent of exemptions granted to the Government Companies) and Regulation 18 of SEBI (LODR) Regulations, 2015 (except to the extent of exemptions provided by SEBI to the Company) and other applicable Guidelines to CPSEs. The terms of reference of the Audit Committee are provided in the website of the Company [www.hal-india.co.in](http://www.hal-india.co.in).

**(b) No. of Meetings:** During the financial year ended on March 31, 2023, Nine (9) Audit Committee Meetings were held. The details are as under:

Sl. No	Date of Board Meeting	Sl. No	Date of Board Meeting
1	May 13, 2022	6	November 11, 2022
2	June 28, 2022	7	January 12, 2023
3	July 11, 2022	8	February 9, 2023
4	August 12, 2022	9	March 10, 2023
5	September 20, 2022		

**(c) Composition of the Committee as on March 31, 2023 and Meetings attended by each member:**

Member of the Committee	Category	Position	Meeting	
			Held	Attended
Shri Deepak Abasaheb Shinde	Independent Director	Chairman	9	9
Dr. Divya Gupta	Independent Director	Member	9	9
Shri C B Ananthkrishnan	Director (Finance) & CFO	Member	9	9

Director (Operations) is permanent invitee to the Committee.

Company Secretary is the Secretary to the Committee.

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

**(a) Terms of Reference:** The Terms of Reference of the Nomination and Remuneration Committee are as provided under Section 178 of the Companies Act (except to the extent of exemptions granted to Government Companies) and Regulation 19 of SEBI (LODR) Regulations, 2015 (except to the extent of exemptions provided by SEBI to the Company) and other applicable Guidelines to CPSEs. The terms of reference of the Nomination & Remuneration Committee are provided in the website of the Company [www.hal-india.co.in](http://www.hal-india.co.in).





The appointment/ remuneration and other matters in respect of Key Managerial Personnel (KMP) and Senior Management Personnel are governed by the HAL Recruitment Rules and Procedures and subject to the policies and directives that may be issued by the 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, 2023, Three (3) meetings of the Committee were held on May 31, 2022, June 28, 2022 and March 10, 2023.

**(c) Composition of the Committee as on March 31, 2023 and Meetings attended by each member:**

Member of the Committee	Category	Position	Meeting	
			Held	Attended
Shri Deepak Abasaheb Shinde	Independent Director	Chairman	3	3
Dr. Divya Gupta	Independent Director	Member	3	3
Dr. Tessy Thomas	Government Director	Nominee Member	3	1

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

Company Secretary is the Secretary to the Committee.

## 5. STAKEHOLDERS RELATIONSHIP COMMITTEE (SRC)

**(a) Terms of Reference:** The Terms of Reference of the Stakeholders Relationship Committee are as provided under Section 178 of the Companies Act (except to the extent of exemptions granted to Government Companies) and Regulation 20 of SEBI (LODR) Regulations, 2015 and other applicable Guidelines to CPSEs. The terms of reference of the Stakeholders Relationship Committee are provided in the website of the Company [www.hal-india.co.in](http://www.hal-india.co.in).

**(b) No. of Meetings:** During the financial year ended on March 31, 2023, One (1) meeting of the Committee was held on December 8, 2022.

**(c) Composition of the Committee as on March 31, 2023 and Meetings attended by each member:**

Member of the Committee	Category	Position	Meeting	
			Held	Attended
Dr Divya Gupta	Independent Director	Chairperson	1	1
Shri C.B. Ananthakrishnan	Director (Finance) & CFO	Member	1	1
Shri Alok Verma#	Director (HR)	Member	Nil	NA
Shri Jayadeva E P*	Director (Operations)	Member	1	1

#Shri Alok Verma ceased as Member of the Committee w.e.f 29.11.2022.

\*Shri Jayadeva E P appointed as Member of the Committee w.e.f 29.11.2022.

Company Secretary is the Secretary of the Committee.

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

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





- (e) **Number of shareholders' complaints received upto March 31, 2023:** 173
- (f) **Number of shareholders' complaints resolved upto March 31, 2023:** 173
- (g) **Number of pending complaints as on March 31, 2023:** Nil

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

- (a) **Terms of Reference:** The Terms of Reference of the CSR & Sustainable Development Committee are as provided under Section 135 of the Companies Act and the Rules made thereunder as amended and other applicable guidelines to CPSEs. The Committee formulates and recommend to the Board the CSR Policy, annual action plan, modalities of the utilisation of funds, implementation schedule of CSR projects / programmes and monitoring of CSR and Sustainable Development activities in the Company. The terms of reference of the CSR & SD Committee are provided in the website of the Company [www.hal-india.co.in](http://www.hal-india.co.in).
- (b) **No. of Meetings:** During the financial year ended on March 31, 2023, Three (3) meetings of the Committee were held on July 29, 2022, October 12, 2022 and March 9, 2023.
- (c) **Composition of the Committee as on March 31, 2023 and Meetings attended by each member:**

Member of the Committee	Category	Position	Meeting	
			Held	Attended
Dr Divya Gupta	Independent Director	Chairperson	3	3
Shri R Madhavan*	CMD & Addl Charge of Director (Operations)	Member	Nil	NA
Shri C.B. Ananthakrishnan	Director (Finance) & CFO	Member	3	1
Shri Alok Verma*	Director (HR)	Member	2	2
Shri Jayadeva E P*	Director (Operations) and Addl. charge of Director (HR)	Member	3	3

\*Note

- Shri R Madhavan, CMD has entrusted with additional charge of the post of Director (Operations) from 01.03.2022 to 09.06.2022.
- Shri Alok Verma ceased as Member of the Committee w.e.f 30.11.2022.
- Shri Jayadeva E P appointed as member of the Committee w.e.f 10.06.2022. Further, he has been entrusted with additional charge of the post of Director (HR) w.e.f 01.12.2022.

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 Terms of Reference of the Risk Management Committee are as provided under Regulation 21 of SEBI (LODR) Regulations, 2015. The Risk Management Committee shall annually review and approve the Risk Management Policy and associated frameworks, processes and practices of the Company. The Committee shall review and assess the adequacy of the Risk Management Policy and recommend changes to the Board for approval. The terms of reference of the Risk Management Committee are provided in the website of the Company [www.hal-india.co.in](http://www.hal-india.co.in).
- (b) **No. of Meetings:** During the financial year ended on March 31, 2023, Two (2) meeting of the Committee were held on September 20, 2022 and March 9, 2023.



**(c) Composition of the Committee as on March 31, 2023 and Meetings attended by each member:**

Member of the Committee	Category	Position	Meeting	
			Held	Attended
Dr Divya Gupta	Independent Director	Chairperson	2	2
Shri Arup Chatterjee*	Director (Engineering and R&D)	Member	Nil	NA
Shri C.B. Ananthkrishnan	Director (Finance) & CFO	Member	2	2
Shri Alok Verma*	Director (Human Resources)	Member	1	1
Shri Jayadeva E P*	Director (Operations)	Member	2	2
Dr D K Sunil*	Director (Engg and R&D)	Member	1	1

**\*Note**

- Shri Arup Chatterjee ceased as Member of the Committee w.e.f 30.06.2022.
- Shri Alok Verma ceased as Member of the Committee w.e.f 30.11.2022.
- Shri Jayadeva E P appointed as Member of the Committee w.e.f 10.06.2022. Further, he has entrusted with additional charge of the post of Director (HR) w.e.f 01.12.2022.
- Dr D K Sunil appointed as Member of the Committee w.e.f 29.09.2022.

All CEOs of the Complexes and GM (CS & QA), 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 also constituted the following non-statutory Committees and power has been delegated for smooth operation of the Company:

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

**9. REMUNERATION OF DIRECTORS**

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

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

Independent Directors (Part-Time Non-Official Directors) are paid a sitting fee 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 2022-23 were as follows:

Sl. No	Name of Directors	Salary and Perquisites as per Section 17(1) & (2) of the Income Tax Act, 1961	Retirement & other benefits	Total
1	Shri R. Madhavan	74,80,837	23,00,000	97,80,837
2	Shri Arup Chatterjee	65,71,903	23,00,000	88,71,903
3	Shri C.B. Ananthkrishnan	64,96,533	-	64,96,533
4	Shri Alok Verma	77,55,569	23,00,000	100,55,569
5	Shri Jayadeva E P	48,28,996	-	48,28,996
6	Dr D K Sunil	18,08,491	-	18,08,491





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

Sl. No	Name of Independent Director	Board Meetings	Committee Meetings	(In ₹)
				Total Sitting Fees
1	Dr. Divya Gupta	3,60,000	4,75,000	8,35,000
2	Shri Deepak Abasaheb Shinde	3,60,000	3,50,000	7,10,000

#### 10. INDEPENDENT DIRECTORS' MEETING

The Independent Directors reviewed the performance of the Functional/ Whole-time Directors including Chairman and Managing Director and Board as a whole in a separate meeting of Independent Directors held on August 25, 2022.

#### 11. CONFIRMATION ON INDEPENDENCE OF THE INDEPENDENT DIRECTORS

Independent Directors have submitted declaration of independence to the Board and the Board confirms that all Independent Directors fulfil the conditions specified in the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 and are independent of the management.

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

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

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

#### 14. CEO/CFO CERTIFICATION

As required under Regulation 17(8) of SEBI (LODR) Regulations, 2015 and DPE Guidelines, CEO/CFO Certification on the financial statements and internal controls relating to financial reporting for the year 2022-23 was submitted to the Board and is attached to this Report.

#### 15. SHAREHOLDING PATTERN AS ON MARCH 31, 2023

Sl. No.	Category	Number of shareholders	Number of shares held	% of total holding
1	President of India	1	23,95,88,844	71.65
2	Foreign Portfolio - Corp	361	3,03,35,264	9.07
3	Mutual Funds	179	2,95,49,628	8.84
4	Qualified Institutional Buyer	66	1,51,66,642	4.54
5	Resident Individuals	3,48,778	1,43,20,292	4.28
6	Bodies Corporates	2,356	21,40,428	0.64
7	Alternative Investment Fund	21	14,66,416	0.44



Sl. No.	Category	Number of shareholders	Number of shares held	% of total holding
8	Non Resident Indians	4,960	5,27,306	0.16
9	H U F	7,223	5,11,575	0.15
10	Insurance Companies	1	4,03,143	0.12
11	Non Resident Indian Non Repatriable	2,907	2,50,939	0.08
12	Clearing Members	114	82,038	0.02
13	Employees	1,128	36,771	0.01
14	Trusts	19	5,539	0.00
15	NBFC	3	1,425	0.00
16	Banks	2	1,250	0.00
	<b>Total</b>	<b>3,68,119</b>	<b>33,43,87,500</b>	<b>100.00</b>

#### 15.1 Top 10 Shareholders as on March 31, 2023 (Based on PAN)

Sl. No.	Name	Number of shares held	% of total holding
1	President of India	23,95,88,844	71.65
2	HDFC Trustee Company Ltd.	1,42,18,609	4.25
3	Life Insurance Corporation of India	1,17,28,293	3.51
4	ICICI Prudential Midcap Fund	47,25,363	1.41
5	Nippon Life India Trustee Ltd-A/c Nippon India Mul	24,31,775	0.73
6	Government of Singapore	23,72,220	0.71
7	BNP Paribas Arbitrage	16,63,574	0.50
8	Max Life Insurance Co Ltd Pension Preserver Fund(U)	15,86,692	0.47
9	Vanguard Emerging Markets Stock Index Fund	13,11,677	0.39
10	Franklin India Balanced Advantage Fund	12,80,958	0.38

#### 15.2 Distribution of Shareholding by Size as on March 31, 2023

Category	Number of Shareholders	% of Shareholders	Total Number of Shares	% of Shareholding
1 - 5000	3,64,409	98.99	1,05,83,905	3.17
5001 - 10000	1,845	0.50	13,51,774	0.40
10001 - 20000	794	0.22	11,22,444	0.34
20001 - 30000	234	0.06	5,90,174	0.18
30001 - 40000	106	0.03	3,76,287	0.11
40001 - 50000	104	0.03	4,81,156	0.14
50001 -100000	158	0.04	11,31,510	0.34
100001 and above	469	0.13	31,87,50,250	95.32
<b>TOTAL</b>	<b>3,68,119</b>	<b>100.00</b>	<b>33,43,87,500</b>	<b>100.00</b>





## 16. GENERAL BODY MEETINGS

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

Meeting No.	Financial Year	Venue	Date & Time
57 <sup>th</sup>	2019-20	Through Video Conferencing (VC) from Hindustan Aeronautics Limited Corporate Office, 15/1, Cubbon Road, Bengaluru-560001	September 30, 2020 at 1500 Hrs
58 <sup>th</sup>	2020-21	Through Video Conferencing (VC) from Hindustan Aeronautics Limited Corporate Office, 15/1, Cubbon Road, Bengaluru-560001	September 30, 2021 at 1500 Hrs
59 <sup>th</sup>	2021-22	Through Video Conferencing (VC) from Hindustan Aeronautics Limited Corporate Office, 15/1, Cubbon Road, Bengaluru-560001	August 29, 2022 at 1500 Hrs

### (b) Special Resolutions

- No Special Resolution was put up during 57<sup>th</sup> and 58<sup>th</sup> Annual General Meeting.
- During the 59<sup>th</sup> Annual General Meeting, two special resolutions were passed w.r.t Appointment of Dr Divya Gupta and Shri Deepak Abasaheb Shinde as Part-Time Non-Official (Independent) Directors of the Company.

(c) No Special Resolution was passed last year through postal ballot. However, two Ordinary Resolutions were passed through postal ballot during the year.

(d) No Special Resolution is proposed to be passed 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 generally published in atleast one leading English newspaper having wide circulation across the Country, in one Kannada newspaper and one Hindi newspaper having wide circulation across the region. The results are also made available on the Company website.

(b) **News Release, Presentation etc.:** The official news releases, detailed presentations made to media, institutional investors, financial analysts etc. are posted on the website of the Stock Exchanges and displayed on the Company's website [www.hal-india.co.in](http://www.hal-india.co.in).

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

(d) **Annual Report:** Annual Report containing Financial Statements, Auditors' Report, Board's Report, Management Discussion and Analysis Report (MDAR), Corporate Governance Report and Business Responsibility and Sustainability Report and other important information is circulated through electronic mode to the members and others entitled thereto, as per MCA Circular No.20/2020 dated May 5, 2020, General Circular No. 02/2021 dated January 13, 2021, General Circular No. 02/2022 dated May 5, 2022, General Circular No. 10/2022 dated December 28, 2022 and SEBI Circular dated May 13, 2022 and January 5, 2023.

## 18. SHAREHOLDERS' INFORMATION

### (a) Annual General Meeting

The 60<sup>th</sup> Annual General Meeting of the Company for the year 2022-23 will be held through video conferencing as per the MCA Circular No.20/2020 dated May 5, 2020, General Circular No. 02/2021 dated January 13, 2021, General Circular No. 02/2022 dated May 5, 2022, General Circular No. 10/2022 dated December 28, 2022 and SEBI Circular dated May 13, 2022 and January 5, 2023, as per the following details:

Date	Thursday, August 31, 2023
Time	3.00 P.M. (IST)

**(b) Financial Calendar**

The financial calendar to approve quarterly/ annual audited financial results for the year 2023-24 is as under:

Approval of quarterly/ annual audited financial results	Tentative date of the Meeting of the Board
June 30, 2023	On or before August 14, 2023
September 30, 2023	On or before November 14, 2023
December 31, 2023	On or before February 14, 2023
March 31, 2024	On or before May 30, 2024

**(c) Dividend Payment date**

During the year, your Company has declared and paid Final Dividend of ₹10 per share for the financial year 2021-22 on 14<sup>th</sup> September, 2022. Further for FY 2022-23, the 1<sup>st</sup> interim dividend of ₹20 per share and 2<sup>nd</sup> interim dividend of ₹20 per share were paid on 5<sup>th</sup> December, 2022 and 29<sup>th</sup> March, 2023 respectively.

**(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 2022-23, 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 2022-23 to the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL).

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

KFin Technologies Ltd.  
(Formerly known as KFin Technologies Pvt Ltd.  
& Karvy Fintech Pvt. Ltd.)  
"Selenium Tower B", Plot No.31 & 32,  
Financial District, Nanakramguda,  
Serilingampally Mandal, Hyderabad-500032  
Telangana  
Toll free number: 1800 309 4001  
Email: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)  
Website: [www.kfintech.com](http://www.kfintech.com) and/ or [www.ris.kfintech.com](http://www.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, 2023, except 374 equity shares, all the equity shares of the Company are held in dematerialised form with NSDL and CDSL. The details are as under

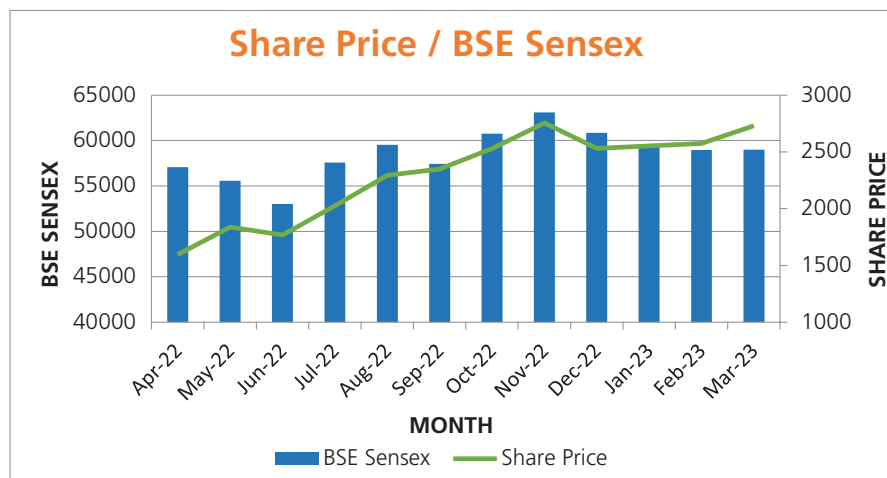
Sl. No.	Description	No. of Shareholders	No. of Shares	% of Equity
1	NSDL	1,54,142	32,57,36,051	97.41
2	CDSL	2,13,974	86,51,075	2.59
3	Physical	3	374	0.00
<b>Total</b>		<b>3,68,119</b>	<b>33,43,87,500</b>	<b>100.00</b>

#### (i) Market Price Data

Company's share price on BSE and NSE for each month during the year 2022-23 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, 2022	1,757.55	1,480.05	1,758.00	1,480.45
May, 2022	1,872.50	1,468.00	1,872.00	1,468.00
June, 2022	1,970.00	1,698.85	1,972.55	1,700.00
July, 2022	2,066.35	1,718.00	2,066.60	1,720.10
August, 2022	2,349.90	1,976.00	2,349.95	1,975.75
September, 2022	2,639.00	2,242.00	2,638.35	2,241.05
October, 2022	2,555.60	2,277.25	2,557.00	2,276.00
November, 2022	2,775.00	2,411.85	2,774.95	2,411.20
December, 2022	2,812.75	2,415.50	2,811.80	2,415.00
January, 2023	2,573.00	2,406.85	2,573.95	2,406.00
February, 2023	2,748.00	2,301.00	2,748.00	2,300.00
March, 2023	2,915.00	2,475.00	2,914.00	2,475.10

#### (j) Performance in comparison to broad based indices



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

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





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

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

(ii) Production Divisions

Aircraft Division, 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
	Helicopter Factory, Branch factory of Helicopter Division, Tumakuru	
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 Related Party Transactions

During the year under review, there were no materially significant related party transactions that had or may have potential conflict with the interest of the Company at large. A comprehensive policy on Related Party Transactions (RPT) has been approved by the Board as per the 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 31<sup>st</sup> March, 2023. 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\\_19.05.2023.pdf](https://hal-india.co.in/Common/Uploads/DMS/Policy_on_Related_Party_Transactions_19.05.2023.pdf)

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

The Company has received notices from the Stock Exchanges from the quarter ended December, 2020 onwards for non-compliances with the provisions of the SEBI (LODR) Regulations, 2015 with respect to Composition of Board, Quorum for Board Meeting and Composition of various Committees due to non-appointment of requisite number of Independent Directors on the Board of the Company.

As the appointment of Independent Directors in the Government Companies has to be made by the concerned Administrative Ministry of the Government of India, being matter beyond the control of the Company, application for waiver of fines was made to the Stock Exchanges. However, in response, it was advised by the NSE, being Designated Stock Exchange for the purpose, to apply for the same after compliance.

Accordingly, after appointment of Dr. Divya Gupta as Woman Independent Director and Shri Deepak Abasaheb Shinde as Independent Director, quorum for board meeting and composition of various committees were regularised and waiver of fines were obtained from the NSE on said non-compliances.

The Company is now in compliance with all the applicable provisions of the SEBI (LODR) Regulations, 2015 except to the extent of composition of Board of Directors due to vacancy of 5 Nos. of Independent Directors.

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

In terms of Regulation 22 of SEBI (LODR) Regulations, 2015 and Section 177 of the Companies Act, 2013, the Company has formulated a Whistle Blower Policy to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics.

The Company has provided ample opportunities to encourage the employees to become whistle blowers (employees who voluntarily and confidentially want to bring the unethical practices, actual or suspected fraudulent transactions 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 the 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, 2015.

### (e) Policy for determining material subsidiaries

A policy for determining material subsidiaries has been formulated with the approval of the Board of Directors. The same has been hosted on the website of the Company and can be accessed at the following link: [https://hal-india.co.in/Common/Uploads/DMS/Material\\_Subsidiary\\_Policy.pdf](https://hal-india.co.in/Common/Uploads/DMS/Material_Subsidiary_Policy.pdf) However, your Company does not have any material subsidiary.

### (f) Credit Rating

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

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

### (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:

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

- (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	58
Tax Audit Fees	5
Other Services	79
Reimbursement of expenses	Nil

- (j) **Details of Unpaid Dividend as on March 31, 2023**

The details of the dividend which remains unpaid as on March 31, 2023, are given below:

Financial Year in which dividend declared	Amount (In ₹)
2017-18	5,09,446.00
2018-19	6,10,533.00
2019-20	7,54,210.00
2020-21	15,93,735.00
2021-22	13,59,630.00
2022-23 (interim)	13,31,27,322.00*
<b>Total</b>	<b>13,79,54,876.00</b>

\*Note: (i) This includes TDS of ₹13,15,82,436.00 deducted on 2<sup>nd</sup> Interim Dividend for FY 2022-23, which was deposited to the Government Account after March 31, 2023.

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

- (k) **Reconciliation of Share Capital**

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, Certificates on the compliance of share transfer formalities obtained from the Secretarial Auditor were 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) The details of Loans and advances in the nature of loans to Firms/ Companies in which directors are interested are provided at Clause No. 55B of Note No. 49 to the Accounts.

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

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

- (o) **Training of Directors**

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

- (p) **Right to Information**

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

During the year, 1312 Nos. of Request for Information (RFI) applications were received & 97 Nos. were carried forward from 2021-22 under the RTI Act-2005, of which 1316 have been disposed off as of March 31, 2023.





During the year, 101 Nos. of appeals were received & 43 Nos. were carry forward from 2021-22, out of which, 140 were disposed off as on March 31, 2023.

The Hon'ble Central Information Commission (CIC), New Delhi, issued 51 Notices of hearings during the year 2022-23 and the same were attended by HAL Officials and were disposed-off by the Hon'ble CIC.

#### (q) Redressal of Public Grievances

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

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

As per the directions of Gol, 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.

#### (r) 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, 2022 was as under:

Category of Employees	Group – A	Group – B	Group – C	Group – D	Total
Scheduled Caste	1,369	2	3,022	1	4,394
Scheduled Tribe	473	1	1,326	-	1,800
Other Backward Classes	1,975	2	4,878	1	6,856

The representation of Persons with Disabilities and Ex-Servicemen as on December 31, 2022 was as under:

Category of Employees	Group – A	Group – B	Group – C	Group – D	Total
Persons with Disabilities	145	1	441	0	587
Ex-Servicemen	78	-	1,026	0	1,104

#### (s) Integrity Pact

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

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

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

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





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

Expenses incurred for the Board of Directors and Top Management are in the nature of salaries, allowances, perquisites, benefits and sitting fees as permissible under the Rules of the Company. No other expenses, which are personal in nature, were incurred for the Board of Directors and Top Management during the year 2022-23.

- (v)** The Administrative and Office expenditure of the Company for FY 2022-23 was 2.09% of total expenditure as against 1.88% in FY 2021-22. The financial expenditure stood at 0.26% of total expenditure in FY 2022-23 as against 0.29% in previous year.

Administrative and Office expenses increased marginally in FY 2022-23 as compared to FY 2021-22 due to restoration of normalcy in FY 2022-23 as compared to covid effected situation in FY 2021-22.

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

**(C B Ananthkrishnan)**

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

Place : Bengaluru  
Date : July 19, 2023





## DECLARATION OF COMPLIANCE WITH THE CODE OF CONDUCT

Pursuant to Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and DPE Guidelines on Corporate Governance for Central Public Sector Enterprises, all Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Business Conduct & Ethics for Board Members & Senior Management of Hindustan Aeronautics Limited, for the year ended March 31, 2023.

Place: Bengaluru  
Date: July 5, 2023



**(C. B. Ananthakrishnan)**

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

## 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 twelve months period ended March 31, 2023 and that to the best of knowledge and belief:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting.
4. We have indicated to the auditors:
  - i. that there are no significant changes in internal control over financial reporting during the period;
  - ii. that there are no significant changes in accounting policies during the period;
  - iii. that there are no instances of significant fraud of which we have become aware.



**(C. B. Ananthakrishnan)**

Director (Finance) & CFO  
Chairman and Managing Director  
(Addl Charge)  
DIN:06761339





# Certificate on Corporate Governance

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

We have examined the compliance of Corporate Governance by Hindustan Aeronautics Limited, as stipulated in Regulations 17 to 27 and Clauses (b) to (i) of Regulation 46(2) and Para C and D of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Department of Public Enterprises, for the financial year ended March 31, 2023.

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, 2023 except to the extent of following:

**(i) Regulations 17 (1) - provisions pertaining to Board Composition**

- (a) Half of the board was not Non-executive during the period from 01.04.2022 to 27.04.2022 and from 10.06.2022 to 30.06.2022.
- (b) Half of the Board was not Independent for whole year.

**(ii) Regulation 18(1) - Provisions pertaining to Constitution of Audit Committee**

There was no validly constituted Audit Committee till 3<sup>rd</sup> May, 2022.

**(iii) Regulation 19(1) - Provisions pertaining to Constitution of Nomination and Remuneration committee:**

There was no validly constituted Nomination & Remuneration Committee till 3<sup>rd</sup> May, 2022.

**(iv) Regulation 23 (9) – Submission of report on related party transactions in a specified format to Stock Exchange every six months within 15 days from the date of publication of its standalone and consolidated financial results, in XBRL mode only.**

Non-submission of Report in a timely manner in the XBRL mode for the half year ended 31<sup>st</sup> March 2022.

**Management Response:**

On the above referred non-compliances from (i) to (iii), it was explained by the Company that, since, the appointment of Independent Directors in the Government Companies has to be made by the concerned Administrative Ministry of the Government of India, multiple requests/ reminders were made/ sent by the Company to Ministry of Defence (MoD) for filling the vacant posts of Independent Directors in the Company, within the stipulated time, referring penal provisions both under the Companies Act, 2013 and SEBI Regulations. Continuous follow up on the matter with MoD and DPE was made to fill up the vacancy. However, as on 31.03.2023, there are 5 vacant posts of Independent Directors.

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

On appointment of requisite number of Independent Directors, constitution of the Audit Committee and Nomination and Remuneration Committee was regularized w.e.f. 4<sup>th</sup> May, 2022. Subsequently, being matter was beyond the control of the Company, on filing application, waiver of fines against the said non-compliance was granted by the NSE (being designated stock exchange for the purpose) on 9<sup>th</sup> December, 2022.







With regard to non-compliance at (iv), it was explained that, since, the XBRL Utility as per the new format was not made available by both NSE and BSE for filing within the prescribed period of 15 days after the publication of Company's Financial Results, the same could not be filed by the Company within the said period. However, by following better governance practice, as a precautionary measure, the same was filed in PDF mode on 1<sup>st</sup> June, 2022. Considering the submission of the Report in PDF mode as delay in filing, NSE and BSE have imposed a fine of ₹ 11,800/- each.

Subsequently, on release of XBRL Utility by the Stock Exchanges on 12<sup>th</sup> July, 2022, the Report was again filed in XBRL mode within the prescribed due date extended for the purpose.

Since, there was no delay on the part of the Company in filing the Report in XBRL mode and since no instructions were

passed for filing the Report in PDF mode, waiver application was filed with NSE (being designated stock exchange for the purpose) on 25<sup>th</sup> July, 2022 which was rejected by NSE on 13<sup>th</sup> February, 2023. Thereafter, the matter was discussed with SEBI Officials and again a review application was filed with NSE against rejection on 20<sup>th</sup> February, 2023, the reply of which is still awaited.



**Dakshayani P**  
**Partner**

**DPSP and Associates**  
**Company Secretaries**

FCS No.: 8993

C P No.: 8411

UDIN: : F008993E000435727

P.R. No. 1067/2021

Place: Bangalore  
Date: 31/05/2023





# Business Responsibility & Sustainability Report

## SECTION A: GENERAL DISCLOSURES

### I. Details of the Listed Entity:

1. Corporate Identity Number (CIN) of the Listed Entity	L35301KA1963GOI001622
2. Name of the Listed Entity	Hindustan Aeronautics Limited
3. Year of Incorporation	16/08/1963
4. Registered office address	15/1, Cubbon Road, Bengaluru - 560001
5. Corporate address	15/1, Cubbon Road, Bengaluru - 560001
6. E-mail	cosec@hal-india.co.in
7. Telephone	080-22320001
8. Website	www.hal-india.co.in
9. Financial year for which reporting is being done	2022-23
10. Name of the Stock Exchange(s) where shares are listed	1. BSE Ltd (BSE) 2. National Stock Exchange of India Ltd (NSE)
11. Paid-up Capital	₹ 334,38,75,000/-
12. Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Shri Shailesh Bansal, Company Secretary & Compliance Officer Hindustan Aeronautics Limited 15/1, Cubbon Road, Bengaluru – 560 001. Karnataka Phone: (080) 2232 0001, Email: cosec@hal-india.co.in
13. Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).	Standalone Basis

### II. Products/services

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

Sl. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1.	Manufacturing	Manufacture of Aircraft, Helicopters and its Engines, Accessories	19
2.	Services	Repair, Overhaul and Maintenance, Upgrade of Aircraft, Helicopters and its Engines, Accessories	72

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

Sl. No.	Product/Service	NIC Code	% of total Turnover contributed
1	Manufacture of Aircraft and Helicopters	30301,30302 & 30305	19
2	Repair and Maintenance of Aircraft, Helicopters and Engines	3315	72





### III. Operations

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

Location	Number of plants	Number of offices	Total
National	30 (20 Production & 10 R&D)	5	35
International	0	2	2

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

##### a. Number of locations

Locations	Number
National (No. of States)	Our product cover the entire Indian Territory through our defence forces.
International (No. of Countries)	Around 20 Countries

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

The Exports as a percentage of the total turnover of the Company during 2022-23 is around 1%.

The Company's export spectrum include Aircraft Platform, Repairables & Spares, Work Packages & Design Services to Overseas Customers including Government (Air Force, Army, Coast Guard etc) and Private companies (Rolls Royce, Safran Helicopter Engines, Boeing etc). HAL is having an Export footprint in more than 20 countries covering SAARC, SE Asia, IOR, Africa and Latin America

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

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

### IV. Employees

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

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

Sl. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
<b>EMPLOYEES (Officer + Workmen)</b>						
1.	Permanent (D)	23450	21345	91.03	2105	8.97
2.	Other than Permanent (E)	1007	955	94.84	52	5.16
3.	<b>Total employees (D + E)</b>	<b>24457</b>	<b>22300</b>	<b>91.19</b>	<b>2157</b>	<b>8.81</b>
<b>WORKERS (workmen)</b>						
4.	Permanent (F)	15980	14617	91.48	1363	8.52
5.	Other than Permanent (G)	927	888	95.80	39	4.20
6.	<b>Total workers (F + G)</b>	<b>16907</b>	<b>15505</b>	<b>91.71</b>	<b>1402</b>	<b>8.29</b>





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

Sl. No	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
<b>DIFFERENTLY ABLED EMPLOYEES (Officer + Workmen)</b>						
1.	Permanent (D)	584	535	91.63	49	8.37
2.	Other than Permanent (E)	1	1	-	-	-
3.	<b>Total differently abled employees (D + E)</b>	<b>585</b>	<b>536</b>	<b>91.63</b>	<b>49</b>	<b>8.37</b>
<b>DIFFERENTLY ABLED WORKERS (Workmen)</b>						
4.	Permanent (F)	425	385	90.59	40	9.41
5.	Other than permanent (G)	14	13	92.86	1	7.14
6.	<b>Total differently abled workers (F + G)</b>	<b>439</b>	<b>398</b>	<b>90.67</b>	<b>41</b>	<b>9.33</b>

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

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	7	2	29
Key Management Personnel	4	Nil	N.A

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

(Disclose trends for the past 3 years)

	FY 2022-23 (Turnover rate in current FY)			FY 2021-22 (Turnover rate in previous FY)			FY 2020-21 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
<b>Permanent Employees</b>	<b>0.23</b>	<b>0.05</b>	<b>0.28</b>	0.18	0.06	0.24	0.13	0.09	0.22
<b>Permanent Workers</b>	<b>0.07</b>	<b>-</b>	<b>0.07</b>	0.01	0.04	0.05	0.04	0.06	0.1

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

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

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







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

**Note:** NCLT has issued final dissolution order for one JVC of HAL i.e. TATA HAL Technologies Ltd on March 17, 2023. Further to this, the liquidator has submitted an application to the Registrar of Companies (RoC) for deletion of the JVC's name in their records.

## VI. CSR Details

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

(ii) Turnover (in ₹) 26,36,056 Lakh

(iii) Net worth (in ₹) 23,50,617 Lakh

## VII. Transparency and Disclosures Compliances

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

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No)  (If Yes, then provide web-link for grievance redress policy)	FY 2022-23			FY 2021-22		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes, Centralised Public Grievance Redress and Monitoring System (CPGRAMS) under the Ministry of Personnel, Public Grievances & Pensions, the Department of Administrative Reforms & Public Grievances	823	1	One pending grievance was received on the last day of financial year which was addressed within a week	221	Nil	Nil





Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No)  (If Yes, then provide web-link for grievance redress policy)	FY 2022-23			FY 2021-22		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Investors (other than shareholders)	NA	-	-	-	-	-	-
Shareholders	Yes*	173	Nil	-	195	Nil	-
Employees and workers	Yes (Service related matters)-weblink\$	Nil	Nil	-	Nil	Nil	-
Customers	Yes**	171#	Nil	-	142#	Nil	-
Value Chain Partners	Yes	14	NIL	-	17	NIL	-
Other (please specify)	-	-	-	-	-	-	-

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

\*\*HAL deals with Defence Customers and therefore all the communication are through confidential mode as per the requirement of Customer. So there is no web link.

# The issues have been deliberated in structured meeting with Customers and have been attended.

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

#### 24. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format:

Sl. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Emission reduction and energy management	Opportunity	Opportunity to move towards energy efficiency, use of renewable energy, more efficient use of materials, biofuels, and hybrid technology to address climate change	Not Applicable	Positive





Sl. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
2	Corporate Governance	Risk	HAL being a CPSE, the appointment of Directors are made by Govt. of India (Gol) and the Company has no control over filling up of the vacancy within the stipulated time frame specified under the Act/ Rules / Regulations, to comply the same.	Continuous follow up to be made with Administrative Ministry, Gol, for appointment.	Negative
3	Health and Safety	Risk	Health & safety is an integral part of managing a business. Risk assessment is necessary to put measures in place to effectively control them to ensure that the hazards and risks do not cause harm to employees and workers.	Training / awareness/ technological upgradation/ review at senior level	Negative
4	Waste Management	Opportunity	Opportunity to move towards reduction in waste generation, meeting statutory requirements and improving resource usage	Not Applicable	Positive
5	Positive labour practices	Opportunity	Opportunity towards improving industrial relations leading to improvement in productivity	Not Applicable	Positive
6	Human capital development	Opportunity	Opportunity towards talent development & retention leading to improvement in productivity and intellectual property.	Not Applicable	Positive

## SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
<b>Policy and management processes</b>									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
b. Has the policy been approved by the Board? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes





Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
<b>c. Web Link of the Policies, if available</b>	Policies of the Company are available at <a href="http://www.hal-india.co.in/Investors/Codes%20and%20Policies">www.hal-india.co.in / Investors / Codes and Policies</a>								
<b>2. Whether the entity has translated the policy into procedures. (Yes / No)</b>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<b>3. Do the enlisted policies extend to your value chain partners : (Yes/No)</b>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<b>4. Name of the national and international codes / certifications /labels / standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.</b>	<ul style="list-style-type: none"> <li>• HAL follows SEBI regulations and Guidelines on Corporate Governance for CPSEs issued by DPE ensuring ethical, transparent and accountable business conduct among others.</li> <li>• HAL Divisions are certified to ISO 14001-2015 Environment Management System and ISO 45001-2018 OHSMS (Occupational Health and Safety Monitoring System) and follows required operational standards accordingly.</li> <li>• All our production units and R&amp;D centres are certified to International Aerospace Standard AS9100D. Some divisions are additionally certified to International Aerospace Standard AS9110C (QMS Requirements for Aviation Maintenance Organizations). The Quality Management System of HAL divisions are also approved by the Directorate General of Aeronautical Quality Assurance (DGAQA) as per AFQMS, and Director General of Civil Aviation (DGCA) as per Civil Airworthiness Requirements (CAR). The Research and Design centres hold Design Organization Approval from Centre for Military Airworthiness Certification (CEMILAC) and are also recognized by Department of Scientific &amp; Industrial Research (DSIR) for in-house R&amp;D. Many of the manufacturing processes are also certified to National aerospace &amp; defense contractors accreditation program (Nadcap) while some of our laboratories are certified by National Accreditation Board for Testing and Calibration Laboratories (NABL) which is an autonomous body under the Department of Science &amp; Technology, Govt.</li> <li>• HAL Production centres, Offices &amp; R&amp;D centres have been certified with ISO 27K for Information Security Management System (ISMS). In addition, HAL Data Centre is also certified with ISO 20K for IT Service Management.</li> <li>• HAL products are CEMILAC, DGAQA, DGCA certified as applicable ensuring safe products to our customers.</li> <li>• HAL is a member of industrial bodies like FICCI, CII, SCOPE, ASSOCHAM etc and hence works closely with the industry community.</li> </ul>								
<b>5. Specific commitments, goals and targets set by the entity with defined timelines, if any.</b>	MoU has been signed between HAL & Ministry of Defence for Financial, non-financial targets and compliance parameters for the year 2022-23 with weightage of 100 marks.								







Disclosure Questions	P	P	P	P	P	P	P	P	P
	1	2	3	4	5	6	7	8	9
<b>6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.</b>	The MoU for the year 2022-23 is under evaluation. On completion of evaluation, the same will be submitted to MoD/ DPE for further evaluation and award of rating.								

**Governance, leadership and oversight**

**7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)**

At HAL, we have a long history of embedding sustainability in our operations. Over the years, we have made investments to adopt renewable energy, conserve natural resources, responsibly treat and dispose solid and liquid waste, and optimize the use of water.

We have also made process improvements and worked towards installation of energy efficient Temperature & Humidity Chamber and Thermal Shock Chamber with improved GHG (Green House Gas) value, Sand Washing Facility to reclaim sand from burnt sand, Effluent Treatment plant with Zero Liquid Discharge (ZLD) System, Fume Extractors, Chillers / Air Conditioners, and LED lights.

To reduce the emissions of our products, we are testing the use of biofuels.

On the Social pillar, we have robust practices to address issues such as human rights, human capital development, and health and safety of our employees, contractors, and customers. HAL is also certified for ISO 14001-2015 Environment Management System and ISO 45001-2018 OHSMS (Occupational Health and Safety Monitoring System).

On the Governance pillar, being a CPSE, we are compliant with the various rules, regulations, and best practices prescribed by local and national regulatory bodies and have robust governance mechanisms to address any governance-related issues.

Further, we are committed to driving sustainability and best in class environmental and social practices across our supply chain and in the communities we serve.

<b>8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility Policy (ies).</b>	Director (Human Resources)
<b>9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.</b>	Yes, Management Committee (MC)

**10. Details of Review of NGRBCs by the Company:**

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board / Any other Committee									Frequency (Annually / Half yearly / Quarterly/ Any other – please specify)								
	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
	1	2	3	4	5	6	7	8	9	1	2	3	4	5	6	7	8	9
Performance against above policies and follow up action	Directors									As and when required.								
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	Complied except with respect to composition of the Board of Directors under SEBI (LODR) Regulations, due to non-appointment of Independent Directors. Since, the Company is a CPSE, the appointment of directors has to be made by the concerned Administrative Ministry. Hence, the matter has been referred to the MoD for filling up the post and the same is pending with MoD/ DPE									As and when required								





11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	P	P	P	P	P	P	P	P	P
	1	2	3	4	5	6	7	8	9

No\*

**\*Note:** No external evaluation was undertaken, however, the processes and compliances are subject to scrutiny by internal & external auditors, and regulators, as applicable. Policies are periodically evaluated and updated by various department heads, business heads, and approved by the management and/or board.

**12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:**

Questions	P	P	P	P	P	P	P	P	P
	1	2	3	4	5	6	7	8	9
The entity does not consider the Principles material to its business (Yes/No)									
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or/human and technical resources available for the task (Yes/No)									
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)									

As the Company has formulated policies based on all the nine Principles, hence, Not Applicable.

**SECTION C: PRINCIPLE- WISE PERFORMANCE DISCLOSURE**

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as "Essential" and "Leadership". While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

**PRINCIPLE 1:**

**BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH INTEGRITY, AND IN A MANNER THAT IS ETHICAL, TRANSPARENT AND ACCOUNTABLE.**

**Essential Indicators**

**1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:**

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Board of Directors	1	Orientation programme for Non Official Director of CPSE organized by DPE at New Delhi  The programme was organized for Capacity building of independent Directors and to upgrade the knowledge on their role and responsibility.	29 %
Key Managerial Personnel	Nil	--	--





Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Employees other than BoD and KMPs	233	(i) Training / Awareness Programs pertaining to CDA, safety & wellness of the employees, environment & sustainability etc	83 %
Workers		(ii) These Training / Awareness Programs will enable the employees to acquire knowledge / skills for enhancement of their capabilities.	82 %

2. Details of fines / penalties /punishment / award / compounding fees / settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

Monetary					
	NGRBC Principle	Name of the regulatory / enforcement agencies/judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes / No)
Penalty/ Fine	-	NIL	-	-	-
Settlement	-	NIL	-	-	-
Compounding	-	NIL	-	-	-

Non-Monetary				
	NGRBC Principle	Name of the regulatory / enforcement agencies/judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/ No)
Imprisonment	-	NIL	-	-
Punishment	-	NIL	-	-

3. Of the instances disclosed in Question 2 above, details of the Appeal / Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory / enforcement agencies/ judicial institutions
Not Applicable	Not Applicable

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes, The Company believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour. Towards this end, the Company has adopted the Code of Conduct, which lays down the principles and standards that should govern the actions of the Company and its employees. Accordingly, Whistle Blower Policy has been formulated in the Company with a view to provide a mechanism for employees of the Company for any potential violation of the code, to approach the Chairman of the Audit Committee / Director (HR) / Head of Systems Audit of the Company.

Web link of the policy is <https://hal-india.co.in/Common/Uploads/DMS/Whistle%20Blower%20Policy.pdf>

Further, integrity pacts are being signed with the vendors for procurement value beyond ₹5 Crore.





**5. Number of Directors / KMPs / employees / workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery / corruption:**

	FY 2022-23	FY 2021-22
Directors	Nil	Nil
KMPs	Nil	Nil
Employees	Nil	Nil
Workers	Nil	Nil

**6. Details of complaints with regard to conflict of interest:**

	FY 2022-23		FY 2021-22	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil	-	Nil	-
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	Nil	-	Nil	-

**7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators / law enforcement agencies / judicial institutions, on cases of corruption and conflicts of interest.**

Not Applicable as there is no fines / penalties / action taken by any regulators/ law enforcement authority during the financial year.

**Leadership Indicators**

**1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:**

Total number of awareness programmes held	Topics / principles covered under the training	% age of value chain partners covered (by value of business done with such partners) under the awareness programmes
Total more than 30 Vendor Development meets conducted.	Though primarily our product category, technology requirement, etc. are published / deliberated in such meets, even general requirement of extending facility to MSME such as Principle of Inclusive growth is discussed.	The indicated Awareness Program is done for engaging identifying new vendors.  For the existing domestic vendors including MSME's as and when new improvements, major changes are implemented special sessions are conducted, special sessions are made to make them aware of such developments. For example, Transaction through TReDS Portal has been a major subject in the last two years, For MSME vendors special sessions were held w.r.t carrying out transaction on TReDS Portal which involves the Authorised TReDS platform companies such as RXIL and Mynd Solutions. These sessions are done periodically to bring in better awareness amongst domestic industries to take part in GoI initiatives.







**2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.**

The Company being a Govt. Company and all the Directors are appointed by Govt. of India, the issue with respect to conflict of interest of Directors does not arise. Further, the Company has Related Party Transaction Policy is in place to manage conflict of interest through Audit Committee and Board. Furthermore, in case of conflict of interest situation, no interested director was allowed to participate in the decision making process related their with.

**PRINCIPLE 2 :**

**BUSINESSES SHOULD PROVIDE GOODS AND SERVICES IN A MANNER THAT IS SUSTAINABLE AND SAFE**

**Essential Indicators**

**1. Percentage of R&D and Capital Expenditure (CAPEX) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

	FY 2022-23	FY 2021-22	Details of improvements in environmental and social impacts
R&D	Not tracked	Not tracked	<ul style="list-style-type: none"> <li>HAL is developing helicopters to provide highway assistance and medical evacuations and also exploring technologies for hybrid-electric propulsion system.</li> <li>HAL is also developing products for civil use such as disaster management.</li> <li>A project for evaluation of 10% blended bio -jet-fuel on Do-228 aircraft has been initiated and ground test is planned in current year.</li> </ul>
CAPEX	0.31 % (₹ 565 Lakh)	0.72% (₹1,069 lakhs)	<ul style="list-style-type: none"> <li>HAL has made investments towards installation of energy efficient Temperature &amp; Humidity Chamber and Thermal Shock Chamber with improved GHG (Green House Gas) value, Sand Washing Facility to reclaim sand from burnt sand, Effluent Treatment plant with Zero Liquid Discharge (ZLD) System, Fume Extractors, chillers / Air Conditioners, and LED lights.</li> <li>Improvement in processes are taken care in-line with ISO 14001 EMS standards and HAL Divisions are certified accordingly.</li> <li>HAL has also adopted Eco-Friendly Painting Process as per global standard (DEF STAN 80-161/2).</li> </ul>

**2. a. Does the entity have procedures in place for sustainable sourcing?**

Under the Indian Government’s “Make in India” policy, a minimum of 20% of the content from the supplier is mandated to be local content. Additionally, if there is an MSME among the bidders, subject to purchase preference margin conditions, they will be considered for 25% of procurement of the tender quantity. 3% from within the 25% target is earmarked for procurement from Micro and Small Enterprises owned by women.

All bidders are also advised to adhere to a code of conduct (clearly rejecting the use of bribes and other unethical behavior) and integrity pacts are signed for procurement value beyond ₹5 Crore.

**b. If yes, what percentage of inputs were sourced sustainably?**

Though such condition of sustainable sourcing is not sought for compliance by our vendors, many of the vendors have already adopted the same in practice. Procurement to the extent of 41% of value of procurement during FY 2022-23 is sourced from such supply chain partners who have already adopted such conditions.





**3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.**

The main products of the company are Aircraft, Helicopters, Engines and other accessories for use in strategic/national security applications. Once the products are sold they would not come back to the company. Hence company is not in a position to reclaim the products. However, HAL has a defined process in place for reuse, recycle and safe end-of-life disposal for the products used in its operations.

**4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

No

**Leadership Indicators**

**1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?**

Not Applicable

NIC Code	Name of Product /Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective / Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Whether conducted by independent external agency (Yes/No)
-	-	-	-	-	-

**Note:** The main products of the Company are Aircraft, Helicopters, Engines and other accessories for use in strategic/national security applications. Once the products are sold they would not come back to the Company.

**2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.**

NIL

Name of Product / Service	Description of the risk / concern	Action Taken
-	-	-

**3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).**

NIL

Indicate input material	Recycled or re-used input material to total material	
	FY 2022-23	FY 2021-22
-	-	-

**4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:**

	FY 2022-23			FY 2021-22		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	-	-	-	-	-	-
E-waste	-	-	-	-	-	-





	FY 2022-23			FY 2021-22		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Hazardous waste	-	-	-	-	-	-
Otherwaste	-	-	-	-	-	-

**Note:** The main products of the Company are Aircraft, Helicopters, Engines and other accessories for use in strategic/national security applications. Once the products are sold they would not come back to the Company.

**5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.**

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
-	-

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

**PRINCIPLE 3 :**

**BUSINESSES SHOULD RESPECT AND PROMOTE THE WELL-BEING OF ALL EMPLOYEES, INCLUDING THOSE IN THEIR VALUE CHAINS**

**Essential Indicators**

**1. a. Details of measures for the well-being of employees:**

Category	% of Employees covered by										
	Total (A)	Health Insurance		Accident Insurance #		Maternity Benefits \$		Paternity Benefits \$		Day Care Facilities \$	
		No. (B)	% (B/A)	No. (C)	% (C/A)	No. (D)	% (D/A)	No. (E)	% (E/A)	No. (F)	% (F/A)
<b>Permanent Employees</b>											
<b>Male</b>	21345		21018	98.47%	NA	-	505	2.37%	NA	-	
<b>Female</b>	2105	Ref Note. (i)	2024	96.15%	55	2.61%	NA	-	142	6.75%	
<b>Total</b>	<b>23450</b>		<b>23042</b>	<b>98.26%</b>	<b>55</b>	<b>2.61%</b>	<b>505</b>	<b>2.37%</b>	<b>142</b>	<b>6.75%</b>	
<b>Other than Permanent Employees</b>											
<b>Male</b>	955		875	91.62%	NA	-	8	0.84%	NA	-	
<b>Female</b>	52	Ref Note. (ii)	47	90.38%	2	3.85%	NA	-	4	7.69%	
<b>Total</b>	<b>1007</b>		<b>922</b>	<b>91.56%</b>	<b>2</b>	<b>3.85%</b>	<b>8</b>	<b>0.84%</b>	<b>4</b>	<b>7.69%</b>	





**b. Details of measures for the well-being of workers:**

Category	% of Workers covered by										
	Total (A)	Health Insurance		Accident Insurance #		Maternity Benefits \$		Paternity Benefits \$		Day Care Facilities \$	
		No. (B)	% (B/A)	No. (C)	% (C/A)	No. (D)	% (D/A)	No. (E)	% (E/A)	No. (F)	% (F/A)
<b>Permanent Workers</b>											
<b>Male</b>	14617		14507	99.25%	NA	-	333	2.28%	NA	-	
<b>Female</b>	1363	Ref Note. (i)	1330	97.58%	37	2.71%	NA	-	84	6.16%	
<b>Total</b>	<b>15980</b>		<b>15837</b>	<b>99.11%</b>	<b>37</b>	<b>2.71%</b>	<b>333</b>	<b>2.28%</b>	<b>84</b>	<b>6.16%</b>	
<b>Other than Permanent Workers</b>											
<b>Male</b>	888		811	91.33%	NA	-	8	0.90%	NA	-	
<b>Female</b>	39	Ref Note. (ii)	34	87.18%	2	5.13%	NA	-	4	10.26%	
<b>Total</b>	<b>927</b>		<b>845</b>	<b>91.15%</b>	<b>2</b>	<b>5.13%</b>	<b>8</b>	<b>0.90%</b>	<b>4</b>	<b>10.26%</b>	

Notes (for 1 (a) & (b):

(i) Medical needs of permanent employees / workers have been taken care by Company Industrial Health Centers (IHC) set up in the Divisions / Offices. In case of specialized treatment, employees / workers are referred to empaneled Hospitals. Since medical needs of the permanent employees / workers have been taken care by the Company, no separate Health Insurance is taken.

(ii) In respect of other than permanent workers (a) Management Trainees / Design Trainees : Medical facilities extended as at (i) above; (b) Tenure based: a lumpsum amount is paid every month to take care of the Medical needs and emergency care at Industrial Health Centers. Hence, no separate medical insurance is taken.

# Purely voluntary basis and premium is borne by the employees.

\$ Nos. actually availed the facilities during the year have been indicated

**2. Details of retirement benefits, for Current FY and Previous Financial Year.**

Benefits	FY 2022-23			FY 2021-22		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	100%	Y	100%	100%	Y
Gratuity	100%	100%	NA	100%	100%	NA
ESI	Nil	Nil	NA	Nil	Nil	NA
Others – please specify	-	-	-	-	-	-

**3. Accessibility of workplaces**

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes

**4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.**

Yes, the web links to the policy is <https://hal-india.co.in/Common/Uploads/DMS/Equal%20Opportunity%20Policy%20for%20PWDs.pdf>







5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100%	100%	100%	100%
Female	100%	100%	100%	100%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

	Yes / No (If Yes, then give details of the mechanism in brief)
Permanent Workers / Other than Permanent Workers	<p>Yes.</p> <p>(i) Three Stage Grievance Procedure in respect of Workmen exists in the Company.</p> <p>(ii) Upon exhausting all the 3 Stages, option is available to the Workmen for making petition to the General Manager if not satisfied with the decision of the Grievance Redressal Committee.</p> <p>(iii) Thereafter, if not satisfied with the decision of the General Manager, option for preferring Appeal to the CEO/Director concerned through the Recognized Union also exists wherein the decision of the CEO/Director will be final.</p>
Employees / Other than Permanent Employees	<p>Yes. In addition to the Grievance Procedure in respect of Workmen as above, there also exists Grievance Procedure in respect of Officers (upto Grade VI) as indicated below:</p> <p>(i) Representing to the Dept. Head in the 1<sup>st</sup> Stage.</p> <p>(ii) Thereafter, representing to the Grievance Redressal Committee, wherein, based on the recommendations of the Committee, General Manager would communicate his decision.</p> <p>(iii) In exceptional cases, if not satisfied with the decision of the General Manager, the Officer concerned may Appeal to the CEO / Director concerned, whose decision shall be final and binding on aggrieved Officer.</p>

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

Category	FY 2022-23			FY 2021-22		
	Total Employees / Workers in respective category (A)	No. of Employees / Workers in respective category, who are part of Association(s) (B)	% (B/A)	Total Employees / Workers in respective category (C)	No. of Employees / Workers in respective category, who are part of Association(s) (D)	% (D/C)
<b>Total Permanent Employees</b>	<b>23450</b>	<b>22936</b>	<b>97.81%</b>	<b>24375</b>	<b>23681</b>	<b>97.15%</b>
Male	21345	20870	97.78%	22218	21583	97.14%
Female	2105	2066	98.15%	2157	2098	97.26%
<b>Total Permanent Workers</b>	<b>15980</b>	<b>15539</b>	<b>97.24%</b>	<b>16695</b>	<b>16128</b>	<b>96.60%</b>
Male	14617	14180	97.01%	15309	14779	96.54%
Female	1363	1359	99.71%	1386	1349	97.33%





8. Details of training given to employees and workers:

Category	FY 2022-23					FY 2021-22				
	Total (A)	On Health & Safety Measures		On Skill upgradation		Total (D)	On Health & Safety Measures		On Skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
<b>Employees</b>										
Male	21345	13219	61.93%	8678	40.66%	22218	5007	22.54%	10969	49.37%
Female	2105	1554	73.82%	759	36.06%	2157	375	17.39%	1542	71.49%
<b>Total</b>	<b>23450</b>	<b>14773</b>	<b>63.00%</b>	<b>9437</b>	<b>40.24%</b>	<b>24375</b>	<b>5382</b>	<b>22.08%</b>	<b>12511</b>	<b>51.33%</b>
<b>Workers</b>										
Male	14617	9541	65.27%	8138	55.67%	15309	3466	22.64%	3165	20.67%
Female	1363	1034	75.86%	701	51.43%	1386	301	21.72%	558	40.26%
<b>Total</b>	<b>15980</b>	<b>10575</b>	<b>66.18%</b>	<b>8839</b>	<b>55.31%</b>	<b>16695</b>	<b>3767</b>	<b>22.56%</b>	<b>3723</b>	<b>22.30%</b>

9. Details of performance and career development reviews of employees and worker:

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
<b>Employees (Officers)</b>						
Male	6920	5656	81.73%	6861	5490	80.02
Female	767	617	80.44%	760	614	80.79
<b>Total</b>	<b>7687</b>	<b>6273</b>	<b>81.61%</b>	<b>7621</b>	<b>6104</b>	<b>80.09</b>
<b>Workers</b>						
Male	14617	Not Applicable		15309	Not Applicable	
Female	1363	Not Applicable		1386	Not Applicable	
<b>Total</b>	<b>15980</b>			<b>16695</b>		

Notes:

- i. The Total Number indicated in column (A) of part-I above (i.e. Employees) refers to PARs (including Probationary, Annual & Split Reports) raised during the Year. With regard to Probationary period, 2 PARs, viz. I & II Probationary PAR are raised in respect of Officers who are on Probation.
- ii. The Company's Policy provides for conduct of Performance Review Board for moderation of Annual PARs. The numbers indicated in column (B) refers to the total number of Annual PARs raised and the Numbers indicated in the Percentage column reflects the percentage against the total number of PARs (i.e. Annual, Probationary & Split PARs together) raised.
- iii. Training needs captured in the PARs in respect of Grade-VII & above Officers are forwarded to HMA by Corporate Office. Similarly, the training needs indicated in the PARs of Grade-VI & below Officers are forwarded by the respective Divisions / Offices to HMA, for designing suitable Training courses.

10. Health and safety management system:

- a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage of such system?

Yes. All Divisions of the Company have obtained the ISO 45001:2018 Certification





**b. What are the process used to identify Work-related Hazards & Assess Risks on a routine and non-routine basis by the Company?**

Hazard identification is an ongoing & proactive approach. The following process are used to identify the Hazards / Risks on routine and non-routine basis:

- (i) HIRA - Hazard Identification and Risk Assessment;
- (ii) Internal & External Audits;
- (iii) Safety Committee Meetings & Shop Floor Level Meetings;
- (iv) AIR - Aspect and Impact Register;
- (v) Check List;
- (vi) Safety Inspections / Observations;
- (vii) Walk through Survey;
- (viii) Work Permit Systems.

**c. Whether Company have process for Workers to report the work related Hazards & to remove themselves from such risks? (Yes / No)**

Yes. Incident / Accident Report Format including near miss situation is available.

**d. Do the Employees / Workers of the Company have access to Non-occupational medical & healthcare services? (Yes / No)**

Yes.

**11. Details of safety related incidents, in the following format:**

Safety Incident / Number	Category	FY 2022-23	FY 2021-22
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0.51	0.67
	Workmen	0.56	0.78
Total Recordable work-related Injuries	Employees	18	31
	Workmen	17	17
No. of Fatalities	Employees	0	0
	Workmen	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	1	1
	Workmen	1	1

**12. Describe the measures taken by the entity to ensure a safe and healthy work place.**

The following measures are taken by the entity to ensure safe & healthy workplace:

- (a) Health & Safety Risk Assessment and Control by the following hierarchy:
  - (i) Elimination;
  - (ii) Substitution;
  - (iii) Engineering Controls;
  - (iv) Signage / Warnings and/or Administrative Controls;
  - (v) Personal Protective Equipment.





- (b) Periodical Medical Check-up;
- (c) Training & Awareness on Health & Safety;
- (d) Safe Work Permit System for all High Risk Jobs;
- (e) Compliance to all applicable Safety Statues, Ex. Lifting Machines, Pressure Vessels, Electrical Safety, Fire Safety, etc.
- (f) Internal / External Audits;
- (g) Safety Inspections.

**13. Number of Complaints on the following made by employees and workers:**

	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	3	Nil	-	Nil	Nil	-
Health & Safety	2	Nil	-	Nil	Nil	-

**14. Assessments for the year:**

	% of your Plants / Offices that were assessed (by Entity or Statutory Authorities or Third Parties)
Health and safety practices	100%
Working Conditions	

**15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.**

- (i) Periodical Safety Awareness by Safety, Security & Fire Department;
- (ii) EHS Tips on Safety & Health sent through daily Mail alert;
- (iii) Mock Drills and Demo are being organized from time to time;
- (iv) Awareness is given on wearing Personal Protective Equipment's (PPEs);
- (v) Organized Safety & Health Training Programmes to create awareness;
- (vi) Work instructions and Safe Work Practices were made and readily available in the intranet for reference;
- (vii) Power Presses is fitted with two handed control and photo electric guard to prevent recurrence;
- (viii) HSD & ATF Storage facility established. Monitoring and measurement in process;
- (ix) Various Machine Guards are provisioned to all the rotating components of the Machines to eliminate the risk while at work;
- (x) Safety Barricades for Electrical panel;
- (xi) Emergency Doors are replaced with Doors opening outwardly as per the standards;
- (xii) Ambient Air & Ambient Noise Quality Monitoring Test, Work Zone Air & Work Zone Noise Monitoring Test through External Agency







### Leadership Indicators.

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N)

(A) Employees (Y/N) – Yes.

(B) Workers (Y/N) – Yes.

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

The Bills of the value chain partners are cleared after ensuring remittance of applicable statutory dues to the concerned authorities by verifying deposit / remittance Challans submitted along with the Bills.

3. Provide the number of employees / workers having suffered high consequence work- related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total No. of affected Employees / Workers		No. of Employees / Workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22
Employees	1	Nil	1	Nil
Workmen	1	Nil	1	Nil

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

No

5. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	-
Working Conditions	-

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

Not Applicable

### PRINCIPLE 4:

#### BUSINESSES SHOULD RESPECT THE INTERESTS OF AND BE RESPONSIVE TO ALL ITS STAKEHOLDERS

##### Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.

The Company has robust system for identification of key stakeholders. Stakeholder engagement at HAL is an ongoing process wherein the Company interacts with its stakeholders at different levels to understand and address their expectations and collaborates with them for creating shared value. The Company has built a constructive relationship with all its stakeholders based on mutual trust, transparency, ethics and accountability. Continuous two-way dialogue process with stakeholders along with their feedbacks on various issues concerning the company's operations has enabled us to establish sustainable relationships with the stakeholders. Apart from Customers, Suppliers, Employees, Shareholders, Government, Regulatory &





Statutory Bodies, Auditors, Bankers, Collaborators and JV Partners, all community members within 50 Kms radius from the location of the plant / Divisions of the Company are considered as key stakeholder of the Company.

**2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.**

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
<b>Customers</b>	No	Email, Letters, Meeting	Monthly, Quarterly, Half Yearly	Sorting out Technical & Logistic Issues
<b>Shareholders</b>	No	Website, Email, Letters, Meetings, Newspaper Publications, Annual Reports	As and when required	Shareholders meeting and Resolution of grievance
<b>Employees</b>	No	E-Newsletter	Monthly, Weekly, Occasionally and Fortnightly	Information on Company activity
<b>Vendors / Suppliers</b>	No	Website, Email HAL e-Portal	Against specific Tender Monthly, Quarterly Yearly Against specific Tender	Tender are hosted in Website. Summary report of Order Placed Nomination Procurement Procurement Plan for the interest of MSE vendors Open Tender available for Participating.
<b>Industry bodies, Regulators</b>	No	Email, Letters, Meeting	As and when required	Ensure 100% compliance to all local laws
<b>Governments; NGOs; local communities; media, industry analysts, society at large</b>	No	As needed: Governance RFIs/RFPs; presentations; project meetings; reviews; due diligence; calls and meetings; conferences and seminars; surveys; press releases; press conferences; media interviews and quotes; sponsored events, Analyst Meet	Monthly, Quarterly, Half Yearly	<ul style="list-style-type: none"> <li>Communicate HAL performance and strategy;</li> <li>Share and contribute to insight into public and business concerns;</li> <li>Discuss HAL response to responsible business issues.</li> </ul>

**Leadership indicators**

**1. Provide the processes for consultation between stakeholders and the board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the board.**

ESG priorities in the Company are driven from the uppermost level i.e., the Board of Directors. Board provides the strategic oversight and monitors the ESG progress. The Board of Directors has delegated the process of undertaking consultations with stakeholders to the management. The outcomes from such consultations are shared with the Board.

- During the year, HAL has initiated a comprehensive materiality assessment and stakeholder engagement exercise to identify environmental, social and governance (ESG) topics of significance to its business.





- As a part of this exercise, HAL along with an external agency, with requisite experience, engaged with the key internal and external stakeholders to understand their concerns and incorporate their views into materiality assessment, for prioritizing ESG topics.
- Insights gathered through stakeholder engagement were analyzed to develop the materiality matrix and arrive at the final list of ESG focus areas. Result of this assessment was presented to the Management and the Board. The outcome is being considered for defining ESG targets and initiatives of the company.

**2. Provide details of instances of engagement with, and actions are taken to, address the concerns of vulnerable/marginalised stakeholder groups.**

- Skill training and vocational education related CSR activities have been undertaken by different divisions of HAL. Some of the programs are:
  - Specialized Technical topics benefitting thousands of unemployed youth were conducted in Chitradurga
  - Adoption of 3 Govt. ITIs in Karnataka in the backward areas.
  - Apprenticeship Program for students belonging to Below Poverty Line (BPL) families of Karnataka State.
  - Facilities Management Division (FMD) through the Entrepreneurship Development Institute of India supported the skilling of 1000 beneficiaries, mostly women, from the rural areas around Bangalore in various trades such as fashion technology, food processing, sericulture, jute bag manufacturing etc.
  - The Korwa Division has provided Vocational Skill training to approx. 150 youths belonging to socially & economically weaker section, from villages in Amethi District, Uttar Pradesh.
- Hyderabad, Nasik, Korwa and Lucknow divisions have undertaken programs to promote education and fund necessary infrastructure such as computers for different vulnerable groups in the region.
- Rural development projects are being undertaken by HAL divisions across India and are contributing to Rural Infrastructure, Sanitation, Healthcare & Hygiene.
- MSMEs have been given priority in project tendering with women-owned and SC/ST owned MSMEs being given an earmarked proportion for procurement.

**PRINCIPLE 5:**

**BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS**

**Essential Indicators**

**1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:**

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. of employees workers covered (B)	% (B / A)	Total (C)	No. of employees workers covered (D)	% (D / C)
<b>Employee (Officers + Workmen)</b>						
Permanent	23450	753	3.07%	24375	305	1.20%
Other than permanent	1007			1037		
<b>Total Employees</b>	<b>24457</b>	<b>753</b>	<b>3.07%</b>	<b>25412</b>	<b>305</b>	<b>1.20%</b>





Category	FY 2022-23			FY 2021-22		
	Total (A)	No. of employees workers covered (B)	% (B / A)	Total (C)	No. of employees workers covered (D)	% (D / C)
<b>Workers (Workmen)</b>						
Permanent	15980	360	2.12%	16695	241	1.36%
Other than permanent	927			934		
<b>Total Workers</b>	<b>16907</b>	<b>360</b>	<b>2.12%</b>	<b>17629</b>	<b>241</b>	<b>1.36%</b>

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2022-23					FY 2021-22				
	Total No. (A)	Equal Minimum Wage		More than Minimum Wage		Total No. (D)	Equal Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
<b>Employees</b>										
<b>Permanent</b>	<b>23450</b>	-	-	<b>23450</b>	<b>100%</b>	<b>24375</b>	-	-	<b>24375</b>	<b>100%</b>
Male	21345	-	-	21345	100%	22218	-	-	22218	100%
Female	2105	-	-	2105	100%	2157	-	-	2157	100%
<b>Other than Permanent</b>	<b>1007</b>	-	-	<b>1007</b>	<b>100%</b>	<b>1037</b>	-	-	<b>1037</b>	<b>100%</b>
Male	955	-	-	955	100%	990	-	-	990	100%
Female	52	-	-	52	100%	47	-	-	47	100%
<b>Workers</b>										
<b>Permanent</b>	<b>15980</b>	-	-	<b>15980</b>	<b>100%</b>	<b>16695</b>	-	-	<b>16695</b>	<b>100%</b>
Male	14617	-	-	14617	100%	15309	-	-	15309	100%
Female	1363	-	-	1363	100%	1386	-	-	1386	100%
<b>Other than Permanent</b>	<b>927</b>	-	-	<b>927</b>	<b>100%</b>	<b>934</b>	-	-	<b>934</b>	<b>100%</b>
Male	888	-	-	888	100%	900	-	-	900	100%
Female	39	-	-	39	100%	34	-	-	34	100%

3. Details of remuneration / salary / wages, in the following format:

	Male		Female	
	Number	Median remuneration / salary / wages of respective category (In ₹)	Number	Median remuneration / salary / wages of respective category (In ₹)
(a) Board of Directors (BoD)				
Functional Directors	3	48,28,996	0	0
Govt. Nominee Director	1	-	1	-
Independent Director	1	-	1	-
(b) Key Managerial Personnel	4	33,18,744	0	-
(c) Employees other than BoD and KMP	22,296	16,23,901	2,157	15,46,912
(d) Workers	15,505	12,76,280	1,402	11,42,341







**Note:**

- Board of Directors and KMPs as on 31.03.2023 has been considered. Median salary arrived based on Salary & perquisite as per Section 17(1) & 17(2) of the Income Tax Act, 1961 for the year 2022-23.
- Key Managerial Personnel includes 3 Functional Directors and Company Secretary.
- Remuneration details of Board of Directors and KMPs are as covered under Corporate Governance Report, which is part of the Annual Report 2022-23.
- Government Nominee Director does not receive any remuneration from the Company.
- Independent Director receives the sitting fees for attending the meeting of Board and its committees.

**4. Do you have a focal point (Individual / Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)**

HR heads of the Company and the respective Directors of HAL are responsible.

**5. Describe the internal mechanisms in place to redress grievances related to human rights issues.**

Company has a robust grievance redressal system. Contracts with value chain partners which involve deployment of labour include specific conditions towards health & safety, working hours and remuneration. Company complies with applicable labour Laws and a monthly compliance report is submitted by Heads of Divisions.

For contractual employees, the Engineer-in-Charge / Officer-in-Charge / Dept. concerned handling the Contracts in the Divisions / Offices looks after issues related to remuneration, health & safety within the premises and working hours.

Further, Internal Complaints Committee under the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, is constituted in the Divisions / Offices of HAL to deal with Complaints related to Sexual Harassment and conduct enquiries on such issues.

**6. Number of Complaints on the following made by employees and workers:**

	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	1	0	-	1	0	-
Discrimination at workplace	0	0	-	0	0	-
Child Labour	0	0	-	0	0	-
Forced Labour/Involuntary Labour	0	0	-	0	0	-
Wages	0	0	-	0	0	-
Other human rights related issues	0	0	-	0	0	-

**7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.**

It is ensured that no work related adverse consequences are meted out to the Complainant by placing the Complainant & Respondent in different work places, in case both were in the same work place. Moreover, the Complainant is encouraged to report any such incidences to the higher authorities for appropriate action.

**8. Do human rights requirements form part of your business agreements and contracts?**

Yes





**9. Assessments for the year:**

	<b>% of your plants and offices that were assessed (by entity or statutory authorities or third parties)</b>
Child labour	Nil
Forced/involuntary labour	Nil
Sexual harassment	Nil
Discrimination at workplace	Nil
Wages	Nil
Others – please specify	Nil

**10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.**

Not Applicable

**PRINCIPLE 6:**

**BUSINESSES SHOULD RESPECT AND MAKE EFFORTS TO PROTECT AND RESTORE THE ENVIRONMENT**

**1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:**

<b>Parameter</b>	<b>FY 2022-23</b>	<b>FY 2021-22</b>
Total electricity consumption (A)	776,464 GJ	805,630 GJ
Total fuel consumption (B)	445,078 GJ	492,514 GJ
Energy consumption through other sources (C)	-	-
<b>Total energy consumption (A+B+C)</b>	<b>1,221,542 GJ</b>	<b>1,298,144 GJ</b>
Energy intensity per rupee of turnover (Total energy consumption / turnover in rupees)	46.34 GJ/INR Cr	53.29 GJ/INR Cr.

Note: a) Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No

b) The energy from fuels has been derived based on conversion factors in Table 1.2 of 2006 IPCC Guidelines for National Green House Gas Inventories.

**2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.**

No

**3. Provide details of the following disclosures related to water, in the following format:**

<b>Parameter</b>	<b>FY 2022-23</b>	<b>FY 2021-22</b>
<b>Water withdrawal by source (in kilolitres)</b>		
(i) Surface water	37,341	900,832
(ii) Groundwater	1,816,716	2,111,806
(iii) Third party water	10,798,881	8,536,352
(iv) Seawater / desalinated water	0	0
(v) Others	854	400





Parameter	FY 2022-23	FY 2021-22
<b>Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)</b>	<b>12,653,792</b>	<b>11,549,390</b>
<b>Total volume of water consumption (in kilolitres)</b>	<b>12,653,792</b>	<b>11,549,390</b>
<b>Water intensity per rupee of turnover</b> (Water consumed / turnover)	480.00 KL/INR Cr.	474.08 KL/INR Cr

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No

2) Data includes consumption of HAL Township

**4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.**

HAL has made investments in an effluent treatment plant with Zero Liquid discharge (ZLD) system.

STPs and ETPs have been installed at all our production locations for treating waste water/effluent. The treated water is used for gardening and other non-potable uses.

HAL disposes used oil, e-waste and Hazardous waste such as ETP Sludge, Paint Sludge, Waste water soluble coolant, Used Grease, Oil soaked cotton waste through KSPCB authorized agencies.

**5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:**

Parameter	Please specify unit	FY2022-23	FY 2021-22
NOx	Metric Tonnes	52.85	33.71
SOx	Metric Tonnes	21.52	11.76
Particulate matter (PM)	Metric Tonnes	99.33	104.27
Others – (CO, Acid mist, alkali mist)	Metric Tonnes	13.22	26.96

Note: a) Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No

b) The figures indicated are based on annual average emission concentrations.

**6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:**

Parameter	Unit	FY 2022-23	FY 2021-22
<b>Total Scope 1 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	46,496	46,838
<b>Total Scope 2 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	90,615	105,578
<b>Total Scope 1 and Scope 2 emissions per rupee of turnover</b>		5.20 Tons/INR Cr	6.25 Tons/INR Cr

Note: a) Indicate if any independent assessment/evaluation/ assurance has been carried out by an external agency? NO

- b) The Scope 1 emissions from fuel use have been derived based on conversion factors in Table 2.3 of 2006 IPCC Guidelines for National Greenhouse Gas Inventories.
- c) The Scope 2 emissions from electricity use have been derived based on conversion factor published by Central Electricity Authority Document Version 17 & 18.
- d) FY 2021-22 values for Scope 1 emissions and Total Scope 1 and Scope 2 emissions per rupee of turnover for FY 2021-22 have been updated as the emissions from fugitive sources due to leakage of refrigerant and gas used in equipment's like Air conditioning, fire extinguishers etc. have been added to these parameters.
- e) FY 2022-23 values, the sources of scope 1 emissions includes emissions from fuel consumed in processes, emissions from fuel consumed in vehicles and fugitive emissions





**7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.**

HAL has made investments towards installation of energy efficient Temperature & Humidity Chamber and Thermal Shock Chamber with improved GHG (Green House Gas) value, Sand Washing Facility to reclaim sand from burnt sand, Effluent Treatment plant with Zero Liquid Discharge (ZLD) System, Fume Extractors, chillers / Air Conditioners, and LED lights.

The company has initiated a project for evaluation of 10% blended bio-jet-fuel on Do-228 aircraft in September 2019. A ground and flight test with 10% blended fuel will be carried out by ASTE Bangalore and is planned in May 2023.

The company also uses renewable energy for captive consumption at production sites. Details of the renewable energy are:

- Rooftop solar: HAL has installed a total of 7.57 MW capacity Rooftop based Solar Energy Systems, till date.
- Ground mounted solar: HAL has installed a total of 26.50 MW capacity Solar power plants, till date.
- Wind Energy: HAL has installed 14.7 MW capacity wind power plants in Karnataka.

**8. Provide details related to waste management by the entity, in the following format:**

Parameter	FY 2022-23	FY 2021-22
<b>Total Waste generated (in metric tonnes)</b>		
Plastic waste (A)	48.19	77.41
E-waste (B)	30.57	22.67
Bio-medical waste (C)	23.75	32.94
Construction and demolition waste (D)	2,664.29	2,621.15
Battery waste (E)	21.99	26.96
Radioactive waste (F)	0	0
Other Hazardous waste. Please specify, if any. (G)		
(i) ETP/Paint/Magnesium sludge	41.25	41.95
(ii) Used Oil/Coolant oil (KL)	192.33	513.24
(iii) Waste residue containing oil	6.16	6.38
(iv) Spent hardening salt/grease/chemicals	3.86	4.95
(v) Others	192.26	49.33
<b>Sub-total(G)</b>	<b>435.86</b>	<b>617.00</b>
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)		
(i) Metal Scrap	344.68	451.40
(ii) Non-Metal Scrap	180.00	50.10
(iii) Mixed waste	1583.00	741.00
(iv) Others (Cu.m)	234.00	
<b>Sub-total (H)</b>	<b>2341.68</b>	1242.50
<b>Total (A+B + C + D + E + F + G+ H)</b>	<b>5566.33</b>	<b>4640.63</b>







For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
	FY 2022-23	FY 2021-22
<b>Category of waste (Plastic waste)</b>		
(i) Recycled	11.44	-
(ii) Re-used	0.1	-
(iii) Other recovery operations	0	-
<b>Total</b>	<b>11.54</b>	<b>-</b>
<b>Category of waste (E-waste)</b>		
(i) Recycled	0.149	-
(ii) Re-used	0	-
(iii) Other recovery operations	0	-
<b>Total</b>	<b>0.149</b>	<b>-</b>
<b>Category of waste (Bio-medical waste)</b>		
(i) Recycled	7.27	-
(ii) Re-used	0	-
(iii) Other recovery operations	0	-
<b>Total</b>	<b>7.27</b>	<b>-</b>
<b>Category of waste (Construction and demolition waste)</b>		
(i) Recycled	0	0
(ii) Re-used	175	100
(iii) Other recovery operations	22	0
<b>Total</b>	<b>197</b>	<b>100</b>
<b>Category of waste (Battery waste)</b>		
(i) Recycled	0	-
(ii) Re-used	0	-
(iii) Other recovery operations	2.83	-
<b>Total</b>	<b>2.83</b>	<b>-</b>
<b>Category of waste (Used/Coolant Oil)</b>		
(i) Recycled (KL)	16	-
(ii) Re-used	0	-
(iii) Other recovery operations	6	-
<b>Total (KL)</b>	<b>22</b>	<b>-</b>
<b>Category of waste (Other Hazardous waste)</b>		
(i) Recycled	48	-
(ii) Re-used	0	-
(iii) Other recovery operations	0	-
<b>Total</b>	<b>48</b>	<b>-</b>
<b>Category of waste (Other Non-Hazardous waste)</b>		
(i) Recycled	184.32	130.32
(ii) Re-used	607.00	0
(iii) Other recovery operations	0	0
<b>Total</b>	<b>791.32</b>	<b>130.32</b>





For each category of waste generated, total waste disposed by nature of disposal method (in Metric tonnes)		
	FY 2022-23	FY 2021-22
<b>Category of waste (Plastic waste)</b>		
(i) Incineration	0	0
(ii) Landfilling	20.63	0
(iii) Other disposal operations	16.02	80.10
<b>Total</b>	<b>36.65</b>	<b>80.10</b>
<b>Category of waste (E-waste)</b>		
(i) Incineration	0	0
(ii) Landfilling	0	0
(iii) Other disposal operations	23.75	10.46
<b>Total</b>	<b>23.75</b>	<b>10.46</b>
<b>Category of waste (Bio-medical waste)</b>		
(i) Incineration	0.13	0.34
(ii) Landfilling	3.56	0
(iii) Other disposal operations	0	32.60
<b>Total</b>	<b>3.69</b>	<b>32.94</b>
<b>Category of waste (Construction and demolition waste)</b>		
(i) Incineration	0	0
(ii) Landfilling	2,267.29	801.15
(iii) Other disposal operations	200.00	320.00
<b>Total</b>	<b>2,467.29</b>	<b>1121.15</b>
<b>Category of waste (Battery waste)</b>		
(i) Incineration	0	0
(ii) Landfilling	0	0
(iii) Other disposal operations	13.86	23.56
<b>Total</b>	<b>13.86</b>	<b>23.56</b>
<b>Category of waste (Used/Coolant Oil)</b>		
(i) Incineration (KL)	29.80	-
(ii) Landfilling	0	-
(iii) Other disposal operations	405.53	-
<b>Total (KL)</b>	<b>435.33</b>	<b>-</b>
<b>Category of waste (Other hazardous waste)</b>		
(i) Incineration	115.15	53.59
(ii) Landfilling	34.24	20.61
(iii) Other disposal operations	81.84	439.29
<b>Total</b>	<b>231.23</b>	<b>513.49</b>
<b>Category of waste (Other Non-hazardous waste)</b>		
(i) Incineration	0	0
(ii) Landfilling	0	0
(iii) Other disposal operations	1316.35	20358.38
<b>Total</b>	<b>1316.35</b>	<b>20358.38</b>
<b>Category of waste (Other Non-hazardous waste)</b>		
(i) Incineration	0	-
(ii) Landfilling	0	-
(iii) Other disposal operations (cu.m)	234	-
<b>Total (cu.m)</b>	<b>234</b>	<b>-</b>

Note: 1) Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No

2) Disposal quantities are more as certain quantity was generated in previous financial year and disposed in current financial year.





**9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.**

The Company has adopted a strong waste management system to meet the compliance with respect to local regulations. The well-established system is supporting our operations to properly segregate the waste at source & adopt the 3R concept to reduce, reuse & recycle. The waste generated within our premises is recycled through authorized recyclers and on-site composting machines (in facilities and residential establishments) and remaining waste is disposed through State Pollution Control Board approved landfill/incineration facilities.

HAL is governed by various Acts and Rules like the Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016, Solid Waste Management Rules, 2016, Air Prevention and Control of Pollution Act (1981), Environment (Protection) Act, 1986, Water Act 1974 (Prevention and Control of Pollution), etc.

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

Municipal Solid Waste (MSW) generated from Townships and Factories is segregated at source in Townships and Factories (Wet, Dry, Garden, Sanitary and Rejects). Through the process of Vermi-Composting, the Bio-degradable waste comprising of domestic waste and horticulture waste is being converted to manure. For better utilization of biodegradable waste generated from HAL Estates, the Company has installed Solid Waste Management Units like Organic Waste Converters and Bio Gas Plants at select places. At Bangalore, 1.5 Tons per day capacity bio-gas plants are installed.

The Divisions which use and generate hazardous effluents such as chrome, acid/alkali, cyanide etc. have independent Effluent Treatment Plants (ETPs) for treatment.

**10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:**

Sl. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
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Nil

HAL does not have any operations/ offices in/ around ecologically sensitive areas.

**11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:**

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
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Not Applicable





12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, and Environment protection act and rules thereunder (Y/N). – Yes

If not, provide details of all such non-compliances, in the following format:

Sl. No.	Specify the law / regulation / guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
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Not Applicable

### Leadership Indicators

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

Parameter	FY 2022-23	FY 2021-22
<b>From renewable sources</b>		
Total electricity consumption (A)	317,006 GJ	324,514 GJ
Total fuel consumption (B)	Nil	64 GJ
Energy consumption through other sources (C)	Nil	Nil
<b>Total energy consumed from renewable sources (A+B+C)</b>	<b>317,006 GJ</b>	324,578 GJ
<b>From non-renewable sources</b>		
Total electricity consumption (D)	459,458 GJ	481,116 GJ
Total fuel consumption (E)	445,078 GJ	492,450 GJ
Energy consumption through other sources (F)	Nil	Nil
<b>Total energy consumed from non-renewable sources (D+E+F)</b>	<b>904,536 GJ</b>	973,566 GJ

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No

### PRINCIPLE 7:

**BUSINESSES, WHEN ENGAGING IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A MANNER THAT IS RESPONSIBLE AND TRANSPARENT**

### Essential Indicators

1. a. Number of affiliations with trade and industry chambers / associations.

The Company has taken Corporate Membership with four (4) Nos. of trade and industry chambers / associations:

b. List the top 10 trade and industry chambers / associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

Sl. No.	Name of the trade and industry chambers / associations	Reach of trade and industry chambers/ associations (State/National)
1	Federation of Indian Chambers of Commerce & Industry (FICCI)	National
2	The Associated Chambers of Commerce & Industry of India (ASSOCHAM India)	National
3	Confederation of Indian Industry (CII)	National
4	Engineering Export Promotion Council India (EETPC)	National







2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.

Name of authority	Brief of the case	Corrective action taken
NIL		

**PRINCIPLE 8:**

**BUSINESSES SHOULD PROMOTE INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT**

**Essential Indicators**

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Name and brief details of project	SIA Notification No.	Date of Notification	Whether conducted by independent external agency (Yes / No)	Results communicated in Public Domain (Yes/ No)	Relevant Web link
NIL					

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

Sl. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In INR)
NIL						

3. Describe the mechanisms to receive and redress grievances of the community.

Complaints can be received through Public Grievance Portal ([www.pgportal.gov.in](http://www.pgportal.gov.in)). In addition, the company regularly engages with the local community through events and programs. Dedicated teams within the company are regularly in touch with representatives from the communities and address their feedback and grievances in a timely manner.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	FY 2022-23	FY 2021-22
Directly sourced from MSMEs/ small producers	44%	43.96%
Sourced directly from within the district and neighbouring districts	N.A	N.A

**Leadership Indicators**

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Details of negative social impact identified	Corrective action taken
Not Applicable	





**2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:**

Sl. No.	State	Aspirational District	Amount spent (₹ in lakh)
1	Odisha	Koraput	1202.07
2	Telangana	Asifabad (*)	48.22

Note: (\*) Asifabad District is not a designated Aspirational District assigned to HAL. The Activities undertaken during FY 2022-23 at Asifabad District under CSR are one-off in nature.

**3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized / vulnerable groups? (Yes/No) Yes**

**(b) From which marginalized / vulnerable groups do you procure?**

Social Category (SC/ST) and Companies owned by Women.

**(c) What percentage of total procurement (by value) does it constitute?**

% Procurement Social Category (SC/ST) Entrepreneurs: For year 22-23: 0.50%, Year 21-22: 0.48%

% Procurement from Women Entrepreneurs : For year 22-23: 4.46% Year 21-22: 3.54%

**4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:**

Sl. No.	Intellectual Property based on traditional knowledge	Owned / Acquired (Yes / No)	Benefit shared (Yes / No)	Basis of calculating benefit share
NIL				

**5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.**

Name of authority	Brief of the Case	Corrective action taken
Nil		

**6. Details of beneficiaries of CSR Projects:**

The beneficiaries of CSR Projects for which the Impact Assessment was carried out during FY 2022-23;

Sl. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1.	Construction of Under Ground Drainage System / Facility in Niphad and Dindori Taluka, Nasik. & Construction of Toilet in ZP School, Niphad, Nasik	1,00,000 to 1,50,000 villagers and Approx. 212 students every year	Approx. 41% Approx. 32%
2.	Construction of Sewage Treatment Plant at Odha, Eklahare Taluka, Nasik.	12697	Approx. 39.32%
3.	Construction of Skill Development Centre cum multipurpose hall in Dhule District	150000 to 170000	Approx. 29.53%
4.	Construction of Skill Development Centre cum multipurpose hall in Nashik District	50000 to 55000	Approx. 49.02%





Sl. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
5.	Construction projects at Nasik, viz; <ul style="list-style-type: none"> <li>Construction of Bituminous Road over Gangapur Canal Road, Ojhar;</li> <li>Construction of Road from Marimata Gate Junction to Gangapur Canal, Ojhar;</li> <li>Construction of Road Prabhu Dham Mandir, Ojhar to HALCON;</li> <li>Construction of Bridge across canal Dixi Road; Bridge across canal Dixi Road;</li> <li>Development of Crematorium;</li> <li>Installation of High Mast Light;</li> <li>Construction of Foundation/Erection of Aircraft, horticulture &amp; Electrical Works, Vilholi Naka, Nasik</li> </ul>	881697 to 900000	Approx. 28.74%
6.	Laying of Bituminous Roads / Resurfacing of Road from service road, Nasik	65200 to 67350	Approx. 28.74%
7.	Installation of LED Street Light / Solar Street Light, Nasik	75600 to 76250	Approx. 33.27%
8.	Engagement of Apprentices over and above the statutory limit of 2.5% - ITI, Nasik, Maharashtra	2800	Approx. 20.00%
9.	Procurement of CT Scanner for Bowring and Lady Curzon Medical College and Research Institute, Bangalore.	8000	Approx. 25.00 %
10.	Imparting Education to poor children in and around Sunabeda, Koraput in HAL run Education Institution.	1200	Approx. 65.00 %
11.	Infrastructure Development at SAI-HAL Sports Centre: <ul style="list-style-type: none"> <li>Provision of Synthetic Foot Ball Court with Sub-Base, at HAL Koraput, Odisha.</li> </ul>	38	Approx. 95.00 %
12.	Construction of Approach Road with Drain & Culvert in Chakroli- Rajpalama, Kakigaon Village & Orphanage.	6000	Approx. 65.00 %
13.	Additional Class Room in 12 different Schools at Koraput District, Odisha.	1500	Approx. 65.00 %
14.	Wholesome Development of Villages nearby to HAL TAD Kanpur, Construction of Road.	5350	Approx. 45.20 %

#### PRINCIPLE 9:

#### BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CONSUMERS IN A RESPONSIBLE MANNER

##### Essential Indicators

#### 1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

HAL has a well-established structure, including periodic meetings with separate departments handling sectoral customer inputs and responding to them.





**2. Turnover of products and / services as a percentage of turnover from all products/service that carry information about:**

	As a percentage to total turnover
Environmental and social parameters relevant to the product	The main products of the company are Aircraft, Helicopters, Engines and other accessories for use in strategic/national security applications. Hence Not Applicable
Safe and responsible usage	100%
Recycling and/or safe disposal	The main products of the company are Aircraft, Helicopters, Engines and other accessories for use in strategic/national security applications. Once the products are sold they would not come back to the company. Hence not applicable.

**3. Number of consumer complaints in respect of the following:**

	FY 2022-23		Remarks	FY 2021-22		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	-	-	-	-	-	-
Advertising	-	-	-	-	-	-
Cyber-security	-	-	-	-	-	-
Delivery of essential services	171#	Nil	-	142#	Nil	-
Restrictive Trade Practices	-	-	-	-	-	-
Unfair Trade Practices	-	-	-	-	-	-
Other						

# The issues have been deliberated in structured meeting with Customers and have been attended

**4. Details of instances of product recalls on account of safety issues:**

	Number	Reason for recall
Voluntary Recalls	NIL	NA
Forced Recalls	NIL	NA

**5. Does the entity have a framework / policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.**

Yes, Cyber Security Policy is hosted at [https://hal-india.co.in/Common/Uploads/DMS/Cyber\\_Security\\_Policy.pdf](https://hal-india.co.in/Common/Uploads/DMS/Cyber_Security_Policy.pdf)

**6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.**

The company did not receive any significant complaint in the last financial year that may require any corrective action.

**Leadership Indicators**

- Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).  
Information on products and services are available at HAL website [www.hal-india.co.in](http://www.hal-india.co.in)
- Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.  
The main products of the company are Aircraft, Helicopters, Engines and other accessories for use in strategic/national security applications by Indian Armed Forces. HAL provides training and all the necessary documents pertaining to all products of the Company to Customers.

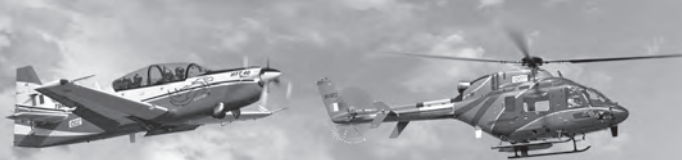






3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.  
The main products of the company are Aircraft, Helicopters, Engines and other accessories for use in strategic/national security applications by Indian Armed Forces. HAL is committed to provide support to Indian Armed Forces till our product is in service.
4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)  
Not applicable
5. Provide the following information relating to data breaches:
  - a. Number of instances of data breaches along-with impact : NIL
  - b. Percentage of data breaches involving personally identifiable information of customers: NA





# 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 accompanying Standalone Financial Statements of **Hindustan Aeronautics Limited** ("the Company") which comprise the Balance Sheet as at 31<sup>st</sup> March 2023 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 29 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 the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023 and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those 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 on the standalone financial statement.

### Emphasis of Matter

#### 1) Attention is invited to Notes to the Financial Results extracted below:

##### a) Note:49 (33) (g)

###### COVID-19 Impact

Current year Impact:

The Company has shown normal performance during the year. Hence, there is no impact during the year ended 31<sup>st</sup> March 2023.

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. 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.

##### b) Note no :49 (43 G)

Revision of pay scales of executives and workmen, with effect from 01.01.2017 was implemented in accordance with the guidance issued by DPE vide OM dated 03.08.2017 for Executives and in accordance with the Wage Agreement entered into between Management and Employees Union representatives in 2019-20 in respect of Workmen. On an interpretation on pay refixation and pursuant to the directives of the Administrative Ministry, the pay fixation to be revised and the excess amount paid is to be recovered from the employees.





This has resulted in reduction of salaries and wages for the year ended 31 March 2023 by ₹ 5155 lakhs (Previous year: ₹ 5256 lakhs) and a consequential reduction in sales revenue for the year ended 31 March 2023 by ₹1239 lakhs (Previous year: ₹ 812 lakhs).

While so, the Employees Union and Officers Association have filed Writ Petitions with Hon'ble High Court of Karnataka to stay recovery of excess amount of salary paid by the Company. The Hon'ble High Court has granted interim stay on recoveries, Pending disposal of the writ petitions by the High court, the excess amount is shown under claims recoverable Note No.19 for ₹ 29645 lakhs (Previous year ₹ 24489 lakhs). Provision has been created for the full liability of ₹ 29645 lakhs during the year as a prudential measure in case the issue will be settled in favour of employees.

In respect of employees who retired prior to 30 June, 2021, provision is made for the amount recoverable ₹ 2665 lakhs (Previous year: ₹ 2584 lakhs). The amount withheld from employees who retired after 30<sup>th</sup> June 2021 is kept under other liabilities ₹ 2706 lakhs (Previous year: ₹ 1835 Lakhs). Based on the final order that may be passed, suitable effect will be carried out in the accounts.

**c) Note no :49 (31C)**

Inventory amounting to ₹ 16,939 Lakhs were damaged due to floods caused by rains. An internal technical assessment committee estimated the loss of Inventory ₹ 7,856 Lakhs and the same has been provided in the books during the year. A claim for ₹ 750 Lakhs towards loss of Inventory and Plant & Equipment based on the original cost has been submitted to the Insurance Company.

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><b>a) Revenue recognition</b></p> <p>('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"> <li>• Evaluated the appropriateness of the disclosures provided under the revenue standard and assessed the completeness and mathematical accuracy of the relevant disclosures.</li> <li>• Evaluated the design of internal controls relating to implementation of the revenue accounting standard.</li> <li>• Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, reperformance and inspection of evidence in respect of operation of these controls.</li> <li>• Selected a sample of continuing and new contracts and performed the following procedures: <ul style="list-style-type: none"> <li>• Read, analyzed and identified the distinct performance obligations in these contracts.</li> <li>• Compared these performance obligations with that generally identified and recorded by the company.</li> </ul> </li> </ul>



Key Audit Matters	Response to Key Audit Matters & Conclusion
	<ul style="list-style-type: none"> <li>• Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable revenue.</li> <li>• Examination of the correspondence relating to price revision and ascertained the reasonableness of the estimates.</li> <li>• Sample of revenues disaggregated by type and service offerings was tested with the performance obligations specified in the underlying contracts.</li> </ul> <p>Due to detailed procedures, a portion of is recognized based on the most likely amount based on past experience and the consistent practices followed. We have verified the procedures revenue recognition including unbilled revenue.</p>
<p><b>b) Impairment of Trade Receivables</b></p> <p>In respect of receivables from Government the company generally 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>	<p>We have verified the</p> <ul style="list-style-type: none"> <li>i) Effectiveness of internal controls in place and procedures followed in identifying the recoverability of long outstanding dues.</li> <li>ii) The procedures and follow up actions in ascertaining the impairment of receivables.</li> </ul> <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 that the management assumption is reasonable.</p>
<p><b>c) Contract Asset</b></p> <p>Contract asset represents the revenue recognized but yet to be invoiced to the customer.</p>	<p>Contract Assets represents the Company's right to receive the consideration in exchange for the Goods or Services that the Company has transferred to the Customer, when that right is conditioned on something other than passage of time.</p>
<p><b>d) Liquidated damages</b></p> <p>The Company's contract with the customers has standard clause for Liquidated damages for delayed delivery. The company's product have extended period of manufacturing; design approvals and inspection by customer at various stages which result in delay in certain cases leading to liquidated damages. The liquidated damages recognized being significant in the statement of profit and loss, is considered a key audit matter in our opinion.</p>	<p>We have verified the controls, period of delay, the expected days of delay as on 31.03.2023 and also the calculation for the liquidated damages recognized and found the system followed and calculation to be in order.</p>
<p><b>e) Work - in - Progress (WIP) - Inventories</b></p> <p>Inventories include Work in Progress which have been physically verified by the management based on physical verification instructions.</p>	<p>Our Audit Procedures include review of</p> <ul style="list-style-type: none"> <li>• Physical Verification instructions</li> <li>• Physical verification reports</li> <li>• Roll back procedures</li> <li>• Examining the basis of valuation on a test check basis</li> </ul> <p>Based on the above audit procedures we concluded that the valuation of WIP is proper.</p>







Key Audit Matters	Response to Key Audit Matters & Conclusion
<p><b>f) Revision of pay</b></p> <p>Revision of pay scales of executives and workmen, with effect from 01.01.2017 was implemented in accordance with the guidance issued by DPE vide OM dated 03.08.2017 for Executives and in accordance with the Wage Agreement entered into between Management and Employees Union representatives 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 to be revised and the excess amount paid is to be recovered from the employees.</p> <p>The revision has resulted in reduction of salaries and wages for the year ended 31 March 2023 by ₹ 5155 lakhs (Previous year: ₹ 5256 lakhs ) and consequential reduction in sales revenue for the year ended 31 March 2023 by ₹ 1239 lakhs (Previous year: ₹ 812 lakhs) .</p> <p>While so, the Employees Union and the Officers Association have filed Writ Petitions with Hon'ble High Court of Karnataka to stay recovery of excess amount of salary paid by the Company. The Hon'ble High Court has granted interim stay on recoveries, Pending final disposal of the writ petitions by the High court, the excess amount is shown under claims receivable Note No.19 ₹ 29645 lakhs (Previous year ₹ 24489 lakhs). Provision has been created in FY 2022-23 for the full liability of ₹ 29645 lakhs as a prudential measure in case the issue will be settled in favour of employees.</p> <p>In respect of employees who retired prior to 30 June, 2021, provision is made for the amount recoverable ₹ 2665 lakhs (Previous year: ₹ 2584 lakhs).The amount withheld from employees who retired after 30<sup>th</sup> June 2021 is kept under other liabilities ₹ 2706 lakhs (Previous year: ₹ 1835 Lakhs)</p>	<p>We have verified the Audit para given by PDCA Bangalore, and the directives given by the Administrative Ministry dated 07.04.2021.</p> <p>We have verified the Copies of the writ petition filed by the employees, the interim orders of the Hon'ble High Court and the legal opinion from the company counsel.</p> <p>We verified the internal control and the program logic for recalculation of the employees cost and also made test check on walk through basis .Based on the above audit procedures we are satisfied with accounting treatment followed for employees benefits expenses, recognition of the amount recoverable, and the provision relating to retired employees and the provision made during the year.</p>

### Information Other than the Financial Statements and Auditors Reports Thereon

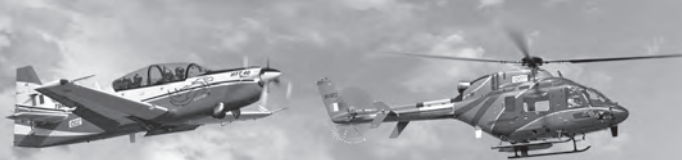
The company's Board of Directors is responsible for the other information. The other information comprises the information included in Board's Report, Management Discussion & Analysis Report, Business Responsibility Report, but does not include the financial statements and our auditor's report thereon. 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 reports, 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 29 Divisions included in the financial statement of the company whose financial statements / financial information reflect total assets of ₹ 67,11,738 Lakhs as at 31<sup>st</sup> March 2023 and the total revenue of ₹26,92,785 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, 2020 (" the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013 we give in the "**Annexure –B**" statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
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 23<sup>rd</sup> February 2018 has exempted the companies engaged in defense production to the extent of application of relevant Accounting Standard on Segment Reporting. In view of the above, no disclosure is made by the company as required by Ind AS 108. Subject to the above, we state that, in our opinion, the aforesaid standalone financial Statements comply with the Accounting Standards specified under Section 133 of the Act
  - g) In terms of circular NO. GSR 463(E) dated 05<sup>th</sup> June 2015 issued by the Ministry of Corporate Affairs, Government of India, the company being Government Company, is exempt from the provisions of section 164(2) of the Act regarding disqualification of Directors.
  - h) The provisions of Section 197 are not applicable to a government Company (in terms of MCA Notification NO.GSR 463 (E) dated 05<sup>th</sup> June 2015) as the managerial remuneration is paid as per the appointment letter from the Government of India.
  - i) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure A**"



- j) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements –Refer Note 49 (2) (a), 49 (2) (b), 49 (20), 49 (21), 49 (41), 49 (43G), to the financial statements
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, on long-term contracts. The company does not have any derivative contracts.
  - iii. There were no amounts which were required to be transferred to the Investor education and protection fund by the company.
  - iv.
    - (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the division to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities Identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
    - (b) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the division from any persons or entities, including foreign entities ("funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
    - (c) Based on such audit procedures we have considered reasonable and appropriate in the circumstances, nothing has come to the notice that has caused us to believe that the representations under sub-clause (i) and (ii) contain any material mis-statement.
  - v)
    - a) The company has declared final dividend for the financial year 2021-2022 on 29.08.2022.
    - b) The interim dividends declared on 11.11.2022 and 10.03.2023 for the financial year 2022-2023 and paid by the Company during the year is in accordance with Section 123 of the Companies Act, 2013.
    - c) The Company has not proposed any final dividend up to the date of our report.
  - l) As required by section 143(5) of the Act, we give in "Annexure C" a statement on the matters specified by the Comptroller and Audit General of India for the Company.

**For A. John Moris & Co.**

Chartered Accountants

FRN NO: 007220S

**(A G Krishnan)**

Partner

Membership No. 021183

UDIN: 23021183BGTCQC1773

Place: Bengaluru  
Date: 12.05.2023





## **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 with reference to standalone financial statements of HINDUSTAN AERONAUTICS LIMITED ("the Company") as of March 31, 2023 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 with reference to financial statements criteria established by the Company, considering the essential components of Internal Control stated in the Guidance Note on Audit of Internal Financial controls with reference to financial statements, issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's Internal Financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial controls with reference to financial statements (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of Internal Financial Controls, both applicable to an audit of Internal Financial Controls and both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate Internal Financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

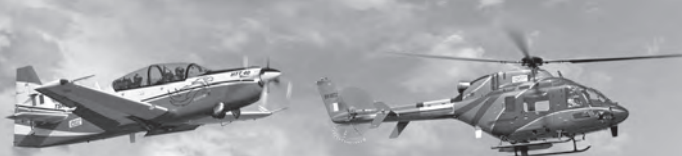
Our audit involves performing procedures to obtain audit evidence about the adequacy of the Internal Financial Controls System over Financial Reporting and their operating effectiveness. Our audit of Internal Financial controls with reference to financial statements included obtaining an understanding of Internal Financial controls with reference to financial statements, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the Auditors' judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the division Internal Financial Controls System over Financial Reporting.

#### **Meaning of Internal Financial controls with reference to financial statements**

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 with reference to financial statements**

Because of the inherent limitations of Internal Financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the Internal Financial controls with reference to financial statements to future periods are subject to the risk that the Internal Financial Control over Financial Reporting may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the division has, in all material respects, an adequate Internal Financial Controls System over Financial Reporting and such Internal Financial controls with reference to financial statements were operating effectively as at March 31, 2023, based on the Internal Control over Financial Reporting criteria established by the Company, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial controls with reference to financial statements issued by ICAI.

As per our report of even date

**For A. John Moris & Co.**

Chartered Accountants

FRN NO: 0072205

**(A G Krishnan)**

Partner

Membership No. 021183

UDIN: 23021183BGTCQC1773

Place: Bengaluru  
Date: 12.05.2023





## 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:

In terms of the information and explanations sought by us and provided to us by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief we state that;

- (i) In respect of the Company's property, plant and equipment, right-of-use assets and intangible assets:
- (a) (A) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use-assets.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Company has a program of physical verification of Property, Plant and Equipment and right-of-use assets so as to cover all the assets once in every five years, which in our opinion is reasonable having regard to the size of the company and nature of its assets. Pursuant to the program, certain Property, Plant and Equipment and right-of-use assets were due for verification during the year and were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancy were noticed on such verification.
- (c) The title deeds of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the company, except the following:

Description of property	Gross carrying value in lakhs	Held in name of	Whether promoter, director or their relative or employee	Period held- indicate range, where appropriate	Reason for not being held in name of company*
<b>FMD</b>					
Land 76.475 Acres	5	Various persons	NA	Approx. 1950	Compendium Error. Estate department is in possession of Hand book with land acquired in various survey numbers called as Compendium. Few title documents are not available as per the compendium.
<b>NASIK</b>					
1) Land at Kasbe Sukena Railway station: Approx. 196.22 acres	-	Government of Maharashtra (GOM)	No.	Since Inception of the Nashik factory in 1964	Railway siding land is not in use by HAL & is to be returned to Appropriate authority of State Government. Division is continuously following up the matter.
2) Land at Ojhar Approx. 69.48 Acres given by State government	-	Government of Maharashtra (GOM)	No.	Since Inception of the Nashik factory in 1964	Matter is being followed with Sub Divisional Magistrate Niphad for making Indenture.
<b>LUCKNOW</b>					
Land 39.320 Acres	286 Lakhs	Lucknow Development Authority	Not applicable	19.05.1986	The land is in the possessions of the division, however, same is to be registered in the name of the division by Lucknow Development Authority.



Description of property	Gross carrying value in lakhs	Held in name of	Whether promoter, director or their relative or employee	Period held—indicate range, where appropriate	Reason for not being held in name of company*
<b>KANPUR</b>					
Land at Kanpur (429.03 Acres)	₹ 4.00 lakhs	No title deed	No	Since beginning but date not available	We have been informed that possession of the said immovable property was handed over to Hindustan Aeronautics Limited (HAL) by district Land Acquisition Officer and Indian Air Force, therefore no title deed is required to be executed under Government Grants Act, 1895. (Section 2 Government Grants are exempted from the operation of the Transfer of Property Act)
Building	₹ 35.00 Lakhs	No title deed	No	Since beginning but date not available	
<b>BARRACKPORE</b>					
Land 7.115 acres		Instrument of transfer is pending execution	No	31 <sup>st</sup> March 1969	Transfer of Land is being pursued with Defense Estate Officer, Kolkata

- (d) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year;
- (e) No proceedings have been initiated during the year or are pending against the Company as of 31<sup>st</sup> March 2023 for holding any benami property under Benami Transaction (Prohibition) Act, 1988 and rules made thereunder.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals and no discrepancies of 10% or more in the aggregate for each class of the inventory were noticed.
- (b) The Company has been sanctioned working capital limits in excess of ₹5 crore, in aggregate, during the year from banks on the basis of security of current assets. There are differences between the stock statement submitted to the banks and books of account however the differences are not significant. Refer note 35C of note 49 to financial statements.
- (iii) During the year the Company has made investments in a joint venture company and has granted loans both secured and unsecured to its employees and has not provided any guarantee or security to any other entity.
- (a) The company has provided both secured and unsecured loan to its employees .

A) The aggregate amount granted during the year and balance outstanding at the balance sheet date is given below:

Particulars	Loans to employees ₹in Lakhs
Aggregate amount provided during the year	328
Balance outstanding as at balance sheet date in respect of above	969

- (b) In our opinion, the Investment made during the year and the terms and conditions of the grant of loans, during the year are, prima facie, not prejudicial to the Company's interest.
- (c) The repayment of principal and payment of interest for employees loan has been stipulated and the repayments are regular.
- (d) There are no overdue amount for more than ninety days.





- (e) The company has not granted any loan or renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties. Hence, reporting under clause 3(iii)(e) of the Order is not applicable.
- (f) The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause 3(iii)(f) is not applicable.
- (iv) In terms of Circular No.GSR 463 (E) dated 5<sup>th</sup> June 2015 issued by Ministry of Corporate Affairs, Government of India, the Company being a Government Company engaged in Defence production is exempt from Section 185 and 186 of Companies Act 2013 and hence considered not applicable.
- (v) The Company has not accepted any deposits or amount which are deemed to be deposits. Hence, reporting under Clause 3 (v) of the order is not applicable.
- (vi) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 148 (1) of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (vii) (a) The company is regular in depositing undisputed statutory dues, including Goods and Service Tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess, and any other Statutory Dues to the appropriate authorities and there were no undisputed amounts payable which were in arrears as at 31<sup>st</sup> March 2023 for a period of more than six months from the date they became payable.
- (b) Details of dues of Goods and service tax, income Tax or Sales Tax or Service Tax or Duty of Customs or Duty of Excise or Value Added Tax, and Cess that have not been deposited as on 31<sup>st</sup> March 2023 on account of disputes are given below:

#### Sales Tax #

Assessment Year	Amount (In Lakhs)	Appeal by	Forum where dispute is pending
1986-87	3340	The company	I <sup>st</sup> Appellate Authority
1988-89	5106	The company	I <sup>st</sup> Appellate Authority
1989-90	5465	The company	I <sup>st</sup> Appellate Authority
1991-92	4279	The company	I <sup>st</sup> Appellate Authority
1997-98	319	The company	I <sup>st</sup> Appellate Authority
1999-2000	151	The company	Maharashtra Sales Tax Tribunal
2000-2001	57	The company	First Appellate Authority (Re calculation pending)
2000-2001	9	The company	Rectification Application submitted on 19.05.2006 for Submission of C Form. Pending before Dy.Com. Of Sales Tax Assessment Nasik.
2001-2002	4	The company	Rectification of remand back appeal order passed on 19/05/2022. The part payment adjusted against the tax dues against the order.
2002-2003	89	The company	Maharashtra Sales Tax Tribunal, Mumbai
2002-2003	365	The company	Maharashtra Sales Tax Tribunal, Mumbai
2003-2004	28	The company	Maharashtra Sales Tax Tribunal, Mumbai
2003-2004	321	The company	Maharashtra Sales Tax Tribunal, Mumbai
2004-2005	10510	The company	Maharashtra Sales Tax Tribunal, Mumbai
2004-2005	270	The company	Ratification application before Sr. Dy. Comm. of Sales Tax Nasik
2005-2006	41459	The company	Maharashtra Sales Tax Tribunal, Mumbai



Assessment Year	Amount (In Lakhs)	Appeal by	Forum where dispute is pending
2005-2006	59	The company	Remanded back order received from First Appellate Authority-Nasik on 23.11.2021
2006-2007	76060	The company	Maharashtra Sales Tax Tribunal, Mumbai
2006-2007	8	The company	Maharashtra Sales Tax Tribunal, Mumbai
2008-2009	82234	The company	Maharashtra Sales Tax Tribunal, Mumbai
2009-2010	102090	The company	Maharashtra Sales Tax Tribunal, Mumbai
2009-2010	139	The company	Maharashtra Sales Tax Tribunal, Mumbai
2007-2008	57387	The company	Maharashtra Sales Tax Tribunal, Mumbai
2007-2008	14	The company	Maharashtra Sales Tax Tribunal, Mumbai
2010-2011	92600	The company	Maharashtra Sales Tax Tribunal, Mumbai
2011-2012	90384	The company	Maharashtra Sales Tax Tribunal, Mumbai
2011-2012	11	The company	Maharashtra Sales Tax Tribunal, Mumbai
2012-2013	79396	The company	Maharashtra Sales Tax Tribunal, Mumbai
2013-2014	93906	The company	Maharashtra Sales Tax Tribunal, Mumbai
2014-2015	67170	The company	Ist Appeal order received.2 <sup>nd</sup> Appeal to be filed before tribunal.
2014-2015	4	The company	Ist Appeal order received.2 <sup>nd</sup> Appeal to be filed before tribunal.
2015-2016	71484	The company	Maharashtra Sales Tax Tribunal, Mumbai
2016-2017	106895	The company	Maharashtra Sales Tax Tribunal, Mumbai
2016- 2017	61	The company	1 <sup>st</sup> Appeal order received.2 <sup>nd</sup> Appeal to be filed before tribunal.
2017-18 (Q1)	10142	The company	Maharashtra Sales Tax Tribunal, Mumbai
2017-18 (Q1)	23	The company	Ist Appeal order received.2 <sup>nd</sup> Appeal to be filed before tribunal.
2004-15	33746	The company	Additional Commissioner (Appeal)
1996-97	479	The company	High Court, Allahabad
1997-98	593	The company	High Court, Allahabad
1998-99	751	The company	High Court, Allahabad
1999-00	488	The company	High Court, Allahabad
2000-01	1058	The company	High Court, Allahabad
2001-02	1222	The company	High Court, Allahabad
2002-03	1361	The company	High Court, Allahabad
2003-04	709	The company	High Court, Allahabad
2004-05	936	The company	High Court, Allahabad
2005-06	1230	The company	High Court, Allahabad
2006-07	2386	The company	High Court, Allahabad
2007-08	2988	The company	High Court, Allahabad
2008-09	2316	The company	High Court, Allahabad
2009-10	2922	The company	High Court, Allahabad
2010-11	3348	The company	High Court, Allahabad



Assessment Year	Amount (In Lakhs)	Appeal by	Forum where dispute is pending
2011-12	4399	The company	High Court, Allahabad
2012-13	5848	The company	High Court, Allahabad
2013-14	3195	The company	Tribunal
2014-15	3710	The company	Tribunal
2015-16	1688	The company	Tribunal
2016-17	2637	The company	Tribunal
2017-18	835	The company	Tribunal
2005-06	102	The company	WB Commercial Taxes Appellate and Revisional Board, Kolkata
2006-07	448	The company	WB Commercial Taxes Appellate and Revisional Board, Kolkata
2007-08	351	The company	WB Commercial Taxes Appellate and Revisional Board, Kolkata
2008-09	849	The company	WB Commercial Taxes Appellate and Revisional Board, Kolkata
2016-17	83	The company	WB Commercial Taxes Appellate and Revisional Board, Kolkata
2015-16	9	The company	Commissioner of Central Tax (Appeal) Domlur Bangalore
2016-17	3	The company	Commissioner of Central Tax (Appeal) Domlur Bangalore
2010-11	372	The company	Appellate Tribunal, Lucknow
2011-12	1432	The company	High Court
2012-13	4156	The company	High Court
2013-14	4859	The company	High Court
2014-15	8310	The company	High Court
2015-16	15331	The company	Appellate Tribunal, Lucknow
2016-17	13609	The company	Appellate Tribunal, Lucknow
2017-18	4026	The company	Appellate Tribunal, Lucknow
<b>Total</b>	<b>11,34,625</b>		

# Sales Tax paid against Disputed tax ₹30,408 Lakhs.

#### Service Tax #

Assesment Year	Amount (in Lakhs)	Appeal by	Forum where dispute is pending
From Financial year 2007-08 to 2011-12	4,709	The Company	Pending before Tribunal, Bangalore
Financial year 2008-09	387	The Company	Pending before Tribunal, Bangalore
From Financial year 2013-14 to 2016-17	136	The Company	Pending before Tribunal, Bangalore
April 2017 to June 17	6	The Company	Pending before Commissioner of Service Tax (Appeals), Bangalore



Assesment Year	Amount (in Lakhs)	Appeal by	Forum where dispute is pending
April 2011 to March 2012	74	The Company	CESTAT
April 2009-10 to March 2010-11	84	The Company	CESTAT
Oct 2007 to March 2009	120	The Company	CESTAT
August 2002 to March 2003	6	The Company	CESTAT, Bangalore
April 2003 to March 2004	26	The Company	CESTAT, Bangalore
April 2004 to March 2005	63	The Company	CESTAT, Bangalore
April 2005 to March 2006	78	The Company	CESTAT, Bangalore
April 2006 to March 2007	123	The Company	CESTAT, Bangalore
April 2007 to March 2008	128	The Company	CESTAT, Bangalore
April 2008 to March 2009	18	The Company	CESTAT, Bangalore
April 2009 to March 2010	1	The Company	CESTAT, Bangalore
April 2010 to March 2011	1	The Company	CESTAT, Bangalore
April 2013 to March 2017	13	The Company	CESTAT, Bangalore
2013-14 till 2017-18	55	The Company	Commissioner of Central Tax (Appeals) East Commissionerate Domlur
2007-08 to 2011-12	10,541	The Company	CESTAT EZB,KOLKATA
2015-16	1,099	The Company	Commissioner of CGST & Central Excise, Audit Commissionerate, Bhubaneswar.
2016-17 & 2017-18	341	The Company	Pending before The Joint Commissioner of CGST & Central Excise, Audit Commissionerate, Bhubaneswar.
2005-06 to 2009-10	385	The Company	CESTAT
2010-11	38	The Company	CESTAT
2011-12	340	The Company	CESTAT
2010-11	38	The Company	CESTAT
2015-16	280	The Company	CESTAT
2020-21	12	The Company	CESTAT
2016-17 & 2017-18	242	The Company	CESTAT
2004-05 to 2008-09	426	The Company	Central Excise & Service Tax appellate Tribunal, New Delhi
2011-12 to 2014-15	12,681	The Company	CESTAT, Allahabad
2015-16 to 2016-17	194	The Company	CESTAT, Allahabad
Various Years	166	The Company	Commissioner (Appeal)
2005- 06	62	The Company	CESTAT/Tribunal
2009-10	282	The Company	CESTAT/Tribunal
2007- 11	11,235	The Company	CESTAT/Tribunal
2011-12	434	The Company	CESTAT/Tribunal
2012-13	688	The Company	CESTAT/Tribunal
2013-14	1,617	The Company	CESTAT/Tribunal





Assesment Year	Amount (in Lakhs)	Appeal by	Forum where dispute is pending
2014-15	1,904	The Company	CESTAT/Tribunal
2015-17	326	The Company	CESTAT/Tribunal
2012-13	42	The Company	CESTAT
April 2009 To March 2013	450	The Company	CESTAT
June 2013 to June 2017	1	The Company	Service Tax
2011-12	96	The Company	Old Ref. No ST/85856/15-MUM Dated 21.04.2015 (Was Disposed ORDER IN HAND DT 01.11.2018 -Remanded back to lower authority. refiled by division). New Ref No ST/86412/2022-DB Arising out of OIA/OIO/01/ST/2015 DT 15.01.2015 date of filling 25.03.2022
2012-13	624	The Company	Old Ref. No ST/85856/15-MUM Dated 21.04.2015 (Was Disposed order in hand dt 01.11.2018 -remanded back to lower authority. refiled by division) . New Ref No ST/86412/2022-DB Arising out of OIA/OIO/01/ST/2015 DT 15.01.2015 date of filling 25.03.2022
2013-14	8,145	The Company	ST/87320 DT 10/10/2016-Appeal filed before H'ble CESTAT, Mumbai;; no hearing posted
2014-15	10,692	The Company	ST/85007 DT.11/01/2017-Appeal filed before H'ble CESTAT, Mumbai; ;no hearing posted
2015-16	14,077	The Company	ST/86124/2019-DB-Appeal filed before Hon'ble CESTAT in Mar 2019 ; ; no hearing posted
2016-17	41,898	The Company	ST/86124/2019-DB-Appeal filed before Hon'ble CESTAT in Mar 2019 ; ; no hearing posted
2017-18	2,461	The Company	ST/86124/2019-DB-Appeal filed before Hon'ble CESTAT in Mar 2019 ; ; no hearing posted
2007-08	280	The Company	ST/134/10-MUM Dated 23.03.2010.17/ST/2009. Matter decided by H'ble CESTAT Mumbai in HAL Favour.
2008-09	224	The Company	ST/134/10-MUM Dated 23.03.2010.17/ST/2009. Matter decided by H'ble CESTAT Mumbai in HAL Favour.
2012-2013,2013-2014 and 2014-2015	1,395	The Company	ST/85782/2022-DB dt 25.03.2022-Appeal filed before Hon'ble CESTAT in Mar 2022 ; ; no hearing posted
2012-13	144	The Company	ST/86125/2019-DB-Appeal filed before Hon'ble CESTAT in Mar 2019; no hearing posted
2013-14	172	The Company	ST/86125/2019-DB-Appeal filed before Hon'ble CESTAT in Mar 2019; no hearing posted.
2014-15	176	The Company	ST/86125/2019-DB-Appeal filed before Hon'ble CESTAT in Mar 2019; no hearing posted
2015-16	176	The Company	ST/86125/2019-DB-Appeal filed before Hon'ble CESTAT in Mar 2019; no hearing posted
2016-17	271	The Company	ST/86125/2019-DB-Appeal filed before Hon'ble CESTAT in Mar 2019; no hearing posted



Assesment Year	Amount (in Lakhs)	Appeal by	Forum where dispute is pending
2015-16	6	The Company	Appeal filed before Hon'ble CESTAT
2016-17	4	The Company	Appeal filed before Hon'ble CESTAT
2017-18	0	The Company	Appeal filed before Hon'ble CESTAT
2012-13	8	The Company	Appeal filed before Hon'ble CESTAT
2013-14	6	The Company	Appeal filed before Hon'ble CESTAT
2014-15	7	The Company	Appeal filed before Hon'ble CESTAT
<b>Total</b>	<b>1,30,717</b>		

# Service Tax paid against Disputed tax ₹ 3,787 lakhs.

#### GST #

Assessment Year	Amount ( In Lakhs)	Appeal by	Forum Where Dispute is pending
2017-18	308	The Company	HAL has filed Appeal with Appellate Authority (Dy. Commissioner of Sales tax)
<b>Total</b>	<b>308</b>		

# GST paid against Disputed tax ₹13 lakhs.

#### Customs Duty #

Assesment Year	Amount (in Lakhs)	Appeal by	Forum where dispute is pending
2019-20	945	The company	Pending before Tribunal, Bangalore
2015-16 to 2019-20	4,098	The company	CESTAT
2013-14	23,569	The company	CESTAT
2017-18 to 2020-21	264	The company	CESTAT
2018-19	22	The company	CESTAT
2018-2019 and 2019 -2020	1,441	The company	CESTAT, Bangalore
2020-21	11	The company	CESTAT
17.02.2018	63	The company	Commissioner of Customs (apeals), Bengaluru
<b>TOTAL</b>	<b>30,414</b>		

# Customs Duty paid against disputed tax ₹ 3,583 lakhs

#### Income Tax #

Assessment Year	Amount (in Lakhs)	Appeal by	Forum where dispute is pending
2020-21	12,227	The company	Commissioner of Appeals
2008-09 to 2019-20	398	The company	Asst. Commissioner Income Tax, TDS
<b>TOTAL</b>	<b>12,625</b>		

# Income tax paid against disputed tax ₹ 6891.55 lakhs



### Others

Year	Amount (In Lakhs)	Appeal by	Forum Where Dispute is pending	Authority
01/04/2019 to 30/09/2020	16	The Company	ESIC, Regional Director (Appellant Authority)	Employees State Insurance Act
2001-02 to 2022-23	2,734	The Company	Bombay High Court	Non Agricultural Cess
2001-02 to 2022-23	578	The Company	Bombay High Court	Gram Panchayat Tax
April 2005 - Sep 2007	20	The Company	High Court, Karnataka	Appeal preferred by ESI Dept. Amount of deposit made is ₹10.02 Lakhs
2005-06	102	HAL, Barrackpore division	WB Commercial Taxes, Appellate and Revisional Board, Kolkata	
2006-07	448	HAL, Barrackpore division	WB Commercial Taxes, Appellate and Revisional Board, Kolkata	
2007-08	351	HAL, Barrackpore division	WB Commercial Taxes, Appellate and Revisional Board, Kolkata	
2008-09	849	HAL, Barrackpore division	WB Commercial Taxes, Appellate and Revisional Board, Kolkata	
2016-17	83	HAL, Barrackpore division	WB Commercial Taxes, Appellate and Revisional Board, Kolkata	
2015-16	9	HAL Foundry and forge division	Commissioner of central tax(Appeal) Domlur , Bangalore	Excise duty
2016-17	3	HAL Foundry and forge division	Commissioner of central tax(Appeal) Domlur, Bangalore	Excise duty
<b>Total</b>	<b>5,193</b>			

- (viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- (ix) . (a) The Company has not taken any loans or other borrowings from any lender. Hence reporting under clause 3(ix)(a) of the Order is not applicable.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) The Company has not taken any term loan during the year and there are no outstanding term loans at the beginning of the year and hence, reporting under clause 3(ix)(c) of the Order is not applicable.
- (d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- (e) On an overall examination of the financial statement of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligation of its subsidiaries.
- (f) The Company has not raised any loans during the year and hence reporting under clause 3(ix)(f) of the order is not applicable
- (x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.



- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.
- (xi) (a) No fraud by the Company or fraud on the Company has been noticed or reported during the year
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.
- (c) We have taken into consideration the whistle blower complaints received by the Company during the year (and up to the date of this report), while determining the nature, timing and extent of our audit procedures.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) (a) In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
- (b) We have considered, the internal audit reports for the year under audit, issued till date .
- (xv) The Company has not entered into any non-cash transactions with Directors or persons connected with him.
- (xvi) a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Hence reporting under clause 3(xvi)(a),(b) and (c) of the Order is not applicable.
- b) In our opinion, there is no core Investment Company within Group (as defined in the Core Investment companies (Reserve Bank Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the order is not applicable.
- (xvii) The Company has not incurred cash loss during the financial year covered by our audit and the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditor of the Company during the Year.
- (xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payments of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) There are no unspent amount towards Corporate Social responsibility (CSR) on ongoing projects requiring a transfer to a special account in compliance with provisions of sub section (6) of section 135 of the said act.

**For A. John Moris & Co.**  
Chartered Accountants  
FRN NO: 0072205

**(A G Krishnan)**  
Partner

Membership No. 021183  
UDIN: 23021183BGTCQC1773

Place: Bengaluru  
Date: 12.05.2023





## ANNEXUR E – 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 2022-23 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.	Not applicable

**For A. John Moris & Co.**

Chartered Accountants

FRN NO: 0072205



**(A G Krishnan)**

Partner

Membership No. 021183

UDIN: 23021183BGTCQC1773

Place: Bengaluru

Date: 12.05.2023





लोकहिताय सत्यनिष्ठा  
Dedicated to Truth in Public Interest

**Confidential**  
**By Speed Post**

सं./No. Rep/2023-24/HAL-A/c's(22-23)/202

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. 12.07.2023

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 2023.

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)  
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



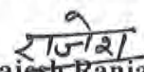
**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE STANDALONE FINANCIAL STATEMENTS OF HINDUSTAN AERONAUTICS LIMITED, BENGALURU FOR THE YEAR ENDED 31 MARCH 2023.**

The preparation of standalone financial statements of **Hindustan Aeronautics Limited, Bengaluru** for the year ended 31 March 2023 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Act are 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 12 May 2023.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **Hindustan Aeronautics Limited, Bengaluru** for the year ended 31 March 2023 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to the statutory auditors' report under section 143(6)(b) of the Act.

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

  
(Rajesh Ranjan)  
**Pr. Director of Commercial Audit  
(Defence-Commercial)**

**Bengaluru  
Date: 12 July 2023.**





# Standalone Balance Sheet as at March 31, 2023

(₹ in Lakhs)

Particulars	Note No.	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, Plant and Equipment	1		
Gross Block	1A	1177929	1061683
Less: Accumulated Depreciation	1B	548470	469698
Less: Impairment	1C	50303	0
Net Block		579156	591985
(b) Capital work-in-progress	2	63581	94801
(c) Investment Property	3		
Gross Block	3A	4	4
Less: Accumulated Depreciation	3B	1	1
Less: Impairment	3C	0	0
Net Block		3	3
(d) Goodwill	4		
(e) Other Intangible assets	5		
Gross Block	5A	406666	337536
Less: Accumulated Amortization	5B	240450	200703
Less: Impairment	5C	62642	53007
Net Block		103574	83826
(f) Intangible Assets under Development	6		
Gross Block	6A	188608	157859
Less: Accumulated Amortization	6B	58518	0
Less: Impairment	6C	5280	5475
Net Block		124810	152384
(g) Financial Assets			
(i) Investments in Subsidiaries and Joint Ventures	7	11021	11012
(ii) Investments	7A	127518	118402
(iii) Trade Receivables	8	0	0
(iv) Contract Assets	8A	0	0
(v) Loans	9	621	693
(vi) Other Financial Assets	10	40598	40330
(h) Deferred tax Assets (Net)	11	112571	56557
(i) Other Non-Current Assets	12	359654	181464
<b>Total non-current assets</b>		<b>1523107</b>	<b>1331457</b>
<b>Current assets</b>			
(a) Inventories	13	1216067	1436358
(b) Financial Assets			
(i) Investments	14	0	0
(ii) Trade receivables	15	471907	464155
(iii) Contract Assets	15A	937640	780865
(iv) Cash and Cash Equivalents	16	443900	306914
(v) Bank Balances other than Cash and Cash Equivalents	17	1586715	1127447
(vi) Loans	18	762	736
(vii) Other Financial Assets	19	111898	102474
(c) Current Tax Assets (Net)	20	0	0
(d) Other current Assets	21	418931	280882
<b>Total current assets</b>		<b>5187820</b>	<b>4499831</b>
<b>Assets held for Sale</b>	Clause 45D of Note 49	<b>811</b>	<b>811</b>
<b>Total Assets</b>		<b>6711738</b>	<b>5832099</b>





# Standalone Balance Sheet as at March 31, 2023

(₹ in Lakhs)

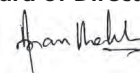
Particulars	Note No.	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share capital	22	33439	33439
(b) Other Equity	23	2317178	1892961
<b>Total equity</b>		<b>2350617</b>	<b>1926400</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	24	0	0
(ia) Lease Liabilities	24A	182	178
(ii) Trade payables	25		
A) total outstanding dues of micro enterprises and small enterprises		0	0
B) total outstanding dues of creditors other than micro enterprises and small enterprises		0	0
Sub Total- Trade payables		0	0
(iii) Other Financial Liabilities	26	52503	52468
(b) Provisions	27	133294	124824
(c) Deferred Tax Liabilities (Net)	28	0	0
(d) Other Non-Current Liabilities	29	1092600	1226244
<b>Total non-current liabilities</b>		<b>1278579</b>	<b>1403714</b>
<b>Current Liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	30	0	0
(ia) Lease Liabilities	30A	14	8
(ii) Trade payables	31		
A) total outstanding dues of micro enterprises and small enterprises		6407	4575
B) total outstanding dues of creditors other than micro enterprises and small enterprises		307327	251402
<b>Sub Total-Trade payables</b>		<b>313734</b>	<b>255977</b>
(iii) Other Financial liabilities	32	210734	185024
(b) Other Current Liabilities	33	1853667	1475484
(c) Provisions	34	677665	505578
(d) Current Tax Liabilities (Net)	35	26728	79914
<b>Total current liabilities</b>		<b>3082542</b>	<b>2501985</b>
<b>Total Equity and Liabilities</b>		<b>6711738</b>	<b>5832099</b>

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 attached

For and on behalf of the Board of Directors

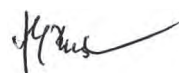


**(EJIYURA PUTHRAPPA JAYADEVA)**  
Director (Operations)  
DIN: 06761333

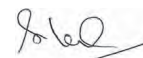


**(C. B. ANANTHAKRISHNAN)**  
Director (Finance) & CFO  
Chairman & Managing Director  
(Additional Charge)  
DIN: 06761339

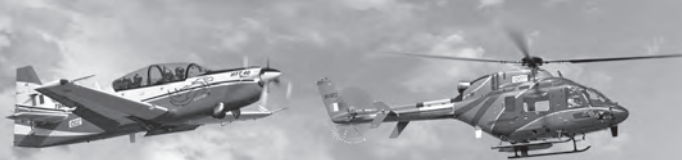
**For A JOHN MORIS & CO.**  
Chartered Accountants  
Firm Registration No: 0072205



**CA A.G. KRISHNAN**  
Partner  
Membership No: 021183  
Place: Bengaluru  
Date: 12.05.2023



**(SHAILESH BANSAL)**  
Company Secretary  
FCS No.5064



# Standalone Statement of Profit and Loss

for the year ended 31<sup>st</sup> March 2023

(₹ in Lakhs)

S. No.	Particulars	Note No.	For the Year ended 31 <sup>st</sup> March 2023	For the Year ended 31 <sup>st</sup> March 2022
	<b>REVENUE</b>			
I	Revenue from Operations	36	<b>2692785</b>	2462021
II	Other Income	37	<b>167180</b>	98634
III	<b>Total Income (I+II)</b>		<b>2859965</b>	2560655
IV	<b>EXPENSES</b>			
	Cost of Materials Consumed	38	<b>1001026</b>	875525
	Purchases of Stock-in-Trade	38A	<b>79915</b>	65668
	Changes in Inventories of Finished Goods, Stock-in-Trade, Work-in-Progress and Scrap	39	<b>-69145</b>	59229
	Employee Benefits Expense	40	<b>489589</b>	458983
	Finance Costs	41	<b>5791</b>	5814
	Depreciation and Amortization Expense	42	<b>178391</b>	110987
	Impairment Loss	42A	<b>59743</b>	17643
	Other Expenses	43	<b>155796</b>	120874
	Direct Input to WIP / Expenses Capitalised	44	<b>51603</b>	32315
	Provisions	45	<b>374264</b>	373918
	<b>Total Gross Expenses</b>		<b>2326973</b>	2120956
	Less: Expenses relating to Capital and Other Accounts	46	<b>116302</b>	83416
	<b>Total expenses (IV)</b>		<b>2210671</b>	2037540
V	<b>Profit/(Loss) before Exceptional items and Tax (III-IV)</b>		<b>649294</b>	523115
VI	Exceptional Items		<b>0</b>	0
VII	<b>Profit/(loss) before tax (V+VI)</b>		<b>649294</b>	523115
VIII	Tax expense:			
	(1) Current Tax		<b>225000</b>	190000
	(2) Earlier Year Tax Refund/Liability	Clause 41 of Note 49	<b>-97346</b>	-119273
	(3) Deferred Tax		<b>-59477</b>	-56262
IX	Profit (Loss) for the period from Continuing Operations (VII-VIII)		<b>581117</b>	508650
X	Profit/(loss) from Discontinued Operations		<b>0</b>	0
XI	Tax expense of Discontinued Operations		<b>0</b>	0
XII	Profit/(loss) from discontinued operations (after tax) (X-XI)		<b>0</b>	0
XIII	Profit/(loss) for the period (IX+XII)		<b>581117</b>	508650
XIV	<b>Other Comprehensive Income (OCI)</b>			
A	(i) Items that will not be reclassified to profit or loss	47	<b>13778</b>	19627
	(ii) Income tax benefit/(expense) on the items that will not be reclassified to Profit or Loss		<b>-3468</b>	-4940
B	(i) Items that will be reclassified to profit or loss	48	<b>-21</b>	0





# Standalone Statement of Profit and Loss

for the year ended 31<sup>st</sup> March 2023

(₹ in Lakhs)

S. No.	Particulars	Note No.	For the Year ended 31 <sup>st</sup> March 2023	For the Year ended 31 <sup>st</sup> March 2022
	(ii) Income tax benefit/(expense) on items that will be reclassified to Profit or Loss		5	0
	<b>Total Other Comprehensive Income (A + B)</b>		<b>10294</b>	14687
XV	<b>Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit (Loss) and Other Comprehensive Income for the period)</b>		<b>591411</b>	523337
XVI	Earnings per Equity Share (for Continuing Operations):	Clause 47 of Note 49		
	(1) Basic (₹)		<b>173.79</b>	152.11
	(2) Diluted (₹)		<b>173.79</b>	152.11
XVII	Earnings per Equity Share (for Discontinued Operations):			
	(1) Basic (₹)		<b>0</b>	0
	(2) Diluted (₹)		<b>0</b>	0
XVIII	Earnings per Equity Share (for Continuing & Discontinued Operations):			
	(1) Basic (₹)		<b>173.79</b>	152.11
	(2) Diluted (₹)		<b>173.79</b>	152.11

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 attached

For and on behalf of the Board of Directors

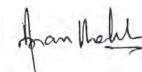
**For A JOHN MORIS & CO.**  
Chartered Accountants  
Firm Registration No: 0072205



**CA A.G. KRISHNAN**  
Partner  
Membership No: 021183  
Place: Bengaluru  
Date: 12.05.2023



**(EJIPURA PUTHRAPPA JAYADEVA)**  
Director (Operations)  
DIN: 06761333



**(C. B. ANANTHAKRISHNAN)**  
Director (Finance) & CFO  
Chairman & Managing Director  
(Additional Charge)  
DIN: 06761339



**(SHAILESH BANSAL)**  
Company Secretary  
FCS No.5064

# Standalone Statement of Changes in Equity for the year ended 31<sup>st</sup> March 2023

## A. Equity Share Capital

Particulars	Balance as at 1 April, 2022	Changes in Equity Share Capital due to prior period errors	Restated Balance as at 1 April, 2022	Changes in Equity Share Capital for the year ended 31 March, 2023	Balance as at 31 March, 2023
<b>Equity Share Capital</b>	33439	0	33439	0	<b>33439</b>

(₹ in Lakhs)

Particulars	Balance as at 1 April, 2021	Changes in Equity Share Capital due to prior period errors	Restated Balance as at 1 April, 2021	Changes in Equity Share Capital for the year ended 31 March, 2022	Balance as at 31 March, 2022
<b>Equity Share Capital</b>	33439	0	33439	0	<b>33439</b>

(₹ in Lakhs)

## B. Other Equity (Refer Note 23)

Particulars	Reserves and Surplus				Other Equity			Total Other Equity
	Research and Development Reserve	Capital Redemption Reserve	Indigenization Fund Reserve	General Reserve	Retained earnings	Remeasurements of net defined benefit liability/ asset	Exchange differences in translating the financial statements of a foreign operation	
<b>Balance as at 1 April, 2022</b>	161338	14761	0	1716846			16	1892961
Changes in Other Equity due to changes in accounting policy or prior period errors								0
<b>Restated Balance as at 1 April, 2022</b>	161338	14761	0	1716846	0	0	16	1892961
<b>Changes in Other Equity for the year ended 31 March, 2023</b>								
Profit for the year ended 31 March, 2023					581117			581117
Items that will be reclassified to profit or loss								-21
Income tax relating to items that will be reclassified to profit or loss								5
Items that will not be reclassified to profit or loss						13778		13778
Remeasurements of the net defined benefit liability/asset					10310			10310
Income tax relating to items that will not be reclassified to profit or loss						-3468		-3468
Transfer to Retained Earnings						-10310		-10310
<b>Total comprehensive income for the year ended 31 March, 2023</b>					591427	0	-16	591411
Current year transfer	53881		10776					64657
Transfer to General Reserve on utilization	-3963							-3963
Surplus Transferred from Statement of Profit and Loss				359576				359576
Transfer from Research & Development Reserve				3963				3963
Transfer to Research & Development Reserve					-53881			-53881
Transfer to Indigenization Reserve					-10776			-10776
Final Dividend for 2021-22					-33439			-33439
Interim Dividend					-133755			-133755
Transfer to General Reserves					-359576			-359576
<b>Balance as at 31 March, 2023</b>	211256	14761	10776	2080385	0	0	0	2317178

(₹ in Lakhs)





# Standalone Statement of Changes in Equity for the year ended 31<sup>st</sup> March 2023

## B. Other Equity (Refer Note 23)

Particulars	Reserves and Surplus				Other Equity			Total Other Equity
	Research and Development Reserve	Capital Redemption Reserve	Indigenization Fund Reserve	General Reserve	Retained earnings	Other Comprehensive Income		
						Remeasurements of net defined benefit liability/ asset	Exchange differences in translating the financial statements of a foreign operation	
<b>Balance as at 1 April, 2021</b>	133727	14761	0	1354875	0	0	16	1503379
Changes in Other Equity due to changes in accounting policy or prior period errors				0				0
<b>Restated Balance as at 1 April, 2021</b>	133727	14761	0	1354875	0	0	16	1503379
<b>Changes in Other Equity for the year ended 31 March, 2022</b>								
Profit for the year ended 31 March, 2022					508650			508650
Items that will not be reclassified to profit or loss						19627		19627
Remeasurements of the net defined benefit liability/asset					14687			14687
Income tax relating to items that will not be reclassified to profit or loss						-4940		-4940
Transfer to Retained Earnings						-14687		-14687
<b>Total comprehensive income for the year ended 31 March, 2022</b>					<b>523337</b>	<b>0</b>	<b>0</b>	<b>523337</b>
Current year transfer	31596							31596
Transfer to General Reserve on utilization	-3985							-3985
Surplus Transferred from Statement of Profit and Loss				357986				357986
Transfer from Research & Development Reserve				3985				3985
Transfer to Research & Development Reserve					-31596			-31596
Interim Dividend					-133755			-133755
Transfer to General Reserves					-357986			-357986
<b>Balance as at 31 March, 2022</b>	161338	14761	0	1716846	0	0	16	1892961

Significant Accounting Policies and accompanying Notes No. 1 to 49 form an integral part of the Financial Statements

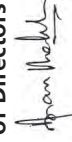
As per our Report of even date attached

For and on behalf of the Board of Directors



**(EJIPURA PUTHRAPPA JAYADEVA)**

Director (Operations)  
DIN: 06761333



**(C. B. ANANTHAKRISHNAN)**

Director (Finance) & CFO  
Chairman & Managing Director  
(Additional Charge)  
DIN: 06761339



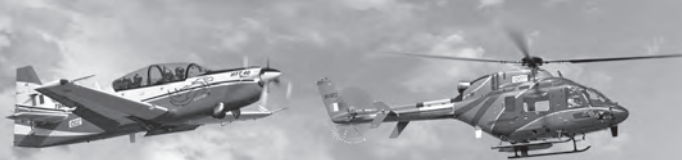
**(SHAILESH BANSAL)**

Company Secretary  
FCS No.5064



**CA A.G. KRISHNAN**

Partner  
Membership No: 021183  
Place: Bengaluru  
Date: 12.05.2023



# Standalone Statement of Cash Flows

for the year ended 31<sup>st</sup> March 2023

		(₹ in Lakhs)	
Sl. No.	Particulars	For the Year ended 31 <sup>st</sup> March 2023	For the Year ended 31 <sup>st</sup> March 2022
<b>A</b>	<b>Cash flow from Operating activities</b>		
	Profit After Tax	581117	508650
	<b>Adjustments to reconcile net profit to net cash provided by operating activities</b>		
	Income Tax expense	68177	14465
	(Gain)/Loss on sale of Property, Plant & Equipment	-318	-157
	Finance cost	2576	5580
	Interest Income	-149836	-68711
	Dividend Income	-240	-196
	Net (Gain)/Loss on Fair Value Adjustment	-291	313
	Other Adjustments	-21	
	Depreciation, amortization and impairment expense	238134	128630
	Provision for Impairment in Value of Investments	1491	557
	Provision for Doubtful Debts	10416	105568
	Provision for Doubtful Claims	2974	7120
	Provision for Replacement and Other charges	245052	78729
	Provision for Warranty	43901	51544
	Provision for Raw Materials and Components, Stores and Spare parts, Loose Tools and Equipment, Construction Materials, Work-in-progress and Inventory - Warranty	28140	56005
	Provision for Liquidated Damages	42290	74395
	<b>Operating Profit Before Working Capital Changes</b>	<b>1113562</b>	<b>962492</b>
	<b>Adjustments for:</b>		
	(Increase)/decrease in Trade Receivables	-174943	61135
	(Increase)/decrease in Loans, Financial Assets and Other Assets	-162647	-135390
	(Increase)/decrease in Inventories	192151	176493
	Increase/(decrease) in Trade Payables	57757	29904
	Increase/(decrease) in Financial Liabilities, Provisions and Other Liabilities	133240	26154
	<b>Cash generated from Operations</b>	<b>1159120</b>	<b>1120788</b>
	Income Taxes Paid	-275570	-102745
	<b>Net Cash (used in)/generated from Operating Activities (A)</b>	<b>883550</b>	<b>1018043</b>
<b>B</b>	<b>Cash flow from Investing activities</b>		
	Purchase of Property, Plant & Equipment	-78234	-79892
	Purchase of Intangible Assets	-99879	-70127
	Proceeds from sale of Property, Plant & Equipment	506	317
	Investment in Joint Ventures		-1000
	Investment in Subsidiary	-1500	
	Purchase of other non current Investments	-9116	-23476
	Investment in short term deposits	-459268	-1124962
	Interest Received	73817	20035
	Dividend Received from Joint Ventures	240	196
	<b>Net Cash (used in)/generated from Investing Activities (B)</b>	<b>-573434</b>	<b>-1278909</b>





# Standalone Statement of Cash Flows

for the year ended 31<sup>st</sup> March 2023

Sl. No.	Particulars	(₹ in Lakhs)	
		For the Year ended 31 <sup>st</sup> March 2023	For the Year ended 31 <sup>st</sup> March 2022
<b>C</b>	<b>Cash flow from Financing Activities</b>		
	Repayment of Borrowings-Current (Net)		-907
	Payment of Lease Liabilities	-368	-7
	Interest paid	-5568	-11699
	Dividend Paid	-167194	-133755
	<b>Net Cash (used in)/generated from Financing Activities (C)</b>	<b>-173130</b>	<b>-146368</b>
	<b>Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>136986</b>	<b>-407234</b>
	Add: Cash and Cash Equivalents at the beginning of the year (Refer Note 16)	306914	714148
	<b>Cash and Cash Equivalents at the end of the year (Refer Note 16)</b>	<b>443900</b>	<b>306914</b>

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. Previous year figures are rearranged or regrouped wherever necessary
4. Cash and Cash Equivalents are available fully for use
5. The Cash flow statement as above includes CSR Expenditure. Refer Clause 55J of Note 49

As per our Report of even date attached

## For and on behalf of the Board of Directors

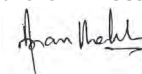
**For A JOHN MORIS & CO.**  
Chartered Accountants  
Firm Registration No: 007220S



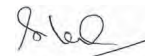
**CA A.G. KRISHNAN**  
Partner  
Membership No: 021183  
Place: Bengaluru  
Date: 12.05.2023



**(EJIPURA PUTHRAPPA JAYADEVA)**  
Director (Operations)  
DIN: 06761333



**(C. B. ANANTHAKRISHNAN)**  
Director (Finance) & CFO  
Chairman & Managing Director  
(Additional Charge)  
DIN: 06761339



**(SHAILESH BANSAL)**  
Company Secretary  
FCS No.5064



# Significant Accounting Policies for the financial year 2022-23

## CORPORATE INFORMATION:

Hindustan Aeronautics Limited (the Company) is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India with its registered office located at Bengaluru, Karnataka, India. The Company's shares are listed on Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The Company is a public sector enterprise and is under the administrative control of the Department of Defence Production, Ministry of Defence.

The Company is engaged in the design, development, manufacture, repair, overhaul, upgrade and servicing of a wide range of products including, aircraft, helicopters, aero-engines, avionics, accessories and aerospace structures.

### 1. BASIS OF ACCOUNTING:

The Financial Statements are prepared to comply in all material aspects with Indian Accounting Standards (Ind AS) as prescribed under Section 133 of Companies Act, 2013 read with relevant rules of the Companies (Indian Accounting Standards) Rules.

### 2. USES OF ESTIMATES:

- a) Preparation of financial statements in conformity with the recognition and the measurement principle of Ind AS requires the management of the Company to make estimates, judgments and assumptions that affects the reported balances of Assets and Liabilities, disclosure relating to contingent liabilities as on the date of the Financial Statements and the reported amount of revenues and expense for the reporting period.
- b) Estimates and the underlying assumption are reviewed on an ongoing basis. The revision to the accounting estimates, if material is recognized in the period in which the estimates are revised.
- c) Estimates and judgments made in applying accounting policies that have significant effect on the amounts recognized in the financial statements are as follows:

#### i. Employee Defined benefit plans

The liabilities and costs for defined benefit plans are determined using actuarial valuations. The actuarial valuation involves making assumptions. These assumptions include salary escalation rate, discount rates, expected rate of return on assets and mortality rates.

#### ii. Provisions and contingencies

Assessments undertaken in recognising provisions and contingencies have been made as per the best judgment of the management based on the current available information.

#### iii. Income Taxes

The Company's tax jurisdiction is India. Significant judgments are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

### 3. PROPERTY, PLANT AND EQUIPMENT(PPE):

- a) Property, Plant and Equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any.
- b) The cost includes purchase price, import duties and non-refundable purchase taxes after deducting trade discounts and rebates and any cost directly attributable including borrowing cost on qualifying assets to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.







# Significant Accounting Policies for the financial year 2022-23

- c) Subsequent expenditure relating to PPE including major inspection costs, spare parts, standby and servicing equipment are capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably.
- d) In accordance with Ind AS 101-First Time Adoption of Indian Accounting Standards, the Company had chosen to consider the carrying value for all its PPE as their deemed cost at the Opening Balance Sheet as at April 01, 2015.
- e) Depreciation is calculated on straight line basis over estimated useful life as prescribed in Schedule II of the Companies Act 2013. Where the useful life of the asset is not as per Schedule II of the Companies Act 2013, the same is disclosed under Notes to Accounts.
- f) PPE individually costing ₹ 50,000 and below are fully depreciated in the year of purchase.
- g) Where part of an item of PPE with a cost significant in relation to the total cost of the item and have different useful lives, they are treated as separate components and depreciated over their estimated useful life.
- h) Certain items like Special Tools are amortized over the number of units of production expected to be obtained from the asset based on technical assessment and management estimates depending on the nature and usage of the respective assets.
- i) CSR Assets are fully depreciated in the year of capitalization.
- j) The cost and the related accumulated depreciation are eliminated from the Financial Statements upon sale or de-recognition or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss of the relevant period.
- k) The estimated useful lives, residual values and depreciation / amortisation method are reviewed at the end of each reporting period with the effect of changes in estimates accounted for on a prospective basis.

## 3.1: CAPITAL ADVANCES AND CAPITAL WORK IN PROGRESS (CWIP)

- a) Advances given towards acquisition of PPE outstanding at each Balance Sheet date are disclosed as other Non-current assets.
- b) Cost of Assets not ready for its intended use as on the Balance Sheet date is shown as CWIP. Such properties are classified to the appropriate categories of PPE when completed and ready for its intended use.
- c) Depreciation on such assets commence when the assets are ready for their intended use.

## 4. INVESTMENT PROPERTY

- a) A property is considered as investment property only if the same is held for earning rentals and /or for capital appreciation or both. Properties held by the Company (directly or indirectly) which are used in the production of supply of goods or services for administrative purposes are not considered as Investment Property.
- b) Investment Properties are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. In accordance with Ind AS 101, First Time Adoption of Indian Accounting Standards, the Company has chosen to consider the carrying value for all its Investment Property recognized in its Indian GAAP financial statement as their deemed cost as at the transition date viz, April 01, 2015.
- c) Depreciation is calculated on straight line basis over estimated useful life as prescribed in Schedule II of the Companies Act 2013. Where the useful life of the asset is not as per Schedule II of the Companies Act 2013, the same is disclosed under Notes to Accounts.



# Significant Accounting Policies for the financial year 2022-23

## 5. INTANGIBLE ASSETS

- a) Intangible Assets controlled and from which future economic benefits are expected to flow and having useful life are recognized at cost less any accumulated amortization and accumulated impairment losses, if any.
- b) Development Costs having useful life and which will generate probable future economic benefits are recognized as an intangible asset and amortised over production based on technical estimate and to the extent not amortized are carried forward.
- c) Expenditure on license fees, documentation charges etc, based on the definition criteria of intangible assets in terms of reliability of measurement of cost and future economic benefits from the assets, are amortised over production based on technical estimates, and to the extent not amortised, are carried forward.
- d) The cost of software internally generated / acquired for internal use which is not an integral part of the related hardware, is recognized as an intangible asset and is amortised over three years, on straight line method. Amortisation commences when the asset is available for use.
- e) Expenditure on Research is recognized as expenditure in the period in which it is incurred.
- f) Wherever it is not possible to assess the useful life of an intangible asset (whether or not significant) the same is not amortised. Impairment on such intangible assets are reviewed annually and when there is an indication of impairment, the asset is impaired.

## 6. LEASE ACCOUNTING

**6.1.** The Company recognizes, at inception of a contract a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### 6.2. The Company as a lessee

- a) At the date of commencement of the lease, the Company recognizes a right-of-use ("ROU") asset representing its right to use the underlying asset for the lease term and a lease liability for all lease arrangements in which it is a lessee except for leases with a term of 12 months or less (short term leases) and leases for which the underlying assets is of low value. For such short term and assets of low value leases, the Company recognizes the lease payment as an expense on a straight line basis over the term of the lease.
- b) At commencement date the ROU asset is measured at cost. The cost of the ROU asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred. The ROU assets are subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any.
- c) The ROU assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of ROU asset. The estimated useful lives of ROU assets are determined on the same basis as those of PPE. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognized in the statement of profit and loss.
- d) At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the Company's incremental borrowing rate.
- e) Lease liability and ROU asset are separately presented in the Balance Sheet and lease payments are classified as financing cash flows. Short term lease payments and payments for leases of low value assets are classified as operating cash flows.





# Significant Accounting Policies for the financial year 2022-23

## 6.3. Company as a lessor

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease.

### 6.3.1 Finance Lease:

- a) A lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the Lessee is classified as a finance lease. Title may or may not eventually be transferred.
- b) At commencement date, an amount equal to the net investment in the lease is presented as receivable. The interest rate implicit in the lease is used to measure the value of net investment in the lease.
- c) The finance income is recognized over the lease term in the statement of profit and loss account so as to reflect a constant periodic rate of return on the net investment in the lease.
- d) The de-recognition and impairment requirement of the underlying asset is tested as per Ind AS 109- Financial instruments.
- e) Any modifications in the lease are accounted as a separate lease when the recognition criteria specified in paragraph 79 of the standard are met.

### 6.3.2 Operating Lease:

- a) Lease other than finance leases are operating leases.
- b) The lease payment from operating leases are recognized as income on either a straight-line basis or another systematic basis, if required.
- c) The expenses including depreciation cost associated with earning of the lease income is recognized as an expense.
- d) Depreciation on underlying assets subject to operating leases are calculated on straight line basis over estimated useful life as prescribed in Schedule II of the Companies Act, 2013.
- e) Any modifications in the lease are accounted as a separate lease if the recognition criteria specified in the standard is met.

## 6.4. Transition to Ind AS 116

- a) Effective April 1, 2019, the Company has applied Ind AS 116 on Lease Accounting. Ind AS 116 replaces Ind AS 17. The Company has adopted Ind AS 116 using the cumulative effect method. The effect of initially applying this standard is recognized at the date of initial application (i.e. April 1, 2019) and the comparative information continues to be reported under Ind AS 17.
- b) The Company has chosen the practical expedient provided by the standard to apply Ind AS 116 only to contracts that were previously identified as leases under Ind AS 17 and therefore has not reassessed whether a contract is or contains a lease at the date of initial application.

## 7. NON CURRENT INVESTMENTS

- a) In accordance with Ind AS 101, First time adoption of Indian Accounting Standards, the Company has chosen to consider the carrying amount of investment as their deemed cost as at the Opening Balance Sheet as at 01<sup>st</sup> April, 2015.
- b) Investments are carried individually at cost less accumulated impairment in the value of such Investments.
- c) Cost of Investment includes acquisition charges such as brokerage, fees and duties.



# Significant Accounting Policies for the financial year 2022-23

- d) The Company reviews the book value of the investment on a quarterly basis and provides for diminution in the value of the investment based on the net worth of the investee company.
- e) Impairment in the value of investment is made only if in the opinion of management when there is a permanent fall in value of investment.

## 8. IMPAIRMENT OF ASSETS

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

## 9. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Company recognizes all Financial Assets other than non-current investments and Financial Liabilities at Fair Value on inception and subsequent measurements are done at amortised cost.

## 10. DEFERRED DEBTS

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

## 11. TRADE AND OTHER PAYABLES

Liabilities are recognized for the amounts to be paid for the goods / services received whether billed by the supplier or not.

## 12. INVENTORIES

- a) Inventories are valued at lower of Cost and Net Realisable Value.
- b) The cost of raw material excluding Goods-in-Transit, components and stores are assigned by using the weighted average cost formula. Goods-in-Transit are valued at cost-to-date. In the case of Finished Goods, Stock-in-Trade and Work-In-Progress, cost includes costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost includes Taxes and duties (other than Taxes and duties for which input credit is available).
- c) Provision for redundancy is assessed on ageing at a suitable percentage / level of the value of closing inventory of raw material and components, stores and spare parts and construction material. Besides, wherever necessary, adequate provision is made for the redundancy of such materials in respect of completed / specific projects and other surplus / redundant material pending transfer to salvage stores.
- d) Saleable / Disposable scrap is valued at Net Realisable Value.
- e) Stores declared surplus / unserviceable / redundant are charged to revenue in the year of such identification.
- f) Consumables issued from stores and lying unused at the end of the year are not reckoned as inventory.

## 13. REVENUE RECOGNITION

### 13.1. Manufacturing of Aircraft/ Helicopter/Spares/Repair Contracts

- a) Revenue on Sale of Goods and Services is recognized at a point in time when the Company satisfies the performance obligation on transfer of control of the products to the Customer in an amount that reflects the consideration the Company expects to receive in exchange for those products pursuant to the Contract with customer. Revenue from service Warranty is recognized on straight line basis over the period of Warranty.







# Significant Accounting Policies for the financial year 2022-23

## 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.

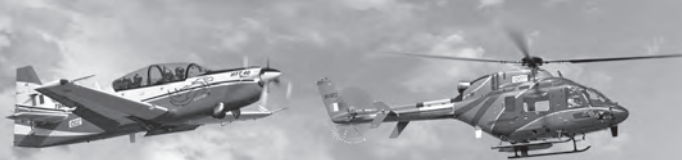
## 13.4. Contract Modification

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.



# Significant Accounting Policies for the financial year 2022-23

## 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 2022-23

- 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

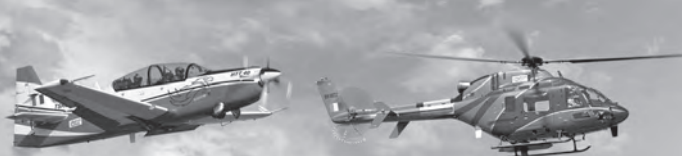
A provision for onerous contract is recognized when the expected benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated 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.

## 21. EVENTS AFTER THE REPORTING PERIOD

Adjusting events are events that provide further evidence of conditions that existed at the end of the reporting period. The financial statements are adjusted for such events before authorisation for issue.

Non-adjusting events are events that are indicative of conditions that arose after the end of the reporting period. Non-adjusting events after the reporting date are not accounted.

22. The functional currency of the Company is Indian Rupee.

**(EJPURA PUTHRAPPA JAYADEVA)**

Director (Operations)

DIN: 06761333

**(C. B. ANANTHAKRISHNAN)**

Director (Finance) & CFO

Chairman & Managing Director (Additional Charge)

DIN: 06761339

**(SHAILESH BANSAL)**

Company Secretary

FCS No.5064

Place : Bengaluru

Date : 12.05.2023







# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 1 - Property, Plant and Equipment

### Note 1A - Gross Block - Property, Plant and Equipment

The changes in the carrying value of property, plant and equipment for the year ended 31<sup>st</sup> March 2023 are as follows:

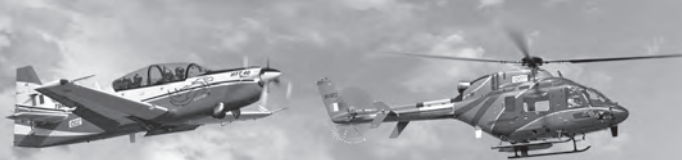
(₹ in Lakhs)

Particulars	Gross block As at 1 <sup>st</sup> April 2022	Additions	Reclassification /Adjustment	Disposals	Gross Block As at 31 <sup>st</sup> March 2023
<b>Own Assets:</b>					
Land -					
- Leasehold	1	0	-1	0	0
- Freehold	1947	0	1	0	1948
Buildings	126230	38234	0	0	164464
Plant and Equipment	236102	13997	117	954	249262
Furniture and Fixtures	8949	1410	3	135	10227
Vehicles	9069	656	0	200	9525
Office Equipment	14796	2852	-1	253	17394
<b>Others</b>					
Assets used for CSR Activities	4525	0	0	0	4525
Roads and Drains	5909	151	0	0	6060
Water Supply	4909	2347	-119	0	7137
Rail Road Sidings	0	0	0	0	0
Runways	1776	0	0	0	1776
Aircraft/Helicopters	32352	6361	0	0	38713
<b>Sub Total</b>	<b>446565</b>	<b>66008</b>	<b>0</b>	<b>1542</b>	<b>511031</b>
Special Tools	606188	51414	0	0	657602
<b>Total Own Assets</b>	<b>1052753</b>	<b>117422</b>	<b>0</b>	<b>1542</b>	<b>1168633</b>
<b>Right -of -Use Asset:</b>				0	
Land	822	0	0	0	822
Buildings	8108	366	0	0	8474
<b>Total Right -of -Use Asset</b>	<b>8930</b>	<b>366</b>	<b>0</b>	<b>0</b>	<b>9296</b>
<b>Total</b>	<b>1061683</b>	<b>117788</b>	<b>0</b>	<b>1542</b>	<b>1177929</b>

(i) The amount of contractual commitments for the acquisition of Property, Plant and Equipment is disclosed under Clause 3 of Note 49

(ii) There is no charge or lien on Property, Plant and Equipment

(iii) Refer Clause 14 to 14.10 of Note 49



# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 1B - Accumulated Depreciation - Property, Plant and Equipment

(₹ in Lakhs)

Particulars	Provision As at 1 <sup>st</sup> April 2022	Additions	Reclassification /Adjustment	Disposals	Provisions As at 31 <sup>st</sup> March 2023
<b>Own Assets:</b>					
Land -					
- Leasehold					
- Freehold					
Buildings	26206	4498			<b>30704</b>
Plant and Equipment	124671	18268	-1	915	<b>142023</b>
Furniture and Fixtures	7684	1150	2	102	<b>8734</b>
Vehicles	5013	1004	0	103	<b>5914</b>
Office Equipment	11807	1457	-1	234	<b>13029</b>
<b>Others</b>					
Assets used for CSR Activities	4525			0	<b>4525</b>
Roads and Drains	4309	420		0	<b>4729</b>
Water Supply	2318	474		0	<b>2792</b>
Rail Road Sidings				0	<b>0</b>
Runways	1327	83		0	<b>1410</b>
Aircraft/Helicopters	13787	3147		0	<b>16934</b>
<b>Subtotal</b>	<b>201647</b>	<b>30501</b>		<b>1354</b>	<b>230794</b>
Special Tools	267653	49339		0	<b>316992</b>
<b>Total Own Assets</b>	<b>469300</b>	<b>79840</b>		<b>1354</b>	<b>547786</b>
<b>Right-of-Use Asset:</b>					
Land	81	14		0	<b>95</b>
Buildings	317	272		0	<b>589</b>
<b>Total Right -of -Use Asset</b>	<b>398</b>	<b>286</b>		<b>0</b>	<b>684</b>
<b>Total</b>	<b>469698</b>	<b>80126</b>		<b>1354</b>	<b>548470</b>
Above Includes:					<b>As at 31<sup>st</sup> March 2023</b>
Gross Value of Assets with M/s. Midhani					<b>1195</b>
Cumulative Depreciation in respect of Assets with M/s. Midhani					<b>1195</b>
					<b>0</b>
					<b>As at 31<sup>st</sup> March 2023</b>
Gross Value of Assets retired from Active Use					<b>527</b>
Less : Cumulative Depreciated Value of Assets retired from Active Use.					<b>527</b>
WDV of Assets Retired from Active Use.					<b>0</b>





# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note -1C - Impairment Loss -Property, Plant and Equipment

(₹ in Lakhs)

Particulars	Impairment Loss As at 1 <sup>st</sup> April 2022	Additions	Reclassification /Adjustment	Disposals	Impairment Loss As at 31 <sup>st</sup> March 2023	Net Block As at 31 <sup>st</sup> March 2023	Net Block As at 31 <sup>st</sup> March 2022
<b>Own Assets:</b>							
Land -							
- Leasehold						0	1
- Freehold						1948	1947
Buildings						133760	100024
Plant and Equipment						107239	111431
Furniture and Fixtures						1493	1265
Vehicles						3611	4056
Office Equipment						4365	2989
<b>Others</b>							
Assets used for CSR Activities						0	0
Roads and Drains						1331	1600
Water Supply						4345	2591
Rail Road Sidings						0	0
Runways						366	449
Aircraft/Helicopters						21779	18565
<b>Subtotal</b>						<b>280237</b>	<b>244918</b>
Special Tools		50303			50303	290307	338535
<b>Total Own Assets</b>		<b>50303</b>			<b>50303</b>	<b>570544</b>	<b>583453</b>
<b>Right-of-Use Asset:</b>							
Land						727	741
Buildings						7885	7791
<b>Total Right -of -Use Asset</b>						<b>8612</b>	<b>8532</b>
<b>Total</b>		<b>50303</b>			<b>50303</b>	<b>579156</b>	<b>591985</b>



# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 1 - Property, Plant and Equipment

### Note 1A - Gross Block - Property, Plant and Equipment

The changes in the carrying value of property, plant and equipment for year ended 31<sup>st</sup> March 2022 are as follows:

(₹ in Lakhs)

Particulars	Gross block As at 1 <sup>st</sup> April 2021	Additions	Reclassification / Adjustment	Disposals	Gross Block As at 31 <sup>st</sup> March 2022
<b>Own Assets</b>					
Land					
- Leasehold	1				1
- Freehold	1947				1947
Buildings	125044	1662	-444	32	126230
Plant and Equipment	227224	9643	-50	715	236102
Furniture and Fixtures	8507	634	0	192	8949
Vehicles	8843	387	0	161	9069
Office Equipment	13325	1528	19	76	14796
<b>Others</b>			0	0	
Assets used for CSR Activities	4525	0	0	0	4525
Roads and Drains	5814	95		0	5909
Water Supply	3863	1046	0	0	4909
Rail Road Sidings		0	0	0	0
Runways	1776	0	0	0	1776
Aircraft/Helicopters	32352	0	0		32352
<b>Sub Total</b>	<b>433221</b>	<b>14995</b>	<b>-475</b>	<b>1176</b>	<b>446565</b>
Special Tools	577933	28255	0	0	606188
<b>Total Own Assets</b>	<b>1011154</b>	<b>43250</b>	<b>-475</b>	<b>1176</b>	<b>1052753</b>
<b>Right -of -Use Asset:</b>					
Land	1267	0	-445	0	822
Buildings	8108	0	0	0	8108
<b>Total Right-of-Use Asset</b>	<b>9375</b>	<b>0</b>	<b>-445</b>	<b>0</b>	<b>8930</b>
<b>Total</b>	<b>1020529</b>	<b>43250</b>	<b>-920</b>	<b>1176</b>	<b>1061683</b>

(i) The amount of contractual commitments for the acquisition of Property, Plant and Equipment is disclosed under Clause 3 of Note 49

(ii) There is no charge or lien on Property, Plant and Equipment

(iii) Refer Clause 14 to 14.10 of Note 49







# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note -1B-Accumulated Depreciation- Property, Plant and Equipment

(₹ in Lakhs)

Particulars	Provision As at 1 <sup>st</sup> April 2021	Additions	Reclassification /Adjustment	Disposals	Provisions As at 31 <sup>st</sup> March 2022	Net Block As at 31 <sup>st</sup> March 2022	Net Block As at 31 <sup>st</sup> March 2021
<b>Own Assets:</b>							
Land -							
- Leasehold	0	0	0	0	0	1	1
- Freehold	0	0	0	0	0	1947	1947
Buildings	22233	4131	-126	32	26206	100024	102811
Plant and Equipment	106928	18423	-28	652	124671	111431	120296
Furniture and Fixtures	7082	772	0	170	7684	1265	1425
Vehicles	4093	1021	0	101	5013	4056	4750
Office Equipment	10624	1168	76	61	11807	2989	2701
<b>Others</b>							
Assets used for CSR Activities	4525	0	0	0	4525	0	0
Roads and Drains	3830	479	0	0	4309	1600	1984
Water Supply	1930	388	0	0	2318	2591	1933
Rail Road Sidings	0	0	0	0	0	0	0
Runways	1244	83	0	0	1327	449	532
Aircraft/Helicopters	10923	2864	0	0	13787	18565	21429
<b>Subtotal</b>	<b>173412</b>	<b>29329</b>	<b>-78</b>	<b>1016</b>	<b>201647</b>	<b>244918</b>	<b>259809</b>
Special Tools	225594	42059	0	0	267653	338535	352339
<b>Total Own Assets</b>	<b>399006</b>	<b>71388</b>	<b>-78</b>	<b>1016</b>	<b>469300</b>	<b>583453</b>	<b>612148</b>
<b>Right-of-Use Asset:</b>							
Land	91	21	-31	0	81	741	1176
Buildings	47	270	0	0	317	7791	8061
<b>Total Right -of -Use Asset</b>	<b>138</b>	<b>291</b>	<b>-31</b>	<b>0</b>	<b>398</b>	<b>8532</b>	<b>9237</b>
<b>Total</b>	<b>399144</b>	<b>71679</b>	<b>-109</b>	<b>1016</b>	<b>469698</b>	<b>591985</b>	<b>621385</b>

Above Includes:

As at 31<sup>st</sup> March 2022

Gross Value of Assets with M/s. Midhani 1195

Cumulative Depreciation in respect of Assets with M/s. Midhani 1195

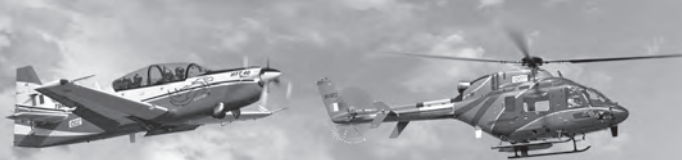
0

As at 31<sup>st</sup> March 2022

Gross Value of Assets retired from Active Use 1264

Less : Cumulative Depreciated Value of Assets retired from Active Use. 1261

WDV of Assets Retired from Active Use. 3



# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 2 - Capital Work in Progress

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Buildings	34508	52777
Plant and Equipment	21971	19470
Furniture and Fixtures	0	0
Office Equipment	150	150
Water Supply	100	64
Roads and Drains	5	0
Plant and Equipment under Inspection and in Transit	3301	1624
Special Tools	3546	20716
<b>TOTAL</b>	<b>63581</b>	<b>94801</b>

- i) Refer Clause 9D, 9E & 9F of Note 49 for further disclosures on capital work-in-progress
- (ii) The amount of contractual commitments for the acquisition of Property, Plant and Equipment is disclosed under Clause 3 of Note 49

## Note 3 - Investment Property

The changes in the carrying value of investment property for the year ended 31<sup>st</sup> March 2023 are as follows:

### Note 3A - Gross Block - Investment Property

(₹ in Lakhs)

Particulars	Gross block as at 1 <sup>st</sup> April 2022	Additions	Reclassification /Adjustment	Disposals	Gross Block As at 31 <sup>st</sup> March 2023
Buildings	4	-	-	-	4
<b>Total</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4</b>

Refer Clause 14.12 of Note 49

### Note 3B - Accumulated Depreciation - Investment Property

(₹ in Lakhs)

Particulars	Provision As at 1 <sup>st</sup> April 2022	Additions	Reclassi- fication / Adjustment	Disposals	Provisions As at 31 <sup>st</sup> March 2023	Net Block As at 31 <sup>st</sup> March 2023	Net Block As at 31 <sup>st</sup> March 2022
Buildings	1	-	-	-	1	3	3
<b>Total</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>3</b>	<b>3</b>





# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 3 - Investment Property

The changes in the carrying value of investment property for year ended 31<sup>st</sup> March 2022 are as follows:

### Note 3A - Gross Block - Investment Property

(₹ in Lakhs)

Particulars	Gross block As at 1 <sup>st</sup> April 2021	Additions	Reclassification /Adjustment	Disposals	Gross Block As at 31 <sup>st</sup> March 2022
Buildings	4	-	-	-	4
<b>Total</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4</b>

Refer Clause 14.12 of Note 49

### Note 3B - Accumulated Depreciation - Investment Property

(₹ in Lakhs)

Particulars	Provision As at 1 <sup>st</sup> April 2021	Additions	Reclassi- fication / Adjustment	Disposals	Provisions As at 31 <sup>st</sup> March 2022	Net Block As at 31 <sup>st</sup> March 2022	Net Block As at 31 <sup>st</sup> March 2021
Buildings	1	-	-	-	1	3	3
<b>Total</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>3</b>	<b>3</b>

## Note 5 - Other Intangible assets

The changes in the carrying value of other intangible assets for the year ended 31<sup>st</sup> March 2023 are as follows:

### Note 5A - Gross Block - Other Intangible Assets

(₹ in Lakhs)

Particulars	As at 1 <sup>st</sup> April 2022	Additions	Adjustment*	As at 31 <sup>st</sup> March 2023
Licence Fees	143113	235	0	<b>143348</b>
Computer Software	7875	1158	0	<b>9033</b>
Documentation	37768	31135	0	<b>68903</b>
Development Expenditure	148780	35591	1011	<b>185382</b>
<b>Total</b>	<b>337536</b>	<b>68119</b>	<b>1011</b>	<b>406666</b>

\*The Intangible assets under development has been completed and transferred to other intangible assets (Refer Note 6A)

### Note 5B - Accumulated Amortization - Other Intangible assets

(₹ in Lakhs)

Particulars	As at 1 <sup>st</sup> April 2022	Amortisation	Adjustment	As at 31 <sup>st</sup> March 2023
Licence Fees	74739	1197	0	<b>75936</b>
Computer Software	6787	730	3	<b>7520</b>
Documentation	22511	2447	-3	<b>24955</b>
Development Expenditure	96666	35373	0	<b>132039</b>
<b>Total</b>	<b>200703</b>	<b>39747</b>	<b>0</b>	<b>240450</b>



# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 5C - Impairment Loss - Other Intangible assets

(₹ in Lakhs)

Particulars	As at 1 <sup>st</sup> April 2022	Impairment Loss	Adjustment	As at 31 <sup>st</sup> March 2023
Licence Fees	12781	5703	0	<b>18484</b>
Computer Software	0	0	0	<b>0</b>
Documentation	0	1081	0	<b>1081</b>
Development Expenditure	40226	2049	802	<b>43077</b>
<b>Total</b>	<b>53007</b>	<b>8833</b>	<b>802</b>	<b>62642</b>

## Note 5 - Other Intangible assets

The changes in the carrying value of other intangible assets for the year ended 31<sup>st</sup> March 2022 are as follows:

## Note 5A - Gross Block - Other Intangible Assets

(₹ in Lakhs)

Particulars	As at 1 <sup>st</sup> April 2021	Additions	Adjustment*	As at 31 <sup>st</sup> March 2022
Licence Fees	136659	6454	0	143113
Computer Software	7191	684	0	7875
Documentation	37768	0	0	37768
Development Expenditure	114010	34770	0	148780
<b>Total</b>	<b>295628</b>	<b>41908</b>	<b>0</b>	<b>337536</b>

\*The Intangible assets under development has been completed and transferred to other intangible assets (Refer Note 6A)

## Note 5B - Accumulated Amortization - Other Intangible assets

(₹ in Lakhs)

Particulars	As at 1 <sup>st</sup> April 2021	Amortisation	Adjustment	As at 31 <sup>st</sup> March 2022
Licence Fees	73265	1474	0	74739
Computer Software	6174	613	0	6787
Documentation	18984	3527	0	22511
Development Expenditure	62972	33694	0	96666
<b>Total</b>	<b>161395</b>	<b>39308</b>	<b>0</b>	<b>200703</b>

## Note 5C - Impairment Loss - Other Intangible assets

(₹ in Lakhs)

Particulars	As at 1 <sup>st</sup> April 2021	Impairment Loss	Adjustment	As at 31 <sup>st</sup> March 2022
Licence Fees	0	12781	0	12781
Computer Software	0	0	0	0
Documentation	0	0	0	0
Development Expenditure	39826	400	0	40226
<b>Total</b>	<b>39826</b>	<b>13181</b>	<b>0</b>	<b>53007</b>







# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 6 - Intangible Assets under Development

The changes in the carrying value of intangible assets under development for the year ended 31<sup>st</sup> March 2023 are as follows:

### Note 6A - Gross Carrying cost - Intangible assets under Development

(₹ in Lakhs)

Particulars	As at 1 <sup>st</sup> April 2022	Additions	Adjustment*	As at 31 <sup>st</sup> March 2023
Development Expenditure	157859	31760	-1011	<b>188608</b>
<b>Total</b>	<b>157859</b>	<b>31760</b>	<b>-1011</b>	<b>188608</b>

- \* (i) The Intangible assets under development has been completed and transferred to other intangible assets (Refer Note 5A)
- (ii) The amount of contractual commitments for the acquisition of intangible assets is disclosed under Clause 3 of Note 49.
- (iii) Refer Clause 9G & 9H of Note 49 for further disclosures on Intangible assets under development.

### Note 6B - Accumulated Amortization - Intangible assets under Development

(₹ in Lakhs)

Particulars	As at 1 <sup>st</sup> April 2022	Amortisation	Adjustment	As at 31 <sup>st</sup> March 2023
Development Expenditure	-	58518	-	<b>58518</b>
<b>Total</b>	<b>-</b>	<b>58518</b>	<b>-</b>	<b>58518</b>

### Note 6C - Impairment Loss - Intangible assets under Development

(₹ in Lakhs)

Particulars	As at 1 <sup>st</sup> April 2022	Impairment Loss	Adjustment	As at 31 <sup>st</sup> March 2023
Development Expenditure	5475	607	-802	<b>5280</b>
<b>Total</b>	<b>5475</b>	<b>607</b>	<b>-802</b>	<b>5280</b>

## Note 6 - Intangible Assets under Development

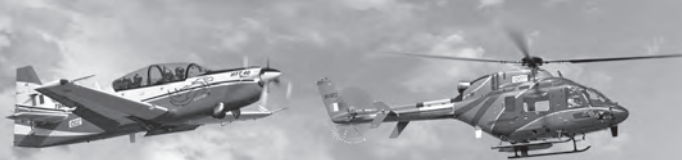
The changes in the carrying value of intangible assets under development for year ended 31<sup>st</sup> March 2022 are as follows:

### Note 6A - Gross Carrying cost - Intangible assets under Development

(₹ in Lakhs)

Particulars	As at 1 <sup>st</sup> April 2021	Additions	Adjustment*	As at 31 <sup>st</sup> March 2022
Development Expenditure	129640	28219		157859
<b>Total</b>	<b>129640</b>	<b>28219</b>		<b>157859</b>

- \* (i) The Intangible assets under development has been completed and transferred to other intangible assets (Refer Note 5A)
- (ii) The amount of contractual commitments for the acquisition of intangible assets is disclosed under Clause 3 of Note 49.
- (iii) Refer Clause 9G & 9H of Note 49 for further disclosures on Intangible assets under development.



# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 6B - Accumulated Amortization - Intangible assets under Development

(₹ in Lakhs)

Particulars	As at 1 <sup>st</sup> April 2021	Amortisation	Adjustment	As at 31 <sup>st</sup> March 2022
Development Expenditure	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Note 6C - Impairment Loss - Intangible assets under Development

(₹ in Lakhs)

Particulars	As at 1 <sup>st</sup> April 2021	Impairment Loss	Adjustment	As at 31 <sup>st</sup> March 2022
Development Expenditure	1013	4462	0	5475
<b>Total</b>	<b>1013</b>	<b>4462</b>	<b>0</b>	<b>5475</b>

## Note 7- Financial Asset - Investments - Subsidiaries & Joint Ventures at Cost less Provision

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>INVESTMENTS AT COST LESS PROVISION (UN-QUOTED)</b>		
<b>Investment in Equity Instruments</b>		
<b>1. Investment in Subsidiaries</b>		
Naini Aerospace Limited - 6,50,00,000 (5,00,00,000PY) Shares of ₹10 FV each fully paid	<b>6500</b>	5000
Less Provision for Impairment in value of Investment	<b>6486</b>	5000
<b>Net - Naini Aerospace Limited</b>	<b>14</b>	0
Indo Russian Helicopters Limited (IRHL) 5,05,000 ( 5,05,000 PY) Shares of ₹100 FV each fully paid	<b>505</b>	505
Less Provision for Impairment in value of Investment	<b>124</b>	122
<b>Net -Indo Russian Helicopters Limited (IRHL)</b>	<b>381</b>	383
<b>Total In Equity of Subsidiaries (1)</b>	<b>395</b>	383
<b>2. Investment in Joint Ventures</b>		
BAe-HAL Software Ltd-29,40,000 (29,40,000-P.Y) shares of ₹10 FV each fully paid	<b>294</b>	294
Less Provision for Impairment in value of Investment	<b>61</b>	61
<b>Net -BAe-HAL Software Ltd</b>	<b>233</b>	233
Safran HAL Aircraft Engines Private Ltd - 11,40,000 (11,40,000-P.Y) Shares of ₹ 100 F.V. each fully paid	<b>1140</b>	1140
Less Provision for Impairment in value of Investment	<b>0</b>	0
<b>Net - Safran HAL Aircraft Engines Private Ltd</b>	<b>1140</b>	1140
Indo Russian Aviation Ltd - 9,36,525 (9,36,525-P.Y) shares of ₹ 10 FV each fully paid	<b>94</b>	94
Less Provision for Impairment in value of Investment	<b>0</b>	0





# Notes to the Standalone Financial Statements for the year ended March 31, 2023

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Net - Indo Russian Aviation Ltd.</b>	<b>94</b>	94
HALBIT Avionics Pvt Ltd -3,82,500(3,82,500-P.Y) Shares of ₹ 100 FV each fully paid	<b>383</b>	383
Less Provision for Impairment in value of Investment	<b>383</b>	383
<b>Net - HALBIT Avionics Pvt. Ltd.</b>	<b>0</b>	0
HAL Edgewood Technologies Pvt Ltd 3,00,000(3,00,000-P.Y) Shares of ₹ 100 FV each fully paid	<b>300</b>	300
Less Provision for Impairment in value of Investment	<b>300</b>	300
<b>Net- HAL Edgewood Technologies Pvt. Ltd.</b>	<b>0</b>	0
SAMTEL HAL Display Systems Ltd-1,60,000 (1,60,000-P.Y) Shares of ₹ 100 FV each fully paid	<b>160</b>	160
Less Provision for Impairment in value of Investment	<b>160</b>	160
<b>Net - SAMTEL HAL Display Systems Ltd</b>	<b>0</b>	0
INFOTECH HAL Ltd - 20,00,000 (20,00,000-P.Y) Shares of ₹ 10 FV each fully paid	<b>200</b>	200
Less Provision for Impairment in value of Investment	<b>200</b>	200
<b>Net- INFOTECH HAL Ltd.</b>	<b>0</b>	0
HATSOFF Helicopter Training Pvt Ltd -3,84,04,205 (3,84,04,205 P.Y) Shares of ₹ 10 FV each fully paid	<b>3840</b>	3840
Less Provision for Impairment in value of Investment	<b>3840</b>	3840
<b>Net- HATSOFF Helicopter Training Pvt. Ltd.</b>	<b>0</b>	0
TATA HAL Technologies Ltd -Nil (50,70,000 P.Y.) Shares of ₹ 10 each fully paid	<b>0</b>	507
Less Provision for Impairment in value of Investment	<b>0</b>	507
<b>Net- TATA HAL Technologies Ltd.</b>	<b>0</b>	0
International Aerospace Manufacturing Pvt Ltd - 42,50,000 (42,50,000 - P.Y) Shares of ₹ 100 FV each fully paid	<b>4250</b>	4250
Less Provision for Impairment in value of Investment	<b>855</b>	855
<b>Net- International Aerospace Manufacturing Pvt Ltd</b>	<b>3395</b>	3395
Multirole Transport Aircraft Ltd. - 113,46,564 (113,46,564 P.Y.) Shares of ₹ 100 FV each fully paid	<b>11347</b>	11347
Less Provision for Impairment in value of Investment	<b>6678</b>	6678
<b>Net- Multirole Transport Aircraft Ltd.</b>	<b>4669</b>	4669
Helicopter Engines MRO Pvt Ltd - 15,09,986 ( 15,09,986 P.Y.) Shares of ₹ 100 FV each fully paid	<b>1510</b>	1510
Less Provision for Impairment in value of Investment	<b>415</b>	412
<b>Net- Helicopter Engines MRO Pvt Ltd</b>	<b>1095</b>	1098
<b>Total In Equity of Joint Ventures (2)</b>	<b>10626</b>	10629
<b>TOTAL (1+2)</b>	<b>11021</b>	11012
Disclosure		
(i) Aggregate amount of Quoted Investment and Market Value.	<b>0</b>	0
(ii) Aggregate amount of Unquoted Investments. (net)	<b>11021</b>	11012
(iii) Aggregate amount of impairment in value of investments	<b>19502</b>	18518
(iv) Refer Clause 45B & 45E of Note 49 for further details on Investment in Joint Ventures		



# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 7A - Financial Asset - Investments at Cost

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>A. Investments in Structured Entities (UNQUOTED)</b>		
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
<b>Total In Equity of Others (A)</b>	<b>14</b>	14
<b>B. Other Investments (UNQUOTED)</b>		
LIC of India (For Funding Vacation Leave)	127504	118388
<b>Total In Other Investments (B)</b>	<b>127504</b>	118388
<b>TOTAL (A+B)</b>	<b>127518</b>	118402
* Total ₹ 2500 (P.Y ₹ 2500) (absolute figure) are held by Kanpur division which is rounded off.		
** Total Rs.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)	127518	118402
(iii) Aggregate amount of impairment in value of investments	Nil	Nil

## Note 8 - Financial Asset - Trade Receivables

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Trade Receivables</b>		
Considered Good - Secured	0	0
Considered Good - UnSecured	0	0
Receivables which have significant increase in credit risk	0	0
Credit Impaired	0	0
	0	0
Less: Allowance for Doubtful Debts	0	0
<b>TOTAL</b>	<b>0</b>	0







# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 8A- Financial Asset-Contract Assets

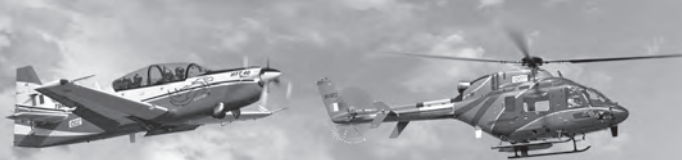
(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Contract Assets</b>		
Unbilled Revenue	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>

## Note 9- Financial Asset- Loans

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>A. Considered Good-Secured</b>		
a) Loans to Related Parties	0	0
b) Others		
Loans and advances to employees	0	121
<b>Sub-Total (A)</b>	<b>0</b>	<b>121</b>
<b>B. Considered Good-Unsecured</b>		
a) Loans to Related Parties	0	0
b) Others		
Loans and advances to employees	621	572
<b>Sub-Total (B)</b>	<b>621</b>	<b>572</b>
<b>C. Loans which have significant increase in credit risk</b>		
<b>Sub-Total (C)</b>	<b>0</b>	<b>0</b>
<b>D. Loans - Credit Impaired</b>		
<b>Sub-Total (D)</b>	<b>0</b>	<b>0</b>
<b>TOTAL (A +B+C+D)</b>	<b>621</b>	<b>693</b>



# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 10 - Other Financial Assets

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>A. Claims Receivable Unsecured</b>		
Receivable - Credit Impaired	10130	14385
<b>Sub-Total</b>	<b>10130</b>	14385
Less: Provision for Doubtful Claims	10130	14385
<b>Sub-Total (A)</b>	<b>0</b>	0
<b>B) Security Deposit</b>		
Govt Departments for Customs Duty and for Supplies	12	12
Public Utility Concerns	2642	2719
Others	1420	1237
<b>Sub-Total (B)</b>	<b>4074</b>	3968
<b>C. Balances with Bank</b>		
Bank deposit with more than 12 Months maturity*	1	1
<b>Sub-Total (C)</b>	<b>1</b>	1
<b>D. Others</b>		
Deferred Debts	36523	36361
<b>Sub-Total (D)</b>	<b>36523</b>	36361
<b>TOTAL (A +B +C+D)</b>	<b>40598</b>	40330
(i) Above balances of Claims Receivable include balances with related parties (Refer Receivables of Clause No.45A( e) of Note 49)	506	437
(ii) Above balances of Provision for Doubtful Claims include balances with related parties (Refer Receivables of Clause No.45A(m) of Note 49)	506	437
*Fully Earmarked for Committed Liabilities of more than 12 months	1	1

## Note 11 - Deferred Tax Assets (Net)

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
The tax effect of significant temporary differences that resulted in deferred tax assets:		
As per last Balance Sheet	56557	5235
Add / (Less): Current Year's Assets	56014	51322
<b>TOTAL</b>	<b>112571</b>	56557

Refer Clause 40 A & 40 B of Note 49





# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 12 - Other Non - Current assets

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>A. Capital Advances</b>	<b>17512</b>	22200
<b>B. Advance Other than Capital Advances</b>		
Advances against Goods and Services	<b>9291</b>	453
Advances against Special Tools	<b>0</b>	0
Other Advances	<b>840</b>	840
	<b>27643</b>	23493
<b>C. Others</b>		
Balances with Revenue Authorities		
Income tax	<b>293775</b>	139094
Others-under dispute	<b>38193</b>	18843
Prepaid Expenses	<b>43</b>	34
<b>TOTAL (A+B+C)</b>	<b>359654</b>	181464

## Note 13 - Inventories

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Inventories ( At Lower of Cost and Net Realisable Value )#</b>		
(i) Raw Materials and Components	<b>729866</b>	988266
Less: Provision for Redundancy	<b>171744</b>	151814
	<b>558122</b>	836452
(ii) Work-in-Progress	<b>595222</b>	525084
Less: Provision for Redundancy	<b>26589</b>	26589
	<b>568633</b>	498495
(iii) Finished Goods	<b>0</b>	0
(iv) Stock-in-Trade	<b>2241</b>	2994
(v) Stores and Spares	<b>33540</b>	33259
Less: Provision for Redundancy	<b>5816</b>	4653
	<b>27724</b>	28606
(vi) Loose Tools	<b>8277</b>	10747
Less: Provision for Redundancy	<b>1386</b>	775
	<b>6891</b>	9972
(vii) Construction Materials	<b>48</b>	53
Less: Provision for Redundancy	<b>15</b>	12
	<b>33</b>	41



# Notes to the Standalone Financial Statements for the year ended March 31, 2023

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
(viii) Disposable Scrap (at Net Realisable Value)	470	710
(ix) Goods under Inspection and in Transit		
Raw material and Components	40335	44718
Stores and Spares	887	2114
Loose Tools	240	124
	41462	46956
(x) Inventory - Warranty	12161	14525
Less: Provision for Redundancy	1670	2393
	10491	12132
<b>TOTAL</b>	<b>1216067</b>	<b>1436358</b>
(#) (i) includes those issued to Sub-Contractors for Job Works	11689	12256
(ii) Inter-division transfers in Transit which are not considered for Inter Divisional Sales, included in above balance	154	56

## Note 14 - Financial Asset- Investments

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>INVESTMENTS AT COST LESS PROVISION (UN-QUOTED)</b>		
<b>TOTAL</b>	<b>0</b>	<b>0</b>
Disclosure		
(i) Aggregate amount of Quoted Investment and Market Value.		
(ii) Aggregate amount of Unquoted Investments.	0	0
(iii) Aggregate amount of impairment in value of investments		

## Note 15- Financial Asset-Trade Receivables

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Trade Receivables</b>		
Considered Good - Secured	0	0
Considered Good - Unsecured	471907	464155
Receivables which have significant increase in credit risk	0	0
Credit Impaired	15409	14057
	487316	478212
Less: Allowance for Doubtful Debts	15409	14057
<b>TOTAL</b>	<b>471907</b>	<b>464155</b>
(i) Above balances of trade receivables include balances with related parties (Refer Receivables of Clause No.45A(e) of Note 49)	704	556
(ii) Refer Clause 53 (c) of Note 49 for ageing schedule of Trade Receivables		







# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 15A- Financial Asset-Contract Assets

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Contract Assets</b>		
Unbilled Revenue	1050724	886218
Less: Allowance for Doubtful Debts	113084	105353
<b>TOTAL</b>	<b>937640</b>	<b>780865</b>

Refer Clause 53 (d) of Note 49 for ageing schedule of Contract Assets

## Note 16 - Financial Asset- Cash & Cash Equivalents

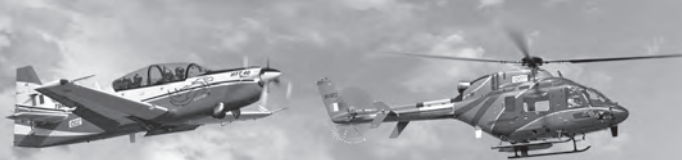
Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
A. Balances with Bank		
In Current Account	133900	116912
Term Deposits with original maturity upto 3 months	310000	190000
B. Cheques, Drafts on Hand	0	2
C. Cash on Hand	0	0
<b>TOTAL (A+B+ C)</b>	<b>443900</b>	<b>306914</b>

## Note-17 - Financial Asset- Bank Balances other than Cash and Cash Equivalents

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Term Deposits with original maturity for more than 3 months but less than 12 months	1585335	1127394
Earmarked balances with banks for Unspent CSR	0	0
Earmarked balances with banks for Unpaid Dividend	1380	53
<b>TOTAL</b>	<b>1586715</b>	<b>1127447</b>

## Note 18-Financial Asset- Loans

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>A. Considered Good -Secured</b>		
a) Loans to Related Parties	0	0
b) Others		
Loans and advances to employees	21	69
<b>Sub -Total (A)</b>	<b>21</b>	<b>69</b>



# Notes to the Standalone Financial Statements for the year ended March 31, 2023

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>B. Considered Good -Unsecured</b>		
a) Loans to Related Parties	0	0
b) Others		
Loans and advances to employees	741	667
<b>Sub -Total (B)</b>	<b>741</b>	667
<b>C. Loans which have Significant Increase in credit risk</b>		
<b>Sub -Total (C)</b>	<b>0</b>	0
<b>D. Loans - Credit Impaired</b>		
<b>Sub -Total (D)</b>	<b>0</b>	0
<b>TOTAL (A +B+C+D)</b>	<b>762</b>	736

## Note 19- Other Financial Assets

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Claims Receivable*</b>		
Unsecured Considered Good	61454	71015
Receivable which have Significant Increase in Credit Risk	0	0
Credit Impaired	15548	16881
	<b>77002</b>	87896
Less: Provision for Doubtful Claims	15548	16881
<b>Sub-Total</b>	<b>61454</b>	71015
<b>Security Deposit</b>		
Govt Departments for Customs Duty and for Supplies	0	0
Public Utility Concerns	40	40
Others	207	660
Interest Accrued and Due on Investment with LIC of India	0	0
Interest Accrued and not Due on Term Deposits	40248	21176
Current Maturities of Deferred Debt	9949	9583
Share Application Money Paid	0	0
<b>TOTAL</b>	<b>111898</b>	102474
(i) Above balances of Claims Receivable include balances with related parties (Refer Receivables of Clause No.45A( e) of Note 49)	<b>18326</b>	19264
(ii) Above balances of Provision for Doubtful Claims include balances with related parties (Refer Receivables of Clause No.45A(m) of Note 49)	<b>1735</b>	1357
*(iii) Refer Clause 43(G) of Note 49		





# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note-20 Current Tax Assets (Net)

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Current Tax (Net)	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>

## Note 21- Other Current Assets

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>A. Advance Other than Capital Advances</b>		
Advances against Goods and Services	368244	224018
Less: Provision for Bad and Doubtful	19	19
Other Loans and Advances	292	740
Advances to Related Parties	652	5675
Less: Provision for Bad and Doubtful	0	0
<b>B. Others</b>		
Prepaid Expenses	2398	2766
Balances with revenue Authorities		
Income tax	0	0
Others	850	0
Balance with GST Electronic Ledger	46512	47698
Balances in Franking Machine	2	4
<b>TOTAL</b>	<b>418931</b>	<b>280882</b>
Advances to Related Parties includes advance towards HAL employees Gratuity Fund	585	5640

## EQUITY

### Note 22- Equity Share Capital

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Authorised Capital</b>	<b>60000</b>	60000
60,00,00,000 Equity Shares of ₹ 10 each		
<b>Issued, Subscribed and Fully Paid up Capital</b>	<b>33439</b>	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 Standalone Financial Statements for the year ended March 31, 2023

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Shares in the Company held by each Shareholder holding more than 5 percent shares specifying the number of Shares held		
President of India and Nominees	<b>239588844</b>	251292407
% of Shareholding of President of India and Nominees	<b>71.65%</b>	75.15%
Life Insurance Corporation of India		28858712
% of Shareholding of Life Insurance Corporation of India		8.63%
Shares held by promoters at the end of the reporting period		
<b>Promoters Name:</b>		
President of India and Nominees		
No. of Shares	<b>239588844</b>	251292407
% of total Shares	<b>71.65%</b>	75.15%
% Change during the year	<b>-4.66%</b>	0.00%

## Terms/ Rights attached to Equity shares

The Company has one (1) Class of Shares i.e Equity Shares

The Equity Shares rank Pari Passu in all respects including right to Dividend, Issue of New Shares, Voting Rights and in the Assets of the Company in the event of Liquidation.

Refer Clause 48 A of Note 49 for details regarding buy back of shares

## Note 23- Other Equity

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>A. Research &amp; Development Reserve</b>		
Opening Balance	<b>161338</b>	133727
Add: Current Year Transfer	<b>53881</b>	31596
Less: Transfer to General Reserve on utilisation	<b>3963</b>	3985
<b>Closing Balance (A)</b>	<b>211256</b>	161338
<b>B. Capital Redemption Reserve</b>		
Opening Balance	<b>14761</b>	14761
Add: Current Year Transfer	<b>0</b>	0
Less: Written Back in Current Year	<b>0</b>	0
<b>Closing Balance (B)</b>	<b>14761</b>	14761
<b>C. Indigenization Fund Reserve</b>		
Opening Balance	<b>0</b>	0
Add: Current Year Transfer	<b>10776</b>	0
Less: Transfer to General Reserve on utilisation	<b>0</b>	0
<b>Closing Balance (C)</b>	<b>10776</b>	0





# Notes to the Standalone Financial Statements for the year ended March 31, 2023

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>D. General Reserve As per last Balance Sheet</b>	<b>1716846</b>	1354875
(+/-) Surplus Transferred from Statement of Profit and Loss	<b>359576</b>	357986
Add: Transfer from R&D Reserve	<b>3963</b>	3985
<b>Closing Balance (D)</b>	<b>2080385</b>	1716846
<b>E. Retained earnings - Surplus in the statement of Profit &amp; Loss</b>		
Opening Balance	<b>0</b>	0
Add/(Less): Net Profit / (Net Loss) for the Current Year	<b>581117</b>	508650
Add/(Less): Remeasurement of the defined benefit plans	<b>10310</b>	14687
<b>Sub total (i)</b>	<b>591427</b>	523337
Less: Appropriations / Allocations		
Transfer to Indigenization Fund Reserve	<b>10776</b>	0
Transfer to Research & Development Reserve	<b>53881</b>	31596
Interim Dividend	<b>133755</b>	133755
Final Dividend (For 2021-22)	<b>33439</b>	0
<b>Sub total (ii)</b>	<b>231851</b>	165351
<b>Transfer To General Reserves (i)-(ii)</b>	<b>359576</b>	357986
<b>Closing Balance (E)</b>	<b>0</b>	0
<b>F. Other Components of Equity</b>		
<b>Fair Value through Other Comprehensive Income (FVOCI) (\$)</b>		
Opening Balance	<b>16</b>	16
Add/(Less): Additions made during the year	<b>10294</b>	14687
Add/(Less): Remeasurement of the defined benefit plans	<b>-10310</b>	-14687
<b>Closing Balance (F)</b>	<b>0</b>	16
<b>TOTAL (A+B+C+D+E+F)</b>	<b>2317178</b>	1892961

\$ Breakup is given separately in Statement of Changes in Equity

## Nature and Purpose of each Reserve:

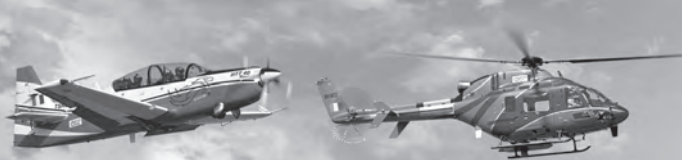
### 1. Research & Development Reserve:

Research and Development Reserve is created by transfer from Retained Earnings an annual contribution of 15% of Operating Profit After Tax. Research & Development Reserve is created to bring technological superiority to the products in order to cope with the future technological challenges. The amount of utilisation for Research and Development purposes during the year is transferred from Research and Development Reserve to General Reserve.

### 2. Capital Redemption Reserve:

Capital Redemption Reserve is created on redemption/buyback of equity shares.





# Notes to the Standalone Financial Statements for the year ended March 31, 2023

### 3. Indigenization Fund Reserve:

Indigenization Fund Reserve is created by transfer from Retained Earnings an amount equal to 3 % of Operating Profit After Tax which will be utilised to encourage Indigenization of items which are being sourced from foreign sources at present.

### 4. General Reserve:

General Reserve is created out of the profits of the Company and out of Research & Development Reserve on utilization of Research & Development purposes. This is a free reserve.

### Note 24- Borrowings

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>A. Secured</b>		
a) Term Loans		
(i) From Banks	0	0
<b>Sub-Total (A)</b>	0	0
<b>B. Unsecured</b>		
<b>Sub-Total (B)</b>	0	0
<b>TOTAL (A + B)</b>	0	0

### Note 24 A- Lease Liabilities

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Lease Liabilities	182	178
<b>TOTAL</b>	182	178

Refer Clause 9B of Note 49 for further disclosures on lease

### Note 25- Trade Payables

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Trade Payables	0	0
<b>TOTAL</b>	0	0

### Note 26- Other financial liabilities

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Dues to Employees	43	19
Deposits	11	10
Deferred liabilities	36913	36750
Other Liabilities*	15536	15689
<b>TOTAL</b>	52503	52468

\*Refer Clause No. 10 of Note 49





# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 27- Provisions

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>A. Provisions for Employee Benefits</b>		
Gratuity	0	0
Earned Leave	103252	97614
Others	0	0
<b>Sub-Total (A)</b>	<b>103252</b>	97614
<b>B. Others*</b>		
Replacement and Other Charges	22519	15179
Warranty	2436	4700
Liquidated Damages	5087	7331
<b>Sub-Total (B)</b>	<b>30042</b>	27210
<b>TOTAL (A + B)</b>	<b>133294</b>	124824

\*Refer Clause 49 of Note 49 for movement of Provisions

## Note 28- Deferred tax liabilities (Net)

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
As per last Balance Sheet	0	0
Add / Less: Current Year's Provisions	0	0
<b>TOTAL</b>	<b>0</b>	0

Refer Clause 40 A & 40 B of Note 49

## Note 29- Other Non current Liabilities

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>A. Advances from Customers (Contract Liability)</b>		
Outstanding Advances from Customers		
Defence	471586	608833
Others	0	0
<b>Sub-Total (A)</b>	<b>471586</b>	608833
<b>B. Milestone Receipt (Contract Liability)</b>		
Defence	620665	610354
Others	349	7057
<b>Sub-Total (B)</b>	<b>621014</b>	617411
<b>TOTAL (A+B)</b>	<b>1092600</b>	1226244



# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 30- Borrowings

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>A. Secured Short Term Borrowings:</b>		
<b>a) Loans Repayable on Demand</b>		
(i) From Banks	0	0
Working Capital Loan-Cash Credit		
<b>Sub-Total (A)</b>	<b>0</b>	<b>0</b>
<b>B. Unsecured Short Term Borrowings:</b>		
<b>a) Loans Repayable on Demand</b>		
<b>Sub-Total (B)</b>	<b>0</b>	<b>0</b>
<b>TOTAL (A + B)</b>	<b>0</b>	<b>0</b>

(i) Refer Clause No. 35A & 35B of Note No.49 for further details on Borrowings

(ii) Working Capital Loan is secured by first charge on Current Assets (All kinds of Stocks and Receivables of the company both present and future)

## Note 30 A- Lease Liabilities

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Lease Liabilities	14	8
<b>TOTAL</b>	<b>14</b>	<b>8</b>

Refer Clause 9B of Note 49 for further disclosures on lease

## Note 31- Trade Payables

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Trade Payables		
A) total outstanding dues of micro enterprises and small Enterprises	6407	4575
B) total outstanding dues of creditors other than micro enterprises and small enterprises	307327	251402
<b>TOTAL</b>	<b>313734</b>	<b>255977</b>
(i) Above balances of Trade Payable include balances with related parties (Refer Payable of Clause No.45A(e) of Note 49).	6310	12171
(ii) Refer Clause 54(b) of Note 49 for ageing schedule of Trade Payables.		
(iii) Refer Clause No. 19 of Note No.49 for dues of micro and small enterprises		





# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 32- Other Financial Liabilities

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Liability for Outstanding Expenses	39002	46697
Deposits	13067	12458
Royalty	6667	6111
Dues to Employees	57077	31613
Current Maturities of Deferred Debts/Liabilities	4904	4678
Due to Capital Creditors - micro enterprises and small enterprises	151	103
Due to Capital Creditors - other than micro enterprises and small enterprises	16895	13663
Application Money received from Allotment of Securities and due for Refund	0	0
Unpaid Dividend Account	1380	53
Others Liabilities	71591	69648
<b>TOTAL</b>	<b>210734</b>	<b>185024</b>
(i) Above balances of Other Liabilities include balances with related parties (Refer Payable of Clause No.45A( e) of Note 49).	5700	5597
(ii) No amount is due and outstanding to be transferred to Investor Education and Protection Fund at the year end in respect of Unpaid Dividend.		
(iii) 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 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>A. Advances from Customers (Contract Liability)</b>		
Outstanding Advances from Customers		
Defence	549021	430963
Others	4960	4226
<b>Sub-total (A)</b>	<b>553981</b>	<b>435189</b>
<b>B. Milestone Receipt (Contract Liability)</b>		
Defence	1197370	941864
Others	54157	62928
<b>Sub-total (B)</b>	<b>1251527</b>	<b>1004792</b>
<b>Advances from Customers (A + B)</b>	<b>1805508</b>	<b>1439981</b>
<b>C. Other Payables</b>		
Taxes (Other than Taxes on Income)	7458	11634
GST Payable	17632	7181
Others	23069	16688
<b>TOTAL (A+B+C)</b>	<b>1853667</b>	<b>1475484</b>



# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 34- Provisions

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>A. Provisions for Employee Benefits</b>		
Gratuity	0	0
Earned Leave	14566	15102
Others (Performance Related Pay)	30240	44721
<b>Sub-Total (A)</b>	<b>44806</b>	59823
<b>B. Others*</b>		
Replacement and Other Charges	395027	202675
Warranty	119451	104625
Liquidated Damages	118381	138455
Onerous Contract	0	0
<b>Sub-Total (B)</b>	<b>632859</b>	445755
<b>TOTAL (A + B)</b>	<b>677665</b>	505578

\*Refer Clause 49 of Note 49 for movement of Provisions

## Note 35- Current tax liability (Net)

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Current tax liability (Net)	26728	79914
<b>TOTAL</b>	<b>26728</b>	79914

## Note 36 - Revenue from Operations

(₹ in Lakhs)

Particulars	For the Year ended 31 <sup>st</sup> March 2023	For the Year ended 31 <sup>st</sup> March 2022
<b>A. Sale of Products</b>		
<b>(i) Inland Sales</b>		
Finished Goods	474031	737527
Spares	514207	332969
Development	179653	91530
Miscellaneous	67528	33889
<b>Total Inland Sales of Products</b>	<b>1235419</b>	1195915
<b>(ii) Export Sales</b>		
Finished Goods	17020	9415
Spares	7231	4280
Development	606	118
<b>Total Export Sales of Products</b>	<b>24857</b>	13813
<b>Total Sale of Products (A)</b>	<b>1260276</b>	1209728







# Notes to the Standalone Financial Statements for the year ended March 31, 2023

(₹ in Lakhs)

Particulars	For the Year ended 31 <sup>st</sup> March 2023	For the Year ended 31 <sup>st</sup> March 2022
<b>B. Sale of Services</b>		
<b>(i) Inland Sale of Services</b>		
Repair & Overhaul	1367531	1220619
Other Services	3735	2836
<b>Total Inland Sales of Services</b>	<b>1371266</b>	<b>1223455</b>
<b>(ii) Export Sale of Services</b>		
Repair & Overhaul	2720	2520
Other Services	1794	463
<b>Total Export Sales of Services</b>	<b>4514</b>	<b>2983</b>
<b>Total Sales of Services (B)</b>	<b>1375780</b>	<b>1226438</b>
<b>Total Sales (A+B)*</b>	<b>2636056</b>	<b>2436166</b>
<b>C. Other Operating Revenues</b>		
(i) Disposal of Scrap and Surplus / Unserviceable Stores	1446	1228
(ii) Provisions no Longer Required**	53067	22108
(iii) Others	2216	2519
<b>Total Operating Revenues (C)</b>	<b>56729</b>	<b>25855</b>
<b>Revenue from Operations (A+B+C)</b>	<b>2692785</b>	<b>2462021</b>

\*(i) Refer Clause 1(b) of Note 49 for disaggregation of revenue recognised against contract with customers

\*\* (ii) Refer Clause 49 of Note 49 for movement of Provisions

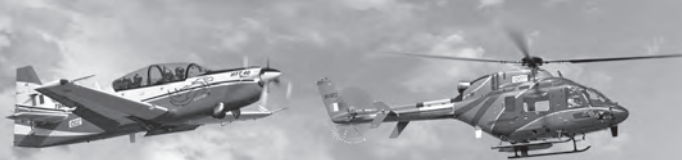
## Note 37- Other Income

(₹ in Lakhs)

Particulars	For the Year ended 31 <sup>st</sup> March 2023	For the Year ended 31 <sup>st</sup> March 2022
<b>Interest Income</b>		
Short term Deposits / Loans / Others	83639	34657
Sundry Advances - Employees	43	58
Other Deposits	9207	7723
<b>Sub-total</b>	<b>92889</b>	<b>42438</b>
<b>Dividend Income</b>		
Dividend from Non- Current Investments in Joint Ventures	240	196
<b>Other Non-Operating Income</b>		
Gain on Foreign Currency Transaction and Translation	0	3851
Gain on Sale of Property, Plant & Equipment (Net)	318	157
Gain on Fair Value Adjustment	3144	2130
Interest on Income Tax Refund*	56947	26273
Miscellaneous	13642	23589
<b>TOTAL</b>	<b>167180</b>	<b>98634</b>

(i) Refer Refer Clause 9A of Note 49 for further disclosure on Gain on Sale of Property, Plant & Equipment (Net)

\*(ii) Refer Clause 41 of Note 49



# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 38- Cost of materials consumed

Particulars	(₹ in Lakhs)	
	For the Year ended 31 <sup>st</sup> March 2023	For the Year ended 31 <sup>st</sup> March 2022
<b>Consumption Of Raw Material, Components, Stores and Spare Parts</b>		
Opening Stock	1036103	1143303
Add: Purchases	780827	782959
Add: Subcontracting, Fabrication and Machining Charges.	26740	26131
Less: Closing stock	775615	1036103
	<b>1068055</b>	<b>916290</b>
Less: Transfer to		
Special Tools and Equipment	49405	27075
Capital Works	9336	3546
Development Expenditure	2457	2471
Expense Accounts and Others	5831	7673
	<b>67029</b>	<b>40765</b>
<b>TOTAL</b>	<b>1001026</b>	<b>875525</b>

## Note 38A- Purchase of Stock-in-Trade

Particulars	(₹ in Lakhs)	
	For the Year ended 31 <sup>st</sup> March 2023	For the Year ended 31 <sup>st</sup> March 2022
Purchase of Stock-in-Trade	79915	65668

## 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 <sup>st</sup> March 2023	For the Year ended 31 <sup>st</sup> March 2022
<b>Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-progress</b>		
<b>Opening Balance</b>		
(i) Finished Goods	0	0
(ii) Work-in-progress	525084	585052
(iii) Stock in Trade	2994	2244
	<b>528078</b>	<b>587296</b>
<b>Closing Balance</b>		
(i) Finished Goods	0	0
(ii) Work-in-progress	595222	525084
(iii) Stock in Trade	2241	2994
	<b>597463</b>	<b>528078</b>
<b>Accretion / (Decretion) -A</b>	<b>69385</b>	<b>-59218</b>
<b>Change in Disposables Scrap</b>		
Opening Balance	710	721
Closing Balance	470	710
<b>Accretion / (Decretion)-B</b>	<b>-240</b>	<b>-11</b>
<b>TOTAL (A+B)</b>	<b>69145</b>	<b>-59229</b>





# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 40- Employee benefits expense

Particulars	(₹ in Lakhs)	
	For the Year ended 31 <sup>st</sup> March 2023	For the Year ended 31 <sup>st</sup> March 2022
Salaries and Wages	395564	374313
Contribution to Provident Fund and Others	61686	58160
Contribution to Gratuity	8729	8465
Staff Welfare Expenses( Net)	23533	17877
Rent for Hiring Accommodation for Officers	77	168
<b>TOTAL</b>	<b>489589</b>	<b>458983</b>

## Note 41- Finance costs

Particulars	(₹ in Lakhs)	
	For the Year ended 31 <sup>st</sup> March 2023	For the Year ended 31 <sup>st</sup> March 2022
Interest on Cash Credit	1	2
Discount on Commercial paper	0	0
Interest on Lease Liability	12	11
Interest on Financial Liability carried at Amortised Cost	0	0
Interest on Income Tax	2563	5567
Interest on micro and small enterprises	27	234
Interest - Others	3188	0
<b>TOTAL</b>	<b>5791</b>	<b>5814</b>

Refer Clause No. 19 of Note No.49 for dues of micro and small enterprises

## Note 42- Depreciation and Amortization expense

Particulars	(₹ in Lakhs)	
	For the Year ended 31 <sup>st</sup> March 2023	For the Year ended 31 <sup>st</sup> March 2022
<b>A. Depreciation on Property, Plant and Equipment</b>	<b>30787</b>	29620
<b>B. Amortisation</b>		
Intangible assets- Development Expenditure	93891	33694
Other Intangible assets		
Licence Fees	1197	1474
Computer Software	730	616
Documentation	2447	3524
Special Tools	49339	42059
<b>Sub-Total (B)</b>	<b>147604</b>	81367
<b>TOTAL (A+B)</b>	<b>178391</b>	110987

## Note 42A-Impairment Loss

Particulars	(₹ in Lakhs)	
	For the Year ended 31 <sup>st</sup> March 2023	For the Year ended 31 <sup>st</sup> March 2022
Impairment Loss on Property, Plant and Equipment	50303	0
Impairment Loss on Intangible Asset	9440	17643
<b>TOTAL</b>	<b>59743</b>	17643

Refer Clause No.50 of Note 49

# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 43- Other expenses

Particulars	(₹ in Lakhs)	
	For the Year ended 31 <sup>st</sup> March 2023	For the Year ended 31 <sup>st</sup> March 2022
Shop Supplies	8906	7830
Power and Fuel	18162	17102
Less: Savings in Energy Charges from Company Owned Wind & Solar Power Plant	3325	2998
Net Power and Fuel	14837	14104
Water Charges	5376	5900
Rent for Office Premises etc.	87	99
Travelling (includes Foreign Travel)	6640	3861
Training (includes Foreign Training)	1042	432
Repairs:		
Buildings	8278	6255
Plant, Machinery and Equipment	16203	13461
Others	3734	4069
Expenses on Tools and Equipment	4430	2916
Insurance	4018	4020
Rates and Taxes	2518	5754
Postage and Telephones	881	779
Printing and Stationery	1043	635
Publicity	2723	700
Advertisement	256	195
Bank Charges	644	700
Loss on Foreign Currency Transaction and Translation	12236	0
Legal Expenses	246	351
Auditors' Remuneration:		
For Audit Fee	57	57
For Tax Audit Fee	5	7
For Other Services-Interim Audit & Other Certification fees	78	87
Selling Agents Commission	21	16
Donations	0	0
Handling Charges	212	173
Write Off:		
Fixed Assets	7	0
Stores	1447	1768
Shortages / Rejections	284	484
Others	4203	374
Freight and Insurance	1634	960
Corporate Social Responsibility	9503	7216
Loss on Fair Value Adjustment	2853	2443
Miscellaneous Operating Expenses	41394	35228
<b>TOTAL</b>	<b>155796</b>	<b>120874</b>

(i) Miscellaneous Operating Expenses includes Director's Sitting Fees, excluding GST for the current period is ₹15 Lakh (For the year ended 31<sup>st</sup> March 2022 is ₹ 7 Lakh)

(ii) Refer Clause No. 55J of Note 49 for further disclosures on Corporate Social Responsibility



# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 44- Direct Input to Work in Progress/ Expenses Capitalised

Particulars	(₹ in Lakhs)	
	For the Year ended 31 <sup>st</sup> March 2023	For the Year ended 31 <sup>st</sup> March 2022
<b>A) DIRECT INPUT TO WIP</b>		
Project related Travel	601	493
Project related Training	141	0
Project related other Expenditure	1639	5023
Travel outstation jobs	0	1
Royalty	1908	1820
Foreign Technician Fee	1033	156
Ground Risk Insurance	2560	3234
Quality Audit Expenses	3	4
Design and Development	10674	14106
Sundry Direct Charges - Others	516	340
<b>Sub-Total (A)</b>	<b>19075</b>	<b>25177</b>
<b>B) EXPENSES CAPITALISED TO INTANGIBLE ASSET</b>		
Licence Fees	235	6454
Computer software	1158	684
Documentation	31135	0
<b>Sub-Total (B)</b>	<b>32528</b>	<b>7138</b>
<b>TOTAL (A + B)</b>	<b>51603</b>	<b>32315</b>

## Note 45- Provisions

Particulars	(₹ in Lakhs)	
	For the Year ended 31 <sup>st</sup> March 2023	For the Year ended 31 <sup>st</sup> March 2022
Replacement and Other Charges	245052	78729
Warranty	43901	51544
Redundancy provision - Raw Materials and Components, Stores and Spare parts, Loose Tools and Equipment, Construction Materials, Inventory - Warranty and Work-in-Progress	28140	56005
Liquidated Damages	42290	74395
Doubtful Debts	10416	105568
Doubtful Claims	2974	7120
Impairment of Investments	1491	557
<b>TOTAL</b>	<b>374264</b>	<b>373918</b>

Refer Clause 49 of Note 49 for movement of Provisions





# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 46- Expenses relating to Capital and Other Accounts

(₹ in Lakhs)

Particulars	For the Year ended 31 <sup>st</sup> March 2023	For the Year ended 31 <sup>st</sup> March 2022
<b>Expenses allocated to:</b>		
Other Intangible assets	32528	7138
Special Tools	2009	1180
Capital Works	3052	1315
Development Expenditure	64894	60518
Others	13819	13265
<b>TOTAL</b>	<b>116302</b>	<b>83416</b>

## Other Comprehensive Income

### Note 47- Items that will not be reclassified to Profit or Loss

(₹ in Lakhs)

Particulars	For the Year ended 31 <sup>st</sup> March 2023	For the Year ended 31 <sup>st</sup> March 2022
Remeasurements of the defined benefit plans	13778	19627
<b>TOTAL</b>	<b>13778</b>	<b>19627</b>

### Note 48- Items that will be reclassified to profit or loss

(₹ in Lakhs)

Particulars	For the Year ended 31 <sup>st</sup> March 2023	For the Year ended 31 <sup>st</sup> March 2022
Exchange differences in translating the financial statements of a foreign operation;	-21	0
<b>TOTAL</b>	<b>-21</b>	<b>0</b>





# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ 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 71.65%(Previous year - 75.15%) equity shares of the Company.

The Company is engaged in the design, development, manufacture, repair, overhaul, upgrade and servicing of a wide range of products including, aircraft, helicopters, aero-engines, avionics, accessories and aerospace structures. The Company has been set up to meet the requirement of Indian Defence Forces (namely Indian Airforce, Indian Navy, Indian Army and Indian Coast Guard) in the area of Aerospace.

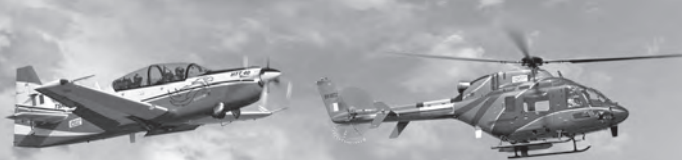
- 1(a)** The Company's operations are organised into five complexes, namely the Bangalore Complex, MiG Complex, Helicopter Complex, Accessories Complex and Design Complex, which together include 20 production divisions and 11 research and design centres ("R&D Centres") and 8 support offices located across 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 11(eleven)(Previous year 12(twelve)) Commercial Joint Venture Companies(JVCs) in collaboration with leading international aviation and Indian Organizations and 2(two) Subsidiary Companies to grow its operations. Besides, the Company also formed 2(two) Section-8 (non-profit) Companies.

The Financial Statements are prepared to comply in all material aspects with Indian Accounting Standards (Ind AS) as prescribed under Section 133 of Companies Act, 2013 read with relevant rules of the Companies (Indian Accounting Standards) Rules.

### Disaggregation of Revenue as per Ind AS 115

Particulars	For the year ended 31 <sup>st</sup> March 2023					For the year ended 31 <sup>st</sup> March 2022				
	Sale of Products					Sale of Products				
	Finished Goods	Spares	Development	Miscellaneous		Finished Goods	Spares	Development	Miscellaneous	
<b>1(b) Timing of revenue recognition</b>	Point in time	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
<b>Revenue by Geography</b>										
INDIA	474031	514207	-	179653	67528	737527	332969	-	91530	33889
REST OF THE WORLD	17020	7231	606	-	-	9415	4280	118	-	-
<b>TOTAL</b>	<b>491051</b>	<b>521438</b>	<b>606</b>	<b>179653</b>	<b>67528</b>	<b>746942</b>	<b>337249</b>	<b>118</b>	<b>91530</b>	<b>33889</b>

Particulars	For the year ended 31 <sup>st</sup> March 2023			For the year ended 31 <sup>st</sup> March 2022		
	Sale of Services			Sale of Services		
	Repairs & Overhaul		Others	Repairs & Overhaul		Others
<b>Timing of revenue recognition</b>	Point in time	Point over time	Point in time	Point in time	Point over time	Point in time
<b>Revenue by Geography</b>						
INDIA	1342745	24786	3735	1206034	14585	2836
REST OF THE WORLD	2720	-	1794	2520	-	463
<b>TOTAL</b>	<b>1345465</b>	<b>24786</b>	<b>5529</b>	<b>1208554</b>	<b>14585</b>	<b>3299</b>



# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ 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 <sup>st</sup> April 2022	Additions (net)	Removal (from Opening Balance)	As at 31 <sup>st</sup> March 2023
2(a) (i) Sales Tax / Entry Tax / GST	1121902	13668	636	<b>1134934</b>
(ii) Service Tax	138028	8642	15953	<b>130717</b>
(iii) Customs Duty	30184	229	-	<b>30413</b>
<b>Total</b>	<b>1290114</b>	<b>22539</b>	<b>16589</b>	<b>1296064</b>

\* In terms of Pricing Policy agreed with Indian Defence Services, prices approved are exclusive of taxes and duties i.e. Sales Tax, GST, Service Tax, Customs Duty etc. In case, the customer do not submit an exemption certificate, taxes would be levied and the same would be re-imbursed by the customer.

### Contingent Liability not acknowledged as Debts(Gross)

Particulars	As at 1 <sup>st</sup> April 2022	Additions (net)	Removal (from Opening Balance)	As at 31 <sup>st</sup> March 2023
2(b) (i) Income Tax	98788	12295	98458	<b>12625</b>
(ii) Municipal Tax	15210	-	15210	-
(iii) Others	41825	1210	33570	<b>9465</b>
<b>Total</b>	<b>155823</b>	<b>13505</b>	<b>147238</b>	<b>22090</b>

The Bruhath Bangalore Mahanagara Palike (BBMP) issued a Demand Notice dated 24.09.21 for a sum of ₹ 20253 lakh (inclusive of interest, cess and penalty) for the period between 2008-09 to 2021-22 with respect to property tax for properties owned by the Company. The Company challenged the same before City Civil Court. During the pendency of the case, the matter was taken up by BBMP before the Government of Karnataka ('GoK') and a "One Time Settlement Scheme" was notified by GoK on 27.03.2023. In furtherance thereof, a revised Demand Notice dated 31.03.2023 for ₹ 9159 lakh (including property tax, cess and interest) was issued by BBMP. The said demand was paid and complied by the Company as on 31.03.2023.

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
2(c) Guarantees excluding financial guarantees	-	-

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Commitments</b>		
<b>Estimated amount of contracts remaining to be executed and not provided for:</b>		
3 on Capital Account	<b>160734</b>	136154

In view of the nature of business, being long term contracts there may be other commitments for purchase of material etc., which has been considered as normal business process, hence not been disclosed.





# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
	<b>Value of Imports calculated on CIF basis:</b>		
4	(i) Raw Materials	273417	322954
	(ii) Components and Spares	333741	315604
	(iii) Capital Goods	1227	3691
	(iv) Special Tools	10709	14752
	<b>Total</b>	<b>619094</b>	<b>657001</b>
	<b>Raw Materials, Spare Parts and Components consumed :</b>		
5	(i) Imported (including Customs Duty)	826231	685951
	(% to total)	77.36	74.86
	(ii) Indigenous	241824	230339
	(% to total)	22.64	25.14
	<b>Total (Gross)</b>	<b>1068055</b>	<b>916290</b>
	<b>(Total %)</b>	<b>100</b>	<b>100</b>
	<b>Expenditure in Foreign currency on account of :</b>		
6	(i) Royalty	1174	1040
	(ii) License Fee	155	6450
	(iii) Documentation	30380	-
	(iv) Professional, Consultancy and Foreign Technician Fees	480	412
	(v) Foreign Travel	296	78
	(vi) Liason Office Abroad	792	325
	(vii) Others	6	223
	<b>Total</b>	<b>33283</b>	<b>8528</b>
	<b>Earnings in Foreign Exchange :</b>		
7	(i) FOB value of exports made by the Company	24857	13813
	(ii) Services	4514	2983
	<b>Total</b>	<b>29371</b>	<b>16796</b>
	<b>Particulars</b>	<b>As at 31<sup>st</sup> March 2023</b>	<b>As at 31<sup>st</sup> March 2022</b>
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	172357	158018
	Additions	26414	14339
	Deletions	-	-
	Closing Balance	198771	172357
8B	Certain Capital items specific to projects for manufacturing facility have been funded by the customer either upfront or is reimbursed through product cost spread over the duration of the projects. The revenue in respect of funds received from the Customer for the manufacturing facility would be recognised as and when the control over manufacturing facility is transferred to the Customer as per the requirement of Ind AS 115.		



# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
9A	Gain on Sale of Property, Plant & Equipment	318	157
	Loss on Sale of Property, Plant & Equipment	-	-
	Net (Note 37 - Other Income & Note 43 - Other Expenses )	318	157

### Disclosure under Ind AS 116 as lessee:

SI. No.	Particulars	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
9B	1 depreciation on right-of-use assets for the period ended	286	291
	2 interest expense on Lease liabilities for the period ended	12	11
	3 total cash outflow for leases for the period ended	368	7
	4 additions to right-of-use assets	366	-
	5 carrying amount of right-of-use assets	8612	8532

One Avro Aircraft (BH 572) is on lease from Indian Air Force for a period of 1 year for an amount of ₹248 lakhs. The charges for the same has been accounted as expenditure of ₹248 lakhs for the year ended 31<sup>st</sup> March 2023. The company has option to renew the lease subject to increment of 9% over previous year.

### as lessor:

The Company leases out its Investment property and Property, Plant and Equipment. The Company has classified these lease as operating leases, as there is no transfer substantially all the risks and rewards incidental to the ownership of the assets. Clause 14.12 of Note 49 gives information about the operating leases of Investment Property.

Operating Lease	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
Lease income	2221	1481

The Property, Plant and Equipment disclosed under Note 1A includes the following assets given on Operating Lease:

9C	Particulars	As at 31 <sup>st</sup> March 2023				As at 31 <sup>st</sup> March 2022			
		Gross Block	Accumulated Depreciation	Net Block	Depreciation for the period	Gross Block	Accumulated Depreciation	Net Block	Depreciation for the period
	Land - Freehold	94	-	94	-	94	-	94	-
	Buildings - Owned	14	11	3	-	14	11	3	-
	Aircraft/ Helicopters	13106	4896	8210	645	1610	416	1194	81
	<b>Total</b>	<b>13214</b>	<b>4907</b>	<b>8307</b>	<b>645</b>	<b>1718</b>	<b>427</b>	<b>1291</b>	<b>81</b>







# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
9C	The maturity analysis of lease payments (including payments from Investment Property) showing the undiscounted minimum lease payments to be received over the remaining non-cancellable term on an annual basis are as follows:		
	<b>Term</b>	<b>31<sup>st</sup> March 2023</b>	<b>31<sup>st</sup> March 2022</b>
	Less than one year	2334	495
	One to Two years	1382	357
	Two to Three years	772	375
	Three to Four years	200	395
	Four to Five years	189	130
	More than Five years	3799	1952
	<b>Total undiscounted lease payments</b>	<b>8676</b>	<b>3702</b>

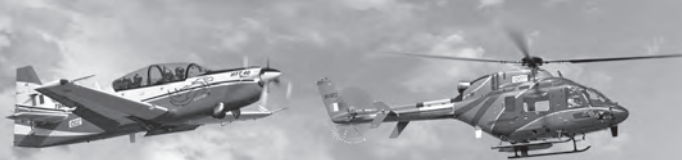
### Credit Risk

The Company has leased out its Properties to Joint Ventures, Subsidiaries and Other agencies. Lease payments are structured with periodic escalations consistent with the prevailing market conditions. Based on the Credit Risk in lease payments, suitable provision has been made in the books of accounts.

9D	Capital Work-in-progress (CWIP)	As at	As at
		31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
	Opening Balance	94801	66215
	Additions	62405	45346
	Deletions	93625	16760
	Closing Balance (refer clause No.9E and 9F)	63581	94801

### Capital Work-in-Progress(CWIP) Ageing schedule

9E	CWIP	As at 31 <sup>st</sup> March 2023					As at 31 <sup>st</sup> March 2022				
		Amount in CWIP for a period of				Total	Amount in CWIP for a period of				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years		Less than 1 year	1-2 years	2-3 years	More than 3 years	
	(i) Projects in progress	36988	5728	5462	15403	63581	39494	19551	12757	22999	94801
	(ii) Projects temporarily suspended	-	-	-	-	-	-	-	-	-	-
	<b>Total</b>	<b>36988</b>	<b>5728</b>	<b>5462</b>	<b>15403</b>	<b>63581</b>	39494	19551	12757	22999	94801



# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars								
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**Capital Work-in-Progress(CWIP), whose completion is overdue or has exceeded its cost compared to its original plan: CWIP completion Schedule**

CWIP	As at 31 <sup>st</sup> March 2023				As at 31 <sup>st</sup> March 2022			
	To be completed in				To be completed in			
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Less than 1 year	1-2 years	2-3 years	More than 3 years
<b>Projects in progress</b>								
(i) Aerospace	-	-	-	-	29	-	-	-
(ii) Su-30	<b>2,815</b>	-	-	-	18,336	-	-	-
(iii) ALH	-	-	-	-	142	-	-	-
(iv) LCH	-	-	-	-	599	-	-	-
(v) LUH	-	-	-	-	3,013	-	-	-
(vi) LCA	<b>206</b>	-	-	-	-	-	-	-
(vii) Dornier	-	-	-	-	-	-	-	-
(viii) Others if any specify	-	-	-	-	-	-	-	-
(ix) General purpose CWIP	<b>5,708</b>	-	-	-	10,967	979	-	-
<b>Projects where activity has been suspended</b>								
(i)	-	-	-	-	-	-	-	-
<b>Total</b>	<b>8,729</b>	-	-	-	33,086	979	-	-

9F

**Intangible assets under development - Ageing schedule**

Intangible assets under development	As at 31 <sup>st</sup> March 2023					As at 31 <sup>st</sup> March 2022				
	Amount in Intangible assets under development for a period of					Amount in Intangible assets under development for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Projects in progress	<b>57204</b>	<b>23925</b>	<b>19994</b>	<b>87485</b>	<b>188608</b>	30884	24572	20278	82125	157859
(ii) Projects temporarily suspended	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>57204</b>	<b>23925</b>	<b>19994</b>	<b>87485</b>	<b>188608</b>	30884	24572	20278	82125	157859

9G





# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars								
	<b>For Intangible assets under development, whose completion is overdue or has exceeded its cost compared to its original plan: Intangible assets under development completion Schedule</b>								
	<b>Intangible assets under development</b>	<b>As at 31<sup>st</sup> March 2023</b>				<b>As at 31<sup>st</sup> March 2022</b>			
		<b>To be completed in</b>				<b>To be completed in</b>			
		<b>Less than 1 year</b>	<b>1-2 years</b>	<b>2-3 years</b>	<b>More than 3 years</b>	<b>Less than 1 year</b>	<b>1-2 years</b>	<b>2-3 years</b>	<b>More than 3 years</b>
<b>9H</b>	<b>Projects in progress</b>								
	(i) Development projects	-	-	-	-	-	-	-	-
	(ii) VHF and DAMS	344	-	-	-	296	-	-	-
	<b>Projects where activity has been suspended</b>								
	(i)	-	-	-	-	-	-	-	-
	(ii)	-	-	-	-	-	-	-	-
	<b>Total</b>	<b>344</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>296</b>	<b>-</b>	<b>-</b>	<b>-</b>

- 10** The Company has received a sum of ₹13229 lakhs from Ministry of Defence (MoD), Government of India (GOI) on 28<sup>th</sup> January 2011 towards subscription of Share capital of Multirole Transport Aircraft Limited (MTAL). Out of the above, the Company has invested a sum of ₹11347 lakhs and the balance of ₹1882 lakhs has been paid during the year 2020-21. Interest @ 6.85% of ₹3326 lakhs has been provided on the unutilised portion up to the date of repayment during 2020-21 and the same is included in other financial liabilities.(refer clause no. 45B).

### The aggregate amount of Research and Development Expenditure recognised as expenses during the period is as below:

<b>11</b>	<b>Expenditure on R&amp;D included in :</b>	<b>For the year ended</b>	<b>For the year ended</b>
		<b>31<sup>st</sup> March 2023</b>	<b>31<sup>st</sup> March 2022</b>
	Raw Material Consumption	49124	42898
	Direct Expenses	12565	18585
	Salaries and Wages	69897	64576
	Others	117847	70632
	<b>Total R &amp; D Expenditure</b>	<b>249433</b>	<b>196691</b>

### R&D Corpus

- 12** Considering the futuristic business interest of the Company and to maintain the yearly growth in Revenues of the Company, the Board has approved the enhancement of the existing fund allocation for creation of R&D Corpus (excluding customer funded R&D) with an annual contribution from 10 % to 15% of Operational Profit After Tax (PAT).

### Indigenization Corpus

- 13** Notification on Policy for Indigenization of Components and spares used in Defence platforms for DPSUs/OFB was issued on 8<sup>th</sup> March 2019. As per the guidelines from Department of Defence Production(DDP) Board has approved creation of Indigenization Corpus with an annual contribution of 3% of Operating Profit After Tax (PAT).



# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
14	<b>Particulars</b>		
	Total Land held (in acres). (Refer Note -1A)	<b>12042.726</b>	12042.726

Clause No.	Particulars	Division	Assets	As at 31 <sup>st</sup> March 2023		As at 31 <sup>st</sup> March 2022	
				Acres	Amount	Acres	Amount
14.1	Instruments of transfer in respect of land and building have not been executed, even though in possession by the Company	Lucknow/ Nasik	Land	305.017	286	304.490	286
14.2	Land handed over/earmarked to the Government / other agencies pending execution of instruments of transfer	FMD/ Hyderabad/ Koraput	Land	162.559	56	162.559	56
14.3	Land given on lease to the Government / other agencies	FMD/ Nasik/ Koraput/ Hyderabad/ Lucknow /Korwa /Kanpur	Land	1107.545	94	1107.544	94

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 ₹35.00 Lakhs upto the period ended 31<sup>st</sup> March 2023 (Previous year - ₹34.50 Lakhs) has been made. The transfer of the land is being pursued with Defence Estate Officer, Kolkata.

The above does not includes 7.115 acres of Land received from Army in exchange of 5 acres of Land at Bangalore which was received free of cost from State Government before 31<sup>st</sup> March 1969. Since the value of 5 acres land was nil, the value of 7.115 acres land received in exchange of 5 acres land is also taken as Nil.

The title deeds of immovable properties are not held in the name of the Division.

**14.4** 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 Lakhs (Previous year - ₹ 8 lakhs) has been considered under depreciation for the year. However 4.171 Acres(Previous year - 4.171 Acres) of land shortage due to surrender of certain tracts of land against local disputes by KINFRA. 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 ₹14.78 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.

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.

Land(Right-of-Use) under Property, Plant and Equipment includes land 0.273 acres taken on lease for Liason Office Mumbai at a cost of ₹ 3 lakhs (including development cost). This cost is amortised over the lease period of 30 years. The amount of amortisation has been considered under depreciation for the year. Lease rental is ₹ 2304/- payable annually.





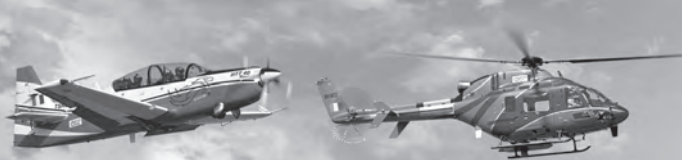
# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars
	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.
<b>14.5</b>	<p>a) Facilities Management Division (FMD) is holding 2117.367 acres (Previous year - 2117.367 acres) land, out of which free hold land of 2096.267 acres (Previous year -2096.267 acres) is located in Bangalore and 15.1 acres (Previous year - 15.1 acres) located at Bagalkot, Karnataka and Lease hold Land of 6 acres (Previous year - 6 acres) is located at Harapanahalli, Devanagere, of which 17.737 acres (Previous year - 17.737 acres) is under litigation / encroachment by third parties and 10.152 acres( Previous year - 10.152 acres) is under dispute with M/s Bharat Earth Movers Limited.</p> <p>b) Titles to land are not in the name of the Company in respect of 30 survey numbers totalling to 76.475 acres(Previous year - 72.675 acres) at FMD Division, However, Records of Tenancy Certificate is available.</p> <p>c) An amount of ₹ 3269 lakhs (Previous year - ₹ 3119 Lakhs) towards cumulative Lease Rental charges with various parties has not been considered in the books of accounts, pending dispute settlement. The applicable revised lease rental will be considered only after renewal of the lease agreements.</p> <p>d) Department of Investment and Public Asset Management(DIPAM) has communicated the Institutional framework for monetization of the assets of the Central Public Sectors Enterprises, approved by Cabinet in its meeting dated 28<sup>th</sup> February 2019.</p> <p>In this regard, approval has been given by the Board in its 439<sup>th</sup> Meeting held on 13<sup>th</sup> November 2020 for Monetization of 1.45 acres of land at Okalipuram, Bengaluru for forwarding the proposal to Department of Defence Production(DDP) for approval / further action by DDP / DIPAM. HAL during November 2020 referred the proposal to MoD. MoD vide letter dated 8<sup>th</sup> January 2021 communicated that the DIPAM has taken note of the asset monetization plan and indicated that HAL may take action to process the case further after taking necessary approval of competent authority as per extant guidelines. Accordingly FMD had advertised for outright sale of 1.45 acres of land through e-auction. However no bidders came forward to participate in response to the notification even after time for participation was extended twice. Thereafter a Committee was formed and as per its recommendation it was decided to monetize the full property of 2.925 acres at Okalipuram. Accordingly, the Board in its 458<sup>th</sup> Meeting held on 29<sup>th</sup> July 2022 approved monetization of 2.925 acres of land at Okalipuram. Accordingly, the Company advertised for outright sale of 2.925 acres for which e-auction was conducted on 12<sup>th</sup> January 2023 and two parties submitted applications. The premium offered by H1 bidder is proposed for acceptance of the Competent Authority.</p> <p>In the meanwhile, Govt. Audit raised an Audit Enquiry that the projected realizable land value is lesser than the Govt. guidance value. Accordingly, the Company engaged the valuers to undertake the valuation.</p> <p>e) Land at Nasik Division includes 0.0516 acres (Previous year - 0.0516 Acres) of land encroached by 9 persons.</p> <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 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 and 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 acquired area, i.e 272.94 Sq. mt. is yet to be received by the Company. HAL has filed memos in the pending cases requesting the Court to disburse ₹ 348 lakhs along with interest as compensation for acquired 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>





# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars
14.6	<p>Land under 14.1 does not include 374.73 acres (Previous year - 374.73 acres) of the land was aquired 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	<ul style="list-style-type: none"> <li>a) Approval has been given by the Board for acquiring 7.41 acres of land on lease at Sattari Goa for undertaking MRO activity.</li> <li>b) 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.</li> <li>c) 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.</li> </ul>
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>





# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars					
<b>14.9</b>	<b>Title deeds of Immovable Property not held in name of the Company as at 31<sup>st</sup> March 2023</b>					
Relevant line item in the Balance Sheet	Description of item of property	Gross Carrying value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director	Property held since which date	Reason for not being held in the name of the company
PPE	Land 76.475 acres	5	Various Persons, Bangalore	N/A	1950's Approx.	Compendium Error. Estate department is in possession of Hand book with land acquired in various survey numbers called as Compendium. Few title documents are not available as per the compendium.
	Land - 39.32 Acres	286	Lucknow Development Authority	N/A	19/05/1986	The land is in the possessions of the division. However, same is to be registered in the name of the division by Lucknow Development Authority.
	Land at Kasbe Sukuena Railway Station : Approx. 196.22 Acres of rail siding	-	Government of Maharashtra	No	Since Inception of Nasik Division (1964)	196.22 Acre Land being Railway siding land is not in use by HAL & to be returned to Appropriate authority of State Government. Division is continuously following up the matter.
	Land at Ojhar : Approx. 69.48 Acres of land given by State Government.	-	Government of Maharashtra	No	Since Inception of Nasik Division (1964)	Matter of 68.95 Acre of Land is being followed with Sub Divisional Magistrate Niphad for making Indenture.
	Ghaukhera-Kanpur 16.81 acres	0	Exhibited as Audhyogik krishik, Land in Govt. record	N/A	13/12/1965	Land acquired and handed over to HAL by District Land Acquisition Officer, case filed with SDM for transfer of name in title deed.
	Chak kuriyan-Kanpur 7.92 acres	0	Not appearing in govt. record	N/A	22/12/1965	
	Dahli Sujanpur-Kanpur 3.11 acres	0	Appearing as Vayuyaan Colony	N/A	15/12/1965	
	Land-Kanpur 401.19 acres	4	No title deed	N/A	Since inception 1964-65	Possession of the immovable property was handed over to Hindustan Aeronautics Limited (HAL) by district Land Acquisition Officer and Indian Air Force, therefore no title deed is required to be executed under Government Grants Act, 1895. (Section 2 Government Grants are exempted from the operation of the Transfer of Property Act)
	Building	35				



# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars					
Relevant line item in the Balance Sheet	Description of item of property	Gross Carrying value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter/ director or employee of promoter/ director	Property held since which date	Reason for not being held in the name of the company
Investment Property	Land	NIL				
	Building	NIL				
Non-current asset held for sale	Land	NIL				
	Building	NIL				
Others		NIL				

### Title deeds of Immovable Property not held in name of the Company as at 31<sup>st</sup> March 2022

Relevant line item in the Balance Sheet	Description of item of property	Gross Carrying value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter/ director or employee of promoter/director	Property held since which date	Reason for not being held in the name of the company
PPE	Land 72.675 acres	1	Various Persons, Bangalore	N/A	1950's Approx.	Compendium Error. Estate department is in possession of Hand book with land acquired in various survey numbers called as Compendium. Few title documents are not available as per the compendium.
	Land - 39.32 Acres	286	Lucknow Development Authority	N/A	19/05/1986	The land is in the possessions of the division. However, same is to be registered in the name of the division by Lucknow Development Authority.
	Land at Kasbe Sukena Railway Station : Approx. 196.22 Acres of rail siding	-	Government of Maharashtra	No	Since Inception of Nasik Division (1964)	196.22 Acre Land being Railway siding land is not in use by HAL & to be returned to Appropriate authority of State Government. Division is continuously following up the matter.
	Land at Ojhar : Approx. 69.48 Acres of land given by State Government.	-	Government of Maharashtra	No	Since Inception of Nasik Division (1964)	Matter of 68.95 Acre of Land is being followed with Sub Divisional Megistrate Niphad for making Indenture.





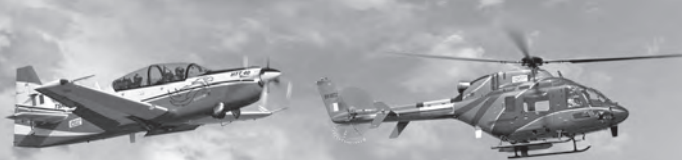
# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars					
Relevant line item in the Balance Sheet	Description of item of property	Gross Carrying value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director	Property held since which date	Reason for not being held in the name of the company
	Ghaukhera-Kanpur 16.81 acres	0	Exhibited as Audhyogik krishik, Land in Govt. record	N/A	13/12/1965	Land acquired and handed over to HAL by District Land Acquisition Officer, case filed with SDM for transfer of name in title deed.
	Chak kuriyan-Kanpur 7.92 acres	0	Not appearing in govt. record	N/A	22/12/1965	
	Dahli Sujapur-Kanpur 3.11 acres	0	Appearing as Vayuyaan Colony	N/A	15/12/1965	
	Land-Kanpur 401.19 acres	4	No title deed	N/A	Since inception 1964-65	Possession of the immovable property was handed over to Hindustan Aeronautics Limited (HAL) by district Land Acquisition Officer and Indian Air Force, therefore no title deed is required to be executed under Government Grants Act, 1895.(Section 2 Government Grants are exempted from the operation of the Transfer of Property Act)
	Building	35				
Investment Property	Land	NIL				
	Building	NIL				
Non-current asset held for sale	Land	NIL				
	Building	NIL				
Others		NIL				





# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars																							
14.10	The Company has not revalued its Property, Plant and Equipment, and therefore disclosure, whether the revaluation is based on the valuation by a registered valuer as defined under rule 2 of the Companies (Registered Valuers and Valuation) Rules, 2017 does not arise.																							
14.11	The Company has not revalued its intangible assets, and therefore disclosure, whether the revaluation is based on the valuation by a registered valuer as defined under rule 2 of the Companies (Registered Valuers and Valuation) Rules, 2017 does not arise.																							
14.12	<p><b>Information regarding income and expenditure of Investment property As per Ind AS 40 - Investment property:</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: center;">For the year ended 31<sup>st</sup> March 2023</th> <th style="text-align: center;">For the year ended 31<sup>st</sup> March 2022</th> </tr> </thead> <tbody> <tr> <td>Rental income derived from investment properties</td> <td style="text-align: right;">1,152</td> <td style="text-align: right;">1,240</td> </tr> <tr> <td>Direct operating expenses (including repairs and maintenance) generating rental income</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Direct operating expenses (including repairs and maintenance) that did not generate rental income</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Profit arising from investment properties before depreciation and Indirect expenses</td> <td style="text-align: right;">1,152</td> <td style="text-align: right;">1,240</td> </tr> <tr> <td>Less – Depreciation</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Profit arising from investment properties before Indirect expenses</td> <td style="text-align: right;">1,152</td> <td style="text-align: right;">1,240</td> </tr> </tbody> </table> <p><b>Fair value of investment property</b></p> <p>As at 31<sup>st</sup> March 2023, the fair value of the properties is ₹ 40122 lakhs as valued by an Registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.</p>		For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022	Rental income derived from investment properties	1,152	1,240	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	1,152	1,240	Less – Depreciation	-	-	Profit arising from investment properties before Indirect expenses	1,152	1,240		
	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022																						
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Less – Depreciation	-	-																						
Profit arising from investment properties before Indirect expenses	1,152	1,240																						
15	In respect of the materials received under bulk contracts with the Russian Federation where the suppliers do not indicate itemized prices, the value of materials issued is assessed on technical estimates to exhibit a fair value of the closing work-in-progress and inventory of these materials is subject to adjustment at the end of the project.																							
16	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: center;">As at 31<sup>st</sup> March 2023</th> <th style="text-align: center;">As at 31<sup>st</sup> March 2022</th> </tr> </thead> <tbody> <tr> <td>The total inventory does not include materials belonging to customers but held by the Company on their behalf</td> <td style="text-align: right;">79835</td> <td style="text-align: right;">90076</td> </tr> </tbody> </table>		As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022	The total inventory does not include materials belonging to customers but held by the Company on their behalf	79835	90076																	
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The total inventory does not include materials belonging to customers but held by the Company on their behalf	79835	90076																						
17	Claims Receivable(Note 19) includes ₹ 1603 lakhs (Previous year - ₹1603 Lakhs) settled under Sabka Saath Sabka Vikas scheme, is fully reimbursable by customer as per terms of pricing policy with Defence Services.																							







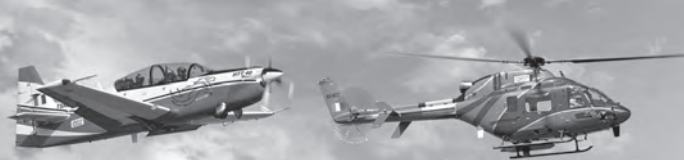
# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars		
	<b>DIVIDEND POLICY:</b>		
	As per extant memorandum F.No. PP/14(0005)/2016 dated June 20, 2016, of the Department of Public Enterprises, Ministry of Heavy Industries & Public Enterprises, Government of India (GOI) ("DoE") read with the memorandum F.No. 5/2/2016-Policy dated 27 <sup>th</sup> May, 2016 of the Department of Investment & Public Asset Management, Ministry of Finance, GoI, all central public sector enterprises are required to pay a minimum annual dividend of 30% of Profit After Tax (PAT) or 5% of the net-worth, whichever is higher, subject to the maximum dividend permitted under the extant legal provisions and the conditions mentioned in the aforesaid memorandum.		
18A	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.		
	<b>Particulars</b>	<b>As at 31<sup>st</sup> March 2023*</b>	<b>As at 31<sup>st</sup> March 2022</b>
18B(i)	Dividend paid to Resident shareholders - President of India and nominees (including Interim Dividend)	125646	100517
18B(ii)	Dividend paid to Resident shareholders - Other than President of India and nominees (including Interim Dividend)	29300	28254
18C	The Company as at 31.03.2023, 7699 Shareholders (31 <sup>st</sup> March 2022 - 3411 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)	12248	4984
18D	<b>Final Dividend:</b> (a) The amount of dividend proposed to be distributed to Equity share holders		

\* Final Dividend for the year 2021-22 ₹ 33439 lakhs paid during 2022-23.



# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
	<b>Particulars</b>		
	The Information regarding dues to Micro and Small Enterprises*		
	1. The Principal and the Interest due thereon		
	a) Principal	<b>5938</b>	4085
	b) Interest	<b>620</b>	593
	2. The amounts paid by the Company beyond the appointed day during the year ended		
	a) Principal	<b>1588</b>	6505
	b) Interest	-	-
<b>19</b>	3. The Interest due and payable for the period of delay (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act.		
	4. The interest accrued and remaining unpaid	<b>620</b>	593
	5. The amount of further Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the Small Enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act.	<b>27</b>	234

\* The information has been given in respect of such suppliers on the basis of information available with the Company based on information received from such suppliers.

**20** HAL has initiated criminal proceedings against the accused in 2011-12 and during 2012-13, two civil suits have been filed for recovery of fraudulently drawn amounts against the accused, his accomplices and institutions namely, the State Bank of India (SBI) for ₹289 Lakhs (COM.OS.5322/2012) and Shri Krishna Souharda credit Co-operative Limited for ₹102 lakhs (COM.OS.8225/2012), totalling to ₹ 391 lakhs. Both the civil cases and criminal case are under progress in the court. Properties of the accused amounting to ₹138 lakhs have also been attached by the court. An amount of ₹ 243 lakhs has been received from SBI on 25.04.19 and the balance amount of ₹148 lakhs has been provided in the financials of 2018-19.

The Hon'ble Court has passed the judgement and decree in favour of HAL by awarding ₹ 289 Lakhs along with interest. Out of which to the extent of ₹ 148 Lakhs to be retained by HAL and the balance amount to be re-imbursed to SBI as per MoU entered between HAL and SBI. HAL has filed an Execution Petition on defendants for recovery of ₹ 597 lakhs along with interest. Further, the subject case has been transferred to Commercial Court, Bengaluru Rural, accordingly the case was re-allotted as Ex/124/2022 dt. 27.06.2022. The issuance of sale warrant in respect of the attached property is pending in court.

**21** A fraud involving misappropriation of funds by Company official in collusion with six contractors has been noticed by the management and referred to Vigilance department for further investigations. The Vigilance department based on the investigations has lodged FIR with Central Bureau of Investigation (CBI), Bhubaneswar. An amount of ₹1892 lakhs has been provisionally assessed and fully provided in the financials of 2018-19 and 2020-21 as fraudulent payments made to contractors and others during the period from May 2011 to September 2018 and reported in the FIR with CBI. Adjustment of expenses relating to capital and other accounts in the financial year 2018-19 and 2020-21 includes the above mentioned amount. The matter is under investigation by CBI.

**22** Operating Cycle

The Company is having the Multiple Business Activities. Operating Cycle is determined by Divisions based on Individual business activity.



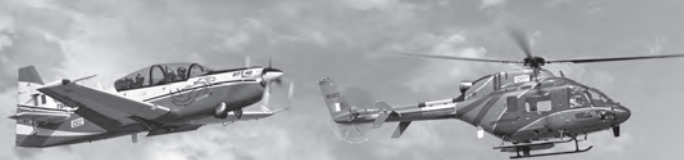


# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
23A	<p>The Company's IJT Division is primarily engaged in production of Intermediate Jet Trainer (IJT) Aircraft. Contract for supply of 12 Limited Series Production of IJT Aircraft with IAF is pending for fulfillment of certain Parameters as required by the Customer. Completion of all parameters required by the Customers will take some more time after which delivery of 12 IJT LSP will start. As per the Article 5.2 of 12 LSP IJT Contract, Stores to be supplied under this contract shall be new i.e. not manufactured before and shall incorporate all the latest improvement and modification thereto. Therefore, Parts manufactured and lying in Inventory could not be used for delivery of ultimate product to the customers at this stage. Accordingly, Work in progress of ₹ 26589 lakhs as on 31<sup>st</sup> March 2022 lying in the Books of IJT Division has been fully provided for in line with Company's accounting procedure.</p> <p>Similarly, Kanpur Division of HAL has received order for supply of Series production of 72 IJT which will start after completion of supply of 12 IJT by IJT LSP Division. Accordingly, Net realisable value of Stock in Trade and Finished Goods of valuing ₹ 5705 Lakhs as on 31<sup>st</sup> March 2022 in the Books of Lucknow and Hyderabad Division has been considered as Nil.</p>		
23B	While the company is pursuing actively with Ministry of Defence, for the approval of the price variation to change order in LCA-IOC contract which is pending for approval, out of prudence, provision for ₹99025 lakhs is recognised in the Financial Statements 2021-22.		
24A	Sales for the year includes deliveries for which amendment to firm task is awaited from the customer.	11610	15664
24B	<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 the year ended 31.03.2023, due to lack of space in Customer premises/Customer insistence to dispatch the items at later date, there has been a delay in dispatching spares of ₹76 lakhs to the Customers within three weeks from the date of acceptance.</p>		
24C	HAL has launched production of Light Utility Helicopter (LUH) against Letter of Intent (LoI) received from customers. Against this anticipated contract Material has been procured for ₹ 18011 lakhs (Previous year - ₹1899 lakhs) has been accounted as Inventory.		
25	<p><b>Seasonality of business :</b></p> <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 signaling out certificate/certificate of conformity 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	Aircraft have been accepted and signaled 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 Signaling Out Certificate (SOC) / Certificate of Conformity(COC). As a principle, Loan items fitted on the aircraft are excluded in value for recognising Sales. Sales in respect of such Cat-A items are recognized on supply of Cat-A items, within the contract period.		
27	Balance shown under Trade Receivables, Trade Payable, Claims Receivable, Advance against Goods and Services, Capital Advances, deposits and stock / materials lying with sub-contractors / fabricators are under reconciliation. Since the Company is a Government entity under the control of Ministry of Defence (MoD), around 97% of the Company's turnover, around 97% of Trade receivables and Contract Assets, around 38% of Claims receivables and around 99% of the customer advances is with respect to Government and Government related entities. The bills are raised on the customers by the divisions located at various places and reconciliation is carried out on an ongoing basis. However, management does not expect to have any material financial impact of such pending confirmation / reconciliation.		



# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars											
<b>28</b>	<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> <p>Sales, based on Accounting Policy of the Company, is accounted on issuance of Signaling Out Certificate (SOC) by the customers. There is a time lag between SOC and Ferry out of Aircraft / Helicopter in view of the time involved in deputation of Ferry team by the customers, their handling flights and rectification of snags involved, if any, formation of the new squadron, training of pilots etc. The details of Aircraft /Helicopters which are yet to be ferried out (for which sales has been setup) as on the date of approval of financial statement is as under:</p>											
<b>29A</b>	Year	Sales (₹ in lakhs)	Value of the Aircraft / Helicopters yet to be ferried out								% of Sales	Date of approval of Accounts
			ALH		LCH		DORNIER		Total			
			Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value		
	2021-22	2436166			1	11170			1	11170	0%	12.05.23
	2022-23	2636056	1	10567	5	56346	2	16518	8	83431	3%	
	<p>The expenditure involved in the work carried out post SOC date is absorbed against the provision for replacement charges.</p> <p>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.</p>											
<b>29B</b>	<p>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.</p>											
<b>30A</b>	<p>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 ₹ 16766 Lakhs (Previous year - ₹ 15923 Lakhs) has been accounted under Intangible Assets. 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, ₹16766 lakhs has been impaired upto the year ended 31<sup>st</sup> March 2023 (Previous year - ₹ 15923 lakhs).</p>											
<b>30B</b>	<p>HTT 40 Project: The Company has undertaken the design and development of Hindustan Turbo Prop Trainer Aircraft ( HTT- 40).</p> <p>HAL has signed a contract with MoD on 6<sup>th</sup> March 2023 for supply of 70 HTT 40 Aircraft. As per the Contract, ₹82824 Lakhs (excluding taxes) has been sanctioned towards Design &amp; Development of HTT 40 aircraft. Accordingly ₹76968 lakhs has been recognised as revenue during the year. The development amount of ₹58518 lakhs has been amortised against the revenue recognised.</p>											





# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars
31A	One upgraded Mirage 2000 Aircraft crashed during customer acceptance flight at HAL Airport, Bangalore on 1 <sup>st</sup> February 2019. HAL has taken an insurance policy for ₹ 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 has been received on 03.11.2022.
31B	DDP/MoD Paid Advance of ₹ 20812 lakhs to HAL towards conducting Def Expo-2022. The event got postponed while HAL had incurred expenditure of ₹ 19011 lakhs. Pending completion of audit of expenses by the O/o PCDA Bangalore, the balance of ₹ 1801 lakhs is shown under note-32 Other financial liability as on 31.03.2023.
31C	Inventory amounting to ₹16,939 lakhs were damaged due to floods caused by rains. An internal technical assessment committee estimated the loss of Inventory ₹7856 lakhs and the same has been provided in the books during the year. A claim for ₹750 lakhs towards loss of inventory and Plant & Equipment's based on the original cost has been submitted to the Insurance Company.

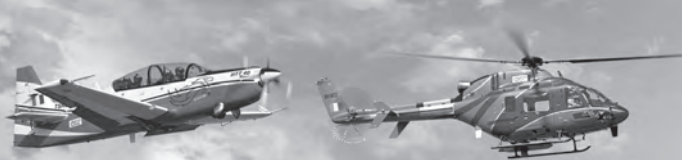
### Financial instruments by category

(a) The carrying value and fair value of financial instruments by each category as at 31<sup>st</sup> March 2023 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
<b>Assets:</b>					
32 (i) Investments	138539			138539	138539
(ii) Trade receivables	471907			471907	471907
(iii) Contract Assets	937640			937640	937640
(iv) Cash and Cash equivalents	443900			443900	443900
(v) Bank Balances other than Cash and Cash equivalents	1586715			1586715	1586715
(vi) Loans	1383			1383	1383
(vii) Other financial assets	152496			152496	152496
<b>Liabilities:</b>					
(i) Borrowings					
(ii) Lease Liabilities	196			196	196
(iii) Trade payables	313734			313734	313734
(iv) Other financial liabilities	263237			263237	263237





# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars					
32	(b) The carrying value and fair value of financial instruments by each category as at 31 <sup>st</sup> March 2022 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
	<b>Assets:</b>					
	(i) Investments	129414			129414	129414
	(ii) Trade receivables	464155			464155	464155
	(iii) Contract Assets	780865			780865	780865
	(iv) Cash and Cash equivalents	306914			306914	306914
	(v) Bank Balances other than Cash and Cash equivalents	1127447			1127447	1127447
	(vi) Loans	1429			1429	1429
	(vii) Other financial assets	142804			142804	142804
	<b>Liabilities:</b>					
	(i) Borrowings					
	(ii) Lease Liabilities	186			186	186
	(iii) Trade payables	255977			255977	255977
	(iv) Other financial liabilities	237492			237492	237492

(c) Interest income/(expenses), gains/(losses) recognised on financial assets and liabilities:

Particulars	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
<b>(i) Financial assets at amortised cost</b>		
- Interest income from bank deposits	83639	34657
- Interest income from other financial assets	9250	7781
- Gain/(Loss) on amortisation of financial assets	3144	2130
<b>(ii) Financial liabilities at amortised cost</b>		
- Gain/(Loss) on amortisation of financial liabilities	-2853	-2443





# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars
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### 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 93% (Previous year - 93%) of its total sales from sales to the Indian Defence Services. The Company expects to continue to derive most of its sales from the Indian Defence Services under the contracts of the Ministry of Defence (MoD), Government of India (GoI) –the Company's principal shareholder and administrative ministry.

33

#### Ageing Analysis of Trade Receivables :

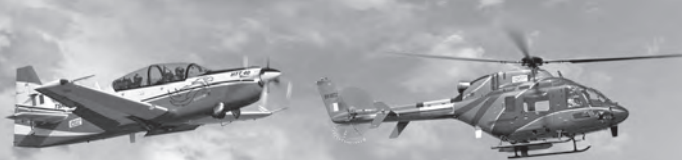
Ageing	0-30 days past due	31-60 days past due	61-90 days past due	91-120 days past due	121-180 days past due	more than 181 days past due	Total
Net carrying amount as at 31 <sup>st</sup> March 2023	143993	40479	23825	30079	32261	201269	471907
Net carrying amount as at 31 <sup>st</sup> March 2022	69231	32680	32284	29997	34422	265542	464155

#### c) Provision for expected credit losses:

As the Company's debtors are predominantly the Government of India (Indian Defence Services, Ministry of External Affairs), Central Public Sector Undertakings where the counter - parties have sufficient capacity to meet the obligations and where the risk of default is nil / negligible. Accordingly, impairment on account of expected credit losses is being assessed on a case to case basis in respect of dues outstanding for significant period of time as per the accounting policy of the Company. Further, management believes that the unimpaired amounts that are due is collectable in full, based on historical payment behaviour and extensive analysis of customer credit risk.

#### d) Liquidity risk:

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. The Company's standard contract terms provide that, the Company receives advance payments from customers pursuant to the applicable contracts, including the Government of India and the Indian Defence 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



# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars
	<p>spares are governed by the Fixed Price Quotation (FPQ) policy for fixation of the prices wherein the prices are fixed for the base year with escalation parameters for a pricing period of 5-7 years. The process of fixation of prices and approvals takes a minimum period of two years after the expiry of previous pricing period. In the interim, the approved prices of the previous pricing period are continued and payments are accordingly realised and on finalisation of the revised prices, the differential prices are paid to the Company. Further, certain costs not forming part of selling price are reimbursed by customer on incurrence of expenditure. The reimbursement is based on verification and issuance of audit certificate by the payees. There are delays in the above process due to unanticipated variations/adjustments in the scope and schedule of the Company's obligations due to subsequent modifications by the customers and delays in receipt of approvals from the customer. Further, payments to the Company by the Indian 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>
	<p><b>e) Market risk:</b></p> <p>The Ministry of Defence (MoD) and the Government of India (GoI) have continued efforts to reform Defence related policies such as the Defence Acquisition Procedure 2020 ("DAP 2020") to promote private participation, a level playing field and the domestic Defence manufacturing Industry and eco-system. While the MoD has given the highest priority to Indigenously Designed, Developed and Manufactured ("IDDM") products for capital procurement, the Company faces competition to be selected as the Indian production agency for such contracts. These policies have raised the level of market competition in the areas in which the Company operates.</p>
33	<p><b>f) Risk Mitigation Process:</b></p> <p>As a step of institutionalizing the risk management in the Company, an elaborate framework has been developed and the Company's top management has overall responsibility for the establishment and oversight of the Company's risk management framework. An important purpose of the framework is to have a structured and comprehensive risk management system across the company which ensures that the risks are being properly identified and effectively managed. The Company has a risk management policy to manage &amp; mitigate these risks. The risk management process includes risk identification, risk assessment, risk evaluation, risk mitigation and regular review and monitoring of risks. The Company's risk management policy aims to reduce volatility in financial statements while maintaining balance between providing predictability in the Company's business plan along with reasonable participation in market movement.</p>
	<p><b>g) COVID-19 Impact</b></p> <p>Current Period Impact:</p> <p>The Company has shown normal performance during the year. Hence, there is no impact during the year ended 31<sup>st</sup> March 2023.</p> <p>Anticipated Future Impact:</p> <p>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. 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</p>





# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars
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### 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 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Debt	-	-
Equity	2350617	1926400
No. of times	0.00:1	0.00:1

No changes were made in the objectives, policies or processes for managing capital during the year ended 31<sup>st</sup> March 2023 and 31<sup>st</sup> March 2022.

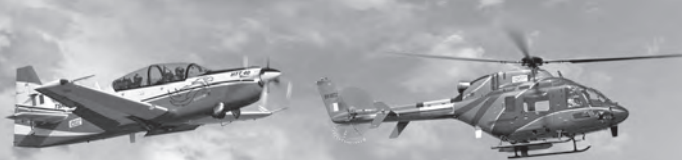
### Borrowing Cash Credit (Note - 30)

35A	Details of lender	A Consortium of 7 banks comprising of State Bank of India (lead bank), Bank of Baroda, Indian Bank, Canara Bank, Punjab National Bank, Union Bank of India and Indian Overseas Bank.
	Limit	₹400000 lakhs as Cash Credit (including ₹ 240000 Lakh of Commercial Paper)
	Purpose	Working Capital Requirements
	Security	Paripassu first charge on stocks and receivables of the Company with other consortium banks
	Interest Rate	Interest rates ranging between TBLR to MCLR based at monthly rests.
	Credit Rating (other than Commercial Paper)	[ICRA]AAA/Stable/ICRA A1+ by ICRA & CARE AAA/Stable/ CARE A1+ by CARE

### Working Capital Facilities

35B The total Cash Credit limits ₹ 400000 lakhs including ₹240000 lakhs of Commercial Paper and Corporate Loan of ₹NIL lakhs (Previous year - ₹ 400000 lakhs including ₹240000 lakhs of Commercial Paper) and Non-Fund based limits ₹ 205000 lakhs (Previous year - ₹ 205000 lakhs) sanctioned by consortium of bankers. The said limits are secured by hypothecation of inventories and receivables.





# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars		
	<b>Where the Company has borrowings from banks or financial institutions on the basis of security of current assets</b>	<b>As at 31<sup>st</sup> March 2023</b>	<b>As at 31<sup>st</sup> March 2022</b>
35C	(a) Whether quarterly returns or statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts.	The company has been sanctioned working capital limits of ₹ 400000 lakhs, non fund based limit of ₹ 205000 lakhs and Corporate loan of ₹ Nil lakhs by the consortium bankers. As on 31.03.2023, no fund based limit were utilised by the company against the sanctioned limits. The Quarterly stock statement filed by the company and the books of Accounts are in agreement.	The company has been sanctioned working capital limits of ₹ 400000 lakhs, non fund based limit of ₹ 205000 lakhs and Corporate loan of ₹ 183000 lakhs by the consortium bankers. As on 31.03.2022, no fund based limit and Corporate loan were utilised by the company against the sanctioned limits. Due to timing differences in filing the quarterly stock statements with the bank and finalisation of Audited accounts, there is a difference between drawing power (DP) as submitted to the banks and DP assessed based on the Quarterly Audited Accounts. However, the differences are not material.
	(b) if not, summary of reconciliation and reasons of material discrepancies, if any to be adequately disclosed		
35D	<b>Wilful Defaulter</b>	<b>As at 31<sup>st</sup> March 2023</b>	<b>As at 31<sup>st</sup> March 2022</b>
	The company has not defaulted in payment of any dues to a Bank or Financial institutions.	-	-
	(a) Date of declaration as wilful defaulter	NA	NA
	(b) Details of defaults (amount and nature of defaults)	NA	NA

### UN-HEDGED FOREIGN CURRENCY EXPOSURE

	As at 31 <sup>st</sup> March 2023		As at 31 <sup>st</sup> March 2022	
	Foreign Currency	Amount in INR (in lakhs)	Foreign Currency	Amount in INR (in lakhs)
<b>RECEIVABLES</b>				
GBP	144526	145	260611	255
EURO	3332145	2935	285965	238
USD	10083172	8205	7858820	5890
CHF				
JPY				
RBL	134073	1	299562	3
<b>PAYABLES</b>				
GBP	30248758	31280	39246377	39591
EURO	52390058	47680	56583103	48623
USD	190103992	157542	121772511	93122
CHF	180840	164	122439	101
NOK				
JPY			165750000	1043
CAD	1052640	649	657158	404







# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars
<b>37</b>	<b>Segment Reporting</b> The Ministry of Corporate Affairs vide notification no 1/2/2014-CL-V dated 23 <sup>rd</sup> February 2018 has exempted the Government companies engaged in Defence production to the extent of application of Ind AS 108 on "Operating Segment"
<b>38</b>	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.

### Disclosure with regard to Joint Working Groups

The Company has entered into two Joint Working Agreements with Air India (AIJWG) to start Ramp Handling Business and with CONCOR(HALCON) to carry out Air Cargo Handling Business. The Joint Working Group pools together the resources for carrying out its business activity and ownership of the assets vests with the respective working group.

Share of profit from Joint Working Groups of the Company with Air India and CONCOR:	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
AIJWG	274	168
HALCON	-95	8
<b>Total</b>	<b>179</b>	<b>176</b>

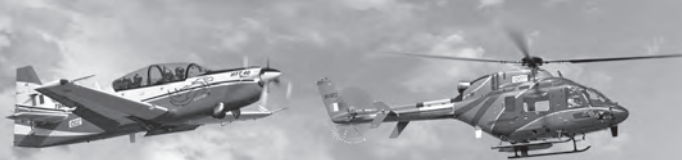
### Disclosure with regard to Joint Working Group

39	Name of the Joint Working Group	AIJWG		HALCON	
		31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
	<b>Country of Operation</b>	India	India	India	India
	<b>Share of Company/ Ownership Interest</b>	50.00%	50.00%	50.00%	50.00%
	<b>Principal Activities</b>	Flight Handling	Flight Handling	Cargo Handling	Cargo Handling
	Liabilities - Company's Share	2548	2251	248	420
	Non-Current Assets - Company's share	-	-	155	166
	Current Assets - Company's share	2548	2251	94	254
	Income - Company's Share	313	221	202	163
	Expenditure - Company's Share	39	53	297	155
	Profit / (Loss) Company's Share	274	168	-95	8
	Contingent Liability		-		

Break-up of Deferred Tax Assets and Liabilities are given below:

#### (a) As at 31<sup>st</sup> March 2023

	Particulars	As at 1 <sup>st</sup> April, 2022	Additions / (reversals) in Income statement	Additions/ (reversals) recognized in Equity	As at 31 <sup>st</sup> March, 2023
<b>40A</b>	<b>Deferred Tax Liability</b>				
	Tangible Assets	12613	-525		12088
	Intangible Assets	54893	-6995		47898
	Special Tools and Equipment	85202	-12138		73064
	Recognition of revenue in relation to LCA (due to modification of Contract)	884	-884		
	Interest on Income Tax Refund	6612	14333		20945
	<b>TOTAL</b>	<b>160205</b>	<b>-6209</b>		<b>153995</b>



# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars				
	Particulars	As at 01 <sup>st</sup> April 2022	Additions / (reversals) in Income statement	Additions/ (reversals) recognized in Equity	As at 31 <sup>st</sup> March 2023
	<b>Deferred Tax Asset</b>				
	Provision for Earned Leave Salary	28368	1284		<b>29652</b>
	Provision for Replacement charges, Warranty, Raw Material, Doubtful debts and claims	139624	56419		<b>196043</b>
	Provision for onerous contract and Liquidated Damages	36691	-5617		<b>31074</b>
	Other design sales and wage revision and Recognition of sales with respect to Performance Related Pay	1159	-1159		
	OCI Items	10919	-1123		<b>9796</b>
	<b>TOTAL</b>	<b>216762</b>	<b>49805</b>		<b>266567</b>
	<b>Net Deferred Tax Assets</b>	<b>56557</b>	<b>56014</b>		<b>112571</b>
	<b>(b) As at 31<sup>st</sup> March 2022</b>				
	<b>Particulars</b>	<b>As at 1<sup>st</sup> April 2021</b>	<b>Additions / (reversals) in Income statement</b>	<b>Additions/ (reversals) recognised in Equity</b>	<b>As at 31<sup>st</sup> March 2022</b>
	<b>Deferred Tax Liability</b>				
40A	Tangible Assets	11767	846		12613
	Intangible Assets	52149	2744		54893
	Special Tools and Equipment	88677	-3475		85202
	Recognition of revenue in relation to LCA(due to modification of Contract)	884			884
	Interest on Income Tax Refund		6612		6612
	<b>TOTAL</b>	<b>153477</b>	<b>6728</b>		<b>160205</b>
	<b>Deferred Tax Asset</b>				
	Provision for Earned Leave Salary	27879	489		28368
	Provision for Replacement charges, Warranty, Raw Material, Doubtful debts, Claims	85162	54462		139624
	Provision for onerous contract and Liquidated Damages	32201	4490		36691
	Other design sales and wage revision and Recognition of sales with respect to Performance Related Pay	1159			1159
	OCI Items	12309	-1390		10919
	<b>TOTAL</b>	<b>158710</b>	<b>58050</b>		<b>216762</b>
	<b>Net Deferred Tax Assets</b>	<b>5235</b>	<b>51322</b>		<b>56557</b>



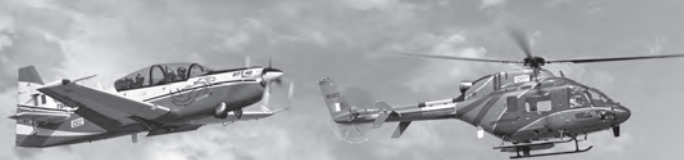


# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars	For the period ended 31 <sup>st</sup> March 2023	For the period ended 31 <sup>st</sup> March 2022
	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	649294	523115
	Enacted tax rates	25.168%	25.168%
	Expected tax expense/(benefit)	163414	131658
	<b>Effect of :</b>		
	<b>Deductible expense for tax purpose:</b>		
	Expenditure on Scientific Research u/s. 35		
	Deduction towards addition to Plant and Machinery (Sec 32AC(1A) &(1B))		
	Other Deductible Expenditure	1245	3467
	Provisions for Warranty, Replacement, Onerous Contracts, Doubtful Debts, Claims & Materials etc.(Net)		
40B	<b>Non-deductible expenses for tax purposes:</b>		
	Provisions for Warranty, Replacement, Doubtful Debts, Claims & Materials etc. (Net)		
	Sustainable Development and Corporate Social Responsibility	2392	1816
	Impairment of long term investments	375	140
	Other Non Deductible Expenses		
	Earlier Year Tax	-97346	-119273
	Taxation impact on Ind AS Adjustment	-73	79
	Gratuity and PF	-2340	-3550
	Rounding off	510	128
	Business Loss		
	Tax Expense	68177	14465
	<b>Amount of Income Tax relating to each component of OCI:</b>		
	Remeasurement of Defined Benefit Plans	3463	4940
	Exchange Differences in translating the financials statements of a foreign Operations		



# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars
41	<p>Pursuant to the Orders passed for the Assessment years 2007-08, 2010-11 to 2015-16, giving effect to the orders of the Appellate authority, current period ₹ 125788 Lakhs (Previous year - ₹ 119273 Lakhs) provision no longer required is credited under Tax expense and consequent interest income of ₹ 56947 Lakhs (Previous year - ₹ 26273 Lakhs) is included in other income. The Assessing Officer has passed the Orders Giving Effect (OGE) for all the above years in compliance with the orders passed by the Income Tax Appellate Tribunal /High Court.</p> <p>Tax liability for Assessment Year 2019-20 of ₹28442 lakhs is adjusted from the Income tax refund of ₹125788 lakhs and the balance of ₹97346 is shown under earlier year tax refund.</p>

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Earned Leave</b>		
42A The Actuarial Liability of Earned Leave of the employees of the Company for the period ended	117818	112716
Discounting Rate	7.50%	7.30%
Salary escalation rate	8.00%	8.00%
Retirement Age	60 Years	60 Years
Particulars	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
<b>Provident Fund</b>		
42B During the period, the Company has recognized the following amount in the Statement of Profit and Loss account		
Defined Benefit Plan		
Contribution to Provident Fund and Family Pension	29650	28472
<b>Pension &amp; Medical</b>		
42C During the period, the Company has recognized the following amount in the Statement of Profit and Loss account		
Defined Contribution Plan		
Contribution to Pension	17003	16342
Contribution to Post Superannuation Group Health Insurance Schemes	15034	13346

Provision for Gratuity and Earned Leave has been made based on Actuarial Valuation. The date of Actuarial valuation as of 31.03.2023

### 43 Employee Benefits:

The Company has adopted the Ind AS-19 on Employee Benefits. Consequently, the liability thereon is accounted on the basis of actuarial valuation, and is being recognised as short-term benefits / long term benefits.

#### 43A Gratuity

The Company has a Gratuity Scheme for its employees, which is a funded plan. Every year the Company funds to the Gratuity Trust to the extent of shortfall of the assets over the fund obligations, which is determined through actuarial valuation. As per the Gratuity Scheme, Gratuity is payable to an employee on the cessation of his employment after he has rendered continuous service for not less than 5 (five) years in the Company. For every completed year of service or part thereof in excess of six months, the Company shall pay Gratuity to an employee at the rate of 15 (fifteen) days' emoluments based on the emoluments last drawn with a ceiling of ₹ 20 (twenty) Lakhs.

The following tables summarise the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the Balance Sheet for the plan as furnished in the Disclosure Report provided by the Actuary:





# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars
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### Gratuity:

#### Analysis of Defined Benefit Obligation:

A split of the defined benefit obligation as at the valuation date between liability which has not vested and that which has fully vested is presented in the table below:

	Period Ended	
	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
DBO in respect of non vested employees	451	606
DBO in respect of vested employees	164617	167323
<b>Total defined benefit obligation</b>	<b>165069</b>	<b>167929</b>

The component of the defined benefit obligation which is attributable to future salary increases is shown in the table below:

	Period Ended	
	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
Liability without projected salary increases	102931	104266
Effect of projected salary increases	62137	63663
Defined benefit obligation with projected salary growth	165069	167929

#### Sensitivity Analysis:

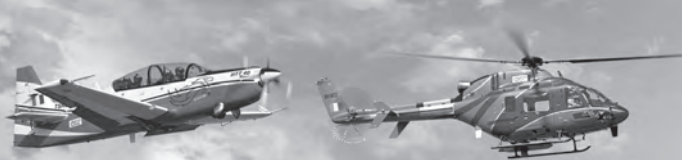
43A

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.

Particulars	Period Ended	
	31 <sup>st</sup> March 2023	
	Discount Rate	Salary Escalation Rate
Impact of decrease in 50 bps on DBO	6.26%	-1.62%
Impact of increase in 50 bps on DBO	-6.11%	1.14%

Particulars	Period Ended	
	31 <sup>st</sup> March 2022	
	Discount Rate	Salary Escalation Rate
Impact of decrease in 50 bps on DBO	5.95%	-1.73%
Impact of increase in 50 bps on DBO	-6.37%	1.48%





# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars
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These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis.

### Projected Plan Cash Flow

Maturity Profile	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
Expected benefits for year 1	20,337	23,930
Expected benefits for year 2	10,114	12,121
Expected benefits for year 3	8,113	9,898
Expected benefits for year 4	8,027	8,045
Expected benefits for year 5	8,940	7,871
Expected benefits for year 6	10,337	8,808
Expected benefits for year 7	10,025	10,106
Expected benefits for year 8	11,121	9,908
Expected benefits for year 9	12,748	10,881
Expected benefits for year 10 and above	360,322	370,042
<b>Total</b>	<b>460,084</b>	<b>471,610</b>
The weighted average duration to the payment of these cash flows is	<b>10.52 years</b>	10.64 years

### Changes in present value of obligations:

43A	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
Present value of obligation as at the beginning of the period	167,929	176,952
Interest Expense	11,670	11,436
Current service cost	9,141	8,358
Benefits paid	(16,128)	(17,548)
Remeasurements on obligation - (Gain) / Loss	(7,543)	(11,269)
<b>Present value of obligation as at the end of the period</b>	<b>165,069</b>	<b>167,929</b>

### Changes in fair value of plan assets:

A reconciliation of the plan assets during the inter-valuation period is given below:

	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
Fair value of plan assets at the beginning of the period	173,569	173,778
Adjustment to opening fund	(5,640)	-
Interest Income	12,082	11,328
Employer contributions	-	3,174
Benefits paid	(16,128)	(17,548)
Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	1,771	2,837
<b>Fair value of plan assets at the end of the period</b>	<b>165,653</b>	<b>173,569</b>
Actual return on plan assets	13,853	14,165





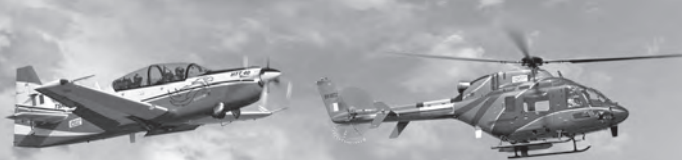
# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
	<b>Net interest ( income)/expense :</b>		
	Interest (Income) / Expense - Obligation	<b>11,670</b>	11,436
	Interest (Income) / Expense - Plan assets	<b>(12,082)</b>	(11,328)
	Net interest (Income) / Expense for the year	<b>(412)</b>	108
	<b>Remeasurements for the year (actuarial (gain) / loss)</b>		
	Experience (Gain) / Loss on plan liabilities	<b>(3,444)</b>	(1,275)
	Demographic (Gain) / Loss on plan liabilities		
<b>43A</b>	Financial (Gain) / Loss on plan liabilities	<b>(4,099)</b>	(9,994)
	Experience (Gain) / Loss on plan assets	<b>(943)</b>	(3,004)
	Financial (Gain) / Loss on plan assets	<b>(828)</b>	167
	<b>Amounts recognised in statement of other comprehensive income(OCI)</b>		
	Opening amount recognised in OCI outside profit and loss account	<b>37,037</b>	51,143
	Remeasurement for the year - obligation (Gain) / Loss	<b>(7,543)</b>	(11,269)
	Remeasurement for the year - plan assets (Gain) / Loss	<b>(1,771)</b>	(2,837)
	Total Remeasurements Cost / (Credit ) for the year recognised in OCI	<b>(9,314)</b>	(14,106)
	Closing amount recognised in OCI outside Profit and Loss account	<b>27,723</b>	37,037
	<b>Amounts recognised in the balance sheet:</b>		
	Present value of obligation at the end of period	<b>165,069</b>	167,929
	Fair value of the plan assets at the end of	<b>165,653</b>	173,569
	Surplus / (Deficit)	<b>585</b>	5,640
	Current liability		
	Non-current liability	<b>165,069</b>	167,929
	Amount not recognised due to asset ceiling		
	Net asset / (liability) recognised in balance sheet	<b>585</b>	5,640





# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
	<b>Expense recognised in the statement of profit and loss:</b>		
	Service Cost	9,141	8,358
	Net interest ( Income)/ Expense	(412)	108
	Net periodic benefit cost recognised in the statement of profit & loss at the end of period	8,729	8,466
		<b>31<sup>st</sup> March 2023</b>	<b>31<sup>st</sup> March 2022</b>
	<b>Reconciliation of Net Asset / (Liability) Recognised:</b>		
	Net asset / (laibility) recognised at the beginning of the period	5,640	(3,174)
	Adjustments to opening fund	(5,640)	
	Company contributions		3,174
	Amount recognized outside profit & loss account for the year	9,314	14,106
	Expense recognized at the end of period	(8,729)	(8,466)
	Net asset / (liability) recognised at the end of the period	585	5,640
	<b>Major categories of plan assets:</b>		
43A		<b>31<sup>st</sup> March 2023</b>	
		<b>Quoted Value</b>	<b>Non Quoted value</b>
			<b>Total</b>
	Government securities		500
	Funds managed by insurer		165,132
	Others		21
	<b>Total</b>	-	<b>165,653</b>
		<b>31<sup>st</sup> March 2022</b>	
	<b>Quoted Value</b>	<b>Non Quoted Value</b>	
			<b>Total</b>
Government securities		500	500
Funds managed by insurer		172,992	172,992
Others		78	78
<b>Total</b>		<b>173,570</b>	<b>173,570</b>
	<b>Principal Assumptions :</b>		
		<b>31<sup>st</sup> March 2023</b>	<b>31<sup>st</sup> March 2022</b>
Discounting Rate (p.a.)		7.50%	7.30%
Salary escalation rate (p.a.)		8.00%	8.00%





# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars
43B(i)	<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>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.</p> <p>The Company has obtained report on the determination and disclosure of interest rate Guarantee &amp; Diminution of Asset Values as per Ind AS19 of Employees Exempt Provident Fund of HAL for the period ended 31<sup>st</sup> March 2023.</p> <p>In view of uncertainties regarding recoverability of certain investments in ILFS, Reliance Capital, Srei equipment finance, Future Enterprises etc., the liability was created. During the year ended 31<sup>st</sup> March 2023 based on actuarial valuation additional liability has been created of ₹3928 lakhs (Previous year - reversal of liability ₹5313 lakhs).</p> <p>Further, based on settlement made by DHFL, Sintex, Reliance Commercial Finance and Hazaribagh Ranchi Express Way Ltd., the actual loss of investment including interest of ₹8247 lakhs has been accounted under employee benefits during the year ended 31<sup>st</sup> March 2023.</p>



# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars										Total
	HAL(BC)	NASIK	KORAPUT	HYDERABAD	LUCKNOW	KORWA	KANPUR	HQ			
	<b>The Total Amount of net liability / asset to be recorded in the Balance Sheet</b>										
	<b>As at 31<sup>st</sup> March 2023</b>										
	<b>EMPLOYEES' PROVIDENT FUND TRUST</b>										
	<b>Expense recognised in the Statement of Profit &amp; Loss:</b>										
	Current service cost	13855	3984	2612	1764	1577	833	1269	582		26476
	Net interest (Income) / Expense	389	(200)	206	(218)	60	(35)	2	(59)		145
	Net periodic benefit cost recognised in the statement of profit & loss at the end of period	14244	3784	2819	1546	1637	798	1271	523		26621
	<b>Amounts recognised in statement of Other Comprehensive Income(OCI):</b>										
	Opening amount recognised in OCI outside profit and loss account	26845	3773	6758	(231)	3491	743	1948	60		43387
	Remeasurements for the period - Obligation (Gain) / Loss	5235	357	1217	575	389	(143)	(704)	236		7162
	Remeasurement for the period - Plan assets (Gain) / Loss	(1206)	148	545	115	(3458)	(363)	902	(62)		(3379)
	Total Remeasurements Cost / (Credit) for the year recognised in OCI	4029	504	1762	690	(3068)	(506)	198	174		3783
<b>43B(ii)</b>	Closing amount recognised in OCI outside profit and loss account	30874	4277	8521	459	423	236	2146	235		47170
	<b>Reconciliation of Net Asset / (Liability) recognised :</b>										
	Net asset / (liability) recognised at the beginning of the period	(26619)	(3257)	(7346)	447	(3374)	(750)	(1971)			(42870)
	Employer's Contributions	13855	3984	2612	1764	1577	833	1269	582		26477
	Benefits directly paid by Company										
	Amount recognized outside profit & loss account for the year	(4029)	(504)	(1762)	(690)	3068	506	(198)	(174)		(3783)
	Expense recognised at the end of period	(14244)	(3784)	(2819)	(1546)	(1637)	(798)	(1271)	(523)		(26622)
	Impact of Transfer (In) / Out										
	Net asset / (liability) recognised at the end of the period	(31037)	(3562)	(9315)	(25)	(365)	(209)	(2171)	(115)		(46798)





# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars										Total
	The Total Amount of net liability / asset to be recorded in the Balance Sheet										
	As at 31 <sup>st</sup> March 2023										
	HAL(BC)	NASIK	KORAPUT	HYDERABAD	LUCKNOW	KORWA	KANPUR	HQ			
<b>EMPLOYEES' PROVIDENT FUND TRUST</b>											
<b>Changes in present value of Benefit obligation:</b>											
Present value of benefit obligation as at the beginning of the period	262262	130270	98355	31226	54654	29907	39759	13652			660084
Transfer in / (out)*	(150)	465	748	81	428	138	(45)	1237			2902
Interest cost	17529	9114	6639	2051	3616	1977	2783	881			44590
Current Service Cost	13855	3984	2612	1764	1577	833	1269	582			26476
Employee Contribution	28721	8007	6432	3327	3538	1631	2617	1046			55319
Benefits paid	(44277)	(10842)	(14812)	(6256)	(10244)	(5642)	(3269)	(3172)			(98514)
Remeasurements due to:											-
Actuarial loss/(gain) arising from change in financial assumptions	2308	1062	866	308	365	209	396	106			5620
Actuarial loss/(gain) arising from change in demographic assumptions											
Actuarial loss/(gain) arising on account of experience changes	2927	(705)	351	267	24	(352)	(1100)	130			1543
Closing of defined benefit obligation	283175	141354	101192	32768	53957	28702	42410	14462			698021
<b>Changes in Fair value of Plan Assets:</b>											
Fair value of plan assets as at the beginning of the period	235643	127012	91009	31673	51279	29157	37789	13652			617214
Transfer in / (out)*	(150)	465	748	81	428	138	(45)	1237			2902
Interest Income	17140	9314	6433	2270	3556	2012	2781	940			44446
Employer's Contributions	13855	3984	2612	1764	1577	833	1269	582			26476
Employee's Contributions	28721	8007	6432	3327	3538	1631	2617	1046			55318
Benefits paid	(44277)	(10842)	(14812)	(6256)	(10244)	(5642)	(3269)	(3172)			(98514)
Shortfall arising on account of asset diminution											-
Amount paid on settlement											-
Actuarial Gain / (Loss) on plan assets	1206	(148)	(545)	(115)	3458	363	(902)	62			3379
Fair value of plan assets as at the end of the period	252138	137792	91877	32743	53592	28493	40239	14347			651221

\* On account of business combination or inter group transfer

# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars									
	The Total Amount of net liability / asset to be recorded in the Balance Sheet As at 31 <sup>st</sup> March, 2022									
	EMPLOYEES' PROVIDENT FUND TRUST	HAL(BC)	NASIK	KORAPUT	HYDERABAD	LUCKNOW	KORWA	KANPUR	HQ	Total
	<b>Expense recognised in the Statement of Profit &amp; Loss:</b>									
	Current service cost	12992	3762	2541	1682	1559	841	1180	505	25062
	Net Interest (Income) / Expense	241	(139)	254	(164)	(13)	17	44	(32)	208
	Net periodic benefit cost recognised in the statement of profit & loss at the end of period	13233	3623	2795	1518	1546	858	1224	473	25270
	<b>Amounts recognised in statement of Other Comprehensive Income(OCI):</b>									
	Opening amount recognized in OCI outside profit and loss account	26489	5433	8735	509	3046	1621	2643	433	48909
	Remeasurements for the period - Obligation (Gain) / Loss	1183	(2031)	(4563)	(1298)	(3049)	(1336)	(1298)	762	(11630)
	Remeasurement for the period - Plan assets (Gain) / Loss	(826)	370	2586	558	3494	458	602	(1135)	6107
<b>43B(ii)</b>	Total Remeasurements Cost / (Credit ) for the year recognised in OCI	357	(1661)	(1976)	(740)	445	(878)	(695)	(373)	(5522)
	Closing amount recognised in OCI outside profit and loss account	26846	3772	6759	(231)	3491	743	1948	60	43387
	<b>Reconciliation of Net Asset / (Liability) recognised :</b>									
	Net asset / (liability) recognised at the beginning of the period	(26021)	(5058)	(9068)	(457)	(2942)	(1611)	(2622)	(405)	(48184)
	Employer's Contributions	12992	3762	2541	1682	1559	841	1180	505	25062
	Amount recognised outside profit & loss account for the year	(357)	1661	1976	740	(446)	878	695	373	5520
	Expense recognised at the end of period	(13233)	(3622)	(2795)	(1518)	(1546)	(858)	(1224)	(473)	(25269)
	Impact of Transfer (In) / Out									
	Net asset / (liability) recognised at the end of the period	(26619)	(3257)	(7346)	447	(3375)	(750)	(1971)	-	(42871)



# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars										Total
	The Total Amount of net liability / asset to be recorded in the Balance Sheet										
	As at 31 <sup>st</sup> March, 2022										
EMPLOYEES' PROVIDENT FUND TRUST	HAL(BC)	NASIK	KORAPUT	HYDERABAD	LUCKNOW	KORWA	KANPUR	HQ			
<b>Changes in present value of Benefit obligation:</b>											
Present value of benefit obligation as at the beginning of the period	249430	121044	98771	33457	59098	31718	38577	12114			644209
Transfer in / (out)*	(81)	(1666)	(3615)	(289)	544	197	(229)	1595			(3544)
Interest cost	15311	7918	6400	1990	3617	1974	2496	712			40418
Current Service Cost	12992	3762	2541	1682	1559	841	1180	505			25062
Employee Contribution	31966	10456	8123	4061	4711	1877	2772	1254			65220
Benefits paid	(48538)	(9213)	(9303)	(8378)	(11825)	(5364)	(3740)	(3292)			(99653)
Remeasurements due to:											
Actuarial loss/(gain) arising from change in financial assumptions	(8986)	(4305)	(3393)	(1149)	(1464)	(578)	(1564)	(374)			(21813)
Actuarial loss/(gain) arising from change in demographic assumptions											
Actuarial loss/(gain) arising on account of experience changes	10169	2274	(1170)	(149)	(1585)	(758)	268	1137			10186
Closing of defined benefit obligation	262263	130270	98354	31225	54655	29907	39760	13651			660085
<b>Changes in Fair value of Plan Assets:</b>											
Fair value of plan assets as at the beginning of the period	223408	115987	89703	33000	56156	30107	35956	11709			596026
Transfer in / (out)*	(81)	(1666)	(3615)	(289)	544	197	(229)	1595			(3544)
Interest Income	15070	8057	6146	2154	3630	1957	2452	744			40210
Employer's Contributions	12992	3762	2541	1682	1559	841	1180	505			25062
Employee's Contributions	31966	10456	8123	4061	4711	1877	2772	1254			65220
Benefits paid	(48538)	(9213)	(9303)	(8378)	(11825)	(5364)	(3740)	(3292)			(99653)
Shortfall arising on account of asset diminution											
Amount paid on settlement											
Actuarial Gain / (Loss) on plan assets	826	(371)	(2586)	(558)	(3494)	(458)	(602)	1136			(6107)
Fair value of plan assets as at the end of the period	235643	127012	91009	31672	51281	29157	37789	13651			617214

\* On account of business combination or inter group transfer

# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars										Total
	EMPLOYEES' PROVIDENT FUND TRUST*	HAL(BC)	NASIK	KORAPUT	HYDERABAD	LUCKNOW	KORWA	KANPUR	HQ		
<b>The following table summarizes the disclosure report provided by the Actuary: As at 31<sup>st</sup> March 2023 (Ind AS 19)</b>											
<b>Summary of Data:</b>											
	Total PF Account Balance	280,867	140,292	100,326	32,768	53,592	28,493	42,014	14,347	692,699	
	Investment in (Default/Stress) or surplus investment income	(28,729)	(2,500)	(8,448)	(25)		(1,775)			(41,477)	
	Weighted Average Remaining Tenure of the investment Portfolio (in years)	6.53	6.93	5.65	6.30	4.47	6.10	5.10	6.77		
<b>Amounts to be Recognized in Balance Sheet:</b>											
	Present Value of Obligation at the end of the period	283,175	141,354	101,192	32,768	53,957	28,702	42,410	14,462	698,020	
	Fair Value of the Plan Assets at the end of the year	252,138	137,792	91,877	32,743	53,592	28,493	40,239	14,347	651,221	
	Net asset / (liability) recognised in balance sheet	(31,037)	(3,562)	(9,315)	(25)	(365)	(209)	(2,171)	(115)	(46,799)	
<b>Major Categories of Plan Assets (as % of Total Plan Assets):</b>											
<b>43B(iii)</b>	Government of India Securities	59%	70%	77%	75%	76%	83%	87%	87%	87%	
	High Quality Corporate Bonds	26%									
	Equity shares of listed companies	3%	5%	4%	3%	3%	2%	4%	5%	6%	
	Bank Balance	1%	1%	1%	1%	5%	1%	1%	1%		
	Special deposit scheme	6%	6%	7%	2%		6%	4%	3%		
	Receivable from HAL	1%							1%		
	Others (refundable loans)	4%	18%	11%	19%	17%	6%	2%	4%		
	<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
	<b>Summary of Principal Actuarial Assumptions:</b>										
		Discount Rate (p.a)	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
	Interest Rate declared by EPFO for the year	8.15%	8.15%	8.15%	8.15%	8.15%	8.15%	8.15%	8.15%	8.15%	
	Yield Spread	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	
	Expected rate of return on plan assets	7.30%	7.30%	7.30%	7.30%	7.30%	7.30%	7.30%	7.30%	7.30%	
	Average Historic Yield on the Investment	8.28%	8.37%	7.27%	8.37%	8.75%	8.37%	8.37%	7.48%	7.48%	

\* In case of inter-divisional transfer of employees moneys standing to the credit of the employees in the trust accounts will be transferred to the trust accounts of the division to which he is posted.



# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

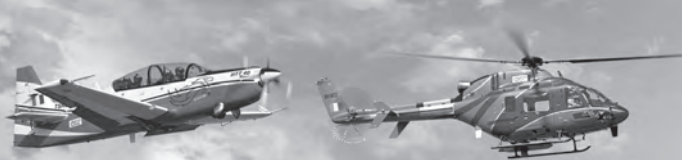
Clause No.	Particulars										
	EMPLOYEES' PROVIDENT FUND TRUST*	HAL(BC)	NASIK	KORAPUT	HYDERABAD	LUCKNOW	KORWA	KANPUR	HQ	Total	
<p>The following table summarizes the disclosure report provided by the Actuary: As at 31<sup>st</sup> March, 2022 (Ind AS 19)</p>											
<p><b>Summary of Data:</b></p>											
	Total PF Account Balance	262,262	130,270	98,355	31,673	54,654	29,907	39,759	13,651	660531	
	Investment in (Default/Stress) or surplus investment income	(26,619)	(3,258)	(7,346)	-	(2,700)	(750)	(1,971)		(42644)	
	Weighted Average Remaining Tenure of the investment Portfolio (in years)	6.11	6.87	6.11	6.14	4.47	5.48	4.16	6.36		
<p><b>Amounts to be Recognized in Balance Sheet:</b></p>											
	Present Value of Obligation at the end of the period	262,262	130,270	98,355	31,226	54,654	29,907	39,759	13,651	660084	
	Fair Value of the Plan Assets at the end of the year	235,643	127,012	91,009	31,673	51,279	29,157	37,789	13,651	617213	
	Net asset / (liability) recognised in balance sheet	(26,619)	(3,258)	(7,346)	447	(3,375)	(750)	(1,970)		-(42871)	
<p><b>Major Categories of Plan Assets (as % of Total Plan Assets):</b></p>											
43B(iii)	Government of India Securities	60%	44%	47%	52%	49%	82%	48%	61%		
	High Quality Corporate Bonds	27%	28%	32%	26%	33%	0%	37%	28%		
	Equity shares of listed companies	2%	6%	5%	3%	1%	5%	7%			
	Bank Balance	1%	1%	1%	1%		3%	1%	3%		
	Special deposit scheme	6%	7%	7%	2%	5%	5%	4%	6%		
	Receivable from HAL								1%		
	Others (refundable loans)	4%	14%	8%	16%	12%	5%	2%	2%		
	<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	

### Summary of Principal Actuarial Assumptions:

Discount Rate (p.a)	7.30%	7.30%	7.30%	7.30%	7.30%	7.30%	7.30%	7.30%	7.30%	7.30%
Interest Rate declared by EPFO for the year	8.10%	8.10%	8.10%	8.10%	8.10%	8.10%	8.10%	8.10%	8.10%	8.10%
Yield Spread	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Expected rate of return on plan assets	6.80%	6.80%	6.80%	6.80%	6.80%	6.80%	6.80%	6.80%	6.80%	6.80%
Average Historic Yield on Investment	8.18%	8.65%	7.57%	8.67%	8.75%	8.57%	8.67%	8.67%	8.33%	

\* In case of inter-divisional transfer of employees moneys standing to the credit of the employees in the trust accounts will be transferred to the trust accounts of the division to which he is posted.





# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars
43C	<p>The Company has provided Performance Related Pay for the year as per the Guidelines issued by Department of Public Enterprises.</p> <p><b>Pension:</b></p> <p>In line with the Guidelines issued by the Department of Public Enterprises, Ministry of Heavy Industries &amp; Public Enterprises, Govt. of India for revision of the Salary Structure of Executives of CPSEs with effect from 1<sup>st</sup> January, 2007 and as per the approval accorded by the Board of Directors and Department of Defence Production, Ministry of defence, a Defined Contribution Pension Scheme was notified in the Company on 16<sup>th</sup> July, 2014 in respect of Executives retired etc., from 1<sup>st</sup> January, 2007.</p>
43D	<p>A Defined Contribution Pension Scheme in respect of Workmen retired after 1<sup>st</sup> January, 2012 was notified on 2<sup>nd</sup> June, 2015 which was agreed as a part of the Workmen's Wage Revision effective from 1<sup>st</sup> January, 2012.</p> <p>Contribution to the corpus of the above schemes by the Management may vary from year to year as the same is dependent on profits generated, affordability &amp; sustainability by the Company.</p> <p>The Scheme is managed by a duly constituted Trust.</p> <p><b>Post Superannuation Group Health Insurance Schemes:</b></p> <p>In line with the Guidelines issued by the Department of Public Enterprises, Ministry of Heavy Industries &amp; Public Enterprises, Government of India and as per the approval accorded by the Board of Directors and Department of Defence Production, Ministry of defence, Post Superannuation Group Health Insurance Schemes in respect of (a) Employees (Officers &amp; Workmen) retired before 1<sup>st</sup> January, 2007 and (b) Executives retired on or after 1<sup>st</sup> January, 2007 were introduced with effect from 1<sup>st</sup> February, 2014.</p>
43E	<p>A Post Superannuation Group Health Insurance Scheme in respect of Workmen of the Company retired, etc. after 1<sup>st</sup> January, 2007 has been introduced in the Company with effect from 1<sup>st</sup> February, 2015 which was agreed as a part of the Workmen's Wage Revision effective from 1<sup>st</sup> January, 2012.</p> <p>Benefits under the Schemes may vary from year to year, as contribution to the Corpus of the Schemes is dependent on Profits generated, Affordability &amp; Sustainability by the Company.</p> <p>The Schemes are managed by a duly constituted Trust.</p> <p><b>HAL Employees Group Life Insurance Trust:</b></p>
43F	<p>As per the approval accorded by the Board, the Company has notified an insurance scheme namely the HAL Employees Group Life Insurance Trust to cover its employees, in case of death due to any reason other than suicide. The contribution towards the scheme are borne equally by employees and the Management. In the event of Death of an employee due to any reason other than suicide, the dependent family members will be paid the sum assured (₹ 10 lakhs). The Company has made contribution of ₹ 470 lakhs to the trust with employees contributing an equal amount.</p>
43G	<p>Revision of pay scales of executives and workmen, with effect from 01.01.2017 was implemented in accordance with the guidelines issued by Department of Public Enterprises vide OM dated 03.08.2017 for Executives and in accordance with the Wage Agreement entered into between Management and Employees Union representative in 2019-20 in respect of Workmen.</p> <p>On an interpretation on pay refixation and pursuant to the directives of the Administrative Ministry, the pay fixation to be revised and the excess amount paid is to be recovered from the employees.</p> <p>This has resulted in reduction of salaries and wages by ₹ 5155 lakhs and a consequential reduction in sales revenue by ₹1239 lakhs for the year ended 31<sup>st</sup> March 2023.</p> <p>While so, the Employees Union and Officers Association have filed Writ Petition with Hon'ble High Court of Karnataka to stay recovery of excess amount of salary paid by the Company. The Honorable High Court has granted interim stay on recoveries, pending disposal of the writ petitions by the High Court, the excess amount is shown under claims receivable(Gross) under Note No.19 for ₹29645 lakhs (Previous year - ₹24489 lakhs) and an equal amount of provision has been made in the books of accounts.</p> <p>Based on the final order that may be passed, suitable effect will be carried out in the accounts.</p>





# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars									
<b>43H</b>	<p>The Board in its 436<sup>th</sup> meeting held on 25<sup>th</sup> 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.</p>									
	<p><b>Financial Assistance Scheme for Dependents of Deceased Employee</b></p> <p>As per the approval accorded by the Board, the Company has notified "Financial Assistance Scheme for dependents of Deceased Employees (FASDDE)" to pay a fixed amount on monthly basis to surviving spouse or dependent children if the spouse is not surviving, till the notional date of superannuation of the deceased employee. The prime objective of the scheme is to provide financial support for dependent beneficiaries of the employees who die while in service, to enable them to lead a normal life. The scheme will be applicable in all cases of Death of an employee due to any other reason other than suicide. Fund of ₹ 4000 lakhs during 2021-22 &amp; ₹1500 lakhs during 2022-23 transferred to trust for management of the Corpus. The income generated from the Corpus which will be invested with M/s LIC will be utilized to make payments under the Scheme.</p> <p>During the year ₹378 lakhs has been incurred as expenditure under Financial Assistance Scheme for Dependents of Deceased Employee which is included in Note 40 - Staff Welfare expenditure.</p>									
<b>44</b>	<p>As per Ind AS-21 relating to accounting for the effects of changes in the Foreign Exchange rates,</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center;">As at 31<sup>st</sup> March 2023</th> <th style="width: 20%; text-align: center;">As at 31<sup>st</sup> March 2022</th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;"><b>(a)</b> Exchange rate variation recognised in Statement of Profit and Loss towards Capital Assets.</td> <td style="text-align: center;"><b>18</b></td> <td style="text-align: center;">17</td> </tr> <tr> <td style="vertical-align: top;"><b>(b)</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 ₹5118 Lakhs(Previous year - ₹ 3971 Lakhs). The Assets and Liabilities relating to deferred credit transaction are reinstated under Non-current Other Financial Assets, Current Other Financial Assets (recoverable within one year), Non-current Other Financial Liabilities and Current Other Financial Liabilities (to be settled within one year).</td> <td></td> <td></td> </tr> </tbody> </table>		As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022	<b>(a)</b> Exchange rate variation recognised in Statement of Profit and Loss towards Capital Assets.	<b>18</b>	17	<b>(b)</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 ₹5118 Lakhs(Previous year - ₹ 3971 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).		
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022								
<b>(a)</b> Exchange rate variation recognised in Statement of Profit and Loss towards Capital Assets.	<b>18</b>	17								
<b>(b)</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 ₹5118 Lakhs(Previous year - ₹ 3971 Lakhs). The Assets and Liabilities relating to deferred credit transaction are reinstated under Non-current Other Financial Assets, Current Other Financial Assets (recoverable within one year), Non-current Other Financial Liabilities and Current Other Financial Liabilities (to be settled within one year).										

# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars															
	M/s. Indo Russian Helicopters Pvt Ltd	M/s. Nainee Aerospace Ltd	M/s. Defence Innovation Organisation	M/s. Helicopter Engines MRO Pvt. Ltd	M/s. Aerospace & Aviation Sector Skill Council	M/s. Multirole Transport Aircraft Ltd.	M/s. International Aerospace Manufacturing Pvt. Ltd.	M/s. Tata HAL Technologies Ltd.	M/s. HATSOFF Helicopter Training Private Ltd.	M/s. Infotech HAL Limited	M/s. HALBIT Avionics Private Limited*	M/s. HAL-Edge-wood Technologies Private Limited	M/s. SAMTEL HAL Display Systems Limited	M/s. Safran HAL Aircraft Engines Private Ltd	M/s. Bae HAL Software Limited	M/s. Indo Russian Aviation Limited
45A	<b>DISCLOSURE RELATING TO IND AS-24 ON RELATED PARTY</b>															
	The name of the transacting related party															
	India	India	India	India	India	India	India	India	India	India	India	India	India	India	India	India
(a)	48%	100%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	40%	50%	49%	48%
(b)	Joint Venture	Subsidiary	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture
(c)	Description of the nature of the transactions															
	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services
	3874	1360	15	100	23	34	15	1820	23	34	15	1820	1820	469	469	3874
(d)	Volume of the transactions either as an amount or as an appropriate proportion on Purchase of Goods and Services and other expenses															
	(6,967)	(487)	(8)	-	-	(2)	(8)	1059	(185)	(56)	(50)	(605)	(2,622)	-	-	(6,967)
	Volume of the transactions either as an amount or as an appropriate proportion on Sale of Goods and Services															
	-	-	-	-	-	(50)	(605)	-	-	-	5	12	291	296	9	5345
	Previous year															
	-	-	-	100	-	-	-	-	-	-	-	-	-	-	-	-
(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															
	(1,192)	(218)	(4)	(100)	(16)	65	(4)	582	(16)	(296)	294	457	(314)	(296)	294	(1,192)
	Previous year															
	7	1465	-	-	-	65	-	-	-	-	-	-	-	-	-	7
(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															
	(12)	(440)	(1)	(23)	(32)	(12)	(606)	257	(1)	(239)	55	(456)	-	(239)	55	(12)
	Previous year															
	4	189	-	-	-	208	-	-	-	-	-	-	-	-	-	4
(g)	Advances Outstanding on Purchases of Goods and Services															
	(4)	(173)	(11)	-	-	(732)	(241)	-	(11)	(55)	(732)	(18)	(6)	(55)	-	(4)
	Previous year															
	-	-	-	-	-	-	-	-	-	-	-	-	(1)	(34)	-	-



# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars																
	DISCLOSURE RELATING TO IND AS-24 ON RELATED PARTY																
45A	The name of the transacting related party	M/s. Indo Russian Aviation Limited	M/s. Bae HAL Software Limited	M/s. HAL from HAL Aircraft Engines Private Ltd	M/s. SAMTEL HAL Display Systems Limited	M/s. HAL-Edge-wood Technologies Private Limited	M/s. HALBIT Avionics Private Limited*	M/s. Infotech HAL Limited	M/s. HATSOFF Helicopter Training Private Ltd.	M/s. Tata HAL 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 MRO Pvt. Ltd	M/s Defence Innovation Organisation	M/s Nainee Aerospace Ltd	M/s Indo Russian Helicopters Pvt Ltd
	Advances Outstanding on Sale of land													929			
	Previous year	-	-	-	-	-	-	-	-	-	-	-	-	(919)	-	-	-
(h)	Amount paid towards investment in shares																
	Previous year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(i)	Dividend on Investments	187									53						
	Previous year	(187)									(9)						
(j)	Re-imbursment of Salaries including KMP Salaries	86	82				50				42					248	
	Previous year	(82)	(20)				(43)				(35)			(23)		(222)	
(k)	Re-imbursment of Expenses																
	Previous year	-	-	-	-	-	-	-	-	-	-	-	-	-	(6)	-	-
(l)	Allowances recognised in respect of Doubtful debts during the year		43				55		53							228	67
	Previous year	-	-	-	-	(17)	(94)		(515)							(343)	-
(m)	Provision for doubtful debts related to the amount of outstanding balances	43				457	294		65							1315	67
	Previous year	-	-	-	-	(456)	(239)		(12)							(1087)	-
(n)	Grant outstanding														4500		
	Previous year														(4500)		
(o)	Write off of Advance																
	Previous year						(374)										

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 (31<sup>st</sup> March 2022 - ₹ 1686 lakhs), as the same is shown under clause 2(b) in respect of M/s HALBIT Avionics Private Ltd.

Figures in brackets relates to Previous Year (as at 31<sup>st</sup> March 2022)

Transaction with the related parties are made on normal commercial terms and at market rates.

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

Shri C. B. Ananthkrishnan - Director (Finance) & CFO

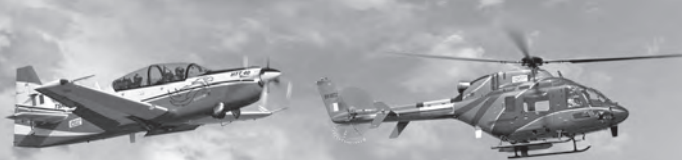
Shri Jayaadeva EP - Director (Operations)

Dr D K Sunil - Directors (Engineering, R&D)

Shri R Madhavan - Chairman and Managing Director upto 31<sup>st</sup> July 2022

Shri G. V. Seshu Reddy - Company Secretary upto 31<sup>st</sup> October 2022

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



# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
	The Company makes monthly contributions to provident fund managed by "The Provident Fund of HAL" for eligible employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company contributed to PF Trust during the period is given below.		
	<b>Name of PF Trust</b>	<b>31<sup>st</sup> March 2023</b>	<b>31<sup>st</sup> March 2022</b>
<b>45A(i)</b>	1. HAL - Bangalore Complex	<b>13855</b>	12992
	2. HAL - Nasik	<b>3984</b>	3762
	3. HAL - Koraput	<b>2612</b>	2541
	4. HAL - Hyderabad	<b>1764</b>	1682
	5. HAL - Lucknow	<b>1577</b>	1559
	6. HAL - Korwa	<b>833</b>	841
	7. HAL - Kanpur	<b>1269</b>	1180
	8. HAL - Corporate Office	<b>582</b>	505
	<b>Total</b>	<b>26476</b>	25062
<b>45A(ii)</b>	The Company maintains gratuity trust for the purpose of administering the gratuity payment to its employees (HAL Employees Gratuity scheme). Transaction /outstanding balance with gratuity Trust during the year is given below:	<b>31<sup>st</sup> March 2023</b>	<b>31<sup>st</sup> March 2022</b>
	Fund transfer during the year	<b>22766</b>	18525
	Amount payable		
	Amount receivable	<b>16025</b>	17022
	Advance paid	<b>585</b>	5640
<b>45B</b>	The Board in its 406 <sup>th</sup> meeting held on 22 <sup>nd</sup> September 2017, accorded in principle approval for voluntary winding up / closure of the three Joint Ventures i.e. M/s. HAL-Edgewood Technologies Private Limited, M/s. Tata HAL Technologies Ltd and M/s. Multirole Transport Aircraft Ltd. enabling the Company to take further action in the matter.  Further, the Board authorized the Company to seek approval of Ministry of Defence (MoD), for short closure of the Contracts associated with the M/s Multirole Transport Aircraft (MTA) project and 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, MOD vide its letter dated 14 <sup>th</sup> October 2021 notified the termination of the agreement between the Govt. of the Republic of India and Govt. of Russian Federation. In this respect the Russian Federation vide its letter dated 20 <sup>th</sup> April 2022 intimated that the decision of the Indian side has been taken into consideration.  Further in 435 <sup>th</sup> meeting held on 16 <sup>th</sup> March 2020, the Board has directed the Company to expedite the closure of M/s. Multirole Transport Aircraft Ltd at the earliest after taking clearance from Russian partners from their Board (refer Clause No.10).  The Board in its 440 <sup>th</sup> meeting held on 9 <sup>th</sup> December 2020, accorded in principle approval for voluntary winding up / closure of Joint Venture M/s. Infotech HAL Limited(IHL) enabling the Company to take further action in the matter.  TATA HAL Technologies Limited, Pursuant to the Board Resolution dated 08 <sup>th</sup> June 2021, the company has filed the application for voluntary liquidation to MCA in terms of Section 59 of the Insolvency and Bankruptcy Code, 2016 and the official liquidator is appointed. The official liquidator, vide their letter dated 07.03.2022, intimated about the distribution of liquidation proceeds to the stakeholders of the TATA HAL Technologies Limited. Pursuant to the same liquidation proceeds of ₹ 34 lakhs was received by the Company [On 27 April, 2022 (₹ 31 lakhs) and 15 June, 2022 (₹3 lakhs)].  The Company has derecognized the investment made in TATA HAL Technologies Limited as on 30 <sup>th</sup> June 2022.		





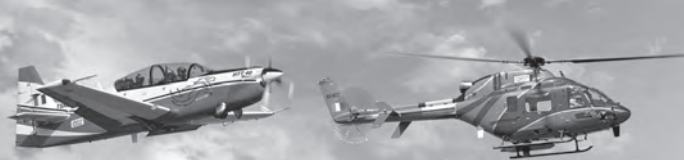


# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars
	<b>Defence Innovation Organisation (“DIO”):</b>
45C	<p>A Section 8 Company has been formed (Under Companies Act 2013) in the name of “Defence Innovation Organisation” with M/s BEL with an authorised Capital of ₹ 100 lakhs (Paid up capital as on 31<sup>st</sup> March 2023 is ₹ 1 Lakh( HAL 50% Share and BEL 50% Share). The registered office of DIO is situated at Centre for Learning and Development, Bharat Electronics Limited, Jalahalli, Bengaluru – 560013, Karnataka, India. DIO was incorporated to implement the scheme of defence innovation fund initiative by creation of an ecosystem to foster innovation and technology development in defence.</p> <p>HAL Board in its 417<sup>th</sup> meeting held on 30<sup>th</sup> July 2018 had accorded approval for release of ₹ 5000 lakhs to DIO towards initial corpus fund in form of Grant in Aid in a staggered manner. Accordingly ₹ 500 lakhs has been released to DIO in the month of August 2018 and the balance amount is recognised and disclosed in other financial liabilities - other liabilities (note 32).</p>
45D	<p>The Board in its 434<sup>th</sup> meeting was informed that Government approval is not required for transfer of lease hold land to M/S Helicopter Engines-MRO Private Limited (HE-MRO), as it is neither Defence land nor it is a land owned by HAL. Board reconsidered the decision taken in its 431<sup>st</sup> meeting and approved transfer of land without Government approval to M/s HE-MRO.</p> <p>The company has received a sum of ₹929 lakhs from HE-MRO for transfer of lease hold land at Goa to HE-MRO for right of use assets and the transfer of land is pending for registration, accordingly the carrying amount of right of use assets of ₹811 lakhs has been disclosed as asset held for sale and ₹929 lakhs received from HE-MRO disclosed under note 32 - Other Financial liabilities in accordance with Ind AS 105.</p>
45E	<p>Promoters of HE-MRO have decided to restart the activities of the Company on improvement of the Covid-19 situation. To meet its financial requirement, HE-MRO in its 33<sup>rd</sup> Board meeting held on 30<sup>th</sup> July 2021 decided to raise funds by way of Right issue of 20 lakh equity shares to the existing shareholders at par value of ₹100 per share. HE-MRO has sent Right issue offer letter to existing shareholders including HAL. This matter was put up to Board of Directors of HAL in its 449<sup>th</sup> Meeting held on 21<sup>st</sup> September 2021, and the Board has accepted the Right issue offer. Consequent to the same, ₹1000 lakhs has been paid to HE-MRO towards equity participation in Rights issue of HE-MRO Private Limited on 30.09.2021. The Company has been allotted 10 lakh Equity shares of ₹100 each on 11<sup>th</sup> November 2021 against the share application money paid.</p>



# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars					
Key Management Personnel in the Company	For the year ended 31 <sup>st</sup> March 2023			For the year ended 31 <sup>st</sup> March 2022		
	Salary	Company Contribution to PF / Gratuity	Total	Salary	Company Contribution to PF / Gratuity	Total
1. Shri C.B.Ananthkrishnan, Director(Finance) & CFO with Additional Charge of Chairman & Managing Director	50	6	56	62	5	67
2. Shri Jayadeva E P Director(Operations)	40	4	44			
3. Shri Dr. Sunil D.K Director(Engineering and R&D)	38	3	41			
4. Shri R.Madhavan, Chairman & Managing Director	17	2	19	70	5	75
5. Shri Arup Chatterjee, Director(Engineering and R&D)	11	1	12	59	5	64
45F 6. Shri M.S.Velpari, Director(Operations)				53	4	57
7. Shri Alok Verma, Director (HR)	31	3	34	58	5	63
8. Shri G.V.Sesha Reddy, Company Secretary	21	2	23	41	4	45

Shri R.Madhavan, Chairman & Managing Director ceased to be the Chairman & Managing Director upon superannuation on 31<sup>st</sup> July 2022

Shri C.B.Ananthkrishnan was appointed as Director(Finance) and CFO with effect from 1<sup>st</sup> August 2018 with Additional Charge of Chairman & Managing Director.

Shri Jayadeva E P was appointed as Director (Operations) with effect from 10<sup>th</sup> June 2022 with Additional Charge of Director(Human Resources).

Shri Dr. Sunil D.K appointed as Director(Engineering and R&D) with effect from 29<sup>th</sup> September 2022

Shri Alok Verma ceased to be the Director(Human Resources) upon superannuation on 30<sup>th</sup> November 2022.

Shri Arup Chatterjee ceased to be Director (Engineering and R&D) upon superannuation on 30<sup>th</sup> June 2022.

Shri M.S.Velpari ceased to be Director(Operations) consequent upon superannuation on 28<sup>th</sup> February 2022

Shri G.V.Sesha Reddy, ceased to be Company Secretary upon superannuation on 31<sup>st</sup> October 2022.

Shri Shailesh Bansal appointed as Company Secretary on 28<sup>th</sup> March 2023.





# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars	
	<b>PART TIME NON-OFFICIAL DIRECTORS</b>	<b>Sitting Fees</b>
<b>45G</b>	Dr. Divya Gupta, Independent Director	10
	Shri Deepak Abasaheb Shinde, Independent Director	8
	Apart from transactions reported above, the Company has transactions with other Government related entities, which includes but not limited to the following:	
<b>45H</b>	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 31<sup>st</sup> March 2023

	Particulars	Opening balance as at 1 <sup>st</sup> April 2022	Additions/ Reversal	Transferred to Retained earnings	Closing balance as at 31 <sup>st</sup> March 2023
	Gains and losses arising from the financial statements of a foreign operations	16	-16		
	Re-measurement gains (losses) on defined benefit plans (Gratuity/PF)		10310	10310	
<b>46</b>	<b>Total</b>	<b>16</b>	<b>10294</b>	<b>10310</b>	

#### For the year ended 31<sup>st</sup> March 2022

	Particulars	Opening balance as at 1 <sup>st</sup> April 2021	Additions / Reversal	Transferred to Retained earnings	Closing balance as at 31 <sup>st</sup> March 2022
	Gains and losses arising from the financial statements of a foreign operations	16		-	16
	Re-measurement gains (losses) on defined benefit plans (Gratuity/PF)		14687	14687	
	<b>Total</b>	<b>16</b>	<b>14687</b>	<b>14687</b>	<b>16</b>

	As per Ind AS-33 relating to Earnings per Share (Basic and Diluted)	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
	Profit Before Tax	<b>649294</b>	523115
	Provision for Taxation	<b>68177</b>	14465
	Net Profit After Tax	<b>581117</b>	508650
<b>47</b>	Weighted Average Number of Equity Shares of Face Value of ₹10/- each fully paid up	<b>334387500</b>	334387500
	Earnings per Share (in Rupees) - Basic	<b>173.79</b>	152.11
	Earnings per Share (in Rupees) - Diluted	<b>173.79</b>	152.11

# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars
	<b>Buyback of Shares:</b>
48A	In accordance with the approval of Board of Directors at its 408 <sup>th</sup> meeting held on 28 <sup>th</sup> November, 2017 and approval of shareholders, the Company has bought back 2,71,12,500 fully paid equity shares of ₹10/- each equivalent to 7.5% of the paid-up share capital and Free Reserves of the Company, for an aggregate amount of ₹ 92150 lakhs (excluding tax of ₹20636 lakhs) at ₹ 339.88 per equity share from the President of India. The consideration amount for buy back of shares was paid to the Government of India on 19 <sup>th</sup> December, 2017 and the shares so bought back were extinguished on 22 <sup>nd</sup> December, 2017.
48B	To achieve the mandatory threshold of 25% minimum public shareholding in the Company, Government of India (GoI) had offered 3.5% (1,17,03,563) equity shares of the Company to non-Retail Investors and Retail Investors on March 23-24, 2023, out of its shareholding of 75.15% in the Company, through Offer for Sale (OFS) by Stock Exchange Mechanism. Consequent to the OFS, the Government of India shareholding stands at 71.65%.  Apart from above, as part of the OFS, GoI had also allotted 37,632 equity shares to the eligible employees of the Company during April, 2023 under Employee OFS. Consequent to the Employee OFS, the GoI shareholding stands at 71.64%.

### Movement of provisions in the Books of Accounts during the year as required by Ind AS 37 "Provisions, Contingent Liabilities and Contingent Asset" is as follows:

Nature of Provision	Opening Balance 1 <sup>st</sup> April 2022	Provision made during the year	Utilisation during the year	Reversal during the year	Closing Balance 31 <sup>st</sup> March 2023
Provision for Warranty Charges	109325	43901	26332	5007	<b>121887</b>
(Previous Year)	(82581)	(51544)	(20560)	(4240)	<b>(109325)</b>
Provision for Replacement and Other Charges	217854	245052	15556	29804	<b>417546</b>
(Previous Year)	(153272)	(78729)	(8683)	(5464)	<b>(217854)</b>
Provision for Redundancy in Raw Material and Components, Stores and Spares, Construction Material and Loose Tools	186236	28140	2	7154	<b>207220</b>
(Previous Year)	(133241)	(56005)	(8)	(3002)	<b>(186236)</b>
Provision for Doubtful Debts	119410	10416		1333	<b>128493</b>
(Previous Year)	(16362)	(105568)		(2520)	<b>(119410)</b>
Provision for Claims	31266	2974	8	8554	<b>25678</b>
(Previous Year)	(29050)	(7120)	(1)	(4903)	<b>(31266)</b>
Provision for Liquidated Damages	145786	42290	63427	1181	<b>123468</b>
(Previous Year)	(127943)	(74395)	(54573)	(1979)	<b>(145786)</b>
Provision for Impairment of Investments	18518	1491	473	34	<b>19502</b>
(Previous Year)	(17961)	(557)			<b>(18518)</b>
Provision for Onerous contract					
(Previous Year)					
<b>Total</b>	<b>828395</b>	<b>374264</b>	<b>105798</b>	<b>53067</b>	<b>1043794</b>
(Previous Year)	<b>(560,410)</b>	<b>(373,918)</b>	<b>(83,825)</b>	<b>(22,108)</b>	<b>(828,395)</b>

Figures in brackets relate to previous year - 31<sup>st</sup> March 2022



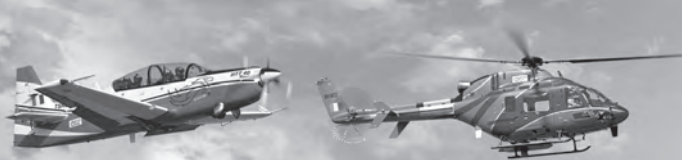
# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars						
	Nature of Provision	As at 31 <sup>st</sup> March 2023			As at 31 <sup>st</sup> March 2022		
		Long Term Provision	Short Term Provision	Total Provision	Long Term Provision	Short Term Provision	Total Provision
49	Provision for Warranty Charges	2436	119451	121887	4700	104625	109325
	Provision for Replacement and Other Charges	22519	395027	417546	15179	202675	217854
	Provision for Redundancy in Raw Material and Components, Stores and Spares, Construction Material and Loose Tools		207220	207220		186236	186236
	Provision for Doubtful Debts		128493	128493		119410	119410
	Provision for Claims	10130	15548	25678	14385	16881	31266
	Provision for Liquidated Damages	5087	118381	123468	7331	138455	145786
	Provision for Impairment of Investments	19502		19502	18518		18518
	Provision for Onerous contract						
50				<b>For the year ended 31<sup>st</sup> March 2023</b>	<b>For the year ended 31<sup>st</sup> March 2022</b>		
	As required by Ind AS 36, the Company has accounted impairment losses based on the Assessment of Impairment assets committee carried out during the year and based on such assessment 'impairment loss' in the Statement of Profit and Loss has been recognised.			59743	17643		





# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars
	<p><b>Sensitivity of estimates on provisions:</b></p> <p>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.</p> <p>Provision for replacement and other charges represents, amounts towards expenditure incurred from the date of Signaling Out Certificate (SOC) to date of ferry out, loan items taken from the customer which needs to be replaced etc.</p> <p>Warranty represents Performance Warranty for manufacture, repair and overhaul of Aircraft / Helicopters/ Engines / Rotables, supply of spares and development activities etc.</p> <p>Provision for Redundancy in Raw Material and Components, Stores and Spares, Construction Material, Loose Tools and Work in progress represents provision on redundancy of such materials, completed / specific projects and other surplus / redundant materials pending transfer to salvage stores etc.</p> <p>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.</p> <p>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.</p> <p>Provision for doubtful claims represents provision on expected credit losses.</p> <p>Impairment in value of investment represents reduction in the share of net worth below investment</p> <p>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.</p>
<b>51</b>	





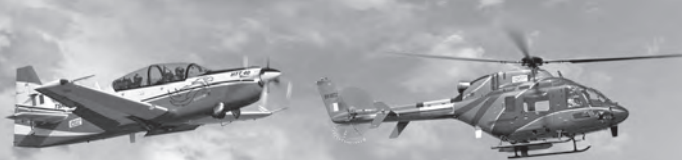
# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars				
	31 <sup>st</sup> March 2023		31 <sup>st</sup> March 2022		
	Note 29	Note 33	Note 29	Note 33	
	Non - Current	Current	Non - Current	Current	
	Advances from Customers of ₹ 1025567 Lakhs and Milestone receipts of ₹ 1872541 Lakhs disclosed in Note Nos. 29 and 33 as Non-Current and Other Current Liabilities (in terms of Schedule III to the Companies Act, 2013) represent gross amounts received. These amounts have been utilised for procurement of Special Purpose Tooling, Incurrence of DRE, Inventory Holding, Advances to Vendors etc. as detailed below:				
	<b>Particulars</b>				
	<b>31<sup>st</sup> March 2023</b>		<b>31<sup>st</sup> March 2022</b>		
	<b>Note 29</b>	<b>Note 33</b>	<b>Note 29</b>	<b>Note 33</b>	
	<b>Non - Current</b>	<b>Current</b>	<b>Non - Current</b>	<b>Current</b>	
	Outstanding Advances from Customer				
	- Defence	471586	549021	608833	430963
	- Others		4960		4226
		471586	553981	608833	435189
	Less: Utilisation of Advances				
	- Inventory	148861	278882	32553	337507
	- Advances against Goods & Services		3973		19980
	- Intangible Assets		19028		135
	- Special Tools & Equipment	8920	36693	8920	282
	- Trade Receivables		16		1665
	- Claims Receivables				765
		157781	338592	41473	360334
	<b>Net Outstanding Advances (A)</b>	<b>313805</b>	<b>215389</b>	<b>567360</b>	<b>74855</b>
	Outstanding Milestone Receipt				
	- Defence	620665	1197370	610354	941864
	- Others	349	54157	7057	62928
		621014	1251527	617411	1004792
	Less: Utilisation of Milestone Receipts				
	- Inventory	144114	533358	90289	589442
	- Advances against Goods & Services	835	331662	43480	73325
	- Intangible Assets	3025	7448	2949	19645
	- Special Tools & Equipment	82019	34084	49912	89249
	- Trade Receivables	42687	54146	6041	17532
	- Claims Receivables				5100
		272680	960697	192671	794293
	<b>Net Outstanding Milestone Receipts (B)</b>	<b>348334</b>	<b>290830</b>	<b>424740</b>	<b>210499</b>
	<b>Total (A+B)</b>	<b>662139</b>	<b>506219</b>	<b>992100</b>	<b>285354</b>

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# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars		
	<b>Summary</b>		
		<b>31<sup>st</sup> March 2023</b>	<b>31<sup>st</sup> March 2022</b>
	<b>(A) Gross Advances from Defence Customers</b>		
	Initial Advances from Defence Customers	<b>1020607</b>	1039796
	Milestone Advances from Defence Customers	<b>1818035</b>	1552218
	Gross Advances from Defence Customers (A)	<b>2838642</b>	2592014
	Advances from Others (B)	<b>59466</b>	74211
<b>52</b>	<b>Total (A+B)</b>	<b>2898108</b>	2666225
	Less Advances / Milestone utilisation (C)	<b>1729750</b>	1388771
	Outstanding Advances / Milestone Receipts (A+B-C)	<b>1168358</b>	1277454
	Defence Customers	<b>1112432</b>	1204553
	Others	<b>55926</b>	72901
	<b>Total</b>	<b>1168358</b>	1277454



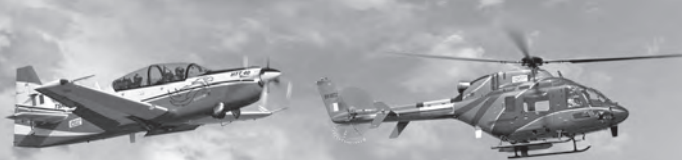


# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars								
	<b>Non-current Trade Receivables Ageing Schedule (Note - 8)</b>								
	<b>Particulars</b>	As at 31 <sup>st</sup> March 2023					Unbilled	Not due	Total
		Outstanding for following periods from due date of payment							
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years			
53(a)	(i) Undisputed Trade receivables - considered good	-	-	-	-	-	-	-	
	(ii) Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	
	(iii) Undisputed Trade receivables - credit impaired	-	-	-	-	-	-	-	
	(iv) Disputed Trade receivables - considered good	-	-	-	-	-	-	-	
	(v) Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	
	(vi) Disputed Trade receivables - credit impaired	-	-	-	-	-	-	-	
	Less : Allowance for Doubtful Debts	-	-	-	-	-	-	-	
	<b>Total</b>	-	-	-	-	-	-	-	
	<b>Particulars</b>	As at 31 <sup>st</sup> March 2022					Unbilled	Not due	Total
		Outstanding for following periods from due date of payment							
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years			
	(i) Undisputed Trade receivables - considered good	-	-	-	-	-	-	-	
	(ii) Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	
	(iii) Undisputed Trade receivables - credit impaired	-	-	-	-	-	-	-	
	(iv) Disputed Trade receivables - considered good	-	-	-	-	-	-	-	
	(v) Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	
	(vi) Disputed Trade receivables - credit impaired	-	-	-	-	-	-	-	
	Less : Allowance for Doubtful Debts	-	-	-	-	-	-	-	
	<b>Total</b>	-	-	-	-	-	-	-	
	<b>Non current Contract Assets Ageing schedule (Note - 8A)</b>								
	<b>Particulars</b>	As at 31 <sup>st</sup> March 2023					Not due	Total	
		Outstanding for following periods from due date of payment							
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years			
53(b)	(i) Undisputed Contract Assets - considered good	-	-	-	-	-	-		
	(ii) Undisputed Contract Assets - which have significant increase in credit risk	-	-	-	-	-	-		
	(iii) Undisputed Contract Assets - credit impaired	-	-	-	-	-	-		
	(iv) Disputed Contract Assets - considered good	-	-	-	-	-	-		
	(v) Disputed Contract Assets - which have significant increase in credit risk	-	-	-	-	-	-		
	(vi) Disputed Contract Assets - credit impaired	-	-	-	-	-	-		
	Less : Allowance for Doubtful Debts	-	-	-	-	-	-		
	<b>Total</b>	-	-	-	-	-	-		



# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars	As at 31 <sup>st</sup> March 2022						
		Outstanding for following periods from due date of payment					Not due	Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years		
53(b)	(i) Undisputed Contract Assets - considered good	-	-	-	-	-	-	-
	(ii) Undisputed Contract Assets - which have significant increase in credit risk	-	-	-	-	-	-	-
	(iii) Undisputed Contract Assets - credit impaired	-	-	-	-	-	-	-
	(iv) Disputed Contract Assets - considered good	-	-	-	-	-	-	-
	(v) Disputed Contract Assets - which have significant increase in credit risk	-	-	-	-	-	-	-
	(vi) Disputed Contract Assets - credit impaired	-	-	-	-	-	-	-
	Less : Allowance for Doubtful Debts	-	-	-	-	-	-	-
	<b>Total</b>	-	-	-	-	-	-	-

### Current Trade Receivables Ageing schedule (Note - 15)

53(c)	Particulars	As at 31 <sup>st</sup> March 2023							
		Outstanding for following periods from due date of payment					Unbilled	Not due	Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years			
(i)	Undisputed Trade receivables - considered good	270,637	78,208	88,732	29,103	5,227	-	-	471,907
(ii)	Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii)	Undisputed Trade receivables - credit impaired	612	3	157	13	14,624	-	-	15,409
(iv)	Disputed Trade receivables - considered good	-	-	-	-	-	-	-	-
(v)	Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi)	Disputed Trade receivables - credit impaired	-	-	-	-	-	-	-	-
	Less : Allowance for Doubtful Debts	612	3	157	13	14,624	-	-	15,409
	<b>Total</b>	<b>270,637</b>	<b>78,208</b>	<b>88,732</b>	<b>29,103</b>	<b>5,227</b>	-	-	<b>471,907</b>

Particulars	As at 31 <sup>st</sup> March 2022							
	Outstanding for following periods from due date of payment					Unbilled	Not due	Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years			
(i)	Undisputed Trade receivables - considered good	198,613	115,864	105,430	34,477	9,771	-	464,155
(ii)	Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii)	Undisputed Trade receivables - credit impaired	2	7	169	5	13,874	-	14,057
(iv)	Disputed Trade receivables - considered good	-	-	-	-	-	-	-
(v)	Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi)	Disputed Trade receivables - credit impaired	-	-	-	-	-	-	-
	Less : Allowance for Doubtful Debts	2	7	169	5	13,874	-	14,057
	<b>Total</b>	<b>198,613</b>	<b>115,864</b>	<b>105,430</b>	<b>34,477</b>	<b>9,771</b>	-	<b>464,155</b>







# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars
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### Current Contract Assets Ageing schedule (Note - 15A)

Particulars	As at 31 <sup>st</sup> March 2023						
	Outstanding for following periods from due date of payment					Not due	Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years		
(i) Undisputed Contract Assets - considered good	574,498	105,010	187,982	70,981	107,269	-	1,045,740
(ii) Undisputed Contract Assets - which have significant increase in credit risk	-	-	-	-	4,752	-	4,752
(iii) Undisputed Contract Assets - credit impaired	-	-	-	-	232	-	232
(iv) Disputed Contract Assets - considered good	-	-	-	-	-	-	-
(v) Disputed Contract Assets - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Contract Assets - credit impaired	-	-	-	-	-	-	-
Less : Allowance for Doubtful Debts	7,741	1,837	9,344	9,841	84,321	-	113,084
<b>Total</b>	<b>566,757</b>	<b>103,173</b>	<b>178,638</b>	<b>61,140</b>	<b>27,932</b>	<b>-</b>	<b>937,640</b>

53(d)

Particulars	As at 31 <sup>st</sup> March 2022						
	Outstanding for following periods from due date of payment					Not due	Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years		
(i) Undisputed Contract Assets - considered good	437,611	125,540	154,545	64,519	99,019	-	881,234
(ii) Undisputed Contract Assets - which have significant increase in credit risk	-	-	-	-	4,752	-	4,752
(iii) Undisputed Contract Assets - credit impaired	-	-	-	232	-	-	232
(iv) Disputed Contract Assets - considered good	-	-	-	-	-	-	-
(v) Disputed Contract Assets - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Contract Assets - credit impaired	-	-	-	-	-	-	-
Less : Allowance for Doubtful Debts	3,399	1,837	9,344	10,073	80,700	-	105,353
<b>Total</b>	<b>434,212</b>	<b>123,703</b>	<b>145,201</b>	<b>54,678</b>	<b>23,071</b>	<b>-</b>	<b>780,865</b>

### Non current Trade Payables Ageing schedule (Note - 25)

Particulars	As at 31 <sup>st</sup> March 2023						
	Outstanding for following periods from due date of payment				Unbilled	Not due	Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years			
(i) Micro enterprises and Small enterprises	-	-	-	-	-	-	-
(ii) Other than Micro enterprises and Small enterprises	-	-	-	-	-	-	-
(iii) Disputed dues - Micro enterprises and Small enterprises	-	-	-	-	-	-	-
(iv) Disputed dues - Other than Micro enterprises and Small enterprises	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

54(a)



# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars	As at 31 <sup>st</sup> March 2022						
		Outstanding for following periods from due date of payment				Unbilled	Not due	Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years			
54(a)	(i) Micro enterprises and Small enterprises	-	-	-	-	-	-	-
	(ii) Other than Micro enterprises and Small enterprises	-	-	-	-	-	-	-
	(iii) Disputed dues - Micro enterprises and Small enterprises	-	-	-	-	-	-	-
	(iv) Disputed dues - Other than Micro enterprises and Small enterprises	-	-	-	-	-	-	-
	<b>Total</b>	-	-	-	-	-	-	-

### Current Trade Payables Ageing schedule (Note - 31)

Particulars	As at 31 <sup>st</sup> March 2023						
	Outstanding for following periods from due date of payment				Unbilled	Not due	Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years			
(i) Micro enterprises and Small enterprises	5041	109	130	5	0	1122	6407
(ii) Other than Micro enterprises and Small enterprises	266063	16924	3884	17871	0	2584	307327
(iii) Disputed dues - Micro enterprises and Small enterprises	-	-	-	-	-	-	0
(iv) Disputed dues - Other than Micro enterprises and Small enterprises	-	-	-	-	-	-	0
<b>Total</b>	<b>271104</b>	<b>17033</b>	<b>4014</b>	<b>17876</b>	<b>0</b>	<b>3706</b>	<b>313734</b>

54(b)

Particulars	As at 31 <sup>st</sup> March 2022						
	Outstanding for following periods from due date of payment				Unbilled	Not due	Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years			
(i) Micro enterprises and Small enterprises	3647	127	5	0	0	796	4575
(ii) Other than Micro enterprises and Small enterprises	199860	11525	3560	30774	5323	360	251402
(iii) Disputed dues - Micro enterprises and Small enterprises	-	-	-	-	-	-	0
(iv) Disputed dues - Other than Micro enterprises and Small enterprises	-	-	-	-	-	-	0
<b>Total</b>	<b>203507</b>	<b>11652</b>	<b>3565</b>	<b>30774</b>	<b>5323</b>	<b>1156</b>	<b>255977</b>





# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars				
55	Additional Regulatory Information:				
55A	The Company do not have any Benami Property, where any proceedings has been initiated or pending against the Company for holding any Benami property.				
55B	Loans or Advances in the nature of loans are granted to promoters, directors, KMPs and the related parties (as defined under Companies, Act, 2013) either severally or jointly with any other person that are:				
	(a) repayable on demand; or				
	(b) without specifying any terms or period of repayment.				
		As at 31 <sup>st</sup> March 2023		As at 31 <sup>st</sup> March 2022	
	Type of Borrower	Amount of loan or advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans	Amount of loan or advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans
	Promoters	NIL	NIL	NIL	NIL
	Directors	NIL	NIL	NIL	NIL
	KMPs	NIL	NIL	NIL	NIL
	Related Parties	NIL	NIL	NIL	NIL
55C	The Company did not have any transaction with any Struck off Companies (under section 248 of Companies Act, 2013) as at 31 <sup>st</sup> March 2023				
		31 <sup>st</sup> March 2023		31 <sup>st</sup> March 2022	
55D	Registration of charges or satisfaction with Registrar of Companies (ROC) Where any charges or satisfaction yet to be registered with Registrar of Companies beyond the statutory period, details and reasons thereof shall be disclosed.	There is no Charges or Satisfaction yet to be registered with RoC beyond the statutory period.		There is no Charges or Satisfaction yet to be registered with RoC beyond the statutory period.	
55E	Compliance with number of layers of companies	NA		NA	





# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars					
Ratios	Numerator	Denominator	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022	% Change in Ratio	Explanation for change in the ratio by more than 25% as compared to the preceding year
(a) Current Ratio	Current Assets = Inventories(Note-13) + Investments (Note-14) + Trade receivables(Note-15) + Contract Assets (Note-15A) + Cash and Cash Equivalents (Note-16) + Bank Balances other than Cash and Cash Equivalents (Note-17) + Loans (Note-18) + Other Financial Assets (Note 19) + Current tax Assets(net)(Note-20) + Other Current Assets (Note-21)	Current Liabilities = Borrowings(Note-30) + Lease liability(Note-30A) + Trade Payables(Note-31) + Other Financial liabilities(Note-32) + Other current liabilities (Note-33) + Provisions(Note-34) + Current Tax Liabilities(Net) (Note-35)	1.68	1.80	-6.67%	-
(b) Debt-Equity Ratio	Total Debt = Non-current borrowing(Note-24) + Current borrowing working capital loan - Cash Credit (Note-30) + Current borrowing from Banks - Commercial paper(Note-30)	Shareholder's Equity = Equity Share Capital(Note-22) + Other Equity(Note-23)	-	-	-	Not Applicable since, borrowed fund during the year is NIL.
(c) Debt Service Coverage Ratio	Earnings available for debt service = Profit after Tax + Depreciation and amortisation(Note-42) + Finance Cost (Note-41) + Loss on sale of assets	Debt Service = Finance cost(Note-41) + Principal repayment	-	-	-	Not Applicable since, borrowed fund during the year is NIL.
(d) Return on Equity Ratio	Net Profits after taxes = Profit(Loss) for the period	Average Shareholder's Equity = Shareholder's Equity for current period + previous year / 2	27.17%	29.37%	-7.49%	-
55F (e) Inventory turnover ratio	Sales = Total Sales (Note-36)	Average Inventory = Inventories (Note-13) for current period + previous year / 2	1.99	1.57	26.68%	There is a growth in sales during the current year as compared to previous year and also there is a considerable reduction in holding of inventory in the current period.
(f) Trade Receivables turnover ratio	Sales = Total Sales (Note-36)	Average Accounts Receivable = Trade Receivables(Note-8 and Note-15) for current period + previous year / 2	5.63	4.73	19.19%	-
(g) Trade payables turnover ratio	Purchases = Purchases (Note-38) + Purchase of Stock-in-Trade (Note-38A)	Average Trade Payables = Trade payables (Note-25 and Note-31) for current period + previous year / 2	3.02	3.52	-14.18%	-
(h) Net capital turnover ratio	Sales = Total Sales (Note-36)	Average Working Capital = Total Current Assets - Total Current Liabilities for current period + previous year / 2	1.28	1.39	-7.83%	-
(i) Net profit ratio	Net Profit = Profit(Loss) for the period from continuing operations	Sales = Total Sales (Note-36)	22%	21%	14.40%	-
(j) Return on Capital employed	Earning before interest and taxes = Profit Before Tax + Finance Cost (Note-41)	Capital Employed = Shares holder's Equity + Long Term Borrowings(Note-24) + Deferred tax liability(Note-28)	28%	27%	1.50%	-
(k) Return on investment.						NA





# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars
------------	-------------

55G Compliance with approved Scheme(s) of Arrangements NA

### Utilisation of borrowed funds and share Premium through intermediaries or for benefit of third party beneficiaries:

55H No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company, its subsidiary, associate to or in any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company, its subsidiary, associate, (Ultimate Beneficiaries).

The Company have not received any fund from any party(s) (Funding Party) with the understanding that the Company, its subsidiary, associate, shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company, its subsidiary, associate ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

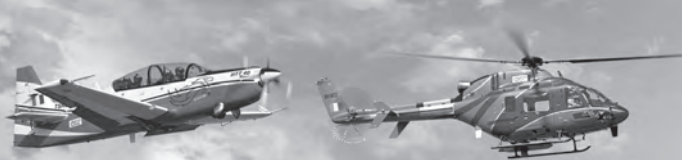
	Undisclosed Income	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
55I	Details of any transaction not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as search or survey or any other relevant provisions of the Income Tax Act, 1961), unless there is immunity for disclosure under any scheme and previously unrecorded income and related assets that have been properly recorded in the books of accounts during the year.	NIL	NIL

### Corporate Social Responsibility

Particulars	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
(a) amount required to be spent by the Company on CSR activities as per Companies Act, 2013	8882	7884
(b) Amount of surplus generated from CSR activities through savings in energy charges from the Wind Power Plant and football stadium during the financial year 2021-22 to be spent by the Company during the year 2022-23	825	884
Less : Excess expenditure spent during the Previous year	0	668
<b>Gross amount required to be spent by the Company during the Financial Year 2022-23</b>	<b>9707</b>	<b>8100</b>

Particulars	31 <sup>st</sup> March 2023		
	In Cash	Yet to be paid in Cash	Total
(1) Amount of expenditure incurred during the year on CSR activities			
(i) Construction / Acquisition of any Assets	3,167	1,069	4,236
(ii) On purposes other than (i) above	5,235	32	5,267
(2) Amount of surplus generated from CSR activities*	825	-	825
<b>Total</b>	<b>9,227</b>	<b>1,101</b>	<b>10,328</b>





# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars			
	31 <sup>st</sup> March 2022			
	Particulars	In Cash	Yet to be paid in Cash	Total
55J	(1) Amount of expenditure incurred during the year on CSR activities			
	(i) Construction / Acquisition of any Assets	4,072	221	4,293
	(ii) On purposes other than (i) above	2,923	-	2,923
	(2) Amount of surplus generated from CSR activities*	884	-	884
	<b>Total</b>	<b>7,879</b>	<b>221</b>	<b>8,100</b>

\* The Company has spent an amount of ₹ 825 lakhs during 2022-23 (Previous year ₹884 lakhs) against the surplus generated of ₹ 825 lakhs (Previous year ₹ 884 lakhs) in financial year 2021-22 through savings in energy charges from the Wind Power Plant and football stadium as a CSR project. The details of Expenditure spent during the year is given below:

Particulars	2022 - 23	2021 - 22
1. On going projects	5015	2541
2. Other than on going projects	5313	5559
<b>Total Expenditure incurred during the year</b>	<b>10328</b>	<b>8100</b>



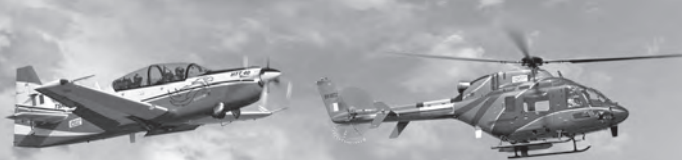


# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars		
	In the year 2022-23, an amount of ₹892 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 2023-24 over and above the 2% budget allocation as per the Companies Act, 2013.		
	<b>Particulars</b>	<b>31<sup>st</sup> March 2023</b>	<b>31<sup>st</sup> March 2022</b>
	(c) Shortfall at the end of the year		
	(d) Total of previous years shortfall		
	(e) Reason for short fall		
	(f) Nature of CSR activities:		
	<b>Particulars</b>		
	Education	2,378	1,130
	Environment Sustainability	405	124
	Facilities for Senior Citizens	-	20
	Healthcare	1,823	1,881
	Livelihood Generation	286	120
	Rural Development	882	388
55j	Sanitation	1,232	339
	Sports Development	333	369
	Skill Development	1,366	2,136
	Others	1,623	1,592
	Total	10,328	8,100
	(g) Details of related party transactions(e.g. contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard)		
	(h) Movement in CSR Provision:		
	Opening Balance	273	
	Additions		273
	Deletions	273	
	Closing Balance		273
55k	<b>Details of Crypto Currency or Virtual Currency</b>	<b>NA</b>	<b>NA</b>



# Notes to the Standalone Financial Statements for the year ended March 31, 2023

## Note 49 - Notes to Standalone Financial Statements

(₹ in Lakhs)

Clause No.	Particulars
	<p><b>Recent pronouncements</b></p> <p>Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:</p>
56	<p><b>Ind AS 1 - Presentation of Financial Statements</b> - This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the standalone financial statements.</p> <p><b>Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors</b> - This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its standalone financial statements.</p> <p><b>Ind AS 12 - Income Taxes</b> - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its standalone financial statement.</p>
57	<p>The financial statements were approved for issue by the Board of Directors at their meeting held on 12<sup>th</sup> May 2023.</p> <p>These financial statements are presented in Indian rupees (rounded off to lakhs). Previous Year figures have been rearranged or regrouped wherever necessary.</p>

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 A JOHN MORIS & CO.**  
Chartered Accountants  
Firm Registration No: 0072205

**CA A.G. KRISHNAN**  
Partner  
Membership No: 021183  
Place: Bengaluru  
Date: 12.05.2023

**(EJPURA PUTHRAPPA JAYADEVA)**  
Director (Operations)  
DIN: 06761333

**(C. B. ANANTHAKRISHNAN)**  
Director (Finance) & CFO  
Chairman & Managing Director  
(Additional Charge)  
DIN: 06761339

**(SHAILESH BANSAL)**  
Company Secretary  
FCS No.5064





# 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, 2023 and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated cash flows statement for the year then ended and notes to the Consolidated financial statements, including a summary of 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 Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its Joint ventures as at March 31, 2023 and their consolidated profit, their consolidated total comprehensive income, their consolidated changes in equity and their consolidated cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143 (10) of the Act. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the group and its Joint ventures in accordance with the ethical requirements relevant to our audit of the consolidated financial statements in India in terms *Code of Ethics* issued by ICAI, and the provisions of the Companies Act 2013, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Emphasis of Matter

#### 1) Attention is invited to Notes to the Financial Results extracted below:

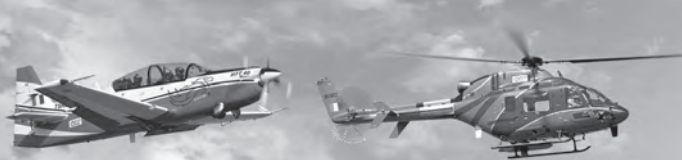
##### a) Note no : 49 (18)

Revision of pay scales of executives and workmen, with effect from 01.01.2017 was implemented in accordance with the guidance issued by DPE vide OM dated 03.08.2017 for Executives and in accordance with the Wage Agreement entered into between Management and Employees Union representatives in 2019-20 in respect of Workmen. On an interpretation on pay refixation and pursuant to the directives of the Administrative Ministry, the pay fixation to be revised and the excess amount paid is to be recovered from the employees.

This has resulted in reduction of salaries and wages for the year ended 31 March 2023 by ₹ 5155 lakhs (Previous year: ₹ 5256 lakhs) and a consequential reduction in sales revenue for the year ended 31 March 2023 by ₹ 1239 lakhs (Previous year: ₹ 812 lakhs).

While so, the Employees Union and Officers Association have filed Writ Petitions with Hon'ble High Court of Karnataka to stay recovery of excess amount of salary paid by the Company. The Hon'ble High Court has granted interim stay on recoveries, Pending disposal of the writ petitions by the High court, the excess amount is shown under claims recoverable Note No.19 for ₹ 29645 lakhs (Previous year ₹ 24489 lakhs). Provision has been created for the full liability of ₹ 29645 lakhs during the year as a prudential measure in case the issue will be settled in favour of employees.

In respect of employees who retired prior to 30 June, 2021, provision is made for the amount recoverable ₹ 2665 lakhs (Previous year: ₹ 2584 lakhs). The amount withheld from employees who retired after 30<sup>th</sup> June 2021 is kept under other liabilities ₹ 2706 lakhs (Previous year: ₹ 1835 Lakhs). Based on the final order that may be passed, suitable effect will be carried out in the accounts.



## b) – Notes to Specific to Joint Ventures 49 (5)

### (i) In respect of BAeHAL Software Limited

#### Unbilled Revenues

The company has shown Unbilled Revenues valuing ₹ 461.28 Lakhs (P.Y. ₹ 695.05 Lakhs) shown under Revenue from operations & under Current Assets-Others in Balance Sheet. The Unbilled Revenue of ₹ 222.89 Lakhs is pending for more than 3 years which pertains to TPM projects amounting to ₹ 72 Lakhs and RTS projects amounting to ₹ 150.87 Lakhs. Delay in completion of billable milestones due to multiple changes in the scope/project requirement by the customers, resulting to redoing the IETM tool, delay in testing & approvals from end customers has caused the delay.

### (ii) In respect of HATSOFF Helicopter Training Private Limited

#### Going Concern

The company has made a net profit of ₹ 486 lakhs during the year ended 31<sup>st</sup> March, 2023 (Previous Year, net profit ₹ 911.20 lakhs) and, as of that date; the Company's current liabilities exceeded its current assets by ₹ 13111.36/- lakhs (Previous year - ₹ 12387.63 Lakhs). In addition to this, as at the balance sheet date, the company has accumulated losses which have resulted in erosion of the net worth. The net worth of the company as at 31<sup>st</sup> March 2023 is negative by ₹ 2799.02 Lakhs (Previous Year: negative by ₹ 3285.02 Lakhs).

As per the management representation duly noted by the Board at its 78<sup>th</sup> Board meeting held on 28<sup>th</sup> April 2023 wherein the management has assessed the entity as going concern despite the existence of above stated uncertainties and has assessed its ability to meet the obligations that are falling due.

The company has recently identified unaccounted Invoices related to Capital Spares for the FY 2009-10 and 2010-11 and the company is currently under detailed review including the accounting exchange rate to be rightfully applied for conversion into functional currency. Hence, we are unable to comment on the impact of the same on financial statements.

### (iii) In respect of HALBIT Avionics Private Ltd

#### Material Uncertainty Related to Going Concern

The Company, as on 31 March 2023, has a net liability of ₹ 1,154.21 lakhs (PY: ₹ 1,110.95 lakhs) and a net current liability of ₹ 1,238.71 lakhs (PY: ₹ 1,176.14 lakhs) indicating existence of an uncertainty that may cast doubt upon the Company's ability to continue as a going concern. However, the bulk of its current liability is subject to the satisfactory completion of the performance obligations by the supplier, who is also a shareholder of this joint venture Company. Besides this, the Company continues to generate positive cash flows from its operations and plans to liquidate the liability in a phased manner. The Company expects to fund its operating and capital expenditure and continue business operations. Accordingly, the management has determined that these actions are sufficient to mitigate the uncertainty and has prepared the financial statements on a going concern basis.

### (iv) In respect of TATA HAL Technologies Ltd

TATA HAL Technologies Limited, pursuant to the Board Resolution dated 8<sup>th</sup> June 2021, had filed the application for voluntary liquidation to MCA in terms of Section 59 of the Insolvency and Bankruptcy Code, 2016 and the official liquidator was appointed.

The official liquidator, vide their letter dated 07.03.2022, intimated about the distribution of liquidation proceeds to the stakeholders of the TATA HAL Technologies Limited. Pursuant to the same liquidation proceeds of ₹ 34 lakhs was received by the Company. [On 27 April, 2022 (₹ 31 lakhs) and 15 June, 2022 (₹ 3 lakhs)].

The Group has derecognized the investment made in TATA HAL Technologies Limited as at 30 June, 2022.

### (v) In respect of Infotech HAL Ltd

The audited financial statements of Infotech HAL Ltd, joint venture of Hindustan Aeronautics Limited are not made available and hence not considered in consolidated financial statements. The joint venture was hitherto consolidated under equity method. The impact of non-consolidation, however, is not material.





**(vi) In Respect of HAL Edgewood Technologies Private Limited**

The Joint Venture Company has not prepared the financial statements for the year ended 31 March 2023, and accordingly not considered for consolidation.

The impact of non-consolidation, however, is not material.

**(vii) In respect of Multirole Transport Aircraft Limited**

Board in its 47<sup>th</sup> Meeting held on 09<sup>th</sup> February, 2023, approved the following resolution: “Subject to the necessary approval being obtained from the Government of India, in principle approval of the Board was accorded for the Voluntary Liquidation of the company in accordance with its Articles of Association, Shareholders Agreement and other relevant contracts, provisions of Section 59 and other applicable provisions of the Insolvency and Bankruptcy Code 2016 read with the Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulations, 2017 and other provisions of the Companies Act 2013 and relevant rules and any other law as may be applicable. Hence on fulfillment of the following steps, the Going Concern assumption will become inappropriate-

- i. Receipt of Government of India approval for closure of the company,
- ii. Adopting unanimous resolution with affirmative vote by all the directors as per Para 9.4(h) of the Shareholders Agreement read with Para 147(2)(h) of the Articles of Association, recommending liquidation of the company to the General Meeting
- iii. Adopting necessary resolutions for Voluntary Liquidation of the company in the Members General Meeting as per the provisions of Insolvency and Bankruptcy Code,2016
- iv. Adherence of procedures for closure of MTAL Moscow Branch in compliance with rules and regulations of Russian Federation
- v. Compliance of all necessary steps as per internal rules and regulations of the company, as well as applicable statutory provisions of the respective country (i.e. India and Russian Federation) for closure of the company.”

Our opinion is not modified in respect of these above matters.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	Response to Key Audit Matters & Conclusion
<p><b>a) Revenue recognition</b> <b>('Ind AS 115')</b></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>	<ul style="list-style-type: none"> <li>• Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</li> <li>• Evaluated the appropriateness of the disclosures provided under the revenue standard and assessed the completeness and mathematical accuracy of the relevant disclosures.</li> <li>• Evaluated the design of internal controls relating to implementation of the new revenue accounting standard.</li> <li>• Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, reperformance and inspection of evidence in respect of operation of these controls.</li> </ul>



Key Audit Matters	Response to Key Audit Matters & Conclusion
	<ul style="list-style-type: none"> <li>• Selected a sample of continuing and new contracts and performed the following procedures:               <ul style="list-style-type: none"> <li>• Read, analyzed and identified the distinct performance obligations in these contracts.</li> <li>• Compared these performance obligations with that generally of identified and recorded by the company group.</li> <li>• Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable revenue.</li> <li>• Examination of the correspondence relating to price revision and ascertained the reasonableness of the estimates.</li> <li>• Sample of revenues disaggregated by type and service offerings was tested with the performance obligations specified in the underlying contracts.</li> </ul> </li> </ul> <p>Due to detailed procedures, a portion of is recognized based on the most likely amount based on past experience and the consistent practices followed. We have verified the procedures revenue recognition including unbilled revenue.</p>
<p><b>b) Impairment of Trade Receivables</b></p> <p>In respect of receivables from Government the company generally 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>	<p>We have verified the</p> <ul style="list-style-type: none"> <li>i) Effectiveness of internal controls in place and procedures followed in identifying the recoverability of long outstanding dues.</li> <li>ii) The procedures and follow up actions in ascertaining the impairment of receivables.</li> </ul> <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 that the management assumption is reasonable.</p>
<p><b>c) Contract Asset</b></p> <p>Contract asset represents the revenue recognized but yet to be invoiced to the customer.</p>	<p>Contract Assets represents the Company's right to receive the consideration in exchange for the Goods or Services that the Company has transferred to the Customer, when that right is conditioned on something other than passage of time.</p>
<p><b>d) Liquidated damages</b></p> <p>The Company's contract with the customers has standard clause for Liquidated damages for delayed delivery. The company's product have extended period of manufacturing; design approvals and inspection by customer at various stages which result in delay in certain cases leading to liquidated damages. The liquidated damages recognized being significant in the statement of profit and loss, is considered a key audit matter in our opinion.</p>	<p>We have verified the controls, period of delay, the expected days of delay as on 31.03.2023 and also the calculation for the liquidated damages recognized and found the system followed and calculation to be in order.</p>





Key Audit Matters	Response to Key Audit Matters & Conclusion
<p><b>e) Work - in - Progress (WIP) - Inventories</b></p> <p>Inventories include Work in Progress which have been physically verified by the management based on physical verification instructions.</p>	<p>Our Audit Procedures include review of</p> <ul style="list-style-type: none"> <li>Physical Verification instructions</li> <li>Physical verification reports</li> <li>Roll back procedures</li> <li>Examining the basis of valuation on a test check basis</li> </ul> <p>Based on the above audit procedures we concluded that the valuation of WIP is proper.</p>
<p><b>f) Revision of pay</b></p> <p>Revision of pay scales of executives and workmen, with effect from 01.01.2017 was implemented in accordance with the guidance issued by DPE vide OM dated 03.08.2017 for Executives and in accordance with the Wage Agreement entered into between Management and Employees Union representatives 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 to be revised and the excess amount paid is to be recovered from the employees.</p> <p>The revision has resulted in reduction of salaries and wages for the year ended 31 March 2023 by ₹ 5155 lakhs (Previous year: ₹ 5256 lakhs) and consequential reduction in sales revenue for the year ended 31 March 2023 by ₹ 1239 lakhs (Previous year: ₹ 812 lakhs).</p> <p>While so, the Employees Union and the Officers Association have filed Writ Petitions with Hon'ble High Court of Karnataka to stay recovery of excess amount of salary paid by the Company. The Hon'ble High Court has granted interim stay on recoveries, Pending final disposal of the writ petitions by the High court, the excess amount is shown under claims receivable Note No.19 ₹ 29645 lakhs (Previous year ₹ 24489 lakhs). Provision has been created in FY 2022-23 for the full liability of ₹ 29645 lakhs as a prudential measure in case the issue will be settled in favour of employees.</p> <p>In respect of employees who retired prior to 30 June, 2021, provision is made for the amount recoverable ₹ 2665 lakhs (Previous year: ₹ 2584 lakhs).The amount withheld from employees who retired after 30<sup>th</sup> June 2021 is kept under other liabilities ₹ 2706 lakhs (Previous year: ₹ 1835 Lakhs)</p>	<p>We have verified the Audit para given by PDCA Bangalore, and the directives given by the Administrative Ministry dated 07.04.2021.</p> <p>We have verified the Copies of the writ petition filed by the employees, the interim orders of the Hon'ble High Court and the legal opinion from the company counsel.</p> <p>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 the above audit procedures we are satisfied with accounting treatment followed for employees benefits expenses, recognition of the amount recoverable, and the provision relating to retired employees and the provision made during the year.</p>

### 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 reports, 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 ₹ 4442 Lakhs as at 31<sup>st</sup> March 2023, total revenues of ₹ 1233 lakhs and net cash flows amounting to ₹ 55 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 ₹ 611 lakhs for the year ended 31<sup>st</sup> March, 2023, as considered in the consolidated financial statements, in respect of Eleven 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

1. As required by Section 143 (3) of the Act, we report, to the extent applicable, that :
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, (the Consolidated Statement of Changes in Equity) and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
  - d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards prescribed under Section 133 of the Act read with rule 7 of the Companies (Accounts) Rules, 2014.
  - e) Ministry of Corporate Affairs vide notification no 1/2/2014-CL-V dated 23<sup>rd</sup> 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 05<sup>th</sup> June 2015 issued by the Ministry of Corporate Affairs, Government of India, the Company being Government Company, is exempt from the provisions of Section 164(2) of the Act regarding disqualification of Directors.
  - g) With respect to the adequacy of internal financial controls with reference to Consolidated financial statements of the Group and the operating effectiveness of such controls, refer to our separate report in **"Annexure B"**
  - h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, and its joint ventures.(refer Note 49 4 (a) & (b), 49 (18) and 49 (20) to the consolidated financial statements)
    - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, on long-term contracts as on March 31, 2023; The Group and its Joint Ventures did not have any derivative contracts.
    - iii. There were no amounts which were required to be transferred to the Investor education and protection fund by the Holding Company and its subsidiary companies and joint ventures incorporated in India.
    - iv. (a) The management has represented that, to the best of it's knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the division to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities Identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;  
  
(b) The management has represented, that, to the best of it's knowledge and belief, no funds have been received by the division from any persons or entities, including foreign entities ("funding Parties"), with the understanding, whether recorded in writing or otherwise, that the division shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and



- (c) Based on such audit procedures we have considered reasonable and appropriate in the circumstances, nothing has come to the notice that has caused us to believe that the representations under sub-clause (i) and (ii) contain any material mis-statement.
- v) a) The company has declared final dividend for the financial year 2021-2022 on 29.08.2022.
- b) The interim dividends declared on 11.11.2022 and 10.03.2023 for the financial year 2022-2023 and paid by the Company during the year is in accordance with Section 123 of the Companies Act, 2013.
- c) The Company has not proposed any final dividend up to the date of our report.
2. With respect to the matters specified in paragraph 3(xxi) and 4 of the Companies (Auditor's Report) Order 2020, to be included in the Auditors report, and based on the CARO report issued by us for the Company and its subsidiaries and Joint ventures included in the consolidated financial statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO Reports.

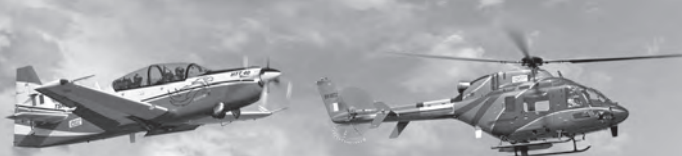
**For A. John Moris & Co.**  
Chartered Accountants  
FRN NO: 0072205



**A G Krishnan**  
Partner

Membership No. 021183  
UDIN: 23021183BGTCQE6903

Place: Bengaluru  
Date: 12.05.2023



#### Annexure A

Sl. No.	Subsidiaries
1	Naini Aerospace Limited
2	Indo Russian Helicopters Limited (IRHL)
<b>Joint Ventures</b>	
1	BAe-HAL Software Ltd
2	Safran HAL Aircraft Engines Private Ltd
3	Indo Russian Aviation Ltd
4	HALBIT Avionics Pvt. Ltd
5	SAMTEL HAL Display Systems Ltd
6	HATSOFF Helicopter Training Pvt. Ltd.
7	International Aerospace Manufacturing Pvt.Ltd.
8	Multirole Transport Aircraft Ltd
9	Helicopter Engines MRO Pvt. Ltd
10*	HAL Edgewood Technologies Private Limited
11*	Infotech HAL Limited

- **\*Not considered in Consolidation as the financial statements were not made available till the date of our report. Please refer points (iv) to (vi) of Emphasis of matter paragraph in our Report.**





## ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF HINDUSTAN AERONAUTICS LIMITED.

### Report on the Internal Financial Controls with reference to Consolidated financial statements under Clause (i) of 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, 2023, we have audited the Internal Financial Controls with reference to Consolidated financial statements of **HINDUSTAN AERONAUTICS LIMITED** ('the Holding Company') and its Subsidiary Companies and Joint Ventures, which are companies incorporated in India, as of that date.

#### Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company and its Subsidiary Companies and Joint Ventures which are companies incorporated in India, are responsible for establishing and maintaining Internal Financial Controls based on the Internal Control with reference to Consolidated financial statements criteria established by the Holding Company considering the essential components of Internal Control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ('the Act').

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Group Company's and Joint Ventures Internal Financial Controls with reference to Consolidated financial statements based on our audit.

We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and prescribed under section 143(10) of the Act, to the extent applicable to an audit of Internal Financial Controls, both applicable to an audit of Internal Financial Controls and, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate Internal Financial Controls with reference to Consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

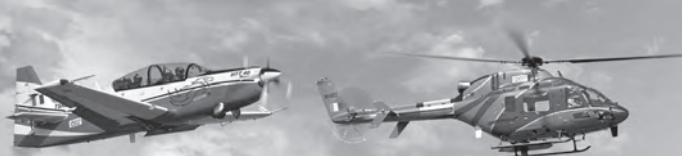
Our audit involves performing procedures to obtain audit evidence about the adequacy of the Internal Financial Controls system with reference to Consolidated financial statements and their operating effectiveness. Our audit of Internal Financial Controls with reference to Consolidated financial statements included obtaining an understanding of Internal Financial Controls with reference to Consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of Internal Control based on the assessed risk. The procedures selected depend on the Auditors' judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other Auditors in terms of their Reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's Internal Financial Controls system with reference to Consolidated financial statements of the Group and its Joint Ventures.

#### Meaning of Internal Financial Controls Over Financial Reporting

A Company's Internal Financial Control with reference to Consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's Internal Financial Control with reference to Consolidated financial statements includes those policies and procedures that:

- (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 with reference to Consolidated financial statements**

Because of the inherent limitations of Internal Financial Controls with reference to Consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the Internal Financial Controls with reference to Consolidated financial statements to future periods are subject to the risk that the Internal Financial Control with reference to Consolidated financial statements may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the Holding Company, its Subsidiary Companies and its Joint Ventures incorporated in India has, in all material respects, an adequate Internal Financial Controls System with reference to Consolidated financial statements and such Internal Financial Controls were operating effectively as at March 31, 2023, based on the Internal Control with reference to Consolidated financial statements criteria established by the Company, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

#### **Other Matters**

Our aforesaid Reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the Internal Financial Controls with reference to Consolidated financial statements in so far as it relates to the Subsidiaries and Joint Ventures which are companies incorporated in India, is based on the corresponding Reports of the Auditors of such companies incorporated in India.

**For A.John Moris & Co.**

Chartered Accountants

FRN NO: 0072205

**(A G Krishnan)**

Partner

Membership No. 021183

UDIN: 23021183BGTCQE6903

Place: Bengaluru  
Date: 12.05.2023







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सं./No. REP/2023-24/HAL-A/c's(22-23)/202

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: 12.07.2023

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 2023.

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)  
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 2023.**

The preparation of consolidated financial statements of **Hindustan Aeronautics Limited (HAL), Bengaluru** for the year ended 31 March 2023 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139(5) read with section 129(4) of the Act are responsible for expressing opinion on the financial statements under section 143 read with section 129(4) of the Act based on independent audit in accordance with 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 12 May 2023.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of Hindustan Aeronautics Limited, Bengaluru for the year ended 31 March 2023 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 two Subsidiaries, viz., Indo Russian Helicopters Limited, Bengaluru and Naini Aerospace Limited, Prayagraj but did not conduct supplementary audit of the financial statements of and of eleven Joint Venture Companies of Hindustan Aeronautics Limited (as per *Annexure*) for the year ended on that date. Further, section 139(5) and 143(6) (a) of the Act are not applicable to the eleven Joint Venture Companies being private entities (*Annexure*), for appointment of their Statutory Auditor and for conduct of supplementary audit. Accordingly, Comptroller and Auditor General of India has neither appointed the statutory auditors nor conducted the supplementary audit of these companies. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditor's Audit Report under section 143 (6)(b) of the Act.

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

  
**(Rajesh Ranjan)**

**Pr. Director of Commercial Audit  
(Defence-Commercial)**

**Place: Bengaluru  
Date: 12 July 2023.**





## ANNEXURE

List of Joint Venture Companies of Hindustan Aeronautics Limited for which supplementary audit of the Financial Statements not conducted by this office

01. BAe-HAL Software Limited
02. Indo-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. International Aerospace Manufacturing Private Limited
10. Multirole Transport Aircraft Limited
11. Helicopter Engine MRO Private Limited



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सं./No. Rep/2023-24/Naini A/c's (22-23)  
199

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

दिनांक/ DATE. 12.07.2023

To  
The Chairman,  
Naini Aerospace Limited  
Regd. Office : 15/1, Cubbon Road  
Bangalore - 560 001

Sir,

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

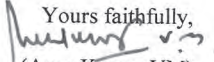
I forward herewith Nil Comments Certificate of the Comptroller and Auditor General  
of India under Section 143(6) (b) of the Companies Act, 2013 on the accounts of Naini  
Aerospace Limited, Prayagraj for the year ended 31 March 2023.

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.

Encl: As above.

Yours faithfully,  
  
(Arun Kumar VM)  
Director (Reports)

भारतीय लेखापरीक्षा तथा लेखा विभाग  
INDIAN AUDIT & ACCOUNTS DEPARTMENT  
प्रथम तल, बसव भवन, श्री बसवेश्वर रोड, बंगलूर - 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



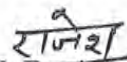
**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF NAINI AEROSPACE LIMITED, PRAYAGRAJ FOR THE YEAR ENDED 31 MARCH 2023.**

The preparation of financial statements of *Naini Aerospace Limited, Prayagraj* for the year ended 31 March 2023 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 28 April 2023.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of *Naini Aerospace Limited, Prayagraj* for the year ended 31 March 2023 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditor's report under section 143(6)(b) of the Act.

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

  
(Rajesh Ranjan, IA&AS)  
Principal Director of Audit (Defence-Commercial)

**Bangalore  
Date: 12 July 2023.**





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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. 04 July 2023

To  
The Chairman,  
Indo-Russian Helicopters Limited  
HAL Corporate Office  
Cubbon Road,  
Bengaluru - 560 001

Sir,

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

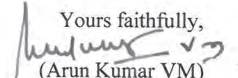
I forward herewith Nil Comments Certificate of the Comptroller and Auditor General of India under Section 143(6) (b) of the Companies Act, 2013 on the accounts of Indo-Russian Helicopters Limited, Bengaluru for the year ended 31 March 2023.

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.

Encl: As above.

Yours faithfully,  
  
(Arun Kumar VM)  
Director (Reports)

भारतीय लेखापरीक्षा तथा लेखा विभाग  
INDIAN AUDIT & ACCOUNTS DEPARTMENT  
प्रथम तल, बसव भवन, श्री बसवेश्वर रोड, बेंगलूर - 560 001.  
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दू.भा./Phone : 2226 7646 / 2226 1168  
Email : mabbangalore@cag.gov.in

फैक्स /Fax : 080-2226 2491



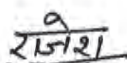
**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF INDO-RUSSIAN HELICOPTERS LIMITED, BENGALURU FOR THE YEAR ENDED 31 MARCH 2023.**

The preparation of financial statements of **Indo-Russian Helicopters Limited, Bengaluru** for the year ended 31 March 2023 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their revised Audit Report dated 12 June 2023 which supersedes their earlier Audit Report dated 05 May 2023.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **Indo-Russian Helicopters Limited, Bengaluru** for the year ended 31 March 2023 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

In view of the revisions made in the statutory auditors' report, to some of my audit observations raised during supplementary audit, I have no further comments to offer upon or supplement to the statutory auditors' report, under section 143(6)(b) of the Act.

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

  
(Rajesh Ranjan, IA&AS)  
**Pr. Director of Commercial Audit  
& Ex-Officio Member, Audit Board, Bangalore.**

**Bangalore  
Date: 04 July 2023.**



# Consolidated Balance Sheet as at March 31, 2023

(₹ in Lakhs)

Particulars	Note No.	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, Plant and Equipment	1		
Gross Block	1A	1179031	1062777
Less: Accumulated Depreciation	1B	548866	470019
Less: Impairment	1C	50303	0
Net Block		579862	592758
(b) Capital work-in-progress	2	63690	94910
(c) Investment Property	3		
Gross Block	3A	4	4
Less: Accumulated Depreciation	3B	1	1
Less: Impairment	3C	0	0
Net Block		3	3
(d) Goodwill	4	0	0
(e) Other Intangible assets	5		
Gross Block	5A	406669	337538
Less: Accumulated Amortization	5B	240452	200704
Less: Impairment	5C	62642	53007
Net Block		103575	83827
(f) Intangible Assets under Development	6		
Gross Block	6A	188608	157859
Less: Accumulated Amortization	6B	58518	0
Less: Impairment	6C	5280	5475
Net Block		124810	152384
(g) Investments accounted for using the Equity Method	7	16833	16779
(h) Financial Assets			
(i) Investments	7A	128959	119491
(ii) Trade Receivables	8	0	0
(iii) Contract Assets	8A	0	0
(iv) Loans	9	621	693
(v) Other Financial Assets	10	41298	41030
(i) Deferred tax Assets (Net)	11	112571	56557
(j) Other Non-Current Assets	12	359654	181464
<b>Total non-current assets</b>		<b>1531876</b>	<b>1339896</b>
<b>Current assets</b>			
(a) Inventories	13	1214869	1434728
(b) Financial Assets			
(i) Investments	14	0	0
(ii) Trade receivables	15	471907	464153
(iii) Contract Assets	15A	937640	780865
(iv) Cash and Cash Equivalents	16	444077	307037
(v) Bank Balances other than Cash and Cash Equivalents	17	1587584	1127735
(vi) Loans	18	776	751
(vii) Other Financial Assets	19	111927	102323
(c) Current Tax Assets (Net)	20	0	0
(d) Other Currents Assets	21	418913	280899
<b>Total current assets</b>		<b>5187693</b>	<b>4498491</b>
<b>Assets held for Sale</b>	Clause 13.9 of Note 49	<b>811</b>	<b>811</b>
<b>Total Assets</b>		<b>6720380</b>	<b>5839198</b>





# Consolidated Balance Sheet as at March 31, 2023

(₹ in Lakhs)

Particulars	Note No.	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share capital	22	33439	33439
(b) Other Equity	23	2323776	1897874
<b>Equity attributable to owners of the parent</b>		<b>2357215</b>	<b>1931313</b>
Non-controlling interest		374	375
<b>Total equity</b>		<b>2357589</b>	<b>1931688</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	24	0	0
(ia) Lease Liabilities	24A	251	241
(ii) Trade payables	25		
A) total outstanding dues of micro enterprises and small enterprises		0	0
B) total outstanding dues of creditors other than micro enterprises and small enterprises		0	0
Sub Total- Trade payables		0	0
(iii) Other Financial Liabilities	26	52503	52470
(b) Provisions	27	134710	126301
(c) Deferred Tax Liabilities (Net)	28	0	0
(d) Other Non-Current Liabilities	29	1092600	1226244
<b>Total non-current liabilities</b>		<b>1280064</b>	<b>1405256</b>
<b>Current Liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	30	0	0
(ia) Lease Liabilities	30A	14	8
(ii) Trade payables	31		
A) total outstanding dues of micro enterprises and small enterprises		6407	4575
B) total outstanding dues of creditors other than micro enterprises and small enterprises		307090	251186
Sub Total- Trade payables		313497	255761
(iii) Other Financial liabilities	32	210943	185360
(b) Other Current Liabilities	33	1853714	1475515
(c) Provisions	34	677831	505696
(d) Current tax liabilities (Net)	35	26728	79914
<b>Total current liabilities</b>		<b>3082727</b>	<b>2502254</b>
<b>Total Equity and Liabilities</b>		<b>6720380</b>	<b>5839198</b>

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 attached

For and on behalf of the Board of Directors

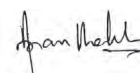
**For A JOHN MORIS & CO.**  
Chartered Accountants  
Firm Registration No: 0072205



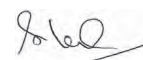
**CA A.G. KRISHNAN**  
Partner  
Membership No: 021183  
Place: Bengaluru  
Date: 12.05.2023



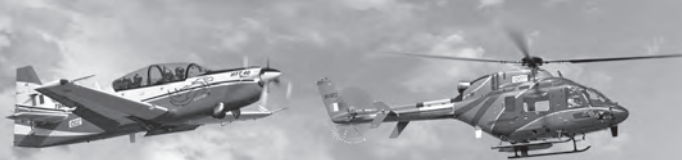
**(EJPURA PUTHRAPPA JAYADEVA)**  
Director (Operations)  
DIN: 06761333



**(C. B. ANANTHAKRISHNAN)**  
Director (Finance) & CFO  
Chairman & Managing Director  
(Additional Charge)  
DIN: 06761339



**(SHAILESH BANSAL)**  
Company Secretary  
FCS No.5064



# Consolidated Statement of Profit and Loss

for the year ended 31<sup>st</sup> March 2023

(₹ in Lakhs)

S. No.	Particulars	Note No.	For the Year ended 31 <sup>st</sup> March 2023	For the Year ended 31 <sup>st</sup> March 2022
	<b>REVENUE</b>			
I	Revenue from Operations	36	2692746	2462002
II	Other Income	37	167012	98493
III	<b>Total Income (I+II)</b>		<b>2859758</b>	2560495
IV	<b>EXPENSES</b>			
	Cost of Materials Consumed	38	999368	875224
	Purchases of Stock-in-Trade	38A	79915	65668
	Changes in Inventories of Finished Goods, Stock-in-Trade, Work-in-Progress and Scrap	39	-69072	59230
	Employee Benefits Expense	40	491037	460442
	Finance Costs	41	5797	5820
	Depreciation and Amortization Expense	42	178467	111053
	Impairment Loss	42A	59743	17643
	Other Expenses	43	156059	121086
	Direct Input to WIP / Expenses Capitalised	44	51603	32315
	Provisions	45	372480	372954
	<b>Total Gross Expenses</b>		<b>2325397</b>	2121435
	Less: Expenses relating to Capital and Other Accounts	46	116302	83416
	<b>Total expenses (IV)</b>		<b>2209095</b>	2038019
V	Profit/(Loss) before Share of Profit/(Loss) of Joint Ventures, Exceptional items and Tax (III-IV)		650663	522476
VI	Share of Profit/(Loss) of Joint Ventures accounted using Equity Method		287	-23
VII	<b>Profit/(Loss) before Exceptional items and Tax (V+VI)</b>		<b>650950</b>	522453
VIII	Exceptional Items		0	0
IX	<b>Profit/(loss) before tax (VII+VIII)</b>		<b>650950</b>	522453
X	Tax expense:			
	(1) Current Tax		225000	190000
	(2) Earlier Year Tax Refund/Liability		-97346	-119273
	(3) Deferred Tax		-59477	-56262
XI	Profit (Loss) for the period from Continuing Operations (IX-X)		582773	507988
XII	Profit/(loss) from Discontinued Operations		0	0
XIII	Tax expense of Discontinued Operations		0	0
XIV	<b>Profit/(loss) from Discontinued Operations (after tax) (XII-XIII)</b>		<b>0</b>	0
XV	Profit/(loss) for the period (XI+XIV)		582773	507988
XVI	<b>Other Comprehensive Income (OCI)</b>			
A	(i) Items that will not be reclassified to profit or loss	47	13800	19607
	(ii) Share of Other Comprehensive Income of JV's accounted using Equity Method		6	7
	(iii) Income tax benefit/(expense) on the items that will not be reclassified to Profit or Loss		-3468	-4940







# Consolidated Statement of Profit and Loss

for the year ended 31<sup>st</sup> March 2023

(₹ in Lakhs)

S. No.	Particulars	Note No.	For the Year ended 31 <sup>st</sup> March 2023	For the Year ended 31 <sup>st</sup> March 2022
	B (i) Items that will be reclassified to profit or loss	48	-21	0
	(ii) Share of Other Comprehensive Income of JV's accounted using Equity Method		0	0
	(iii) Income tax benefit/(expense) on items that will be reclassified to Profit or Loss		5	0
	<b>Total Other Comprehensive Income (A + B)</b>		<b>10322</b>	<b>14674</b>
XVII	<b>Total Comprehensive Income for the period (XV+XVI) (Comprising Profit/(Loss) and Other Comprehensive Income for the period)</b>		<b>593095</b>	<b>522662</b>
	<b>Profit/(Loss) for the period</b>			
	Attributable to:			
	Owners of the parent		<b>582774</b>	508004
	Non Controlling interest		-1	-16
	<b>Other Comprehensive Income for the period</b>			
	Attributable to:			
	Owners of the parent		<b>10322</b>	14674
	Non Controlling interest			
	<b>Total Comprehensive Income for the period</b>			
	Attributable to:			
	Owners of the parent		<b>593096</b>	522678
	Non Controlling interest		-1	-16
XVIII	Earnings per Equity Share (for Continuing Operations):	Clause 28 of Note 49		
	(1) Basic (₹)		<b>174.28</b>	151.92
	(2) Diluted (₹)		<b>174.28</b>	151.92
XIX	Earnings per Equity Share (for Discontinued Operations):			
	(1) Basic (₹)		<b>0</b>	0
	(2) Diluted (₹)		<b>0</b>	0
XX	Earnings per Equity Share (for Continuing & Discontinued Operations):			
	(1) Basic (₹)		<b>174.28</b>	151.92
	(2) Diluted (₹)		<b>174.28</b>	151.92

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 attached

For and on behalf of the Board of Directors

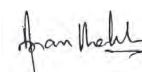
**For A JOHN MORIS & CO.**  
Chartered Accountants  
Firm Registration No: 0072205



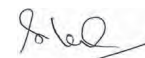
**CA A.G. KRISHNAN**  
Partner  
Membership No: 021183  
Place: Bengaluru  
Date: 12.05.2023



**(EJIPURA PUTHRAPPA JAYADEVA)**  
Director (Operations)  
DIN: 06761333



**(C. B. ANANTHAKRISHNAN)**  
Director (Finance) & CFO  
Chairman & Managing Director  
(Additional Charge)  
DIN: 06761339



**(SHAILESH BANSAL)**  
Company Secretary  
FCS No.5064

# Consolidated Statement of Changes in Equity for the year ended 31<sup>st</sup> March 2023

## A. Equity Share Capital

Particulars	Balance as at 1 April, 2022	Changes in Equity Share Capital due to prior period errors	Restated Balance as at 1 April, 2022	Changes in Equity Share Capital for the year ended 31 <sup>st</sup> March, 2023	Balance as at 31 <sup>st</sup> March, 2023
<b>Equity Share Capital</b>	33439	0	33439	0	<b>33439</b>

(₹ in Lakhs)

Particulars	Balance as at 1 April, 2021	Changes in Equity Share Capital due to prior period errors	Restated Balance as at 1 April, 2021	Changes in Equity Share Capital for the year ended 31 <sup>st</sup> March, 2022	Balance as at 31 <sup>st</sup> March, 2022
<b>Equity Share Capital</b>	33439	0	33439	0	<b>33439</b>

(₹ in Lakhs)

## B. Other Equity (Refer Note 23)

Particulars	Other Equity				Share of Other Comprehensive Income in Joint Venture	Total equity attributable to equity holders of the Company	Non-controlling interest	Total other Equity
	Research and Development Reserve	Capital Redemption Reserve	Reserves and Surplus Indigenization Fund Reserve	General Reserve				
<b>Balance as at 1 April, 2022</b>	161338	14761	0	1721729	30	1897874	375	<b>1898249</b>
<b>Changes in Other Equity due to changes in accounting policy or prior period errors</b>								0
<b>Restated Balance as at 1 April, 2022</b>	161338	14761	0	1721729	30	1897874	375	<b>1898249</b>
<b>Changes in Other Equity for the year ended 31 March, 2023</b>								
Profit for the year ended 31 March, 2023						582774		582773
Items that will not be reclassified to profit or loss						-21		-21
Remeasurements of the net defined benefit liability/asset						10332		10332
Income tax relating to items that will be reclassified to profit or loss						5		5
Items that will not be reclassified to profit or loss								
Income tax relating to items that will not be reclassified to profit or loss								
Transfer to Retained Earnings								
<b>Total comprehensive income for the year ended 31 March, 2023</b>							<b>6</b>	<b>-10332</b>
Current year transfer	53881							64657
Transfer to General Reserve on utilization and Loss	-3963		10776					-3963
Surplus Transferred from Statement of Profit and Loss				361255				361255
Transfer from Research & Development Reserve				3963				3963
Transfer to Research & Development Reserve				-53881				-53881
Transfer to Indigenization Reserve				-10776				-10776
Final Dividend for 2021-22				-33439				-33439
Interim Dividend				-133755				-133755
Transfer to General Reserves				-361255				-361255
<b>Balance as at 31 March, 2023</b>	<b>211256</b>	<b>14761</b>	<b>10776</b>	<b>2086947</b>	<b>36</b>	<b>2323776</b>	<b>374</b>	<b>2324150</b>

(₹ in Lakhs)



# Consolidated Statement of Changes in Equity for the year ended 31<sup>st</sup> March 2023

B. Other Equity (Refer Note 23)

Particulars	Reserves and Surplus				Other Equity			Other Comprehensive Income	Share of Other Comprehensive Income in Joint Venture	Total equity attributable to equity holders of the Company	Non-controlling interest	Total other Equity
	Research and Development Reserve	Capital Redemption Reserve	Indignization Fund Reserve	General Reserve	Retained earnings	Remeasurements of defined benefit liability/asset	Exchange differences in translating the financial statements of a foreign operation					
<b>Balance as at 1 April, 2021</b>	133727	14761	0	1360424	0	0	16	23	1508951	391	1509342	
Changes in Other Equity due to changes in accounting policy or prior period errors				0					0		0	
<b>Restated Balance as at 1 April, 2021</b>	133727	14761	0	1360424	0	0	16	23	1508951	391	1509342	
<b>Changes in Other Equity for the year ended 31 March, 2022</b>												
Profit for the year ended 31 March, 2022					508004					508004	-16	507988
Items that will not be reclassified to profit or loss						19607		7		19614		19614
Remeasurements of the net defined benefit liability/asset					14667					14667		14667
Income tax relating to items that will not be reclassified to profit or loss						-4940				-4940		-4940
Transfer to Retained Earnings						-14667				-14667		-14667
<b>Total comprehensive income for the year ended 31 March, 2022</b>					<b>522671</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>0</b>	<b>522678</b>	<b>-16</b>	<b>522662</b>
Current year transfer	31596									31596		31596
Transfer to General Reserve on utilization	-3985									-3985		-3985
Surplus Transferred from Statement of Profit and Loss						357320				357320		357320
Transfer from Research & Development Reserve						3985				3985		3985
Transfer to Research & Development Reserve						-31596				-31596		-31596
Interim Dividend						-133755				-133755		-133755
Transfer to General Reserves						-357320				-357320		-357320
<b>Balance as at 31 March, 2022</b>	161338	14761	0	1721729	0	0	16	30	1897874	375	1898249	

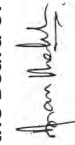
Significant accounting policies and accompanying notes No. 1 to 49 form an integral part of the financial statements  
As per our Report of even date attached

For and on behalf of the Board of Directors



**(EJIYURA PUTHRAPPA JAYADEVA)**

Director (Operations)  
DIN: 06761333



**(C. B. ANANTHAKRISHNAN)**

Director (Finance) & CFO  
Chairman & Managing Director (Additional Charge)  
DIN: 06761339

**For A JOHN MORIS & CO.**

Chartered Accountants  
Firm Registration No: 0072205



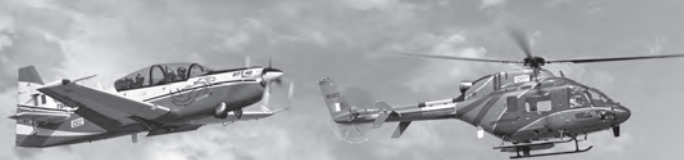
**CA A.G. KRISHNAN**

Partner  
Membership No: 021183  
Place: Bengaluru  
Date: 12.05.2023



**(SHAILESH BANSAL)**

Company Secretary  
FCS No. 5064



# Consolidated Statement of Cash Flows

for the year ended 31<sup>st</sup> March 2023

(₹ in Lakhs)

Sl. No.	Particulars	For the Year ended 31 <sup>st</sup> March 2023	For the Year ended 31 <sup>st</sup> March 2022
<b>A</b>	<b>Cash flow from Operating activities</b>		
	Profit After Tax	582773	507988
	<b>Adjustments to reconcile net profit to net cash provided by operating activities</b>		
	Income Tax expense	68177	14465
	(Gain)/Loss on sale of Property, Plant & Equipment	-318	-157
	Finance cost	2582	5586
	Interest Income	-149913	-68769
	Share of Profit or Loss of Joint Venture	-287	23
	Other Adjustments	-25	19
	Net (Gain)/Loss on Fair Value Adjustment	-291	313
	Depreciation, amortization and impairment expense	238210	128696
	Provision for Impairment in Value of Investments	3	86
	Provision for Doubtful Debts	10416	105418
	Provision for Doubtful Claims	2678	6777
	Provision for Replacement and Other charges	245052	78729
	Provision for Warranty	43901	51544
	Provision for Raw Materials and Components, Stores and Spare parts, Loose Tools and Equipment, Construction Materials, Work-in-progress and Inventory - Warranty	28140	56005
	Provision for Liquidated Damages	42290	74395
	<b>Operating Profit Before Working Capital Changes</b>	<b>1113388</b>	<b>961118</b>
	<b>Adjustments for:</b>		
	(Increase)/decrease in Trade Receivables	-174945	61137
	(Increase)/decrease in Loans, Financial Assets and Other Assets	-162492	-135144
	(Increase)/decrease in Inventories	191719	176567
	Increase/(decrease) in Trade Payables	57736	30201
	Increase/(decrease) in Financial Liabilities, Provisions and Other Liabilities	133136	26179
	<b>Cash generated from Operations</b>	<b>1158542</b>	<b>1120058</b>
	Income Taxes Paid	-275570	-102745
	<b>Net Cash (used in)/generated from Operating Activities (A)</b>	<b>882972</b>	<b>1017313</b>
<b>B.</b>	<b>Cash flow from Investing activities</b>		
	Purchase of Property, Plant & Equipment	-78242	-79929
	Purchase of Intangible Assets	-99880	-70128
	Proceeds from sale of Property, Plant & Equipment	506	317
	Investment in Joint Ventures	0	-1000
	Purchase of other non current Investments	-9468	-23455
	Investment in short term deposits	-459849	-1124615
	Interest Received	73891	20091
	Dividend Received from Joint Ventures	240	196
	<b>Net Cash (used in)/generated from Investing Activities (B)</b>	<b>-572802</b>	<b>-1278523</b>





# Consolidated Statement of Cash Flows

for the year ended 31<sup>st</sup> March 2023

(₹ in Lakhs)

Sl. No.	Particulars	For the Year ended 31 <sup>st</sup> March 2023	For the Year ended 31 <sup>st</sup> March 2022
<b>C.</b>	<b>Cash flow from Financing Activities</b>		
	Repayment of Borrowings-Current (Net)	0	-907
	Payment of Lease Liabilities	-368	-7
	Interest paid	-5568	-11699
	Dividend Paid	-167194	-133755
	<b>Net Cash (used in)/generated from Financing Activities (C)</b>	<b>-173130</b>	<b>-146368</b>
	<b>Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>137040</b>	<b>-407578</b>
	Add: Cash and Cash Equivalents at the beginning of the year (Refer Note 16)	<b>307037</b>	<b>714615</b>
	<b>Cash and Cash Equivalents at the end of the year (Refer Note 16)</b>	<b>444077</b>	<b>307037</b>

Significant Accounting Policies and accompanying Notes No. 1 to 49 form an integral part of the Financial Statements

## Notes:

- The above Statement of Cash Flows has been prepared under the "Indirect Method" as set out in Indian Accounting Standard 7 "Statement of Cash Flow"
- Cash & Cash equivalent include Short Term Deposits with Bank
- Previous year figures are rearranged or regrouped wherever necessary
- Cash and Cash Equivalents are available fully for use

As per our Report of even date attached

For and on behalf of the Board of Directors


**For A JOHN MORIS & CO.**  
Chartered Accountants  
Firm Registration No: 007220S



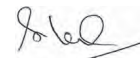
**CA A.G. KRISHNAN**  
Partner  
Membership No: 021183  
Place: Bengaluru  
Date: 12.05.2023



**(EJIPURA PUTHRAPPA JAYADEVA)**  
Director (Operations)  
DIN: 06761333

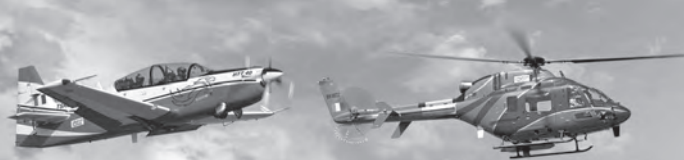


**(C. B. ANANTHAKRISHNAN)**  
Director (Finance) & CFO  
Chairman & Managing Director  
(Additional Charge)  
DIN: 06761339



**(SHAILESH BANSAL)**  
Company Secretary  
FCS No.5064





# Significant Accounting Policies for the financial year 2022-23

## CORPORATE INFORMATION:

Hindustan Aeronautics Limited (the 'Holding Company') is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India with its registered office located at Bengaluru, Karnataka, India. The Holding Company's shares are listed on Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The Holding Company is a public sector enterprise and is under the administrative control of the Department of Defence Production, Ministry of Defence.

The Consolidated Financial Statements comprise of the financial statements of Hindustan Aeronautics Limited (the 'Holding Company') and its subsidiaries (collectively referred to as the 'Group') and the Group's interest in associates and joint ventures.

The Group is engaged in the design, development, manufacture, repair, overhaul, upgrade and servicing of a wide range of products including, aircraft, helicopters, aero-engines, avionics, accessories and aerospace structures.

Information on the Group's structure is provided in Clause 2 of Note-49, Consolidated Notes to financial Statements.

## 1. BASIS OF ACCOUNTING:

- a) Hindustan Aeronautics Limited and its subsidiaries is collectively referred to as the "Group" or "Company" and its Joint Ventures are consolidated in this Financial Statement.
- b) The Financial Statements are prepared to comply in all material aspects with Indian Accounting Standards (Ind AS) as prescribed under Section 133 of Companies Act, 2013 read with relevant rules of the Companies (Indian Accounting Standards) Rules. The principles of consolidation are enumerated in Note 49(2) –Consolidated Notes to Financial Statements.

## 2. USES OF ESTIMATES:

- a) Preparation of financial statements in conformity with the recognition and the measurement principle of Ind AS requires the management of the Company to make estimates, judgments and assumptions that affects the reported balances of Assets and Liabilities, disclosure relating to contingent liabilities as on the date of the Financial Statements and the reported amount of revenues and expense for the reporting period.
- b) Estimates and the underlying assumption are reviewed on an ongoing basis. The revision to the accounting estimates, if material is recognized in the period in which the estimates are revised.
- c) Estimates and judgments made in applying accounting policies that have significant effect on the amounts recognized in the financial statements are as follows:

### i. Employee Defined benefit plans

The liabilities and costs for defined benefit plans are determined using actuarial valuations. The actuarial valuation involves making assumptions. These assumptions include salary escalation rate, discount rates, expected rate of return on assets and mortality rates.

### ii. Provisions and contingencies

Assessments undertaken in recognising provisions and contingencies have been made as per the best judgment of the management based on the current available information.

### iii. Income Taxes

The Company's tax jurisdiction is India. Significant judgments are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

## 3. PROPERTY, PLANT AND EQUIPMENT(PPE):

- a) Property, Plant and Equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any.
- b) The cost includes purchase price, import duties and non-refundable purchase taxes after deducting trade discounts and





# Significant Accounting Policies for the financial year 2022-23

rebates and any cost directly attributable including borrowing cost on qualifying assets to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.

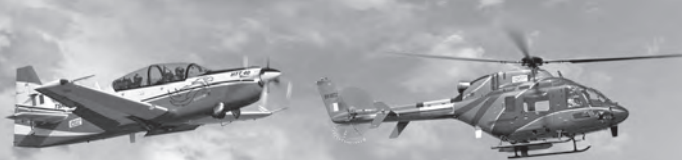
- c) Subsequent expenditure relating to PPE including major inspection costs, spare parts, standby and servicing equipment are capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably.
- d) In accordance with Ind AS 101-First Time Adoption of Indian Accounting Standards, the Company had chosen to consider the carrying value for all its PPE as their deemed cost at the Opening Balance Sheet as at April 01, 2015.
- e) Depreciation is calculated on straight line basis over estimated useful life as prescribed in Schedule II of the Companies Act 2013. Where the useful life of the asset is not as per Schedule II of the Companies Act 2013, the same is disclosed under Notes to Accounts.
- f) PPE individually costing ₹ 50,000 and below are fully depreciated in the year of purchase.
- g) Where part of an item of PPE with a cost significant in relation to the total cost of the item and have different useful lives, they are treated as separate components and depreciated over their estimated useful life.
- h) Certain items like Special Tools are amortized over the number of units of production expected to be obtained from the asset based on technical assessment and management estimates depending on the nature and usage of the respective assets.
- i) CSR Assets are fully depreciated in the year of capitalization.
- j) The cost and the related accumulated depreciation are eliminated from the Financial Statements upon sale or de-recognition or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss of the relevant period.
- k) The estimated useful lives, residual values and depreciation / amortisation method are reviewed at the end of each reporting period with the effect of changes in estimates accounted for on a prospective basis.

### 3.1: CAPITAL ADVANCES AND CAPITAL WORK-IN-PROGRESS (CWIP)

- a) Advances given towards acquisition of PPE outstanding at each Balance sheet date are disclosed as other Non-current assets.
- b) Cost of Assets not ready for its intended use as on the Balance sheet date is shown as CWIP. Such properties are classified to the appropriate categories of PPE when completed and ready for its intended use.
- c) Depreciation on such assets commence when the assets are ready for their intended use.

### 4. INVESTMENT PROPERTY

- a) A property is considered as investment property only if the same is held for earning rentals and /or for capital appreciation or both. Properties held by the Company (directly or indirectly) which are used in the production of supply of goods or services for administrative purposes are not considered as Investment Property.
- b) Investment Properties are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. In accordance with Ind AS 101, First Time Adoption of Indian Accounting Standards, the Company has chosen to consider the carrying value for all its Investment Property recognized in its Indian GAAP financial statement as their deemed cost as at the transition date viz, April 01, 2015.
- c) Depreciation is calculated on straight line basis over estimated useful life as prescribed in Schedule II of the Companies Act 2013. Where the useful life of the asset is not as per Schedule II of the Companies Act 2013, the same is disclosed under Notes to Accounts.



# Significant Accounting Policies for the financial year 2022-23

## 5. INTANGIBLE ASSETS

- a) Intangible Assets controlled and from which future economic benefits are expected to flow and having useful life are recognized at cost less any accumulated amortization and accumulated impairment losses, if any.
- b) Development Costs having useful life and which will generate probable future economic benefits are recognized as an intangible asset and amortised over production based on technical estimate and to the extent not amortized are carried forward.
- c) Expenditure on license fees, documentation charges etc, based on the definition criteria of intangible assets in terms of reliability of measurement of cost and future economic benefits from the assets, are amortised over production based on technical estimates, and to the extent not amortised, are carried forward.
- d) The cost of software internally generated / acquired for internal use which is not an integral part of the related hardware, is recognized as an intangible asset and is amortised over three years, on straight line method. Amortisation commences when the asset is available for use.
- e) Expenditure on Research is recognized as expenditure in the period in which it is incurred.
- f) Wherever it is not possible to assess the useful life of an intangible asset (whether or not significant) the same is not amortised. Impairment on such intangible assets are reviewed annually and when there is an indication of impairment, the asset is impaired.

## 6. LEASE ACCOUNTING

**6.1.** The Company recognizes, at inception of a contract a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### 6.2. The Company as a lessee

- a) At the date of commencement of the lease, the Company recognizes a right-of-use ("ROU") asset representing its right to use the underlying asset for the lease term and a lease liability for all lease arrangements in which it is a lessee except for leases with a term of 12 months or less (short term leases) and leases for which the underlying assets is of low value. For such short term and assets of low value leases, the Company recognizes the lease payment as an expense on a straight line basis over the term of the lease.
- b) At commencement date the ROU asset is measured at cost. The cost of the ROU asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred. The ROU assets are subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any.
- c) The ROU assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of ROU asset. The estimated useful lives of ROU assets are determined on the same basis as those of PPE. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognized in the statement of profit and loss.
- d) At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the Company's incremental borrowing rate.
- e) Lease liability and ROU asset are separately presented in the Balance Sheet and lease payments are classified as financing cash flows. Short term lease payments and payments for leases of low value assets are classified as operating cash flows.

### 6.3. Company as a lessor

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease.





# Significant Accounting Policies for the financial year 2022-23

## 6.3.1 Finance Lease:

- a) A lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the Lessee is classified as a finance lease. Title may or may not eventually be transferred.
- b) At commencement date, an amount equal to the net investment in the lease is presented as receivable. The interest rate implicit in the lease is used to measure the value of net investment in the lease.
- c) The finance income is recognized over the lease term in the statement of profit and loss account so as to reflect a constant periodic rate of return on the net investment in the lease
- d) The de-recognition and impairment requirement of the underlying asset is tested as per Ind AS 109- Financial instruments.
- e) Any modifications in the lease are accounted as a separate lease when the recognition criteria specified in paragraph 79 of the standard are met.

## 6.3.2 Operating Lease:

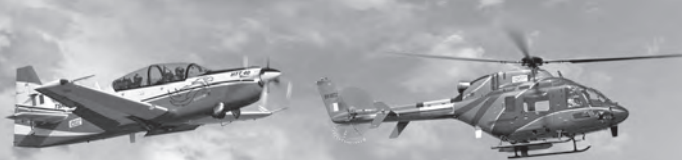
- a) Lease other than finance leases are operating leases.
- b) The lease payment from operating leases are recognized as income on either a straight-line basis or another systematic basis, if required
- c) The expenses including depreciation cost associated with earning of the lease income is recognized as an expense.
- d) Depreciation on underlying assets subject to operating leases are calculated on straight line basis over estimated useful life as prescribed in Schedule II of the Companies Act, 2013.
- e) Any modifications in the lease are accounted as a separate lease if the recognition criteria specified in the standard is met.

## 6.4. Transition to Ind AS 116

- a) Effective April 1, 2019, the Company has applied Ind AS 116 on Lease Accounting. Ind AS 116 replaces Ind AS 17. The Company has adopted Ind AS 116 using the cumulative effect method. The effect of initially applying this standard is recognized at the date of initial application (i.e. April 1, 2019) and the comparative information continues to be reported under Ind AS 17.
- b) The Company has chosen the practical expedient provided by the standard to apply Ind AS 116 only to contracts that were previously identified as leases under Ind AS 17 and therefore has not reassessed whether a contract is or contains a lease at the date of initial application.

## 7. NON CURRENT INVESTMENTS

- a) In accordance with Ind AS 101, First time adoption of Indian Accounting Standards, the Company has chosen to consider the carrying amount of investment as their deemed cost as at the Opening Balance Sheet as at 01<sup>st</sup> April, 2015.
- b) Investments are carried individually at cost less accumulated impairment in the value of such Investments.
- c) Cost of Investment includes acquisition charges such as brokerage, fees and duties.
- d) The Company reviews the book value of the investment on a quarterly basis and provides for diminution in the value of the investment based on the net worth of the investee company.
- e) Impairment in the value of investment is made only if in the opinion of management when there is a permanent fall in value of investment.



# Significant Accounting Policies for the financial year 2022-23

## 8. IMPAIRMENT OF ASSETS

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

## 9. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Company recognizes all Financial Assets other than non-current investments and Financial Liabilities at Fair Value on inception and subsequent measurements are done at amortised cost.

## 10. DEFERRED DEBTS

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

## 11. TRADE AND OTHER PAYABLES

Liabilities are recognized for the amounts to be paid for the goods / services received whether billed by the supplier or not.

## 12. INVENTORIES

- a) Inventories are valued at lower of Cost and Net Realisable Value.
- b) The cost of raw material excluding Goods-in-Transit, components and stores are assigned by using the weighted average cost formula. Goods-in-Transit are valued at cost-to-date. In the case of Finished Goods, Stock-in-Trade and Work-In-Progress, cost includes costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost includes Taxes and duties (other than Taxes and duties for which input credit is available).
- c) Provision for redundancy is assessed on ageing at a suitable percentage / level of the value of closing inventory of raw material and components, stores and spare parts and construction material. Besides, wherever necessary, adequate provision is made for the redundancy of such materials in respect of completed / specific projects and other surplus / redundant material pending transfer to salvage stores.
- d) Saleable / Disposable scrap is valued at Net Realisable Value.
- e) Stores declared surplus / unserviceable / redundant are charged to revenue in the year of such identification.
- f) Consumables issued from stores and lying unused at the end of the year are not reckoned as inventory.

## 13. REVENUE RECOGNITION

### 13.1. Manufacturing of Aircraft / Helicopter/Spares/Repair Contracts

- a) Revenue on Sale of Goods and Services is recognized at a point in time when the Company satisfies the performance obligation on transfer of control of the products to the Customer in an amount that reflects the consideration the Company expects to receive in exchange for those products pursuant to the Contract with customer. Revenue from service Warranty is recognized on straight line basis over the period of Warranty.

#### Transfer of Control happens on:

- i. Acceptance by the buyer's Inspector, by way of Signaling Out Certificate (SOC)

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,







# Significant Accounting Policies for the financial year 2022-23

- 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.

## 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.

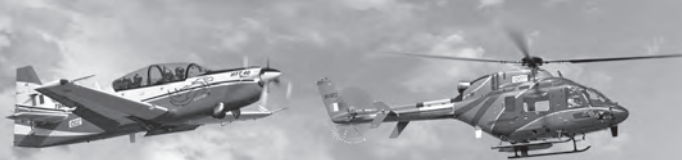
## 13.5. Other Income

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.



# Significant Accounting Policies for the financial year 2022-23

## 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").
- 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





# Significant Accounting Policies for the financial year 2022-23

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.

## 21. EVENTS AFTER THE REPORTING PERIOD

Adjusting events are events that provide further evidence of conditions that existed at the end of the reporting period. The financial statements are adjusted for such events before authorisation for issue.

Non-adjusting events are events that are indicative of conditions that arose after the end of the reporting period. Non-adjusting events after the reporting date are not accounted.

## 22. The functional currency of the Company is Indian Rupee.



**(EJPURA PUTHRAPPA JAYADEVA)**

Director (Operations)

DIN: 06761333




**(C. B. ANANTHAKRISHNAN)**

Director (Finance) & CFO

Chairman & Managing Director (Additional Charge)

DIN: 06761339



**(SHAILESH BANSAL)**

Company Secretary

FCS No.5064

Place : Bengaluru

Date : 12.05.2023



# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 1 - Property, Plant and Equipment

### Note 1A - Gross Block - Property, Plant and Equipment

The changes in the carrying value of Property, Plant and Equipment for the year ended 31<sup>st</sup> March 2023 are as follows:

(₹ in Lakhs)

Particulars	Gross block as at 1 <sup>st</sup> April 2022	Additions	Reclassification /Adjustment	Disposals	Gross Block as at 31 <sup>st</sup> March 2023
<b>Own Assets:</b>					
Land -					
- Leasehold	35	0	-1	0	34
- Freehold	1947	0	1	0	1948
Buildings	126593	38234	0	0	164827
Plant and Equipment	236409	14001	117	954	249573
Furniture and Fixtures	8978	1410	3	135	10256
Vehicles	9101	656	0	200	9557
Office Equipment	14917	2856	-1	253	17519
<b>Others</b>					
Assets used for CSR Activities	4525	0	0	0	4525
Roads and Drains	5959	151	0	0	6110
Water Supply	4915	2347	-119	0	7143
Rail Road Sidings	0	0	0	0	0
Runways	1776	0	0	0	1776
Aircraft/Helicopters	32352	6361	0	0	38713
<b>Sub Total</b>	<b>447507</b>	<b>66016</b>	<b>0</b>	<b>1542</b>	<b>511981</b>
Special Tools	606295	51414	0	0	657709
<b>Total Own Assets</b>	<b>1053802</b>	<b>117430</b>	<b>0</b>	<b>1542</b>	<b>1169690</b>
<b>Right-of-Use Asset:</b>					
Land	867	0	0	0	867
Buildings	8108	366	0	0	8474
<b>Total Right-of-Use Asset</b>	<b>8975</b>	<b>366</b>	<b>0</b>	<b>0</b>	<b>9341</b>
<b>Total</b>	<b>1062777</b>	<b>117796</b>	<b>0</b>	<b>1542</b>	<b>1179031</b>

- (i) The amount of contractual commitments for the acquisition of Property, Plant and Equipment is disclosed under Clause 4 (c) of Note 49
- (ii) There is no charge or lien on Property, Plant and Equipment





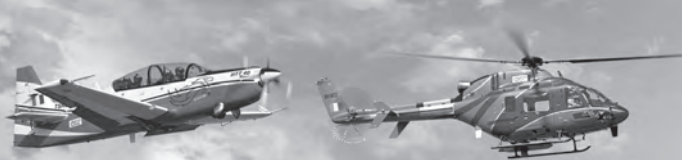
# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note -1B-Accumulated Depreciation- Property, Plant and Equipment

(₹ in Lakhs)

Particulars	Provision as at 1 <sup>st</sup> April 2022	Additions	Reclassification/Adjustment	Disposals	Provisions As at 31 <sup>st</sup> March 2023
<b>Own Assets:</b>					
Land -					
- Leasehold	3	1	0	0	4
- Freehold	0	0	0	0	0
Buildings	26231	4508	0	0	30739
Plant and Equipment	124772	18297	-1	915	142153
Furniture and Fixtures	7708	1151	2	102	8759
Vehicles	5024	1008	0	103	5929
Office Equipment	11909	1466	-1	234	13140
<b>Others</b>					
Assets used for CSR Activities	4525	0	0	0	4525
Roads and Drains	4338	430	0	0	4768
Water Supply	2318	474	0	0	2792
Rail Road Sidings	0	0	0	0	0
Runways	1327	83	0	0	1410
Aircraft/Helicopters	13787	3147	0	0	16934
<b>Subtotal</b>	<b>201942</b>	<b>30565</b>	<b>0</b>	<b>1354</b>	<b>231153</b>
Special Tools	267676	49349	0	0	317025
<b>Total Own Assets</b>	<b>469618</b>	<b>79914</b>	<b>0</b>	<b>1354</b>	<b>548178</b>
<b>Right-of-Use Asset:</b>					
Land	84	15	0	0	99
Buildings	317	272	0	0	589
<b>Total Right-of-Use Asset</b>	<b>401</b>	<b>287</b>	<b>0</b>	<b>0</b>	<b>688</b>
<b>Total</b>	<b>470019</b>	<b>80201</b>	<b>0</b>	<b>1354</b>	<b>548866</b>
Above Includes:					<b>As at 31<sup>st</sup> March 2023</b>
Gross Value of Assets with M/s. Midhani					1195
Cumulative Depreciation in respect of Assets with M/s. Midhani					1195
					0
					<b>As at 31<sup>st</sup> March 2023</b>
Gross Value of Assets retired from Active Use					527
Less : Cumulative Depreciated Value of Assets retired from Active Use.					527
WDV of Assets Retired from Active Use.					0





# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note -1C - Impairment Loss - Property, Plant and Equipment

(₹ in Lakhs)

Particulars	Impairment loss as at 1 <sup>st</sup> April 2022	Additions	Reclassification /Adjustment	Disposals	Impairment Loss As at 31 <sup>st</sup> March 2023	Net Block as at 31 <sup>st</sup> March 2023	Net Block as at 31 <sup>st</sup> March 2022
<b>Own Assets:</b>							
Land -							
- Leasehold					0	30	32
- Freehold					0	1948	1947
Buildings					0	134088	100362
Plant and Equipment					0	107420	111637
Furniture and Fixtures					0	1497	1270
Vehicles					0	3628	4077
Office Equipment					0	4379	3008
<b>Others</b>							
Assets used for CSR Activities					0	0	0
Roads and Drains					0	1342	1621
Water Supply					0	4351	2597
Rail Road Sidings					0	0	0
Runways					0	366	449
Aircraft/Helicopters					0	21779	18565
<b>Subtotal</b>	0	0	0	0	0	280828	245565
Special Tools	0	50303	0	0	50303	290381	338619
<b>Total Own Assets</b>	<b>0</b>	<b>50303</b>	<b>0</b>	<b>0</b>	<b>50303</b>	<b>571209</b>	<b>584184</b>
<b>Right-of-Use Asset:</b>							
Land					0	768	783
Buildings					0	7885	7791
<b>Total Right-of-Use Asset</b>	0	0	0	0	0	8653	8574
<b>Total</b>	<b>0</b>	<b>50303</b>	<b>0</b>	<b>0</b>	<b>50303</b>	<b>579862</b>	<b>592758</b>





# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 1 - Property, Plant and Equipment

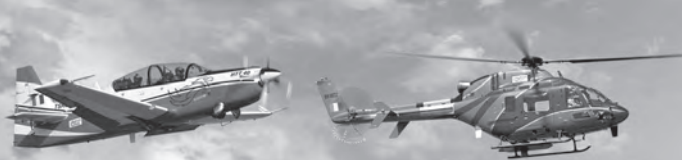
### Note 1A - Gross Block - Property, Plant and Equipment

The changes in the carrying value of Property, Plant and Equipment for year ended 31<sup>st</sup> March 2022 are as follows:

(₹ in Lakhs)

Particulars	Gross block As at 1 <sup>st</sup> April 2021	Additions	Reclassification /Adjustment	Disposals	Gross Block As at 31 <sup>st</sup> March 2022
<b>Own Assets:</b>					
<b>Land -</b>					
- Leasehold	35	0	0	0	35
- Freehold	1947	0	0	0	1947
Buildings	125407	1662	-444	32	126593
Plant and Equipment	227485	9689	-50	715	236409
Furniture and Fixtures	8536	634	0	192	8978
Vehicles	8875	387	0	161	9101
Office Equipment	13446	1528	19	76	14917
<b>Others</b>					
Assets used for CSR Activities	4525	0	0	0	4525
Roads and Drains	5864	95	0	0	5959
Water Supply	3869	1046	0	0	4915
Rail Road Sidings	0	0	0	0	0
Runways	1776	0	0	0	1776
Aircraft/Helicopters	32352	0	0	0	32352
<b>Sub Total</b>	<b>434117</b>	<b>15041</b>	<b>-475</b>	<b>1176</b>	<b>447507</b>
Special Tools	578040	28255	0	0	606295
<b>Total Own Assets</b>	<b>1012157</b>	<b>43296</b>	<b>-475</b>	<b>1176</b>	<b>1053802</b>
<b>Right-of-Use Asset:</b>					
Land	1312	0	-445	0	867
Buildings	8108	0	0	0	8108
<b>Total Right-of-Use Asset</b>	<b>9420</b>	<b>0</b>	<b>-445</b>	<b>0</b>	<b>8975</b>
<b>Total</b>	<b>1021577</b>	<b>43296</b>	<b>-920</b>	<b>1176</b>	<b>1062777</b>

- (i) The amount of contractual commitments for the acquisition of Property, Plant and Equipment is disclosed under Clause 4 (c) of Note 49
- (ii) There is no charge or lien on Property, Plant and Equipment



# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note -1B-Accumulated Depreciation- Property, Plant and Equipment

(₹ in Lakhs)

Particulars	Provision As at 1 <sup>st</sup> April 2021	Additions	Reclassification /Adjustment	Disposals	Provisions As at 31 <sup>st</sup> March 2022	Net Block As at 31 <sup>st</sup> March 2022	Net Block As at 31 <sup>st</sup> March 2021
<b>Own Assets:</b>							
Land -							
- Leasehold	2	1	0	0	3	32	33
- Freehold	0	0	0	0	0	1947	1947
Buildings	22248	4141	-126	32	26231	100362	103159
Plant and Equipment	107001	18451	-28	652	124772	111637	120484
Furniture and Fixtures	7104	774	0	170	7708	1270	1432
Vehicles	4100	1025	0	101	5024	4077	4775
Office Equipment	10716	1178	76	61	11909	3008	2730
<b>Others</b>							
Assets used for CSR Activities	4525	0	0	0	4525	0	0
Roads and Drains	3849	489	0	0	4338	1621	2015
Water Supply	1930	388	0	0	2318	2597	1939
Rail Road Sidings	0	0	0	0	0	0	0
Runways	1244	83	0	0	1327	449	532
Aircraft/Helicopters	10923	2864	0	0	13787	18565	21429
<b>Subtotal</b>	<b>173642</b>	<b>29394</b>	<b>-78</b>	<b>1016</b>	<b>201942</b>	<b>245565</b>	<b>260475</b>
Special Tools	225617	42059	0	0	267676	338619	352423
<b>Total Own Assets</b>	<b>399259</b>	<b>71453</b>	<b>-78</b>	<b>1016</b>	<b>469618</b>	<b>584184</b>	<b>612898</b>
<b>Right-of-Use Asset:</b>							
Land	93	22	-31	0	84	783	1219
Buildings	47	270	0	0	317	7791	8061
<b>Total Right-of-Use Asset</b>	<b>140</b>	<b>292</b>	<b>-31</b>	<b>0</b>	<b>401</b>	<b>8574</b>	<b>9280</b>
<b>Total</b>	<b>399399</b>	<b>71745</b>	<b>-109</b>	<b>1016</b>	<b>470019</b>	<b>592758</b>	<b>622178</b>
Above Includes:						<b>As at 31<sup>st</sup> March 2022</b>	
Gross Value of Assets with M/s. Midhani						1195	
Cumulative Depreciation in respect of Assets with M/s. Midhani						1195	
						0	
						<b>As at 31<sup>st</sup> March 2022</b>	
Gross Value of Assets retired from Active Use						1264	
Less : Cumulative Depreciated Value of Assets retired from Active Use.						1261	
WDV of Assets Retired from Active Use.						3	



# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 2 - Capital Work-in-Progress

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Buildings	34508	52777
Plant and Equipment	22080	19579
Furniture and Fixtures	0	0
Office Equipment	150	150
Water Supply	100	64
Roads and Drains	5	0
Plant and Equipment under Inspection and in Transit	3301	1624
Special Tools	3546	20716
<b>TOTAL</b>	<b>63690</b>	<b>94910</b>

- (i) Refer Clause 22.1 & 22.2 of Note 49 for further disclosures on capital work-in-progress
- (ii) The amount of contractual commitments for the acquisition of Property, Plant and Equipment is disclosed under Clause 4 (c) of Note 49

## Note 3 - Investment Property

The changes in the carrying value of investment property for the year ended 31<sup>st</sup> March 2023 are as follows:

### Note 3A - Gross Block - Investment Property

Particulars	(₹ in Lakhs)					Gross Block As at 31 <sup>st</sup> March 2023
	Gross block As at 1 <sup>st</sup> April 2022	Additions	Reclassification /Adjustment	Disposals		
Buildings	4	0	0	0		4
<b>Total</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>

Refer Clause 27 of Note 49

### Note 3B - Accumulated Depreciation - Investment Property

Particulars	(₹ in Lakhs)						
	Provision As at 1 <sup>st</sup> April 2022	Additions	Reclassifica- tion /Adjust- ment	Disposals	Provisions As at 31 <sup>st</sup> March 2023	Net Block As at 31 <sup>st</sup> March 2023	Net Block As at 31 <sup>st</sup> March 2022
Buildings	1	0	0	0	1	3	3
<b>Total</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>3</b>	<b>3</b>

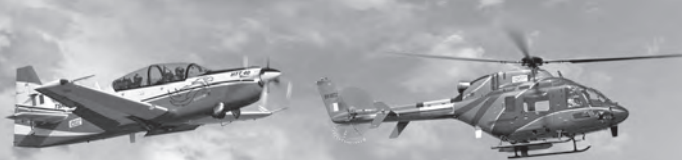
## Note 3 - Investment Property

The changes in the carrying value of investment property for year ended 31<sup>st</sup> March 2022 are as follows:

### Note 3A - Gross Block - Investment Property

Particulars	(₹ in Lakhs)					Gross Block As at 31 <sup>st</sup> March 2022
	Gross block As at 1 <sup>st</sup> April 2021	Additions	Reclassification /Adjustment	Disposals		
Buildings	4	-	-	-	-	4
<b>Total</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4</b>

Refer Clause 27 of Note 49



# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 3B - Accumulated Depreciation - Investment Property

(₹ in Lakhs)

Particulars	Provision As at 1 <sup>st</sup> April 2021	Additions	Reclassification / Adjustment	Disposals	Provision As at 31 <sup>st</sup> March 2022	Net Block As at 31 <sup>st</sup> March 2022	Net Block As at 31 <sup>st</sup> March 2021
Buildings	1	0	0	0	1	3	3
<b>Total</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>3</b>	<b>3</b>

## Note 5 - Other Intangible assets

The changes in the carrying value of other intangible assets for the year ended 31<sup>st</sup> March 2023 are as follows:

### Note 5A - Gross Block - Other Intangible Assets

(₹ in Lakhs)

Particulars	As at 1 <sup>st</sup> April 2022	Additions	Adjustment*	As at 31 <sup>st</sup> March 2023
Licence Fees	143114	235	0	143349
Computer Software	7876	1159	0	9035
Documentation	37768	31135	0	68903
Development Expenditure	148780	35591	1011	185382
<b>Total</b>	<b>337538</b>	<b>68120</b>	<b>1011</b>	<b>406669</b>

\*The Intangible assets under development has been completed and transferred to other intangible assets (Refer Note 6A)

### Note 5B - Accumulated Amortization - Other Intangible assets

(₹ in Lakhs)

Particulars	As at 1 <sup>st</sup> April 2022	Amortisation	Adjustment	As at 31 <sup>st</sup> March 2023
Licence Fees	74740	1197	0	75937
Computer Software	6787	731	3	7521
Documentation	22511	2447	-3	24955
Development Expenditure	96666	35373	0	132039
<b>Total</b>	<b>200704</b>	<b>39748</b>	<b>0</b>	<b>240452</b>

### Note 5C - Impairment Loss - Other Intangible assets

(₹ in Lakhs)

Particulars	As at 1 <sup>st</sup> April 2022	Impairment Loss	Adjustment	As at 31 <sup>st</sup> March 2023
Licence Fees	12781	5703	0	18484
Computer Software	0	0	0	0
Documentation	0	1081	0	1081
Development Expenditure	40226	2049	802	43077
<b>Total</b>	<b>53007</b>	<b>8833</b>	<b>802</b>	<b>62642</b>







# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 5 - Other Intangible assets

The changes in the carrying value of other intangible assets for year ended 31<sup>st</sup> March 2022 are as follows:

### Note 5A - Gross Block - Other Intangible Assets

(₹ in Lakhs)

Particulars	As at 1 <sup>st</sup> April 2021	Additions	Adjustment*	As at 31 <sup>st</sup> March 2022
Licence Fees	136660	6454	0	143114
Computer Software	7191	685	0	7876
Documentation	37768	0	0	37768
Development Expenditure	114010	34770	0	148780
<b>Total</b>	<b>295629</b>	<b>41909</b>	<b>0</b>	<b>337538</b>

\*The Intangible assets under development has been completed and transferred to other intangible assets (Refer Note 6A)

### Note 5B - Accumulated Amortization - Other Intangible assets

(₹ in Lakhs)

Particulars	As at 1 <sup>st</sup> April 2021	Amortisation	Adjustment	As at 31 <sup>st</sup> March 2022
Licence Fees	73266	1474	0	74740
Computer Software	6174	613	0	6787
Documentation	18984	3527	0	22511
Development Expenditure	62972	33694	0	96666
<b>Total</b>	<b>161396</b>	<b>39308</b>	<b>0</b>	<b>200704</b>

### Note 5C - Impairment Loss - Other Intangible assets

(₹ in Lakhs)

Particulars	As at 1 <sup>st</sup> April 2021	Impairment Loss	Adjustment	As at 31 <sup>st</sup> March 2022
Licence Fees	0	12781	0	12781
Computer Software	0	0	0	0
Documentation	0	0	0	0
Development Expenditure	39826	400	0	40226
<b>Total</b>	<b>39826</b>	<b>13181</b>	<b>0</b>	<b>53007</b>

## Note 6 - Intangible Assets under Development

The changes in the carrying value of intangible assets under development for the year ended 31<sup>st</sup> March 2023 are as follows:

### Note 6A - Gross Carrying cost - Intangible assets under Development

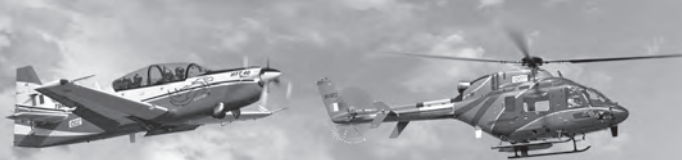
(₹ in Lakhs)

Particulars	As at 1 <sup>st</sup> April 2022	Additions	Adjustment*	As at 31 <sup>st</sup> March 2023
Development Expenditure	157859	31760	-1011	188608
<b>Total</b>	<b>157859</b>	<b>31760</b>	<b>-1011</b>	<b>188608</b>

\* (i) The Intangible assets under development has been completed and transferred to other intangible assets (Refer Note 5A)

(ii) The amount of contractual commitments for the acquisition of intangible assets is disclosed under Clause 4 (c) of Note 49.

(iii) Refer Clause 23 of Note 49 for further disclosures on Intangible assets under development



# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 6B - Accumulated Amortization - Intangible assets under Development

(₹ in Lakhs)

Particulars	As at 1 <sup>st</sup> April 2022	Amortisation	Adjustment	As at 31 <sup>st</sup> March 2023
Development Expenditure	0	58518	0	<b>58518</b>
<b>Total</b>	<b>0</b>	<b>58518</b>	<b>0</b>	<b>58518</b>

## Note 6C - Impairment Loss - Intangible assets under Development

(₹ in Lakhs)

Particulars	As at 1 <sup>st</sup> April 2022	Impairment Loss	Adjustment	As at 31 <sup>st</sup> March 2023
Development Expenditure	5475	607	-802	<b>5280</b>
<b>Total</b>	<b>5475</b>	<b>607</b>	<b>-802</b>	<b>5280</b>

## Note 6 - Intangible Assets under Development

The changes in the carrying value of intangible assets under development for year ended 31<sup>st</sup> March 2022 are as follows:

## Note 6A - Gross Carrying cost - Intangible assets under Development

(₹ in Lakhs)

Particulars	As at 1 <sup>st</sup> April 2021	Additions	Adjustment*	As at 31 <sup>st</sup> March 2022
Development Expenditure	129640	28219	0	157859
<b>Total</b>	<b>129640</b>	<b>28219</b>	<b>0</b>	<b>157859</b>

\* (i) The Intangible assets under development has been completed and transferred to other intangible assets (Refer Note 5A)

(ii) The amount of contractual commitments for the acquisition of intangible assets is disclosed under Clause 4 (c) of Note 49.

(iii) Refer Clause 23 of Note 49 for further disclosures on Intangible assets under development

## Note 6B - Accumulated Amortization - Intangible assets under Development

(₹ in Lakhs)

Particulars	As at 1 <sup>st</sup> April 2021	Amortisation	Adjustment	As at 31 <sup>st</sup> March 2022
Development Expenditure	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Note 6C - Impairment Loss - Intangible assets under Development

(₹ in Lakhs)

Particulars	As at 1 <sup>st</sup> April 2021	Impairment Loss	Adjustment	As at 31 <sup>st</sup> March 2022
Development Expenditure	1013	4462	0	5475
<b>Total</b>	<b>1013</b>	<b>4462</b>	<b>0</b>	<b>5475</b>





# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 7-Investments accounted for using the equity method

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>INVESTMENTS AT COST LESS PROVISION (UN-QUOTED)</b>		
<b>Investment in Joint Ventures</b>		
B Ae-HAL Software Ltd-29,40,000 (29,40,000-P.Y) shares of ₹ 10 FV each fully paid	294	294
+/-Interest in Joint Venture	42	6
Less Provision for Impairment in value of Investment	61	61
<b>Net -B Ae-HAL Software Ltd</b>	<b>275</b>	<b>239</b>
Safran HAL Aircraft Engines Private Ltd -11,40,000 (11,40,000-P.Y) Shares of ₹ 100 F.V. each fully paid	1140	1140
+/-Interest in Joint Venture	3676	2973
<b>Net - Safran HAL Aircraft Engines Private Ltd</b>	<b>4816</b>	<b>4113</b>
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	6105	5547
<b>Net - Indo Russian Aviation Ltd.</b>	<b>6199</b>	<b>5641</b>
HALBIT Avionics Pvt Ltd -3,82,500(3,82,500-P.Y) Shares of ₹ 100 FV each fully paid	383	383
Less Provision for Impairment in value of Investment	383	383
<b>Net - HALBIT Avionics Pvt. Ltd.</b>	<b>0</b>	<b>0</b>
HAL Edgewood Technologies Pvt Ltd 3,00,000(3,00,000-P.Y) Shares of ₹ 100 FV each fully paid	300	300
Less Provision for Impairment in value of Investment	300	300
<b>Net- HAL Edgewood Technologies Pvt. Ltd.</b>	<b>0</b>	<b>0</b>
SAMTEL HAL Display Systems Ltd-1,60,000 (1,60,000-P.Y) Shares of ₹ 100 FV each fully paid	160	160
Less Provision for Impairment in value of Investment	160	160
<b>Net - SAMTEL HAL Display Systems Ltd</b>	<b>0</b>	<b>0</b>
INFOTECH HAL Ltd - 20,00,000 (20,00,000-P.Y) Shares of ₹ 10 FV each fully paid	200	200
Less Provision for Impairment in value of Investment	200	200
<b>Net- INFOTECH HAL Ltd.</b>	<b>0</b>	<b>0</b>
HATSOFF Helicopter Training Pvt Ltd -3,84,04,205 (3,84,04,205 P.Y) Shares of ₹ 10 FV each fully paid	3840	3840
Less Provision for Impairment in value of Investment	3840	3840
<b>Net- HATSOFF Helicopter Training Pvt. Ltd.</b>	<b>0</b>	<b>0</b>
TATA HAL Technologies Ltd -Nil (50,70,000 P.Y.) Shares of ₹ 10 each fully paid	0	507
Less Provision for Impairment in value of Investment	0	507
<b>Net- TATA HAL Technologies Ltd.</b>	<b>0</b>	<b>0</b>
International Aerospace Manufacturing Pvt Ltd - 42,50,000 (42,50,000 - P.Y) Shares of ₹ 100 FV each fully paid	4250	4250
+/-Interest in Joint Venture	1437	765
Less Provision for Impairment in value of Investment	855	855



# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Net- International Aerospace Manufacturing Pvt Ltd</b>	<b>4832</b>	4160
Multirole Transport Aircraft Ltd. - 113,46,564 (113,46,564 P.Y.) Shares of ₹ 100 FV each fully paid	<b>11347</b>	11347
+/-Interest in Joint Venture	<b>-4669</b>	-2730
Less Provision for Impairment in value of Investment	<b>6678</b>	6678
<b>Net- Multirole Transport Aircraft Ltd.</b>	<b>0</b>	1939
Helicopter Engines MRO Pvt Ltd - 15,09,986 (15,09,986 P.Y.) Shares of ₹ 100 FV each fully paid	<b>1510</b>	1510
+/-Interest in Joint Venture	<b>-384</b>	-411
Less Provision for Impairment in value of Investment	<b>415</b>	412
<b>Net- Helicopter Engines MRO Pvt Ltd</b>	<b>711</b>	687
<b>Total In Equity of Joint Ventures</b>	<b>16833</b>	16779
<b>TOTAL</b>	<b>16833</b>	16779
Disclosure		
(i) Aggregate amount of Quoted Investment and Market Value.	<b>0</b>	0
(ii) Aggregate amount of Unquoted Investments. (net)	<b>16833</b>	16779
(iii) Aggregate amount of impairment in value of investments	<b>12892</b>	13396
(iv) Refer Clause 3, 13.7 & 13.10 of Note 49 for further details on Investment in Joint Ventures		

## Note 7A - Financial Asset - Investments at Cost

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>A. Investments in Structured Entities (UNQUOTED)</b>		
a) HAE Co-operative Society of 25 (25P.Y) Shares of ₹ 100 FV each fully paid*	<b>0</b>	0
b) Satnam Apartment Ltd - 41 (41 P.Y) Shares of ₹ 100 each at cost for acquisition of a Flat**	<b>0</b>	0
c) Aerospace & Aviation Sector Skill Council(AASSC) - 125 (125 P.Y.) Shares of ₹ 10000 FV each fully paid	<b>13</b>	13
d) Defence Innovation Organisation - 50 (P.Y 50) Shares of ₹ 1000 FV each fully paid	<b>1</b>	1
<b>Total In Equity of Others (A)</b>	<b>14</b>	14
<b>B. Other Investments (UNQUOTED)</b>		
LIC of India (For Funding Vacation Leave)	<b>128945</b>	119477
<b>Total In Other Investments (B)</b>	<b>128945</b>	119477
<b>TOTAL (A+B)</b>	<b>128959</b>	119491
* 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)	<b>128959</b>	119491
(iii) Aggregate amount of impairment in value of investments	<b>Nil</b>	Nil





# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 8 - Financial Asset - Trade Receivables

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Trade Receivables</b>		
Considered Good - Secured	0	0
Considered Good - UnSecured	0	0
Receivables which have significant increase in credit risk	0	0
Credit Impaired	0	0
	0	0
Less: Allowance for Doubtful Debts	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>

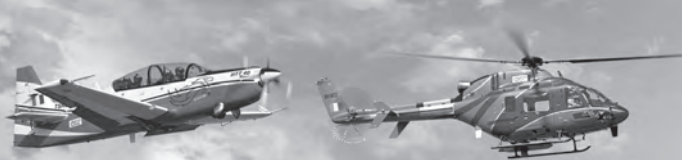
## Note 8A- Financial Asset-Contract Assets

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Contract Assets</b>		
Unbilled Revenue	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>

## Note 9- Financial Asset- Loans

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>A. Considered Good-Secured</b>		
a) Loans to Related Parties	0	0
<b>b) Others</b>		
Loans and advances to employees	0	121
<b>Sub-Total (A)</b>	<b>0</b>	<b>121</b>
<b>B. Considered Good-Unsecured</b>		
a) Loans to Related Parties	0	0
<b>b) Others</b>		
Loans and advances to employees	621	572
<b>Sub-Total (B)</b>	<b>621</b>	<b>572</b>
<b>C. Loans which have significant increase in credit risk</b>		
<b>Sub-Total (C)</b>	<b>0</b>	<b>0</b>
<b>D. Loans - Credit Impaired</b>		
<b>Sub-Total (D)</b>	<b>0</b>	<b>0</b>
<b>TOTAL (A +B+C+D)</b>	<b>621</b>	<b>693</b>





# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 10 - Other Financial Assets

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>A. Claims Receivable Unsecured</b>		
Receivable - Credit Impaired	10130	14385
<b>Sub-Total</b>	<b>10130</b>	14385
Less: Provision for Doubtful Claims	10130	<b>14385</b>
<b>Sub-Total (A)</b>	<b>0</b>	0
<b>B) Security Deposit</b>		
Govt Departments for Customs Duty and for Supplies	12	12
Public Utility Concerns	2642	2719
Others	1420	1237
<b>Sub-Total (B)</b>	<b>4074</b>	3968
<b>C. Balances with Bank</b>		
Bank deposit with more than 12 Months maturity*	701	701
<b>Sub-Total (C)</b>	<b>701</b>	701
<b>D. Others</b>		
Deferred Debts	36523	36361
<b>Sub-Total (D)</b>	<b>36523</b>	36361
<b>TOTAL (A +B +C+D)</b>	<b>41298</b>	41030
(i) Above balances of Claims Receivable include balances with related parties (Refer Receivables of Clause No.13.1(e) of Note 49)	506	437
(ii) Above balances of Provision for Doubtful Claims include balances with related parties (Refer Receivables of Clause No.13.1(l) of Note 49)	506	437
*(iii) Fully Earmarked for Committed Liabilities of more than 12 months	1	1

## Note 11 - Deferred Tax Assets (Net)

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
The tax effect of significant temporary differences that resulted in deferred tax assets:		
As per last Balance Sheet	56557	5235
Add / (Less): Current Year's Assets	56014	51322
<b>TOTAL</b>	<b>112571</b>	<b>56557</b>





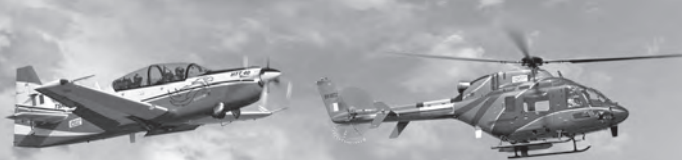
# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 12- Other Non- Current assets

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>A. Capital Advances</b>	<b>17512</b>	22200
<b>B. Advance Other than Capital Advances</b>		
Advances against Goods and Services	9291	453
Advances against Special Tools	0	0
Other Advances	840	840
	<b>27643</b>	23493
<b>C. Others</b>		
<b>Balances with Revenue Authorities</b>		
Income tax	293775	139094
Others-under dispute	38193	18843
Prepaid Expenses	43	34
<b>TOTAL (A+B+C)</b>	<b>359654</b>	181464

## Note 13 - Inventories

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Inventories (At Lower of Cost and Net Realisable Value)#</b>		
(i) Raw Materials and Components	728745	986640
Less: Provision for Redundancy	171744	151814
	<b>557001</b>	834826
(ii) Work-in-Progress	595145	525080
Less: Provision for Redundancy	26589	26589
	<b>568556</b>	498491
(iii) Finished Goods	0	0
(iv) Stock-in-Trade	2241	2994
(v) Stores and Spares	33540	33259
Less: Provision for Redundancy	5816	4653
	<b>27724</b>	28606
(vi) Loose Tools	8277	10747
Less: Provision for Redundancy	1386	775
	<b>6891</b>	9972
(vii) Construction Materials	48	53
Less: Provision for Redundancy	15	12
	<b>33</b>	41
(viii) Disposable Scrap (at Net Realisable Value)	470	710
(ix) Goods under Inspection and in Transit		
Raw material and Components	40335	44718
Stores and Spares	887	2114
Loose Tools	240	124
	<b>41462</b>	46956
(x) Inventory - Warranty	12161	14525
Less: Provision for Redundancy	1670	2393
	<b>10491</b>	12132
<b>TOTAL</b>	<b>1214869</b>	1434728
(#) (i) includes those issued to Sub-Contractors for Job Works	11689	12256
(ii) Inter-division transfers in Transit which are not considered for Inter Divisional Sales, included in above balance	154	56



# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 14 - Financial Asset- Investments

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>INVESTMENTS AT COST LESS PROVISION (UN-QUOTED)</b>		
<b>TOTAL</b>	<b>0</b>	0
Disclosure		
(i) Aggregate amount of Quoted Investment and Market Value.	0	0
(ii) Aggregate amount of Unquoted Investments. (net)	<b>0</b>	0
(iii) Aggregate amount of impairment in value of investments	<b>0</b>	0

## Note 15- Financial Asset-Trade Receivables

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Trade Receivables</b>		
Considered Good - Secured	<b>0</b>	0
Considered Good - Unsecured	<b>471907</b>	464153
Receivables which have significant increase in credit risk	<b>0</b>	0
Credit Impaired	<b>15259</b>	13907
	<b>487166</b>	478060
Less: Allowance for Doubtful Debts	<b>15259</b>	13907
<b>TOTAL</b>	<b>471907</b>	464153
(i) Above balances of trade receivables include balances with related parties (Refer Receivables of Clause No.13.1(e) of Note 49)	<b>554</b>	404
(ii) Refer Clause 24.1 of Note 49 for ageing schedule of Trade Receivables		

## Note 15A- Financial Asset-Contract Assets

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Contract Assets</b>		
Unbilled Revenue	<b>1050724</b>	886218
Less: Allowance for Doubtful Debts	<b>113084</b>	105353
<b>TOTAL</b>	<b>937640</b>	780865

Refer Clause 24.2 of Note 49 for ageing schedule of Contract Assets





# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 16 - Financial Asset- Cash & Cash Equivalents

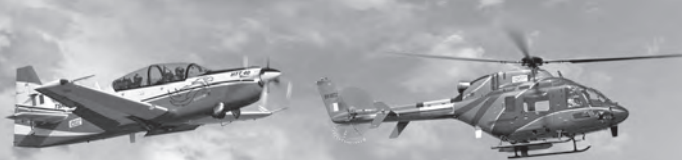
Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>A. Balances with Bank</b>		
In Current Account	133972	116931
Term Deposits with original maturity upto 3 months	310101	190100
B. Cheques, Drafts on Hand	0	2
C. Cash on Hand	0	0
<b>Sub Total</b>	<b>444073</b>	<b>307033</b>
<b>D. Others</b>		
In Other Short Term Deposits with Financial Institutions	4	4
<b>Sub-Total (D)</b>	<b>4</b>	<b>4</b>
<b>TOTAL (A+B+ C+D)</b>	<b>444077</b>	<b>307037</b>

## Note-17 - Financial Asset- Bank Balances other than Cash and Cash Equivalents

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Term Deposits with original maturity for more than 3 months but less than 12 months	1586204	1127682
Earmarked balances with banks for Unspent CSR	0	0
Earmarked balances with banks for Unpaid Dividend	1380	53
<b>TOTAL</b>	<b>1587584</b>	<b>1127735</b>

## Note 18-Financial Asset- Loans

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>A. Considered Good-Secured</b>		
a) Loans to Related Parties	0	0
b) Others		
Loans and advances to employees	21	69
<b>Sub-Total (A)</b>	<b>21</b>	<b>69</b>
<b>B. Considered Good-Unsecured</b>		
a) Loans to Related Parties	0	0
b) Others		
Loans and advances to employees	755	682
<b>Sub-Total (B)</b>	<b>755</b>	<b>682</b>
<b>C. Loans which have Significant Increase in credit risk</b>		
<b>Sub-Total (C)</b>	<b>0</b>	<b>0</b>
<b>D. Loans - Credit Impaired</b>		
<b>Sub-Total (D)</b>	<b>0</b>	<b>0</b>
<b>TOTAL (A +B+C+D)</b>	<b>776</b>	<b>751</b>



# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 19- Other Financial Assets

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Claims Receivable</b>		
Unsecured Considered Good	61467	70851
Receivable which have Significant Increase in Credit Risk	0	0
Credit Impaired	14166	15795
	<b>75633</b>	86646
Less: Provision for Doubtful Claims	14166	15795
<b>Sub-Total</b>	<b>61467</b>	70851
<b>Security Deposit</b>		
Govt Departments for Customs Duty and for Supplies	0	0
Public Utility Concerns	47	47
Others	207	660
Interest Accrued and Due on Investment with LIC of India	0	0
Interest Accrued and not Due on Term Deposits	40257	21182
Current Maturities of Deferred Debt	9949	9583
Share Application Money Paid	0	0
<b>TOTAL</b>	<b>111927</b>	102323
(i) Above balances of Claims Receivable include balances with related parties (Refer Receivables of Clause No.13.1(e) of Note 49)	16944	18002
(ii) Above balances of Provision for Doubtful Claims include balances with related parties (Refer Receivables of Clause No.13.1(l) of Note 49)	353	270

## Note 20 Current Tax Assets (Net)

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Current Tax (Net)	0	0
<b>TOTAL</b>	<b>0</b>	0

## Note 21- Other Current Assets

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>A. Advance Other than Capital Advances</b>		
Advances against Goods and Services	368244	224018
Less: Provision for Bad and Doubtful	19	19
Other Loans and Advances	295	743
Advances to Related Parties	614	5675
Less: Provision for Bad and Doubtful	0	0
<b>B. Others</b>		
Prepaid Expenses	2400	2768







# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Balances with revenue Authorities</b>		
Income tax	15	12
Others	850	0
Balance with GST Electronic Ledger	46512	47698
Balances in Franking Machine	2	4
<b>TOTAL</b>	<b>418913</b>	<b>280899</b>
Advances to Related Parties includes advance towards HAL employees Gratuity Fund	585	5640

## EQUITY

### Note 22- Equity Share Capital

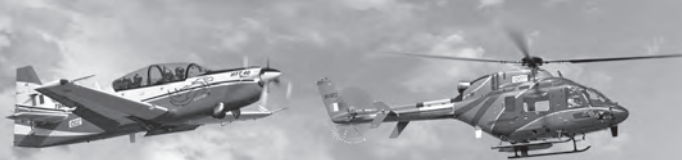
Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>Authorised Capital</b>	<b>60000</b>	60000
60,00,00,000 Equity Shares of ₹ 10 each		
<b>Issued, Subscribed and Fully Paid up Capital</b>	<b>33439</b>	33439
33,43,87,500 (33,43,87,500 PY) Equity Shares of ₹ 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
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	239588844	251292407
% of Shareholding of President of India and Nominees	71.65%	75.15%
Life Insurance Corporation of India		28858712
% of Shareholding of Life Insurance Corporation of India		8.63%
Shares held by promoters at the end of the reporting period		
<b>Promoters Name:</b>		
President of India and Nominees		
No. of Shares	239588844	251292407
% of total Shares	71.65%	75.15%
% Change during the year	-4.66%	0.0%

#### Terms/ Rights attached to Equity shares :

The Company has one (1) Class of Shares i.e Equity Shares

The Equity Shares rank Pari Passu in all respects including right to Dividend, Issue of New Shares, Voting Rights and in the Assets of the Company in the event of Liquidation.

Refer Clause 15 of Note 49 for details regarding buy back of shares



# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 23- Other Equity

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>A. Research &amp; Development Reserve</b>		
Opening Balance	161338	133727
Add: Current Year Transfer	53881	31596
Less: Transfer to General Reserve on utilisation	3963	3985
<b>Closing Balance (A)</b>	<b>211256</b>	161338
<b>B. Capital Redemption Reserve</b>		
Opening Balance	14761	14761
Add: Current Year Transfer	0	0
Less: Written Back in Current Year	0	0
<b>Closing Balance (B)</b>	<b>14761</b>	14761
<b>C. Indigenization Fund Reserve</b>		
Opening Balance	0	0
Add: Current Year Transfer	10776	0
Less: Transfer to General Reserve on utilisation	0	0
<b>Closing Balance (C)</b>	<b>10776</b>	0
<b>D. General Reserve As per last Balance Sheet</b>	<b>1721729</b>	1360424
(+/-) Surplus Transferred from Statement of Profit and Loss	361255	357320
Add: Transfer from R&D Reserve	3963	3985
<b>Closing Balance (D)</b>	<b>2086947</b>	1721729
<b>E. Retained earnings - Surplus in the statement of Profit &amp; Loss</b>		
Opening Balance	0	0
Add/(Less): Net Profit / (Net Loss) for the Current Year	582774	508004
Add/(Less): Remeasurement of the defined benefit plans	10332	14667
<b>Sub total (i)</b>	<b>593106</b>	522671
Less: Appropriations / Allocations		
Transfer to Indigenization Fund Reserve	10776	0
Transfer to Research & Development Reserve	53881	31596
Interim Dividend	133755	133755
Final Dividend (For 2021-22)	33439	0
<b>Sub total (ii)</b>	<b>231851</b>	165351
Transfer To General Reserves (i)-(ii)	361255	357320
<b>Closing Balance (E)</b>	<b>0</b>	0





# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>F. Other Components of Equity</b>		
<b>Fair Value through Other Comprehensive Income (FVOCI) (\$)</b>		
Opening Balance	46	39
Add/(Less): Additions made during the year	10322	14674
Add/(Less): Remeasurement of the defined benefit plans	-10332	-14667
<b>Closing Balance (F)</b>	<b>36</b>	<b>46</b>
<b>Total attributable to Owners of the Company</b>	<b>2323776</b>	<b>1897874</b>
<b>G. Attributable to Non-controlling interest</b>		
<b>Opening balance</b>	<b>375</b>	<b>391</b>
Profit/(Loss) for the year	-1	-16
<b>Closing balance (G)</b>	<b>374</b>	<b>375</b>
<b>TOTAL (A+B+C+D+E+F+G)</b>	<b>2324150</b>	<b>1898249</b>

<sup>5</sup> Breakup is given separately in Statement of Changes in Equity

## Nature and Purpose of each Reserve:

### 1. Research & Development Reserve:

Research and Development Reserve is created by transfer from Retained Earnings an annual contribution of 15% of Operating Profit After Tax. Research & Development Reserve is created to bring technological superiority to the products in order to cope with the future technological challenges. The amount of utilisation for Research and Development purposes during the year is transferred from Research and Development Reserve to General Reserve.

### 2. Capital Redemption Reserve:

Capital Redemption Reserve is created on redemption/buyback of equity shares.

### 3. Indigenization Fund Reserve:

Indigenization Fund Reserve is created by transfer from Retained Earnings an amount equal to 3 % of Operating Profit After Tax which will be utilised to encourage Indigenization of items which are being sourced from foreign sources at present.

### 4. General Reserve:

General Reserve is created out of the profits of the Company and out of Research & Development Reserve on utilization of Research & Development purposes. This is a free reserve.

## Note 24- Borrowings

(₹ in Lakhs)

Particulars	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>A. Secured</b>		
a) Term Loans		
(i) From Banks	0	0
<b>Sub-Total (A)</b>	<b>0</b>	<b>0</b>
<b>B. Unsecured</b>		
<b>Sub-Total (B)</b>	<b>0</b>	<b>0</b>
<b>TOTAL (A + B)</b>	<b>0</b>	<b>0</b>



# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 24 A- Lease Liabilities

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Lease Liabilities	251	241
<b>TOTAL</b>	<b>251</b>	<b>241</b>

Refer Clause 26 (a) of Note 49 for further disclosures on lease

## Note 25- Trade Payables

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Trade Payables	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>

## Note 26- Other financial liabilities

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Dues to Employees	43	21
Deposits	11	10
Deferred liabilities	36913	36750
Other Liabilities	15536	15689
<b>TOTAL</b>	<b>52503</b>	<b>52470</b>

## Note 27- Provisions

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>A. Provisions for Employee Benefits</b>		
Gratuity	1077	1081
Earned Leave	103591	98010
<b>Sub-Total (A)</b>	<b>104668</b>	<b>99091</b>
<b>B. Others*</b>		
Replacement and Other Charges	22519	15179
Warranty	2436	4700
Liquidated Damages	5087	7331
<b>Sub-Total (B)</b>	<b>30042</b>	<b>27210</b>
<b>TOTAL (A + B)</b>	<b>134710</b>	<b>126301</b>

\*Refer Clause 12.1 of Note 49 for movement of Provisions





# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 28- Deferred tax liabilities (Net)

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>TOTAL</b>	<b>0</b>	0

## Note 29- Other Non current Liabilities

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>A. Advances from Customers (Contract Liability)</b>		
Outstanding Advances from Customers		
Defence	<b>471586</b>	608833
Others	<b>0</b>	0
<b>Sub-Total (A)</b>	<b>471586</b>	608833
<b>B. Milestone Receipt (Contract Liability)</b>		
Defence	<b>620665</b>	610354
Others	<b>349</b>	7057
<b>Sub-Total (B)</b>	<b>621014</b>	617411
<b>TOTAL (A+B)</b>	<b>1092600</b>	1226244

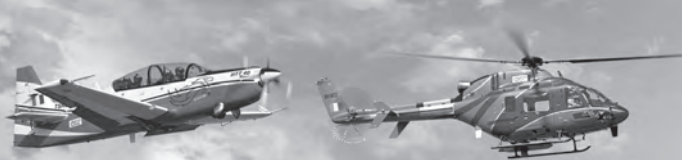
## Note 30- Borrowings

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>A. Secured Short Term Borrowings:</b>		
a) Loans Repayable on Demand		
(i) From Banks	<b>0</b>	0
Working Capital Loan-Cash Credit		
<b>Sub-Total (A)</b>	<b>0</b>	0
<b>B. Unsecured Short Term Borrowings:</b>		
<b>Sub-Total (B)</b>	<b>0</b>	0
<b>TOTAL (A + B)</b>	<b>0</b>	0

(i) Refer Clause No. 10.1 & 10.2 of Note No.49 for further details on Borrowings

(ii) Working Capital Loan is secured by first charge on Current Assets (All kinds of Stocks and Receivables of the Company both present and future)





# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 30 A- Lease Liabilities

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Lease Liabilities	14	8
<b>TOTAL</b>	<b>14</b>	<b>8</b>

Refer Clause 26 (a) of Note 49 for further disclosures on lease

## Note 31- Trade Payables

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Trade Payables		
A) total outstanding dues of micro enterprises and small enterprises	6407	4575
B) total outstanding dues of creditors other than micro enterprises and small enterprises	307090	251186
<b>TOTAL</b>	<b>313497</b>	<b>255761</b>
(i) Above balances of Trade Payable include balances with related parties (Refer Payable of Clause No.13.1(e) of Note 49).	6073	11955
(ii) Refer Clause 25 of Note 49 for ageing schedule of Trade Payables.		

## Note 32- Other Financial Liabilities

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Liability for Outstanding Expenses	39128	46823
Deposits	13067	12458
Royalty	6667	6111
Dues to Employees	57160	31693
Current Maturities of Deferred Debts/Liabilities	4904	4678
Due to Capital Creditors - micro enterprises and small enterprises	250	202
Due to Capital Creditors - other than micro enterprises and small enterprises	16895	13663
Unpaid Dividend Account	1380	53
Other Liabilities	71492	69679
<b>TOTAL</b>	<b>210943</b>	<b>185360</b>
(i) Above balances of Other Liabilities include balances with related parties (Refer Payable of Clause No.13.1(e) of Note 49).	5579	5597
(ii) No amount is due and outstanding to be transferred to Investor Education and Protection Fund at the year end in respect of Unpaid Dividend.		





# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

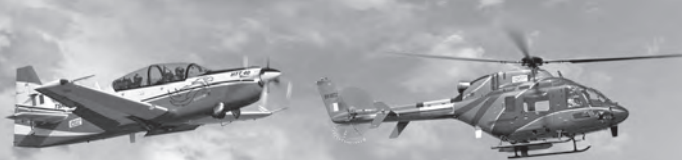
## Note 33- Other Current Liabilities

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>A. Advances from Customers (Contract Liability)</b>		
<b>Outstanding Advances from Customers</b>		
Defence	549021	430963
Others	4961	4226
<b>Sub-total (A)</b>	<b>553982</b>	435189
<b>B. Milestone Receipt (Contract Liability)</b>		
Defence	1197370	941864
Others	54157	62928
<b>Sub-total (B)</b>	<b>1251527</b>	1004792
<b>Advances from Customers (A + B)</b>	<b>1805509</b>	1439981
<b>C. Other Payables</b>		
Taxes (Other than Taxes on Income)	7462	11639
GST Payable	17674	7206
Others	23069	16689
<b>TOTAL (A+B+C)</b>	<b>1853714</b>	1475515

## Note 34- Provisions

Particulars	(₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
<b>A. Provisions for Employee Benefits</b>		
Gratuity	0	0
Earned Leave	14732	15220
Others (Performance Related Pay)	30240	44721
<b>Sub-Total (A)</b>	<b>44972</b>	59941
<b>B. Others*</b>		
Replacement and Other Charges	395027	202675
Warranty	119451	104625
Liquidated Damages	118381	138455
Onerous Contract	0	0
<b>Sub-Total (B)</b>	<b>632859</b>	445755
<b>TOTAL (A + B)</b>	<b>677831</b>	<b>505696</b>

\*(Refer Clause 12.1 of Note 49 for movement in Provision)



# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 35- Current tax liability (Net)

Particulars	₹ in Lakhs)	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Current tax liability (Net)	26728	79914
<b>TOTAL</b>	<b>26728</b>	<b>79914</b>

## Note 36- Revenue from Operations

Particulars	₹ in Lakhs)	
	For the Year ended 31 <sup>st</sup> March 2023	For the Year ended 31 <sup>st</sup> March 2022
<b>A. Sale of Products</b>		
<b>(i) Inland Sales</b>		
Finished Goods	474035	737508
Spares	514207	332969
Development	179653	91530
Miscellaneous	67528	33889
<b>Total Inland Sales of Products</b>	<b>1235423</b>	<b>1195896</b>
<b>(ii) Export Sales</b>		
Finished Goods	17020	9415
Spares	7231	4280
Development	606	118
<b>Total Export Sales of Products</b>	<b>24857</b>	<b>13813</b>
<b>Total Sale of Products (A)</b>	<b>1260280</b>	<b>1209709</b>
<b>B. Sale of Services</b>		
<b>(i) Inland Sale of Services</b>		
Repair & Overhaul	1367531	1220619
Other Services	3731	2836
<b>Total Inland Sales of Services</b>	<b>1371262</b>	<b>1223455</b>
<b>(ii) Export Sale of Services</b>		
Repair & Overhaul	2720	2520
Other Services	1794	463
<b>Total Export Sales of Services</b>	<b>4514</b>	<b>2983</b>
<b>Total Sales of Services (B)</b>	<b>1375776</b>	<b>1226438</b>
<b>Total Sales (A+B)</b>	<b>2636056</b>	<b>2436147</b>
<b>C. Other Operating Revenues</b>		
(i) Disposal of Scrap and Surplus / Unserviceable Stores	1446	1228
(ii) Provisions no Longer Required*	53067	22108
(iii) Others	2177	2519
<b>Total Operating Revenues (C)</b>	<b>56690</b>	<b>25855</b>
<b>Revenue from Operations (A+B+C)</b>	<b>2692746</b>	<b>2462002</b>

\*Refer Clause 12.1 of Note 49 for movement of Provisions





# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 37- Other Income

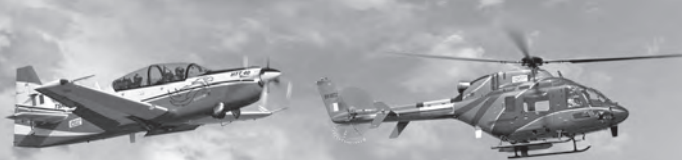
Particulars	(₹ in Lakhs)	
	For the Year ended 31 <sup>st</sup> March 2023	For the Year ended 31 <sup>st</sup> March 2022
<b>Interest Income</b>		
Short term Deposits / Loans / Others	<b>83716</b>	34715
Sundry Advances - Employees	<b>43</b>	58
Other Deposits	<b>9207</b>	7723
<b>Sub-total</b>	<b>92966</b>	42496
<b>Other Non-Operating Income</b>		
Gain on Foreign Currency Transaction and Translation	<b>0</b>	3851
Gain on Sale of Property, Plant & Equipment (Net)	<b>318</b>	157
Gain on Fair Value Adjustment	<b>3144</b>	2130
Interest on Income Tax Refund	<b>56947</b>	26273
Miscellaneous	<b>13637</b>	23586
<b>TOTAL</b>	<b>167012</b>	98493

## Note 38- Cost of materials consumed

Particulars	(₹ in Lakhs)	
	For the Year ended 31 <sup>st</sup> March 2023	For the Year ended 31 <sup>st</sup> March 2022
<b>Consumption Of Raw Material, Components, Stores And Spare Parts</b>		
Opening Stock	<b>1034477</b>	1141750
Add: Purchases	<b>780827</b>	782998
Add: Subcontracting, Fabrication and Machining Charges.	<b>25587</b>	25718
Less: Closing stock	<b>774494</b>	1034477
	<b>1066397</b>	915989
Less: Transfer to		
Special Tools and Equipment	<b>49405</b>	27075
Capital Works	<b>9336</b>	3546
Development Expenditure	<b>2457</b>	2471
Expense Accounts and Others	<b>5831</b>	7673
	<b>67029</b>	40765
<b>TOTAL</b>	<b>999368</b>	875224

## Note 38A- Purchase of Stock-in-Trade

Particulars	(₹ in Lakhs)	
	For the Year ended 31 <sup>st</sup> March 2023	For the Year ended 31 <sup>st</sup> March 2022
Purchase of Stock-in-Trade	<b>79915</b>	65668



# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## 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 <sup>st</sup> March 2023	For the Year ended 31 <sup>st</sup> March 2022
<b>Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-progress</b>		
<b>Opening Balance</b>		
(i) Finished Goods	0	0
(ii) Work-in-progress	525080	585049
(iii) Stock-in-Trade	2994	2244
	<b>528074</b>	<b>587293</b>
<b>Closing Balance</b>		
(i) Finished Goods	0	0
(ii) Work-in-progress	595145	525080
(iii) Stock-in-Trade	2241	2994
	<b>597386</b>	<b>528074</b>
<b>Accretion / (Decretion) -A</b>	<b>69312</b>	<b>-59219</b>
<b>Change in Disposables Scrap</b>		
Opening Balance	710	721
Closing Balance	470	710
<b>Accretion / (Decretion)-B</b>	<b>-240</b>	<b>-11</b>
<b>TOTAL (A+B)</b>	<b>69072</b>	<b>-59230</b>

## Note 40- Employee benefits expense

Particulars	(₹ in Lakhs)	
	For the Year ended 31 <sup>st</sup> March 2023	For the Year ended 31 <sup>st</sup> March 2022
Salaries and Wages	396747	375496
Contribution to Provident Fund and Others	61799	58272
Contribution to Gratuity	8772	8509
Others	19	19
Staff Welfare Expenses(Net)	23623	17978
Rent for Hiring Accommodation for Officers	77	168
<b>TOTAL</b>	<b>491037</b>	<b>460442</b>







# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 41- Finance costs

Particulars	(₹ in Lakhs)	
	For the Year ended 31 <sup>st</sup> March 2023	For the Year ended 31 <sup>st</sup> March 2022
Interest on Cash Credit	1	2
Discount on Commercial paper	0	0
Interest on Lease Liabilities	18	17
Interest on Income Tax	2563	5567
Interest on micro and small enterprises	27	234
Interest - Others	3188	0
<b>TOTAL</b>	<b>5797</b>	<b>5820</b>

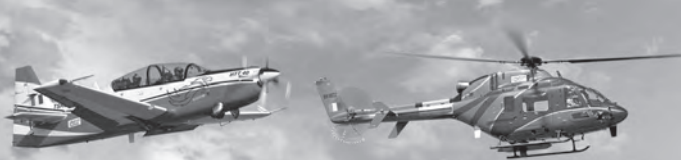
## Note 42- Depreciation and Amortization expense

Particulars	(₹ in Lakhs)	
	For the Year ended 31 <sup>st</sup> March 2023	For the Year ended 31 <sup>st</sup> March 2022
<b>A. Depreciation on Plant, Property and Equipment</b>	<b>30852</b>	<b>29686</b>
<b>B. Amortisation</b>		
Intangible assets- Development Expenditure	93891	33694
Other Intangible assets		
Licence Fees	1197	1474
Computer Software	731	616
Documentation	2447	3524
Special Tools	49349	42059
<b>Sub-Total (B)</b>	<b>147615</b>	<b>81367</b>
<b>TOTAL (A+B)</b>	<b>178467</b>	<b>111053</b>

## Note 42A - Impairment Loss

Particulars	(₹ in Lakhs)	
	For the Year ended 31 <sup>st</sup> March 2023	For the Year ended 31 <sup>st</sup> March 2022
Impairment Loss on Property, Plant and Equipment	50303	0
Impairment Loss on Intangible Asset	9440	17643
<b>TOTAL</b>	<b>59743</b>	<b>17643</b>

Refer Clause No.17 of Note 49



# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 43- Other expenses

Particulars	(₹ in Lakhs)	
	For the Year ended 31 <sup>st</sup> March 2023	For the Year ended 31 <sup>st</sup> March 2022
Shop Supplies	8906	7830
Power and Fuel	18187	17128
Less: Savings in Energy Charges from Company Owned Wind & Solar Power Plant	3325	2998
Net Power and Fuel	14862	14130
Water Charges	5393	5917
Rent for Office Premises etc.	87	99
Travelling (includes Foreign Travel)	6691	3887
Training (includes Foreign Training)	1043	432
<b>Repairs:</b>		
Buildings	8278	6255
Plant, Machinery and Equipment	16205	13464
Others	3736	4070
Expenses on Tools and Equipment	4430	2916
Insurance	4019	4021
Rates and Taxes	2520	5756
Postage and Telephones	885	783
Printing and Stationery	1044	636
Publicity	2723	700
Advertisement	256	195
Bank Charges	644	704
Loss on Foreign Currency Transaction and Translation	12236	0
Legal Expenses	260	352
<b>Auditors' Remuneration:</b>		
For Audit Fee	58	59
For Tax Audit Fee	5	7
For Other Services-Interim Audit & Other Certification fees	79	87
Selling Agents Commission	21	16
Handling Charges	212	173
<b>Write Off:</b>		
Fixed Assets	7	0
Stores	1447	1768
Shortages / Rejections	284	484
Others	4204	374
Freight and Insurance	1634	960
Corporate Social Responsibility	9503	7216
Loss on Fair Value Adjustment	2853	2443
Miscellaneous Operating Expenses	41534	35352
<b>TOTAL</b>	<b>156059</b>	<b>121086</b>
(i) Miscellaneous Operating Expenses includes Director's Sitting Fees, excluding GST for the current period is ₹ 15 Lakh (For the year ended 31 <sup>st</sup> March 2022 is ₹ 7 Lakh)	18	8





# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 44- Direct Input to Work in Progress/ Expenses Capitalised

(₹ in Lakhs)

Particulars	For the Year ended 31 <sup>st</sup> March 2023	For the Year ended 31 <sup>st</sup> March 2022
<b>A) DIRECT INPUT TO WIP</b>		
Project related Travel	601	493
Project related Training	141	0
Project related other Expenditure	1639	5023
Travel outstation jobs	0	1
Royalty	1908	1820
Foreign Technician Fee	1033	156
Ground Risk Insurance	2560	3234
Quality Audit Expenses	3	4
Design and Development	10674	14106
Sundry Direct Charges - Others	516	340
<b>Sub-Total (A)</b>	<b>19075</b>	<b>25177</b>
<b>B) EXPENSES CAPITALISED TO INTANGIBLE ASSET</b>		
Licence Fees	235	6454
Computer software	1158	684
Documentation	31135	0
<b>Sub-Total (B)</b>	<b>32528</b>	<b>7138</b>
<b>TOTAL (A + B)</b>	<b>51603</b>	<b>32315</b>

## Note 45- Provisions

(₹ in Lakhs)

Particulars	For the Year ended 31 <sup>st</sup> March 2023	For the Year ended 31 <sup>st</sup> March 2022
Replacement and Other Charges	245052	78729
Warranty	43901	51544
Redundancy provision - Raw Materials and Components, Stores and Spare parts, Loose Tools and Equipment, Construction Materials, Inventory - Warranty and Work-in-Progress	28140	56005
Liquidated Damages	42290	74395
Doubtful Debts	10416	105418
Doubtful Claims	2678	6777
Impairment of Investments	3	86
<b>TOTAL</b>	<b>372480</b>	<b>372954</b>

Refer Clause 12.1 of Note 49 for movement of Provisions



# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 46- Expenses relating to Capital and Other Accounts

Particulars	(₹ in Lakhs)	
	For the Year ended 31 <sup>st</sup> March 2023	For the Year ended 31 <sup>st</sup> March 2022
<b>Expenses allocated to:</b>		
Other Intangible assets	32528	7138
Special Tools	2009	1180
Capital Works	3052	1315
Development Expenditure	64894	60518
Others	13819	13265
<b>TOTAL</b>	<b>116302</b>	<b>83416</b>

## Other Comprehensive Income

## Note 47- Items that will not be reclassified to Profit or Loss

Particulars	(₹ in Lakhs)	
	For the Year ended 31 <sup>st</sup> March 2023	For the Year ended 31 <sup>st</sup> March 2022
Remeasurements of the defined benefit plans	13800	19607
Share of Other Comprehensive Income in Associates and Joint Ventures, to the extent not to be classified into profit or loss	6	7
<b>TOTAL</b>	<b>13806</b>	<b>19614</b>

## Note 48- Items that will be reclassified to profit or loss

Particulars	(₹ in Lakhs)	
	For the Year ended 31 <sup>st</sup> March 2023	For the Year ended 31 <sup>st</sup> March 2022
Exchange differences in translating the financial statements of a foreign operation	-21	0
Share of Other Comprehensive Income in Associates and Joint Ventures, to the extent to be classified into profit or loss	0	0
<b>TOTAL</b>	<b>-21</b>	<b>0</b>





# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 49 - Consolidated Notes to Financial Statements

(Rs. 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 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
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 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
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 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
Current assets	1343	553	124	132
Current liabilities	2045	1829	68	71
<b>Net Current assets</b>	<b>-702</b>	<b>-1276</b>	<b>56</b>	<b>61</b>
Non-current assets	2275	1990	700	700
Non-current liabilities	1485	1540		2
<b>Net Non-current assets</b>	<b>790</b>	<b>450</b>	<b>700</b>	<b>698</b>
<b>Net assets</b>	<b>88</b>	<b>-826</b>	<b>756</b>	<b>759</b>
<b>Accumulated Non-Controlling Interests</b>	<b>-</b>	<b>-</b>	<b>374</b>	<b>375</b>





# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## 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 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
Revenue	1191	438	42	40
Profit for the year	-608	-1282	-3	-33
Other Comprehensive Income	22	-20		
<b>Total Comprehensive Income</b>	<b>-586</b>	<b>-1302</b>	<b>-3</b>	<b>-33</b>
<b>Profit/(Loss) allocated to Non-Controlling Interests</b>	<b>-</b>	<b>-</b>	<b>-1</b>	<b>-16</b>
<b>Dividends paid to Non-Controlling Interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Summarised Cash Flow:

₹ in Lakhs

Particulars	Naini Aerospace Limited		Indo-Russian Helicopters Limited	
	For the year ended		For the year ended	
	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
Cash flow from operating activities	-884	-648	-48	-64
Cash flow from investing activities	-555	327	42	40
Cash flow from financing activities	1500			
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>61</b>	<b>-321</b>	<b>-6</b>	<b>-24</b>

## 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 Company's Standalone Financial Statement.
2	Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date when control ceases.
3	The Group combines the financial statements of the parents and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of Subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Group.
4	Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post acquisition profits or losses of the investee in profit and loss, and the Group's share of other comprehensive income of the investee in other comprehensive income.



# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 49 - Consolidated Notes to Financial Statements

Dividends received or receivable from Joint Ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in Joint Ventures equals or exceeds the Group's interest in the entity, including any other long-term unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

In accordance with Equity method of consolidation of Joint Venture, where investment is fully impaired and impairment loss is recognised, further share of lossess is not considered in CFS

Similarly, contingent liabilities in respect of those JV's are also not disclosed as there is no further liability/lossess to the parent.

Unrealised gains on transactions between the Group and its Joint Ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

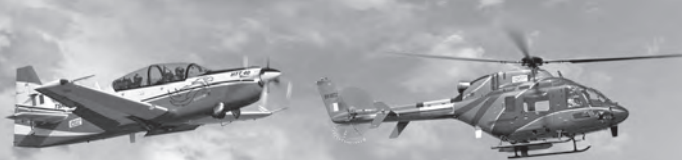
Accounting policies of Joint Ventures have been changed where necessary to ensure consistency with the policies adopted by the Group. The carrying amount of equity accounted investments are tested for impairment.

- 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.

### 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	
		31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
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%



# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 49 - Consolidated Notes to Financial Statements

Name of the Joint Ventures*	Nature of Business	Proportion of Ownership Interest (in %) as at	
		31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
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%
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.

- i Hindustan Aeronautics Limited has invested in two companies i.e. Aerospace and Aviation Sector Skill Council & Defence Innovation Organisation. The companies are incorporated under Sec 8 of the Companies Act 2013. As per Ind AS 110, the Company does not exercise any control over Aerospace and Aviation Sector Skill Council & Defence Innovation Organisation. Hence they have not been considered for consolidation in Consolidated Financial Statements
- ii TATA HAL Technologies Limited, pursuant to the Board Resolution dated 8<sup>th</sup> June 2021, had filed the application for voluntary liquidation to MCA in terms of Section 59 of the Insolvency and Bankruptcy Code, 2016 and the official liquidator was appointed.

The official liquidator, vide their letter dated 07.03.2022, intimated about the distribution of liquidation proceeds to the stakeholders of the TATA HAL Technologies Limited. Pursuant to the same liquidation proceeds of ₹34 lakhs was received by the Company. [On 27 April, 2022 (₹31 lakhs) and 15 June, 2022 (₹3 lakhs)].

The Group has derecognized the investment made in TATA HAL Technologies Limited as at 30 June, 2022.





# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## 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 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
Current assets						
- Cash & Cash equivalents	20	73	120	355	4	1
- Other assets	1699	2150	8128	6035	1204	993
<b>Total current assets</b>	<b>1719</b>	<b>2223</b>	<b>8248</b>	<b>6390</b>	<b>1208</b>	<b>994</b>
<b>Total non-current assets</b>	<b>211</b>	<b>287</b>	<b>6028</b>	<b>5816</b>	<b>71</b>	<b>76</b>
Current liabilities						
- Financial liabilities (excluding trade payables)			26	1336	360	380
- Other liabilities	1131	1787	3459	1577	1761	1543
<b>Total current liabilities</b>	<b>1131</b>	<b>1787</b>	<b>3485</b>	<b>2913</b>	<b>2121</b>	<b>1923</b>
Non-Current liabilities						
- Financial liabilities (excluding trade payables)			1019	940		
- Other liabilities	114	110	140	128	62	69
<b>Total non-current liabilities</b>	<b>114</b>	<b>110</b>	<b>1159</b>	<b>1068</b>	<b>62</b>	<b>69</b>
<b>Net assets</b>	<b>685</b>	<b>613</b>	<b>9632</b>	<b>8225</b>	<b>-904</b>	<b>-922</b>

# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 49 - Consolidated Notes to Financial Statements

### Summarised Balance Sheet

₹ in Lakhs

Particulars	HALBIT Avionics Pvt Ltd		Indo-Russian Aviation Ltd		HATSOFF Helicopter Training Pvt Ltd	
	31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Current assets						
- Cash & Cash equivalents	1156	589	10973	7734	1012	1538
- Other assets	2717	3036	7144	12254	4978	2775
<b>Total current assets</b>	<b>3873</b>	<b>3625</b>	<b>18117</b>	<b>19988</b>	<b>5990</b>	<b>4313</b>
<b>Total non-current assets</b>	<b>96</b>	<b>88</b>	<b>77</b>	<b>81</b>	<b>14654</b>	<b>15627</b>
Current liabilities						
- Financial liabilities (excluding trade payables)					18809	16561
- Other liabilities	5111	4801	2325	4458	292	140
<b>Total current liabilities</b>	<b>5111</b>	<b>4801</b>	<b>2325</b>	<b>4458</b>	<b>19101</b>	<b>16701</b>
Non-Current liabilities						
- Financial liabilities (excluding trade payables)					4151	6359
- Other liabilities	12	23	460	464	191	165
<b>Total non-current liabilities</b>	<b>12</b>	<b>23</b>	<b>460</b>	<b>464</b>	<b>4342</b>	<b>6524</b>
<b>Net assets</b>	<b>-1154</b>	<b>-1111</b>	<b>15409</b>	<b>15147</b>	<b>-2799</b>	<b>-3285</b>





# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 49 - Consolidated Notes to Financial Statements

### Summarised Balance Sheet

Particulars	International Aerospace Manufacturing Pvt Ltd		Multirole Transport Aircraft Ltd.		Helicopter Engines MRO Pvt Ltd	
	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
Current assets						
- Cash & Cash equivalents	51	286	2941	2534	1153	1136
- Other assets	8982	8106	9048	8719	129	125
<b>Total current assets</b>	<b>9033</b>	<b>8392</b>	<b>11989</b>	<b>11253</b>	<b>1282</b>	<b>1261</b>
<b>Total non-current assets</b>	<b>7857</b>	<b>7423</b>	<b>1</b>	<b>5995</b>	<b>973</b>	<b>970</b>
Current liabilities						
- Financial liabilities (excluding trade payables)	538	1409				
- Other liabilities	4677	4083	27	13	3	34
<b>Total current liabilities</b>	<b>5215</b>	<b>5492</b>	<b>27</b>	<b>13</b>	<b>3</b>	<b>34</b>
Non-Current liabilities						
- Financial liabilities (excluding trade payables)						
- Other liabilities	254	239	2	2		
<b>Total non-current liabilities</b>	<b>254</b>	<b>239</b>	<b>2</b>	<b>2</b>		
<b>Net assets</b>	<b>11421</b>	<b>10084</b>	<b>11961</b>	<b>17233</b>	<b>2252</b>	<b>2197</b>

# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## 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	
	For the year ended 31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022	For the year ended 31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022	For the year ended 31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022	For the year ended 31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022	For the year ended 31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
Revenue	2003	1516	12398	7674	2347	2819	475	413	4860	7537
Interest Income	8	7		16	3	1	55	41	537	417
Depreciation & amortisation	26	27	438	254	8	10	1	1	7	8
Interest expense	11	16	19	14	2	18				
Income tax expense	31		414	224			1	5	221	284
Other Expenditure	1884	1778	10116	6595	2322	2767	570	394	4517	6877
<b>Profit from continuing operations</b>	<b>59</b>	<b>-298</b>	<b>1411</b>	<b>603</b>	<b>18</b>	<b>25</b>	<b>-42</b>	<b>54</b>	<b>652</b>	<b>785</b>
Profit from discontinued operations										
<b>Profit for the year</b>	<b>59</b>	<b>-298</b>	<b>1411</b>	<b>603</b>	<b>18</b>	<b>25</b>	<b>-42</b>	<b>54</b>	<b>652</b>	<b>785</b>
Other comprehensive income	13	8	-4	7			-1			
<b>Total comprehensive income</b>	<b>72</b>	<b>-290</b>	<b>1407</b>	<b>610</b>	<b>18</b>	<b>25</b>	<b>-43</b>	<b>54</b>	<b>652</b>	<b>785</b>
Dividends Received (HAL share)									187	187



# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## 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 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Opening net assets	613	903	8225	7615	-922	-947	-1111	-1165	15147	14752
Restatement of financial statement by JV										
Profit for the year	59	-298	1411	603	18	25	-42	54	652	785
Other comprehensive income	13	8	-4	7			-1			
Dividends paid									-390	-390
Appropriation										
Share Capital issued										
<b>Closing net assets</b>	<b>685</b>	<b>613</b>	<b>9632</b>	<b>8225</b>	<b>-904</b>	<b>-922</b>	<b>-1154</b>	<b>-1111</b>	<b>15409</b>	<b>15147</b>
Group's share in %	49%	49%	50%	50%	40%	40%	50%	50%	48%	48%
Group's share in INR	336	300	4816	4113	-362	-369	-577	-556	7396	7271
Unrealised Gain/ Loss									-1197	-1630
Unrecognised Losses (Net of subsequent profits)					522	529	960	939		
Provision for Diminution	61	61			160	160	383	383		
Goodwill										
<b>Carrying amount</b>	<b>275</b>	<b>239</b>	<b>4816</b>	<b>4113</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6199</b>	<b>5641</b>

# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 49 - Consolidated Notes to Financial Statements

### Summarised Statement of Profit & loss

₹ in Lakhs

Particulars	HATSOFF Helicopter Training Pvt Ltd		International Aerospace Manufacturing Pvt Ltd		Multirole Transport Aircraft Ltd.		Helicopter Engines MIRO Pvt Ltd	
	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
Revenue	6156	4685	19234	15078	452			
Interest Income	73	97	3	7	697	516	52	11
Depreciation & amortisation	981	982	1031	1084	647	1293	4	5
Interest expense	1404	844	20	72				
Income tax expense			682	266	48	28	3	
Other Expenditure	3357	2046	16064	12944	5726	300	-10	56
<b>Profit from continuing operations</b>	<b>487</b>	<b>910</b>	<b>1440</b>	<b>719</b>	<b>-5272</b>	<b>-1105</b>	<b>55</b>	<b>-50</b>
Profit from discontinued operations								
<b>Profit for the year</b>	<b>487</b>	<b>910</b>	<b>1440</b>	<b>719</b>	<b>-5272</b>	<b>-1105</b>	<b>55</b>	<b>-50</b>
Other comprehensive income	-1	1	3	-2				
<b>Total comprehensive income</b>	<b>486</b>	<b>911</b>	<b>1443</b>	<b>717</b>	<b>-5272</b>	<b>-1105</b>	<b>55</b>	<b>-50</b>
Dividends Received (HAL share)			53	9				



# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 49 - Consolidated Notes to Financial Statements

### Reconciliation of the summarised financial information to the carrying amount of interest in Joint venture

₹ in Lakhs

Particulars	HATSOFF Helicopter Training Pvt Ltd		International Aerospace Manufacturing Pvt Ltd		Multirole Transport Aircraft Ltd.		Helicopter Engines MRO Pvt Ltd	
	As at 31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022	As at 31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
Opening net assets	-3285	-4196	10084	9384	17233	18338	2197	247
Restatement of financial statement by JV								
Adjustment for Ind AS 116								
Profit for the year	487	910	1440	719	-5272	-1105	55	-50
Other comprehensive income	-1	1	3	-2		0		
Dividends paid			-106	-17				
Appropriation								
Share Capital issued								2000
<b>Closing net assets</b>	<b>-2799</b>	<b>-3285</b>	<b>11421</b>	<b>10084</b>	<b>11961</b>	<b>17233</b>	<b>2252</b>	<b>2197</b>
Group's share in %	50%	50%	50%	50%	50%	50%	50%	50%
Group's share in INR	-1400	-1643	5710	5042	5981	8617	1126	1099
Unrealised Gain/ Loss			-23	-27				
Unrecognised Losses (Net of subsequent profits)	5240	5483			697			
Provision for Diminution	3840	3840	855	855	6678	6678	415	412
Goodwill								
<b>Carrying amount</b>	<b>0</b>	<b>0</b>	<b>4832</b>	<b>4160</b>	<b>0</b>	<b>1939</b>	<b>711</b>	<b>687</b>



# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 49 - Consolidated Notes to Financial Statements

### 4.

#### (a) Claims / Demands against the Group contested and are not acknowledged as debts (Gross)- as reimbursements are available from the customers as per contract.

₹ in Lakhs

Particulars*	As at	
	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
<b>In respect of the Group</b>		
(i) Sales Tax / Entry Tax / GST	1134934	1121902
(ii) Service Tax	130717	138028
(iii) Customs Duty	30413	30184
* In terms of Pricing Policy agreed with Indian Defence Services, prices approved are exclusive of taxes and duties i.e. Sales Tax, GST, Service Tax, Customs Duty etc. In case, the customer do not submit an exemption certificate, taxes would be levied and the same would be re-imbursed by the customer.		
<b>Sub Total (A)</b>	<b>1296064</b>	<b>1290114</b>
<b>In respect of Joint Ventures (Group Share)</b>		
(i) Sales Tax / Entry Tax / GST	161	160
(ii) Service Tax	0	0
(iii) Customs Duty	0	0
<b>Sub Total (B)</b>	<b>161</b>	<b>160</b>
<b>Total (A+B)</b>	<b>1296225</b>	<b>1290274</b>

#### (b) Contingent Liability not acknowledged as debts (Gross)

₹ in Lakhs

Particulars	As at	
	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
<b>In respect of the Group</b>		
(i) Income Tax	12625	98788
(ii) Municipal Tax	0	15210
(iii) Others**	8081	40375
** Rs 8081 lakh does not include Rs 1686 lakh (P.Y. Rs 1686 lakh) of contingent liability to M/s Halbit Avionics Private Limited.		
The Bruhath Bangalore Mahanagara Palike (BBMP) issued a Demand Notice dated 24.09.21 for a sum of ₹20253 lakh (inclusive of interest, cess and penalty) for the period between 2008-09 to 2021-22 with respect to property tax for properties owned by the Company. The Company challenged the same before City Civil Court. During the pendency of the case, the matter was taken up by BBMP before the Government of Karnataka ('GoK') and a "One Time Settlement Scheme" was notified by GoK on 27.03.2023. In furtherance thereof, a revised Demand Notice dated 31.03.2023 for ₹9159 lakh (including property tax, cess and interest) was issued by BBMP. The said demand was paid and complied by the Company as on 31.03.2023.		
<b>Sub Total (A)</b>	<b>20706</b>	<b>154373</b>
<b>In respect of Joint Ventures (Group Share)</b>		
(i) Income Tax	38	33
(ii) Municipal Tax	0	0
(iii) Others	0	0
<b>Sub Total (B)</b>	<b>38</b>	<b>33</b>
<b>Total (A+B)</b>	<b>20744</b>	<b>154406</b>



# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 49 - Consolidated Notes to Financial Statements

### (c) Commitments

₹ in Lakhs

Particulars	As at	
	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
<b>In respect of the Group</b>	<b>160761</b>	136154
Estimated amount of contracts remaining to be executed and not provided for on Capital Account		
<b>In respect of Joint Ventures (Group Share)</b>		
Estimated amount of contracts remaining to be executed and not provided for on Capital Account	<b>444</b>	4084
Total	<b>161205</b>	140238

In view of the nature of business, being long term contracts there may be other commitments for purchase of material etc., which has been considered as normal business process, hence not been disclosed.

## 5. Notes Specific to Joint Ventures

### (i) In respect of BAeHAL Software Limited

#### Unbilled Revenues

The company has shown Unbilled Revenues valuing ₹461.28 Lakhs (P.Y. 695.05 Lakhs) shown under Revenue from operations & under Current Assets- Others, in Balance Sheet which are expected to be invoiced latest by June 2023 as per best possible estimate given by management.

Two of the UBR items which are more than 3 years are TPM-IETM and RTS-SWISS which amount to Rs 222.87 lakhs. Against TPM project, where an UBR of ₹72 Lakhs has been given, all data related issues are fixed and offered to HAL for final acceptance. With respect to the IETM tool, two patches were given to the customer towards fixation of software bugs in the tool, which are under review by the customer. Post which, the sale is likely to happen by 15<sup>th</sup> May 2023.

With respect to the SWISS supply to MDL (UBR of RS.150.87 Lakhs), the same is in the final stage of offering to CQAE. Many of the subunits are already offered and ATP completed. Delay in delivering the SWISS projects was due to disruption in supply chain because of Geo-political issue and delay in getting final approval from end customer (Indian Navy).

### (ii) In respect of HATSOFF Helicopter Training Private Limited

#### Going Concern

The Company has made a net profit of ₹486 Lakhs during the period ended 31 March, 2023 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, 2023 is negative by ₹2799.02 Lakhs (as at 31 March, 2022 negative by ₹3285.02 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 obligations.
- 2) The Company is able to get the multi-year contracts from Defence forces with increased training hours.
- 3) The Company along with the shareholders are presently pursuing several options with the Company's bankers, viz. ICICI Bank.
- 4) The Company has paid ECB principal of ₹3290 lakhs (US\$ 4068689) has been paid against ECB overdue installments during the financial year at various dates.
- 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..



# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 49 - Consolidated Notes to Financial Statements

### (iii) In respect of HALBIT Avionics Private Ltd

#### Material Uncertainty related to Going Concern

The Company, as on 31 March 2023, has a net liability of Rs1,154.21 lakhs (PY:Rs1,110.95 lakhs) and a net current liability of Rs1,238.71 lakhs (PY:Rs1,176.14 lakhs) indicating existence of an uncertainty that may cast doubt upon the Company's ability to continue as a going concern. However, the bulk of its current liability is subject to the satisfactory completion of the performance obligations by the supplier, who is also a shareholder of this joint venture Company. Besides this, the Company continues to generate positive cash flows from its operations and plans to liquidate the liability in a phased manner. The Company expects to fund its operating and capital expenditure and continue business operations. Accordingly, the management has determined that these actions are sufficient to mitigate the uncertainty and has prepared the financial statements on a going concern basis.

### (iv) In respect of Multirole Transport Aircraft Limited

Board in its 47<sup>th</sup> Meeting held on 09<sup>th</sup> February, 2023, approved the following resolution: "Subject to the necessary approval being obtained from the Government of India, in principle approval of the Board was accorded for the Voluntary Liquidation of the company in accordance with its Articles of Association, Shareholders Agreement and other relevant contracts, provisions of Section 59 and other applicable provisions of the Insolvency and Bankruptcy Code 2016 read with the Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulations, 2017 and other provisions of the Companies Act 2013 and relevant rules and any other law as may be applicable. Hence on fulfillment of the following steps, the Going Concern assumption will become inappropriate-

- i. Receipt of Government of India approval for closure of the company,
- ii. Adopting unanimous resolution with affirmative vote by all the directors as per Para 9.4(h) of the Shareholders Agreement read with Para 147(2)(h) of the Articles of Association, recommending liquidation of the company to the General Meeting
- iii. Adopting necessary resolutions for Voluntary Liquidation of the company in the Members General Meeting as per the provisions of Insolvency and Bankruptcy Code, 2016
- iv. Adherence of procedures for closure of MTAL Moscow Branch in compliance with rules and regulations of Russian Federation
- v. Compliance of all other necessary steps as per internal rules and regulations of the company, as well as applicable statutory provisions of the respective country (i.e. India and Russian Federation) for closure of the company."

### (v) In respect of Infotech HAL Ltd

The audited/reviewed financial statements of Infotech HAL Ltd, joint venture of Hindustan Aeronautics Limited are not made available and hence not considered in consolidated financial statements. The joint venture was hitherto consolidated under equity method. The impact of non-consolidation, however, is not material.

### (vi) In respect of HAL-Edgewood Technologies Private Limited

The Joint Venture Company has not prepared the financial statements for the year ended 31 March 2023, and accordingly not considered for consolidation.

The impact of non-consolidation, however, is not material.





# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## 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	
	2022-23		2022-23		2022-23		2022-23	
	As % of consolidated net assets	Net Asset	As % of consolidated profit or loss	Profit/-Loss	As % of consolidated other comprehensive income	Other Comprehensive Income	As % of consolidated comprehensive income	Total Comprehensive Income
<b>Parent</b>								
Hindustan Aeronautics Limited	99.55	2346917	100.06	583097	99.73	10294	100.05	593391
<b>Subsidiaries</b>								
Naini Aerospace Limited	-0.27	-6412	-0.10	-608	0.21	22	-0.10	-586
Indo-Russian Helicopters Ltd	-0.01	-123	0.00	-2			0.00	-2
Non Controlling Interest in Subsidiaries	0.02	374	0.00	-1			0.00	-1
<b>Joint Ventures (Investment as per the equity method)</b>								
M/s BAe-HAL Software Ltd	0.01	275	0.00	29	0.07	7	0.01	36
M/s Safran HAL Aircraft Engines Private Ltd	0.20	4816	0.12	705	-0.02	-2	0.12	703
M/s Indo Russian Aviation Ltd	0.26	6199	0.13	745			0.13	745
M/s HALBIT Avionics Pvt Ltd								
M/s HAL Edgewood Technologies Pvt Ltd								
M/s SAMTEL HAL Display Systems Ltd								
M/s INFOTECH HAL Ltd								
M/s HATSOFF Helicopter Training Pvt Ltd								
M/s TATA HAL Technologies Ltd								
M/s International Aerospace Manufacturing Pvt Ltd	0.20	4832	0.12	720	0.01	1	0.12	721
M/s. Multirole Transport Aircraft Ltd.			-0.33	-1939			-0.33	-1939
M/s. Helicopter Engines MRO Pvt Ltd	0.03	711	0.00	27			0.00	27
<b>Total</b>	<b>100</b>	<b>2357589</b>	<b>100</b>	<b>582773</b>	<b>100</b>	<b>10322</b>	<b>100</b>	<b>593095</b>

Note: The above figures are after eliminating intra-group transactions and intra-group balances as at 31<sup>st</sup> March 2023.

# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## 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 Entry 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	
	2021-22		2021-22		2021-22		2021-22	
	As % of consolidated net assets	Net Asset	As % of consolidated profit or loss	Profit/-Loss	As % of consolidated other comprehensive income	Other Comprehensive Income	As % of consolidated total comprehensive income	Total Comprehensive Income
<b>Parent</b>								
Hindustan Aeronautics Limited	99.42	1920481	100.26	509325	100.09	14687	100.26	524012
<b>Subsidiaries</b>								
Naini Aerospace Limited	-0.30	-5826	-0.25	-1282	-0.14	-20	-0.25	-1302
Indo-Russian Helicopters Ltd	-0.01	-121	0.00	-16			0.00	-16
Non Controlling Interest in Subsidiaries	0.02	375	0.00	-16			0.00	-16
<b>Joint Ventures (Investment as per the equity method)</b>								
M/s BAe-HAL Software Ltd	0.01	239	-0.03	-146	0.03	4	-0.03	-142
M/s Safran HAL Aircraft Engines Private Ltd	0.21	4113	0.06	301	0.03	4	0.06	305
M/s Indo Russian Aviation Ltd	0.29	5641	0.06	303			0.06	303
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	0.22	4160	0.07	360	-0.01	-1	0.07	359
M/s. Multirole Transport Aircraft Ltd.	0.10	1939	-0.11	-553			-0.11	-553
M/s. Helicopter Engines MRO Pvt Ltd	0.04	687	-0.06	-288			-0.06	-288
<b>Total</b>	<b>100</b>	<b>1931688</b>	<b>100</b>	<b>507988</b>	<b>100</b>	<b>14674</b>	<b>100</b>	<b>522662</b>

Note: The above figures are after eliminating intra-group transactions and intra-group balances as at 31<sup>st</sup> March 2022.





# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 49 - Consolidated Notes to Financial Statements

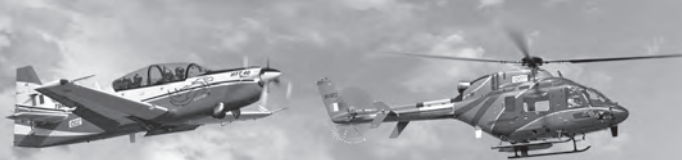
### 7 Financial instruments by category

(a) The carrying value and fair value of Financial instruments by each category as at 31<sup>st</sup> March, 2023 were as follows:

Particulars	₹ in Lakhs				
	Financial assets/ liabilities at amortised costs	Financial assets/ liabilities at FVTPL	Financial assets/li- abilities at FVTOCI	Total Carry- ing Value	Total Fair Value
<b>Assets:</b>					
(i) Investments	128959			128959	128959
(ii) Loans	1397			1397	1397
(iii) Other financial assets	153225			153225	153225
(iv) Trade receivables	471907			471907	471907
(v) Contract Asset	937640			937640	937640
(vi) Cash and Cash equivalents	444077			444077	444077
(vii) Bank balance other than Cash & Cash equivalents	1587584			1587584	1587584
<b>Liabilities:</b>					
(i) Trade payables	313497			313497	313497
(ii) Other financial liabilities	263446			263446	263446
(iii) Borrowings	0			0	0
(iv) Lease Liabilities	265			265	265

(b) The carrying value and fair value of Financial instruments by each category as at 31<sup>st</sup> March, 2022 were as follows:

Particulars	₹ in Lakhs				
	Financial assets/ liabilities at amortised costs	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI	Total Carrying Value	Total Fair Value
<b>Assets:</b>					
(i) Investments	119491			119491	119491
(ii) Loans	1444			1444	1444
(iii) Other financial assets	143353			143353	143353
(iv) Trade receivables	464153			464153	464153
(v) Contract Asset	780865			780865	780865
(vi) Cash and Cash equivalents	307037			307037	307037
(vii) Bank balance other than Cash & Cash equivalents	1127735			1127735	1127735



# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 49 - Consolidated Notes to Financial Statements

₹ 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
<b>Liabilities:</b>					
(i) Trade payables	255761			255761	255761
(ii) Other financial liabilities	237830			237830	237830
(iii) Borrowings	0			0	0
(iv) Lease Liabilities	249			249	249

(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 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
<b>(i) Financial assets at amortised cost</b>		
- Interest income from bank deposits	83716	34715
- Interest income from other financial assets	9250	7781
- Gain/(Loss) on amortisation of financial assets	3144	2130
<b>(ii) Financial liabilities at amortised cost</b>		
- (Gain)/Loss on amortisation of financial liabilities	2853	2443

## 8 Financial Risk Management

The Group is exposed to market risk, credit risk and liquidity risk which may impact the fair value of its financial instruments. The Group based on its business operation evaluated the following risks:

### a) Foreign currency risk:

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in exchange rates. The Group's exposure to the risk of changes in exchange rates relates primarily to the Group's imports for which the payment has to be done in currencies other than the functional currency of the Group. The fluctuation in exchange rates in respect to the Indian rupee may have very restricted impact on Group as any fluctuations in foreign exchange are in general reimbursed by the customers of the Group in terms of the contractual obligations which the Group has with its customers.

### b) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counter party to a financial instrument fails to meet its contractual obligations resulting in a financial loss to the Group. Credit risk arises principally from trade receivables, loans & advances, advances given to suppliers (for procurement of goods, services and capital goods), cash & cash equivalents and deposits with banks and financial institutions. The Group for the Financial Year (FY) derived 93% (31 March, 2022-93%) of its total sales from sales to the Indian Defence Services. The Group expects to continue to derive most of its sales from the Indian Defence Services under the contracts of the Ministry of Defence (MoD), Government of India (GoI) –the Group's principal shareholder and administrative ministry.





# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 49 - Consolidated Notes to Financial Statements

Ageing Analysis of the Trade Receivables

₹ in Lakhs

Ageing	0-30 days past due	31-60 days past due	61-90 days past due	91-120 days past due	121-180 days past due	more than 181 days past due	Total
Net carrying amount as at 31.03.2023	143993	40479	23825	30079	32261	201269	471907
Net carrying amount as at 31.03.2022	69229	32680	32284	29997	34422	265542	464153

### c) Provision for expected credit losses:

As the Group's debtors are predominantly the Government of India (Indian Defence Services, Ministry of External Affairs), Central Public Sector Undertakings where the counter-parties have sufficient capacity to meet the obligations and where the risk of default is NIL/negligible. Accordingly, impairment on account of expected credit losses is being assessed on a case to case basis in respect of dues outstanding for significant period of time as per the accounting policy of the Group. Further, management believes that the unimpaired amounts that are due is collectable in full, based on historical payment behaviour and extensive analysis of customer credit risk.

### d) Liquidity risk:

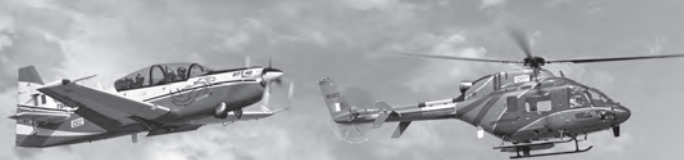
Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. The Group's standard contract terms provide that, the Group receives advance payments from customers pursuant to the applicable contracts, including the Government of India and the Indian Defence Services at the time of signing of any contract and milestone payments on achievement of physical milestones. These payments are utilized to meet the Group's working capital needs (for the Group required to maintain a high level of working capital because the Group's activities are characterized by long product development periods and production cycles). A majority of the Group's research, design and development costs are funded by the Indian Defence services. Services and supply of spares are governed by the Fixed Price Quotation (FPQ) policy for fixation of the prices wherein the prices are fixed for the base year with escalation parameters for a pricing period of 5-7 years. The process of fixation of prices and approvals takes a minimum period of two years after the expiry of previous pricing period. In the interim, the approved prices of the previous pricing period are continued and payments are accordingly realised and on finalisation of the revised prices, the differential prices are paid to the Group. Further, certain costs not forming part of selling price are reimbursed by customer on incurrance of expenditure. The reimbursement is based on verification and issuance of audit certificate by the payees. There are delays in the above process due to unanticipated variations/adjustments in the scope and schedule of the Group's obligations due to subsequent modifications by the customers and delays in receipt of approvals from the customer. Further, payments to the Group by the Indian Defence Services are reliant on the continuing availability of budgetary appropriations by Government of India and any disruptions to the availability of such appropriations could adversely affect the Group's cash flows.

### e) Market risk:

The Ministry of Defence (MoD) and the Government of India (GoI) have continued efforts to reform Defence related policies such as the Defence Acquisition Procedure 2020 ("DAP 2020") to promote private participation, a level playing field and the domestic Defence manufacturing Industry and eco-system. While the MoD has given the highest priority to Indigenously Designed, Developed and Manufactured ("IDDM") products for capital procurement, the Group faces competition to be selected as the Indian production agency for such contracts. These policies have raised the level of market competition in the areas in which the Group operates.

### f) Risk Mitigation Process:

As a step of institutionalizing the risk management in the Group, an elaborate framework has been developed and the Group's top management has overall responsibility for the establishment and oversight of the Group's risk management framework. An important purpose of the framework is to have a structured and comprehensive risk management system across the Group which ensures that the risks are being properly identified and effectively managed. The Group has a risk management policy to manage & mitigate these risks. The risk management process includes risk identification, risk assessment, risk evaluation, risk mitigation and regular review and monitoring of risks. The Group's risk management policy aims to reduce volatility in financial statements while maintaining balance between providing predictability in the Group's business plan along with reasonable participation in market movement.



# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 49 - Consolidated Notes to Financial Statements

### 9 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.

Particulars	₹ in Lakhs	
	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Debt		
Equity	<b>2357589</b>	1931688
No of times	<b>0.00:1</b>	0.00:1

No changes were made in the objectives, policies or processes for managing capital during the period ended 31<sup>st</sup> March 2023 and 31<sup>st</sup> March 2022.

### 10.1 Borrowing Cash Credit (Note - 30)

Details of lender	A Consortium of 7 banks comprising of State Bank of India (lead bank), Bank of Baroda, Indian Bank, Canara Bank, Punjab National Bank, Union Bank of India and Indian Overseas Bank.
Limit	₹ 400000 lakhs as Cash Credit (including ₹ 240000 Lakh of Commercial Paper)
Purpose	Working Capital Requirements
Security	Paripassu first charge on stocks and receivables of the Company with other consortium banks
Interest Rate	Interest rates ranging between TBLR to MCLR based at monthly rests.
Credit Rating (other than Commercial Paper)	[ICRA]AAA/Stable/ICRA A1+ by ICRA & CARE AAA/Stable/ CARE A1+ by CARE

### 10.2 Working Capital Facilities

The total Cash Credit limits ₹ 400000 lakhs including ₹240000 lakhs of Commercial Paper and Corporate Loan of ₹NIL lakhs (Previous year - ₹ 400000 lakhs including ₹240000 lakhs of Commercial Paper) and Non-Fund based limits ₹ 205000 lakhs (Previous year - ₹ 205000 lakhs) sanctioned by consortium of bankers. The said limits are secured by hypothecation of inventories and receivables.

## 11 UN-HEDGED FOREIGN CURRENCY EXPOSURE

RECEIVABLES	As at 31 <sup>st</sup> March 2023		As at 31 <sup>st</sup> March 2022	
	Foreign Currency	Amount in INR (in Lakhs)	Foreign Currency	Amount in INR (in Lakhs)
GBP	<b>144526</b>	<b>145</b>	260611	255
EURO	<b>3332145</b>	<b>2935</b>	285965	238
USD	<b>10083172</b>	<b>8205</b>	7858820	5890
RBL	<b>134073</b>	<b>1</b>	299562	3
<b>PAYABLES</b>				
GBP	<b>30248758</b>	<b>31280</b>	39246377	39591
EURO	<b>52390058</b>	<b>47680</b>	56583103	48623
USD	<b>190103992</b>	<b>157542</b>	121772511	93122





# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 49 - Consolidated Notes to Financial Statements

PAYABLES	As at 31 <sup>st</sup> March 2023		As at 31 <sup>st</sup> March 2022	
	Foreign Currency	Amount in INR (in Lakhs)	Foreign Currency	Amount in INR (in Lakhs)
CHF	180840	164	122439	101
JPY			165750000	1043
CAD	1052640	649	657158	404

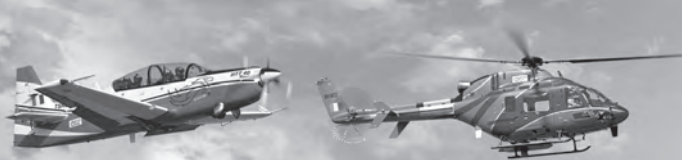
### 12.1 Movement of provisions in the Books of Accounts during the year as required by Ind AS 37 "Provisions, Contingent Liabilities and Contingent Asset" specified under Section 133 of the Companies Act, 2013, is as follows:

Nature of Provision	₹ in Lakhs				
	Opening Balance as at 1 <sup>st</sup> April 2022	Provision made during the year	Utilisation during the year	Reversal during the year	Closing Balance as at 31 <sup>st</sup> March 2023
Provision for Warranty Charges	109325	43901	26332	5007	121887
(Previous Year-31.03.2022)	(82,581)	(51,544)	(20,562)	(4,238)	(109,325)
Provision for Replacement and Other Charges	217854	245052	15556	29804	417546
(Previous Year-31.03.2022)	(153,272)	(78,729)	(8,682)	(5,465)	(217,854)
Provision for Redundancy in Raw Material and Components, Work in progress, Stores and Spares, Construction Material and Loose Tools	186236	28140	2	7154	207220
(Previous Year-31.03.2022)	(133,241)	(56,005)	(8)	(3,002)	(186,236)
Provision for Doubtful Debts	119260	10416		1333	128343
(Previous Year-31.03.2022)	(16,362)	(105,418)	-	(2,520)	(119,260)
Provision for Claims	30180	2678	8	8554	24296
(Previous Year-31.03.2022)	(28,307)	(6,777)	-	(4,904)	(30,180)
Provision for Liquidated Damages	145786	42290	63427	1181	123468
(Previous Year-31.03.2022)	(127,943)	(74,395)	(54,573)	(1,979)	(145,786)
Provision for Impairment of Investments	13,396	3	473	34	12892
(Previous Year-31.03.2022)	(13,310)	(86)	-	-	(13,396)
Provision for Onerous contract	-	-	-	-	-
(Previous Year-31.03.2022)	-	-	-	-	-

\* Figures in brackets relate to previous year.

Nature of Provision	As at 31 <sup>st</sup> March 2023			As at 31 <sup>st</sup> March 2022		
	Long Term Provision	Short Term Provision	Total Provision	Long Term Provision	Short Term Provision	Total Provision
Provision for Warranty Charges	2436	119451	121887	4700	104625	109325
Provision for Replacement and Other Charges	22519	395027	417546	15179	202675	217854
Provision for Redundancy in Raw Material and Components, Work in progress, Stores and Spares, Construction Material and Loose Tools		207220	207220		186236	186236
Provision for Doubtful Debts		128343	128343		119260	119260





# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 49 - Consolidated Notes to Financial Statements

₹ in Lakhs

Nature of Provision	As at 31 <sup>st</sup> March 2023			As at 31 <sup>st</sup> March 2022		
	Long Term Provision	Short Term Provision	Total Provision	Long Term Provision	Short Term Provision	Total Provision
Provision for Claims	10130	14166	24296	14384	15796	30180
Provision for Liquidated Damages	5087	118381	123468	7331	138455	145786
Provision for Impairment of Investments	12892		12892	13396		13396
Provision for Onerous contract						

### 12.2 Sensitivity of estimates on provisions:

The assumptions made for provisions relating to current period are consistent with those in the earlier years. The assumptions and estimates used for recognition of such provisions are qualitative in nature and their likelihood could alter in next financial year. It is impracticable for the Group to compute the possible effect of assumptions and estimates made in recognizing these provisions.

Provision for replacement and other charges represents, amounts towards expenditure incurred from the date of Signalling Out Certificate (SOC) to date of ferry out, loan items taken from the customer which needs to be replaced etc.,

Warranty represents Performance Warranty for manufacture, repair and overhaul of Aircraft / Helicopters/ Engines / Rotables, supply of spares and development activities etc.

Provision for Redundancy in Raw Material and Components, Work in progress, Stores and Spares, Construction Material and Loose Tools represents provision on redundancy of such materials, completed / specific projects and other surplus / redundant materials pending transfer to salvage stores etc.

Provision for Liquidated Damages represents amounts provided for the period of delay between the due date of supply of the Goods / rendering of services as per delivery schedule and the expected Date of delivery of said Goods / rendering of service in respect of manufacture / repair and overhaul of Aircraft / Helicopters/ Engines / Rotables, supply of spares and development activities etc.

Provision for doubtful debts is being assessed on a case to case basis in respect of dues outstanding for a significant period of time. Debts from the Government departments are generally treated as fully recoverable and hence the Company does not recognize credit risk of such financial assets.

Provision for doubtful claims represents provision on expected credit losses.

Impairment in value of investment represents reduction in the share of net worth below investment.

Provision for Onerous contract has been recognised as the cost of meeting obligations is over and above the economic benefits expected to be received under it.





# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 49 - Consolidated Notes to Financial Statements

### 13.1 DISCLOSURE RELATING TO IND AS-24 ON RELATED PARTY DISCLOSURES

₹ in Lakhs

The name of the transacting party	M/s. Indo Russian Aviation Limited	M/s. BAE HAL Software Limited	M/s. Safran HAL Aircraft Engines Private Ltd	M/s. SAMTEL HAL Display Systems Limited	M/s. HAL-Edge-wood Technologies Private Limited	M/s. HALBIT Avionics Private Limited	M/s. Infotech HAL Limited	M/s. HATSOFF Helicopter Training Private Ltd.	M/s. Tata HAL Technologies Ltd.	M/s. International Aerospace Manufacturing Pvt. Ltd.	M/s. Multirole Aircraft Ltd.	M/s. Aerospace Skill Council	M/s. Helicopter MRO Pvt Ltd	M/s. Defence Innovation Organisation
(a) Country of incorporation	48%	49%	50%	40%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
(b) Proportion of Ownership Interest	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture
(c) Description of the relationship between the parties	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services
(d) Description of the nature of the transactions	3,874	469	1,820	23	34	15	8	1,059	605	12	100			
(e) Volume of the transactions either as an amount or as an appropriate proportion on Purchase of Goods and Services and other expenses	(6,967)	(425)	(2,622)	(56)	(185)	(8)	(4)	582	(100)					
(f) 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	(11,192)	(210)	(314)	(296)	(16)	(4)	582	(100)						
(g) Previous year 31 <sup>st</sup> March 2022	7	574	-	457	294	65	-	-	-	-	-	-	-	-
(f) Previous year 31 <sup>st</sup> March 2022	(12)	(440)	-	(456)	(239)	-	(12)	(32)	(23)					
(g) Rent, Water and Electricity Expenses	4	189	-	55	208	9								
(f) Previous year 31 <sup>st</sup> March 2022	(4)	(173)	(6)	(18)	(55)	(732)	(11)							
(g) Advances Outstanding on Purchases of Goods and Services	-	-	29	-	-	-	-	-	-	-	-	-	-	-
(f) Previous year 31 <sup>st</sup> March 2022	-	-	(1)	(34)	-	-	-	-	-	-	-	-	-	-
(g) Advances Outstanding on Sale of land	-	-	-	-	-	-	-	-	-	-	-	-	929	(919)
(f) Previous year 31 <sup>st</sup> March 2022	-	-	-	-	-	-	-	-	-	-	-	-	-	-

# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 49 - Consolidated Notes to Financial Statements

₹ in Lakhs

The name of the transacting 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 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 Skill Sector Council	M/s. Helicopter MRO Engines Pvt Ltd	M/s. Defence Innovation Organisation
(h) Allowances recognised in respect of Doubtful debts during the year	-	43	-	-	-	55	-	53	-	-	-	-	-	-
Previous year 31 <sup>st</sup> March 2022	-	-	-	-	(17)	(94)	-	(515)	-	-	-	-	-	-
(i) Dividend on Investments	187	-	-	-	-	-	-	-	-	53	-	-	-	-
Previous year 31 <sup>st</sup> March 2022	(187)	-	-	-	-	-	-	-	-	(9)	-	-	-	-
(j) Re-impursement Salaries including KMP Salaries	86	82	-	-	-	50	-	-	-	42	-	-	-	-
Previous year 31 <sup>st</sup> March 2022	(82)	(20)	-	-	-	(43)	-	-	-	(35)	-	-	(23)	-
(k) Re-impursement of Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Previous year 31 <sup>st</sup> March 2022	-	-	-	-	-	-	-	-	-	-	-	-	-	(6)
(l) Provision for doubtful debts related to the amount of outstanding balances	-	43	-	-	457	294	-	65	-	-	-	-	-	-
Previous year 31 <sup>st</sup> March 2022	-	-	-	-	(456)	(239)	-	(12)	-	-	-	-	-	4,500
(m) Grant outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,500)
Previous year 31 <sup>st</sup> March 2022	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(n) Write Off of Advance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Previous year 31 <sup>st</sup> March 2022	-	-	-	-	(374)	-	-	-	-	-	-	-	-	-

The differences in the amount disclosed by the Group and Joint Venture's are due to reconciliation items.

Figures in brackets relate to Previous Year (as at 31.03.2022)

Transaction with the related parties are made on normal commercial terms and at market rates.

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

Shri C.B. Anantha Krishnan - Director ( Finance ) & CFO with additional charge of Chairman and Managing Director

Shri Jayadeva EP - Director(Operations)

Dr D K Sunil - Directors (Engineering, R&D)

Shri R Madhavan - Chairman and Managing Director upto 31<sup>st</sup> July 2022

Shri G.V.Sesha Reddy - Company Secretary upto 31<sup>st</sup> October 2022

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, 2023

## Note 49 - Consolidated Notes to Financial Statements

### 13.2 Key Management Personnel in the Company

₹ in Lakhs

Particulars	For the year ended 31 <sup>st</sup> March 2023			For the year ended 31 <sup>st</sup> March 2022		
	Salary	Company Contribution to PF / Gratuity	Total	Salary	Company Contribution to PF / Gratuity	Total
1 Shri C. B. Anantha Krishnan, Director (Finance) & CFO with additional charge of Chairman and Managing Director	50	6	56	62	5	67
2 Shri Jayadeva E P, Director (Operations)	40	4	44			
3 Shri Dr. Sunil D.K Director(Engineering and R&D)	38	3	41			
4 Shri R Madhavan, Chairman & Managing Director	17	2	19	70	5	75
5 Shri Arup Chatterjee, Director (Engineering and R&D)	11	1	12	59	5	64
6 Shri M.S.Velpari, Director (Operations)				53	4	57
7 Shri Alok Verma, Director (Human Resources)	31	3	34	58	5	63
8 Shri G.V.Sesha Reddy, Company Secretary	21	2	23	41	4	45

Shri R.Madhavan, Chairman & Managing Director ceased to be the Chairman & Managing Director upon superannuation on 31<sup>st</sup> July 2022

Shri C.B.Ananthkrishnan was appointed as Director(Finance) and CFO with effect from 1<sup>st</sup> August 2018 with Additional Charge of Chairman & Managing Director from 1<sup>st</sup> August 2022

Shri Jayadeva E P was appointed as Director (Operations) with effect from 10<sup>th</sup> June 2022 with Additional Charge of Director Human Resources (HR).

Shri Dr. Sunil D.K appointed as Director(Engineering and R&D) with effect from 29<sup>th</sup> September 2022

Shri Alok Verma ceased to be the Director(Human Resources) upon superannuation on 30<sup>th</sup> November 2022.

Shri Arup Chatterjee ceased to be Director (Engineering and R&D) upon superannuation on 30<sup>th</sup> June 2022.

Shri M.S.Velpari ceased to be Director(Operations) consequent upon superannuation on 28<sup>th</sup> February 2022

Shri G.V.Sesha Reddy, ceased to be Company Secretary upon superannuation on 31<sup>st</sup> October 2022.

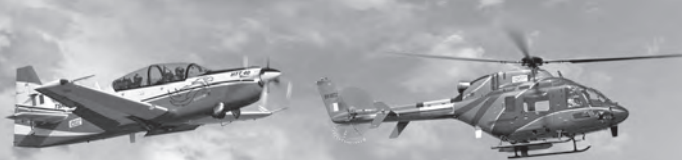
Shri Shailesh Bansal appointed as Company Secretary on 28<sup>th</sup> March 2023.

### 13.3 PART TIME NON-OFFICIAL DIRECTORS

₹ in Lakhs

	Sitting Fees
1 Dr. Divya Gupta, Independent Director	10
2 Shri Deepak Abasaheb Shinde, Independent Director	8

**13.4** The Company makes monthly contributions to provident fund managed by "The Provident Fund of HAL" for eligible employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company contributed to PF Trust during the year is given below.



# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 49 - Consolidated Notes to Financial Statements

Name of PF Trust	₹ in Lakhs	
	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
1. HAL - Bangalore Complex	13855	12992
2. HAL - Nasik	3984	3762
3. HAL - Koraput	2612	2541
4. HAL - Hyderabad	1764	1682
5. HAL - Lucknow	1577	1559
6. HAL - Korwa	833	841
7. HAL - Kanpur	1269	1180
8. HAL - Corporate Office	582	505
<b>Total</b>	<b>26476</b>	<b>25062</b>

13.5 The Company maintains gratuity trust for the purpose of administering the gratuity payment to its employees (HAL Employees Gratuity scheme). Transaction /outstanding balance with gratuity Trust during the year is given below:

	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
Fund transfer during the year	22766	18525
Amount payable		
Amount receivable	16025	17022
Advance paid	585	5640

13.6 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

13.7 The Board in its 406<sup>th</sup> meeting held on 22<sup>nd</sup> September 2017, accorded in principle approval for voluntary winding up / closure of the three Joint Ventures i.e. M/s. HAL-Edgewood Technologies Private Limited, M/s. Tata HAL Technologies Ltd and M/s. Multirole Transport Aircraft Ltd. enabling the Company to take further action in the matter.

Further, the Board authorized the Company to seek approval of Ministry of Defense (MoD), for short closure of the Contracts associated with the M/s Multirole Transport Aircraft (MTA) project and requested MoD, to initiate necessary action for closure of IGA, as it is a prerequisite for winding up of the MTA - Joint Venture Company. Further, MOD vide its letter dated 14<sup>th</sup> October 2021 notified the termination of the agreement between the Govt. of the Republic of India and Govt. of Russian Federation. In this respect the Russian Federation vide its letter dated 20<sup>th</sup> April 2022 intimated that the decision of the Indian side has been taken into consideration.

Further in 435<sup>th</sup> meeting held on 16<sup>th</sup> March 2020, the Board has directed the Company to expedite the closure of M/s. Multirole Transport Aircraft Ltd at the earliest after taking clearance from Russian partners from their Board.

The Board in its 440<sup>th</sup> meeting held on 9<sup>th</sup> December 2020, accorded in principle approval for voluntary winding up/ closure of Joint Venture M/s. Infotech HAL Limited (IHL) enabling the Company to take further action in the matter.







# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 49 - Consolidated Notes to Financial Statements

### 13.8 Defence Innovation Organisation (“DIO”):

A Section 8 Company has been formed (Under Companies Act 2013) in the name of “Defence Innovation Organisation” with M/s Bharat Electronics Limited (BEL) with an authorised Capital of ₹ 100 lakhs (Paid up capital as on 30.09.2022 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 417<sup>th</sup> meeting held on 30<sup>th</sup> of July 2018 had accorded approval for release of ₹ 5000 lakhs to DIO towards initial corpus fund in form of Grant in Aid in a staggered manner. Accordingly ₹ 500 lakhs has been released to DIO in the month of August 2018 and the balance amount is recognised and disclosed in other financial liabilities - other liabilities (note 32).

- 13.9** The Board in its 434<sup>th</sup> meeting was informed that Government approval is not required for transfer of lease hold land to M/S Helicopter Engines-MRO Private Limited (HE-MRO), as it is neither Defence land nor it is a land owned by HAL. Board reconsidered the decision taken in its 431<sup>st</sup> meeting and approved transfer of land without Government approval to M/s HE-MRO.

The Company has received a sum of ₹919 lakhs from HE-MRO for transfer of lease hold land at Goa to HE MRO for right of use assets and the transfer of land is pending for registration. Accordingly the carrying amount of right of use assets of ₹811 lakhs has been disclosed as asset held for sale and ₹929 lakhs received from HE-MRO disclosed under Note 32 Other Financial Liabilities in accordance with Ind AS 105.

- 13.10** Promoters of HE-MRO have decided to restart the activities of the Company on improvement of the Covid-19 situation. To meet its financial requirement, HE-MRO in its 33<sup>rd</sup> Board meeting held on 30<sup>th</sup> July 2021 decided to raise funds by way of Right issue of 20 lakh equity shares to the existing shareholders at par value of ₹100 per share. HE-MRO had sent Right issue offer letter to existing shareholders including HAL. This matter was put up to Board of Directors of HAL in its 449<sup>th</sup> Meeting held on 21<sup>st</sup> September 2021, and the Board had accepted the Right issue offer.

Consequent to the same, ₹1000 lakhs has been paid to HE-MRO towards equity participation in Rights issue of HE-MRO Private Limited on 30.09.2021. The Company has been allotted 10 lakh Equity shares of ₹100 each on 11<sup>th</sup> November 2021 against the share application money paid.

- 13.11** Loans or Advances in the nature of loans are granted to promoters, directors, KMPs and the related parties (as defined under Companies, Act, 2013) either severally or jointly with any other person that are:

- repayable on demand or
- without specifying any terms or period of repayment.

₹ in lakhs

Type of Borrower	As at 31 <sup>st</sup> March 2023		As at 31 <sup>st</sup> March 2022	
	Amount of loan or advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans	Amount of loan or advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans
Promoters	NIL	NIL	NIL	NIL
Directors	NIL	NIL	NIL	NIL
KMPs	NIL	NIL	NIL	NIL
Related Parties	NIL	NIL	NIL	NIL

- 14.** The Ministry of Corporate Affairs vide notification no 1/2/2014-CL-V dated 23<sup>rd</sup> February 2018 has exempted the Government companies engaged in defence production to the extent of application of Ind AS 108 on “Operating Segment”.



# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 49 - Consolidated Notes to Financial Statements

### 15. Buyback of Shares:

In accordance with the approval of Board of Directors at its 408<sup>th</sup> meeting held on 28<sup>th</sup> November, 2017 and approval of shareholders, the Company has bought back 2,71,12,500 fully paid equity shares of ₹10/- each equivalent to 7.5% of the paid-up share capital and Free Reserves of the Company, for an aggregate amount of ₹ 92150 lakhs (excluding tax of ₹20636 lakhs) at ₹ 339.88 per equity share from the President of India. The consideration amount for back buy of shares was paid to the Government of India on 19<sup>th</sup> December, 2017 and the shares so bought back were extinguished on 22<sup>nd</sup> December, 2017.

16. To achieve the mandatory threshold of 25% minimum public shareholding in the Company, Government of India (GoI) had offered 3.5% (1,17,03,563) equity shares of the Company to non-Retail Investors and Retail Investors on March 23-24, 2023, out of its shareholding of 75.15% in the Company, through Offer for Sale (OFS) by Stock Exchange Mechanism. Consequent to the OFS, the Government of India shareholding stands at 71.65%.

Apart from above, as part of the OFS, GoI had also allotted 37,632 equity shares to the eligible employees of the Company during April, 2023 under Employee OFS. Consequent to the Employee OFS, the GoI shareholding stands at 71.64%.

		₹ in Lakhs	
17.		For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
	As required by Ind AS 36, the Company has accounted impairment losses based on the Assessment of Impairment Assets Committee carried out during the year and based on such assessment 'impairment loss' in the Statement of Profit and Loss has been recognised.	59743	17643

18. Revision of pay scales of executives and workmen, with effect from 01.01.2017 was implemented in accordance with the guidelines issued by Department of Public Enterprises vide OM dated 03.08.2017 for Executives and in accordance with the Wage Agreement entered into between Management and Employees Union representative in 2019-20 in respect of Workmen.

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

This has resulted in reduction of salaries and wages by ₹ 5155 lakhs and a consequential reduction in sales revenue by ₹1239 lakhs for the year ended 31<sup>st</sup> March 2023.

While so, the Employees Union and Officers Association have filed Writ Petition with Hon'ble High Court of Karnataka to stay recovery of excess amount of salary paid by the Company. The Honorable High Court has granted interim stay on recoveries, pending disposal of the writ petitions by the High Court, the excess amount is shown under claims receivable(Gross) under Note No.19 for ₹29645 lakhs (Previous year - ₹24489 lakhs) and an equal amount of provision has been made in the books of accounts.

Based on the final order that may be passed, suitable effect will be carried out in the accounts.

19. The Board in its 436<sup>th</sup> meeting held on 25<sup>th</sup> 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.

20. Pursuant to the Orders passed for the Assessment years 2007-08, 2010-11 to 2015-16, giving effect to the orders of the Appellate authority, current period ₹ 125788 Lakhs (Previous year - ₹ 119273 Lakhs) provision no longer required is credited under Tax expense and consequent interest income of ₹ 56947 Lakhs (Previous year - ₹ 26273 Lakhs) is included in other income. The Assessing Officer has passed the Orders Giving Effect (OGE) for all the above years in compliance with the orders passed by the Income Tax Appellate Tribunal /High Court.

Tax liability for Assessment Year 2019-20 of ₹28442 lakhs is adjusted from the Income tax refund of ₹125788 lakhs and the balance of ₹97346 is shown under earlier year tax refund.





# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 49 - Consolidated Notes to Financial Statements

₹ in Lakhs

21.1 Value of Imports calculated on CIF basis:	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
(i) Raw Materials	273417	322954
(ii) Components and Spares	333741	315604
(iii) Capital Goods	1227	3691
(iv) Special Tools	10709	14752
<b>Total</b>	<b>619094</b>	<b>657001</b>

21.2 Raw Materials, Spare Parts and Components consumed :	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
(i) Imported (including Customs Duty)	826231	685951
(% to total)	77.36	74.86
(ii) Indigenous	240166	230038
(% to total)	22.64	25.14
<b>Total (Gross)</b>	<b>1066397</b>	<b>915989</b>
<b>(Total %)</b>	<b>100</b>	<b>100</b>

21.3 The aggregate amount of Research and Development Expenditure recognised as expenses during the period is as below:

Expenditure on R&D included in :	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
Raw Material Consumption	49124	42898
Direct Expenses	12565	18585
Salaries and Wages	69897	64576
Other Expenses	117847	70632
<b>Total R &amp; D Expenditure</b>	<b>249433</b>	<b>196691</b>

21.4 The Property, Plant and Equipment does not include assets funded by the customer for use of their jobs but held by the Company on their behalf.	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Opening Balance	172357	158018
Additions	26414	14339
Deletions		
Closing Balance	198771	172357

### 21.5

Joint Ventures	For the year ended 31 <sup>st</sup> March 2023		For the year ended 31 <sup>st</sup> March 2022	
	Capital Expenditure of Joint Venture	Share of the Company	Capital Expenditure of Joint Venture	Share of the Company
BAeHAL	7	3	3	1
SAFRAN	705	353	3283	1642
IRAL	4	2	11	5
HALBIT				
SAMTEL				





# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 49 - Consolidated Notes to Financial Statements

₹ in lakhs

Joint Ventures	For the year ended 31 <sup>st</sup> March 2023		For the year ended 31 <sup>st</sup> March 2022	
	Capital Expenditure of Joint Venture	Share of the Company	Capital Expenditure of Joint Venture	Share of the Company
HATSOFF	26	13	10	5
IAMPL	1350	675	780	390
MTAL	235	118	1	1
HELMRO			954	477
<b>Total</b>	<b>2327</b>	<b>1164</b>	<b>5042</b>	<b>2521</b>

**21.6** The Company's IJT Division is primarily engaged in production of Intermediate Jet Trainer (IJT) Aircraft. Contract for supply of 12 Limited Series Production of IJT Aircraft with IAF is pending for fulfillment of certain Parameters as required by the Customer. Completion of all parameters required by the Customers will take some more time after which delivery of 12 IJT LSP will start. As per the Article 5.2 of 12 LSP IJT Contract, Stores to be supplied under this contract shall be new i.e. not manufactured before and shall incorporate all the latest improvement and modification thereto. Therefore, Parts manufactured and lying in Inventory could not be used for delivery of ultimate product to the customers at this stage. Accordingly, Work in progress of ₹ 26589 lakhs as on 31<sup>st</sup> March 2022 lying in the Books of IJT Division has been fully provided for in line with Company's accounting procedure.

Similarly, Kanpur Division of HAL has received order for supply of Series production of 72 IJT which will start after completion of supply of 12 IJT by IJT LSP Division. Accordingly, Net realisable value of Stock in Trade and Finished Goods of valuing ₹ 5705 Lakhs as on 31<sup>st</sup> March 2022 in the Books of Lucknow and Hyderabad Division has been considered as Nil.

₹ in lakhs

22.1 Capital Work-in-progress	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
Opening Balance	94910	66333
Additions	62405	45383
Deletions	93625	16806
Closing Balance	63690	94910

### 22.2 Capital Work-in-Progress (CWIP) Ageing schedule

₹ in Lakhs

CWIP	As at 31 <sup>st</sup> March 2023					As at 31 <sup>st</sup> March 2022				
	Amount in CWIP for a period of				Total	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years		Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Projects in progress	36988	5728	5571	15403	63690	39494	19660	12757	22999	94910
(ii) Projects temporarily suspended	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>36988</b>	<b>5728</b>	<b>5571</b>	<b>15403</b>	<b>63690</b>	<b>39494</b>	<b>19660</b>	<b>12757</b>	<b>22999</b>	<b>94910</b>





# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 49 - Consolidated Notes to Financial Statements

**For Capital Work-in-Progress(CWIP) - time and cost overrun compared to its original plan: CWIP completion Schedule**  
₹ in Lakhs

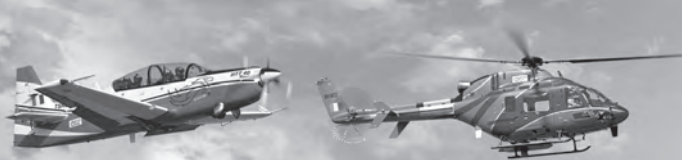
CWIP (individual project wise details)	As at 31 <sup>st</sup> March 2023				As at 31 <sup>st</sup> March 2022			
	To be completed in				To be completed in			
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Less than 1 year	1-2 years	2-3 years	More than 3 years
<b>Projects in progress</b>								
(i) Aerospace	0	0	0	0	29	0	0	0
(ii) SU-30	2815	0	0	0	18336			
(iii) ALH	0	0	0	0	142	0	0	0
(iv) LCH	0	0	0	0	599	0	0	0
(v) LUH	0	0	0	0	3013	0	0	0
(vi) LCA	206	0	0	0				
(vii) Dornier	0	0	0	0		0	0	0
(viii) MiG	0	0	0	0				
<b>(ix) General purpose CWIP</b>	<b>5708</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10967</b>	<b>979</b>	<b>0</b>	<b>0</b>
(x) Project pertaining to Subsidiary Company			109			109		
<b>Projects where activity has been suspended</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>8729</b>	<b>0</b>	<b>109</b>	<b>0</b>	<b>33086</b>	<b>1088</b>	<b>0</b>	<b>0</b>

## 23. Intangible assets under development - Ageing schedule

₹ in Lakhs

Intangible assets under development	As at 31 <sup>st</sup> March 2023					As at 31 <sup>st</sup> March 2022				
	Amount in Intangible assets under development for a period of				Total	Amount in Intangible assets under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years		Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Projects in progress	57204	23925	19994	87485	188608	30884	24572	20278	82125	157859
(ii) Projects temporarily suspended	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>57204</b>	<b>23925</b>	<b>19994</b>	<b>87485</b>	<b>188608</b>	<b>30884</b>	<b>24572</b>	<b>20278</b>	<b>82125</b>	<b>157859</b>





# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 49 - Consolidated Notes to Financial Statements

**For Intangible assets under development- time and cost overrun compared to its original plan: Intangible assets under development completion Schedule\*\***

₹ in Lakhs

Intangible assets under development	As at 31.03.2023				As at 31.03.2022			
	To be completed in				To be completed in			
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Less than 1 year	1-2 years	2-3 years	More than 3 years
<b>Projects in progress</b>								
(i) VHF and DAMS	344	0	0	0	296	0	0	0
<b>Projects where activity has been suspended</b>								
(i) Development projects	0	0	0	0	0	0	0	0
<b>Total</b>	<b>344</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>296</b>	<b>0</b>	<b>0</b>	<b>0</b>

\*\* Details of projects where activity has been suspended shall be given separately.

## 24.1. Current Trade Receivables (Note - 15)

₹ in Lakhs

Particulars	As at 31 <sup>st</sup> March 2023					Un billed	Not due	Total
	Outstanding for following periods from due date of payment							
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years			
(i) Undisputed Trade receivables - considered good	270637	78208	88732	29103	5227	0	0	471907
(ii) Undisputed Trade receivables - which have significant increase in credit risk	0	0	0	0	0	0	0	0
(iii) Undisputed Trade receivables - credit impaired	612	3	7	13	14624	0	0	15259
(iv) Disputed Trade receivables - considered good	0	0	0	0	0	0	0	0
(v) Disputed Trade receivables - which have significant increase in credit risk	0	0	0	0	0	0	0	0
(vi) Disputed Trade receivables - credit impaired	0	0	0	0	0	0	0	0
Less : Allowance for Doubtful Debts	612	3	7	13	14624	0	0	15259
<b>Total</b>	<b>270637</b>	<b>78208</b>	<b>88732</b>	<b>29103</b>	<b>5227</b>	<b>0</b>	<b>0</b>	<b>471907</b>





# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 49 - Consolidated Notes to Financial Statements

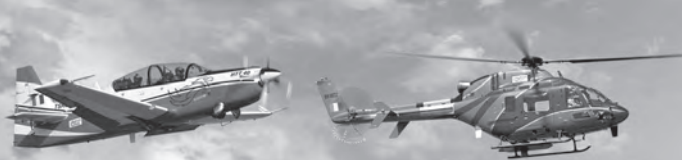
₹ in Lakhs

Particulars	As at 31 <sup>st</sup> March 2022							
	Outstanding for following periods from due date of payment					Un billed	Not due	Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years			
(i) Undisputed Trade receivables - considered good	198611	115864	105430	34477	9771	0	0	464153
(ii) Undisputed Trade receivables - which have significant increase in credit risk	0	0	0	0	0	0	0	0
(iii) Undisputed Trade receivables - credit impaired	2	7	19	5	13874	0	0	13907
(iv) Disputed Trade receivables - considered good	0	0	0	0	0	0	0	0
(v) Disputed Trade receivables - which have significant increase in credit risk	0	0	0	0	0	0	0	0
(vi) Disputed Trade receivables - credit impaired	0	0	0	0	0	0	0	0
Less : Allowance for Doubtful Debts	2	7	19	5	13874	0	0	13907
<b>Total</b>	<b>198611</b>	<b>115864</b>	<b>105430</b>	<b>34477</b>	<b>9771</b>	<b>0</b>	<b>0</b>	<b>464153</b>

### 24.2 Current Contract Assets (Note - 15A)

₹ in Lakhs

Particulars	As at 31 <sup>st</sup> March 2023						Not due	Total
	Outstanding for following periods from due date of payment							
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years			
(i) Undisputed Contract Assets - considered good	574498	105010	187982	70981	107269	0	1045740	
(ii) Undisputed Contract Assets - which have significant increase in credit risk	0	0	0	0	4752	0	4752	
(iii) Undisputed Contract Assets - credit impaired	0	0	0	0	232	0	232	
(iv) Disputed Contract Assets - considered good	0	0	0	0	0	0	0	
(v) Disputed Contract Assets - which have significant increase in credit risk	0	0	0	0	0	0	0	



# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 49 - Consolidated Notes to Financial Statements

Particulars	As at 31 <sup>st</sup> March 2023						Not due	Total
	Outstanding for following periods from due date of payment							
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years			
(vi) Disputed Contract Assets - credit impaired	0	0	0	0	0	0	0	
Less : Allowance for Doubtful Debts	7741	1837	9344	9841	84321	0	113084	
<b>Total</b>	<b>566757</b>	<b>103173</b>	<b>178638</b>	<b>61140</b>	<b>27932</b>	<b>0</b>	<b>937640</b>	

₹ in Lakhs

Particulars	As at 31 <sup>st</sup> March 2022						Not due	Total
	Outstanding for following periods from due date of payment							
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years			
(i) Undisputed Contract Assets - considered good	437611	125540	154545	64519	99019	0	881234	
(ii) Undisputed Contract Assets - which have significant increase in credit risk	0	0	0	0	4752	0	4752	
(iii) Undisputed Contract Assets - credit impaired	0	0	0	232	0	0	232	
(iv) Disputed Contract Assets - considered good	0	0	0	0	0	0	0	
(v) Disputed Contract Assets - which have significant increase in credit risk	0	0	0	0	0	0	0	
(vi) Disputed Contract Assets - credit impaired	0	0	0	0	0	0	0	
Less : Allowance for Doubtful Debts	3399	1837	9344	10073	80700	0	105353	
<b>Total</b>	<b>434212</b>	<b>123703</b>	<b>145201</b>	<b>54678</b>	<b>23071</b>	<b>0</b>	<b>780865</b>	

## 25. Current Trade Payables Ageing schedule (Note - 31)

₹ in Lakhs

Particulars	As at 31 <sup>st</sup> March 2023					Un billed	Not due	Total
	Outstanding for following periods from due date of payment							
	Less than 1 year	1-2 years	2-3 years	More than 3 years				
(i) Micro enterprises and Small enterprises	5041	109	130	5	0	1122	6407	
(ii) Other than Micro enterprises and Small enterprises	265826	16924	3884	17871	0	2584	307090	
(iii) Disputed dues - Micro enterprises and Small enterprises	0	0	0	0	0	0	0	



# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 49 - Consolidated Notes to Financial Statements

Particulars	As at 31 <sup>st</sup> March 2023					Un billed	Not due	Total
	Outstanding for following periods from due date of payment				17876			
	Less than 1 year	1-2 years	2-3 years	More than 3 years				
(iv) Disputed dues - Other than Micro enterprises and Small enterprises	0	0	0	0		0	0	0
<b>Total</b>	<b>270867</b>	<b>17033</b>	<b>4014</b>			0	3706	313497

₹ in Lakhs

Particulars	As at 31.03.2022					Un billed	Not due	Total
	Outstanding for following periods from due date of payment				30774			
	Less than 1 year	1-2 years	2-3 years	More than 3 years				
(i) Micro enterprises and Small enterprises	3647	127	5	0		0	796	4575
(ii) Other than Micro enterprises and Small enterprises	199644	11525	3560	0		5323	360	251186
(iii) Disputed dues - Micro enterprises and Small enterprises	0	0	0	0		0	0	0
(iv) Disputed dues - Other than Micro enterprises and Small enterprises	0	0	0	0		0	0	0
<b>Total</b>	<b>203291</b>	<b>11652</b>	<b>3565</b>	<b>30774</b>		<b>5323</b>	<b>1156</b>	<b>255761</b>

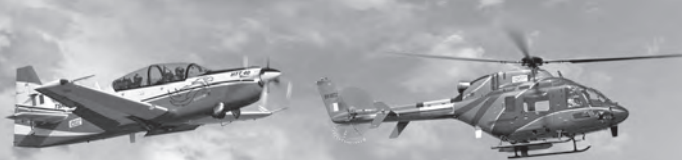
### 26. Disclosure under Ind AS 116 as lessee:

#### a) As a Lessee:

₹ in Lakhs

Sl. No.	Particulars	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
1.	depreciation on right-of-use assets for the year ended	287	292
2.	interest expense on Lease liabilities for the year ended	18	17
3.	total cash outflow for leases for the year ended	368	7
4.	additions to right-of-use assets for the year ended	366	0
5.	carrying amount of right-of-use assets as at	8653	8574

One Avro Aircraft (BH 572) is on lease from Indian Air Force for a period of 1 year for an amount of ₹248 lakhs. The charges for the same has been accounted as expenditure of ₹248 lakhs for the year ended 31<sup>st</sup> March 2023. The company has option to renew the lease subject to increment of 9% over previous year.



# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 49 - Consolidated Notes to Financial Statements

### 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, as there is no transfer substantially all the risks and rewards incidental to the ownership of the assets. Clause 27 of Note 49 gives information about the operating leases of Investment Property.

₹ in Lakhs

Operating Lease	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
Lease income	2221	1481

The Property, Plant and Equipment disclosed under Note 1A includes the following assets given on Operating Lease

₹ in Lakhs

Particulars	As at 31 <sup>st</sup> March 2023				As at 31 <sup>st</sup> March 2022			
	Gross Block	Accumulated Depreciation	Net Block	Depreciation Charge for the year	Gross Block	Accumulated Depreciation	Net Block	Depreciation Charge for the year
Land - Freehold	94	0	94	0	94	0	94	0
Buildings - Owned	14	11	3	0	14	11	3	0
Aircraft/Helicopters	13106	4896	8210	645	1610	416	1194	81
<b>Total</b>	<b>13214</b>	<b>4907</b>	<b>8307</b>	<b>645</b>	<b>1718</b>	<b>427</b>	<b>1291</b>	<b>81</b>

The maturity analysis of lease payments (including payments from Investment Property) showing the undiscounted minimum lease payments to be received over the remaining non-cancellable term on an annual basis are as follows:

₹ in Lakhs

Term	31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
Less than one year	2334	495
One to Two years	1382	357
Two to Three years	772	375
Three to Four years	200	395
Four to Five years	189	130
More than Five years	3799	1952
Total undiscounted lease payments	8676	3702

### Credit Risk

The Group has leased out its Properties to Joint Ventures and Other agencies. Lease payments are structured with periodic escalations consistent with the prevailing market conditions. Based on the Credit Risk in lease payments, suitable provision has been made in the books of accounts.

₹ in Lakhs

27 Information regarding income and expenditure of Investment property As per Ind AS 40 - Investment property:	For the year ended 31 <sup>st</sup> March 2023	For the year ended 31 <sup>st</sup> March 2022
Rental income derived from investment properties	1,152	1,240
Direct operating expenses (including repairs and maintenance) generating rental income	-	-
Direct operating expenses (including repairs and maintenance) that did not generate rental income	-	-







# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 49 - Consolidated Notes to Financial Statements

₹ in Lakhs

27	Information regarding income and expenditure of Investment property As per Ind AS 40 - Investment property:	For the year ended	For the year ended
		31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
	Profit arising from investment properties before depreciation and Indirect expenses	1,152	1,240
	Less – Depreciation	-	-
	Profit arising from investment properties before Indirect expenses	1,152	1,240

### Fair value of investment property

As at 31<sup>st</sup> March 2023, the fair value of the properties is ₹ 40122 lakhs as valued by an Registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.

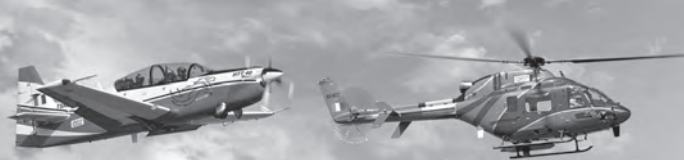
₹ in Lakhs

28.	Particulars	For the year ended	
		31 <sup>st</sup> March 2023	31 <sup>st</sup> March 2022
	<b>As per Ind AS-33 relating to Earnings per Share (Basic and Diluted)-</b>		
	Profit Before Tax	650950	522453
	Provision for Taxation	68177	14465
	Net Profit After Tax	582773	507988
	Weighted Average Number of Equity Shares of Face Value of ₹10/- each fully paid up	334387500	334387500
	Earnings per Share (in Rupees) - Basic	174.28	151.92
	Earnings per Share (in Rupees) - Diluted	174.28	151.92

29 The Company has not revalued its Property, Plant and Equipment, and therefore disclosure, whether the revaluation is based on the valuation by a registered valuer as defined under rule 2 of the Companies (Registered Valuers and Valuation) Rules, 2017 does not arise.

30 The Company do not have any Benami Property, where any proceedings has been initiated or pending against the Company for holding any Benami property.

31.	Where the Company has borrowings from banks or financial institutions on the basis of security of current assets	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
(a)	Whether quarterly returns or statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts.	The Company has been sanctioned working capital limits of ₹ 400000 lakhs, non fund based limit of ₹ 205000 lakhs and Corporate loan of ₹ Nil lakhs by the consortium bankers. As on 31.03.2023, no fund based limit were utilised by the Company against the sanctioned limits. The Quarterly stock statement filed by the Company and the books of Accounts are in agreement.	The Company has been sanctioned working capital limits of ₹400000 lakhs, non-fund based limits of ₹ 205000 lakhs and Corporate loan of ₹ 183000 lakhs by consortium of Bankers. As on 31.03.2022, no fund based limits and Corporate Loans were utilised by the Company against the sanctioned limits. Due to timing differences in filing the quarterly stock statements with the bank and finalisation of Audited Accounts, there is a difference between drawing power (DP) as submitted to the Banks and DP assessed based on the Quarterly Audited Accounts. However, the differences are not material.
(b)	if not, summary of reconciliation and reasons of material discrepancies, if any to be adequately disclosed		



# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 49 - Consolidated Notes to Financial Statements

### 32. Wilful Defaulter

The Company has not been declared wilful defaulter by any Bank or Financial institutions.	As at 31 <sup>st</sup> March 2023	As at 31 <sup>st</sup> March 2022
(a) Date of declaration as wilful defaulter	NA	NA
(b) Details of defaults (amount and nature of defaults)	NA	NA

33. The company did not have any transactions with any Struck off Companies (under section 248 of Companies Act, 2013) as certified by the Management.

34. Compliance with number of layers of companies NA

35. Compliance with approved Scheme(s) of Arrangements NA

### 36. Utilisation of borrowed funds and share Premium through intermediaries or for benefit of third party beneficiaries:

No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company, its subsidiary, associate to or in any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company, its subsidiary, associate, (Ultimate Beneficiaries).

The Company have not received any fund from any party(s) (Funding Party) with the understanding that the Company, its subsidiary, associate, shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company, its subsidiary, associate ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

### 37. Undisclosed Income

Details of any transaction not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as search or survey or any other relevant provisions of the Income Tax Act, 1961), unless there is immunity for disclosure under any scheme and previously unrecorded income and related assets that have been properly recorded in the books of accounts during the year.	NIL	NIL
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### 38. Details of Crypto Currency or Virtual Currency

The Company has not traded or invested in Crypto currency or Virtual Currency during the period ended 31<sup>st</sup> March, 2023 (31<sup>st</sup> March, 2022: Nil)

### 39. Recent pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Ind AS 1 - Presentation of Financial Statements - This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the consolidated financial statements.

Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its consolidated financial statements.

Ind AS 12 - Income Taxes - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its consolidated financial statement.





# Notes to the Consolidated Financial Statements for the year ended March 31, 2023

## Note 49 - Consolidated Notes to Financial Statements

40 The financial statements were approved for issue by the Board of Directors at their meeting held on 12 May, 2023.

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 attached

For and on behalf of the Board of Directors

**For A JOHN MORIS & CO.**  
Chartered Accountants  
Firm Registration No: 007220S



**CA A.G. KRISHNAN**  
Partner  
Membership No: 021183  
Place: Bengaluru  
Date: 12.05.2023



**(EJIPURA PUTHRAPPA JAYADEVA)**  
Director (Operations)  
DIN: 06761333



**(C. B. ANANTHAKRISHNAN)**  
Director (Finance) & CFO  
Chairman & Managing Director  
(Additional Charge)  
DIN: 06761339



**(SHAILESH BANSAL)**  
Company Secretary  
FCS No.5064



## Form AOC-1

Statement containing salient features of the financial statement of subsidiaries/Associate companies/ joint ventures  
(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

### Part "A" : Subsidiaries

Sl. No.	Particulars		₹ in Lakhs
1	Name of the Subsidiary	Naini Aerospace Limited	Indo-Russian Helicopters Limited
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA	NA
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	NA	NA
4	Share capital	6500	1000
5	Reserves & surplus	-6412	-244
6	Total assets	3618	824
7	Total Liabilities	3530	68
8	Investments	1441	0
9	Turnover	1153	0
10	Profit/loss before taxation	-608	-3
11	Provision for taxation	0	0
12	Profit/loss after taxation	-608	-3
13	Proposed Dividend	0	0
14	% of shareholding	100%	50.5%

1 Names of subsidiaries which are yet to commence operations – Indo Russian Helicopters Limited

2 Names of subsidiaries which have been liquidated or sold during the year- NIL

### For and on behalf of the Board of Directors

**For A JOHN MORIS & CO.**  
Chartered Accountants  
Firm Registration No: 0072205

**CA A.G. KRISHNAN**  
Partner  
Membership No: 021183  
Place: Bengaluru  
Date: 12.05.2023

**(EJIPURA PUTHRAPPA JAYADEVA)**  
Director (Operations)  
DIN: 06761333

**(C. B. ANANTHAKRISHNAN)**  
Director (Finance) & CFO  
Chairman & Managing Director  
(Additional Charge)  
DIN: 06761339

**(SHAILESH BANSAL)**  
Company Secretary  
FCS No.5064





## 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		M/s HALBIT Avionics Pvt Ltd		M/s SAMTEL HAL Display Systems Ltd		M/s HALBIT Avionics Pvt Ltd		M/s Indo Russian Aviation Ltd		M/s HATSOFF Helicopter Training Pvt Ltd		M/s International Aerospace Manufacturing Pvt Ltd		M/s Multirole Transport Aircraft Ltd.		M/s Helicopter Engines MRO Pvt Ltd	
			31.03.2023	31.03.2023	31.03.2023	31.03.2023	31.03.2023	31.03.2023	31.03.2023	31.03.2023	31.03.2023	31.03.2023	31.03.2023	31.03.2023	31.03.2023	31.03.2023	31.03.2023	31.03.2023	31.03.2023	31.03.2023
1	Date on which the Associates or joint venture was associated or acquired	Feb-93	Oct-05	Jan-07	May-07	Sep-94	Jan-08	Jul-10	Dec-10	Aug-16										
2	Shares of Associate/Joint Ventures held by the company on the year end																			
a	No.	2940000	1140000	160000	382500	936525	38404205	4250000	11346564	1509986										
b	Amount of Investment in Associates/Joint Venture	294	1140	160	383	94	3840	4250	11347	1510										
c	Extent of Holding %	49%	50%	40%	50%	48%	50%	50%	50%	50%										
4	Description of how there is significant influence	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										
6	Networth attributable to Shareholding as per latest audited Balance Sheet	336	4816	-362	-577	7396	-1400	5710	5981	1126										
7	Profit / Loss for the year	72	1407	18	-43	652	486	1443	-5272	55										
i	Considered in Consolidation	36	703	0	0	313	0	721	-1939	27										
ii	Not Considered in Consolidation	36	704	18	-43	339	486	721	-3333	28										

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-TATA HAL Technologies Limited

**For A JOHN MORIS & CO.**

Chartered Accountants

Firm Registration No: 0072205



**CA A.G. KRISHNAN**

Partner

Membership No: 021183

Place: Bengaluru

Date: 12.05.2023

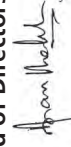
**For and on behalf of the Board of Directors**



**(EJIYURA PUTHRAPPA JAYADEVA)**

Director (Operations)

DIN: 06761333



**(C. B. ANANTHAKRISHNAN)**

Director (Finance) & CFO

Chairman & Managing Director

(Additional Charge)

DIN: 06761339



**(SHAILESH BANSAL)**

Company Secretary

FCS No.5064











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