

**ANNUAL REPORT
2008 - 09**



HINDUSTAN AERONAUTICS LIMITED



A Su-30 in flight

Hindustan Aeronautics Limited
Annual Report 2008 - 09



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Sl. No.	Particulars	Units	94-95	95-96	96-97	97-98	98-99	99-00
A	Our Earnings							
	Sales - Inland	Rs. Cr.	1352.95	1538.78	1730.57	1828.88	2003.70	2353.92
	Export Sales	Rs. Cr.	35.89	28.13	39.64	41.05	44.03	46.96
	Total Sales	Rs. Cr.	1388.84	1566.91	1770.21	1869.93	2047.73	2400.88
	Changes in WIP & SIT	Rs. Cr.	-63.10	22.46	-77.03	-31.81	41.30	53.55
	Total	Rs. Cr.	1325.74	1589.37	1693.18	1838.12	2089.03	2454.43
B	Our Outgoings							
	Cost of Materials	Rs. Cr.	439.72	557.11	666.87	671.99	807.36	787.06
	Manpower Cost	Rs. Cr.	386.28	474.52	418.80	529.97	508.66	762.09
	Net Operating Cost	Rs. Cr.	294.22	328.45	379.02	373.12	514.47	553.61
	Net Financing Cost	Rs. Cr.	103.11	115.87	80.61	73.90	36.64	-90.10
	Depreciation	Rs. Cr.	32.79	27.78	26.76	24.31	24.16	26.51
	Total	Rs. Cr.	1256.12	1503.73	1572.06	1673.29	1891.29	2039.17
C	Our Savings							
	Profit Before Tax	Rs. Cr.	69.62	85.64	121.12	164.83	197.74	415.26
	Provision For Tax	Rs. Cr.	0.00	15.00	15.62	17.31	20.00	47.00
	Profit After Tax For Appropriation	Rs. Cr.	69.62	70.64	105.50	147.52	177.74	368.26
D	We Own							
	Net Block	Rs. Cr.	203.40	202.67	208.09	209.03	213.35	245.63
	Other Capital Assets	Rs. Cr.	190.55	317.68	408.65	407.75	356.41	336.92
	Working Capital	Rs. Cr.	599.10	406.90	455.78	492.09	618.82	919.87
	Total	Rs. Cr.	993.05	927.25	1072.52	1108.87	1188.58	1502.42
E	We Owe							
	Equity	Rs. Cr.	120.50	120.50	120.50	120.50	120.50	120.50
	Reserves and Surplus	Rs. Cr.	486.43	540.69	621.74	721.55	867.32	1201.83
	Shareholders' Funds	Rs. Cr.	606.93	661.19	742.24	842.05	987.82	1322.33
	Deferred Tax Liability	Rs. Cr.						
	Borrowings	Rs. Cr.	295.13	166.30	196.96	232.27	181.54	179.48
	Cash Credit Loan	Rs. Cr.	90.99	99.76	133.32	34.55	19.22	0.61
	Total Borrowings	Rs. Cr.	386.12	266.06	330.28	266.82	200.76	180.09
	Total	Rs. Cr.	993.05	927.25	1072.52	1108.87	1188.58	1502.42
F	Financial Statistics							
	Value of Production	Rs. Cr.	1325.74	1589.37	1693.18	1838.12	2089.03	2454.43
	Value Added	Rs. Cr.	886.02	1032.26	1026.31	1166.13	1281.67	1667.37
	Dividend (including Tax)	Rs. Cr.	13.98	14.13	26.51	26.51	26.75	26.75
	R & D Expenditure	Rs. Cr.	96.12	125.87	81.95	129.83	146.35	171.66
	Gross Margin	Rs. Cr.	234.40	278.17	300.14	334.22	362.26	554.88
	Gross Block	Rs. Cr.	748.18	773.84	805.34	829.38	856.27	914.20
	Inventory	Rs. Cr.	1045.35	1269.66	1215.82	1163.04	1293.78	1500.35
	Sundry Debtors	Rs. Cr.	450.47	465.45	637.57	630.55	501.59	226.80
	Capital Employed	Rs. Cr.	995.13	883.54	1013.54	1063.53	1150.26	1451.11
	Net Worth	Rs. Cr.	574.46	600.73	648.55	752.66	934.11	1259.67
	No. of Employees	Nos.	35545	35245	34183	33967	34828	34448
G	Financial Ratios							
	Sales Per Employee	Rs.	390727	444577	517863	550514	587955	696957
	Value Added Per Employee	Rs.	249267	292881	300240	343313	367999	484026
	PBT to Sales	%	5.01	5.47	6.84	8.81	9.66	17.30
	PBIT to Capital Employed	%	17.46	23.34	21.99	22.99	23.61	32.08
	PAT to Net Worth	%	12.12	11.76	16.27	19.60	19.03	29.23
	Debt Equity Ratio	Times	0.49	0.25	0.27	0.28	0.18	0.14
	Earnings Per Share	Rs.	5.78	5.86	8.76	12.24	14.75	30.56
	Dividend as %age of Equity	%	11.60	11.73	22.00	22.00	22.20	22.20

FINANCIAL HIGHLIGHTS



00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09
2387.94	2707.96	3016.53	3584.43	4383.75	5155.31	7513.10	8284.25	9936.80
58.61	66.85	103.89	215.35	150.05	186.19	270.51	341.09	436.58
2446.55	2774.81	3120.42	3799.78	4533.80	5341.50	7783.61	8625.33	10373.38
156.71	188.63	357.42	-43.64	450.75	575.12	1418.27	166.19	1437.47
2603.26	2963.44	3477.84	3756.14	4984.55	5916.62	9201.88	8791.52	11810.85
927.67	1255.85	1607.51	1673.36	2686.17	3313.49	5980.40	4684.43	7635.95
837.02	724.00	746.80	773.25	808.78	837.69	1054.46	1802.69	2542.78
805.55	829.16	953.48	899.91	917.87	1014.21	1163.10	1686.02	887.46
-263.25	-257.02	-308.54	-247.01	-250.96	-452.37	-839.96	-1663.80	-1732.76
31.12	37.98	45.22	57.21	65.16	77.31	100.28	117.95	142.55
2338.11	2589.97	3044.47	3156.72	4227.02	4790.33	7458.28	6627.29	9475.98
265.15	373.48	433.37	599.42	757.53	1126.29	1743.60	2164.23	2334.86
21.50	28.70	43.41	189.63	256.47	355.15	594.84	532.35	595.00
243.65	344.78	389.96	409.79	501.06	771.14	1148.76	1631.88	1739.86
278.10	352.19	434.74	515.44	525.87	730.34	1020.98	1080.07	1327.56
845.12	865.03	1323.97	2273.89	3477.09	4375.40	4922.26	5173.19	5254.75
603.60	1172.87	714.49	176.72	-368.72	-521.81	-570.06	411.53	1561.41
1726.82	2390.09	2473.20	2966.05	3634.24	4583.93	5373.18	6664.79	8143.72
120.50	120.50	120.50	120.50	120.50	120.50	120.50	120.50	120.50
1379.11	1640.41	1810.31	2120.92	2508.06	3050.58	3913.92	5163.22	6495.97
1499.61	1760.91	1930.81	2241.42	2628.56	3171.08	4034.42	5283.72	6616.47
227.21	380.06	166.85	354.27	623.90	1047.95	1334.73	1379.04	1525.27
0.00	249.12	374.47	365.34	363.78	363.88	4.03	2.03	1.98
		1.07	5.02	18.00	1.02			
227.21	629.18	375.54	370.36	381.78	364.90	4.03	2.03	1.98
1726.82	2390.09	2473.20	2966.05	3634.24	4583.93	5373.18	6664.79	8143.72
2603.26	2963.44	3477.84	3756.14	4984.55	5916.62	9201.88	8791.52	11810.85
1675.59	1707.59	1870.33	2082.78	2298.38	2603.13	3221.48	4107.09	4174.90
53.70	68.96	87.99	92.46	113.92	228.62	285.42	382.57	407.12
204.09	203.72	265.06	313.81	306.63	433.58	637.79	662.14	674.78
404.70	531.83	594.54	800.36	974.46	1408.15	2124.53	2650.95	3123.17
976.53	1085.41	1211.04	1344.26	1417.27	1694.58	2080.89	2254.97	2638.09
1905.41	2073.24	2394.95	2576.52	3508.64	4809.74	7222.52	8614.64	10431.19
210.19	248.23	510.02	990.20	1106.20	1404.13	1281.18	1486.10	1848.26
1177.07	1802.24	1409.76	1377.13	1507.65	2204.66	3004.48	4485.20	5914.20
1015.20	1229.38	928.18	799.72	882.07	1440.85	2084.99	3326.53	4635.76
32642	31652	31138	30450	29807	29668	31666	34323	34822
749508	876663	1002126	1247875	1521052	1800426	2458034	2512989	2978973
513323	539487	600658	684000	771087	877424	1017330	1196600	1198926
10.84	13.46	13.89	15.78	16.71	21.09	22.40	25.09	22.51
27.44	23.92	34.77	46.69	53.09	53.26	58.56	48.55	39.48
24.00	28.04	42.01	51.24	56.81	53.52	55.10	49.06	37.53
0.15	0.22	0.19	0.16	0.14	0.12	0.001	0.00038	0.00030
20.22	28.61	32.36	34.01	41.58	64.00	95.33	135.43	144.39
44.56	57.23	73.02	76.73	94.54	189.73	236.86	317.49	337.86



BOARD OF DIRECTORS

BOARD OF DIRECTORS

(AS ON 31st JULY 2009)

Shri Ashok Nayak
Chairman

Shri Sanjeev Sahi
Director (HR)

Shri M. Fakruddin
Director (Corporate Planning & Marketing)

Shri D. Shivamurti
Director (Finance)

Shri N. C. Agarwal
Director (Design & Development)

Shri P. V. Deshmukh
Managing Director (MiG Complex)

Shri S. K. Jha
Managing Director (Accessories Complex)

Shri R. Srinivasan
Managing Director (Helicopter Complex)

Shri S. N. Misra
Joint Secretary (Aerospace)
Ministry of Defence

Smt. Anuradha Mitra
Addl. FA (AM) & JS, Ministry of
Defence (Finance Wing)

Shri M. K. Moitra
Director

Shri S. Ravi
Director

Vice Admiral (Retd.) Raman Puri,
PVSM, AVSM, VSM
Director

MANAGEMENT COMMITTEE

Shri Ashok Nayak

Shri Sanjeev Sahi

Shri M. Fakruddin

Shri D. Shivamurti

Shri N. C. Agarwal

Shri P. V. Deshmukh

Shri S. K. Jha

Shri R. Srinivasan

AUDIT COMMITTEE

Shri S. Ravi

Chairman

Shri S. N. Misra
Joint Secretary (Aerospace)

Smt. Anuradha Mitra
Addl. FA (AM) & Joint Secretary

Shri M. K. Moitra
Director

COMPANY SECRETARY

Shri Ashok Tandon

BANKERS

State Bank of India

State Bank of Mysore

State Bank of Hyderabad

State Bank of Travancore

State Bank of Patiala

State Bank of Bikaner & Jaipur

Punjab National Bank

Indian Bank

Indian Overseas Bank

Bank of Baroda

Exim Bank

Syndicate Bank

Union Bank of India

STATUTORY AUDITORS

M/s. Shanthamurthy & Co.,
Chartered Accountants, Bangalore.

BRANCH AUDITORS

M/s. Venkat, Kollali & Murthy .,
Chartered Accountants, Bangalore.

M/s. GRSM & Associates;
Chartered Accountants, Bangalore.

M/s. Shanthamurthy & Co;
Chartered Accountants, Bangalore.

M/s. G. Anantha & Co;
Chartered Accountants, Bangalore.

M/s. G.V. Acharya & Co.,
Chartered Accountants, Bangalore.

M/s. S.G. Keshavamurthy & Co.,
Chartered Accountants, Bangalore.

M/s. K. B. Nambiar & Associates,
Chartered Accountants, Bangalore.

M/s. V. Tharanath & Co.,
Chartered Accountants, Bangalore.

M/s. Venkatachala Raghvendra & Co.,
Chartered Accountants, Bangalore.

M/s. Vimal & Co.,
Chartered Accountants, Bangalore.

M/s. Ashok Kumar, Prabhashankar & Co.,
Chartered Accountants, Bangalore.

M/s. AJS & Associates.,
Chartered Accountants, Bangalore.

M/s. B. S. Reddy & Co;
Chartered Accountants, Bangalore.

M/s. G. S. Madhava Rao & Co.,
Chartered Accountants, Hyderabad.

M/s. Nripendra & Co.,
Chartered Accountants, Kanpur.

M/s. Anil Mihir & Associates.,
Chartered Accountants, Orissa.

M/s. Vivek Mittal & Associates.,
Chartered Accountants, Lucknow.

M/s. P. S. Bhargava & Co.,
Chartered Accountants, Lucknow.

M/s. Sorab S. Engineer & Co.,
Chartered Accountants, Mumbai.

M/s. Saha Ganguli & Associates,
Chartered Accountants, Kolkata.

LEGAL ADVISERS

M/s. Sundaraswamy & Ramdas
Advocates, Bangalore.

BOARD OF DIRECTORS



Shri Ashok Nayak



Shri S. Ravi



Shri M. K. Moitra



Vice Admiral (Retd.)
Raman Puri



Shri S. N. Misra



Smt. Anuradha Mitra



Shri Sanjeev Sahi



Shri M. Fakruddin



Shri D. Shivamurti



Shri N. C. Agarwal



Shri P. V. Deshmukh



Shri S. K. Jha



LADIES & GENTLEMEN

I extend a very warm welcome to you all at the 46th Annual General Meeting of your Company. The audited Accounts for the year ended 31st March 2009, the Directors' Report and the report of the Auditors have been with you and I take them as read.

At the outset, I would like to place on record the significant contributions made by Shri Ashok K. Baweja, my predecessor, who superannuated on 31st March 2009.

ECONOMIC SCENARIO

The economic crisis in the USA had turned into a global recession and 2008-09 was one of the most volatile years in recent memory for the world economy. The global economic meltdown was more severe than in the days of the Great Depression. The fundamentals of Indian economy continued to be strong. However, the impact of the global slowdown was seen in the reduced economic growth rate.

The signs of recovery are already visible and the Indian economy i.e. GDP is likely to grow at the rate of 6-7% during the year 2009-10. It is an indicator that better days are ahead for the Indian industry in general and aerospace in particular.

Although there has been no direct impact of the economic slowdown on your Company, it has brought about an increased focus on a sustained efficiency program, which means working towards controlling expenditure and optimizing performance. This has helped improve our financial performance in a challenging economic climate. It is therefore necessary to remain focused and adapt to changing circumstances by prompt responsiveness, forward thinking and planning.

PERFORMANCE OF THE COMPANY

Your Company has done well, and has crossed yet another milestone by achieving a turnover in excess of Rs. 10,000 crore. The annual turnover at Rs. 10,373.38 crore and Profit Before Tax of Rs. 2,334.86 crore in 2008-09 have been the highest ever, indicating a growth of 20% and 8% respectively over the previous year.

The Company delivered the first Advanced Jet Trainer (Hawk) to the Indian Air Force in August 2008. Other aircraft produced during the year under review are the Jaguar, Su-30 MKI, Dornier-228, ALH and Cheetal helicopters.

The highest ever Dividend of Rs. 347.98 crore has been proposed for the year 2008-09, which amounts to Rs. 28.88 per equity share of Rs. 10/-.

For the 7th year in a row, the Company has received a rating of "Excellent" in the MOU for 2007-08. I am happy to announce that initial assessment shows that the Company is likely to continue this trend for the year 2008-09 also.

The performance of the Company has propelled its position closer to the top 30 of the world defence aerospace companies, which is a commendable progress from its 81st position only a few years ago.

BUSINESS SCENARIO AND FOCUS AREAS

In an environment hit by recession the world over, the Order Book of the Company stands at an enviable position at Rs. 57,000 crore. We have on hand major manufacturing projects like the Jaguar, Dornier-228, ALH, Advanced Jet Trainer (Hawk) and Su-30 MKI. The initial Series Production of the Light Combat Aircraft (LCA) and Limited Series Production of the Intermediate Jet Trainer (IJT) had been launched.

Design and development projects viz. Light Combat Helicopter (LCH) and ALH (WSI) besides IJT and LCAMk-II have progressed satisfactorily.



An IJT in flight

Across the six decades of its existence, the Company has built sophisticated design and manufacturing capabilities for military and transport aircraft, helicopters, their engines, accessories and avionics systems. Today, the Company is simultaneously pursuing multiple projects successfully. The prevailing work scenario, therefore, calls for the application of modern techniques for programme review and management. Global processes such as Enterprise Resource Planning (ERP) and Lean Management must extend deeper in order for us to succeed in our endeavour.

The focus during the current year 2009-10 would be on consolidation, in particular, in the following areas:

- Limited Series Production of the IJT and pursue for follow on orders for its Series Production
- Limited and Initial Series Production of the LCA and development of LCAMk-II
- Production of the Hawk with possible follow on orders
- Phase 3 and Phase 4 production of the Su-30 MKI
- Production of the ALH with emphasis on developing an export market for it
- Realisation of the first flight of the LCH
- Customer services with a view to improve fleet serviceability

To meet the future requirements of the Defence Services, the Company has conceived projects such as design and development of the Fifth Generation Fighter Aircraft (FGFA), Multi-Role Transport Aircraft (MTA), Light Utility Helicopter (LUH), Medium Lift Helicopter (MLH), Turboprop Trainer and Unmanned Aerial Vehicles (UAVs).

EXPORT

The Company has taken several initiatives for export promotion including showcasing its capabilities at various international air shows and obtaining international certification for its processes with a view to attract aerospace majors for partnership / export.

During the year under review, the export turnover was Rs. 436.58 crore against Rs.341.09 crore during 2007-08. The value of orders booked during the year was Rs.618 crore. These orders for aero-structures, cargo conversion kits, engine kits, rolled rings etc. were from



The ALH formally handed over by HAL to Ecuador.

Inset- General Commander Rodrigo Bohorquez Flores of the Ecuadorian Air Force is impressed by the VVIP configuration while Wg. Cdr. (Retd.) U.K. Pillai, Chief Test Pilot, Rotary Wing, looks on.

major aerospace companies such as Airbus, Boeing, Rolls Royce, Ruag, Germany, Israel Aircraft Industries, Honeywell and RAC MiG besides the orders for the ALH from Ecuador and Mauritius, and the Chetak from Suriname.

BUSINESS ALLIANCES

In the present global business scenario, strategic alliances are considered appropriate to diversify and acquire latest technologies by sharing risks and investments. The Company is exploring alliances with international and Indian majors in various segments to develop state-of-the-art products within India at reasonable cost and time frames.

So far, the Company has formed nine Joint Venture Companies (JVCs) with international majors like BAe Systems Plc. (UK), RAC MiG (Russia), Snecma (France), Elbit Systems (Israel), CAE (Canada) and Edgewood Ventures LLC (USA) and Indian majors including the TATA group, Infotech Enterprises and Samtel group.

Of the nine, three JVCs viz. BAeHAL Software Ltd., Indo-Russian Aviation Ltd. and Snecma HAL Aerospace Pvt. Ltd., established in 1993, 1994 and 2005 respectively have shown profits for their operations in 2008-09. The remaining six JVCs were set up in the years 2007 and 2008 and are in the nascent stage.

The Company is also pursuing its plans to set up a JVC with Rosoboronexport and UAC, Russia as partners for co-development and co-production of the Multi Role Transport Aircraft.

An agreement had been concluded with Rosoboronexport, Russia for co-development of the FGFA. Your Company will be participating in the design and development of airframe and all aircraft systems including independent development of key avionics systems, software and aerial weapons.

The proposal received from Martin Baker Aircraft Corporation, UK is under evaluation for a JVC with your Company, for the manufacture of ejection seats. Another proposal from Rolls Royce, USA, for the manufacture of compressor rings, turbine blades and nozzle guide vanes is also under consideration.

HUMAN RESOURCE DEVELOPMENT

In this era of fast growing technology, and to meet its requirements, the Company is continuously striving to train the employees, who are its core strength.

The Company has implemented Competency Development programmes in association with top-level management and

technological institutions, with a view to fill the gaps identified by the Assessment & Development Centres. The Leadership Capability Development programme, which was introduced a few years ago, is progressing well towards creating a pool of future leaders.

With a view to rationalise the Company's manpower requirement, a review has been carried out taking into consideration the current and future projects as well as the strategy on outsourcing.



Shri Ashok Nayak, Chairman, HAL with Hon'ble Raksha Rajya Mantri Shri Pallam Raju, during the latter's visit to HAL's facilities at Bangalore.

LEAN PRACTICES

Looking back from the threshold of sixth year, the benefits and steady progress of the Lean Thinking and Practices are now visible. The implementation of Lean practices has created an environment of mutual confidence with the global aerospace majors, who are our current and future partners in the business.

Lean Thinking and Practices such as Takt Time, Manufacturing Cells, Smaller Batch Sizes, Total Productive Maintenance and other new paradigms in daily working have percolated down to various levels of operations.

Lean has also helped bridge the gap between the workforce and the management and created a friendly environment, which binds them together through the concept of 'Waste Reduction'. It has enabled new dimensions in industrial relations and work culture.

CORPORATE GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY

I reiterate that your Company continues to upgrade and adopt good Corporate Governance practices to ensure transparency in all its operations. The Audit Committee headed by an Independent Director is

overseeing implementation / upgradation of good governance measures. The Company is in the process of evolving a policy on Risk Management with a view to develop risk strategy, risk governance structure, risk identification and risk control / mitigation approaches to avoid, reduce, share or accept business risks.

Your Company is striving to achieve responsible corporate citizenship and as part of its social responsibility is committed to high standards of Health, Safety, Security and Environment. The Company has introduced an Environment Management System (EMS) towards reducing the negative environmental impact of its operations. Seventeen Divisions have implemented the requirements of ISO 14001 – 2004 EMS standard and obtained certification.

The Company has been making continuous efforts towards social initiatives encompassing various developmental schemes for the people residing in the surrounding areas / villages of HAL's Divisions and belonging to socially and economically backward sections, by providing support in the areas of infrastructure, health and education.

FUTURE OUTLOOK

The current scenario, i.e. projection on economic growth of the Country, emphasis on strengthening the Defence Forces with a higher budget allocation, and the potential in the civil aviation sector, augurs well for the growth of your Company.

Your Company is aware of the competition from domestic as well as international firms and has embarked on a plan to upgrade / modernise its facilities, reduce the cycle time and cost of production.

Strategic alliances with Indian research organisations as well as foreign companies will be preferred to design, develop and produce world class aircraft, helicopters, engines etc. at competitive prices and in the shortest possible time.

The Company will continue to encourage private sector to enhance their capacity and capabilities and to join HAL as partners / vendors on a long-term basis. The endeavour will be towards reducing dependence on foreign sources by developing products and systems indigenously. In this direction, the Company has set up several JVCs and is nurturing several outsourcing agencies.

ACKNOWLEDGEMENT

I would like to take this opportunity to thank all the stakeholders for their enduring confidence and continued support. I thank the Ministry of Defence, Department of Defence Production, Defence Acquisition and Defence Finance for the support and assistance rendered in the development and growth of the Company.

I thank all the Customers, Suppliers, Bankers, and Government Agencies for their support. I also take this opportunity to thank the Company's Statutory and Branch Auditors and the Comptroller & Auditor General of India, Legal Advisors, Collaborators and Partners.

I also thank all my colleagues on the Board for their continued support and guidance.

Last, but not the least, I would like to thank all employees of HAL for their high levels of motivation, commitment and hard work.

I firmly believe that we, members of the HAL family, will continue to take this Company to newer heights in the years to come.

A handwritten signature in black ink, appearing to read 'Ashok Nayak'.

(Ashok Nayak)
Chairman

Place : Bangalore
Date: 27th July, 2009

To,
The Members of HAL
Dear Members,

I take great pleasure in presenting the 46th Annual Report for the financial year ended 31st March 2009 along with the Audited Statement of Accounts, Auditors' Report and the Report on the Accounts by the Comptroller and Auditor General of India.

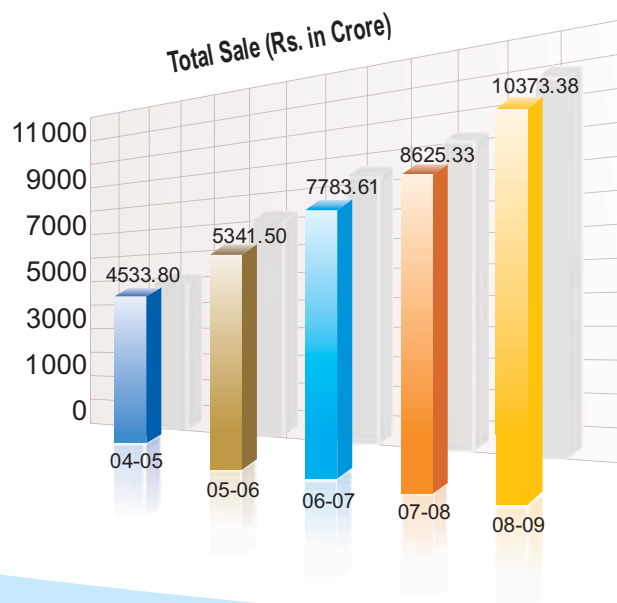
OPERATING RESULTS

The year 2008-09 was one of continued growth, achievement and recognition for the Company. Your Company achieved a turnover of Rs.10,373.38 crore, an increase of 20.27 per cent over the previous year's Rs.8,625.33 crore. The Profit Before Tax increased to Rs.2,334.86 crore as compared with Rs.2,164.23 crore in the previous year.

The financial highlights of the performance during 2008-09 are summarised below: -

(Rs. in crore)

PARTICULARS	2008 - 09	2007 - 08
Turnover	10,373.38	8625.33
Exports	436.58	341.09
Profit before Tax	2,334.86	2,164.23
Provision for Tax	595.00	532.35
Profit after Tax	1,739.86	1,631.88
R&D Expenditure	674.78	662.14
APPROPRIATION		
Interim Dividend on Equity Shares	299.95	287.95
Proposed Final Dividend on Equity Shares	48.03	39.05
Total Dividend	347.98	327.00
Tax on Dividend	59.14	55.57
General Reserve	1,332.74	1,249.31



DIVIDEND

The Board of Directors had declared the payment of an Interim Dividend of Rs.299.95 crore based on the half yearly and 9th month operations of the Company.

Your Directors are pleased to recommend, for approval of the Members, a Final Dividend of Rs.3.99 per share on 12,05,00,000 equity shares of Rs.10/- each for the year 2008-09. The Final Dividend would involve an additional outflow of Rs.48.03 crore and Rs.8.17 crore towards Dividend Tax, resulting in a total outflow of Rs.56.20 crore.

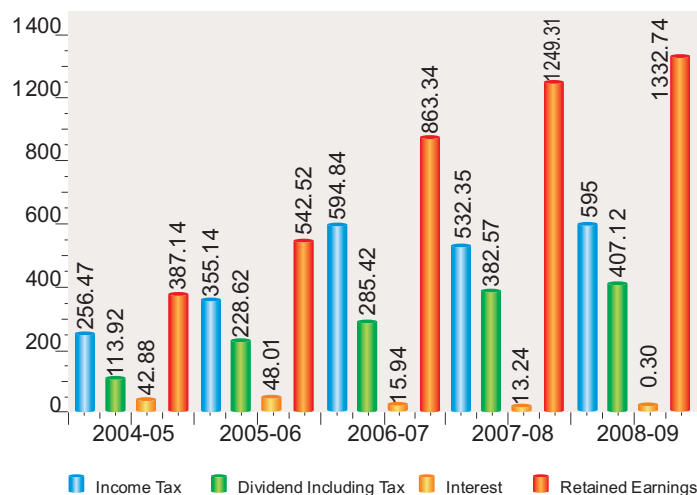
The total outflow on Dividend on equity shares of the Company for the year 2008-09 would translate to 20 per cent of the Profit after Tax of the Company.

A table showing the dividends paid by the Company on equity shares during the year and the previous year is given below: -

(Rs. in crore)

Particulars	Number of Shares	2008-09				2007-08	
		Dividend per share of Rs.10/-	Dividend amount (Rs. cr.)	Dividend Tax (Rs. cr.)	Total out-flow (Rs. cr.)	Dividend per share	Total outflow including Dividend Tax
First Interim Dividend	12,05,00,000	4.00	48.20	8.19	56.39	4.00	56.39
Second Interim Dividend	12,05,00,000	20.89	251.75	42.78	294.53	19.90	280.49
Sub-Total		24.89	299.95	50.97	350.92	23.90	336.88
Final Dividend	12,05,00,000	3.99	48.03	8.17	56.20	3.24	45.69
TOTAL		28.88	347.98	59.14	407.12	27.14	382.57

Distribution of Surplus (Rs. in Crore)



TRANSFER TO RESERVES

Your Company proposes to transfer Rs.1,332.74 crore to the General Reserve out of the amount available for appropriations.

CREDIT RATING

The Company maintained the highest credit rating of both short-term as well as long-term debt programmes for Rs.450 crore each from the Investment Information & Credit Rating Agency (ICRA) and Credit Rating Information Services of India Limited (CRISIL). This has enabled the Company to source funds at the best possible rates, thereby improving the profitability. The interest on short-term borrowings was also minimised by prudent cash management. Cash and bank balances, including short-term deposits at the end of the year under review stood at Rs.19,744.56 crore against Rs. 19,646.32 crore of the previous year.

SIGNIFICANT ACHIEVEMENTS

- The Company produced aircraft and helicopters (Jaguar, Su-30MKI, DO-228, HAWK aircraft, Advanced Light Helicopter or ALH and Cheetal Helicopter) along with their engines and accessories during the year.
- The first Hawk Advanced Jet Trainer (AJT) produced was handed over to the Indian Air Force (IAF) in August 2008.
- Cheetal helicopter, the re-engined and upgraded version of Cheetah, was produced for the first time for the IAF. Powered by a modern engine (TM-333-2B2) with FADEC and new cockpit displays, it is a reliable light helicopter for high altitude operations.
- Major milestones were reached in the design and development area, especially in the flight evaluation of the Light Combat Aircraft (LCA) and the Intermediate Jet Trainer (IJT) towards their certification. High altitude cold weather trials were completed successfully on the LCA and the new Russian engine, and the AL-55I engine was integrated on the IJT.
- Fleet upgrade on 20 aircraft was carried out on the Jaguar Navvass, MiG-27M, Avro and Sea Harrier. The development phase of the Sea Harrier Upgrade was completed and fleet modification commenced during the year under review.
- The Company achieved the targets for Repair & Overhaul of Aircraft, Helicopters and Engines during the year, carrying out the overhaul on 222 aircraft / helicopters and 545 engines encompassing 13 types of aircraft and 16 types of engines.
- The Aerospace Division of the Company produced Space Vehicle Structures for ISRO. They played a significant role in the successful launch of Chandrayaan Mission.



A bird's eye view of the dedicated G-150 hangar at Aircraft Division, Bangalore which came up in record time after HAL won the order.
Inset - G-150 aircraft rear fuselage

- To enhance customer support and to overcome obsolescence, 3,420 items were indigenised during the year.

ORDER BOOK

- The Order Book position of your Company for new aircraft / helicopters is healthy with firm orders for Su-30MKI, Hawk, Dornier-228, LCA, IJT, ALH, Chetak, Chetak worth Rs. 57,140 crore.
- Notwithstanding the orders from the Indian defence sector, the Company continued to explore opportunities in the export market. During 2008-09, export orders worth Rs. 618 crore were booked. These include the following:
 - Seven ALH to Ecuador
 - One ALH to Mauritius
 - Three Chetak helicopters to Suriname
- Orders were received from major aerospace companies including Airbus, Boeing, Rolls Royce, Ruag, Germany, Israel Aerospace Industries, Honeywell and RAC-MiG. Aero-structures, cargo conversion kits, engine kits, rolled rings, ground support equipment form the scope of supply for these major orders.

FOUNDATION DAY

The Company celebrated its Foundation Day at various Divisions on 23rd December 2008 to commemorate the formation of the Company in 1940. A flying Display of HAL-produced aircraft was organised for the benefit of the employees and their family members at Bangalore.

PARTICIPATION IN AIR SHOWS

The Company participated in Farnborough Air Show 2008 and Berlin Air Show with a flying display of the Dhruv helicopters. The Sarang team (ALH formation) conducted 25 displays at six locations in the UK, which was widely appreciated. The Company also participated in Africa Aerospace & Defence - 2008 and Defence Services Asia - 2008. Participation in air shows provided visibility to various products of the Company and generated enquiries and discussion on several international contracts.

HAL participated in Aero India 2009, which was held from 9th February to 15th February 2009 at Bangalore. The highlights are as follows:-

- HAL showcased its design and manufacturing capabilities by displaying Dhruv Helicopter in the VIP configuration, Jaguar NAVWASS upgraded cockpit and a wide range of manufacturing components / assemblies



HAL at Aero India 2009, Bangalore

- The Dhruv (both utility & armed variants) took part in the flying display while the Dornier DO-228 was on static display
- Customer demonstration was conducted for the prospective customers of the ALH
- Meetings with leading aerospace industries for collaboration related to current and future projects were held
- Capabilities of associated Companies / Joint Ventures of HAL were showcased at the add-on stalls
- Discussions were held with a Namibian delegation for the supply of three Chetak helicopters to the Namibian Air Force and subsequently a contract was concluded in April 2009
- As a follow up to the initiative to promote Dhruv, the official delegation from Peru evinced keen interest in the helicopter for ambulances

PERFORMANCE AGAINST MOU

The performance for the year 2007-08 was rated as 'Excellent' in terms of the Memorandum of Understanding (MoU) signed with the Government of India. The rating for the year 2008-09 is under evaluation, and as per the initial assessment, the Company's performance is likely to be adjudged as 'Excellent'.

RESEARCH & DEVELOPMENT (R & D)

The 10 R&D centres co-located with the Production Divisions are striving to bring out new products, upgrade the existing ones and indigenise systems towards achieving self-reliance. An expenditure of Rs.674.78 crore was incurred on R&D during the year under review. The Company achieved considerable progress among the on-going projects as indicated below:-

LIGHT COMBAT AIRCRAFT (LCA)

The LCA development programme being managed by the Aeronautical Development Agency (ADA), and HAL, as a major partner, has made significant contributions in structural and system design integration, development and evaluation of series, the prototype and in design, and development of a large number of electrical, hydro-mechanical accessories and advanced avionics. While the production has been launched, flight trials have progressed satisfactorily as indicated below:-

- The flight evaluation phase achieved a distinction by crossing the 1000 flight mark during January 2009. It witnessed the completion of hot weather trials, cold weather high altitude trials and night flying assessment.



An LCA in flight

- Stores/armament were integrated and flight evaluation was carried out with drop tanks, bombs, missiles and laser designator pods. Firing trials for missile and bomb release trials were carried out.
- The Company is working on the development of a naval variant of the LCA. The structures for the prototype aircraft have been completed.

INTERMEDIATE JET TRAINER (IJT)

Continuing the developmental flight tests on the prototype aircraft, flight envelope parameters of max speed and altitude were achieved. The new engine from Russia, AL-55i, was installed on one of the prototypes. All required ground checks resolving interface issues with the aircraft were completed. The first flight with this new engine was successfully carried out in May 2009.

ADVANCED LIGHT HELICOPTER (ALH)

The Company continued to develop variants of the ALH with higher power engine (Shakti), Integrated Architecture Display System (IADS) with Digital Moving Map, Electronic Warfare Suite, Electro Optional Pod etc., to meet the requirements of the Indian defence services.

Development of ALH MK III (utility helicopter with Shakti engine) witnessed considerable progress with the engine being certified in France by Turbomeca. High altitude cold weather trials were completed successfully along with the required evaluation of the Shakti engine on the ALH.

The IADS on the ALH was certified for the utility version.

Active Vibration Control System (AVCS) was integrated into the helicopter to make it a more comfortable flying platform.

Development work for weaponisation of the ALH (MK IV) also progressed simultaneously. Firing trials of rocket and turret gun were completed in standalone mode.

LIGHT COMBAT HELICOPTER (LCH)

The LCH is being developed to meet the need of a combat helicopter for the IAF. The design and development program was launched in 2006. Structural assembly for the first prototype helicopter commenced in 2008. An evaluation of the full scale mock-up has been completed by the IAF.



A mock up of the Light Combat Helicopter (LCH)
LIGHT UTILITY HELICOPTER (LUH)

Indigenous development of a 3 ton Light Helicopter for use as Reconnaissance and Surveillance by HAL was launched in February 2009. The development timeframe is six years. The configuration freeze for the design is expected to be completed by August 2009.

ACCESSORIES AND AVIONICS

The R&D centres at Lucknow and Hyderabad undertook development of accessories and avionics and have completed the development of equipment like Distance Measuring Equipment (DME), VOR / ILS and Hydraulic Pump.

The development of five new systems was launched through in-house efforts with the participation of Joint Ventures. These are:

- IADS for LCH
- Multifunction Display (MFD) for Su-30MKI
- Automatic Flight Control System for LCH
- Actuators for LCA and LCH
- Open architecture mission computer for Jaguar upgrade

NEW PROJECTS

MULTI ROLE TRANSPORT AIRCRAFT (MTA)

The MTA (15-20 Tonne Capacity Military / Transport Aircraft) will be co-designed and co-produced by HAL and Russian partners. The project will be implemented by formation of a Joint Venture Company (JVC) with equal participation with the Russians. Subsequent to signing of an Inter Government Agreement (IGA) in November 2007, both the parties have mutually agreed on the work-share and finalised the Shareholders Agreement and other documentation towards the formation of a JVC.

Work on the design will commence on formation of the JVC, which is awaiting final approval from the governments of the Russian Federation and India.

FIFTH GENERATION FIGHTER AIRCRAFT (FGFA)

The Company concluded General Contract with Rosoboronexport, Russia in December 2008, to progress the work on the joint design and development of the FGFA.

The technical requirements for the aircraft have been discussed with the Russian side in association with the IAF. We hope that participation of HAL in R&D would commence on finalisation of the R&D Contract with the Russians.

JOINT VENTURES / STRATEGIC ALLIANCES

Nine JVCs have been established by your Company in various allied areas with a view to develop indigenous capability and capacity in the high-tech field of aviation.

Two JVCs viz., BAe HAL Software Ltd., and Indo Russian Aviation Ltd., were set up in 1993 and 1994 respectively. In spite of general slow down in the global software industry, BAe HAL has been performing satisfactorily and has declared dividends consistently. The financial performance (provisional prior to audit) for these two JVCs are given below:-

BAe HAL Software Limited

Rs. in Crore

• Sales & Other Income	38.49
• PBT	4.03
• Dividend (Proposed)	10%

Indo Russian Aviation Limited

Rs. in Crore

• Sales & Other Income	51.45
• PBT	15.38
• Dividend *(Proposed)	100%
* Subject to Audit	

The progress with respect to other JVCs is indicated below:-

SNECMA HAL Aerospace Private Limited

SNECMA HAL Aerospace Private Ltd. was set up in October 2005 as a 50:50 joint venture with SNECMA, (SAFRAN Group), France. The main objective was to create a Centre of Excellence in manufacture of engine parts, as an Export Oriented Unit. The JVC commenced manufacturing activities in October 2006.

During the calendar year 2008, the production process was streamlined and the volume of business enabled to achieve break-even figures. It has reported a turnover of Rs. 1,321 lakh and a profit of Rs. 101 lakh.

Samtel HAL Display Systems Limited

The JVC was incorporated on 25th January 2007 to develop and manufacture a new generation of Multi Functional Display (MFD) / Head Up Display (HUD) / Helmet Mounted Display (HMD) for the Indian aircraft and later, to diversify into civil and industrial sectors.

The JVC commenced its business activities on receipt of its first order in February 2008 for development of colour MFD in sizes 5" X 5" and 6" x 6" for the Su-30MKI aircraft.

Design and development of the MFDs are under progress and series production is expected to commence from September 2009.

HAL Edgewood Technologies Private Limited

HAL-Edgewood Technologies Private Limited, a joint venture between HAL, Edgewood Ventures LLC, USA and Edgewood Tech Pvt. Ltd, India, with equity participation in the ratio of 50:26:24 respectively, was established in April 2007 with the main objective to develop and manufacture high technology miniature electronic modules and avionic system for aerospace applications.

The JVC had established a development centre at Bangalore in November 2007. The first main project for design and development of OSAMC for the DARIN III upgradation was awarded by HAL to the JVC.

The JVC has successfully developed the OSAMC, which is under testing and certification. It has concluded a ToT agreement with 3D Plus France and the process has commenced. The JVC has also booked its first order for supply of M-5 3D modules for radio altimeter. The JVC is expected to start generating revenue from 2009-10 onwards.

HALBIT Avionics Private Limited

HALBIT Avionics Private Ltd., a joint venture between HAL, Elbit Systems Limited, Israel and Merlinhawk Associates Pvt. Ltd., India, was established in May 2007 with the main objective to design, develop and manufacture simulators and avionic products. The JVC has set up its design house at Bangalore. It commenced commercial operations in October 2007 after securing the first order from HAL for Mirage Mission Simulators (MMS). The JVC has achieved break-even in the year 2008-09 and has reported a turnover of Rs.1,076 lakh and profit of Rs. 138 lakh.

Infotech HAL Limited

This JVC was incorporated on 23rd August 2007 by HAL and Infotech Enterprises Limited as equal partners. The main objective is to create a state-of-the-art design centre for aero-engines and to take up design and engineering services in the field of aero-engines and technical publications. It will also take up engineering design under offset programmes.

The JVC has set up its development centre at Bangalore. Due to slow down in the software industry, the JVC has not achieved the desired performance level. The Directors on the Board representing the promoters are reviewing its progress closely to enhance its performance in 2009-10.

HATSOFF Helicopter Training Private Limited

HATSOFF Helicopter Training Private Ltd; a joint venture between HAL and CAE, Canada, with equal holding, was established in January 2008. The main objective of the JVC is to provide Military and Civil Helicopter training services through the operation of flight training devices viz. Full Mission Simulators with the following cockpits:

- Bell 412 EP version cockpit
- Dhruv glass cockpit Army-IAF version (including WSI)
- Dhruv civil version cockpit
- Dhruv glass cockpit Navy version (including WSI)
- Dauphin AS 365-N3-version cockpit

Work on setting up of a Simulators Complex at Bangalore has commenced and the facility will be operational by 2010.

TATA HAL Technologies Limited

TATA HAL Technologies Limited (earlier INCAT – HAL Aero Structures Limited), a joint venture between HAL and TATA Technologies with equal holdings, was established in May 2008 with the main objective to provide engineering design services in aero structures and captive offshore and onsite work load from Original Equipment Manufacturers (OEMs) including offset programme.

The JVC has set up its design house at Bangalore and commenced operations with effect from September 2008 on receipt of the first order from Tata Technologies Ltd. The JVC is yet to achieve the desired level of operations and has drawn up a plan to achieve break-even in the year 2009-10.

QUALITY INITIATIVES

All the Divisions of HAL have obtained the ISO-9001-2000 QMS



Shri Ashok Nayak, Chairman, Shri N.C. Agarwal, Director (D&D), Wg. Cdr. Baldev Singh, CTP along with Air Chief Marshal P.V. Naik, PVSM, VSM, ADC, Chief of Air Staff, during his visit to Helicopter Division.

Certification. To meet the International Aviation Quality Management System (QMS) Standards and for the future growth of exports, eight Divisions have obtained the AS 9100 Aerospace Quality Management System Certification while four Divisions have obtained NADCAP certification (USA) for special processes such as NDT, Heat Treatment, and Welding.

The Divisions have also maintained the currency of QMS approvals from international aerospace companies like M/s. Boeing, M/s. Airbus, M/s. Rolls Royce, M/s. Snecma, M/s. BAe Systems and M/s. Israeli Aircraft Industries.

The Divisions have implemented requirements of ISO 14001 – 2004 EMS standard with respect to Environmental Management System and obtained the certification.

Your Company continues to maintain the enthusiasm of the Quality Circles (QC) to achieve increased employee participation in problem solving efforts, besides promoting self-development and synergy at the workplace.

PERSONNEL & HR DEVELOPMENT

MANPOWER

The strength of the employees as on 31st March 2009 at 34,822 has marginally gone up from 34,323 as on 31st March 2008, resulting in a net increase of 499 staff. Inductions were planned taking into consideration the workload and the age profile of the existing employees.

The department of 'Personnel & Administration' has been re-named as 'Human Resource (HR)'. This change was driven by Key Competency and Key Performance indicators based on the Competency Development Frame Work.

The Company nominated 219 Officers (Gr. VI & above) to the Assessment & Development Centres in 2008-09 with a view to evolve individual development plans. Based on the Assessment Centre Report, specific Individual Developmental Plans were drawn up for the Officers. Accordingly, 616 Officers have been exposed to Competency Development Programmes at IIM – Ahmedabad / Bangalore / Calcutta to bridge competency gaps identified in the Assessment & Development Centres. At middle and senior management levels, training is directed to bring in business and competitive mind-sets.

As a part of its overall Leadership Assessment & Development System, your Company has introduced a 360 degree feedback system for the senior executives. The System comprises seeking feedback from a cross section of sources, analysing it, and providing developmental inputs with respect to individual officers.

REPRESENTATION OF SC/ST

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

REPRESENTATION OF SCs & STs IN THE TOTAL STRENGTH OF THE COMPANY AS ON 1ST JANUARY 2008 AND 1ST JANUARY 2009

Category (Grade / Scale of Pay)	Total strength as on		Number of SCs as on		Number of STs as on	
	1.1.08	1.1.09	1.1.08	1.1.09	1.1.08	1.1.09
A. (Grade-II and above)	7,692	8,181	1,360	1,437	454	473
B. (Grade-I)	1,867	1,940	292	312	105	99
C. (Scales -3 to 10)	24,074	24,848	4,001	4,385	1,352	1,529
D. (Scales -1 & 2)						
i) Excluding Safai Karamcharis	61	65	17	17	6	6
ii) Safai Karamcharis	9	6	3	3	1	1
TOTAL	33,703	35,040	5,673	6,154	1,918	2,108

RECRUITMENT MADE DURING THE PERIOD 1ST JANUARY 2008 TO 31ST DECEMBER 2008 AND THE SCs, STs AMONGST THEM

Category (Grade / Scale of pay)	Total number of posts filled	Number of Reservations made for		Number of posts filled by appointment of	
		SCs	STs	SCs	STs
A. (Grade-II and above)	1,266	181	77	170	76
B. (Grade-I)	101	15	7	19	8
C. (Scales - 3 to 10)	2,177	330	205	340	195
D. (Scales 1 & 2)					
i) Excluding Safai Karamcharis	2	-	-	-	-
ii) Safai Karamcharis	-	-	-	-	-
TOTAL	3,546	526	289	529	279

PROMOTIONS MADE DURING THE PERIOD 1ST JANUARY 2008 TO 31ST DECEMBER 2008 & SCs, STs AMONGST THEM

Category (Grade / Scale of pay)	Total number of posts filled	Number of Reservations made for		Number of posts filled by appointment of	
		SCs	STs	SCs	STs
A. (Grade-II and above)	458	--	1	71	15
B. (Grade-I)	192	25	6	25	6
C. (Scales - 3 to 10)	--	--	--	--	--
D. Wage Group-A (Scales 1 & 2)					
i) Excluding Safai Karamcharis	--	-	-	-	-
ii) Safai Karamcharis	-	-	-	-	-
TOTAL	650	25	7	96	21

LEAN MANAGEMENT

As the Lean journey of HAL completes its fifth year, all Divisions have successfully implemented various aspects of Lean Management and have derived the benefits such as better work place arrangement (sometimes into Manufacturing Cells), reduced machine down-times, reduced lead / cycle times, etc. It has paved the way for the next level of activities in Lean Management such as the reduction in batch sizes, set-up times, work-in-progress, and other inventories and overheads in general.

The Company is passing through a gradual learning process. The implementation of Lean Management has brought a positive effect on the work culture. This promises tangible benefits from the enormous cultural changes, all of which are evolving gradually.

INDUSTRIAL RELATIONS

The Industrial Relations (IR) scenario in the Company has been peaceful, healthy and cordial. It has been the endeavour of your Company to establish and maintain meaningful and effective communication between the management and the employees in order to facilitate maintenance of industrial harmony.

The introduction of a bi-weekly newsletter, (MSM) has also provided an opportunity for the employees to freely communicate their views and suggestions across the Divisions and Company and also to hear of the latest developments and news within the Company. The overall industrial relations scenario remained peaceful governed by mutual harmony and trust.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company believes in fostering and strengthening corporate-civil society partnership. The Company actively seeks to network and forge partnership with various government organisations, village panchayats etc., in and around its major Divisions, to help improve the quality of life of the local communities.

The main CSR activities include adoption of villages and developing them by providing resources like infrastructure, health and education.

RAJBHASHA IMPLEMENTATION

Your Company continued its efforts for the progressive use of Hindi in official work and comply with the Official Language Act 1963, Official Language Rules 1973 and orders issued by Government of India from time to time. Official Language Implementation Committees that function at HAL units regularly review the progress of implementation of the Official Language Policies and the annual programme.

During the year under review, programmes such as 'Hindi Fortnight' celebration, competitions, and workshops were organised across the Divisions of the Company to popularise the use of Hindi.

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

The Government has exempted your Company from compliance with the provisions to disclose certain particulars viz. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo in the Report of Board of Directors, as per clause (e) of Sub-section (1) of Section 217 of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

COMPUTERISATION & ENTERPRISE RESOURCE PLANNING (ERP)

In its endeavour to effectively use Information Technology as a business enabler and to ensure that ERP implementation meets the business objectives of HAL, web-based MIS has been developed at each site to provide factual and timely information to the senior executives to help in the decision-making process and to take timely corrective actions.

Based on the experience gained from the implementation at Pilot and Roll-out Phase-I sites, the Company has taken up the upgradation of infrastructure to support the ERP implementation. The new hardware / software will be implemented during the year 2009-10.

The implementation has been completed at three pilot sites (Aircraft

Division, Helicopter Division, and Corporate Office) as well as at six Divisions (Engine Division, LCA-LSP, Bangalore, Nasik Division, Koraput Division, Hyderabad Division, and Foundry & Forge Division) under the Roll-out programme. The processes have matured at all these sites and business benefits are becoming visible.

Under the Roll-out programme, preliminary activities at four more sites i.e., Lucknow, Korwa, Kanpur, and the Overhaul Divisions have been completed and the Go-Live status is planned during the year 2009-10. Preparatory work at a further six Divisions have been completed and HAL plans to achieve the Go-Live status in these Divisions also during the year 2009-10.

With a view to promote commitment and ownership, ten new Profit centres have been identified and ERP implementation will be extended to these as well. A majority of these new Profit centres will achieve the Go-Live status during the year 2009-10.

AWARDS & RECOGNITIONS

The Transport Aircraft Division, Kanpur received the Raksha Mantri's Award in November 2008 for Excellence (2006-07) as 'Best Performing Division' and "Best Design Effort" in the categories of 'Group/ Individual Awards'.

The Divisions have been awarded by their respective 'Town Official Language Implementation Committee (TOLICs)' for best implementation of Official Language (OL) Policy.



Shri Jagadish Raj, Executive Director, TAD Kanpur receiving the Raksha Mantri Award for Excellence 2006-07 for Best Performing Division of Defence PSUs from Hon'ble Raksha Mantri Shri A.K. Antony. Shri Pradeep Kumar, Secretary (Defence Production), looks on.

VIGILANCE

The vigilance activities included both preventive and punitive measures with the aim to plug loopholes in the system and improve the environment for more transparency.

During the year, your Company's Vigilance groups conducted a number of surprise checks, inspections and system studies and the feedback was submitted to the concerned authorities.

Chief Vigilance Commissioner(CVC) guidelines on improving transparency by leveraging technology has been implemented, whereby tender documents are being hosted in downloadable form and information regarding enquiries, tenders, purchase orders, contracts released, and payment to vendors are being hosted on the website. The facility for online submission of applications for recruitment and results are also being hosted on the HAL website.

The Company has adopted the 'Integrity Pact' to be signed for all contracts of Rs.20 crore and above.

CORPORATE GOVERNANCE

The key elements of Governance are trust and integrity, openness, performance orientation, responsibility and accountability, mutual respect, and commitment to the organization. Your Company continued to upgrade and adopt good Corporate Governance practices to ensure transparency in all its operations, comply with the statutes, maintain high ethical standards and make appropriate disclosures with a view to take care of the interest of all the stake-holders.

The Company has implemented the guidelines enunciated by the Department of Public Enterprises, Government of India, on Corporate Governance. The Audit Committee headed by an Independent Director met six times during the year under review.

As a good governance measure, the Company had appointed an independent Practising Company Secretary to conduct Secretarial Audit.

The audit has been introduced voluntarily to report to the Management as well as Shareholders of the status of the Compliance with various applicable Corporate Laws. The Secretarial Compliance Certificate is attached to this Report.

BOARD OF DIRECTORS

The composition of the Board of Directors is in line with the guidelines issued on Corporate Governance by the Government of India. There are six Independent Directors on the Board and two Official Directors besides eight Whole-time Directors. Of the six Independent Directors, two completed their tenure on 22.02.2009. The competent authority in the Government is in the process of appointing two Directors against these vacancies.

Ten Board Meetings were held during the financial year 2008-09. The 45th Annual General Meeting was held on 28th August 2008. The number of Board Meetings attended by the Directors during 2008-09 is indicated here below:-

Name of the Director	No. of Meetings	
	Held	Attended
Shri Ashok K. Baweja, Chairman (Superannuated w.e.f. 31.03.2009)	10	10
Shri Ashok Nayak (Appointed as Chairman w.e.f. 01.04.2009)	10	10
Smt. Anuradha Mitra	10	10
Shri S. N. Misra	10	9
Shri G. P. Gupta (Completed tenure on 22.02.2009)	9	7
Shri Ratan Naval Tata (Completed tenure on 22.02.2009)	9	1
Shri M. K. Moitra	10	10
Vice Admiral (Retd.) Raman Puri	10	10
Shri S. Ravi	10	8
Shri R. N. Bhattacharyya	10	10
Shri Sanjeev Sahi	10	10
Shri D. Shivamurti	10	10
Shri M. Fakruddin	10	10
Shri M. S. Nadgir (Superannuated on. 30.04.2008)	1	0
Shri N. C. Agarwal (Appointed w.e.f. 01.05.2008)	9	9
Shri K. P. Puri (Superannuated w.e.f. 30.9.2008)	5	3
Shri P. V. Deshmukh (Appointed w.e.f. 01.10.2008)	5	5
Shri K. Umamaheswar (Superannuated w.e.f. 31.12.2008)	7	7
Shri S. K. Jha (Appointed w.e.f. 01.01.2009)	3	3

Sub-Committees of the Board Of Directors:

The Board has established the following Sub-Committees:-

- Audit Committee
- Management Committee
- Procurement Sub-Committee
- Design Policy Committee
- HR Committee
- Technology Development Committee

CHANGES IN THE BOARD:

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

Appointment

- Shri N. C. Agarwal, was appointed as Director (Design & Development) with effect from 1st May 2008.
- Shri P. V. Deshmukh, was appointed as Managing Director (MiG Complex) with effect from 1st October 2008.
- Shri S. K. Jha, was appointed as Managing Director (Accessories Complex) with effect from 1st January 2009.
- Shri Ashok Nayak, Managing Director (Bangalore Complex) was appointed as Chairman with effect from 1st April 2009

Cessation

- Shri M. S. Nadgir, ceased to be a Director (Design & Development due to his superannuation with effect from 30th April 2008.
- Shri K. P. Puri, ceased to be Managing Director (MiG Complex) due to his superannuation with effect from 30th September 2008.
- Shri K. Umamaheswar, ceased to be a Managing Director (Accessories Complex) due to his superannuation with effect from 31st December 2008.
- Shri G. P. Gupta, ceased to be a Director with effect from 22nd February 2009.
- Shri Ratan Naval Tata, ceased to be a Director with effect from 22nd February 2009.
- Shri Ashok K. Baweja, ceased to be Chairman due to his superannuation with effect from 31st March 2009.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act 1956, your Directors confirmed that: -

- In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures.
- The Directors have selected such Accounting Policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit or Loss of the Company for the year under review.

- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Directors have prepared the Annual Accounts for the financial year ended 31st March 2009 on a 'going concern' basis.

AUDITORS

M/s. Shanthamurthy & Company, Chartered Accountants were appointed as Statutory Auditors for auditing the Accounts of the Company for the year ended 31st March 2009 and 20 firms of Chartered Accountants were appointed as Branch Auditors.

REVIEW OF ACCOUNTS BY THE COMPTROLLER & AUDITOR GENERAL OF INDIA

The review of Accounts by the Comptroller and Auditor General of India (C&AG) for the year ended 31st March 2009 is enclosed to this report.

PARTICULARS OF EMPLOYEES

As far as the information required under Section 217 (2A) of the Companies Act, 1956 read with Companies (particulars of Employees) Rules is concerned; none of the employees was in receipt of remuneration of more than Rs. 2 lakh per month or Rs. 24 lakh per year during the year.

ACKNOWLEDGEMENT

Your Directors acknowledge with deep sense of appreciation the support and co-operation received from the Government of India, Ministry of Defence, Department of Defence Production, Defence Acquisition and Defence Finance. The Board also gratefully acknowledges the patronage extended to it by the Indian Army, Navy, Air Force and Coast Guard.

The Company would also like to place on record its appreciation for the co-operation extended, and services provided by the Statutory Auditors, Auditors of the Comptroller and Auditor General of India, Bankers, Collaborators, JV Partners and Suppliers.

We wish to place on record our appreciation for the untiring efforts and contributions made by the employees at all levels to ensure that the Company continues to grow and excel.

For and on behalf of
the Board of Directors



(ASHOK NAYAK)
CHAIRMAN

Place : Bangalore
Date : 29th July, 2009

SECRETARIAL COMPLIANCE CERTIFICATE

Registration No.:08/001622

Nominal Capital: Rs. 1,60,00,00,000/-

To

The Members

Hindustan Aeronautics Limited

No. 15/1, Cubbon Road,

Bangalore 560 001

I have examined the registers, records, books and papers of Hindustan Aeronautics Limited (the Company) as required to be maintained under the Companies Act, 1956 (The Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2009 (financial year). In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies and Regional Director under the Act and the rules made thereunder.
3. Being a Wholly Owned Government Public Limited Company, it has a paid up capital of Rs.120,50,00,000/- with minimum 7 members during the said financial year.
4. The Board of Directors duly met 10 times during the year respectively on 11th April, 2008, 13th June, 2008, 4th July, 2008, 14th August, 2008, 27th September, 2008, 5th November, 2008, 28th November, 2008, 2nd January, 2009, 12th February, 2009 and 13th March, 2009 for which proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. Being a Wholly Owned Government Public Limited Company, it was not required to close its Register of Members during the financial year and as such was not required to comply with the provisions of Section 154 of the Act.
6. The Annual General Meeting for the financial year ended on 31st March, 2008 was held on 28th August, 2008 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.

7. The Company was not required to hold any Extra Ordinary General Meeting during the year under review.

8. There were no transactions requiring compliance under the provisions of section 295 of the Act.

9. The Company has duly complied/in the process of complying with the provisions of section 297 of the Act in respect of contracts specified in that section.

10. The Company has made necessary entries in the register maintained under section 301 of the Act.

11. As there were no instances falling within the purview of Section 314 of the Act, the Company was not required to obtain approval of the Board of Directors, Members or Central Government.

12. The Company has not issued any duplicate share certificates during the financial year.

13. The Company:

- i) has delivered all the certificates on lodgment thereof for transfer in accordance with the provisions of the Act;
- ii) has paid interim and final dividend by cheque to the Government within 30 days from the date of declaration thereof, the shareholder being the Central Government;
- iii) has duly complied with the provisions of Section 217 of the Act;
- iv) being a Government Company, the provisions relating to transfer of unpaid/unclaimed dividend amount to unpaid dividend account of the Company and transfer to Investor Education and Protection Fund are not applicable.

14. The Board of Directors of the Company is duly constituted in accordance with the Articles of Association of the Company and the appointment of directors has been duly made and the provisions of the Act have been complied with.

15. The Company being a Government Company, the provisions of Section 269 read with Schedule XIII of the Act with regard to appointment of Managing Director/Whole Time Director/Manager are not applicable.

16. The Company being a Government Company, the provisions of Section 294 relating to appointment of sole selling agents are not applicable.

17. The Company has obtained approvals from Regional Director for transactions with related parties covered under Section 297 of the Act during the financial year as detailed below and is in the process of obtaining the approval of the Regional Director in respect of another transaction.

Sl. No.	Name of Related Parties	Nature of Transaction	Date of Board Meeting where the matter was considered	Date of Approval
1	HALBIT Avoinics Private Limited	Purchase of goods and services	28.11.2008	05.01.2009
2	HAL Edgewood Technologies Private Limited	Purchase of goods and services	27.09.2008	19.12.2008

18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.

19. The Company has not issued any shares/debentures/other securities during the financial year and as such was not required to comply with the provisions of the Act in this regard.

20. The Company has not bought back any shares during the financial year and was not required to comply with the provisions of the Act in this regard.

21. There was no redemption of preference shares or debentures during the financial year.

22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights to shares and bonus shares pending registration of transfer of shares.

23. The Company has not invited/accepted any deposits from the public falling within the purview of Section 58A during the financial year.

24. The Company has not borrowed any monies from directors, members, public, financial institutions, banks and others during the financial year ending 31st March, 2009, and was not required to comply with the provisions of Section 293(1)(d) of the Act.

25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose. However investments have been made in JVCs after complying with the provisions of the Act.

26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.

27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.

28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.

29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.

30. The Company has not altered its Articles of Association during the financial year.

31. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.

32. The Company has not received any money as security from its employees during the year.

33. The Company has deposited both employees' and employer's contribution to Provident Fund with prescribed authorities pursuant to Section 418 of the Act

Signature:

Name : K JAYACHANDRAN
C.P.No. : 4031

Place : Bangalore
Date : 30th July, 2009

NOTE: This Compliance Certificate is issued at the specific request of the Company and not as a Mandatory Requirement in terms of the "Companies (Compliance Certificate) Rules, 2001", since the same is not applicable to the Company. This Certificate is at the behest of the Company as a part of good Corporate Governance.

ANNEXURE A

Statutory Registers as maintained by the Company:

1. Register of Members u/s 150
2. Register of Directors and Companies and Firms in which Directors are interested u/s 303
3. Register of Directors' Share holdings u/s 307
4. Register of Charges u/s 143(1)
5. Register of Contracts u/s 301
6. Register of Investments u/s 372A
7. Register of Board and General Meetings u/s 193

ANNEXURE B

Forms and Returns as filed by the Company with Registrar of Companies and Regional Director during the financial year ending 31st March, 2009:

1. Annual Report u/s 220 i.e. Form 23AC and Form 23ACA for the year ended 31.03.2008 filed on 24.09.2008.
2. Annual Return u/s 159 for having held the Annual General Meeting on 28.08.2008 filed on 20.09.2008.
3. Form 32 u/s 303(2) for cessation of office of Mr. Ashok K. Baweja as Chairman w.e.f 31.03.2009 and appointment of Mr. Ashok Nayak as Chairman w.e.f 01.04.2009 filed on 16.04.2009.
4. Form 32 u/s 303(2) for cessation of office of Mr. K. Umamaheswar as Managing Director (Accessories Complex) w.e.f 31.12.2008 and appointment of Mr. S. K. Jha as Managing Director (Accessories Complex) w.e.f 01.01.2009 filed on 16.01.2009.
5. Form 32 u/s 303(2) for cessation of office of Mr. K.P. Puri as Managing Director (MiG Complex) w.e.f 30.09.2008 filed on 13.11.2008.
6. Form 32 u/s 303(2) for appointment of Mr. P.V. Deshmukh as Managing Director (MiG Complex) w.e.f 01.10.2008 filed on 13.11.2008.
7. Form 32 u/s 303(2) for cessation of office of Mr. M.S. Nadgir as Whole Time Director w.e.f 30.04.2008 and appointment of Mr. N.C. Agarwal as Whole Time Director w.e.f 01.05.2008 filed on 06.05.2008.
8. Form 32 u/s 303(2) for cessation of office of Mr. Ratan Naval Tata and Mr. G. P. Gupta as Directors w.e.f 22.02.2009 filed on 26.02.2009.
9. Form 24A u/s 297 for getting approval for related party transactions with M/s. HALBIT Avionics Private Limited filed on 11.12.2008.
10. Form 24A u/s 297 for getting approval for related party transactions with M/s. HAL Edgewood Technologies Private Limited filed on 30.10.2008.

1. ACCOUNTING METHOD

The financial accounts are prepared under the accrual basis and at historical cost unless otherwise stated.

2. FIXED ASSETS

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

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

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

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

- 2.2 Fixed Assets acquired with financial assistance / subsidy from outside agencies either wholly or partly are capitalised at net cost to the Company.
- 2.3 Where the actual cost of Fixed / Current Assets are not readily ascertainable, they are accounted initially on provisional basis but adjusted subsequently to cost when ascertained.
- 2.4 Fixed Assets declared surplus / discarded are valued at lower of net book value and net realisable value, where the amounts involved are material and depreciation provided till the end of the month preceding the month in which they are disposed off. The entire excess of sale proceeds over the net book value of Fixed Assets is credited to the Profit and Loss Account with effect from 1st April 1998.
- 2.5 Expenditure on re-conditioning, re-siting and re-layout of machinery and equipment which do not increase the future benefits from the existing assets beyond the previously assessed standard of performance based on the technical assessment, is not capitalised.
- 2.6 Cost of the initial pack of Spares procured with Plant, Machinery and Equipment is capitalised and depreciated in the same manner as Plant, Machinery and Equipment.
- 2.7 Indirect expenses on Administration and Supervision in respect of expansion facilities / new projects at the existing operating Divisions are charged to Revenue.

3. IMPAIRMENT OF ASSETS

As at the end of each Balance Sheet date, the carrying amount of assets is assessed as to whether there is any indication of

impairment. If the estimated recoverable amount is found less than its carrying amount, the impairment loss is recognized and assets are written down to their recoverable amount.

4. TOOLS AND EQUIPMENT

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

5. INTANGIBLE ASSETS

5.1 Research and Development Expenditure

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

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

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

- 5.3 The cost of software internally generated / acquired for internal use which is not an integral part of the related hardware, is recognised as an intangible asset in the Books of Accounts and is amortised over a period not exceeding three years, on straight line method. Amortisation commences when the asset is available for use.

6. DEFERRED DEBTS

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

7. SUNDRY DEBTORS

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

8. INVENTORY

8.1 Inventories are valued at lower of cost and net realisable value. The cost of raw material, components and stores are assigned by using the actual weighted average cost formula and those in transit at cost to date. In the case of stock-in-trade and work-in-progress, cost includes material, labour and related production overheads.

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

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

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

9. DISPOSAL OF SCRAP

Saleable / Disposable scrap is valued at estimated realisable value.

10. SALES

10.1 Manufacturing, Repair and Overhaul / Spares Sale

Sales are set up on completion of contracted work on the basis of signalling out / acceptance by the customer's inspection of the product. Where the sale prices are not established, sales are set up on provisional basis at prices likely to be realised. The differential sales arising on finalisation of prices are accounted as sales in the year when the sale prices are finalised / firmed up.

10.2 Development Sales

Development sales are set up on incurrance of expenditure identifiable to work orders and milestones achieved as per

contract. Where milestones have not been defined sales will be as per actual incurrance of expenditure.

11. EMPLOYEE BENEFIT

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

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

12. DEPRECIATION

Depreciation on Fixed Assets is charged on straight line method. The rates of depreciation on assets acquired on or prior to 01.04.1989 are on the basis of estimated life. The rates of depreciation are as prescribed in Sch.XIV to the Companies Act, 1956 for assets capitalised after 01.04.1989 (except for assets separately listed in Notes to Balance Sheet). However, each of the Fixed Assets is fully depreciated to rupee one value. Pro-rata depreciation is charged to the assets from the first day of the month of addition.

Fixed Assets costing Rs.10,000/- and below are depreciated fully in the year of purchase.

13. FOREIGN CURRENCY TRANSACTION

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

14. CLAIMS BY / AGAINST THE COMPANY

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

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

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



(D. SHIVAMURTI)

Director Finance



(ASHOK NAYAK)

Chairman



(ASHOK TANDON)

Company Secretary

Place : Bangalore

Date: 27th July, 2009



BALANCE SHEET

As at 31st March 2009


(Rs. in Lakhs)

Particulars	Schedule	31 st March '09		31 st March '08
SOURCES OF FUNDS				
Shareholders' Funds				
Capital	1	12050.00		12050.00
Reserves and Surplus	2	<u>649596.58</u>		<u>516322.34</u>
			661646.58	528372.34
Loan Funds	3			
Secured Loans				
Unsecured Loans				
Deferred Liabilities (Net)	4		198.53	202.52
Deferred Tax Liabilities (Net)	4a		152526.57	137904.62
			<u>814371.68</u>	<u>666479.48</u>
APPLICATION OF FUNDS				
Fixed Assets				
Gross block	5	263809.20		225496.85
Less : Depreciation	6	<u>131052.81</u>		<u>117490.00</u>
Net Block		132756.39		108006.85
Capital Work-in-progress	7	<u>21785.93</u>		<u>24269.85</u>
			154542.32	132276.70
Special Tools and Equipments	8		301214.53	295410.66
Investments	9		4402.98	1920.26
Current Assets, Loans & Advances				
Inventories	10	1043118.62		861463.82
Sundry Debtors	11	184825.71		148610.50
Cash and Bank Balances	12	1974455.79		1964631.86
Loans and Advances	13	<u>585614.21</u>		<u>421341.58</u>
			3788014.33	3396047.76
Less: Current liabilities and Provisions				
Liabilities	14	3504673.57		3237223.16
Provisions	14	<u>127199.52</u>		<u>117671.82</u>
			3631873.09	3354894.98
Net Current Assets			156141.24	41152.78
Miscellaneous Expenditure (To the extent not written-off/adjusted)				
Gross Carrying Amount	15	247821.34		228528.33
Less: Cumulative Amortisation and Impairment Loss		<u>49750.73</u>		<u>32809.25</u>
Net Carrying Amount			<u>198070.61</u>	<u>195719.08</u>
			<u>814371.68</u>	<u>666479.48</u>
Notes on Accounts	24			

Schedule '1' to '24' and Accounting Policies attached form part of the Accounts.

Subject to our report of even date
for SHANTHAMURTHY & CO
Chartered Accountants


(HARSHAD A.DOSHI)
Partner


(D.SHIVAMURTI)
Director Finance


(ASHOK NAYAK)
Chairman


(ASHOK TANDON)
Company Secretary

Place : Bangalore
Date : 27th July 2009

PROFIT & LOSS ACCOUNT



For the year ended 31st March 2009


(Rs. in Lakhs)

Particulars	Schedule	31 st March '09		31 st March '08
INCOME				
Gross Sales	16	1037338.09		862533.06
Less Excise Duty		<u>268.44</u>		<u>221.42</u>
Net Sales		1037069.65		862311.64
Changes in WIP/SIT/Scrap	23a/b	143861.41		16820.49
Other Income	17	<u>219932.98</u>		<u>171484.50</u>
			1400864.04	1050616.63
EXPENDITURE				
Consumption of Raw Material, Components, etc.	18	763594.57		468443.05
Amortisation & Other Charges	19	79774.16		66205.69
Salaries and Wages	20	254277.60		180268.70
Other Expenses	21	77617.15		88799.69
Interest	22	29.87		1323.96
Depreciation	6	14255.43		11795.00
Provisions	22A	<u>47829.66</u>		<u>53074.88</u>
			1237378.44	869910.96
Deduct : Expenditure relating to				
Capital & Other Accounts	23		<u>70000.80</u>	<u>35717.25</u>
Net Expenditure			1167377.64	834193.71
Profit for the Year			233486.40	216422.92
Less:				
Provision For Taxation (Net)			43990.00	26274.01
Provision For Fringe Benefit Tax			888.29	750.00
Provision For Deferred Taxation (Net)			14621.95	26210.94
Profit After Tax			173986.16	163187.97
Profit Available For Appropriations			<u>173986.16</u>	<u>163187.97</u>
APPROPRIATIONS				
Interim Dividend		29995.00		28794.68
Proposed Final Dividend		4803.00		3905.32
Tax on Dividend (Interim & Final)		<u>5913.92</u>	40711.92	5557.37
General Reserve			<u>133274.24</u>	<u>124930.60</u>
Total of Appropriations			<u>173986.16</u>	<u>163187.97</u>
Basic Earnings Per Equity Share (in Rs.)			144.39	135.43
Notes on Accounts	24			

Schedule '1' to '24' and Accounting Policies attached form part of the Accounts.

Subject to our report of even date
for SHANTHAMURTHY & CO
Chartered Accountants


(HARSHAD A. DOSHI)
Partner


(D. SHIVAMURTI)
Director Finance


(ASHOK NAYAK)
Chairman


(ASHOK TANDON)
Company Secretary

Place : Bangalore
Date : 27th July 2009

Forming part of the Accounts as at 31st March 2009

(Rs. in Lakhs)

Particulars	31 st March '09		31 st March '08
1. CAPITAL			
Authorised			
16,00,00,000 Equity Shares of Rs.10 each		<u>16000.00</u>	<u>16000.00</u>
Issued, Subscribed and Paid-up			
12,05,00,000 Equity Shares of Rs.10 each fully paidup		<u>12050.00</u>	<u>12050.00</u>
(Of the above shares, 24,00,000 shares of Rs.10 each have been allotted as fully paid-up without payment being received in cash)			
2. RESERVES AND SURPLUS			
Capital Reserve			
As per last Balance Sheet			334.86
Less: Transfer to General Reserve			<u>-334.86</u>
General Reserve			
As per last Balance Sheet	516322.34		391056.88
Add: Transfer from Capital Reserve	-		334.86
Add: Transfer from Profit and Loss Account	<u>133274.24</u>	<u>649596.58</u>	<u>124930.60</u>
		<u>649596.58</u>	<u>516322.34</u>
3. LOANS			
Secured			
Unsecured			
Consortium Loan from State Bank of India, Punjab National Bank, Indian Bank, State Bank of Hyderabad, State Bank of Mysore, State Bank of Patiala, State Bank of Bikaner & Jaipur, State Bank of Travancore, Export Import Bank of India, Bank of Baroda, Indian Overseas Bank, Union Bank of India, and Syndicate Bank secured by hypothecation of Inventories and all receivables.			
4. DEFERRED LIABILITIES (Net)			
Towards			
10/15 years		401.26	659.90
45 Years		<u>434.07</u>	<u>458.10</u>
		<u>835.33</u>	<u>1118.00</u>
LESS: DEFERRED DEBTS			
Considered good			
10/15 years		175.92	429.23
45 years		<u>460.88</u>	<u>486.25</u>
		<u>636.80</u>	<u>915.48</u>
		<u>198.53</u>	<u>202.52</u>
4.A) DEFERRED TAX LIABILITY (Net)			
As per last Balance Sheet		137904.62	111693.68
Add: Current Year Provision		<u>14621.95</u>	<u>26210.94</u>
		<u>152526.57</u>	<u>137904.62</u>

Forming part of the Accounts as at 31st March 2009

(Rs. in Lakhs)

5. FIXED ASSETS¹

Description	Cost as at 01-04-08	Reclafn./ Adjustment	Additions	Deduction/ Sales	Transfer to(-) from(-) Div.	Cost as at 31-03-09
Land and Development	1002.50	-0.02	708.00	24.50	-	1685.98
Buildings	47431.33	0.10	6048.85	0.18	-70.94	53409.16
Plant, Machinery and Equipment	152593.34	-212.29	30174.08	533.06	78.35	182100.42
Roads and Drains	4623.87	0.03	161.03	-	-0.01	4784.92
Water Supply	2049.27	-	135.57	3.37	-	2181.47
Rail Road Siding	71.07	-	-	-	-	71.07
Runways	3981.39	-0.01	532.77	-	-	4514.15
Equipment and Furniture	6746.16	211.31	997.99	136.61	-7.40	7811.45
Aircraft / Helicopters	2645.94	-0.01	-	-	-	2645.93
Transport Vehicles	4351.98	0.88	351.72	99.94	0.01	4604.65
	225496.85	0.00	39110.01	797.66	0.00	263809.20
Previous Year	208089.31	0.00	17873.78	466.24	0.00	225496.85

6. DEPRECIATION & NET BLOCK ²

Description	Provision as at 01-04-08	Reclafn. Adjustment	Addition Curr.t.Yr.	Prev.Yr.	Transfer to(-) from(-) Div.	Deduction / Sales	Provision as at 31-03-09	Net Block as at 31-03-09	Net Block as at 31-03-08
Land and Development *	-	-	7.87	-	-	-	7.87	1678.11	1002.50
Buildings	15119.17	0.17	1385.00	4.53	-21.90	0.18	16486.79	36922.37	32312.17
Plant, Machinery and Equipment	89196.06	-102.64	11375.44	11.17	23.24	510.21	99993.06	82107.36	63397.28
Roads and Drains	1124.50	-	73.57	-0.05	-	-	1198.02	3586.90	3499.37
Water Supply	1450.42	-	71.30	0.65	-	0.58	1521.79	659.68	598.85
Rail Road Siding	71.06	-	-	-	-	-	71.06	0.01	0.01
Runways	2880.45	-	262.34	-	-	-	3142.79	1371.36	1100.94
Equipment and Furniture	4389.20	101.77	562.78	17.33	-1.36	103.04	4966.68	2844.78	2356.96
Aircraft / Helicopters	470.48	-	148.17	-	-	-	618.65	2027.28	2175.46
Transport Vehicles	2788.66	0.70	332.35	2.98	0.01	78.60	3046.10	1558.55	1563.31
	117490.00	0.00	14218.82	36.61	0.00	692.61	131052.81	132756.39	108006.85
Previous Year	105991.03	0.00	11789.96	5.04	0.00	296.05	117490.00	108006.85	102098.28

31-03-09 31-03-08

¹ Includes Gross Value of Assets retired from active use

1406.04 1283.75

² Less : Cumulative depreciated value of Assets retired from active use included

1402.07 1278.81

WDV of Assets retired from active use

3.97 4.94

*Depreciation for the year includes lease charges for land taken on lease for establishing a unit at Kasargod.

Forming part of the Accounts as at 31st March 2009

(Rs. in Lakhs)

Particulars	31 st March '09	31 st March '08
7. CAPITAL WORK IN PROGRESS (AT COST)		
Buildings	9062.71	8621.64
Plant, Machinery and Equipment	7240.18	5420.60
Roads and Drains	34.33	43.65
Water supply	32.39	62.67
Plant, Machinery and Equipment under Inspection and in Transit	5416.32	10121.29
	<u>21785.93</u>	<u>24269.85</u>
8. SPECIAL TOOLS AND EQUIPMENTS		
Balance as on 1 st April	295410.66	255355.79
Addition during the year	<u>31622.49</u>	<u>62125.59</u>
	327033.15	317481.38
Amortised during the year	<u>25818.62</u>	<u>22070.72</u>
	<u>301214.53</u>	<u>295410.66</u>
9. INVESTMENTS AT COST (NON-TRADE / UN-QUOTED)		
Long Term Investment in :		
M/s BAe-HAL Software Ltd-29,40,000 (29,40,000 P.Y) Equity shares of Rs.10 FV each fully paid	294.00	294.00
M/s Snecma HAL Aerospace Private Ltd -1140000 (1140000 P.Y) Shares of Rs.100 F.V. each fully paid	1140.00	1140.00
M/s Indo Russian Aviation Ltd - 9,36,525 (9,36,525 P.Y) Equity shares of Rs. 10 FV each fully paid	93.65	93.65
HAE Co-operative Society 25 (25P.Y) Shares of Rs. 100 FV each fully paid	0.03	0.03
M/s Satnam Apartment Ltd 41 (41 P.Y) Shares of Rs.100 each at cost for acquisition of a Flat	0.07	0.07
M/s HALBIT Avionics Pvt Ltd 382500 (202500 P.Y) Shares of Rs.100 FV each fully paid	382.50	202.50
M/s HAL Edgewood Technologies Pvt Ltd 300000 (150000 P.Y) Shares of Rs.100 FV each fully paid*	300.00	150.00
M/S SAMTAL HAL Aerospace Pvt Ltd 76000 (NIL P.Y) Shares of Rs.100 FV each fully paid*	76.00	-
M/s INFOTECH HAL LTD 2000000 (NIL P.Y) shares of Rs.10 FV each partially paid*	200.00	-
M/s HATSOFF Helicopter Training Pvt Ltd 18167238 (40000 P.Y) Shares of Rs.10 FV each fully paid*	1816.72	40.00
M/s INCAT HAL AEROSTRUCTURES LTD 1000000 (NIL P.Y) Shares of Rs.10 FV each fully paid	100.00	-
National Savings Certificates	0.01	0.01
	<u>4402.98</u>	<u>1920.26</u>

*Share Certificates awaited as on 31 .03 .2009

Forming part of the Accounts as at 31st March 2009

(Rs. in Lakhs)

Particulars	31 st March '09		31 st March '08
10. INVENTORIES³			
(As certified by Management at Lower of Cost and Net Realisable Value)			
Stocks			
Raw Materials & Components	461453.19		388849.36
Stores and Spare Parts	12501.44		10109.96
Construction Materials	103.11		84.82
	<u>474057.74</u>		<u>399044.14</u>
Less: Provision for Redundancy	<u>19064.95</u>		<u>15045.22</u>
		454992.79	383998.92
Loose Tools & Equipment	5296.73		5005.04
Less: Provision for Redundancy	<u>289.75</u>		<u>359.41</u>
		5006.98	4645.63
Stock-in-trade	119772.74		98777.71
Less: Provision for Redundancy	<u>-</u>		<u>10.71</u>
		119772.74	98767.00
Work-in-progress	404077.76		281325.98
Less: Provision for Redundancy	<u>-</u>		<u>358.49</u>
		404077.76	280967.49
Stores and Equipment - Welfare			
Miscellaneous Stores		39.89	34.50
Disposable Scrap		562.89	448.29
		<u>984453.05</u>	<u>768861.83</u>
Goods under Inspection and in Transit			
Raw Materials & Components	40187.52		61015.14
Stores and Spare Parts	16315.89		30476.82
Loose Tools & Equipment	<u>2162.16</u>		<u>1110.03</u>
		58665.57	92601.99
		<u>1043118.62</u>	<u>861463.83</u>
³ Includes those issued to sub-contractors for job works		5526.97	7113.82
11. SUNDRY DEBTORS			
Debts outstanding for a period exceeding six months			
Considered Good ⁴		55030.74	35138.52
Other Debts		129794.97	113471.98
Considered Doubtful		872.91	974.40
		<u>185698.62</u>	<u>149584.90</u>
Less: Provision for Doubtful Debts		<u>872.91</u>	<u>974.40</u>
		<u>184825.71</u>	<u>148610.50</u>
⁴ Debts considered good for which the company holds no security other than debtors personal security.			

Forming part of the Accounts as at 31st March 2009

(Rs. in Lakhs)

Particulars	31 st March '09		31 st March '08
12. CASH AND BANK BALANCES			
Cash and Cheques on hand		227.79	1057.39
Bank Balances			
With Scheduled Banks in			
Current Accounts ⁵		37501.98	29589.21
Short Term Deposits		1786726.02	1933985.26
With Others			
Short Term Deposits with Financial Institutions		150000.00	-
		<u>1974455.79</u>	<u>1964631.86</u>
⁵ Refer Item No.11 in Sch-24-Explanatory notes			
13. LOANS AND ADVANCES			
Loans			
Secured - Considered Good		468.61	524.78
Advances			
Secured - Considered Good			
Goods & Services		37785.19	36771.83
Capital Assets		103.28	167.41
Special Tools and Equipment		-	6.06
Unsecured - Considered Good			
(recoverable in cash or in kind or for value to be received)			
Goods & Services		322553.72	220361.74
Capital Assets		1092.27	1123.40
Special Tools and Equipment		98.97	234.96
Employees ⁶		2547.99	2478.59
Interest accrued and not due		15771.26	18921.63
Claims Receivable			
Considered Good	197513.71		134270.21
Considered Doubtful	<u>4916.12</u>		<u>4929.36</u>
	202429.83		139199.57
Less: Provision for Doubtful Claims	<u>4916.12</u>		<u>4929.36</u>
		197513.71	134270.21
Deposits with			
Govt. Departments for Customs Duty & for Supplies	1284.12		510.86
Public Utility Concerns	2017.26		1898.28
Others	566.96		962.25
Prepaid Expenses	1132.11		844.25
Income Tax (Net)	<u>2678.76</u>		<u>2265.33</u>
		7679.21	6480.97
		<u>585614.21</u>	<u>421341.58</u>
⁶ Maximum amount due by the Officers of the Company at any time during the Year		1.51	1.60
⁶ Amount due by the Officers of the Company		0.91	0.42

Forming part of the Accounts as at 31st March 2009

(Rs. in Lakhs)

Particulars	31 st March '09	31 st March '08
14. CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors		
Small Scale Industries	206.42	409.28
Others	378606.88	243144.33
Advances from Customers:		
Defence	2944853.22	2808978.24
Others	44843.05	51409.31
Other Liabilities	136159.03	133277.03
Interest Accrued but not due on:		
Deferred Liabilities	4.97	4.97
	<u>3504673.57</u>	<u>3237223.16</u>
Provisions		
Proposed Dividend (Including Tax)	5619.27	4569.03
Gratuity	1308.33	3950.17
Replacement and Other Charges	47625.20	44976.22
Warranty	67381.44	60450.16
Liquidated damages	5265.28	3726.24
	<u>127199.52</u>	<u>117671.82</u>
	<u>3631873.09</u>	<u>3354894.98</u>

15. MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT WRITTEN-OFF/ADJUSTED

GROSS CARRYING AMOUNT:

Classification of Intangible Assets (IA)	As on 1/4/2008	Addition	Adjustment	As on 31/3/2009
Internally Generated IA				
Development Expenditure	15103.82	4064.12		19167.94
Other Intangible Assets				
Licence Fees	191285.84	11265.08		202550.92
Documentation	19828.13	2182.99		22011.12
Computer Software	2310.54	1780.82		4091.36
Sub Total	<u>213424.51</u>	<u>15228.89</u>		<u>228653.40</u>
Total	<u>228528.33</u>	<u>19293.01</u>		<u>247821.34</u>
Previous year	214270.38	14257.95		228528.33

CUMULATIVE AMORTISATION & IMPAIRMENT LOSS:

Classification of Intangible Assets (IA)	As on 1/4/2008	Amortisation During the year	Retirement/Disposal/ Adjustment	As on 31/3/2009
Internally Generated IA				
Development Expenditure	5940.47	1673.37		7613.84
Other Intangible Assets				
Licence Fees	21999.43	12974.10		34973.53
Documentation	3297.69	1479.70		4777.39
Computer Software	1571.66	814.31		2385.97
Sub Total	<u>26868.78</u>	<u>15268.11</u>		<u>42136.89</u>
Total	<u>32809.25</u>	<u>16941.48</u>		<u>49750.73</u>
Previous year	19327.14	13482.11		32809.25

Forming part of the Accounts for the year ended 31st March 2009

(Rs. in Lakhs)

Particulars	Current Year	Previous Year
16. SALES		
Inland Sales		
Finished Goods	681303.78	532800.95
Repairs and overhaul	174453.33	156555.48
Spares	75735.37	72716.28
Development	57061.55	51313.23
Miscellaneous	4326.26	14983.25
	<u>992880.29</u>	<u>828369.19</u>
Prior period items	799.35	55.32
Gross Inland Sales	<u>993679.64</u>	<u>828424.51</u>
Export Sales		
Finished Goods	30626.21	11522.92
Repairs and overhaul	1832.76	1520.48
Spares	9267.87	8434.06
Development	162.49	246.73
Miscellaneous	1769.12	12386.19
	<u>43658.45</u>	<u>34110.38</u>
Prior period items	-	-1.83
Total Export Sales	<u>43658.45</u>	<u>34108.55</u>
Total Gross Sales	<u>1037338.09</u>	<u>862533.06</u>
17. OTHER INCOME		
Transportation - Employees	164.74	185.03
Disposal of Scrap & Surplus/Unserviceable Stores	827.43	672.75
Interest on: Short term Deposits/Loans ⁷	173245.77	167704.38
Sundry Advances - Employees	83.48	144.65
Other Deposits	67.63	14.31
Profit on Sale of Assets - Net	59.46	107.79
Canteen	36.78	282.66
Other Welfare Schemes	889.41	841.00
Miscellaneous ⁸	48603.76	25348.82
	<u>223978.46</u>	<u>195301.39</u>
Prior Period Items	-0.13	-39.89
	<u>223978.33</u>	<u>195261.50</u>
Less: Interest Liability to Customer	4045.35	23777.00
	<u>219932.98</u>	<u>171484.50</u>
⁷ Includes TDS deducted	0.44	2187.79
⁸ Includes Provision no longer required	33244.24	16577.00
⁸ Includes Rehabilitation Cess withdrawn	-	2451.74

Forming part of the Accounts for the year ended 31st March 2009

(Rs. in Lakhs)

Particulars	31 st March 2009	31 st March 2008
18. CONSUMPTION OF RAW MATERIAL, COMPONENTS, STORES & SPARE PARTS ⁹		
Opening Stock	399044.14	284748.21
Add - Purchases	857150.32	641014.40
Add: Subcontracting, Fabrication & Machining Charges	<u>23099.84</u>	<u>20834.42</u>
	1279294.30	946597.03
Less: Closing stock	<u>474057.74</u>	<u>399044.14</u>
	805236.56	547552.89
Less: Transfer to		
Special Tools and Equipment	22839.20	52512.99
Capital Works	571.50	808.03
Development Expenditure	520.68	612.53
Expense Accounts and Others	<u>17710.61</u>	<u>25176.29</u>
	<u>41641.99</u>	<u>79109.84</u>
	<u>763594.57</u>	<u>468443.05</u>
⁹ Prior period items included above	-	-
19. A) AMORTISATION		
Development Expenditure	1673.37	1616.78
Intangible Assets	15266.65	11812.60
Special Tools and Equipment	<u>25818.62</u>	<u>22070.72</u>
	42758.64	35500.10
Prior period items	1.46	52.73
Amortisation	<u>42760.10</u>	<u>35552.83</u>
B) DIRECT INPUT TO WIP		
Project related Travel	876.76	267.52
Project related Training	782.05	11.62
Project related other Expenditure	5366.30	1578.67
Travel outstation jobs	169.19	121.95
Royalty	1504.07	2456.88
Foreign Technician Fee	5898.18	6708.10
Ground Risk Insurance	1363.38	1420.65
Quality Audit Expenses	29.83	3442.78
Collaboration Charges	2570.78	6293.91
Design & Development	1372.62	302.89
Sundry Direct Charges- Others	<u>1852.01</u>	<u>391.84</u>
Direct input to WIP	<u>21785.17</u>	<u>22996.80</u>

Forming part of the Accounts for the year ended 31st March 2009

(Rs. in Lakhs)

Particulars	31 st March 2009	31 st March 2008
C) EXPENSES CAPITALISED		
Licence Fees	11265.08	3851.10
Documentation	2182.99	2985.24
Computer software	1780.82	819.72
Expenses capitalised	15228.89	7656.06
Total Amortisation & Other Charges	79774.16	66205.69
20. SALARIES AND WAGES¹⁰		
Salaries, Wages and Bonus	235320.19	160327.38
Contribution to Provident Fund	9840.85	8128.93
Gratuity	-	1541.86
Expenses on Welfare Schemes	8755.84	9876.27
Rent for Hiring of Accomodation for Officers/Staff	360.72	391.29
	254277.60	180265.72
Prior Period Items	-	2.97
	254277.60	180268.70
¹⁰ Includes Directors' Remuneration		
Salaries	89.28	61.90
Contribution to Provident Fund	8.45	6.29
Gratuity	2.64	1.21
Medical Reimbursement	1.04	0.09
Leave Travel Concession	2.55	7.33
	103.96	76.82

Forming part of the Accounts for the year ended 31st March 2009

(Rs. in Lakhs)

Particulars	31 st March 2009	31 st March 2008
21. OTHER EXPENSES		
Shop Supplies	6146.76	5270.58
Power and Fuel	10733.19	10586.43
Water Charges	3493.26	3321.44
Rent for Office Premises etc.	193.51	193.61
Travelling (includes foreign travel)	5863.43	6283.02
Training (includes foreign training)	1367.85	1927.42
Repairs:		
Buildings	4605.20	4942.32
Plant, Machinery and Equipment	6954.92	5878.49
Others	3326.15	2376.27
Expenses on Tools and Equipment	3188.07	2863.17
Insurance	987.38	1246.94
Rates and Taxes	1087.87	1533.24
Postage and Telephones	759.16	728.63
Printing and Stationery	1109.10	1042.08
Publicity	3610.80	1442.77
Advertisement	615.45	525.62
Bank Charges	902.72	891.65
Exchange Rate Variation (Net)	-959.23	5582.63
Legal Expenses	76.92	103.61
Auditors' Remuneration :		
Audit Fee	16.84	11.12
Other Services	2.59	3.39
Out-of-Pocket Expenses	-	-
Selling Agents Commission	143.89	379.69
Donations	107.38	1032.59
Handling Charges	527.89	2605.31
Write Off:		
Fixed Assets	2.53	-
Stores	206.81	67.52
Bad and Doubtful Debts	-	482.06
Shortages/Rejections	0.01	0.01
Others	1.35	-
Freight and Insurance	1344.99	1097.61
Liquidated Damages	6589.55	4929.20
JWG share of Profit	890.32	5396.25
Cost of Warranty	6629.72	4830.19
Miscellaneous Operating Expenses ¹¹	7069.84	6446.49
	<u>77596.22</u>	<u>84021.36</u>
Prior Period Items	20.93	4778.33
	<u>77617.15</u>	<u>88799.69</u>
¹¹ Includes		
(i) Director's Sitting Fees	16.80	16.40

Forming part of the Accounts for the year ended 31st March 2009

(Rs. in Lakhs)

Particulars	31 st March 2009	31 st March 2008
22 INTEREST		
Cash Credit	3.39	294.06
Deferred Liabilities	5.68	23.34
Others	20.80	1006.56
	<u>29.87</u>	<u>1323.96</u>
22.A) PROVISION FOR REDUNDANCY & DOUBTFUL DEBTS / CLAIMS		
Replacement and Other Charges	11982.65	21334.67
Warranty	26186.99	24626.84
Raw Materials and Components, Stores and Spare parts and Construction Materials	4460.90	3607.90
Liquidated Damages	3446.39	3120.66
Doubtful Debts	262.83	-
Doubtful Claims	1489.90	384.81
	<u>47829.66</u>	<u>53074.88</u>
23. EXPENSES RELATING TO CAPITAL & OTHER ACCOUNTS		
Expenses allocated to		
Intangible Assets	15228.89	11896.25
Special Tools and Equipment	8783.29	9612.60
Capital Works	335.54	290.04
Development Expenditure	3543.44	1749.17
Warranty	6629.72	4830.19
Others	35479.92	7339.00
	<u>70000.80</u>	<u>35717.25</u>
23.A) CHANGE IN WORK-IN-PROGRESS / STOCK-IN-TRADE		
Accretion / (Decretion)		
Opening Balance		
(i) Stock-in-trade	98777.71	73777.26
(ii) Work-in-progress	281325.98	289707.31
	<u>380103.69</u>	<u>363484.57</u>
Closing Balance		
(i) Stock-in-trade	119772.74	98777.71
(ii) Work-in-progress	404077.76	281325.98
	<u>523850.50</u>	<u>380103.69</u>
Accretion / (Decretion)	<u>143746.81</u>	<u>16619.12</u>
23.B) CHANGE IN DISPOSABLE SCRAP		
Opening Balance	448.29	246.92
Closing Balance	562.89	448.29
Accretion / (Decretion)	114.60	201.37
Changes in 23A & 23B	<u>143861.41</u>	<u>16820.50</u>

Schedule - 24 Explanatory Notes

(Rs. in Lakhs)

Particulars	31 st March 2009	31 st March 2008
7 Earnings in Foreign Exchange :		
(1) Export on FOB Basis	40162.95	20127.49
(2) Services	3333.01	13734.33
(3) Others	162.53	248.25
Total	43658.49	34110.07
8 The effect on Profit due to Prior Period Transactions:	740.22	-674.60
9 Impact on Profit due to Changes in Accounting Policies:		
10 With reference to Accounting Policy No. 12, in respect of the following assets, the rates of depreciation adopted vis-à-vis rates prescribed under Schedule XIV of Companies Act, 1956 are as under:		
Assets	Rate being charged	Schedule XIV Rate
Computers (Capitalised on or after 1-4-93)	31.70%	16.21%
CNC machines	16.21%	7.42%
Plant, Machinery & Equipments	7.42%	4.75%
(Where no extra shift depreciation is allowable under Sch XIV of the Companies Act)		
Electrical/ Battery / Fuel Cell powered vehicles	11.31%	7.07%
11 Balances in Current Account with Foreign Banks		
SBI Paris	131.19	105.52
SBI London	13.31	12.18
Maximum balance outstanding during the year		
SBI Paris	131.19	230.21
SBI London	464.23	346.87
12 Exemption has been granted to the Company from compliance with the following provisions contained in Part II of Schedule VI to the Companies Act, 1956, as amended; vide Ministry of Law, Government of India letter no. 3/33/72-CL VI dated 06/06/1974.		
Para Particulars		
3(i)(a) Details regarding Sales in respect of each class of Goods with quantities thereof.		
3(ii) (a)(1) Value of Raw Materials consumed giving item wise break-up and quantities thereof.		
3(ii) (a)(2) Opening and Closing Stock of Goods produced giving break-up in respect of each class of goods with quantities thereof.		
3(ii) (d) Value of Opening and Closing Stock of goods, Purchases, Sales and Consumption of Raw Materials with quantitative break-up and Gross Income from services rendered.		
4(c) Details regarding Licensed Capacity, Installed Capacity and Actual Production in respect of each class of Goods Manufactured.		
13 Long term Investments are carried at cost		

Schedule - 24 Explanatory Notes

(Rs. in Lakhs)

Particulars	31 st March 2009	31 st March 2008
Disclosures as per Accounting Standards		
14 As per AS-11 relating to Accounting for the effects of changes in the Foreign Exchange rates,		
(a) Exchange rate differences adjusted to fixed assets during the year amounting to		
(b) Exchange rate variation recognised in Profit & Loss Account towards Capital Assets	186.26	-24.43
(c) As and when the instalments in respect of deferred debts referred to in Accounting policy No 6 fall due for payment to the Russian federation, the same is paid by applying the exchange rate ruling on the date of actual payment and liability discharged. The differences arising due to recalculation of debts at the applicable /ruling rate is charged to the revenue at the time of payment and is realised from the customer except to the extent it pertains to Capital Assets. The Assets and Liabilities relating to deferred credit transaction are reinstated as on 31st March each year under Claims Receivable and Current Liabilities.		
15 Fixed Assets acquired with financial assistance / subsidy from outside agencies either wholly or partly are capitalised at net cost to the Company.		
Gross block does not include Assets given by the customer for use of their jobs by the Company	43072.96	32975.22
Amount of Capital WIP of the customer adjusted to Advances received from the Customer is:	10494.46	17953.81
16 As per AS-12 relating to Accounting for Government Grants, amount received for Fixed Assets	-	-
17 As per AS-13 relating to Accounting for Investments, amount being Dividend received from Joint Venture companies.	62.18	62.18
18 Provision for Gratuity and Vacation Leave has been made based on Actuarial Valuation. The date of Actuarial valuation is 31st March.		
Employee Benefits: The Company has adopted the Revised Accounting Standard (AS)-15 on Employee Benefits from the year 2007-08. Consequently, compensated absences hitherto recognised to the extent eligible for encashment and the liability thereon accounted on the basis of actuarial valuation, are being recognised as short-term benefits and the liability thereon is provided for on undiscounted basis on the balance of eligible compensated absences.		
A 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. The amount of gratuity payable to an employee shall not exceed Rs. 3.50 Lakhs.		
Besides, additional Liability towards Gratuity consequent to revision in ceiling in terms of DPE guidelines have been provided for under Salaries & Wages.		
The following tables summarise the components of net benefit expense recognised in the Profit and Loss Account and the funded status and amounts recognised in the Balance Sheet for the plan as furnished in the Disclosure Report provided by the Actuary:		

Schedule - 24 Explanatory Notes

(Rs. in Lakhs)

Particulars	31 st March 2009	31 st March 2008
Gratuity:		
(i) Change in Benefit Obligations:		
Present Value of Obligation (PVO) as at the beginning of the year	36286.25	35613.12
Current Service Cost	1017.26	805.77
Interest Cost	2902.90	2600.83
Actuarial (gain) / Loss	(1718.41)	2833.26
Benefits Paid	(5086.49)	(5566.73)
Present Value of Obligation as at the end of the period	33401.51	36286.25
(ii) Change in Fair Value of Plan Assets:		
Fair Value of Plan Assets at the beginning of the year	36286.25	36964.09
Expected return on Plan Assets	2358.61	2419.70
Contributions	-	1541.86
Benefit Paid	(5086.49)	(5566.73)
Actuarial gain / (Loss) on Plan Assets	425.33	927.33
Fair Value of Plan Assets at the end of the year	(33983.69)	(36286.25)
(iii) Expenses Recognised in the Statement of Profit & Loss A/c		
Opening Net Liability		
Current Service Cost	1017.26	805.77
Interest Cost	2902.90	2600.83
Expected return on Plan Assets	2358.61	(2419.70)
Net Actuarial (gain) / loss recognised in the period	1293.07	1905.92
Expenses Recognised in the Statement of Profit & Loss	(582.18)	(27.59)
Actual Return on Plan Assets	2783.93	3347.03
(iv) Amounts Recognised in Balance Sheet:		
Present Value of Obligation as at the end of the period	33401.51	36286.25
Fair Value of Plan Assets at the end of the Period	33983.69	(36286.25)
Funded Status		
Unrecognised Actuarial (gain) / losses	-	-
Liability recognised in Balance Sheet	(582.18)	-

Schedule - 24 Explanatory Notes

(Rs. in Lakhs)

Particulars	31 st March 2009	31 st March 2008
(v) Category of Assets as at March 31, 2008:		
State Government Securities	2900.00	3400.00
Govt. of India Securities	4925.00	6183.00
High Quality Corporate Bonds	-	-
Special Deposit	-	7478.73
Investment with Insurer	20603.69	11270.93
Others	5555.00	7953.59
	33983.69	36286.25
(vi) Principal Assumptions:		
Discounting Rate	8.00%	8.00%
Salary escalation rate	6.00%	6.00%
Expected rate of return on Plan Assets	6.50%	7.50%
B. Compensated Absences		
The Actuarial Liability of Accumulated absences of the employees of the Company as at March 31	17417.11	25051.45
Discounting Rate	8.00%	8.00%
Salary escalation rate	6.00%	6.00%
Retirement Age	60 Years	60 Years
C. Post Retirement Medical Scheme		
It is non funded - No impact on the Company's Operations		
19 As per AS-16 relating to Borrowing Costs, Amount of Interest capitalised during the year.	Nil	Nil
20 Keeping in view the nature of business and the sensitive nature of disclosure, it is considered prudent not to disclose information required as per Accounting Standard - 17 regarding Segment Reporting. Such non-disclosure does not have any financial effect on the Accounts of the Company.		
Further, the Company has been granted exemption vide Order no.3/33/72-CL-VI dated 6th June,1974 from adherence to the provisions contained in Part II of Schedule VI to the Companies Act,1956 in respect of para 3 (i)(a), 3(ii)(a)(1), 3(ii)(a)(2), 3(ii)(d), 4c relating to similar kind of disclosure.		

Schedule - 24 Explanatory Notes

21. A. Disclosure relating to AS-18 on Related Party Disclosures

(Rs. in Lakhs)

CURRENT YEAR										
(a)	the name of the transacting related party;	Indo Russian Aviation Limited	Bae HAL Software Limited	M/s Snecma HAL Aerospace Private Limited	SAMTEL HAL Aerospace Private Limited	M/s HAL-Edgewood Technologies Private Limited	M/s HALBIT Avionics Private Limited	Infotech HAL Limited	M/s HATSOFF Helicopter Training Private Ltd	M/s INCAT HAL Aero-structures Ltd
(b)	description of the relationship between the parties;	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture
(c)	description of the nature of the transactions;	Purchase of goods & services	Purchase of goods & services	Purchase of goods & services	Purchase of goods & services	Purchase of goods & services	Purchase of goods & services	Purchase of goods & services	Purchase of goods & services	Purchase of goods & services
(d)	volume of the transactions either as an amount or as an appropriate proportion;	3780.83	2421.78		477.89	4.27	797.64		250.99	
(e)	any other elements of the related party transactions necessary for an understanding of the financial statements;								899.25	
(f)	(i) amounts or appropriate proportions of outstanding items pertaining to related parties at the balance sheet date ;	1288.99	134.49						648.26	
	(ii) Provisions for doubtful debts from such parties at that date									
(g)	amounts written off or written back in the period in respect of debts due from or related parties.									

PREVIOUS YEAR										
(a)	the name of the transacting related party;	Indo Russian Aviation Limited	Bae HAL Software Limited	M/s Snecma HAL Aerospace Private Limited	SAMTEL HAL Aerospace Private Limited	M/s HAL-Edgewood Technologies Private Limited	M/s HALBIT Avionics Private Limited	Infotech HAL Limited	M/s HATSOFF Helicopter Training Private Ltd	M/s INCAT HAL Aero-structures Ltd
(b)	description of the relationship between the parties;	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture
(c)	description of the nature of the transactions;	Purchase of goods & services	Purchase of goods & services	Purchase of goods & services	Purchase of goods & services	Purchase of goods & services	Purchase of goods & services	Purchase of goods & services	Purchase of goods & services	Purchase of goods & services
(d)	volume of the transactions either as an amount or as an appropriate proportion;	2962.58	1551.04							
(e)	any other elements of the related party transactions necessary for an understanding of the financial statements;									
(f)	(i) amounts or appropriate proportions of outstanding items pertaining to related parties at the balance sheet date ;	446.00	134.89							
	(ii) Provisions for doubtful debts from such parties at that date									
(g)	amounts written off or written back in the period in respect of debts due from or related parties.									

(h) Key Management Personnel of the Company in Joint Ventures are as follows:

Shri Ashok K.Baweja	- Chairman	
Shri Ashok Nayak	- Managing Director (Bangalore Complex)	
Shri K.P. Puri	- Managing Director (MiG Complex)	- till 30.09.2008
Shri M.Fakruddin	- Director Corporate Planning & Marketing	
Shri K. Umamaheshwar	- Managing Director (Accessories Complex)	- till 31.12.2008
Shri P.V Deshmukh	- Managing Director (MiG Complex)	- from 01.10.2008
Shri S.K. Jha	- Managing Director (Accessories Complex)	- from 01.01.2009

The total salaries including perquisites drawn by the above key Management Personnel is NIL

Schedule - 24 Explanatory Notes

21. B. Disclosure with regard to Joint Ventures

(Rs. in Lakhs)

Name of the Joint Venture	BAe HAL Software Limited	Indo Russian Aviation Limited	M/s Snecma HAL Aerospace Private Limited	SAMTEL HAL Aerospace Private Limited	M/s HAL Edgewood Technologies Private Limited	M/s HALBIT Avionics Private Limited	Infotech HAL Limited	M/s HATSOFF Helicopter Training Private Ltd	M/s INCAT HAL Aero-structures Ltd
Country of Incorporation	India	India	India	India	India	India	India	India	India
Share of the Company	49% (49%)	48% (48%)	50% (50%)	40% (40%)	50% (50%)	50% (50%)	50% (50%)	50% (50%)	50% (50%)
Total Assets	2361.59 (2268.77)	4112.33 (2579.74)	3106.00 (2625.00)	712.26 (491.89)	712.55 (300.00)	765.00 (405.00)	400.00 (Nil)	9339.49 (118.63)	275.00 (Nil)
Total liabilities	2361.59 (2268.77)	4112.33 (2579.74)	3106.00 (2625.00)	712.26 (491.89)	712.55 (300.00)	765.00 (405.00)	400.00 (Nil)	9339.49 (118.63)	275.00 (Nil)
Total Income	4093.51 (5175.24)	5524.79 (4286.47)	106.00 (-11.00)	Nil Nil	11.34 (Nil)	1076.37 (58.42)	56.15 (Nil)	Nil (Nil)	22.81 (Nil)
Dividend Declared	10% (10%)	35% (35%)	Nil (Nil)	(Nil) Nil	(Nil) Nil	(Nil) Nil	(Nil) Nil	(Nil) Nil	(Nil) Nil
Dividend Amount	60.00 (60.00)	68.29 (68.29)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Share of Company	29.40 (29.40)	32.78 (32.78)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Contingent Liability	315.17 (242.44)	- (322.40)	286.00 (286.00)	Nil (Nil)	Nil (Nil)	88.42 (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)

The information pertaining to Joint Ventures is based on provisional accounts.

22. Disclosure relating to AS-19, Accounting of Leases

(Rs. in Lakhs)

Particulars	31 st March 2009	31 st March 2008
Class of Assets	Leasehold Land	
Gross carrying amount	708.00	-
Amount of depreciation recognised in Accounts	7.87	-
Impairment loss recognised in Accounts	-	-
Impairment loss reversed in Accounts	-	-
Future minimum lease payments due	-	-
Not later than 1 year	7.87	-
Later than 1 year and not later than 5 years	31.47	-
Later than 5 years	660.79	-
Contingent rent recognised in Accounts	-	-
Indirect cost has been treated as Overhead Expenditure		

Schedule - 24 Explanatory Notes

(Rs. in Lakhs)

Particulars	31 st March 2009	31 st March 2008
23 As per AS-20 relating to Earnings per Share (Basic)-		
Net Profit After Tax	173986.16	163187.97
Number of Equity Shares of Face Value of Rs.10/- each fully paidup	120500000	120500000
Earnings per Share (in Rupees) - Basic	144.39	135.43
24 Break-up of Deferred Tax Liabilities and Assets are given below:		
Deferred Tax Liability		
Depreciation Incl. Intangible Assets	60847.57	56171.31
Special Tools and Equipment	102691.39	98127.79
Accrued Leave Salary		
TOTAL	163538.96	154299.10
Deferred Tax Asset		
Carry Forward Loss	1479.04	1479.04
Accrued Leave Salary	5793.78	8346.28
Provision against Debtors/Claims	1545.87	3216.00
Statutory Payments	1749.12	2010.62
Gratuity	444.58	1342.54
TOTAL	11012.39	16394.48
Deferred Tax Liability		
Opening Balance	154299.10	133473.29
Addition during the year	9239.86	20825.81
Total Deferred Tax Liability	163538.96	154299.10
Deferred Tax Assets		
Opening Balance	16394.48	21779.61
Addition during the year	-5382.09	-5385.13
Total Deferred Tax Assets	11012.39	16394.48
Net Deferred Tax Liability	152526.57	137904.62
25 (a) Disclosure with regard to Joint Working Groups		
HAL has entered into a Joint Working Agreement with Air India to start Ramp Handling Business and with MSIL & Concor to carry out Air Cargo Handling Business. The Joint Working Group pools together the resources for carrying out its business activity and ownership of the assets vests with the respective working group.		
Share of income from Joint Working Groups of the company with Air India, CONCOR and MSIL		
Air India	506.09	3085.40
CONCOR and MSIL	191.26	1148.18
HALCON	-1.71	-11.33

(b) Disclosure with regard to Joint Working Group:

(Rs. in Lakhs)

Name of the Joint Working Group	AIJWG		ACCJWG		HALCON	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Country of Incorporation	India		India		India	
Share of Company/ Ownership Interest	50%	50%	33.33%	33.33%	50%	50%
Principal Activities	Flight Handling		Cargo Handling		Cargo Handling	
Total Assets	1399.58	4284.76	744.65	1995.44	731.37	632.56
Total Liabilities	1399.58	4284.76	744.65	1995.44	434.50	333.86
Total Income	1879.14	8961.12	837.40	4243.72	152.94	21.71
Total Expenditure	1373.05	5875.72	646.14	3095.54	154.65	33.04
Profit Share	506.09	3085.40	191.26	1148.18	-1.71	-11.33
Contingent Liability	NIL	NIL	NIL	NIL	Nil	NIL

26. Useful life / Amortisation rate used for Intangible Assets

- A. Development Expenditure is amortised over a period not exceeding 10 years. Cost of software which is not an integral part of the related hardware is amortised over a period not exceeding 3 years. Other intangible assets are amortised over production on technical estimates and to the extent not amortised, are carried forward. For SU-30 Project & Sea King Projects, Intangible Assets are being amortised on the number of units delivered based on programmes which at present exceeds 10 years.
- B. The aggregate amount of Research & Development expenditure recognised as expenses during the period is as below:

Research and Development Expenditure

(Rs. in Lakhs)

Expenditure In R & D included in :	Current Year	Previous Year
Raw Material Consumption	25869.69	24216.89
Direct Expenses	10049.88	715.57
Salaries and Wages	23439.25	15429.30
Other expenses	3102.41	6867.52
Interest		
Depreciation	939.22	1141.69
Provisions	297.60	30.25
Inter Services /Common Services	3780.06	3293.33
Total R & D Expenditure	67478.11	51694.55

27 As per AS - 28 on Impairment Loss - the Impairment Loss recognised in the Books Of Accounts

NIL

NIL

Particulars	31 st March 2009	31 st March 2008
-------------	-----------------------------	-----------------------------

- 28 As per AS 29 relating to Provisions, Contingent Liability and Contingent Assets - the movement of provisions in the Books of Accounts is as follows

Nature of Provision	Opening Balance	Provision made during the year	Utilisation/ Reversal during the year	Closing Balance
Provision for Warranty Charges	60450.15 (43656.47)	26186.99 (24626.84)	19255.71 (7833.15)	67381.44 (60450.16)
Provision for Replacement and Other Charges	44976.23 (27981.09)	11982.65 (21334.67)	9333.69 (4339.54)	47625.20 (44976.23)
Provision for Redundancy in Raw Material and Components, Stores and Spares, Construction Material and Loose Tools	15404.64 (13093.23)	4460.89 (3607.90)	510.83 (1296.51)	19354.70 (15404.62)
Provision for Redundancy in Stock-in-trade	10.71 (10.71)		10.71	(10.71)
Provision for Redundancy in WIP	358.49 (376.19)		358.49 (17.70)	(358.49)
Provision for Doubtful Debts	974.40 (2581.23)	262.83	364.32 (1606.82)	872.91 (974.40)
Provision for Claims	4929.37 (5208.34)	1489.90 (384.81)	1503.15 (663.79)	4916.12 (4929.37)
Provision for Gratuity	3950.17 (2408.31)	(1141.84) (1541.86)	1500.00	1308.33 (3950.17)
Provision for LD	3726.23 (1425.06)	3446.40 (3120.66)	1907.35 (819.49)	5265.28 (3726.23)
Total	134780.39 (96740.63)	46687.82 (54616.74)	34744.25 (16577.00)	146723.98 (134780.37)

- 29 Gain/Loss arising out of Derivatives

Nil

Nil

- 30 Provision for Taxation/ FBT includes withdrawal of provisions relating to earlier years amounting to

101.71

4825.99

- 31 Capital Reserve includes amounts on account of valuation of land acquired by way of Donation/Gift etc. from the State Govt. after 1.4.69 as per BPE, Govt. of India guidelines

- 31.1 Instruments of transfer in respect of land and building taken possession by the Company have not been executed

- 31.2 Land has been handed over / earmarked to the Government / other agencies pending execution of instruments of transfer.

- 31.3 Land has been given on lease to the Government/ other agencies.

Division	Assets	Acres	Amount
Lucknow/ Kanpur/ Kanpur	Land Land Building	471.08 (471.08)	320.19 (320.16) 35.33 (35.33)
Services /Nasik/ Koraput	Land	2859.29 (2868.51)	
Services /Nasik/ Lucknow/Kanpur	Land	200.05 (200.05)	
Services, Bangalore	Land	7500 Sq Ft (Nil)	

Schedule - 24 Explanatory Notes

(Rs. in Lakhs)

Particulars	31 st March 2009	31 st March 2008
31.4 HAL Barrackpore Unit is in possession of 22.51 acres(22.51 acres) of land on which the division has its buildings, hangar, Plant & 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 Rs.28.00 (previous year 27.50) Lakhs has been provided. The transfer of the land is being pursued with Defence Estate Officer, Kolkata. Land under Fixed Assets includes Land taken on lease for establishing a unit at Kasargod at a cost of Rs.708.00 Lakhs (200 acres). This cost is amortised over the lease period of 90 years. The Lease charges for the year amounting to Rs.7.87 (L) has been considered under Depreciation for the year.		
31.5 Aerospace Services Division is holding 2098.831 Acres(2102.031 acres) land of which 10.559 Acres (10.559 acres) is under litigation/encroachment. Titles to land were not in the name of the Company in respect of 173 survey numbers at Aerospace Division. HAL Land measuring 3.2 acres was transferred to BMRL for Metro Rail in lieu of 6 acres of land at BIAL Devanahalli which is still awaited. 11.19 Acres of land belonging to Nasik Division is under litigation/ encroachment by 8 persons. Further, about one acre of the land belonging to HAL Koraput Division is encroached upon by the nearby villagers for cultivation.		
32 Special Tools and Equipment includes Tools and Equipment in progress, under inspection and in transit.	904.31	5313.70
33 Sales include excess deliveries for which amendment to firm task is awaited from the customer.	3438.00	3987.59
34(a) 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.		
34(b) The Total Inventory of:-	1043118.62	861463.82
(i) does not include materials belonging to customers but held by the Company on their behalf, worth approximately	36954.07	35974.04
35 Liability towards LD recovered by the Company payable to M/s HMT in terms of BIFR Rehabilitation Scheme	2.75	
36 Pending settlement for wage revision of employees and officers from 1.1.2007, provision has been made for the following: Salaries, Wages, Bonus, Gratuity and VL	99899.83	41500.00
37 Balances in Debtors' and Creditors' Accounts, Loans and Advances, Claims Receivables, Advances from the Government of India and Deferred Debts, Deposits and others have not been confirmed, though confirmations were sought		
38 In terms of Pricing Policy agreed with IAF, prices approved are exclusive of taxes and duties i.e. Sales Tax, Service Tax etc. In case such taxes are levied, the same will be reimbursed by the customer at actuals, if the customer does not produce necessary exemption.		
39 Information under Micro, Small & Medium Development Act:		
1) Principal Amount and Interest due thereon remaining unpaid to Supplier at the end of the year	98.92	10.55
2) Amount of Interest paid during the year along with the amount of payment made to the Supplier beyond the appointed date during the accounting year.	Not Ascertained	Not Ascertained
3) Amount of Interest due & payable for the period of delay in making payment. (Payments which have been made beyond the appointed date without adding the interest specified in the Act)	Not Ascertained	Not Ascertained

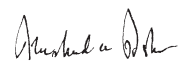
Schedule - 24 Explanatory Notes

(Rs. in Lakhs)

Particulars	31 st March 2009	31 st March 2008
40 The Accounts for the year approved by the Board of Directors and certified by the Statutory Auditors on 29.06.2009 were revised in the light of the C&AG's observations under Section 619(4) of the Companies Act, 1956		
a) Sales increase /(decrease) by	61.64	935.44
b) Total Expenditure increase /(decrease) by	669.78	1809.25
c) Income increase /(decrease) by	613.44	2232.99
d) Profit Before Tax increase /(decrease) by	71.79	509.99
e) R & D Expenditure increase /(decrease) by	16.85	377.27
f) Intangible Assets increase /(decrease) by	12.69	-912.25
g) Current Assets increase /(decrease) by	729.21	-2054.67
h) Current Liabilities increase /(decrease) by	1039.12	-760.97
41 Referring to the Accounting policy No.10, current year sales includes the element of differential sales arising out of finalisation of prices relating to earlier years with the customer. The details are as below:		
Finished Goods	4.83	561.87
Repair & Overhaul	876.52	2195.64
Spares	27.88	-1272.59
Development		
Miscellaneous		
Total	909.23	1484.92
42 Figures in brackets relates to previous year and they have been rearranged or regrouped wherever necessary.		

Schedule '1' to 24 and Accounting Policies attached form part of the Accounts.

Subject to our report of even date
for SHANTHAMURTHY & CO
Chartered Accountants


(HARSHAD A.DOSHI)
Partner


(D.SHIVAMURTI)
Director Finance


(ASHOK NAYAK)
Chairman

Place : Bangalore
Date : 27th July 2009


(ASHOK TANDON)
Company Secretary

STATEMENT OF CASH FLOW FOR THE YEAR ENDED



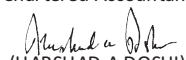
(Rs. in Lakhs)

S.No.	Particulars	31 st March '09	31 st March '08
I.	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit Before Tax	233486.40	216422.92
	Adjustment To Reconcile Net Income To Net Cash		
	Providing by Operating Activities:		
	Depreciation	14255.43	11795.00
	Amortisation	42760.10	35552.83
	Interest Paid	29.87	1323.96
	Profit On Sale of Fixed Assets	(59.46)	(107.79)
	Interest Received - Net of Interest Liability to Customer	(169351.53)	(144086.34)
	Dividend Received	(62.18)	(62.18)
	Sub Total	(112427.77)	(95584.51)
	Operating Profit Before Working Capital Changes	121058.63	120838.41
	Adjustment For Changes In Operating Assets And Liabilities:		
	Trade And Other Receivables	(160462.84)	(34494.39)
	Inventories	(181654.80)	(139211.83)
	Trade Payables	231049.57	364340.71
	Sub Total	(111068.07)	190634.49
	Adjustment For Other Assets	9990.56	311472.90
	Special Tools and Equipment	(31622.49)	(62125.59)
	Intangible Assets	(19293.01)	(14257.95)
	Sub Total	(50915.50)	(76383.54)
	Cash Generated From Operations	(40924.94)	235089.36
	Direct Tax Paid	(40025.00)	(27305.00)
	Net Cash Provided By Operating Activities (a)	(80949.94)	207784.36
II.	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase Of Fixed Assets ¹	(36626.08)	(21116.51)
	Sale Of Fixed Assets	164.51	277.98
	Interest Received - Net Of Interest Liability To Customer	169351.53	144086.34
	Dividend Received	62.18	62.18
	Investments in Joint Ventures	(2482.72)	(392.50)
	Net Cash Provided By (used in) Investing Activities (b)	130469.42	122917.50
III.	CASH FLOW FROM FINANCING ACTIVITIES		
	Proceeds From (repayment of) Secured Loans		(233.73)
	Increase / (Decrease) of Unsecured Loans		
	Adjustment of Intangible Assets Against Reserves		
	Repayment of Deferred Liabilities - Net	(3.99)	33.72
	Interest Paid	(29.87)	(1323.96)
	Dividend Paid	(39661.68)	(35098.13)
	Net Cash Provided By Financing Activities (c)	(39695.54)	(36622.10)
	Abstract :		
I.	Net Cash Provided By Operating Activities (a)	(80949.94)	207784.36
II.	Net Cash Provided By (used in) Investing Activities (b)	130469.42	122917.50
III.	Net Cash Provided By Financing Activities (c)	(39695.54)	(36622.10)
	Net Increase In Cash And Cash Equivalents During The Year	9823.94	294079.76
	Cash And Cash Equivalents At Beginning Of The Year ²	1964631.86	1670552.11
	Cash And Cash Equivalents At The End Of The Year ²	1974455.79	1964631.86
	Net Increase In Cash And Cash Equivalents During The Year	9823.94	294079.76


Note :

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

for SHANTHAMURTHY & CO
Chartered Accountants


(HARSHAD A. DOSHI)
Partner

Place : Bangalore
Date : 27th July 2009


(D. SHIVAMURTI)
Director Finance


(ASHOK NAYAK)
Chairman


(ASHOK TANDON)
Company Secretary



BUSINESS PROFILE

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

Registration No.CIN

U35301KA1963GOI001622

Balance Sheet Date

State Code 08

Date	Month	Year
31	3	2009

II Capital Raised During The Year (Amount in Rs. Lakhs)

Public Issue

NIL

Bonus Issue

NIL

Rights Issue

NIL

Private Placement

NIL

III Position Of Mobilisation And Deployment Of Funds (Amount in Rs. Lakhs)

Total Liabilities

814371.68

Sources of Funds

Paid-up Capital

12050.00

Secured Loans

NIL

Application Of Funds

Net Fixed Assets + Special Tools

455756.85

Net Current Assets + Deferred Tax Assets

156141.24

Accumulated Losses

NIL

Total Assets

814371.68

Reserves & Surplus

649596.58

Unsecured Loans + Deferred Liabilities & Taxes

152725.10

Investments

4402.98

Misc. Expenditure

198070.61

IV Performance Of The Company (Amount in Rs. Lakhs)

Turnover

1037338.09

Profit/Loss Before Tax

+ 233486.40

(Tick appropriate box '+' for Profit, '-' for Loss)

Earnings Per Share in Rs.

144.39

Total Expenditure (Net)

803851.68

Profit/Loss After Tax

+ 173986.16

Dividend Rate % (Including Dividend Tax)

337.86

V Generic Names Of Three Principal Products/Services Of The Company

1. Item Code. No.

Product

8802.20

Fighter, Transport and Trainer Aircraft

2. Item Code. No.

Product

8802.11

Helicopters

3. Item Code. No.

Product

8803.30

Parts of Aircraft and Helicopters

(D. SHIVAMURTI)
Director Finance

(ASHOK NAYAK)
Chairman

(ASHOK TANDON)
Company Secretary

Place : Bangalore
Date : 27th July 2009

STATUTORY AUDITOR'S REPORT FOR THE FINANCIAL YEAR 2008-09



To

The members of Hindustan Aeronautics Limited, Bangalore.

1. We have audited the attached Balance sheet of Hindustan Aeronautics Limited, Bangalore as at 31st March 2009 and also the Profit & Loss account and Cash flow statements for the year ended on that date annexed thereto which incorporates all the 37 Units of Hindustan Aeronautics Limited audited by the Unit Statutory Auditors in accordance with the allocation made by the C&AG of India, New Delhi, our work being confined to the Consolidated Annual Accounts only. This includes two foreign branch offices incorporated in the respective Unit accounts audited by that Unit statutory auditor. The consolidated accounts takes into account particulars and information made available to us and also changes carried out at consolidation. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. Pursuant to Comptroller and Auditor General of India's observation under Section 619(4) of the Companies Act, 1956, the accounts adopted by the Board of Directors on 29th June 2009 have been revised. The observations were concurred by the unit Statutory Auditors. The impact of the revision is as stated in note no.40 of Schedule 24 to accounts. This report supercedes our the earlier report dated 29th June 2009.
3. We have conducted our audit in accordance with Auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by

Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

4. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditors Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of Sub-section 4(A) of Section 227 of the Companies Act, 1956 of India (the Act) we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
5. Further to our comments in the annexure referred to above, we Report that:-
 - A. 1) The Company has not complied with Accounting Standard 17 "Segment Reporting" disclosure as stated in Note No. 20 of Sch.24.
 - 2) Attention is invited to note 38 of Schedule 24 regarding taxes and duties i.e., sales tax, value added tax, service tax etc., not charged on invoices raised in respect of sale of aircraft as well as repair and overhaul in some of the Divisions. In our opinion, the sale of aircraft would attract tax at the prescribed rate for such sales. Also, repair/overhaul charges would attract Works Contract Tax at the prescribed rate for such income. In addition, such works contract turnover may also attract turnover tax at the applicable rate. Presently such taxes have not been considered by the Company and provided for or even quantified. The respective agreements for such sale and repair/overhaul provide for furnishing an exemption certificate or reimbursement of sales tax and

similar statutory levies when determined. However, the reimbursement of penalties, if any, and/or interest levied on such non-payments have not been dealt with in the agreement and the same is not quantified.

3) The net impact of Prior Period transactions on current year profit amounts to Rs. 740.22 lakhs (previous year Rs. 674.60 lakhs understated) and consequently current year profit is overstated (Refer Note No. 8 in Sch.24) to that extent.

4) Referring to note no.37 of Schedule 24, the impact, if any, on profit consequent to such non-confirmation of balances by the concerned parties is not ascertainable. Further, the deferred liability and Deferred assets as reflected in Sch.4 are subject to confirmation from respective parties.

5) The net ascertainable impact due to above observations from Sl. No.1 to 4 on the profit for the year is that the profit for the year is overstated by Rs. 740.22 lakhs.

B. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

C. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books. The Units' Statutory Auditors' Reports have been forwarded to us and these have been appropriately dealt with.

D. The Balance sheet, Profit & Loss Account and Cash flow statement dealt with by this report are in agreement with the books of accounts and with the audited accounts from the Units.

E. In our opinion, the Balance sheet, Profit & Loss Account and Cash

flow statement dealt with by this report comply with Accounting standards referred to in sub-section 3(C) of Section 211 of the Companies Act, 1956 except AS-17 vide Para 4A(1) above.

F. In terms of Circular No. GSR 829(E) dated 21.10.2003 issued by Ministry of Law, Justice and Company Affairs, Government of India, the Company being Government Company, is exempt from provisions of Section 274(1)(g) of the Companies Act, 1956 regarding Disqualification of Directors.

G. In our opinion and to the best of our information and according to the explanations given to us, the said Accounts read together with disclosures in Sch.1 to 24, including Explanatory notes and significant Accounting policies, all forming integral part of the said accounts and subject to our observations as above, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the Accounting principles generally accepted in India:

(i) In the case of the Balance sheet, of the state-of-affairs of the Company as at 31st March 2009;

(ii) In case of the Profit & Loss Account, of the profit for the year ended on that date; and

(iii) In case of the Cash flow statement, of the Cash flows for the year ended on that date.

For Shanthamurthy & Co.,
Chartered Accountants



Harshad A. Doshi

Partner

Membership No. 8099

Place: Bangalore
Date: 27th July 2009

Annexure to the Audit Report of Hindustan Aeronautics Limited for the year ended 31st March 2009



As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditors Report) (Amendment) Order 2004, issued by the Government of India in terms of Section 227(4A) of the Companies Act, 1956 of India (the Act), in our opinion and on the basis of such checks of books and records as were considered appropriate, and according to the information and explanations given to us during the normal course of audit, which were necessary to the best of our knowledge and belief and based on the reports of the Auditors of all the units (as we have been appointed to audit the Consolidated Annual Accounts only), and as referred to in para-3 of our Main report, we further report that:

(1) In respect of its Fixed Assets:

(a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of 1 to 5 years which is reasonable having regard to the size of the Company and nature of its assets. Pursuant to the programme, a portion of the Fixed assets have been physically verified by the Management during the year and no material discrepancies between the book records and physical inventories have been noticed.

(b) In our opinion and according to the information and explanations given to us the Company has not disposed off substantial part of Fixed Assets during the year and hence the going concern status of the Company is not affected.

(2) In respect of Inventories:

(a) The stocks of Raw-materials, Stores and Spare parts have been physically verified by the Management at reasonable intervals.

(b) Procedure of Physical verification of Inventories followed by the Management is reasonable and adequate in relation to the size of the Company and nature of its business.

(c) The Company is maintaining proper records of Inventory. The discrepancies noticed between Physical stocks and the book records were not material.

(3) In respect of Loans and Advances:

There are no Loans taken from the Companies listed in the register maintained under Section 301 of the Companies Act. The Company has not granted any loans and advances in the nature of loans listed in the register maintained under Section 301 of the Companies Act. Advances to employees have been given but are generally regular in repayment of principal and interest as applicable.

(4) There are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of Inventory and Fixed assets and with regard to sale of goods. During the course of audit and according to the information and explanations given to us, we have not observed any continuing failure to correct major weaknesses in internal control system.

(5) In respect of transactions covered under Section 301 of the Companies Act, 1956:

(a) In our opinion and according to the information and explanation given to us, there are no transactions that need to be entered into the register maintained U/s 301 of the Companies Act, 1956.

(b) In view of the above, clause 4(v)(b) is not applicable to the Company.

(6) The Company has not accepted deposits from the public under Section 58(A), 58AA or any other relevant provisions of the Companies Act, 1956 during the year.

(7) Company's internal audit system is commensurate with the size of the Company and nature of its business with a further scope for strengthening the same.

(8) The Company is not covered by the requirements of Maintenance of Cost records under Section 209(1)(d) of the Companies Act, 1956.

(9) (a) According to the information and explanations given to us,

there are no undisputed Statutory dues payable in respect of Provident fund, Employees State Insurance, Income tax, Wealth tax, Customs duty, Excise duty which are outstanding as of 31 March 2009 for a period more than six months from the date they became payable.

- (b) The disputed Statutory dues aggregating to Rs. 135205.41 lakhs have not been remitted on account of matters pending before appropriate authority as under:

Sl. No.	Nature of the dues	Forum where dispute is pending	Amount in Rs. Lakh	Statute
1.	Sales Tax/ Entry Tax / Works Contract	Appellate authority	126947.63	Sales Tax Act
2.	Municipal Tax	Appellate authority	40.76	State Municipal Tax Act
3.	Service Tax	Appellate authority	6954.46	Service Tax Act
4.	Non Agricultural Cess	Appellate authority	1165.59	State Municipal Tax Act
5.	EPF	Appellate authority	96.97	P F Act
		Total:	135205.41	

- (10) The Company has no accumulated losses as at 31 March 2009 and has not incurred any Cash loss during the Financial year ended on that date or in the immediately preceding financial year.
- (11) The Company has not defaulted in repayment of dues to Financial institutions or banks or debenture holders.
- (12) The Company has not granted loans & advances on the basis of security by way of pledge of shares, debentures and other securities.
- (13) The Company is not a Chit fund or a nidhi/mutual benefit fund/society. Therefore, clause 4(xiii) of the Order is not applicable.
- (14) According to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments and accordingly the provision of Clause 4(xiv) of the Order are not applicable to the Company.
- (15) The Company has not given guarantees for loans taken by others from Banks/Financial Institutions.
- (16) The Company has not raised any new term loans during the year. The term loans outstanding at the beginning of the year were applied for the purpose for which they were raised.
- (17) According to the information and explanations given to us and on the overall examination of the Balance sheet of the Company we are of the opinion that no funds raised on short-term basis have been used for long term investments. Similarly, no funds raised on long-term basis have been used for short-term investments.
- (18) The Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (19) The Company has not issued any debentures during the year. The debentures issued in earlier years have been redeemed in August 2006.
- (20) The Company has not raised any money by way of Public issue during the year.
- (21) Based on audit procedures performed and according to information and explanation furnished to us, no fraud on or by the Company has been noticed or reported during the year under review.

For Shanthamurthy & Co.,
Chartered Accountants



Harshad A. Doshi
Partner

Place: Bangalore
Date: 27th July 2009

Membership No. 8099

Observation by the Statutory Auditors on the Accounts of
Hindustan Aeronautics Ltd., Bangalore for the year ended
31st March 2009 and Replies by the Company



SL. No.	AUDITOR'S QUALIFICATIONS	COMPANY'S REPLIES
1.	The Company has not complied with Accounting Standard 17 "Segment Reporting" disclosure as stated in Note No. 20 of Schedule 24.	<p>Keeping in view the nature of business and the sensitive nature of disclosure, it is considered prudent not to disclose information required as per Accounting Standard-17 regarding Segment reporting. Such non-disclosure does not have any financial effect on the accounts of the Company.</p> <p>Further, the Company has been granted exemption vide order No.3/33/71-CL-VI dated 6th June 1974 from adherence to the Provisions contained in Part-II of Sch.VI to the Companies Act, 1956 in respect of para 3(1)(a), 3(ii)(a)(1), 3(ii)(a)(2), 3(ii)(d) & 4C.</p> <p>Disclosure in this regard has been made at Note-20 of Schedule 24 –Notes on Accounts.</p>
2.	Attention is invited to Note 38 of Schedule 24 regarding taxes and duties i.e., sales tax, value added tax, service tax etc., not charged on invoices raised in respect of sale of aircraft as well as repair and overhaul in some of the Divisions. In our opinion, the sale of aircraft would attract tax at the prescribed rate for such sales. Also, repair/overhaul charges would attract Works Contract Tax at the prescribed rate for such income. In addition, such works contract turnover may also attract turnover tax at the applicable rate. Presently such taxes have not been considered by the Company and provided for or even quantified. The respective agreements for such sale and repair/overhaul provide for furnishing an exemption certificate or reimbursement of sales tax and similar statutory levies when determined. However, the reimbursement of penalties, if any, and/or interest levied on such non-payments have not been dealt with in the agreement and the same is not quantified.	<p>The Company is filing the Sales tax returns regularly. Wherever demands have been raised, based on such assessments and disputed by the Company, the same have been disclosed in Note No.2 of Schedule 24.</p> <p>In terms of Pricing policy agreed with the main customer, prices approved are exclusive of taxes and duties, i.e., Sales tax etc. In case, such taxes are levied, the same will be reimbursed by the customer at actuals, if the customer does not produce necessary exemption. As per this agreement, in case there is any liability for sales tax, wherever it has not been paid, the same, on payment, will be recovered from the customer resulting in nil effect on the accounts of the Company. These facts have been sufficiently disclosed in Note No.38 of Schedule 24 – Notes on Accounts and have been consistently accepted by the audit.</p>
3.	The net impact of Prior Period transactions on current year profit amounts to Rs.740.22 lakhs (previous year Rs.674.60 lakhs understated) and consequently current year profit is overstated (Refer Note No. 8 in Schedule 24) to that extent.	Provisions of AS-5 have been complied with in Accounting of Prior Period transactions. Existing disclosure is considered adequate.
4.	Referring to Note no.37 of Schedule 24, the impact, if any, on profit consequent to such non-confirmation of balances by the concerned parties is not ascertainable. Further, the deferred liability and deferred assets as reflected in Schedule 4 are subject to confirmation from respective parties.	<p>Formal confirmation of balances from Defence customers like IAF, Army, Navy, Coast guard are not forthcoming despite best efforts by the Company. However, the balances are reconciled between the Units and the Customer at periodic intervals. In fact, the balances between IAF and the Company are jointly certified / reconciled between the Unit Finance Head and AO(DAD) on a monthly basis. In respect of other customers, confirmation from all the customers are not being obtained although called for by Units /Divisions.</p> <p>Disclosure regarding non-confirmation of balances including Deferred assets and Deferred liabilities is made by the Company at Note No.37 of Schedule 24 –Notes on Accounts.</p>

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE
ACCOUNTS OF M/S. HINDUSTAN AERONAUTICS LIMITED, BANGALORE
FOR THE YEAR ENDED 31 MARCH 2009.

The preparation of financial statements of Hindustan Aeronautics Limited, Bangalore, for the year ended 31 March 2009 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 29 June 2009 and their revised report dated 27 July 2009.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of Hindustan Aeronautics Limited, Bangalore for the year ended 31 March 2009. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and Company personnel and a selective examination of some of the accounting records.

In view of the revisions made in the financial statements by the Management, as a result of my audit observations highlighted during supplementary audit as indicated in Note No.40 of the Notes forming part of Accounts (Schedule No.24), I have no further comments to offer upon or supplement to the Statutory Auditors' Report, under section 619(4) of the Companies Act, 1956.

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



(C.H. Kharshiing, IA&AS)
Pr. Director of Commercial Audit &
ex-officio Member, Audit Board

Place : Bangalore
Date: 28 July, 2009



Registered Office:
HINDUSTAN AERONAUTICS LIMITED
Post Box No. 5150, 15/1, Cubbon Road, Bangalore - 560 001
Tel: 00-91-80-22866903-07 Fax: 00-91-80-22868758
Telegram: HAL bangalore email: root@bngahal.kar.nic.in website: www.hal-india.com

CORPORATE OFFICE
(As on 31st July 2009)

Shri Ashok Nayak
Chairman

Shri Sanjeev Sahi
Director (HR)

Shri M. Fakruddin
Director (Corporate Planning & Marketing)

Shri D. Shivamurti
Director (Finance)

Finance & Accounts
Dr. A. K. Mishra
Executive Director

Shri B. V. Rao
General Manager

Shri S. Ranganath
General Manager.

Human Resources
Shri T. Sudhakar Rao
Executive Director (HR)

Vigilance
Shri V. H. Rao Deshmukh, IPS
Chief Vigilance Officer

Company Secretariat
Shri Ashok Tandon
Company Secretary

Management Services &
Information Technology
Shri V. V. Subrahmanyam
General Manager

Customer Services
Shri R. K. Bharti
General Manager

Projects

Shri P. Soundara Rajan
General Manager

Planning

Shri K.Naresh Babu
General Manager

Marketing

Shri M. Balaraman
General Manager

Indigenization

Shri Aniruddh Kumar
General Manager

Quality Assurance

Shri G. Sheshu
Addl. General Manager

Integrated Materials Management

Shri B. K. Ramesh
Addl. General Manager

Systems Audit

Shri Hem Chandra
Addl. General Manager

HAL Management Academy

Shri Anantha Narayan Agasthya
Executive Director

BANGALORE COMPLEX

Managing Director

Shri D. P. Rao
Executive Director (Finance)

Flight Operations

Sqn. Ldr. (Retd.) Baldev Singh
Chief Test Pilot - (Fixed Wing)

LCA / LSP & ASC

Shri B. N. Misra
Executive Director

Shri Benji Mammen

Chief of Project (LCA/LSP)

Aerospace Division

Shri D. Balasunder
General Manager

Engine Division

Shri G.S.Gupta
General Manager

Foundry & Forge Division

Shri Mohan Abraham
General Manager

Aircraft Division

Shri M.S. Chandrashekar
General Manager

Overhaul Division

Shri K. G. Subramony
General Manager

Medical & Health

Dr. Fred Simon Oommen
Chief of Medical Services

IMGT Division

Shri K. Karunakara
General Manager (Offg.)

IJT/LSP Production Group

Shri T. K. Mandal
Addl. General Manager



Registered Office:

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Post Box No. 5150, 15/1, Cubbon Road, Bangalore - 560 001

Tel: 00-91-80-22866903-07 Fax: 00-91-80-22868758

Telegram: HAL bangalore email: root@bngal.kar.nic.in website: www.hal-india.com

DESIGN COMPLEX

Shri N. C. Agarwal
Director (Design & Development)

Shri D. Mallick
General Manager (Finance)

Aircraft Research & Design Centre

Shri. P. L. Vaishampayan
General Manager

Shri P. Jayasimha
Chief Designer (Aerodynamics)

Shri Pulak Chakraborty
Chief Designer (Stress)

Shri A. K. Sood
Chief Designer (Development)

Shri S. Rajagopalan
Chief Designer (Structures)

Shri H. R. Sudarshan Prasad
Chief Designer (Avionics)

Mission & Combat System R&D Centre
Shri N. C. Vyas
General Manager

Engine Test Bed Research & Design Centre
Shri P. R. Nagasubramanian
General Manager (Offg)

HELICOPTER COMPLEX

Shri R. Srinivasan
Managing Director

Helicopter Division

Shri J. Shankar
General Manager

Shri M. S. Srinath
Chief of Projects (ALH)

Helicopter MRO
Shri K. K. V. Barmate
General Manager

BARRACKPORE DIVISION

Shri R. C. Chaturvedi
General Manager

Composite Manufacturing Division
Shri V. Sadagopan
General Manager (Offg)

Rotary Wing Research & Design Centre
Shri N. Sheshadri
Executive Director

Dr. A. R. Manjunath
Chief Designer (New Projects & Utilities)

Dr. Prasad Sampath
Chief Designer (Avionics)

Shri S. Mallikarjuna Swamy
Chief of Projects

MiG COMPLEX

Shri P. V. Deshmukh
Managing Director

Shri M. Venkatasubramanian
General Manager (Finance),

Aircraft Manufacturing Division, Nasik
Shri V. Balakrishnan
General Manager

Aircraft Overhaul Division, Nasik
Shri P. K. Khanwalkar
General Manager

Engine Division, Koraput
Shri J. K. Mohapatra
General Manager,

Shri Ashok Kumar Aseri
OSD, Koraput

Sukhoi Engine Division, Koraput
Shri Sudhir Kumar
General Manager

ACCESSORIES COMPLEX

Shri S. K. Jha
Managing Director

Shri V. Srinivasan
General Manager(Finance)

Transport Aircraft Division, Kanpur &
Avionics Division, Korwa
Shri Jagdish Raj
Executive Director

Avionics Division, Korwa
Shri R C. Sharma
General Manager

Avionics Division & SLRDC, Hyderabad
Shri V. Srinivasan
Executive Director

SLRDC Hyderabad
Shri S. Narasimhan
Executive Director

Avionics Division, Hyderabad
Shri H. P. Siddhartha
Chief of Projects (Su-30 MKI)

Accessories Division, Lucknow

Shri S. B. Saxena
General Manager

Shri C. K. Vishwakarma
Chief of Production

ASERDC, Lucknow
Dr. A. K. Verma
Chief Designer



Aerial Photograph of Cheetah & Cheetal in Leh



NURTURING A PASSION TO SOAR HIGH

हिन्दुस्तान एरोनाटिक्स लिमिटेड

HINDUSTAN AERONAUTICS LIMITED

Corporate Office, #15/1, Cubbon Road, P. B. No. 5150, Bangalore - 560 001, India

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