PROSPECTUS
Dated March 21, 2018
Please read Section 26 and Section 32 of the Companies Act, 2013
100% Book Built Issue

HINDUSTAN AERONAUTICS LIMITED

Our Company was incorporated on August 16, 1963 as Aeronautics India Limited, a private limited company under the Companies Act, 1956. Subsequently, Hindustan Aircraft Limited, a company incorporated on December 23, 1940 under the Companies Act, 1913 was merged with our Company, pursuant to the Aircraft Companies Amalgamation Order dated September 28, 1964 passed by the Company Law Board. The name of our Company was changed to Hindustan Aeronautics Limited, by a certificate of change of name issued by the Registrar of Companies, Maharashtra dated December 5, 1964 with effect from October 1, 1964. The status of our Company was changed to public company by a special resolution of the members of our Company passed at the Extra Ordinary General Meeting held on July 10, 1995. For further details, relating to incorporation, corporate structure, change in registered office of our Company, please refer to the chapter "*History and Certain Corporate Matters"* beginning on page 171.

Registered and Corporate Office: 15/1 Cubbon Road, Bengaluru 560 001, Karnataka, India; **Tel No:** +91 (80) 2232 0001; **Fax No:** +91 (80) 2232 0758
Company Secretary and Compliance Officer: Mr. G. V. Sesha Reddy, Company Secretary and Compliance Officer; **Tel No:** +91 (80) 2232 0001; **Fax No:** +91 (80) 2232 0758
E-mail: investors@hal-india.com; **Website**: www.hal-india.com
Corporate Identity Number: U35301KA1963GOI001622

PROMOTER OF OUR COMPANY: THE PRESIDENT OF INDIA, ACTING THROUGH THE DEPARTMENT OF DEFENCE PRODUCTION, MINISTRY OF DEFENCE.

INITIAL PUBLIC OFFERING OF 34,107,525# EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") OF HINDUSTAN AERONAUTICS LIMITED (OUR "COMPANY" OR THE "ISSUER") THROUGH AN OFFER FOR SALE BY THE PRESIDENT OF INDIA, ACTING THROUGH THE DEPARTMENT OF DEFENCE PRODUCTION, MINISTRY OF DEFENCE, GOVERNMENT OF INDIA (THE "SELLING SHAREHOLDER"), FOR CASH AT A PRICE OF ₹ 1,215* PER EQUITY SHARE (THE "OFFER PRICE"), AGGREGATING TO ₹41,131.33# MILLION (THE "OFFER") THE OFFER SHALL CONSTITUTE 10.20% OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY. THE OFFER COMPRISES OF A NET OFFER (DEFINED BELOW) OF 33,438,750 EQUITY SHARES AND AN EMPLOYEE RESERVATION PORTION (DEFINED BELOW) OF UP TO 668,775 EQUITY SHARES. THE OFFER AND THE NET OFFER SHALL CONSTITUTE 10.20% AND 10%, RESPECTIVELY OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

THE FACE VALUE OF THE EQUITY SHARES IS ₹ 10 EACH. THE OFFER PRICE IS 121.5 TIMES THE FACE VALUE OF THE EQUITY SHARES.

A discount of ₹25 per Equtiy Share on the Offer Price was offered to Retail Individual Bidders ("Retail Discount**") and to Eligible Employees (defined below) Bidding in the Employee Reservation Portion ("**Employee Discount**").*
 # Subject to final subscription figures and finalisation of the Basis of Allotment.

The Offer is being made in terms of Rule 19(2)(b)(iii) of the Securities Contracts (Regulation) Rules, 1957, as amended ("**SCRR**"), wherein at least 10% of the post-Offer paid-up Equity Share capital of our Company is offered to the public. The Offer is being made through the Book Building Process in accordance with Regulation 26(1) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ("**SEBI ICDR Regulations**"), wherein 50% of the Net Offer was made available for allocation on a proportionate basis to Qualified Institutional Buyers ("**QIB Portion**"). Such number of Offered Shares (defined below) representing 5% of the QIB Portion was made available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB Portion was made available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, the balance Offered Shares available for allocation in the Mutual Fund Portion will be added to the remaining QIB Portion for proportionate allocation to QIBs. Further, not less than 15% of the Net Offer was made available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer was made available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price. Further, upto 668,775 additional Equity Shares was made available for allocation and Allotment on a proportionate basis to the Eligible Employees Bidding in the Employee Reservation Portion, conditional upon valid Bids being received from them at or above the Offer Price. All Bidders were required to participate in the Offer mandatorily through the Applications Supported by Blocked Amount ("**ASBA**") process by providing the details of their respective ASBA Accounts in which the corresponding Bid Amount was blocked by the SCSBs. For details, see "*Offer Procedure*" on page 705.

RISKS IN RELATION TO FIRST OFFER

This being the first public issue of the Equity Shares of our Company, there has been no formal market for the Equity Shares. The face value of the Equity Shares is ₹ 10 each and the Floor Price is 121.5 times of the face value and the Cap Price is 124 times of the face value of the Equity Shares. The Offer Price, as determined and justified by the Selling Shareholder and our Company in consultation with the BRLMs in accordance with the SEBI ICDR Regulations and as stated in "*Basis for Offer Price*" on page 112 should not be taken to be indicative of the market price of the Equity Shares after such Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares, or the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Offer. For taking an investment decision, investors must rely on their own examination of our Company and this Offer, including the risks involved. The Offered Shares have not been recommended or approved by the SEBI, nor does SEBI guarantee the accuracy or adequacy of the contents of this Prospectus. Specific attention of the investors is invited to "*Risk Factors*" on page 14

OUR COMPANY AND THE SELLING SHAREHOLDER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Prospectus contains all information with regard to our Company and the Offer, which is material in the context of the Offer, that the information contained in this Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. Further, the Selling Shareholder confirms all information set out about itself as the Selling Shareholder in context of the Offer for Sale included in this Prospectus and accepts responsibility for statements in relation to itself and the Equity Shares being sold by it in the Offer.

LISTING

The Offered Shares are proposed to be listed on BSE and NSE. Our Company has received in-principle approvals from BSE and NSE for listing of the Equity Shares pursuant to their letters dated October 10, 2017 and October 9, 2017, respectively. For the purposes of this Offer, BSE shall be the Designated Stock Exchange. A signed copy of the Red Herring Prospectus was delivered and a copy of this Prospectus shall be delivered for registration to the Registrar of Companies, Karnataka, Bengaluru. ("**RoC**") in accordance with Section 26(4) of the Companies Act, 2013. For details of the material contracts and documents which were made available for inspection from the date of registration of the Red Herring Prospectus with the RoC, until the Bid/ Offer Closing Date, see "*Material Contracts and Documents for Inspection*" on page 796.

BOOK RUNNING LEAD MANAGERS		REGISTRAR TO THE OFFER
SBI Capital Markets Limited 202, Maker Tower 'E' Cuffe Parade Mumbai 400 005 Tel: +91 (22) 22178300 Fax: +91 (22) 22188332 E-mail: hal.ipo@sbicaps.com Investor grievance e-mail: investor.relations@sbicaps.com Contact Person: Mr. Sandeep Tenneti/ Mr. Gitesh Vargantwar Website: www.sbicaps.com SEBI Registration No.: INM000003531	**Axis Capital Limited** 1st floor, Axis House C-2 Wadia International Centre P.B. Marg, Worli, Mumbai 400 025 Tel: +91 (22) 4325 2183 Fax: +91 (22) 4325 3000 E-mail: halipo@axiscap.in Investor grievance e-mail: complaints@axiscap.in Website: www.axiscapital.co.in Contact Person: Ms. Simran Gadh SEBI Registration No.: INM000012029	**Karvy Computershare Private Limited** Karvy Selenium Tower B Plot 31-32, Gachibowli Financial District, Nanakramguda Hyderabad, Telangana 500 032, India Tel: +91 (40) 6716 2222 Fax: +91 (40) 2343 1551 Email: hal.ipo@karvy.com Investor Grievance Email: einward.ris@karvy.com Website: https://karisma.karvy.com Contact Person: Mr. M Murali Krishna SEBI Registration No: INR000000221

BID/ OFFER PROGRAMME*	
BID/ OFFER OPENED ON:	**MARCH 16, 2018**
BID/ OFFER CLOSED ON:	**MARCH 20, 2018**

TABLE OF CONTENTS

SECTION I – GENERAL
DEFINITIONS AND ABBREVIATIONS

This Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the meaning as provided below. References to any legislation, act, regulation, rule, guideline, policy, circular, notification or clarification shall be to such legislation, act, regulation, rule, guideline, policy, circular, notification or clarification as amended. If there is any inconsistency between the definitions given below and the definitions contained in the General Information Document (defined hereinafter), the following definitions shall prevail.

General Terms

Term	Description
"the Company", "our Company", or "the Issuer"	Hindustan Aeronautics Limited, a company incorporated under the Companies Act, 1956, and having its registered office at 15/1 Cubbon Road, Bengaluru 560 001, Karnataka, India.
"we", "our" or "us"	Unless the context otherwise indicates or implies, refers to our Company, Subsidiaries and Joint Ventures

Company Related Terms

Term	Description
Articles or Articles of Association or AoA	The articles of association of our Company, as amended from time to time.
Audit Committee	The audit committee of our Board, as described in "*Our Management*" on page 194
Auditor or Statutory Auditor	The current statutory auditor of our Company, namely, S. Venkatram & Co, Chartered Accountants.
Board or Board of Directors	The board of directors of our Company (including any duly constituted committee thereof).
CSR Committee	The corporate social responsibility committee of our Board, as described in "*Our Management*" on page 194.
Director(s)	The director(s) on our Board, as described in "*Our Management*" on page 194
Equity Shares	The equity shares of our Company of face value of ₹ 10 each.
Government Nominee Director(s)	Director(s) on our Board, nominated by the MoD.
Group Companies	The companies which are covered under the applicable accounting standards, as described in "*Our Group Companies*" on page 218
Independent Director(s)	Independent Director(s) on our Board.
IPO Committee	The committee constituted by our Board for the Offer.
Joint Ventures	International Aerospace Manufacturing Private Limited, Multirole Transport Aircraft Limited, BAeHAL Software Limited, Indo Russian Aviation Limited, Snecma HAL Aerospace Private Limited, Samtel HAL Display Systems Limited, HAL Edgewood Technologies Private Limited, HALBIT Avionics Private Limited, Infotech HAL Limited, TATA HAL Technologies Limited, HATSOFF Helicopter Training Private Limited, Aerospace & Aviation Sector Skill Council, Helicopter Engines MRO Private Limited and Defence Innovation Organisation.
Key Management Personnel	Key management/ managerial personnel of our Company in terms of the SEBI ICDR Regulations and the Companies Act, 2013 and as disclosed in "*Our Management*" on page 194.
Memorandum or Memorandum of Association or MoA	The memorandum of association of our Company, as amended from time to time.
MoD	The Ministry of Defence, Government of India.
Nomination and Remuneration Committee	The nomination and remuneration committee of our Board, as described in "*Our Management*" on page 194
Promoter	The President of India, acting through the Department of Defence Production, Ministry of Defence, Government of India.
Registered and Corporate Office	The registered and corporate office of our Company located at 15/1 Cubbon Road, Bengaluru 560 001, Karnataka, India.
Registrar of Companies or RoC	The Registrar of Companies, Karnataka, Bengaluru.
Restated Consolidated Financial Statements	The consolidated financial statements of our Company prepared from its audited consolidated financial statements for (i) the six month period ended September 30, 2017 and the Fiscal Years 2017, 2016 and 2015 and the related notes, schedules and annexures thereto, prepared in accordance with applicable provisions of the Companies Act and Ind AS, and restated in accordance with the SEBI ICDR Regulations; and (ii) the Fiscal 2014 and 2013 and the related notes, schedules and

Term	Description
	annexures thereto, prepared in accordance with applicable provisions of the Companies Act and Indian GAAP, and restated in accordance with the SEBI ICDR Regulations.
Restated Financial Statements	Together, the Restated Consolidated Financial Statements and the Restated Standalone Financial Statements.
Restated Standalone Financial Statements	The standalone financial statements of our Company prepared from its audited standalone financial statements for (i) the six month period ended September 30, 2017 and the Fiscal Years 2017, 2016 and 2015 and the related notes, schedules and annexures thereto, prepared in accordance with applicable provisions of the Companies Act and Ind AS, and restated in accordance with the SEBI ICDR Regulations; and (ii) the Fiscal 2014 and 2013 and the related notes, schedules and annexures thereto, prepared in accordance with applicable provisions of the Companies Act and Indian GAAP, and restated in accordance with the SEBI ICDR Regulations.
SEBI Exemption Letters	The exemption letters bearing number CFD/DIL-II/AKD/AEA/OW/6470/2014 dated February 28, 2014, CFD/DIL-II/AKD/AEA/OW/33618/2014 dated November 27, 2014 and CFD/DIL-1/OW/22685/2017 dated September 19, 2017, issued by SEBI to our Company
Selling Shareholder	The President of India, acting through the Department of Defence Production, Ministry of Defence, Government of India.
Shareholders	The holders of the Equity Shares from time to time.
Subsidiaries	Indo-Russian Helicopters Limited (incorporated pursuant to a joint venture arrangement with Russian Helicopters and Rosoboronexport) and Naini Aerospace Limited.
Stakeholders' Relationship Committee	The stakeholders' relationship committee of our Board as described in "*Our Management*" on page 194.

Offer Related Terms

Term	Description
Acknowledgement Slip	The slip or document issued by the relevant Designated Intermediary(ies) to the Bidder as proof of registration of the Bid/ASBA Form.
Allot or Allotment or Allotted	Transfer of the Offered Shares to successful Bidders pursuant to the Offer for Sale by the Selling Shareholder.
Allotment Advice	A note or advice or intimation of Allotment sent to the successful Bidders who have been or are to be Allotted the Offered Shares after the Basis of Allotment has been approved by the Designated Stock Exchange.
Allottee	A successful Bidder to whom the Allotment is made.
ASBA or Application Supported by Blocked Amount	The application (whether physical or electronic) used by a Bidder to make a Bid and authorising an SCSB to block the Bid Amount in the ASBA Account.
ASBA Account	A bank account maintained with an SCSB and specified in the ASBA Form submitted by Bidders for blocking the Bid Amount mentioned in the ASBA Form.
ASBA Form	Application form, whether physical or electronic, used by Bidders which will be considered as the application for Allotment in terms of the Red Herring Prospectus and this Prospectus.
Axis	Axis Capital Limited.
Banker(s) to the Offer	Banks which are clearing members and registered with SEBI as bankers to an issue and with whom the Public Offer Account and Refund Account has been opened, in this case being State Bank of India and HDFC Bank Limited.
Basis of Allotment	The basis on which Offered Shares will be Allotted to successful Bidders under the Offer, as described in "*Offer Procedure*" on page 705.
Bid Amount	The highest value of optional Bids indicated in the ASBA Form and blocked in the ASBA Account of the Bidders, less the Retail Discount and Employee Discount, as applicable.
Bid Lot	12 Equity Shares and in multiples of 12 Equity Shares thereafter
Bid(s)	An indication by a Bidder to make an offer during the Bid/ Offer Period pursuant to submission of the ASBA Form, to purchase the Offered Shares at a price within the Price Band, including all revisions and modifications thereto, to the extent permissible under the SEBI ICDR Regulations, in terms of the Red Herring Prospectus and the ASBA Form. The term "Bidding" shall be construed accordingly.
Bid/ Offer Closing Date	March 20, 2018.
Bid/ Offer Opening Date	March 16, 2018.

Term	Description
Bid/ Offer Period	The period between the Bid/ Offer Opening Date and the Bid/ Offer Closing Date, inclusive of both days, during which Bidders submitted their Bids, including any revisions thereof.
Bidder or Applicant	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the ASBA Form.
Bidding Centres	Centres at which the Designated Intermediaries accepted the ASBA Forms, *i.e.*, Designated SCSB Branches for SCSBs, Specified Locations for members of the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs.
Book Building Process	Book building process, as provided in Schedule XI of the SEBI ICDR Regulations, in terms of which the Offer is being made.
Book Running Lead Managers or BRLMs	The book running lead managers to the Offer, being SBI Capital Markets Limited and Axis Capital Limited.
Broker Centres	The broker centres notified by the Stock Exchanges where Bidders submitted the ASBA Forms to a Registered Broker. The details of such Broker Centres, along with the names and contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com, respectively,) as updated from time to time.
Cap Price	₹ 1,240 per Equity Share being the higher end of the Price Band, above which the Offer Price was not finalised and above which no Bids were accepted.
CDP or Collecting Depository Participant	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, issued by SEBI, and a list of such locations is available on the website of the BSE and NSE at http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6 and https://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, respectively.
Client ID	The client identification number maintained with one of the Depositories in relation to a demat account.
Cut-Off Price	The Offer Price finalised by the Selling Shareholder and our Company, in consultation with the BRLMs. Only Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion were entitled to Bid at the Cut-off Price. QIBs and Non-Institutional Bidders were not entitled to Bid at the Cut-Off Price.
Demographic Details	Details of the Bidders including the Bidders' address, the name of the Bidders' father / husband, investor status, occupation and bank account details.
Designated CDP Locations	Such locations of the CDPs where Bidders have submitted the ASBA Forms. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com, respectively,) as updated from time to time.
Designated Date	The date on which the SCSBs unblock funds from the ASBA Accounts and transfer to the Public Offer Account or the Refund Account, as appropriate, in terms of this Prospectus, following which the Selling Shareholder shall give delivery instructions for the transfer of the Offered Shares.
Designated Intermediary(ies)	Collectively, the Syndicate, Sub-Syndicate Members/ agents, SCSBs, Registered Brokers, CDPs and RTAs, who are authorised to collect ASBA Forms from the Bidders in the Offer.
Designated RTA Locations	Such locations of the RTAs where Bidders have submitted the ASBA Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com, respectively,) as updated from time to time.
Designated SCSB Branches	Such branches of the SCSBs which collected the ASBA Forms used by the Bidders, a list of which is available on the website of SEBI at (http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes), updated from time to time, or at such other website as may be prescribed by SEBI from time to time.
Designated Stock Exchange	BSE

Term	Description
Draft Red Herring Prospectus or DRHP	The draft red herring prospectus dated September 28, 2017, issued in accordance with the SEBI ICDR Regulations, which did not contain complete particulars of the price at which the Offered Shares will be Allotted and the size of the Offer, including any addenda or corrigenda thereto.
Eligible Employee(s)	A permanent and full-time employee of our Company (excluding such employee not eligible to invest in the Offer under applicable laws, rules, regulations and guidelines), as on the date of registration of the Red Herring Prospectus with the RoC, who are Indian nationals and are based, working and present in India and continued to be on the rolls of our Company as on the date of submission of their ASBA Form and Bidding in the Employee Reservation Portion. Directors, Key Management Personnel and other employees of our Company involved in the Offer Price fixation process cannot participate in the Offer (as per Model Conduct, Discipline and Appeal Rules of CPSEs and Office memorandum of DPE dated June 16, 2009 and July 28, 2009). An employee of our Company who is recruited against a regular vacancy but is on probation as on the date of submission of the ASBA Form will also be deemed a "permanent employee" of our Company.
Eligible NRI(s)	NRI(s) from jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the ASBA Form and the Red Herring Prospectus constituted an invitation to purchase the Offered Shares.
Employee Discount	A discount of ₹ 25 per Equity Share on the Offer Price, which was offered to Eligible Employees Bidding in the Employee Reservation Portion, subject to the Bid Amount not exceeding ₹ 500,000.
Employee Reservation Portion	The portion of the Offer, being upto 668,775 Equity Shares that was reserved for allocation and Allotment to Eligible Employees on a proportionate basis.
First or sole Bidder	The Bidder whose name was mentioned in the ASBA Form or the Revision Form and in case of joint Bids, whose name was appearing as the first holder of the beneficiary account held in joint names.
Floor Price	₹ 1,215 per Equity Share, being the lower end of the Price Band, at or above which the Offer Price will be finalised and below which no Bids were accepted.
General Information Document or GID	The General Information Document for investing in public issues, prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 issued by SEBI, modified and updated pursuant to, among others, the circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015, the circular (CIR/CFD/DIL/1/2016) dated January 1, 2016, and the circular (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016, issued by SEBI and included in "*Offer Procedure*" on page 705
Maximum RII Allottees	The maximum number of RIIs who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Offered Shares available for Allotment to RIIs by the minimum Bid Lot.
Mutual Fund Portion	835,969 Equity Shares which was made available for allocation to Mutual Funds only on a proportionate basis, subject to valid Bids being received at or above the Offer Price.
Mutual Funds	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
Net Offer	The Offer less the Employee Reservation Portion being 33,438,750 Equity shares aggregating to ₹ 40,335.49 million.
Non-Institutional Bidders	Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Offered Shares for an amount more than ₹ 200,000 (but not including Eligible Employees Bidding in the Employee Reservation Portion).
Non-Institutional Portion	5,015,813 Equity Shares which was made available for allocation to Non-Institutional Bidders on a proportionate basis, subject to valid Bids being received at or above the Offer Price.
Non-Resident or NR	A person resident outside India, as defined under FEMA and includes FPIs, FVCIs and Eligible NRIs.
Offer/ Offer for Sale	The initial public offering of our Company through the offer for sale of 34,107,525 Equity Shares by the Selling Shareholder at the Offer Price, aggregating to ₹ 41,131.33million, in terms of the Red Herring Prospectus. The Offer comprises of the Net Offer and the Employee Reservation Portion.
Offer Agreement	The agreement dated September 27, 2017 entered among the Selling Shareholder, our Company and the BRLMs pursuant to which certain arrangements are agreed to in relation to the Offer.

Term	Description
Offer Price	The final price (net of Retail Discount and Employee Discount, as applicable) within the Price Band at which Offered Shares will be Allotted to successful Bidders in terms of this Prospectus.
Offer Proceeds	The proceeds of this Offer based on the total number of Offered Shares Allotted under this Offer and the Offer Price.
Offered Shares	34,107,525 Equity Shares being offered for sale by the Selling Shareholder in the Offer.
Pre-Offer Advertisement	The pre-Offer advertisement to be published by our Company under regulation 47 of the SEBI ICDR Regulations and section 30 of the Companies Act, 2013 after registration of the Red Herring Prospectus with the RoC, in all editions of the English national newspaper The Financial Express, all editions of the Hindi national newspaper Jansatta and Bengaluru edition of the Kannada national newspaper Vijayavani (Kannada being the regional language of Bengaluru wherein our Company's Registered and Corporate Office is located), each with wide circulation, respectively.
Price Band	The price band ranging from the Floor Price of ₹ 1,215 per Equity Share to the Cap Price of ₹ 1,240 per Equity Share.
Pricing Date	The date on which the Selling Shareholder and our Company, in consultation with the BRLMs, finalised the Offer Price.
Prospectus	This prospectus dated March 21, 2018 filed with the RoC on or after the Pricing Date in accordance with Section 26 and 32 of the Companies Act, 2013, and the SEBI ICDR Regulations containing, among others, the Offer Price, the size of the Offer and certain other information, including any addenda or corrigenda thereto.
Public Offer Account	The bank account opened with the Banker(s) to the Offer under Section 40(3) of the Companies Act, 2013, to receive monies from the ASBA Accounts on the Designated Date.
Public Offer Account Agreement	Agreement dated March 5, 2018 among the Selling Shareholder, our Company, the BRLMs, the Registrar to the Offer, the Syndicate Member and the Banker(s) to the Offer for receipt of Bid Amounts from the ASBA Accounts on the Designated Date and if applicable, refund of amounts collected from Bidders, on terms and conditions thereof.
QIB Bidders	QIBs who Bid in the Offer.
QIB Portion	16,719,374 Equity Shares, was made available for allocation to QIBs on a proportionate basis, subject to valid Bids being received at or above the Offer Price.
QIBs or Qualified Institutional Buyers	The qualified institutional buyers as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations.
Red Herring Prospectus or RHP	The Red Herring Prospectus dated March 7, 2018 issued by our Company in accordance with Section 32 of the Companies Act, 2013, and the provisions of the SEBI ICDR Regulations, which did not have the complete particulars of the price at which the Offered Shares were offered and the size of the Offer, including any addenda or corrigenda thereto. The Red Herring Prospectus has been filed with the RoC at least three Working Days before the Bid/ Offer Opening Date and will become the Prospectus upon filing with the RoC on or after the Pricing Date.
Refund Account	The account opened with the Refund Bank to which refunds, if any, of the whole or part of the Bid Amount, shall be transferred from the Public Offer Account(s) and will be credited to the ASBA Accounts of the Bidders.
Refund Bank	The Banker(s) to the Offer with whom the Refund Account has been opened, in this case being State Bank of India and HDFC Bank Limited.
Registered Brokers	Stock brokers registered with SEBI under the Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Regulations, 1992 and the stock exchanges having nationwide terminals, other than the Members of the Syndicate and eligible to procure Bids in terms of Circular No. CIR/CFD/14/2012 dated October 4, 2012, issued by SEBI.
Registrar Agreement	The agreement dated September 27, 2017 entered into among our Company, the Selling Shareholder, and the Registrar to the Offer, in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer.
Registrar to the Offer or Registrar	Karvy Computershare Private Limited.
Resident Indian	A person resident in India, as defined under FEMA.
Retail Discount	A discount of ₹ 25 per Equity Share on the Offer Price, which was offered to Retail Individual Bidders.
Retail Individual Bidder(s) or Retail Individual Investor(s) or RII(s) or RIB(s)	Individual Bidders, who have Bid for the Offered Shares for an amount which is not more than ₹ 200,000 in any of the Bidding options in the Offer (including HUFs

Term	Description
	applying through their Karta and Eligible NRI Bidders) and does not include NRIs (other than Eligible NRIs).
Retail Portion	11,703,563 Equity Shares, available for allocation to Retail Individual Bidders as per the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.
Revision Form	The form used by Bidders to modify the quantity of the Offered Shares Bid for, or the Bid Amount in any of their ASBA Forms or any previous Revision Form(s). QIB Bidders and Non-Institutional Bidders are not allowed to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion could revise their Bids during the Bid/ Offer Period and withdraw their Bids until the Bid/ Offer Closing Date.
RTAs or Registrar and Share Transfer Agents	The registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, issued by SEBI.
SBICAP	SBI Capital Markets Limited.
Self Certified Syndicate Bank(s) or SCSB(s)	The banks registered with SEBI, offering services in relation to ASBA, a list of which is available on the website of SEBI at (http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes) or such other websites and updated from time to time.
Share Escrow Agent	The share escrow agent appointed pursuant to the Share Escrow Agreement, namely Karvy Computershare Private Limited.
Share Escrow Agreement	The agreement dated March 5, 2018, entered into among the Selling Shareholder, our Company and the Share Escrow Agent in connection with the transfer of the Offered Shares by the Selling Shareholder and credit of such Offered Shares to the demat account of the Allottees.
Specified Locations	The Bidding centres where the Syndicate accepted ASBA Forms from Bidders.
Sub-Syndicate Members	The sub-syndicate members, if any, appointed by the BRLMs and the Syndicate Member, to collect ASBA Forms and Revision Forms.
Syndicate Agreement	The agreement dated March 5, 2018, entered into among the Selling Shareholder, our Company, the BRLMs and the Syndicate Member in relation to the collection of ASBA Forms by the Syndicate.
Syndicate Member	Intermediary registered with SEBI who is permitted to carry out activities as an underwriter, namely, SBICAP Securities Limited.
Systemically Important Non-Banking Financial Company	A non-banking financial company registered with the Reserve Bank of India and having a net-worth of more than ₹ 5,000 million as per the last audited financial statements.
“Syndicate” or “Members of the Syndicate”	The BRLMs and the Syndicate Member.
Underwriters	SBI Capital Markets Limited, Axis Capital Limited and SBICAP Securities Limited
Underwriting Agreement	The agreement dated March 21, 2018, among the Selling Shareholder, our Company, the Registrar to the Offer and the Underwriters.
Wilful Defaulter	A company or a person categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India and includes any company whose director or promoter is categorised as such.
Working Day	All days other than second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai are open for business; provided, however, with reference to (a) announcement of Price Band; and (b) Bid/ Offer Period, the expression “Working Day” shall mean all days, excluding all Saturdays, Sundays or a public holiday, on which commercial banks in Mumbai are open for business; and (c) the time period between the Bid/ Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, the expression “Working Day” shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, in terms of the SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016.

Technical/ Industry Related Terms/ Abbreviations

Term	Description
AASSC	Aerospace & Aviation Sector Skill Council
AERDC	Aero-Engine R&D Centre
ALH	Advanced Light Helicopter
ARDC	Aircraft R&D Centre

Term	Description
ASERDC, Korwa	Aerospace Systems and Equipment R&D Centre at Korwa
ASERDC, Lucknow	Aerospace Systems and Equipment Research and Design Centre at Lucknow
AURDC	Aircraft Upgrade Research & Design Centre
BAeHAL	BAeHAL Software Limited
BDL	Bharat Dynamics Limited
BEL	Bharat Electronics Limited
BEML	BEML Limited
CAG	Comptroller and Auditor General of India
CEMILAC	Center for Military Airworthiness and Certification
CKD	Completely-knocked down
CMPL	Central Material and Process Laboratory
DIO	Defence Innovation Organisation
DPP	Defence Procurement Procedure
DPP 2016	Defence Procurement Procedure 2016
DPP Strategic Partnership Model	Strategic partnership model under DPP 2016
DPSUs	Defence Public Sector Undertakings
DRDO	Defence Research and Development Organisation
DSIR	Department of Scientific and Industrial Research
Exemption Notification	Notification No. GSR 463(E)[F.NO.1/2/2014-CL-V] by MCA, dated June 5, 2015
GRSE	Garden Reach Shipbuilders & Engineers Limited
GSL	Goa Shipyard Limited
GTRDC	Gas Turbine R&D Centre
HAL	Hindustan Aeronautics Limited
HALBIT	HALBIT Avionics Private Ltd.
HATSOFF	HATSOFF Helicopter Training Private Ltd.
HE-MRO	Helicopter Engines MRO Private Limited
HETL	HAL Edgewood Technologies Private Limited
HSL	Hindustan Shipyard Limited
HTFE-25	Hindustan Turbo Fan Engine – 25 kN
HTSE-1200	Hindustan Turbo Shaft Engine – 1200 kW
IAMPL	International Aerospace Manufacturing Private Limited
IC	Indigenous Content
ICDS	Income Computation and Disclosure Standards
IDDM	Indigenously Designed, Developed and Manufactured
IISc	Indian Institute of Science
IITs	Indian Institutes of Technology
IJT	Intermediate Jet Trainer
IMRH	Indian Multi Role Helicopter
Indian Defence Services	Indian Army, Indian Air Force, Indian Navy and Indian Coast Guard
Infotech HAL	Infotech HAL Limited
IRAL	Indo Russian Aviation Limited
IRHL	Indo-Russian Helicopters Limited
LCA	Light Combat Aircraft
LCH	Light Combat Helicopter
LUH	Light Utility Helicopter
MCSRDC	Mission and Combat Systems R&D Centre
MDL	Mazagon Dock Shipbuilders Limited
MIDHANI	Mishra Dhatu Nigam Limited
MoD	Ministry of Defence, Government of India
MRO	Maintenance, Repair and Overhaul
MTAL	Multirole Transport Aircraft Limited
NABL	National Accreditation Board for Testing and Calibration Laboratories
NADCAP	National Aerospace and Defence Contractors Accreditation Program
NAeL	Naini Aerospace Limited
OEMs	Original Equipment Manufacturers
OFB	Ordnance Factory Board
OSAM C	Open System Architecture Mission Computer
PTA	Pilotless Target Aircraft
R&D Centres	Research and Design Centres
RWRDC	Rotary Wing R&D Centre
SHAePL	Snecma HAL Aerospace Private Ltd.
SHDS	Samtel HAL Display Systems Limited
SHQ	Service Headquarters

Term	Description
SKD	Semi-knocked down
SLRDC	Strategic Electronics R&D Centre
STT	Securities Transaction Tax
SQR	Services Qualitative Requirements
TARDC	Transport Aircraft R&D Centre
TATA HAL	TATA HAL Technologies Limited

Conventional and General Terms or Abbreviations

Term	Description
₹ or Rs. or Rupees or INR	Indian Rupees, the official currency of the Republic of India.
AGM	Annual General Meeting.
AIF	Alternative Investment Fund as defined in and registered with SEBI under the Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012.
AS or Accounting Standards	Accounting standards issued by the Institute of Chartered Accountants of India.
BSE	BSE Limited.
CAGR	Compounded Annual Growth Rate.
Category II FPI	FPIs registered as “Category II foreign portfolio investors” under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014.
Category III FPI	FPIs registered as “Category III foreign portfolio investors” under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014.
CBDT	Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, Government of India.
CDSL	Central Depository Services (India) Limited.
CEO	Chief Executive Officer.
CIN	Corporate Identity Number.
CIT	Commissioner of Income Tax.
Companies Act	Companies Act, 1956 and Companies Act, 2013, as applicable.
Companies Act, 1956	Companies Act, 1956 (without reference to the provisions thereof that have ceased to have an effect upon notification of the sections of the Companies Act, 2013) along with the relevant rules made thereunder.
Companies Act, 2013	Companies Act, 2013, to the extent in force pursuant to the notification of sections by the Ministry of Corporate Affairs, Government of India as of the date of this Prospectus, along with the relevant rules made thereunder.
CSR	Corporate Social Responsibility.
Depositories	NSDL and CDSL.
Depositories Act	The Depositories Act, 1996, read with regulations framed thereunder.
DIN	Director Identification Number.
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce & Industry, Government of India.
DP ID	Depository Participant’s Identity Number.
DP or Depository Participant	A depository participant as defined under the Depositories Act.
EGM	Extraordinary General Meeting.
EPS	Earnings Per Share.
FAQs	Frequently asked questions.
FCNR	Foreign currency non-resident account.
FDI	Foreign Direct Investment.
FDI Circular	Consolidated Foreign Direct Investment policy circular of 2017, effective from August 28, 2017, issued by the DIPP.
FEMA	Foreign Exchange Management Act, 1999, read with rules and regulations thereunder.
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017.
Financial Year or Fiscal or Fiscal Year or FY	The period of 12 months ending March 31 of that particular year.
FPI(s)	Foreign Portfolio Investors as defined under the SEBI FPI Regulations.
FVCI	Foreign Venture Capital Investors as defined and registered under the SEBI FVCI Regulations.
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product.
GoI or Government or Central Government	The Government of India.
GST	Goods and Services Tax.

Term	Description
HUF	Hindu Undivided Family.
ICAI	The Institute of Chartered Accountants of India.
IFRS	International Financial Reporting Standards.
Income Tax Act	Income Tax Act, 1961, read with the rules framed thereunder.
Income Tax Rules	Income Tax Rules, 1962.
Ind AS	Indian Accounting Standards.
India	The Republic of India.
Indian Accounting Standard Rules	Companies (Indian Accounting Standards) Rules of 2015.
Indian GAAP / IGAAP	Generally Accepted Accounting Principles in India.
Indian Penal Code	Indian Penal Code, 1860.
IPO	Initial Public Offering.
IRDA	Insurance Regulatory and Development Authority of India.
IST	Indian Standard Time.
IT	Information Technology.
MCA	Ministry of Corporate Affairs, Government of India.
MICR	Magnetic ink character recognition.
Mn or mn	Million.
MoU	Memorandum of understanding.
N.A.	Not applicable.
NACH	National Automated Clearing House.
NAV	Net asset value.
NEFT	National Electronic Fund Transfer.
NRE Account	Non-Resident External account.
NRI	A person resident outside India, who is a citizen of India or a person of Indian origin, and shall have the meaning ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2000.
NSDL	National Securities Depository Limited.
NSE	The National Stock Exchange of India Limited.
OCB or Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Offer.
p.a.	Per annum.
P/E Ratio	Price/Earnings Ratio.
PAN	Permanent Account Number.
PAT	Profit after tax.
RBI	Reserve Bank of India.
RONW	Return on net worth.
RTGS	Real Time Gross Settlement.
SCRA	Securities Contracts (Regulation) Act, 1956.
SCRR	Securities Contracts (Regulation) Rules, 1957.
SEBI	Securities and Exchange Board of India constituted under the SEBI Act, 1992.
SEBI Act	Securities and Exchange Board of India Act 1992.
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012.
SEBI Depository Regulations	Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996.
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014.
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000.
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
SEBI Mutual Fund Regulations	Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
SEBI Portfolio Manager Regulations	Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993.
SEBI Stock Broker Regulations	Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Regulations, 1992.
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996.
State Government	The government of a state in India.

Term	Description
Stock Exchanges	Collectively, the BSE and the NSE.
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
TAN	Tax deduction account number.
TDS	Tax deducted at source.
U.S. GAAP	Generally accepted accounting principles of the United States.
U.S. or USA or United States	The United States of America.
U.S. Securities Act	U.S. Securities Act of 1933.
USD or US$	United States Dollars.
VAT	Value Added Tax.
VCFs	Venture Capital Funds as defined in and registered with SEBI under SEBI VCF Regulations.
Year/ Calendar Year	The 12 month period ending December 31.

Words and expressions used but not defined herein shall have the same meaning as is assigned to such terms in the SEBI ICDR Regulations, the Companies Act, the SEBI Act, the SCRA, the Depositories Act and the rules and regulations made thereunder.

Notwithstanding the foregoing, capitalised terms in "*Statement of Tax Benefits*", "*Financial Statements*", "*Basis for Offer Price*", "*Outstanding Litigation and Material Developments*", "*Offer Procedure*" and "*Main Provision of the Articles of Association*" on pages 115, 221, 112, 665, 705 and 756 respectively, shall have the meaning as ascribed to such terms in such sections.

CERTAIN CONVENTIONS, CURRENCY OF PRESENTATION, USE OF FINANCIAL INFORMATION, INDUSTRY AND MARKET DATA

Page Numbers

Unless otherwise stated, all references to page numbers in this Prospectus are to page numbers of this Prospectus.

Currency and Units of Presentation

All references to *"Rupee(s)"*, *"Rs."* or "₹" or "INR" are to Indian Rupees, the official currency of the Republic of India. All references to *"US$"* or *"U.S. Dollars"* or *"USD"* are to United States Dollars, the official currency of the United States of America.

Exchange Rates

This Prospectus contains conversions of certain other currency amounts into Rupees that have been presented solely to comply with the requirements of SEBI ICDR Regulations. Unless otherwise stated, the exchange rates referred to for the purpose of conversion of foreign currency amounts into Rupee amounts, are as follows:

Currency	**Exchange rate as on (*in* ₹)**					
	September 30, 2017(1)&(2)	**March 31, 2017**(1)&(2)	**March 31, 2016**(1)&(2)	**March 31, 2015**(1)&(2)	**March 31, 2014**(1)&(2)	**March 31, 2013**(1)&(2)
1 USD#	65.36	64.84	66.33	62.59	60.10	54.39
1 GBP#	87.71	80.88	95.09	92.46	99.85	82.32
1 EUR#	77.06	69.25	75.10	67.51	82.58	69.54
1 CHF#	67.35	64.83	68.93	64.26	67.79	57.18
1 RUB#	1.13	1.15	0.99	1.07	1.68	1.75

Notes:

(1) In case September 30, 2017 or March 31of any of the respective years is a public holiday, the previous calendar day not being a public holiday has been considered.

(2) Exchange rate is rounded off to two decimal places.

#Source: www.rbi.org.in, Bloomberg

Such conversion should not be considered as a representation that such currency amounts have been, could have been or can be converted into Rupees at any particular rate, the rates stated above or at all.

Financial and Other Data

Unless stated otherwise, the financial information in this Prospectus is derived from our Restated Financial Statements prepared in accordance with Ind AS, Indian GAAP and the Companies Act 2013/ Companies Act, 1956, as applicable, restated in accordance with the SEBI ICDR Regulations.

Our Company's Financial Year commences on April 1 and ends on March 31 of the following year. Accordingly, all references to a particular financial year, unless stated otherwise, are to the 12-month period ended on March 31 of that year. Unless the context otherwise requires, all references to a year in this Prospectus are to a calendar year and references to a financial year are to March 31 of that calendar year.

Certain figures contained in this Prospectus, including financial information, have been subject to rounding adjustments. All decimals have been rounded off to nearest whole-number. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row.

There are significant differences between Indian GAAP, Ind AS, U.S. GAAP and IFRS. Our Company does not provide reconciliation of its financial information to IFRS or U.S. GAAP. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Prospectus and it is urged that you consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the financial information included in this Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting policies and practices, the Companies Act, the Indian GAAP, Ind AS and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting policies and practices on the financial disclosures presented in this Prospectus should accordingly be limited. Given that Ind AS differs in many respects from Indian GAAP, our financial statements prepared and presented in accordance with Ind AS may not be comparable to our historical financial statements prepared under the Indian GAAP.

On February 16, 2015, the Ministry of Corporate Affairs issued the Ind-AS Rules for the purpose of enacting changes to Indian GAAP that are intended to align Indian GAAP further with IFRS. The Ind-AS Rules provide that the financial statements of the companies to which they apply shall be prepared in accordance with the Indian Accounting Standards converged with IFRS, although any company may voluntarily implement Ind AS for the accounting period beginning from April 1, 2015. With effect from April 1, 2016, we are required to prepare our financial statements in accordance with the Ind AS. Pursuant to SEBI Circular number SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 31, 2016, our restated financial information for the six month period ended September 30, 2017 and the financial years 2017, 2016 and 2015 included in this Prospectus is prepared under the Ind AS while our restated financial information for the financial years 2014 and 2013 included in this Prospectus is prepared under the Indian GAAP.

We have not made any attempt to quantify or identify the impact of the differences between Indian GAAP and Ind AS applied to our financial statements and it is urged that you consult your own advisors regarding the impact of difference, if any, on financial data included in this Prospectus.

For details in connection with risks involving differences between Indian GAAP and IFRS see "*Risk Factors – Significant differences exist between Indian GAAP, Ind AS and other accounting principles such as IFRS or the U.S. GAAP which may be material to investors' assessments of our financial condition*" on page 45 and for risks in relation to Ind AS, see "*Summary of Significant Differences between Indian GAAP and Ind AS*" on page 626.

Unless the context otherwise indicates, any percentage amounts, as set forth in "*Risk Factors*", "*Our Business*", "*Management's Discussion and Analysis of Financial Conditional and Results of Operations*" on pages 14, 126 and 634 respectively, and elsewhere in this Prospectus have been calculated on the basis of our Restated Financial Statements prepared in accordance with Companies Act, 2013, Ind AS Rules and Indian GAAP, as applicable and restated in accordance with the SEBI ICDR Regulations.

Industry and Market Data

The industry and market data set forth in this Prospectus have been obtained or derived from publicly available information as well as industry publications and sources. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we have no reason to believe that industry data used in this Prospectus is not reliable, it has not been independently verified by us, none of our Directors, the Selling Shareholder and any of the BRLMs any of their affiliates or advisors make any representation as to its accuracy or completeness. The data used in these sources may have been re-classified by us for the purposes of presentation. Data from these sources may also not be comparable. For further details, see "*Risk Factors - Third party statistical and financial data in the section entitled "Industry Overview" on page 118, may be incomplete or unreliable.*" on page 38.

The extent to which industry and market data set forth in this Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources. Accordingly, no investment decision should be made solely on the basis of such information.

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain “forward-looking statements”. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “goal”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “should” “will”, “will continue”, “seek to”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. For the reasons described below, we cannot assure investors that the expectations reflected in these forward-looking statements will prove to be correct. Therefore, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with the expectations with respect to, but not limited to, regulatory changes pertaining to the industry in which our Company has businesses and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India and globally which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in laws, regulations and taxes and changes in competition in our industry. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

1. any decrease in sales from work performed under the contracts with the MoD, which account for a substantial portion of our business;
2. a decline or reprioritisation of funding in the Indian defence budget, that of customers including the Indian Defence Services, Indian Coast Guard, Border Security Force, Central Reserve Police Force and Paramilitary forces or delays in the budget process;
3. our inability to keep pace with the technological changes or devote sufficient resources for research, design and development;
4. competition in the markets in which we operate, including with respect to international competitors who may have substantially greater resources than us;
5. the outcome of legal and/or regulatory proceedings that our Company is or might become involved in;
6. any adverse change in laws, rules and regulations and legal uncertainties;
7. any significant risks and uncertainties that may not be covered by indemnity or insurance;
8. our inability to attract or retain key personnel; and
9. any occurrence of natural calamities or natural disasters affecting the areas in which we operate.

This list of important factors is not exhaustive. Additional factors that could cause the actual results, performance or achievements to differ materially include, but are not limited to, those discussed under “Risk Factors”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business”. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

Forward-looking statements reflect our views as of the date of this Prospectus and are not a guarantee of future performance. These statements are based on our management’s beliefs and assumptions, which in turn are based on the currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. None of our Company, Directors, the Selling Shareholder, the BRLMs and any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

In accordance with regulatory requirements, our Company and the Selling Shareholder will ensure that investors in India are informed of material developments from the date of registration of the Prospectus with the RoC until the date of Allotment.

SECTION II - RISK FACTORS

An investment in equity shares involves a high degree of risk. Prospective investors should carefully consider all the information in this Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. If any or some combination of the following risks or any of the other risks and uncertainties discussed in this Prospectus actually occur, our business, results of operations and financial condition could suffer, the trading price of our Equity Shares and the value of your investment in our Equity Shares could decline, and you may lose all or part of your investment. The risks and uncertainties described below are not the only risks that we currently face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also have an adverse effect on our business, results of operations and financial condition. The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are risks where the effect is not quantifiable and hence have not been disclosed in the applicable risk factors.

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Offer unless they can afford to take the risk of losing all or a part of their investment. Investors are advised to read the risk factors described below carefully before making an investment decision in this Offer. In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of the Offer, including the merits and risks involved. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in this Offer.

To obtain a more detailed understanding of our Company, prospective investors should read this section in conjunction with sections entitled "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 126 and 634, respectively, as well as the other financial and statistical information contained in this Prospectus.

This Prospectus also contains forward-looking statements that involve risks and uncertainties. Our Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including considerations described below and in the chapter entitled "Forward Looking Statements" on page 13.

Because we are a GoI undertaking, primarily serving the Indian Defence Services, our revenues are concentrated with the GoI. This customer relationship involves certain unique risks. In addition, our sales to private domestic or international customers expose us to different financial and legal risks. Despite the varying nature of our Indian and international defence operations and the markets we serve, each group shares some common risks, such as the ongoing development of high-technology products and the price, availability and quality of commodities and subsystems.

As a result of national security related concerns, certain material information in relation to our business and operations has been classified as 'confidential' by the Ministry of Defence, Government of India (the "MoD") and us. As a result, we have not (i) disclosed such information in this Prospectus; or (ii) provided such information to the BRLMs, the legal counsels and other intermediaries involved in the Offer. We cannot assure you that this Prospectus contains all such material information necessary for investors to make an informed investment decision.

Risks Related to our Company

1. ***We depend heavily on MoD contracts. A decline or reprioritisation of funding in the Indian defence budget, that of customers including the Indian Army, Indian Air Force and Indian Navy (the "Indian Defence Services"), Indian Coast Guard, Border Security Force, Central Reserve Police Force and Paramilitary forces or delays in the budget process could adversely affect our ability to grow or maintain our sales, earnings, and cash flow.***

   We derived 91.4%, 93.3%, 94.2% and 92.6% of our total sales from sales to the Indian Defence Services in the six months period ended September 30, 2017 and in the Financial Years 2017, 2016 and 2015, respectively. We expect to continue to derive most of our sales from work performed under the MoD contracts. These contracts depend upon the continuing availability of budgets extended to the MoD, which in turn allocates the funding to the Indian Defence Services, our largest customer. Any reduction or unavailability of funds to the Indian Defence Services could have an adverse impact on the funding of these contracts.

Further, continued economic challenges may place pressure on GoI budgets and allocation of spending. While we believe that our programmes are well aligned with India's national defence and other priorities, shifts in domestic spending and tax policy, changes in security levels, defence, and intelligence priorities, general economic conditions and developments, and other factors may affect a decision to fund, or the amount of funding available to, existing or proposed defence programmes.

Under such conditions, large or complex programmes are potentially subject to performance challenges. For example our current major programme, the Su-30 MKI, has faced a number of delays in the production phase due to some challenges faced on account of technology transfer. The Su-30 MKI represented 31.1% and 44.1% of our total sales in the six month period ended September 30,2017 and in Financial Year 2017, respectively. While we expect our customers to carry on funding the research, design and development cost and/or placing orders for our aircraft under our major programmes, there is no guarantee that our customers will continue to place orders or fund us at the same levels as they have in the past or if at all in the future. In addition, we could incur expenses beyond those that would be reimbursed if one or more of our existing contracts were terminated for default or delays beyond the period stipulated in the contract.

As a leader in the Indian defence and aviation markets, we have a large number of programmes for which we are the incumbent nominated production agency. A substantial portion of our business is awarded through nomination or assignment of contracts by the MoD. However, going forward and with the liberalisation of defence sector to allow private and foreign companies to participate in defence contracts, we will be required to participate in competitive bidding. The competitive bidding process entails managerial time to prepare bids and proposals for contracts and may require us to resort to price cuts in order to win contracts which may not be awarded to us or may be split with our competitors. Following an award, we may encounter significant expenses, delays, contract modifications, or even loss of such contract if our competitors protest or challenge contracts that are awarded to us. In addition, our customers are facing budget constraints, availability of more affordable solutions, and reducing product and technology development cycles. To remain competitive, we must consistently provide products with superior performance and capability to our customers, advanced technology solutions and service at an affordable cost and with the agility that our customers require to satisfy their mission objectives. Our inability to successfully do so could have a material adverse effect on our business, prospects, financial condition and/ or operating results.

The MoD and GoI have continued efforts to reform defence related policies such as the Defence Procurement Procedure 2016 ("DPP 2016") to promote private participation, a level playing field and the domestic defence manufacturing industry and eco-system. These policies have altered the competitive landscape for our Company with respect to securing capital procurement contracts for the Indian Defence Services for the manufacture of products under technology transfer licence. While the MoD has given the highest priority to Indigenously Designed, Developed and Manufactured ("IDDM") products for capital procurement, there can be no assurance that we will continue to be selected as the Indian production agency for such contracts. In addition, the MoD has imposed changes that increased competition with international competitors. For instance, the MoD has made changes to the definition of Indian vendor in view of the relaxed FDI policy. In May 2017, the Government of India introduced a strategic partnership model under DPP 2016 (the "DPP Strategic Partnership Model") under which the GoI seeks to identify a few Indian private companies as strategic partners who would initially tie up with a few shortlisted foreign original equipment manufacturers (“OEMs”) to manufacture military platforms and equipment. These policies have raised the level of competition and we cannot assure you that we will be as competitive under the new policy and we will continue to be awarded contracts. In particular, the DPP Strategic Partnership Model may create the formation of entities that may pose a significant competition for our Company. While we would expect to continue to compete for such procurement contracts, there is no guarantee that we will be successful, which may affect our ability to grow and/or maintain our sales, earnings and cash flow.

2. ***As a result of national securities concerns, certain information in relation to our business and operations is classified as ‘secret and confidential’ pursuant to which we have not disclosed such information in this Prospectus nor provided such information to the BRLMs and other intermediaries and advisors involved in the Offer.***

Our Company operates in the defence sector and is engaged in the design, development and manufacture of aircraft, helicopters, engines and accessories, as well as offering repair and overhaul services and the supply of spares. We derived 91.4%, 93.3%, 94.2% and 92.6% of our total sales from sales to the Indian

Defence Services the six months period ended September 30, 2017 and in the Financial Years 2017, 2016 and 2015, respectively. As our Company's operations are closely linked to the Indian defence sector, a large part of the operations of our Company are classified as secret and confidential. Further, our offices are classified as a defence installation and prohibited place under section 2 of the Official Secrets Act, 1923.

As a result of national security related concerns, the Indian Defence Services and we have determined that certain material documents and information as secret and confidential such as board minutes and committee minutes, agreements we executed with our suppliers, customers, vendors and technical collaborators, information in relation to our business strategy, research and development plans, segment wise reporting, demand and supply forecasts, existing capacity, time and cost overrun, past trends and future prospects, details of our Company's order book, planned capital expenditure, and qualitative and quantitative information in relation thereto. However, we are required to make the following disclosures in the Prospectus in accordance with the SEBI ICDR Regulations:

(i) pursuant to Schedule VIII Part A (VIII)(B)(1)(c), details of collaborations including any performance guarantee or assistance in marketing by the collaborators along with details of the persons/entities with whom technical and financial agreements have been entered into by our Company;

(ii) pursuant to Schedule VIII Part A (VIII)(B)(1)(e)(ii), details about the market for the product or services of our Company including details of competition, past production figures for the industry, existing installed capacity, past trends and future prospects regarding exports and demand and supply forecasts;

(iii) pursuant to Schedule VIII Part A (VIII)(B)(3), details of certain pending intellectual property applications;

(iv) pursuant to Schedule VIII Part A (VIII)(B)(2), details of capacity and capacity utilization including proposed capacities for existing as well as proposed products;

(v) pursuant to Schedule VIII Part A (VIII)(D)(b)(v), details of negative features such as time and cost overruns, defaults and lock-out/strikes;

(vi) pursuant to Schedule VIII Part A (VIII)(D)(d), corporate profile of our Company regarding our history, the description of the activities, services, products, market of each segment, the growth of our Company, exports and profits due to foreign operations together with country-wise analysis, the standing of our Company with reference to the prominent competitors with reference to our products, management, major suppliers and customers, environmental issues, segment, etc.;

(vii) pursuant to Schedule VIII Part A (VIII)(D)(5), details of material contracts entered into by our Company that are not in the ordinary course of business in the last two years;

(viii) pursuant to Schedule VIII Part A (VIII)(B)(1)(b), details of plant and machinery including details of second-hand machinery bought or proposed to be bought, if any, including the age of the machines, balance estimated life;

(ix) pursuant to Schedule VIII Part A (VIII)(D)(1)(b)(i), details of, among others, capacity and/or facility creation and built-up, location of plant, products, marketing and competition;

(x) pursuant to Schedule VIII Part A (VIII)(D)(1)(b)(iii), details of time and cost overrun in setting up projects; and

(xi) pursuant to Schedule VIII Part A (VIII)(D)(1)(f), details of technology, market, managerial competence and capacity built-up.

Accordingly, pursuant to the SEBI Exemption Letters, our Company has been exempt from making disclosures in this Prospectus as required under Schedule VIII Part A (VIII)(B)(1)(b), (B)(1)(c), (B)(1)(e)(ii), B(2), B(3), D(1)(b)(i) to (iii), D(1)(f),D(b)(v), D(d), D(5) of the SEBI ICDR Regulations to the extent such information are confidential in nature. As a result, such documents and information have not been disclosed in this Prospectus, and in certain cases the disclosure contained in this Prospectus is not as detailed as that found in other public offering documents. Further, pursuant to the SEBI Exemption Letters, our Company has been exempt from making such confidential documents/information available for public inspection under Schedule VII, Part A (XVI) of SEBI ICDR Regulations. As a result, such documents and information may not be available for public inspection.

Due to the confidential nature of such documents and information, we have been restricted from disclosing such information to the BRLMs and other intermediaries and advisors involved in the Offer. As a result, the BRLMs and other intermediaries and advisors involved in the offer have had limited access to such documents and information and accordingly have not been able to independently verify certain disclosures made herein. In such instances the BRLMs and other intermediaries and advisors have relied solely on the information and confirmations given to them by our management. Further, the BRLMs, other intermediaries and advisors cannot assure you that all information (other than the confidential information stated above) that are material in the context of this Offer have been disclosed to the BRLMs and the advisors and have relied on the confirmation given by our management.

As a result of the restrictions imposed on the BRLM's and other intermediaries' and advisors' access to material information, and the limitation on the disclosure of such information in this Prospectus, through the SEBI Exemption Letters, SEBI has granted relaxation from strict compliance with the format of due diligence certificates to be issued by the BRLMs in relation to the Offer under clauses (1), 2(a), 2(c), 11 and 12(b) of Form A (regarding due diligence certificate before opening of the Offer) and Form C (regarding due diligence certificate at the time of registering the Prospectus with the RoC), clause 1 of Form D (regarding due diligence certificate immediately before opening of the Officer) and clause 1 of Form E (regarding due diligence certificate after opening of the Offer) of schedule VI of the SEBI ICDR Regulations. We cannot assure you that this Prospectus contains all such material information necessary for investors to make an informed investment decision, and cannot assure you that there is no omission of any material fact necessary in order to make the statements made herein, in the context in which they are made, not misleading.

3. ***The MoD contracts are not always fully funded at inception and are subject to termination. Our inability to fund such contracts at the time of inception or any termination could have a material adverse effect on our financial condition and results of operations.***

Under the MoD contracts, funds are released upon execution of the contract and based on achievement of certain milestones in the projects awarded to us. There are two primary risks associated with this process. First, the funding process may be delayed or disrupted due to a number of national or international factors or due to unforeseen events. Second, future revenues under existing multi-year contracts are reliant on the continuing availability of budgetary appropriations and any disruptions to the availability of such appropriations could adversely affect our revenues.

Typically, the funds are allocated to the MoD on a fiscal year basis, even though contract performance may extend over many years. Changes in appropriations in subsequent years may impact the funding available for these programmes. Delays or cuts in funding can impact the timing of available funds or lead to changes in programme content.

In addition, MoD contracts which are based on the DPP 2016 generally permit each of the Indian Defence Services to terminate a contract, in whole or in part, for any delay beyond the period stipulated in the contract for the scheduled delivery date of the product, if such delay is not being attributable to force majeure. The GoI may also terminate a contract for default in the event of a breach by us. If a contract is terminated for delay or default, the Government in most cases pays only for the work it has accepted and we may be subjected to various penalties including liquidated damages. For the six months period ended September 30, 2017 and for the Financial Years 2017, 2016 and 2015, we had made provision for liquidated damages amounting to ₹ 894 million, ₹ 3,088 million, ₹ 3,499 million and ₹ 7,361 million for delays in the manufacturing of aircraft and in carrying out certain repair and overhaul works to aircraft and helicopters. The loss of anticipated funding or the termination of multiple or large programmes could have an adverse effect on our future revenues and earnings.

Further, our standard contract terms provide that, we receive advance payments from customers pursuant to the applicable contracts, including the GoI and the Indian Defence Services at the time of signing of any contract and milestone payments on achievement of physical milestones. Customer advances and milestone payments received and outstanding amounted to ₹ 312,626 million and ₹ 287,347 million million as of September 30, 2017 March 31, 2017, respectively. These payments are utilised to meet our working capital needs, particularly for procurement of raw materials, incurrence of expenditure towards purchase of jigs, dyes, moulds, fixtures, deferred revenue expenditure and labour costs. Any change in payment terms, particularly advances and milestone payments or a situation where we are asked to refund such advances, will have an impact on our results of operations.

4. Our Company is not in compliance with certain provisions of the Companies Act and/or SEBI Listing Regulations in relation to terms of reference of the Audit Committee and the Nomination and Remuneration Committee.

Pursuant to Regulation 18(3) read with Paragraph A (2) of Part C of Schedule II of SEBI Listing Regulations, provisions relating to recommendation for appointment, remuneration and terms of appointment of auditors of a listed entity, is required to be included in the terms of reference of audit committee. In accordance with Section 139(5) of the Companies Act, 2013, the Comptroller and Auditor General of India ("CAG") is required to appoint our Statutory Auditors. Accordingly, provisions relating to appointment of our Statutory Auditors are not included in the terms of reference of our Audit Committee, as required under the SEBI Listing Regulations.

Pursuant to Regulation 19(4) read with Paragraph A of Part D of Schedule II of SEBI Listing Regulations, provisions relating to (i) identification of persons who are qualified to become directors, (ii) recommending appointment and removal of directors, (iii) recommending extension of the term of independent directors, (iv) formulation of criteria for evaluation of performance of the directors, (v) devising policy on diversity of the board of directors, (vi) formulation of the criteria for determining qualifications, positive attributes and independence of a director, are required to be included in the terms of reference of nomination and remuneration committee. In our case, the power to appoint Directors on our Board is vested with the President of India acting through the MoD and, as a result, we do not have the power to appoint Directors on our Board.

Accordingly, the aforementioned matters are not included in the terms of reference of our Audit Committee and Nomination and Remuneration Committee, respectively. To this extent, we are not compliant with the SEBI Listing Regulations although we have received exemptions from SEBI pursuant to the SEBI Exemption Letters.

Further, pursuant to our letter to the MCA dated June 16, 2017, we have sought clarification on whether our financial statements can be approved by the Board of Directors without an audit committee in past, as such committee was not constituted in compliance with the Companies Act. The MCA, through its letter dated January 16, 2018, has requested our Company to approach the MCA through our administrative ministry for seeking any clarification.

In the absence of such clarifications granted by the MCA, pursuant to the letter of our Company dated June 16, 2017, or that an adverse remark will not be issued against us or that we will not be subject to any penalties for non-compliance with any of the aforementioned provisions of the Companies Act. If we were to be subject to an adverse remark or any penalties, it could have an adverse effect on our reputation, business operations, financial conditions and results of our operations. For details, see the section entitled "*Our Management – Corporate Governance*" on page 207.

5. Ongoing disclosure of information in relation to our Company after the listing of the Equity Shares on the Stock Exchanges may be limited and may not be in compliance with the SEBI Listing Regulations and other applicable laws.

Pursuant to the SEBI Exemption Letters, our Company has been exempted from making certain disclosures, including, but not limited to, details of collaborators and market fort the product and services, business strategy and time and cost overruns in this Prospectus as required under SEBI ICDR Regulations to the extent such information are confidential in nature. For details, see "— *As a result of national* *securities concerns, certain information in relation to our business and operations is classified as 'secret and confidential' pursuant to which we have not disclosed such information in this Prospectus nor provided such information to the BRLMs and other intermediaries and advisors involved in the Offer.*"

Further, pursuant to the SEBI Exemption Letters, SEBI has granted an exemption to our Company from the continuous disclosure requirements under the equity listing agreement with respect to the information in this Prospectus which are exempt from disclosure. Therefore, prospective investors should note that disclosure of such information in relation to our Company may be limited as compared with other companies listed on the Stock Exchanges and we may not be in compliance with the terms of the SEBI Listing Regulations and other applicable laws. There can be no assurance that all information in relation to our Company that may be material to the investors will be disclosed by our Company to the Stock Exchanges.

6. The MoD contracts contain provisions giving the Indian Defence Services a variety of rights that are unfavourable to us.

The MoD contracts contain provisions, subject to applicable laws and regulations, that give the Indian Defence Services rights and remedies not typically found in commercial contracts. These provisions may allow them to:

- terminate existing contracts for default or delays beyond the period stipulated in the contract;
- demand encashment of performances and warranty indemnity bonds;
- levy liquidated damages for delays and penalties;
- reduce orders, or otherwise modify contracts or subcontracts;
- cancel multi-year contracts and related orders if funds for contract performance for any subsequent year become unavailable;
- decline to exercise an option to renew a multi-year contract;
- subject the award of contracts to protest by competitors, which may require the contracting the Indian Defence Services to suspend our performance pending the outcome of the protest;
- claim intellectual property rights in products and systems produced by us; and
- control or prohibit the export of our products and services.

In the event that the Indian Defence Services enforce any of the above provisions, it could have an adverse effect on our business operations, financial conditions and results of our operations.

7. The GoI has significant influence over our actions which may restrict our ability to manage our business. Any change in GoI policy could have a material adverse effect on our financial condition and results of operations.

In accordance with our Articles of Association, the President of India may issue directives with respect to the conduct of our business or our affairs for as long as we remain a government owned company, as defined under the Companies Act. For instance, under Article 101(1) of our Articles of Association, our Directors are appointed by the President of India.

Further, under Article 168, the President of India may from time to time issue directions as he may consider necessary in regard to the exercise and performance of the functions of our Company in matters involving national security or substantial public interest, such influence on our Company will continue to remain after the Offer.

The priorities of the GoI may be different from ours or that of our other shareholders. As a result, the GoI may take actions with respect to our business and the businesses of our peers and competitors that may not be in our or our other shareholders' best interests. The GoI could, by exercising its powers of control, defer or initiate a change of control of our Company or a change in our capital structure, delay or defer a merger or consolidation.

In particular, given the importance of the defence industry to the Indian economy, the GoI could require us to take actions designed to serve the public interest and not necessarily to maximise our profits.

8. ***Our current order book may not necessarily translate into future income in its entirety. Some of our current orders or requests for proposal which we have received may be modified, cancelled, delayed, put on hold or not fully paid for by our customers, which could adversely affect our results of operations.***

As many of the contracts that we enter into are executed over a period of several years, at any given time we have an order book, which we define as the total contract value (in accordance with the terms of the contract) of all existing contracts as of such date, minus any revenue already recognised by us in relation to such existing contracts up to and including such date. We use the completion of contracted work to recognise revenue for long-term contracts, which constitute the substantial majority of our contracts. As of December 31, 2017, our order book was ₹ 684,610 million, which generally includes products and services to be manufactured and delivered and excludes anticipated revenues from our joint ventures and subsidiaries. The growth of our order book is a cumulative indication of the revenues that we expect to recognise in future periods in relation to signed contracts. Our order book only represents business that is considered firm, although this is subject to, among other things, cancellation or early termination because of a breach by us of our contractual obligations, non-payment by our customers, a delay in the initiation of our customers' projects, unanticipated variations or adjustments in the scope and schedule of our obligations for reasons outside our and our customers' control or change in budget appropriations which affect our customers. For more information, see "*—The MoD contracts are not always fully funded at inception and are subject to termination. Our inability to fund such contracts at the time of inception or any termination could have a material adverse effect on our financial condition and results of operations.*" and "*—The MoD contracts contain provisions giving the Indian Defence Services a variety of rights that are unfavourable to us*." As any of the above occurrences may adversely impact and reduce the order book position, we cannot guarantee that the income anticipated in our order book will be realised, or, if realised, will be realised on time or result in profits. In addition, our order book during a particular future period depends on continued growth of the defence sector in India and our ability to remain competitive.

As stated above, a delay in the initiation of our customers' projects, unanticipated variations or adjustments in the scope and schedule of our obligations could occur for reasons outside our and our customers' control. For some of the contracts in our order book, our customers are obliged to perform or take certain actions, such as securing required consents from the GoI, authorisations or permits from the MoD, making advance payments or opening of letters of credit or obtaining adequate financing on reasonable terms, approving designs, approving supply chain vendors and shifting existing utilities. If a customer does not perform these and other actions in a timely manner or at all, and if such potential failure is not provided for in the contract, our projects could be delayed, put on hold, modified or cancelled and as a result, the income anticipated in our order book may not be realised and our results of operations could be adversely affected.

Further, we received requests for proposal in December 2017 on nomination basis from the Ministry of Defence for (i) the procurement of 83 LCA Mk1A aircraft; and (ii) the procurement of 15 LCH limited series production helicopters from the Ministry of Defence, for which we have yet to submit our proposal. Based on the submission made by our management to the Board of Directors, the Board noted that (i) the estimated cost of supplying 83 LCA Mk1A with associated equipment is approximately ₹ 600,000 million and (ii) a limited series production of 15 LCH and associated equipment at an estimated contract value of approximately ₹ 45,000 million. However, no assurance can be given that we will submit the bid at the estimated value noted by our Board of Directors or that our products will fit the description provided for in the request for proposal or will be acceptable to the Ministry of Defence. Further, if the Ministry of Defence seeks to negotiate the price for these proposals, the actual value of these contracts may be lower than as currently estimated by our management.

These requests for proposal are issued with no financial commitment and the Ministry of Defence reserves the right to withdraw the RFP and change or vary any part thereof or foreclose the procurement at any stage. The Ministry of Defence also reserves the right to disqualify any vendor should it be so necessary at any stage on grounds of national security.

In addition, we generally recognise turnover based on the completion of contracted work that we have incurred in relation to the underlying contract and therefore our turnover is generally dependent on the progress of that project. Furthermore, the profitability of a contract in our order book and our cash flow may be affected by the following amongst others:

- withholding of payments by customers or mismatch between our internal cost milestones and the payment milestones under our customer contracts;
- the refusal of suppliers to maintain favourable payment conditions;
- postponement/putting on hold of previously awarded contracts;
- increases in raw material costs;
- unanticipated technical problems with equipment supplied by us or incompatibility of such equipment with existing infrastructure;
- difficulties in obtaining required governmental permits;
- unanticipated costs due to project modifications;
- delays in award of major contracts;
- performance defaults by suppliers, subcontractors or consortium partners;
- customer payment defaults and/or bankruptcy; and
- changes in law or taxation.

Initiation of our current and future customer projects may be subject to delays, cost overruns, or performance shortfalls which may lead to the payment of penalties or damages. All of these factors could have a material adverse effect on our business, financial condition and results of operations.

9. We are involved in a dispute with the Ministry of Defence of Ecuador relating to their termination of an agreement with us relating to the supply of helicopters to the Ecuadorean Air Force. Our revenue and exports may be adversely affected as a result.

We entered into a contract with the Ecuadorean Ministry of National Defence in August 2008 for the supply of seven ALH Dhruv Helicopters to the Ecuadorean Air Force. These seven helicopters were delivered in 2009 and 2011. Subsequent to the delivery of the helicopters, four were involved in accidents and the remaining three helicopters were grounded. Reports of the Ecuadorean Ministry of National Defence relating to these accidents were not shared with our Company due to confidentiality issues. As a result of these incidents, the Ecuadorean Ministry of Defence issued a resolution in January 2016 to unilaterally terminate their contract with us. While we are currently pursuing legal remedies for such termination, the termination of our contract with the Ecuadorean Ministry of National Defence will result in lost income and our legal action could result in a counterclaim against our Company, for which penalties may be awarded against us. The Ecuadorean Ministry of Defence has not paid amounts due under our contract, including US$6.8 million owed as an instalment payment, and has made a counterclaim against us in the Ecuadorean courts for the amount of US$348 million. In February 2018, our claim with respect to the termination of the contract was rejected, and the counterclaim from the Ecuadorean Ministry of Defence was dismissed. Our Company is in the process of seeking clarifications on the said order. Furthermore, as a result of this incident, we, and our agent M/s SUMIL CA, have been designated as a "default contractor" by the National Public Procurement Service (SERCOP) of Ecuador, and are barred from bidding for future projects with them. We have not disclosed the aforesaid matter in contingent liabilities for the Financial Year 2017 as we believe the possibility of occurrence of the same is remote. However, if this materialises, it could have an adverse impact on our future level of exports. As a result, the termination of our contract with the Ecuadorean Ministry of Defence and litigation related to the same could have a material adverse effect on our business, financial condition and results of operations. For more information, see the section entitled "*Outstanding Litigation and Material Developments*" on page 665.

10. We are subject to a number of procurement rules and regulations of the MoD, Government regulations and other rules and regulations and which may subject us to civil or criminal penalties and administrative sanctions, including termination of contracts, forfeiture of profits, suspension of payments, fines, and suspension or prohibition from doing business with the Indian Defence Services.

We must comply with, and are affected by, policies, rules and regulations of the MoD, in particular the DPP 2016 and any amendments or revisions thereto from time to time relating to the award, administration, and performance of the MoD contracts. Government contract rules and regulations affect how we do business with our customers, in particular, the Indian Defence Services and, in some instances, impose added costs on our business. A violation of specific rules and regulations could harm our reputation and result in the imposition of fines and penalties, the termination of our contracts, or debarment from bidding on contracts. For example, the DPP 2016 states that an integrity pact would need to be signed between bidders and the MoD for contracts exceeding an estimated value of ₹ 20 crores (₹ 200 million) in order to ensure that transactions are conducted in a transparent manner and to minimise corrupt practices. If Defence Public Sector Undertakings(“DPSUs”) are the bidder for the contract, such DPSUs are not required to sign an integrity pact with the MoD. However, the DPSUs are required to sign an integrity pact with the sub-vendors individually for contracts exceeding estimated value of ₹ 20 crores (₹ 200 million). We require contract bidders to enter into an integrity pact for any contract with a threshold value of ₹ 5 crores (₹ 50 million) or more. The integrity pact is a binding agreement between our Company and our contract bidders for specific contracts stipulating that our vendors and subcontractors, will not accept bribes or offer bribes. However, an integrity pact is not applicable for purchases from Rosoboronexport as this requirement is not covered under the applicable inter-governmental agreements. There is no assurance that our vendors, sub-contractors, or any other person acting on our behalf may indulge in such activities.

In terms of our purchase orders with our suppliers in relation to supply of spares to our Company, our suppliers are not permitted to appoint any agent in India to promote the execution of such contract and/ or pay any commission to such agent in connection with the purchase order. However, we were informed by one of our suppliers of the payment of commission by them to an external agent, in violation of the provisions of the purchase orders. We understand that an investigating authority has initiated a preliminary investigation in relation to the aforementioned matter. Further, Ministry of Defence has directed our Company to not undertake any further transaction in relation to the aforementioned purchase order until further directions from the Ministry of Defence is received.

We cannot assure you that there will not be similar instances of allegations or investigations involving our vendors, suppliers or OEMs in the future. This investigation and other similar investigations in the future may adversely impact our reputation and/or our relationship with our suppliers, vendors and OEMs

A termination arising out of default or the occurrence of any of the foregoing risks could expose us to liability and cause a material adverse effect on our ability to compete for future contracts and orders, as the MoD has the authority to debar us for any amount of time (with the minimum being five years). In addition, on those contracts for which we are teamed with others and are not the prime contractor, the Indian Defence Services could terminate a prime contract under which we are a subcontractor or licencee, notwithstanding the quality of our services as a subcontractor or licencee.

In addition, the MoD contracts typically span one or more base years and with an option for extension. The final end users, the Indian Defence Services, generally have the right not to exercise option periods and may not exercise an option period if the agency is not satisfied with our performance on the contract.

The MoD and the Indian Defence Services, routinely audit and review the performance of programmes for which we have entered into specific contracts with them. These audits review our performance under these programs, which include the review of cost structure, compliance with applicable laws, regulations of the MoD, and quality of standards. If an audit uncovers any improper or illegal activities with regard to our procurements, we may be subject to civil or criminal penalties and administrative sanctions, including termination of contracts, forfeiture of profits, suspension of payments, fines, and suspension or prohibition from doing business with the Indian Defence Services. In addition, we could suffer serious reputational harm if allegations of impropriety were made against us.

11. *We also operate in evolving markets, which makes it difficult to evaluate our business and future prospects.*

Military aircraft, helicopters and other technologies that we offer are sold in new and rapidly evolving markets. Accordingly, our business and future prospects are difficult to evaluate. We cannot accurately predict the extent to which demand for our products will increase, if at all. Prior to investing, you should consider the challenges, risks and uncertainties frequently encountered by companies in rapidly evolving markets and technologies. These challenges include our ability to do the following:

- generate sufficient revenue to maintain profitability;
- acquire and maintain market share;
- manage growth in our operations;
- attract and retain additional engineers and other highly-qualified personnel;
- successfully develop and commercially market new products;
- adapt to new or changing policies and spending priorities of governments and government agencies; and
- access additional capital when required and on reasonable terms.

If we fail to address these and other challenges, risks and uncertainties successfully, our business, results of operations and financial condition could be materially affected.

12. *We face competition from other international companies, many of which have substantially greater resources.*

The defence industry is competitive. Our current competitors in the aircraft and helicopter segments include Lockheed Martin, Saab, Airbus Helicopters, Bell Helicopters, Leonardo, Boeing, BAE Systems and UGMK (LET Kunovice Aircraft Industries). Some of these firms have substantially greater financial, management, research and marketing resources than we have. The primary direct competitors to our engine development and manufacturing business are Snecma, Safran Helicopter Engines, LHTEC, Pratt and Whitney, Rolls Royce, Honeywell and certain Russian manufacturers.

Our competitors may be able to provide our customers, including the Indian Defence Services, with different or greater capabilities or benefits than we can provide in areas such as technology, technical qualifications, post contract performance, price and the availability of key professional personnel. Further, many of our competitors may be able to utilise their substantially greater resources and economies of scale to develop better competing products and technologies, divert sales away from us by winning broader contracts or hire away our employees by offering more lucrative compensation packages. In the event that the market for military aircraft expands, we expect that competition will intensify as additional competitors may enter the market and current competitors expand their product lines. In addition, larger diversified competitors serving as prime contractors may be able to supply underlying products and services from affiliated entities or new joint ventures with private Indian companies, which would prevent us from competing for subcontracting or licencing opportunities on these contracts. Our failure to compete effectively with respect to any of these or other factors could have a material adverse effect on our business, prospects, financial condition or operating results.

13. *Our statutory auditors have qualified their audit report on our financial statements in recent financial years.*

Our statutory auditors have qualified their audit report on our financial statements with certain qualifications. The following table sets out the qualifications from the Financial Year 2013 to the Financial Year 2017:

Sl. No.	Financial Year(s) / period ended	Auditors' Qualification
1.	2012-13, 2013-14	Attention is drawn to Notes to the Standalone Financial Information (SL No 27, Part B, Annexure-XL, of Chapter V Financial Information) regarding non-disclosure of segment information as required by Accounting Standard 17 “Segment Reporting” prescribed by The Companies (Accounting Standards) Rules, 2006. The net effect on the Financial Statements of such non-disclosure is nil.
2.	2012-13,	Attention is drawn Notes to Standalone Accounts (SL No 23 & 24, Part B, Annexure– XL, of Chapter V Financial Information)**,** 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 to defence customers in some of our Company's Divisions. We have not provided for the above demands from the Commercial Taxes Departments and/or the Service Tax Department since the demands are disputed by us. The same are disclosed as contingent liabilities in the notes to our financial statements. The respective agreements for such sale and repairs/overhaul provide for furnishing an exemption certificate or re-imbursement of sales tax, service tax and similar statutory levies when determined. However, the reimbursement of penalties, if any and/or interest levied on such non-payment have not been dealt with in the agreement and the same is not quantified nor provided by the company. We are unable to quantify the net impact of such non-provision and/or non-disclosure on the financial statements.
3.	2013-14	Attention is drawn to**,** Notes to Standalone accounts (SL No 23 & 24, Part B, Annexure– XL, of Chapter V Financial Information)**,** 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 to defence customers in some of the Divisions. We have resolved disputes with the commercial tax departments of the Government of Karnataka and Odisha and recognise liability towards settled sales tax dues and also accounted for similar amount as claims receivable from the customers. With regard to other states, we have not provided for the demand from the commercial tax departments, since the demand is disputed by us. The same are disclosed as contingent liabilities in the notes to our financial statements. The respective agreements for such sale and repairs/ overhaul provide for furnishing an exemption certificate or re-imbursement of sales tax and similar statutory levies when determined. However, the reimbursement of penalties, if any and/or interest levied on such non-payment have not been dealt with in the agreement and the same is not quantified by the company. Although the taxes are to be reimbursed by our customers under the terms of respective agreements, we have neither quantified nor provided for the interest and/or penalties, if any, on such taxes in case the same become payable.

Sl. No.	Financial Year(s) / period ended	Auditors' Qualification
		We are unable to quantify the net impact of such non-provision and/or non-disclosure on the financial statements.
4.	2012-13	**Emphasis of Matter** - Attention is invited to the diminution in value of investments in joint venture companies as temporary by the management, as initial setbacks are expected to overcome with the joint venture's future business plans and growth prospects. In view of the above no provision is considered by the Management.
5.	2014-15	Attention is drawn to the notes to our Standalone Financial Information (SL No 26, Part A, Annexure–XLVIII, of Chapter V Financial Information)**,** 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 to defence customers in some of the Divisions. We have resolved disputes with the commercial tax departments of the Government of Karnataka and Odisha and recognise liability towards settled sales tax dues and also accounted for similar amounts as claims receivable from customers. With regard to other states, we have not provided for the demand from the commercial tax departments, since the demand is disputed by us. The same are disclosed as contingent liabilities in the notes to our financial statements. The respective agreements for such sale and repairs/ overhaul provide for furnishing an exemption certificate or re-imbursement of sales tax and similar statutory levies when determined. However, the reimbursement of penalties, if any and/or interest levied on such non-payment have not been dealt with in the agreement and the same is not quantified by the company. Although the taxes are to be reimbursed by our customers under the terms of respective agreements, we have neither quantified nor provided for the interest and/or penalties, if any, on such taxes in case the same become payable. We are unable to quantify the net impact of such non-provision and/or non-disclosure on the financial statements.

For more information, see Annexures XLVI and XXXIX to the Restated Consolidated Financial Information for the six-month period ended September 30, 2017 and for the Financial Years 2017, 2016 and 2015 and Financial Years 2014 and 2013, respectively, and Annexures XLVIII and XL to the Restated Standalone Financial Information for the six-month period ended September 30, 2017 and for the Financial Years 2017, 2016 and 2015 and Financial Years 2014 and 2013, respectively.

Though we believe that we have been able to address some of these issues, if such matters of emphasis are highlighted or such qualifications are contained in future audit reports, the price of our Equity Shares may be adversely impacted.

14. We are dependent on our key technology licensors, OEMs, suppliers and subcontractors. Any failure on the performance of any of them could have a material impact on our operations.

Our business substantially relies on licence of technology from domestic and international licensors and OEMs such as the Aeronautical Development Agency in the case of domestic technology, BAE Systems, Rolls Royce and others in the case of western technology and Rosoboronexport in the case of Russian technology. We depend on these prime contractors, supplying agency and OEM relationships to provide us with the license to use their technical know-how to manufacture aircraft, helicopters and engines and to provide maintenance, repair and overhaul services for the products manufactured under license. For more information, see "Our Business --- Licence Agreements".

Our business, financial condition or results of operations could be materially adversely affected if these prime contractors limit the use of licence provided, eliminate or reduce their subcontracts or joint venture relationships, either because they choose to establish relationships with our domestic competitors for future programmes or because they choose to directly offer services to the MoD and the Indian Defence Services that compete with our business, or in the event that the GoI or the MoD terminates or reduces these other contractors' programmes or does not award them new contracts. Procurement of such technology licences from these prime contractor and OEM relationships, as well as from its strategic relationships with certain of its competitors is subject to the foreign policy of the GoI and inter-governmental relationships. Our inability to secure future technology licences for the latest products from these prime contractor and OEM relationships, as well as from its strategic relationships with certain of its competitors could have a material impact on our operations.

Further, we are significantly dependent on a few key suppliers and subcontractors to provide us with critical components and raw materials, parts and assemblies, training and services that we need to manufacture our products. Certain of these suppliers may experience financial or other difficulties such as force majeure events, take over or acquisition of company by another company, changes in laws, rules, regulations, economic conditions of the suppliers and labour problems which may result in delays to our production schedules.

Our business is affected by the price, quality, availability and the timely delivery of the component parts that we use to manufacture our products. Our business, therefore, could be adversely impacted by factors affecting our suppliers (such as the destruction of our suppliers' facilities or their distribution infrastructure, a work stoppage or strike by our suppliers' employees or the failure of our suppliers to provide materials of the requisite quality), by increased costs of such components or Government regulation of supplier’s country.

Depending on the severity of these difficulties, some suppliers could be forced to reduce their output, shut down their operations or file for bankruptcy protection, which could disrupt our supply of components, raw materials and parts.

It may be difficult for us to find a replacement for certain suppliers without significant delay, thereby impacting our ability to complete our customer obligations in a satisfactory and timely manner. These events could in turn have a negative impact on our future results of operation and financial condition. To the extent that we decide in the future to provide financial or other assistance to certain suppliers in financial difficulty in order to ensure an uninterrupted supply of materials and parts, we could be exposed to credit risk on the part of such suppliers.

Finally, if the macro-economic environment leads to higher than historic average inflation, our labour and procurement costs may increase significantly in the future. This may lead to higher component and production costs which could in turn negatively impact our future profitability and cash flows, to the extent we are unable to pass these costs on to our customers or require our suppliers to absorb such costs. Our suppliers or subcontractors may also make claims or assertions against us for higher prices or other contractual compensation, in particular in the event of significant changes to design and development, certification or production schedules, which could negatively affect our future profitability.

15. We may be adversely affected by sanctions on Russia, as many of our projects are done through transfer of technology from Russian OEMs, and we rely on Russian suppliers for support of these aircraft

While we do not currently have any operations in Russia (other than one liaison office in Moscow), many of the aircraft we manufacture in India are done through transfer of technology from Russian OEMs. Further, support for aircraft that we manufactured, such as MiG-21 variants, MiG-27 and the Su-30 MKI, as well as engines and other accessories, and repair and overhaul services for these aircraft, are done through transfer of technology as well pursuant to inter-governmental agreements with Russia. While we have largely been able to absorb the technology under the scope of the relevant inter-governmental agreements, we remain dependent upon Russian OEMs to supply raw materials, units and spares for these aircraft, as well as for repair where the technology involved was not part of the transfer of technology under the relevant inter-governmental agreement.

The United States, the United Nations Security Council and other jurisdictions and organizations have implemented comprehensive economic sanctions targeting Russia in recent years. While we have yet to experience any adverse impact relating to the supply and support from Russian OEMs for our aircraft that we manufacture under transfer of technology with such OEMs, we cannot assure you that our ability to receive the necessary supplies, or support, from such OEMs will not be adversely impacted in the future. In addition, because many sanctions programs are evolving, new requirements or restrictions could come into effect which could have a larger impact on the ability of Russian OEMs to deliver supplies or provide support for our Russian origin products. In such case, our business, financial conditions and results of our operations could be adversely affected.

16. The markets in which we compete are characterised by rapid technological change, which requires us to develop new products and product enhancements, and could render our existing products obsolete. Our inability to keep pace with the technological changes or devote resources for new product development, could affect our market share, revenues and profits.

Continuing technological changes in the market for our products could make our products less competitive or obsolete, either generally or for particular applications. Our future success will depend upon our ability to develop and introduce a variety of new capabilities and enhancements to our existing product offerings, as well as introduce a variety of new product offerings, to address the changing needs of the defence sector in which we offer our products. Delays in introducing new products and enhancements, the failure to choose correctly among technical alternatives or the failure to offer innovative products or enhancements at competitive prices may cause existing and potential customers to purchase our competitors' products.

If we are unable to devote adequate resources to develop new products for the Indian Defence Services or cannot otherwise successfully develop new products in accordance with the requirement of the Indian Defence Services or enhancements that meet the Indian Defence Services requirements on a timely basis, the Indian Defence Services could opt to procure directly from international suppliers, our contracts could be terminated by the Indian Defence Services and we could be imposed penalties, our products could lose market share, our revenue and profits could decline, and we could experience operating losses.

In addition, any change in the GoI's policy resulting in an embargo with any country or company in particular, that we currently have an agreement with on technology transfer, could result in us being unable to develop or upgrade the technology that is used on the products licenced from them, and could have an adverse effect on our business operation and financial results.

We expect to incur substantial research, design and development costs and devote significant resources to identifying and commercialising new products in accordance with the requirement of the Indian Defence Services, which could significantly reduce our profitability and may never result in generation of revenue.

Further, our research, design and development programme may not produce successful results, and our new products may not achieve market acceptance, create additional revenue or become profitable, which could materially harm our business, prospects, financial results and liquidity.

17. We incur and expect to continue to incur research, design and development costs (including costs supported by the MoD and the Indian Defence Services), which may not lead to satisfactory returns or to successful new products in line with changing market demand.

The business environment in many of our principal operating segments requires extensive research, design and development expenses to keep pace with rapid technological and market changes in the military combat aviation sector. A major portion of our business is to cater to the upgrading of technology in aircraft and helicopters for the Indian Defence Services. However, with the MoD and the Indian Defence Services opting to phase out the older fleet of aircraft and helicopters and ordering new aircraft and helicopters with superior technology, we would need to invest in research, design and development to manufacture indigenous aircraft and helicopters to remain competitive.

Our future growth depends on adapting existing products to new requirements and introducing new products that achieve acceptance of the Indian Defence Services. To this extent, we incur substantial research, design and development costs. In the six months period ended September 30, 2017 and in the Financial Years 2017, 2016 and 2015, our research, design and development expenses were ₹ 5,097 million, ₹ 12,837 million, ₹ 11,912 million and ₹ 10,424 million, respectively, which accounted for 9.7%, 6.9%, 6.9% and 6.7%, respectively, of our revenue from operations during such periods. We expect to continue to spend significant funds on research, design and development in the future.

A majority of our research, design and development costs are funded by the Indian Defence services. Any pressures on public budgets could reduce or delay customer funding for research, design and development activities or delay the receipt of payments under our MoD contracts. For example, in the past we have faced delays of up to three months in payments after achieving certain milestones set out in contracts with the Indian Defence Services due to delay in appropriation of funds to the Indian Defence Services. Such delays if prolonged in the future could have an adverse impact on our cash balances and financial conditions. In addition, should there be a decrease in the funds available for research, design and development activities from customer advances, we may not be able to continue an adequate level of research, design and development activity which would harm our ability to develop new products and, accordingly, negatively affect our future results of operations and financial position. Our future growth depends on penetrating new international markets as well as remaining as a key supplier to the Indian Defence Services, adapting existing products to new applications, and introducing new products that achieve market acceptance. We plan to incur substantial research, design and development costs as part of our efforts to design, develop and commercialise new products and enhance existing products.

We also carry out our own research, design and development for which we may also utilise borrowings or other external funding in the future. Since we account for research, design and development of our own as an operating expense, these expenditures may adversely affect our earnings in the future. This increase in research, design and development not funded by our customers which is accounted as an operating expense may adversely affect our earnings. In any case, our research, design and development programmes may not guarantee and produce successful results, and our new products may not achieve market acceptance, create additional revenue or become profitable, which could materially harm our business, results of operations and financial condition.

In addition, since we operate in a business environment subject to rapid technological changes, products and services may be rendered less competitive (or, in the worst case, obsolete) if we fail to develop new technologies and products in pace with market demand and industry. Such failure would be particularly likely if we were unable to continue funding research, design and development or if the MoD or the Indian Defence Services support for research, design and development activities was significantly decreased or was curtailed.

18. Our earnings and margins may vary based on the mix of our contracts and programs, our performance, and our ability to control costs.

Our earnings and margins may vary materially depending on the types of long-term MoD and the Indian Defence Services contracts undertaken, the nature of the products produced or services performed under those contracts, the costs incurred in performing the work, the achievement of other performance objectives, and the stage of performance at which the right to receive fees is finally determined. Changes in procurement policy favouring new, accelerated or different award fee criteria may affect the predictability of our profit rates.

Our order book includes a variety of contract types which are intended to address changing risk and reward profiles as a programme matures. Contract types include cost-plus and fixed-price contracts. The contracts for development of programs, usually require us to deliver highly complex design and carry technical challenges and these contracts are typically a combination of cost-reimbursable and fixed price. Under cost-plus contracts, we are reimbursed for allowable costs and paid a fee, which may be fixed or performance-based on achieving certain milestones. In these cases, the associated financial risks primarily relate to a reduction in fees, and cancellation of the programme if cost, schedule, or technical performance issues arise.

Under a fixed-price contract, the allowable costs incurred, which include foreign exchange variance and taxes and duties paid to the Government, are eligible for reimbursement. If our costs exceed the contract target cost and the customer does not agree to pay the difference or are not allowable under the applicable regulations, we may not be able to obtain reimbursement for all costs and may have our fees reduced or eliminated which could have a material adverse effect on our business, prospects, financial condition or operating results. In addition, our profit margins under contracts with the MoD and/or the Indian Defence Services are fixed by the GoI to stipulated percentages of the contract value. There is no assurance that the current limits would not be reduced, which could have a material impact on our financial conditions.

In addition, we have certain contracts in order book which are in the transition phase between development and production (which includes the Light Combat Aircraft programmes), for which we may face the challenge of starting and stabilising of production and test line while the final design is being validated by our customers. These generally are fixed-price contracts.

Further, there are also contracts for production as well as operations and maintenance of the delivered products. These contracts typically face the challenges of achieving a stable production and delivery rate, while maintaining operability of the product after delivery. These contracts are mainly fixed-price, although some operations and maintenance contracts are based on workmen's time and materials-type. Under fixed-price contracts, we receive a fixed price despite the actual costs we incur. We have to absorb any costs in excess of the fixed price. In the event a project is subject to any cost overruns, and these cost are not absorbed by our customer, this could have a material adverse effect on our business, prospects, financial condition or operating results.

The failure to perform to our customer's expectations and contract requirements may result in reduced fees and affect our financial performance in that period. Under each type of contract, if we are unable to control costs, our operating results could be adversely affected, particularly if we are unable to justify an increase in the contract value to our customers. Cost overruns or the failure to perform on existing programmes also may adversely affect our ability to retain existing programmes and win future contract awards.

19. Our business could be materially adversely affected if any default of ours causes an aircraft or helicopter accident.

Our operations expose us to potential liabilities for personal injury or death as a result of the failure of an aircraft or helicopter that has been designed, manufactured or serviced by us. While we believe that our liability insurance is adequate to protect us from product liability claims, while testing and until we deliver the aircraft or helicopter to our customer base, however, it may not be adequate to cover any third party claims brought against us. Also, we may not be able to maintain insurance coverage in the future at an acceptable cost. Any such liability not covered by insurance or for which third party indemnification is not available could require us to dedicate a substantial portion of our cash flows to make payments on such liability, which could have a material adverse effect on our business, financial condition and results of operations.

An accident caused by our fault or negligence during testing or delivery could also damage our reputation for quality products. We believe our customers consider safety and reliability as key criteria in selecting a provider of aircraft or helicopters. For example, on October 19, 2011, a Dhruv helicopter VT-BSH manufactured by us, operated by the Border Security Force crashed at Kunti village, near Ranchi killing two crew members and one passenger on board. The finding of the committee report based on information available from the crash, indicated that the product support provided by us to the aircraft operator and monitoring of the additional sub contracted activities as part of the sale were inadequate.

Recently, a number of accidents, some of which involved fatalities, took place involving certain aircraft and helicopters produced or maintained by us. On August 24, 2015, a MIG-21 aircraft crashed near a village in Budgam district of Jammu and Kashmir but there were no injuries or casualties as the pilot ejected to safety. The cause of the engine surge which caused this accident could not be established. On June 13, 2016, a MIG-27 aircraft crashed prior to landing near the Jodhpur airbase in Rajasthan during a training flight and a civilian was injured but there were no casualties as the pilot ejected to safety. On June 3, 2015, a Hawk Mk 132 aircraft crashed after taking off from Kalaikunda air base in West Bengal during a training flight but there were no injuries or casualties as both pilots ejected to safety. On October 3, 2016, a Jaguar aircraft experienced a flame out to both engines during flight at Pokhran range. Both pilots ejected safely. On November 30, 2016, an Indian Army Cheetah helicopter suffered a crash on the helipad at Sukna, killing two pilots. On March 15, 2017, an Indian Air Force Chetak helicopter suffered a crash due to engine flame out with indication of yaw to the right, causing minor injuries to both pilots. On March 15, 2017, a Su-30 MKI aircraft suffered a crash near Uttarlai airfield involving a fuel leak and engine flame out. Both pilots ejected safely. On May 23, 2017, a Su-30 MKI aircraft suffered a crash near Tezpur, killing two pilots. On July 4, 2017, an ALH Mk II helicopter suffered a crash while conducting a flood relief sortie near Itanagar, killing the pilot, a flight gunner and a police constable. On September 5, 2017, an Indian Army ALH Mk III helicopter crashed near Leh causing minor injuries to the pilots and passengers. On both September 28, 2017 and November 24, 2017, Indian Air Force Kiran Mk I aircraft crashed during training missions near Hakimpet. In both the cases the pilot ejected safely. Courts of inquiry are in progress we are awaiting for the findings of the committee report for certain of these accidents. A writ petition No.3414/2013 was filed by Wing Commander Sanjeet Singh Kalia before the Delhi High Court against our Company and the Government to issue a formal apology for manufacturing defects and faulty workmanship in relation to a Mig-21 aircraft and for compensation for the claimant's loss of future prospects. The claim relates to an accident that took place on January 4, 2005. In May 2017, the Delhi High Court passed an order in favour of the petitioner to award compensation by our Company and the Government in the amount of ₹ 5,000,000, along with reimbursement of costs of proceedings in the amount of ₹ 50,000 to be reimbursed by our Company and ₹ 500,000 to be reimbursed by the Government. Our Company has filed a special leave petition No. 015525 of 2017 against the order of the Delhi High Court and a stay against the order of the Delhi High Court was granted by the Supreme Court. Subsequently, the Union of India has also filed a special leave petition challenging the Delhi High Court Order. The cases are currently pending before the Supreme Court.

Further, since at that time the Advanced Light Helicopter was a recent induction into the forces, we as manufacturer were required to enhance our support to the operators in terms of maintenance and training. While we believe that we have improved our support for maintenance and training to the Indian Defence Services, if an accident were to be caused by our fault or negligence, or if we failed to maintain a satisfactory record of safety and reliability, our ability to retain and attract customers, our reputation, our business operation and financial conditions could be materially adversely affected.

20. *The manufacturing processes for some of our products are complex and involve some hazards.*

The manufacturing processes for some of our products are highly complex, require technically advanced and costly equipment and hazardous materials, and involve risks, including breakdown, failure or substandard performance of equipment, improper installation or operation of equipment, environmental hazards and industrial accidents. In addition, defects in or malfunctioning of our products could cause severe damage to property and death or serious injury to our customers' personnel, which could expose us to litigation and damages. Although we believe we take adequate safety measures in our operations, we cannot assure you that any accidents will not occur, resulting in death, serious injury to our personnel or destruction of property and equipment. Any disruption in our operations due to any of these events or otherwise could result in litigation against us, damage to our reputation, and potential debarment from participating in MoD contracts, which would adversely affect our business, financial condition and results of operations.

21. *We have experienced negative cash flows in past. Any negative cash flows in the future could adversely affect the results of operations and financial condition.*

For the six month period ended September 30, 2017, we had negative cash flows from investing activities and financing activities. For the Financial Year 2017, we had negative cash flows from operating and financing activities. For the Financial Year 2016, we had negative cash flows from financing activities. The details of our cash flows based on consolidated financials are as follows:

Particulars	**Financial Year**		**Six month period ended September 30**
	2016	**2017**	**2017**
	(₹ in millions)		
Net cash from (used in) operating activities	31,480	(4,046)	19,168
Net cash from (used in) investing activities	13,471	30,144	(5,359)
Net cash used in financing activities	(58,797)	(1,643)	(9,512)
Net increase (decrease) in cash and cash equivalents	**(13,846)**	**24,455**	**4,297**

For further details, see the section entitled "*Financial Information*" on page 221. Any negative cash flows in the future could adversely affect our results of operations and financial condition.

22. *Product liability and other customer claims could adversely affect our business, results of operation and financial condition.*

We are subject to product liability and other claims from customers or third parties, in connection with (i) the non-compliance of these products or services with the customer's specifications, due to faults in design or production, (ii) the delay or failed supply of the products or the services indicated in the contract or (iii) defaults and/or delays in the marketing, rendering of after-sale services and maintenance and revision of products. These liabilities might arise from causes that are directly attributable to us or causes that are attributable to third parties which act as our suppliers or sub-contractors.

Although we typically make provisions for customer warranty claims, insurance for product liability is typically not available due to the nature of the sector in which we operate. However, there are many events that could significantly impact our operations, or expose us to third-party liabilities, which could adversely affect our business, results of operation and financial condition. Furthermore, material breaches by us in the performance of our obligations may lead to contract termination or cause payment obligations to arise under applicable indemnity bonds.

In addition, any accident, failure, incident or liability could negatively affect our reputation among our customers and the public, thereby making it more difficult for us to compete effectively, and could significantly impact the cost.

23. *Our business involves significant risks and uncertainties that may not be covered by indemnity or insurance.*

A significant portion of our business relates to designing, developing, and manufacturing advanced defence and technology systems and products. New technologies may be untested or unproven. Failure of some of these products and services could result in extensive loss of life or property damage. Accordingly, we also may incur liabilities that are unique to our products and services, including combat aircraft, space systems, command and control systems and training programs. In some, but not all circumstances, we may be entitled to certain legal protections or indemnifications from our customers, either through contractual provisions, qualification of our products and services or otherwise. Our insurance may not be adequate to cover all claims or liabilities, and it is not possible to obtain insurance to protect against all operational risks and liabilities. Further, in case our claims under any insurance maintained by us is rejected, it may have an adverse affect on our financial condition.

Substantial claims resulting from an accident, failure of our product or service, or other incident, or liability arising from our products and services in excess of any indemnity and our insurance coverage (for which indemnity or insurance is not available or not obtained) could harm our financial condition, cash flows, or operating results. Any accident, even if fully indemnified or insured, could negatively affect our reputation among our customers and the public, and make it more difficult for us to compete effectively. It also could affect the cost and availability of adequate insurance in the future.

24. *Our business could be negatively affected by cyber or other security threats or other disruptions.*

As an Indian defence contractor, we face cyber threats, threats to the physical security of our facilities and employees, and terrorist acts, as well as the potential for business disruptions associated with information technology failures, natural disasters, or public health crises.

We have experienced cyber security threats, threats to our information technology infrastructure and attempts to gain access to our Company’s sensitive information, as have our customers, suppliers, subcontractors and joint venture partners. We have installed anti-virus software to prevent our systems and infrastructure from being infected and crippled by computer viruses. All our internet facing servers installed at all our data centres as well as at all our offices are also secured with firewalls and intrusion preventions systems to prevent hacking, however we may experience similar security threats at customer sites that we operate and manage as a contractual requirement.

Prior cyber-attacks directed at us have not had a material impact on our financial results, and we believe our threat detection and mitigation processes and procedures are adequate. The threats we face vary from attacks common to most industries to more advanced and persistent, highly organised adversaries who target us because we protect national security information. If we are unable to protect sensitive information, our customers or governmental authorities could question the adequacy of our threat mitigation and detection processes and procedures. Due to the evolving nature of these security threats, however, the impact of any future incident cannot be predicted.

Although we work cooperatively with our customers, suppliers, subcontractors, joint venture partners, and acquisitions to seek to minimise the impact of cyber threats, other security threats or business disruptions, we must rely on the safeguards put in place by these entities, which may affect the security of our information. These entities have varying levels of cyber security expertise and safeguards and their relationships with government contractors may increase the likelihood that they are targeted by the same cyber threats we face.

The costs related to cyber or other security threats or disruptions may not be fully insured or indemnified by other means. Occurrence of any of these events could adversely affect our internal operations, the services we provide to our customers, loss of competitive advantages derived from our research, design and development efforts or other intellectual property, early obsolescence of our products and services, our future financial results, our reputation or our stock price.

25. Unavailability of test pilots could result in a delay of testing our products which could affect our business operations and financial conditions.

Currently, we mainly depend on the Indian Air Force to station test pilots with us. While some of the test pilots are absorbed as permanent employees, others are on deputation from the Indian Air Force or the Indian Army. These pilots conduct the testing for various aircraft/ helicopters that are either manufactured or serviced by us. If, for any reason the Indian Air Force or the Indian Army is unable to station pilots with us, this could have an impact on our ability to test our products and deliver them at the stipulated time, resulting in penalties and other cost which would have a negative impact on our business operations and financial conditions.

26. If we fail to manage acquisitions, divestitures, and other transactions successfully, our financial results, business, and future prospects could be harmed.

In pursuing our business strategy, we routinely conduct discussions, evaluate targets, and enter into agreements regarding possible joint ventures, equity investments and divestitures. As part of our business strategy, we seek to identify acquisition or joint venture opportunities that will expand or complement our existing products and services, or customer base, at attractive valuations. We often compete with others for the same opportunities. To be successful, we must conduct due diligence to identify valuation issues and potential loss contingencies, negotiate transaction terms, complete and close complex transactions, and manage post-closing matters (e.g., integrate acquired companies and employees, realise anticipated operating synergies, and improve margins) efficiently and effectively. Joint ventures, investment transactions and divestiture often require substantial management resources and have the potential to divert our attention from our existing business. Unidentified pre-closing liabilities could affect our future financial results. Inability to manage the completion and closing of such transactions can lead to operating synergies not being realised and thereby affect our financial performance.

Joint ventures or equity investments operate under shared control with other parties. Our operating results may be affected by the performance of businesses over which we do not exercise control. Management closely monitors the results of operations and cash flows generated by these investees. If we fail to manage acquisitions, divestitures, and other transactions successfully, our financial results, business, and future prospects could be harmed.

27. Changes in or termination of arrangements with our joint venture partners could have a negative impact on our business operations.

We supplement our operations by cooperating with a number of domestic and international companies through joint venture arrangements. We cannot provide any assurance that such joint venture arrangements will be renewed or extended at the end of their respective terms. A delay in or failure to do so may have a negative impact on our business, financial condition and results of operations.

The success of our business collaborations depends significantly on the satisfactory performance by our joint venture partners of their contractual and other obligations. As we do not control our partners, we face the risk that they may not perform their obligations. If they fail to perform their obligations satisfactorily, we may not be successful in carrying out our operations. In such a circumstance, we may be required to make additional investments or become liable for our partners' obligations, which could result in reduced profits or in some cases, significant losses. Our collaborations may face difficulties in their operations due to a variety of circumstances, which could have a negative impact on our business, financial condition and results of operations. If the interests of our partner conflict with our interests, our business may be adversely affected. These and other factors may cause our joint venture partners to act in a way contrary to our interests, or otherwise be unwilling to fulfil their obligations under our arrangements with them. Any of the foregoing could have a negative impact on our business, reputation, financial condition and results of operations.

28. *There are outstanding legal and tax proceedings involving our Company. Any adverse decision in such proceedings may expose us to liabilities or penalties and may adversely affect our business, financial condition, results of operations and cash flows.*

As on the date of this Prospectus, we are involved in certain criminal, civil and tax (direct and indirect) proceedings, which are pending at different levels of adjudication before various courts, tribunals, forums and appellate authorities. We cannot assure you that these legal proceedings will be decided in our favour. Decisions in proceedings adverse to our interests may have a significant adverse effect on our business, financial condition, results of operations and cash flows. In relation to tax proceedings, in the event of any adverse outcome, we may be required to pay the disputed amounts along with applicable interest and penalty and may also incur additional tax incidence going forward.

A summary of pending tax proceedings and other material litigation involving our Company is provided below.

<u>*Litigation against our Company*</u>

(₹in millions)

S. No.	Nature of litigation	Number of cases against our Company	Approximate amount involved (to the extent quantifiable)
1.	Criminal proceedings	17(1)	0.49
2.	Civil proceedings	3	4,253
3.	Indirect tax proceedings	144	80,861.52
4.	Direct tax proceedings	12	22,786.66
5.	Actions by statutory and regulatory authorities	44	1,089.10

Note:

(1) Of the 17 criminal proceedings against our Company, three criminal proceedings pertain to road tax matters wherein the amount involved aggregates to ₹ 0.49 million.

<u>*Litigation by our Company*</u>

S. No.	Nature of litigation	Number of cases by our Company	Approximate amount involved (to the extent quantifiable)
1.	Criminal proceedings	2	₹ 0.47 million

The amounts claimed in these proceedings have been disclosed to the extent ascertainable. If any new developments arise, such as a change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements that could increase our expenses and current or long term liabilities. For further details, see section entitled "*Outstanding Litigation and Other Material Developments*" on page 665.

29. *In order to be successful, we must attract and retain key employees. To the extent that we are unable to attract, develop, retain, and protect leadership talent successfully, we could experience business disruptions and impair our ability to achieve business objectives. We also lose technology/know-how to competitors if they manage to attract our employees.*

Our business has a continuing need to attract large numbers of skilled personnel to support the growth of our business. Currently, the supply in respect of individuals exceeds our demands. Fresh engineering graduates and professionals in various technical and non-technical disciplines are inducted in our

Company as management trainees or design trainees to meet the manpower requirements for Company officers from time to time. Such trainees undergo a structured training programme for a period of 52 weeks and are required to execute a bond to serve our Company for a period of five years after completion of the training. Further, we also selectively induct experienced candidates in various grades in accordance with the requirements of our Company. We also incentivise our executives by sponsoring them for higher education and specialised training in selected institutions and organisations, both inland and abroad. Such executives are required to execute a bond to serve our Company for a specified period. However, there can be no assurance that these executives will stay on beyond the period of their bond. To the extent that the demand for experienced personnel exceeds supply, we could experience higher labour, recruiting, or training costs in order to attract and retain such employees, or could experience difficulties in performing our obligations under our contracts, if our needs are not met. To the extent we lose our experienced employees, in-particular engineers and aircraft designers through attrition, we will need to find ways to successfully manage the transfer of critical knowledge from individuals leaving us to their replacements. However, there can be no assurance that we may be able to find immediate replacements or suitable replacements if at all, which could have an impact on our ongoing programs. In addition, although we incentivise our employees by engaging with them to develop their leadership skills and succession planning throughout our business, certain Central Public Sector Enterprises have implemented wage structures that provide higher compensation than the levels required by the Department of Public Enterprises or provided by our Company, including with respect to fresh engineering graduates. To the extent that we are unable to attract, develop, retain, and protect leadership talent successfully, we could experience business disruptions and this could impair our ability to achieve business objectives.

30. We are subject to stringent labour laws and trade union activity or any work stoppage could have an adverse effect on our business, financial condition and results of operations.

India has stringent labour legislation that protects the interests of workers, including legislations that sets forth detailed procedures for employee removal and dispute resolution and imposes financial obligations on employers. This makes it difficult for us to discharge employees or downsize, which though not quantifiable, may adversely affect our business and profitability. As of December 31, 2017, all of our workmen were unionised. Although we consider our relations with our unions to be stable, any failure to effectively negotiate with the trade unions representing our workmen or any union activity could result in work stoppages. Any such work stoppage or disruptions, though not quantifiable, could have an adverse effect on our business, financial condition and results of operations.

As of date of this Prospectus, there are nine trade unions which are recognised to represent our workmen under the Trade Unions Act 1926. During the last five years, we did not experience any strike other than the country-wide general strikes called by the Central Labour Unions in September 2015 and September 2016 in which some of our workmen participated. There is no guarantee that if such issues related to workmen arise, we will be able to resolve all the issues amicably through discussions with the concerned workmen and recognised unions. If such issues arise and we are not able to resolve them, there is a risk that our operations will be disrupted and that the business operations and financial conditions of our Company could be adversely affected. Issues related to policy matters are taken up during periodical meetings with the recognised unions at the corporate level. Historically, where employees are covered by collective bargaining agreements with various unions, we have been successful in negotiating renewals to expiring agreements without any material disruption of operating activities. However, we cannot assure you that we will be successful in our efforts to negotiate renewals of our existing collective bargaining agreements when they expire. If we are unsuccessful, there is the possibility that we could incur unanticipated delays or expenses in the programmes which could have a material impact on our business, operations and financial conditions.

31. Our results of operations may fluctuate based on receipt of signalling out certificate from our customers with respect to our aircraft and helicopters.

We experience cyclicality in respect of recognition of revenue from operations, which is attributable to receipt of signalling out certificate from our customers for our products in the second half of the Financial Year. As a result, our results of operations may fluctuate significantly and comparisons of operating results between different periods within a single Financial Year, or between different periods in different Financial Years, may not necessarily be meaningful and should not be relied upon as an indicator of our overall performance.

32. Our operating and financial performance may be adversely affected by lack of or delays in the award

of long-term contracts or cancellation/modification of existing contracts.

The long-term sustainability of our economic and financial performance depends on our ability to perform our existing contracts and to enter into new long-term contracts. Given the nature of our customers, (e.g. the Indian Defence Services and other public administration and entities which operate in highly regulated environment) as well as the complexity and the cutting-edge technological content of the contracts, our existing long-term contracts may be affected by disputes with customers, which may put in danger the regular performance of the obligations arising thereunder. In addition, our contracts may not be renewed.

Furthermore, no assurances can be given that we will enter into new contracts to permit us to carry on our business or that any new contract entered into or renewed will be on terms and conditions similar to those of our current contracts. The award of new contracts is subject to competition and is affected by factors outside of our control such as governmental spending decisions, new policies and administrative procedures. Any failure to secure or any delay in securing a consistent number of long-term contracts or any interruption, suspension or termination of existing contracts may cause an insufficient workload that would adversely affect our operating and financial position.

33. Any dispute, proceeding or irregularity in title to properties owned or leased by us may adversely affect our financial condition and results of operations.

We have received most of our land from the Government of India or State Governments under the Land Acquisition Act, 1894. There may be certain deficiencies in title in relation to some of our owned properties. For example, some of the agreements for such arrangements may not have been duly executed and/or adequately stamped or registered in the land records of the concerned authorities.

Since registration of title to land in India is not centralised and has not been fully computerised, the title to land may be defective as a result of a failure on our part, or on the part of a prior transferee, to obtain the consent of all such persons or duly complete stamping and registration requirements.

In addition, we occupy our Helicopter Division at Barrackpore pursuant to a lease from the MoD which term has expired and is currently under renewal. Although operations are continuing at the division as of the date of this Prospectus, we cannot assure you that we will be able to renew this lease on terms that are favorable or acceptable to us or at all. Our Helicopter Division at Barrackpore generated 0.78% of our consolidated revenue from operations both in Financial Year 2017 and in the six month period ended September 30, 2017. Further, we are also involved in various civil suits in relation to matters including possession and title of the land held by us, suits involving encroachment, unauthorised use of our land and alleged encroachment/unauthorised use of certain properties by our Company. For further details, see the section entitled "*Outstanding Litigation and Material Developments*" on page 665 and Annexure XLVIII to our Restated Standalone Financial Statements.

Any disputes in respect of land title that we may become party to may take several years and expenses to resolve if they become the subject of court proceedings. Any such dispute, proceedings or irregularities may have an impact on the operation of our business.

34. Any write-down of intangible assets may harm our results of operations and financial condition.

Our balance sheet includes amounts recorded as intangible assets, in particular with respect to development costs. As of March 31, 2017, we had intangible assets (net of amortisation) of ₹ 22,799 million (which represented 4.4% of our total assets). As of September 30, 2017, we had intangible assets (net of amortisation) of ₹ 23,401 million (which represented 4.3% of our total assets). Assets of indefinite life are subject to an "impairment test" at least once a year. These evaluations are based on estimates of future cash flows and applicable discount rates. Any significant discrepancies between the estimates and actual developments and any change to expected future cash flows may have a materially adverse effect on our results of operations and financial condition.

35. Our operating and financial performance may be harmed as a consequence of breaches of our contractual commitments.

The timely and satisfactory execution of our contractual commitments depends upon numerous factors, including our ability to develop the technologies necessary to provide, directly or through third parties, the products and services required by our customers.

The failure by us to deliver, in a timely manner or at all, the products and services we are obliged to deliver, or any fault in contract execution (including as a result of delays or breaches by our suppliers), may lead to higher costs or penalties or the calling of performance bonds. This may negatively affect our operating and financial performance. For example, in the intermediate jet trainer design and development programme we have faced time and cost over runs due to revisions in the testing schedules and continuous developments requirements based on testing results, the additional cost overrun in this case was borne by the customer. However, going forward, there is no guarantee that our customers will pay any such additional costs, which could result in an adverse effect on our operations, financial conditions and result of operations.

36. Security breaches in classified government systems could adversely affect our business.

Many of the programmes we support and systems we develop, manufacture and maintain involve managing and protecting information involved in intelligence, national security and other classified government functions. While we have programmes designed to comply with relevant security laws, regulations and restrictions, a security breach in one of these systems could cause serious harm to our business, damage our reputation and prevent us from being eligible for further work on critical classified systems for the Indian Defence Services. Damage to our reputation or limitations on our eligibility for additional work resulting from a security breach in one of the systems we develop, install and maintain could materially reduce our revenue.

37. We may not be successful in improving inadequacies in our information and reporting systems.

Effective information and reporting systems are critical to our operations. Among other things, we rely on timely access to reliable information in order to provide services to our customers and prudently manage our assets and liabilities, liquidity and overall financial condition. In addition, our ability to manage our operational risk depends on access to such information. We are implementing a new centralised core system and upgrading our enterprise resource planning system, but we cannot assure you that this will be completed successfully. In addition, we cannot assure you of the adequacy of our reporting systems, that our new information technology system will not become quickly out-dated or that our employees will be adequately trained in how to operate or comply with such systems.

Further upgrades of our information and reporting systems take time and may entail significant technical and implementation risks. We cannot assure you that our systems will be adequate to address our information and reporting inadequacies, or that we will be able to respond to technological advances and changing industry standards and practices on a cost effective and timely basis. If our systems are inadequate or quickly become out-dated or our employees are not adequately trained in how to operate and comply with such systems, our financial condition, liquidity and results of operations could be materially and adversely affected.

38. If we are unable to obtain the requisite approvals, licences, registrations and permits to develop and operate our business, or are unable to renew them in a timely manner, our operations may be adversely affected.

We require a number of approvals, licences, registrations and permits for developing and operating our business complexes, including those related to environmental clearances, including clearances from the State Pollution Control Board and clearance for storage and removal of hazardous wastes and the supply of critical raw materials, such as aluminium alloy, nickel alloy, magnesium alloy and titanium. While we have obtained a number of required approvals for all our divisions, certain approvals are currently pending. For further details, in relation to the approvals, licences, registrations and permits currently held by our Company and applications made by our Company for its renewal, see the section entitled "*Government and Other Approvals*" on page 674. If we fail to obtain or retain any applicable approvals, licences, registrations or permits, or renewals thereof, in a timely manner, we may be unable to operate or expand our business complexes, or at all, which could affect our business and results of operations. Further, some of our statutory approvals and licences that are essential for carrying on our business activities are about to expire.

The approvals and licences we have received in relation to our business complexes are subject to numerous conditions, some of which are onerous and require us to incur substantial expenditure. We cannot assure you that the approvals, licences, registrations and permits issued to our Company would not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action.

Further, in order to sell our products, our products must be approved by government agencies in the countries in which we do business. Our export of combat aircraft and helicopters are subject to approval of the GoI. In order for us to expand our market overseas, we would need GoI authorisation to enter into such contracts. New regulations or certifications may require additional expenses or may limit our operations.

Any failure to obtain the aforesaid authorisations, renew the approvals that might have expired or apply for and obtain the required approvals, licences, registrations or permits, any suspension or revocation of existing approvals, licences, registrations and permits that have been or may be issued to us, may reduce our revenues, increase costs, adversely affect our business, financial condition and results of operations.

39. *Our estimates and forward-looking statement may prove to be inaccurate.*

The accounting for some of our most significant activities is based on judgments and estimates, which are complex and subject to many variables. For example, changes in Indian or foreign tax laws, including possibly with retroactive effect, and audits by tax authorities could result in unanticipated increases in our tax expense and lower profitability and cash flows. Actual financial results could differ from our judgments and estimates. Refer to "*Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Estimates*" on page 637, for a complete discussion of our significant accounting policies and use of estimates.

Our future financial results may differ materially from those suggested by the forward-looking statements due to various risks and uncertainties. Given these uncertainties, you should not rely on forward-looking statements. The forward-looking statements contained in this Prospectus speak only as of the date. We expressly disclaim a duty to provide updates to forward-looking statements after the date of this Prospectus to reflect the occurrence of subsequent events, changed circumstances, changes in our expectations, or the estimates and assumptions associated with them.

40. *We do not have access to records and data pertaining to certain historical legal and secretarial information in relation to certain disclosures.*

We do not have access to documentation pertaining to certain of our historical, legal and secretarial data or information and consequently, the share capital-build up included in the section "*Capital Structure*" on page 97 are based on certain available statutory records maintained by us.

We are unable to trace (including through the RoC search undertaken by us) certain corporate and other documents such as copies of certain prescribed forms filed with the RoC relating to (i) allotment of shares to our Promoter from the date of our incorporation up to March 30, 1970, (ii) changes in our authorised share capital from the date of our incorporation up to September 28, 1970 and (iii) changes in our registered office from the date of our incorporation up to May 18, 1966. While we believe that we had filed these forms with the RoC in a timely matter, we have not been able to obtain copies of these forms. While there is no outstanding litigation or regulatory proceeding on the date of this Prospectus which requires these forms, there can be no assurance that these forms will not be required in the legal proceedings in the future. We cannot assure you that we will be able to locate or obtain access to the documentation pertaining to such historical, legal and secretarial data or information or that we will not be subject to any penalty imposed by any relevant regulatory authority due to our inability to locate or obtain access to such documentation.

There may be inconsistencies between the date of filing of the relevant forms filed with the RoC for allotment of shares to the President of India and the register maintained noting the allotment made to the President of India. We cannot assure you of the accuracy and completeness of such internal records maintained by us in respect to the above mentioned.

41. *We engage contract labour for carrying out certain of our operations and we are responsible for paying the wages of such workers. If the independent contractors through whom such workers are hired default on their obligations, this could have an adverse effect on our results of operations and financial condition.*

In order to retain operational efficiencies, we engage independent contractors who in turn engage on-site contract labour to carry out our unskilled jobs and allied services. As of December 31, 2017, we engaged 334 casual labour who are paid directly by our Company and 11,395 contract labour, who are engaged and paid directly by independent contractors, for carrying out unskilled and ancillary jobs at our facilities. Although we do not engage the contract labour directly, we are responsible for any wage payments to be made to such labourers in the event of default by such independent contractors. Any requirement to fund their wage requirements may have an adverse impact on our results of operations and financial condition. Further, in case any regulatory body or court passes orders which require us to regularise any of the casual or contract labour as regular employees, it may have an adverse effect on our business, financial condition and results of operations.

42. ***There may be significant independent press coverage about our Company and this Offer, and we strongly caution you not to place reliance on any information contained in press articles, including, in particular, any financial projections, valuations or other forward-looking information, and any statements that are inconsistent with the information contained in this Prospectus.***

There may be significant press coverage about our Company and this Offer, that may include financial projections, valuations and other forward-looking information, as well as statements that are inconsistent or conflict with the information contained in this Prospectus. We do not accept any responsibility for the accuracy or completeness of such press articles, and we make no representation or warranty as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations, forward-looking information, or of any assumptions underlying such projections, valuations, forward-looking information or any statements are inconsistent or conflict with the information contained in this Prospectus, included in or referred to by the media.

43. ***Third party statistical and financial data in the section entitled "Industry Overview" on page 118, may be incomplete or unreliable.***

We have not independently verified data from industry publications and other sources and therefore cannot assure you that they are complete or reliable. Discussions of matters relating to India, its economy or the industries in which we operate in this Prospectus are subject to the caveat that the statistical and other data upon which such discussions are based may be incomplete or unreliable. We make no representation or warranty, express or implied, as to the accuracy or completeness of this information. Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Prospectus. We cannot provide any assurance that the third parties have used correct or sound methodology to prepare the information included in this Prospectus. For more details, see the section entitled "*Industry Overview*".

44. ***We may face certain funding risks. If we are unable to borrow at favourable market conditions, it could have a material impact on our operations.***

Our ability to borrow from banks or raise funds from the capital markets to meet our future financial requirements and fund our working capital is dependent, inter alia, on favourable market conditions and may be affected by our rating. In the absence of cash proceeds from the disposal of selected assets and favourable market conditions, to meet our financial needs we will rely on available free cash flow. For instance, our cash and cash equivalents decreased from ₹ 176,714 million for the Financial Year 2015 to ₹ 111,533 million for the Financial Year 2017 mainly on account of the buyback of our shares for 52,659 million (including taxes in the amount of ₹ 9,815 million) on March 30, 2016.

The Company has completed the buyback of 27,112,500 Equity Shares being 7.5% of the paid-up equity share capital from the President of India acting through Department of Defence Production, Ministry of Defence, in December 2017. The total payment for the buyback comprised payment of ₹ 9,215 million and ₹ 2,064 million tax, comprising a total of ₹ 11,279 million. Due to this buyback, share capital was reduced by ₹ 271 million to ₹ 3,344 million and other equity was reduced by ₹ 11,008 million to ₹ 114,813 million, resulting in total shareholders' funds of ₹ 118,157 million. Further, cash and cash equivalents were reduced by ₹ 11,279 million as a result of the buyback of our Equity Shares in December 2017. For further information see the section entitled" *Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 634.

If sufficient sources of debt financing are not available in the future for these or other reasons, we may be unable to meet our financing/refinancing requirements, which could materially and adversely affect our operations, results of operations and financial condition and impact on our ability to fund our working capital and to refinance existing indebtedness at maturity. Our approach toward funding risk is aimed at securing competitive financing and ensuring a balance between average maturity of funding, flexibility and diversification of sources, however, these measures may not be sufficient to fully protect us from such risk.

In addition, we may be subject to the restrictive covenants and interest rate risk arising on our existing and future financial indebtedness, which may vary depending on whether such indebtedness is secured or unsecured or at a fixed or at a floating rate.

45. We are subject to compulsory acquisition by the GoI of any critical technology developed by us which may have an adverse effect on our business, financial condition and results of operations.

The GoI as a controlling shareholder may issue directives with respect to the conduct of our business or our affairs for as long as we remain a government owned company, as defined under the Companies Act. Further, under Article 168 of our Articles of Association, the President of India may from time to time issue such directions as he may consider necessary in regard to the exercise and performance of the functions of our Company in matters involving national security or substantial public interest, and in like manner may vary and annul any such directions and our Board of Directors shall duly comply with and give immediate effect to the directions so issued.

In light of the above, the GoI may issue directives for compulsory acquisition of any critical technology developed by our Company which may deemed necessary due to reasons of national security or substantial public interest. Any such action in respect of any of the technology in which we are investing or may invest in the future may adversely affect our business, financial condition or results of operations.

46. We operate in industries demanding high working capital and may be adversely affected by changes in terms of credit and payment.

We are required to maintain a high level of working capital because our business activities are characterised by long product development periods and production cycles. We usually finance our working capital requirements mainly through arrangements with customers. The scope and quantity of our transactions with the Indian Defence Services and GoI-related entities has, from time to time, increased working capital requirements because of increases in projects and programmes. Delays in payment under on-going contracts or in disbursements under our financing arrangements and/or in particular, reduction of advance payments due to lower order intake could adversely affect our working capital, lower our cash flows and materially increase the amount of working capital to be funded through external debt financings.

47. Volatility in cash needs related to working capital and investment activity may expose us to the inability to find the necessary liquidity sources to satisfy the required payments.

Extraordinary fluctuations in working capital needs linked to delays and/or a reduction in customer payments or advance payments, inventory and work in progress increases and/or accelerated payments to suppliers may lead to extraordinary cash absorptions which may affect our ability to meet our financial obligations when due in future.

48. The proceeds from this Offer will not be available to us.

As this Offer is an offer for sale of Equity Shares by the Selling Shareholder, the proceeds from this Offer will be remitted to the Selling Shareholder and we will not benefit from such proceeds.

49. Certain of our subsidiaries and joint ventures have incurred losses during the six month period ended September 30, 2017 and the last three Financial Years.

Certain of our subsidiaries and joint ventures have incurred losses in the last three Financial Years, as set forth in the table below:

(₹in million)

Subsidiary/joint venture	**Six month period Ended September 30**	**Financial Year**		
	2017	**2017**	**2016**	**2015**
Naini Aerospace Limited	(55)	(17)	-	-
BAE HAL Software Limited	(60)	5	(21)	15
Samtel HAL Display Systems Limited	(8)	(38)	1	(20)
Edgewood Technologies Private Limited	24	(8)	(12)	(16)
HALBIT Avionics Private Limited	(4)	0.2	(63)	6
Multirole Transport Aircraft Limited	(57)	(1)	24	(128)
Aerospace Aviation Sector Skill Council	(4)	(7)	(1)	-
Helicopter Engines MRO Private Limited	(14)	(12)	-	-
HATSOFF Helicopter Training Private Limited	34	105	(79)	(111)
TATAHAL Technologies Limited	(0.1)	(29)	3	14
International Aerospace Manufacturing Pvt. Limited	45	164	53	(3)

In the event that these subsidiaries and joint ventures continue to incur losses or any of our other subsidiaries or joint ventures incur losses, this would have a material adverse effect on ourbusiness, results of operations and financial condition. For further details, see "*History and Certain Corporate Matters*" on page 171.

50. We could face problems related to a loss of control over cash flows, loss of proprietary technologies and funding requirements by participating in joint ventures.

We have established 12 commercial joint venture companies which conduct commercial operations, in which we own not more than 50.0% of the total outstanding shares. In addition, we have established one commercial joint venture company, in which we own a 50.5% interest. Our principal joint venture companies are BAeHAL Software Limited ("BAeHAL"), Indo Russian Aviation Limited ("IRAL"), Snecma HAL Aerospace Private Ltd. ("SHAePL"), Samtel HAL Display Systems Limited ("SHDS"), HAL Edgewood Technologies Private Limited ("HETL"), HALBIT Avionics Private Ltd. ("HALBIT"), Infotech HAL Limited ("Infotech HAL"), TATA HAL Technologies Limited ("TATA HAL"), HATSOFF Helicopter Training Private Ltd. ("HATSOFF"), International Aerospace Manufacturing Private Limited ("IAMPL"), Multirole Transport Aircraft Limited ("MTAL"), Helicopter Engines MRO Private Limited ("HE-MRO") and Indo-Russian Helicopters Limited ("IRHL").

We have yet to commence production at two of our joint venture companies, namely, IRHL and MTAL. The formation of partnerships and alliances with other market players is an integral part of our strategy, and the proportion of sales generated from consortia, joint ventures and equity holdings may rise in future years. We exercise varying and evolving degrees of control in the consortia, joint ventures and equity holdings in which we participate. While we seek to participate only in joint ventures in which our interests are aligned with those of our partners, the risk of disagreement or deadlock is inherent in a jointly controlled entity, particularly in those entities that require the unanimous consent of all members with regard to major decisions and specify limited exit rights. The other parties in these entities may also be our competitors, and thus may have interests that differ from ours.

Further, our joint ventures involve risks and uncertainties, including (i) the challenges in achieving strategic objectives and expected benefits of the business arrangement, (ii) the risk of conflicts arising between us and our partners, (iii) the difficulties of managing and resolving such conflicts and (iv) the difficulties of interaction with partners in the ordinary course of business of the joint venture. In particular, our participation in joint ventures presents the risk of operational deadlocks because of disagreements among partners, principally when matters are subject to super-majority requirements. Disputes among partners may disrupt the operations of the joint venture, make it more difficult to achieve the joint venture's strategy and lead to significant costs and loss of profits.

As a result, joint ventures may be dissolved prematurely. Dissolution of business ventures can be long and costly and might require us to share or cede any technology and know-how which we originally contributed to the joint venture. These disagreements, deadlocks and dissolutions may have an adverse effect on our results and financial condition. We are unable to give any assurance that these ventures will achieve their expected level of profitability or competitiveness.

51. We have in the past entered into related party transactions and may continue to do so in the future.

We have entered into related party transactions including providing advances to our joint ventures. See the section entitled "*Related Party Transactions"*, and see Annexure XXXVIII of our Financial Information on page 397.

Further, we may in the future enter into additional related party transactions including by making loans to related parties. To the extent that any loans made to related parties are not repaid, our profitability would be adversely affected.

While we comply with Indian accounting and regulatory standards in entering into related party transactions, such standards may not be comparable with standards of other countries such as the United States. For example, Indian regulatory standards currently do not require independent valuations or approvals from disinterested shareholders with respect to significant connected party transactions.

52. Restrictions on the export of our products and other regulations could adversely affect our business, results of operations and financial condition.

We design and manufacture many defence products considered to be of national strategic interest. The export of such products outside the Indian domestic market is subject to licensing, export controls, various regulations which are all subject to the clearance of the GoI. For further details in relation to the specific regulations applicable in India in relation to the defence sector and export of products by the defence sector see the section entitled "*Regulations and Policies"* on page 165. To the extent exports include technologies obtained from other countries, we may also be adversely affected by export control regulations from those countries. Limitation or withdrawal, if any (in the case, for example, of embargoes or geopolitical conflicts), of the authorisation to export the products might have a significant negative impact on our operations and financial situation.

Failure to comply with these regulations and requirements could result in contract modifications or termination and the imposition of penalties, fines and withdrawal of authorisations, which could negatively affect our business, results of operations and financial condition.

Authorisations can be revoked and general export controls may change in response to international conflicts or other political or geopolitical factors. Reduced access to military export markets could have a material adverse effect on our business, results of operations and financial condition.

53. Our Restated Financial Statements for the Financial Years 2014 and 2013 may not be comparable with our Restated Financial Statements for the Financial Years 2017, 2016 and 2015.

Our Restated Financial Statements included in this Prospectus for the Financial Years 2014 and 2013 have each been prepared in accordance with Indian GAAP, SEBI ICDR Regulations and reporting guidance note/guidelines prescribed by ICAI/Indian regulatory authorities applicable as of the relevant applicable dates. Our Restated Financial Statements included in this Prospectus for the Financial Years 2017, 2016 and 2015 have each been prepared in accordance with Ind AS, SEBI ICDR Regulations and reporting guidance note/guidelines prescribed by ICAI/Indian regulatory authorities applicable as of the relevant applicable dates. As a result, our Restated Financial Statements for the Financial Years 2014 and 2013 may not be comparable with our Restated Financial Statements for the Financial Years 2017, 2016 and 2015.

For instance, profit after tax was ₹ 25,411 million in 2014 under Indian GAAP compared to ₹ 9,941 million in 2015 under Ind AS primarily as a result of

- adoption of Ind AS in Financial Year 2015, which resulted in lower profit by ₹ 13,880 million on account of Ind AS adjustments; and
- a reduction of interest income on short term deposits, which forms part of other income, in Financial Year 2015.

54. *Our profit after tax and EBITDA for the Financial Years 2017 and 2016 may not be comparable with our profit after tax and EBITDA for the Financial Year 2015 due to adjustments related to our first time adoption of Ind AS.*

Our profit after tax for the Financial Years 2017, 2016 and 2015 was ₹ 26,247 million, ₹ 20,043 million and ₹ 9,941 million, respectively. Our EBITDA for the same periods was ₹ 43,148 million, ₹ 40,761 million and ₹ 25,642 million, respectively. However, our restated profit after tax and EBITDA for the Financial Year 2015, which was the first Financial Year in which we adopted Ind AS, included certain adjustments to our statement of profit and loss required to give effect to such adoption. These adjustments resulted in a profit after tax for the Financial Year 2015 under Ind AS that is lower by ₹ 13,880 million compared to our profit after tax for the Financial Year 2015 under Indian GAAP, which was primarily attributable to (i) provisions for onerous contracts, (ii) provisions for liquidated damages, (iii) recognition of warranty sales and (iv) prior period adjustments, which were partially offset by (a) reversals of warranty liabilities, (b) remeasurements of defined benefit liabilities and assets which were transferred to other comprehensive income and (c) adjustments to deferred tax asset and liability on account of the foregoing adjustments.

Prior to giving effect to these adjustments, our profit after tax for the Financial Year 2015 under Indian GAAP was ₹ 23,821 million, which was higher by ₹ 13,880 million compared to our profit after tax for the Financial Year 2015 under Ind AS. Prior to giving effect to these adjustments, and excluding adjustments to depreciation and amortization (which comprised of impairment of intangible assets and adjustments to deferred tax asset and liability), our EBITDA for the Financial Year 2015 would have been ₹ 39,825 million, which is higher by ₹ 14,183 million compared to our EBITDA for the Financial Year 2015 after giving effect to these adjustments. For more information, see paragraphs 6.7 and 6.8 to Annexure IV of the Consolidated Restated Financial Statements.As a result, our profit after tax and EBITDA for the Financial Years 2017 and 2016 may not be comparable with our profit after tax and EBITDA for the Financial Year 2015.

55. *If we fail to protect, or incur significant costs in defending, our intellectual property and other proprietary rights, our business, results of operation and financial condition could be materially harmed.*

Our future success depends, in part, on our ability to protect these intellectual property and other proprietary rights that we may develop. We rely primarily on patents, trademarks, trade secrets and unfair competition laws, as well as licence agreements and other contractual provisions, to protect our intellectual property and other proprietary rights. However, patent applications may be rejected and in any event patent protection does not prevent competitors from developing equivalent or superior products without violating our intellectual property rights.

Moreover, our intellectual property rights may be challenged by third parties and, should we not prevail, we may be required to give or obtain licences, cease the production of a product, transfer the intellectual property rights or be liable for significant damages. Accordingly, despite our efforts, we may be unable to prevent third parties from infringing upon or misappropriating our intellectual property or otherwise gaining access to our technology. If we fail to protect our intellectual property and other proprietary rights, then our business, results of operation and financial condition could be materially harmed.

In addition, any claims, with or without merit, could be time consuming and expensive, and could divert our management's attention away from the execution of our business plan. As of December 31, 2017, we owned two trademarks, seven patents, 11 design registrations and 77 copyrights. For details see the section entitled "*Government and Other Approvals*" on page 674.

Further, in accordance with Article 28 of the DPP 2016, the prices stated in the government contracts are deemed to include all amounts payable for the use of patents, copyrights, registered charges, trademarks and payments for any other industrial property rights of our Company, which weakens our intellectual property protection.

56. ***Unforeseen environmental costs could affect our future earnings as well as the affordability of our products and services.***

Environmental laws and regulations in India impose increasingly stringent environmental protection standards on us regarding, among other things, smoke or gas emissions, noise pollution, waste water discharges, the use and handling of hazardous waste or materials, waste disposal practices and the remediation of environmental contamination. These standards expose us to the risk of substantial environmental costs and liabilities, including liabilities associated with past activities. Our industrial activities are subject to obtaining permits, licences and/or authorisations, or subject to prior notification. Our facilities must comply with these permits, licences or authorisations and are subject to regular administrative inspections.

We invest significant amounts to ensure that we conduct our activities in order to reduce the risks of impacting the environment and regularly incur capital expenditures in connection with environmental compliance requirements. The outcome of environmental, health and safety matters cannot be predicted with certainty and there can be no assurance that we will not incur any environmental, health and safety liabilities in the future. In addition, the discovery of new facts or conditions or future changes in environmental laws, regulations or case law may result in increased liabilities that could have a material effect on our business, financial condition and results of operations.

57. ***As of September 30, 2017 and as of March 31, 2017, we had contingent liabilities in the amount ₹ 190,891 million and ₹ 164,629 million, respectively, which have not been provided for in our financial statements and could adversely affect our financial condition.***

As of September 30,2017 and as of March 31, 2017, we had contingent liabilities not provided for, as disclosed in the notes to our standalone, restated audited financial statements as follows:

(₹in million)

Contingent Liabilities	**As of September 30, 2017**	**As of March 31, 2017**
Claims against our Company not acknowledged as debt	100,275	93,664
Outstanding Letter of Credit and Guarantees	90,616	70,965
Total	190,891	164,629

If any of the claims in these contingent liabilities materialise, fully or partly, our financial condition could be materially and adversely affected.

58. ***Revisions in the wages and salaries of our workmen and officers may adversely affect our business prospects, financial condition and /or operating results.***

In terms of the Government guidelines, a revised salary structure for officers at and below the Board level was implemented by our Company during November 2017 which was effective from January 1, 2017. Trade unions representing our workmen were due to renegotiate the wage structure of workmen effective from January 1, 2017, for which guidelines have been issued by the Government vide DPE OM No. W-02/0015/2016-DPE(WC)-GL-XVII/17 dated November 24, 2017. The revisions would increase labour costs and consequently the costs and prices of our products and services. In case we are unable to increase productivity or to get such costs increase recovered from our customers or a combination of both, it will have adverse impact on our margins, operating results and financial condition. In addition, the price increase may make our products less competitive and adversely affect our business prospects and revenues.

59. ***Our ability to pay dividends or undertake buyback of the Equity Shares in the future will depend on number of factors, including, our profit after tax for the Financial Year, utilisation of profit after tax towards reserves, our future expansion plans and capital requirements, our financial condition, our cash flows and applicable taxes, including dividend distribution tax payable to our Company. In addition, any payment of dividends or buyback of the Equity Shares are subject to the CPSE Capital Restructuring Guidelines.***

Our ability to pay dividends or undertake buyback of the Equity Shares in the future will depend on number of factors, including our profit after tax for the Financial Year, our utilisation of profit after tax towards reserves, our future expansion plans and capital requirements, our financial condition, our cash flows and applicable taxes, including dividend distribution tax payable by our Company. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and subsequent approval of shareholders and will depend on factors that our Board and shareholders deem relevant. We may decide to retain all of our earnings to finance the development and expansion of our business and, therefore, may not declare dividends on our Equity Shares. We cannot assure you that we will be able to pay dividends in the future. In accordance with the CPSE Capital Restructuring Guidelines, our Company is required to pay a minimal annual dividend of 30% of our profit after tax or 5% of our net worth, whichever is higher, unless an exemption is provided in accordance with this guideline. For further details, see the section entitled "*Dividend Policy*" on page 220.

Further, in accordance with the CPSE Capital Restructuring Guidelines, our Company is required to undertake buyback of the Equity Shares in the event that our Company has a net worth of at least ₹ 20,000 million and cash and bank balance of over ₹ 10,000 million. In the past, we have bought back 120.50 million fully paid equity shares of face value ₹ 10 each for an aggregate amount of ₹ 42,844 million at the rate of ₹ 355.55 per equity share, equivalent to 25% of the paid–up equity share capital and free reserve of our Company ("**Maximum BuyBack**"), from the President of India who holds the entire equity shares of our Company. The proposal to buy-back shares was approved by the President of India in the extraordinary general meeting held on March 22, 2016 and consideration for the shares bought back was paid to Government of India on March 30, 2016. Consequently, our paid-up share capital has been reduced from ₹ 4,820 million (comprised of 482 million Equity Shares) to ₹ 3,615.00 million (comprised of 361.50 million Equity Shares). Further, post filing of DRHP, our Board of Directors on November 28, 2017 approved the buyback of 27,112,500 Equity Shares. being 7.5% of the paid-up equity share capital. from the President of India, acting through Department of Defence Production, Ministry of Defence ("**Buyback**"). We completed this buyback at an aggregate cost of ₹ 9,215 million (excluding tax of ₹2,064 Million), or ₹ 339.88 per Equity Share. Post Buyback, the paid-up equity share capital was reduced from 361,500,000 to 334,387,500 Equity Shares. For further details, see the section entitled "*Capital Structure*" on page 97. Further, our future expansion plans, reserves and surplus, our financial condition and our cash flows would adversely affected, if we need to undertake buyback as per the CPSE Capital Restructuring Guidelines.

External Risk Factors

60. Disruptions in supply and transport could affect our business adversely and materially.

The production of our products is dependent on a steady supply of various inputs. These inputs are transported to our plants by airway, sea and land, and our products are transported to our customers by land (using trucks) and airway. Transport of our inputs and finished products is subject to various bottlenecks and other hazards beyond our control, including poor road and other transport infrastructure, accidents, adverse weather conditions, strikes and civil unrest. Either an increase in the price of transportation or interruptions in transportation of our inputs or finished products could have a material adverse effect on our business, financial condition and results of operations. The occurrence of natural disasters may also impair the conditions of the railway and highway infrastructure to the point of making them unavailable. Any transportation problems that occur could have a material adverse effect on our business, results of operations and financial condition. At times we have encountered disruption to the supply and transportation of inputs. Any such disruptions may occur in the future as a result of the above factors and such disruptions may affect our business adversely and materially.

61. We may be affected by competition law in India and any adverse application or interpretation of the Competition Act could adversely affect our business.

The Competition Act was enacted for the purpose of preventing practices that have or are likely to have an adverse effect on competition in India and has mandated the CCI to prevent such practices. Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition is considered void and results in imposition of substantial penalties.

Further, any agreement among competitors which, directly or indirectly, involves the determination of purchase or sale prices, limits or controls production, or shares any market by way of geographical area or number of customers in the relevant market is presumed to have an appreciable adverse effect in the relevant market in India and is considered void. The Competition Act also prohibits abuse of a dominant position by any enterprise. On March 4, 2011, the Indian Central Government notified and brought into force the combination regulation (merger control) provisions under the Competition Act with effect from June 1, 2011. These provisions require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset and turnover based thresholds to be mandatorily notified to, and pre-approved by, the CCI. In addition, on May 11, 2011, the CCI issued the Competition Commission of India (Procedure for Transaction of Business Relating to Combinations) Regulations, 2011, as amended, which sets out the mechanism for implementation of the merger control regime in India.

The Competition Act aims to, among other things, prohibit all agreements and transactions which may have an appreciable adverse effect in India. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an appreciable adverse effect on competition in India. Consequently, all agreements entered into by us may be subject to the provisions of the Competition Act and we are unable to predict the impact of the provisions of the Competition Act on such agreements. Although we are not currently party to any outstanding proceedings and have not received any notice in relation to non-compliance with the provisions of the Competition Act or the agreements entered into by us. if we are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to any scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it would adversely affect our business, financial condition and results of operations.

62. Negative publicity against us, our joint venture partners, our suppliers, our customers or any of our or their affiliates could cause us reputational harm and could have a material adverse effect on our business, financial condition, results of operations and prospects.

From time to time, we, our joint venture partners, our suppliers, our customers or any of our or their affiliates may be subject to negative publicity in relation to our or their business or staff, including publicity covering issues such as anti-corruption, safety and environmental protection. Such negative publicity, however, even if later proven to be false or misleading, and even where the entities or individuals implicated are members or employees of our joint venture partners, suppliers, customers or our or their affiliates and not of us, could lead to a temporary or prolonged negative perception against us by virtue of our affiliation with such joint venture partners, suppliers, customers or affiliates. Our reputation in the marketplace is important to our ability to generate and retain business. In particular, damage to our reputation could be difficult and time-consuming to repair, and our business, financial condition, results of operations and prospects may be materially and adversely affected.

Risks relating to India

63. Political instability or changes in the economic liberalization, policies by the GoI could impact our financial results and prospects.

We are incorporated in India, derive the substantial majority of our revenues from operations in India and almost all of our assets are located in India. Consequently, our performance and the market price of our Equity Shares may be affected by interest rates, government policies, taxation and other political and economic developments affecting India. The GoI has in recent years sought to implement economic reforms and the current government has implemented policies and undertaken initiatives that continue the economic liberalization policies pursued by previous governments. There can be no assurance that liberalization policies will continue in the future. Any significant change in such liberalization and policies could adversely affect business and economic conditions in India, generally, and our business, prospects, financial condition and results of operations, in particular.

In addition, any political instability in India or geopolitical stability affecting India will adversely affect the Indian economy and the Indian securities markets in general, which could affect the price of our Equity Shares.

64. Significant differences exist between Indian GAAP, Ind AS and other accounting principles such as IFRS or the U.S. GAAP which may be material to investors' assessments of our financial condition.

Our financial statements included in this Prospectus for the Financial Years 2014 and 2013 were prepared and presented in conformity with Indian GAAP, and no attempt has been made to reconcile these financial statements to any other principles or to base it on any other standards. Our financial statements included in this Prospectus for the six month period ended September 30, 2017 and for the Financial Years 2017, 2016 and 2015 were prepared and presented in conformity with Ind AS. Indian GAAP and Ind AS differ from accounting principles in other countries with which prospective investors may be familiar, such as IFRS or the U.S. GAAP. Our financial condition, results of operations, cash flows or changes in shareholders' equity may appear materially different under IFRS or the U.S. GAAP and a quantification of the differences may reveal a material adverse effect on the amount of income recognised during the period and in the corresponding period in the comparative Financial Year/period.

65. Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws and regulations, may adversely affect our business, results of operations and cash flows.

Our business, results of operations and cash flows could be adversely affected by unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations applicable to our business and operations.

There can be no assurance that the GoI may not implement new regulations and policies which will require us to obtain approvals and licences from the GoI or other regulatory bodies or impose onerous requirements and conditions on our business and operations. Any such changes and the related uncertainties with respect to the implementation of the new regulations may have an adverse effect on our business, financial condition and results of operations. In addition, we may have to incur capital expenditures to comply with the requirements of any new regulations, which may also adversely affect our results of operations and cash flows. See the section entitled *"Regulations and Policies*" on page 165 for details of the laws, rules and regulations currently applicable to us.

Any changes to such laws, including the instances mentioned below, may adversely affect our business, financial condition, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy.

The GoI on July 1, 2017 introduced, a comprehensive national GST regime that combines taxes and levies by the central and state governments into one unified rate of interest. While the GoI and other state governments have announced that all committed incentives will be protected following the implementation of the GST, given the limited availability of information regarding the GST, we are unable to provide any assurance as to the effects of its implementation. Such implementation also remains subject to any disputes between the various state governments, which could create further uncertainty. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India including us and may result in significant additional taxes becoming applicable to us. If the tax costs associated with certain transactions are greater than anticipated as a result of a particular tax risk materializing, it could have a material adverse effect on our business, results of operations and financial condition.

The GoI has also implemented provisions relating to the GAAR which came into effect on April 1, 2017. The GAAR is intended to prohibit arrangements considered as "impermissible avoidance arrangements", which is defined as any arrangement the main or one of the main purposes of which is to obtain a tax benefit and which satisfy at least one of the following tests:

(i) such arrangement creates rights, or obligations, which are not ordinarily created between persons dealing at arm's length;
(ii) such arrangement results, in misuse, or abuse, of the provisions of the tax laws;
(iii) such arrangement lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or
(iv) such arrangement is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for bona fide purposes.

The onus to prove that a transaction does not constitute an "impermissible avoidance agreement" is on the assessee. Unless it is proved to the contrary by the assessee, an arrangement shall be presumed to have been entered into, or carried out, for the main purpose of obtaining a tax benefit, if the main purpose of a step in, or a part of, the arrangement is to obtain a tax benefit, notwithstanding the fact that the main purpose of the whole arrangement is not to obtain a tax benefit. If the GAAR is invoked, then the tax authorities will have wide powers, including denial of tax benefits or benefits under a tax treaty.

We have not determined the impact of these recent and proposed laws and regulations on our business. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy in the jurisdictions in which we operate, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future. Further, if we are affected, directly or indirectly, by the application or interpretation of any provision of such laws and regulations or any related proceedings, or are required to bear any costs in order to comply with such provisions or to defend such proceedings, our business and financial performance may be adversely affected.

66. A slowdown in economic growth in India could cause our businesses to suffer.

Our performance and the growth of our business are necessarily dependent on the health of the overall Indian economy. As a result, a slowdown in the Indian economy could adversely affect our business. India’s economy could be adversely affected by a general rise in interest rates, inflation, natural calamities, increases in commodity prices, and protectionist efforts in other countries or various other factors. In addition, the Indian economy is in a state of transition. It is difficult to gauge the impact of these fundamental economic changes on our business. Any slowdown in the Indian economy or future volatility in global commodity prices could adversely affect our business, financial condition and results of operations**.**

67. Trade deficits could have a negative impact on our business. If India's trade deficits increase or become unmanageable, the Indian economy, and therefore our business, future financial performance and the trading price of our Equity Shares could be adversely affected.

India's trade relationships with other countries can influence India economic conditions. According to the RBI, India's trade deficit decreased to US$112.4 billion in the Financial Year 2017 from US$130.1 billion in the Financial Year 2016. Although India's trade deficit has been declining year-on-year, the trade deficit neutralises the surpluses in India's invisibles, which are primarily international trade in services, income from financial assets, labour and property and cross border transfers of workers' remittances in the current account, resulting in a current account deficit.

If India's trade deficits increase or become unmanageable, the Indian economy, and therefore our business, future financial performance and the trading price of our Equity Shares could be adversely affected.

68. Investors may not be able to enforce a judgment of a foreign court against us or our management.

The enforcement of civil liabilities by overseas investors in our Equity Shares, including the ability to effect service of process and to enforce judgments obtained in courts outside of India may be adversely affected by the fact that we are incorporated under the laws of India and all of our executive officers and directors reside in India. Nearly all of our assets and the assets of our executive officers and directors are also located in India. As a result, it may be difficult to enforce the service of process upon us and any of these persons outside of India or to enforce outside of India, judgments obtained against us and these persons in courts outside of India.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Recognition and enforcement of foreign judgments are provided for under Section 13 and Section 44A of the Civil Procedure Code respectively. The GoI has under Section 44A of the Civil Procedure Code notified certain countries as reciprocating countries, as discussed below. Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon, between the same parties or between the parties whom they or any of them claim are litigating under the same title, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction, (ii) where the judgment has not been given on the merits of the case, (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases in which such law is applicable, (iv) where the proceedings in which the judgment was obtained were opposed to natural justice, (v) where the judgment has been obtained by fraud, or (vi) where the judgment sustains a claim founded on a breach of any law in force in India.

Section 44A of the Civil Procedure Code provides that where a foreign judgment has been rendered by a court in any country or territory outside India, which the GoI has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a similar nature or in respect of a fine or other penalties and does not include arbitration awards. The United Kingdom and some other countries have been declared by the GoI to be a reciprocating territory for the purposes of Section 44A. However, the United States has not been declared by the GoI to be a reciprocating territory for the purposes of Section 44A. A judgment of a court in the United States may be enforced in India only by a suit upon the judgment, subject to Section 13 of the Civil Procedure Code and not by proceedings in execution.

The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. Generally, there are considerable delays in the disposal of suits by Indian courts. It may be unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it may be unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy in India. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the RBI under the Foreign Exchange Management Act, 1999 to repatriate any amount recovered pursuant to execution and any such amount may be subject to income tax in accordance with applicable laws. Any judgment or award in a foreign currency would be converted into Indian Rupees on the date of the judgment or award and not on the date of the payment. Generally, there are considerable delays in the processing of legal actions to enforce a civil liability in India, and therefore it is uncertain whether a suit brought in an Indian court will be disposed off in a timely manner or be subject to considerable delays.

69. Financial instability in other countries may cause increased volatility in Indian financial markets. In the event that the current difficult conditions in the global credit markets continue or if there are any significant financial disruption, such conditions could have an adverse effect on our business, future financial performance and the trading price of our Equity Shares.

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries, particularly emerging market countries in Asia. Financial turmoil in Asia, and elsewhere in the world in recent years has affected the Indian economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. Recently, the currencies of a few Asian countries including India suffered a devaluation against the US Dollar owing to among other, the announcement by the US government that it may consider reducing its quantitative easing measures. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt, in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our business, future financial performance and the prices of our Equity Shares.

The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections in recent years. Since September 2008, liquidity and credit concerns and volatility in the global credit and financial markets increased significantly with the bankruptcy or acquisition of, and government assistance extended to, several major US and European financial institutions. These and other related events, such as the European sovereign debt crisis, have had a significant impact on the global credit and financial markets as a whole, including reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in global credit and financial markets.

In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, have implemented a number of policy measures designed to add stability to the financial markets.

However, the overall impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have the intended stabilising effects. In the event that the current difficult conditions in the global credit markets continue or if there are any significant financial disruption, such conditions could have an adverse effect on our business, future financial performance and the trading price of our Equity Shares.

70. If the rate of Indian price inflation increases, our results of operations and financial condition may be adversely affected.

In recent years, India's wholesale price inflation index has indicated an increasing inflation trend compared to prior periods. India recorded inflation at the rate of 1.7% and 1.2% for the Financial Years 2017 and 2015 and deflation at the rate of 3.7%for the Financial Year 2016. An increase in inflation in India could cause an increase in the cost of transportation, wages, raw materials or any other expenses. If this trend continues, we may be unable to reduce our costs or pass our increased costs on to our customers and our results of operations and financial condition may be adversely affected.

71. Investors may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares.

Under the current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. Currently, any gain realised on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if STT has been paid on the transaction. STT will be levied on and collected by an Indian stock exchange on which the equity shares are sold. As such, any gain realised on the sale of equity shares held for more than 12 months by an Indian resident, which are sold other than on a recognised stock exchange and as a result of which no STT has been paid, will be subject to capital gains tax in India. Further, any gain realised on the sale of equity shares held for a period of 12 months or less will be subject to capital gains tax in India. Further, any gain realised on the sale of shares on a stock exchange held for a period of 12 months or less will be subject to short term capital gains tax. Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less which are sold other than on a recognised stock exchange and on which no STT has been paid, will be subject to short term capital gains tax at a relatively higher rate as compared to the transaction where STT has been paid in India. The recent Finance Act amendments provided that where the equity shares have been acquired on or after October 1, 2004 on which STT has not been paid at the time of acquisition, then the exemption of long-term capital gains under Section 10(38) of the Income Tax Act would not be available. This amendment further provides that the GoI will notify certain modes of acquisition to which the recent amendment made by the Finance Act would not be applicable and the shares acquired by such modes of acquisition would continue to get the benefit under Section 10(38) of the Income Tax Act. The Ministry of Finance has in the union budget for 2018-19 proposed that any gain in excess of ₹ 100,000 realised on the sale of listed equity shares on a stock exchange held for more than 12 months will be subject to long term capital gains tax of 10% without allowing any benefit of indexation. However, all gains up to January 31, 2018 will be grandfathered. Capital gains arising from the sale of equity shares will be exempt from taxation in India in cases where an exemption is provided under a treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdictions on gains arising from a sale of equity shares.

72. Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and could have a material adverse effect on our business, financial condition and results of operations and the price of our Equity Shares.

Terrorist attacks and other acts of violence or war may negatively affect the Indian markets in which our Equity Shares trade and also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence, make travel and other services more difficult and ultimately adversely affect our business. In addition, any deterioration in relations between India and its neighbouring countries might result in investor concern about stability in the region, which could adversely affect the price of our Equity Shares and the equity markets in general.

India has experienced communal disturbances, terrorist attacks and riots during recent years. If such events recur, our business may be adversely affected. The Asian region has from time to time experienced instances of civil unrest and hostilities. Hostilities and tensions may occur in the future and on a wider scale. Military activity or terrorist attacks in India, such as the attacks in Mumbai in November 2008 and July 2011, as well as other acts of violence or war could influence the Indian economy by creating a greater perception that investments in India involve higher degrees of risk. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy and could have a material adverse effect on the market for securities of Indian companies, including our Equity Shares.

73. An outbreak of an infectious disease or any other serious public health concerns in Asia or elsewhere could adversely affect our business. Outbreaks of infectious diseases could have an adverse impact on the Indian economy, which could adversely affect our business and thereby, our financial condition.

The outbreak of an infectious disease in Asia or elsewhere or any other serious public health concern, such as swine influenza, could have a negative impact on the global economy, financial markets and business activities worldwide, which could adversely affect our business, financial condition, results of operations and the price of our Equity Shares. Although, we have not been adversely affected by such outbreaks in the past, we can give you no assurance that a future outbreak of an infectious disease among humans or animals or any other serious public health concerns will not have a material adverse effect on our business, financial condition, results of operations and the price of our Equity Shares.

74. Rights of shareholders under Indian law may be more limited than under the laws of other jurisdictions.

The Companies Act and related regulations and the Articles of Association govern our corporate affairs. Legal principles relating to these matters and the validity of corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as a shareholder than as a shareholder of a corporation in another jurisdiction.

Risks Relating to the Offer Shares

75. Our Equity Shares have never been publicly traded and the listing of our Equity Shares on the Stock Exchanges may not result in an active or liquid market for our Equity Shares.

Prior to this Offer, there has been no public market for our Equity Shares and an active public market for our Equity Shares may not develop or be sustained after this Offer. Therefore, we cannot predict the extent to which a trading market will develop or how liquid that market might become. No assurance can be given that an active trading market for our Equity Shares will develop or, if developed, will be sustained, or that the trading price for our Equity Shares will not decline below the Offer Price. If an active trading market is not developed or sustained, the liquidity and trading price of our Equity Shares could be materially and adversely affected. While we have obtained preliminary listing approval from the Stock Exchanges to have our Equity Shares listed and quoted on the Stock Exchanges, listing and quotation does not, however, guarantee that a trading market for our Equity Shares will develop or, if a market does develop, the liquidity of that market for the Equity Shares. Although we currently intend that the Equity Shares will remain listed on the Stock Exchanges, there is no guarantee of the continued listing of the Equity Shares.

The Offer Price of our Equity Shares under this Offer will be determined following a book-building process and may not be indicative of the price at which our Equity Shares will be traded following completion of this Offer. You may not be able to resell your Equity Shares at a price that is attractive to you.

76. Substantial future sales or issuances of our Equity Shares in the public market may dilute the position of investors and could affect the market price of our Equity Shares.

Any future issuance of Equity Shares by us or sale of our Equity Shares by the GoI or by other significant shareholders, or any future issuance of convertible securities by us, or the perception in the market that such sale or issuance may occur, may significantly affect the trading price of our Equity Shares. Such issuances of Equity Shares and convertible securities, or the perception in the market that such issuance may occur, may dilute the positions of investors in the Equity Shares and could adversely affect the market price of our Equity Shares. Where funds are raised through the issuance of new Shares or other equity or equity linked securities other than on a pro-rata basis to existing shareholders, the percentage ownership of such shareholders may be diluted. Moreover, the newly issued securities may have rights, preferences or privileges superior to those of the Shares of the existing shareholders.

77. After this Offer, the price of our Equity Shares may be highly volatile, or an active trading market for our Equity Shares may not be sustained.

The prices of our Equity Shares on the Stock Exchanges may fluctuate after this Offer as a result of several factors, including:

(i) volatility in the Indian and global securities market or in the Rupee's value relative to the US dollar, the Euro and other foreign currencies;

(ii) our profitability and performance;

(iii) perceptions about our future performance in general;

(iv) performance of our competitors in the defence or aviation industry and the perception in the market about investments in the defence or aviation industry;

(v) adverse media reports on us or the defence or aviation industry;

(vi) changes in the estimates of our performance or recommendations by financial analysts;

(vii) changes in India's laws and regulations impacting our business;

(viii) significant developments in India's economic liberalization and deregulation policies; and

(ix) significant developments in India's fiscal, environmental and other regulations.

There can be no assurance that an active trading market for our Equity Shares will be sustained after this Offer, or that the price at which our Equity Shares are offered will correspond to the prices at which they will trade in the market subsequent to this Offer. The Indian stock markets have witnessed volatility in the past and our Equity Share price may be volatile and may decline post listing.

78. You will not be able to immediately sell any of the Equity Shares you purchase in the Offer or sell to any Equity Shares to foreign investor, on an Indian Stock Exchange.

The Equity Shares will be listed on the NSE and the BSE. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. Investors' book entry, or "demat", accounts with depository participants in India are expected to be credited within two working days of the date on which the basis of allotment is approved by the Designated Stock Exchange. We are required to allot and list the Equity Shares within six Working Days of the Bid/ Offer, Closing Date. You can start trading in the Equity Shares only after they have been credited to your demat account and listing and trading permissions are received from BSE and NSE. We cannot assure you that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods specified above. Any failure or delay in obtaining the approval may restrict your ability to dispose of your Equity Shares as allotted.

79. A third party could be prevented from acquiring control of our Company because of anti-takeover provisions under Indian law.

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of our Company, even if a change in control would result in the purchase of your Equity Shares at a premium to the market price or would otherwise be beneficial to you. Such provisions may discourage or prevent certain types of transactions involving actual or threatened change in control of us. Under the takeover regulations in India, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of our Company. Consequently, even if a potential takeover of our Company would result in the purchase of the Equity Shares at a premium to their market price or would otherwise be beneficial to its stakeholders, it is possible that such a takeover would not be attempted or consummated because of the Indian takeover regulations.

80. ***QIBs and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid and Retail Individual Investors are not permitted to withdraw their Bids after closure of the Offer.***

Pursuant to the SEBI ICDR Regulations, QIBs and Non-Institutional Investors are required to pay the Bid Amount on submission of the Bid, and are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid. Retail Individual Investors can revise their Bids during the Bid/Offer Programme and withdraw their Bids until closure of the Offer. As a result, QIBs and Non-Institutional Investors would not be able to withdraw or lower their Bids, notwithstanding adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operations or financial condition, or otherwise, between the dates of the submission of their Bids and the Allotment. While our Company is required to complete Allotment pursuant to the Offer within six Working Days from the Bid/Offer Closing Date, events affecting the Bidders' decision to invest in the Equity Shares, including material adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operation or financial condition may arise between the date of submission of the Bid and Allotment. Our Company may complete the Allotment of the Equity Shares even if such events occur, and such events limit the Bidders' ability to sell the Equity Shares Allotted pursuant to the offer or may cause the trading price of the Equity Shares to decline on listing.

Prominent Notes:

- Public Offer of 34,107,525* Equity Shares of face value of ₹ 10 each of our Company, for cash at a price of ₹ 1,215 per Equity Share (less Retail Discount and Employee Discount, as applicable) aggregating up to ₹ 41,131.33* million, of the Company through an Offer for Sale by the Selling Shareholder. The Offer comprises a Net Offer and an Employee Reservation Portion. The Offer shall constitute 10.20% of the post-Offer paid-up Equity Share capital of our Company and the Net Offer shall constitute 10% of the post-Offer paid-up Equity Share capital of our Company. The Selling Shareholder and our Company offered a discount of ₹ 25 per Equity Share to the Retail Individual Investors and the Eligible Employees.
  **Subject to finalisation of the Basis of Allotment*

- The Offer is being made through the Book Building Process, wherein 50% of the Net Offer was made available for allocation, on a proportionate basis to QIBs. 5% of the QIB Portion was made available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB Portion was made available for allocation on a proportionate basis to all QIBs including Mutual Funds. Not less than 15% of the Net Offer was made available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer was made available for allocation to Retail Individual Bidders.

- As of March 31, 2017, our Company's net worth was ₹ 125,591 million as per our Company's Restated Consolidated Financial Statements and ₹ 125,367 million as per our Restated Standalone Financial Statements.

- As of September 30, 2017, our Company's net worth was ₹ 129,436 million as per our Company's Restated Consolidated Financial Statements and ₹ 129,281 million as per our Restated Standalone Financial Statements.

- As of September 30,2017 and as of March 31, 2017, our net asset value per Equity Share was ₹ 358 and ₹ 347, respectively, on both standalone and consolidated basis, as per our Restated Financial Statements.

- The average cost of acquisition of Equity Shares by our Promoter is ₹ (152)* per Equity Share. See "*Capital Structure*" on page 97.

  ** After considering the impact of buyback of 120,500,000 Equity Shares by our Company at a price of ₹ 355.50 per Equity Share on March 22, 2016 and buyback of 27,112,500 Equity Shares by our Company at* *a price of ₹ 339.88 per Equity Share on November 28, 2017.*

- For details of related party transactions entered into by our Company, see the section entitled "*Related Party Transactions*" on page 219.

- There has been no change in our Company's name in the last three years.

- There has been no financing arrangement whereby the Directors of our Company and their relatives, have financed the purchase by any other person of securities of our Company other than in the normal course of business of the financing entity during the period of six months immediately preceding the date of filing of the Draft Red Herring Prospectus.

- Investors may contact any of the BRLMs who have submitted the due diligence certificate to SEBI for any complaints, information or clarification pertaining to the Offer. For details regarding grievances in relation to the Offer, see the section entitled "*General Information*" on page 88.

SECTION III – INTRODUCTION

SUMMARY OF INDUSTRY

Outlook of the Indian Aerospace and Defence Sector

Defence
(*Source: Defence Manufacturing Sector Achievements Report dated February 13, 2017*)

India has the third largest military in the world and is the sixth largest spender in defence**.** India is also one of the largest importers of conventional defence equipment and spends approximately 30% of its total defence budget on capital acquisitions. 60% of Indian's defence-related requirements are currently met through imports. In addition, the 'Make in India' initiative by the Government is focusing its efforts on increasing indigenous defence manufacturing with the aim of becoming self-reliant. The opening up of the defence sector for private sector participation is helping foreign OEMs to enter into strategic partnerships with Indian companies and leverage opportunities in the domestic market as well as global markets.

India's focus on indigenous manufacturing in the defence sector has yielded certain benefits as the MoD over the last two years unveiled several products manufactured in India including the LCA Tejas, the composites sonar dome, a portable telemedicine system for the armed forces, penetration-cum-blast and thermobaric ammunition specifically designed for the Arjun tanks, the Varunastra heavyweight torpedo manufactured with 95% locally sourced parts and medium range surface-to-air missiles. The Defence Acquisition Council under the MoD cleared defence sector transactions with a value of more than ₹ 820 billion under the 'Buy and Make (Indian)' and 'Buy Indian' categories. These transactions include the procurement of Light Combat Aircraft, T-90 tanks, mini UAVs and light combat helicopters.

During the Financial Years 2016, 2015 and 2014, ₹ 20,592 million, ₹ 16,820 million and ₹ 11,534 million worth of defence platforms, equipment and spares manufactured in India were exported to more than 28 countries. The major defence equipment exported by the DPSUs and Ordnance Factory Board ("OFB") are patrol vessels, helicopters including their spares, sonars and radars, avionics, radar warning receivers, small arms, small calibre ammunition, grenades and telecommunication equipment. Items for which there is a capacity constraint, the DPSUs are permitted to export up to 10% of their annual production to explore market opportunities for exports.

The Union budget of the Government of India for 2017-18 allocates ₹ 2,623,900 million for defence expenditures excluding pension, which represents an increase of 5.3% from ₹ 2,490,990 million for 2016-2017 (Budgetary Estimate). However, this allocation represents a decrease to 1.6% in the allocation as a percentage of GDP for 2017-18 from 1.7% for 2016-17 and constitutes the lowest allocation as a percentage of GDP since 2000-01. The current budgeted allocation of defence expenditures include ₹ 1,758,610 million for revenue expenditure and ₹ 865,290 million for capital expenditure. This allocation for revenue expenditure and capital expenditure increased by 8.1% and 0.2% over the previous year's allocations.

Lower allocation toward defence expenditure for the year 2017-18 in terms of percentage of GDP and marginal increase in capital expenditure are expected to have a negative impact on the new acquisition and modernisation plan of the armed forces and will continue to pose challenges to manufacturing companies such as HAL.

Civil
(*Source: Initiative of Ministry of Commerce and Industry of India (www.ibef.org))*

The Indian civil aviation sector is amongst the fastest growing market and is expected to become the third largest by 2020 and the largest by 2030. Presently, India is the world's ninth largest civil aviation market. The total passenger traffic registered in India in 2016-17 is approximately 264.97 million which grew by 18.5% from 223.6 million in 2015-16. Passenger traffic in India has expanded at a CAGR of 12.39% during 2006-17 to 2016-17. Total freight traffic in India grew by a CAGR of 7.95% from 2006-07 to 2016-17. In addition, freight traffic in India is expected to be 11.4 million ton by year 2032. Growth in Indian imports and exports will be the key driver for growth in freight traffic as 30% of total trade is undertaken by airways.

SUMMARY OF BUSINESS

We have been conferred with the "Navratna" status by the GoI in June 2007 and are the largest DPSU in terms of value of production according to the MoD Annual Report 2016-2017. We were the 39th largest aerospace company in the world in terms of revenue (in USD million) in 2016 according to Flight International. We are engaged in the design, development, manufacture, repair, overhaul, upgrade and servicing of a wide range of products including, aircraft, helicopters, aero-engines, avionics, accessories and aerospace structures.

Our operations are organised into five complexes, namely the Bangalore Complex, MiG Complex, Helicopter Complex, Accessories Complex, and Design Complex, which together include 20 production divisions and 11 research and design centres (“R&D Centres”) located across India. We rely on indigenous research as well as enter into technology transfer and licence agreements to manufacture our products. In addition, we have entered into 13 commercial joint ventures to grow our operations.

We have a sustained track record of profitability and have paid dividends to our stakeholders every year for over four decades. As of December 31, 2017, our order book was ₹ 684,610 million, which generally includes products and services to be manufactured and delivered and excludes anticipated revenues from our joint ventures and subsidiaries.

The table below summarises our financial results for the periods indicated:

Particulars(1)	**Six month period ended September 30**	**Financial Year**		
	2017	**2017**	**2016**	**2015**
	(₹ in millions except percentages)			
Revenue from operations (net of excise duty)	51,725	179,515	167,585	156,475
Exports	1,542	4,650	4,461	4,941
EBITDA(2)	8,683	43,148	40,761	25,642
EBITDA margin(3) (%)	16.8%	24.0%	24.3%	16.4%
Profit before tax	6,096	35,917	32,133	16,727
Profit after tax	3,910	26,247	20,043	9,941

(1) For details, see the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations - Significant Factors affecting Results of Operations - Cyclicality in Product Delivery and Revenue Recognition".

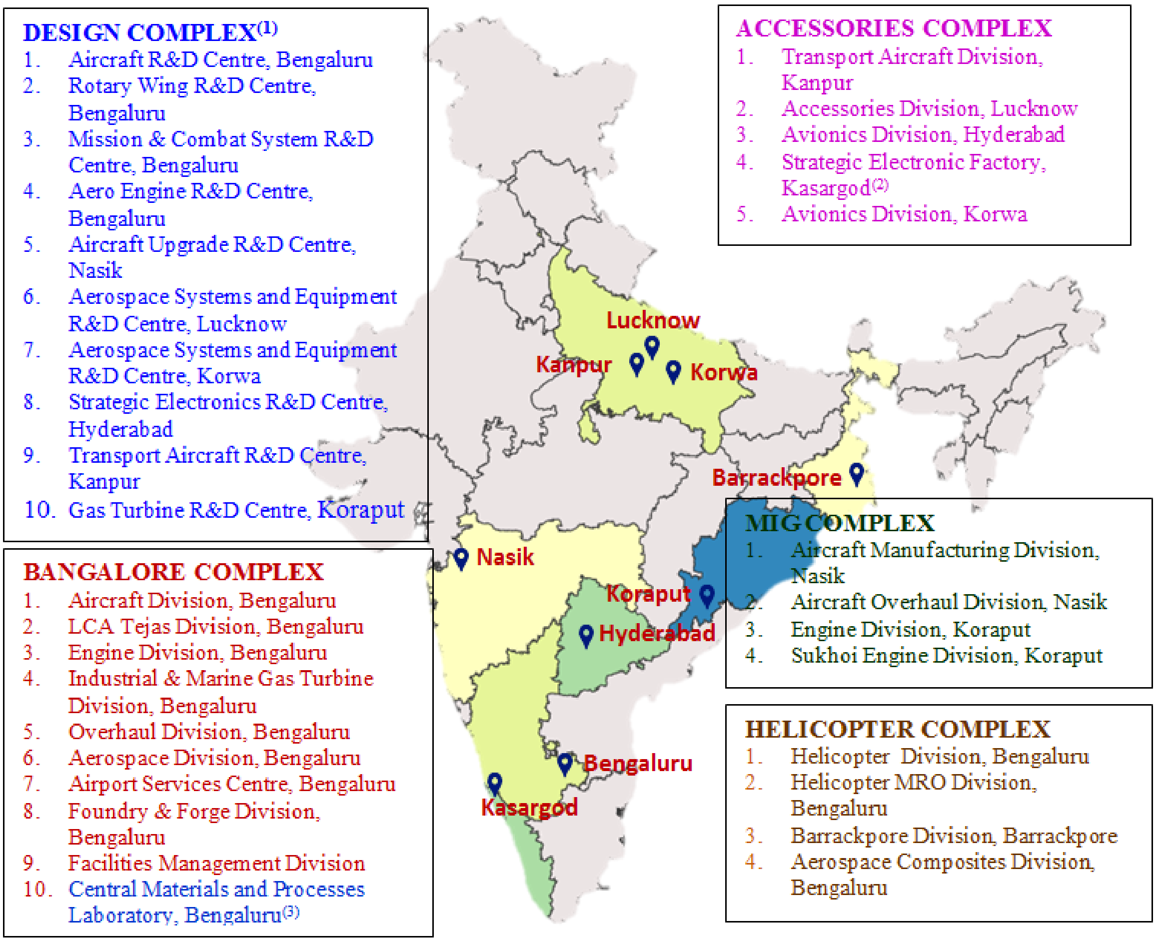
(2) We define EBITDA as earnings before interest, finance cost, tax, depreciation, amortisation expense and impairment loss.

(3) EBITDA margin is calculated by dividing EBITDA with revenue from operations (net of excise duty).

In addition to sales to the Indian Defence Services, which accounted for 91.4%, 93.3%, 94.2% and 92.6% of our total sales in the six-month period ended September 30, 2017 and in Financial Years 2017, 2016 and 2015, respectively, we sell our products and provide services to state governments, para-military forces and corporates. In addition, during the Financial Year 2017, we exported our products and services, primarily spares, to more than 13 countries. During the six month period ended September 30, 2017 and during the Financial Years 2017 and 2016, exports of products and services accounted for 3.0%, 2.6% and 2.7%, of our revenue from operations (net of excise duty) respectively.

Our Company was conferred with the "Navratna" status by the GoI in June 2007 which provides us with strategic and operational autonomy and enhanced powers to make prompt investment decisions, subject to an overall investment ceiling set by the GoI. We sign a memorandum of understanding with the MoD on a yearly basis, which outlines various targeted performance parameters for a given year. Our Company has also received an "Excellent" rating from the GoI every year from the Financial Years 2002 to 2016. In addition, we were conferred with the "Raksha Mantri's Award for Excellence in Performance" for the "Institutional Category" for the years 2007-2008, 2009-2010, 2010-2011, 2012-2013 and 2015-2016. Our Aircraft Upgrade R&D Centre ("AURDC") was conferred with the "Raksha Mantri's Award for Excellence in Performance (Design Effort)"in relation to the MiG-27 aircraft for the year 2005-06. We also received the "SCOPE Excellence" award for the "Institutional Category" for the year 2011-2012, the "SCOPE Meritorious" award for research and development, technology development and innovation for the year 2012-2013 and the "SCOPE Meritorious" award for good corporate governance for the year 2014-2015.

The following map shows our manufacturing locations and R&D Centres across India:



DESIGN COMPLEX⁽¹⁾

1. Aircraft R&D Centre, Bengaluru
2. Rotary Wing R&D Centre, Bengaluru
3. Mission & Combat System R&D Centre, Bengaluru
4. Aero Engine R&D Centre, Bengaluru
5. Aircraft Upgrade R&D Centre, Nasik
6. Aerospace Systems and Equipment R&D Centre, Lucknow
7. Aerospace Systems and Equipment R&D Centre, Korwa
8. Strategic Electronics R&D Centre, Hyderabad
9. Transport Aircraft R&D Centre, Kanpur
10. Gas Turbine R&D Centre, Koraput

ACCESSORIES COMPLEX

1. Transport Aircraft Division, Kanpur
2. Accessories Division, Lucknow
3. Avionics Division, Hyderabad
4. Strategic Electronic Factory, Kasargod(2)
5. Avionics Division, Korwa

BANGALORE COMPLEX

1. Aircraft Division, Bengaluru
2. LCA Tejas Division, Bengaluru
3. Engine Division, Bengaluru
4. Industrial & Marine Gas Turbine Division, Bengaluru
5. Overhaul Division, Bengaluru
6. Aerospace Division, Bengaluru
7. Airport Services Centre, Bengaluru
8. Foundry & Forge Division, Bengaluru
9. Facilities Management Division
10. Central Materials and Processes Laboratory, Bengaluru(3)

MIG COMPLEX

1. Aircraft Manufacturing Division, Nasik
2. Aircraft Overhaul Division, Nasik
3. Engine Division, Koraput
4. Sukhoi Engine Division, Koraput

HELICOPTER COMPLEX

1. Helicopter Division, Bengaluru
2. Helicopter MRO Division, Bengaluru
3. Barrackpore Division, Barrackpore
4. Aerospace Composites Division, Bengaluru

Notes:

(1) R&D Centres are presented in blue coloured font.

(2) The Strategic Electronic Factory at Kasargod is part of our Avionics Division, Hyderabad.

(3) Central Materials and Processes Laboratory, Bengaluru is part of the Foundry and Forge Division.

Our Strengths

We believe that we have significant industry expertise and knowledge. In particular, we believe that the following strengths enable us to compete successfully in our industry:

Long credible history of research, design and development, manufacturing and maintenance, repair and overhaul ("MRO") services.

Over the years, we have showcased our research, design and development capabilities with the successful development of military aircraft and helicopters such as the Ajeet, Marut, HPT-32, Kiran and Advanced Light Helicopter. These indigenous aircraft and helicopters were manufactured by us along with aircraft manufactured under licence such as the MiG 21FL/M/BIS, MiG-27, Avro, Jaguar, Dornier 228, Su-30 MkI, Hawk Mk 132 aircraft and licence manufactured helicopters such as the Cheetah and Chetak helicopters, along with the associated engines, accessories and avionics to meet the demand of the Indian Defence customers. We have also upgraded several aircrafts including the MiG-21 BIS, MiG-27 Upgrade and Jaguar in order to enhance their combat capabilities and performance. In addition, we provide support for maintenance, repair and overhaul for these indigenous and licence manufactured aircraft and helicopters, as well as for aircraft and helicopters procured directly by the Indian Defence Services, Mirage 2000 and An-32 aircraft along with the associated engines, accessories and avionics. We also provide maintenance, repair and overhaul services for engines of the MiG-29 aircrafts that the Indian Air Force procured from third parties.

We have the infrastructure required to conduct end-to-end business operations comprising product research, design and development, manufacturing and provision of maintenance, repair and overhaul services to our customers, covering the complete operational life of our products.

Most of our Divisions and R&D Centres comply with quality management system accreditations including international standards such as the AS9100C, ISO9001:2008 and ISO14001:2004 certifications, and the AFQMS certification from the Director General of Aviation Quality Assurance. Our laboratories are accredited by the National Accreditation Board for Testing and Calibration Laboratories (NABL). Our R&D Centres are approved by, among others, the Department of Scientific and Industrial Research (DSIR) and the Center for Military Airworthiness and Certification ("CEMILAC").

Established track record in offering product life cycle support extending to periods beyond four decades.

We have displayed our commitment for providing product life cycle support to our customers to enable them to optimise the utilisation of their aircraft and helicopters. In order to provide support for the duration beyond four decades, we have worked towards mitigating obsolescence issues by indigenising equipment or by stockpiling inventories or by finding alternate vendors for equipment for which OEMs have ceased production. Over time, many of the aircraft and helicopters have been upgraded and/or modified to meet the enhanced combat capability and operational performance requirements of our customers and to extend their usable life mitigating to make them a contemporary and effective platform. We have undertaken upgrade programmes independently as well as in collaboration with OEMs.

Strong design and development capabilities

We have directed our development efforts towards innovative technologies designed to expand our product portfolio, particularly for the defence sector. We have 11 dedicated R&D Centres. We believe that our R&D Centres are capable of developing a wide range of products, upgrading products with combat operational capability and operational performance and maintaining a pipeline of products to meet our future needs. Our R&D Centres have facilities for research and prototype activities and are co-located with our production divisions to provide effective concurrent manufacturing, design and development support which allow us to reduce the time required to develop and market our products and services. We believe that our design capabilities provide us with a significant competitive advantage in the Indian aeronautical industry.

Our R&D Centres are approved by, among others, CEMILAC. We conduct research, design and development activities under customer-funded contracts as well as our own independent funds. Our engineers also work closely with our marketing and business development teams to identify new products, compelling enhancements and/or complementary features in our current products in order to capitalise on opportunities in high growth areas. In the six-month period ended September 30,2017 and in the Financial Years 2017, 2016 and 2015, our research, design and development expenses were ₹ 5,097 million, ₹ 12,837 million, ₹ 11,912 million and ₹ 10,424 million, respectively, which accounted for 9.7%, 6.9%, 6.9% and 6.7%, respectively, of our revenue from operations during such periods.

We also obtain intellectual property protection for products and technologies developed through our research, 7design and development activities. As of December 31, 2017, we owned two trademarks, seven patents, 11 design registrations and 77 copyrights. Our Board has mandated that 10.0% of our operating net profit from the current year can be used for Company-funded research, design and development expenditure. In addition, we have been collaborating with reputable academic and industrial institutions such as the Indian Institutes of Technology ("IITs") and Indian Institute of Science ("IISc") and have also established research chairs at IITs at Kanpur, Roorkee, Chennai, Mumbai and Kharagpur and at IISc Bengaluru which focuses on research in aeronautical engineering.

Leadership position in the Indian aeronautical industry and strong GoI support

We are the largest DPSU in terms of value of production in the Indian defence sector according to the MoD Annual Report 2016-2017. We believe that we have a leadership position in the Indian aeronautical industry as a result of our long-standing relationships, particularly with the Indian Defence Services and the DRDO as well as with various academic institutions and regulatory agencies. As a result of our long operating history, we have also developed a deep knowledge base and understanding of the aeronautical industry, particularly in India.

We believe that we derive a strategic advantage from our strong relationship with the GoI. The GoI is the promoter of our Company, and we also derive a substantial portion of our revenue from the Indian Defence Services. We believe that we have cultivated a relationship of trust and reliability with our customers, including the GoI and the Indian Defence Services, and that our long-term relationship with them allows us to understand their requirements and generate products and services which are responsive to their demands. We also believe that given the long-term nature of our relationship with the GoI, the Indian Defence Services typically reach out to us for the majority of their needs for aerospace products and services.

Diversified product portfolio

We have developed a range of product offerings in order to address the varied requirements of our customers. Our products portfolio includes fighter aircraft, trainer aircraft, transport aircraft, military helicopter and civil helicopters and their engines, avionics and accessories (such as special test equipment and ground handling equipment and ground support equipment), which are both indigenously designed or manufactured under licence.

We have also indigenously designed and developed a mini UAV of the eight kilogram class to meet the emerging requirements of our customers, and intend to subsequently enter into the market of larger UAVs with the Rustom-II medium-altitude, long-endurance UAV which we are jointly developing with the Aeronautical Development Establishment. In order to augment and diversify our portfolio of products and services, we have begun the development of other new products including the Indian Multi Role Helicopter ("IMRH") and commenced new business initiatives including our entry into the civil transport aircraft segment with the civil variant of the Dornier Do-228 aircraft. Furthermore, we began manufacturing industrial marine gas turbines in order to further diversify the range of our product offerings.

We believe that our broad range of products allows our customers to source most of their product categories from a single vendor and enables us to expand our business from existing customers, as well as address a larger base of potential new customers. We also provide comprehensive product servicing, overhaul and upgrade services to our customers including life extensions, failure analysis, defect investigations and product improvements, which we believe provides us with a significant advantage over our competitors.

Strong financial track record

We have a strong financial track record. Our revenue from operations grew from ₹ 156,480 million in the Financial Year 2015 to ₹ 185,549 million in the Financial Year 2017, representing a CAGR of 8.9%.

As of September 30, 2017 we had cash and cash equivalents of ₹ 116,992 million. Cash and cash equivalents were reduced by Rs 11,279 million as a result of the buyback of our Equity Shares in December 2017. As of March 31, 2017, we had cash and cash equivalents of ₹ 111,533 million, compared to ₹ 133,034 million and ₹ 176,714 million as of March 31, 2016 and 2015, respectively. We do not have any long-term indebtedness.

Our net worth was ₹ 148,439 million, ₹ 110,324 million and ₹ 125,591 million as of March 31, 2015, 2016 and 2017, respectively. Our net worth was ₹ 129,436 million as of September 30, 2017. As adjusted for our buyback of 27,112,500 Equity Shares in December 2017, our net worth as of September 30, 2017 would have been ₹ 118,157 million. See "Management's Discussion and Analysis of Results of Operations — Significant Developments after September 30, 2017 That May Affect Our Future Results of Operations." As of December 31, 2017, our order book was ₹ 684,610 million, which generally includes products and services to be manufactured and delivered and excludes anticipated revenues from incomplete portions of existing contracts undertaken by our joint ventures.

We have a record of continuous dividend distribution for over four decades, reflecting our strong financial track record. We also have a strong balance sheet which we believe will help us to make investments required for our growth plan, including investments in research, design and development. In addition, our strong financial ratios and credit ratings currently enable us to have ready access to domestic and international credit markets. Credit Analysis and Research Ltd have granted us a credit rating of “CARE AAA/A1+” for our long term and short term facilities amounting up to ₹ 25,000 million. In addition, India Rating and Research Private Limited have granted us a credit ratings of "IND AAA/Stable" for working capital fund based facilities amounting to up to ₹ 4,500 million and "IND A1+" for non-fund based working capital facilities amounting to up to ₹ 20,500 million.

Experienced management team and operating team

Our senior management team and key management personnel possess extensive management skills, operating experience and industry knowledge and are able to take advantage of market opportunities to formulate business strategies and to execute them in an effective manner. Our senior management personnel are committed to our long-term growth and have shown their ability to steer us through different economic cycles as demonstrated by sustained growth in our revenue. In addition to our senior management team, we believe that our middle management team and skilled work force comprising a large number of engineers and skilled workmen provide us with the depth of expertise and managerial skills required to manage our business. Through cooperation with leading international companies, we believe that we have also assimilated international management practices and corporate governance standards in our operations.

Our Strategies

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

Expand our operations through partnerships or collaboration

Our strategy to provide a broad range of products requires a wide array of technologies and capabilities. The rapid pace of technological development in the aeronautical industry, specialised expertise required in different areas of manufacturing and the process of bringing a product from development to market, makes the product development cycle long and typically requires significant investments. Therefore, in addition to organic growth through our research, design and development efforts, we have historically relied, and will continue to rely, on alliances to gain access to new technologies. We co-develop products with our partners in order to improve the sharing of know-how and reduce the risks and time involved in developing new products, such as the Fifth Generation Fighter Aircraft (FGFA). We also collaborate with our partners to provide product support and services to our customers, including through planned collaboration in HE-MRO, the joint venture between our Company and Safran Helicopter Engines, to provide maintenance repair and overhaul services for the Safran TM333 and our Shakti engines that power HAL-built helicopters. We may also enter into partnerships or joint ventures with partners in developed as well as emerging markets to strengthen our sales and marketing presence. Apart from foreign OEMs, we are jointly working with leading Indian research and development organisations and institutions such as DRDO laboratories, IITs and IISc to support India in achieving self-reliance in the aviation industry.

Diversify through expansion in new growth areas

We have conducted an analysis of our product portfolio and identified opportunities in our product portfolio which are expected to grow in the future to become a potential revenue lines for our Company. These include opportunities in the indigenous aircraft and helicopter aero-engine, helicopter for military and civil roles, UAVs and civil transport aircraft sectors.

For instance, in order to meet the demand for aircraft and helicopter engines, we have initiated the indigenous design and development of the Hindustan Turbo Fan Engine (“HTFE-25”), a 25 kN thrust class turbofan engine, and the Hindustan Turbo Shaft Engine ("HTSE-1200"), a 1,200 KW shaft power engine. In addition, we have initiated the indigenous design and development of a mini UAV of the eight kilograms class to meet the emerging requirements of military, para-military, police and civil sectors, and intend to subsequently enter into the market of larger UAVs with the Rustom-II medium-altitude, long-endurance UAV which we are jointly developing with the Aeronautical Development Establishment (ADE). Moreover, given the growth in civil aviation in India, we believe an opportunity exists for us to position the Dornier Do-228 aircraft for civil application, which is consistent with the Government's regional connectivity initiative to connect airports in small cities in India.

As the development of our indigenous aircraft and helicopter platforms continue to progress and mature, we intend to expand our export sales of these products as well as aero-structures, avionics, spares and services in international markets. In addition, although we continue to focus on expanding sales of our products globally, we are especially committed to applying and receiving regulatory approvals for our products to be sold in Latin America and South-East Asia, which we believe are high growth markets for our products.

Diversify further into the civil aircraft segment for both manufacturing and servicing opportunities

In the six-month period ended September 30, 2017 and in Financial Year 2017, revenues from sales to the Indian Defence Services continued to represent a significant portion of our total sales, comprising 91.4% and 93.3%, of our total sales, respectively. In order to reduce our dependence on defence products, we aim to increase the contribution of other business segments in future years, such as from the civil aircraft and helicopter segments. We will consider all options for achieving such growth, including partnerships that enhance our overall competitive position and add capabilities to our civil products portfolio. As a result, we have commenced the manufacturing of the civil variant of the Dornier Do-228 aircraft and have obtained the production organisation approval from the DGCA.

Historically, growth of our Company has been driven by the sale of technologically advanced products. We intend to increase our presence in the high value services market, given its counter-cyclical nature and opportunities for sustained growth. We intend to leverage the opportunities arising from the rapid expansion of our in-service civil and defence fleet, which will require support throughout its lifecycle as well as the increasing trend on the part of defence and government agencies to outsource various servicing functions. As a result, we have developed a wide range of value-added and customised services that customers can select based on their own outsourcing policy and needs. This approach provides our customers with solutions that would allow them to significantly reduce operating costs and enhance the quality of their operations.

Develop in-house capabilities to design and develop specialised products including aero-engines

We continuously seek to design, develop and deliver new products to meet our customers' evolving needs while also upgrading our existing product line. We are currently pursuing (i) the design, development and production of the Light Combat Helicopter (“LCH”), Light Utility Helicopter ("LUH"), the Intermediate Jet Trainer (“IJT”), the HTT-40 basic trainer aircraft and a mini UAV, (ii) additional opportunities in the military business through co-development programme such as the Fifth Generation Fighter Aircraft and (iii) research, design and development of the HTFE-25 and HTSE-1200 engines. For more information, see the section entitled "— *Our Business — Products — Products under Development*”.

We received requests for proposal in December 2017 on nomination basis from the Ministry of Defence for (i) the procurement of 83 LCA Mk1A aircraft; and (ii) the procurement of 15 LCH limited series production helicopters from the Ministry of Defence, for which we have yet to submit our proposal. Based on the submission made by our management to the Board of Directors, the Board noted that (i) the estimated cost of supplying 83 LCA Mk1A is approximately ₹ 600,000 million and (ii) a limited series production of 15 LCH and associated equipment at an estimated contract value of approximately ₹ 45,000 million.

Leverage Existing Cost Advantage

All of our manufacturing and research facilities are located in India which we believe provides us with a cost advantage. Further, we will continue to focus on reducing our operating costs to ensure that we continue to improve our operating margins. We plan to explore and use the most efficient sources of production, whether through our own manufacturing facilities or through third-party manufacturers who are identified and trained by us in order to maintain product quality.

We also intend to continue to invest in operational infrastructure, which we believe will allow us to increase our sales volumes and lower our manufacturing costs as a result of economies of scale. We will also seek to improve labour productivity at our manufacturing facilities by improving production techniques and enhanced training.

Developing Human Capital

We intend to continue to focus on the development of knowledge, skills and capabilities of our manpower in order to enhance our human capital. We believe initiatives for capability building play a crucial role in our drive to achieve improved productivity in the context of an industry that has undergone revolutionary changes both in terms of applicable concepts and technologies. Our Company has begun implementing new human resource management initiatives to realise greater organisational effectiveness and to ensure continuous and timely availability of individuals with proven competence to occupy leadership roles. We also intend to continue our efforts to enhance and expand the skills of our employees through training programmes for workmen who are directly involved in production activities. Our major human resource initiatives include leadership development programmes for senior and middle management executives, introduction of a skill development policy and sponsorship to post-graduate programmes at Cranfield University, UK and the Indian Institutes of Management and the Indian Institutes of Technology.

Enhancing customer satisfaction

In order to realise our strategy to enhance customer satisfaction, we intend to continue to focus on improving our customers' fleet serviceability. We also intend to assist our customers to realise "Zero AOG" (or aircraft operationally grounded) by providing solutions that would help their logistical and other operations. For instance, we have proposed to supply spares on an off-the-shelf basis for one of our products. We have established a MRO hub at our customer's premises to support servicing and AOG clearance to allow our customer to improve its ALH serviceability. We intend to continue to formulate similar warehousing and off-the-shelf supply models for our customer's other fleet. We intend to continue making site visits by our senior management to the Indian Defence Services in order to bring greater visibility of customer concerns and enhance our ability to provide value-adding solutions. Consistent with this objective, experts in various fleet programmes have participated in operator's conferences and provided inputs to our customers which are aimed to assist them in both flying operations as well fleet maintenance.

We have undertaken significant efforts to provide obsolescence management for our customers' fleet of aircrafts. In addition, we have accelerated our efforts to indigenise products and services in order to reduce costs and potential delays in availability, thereby allowing the minimisation of dependence on foreign OEMs. We have established repair and overhaul facilities for the Hawk and Su-30 MKI aircraft. In the coming years, we intend to enter into agreements with customers to provide complete maintenance support for their fleet, allowing our customers to stay focused on the operations of their fleet.

Optimising operations towards becoming a lead integrator of aircraft platforms

We had revised our existing outsourcing procedures and had also framed a new outsourcing policy with a view to becoming a lead integrator of aircraft platforms, which we believe will allow us to align our strategies with the Government's "Make in India" initiative and to harness the indigenous talent pool available in the aerospace sector. Our primary objective is to create a strong and vibrant manufacturing ecosystem within the defence and aerospace sector in India by way of vendor development and through building long term partnership and strategic alliance with potential vendors. In order to achieve this goal, we have devised a tiered outsourcing structure to achieve higher levels of outsourcing, with the aim of developing Tier-II suppliers and, gradually, Tier-I suppliers over a period of time while retaining our core competency as a lead integrator. We intend to implement this tiered outsourcing structure by encouraging participation comprising "risk sharing and competent" partners as well as "non-risk sharing and dependent" partners.

Furthermore, we intend to outsource the manufacture of sub-assemblies and major assemblies along with the detailed components. We expect that this process may involve spreading the awareness of airworthy qualities and safety requirements, which may entail initial hand-holding and over-the-shoulder production supervision which we hope will eventually turn such supplier into a reliable partner in our value chain. The pace of such progress will depend upon the willingness of private Indian industries as well as our capability to enter into this low-volume and capital intensive industry.

SUMMARY FINANCIAL INFORMATION

The following tables set forth the summary financial information derived from the Restated Consolidated and Standalone Financial Statements as of and for the six month period ended September 30, 2017 and the years ended March 31, 2017, 2016, 2015 (Proforma), 2014 and 2013. The financial statements referred to above are presented under "*Financial Statements*" beginning on page 221. The summary financial information presented below should be read in conjunction with these financial statements, the notes thereto and "*Financial Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on pages 221 and 634 respectively.

RESTATED SUMMARY STATEMENT OF CONSOLIDATED ASSETS AND LIABILITIES UNDER IND AS

(₹In Millions)

Particulars		**As At**		
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
Non-current assets				
(a)-i Property, Plant and Equipment				
Gross Block	115,097	111,656	102,889	92,916
Less: Accumulated Depreciation	55,874	53,811	48,445	42,557
Less: Impairment				
Net Block	59,223	57,845	54,444	50,359
ii Property, Plant and Equipment-Customer Funded				
Gross Block	860	585	-	-
Less: Accumulated Depreciation	61	32	-	-
Less: Impairment		-	-	-
Net Block	799	553	-	-
(b) Capital work-in-progress	5,358	6,211	3,754	2,270
(c) Investment Property				
Gross Block	1	1	1	1
Less: Accumulated Depreciation	1	1	1	1
Less: Impairment				
Net Block	-	-	-	-
(d) Goodwill				
Gross Block	-	-	-	-
Less: Accumulated Amortization	-	-	-	-
(e) Other Intangible Assets				
Gross Block	30,767	30,731	30,356	29,801
Less: Accumulated Amortization	16,840	16,595	15,548	13,431
Less: Impairment				
Net Block	13,927	14,136	14,808	16,370
(f) Intangible Assets under Development				
Gross Block	14,031	13,009	10,260	7,694
Less: Accumulated Amortization	3,358	3,170	2,905	2,528
Less: Impairment	1,199	1,176	855	755
Net Block	9,474	8,663	6,500	4,411
(g) Investments -Joint Ventures/ Subsidiaries	2,044	2,046	1,901	1,949
(h) Financial Assets		-	-	-
(i) Investments-Others	8,144	7,894	7,257	5,699
(ii) Trade receivables	102	102	-	155
(iii) Loans	569	589	520	523
(iv) Others	3,632	3,675	4,014	3,733
(i) Deferred Tax Assets (net)		-	-	-
(j) Other Non-Current Assets	15,080	12,107	14,862	13,566
Sub Total - A	**118,352**	**113,821**	**108,060**	**99,035**
Current assets				
(a) Inventories	221,844	213,213	239,817	249,528
(b) Financial Assets				
(i) Investments				
(ii) Trade receivables	42,549	42,103	48,369	60,354

Particulars		As At		
	30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
(iii) Cash and cash equivalents	116,992	111,533	133,034	176,714
(iv) Bank balances other than (iii) above		-	-	-
(v) Loans	1,065	987	981	1,760
(vi) Others	24,741	25,816	22,088	19,868
(c) Current Tax Assets (Net)	2,843	1,149	-	1,004
(d) Other currents assets	10,045	6,901	12,970	15,940
Sub Total – B	**420,079**	**401,702**	**457,259**	**525,168**
Total assets (A+B)	**538,431**	**515,523**	**565,319**	**624,203**
EQUITY AND LIABILITIES				
EQUITY				
(a) Equity Share capital	3,615	3,615	3,615	4,820
(b) Other Equity	125,821	121,976	106,709	143,619
Sub Total – A	**129,436**	**125,591**	**110,324**	**148,439**
LIABILITIES				
Non-current liabilities				
(a) Financial Liabilities				
(i) Borrowings	-	-	-	-
(ii) Trade payables	1,926	1,926	-	34
(iii) Other financial liabilities	3,692	3,716	3,973	3,732
(b) Provisions	19,208	20,298	24,825	25,728
(c) Deferred tax liabilities (Net)	9,601	9,599	8,148	6,608
(d) Other non-current liabilities	108,356	98,472	91,546	87,513
Sub Total – B	**142,783**	**134,011**	**128,492**	**123,615**
Current Liabilities				
(a) Financial liabilities				
(i) Borrowings	-	9,500	-	-
(ii) Trade payables	18,980	16,047	21,512	22,676
(iii) Other financial liabilities	9,279	10,976	9,769	11,170
(b) Other current liabilities	207,341	190,614	267,874	293,585
(c) Provisions	30,612	28,784	26,376	24,718
(d) Current Tax Liabilities (Net)	-	-	972	-
Sub Total - C	**266,212**	**255,921**	**326,503**	**352,149**
Total Equity and Liabilities - (A+B+C)	**538,431**	**515,523**	**565,319**	**624,203**

RESTATED SUMMARY STATEMENT OF CONSOLIDATED PROFIT AND LOSS, UNDER IND AS

(₹In Millions)

	Particulars	Six Month Period Ended	For The Year Ended		
		30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
I	**Revenue**				
	Revenue from operations	52,770	185,549	171,586	156,480
II	Other income	3,889	10,420	15,962	17,140
III	**Total Revenue (I+II)**	**56,659**	**195,969**	**187,548**	**173,620**
IV	**Expenses**				
	Cost of Materials Consumed	20,695	84,042	88,119	78,671
	Purchase of Stock-in-Trade	618	2,907	3,637	10,165
	Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	(1,701)	5,111	(5,624)	(6,346)
	Excise Duty	1,045	6,034	4,001	5
	Employee Benefits Expenses	17,978	35,704	32,743	32,805
	Finance costs	12	102	-	83
	Depreciation, Amortization expense and Impairment Loss	2,575	7,129	8,628	8,832
	Other Expenses	6,239	12,494	11,759	11,124
	Direct Input to WIP / Expenses Capitalised	1,584	4,657	5,119	4,350
	Provisions	3,521	8,119	10,512	21,972
	Total Gross Expenses	**52,566**	**166,299**	**158,894**	**161,661**
	Add / Deduct: Expenses relating to Capital and Other Accounts	(1,990)	(6,080)	(3,360)	(4,775)
	Total Net Expense (IV)	**50,576**	**160,219**	**155,534**	**156,886**
V	**Profit before exceptional items and tax (III-IV)**	**6,083**	**35,750**	**32,014**	**16,734**
VI	Share of Profit / (Loss) of Joint Ventures accounted using Equity Method	13	167	119	(7)
VII	Exceptional items		-	-	-
VIII	**Restated Profit before tax**	**6,096**	**35,917**	**32,133**	**16,727**
IX	**Tax expense**				
	Current tax	2,185	8,218	8,459	8,545
	Minimum Alternate Tax Credit Entitlement	-	-	2,091	1,253
	Deferred tax	1	1,452	1,540	(3,012)
	Total tax expense	**2,186**	**9,670**	**12,090**	**6,786**
X	Profit (Loss) for the period from Continuing Operations **(VIII-IX)**	**3,910**	**26,247**	**20,043**	**9,941**
XI	Profit/(loss) from Discontinued Operations	-	-	-	-
XII	Tax expense of Discontinued Operations	-	-	-	-
XIII	Profit/(loss) from Discontinued Operations (after tax) **(XI-XII)**	-	-	-	-
XIV	Profit/(loss) for the period **(X+XIII)**	**3,910**	**26,247**	**20,043**	**9,941**
XV	**Other Comprehensive Income**				
	A (i) Items that will not be reclassified to profit or loss- (Re-measurement of defined benefit plan)	**(101)**	**93**	**103**	**(985)**
	(ii) Share of Other Comprehensive income of JV's Accounted using Equity Method	-	-	-	-
	(iii) Income tax relating to items that will not be reclassified to profit or loss	**35**	**(32)**	**(36)**	**335**
	B (i) Items that will be reclassified	**1**	**-**	**-**	**(1)**

	Particulars	Six Month Period Ended	For The Year Ended		
		30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
	to profit or loss Exchange difference in translating statements of foreign operations				
	(ii) Share of Other Comprehensive income of JV's Accounted using Equity Method		**-**	**1**	**-**
	(iii) Income tax relating to items that will be reclassified to profit or loss		**-**	**-**	**-**
		(65)	**61**	**68**	**(651)**
XVI	**Total Comprehensive Income for the period(XIV+XV) (Comprising Profit (Loss) and Other Comprehensive Income for the period)**	**3,845**	**26,308**	**20,111**	**9,290**
XVII	**Earnings per Equity Share of ₹ 10 each:**				
	Basic and Diluted (₹)	**11**	**73**	**42**	21

RESTATED SUMMARY STATEMENT OF CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

A. *Equity Share Capital*

(₹ In Millions)

Balance as at 01st April, 2014	Changes in Equity Share Capital during the year 2014-15	Balance as at 31st March 2015	Changes in Equity Share Capital during the year 2015-16	Balance as at 31st March , 2016	Changes in Equity Share Capital during the year 2016-17	Balance as at 31st March , 2017 /1st April 2017	Changes in Equity Share Capital during the period ended 30th September 30, 2017	Balance as at 30th September, 2017
4,820	NIL	4,820	(1,205)	3,615	0	3,615	0	3,615

B. *Other Equity*

(₹ In Millions)

Particulars	Reserves and Surplus					Other Components of equity		Total
	CSR Reserve	Research and Development Reserve	Capital Redemption Reserve	General Reserve	Retained earnings	Remeasurements of net defined benefit liability/ asset	Exchange differences in translating the financial statements of a foreign operation	
Balance as at April 1, 2014	**271**	**1,168**	**0**	**139,133**	**0**	**(77)**		**140,495**
Current Year Transfer	0	1,168	0			0		**1,168**
Profit for the year	0	0	0		**9,941**	0		**9,941**
Written Back in Current Year	0	0	0			0		**0**
Surplus Transferred from Statement of Profit and Loss	0	0	0	3,013		0		**3,013**
Transfer from R&D Reserve	0	0	0	592		0		**592**
Transfer from CSR Reserve	0	0	0	271		0		**271**
Depreciation on transition	0	0	0	(406)		0		**(406)**
Withdrawn towards BuyBack of Shares	0	0	0			0		**0**
Transfer to Research & Development Reserve	0	0	0		(1,168)	0		**(1,168)**
Interim Dividend including tax	0	0	0		(5,760)	0		**(5,760)**
Transfer to Capital Redemption Reserve	0	0	0			0		**0**
Transfer to General Reserves	(271)	(592)	0		**(3,013)**	0		**(3,876)**
Items that will be reclassified to profit or loss	0	0	0			(986)		**(986)**
Income tax relating to items that will be reclassified to profit or loss	0	0	0			335		**335**
Items that will not be reclassified to profit or loss	0	0	0			0		**0**
Income tax relating to items that will not be reclassified to profit or loss	0	0	0			0		**0**
Balance as at March	**0**	**1,744**	**0**	**142,603**	**0**	**(728)**	**0**	**143,619**

Particulars	Reserves and Surplus					Other Components of equity		Total
	CSR Reserve	Research and Development Reserve	Capital Redemption Reserve	General Reserve	Retained earnings	Remeasurements of net defined benefit liability/ asset	Exchange differences in translating the financial statements of a foreign operation	
31, 2015								
Balance as at April 1, 2015		**1,744**	**0**	**143,100**	**0**	**(651)**	**0**	**144,193**
Current Year Transfer		1,467	1,205	0	0	0	0	**2672**
Profit for the year		0	0	0	20,043	0	0	**20,043**
Written Back in Current Year		(59)	0	0	0	0	0	**(59)**
Surplus Transferred from Statement of Profit and Loss		0	0	11,233	0	0	0	**11,233**
Transfer from R&D Reserve		0	0	59	0	0	0	**59**
Depreciation on transition		0	0	(3)	0	0	0	**(3)**
Withdrawn towards BuyBack of Shares		0	0	(51,454)	0	0	0	**(51,454)**
Transfer to Research & Development Reserve		0	0	0	(1,467)	0	0	**(1,467)**
Interim Dividend including tax		0	0	0	(6,138)	0	0	**(6,138)**
Transfer to Capital Redemption Reserve		0	0	0	(1,205)	0	0	(1,205)
Transfer to General Reserves		0	0	0	(11,233)	0	0	(11,233)
Items that will be reclassified to profit or loss		0	0	0	0	0	1	1
Income tax relating to items that will be reclassified to profit or loss		0	0	0	0	0	0	0
Items that will not be reclassified to profit or loss		0	0	0	0	103	0	103
Income tax relating to items that will not be reclassified to profit or loss		0	0	0	0	(36)	0	(36)
Balance as at March 31, 2016		**3,152**	**1,205**	**102,935**	**0**	**(584)**	**1**	**106,709**
Balance as at April 1, 2016		**3,152**	**1,205**	**102,935**	**0**	**(584)**	**1**	**106,709**
Current Year Transfer		1,966	0	0	0	0	0	**1,966**
Profit for the year		0	0	0	26,247	0	0	**26,247**
Written Back in Current Year		(160)	0	0	0	0	0	**(160)**
Surplus Transferred from Statement of Profit and Loss		0	0	14,652	0	0	0	**14,652**
Transfer to Statement of Profit & Loss		0	0	(1,412)	0	0	0	**(1,412)**
Transfer from General Reserve		0	0	0	1,412	0	0	**1,412**
Interim Dividend including tax		0	0	0	(9,629)	0	0	**(9,629)**
Final Dividend		0	0	0	(1,412)	0	0	**(1,412)**

Particulars	Reserves and Surplus					Other Components of equity		Total
	CSR Reserve	Research and Development Reserve	Capital Redemption Reserve	General Reserve	Retained earnings	Remeasurements of net defined benefit liability/ asset	Exchange differences in translating the financial statements of a foreign operation	
including tax								
Transfer to R&D Reserve		0	0	0	(1,966)	0	0	**(1,966)**
Items that will be reclassified to profit or loss		0	0	0	0	0	0	**0**
Income tax relating to items that will be reclassified to profit or loss		0	0	0	0	0	0	**0**
Items that will not be reclassified to profit or loss		0	0	0	0	93	0	**93**
Income tax relating to items that will not be reclassified to profit or loss		0	0	0	0	(32)	0	**(32)**
Transfer to General Reserves		0	0	0	(14,652)	0	0	**(14652)**
Transfer from R&D Reserve		0	0	160	0	0	0	**160**
Balance as at March 31, 2017		**4,958**	**1,205**	**116,335**	**0**	**(523)**	**1**	**121,976**
Balance as at April 1, 2017		**4,958**	**1,205**	**116,335**	**0**	**(523)**	**1**	**121,976**
Current Year Transfer		172	-	-	-	-	-	172
Profit for the year		-	-	-	3,910	-	-	3,910
Written Back in Current Year		-	-	-	-	-	-	-
Surplus Transferred from Statement of Profit and Loss		-	-	3,738	-	-	-	3,738
Transfer from R&D Reserve		-	-	58	-	-	-	58
Depreciation on transition		-	-	-	-	-	-	-
Withdrawn towards BuyBack of Shares		-	-	-	-	-	-	-
Transfer to Research & Development Reserve		-	-	-	(172)	-	-	(172)
Interim Dividend including tax		-	-	-	-	-	-	-
Transfer to Capital Redemption Reserve		-	-	-	-	-	-	-
Transfer to General Reserves		(58)	-	-	(3,738)	-	-	(3,796)
Items that will be reclassified to profit or loss		-	-	-	-	-	1	1
Income tax relating to items that will be reclassified to profit or loss		-	-	-	-	-	-	-
Items that will not be reclassified to profit or loss		-	-	-	-	(101)	-	(101)

Particulars	Reserves and Surplus					Other Components of equity		Total
	CSR Reserve	Research and Development Reserve	Capital Redemption Reserve	General Reserve	Retained earnings	Remeasurements of net defined benefit liability/ asset	Exchange differences in translating the financial statements of a foreign operation	
Income tax relating to items that will not be reclassified to profit or loss		-	-	-	-	35	-	35
Balance as at September 30, 2017		**5,072**	**1,205**	**120,131**	**-**	**(589)**	**2**	**125,821**

Reconciliation of General Reserves & Other Comprehensive Income (OCI)

Particulars	General reserve	OCI
Balance as on 31st March, 2015	142,603	(728)
Warranty Sales	575	
OCI-Gratuity	(77)	77
OCI-Foreign Operations	(1)	
Balance as on 01st April 2015	143,100	(651)

RESTATED SUMMARY STATEMENT OF CONSOLIDATED CASH FLOWS, UNDER IND AS

(₹In Millions)

Sl. No.	Particulars	Six Month Period Ended	For The Year ended		
		30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
I.	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net Profit Before Tax (Restated)	**5,996**	**36,011**	**32,235**	**15,743**
	Adjustments to reconcile net profit to net cash provided by operating activities				
	(Profit)/Loss on Sale of Property, Plant & Equipment	1	(8)	(20)	14
	Interest Paid	12	102	-	83
	Interest Received - Net of Interest Liability to Customer	-	-	-	
	Dividend Received	-	(5)	(1)	
	Net (Gain)/Loss on Fair Value Adjustment	14	82		8
	Provision for Diminution in Value of Investments	-	12	145	
	Depreciation, amortization expense and impairment loss	2,575	7,129	8,628	8,832
	Sub Total	**2,602**	**7,312**	**8,752**	**8,937**
	Operating Profit Before Working Capital Changes	**8,598**	**43,323**	**40,987**	**24,680**
	Adjustment For Changes In Operating Assets And Liabilities:				
	Trade Receivables	(446)	6,164	12,715	7,412
	Loans, Financial Assets and Other Assets	(5,055)	5,251	(45)	28,582
	Inventories	(8,630)	26,603	9,712	(27,657)
	Trade Payables	2,933	(3,540)	(1,197)	1,715
	Financial Liabilities, Provisions and Other Liabilities	25,611	(71,475)	(22,082)	5,086
	Sub-total	**14,413**	**(36,997)**	**(897)**	**15,138**
	Cash Generated From Operations	**23,011**	**6,326**	**40,090**	**39,818**
	Direct Tax Paid	(3,843)	(10,372)	(8,609)	(10,649)
	Net Cash Provided By (used in) Operating Activities (a)	**19,168**	**(4,046)**	**31,480**	**29,169**
II.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Investments made	(250)	(636)	(1,558)	(350)
	Investment in Plant, Property & Equipment	(2,896)	(12,015)	(11,613)	(6,064)
	Intangible Assets	(1,058)	(3,124)	(3,121)	(2,779)
	Investment in Joint Ventures and subsidiary	2	(158)	(98)	(1)
	(Investment)/Maturity of short term deposits	(1,162)	45,956	29,834	(101,832)
	Interest Received - Net of Interest Liability to Customer				
	Dividend Received	-	5	1	
	Sale of Plant, Property & Equipment	5	116	26	26
	Net Cash Provided By (used in) Investing Activities (b)	**(5,359)**	**30,144**	**13,471**	**(111,000)**
III.	**CASH FLOW FROM FINANCING ACTIVITIES**				
	BuyBack of Shares (including Tax of ₹9815 Million)	-	-	(52,659)	
	Interest Paid	(12)	(102)	-	(83)
	Loan from Banks	(9,500)	9,500		(6,794)
	Dividend Paid (Interim/ Final Dividend inclusive of Tax)	-	(11,041)	(6,138)	(5,760)
	Net Cash Provided By (used in) Financing Activities (c)	**(9,512)**	**(1,643)**	**(58,797)**	**(12,637)**
	Abstract:				
I.	Net Cash Provided By Operating Activities (a)	19,168	(4,046)	31,480	29,169

Sl. No.	Particulars	Six Month Period Ended	For The Year ended		
		30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
II.	Net Cash Provided By (used in) Investing Activities (b)	(5,359)	30,144	13,471	(111,000)
III.	Net Cash Provided By Financing Activities (c)	(9,512)	(1,643)	(58,797)	(12,637)
	Net Increase In Cash And Cash Equivalents During The Year/Period	**4,297**	**24,455**	**(13,846)**	**(94,468)**
	Cash And Cash Equivalents At Beginning Of The Year /Period	27,895	3,440	17,286	111,754
	Cash And Cash Equivalents At The End Of The Year /Period	32,192	27,895	3,440	17,286
	Net Increase In Cash And Cash Equivalents During The Year/Period	**4,297**	**24,455**	**(13,846)**	**(94,468)**
	Closing Cash and Cash Equivalents	32,192	27,895	3,440	17,286
	Add: Other Bank Balances	84,800	83,638	129,594	159,428
	Closing Cash and Cash Equivalents	**116,992**	**111,533**	**133,034**	**176,714**

RESTATED SUMMARY STATEMENT OF CONSOLIDATED ASSETS AND LIABILITIES, UNDER IGAAP

(₹In Millions)

Particulars	As At	
	31st March 2014	31st March 2013
(1) Shareholders' Funds		
(a) Share Capital	4,820	1,205
(b) Reserves and Surplus	140,036	128,209
(c) Money Received Against Share Warrants	-	-
Sub Total	**144,856**	**129,414**
(2) Share Application Money Pending Allotment	-	-
(3) Non-Current Liabilities		
(a) Long-Term Borrowings	1,350	1,251
(b) Deferred Tax Liabilities (Net)	16,765	15,648
(c) Other Long Term Liabilities	62,217	65,362
(d) Long Term Provisions	4,878	5,037
Sub Total	**85,210**	**87,298**
(4) Current Liabilities		
(a) Short Term Borrowings	7,061	156
(b) Trade payables	-	-
Micro, Small and Medium Enterprise	180	142
Other Than Micro, Small and Medium Enterprise	21,191	20,731
Sub Total- Trade payables	21,371	20,873
(c) Other Current Liabilities	349,887	312,184
(d) Short Term Provisions	31,639	27,506
Sub Total	**409,958**	**360,719**
Total I (1+2+3+4)	**640,024**	**577,431**
II. Assets		
(1) Non-Current Assets		
(a) Fixed Assets		
(i) Tangible Assets		
Gross Block	89,087	81,892
Less: Accumulated Depreciation	36,885	32,657
Net Block	**52,202**	**49,235**
(ii) Intangible Assets (Incl Asset Under Development)		
Gross Carrying Amount	38,023	35,246
Less: Cumulative Amortisation & Impairment Loss	15,925	13,966
Net Carrying Amount	**22,098**	**21,280**
(iii) Capital Work-In-Progress	2,016	1,218
(b) Non-Current Investments	5,322	5,174
(c) Long Term Loans and Advances	1,601	1,610
(d) Other Non-Current Assets	10,497	71,041
Sub Total	**93,736**	**149,558**
(2) Current Assets		
(a) Current Investments	-	-
(a) Inventories	223,733	178,348
(b) Trade Receivables	69,232	55,159
(c) Cash and Bank Balances	170,356	134,773
(d) Short Term Loans and Advances	49,964	46,335
(e) Other Current Assets	33,003	13,258
Sub Total	**546,288**	**427,873**
Total II (1+2)	**640,024**	**577,431**

RESTATED SUMMARY STATEMENT OF CONSOLIDATED PROFIT AND LOSS, UNDER IGAAP

(₹ In Millions)

Sl No	Particulars	For The Year Ended	
		31-Mar-2014	31-Mar-2013
	Revenue		
I	**Revenue from operations**	152,921	152,303
	Less: Excise Duty	19	27
	Net Revenue from operations	152,902	152,276
II	Other income	20,374	19,938
III	**Total Revenue**	**173,276**	**172,214**
IV	**Expenses**		
	Cost of Materials Consumed	84,578	69,470
	Purchase of Stock-in-Trade	7,892	11,303
	Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	(7,907)	(327)
	Employee Benefits Expenses	26,890	24,475
	Finance costs	65	119
	Depreciation and Amortization expenses	6,198	6,010
	Other Expenses	10,563	10,176
	Direct Input to WIP / Expenses Capitalised	5,290	14,005
	Provisions	6,473	1,979
	Total Gross Expenses	**140,042**	**137,210**
	Add / Deduct: Expenses relating to Capital and Other Accounts	(3,273)	(2,501)
	Total Net Expense (IV)	**136,769**	**134,709**
V	**Profit before exceptional and extraordinary items and tax (III - IV)**	**36,507**	**37,505**
VI	Exceptional items	(9)	-
VII	**Profit Before Extraordinary Items and Tax (V - VI)**	**36,516**	**37,505**
VIII	Extraordinary Items	-	-
IX	**Restated Profit before tax (VII - VIII)**	**36,516**	**37,505**
X	**Tax expense**		
	Current tax	10,188	7,590
	Minimum Alternate Tax Credit Entitlement	(201)	(3,143)
	Deferred tax	1,118	886
	Total tax expense	**11,105**	**5,333**
XI	**Profit / (Loss) for the period from Continuing Operations (IX - X)**	**25,411**	**32,172**
XII	Profit/(Loss) from Discontinuing Operations	-	-
XIII	Tax expense of Discontinuing Operations	-	-
XIV	Profit/(Loss) from Discontinuing Operations (After Tax) **(XII - XIII)**	-	-
XV	**Restated Profit after tax (XI + XIV)**	**25,411**	**32,172**
XVI	**Earnings per Equity Share of ₹ 10 each:**		
	Basic and Diluted EPS (Adjusted) (₹)	53	67

RESTATED SUMMARY OF CONSOLIDATED CASH FLOWS UNDER IGAAP

(₹In Millions)

Sl. No.	Particulars	For The Year Ended	
		31st March 2014	31st March 2013
I.	**Net Profit Before Tax (Restated)**	**36,507**	**37,505**
	Adjustment To Reconcile Net Income To Net Cash		
	Providing by Operating Activities:		
	Depreciation and Amortisation Expense	6,198	6,010
	Provision for Diminution in Value of Investment	499	-
	Interest Paid	65	119
	Utilization of CSR & SD Reserve	(148)	(185)
	Profit On Sale of Fixed Assets	4	(81)
	Interest Received - Net of Interest Liability to Customer	(20,351)	(23,102)
	Dividend Received	(19)	(9)
	Sub Total	**(13,752)**	**(17,248)**
	Operating Profit Before Working Capital Changes	**22,755**	**20,257**
	Adjustment For Changes In Operating Assets And Liabilities:		
	Trade Receivables, Loans and Advances	18,463	(84,697)
	Inventories	(44,322)	(19,858)
	Trade Payables, Current Liabilities and Provisions	39,111	7,313
	Other Bank Balances	20,740	(77,931)
	Sub Total	**33,992**	**(175,173)**
	Cash Generated From Operations	**56,747**	**(154,916)**
	Direct Tax Paid	(6,133)	(10,460)
	Exceptional & Extraordinary Items	9	-
	Net Cash Provided By (used in) Operating Activities (a)	**50,623**	**(165,376)**
II.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase Of Fixed Assets	(7,916)	(7,160)
	Sale Of Fixed Assets	20	234
	Purchase of Intangible assets	(2,777)	(3,107)
	Sale of Intangible assets	-	-
	Interest Received - Net Of Interest Liability To Customer	20,351	23,102
	Dividend Received	19	9
	Investments in Joint Ventures	(352)	(1,021)
	Purchase/Sale of Other Non-Current Investments	(148)	(722)
	Net Cash Provided By (used in) Investing Activities (b)	**9,197**	**11,335**
III.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from Issue of Shares	-	1,327
	Proceeds From Short Term Loans	6,905	119
	Proceeds/(Repayment)-Deletion of Shares	-	-
	Buyback of Shares	-	-
	Proceeds from Issue of Shares	-	-
	Repayment of Deferred Liabilities – Net	(3)	(3)
	Increase / (Decrease) of Unsecured Loans	102	130
	Interest Paid	(65)	(119)
	Dividend Paid	(10,435)	(10,355)
	Net Cash Provided By (used in) Financing Activities (c)	**(3,497)**	**(8,900)**
	Abstract:		
I.	Net Cash Provided By Operating Activities (a)	50,623	(165,376)
II.	Net Cash Provided By (used in) Investing Activities (b)	9,197	11,335
III.	Net Cash Provided By Financing Activities (c)	(3,497)	(8,900)
	Net Increase In Cash And Cash Equivalents During The Year/Period	**56,323**	**(162,941)**
	Cash And Cash Equivalents At Beginning Of The Year /Period	56,379	219,320
	Cash And Cash Equivalents At The End Of The Year /Period	112,702	56,379
	Net Increase In Cash And Cash Equivalents During The Year/Period	**56,323**	**(162,941)**

RESTATED SUMMARY STATEMENT OF STANDALONE ASSETS AND LIABILITIES, UNDER IND AS

(₹In Millions)

Particulars		As At		
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
Non-current assets				
(a)-i Property, Plant and Equipment				
Gross Block	115,095	111,656	102,889	92,916
Less: Accumulated Depreciation	55,874	53,811	48,445	42,557
Less: Impairment				
Net Block	59,221	57,845	54,444	50,359
ii Property, Plant and Equipment-Customer Funded				
Gross Block	860	585		
Less: Accumulated Depreciation	61	32		
Less: Impairment				
Net Block	799	553		
(b) Capital work-in-progress	5,358	6,211	3,754	2,270
(c) Investment Property -(Buildings)				
Gross Block	1	1	1	1
Less: Accumulated Depreciation	1	1	1	1
Less: Impairment				
Net Block				
(d) Goodwill				
Gross Block				
Less: Accumulated Amortization				
(e) Other Intangible Assets				
Gross Block	30,767	30,731	30,356	29,801
Less: Accumulated Amortization	16,840	16,595	15,548	13,431
Less: Impairment				
Net Block	13,927	14,136	14,808	16,370
(f) Intangible Assets under Development				
Gross Block	14,031	13,009	10,260	7,694
Less: Accumulated Amortization	3,358	3,170	2,905	2,528
Less: Impairment	1,199	1,176	855	755
Net Block	9,474	8,663	6,500	4,411
(g) Investments -Joint Ventures/ Subsidiaries	1,914	1,914	1,607	1,754
(h) Financial Assets				
(i) Investments-Others	8,144	7,894	7,257	5,699
(ii) Trade receivables	102	102		155
(iii) Loans	569	589	520	523
(iv) Others	3,632	3,675	4,014	3,733
(i) Deferred Tax Assets (net)				
(j) Other Non-Current Assets	15,080	12,107	14,862	13,566
Sub Total - A	**118,220**	**113,689**	**107,766**	**98,840**
Current assets				
(a) Inventories	222,046	213,404	239,978	249,652
(b) Financial Assets				
(i) Investments				
(ii) Trade receivables	42,549	42,103	48,369	60,354
(iii) Cash and cash equivalents	116,716	111,211	133,034	176,714
(iv) Bank balances other than (iii) above				
(v) Loans	1,065	987	981	1,760
(vi) Others	24,708	25,720	22,088	19,868
(c) Current Tax Assets (Net)	2,843	1,149		1,004
(d) Other currents assets	10,043	6,901	12,970	15,940
Sub Total - B	**419,970**	**401,475**	**457,420**	**525,292**
Total assets (A+B)	**538,190**	**515,164**	**565,186**	**624,132**
EQUITY AND LIABILITIES				
EQUITY				

Particulars		**As At**		
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
(a) Equity Share capital	3,615	3,615	3,615	4,820
(b) Other Equity	125,666	121,752	106,576	143,548
Sub Total - A	**129,281**	**125,367**	**110,191**	**148,368**
LIABILITIES				
Non-current liabilities				
(a) Financial Liabilities				
(i) Borrowings				
(ii) Trade payables	1,926	1,926		34
(iii) Other financial liabilities	3,692	3,716	3,973	3,732
(b) Provisions	19,150	20,178	24,825	25,728
(c) Deferred tax liabilities (Net)	9,600	9,599	8,148	6,608
(d) Other non-current liabilities	108,356	98,472	91,546	87,513
Sub Total - B	**142,724**	**133,891**	**128,492**	**123,615**
Current Liabilities				
(a) Financial liabilities				
(i) Borrowings		9,500		
(ii) Trade payables	18,980	16,047	21,512	22,676
(iii) Other financial liabilities	9,257	10,964	9,769	11,170
(b) Other current liabilities	207,341	190,614	267,874	293,585
(c) Provisions	30,607	28,781	26,376	24,718
(d) Current Tax Liabilities (Net)			972	
Sub Total - C	**266,185**	**255,906**	**326,503**	**352,149**
Total Equity and Liabilities - (A+B+C)	**538,190**	**515,164**	**565,186**	**624,132**

RESTATED SUMMARY STATEMENT OF STANDALONE PROFIT AND LOSS, UNDER IND AS

(₹ In Millions)

SL No	Particulars	Six Month Period Ended	For the Year Ended		
		30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
	Revenue				
I	Revenue from operations	52,773	185,552	171,586	156,482
II	Other income	3,891	10,442	15,982	17,158
III	**Total Revenue (I+II)**	**56,664**	**195,994**	**187,568**	**173,640**
IV	**Expenses**				
	Cost of Materials Consumed	20,683	84,015	88,079	78,634
	Purchase of Stock-in-Trade	618	2,907	3,637	10,165
	Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	(1,701)	5,108	(5,622)	(6,347)
	Excise Duty	1,045	6,034	4,001	5
	Employee Benefits Expenses	17,923	35,692	32,743	32,805
	Finance costs	12	102	-	83
	Depreciation, Amortization expense and Impairment Loss	2,574	7,129	8,628	8,832
	Other Expenses	6,230	12,485	11,761	11,123
	Direct Input to WIP / Expenses Capitalised	1,584	4,657	5,119	4,350
	Provisions	3,521	8,119	10,512	21,972
	Total Gross Expenses	**52,489**	**166,248**	**158,858**	**161,622**
	Add / Deduct: Expenses relating to Capital and Other Accounts	(1,990)	(6,080)	(3,360)	(4,775)
	Total Net Expense	**50,499**	**160,168**	**155,498**	**156,847**
V	**Profit before Exceptional items and Tax(III-IV)**	**6,165**	**35,826**	**32,070**	**16,793**
VI	Exceptional items	-	-	-	-
VII	**Restated Profit Before Tax (V-VI)**	**6,165**	**35,826**	**32,070**	**16,793**
VIII	**Tax expense**				
	Current tax	2,185	8,218	8,459	8,545
	Minimum Alternate Tax Credit Entitlement		-	2,091	1,253
	Deferred tax	1	1,452	1,540	(3,012)
	Total tax expense	**2,186**	**9,670**	**12,090**	**6,786**
IX	**Restated Profit after tax for the period from Continuing Operations (VII-VIII)**	**3,979**	**26,156**	**19,980**	**10,007**
X	**Profit/(loss) from Discontinued Operations**	**-**	**-**	**-**	**-**
XI	**Tax expense of Discontinued Operations**	**-**	**-**	**-**	**-**
XII	**Profit/(loss) from Discontinued Operations (after tax) (X-XI)**	**-**	**-**	**-**	**-**
XIII	**Restated Profit after tax(IX+XII)**	**3,979**	**26,156**	**19,980**	**10,007**
XIV	**Other Comprehensive Income**				
	A (i) Items that will not be reclassified to profit or loss (Re-measurement of defined benefit Plan)	**(101)**	**93**	**103**	**(985)**
	Share of Other Comprehensive income of JV's Accounted using Equity Method		-	-	-
	(ii) Income tax relating to items that will not be reclassified to profit or loss	**35**	**(32)**	**(36)**	**335**
	B (i) Items that will be reclassified to profit or loss (Exchange Difference in translating	**1**	**-**	**-**	**-**

SL No	**Particulars**	**Six Month Period Ended**	**For the Year Ended**		
		30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
	statements of foreign operations)				
	Share of Other Comprehensive income of JV's Accounted using Equity Method		-	-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-	-
		(65)	**61**	**67**	**(650)**
	Total Comprehensive Income for the period(XIII+XIV) (Comprising Profit (Loss) and Other Comprehensive Income for the period)	**3,914**	**26,217**	**20,047**	**9,357**
XVI	**Earnings per equity share (EPS) of ₹ 10 each**				
	Basic and Diluted EPS (₹)	**11**	**73**	**42**	**21**

STATEMENT OF STANDALONE STATEMENT OF CHANGES IN EQUITY

A. *Equity Share Capital*

(₹In Millions)

Balance as at April 1, 2015	Changes in Equity Share Capital during the year 2015-16	Balance as at March 31, 2016	Changes in Equity Share Capital during the year 2016-17	Balance as at March 31, 2017 / April 30 2017	Changes in Equity Share Capital during the period ended 30th September 30, 2017	Balance as at 30th September, 2017
4,820	(1,205)	3,615	0	3,615	0	3,615

B. *Other Equity*

(₹In Millions)

Particulars	Reserves and Surplus					Other Components of equity		Total
	CSR Reserve	Research and Development Reserve	Capital Redemption Reserve	General Reserve	Retained earnings	Re-measurements of net defined benefit liability/ asset	Exchange differences in translating the financial statements of a foreign operation	
Balance as at April 1, 2014	**271**	**1168**	**0**	**138995**		**(77)**		**140357**
Current Year Transfer	0	1168	0	0	0	0	0	**1168**
Profit for the year	0	0	0	0	10007	0	0	10007
Written Back in Current Year	0	0	0	0	0	0	0	0
Surplus Transferred from Statement of Profit and Loss	0	0	0	3079	0	0	0	3079
Transfer from R&D Reserve	0	0	0	592	0	0	0	592
Transfer from CSR Reserve	0	0	0	271	0	0	0	271
Depreciation on transition	0	0	0	(406)	0	0	0	(406)
Withdrawn towards BuyBack of Shares	0	0	0	0	0	0	0	0
Transfer to Research & Development Reserve	0	0	0	0	(1168)	0	0	(1168)
Interim Dividend including tax	0	0	0	0	(5760)	0	0	(5760)
Transfer to Capital Redemption Reserve	0	0	0	0	0	0	0	0
Transfer to General Reserves	(271)	(592)	0	0	(3079)	0	0	(3942)
Items that will be reclassified to profit or loss	0	0	0	0	0	(985)	0	(985)
Income tax relating to items that will be reclassified to profit or loss	0	0	0	0	0	335	0	335
Items that will not be reclassified to profit or loss	0	0	0	0	0	0	0	0
Income tax relating to items that will not be reclassified to profit or loss	0	0	0	0	0	0	0	0
Balance as at March 31, 2015	**0**	**1744**	**0**	**142531**	**0**	**(727)**	**0**	**143548**
Balance as at April 1, 2015	**0**	**1744**	**0**	**143030**	**0**	**(650)**	**0**	**144123**
Current Year Transfer	0	1467	1205	0	0	0	0	2672
Profit for the year	0	0	0	0	19980	0	0	19980
Written Back in Current Year	0	(59)	0	0	0	0	0	(59)
Surplus Transferred from Statement of Profit and Loss	0	0	0	11170	0	0	0	11170
Transfer from R&D Reserve	0	0	0	59	0	0	0	59
Depreciation on transition	0	0	0	(3)	0	0	0	(3)
Withdrawn towards BuyBack of Shares	0	0	0	(51454)	0	0	0	(51454)
Transfer to Research & Development Reserve	0	0	0	0	(1467)	0	0	(1467)
Interim Dividend including tax	0	0	0	0	(6138)	0	0	(6138)
Transfer to Capital Redemption Reserve	0	0	0	0	(1205)	0	0	(1205)
Transfer to General Reserves	0	0	0	0	(11170)	0	0	(11170)
Items that will be reclassified to profit or loss	0	0	0	0	0	0	0	0
Income tax relating to items that will be reclassified to profit or loss	0	0	0	0	0	0	0	0

Particulars	Reserves and Surplus					Other Components of equity		Total
	CSR Reserve	Research and Development Reserve	Capital Redemption Reserve	General Reserve	Retained earnings	Re-measurements of net defined benefit liability/ asset	Exchange differences in translating the financial statements of a foreign operation	
Items that will not be reclassified to profit or loss	0	0	0	0	0	103	0	103
Income tax relating to items that will not be reclassified to profit or loss	0	0	0	0	0	(36)	0	(36)
Balance as at March 31, 2016	**0**	**3,152**	**1,205**	**102,802**	**0**	**(583)**	**0**	**106,576**
Balance as at April 1, 2016	**0**	**3,152**	**1,205**	**102,802**	**0**	**(583)**	**0**	**106,576**
Current Year Transfer	0	1,966	0	0	0	0	0	1,966
Profit for the year	0	0	0	0	26,156	0	0	26,156
Written Back in Current Year	0	(160)	0	0	0	0	0	(160)
Surplus Transferred from Statement of Profit and Loss	0	0	0	14,561	0	0	0	14,561
Transfer to Statement of Profit & Loss	0	0	0	(1,412)	0	0	0	(1,412)
Transfer from General Reserve	0	0	0	0	1,412	0	0	1,412
Interim Dividend including tax	0	0	0	0	(9,629)	0	0	(9,629)
Final Dividend including tax	0	0	0	0	(1,412)	0	0	(1,412)
Transfer to R&D Reserve	0	0	0	0	(1,966)	0	0	(1,966)
Items that will be reclassified to profit or loss	0	0	0	0	0	0	0	0
Income tax relating to items that will be reclassified to profit or loss	0	0	0	0	0	0	0	0
Items that will not be reclassified to profit or loss	0	0	0	0	0	93	0	93
Income tax relating to items that will not be reclassified to profit or loss	0	0	0	0	0	(32)	0	(32)
Transfer to General Reserves	0	0	0	0	(14,561)	0	0	(14,561)
Transfer from R&D Reserve	0	0	0	160	0	0	0	160
Balance as at March 31, 2017	**0**	**4,958**	**1,205**	**116,111**	**0**	**(522)**	**0**	**121,752**
Balance as at April 1, 2017	**0**	**4,958**	**1,205**	**116,111**	**0**	**(522)**	**0**	**121,752**
Current Year Transfer	-	172	-	-	-	-	-	172
Profit for the year	-	-	-	-	3,979	-	-	3,979
Written Back in Current Year	-	-	-	-	-	-	-	-
Surplus Transferred from Statement of Profit and Loss	-	-	-	3,807	-	-	-	3,807
Transfer from R&D Reserve	-	-	-	59	-	-	-	59
Depreciation on transition	-	-	-	-	-	-	-	-
Withdrawn towards BuyBack of Shares	-	-	-	-	-	-	-	-
Transfer to Research & Development Reserve	-	-	-	-	(172)	-	-	(172)
Interim Dividend including tax	-	-	-	-	-	-	-	-
Transfer to Capital Redemption Reserve	-	-	-	-	-	-	-	-
Transfer to General Reserves	-	(59)	-	-	(3,807)	-	-	(3,866)
Items that will be reclassified to profit or loss	-	-	-	-	-	-	1	1
Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
Items that will not be reclassified to profit or loss	-	-	-	-	-	(101)	-	(101)
Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-	35	-	35
	-	-	-	-	-	-	-	-
Balance as at September 30, 2017	**-**	**5,071**	**1,205**	**119,977**	**-**	**(588)**	**1**	**125,666**

Reconciliation of General Reserves and Other Comprehensive Income (OCI)

(₹ In Millions)

Particulars	General reserve	OCI
Balance as on 31st March 2015	1,42,531	(727)
Warranty Sales	575	
OCI-Gratuity	(77)	77
OCI-Foreign Operations	(0)	
Balance as on 01st April 2015	1,43,030	(650)

RESTATED STATEMENT OF STANDALONE CASH FLOWS UNDER IND AS

(₹ In Millions)

Sl.No.	Particulars	Six Month Period Ended	For The Year ended		
		30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
I.	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net Profit Before Tax (Restated)	**6,065**	**35,919**	**32,173**	**15,809**
	Adjustments to reconcile net profit to net cash provided by operating activities				
	(Profit)/Loss on Sale of Property, Plant & Equipment	1	(9)	(20)	14
	Interest Paid	12	102	-	83
	Interest Received - Net of Interest Liability to Customer	-	-	-	
	Dividend Received	(13)	(30)	(22)	(18)
	Net (Gain)/Loss on Fair Value Adjustment	15	82	-	8
	Provision for Diminution in Value of Investments	-	12	147	
	Depreciation and amortization expense	2,574	7,129	8,628	8,832
	Sub Total	**2,589**	**7,286**	**8,733**	**8,919**
	Operating Profit Before Working Capital Changes	**8,654**	**43,205**	**40,906**	**24,728**
	Adjustment For Changes In Operating Assets And Liabilities:				
	Trade Receivables	(446)	6,164	12,715	7,412
	Loans, Financial Assets and Other Assets	(5,118)	5,348	(45)	27,967
	Inventories	(8,642)	26,574	9,674	(27,695)
	Trade Payables	2,933	(3,540)	(1,198)	1,715
	Financial Liabilities, Provisions and Other Liabilities	25,662	(71,612)	(22,081)	5,087
	Sub-total	**14,389**	**(37,066)**	**(935)**	**14,486**
	Cash Generated From Operations	**23,043**	**6,139**	**39,971**	**39,214**
	Direct Tax Paid	(3,843)	(10,372)	(8,609)	(10,035)
	Net Cash Provided By (used in) Operating Activities (a)	**19,200**	**(4,233)**	**31,362**	**29,179**
II.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Investments made	(250)	(636)	(1,558)	(377)
	Investment in Plant, Property & Equipment	(2,894)	(12,014)	(11,613)	(6,064)
	Intangible Assets	(1,058)	(3,124)	(3,121)	(2,779)
	Investment in Joint Ventures	-	(20)	-	(1)
	Investment in Subsidiary	-	(300)	-	-
	(Investment)/Maturity of short term deposits	(1,128)	46,182	29,834	(101,832)
	Interest Received - Net of Interest Liability to Customer	-	-	-	-
	Dividend Received	13	30	22	18
	Sale of Plant, Property & Equipment	5	116	26	26
	Net Cash Provided By (used in) Investing Activities (b)	**(5,312)**	**30,234**	**13,590**	**(111,009)**
III.	**CASH FLOW FROM FINANCING ACTIVITIES**				
	BuyBack of Shares (including Tax of ₹ 9815 Million)	-		(52,659)	
	Interest Paid	(12)	(102)	-	(83)

Sl.No.	Particulars	Six Month Period Ended	For The Year ended		
		30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
	Loan from Banks	(9,500)	9,500	-	(6,794)
	Dividend Paid (Interim/ Final Dividend inclusive of Tax)	-	(11,041)	(6,138)	(5,760)
	Net Cash Provided By (used in) Financing Activities (c)	**(9,512)**	**(1,643)**	**(58,797)**	**(12,637)**
	Abstract :				
I.	Net Cash Provided By Operating Activities (a)	19,200	(4,233)	31,362	29,179
II.	Net Cash Provided By (used in) Investing Activities (b)	(5,312)	30,234	13,590	(111,009)
III.	Net Cash Provided By Financing Activities (c)	(9,512)	(1,643)	(58,797)	(12,637)
	Net Increase In Cash And Cash Equivalents During The Year/Period	**4,376**	**24,358**	**(13,845)**	**(94,467)**
	Cash And Cash Equivalents At Beginning Of The Year /Period	27,799	3,441	17,286	111,753
	Cash And Cash Equivalents At The End Of The Year /Period	32,175	27,799	3,441	17,286
	Net Increase In Cash And Cash Equivalents During The Year/Period	**4,376**	**24,358**	**(13,845)**	**(94,467)**
	Closing Cash and Cash Equivalents	32,175	27,799	3,441	17,286
	Add: Other Bank Balances included	84,541	83,412	129,594	159,428
	Closing Cash and Cash Equivalents	**116,716**	**111,211**	**133,034**	**176,714**

RESTAED SUMMARY STATEMENT OF STANDALONE ASSETS AND LIABILITIES, UNDER IGAAP

(₹In Millions)

Particulars	As at	
	31st March 2014	31st March 2013
(1) Shareholders' Funds		
(a) Share Capital	4,820	1,205
(b) Reserves and Surplus	139,950	128,607
(c) Money Received Against Share Warrants	-	-
Sub Total	**144,770**	**129,812**
(2) Non-Current Liabilities		
(a) Long-Term Borrowings	45	48
(b) Deferred Tax Liabilities (Net)	16,815	15,663
(c) Other Long Term Liabilities	62,208	65,359
(d) Long Term Provisions	4,839	5,006
Sub Total	**83,907**	**86,076**
(3) Current Liabilities		
(a) Short Term Borrowings	6,794	-
(b) Trade payables		
Micro, Small and Medium Enterprise	180	141
Other Than Micro, Small and Medium Enterprise	20,649	20,410
Sub Total- Trade payables	**20,829**	**20,551**
(c) Other Current Liabilities	349,503	311,477
(d) Short Term Provisions	31,602	27,463
Sub Total	**408,728**	**359,491**
Total I (1+2+3)	**637,405**	**575,379**
II. Assets		
(1) Non-Current Assets		
(a) Fixed Assets		
(i) Tangible Assets		
Gross Block	87,391	80,413
Less: Accumulated Depreciation	36,559	32,433
Net Block	**50,832**	**47,980**
(ii) Intangible Assets		
Gross Carrying Amount	37,255	34,501
Less: Cumulative Amortisation & Impairment Loss	15,873	13,927
Net Carrying Amount	**21,382**	**20,574**
(iii) Capital Work-In-Progress	1,846	1,027
(b) Non-Current Investments	7,074	7,073
(c) Long Term Loans and Advances	1,331	1,355
(d) Other Non-Current Assets	10,471	71,020
Sub Total	**92,936**	**149,029**
(2) Current Assets		
(a) Inventories	223,495	178,201
(b) Trade Receivables	68,841	54,912
(c) Cash and Bank Balances	169,350	133,780
(d) Short Term Loans and Advances	49,903	46,278
(e) Other Current Assets	32,880	13,179
Sub Total	**544,469**	**426,350**
Total II (1+2)	**637,405**	**575,379**

RESTATED SUMMARY STATEMENT OF STANDALONE PROFIT AND LOSS, UNDER IGAAP

(₹ In Millions)

Sl No	Particulars	For The Year Ended	
		31st March 2014	31st March 2013
	Revenue		
I	**Revenue from operations**	151,360	151,229
	Less: Excise Duty	11	15
	Net Revenue from operations **(I)**	151,349	151,214
II	Other income	20,302	19,877
III	**Total Revenue (I+II)**	**171,651**	**171,091**
IV	**Expenses**		
	Cost of Materials Consumed	83,594	68,783
	Purchase of Stock-in-Trade	7,891	11,301
	Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	(7,875)	(311)
	Employee Benefits Expenses	26,673	24,303
	Finance costs	10	-
	Depreciation and Amortization expenses	6,083	5,913
	Other Expenses	10,208	9,952
	Direct Input to WIP / Expenses Capitalised	5,291	14,005
	Provisions	6,442	1,966
	Total Gross Expenses	**138,317**	**135,912**
	Add / Deduct: Expenses relating to Capital and Other Accounts	(3,273)	(2,501)
	Total Net Expense (IV)	**135,044**	**133,411**
V	**Profit before exceptional and extraordinary items and tax (III - IV)**	**36,607**	**37,680**
VI	Exceptional items	-	-
VII	**Profit Before Extraordinary Items and Tax (V - VI)**	**36,607**	**37,680**
VIII	Extraordinary Items	-	-
IX	**Restated Profit before tax (VII - VIII)**	**36,607**	**37,680**
X	**Tax expense**		
	Current tax	10,137	7,554
	Minimum Alternate Tax Credit Entitlement	(201)	(3,143)
	Deferred tax	1,152	893
	Total tax expense	**11,088**	**5,304**
XI	**Restated Profit after tax for the period from Continuing Operations (IX - X)**	**25,519**	**32,376**
XII	**Profit/(Loss) from Discontinuing Operations**	**-**	**-**
XIII	**Tax expense of Discontinuing Operations**	**-**	**-**
XIV	**Profit/(Loss) from Discontinuing Operations (After Tax) (XII - XIII)**	**-**	**-**
XV	**Profit(Loss) for the Period (XI + XIV)**	**25,519**	**32,376**
XVI	**Earnings per equity share (EPS)**		
	Basic and Diluted EPS (Adjusted) (₹)	**53**	**67**

RESTATED SUMMARY STATEMENT OF STANDALONE CASH FLOWS, UNDER IGAAP

(₹ In Millions)

Sl. No.	Particulars	For The Year ended 31st March 2014	31st March 2013
I.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit Before Tax (Restated)	**36,607**	**37,680**
	Adjustment To Reconcile Net Income To Net Cash		
	Providing by Operating Activities:		
	Depreciation and Amortisation Expense	6,083	5,913
	Provision for Diminution in Value of Investment	499	-
	Interest Paid	10	-
	Utilization of CSR & SD Reserve	(148)	(185)
	Profit On Sale of Fixed Assets	4	(81)
	Interest Received - Net of Interest Liability to Customer	(20,287)	(23,045)
	Dividend Received	(19)	(9)
	Sub Total	**(13,859)**	**(17,407)**
	Operating Profit Before Working Capital Changes	**22,748**	**20,273**
	Adjustment For Changes In Operating Assets And Liabilities:		
	Trade Receivables, Loans and Advances	18,676	(84,749)
	Inventories	(44,232)	(19,790)
	Trade Payables, Current Liabilities and Provisions	38,843	7,178
	Other Bank Balances	20,754	(78,170)
	Sub Total	**34,041**	**(175,531)**
	Cash Generated From Operations	**56,789**	**(155,258)**
	Direct Tax Paid	(6,072)	(10,430)
	Net Cash Provided By (used in) Operating Activities (a)	**50,717**	**(165,688)**
II.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase Of Fixed Assets	(7,833)	(6,785)
	Sale Of Fixed Assets	20	235
	Purchase of Intangible assets	(2,754)	(2,442)
	Interest Received - Net Of Interest Liability To Customer	20,287	23,046
	Dividend Received	19	9
	Investments in Joint Ventures	(352)	(1,021)
	Purchase/Sale of Other Non-Current Investments	(148)	(722)
	Net Cash Provided By (used in) Investing Activities (b)	**9,239**	**12,320**
III.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds From Short Term Secured Loans	6,794	-
	Repayment of Deferred Liabilities - Net	(3)	(3)
	Interest Paid	(10)	-
	Dividend Paid	(10,413)	(10,344)
	Net Cash Provided By (used in) Financing Activities (c)	**(3,632)**	**(10,347)**
	Abstract :		
I.	Net Cash Provided By Operating Activities (a)	50,717	(1,65,688)
II.	Net Cash Provided By (used in) Investing Activities (b)	9,239	12,320
III.	Net Cash Provided By Financing Activities (c)	(3,632)	(10,347)
	Net Increase In Cash And Cash Equivalents During The Year/Period	**56,324**	**(163,715)**
	Cash And Cash Equivalents At Beginning Of The Year /Period	55,430	219,145
	Cash And Cash Equivalents At The End Of The Year /Period	111,754	55,430
	Net Increase In Cash And Cash Equivalents During The Year/Period	**56,324**	**(163,715)**

THE OFFER

The following table summarises the Offer details:

Offer(1)	34,107,525* Equity Shares aggregating to ₹ 41,131.33* million
consisting of:	
Employee Reservation Portion	Up to 668,775 Equity Shares aggregating to ₹ 795.84 million
Net Offer	33,438,750 Equity Shares aggregating to ₹ 40,335.49 million
consisting of:	
A. QIB Portion(2)	16,719,374 Equity Shares
Of which:	
Mutual Fund Portion	835,969 Equity Shares
Balance for all QIBs including Mutual Funds	15,883,405 Equity Shares
B. Non-Institutional Portion(2)	Not less than 5,015,813 Equity Shares
C. Retail Portion(2)(3)	Not less than 11,703,563 Equity Shares
Pre and post-Offer Equity Shares	
Equity Shares outstanding prior to the Offer	334,387,500 Equity Shares
Equity Shares outstanding after the Offer	334,387,500 Equity Shares
Use of proceeds of this Offer	As the Offer is an offer for sale of the Offered Shares, our Company will not receive any proceeds from the Offer. See "*Objects of the Offer*" on page 110

**Subject to final subscription figures and finalisation of the Basis of Allotment.*

(1) The Offer has been authorised by resolution of our Board dated September 27, 2017. The Selling Shareholder, through its letter bearing No. *V.-99011/72/2011-D(HAL-I/II) dated April 26, 2013*, conveyed the approval granted by the GoI for the Offer.

The Selling Shareholder confirms that the Offered Shares have been held by it for a period of at least one year prior to the date of filing of the Draft Red Herring Prospectus, in accordance with Regulation 26(6) of the SEBI ICDR Regulations.

(2) Eligible Employees Bidding in the Employee Reservation Portion can Bid up to a Bid Amount of ₹ 500,000. However, a Bid by an Eligible Employee in the Employee Reservation Portion will be considered for allocation, in the first instance, for a Bid Amount of up to ₹ 200,000. In the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 200,000, subject to the maximum value of Allotment made to an Eligible Employee not exceeding ₹ 500,000. The unsubscribed portion, if any, in the Employee Reservation Portion (after allocation over ₹ 200,000), shall be added to the Net Offer. Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in the Non-Institutional Portion or the Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of the Selling Shareholder and our Company, in consultation with the BRLMs and the Designated Stock Exchange, on a proportionate basis. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. For further details, see "*Offer Structure*" on page 702.

(3) The Selling Shareholder and our Company, in consultation with the BRLMs, offered a discount of ₹ 25 per Equity Share on the Offer Price to the Retail Individual Bidders and the Eligible Employees Bidding under the Employee Reservation Portion, respectively. The amount of Retail Discount and Employee Discount, as applicable, will be advertised in all newspapers wherein the Pre-Offer Advertisement will be published. For further details, see "*Offer Procedure*" on page 705.

Allocation to Bidders in all categories, except the Retail Portion, shall be made on a proportionate basis. For further details, see "*Offer Procedure – Allotment Procedure and Basis of Allotment*" on page 742.

GENERAL INFORMATION

Our Company was incorporated on August 16, 1963 as Aeronautics India Limited, a private limited company under the Companies Act, 1956. For further details relating to incorporation, corporate structure, change in registered office of our Company, please refer to the chapter "*History and Certain Corporate Matters*" on page 171. Our Company is engaged in the business of design, development, manufacture, repair, overhaul and servicing of a wide range of products including, aircraft, helicopters, engines, avionics, accessories and aerospace structures. For further details regarding the business undertaken by our Company, see "*Our Business*" on page 126.

Registered and Corporate Office of our Company

Hindustan Aeronautics Limited
15/1 Cubbon Road
Bengaluru 560 001
Karnataka, India
Tel: +91 (80) 2232 0001
Fax: +91 (80) 2232 0758
Website: www.hal-india.com
Email: investors@hal-india.com
Corporate Identity Number: U35301KA1963GOI001622
Registration Number: 001622

Address of the Registrar of Companies

Our Company is registered with the RoC, Karnataka situated at the following address:

Registrar of Companies
'E' Wing, 2nd Floor
Kendriya Sadana
Koramangala, Bengaluru 560 034
Karnataka, India
Tel: +91 (80) 2563 3105
Fax: + 91 (80) 2553 8531

Board of Directors

The following table sets out the composition of our Board as on the date of this Prospectus:

Name and Designation	DIN	Address
Mr. T. Suvarna Raju *Chairman and Managing Director*	05183617	SOQ-18, HAL Senior Officers Enclave, C. V. Raman Nagar, Old Madras Road, Bengaluru – 560093, Karnataka, India
Mr. V. M. Chamola *Director (Human Resources)*	03595483	SOQ – 9, HAL Senior Officers' Enclave, Old Madras Road, C.V. Raman Nagar P.O., Bengaluru – 560093, Karnataka, India
Mr. C.V Ramana Rao *Director (Finance) and Chief Financial Officer*	07365725	A 201, Sapthagiri, August Park Apartment, No-3, 1st B-Cross, Kaggadaspura, Bengaluru -560093 Karnataka, India
Mr. Damal Kannan Venkatesh *Director (Engineering and R&D)*	07359941	SOQ-6, HAL Senior Officers' Enclave, Old Madras Road, C V Raman Nagar, P.O Bengaluru-560093 Karnataka, India
Mr. Sunil Kumar *Director (Operations)*	07081723	SOQ-7, HAL Senior Officers Enclave, Old Madras Road, C V Raman Nagar, P.O Bengaluru – 560093 Karnataka, India
Ms. Dipali Khanna *Part Time Non-Official (Independent) Director*	03395440	F No.-2079, Sect B, PKT-2/3, Vasant Kunj, New Delhi – 110070, Delhi, India
Dr. Jatinder Kumar Bajaj *Part Time Non-Official*	07942314	B-43, Express Appts Mayur Kunj, New Delhi – 110096, Delhi, India

Name and Designation	DIN	Address
(Independent) Director		
Mr. Anil Kumar *Part Time Non-Official (Independent) Director*	02948372	1601, Sector 7-C, Chandigarh- 160019, India
Mr. Siddharth *Part Time Non-Official (Independent) Director*	06401463	65, Vasant Marg, Vasant Vihar, New Delhi- 110057, India
Mr. Neelakanta Iyer R *Part Time Non-Official (Independent) Director*	07019560	5c, SFS Palace Court, near Narmada Shopping Complex, Thiruvananthapuram, Kerala- 695003, India

For further details of our Board of Directors, see "*Our Management*" on page 194.

Company Secretary and Compliance Officer

Mr. G.V. Sesha Reddy is the Company Secretary and the Compliance Officer of our Company. His contact details are as follows:

Mr. G.V. Sesha Reddy
15/1 Cubbon Road
Bengaluru 560 001
Karnataka, India
Tel: +91 (80) 2232 0001
Fax: +91 (80) 2232 0758
Email: investors@hal-india.com

Director (Finance) and Chief Financial Officer

Mr. C.V Ramana Rao is the Director (Finance) and the Chief Financial Officer of our Company. His contact details are as follows:

Mr. C.V Ramana Rao
15/1 Cubbon Road
Bengaluru 560 001
Karnataka, India
Tel: +91 (80) 2232 0489
Fax: +91 (80) 2232 0591
Email: df-ipo@hal-india.com

Investors can contact the Company Secretary and Compliance Officer, the BRLMs, the Registrar to the Offer, in case of any pre-Offer or post-Offer related problems, such as non-receipt of Allotment Advice, credit of Allotted Equity Shares in the respective beneficiary account or refund orders.

All grievances may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary with whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or first Bidder, Bid cum Application Form number, Bidder DP ID, Client ID, PAN, date of the Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder.

Further, the Bidder shall also enclose the Acknowledgement Slip from the Designated Intermediaries in addition to the documents/information mentioned hereinabove.

Book Running Lead Managers

SBI Capital Markets Limited

202, Maker Tower 'E'
Cuffe Parade

Mumbai 400 005
Tel: +91 (22) 22178300
Fax: +91 (22) 22188332
E-mail: hal.ipo@sbicaps.com
Investor grievance e-mail: investor.relations@sbicaps.com
Contact Person: Mr. Sandeep Tenneti/ Mr. Gitesh Vargantwar
Website: www.sbicaps.com
SEBI Registration No.: INM000003531

Axis Capital Limited

1st floor, Axis House C-2 Wadia International Centre
P.B. Marg, Worli
Mumbai 400 025
Tel: +91 (22) 4325 2183
Fax: +91 (22) 4325 3000
E-mail: halipo@axiscap.in
Investor grievance e-mail: complaints@axiscap.in
Website: www.axiscapital.co.in
Contact Person: Ms. Simran Gadh
SEBI Registration No.: INM000012029

Syndicate Member

SBICAP Securities Limited
Marathon Futurex, 12th Floor
A&B Wing, Mafatlal Mill Compound
N.M. Joshi Marg, Lower Parel
Mumbai 400 013,
Maharashtra, India
Tel: + 91 (22) 4227 3300
Fax: +91 (22) 4227 3390
Email: complaints@sbicapsec.com.
Contact Person: Ms. Archana Dedhia
Website: www.sbismart.com
SEBI Registration No.: BSE: INB011053031 & NSE: INB231052938

Registrar to the Offer

Karvy Computershare Private Limited
Karvy Selenium Tower B
Plot 31-32, Gachibowli
Financial District, Nanakramguda
Hyderabad, Telangana 500 032
Tel: +91 (40) 6716 2222
Fax: +91 (40) 2343 1551
Email: hal.ipo@karvy.com
Investor Grievance Email: einward.ris@karvy.com
Website: https://karisma.karvy.com
Contact Person: Mr. M Murali Krishna
SEBI Registration No: INR000000221

Indian Legal Counsel to our Company and the Selling Shareholder

Khaitan & Co
One Indiabulls Centre
Tower 1, 13th Floor
841 Senapati Bapat Marg
Elphinstone Road
Mumbai - 400 013
Tel: +91 (22) 6636 5000

Fax: +91 (22) 6636 5050

International Legal Counsel to our Company and the Selling Shareholder

Baker & McKenzie.Wong & Leow
8 Marina Boulevard #05-01
Marina Bay Financial Centre Tower 1
Singapore 018981
Tel: +65 6338 1888
Fax: +65 6337 5100

Indian Legal Counsel to the BRLMs

Cyril Amarchand Mangaldas
201, Midford House
Off M.G. Road, Bengaluru 560 001
Karnataka, India
Tel: +91 (80) 2558 4870/4112 4950
Fax: +91 (80) 2558 4266

Statutory Auditors of our Company

S. Venkatram & Co, Chartered Accountants
218, TTK Road
Alwarpet, Chennai,
Tamil Nadu-600018
Tel: +91 (44) 24992155/6/7
Fax: +91 (44) 24670343
Firm Registration No: 004656S
Email: ssundarraman@svco.in

Bankers to the Offer and Refund Banks

State Bank of India
Capital Market Branch, Videocon Heritage Building
Charanjit Rai Marg, Off. D.N. Road
Fort, Mumbai 400 001
Maharashtra, India
Tel: +91 (22) 2209 4927/ 32
Fax: +91 (22) 2209 4921
Email: nib.11777@sbi.co.in
Website: www.sbi.co.in
Contact Person: Indrakant Chaurasia

HDFC Bank Limited
HDFC Bank Limited, FIG – OPS Department – Lodha, I
Think Techno, Campus O-3 Level
Next to Kanjurmarg, Railway Station, Kanjurmarg (East)
Mumbai – 400042
Maharashtra, India
Tel: +91 (22) 3075 2927/3075 2928/3075 2914
Fax: +91 (22) 2579 9801
E-mail: Vincent.Dsouza@hdfcbank.com, Siddharth.Jadhav@hdfcbank.com
Website: www.hdfcbank.com
Contact Persons: Vincent Dsouza, Siddharth Jadhav, Prasanna Uchil

Designated Intermediaries

Self-Certified Syndicate Banks

In relation to Bids submitted to a member of the Syndicate, the list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at (http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes). For list of branches of the SCSBs named by the respective SCSBs to collect the ASBA Forms please refer to the above-mentioned link.

Registered Brokers

The list of the Registered Brokers eligible to accept ASBA forms, including details such as postal address, telephone number and e-mail address, is provided on the websites of the BSE and the NSE at http://www.bseindia.com and https://www.nseindia.com, respectively, as updated from time to time.

RTAs

The list of the RTAs eligible to accept ASBA Forms at the Designated RTA Locations, including details such as address, telephone number and email address, is provided on the websites of Stock Exchanges at http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6 and https://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, respectively, as updated from time to time.

Collecting Depository Participants

The list of the CDPs eligible to accept ASBA Forms at the Designated CDP Locations, including details such as name and contact details, is provided on the websites of the Stock Exchanges at http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6 and https://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, respectively, as updated from time to time.

Bankers to our Company

Punjab National Bank Vokkaligara Bhavan, Hudson Circle, Bangalore 560 027 Tel: +91 (80) 22221093 Fax: +91 (80) 22278794 E-mail: bo0041@pnb.co.in Website: www.pnbindia.com Contact Person: Mr. D.K. Choudhary	**Indian Bank** 110, United Mansions, M.G. Road, Bangalore 560 001 Tel: +91 (80) 22958833/ +91 (80) 22958832 Fax: +91 (80) 25589014 E-mail: mgroadbangalore@indianbank.co.in Website: www.indianbank.co.in Contact Person: Mrs. Srimathy B
Indian Overseas Bank K.H. Road, Shantinagar, Bangalore 560 027 Tel: +91 (80) 22950136/ +91 (80) 22950137 Fax: +91 (80) 22111311 E-mail: iob0136@iob.in Website: www.iob.in Contact Person: Mr. Shashi Kant Sharma	**Bank of Baroda** Ground floor, No. 72, Nitesh Lexington Avenue, Brigade Road, Bangalore 560 025 Tel: +91 (80) 25130834 Fax: +91 (80) 25583202 E-mail: brigade@bankofbaroda.com Website: www.bankofbaroda.co.in Contact Person: Mr. Anurag Bhushan
Union Bank of India Industrial Finance Branch, No. 23, 1st Floor, Archana Complex, JC Road, Bangalore 560 002 Tel: +91 (80) 22958218/ +91 (80) 2295820/ 22235362 Fax: +91 (80) 22235362 E-mail: ifbbangalore@unionbankofindia.com Website: www.unionbankofindia.com Contact Person: Mr. K.S. Rawat	**Syndicate Bank** Manipal Center, 2nd floor, North Wing, Dickenson Road, Bangalore 560 042 Tel: +91 (80) 25582274, +91 (80) 25587294 Fax: +91 (80) 25582273 E-mail: br.0461@syndicatebank.co.in Website: www.syndicatebank.co.in Contact Person: Ms. Kriti Gupta / Mr. Sudhanshu Suman
State Bank of India Industrial Finance Branch 61, Residency Plaza, Residency Road, Bangalore 560 025. Tel: +91 (80) 25129510	

Fax: +91 (80) 25581853
E-mail: sbi.09077@sbi.co.in
Website: www.sbi.co.in
Contact Person: Mr. Avijeet Pandey

IPO grading

No credit rating agency, registered with SEBI has been appointed in respect of obtaining grading for the Offer.

Inter se allocation of responsibilities

The following table sets forth the inter se allocation of responsibilities for various activities among the BRLMs:

Sr. No.	Activity	Responsibility	Designated Coordinating BRLM
1	Capital structuring with relative components and formalities such as type of instruments, etc.	SBICAP, Axis	SBICAP
2	Due-diligence of our Company including operations/management/business plans/legal, etc. drafting and design of the Draft Red Herring Prospectus, the Red Herring Prospectus, this Prospectus including the memorandum containing salient features of the Prospectus. The Book Running Lead Managers shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, the RoC and SEBI, including finalisation of Prospectus and the RoC filing	SBICAP, Axis	SBICAP
3	Drafting and approving all pre-offer statutory advertisements	SBICAP, Axis	SBICAP
4	Drafting and approving all post-offer statutory advertisements	SBICAP, Axis	Axis
5	Drafting and approving non-statutory advertisements including corporate advertisements	SBICAP, Axis	SBICAP
6	Preparation and finalization of the road-show presentation and frequently asked questions for the road-show team	SBICAP, Axis	Axis
7	Appointment of intermediaries, viz. (including co-ordination and finalization of agreement with them),		
	i. Printer(s)	SBICAP, Axis	Axis
	ii. Registrar to the Offer	SBICAP, Axis	Axis
	iii. Advertising agency	SBICAP, Axis	Axis
	iv. Bankers to the Offer	SBICAP, Axis	SBICAP
8	**International Institutional marketing of the Offer, which will cover, *inter alia,***	SBICAP, Axis	Axis
	• Institutional marketing strategy		
	• Finalizing the list and division of investors for one to one meetings, and		
	• Finalizing road show schedule and investor meeting schedules		
9	**Domestic Institutional marketing**	SBICAP, Axis	SBICAP
	• Domestic Institutional marketing of the Offer		
	• Finalizing the list and division of investors for one to one meetings		
	• Finalizing road show schedule and investor meeting schedules		
10	**Non-institutional and retail marketing of the Offer, which will cover, *inter alia,***	SBICAP, Axis	SBICAP
	• Formulating marketing strategies, preparation of publicity budget		
	• Finalizing media and public relations strategy		
	• Finalizing centers for holding conferences for brokers, etc.		
	• Follow-up on distribution of publicity and Offer material including application form, prospectus and deciding on the quantum of the Offer material		
	• Finalizing collection centers		
11	Co-ordination with Stock Exchanges for Book Building Process software, bidding terminals, mock trading and payment of 1% security deposit (if any) to the Designated Stock Exchange.	SBICAP, Axis	Axis
12	Managing the book and finalisation of pricing in consultation with	SBICAP, Axis	SBICAP

Sr. No.	Activity	Responsibility	Designated Coordinating BRLM
	the Selling Shareholder and our Company (including all valuation & pricing related presentations)		
13	Post bidding activities including essential follow-up steps with Bankers to the Offer and Self Certified Syndicate Bank to get quick estimates of collection and advising the Company about the closure of Offer, management of escrow accounts, co-ordination of allocation, finalization of basis of Allotment based on technical rejections, listing of instruments, intimation of allocation, demat credit and refunds/ unblocking of funds to bidders, release of 1% security deposit (if any), handing of investor grievances for redressal, media compliance report, payment of STT on behalf of Selling Shareholder and co-ordination with the various agencies connected with the post-offer activities such as Registrars to the Offer, Bankers to the Offer, Self Certified Syndicate Banks and the bank handling refund business, etc, including execution of Underwriting arrangement, as applicable.	SBICAP, Axis	Axis

Even if any of these activities are being handled by other intermediaries, the Book Running Lead Managers shall be responsible for ensuring that these agencies fulfil their functions and enable them to discharge this responsibility through suitable agreements with our Company.

Credit Rating

As this is an Offer of Equity Shares, the requirement of credit rating is not applicable.

Experts

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent from the Statutory Auditors, who holds a valid peer review certificate, to include its name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Prospectus and as an "expert" as defined under section 2(38) of the Companies Act, 2013 in respect of the examination report dated March 5, 2018 of the Statutory Auditors on the restated audited financial statements of our Company as of and for the six month period ended September 30, 2017 and the Fiscals ended March 31, 2017, 2016, 2015, 2014 and 2013 and the statement of tax benefits dated March 5, 2018, included in this Prospectus and such consents have not been withdrawn as on the date of this Prospectus.

Trustees

As this is an Offer of Equity Shares, the requirement of appointment of trustees is not applicable.

Appraising Agency

As Offer is an offer for sale, our Company shall not receive any proceeds from the sale of Equity Shares. Consequently, the requirement of an appraising agency is not applicable.

Monitoring Agency

The Offer being an offer for sale, our Company will not receive any proceeds from the Offer and is not required to appoint a monitoring agency for the Offer.

Book Building Process

Book building, in the context of the Offer, refers to the process of collection of Bids from bidders on the basis of the Red Herring Prospectus, the ASBA Forms, and the Revision Forms within the Price Band. The Price Band, minimum Bid lot size, rupee amount of the Retail Discount and Employee Discount, as applicable was decided by the Selling Shareholder and our Company in consultation with the BRLMs, and advertised in all newspapers wherein the Pre-Offer Advertisement was published, at least five Working Days prior to the Bid/ Offer Opening Date and was made available to the Stock Exchanges for the purpose of uploading on their website. The Offer Price was determined by the Selling Shareholder and our Company in consultation with the BRLMs, after the Bid/

Offer Closing Date. The principal parties involved in the Book Building Process are:

(1) our Company;
(2) the Selling Shareholder(s);
(3) the BRLMs;
(4) the Syndicate Member;
(5) the Registrar to the Offer;
(6) the Bankers to the Offer;
(7) the SCSBs;
(8) the CDPs;
(9) the RTAs; and
(10) the Registered Brokers.

All potential Bidders shall participate in the Offer mandatorily through the ASBA process by providing the details of their respective bank accounts in which the corresponding Bid Amount will be blocked by the SCSBs.

In accordance with the SEBI ICDR Regulations, QIB Bidders, and Non-Institutional Bidders are not allowed to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion can revise their Bids during the Bid/ Offer Period and withdraw their Bids until the Bid/ Offer Closing Date. Further, allocation in the QIB Portion and Non-Institutional Portion will be on a proportionate basis.

For further details, see "*Offer Structure*" and "*Offer Procedure*" on pages 702 and 705, respectively.

The process of Book Building under the SEBI ICDR Regulations and the Bidding Process are subject to change from time to time and the investors are advised to make their own judgment about investment through this process prior to submitting a Bid in the Offer.

Bidders should note the Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment; and (ii) the final approval of the RoC after the Prospectus is registered with the RoC.

Withdrawal of the Offer

For details in relation to refund on withdrawal of the Offer, see "*Offer Structure – Withdrawal of the Offer*" on page 701.

Underwriting Agreement

The Selling Shareholder and our Company have entered into the Underwriting Agreement with the Underwriters, and the Registrar to the Offer for the Offered Shares. It is proposed that pursuant to the terms of the Underwriting Agreement, each of the BRLMs shall be severally responsible for bringing in the amount devolved in the event the respective Syndicate Members do not fulfil their underwriting obligations. The underwriting shall be to the extent of the Bids uploaded, subject to Regulation 13 of the SEBI ICDR Regulations. Pursuant to the terms of the Underwriting Agreement, the obligations of each of the Underwriters are several and are subject to certain conditions specified therein.

The Underwriting Agreement is dated March 21, 2018. The Underwriters have indicated their intention to underwrite the following number of Offered Shares:

Name, address, telephone number, fax number and email address of the Underwriters	Indicative Number of Offered Shares to be underwritten	Amount underwritten (₹ million)*
SBI Capital Markets Limited 202, Maker Tower 'E' Cuffe Parade Mumbai 400 005 Tel: +91 (22) 22178300 Fax: +91 (22) 22188332 E-mail: hal.ipo@sbicaps.com	17,053,663	20,565.55

Name, address, telephone number, fax number and email address of the Underwriters	**Indicative Number of Offered Shares to be underwritten**	**Amount underwritten (₹ million)***
Investor grievance e-mail: investor.relations@sbicaps.com Contact Person: Mr. Sandeep Tenneti/ Mr. Gitesh Vargantwar		
SBICAP Securities Limited Marathon Futurex, 12th Floor A&B Wing, Mafatlal Mill Compound N.M. Joshi Marg, Lower Parel Mumbai 400 013, Maharashtra, India Tel: + 91 (22) 4227 3300 Fax: +91 (22) 4227 3390 Email: complaints@sbicapsec.com. Contact Person: Ms. Archana Dedhia	100	0.12
Axis Capital Limited 1st floor, Axis House C-2 Wadia International Centre P.B. Marg, Worli Mumbai 400 025 Tel: +91 (22) 4325 2183 Fax: +91 (22) 4325 3000 E-mail: halipo@axiscap.in Contact Person: Ms. Simran Gadh	17,053,762	20,565.67
Total	34,107,525	41,131.33

**Computed at the Offer Price of Rs. 1,215 per Equity Share, net of Retail Discount and Employee Discount.*

The above-mentioned amount is indicative and will be determined subject to final subscription figures and finalisation of the Basis of Allotment and subject to the provisions of the SEBI ICDR Regulations.

In the opinion of our Board (based on representations given by the Underwriters), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or are registered as brokers with the Stock Exchange(s). The Board of Directors, at its meeting, held on March 21, 2018, has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

Allocation among the Underwriters may not necessarily be in the proportion of their underwriting commitments set forth in the table above. Notwithstanding the above table, each of the Underwriters shall be severally responsible for ensuring payment with respect to the Offered Shares allocated to Bidders procured by them, in accordance with the Underwriting Agreement.

In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscribers for or subscribe to the Offered Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement.

CAPITAL STRUCTURE

The share capital of our Company as on the date of this Prospectus is set forth below:

(in ₹ million, except share data)

	Aggregate nominal value	Aggregate Value at Offer Price
A. Authorised Share Capital*		
600,000,000 Equity Shares	6,000.00	-
B. Issued, subscribed and paid up Equity Share capital before the Offer		
334,387,500 Equity Shares	3,343.88	-
C. Present Offer in terms of this Prospectus		
Offer for Sale of 34,107,525# Equity Shares by the Selling Shareholder(a)	341.08	41,131.33#
The Offer consists of:		
a) QIB Portion of 16,719,374 Equity Shares	167.19	20,314.04
Of which:		
Mutual Fund Portion of 835,969 Equity Shares	8.36	1,015.70
Balance 15,883,405 Equity Shares for all QIBs including Mutual Funds	158.83	19,298.34
b) Non-Institutional Portion of not less than 5,015,813 Equity Shares	50.16	6,094.21
c) Retail Portion of not less than 11,703,563 Equity Shares(c)	117.04	13,927.24
D. Issued, subscribed and paid up Equity Share capital after the Offer		
334,387,500 Equity Shares	3,343.88	-
F. Securities Premium Account		
Before the Offer	Nil	
After the Offer	Nil	

#Subject to final subscription figures and finalisation of the Basis of Allotment.

**For details on changes in authorized share capital of our Company, see "History and Certain Corporate Matters" on page 171.*

(a) The Offer has been authorised by resolution of our Board dated September 27, 2017. The Selling Shareholder, through its letter bearing No. *V.-99011/72/2011-D(HAL-I/II) dated April 26, 2013*, conveyed the approval granted by the GoI for the Offer.

(b) The Selling Shareholder and our Company, in consultation with the BRLMs, offered a discount of ₹ 25 per Equity Share on the Offer Price to the Retail Individual Bidders and the Eligible Employees Bidding under the Employee Reservation Portion, respectively. The amount of Retail Discount and Employee Discount, as applicable, was advertised in all newspapers wherein the Pre-Offer Advertisement was published. For further details, see "*Offer Procedure*" on page 705.

Notes to the Capital Structure:

1. Equity Share capital history of our Company:

Date of Allotment/ date when fully paid up	Number of Equity Shares	Face Value (₹)	Issue price per Equity Share (₹)	Consideration (cash, bonus, consideration other than cash)	Nature of Allotment	Cumulative number of Equity Shares	Cumulative Equity Share Capital (₹)
March 22, 1964	6	100	100	Cash	Allotment to the Promoter as initial subscriber to MOA	6	600
	1	100	100	Cash	Allotment to the Scientific Adviser to the Defence	7	700

Date of Allotment/ date when fully paid up	Number of Equity Shares	Face Value (₹)	Issue price per Equity Share (₹)	Consideration (cash, bonus, consideration other than cash)	Nature of Allotment	Cumulative number of Equity Shares	Cumulative Equity Share Capital (₹)
					Minister as initial subscriber to MOA		
	1	100	100	Cash	Allotment to the Financial Adviser, Ministry of Finance (Defence) as initial subscriber to MOA	8	800
	1	100	100	Cash	Allotment to the Joint Secretary (Production) Ministry of Defence as initial subscriber to MOA	9	900
	1	100	100	Cash	Allotment to the Deputy Secretary (Production), Ministry of Defence as initial subscriber to MOA	10	1,000
	1	100	100	Cash	Allotment to the Officer on Special Duty, Ministry of Defence as initial subscriber to MOA	11	1,100
March 22, 1964	1,62,989	100	100	Cash	Allotment to Promoter	163,000	16,300,000
August 6, 1964	1,17,000	100	100	Cash	Allotment to Promoter	280,000	28,000,000
October 23, 1964	19,39,916*	100	-	Consideration other than cash	Allotment to the Promoter pursuant to the Aircraft Companies Amalgamation Order, 1964 in respect to shares held by the Governor of Mysore in Hindustan Aircraft Limited which was transferred to our Promoter on October 23, 1964	2,219,916	221,991,600
October 23, 1964	60,083*	100	-	Consideration other than cash	Allotment to the Promoter pursuant to the Aircraft Companies Amalgamation Order, 1964 in respect to shares held by Promoter in Hindustan Aircraft Limited	2,279,999	227,999,900
October 23, 1964	1*	100	-	Consideration other than cash	Allotment to the nominee of the Promoter pursuant to the Aircraft Companies Amalgamation Order, 1964 in	2,280,000	228,000,000

Date of Allotment/ date when fully paid up	Number of Equity Shares	Face Value (₹)	Issue price per Equity Share (₹)	Consideration (cash, bonus, consideration other than cash)	Nature of Allotment	Cumulative number of Equity Shares	Cumulative Equity Share Capital (₹)
					respect to shares held by Promoter in Hindustan Aircraft Limited		
October 23, 1964	1,83,000	100	100	Cash	Allotment to Promoter	2,463,000	246,300,000
March 8, 1965	2,20,000	100	100	Cash	Allotment to the Promoter	2,683,000	268,300,000
April 5, 1965	1,00,000	100	100	Cash	Allotment to the Promoter	2,783,000	278,300,000
September 10, 1965	2,50,000	100	100	Cash	Allotment to the Promoter	3,033,000	303,300,000
November 20, 1965	1,50,000	100	100	Cash	Allotment to the Promoter	3,183,000	318,300,000
January 4, 1966	1,50,000	100	100	Cash	Allotment to the Promoter	3,333,000	333,300,000
February 15, 1966	1,70,000	100	100	Cash	Allotment to Promoter	3,503,000	350,300,000
March 31, 1966	1,50,000	100	100	Cash	Allotment to Promoter	3,653,000	365,300,000
	1,50,000*	100		Consideration other than cash	Allotment to the Promoter	3,803,000	380,300,000
June 16, 1966	50,000	100	100	Cash	Allotment to the Promoter	3,853,000	385,300,000
October 19, 1968	2,50,000	100	100	Cash	Allotment to the Promoter	4,103,000	410,300,000
November 29, 1968	2,00,000	100	100	Cash	Allotment to the Promoter	4,303,000	430,300,000
October 22, 1969	1,50,000	100	100	Cash	Allotment to the Promoter	4,453,000	445,300,000
November 27, 1969	1,50,000	100	100	Cash	Allotment to the Promoter	4,603,000	460,300,000
March 30, 1970	1,00,000	100	100	Cash	Allotment to the Promoter	4,703,000	470,300,000
March 30, 1970	90,000*	100	-	Consideration other than cash	Allotment to the Promoter	4,793,000	479,300,000
October 7, 1970	48,000	100	100	Cash	Allotment to the Promoter	4,841,000	484,100,000
November 30, 1970	2,00,000	100	100	Cash	Allotment to the Promoter	5,041,000	504,100,000
August 30, 1972	2,00,000	100	100	Cash	Allotment to the Promoter	5,241,000	524,100,000
October 24, 1972	2,00,000	100	100	Cash	Allotment to the Promoter	5,441,000	544,100,000
July 12, 1973	2,00,000	100	100	Cash	Allotment to the Promoter	5,641,000	564,100,000
February 5, 1974	50,000	100	100	Cash	Allotment to the Promoter	5,691,000	569,100,000
July 29, 1978	3,09,000	100	100	Cash	Allotment to the Promoter	6,000,000	600,000,000
January 17,	10,00,000	100	100	Cash	Allotment to the	7,000,000	700,000,000

Date of Allotment/ date when fully paid up	Number of Equity Shares	Face Value (₹)	Issue price per Equity Share (₹)	Consideration (cash, bonus, consideration other than cash)	Nature of Allotment	Cumulative number of Equity Shares	Cumulative Equity Share Capital (₹)
1984					Promoter		
March 31, 1984	2,00,000	100	100	Cash	Allotment to the Promoter	7,200,000	720,000,000
February 23, 1988	5,00,000	100	100	Cash	Allotment to the Promoter	7,700,000	770,000,000
December 01, 1988	15,00,000	100	100	Cash	Allotment to the Promoter	9,200,000	920,000,000
March 13, 1990	28,50,000	100	100	Cash	Allotment to the Promoter	12,050,000	1,205,000,000
With effect from September 29, 1997, the equity shares of face value of ₹ 100 each were split into 10 Equity Shares of the face value of ₹ 10 each. Accordingly, the shareholding of the Promoter stood revised from 12,050,000 Equity Shares of ₹ 100 each to 120,500,000 Equity Shares of ₹ 10 each							
February 7, 2014	361,500,000	10	-	Bonus (3:1)	Bonus issue in ratio of three Equity Shares for each Equity Share held on the record date i.e. February 7, 2014	482,000,000	4,820,000,000
March 22, 2016**	(120,500,000)	10	-	Cash	Buyback by our Company of Equity Shares from the shareholders	361,500,000	3,615,000,000
November 28, 2017***	(27,112,500)	10	-	Cash	Buyback by our Company of Equity Shares from the shareholders	334,387,500	3,343,875,000

**For further details on Equity Shares issued for consideration other than cash, please refer to the table in paragraph (2) below.*

\# Note: RoC filings pertaining to some of the allotments as per the table above are not traceable. Please refer to the section titled "*Risk Factors –We do not have access to records and data pertaining to certain historical legal and secretarial information in relation to certain disclosures*" on page 37.

*** Buyback of 120,500,000 Equity Shares by our Company at a price of ₹ 355.55 per Equity Share from the existing shareholders as authorized by our shareholders through a resolution dated March 22, 2016.*

**** Buyback of* 27,112,500 *Equity Shares by our Company at a price of ₹ 339.88 per Equity Share from the existing shareholders as authorized by our Board through a resolution dated November 28, 2017.*

The Equity Shares as detailed in the table below were transferred by the President of India to the nominees of the GoI. Further, the nominee(s) of the GoI transfer it to other nominee(s) of the President of India on ceasing to be associated with our Company. Currently, these Equity Shares are held by the following members:

Name	Number of Equity Shares
Mr. A. K. Gupta#	200
Mr. T. Suvarna Raju#	40
Mr. C. V. Ramana Rao#	40
Mr. D. K. Venkatesh#	40
Mr. V. M. Chamola#	40
Mr. Chandraker Bharti#	40

 # As a nominee of the Promoter

2. Except as stated below, our Company has not issued any Equity Shares for consideration other than cash:

Date of Allotment/date when fully paid up	No. of Equity Shares	Face Value (₹)	Type of Allotment	Persons to whom the Equity Shares were issued	Reason for Allotment/Benefits to our Company
October 23, 1964	19,39,916	100	Issuance of Equity Shares for	Promoter	Allotment pursuant to the Aircraft Companies Amalgamation Order, 1964 in

Date of Allotment/date when fully paid up	No. of Equity Shares	Face Value (₹)	Type of Allotment	Persons to whom the Equity Shares were issued	Reason for Allotment/Benefits to our Company
			consideration other than cash		respect to shares held by Promoter in Hindustan Aircraft Limited*
October 23, 1964	60,083	100	Issuance of Equity Shares for consideration other than cash	Promoter	Allotment pursuant to the Aircraft Companies Amalgamation Order, 1964 in respect to shares held by Promoter in Hindustan Aircraft Limited*
October 23, 1964	1	100	Issuance of Equity Shares for consideration other than cash	Nominee of the Promoter	Allotment pursuant to the Aircraft Companies Amalgamation Order, 1964 in respect to shares held by Promoter in Hindustan Aircraft Limited*
March 31, 1966	1,50,000	100	Issuance of Equity Shares for consideration other than cash	Promoter	These Equity Shares were allotted to the Promoter as part consideration of the acquisition of aircraft manufacturing depot, Kanpur
March 30, 1970	90,000	100	Issuance of Equity Shares for consideration other than cash	Promoter	These Equity Shares were allotted by our Company in part satisfaction of the purchase price of the capital assets of aircraft manufacturing depot, Kanpur, acquired by the Company from the Indian Air Force
February 7, 2014	361,500,000	10	Bonus issue in ratio of three Equity Shares for each Equity Share held on the record date i.e. February 7, 2014	Promoter and nominees of the Promoter	Government directive

For details in relation to the Aircraft Companies Amalgamation Order, 1964, see "History and Certain Corporate Matters" on page 171.

3. Except as discussed above, our Company has not allotted any shares in terms of any scheme approved under Sections 391-394 of the Companies Act, 1956.

4. Our Company has not issued any Equity Shares out of its revaluation reserves.

5. Our Company has not made any issue of specified securities at a price that may be lower than the Offer Price during the preceding one year from the date of this Prospectus.

6. Our Company presently does not have any intention or proposal to alter the capital structure for a period of six months from the date of opening of the Offer, by way of split / consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly, for the Equity Shares) whether by way of preferential issue or bonus or right issue or further public issue of Equity Shares or qualified institutions placement or otherwise.

7. Build-up of Promoter's shareholding and Lock-in:

(a) Details of the build-up of the Promoter's shareholding in our Company:

Date of transaction /date when fully paid up	**Nature of transaction**	**Number of the Equity Shares**	**Nature of consideration**	**Face value (₹)**	**Issue/ acquisition /sale price (₹)**	**Cumulative no. of Equity Shares**	**Percentage of total pre-Offer paid-up capital**	**Percentage of total post-Offer paid-up capital**
March 22, 1964	Allotment to the Promoter as initial subscriber to MoA	6	Cash	100	100	6	0.00	0.00
March 22, 1964	Allotment to Promoter	162,989	Cash	100	100	162,995	0.49	0.49
June 20, 1964	Transfer to President of India by nominees of the Promoter	4	Cash	100	100	162,999	0.00	0.00
August 6, 1964	Allotment to Promoter	117,000	Cash	100	100	279,999	0.35	0.35
August 19, 1964	Transfer from the Promoter to nominee of the Promoter	(6)	Cash	100	100	279,993	0.00	0.00
October 23, 1964	Allotment to the Promoter pursuant to the Aircraft Companies Amalgamation Order, 1964 in respect to shares held Promoter in Hindustan Aircraft Limited	1,939,916	Consideration other than cash	100	100	2,219,909	5.80	5.80
October 23, 1964	Allotment to the Promoter pursuant to the Aircraft Companies Amalgamation Order, 1964 in respect to shares held Promoter in Hindustan Aircraft Limited	60,083	Consideration other than cash	100	-	2,279,992	0.18	0.18
October 23, 1964	Allotment to Promoter	183,000	Cash	100	100	2,462,992	0.55	0.55
March 8, 1965	Allotment to Promoter	220,000	Cash	100	100	2,682,992	0.66	0.66
April 5, 1965	Allotment to Promoter	100,000	Cash	100	100	2,782,992	0.30	0.30
September 10, 1965	Allotment to Promoter	250,000	Cash	100	100	3,032,992	0.75	0.75
November 20, 1965	Allotment to Promoter	150,000	Cash	100	100	3,182,992	0.45	0.45
January 4, 1966	Allotment to Promoter	150,000	Cash	100	100	3,332,992	0.45	0.45
February 15, 1966	Allotment to Promoter	170,000	Cash	100	100	3,502,992	0.51	0.51
March 31, 1966	Allotment to Promoter	150,000	Cash	100	100	3,652,992	0.45	0.45
	Allotment to	150,000	Considera	100	-	3,802,992	0.45	0.45

Date of transaction /date when fully paid up	Nature of transaction	Number of the Equity Shares	Nature of consideration	Face value (₹)	Issue/ acquisition /sale price (₹)	Cumulative no. of Equity Shares	Percentage of total pre-Offer paid-up capital	Percentage of total post-Offer paid-up capital
	Promoter		tion other than cash					
June 16, 1966	Allotment to Promoter	50,000	Cash	100	100	3,852,992	0.15	0.15
October 19, 1968	Allotment to Promoter	250,000	Cash	100	100	4,102,992	0.75	0.75
November 29, 1968	Allotment to Promoter	200,000	Cash	100	100	4,302,992	0.60	0.60
October 22, 1969	Allotment to Promoter	150,000	Cash	100	100	4,452,992	0.45	0.45
November 27, 1969	Allotment to Promoter	150,000	Cash	100	100	4,602,992	0.45	0.45
March 30, 1970	Allotment to Promoter	100,000	Cash	100	100	4,702,992	0.30	0.30
March 30, 1970	Allotment to Promoter	90,000	Consideration other than cash	100	-	4,792,992	0.27	0.27
October 7, 1970	Allotment to Promoter	48,000	Cash	100	100	4,840,992	0.14	0.14
November 30, 1970	Allotment to Promoter	200,000	Cash	100	100	5,040,992	0.60	0.60
August 30, 1972	Allotment to Promoter	200,000	Cash	100	100	5,240,992	0.60	0.60
October 24, 1972	Allotment to Promoter	200,000	Cash	100	100	5,440,992	0.60	0.60
July 12, 1973	Allotment to Promoter	200,000	Cash	100	100	5,640,992	0.60	0.60
February 5, 1974	Allotment to Promoter	50,000	Cash	100	100	5,690,992	0.15	0.15
July 29, 1978	Allotment to Promoter	309,000	Cash	100	100	5,999,992	0.92	0.92
January 17, 1984	Allotment to Promoter	1,000,000	Cash	100	100	6,999,992	3.00	3.00
March 31, 1984	Allotment to Promoter	200,000	Cash	100	100	7,199,992	0.60	0.60
February 23, 1988	Allotment to Promoter	500,000	Cash	100	100	7,699,992	1.50	1.50
December 1, 1988	Allotment to Promoter	1,500,000	Cash	100	100	9,199,992	4.49	4.49
March 13, 1990	Allotment to Promoter	2,850,000	Cash	100	100	12,049,992	8.52	8.52
December 14, 1995	Transfer from the Promoter to nominees of the Promoter	(2)	Cash	100	200	12,049,990	0.00	0.00
With effect from September 29, 1997, the Equity Shares of face value of ₹ 100 each were split into 10 Equity Shares of the face value of ₹ 10 each.								
February 7, 2014	Bonus issue in ratio of three Equity Shares for each Equity Share	361,499,700	Bonus (3:1)*	10	-	481,999,600	108.11	108.11
March 22, 2016	Buyback by our Company of Equity Shares from the shareholders	(120,500,000)	Cash	10	355.55	361,499,600	(36.04)	(36.04)
November 28, 2017	Buyback by our Company of Equity Shares	(27,112,500)	Cash	10	339.88	334,387,100	(8.11)	(8.11)

Date of transaction /date when fully paid up	**Nature of transaction**	**Number of the Equity Shares**	**Nature of considera tion**	**Face value (₹)**	**Issue/ acquisition /sale price (₹)**	**Cumulative no. of Equity Shares**	**Percent age of total pre-Offer paid-up capital**	**Percenta ge of total post-Offer paid-up capital**
	from the shareholders							
Total		**334,387,100****					**99.99**	**99.99**

**On February 7, 2014, our Company capitalised its general reserve pursuant to the provisions of Article 144(a) of the Articles of Association and other applicable laws and issued Bonus Equity Shares in the ratio of 3:1 to the existing shareholders as on record date i.e. February 7, 2014.*

*** Excluding 400 Equity Shares which are being held by nominees on behalf of the Promoter.*

Our Promoter presently holds 100% of the issued, subscribed and paid up Equity Share capital of our Company and all the Equity Shares held by the Promoter were fully paid-up on the respective dates of acquisition of such Equity Shares. After the Offer, the shareholding of our Promoter will be 89.80% of the post Offer paid-up Equity Share capital of our Company.

(b) *Offer for Sale by the Selling Shareholder:*

The Offer is an offer for sale of 34,107,525 Equity Shares by the Promoter, President of India, acting through the MoD, GoI. The Equity Shares under the Offer have been held by the Selling Shareholder for a period of at least one year prior to the filing of the Draft Red Herring Prospectus with SEBI.

(c) *Details of Promoter's contribution locked in for three years:*

As per Regulation 32(1)(a) and 36 of the SEBI ICDR Regulations, an aggregate of 20% of the post-offer equity share capital of our Company, i.e. 66,877,500 Equity Shares held by our Promoter shall be considered as promoter's contribution and locked in for a period of three years from the date of Allotment ("**Promoter's Contribution**").

The MoD pursuant to its letter bearing reference number 99011/3/2017-D(HAL-II) dated September 4, 2017 granted consent to include 72,300,000 Equity Shares held by them as Promoter's Contribution and have agreed not to sell or transfer or pledge or otherwise dispose-off in any manner, the Promoter's Contribution from the date of filing of the Draft Red Herring Prospectus until the commencement of the lock-in period specified above.

The MoD has confirmed to our Company and the BRLMs that the acquisition of Equity Shares (constituting the 20% of the fully diluted post-Offer equity share capital of our Company) has been financed from the consolidated fund of India and no loans or financial assistance from any bank or financial institution has been availed for such purpose.

Details of Promoter's shareholding that would be locked in as Promoter's contribution is as provided below:

Date of transaction/ date when fully paid up	**Nature of transaction**	**Number of the equity shares**	**Nature of consider ation**	**Face valu e (₹)**	**Issue/ acquisition/sal e price (₹)**	**Percentag e of total pre-Offer paid-up capital (%)**	**Percentag e of total post-Offer paid-up capital (%)**
February 7, 2014	Bonus issue in ratio of three Equity Shares for each Equity Share	66,877,500	Bonus (3:1)	10	-	20	20
	TOTAL	**66,877,500 (1)**				**20**	**20**

(1) Out of the total 361,499,700 Equity Shares allotted to our Promoter on February 7, 2014, 66,877,500 Equity Shares have been considered for lock-in towards minimum Promoter's contribution.

All Equity Shares, which are considered for the purposes of the Promoter's Contribution, are eligible as per the SEBI ICDR Regulations.

The minimum Promoter's Contribution has been brought in to the extent of not less than the specified minimum lot and from persons defined as 'Promoter' under the SEBI ICDR Regulations. All Equity Shares offered as minimum Promoters' contribution were fully paid up at the time of their issue.

The Equity Shares that are being locked-in are eligible for computation of Promoter's Contribution under Regulation 33 of the SEBI ICDR Regulations. In this connection, we confirm the following:

(i) The Equity Shares offered for minimum 20% Promoter's Contribution are not acquired in the last three (3) years: (a) for consideration other than cash and revaluation of assets or capitalization of intangible assets or (b) arising from bonus issue by utilization of revaluation reserves or unrealised profits of our Company or from a bonus issue against Equity Shares which are otherwise ineligible for computation of Promoters contribution;

(ii) The equity shares offered for minimum 20% Promoters Contribution does not include any equity shares acquired during the preceding one year at a price lower than the price at which equity shares are being offered to the public in the Offer;

(iii) The equity shares offered for minimum 20% Promoter's Contribution have not been formed by the conversion of partnership firm into a company;

(iv) The equity shares offered for a minimum 20% Promoter's Contribution are not pledged; and

(v) The equity shares offered for minimum 20% Promoter's Contribution does not consist of equity shares for which specific written consent has not been obtained from the Promoter for inclusion of its subscription in the minimum Promoter's Contribution subject to lock-in.

(vi) All the Equity Shares held by the Promoters are held in dematerialised form.

(d) Details of other equity share capital locked-in for one year:

In terms of Regulation 37 of SEBI ICDR Regulations and in addition to the above Equity Shares (forming part of the Promoter's Contribution) that are locked-in for three years, the entire pre-Offer share capital of our Company, will be locked-in for a period of one year from the date of Allotment in this Offer, excluding the Equity Shares that are Allotted pursuant to the Offer.

(e) Other requirements in respect of lock-in:

In terms of Regulation 39 of SEBI ICDR Regulations, Equity Shares held by our Promoter which are locked in for a period of one year may be pledged only with scheduled commercial banks or PFIs as collateral security for loans granted by such banks or financial institutions, provided that the pledge of the Equity Shares is one of the terms of the sanction of the loan.

The Equity Shares held by the Promoter may be transferred to new promoters or persons in control of our Company, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended.

8. Shareholding Pattern of our Company

Pursuant to Regulation 31 of the Listing Regulations, the holding of specified securities are divided into the following three categories:

(a) Promoter and promoter group;
(b) Public; and
(c) Non Promoter - Non Public.

Summary statement holding of Equity Shareholders as on date of this Prospectus

Category (I)	Category of shareholder (II)	Nos. of shareholders (III)	No. of fully paid up Equity Shares held (IV)	No. of Partly paid-up Equity Shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)		No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of Equity Shares held in dematerialized form (XIV)
								No of Voting Rights	Total as a % of (A+B+C)			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
								Class – Equity Shares								
(A)	Promoter and Promoter Group	7*	334,387,500	-	-	334,387,500	100.00%	334,387,500	100.00%	-	100.00%	-		-		334,387,500
(B)	Public	-	-	-	-	-	-	-	-	-	-	-		-		-
(C)	Non Promoter-Non Public	-	-	-	-	-	-	-	-	-	-	-		-		-
(C1)	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-		-		-
(C2)	Shares held by Employee Trusts	-	-	-	-	-	-	-	-	-	-	-		-		-
(C3)	Shares underlying ESOP's	-	-	-	-	-	-	-	-	-	-	-		-		-
	Total	**7**	**334,387,500**	**-**	**-**	**334,387,500**	**100.00%**	**334,387,500**	**100.00%**	**-**	**100.00%**	**-**		**-**		**334,387,500**

** The President of India and his nominees hold the 100% of the Equity Shares of the Company out of which 334,387,100 Equity Shares are held by the President of India and 400 Equity Shares by the nominees of the President of India.*

9. Eligible Employees Bidding in the Employee Reservation Portion can Bid upto a Bid Amount of ₹ 500,000. However, a Bid by an Eligible Employee in the Employee Reservation Portion will be considered for allocation, in the first instance, for a Bid Amount of upto ₹ 200,000. In the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 500,000. The unsubscribed portion, if any, in the Employee Reservation Portion (after allocation over ₹ 200,000), shall be added to the Net Offer. In the event of under-subscription in the Net Offer, spill over to the extent of under-subscription shall be allowed from the Employee Reservation Portion to the Net Offer. Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in the Non-Institutional Portion or the Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of the Selling Shareholder and our Company, in consultation with the BRLMs and the Designated Stock Exchange, on a proportionate basis. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. All Bidders shall participate in the Offer mandatorily through the ASBA process, providing the details of their respective bank accounts, which will be blocked by SCSBs.

10. The list of top ten shareholders of our Company and the number of Equity Shares held by them is as under:

a. *Top ten shareholders as on the date of this Prospectus:*

Name of the Shareholders	**Number of Equity Shares**	**% of pre-Offer Share Capital**
President of India	334,387,100	99.99
Mr. A. K. Gupta#	200	Negligible
Mr. T. Suvarna Raju#	40	Negligible
Mr. C. V. Ramana Rao#	40	Negligible
Mr. D. K. Venkatesh#	40	Negligible
Mr. V. M. Chamola#	40	Negligible
Mr. Chandraker Bharti#	40	Negligible

#*As a nominee of the Promoter*

b. *Top ten shareholders as on 10 days before this Prospectus:*

Name of the Shareholders	**Number of Equity Shares**	**% of pre-Offer Share Capital**
President of India	334,387,100	99.99
Mr. A. K. Gupta#	200	Negligible
Mr. T. Suvarna Raju#	40	Negligible
Mr. C. V. Ramana Rao#	40	Negligible
Mr. D. K. Venkatesh#	40	Negligible
Mr. V. M. Chamola#	40	Negligible
Mr. Chandraker Bharti#	40	Negligible

#*As a nominee of the Promoter*

c. *Top ten shareholders as on two years before the date of filing of this Prospectus*

Name of the Shareholders	**Number of Equity Shares**	**% of pre-Offer Share Capital**
President of India	481,999,600	99.99
Mr. A. K. Gupta#	200	Negligible
Mr. T. Suvarna Raju#	40	Negligible
Mr. D. K. Venkatesh #	40	Negligible
Mr. K.K. Pant#	40	Negligible
Mr. V. M. Chamola#	40	Negligible
Mr. C. V. Ramana Rao #	40	Negligible

#*As a nominee of the Promoter.*

11. Neither the Promoter nor the Directors and their immediate relatives have purchased or sold any Equity Shares during the period of six months immediately preceding the date of filing of the Draft Red Herring

Prospectus.

12. Our Directors, Mr. T. Suvarna Raju, Mr. C. V. Ramana Rao, Mr. V. M. Chamola and Mr. D. K. Venkatesh hold Equity Shares of our Company as a nominee of our Promoter. None of our Directors and KMPs hold Equity Shares of our Company in their individual capacities.

13. The total number of holders of the Equity Shares as on the date of this Prospectus is 7 consisting of the President of India and its nominees.

14. The Promoter, our Company, the Directors and the BRLMs have not entered into any buyback or standby arrangements or any other similar arrangement for purchase of Equity Shares from any person, being offered in this Offer.

15. As on the date of this Prospectus, the Book Running Lead Managers and/or their associates do not hold any Equity Shares.

16. There will be only one denomination of the Equity Shares, unless otherwise permitted by law.

17. There have been none and there will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of the Draft Red Herring Prospectus with the SEBI until the Equity Shares have been listed on the Stock Exchanges.

18. There has been no financing arrangement by which the Directors of our Company and their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of business of the financing entity during the period of six months immediately preceding the date of filing of the Draft Red Herring Prospectus with the SEBI.

19. None of our Equity Shares are pledged.

20. The Equity Shares, including the Equity Shares in the Offer for Sale, are fully paid-up and there are no partly paid-up Equity Shares.

21. Our Company does not currently have any employee stock option scheme / employee stock purchase scheme for its employees.

22. This Offer is being made under Rule 19(2)(b)(iii) of the SCRR read with Regulation 41 of the SEBI ICDR Regulations, wherein at least 10% of the post-Offer paid-up Equity Share capital our Company will be offered to the public. Our Company is eligible for the Offer in accordance with Regulation 26(1) of the SEBI ICDR Regulations.

23. The Offer is being made through the Book Building Process, wherein 50% of the Net Offer was made available for allocation to QIBs on a proportionate basis. 5% of the QIB Portion was made available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB Portion is allocated on a proportionate basis to all QIBs, including Mutual Funds. Further, not less than 15% of the Net Offer was made available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer was made available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations. Further, upto 668,775 additional Equity Shares was made available for allocation and Allotment on a proportionate basis to the Eligible Employees Bidding in the Employee Reservation Portion.

24. Our Company has not made any public issue of its Equity Shares or rights issue of any kind since its incorporation.

25. No person connected with the Offer, including, but not limited to, the BRLMs, the members of the Syndicate, our Company, the Selling Shareholder, the Directors and the KMPs, shall offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any Bidder for making a Bid.

26. There are no outstanding convertible securities or any other right which would entitle any person any option to receive Equity Shares after the Offer.

27. An oversubscription to the extent of 10% of the Net Offer can be retained for the purposes of rounding off to the nearer multiple of minimum allotment lot.

28. Our Company ensured that transactions in the Equity Shares by the Promoters between the date of registering the Red Herring Prospectus with the RoC and the closure of the Offer, if any, shall be reported to the Stock Exchanges within 24 hours of such transaction.

29. Except to the extent of tendering Equity Shares in the Offer as the Selling Shareholder, our Promoter will not participate in the Offer.

OBJECTS OF THE OFFER

The objects of the Offer are: (i) to carry out the disinvestment of 34,107,525 Equity Shares by the Selling Shareholder constituting 10% of our Company's Pre-Offer paid up Equity Share capital our Company; and (ii) to achieve the benefits of listing the Equity Shares on the Stock Exchanges. Our Company will not receive any proceeds from the Offer and all proceeds shall go to the Selling Shareholder.

Offer related expenses

The total expenses of the Offer are estimated to be approximate ₹ 194.98 million. The expenses of the Offer include, among others, underwriting and management fees, selling commissions, printing and distribution expenses, legal expenses, statutory advertisement expenses, registrar and depository fees and listing fees.

All Offer related expenses shall be borne by the Selling Shareholder through the DIPAM. However, expenses in relation to: (i) the filing fees to SEBI; (ii) NSE/BSE charges for use of software for the book building; (iii) payments required to be made to Depository or the Depository Participants for transfer of shares to the beneficiaries account; and (iv) printing and stationery expenses, share be borne by the BRLMs. Payments, if any, made by our Company in relation to the Offer shall be on behalf of the Selling Shareholder and such payments will be reimbursed to our Company.

The estimated Offer expenses are as under:

Sr. No.	Activity	Estimated amount (₹ in million)	As a % of total estimated Offer expenses#	As a % of Offer size#
1.	Payment to BRLMs (including underwriting commission)	0.00	0.00	0.00
2.	Selling commission and processing fees^ for SCSBs, brokerage, bidding charges and selling commission for Syndicate Member, Registered Brokers, RTAs and CDPs**	70.75	36.29	0.17
3.	Fees payable to the Registrar to the Offer	0.00	0.00	0.00
4.	Others: i. Other regulatory expenses^ ii. Advertising and marketing for the Offer iii. Fees payable to Legal Counsels iv. Miscellaneous	124.22	63.71	0.30
	Total estimated Offer expenses	194.98	100.00	0.47

^ Expenses borne by the BRLMs

*** Selling commission payable to the SCSBs on the portion for Retail Individual Investors, the portion for Non-Institutional Investors and the portion for Eligible Employees, which are directly procured by them, would be as follows:*

Portion for Retail Individual Investors	*0.35% of the Amount Allotted* (plus applicable taxes)*
Portion for Non-Institutional Investors	*0.15% of the Amount Allotted* (plus applicable taxes)*
Portion for Eligible Employees	*0.25% of the Amount Allotted* (plus applicable taxes)*

** Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price*

No additional uploading/processing charges shall be payable to the SCSBs on the applications directly procured by them.

The Selling Commission payable to the SCSBs will be determined on the basis of the bidding terminal id as captured in the Bid Book of BSE or NSE.

Processing fees payable to the SCSBs for processing the Bid cum Application Form procured from Retail Individual Investors, Non-Institutional Investors and Eligible Employees by members of the Syndicate /Sub-Syndicate Members/Registered Brokers /RTAs /CDPs and submitted to SCSBs for blocking would be as follows:

Portion for Retail Individual Investors	*₹10 per valid application* (plus applicable taxes)*
Portion for Non-Institutional Investors	*₹10 per valid application* (plus applicable taxes)*
Portion for Eligible Employees	*₹10 per valid application* (plus applicable taxes)*

**For each Valid Application.*

SCSBs will be entitled to a processing fee of ₹ 10 (plus applicable taxes), per valid ASBA Form, subject to total ASBA Processing Fees being maximum of ₹ 3.0 million (plus applicable taxes), for processing the ASBA Forms procured by the members of the Syndicate, Sub-Syndicate, Registered Brokers, RTAs or CDPs from Retail Individual Bidders, Non-Institutional Bidders and Eligible Employees and submitted to the SCSBs. In case the total ASBA processing charges payable to SCSBs *exceeds ₹3.0 million, then the amount payable to SCSBs would be proportionately distributed based on the number of valid applications such that the total ASBA processing charges payable does not exceed ₹3.0 million.*

Brokerages, selling commission and processing/uploading charges on the portion for Retail Individual Investors, the portion for Non-Institutional Investors and the portion of Eligible Employees which are procured by members of Syndicate (including their Sub-Syndicate Members), RTAs and CDPs would be as follows:

***Brokerages, selling commission payable to the members of Syndicate (including their Sub-Syndicate Members), RTAs and CDPs on the portion for Retail Individual Investors, the portion for Non-Institutional Investors and the portion for Eligible Employees which are procured by them**:*

Portion for Retail Individual Investors	*0.35% of the Amount Allotted* (plus applicable taxes)*
Portion for Non-Institutional Investors	*0.15% of the Amount Allotted* (plus applicable taxes)*
Portion for Eligible Employees	*0.25% of the Amount Allotted* (plus applicable taxes)*

** Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price*

The Selling Commission payable to the Syndicate / Sub-Syndicate Members will be determined on the basis of the application form number / series, provided that the application is also bid by the respective Syndicate / Sub-Syndicate Member. For clarification, if a Syndicate ASBA application on the application form number / series of a Syndicate / Sub-Syndicate Member, is bid by an SCSB, the Selling Commission will be payable to the SCSB and not the Syndicate / Sub-Syndicate Member.

The payment of Selling Commission payable to the sub-brokers / agents of Sub-Syndicate Members are to be handled directly by the respective Sub-Syndicate Member.

The Selling Commission payable to the RTAs and CDPs will be determined on the basis of the bidding terminal id as captured in the Bid Book of BSE or NSE.

Selling commission payable to the Registered Brokers on the portion for Retail Individual Bidders, Non-Institutional Bidders and Eligible Employees which are directly procured by the Registered Brokers and submitted to SCSB for processing would be as follows:

Portion for Retail Individual Bidders	*₹ 10 per valid application* (plus applicable taxes)*
Portion for Non-Institutional Bidders	*₹10 per valid application* (plus applicable taxes)*
Portion for Eligible Employees	*₹10 per valid application* (plus applicable taxes)*

**Based on Valid Applications.*

The total selling commission payable to Registered Brokers will be subject to a maximum cap of ₹0.10 million (plus applicable GST). In case the total selling commission payable to Registered Brokers exceeds ₹0.10 million, then the amount payable to Registered Brokers would be proportionately distributed based on the number of valid applications such that the total selling commission payable does not exceed ₹ 0.10 million.

BASIS FOR OFFER PRICE

The Offer Price has been determined by the Selling Shareholder and our Company in consultation with the BRLMs on the basis of assessment of market demand for the Equity Shares determined through the Book Building Process and is justified on the basis of the following qualitative and quantitative factors. See "*Risk Factors*" beginning on page 14 and the Consolidated Restated Summary Statements as set out in the section "*Financial Statements*" beginning on page 221 to have a more informed view. The trading price of the Equity Shares of our Company could decline due to the factors mentioned in the section "*Risk Factors*" and you may lose all or part of your investment. The face value of the Equity Shares is ₹ 10 each and the Offer Price is 121.5 times the face value at the lower end of the Price Band and 124 times the face value at the higher end of the Price Band.

Qualitative Factors

Competitive strengths

- Long credible history of research, design and development, manufacturing and maintenance, repair and overhaul services
- Established track record in offering product life cycle support extending to periods beyond four decades.
- Strong design & development capabilities
- Leadership Position in the Indian Aeronautical industry and strong GoI support
- Diversified product portfolio
- Strong financial track record
- Experienced management team and operating team

For further details regarding some of the qualitative factors which form the basis for computing the Offer Price, please refer to the sections titled "*Our Business*" on page 126

Quantitative Factors

Information presented in this section is derived from our consolidated restated financial statements for the six month period ended September 30, 2017 and the Fiscals 2017, 2016 and 2015 in the section titled "*Financial Statements*" on page 221.

Some of the quantitative factors which may form the basis for computing the Offer Price are as follows:

1. *Basic and Diluted Earnings per shares, as adjusted for changes in Capital:*

As per Restated Consolidated Financial Information:

Period	Basic EPS (₹)	Diluted EPS (₹)	Weight
Fiscal 2017	73	73	3
Fiscal 2016	42	42	2
Fiscal 2015	21	21	1
Weighted Average	54	54	
Six month period ended September 30, 2017*(Not Annualised)	11	11	

**Post completion of Buyback of 27,112,500 Equity shares of ₹10 each, at a price of ₹339.88 per Equity Share, in December, 2017, the Basic and Diluted EPS would be ₹12 (Not Annualised)*

As per Restated Standalone Financial Information:

Period	Basic EPS (₹)	Diluted EPS (₹)	Weight
Fiscal 2017	73	73	3
Fiscal 2016	42	42	2
Fiscal 2015	21	21	1
Weighted Average	54	54	
Six month period ended September 30, 2017*(*Not Annualised)*	11	11	

**Post completion of Buyback of 27,112,500 Equity shares of ₹10 each, at a price of ₹339.88 per Equity Share,* *in December, 2017, the Basic and Diluted EPS would be ₹12 (Not Annualised)*

Notes:

(a)*Weighted average = Aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. [(EPS x Weight) for each year] / [Total of weights]*

(b)*Earnings per share calculations are in accordance with Indian Accounting Standard 33 "Earnings per Share" issued by the Institute of Chartered Accountants of India.*

$$\text{Basic Earnings Per Share (₹)} = \frac{\text{Net Profit after tax (as restated) attributable to Shareholders}}{\text{Weighted Average Number of Post Bonus Issue Equity Shares outstanding at the end of the period/year}}$$

$$\text{Diluted Earnings Per Share (₹)} = \frac{\text{Net Profit after tax (as restated) attributable to Shareholders}}{\text{Weighted Average Number of Dilutive Equity Shares Outstanding at the end of the period/year}}$$

(c) The face value of each Equity Share is ₹ 10

2. Price Earning Ratio ("P/E") in relation to the Price Band of ₹ 1,215 to ₹ 1,240 per Equity Share*:*

Particulars	P/E Ratio at the Lower end of Price band (no. of times)	P/E Ratio at the Upper end of Price band (no. of times)
Basic EPS for the year ended March 31, 2017on a Consolidated Basis	16.64	16.99
Basic EPS for the year ended March 31, 2017on a Standalone Basis	16.64	16.99
Diluted EPS for the year ended March 31, 2017 on a Consolidated Basis	16.64	16.99
Diluted EPS for the year ended March 31, 2017 on a Standalone Basis	16.64	16.99

Industry P/E Ratio:

As there are no listed companies in India that are directly comparable to the business carried on by the Company, no comparison of Price Earning Ratio with industry peers is available.

3. Average Return on Net worth ("RoNW"):

As per Restated Consolidated Financial Information of our Company:

Period	RoNW (%)	Weights
Fiscal 2017	21	3
Fiscal 2016	18	2
Fiscal 2015	7	1
Weighted Average	17.67	-
Six month period ended September 30, 2017**(Not Annualised)*	3	

**Post completion of Buyback of 27,112,500 Equity shares of ₹10 each, at a price of ₹339.88 per Equity Share, in December, 2017, the Return on Networth would be 3% (Not Annualised)*

As per Restated Standalone Financial Information of our Company:

Period	RoNW (%)	Weights
Fiscal 2017	21	3
Fiscal 2016	18	2
Fiscal 2015	7	1
Weighted Average	17.67	-
Six month period ended September 30, 2017* *(Not Annualised)*	3	

**Post completion of Buyback of 27,112,500 Equity shares of ₹10 each, at a price of ₹339.88 per Equity Share, in December, 2017, the Return on Networth would be 3% (Not Annualised)*

Notes:

1. *Weighted average = Aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. [(EPS x Weight) for each year] / [Total of weights]*
2. *Return on Net Worth (%) = Net Profit after Tax (as restated) divided by Net worth at the end of the year/period*
3. *Net worth has been computed by aggregating Equity share capital and Other Equity as per the audited restated financial information.*
4. *Average Return on Net Worth (%) = Aggregate of year wise weighted Return on Net Worth (%) divided by Aggregate of Weights*

4. Minimum Return on Increased Net Worth after Offer required to maintain Pre-Offer EPS for the Fiscal ended March 31, 2017:

There will be no change in the Net Worth post Offer as the Offer is by way of Offer for Sale by the Selling Shareholder.

5. Net Asset Value per Equity Share

Period	NAV (₹)
For Fiscal 2017on Standalone Basis	347
For Fiscal 2017 on Consolidated Basis	347
For six month period ended September 30, 2017 on Standalone Basis	358
For six month period ended September 30, 2017 on Consolidated Basis*)*	358

**Post completion of Buyback of 27,112,500 Equity shares of ₹10 each, at a price of ₹339.88 per Equity Share, in December, 2017, the Net Asset Value per Equity Share would be ₹353*

There will be no change in Net Asset Value per Equity Share post the Offer as the Offer is by way of the Offer for Sale by the Selling Shareholder.

Notes:

1. *Offer Price per Equity Share will be determined on conclusion of the Book Building Process.*

2. *Net Asset Value Per Equity Share = net worth as per the restated financial information divided by number of equity shares outstanding as at the end of year/period*

3. *Net worth has been computed by aggregating Equity share capital and other Equity as per the audited restated financial information.*

6. Comparison with industry peers

There are no listed companies in India that engage in a business similar to that of the Company. Hence, industry comparison in relation to the Company is not applicable.

7. The Offer Price will be 121.5 times of the face value of the Equity Shares

The Offer Price of ₹ 1,215 has been determined by the Selling Shareholder and our Company, in consultation with the BRLMs on the basis of the demand from investors for the Equity Shares determined through the Book Building Process and is justified based on the aforementioned qualitative and quantitative factors. For further details, see "*Risk Factors*" on page 14 and the financials of our Company, as set out in "*Financial Statements*" on page 221.

STATEMENT OF TAX BENEFITS

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS

March 5, 2018

To,
The Board of Directors
Hindustan Aeronautics Limited
15/1 Cubbon Road
Bangalore 560 001

Respected Sirs,

Subject: Statement of possible special tax benefits (“the statement) available to Hindustan Aeronautics Limited (the “Company”) and its Shareholders

1. We, S. Venkatram & Co., Chartered Accountants (having registration number 04656S) hereby enclose herewith the statement showing the current position of special tax benefits available to the Company and to its shareholders as per the provisions of the Income Tax Act, 1961, as applicable to the assessment year 2018-19 relevant to the financial year 2017-18 for inclusion in the Red Herring Prospectus and Prospectus (collectively the “**Offer Documents**”) in connection with the proposed issue.

2. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Income Tax Act, 1961. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilment of such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

3. The benefits discussed in the enclosed statement are neither exhaustive nor conclusive. Further, the preparation of the enclosed Statement and its contents was the responsibility of the Management of the Company. We were informed that, this statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Issue. We are neither suggesting nor are we advising the investor to invest money or not to invest money based on this statement.

4. We do not express any opinion or provide any assurance as to whether:

   (1) the Company or its shareholders will continue to obtain these benefits in future;
   (2) the conditions prescribed for availing the benefits have been/would be met with;
   (3) the revenue authorities/courts will concur with the views expressed herein.

5. **Limitations**

   Our views expressed herein are based on the facts and assumptions indicated above. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretations, which are subject to change from time to time by subsequent legislative, regulatory, administrative or judicial decisions. We do not assume responsibility to update the views consequent to such changes.

6. We hereby consent to the extracts of this certificate and annexure being used in the Red Herring Prospectus and Prospectus of the Company in connection with the Offer is solely for your information and submission of this certificate as may be necessary, to any regulatory authority and is not to be used, referred to or distributed for any other purpose without our prior written consent.

7. Terms capitalised and not defined herein shall have the same meaning as ascribed to them in the Red Herring Prospectus.

Yours faithfully,
For S. Venkatram & Co
Chartered Accountants,

S. Venkataramani
Partner
Membership No.: 015700
Firm Registration No.: 004656S

Annexure to the Statement of Tax Benefits

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS

This statement is only intended to provide the Special tax benefits available to the Company and its Equity Shareholders under the Income Tax Act, 1961 in a general and summarized manner and does not purport to be exhaustive or comprehensive and is not intended to be a substitute for professional advice. In view of the individual nature of tax consequence and the changing tax laws, each investor is advised to consult their own tax advisor with respect to specific tax implications arising out of their participation in the Offer.

I. UNDER THE INCOME TAX ACT, 1961 (THE "ACT")

A. SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY

There are no special tax benefits available to the Company.

B. SPECIAL TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS OF THE COMPANY

The shareholders of the Company are not entitled to any special tax benefits under the Act.

Notes:

(a) The above statement of Direct Tax Benefits sets out the possible tax benefits available to the Company and its shareholders under the current tax laws presently in force in India.

(b) This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Offer.

(c) We have not commented on the taxation aspect under any law for the time being in force, as applicable, of any country other than India. Each investor is advised to consult its own tax consultant for taxation in any country other than India.

(d) Our views expressed in this statement are based on the facts and assumptions as indicated in the statement. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

SECTION IV – ABOUT THE COMPANY

INDUSTRY OVERVIEW

Outlook of the Indian Aerospace and Defence Sector

Defence
(*Source: Defence Manufacturing Sector Achievements Report dated February 13, 2017*)

India has the third largest military in the world and is the sixth largest spender in defence**.** India is also one of the largest importers of conventional defence equipment and spends approximately 30% of its total defence budget on capital acquisitions. 60% of Indian's defence-related requirements are currently met through imports. In addition, the 'Make in India' initiative by the Government is focusing its efforts on increasing indigenous defence manufacturing with the aim of becoming self-reliant. The opening up of the defence sector for private sector participation is helping foreign OEMs to enter into strategic partnerships with Indian companies and leverage opportunities in the domestic market as well as global markets.

India's focus on indigenous manufacturing in the defence sector has yielded certain benefits as the MoD over the last two years unveiled several products manufactured in India including the LCA Tejas, the composites sonar dome, a portable telemedicine system for the armed forces, penetration-cum-blast and thermobaric ammunition specifically designed for the Arjun tanks, the Varunastra heavyweight torpedo manufactured with 95% locally sourced parts and medium range surface-to-air missiles. The Defence Acquisition Council under the MoD cleared defence sector transactions with a value of more than ₹ 820 billion under the 'Buy and Make (Indian)' and 'Buy Indian' categories. These transactions include the procurement of Light Combat Aircraft, T-90 tanks, mini UAVs and light combat helicopters.

During the Financial Years 2016, 2015 and 2014, ₹ 20,592 million, ₹ 16,820 million and ₹ 11,534 million worth of defence platforms, equipment and spares manufactured in India were exported to more than 28 countries. The major defence equipment exported by the DPSUs and Ordnance Factory Board ("OFB") are patrol vessels, helicopters including their spares, sonars and radars, avionics, radar warning receivers, small arms, small calibre ammunition, grenades and telecommunication equipment. Items for which there is a capacity constraint, the DPSUs are permitted to export up to 10% of their annual production to explore market opportunities for exports.

The Union budget of the Government of India for 2017-18 allocates ₹ 2,623,900 million for defence expenditures excluding pension, which represents an increase of 5.3% from ₹ 2,490,990 million for 2016-2017 (Budgetary Estimate). However, this allocation represents a decrease to 1.6% in the allocation as a percentage of GDP for 2017-18 from 1.7% for 2016-17 and constitutes the lowest allocation as a percentage of GDP since 2000-01. The current budgeted allocation of defence expenditures include ₹ 1,758,610 million for revenue expenditure and ₹ 865,290 million for capital expenditure. This allocation for revenue expenditure and capital expenditure increased by 8.1% and 0.2% over the previous year's allocations.

Lower allocation toward defence expenditure for the year 2017-18 in terms of percentage of GDP and marginal increase in capital expenditure are expected to have a negative impact on the new acquisition and modernisation plan of the armed forces and will continue to pose challenges to manufacturing companies such as HAL.

Civil
(*Source: Initiative of Ministry of Commerce and Industry of India (www.ibef.org))*

The Indian civil aviation sector is amongst the fastest growing market and is expected to become the third largest by 2020 and the largest by 2030. Presently, India is the world's ninth largest civil aviation market. The total passenger traffic registered in India in 2016-17 is approximately 264.97 million which grew by 18.5% from 223.6 million in 2015-16. Passenger traffic in India has expanded at a CAGR of 12.39% during 2006-17 to 2016-17. Total freight traffic in India grew by a CAGR of 7.95% from 2006-07 to 2016-17. In addition, freight traffic in India is expected to be 11.4 million ton by year 2032. Growth in Indian imports and exports will be the key driver for growth in freight traffic as 30% of total trade is undertaken by airways.

Industry Participants in Defence Sector
(Source: MoD Annual Report 2016-2017)

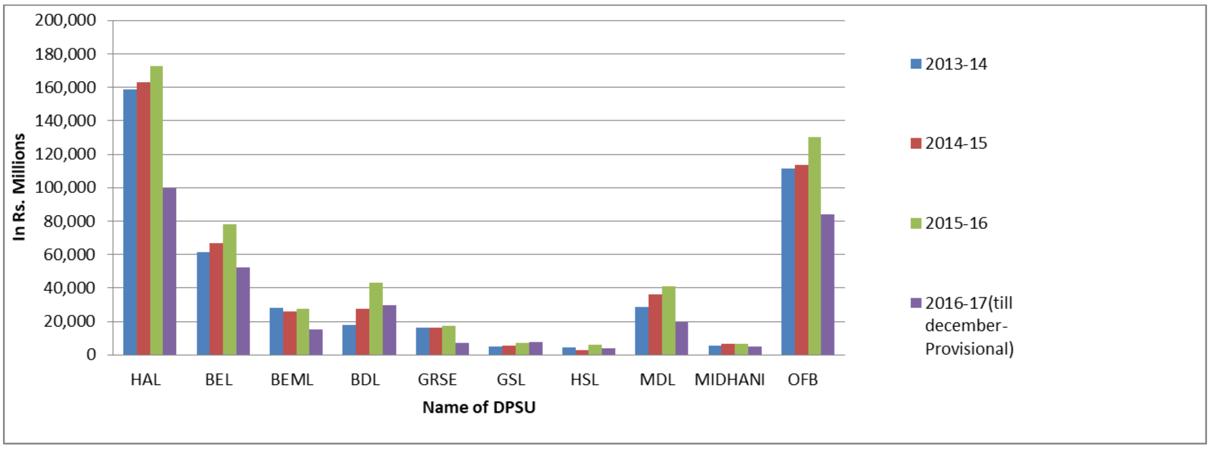
The defence sector in India primarily consists of DPSUs, the OFB, Defence Research and Development

Organisation ("DRDO") and to a lesser extent private companies. DPSUs and the OFB are state owned defence enterprises of the Department of Defence Production, MoD.

Defence Public Sector Undertakings
(Source: MoD Annual Report 2016-2017)

Organisations under the Department of Defence Production includes 10 production organisations comprising of the OFB and nine DPSUs. These nine DPSUs are Hindustan Aeronautics Limited ("HAL"), Bharat Electronics Limited ("BEL"), Bharat Dynamics Limited ("BDL"), BEML Limited ("BEML"), Mishra Dhatu Nigam Limited ("MIDHANI"), Mazagon Dock Shipbuilders Limited ("MDL"), Garden Reach Shipbuilders & Engineers Limited ("GRSE"), Goa Shipyard Limited ("GSL") and Hindustan Shipyard Limited ("HSL"). DPSUs are large corporate entities in which the Indian government may have up to 100% ownership. DPSUs typically produce aerospace, electronics and warship products and technology for land, sea and air operations.

In 2016-2017, HAL was the largest production organisation under Department of Defence Production in terms of value of production. The graph below shows the value of production of the nine DPSUs and the OFB from 2013 to 2016:



Source: MoD Annual Report 2016-2017

Private Companies
(Source: MoD Annual Report 2016-2017, Defence Manufacturing Sector Achievements Report dated February 13, 2017 and "FDI in Defence Sector" by Press Information Bureau Government of India Ministry of Defence dated March 31, 2017)

Private sector defence companies are limited in India, and have only been permitted to produce defence sector products and technologies since 2001. However, private companies engaged in the defence sector are subject to certain guidelines and government approvals regarding licencing for the production of arms and ammunition. FDI policy in defence sector was last reviewed under Press Note No. 5 (2016 Series) on June 24, 2016. As per the current FDI policy, foreign investment up to 49% is permitted under the automatic route, foreign investment beyond 49% and up to 100% is permitted through Government approval, wherever it is likely to result in access to modern technology or other specified reasons. FDI in the defence sector requires an industrial licence under the Industries (Development & Regulation) Act, 1951. From July 2016 to January 2017, FDI in the amount of ₹ 0.61 lakhs has been received from M/s Elbit Systems Land and C41 Ltd, Israel for M/s BF Elbit Advanced Systems Pvt. Ltd.

A number of provisions are applicable which are aimed to ensure that India's national security will not be adversely affected by the FDI policy, although the Government has not made a formal assessment of any such effects. Operating under the FDI policy requires an industrial licence which is granted by the Licensing Committee of the Department of Industrial Policy and Promotion, after taking into account the security clearance of the Ministry of Home Affairs. In addition, the industrial license is conditioned on complying with a security manual issued by Licenced Defence Companies. Such security manual prescribes detailed guidelines which are applicable to certain physical, information, documentation, cyber and personal security aspects. Such security manual also prescribes for a security audit of such companies by the Intelligence Bureau. In January 2002, the Department of Industrial Policy and Promotion, in consultation with the Ministry of Defence, issued the guidelines for licensing production of arms and ammunition. Consequently, the role of the private sector shifted from being the supplier of raw materials, components and sub-systems to being partners in the manufacture of complete advanced equipment and systems. The Department of Industrial Policy and Promotion has thus far issued 342 industrial licences covering 205 companies up to June 2016 for the manufacture of a wide range of defence items to private companies.

Since private companies have entered into the Indian defence sector, not only have foreign manufacturers formed joint ventures with private Indian companies, several private Indian companies have also acquired interests in foreign defence companies to further develop defence products and technologies. However, private companies have only begun winning major domestic and international contracts recently, since 2011.

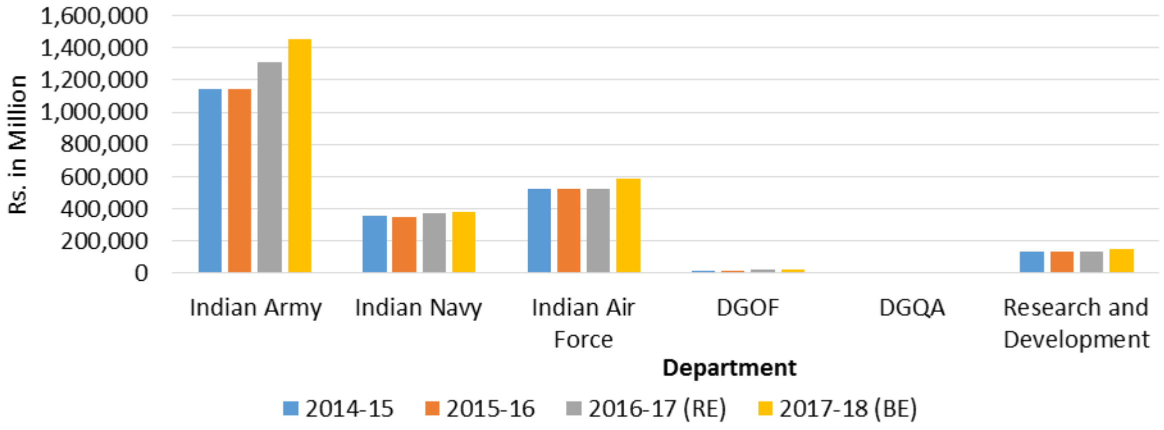
After opening up of the defence sector for Indian private sector participation, 36 FDI proposals and joint ventures have been approved for the manufacture of various defence equipments, both in public and private sector. FDI amounting to ₹ 258 million (US$5.1 million) has been received in the defence sector from April 2000 to September 2016.

Defence Expenditure

(Source: MoD Annual Report 2016-2017)

The finance division in the Ministry of Defence deals with financial issues and is headed by the Secretary (Defence Finance) and Financial Advisor (Defence Services). The Ministry of Defence has enhanced delegated financial powers and exercises these powers in concurrence with the finance division in the Ministry of Defence. The finance division prepares the defence services estimates, civil estimates of the Ministry of Defence and the estimates in respect of the defence pensions.

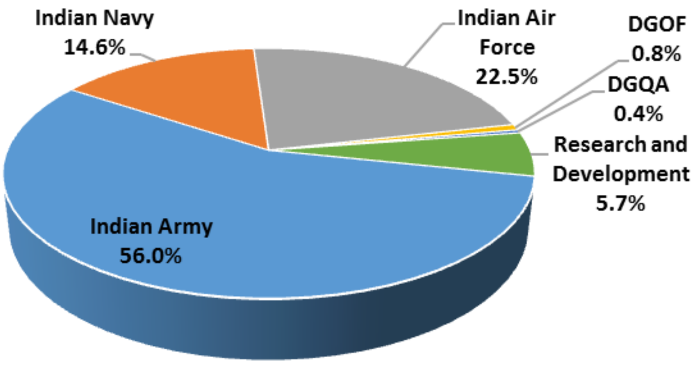
The table below shows the breakdown of the defence expenditures and estimates for future years by service and departments between 2014 and 2018:



Source: MoD Annual Report 2016-2017

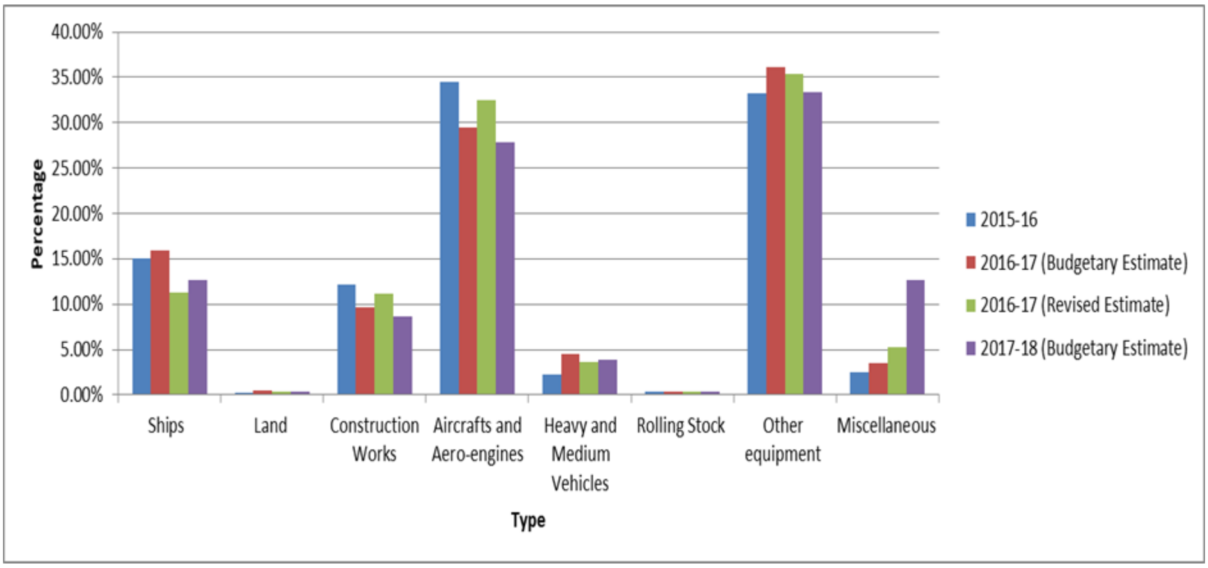
The pie chart below shows the percentage of the estimated allocation of the defence expenditures by service and departments for Financial Year 2018:

Service/Department-wise Allocation as percentage to Total Defence Estimates For Financial Year 2018 (Budgetary Estimate)



Source: MoD Annual Report 2016-2017

The graph below shows the breakdown of capital expenditure by type for the years indicated:



Defence Procurement Procedures
(Source: DPP 2016)

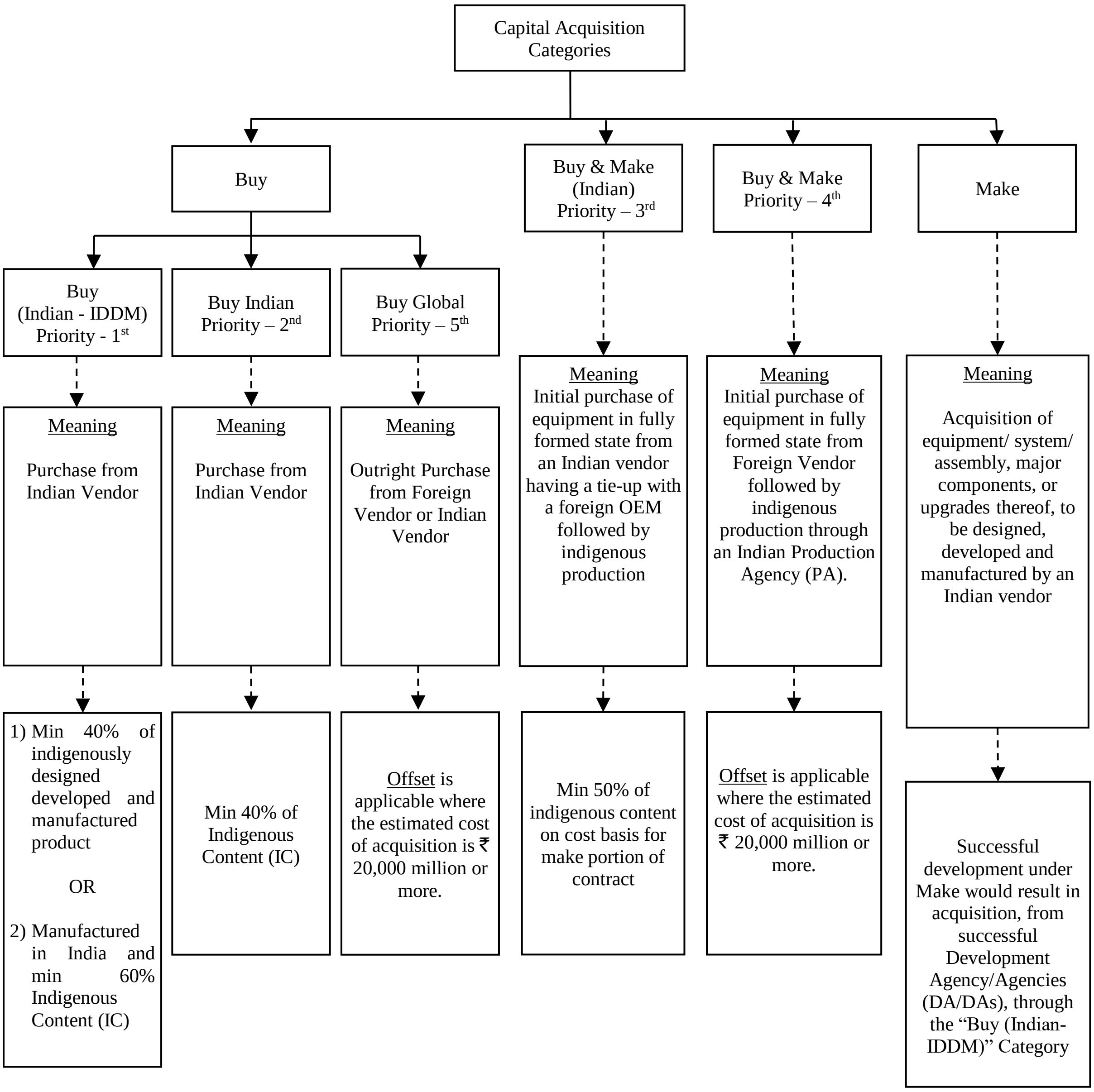
In 2002, the Indian Government introduced the Defence Procurement Procedure ("DPP"). DPP was aimed to ensure expeditious procurement of approved requirements of Armed Forces in terms of capabilities sought and time-frame prescribed, by optimally utilising allocated budgetary resources.

The scope of these procedures has been revised and enlarged through periodical reviews resulting in the promulgation of the DPP 2003, 2005, 2006, 2008, 2011, 2013 and 2016. These amendments have seen the expansion of the categorisation process from only the 'Buy' cases to 'Buy (Indian)', 'Buy and Make (Indian)', 'Make', 'Buy and Make through Transfer of Technology', 'Buy (Global)' and most recently, 'Buy-(Indian-IDDM)' categories. The latest DPP 2016 explicitly states the order of priority when procuring the defence equipment. The highest priority is 'Buy (Indian - IDDM)', followed by 'Buy (Indian)', Buy and Make (Indian)', 'Buy and Make' and finally, 'Buy (Global)'.

There were also refinements in offset policy and introduction of a new chapter on shipbuilding, given the complex and distinct nature of the shipbuilding process. Offset policy guidelines were introduced in 2005 to implement minimum offset obligations of 30% of the contract value on capital acquisitions categorised as 'Buy (Global)' or

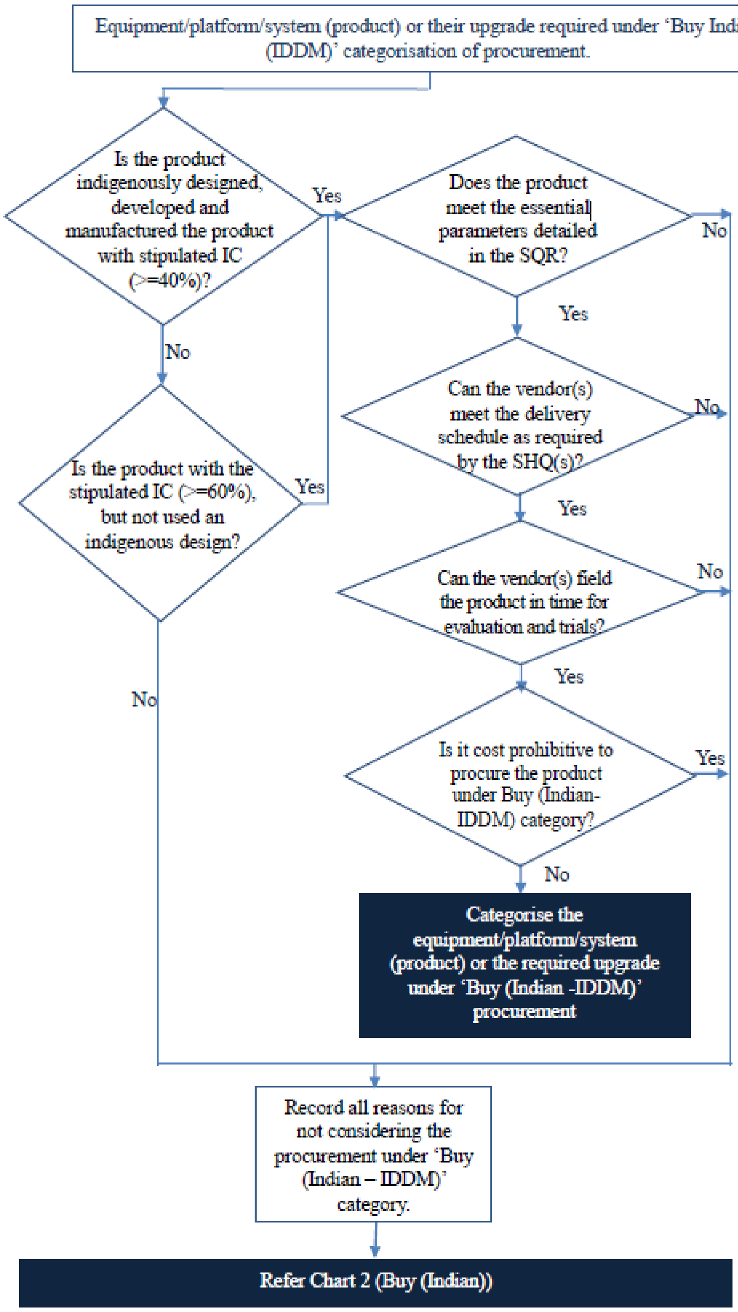
'Buy and Make with transfer of technology', where the value of the contract is ₹ 300 crores or greater. Since then the policy had been reviewed regularly along with the DPP, including major changes such as the introduction of 'Offset Banking', the expansion of the avenues for discharge of offset obligations, provision of multipliers and the extension of banking periods. The latest DPP 2016 has increased the minimum value of the contract to ₹ 2,000 crores or more for applicability of offset provision.

The figure below illustrates the categories of capital acquisitions under the DPP 2016:



The key change in the DPP 2016 was the new 'Buy (Indian-IDDM)' category. The highest preference of categorisation is given to the 'Buy (Indian-IDDM)' category. This 'Buy (Indian-IDDM)' category refers to the procurement of products from an Indian vendor meeting one of two conditions, namely products that have been indigenously designed, developed and manufactured with a minimum of 40% indigenous content on cost basis of the total contract value. Alternatively, the second condition is that the products must have 60% indigenous content on cost basis of the total contract value, which may not have been designed and developed indigenously. The vendor must prove that the equipment design is indigenous and this will be verified by a committee comprising scientists from DRDO and representatives from the service headquarters (SHQ).

The flow chart below illustrates the steps to be considered in the new and highest preference 'Buy (Indian-IDDM)' category:



Source: DPP 2016

DPP Strategic Partnership Model

In May 2017, the Government of India has introduced the DPP Strategic Partnership Model to establish a transparent, objective and functional mechanism to encourage broader participation of the private sector, in addition to the capacities of DPSUs and the OFB, in manufacturing of major defence platforms.

Partnerships under the DPP Strategic Partnership Model will be established between the MoD and the selected Indian private entity. The overall aim will be to progressively build indigenous capabilities in the private sector to design, develop and manufacture complex weapon systems for the future needs of the armed forces.

The DPP Strategic Partnership Model seeks to identify a few Indian private companies as strategic partners who would initially tie up with a few shortlisted foreign OEMs to manufacture military platforms and equipments. In the initial phase, the selection of strategic partners would be confined to four segments, namely: (i) fighter aircrafts, (ii) helicopters, (iii) submarines and (iv) armoured fighting vehicles and main battle tanks. In each segment, only one strategic partner would generally be selected.

Market Drivers and Future Trends

Equipment Replacement and Procurement

As the Indian government targets further indigenisation of its defence sector, domestic demand is expected to drive the market and defence spending. As existing equipment is rendered obsolete by technological advances, new equipment procurement will be necessary, the geopolitical climate will also affect demand for defence equipment and the inventory levels required for combat readiness.

Export Market Opportunities

As the domestic defence sector grows, it is expected that India will have opportunities to develop its export market for defence engineering services and components. Foreign vendors may seek to satisfy their offset obligations under the DPP by sourcing military components from India, particularly with the latest introduction of the 'Buy (Indian-IDDM)' category under DPP 2016. With the advantage of a lower manufacturing costs and skilled engineers, India may be able to provide foreign markets with a cost-effective solution to defence budget cuts.

Upgrading Existing Fleet

The Indian Armed Forces aim to procure newer and more advanced aircrafts and to revamp its fleet in the next 10 to 20 years. In addition, it plans to procure more than 1,000 rotary wing aircrafts, including attack, utility, multi-role and lift platforms. The table below shows a breakdown of India's requirement for aircrafts and helicopters over approximately the next 10 to 20 years:

Sl. No.	Platform
A	Aircraft
1	Light Transport Aircraft (AVRO replacement)
2	Transport Aircraft (An-32 replacement)
3	LCA Tejas
4	AMCA
5	FGFA*
6	Single Engine Fighter Aircraft*
7	Basic trainer aircraft*
B	Helicopters
7	VVIP Helicopter
8	Heavy Lift Helicopter
9	Attack Helicopter
10	Naval Utility Helicopter (NUH)
11	Multi Role Helicopter (MRH)
12	Light Combat Helicopter (LCH)
13	ALH Dhruv
14	Cheetal
15	LUH/Ka-226t
16	MALE UAV*
17	Mini UAV*
C	Upgrade*
18	Hawk Upgrade*
19	Su-30 MkI Upgrade*

Source: E&Y Eye on Defence Jan 2017 (p.13)
Note : *- Not included in E&Y Eye on Defence Jan 2017

Our Company endeavours to participate in most of the Indian Armed Forces' requirements of services as mentioned in the prior table.

Export Controls

For security reasons, governments may employ export controls on defence equipment.

OUR BUSINESS

This section should be read together with "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Financial Statements" included on pages 14, 634 and 221, respectively. With effect from April 1, 2016, we have prepared our financial statements in accordance with Ind AS. Accordingly, our restated financial information for the six month period ended September 30, 2017 and the Financial Years 2017, 2016 and 2015 included in this Prospectus has been prepared under Ind AS while our restated financial information for the Financial Years 2014 and 2013 included in this Prospectus has been prepared under Indian GAAP. References to "restated" below are to our restated financial information.

Overview

We have been conferred with the "Navratna" status by the GoI in June 2007 and are the largest DPSU in terms of value of production according to the MoD Annual Report 2016-2017. We were the 39th largest aerospace company in the world in terms of revenue (in USD million) in 2016 according to Flight International. We are engaged in the design, development, manufacture, repair, overhaul, upgrade and servicing of a wide range of products including, aircraft, helicopters, aero-engines, avionics, accessories and aerospace structures.

Our operations are organised into five complexes, namely the Bangalore Complex, MiG Complex, Helicopter Complex, Accessories Complex, and Design Complex, which together include 20 production divisions and 11 research and design centres ("R&D Centres") located across India. We rely on indigenous research as well as enter into technology transfer and licence agreements to manufacture our products. In addition, we have entered into 13 commercial joint ventures to grow our operations.

We have a sustained track record of profitability and have paid dividends to our stakeholders every year for over four decades. As of December 31, 2017, our order book was ₹ 684,610 million, which generally includes products and services to be manufactured and delivered and excludes anticipated revenues from our joint ventures and subsidiaries.

The table below summarises our financial results for the periods indicated:

Particulars(1)	**Six month period ended September 30**	**Financial Year**		
	2017	**2017**	**2016**	**2015**
	(₹ in millions except percentages)			
Revenue from operations (net of excise duty)	51,725	179,515	167,585	156,475
Exports	1,542	4,650	4,461	4,941
EBITDA(2)	8,683	43,148	40,761	25,642
EBITDA margin(3) (%)	16.8%	24.0%	24.3%	16.4%
Profit before tax	6,096	35,917	32,133	16,727
Profit after tax	3,910	26,247	20,043	9,941

(1) For details, see the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations - Significant Factors affecting Results of Operations - Cyclicality in Product Delivery and Revenue Recognition".

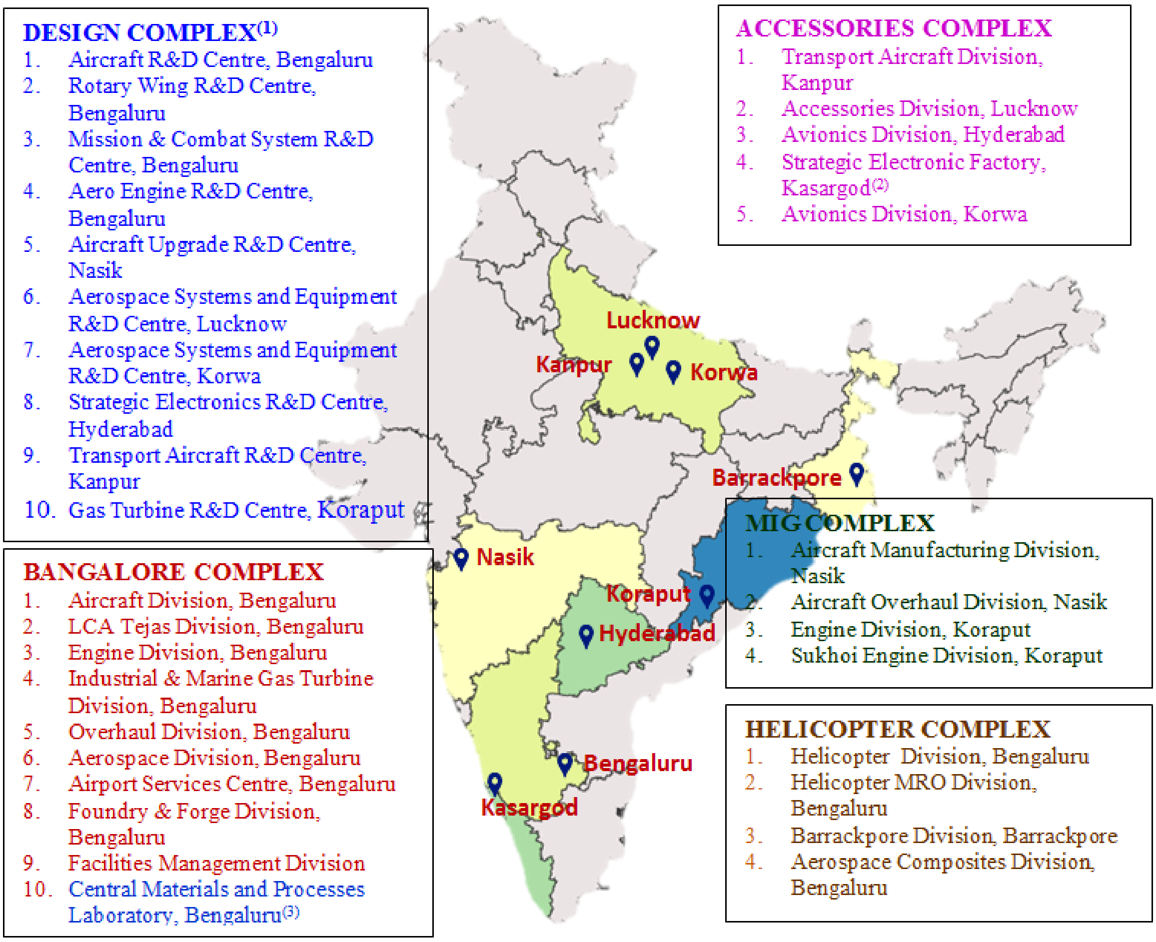
(2) We define EBITDA as earnings before interest, finance cost, tax, depreciation, amortisation expense and impairment loss.

(3) EBITDA margin is calculated by dividing EBITDA with revenue from operations (net of excise duty).

In addition to sales to the Indian Defence Services, which accounted for 91.4%, 93.3%, 94.2% and 92.6% of our total sales in the six-month period ended September 30, 2017 and in Financial Years 2017, 2016 and 2015, respectively, we sell our products and provide services to state governments, para-military forces and corporates. In addition, during the Financial Year 2017, we exported our products and services, primarily spares, to more than 13 countries. During the six month period ended September 30, 2017 and during the Financial Years 2017 and 2016, exports of products and services accounted for 3.0%, 2.6% and 2.7%, of our revenue from operations (net of excise duty) respectively.

Our Company was conferred with the "Navratna" status by the GoI in June 2007 which provides us with strategic and operational autonomy and enhanced powers to make prompt investment decisions, subject to an overall investment ceiling set by the GoI. We sign a memorandum of understanding with the MoD on a yearly basis, which outlines various targeted performance parameters for a given year. Our Company has also received an "Excellent" rating from the GoI every year from the Financial Years 2002 to 2016. In addition, we were conferred with the "Raksha Mantri's Award for Excellence in Performance" for the "Institutional Category" for the years 2007-2008, 2009-2010, 2010-2011, 2012-2013 and 2015-2016. Our Aircraft Upgrade R&D Centre ("AURDC") was conferred with the "Raksha Mantri's Award for Excellence in Performance (Design Effort)"in relation to the MiG-27 aircraft for the year 2005-06. We also received the "SCOPE Excellence" award for the "Institutional Category" for the year 2011-2012, the "SCOPE Meritorious" award for research and development, technology development and innovation for the year 2012-2013 and the "SCOPE Meritorious" award for good corporate governance for the year 2014-2015.

The following map shows our manufacturing locations and R&D Centres across India:



DESIGN COMPLEX(1)

1. Aircraft R&D Centre, Bengaluru
2. Rotary Wing R&D Centre, Bengaluru
3. Mission & Combat System R&D Centre, Bengaluru
4. Aero Engine R&D Centre, Bengaluru
5. Aircraft Upgrade R&D Centre, Nasik
6. Aerospace Systems and Equipment R&D Centre, Lucknow
7. Aerospace Systems and Equipment R&D Centre, Korwa
8. Strategic Electronics R&D Centre, Hyderabad
9. Transport Aircraft R&D Centre, Kanpur
10. Gas Turbine R&D Centre, Koraput

ACCESSORIES COMPLEX

1. Transport Aircraft Division, Kanpur
2. Accessories Division, Lucknow
3. Avionics Division, Hyderabad
4. Strategic Electronic Factory, Kasargod(2)
5. Avionics Division, Korwa

BANGALORE COMPLEX

1. Aircraft Division, Bengaluru
2. LCA Tejas Division, Bengaluru
3. Engine Division, Bengaluru
4. Industrial & Marine Gas Turbine Division, Bengaluru
5. Overhaul Division, Bengaluru
6. Aerospace Division, Bengaluru
7. Airport Services Centre, Bengaluru
8. Foundry & Forge Division, Bengaluru
9. Facilities Management Division
10. Central Materials and Processes Laboratory, Bengaluru(3)

MIG COMPLEX

1. Aircraft Manufacturing Division, Nasik
2. Aircraft Overhaul Division, Nasik
3. Engine Division, Koraput
4. Sukhoi Engine Division, Koraput

HELICOPTER COMPLEX

1. Helicopter Division, Bengaluru
2. Helicopter MRO Division, Bengaluru
3. Barrackpore Division, Barrackpore
4. Aerospace Composites Division, Bengaluru

Notes:

(1) R&D Centres are presented in blue coloured font.

(2) The Strategic Electronic Factory at Kasargod is part of our Avionics Division, Hyderabad.

(3) Central Materials and Processes Laboratory, Bengaluru is part of the Foundry and Forge Division.

Our Strengths

We believe that we have significant industry expertise and knowledge. In particular, we believe that the following strengths enable us to compete successfully in our industry:

Long credible history of research, design and development, manufacturing and maintenance, repair and overhaul ("MRO") services.

Over the years, we have showcased our research, design and development capabilities with the successful development of military aircraft and helicopters such as the Ajeet, Marut, HPT-32, Kiran and Advanced Light

Helicopter. These indigenous aircraft and helicopters were manufactured by us along with aircraft manufactured under licence such as the MiG 21FL/M/BIS, MiG-27, Avro, Jaguar, Dornier 228, Su-30 MkI, Hawk Mk 132 aircraft and licence manufactured helicopters such as the Cheetah and Chetak helicopters, along with the associated engines, accessories and avionics to meet the demand of the Indian Defence customers. We have also upgraded several aircrafts including the MiG-21 BIS, MiG-27 Upgrade and Jaguar in order to enhance their combat capabilities and performance. In addition, we provide support for maintenance, repair and overhaul for these indigenous and licence manufactured aircraft and helicopters, as well as for aircraft and helicopters procured directly by the Indian Defence Services, Mirage 2000 and An-32 aircraft along with the associated engines, accessories and avionics. We also provide maintenance, repair and overhaul services for engines of the MiG-29 aircrafts that the Indian Air Force procured from third parties.

We have the infrastructure required to conduct end-to-end business operations comprising product research, design and development, manufacturing and provision of maintenance, repair and overhaul services to our customers, covering the complete operational life of our products.

Most of our Divisions and R&D Centres comply with quality management system accreditations including international standards such as the AS9100C, ISO9001:2008 and ISO14001:2004 certifications, and the AFQMS certification from the Director General of Aviation Quality Assurance. Our laboratories are accredited by the National Accreditation Board for Testing and Calibration Laboratories (NABL). Our R&D Centres are approved by, among others, the Department of Scientific and Industrial Research (DSIR) and the Center for Military Airworthiness and Certification ("CEMILAC").

Established track record in offering product life cycle support extending to periods beyond four decades.

We have displayed our commitment for providing product life cycle support to our customers to enable them to optimise the utilisation of their aircraft and helicopters. In order to provide support for the duration beyond four decades, we have worked towards mitigating obsolescence issues by indigenising equipment or by stockpiling inventories or by finding alternate vendors for equipment for which OEMs have ceased production. Over time, many of the aircraft and helicopters have been upgraded and/or modified to meet the enhanced combat capability and operational performance requirements of our customers and to extend their usable life mitigating to make them a contemporary and effective platform. We have undertaken upgrade programmes independently as well as in collaboration with OEMs.

Strong design and development capabilities

We have directed our development efforts towards innovative technologies designed to expand our product portfolio, particularly for the defence sector. We have 11 dedicated R&D Centres. We believe that our R&D Centres are capable of developing a wide range of products, upgrading products with combat operational capability and operational performance and maintaining a pipeline of products to meet our future needs. Our R&D Centres have facilities for research and prototype activities and are co-located with our production divisions to provide effective concurrent manufacturing, design and development support which allow us to reduce the time required to develop and market our products and services. We believe that our design capabilities provide us with a significant competitive advantage in the Indian aeronautical industry.

Our R&D Centres are approved by, among others, CEMILAC. We conduct research, design and development activities under customer-funded contracts as well as our own independent funds. Our engineers also work closely with our marketing and business development teams to identify new products, compelling enhancements and/or complementary features in our current products in order to capitalise on opportunities in high growth areas. In the six-month period ended September 30,2017 and in the Financial Years 2017, 2016 and 2015, our research, design and development expenses were ₹ 5,097 million, ₹ 12,837 million, ₹ 11,912 million and ₹ 10,424 million, respectively, which accounted for 9.7%, 6.9%, 6.9% and 6.7%, respectively, of our revenue from operations during such periods.

We also obtain intellectual property protection for products and technologies developed through our research, 7design and development activities. As of December 31, 2017, we owned two trademarks, seven patents, 11 design registrations and 77 copyrights. Our Board has mandated that 10.0% of our operating net profit from the current year can be used for Company-funded research, design and development expenditure. In addition, we have been collaborating with reputable academic and industrial institutions such as the Indian Institutes of Technology ("IITs") and Indian Institute of Science ("IISc") and have also established research chairs at IITs at Kanpur, Roorkee, Chennai, Mumbai and Kharagpur and at IISc Bengaluru which focuses on research in aeronautical engineering.

Leadership position in the Indian aeronautical industry and strong GoI support

We are the largest DPSU in terms of value of production in the Indian defence sector according to the MoD Annual Report 2016-2017. We believe that we have a leadership position in the Indian aeronautical industry as a result of our long-standing relationships, particularly with the Indian Defence Services and the DRDO as well as with various academic institutions and regulatory agencies. As a result of our long operating history, we have also developed a deep knowledge base and understanding of the aeronautical industry, particularly in India.

We believe that we derive a strategic advantage from our strong relationship with the GoI. The GoI is the promoter of our Company, and we also derive a substantial portion of our revenue from the Indian Defence Services. We believe that we have cultivated a relationship of trust and reliability with our customers, including the GoI and the Indian Defence Services, and that our long-term relationship with them allows us to understand their requirements and generate products and services which are responsive to their demands. We also believe that given the long-term nature of our relationship with the GoI, the Indian Defence Services typically reach out to us for the majority of their needs for aerospace products and services.

Diversified product portfolio

We have developed a range of product offerings in order to address the varied requirements of our customers. Our products portfolio includes fighter aircraft, trainer aircraft, transport aircraft, military helicopter and civil helicopters and their engines, avionics and accessories (such as special test equipment and ground handling equipment and ground support equipment), which are both indigenously designed or manufactured under licence.

We have also indigenously designed and developed a mini UAV of the eight kilogram class to meet the emerging requirements of our customers, and intend to subsequently enter into the market of larger UAVs with the Rustom-II medium-altitude, long-endurance UAV which we are jointly developing with the Aeronautical Development Establishment. In order to augment and diversify our portfolio of products and services, we have begun the development of other new products including the Indian Multi Role Helicopter ("IMRH") and commenced new business initiatives including our entry into the civil transport aircraft segment with the civil variant of the Dornier Do-228 aircraft. Furthermore, we began manufacturing industrial marine gas turbines in order to further diversify the range of our product offerings.

We believe that our broad range of products allows our customers to source most of their product categories from a single vendor and enables us to expand our business from existing customers, as well as address a larger base of potential new customers. We also provide comprehensive product servicing, overhaul and upgrade services to our customers including life extensions, failure analysis, defect investigations and product improvements, which we believe provides us with a significant advantage over our competitors.

Strong financial track record

We have a strong financial track record. Our revenue from operations grew from ₹ 156,480 million in the Financial Year 2015 to ₹ 185,549 million in the Financial Year 2017, representing a CAGR of 8.9%.

As of September 30, 2017 we had cash and cash equivalents of ₹ 116,992 million. Cash and cash equivalents were reduced by Rs 11,279 million as a result of the buyback of our Equity Shares in December 2017. As of March 31, 2017, we had cash and cash equivalents of ₹ 111,533 million, compared to ₹ 133,034 million and ₹ 176,714 million as of March 31, 2016 and 2015, respectively. We do not have any long-term indebtedness.

Our net worth was ₹ 148,439 million, ₹ 110,324 million and ₹ 125,591 million as of March 31, 2015, 2016 and 2017, respectively. Our net worth was ₹ 129,436 million as of September 30, 2017. As adjusted for our buyback of 27,112,500 Equity Shares in December 2017, our net worth as of September 30, 2017 would have been ₹ 118,157 million. See "Management's Discussion and Analysis of Results of Operations — Significant Developments after September 30, 2017 That May Affect Our Future Results of Operations." As of December 31, 2017, our order book was ₹ 684,610 million, which generally includes products and services to be manufactured and delivered and excludes anticipated revenues from incomplete portions of existing contracts undertaken by our joint ventures.

We have a record of continuous dividend distribution for over four decades, reflecting our strong financial track record. We also have a strong balance sheet which we believe will help us to make investments required for our growth plan, including investments in research, design and development. In addition, our strong financial ratios and credit ratings currently enable us to have ready access to domestic and international credit markets. Credit Analysis and Research Ltd have granted us a credit rating of “CARE AAA/A1+” for our long term and short term facilities amounting up to ₹ 25,000 million. In addition, India Rating and Research Private Limited have granted us a credit ratings of "IND AAA/Stable" for working capital fund based facilities amounting to up to ₹ 4,500 million and "IND A1+" for non-fund based working capital facilities amounting to up to ₹ 20,500 million.

Experienced management team and operating team

Our senior management team and key management personnel possess extensive management skills, operating experience and industry knowledge and are able to take advantage of market opportunities to formulate business strategies and to execute them in an effective manner. Our senior management personnel are committed to our long-term growth and have shown their ability to steer us through different economic cycles as demonstrated by sustained growth in our revenue. In addition to our senior management team, we believe that our middle management team and skilled work force comprising a large number of engineers and skilled workmen provide us with the depth of expertise and managerial skills required to manage our business. Through cooperation with leading international companies, we believe that we have also assimilated international management practices and corporate governance standards in our operations.

Our Strategies

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

Expand our operations through partnerships or collaboration

Our strategy to provide a broad range of products requires a wide array of technologies and capabilities. The rapid pace of technological development in the aeronautical industry, specialised expertise required in different areas of manufacturing and the process of bringing a product from development to market, makes the product development cycle long and typically requires significant investments. Therefore, in addition to organic growth through our research, design and development efforts, we have historically relied, and will continue to rely, on alliances to gain access to new technologies. We co-develop products with our partners in order to improve the sharing of know-how and reduce the risks and time involved in developing new products, such as the Fifth Generation Fighter Aircraft (FGFA). We also collaborate with our partners to provide product support and services to our customers, including through planned collaboration in HE-MRO, the joint venture between our Company and Safran Helicopter Engines, to provide maintenance repair and overhaul services for the Safran TM333 and our Shakti engines that power HAL-built helicopters. We may also enter into partnerships or joint ventures with partners in developed as well as emerging markets to strengthen our sales and marketing presence. Apart from foreign OEMs, we are jointly working with leading Indian research and development organisations and institutions such as DRDO laboratories, IITs and IISc to support India in achieving self-reliance in the aviation industry.

Diversify through expansion in new growth areas

We have conducted an analysis of our product portfolio and identified opportunities in our product portfolio which are expected to grow in the future to become a potential revenue lines for our Company. These include opportunities in the indigenous aircraft and helicopter aero-engine, helicopter for military and civil roles, UAVs and civil transport aircraft sectors.

For instance, in order to meet the demand for aircraft and helicopter engines, we have initiated the indigenous design and development of the Hindustan Turbo Fan Engine (“HTFE-25”), a 25 kN thrust class turbofan engine, and the Hindustan Turbo Shaft Engine ("HTSE-1200"), a 1,200 KW shaft power engine. In addition, we have initiated the indigenous design and development of a mini UAV of the eight kilograms class to meet the emerging requirements of military, para-military, police and civil sectors, and intend to subsequently enter into the market of larger UAVs with the Rustom-II medium-altitude, long-endurance UAV which we are jointly developing with the Aeronautical Development Establishment (ADE). Moreover, given the growth in civil aviation in India, we believe an opportunity exists for us to position the Dornier Do-228 aircraft for civil application, which is consistent with the Government's regional connectivity initiative to connect airports in small cities in India.

As the development of our indigenous aircraft and helicopter platforms continue to progress and mature, we intend to expand our export sales of these products as well as aero-structures, avionics, spares and services in international markets. In addition, although we continue to focus on expanding sales of our products globally, we are especially committed to applying and receiving regulatory approvals for our products to be sold in Latin America and South-East Asia, which we believe are high growth markets for our products.

Diversify further into the civil aircraft segment for both manufacturing and servicing opportunities

In the six-month period ended September 30, 2017 and in Financial Year 2017, revenues from sales to the Indian Defence Services continued to represent a significant portion of our total sales, comprising 91.4% and 93.3%, of our total sales, respectively. In order to reduce our dependence on defence products, we aim to increase the contribution of other business segments in future years, such as from the civil aircraft and helicopter segments. We will consider all options for achieving such growth, including partnerships that enhance our overall competitive position and add capabilities to our civil products portfolio. As a result, we have commenced the manufacturing of the civil variant of the Dornier Do-228 aircraft and have obtained the production organisation approval from the DGCA.

Historically, growth of our Company has been driven by the sale of technologically advanced products. We intend to increase our presence in the high value services market, given its counter-cyclical nature and opportunities for sustained growth. We intend to leverage the opportunities arising from the rapid expansion of our in-service civil and defence fleet, which will require support throughout its lifecycle as well as the increasing trend on the part of defence and government agencies to outsource various servicing functions. As a result, we have developed a wide range of value-added and customised services that customers can select based on their own outsourcing policy and needs. This approach provides our customers with solutions that would allow them to significantly reduce operating costs and enhance the quality of their operations.

Develop in-house capabilities to design and develop specialised products including aero-engines

We continuously seek to design, develop and deliver new products to meet our customers' evolving needs while also upgrading our existing product line. We are currently pursuing (i) the design, development and production of the Light Combat Helicopter (“LCH”), Light Utility Helicopter ("LUH"), the Intermediate Jet Trainer (“IJT”), the HTT-40 basic trainer aircraft and a mini UAV, (ii) additional opportunities in the military business through co-development programme such as the Fifth Generation Fighter Aircraft and (iii) research, design and development of the HTFE-25 and HTSE-1200 engines. For more information, see the section entitled "— *Our Business — Products — Products under Development*”.

We received requests for proposal in December 2017 on nomination basis from the Ministry of Defence for (i) the procurement of 83 LCA Mk1A aircraft; and (ii) the procurement of 15 LCH limited series production helicopters from the Ministry of Defence, for which we have yet to submit our proposal. Based on the submission made by our management to the Board of Directors, the Board noted that (i) the estimated cost of supplying 83 LCA Mk1A is approximately ₹ 600,000 million and (ii) a limited series production of 15 LCH and associated equipment at an estimated contract value of approximately ₹ 45,000 million.

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Leverage Existing Cost Advantage

All of our manufacturing and research facilities are located in India which we believe provides us with a cost advantage. Further, we will continue to focus on reducing our operating costs to ensure that we continue to improve our operating margins. We plan to explore and use the most efficient sources of production, whether through our own manufacturing facilities or through third-party manufacturers who are identified and trained by us in order to maintain product quality.

We also intend to continue to invest in operational infrastructure, which we believe will allow us to increase our sales volumes and lower our manufacturing costs as a result of economies of scale. We will also seek to improve labour productivity at our manufacturing facilities by improving production techniques and enhanced training.

Developing Human Capital

We intend to continue to focus on the development of knowledge, skills and capabilities of our manpower in order to enhance our human capital. We believe initiatives for capability building play a crucial role in our drive to achieve improved productivity in the context of an industry that has undergone revolutionary changes both in terms of applicable concepts and technologies. Our Company has begun implementing new human resource management initiatives to realise greater organisational effectiveness and to ensure continuous and timely availability of individuals with proven competence to occupy leadership roles. We also intend to continue our efforts to enhance and expand the skills of our employees through training programmes for workmen who are directly involved in production activities. Our major human resource initiatives include leadership development programmes for senior and middle management executives, introduction of a skill development policy and sponsorship to post-graduate programmes at Cranfield University, UK and the Indian Institutes of Management and the Indian Institutes of Technology.

Enhancing customer satisfaction

In order to realise our strategy to enhance customer satisfaction, we intend to continue to focus on improving our customers' fleet serviceability. We also intend to assist our customers to realise "Zero AOG" (or aircraft operationally grounded) by providing solutions that would help their logistical and other operations. For instance, we have proposed to supply spares on an off-the-shelf basis for one of our products. We have established a MRO hub at our customer's premises to support servicing and AOG clearance to allow our customer to improve its ALH serviceability. We intend to continue to formulate similar warehousing and off-the-shelf supply models for our customer's other fleet. We intend to continue making site visits by our senior management to the Indian Defence Services in order to bring greater visibility of customer concerns and enhance our ability to provide value-adding solutions. Consistent with this objective, experts in various fleet programmes have participated in operator’s conferences and provided inputs to our customers which are aimed to assist them in both flying operations as well fleet maintenance.

We have undertaken significant efforts to provide obsolescence management for our customers' fleet of aircrafts. In addition, we have accelerated our efforts to indigenise products and services in order to reduce costs and potential delays in availability, thereby allowing the minimisation of dependence on foreign OEMs. We have established repair and overhaul facilities for the Hawk and Su-30 MKI aircraft. In the coming years, we intend to enter into agreements with customers to provide complete maintenance support for their fleet, allowing our customers to stay focused on the operations of their fleet.

Optimising operations towards becoming a lead integrator of aircraft platforms

We had revised our existing outsourcing procedures and had also framed a new outsourcing policy with a view to becoming a lead integrator of aircraft platforms, which we believe will allow us to align our strategies with the Government’s “Make in India” initiative and to harness the indigenous talent pool available in the aerospace sector. Our primary objective is to create a strong and vibrant manufacturing ecosystem within the defence and aerospace sector in India by way of vendor development and through building long term partnership and strategic alliance with potential vendors. In order to achieve this goal, we have devised a tiered outsourcing structure to achieve higher levels of outsourcing, with the aim of developing Tier-II suppliers and, gradually, Tier-I suppliers over a period of time while retaining our core competency as a lead integrator. We intend to implement this tiered outsourcing structure by encouraging participation comprising "risk sharing and competent" partners as well as “non-risk sharing and dependent” partners.

Furthermore, we intend to outsource the manufacture of sub-assemblies and major assemblies along with the detailed components. We expect that this process may involve spreading the awareness of airworthy qualities and safety requirements, which may entail initial hand-holding and over-the-shoulder production supervision which we hope will eventually turn such supplier into a reliable partner in our value chain. The pace of such progress will depend upon the willingness of private Indian industries as well as our capability to enter into this low-volume and capital intensive industry.

Our Business

Presently, we manufacture a wide range of products for military and civil use, including aircraft, helicopters, engines, avionics and other accessories. We also provide product servicing, repair, overhaul and upgrade services to our customers. Aircrafts that we presently manufacture include the Sukhoi Su-30 MKI, Dornier 228 and LCA Tejas. We also manufacture the Cheetal and LCH helicopters as well as variants of the Dhruv helicopter. In addition, we manufacture engines, avionics and other accessories which are used in the assembly, servicing, repair and overhaul of our aircraft and helicopters.

Our primary customers are the Indian Defence Forces, namely, the Indian Air Force, Indian Army, Indian Navy and Indian Coast Guard. Further, in India, we sell our products and provide services to central and state governments, para-military forces and corporates. We also export our products and services, primarily spares.

We have 20 production divisions and 11 R&D Centres located across India. In addition, we have entered into 13 commercial joint ventures to improve our access to modern technology and grow our operations in new areas. For details about our joint ventures, see "— *Joint Ventures*".

Products

We have comprehensive design and development capabilities and significant experience in the manufacture of a diversified range of aircraft, helicopters, engines, navigation and communication equipment and aircraft accessories. A brief description of products manufactured by us is set out below.

Aircraft

We manufacture aircraft either using indigenous design or by obtaining technology pursuant to a technology transfer agreement with third parties. Presently, we manufacture aircraft using indigenous technologies, Russian and Western origin technologies. We have used indigenous capabilities to manufacture aircraft in the past, such as the Kiran and the Marut, and are presently undertaking indigenous development of other aircraft, such as the IJT and HTT-40 basic trainer aircraft. For details regarding the indigenous development programme, see "— *Products under Development*".

Aircraft of Russian origin

We currently manufacture the Sukhoi (Su-30 MKI) aircraft of Russian origin. We previously manufactured variants of MiG aircraft under licence. The details of the Sukhoi and MiG variants are as follows:

Sukhoi Su-30 MKI Aircraft

We manufacture the Sukhoi aircraft (Su-30 MKI) pursuant to a licence agreement signed in 2000 with Federal State Unitary Enterprise "State Corporation Rosvoorouzhenie" (presently known as Rosoboronexport), Moscow, Russia. For a description of our licence agreements, see "— *Licence Agreements — Aircraft of Russian Origin*". The Su-30 MKI is a heavy, long-range fighter aircraft which is capable of flying under all-weather conditions with a short take-off and landing run featuring fly-by-wire control in all axes and the capability for in-flight refuelling. It is powered by two AL-31 FP engines which provide high thrust to weight ratio and have thrust vectoring capability. For details, see "— *Engines*". We received the first work order for the Su-30 MKI aircraft from the Indian Defence Services in 2003 and delivered the first Su-30 MKI aircraft after completing repair and overhaul in 2015.

MiG Variants

MiG-21M

MiG-21BIS

MiG-27M

We manufactured variants of MiG aircraft pursuant to licence agreements signed with the Union of Soviet Socialist Republics. For a description of licence agreements, see "— *Licence Agreements — Aircraft of Russian Origin*". The MiG series of aircraft manufactured by our Company comprise the MiG 21 aircraft and its variants including the MiG-21FL, MiG-21M, MiG-21BIS and MiG-27M. We currently service and overhaul MiG aircrafts for the Indian Defence Forces. We have also upgraded the MiG 21BIS and MiG-27M aircrafts with improved avionics and other improved systems and equipment to enhance their operational capabilities. The MiG-27M upgrade having been carried out indigenously based on the know-how gained from our experience with the MiG 21BIS.

Aircraft of Western origin

We have the capability to manufacture the following aircraft of Western origin:

Hawk Mk 132 Aircraft

We have the capability to manufacture the Hawk Mk 132 advanced jet trainer, under license from BAE Systems, UK. For a description of our technology transfer agreements, see "— *Licence Agreements — Aircraft of Western Origin*". The Hawk Mk 132 has a low wing structure which is powered by an Adour Mk 871 turbofan engine manufactured under licence from Rolls Royce and Turbomeca Limited. It is a transonic tandem-seat ground attack/trainer aircraft. We delivered the first Hawk Mk 132 in 2008. We currently do not manufacture additional Hawk Mk 132 aircraft. Currently, we are only providing repair, overhaul and maintenance services for Hawk Mk 132 aircraft to our customers. However, we intend to manufacture additional Hawk Mk 132 aircraft to the extent future orders are received.

Dornier 228 Aircraft

We have the capability to manufacture the Dornier 228 aircraft, a 19-seater passenger aircraft pursuant to a technical know-how transfer agreement signed in 1983 with Dornier GmbH (presently known as RUAG Holding AG). For a description of our technology transfer agreements, see "— *Licence Agreements — Aircraft of Western Origin*". The Dornier 228 aircraft has a high wing structure and is powered by twin Garrett TPE 33.051 turboprop engines. We delivered the first Dornier 228 aircraft in 1986. We have received "Production Organisation Approval" according to CAR-21 subpart G by DGCA to manufacture Dornier Do -228 aircraft for the civil sector.

Indigenous Aircraft

We have the capability to manufacture the following aircraft of indigenous origin:

Light Combat Aircraft

The Light Combat Aircraft ("LCA", also known as Tejas) is a single-engine, light weight and multi-role supersonic fighter. It has a quadruplex digital fly-by-wire flight control system with associated advanced flight control features. The aircraft, with its delta wing, is designed for air combat and offensive air support with reconnaissance. The Aeronautical Development Agency, established by the MoD, is the designated project manager for the development of Tejas. The Tejas Mk I was accorded initial operational clearance in December 2013 and we are awaiting final operational clearance. On March 31, 2016 and April 13, 2016, the first two LCA Tejas manufactured by us were accepted by Indian Air Force.

Pilotless Target Aircraft Lakshya

We previously manufactured the Pilotless Target Aircraft ("PTA"), 'Lakshya', a remotely piloted high speed re-usable aerial target which simulates an airborne threat for the purposes of training fighter pilots in air-to-air combat and ground crews on high calibre guns and surface-to-air missiles. Our first delivery of the PTA Lakshya took place in 2005. It has a zero length launcher with rocket assisted take-off and it can be launched from ship or land. The Lakshya is controllable up to 100 kilometres and has transportable or portable control station. It can carry two tow-bodies and can be re-used for up to 10 missions. We currently service and overhaul Lakshya aircraft for the Indian Defence Forces.

Upgrade of Aircrafts

Consistent with our commitment to provide product life cycle support to our customers to enable them to optimise the utilisation of their aircrafts, we provide services for the upgrade of our customers' fleet of aircrafts, the details of which are as follows:

Jaguar DARIN-III Upgrade

We provide upgrade services on the Jaguar aircraft, which we previously manufactured under licence from BAE Systems, to implement the DARIN Navigation and Attack System featuring advanced radar and other avionics systems to significantly increase its mission capabilities. Jaguar aircrafts that have undergone these upgrades are designated as "Jaguar DARIN-III". The Jaguar DARIN-III aircraft has received an Initial Operation Clearance in February 2017. Currently, we are in the process of conducting flight testing to obtain a Final Operational Clearance and we have simultaneously initiated series production.

Mirage 2000 Upgrade

The Mirage 2000 aircraft is undergoing an avionics upgrade to increase its operational capabilities. Enhancement of avionics and mission capabilities were developed by the OEM, M/s. Dassault Aviation. We delivered the first of such upgraded Mirage 2000 aircraft to the Indian Air Force in March 2016. Integration of additional stores and systems are being developed by our Company under a Final Operational Clearance upgrade. Currently, the project is in the development flight testing stage and we have simultaneously initiated series production.

Helicopters

We manufacture indigenously designed and developed helicopters as well as under licences or transfer of technology from the OEM. We also provide repair, overhaul and maintenance services for both indigenous and licenced manufactured helicopters. Design, development and manufacturing encompass preliminary analysis, identification of operational and mission requirements for designing, engineering, development, manufacturing, flight testing and certification.

Indigenous Helicopters

The major helicopters manufactured by us using indigenous technology are as follows:

ALH Dhruv

The Advanced Light Helicopter ("ALH") Dhruv is a new generation multi-role, multi-mission, all weather helicopter in the 5.5 tonne weight category. It is designed to meet the requirements of both military and civil operators. Dhruv military variants have been certified by CEMILAC and its civil variant has been certified by the DGCA. We use composite materials in the manufacturing of Dhruv. The Dhruv is ideally suited for transport, search and rescue operations, and disaster relief operations. The Dhruv is powered by two turbo-shaft engines which provide increased safety. The Dhruv is manufactured in four variants:

- Mk I: initial configuration with conventional cockpit, with TM333-2B2 turbo-shaft engines.
- Mk II: similar to Mk I but the conventional cockpit was replaced with a glass cockpit.
- Mk III: an improved version equipped with a glass cockpit and higher powered Shakti engines, along with mission systems.
- Mk IV: weaponised platform designed for attack mode, called the "Rudra". For more information see "— *ALH Mk IV (Rudra)*".

We have delivered Dhruv helicopters to the Indian Defence Forces, para-military forces, state governments and public sector undertakings. In addition, we have exported Dhruv helicopters to Ecuador, Mauritius, Maldives and

Nepal. Further, we have applied for the European civil certification for the utility variant of the Dhruv from the European Aviation Safety Agency for future exports.

In February 2018, we issued an expression of interest for the identification of an Indian partner for the manufacture of the civil variant of the ALH Dhruv through technology transfer to address the demand of the civil sector.

ALH Mk IV Rudra

The ALH Mk IV Rudra is a weaponised platform designed for attack mode with the capability to carry external stores. The ALH Mk IV is equipped with an integrated architecture display system with multi-function displays. The helicopter can be fitted with four rocket pods or two air-to-air missiles as well as a 20 millimetres nose-mounted turret gun. We delivered the first Rudra helicopter in 2013.

Light Combat Helicopter

The Light Combat Helicopter ("LCH") is a 5.8 tonne class helicopter being designed to meet the Indian Air Force’s and Indian Army's requirement for a dedicated light helicopter for combat operations. The LCH has a narrow fuselage, with the pilot and co-pilot/gunner set up in tandem configuration and incorporate a number of stealth features, armour protection, night attack capability and crashworthy landing gear for better survivability. Simultaneously, we have further progressed the design and development activities to achieve operational clearance.

Cheetal

The Cheetal helicopter is the re-engined version of Cheetah helicopter manufactured by us which is upgraded and fitted with a fuel efficient engine and incorporates in-cockpit instruments. The Cheetal helicopter is useful for various utility and armed functions. It is a single-engine, multi mission helicopter in the 2-tonne class with a modern fuel-efficient and high performance TM333-2M2 engine which provides for enhanced performance at high altitude. It has been certified by CEMILAC in July 2009 for use in India. It has been modified for a wide range of missions such as the transport of personnel (comprising four passengers in addition to the pilot), casualty evacuation, reconnaissance, logistical air support, rescue operations and for carrying under slung loads. We delivered the first Cheetal helicopter in 2009 to the Indian Defence Forces. We have also exported the Cheetal helicopter to Afghanistan through the Ministry of External Affairs in 2014.

Licenced Helicopters

The major helicopters manufactured by us using licenced technology are as follows:

Cheetah

The Cheetah helicopter has been manufactured by us pursuant to a licence agreement signed in 1970 with Societe Nationale Industrielle Aerospatiale, France, for manufacture of SA 315 helicopters, which was renamed by us as the "Cheetah". The Cheetah helicopter is a five-seater multi-role, multi-purpose and highly manoeuvrable helicopter for operations in a very wide range of weight and altitude conditions. The Cheetah helicopter is suitable for operations in hot tropical weather as well as at high altitudes and it is primarily utilised for passenger transport, logistical support, casualty evacuation, search and rescue operations. It is powered by one Artouste III B turbo shaft engine which we manufacture pursuant to agreement with Turbomeca signed in 1962. For details regarding licence agreements signed for helicopters, see "— *Licence Agreements — Helicopters*". We delivered the first Cheetah helicopter in 1973 to the Indian Defence Forces. Since then, we have delivered Cheetah helicopters to the Indian Defence Forces and also exported them to several foreign countries. Presently, we are only providing repair, overhaul and maintenance services for Cheetah helicopters to our customers.

Chetak

The Chetak is a multi-purpose, seven-seater helicopter which is manufactured by us pursuant to a licence agreement signed in 1962 with M/s SUD Aviation for the manufacture of SE - 3160 Alouette III helicopters, which was later renamed by us as the "Chetak". The helicopter can be utilised for roles such as passenger transport, logistical support, casualty evacuation, search and rescue operations. It is powered by the Artouste III B turbo shaft engine which we manufacture pursuant to an agreement with Turbomeca dated in 1962. For details regarding licence agreements signed for helicopters, see "— *Licence Agreements — Helicopters*". We have delivered Chetak helicopters to the Indian Defence Forces and also exported them to several foreign countries. Presently we are only providing repair, overhaul and maintenance services for Chetak helicopters to our customers. However, we intend to manufacture additional Chetak helicopters to the extent future orders are received.

Lancer

The Lancer is a weaponised version of the Cheetah helicopter as modified by us. The Lancer is a light attack helicopter which is equipped with two jettisonable combination gun-cum-rocket pods and a gun sight for accurate aiming and firing by the pilot. The Lancer is optimised for anti-insurgency operations, particularly in mountains and jungles.

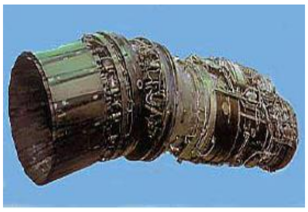
Engines

We manufacture engines for aircraft and helicopters, and their components, including critical discs, shafts, blades, forgings and castings. We also manufacture products and spares required for the overhaul of engines and spares required during servicing. In addition, we also carry out maintenance work for certain engines which are not manufactured by us.

A brief description of major engines manufactured by us is as follows:

- Adour Mk 871-07– This is a twin spool turbofan engine of modular design. It is manufactured under licence from Rolls Royce Turbomeca Limited and is currently used in the Hawk Mk 132 aircraft. It has two stage low pressure and five stage high pressure axial flow compressors which are driven by separate single stage high pressure and low pressure turbines.

- Adour Mk 804E/811– This is manufactured under licence from Rolls Royce Turbomeca Limited and is currently used in Jaguar aircraft. This engine has a twin spool turbofan of modular construction with after burner provision.



- AL-31FP– This is manufactured under licence from Rosoboronexport, Russia and is currently used in the Su-30 MKI. It is a twin spool, axial flow, low bypass, turbo fan engine incorporating after burner system, variable area jet nozzle with thrust vectoring, air-to-air heat exchanger, anti-surge system.

- Shakti 1H1– This is a helicopter engine jointly developed by our Company and Turbomeca. It is currently used in the Mk III Dhruv and Mk IV Rudra helicopters. This engine was developed to meet the high altitude operational requirement and additional payload capacity of certain variants of the ALH Dhruv helicopter.

- Garrett TPE-331-5– This is a single-shaft engine. It is manufactured by us pursuant to a licence from Garrett Corporation and is currently used for Dornier aircraft. This engine has a single shaft centrifugal compressor with a reverse flow gas turbine and has a small frontal area. Its other features include a propeller control system, anti-icing and foreign object damage resistance, reverse thrust and negative torque sensing facilities.

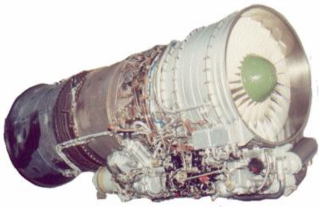
- Artouste IIIB – This is a turbo shaft engine used for the Cheetah and Chetak helicopters. It is manufactured under licence from Turbomeca. This engine features a side air intake, an axial and a centrifugal compressor connected to a three stage turbine. A reduction gear box in the front transfers the power to the helicopter.

- PTAE-7– This is an indigenous single-shaft engine that we presently use for the PTA Lakshya. It is a light weight, low cost turbojet engine, which can be remotely controlled during flight. It features a 4-stage axial compressor driven by an axial turbine, annular combustor and power control unit. There is a digital electronic fuel control system. This is the first aero-engine developed in India.

- LM-2500– This is an industrial and marine gas turbine engine used for propulsion of marine vessel and power generation. It is manufactured under licence from General Electric. It is a twin shaft gas generator with free power turbine. Besides marine propulsion, the LM2500 is also used for gas compression, power generation and co-generation.

We also carry out maintenance work for the following engines which are not manufactured by us:

- RD-33– This is used in the MiG 29 aircraft.



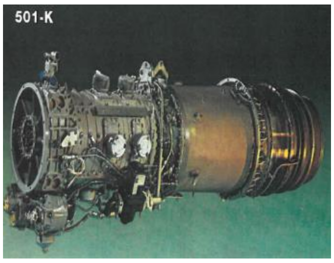
- R-11/R-25– This is an engine used for the MiG-21 aircraft.

- R-29B– This is an engine used for the MiG-27 aircraft.

- TM333-2B2– This is a turbo-shaft engine used on Dhruv MK I and MK II helicopters.

- Gnome1400 - IT– This is a turbo shaft engine used in the Sea King helicopter.

- Industrial Avon– This is an aero-derivative engine used in power generation.



- Industrial 501K– This is a single shaft, modular design engine that is typically used for industrial applications.

Accessories

Avionic equipment

We manufacture various avionic equipment of indigenous design as well as under technology transfer from various OEMs, such as airborne radar equipment, communication equipment, navigation equipment, on-board computers and display systems. Details of major avionic equipment manufactured by us are as follows:

- Advanced Communication System (ACS-235) – radio set with anti-jam and voice/data secure transmission features which facilitates communication in different radio frequencies.
- VHF Omni Range and Instrument Landing System (VOR/ILS) – provides route navigation, instrument landing and runway approach assistance.
- Tactical Air Navigation (TACAN) – provides air navigation with magnetic beaming, slant distance information, beacon identification tone and runway approach.
- Identification of Friend or Foe (IFF) – identifies the identity of an aircraft. It provides automatic replies to ground or airborne interrogators and is of modular construction.
- Radio Altimeter (RAM) – provides height of an aircraft measured from the terrain below and is of modular construction.
- Mission Computer and Display Processor – generates video to drive multi function displays and computer image with external video and colour monochrome symbology with parallel processing capability. The main functions are for flight operations, monitoring and weapon-aiming task management.
- Precision Approach Radar (PAR) – an X-band radar that provides Azimuth, elevation, bearing

information to the Aircraft.

- Passive Phased Array Radar – primary sensor for Su-30 to detect and track airborne, ground and sea targets.
- Solid State Digital Video Recording System (SSDVRS) – to record video picture and in digital format.
- Inertial Navigation and Global Positioning System (INGPS) – an inertial system with an embedded GPS receiver that provides aircraft peripheral equipment with all necessary inertial inputs.
- Weapon Control System –preparation of aircraft armament to combat applications which provided guided tracking of weapons until hitting the target.
- Multi-Functional Display (MFD) – a small LCD screen used to display information to the pilot in numerous configurable ways.
- Head Up Display System – an electro optical device that projects flight information on a combiner glass for the pilot's head-up viewing.
- Solid State Flight Data Recorder (SSFDR) – used to record flight parameters and voice for post incident/accident analysis to investigate and establish cause.
- Opto-Electric Sighting and Navigation Complex – functional integration of on-board radio electronic equipment for weapon use and aircraft control in all flight and navigation modes.

Most of this equipment is manufactured for in-house use in the assembly of aircraft. We also directly supply some of this equipment as maintenance spare to the Indian Defence Services.

Other accessories for aircraft, helicopters and aero-engines

The major accessories for aircraft, helicopters and aero-engines manufactured by us are as follows:

- Hydraulic Systems and Power Control – include various types of valves, reservoir, pump, accumulators, actuators and electro-selectors undercarriage door jacks which assist pilot and crew in performing their on-board functions.
- Environment Control Systems – includes various types of valves, cold air unit, venturies, ground connection which are critical to maintain ambient pressure and temperature within the cockpit and the aircraft cabin.
- Engine Fuel Systems – includes various types of pumps, fuel distributor, fuel after burner regulator and distributor, fuel metering devices used to regulate and maintain fuel supply to the engine.
- Instruments – includes electrical indicators, fuel quantity and flow metering instruments, flight instruments, sensors and switches, temperature indicators automatic starter of engine, automatic temperature controller unit which helps the pilot to monitor condition of various vital systems during flight.
- Electrical Power Generation and Control Systems – includes AC/DC generator, control and protection units, AC/DC master box, transformer rectifier unit, actuators and inverters used to generate and regulate power supply to the aircraft.
- Landing Gear Systems – includes main and nose undercarriages, wheels, brakes, anti skid control and selector valves used during landing and taxing of aircraft.

Our accessories for aircraft, helicopters and engines are used mostly by various manufacturing divisions of our Company or defence laboratories and space research centres.

Aerospace Structures

We are engaged in the manufacture and supply of structures for satellite launch vehicles for India's space programme. We manufacture large size aluminium alloy riveted structures and welded tanks for the Polar Satellite Launch Vehicle (PSLV), Geo-stationary Launch Vehicle (GSLV), Indian Remote Sensing Satellite (IRS) and

Indian National Satellite (INSAT). We also manufacture heat shield assembly, nose cone assembly, tank and shrouds used in satellites.

Products under Development

We have a number of products that are currently under development using indigenous or co-developed technology. The major products under development are as follows:

Aircraft

HTT-40 basic trainer aircraft

We are designing the HTT-40 basic trainer aircraft to fulfil various roles such as basic flight training, aerobatics, instrument flying, navigation, night flying and close formation flying. We also intend to develop a military variant of this aircraft in order to access export markets.

LCA Navy

The LCA Navy aircraft is being developed to incorporate a drooped nose for better over-the-nose vision and to feature strengthened fuselage structure, redesigned landing gear to cater to higher loads, arrester hook for deck recovery, leading edge vortex control (LEVCON) surface to reduce approach speed, fuel dump for emergency deck recovery and operational capability on an aircraft carrier by way of ski-jump take-off.

LCA Mk 1A

The LCA MK1A aircraft is an improved version of the LCA MK1 aircraft incorporating maintainability improvement aspects and enhanced combat capability with integration of self-protection jammer pod, air-to-air refuelling probe, AESA radar and modern missiles.

Intermediate Jet Trainer

We have undertaken development of the Intermediate Jet Trainer to replace the ageing Kiran trainer aircraft in service with the Indian Defence Services. This aircraft is proposed to be used for stage II training of pilots. The Intermediate Jet Trainer has a cockpit with twin tandem seats with good visibility for the pilots, modern active matrix liquid crystal displays and head-up display. The aircraft is equipped with a mission computer and integrated avionics system. The Intermediate Jet Trainer has up to 1,000 kilogram of external stores carrying capacity which allows the fitment of various armaments and fuel drop tanks on the aircraft for training.

Fifth Generation Fighter Aircraft

The proposed FGFA is a joint development programme between India and Russia which is intended to have air combat superiority, high tactical capability and group action capability. The FGFA will have advanced features such as increased stealth, supersonic cruise, super manoeuvrability and data link and network centric warfare capability.

Helicopters

Light Utility Helicopter

The LUH will be a single engine helicopter under development in the 3-tonne helicopter segment for the Indian Defence Services and will replace the fleet of Cheetah and Chetak helicopters. The LUH is a light weight helicopter with design features to serve as a reconnaissance helicopter with high end technology and to meet the specific high altitude requirements.

Indian Multi Role Helicopter

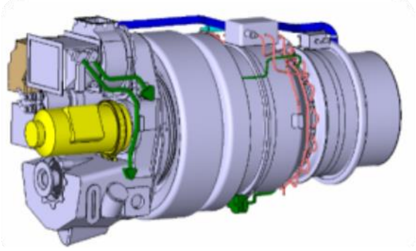
The IMRH will be co-designed and co-produced as a medium lift helicopter in the 10 to 12 tonne class to meet the requirement of the Indian Army and the Indian Air Force. The helicopter will be powered by twin engines and will feature blade folding option for ship deck operations. The IMRH will support air assault, air transport, combat logistics, combat search and rescue and casualty evacuation operations. We have yet to select a technological partner for this project.

Engines

Hindustan Turbo Fan Engine (HTFE-25)

Indigenous design and development of a 25 kN thrust class turbofan engine has been taken up for use in basic military trainer aircraft/business jets. We believe that the development effort through this medium sized turbofan engine constitute an important step toward helping enable the country to achieve self-reliance in the design of this class of aircraft turbofan engines.

Hindustan Turbo Shaft Engine (HTSE-1200)



The indigenous design and development of a 1,200 KW shaft power engine has been taken up by our Company for use in the 3 to 6-ton class of helicopters.

Engine- 320 daN

We intend to undertake design, develop and manufacture of the 320 daN jet engine for aerospace application with an Indian partner for manufacture in India. We believe there is market demand for 320 daN jet engines for aerospace application.

Unmanned Aerial Vehicles (UAVs)

Mini UAV

The indigenous design and development of mini UAV of the eight kilograms class is to meet the emerging requirements of military, para-military, police and civil sectors. It consists of fully composite structure, robust, rugged and man-portable system. It can be used for surveillance, reconnaissance and target tracking mission. We have made product demonstrations to prospective customers.

Medium-altitude, long-endurance UAV – Rustom-II

We intend to enter into the market of larger UAVs with the Rustom-II medium-altitude, long-endurance UAV which we are jointly developing with the Aeronautical Development Establishment in Bengaluru. The Rustom-II UAV is being designed to meet the requirements of the Indian Defence Services as a multi-role, multi-mission UAV with an operational endurance of up to 24 hours featuring the capability to conduct surveillance and reconnaissance missions through gathering of high quality images and signal intelligence on near real time basis.

We and the Aeronautical Development Establishment have signed a memorandum of understanding to cooperate in the design, development and production of the Rustom-II UAV in our capacity as a "risk sharing" partner and production agency. In addition, we provide support in design, development and testing activities based on task directives issued by the Aeronautical Development Establishment.

For details of our research capabilities, see "— *Research, Design and Development*".

Upgrade

Hawk Upgrade

We believe that obsolescence of the avionics systems of the Hawk Mk 132 aircraft have become an area of concern in order to maintain this aircraft operational for future decades. As a result, we are planning to upgrade the Hawk Mk 132 to integrate contemporary hardware and software systems with indigenous equipment, to allow the integration of new weapons for enhancement of operational capabilities and to meet modern training needs, technological improvement and growth potential aspects in addition to obsolescence management.

This upgraded aircraft is equipped with indigenous mission computer in dual redundant configuration, embedded virtual training system (EVTS), softnet radio and cockpit human machine interface (HMI).

Su-30 MkI Upgrade

Su-30 MkI Upgrade –We are planning to upgrade Su-30 MkI to integrate contemporary systems both in terms of hardware and software with indigenous equipment and integration of new weapons for enhancement of operational capabilities.

New Business Initiatives

In addition to our products that are currently under development, we have initiated several new business initiatives which comprise our plans to introduce new products and services as well as our entry into new market segments within the aviation industry.

Dornier Do - 228 Civil Variant

Given the growth in civil aviation in India, we believe an opportunity exists for us to position the Dornier 228 aircraft for regional applications within the 18-20 seater aircraft segment. Currently, there is no other aircraft of this category being manufactured in India. We intend to harness the advantages of our available production line by utilising our existing competencies and available infrastructure to manufacture this aircraft. We have obtained production organisation approval from the DGCA according to CAR 21 subpart G certification on April 17, 2015 for the manufacturing of this aircraft. In an effort to tap this segment, we intend to market the civil variant of the Dornier Do - 228 aircraft with new upgraded engine, composite propellers, a suitable avionics suite and glass cockpit.

We received a Certificate of Airworthiness from the DGCA for our first Dornier Do-228 civil variant aircraft on December 21, 2017 to enable its use as a passenger transport aircraft.

We believe that the civil variant of the Dornier Do - 228 aircraft will provide a significant support to the Government's Regional Connectivity Scheme (*Ude Desh ka Aam Nagrik*) initiative which was introduced under the National Civil Aviation Policy 2016 to provide Tier II cities in India with access to aviation transport services, thereby putting them onto the aviation map of the country.

New Helicopter Manufacturing Facility, Tumakuru

The Prime Minister of India laid down the foundation stone for our new helicopter manufacturing facility at Biderehalla Kaval, Gubbi Taluk, Tumakuru, located approximately 100 km from Bengaluru, on January 3, 2016. Presently, we have planned production of the three-ton class Light Utility Helicopter (LUH) at this proposed facility

Services

We offer a wide range of services to our customers. These services include repair and overhaul services, major servicing and supply of spares for the products we manufacture and other products used by our customers. We provide product support to our customers for the period specified in the purchase contract. Typically, the period of product support will encompass the total technical life of the product.

We offer aircraft, helicopter and engine overhaul services at our premises as well as at customer sites. We also carry out modifications and upgrade of aircraft and helicopters in accordance with our customers' requirements. In addition, we conduct various training programmes for customers in specialised areas to enable our customers to optimise the utilisation of our products. For details of servicing contracts, see section entitled "*Regulatory Matters and Contracts*".

Customers

Demand for our products and services is affected by, among other factors, the economic environment, government policies in India and, to a lesser extent, government policies in other parts of the world.

Our customers are typically the Indian Defence Forces, namely, the Indian Air Force, Indian Army, the Indian Navy and Indian Coast Guard. Since the various Defence entities exercise independent purchasing decisions, we do not regard sales to the GoI generally as constituting sales to one customer. Instead, we regard each contracting entity as a separate customer. We derived 91.4%, 93.3%, 94.2% and 92.6% of our total sales from sales to the Indian Defence Services during the six-month period ended September 30, 2017 and in the Financial Years 2017, 2016 and 2015, respectively.

Regulatory Matters and Contracts

A majority of our customer contracts are long term wherein we initially sign contracts to deliver a fixed number of products over a specified period of time.

The procurement of products and equipment by the GoI/Indian Defence Forces are guided by the Defence Procurement Procedure issued by the MoD which is updated periodically and the latest of which being the DPP 2016. Under the Defence Procurement Procedure, the Indian Defence Forces can procure capital products and equipment either by entering into an inter-government agreement for procurement from friendly countries due to strategic advantages or by the standard procurement procedure and the standard contract document. The inter-governmental agreement will initially be a bilateral agreement signed by the GOI and a representative of the seller country's government and the provisions of this agreement will guide the procurement transaction. Typically, on the basis of an inter-governmental agreement, both governments will nominate authorised organisations and if we are nominated as the Indian authorised organisation then we will enter into licence agreement with the OEM for technology transfer and contract for supply of product with the GoI. In case of further order of the same equipment, subsequent licence agreement and contract for the supply of product will be signed accordingly.

In other cases, the standard procurement procedures of competitive bidding in accordance with the Defence Procurement Procedure will be followed for products and equipment to be manufactured under licence in India and indigenous products. In case of products manufactured under licence where we are nominated as production agency, the GoI will facilitate technology transfer through a licence agreement signed between the GoI and the OEM and the purchase or supply agreement with the GoI. In the case of indigenous products where we are the designer or developer of the product, we will bid for the supply of a product and on selection of our product by the GoI, the contract will be awarded to us.

In such contracts, we are also subject to a variety of audits performed by GoI agencies. These include pre-award audits that are performed at the time of submission of a proposal to the government. The purpose of the pre-award audit is to determine the basis of the bid and provide the information required for the GoI to effectively negotiate the contract. During the performance of a contract, the GoI has the right to request and to examine any labour charges, material purchase, and any overhead charges to a contract issued by GoI entities. Upon a contract's completion, the GoI performs a post-award audit of all aspects of contract performance to ensure that we have performed the contract in a manner consistent with our proposal.

In the case of open bid contracts, we typically quote a fixed price for supply of products. Our product may consist of imported components which are subjected to foreign exchange rate variation and adjustment for the exchange rate variation is guided by guidelines on protection of exchange rate variation specified in the Defence Procurement Procedure. Our bid for MoD contracts must comply with the Defence Procurement Procedure issued by the GoI. DPP 2016 was issued by the GoI in 2016 and prescribes that the Indian Defence Services must give the first priority to products that are indigenously designed, developed and manufactured (IDDM category) in India. Our contracts with the Indian Defence Services are typically on a "fixed price" basis with a reimbursement to account for foreign exchange variance rather than the historically prevalent cost plus basis. However, the profit margin that we are able to charge under our manufacturing contracts with the GoI entities is pre-determined. Furthermore, our standard contract terms provide that we receive payments from customers including the Indian Defence Services at the time of signing of contract and upon meeting prescribed milestones.

Our customers have the right to terminate the agreement in certain instances, such as a delay in supplying the product as per the agreed delivery schedule. We are also obliged to pay liquidated damages in case of delays. Typically, our agreements provide warranty for defects to our customers for either (i) 24 months for HAL designed, developed and manufactured product or 12 month for products manufactured by us under licence or (ii) within a specified number of operating hours based on the approved utilisation rate for the product for a period of 24 months or 12 months, as applicable, whichever is earlier. Generally, our contracts with non-GoI entities are either limited or open bid contracts. In a limited bid contract scenario, a limited number of selected entities are invited to bid for a contract.

We also prepare fixed price quotation, which is approved by MoD and our customers, for providing repairs and overhaul for our customers' products. The repair services cover regular preventive maintenance as well as major overhauls after a specified time-period or upon a customer's request.

We also benefit from the offset agreements signed by the GoI with foreign suppliers which require the suppliers to make purchases from local Indian vendors, provide technology transfers or local manufacturing or financial support as an incentive, or as a condition to a contract award. We typically bid for offset contracts directly with the foreign suppliers.

Licence Agreements

We receive certain technology as part of licence agreements for the manufacture of certain products. The key terms of the licence agreements are set forth below:

Aircraft of Russian origin

We enter into license agreements with respect to the manufacturing, repair, overhaul and maintenance with Russian suppliers and manufacturers in case of aircraft. The technology transfer is facilitated by the GoI pursuant to an inter-government agreement signed with the Russian government. The GoI nominates us as authorised organisation under the inter-government agreement and the obligations of the Russian government are assigned to a technology supplier in Russia. Thereafter, we negotiate a bilateral contract for licence manufacturing of aircraft along with engine and airborne equipment with the specified technology supplier for the transfer of technology, which includes terms relating to transferring skills, knowledge, technologies, spares and methods of manufacturing. Initially, the agreement covers a certain number of aircraft which can be manufactured by us and there is an option to manufacture additional aircraft. Typically, the bilateral contract will provide a licence for the production of a specific number of aircraft along with engine and airborne equipment for which we pay license fees pursuant to the contract.

Aircraft of Western origin and Helicopters

We enter into licence agreements with western companies for the licence manufacturing, repair, overhaul and maintenance of aircraft and helicopters as well as spares and accessories thereof. These agreements may or may not be facilitated by the GoI and partners are chosen depending upon specific technological requirements. Typically, the technology licensing agreements are valid for the production of a specific number of products or for a fixed term and we pay royalty and/or license fees pursuant to such agreements.

Engines

We enter into licence agreements with western companies for the licence manufacturing, repair, overhaul and maintenance of certain engines. These agreements may or may not be facilitated by the GoI and partners are chosen depending upon specific technological requirements. We manufacture engines, indigenously or under licence, for use in all aircrafts and helicopters manufactured by us. Typically, the technology licensing agreements are valid for the production of a specific number of products and we pay royalty and/or license fees pursuant to such agreements.

Our Production Facilities

We have an extensive manufacturing base comprising 20 production divisions and 11 R&D Centres located across India. Our production divisions are equipped with modern facilities and employ a skilled workforce.

Bangalore Complex, Bengaluru

Our Bangalore Complex at Bengaluru is responsible for production, repair and overhaul of aircraft and engines of Indian and western origin. The divisions of the Bangalore Complex are as follows:

Aircraft Division

The Aircraft Division was previously responsible for the manufacture of the Hawk Mk 132 aircraft. It also manufactures precision aero-structure components which are exported to companies such as Boeing and Airbus. This Division also provides support for the production of the LCA Tejas aircraft.

LCA (Tejas) Division

The LCA (Tejas) Division was established for the manufacture of the Tejas aircraft. Manufacturing infrastructure has been established for the production of eight Tejas aircraft per annum. Facilities such as paint shop, modern storage racking system, environment controlled structural hangar, robotic drilling facility, fuel slushing hangar, drop tank hangar extension, rain water test facility and dedicated captive power supply for division have been established to streamline production. The Division is currently undertaking efforts to expand production capacity to up to 16 aircrafts per year.

Engine Division

The Engine Division is responsible for the manufacture and overhaul of the engines for the pilotless target aircraft (PTAE-7), Adour Mk 871 engine for the Hawk Mk 132 aircraft, Garret TPE – 331 engine for the Dornier 228 aircraft, Shakti engine for ALH Dhruv and the Artouste III B engine for the Chetak and Cheetah helicopters. The Engine Division also provides repair and overhaul services for the Adour Mk 804/811 engine, Dart engine, Orpheus engine, Gnome engine, Artouste IIIB engine, TM333-2B2 engine and PTAE-7 engine.

Overhaul Division

The Overhaul Division provides repair and overhaul services for the Mirage 2000, Kiran, Jaguar and Hawk Mk 132 aircraft and also undertakes the Jaguar Darin III and Mirage 2000 upgrade programmes. The division also services various types of rotables of aircraft and helicopters.

Aerospace Division

The Aerospace Division is involved in the manufacture of light alloy structures and assemblies for satellites and launch vehicles for space missions. This division is funded and supported by the Department of Space, GoI for the purpose of promoting the activities of the Indian Space Research Organisation.

Industrial and Marine Gas Turbine Division

The Industrial and Marine Gas Turbine Division is involved in the manufacture repair and overhaul of industrial and marine gas turbines which are typically used in power plants and marine vessels, respectively. The division undertakes manufacturing, repair and overhaul of LM 2500. The division also undertakes repair and overhaul services for the Industrial 501K engine and the industrial Avon engine.

Foundry and Forge Division

The Foundry and Forge Division is involved in manufacturing of rolled rings, castings, forgings, metallo-ceramic brake pads, bimetallic sector for brakes and rubber components for the manufacturing divisions of our Company and also for the export market.

Central Materials and Process Laboratory

The Central Materials and Processes Laboratory is an R&D Centre situated in the Foundry and Forge Division of the Bangalore Complex is one of the leading materials testing and research and development laboratories in the country. The laboratory has grown in five major areas with modern infrastructure with mechanical, chemical, metallurgical (including failure investigation), non-destructive testing and calibration sections.

Airport Services Centre

The Airport Services Centre was established for the maintenance of air field, air traffic control and allied services at the HAL airport, which is owned by us. The domestic and international passenger operations were shifted to a new location in May 2008. However, the HAL airport which we are currently operating is used for flight tests, chartered and training flights.

Facilities Management Division

The Facilities Management Division was established to provide common engineering services for project management, facilities management, contract management, corporate social responsibility projects, renewable energy projects and estate management to divisions or offices located in Bengaluru.

MiG Complex, Nasik and Koraput

Our MiG Complex at Nasik and Koraput is responsible for production, repair and overhaul of fighter aircraft and engines of Russian origin. MiG Complex also operates an airport at Nasik. The divisions of the MiG Complex are as follows:

Aircraft Manufacturing Division, Nasik

The Aircraft Manufacturing Division at Nasik, manufactures aircraft of Russian origin and currently it manufactures the Su-30 MKI aircraft. This division has full-fledged manufacturing facilities for sheet metal, manufacturing of parts using machines, welding facilities, rubber and plastic parts, heat treatment, process and plating facilities, equipping, ground test, assembly and flight test facilities. The division also provides service support for the Su-30 MKI aircraft. The division also deputes service engineers at various Indian Defence Force bases to closely liaise with the Indian Defence Forces.

Aircraft Overhaul Division, Nasik

The Aircraft Overhaul Division was established for the repair and overhaul of the MiG-21 series and MiG-27 M aircraft. The division overhauls and provides customer service support for various MiG aircraft variants and the Su-30 MKI aircraft. So far, the division has overhauled different variants of the MiG aircraft which includes MiG 21FL, MiG 21M, MiG 21BIS, MiG 21 BISON, MiG 21 Trainer, MiG 27M and MiG 27 Upgrade. The division has successfully upgraded the MiG 21BIS to MiG BISON and MiG 27M aircraft to make them a more formidable weapon platform by deploying modern technologies. Currently, the division has set up facilities for, and has commenced, the overhaul of the Su-30 MKI aircraft.

Engine Division, Koraput

The Engine Division at Koraput was established to manufacture turbojet engines for the MiG 21FL aircraft. We have manufactured RD-33 series 3 engines for the MiG 29 aircraft at this division. Presently, this division is engaged in the overhaul of R-25, R-29B and RD-33 engines which were earlier manufactured under licence.

Sukhoi Engine Division, Koraput

The Sukhoi Engine Division at Koraput was established in 2004 and is responsible for the manufacture of licenced AL-31FP engines which power the Su-30 MkI aircraft. This division also has foundry and forging facilities to create castings for the SU-30 MKI aircraft. In addition, this division provides overhaul services for the AL-31FP engine pursuant to a licence agreement.

Design Complex, Various Locations

Our Design Complex comprises 10 R&D Centres which are located jointly with the related manufacturing divisions.

Aircraft R&D Centre, Bengaluru

The Aircraft R&D Centre ("ARDC") at Bengaluru is our oldest and largest R&D Centre and is dedicated for fixed wing platforms. A number of trainer and fighter aircraft have been developed by the ARDC over the years and it is currently involved in the development of major aircraft projects, such as the Naval variants of the LCA Tejas, Fifth Generation Fighter Aircraft and the HTT-40 basic trainer aircraft.

Rotary Wing R&D Centre, Bengaluru

The Rotary Wing R&D Centre ("RWRDC") at Bengaluru was established as the Helicopter Design Bureau and subsequently renamed as RWRDC. It was formed with the objective of researching, innovating and creating designs for helicopters. RWRDC holds recognition and approval from CEMILAC and DGCA for research, design and manufacture of prototypes for military and civil applications, respectively. RWRDC has designed and developed the multi role Dhruv helicopter for both military and civil operations. The design centre is capable of taking up design, development, prototype manufacturing, carrying out ground and flight tests of helicopters.

RWRDC is currently involved in the design and development of the Light Combat Helicopter with a capacity of 5.8 ton and Light Utility Helicopter with a capacity of 3 ton.

Aero-Engine R&D Centre, Bengaluru

The Aero-Engine R&D Centre ("AERDC") at Bengaluru was established as Engine Design Bureau and has been developing aero-engine test beds, auxiliary power units and turbo starter engines for the Indian Defence Services. AERDC has now taken up the development of the HTFE-25 and HTSE-1200 aero-engine.

Mission & Combat System R&D Centre, Bengaluru

The Mission and Combat R&D Centre ("MCSRDC") at Bengaluru was established to develop integrated avionics systems for various upgrade projects and new platforms. It is presently developing systems for the avionics upgrade for the Jaguar, Mirage 2000, Light Combat Helicopter and other aircrafts.

Gas Turbine R&D Centre, Koraput

The R&D Centre at Koraput has the capability to develop modifications and suggest improvements based on the field experience of our engineers. The centre is equipped with facilities for fatigue testing, ultrasonic testing and software for stress analysis

Aircraft Upgrade R&D Centre, Nasik

The AURDC was established to study the design and technology base of all variants of Russian origin aircraft and has supported the manufacture of the MiG-21 and MiG-27 aircraft, the Su-30 MKI aircraft and repair and overhaul of the MiG variants. The centre has also made significant contributions in product improvement, modifications to improve safety, reliability, maintainability, enhancement of operational capability by integration of new and advanced weapon integrations, life extension studies and indigenisation to enhance operational readiness of the MiG variants and the Su-30 MKI aircraft.

The AURDC extends support to the Indian Defence Services through consultancy, repair, life extension studies and indigenisation of spares of aircraft of Russian origin acquired directly by them and has indigenously carried out up-gradation of the MiG-27 aircraft. The AURDC presently provides design support to almost all of the existing platforms of Russian origin of the Indian Defence Services.

Aerospace Systems and Equipment Research and Design Centre, Lucknow

The Aerospace Systems and Equipment Research and Design Centre at Lucknow (“ASERDC, Lucknow”) is engaged in applied research, design and development of all major systems and accessories for aircraft, helicopter, space programme and engines for military and civil applications. The design capabilities of ASERDC, Lucknow includes environmental control systems, wheels and brakes, hydraulic system, fuel management, power control, protection and distribution system, starter generator and engine fuel control and microprocessor based system. ASERDC, Lucknow has developed various line replaceable units for different aircraft and helicopter programmes including the Light Combat Aircraft, Advanced Light Helicopter, Intermediate Jet Trainer, Su-30 MKI, HTT-40, Light Combat Helicopter and Light Utility Helicopter. ASERDC, Lucknow is equipped with environmental and structural test facilities, qualification test facilities and dedicated prototype manufacturing facility. This centre is also engaged in developing dedicated test rigs, equipment ground support equipment and indigenisation of detail parts for use in civil and military aircraft and helicopters.

Aerospace Systems and Equipment Research and Design Centre, Korwa

The Aerospace Systems and Equipment Research and Design Centre at Korwa was established with the objective of developing flight data recorders for various aircraft, including the Light Combat Aircraft, Intermediate Jet Trainer, Jaguar, MiG 27 and Su-30 MKI. This centre has also developed test equipment and data retrieval units.

Strategic Electronic R&D Centre, Hyderabad

The Strategic Electronic R&D Centre at Hyderabad was established for carrying out research in the field of communication, radar, navigation and identification systems. This centre has indigenously developed more than 40 types of avionics systems for different aircraft and helicopter programmes including the Light Combat Aircraft Advanced Light Helicopter, Intermediate Jet Trainer, Su-30 MKI, HTT-40, Jaguar Darin II, Darin III, Light Combat Helicopter, Light Utility Helicopter, and Hawk Mk 132 aircraft.

Transport Aircraft R&D Centre, Kanpur

The Transport Aircraft Research and Design Centre ("TARDC") at Kanpur has developed core competencein role modifications for transport, maritime and intelligence warfare aircraft, integration of mission system and avionics, aircraft upgrades, indigenisation, damage survey and assessment, development of repair and preventive maintenance technology, cabin furnishing and layout.

Helicopter Complex, Bengaluru and Barrackpore

The Helicopter Complex at Bengaluru and Barrackpore carries out production, maintenance, repair and overhaul of helicopters. The Helicopter Complex is currently manufacturing the Advanced Light Helicopter, Cheetal helicopter and Light Combat Helicopter. The Helicopter Complex provides maintenance, repair and overhaul for the helicopters manufactured by our Company. The Helicopter Complex has the following four divisions:

Helicopter Division, Bengaluru

The Helicopter Division at Bengaluru has produced the Chetak, Cheetah, Lancer, Cheetal helicopters and the indigenous Dhruv helicopters. The helicopters have been delivered to domestic and international customers. The division is currently engaged in the production of ALH MK III, ALH MK IV “Rudra”, Cheetal and the Light Combat Helicopter. This division also provides rotables and overhauls the Cheetah and Chetak fleet of helicopters.

Helicopter MRO Division, Bengaluru

The Helicopter MRO Division at Bengaluru provides complete maintenance, repair and overhaul support for all variants of Advanced Light Helicopters and other helicopters. This division has infrastructure facilities such as a final assembly hangar, line replacement unit laboratory and test centres.

Helicopter Division, Barrackpore

The Helicopter Division carries out major inspection and servicing of the Cheetah, Chetak and Lancer helicopters. The division also provides repair, servicing and overhaul services of rotables directly to customers and other divisions of our Company.

Aerospace Composite Division, Bengaluru

The Aerospace Composite Division at Bengaluru was established to focus on complex composite structures. This division also manufactures composites parts for all the platforms, for both aircraft and helicopters and for aerospace applications.

Accessories Complex, Various Locations

Our Accessories Complex is responsible for the production and repair of accessories and avionics as well as manufacture, repair and overhaul of transport aircraft. The Accessories Complex has the following four divisions:

Transport Aircraft Division, Kanpur

The Transport Aircraft Division at Kanpur has core competence in manufacture, maintenance, modification and upgrade of light transport aircraft for both domestic and international markets. This division also carries out maintenance, repair and overhaul of aircraft, its rotables and undertakes servicing of engines and hydraulic systems of UAVs. The division has also commenced manufacture of the civil variant of the Dornier 228 aircraft. We are also establishing an assembly facility for a second line of Advanced Light Helicopter production in order to ramp-up the production capacity.

Accessories Division, Lucknow

The Accessories Division at Lucknow was established to attain self-reliance in manufacturing of aircraft systems & equipment. This division presently manufactures and carries out repair and overhaul of a wide range of accessories, including hydraulic equipment, environment control systems, flight control systems, engine fuel control systems, electrical equipment and cockpit instruments.

Avionics Division, Hyderabad

The Avionics Division at Hyderabad is involved in the manufacture and repair and overhaul of a wide range of avionics equipment, including airborne radars, communication and navigation equipment and on-board computers for aircraft and helicopters. The Avionics Division also operates a Strategic Electronics Factory at Kasargod in Kerala which is involved in the production, repair and overhaul of different types of air-borne computers.

Avionics Division, Korwa

The Avionics Division at Korwa was established for the production of display attack ranging and inertial navigation (DARIN) system for the Jaguar aircraft. The division is currently involved in the manufacture, repair and overhaul of a wide range of avionics equipment, including sensors, navigation system, display system, laser system and flight data recorders, for indigenous upgrades of aircraft, including the Jaguar, MiG-27M, Su-30 MKI, Light Combat Aircraft and Hawk aircraft as well as other aircraft and helicopters which are under development.

Materials and Components

The principal materials that we use in our operations include components, finished and semi-finished parts, systems and sub-systems, assembly and sub-assemblies, basic materials such as bar, sheet, tube, rod, billet of steel, aluminium alloys, titanium alloys, nickel alloys, magnesium alloys, composite materials, copper, castings and forgings, other base metals and electronic components. Costs of materials consumed accounted for 40.9% and 52.5% of our total net expenses in the six-month period ended September 30, 2017 and in Financial Year 2017, respectively.

We have specified internal procedures for the procurement of goods and services. Given the nature of our business, we purchase materials and components which meet our specifications and, to the extent required, are certified by relevant regulatory authorities. These materials and components are generally not available in India and need to be imported. However, in order to achieve a progressively higher level of self-reliance, we are continuing our efforts to indigenise the components, accessories and systems required in the manufacture, repair and overhaul of aircraft, engines and equipment through in-house development of these components or partnerships with other Indian companies and academic institutions.

We typically procure goods and services through an open or limited tender process, except in case of proprietary or customer/OEM nominated sources where the procurement is made on single source basis. Under open/limited tendering, we solicit bids from suppliers who meet our technical requirements and quality standards. In some instances, contractual arrangements with our suppliers are subject to regulatory approval, import duties and other government clearances. We typically import a majority of our materials and components from foreign suppliers in Russia, USA, UK, France, Germany and Israel. The contracts we enter into with our major suppliers include a provision for payment of liquidated damages in case they are unable to supply products to us as per the mutually agreed delivery schedule. We also obtain bank guarantees from suppliers as security deposit or against advance payment or towards the performance under the contract, as the case may be, which can be encashed upon supplier's failure to meet their contractual obligations in this regard.

We also enter into long-term contracts with our suppliers for a three to five year duration. Our rate contracts may contain a price variation clause, depending on the nature of the material and price fluctuations. We are significantly dependent on a few key suppliers and subcontractors to provide us with critical components and raw materials, parts and assemblies, training and services that we need to manufacture our products.

We maintain an online database which can be accessed by our divisions. We believe that this database allows us to efficiently manage our material procurements. In addition, we have entered into a memorandum of understanding dated August 5, 2013 with Transparency International, India which remains effective until termination pursuant to which we are committed to implement an integrity pact in our contracts with bidders. The integrity pact is a binding agreement between our Company and our contract bidders for specific contracts stipulating that we, our vendors and subcontractors, will not accept bribes or offer bribes. We have adopted a threshold value of ₹ 5 crores (₹ 50 million) and above for signing of integrity pact with bidders. However, an integrity pact is not applicable for purchases from Rosoboronexport as this requirement is not covered under the applicable inter-governmental agreements.

Order Book Position

We define order book as anticipated revenues from the uncompleted portion of existing contracts as of a certain date. As of December 31, 2017, our order book was ₹ 684,610 million, which generally includes products and services to be manufactured and delivered and excludes anticipated revenues from our joint ventures and subsidiaries. These orders are subject to cancellation and modification provisions contained in the various contracts. We do not include unexercised options or indefinite-quantity orders in our order book. If any of our contracts were to be terminated, our order book would be reduced by the expected value of the remaining terms of such contracts.

Sales and Marketing

We enter into sales contracts either through participating in open tenders issued by customers like the Indian Defence Services, or through bilateral negotiations with our customers. We sell all of our products and services directly to customers. In the domestic sector, our products and services are delivered to the Indian Defence Services, central and state governments, para-military forces and corporates. In addition, we export certain products and services.

Our marketing strategy is structured as a customer-based approach that takes advantage of regular interaction with customers by utilising their feedback and guidance to assess the product's life-cycle and anticipate future applications for our current technologies. We continuously analyse the defence and intelligence markets to anticipate the needs of our existing customers. We also participate in aerospace and defence exhibitions and undertake customer demonstrations and seminars to showcase our products and services as part of our promotional activities.

Certification and Testing Process

Domestic Requirements

Certification is the process of ensuring that a newly developed aircraft or helicopter is airworthy. This process is carried out by different certification authorities in case of civil and military aircraft and helicopter, namely DGCA and CEMILAC, respectively. This process is mandated by civil and military regulations and ensures that the aircraft or helicopter complies with prescribed standards. The certification process typically follows the steps described below:

Application and Certification Basis

This is the initial phase wherein after completing the feasibility study of the project, we make a formal application to the relevant authority for starting the "type certification" process. The relevant authority then stipulates the parameters that we must follow for receiving certification for the product.

Certification Planning

During this phase, we develop a detailed certification plan which shows the methods by which we plan to prove the feasibility of the product. This plan is discussed with the authority and the processes to be followed are mutually agreed upon.

Demonstration of Compliance

During this phase, we start undertaking data analysis and ground tests to demonstrate compliance with our mutually agreed standards. Once the prototype of the aircraft or helicopter has been manufactured, initial flight compliance is also demonstrated through flight tests, in accordance with the agreed "certification plan". During this process, as tests and analysis are completed, regular reports are submitted to the authorities for review and acceptance, as applicable.

Detailed Certification Review

During this phase, the compliance documents submitted by us are scrutinised by the authorities and necessary updates in documentation are made. We also start preparing operational manuals for review by the authorities.

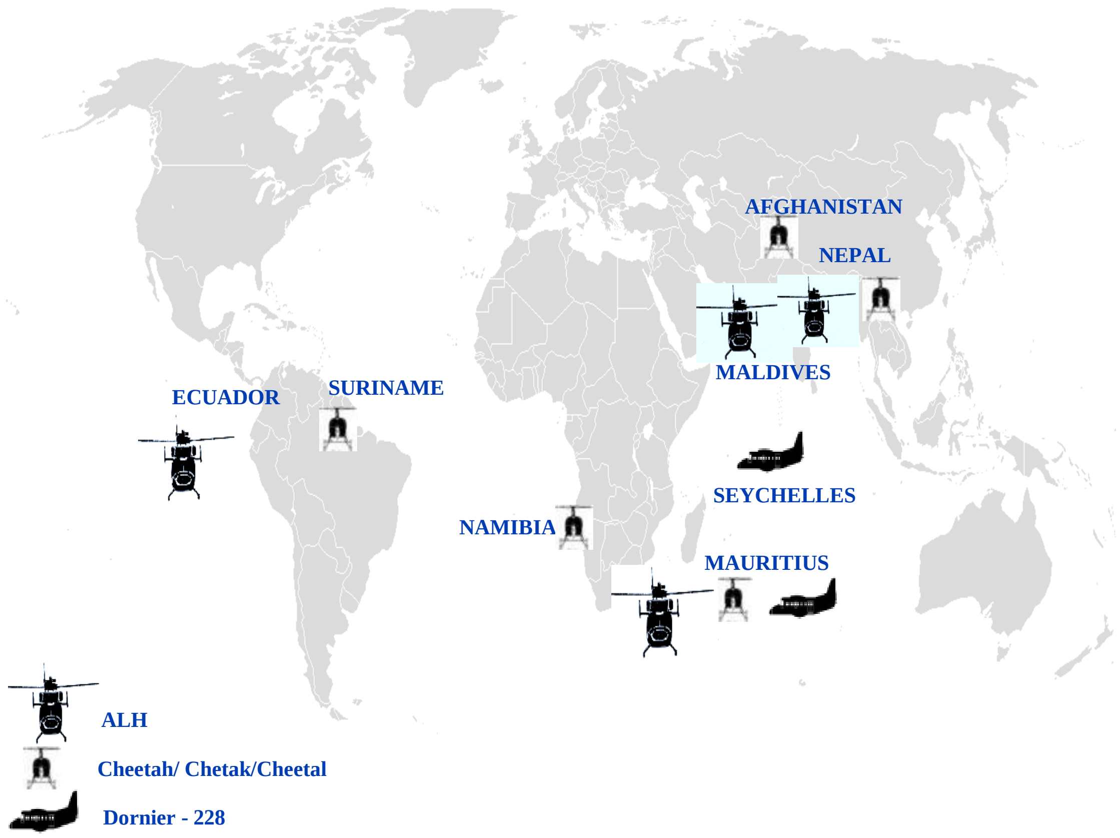
Final Certification

After the authority is satisfied that all regulations have been complied with, a "type certificate" is issued in case of civil aircraft or helicopters and in case of military certification, a “release to service document” or an Initial Operational Clearance ("IOC") is followed by the issue of a "Final Operational Clearance" (or a "final type approval" upon successful deployment of the aircraft or helicopter.

Overseas Requirements

Typically, in case of exports, we need to obtain product certification from local regulators before our products can be delivered to foreign customers. However, certifications from the European Aviation Safety Agency (which has the responsibility for airworthiness and environmental certification of all aeronautical products, parts, and appliances designed, manufactured, maintained or used by persons under the regulatory oversight of the European Union) and the Federal Aviation Administration (which is the national aviation authority of the United States) are typically accepted in most overseas markets and we plan to obtain these certifications for our products in the future. For example, we have applied for the European civil certification for the utility variant of the Dhruv helicopter from the European Aviation Safety Agency.

Exports



We believe that we have a good reputation in the global aerospace industry. We have made several initiatives for export of military products and have supplied Dhruv helicopters to Ecuador, Mauritius, Maldives and Nepal. In addition, we have also supplied the Cheetah and Chetak helicopters to Namibia, Nepal, Mauritius and Suriname; the Cheetal helicopter to Afghanistan, the Lancer helicopter to Nepal and the Dornier 228 aircraft to Mauritius and Seychelles. In addition, we export aero-structures to customers in the United States and Europe including aircraft doors to commercial aircraft manufacturers. Further, we undertake supply of spares and services on a regular basis.

During the Financial Year 2017, we exported our products and services, primarily spares, to more than 13 countries. Our exports in the Financial Years 2017, 2016 and 2015, were ₹ 4,650 million, ₹ 4,461 million and ₹ 4,941 million, respectively and our exports for the six month period ended September 30, 2017 were ₹ 1,542 million. Based on past experience, current business operations and market potential analysis, we have identified certain target countries in the South Asian Association for Regional Cooperation as well as in Africa and South-East Asia for future export sales.

Wholly Owned Subsidiary

Naini Aerospace Limited ("NAeL") – NAel is a wholly owned subsidiary of our Company, which was incorporated in December 2016. The objects of NAel include the fabrication of looms for helicopters and aircrafts and the manufacture and assembly of components of the Advanced Light Helicopter.

Joint Ventures

- In order to grow our operations through vertical integration and gain access to new technologies, we, from time to time set up new companies in partnership with various Indian and foreign companies. As of the date of this Prospectus, we have entered into the following joint venture companies: BAeHAL – We hold a 49.0% interest in BAeHAL, with 40.0% interest owned by BAE Systems Plc, UK and the remaining 11.0% interest owned by BAeHAL Employees Welfare Trust. BAeHAL was incorporated in February 1993 and is engaged in providing software solutions and IT services to various customers in the Indian and international markets.

Its revenue during the six-month period ended September 30, 2017 was ₹ 73 million and it reported a loss of ₹ 23 million before tax. Its revenue in the Financial Year 2017 was ₹ 211 million, and it reported a profit before tax of ₹ 7 million. Its order book as of December 31, 2017 was ₹ 393 million.

- IRAL – We hold a 48.0% interest in IRAL, with 31.0% owned by PJSC "RAC MiG", Russia, 10.0% owned by GRPZ, Russia, 6.0% owned by Aviazapchast PLC, Russia and the remaining 5.0% owned by ICICI Bank Limited. IRAL was incorporated in September 1994 to source spare parts for the repair and overhaul of equipment for aircraft, engine and accessories of Russian origin. Its revenue during the six-month period ended September 30, 2017 was ₹ 550 million and it reported a profit before tax of ₹ 168 million. Its revenue in the Financial Year 2017 was ₹ 1,179 million, and it made a profit before tax of ₹ 310 million. Its order book as of December 31, 2017 was ₹ 1,926 million.

- SHAePL – We hold a 50.0% interest in SHAePL, with the remaining 50.0% held by Safran Aircraft Engines (formerly known as Snecma S.A.). SHAePL was incorporated in October 2005 as an export-oriented unit to manufacture and supply engine parts to Safran Aircraft Engines and Safran Helicopter Engines. Its total revenue during the six-month period ended September 30, 2017 was ₹ 373 million and it reported a profit before tax of ₹ 34 million. Its revenue in the Financial Year 2017 was ₹ 738 million, and it made a profit before tax of ₹ 70 million. Its order book as of December 31, 2017 was ₹ 232 million.

- SHDS – We hold a 40.0% interest in SHDS, with 60.0% held by Samtel Avionics Limited. SHDS was incorporated in January 2007 with the objective to design, develop and manufacture various types of new generation display systems for airborne, military and ground applications for the Indian and international markets. SHDS successfully developed and certified the multi-function display (MFD) for the Su-30 MKI programme and has manufactured more than 1,000 units of such multi-function display. Its revenue during the six-month period ended September 30, 2017 was ₹ 6 million and it reported a loss of ₹ 8 million before tax. Its revenue in the Financial Year 2017 was ₹ 157 million, and it reported a loss of ₹ 25 million before tax. Its order book as of December 31, 2017 was ₹ 263 million.

- HETL – We hold a 50.0% interest in HETL, with 26.0% owned by Edgewood Ventures LLC and the remaining 24.0% owned by Edgewood Technologies Private Limited. HETL was established in April 2007 primarily to develop and manufacture high technology miniature electronic modules and avionics systems for aerospace applications. HETL commenced its operations by undertaking the design and development of an open system architecture mission computer ("OSAMC") for the DARIN III programme in relation to the upgrade of the Jaguar aircraft. The OSAMC is currently undergoing testing on the Jaguar aircraft for certification. Its revenue during the six-month period ended September 30, 2017 was ₹ 46 million and it reported a profit before tax of ₹ 30 million HETL's revenue in the Financial Year 2017 was ₹ 11 million and it reported a loss of ₹ 8 million. Its order book as of December 31, 2017 was ₹ 65 million.

- HALBIT – We hold a 50.0% interest in HALBIT, with 26.0% owned by Elbit Systems Limited, Israel and the remaining 24.0% owned by Merlinhawk Associates Private Limited. HALBIT was established in May 2007 primarily to design, develop and manufacture simulators and avionic products. Its revenue during the six-month period ended September 30, 2017 was ₹ 20 million and it reported a loss of ₹ 4 million before tax. Its revenue in the Financial Year 2017 was ₹ 75 million and it made a profit before tax of ₹ 2 million. Its order book as of December 31, 2017 was ₹ 52 million.

- Infotech HAL – We hold a 50.0% interest in Infotech HAL, with the remaining 50.0% held by Cyient Limited. Infotech HAL was incorporated in August 2007 with the objective to create a state-of-the-art design centre for aero-engines and to engage in the design and engineering services in the field of aero-engines and technical publications. Its revenue during the six-month period ended September 30, 2017 was ₹ 29 million and it reported a profit before tax of ₹ 5 million. Its revenue in the Financial Year 2017 was ₹ 66 million, and it made a profit before tax of ₹ 11 million. Its order book as of December 31, 2017 was ₹ 23 million.

- TATA HAL – We hold a 50.0% interest in TATA HAL, with the remaining 50.0% held by TATA Technologies Limited. TATA HAL was incorporated in May 2008 to provide engineering design services in aero-structures and take up captive offshore and on-site work load from OEMs. Its revenue during the six-month period ended September 30, 2017 was ₹ 36 million and it reported a loss of ₹ 0.1 million before tax. Its revenue from operations in the Financial Year 2017 was ₹ 51 million, and it recorded a loss of ₹ 29 million. Its order book as of December 31, 2017 was ₹ 20 million.

- HATSOFF – We hold a 50.0% interest in HATSOFF, with the remaining 50.0% held by CAE Inc. HATSOFF was established in January 2008 and engaged in providing military and civil helicopter pilot training on full motion "Level D" simulators with a common motion roll on/roll off platform for interchangeable cockpit modules of the civil variant of the Dhruv, Bell 412 EP and Dauphin AS 365 N3 helicopters. Its revenue during the six-month period ended September 30, 2017 was ₹ 201 million and it reported a profit before tax of ₹ 34 million. Its revenue in the Financial Year 2017 was ₹ 376 million, and it made a profit before tax of ₹ 105 million. Its order book as of December 31, 2017 was ₹ 160 million.

- IAMPL – We hold a 50.0% interest in IAMPL, with the remaining 50.0% held by Rolls-Royce Overseas Holdings Limited. IAMPL was incorporated in July 2010 to manufacture shrouds and cones for compressor engine for civil aerospace application. Its revenue during the six-month period ended September 30, 2017 was ₹ 939 million and it reported a profit before tax of ₹ 76 million. Its revenue in the Financial Year 2017 was ₹ 1,912 million and it made a profit before tax of ₹ 235 million. Its order book as of December 31, 2017 was ₹ 419 million.

- MTAL – We hold 50.0% interest in MTAL and the remaining 50.0% is jointly held by UAC-Transport Aircraft and Rosoboronexport. MTAL was incorporated in December 2010 to design, develop and manufacture a multi-role transport aircraft for both the Indian and Russian Air Forces. Its revenue (other income) during the six-month period ended September 30, 2017 was ₹ 33 million and it reported a loss before tax of ₹ 47 million. Its revenue (other income) in the Financial Year 2017 was ₹ 113 million and it made a profit before tax of ₹ 49 million primarily from interest income and a net loss after tax of ₹ 1 million. This joint venture has yet to commence commercial operations.

- HE-MRO – We hold a 50.0% interest in HE-MRO, with the remaining 50.0% held by Safran Helicopter Engines SAS (Safran HE). HE-MRO was incorporated in August 2016 to provide maintenance, repair and overhaul services for Safran Helicopters Engines (formerly known as Turbomeca) and the engines installed on helicopters built by our Company. Its revenue during the six-month period ended September 30, 2017 was ₹ 1 million and it incurred a loss of ₹ 14 million. It incurred a loss of ₹ 12 million during the Financial Year 2017.

- IRHL – We hold a 50.5% interest in IRHL, with 42.0% and 7.5% held by Russian Helicopters and Rosoboronexport, respectively. IRHL was incorporated in May 2017 to organise the production of Ka-226T helicopters and its modification in India and to provide MRO and technical support for Ka-226T helicopters. IRHL constitutes a subsidiary of our Company and, as a result, qualifies as a Government company. This joint venture has yet to commence commercial operations.

Not-for-profit Companies

In addition, we have established two not-for-profit companies with the vision and mission which are consistent with our strategic objectives. As of the date of this Prospectus, we have the following not-for-profit companies:

- Aerospace & Aviation Sector Skill Council (“AASSC”) – We hold a 50.0% interest in AASSC, with 25.0% held by each of the Bangalore Chamber of Industry and Commerce and the Society of Indian Aerospace Technologies and Industries. AASSC was incorporated in September 2014 as a non-profit organisation with the objective to develop skills in the aerospace sector and support the mandate of the National Skill Development Council.

- Defence Innovation Organisation (“DIO”) – We hold a 50.0% interest in DIO, with the remaining 50.0% held by and Bharat Electronics Limited. DIO was incorporated in April 2017 as a non-profit organisation and has the objective to implement the Defence Innovation and Research Initiative (DIRI).

Competition

Our broad portfolio of products and services competes primarily with the products and services of foreign aerospace and defence companies, some of whom may be larger than us. We often work with companies that are also our competitors, to provide customers with the best mix of capabilities to address specific requirements.

The engineering and aircraft manufacturing industry globally is highly competitive. Our primary competitors in aircraft and helicopter manufacturing segment operations are companies such as Lockheed Martin, Saab, Airbus Helicopters, Bell Helicopters, Leonardo, Boeing, BAE Systems and UGMK (LET Kunovice Aircraft Industries). We also manufacture aero-engines for our licence built aircraft and helicopters. These engines are built under licence from foreign engine OEMs. Hence, we do not believe we face any substantial competition in this segment. In addition, we are presently working on the HTFE-25 and HTSE-1200 engines of our own design. In the future, these two engines will face competition from established foreign OEMs in the aircraft and helicopter engine manufacturing segment such as Snecma, Safran Helicopter Engines, LHTEC, Pratt and Whitney, Rolls Royce, Honeywell and certain Russian manufacturers.

As India's largest aerospace company, in terms of revenue, we believe that our experience in manufacturing products and providing customised services to our clients, industry expertise and customer relationships enable us to be a preferred equipment and services provider for our customers in India. With the change in regulations and participation of private enterprises and if the international competition becomes more intense in any of our business lines, we may experience more pressure on our profitability. Our ability to maintain or further increase our revenue and profitability and market share will largely depend on our ability to achieve cost-savings and our ability to differentiate ourselves from our competitors in terms of the quality, service and reputation of our products.

The competition for foreign sales is subject to additional Government stipulations (e.g. export restrictions). We may compete against domestic and foreign companies (or teams) for contract awards by other governments. International competition also may be subject to different laws or contracting practices of other governments that may affect how we structure our bid for the procurement. In many international procurements, the bilateral relationship between a purchasing country and India is an important factor in determining the outcome of a bid an important factor in determining the outcome of a bid.

Quality Control Standards and Certifications

Quality Control

We focus on process and product quality in our manufacturing operations. Most of our divisions are certified to the AS9100 C quality management standards, which provide for requirements applicable to aviation, space and defence organizations, and the ISO 9001:2008 quality management standards. Our quality management system is approved by the DGAQA. Some of our manufacturing processes are also certified by the National Aerospace and Defence Contractors Accreditation Program ("NADCAP"). In addition, some of our laboratories are certified by the National Accreditation Board for Testing and Calibration Laboratories, an autonomous body under the Department of Scientific and Industrial Research.

As of December 31, 2017, we employed over 2,432 personnel in quality control functions across our operations. Regular quality checks are conducted in accordance with the process documents prepared by us in co-ordination with the DGAQA and some of our customer representatives. Further, regular quality audits are conducted by the DGAQA and joint quality audits are conducted with our customers to ensure the quality of our products and processes. We also conduct annual quality audits across all of our divisions.

Infrastructure Facilities

Electricity

All of our manufacturing divisions, R&D Centres and corporate office draw electricity from the local power distribution companies' system. In addition, all of them, except the divisions located at Nasik, are equipped with diesel generators which provide back-up power in certain areas in the event of break downs or power grid failure.

Water

Our water requirements are met by the respective state water boards in Bengaluru, Hyderabad, Koraput and Nasik. We draw water from borewells to meet the water requirements of our facilities in Barrackpore, Korwa, Kanpur and Lucknow.

Other Infrastructure Facilities

The total estate area of our Company includes all the divisions, townships and common facilities. Our township facilities include the HAL convention centre, schools, banks, heritage centres, aerospace museums, Kalyana Mandaps (or community halls), markets and other facilities.

Research, design and development

We devote significant resources in developing new products and upgrading existing products. In the six month period ended September 30, 2017 and in the Financial Years 2017, 2016 and 2015, our research, design and development expenses were ₹ 5,097 million, ₹ 12,837 million, ₹ 11,912 million and ₹ 10,424 million, respectively, which accounted for 9.7%, 6.9%, 6.9% and 6.7%, respectively, of our revenue from operations during such periods. We conduct research, design and development activities under customer-funded programmes and also with our own independent research, design and development funds. Our independent research, design and development costs include basic research, applied research, systems and other concept formulation studies. Generally, these costs are allocated among all contracts and programmes in progress. After we develop internally funded proprietary technologies, our customers typically fund the application of these technologies to meet their specific requirements. Our engineers work closely with our customers to identify the compelling enhancements or complementary features to current products required to capitalise on opportunities in high growth areas. Costs we incur under customer-sponsored research, design and development programmes pursuant to contracts are included in net sales and cost of sales. Under certain arrangements in which a customer shares in the product development costs, our portion of the unreimbursed costs is expensed as incurred in cost of sales. For details, see section entitled "*— Management's Discussion and Analysis of Financial Condition and Results of Operations* — Significant Factors Affecting Results of Operations — Research, Design and Development".

We have 11 R&D Centres engaged in the design and development of aircraft, helicopters, aero-engines, gas turbines, engine test beds, aircraft communication and navigation systems and mechanical or electrical system accessories.

Our R&D Centres have dedicated facilities for research and prototype activities and they are co-located with the respective manufacturing divisions for effective development and design support. All of our R&D Centres are approved by the Department of Scientific and Industrial Research and certified by the DGAQA and CEMILAC. We have also implemented a scheme where engineers with experience in critical areas are being retained after superannuation for a further period of up to five years to maintain continuity and ensure knowledge transfer to the next generation of engineers.

The plans and activities of our R&D Centres are co-ordinated and monitored by the Committee of Institutional Network headed by our Director for engineering, research, design and development and heads of R&D Centres are members of the Committee of Institutes Network. We have also formed a Technology and Design Policy Committee as a Board of Directors sub-committee which serves as our policy forum in respect of technology management and research, design and development projects.

We have a R&D manual which sets out the guidelines and associated norms applicable to our R&D Centres. We prepare design perspective plans covering 10-year period based on our customers' plans and assessment of technology gaps. The projects for new product development are taken up by our R&D Centres on the basis of such plans.

We also leverage the strengths available in Indian academic institutes and other research and development organisations for our current and future projects. We work closely with DRDO laboratories and have also signed a memorandum of understanding with National Aerospace Laboratories to collaborate in certain areas of common interest. We have been collaborating with reputable academic and industrial institutions such as IITs and IISc and have also established research chairs at IITs at Kanpur, Roorkee, Chennai, Mumbai and Kharagpur and at IISc Bengaluru which focuses on research in aeronautical engineering.

Intellectual Property

Our intellectual property rights are important to our business. We own the rights to our corporate logo. In addition, we obtain intellectual protection for products and technologies developed through our research, design and development activities. As of December 31, 2017, we owned two trademarks, seven patents, 11 design registrations and 77 copyrights. We also have proprietary trade secrets, technology, know-how, processes and other intellectual property rights, which are not registered. See the section entitled "— *Risk Factors — If we fail to protect, or incur significant costs in defending, our intellectual property and other proprietary rights, our business, results of operation and financial condition could be materially harmed.*" on page 42.

Health, Safety and Environment

We are committed to following best practices and complying with all applicable health, safety and environmental legislation and other requirements in our operations. We have received ISO-14001:2004 certification for environmental management system for various divisions.

To ensure effective implementation of our practices, we attempt to identify all hazards at the beginning of our work on any project and associated risks are evaluated and controls and methods are instituted, implemented and monitored.

We have in the past five years faced occurrences of accidents at our facilities, including accidents resulting in injury and loss of life to a few of our employees and/or contract workers. See section entitled "*Risk Factors – Risks Related to our Company – Our business could be materially adversely affected if any default of ours causes an aircraft or helicopter accident*".

We believe that most accidents and occupational health hazards can be prevented through systematic analysis and control of risks and by providing appropriate training to stakeholders, employees, subcontractors and communities. Our employees work towards eliminating or minimizing the impact of any hazards to people and the environment. We strongly encourage the adoption of occupational health and safety procedures as an integral part of our operations.

We are committed to protecting the environment by minimizing pollution, waste and optimising fuel consumption towards continual improvement of our environmental performance. We have established a 6.3 MW wind power plant in Davangere District, Karnataka and 3.9 MW solar power plants at Bengaluru and other locations up to March 2017. Electricity produced by the wind power plant is transmitted to the local power grid for which the revenue generated are allocated to our corporate social responsibility budget. The solar power plants are connected to our internal power grids and are utilised for our operations. Sewage treatment plants and effluent treatment plants are being used effectively to treat the domestic waste water and industrial effluents respectively. Tree plantation is done every year to reduce air pollution. Bio-medical wastes, e-wastes and other hazardous wastes are disposed off through authorised agencies of the Pollution Control Board or the relevant state governments according to applicable rules.

Employees

As of December 31, 2017, we (on a standalone basis) had 29,219 employees. The function-wise profile of such employees is as follows:

Department	Officers	Workmen	Total
Management services	137	133	270
Design and design liaison	1,798	206	2,004
Production engineering including project cell	1,285	1,495	2,780
Marketing, business development, public relations and corporate communications	69	14	83
Finance and accounts	278	411	689
Production shops	1,894	12,823	14,717
Human resources, legal and training	345	352	697
Information technology	203	132	335
Quality control	920	1,512	2,432
Mechanical, electrical, CNC and civil maintenance	458	791	1,249
Customer services	171	220	391
Test flying and aerodrome operations	78	80	158
IMM and commercial	751	928	1,679
Company secretariat	6	2	8
Secretarial	118	156	274
Systems audit	32	4	36
Laboratory	51	110	161
Security, vigilance and fire brigade	102	615	717
Others	154	385	539
Total	**8,850**	**20,369**	**29,219**

In addition, our subsidiary, NAeL had 125 employees, comprised of 12 officers and 113 workmen, as of December 31, 2017.

We have nine trade unions which are recognised to represent our workmen under the Trade Unions Act, 1926, as amended. Our management holds periodical meetings with representatives of these trade unions to ensure the involvement of employees in decision making process and in the mainstream of organisational operations. Our employees are subject to the code of conduct and other terms and conditions of their employment. During the last five Financial Years, we did not experience any strike other than the country-wide general strikes called by the Central Labour Unions in September 2015 and September 2016 in which some of our workmen participated. We have not experienced any labour disputes or industrial action that had a material effect on our business. In addition, we also provide housing, medical and transportation benefits to some of our employees. As of December 31, 2017, we engaged 334 casual workers who are paid directly by our Company and 11,395 contract workers who are engaged and paid directly by our independent contractors, to carry out certain unskilled and ancillary jobs at our facilities.

We invest in continuing education and training programmes for our officers and workmen with a view to constantly upgrade their skills and knowledge. We have established technical training institutes in some of our divisions which impart training to enhance job-related skills to our workmen.

We established the HAL Management Academy in 1969 to train and develop our officers to enhance their efficiency and effectiveness within the organisation. The HAL Management Academy conducts training programmes in management, technical and leadership areas. All the training initiatives are designed to facilitate continuous learning and engagement with focus on business results and values as well as on product and programme performance. The training programmes are conducted both by in-house instructors as well as in collaboration with third-party experts in various fields. Furthermore, we have developed a new campus and facilities for the HAL Management Academy in Bengaluru.

In order to enrich the knowledge and enhance the skills of our employees in the field of aerospace research, design and development, we sponsor our officers to study at certain leading colleges within India and abroad. Since the Year 2007, we have sponsored a total of 197 officers for post-graduate studies at Cranfield University, United Kingdom for a period of up to 11 months. These officers obtained master in science degrees in relevant disciplines including computational fluid dynamics, aerospace propulsion, aerospace vehicle design and aerodynamics and took part in projects that relate to our Company. These programmes include site visits to leading aerospace companies including BAE Systems, Rolls Royce and Airbus.

Some of our employees are also deputed for training programmes to the premises of our collaborators and technology partners as well as to external institutions.

Insurance

Our operations are subject to risks inherent in the engineering, procurement, construction and manufacturing industry, such as equipment failure, work accidents, fire, earthquake, flood and other force majeure events, acts of terrorism and explosions including hazards that may cause injury and loss of life, severe damage to and the destruction of property and equipment and environmental damage.

We may be subject to losses resulting from defects or damages arising from the engineering, procurement or construction services we provide and the products we manufacture. We are typically required by our customers to obtain specialised insurance in the nature of contractors' all risk (erection all risk) and contractors' plant and machinery policies, including third party liability insurance policies to cover risks during execution of our projects.

We generally maintain insurance covering our assets and operations at levels that we believe to be appropriate and consistent with that typical for other similar businesses in India.

Property

Our registered Office is located at 15/1 Cubbon Road, Bengaluru 560 001. As of December 31, 2017, we owned various properties situated in various locations in India that we use as the location of our factories and Offices as well as for housing of our employees. We occupy a Strategic Electronic Factory at Kasargod pursuant to a Lease with a term expiring in 2098. In addition, we occupy the division at Barrackpore pursuant to a Lease from the MoD, the term of which has expired and is currently under renewal.

Awards and Accolades

We have received multiple awards over the years. For more information, see "*History and Certain Corporate Matters – Awards and Recognitions*" on page 176.

Corporate Social Responsibility

We have implemented corporate social responsibility initiatives through various community development activities, over the years, including in adopted villages, which are villages for which we have committed to provide basic facilities as well as in other villages which are in the vicinity of our Company's Divisions. Our corporate social responsibility initiatives include:

(a) **Kumudavthi River Rejuvenation Programme:** We are a part of the Kumudavthi River Rejuvenation Programme in Nelamangala Taluk, Bengaluru Rural District, Karnataka in association with the International Association for Human Values, an Art of Living non-government organisation. As part of this programme, we have sponsored the construction of four mini watersheds and two additional mini watersheds which are currently under construction.

(b) **HAL-IISc Skill Development Centre**: In the Financial Year 2016, we entered into a memorandum of understanding with the IISc at Bengaluru, to establish the HAL-IISc Skill Development Centre at its new Campus at Challakere in the Chitradurga District, Karnataka, as part of our CSR initiatives. This initiative commenced in the Financial Year 2016 and is currently in progress.

(c) **Off-grid Solar Power Plants in Tumkur District:** We have constructed off-grid roof top solar power plants with back-up batteries, to provide electricity to 63 government schools at Gubbi Taluk in Tumkur District, Karnataka.

(d) **Wind Power Plant in Davangere District**: We have established a 6.3 MW wind power plant in Davangere District, Karnataka. Electricity produced by the wind power plant is transmitted to the local power grid for which the revenue generated are allocated for our corporate social responsibility budget.

Legal Proceedings

From time to time, we are involved in legal proceedings concerning matters arising in connection with conducting our business. For details, see "*Outstanding Litigation and Material Developments*" on page 665.

REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies as prescribed by the Government of India and other regulatory bodies that are applicable to the business of our Company. The information detailed below has been obtained from various legislations, including rules and regulations promulgated by regulatory bodies, and the bye laws of the respective local authorities that are available in the public domain. The regulations set out below may not be exhaustive and are merely intended to provide general information to the investors and neither designed nor intended to substitute for professional legal advice. For details of government approvals obtained by us, see "Government and Other Approvals" on page 674.

I. Regulation of the Defence Manufacturing Sector

A. Industrial (Development and Regulation) Act, 1951, as amended ("I(D&R) Act")

The I(D&R) Act has been liberalized under the New Industrial Policy dated July 24, 1991, and all industrial undertakings are exempt from licensing except for certain industries, including among others, all types of electronic aerospace and defence equipment. The I(D&R) Act is administered by the Ministry of Industries & Commerce through the Department of Industrial Policy & Promotion ("**DIPP**").

B. Foreign Trade (Development and Regulation) Act, 1992 ("FTA"), Foreign Trade Policy (2015 - 2020) ("FTP") and Foreign Trade (Exemption from Application of Rules in Certain Cases) Order, 1993 ("FTO")

The FTA provides for the development and regulation of foreign trade by facilitating imports into, and facilitating exports from India. The FTP governs the export and import of goods and services in India which require an import export code ("**IEC**") number unless specifically exempted. Exports and imports are free unless specifically regulated by the FTP or the Indian Trade Classification based on Harmonised System of Coding which is used for regulating import and export operations.

Under the FTA, an IEC granted by the Director General of Foreign Trade will be required to be obtained in the event any import or export of the product is envisaged. Failure to obtain the IEC number will attract a penalty of ₹ 1,000 or five times the value of the goods in which contravention is made or attempted, whichever is more. The FTO makes an exemption from the applicability of the Foreign Trade (Regulation) Rules, 1993 for (i) imports by certain classes of entities, including among others, Central Government or agencies, and undertakings owned and controlled by the Central Government for defence purposes; and (ii) for exports of certain goods, including among others, goods exported by or under the authority of the Central Government.

C. Defence Procurement Procedure, 2016 ("DPP")

A new defence procurement policy has been notified by the Ministry of Defence, Government of India with effect from April 1, 2016 in order to make the process of defence procurement more transparent and speedier and promote the indigenous industry. In terms of the DPP, priority will be given to a new category of procurement known as Indian Indigenous Design, Development and Manufacturing (Indian - IDDM) in order to provide thrust to the "Make in India" initiative in the defence production. Products bought under this category would require 40 percent indigenous content if the design of the product is also indigenous; otherwise it will require 60 percent indigenous content. Under the new policy, top priority to acquiring weapons will be given to Buy (Indian — IDDM) followed by Buy (Indian), Buy and Make (Indian), and Buy and Make (Global), the last priority will be given to Buy (Global) category. Chapter VIII was introduced in the DPP in May 2017 which adds strategic partnership model between GoI and private entity for manufacturing defence equipments including the type of strategic structure and procedure to apply.

D. The Aircraft Act, 1934 and the Aircraft Rules, 1937

The Aircraft Act, 1934 and the Aircraft Rules, 1937 was enacted to control the manufacture, possession, use, operation, sale, and the import and export of aircrafts. They stipulate parameters for determining airworthiness, maintenance of aircrafts, general conditions for flying and safety, registration of aircrafts and conduct of investigations. The Directorate General of Civil Aviation ("DGCA") is the competent authority for providing the abovementioned license and approvals. The DGCA is the regulatory body in the field of civil aviation primarily responsible for regulation of air transport services to/from/within India and for enforcement of civil air regulations, air safety and airworthiness standards.

E. Arms Act,1959 and Arms Rules, 1962 (“Arms Act and Rules”):

Arms Act and Rules intend to consolidate and amend the law relating to arms and ammunition. They require each person who acquires, has in his possession, or carries any firearm or ammunition to hold a licence issued in accordance with the provisions of this act and the rules made thereunder.

F. Explosives Act, 1884 (“Explosives Act”):

Under the Explosives Act, the Government of India (“**GoI**”) has the power to regulate the manufacture, possession, use, sale, transport and importation of explosives and grant/ refusal of license for the same activities. The GoI may prohibit the manufacture, possession or importation of especially dangerous explosives.

G. Prevention of Corruption Act, 1988 (“PCA”)

Under the PCA, accepting, obtaining, attempting to obtain, or agreeing to accept (i) a gratification, other than legal remuneration as a motive or reward for *inter alia* doing or refraining from doing any official act or favouring or disfavouring any particular person; (ii) any valuable thing without consideration or with inadequate consideration, from any person who is concerned in any proceeding or business transacted by the public servant; or (iii) inducing a person erroneously to believe that the public servant’s influence with the Government has obtained a title for that person and thus inducing that person to give the public servant money or any other gratification as a reward for this service is punishable. Further offering gratification to a public servant and abetting public servants in committing acts punishable under the PCA is also an offence. Penalties include imprisonment for a term which shall not be less than six months but which may extend to five years and unlimited fine.

H. Official Secrets Act, 1923 (“Official Secrets Act”)

The Official Secrets Act provides for punishment for helping the enemy state in any form of communication i.e. providing a sketch, plan, model, article or note or other document or information of an official secret, or of official codes or passwords, to the enemy. The disclosure of any information that is likely to affect the sovereignty and integrity of India, the security of the State, or friendly relations with foreign States, is punishable by the Official Secrets Act. The Official Secrets Act provides for maximum punishments ranging from three to fourteen years imprisonment. In addition, any person who voluntarily receives any secret official document or information knowing or having reasonable ground to believe, at the time when he receives it, that it is communicated in contravention of the Official Secrets Act, is also punishable by the Official Secrets Act for a maximum period of three years, or with fine, or with both.

I. The Legal Metrology Act, 2009 (the “LM Act”)

The LM Act seeks to establish and enforce standards of weights and measures, regulate trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure or number and for matters connected therewith or incidental thereto. The LM Act makes it mandatory to obtain a license from the Controller of Legal Metrology by any person who manufactures, sells or repairs any weight or measure. All weights or measures in use or proposed to be used in any transaction or protection, should be verified and stamped at such place and during such hours as the Controller of Legal metrology may specify on payment of prescribed fees. Further no person shall import any weight or measure unless he is registered in such manner and on payment of such fees, as may be prescribed. Various penalties have been provided for contravention of the provisions of the LM Act. The penalty of using non-standard weight or measure may attract a fine of up to twenty thousand rupees and, a subsequent offence, may lead to imprisonment extending to three years along with fine. The penalty for use of unverified weight or measure is fine which shall not be less than ₹ 2,000 but which may extend to ₹ 10,000 and for the second or subsequent offence, imprisonment along with fine. In case a person imports any weight or measure without being registered under this Act, he may be punished with fine which may extend to ₹ 25,000. The LM Act also provides for provisions relating to compounding of offences.

J. The Legal Metrology (Approval of Models) Rules, 2011 (the “Approval of Models Rules”)

The Approval of Models Rules lay down provisions regarding approvals of models of weights and measures. The Approval of Models Rules state that only recognised laboratories shall carry out tests for approval of models. Application for approval of models needs to be made to the director of legal metrology with the prescribed information. Once a model is approved, a certificate of approval is issued, pursuant to which, a license to manufacture the model may be obtained from the State Government. The procedure for issue, revocation and suspension of the certificate of approval is also laid down. The Approval of Models Rules repeal the Standards of Weights and Measures (Approval of Models) Rules, 1987.

II. Labour Law Regulations

We are required to comply with certain labour and industrial laws, which includes the Factories Act, 1948, Employees' Provident Funds and Miscellaneous Provisions Act 1952, the Employees State Insurance Act, 1948, the Minimum Wages Act, 1948, the Maternity Benefit Act, 1961, Employees Compensation Act, 1923, the Payment of Gratuity Act, 1972, Contract Labour (Regulation and Abolition) Act, 1970, the Payment of Wages Act, 1936, Industrial Disputes Act, 1947, the Apprentices Act, 1961, the Trade Unions Act, 1926, the shops and establishments legislations, the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 amongst others.

III. Intellectual Property Laws

Intellectual Property in India enjoys protection under both common law and statute. Under statute, India provides for patent protection under the Patents Act, 1970, copyright protection under the Copyright Act, 1957, trademark protection under the Trade Marks Act, 1999 and design protection under the Designs Act, 2000. The above enactments provide for protection of intellectual property by imposing civil and criminal liability for infringement.

A. Trade Marks Act, 1999 ("Trade Marks Act")

The Trade Marks Act which came into force on December 30, 1999 governs the law pertaining to protection of trade marks in India. A trade mark is essentially any mark capable of being represented graphically and distinguishing goods or services of one person from those of others and includes a device, brand, heading, label, ticket, name, signature, word, letter, numeral, shape of goods, packaging or combination of colours or combination thereof. Once a mark is registered, it is valid in India only, for a period of 10 years and can be renewed from time to time in perpetuity. Registration of a trade mark grants the owner a right to exclusively use the trade mark as a mark of goods and services and provides for remedies in case of the fraudulent use of deceptively similar marks by any third party. The Registrar of Trademarks is the authority responsible for registration of the trade marks, settling opposition proceedings and rectification of the register of trade marks. As per the Trademarks (Amendment) Act, 2010, Registrar of Trade Marks is empowered to deal with international applications originating from India as well as those received from the International Bureau and maintain a record of international registrations. It also removes the discretion of the Registrar to extend the time.

The Trademarks Rules, 2007 which substitute the earlier 2002 rules, lay down certain guidelines regarding procedure. Some of the salient features of the rules are: process for determination of "well known mark" established, representation of sound marks, recognition of e-mail as mode of service, new registration fees and filing of statement user is mandatory among others

B. The Patents Act, 1970 ("Patents Act")

The patent regime in India is governed by the Patents Act and rules and regulations made thereunder. Pursuant to the Patents (Amendment) Act, 2005, and the TRIPS Agreement, product patent regime with a protection period of 20 years became applicable in India. The patent regime protects inventions through patents. The amended Patents Act defines "inventive step" to mean a feature of an invention that involves a technical advance as compared to the existing knowledge or having economic significance or both and that makes an invention not obvious to a person skilled in the art. Any person claiming to be the true and first inventor of the invention or the assignee of the true and first inventor or the legal representative of any deceased person who was entitled to make an application immediately before death may apply for a patent for an invention. In addition to domestic law, India is a party to international intellectual property related instruments including the Patent Cooperation Treaty, 1970. The Patents Rule, 2003 lay down the procedural guidelines. They were further amended in pursuant to the Patents (Amendment) Rules, 2016. The amendment came into effect on May 16, 2016. The amendment is substantial, and can certainly have an impact on the patent filing and prosecution strategy, among other things.

C. Indian Copyright Act, 1957 and Copyright Rules, 1957 (“Copyright Act”):

The Copyright Act governs copyright protection in India. Under the Copyright Act, copyright may subsist in original literary, dramatic, musical or artistic works, cinematograph films, and sound recordings. While copyright registration is not a prerequisite for acquiring or enforcing a copyright in an otherwise copyrightable work, registration may expedite infringement proceedings and reduce delay caused due to evidentiary considerations. Once registered, copyright protection of a work lasts within the lifetime of the author and until 60 years following the demise of the author. Reproduction of a copyrighted work for sale or hire, issuing of copies to the public, performance or exhibition in public, making a translation of the work, making an adaptation of the work and making a cinematograph film of the work without consent of the owner of the copyright are all acts which expressly amount to an infringement of copyright. However, the Copyright Act prescribes certain fair use exceptions which permit certain acts, which are otherwise considered copyright infringement.

D. The Design Act, 2000

The Design Act, which came into force in May 2001, along with the rules made thereunder consolidate and amend the law relating to protection of designs. A design refers to the features of shape, configuration, pattern, ornamentation or composition of lines or colours applied to any article, in two or three dimensional or both forms, by an industrial process or means, whether manual, mechanical or chemical, separate or combined, which in the finished article appeal to and are judged solely by the eye. In order to register a design, it must be new or original and must not be disclosed to the public anywhere in India or any other country by publication in tangible form or by use or in any other way prior to the filing date. A design should be significantly distinguishable from known designs or combination of known designs in order for it to be registered. A registered design is valid for a period of 10 years after which can be renewed for a second period of five years, before the expiration of the original period of 10 years. After such period the design is made available to the public by placing it in the public domain.

IV. Environmental Laws

The business of our Company is subject to various environment laws and regulations. The applicability of these laws and regulations varies from operation to operation and is also dependent on the jurisdiction in which our Company operates. Compliance with relevant environmental laws is the responsibility of the occupier or operator of the facilities.

The operations of our Company require various environmental and other permits covering, among other things, water use and discharges, stream diversions, solid waste disposal and air and other emissions. Major environmental laws applicable to the business operations include:

A. The Environment (Protection) Act, 1986, as amended (“EPA”)

The EPA is an umbrella legislation in respect of the various environmental protection laws in India. The EPA vests the Government of India with the power to take any measure it deems necessary or expedient for protecting and improving the quality of the environment and preventing and controlling environmental pollution. This includes rules for, inter alia, laying down standards for the quality of environment, standards for emission of discharge of environment pollutants from various sources as given under the Environment (Protection) Rules, 1986, inspection of any premises, plant, equipment, machinery, examination of manufacturing processes and materials likely to cause pollution. Penalties for violation of the EPA include fines up to ₹ 100,000 or imprisonment of up to five years, or both. The imprisonment can extend up to seven years if the violation of the EPA continues. There are provisions with respect to certain compliances by persons handling hazardous substances, furnishing of information to the authorities in certain cases, establishment of environment laboratories and appointment of Government analysts.

B. The Air (Prevention and Control of Pollution) Act, 1981, as amended (“Air Act”)

The Air Act has been enacted to provide for the prevention, control and abatement of air pollution. The statute was enacted with a view to protect the environment and surroundings from any adverse effects of the pollutants that may emanate from any factory or manufacturing operation or activity. It lays down the limits with regard to emissions and pollutants that are a direct result of any operation or activity. Periodic checks on the factories are mandated in the form of yearly approvals and consents from the corresponding Pollution

Control Boards in the state.

Pursuant to the provisions of the Air Act, any person, establishing or operating any industrial plant within an air pollution control area, must obtain the consent of the relevant State Pollution Control Board prior to establishing or operating such industrial plant. The State Pollution Control Board is required to grant consent within a period of four months of receipt of an application, but may impose conditions relating to pollution control equipment to be installed at the facilities. No person operating any industrial plant in any air pollution control area is permitted to discharge the emission of any air pollutant in excess of the standards laid down by the State Pollution Control Board.

The penalties for the failure to comply with the provisions of the Air Act include imprisonment of up to six years and the payment of a fine as may be deemed appropriate. If an area is declared by the State Government to be an air pollution control area, then, no industrial plant may be operated in that area without the prior consent of the State Pollution Control Board.

C. The Water (Prevention and Control of Pollution) Act, 1974, as amended ("Water Act")

The Water Act aims to prevent and control water pollution as well as restore water quality by establishing and empowering the Central Pollution Control Board and the State Pollution Control Boards. Under the Water Act, any person establishing any industry, operation or process, any treatment or disposal system, use of any new or altered outlet for the discharge of sewage or new discharge of sewage, must obtain the consent of the relevant State Pollution Control Board, which is empowered to establish standards and conditions that are required to be complied with. In certain cases the State Pollution Control Board may cause the local Magistrates to restrain the activities of such person who is likely to cause pollution. Penalty for the contravention of the provisions of the Water Act include imposition of fines, or imprisonment, or both.

The Central Pollution Control Board has powers, *inter alia*, to specify and modify standards for streams and wells, while the State Pollution Control Boards have powers, *inter alia*, to inspect any sewage or trade effluents, and to review plans, specifications or other data relating to plants set up for treatment of water, to evolve efficient methods of disposal of sewage and trade effluents on land, to advise the State Government with respect to the suitability of any premises or location for carrying on any industry likely to pollute a stream or a well, to specify standards for treatment of sewage and trade effluents, to specify effluent standards to be complied with by persons while causing discharge of sewage, to obtain information from any industry and to take emergency measures in case of pollution of any stream or well. A central water laboratory and a state water laboratory have been established under the Water Act.

D. The Water (Prevention and Control of Pollution) Cess Act, 1977, as amended ("Water Cess Act")

The Water Cess Act provides for levy and collection of a cess on water consumed by industries with a view to augment the resources of the Central and State Pollution Control Boards constituted under the Water Act. Under this statute, every person carrying on any industry is required to pay a cess calculated on the basis of the amount of water consumed for any of the purposes specified under the Water Cess Act at such rate not exceeding the rate specified under the Water Cess Act. A rebate of 25% on the cess payable is available to those persons who install any plant for the treatment of sewage or trade effluent, provided that they consume water within the quantity prescribed for that category of industries and also comply with the provision relating to restrictions on new outlets and discharges under the Water Act or any standards laid down under the EPA. For the purpose of recording the water consumption, every industry is required to affix meters as prescribed. Penalties for non-compliance with the obligation to furnish a return and evasion of cess include imprisonment of any person for a period up to six months, or a fine of ₹ 1,000, or both and penalty for non-payment of cess within a specified time includes an amount not exceeding the amount of cess which is in arrears.

E. The Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016, ("Hazardous Wastes Rules")

The Hazardous Wastes Rules impose an obligation on every occupier of a facility generating hazardous waste for safe and environmentally sound handling of hazardous waste generated at such facility. Every person engaged in generation, processing, treatment, packaging, storage, transportation, use, collection, destruction, conversion, offering for sale and transfer of hazardous waste must obtain an approval from the applicable State Pollution Control Board. The occupier, the importer, the transporter and the operator of disposal facility are liable for damages to the environment or third party resulting from the improper handling and disposal of hazardous waste. The operator and the occupier of a facility are liable for any financial penalties that may be levied by the respective State Pollution Control Boards with the prior approval of the Central Pollution Control Board.

F. Manufacture, Storage and Import of Hazardous Chemical Rules, 1989

Manufacture, Storage and Import of Hazardous Chemical Rules, 1989 (**"Hazardous Chemical Rules"**) provide for the rules for handling hazardous chemicals described in the schedules to the Hazardous Chemical Rules. Entities which engage in any industrial activity involving hazardous chemicals are required to adhere to these rules. Further, prior to the commencement of any activity which involves hazardous chemicals, the occupier of such facility is required to notify the concerned authority three months prior to the commencement of the proposed activity. Provisions with regard to major incidents involving hazardous chemicals, safety measures as well as provisions for the import and transport of hazardous chemicals have also been provided. Penalties for contravention of the provisions of the Hazardous Chemicals Rules will be as specified in the EPA.

G. The Noise Pollution (Regulation & Control) Rules 2000 ("Noise Regulation Rules")

The Noise Regulation Rules regulate noise levels in industrial (75 decibels in day time and 70 decibels in night time), commercial (65 decibels in day time and 55 decibels in night time) and residential zones (55 decibels in day time and 45 decibels in night time). The Noise Regulation Rules also establish zones of silence of not less than 100 meters near hospitals, educational institutions and courts. The rules also assign regulatory authority for these standards to the local district courts. Penalty for non-compliance with the Noise Regulation Rules shall be under the provisions of the EPA.

H. Public Liability Insurance Act, 1991 ("Public Liability Act")

The Public Liability Act, as amended imposes liability on the owner or controller of hazardous substances for any damage arising out of an accident involving such hazardous substances. A list of hazardous substances covered by the legislation has been enumerated by the Government by way of a notification. The owner or handler is also required to take out an insurance policy insuring against liability under the legislation. The rules made under the Public Liability Act mandate that the employer has to contribute towards the environment relief fund, a sum equal to the premium paid on the insurance policies. This amount is payable to the insurer.

Other laws

In addition to the above, our Company is also required to comply with the provisions of the Companies Act and rules framed thereunder and other applicable statutes imposed by the Centre or the State Government and authorities for our day-to-day business and operations. Our Company is also amenable to various central and state tax laws.

HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was incorporated on August 16, 1963 as Aeronautics India Limited, a private limited company under the Companies Act, 1956. Subsequently, Hindustan Aircraft Limited, a company incorporated on December 23, 1940 under the Companies Act, 1913 was merged with our Company, pursuant to the Aircraft Companies Amalgamation order dated September 28, 1964 passed by the Company Law Board. The name of our Company was changed to Hindustan Aeronautics Limited, by a certificate of change of name issued by the Registrar of Companies, Maharashtra dated December 5, 1964 with effect from October 1, 1964. The status of our Company was changed to public limited company by a special resolution of the members of our Company passed at the Extra Ordinary General Meeting held on July 10, 1995.

On June 27, 2007, our Company was notified as a Navratna company by the Department of Public Enterprises, GoI through notification bearing number DPE OM No. 26(3)/2005-GM-GL-86. As a Navratna company, our Company is eligible for some enhanced delegation of powers to the Board, including having greater autonomy to incur capital expenditure for our projects without the GoI approval and allows us to make investments in joint ventures and subsidiaries in India and abroad, if any, subject to an investment ceiling set by the GoI.

For further information on the business of our Company including description of the activities, services, products, market of each segment, the growth, exports and profit, technology, market, managerial competence and the standing with reference to the prominent competitors, see the sections titled "*Our Business*" and "*Industry Overview*" on pages 126 and 118, respectively.

Changes in Registered Office

The registered office of our Company was originally located at Steelcrete House, 7th Floor, 3, Dinshaw Vachha Road, Mumbai 400 001, Maharashtra. Following are the changes in the Registered Office of our Company since incorporation:

Effective date of change of registered office	Address
May 18, 1966*	Indian Express Building, Vidhana Veedhi, Bangalore, State of Mysore
January 23, 1989*	15/1, Cubbon Road, Bangalore-560001, Karnataka

*The change in the Registered Office was to ensure greater operational efficiency.

The activities carried out by our Company are in line with the objects of our Company as listed below.

The Main Objects of our Company:

1. (a) To carry on in India and elsewhere the business of manufacturing, assembling, fitting up, repairing, converting, overhauling, maintaining and rendering assistance and services of all and every kind of any description, buying, selling, importing, exporting, exchanging, altering, hiring, letting on hire, improving, repairing and dealing in aeroplanes, airships, seaplanes, balloons, helicopters, gliders, parachutes and aircraft and aero-engines of every description whether required for civil, commercial or military defence purposes and requirements or otherwise, and all component parts, fittings, tools, implements, accessories, materials and all articles and things used in connection therewith in any way whatsoever.

(b) To manufacture, sell, buy, repair, alter and exchange, let on hire, export, import and deal in all kinds of articles and things which may be required for the purposes of any of the business of the Company or commonly supplied or dealt in by persons engaged in any such business or which may seem capable of being profitably dealt with in connection with any of the business of the Company; and also to act as agents for Governments or Authorities or for any manufacturers, merchants and others and to carry on agency business of every kind of any description connected with the business of the Company.

(c) To purchase or otherwise acquire all or any part of the business, property including all assets such as machinery, housing, buildings, workshops etc., and liabilities of any person, corporation, Government or Company engaged in the manufacture of aircraft and related products in India and elsewhere or of any person, corporation, Government or Company, the business of which is capable of being conducted directly or indirectly to benefit this Company.

(d) To acquire, construct, build, set up, equip, provide and maintain factories, workshops, hangars, garages, airports, aerodromes, building yards, landing grounds and accommodations of all descriptions for any kind of aircraft or in relation to any aerial conveyance.

(e) To establish, maintain and operate Air Services for the carriage of passengers, mails and freight by aeroplanes, seaplanes or other aircraft in India and elsewhere.

(f) To establish, maintain and operate training colleges and technical institutions for pilots, ground engineers and mechanics, and schools and colleges for training in aviation, in all transactions of aeronautical engineering in India and elsewhere.

(g) To engage in and carry out any form of aerial survey in India and elsewhere.

(h) To carry on the business of mechanical engineering in all its branches in India and elsewhere.

2. To manufacture, buy, sell, exchange, install, work, alter, improve, manipulate, prepare for market, import or export, and otherwise deal in all kinds of plant, machinery, apparatus, tools, utensils, substances, materials, and things necessary or convenient for carrying on any of the business which the Company is authorised to carry on or usually dealt in by persons engaged in such business.

3. To carry on in India and elsewhere the business of iron-masters, steel makers, steel convertors, manufacturers of ferro-manganese, colliery proprietors, coke manufacturers, miners, smelters, engineers, tin plate makers and iron founders in all their respective branches.

4. To carry on all or any of the businesses of engineers, miners, builders, contractors, ship-owners, ship-builders, wagon builders, engine builders, merchants, importers, exporters, farmers and buying, selling and dealing in property of all kind of iron, brass and other metal founders, machinists, tool makers, wire drawers, tube, pipe and tank manufacturers, moulders, metallurgists and metal workers, fitters, millwrights, galvanisers, electroplaters and enamellers.

5. To carry on the business of carriers by land, sea and air.

6. To purchase, take on lease under licence or concession or otherwise, lands, buildings, works, mines, mining rights, plantations, forests, licences, leases and any rights and privileges or interest therein and to explore, works exercise, develop and to turn to account the same.

7. To carry on the business of manufacturers of and dealers in explosives, ammunition, fireworks and other explosive products and accessories of all kinds and of whatsoever composition and whether for military, sporting, mining, industrial or any other purpose.

8. To carry on the business of manufacturers of every sort of missile, arm and weapon for warlike, sporting or other purposes.

9. To search for and to purchase or otherwise acquire from any Government, State or Authority any licences, concessions, grants, decrees, rights, powers and privileges whatsoever which may seem to the Company capable of being turned to account and to work, develop, carry out, exercise and turn to account the same.

10. To purchase, take on lease or in exchange or under amalgamation, licence or concession or otherwise, absolutely or conditionally, solely or jointly with others and make, construct, maintain, work, hire, hold, improve, alter, manage, let, sell, dispose of, exchange, aerodromes, airports, lands, buildings, warehouses, works, factories, mills, workshops, railways, sidings, tramways, engines, trolleys, machinery and apparatus, water rights, trade marks, privileges or rights of any description or kind.

11. To construct, execute, carry out, improve, work, develop, administer, manage or control in India and elsewhere, works and conveniences of all kinds, which includes railways, tramways, improvement sewage, drainage, sanitary, water, gas, electric light, telephonic, telegraphic and power supply works, and hotels, warehouses, markets and buildings, private or public, and all other works or conveniences whatsoever.

12. *To apply for, tender, purchase, or otherwise acquire any contract and concessions for or in relation to the construction, execution, carrying out equipment, improvement, management, administration or control of works and conveniences, and to undertake, execute, carry out, dispose of or otherwise turn to account the same.*

13. *To enter into any contract or arrangement for the more efficient conduct of the business of the Company or any part thereof and to sub-let any contracts from time to time.*

14. *To establish, provide, maintain, and conduct or otherwise subsidise in India and elsewhere, educational and training institutions, research laboratories and experimental workshops for scientific and technical research and experiments; to undertake and carry on scientific and technical researches, experiments, and tests of all kinds, to promote studies and researches, both scientific and technical, investigations and inventions by providing, subsidising, endowing or assisting laboratories, workshops, libraries, lectures, meetings and conferences and by providing or contributing to the remunerations of scientific or technical professors or teachers and by providing or contributing to the award of scholarships, prizes, grants to students or otherwise and generally to encourage, promote and reward studies, researches, investigations, experiments, tests and inventions of any kind that may be considered likely to assist any business which the Company is authorised to carry on.*

15. *To take, or otherwise acquire and hold shares in any other Company having objects altogether or in part similar to those of this Company and to underwrite solely or jointly with another or others, shares in any such Company. To take, or otherwise acquire shares in any other Company if the acquisition of such shares seems likely to promote further or benefit the business or interests of this Company,*

16. *To acquire or take over with or without a consideration and carry on the business of managers, secretaries, treasurers, and agents by themselves or in partnership with others or companies or partnerships or concerns whose objects may be similar in part or in whole to those of the Company,*

17. *To carry on any other trade or business which may seem to the Company capable of being conveniently carried on in connection with any of the Company's objects or calculated directly or Indirectly to enhance the value of or render profitable any of the Company's property or rights,*

18. *To acquire and undertake the whole or any part of the business, property and liabilities of any person, firm or Company carrying on any business, which the Company is authorised to carry on or possessed of property suitable for the purposes of this Company.*

19. *To sell, let out on hire, or otherwise deal with, all or any of the property of the Company whether immovable or movable including all and every description of apparatus or appliances on such terms and conditions as the Company may think fit.*

20. *To enter into partnership or into any arrangement for sharing or pooling profits, amalgamation, union of interests, co-operation, joint venture, reciprocal concession or otherwise or amalgamate with any person or Company carrying on or engaged in or about to carry on or engage in any business or transaction which this Company is authorised to carry on or engaged in any business undertaking or transaction which may seem capable of being carried on or conducted so as directly or indirectly to benefit this Company.*

21. *To guarantee the payment of money unsecured or secured; to guarantee or become sureties for the performance of any contracts or obligations.*

22. *To sell, let, exchange or otherwise deal with the undertaking of the Company or any part thereof for such consideration as the Company may think fit and in particular for shares, debentures or securities of any other Company having objects altogether or in part similar to those of this Company and if thought fit to distribute the same among the shareholders of this Company.*

23. *To pay for any properties, rights or privileges acquired by the Company, either in shares of this Company, or partly in shares and partly in cash, or otherwise.*

24. *To promote and undertake the formation of any institution or Company for the purpose of acquiring all or any of the property and liabilities of this Company or for any other purpose which may seem directly*

or indirectly calculated to benefit this Company or form any Subsidiary Company or companies. To carry on any business which may seem capable of being carried on conveniently with business or objects of the Company and to acquire any interest in any industry or undertaking.

25. *To lend money on mortgage of immovable property or on hypothecation or pledge of movable property or without security to such persons and on such terms as may seem expedient and in particular to customers or/and persons having dealings with the Company.*

26. *To acquire or hold shares in any undertaking or Company, to acquire the right to use or manufacture and to put up telegraphs, telephones, phonograms, radio transmitting or receiving stations or sets, dynamos, accumulators and all apparatus in connection with the generation, accumulation, distribution, supply and employment of electricity or any power that can be used as a substitute therefor, including all cables, wires or appliances for connecting apparatus at a distance with other apparatus and including the formation of exchange or centres.*

27. *To construct, maintain, lay down, carry out, work, sell, let on hire and deal in telephonic and all kinds of works, machinery, apparatus, conveniences, and things capable of being used in connection with any of the objects of the Company, and in particular any cables, wires, lines, stations, exchanges, reservoirs, accumulators, lamps, meters and engines.*

28. *To purchase or by any other means acquire, and projects, prolong and renew, whether in India or elsewhere, any patents, patent rights, brevets d'invention, licences, protections and concessions which may appear likely to be advantageous or useful to the Company, and to use and turn to account and manufacture under or grant licences or privileges in respect of the same and to spend money in experimenting upon and testing and improving or seeking to improve any patent, inventions or rights which the Company may acquire or propose to acquire.*

29. *To obtain order, or Act of Legislature in India and elsewhere or order, Act or Authority from the authorities of any country or State for enabling the Company to obtain all powers and authorities necessary, or expedient to carry out or extend any of the objects of the Company; or for any other purpose which may seem expedient, and to oppose any proceedings on applications which seem calculated directly or indirectly to prejudice the Company's interest.*

30. *To enter into any arrangements with the Government of India or any State Government In India or from the Government of any other State or Country, or with any authorities, local or otherwise, or with any rulers, chiefs, landlords or other persons that may seem conducive to the Company's objects or any of them and to obtain from them any rights, powers, and privileges, licences, grants and concessions which the Company may think it desirable to obtain and to carry out, exercise and comply with any such arrangements, rights, privileges and concessions.*

31. *To provide for the welfare of employees or ex-employees of the Company and the wives and families or the dependents or connections of such persons by building or contributing to the building of houses and dwellings or by grants of money, pensions, allowances, bonus or other payments or by creating and from time to time subscribing or contributing to Provident Fund and other associations, institutions, funds or trusts and by providing or subscribing or contributing towards places of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as Company shall think fit, and to subscribe or otherwise to assist or to grant money to charitable, benevolent, religious, scientific, national, public or other institutions or objects or purposes.*

32. *Subject to Section 205 (3) of the Companies Act 1956, to distribute any of the property of the Company among the members in specie or kind but so that no distribution amounting to a reduction of capital be made except with the sanction (if any) for the time being required by law.*

33. *To make, draw, accept, endorse, execute and issue cheques, promissory notes, bills of exchange, bills of lading, debentures and other negotiable or transferable instruments.*

34. *To invest and deal with the moneys of the Company in any securities, shares, investments, properties movable or immovable, and in such manner as may from time to time be determined and to sell, transfer or deal in with the same.*

35. *To borrow or raise money or to receive money on deposit at interest or otherwise for purposes of financing the business of the Company in such manner as the Company may think fit, and in particular by the issue of debentures or debenture stock, perpetual or otherwise, including debenture or debenture stock, convertible into shares of this Company, or perpetual annuities; and in security of any such money so borrowed, raised, or received, to mortgage, pledge, or charge the whole or any part of the property, assets or revenue of the Company, present or future, including its uncalled capital by assignment or otherwise or to transfer or convey the same absolutely or in trust and to purchase, redeem, or pay off any such securities. To receive grants, loans, advances or other moneys on deposit or otherwise from State or Central Government Banks, Companies, Trust or individuals with or without allowance of interest thereon.*

36. *To pay all the costs, charges and expenses of and incidental to the promotion, formation, registration and establishment of the Company and the issue of its capital and to remunerate or make donations to any person or persons, or Company for services rendered or to be rendered in placing or assisting to place or guaranteeing the placing of any of the shares in the Company's capital or any debenture, debenture stock or other securities of the Company or in the conduct of its business or in introducing any property or business to the Company or for any other reason which the Company may think proper.*

37. *To employ or pay experts, foreign consultants, etc., in connection with the planning and development of all business connected with the Company's operations.*

38. *To create any depreciation fund, reserve fund, sinking fund, insurance fund or any special or other fund whether for depreciation or for repairing, improving, extending or maintaining any of the property of the Company or for redemption of debentures or redeemable preference shares or for special dividends or equalising dividends or for any other purpose whatsoever, and to transfer any such fund or part thereof to any of the other funds herein mentioned.*

39. *To establish branches and agencies in India and elsewhere and to regulate and discontinue the same. To adopt such means of making known the business of the Company or of any Company in which this Company is interested as may seem expedient and in particular by advertising in the press by circulars, by purchase and exhibition of the works, by publication of books and periodicals and by establishing competitions and granting prizes, rewards, premia and donations.*

40. *To do all or any of the above things and all such other things as are incidental or as may be thought conducive to the attainment of the above objects or any of them in India and elsewhere either as principals, agents, trustees, contractors or otherwise and either by or through agents, contractors, trustees or otherwise, and either alone or in connection with others.*

Amendments to the Memorandum of Association

Since the incorporation of our Company, the following changes have been made to the Memorandum of Association:

Date of Amendment	Nature of Amendment
October 1, 1964	The name of our Company was changed from Aeronautics India Limited to Hindustan Aeronautics Limited
May 18, 1966	The Registered Office of our Company was changed from the State of Maharashtra to the State of Mysore
September 28, 1970	The authorised share capital of our Company was increased from ₹ 500,000,000 divided into 5,000,000 equity shares of ₹ 100 each to ₹ 600,000,000 divided into 6,000,000 equity shares of ₹ 100 each.
April 26, 1982	The authorised share capital of our Company was increased from ₹ 600,000,000 divided into 6,000,000 equity shares of ₹ 100 each to ₹ 1,250,000,000 divided into 12,500,000 equity shares of ₹ 100 each.
March 3, 1994	The authorised share capital of our Company was increased from ₹ 1,250,000,000 divided into 12,500,000 equity shares of ₹ 100 each to ₹ 1,600,000,000 divided into 16,000,000 equity shares of ₹ 100 each.
July10, 1995	The authorised share capital of our Company of ₹ 1,600,000,000 divided into 16,000,000 equity shares of ₹ 100 each was sub-divided into 160,000,000 Equity

Date of Amendment	Nature of Amendment
	Shares of ₹ 10 each.
February 7, 2014	The authorised share capital of our Company increased from ₹ 1,600,000,000 divided into 160,000,000 equity shares of ₹ 10 each to ₹ 6,000,000,000 divided into 600,000,000 equity shares of ₹ 10 each.

Major events

The following table illustrates the major events in the history of our Company:

Year	Event
1964	Hindustan Aircraft Limited was amalgamated with our Company pursuant to the order of the Company Law Board dated September 28, 1964
1970	Company established the Helicopter factory at Bangalore
1983	Company established the Korwa Division for Advanced Avionics at Korwa, Uttar Pradesh
1998	Company established the Industrial and Marine Gas Turbine Division for aeroderivative gas turbines and industrial engines at Bangalore
2000	Company established the Airport Service Centre at Bangalore
2006	Company upgraded the Barrackpore Branch Factory to a Division
2008	Company created a separate Helicopter Complex
2015	Restructuring of all R&D Centres under Design Complex
2016	Upgradation of the Korwa branch of Aerospace Systems and Equipment Research and Design Centre to an R&D Centre
2016	100% subsidiary of our Company, Naini Aerospace Limited, incorporated on December 29, 2016
2017	A subsidiary of our Company, Indo-Russian Helicopters Limited, incorporated on May 2, 2017

Accreditations and Certifications

Our Company has received certifications and accreditations for our Registered Office, manufacturing units and regional offices. The certifications received by our Company include the AS9100C certification from NVTQC and TUV ISO 9001:2008 and ISO 14001:2004 certification(s) from Bureau of Indian Standards; and DET Norske Veritas Certification B.V.; Special Process Approvals (NADCAP) granted by Nadcap Management Council; DGCA Certificate, Ministry of Civil Aviation, GoI and AFQMS certificate from Directorate General of Aeronautical Quality Assurance, Ministry of Defence, GoI. The details of units maintaining these certifications are as follows:

Accreditation / Certification	Units / Regional Office Receiving
ISO 9001:2008 and AS9100C	Helicopter Division (Bangalore); Design Centre (RWR & DC); Helicopter MRO Division (Bangalore); Aircraft Manufacturing Division, Aircraft Overhaul Division and AURDC (Nashik); Aerospace Division (Bangalore); Aircraft Division (Bangalore); Overhaul Division (Bangalore); Engine Division (Bangalore); Foundry & Forge Division (Bangalore); LCA-Tejas Division (Bangalore); Aerospace Composites Division (Bangalore); Barrackpore Division; Engine Division and Koraput Sukhoi Engine Division; Accessories Division and Aerospace Systems and Equipment, R&D Centre, Lucknow; Transport Aircraft Division, Transport Aircraft R&D Centre, Kanpur; Avionics Division and Aerospace Systems and Equipment Research and Development Centre, Korwa; Aircraft R & D Centre Bangalore, Avionics Division and SLRDC, Hyderabad, AERDC, Bangalore, MCSRDC Bangalore
AS9100D	Accessories Division, Aerospace Equipment R&D Centre, Lucknow and Transport Aircraft Division, Kanpur
ISO 9001:2008	IMGT Division, Bangalore

Accreditation / Certification	Units / Regional Office Receiving
AFQMS	Helicopter Division (Bangalore); Design Centre (RWR & DC); Helicopter MRO Division Bangalore; Aircraft Manufacturing Division and Aircraft Overhaul Division (Nashik); Aerospace Division (Bangalore); Aircraft Division (Bangalore); Overhaul Division (Bangalore); Engine Division (Bangalore); Foundry & Forge Division (Bangalore); LCA-Tejas Division (Bangalore); Aerospace Composites Division Bangalore; Barrackpore Division; Engine Division, Koraput Sukhoi Engine Division, Accessories Division (Lucknow); Avionics Division; Aircraft R & D Centre Bangalore, Avionics Division and SLRDC, Hyderabad and AERDC, Bangalore, IJT-LSP (Bangalore)
Nadcap Management Council	Engine Division, Bangalore; Foundry & Forge Division; Aerospace Composites Division; Aircraft Division(Bangalore)
National Accreditation Board for Testing and Calibration Laboratories, Department of Science and Technology	Aircraft Research & Design Centre (ARDC) Bangalore, Accessories Division (Lucknow), Transport Aircraft Division (Kanpur), Avionics Division Hyderabad, Engine Division, Bangalore, Aerospace Composites Division, Bangalore and AURDC (Nashik).
ISO 14001:2004	Design Centre (RWR & DC), Helicopter MRO Division, Aircraft Division (Bangalore), Engine Division (Bangalore), Engine Division and Sukhoi Engine Division (Koraput), Accessories Division, Lucknow, Transport Aircraft Division (Kanpur), Avionics Division (Korwa) ARDC Bangalore, Bangalore, Overhaul Division, Bangalore, AMD & AOD Nashik, Avionics Division, Hyderabad, Barrackpore Division, LCA Tejas Division, Bangalore, IMGT Division, Bangalore
ISO 14001:2015	Airport Service Centre, Bangalore, Aerospace Division Bangalore, Foundry and Forge Division, Bangalore, Aerospace Composites Division Bangalore, Helicopter Division (Bangalore)
DGCA (CAR 21)	Helicopter Division (Bangalore), Rotary Wing Research and Design Centre (RWR & DC), Bangalore, Aircraft Division (Bangalore), Accessories Division, Lucknow, Transport Aircraft Division (Kanpur), Aerospace Composites Division, Bangalore and TRDC, Kanpur
DGCA(CAR145)	Helicopter Division (Bangalore), Engine Division (Bangalore), Accessories Division, Lucknow, Transport Aircraft Division (Kanpur), Barrackpore Division and TRDC, Kanpur

Awards and Recognitions

(i) Raksha Mantri Award for Excellence in Performance under Institutional Category for the years 2007-08, 2009-10, 2010-11, 2012-13 and 2015-16 from Ministry of Defence, Government of India.

(ii) Raksha Mantri Award for excellence in performance (design effort) for AURDC for the year 2005-06 (MiG-27 upgrade).

(iii) Raksha Mantri Award for Excellence for Best Performance Exports under Institutional Category for the year 2008-09 from Ministry of Defence, Government of India.

(iv) Raksha Mantri Award for Best Performing Division among DPSUs for the year 2011-12, 2013-14 and 2014-15 in the Category of Division/Factory/Shipyard Awards for HAL, Hyderabad Division.

(v) MoU Excellence Award under Industrial Sector for the year 2008-09 by Ministry of Heavy Industries & Public Enterprises, Government of India.

(vi) SCOPE Award for Excellence and Outstanding Contribution to the Public Sector Management-2011-12 Institutional Category I (Maharatna & Navratna PSEs) by President of India at the Standing Conference of Public Enterprises.

(vii) SCOPE Meritorious Award for R&D, Technology Development and Innovation for the year 2012-13.

(viii) SCOPE Meritorious Award for Good Corporate Governance for the year 2014-15.

(ix) Golden Peacock Eco-Innovation Award 2013 from the Institute of Directors.

(x) Golden Peacock Award for Corporate Social Responsibility in the year 2015 from the Institute of

Directors (IOD).

(xi) Golden Peacock Innovative Product / Service Award for the Project “Combined Interrogator and Transponder (CIT)” for the year 2016-17 instituted by the Institute of Directors (IOD).

(xii) Performance Excellence Award for its Financial and Operational strength from Indian Institution of Industrial Engineering (IIIE) for the years 2008-09, 2014-15 and 2015-16.

(xiii) IEI Industry Excellence Award 2013 for overall business excellence and industry practices by the Institution of Engineers (India).

(xiv) IEI Industry Excellence Award 2014 for business excellence and industry practices in manufacturing & processing (category – turnover of ₹ 1,000 crore and above) for the year 2013 by the Institution of Engineers (India)

(xv) IEI Industry Excellence Award 2017 for demonstrating highest order of business excellence in manufacturing and processing group (category A) by the Institution of Engineers (India)

(xvi) Declared Legend PSU of the Year in Navratna PSUs during the News Ink Legend PSU Shining Award-2013.

(xvii) Master Brand Award 2014-15 by CMO Asia and CMO Council.

(xviii) Global Green Award 2014 from Association Otherways Management & Consulting (France) in Berlin, Germany.

(xix) FICCI R&D Award 2015 by Federation of Indian Chambers of Commerce and Industry (FICCI).

(xx) India Pride Award 2014-15 for excellence in defence under public sector undertaking – central category from Dainik Bhaskar Group.

(xxi) Star Performer Award for the year 2013-14 from Engineering Export Promotion Council (EEPC) India in the product group miscellaneous transport equipment and parts (large enterprise) during the 46th National Awards for Export Excellence.

(xxii) Best Manufacturer Exporter Award in “large category - Gold” in the year 2016 from Federation of Karnataka Chambers of Commerce & Industries (FKCCI).

(xxiii) 2nd Corporate Governance Excellence Awards for the year 2015-16 under un-listed Public Sector Company (More than ₹ 500 crore turnover) by the Associated Chambers of Commerce and Industry of India (ASSOCHAM).

(xxiv) SKOCH Platinum Award & SKOCH Order-Of-Merit award for “Design & Development of Light Combat Helicopter” by SKOCH Group for 2016.

(xxv) Aerospace and Defence Awards 2017 under the category of “Company of the year” by SAP Media Worldwide Limited.

(xxvi) SKOCH BSE Award & SKOCH Order-Of-Merit Award 2017 on Corporate Excellence for “Integration of BrahMos Missile on SU-30 MKI Aircraft” by SKOCH Group.

(xxvii) SKOCH Order-Of-Merit award for qualifying amongst Top-20 Blue Economy Projects in India for “Kumudavathi River Rejuvenation” Project by SKOCH Group for 2017.

(xxviii) CISO Platform Award 2017 for companywide implementation of Active Directory with innovative features.

(xxix) “BSE CIO Klub Award 2017” for implementation of Make in India Portal

(xxx) Sustainability Awards 2017 in recognition of quality Management under the category of “Secondary Processing / Fabrication Plants of Non-Ferrous Product” by Indian Institute of Metals (IIM).

Raising of capital by our Company

Other than as disclosed in the section “*Capital Structure*” and “*Financial Indebtedness*” on pages 97 and 662, respectively, we have not issued any capital in the form of equity or debt.

Defaults or Rescheduling of Borrowings with Financial Institutions/ Banks

There are no defaults or rescheduling of borrowings with financial institutions/ banks, conversion of loans into equity in relation to our Company

Time/Cost Over-runs

Pursuant to the SEBI Exemption Letters, our Company has been exempted from making certain disclosures, including time/cost overruns, in the Draft Red Herring Prospectus and the Red Herring Prospectus.

Lock outs and strikes

We have had no instances of industrial strikes, lock-outs or major labour unrests pertaining to issues directly related to our Company in the past five years. However, in the past five years, some of the workmen of our Company participated in general strikes called by central trade unions at the national level on September 2, 2015 and September 2, 2016.

Changes in the activities of our Company during the last five years

There has been no change in the activities of our Company during the last five years which may have had a material effect on the profit/loss account of our Company including discontinuance of line of business, loss of agencies or markets and similar factors.

Details regarding acquisition of business/undertakings, mergers, amalgamation, revaluation of assets

Excepted as stated below, our Company has neither acquired any entity, business or undertakings nor undertaken any mergers, amalgamation or revaluation of assets in the last fiscal. Pursuant to the Aircraft Companies Amalgamation Order dated September 28, 1964 passed by the Company Law Board, Hindustan Aircraft Limited was merged with our Company with effect from October 1, 1964.

Order for the amalgamation of Hindustan Aircraft Limited and Aeronautics India Limited

The Central Government filed a scheme of amalgamation under Section 396 of the Companies Act, 1956 before the Company Law Board for the merger of Hindustan Aircraft Limited with Aeronautics India Limited (“**Scheme of Amalgamation**”). The rationale for the merger of Hindustan Aircraft Limited with our Company was for securing co-ordination in the policy and the efficient and economical expansion and working of aircraft production units in the public sector in India. It was essential in the public interest that the companies, which were engaged in the manufacture and production of aircraft, aero-engine, accessories and missiles, should be amalgamated into a single company.

The Scheme of Amalgamation was approved by the Company Law Board through an order dated September 28, 1964 (“**Aircraft Companies Amalgamation Order**”). Pursuant to this, Hindustan Aircraft Limited was merged with our Company with effect from October 1, 1964. With the successful implementation of the Scheme of Amalgamation, the entire undertaking of Hindustan Aircraft Limited and all debts, liabilities and obligations of whatever kind before October 1, 1964, were transferred and vested in our Company. Pursuant to the approval of the Scheme of Amalgamation, (i) all profits and/ or losses, if any, of Hindustan Aircraft Limited for the year 1963-64 and for the period from April 1, 1964 to September 30, 1964 and the revenue reserves and/or deficits, if any, of Hindustan Aircraft Limited, when transferred to our Company; (ii) the existing officers and other employees of Hindustan Aircraft Limited and the directors of Hindustan Aircraft Limited became officers, employees, directors, as the case may be, of our Company; and (iii) our Company was required to allot to every person registered as a shareholder in Hindustan Aircraft Limited immediately before October 1, 1964 as many shares in our Company as are equivalent in number and value to the shares held by him in Hindustan Aircraft Limited. For further details in relation to the allotment of Equity Shares to the members of Hindustan Aircraft Limited, see the section “*Capital Structure”* on page 97.

Number of Shareholders

As on the date of this Prospectus the total number of shareholders of our Company is seven.

Injunction or restraining order

Our Company is not operating under any injunction or restraining order.

Our Holding Company

Our Company does not have a holding company.

Subsidiaries of our Company

For details of our Subsidiaries, see "*History and Certain Corporate Matters – Subsidiaries and Joint Ventures*" on page 184.

Summary of key agreements

Memorandum of Understanding (MoU) with Department of Defence Production (DDP), Ministry of Defence, GoI

Our Company enters into a Memorandum of Understanding with DDP, Ministry of Defence, GoI ("**MoU**") every financial year. The MoU sets out certain performance targets ("**Targets**") before the beginning of the financial year and the performance of our Company is evaluated against the Targets at the end of the financial year.

For the year 2017-18, our Company has proposed to undertake the following in the MoU: (i) to achieve revenue from operations at ₹ 179,000 million; (ii) to monitor project milestones of clients orders / agreements without time overrun; (iii) to monitor completion of milestones in respect of R&D projects in the year 2017-18; (iv) to achieve self-reliance in the aviation sector through "Make in India" projects like Hindustan Turboprop Trainer-40 (HTT-40), Light Combat Helicopter (LCH) and Light Utility Helicopter (LUH); (v) To achieve capital expenditure of ₹ 13,000 million; (vi) to monitor performance implementation of ten important on-going projects under capacity building, modernization, solar power plant, etc. without time / cost overrun;(vii) to monitor / improve return on investment in joint ventures; (viii) 5% increase in indigenous content over previous year through indigenization under "Make in India" initiative.

Joint Venture Agreements

1. ***Shareholders' agreement dated February 11, 1993 ("BAeHAL SHA") between our Company and British Aerospace Public Limited, presently known as BAE Systems Plc ("BAES")***

   Our Company and BAES have executed the BAeHAL SHA to incorporate BAeHAL Software Limited ("**BAeHAL**") as a joint venture company with a view to jointly design, develop and market computer software, firmware programs and systems. While our Company holds 49% of the equity share capital, 40% and 11% of the equity share capital of BAeHAL is held by BAES and BAe HAL Employees Welfare Trust, respectively. Our Company and BAES are each entitled to nominate atleast two directors on the board of directors of BAeHAL, subject to a minimum composition of four, and a maximum of nine. Until and unless the affirmative vote of all directors nominated by our Company and BAES is obtained, certain matters classified as reserved are not permitted to be undertaken by BAeHAL.

   In terms of the BAeHAL SHA, our Company and BAES each reserve the right to terminate the BAeHAL SHA if *inter alia* a compulsory / voluntary liquidation or insolvency of the other party occurs.

2. ***Shareholders' agreement dated June 30, 1994 ("IRAL SHA") between our Company, Industrial Credit and Investment Corporation of India Limited ("ICICIL"), Federal State Unitary Enterprise RAC MiG ("RAC MiG"), Ryazan State Instrument Plant ("RSIP") and Aviazapchast Public Limited Company ("APLC")***

   Our Company, ICICIL (now ICICI Bank Limited), RAC MiG, APLC, and RSIP (RAC MiG, APLC, and RSIP are hereinafter collectively referred to as "**Russian Participants**") have executed the IRAL SHA to incorporate Indo-Russian Aviation Limited ("**IRAL**") as a joint venture company with a view to mutually undertake *inter alia* (i) overhaul and repair of aircraft, engines, aggregates and systems; (ii) product support for maintenance and exploitation of aircraft; (iii) production of aircraft, engines, aggregates in India/Russia on the basis of cooperation; and (iv) supply of ground and role support equipment. While our Company holds 48% of the equity share capital, 47% and 5% of the equity share capital of IRAL is held by the Russian Participants and ICICIL (now ICICI Bank Limited) respectively. In terms of the IRAL Articles of Association, the board of directors of IRAL shall consist of eight directors of which, our Company and ICICIL (now ICICI Bank Limited) are jointly entitled to nominate three directors, and the Russian Participants are entitled to nominate three directors. Apart from that, two independent directors are to be appointed by the Board of Directors of IRAL in accordance with the provisions of the IRAL Articles of Association, one such independent director which has been appointed.

As long as Russian Participants, our Company and ICICIL (now ICICI Bank Limited) own shares in IRAL, any resolution regarding certain matters in shareholders meeting shall only be taken with prior approval of the Russian Participants, Our Company and ICICIL (now ICICI Bank Limited). Decisions at the board meetings shall be taken by vote of majority of the directors, however certain matters require majority of directors to be present in the meeting which shall include atleast one nominee of Russian Participants or must be resolved by a resolution circulated to and approved by all of the directors.

3. ***Shareholders' agreement dated July 20, 2005 ("SHAePL SHA") between our Company and Snecma S. A., presently known as Safran Aircraft Engines ("SAE")***

Snecma HAL Aerospace Private Limited, ("**SHAePL**") was incorporated to produce, manufacture, buy, sell, market, distribute, export, import, deal in on wholesale basis, assemble, fit, reload, repair, convert, alter, maintain and improve all types of air craft engine parts, components and sub-assemblies thereto.

As per the provisions of the articles of association of SHAePL (a 50:50 joint venture company of our Company and SAE), our Company and SAE are each entitled to nominate an equal number of directors on the board of directors of SHAePL, subject to a minimum composition of four and maximum of eight directors.

As long as our Company owns at least 50% of the equity capital in SHAePL, it shall have the right to nominate a chairman and till SAE owns 50% it has right to appoint the managing director on SHAePL.

Our Company and SAE each reserve the right to terminate the SHAePL SHA if *inter alia* (a) the other party materially breaches the SHAePL SHA which materially and adversely affects SHAePL, (b) the other party declares or initiates insolvency proceedings, (c) Indian authorities revoke the approval granted for SHAePL's operations, (d) any material right or obligation of our Company or SAE under the SHAePL SHA becomes unenforceable under applicable law, or (e) the other party fails to make the required capital contribution pursuant to the SHAePL SHA.

4. ***Shareholders' agreement dated July 10, 2006 ("SHDS SHA") between our Company and Samtel Color Limited (acting through Samtel Display Systems Private Limited, presently known as Samtel Avionics Limited) ("Samtel")***

Our Company and Samtel have executed the SHDS SHA to incorporate Samtel HAL Display Systems Limited ("**SHDS**") as a joint venture company, with a view to design, develop and manufacture various types of display systems for airborne, military and ground applications, for sale in the Indian and international markets. While 40% of equity share capital of SHDS is held by our Company, 60% is held by Samtel. In terms of the SHDS SHA, our Company shall be entitled to nominate two directors, and Samtel shall be entitled to nominate three directors on the board of directors of SHDS, subject to a maximum composition of five directors. In terms of the SHDSL SHA, until and unless the affirmative vote of all directors nominated by our Company and Samtel is obtained, certain matters classified as reserved are not permitted to be undertaken by SHDS.

Our Company and Samtel each reserve the right to terminate the SHDS SHA if *inter alia* (a) the other party materially breaches the SHDS SHA and fails to remedy such breach within 30 days of receipt of a notice of breach from the non-defaulting party, (b) the representations and warranties provided by the other party are found to be untrue or incorrect, (c) the other party declares or initiates insolvency proceedings, (d) any material right or obligation of our Company or Samtel under the SHDS SHA becomes unenforceable under applicable law, (e) a resolution is passed for winding up of SHDS or if a liquidator is appointed, or (f) there is a change in the government policy requiring either party to reduce its shareholding in SHDS, or prevents a party from receiving dividends, or excludes either party from participation in the management of SHDS.

5. ***Shareholders' agreement dated July 18, 2006 ("HALBIT SHA") between our Company, Elbit Systems Limited ("ESL"), and Merlinhawk Associates Private Limited ("MAPL")***

Our Company, ESL and MAPL have executed the HALBIT SHA to incorporate HALBIT Avionics Private Limited ("**HALBIT**") as a joint venture company, with a view to (i) design, develop, market and provide operations and maintenance support to avionic products, simulators, etc., and to integrate upgraded products in the Indian and international markets; and (ii) provide integrated logistic support and maintenance services throughout the life cycle of product. While 50% of the equity share capital of HALBIT is held by our Company, 26% is held by ESL, and 24% is held by MAPL. In terms of the HALBIT SHA, the board of directors of HALBIT shall comprise of five directors of which our Company shall be entitled to nominate two directors, and ESL shall be entitled to nominate two. Additionally, our Company and ESL shall, upon mutual consensus, nominate and appoint an independent fifth director on the board. Decisions at a meeting of HALBIT's board of directors shall be taken by vote of a majority of directors present, subject to an affirmative vote by at least one director representing our Company and one representing ESL.

6. ***Shareholders' agreement dated August 11, 2006 ("HETL SHA") between our Company, Edgewood Ventures LLC ("Edgewood"), and Edgewood Technologies Private Limited ("ETPL")***

   Our Company, Edgewood, and ETPL have executed the HETL SHA to incorporate HAL-Edgewood Technologies Private Limited ("**HETL**") as a joint venture company with a view to develop hi-tech aerospace and defence product designs, and develop, manufacture, and carry out technology transfers in respect of state-of-the-art aerospace and defence products for sale in Indian and international markets. While 50% of equity share capital of HETL is held by our Company, 26% is held by Edgewood, and 24% is held by ETPL. In terms of the HETL SHA, the board of directors of HETL shall comprise of minimum of four directors, of which our Company shall be entitled to nominate two directors, and Edgewood and ETPL shall be entitled to nominate one each. In terms of the HETL SHA, until and unless the affirmative vote of all directors nominated by our Company, Edgewood and ETPL is obtained, certain matters classified as reserved, are not permitted to be undertaken by HETL.

   Our Company, Edgewood and ETPL each reserve the right to terminate the HETL SHA if *inter alia* (a) the other party materially breaches the HETL SHA and fails to remedy such breach within 60 days of receipt of a notice of breach from the non-defaulting party, (b) the other party declares or initiates insolvency proceedings, (c) any material right or obligation of either party under the HETL SHA becomes unenforceable under applicable law, (d) the other party fails to make the required capital contribution pursuant to the HETL SHA, or (d) any approval granted in respect of either party's operations is revoked.

7. ***Shareholders' agreement dated April 12, 2007 ("IHL SHA") between our Company and Infotech Enterprises Limited, presently known as Cyient Limited ("Cyient")***

   Our Company and Cyient have executed the IHL SHA to incorporate Infotech HAL Limited as a joint venture company, with a view to inter alia undertake engineering services in the field of aero-engines and technical publications. Our Company and Cyient each hold 50% of the equity share capital of IHL. In terms of the IHL SHA, our Company and Cyient are each entitled to nominate two directors on the board of directors of IHL, subject to a minimum composition of four, and a maximum of six. Further, our Company and Cyient shall mutually appoint two external directors on the board of directors of IHL. In terms of the IHL SHA, until and unless the affirmative vote of all directors and shareholders representing our Company and Cyient has been obtained, certain matters classified as reserved, are not permitted to be undertaken by IHL.

   The IHL SHA prohibits our Company and Cyient from engaging in any business or providing services which are in direct competition with the scope of services contemplated to be provided under the terms of the IHL SHA, without prior consent of the other party. Our Company and Cyient reserve the right to terminate the IHL SHA if (a) the other party fails to perform a material undertaking and rectify such default within 60 days of receipt of a notice from the non-defaulting party, (b) the other party declare or initiates insolvency proceedings, (c) a material right or obligation of our Company or Cyient under the IHL SHA becomes unenforceable under applicable law, (d) the other party fails to make the required capital contribution pursuant to the IHL SHA, or (d) any approval granted in respect of either party's operations is revoked.

8. ***Shareholders' agreement dated September 26, 2007 ("HATSOFF SHA") between our Company and CAE Inc., Canada ("CAE")***

   Our Company and CAE have executed the HATSOFF SHA to incorporate HATSOFF Training Private Limited as a joint venture company, with a view to provide military and civil helicopter pilot training services in India. Our Company and CAE each hold 50% of the equity share capital of HATSOFF. In terms of the HATSOFF SHA, our Company and CAE are each entitled to nominate an equal number of directors on the board of directors of HATSOFF, subject to a minimum composition of four, and a maximum of six. Until and unless the affirmative vote of all directors nominated by our Company and CAE is obtained, certain matters classified as reserved are not permitted to be undertaken by HATSOFF. In terms of the HATSOFF SHA, without the prior written consent of the other party, our Company or CAE are prohibited from engaging in any business or services in India, which is in direct competition with HATSOFF's business, except as disclosed in the HATSOFF SHA.

Our Company and CAE each reserve the right to terminate the HATSOFF SHA if *inter alia* (a) the other party materially breaches the HATSOFF SHA and fails to remedy such breach within 60 days of receipt of a notice of breach from the non-defaulting party, (b) the other party declares or initiates insolvency proceedings, (c) Indian authorities revoke the approval granted for HATSOFF's operations, (d) any material right or obligation of our Company or CAE under the HATSOFF SHA becomes unenforceable under applicable law, or (e) there is an event of force majeure which has rendered HATSOFF incapable of carrying on its business for 180 days.

9. *Shareholders' agreement dated February 29, 2008 ("THTL SHA") between our Company and Tata Technologies Limited ("Tata")*

Our Company and Tata have executed the THTL SHA to incorporate Tata HAL Technologies Limited as a joint venture company with a view to *inter alia* provide engineering and design solutions in the area of aero structures and other allied activities. Our Company and Tata each hold 50% of the equity share capital of THTL. In terms of the THTL SHA, our Company and Tata are each entitled to nominate two directors on the board of directors of THTL, subject to a minimum composition of four, and a maximum of eleven. Further, our Company and Tata shall mutually appoint an independent director on the board of THTL. Until and unless the affirmative vote of all directors and shareholders representing our Company and Tata have been obtained, certain matters classified as reserved, are not permitted to be undertaken by THTL.

Our Company and Tata reserve the right to terminate the THTL SHA if (a) the other party fails to perform a material obligation and correct such default within 60 days of receipt of a notice from the non-defaulting party, (b) the other party declares or initiates insolvency proceedings, (c) a material right or obligation of either party under the THTL SHA becomes unenforceable under applicable law, (d) the other party fails to make the required capital contribution pursuant to the THTL SHA, or (d) any approval granted in respect of either party's operations is revoked.

10. *Shareholders' agreement dated March 25, 2010 ("IAMPL SHA") between our Company and Rolls-Royce Overseas Holdings Limited, UK ("Rolls-Royce")*

Our Company and Rolls-Royce have executed the IAMPL SHA to incorporate International Aerospace Manufacturing Private Limited ("**IAMPL**") as a joint venture company to manufacture products for our Company and Rolls-Royce to be used in the civil aerospace sector. Our Company and Rolls-Royce each hold 50% of the equity share capital of IAMPL. In terms of the IAMPL SHA, our Company and Rolls-Royce are each entitled to nominate an equal number of directors on the board of directors of IAMPL, subject to a minimum composition of six, and a maximum of eight. Further, until and unless the affirmative vote of all directors and shareholders representing our Company and Rolls-Royce has been obtained, certain matters classified as reserved, are not permitted to be undertaken by IAMPL. In terms of IAMPL SHA neither party shall set up other joint ventures with third parties which may affect the financial viability of IAMPL either directly or indirectly.

The IAMPL SHA shall stand terminated upon complete acquisition by our Company or Rolls-Royce of the other party's shareholding in IAMPL.

11. *Shareholders' agreement dated September 9, 2010 ("MTAL SHA") between our Company, UAC-Transport Aircraft ("UAC-TA"), and Rosoboronexport*

Our Company, UAC-TA and Rosoboronexport have executed the MTAL SHA to incorporate Multirole Transport Aircraft Limited ("**MTAL**") as a joint venture company to collaborate in *inter alia* designing, developing, producing marketing and product support in respect of multi-role transport aircrafts. While 50% of equity share capital of MTAL is held by our Company, the remainder 50% is held by UAC-TA and Rosoboronexport. In terms of the MTAL Articles of Association, the board of directors of MTAL shall consist of ten directors out of which our Company shall have the right to nominate three directors and the Indian Air Force shall have the right to appoint one nominee director. UAC-TA and Rosoboronexport shall jointly have the right to nominate four directors. Apart from that, two independent directors are to be appointed by the Board of Directors of MTAL in accordance with the provisions of their Articles of Association. Until and unless the affirmative vote of all directors nominated by our Company, UAC-TA, and Rosoboronexport is obtained, certain matters classified as reserved, are not permitted to be undertaken by MTAL.

In terms of the MTAL SHA, our Company, UAC-TA, Rosoboronexport and their respective affiliates have agreed to refrain from participating in any activity aimed at producing, selling or servicing multi-role transport aircrafts in any part of the world except their home countries being India and Russia, respectively. Our Company, UAC-TA, and Rosoboronexport each reserve the right to terminate the MTAL SHA if *inter alia* (a) a competent court renders such award for termination, (b) the performance of the MTAL SHA becomes impossible due to intervention of the Indian or Russian Governments, or (c) compulsory / voluntary liquidation or insolvency of either party occurs. Apart from the aforementioned means for termination, the parties may mutually agree to terminate the MTAL SHA.

12. ***Joint venture agreement dated July 18, 2014 ("AASSC JVA") between our Company, Bangalore Chamber of Industry and Commerce ("BCIC") and Society of Indian Aerospace Technologies and Industries ("SIATI")***

Our Company, BCIC and SIATI have executed the AASSC JVA to incorporate Aerospace and Aviation Sector Skill Council ("**AASSC**") as a joint-venture company under Section 8 of the Companies Act, *inter alia* for (i) research and aggregate skill requirements of the aerospace and aviation industry; (ii) create skill database, collate and disseminate labor market information with respect to number of people getting direct and indirect employment in various areas of the aerospace and aviation industry; (ii) identify upcoming technologies in the aerospace and aviation sector and determine technology specific skills that may need to be developed in the near future; and (iii) provide quality assurance via accreditation and certifications of training delivery bodies and awarding certification to trainees and trainers. Our Company holds 50% of the equity share capital of AASSC, 25% of the equity share capital is held by BCIC, and the remainder 25% is held by SIATI. In terms of the AASC JVA, the board of directors of AASSC shall consist of a minimum five directors, and a maximum of 26. Our Company reserves the right to nominate two directors on the board of directors of AASSC. SIATI, BCIC, and the National Skill Development Council ("**NSDC**"), are each entitled to nominate one director. HAL chairman shall be the ex-officio chairman of AASSC. Until and unless the prior written approval of NSDC has been obtained, certain matters classified as "reserved matters" are not permitted to be undertaken by AASSC.

13. ***Shareholders' agreement dated July 12, 2016 ("HE-MRO SHA") between our Company and TurbomecaSAS presently known as Safran Helicopter Engines SAS ("SHE")***

Our Company and SHE have executed the Turbomeca SHA to incorporate Helicopter Engines MRO Private Limited ("**HE-MRO**") as a joint venture company ("**JVC**") to provide support, maintenance, repair and overhaul of helicopter engines directly to civil and defence customers. In terms of the HE-MRO SHA, our Company and SHE each hold 50% of the equity share capital in the JVC and shall infuse the same as per an agreed business plan. The board of directors of the JVC shall consist of a minimum of four members where our Company and SHE shall each be entitled to appoint an equal number of directors. In terms of the HE-MRO SHA, until and unless the affirmative vote of all directors and management representing our Company and SHE has been obtained, certain matters classified as reserved, are not permitted to be undertaken by the JVC.

14. ***Shareholder's agreement dated October 15, 2016 ("IRHL SHA") between our Company, Russian Helicopters and Rosoboronexport***

Our Company, Russian Helicopters and Rosoboronexport (Russian Helicopters and Rosoboronexport are hereafter referred to as "**Russian Participants**") have executed the IRHL SHA to incorporate Indo-Russian Helicopters Limited ("**IRHL**") as a joint venture company with the following objectives: (i) to organize production of Ka-226T helicopters and its modifications in India; (ii) undertake maintenance, operation and repair of Ka-226T helicopters; (iii) jointly modernize, including design and development, of helicopters for new applications and upgrades including replacement; and (iv) jointly market Ka-226T helicopters and ensure technical support for them. In terms of the IRHL SHA, our Company, Russian Helicopters and Rosoboronexport shall hold 50.5%, 42% and 7.5% respectively of the equity share capital in IRHL. The board of directors of IRHL shall consist of eight directors, of which our Company, Russian Helicopters and Rosoboronexport shall be entitled to appoint four, three and one directors, respectively. The chairman of the board of directors shall be nominated by the Russian Participants and our Company by rotation. The first chairman of IRHL shall be the nominee of our Company. In addition, IRHL is required to have such number of independent directors as may be required under the Companies Act, 2013. These independent directors shall not be a nominee of our Company or the Russian Participants. In terms of the IRHL SHA, certain matter requires the unanimous decision of all directors of IRHL.

Financial and Strategic Partners

Our Company does not have any financial and strategic partners as of the date of filing this Prospectus.

Details of guarantees given to third parties by our Promoter

Our Promoter has not given any guarantees on behalf of our Company to third parties.

SUBSIDIARIES AND JOINT VENTURES

Subsidiaries of our Company

As of the date of this Prospectus, our Company has the following Subsidiaries:

1. Naini Aerospace Limited ("NAeL")

NAeL was incorporated under the Companies Act 2013 on December 29, 2016, as a public limited company with the RoC. The registered office of NAeL is situated at 15/1, Cubbon Road, Bengaluru 560001, Karnataka, India. NAeL is engaged in the business of *inter alia*, manufacturing, assembling, repairing and rendering assistance and services of all kinds of any description, buying, selling and dealing in aeroplanes, airships, aircrafts, gliders, etc. for civil, commercial or military defence purposes and all component parts, tools and articles used in connection therewith.

Capital Structure

The capital structure of NAeL is as follows:

	No. of equity shares of ₹ 10 each
Authorised share capital	40,000,000
Issued, subscribed and paid-up capital	30,000,000

Shareholding Pattern

The shareholding pattern of NAeL is as follows:

Sr. No.	**Name of shareholder**	**No. of equity shares of ₹ 10 each**	**Percentage of total equity holding (%)**
1.	Our Company*	30,000,000	100.00
	Total	30,000,000	100.00

** Including the equity shares held by the nominee shareholders*

2. Indo Russian Helicopters Limited ("IRHL")

Our Company entered into a shareholders' agreement dated October 15, 2016 with Russian Helicopters and Rosoborobexport for setting up of a joint venture company. IRHL was incorporated under the Companies Act, 2013 on May 2, 2017, as a private limited company with the RoC. The registered office of IRHL is situated at 15/1, Cubbon Road, Bengaluru 560001, Karnataka, India. IRHL is authorised to carry on, *inter alia*, production, maintenance, operation and repair of Ka-226T helicopters as well as marketing of Ka-226T helicopters and providing technical support for it. Since our Company is holding more than 50% shares in IRHL, it becomes subsidiary of our Company as per Companies Act, 2013.

Capital Structure

The capital structure of IRHL is as follows:

	No. of equity shares of ₹ 100 each
Authorised share capital	3,000,000
Issued, subscribed and paid-up capital	1,000,000

Shareholding Pattern

The shareholding pattern of IRHL is as follows:

Sr. No.	Name of shareholder	No. of equity shares of ₹ 100 each	Percentage of total equity holding (%)
1.	Our Company*	505,000	50.50
2.	Russian Helicopters and Rosoboronexport	495,000	49.50
	Total	1,000,000	100.00

** Including the equity shares held by the nominee shareholders*

Holding Company

We do not have a holding company.

Joint Ventures

We have entered into 14 joint venture arrangements, pursuant to which the following Joint Ventures have been incorporated:

1. International Aerospace Manufacturing Private Limited ("IAMPL")

Corporate Information

Our Company entered into a shareholders' agreement dated March 25, 2010 with Rolls-Royce Overseas Holdings Limited, UK ("**Rolls-Royce**") for setting up of a joint venture company. IAMPL was incorporated as a private limited company under the Companies Act, 1956 on July 16, 2010. The registered office of IAMPL is situated at Survey No. 3, Kempapura Village, Varthur Hobli, Bengaluru East Taluk, Bengaluru 560037, Karnataka, India. IAMPL is engaged in the business of manufacturing products to be used in the civil aerospace sector.

Capital Structure

	No. of equity shares of ₹ 100 each
Authorised capital	10,000,000
Issued, subscribed and paid-up capital	8,500,000

Shareholding Pattern

The shareholding pattern of IAMPL is as follows:

Sr. No.	Name of the shareholder	No. of equity shares of ₹ 100 each	Percentage of total equity holding (%)
1.	Our Company	4,250,000	50
2.	Rolls Royce	4,250,000	50
Total		**8,500,000**	**100**

2. Multirole Transport Aircraft Limited ("MTAL")

Corporate Information

Our Company entered into a shareholders' agreement dated September 9, 2010 with UAC-Transport Aircraft and Rosoboronexport (collectively referred to as "**Russian Participants**") for setting up of a joint venture company. MTAL was incorporated as a public limited company under the Companies Act, 1956 on December 1, 2010. The registered office of MTAL is situated at MTAL House, HAL Senior Officers' Enclave, Old Madras Road, Bengaluru 560093, Karnataka, India. MTAL is engaged in the business of designing, developing, producing marketing and product support in respect of multi-role transport aircrafts.

Capital Structure

	No. of equity shares of ₹ 100 each
Authorised capital	288,336,000
Issued, subscribed and paid-up capital	22,693,128

Shareholding Pattern

The shareholding pattern of MTAL is as follows:

Sr. No.	Name of the shareholder	No. of equity shares of ₹ 100 each	Percentage of total equity holding (%)
1.	Our Company*	11,346,564	50
2.	Russian Participants	11,346,564	50
Total		**22,693,128**	**100**

** Including the equity shares held by the nominee shareholders*

3. BAe HAL Software Limited ("BAeHAL")

Corporate Information

Our Company entered into a shareholders' agreement dated February 11, 1993 with British Aerospace Public Limited, presently known as BAE Systems Plc, for setting up of a joint venture company. BAeHAL was incorporated as a private limited company under the Companies Act, 1956 on February 9, 1993. BAeHAL was converted into a public limited company with effect from March 20, 2002. The registered office of BAeHAL is situated at Airport Lane, HAL Estate, Bengaluru 560017, Karnataka, India. BAeHAL is engaged in the business of designing, developing and marketing computer software, firmware programs and systems.

Capital Structure

	No. of equity shares of ₹ 10 each
Authorised capital	10,000,000
Issued, subscribed and paid-up capital	6,000,000

Shareholding Pattern

The shareholding pattern of BAeHAL is as follows:

Sr. No.	Name of the shareholder	No. of equity shares of ₹ 10 each	Percentage of total equity holding (%)
1.	Our Company*	2,940,000	49
2.	British Aerospace Public Limited	2,400,000	40
3.	BAe HAL Employees Welfare Trust	660,000	11
Total		**6,000,000**	**100**

** Including the equity shares held by the nominee shareholders*

4. Indo-Russian Aviation Limited ("IRAL")

Corporate Information

Our Company entered into a shareholders' agreement dated June 30, 1994 with Moscow Aircraft Production Organisation, A.I.Mikoyah Aviation Scientific Production Complex, Industrial Credit and Investment Corporation of India Limited ("**ICICIL**"), Ryazyan State Instrument Plant ("**RSIP**") and State Corporation of Export and Import of Armament and Military Equipment. IRAL was initially incorporated as a private limited company on September 12, 1994 and subsequently converted to a public limited company on March 18, 1997 with effect from January 24, 1997. Consequent to transfer of shares amongst the Russian parties, present shareholders of IRAL are ICICIL, Federal State Unitary Enterprise RAC MiG ("**RAC MiG**"), RSIP and

Aviazapchast Public Limited Company ("**APLC**"). RAC MiG, APLC and RSIP are hereinafter collectively referred to as the "**Russian Participants**". The registered office of IRAL is situated at 15/1 Cubbon Road, Bengaluru, Karnataka. IRAL is engaged *inter alia* in (i) overhaul and repair of aircraft, engines, aggregates and systems; (ii) product support for maintenance and exploitation of aircraft; (iii) production of aircraft, engines, aggregates in India/Russia on the basis of cooperation; and (iv) supply of ground and role support equipment.

Capital Structure

	No. of equity shares of ₹ 10 each
Authorised capital	40,000,000
Issued, subscribed and paid-up capital	1,951,092

Shareholding Pattern

The shareholding pattern of IRAL is as follows:

Sr. No.	Name of the shareholder	No. of equity shares of ₹ 10 each	Percentage of total equity holding (%)
1.	Our Company*	936,525	48
2.	ICICIL	97,555	5
3.	RAC MiG	604,838	31
4.	APLC	117,065	6
5.	RSIP	195,109	10
Total		**1,951,092**	**100**

** Including the equity shares held by the nominee shareholders*

5. Snecma HAL Aerospace Private Limited ("SHAePL")

Corporate Information

Our Company entered into a shareholders' agreement dated July 20, 2005 with Snecma S. A., presently known as Safran Aircraft Engines ("**SAE**"), for setting up of a joint venture company. SHAePL was incorporated as a private limited company under the Companies Act, 1956 on October 24, 2005. The registered office of SHAePL is situated at No 140/1, Hoody-Whitefield Road, Whitefield Industrial Area, Bengaluru 560066, Karnataka, India. SHAePL is engaged in production of engine parts and components and facilitate its assembly for the benefit of SAE, its affiliates and our Company.

Capital Structure

	No. of equity shares of ₹ 100 each
Authorised capital	5,000,000
Issued, subscribed and paid-up capital	2,280,000

Shareholding Pattern

The shareholding pattern of SHAePL is as follows:

Sr. No.	Name of the shareholder	No. of equity shares of ₹ 100 each	Percentage of total equity holding (%)
1.	Our Company	1,140,000	50
2.	SAE	1,140,000	50
Total		**2,280,000**	**100**

6. Samtel HAL Display Systems Limited ("SHDS")

Corporate Information

Our Company entered into a shareholders' agreement dated July 10, 2006 with Samtel Color Limited (acting through Samtel Display Systems Private Limited) ("**Samtel**") for setting up of a joint venture company. SHDS was incorporated as a private limited company under the Companies Act, 1956 on January 25, 2007 and subsequently converted into a public limited company on December 11, 2007. The registered office of SHDS is situated at 501, 5th Floor, Copia Corporate Suits, Plot No. 9, District Centre, Jasola, New Delhi, Delhi 110025, India. SHDS is engaged in design, development and manufacture of various types of display systems for airborne, military and ground applications, for sale in the Indian and international markets.

Capital Structure

	No. of equity shares of ₹ 100 each
Authorised capital	500,000
Issued, subscribed and paid-up capital	400,000

Shareholding Pattern

The shareholding pattern of SHDS is as follows:

Sr. No.	**Name of the shareholder**	**No. of equity shares of ₹ 100 each**	**Percentage of total equity holding (%)**
1.	Our Company*	160,000	40
2.	Samtel	240,000	60
Total		**400,000**	**100**

** Including the equity shares held by the nominee shareholders*

7. HAL-Edgewood Technologies Private Limited ("HETL")

Corporate Information

Our Company entered into shareholders' agreement dated August 11, 2006 with Edgewood Ventures LLC ("**Edgewood**") and Edgewood Technologies Private Limited ("**ETPL**") for setting up of a joint venture company. HETL was incorporated as a private limited company under the Companies Act, 1956 on April 27, 2007. The registered office of HETL is situated at 3rd Floor, Old ADB Building, HAL Main Factory, Near Departure Lounge, Old Airport Road, Bengaluru 560017, Karnataka, India. HETL is engaged in developing aerospace and defence product designs and carrying out of technology transfers in respect of aerospace and defence products for sale in Indian and international markets.

Capital Structure

	No. of equity shares of ₹ 100 each
Authorised capital	1,000,000
Issued, subscribed and paid-up capital	600,000

Shareholding Pattern

The shareholding pattern of HETL is as follows:

Sr. No.	**Name of the shareholder**	**No. of equity shares of ₹ 100 each**	**Percentage of total equity holding (%)**
1.	Our Company	300,000	50
2.	Edgewood	156,000	26
3.	ETPL	144,000	24
Total		**600,000**	**100**

8. HALBIT Avionics Private Limited ("HALBIT")

Corporate Information

Our Company entered into shareholders' agreement dated July 18, 2006 with Elbit Systems Limited and Merlinhawk Associates Private Limited for setting up of a joint venture company. HALBIT was incorporated as a private limited company under the Companies Act, 1956 on May 1, 2007. The registered office of HALBIT is situated at 15/1, Cubbon Road, Bengaluru 560 001, Karnataka, India. HALBIT is engaged in (i) designing, developing, marketing and providing operations and maintenance support to avionic products, simulators, etc., and integrating upgraded products in the Indian and international markets; and (ii) providing integrated logistic support and maintenance services throughout the life cycle of the product.

Capital Structure

	No. of equity shares of ₹ 100 each
Authorised capital	1,000,000
Issued, subscribed and paid-up capital	765,000

Shareholding Pattern

The shareholding pattern of HALBIT is as follows:

Sr. No.	**Name of the shareholder**	**No. of equity shares of ₹ 100 each**	**Percentage of total equity holding (%)**
1.	Our Company	382,500	50
2.	Elbit Systems Limited	198,900	26
3.	Merlinhawk Associates Private Limited	183,600	24
Total		**765,000**	**100**

9. Infotech HAL Limited ("IHL")

Corporate Information

Our Company entered into shareholders' agreement dated April 12, 2007 with Infotech Enterprises Limited presently known as Cyient Limited, for setting up of a joint venture company. IHL is a public limited company incorporated under the Companies Act, 1956 on August 23, 2007. The registered office of IHL is situated at 5th Floor, Infotech IT Park, Phase 1, 110A and 110B, Electronic City, Hosur Main Road, Bengaluru 560100, Karnataka, India. IHL is engaged in the design and engineering services in the field of aero-engines and technical publications.

Capital Structure

	No. of equity shares of ₹ 10 each
Authorised capital	28,000,000
Issued, subscribed and paid-up capital	4,000,000

Shareholding Pattern

The shareholding pattern of IHL is as follows:

Sr. No.	**Name of the shareholder**	**No. of equity shares of ₹ 10 each**	**Percentage of total equity holding (%)**
1.	Our Company*	2,000,000	50
2.	Cyient Limited	2,000,000	50
Total		**2,000,000**	**100**

** Including the equity shares held by the nominee shareholders*

10. TATA HAL Technologies Limited ("THTL")

Corporate Information

Our Company entered into shareholders' agreement dated February 29, 2008 with Tata Technologies Limited for setting up of a joint venture company. THTL is a public limited company incorporated under the Companies Act, 1956 on May 28, 2008. The registered office of THTL is situated at Venus Building, No. 1/2, Kalyana Mantappa Road, Jakkasandra, Koramangala 1st Bock, Bengaluru 560034, Karnataka, India. THTL is engaged in providing engineering and design solutions in the area of aero structures and other allied activities.

Capital Structure

	No. of equity shares of ₹ 10 each

Authorised capital	23,000,000
Issued, subscribed and paid-up capital	10,140,000

Shareholding Pattern

The shareholding pattern of THTL is as follows:

Sr. No.	Name of the shareholder	No. of equity shares of ₹ 10 each	Percentage of total equity holding (%)
1.	Our Company*	5,070,000	50
2.	Tata Technologies Limited	5,070,000	50
Total		**10,140,000**	**100**

** Including the equity shares held by the nominee shareholders*

11. HATSOFF Helicopter Training Private Limited ("HATSOFF")

Corporate Information

Our Company entered into shareholders' agreement dated September 26, 2007 with CAE Inc., Canada for setting up of a joint venture company. HATSOFF was incorporated as a private limited company under the Companies Act, 1956 on January 16, 2008. The registered office of HATSOFF is situated at Survey Nos. 3 and 4, Opposite ARDC Main Gate, HAL, Vibhuthipura, Marathahalli Post, Bengaluru 560 037, Karnataka, India. HATSOFF is engaged in providing military and civil helicopter pilot training services in India.

Capital Structure

	No. of equity shares of ₹ 10 each
Authorised capital	76,840,000
Issued, subscribed and paid-up capital	76,808,410

Shareholding Pattern

The shareholding pattern of HATSOFF is as follows:

Sr. No.	Name of the shareholder	No. of equity shares of ₹ 10 each	Percentage of total equity holding (%)
1.	Our Company	38,404,205	50
2.	CAE Inc. Canada	38,404,205	50
Total		**76,808,410**	**100**

12. Aerospace and Aviation Sector Skill Council ("AASSC")

Corporate Information

Our Company entered into shareholders' agreement dated July 18, 2014 with Bangalore Chamber of Industry and Commerce ("**BCIC**") and Society of Indian Aerospace Technologies and Industries ("**SIATI**") for setting up of a joint venture company. AASSC was incorporated under Section 8 of the Companies Act 2013 on September 12, 2014. The registered office of AASSC is situated at Technical Training Institute, HAL, Surjandas Road, Vimanpura, Bengaluru 560 017, Karnataka, India. AASSC was incorporated *inter alia* to (i) initiate, carry out, execute, implement, aid and assist activities towards skill development in the aerospace and aviation sector in India; (ii) create skill database, collate and disseminate labour market information with respect to number of people getting direct and indirect employment in various areas of the aerospace and aviation industry and (iii) provide quality assurance via accreditation and certifications of training delivery bodies and awarding certification to trainees and trainers.

Capital Structure

	No. of equity shares of ₹ 10,000 each
Authorised capital	500
Issued, subscribed and paid-up capital	250

Shareholding Pattern

The shareholding pattern of AASSC is as follows:

Sr. No.	Name of the shareholder	No. of equity shares of ₹ 10,000 each	Percentage of total equity holding (%)
1.	Our Company	125	50
2.	BCIC	63	25
3.	SIATI	62	25
Total		**250**	**100**

13. Defence Innovation Organisation ("DIO")

Corporate Information

Our Company and Bharat Electronics Limited ("**BEL**") has set up DIO as a joint venture company. DIO was incorporated under Section 8 of the Companies Act 2013 on April 10, 2017. The registered office of DIO is situated at Centre for Learning and Development, Bharat Electronics Limited, Jalhalli, Bengaluru – 560013, Karnataka, India. DIO was incorporated to implement the scheme of defence innovation fund initiative by creation of an ecosystem to foster innovation and technology development in defence.

Capital Structure

	No. of equity shares of ₹ 1,000 each
Authorised capital	10,000
Issued, subscribed and paid-up capital	100

Shareholding Pattern

The shareholding pattern of DIO is as follows:

Sr. No.	Name of the shareholder	No. of equity shares of ₹ 1,000 each	Percentage of total equity holding (%)
1.	Our Company	50	50
2.	BEL	50	50
Total		**100**	**100**

14. Helicopter Engines MRO Private Limited ("HE-MRO")

Corporate Information

Our Company entered into shareholders' agreement dated July 12, 2016 with Turbomeca SAS, France, presently known as Safran Helicopter Engines (**"SHE"**), for setting up of a joint venture company. HE-MRO was incorporated as a private limited company under the Companies Act 2013 on August 18, 2016. The registered office of HE-MRO is situated at 2727, 80 Ft Road, HAL 3rd Stage, Indiranagar, Bengaluru 560001, Karnataka, India. HE-MRO was incorporated to provide support, maintenance, repair facilities and overhaul of helicopter engines directly to civil and defence customers.

Capital Structure

	No. of equity shares of ₹ 100 each
Authorised capital	5,000,000
Issued, subscribed and paid-up capital	390,000

Shareholding Pattern

The shareholding pattern of HE-MRO is as follows:

Sr. No.	Name of the shareholder	No. of equity shares of ₹ 100 each	Percentage of total equity holding (%)

1.	Our Company	195,000	50
2.	SHE	195,000	50
Total		**390,000**	**100**

Material Transactions

Other than as disclosed in “*Related Party Transactions*” on page 219, there are no sales or purchase between any of the Subsidiaries/Joint Ventures and our Company where such sales or purchases exceed in value in the aggregate 10% of the total sales or purchases of our Company.

Common pursuits

Certain of our Subsidiaries and Joint Ventures are engaged in lines of business that are similar and/or synergistic to our Company.

For details of transactions between our Company and Subsidiaries/Joint Ventures, see “*Related Party Transactions*” on page 219

Interest of Subsidiaries/Joint Ventures in our Company

Except as stated in “*Our Business*” and “*Related Party Transactions*” on pages 126 and 219, respectively, none of our Subsidiaries/Joint Ventures have any interest in our Company’s business.

Other Confirmations

Listing

None of our Subsidiaries/Joint Ventures are listed on any stock exchange in India or abroad.

Accumulated profits or losses

There are no accumulated profits or losses of any of our Subsidiaries/Joint Ventures that are not accounted for by our Company.

Public or rights issue

None of our Subsidiaries/Joint Ventures have made any public or rights issue in the last three years.

Sale or purchase of shares of our Subsidiaries or associates during the last six months

Neither our Promoter nor our Directors and their relatives have sold or purchased securities of our Subsidiaries/Joint Ventures during the six months preceding the date of the Draft Red Herring Prospectus.

Other confirmations

None of our Subsidiaries or Joint Ventures have become a sick company under the meaning of SICA or are in the process of being wound up.

OUR MANAGEMENT

Board of Directors

Under the Articles of Association, our Company is required to have not less than three Directors and not more than 18 Directors. We currently have ten Directors of which five are Independent Directors. The following table sets forth the details regarding the Board as of the date of this Prospectus.

Sr. No.	Name, Designation, DIN and Occupation	Age (in years)	Address	Other Directorships
1.	**Mr. T. Suvarna Raju** **Designation**: Chairman and Managing Director **Occupation**: Service **DIN**: 05183617	59	SOQ-18, HAL Senior Officers Enclave, C. V. Raman Nagar, Old Madras Road, Bengaluru – 560093, Karnataka, India.	▪ Aerospace and Aviation Sector Skill Council
2.	**Mr. V. M. Chamola** **Designation**: Director (Human Resources) **Occupation**: Service **DIN**: 03595483	58	SOQ – 9, HAL Senior Officers' Enclave, C. V. Raman Nagar, Old Madras Road, Bengaluru – 560093, Karnataka, India	▪ Aerospace and Aviation Sector Skill Council ▪ Naini Aerospace Limited
3.	**Mr. C. V. Ramana Rao** **Designation**: Director (Finance) and Chief Financial Officer **Occupation**: Service **DIN**: 07365725	59	A – 201, Sapthagiri, August Park Apartment, #3, 1st B-Cross, Kaggadaspura, Bengaluru – 560093 Karnataka, India	▪ Multirole Transport Aircraft Limited
4.	**Mr. Damal Kannan Venkatesh** **Designation**: Director (Engineering and Research & Development) **Occupation**: Service **DIN**: 07359941	59	SOQ – 6, HAL Senior Officers' Enclave, Old Madras Road, C V Raman Nagar, P.O Bengaluru – 560093 Karnataka, India	▪ Multirole Transport Aircraft Limited
5.	**Mr. Sunil Kumar** **Designation**: Director (Operations) **Occupation**: Service **DIN**: 07081723	58	SOQ-7, HAL Senior Officers Enclave, Old Madras Road, C V Raman Nagar, P.O Bengaluru – 560093 Karnataka, India	Nil
6.	**Ms. Dipali Khanna** **Designation**: Part Time Non-Official (Independent) Director **Occupation**: Ex - IRAS Officer **DIN**: 03395440	65	F No.-2079, Sect B, PKT-2/3, Vasant Kunj, New Delhi – 110070, India	▪ Nitesh Estates Limited ▪ India Power Corporation Limited ▪ Nitesh Pune Mall Private Limited ▪ Nitesh Indiranagar

Sr. No.	Name, Designation, DIN and Occupation	Age (in years)	Address	Other Directorships
				Retail Private Limited ▪ Nitesh Urban Development Private Limited ▪ Nitesh Housing Developers Private Limited
7.	**Dr. Jatinder Kumar Bajaj** **Designation:** Part Time Non-Official (Independent) Director **Occupation**: Service **DIN**: 07942314	65	B-43, Express Appts Mayur Kunj, New Delhi – 110096, Delhi, India	Nil
8.	**Mr. Anil Kumar** **Designation:** Part Time Non-Official (Independent) Director **Occupation**: Service **DIN**: 02948372	64	1601, Sector 7-C, Chandigarh- 160019, India	Nil
9.	**Mr. Siddharth** **Designation:** Part Time Non-Official (Independent) Director **Occupation**: IAS (Retd) **DIN**: 06401463	62	65, Vasant Marg, Vasant Vihar, New Delhi- 110057, India	▪ Lush Vyapaar Private Limited
10.	**Mr. Neelakanta Iyer R** **Designation**: Part Time Non-Official (Independent) Director **Occupation**: Consultant **DIN**: 07019560	64	5c, SFS Palace Court, near Narmada Shopping Complex, Thiruvananthapuram, Kerala- 695003, India	Nil

All the Directors of our Company are Indian nationals and none of the Directors are related to each other.

Brief Biographies of the Directors

Mr. T. Suvarna Raju, aged 59 years, was appointed as Chairman of our Company with effect from March 5, 2015. Subsequently, he was re-designated as Chairman & Managing Director (CMD) of our Company with effect from April 1, 2015. Prior to his appointment as Chairman, he was holding the post of Director (Design & Development) of our Company for the period commencing February 1, 2012 to March 4, 2015 with the additional charge of Managing Director (Helicopter Complex) for the period commencing from June 1, 2013 to December 5, 2014. He was also entrusted with additional Charge of the post of Chairman of our Company for the period commencing from February 1, 2015 to March 4, 2015. He joined our Company as a management trainee on July 28, 1980 and thereafter worked in various capacities. He holds a bachelor’s degree in mechanical engineering from Andhra University, master’s degree in business administration from Bangalore University and masters’ of philosophy in defence and strategic studies from the University of Madras. He has over 37 years of work experience in the aerospace industry and has held various positions in our Company.

Mr. V. M. Chamola, aged 58 years, is Director (Human Resources) of our Company with effect from July 27, 2011. He holds a bachelor of science degree and a master's degree in economics from Garhwal University, Bachelor of Laws from Avadhesh Pratap Singh University, Rewa, and a master's degree in business administration from the Indira Gandhi National Open University. He has approximately 34 years of work experience in the field of personnel management and human resources. Earlier, he had worked in our Company during the period commencing from June 29, 1996 to November 7, 2005. Besides our Company, he has worked with National Thermal Power Corporation Limited, Nathpa Jhakri Power Corporation Limited and Bharat Earth Movers Limited in various capacities.

Mr. C.V. Ramana Rao, aged 59 years, is the Director (Finance) with effect from February 1, 2016 and also the Chief Financial Officer of our Company with effect from February 26, 2016. He joined our Company as Assistant Systems Audit Officer on March 1, 1985. He holds bachelor of arts degree from Bangalore University. He is a qualified Chartered Accountant. Prior to joining our Company, he was associated with M/s K.P. Rao & Co., Bangalore. He has more than 35 years of work experience in the field of finance.

Mr. Damal Kannan Venkatesh, aged 59 years, is the Director (Engineering and Research and Development) of our Company with effect from November 27, 2015. He joined our Company as a Management Trainee on August 11, 1980. Besides holding a bachelor of engineering degree in mechanical engineering from the South Gujarat University, he also holds a post-graduate diploma in management from the Indira Gandhi National Open University. He has over 37 years of work experience in the aerospace industry and has held various positions in our Company.

Mr. Sunil Kumar, aged 58 years, is the Director (Operations) of our Company with effect from October 16, 2017. He joined our Company as Design Trainee on October 22, 1981. He holds bachelor of engineering degree in mechanical engineering from Agra University. He has over 36 years of experience in aerospace industry and has held various positions in our Company.

Ms. Dipali Khanna, aged 65 years, is the Non-Official (Independent) Director of our Company. She holds a master's degree in arts with specialisation in history from the Delhi University and a master's degree in science with specialisation in national security from the National Defence College. She has also completed a certificate course in cost and management accountancy from the Institute of Cost and Works Accountants, New Delhi. She has over 39 years of work experience with various government departments. She is also a former Indian Railway Accounts Service officer. She has been on our Board since January 8, 2016. Prior to joining our Company, she has worked with various ministries of the Government of India.

Dr. Jatinder Kumar Bajaj, aged 65 years, is a Part Time Non-Official Independent Director of our Company. He holds a doctorate degree in the philosophy from Punjab University. He also holds a master's degree in Physics from Punjab University. He has around 34 years of work experience. He has been on our Board since September 11, 2017. Prior to joining our Company, he has worked with various research centres and in the field of scientific research and policy making. He is the founding trustee of Centre for Policy Studies and is currently serving as its Director.

Mr. Anil Kumar, aged 64 years, is a Part Time Non-Official Independent Director of our Company. He holds a bachelor's degree in science in mechanical engineering from Punjab University and master's degree in technology in mechanical engineering from the Indian Institute of Technology, Delhi. He has been on our Board since March 5, 2018. Prior to joining our Company, he was the chairman and managing director of Bharat Electronics Limited.

Mr. Siddharth, aged 62 years, is a Part Time Non-Official Independent Director of our Company. He holds a bachelor's degree in history and master's degree in history. He joined the Indian Administrative Services in the year 1983 in the West Bengal cadre. He has been on our Board since March 5, 2018. Prior to joining our Company, he has served in various capacities as an IAS officer in the ministry of commerce and industries.

Mr. Neelakanta Iyer R, aged 64 years, is a Part Time Non-Official Independent Director of our Company. He holds a bachelor's degree in science from the University of Kerala. He has more than three decades of experience as a Chartered Accountant. He has been on our Board since March 5, 2018.

Confirmation from Directors

None of the Directors of our Company have held or currently hold directorship in any listed company in the past five years whose shares have been, or were suspended from being traded on any of the stock. Further, none of the

Directors of our Company are or were associated in the capacity of a director with any listed company which has been delisted from any stock exchange(s).

Understanding with major shareholders, customers, suppliers or others pursuant to which Director(s) were appointed

In terms of the Articles of Association, our Directors are appointed by the President of India. So long as the President of India holds not less than 51% of the paid-up share capital of our Company, the President of India shall, subject to Section 152 of the Companies Act appoint 1/3rd of the Directors including the Chairman/Chairman and Managing Director, who shall not be liable to retire by rotation Further, the Directors shall be paid such remuneration as the President of India may, from time to time, determine. The Directors appointed in such manner shall be entitled to hold office for such period as the President of India may determine. Except as stated above, none of our Directors or Key Management Personnel have been appointed pursuant to any arrangement or understanding with major shareholders, customers, suppliers or others.

None of our directors are appointed as directors of our joint venture companies pursuant to any arrangement with customers, suppliers or others.

Borrowing powers of the Board

Pursuant to a resolution passed by our Board on February 15, 2017, our Company is authorised to borrow up to a total amount of ₹ 40,000 million i.e., ₹ 10,000 million per project against four projects viz., (i) Light Combat Aircraft, (ii) Light Combat Helicopter, (iii) Light Utility Helicopter, and (iv) Su-30 MKI.

Pursuant to board resolution dated February 15, 2017, our Company is authorised to borrow up to 10,000 million from bank(s) against fixed deposit of our Company. Further, pursuant to board resolution dated November 27, 2014, the total limit to avail cash credit, letter of credit and bank guarantee by our Company was increased to ₹ 25,000 million.

Details of appointment and term of the Directors

Sr. No.	Name of Director	DDP Order No. and Date	Date of Appointment of Director	Term
1.	Mr. T. Suvarna Raju	49016/8/2011/D(HAL -III) dated January 4, 2012 49016/8/2011/D(HAL-III), dated February 1, 2012 49016/1/2014/D(HAL – III), dated January 30, 2015 49016/1/2014-D(HAL-III) dated March 5, 2015 MoD Order No. 59011/15/2012/-D (HAL-II) dated December 5, 2014	February 1, 2012*	Five years with effect from the date of his assumption of charge of the post of Chairman i.e. March 5, 2015; or till the date of his superannuation, or until further orders whichever is earlier.
2.	Mr. V. M. Chamola	49016/1/2011-D(HAL-III) dated July 22, 2011 and 49016/1/2011 dated March 14, 2012 and 49016/1/2011/D(HAL-III) dated July 21, 2016 and 49016/1/2011/D(HAL-III) dated August	July 27, 2011	Till December 31, 2019, i.e. the date of his superannuation, or until further orders whichever is earlier.

Sr. No.	Name of Director	DDP Order No. and Date	Date of Appointment of Director	Term
		29, 2016		
3.	Mr. C. V. Ramana Rao	49016/1/2015-D(HAL-III) dated November 4, 2015	February 1, 2016	Five years with effect from the date of his assumption of charge of the post on or after February 1, 2016, or till the date of his superannuation, or until further orders, whichever is earlier.
4.	Mr. Damal Kannan Venkatesh	49016/2/2015-D(HAL III) dated November 27, 2015	November 27, 2015	Five years with effect from the date of his assumption of the charge of the post or till the date of his superannuation, or till further orders, whichever is earlier.
5.	Ms. Dipali Khanna	49016/02/2014/D(HAL-III) dated January 8, 2016	January 8, 2016	Three years with effect from January 8, 2016 or until further orders, whichever is earlier.
6.	Dr. Jatinder Kumar Bajaj	49016/3/2016-D(HAL-III) dated September 11, 2017	September 11, 2017	Three years with effect from September 11, 2017 or until further orders, whichever is earlier.
7.	Mr. Sunil Kumar	49016/1/2017-D(HAL-III) dated October 16, 2017	October 16, 2017	Five years with effect from the date of his assumption of the charge of the post or till the date of his superannuation, or till further orders, whichever is earlier.
8.	Mr. Anil Kumar	49016/3/2016-D(HAL-III) dated March 5, 2018	March 5, 2018	Three years from the date of notification of their appointment or until further orders, whichever is earlier.
9.	Mr. Siddharth	49016/3/2016-D(HAL-III) dated March 5, 2018	March 5, 2018	Three years from the date of notification of their appointment or until further orders, whichever is earlier.
10.	Mr. Neelakanta Iyer R	49016/3/2016-D(HAL-III) dated March 5, 2018	March 5, 2018	Three years from the date of notification of their appointment or until further orders, whichever is earlier.

** Appointed as Officiating Director (Design and Development) with effect from January 4, 2012. He was appointed as officiating Chairman from February 1, 2015 and appointed as chairman from March 5, 2015*

Except for the whole-time Directors who are entitled to statutory benefits and post-retirement medical benefits on completion of tenure of their employment with our Company, no Director is entitled to any benefit on termination of their respective directorships with our Company.

Remuneration of the Directors

A. Chairman and Managing Director and Whole Time Directors:

The following table sets forth the details of remuneration paid by our Company to the Chairman and Managing Director and existing whole-time directors for the Financial Year 2016-17:

(In ₹ million)

Name of the Director	Total Remuneration
Mr. T. Suvarna Raju	4

Name of the Director	Total Remuneration
Mr. V. M. Chamola	5
Mr. C.V Ramana Rao	3
Mr. Damal Kannan Venkatesh	3
Mr. Sunil Kumar*	-

**Appointed as a Whole Time Director on October 16, 2017*

The Part Time Official (Government Nominee) Directors derive their salary, benefits and facilities from the Government of India and are therefore, not paid by our Company.

B. Part Time Non-Official (Independent) Directors

In accordance with our Articles of Association and Board Resolution dated November 28, 2017, the sitting fee payable to Non-Official Part Time Directors for each meeting of the Board and Committees thereof shall be subject to the maximum amount as prescribed under the Companies Act. Presently, our Company is paying ₹ 20,000 to Non-Official Part Time Directors for each meeting of the Board and Committees thereof.

Details of the terms and conditions of appointment of the Chairman and Managing Director and Whole Time Directors:

The Department of Defence Production prescribes the terms and conditions of appointment of the whole time Directors. Our Company prescribes the terms and conditions of employment for each of the whole-time Directors in consonance with the terms and conditions prescribed by the Department of Defence Production. The terms and conditions governing the appointment of Mr. T. Suvarna Raju, Mr. V.M. Chamola, Mr. Damal Kannan Venkatesh Mr. C.V Ramana Rao and Mr. Sunil Kumar are set forth below:

1. Mr. T. Suvarna Raju

T. Suvarna Raju is the Chairman and Managing Director of our Company. He was appointed as the Chairman of our Company, pursuant to MoD Order No. 49016/1/2014-D(HAL-III) dated March 5, 2015. He was re-designated as the Chairman and Managing Director with effect from April 1, 2015, pursuant to MoD Letter No. 59011/15/2012/-D (HAL-II) dated December 5, 2014. The terms and conditions of his employment were prescribed by MoD Letter No. 49016/1/2014-D(HAL-III) dated April 15, 2015. Some of the key terms and conditions amongst others as revised from time to time are as under:

Term	Appointment for a period of five years with effect from March 5, 2015, or till the date of superannuation or until further orders, whichever is earlier. After expiry of the first year, performance will be reviewed to enable the MoD to take the view regarding the continuance or otherwise of the balance period of tenure. The appointment may however be terminated during this period by either party on three months' notice or on payment of three months' salary in lieu thereof.
Pay	₹ 226,100 per month in the existing pay scale of ₹ 200,000 - ₹ 370,000
Headquarters	Bengaluru, Karnataka
Dearness Allowance	In accordance with the New Industrial Dearness Allowance Scheme prescribed under the Department of Public Enterprise's Office Memorandum ("**DPE-OM**") dated August 3, 2017.
Housing	Entitled to suitable residential accommodation from our Company including Company leased accommodation. Accommodation may also be obtained on self-lease basis provided that a lease deed in favour of our Company is executed, or on the basis of existing lease deeds. If our Company is unable to allot accommodation from the residential quarters, a residence may be obtained on leasehold basis, with our Company paying rent in accordance with such rates prescribed under the DPE OM dated August 3, 2017 read with DPE OM dated August 4, 2017.
Annual Increment	Eligible to draw an annual increment of 3% of the basic pay at the end of each year with our Company, calculated from the date of joining, until the maximum

	of pay scale is reached. Upon arriving at the maximum of the pay scale, one stagnation increment equal to the rate of last increment drawn will be granted upon completion of every two years from the date on which the maximum of the pay scale was arrived at. Maximum of three such stagnation increments shall be paid by our Company.
Conveyance	Car with chauffeur for private use.
Performance related payment	Eligible to receive incentive payments under the productivity linked incentive scheme prescribed under the DPE OM dated August 3, 2017.
Other benefits and Perquisites/ Superannuation	Eligible to receive superannuation benefits based on approved schemes in accordance with the DPE OM dated August 3, 2017. Benefits and perquisites, subject to a ceiling of 35% of the basic pay, shall be determined by the Board in accordance with the DPE OM dated August 3, 2017.
Leave	As per Company policies.
Restriction on joining Private Commercial Undertakings after Retirement	No appointment or post whether advisory or administrative, in any firm or company, Indian or foreign, with which the Company has or had business relations, shall be accepted for a period of one year from the date of retirement/resignation, without the prior approval of the Government.
Conduct, Discipline and Appeal Rules	As per Company policies. The Government reserves the right to not accept his resignation if disciplinary proceedings are pending or a charge-sheet has been filed by the competent authority.

2. Mr. V. M. Chamola

V. M. Chamola was appointed as Director – Human Resource of our Company, pursuant to MoD Order No.49016/1/2011-D (HAL-III) dated July 22, 2011. Further, vide MoD Order No. 49016/1/2011-D(HAL-III) dated August 29, 2016, tenure of his appointment was extended beyond July 26, 2016 up to December 31, 2019, i.e. the date of his superannuation or until further orders, whichever is earlier. The terms and conditions of his employment are prescribed by MoD Order No. 49016/1/2011-D(HAL-III) dated March 14, 2012. Some of the key terms and conditions amongst others as revised from time to time are as under:

Term	Appointment for a period of five years with effect from July 27, 2011 or till the date of superannuation or until further orders, whichever is earlier. After expiry of the first year, performance will be reviewed to enable the MoD to take the view regarding the continuance or otherwise of the balance period of tenure. The appointment may however be terminated during this period by either party on three months' notice or on payment of three months' salary in lieu thereof. Tenure of his appointment has been extended beyond July 26, 2016 up to December 31, 2019, i.e. the date of his superannuation or until further orders, whichever is earlier.
Pay	₹ 226,100 per month in the existing pay scale of ₹ 180,000 - ₹ 340,000
Headquarters	Bengaluru, Karnataka
Dearness Allowance	In accordance with the New Industrial Dearness Allowance Scheme prescribed under the DPE-OM dated August 3, 2017.
Housing	Entitled to suitable residential accommodation from our Company including Company leased accommodation. Accommodation may also be obtained on self-lease basis provided that a lease deed in favour of our Company is executed, or on the basis of existing lease deeds. If our Company is unable to allot accommodation from the residential quarters, a residence may be obtained on leasehold basis, with our Company paying rent in accordance with such rates prescribed under the DPE OM dated August 3, 2017 read with DPE OM dated August 4, 2017.
Annual Increment	Eligible to draw an annual increment of 3% of the basic pay at the end of each year with our Company, calculated from the date of joining, until the maximum of pay scale is reached.

	Upon arriving at the maximum of the pay scale, one stagnation increment equal to the rate of last increment drawn will be granted upon completion of every two years from the date on which the maximum of the pay scale was arrived at. Maximum of three such stagnation increments shall be paid by our Company.
Conveyance	Car with chauffeur for private use.
Performance related payment	Eligible to receive incentive payments under the productivity linked incentive scheme prescribed under the DPE OM dated August 3, 2017.
Other benefits and Perquisites/ Superannuation	Eligible to receive superannuation benefits based on approved schemes in accordance with the DPE OM dated August 3, 2017. Benefits and perquisites, subject to a ceiling of 35% of the basic pay, shall be determined by the Board in accordance with the DPE OM dated August 3, 2017.
Leave	As per Company policies.
Restriction on joining Private Commercial Undertakings after Retirement	No appointment or post whether advisory or administrative, in any firm or company, Indian or foreign, with which the Company has or had business relations, shall be accepted for a period of one year from the date of retirement/resignation, without the prior approval of the Government.
Conduct, Discipline and Appeal Rules	As per Company policies. The Government reserves the right not to accept the resignation if disciplinary proceedings are pending or a charge-sheet has been filed by the competent authority.

3. Mr. C.V Ramana Rao

C.V. Ramana Rao was appointed as Director (Finance) of our Company pursuant to MoD Order No.49016/1/2015-D (HAL-III) dated November 4, 2015 and Chief Financial Officer of our Company. The terms and conditions of his employment are prescribed by MoD Order No. 49016/2/2015-D(HAL-III) dated August 23, 2017. Some of the key terms and conditions amongst others as revised from time to time are as under

Term	For a period of five years with effect from the date of his assumption of charge of the post on or after February 1, 2016, or till the date of his superannuation, or until further orders, whichever is earlier.
Pay	₹ 195,000 per month in the existing pay scale of ₹ 180,000 - ₹ 340,000
Headquarters	Bengaluru, Karnataka
Dearness Allowance	In accordance with the New Industrial Dearness Allowance Scheme prescribed under the DPE-OM dated August 3, 2017.
Housing	Entitled to suitable residential accommodation from our Company including Company leased accommodation. Accommodation may also be obtained on self-lease basis provided that a lease deed in favour of our Company is executed, or on the basis of existing lease deeds. If our Company is unable to allot accommodation from the residential quarters, a residence may be obtained on leasehold basis, with our Company paying rent in accordance with such rates prescribed under the DPE OM dated August 3, 2017 read with DPE OM dated August 4, 2017.
Annual Increment	Eligible to draw an annual increment of 3% of the basic pay at the end of each year with our Company, calculated from the date of joining, until the maximum of pay scale is reached. Upon arriving at the maximum of the pay scale, one stagnation increment equal to the rate of last increment drawn will be granted upon completion of every two years from the date on which the maximum of the pay scale was arrived at. Maximum of three such stagnation increments shall be paid by our Company.
Conveyance	Car with chauffeur for private use.
Performance related payment	Eligible to receive incentive payments under the productivity linked incentive scheme prescribed under the DPE OM dated August 3, 2017.
Other benefits and Perquisites/ Superannuation	Eligible to receive superannuation benefits based on approved schemes in accordance with the DPE OM dated August 3, 2017. Benefits and perquisites, subject to a ceiling of 35% of the basic pay, shall be

	determined by the Board in accordance with the DPE OM dated August 3, 2017.
Leave	As per Company policies.
Restriction on joining Private Commercial Undertakings after Retirement	No appointment or post whether advisory or administrative, in any firm or company, Indian or foreign, with which the Company has or had business relations shall be accepted for a period of one year from the date of retirement/resignation, without the prior approval of the Government.
Conduct, Discipline and Appeal Rules	As per Company policies. The Government reserves the right not to accept the resignation if disciplinary proceedings are pending or a charge-sheet has been filed by the competent authority.

4. Mr. Damal Kannan Venkatesh

Damal Kannan Venkatesh was appointed as Director (Engineering and R&D) of our Company, pursuant to MoD Order No.49016/2/2015-D (HAL-III) dated November 27, 2015. The terms and conditions of his employment are prescribed by MoD Order No. 49016/2/2015-D(HAL-III) dated January 4, 2016. Some of the key terms and conditions amongst others as revised from time to time are as under:

Term	Appointment for a period of five years with effect from November 27, 2015 or till the date of superannuation or until further orders, whichever is earlier. After expiry of the first year, performance will be reviewed to enable the MoD to take the view regarding the continuance or otherwise of the balance period of tenure. The appointment may however be terminated during this period by either party on three months' notice or on payment of three months' salary in lieu thereof.
Pay	₹ 200,850 per month in the existing pay scale of ₹ 180,000 - ₹ 340,000
Headquarters	Bengaluru, Karnataka
Dearness Allowance	In accordance with the New Industrial Dearness Allowance Scheme prescribed under the DPE-OM dated August 3, 2017.
Housing	Entitled to suitable residential accommodation from our Company including Company leased accommodation. Accommodation may also be obtained on self-lease basis provided that a lease deed in favour of our Company is executed, or on the basis of existing lease deeds. If our Company is unable to allot accommodation from the residential quarters, a residence may be obtained on leasehold basis, with our Company paying rent in accordance with such rates prescribed under the DPE OM dated August 3, 2017 read with DPE OM dated August 4, 2017.
Annual Increment	Eligible to draw an annual increment of 3% of the basic pay at the end of each year with our Company, calculated from the date of joining, until the maximum of pay scale is reached. Upon arriving at the maximum of the pay scale, one stagnation increment equal to the rate of last increment drawn will be granted upon completion of every two years from the date on which the maximum of the pay scale was arrived at. Maximum of three such stagnation increments shall be paid by our Company.
Conveyance	Car with chauffeur for private use.
Performance related payment	Eligible to receive incentive payments under the productivity linked incentive scheme prescribed under the DPE OM dated August 3, 2017.
Other benefits and Perquisites/ Superannuation	Eligible to receive superannuation benefits based on approved schemes in accordance with the DPE OM dated August 3, 2017. Benefits and perquisites, subject to a ceiling of 35% of the basic pay, shall be determined by the Board in accordance with the DPE OM dated August 3, 2017.
Leave	As per Company policies.
Restriction on joining Private Commercial Undertakings after Retirement	No appointment or post whether advisory or administrative, in any firm or company, Indian or foreign, with which the Company has or had business relations shall be accepted for a period of one year from the date of retirement/ resignation, without the prior approval of the Government.
Conduct, Discipline and	As per Company policies. No resignation will be accepted if disciplinary

Appeal Rules	proceedings are pending or a charge-sheet has been filed by the competent authority.

5. Mr. Sunil Kumar

Sunil Kumar was appointed as Director (Operations) of our Company pursuant to MoD Order No.49016/1/2017-D (HAL-III) dated October 16, 2017. The terms and conditions of his employment are prescribed by MoD Order No. 49016/2/2015-D(HAL-III) dated December 26, 2017. Some of the key terms and conditions amongst others as revised from time to time are as under:

Term	Appointment for a period of five years with effect from October 16, 2017 or till the date of superannuation or until further orders, whichever is earlier. After expiry of the first year, performance will be reviewed to enable the Government to take the view regarding the continuance or otherwise of the balance period of tenure. The appointment may however be terminated during this period by either party on three months' notice or on payment of three months' salary in lieu thereof.
Pay	₹188,210, per month in the existing pay scale of ₹180,000 - ₹340,000
Headquarters	Bengaluru, Karnataka
Dearness Allowance	In accordance with the New Industrial Dearness Allowance Scheme prescribed under the DPE-OM dated August 3, 2017.
Housing	Entitled to suitable residential accommodation from our Company including Company leased accommodation. Accommodation may also be obtained on self-lease basis provided that a lease deed in favour of our Company is executed, or on the basis of existing lease deeds. If our Company is unable to allot accommodation from the residential quarters, a residence may be obtained on leasehold basis, with our Company paying rent in accordance with such rates prescribed under the DPE OM dated August 3, 2017 read with August 4, 2017.
Annual Increment	Eligible to draw an annual increment of 3% of the basic pay at the end of each year with our Company, calculated from the date of joining, until the maximum of pay scale is reached. Upon arriving at the maximum of the pay scale, one stagnation increment equal to the rate of last increment drawn will be granted upon completion of every two years from the date on which the maximum of the pay scale was arrived at. Maximum of three such stagnation increments shall be paid by our Company.
Conveyance	Car with chauffeur for private use.
Performance related payment	Eligible to receive incentive payments under the productivity linked incentive scheme prescribed under the DPE OM dated August 3, 2017.
Other benefits and Perquisites/ Superannuation	Eligible to receive superannuation benefits based on approved schemes in accordance with the DPE OM dated August 3, 2017. Benefits and perquisites, subject to a ceiling of 35% of the basic pay, shall be determined by the Board in accordance with the DPE OM dated August 3, 2017.
Leave	As per Company policies.
Restriction on joining Private Commercial Undertakings after Retirement	No appointment or post whether advisory or administrative, in any firm or company, Indian or foreign, with which the Company has or had business relations shall be accepted for a period of one year from the date of retirement/ resignation, without the prior approval of the Government.
Conduct, Discipline and Appeal Rules	As per Company policies. The Government reserves the right not to accept the resignation if disciplinary proceedings are pending or a charge-sheet has been filed by the competent authority.

Details of service contracts entered into by the Directors with the issuer providing for benefits upon termination of employment

Except in the case of whole-time *Directors* (as aforementioned) there exist no service contracts, entered into by our Company with any Directors for provision of benefits or payments of any amount upon completion of tenure of employment.

Shareholding of the Directors

The Articles of Association do not require the Directors to hold any qualification shares in our Company. The shareholding of the Directors as a nominee of the Promoter in our Company, as on the date of this Prospectus is mentioned below:

Sr. No.	**Name**	**No. of Equity Shares**	**Shareholding (%)**
1.	Mr. T. Suvarna Raju*	40	Negligible
2.	Mr. C. V. Ramana Rao*	40	Negligible
3.	Mr. V. M. Chamola*	40	Negligible
4.	Mr. D. K. Venkatesh*	40	Negligible

** As a nominee of the Promoter*

Securities purchased or sold by the Directors and/or their relatives in our Company in the last six months

None of our Directors and/ or their relatives have purchased or sold any securities of our Company in the last six months.

Bonus or profit sharing plan of the Directors

The whole-time Directors are entitled to performance linked incentives in line with the ‘Performance Related Pay’ policy of our Company. The Independent Directors are not paid any remuneration except sitting fees for attending meetings of the Board or Committees thereof. The Part Time Official (Government Nominee) Directors on the Board are not entitled to any remuneration or bonus from our Company.

Interests of Directors

The whole-time Directors may be regarded as interested to the extent of the remuneration payable to them for services rendered as whole-time Directors of our Company and to the extent of other reimbursements of expenses payable to them under the Articles of Association and/or as per their terms of appointment.

The Independent Directors may be regarded as interested to the extent of the sitting fees payable to them for attending the meetings of the Board and committees of the Board and to the extent of other reimbursements of expenses payable to them under the Articles of Association and/or as per their terms of appointment.

The nominee Directors of the Government of India are not entitled to remuneration or sitting fee or any other remuneration from our Company.

Except as stated in the section titled *“Financial Statements- Statement of Related Party Transaction”* on page 397 and 519, our Directors do not have any other interest in the business of our Company.

None of our Directors are interested in any transaction of our Company in acquisition of land, construction of building and supply of machinery. Further, none of our Directors are related to an entity from whom our Company has acquired land or proposes to acquire land.

No consideration in cash or shares or otherwise has been paid or agreed to be paid to any of our Directors or to the firms or companies in which they are interested as a member by any person either to induce him to become, or to help him qualify as a Director, or otherwise for services rendered by him or by the firm or company in which he is interested, in connection with the promotion or formation of our Company.

Our Directors may also be regarded as interested in the Equity Shares, if any, held by them or that may be subscribed by and allotted to the companies, firms, and trusts, if any, in which they are interested as directors, members, promoters, and/ or trustees pursuant to this Offer. All of our Directors may also be deemed to be interested to the extent of any dividends payable to them and other distributions in respect of the Equity Shares, if any.

No amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of our Directors except the normal remuneration for services rendered as Directors.

Some of the Directors also hold Equity Shares in our Company as nominee shareholders of the President of India to comply the minimum number of shareholders as per the Companies Act.

Further, the Directors of our Company have no interest in any property acquired by our Company within two years of the date of this Prospectus or proposed to be acquired by our Company.

Our Directors do not have any interest in appointment of the BRLMs, Registrar to the Offer and Banker to the Offer or any such intermediaries registered with SEBI.

As on date, no relatives of any of the Directors have been appointed to any office or place of profit in our Company.

None of the sundry debtors of our Company is related to our Directors or us, in any way.

Except as stated below in respect of shares held as nominees of our Company in Multirole Transport Aircraft Limited, none of our Directors hold shares in our joint venture companies

Sr. No.	Name of the Director	No. of Equity Shares	Shareholding (%)
1.	Mr. C. V. Ramana Rao	1	Negligible

Except as stated below in respect of shares held as nominees of our Company in Naini Aerospace Limited, none of our Directors and Key Management Personnel hold shares in the wholly owned subsidiary:

Sr. No.	Name of the Director	No. of Equity Shares	Shareholding (%)
1.	Mr. V. M. Chamola	1	Negligible
2.	Mr. C. V. Ramana Rao	1	Negligible
3.	Mr. D. K. Venkatesh	1	Negligible
4.	Mr. Rajiv Kumar	1	Negligible

Changes in the Board in the last three years

The changes in the Board in the last three years are as follows:

Sr. No.	Name of the Director	Date of Change	Nature of Change	Reason
1.	Mr. Chandraker Bharti	March 1, 2018	Cessation	Nomination withdrawn by Department of Defence Production
2.	Mr. Anil Kumar	March 5, 2018	Appointment	Appointed as non-official director vide MoD letter 49016/3/2016-D(HAL-III) dated March 5, 2018
3.	Mr. Siddharth	March 5, 2018	Appointment	Appointed as non-official director vide MoD letter 49016/3/2016-D(HAL-III) dated March 5, 2018
4.	Mr. Neelakanta Iyer R	March 5, 2018	Appointment	Appointed as non-official director vide MoD letter 49016/3/2016-D(HAL-III) dated March 5, 2018
5.	Mr. Vallath Somasundaran**	February 6, 2018	Cessation	Resignation
6.	Mr. Arun Kumar Sinha**	January 22, 2018	Cessation	Resignation
7.	Mr. Sunil Kumar	October 16, 2017	Appointment	Appointed as Director (Operations) vide MoD Order No.49016/1/2017-D(HAL-III) dated October 16, 2017
8.	Mr. Arun Kumar Sinha	September 11, 2017	Appointment	Appointed as non-official director *vide* MoD letter 49016/3/2016-D(HAL-III) dated September 11, 2017

Sr. No.	**Name of the Director**	**Date of Change**	**Nature of Change**	**Reason**
9.	Mr. Vallath Somasundaran	September 11, 2017	Appointment	Appointed as non-official director *vide* MoD letter 49016/3/2016-D(HAL-III) dated September 11, 2017
10.	Dr. Jatinder Kumar Bajaj	September 11, 2017	Appointment	Appointed as non-official director *vide* MoD letter 49016/3/2016-D(HAL-III) dated September 11, 2017
11.	Mr. Krishnan Sadagopan Pathangi	May 4, 2017	Cessation	Completion of tenure
12.	Prof. Pradipta Banerji	May 4, 2017	Cessation	Completion of tenure
13.	Air Marshal (Retd.) Dattatray Keshao Pande, AVSM, VSM	May 4, 2017	Cessation	Completion of tenure
14.	Mr. Gopabandhu Pattnaik	May 4, 2017	Cessation	Completion of tenure
15.	Mr. S. Subrahmanyan	April 30, 2017	Cessation	Superannuation
16.	Mr. Chandraker Bharti	April 27, 2017	Appointment	Appointed as part-time official Director *vide* MoD Letter 49016/4/2016-D(HAL-III) dated April 27, 2017
17.	Mr. Rajib Kumar Sen	April 27, 2017	Cessation	Nomination withdrawn by Department of Defence Production
18.	Mr. Rajib Kumar Sen	November 18, 2016	Appointment	Appointed as part-time official Director *vide* MoD Letter 49016/4/2016-D(HAL-III) dated November 18, 2016.
19.	Mr. Kamlesh K. Pant	October 21, 2016	Cessation	Nomination withdrawn by Department of Defence Production
20.	Mr. V. M. Chamola	July 27, 2016	Extension of tenure of appointment	Extension of tenure as Director (Human Resource) *vide* MoD letter No. 49016/1/2011/D(HAL-III) dated August 29, 2016
21.	Dr. A K Jain	April 8, 2016	Cessation	Demise
22.	Air Marshal S.B.P. Sinha, AVSM, VM	March 3, 2016	Cessation	Vacation of office under Section 161 of the Companies Act, 2013
23.	Mr. C. V Ramana Rao	February 1, 2016	Appointment	Appointed as Director (Finance) *vide* MoD Letter #49016/1/2015-D(HAL-III) dated November 4, 2015
24.	Dr. A. K. Mishra	January 31, 2016	Cessation	Superannuation
25.	Ms. Dipali Khanna	January 8, 2016	Appointment	Appointed as woman part-time non-official Director *vide* MoD Letter #49016/02/2014/D(HAL-III) dated January 8, 2016
26.	Air Marshal (Retd.) Priya Ranjan Sharma, PVSM, AVSM	December 1, 2015	Cessation	Resignation from the post of Independent Director to avoid conflict of interest
27.	Mr. Damal Kannan Venkatesh	November 27, 2015	Appointment	Appointed as Director of Engineering and R&D *vide* MoD Letter #49016/2/2015-D(HALIII) dated November 27, 2015
28.	Mr. S. Subrahmanyan	April 1, 2015	Appointment	Appointed as Director (Operation) *vide* MoD Letter #59011/15/2012/ (D HAL–II) dated March 25, 2015

Sr. No.	Name of the Director	Date of Change	Nature of Change	Reason
29.	Mr. K. Naresh Babu	March 31, 2015	Cessation	Superannuation
30.	Mr. T. Suvarna Raju*	March 5, 2015	Appointment	He was re-designated as Chairman & Managing Director (CMD) with effect from. April 1, 2015

** Mr. T. Suvarna Raju was appointed as Officiating Director (Design and Development) with effect from January 4, 2012. He was appointed as officiating Chairman from February 1, 2015 and appointed as chairman from March 5, 2015*

***Mr. Arun Kumar Sinha and Mr. V Somasundaran, have submitted their resignation on January 22, 2018 and February 6, 2018 respectively. However, MoD clearance is awaited with respect the acceptance of their resignation.*

Corporate Governance

The provisions of the Companies Act and the SEBI Listing Regulations with respect to corporate governance will be applicable to our Company immediately upon the listing of the Equity Shares with the Stock Exchanges. Our Company being a Central Public Service Enterprise, the Corporate Governance Guidelines of Department of Public Enterprises (DPE) is applicable to our Company and our Company is in compliance with such Guidelines, the SEBI Listing Regulations and the Companies Act, to the extent applicable. Further, in accordance with the Companies Act and the SEBI Listing Regulations, our Company has a woman director on the Board of Directors.

Further, pursuant to MCA notifications dated June 5, 2015 and July 5, 2017, the Central Government has exempted/ modified the applicability of certain provisions of the Companies Act, 2013 in respect of government companies. In accordance with this notification and our Articles of Association, certain matters including the appointment, remuneration and performance evaluation of our Directors are determined by the President of India. Further, our Statutory Auditors are appointed by the Comptroller and Auditor General of India. Accordingly, the terms of reference of our Nomination and Remuneration Committee and Audit Committee only allow such committees to take on record the actions of the President of India or the Comptroller and Auditor General of India, as the case may be.

The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board Committees, as required under law.

The Board of Directors functions either as a full board or through various committees constituted to oversee specific operational areas. Our Company's executive management provides the Board with detailed reports on its performance periodically.

The details of the Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee and Corporate Social Responsibility committees are given below:

Committees of the Board

Our Company has constituted the Audit Committee and the Shareholders'/Investors' Grievance Committee for compliance with corporate governance requirements in addition to other non-mandatory committee:

a. Audit Committee

The Audit Committee was originally constituted pursuant to the Board resolution dated August 30, 2001 and last re-constituted pursuant to Board resolution dated March 5, 2018. It presently comprises of the following members:

Name of the Directors	Designation
Ms. Dipali Khanna	Part Time Non-Official (Independent) Director
Dr. Jatinder Kumar Bajaj	Part Time Non-Official (Independent) Director
Mr. Anil Kumar	Part Time Non-Official (Independent) Director
Mr. Siddharth	Part Time Non-Official (Independent) Director

Name of the Directors	Designation
Mr. Neelakanta Iyer R	Part Time Non-Official (Independent) Director

The Company Secretary is the secretary of the Audit Committee.

Scope and terms of reference: The scope and function of the Audit Committee is in accordance with Section 177 of the Companies Act, 2013 and Regulation 18(3) of the SEBI Listing Regulations.

Brief description of terms of reference:

The terms of reference of the Audit Committee specified by the Board are in conformity with the requirements of Regulation 18(3) of the SEBI Listing Regulations as well as Section 177 of the Companies Act and the Guidelines on Corporate Governance on Central Public Sector Enterprises issued by the Department of Public Enterprises (DPE Guidelines). Terms of reference for the Audit Committee are as follows:

1. Oversight of our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

2. The recommendation for appointment, remuneration and terms of appointment of auditors of our Company.

3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

4. Reviewing, with the Management, the annual financial statements and the auditors' report thereon before submission to the Board for approval with particular reference to:

    (a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;

    (b) Changes, if any, in accounting policies and practices and reasons for the same.

    (c) Major accounting entries involving estimates based on the exercise of judgment by Management;

    (d) Significant adjustments made in the financial statements arising out of Audit findings.
    (e) Compliance with legal requirements relating financial statements;

    (f) Disclosure of any related party transactions; and

    (g) Modified opinion(s) in the draft audit report

5. Reviewing with the Management, the quarterly/ half-yearly financial statements before submission to the Board for approval.

6. Reviewing with the Management, performance of statutory & internal auditors and adequacy of the internal control systems.

7. Reviewing the adequacy of Internal Audit function, if any including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

8. Discussion with Internal Auditors and / or Auditors any significant findings and follow up there on.

9. Reviewing the findings of any internal investigations by the Internal Auditors / Auditors / Agencies into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

10. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

12. To review and monitor the function of the Whistle Blower Mechanism.

13. To review the follow up action on the audit observations of C&AG audit.

14. To review the follow up action taken on the recommendations of Committee on Public Undertakings (COPU) of the Parliament.

15. Provide an open avenue of communication between the Independent Auditor, Internal Auditor and the Board of Directors.

16. Approval or any subsequent modification of transactions of our Company with related parties. To make omnibus approval for related party transactions proposed to be entered into by our Company subject to such conditions as may be prescribed.

17. Review with the Independent Auditor the co-ordination of audit efforts to assure completeness of coverage reduction of redundant efforts, and the effective use of all audit resources.

18. Consider and review the following with the Independent Auditor and the Management:

    (a) The adequacy of internal controls including computerized information system controls and security, and

    (b) Related findings and recommendations & the Independent Auditor and Internal Auditor, together with the Management responses.

19. Consider and review the following with the Management, Internal Auditor and the Independent Auditor:

    (a) Significant findings during the year, including the status of previous audit recommendations

    (b) Any difficulties encountered during audit work including any restrictions on the scope of activities or access to required information.

20. Audit Committee shall mandatorily review the following information:

    (a) Management discussion and analysis of financial condition and results of operations.

    (b) Statement of significant related party transactions (as defined by the Audit Committee), submitted by Management.

    (c) Management letters / letter of internal control weaknesses issued by the Statutory Auditors.

    (d) Internal audit reports relating to internal control weaknesses.

    (e) The appointment, removal and transfer of the Chief of the Internal / Systems Audit shall be placed before the Audit Committee.

    (f) Certification / declaration of financial statements by the Chief Executive / Chief Finance Officer to be designated by the Board.

    (g) Statement of deviations:

        (i) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI Listing Regulations.

        (ii) Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of in terms of Regulation 32(7) of SEBI Listing Regulations.

21. Review and monitor the auditor's independence and performance, and effectiveness of audit process.

22. Scrutiny of inter-corporate loans and investments.

23. Valuation of undertakings or assets of our Company, wherever it is necessary.

24. Evaluation of internal financial controls and risk management systems.

25. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter.

26. Carrying out any other function as prescribed under the DPE Guidelines, Companies Act and Listing Agreement, as applicable to our Company from time to time. Carrying out any other function as deemed appropriate or determined by the Board from time to time in the best interest of our Company and other stakeholders of our Company.

27. The powers of the Audit Committee include the following:
    (a) To investigate into the matters of any activity specified within its terms of reference;
    (b) To seek information from any employee of our Company;
    (c) To obtain legal or other professional advice from external sources including for forensic or other investigations, if necessary;
    (d) To secure attendance of outsiders with relevant expertise, if necessary; and
    (e) To have full access to the information contained in the records of our Company.

b. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee was constituted pursuant to the Board resolution dated February 7, 2014 and last re-constituted pursuant to Board resolution dated September 22, 2017. The Stakeholders' Relationship Committee presently comprises of the following members:

Name of the Directors	Designation
Mr. C. V. Ramana Rao	Director (Finance)
Mr. V.M. Chamola	Director (HR)
Dr. Jatinder Kumar Bajaj	Part Time Non-Official (Independent) Director

The Company Secretary is the secretary of the Stakeholders' Relationship Committee.

Scope and terms of reference: The scope and function of the Stakeholders' Relationship Committee is in accordance with Section 178 of the Companies Act, 2013 and Regulation 20(4) of the SEBI Listing Regulations.

Brief description of terms of reference:

1. To review the mechanism adopted for redressal of investor and depositor complaints;

2. Efficient transfer and transmission of shares; including review of cases for refusal of transfer / transmission of shares and debentures or any other securities, overseeing the performance of the registrars and transfer agents of our Company and to recommend measures for the overall improvement in the quality of investor services;

3. Redressing of shareholders and investor complaints such as non-receipt of declared dividend, annual report, non-receipt of share certificates, transfer of Equity Shares, issue of duplicate/split/consolidated share certificates or in relation to any other information to be sent out by our Company to its security holders;

4. To look into the mechanism of redressal of grievances of the security holders and investors of our

Company and quarterly reporting a statement of the status of complaints to the Board;

5. Monitoring transfers, transmissions, dematerialization, re-materialization, splitting and consolidation of Equity Shares and other securities issued by our Company, including review of cases for refusal of transfer/ transmission of shares and debentures;

6. Allotment and listing of shares in future;

7. Reference to statutory and regulatory authorities regarding investor grievances;

8. Ensure proper and timely attendance and redressal of investor queries and grievances;

9. To review from time to time overall working of the secretarial department of our Company relating to the shares of our Company and functioning of the share transfer agent and other related matters;

10. To do all such acts, things or deeds as may be necessary or incidental to the exercise of the above powers to ensure proper and timely attendance and redressal of investor queries and grievances;

11. To review such other matters as per the directions of the Board of Directors and/or as required under the SEBI Listing Regulations relating to corporate governance, as amended, from time to time as well as under any other applicable statutory rules and regulations;

12. To make representations to the matters relating to the compliances with the SEBI Listing Regulations and other statutory requirements concerning the interests of the security holders of our Company; and

13. To report on transfer of securities to the Board of directors in each meeting, and to mandatorily attend to the formalities pertaining to transfer of securities at least once in a fortnight.

c. Nomination and Remuneration Committee

The Nomination and Remuneration Committee was constituted pursuant to the Board resolution dated September 29, 2010 and last re-constituted pursuant to Board resolution dated March 5, 2018. It presently comprises of the following members

Name of the Directors	Designation
Mr. Anil Kumar	Part Time Non-Official (Independent) Director
Ms. Dipali Khanna	Part Time Non-Official (Independent) Director
Dr. Jatinder Kumar Bajaj	Part Time Non-Official (Independent) Director

The Company Secretary is the secretary of the Nomination and Remuneration Committee.

Scope and terms of reference: The scope and function of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act, 2013 and Regulation 19(4) of the SEBI Listing Regulations.

Brief description of terms of reference:

1. To decide the Annual Bonus / Variable Pay Pool and Policy for its distribution across the executives, within the prescribed limits.

2. Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:

   (a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; or
   (b) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, as amended.

3. To ensure that our Company has formal and transparent procedures for the selection and appointment of KMP (excluding Directors) and senior management personnel at the level of general manager & above;

4. To consider and recommend to the Board for appointment and removal of KMP (excluding Directors) and senior management personnel at the level of general manager & above;

5. To ensure that our Company has in place programmes for the effective induction of new directors;

6. To review, adopt and recommend Policy matters relating to service conditions, wages and salary structures including allowances, perquisites, bonus, Incentive Schemes, commission, stock option, severance fee, Performance Linked Payments, retirement benefits including Post-Retirement Medical Scheme / Pension Scheme, not requiring Government's approval (subject to government guidelines, if any)*;*
7. To implement, supervise and administer any share or stock option scheme of our Company.

8. To attend to any other responsibility as may be entrusted by the Board within the Terms of Reference.
9. To carry out any other function contained in the Listing Regulations as and when amended from time to time.

10. The Chairperson of the Committee shall attend the General Meetings of our Company and in his absence, any other member of the Committee authorized by him shall attend the General Meetings of our Company. Further, Regulation 19(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 also requires that the Chairperson of the Nomination and Remuneration Committee may be present at the Annual General Meeting, to answer the shareholders' queries; however, it shall be up to the Chairperson to decide who shall answer the queries;

11. To periodically review the Terms of Reference and make recommendations to the Board for changes;

d. Corporate Social Responsibility and Sustainable Development Committee

Corporate Social Responsibility and Sustainable Development committee ("**CSR & SD Committee**") was constituted by a meeting of our Board held on February 25, 2012 and last re-constituted pursuant to Board resolution dated September 22, 2017. The present constitution of the CSR & SD Committee is as follows:

Name of the Directors	Designation
Mr. C. V. Ramana Rao	Director (Finance)
Mr. V.M. Chamola	Director (HR)
Ms. Dipali Khanna	Part Time Non-Official Independent Director
Mr. Sunil Kumar	Director (Operations)

The scope and terms of reference of the CSR & SD Committee are guided by the Policy approved by the Board in conformity with the requirements of Section 135 of the Companies Act and the guidelines issued by the Department of Public Enterprises (DPE Guidelines).

The Company Secretary is the secretary of the CSR & SD Committee.

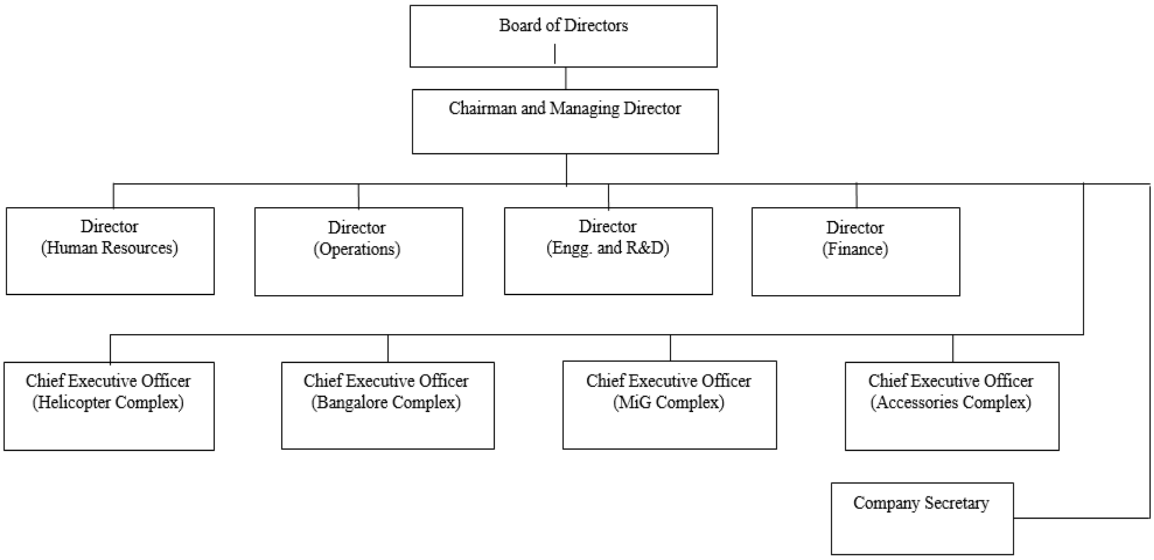
Scope and terms of reference:

1. To recommend the amount of expenditure to be incurred on the activities referred under Schedule VII of the Companies Act, 2013;

2. To monitor the Corporate Social Responsibility Policy of our Company from time to time.

Management Organisation Structure

MANAGEMENT ORGANIZATION STRUCTURE



Key Management Personnel

All the Key Management Personnel are permanent employees of our Company. In addition to the Chairman and Managing Director and the whole-time Directors, whose details have been provided above under the section titled *"Our Management – Brief biographies of the Directors"* on page 194, the details of the other key management personnel, as of the date of this Prospectus, are set forth below.

Mr. Daljeet Singh, aged 59 years, is the Chief Executive Officer, MiG Complex of our Company with effect from April 1, 2015. He holds a bachelor's degree in mechanical engineering from Ravishankar University, Raipur. He had joined our Company as a Management Trainee on August 6, 1979. He has held various positions within our Company during his service period of over 38 years. He heads the MiG Complex of our Company. The remuneration paid to him during the year ended March 31, 2017 was ₹ 3 million.

Mr. Rajiv Kumar, aged 58 years, is the Chief Executive Officer, Accessories Complex of our Company with effect from April 1, 2015. He holds bachelor's degree in mechanical engineering from Gorakhpur University, Gorakhpur and master of business administration from Lucknow University, Uttar Pradesh. He had joined our Company as a Management Trainee on July 28, 1980. He has held various positions within our Company during his service period of over 37 years. He heads the Accessories Complex of the Company. The remuneration paid to him during the year ended March 31, 2017 was ₹ 3 million.

Mr. Shekhar Shrivastava, aged 58 years, is the Chief Executive Officer, Bangalore Complex of our Company with effect from October 3, 2017. He holds bachelor's degree in engineering in mechanical engineering from Bhagalpur University and masters of technology degree in aircraft production engineering from Indian Institute of Technology, Madras and post graduate diploma in quality management from University of Lucknow. He had joined the Company as a Management Trainee on July 11, 1983. He has held various positions within our Company during his service period of over 34 years.

Mr. G V S Bhaskar, aged 57 years, is the Chief Executive Officer, Helicopter Complex of our Company with effect from October 1, 2017. He holds bachelors of technology degree in mechanical engineering from Kakatia University and masters of engineering in mechanical engineering from Indian Institute of Science, Bangalore. He had joined our Company as an Aeronautical Engineer on August 4, 1984. He has held various positions within our Company during his service period of over 33 years.

Mr. G.V. Sesha Reddy, aged 55 years, is the Company Secretary and Compliance Officer of our Company. He is a member of the Institute of Company Secretaries of India (ICSI). He also holds bachelor of commerce degree from Venkateshwara University and master's degree in business administration and bachelor of laws from Osmania University. He had joined our Company on June 18, 2015. Prior to joining HAL, he had an experience of about 25 years in other organisations. The remuneration paid to him during the year ended March 31, 2017 was ₹ 2 million.

Service Contracts

Except for the whole-time Directors who are entitled to statutory benefits and post-retirement medical benefits on completion of tenure of their employment with our Company, our Company has not entered into any service contract with any of the key management personnel for provision of benefits or payments of any amount upon termination of employment.

Changes in the key management personnel in the past three years:

Sr. No.	Name and Designation of the Key Management Personnel	Date of Change	Nature of Change	Reason of change
1.	Mr. Sunil Kumar *Director (Operations)*	October 16, 2017	Appointment	Appointed as Director (Operations) *vide* MoD Letter #49016/1/2017-D(HAL-III) dated October 16, 2017
2.	Mr. G V S Bhaskar, CEO *(Helicopter Complex), Bangalore*	October 1, 2017	Appointment	Appointed as CEO *vide* Letter #HAL/HR/46(2)/2017/1 dated September 27, 2017
3.	Mr. Shekhar Shrivastava, CEO *(Bangalore Complex), Bangalore*	October 3, 2017	Appointment	Appointed as CEO *vide* Letter #HAL/HR/46(2)/2017/2 dated September 27, 2017
4.	Mr. Kaveri Renganathan *CEO (Bangalore Complex), Bangalore*	September 30, 2017	Cessation	Superannuation
5.	Mr. V. Sadagopan *CEO (Helicopter Complex), Bangalore*	September 30, 2017	Cessation	Superannuation
6.	Mr. S. Subrahmanyan Director (Operations)	April 30, 2017	Cessation	Superannuation
7.	Mr. C. V. Ramana Rao *Director (Finance) & CFO*	February 26, 2016	Appointment	Chief Financial Officer
8.	Mr. C. V. Ramana Rao *Director (Finance) & CFO*	February 1, 2016	Appointment	Appointed as Director (Finance) *vide* MoD Letter #49016/1/2015-D(HAL-III) dated November 4, 2015
9.	Dr. A. K. Mishra *Director (Finance) & CFO*	January 31, 2016	Cessation	Superannuation
10.	Mr. Damal Kannan Venkatesh *Director (Engineering and R&D)*	November 27, 2015	Appointment	Appointed as Director of Engineering and R&D *vide* MoD Letter #49016/2/2015-D(HAL-III) dated November 27, 2015
11.	Mr. G.V Sesha Reddy *Company Secretary*	June 18, 2015	Appointment	Appointed as Company Secretary *vide* Letter #HAL/HR/36(98)-CS/2015 dated May 20, 2015
12.	Mr. Ashok Tandon *Company Secretary*	April 30, 2015	Cessation	Superannuation
13.	*Mr. T. Suvarna Raju *(Chairman and Managing Director)*	April 1, 2015	Appointment	Appointed as Chairman *vide* MoD Letter #49016/1/2014-D(HAL-III) dated March 5, 2015 And re designated as CMD *vide* MoD Letter #59011/15/2012/-D (HAL-II) dated December 5, 2014
14.	Mr. S. Subrahmanyan *Director (Operations)*	April 1, 2015	Appointment	Appointed as Director (Operations) with effect from April 1, 2015
15.	Mr. V. Sadagopan *CEO (Helicopter Complex), Bangalore*	April 1, 2015	Appointment	Appointed as CEO *vide* Letter #HAL/HR/46(2)/2015/1 dated March 31, 2015

Sr. No.	Name and Designation of the Key Management Personnel	Date of Change	Nature of Change	Reason of change
16.	Mr. Kaveri Renganathan *CEO (Bangalore Complex), Bangalore*	April 1, 2015	Appointment	Appointed as CEO *vide* Letter #HAL/HR/46(2)/2015/2 dated March 31, 2015
17.	Mr. Daljeet Singh *CEO (MiG Complex), Nasik*	April 1, 2015	Appointment	Appointed as CEO *vide* Letter #HAL/HR/46(2)/2015/3 dated March 31, 2015
18.	Mr. Rajiv Kumar *CEO (Accessories Complex), Lucknow*	April 1, 2015	Appointment	Appointed as CEO *vide* Letter #HAL/HR/46(2)/2015/4 dated March 31, 2015
19.	Mr. K. Naresh Babu *Managing Director (Bangalore Complex)*	March 31, 2015	Cessation	Superannuation
20.	Dr. A.K. Mishra *Director (Finance) & CFO*	March 20, 2015	Appointment	Chief Financial Officer

**Re-designated as Chairman and Managing Director with effect from April 1, 2015*

Our Company introduced the designation of "chief executive officer" with effect from April 1, 2015. All current chief executive officers, who form a part of the key management personnel, have been appointed as chief executive officers with effect from April 1, 2015.

Shareholding of the Key Management Personnel

The shareholding of the whole-time directors as a nominee of the President of India in our Company, as on the date of this Prospectus is mentioned below:

Sr. No.	Name	No. of Equity Shares	Shareholding (%)
1.	Mr. T. Suvarna Raju*	40	Negligible
2.	Mr. C. V. Ramana Rao*	40	Negligible
3.	Mr. V. M. Chamola*	40	Negligible
4.	Mr. D. K. Venkatesh*	40	Negligible

** As a nominee of the Promoter*

None of the KMPs hold any Equity Shares in their individual capacity.

Bonus or profit sharing plan for the Key Management Personnel

There is no bonus or profit sharing plan for the Key Management Personnel and the Directors except the performance related pay scheme, as laid down in the DPE Guidelines OM No. W-02/0028/2017-DPE (WC)-GL-XIII/17 dated August 3, 2017. The above mentioned guidelines seek to link the performance related pay to the profits of our Company. This pay is expressed as a percentage of the basic pay, based on the performance of our Company and is determined out of the profits of our Company.

Interests of the Key Management Personnel

Except as disclosed in the sections titled *"Our Management – Key Management Personnel" and "Shareholding of Key Management Personnel"* on pages 212 and 214, respectively, none of the Key Management Personnel have any interest in our Company other than to the extent of remuneration and benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

Except statutory benefits upon termination of their employment in our Company, resignation or superannuation, as the case may be, and certain post-retirement benefits, no officer of our Company is entitled to any benefit upon termination of such officer's employment in our Company or superannuation.

Payment or benefits to officers of our Company (non-salary related)

No non-salary amount or benefit has been paid or given to any officer of our Company in the last two years or is intended to be paid, other than their remuneration for the services rendered in the ordinary course of their employment.

Employee Stock Option Scheme

Our Company does not have any scheme of employee stock option or employee stock purchase scheme.

Relationships among Key Management Personnel

None of the Key Management Personnel are related to each other.

Family relationship of Directors with the Key Management Personnel

None of the Key Management Personnel are related to the Directors of our Company.

Loans taken by Directors/ Key Managerial Personnel

None of the Directors/ Key Managerial Personnel has taken loan from our Company.

OUR PROMOTER AND PROMOTER GROUP

Our Promoter is the President of India, acting through the Department of Defence Production, Ministry of Defence. Our Promoter currently holds, directly and indirectly (through his nominees), 100% of the pre-Offer paid-up Equity Share capital of our Company. Assuming the sale of all Offered Shares, our Promoter shall hold around 90% of the post-Offer paid-up Equity Share capital of our Company. As our Promoter is the President of India, acting through Department of Defence Production, Ministry of Defence, disclosures on the Promoter Group (defined in Regulation 2(zb) of the SEBI ICDR Regulations), as specified in the Schedule VIII of the SEBI ICDR Regulations have not been provided.

OUR GROUP COMPANIES

As per the SEBI ICDR Regulations, for the purpose of identification of Group Companies, our Company has considered companies covered under the applicable accounting standards i.e. Accounting Standard 18 / Ind AS 24 issued by the Institute of Chartered Accountants of India in the Restated Consolidated Financial Statements other than our Subsidiaries and our Joint Ventures.

Further, pursuant to a resolution of our Board dated September 27, 2017, our Board has noted that in accordance with the SEBI ICDR Regulations, Group Companies shall include companies covered under applicable accounting standards and such other companies as considered material by our Board. Our Board has approved that for the purpose of disclosure in connection with the Offer, a company shall be considered material and disclosed as a Group Company if a material adverse change in such company, can lead to a material adverse effect on our Company, our revenues and profitability. Pursuant to the aforesaid resolution, other than companies which constitute part of the related parties of our Company in accordance with the applicable accounting standards (AS 21 and/or Ind AS 24) as per the Restated Consolidated Financial Information of our Company, there are no material group companies of our Company. Hence, as on date of this Prospectus, we do not have any ‘Group Companies’.

For avoidance of doubt, it is hereby clarified that our Subsidiaries and Joint Ventures, have not been considered as Group Companies for the purpose of disclosure in this Prospectus.

RELATED PARTY TRANSACTIONS

The details of the related party disclosures, as per the requirements under Accounting Standard 18 “Related Party Disclosures” specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act are stated in “*Financial Statements – Restated Consolidated Financial Statements – Statement of Related Party Transactions – Annexure XXXVIII*” and “*Financial Statements – Restated Standalone Financial Statements – Statement of Standalone Related Party Transactions –Annexure XLVII*”.

DIVIDEND POLICY

As per extant memorandum F.No. PP/14(0005)/2016 dated June 20, 2016, of the Department of Public Enterprises, Ministry of Heavy Industries & Public Enterprises, GoI ("**DoE**") read with the memorandum F.No. 5/2/2016-Policy dated May 27, 2016 of the Department of Investment & Public Asset Management, Ministry of Finance, GoI, all central public sector enterprises are required to pay a minimum annual dividend of 30% of profit after tax or 5% of the net-worth, whichever is higher, subject to the maximum dividend permitted under the extant legal provisions and the conditions mentioned in the aforesaid memorandum.

However, the declaration and payment of dividends on our Equity Shares will be recommended by our Board and approved by our shareholders, at their discretion, subject to the provisions of the Articles and the Companies Act. Further, the dividends, if any, will depend on a number of factors, including but not limited to our earnings, guidelines issued by the DoE, capital requirements and overall financial position of our Company. In addition, our ability to pay dividends may be impacted by a number of factors, including the results of operations, financial condition, contractual restrictions, restrictive covenants under the loan or financing arrangements we may enter into. For further details, see "*Financial Statements*" and "*Financial Indebtedness*" on page 221 and 662, respectively. Our Company may also, from time to time, pay interim dividends.

The dividend and dividend tax paid by our Company during the last five fiscal years and six month period ended September 30, 2017, is presented below.

	Six month period ended September 30, 2017	**Fiscal 2017**	**Fiscal 2016**	**Fiscal 2015**	**Fiscal 2014**	**Fiscal 2013**
Equity Shares						
Face value of Equity Shares (in ₹ per Equity Share)	-	10	10	10	10	10
Total Dividend (in ₹ million)*	-	8,000	6,273	4,800	8,900	8,237
Total Dividend per Equity Share (₹)	-	22	17	10	18	68
Total Dividend Rate (%)	-	221	174	100	185	684
Dividend Tax (in ₹ million)**	-	1,629	1,277	960	1,513	1,336

*Dividend declared by our Company

**Tax corresponding to Dividend Declared

The Board of our Company, in its meeting held on March 1, 2018, approved payment of interim dividend at ₹ 23.92 per Equity Share, amounting to ₹ 800 crore for the Fiscal 2018, excluding dividend tax and surcharge of ₹ 163 crore.

The amounts distributed as dividends in the past are not necessarily indicative of our dividend amounts, if any, or our dividend policy, in the future. See "*Risk Factors*" on page 14. There is no guarantee that any dividends will be declared or paid or that the amount thereof will not decrease in the future. Future dividends will depend on guidelines issued by DoE, our profits, revenues, capital requirements, contractual restrictions and overall financial position of our Company.

SECTION V – FINANCIAL INFORMATION
FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT ON RESTATED CONSOLIDATED FINANCIAL INFORMATION AS REQUIRED UNDER SECTION 26 OF COMPANIES ACT, 2013, READ WITH RULE 4 OF COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014

The Board of Directors of
Hindustan Aeronautics Limited
15/1 Cubbon Road,
Bangalore – 560 037

Dear Sirs,

1. We have examined the attached Restated Consolidated Financial Information of Hindustan Aeronautics Limited (the "Company"), and its subsidiaries and joint ventures (collectively known as "Group"), which comprises of the Restated Consolidated Summary Statement of Assets and Liabilities as at September 30, 2017 March 31, 2017, 2016, 2015, 2014 and 2013, the Restated Summary Consolidated Statements of Profit and Loss (including Other Comprehensive Income) and Restated Summary Consolidated Statement of Changes in Equity for the six month period ended September 30,2017 and for each of the years ended March 31, 2017, 2016 and 2015 and the Restated Summary Consolidated Statements of Profit and Loss for years ending March 31, 2014 and 2013 and the Restated Consolidated Summary Statement of Cash Flows for the six month period ended September 30,2017 and for each of the years ended March 31, 2017, 2016, 2015, 2014 and 2013 and the Summary of Significant Accounting Policies (collectively, the "Restated Consolidated Financial Information"), as approved by the Board of Directors of the Company for the purpose of inclusion in the offer document prepared by the Company in connection with its proposed Initial Public Offer through Offer for Sale ("IPO") prepared in terms of the requirements of:
    a. Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Act") read with Rule 4 to 6 of Companies (Prospectus and Allotment of Securities) Rules, 2014 (the "Rules");
    b. the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time in pursuance of provisions of Securities and Exchange Board of India Act, 1992 ("ICDR Regulations"); and
    c. The Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by the Institute of Chartered Accountants of India as amended from time to time (the "Guidance Note").

2. The preparation of the Restated Consolidated Financial Information is the responsibility of the management of the Company for the purpose set out in paragraph 15 below. The Company's Board of Directors is responsible with respect to the preparation of these Restated Consolidated Financial Information in accordance with the accounting principles generally accepted in India complies with the Act, Rules, ICDR Regulations and the Guidance Note with regard to the presentation of the Restated Consolidated Financial Information. This responsibility includes maintenance of adequate records and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the records relevant to the preparation and presentation of the Restated Consolidated Financial Information are free from material misstatement, whether due to fraud or error.

3. Our responsibility is to examine the Restated Consolidated Financial Information and confirm whether such Restated Consolidated Financial Information comply with the requirements of the Act, the Rules, the ICDR Regulations and the Guidance Note.

4. We have examined such Restated Consolidated Financial Information taking into consideration:
    a. The terms of reference and terms of our engagement agreed upon with the Company in accordance with our engagement letter dated 29th June 2017 in connection with the proposed IPO of the Company;
    b. The Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by the Institute of Chartered Accountants of India (ICAI); and

5. These Restated Consolidated Financial Information have been extracted by the management of the Company from the:
    a. Audited consolidated financial statements of the Group as at and for the period ended September 30,2017, approved by the Board of Directors at their meeting held on 02nd February, 2018, which includes the comparative Ind AS financial statements as at and for the period ended March 31, 2017, prepared in accordance with the Indian Accounting Standards ("Ind-AS") notified under the Companies

(Indian Accounting Standards) Rules 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016

b. Audited consolidated financial statements of the Group as at and for the year ended March 31, 2017, approved by the Board of Directors at their meeting held on 29th June, 2017, which includes the comparative Ind AS financial statements as at and for the year ended March 31, 2016, prepared in accordance with the Indian Accounting Standards ("Ind-AS") notified under the Companies (Indian Accounting Standards) Rules 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

c. Consolidated financial statements of the Group as at and for the years ended March 31, 2014, prepared by the management in accordance with the accounting standards referred to sub-section (3C) of section 211 of the Companies Act, 1956 read with the general circular no Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 , which have been approved by the Board of Directors at its meeting held on 22nd September 2017 and audited by us vide our report dated 22nd September 2017.

d. Consolidated financial statements of the Group as at and for the years ended March 31, 2013, prepared by the management in accordance with the accounting standards referred to sub-section (3C) of section 211 of the Companies Act, 1956, which have been approved by the Board of Directors at its meeting held on 22nd September 2017 and audited by us vide our report dated 22nd September 2017.

6. The Restated Consolidated Financial Information also contains the proforma Ind AS consolidated financial statements as at and for the year ended March 31, 2015. These proforma consolidated Ind AS financial statements have been prepared by making Ind AS adjustments to the audited Indian GAAP financial statements as at and for the year ended March 31, 2015 which has been approved by the Board of Directors at their meeting held on 22nd September 2017 as described in Note 6.5 of Annexure IV of Part A.

7. We did not audit the financial statements of the Company for the financial years 31st March, 2013 to 31st March, 2015, subsidiaries and joint ventures for the six month period ended September 30, 2017 and for the financial years ended March 31, 2017, 2016, 2015, 2014 and 2013, (details furnished in Note 7 of Annexure XLVI of Part A and in Note 21 to Annexure XXXIX of Part B). These financial statements and other financial information of the Company, subsidiary and joint ventures have been audited by other auditors, whose reports have been furnished to us, and our opinion in so far as it relates to the amounts included in the Restated Consolidated Financial Information of the Company, subsidiary and joint ventures is based solely on the report of such other auditors. Based on the audited/certified Financial Statements (as mentioned aforesaid), we have restated consolidated financial information:

   a. to incorporate adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods;
   b. to incorporate adjustments for the material amounts in the respective financial years to which they relate; and
   c. do not contain any extra-ordinary items that need to be disclosed separately other than those presented in the Restated Consolidated Financial Information and do not contain any qualification requiring adjustments.
   d. with respect to the proforma Ind AS financial statements as at and for the year ended March 31, 2015, the proforma Ind AS financial statements have been prepared by making appropriate Ind AS adjustments to the audited Indian GAAP financial statements as at and for the year ended March 31, 2015.

8. Based on our examination in accordance with the requirements of section 26 of Part I of Chapter III of the Act read with, Rules 4 to 6 of Companies (Prospectus and Allotment of Securities) Rules, 2014, the ICDR Regulations and the Guidance Note, we report that:

   a. The proforma consolidated financial information as at and for the year ended March 31, 2015 are prepared after making proforma adjustments as mentioned in Note 6.5 of Annexure IV of Part A.
   b. The Restated Summary Consolidated Statement of Assets and Liabilities of the Group as at and for the six month period ended September 30, 2017 and for the years ended March 31, 2017, 2016 and 2015 under Ind AS, as set out in Annexure-I of Part A and as at and for the years ended March 31, 2014 and 2013 under Indian GAAP, as set out in Annexure-I of Part B to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Note 2 of Annexure XXXIX of Part B: Summary Statement of Adjustments to the Audited Consolidated Financial Statements.
   c. The Restated Summary Consolidated Statement of Profit and Loss (including other comprehensive income) of the Group, for the six month period ended September 30, 2017 and for the years ended March 31, 2017, 2016 and 2015 under Ind AS, as set out in Annexure-II of Part A and The Restated

Summary Consolidated Statement of Profit and Loss for the years ended March 31, 2014 and 2013 under Indian GAAP, as set out in Annexure-II of Part B to this report are after making adjustments and regrouping/reclassifications as in our opinion were appropriate and more fully described in Note 2 of Annexure XXXIX of Part B: Summary Statement of Adjustments to the Audited Consolidated Financial Statements.

d. The Restated Summary Consolidated Statement of changes in equity of the Group, for the six month period ended September 30, 2017 and for the years ended March 31, 2017, 2016 and 2015 under Ind AS, as set out in Annexure-IIIA of Part A to this report.

e. The Restated Summary Consolidated Statement of Cash Flows of the Company, for the six month period ended September 30,2017 and for the years ended March 31, 2017, 2016 and 2015 under Ind AS, as set out in Annexure-III of Part A and for the years ended March 31, 2014 and 2013 under Indian GAAP, as set out in Annexure-III of Part B to this report are after making adjustments and regrouping/reclassifications as in our opinion were appropriate and more fully described in Note 2 of Annexure XXXIX of Part B: Summary Statement of Adjustments to the Audited Consolidated Financial Statements.

f. Based on the above, according to the information and explanations given to us, we further report that the Restated Consolidated Financial Information:

(i) have been made after incorporating adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods;

(ii) have been made after incorporating adjustments for the material amounts in the respective financial years to which they relate; and

(iii) do not contain any extra-ordinary items that needs to be disclosed separately other than those presented in the Restated Consolidated Financial Information and do not contain any qualification requiring adjustments.

9. We have also examined the following consolidated restated financial information of the Group set out in the Annexures prepared by the management and approved by the Board of Directors on 05th March 2018 for the six month period ended September 30,2017 and for the years ended March 31, 2017, 2016 and 2015 under Part A:

SL No	Particulars	Annexure No
1	SUMMARY STATEMENT OF CONSOLIDATED ASSET & LIABILITIES, AS RESTATED, UNDER IND AS	ANNEXURE –I
2	SUMMARY STATEMENT OF CONSOLIDATED PROFIT & LOSS, AS RESTATED, UNDER IND AS	ANNEXURE –II
3	SUMMARY STATEMENT OF CONSOLIDATED CASH FLOW, AS RESTATED, UNDER IND AS	ANNEXURE –III
4	STATEMENT OF CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	ANNEXURE –IIIA
5	SIGNIFICANT ACCOUNTING POLICIES AND FIRST TIME ADOPTION OF IND AS FORMING PART OF THE RESTATED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED SEPTEMBER 30, 2017, MARCH 31, 2017, 2016 AND 2015 (Proforma)	ANNEXURE – IV
6	CONSOLIDATED SUMMARY STATEMENT OF GROSS BLOCK, ACCUMULATED DEPRECIATION AND NET BLOCK - PLANT, PROPERTY AND EQUIPMENT, AS RESTATED, UNDER IND AS	ANNEXURE – V
7	CONSOLIDATED SUMMARY STATEMENT OF CUSTOMER FUNDED ASSETS, AS RESTATED, UNDER IND AS	ANNEXURE – VI
8	CONSOLIDATED SUMMARY STATEMENT OF CAPITAL WORK IN PROGRESS, AS RESTATED, UNDER IND AS	ANNEXURE – VII
9	CONSOLIDATED SUMMARY STATEMENT OF INTANGIBLE ASSETS, AS RESTATED, UNDER IND AS	ANNEXURE – VIII
10	CONSOLIDATED SUMMARY STATEMENT OF INTANGIBLE ASSETS UNDER DEVELOPMENT, AS RESTATED, UNDER IND AS	ANNEXURE – IX
11	STATEMENT OF CONSOLIDATED NON-CURRENT INVESTMENTS IN JOINT VENTURES SUBSIDIARIES, AS	ANNEXURE – X

SL No	Particulars	Annexure No
	RESTATED, UNDER IND AS	
12	STATEMENT OF CONSOLIDATED NON-CURRENT FINANCIAL ASSETS, INVESTMENT OTHERS AS RESTATED, UNDER IND AS	ANNEXURE – XI
13	STATEMENT OF CONSOLIDATED NON CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES, AS RESTATED, UNDER IND AS	ANNEXURE – XII
14	STATEMENT OF CONSOLIDATED NON CURRENT FINANCIAL ASSETS LOANS, AS RESTATED, UNDER IND AS	ANNEXURE – XIII
15	STATEMENT OF CONSOLIDATED FINANCIAL ASSETS - OTHERS, AS RESTATED, UNDER IND AS	ANNEXURE – XIV
16	STATEMENT OF CONSOLIDATED OTHER NON CURRENT ASSETS, AS RESTATED, UNDER IND AS	ANNEXURE – XV
17	STATEMENT OF CONSOLIDATED INVENTORIES, AS RESTATED, UNDER IND AS	ANNEXURE – XVI
18	STATEMENT OF CONSOLIDATED TRADE RECEIVABLES, AS RESTATED, UNDER IND AS	ANNEXURE – XVII
19	STATEMENT OF CONSOLIDATED CASH AND BANK BALANCES, AS RESTATED, UNDER IND AS	ANNEXURE – XVIII
20	STATEMENT OF CONSOLIDATED FINANCIAL ASSETS SHORT-TERM LOANS AND ADVANCES, AS RESTATED, UNDER IND AS	ANNEXURE – XIX
21	STATEMENT OF CONSOLIDATED FINANCIAL ASSETS - OTHER, AS RESTATED, UNDER IND AS	ANNEXURE – XX
22	STATEMENT OF CONSOLIDATED OTHER CURRENT ASSETS, AS RESTATED, UNDER IND AS	ANNEXURE – XXI
23	STATEMENT OF SHARE CAPITAL, UNDER IND AS	ANNEXURE – XXII
24	STATEMENT OF CONSOLIDATED RESERVE AND SURPLUS, AS RESTATED, UNDER IND AS	ANNEXURE – XXIII
25	STATEMENT OF CONSOLIDATED NON CURRENT FINANCIAL LIABILITIES - LONG-TERM BORROWINGS, AS RESTATED, UNDER IND AS	ANNEXURE – XXIV
26	STATEMENT OF CONSOLIDATED LONG TERM LIABILITIES - TRADE PAYABLES & OTHER FINANCIAL LIABILTIES, AS RESTATED, UNDER IND AS	ANNEXURE – XXV
27	STATEMENT OF CONSOLIDATED LONG TERM PROVISIONS, AS RESTATED, UNDER IND AS	ANNEXURE – XXVI
28	STATEMENT OF CONSOLIDATED OTHER NON CURRENT LIABILITIES, AS RESTATED, UNDER IND AS	ANNEXURE – XXVII
29	STATEMENT OF CONSOLIDATED CURRENT FINANCIAL LIABILITIES - BORROWINGS, AS RESTATED, UNDER IND AS	ANNEXURE – XXVIII
30	STATEMENT OF CONSOLIDATED TRADE PAYABLE AND OTHER CURRENT LIABILITIES, AS RESTATED, UNDER IND AS	ANNEXURE – XXIX
31	STATEMENT OF CONSOLIDATED OTHER CURRENT LIABILITIES, AS RESTATED, UNDER IND AS	ANNEXURE – XXX
32	STATEMENT OF CONSOLIDATED SHORT TERM PROVISIONS, AS RESTATED, UNDER IND AS	ANNEXURE – XXXI
33	STATEMENT OF CONSOLIDATED REVENUE FROM OPERATIONS, AS RESTATED, UNDER IND AS	ANNEXURE – XXXII
34	STATEMENT OF CONSOLIDATED OTHER INCOME, AS RESTATED, UNDER IND AS	ANNEXURE – XXXIII
35	CONSOLIDATED SUMMARY STATEMENT OF COST OF MATERIAL CONSUMED, AS RESTATED, UNDER IND AS	ANNEXURE – XXXIV
36	CONSOLIDATED SUMMARY STATEMENT OF CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS AND SCRAP, AS RESTATED, UNDER IND AS	ANNEXURE – XXXV
37	CONSOLIDATED SUMMARY STATEMENT OF EMPLOYEE BENEFIT, AS RESTATED, UNDER IND AS	ANNEXURE – XXXVI
38	CONSOLIDATED SUMMARY STATEMENT OF FINANCE COST ,	ANNEXURE – XXXVII

SL No	Particulars	Annexure No
	AS RESTATED, UNDER IND AS	
39	CONSOLIDATED SUMMARY STATEMENT OF DEPRECIATION AMORTISATION EXPENSE AND IMPAIRMENT LOSS, AS RESTATED, UNDER IND AS	ANNEXURE – XXXVIII
40	CONSOLIDATED SUMMARY STATEMENT OF OTHER EXPENSES, AS RESTATED, UNDER IND AS	ANNEXURE – XXXIX
41	CONSOLIDATED SUMMARY STATEMENT OF DIRECT INPUT TO WIP/EXPENSES CAPITALISED, AS RESTATED, UNDER IND AS	ANNEXURE – XL
42	CONSOLIDATED SUMMARY STATEMENT OF PROVISIONS, AS RESTATED, UNDER IND AS	ANNEXURE – XLI
43	CONSOLIDATED SUMMARY STATEMENT OF EXPENSES RELATING TO CAPITAL AND OTHER ACCOUNTS, AS RESTATED, UNDER IND AS	ANNEXURE – XLII
44	CONSOLIDATED CAPITALISATION STATEMENT, AS RESTATED	ANNEXURE – XLIII
45	STATEMENT OF CONSOLIDATED DIVIDEND DECLARED	ANNEXURE – XLIV
46	STATEMENT OF CONSOLIDATED ACCOUNTING RATIOS (PRE/POST - BONUS/BUY BACK ISSUE), AS RESTATED	ANNEXURE – XLV
47	NOTES TO ACCOUNTS FORMING PART OF RESTATED CONSOLIDATED FINANCIAL INFORMATION FOR THE PERIOD ENDED SEPTEMBER 30, 2017, 31ST MARCH 2017, 31st MARCH 2016 AND 31ST MARCH 2015(PROFORMA)	ANNEXURE – XLVI

10. According to the information and explanations given to us, in our opinion, the restated consolidated financial information and the above restated financial information contained in Annexures I to XLVI accompanying this report read with Summary of Significant Accounting Policies as disclosed in Annexure-IV have been prepared in accordance with the Act, Rules, ICDR Regulations and the Guidance Note.

11. We have also examined the following restated consolidated financial information of the Group set out in the Annexures prepared by the management and approved by the Board of Directors on 05th March 2018 for the years ended March 31, 2014 and 2013 under Part B:

SL No	Particulars	Annexure No
1	SUMMARY STATEMENT OF CONSOLIDATED ASSETS AND LIABILITIES, AS RESTATED, UNDER IGAAP	ANNEXURE –I
2	SUMMARY STATEMENT OF CONSOLIDATED PROFIT AND LOSS, AS RESTATED, UNDER IGAAP	ANNEXURE –II
3	STATEMENT OF CONSOLIDATEDCASH FLOWS, AS RESTATED, UNDER IGAAP	ANNEXURE –III
4	STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND PRINCIPLES OF CONSOLIDATION UNDER IGAAP	ANNEXURE – IV
5	STATEMENT OF SHARE CAPITAL, UNDER IGAAP	ANNEXURE – V
6	STATEMENT OF CONSOLIDATED RESERVE AND SURPLUS, AS RESTATED, UNDER IGAAP	ANNEXURE – VI
7	STATEMENT OF CONSOLIDATED LONG-TERM BORROWINGS, AS RESTATED, UNDER IGAAP	ANNEXURE – VII
8	STATEMENT OF CONSOLIDATED OTHER LONG TERM LIABILITIES, AS RESTATED, UNDER IGAAP	ANNEXURE – VIII
9	STATEMENT OF CONSOLIDATED LONG TERM PROVISIONS, AS RESTATED, UNDER IGAAP	ANNEXURE – IX
10	STATEMENT OF SHORT TERM BORROWINGS, AS RESTATED, UNDER IGAAP	ANNEXURE – X
11	STATEMENT OF CONSOLIDATED TRADE PAYABLES, AS RESTATED, UNDER IGAAP	ANNEXURE – XI
12	STATEMENT OF CONSOLIDATED OTHER CURRENT LIABILITIES, AS RESTATED, UNDER IGAAP	ANNEXURE – XII

SL No	Particulars	Annexure No
13	STATEMENT OF CONSOLIDATED SHORT TERM PROVISIONS, AS RESTATED, UNDER IGAAP	ANNEXURE – XIII
14	CONSOLIDATED SUMMARY STATEMENT OF GROSS BLOCK, ACCUMULATED DEPRECIATION AND NET BLOCK -PLANT, PROPERTY AND EQUIPMENT, AS RESTATED, UNDER IGAAP	ANNEXURE – XIV
15	CONSOLIDATED SUMMARY STATEMENT OF INTANGIBLE ASSETS AS RESTATED, UNDER IGAAP	ANNEXURE – XV
16	CONSOLIDATED SUMMARY CAPITAL WORK IN PROGRESS AS RESTATED UNDER IGAAP	ANNEXURE – XVI
17	STATEMENT OF CONSOLIDATED NON-CURRENT INVESTMENTS, AS RESTATED, UNDER IGAAP	ANNEXURE – XVII
18	STATEMENT OF CONSOLIDATED LONG-TERM LOANS AND ADVANCES, AS RESTATED, UNDER IGAAP	ANNEXURE – XVIII
19	STATEMENT OF CONSOLIDATED OTHER NON-CURRENT ASSETS, AS RESTATED, UNDER IGAAP	ANNEXURE – XIX
20	STATEMENT OF CONSOLIDATED INVENTORIES, AS RESTATED, UNDER IGAAP	ANNEXURE – XX
21	STATEMENT OF CONSOLIDATED TRADE RECEIVABLES, AS RESTATED, UNDER IGAAP	ANNEXURE – XXI
22	STATEMENT OF CONSOLIDATED CASH AND BANK BALANCES, AS RESTATED, UNDER IGAAP	ANNEXURE – XXII
23	STATEMENT OF CONSOLIDATED SHORT TERM LOANS AND ADVANCES, AS RESTATED, UNDER IGAAP	ANNEXURE – XXIII
24	STATEMENT OF CONSOLIDATED OTHER CURRENT ASSETS, AS RESTATED, UNDER IGAAP	ANNEXURE – XXIV
25	STATEMENT OF CONSOLIDATED REVENUE FROM OPERATIONS, AS RESTATED, UNDER IGAAP	ANNEXURE – XXV
26	STATEMENT OF CONSOLIDATED OTHER INCOME, AS RESTATED, UNDER IGAAP	ANNEXURE – XXVI
27	CONSOLIDATED SUMMARY STATEMENT OF COST OF MATERIAL CONSUMED, AS RESTATED, UNDER IGAAP	ANNEXURE – XXVII
28	CONSOLIDATED SUMMARY STATEMENT OF CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS AND SCRAP, AS RESTATED, UNDER IGAAP	ANNEXURE – XXVIII
29	CONSOLIDATED SUMMARY STATEMENT OF EMPLOYEE BENEFIT, AS RESTATED, UNDER IGAAP	ANNEXURE – XXIX
30	CONSOLIDATED SUMMARY STATEMENT OF FINANCE COST, AS RESTATED, UNDER IGAAP	ANNEXURE – XXX
31	CONSOLIDATED SUMMARY STATEMENT OF DEPRECIATION AND AMORTIZATION, AS RESTATED, UNDER IGAAP	ANNEXURE – XXXI
32	CONSOLIDATED SUMMARY STATEMENT OF OTHER EXPENSES, AS RESTATED, UNDER IGAAP	ANNEXURE – XXXII
33	CONSOLIDATED SUMMARY STATEMENT OF DIRECT INPUT TO WIP/EXPENSES CAPITALISED, AS RESTATED, UNDER IGAAP	ANNEXURE – XXXIII
34	CONSOLIDATED SUMMARY STATEMENT OF PROVISIONS, AS RESTATED, UNDER IGAAP	ANNEXURE – XXXIV
35	CONSOLIDATED SUMMARY STATEMENT OF EXPENSES RELATING TO CAPITAL AND OTHER ACCOUNTS, AS RESTATED, UNDER IGAAP	ANNEXURE – XXXV
36	STATEMENT OF CONSOLIDATED DIVIDEND DECLARED	ANNEXURE – XXXVI
37	STATEMENT OF CONSOLIDATED ACCOUNTING RATIOS (PRE/POST- BONUS ISSUE), AS RESTATED	ANNEXURE – XXXVII
38	STATEMENT OF RELATED PARTY TRANSACTION	ANNEXURE – XXXVIII
39	NOTES TO ACCOUNTS INCLUDING CHANGES IN ACCOUNTING POLICIES, MATERIAL ADJUSTMENTS AND IMPACT OF	ANNEXURE – XXXIX

SL No	Particulars	Annexure No
	STATUTORY AUDITORS QUALIFICATION ON FINANCIAL INFORMATION FORMING PART OF RESTATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 31ST MARCH 2014 AND 31ST MARCH 2013	

12. According to the information and explanations given to us, in our opinion, the restated consolidated financial information and the above restated financial information contained in Annexures I to XXXIX of Part B accompanying this report read with Summary of Significant Accounting Policies as disclosed in Annexure-IV A are prepared after making adjustments and regroupings/reclassifications as considered appropriate [Refer Annexure- XXXIX of Part B] and have been prepared in accordance with the Act, Rules, ICDR Regulations and the Guidance Note.

13. This report should not in any way be construed as a reissuance or re-dating of any of the previous Audit Reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

14. We have no responsibility to update our Report for events and circumstances occurring after the date of the report.

15. Our report is intended solely for use of the management for inclusion in the offer document to be filed with Securities and Exchange Board of India, National Stock Exchange of India Limited, BSE Limited, and Registrar of Companies, [Karnataka] in connection with the proposed issue of equity shares of the Company. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing.

For S. Venkatram and Co
Chartered Accountants
Firm Registration No. 004656S

Place: Bengaluru
Date: 05th March 2018

S. Venkataramani
Partner
Membership No. 015700

PART A

ANNEXURE - I

SUMMARY STATEMENT OF CONSOLIDATED ASSETS AND LIABILITIES, AS RESTATED, UNDER IND AS

(₹ In Millions)

Particulars	**Annexure**	**As At**			
		30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
Non-current assets					
(a)-i Property, Plant and Equipment	**V**				
Gross Block		115,097	111,656	102,889	92,916
Less: Accumulated Depreciation		55,874	53,811	48,445	42,557
Less: Impairment					
Net Block		59,223	57,845	54,444	50,359
ii Property, Plant and Equipment-Customer Funded	**VI**				
Gross Block		860	585	-	-
Less: Accumulated Depreciation		61	32	-	-
Less: Impairment			-	-	-
Net Block		799	553	-	-
(b) Capital work-in-progress	**VII**	5,358	6,211	3,754	2,270
(c) Investment Property					
Gross Block		1	1	1	1
Less: Accumulated Depreciation		1	1	1	1
Less: Impairment					
Net Block		-	-	-	-
(d) Goodwill					
Gross Block		-	-	-	-
Less: Accumulated Amortization		-	-	-	-
(e) Other Intangible Assets	**VIII**				
Gross Block		30,767	30,731	30,356	29,801
Less: Accumulated Amortization		16,840	16,595	15,548	13,431
Less: Impairment					
Net Block		13,927	14,136	14,808	16,370
(f) Intangible Assets under Development	**IX**				
Gross Block		14,031	13,009	10,260	7,694
Less: Accumulated Amortization		3,358	3,170	2,905	2,528
Less: Impairment		1,199	1,176	855	755
Net Block		9,474	8,663	6,500	4,411
(g) Investments -Joint Ventures/ Subsidiaries	**X**	2,044	2,046	1,901	1,949
(h) Financial Assets			-	-	-
(i) Investments-Others	**XI**	8,144	7,894	7,257	5,699
(ii) Trade receivables	**XII**	102	102	-	155
(iii) Loans	**XIII**	569	589	520	523
(iv) Others	**XIV**	3,632	3,675	4,014	3,733
(i) Deferred Tax Assets (net)			-	-	-
(j) Other Non-Current Assets	**XV**	15,080	12,107	14,862	13,566
Sub Total - A		**118,352**	**113,821**	**108,060**	**99,035**
Current assets					
(a) Inventories	**XVI**	221,844	213,213	239,817	249,528
(b) Financial Assets					
(i) Investments					
(ii) Trade receivables	**XVII**	42,549	42,103	48,369	60,354
(iii) Cash and cash equivalents	**XVIII**	116,992	111,533	133,034	176,714
(iv) Bank balances other than (iii) above			-	-	-
(v) Loans	**XIX**	1,065	987	981	1,760
(vi) Others	**XX**	24,741	25,816	22,088	19,868

Particulars	Annexure	As At			
		30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
(c) Current Tax Assets (Net)		2,843	1,149	-	1,004
(d) Other currents assets	**XXI**	10,045	6,901	12,970	15,940
Sub Total – B		**420,079**	**401,702**	**457,259**	**525,168**
Total assets (A+B)		**538,431**	**515,523**	**565,319**	**624,203**
EQUITY AND LIABILITIES					
EQUITY					
(a) Equity Share capital	**XXII**	3,615	3,615	3,615	4,820
(b) Other Equity	**XXIII**	125,821	121,976	106,709	143,619
Sub Total – A		**129,436**	**125,591**	**110,324**	**148,439**
LIABILITIES					
Non-current liabilities					
(a) Financial Liabilities					
(i) Borrowings	**XXIV**	-	-	-	-
(ii) Trade payables	**XXV**	1,926	1,926	-	34
(iii) Other financial liabilities	**XXV**	3,692	3,716	3,973	3,732
(b) Provisions	**XXVI**	19,208	20,298	24,825	25,728
(c) Deferred tax liabilities (Net)		9,601	9,599	8,148	6,608
(d) Other non-current liabilities	**XXVII**	108,356	98,472	91,546	87,513
Sub Total – B		**142,783**	**134,011**	**128,492**	**123,615**
Current Liabilities					
(a) Financial liabilities					
(i) Borrowings	**XXVIII**	-	9,500	-	-
(ii) Trade payables	**XXIX**	18,980	16,047	21,512	22,676
(iii) Other financial liabilities	**XXIX**	9,279	10,976	9,769	11,170
(b) Other current liabilities	**XXX**	207,341	190,614	267,874	293,585
(c) Provisions	**XXXI**	30,612	28,784	26,376	24,718
(d) Current Tax Liabilities (Net)		-	-	972	-
Sub Total - C		**266,212**	**255,921**	**326,503**	**352,149**
Total Equity and Liabilities - (A+B+C)		**538,431**	**515,523**	**565,319**	**624,203**

Notes:

(i) The above statement should be read with Significant Accounting Policies and Notes forming Part of restated consolidated financial information appearing in Annexure IV and Annexure XLVI

(ii) The accompanying accounting policies and notes forms an integral part of these statements.

(iii) The previous year figures have been regrouped/reclassified/rearranged wherever it is necessary.

As per our Report attached

for M/s. S. Venkatram & Co.,
Chartered Accountants
Firm Regn. No.004656S

(C.V. Ramana Rao)
Director (Finance)
& CFO

(T. SUVARNA RAJU)
Chairman & Managing
Director

(S. Venkataramani)
Partner
Membership No. 015700
Place:Bangalore
Date: 05th March 2018

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

ANNEXURE II

SUMMARY STATEMENT OF CONSOLIDATED PROFIT AND LOSS, AS RESTATED, UNDER IND AS

(₹ In Millions)

	Particulars	Annexures / Notes	Six Month Period Ended	For the Year Ended		
			30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
I	**Revenue**					
	Revenue from operations	**XXXII**	52,770	185,549	171,586	156,480
II	Other income	**XXXIII**	3,889	10,420	15,962	17,140
III	**Total Revenue**		**56,659**	**195,969**	**187,548**	**173,620**
IV	**Expenses**					
	Cost of Materials Consumed	**XXXIV**	20,695	84,042	88,119	78,671
	Purchase of Stock-in-Trade		618	2,907	3,637	10,165
	Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	**XXXV**	(1,701)	5,111	(5,624)	(6,346)
	Excise Duty		1,045	6,034	4,001	5
	Employee Benefits Expenses	**XXXVI**	17,978	35,704	32,743	32,805
	Finance costs	**XXXVII**	12	102	-	83
	Depreciation , Amortization expense and Impairment Loss	**XXXVIII**	2,575	7,129	8,628	8,832
	Other Expenses	**XXXIX**	6,239	12,494	11,759	11,124
	Direct Input to WIP / Expenses Capitalised	**XL**	1,584	4,657	5,119	4,350
	Provisions	**XLI**	3,521	8,119	10,512	21,972
	Total Gross Expenses		**52,566**	**166,299**	**158,894**	**161,661**
	Add / Deduct: Expenses relating to Capital and Other Accounts	**XLII**	(1,990)	(6,080)	(3,360)	(4,775)
	Total Net Expense (IV)		**50,576**	**160,219**	**155,534**	**156,886**
V	**Profit before exceptional items and tax (III-IV)**		**6,083**	**35,750**	**32,014**	**16,734**
VI	Share of Profit / (Loss) of Joint Ventures accounted using Equity Method		13	167	119	(7)
VII	Exceptional items			**-**	**-**	**-**
VIII	**Restated Profit before tax**		**6,096**	**35,917**	**32,133**	**16,727**
IX	**Tax expense**					
	Current tax		2,185	8,218	8,459	8,545
	Minimum Alternate Tax Credit Entitlement		-	-	2,091	1,253
	Deferred tax		1	1,452	1,540	(3,012)
	Total tax expense		**2,186**	**9,670**	**12,090**	**6,786**
X	Profit (Loss) for the period from Continuing Operations **(VIII-IX)**		**3,910**	**26,247**	**20,043**	**9,941**
XI	Profit/(loss) from Discontinued Operations		**-**	**-**	**-**	**-**
XII	Tax expense of Discontinued Operations		**-**	**-**	**-**	**-**
XIII	Profit/(loss) from Discontinued Operations (after tax) **(XI-XII)**		**-**	**-**	**-**	**-**
XIV	Profit/(loss) for the period **(X+XIII)**		**3,910**	**26,247**	**20,043**	**9,941**
XV	**Other Comprehensive Income**					
	A (i) Items that will not be reclassified to profit or loss- (Remeasurement of defined benefit plan)		**(101)**	**93**	**103**	**(985)**
	(ii) Share of Other Comprehensive income of JV's Accounted using Equity Method		**-**	**-**	**-**	**-**
	(iii) Income tax relating to items that will		**35**	**(32)**	**(36)**	**335**

	Particulars	**Annexures / Notes**	**Six Month Period Ended**	**For the Year Ended**		
			30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
	not be reclassified to profit or loss					
	B (i) Items that will be reclassified to profit or loss Exchange difference in translating statements of foreign operations		**1**	**-**	**-**	**(1)**
	(ii) Share of Other Comprehensive income of JV's Accounted using Equity Method			**-**	**1**	**-**
	(iii) Income tax relating to items that will be reclassified to profit or loss			**-**	**-**	**-**
			(65)	**61**	**68**	**(651)**
XVI	**Total Comprehensive Income for the period (XIV+XV) (Comprising Profit (Loss) and Other Comprehensive Income for the period)**		**3,845**	**26,308**	**20,111**	**9,290**
XVII	**Earnings per equity share (EPS) of ₹ 10 each**					
	Basic and Diluted EPS (₹)		**11**	**73**	**42**	**21**

Notes:

i. The above statement should be read with SignificantAccounting Policies and Notes forming Part of restated consolidated financial information appearing in Annexure IV and Annexure XLVI

ii. The accompanying accounting policies and notes are an integral part of these statements.

iii. The previous year figures are regrouped / reclassified / rearranged wherever it is necessary.

As per our Report attached

for M/s. S. Venkatram & Co.,
Chartered Accountants
Firm Regn. No.004656S

(C.V. Ramana Rao)
Director (Finance)
& CFO

(T. SUVARNA RAJU)
Chairman & Managing
Director

(S. Venkataramani)
Partner
Membership No. 015700
Place:Bangalore
Date: 05th March 2018

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

ANNEXURE – III

STATEMENT OF CONSOLIDATED CASH FLOWS, AS RESTATED, UNDER IND AS

(₹In Millions)

Sl.No.	Particulars	Six Month Period Ended	For The Year ended		
		30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
I.	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net Profit Before Tax (Restated)	**5,996**	**36,011**	**32,235**	**15,743**
	Adjustments to reconcile net profit to net cash provided by operating activities				
	(Profit)/Loss on Sale of Property, Plant & Equipment	1	(8)	(20)	14
	Interest Paid	12	102	-	83
	Interest Received - Net of Interest Liability to Customer	-	-	-	-
	Dividend Received	-	(5)	(1)	
	Net (Gain)/Loss on Fair Value Adjustment	14	82		8
	Provision for Diminution in Value of Investments	-	12	145	
	Depreciation ,amortization expense and impairement loss	2,575	7,129	8,628	8,832
	Sub Total	**2,602**	**7,312**	**8,752**	**8,937**
	Operating Profit Before Working Capital Changes	**8,598**	**43,323**	**40,987**	**24,680**
	Adjustment For Changes In Operating Assets And Liabilities:				
	Trade Receivables	(446)	6,164	12,715	7,412
	Loans, Financial Assets and Other Assets	(5,055)	5,251	(45)	28,582
	Inventories	(8,630)	26,603	9,712	(27,657)
	Trade Payables	2,933	(3,540)	(1,197)	1,715
	Financial Liabilities, Provisions and Other Liabilities	25,611	(71,475)	(22,082)	5,086
	Sub-total	**14,413**	**(36,997)**	**(897)**	**15,138**
	Cash Generated From Operations	**23,011**	**6,326**	**40,090**	**39,818**
	Direct Tax Paid	(3,843)	(10,372)	(8,609)	(10,649)
	Net Cash Provided By (used in) Operating Activities (a)	**19,168**	**(4,046)**	**31,480**	**29,169**
II.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Investments made	(250)	(636)	(1,558)	(350)
	Investment in Plant, Property & Equipment	(2,896)	(12,015)	(11,613)	(6,064)
	Intangible Assets	(1,058)	(3,124)	(3,121)	(2,779)
	Investment in Joint Ventures and subsidiary	2	(158)	(98)	(1)
	(Investment) /Maturity of short term deposits	(1,162)	45,956	29,834	(101,832)
	Interest Received - Net of Interest Liability to Customer				
	Dividend Received	-	5	1	
	Sale of Plant, Property & Equipment	5	116	26	26
	Net Cash Provided By (used in) Investing Activities (b)	**(5,359)**	**30,144**	**13,471**	**(111,000)**
III.	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Buy Back of Shares (including Tax of ₹ 9,815 Million)	-	-	(52,659)	-
	Interest Paid	(12)	(102)	-	(83)
	Loan from Banks	(9,500)	9,500		(6,794)
	Dividend Paid (Interim/ Final Dividend inclusive of Tax)	-	(11,041)	(6,138)	(5,760)
	Net Cash Provided By (used in) Financing	**(9,512)**	**(1,643)**	**(58,797)**	**(12,637)**

Sl.No.	Particulars	Six Month Period Ended	For The Year ended		
		30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
	Activities (c)				
	Abstract :				
I.	Net Cash Provided By Operating Activities (a)	19,168	(4,046)	31,480	29,169
II.	Net Cash Provided By (used in) Investing Activities (b)	(5,359)	30,144	13,471	(111,000)
III.	Net Cash Provided By Financing Activities (c)	(9,512)	(1643)	(58,797)	(12,637)
	Net Increase In Cash And Cash Equivalents During The Year/Period	**4,297**	**24,455**	**(13,846)**	**(94,468)**
	Cash And Cash Equivalents At Beginning Of The Year /Period	27,895	3,440	17,286	111,754
	Cash And Cash Equivalents At The End Of The Year /Period	32,192	27,895	3,440	17,286
	Net Increase In Cash And Cash Equivalents During The Year/Period	**4,297**	**24,455**	**(13,846)**	**(94,468)**
	Closing Cash and Cash Equivalents as per Ind AS-7	32,192	27,895	3,440	17,286
	Add: Other Bank Balances included in Annexure XVIII	84,800	83,638	129,594	159,428
	Closing Cash and Cash Equivalents as per Annexure XVIII	**116,992**	**111,533**	**133,034**	**176,714**

Notes:

(i) Cash and Cash Equivalents include Short Term Deposits with Banks.

(ii) The previous year figures are regrouped / reclassified / rearranged wherever it is necessary.

(iii) Cash and Cash Equivalents are available fully for use.

(iv) Investment in Plant, Property & Equipment are stated inclusive of movement in Capital Work in Progress between the beginning and end of the period

(v) The Cash Flow Statement has been prepared under the ‘Indirect method’ as set out in Indian Accounting Standard – 7 Statement of Cash Flows

(vi) The above statement should be read with SignificantAccountingPolicies and Notes forming Part of restated consolidated financial information appearing in Annexure IV and Annexure XLVI

(vii) The accompanying Accounting Policies and notes are an integral part of these statements.

As per our Report attached
for M/s. S. Venkatram & Co.,
Chartered Accountants
Firm Regn. No.004656S

(C.V. Ramana Rao)
Director (Finance)
& CFO

(T. SUVARNA RAJU)
Chairman & Managing
Director

(S. Venkataramani)
Partner
Membership No. 015700
Place:Bangalore
Date: 05th March 2018

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

ANNEXURE – IIIA

STATEMENT OF CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(₹ In Millions)

A. Equity Share Capital

Balance as at 01st April, 2014	Changes in Equity Share Capital during the year 2014-15	Balance as at 31st March 2015	Changes in Equity Share Capital during the year 2015-16	Balance as at 31st March , 2016	Changes in Equity Share Capital during the year 2016-17	Balance as at 31st March , 2017 /1st April 2017	Changes in Equity Share Capital during the period ended 30th September , 2017	Balance as at 30th September, 2017
4,820	NIL	4,820	(1,205)	3,615	0	3,615	0	3,615

B. Other Equity

Particulars	Reserves and Surplus					Other Components of equity		Total
	CSR Reserve	Research and Development Reserve	Capital Redemption Reserve	General Reserve	Retained earnings	Remeasurements of net defined benefit liability/ asset	Exchange differences in translating the financial statements of a foreign operation	
Balance as at April 1, 2014	**271**	**1,168**	**0**	**139,133**	**0**	**(77)**		**140,495**
Current Year Transfer	0	1,168	0			0		**1,168**
Profit for the year	0	0	0		**9,941**	0		**9,941**
Written Back in Current Year	0	0	0			0		**0**
Surplus Transferred from Statement of Profit and Loss	0	0	0	3,013		0		**3,013**
Transfer fromR&D Reserve	0	0	0	592		0		**592**
Transfer from CSR Reserve	0	0	0	271		0		**271**
Depreciation on transition	0	0	0	(406)		0		**(406)**
Withdrawn towards Buy Back of Shares	0	0	0			0		**0**
Transfer to Research & Development Reserve	0	0	0		(1,168)	0		**(1,168)**
Interim Dividend including tax	0	0	0		(5,760)	0		**(5,760)**
Transfer to Capital Redemption Reserve	0	0	0			0		**0**
Transfer to General Reserves	(271)	(592)	0		(3,013)	0		**(3,876)**
Items that will be reclassified to profit or loss	0	0	0			(986)		**(986)**
Income tax relating to items that will be reclassified to profit or loss	0	0	0			335		**335**
Items that will not be reclassified to profit or loss	0	0	0			0		**0**
Income tax relating to items that will not be reclassified to profit or loss	0	0	0			0		**0**
Balance as at March 31, 2015	**0**	**1,744**	**0**	**142,603**	**0**	**(728)**	**0**	**143,619**
Balance as at April 1, 2015		**1,744**	**0**	**143,100**	**0**	**(651)**	**0**	**144,193**
Current Year Transfer		1,467	1,205	0	0	0	0	2672
Profit for the year		0	0	0	20,043	0	0	20,043
Written Back in Current Year		(59)	0	0	0	0	0	(59)
Surplus Transferred from Statement of Profit and Loss		0	0	11,233	0	0	0	11,233
Transfer fromR&D Reserve		0	0	59	0	0	0	59
Depreciation on transition		0	0	(3)	0	0	0	(3)
Withdrawn towards Buy Back of Shares		0	0	(51,454)	0	0	0	(51,454)
Transfer to Research & Development		0	0	0	(1,467)	0	0	(1,467)

Particulars	Reserves and Surplus					Other Components of equity		Total
	CSR Reserve	Research and Development Reserve	Capital Redemption Reserve	General Reserve	Retained earnings	Remeasurements of net defined benefit liability/ asset	Exchange differences in translating the financial statements of a foreign operation	
Reserve								
Interim Dividend including tax		0	0	0	(6,138)	0	0	(6,138)
Transfer to Capital Redemption Reserve		0	0	0	(1,205)	0	0	(1,205)
Transfer to General Reserves		0	0	0	(11,233)	0	0	(11,233)
Items that will be reclassified to profit or loss		0	0	0	0	0	1	1
Income tax relating to items that will be reclassified to profit or loss		0	0	0	0	0	0	0
Items that will not be reclassified to profit or loss		0	0	0	0	103	0	103
Income tax relating to items that will not be reclassified to profit or loss		0	0	0	0	(36)	0	(36)
Balance as at March 31, 2016		**3,152**	**1,205**	**102,935**	**0**	**(584)**	**1**	**106,709**
Balance as at April 1, 2016		**3,152**	**1,205**	**102,935**	**0**	**(584)**	**1**	**106,709**
Current Year Transfer		1,966	0	0	0	0	0	1,966
Profit for the year		0	0	0	26,247	0	0	26,247
Written Back in Current Year		(160)	0	0	0	0	0	(160)
Surplus Transferred from Statement of Profit and Loss		0	0	14,652	0	0	0	14,652
Transfer to Statement of Profit & Loss		0	0	(1,412)	0	0	0	(1,412)
Transfer from General Reserve		0	0	0	1,412	0	0	1,412
Interim Dividend including tax		0	0	0	(9,629)	0	0	(9,629)
Final Dividend including tax		0	0	0	(1,412)	0	0	(1,412)
Transfer to R&D Reserve		0	0	0	(1,966)	0	0	(1,966)
Items that will be reclassified to profit or loss		0	0	0	0	0	0	0
Income tax relating to items that will be reclassified to profit or loss		0	0	0	0	0	0	0
Items that will not be reclassified to profit or loss		0	0	0	0	93	0	93
Income tax relating to items that will not be reclassified to profit or loss		0	0	0	0	(32)	0	(32)
Transfer to General Reserves		0	0	0	(14,652)	0	0	(14652)
Transfer from R&D Reserve		0	0	160	0	0	0	160
Balance as at March 31, 2017		**4,958**	**1,205**	**116,335**	**0**	**(523)**	**1**	**121,976**
Balance as at April 1, 2017		**4,958**	**1,205**	**116,335**	**0**	**(523)**	**1**	**121,976**
Current Year Transfer		172	-	-	-	-	-	172
Profit for the year		-	-	-	3,910	-	-	3,910
Written Back in Current Year		-	-	-	-	-	-	-
Surplus Transferred from Statement of Profit and Loss		-	-	3,738	-	-	-	3,738
Transfer fromR&D Reserve		-	-	58	-	-	-	58
Depreciation on transition		-	-	-	-	-	-	-
Withdrawn towards Buy Back of Shares		-	-	-	-	-	-	-
Transfer to Research & Development Reserve		-	-	-	(172)	-	-	(172)
Interim Dividend including tax		-	-	-	-	-	-	-
Transfer to Capital Redemption Reserve		-	-	-	-	-	-	-
Transfer to General Reserves		(58)	-	-	(3,738)	-	-	(3,796)
Items that will be reclassified to profit or loss		-	-	-	-	-	1	1
Income tax relating to items that will be		-	-	-	-	-	-	-

Particulars	Reserves and Surplus					Other Components of equity		Total
	CSR Reserve	Research and Development Reserve	Capital Redemption Reserve	General Reserve	Retained earnings	Remeasurements of net defined benefit liability/ asset	Exchange differences in translating the financial statements of a foreign operation	
reclassified to profit or loss								
Items that will not be reclassified to profit or loss		-	-	-	-	(101)	-	(101)
Income tax relating to items that will not be reclassified to profit or loss		-	-	-	-	35	-	35
Balance as at September 30, 2017		**5,072**	**1,205**	**120,131**	**-**	**(589)**	**2**	**125,821**

Reconciliation of General Reserves & Other Comphrensive Income (OCI)

(₹In Millions)

Particulars	General reserve	OCI
Balance as on 31st March , 2015	142,603	(728)
Warranty Sales	575	
OCI-Gratuity	(77)	77
OCI-Foreign Operations	(1)	
Balance as on 01st April 2015	143,100	(651)

As per our Report attached

for M/s. S. Venkatram & Co.,
Chartered Accountants
Firm Regn. No.004656S

(C.V. Ramana Rao)
Director (Finance) & CFO

(T. SUVARNA RAJU)
Chairman & Managing Director

(S. Venkataramani)
Partner
Membership No. 015700
Place:Bangalore
Date: 05th March 2018

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

ANNEXURE IV

SIGNIFICANT ACCOUNTING POLICIES AND FIRST TIME ADOPTION OF IND AS FORMING PART OF THE RESTATED CONSOLIDATED FINANCIAL INFORMATION FOR THE FOR THE PERIOD ENDED SEPTEMBER 30, 2017 , MARCH 31, 2017, 2016 AND 2015 (PROFORMA)

1. Company Overview

Hindustan Aeronautics Limited ("HAL") herein after referred to as the "The Company" is a limited company incorporated in India as a government company.The registered office of the Company is at 15/1 Cubbon Road Bangalore-560001 , India. The company is 100% Government of India Undertaking under Ministry of Defence.

The Restated Consolidated Summary Statement of Assets and Liabilities of the Company as at September 30,2017, March 31, 2017, 2016 and 2015 (Proforma) and the related Restated Consolidated Summary Statement of Profit and Loss, Restated Consolidated Summary Statement of Changes in Equity and Restated Consolidated Summary Statement of Cash Flows for the six month period ended September 30, 2017 and for the years ended March 31, 2017, 2016, and 2015(Proforma) (hereinafter collectively referred to as "Restated Consolidated Financial Information") have been prepared specifically for inclusion in the Offer Document to be filed by the Company with the Securities and Exchange Board of India ("SEBI") in connection with proposed Initial Public Offering through Offer for Sale (IPO) of its equity shares.

These Restated Consolidated Financial Information have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

These Restated Consolidated Financial Information have been prepared to comply in all material respects with the requirements of Part I of Chapter III to the Companies Act, 2013 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("the SEBI regulations") as amended from time to time.

The Consolidated Proforma Financial Information of the Group as at and for the year ended March 31, 2015, is prepared in accordance with requirements of SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/4 dated March 31, 2016 ("SEBI Circular"). As envisaged by the SEBI Circular, the Group has followed the same accounting policy choices (both mandatory exceptions and optional exemptions availed as per Ind AS 101) as initially adopted on its Ind AS transition date (i.e. April 1, 2015) while preparing Consolidated Proforma Financial Information for the FY 2014-15 and accordingly suitable restatement adjustments in the accounting heads have been made in the Consolidated Proforma Financial Information. This Consolidated Proforma Financial Information have been prepared by making Ind AS adjustments to the audited Indian GAAP consolidated financial statements as at and for the year ended March 31, 2015.

2. Statement Of Significant Accounting Policies And Notes To The Accounts Including Changes In Accounting Policies,Material Adjustments And Impact Of Statutory Auditors Qualification On Financial Information.

2.1 BASIS OF ACCOUNTING: The Consolidated Financial Statements are prepared to comply in all material aspects with Indian Accounting Standards (Ind AS) as prescribed under Section 133 of Companies Act 2013 read with relevant rules of the Companies (Indian Accounting Standards) Rules with effect from 1st April 2016.

2.2 USES OF ESTIMATES: Preparation of financial statements in conformity with the recognition and the measurement principle of Ind AS requires the management of the Company to make estimates, judgments and assumptions that affects the reported balances of Assets and Liabilities, disclosure relating to contingent liabilities as on the date of the Financial Statements and the reported amount of revenues and expense for the reporting period. Estimates and the underline assumption are reviewed on ongoing basis. The revision to the accounting estimates if material are recognized in the period in which the estimates are revised.

2.3 BASIS OF CONSOLIDATION: The interest in Joint Venture Companies has been accounted by using the Equity method of accounting to the extent of investment made. The financial statement of the subsidiary Company are consolidated on line by line basis.

2.4 PROPERTY PLANT & EQUIPMENT:

a) Property, Plant and Equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any.

b) The costs directly attributable including borrowing cost on qualifying asset are capitalized when the Property, Plant and Equipment are ready for use, as intended by the management.

c) Subsequent expenditure relating to Property, Plant and Equipment including major inspection costs, spare parts, standby and servicing equipment are capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably.

d) In accordance with Ind AS 101 provisions relating to first time adoption, the Company has chosen to consider the carrying value for all its Property, Plant and Equipment as their deemed cost as at the Opening Balance Sheet as at April 01, 2015.

e) Lease hold land is capitalized and depreciated over the period of lease.

f) As per para D36 of Ind AS 101, in respect of Customer Funded Assets the Company has adopted and applied Appendix C of Ind AS 18 wherein the assets created after 01.04.2016 has been capitalized.

g) Depreciation is calculated on straight line basis over estimated useful life as prescribed in Schedule II of the Companies Act 2013. Plant and Equipment individually costing ₹ 0.05 Million and below are fully depreciated in the year of purchase.

h) Where cost of an item of Property, Plant and Equipment are significant and have different useful lives, they are treated as separate components and depreciated over their estimated useful lives.

i) Certain items like Special Tools are amortized over the number of units of production expected to be obtained from the asset based on technical assessment and management estimates depending on the nature and usage of the respective assets.

j) CSR Assets are fully depreciated in the year of capitalization.

k) The cost and the related accumulated depreciation is eliminated from the Financial Statement upon sale or de-recognition or retirement of the asset and the resultant gain or losses are recognized in the Statement of Profit and Loss of the relevant period.

l) The estimated useful lives, residual values and depreciation / amortisation method are reviewed at the end of each reporting period with the effect of changes in estimates accounted for on a prospective basis.

2.5 INVESTMENT PROPERTY: Investment Properties are stated at cost net of accumulated depreciation and accumulated impairment losses, if any**.** In accordance with Ind AS 101 provisions relating to first time adoption, the Company has chosen to consider the carrying value for all its Investment Property recognized in its Indian GAAP financial statement as their deemed cost as at the transition date viz. April 01, 2015.

2.6 INTANGIBLE ASSETS

a) Intangible Assets are recognized at cost less any accumulated amortization and accumulated impairment losses if any.

b) Expenditure on Research and Development is charged off as an expenditure in the year in which it is incurred.

c) Development Costs having an useful life are recognized as an intangible asset and amortised over its useful life.

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

e) The cost of software internally generated / acquired for internal use which is not an integral part of the related hardware, is recognized as an intangible asset and is amortised over its useful life, on straight line method. Amortisation commences when the asset is available for use.

f) Wherever it is not possible to assess the useful life of an intangible assets (whether or not significant) the same has not been amortised. Impairment on the intangible assets are reviewed annually and when there is an indication of impairment, the asset is impaired.

2.7 LONG TERM INVESTMENT

a) In accordance with Ind AS 101, provision relating to first time adoption, the Company has chosen to consider the carrying amount of investment as their deemed cost as at the Opening Balance sheet as at 01st April, 2015.

b) Investments are carried individually at cost less accumulated impairment in the value of such Investment.

c) Cost of Investment includes acquisition charges such as brokerage, fees and duties.

d) Impairment in value of investment is made when there is a fall in value of investment.

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

2.9 FINANCIAL ASSETS AND LIABILITIES: The Company recognizes all Financial Assets and Liabilities at Fair Value on inception and subsequent measurements are done at amortised cost.

2.10 DEFERRED DEBTS: Unpaid installment payments under deferred payment terms for the cost of imported materials and tooling content of the equipment / products sold are accounted as deferred debts from the customer and are recovered as and when the installments are paid.

2.11 TRADE RECEIVABLES: Debts from the Government departments are generally treated as fully recoverable and hence the Company does not recognise credit risk of such financial assets. Impairment on account of expected credit loss is being assessed on a case to case basis in respect of dues outstanding for a significant period of time.

2.12 TRADE AND OTHER PAYABLES: Liabilities are recognized for the amounts to be paid in future for goods / services received whether billed by the supplier or not.

2.13 INVENTORIES

a) Inventories are valued at lower of cost and Net Realisable Value.

b) The cost of raw material excluding Goods-in-Transit, components and stores are assigned by using the weighted average cost formula. Goods-in-Transit are valued at cost to date. In the case of Finished Goods, Stock-in-Trade and Work-In-Progress, cost includes costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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

d) Saleable / Disposable scrap is valued at Net Realisable Value.

e) Stores declared surplus / unserviceable / redundant are charged to revenue in the year of such identification.

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

2.14 REVENUE RECOGNITION

2.14.1 Manufacturing, Repair and Overhaul / Spares Sale

a) Sales are set up on the basis of
   i. Acceptance by the buyer's Inspector, by way of signaling out certificate, in the case of the manufacture of aircraft/helicopters
   ii. For other deliverables like spares, sales are set up based on acceptance by the buyer's inspection agency or as agreed to by the buyer.
   iii. For Repair of Aircraft/Helicopter/Engine & Repair/Overhaul of Rotables, Site repairs, Cat 'B' repair servicing etc., sales are recognized on acceptance by the Buyer's inspection agency or as agreed to by the Buyer.
   iv. For Overhaul of Aircraft/Helicopter/Engine, sales are set up on Percentage Completion of Service (POC) method.

b) Sales are set up based on prices agreed with the customers. Where the prices are yet to be agreed with the customer, sales are set up on provisional basis.

c) Revenue on Warranty is being recognized proportionately to the extent of warranty falling within the reporting period.

2.15 Development Sales: Development Sales are recognized on incurrence of expenditure identifiable to work orders and milestones achieved as per contract. Where milestones have not been defined in terms of their respective contract, sales are recognized based on the actual incurrence of expenditure.

2.16 EMPLOYEE BENEFITS

a) Gratuity and Provident Fund are Defined Benefit Plans and liability is provided on the basis of actuarial valuation in respect of eligible employees and is remitted to the trust progressively.

b) Provision for Earned leave is a Defined Benefit Plan and the liability is provided on the basis of actuarial valuation.

c) Pension Scheme and Post Superannuation Group Health Insurance Scheme for employees are Defined Contribution Plans and the contribution to the corpus of the same is made by the Company to the trust. The Company's liability is limited to the extent of contribution made to these funds.

2.17 FOREIGN CURRENCY TRANSACTION

Assets and Liabilities are re-instated at the rate prevalent at each Balance Sheet date. The Income / Expenditure on account of this is charged to Statement of Profit & Loss.

2.18 INCOME TAXES

a) Current Tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of Income Tax Act,1961 (the "Act"). Current Tax includes tax liability computed as per the normal provisons of the Act and /or under Section 115JB of the Act.

b) Deferred Tax is recognized using the Balance Sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred Tax Assets in excess of Deferred Tax Liability are recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred Tax Assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

2.19 CLAIMS BY THE COMPANY

Claims on suppliers / underwriters / carriers towards loss / damages, claims for export subsidy, duty drawbacks, and claims on Customs department for refunds are accounted when claims are preferred and are carried forward till such time the Company has a legal right to recover such amounts.

2.20 PROVISION AND CONTINGENT LIABILITIES

a) A provision is recognised, when the Company has the present obligation as result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which reliable estimate can be made.

b) Where no reliable estimate can be made or when there is a possible obligation or present obligations that may, but probably will not, require an outflow of resources, disclosure is made as Contingent Liability.

c) When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

2.21 PROVISION FOR WARRANTY: Provision for warranty is recognized on actuarial valuation for Manufacturing and Repair and Overhaul of Aircraft/Helicopter/Engine/Rotables and Spares and development activities etc.

2.22 PROVISION FOR LIQUIDATED DAMAGES: Provision for Liquidated Damages is recognized when there is a delay between the due date of supply of the Goods/ rendering of Service as per delivery schedule and the expected date of delivery of said Goods / rendering of Service in respect of Manufacturing and Repair and Overhaul of Aircraft/Helicopter/Engine/Rotables, Spares and development activities etc.

2.23 PROVISION FOR ONEROUS CONTRACTS: A provision for onerous contract is recognized when the expected benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

3. Principles of Consolidation

1. The Consolidated Financial Statements (CFS) of Hindustan Aeronautics Limited (HAL), Joint Ventures and its Subsidiary are prepared in accordance with Ind AS 28 (Investments in Associates & Joint Ventures), Ind AS 110 (Consolidated Financial Statements), Ind AS 111 (Joint Arrangements) and are presented to the extent possible in the same manner as the Company's Standalone Financial Statement..

2. Subsidiaries are all entities over which the group has control. The Group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to effect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date when control ceases.

3. The Group combines the financial statements of the parents and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of Subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Group.

4.

i. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post acquisition profits or losses of the investee in profit and loss, and the Group's share of other comprehensive income of the investee in other comprehensive income.

ii. Dividends received or receivable from Joint Ventures are recognised as a reduction in the carrying amount of the investment.
iii. When the Group's share of losses in Joint Ventures equals or exceeds its interest in the entity, including any other long-term unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.
iv. Unrealised gains on transactions between the Group and its Joint Ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.
v. Accounting policies of Joint Ventures have been changed where necessary to ensure consistency with the policies adopted by the Group. The carrying amount of equity accounted investments are tested for impairment..

5. Interests in Joint Ventures are accounted for using the equity method after initially being recognised at cost in the Consolidated Balance Sheet.

6. As per the Shareholders' Agreements entered by the Company relating to all the Joint Ventures which clearly specifies the intent of the Company to subscribe and hold the specified percentage of the equity from the beginning, no pre-acquisition profits/losses arose on consolidation.

7. In respect of contingent liabilities and commitments proportionate share of the Company's and others entire amount as shown by Joint Ventures has been considered for disclosure.

8. The figures of previous year have been considered based on audited financial statements of the Subsidiary / Joint Ventures.

4. Explanation of Transition to Ind AS : The transition as at April 1, 2015 to Ind AS was carried out from Previous GAAP. The exemptions and exceptions applied by the Group in accordance with Ind AS 101 First–time Adoption of Indian Accounting Standards, the reconciliations of equity and total comprehensive income in accordance with Previous GAAP to Ind AS are explained below.

5. First Time Adoption Of Ind AS: The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in Notes have been applied in preparing the Consolidated Financial Statements for the year ended March 31, 2017 and the comparative information. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's Balance Sheet and Statement of Profit and Loss, is set out in Clause 1 (i) and (ii). Exemptions on the first-time adoption of Ind AS availed in accordance with Ind AS 101 have been set out

These Consolidated Financial Statements of Hindustan Aeronautics Limited for the year ended March 31,2017 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101, First-Time Adoption of Indian Accounting Standards, with April 1, 2015 as the transition date and Indian Generally Accepted Accounting Principles (IGAAP) as the previous GAAP.

6. **First-time Ind AS adoption reconciliations:** The following reconciliations provide the effect of transition to Ind AS from IGAAP in accordance with Ind AS 101: (1). Equity as at April 1, 2015 and March 31, 2016 (2). Net profit for the year ended March 31, 2016

6.1 Reconciliation of Equity from IGAAP to Ind AS is stated as under

(₹In Millions)

Particulars	**01st April 2015**	**31st March 2016**
Equity as per previous IGAAP	**167,303**	**123,609**
Ind AS Adjustments:		
1) Reversal of Proposed dividend	-	1,412
2) Provision for Liquidated Damages	(10,918)	(10,732)
3) Provision for Onerous Contract	(11,047)	(11,047)
4) Impairment of Intangible Asset	(755)	(855)
5) Reversal of Warranty Liability	4,163	4,557
6) Reversal/Recognition of Warranty Sales	(3,455)	(4,603)
7) Fair Value Adjustment	51	51
8) Prior Period Adjustment	(6,542)	(469)
9) Recognition of POC Sales for Service Contract	1,904	1,603
10) Reversal of Work in Progress relating to POC Sales	(1,904)	(1,603)
11) Deferred Tax effect on new temporary differences recognised under IND AS	9,584	7,689
12) JV Ind AS Adjustment	630	712
Equity as per Ind AS	**149,014**	**110,324**

Notes to clause 6.1 Reconciliation of Balance Sheet as at 01st April, 2015 and Significant Differences between Ind AS and Ind GAAP

a) **Reversal of Proposed dividend:** Under IGAAP, proposed dividend is recognised as a liability in the period to which it relates. Under Ind AS, dividend is adjusted directly in Equity in the period in which it is paid irrespective of the period to which it relates. Accordingly, no amount has been recognised as liability towards proposed dividend (including dividend distribution tax) in financial year 2014-15 as per IGAAP has been reversed and the same is adjusted in Equity in the year 2015-16 as paid. During the year 2015-16, ₹ 1,412 Millions recognised as proposed dividend (including dividend distribution tax) as per IGAAP has been reversed and the same is adjusted in Equity in the period 01st April 2016 to 31st March 2017 as paid.

b) **Provision for Liquidated Damages:** Under IGAAP, Provision for Liquidated Damages against the Company is recognised in Accounts on acceptance i.e. recognised at the time of setting-up of sales. Under Ind AS, Provision for Liquidated Damages will be recognised for the period of delay between the due date of supply of the Goods / rendering of services as per delivery schedule and the expected Date of delivery of said Goods / rendering of service in respect of manufacture / repair and overhaul of Aircraft / Helicopters/ Engines / Rotables, supply of spares and development activities etc. This led to an increase in Liquidated Damages Provision on the date of transition (i.e. as on 01st April, 2015) by ₹. 10,918 Millions which was adjusted against retained earnings. Further during the year 2015-16, Provision for Liquidated Damages of ₹. 2,031 Millions was recognised in Statement of Profit & Loss Statement and Provision for Liquidated Damages of ₹. 2,217 Millions was reversed in Statement of Profit & Loss Statement as the same was recognised in the retained earnings as on 01st April 2015.

c) **Provision for Onerous Contract:** Onerous contract has been recognised in respect of 140 Su-30 manufacturing programme (Block-IV). The schedule of delivery under the contract was 2012-13 to 2014-15, whereas the same is expected to be delivered from 2017-18 to 2019-20. While the selling price remaining constant, increase in material cost, labour cost and other costs has resulted in the contract becoming onerous and the loss amounting to ₹ 11,047 Millions is recognised as on 01st April, 2015.

d) **Impairment of Intangible Asset:** Wherever it is not possible to assess the useful life of an intangible asset, the same is not amortised. However impairment on the same is done when there is an indication that an intangible asset may be impaired. Accordingly, an amount of ₹ 755 Millions has been recognised as

Impairment loss as on 01st April 2015 and ₹ 100 Millions for the year 2015-16

e) **Reversal of Warranty Liability:** Under IGAAP, provision for warranty is made at the time of setting up of sales for manufacture / repair and overhaul of Aircraft / Helicopters/ Engines / Rotables, supply of spares and development activities etc., within the frame work of the conditions agreed with the customers. Under Ind AS, provision for warranty for manufacture and repair and overhaul of Aircraft / Helicopters/ engines / rotables and spares will be made based on actuarial valuation. This led to a decrease in provision on the date of transition (i.e. as on 01st April, 2015) by ₹ 4,163 Million and which was adjusted against retained earnings as on 01st April 2015. Further during the year 2015-16, Provision of Warranty Liability was reduced by ₹ 395 Million and same was adjusted in the statement of Profit and Loss.

f) **Reversal of Warranty Sales:** Under IGAAP, revenue pertaining to Warranty is recognised at the time of setting up of sales for manufactured / overhauled Aircraft / Helicopters/ Engines / Rotables / Accessories and supply of spares within the frame work of the conditions agreed with the customers. Under Ind AS, revenue pertaining to warranty in relation to manufactured / overhauled Aircraft / Helicopters/ Engines / Rotables / Accessories and supply of spares is recognised proportionately over the period of warranty within the frame work of the conditions agreed with the customer. Due to the above change, the following changes has been made to retained earning as on 01st April 2015 and the Statement of Profit and Loss for the year ended 31st March, 2016.

(₹In Millions)

Particulars	**Retained Earnings as on 01^{st} April 2015**	**Profit and Loss for the year ended 31st March, 2016**
Reversal of Warranty Sales	3,455	3,921
Spill over of Warranty Sales from earlier years		2,773

g) **Fair Value Adjustment for Russian Debt:**

As per IGAAP, the amount of liability towards Russian Debt and the corresponding reimbursement of the same from the customer are recognised at gross amount in the books of Accounts. However under Ind AS - 109, both the liability towards Russian Debt and corresponding reimbursement from customer should be initially recognised at fair value and subsequently should be carried at amortised cost. The difference between transaction price and fair value is treated as gain/loss on fair valuation and the same is amortised over the period of Russian Debt. As on 01st April, 2015, the retained earnings is increased by ₹ 5,043 Million and decreased by ₹ 4,992 Million and corresponding Deferred Liabilities and Deferred Assets is also reduced, as disclosed below:

(₹ In Millions)

Particulars	**Current**	**Non-Current**	**Effect on Retained Earnings**
a) Deferred Liabilities	33	5,010	5,043
b) Deferred Assets	32	4,960	4,992
Total (a-b)	**1**	**50**	**51**

(ii) During the year 15-16, both gain on liability towards Russian debt of ₹ 1 Millions and loss on reimbursement of Russian debt amounting to ₹ 1 Millions is amortized to the statement of profit and loss, as given below:

(₹ In Millions)

Particulars	Current	Non-Current	Effect on Retained Earnings
a) Deferred Liabilities	2	(2)	1
b) Deferred Assets	(2)	2	(1)
Total (a+b)	**0**	**0**	**0**

h) Prior Period Items :

The Company has retrospectively corrected prior period errors in the first set of financial statements by restating the comparative amounts for the prior periods in which the error occurred. Wherever the error has occurred before 01st April, 2015, the Company has restated the opening balances of assets, liabilities and equity as on 01st April 2015.The following prior period adjustments were made as on 01st April 2015

(₹In Millions)

Particulars	
a) Income Tax *	6,586
b) Other Miscellaneous adjustments	(44)
Total (a+b)	**6,542**

* The Company has reached a settlement with Income Tax Department regarding disallowance of provisions towards warranty, replacement, materials, liquidated damages and allowance of reversal of such provisions. As per Ind AS 8, the provision of ₹ 5,462 Million has been adjusted along with interest of ₹1,124 Million in the opening equity as on 01st April 2015**.**

i) Recognition of Overhaul Sales under Percentage Completion Method (POC):

As per IGAAP, Sales are setup and recognised based on completed contract basis. However, as per Ind AS - 18, the sales for Overhaul of Aircraft/Helicopter and Engines are setup and recognised under POC method. This led to increase in sales on the date of transition by ₹ 1,904 Million and reduction in Work in Progress by ₹ 1,904 Million and which was adjusted against retained earnings as on 01st April 2015. During the year 2015-16, Sales was increased by ₹ 1,603 Million and Work in Progress was reduced by ₹ 1,603 Million and the same was adjusted in the Statement of Profit and Loss for the year ended 31st March, 2016. Further, during the year 2015-16, sales of ₹1,904 Million was reversed as the same was booked under POC method in the retained earning as on 01st April 2015.

j) Deferred Tax effect on new temporary differences recognised under Ind AS: IGAAP requires deferred tax accounting using the income statement approach, which focus on differences between taxable profits and accounting profits for the period. Ind AS- 12 requires entities to account for deferred taxes using the Balance Sheet approach, which focus on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS- 12 approach has resulted in deferred tax on new temporary differences which was not required under the IGAAP. In addition, the various transitional adjustments lead to temporary differences. Accordingly the deferred tax adjustment are recognised in correlation to the underlying transaction in the retained earnings. On the date of transition (i.e. 01st April,2015), the net impact on deferred tax liabilities is ₹9,584 Million and for the year ended 31st March, 2016 is ₹ 7,689 Million

k) Gain/Loss on remeasurement of net defined benefit liability/asset: As per IGAAP, gains and losses on remeasurement of net defined benefit liability/asset are recognised in the Statement of Profit and Loss, whereas under Ind AS the same has been recognised in Other Comprehensive Income by accumulating in a separate component of equity. Accumulated loss (excluding tax) on remeasurement of net defined benefit liability amounting to ₹ 651 Million as on 01st April, 2015 have been transferred from Retained Earnings to a separate component of Equity. An amount of ₹ 103 Million has been recognised as gain on remeasurement of defined benefit plan for the year ended 31st March, 2016.

l) Gain/Loss on translation of foreign operations: As per IGAAP, gains and losses on translation of foreign operation are recognised in Statement of Profit and Loss, whereas under Ind AS - 21 the same shall be recognised in Other Comprehensive Income by accumulating in a separate component of equity. An amount has been recognised as loss on translation of foreign operation for the year ended 31st March, 2016.

6.2 Reconciliation of Net Profit for the year ended 31st March, 2016

(₹In Millions)

Particulars	31st March 2016
Profit After Tax as per IGAAP (A)	**16,518**
Ind AS Adjustments:	
1) Reversal of Liquidated Damages provided as at 01st April, 2015	2,217
2) Provision for Liquidated Damages	(2,031)
3) Recognition of Warranty Sales	2,773
4) Reversal of Warranty Sales	(3,921)
5) Reversal of Warranty Liability	395
6) Recognition of POC Sales for Service Contract	1,603
7) Reversal of Work in Progress relating to POC Sales	(1,603)
8) Reversal of POC Sales booked as at 01st April, 2015	(1,893)
9) Reversal of Work in Progress relating to POC Sales booked as at 01st April 2015 fully not reversed	1,893
10) Impairment of Intangible Asset	(100)
11) Amortisation of Liability towards Russian Rouble	1
12) Amortisation of Reimbursement of Liability towards Russian Rouble	(1)
13) Prior Period Adjustment	6,073
14) Deferred tax effect on above adjustments	(1,895)
15) Reversal of Proposed Dividend	-
16) Gain on Net defined benefit transferred to OCI	(103)
17) Tax on Gain on Net defined benefit transferred to OCI	36
18) Loss on translation of Foreign Currency operations transferred to OCI	-
19) Tax on Loss on translation of Foreign Currency operations transferred to OCI	-
20) JV Ind AS Adjustment	81
Total Adjustments (B)	**3,525**
Profit after tax as per Ind AS [(A)+(B)]	**20,043**
Other Comprehensive Income/ (Loss)	67
OCI relating to JV	1
Total Comprehensive Income as per Ind AS	**20,111**

6.3 Reconciliation of Balance Sheet as at 01st April, 2015

(₹In Millions)

Particulars	Adjusted IGAAP	Ind AS Adjustment	Ind AS Regrouping	As per Ind AS
Non-current assets:				
1) Property Plant & Equipment	50,375	(16)	-	50,359
2) Capital work-in-progress	2,270	-	-	2,270
3) Investment Property	-	-	-	-
4) Other Intangible assets	16,371	(1)	-	16,370
5) Intangible assets under development	5,166	(755)	-	4,411
6) Investments in Joint Venture	1,319	630	-	1,949
7) Financial Assets	-	-	-	-
(i) Investments	5,699	-	-	5,699
(ii) Trade receivables	155	-	-	155
(iii) Loans	523	-	-	523
(iv) Others	8,692	(4,959)	-	3,733
8) Deferred tax assets (net)	-	-	-	-
9) Other non-current assets	14,035	(469)	-	13,566
Current assets:				

Particulars	Adjusted IGAAP	Ind AS Adjustment	Ind AS Regrouping	As per Ind AS
1) Inventories	251,400	(1,872)	-	249,528
2) Financial Assets	-	-	-	-
(i) Investments	-	-	-	-
(ii) Trade receivables	62,426	(1,497)	-	60,929
(iii) Cash and cash equivalents	176,714	-	-	176,714
(iv) Bank balances other than (iii) above	-	-	-	-
(v) Loans	1,760	-	-	1,760
(vi) Others	19,900	(32)	-	19,868
3) Current Tax Assets (Net)	-	(1,355)	2,359	1,004
4) Other currents assets	23,062	(4,763)	(2,359)	15,940
Total	**639,867**	**(15,089)**	**-**	**624,778**
EQUITY AND LIABILITIES:				
EQUITY:				
1) Equity Share capital	4,820	-	-	4,820
2) Other Equity	162,483	(18,289)	-	144,194
LIABILITIES	-	-	-	-
Non-current liabilities:	-	-	-	-
1) Financial Liabilities	-	-	-	-
(i) Borrowings	-	-	-	-
(ii) Trade payables	5,044	(5,010)	-	34
(iii) Other financial liabilities	3,729	3	-	3,732
2) Provisions	4,925	19,536	1,267	25,728
3) Deferred tax liabilities (Net)	16,192	(9,584)	-	6,608
4) Other non-current liabilities	87,513	-	-	87,513
Current Liabilities:	-	-	-	-
1) Financial liabilities	-	-	-	-
(i) Borrowings	-	-	-	-
(ii) Trade payables	22,700	(24)	-	22,676
(iii) Other financial liabilities	11,157	13	-	11,170
2) Other current liabilities	293,585	-	-	293,585
3) Provisions	27,719	(1,734)	(1,267)	24,718
4) Current Tax Liabilities (Net)	-	-	-	
Total	**639,867**	**(15,089)**	**-**	**624,778**

6.4 Reconciliation of Balance Sheet as at 31st March, 2016

(₹ In Milllion)

Particulars	IGAAP	IGAAP Regrouping	Adjusted IGAAP	Ind AS Adjustment
Non-current assets:				
1) Property Plant & Equipment	54,444	-	-	54,444
2) Capital work-in-progress	3,754	-	-	3,754
3) Investment Property	-	-	-	-
4) Other Intangible assets	14,808	-	-	14,808
5) Intangible assets under development	7,355	(855)	-	6,500
6) Investments in Joint Venture	1,188	713	-	1,901
7) Financial Assets	-	-	-	-
(i) Investments	7,257	-	-	7,257
(ii) Trade receivables	-	-	-	-
(iii) Loans	520	-	-	520
(iv) Others	8,972	(4,958)	-	4,014
8) Deferred tax assets (net)	-	-	-	-

Particulars	IGAAP	IGAAP Regrouping	Adjusted IGAAP	Ind AS Adjustment
9) Other non-current assets	15,331	(469)	-	14,862
Current assets:	-	-	-	-
1) Inventories	241,420	(1,603)	-	239,817
2) Financial Assets	-	-	-	-
(i) Investments	-	-	-	-
(ii) Trade receivables	51,318	(2,949)	-	48,369
(iii) Cash and cash equivalents	133,034	-	-	133,034
(iv) Bank balances other than (iii) above	-	-	-	-
(v) Loans	981	-	-	981
(vi) Others	22,123	(35)	-	22,088
3) Current Tax Assets (Net)	-	-	-	-
4) Other currents assets	11,998	-	972	12,970
Total	**574,503**	**(10,156)**	**972**	**565,319**
EQUITY AND LIABILITIES:				
EQUITY:				
1) Equity Share capital	3,615	-	-	3,615
2) Other Equity	119,993	(13,284)	-	106,709
LIABILITIES	-	-	-	-
Non-current liabilities:	-	-	-	-
1) Financial Liabilities	-	-	-	-
(i) Borrowings	-	-	-	-
(ii) Trade payables	5,008	(5,008)	-	-
(iii) Other financial liabilities	3,973	-	-	3,973
2) Provisions	4,604	19,919	302	24,825
3) Deferred tax liabilities (Net)	15,837	(7,689)	-	8,148
4) Other non-current liabilities	91,546	-	-	91,546
Current Liabilities:	-	-	-	-
1) Financial liabilities	-	-	-	-
(i) Borrowings	-	-	-	-
(ii) Trade payables	21,547	(35)	-	21,512
(iii) Other financial liabilities	9,769	-	-	9,769
2) Other current liabilities	267,824	50	-	267,874
3) Provisions	30,787	(4,109)	(302)	26,376
4) Current Tax Liabilities (Net)	-	-	972	972
Total	**574,503**	**(10,156)**	**972**	**565,319**

There were no significant reconciliation items between cash flows prepared under IGAAP and those prepared under Ind AS.

6.5 Reconciliation of Equity as on 31st March, 2015 (Proforma)

The Proforma financial information of the Company as at and for the year ended March 31, 2015, is prepared in accordance with requirements of SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/4 dated March 31, 2016 ("SEBI Circular"). As envisaged by the SEBI Circular, the Company has followed the same accounting policy choices (both mandatory exceptions and optional exemptions availed as per Ind AS 101) as initially adopted on its Ind AS transition date (i.e. April 1, 2015) while preparing the proforma financial information for the FY 2014-15 and accordingly suitable restatement adjustments in the accounting heads has been made in the proforma financial information. This proforma Ind AS financial information have been prepared by making Ind AS adjustments to the audited Indian GAAP financial statements as at and for the year ended March 31, 2015 as described in this Note. The impact of Ind AS 101 on the equity under Indian GAAP as at March 31, 2015 and the impact on the profit or loss for the year ended March 31, 2015 due to the Ind- AS principles applied on proforma basis during the year ended March 31, 2015 can be explained as under :-

(₹ Millions)

Particulars	As at March 31, 2015 (Proforma)
Total Equity under Previous IGAAP	167,303
Proforma Adjustments	
1) Provision for Liquidated Damages	(10,918)
2) Provision for Onerous Contract	(11,047)
3) Impairment of Intangible Asset	(755)
4) Reversal of Warranty Liability	4,163
5) Reversal/Recognition of Warranty Sales	(4,030)
6) Fair Value Adjustment	51
7) Prior Period Adjustment	(6,542)
8) Recognition of POC Sales for Service Contract	1,904
9) Reversal of Work in Progress relating to POC Sales	(1,904)
10) Deferred Tax effect on new temporary differences recognised under IND AS	9,584
11) JV IND AS Adjustment	630
Total Proforma adjustments to Equity	**(18,864)**
Total Equity under Ind As Proforma as at 31st March 2015	**148,439**
Reversal of Warranty Sale*	575
Total Equity as at 01st April 15 (Date of Transitiion)	**149,014**

*It pertains to reversal of warranty sale for the year ended 31st March, 2014 to be recognised as warranty sale subsequent to 31st March, 2015.

6.6 Effect of Proforma Ind AS Adjustments on the Statement of Assets & Liabilities as at March 31, 2015

(₹ Milliions)

Particulars	Adjusted IGAAP	Ind AS Adjustment	Ind AS Regrouping	As per Ind AS
Non-current assets:				
1) Property Plant & Equipment	50,375	(16)	0	50,359
2) Capital work-in-progress	2,270	0	0	2,270
3) Investment Property	0	0	0	0
4) Other Intangible assets	16,371	(1)	0	16,370
5) Intangible assets under development	5,166	(755)	0	4,411
6) Investments in Joint Venture	1,319	630	0	1,949
7) Financial Assets	0	0	0	
(i) Investments	5,699	0	0	5,699
(ii) Trade receivables	155	0	0	155
(iii) Loans	523	0	0	523
(iv) Others	8,692	(4,959)	0	3,733
8) Deferred tax assets (net)	0	0	0	0
9) Other non-current assets	14,035	(469)	0	13,566
	0	0	0	
Current assets:	0	0	0	
1) Inventories	251,400	(1,872)	0	249,528
2) Financial Assets	0	0	0	
(i) Investments	0	0	0	0
(ii) Trade receivables	62,426	(2,072)	0	60,354
(iii) Cash and cash equivalents	176,714	0	0	176,714
(iv) Bank balances other than (iii) above	0	0	0	0
(v) Loans	1,760	0	0	1,760

Particulars	Adjusted IGAAP	Ind AS Adjustment	Ind AS Regrouping	As per Ind AS
(vi) Others	19,900	(32)	0	19,868
3) Current Tax Assets (Net)	0	(1,355)	2359	1,004
4) Other currents assets	23,062	(4,763)	(2359)	15,940
Total	**639,867**	**(15,664)**	**0**	**624,203**
EQUITY AND LIABILITIES:				
EQUITY:				
1) Equity Share capital	4,820	0	0	4,820
2) Other Equity	162,483	(18,864)	0	143,619
LIABILITIES	0	0	0	
Non-current liabilities:	0	0	0	
1) Financial Liabilities	0	0	0	
(i) Borrowings	0	0	0	0
(ii) Trade payables	5,044	(5,010)	0	34
(iii) Other financial liabilities	3,729	3	0	3,732
2) Provisions	4,925	19,536	1,267	25,728
3) Deferred tax liabilities (Net)	16,192	(9,584)	0	6,608
4) Other non-current liabilities	87,513	0	0	87,513
	0	0	0	
Current Liabilities:	0	0	0	
1) Financial liabilities	0	0	0	
(i) Borrowings	0	0	0	0
(ii) Trade payables	22,700	(24)	0	22,676
(iii) Other financial liabilities	11,157	13	0	11,170
2) Other current liabilities	293,585	0	0	293,585
3) Provisions	27,719	(1,734)	(1,267)	24,718
4) Current Tax Liabilities (Net)	0	0	0	0
Total	**639,867**	**-15,664**	**0**	**624,203**

6.7 Total Comprehensive Income reconciliation for the year ended 31st March, 2015 (Proforma)

(₹ Milliion)

Particulars	31st March 2015
Profit After Tax as per IGAAP (A)	23,821
Ind AS Adjustments:	
1) Provision for Liquidated Damages	(3,409)
2) Recognition of Warranty Sales	2,213
3) Reversal of Warranty Sales	(3,455)
4) Reversal of Warranty Liability	499
5) Provision for Onerous Contract	(11,047)
6) Recognition of POC Sales for Service Contract	1,904
7) Reversal of Work in Progress relating to POC Sales	(1,904)
8) Reversal of POC Sales booked as at 01st April, 2014	(1,539)
9) Reversal of Work in Progress relating to POC Sales booked as at 01st April 2014 fully not reversed	1,539
10) Impairment of Intangible Asset	(755)
11) Amortisation of Liability towards Russian Rouble	(742)
12) Amortisation of Reimbursement of Liability towards Russian Rouble	734
13) Prior Period Adjustment	(1,165)
14) Deferred tax effect on above adjustments	2,602
16) Gain on Net defined benefit transferred to OCI	985
17) Tax on Gain on Net defined benefit transferred to OCI	(335)
18) Loss on translation of Foreign Currency operations transferred to OCI	1
19) Tax on Loss on translation of Foreign Currency operations transferred to OCI	0
20) JV Ind AS Adjustment	(6)
Total Adjustments (B)	(13,880)
Profit after tax as per Ind AS [(A)+(B)]	9,941
Other Comprehensive Income/ Loss	(651)
Total Comprehensive Income as per Ind AS	**9,290**

6.8 Notes

6.8.1 Provision for Liquidated Damages: Under IGAAP, Provision for Liquidated Damages against the Company is recognised in Accounts on acceptance i.e. recognised at the time of setting-up of sales. Under Ind AS, Provision for Liquidated Damages will be recognised for the period of delay between the due date of supply of the Goods / rendering of services as per delivery schedule and the expected Date of delivery of said Goods / rendering of service in respect of manufacture / repair and overhaul of Aircraft / Helicopters/ Engines / Rotables, supply of spares and development activities etc. The net effect of this change results in a decrease in the equity by ₹10,918 Million as at 31st March, 2015 and decrease in the profit before tax by ₹ 3,409 Million for the year ended 31st March, 2015.

6.8.2 Provision for Onerous Contract: Onerous contract has been recognised in respect of 140 Su-30 manufacturing programme (Block-IV). The schedule of delivery under the contract was 2012-13 to 2014-15, whereas the same is expected to be delivered from 2017-18 to 2019-20. While the selling price remaining constant, increase in material cost, labour cost and other costs has resulted in the contract becoming onerous and the loss amounting to ₹11,047 Million is recognised in Statement of Profit & Loss during the year ended 31st March, 2015.

6.8.3 Impairment of Intangible Asset: Wherever it is not possible to assess the useful life of an intangible asset, the same is not amortised. However impairment on the same is done when there is an indication that an intangible asset may be impaired. Accordingly, an amount of ₹7 55 Million has been recognised as Impairment loss for the year ended 31st March, 2015**.**

6.8.4 Reversal of Warranty Liability: Under IGAAP, provision for warranty is made at the time of setting up of sales for manufacture / repair and overhaul of Aircraft / Helicopters/ Engines / Rotables, supply of spares and development activities etc., within the frame work of the conditions agreed with the customers. Under Ind AS, provision for warranty for manufacture and repair and overhaul of Aircraft / Helicopters/ engines / rotables and spares will be made based on actuarial valuation. The net effect of this change results in a increase in the equity by ₹4,163 Million as at 31st March, 2015 and increase in the profit before tax by ₹499 Million for the year ended 31st March, 2015.

6.8.5 **Reversal of Warranty Sales:** Under IGAAP, revenue pertaining to Warranty is recognised at the time of setting up of sales for manufactured / overhauled Aircraft / Helicopters/ Engines / Rotables / Accessories and supply of spares within the frame work of the conditions agreed with the customers. Under Ind AS, revenue pertaining to warranty in relation to manufactured / overhauled Aircraft / Helicopters/ Engines / Rotables / Accessories and supply of spares is recognised proportionately over the period of warranty within the frame work of the conditions agreed with the customer. The net effect of this change results in a decrease in the equity by ₹4,030 Million as at 31st March, 2015 and decrease in the profit before tax by ₹1,242 Million for the year ended 31st March, 2015.

6.8.6 **Fair Value Adjustment for Russian Debt**: As per IGAAP, the amount of liability towards Russian Debt and the corresponding reimbursement of the same from the customer are recognised at gross amount in the books of Accounts. However under Ind AS - 109, both the liability towards Russian Debt and corresponding reimbursement from customer should be initially recognised at fair value and subsequently should be carried at amortised cost. The difference between transaction price and fair value is treated as gain/loss on fair valuation and the same is amortised over the period of Russian Debt. The net effect of this change results in a increase in the equity by ₹ 51 Million as at 31st March, 2015 and decrease in the profit before tax by ₹ 8 Million for the year ended 31st March, 2015.

6.8.7 Prior Period Items: The Company has retrospectively corrected prior period errors in the first set of financial statements by restating the comparative amounts for the prior periods in which the error occurred. Wherever the error has occurred before 01st April, 2014, the Company has restated the opening balances of assets, liabilities and equity as on 01st April 2014. The following prior period adjustments were made:

(₹In Million)

Particulars	Equity as on 31st March, 2015 (Proforma)	Profit for the year ended 31st March, 2015 (Proforma)
a) Income Tax *	6,586	1,209
b) Other Miscellaneous adjustments	(44)	(44)
	6,542	**1,165**

* The Company has reached a settlement with Income Tax Department regarding disallowance of provisions towards warranty, replacement, materials, liquidated damages and allowance of reversal of such provisions. As per Ind AS 8, the provision of ₹ 5,462 Million has been adjusted along with interest of ₹1,124 Million in the opening equity as on 01st April 2015.(Out of which ₹1,209 Million is adjusted to the profit for the year ended 31st March 2015)

6.8.8 Recognition of Overhaul Sales under Percentage Completion Method (POC): As per IGAAP, Sales are setup and recognised based on completed contract basis. However, as per Ind AS - 18, the sales for Overhaul of Aircraft/Helicopter and Engines are setup and recognised under POC method. This led to increase in sales as on 01st April, 2014 by ₹1,539 Million and reduction in Work in Progress by ₹1,539 Million. During the year 2014-15, Sales was increased by ₹1,904 Million and Work in Progress was reduced by ₹1,904 Million and the same was adjusted in the Statement of Profit and Loss for the year ended 31st March, 2015. Further, during the year 2014-15, sales of ₹1,539 Million was reversed as the same was booked under POC method in the retained earning as on 01st April 2015.

6.8.9 Deferred Tax effect on new temporary differences recognised under Ind AS: IGAAP requires deferred tax accounting using the income statement approach, which focus on differences between taxable profits and accounting profits for the period. Ind AS- 12 requires entities to account for deferred taxes using the Balance Sheet approach, which focus on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS- 12 approach has resulted in deferred tax on new temporary differences which was not required under the IGAAP. In addition, the various transitional adjustments lead to temporary differences. Accordingly the deferred tax adjustment are recognised in correlation to the underlying transaction in the retained earnings. As on 01st April, 2014, the net impact on deferred tax liabilities is ₹ 9,584 Million and for the year ended 31st March, 2015 is ₹2,602 Million.

6.8.10 Gain/Loss on re-measurement of net defined benefit liability/asset: As per IGAAP, gains and losses on re-measurement of net defined benefit liability/asset are recognised in the Statement of Profit and Loss, whereas under Ind AS the same has been recognised in Other Comprehensive Income by accumulating in a separate component of equity. An amount of ₹650 Million has been recognised as gain on re-measurement of defined benefit plan for the year ended 31st March, 2015.

6.8.11 Gain/Loss on translation of foreign operations: As per IGAAP, gains and losses on translation of foreign operation are recognised in Statement of Profit and Loss, whereas under Ind AS - 21 the same shall be recognised in Other Comprehensive Income by accumulating in a separate component of equity. An amount of ₹ 1 Million has been recognised as loss on translation of foreign operation for the year ended 31st March, 2016.

7. Exemptions availed on first-time adoption of Ind AS 101 as at transition date :

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The company has accordingly applied the following exemptions.

(a) As per para D7AA of Ind AS 101, Property, Plant and Equipment and Intangible assets were carried in the statement of financial position prepared in accordance with IGAAP on 31st March, 2015. The Company has elected to regard such carrying values as deemed cost at the date of transition.

(b) As per para D36 of Ind AS 101 in respect of Customer funded assets the company proposes to apply appendix C of Ind AS 18 wherein the assets created after 01.04.2016 with the customer funding shall be capitalized.

(c) As per para B8C of Ind AS 101 the Company has recognized the fair value of financial Assets/Liabilities at new gross carrying amount of that financial asset or the amortised cost of that financial liability at the date of transition to Ind AS.

(d) As per para D13 of Ind As 101, which states that the Company need not comply with the requirements for cumulative translation differences that existed at the date of transition as stated in Ind AS 21. Instead the differences for all the foreign operations can be deemed to be zero at the date of transition and, the gain or loss on subsequent disposal of any foreign operation shall exclude translation differences that arose before the date of transition to Ind AS and shall include later translation differences.

(e) Others:

   i. Under IGAAP, actuarial gains and losses related to the defined benefit schemes for Gratuity and liabilities towards employee leave encashment were recognised in the statement of profit or loss. Under Ind AS, the actuarial gains and losses form part of re-measurement of the net defined benefit liability / asset which is recognised in the Other Comprehensive Income (OCI). Consequently, the tax effect of the same has also been recognised in OCI instead of statement of profit or loss.

   ii. Standards issued but not effective- Ind AS 115 - Revenue from Contract with Customers : : In February 2015, the Ministry of Corporate Affairs had notified Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainity of Revenue and Cash Flow arising from the entity's contract with customers. The effective date of Ind AS 115 has been deferred by the MCA**.**

8. In compliance with Ind AS -112- Disclosure of interest in other entities , the required information is as follows

Name of the Jointly Controlled Entities*	**Nature of Business**	**Participating Interest (in %)**			
		30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
International Aerospace Manufacturing Private Limited (IAMPL)	Manufacturing of compressed rings, turbine blades.	50%	50%	50%	50%
BAeHAL Software Limited (BAeHAL)	Develop, Improve, Market, Sell, Lease or Loaning of Computer Softwares	49%	49%	49%	49%
Snecma HAL Aerospace Private Limited (SNECMA)	Produce Engine Parts & Components	50%	50%	50%	50%
SAMTEL HAL Display Systems Limited (SAMTEL)	Design, Develop & Manufacture of various types of display systems for airbone, military & Ground Applications.	40%	40%	40%	40%
Infotech HAL Limited (INFOTECH)	Engineering Services work in aero engines field, Technical Publications, Works from OEM.	50%	50%	50%	50%
HAL-Edgewood Technologies Private Limited (HAL-EDGEWOOD)	Hi-tech aerospace & Defence Product Design, Development, manufacturing & Technology Transfer.	50%	50%	50%	50%
HALBIT Avionics Private Limited (HALBIT)	Design, Develop, Market & Support (Operations & Maintenance) Products. *Provide support and maintenance services	50%	50%	50%	50%

Name of the Jointly Controlled Entities*	Nature of Business	Participating Interest (in %)			
		30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
Indo-Russian Aviation Limited (IRAL)	Overhaul & Repair of Aircraft, Engines	48%	48%	48%	48%
HATSOFF Helicopter Training Private Limited(HATSOFF)	Military & Civil Helicopter Pilot Training Services, Marketing about Training Services	50%	50%	50%	50%
TATA HAL Technologies Limited(TATA-HAL)	Provide Engineering & Design Solutions Leveraging the strength of parties.	50%	50%	50%	50%
Multi Role Transport Aircraft Limited(MRTAL)	Preliminary & Detail Design of MTA MTA Prototypes Prod. *Factory Testing of MTA *Flight Aircraft Tests of MTA	50%	50%	50%	50%
Aerospace Aviation and Sectors Skill Council(AASSC)	Research and aggregate skill requirements of the aviation and aerospace industry	50%	50%	50%	50%
Helicopter, Engines MRO Pvt Ltd	To provide support, maintenance, repair and overhaul of Helicopter engines	50%	50%	-	-

All joint ventures have been incorporated in India and the principal place of business is in India.

During the year 2017, on 04.02.2017, the Company has acquired a wholly owned subsidiary, Naini Aerospace Limited (incorporated on 29.12.2016).

Name of the Subsidiary	Nature of Business	30 th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
Naini Aerospace Limited	Manufacture of Looms for Helicopter and Aircrafts and support for second line manufacture of Helicopter at TAD, Kanpur	100%	100%	-	-

ANNEXURE – V

CONSOLIDATED SUMMARY STATEMENT OF GROSS BLOCK, ACCUMULATED DEPRECIATION AND NET BLOCK -PLANT, PROPERTY AND EQUIPMENT, AS RESTATED, UNDER IND AS

(₹In Millions)

Particulars	**Gross Block as at 01st April 2017**	**Additions**	**Acquisitions through Business Combination**	**Reclasfn./Adjustment**	**Disposals**	**Transfer to (-) from (+) Div**	**Gross Block as at 30 th September 2017**
Fixed Assets							
Land - Leasehold	85						85
Land – Freehold	179						179
Buildings	10,200	1188				24	11,412
Plant and Equipment	31,208	1184			(18)		32,374
Furniture and Fixtures	1,343	35			(2)		1,376
Vehicles	954	26			(7)		973
Office Equipment	2,042	64			(7)		2,099
Assets used for CSR Activities	452						452
Others							
Roads and Drains	727	77					804
Water Supply	473	19					492
Rail Road Sidings	7						7
Runways	557						557
Aircraft/Helicopters	1,802						1,802
Sub Total	**50,029**	**2,593**			**(34)**	**24**	**52,612**
Special Tools	61,627	858					62,485
Total	**111,656**	**3,451**			**(34)**	**24**	**115,097**

(₹In Millions)

Particulars	**Gross Block as at 1st April 2016**	**Additions**	**Acquisitions through Business Combination**	**Reclasfn. /Adjustment**	**Disposals**	**Gross Block as at 31st March 2017**
Fixed Assets						
Land - Leasehold	85					85
Land – Freehold	178	1				179
Buildings	9,234	966				10,200
Plant and Equipment	27,645	3,641			(78)	31,208
Furniture and Fixtures	1,222	125			(4)	1,343
Vehicles	836	136			(18)	954
Office Equipment	1,834	211			(3)	2,042
Assets used for CSR Activities	425	27				452
Others						
Roads and Drains	634	93				727
Water Supply	409	64				473
Rail Road Sidings	7					7
Runways	557					557
Aircraft/Helicopters	1,534	268				1,802
Sub Total	**44,600**	**5,532**		**0**	(103)	**50,029**
Special Tools	58,289	3,440			(102)	61,627
Total	**102,889**	**8,972**		**0**	**(205)**	**111,656**

(₹In Millions)

Particulars	Gross Block as at 01st April 2015	Additions	Acquisitions through Business Combination	Reclasfn. /Adjustment	Disposals	Gross Block as at 31st March 2016
Fixed Assets						
Land - Leasehold	72	13				85
Land - Freehold	178					178
Buildings	8,477	754		5	(2)	9,234
Plant and Equipment	24,937	2,783		15	(90)	27,645
Furniture and Fixtures	1,060	172			(10)	1,222
Vehicles	745	103			(12)	836
Office Equipment	1,677	211		(15)	(39)	1,834
Assets used for CSR Activities		425				425
Others						
Roads and Drains	596	40			(2)	634
Water Supply	389	25		(5)	0	409
Rail Road Sidings	7					7
Runways	557					557
Aircraft/Helicopters	1,534					1,534
Sub Total	**40,229**	**4,526**			**(155)**	**44,600**
Special Tools	52,687	5,602				58,289
Total	**92,916**	**10,128**			**(155)**	**102,889**

(₹In Million)

Particulars	Gross block as at 1st April 2014	Additions	Acquisitions through Business Combination	Reclasfn. /Adjustment	Disposals	Gross block as at 31st March 2015 (Proforma)
Fixed Assets						
Land - Leasehold	72					72
Land - Freehold	102	76				178
Buildings	8,251	276		(5)	(45)	8,477
Plant and Equipment	23,608	1,368		4	(43)	24,937
Furniture and Fixtures	874	169		23	(6)	1,060
Vehicles	646	107			(8)	745
Office Equipment	1,464	249		(23)	(13)	1,677
Assets used for CSR Activities						
Others						
Roads and Drains	582	14				596
Water Supply	358	31				389
Rail Road Sidings	7					7
Runways	554	3				557
Aircraft/Helicopters	769	765				1,534
Sub Total	**37,287**	**3,058**		(1)	(115)	**40,229**
Special Tools	50,104	2,583				52,687
Total	**87,391**	**5,641**		**(1)**	**(115)**	**92,916**

Notes:

-The figures disclosed above are based on the Summary Statement of Consolidated Assets and Liabilities, As Restated, of the Company

Accumulated Depreciation- Plant, Property and Equipment

(₹In Million)

Particulars	Provision as at 01st April 2017	Additions	Acquisitions through Business Combination	Reclasfn. /Adjustment	Disposals/ Reversals	Provision as at 30th September 2017	Net Block as at 30th September 2017
Land - Leasehold	8	1			-	9	76
Land - Freehold		-			-	-	179
Buildings	3,723	166			-	3,889	7,523
Plant and Equipment	20739	862			(17)	21,584	10,790
Furniture and Fixtures	1038	58			(2)	1,094	282
Vehicles	586	35			(3)	618	355
Office Equipment	1710	98			(6)	1,802	297
Assets used for CSR Activities	452	-			-	452	-
Others		-			-	-	-
Roads and Drains	573	21			-	594	210
Water Supply	290	14			-	304	188
Rail Road Sidings	7	-			-	7	-
Runways	508	11			-	519	38
Aircraft/Helicopter	532	43			-	575	1,227
Subtotal	**30,166**	**1,309**			**(28)**	**31,447**	**21,165**
Special Tools	23,645	782			-	24,427	38,058
Total	**53,811**	**2,091**			**(28)**	**55,874**	**59,223**

(₹In Millions)

Particulars	Provision as at 1st April 2016	Additions	Acquisitions through Business Combination	Reclasfn. /Adjustment	Disposals/ Reversals	Provision as at 31st March 2017	Net Block as at 31st March 2017
Land - Leasehold	7	1				8	77
Land - Freehold							179
Buildings	3,401	322				3,723	6,477
Plant and Equipment	19,145	1671			(77)	20739	10469
Furniture and Fixtures	904	137			(3)	1038	305
Vehicles	530	70			(14)	586	368
Office Equipment	1,521	192			(3)	1710	332
Assets used for CSR Activities	425	27				452	0
Others							
Roads and Drains	498	75				573	154
Water Supply	264	26				290	183
Rail Road Sidings	7					7	0
Runways	482	26				508	49
Aircraft/Helicopter	453	79				532	1270
Subtotal	**27,637**	**2,626**	**0**	**0**	**(97)**	**30,166**	**19,863**
Special Tools	20,808	2,837				23,645	37,982
Total	**48,445**	**5,463**	**0**	**0**	**(97)**	**53,811**	**57,845**

(₹In Million)

Particulars	Provision as at 01st April 2015	Additions	Acquisitions through Business Combination	Reclasfn. /Adjustment	Disposals/ Reversals	Provision as at 31st March 2016	Net Block as at 31st March 2016
Land - Leasehold	6	1				7	78
Land - Freehold		-					178
Buildings	3,017	381		5	(2)	3,401	5,833
Plant and Equipment	17,545	1,684		3	(87)	19,145	8,500
Furniture and Fixtures	750	162		0	(8)	904	318
Vehicles	487	54			(11)	530	306
Office Equipment	1,335	226			(40)	1,521	313
Assets used for CSR Activities		425				425	
Others		-					
Roads and Drains	411	89			(2)	498	136
Water Supply	246	23		(5)		264	145
Rail Road Sidings	7	-				7	0
Runways	455	27				482	75
Aircraft/Helicopters	381	72				453	1,081
Subtotal	**24,640**	**3,144**	**0**	**3**	**(150)**	**27,637**	**16,963**
Special Tools	17,917	2,891				20,808	37,481
Total	**42,557**	**6,035**	**0**	**3**	**(150)**	**48,445**	**54,444**

(₹In Million)

Particulars	Provision as at 1st April 2014	Additions	Acquisitions through Business Combination	Reclasfn. /Adjustment	Transfer to(-) from (+) Div	Disposals	Provision as at 31st March 2015	Net Block as at 31st March 2015 (Proforma)
Land - Leasehold	5	1					6	66
Land - Freehold								178
Buildings	2,578	359		90		(10)	3,017	5,460
Plant and Equipment	15,656	1,638		291		(40)	17,545	7,392
Furniture and Fixtures	578	137		40		(5)	750	310
Vehicles	432	57		4		(6)	487	258
Office Equipment	1,093	216		38		(12)	1,335	342
Assets used for CSR Activities								
Others								
Roads and Drains	159	107		145			411	185
Water Supply	212	24		10			246	143
Rail Road Sidings	7						7	-
Runways	426	27		2			455	102
Aircraft/Helicopters	321	60					381	1,153
Subtotal	**21,467**	**2,626**		**620**		**(73)**	**24,640**	**15,589**
Special Tools	15,089	2,828					17,917	34,770
Total	**36,556**	**5,454**		**620**		**(73)**	**42,557**	**50,359**

Notes:

-The figures disclosed above are based on the Summary Statement of Consolidated Assets and Liabilities, As Restated, of the Company

Depreciation includes:

(₹ In Millions)

Particulars	30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
Gross Value of Assets with M/s. Midhani	120	120	120	120
Less: Cumulative Depreciation in respect of Assets with M/s. Midhani	82	82	53	44
Net	**38**	**38**	**67**	**76**
Particulars	**30th September 2017**	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
Gross Value of Assets retired from Active Use	208	297	273	288
Less : Cumulative Depreciated Value of Assets retired from Active Use.	208	296	272	287
WDV of Assets Retired from Active Use.		**1**	**1**	**1**

ANNEXURE – VI

CONSOLIDATED SUMMARY STATEMENT OF CUSTOMER FUNDED ASSETS, AS RESTATED, UNDER IND AS

(₹In Millions)

Particulars	Gross Block As on 01st April 2016	Additions	Reclasfn. /Adjustment	Disposals	Gross Block as at 31st March 2017 / 01ST April 2017	Additions	Transfer to (-) from (+) Div	Gross Block as at 30th September 2017
Fixed Assets								
Building	-	170	-	-	170	155	(24)	301
Plant and Equipment	-	391	-	-	391	138		529
Furniture and Fixtures	-	9	-	-	9	1		10
Vehicles	-	7	-	-	7	1		8
Office Equipment	-	4	-	-	4	4		8
Water Supply	-	4	-	-	4			4
Sub Total	**-**	**585**	**-**	**-**	**585**	**299**	**(24)**	**860**

(₹In Millions)

Particulars	Provision as on 01st April 2016	Additions	Reclasfn. /Adjustment	Disposals	Provision as at 31st March 2017	Additions	Provisions as at 30th September 2017	Net Block as at 30th September 2017	Net Block as at 31st March 2017
Fixed Assets									
Building	-	3	-	-	3	3	6	295	167
Plant and Equipment	-	17	-	-	17	23	40	489	374
Furniture and Fixtures	-	9	-	-	9	1	10	**-**	0
Vehicles	-	1	-	-	1	1	2	6	6
Office Equipment	-	1	-	-	1	1	2	6	3
Water Supply	-	1	-	-	1		1	3	3
Sub Total	**-**	**32**	**-**	**-**	**32**	**29**	**61**	**799**	**553**

Notes:

-The figures disclosed above are based on the Summary Statement of Consolidated Assets and Liabilities, As Restated, of the Company.

ANNEXURE – VII

CONSOLIDATED SUMMARY STATEMENT OF CAPITAL WORK IN PROGRESS, AS RESTATED, UNDER IND AS

(₹In Millions)

Particulars	**As At 30th September 2017**	**As At 31st March 2017**	**As At 31st March 2016**	**As At 31st March 2015 (Proforma)**
Buildings	3,135	3,962	1,940	1,022
Plant and Equipment	1,148	888	1,283	702
Furniture and Fixtures	-	-	-	-
Roads and Drains	2	-	10	10
Office Equipment	-	1	16	3
Water Supply	1	-	18	4
Plant and Equipment under Inspection and in Transit	906	1,279	475	519
Special Tools	166	81	12	10
TOTAL	**5,358**	**6,211**	**3,754**	**2,270**

Notes:

-The figures disclosed above are based on the Summary Statement of Consolidated Assets and Liabilities, As Restated, of the Company

ANNEXURE – VIII

CONSOLIDATED SUMMARY STATEMENT OF INTANGIBLE ASSETS, AS RESTATED, UNDER IND AS

(₹In Millions)

Particulars	**Other Intangible Assets**			
	Licence Fees	**Computer Software**	**Documentation**	**TOTAL**
Gross Block				
As on 1st Apr 2014	25,874	863	4,359	31,096
Additions	917	111	216	1244
Adjustment/Disposal	(2146)	(67)	(326)	(2539)
As on 31st Mar 2015 (Proforma)	24,645	907	4,249	29,801
Additions	216	254	85	555
As on 31st March 2016	24,861	1,161	4,334	30,356
Additions	51	72	252	375
As on 31st March 2017	24,912	1,233	4,586	30,731
Additions		23	13	36
As on 30th September 2017	24,912	1,256	4,599	30,767
Accumulated Amortization - Other Intangible Assets				
As on 1st Apr 2014	11,492	789	1362	13,643
Additions/Adjustment/Disposal	(97)	(10)	(105)	(212)
As on 31st Mar 2015 (Proforma)	11,395	779	1,257	13,431
Additions	1,863	102	152	2,117
As on 31st March 2016	13,258	881	1,409	15,548
Additions	735	113	199	1,047
As on 31st March 2017	13,993	994	1,608	16,595
Additions	131	65	49	245
As on 30th September 2017	14,124	1,059	1,657	16,840
Net Other Intangible Assets				
As on 31st Mar 2015 (Proforma)	13,250	128	2,992	16,370
As on 31st March 2016	11,603	280	2,925	14,808
As on 31st March 2017	10,919	239	2,978	14,136
As on 30th September 2017	10,788	197	2,942	13,927

Notes:

-The figures disclosed above are based on the Summary Statement of Consolidated Assets and Liabilities, As Restated, of the Company

ANNEXURE – IX

CONSOLIDATED SUMMARY STATEMENT OF INTANGIBLE ASSETS UNDER DEVELOPMENT, AS RESTATED, UNDER IND AS

(₹In Millions)

Particulars	**As on 1st April 2017**	**Addition**	**As on 30th September 2017**
Development Expenditure			
Gross Block	13,009	1,022	14,031
Amortization	3,170	188	3,358
Impairement Loss	1,176	23	1,199
Net	**8,663**	**811**	**9,474**

(₹In Millions)

Particulars	**As on 1st April 2014**	**Addition**	**As on 31st March 2015 (Proforma)**	**Addition**	**As on 31st March 2016 /1 st April 2016**	**Addition**	**As on 31st March 2017**
Development Expenditure							
Gross Block	**6159**	1535	**7,694**	2,566	**10,260**	2,749	**13,009**
Amortization	**2230**	298	**2,528**	377	**2,905**	265	**3,170**
Impairement Loss	**-**	755	**755**	100	**855**	321	**1,176**
Net	**3929**	**482**	**4,411**	**2,089**	**6,500**	**2,163**	**8,663**

Notes:

-The figures disclosed above are based on the Summary Statement of Consolidated Assets and Liabilities, As Restated, of the Company

ANNEXURE – X

STATEMENT OF CONSOLIDATED NON-CURRENT INVESTMENTS IN JOINT VENTURES SUBSIDIARIES, AS RESTATED ,UNDER IND AS

(₹In Millions)

Particulars	**As at**			
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
A. INVESTMENTS AT COST LESS PROVISION (TRADE / UN-QUOTED)			**-**	**-**
Investment in Equity Instruments			-	-
- in Joint Ventures			-	-
M/s BAe-HAL Software Ltd-29,40,000 (29,40,000-P.Y) Equity shares of ₹ 10 FV each fully paid	29	29	29	29
+/- Interest in Joint Venture	16	45	45	59
Less Provision for Impairment in value of Investment		-	-	-
Net -M/s BAe-HAL Software Ltd	**45**	**74**	**74**	**88**
M/s Snecma HAL Aerospace Private Ltd -11,40,000 (11,40,000-P.Y) Shares of ₹100 F.V. each fully paid	114	114	114	114
+/- Interest in Joint Venture	157	148	140	104
Less Provision for Impairment in value of Investment		-	-	-
Net - M/s Snecma HAL Aerospace Private Ltd	**271**	**262**	**254**	**218**
M/s Indo Russian Aviation Ltd - 9,36,525 (9,36,525-P.Y) Equity shares of ₹10 FV each fully paid	9	9	9	9
+/- Interest in Joint Venture	334	305	260	234
Less Provision for Impairment in value of Investment		-	-	-
Net - M/s Indo Russian Aviation Ltd.	**343**	**314**	**269**	**243**
M/s HALBIT Avionics Pvt Ltd - 3,82,500(3,82,500-P.Y) Shares of ₹100 FV each fully paid	38	38	38	38
+/- Interest in Joint Venture	-	-	-	(6)
Less Provision for Impairment in value of Investment	38	38	38	32
Net - M/s. HALBIT Avionics Pvt. Ltd.		**-**	**-**	**-**
M/s HAL Edgewood Technologies Pvt Ltd 3,00,000(3,00,000-P.Y) Shares of ₹100 FV each fully paid	30	30	30	30
+/- Interest in Joint Venture		-	-	-
Less Provision for Impairment in value of Investment	30	30	30	30
Net- M/s. HAL Edgewood Technologies Pvt. Ltd.		**-**	**-**	**-**
M/s SAMTEL HAL Display Systems Ltd-1,60,000 (1,60,000-P.Y) Shares of ₹ 100 FV each	16	16	16	16

Particulars	As at			
	30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
fully paid				
+/- Interest in Joint Venture	-	-	(6)	(11)
Less Provision for Impairment in value of Investment	16	16	10	-
Net - M/s SAMTEL HAL Display Systems Ltd	**-**	**-**	**-**	**5**
M/s INFOTECH HAL Ltd - 20,00,000 (20,00,000-P.Y) Shares of ₹10 FV each fully paid	20	20	20	20
+/- Interest in Joint Venture	(1)	(3)	(3)	(3)
Less Provision for Impairment in value of Investment	17	17	17	17
Net- M/s. INFOTECH HAL Ltd.	**2**	**-**	**-**	**-**
M/s HATSOFF Helicopter Training Pvt Ltd -3,84,04,204 (3,84,04,204 P.Y) Shares of ₹10 FV each fully paid	384	384	384	384
+/- Interest in Joint Venture	-	-	-	-
Less Provision for Impairment in value of Investment	384	384	384	384
Net- M/s. HATSOFF Helicopter Training Pvt. Ltd.	**-**	**-**	**-**	**-**
M/s TATA HAL Technologies Ltd -50,70,000 (50,70,000 P.Y.) Shares of ₹10 each fully paid	51	51	51	51
+/- Interest in Joint Venture	(9)	(9)	(15)	(15)
Less Provision for Impairment in value of Investment	42	42	36	36
Net- M/s. TATA HAL Technologies Ltd.	**0**	**0**	**0**	**0**
M/s International Aerospace Manufacturing Pvt Ltd - 42,50,000 (42,50,000 - P.Y) Shares of ₹ 100 FV each fully paid	425	425	425	425
+/- Interest in Joint Venture	21	(1)	(81)	(109)
Less Provision for Impairment in value of Investment	86	86	86	-
Net-M/s International Aerospace Manufacturing Pvt Ltd	**360**	**338**	**258**	**316**
M/s. Multirole Transport Aircraft Ltd. - 113,46,564 (113,46,564 P.Y.) Shares of ₹ 100 FV each fully paid	1,135	1,135	1,135	1,135
+/- Interest in Joint Venture	(74)	(46)	(45)	(57)
Less Provision for Impairment in value of Investment	46	46	45	-
Net-M/s. Multirole Transport Aircraft Ltd.	**1,015**	**1,043**	**1,045**	**1,078**
M/s. Aerospace & Aviation Sector Skill Council (AASSC) - 125 (125 P.Y.) Shares of ₹10000 FV each fully paid	1	1	1	1
+/- Interest in Joint Venture		-	-	-
Less Provision for Impairment in value of Investment	-	-	-	-

Particulars	**As at**			
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
Net-M/s. Aerospace & Aviation Sector Skill Council	**1**	**1**	**1**	**1**
M/s.Helicopter Engines MRO Pvt Ltd (*)	20	20	-	-
+/- Interest in Joint Venture	(13)	(6)	-	-
Less Provision for Impairment in value of Investment	-	-	-	-
Net-M/s. Helicopter Engines MRO Pvt Ltd	**7**	**14**	**-**	**-**
Total In Equity of Joint Ventures (1)	2,044	2,046	1,901	1,949
2) In Subsidiaries		-	-	-
M/s. Naini Aerospace Limited		-	-	-
Total In Equity of Subsidiaries (2)		-	-	-
TOTAL (1+2)	**2,044**	**2,046**	**1,901**	**1,949**

Disclosure	**As at 30th September 2017**	**As at 31st March 2017**	**As at 31st March 2016**	**As sat 31st March 2015 (Proforma)**
(i) Aggregate amount of Quoted Investment and Market Value.			-	-
(ii) Aggregate amount of Unquoted Investments.	2,044	2,046	1,901	1,949
(iii) Aggregate amount of impairment in value of investments	659	659	646	499

Notes:

-The figures disclosed above are based on the Summary Statement Of Consolidated Assets and Liabilities, As Restated, of the Company.

- Investments are held in the name of the Company

* Out of total investment of ₹ 20 Million, Amount of ₹ 5 Million only (50,000 shares of ₹ 100 each) has been allotted as on 31st March 2017.The same has been fully allotted as on 30th September 2017.

ANNEXURE – XI

STATEMENT OF CONSOLIDATED NON-CURRENT FINANCIAL ASSETS INVESTMENT OTHERS, AS RESTATED, UNDER IND AS

(₹In Millions)

Particulars	**As at**			
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
Non-current investments				
A) Investments in Structured Entities (Unquoted)				
a) HAE Co-operative Society of 25 (25P.Y) Shares of ₹ 100 FV each fully paid	0	0	0	0
b) M/s Satnam Apartment Ltd - 41 (41 P.Y) Shares of ₹ 100 each at cost for acquisition of a Flat	0	0	0	0
Total In Equity of Others (A)	0	0	0	0
B) Other Investments (Unquoted)				
M/s LIC of India (For Funding Vacation Leave)	8,144	7,894	7,257	5,699
Sub Total (B)	**8,144**	**7,894**	**7,257**	**5,699**
Total (A+B)	**8,144**	**7,894**	**7,257**	**5,699**

Notes:

-The figures disclosed above are based on the Summary Statement Of Consolidated Assets and Liabilities, As Restated, of the Company.

- Investments are held in the name of the Company.

ANNEXURE – XII

STATEMENT OF CONSOLIDATED NON CURRENT FINANCIAL ASSETS- TRADE RECEIVABLES, AS RESTATED , UNDER IND AS

(₹ In Millions)

Particulars	**As at**			
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
Trade Receivables				
Secured Considered Good		-	-	-
Unsecured Considered Good	102	102	-	155
Doubtful	131	131	99	25
	233	233	99	180
Less: Provision for Doubtful Debts	131	131	99	25
Total -A	102	102	-	155
Unbilled Revenue	-	-	-	-
Less: Provision for Doubtful Debts	-	-	-	-
Total -B	-	-	-	-
TOTAL	**102**	**102**	**-**	**155**
Trade Receivables includes amounts due from promoters/promoter group/ relatives of directors/associate companies				

Notes:

(i) The figures disclosed above are based on the Summary Statement Of Consolidated Assets and Liabilities, As Restated, of the Company.

(ii) List of persons/ entities classified as "Promoters", "Promoter group" and "Relatives of Directors" has been determined by the management and relied upon by the auditors. The auditors have not performed any procedure to determine whether the list is accurate and complete.

ANNEXURE – XIII

STATEMENT OF CONSOLIDATED NON CURRENT FINANCIAL ASSETS LOANS, AS RESTATED, UNDER IND AS

(₹ In Millions)

Particulars	**As at**			
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
A. Secured Considered Good				
a) Security Deposits				
- Govt Departments for Customs Duty and for Supplies	-	-	-	-
- Public Utility Concerns	-	-	-	-
- Others	-	-	-	-
b) Others	-	-	-	-
Loans and Advances to Related Parties	-	-	-	40
Employee Advances ($)	0	0	0	0
Sub-total (A)	**0**	**0**	**0**	**40**
B. Unsecured Considered Good				
a) Security Deposits			-	-
- Govt Departments for Customs Duty and for Supplies	64	63	25	29
- Public Utility Concerns	309	302	294	270
- Others	37	53	56	54
b) Others			-	-
Loans and Advances to Related Parties			-	-
Employee Advances ($)	159	171	145	130
Sub-total (B)	**569**	**589**	**520**	**483**
C. Considered Doubtful				
Security Deposit	-	-	-	-
Less: Provision for Bad and Doubtful	-	-	-	-
Loans and Advances to Related Parties	-	-	-	-
Less: Provision for Bad and Doubtful	-	-	-	-
Employee Advances ($)	-	-	-	-
Less: Provision for Bad and Doubtful	-	-	-	-
Sub-total (C)	-	-	-	-
TOTAL (A +B +C)	**569**	**589**	**520**	**523**
Long term Loans & advances includes amounts due from promoters/promoter group/ relatives of directors(Other than associate companies)				**-**
($) Amount due by the Officers of the Company at the end of the year	0	0	0	**0**

Notes:

(i) The figures disclosed above are based on the Summary Statement Of Consolidated Assets and Liabilities, As Restated, of the Company.

(ii) List of persons/ entities classified as "Promoters", "Promoter group" and "Relatives of Directors" has been determined by the management and relied upon by the auditors. The auditors have not performed any procedure to determine whether the list is accurate and complete.

ANNEXURE – XIV

STATEMENT OF CONSOLIDATED FINANCIAL ASSETS- OTHERS, AS RESTATED ,UNDER IND AS

(₹ In Millions)

Particulars	As at			
	30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
A) Claims Receivable				
Considered Good	0	0	137	50
Considered Doubtful	2,035	930	792	482
	2,035	930	929	532
Less: Provision for Doubtful Claims	2,035	930	792	482
Sub Total (A)	**0**	**0**	**137**	**50**
B) Balances with Bank				
Short Term Deposits - Exceeding 12 Months	7	6	-	5
C) Others				
Interest accrued and not due	-	-	-	-
Deferred Debts	3,625	3,669	3,877	3,678
Margin Money	-	-	-	-
Others	-	-	-	-
Sub Total (C)	**3,625**	**3,669**	**3,877**	**3,678**
Total (A+B+C)	**3,632**	**3,675**	**4,014**	**3,733**

Notes:

The figures disclosed above are based on the Summary Statement of Consolidated Assets and Liabilities, As Restated, of the Company

ANNEXURE – XV

STATEMENT OF CONSOLIDATED OTHER NON CURRENT ASSETS, AS RESTATED, UNDER IND AS

(₹ In Millions)

Particulars	As At			
	30th September 2017	31st March 2017	31 st March 2016	31st March 2015 (Proforma)
A) Inventories (Lower of Cost and Net Realisable Value)				
(i) Raw Materials and Components	4,312	4,321	3,540	3,066
Less: Provision for Redundancy	4,312	4,321	3,540	3,066
	0	**0**	**0**	**0**
(ii) Stores and Spares Parts	339	298	210	266
Less: Provision for Redundancy	339	298	210	266
	0	**0**	**0**	**0**
(iii) Loose Tools and Equipment	214	230	217	81
Less: Provision for Redundancy	214	230	217	81
	0	**0**	**0**	**0**
(iv)Construction Materials	2	0	0	0
Less: Provision for Redundancy	2	0	0	0
	0	**0**	**0**	**0**
Disposable Scrap	**-**	**-**	**-**	**-**
Miscellaneous Stores	**-**	**-**	**-**	**-**
Good under Inspection and in Transit	**-**	**-**	**-**	**-**
- Raw material and Components	**-**	**-**	**-**	**-**
- Stores and Spare Parts	**-**	**-**	**-**	**-**
- Loose Tools and Equipment	**-**	**-**	**-**	**-**
(v) Inventory - Warranty	164	166	-	-
Less: Provision for Redundancy	164	166	-	-
Sub Total Inventories	**0**	**0**	**0**	**0**
B) Advances				
Capital Advances	1,490	1,216	1,176	939
Less: Provision for Bad and Doubtful		-	-	-
Advances against Goods and Services	53	300	312	158
Less: Provision for Bad and Doubtful	-	-	-	-
Advances against Special Tools	67	67	402	829
Less: Provision for Bad and Doubtful	-	-	-	-
Other Loans and Advances	64	65	78	178
Less: Provision for Bad and Doubtful	-	-	-	-
	1,674	**1,648**	**1,968**	**2,104**
C) Others			**-**	**-**
Balances with Revenue Authorities under dispute		-	-	-
- Income tax	13,406	10,407	12,894	11,460
- Others		52	-	-
D) Prepaid Expenses		-	-	2
Total (A+B+C+D)	**15,080**	**12,107**	**14,862**	**13,566**

Notes:

The figures disclosed above are based on the Summary Statement Of Consolidated Assets and Liabilities, As Restated, of the Company

ANNEXURE – XVI

STATEMENT OF CONSOLIDATED INVENTORIES, AS RESTATED , UNDER IND AS

(₹In Millions)

Particulars	As at			
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
Inventories (Lower of Cost and Net Realisable Value) #				
(i) Raw Materials and Components	102,596	103,033	122,962	130,831
Less: Provision for Redundancy	1,886	1,904	2,143	2,498
-	**100,710**	**101,129**	**120,819**	**128,333**
(ii) Work-in-Progress	104,113	102,434	107,212	101,365
(iii) Finished Goods	0	0	0	0
(iv) Stock-in-Trade	245	230	465	535
(v) Stores and Spares Parts	3,263	3,021	3,001	2,464
Less: Provision for Redundancy	61	59	57	80
-	**3,202**	**2,962**	**2,944**	**2,384**
(vi) Loose Tools and Equipment	887	865	767	806
Less: Provision for Redundancy	16	15	14	14
-	**871**	**850**	**753**	**792**
(vii) Construction Materials	9	10	10	10
Less: Provision for Redundancy	-	-	-	-
	9	**10**	**10**	**10**
(viii) Disposable Scrap	47	40	137	179
Miscellaneous Stores	-	-	-	-
(ix) Goods under Inspection and in Transit	-	-	-	-
- Raw Material and Components	10,287	4,251	6,495	14,956
- Stores and Spare Parts	76	45	401	280
- Loose Tools and Equipment	75	6	157	172
	10,438	**4,302**	**7,053**	**15,408**
(x) Inventory - Warranty	2,239	1,271	430	530
Less: Provision for Redundancy	30	15	6	8
	2,209	**1,256**	**424**	**522**
TOTAL	**221,844**	**213,213**	**239,817**	**249,528**
(#) includes those issued to Sub-Contractors for Job Works	4,372	3,755	3,178	3,250

Notes:

The figures disclosed above are based on the Summary Statement of Consolidated Assets and Liabilities, As Restated, of the Company

ANNEXURE – XVII

STATEMENT OF CONSOLIDATED TRADE RECEIVABLES, AS RESTATED, UNDER IND AS

(₹ In Millions)

Particulars	**As at**			
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
Trade Receivables				
Secured Considered Good	929	2	1	13
Unsecured Considered Good	38,226	39,853	47,732	59,704
Doubtful	1,494	1,294	1,007	91
	40,649	**41,149**	**48,740**	**59,808**
Less: Provision for Doubtful Debts	1,494	1,294	1,007	91
Sub Total	**39,155**	**39,855**	**47,733**	**59,717**
Unbilled revenue	3,394	2,248	636	637
Less: Provision for Doubtful Debts			-	-
Sub Total	3,394	**2,248**	**636**	**637**
TOTAL	**42,549**	**42,103**	**48,369**	**60,354**
Trade Receivables includes amounts due from promoters/promoter group/ relatives of directors/associate companies	-	-	**-**	**-**

Notes:

- The figures disclosed above are based on the Restated Consolidated Summary Statement of Consolidated Assets and Liabilities of the Company.

- List of persons/ entities classified as "Promoters", "Promoter group" and "Relatives of directors" has been determined by the management

ANNEXURE – XVIII

STATEMENT OF CONSOLIDATED CASH AND BANK BALANCES, AS RESTATED, UNDER IND AS

(₹ In Millions)

Particulars	**As at**			
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
			-	**-**
A) Balances with Bank			-	-
- Current Account	4,399	3,343	3,339	4,705
- Short Term Deposits	27,664	24,096		12,500
- Other Short Term Deposits with Financial Institutions	127	127	100	78
B) Cash on Hand	2	1	1	2
C) Cheques, Drafts on Hand	-	328		1
	32,192	**27,895**	**3,440**	**17,286**
D) Other Bank Balances				
Unpaid Dividend	-			
Margin Money	59	52		
Others				
- Short Term Deposits *		83,586	129,594	159,428
- Term Deposits with Financial Institutions	84,741			
	84,800	**83,638**	**129,594**	**159,428**
TOTAL (A)+(B)+(C)+(D)	**116,992**	**111,533**	**133,034**	**176,714**
*** Balance with Banks to the extent held as Margin Money or security against borrowings, guarantees, other commitments**	**-**	**10,002**	**2**	**2**

Notes:

(i) The figures disclosed above are based on the Summary Statement Of Consolidated Assets and Liabilities, As Restated, of the Company.

(ii) The company has adopted the practice of making deposits against committed liabilities from the FY 2012-13

ANNEXURE – XIX

STATEMENT OF CONSOLIDATED FINANCIAL ASSETS SHORT-TERM LOANS AND ADVANCES, AS RESTATED, UNDER IND AS

(₹In Millions)

Particulars	**As at**			
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
A. Secured, Considered Good				
Security Deposit	-	-	-	-
Govt Departments for Customs Duty and for - Supplies	-	-	-	-
- Public Utility Concerns	-	-	-	-
- Others	-	-	-	-
Loans and Advances to Related Parties	-	-	-	178
Others	-	-	-	-
Employee Advances ($)	8	10	11	28
Sub-total (A)	**8**	**10**	**11**	**206**
B. Unsecured, Considered Good				
i) Security Deposits				
Govt Departments for Customs Duty and for Supplies	323	342	348	328
Public Utility Concerns	4	4	4	5
Others	381	287	168	139
ii) Others			-	-
Loans and Advances to Related Parties	6	3	27	693
Employee Advances ($)	343	341	423	389
Sub-total (B)	**1,057**	**977**	**970**	**1,554**
C. Considered Doubtful			**-**	**-**
Security Deposit			-	-
Sub-total (C)			**-**	**-**
Total (A + B+C)	**1,065**	**987**	**981**	**1,760**
Short term Loans & advances includes amounts due from promoters/promoter group/ relatives of directors(Other than associate companies)				
($) Amount due by the officers of the Company at the end of the year	**7**	**1**	**4**	**1**

Notes:

(i) The figures disclosed above are based on the Summary Statement Of Consolidated Assets and Liabilities, As Restated, of the Company.

(ii) List of persons/ entities classified as "Promoters", "Promoter group" and "Relatives of directors" has been determined by the management and relied upon by the auditors. The auditors have not performed any procedure to determine whether the list is accurate and complete.

ANNEXURE – XX

STATEMENT OF CONSOLIDATED FINANCIAL ASSETS - OTHER, AS RESTATED , UNDER IND AS

(₹In Millions)

Particulars	**As at**			
	30 th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
Claims Receivable				
Considered Good	20,981	21,329	15,679	12,115
Considered Doubtful	572	458	398	305
	21,553	**21,787**	**16,077**	**12,420**
Less: Provision for Doubtful Claims	572	458	398	305
Sub-total	**20,981**	**21,329**	**15,679**	**12,115**
			-	**-**
Interest Accrued and Due	1,096	716	599	559
Interest Accrued and not Due	2,231	2,950	4,939	6,342
Current Maturities of Deferred Debt	433	821	871	852
Others	-	-	-	-
TOTAL	**24,741**	**25,816**	**22,088**	**19,868**

Notes:

The figures disclosed above are based on the Summary Statement Of Consolidated Assets and Liabilities, As Restated, of the Company.

ANNEXURE – XXI

STATEMENT OF CONSOLIDATED OTHER CURRENT ASSETS, AS RESTATED, UNDER IND AS

(₹In Millions)

Particulars	**As at**			
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
Advances against Goods and Services	8,427	6,601	12,595	15,262
Less: Provision for Bad and Doubtful				
Advances against Special Tools	-	-	102	148
Less: Provision for Bad and Doubtful	-	-	-	-
Other Loans and Advances	76	118	111	72
Less: Provision for Bad and Doubtful	-	-	-	-
Others	-	-	-	-
Prepaid Expenses	230	181	159	457
Balances with Revenue Authorities	-	-	-	-
- Income tax	169	-	-	-
- Others	52		-	-
Revenue Stamps	-	-	2	-
Balances in Franking Machine	-	1	1	1
GST-Input /Output Credit	1,091			
TOTAL	**10,045**	**6,901**	**12,970**	**15,940**

Notes:

The figures disclosed above are based on the Summary Statement Of Consolidated Assets and Liabilities, As Restated, of the Company

ANNEXURE – XXII

STATEMENT OF SHARE CAPITAL, UNDER IND AS

(₹In Millions)

Particulars	**As at**			
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
Authorised Capital 600,000,000 Equity Shares of ₹ 10 each	6,000	6,000	6,000	6,000
Issued, Subscribed and Fully Paid up 31st March 2017- 361,500,000 31st March 2016 -361,500,000 31st March 2015 (Proforma)- 482,000,000 Equity Shares of ₹ 10 each fully paidup	3,615	3,615	3,615	4,820
Subscribed and not Fully Paid up				
Par Value per Share (₹)	10	10	10	10
Reconciliation of the Number of Shares Outstanding at the beginning and at the end of the Reporting period				
Opening Equity Shares (Nos.)	361,500,000	361,500,000	482,000,000	482,000,000
Add: Shares Issued (Nos.)				
Less: Shares Bought Back (Nos.)			120,500,000	-
Closing Equity Shares (Nos.)	361,500,000	361,500,000	361,500,000	482,000,000
Shares in the Company held by each Shareholder holding more than 5 percent shares specifying the number of Shares held	President of India and Nominees holds the entire 361,500,000 shares	President of India and Nominees holds the entire 361,500,000 shares	President of India and Nominees holds the entire 482,000,000 shares	President of India and Nominees holds the entire 482,000,000 shares

Terms/Rights attached to Equity Shares:

The Company has one (1) class of shares i.e, Equity Shares

The Equity shares rank Parri Passu in all respects including right to Dividend, Issue of New Shares, Voting Rights and in the Assets of the Company in the event of Liquidation. Entire Capital is held by President of India and his Nominees.

The Company has issued 361,500,000 equity shares of ₹10 each to the existing shareholders as fully paidup Bonus Shares by Capitalisation of General Reserve of ₹3615 Million vide resolution passed at EGM held on 07th February 2014.

BUYBACK OF SHARES

In accordance with the approval of Board of Directors at its 408th meeting held on 28th November 2017, the Company has bought back 27,112,500 fully paid equity shares of ₹ 10 each equivalent to 7.5% of the paid–up share capital and free reserve of the Company, for an aggregate amount of ₹9,215 Million (excluding tax of ₹2,064 Million) at ₹ 339.88 per equity share from the President of India. The consideration amount for buy back of shares was paid to the Government of India on 19th December, 2017 and the shares so bought back were extinguished on 22nd December, 2017

In accordance with the approval of Board of Directors at its 396th meeting held on 22nd March, 2016 and approval of shareholders through special resolution in the Extra-ordinary General Meeting held on the said date, the Company has bought back 120,500,000 fully paid equity shares of ₹ 10 each equivalent to 25% of the paid –up share capital and free reserve of the Company, for an aggregate amount of ₹42,844 Million (excluding tax of ₹ 9,815 Million) at ₹ 355.55 per equity share from the President of India. The consideration amount for buy back of shares was paid to the Government of India on 30th March, 2016 and the shares so bought back were extinguished on 5th April, 2016.

ANNEXURE –XXIII

STATEMENT OF CONSOLIDATED RESERVE AND SURPLUS, AS RESTATED, UNDER IND AS

(₹In Millions)

Particulars	**As at**			
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
Other Reserves				
A. Research & Development Reserve				
Opening Balance	4,958	3,152	1,744	1,168
Add: Current Year Transfer	172	1,966	1,467	1,168
Less: Transfer to General Reserve on utilisation	58	160	59	592
Closing Balance (A)	**5,072**	**4,958**	**3,152**	**1,744**
Corporate Social Responsibility & Sustainable Development Reserve				
Opening Balance	-	-	-	271
Add: Current Year Transfer	-	-	-	-
Less: Written Back in Current Year	-	-	-	271
Closing Balance (B)	-	-	-	-
B. Capital Redemption Reserve	-	-	-	-
Opening Balance	1,205	1,205	-	-
Add: Current Year Transfer	-	-	1,205	-
Less: Written Back in Current Year	-	-	-	-
Closing Balance (B)	**1,205**	**1,205**	**1,205**	-
C. General Reserve As per last Balance Sheet	**116,335**	**102,935**	**143,100**	**139,133**
(+/-) Surplus Transferred from Statement of Profit and Loss	3,738	14,652	11,233	3,013
(+/-) Ind AS Adjustment	-	-	-	
Add: Transfer from Capital Reserve	-	-	-	-
Add: Transfer from CSR Reserves	-	-	-	271
Add: Transfer from R&D Reserve	58	160	59	592
Less: Depreciation on transition	-	-	3	406
Less: Withdrawn towards Buy Back of Shares	-	-	51,454	-
Less: Transfer to Statement of Profit and Loss*	-	1,412	-	-
Closing Balance (C)	**120,131**	**116,335**	**102,935**	**142,603**
(ii) Retained earnings - Surplus in the Statement of Profit & Loss				
Surplus in Statement of Profit and Loss			-	-
Add: Net Profit / (Net Loss) for the Current Year (i)	3,910	26,247	20,043	9,941
Add: Transfer from General Reserve (ii)*	-	1,412	-	-
Less: Appropriations / Allocations	-	-	-	-
Depreciation Share of (JV)	-	-	-	-
Transfer to Research & Development Reserve	172	1,966	1,467	1,168
Interim Dividend including Tax for the year ended 31st March 2017: (a) Dividend ₹ 8,000 Million + Tax ₹ 1629 Millions	-	9,629	6,138	5,760

Particulars	As at			
	30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
(b) For the year ended 31st March 2016: Dividend ₹ 5,100 Million + Tax ₹ 1,038 Million) (c) For the year ended 31st March 2015: Dividend ₹ 4,800 Million + Tax ₹ 960 Million)				
Final Dividend including Tax for the year ended 31st March 2016: Dividend ₹ 1,173 Million+ Tax ₹ 239 Million)	-	1,412	-	-
Transfer to Capital Redemption Reserve	-	-	1,205	-
Transfer To Capital Reserve	-	-	-	-
Add/less Adjustment on account of Change in Accounting policy	-	-	-	-
Total (iii)	**172**	**13,007**	**8,810**	**6,928**
Transfer To General Reserves (i)+(ii)-(iii)	**3,738**	**14,652**	**11,233**	**3,013**
Closing Balance				
Net Closing Balance	**-**	**-**	**-**	**-**
D. Other Components of Equity	**-**	**-**	**-**	**-**
Fair Value through Other Comprehensive Income (FVOCI)	**-**	**-**	**-**	**-**
Opening Balance	**(522)**	**(583)**	**(651)**	**(77)**
Add:- Additions made during the year	(100)	61	68	(651)
Less:- Deletions made during the year	35	-	-	-
Closing Balance (D)	**(587)**	**(522)**	**(583)**	**(728)**
TOTAL (A+B+C+D)	**125,821**	**121,976**	**106,709**	**143,619**

(*) Represents Final Dividend including Dividend Tax for the year 2015-16

Notes:

The figures disclosed above are based on the Summary Statement Of Consolidated Assets and Liabilities, As Restated, of the Company.

Reconciliation of General Reserves & OCI

(₹In Millions)

	General reserve	OCI
Balance as on 31st March.2015	142,603	(728)
Warranty Sales	575	
OCI-Gratuity	(77)	77
OCI-Foreign Operations	(1)	
Balance as on 01st April .2015	143,100	(651)

ANNEXURE –XXIV

STATEMENT OF CONSOLIDATED NON CURRENT FINANCIAL LIABILITIES - LONG-TERM BORROWINGS, AS RESTATED, UNDER IND AS

(₹ In Millions)

Particulars	**As at**			
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
A. Secured Long Term Borrowings:				
Sub-total (A)	-	-	-	-
B. Unsecured Long Term Borrowings:				
Bonds / Debentures				
Term Loans				
From Banks				
From Others				
Deposits				
Loans and Advance from Related Parties				
Long Term Maturities of Finance Lease Obligations				
Other Loans and Advances				
Sub-total (B)	-	-	-	-
Total (A + B)	-	-	-	-

Notes:
The figures disclosed above are based on the Summary Statement Of Consolidated Assets and Liabilities, As Restated, of the Company.

ANNEXURE – XXV

STATEMENT OF CONSOLIDATED LONG TERM LIABILITIES -TRADE PAYABLES & OTHER FINANCIAL LIABILTIES, AS RESTATED, UNDER IND AS

(₹ In Millions)

Particulars	As at			
	30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
Trade Payables	**1,926**	**1,926**		**34**
Other Financial Liabilities				
Dues to Employees	-	-	-	-
Interest Accrued but not due on Deferred Liabilities	-	-	-	-
Other Liabilities	7	7	56	15
Deferred Debts	3,685	3,709	3,917	3,717
Sub Total	**3,692**	**3,716**	**3,973**	**3,732**
TOTAL	**5,618**	**5,642**	**3,973**	**3,766**

Notes:

The figures disclosed above are based on the Summary Statement Of Consolidated Assets and Liabilities, As Restated, of the Company.

ANNEXURE –XXVI

STATEMENT OF CONSOLIDATED LONG TERM PROVISIONS, AS RESTATED ,UNDER IND AS

(₹In Millions)

Particulars	**As at**			
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
A. Provisions for Employee Benefits				
Gratuity	262	297	302	1,267
Earned Leave	4,884	4,662	4,535	3,978
Others				
Sub-total (A)	**5,146**	**4,959**	**4,837**	**5,245**
B. Others				
Replacement and Other Charges	1,062	1,062	952	946
Warranty				
Liquidated Damages	4,958	5,893	7,989	8,490
Onerous Contract	8,042	8,384	11,047	11,047
Sub-total (B)	**14,062**	**15,339**	**19,988**	**20,483**
Total (A + B)	**19,208**	**20,298**	**24,825**	**25,728**

Notes:

The figures disclosed above are based on the Summary Statement Of Consolidated Assets and Liabilities, As Restated, of the Company.

ANNEXURE –XXVII

STATEMENT OF CONSOLIDATED OTHER NON CURRENT LIABILITIES, AS RESTATED, UNDER IND AS

(₹ In Millions)

Particulars	**As At**			
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
A. Advances from Customers				
Outstanding Advances from Customers				
Defence	40,322	30,711	32,309	25,959
Others			-	-
Sub Total (A)	**40,322**	**30,711**	**32,309**	**25,959**
B. Milestone Receipt			-	-
Defence	66,375	66,103	57,464	61,554
Others	1,659	1,658	1,773	
Sub Total (B)	**68,034**	**67,761**	**59,237**	**61,554**
TOTAL	**108,356**	**98,472**	**91,546**	**87,513**

Notes:

The figures disclosed above are based on the Summary Statement Of Consolidated Assets and Liabilities, As Restated, of the Company.

ANNEXURE – XXVIII

STATEMENT OF CONSOLIDATED CURRENT FINANCIAL LIABILITIES - BORROWINGS, AS RESTATED ,UNDER IND AS

(₹ In Millions)

Particulars	**As at**			
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
A. Secured Short Term Borrowings:	-	-	-	-
Loans Repayable on Demand	-	-	-	-
(i) From Banks	-	9,500	-	-
(ii) From Others	-	-	-	-
Sub-total (A)	-	-	-	-
B. Unsecured Short Term Borrowings:	-	-	-	-
Loans Repayable on Demand	-	-	-	-
Sub-total (B)	-	-	-	-
Total (A + B)	-	**9,500**	-	-

Notes:

The figures disclosed above are based on the Summary Statement Of Consolidated Assets and Liabilities, As Restated, of the Company

Security : Fixed Deposit with the sam eBank to the extent of ₹10,000 Millions
Period of Loans/Terms of Repayment : From the date of release 1 year,bullet payment on due date
Interest Rates : 5.9% per annum

ANNEXURE – XXIX

STATEMENT OF CONSOLIDATED TRADE PAYABLE AND OTHER CURRENT LIABILITIES, AS RESTATED, UNDER IND AS

(₹ In Millions)

Particulars	As at			
	30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
Trade Payables	18,980	16,047	21,512	22,676
Sub Total (a)	**18,980**	**16,047**	**21,512**	**22,676**
Other Financial Liabilities				
Dues to Employees	2,248	3,986	3,076	3,728
Others Liabilities	6,594	6,270	5,895	6,658
Current Maturities of Deferred Debts	437	720	798	784
Sub Total (b)	**9,279**	**10,976**	**9,769**	**11,170**
TOTAL (a+b)	**28,259**	**27,023**	**31,281**	**33,846**

Notes:

The figures disclosed above are based on the Summary Statement Of Consolidated Assets and Liabilities, As Restated, of the Company.

ANNEXURE – XXX

STATEMENT OF CONSOLIDATED OTHER CURRENT LIABILITIES, AS RESTATED, UNDER IND AS

(₹ In Millions)

Particulars	**As at**			
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
A) Advances from Customers				
Outstanding Advances from Customers				
Defence	48,784	46,912	42,734	54,959
Others	1,074	939	461	327
Sub Total (A)	**49,858**	**47,851**	**43,195**	**55,286**
B) Milestone Receipt				
Defence	146,906	136,087	207,282	230,508
Others	7,506	4937	5,866	5,689
Sub Total (B)	**154,412**	**141,024**	**213,148**	**236,197**
Advances from Customers (A + B)	**204,270**	**188,875**	**256,343**	**291,483**
Other Payables-Taxes	2,053	843	10,826	1,449
Others	1,018	896	705	653
TOTAL	**207,341**	**190,614**	**267,874**	**293,585**

Notes:

The figures disclosed above are based on the Summary Statement Of Consolidated Assets and Liabilities, As Restated, of the Company.

ANNEXURE – XXXI

STATEMENT OF CONSOLIDATED SHORT TERM PROVISIONS, AS RESTATED, UNDER IND AS

(₹ In Millions)

Particulars	**As at**			
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
A. Provisions for Employee Benefits				
Gratuity	3,475	1	-	-
Earned Leave	4,194	3,543	3,359	3,279
Others	-	2,392	589	2,130
Sub-total (A)	**7,669**	**5,936**	**3,948**	**5,409**
B. Others				
Proposed Dividend (Including Dividend Distribution Tax)		-	-	-
Replacement and Other Charges	7,794	7,807	8,629	5,682
Warranty	4,620	5,389	6,603	6,145
Liquidated Damages	7,524	6,958	7,084	7,482
Excise Duty		32	112	-
Onerous Contract	3,005	2,662	-	-
Sub-total (B)	**22,943**	**22,848**	**22,428**	**19,309**
Total (A + B)	**30,612**	**28,784**	**26,376**	**24,718**

Notes:

The figures disclosed above are based on the Summary Statement Of Consolidated Assets and Liabilities, As Restated, of the Company.

ANNEXURE – XXXII

STATEMENT OF CONSOLIDATED REVENUE FROM OPERATIONS, AS RESTATED, UNDER IND AS

(₹In Millions)

Particulars	Six Month Period Ended	For The Year ended		
	30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
Revenue from Operations				
a) Sale of Products				
Inland Sales				
Finished Goods	22,778	98,298	1,01,206	91,044
Spares	4,412	14,723	17,436	18,797
Development	1,816	6,152	6,109	6,219
Miscellaneous	7	193	205	971
Total Inland Sales of Products	**29,013**	**119,366**	**124,956**	**117,031**
Export Sales				
Finished Goods	711	2,712	2,313	3,149
Spares	764	1,847	1,648	1,763
Total Export Sales of Products	**1,475**	**4,559**	**3,961**	**4,912**
Total Sale of Products (a)	**30,488**	**123,925**	**128,917**	**121,943**
b) Sale of Services				
Inland Sale of Services				
Repair and Overhaul	20,981	57,915	40,270	33,230
Other Services	92	155	176	190
Total Inland Sales of Services	**21,073**	**58,070**	**40,446**	**33,420**
Export Sale of Services				
Repair and Overhaul	62	89	306	25
Other Services	5	2	194	4
Total Export Sales of Services	**67**	**91**	**500**	**29**
Total Sales of Services (b)	**21,140**	**58,161**	**40,946**	**33,449**
Total Sales (a+b)	**51,628**	**182,086**	**169,863**	**155,392**
c) Other Operating Revenues				
(i) Disposal of Scrap and Surplus / Unserviceable Stores	30	151	37	89
(ii) Provision no longer required	1,039	2,975	1,192	509
(ii) Others	73	337	494	490
Total Other Operating Revenues	**1,142**	**3,463**	**1,723**	**1,088**
Gross Revenue from Operations (d) = (a+b+c)	**52,770**	**185,549**	**171,586**	**156,480**

Breakup of Turnover - Manufactured & Traded products

(₹In Millions)

Particulars	Six Month Period Ended	For The Year ended		
	30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
Turnover of Products Manufactured	50,986	179,604	166,363	143,934
Turnover of Products Traded	642	2,482	3,500	11,458
Turnover of Products not normally dealt in	-		-	-
Total Turnover	**51,628**	**182,086**	**169,863**	**155,392**

Notes: The figures disclosed above are based on the Summary Statement Of Consolidated Profit and Loss, As Restated, of the Company.

ANNEXURE – XXXIII

STATEMENT OF CONSOLIDATED OTHER INCOME, AS RESTATED, UNDER IND AS

(₹ In Millions)

Particulars	**Six Month Period Ended**	**For The Year ended**		
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
Interest Income				
- Short term Deposits / Loans	3,491	8,907	15,486	16,309
- Sundry Advances – Employees	6	12	12	12
- Other Deposits	17	19	19	14
Less: Interest Liability to Customer	-			110
	3,514	**8,938**	**15,517**	**16,225**
Dividend Income				
- Dividend Income from JVs	-	5	1	-
Net Gain / Loss on Sale of Investments	-	-	-	-
Other Non-Operating Income				
- Transportation – Employees	-	-	-	-
- Canteen	-	-	-	-
- Gain on Foreign Currency Transaction and Translation	-	701		-
- Profit on Sale of Assets (Net)	(1)	8	20	(14)
- Miscellaneous	391	743	423	195
Net Gain on Fair Value Adjustment	(15)	25	1	acre
Total Other Income	**3,889**	**10,420**	**15,962**	**17,140**

Notes:

(i) The figures disclosed above are based on the Summary Statement Of Consolidated Profit and Loss, As Restated, of the Company.

(ii) The figures disclosed above are recurring in nature.

(iii) The classification of other income as recurring/non-recurring, related/not-related to business activity is based on the current operations and business activity of the Company as determined by the management.

ANNEXURE – XXXIV

CONSOLIDATED SUMMARY STATEMENT OF COST OF MATERIAL CONSUMED, AS RESTATED, UNDER IND AS

(₹In Millions)

Particulars	Six Month Period Ended	For The Year Ended		
	30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
Consumption Of Raw Material, Components, Stores And Spare Parts				
Opening Stock	112,120	130,153	137,166	118,066
Add: Purchases	21,682	67,858	85,599	99,836
Add: Subcontracting, Fabrication and Machining Charges.	1,339	2,694	2,227	2,011
Less: Closing Stock	(112,924)	(112,120)	(130,153)	(137,166)
	22,217	**88,585**	**94,839**	**82,747**
Less: Transfer to				
Special Tools and Equipment	844	3,223	5,147	2,197
Capital Works	-			
Development Expenditure	6	234	422	409
Expense Accounts and Others	672	1,086	1,151	1,470
	1,522	**4,543**	**6,720**	**4,076**
TOTAL	**20,695**	**84,042**	**88,119**	**78,671**

Notes:

The figures disclosed above are based on the Summary Statement of Consolidated Profit and Loss, As Restated, of the Company.

ANNEXURE – XXXV

CONSOLIDATED SUMMARY STATEMENT OF CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS AND SCRAP, AS RESTATED, UNDER IND AS

(₹In Millions)

Particulars	**Six Month Period Ended**	**For The Year Ended**		
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-progress				
Opening Balance				
(i) Finished Goods	-	-	-	-
(ii) Work-in-Progress	102,434	107,212	101,365	95,019
(iii) Stock in Trade	230	465	535	577
	102,664	**107,677**	**101,900**	**95,596**
Closing Balance				
(i) Finished Goods		-	-	-
(ii) Work-in-Progress	104,113	102,434	107,212	101,365
(iii) Stock in Trade	245	230	465	535
	104,358	**102,664**	**107,677**	**101,900**
Less : Excise Duty on accretion/ Decretion to Stock		-	(112)	-
(Accretion)/Decretion –A	(1,694)	5,013	(5,665)	(6,304)
Change in Disposables Scrap				
Opening Balance	40	138	179	137
Closing Balance	47	40	138	179
(Accretion)/ Decretion-B	**(7)**	**98**	**41**	**(42)**
TOTAL (A+B)	**(1,701)**	**5,111**	**(5,624)**	**(6,346)**

Notes:

The figures disclosed above are based on the Summary Statement of Consolidated Profit and Loss, As Restated, of the Company.

ANNEXURE – XXXVI

CONSOLIDATED SUMMARY STATEMENT OF EMPLOYEE BENEFIT, AS RESTATED, UNDER IND AS

(₹In Millions)

Particulars	**Six Month Period Ended**	**For The Year Ended**		
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
Employee Benefit Expenses *				
Salaries and Wages	15,098	29,823	26,494	26,997
Contribution to Provident and Other Funds	-	-	-	-
- Contribution to Provident Fund/ Others	2,070	3,994	4,336	3,996
- Contribution to Gratuity	162	327	405	282
- Others	-	-	-	-
Expenses on Employees Stock Option Purchase Scheme (ESOP) / Expenses on Employees Stock Purchase Scheme (ESPS)	-	-	-	-
Staff Welfare Expenses(Net)	591	1,431	1,403	1,452
Rent for Hiring Accommodation for Officers / Staff	57	129	105	78
TOTAL	**17,978**	**35,704**	**32,743**	**32,805**
***Includes Directors' Remuneration**				
Salaries	11	17	13	17
Contribution to Provident Fund	1	1	1	2
Gratuity			1	1

Notes:

The figures disclosed above are based on the Summary Statement of Consolidated Profit and Loss, As Restated, of the Company.

ANNEXURE – XXXVII

CONSOLIDATED SUMMARY STATEMENT OF FINANCE COST, AS RESTATED, UNDER IND AS

(₹ In Millions)

Particulars	Six Month Period Ended	For The Year Ended		
	30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
Interest Expense				
- Cash Credit				
Other Borrowing Costs				
Borrowing costs- Other		67		
Interest on Short Term Loans	12	35		83
Net Gain/Loss on Foreign Currency Translations and Transactions on Borrowings				
	12	**102**		**83**

Notes:

The figures disclosed above are based on the Summary Statement of Consolidated Profit and Loss, As Restated, of the Company.

ANNEXURE – XXXVIII

CONSOLIDATED SUMMARY STATEMENT OF DEPRECIATION, AMORTISATION EXPENSE AND IMPAIRMENT LOSS, AS RESTATED, UNDER IND AS

(₹In Millions)

Particulars	Six Month Period Ended	For The Year Ended		
	30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
A. DEPRECIATION ON ASSETS	**1,337**	**2,658**	**3,143**	**2,625**
B. AMORTISATION EXPENSE	-			
Intangible assets- Development Expenditure	188	265	377	298
Other Intangible assets	-			
- Licence Fees	131	735	1,863	2,048
- Computer Software	65	113	102	57
- Documentation	49	199	152	221
- Others	-			
Special Tools	782	2,838	2,891	2,828
Sub Total	**1,215**	**4,150**	**5,385**	**5,452**
C. IMPAIRMENT LOSS	**23**	**321**	**100**	**755**
TOTAL (A + B+C)	**2,575**	**7,129**	**8,628**	**8,832**

Notes:
The figures disclosed above are based on the Summary Statement of Consolidated Profit and Loss, As Restated, of the Company.

ANNEXURE – XXXIX

CONSOLIDATED SUMMARY STATEMENT OF OTHER EXPENSES, AS RESTATED, UNDER IND AS

(₹ In Millions)

Particulars	Six Month Period Ended	For The Year Ended		
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
Shop Supplies	492	1,049	1,066	997
Power and Fuel	944	1,720	1,715	1,674
Water Charges	250	554	623	523
Rent for Office Premises etc.	15	25	25	22
Travelling (includes Foreign Travel)	333	730	714	748
Training (includes Foreign Training)	31	126	119	234
Repairs:				
-Buildings	298	807	759	703
-Plant, Machinery and Equipment	637	1,352	1,048	1,081
-Others	253	417	379	428
Expenses on Tools and Equipment	320	487	506	411
Insurance	98	194	171	171
Rates and Taxes	124	202	85	228
Postage and Telephones	49	113	119	98
Printing and Stationery	59	123	122	124
Publicity	62	309	198	238
Advertisement	53	122	181	206
Bank Charges	26	62	59	64
Loss on Foreign Currency Transaction and Translation	540	-	441	(802)
Legal Expenses	30	53	30	21
Auditors' Remuneration:		-	-	-
For Audit Fee		4	4	4
For Taxation matters		1	-	-
For Company Law matters		-	-	-
For Management Services		-	-	-
For Other Services	4	10	4	6
For Reimbursement of expenses		-	-	-
Selling Agents Commission	1	7	4	21
Donations		-	-	10
Handling Charges	18	41	37	26
Write Off:		-	-	-
Fixed Assets		-	-	-
Stores	3	15	19	19
Shortages / Rejections		-	-	-
Others		-	-	-
Freight and Insurance	62	157	108	114
JWG share of Profit	13	25	18	12
Corporate Social Responsibility #	65	653	482	458
Interest on Micro, Small and Medium Enterprises		1	-	-
Loss on Fair Value Adjustment		107	1	742
Miscellaneous Operating Expenses (@)	1,459	3,028	2,722	2,543
TOTAL	**6,239**	**12,494**	**11,759**	**11,124**
(@) includes Director's Sitting Fees	1	2	2	3

(#) Does not include CSR assets of ₹ 27 millions (Financial Year 2016-17) capitalized under Annexure V. Total CSR expenditure is ₹ 680 millions in Financial Year 2016-17

Notes:

The figures disclosed above are based on the Summary Statement of Consolidated Profit and Loss, As Restated, of the Company.

ANNEXURE – XL

CONSOLIDATED SUMMARY STATEMENT OF DIRECT INPUT TO WIP/EXPENSES CAPITALISED, AS RESTATED ,UNDER IND AS

(₹In Millions)

Particulars	Six Month Period Ended	For The Year Ended		
	30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
A) DIRECT INPUT TO WIP				
Project related Travel	16	73	67	99
Project related Training		36	101	20
Project related Other Expenditure	54	196	418	137
Travel outstation jobs	4	-	-	-
Royalty	50	75	90	102
Foreign Technician Fee	266	673	849	601
Ground Risk Insurance	150	218	226	261
Quality Audit Expenses		-	-	4
Collaboration Charges		-	-	-
Design and Development	383	1,151	643	521
Sundry Direct Charges - Others	625	1,860	2,170	1,361
Sub-Total (A)	**1,548**	**4,282**	**4,564**	**3,106**
B) EXPENSES CAPITALISED		-	-	-
Licence Fees		51	216	917
Computer software	23	72	254	111
Documentation	13	252	85	216
Sub-Total (B)	36	**375**	**555**	**1,244**
TOTAL (A + B)	**1,584**	**4,657**	**5,119**	**4,350**

Notes:

The figures disclosed above are based on the Summary Statement of Consolidated Profit and Loss, As Restated, of the Company

ANNEXURE – XLI

CONSOLIDATED SUMMARY STATEMENT OF PROVISIONS, AS RESTATED, UNDER IND AS

(₹ In Millions)

Particulars	Six Month Period Ended	For The Year Ended		
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
Replacement and Other Charges	592	2,422	3,232	955
Warranty	367	839	1,501	1,626
Raw Materials and Components, Stores and Spare parts and Construction Materials	227	1,001	734	971
Liquidated Damages	894	3,088	3,499	7,361
Doubtful Debts	222	453	990	1
Doubtful Claims	1,219	304	409	11
Investments	-	12	147	-
Onerous Contract	-	-	-	11,047
TOTAL	**3,521**	**8,119**	**10,512**	**21,972**

Notes:
The figures disclosed above are based on the Summary Statement of Consolidated Profit and Loss, As Restated, of the Company

ANNEXURE – XLII

CONSOLIDATED SUMMARY STATEMENT OF EXPENSES RELATING TO CAPITAL AND OTHER ACCOUNTS, AS RESTATED, UNDER IND AS

(₹ In Millions)

Particulars	Six Month Period Ended	For The Year Ended		
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
Expenses allocated to:				
Other Intangible assets Expenditure	36	375	555	1,244
Special Tools	29	217	455	386
Capital Works	60	104	-	65
Development Expenditure	1,015	2,516	2,144	1,127
Others	850	2,868	206	1,953
TOTAL	**1,990**	**6,080**	**3,360**	**4,775**

Notes:

The figures disclosed above are based on the Summary Statement of Consolidated Profit and Loss, As Restated, of the Company

ANNEXURE – XLIII

CONSOLIDATED CAPITALISATION STATEMENT, AS RESTATED

(₹ In Millions)

Particulars	**Pre IPO as at 30-09-2017**	**Pre IPO as at 31-03-2017**	**Post Issue**
Debt:			
Short-term debt	-	9,500	
Long-term debt	-	-	
Total Debt (A)		**9,500**	
Shareholders' funds:	-		
Share Capital	3,615	3615	
Other Equity-	125,821	121,976	
Total Shareholders Funds (B)	**129,436**	**125,591**	
Total Debt / Equity ratio (A/B)	**-**	**8%**	
Long Term Debt / Equity ratio (Long - Term debt/B)	**-**	**-**	

Notes:

(i) As the IPO is only offer for sale by the Government of India, there would be no change in the Shareholder's funds post issue.

(ii) The above has been computed on the basis of the Restated Consolidated Summary statements of the Company.

(iii) The post issue capitalization statement has been prepared after considering issue of bonus shares in the ratio of 3 equity shares for every one equity share to shareholder's holding equity shares of the company on record date i.e., February 7, 2014.

(iv) We have completed 7.50% Buyback of equity shares (No. Of Shares: 27,112,500 Equity shares of ₹ 10 each) ₹ 9,215 million and ₹ 2,064 million tax thereon total amounting to ₹ 11,279 million in December 2017 . Due to this the share capital will be reduced by ₹ 271 million to ₹ 3,344 million and other equity will be reduced by ₹ 11,008 million to ₹ 114,813 million resulting in total shareholders' funds of ₹ 118,157 million. **Considering this buyback the position of shareholder's fund shall be as follows:**

(₹ In Millions)

Particulars	**30th September, 2017**
Share Capital	3,344
Other Equity	114,813
Shareholder's Funds	**118,157**

ANNEXURE – XLIV

STATEMENT OF CONSOLIDATED DIVIDEND DECLARED

(₹ In Millions)

Particulars	**Six Month Period Ended**	**Year ended**		
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
Face Value per share (In ₹)	10	10	10	10
No. of Issued, Subscribed and Fully Paid up Equity Shares	361,500,000	361,500,000	361,500,000	482,000,000
Dividend on Equity shares				
Interim dividend	-	8,000	5,100	4,800
Final dividend	-	-	1,173	-
Total Dividend declared	**-**	**8,000**	**6,273**	**4,800**
Tax on Dividend (Interim and Final)	-	1,629	1,277	960
Dividend per share (In ₹)	**-**	**22**	**17**	**10**
Dividend Rate (%)	**-**	**221**	**174**	**100**

ANNEXURE – XLV

STATEMENT OF CONSOLIDATED ACCOUNTING RATIOS (PRE- BONUS/BUY BACK ISSUE), AS RESTATED

(₹In Millions)

Particulars	Six Month Period Ended	Year ended		
	30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
Net Profit after Tax (as restated) (A)	3,910	26,247	20,043	9,941
Net Worth (B)	129,436	125,591	110,324	148,439
No. of Equity Shares (units of ₹10/- face value) (C) outstanding at the end of the year	361,500,000	361,500,000	361,500,000	482,000,000
Weighted average no. of Equity shares for basic & Diluted Earnings per share (D)	361,500,000	361,500,000	481,339,726	482,000,000
Basic Earning per Share (₹) (A / D)	11	73	42	21
Diluted Earning per Share (₹) (A / D)	11	73	42	21
Return on Net Worth (%) (A / B *100)	3	21	18	7
Net Asset Value per Share (₹) (B / C)	358	347	305	308

Notes:

1. The ratios have been computed as below:

   (a) Basic earnings per share (₹) - Net profit after tax (as restated) attributable to shareholders / Weighted average number of equity shares outstanding at the end of the period/ year

   (b) Diluted earnings per share (₹) - Net profit after tax (as restated) attributable to shareholders / Weighted average number of diluted equity shares outstanding at the end of the period/ year

   (c) Return on net worth (%) - Net profit after tax (as restated) / Net worth at the end of the period/ year X 100

   (d) Net assets value per share (₹) - Net Worth at the end of the period/ year / Total number of equity shares outstanding at the end of the period/ year X 100

2. Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the year adjusted by the number of equity shares issued during year multiplied by the time weighing factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the period/year.
3. Net Worth for ratios mentioned in note 1(c) and 1(d) represents sum of Equity Share Capital & Other Equity
4. Earnings per share calculations are in accordance with Ind AS 33 - Earnings per share issued by the Institute of Chartered Accountants of India.
5. The net asset value per equity share is based on the total number of equity shares outstanding as at the end of the respective period/year.
6. The figures disclosed above are based on the Summary Statement Of Consolidated Assets and Liabilities, As Restated, of the Company.

STATEMENT OF CONSOLIDATED ACCOUNTING RATIOS (POST- BONUS/BUYBACK ISSUE), AS RESTATED

(₹In Millions)

Particulars	Six Month Period Ended	Year ended		
	30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
Net Profit after Tax (as restated) (A)	3,910	26,247	20,043	9,941
Net Worth (B)	129,436	125,591	110,324	148,439
No. of Equity Shares (units of ₹ 10/- face value) (C) post Buyback/bonus issue	361,500,000	361,500,000	361,500,000	482,000,000
Weighted average no. of Equity shares for basic & Diluted Earnings per share (D)	361,500,000	361,500,000	481,339,726	482,000,000
Basic Earning per Share (₹) (A / D)	11	73	42	21
Diluted Earning per Share (₹) (A / D)	11	73	42	21
Return on Net Worth (%) (A / B *100)	3	21	18	7
Net Asset Value per Share (₹) (B / C)	358	347	305	308

Notes:

(i) The ratios have been computed as below:

- (a) Basic earnings per share (₹) - Net profit after tax (as restated) attributable to shareholders / Weighted average number of post bonus issue equity shares outstanding at the end of the period/ year
- (b) Diluted earnings per share (₹) - Net profit after tax (as restated) attributable to shareholders / Weighted average number of dilutive equity shares outstanding at the end of the period/ year
- (c) Return on net worth (%) - Net profit after tax (as restated) / Net worth at the end of the period/ year X 100
- (d) Net assets value per share (₹) - Net Worth at the end of the period/ year / Total number of equity shares outstanding at the end of the period/ year X 100

(ii) Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the year adjusted by the number of equity shares issued during year multiplied by the time weighing factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the period/year.

(iii) Net Worth for ratios mentioned in note 1(c) and 1(d) represents sum of Equity Share Capital & Reserves and Surplus.

(iv) Earnings per share calculations are in accordance with Ind AS 33 Earnings per share, notified under the Companies (Accounting Standards) Rules 2015, as amended.

(v) The net asset value per equity share is based on the total number of equity shares outstanding as at the end of the respective period/year.

(vi) The figures disclosed above are based on the Summary Statement of Consolidated Assets and Liabilities, As Restated, of the Company

(vii) We have completed 7.50% Buyback of equity shares (No. Of Shares: 27,112,500 Equity shares of ₹ 10 each) ₹ 9,215 million and ₹ 2,064 million tax thereon total amounting to ₹ 11,279 million in December

2017. Due to this the share capital will be reduced by ₹ 271 million to ₹ 3,344 million and other equity will be reduced by ₹ 11,008 million to ₹ 114,813 million resulting in total shareholders' funds of ₹ 118,157 million. **Considering this buyback the position of networth and EPS shall be as follows:**

EPS Calculation	**30th September, 2017**
Net Profit / (Loss) for calculation of basic EPS (₹ in million)	**3,910**
Weighted average number of equity shares after considering Share Buyback in December 2017 for calculating basic EPS	334,387,500
EPS (₹) - Basic	12
EPS (₹) - Diluted	12
Networth Calculation	
Restated Profit / (Loss) after Tax (₹ in million)	3,910
Restated Net Worth for Equity Shareholders (₹ in million)	118,157
Return on Networth (%)	**3%**
Net Asset Value Per Equity Share	
Net worth at the end of the periods (₹ in million)	118,157
Number of equity shares outstanding at the end of the period	334,387,500
Net Asset Value Per Share (₹)	**353**

ANNEXURE - XLVI

NOTES TO ACCOUNTS FORMING PART OF RESTATED CONSOLIDATED FINANCIAL INFORMATION FOR PERIOD ENDED 30TH SEPTEMBER 2017, 31ST MARCH 2017, 31ST MARCH 2016 AND 31ST MARCH 2015 (PROFORMA)

1. Financial Risk and Capital Management

The Financial Risks in a Business Entity can be classified as Market Risk, Credit Risk, Liquidity Risk, Operational Risk and Legal Risk.The status of these Risks at the Company is as brought out hereunder:

a) **Market Risk :** As significant Revenues of the Company accrues from Supplies / Services to Defence Services, the Company is not exposed to the Risk of Volatile Market conditions.

b) **Credit Risk:**The Company's Customers are mainly the Defence Services namely Indian Air Force (IAF), Indian Army, Indian Navy and Coast Guard. The Company ensures meeting its financial obligations due to periodic inflow of money as per Advance / milestone payment terms in the Contracts with Defence Services, by holding negotiations.

c) **Liquidity Risk:** The Liquidity Risk involves the Risk of Asset Liquidity and Operational Funding. The Company is safeguarded against such Risks due to periodic inflow of cash, arising out of Advance / milestone based payment terms in the Contracts with Customers.

d) **Operational Risk :** The Operational Risks involve Operational Failures, such as mismanagement or technical failures, fraud risk etc. The Company is successful in efficiently managing its affairs exercising due-governance as part of its various processes. Further, the Company being a multi-division Company, is able to manage the risk of technical failures arising at unit level.

e) **Legal Risk :** The Company enters into Contracts / Business dealings after due-vetting of Contracts / Deeds by robust in-house legal departments and, if so, required by obtaining the legal opinions from external legal experts. The prevailing System at the Company is adequate to guard against any such Risks.

2. Financial instruments by category

(a) The carrying value and fair value of Financial instruments by each category as at 30th September 2017 and as at 31st March, 2017 respectively were as follows:

(₹In Millions)

Particulars	Financial assets/liabilities at amortised costs	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVTOCI	Total Carrying Value	Total Fair Value
Assets:					
(i) Investments	10,188			10,188	10,188
(ii) Loans	1,635			1,635	1,635
(iii) Other financial assets	28,373			28,373	28,373
(iv) Trade receivables	42,651			42,651	42,651
(v) Cash and Cash equivalents	116,992			116,992	116,992
Liabilities:					
(i) Trade payables	20,906			20,906	20,906
(ii) Other financial liabilities	12,970			12,970	12,970
(iiI) Borrowings	0			0	0

(₹In Millions)

Particulars	Financial assets/liabilities at amortised costs	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVTOCI	Total Carrying Value	Total Fair Value
Assets:					
(i) Investments	9,940			9,940	9,940
(ii) Loans	1,576			1,576	1,576
(iii) Other financial assets	29,491			29,491	29,491
(iv) Trade receivables	42,205			42,205	42,205

Particulars	Financial assets/liabilities at amortised costs	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVTOCI	Total Carrying Value	Total Fair Value
(v) Cash and Cash equivalents	111,533			111,533	111,533
Liabilities:					
(i) Trade payables	17,973			17,973	17,973
(ii) Other financial liabilities	14,692			14,692	14,692
(iiI) Borrowings	9,500			9,500	9,500

(b) The carrying value and fair value of Financial instruments by each category as at 31st March, 2016 were as follows:

(₹In Millions)

Particulars	Financial assets/liabilities at amortised costs	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVTOCI	Total Carrying Value	Total Fair Value
Assets:					-
(i) Investments	9,158			9,158	9,158
(ii) Loans	1,501			1,501	1,501
(iii) Other financial assets	26,102			26,102	26,102
(iv) Trade receivables	48,369			48,369	48,369
(v) Cash and Cash equivalents	133,034			133,034	133,034
Liabilities:					-
(i) Trade payables	21,512			21,512	21,512
(ii) Other financial liabilities	13,742			13,742	13,742

(c) The carrying value and fair value of Financial instruments by each category as at 31st March, 2015 were as follows:

Particulars	Financial assets/liabilities at amortised costs	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVTOCI	Total Carrying Value	Total Fair Value
Assets:					-
(i) Investments	7,648			7,648	7,648
(ii) Loans	2,283			2,283	2,283
(iii) Other financial assets	23,601			23,601	23,601
(iv) Trade receivables	60,509			60,509	60,509
(v) Cash and Cash equivalents	176,714			176,714	176,714
Liabilities:					
(i) Trade payables	22,710			22,710	22,710
(ii) Other financial liabilities	14,902			14,902	14,902

(d) Interest income/expenses, gain/loss recognised on Financial assets and liabilities:

(₹In Millions)

Particulars	Six Month Period Ended 30th September 20117	Year ended 31st March, 2017	Year ended 31st March, 2016	Year ended 31st March, 2015 (Proforma)
(i) Financial assets at amortised cost				
- Interest income from bank deposits	3,491	8,907	15,486	16,309
- Interest income from	23	31	31	26

Particulars	Six Month Period Ended 30th September 20117	Year ended 31st March, 2017	Year ended 31st March, 2016	Year ended 31st March, 2015 (Proforma)
other financial assets				
- Gain/Loss on amortisation of financial assets	(15)	25	1	734
(ii) Financial liabilities at amortised cost			-	
- Gain/Loss on amortisation of financial liabilities	0	107	1	742

3. Auditor's Comments/ Qualifications and Treatment in Restated Financials.

a. Audit Qualifications in respect of HAL:

Comments of the Comptroller and Auditor General of India under section 143(6)(b) read with section 129(4) of the Companies Act, 2013 on the Financial Statements (Standalone) of Hindustan Aeronautics Limited, Bangalore: NIL comments for 2014-15, 2015-16 and 2016-17

Comptroller and Auditor General (C&AG) Directions for 2016-17 : Our Financial Year 2017, CAG has given the directions indicating the areas to be examined by the statutory auditors during the course of the audit of annual accounts of HAL for the year 2016-17 issued by CAG under section 143(5) of the Companies Act 2013

S. No.	Areas Examined	Observation/Finding
1.	Whether the company has clear title/lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available	We have been informed that the Company has clear title/lease deeds for freehold and leasehold land respectively except in cases which have been disclosed in Notes of the standalone Ind AS Financial Statements.
2.	Please report whether there are any cases of waiver/write off of debts /loans/interest etc., if yes, the reasons there for and the amount involved.	We have been informed that there has been no instance of waiver/write off of debts/loans/interest etc., by the Company during the year.
3.	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.	We have been informed that the Company is maintaining proper records for inventories lying with third parties and assets received as gift from Government of India or other authorities.

Comptroller and Auditor General (C&AG) Directions for 2015-16 : CAG has given the directions indicating the areas to be examined by the statutory auditors during the course of the audit of annual accounts of HAL(Standalone) for the year 2015-16 issued by CAG under section 143(5) of the Companies Act 2013

S. No.	Areas Examined	Observation/Finding
1.	Whether the company has clear title/lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available	We have been informed that the Company has clear title/lease deeds for freehold and leasehold land respectively except in cases which have been disclosed in Notes of the Financial Statements.
2.	Please report whether there are any cases of waiver/write off of debts /loans/interest	We have been informed that there has been no instance of waiver/write off of

S. No.	Areas Examined	Observation/Finding
	etc., if yes, the reasons there for and the amount involved.	debts/loans/interest etc., by the Company during the year.
3.	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.	We have been informed that the Company is maintaining proper records for inventories lying with third parties and assets received as gift from Government of India or other authorities.

Qualifications in Statutory Auditor's Reports

Sl.No	Financial year	Auditors Comments	Management Response	Impact On Restated results
1	2014-15	Attention is drawn to **,** Notes to Standalone accounts (SL No 26, Part A, Annexure– XLVIII**),** 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 to defence customers in some of the Divisions. The company has resolved disputes with the commercial tax departments of the Governmeent of Karanatka dand odhisa and recognise liability towards settled sales tax dues and also accounted for similar amount as claims receivable from the customers. With regard to other states the company has not provided for the demand from the commercial tax departments, since the demand is disputed by the company. The same are disclosed as a contingent Liabilities in notes of the accounts. The respective agreements for such sale and repairs/overhaul provide for furnishing an exemption certificate or re-imbursement of sales tax and similar statutory levies when determined. However, the reimbursement of penalties, if any and/or interest levied on such non-payment have not been dealt with in the agreement and the same is not quantified by the company.Although the taxes are to be reimbursed by the customers in terms of respective agreement the company has neither quantified nor provided for the interest and /or penalties if any, on such taxes in case same are payable. We are unable to quantify the Net Impact of such non provision/ non-disclosure on the Financial Statements.	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 Notes to the Accounts. 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. With regard to Karnatka and Odisha Sales tax disputes, the same has been resolved and the liability for re-settled amount has been recognised in the books and also accounted for similar amounts as Claims receivable from the customer since the same is reimbursable by the customer.The settlement with the respective Government is as a total package.As a	Nil Financial Impact

Sl.No	Financial year	Auditors Comments	Management Response	Impact On Restated results
			part of the settlement, the amount paid to the Karnatka and Odhisa Governments has also been reimbursed by the major customers. These facts have been sufficiently disclosed in notes to the accounts and have been consistently accepted by the audit.	

Comments of Statutory Auditor under Report on Other Legal and Regulatory Requirement on Operating Segment for the Financial Year 2016-17

As per the communication from Ministry of Corporate Affairs vide their letter dated 16th May, 2017, it has been communicated to the Company that in order to extend the exemption to Ind AS 108 – Operating Segments for the Holding Company, an amendment of the Notification No. 463 (E) dated 05th June, 2015 would be required. As per the prescribed procedure under section 462 of the Companies Act 2013, the notification for carrying out the said amendment would need to be laid before the Parliament. The Ministry of Corporate Affairs has initiated action for laying the relevant notification for exemption to the Holding Company of application of Ind AS 108 in the Parliament.

In view of the above, no disclosure is made by the Holding Company as required under Ind AS 108. Subject to the above, we state that in our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

Further SEBI vide their letter dated 19th September 2017 has extended the exemption granted to the company to the disclosure of quarterly results of the Company and its operating divisions or business segments required under Schedule II, Schedule IV and Regulation 17 of LODR Regulation and Part A Schedule VIII Clause IX(B)(19(b)) of the ICDR Regulations.

b. Audit Qualifications in respect of Joint Ventures (JV's):

S. No.	Name of the Joint Venture	JV's Auditors Comments	Management Response By JV
1.	Snecma HAL Aerospace Private Limited (2014-15)	**Emphasis of Matter ("EOM") (2014-15):** Effective April, 2014, the Company has with retrospective effect changed its method of providing depreciation on fixed assets from the 'Written Down Value' method to Straight Line method at rates prescribed in Schedule XIV to the Companies Act, 1956. Management believes that this change will result in more appropriate presentation and will give a systematic basis of depreciation charge, representative of the	The depreciation, based on useful life is mandatory wef 01/04/2015 under the Companies Act 2013.The depreciation accounting policy was changed in the FY 2014-15 to align with Accounting policy of Hindustan Aeronautics Limited.

S. No.	Name of the Joint Venture	JV's Auditors Comments	Management Response By JV
		time pattern in which the economic benefits will be derived from the use of these assets. Accordingly, the Company has recognized an surplus of ₹ 40 million which has been disclosed as an exceptional item. Consequent to the Schedule II to the Companies Act 2013 becoming applicable w.e.f April 1, 2014, depreciation for the year ended March 31, 2015 has been provided on the basis of the useful lives as prescribed in Schedule II. An amount of 1 million has been recognised in statement of profit and loss account for the assets where remaining useful life as per Schedule II was Nil. Had the Company continued to use the earlier useful life of assets, the profit after tax for the current year would have been higher by ₹ 9 million.	
2.	Snecma HAL Aerospace Private Limited (2016-17)	**EOM (2016-17):** Trade receivables as at March 31, 2017 include amount receivable for export of goods amounting to ₹ 7 million which are outstanding for more than nine months from the date of export. Trade payables as at March 31, 2017 include amount payable for import of goods/services amounting to ₹ 97 million. As per the Foreign Exchange Management (Export of goods and services) Regulations, 2000 as amended from time to time, the value of exports shall be realized within nine months from the date of export and the value of imports shall be remitted not later than six months from date of shipment.	The Joint Venture has old outstanding receivables which are due for more than 9 months and the Joint Venture is in the process of recovering the amount from its customers and has already cleared most of the bills till date. With regard to payment for imports the Joint Venture is in the process of collecting the required document so that it can be paid. Further because of this EOM there will not be any financial impact on the Joint Venture because of this procedural non - compliance.
3.	Tata HAL Technologies Limited (Six Months Period Ended September 2017 and 2016-17)	**EOM (Six Month Period Ended September 30 ,2017)** The Company has incurred losses and its net worth has been substantially eroded as on 30th September, 2017. These conditions along with the other matters stated in the said Note indicate the existence of a material uncertainty that may	Both the parent organizations (JV partners) are supportive of the business and sales initiatives to sustain the company's financials. The impending PO from LCA for 'Manufacturing transformation of the centre fuselage' is begin processed by HAL. The PO for Rs 65 Million is expected by early February that will support the fourth quarter and FY 2018 revenues substantially. In anticipation of this PO, the team is put in place to complete most of the design work by the time PO is received.

S. No.	Name of the Joint Venture	JV's Auditors Comments	Management Response By JV
		cast significant doubt about the Company's ability to continue as a going concern. The financial statements have been prepared on a going concern basis for the reasons stated in the said note	The company should be able to invoice about Rs 20 Milion before March 18.
		Ind AS Financial Statements which states that no provision has been made in the financial statements for 6% increment in remuneration of employees approved by the board at its meeting held on 20th July 2017 pending further approval on final recommendations of Nomination and Remuneration Committee (NRC).	As the final approval of the increments for the employees was approved by the NRC only in the second week of October 2017, no provision was made in second quarter. The entire impact is absorbed in third quarter of FY 2018.
		EOM (2016-17): The Company has incurred losses and its net worth has been substantially eroded as at March 31, 2017. These conditions along with the other matters stated in the said Note indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The financial statements have been prepared on a going concern basis for the reasons stated in the said note	The Joint Venture's revenues have substantially reduced (compared to earlier years) and the Joint Venture has incurred losses in the year ended March 31, 2017. The net worth of the Joint Venture was significantly eroded as at that date. These financial statements have been prepared on a going concern basis, based on Joint Venture management's assessment of raising adequate finances for the Joint Venture and expected cash flows from Joint Venture's management's business plans. The Joint Venture believes that with a combination of the above mentioned mitigation plans and the continuing operational support expected to be received from the venturers of the Joint Venture; it would be able to meet all its obligations in the normal course of business. The ability of the Joint Venture to continue as a going concern is dependent on the successful outcome of the Joint Venture management's mitigation plans and continued operational support from the venturers.
4.	HATSOFF Helicopter Training Private Limited (2014-15)	**EOM (2014-15):** The financial statements which indicate that the company has incurred a net loss of ₹ 111 million during the year ended 31st March, 2015 and, as of that date; the Company's current liabilities exceeded its current assets by ₹ 5,708 million. In addition to this, as at the balance sheet date, the Company has accumulated losses which have resulted in erosion of the net worth. The net worth of the Company as at 31st March 2015 is negative by ₹ 3,643 million. As per the management representation duly noted by the Board at its 39th meeting held on the 09th June, 2015 wherein the	As per the Business plan of Joint Venture, 70% of the revenue stream is expected from Military Dhruv. In view of certain issues HAL had with some of its vendors on certain Data, Rights and licenses were delayed and involved additional costs to get them, due to which the construction of the Military Dhruv simulator has been delayed. The issues involved have now been substantially settled by HAL without any cost implications to Joint Venture. In view of the delayed implementation of the project, the payments due to HAL and CAE under the respective supply contracts have been deferred which were to be paid out of equity funds. Therefore the equity capital requirement of the Joint Venture to complete the project has been deferred. Both the JV partners of Joint Venture are committed to provide the equity capital on need basis. The deferment of equity infusion has now resulted in lower net owned funds as at 31st March 2015 but is only a temporary phase. The Joint Venture's recorded improved performance during the

<table>
<tr><th>S. No.</th><th>Name of the Joint Venture</th><th>JV's Auditors Comments</th><th>Management Response By JV</th></tr>
<tr><td></td><td></td><td>management has assessed the entity as going concern despite the existence of above stated material uncertainties and has assessed its ability to meet the obligations that are falling due. Management also has approved the projections for 2015-16 with an estimated turnover of ₹ 313 million with a net profit of ₹ 189 million before tax as reasonable. Management further confirms that ICICI Bank has offered additional financial support with certain terms and conditions which are under negotiation by the company. With the above developments, the management believes that the company has the ability to continue as going concern.</td><td>year 2014-15 as may be noted from the table below:

(₹ In Millions)<table>
<tr><th>Particulars</th><th>2014-15</th><th>2013-14</th></tr>
<tr><td>Training Hours</td><td>261</td><td>182</td></tr>
<tr><td>Turnover</td><td>262</td><td>179</td></tr>
<tr><td>EBIDTA* Forex Restatement losses)</td><td>183</td><td>114</td></tr>
</table>
The Joint Venture is up to date with all statutory and tax payments and meeting all its obligations and has earned very respectable EBIDTA of ₹ 183 million which is a very healthy 69.5% of the turnover

For the financial year 2015-16, the Joint Venture estimates a turnover of ₹ 313 million. This is very likely to increase by approximately 50 million each in financial years 2016-17 and 2017-18, reaching ₹ 410 million by financial year 2017-18, at which point the Joint Venture will be in a position to service bank principal and interest repayment and its own operational expenditure out of its own revenues.

For the intervening period, the Joint Venture has made a request to the banks seeking refinancing/restructuring of the loan with ICICI to suit the matching inflows. The Bank has considered positively and as on date sanctioned ₹ 100 million of clean overdraft. Further, a proposal to obtain additional funding from bank for remaining project CAPEX, and from promoters for helping with debt servicing for three to four years, is under active consideration.

With the cancellation of swap on the 13th August 2013 there is a substantial reduction of interest outgo though there is an increased outgo on account of principal payments. Nevertheless, the total Cash flow towards interest and principal services has now come down from ₹ 390 million a year to approximately ₹ 240 million. The Joint Venture will be in a position to meets its entire obligation with the combination of funding from the bank, promoters and interest reduction obtained through swap cancellation.

The Joint Venture have adopted a conservative accounting practice by not recognizing the Direct Tax Assets, which if recognized will lead to higher tangible net worth.

In view of the foregoing, the Management of the Joint Venture strongly believes that the Joint Venture is a going concern and therefore the accounts are prepared accordingly.</td></tr>
<tr><td>5.</td><td>HATSOFF Helicopter Training Private Limited (2015-16)</td><td>**EOM (2015-16):**
The financial statements which indicate that the company has incurred a net loss of ₹ 78 million during the year ended 31st March, 2016 and, as of that date; the Company's current</td><td>
The Joint Venture has been achieving substantial increase in revenue year by year keeping the expenditures at optimum level which is resulting in cash profits. The Joint Venture has achieved revenue of ₹ 317 million, posted a PBT of ₹ 55 million before forex losses and cash profit of ₹ 153 million in the current financial year. The Joint Venture also obtains an</td></tr>
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<table>
<tr><th>S. No.</th><th>Name of the Joint Venture</th><th>JV's Auditors Comments</th><th>Management Response By JV</th></tr>
<tr><td></td><td></td><td>liabilities exceeded its current assets by ₹ 680 million. In addition to this, as at the balance sheet date, the Company has accumulated losses which have resulted in erosion of the net worth. The net worth of the Company as at 3Ist March 2016 is negative by ₹ 443 million.

As per the management representation duly noted by the Board at its 44th Board meeting held on the 05/05/2016 wherein the management has assessed the entity as going concern despite the existence of above stated material uncertainties and has assessed its ability to meet the obligations that are falling due. Management also has approved the projections for 2016-17 with an estimated turnover of ₹ 333 million with a net profit of ₹ 49 million before tax and foreign exchange fluctuation as reasonable. Management further confirms that ICICI Bank has indicated in the recent correspondence to convert debt into equity as per the Facility Agreement if required. With the above developments, the management believes that the company has the ability to continue as going concern.</td><td>EBITDA of above 60% by keeping operational expenses low. This has enabled clearance of the remaining promoter's loan of ₹ 75 million with interest of ₹ 8 million and also clearance of overdue interest portion of ECB of ₹ 122 million in April 2016. The Joint Venture has deposited all statutory dues regularly and is up to date in meeting all statutory obligations. The revenue and EBIDTA for the three financial years given below.
₹ in million
<table>
<tr><th>Particulars</th><th>2015-16</th><th>2014-15</th><th>2013-14</th></tr>
<tr><td>Training (Hrs)</td><td>3263</td><td>2605</td><td>1818</td></tr>
<tr><td>Revenue</td><td>319</td><td>262</td><td>179</td></tr>
<tr><td>EBIDTA* (Excluding Forex Restatement losses)</td><td>238</td><td>183</td><td>109</td></tr>
</table>
The Joint Venture has forecasted 3400 training Hrs and revue amounting ₹ 328 million with EBIDTA of ₹ 215 million as per the requirements indicated by the defense forces for FY 2016-17. The Joint Venture will be able to service interests on ECB and as and when it due and service one installment of principal repayment of loan from the next financial year onwards. The Board of Joint Venture has also approved the proposed budget.

With the Indian Armed forces, which contribute 65% of the revenue, showing steadily increased utilization of training at Joint Venture, and incorporating simulator training into their training philosophies, the revenues in coming years are very likely to increase steadily. It is expected that the Joint Venture will be able to service ECB obligations from own revenues in 2-3 years.

HAL and CAE have provided requisite funding on earlier occasions when the Joint Venture needed the same. Joint Venture and its shareholders are presently pursuing several options with ICICI for addressing the issues relating to the current classification as NPA.

Adopting a conservative accounting practice, the Joint Venture has not recognized the Deferred Tax Assets which if recognized will lead to higher tangible net worth.

In view of the foregoing, the management of the Joint Venture strongly believes that the Joint Venture is a going concern and therefore the accounts are prepared accordingly.</td></tr>
<tr><td>6.</td><td>HATSOFF Helicopter Training Private Limited (2016-17)</td><td><u>EOM:</u>
The financial statements which indicate that though company has made a net profit of ₹ 104 million during the year ended 31st March, 2017 and, as of that date; the Company's current liabilities exceeded its current assets by ₹ 752 million. In addition to this, as at the balance sheet date, the Company has accumulated losses which have resulted in erosion of the net worth. The net worth of the</td><td>HATSOFF is a joint venture between one of the world's premier defense and aerospace companies, Hindustan Aeronautics Limited (HAL), India and CAE Inc, Canada, a global leader in simulation and integrated training solutions. The Joint Venture has started its journey in 2008 with the object of providing military and civil helicopter training services through the operations of a flight training center at Bangalore by setting up and operating Roll on/Roll - off Full Mission Simulators ("FMS") and various flight-training devices.

The Joint Venture has been consistently growing in term of number of training hours and revenues year by year. The Joint Venture has achieved a turnover of ₹ 330 million and posted</td></tr>
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<table>
<tr><th>S. No.</th><th>Name of the Joint Venture</th><th>JV's Auditors Comments</th><th>Management Response By JV</th></tr>
<tr><td></td><td></td><td>Company as at 31st March 2017 is negative by ₹ 338 million.

As per the management representation duly noted by the Board at its 47th Board meeting held on the 17/03/2017 wherein the management has assessed the entity as going concern despite the existence of above stated material uncertainties and has assessed its ability to meet the obligations that are falling due. Management also has approved the projections for 2017-18 with an estimated turnover of ₹ 378 million with a net profit of ₹ 49 million before tax and foreign exchange fluctuation as reasonable. Management further confirms that ICICI Bank has indicated in the recent correspondence to convert debt into equity as per the Facility Agreement if required. With the above developments, the management believes that the Company has the ability to continue as going concern.
ECB loan classified as NPA is shown as Long Term borrowings as proposal by the bank to restructure the loan is pending as the terms are yet to be complied by the Company.</td><td>PBT of ₹ 105 milllion in the current Financial Year 2016-17. Revenues have doubled since FY 14 to FY 18. The Joint Venture has own multiyear contract from Indian Air Force for 3200 training Hrs with repurchase option for one more year. Indian Army is also expected to award an increased training hours approximately 1200 Hrs and other Defense Forces are expected to retain the same training Hours for FY 18. Dauphin & Bell-412 cockpits expected to contributes same level of revenue in FY 18. The Joint Venture is very confident that it reaches to the new heights in FY 18 with this healthy order book position, The Board of Directors of Joint Venture have approved the Budget for FY18 in which 3800 training hours are forecasted with revenues of ₹ 383 million and PBT of ₹ 49 million. The revenue and EBIDTA for four financial years given below.
(₹ in Millions)
<table>
<tr><th>Particulars</th><th>2016-17</th><th>2015-16</th><th>2014-15</th><th>2013-14</th></tr>
<tr><td>Training (Hrs)</td><td>3268</td><td>3263</td><td>2605</td><td>1818</td></tr>
<tr><td>Revenue</td><td>335</td><td>319</td><td>262</td><td>179</td></tr>
<tr><td>EBIDTA (Excluding Forex Gain / losses)</td><td>246</td><td>238</td><td>183</td><td>109</td></tr>
</table>
With the Indian Armed forces, which contribute 75 % of the revenue, steadily increased utilization of training at the Joint Venture, and incorporating simulator training into their training philosophies, the revenues in coming years are very likely to increase steadily.

The Joint Venture has been servicing all statutory dues and filing all statutory returns in compliance with various Acts / rules / regulations. Interest on ECB has been serviced as and when it was due. The Joint Venture will be able to service future statutory obligations and interest commitments on ECB as and when it due.

The Joint Venture and its shareholders are presently pursuing several options with lClCl for addressing the issues relating to the current classification as NPA.

In view of the foregoing, the management of the Joint Venture strongly believes that the Joint Venture is a going concern and therefore the accounts are prepared accordingly.</td></tr>
<tr><td>7.</td><td>HATSOFF Helicopter Training Private Limited

(Six Month Period Ended September 30, 2017)</td><td>Though company has made a net profit of ₹ 33 Millions during the half year ended 30th September, 2017 and, as of that date; the Company's current liabilities exceeded its current assets by ₹ 769 Millions. In addition to this, as at the balance sheet date, the Company has accumulated losses which have resulted in erosion of the net worth. The</td><td>HATSOFF is a joint venture between one of the world's premier defense and aerospace companies, Hindustan Aeronautics Limited (HAL), India and CAE Inc, Canada, a global leader in simulation and integrated training solutions. The Company has started its journey in 2008 with the object of providing military and civil helicopter training services through the operations of a flight training center at Bangalore by setting up and operating Roll on/Roll – off Full Mission Simulators ("FMS") and various flight–training devices.

HATSOFF has been consistently growing in term of number of training hours and revenues year by year. The Company has</td></tr>
</table>

<table>
<tr><th>S. No.</th><th>Name of the Joint Venture</th><th>JV’s Auditors Comments</th><th>Management Response By JV</th></tr>
<tr><td></td><td></td><td>net worth of the Company as at 30th September 2017 is negative by ₹ 305 Millions .As per the management representation duly noted by the Board at its 47th Board meeting held on the 17/03/2017 wherein the management has assessed the entity as going concern despite the existence of above stated material uncertainties and has assessed its ability to meet the obligations that are falling due. Management also has approved the projections for 2017-18 with an estimated turnover of ₹ 378 Million with a net profit of ₹ 49 Million before tax and foreign exchange fluctuation as reasonable. Management further confirms that ICICI Bank has indicated in the recent correspondence to convert debt into equity as per the Facility Agreement if required. With the above developments, the management believes that the company has the ability to continue as going concern.
ECB loan classified as NPA is shown as Long Term borrowings as proposal by the bank to restructure the loan is pending as the terms are yet to be complied by the Company.</td><td>achieved a turnover of ₹ 330 Millions and posted PBT of ₹ 105 Million in the current Financial Year 2016-17. Revenues have doubled since FY 2014 to FY 2018. HATSOFF has own multiyear contract from Indian Air Force(IAF) for 3200 training Hrs (from Sep 2016 to Sep 2018) with repurchase option of one more year for half of the present contracted training hours. IAF completed 800 hrs in FY 2017 and 880 Hrs in the current financial year up to 30th September 2017 and remaining 1520 is expected to be completed before Sep 2018. Indian Army has also awarded 1169 training for the current financial year of FY 18 and executed 480 hrs up to Sep 17 and pending hours will be completed before Mar 2018. Other Defense Forces are expected to retain the same training Hours for FY 2018 as they did in FY 2017. Dauphin & Bell-412 cockpits expected to contributes same level of revenue in FY 2018. HATSOFF is very confident that it reaches to the new heights in FY 2018 by achieving the budgeted training hours of 3800 hrs, The Board of Directors have approved the Budget for FY 2018 in which 3800 training hours are forecasted with revenues of ₹ 383 Millions and PBT of ₹ 49 Million. The revenue and EBIDTA for four financial years and current financial year up to September 2017 is given below.
<table>
<tr><th>Particulars</th><th>Budget up to September,30 2017</th><th>September 2017</th><th>2016-17</th><th>2015-16</th><th>2014-15</th><th>2013-14</th></tr>
<tr><td>Training (Hrs)</td><td>1815</td><td>1977</td><td>3268</td><td>3263</td><td>2605</td><td>1818</td></tr>
<tr><td>Revenue</td><td>181</td><td>203</td><td>335</td><td>319</td><td>262</td><td>179</td></tr>
<tr><td>EBIDTA (Excluding Forex Gain / losses)</td><td>15</td><td>48</td><td>246</td><td>238</td><td>183</td><td>109</td></tr>
</table>
With the Indian Armed forces, which contribute 75 % of the revenue, steadily increased utilization of training at HATSOFF, and incorporating simulator training into their training philosophies, the revenues in coming years are very likely to increase steadily.
HATSOFF has been servicing all statutory dues and filing all statutory returns in compliance with various Acts / rules / regulations. Interest on ECB has been serviced as and when it was due. The Company will be able to service future statutory obligations and interest commitments on ECB as and when it due.
HATSOFF and its shareholders are presently pursuing several options with ICICI for addressing the issues relating to the current classification as NPA.</td></tr>
<tr><td>8.</td><td>HALBIT Avionics Private Limited (2014-15), (2015-16), (2016-17) & Period Ended (Sepetmber</td><td><u>EOM (2014-15):</u>
As at March 31, 2015, the Company's accumulated losses of ₹ 38 million (March 31, 2014: ₹ 44 million) and has earned a profit of ₹ 6 million (loss for the year ended March 31, 2014 of ₹ 11 million). The</td><td>The Joint Venture expected business orders for Full Motion Simulators (FMS) of LCA & IJT-SP programs during 2012-14, which would have given it continued source of revenue while the ongoing programs were heading towards their concluding phase. However, the Joint Venture’s top line came under stress owing to cancellation of these key revenue generation programs, on account of postponement/ cancellation of the</td></tr>
</table>

S. No.	Name of the Joint Venture	JV's Auditors Comments	Management Response By JV
	2017)	Company's current liabilities exceeded its current assets by ₹ 9 million (31st March 2014: ₹ 24 million). These conditions indicate the existence of a material uncertainty that cast significant doubt about the Company's ability to continue as a going concern, which is dependent on establishing profitable operations and achieving cash flow projections. These mitigating factors have been more fully discussed in the accompanying financial statements, in view of which the accompanying financial statements have been prepared under the going concern assumptions, and consequently, no adjustments have been made to the carrying values or classification of balance sheet accounts. Our opinion is not qualified in respect of the above matter. **EOM (2015-16):** The Company has accumulated losses of ₹. 93 million as at March 31, 2016; has incurred substantial operating loss during the year amounting to ₹ 55 million and its current liabilities exceed the current assets by ₹ 68 million. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. However, the Company based on its plans, is confident of funding and continuing its business operations in foreseeable future. In view of these factors, the financial statements have been prepared under the going concern assumptions and consequently no adjustments have been made to the carrying values or classification of balance sheet items. **EOM (2016-17):** The Company has accumulated losses of ₹ 100 million as at March 31, 2017 and its current liabilities exceed the current	corresponding aircraft induction by the end-user (IAF). As a result, the Company vigorously pursued other business leads and jointly bid (with Thales) for FMS of Mirage 2000 Upgrade in Oct, 2015. The subject case is still under evaluation by the customer (IAF) and is expected to provide next business order to the Company. In addition to this key program, Company has submitted techno-commercial responses to various RFI/ RFPs valued at nearly ₹ 7,000 Million during the last 3 years. The cases are at various stages of evaluation and the Company is hopeful of securing new development orders based on Company's expertise in the field and growing demand for Training Simulators. On the other hand, the Company has taken a number of cost optimization measures to reduce its operating overheads, resulting in profits during two of the last three years of operations. The objective had been to prune Company's operating costs in proportion to the business revenue on one hand, while pursuing business leads to convert them into definitive business orders, on the other. The Company has received orders for nearly ₹ 127 Million during last 3 years and these have been from customers other than HAL. Company has been making concerted efforts to secure business from sources other than HAL in order to reduce its dependence on the parent company and results have been encouraging as against the earlier situation of most of the orders from HAL only. This gives the Company the necessary confidence to carry on its business in the future.

S. No.	Name of the Joint Venture	JV’s Auditors Comments	Management Response By JV
		assets by ₹ 243 million. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. However, the Company based on its plans, is confident of funding its operating and capital expenditure and continue business operations in foreseeable future. In view of these factors, the Ind AS financial statements have been prepared under the going concern assumptions and consequently no adjustments have been made to the carrying values or classification of balance sheet items. Without qualifying our opinion, we draw attention that the Company has not appointed Company Secretary required in terms of the provisions contained in the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2014 and the Companies Act, 2013.	
		<u>EOM (Six Months Period Ended September 30, 2017)</u>	
		The Company's accumulated losses of ₹ 103 Million and its current liabilities exceed the current assets by ₹ 27 Millions These conditions indicate the existence of a material uncertainty that cast significant doubt about the Company's ability to continue as a going concern. However, the Company based on its plans is confident of funding its operating and capital expenditure and continue business operations in foreseeable future. In view of these factors, the lnd AS financial statements have been prepared under the going concern assumptions and consequently no adjustments have been made to the carrying	The Company expected business orders for Full Motion Simulators (FMS) of LCA & IJT-SP programs during 2012-14, which would have given it continued source of revenue while the ongoing programs were heading towards their concluding phase. However, the Company's top line came under stress owing to cancellation of these key revenue generation programs, on account of postponement/ cancellation of the corresponding aircraft induction by the end-user (IAF). Company has submitted techno-commercial responses to various RFI/ RFPs valued at nearly ₹ 8,000 million during the last 3 years. The cases are at various stages of evaluation and the Company is hopeful of securing new development orders based on Company's expertise in the field and growing demand for Training Simulators. The Company has taken a number of cost optimization measures to reduce its operating overheads. The objective had been to prune Company's operating costs in proportion to the business revenue on one hand, while pursuing business leads to convert them into definitive business orders, on the other. Company has been making concerted efforts to secure business from sources other than HAL in order to reduce its dependence

S. No.	Name of the Joint Venture	JV's Auditors Comments	Management Response By JV
		values or classification of balance sheet items.	on the parent company and results have been encouraging as against the earlier situation of most of the orders from HAL only. This gives the Company the necessary confidence to carry on its business in the future
		The Company has not appointed Company Secretary required in terms of the provisions contained in the Companies (Appointment and Remuneration of Managerial Personnel) Amended Rules, 2014 and the Companies Act 2013.	Efforts are being made by the Company to appoint a Company Secretary as per the provisions of the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Amended Rules, 2014.
9.	HAL Edgewood Technologies Private Limited (2014-15, 2015-16, 2016-17 and Six Months Period Ended September 30,2017)	**EOM (2014-15):** The financial statement regarding the carrying value of deferred tax assets on account of timing differences pertaining to earlier, years aggregating to ₹ 6 million (year ended 31st March 2014 ₹ 10 million), the management of the Company is of the opinion that the deferred tax credit satisfies the virtual certainty test as laid down in para 17 off the Accounting Standard 22 "Accounting for Taxes on Income" and can be realised against the future taxable income. Our opinion is not qualified in respect of this matter.	The management of the Company is of the opinion that the deferred tax credit satisfies the virtual certainty test as laid down in para 17 off the Accounting Standard 22 "Accounting for Taxes on Income" and can be realised against the future taxable income.
		The financial statement being prepared on a going concern basis, notwithstanding the fact that the Company's net worth is eroded '[reported negative net worth as at 31st March 2015 of ₹ 54 million (year ended 31st March 2014 ₹ 38 million)], the scheduled banks have recalled their debts to the Company. The ability of the Company to continue as a going concern is interalia dependent on the Company's ability infuse requisite funds for meeting its obligations (including statutory liabilities and those in respect of contracts entered into for purchase of goods and assets), rescheduling of debt/other liabilities.	HETL's product (OSAMC) is in the development phase and delivered prototypes has certified for airworthy and flown 300 plus sorties. Production order is in the pipeline. Since this is the investment phase of the Company, on receipt of the production orders from customer and subsequently the funds , net worth of the Company will be positive.
		The financial statement regarding the amortisation of intangible asset recognised on development of prototype units	The Company is confident of receiving Purchase orders from its Customers for further series upgrade for 154 OSAMC units on completion of existing order of prototype OSAMC units to its Customers and the intension of development of OSAMC units

S. No.	Name of the Joint Venture	JV's Auditors Comments	Management Response By JV
		to the statement of profit and loss. The amortisation of intangible treatment is done in accordance with para 63 and para 72 following "unit of production method" as laid down in Accounting Standard 26 "Intangible Assets". In the opinion of the Management that, the Company is confident of receiving Purchase Order from its Customer for further series upgrade for 154 OSAMC units on delivery of existing order of 11 prototype OSAMC units to its Customer and the intention of development of OSAMC units is to manufacture and deliver the series upgrade 154 OSAMC units to Customer, and hence the treatment of amortisation of intangible assets is in accordance with Para 72 of the aforesaid Accounting Standard. **EOM (2015-16):** The financial statement regarding the carrying value of deferred tax assets on account of timing differences pertaining to earlier years aggregating to ₹ 6 million (year ended 31st March 2015 ₹ 6 million), the management of the Company is of the opinion that the deferred tax credit satisfies the virtual certainty test as laid down in para 17 of the Accounting Standard 22 "Accounting for Taxes on Income" and can be realised against the future taxable income. Our opinion is not qualified in respect of this matter. The financial statement that the statements being prepared on a going concern basis, notwithstanding the fact that the Company's net worth is eroded [reported negative net worth as at 31st March 2016 of ₹ 66 million (year ended 31st March 2015 ₹ 54 million)], the scheduled banks have recalled their debts to the Company. The ability of the Company to continue as a going concern is interalia dependent on the	is to manufacture and deliver the series upgrade 154 OSAMC units to Customer. Hence, the treatment of amortization of costs incurred on development of OSAMC units is in order.

S. No.	Name of the Joint Venture	JV's Auditors Comments	Management Response By JV
		Company's ability infuse requisite funds for meeting its obligations (including statutory liabilities and those in respect of contracts entered into for purchase of 'goods and assets), rescheduling of debt / other liabilities. The financial statement regarding the amortisation of intangible asset recognised on development of prototype units to the statement of profit and loss. The amortisation of intangible treatment is done in accordance with para 63 and para 72 following "unit of production method" as laid down in Accounting Standard 26 "lntangible Assets". In the opinion of the Management that, the Company is confident of receiving Purchase Order from its Customer for further series upgrade for 154 OSAMC units on delivery of existing order of 11 prototype OSAMC units to its Customer and the intention of development of OSAMC units is to manufacture and deliver the series upgrade 154 OSAMC units to Customer, and hence the treatment of amortisation of intangible assets is in accordance with Para 72 of the aforesaid Accounting Standard. **EOM (2016-17):** The Ind AS financial statement regarding the carrying value of deferred tax assets on account of timing differences pertaining to earlier years aggregating to ₹ 6 million (year ended 31st March 2016 ₹ 6 million), the management the Company is of the opinion that the deferred tax can be realised against the future taxable income. The Ind AS financial statement that the statements being prepared on a going concern basis, notwithstanding the fact that the Company's net worth is eroded [reported negative net worth as at 31st March 2017 of ₹ 61 million (year ended 31st	

S. No.	Name of the Joint Venture	JV's Auditors Comments	Management Response By JV
		March 2016 ₹ 53 million) The ability of the company to continue as a going concern is interalia dependent on the Company's ability infuse requisite funds for meeting its obligations (including statutory liabilities and those in respect of contracts entered into for-purchase of goods and assets), rescheduling of debt / other liabilities. The Ind AS financial statement regarding the amortisation of intangible asset recognised on development of prototype units to the statement of profit and toss. The amortisation of intangible treatment is done in accordance units of production method. In the opinion of the Management that, the Company is confident of receiving Purchase Order from its Customer for further series upgrade for 154 OSAMC units on delivery of existing order of 11 prototype OSAMC units to its Customer and the intention of development of OSAMC units is to manufacture and deliver the series upgrade 154 OSAMC units to Customer. **EOM (Six months Period Ended September 30, 2017)** The Ind AS financial statement being prepared on a going concern basis, notwithstanding the fact that the Company's net worth is eroded [reported negative net worth as at 31 March 2017 of ₹ 61 Million (year ended 31 March 2016 ₹ 53 Million)]. The ability of the Company to continue as a going concern is interalia dependent on the Company's ability infuse requisite funds for meeting its obligations (including statutory liabilities and those in respect of contracts entered into for purchase of goods and assets), rescheduling of debt / other liabilities. The Ind AS financial statement regarding the amortisation of intangible asset recognised on	

S. No.	Name of the Joint Venture	JV's Auditors Comments	Management Response By JV
		development of prototype units to the statement of profit and loss. The amortisation of intangible treatment is done in accordance units of production method. In the opinion of the Management that, the Company is confident of receiving Purchase Order from its Customer for further series upgrade for 154 OSAMC units on delivery of existing order of 11 prototype OSAMC units to its Customer and the intention of development of OSAMC units is to manufacture and deliver the series upgrade 154 OSAMC units to Customer.	
10.	International Aerospace Manufacturing Company Private Limited (IAMPL) (Six Months Period Ended September 30,2017)	**EOM (Six Months Period Ended September 30, 2017)** a. The Company conducts periodic verification of inventory and has verified part of inventory on September 30, 2017. The Company did not conduct complete physical verification of closing inventory as of September 30, 2017 and we have relied on the management on the valuation and existence of inventory.	a. As per company's policy, periodic verification of inventory is carried on for A class items (forging and Finished goods) on monthly basis covering 70 % of total inventory. Complete inventory verification is carried on yearly basis.
		b. As at the period end, the Company has trade receivables amounting to ₹ 409 Million. The Company has not obtained balance confirmations for the total amount receivable. Any effect of mismatch in balances has not been given effect in financials.	b. With respect to trade receivables, balance confirmation is requested, however due to volume and resource our customer is not able to confirm as is evident from the mail dated 09th Oct 2017 received from customer in this regard.
		c. The Company has an amount of ₹. 344 Million as payables. The Company has not obtained balance confirmations for the total amount receivable. Any effect of mismatch in balances has not been given effect in financials.	c. Out of the total of ₹ 344 Million payables, an amount of ₹ 44 Million lacs pertains to provisions for expenses and employee benefits and for the balance confirmation has been obtained for 60% of outstanding to the vendors post audit completion.
		d. The Company has an amount of ₹ 26 Million as advances to suppliers. The Company has not obtained	d. With respect to advances of ₹ 26 Million to suppliers, balance confirmation will be obtained during Dec-17 audit.

S. No.	Name of the Joint Venture	JV's Auditors Comments	Management Response By JV
		balance confirmations for the total amount receivable. Any effect of mismatch in balances has not been given effect in financials.	
		e. The Company has an amount of ₹ 30 Million towards CENVAT credit and an amount of ₹ 67 Million towards Service Tax input credit pertaining to the period ended June 30, 2017. The Company is yet to file applicable refund under CENVAT rules and returns under.The Central Goods and Service Tax Act, 2017 to claim benefit under transitional provisions.	e. The company has filed the claim of ₹ 37 Million towards Cenvat and Service tax on 20th Oct 2017 and 14th Nov 2017. For remaining balance of ₹ 60 Million will be claimed under duty draw back scheme.

4. **Segment Reporting :** As per the communication from the Ministry of Corporate Affairs vide letter dated 16.05.2017, it has been communicated to the Company that in order to extend the exemption under Ind AS 108 - Operating Segments, an amendment of notification No.463 (E) dated 05.06.2015 would be required. As per the prescribed procedure under Section 462 of the Companies Act 2013, the notification for carrying out the said amendment would need to be laid before the Parliament. The Ministry of Corporate Affairs has initiated action for laying the relevant notification for exemption to the Company from application of Ind AS 108 in the Parliament. In view of the above, no disclosure is made by the Company as required under Ind AS 108

   Further SEBI vide their letter dated 19th September 2017 has extended the exemption granted to the company to the disclosure of quarterly results of the Company and its operating divisions or business segments required under Schedule II, Schedule IV and Regulation 17 of LODR Regulation and Part A Schedule VIII Clause IX(B)(19(b)) of the ICDR Regulations

   Subsequently, Ministry of Corporate Affairs vide notification no 1/2/2014-CL-V dated 23rd February 2018 has exempted the companies engaged in defence production to the extent of application of relevant Accounting Standard on segment reporting.

5. **Commitments**

(₹ In Millions)

Particulars	As at			
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
Estimated amount of contracts remaining to be executed and not provided for on				
i) Capital Account	9,863	12,829	11,246	9,480
ii) Other Commitments towards purchase of inventory and services	103,712	94,729	77,393	100,915
Total	**113,575**	**107,558**	**88,639**	**110,395**

Notes

(i) Capital commitments are including commitment towards investment in Joint Ventures.

(ii) Other commitments are towards purchase of inventory, services, employee contracts, lease commitments etc.,

6. Contingent liabilities

(₹ In Millions)

Particulars	**As at**			
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
Contingent Liabilities Not Provided For:				
1) Outstanding Letters of Credit and Guarantees *				
(i) Letters of Credit	14,856	10,635	9,372	15,893
(ii) Indemnity Bonds & Guarantees	75,760	60,330	52,586	52,010
Sub - Total	**90,616**	**70,965**	**61,958**	**67,903**
2) Claims / Demands against the Company not acknowledged as Debts (gross)				
(i) Sales Tax / Entry Tax	73,065	66,954	62,341	22,727
(ii) Income Tax	17,698	17,709	20,081	18,413
(iii) Municipal Tax	413	406	714	-
(iv) Service Tax	5,427	5,152	7,886	6,446
(v) Customs Duty	2,363	2,363	2,363	2,363
(vi) Others	1,309	1,080	1,129	1,189
Sub - Total	**100,275**	**93,664**	**94,514**	**51,138**
Total	**190,891**	**164,629**	**156,472**	**119,041**

Notes:

* Non-fund based limits of ₹ 20,500 Millions (For 31st March 2017, 2016 and 2015 ₹ 20,500 Millions) from Consortium Bankers are secured by hypothecation of Inventories and all Receivables. The total limits sanctioned is ₹ 25,000 Milllions (For 31st March 2017,2016 and 2015 ₹ 25,000 Millions) which is interchangable between the consortium banks and between fund based and non-fund based limits.

7. Additional information pursuant to para 2 of general instructions for the preparation of consolidated financial statements

As on 30th Sept 2017:

(₹ In Millions)

Sl. No.	**Name of the Entity in the Group**	**Net Assets, i.e. Total Assets minus Total Liabilities**		**Share in Net Profit or Loss**		**Share in Other Comprehensive Income**		**Share in Total Comprehensive Income**	
		As % of consolidated net assets	**Amount**	**As % of consolidated profit or loss**	**Amount**	**As % of consolidated other comprehensive income**	**Amount**	**As % of consolidated total comprehensive income**	**Amount**
	Parent								
	Hindustan Aeronautics Limited	98	127,164	100	3,952	100	(65)	101	3,887
		0		0		0		0	
	Subsidiaries	0		0		0		0	
	Naini Aerospace Limited	0	228	(1)	(55)	0	-	(1)	(55)
		0	-	0	-	0	-	0	-
	Joint Ventures (Investment as per the equity	0	-	0	-	0	-	0	-

Sl. No.	Name of the Entity in the Group	Net Assets, i.e. Total Assets minus Total Liabilities		Share in Net Profit or Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
		As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
	method)								
1	M/s BAe-HAL Software Ltd	0	45	(1)	(29)	0	-	(1)	(29)
2	M/s Snecma HAL Aerospace Private Ltd	0	271	0	11	0	-	0	11
3	M/s Indo Russian Aviation Ltd	0	343	1	39	0	-	1	39
4	M/s HALBIT Avionics Pvt Ltd	0	0	0	0	0	-	0	0
5	M/s HAL Edgewood Technologies Pvt Ltd	0	0	0	0	0	-	0	0
6	M/s SAMTEL HAL Display Systems Ltd	0	0	0	0	0	-	0	0
7	M/s INFOTECH HAL Ltd	0	2	0	2	0	-	0	2
8	M/s HATSOFF Helicopter Training Pvt Ltd	0	0	0	0	1	-	0	0
9	M/s TATA HAL Technologies Ltd	0	0	0	0	0	-	0	0
10	M/s International Aerospace Manufacturing Pvt Ltd	0	360	1	25	0	-	1	25
11	M/s. Multirole Transport Aircraft Ltd.	1	1,015	(1)	(28)	0	-	(1)	(28)
12	M/s. Aerospace & Aviation Sector Skill Council(AASSC)	0	1	0	0	0	-	0	0
13	M/s.Helicopter Engines MRO Pvt Ltd	0	7	0	(7)	0	-	0	(7)
	Total		**129,436**		**3,910**		**(65)**		**3,845**

As on 31st March 2017

(₹In Millions)

Sl. No.	Name of the Entity in the Group	Net Assets, i.e. Total Assets minus Total Liabilities		Share in Net Profit or Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
		As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
	Parent								
	Hindustan Aeronautics Limited	98	123,263	99	26,090	100	61	99	26,151
	Subsidiaries								
	Naini Aerospace Limited		283		(17)	-			(17)
	Joint Ventures (Investment as per the equity method)								
1	M/s BAe-HAL Software Ltd	-	74	-	3	-	-	-	3
2	M/s Snecma HAL Aerospace Private Ltd	-	262	-	14	-	-	-	14
3	M/s Indo Russian Aviation Ltd	-	314	1	101	-		1	101
4	M/s HALBIT Avionics Pvt Ltd	-	-	-	-	-	-	-	-
5	M/s HAL Edgewood Technologies Pvt Ltd	-	-	-	-	-	-	-	-
6	M/s SAMTEL HAL Display Systems Ltd	-	-	-	-	-	-	-	-
7	M/s INFOTECH HAL Ltd	-	-	-	-	-	-	-	-
8	M/s HATSOFF Helicopter Training Pvt Ltd	-	-	-	-	-	-	-	-
9	M/s TATA HAL Technologies Ltd	-	-		(15)	-	-	-	(15)
10	M/s International Aerospace Manufacturing Pvt Ltd	1	338	-	82	-	-	-	82
11	M/s. Multirole Transport Aircraft Ltd.	1	1,043	-	(1)	-	-	-	(1)
12	M/s. Aerospace & Aviation Sector Skill Council(AASSC)	-	1	-	(4)	-	-	-	(4)
13	M/s.Helicopter Engines MRO Pvt Ltd	-	13	-	(6)	-	-	-	(6)
	Total		**125,591**		**26,247**		**61**		**26,308**

As on 31st March 2016

(₹In Millions)

Sl. No.	Name of the Entity in the Group	Net Assets, i.e. Total Assets minus Total Liabilities		Share in Net Profit or Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
		As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
	Parent								
	Hindustan Aeronautics Limited	96	105,831	98	19,728	99	67	98	19,795
	Joint Ventures (Investment as per the equity method)								
1	M/s BAe-HAL Software Ltd	-	148	-	(21)	1	1	-	(20)
2	M/s Snecma HAL Aerospace Private Ltd	-	507	1	77	-	-	1	77
3	M/s Indo Russian Aviation Ltd	1	898	1	170	-	-	1	170
4	M/s HALBIT Avionics Pvt Ltd	-	-	-	-	-	-	-	-
5	M/s HAL Edgewood Technologies Pvt Ltd	-	-	-	-	-	-	-	-
6	M/s SAMTEL HAL Display Systems Ltd	-	-	-	-	-	-	-	-
7	M/s INFOTECH HAL Ltd	-	23	-	10	-	-	-	10
8	M/s HATSOFF Helicopter Training Pvt Ltd	-	-	-	-	-	-	-	-
9	M/s TATA HAL Technologies Ltd	-	46	-	3	-	-	-	3
10	M/s International Aerospace Manufacturing Pvt Ltd	1	689	-	53	-	-	-	53
11	M/s. Multirole Transport Aircraft Ltd.	2	2,180	-	24	-	-	-	24
12	M/s. Aerospace & Aviation Sector Skill Council(AASSC)	-	2	-	(1)	-	-	-	(1)
	Total		**110,324**		**20,043**		**68**		**20,111**

As on 31st March, 2015 (Proforma)

(₹ In Millions)

Sl. No.	Name of the Entity in the Group	Net Assets, i.e. Total Assets minus Total Liabilities		Share in Net Profit or Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
		As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
	Parent								
	Hindustan Aeronautics Limited	97	144,158	99	9,887	99	(650)	99	9,237
	Joint Ventures (Investment as per the equity method)								
1	M/s BAe-HAL Software Ltd	-	180	-	15	1	(1)	-	14
2	M/s Snecma HAL Aerospace Private Ltd	-	435	1	38	-	-	1	38
3	M/s Indo Russian Aviation Ltd	1	765	1	125	-	-	1	125
4	M/s HALBIT Avionics Pvt Ltd	-	38	-	6	-	-	-	6
5	M/s HAL Edgewood Technologies Pvt Ltd	-		-		-		-	-
6	M/s SAMTEL HAL Display Systems Ltd	-	13	-	(20)	-	-	-	(20)
7	M/s INFOTECH HAL Ltd	-	14	-	7	-	-	-	7
8	M/s HATSOFF Helicopter Training Pvt Ltd	-	-	-	-	-	-	-	-
9	M/s TATA HAL Technologies Ltd	-	43	-	14	-	-	-	14
10	M/s International Aerospace Manufacturing Pvt Ltd	1	635	-	(3)	-	-	-	(3)
11	M/s. Multirole Transport Aircraft Ltd.	1	2,156	(1)	(128)	-	-	(1)	(128)
12	M/s. Aerospace & Aviation Sector Skill Council(AASSC)	-	2	-	-	-	-	-	-
	Total		**148,439**		**9,941**		**(651)**		**9,290**

b) Summarised financial information of Subsidiary Naini Aerospace Limited

(₹ In Millions)

Summarised Balance Sheet	As At 30th September 2017	As At 31st March 17
Current assets	312	420
Current liabilities	27	18
Net Current assets	**285**	**402**
Non-current assets	2	
Non-current liabilities	59	119
Net Non-current assets	**(57)**	**(119)**
Net assets	**228**	**283**

(₹In Millions)

Summarised Statement of Profit & Loss	Six Month Period Ended 30th September 2017	For The Period Ended 31st March 17
Revenue	10	2
Profit for the year	(55)	(17)
Other Comprehensive Income	-	
Total Comprehensive Income	(55)	(17)

Summarised Cash Flows	Six Month Period Ended 30th September 2017	For The Period Ended 31st March 17
Cash flow from operating activities	(44)	21
Cash flow from investing activities	(2)	1
Cash flow from financing activities	-	300
Net increase/(decrease) in cash and cash equivalents	**(46)**	**322**
The subsidiary was incorporated on 29.12.2016		

c) Summarised financial information of Joint Ventures

(₹In Millions)

Summarised Balance Sheet	**BAe-HAL Software Ltd**	**Snecma HAL Aerospace Private Ltd**	**SAMTEL HAL Display Systems Ltd**	**HAL Edgewood Technologies Pvt Ltd***
	30-Sep-17	**30-Sep-17**	**30-Sep-17**	**30-Sep-17**
Current assets				
- Cash & Cash equivalents	5	54	-	5
- Other assets	185	534	45	26
Total current assets	**190**	**588**	**45**	**31**
Total non-current assets	32	170	13	75
Current liabilities	-	-	-	-
- Financial liabilities (excluding trade payables)	-	87	45	2
- Other liabilities	119	119	37	100
Total current liabilities	**119**	**206**	**82**	**102**
Non-Current liabilities	-	-	-	-
- Financial liabilities (excluding trade payables)	-	2	-	40
- Other liabilities	10	9	8	-
Total non-current liabilities	**10**	**11**	**8**	**40**
Net assets	**93**	**541**	**(32)**	**(36)**
* Share application money pending allotment				13

(₹ In Millions)

Summarised Balance Sheet	HALBIT Avionics Pvt Ltd	Indo Russian Aviation Ltd	INFOTECH HAL Ltd		HATSOFF Helicopter Training Pvt Ltd
	30-Sep-17	**30-Sep-17**	**30-Sep-17**	**30-Sep-17**	**30-Sep-17**
Current assets					
- Cash & Cash equivalents	4	848	1		30
- Other assets	481	639	107		264
Total current assets	**485**	**1,487**	**108**		**294**
Total non-current assets	11	9	6		2,012
Current liabilities	-	-	-		-
- Financial liabilities (excluding trade payables)	-	-	-		997
- Other liabilities	512	314	75		65
Total current liabilities	**512**	**314**	**75**		**1,062**
Non-Current liabilities	-	-	-		-
- Financial liabilities (excluding trade payables)	-	-	-		1,539
- Other liabilities	11	45	3		9
Total non-current liabilities	**11**	**45**	**3**		**1,548**
Net assets	**(27)**	**1,137**	**36**		**(304)**

(₹ In Millions)

Summarised Balance Sheet	TATA HAL Technologies Ltd	International Aerospace Manufacturing Pvt Ltd	Multirole Transport Aircraft Ltd.	Aerospace & Aviation Sector Skill Council(AASSC)	Helicopter Engines MRO Pvt Ltd
	30-Sep-17	**30-Sep-17**	**30-Sep-17**	**30-Sep-17**	**30-Sep-17**
Current assets					
- Cash & Cash equivalents	5	9	3	-	8
- Other assets	31	1,113	987	29	2
Total current assets	**36**	**1,122**	**990**	**29**	**10**
Total non-current assets	9	968	1,180	1	20
Current liabilities	-	-	-	-	-
- Financial liabilities (excluding trade payables)	19	635	-	-	-
- Other liabilities	5	417	-	28	16
Total current liabilities	**24**	**1,052**		**28**	**16**
Non-Current liabilities	-	-	-	-	-
- Financial liabilities (excluding trade payables)	-	135	1	-	-
- Other liabilities	4	7	47	-	-
Total non-current liabilities	**4**	**142**	**48**		
Net assets	**17**	**896**	**2,122**	**2**	**14**

(₹ In Millions)

Summarised Balance Sheet	BAe-HAL Software Ltd			Snecma HAL Aerospace Private Ltd			SAMTEL HAL Display Systems Ltd			HAL Edgewood Technologies Pvt Ltd*		
	31st March 17	**31st March 16**	**31st March 15**	**31st March 17**	**31st March 16**	**31st March 15**	**31st March 17**	**31st March 16**	**31st March 15**	**31st March 17**	**31st March 16**	**31st March 15**
Current assets												
- Cash & Cash	10	16	6	25	128	201			1		10	

Summarised Balance Sheet	**BAe-HAL Software Ltd**			**Snecma HAL Aerospace Private Ltd**			**SAMTEL HAL Display Systems Ltd**			**HAL Edgewood Technologies Pvt Ltd***		
	31st March 17	**31st March 16**	**31st March 15**	**31st March 17**	**31st March 16**	**31st March 15**	**31st March 17**	**31st March 16**	**31st March 15**	**31st March 17**	**31st March 16**	**31st March 15**
equivalents												
- Other assets	174	191	198	549	454	343	45	87	116	41	32	31
Total current assets	**184**	**207**	**204**	**574**	**582**	**544**	**45**	**87**	**117**	**41**	**42**	**31**
Total non-current assets	45	51	66	181	197	166	14	30	32	81	83	85
Current liabilities												
- Financial liabilities (excluding trade payables)				92	118	93	46	45	60	34	34	32
- Other liabilities	67	99	78	124	123	151	29	27	15	111	109	99
Total current liabilities	**67**	**99**	**78**	**216**	**241**	**244**	**75**	**72**	**75**	**145**	**143**	**131**
Non-Current liabilities												
- Financial liabilities (excluding trade payables)				5	8	10				38	34	25
- Other liabilities	10	11	12	10	23	21	9	30	61		1	1
Total non-current liabilities	**10**	**11**	**12**	**15**	**31**	**31**	**9**	**30**	**61**	**38**	**35**	**26**
Net assets	**152**	**148**	**180**	**524**	**507**	**435**	**(25)**	**15**	**13**	**(61)**	**(53)**	**(41)**
* Share application money pending allotment										128	128	128

(₹In Millions)

Summarised Balance Sheet	**HALBIT Avionics Pvt Ltd**			**Indo Russian Aviation Ltd**			**INFOTECH HAL Ltd**			**HATSOFF Helicopter Training Pvt Ltd**		
	31st March 17	**31st March 16**	**31st March 15**	**31st March 17**	**31st March 16**	**31st March 15**	**31st March 17**	**31st March 16**	**31st March 15**	**31st March 17**	**31st March 16**	**31st March 15**
Current assets												
- Cash & Cash equivalents	46	66	51	841	805	686	1	4	1	89	187	16
- Other assets	470	505	439	460	418	351	99	61	37	252	92	69
Total current assets	**516**	**571**	**490**	**1,301**	**1,223**	**1,037**	**100**	**65**	**38**	**341**	**279**	**85**
Total non-current assets	13	25	40	9	8	8	5	7	5	2,062	2,138	2,218
Current liabilities	-	-	-	-	-	-	-	-	-	-	-	-
- Financial liabilities (excluding trade payables)	-	-	-	-	-	-	-	-	-	1,032	906	611
- Other	541	606	473	214	273	222	71	47	28	61	54	46

Summarised Balance Sheet	**HALBIT Avionics Pvt Ltd**			**Indo Russian Aviation Ltd**			**INFOTECH HAL Ltd**			**HATSOFF Helicopter Training Pvt Ltd**		
	31st March 17	**31st March 16**	**31st March 15**	**31st March 17**	**31st March 16**	**31st March 15**	**31st March 17**	**31st March 16**	**31st March 15**	**31st March 17**	**31st March 16**	**31st March 15**
liabilities												
Total current liabilities	**541**	**606**	**473**	**214**	**273**	**222**	**71**	**47**	**28**	**1,093**	**960**	**657**
Non-Current liabilities	-	-	-	-	-	-	-	-	-	-	-	-
- Financial liabilities (excluding trade payables)	-	-	-	-	15	14	-	-	-	1,638	1,892	2,004
- Other liabilities	12	15	19	45	45	44	2	2	1	10	8	7
Total non-current liabilities	**12**	**15**	**19**	**45**	**60**	**58**	**2**	**2**	**1**	**1,648**	**1,900**	**2,011**
Net assets	**(24)**	**(25)**	**38**	**1,051**	**898**	**765**	**32**	**23**	**14**	**(338)**	**(443)**	**(365)**

(₹ In Millions)

Summarised Balance Sheet	TATA HAL Technologies Ltd			International Aerospace Manufacturing Pvt Ltd			Multirole Transport Aircraft Ltd.			Aerospace & Aviation Sector Skill Council(AASSC)			Helicopter Engines MRO Pvt Ltd		
	31st March 17	31st March 16	31st March 15	31st March 17	31st March 16	31st March 15	31st March 17	31st March 16	31st March 15	31st March 17	31st March 16	31st March 15	31st March 17	31st March 16	31st March 15
Current assets															
- Cash & Cash equivalents	6	17	5	37	4	3	303	3	11			2	21		
- Other assets	35	44	40	1233	1179	999	669	1335	1401	31	36				
Total current assets	**41**	**61**	**45**	**1270**	**1183**	**1002**	**972**	**1338**	**1412**	**31**	**36**	**2**	**21**		
Total non-current assets	**8**	**9**	**15**	**1021**	**1106**	**1188**	**1244**	**843**	**750**	**1**			**20**		
Current liabilities															
- Financial liabilities (excluding trade payables)	24		1	770	861	981			3						
- Other liabilities	5	22	14	522	542	523	2	1	3	29	34		14		
Total current liabilities	**29**	**22**	**15**	**1292**	**1403**	**1504**	**2**	**1**	**6**	**29**	**34**		**14**		
Non-Current liabilities															
- Financial liabilities (excluding trade payables)				135	186	43									
- Other liabilities	3	2	2	11	11	8	37								
Total non-current liabilities	**3**	**2**	**2**	**146**	**197**	**51**	**37**								
Net assets	**17**	**46**	**43**	**853**	**689**	**635**	**2177**	**2180**	**2156**	**3**	**2**	**2**	**27**		

(₹ In Millions)

Summarised statement of profit & loss	**BAe-HAL Software Ltd**	**Snecma HAL Aerospace Private Ltd**	**SAMTEL HAL Display Systems Ltd**	**HAL Edgewood Technologies Pvt Ltd**	**HALBIT Avionics Pvt Ltd**	**Indo Russian Aviation Ltd**
	30-Sep-17	**30-Sep-17**	**30-Sep-17**	**30-Sep-17**	**30-Sep-17**	**30-Sep-17**
Revenue	73	373	6	46	20	550
Interest Income	2	1	12	-	2	31
Depreciation & amortisation	1	22	2	1	2	1
Interest expense	-	-	1	-	-	-
Income tax expense	37	11	-	6	-	58
Profit from continuing operations	**(60)**	**23**	**(8)**	**24**	**(4)**	**110**
Profit from dicontinued operations	-	-	-	-	-	-
Profit for the year	**(60)**	**23**	**(8)**	**24**	**(4)**	**110**
Other comprehensive income					1	
Total comprehensive income	**(60)**	**23**	**(8)**	**24**	**(3)**	**110**
Dividends declared (HAL share)						9

Reconciliation to carrying amounts	**BAe-HAL Software Ltd**	**Snecma HAL Aerospace Private Ltd**	**SAMTEL HAL Display Systems Ltd**	**HAL Edgewood Technologies Pvt Ltd**	**HALBIT Avionics Pvt Ltd**	**Indo Russian Aviation Ltd**
	30-Sep-17	**30-Sep-17**	**30-Sep-17**	**30-Sep-17**	**30-Sep-17**	**30-Sep-17**
Opening net assets	151	524	(24)	(61)	(24)	1,050
Share application money pending allotment relating to other JV Partner	-	-	-	(13)	-	-
Profit for the year	(60)	23	(8)	24	(4)	110
Other comprehensive income	-	-	-	-	1	-
Dividends paid	-	(6)	-	-	-	(23)
Appropriation	-	-	-	-	-	-
Share Capital issued	-	-	-	-	-	-
Closing net assets	**91**	**541**	**(32)**	**(50)**	**(27)**	**1,137**
	-	-	-	-	-	-
Group's share in %	49%	50%	40%	50%	50%	48%
Group's share in INR	45	271	(13)	(25)	(14)	546
Unrealised Gain/ Loss	-	-	-	-	-	(203)
Unrecognised Losses (Net of subsequent profits)	-	-	29	55	52	-
Provision for Dimunition	-	-	16	30	38	-
Goodwill	-	-	-	-	-	-
Carrying amount	45	271	-	-	-	343

(₹ In Millions)

Summarised statement of profit & loss	**INFOTECH HAL Ltd**	**HATSOFF Helicopter Training Pvt Ltd**	**TATA HAL Technologies Ltd**	**International Aerospace Manufacturing Pvt Ltd**	**Multirole Transport Aircraft Ltd.**	**Aerospace & Aviation Sector Skill Council(AASSC)**	**Helicopter Engines MRO Pvt Ltd**
	30-Sep-17	**30-Sep-17**	**30-Sep-17**	**30-Sep-17**	**30-Sep-17**	**30-Sep-17**	**30-Sep-17**
Revenue	29	201	36	939	-	1	1
Interest Income	-	5	-	1	33	1	-
Depreciation & amortisation	-	48	1	91	65	-	-
Interest expense	-	61	1	18	-	-	-
Income tax expense	1	-	-	31	10	-	-
Profit from continuing operations	**4**	**34**	**-**	**45**	**(57)**	**(4)**	**(14)**
Profit from dicontinued operations	-	-	-	-	-	-	-
Profit for the year	**4**	**34**	**-**	**45**	**(57)**	**(4)**	**(14)**
Other comprehensive income	-	(1)	-	(1)	-	-	-
Total comprehensive income	**4**	**33**	**-**	**44**	**(57)**	**(4)**	**(14)**
Dividends declared (HAL share)	-	-	-	**1**	-	-	-

Reconciliation to carrying amounts	**INFOTECH HAL Ltd**	**HATSOFF Helicopter Training Pvt Ltd**	**TATA HAL Technologies Ltd**	**International Aerospace Manufacturing Pvt Ltd**	**Multirole Transport Aircraft Ltd.**	**Aerospace & Aviation Sector Skill Council(AASSC)**	**Helicopter Engines MRO Pvt Ltd**
	30-Sep-17	**30-Sep-17**	**30-Sep-17**	**30-Sep-17**	**30-Sep-17**	**30-Sep-17**	**30-Sep-17**
Opening net assets	33	(338)	17	853	2,178	2	27
Share application money pending allotment	-	-	-	-	-	-	-
Profit for the year	4	34	-	45	(57)	(4)	(14)
Other comprehensive income	-	(1)	-	(1)	-	-	-
Dividends paid	-	-	-	(2)	-	-	-
Appropriation	-	-	-	-	-	4	-
Share Capital issued	-	-	-	-	-	-	-
Closing net assets	**37**	**(305)**	**17**	**895**	**2,121**	**2**	**13**
	-	-	-	-	-	-	-
Group's share in %	50%	50%	50%	50%	50%	50%	50%
Group's share in INR	19	(153)	8	448	1,061	1	7
Unrealised Gain/ Loss	-	-	-	(2)	-	-	-
Unrecognised Losses (Net of subsequent profits)	-	537	34	-	-	-	-
Provision for Dimunition	17	384	42	86	46	-	-
Goodwill	-	-	-	-	-	-	-
Carrying amount	**2**	**-**	**-**	**360**	**1,015**	**1**	**7**

(₹ In Millions)

	BAe-HAL Software Ltd			**Snecma HAL Aerospace Private Ltd**			**SAMTEL HAL Display Systems Ltd**			**HAL Edgewood Technologies Pvt Ltd**			**HALBIT Avionics Pvt Ltd**			**Indo Russian Aviation Ltd**		
Summarised statement of profit & loss	**31st March 17**	**31st March 16**	**31st March 15**	**31st March 17**	**31st March 16**	**31st March 15**	**31st March 17**	**31st March 16**	**31st March 15**	**31st March 17**	**31st March 16**	**31st March 15**	**31st March 17**	**31st March 16**	**31st March 15**	**31st March 17**	**31st March 16**	**31st March 15**
Revenue	211	218	237	738	695	589	157	419	151	11	9	14	75	121	235	1,179	870	1,227
Interest Income	6	7	8	2	2	2	-	-	-		-	-	5	9	9	63	66	56
Depreciation & amortisation	4	3	5	42	33	27	3	4	4	2	2	4	6	7	8	2	1	1
Interest expense				1	3	2	4	10	13	2	2	2						2
Income tax expense	2	7	1	43	35	35	13	-	7			5	2	8		109	93	102
Profit from continuing operations	**5**	**(21)**	**15**	**27**	**77**	**38**	**(38)**	**1**	**(20)**	**(8)**	**(12)**	**(16)**		**(63)**	**6**	**201**	**170**	**125**
Profit from dicontinued operations							-											
Profit for the year	**5**	**(21)**	**15**	**27**	**77**	**38**	**(38)**	**1**	**(20)**	**(8)**	**(12)**	**(16)**		**(63)**	**6**	**201**	**170**	**125**
Other comprehensive income	1	1	(1)	1		-	-						1					
Total comprehensive income	**6**	**(20)**	**14**	**28**	**77**	**38**	**(38)**	**1**	**(20)**	**(8)**	**(12)**	**(16)**	**1**	**(63)**	**6**	**201**	**170**	**125**
Dividends declared (HAL share)	1	4	4	5	2	2	-		-			-				20	14	12

(₹ In Millions)

Reconciliation to carrying amounts	BAe-HAL Software Ltd			Snecma HAL Aerospace Private Ltd			SAMTEL HAL Display Systems Ltd			HAL Edgewood Technologies Pvt Ltd			HALBIT Avionics Pvt Ltd			Indo Russian Aviation Ltd		
	31st March 17	**31st March 16**	**31st March 15**	**31st March 17**	**31st March 16**	**31st March 15**	**31st March 17**	**31st March 16**	**31st March 15**	**31st March 17**	**31st March 16**	**31st March 15**	**31st March 17**	**31st March 16**	**31st March 15**	**31st March 17**	**31st March 16**	**31st March 15**
Opening net assets	149	180	184	507	435	363	14	13	33	(53)	(41)	(25)	(25)	39	32	898	764	669
Share application money pending allotment relating to other JV Partner							-			(13)	(13)	(13)						
Profit for the year	5	(21)	12	27	77	38	(38)	1	(20)	(8)	(12)	(16)		(63)	7	201	170	125
Other comprehensive income	1	1	(1)				-		-									
Dividends paid	(4)	(11)	(11)	(11)	(5)	(5)	-									(49)	(35)	(29)
Appropriation			(4)			39	-										(1)	(1)
Share Capital issued							-											
Closing net assets	**151**	**149**	**180**	**523**	**507**	**435**	**(24)**	**14**	**13**	**(61)**	**(53)**	**(41)**	**(25)**	**(24)**	**39**	**1,050**	**898**	**764**
Group's share in %	49%	49%	49%	50%	50%	50%	40%	40%	40%	50%	50%	50%	50%	50%	50%	48%	48%	48%
Group's share in INR	74	73	88	262	254	218	(10)	6	5	(37)	(33)	(34)	(12)	(12)	20	504	431	367
Unrealised Gain/ Loss			(1)				-									(190)	(162)	(123)
Unrecognised Losses (Net of subsequent profits)							26	5		67	63	63	50	51	13			
Provision for Dimunition							16	10		30	30	30	38	38	32			
Goodwill							-											
Carrying amount	74	73	87	262	254	218	-	1	5			(1)		1	1	314	269	244

(₹ In Millions)

Summarised statement of profit & loss	INFOTECH HAL Ltd			HATSOFF Helicopter Training Pvt Ltd			TATA HAL Technologies Ltd			International Aerospace Manufacturing Pvt Ltd			Multirole Transport Aircraft Ltd.			Aerospace & Aviation Sector Skill Council(AASSC)			Helicopter Engines MRO Pvt Ltd		
	31st March 17	**31st March 16**	**31st March 15**	**31st March 17**	**31st March 16**	**31st March 15**	**31st March 17**	**31st March 16**	**31st March 15**	**31st March 17**	**31st March 16**	**31st March 15**	**31st March 17**	**31st March 16**	**31st March 15**	**31st March 17**	**31st March 16**	**31st March 15**	**31st March 17**	**31st March 16**	**31st March 15**
Revenue	66	61	60	376	184	262	51	94	127	1912	1,394	1,168	43	3	-			-			
Interest Income				6	1	-	-	1	0	1	2	2	69	70	47	2	1	-			
Depreciation & amortisation				97	98	105	2	4	5	194	196	163	48	1	1			-			
Interest expense				92	84	87	2	1	1	34	28	25						-			
Income tax expense	1						-	1		71	29	(19)	50	12	9			-			
Profit from continuing operations	**10**	**10**	**7**	**105**	**(79)**	**(111)**	**(29)**	**3**	**14**	**164**	**53**	**(3)**	**(1)**	**24**	**(128)**	**(7)**	**(1)**	**-**	**(12)**		
Profit from dicontinued operations																		-			
Profit for the year	**10**	**10**	**7**	**105**	**(79)**	**(111)**	**(29)**	**3**	**14**	**164**	**53**	**(3)**	**(1)**	**24**	**(128)**	**(7)**	**(1)**	**-**	**(12)**		
Other comprehensive income					1		-				1							-			
Total comprehensive income	**10**	**10**	**7**	**105**	**(78)**	**(111)**	**(29)**	**3**	**14**	**164**	**52**	**(3)**	**(1)**	**24**	**(128)**	**(7)**	**(1)**	**-**	**(12)**		
Dividends declared (HAL share)							-														

(₹ In Millions)

Reconciliation to carrying amounts	**INFOTECH HAL Ltd**			**HATSOFF Helicopter Training Pvt Ltd**			**TATA HAL Technologies Ltd**			**International Aerospace Manufacturing Pvt Ltd**			**Multirole Transport Aircraft Ltd.**			**Aerospace & Aviation Sector Skill Council(AASSC)**			**Helicopter Engines MRO Pvt Ltd**		
	31st March 17	**31st March 16**	**31st March 15**	**31st March 17**	**31st March 16**	**31st March 15**	**31st March 17**	**31st March 16**	**31st March 15**	**31st March 17**	**31st March 16**	**31st March 15**	**31st March 17**	**31st March 16**	**31st March 15**	**31st March 17**	**31st March 16**	**31st March 15**	**31st March 17**	**31st March 16**	**31st March 15**
Opening net assets	23	13	6	(443)	(364)	(253)	46	43	29	690	636	639	2179	2155	2283	3	2	2			
Share application money pending allotment	-	-		-	-		-	-		-	-		-	-		-	-		29		
Profit for the year	10	10	7	105	(79)	(111)	(29)	3	14	164	53	(3)	(1)	24	(128)	(7)	(1)	0	(12)		
Other comprehensive income	-	-		-	1		-	-		-	1		-	-		-	-		-		
Dividends paid	-	-		-			-	-		-	-		-	-		-	-		-		
Appropriation	-	-		-			-	-		-	-		-	-		7	2		-		
Share Capital issued	-	-		-			-	-		-	-		-	-		-	-		10		
Closing net assets	**33**	**23**	**13**	**(338)**	**(442)**	**(364)**	**17**	**46**	**43**	**854**	**690**	**636**	**2178**	**2179**	**2155**	**3**	**3**	**2**	**27**		**0**
							-									-	-				
Group's share in %	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Group's share in INR	17	12	7	(169)	(221)	(182)	8	23	22	427	345	318	1,089	1,090	1,078	1	1	1	13		-
Unrealised Gain/ Loss							-			(3)	(1)	(2)									
Unrecognised Losses (Net of subsequent profits)		5	10	553	605	566	34	13	15												
Provision for Dimunition	17	17	17	384	384	384	42	36	36	86	86		46	45							
Goodwill							-														
Carrying amount			-			-	-		-	338	258	316	1043	1045	1,078	1	1	1	13		-

8. Notes Specific to Joint Ventures

i. **In respect of HATSOFF Helicopter Training Private Limited** - Going Concern

Period Ended September 2017:

The Company has made a net profit of ₹ 33 Million during the half year ended 30th September 2017 and, as of that date, the Company's current liabilities exceeded its current assets by ₹ 769 Million. In addition to this, as at the Balance Sheet date, the Company has significant accumulated losses which have resulted in erosion of the net worth. The networth of the Company as at 30th September 2017 is negative by ₹ 305 Million (as at 31st March 2017 Rs. 338 Million) However, these financial statements have been prepared on a going concern basis, notwithstanding the above factors in view of the following:

1) The Company and CAE (who own 100% shares of the Company equally) have provided requisite funding on earlier occasions when the company needed the same.
2) The company along with the shareholders are presently pursuing several options with the company's bankers ,viz,. ICICI Bank for addressing the issues relating to the current classification of the loan account with them as Non Performing Asset (NPA). Further ICICI bank has the option to convert the loan into equity as per Facility Agreement if required and indicated to the company that they may exercise the option . The Company has paid ECB loan interest upto date and continues to service interest commitments regularly. Considering the promoters ability to fund the companies requirements and procure orders for execution, management is of the opinion that company is a going concern.

Period Ended March 2017 : The Company has made a net profit of ₹ 105 Million during the year ended 31st Mar 2017 and, as of that date, the Company's current liabilities exceeded its current assets. In addition to this, as at the Balance Sheet date, the Company has significant accumulated losses which have resulted in erosion of the net worth. The networth of the Company as at 31st March 2017 is negative by ₹ 338 Million (as at 31st March 2016 ₹ 443 Million) However, these financial statements have been prepared on a going concern basis, notwithstanding the above factors in view of the following: 1) The Company and CAE (who own 100% shares of the Company equally) have provided requisite funding on earlier occasions when the company needed the same.
2) The company along with the shareholders are presently pursuing several options with the company's bankers,viz,. ICICI Bank for addressing the issues relating to the current classification of the loan account with them as Non Performing Asset (NPA). Further ICICI bank has the option to convert the loan into equity as per Facility Agreement if required and indicated to the company that they may exercise the option. The Company has paid ECB loan interest upto date and continues to service interest commitments regularly. Considering the promoters ability to fund the companies requirements and procure orders for execution, management is of the opinion that company is a going concern.

ii. **In respect of HAL-Edgewood Private Limited**

(a) The working capital loans in the nature of demand loan and cash credit has been obtained from State Bank of India and is secured by charge on trade receivables and un encumbered stock of the Company. There were defaults in repayment of the loan pursuant to which the bank has classified the loan facility as non performing assets and has stopped charging interest to the loan accounts. The interest have been provided by placing reliance on the letter provided by the Bank upto financial year 2013-14. From financial year 2014-15 onwards the interest has been provided upto 31 December 2016 as per the rates stated in the sanction letter.

Further, the State Bank of India, Stressed Assets Recovery Branch has introduced a scheme for One Time Settlement of non- performing assets. Pursuant to such scheme, the Company was offered to pay an amount of ₹ 8 Million against the outstanding principal and interest amounts on or before 23 July 2017. The Company has made the payment of ₹ 2 Million during January and February 2017 and the balance amount of ₹ 6 million paid in July 2017 in accordance with the scheme of OTS.

(b) The amortisation of Intangible assets is done in accordance with Unit of Production Method. In the opinion of the management, the Company is confident of receiving Purchase order form its customers for further series upgrade for 154 OSAMC units of delivery of on existing order of 11 prototype OSAMC units to its customers and the intention of development of OSAMC units is to manufacture and deliver the series upgrade 154 OSAMC units to customers.

(c) The company's net worth is eroded (reported negative net worth of ₹ 36 Million as at 30th September 2017 and ₹ 61 Million as at 31st March 2017). The ability of the company to continue as a going concern is inter-alia dependant on the company's ability to infuse requisite funds for meeting its obligations, rescheduling of debt/ other liabilities. The financial statements are prepared on a going concern basis.

iii. **In respect of HALBIT Avionics Private Ltd** The Company has accumulated losses of for six months period ended as at September 30, 2017 are ₹ 103 Million and for the year ended as at March 31, 2017 were ₹ 100 Million (March 31, 2016 - ₹ 101 Million). Further the Company has loss of ₹ 3 Million for the six month period ended September 30, 2017 (pre tax profit of ₹. 2 Million for the year ended 31 March 2017).The Company's current liabilities exceed its current assets by ₹ 27 Million for period ended September 2017 and exceeded by ₹ 24 Million for period ended March 2017 (March 31, 2016 - ₹ 35 Million). However, based on the estimated future growth as per the business plans and projected cash flow, the Company is confident of funding its operating and Capital Expenditure and continue business operations in the foreseeable future. Accordingly, these financial statements have been prepared on a going concern basis.

iv. **In respect of TATA HAL Technologies Limited-Going Concern -**The Company's revenues has substantially reduced (compared to earlier years) and the Company has incurred losses in the year ended March 31,2017 and for the period ended September 30th, 2017.The Net worth of the Company was significantly eroded as at that date. These Financial statements have been prepared on a going concern basis, based on management's assessment of raising adequate finances for the company and expected cash flows from management's business plans and the continuing operational support expected to be received from the venturers of the Company, it would be able to realise its assets and meet all its obligations in the normal course of business. The ability of the Company to continue as a going concern is dependant on the successful outcome of the management's mitigation plans and continued operational support from the venturers

9. As per IND AS 37 relating to Provisions, Contingent Liability and Contingent Assets - the movement of provisions in the Books of Accounts is as follows:-

(₹ In Millions)

Nature of Provision	Opening Balance	Provision made during the period Ended September 2017	Utilisation during the period Ended Sepember 2017	Reversal made during the period Ended September 2017	Closing Balance
Provision for Replacement and Other Charges	8,869	592	567	38	8,856
Provision for Warranty Charges	5,389	367	400	735	4,621
Provision for Redundancy in Raw Material and Components, Stores and Spares, Construction Material and Loose Tools	7,008	228	-	211	7,025
Provision for Liquidated Damages	12,850	894	1,262	-	12,482
Provision for Doubtful Debts	1,425	221	-	23	1,623
Provision for Claims	1,387	1,219	-	-	2,606
Impairment in value of Investments	658	-	-	-	658

Nature of Provision	Opening Balance	Provision made during the period Ended September 2017	Utilisation during the period Ended Sepember 2017	Reversal made during the period Ended September 2017	Closing Balance
Provision for Onerous contract	11,047	-	-	-	11,047

(₹ In Millions)

Nature of Provision	Opening Balance	Provision made during the year	Utilisation during the year	Reversal during the year	Closing Balance
Provision for Replacement and Other Charges-2017	9,581	2,422	2,271	863	8,869
Provision for Replacement and Other Charges-2016	(6,628)	(3,232)	(255)	(24)	(9,581)
Provision for Replacement and Other Charges-2015	(5,017)	(955)	(2)	658	(6,628)
Provision for Warranty Charges-2017	6,603	839	415	1,638	5,389
Provision for Warranty Charges-2016	(6,145)	(1,501)	(437)	(604)	(6,603)
Provision for Warranty Charges-2015	(5,153)	(1,626)	(287)	(347)	(6,145)
Provision for Redundancy in Raw Material and Components, Stores and Spares, Construction Material and Loose Tools-2017	6,187	1,001	-	180	7,008
Provision for Redundancy in Raw Material and Components, Stores and Spares, Construction Material and Loose Tools-2016	(6,013)	(734)	-	(560)	(6,187)
Provision for Redundancy in Raw Material and Components, Stores and Spares, Construction Material and Loose Tools-2015	(5,045)	(971)	-	(3)	(6,013)
Provision for Liquidated Damages-2017	15,073	3,088	5,310	-	12,851
Provision for Liquidated Damages-2016	(15,972)	(3,499)	(4,398)	-	(15,073)
Provision for Liquidated Damages-2015	(12,283)	(7,361)	(3,670)	(2)	(15,972)
Provision for Doubtful Debts-2017	1,106	453	3	131	1,425
Provision for Doubtful Debts-2016	(116)	(990)	-	-	(1,106)
Provision for Doubtful Debts-2015	(131)	(1)		(16)	(116)
Provision for Claims-2017	1,190	304	24	82	1,388
Provision for Claims-2016	(787)	(409)	-	(6)	(1,190)
Provision for Claims-2015	(882)	(11)	(97)	(9)	(787)
Impairment in value of Investments-	646	12	-	-	659

Nature of Provision	Opening Balance	Provision made during the year	Utilisation during the year	Reversal during the year	Closing Balance
2017					
Impairment in value of Investments-2016	(499)	(147)	-	-	(646)
Impairment in value of Investments-2015	(499)	-		-	(499)
Provision for Onerous contract-2017	11,047	-	-	-	11,047
Provision for Onerous contract-2016	(11,047)	-	-	-	(11,047)
Provision for Onerous contract-2015	-	(11,047)			(11,047)

a. Provision for replacement and other charges represents, amounts towards expenditure incurred from the date of Signalling Out Certificate (SOC) to date of ferry out, loan

b. Warranty represents Performance Warranty for manufacture, repair and overhaul of Aircraft / Helicopters/ Engines / Rotables, supply of spares and development activities etc

c. Provision for Redundancy in Raw Material and Components, Stores and Spares, Construction Material and Loose Tools represents provision on redundancy of such materials, completed / specific projects and other surplus / redundant materials pending transfer to salvage stores etc.,

d. Provision for Liquidated Damages represents amounts provided for the period of delay between the due date of supply of the Goods / rendering of services as per delivery schedule and the expected Date of delivery of said Goods / rendering of service in respect of manufacture / repair and overhaul of Aircraft / Helicopters/ Engines / Rotables, supply of spares and development activities etc.

e. Provision for Doubtful Debts represents provision made on expected credit losses

f. Provision for doubtful claims represents provision on expected credit losses.

g. Impairment in value of investment represents reduction in the share of net worth below investment.

h. Provision for Onerous contract has been recognised as the cost of meeting obligations is over and above the economic benefits expected to be received under it.

(₹In Millions)

Particulars	Six Month Period Ended	Year Ended		
	September 2017	**2016-17**	**2015-16**	**2014-15 (Proforma)**
Provisions for the material foreseeable losses on long-term contracts has been made in the respective financial statements of the Joint ventures as listed below:				
HALBIT Avionics Private Limited	3	3	3	3

10. Age-wise Analysis of Trade Receivables:-

(₹In Millions)

Period Outstanding	As At			
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
0-1 year	29,389	30,270	29,893	37,772
1-2 years	8,119	5,872	10,392	14,913
2-3 years	3,217	4,053	4,849	5,039
more than 3 years	1,926	2,010	3,235	2,785
Total	**42,651**	**42,205**	**48,369**	**60,509**

11. Disclosure relating to Ind AS- 17 (Leases)

Particulars	30-Sep-17			31-Mar-17
	HAL	Subsidiary	Total	HAL
The Company has various operating leases for office facilities, residential premises for employees etc., that are renewable on a periodic basis. Rental expenses for the leases recognised in the statement of Profit and Loss during the year is	72	0	72	154

The subsidiary was incorporated on 29.12.2016

12. **Specified Banking Note :** During the year, the Company had Specified Bank Notes (SBN's) or other denomination notes as defined in the MCA notification G.S.R 308 (e) dated 31st March 2017. Details of SBN held and transacted during the period from 8th November, 2016 to 30th December, 2016, the denomination wise SBN's and other notes as per the notification are as follows :

(₹In Millions)

Particulars	Total-HAL			Total-Joint Ventures		
	SBNs	Other Denomination Notes	Total	SBNs	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016	50.9	38.4	89.3	0.2	0.1	0.3
(+) Permitted Receipts	0.2	153.3	153.5	0.1	0.8	0.9
(+) Amount Withdrawn from Banks				-	0.1	0.1
(-) Permitted Payments	0.0	129.8	129.8	0.2	0.8	1.0
(-) Amount Deposited in Banks	51.1	60.8	111.9	0.1	-	0.1
Closing cash in hand as on 30.12.2016	(0.0)	1.1	1.1	0.0	0.2	0.2

The subsidiary was incorporated on 29.12.2016

As per our Report attached

for M/s. S. Venkatram & Co.,
Chartered Accountants
Firm Regn. No.004656S

(C.V. Ramana Rao)
Director (Finance)
& CFO

(T. SUVARNA RAJU)
Chairman & Managing
Director

(S. Venkataramani)
Partner
Membership No. 015700
Place:Bangalore
Date: 05th March 2018

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

PART B

Consolidated Financials under Indian GAAP (2013-14, 2012-13)

ANNEXURE - I

SUMMARY STATEMENT OF CONSOLIDATED ASSETS AND LIABILITIES, AS RESTATED, UNDER IGAAP

(₹ In Millions)

Particulars	Annexures	As At	
		31st March 2014	31st March 2013
(1) Shareholders' Funds			
(a) Share Capital	V	4,820	1,205
(b) Reserves and Surplus	VI	140,036	128,209
(c) Money Received Against Share Warrants		-	-
Sub Total		**144,856**	**129,414**
(2) Share Application Money Pending Allotment		-	-
(3) Non-Current Liabilities			
(a) Long-Term Borrowings	VII	1,350	1,251
(b) Deferred Tax Liabilities (Net)		16,765	15,648
(c) Other Long Term Liabilities	VIII	62,217	65,362
(d) Long Term Provisions	IX	4,878	5,037
Sub Total		**85,210**	**87,298**
(4) Current Liabilities			
(a) Short Term Borrowings	X	7,061	156
(b) Trade payables		-	-
Micro, Small and Medium Enterprise		180	142
Other Than Micro, Small and Medium Enterprise		21,191	20,731
Sub Total- Trade payables	XI	21,371	20,873
(c) Other Current Liabilities	XII	349,887	312,184
(d) Short Term Provisions	XIII	31,639	27,506
Sub Total		**409,958**	**360,719**
Total I (1+2+3+4)		**640,024**	**577,431**
II. Assets			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	XIV		
Gross Block		89,087	81,892
Less: Accumulated Depreciation		36,885	32,657
Net Block		**52,202**	**49,235**
(ii) Intangible Assets (Incl Asset Under Development)	XV		
Gross Carrying Amount		38,023	35,246
Less: Cumulative Amortisation & Impairment Loss		15,925	13,966
Net Carrying Amount		**22,098**	**21,280**
(iii) Capital Work-In-Progress	XVI	2,016	1,218
(b) Non-Current Investments	XVII	5,322	5,174
(c) Long Term Loans and Advances	XVIII	1,601	1,610
(d) Other Non-Current Assets	XIX	10,497	71,041
Sub Total		**93,736**	**149,558**
(2) Current Assets			
(a) Current Investments		-	-
(a) Inventories	XX	223,733	178,348
(b) Trade Receivables	XXI	69,232	55,159
(c) Cash and Bank Balances	XXII	170,356	134,773
(d) Short Term Loans and Advances	XXIII	49,964	46,335

Particulars	**Annexures**	**As At**	
		31st March 2014	**31st March 2013**
(e) Other Current Assets	XXIV	33,003	13,258
Sub Total		**546,288**	**427,873**
Total II(1+2)		**640,024**	**577,431**

Notes:

(i) The above statement should be read with SignificantAccounting Policies under IGAAP and Notes forming Part of restated consolidated financial information appearing in Annexure IV and Annexure XXXIX

(ii) The accompanying accounting policies and notes forms an integral part of these statements.

(iii) The previous year figures have been regrouped/reclassified/rearranged wherever it is necessary.

As per our Report attached

for M/s. S. Venkatram & Co.,
Chartered Accountants
Firm Regn. No.004656S

(C.V. Ramana Rao)
Director (Finance)
& CFO

(T. SUVARNA RAJU)
Chairman & Managing
Director

(S. Venkataramani)
Partner
Membership No. 015700
Place:Bangalore
Date:05th March 2018

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

ANNEXURE II

SUMMARY STATEMENT OF CONSOLIDATED PROFIT AND LOSS, AS RESTATED,UNDER IGAAP

(₹ In Millions)

	Particulars	Annexures	For The Year Ended	
			31st March 2014	31st March 2013
I	**Revenue**			
	Revenue from operations	XXV	152,921	152,303
	Less: Excise Duty		19	27
	Net Revenue from operations		152,902	152,276
II	Other income	XXVI	20,374	19,938
III	**Total Revenue**		**173,276**	**172,214**
IV	**Expenses**			
	Cost of Materials Consumed	XXVII	84,578	69,470
	Purchase of Stock-in-Trade		7,892	11,303
	Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	XXVIII	(7,907)	(327)
	Employee Benefits Expenses	XXIX	26,890	24,475
	Finance costs	XXX	65	119
	Depreciation and Amortization expenses	XXXI	6,198	6,010
	Other Expenses	XXXII	10,563	10,176
	Direct Input to WIP / Expenses Capitalised	XXXIII	5,290	14,005
	Provisions	XXXIV	6,473	1,979
	Total Gross Expenses		**140,042**	**137,210**
	Add / Deduct: Expenses relating to Capital and Other Accounts	XXXV	(3,273)	(2,501)
	Total Net Expense (IV)		**136,769**	**134,709**
V	**Profit before exceptional and extraordinary items and tax (III - IV)**		**36,507**	**37,505**
VI	Exceptional items		(9)	**-**
VII	**Profit Before Extraordinary Items and Tax (V-VI)**		**36,516**	**37,505**
VIII	Extraordinary Items		**-**	**-**
IX	**Restated Profit before tax (VII - VIII)**		**36,516**	**37,505**
X	**Tax expense**			
	Current tax		10,188	7,590
	Minimum Alternate Tax Credit Entitlement		(201)	(3,143)
	Deferred tax		1,118	886
	Total tax expense		**11,105**	**5,333**
XI	**Profit / (Loss) for the period from Continuing Operations (IX - X)**		**25,411**	**32,172**
XII	Profit/(Loss) from Discontinuing Operations		**-**	**-**
XIII	Tax expense of Discontinuing Operations		**-**	**-**

	Particulars	**Annexures**	**For The Year Ended**	
			31st March 2014	**31st March 2013**
XIV	Profit/(Loss) from Discontinuing Operations (After Tax) **(XII - XIII)**		**-**	**-**
XV	**Restated Profit after tax (XI + XIV)**		**25,411**	**32,172**
VIII	**Earnings per equity share (EPS) of ₹ 10 each**			
	Basic and Diluted EPS (Adjusted)(₹)		**53**	**67**

Notes:

(i) The above statement should be read with Significant Accounting Policies under IGAAP and Notes forming Part of restated consolidated financial information appearing in Annexure IV and Annexure XXXIX.

(ii) The above Summary Statement of Profit and Loss has been restated as per the material adjustments note (refer Note 2.1, appearing in Annexure XXXIX)

(iii) The accompanying accounting policies and notes are an integral part of these statements.

(iv) The previous year figures are regrouped / reclassified / rearranged wherever it is necessary.

As per our Report attached

for M/s. S. Venkatram & Co.,
Chartered Accountants
Firm Regn. No.004656S

(C.V. Ramana Rao)
Director (Finance) & CFO

(T. SUVARNA RAJU)
Chairman & Managing Director

(S. Venkataramani)
Partner
Membership No. 015700
Place:Bangalore
Date: 05th March 2018

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

ANNEXURE – III

STATEMENT OF CONSOLIDATED CASH FLOWS, AS RESTATED, UNDER IGAAP

(₹In Millions)

Sl. No.	Particulars	For The Year Ended	
		31st March 2014	31st March 2013
I.	**Net Profit Before Tax (Restated)**	**36,507**	**37,505**
	Adjustment To Reconcile Net Income To Net Cash		
	Providing by Operating Activities:		
	Depreciation and Amortisation Expense	6,198	6,010
	Provision for Diminution in Value of Investment	499	-
	Interest Paid	65	119
	Utilization of CSR & SD Reserve	(148)	(185)
	Profit On Sale of Fixed Assets	4	(81)
	Interest Received - Net of Interest Liability to Customer	(20,351)	(23,102)
	Dividend Received	(19)	(9)
	Sub Total	**(13,752)**	**(17,248)**
	Operating Profit Before Working Capital Changes	**22,755**	**20,257**
	Adjustment For Changes In Operating Assets And Liabilities:		
	Trade Receivables, Loans and Advances	18,463	(84,697)
	Inventories	(44,322)	(19,858)
	Trade Payables, Current Liabilities and Provisions	39,111	7,313
	Other Bank Balances	20,740	(77,931)
	Sub Total	**33,992**	**(175,173)**
	Cash Generated From Operations	**56,747**	**(154,916)**
	Direct Tax Paid	(6,133)	(10,460)
	Exceptional & Extraordinary Items	9	-
	Net Cash Provided By (used in) Operating Activities (a)	**50,623**	**(165,376)**
II.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase Of Fixed Assets	(7,916)	(7,160)
	Sale Of Fixed Assets	20	234
	Purchase of Intangible assets	(2,777)	(3,107)
	Sale of Intangible assets	-	-
	Interest Received - Net Of Interest Liability To Customer	20,351	23,102
	Dividend Received	19	9
	Investments in Joint Ventures	(352)	(1,021)
	Purchase/Sale of Other Non-Current Investments	(148)	(722)
	Net Cash Provided By (used in) Investing Activities (b)	**9,197**	**11,335**
III.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from Issue of Shares	-	1,327
	Proceeds From Short Term Loans	6,905	119
	Proceeds/(Repayment)-Deletion of Shares	-	-
	Buyback of Shares	-	-
	Proceeds from Issue of Shares	-	-
	Repayment of Deferred Liabilities – Net	(3)	(3)
	Increase / (Decrease) of Unsecured Loans	102	130
	Interest Paid	(65)	(119)
	Dividend Paid	(10,435)	(10,355)
	Net Cash Provided By (used in) Financing Activities (c)	**(3,497)**	**(8,900)**
	Abstract :		
I.	Net Cash Provided By Operating Activities (a)	50,623	(165,376)
II.	Net Cash Provided By (used in) Investing Activities (b)	9,197	11,335

Sl. No.	Particulars	For The Year Ended	
		31st March 2014	**31st March 2013**
III.	Net Cash Provided By Financing Activities (c)	(3,497)	(8,900)
	Net Increase In Cash And Cash Equivalents During The Year/Period	**56,323**	**(162,941)**
	Cash And Cash Equivalents At Beginning Of The Year /Period	56,379	219,320
	Cash And Cash Equivalents At The End Of The Year /Period	112,702	56,379
	Net Increase In Cash And Cash Equivalents During The Year/Period	**56,323**	**(162,941)**

Notes:

(i) Cash and Cash Equivalents include Short Term Deposits with Banks and Financial Institutions.
(ii) The previous year figures are regrouped / reclassified / rearranged wherever it is necessary.
(iii) Cash and Cash Equivalents are available fully for use.
(iv) Purchase of Fixed Assets are stated inclusive of movement in Capital Work in Progress between the beginning and end of the period
(v) The Cash Flow Statement has been prepared under the ‘Indirect method’ as set out in Accounting Standard – 3 (Revised) on Cash Flow Statements as notified by Companies (Accounting Standards) Rules, 2006.
(vi) The above statement should be read with Significant Accounting Policies under IGAAP and Notes forming Part of restated consolidated financial information appearing in Annexure IV and Annexure XXXIX
(vii) The accompanying Accounting Policies and notes are an integral part of these statements.

As per our Report attached

for M/s. S. Venkatram & Co.,
Chartered Accountants
Firm Regn. No.004656S

(C.V. Ramana Rao)
Director (Finance)
& CFO

(T. SUVARNA RAJU)
Chairman & Managing
Director

(S. Venkataramani)
Partner
Membership No. 015700
Place:Bangalore
Date: 05th March 2018

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

ANNEXURE IV

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND PRINCIPLES OF CONSOLIDATION UNDER IGAAP

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A. Significant accounting Policies

1. BASIS OF ACCOUNTING

The financial statements are prepared on accrual basis of accounting at historical cost convention to comply in all material aspects in accordance with Generally Accepted Accounting Principles in India, the relevant provisions of the Companies Act, 1956 including Accounting Standards notified under Companies (Accounting Standard) Rules 2006, 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 capitalized 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 capitalized 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 capitalized 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 realizable value, where the amounts involved are material and the depreciation on such assets is calculated on a pro-rata basis from the date of such addition or, the case may be, upto the date on which such asset has been discarded, demolished or destroyed (i). The entire excess / deficit of sale proceeds over the net book value of Fixed Assets is transferred to the Statement of Profit and Loss.

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

2.6 Cost of the initial pack of Spares procured with Plant, Machinery and Equipment is capitalized 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.

(i) Substituted for “depreciation provided till the end of the month preceding the month in which they are disposed off” from FY 2014-15

4. **TOOLS AND EQUIPMENT**

Expenditure on special purpose tools, jigs and fixtures including those specific to projects / products is initially capitalized for amortization over production on technical assessment and to the extent not amortized is carried forward as [(ii)] Tangible Assets. 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.

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5. **INTANGIBLE ASSETS** [(iii)]

5.1 Research and Development Expenditure

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

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

5.2 Expenditure on license 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 amortized 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 recognized as an intangible asset in the Books of Account and is amortized over a period not exceeding three years, on straight line method. Amortization commences when the asset is available for use.

6. **DEFERRED DEBTS :**

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

7. **SUNDRY DEBTORS**

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

8. **INVENTORY**

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

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

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

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

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

(ii)-Inserted from FY 2015-16 . Prior to substitution of “Intangible Assets” it is read as “Non Current Assets” (iii)-Inserted from FY 2015-16 . Prior to substitution of “Intangible Assets” it is read as “Non Current Assets-Intangible Assets/Other Non- Current Assets

9. SALES

9.1 Manufacturing, Repair and Overhaul / Spares Sale

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

- Acceptance by the buyer's Inspector, by way of signaling out certificate, in the case of the manufacture or repair and overhaul of aircraft and helicopters.

- For other deliverables like spares, site repairs, Cat 'B' repair servicing etc., sales are set up based on acceptance by the buyer's inspection agency or as agreed to by the buyer.

- Sales are set up based on prices agreed with the customers. Where the prices are yet to be agreed with the customer, sales are set up on provisional basis.

9.2 Development Sales

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

10 EMPLOYEE BENEFITS

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

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

11 DEPRECIATION

Depreciation on Fixed Assets is charged on straight line method. The rates of depreciation on assets acquired on or prior to 1.4.1989 are on the basis of estimated life. The rates of depreciation are as prescribed in Sch.XIV to the Companies Act, 1956 for assets capitalized after 1.4.1989 (except for assets separately listed in Notes to Accounts). 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 ₹ 0.01 Million and below are depreciated fully in the year of purchase

12 FOREIGN CURRENCY TRANSACTION

Assets and Liabilities are restated 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.

(iv)- From FY 2015-16, substitured with "Provision for earned leave and providend fund is made on the basis of actuarial valuation "

13 CLAIMS BY / AGAINST THE COMPANY

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

Claims for Liquidated damages by / against the Company are 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 to accounts.

14 WARRANTY

Provision for warranty is made at the time of setting up of sales for manufactured / overhauled aircraft / helicopters/ engines / rotables / accessories and supply of spares within the frame work of the conditions agreed with the customers.

Incurrence of Expenditure:

Expenditure incurred against work order towards warranty is charged to revenue and corresponding provision is withdrawn.

Withdrawal of un-utilized Warranty Provisions:

For Defence Customers:

- For manufacturing programme, the un-utilized provision is withdrawn only after the expiry of warranty liability for all the aircraft / helicopters / engines covered under the respective contract.
- For Overhaul programme, the un-utilized provision is withdrawn on expiry of warranty liability for each aircraft / Helicopters / engine / rotables.
- For supply of Spares (only for own fabricated spares), the un-utilized provision is withdrawn on expiry of warranty liability for each spare as per respective customer's order.

For Non- Defence Customers:

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

B.)Principles Of Consolidation

1. The Consolidated Financial Statements (CFS) of Hindustan Aeronautics Limited (HAL) and its Joint Ventures are prepared in accordance with Accounting Standard (AS) – 27 on "Financial reporting of interest in Joint Ventures" issued by the Institute of Chartered Accountants of India (ICAI) and are presented to the extent possible in the same manner as the HAL's separate financial statement.

2. Interest in Joint Venture has been accounted by using the proportionate consolidation method on line-by-line basis on items of assets, liabilities, income, expenses after fully eliminating unrealized profits in intra-group transactions as per AS – 27.

3. The excess of cost of HAL's investments in its Jointly Controlled Entities (JCEs), over the JCEs Net Assets is recognized as Goodwill and the case of vice-versa as Capital Reserve.

4. As Shareholders' Agreements entered by HAL relating to all the JCEs clearly specifies the intent of HAL to subscribe and hold the specified percentage of the equity from the beginning, no pre-acquisition profits/losses arose on consolidation.

5. Capital reserve on Consolidation represents the difference in the carrying costs (net of diminution) of the respective investment and its original cost.

6. In respect of assets purchased by HAL from the profit-making JCEs and not sold by HAL, the proportionate value of the profit of JCEs is eliminated.

7. To the extent possible, the CFS are prepared using uniform accounting policies for like transactions and other events in similar circumstance and are presented in the same manner as the HAL's financial statements. The effect of changes due to the non-uniform accounting policies of the JCE's with that of HAL are adjusted: (i) in the Statement of Profit and Loss; and (ii) with Reserves and Surplus to the extent it relates to the earlier years

8. No adjustments have been made in respect of claims recognized by JCEs but disputed by HAL as set-off of assets and liabilities is recommended in AS-27 only in cases where there is a legal right to set-off.

9. Disclosure with respect to related party transactions entered into by the JCEs (as required by AS-18) has been made only in respect of transactions entered by the JCEs with other related parties (other than HAL). In respect of contingent liabilities and commitments proportionate share of HAL and others entire amount as shown by JCEs has been considered for disclosure.

10. The figures of previous year have been considered based on audited financial statements received.
11. The figures in respect of Joint Ventures have been regrouped wherever necessary and disclosed in Million

The list of Joint Control Entities included in the consolidated financial statements is as under:-

Name of the Jointly Controlled Entities*	Nature of Business	Participating Interest (in %)	
		31st March 2014	31st March 2013
International Aerospace Manufacturing Private Limited (IAMPL)	Manufacturing of compressed rings, turbine blades.	50%	50%
BAeHAL Software Limited (BAeHAL)	Develop, Improve, Market, Sell, Lease or Loaning of Computer Softwares	49%	49%
Snecma HAL Aerospace Private Limited (SNECMA)	Produce Engine Parts & Components	50%	50%
SAMTEL HAL Display Systems Limited (SAMTEL)	Design, Develop & Manufacture of various types of display systems for airbone, military & Ground Applications.	40%	40%
Infotech HAL Limited (INFOTECH)	Engineering Services work in aero engines field, Technical Publications, Works from OEM.	50%	50%
HAL-Edgewood Technologies Private Limited (HAL-EDGEWOOD)	Hi-tech aerospace & Defence Product Design, Development, manufacturing & Technology Transfer.	50%	50%
HALBIT Avionics Private Limited (HALBIT)	Design, Develop, Market & Support (Operations & Maintenance) Products. *Provide support and maintenance services	50%	50%
Indo-Russian Aviation Limited (IRAL)	Overhaul & Repair of Aircraft, Engines	48%	48%
HATSOFF Helicopter Training Private Limited(HATSOFF)	Military & Civil Helicopter Pilot Training Services, Marketing about Training Services	50%	50%
TATA HAL Technologies Limited(TATA-HAL)	Provide Engineering & Design Solutions	50%	50%

Name of the Jointly Controlled Entities*	Nature of Business	Participating Interest (in %)	
		31st March 2014	31st March 2013
	Leveraging the strength of parties.		
Multi Role Transport Aircraft Limited(MTAL)	Preliminary & Detail Design of MTA MTA Prototypes Prod. *Factory Testing of MTA *Flight Aircraft Tests of MTA	50%	50%
Aerospace Aviation and Sectors Skill Council(AASSC)	Research and aggregate skill requirements of the aviation and aerospace industry	-	-

ANNEXURE – V

STATEMENT OF SHARE CAPITAL, UNDER IGAAP

(₹In Millions)

Particulars	As at	
	31st March 2014	31st March 2013
Authorised Capital 600,000,000 Equity Shares of ₹10 each	6,000	1,600
Issued, Subscribed and Fully Paid up 482,000,000 (PY 120,500,000) Equity Shares of ₹ 10 each fully paid up	4,820	1,205
Subscribed and not Fully Paid up		
Par Value per Share (₹ per share)	10	10
Reconciliation of the Number of Shares Outstanding at the beginning and at the end of the Reporting period		
Opening Equity Shares (Nos.)	120,500,000	120,500,000
Add: Shares Issued (Nos.)	361,500,000	-
Less: Shares Bought Back (Nos.)	-	-
Closing Equity Shares (Nos.)	482,000,000	120,500,000
Shares in the Company held by each Shareholder holding more than 5 percent shares specifying the number of Shares held	President of India and Nominees holds the entire 482,000,000 shares	President of India and Nominees holds the entire 120,500,000 shares

Terms/Rights attached to Equity Shares :

The Company has one (1) class of shares i.e, Equity Shares
The Equity shares rank Parri Passu in all respects including right to Dividend, Issue of New Shares, Voting Rights and in the Assets of the Company in the event of Liquidation. Entire Capital is held by President of India and Nominees

The Company has issued 361,500,000 equity shares of ₹10 each to the existing shareholders as fully paidup Bonus Shares by Capitalisation of General Reserve of ₹3,615 Million vide resolution passed at EGM held on 07th February 2014.

ANNEXURE – VI

STATEMENT OF CONSOLIDATED RESERVE AND SURPLUS, AS RESTATED,UNDER IGAAP

(₹ In Millions)

Particulars	**As At**	
	31st March 2014	**31st March 2013**
Capital Reserves	**-**	**-**
Opening Balance	**-**	**-**
Add: Current Year Transfer	**-**	**-**
Add: Grant Received	**-**	**-**
Add Created on Account of Consolidation	499	**-**
Less: Written Back in Current Year	**-**	**-**
Closing Balance	**499**	**-**
Revaluation Reserve / Hedge Fluctuation Reserve / FCTR	**-**	**-**
Opening Balance	(109)	(112)
Add: Current Year Transfer	121	3
Less: Written Back in Current Year	(7)	-
Closing Balance	**5**	**(109)**
Capital Redemption Reserve	**-**	**-**
Opening Balance	-	-
Add: Current Year Transfer	-	-
Less: Written Back in Current Year	-	-
Closing Balance	**-**	**-**
Depreciation resreve	**-**	**-**
Opening Balance	-	-
Add: Current Year Transfer	-	-
Less: Written Back in Current Year	-	-
Closing Balance	-	-
Research & Development Reserve	**-**	**-**
Opening Balance	-	-
Add: Current Year Transfer	1,167	-
Less: Written Back in Current Year	-	-
Closing Balance	**1,167**	**-**
CSR Reserve	**-**	**-**
Opening Balance	-	-
Add: Current Year Transfer	420	-
Less: Written Back in Current Year	148	-
Closing Balance	**272**	**-**
General Reserve As per last Balance Sheet	128,776	105,977
(+/-) Surplus Transferred from restated Statement of Profit and Loss	13,552	22,799
Less:Withdrawn towards issue of Bonus Shares	3,615	-
Add: Transfer from CSR Reserves	-	-
Add: Transfer fromR&D Reserve	-	-
Closing Balance	**138,713**	**128,776**
	-	-
Surplus in Statement of Profit and Loss	(458)	(243)
Add: Restated Net Profit / (Net Loss) for the Current Year	25,411	32,172
Add: Transfer from General Reserve	-	-
Less: Appropriations / Allocations	-	-

Particulars	**As At**	
	31st March 2014	**31st March 2013**
Depreciation Reserve	-	-
Interim Dividend	8,900	8,237
Proposed Final Dividend	18	13
Transfer to R&D Reserve	1,167	-
Transfer to CSR Reserve	420	-
Tax on Dividend (Interim and Final)	1,516	1,338
Total Appropriations	**(12,021)**	**(9,588)**
Less Transferred To General Reserve	13,552	22,799
Closing Balance	**(620)**	**(458)**
Reserve & Surplus	**140,036**	**128,209**

Notes:

The figures disclosed above are based on the Summary Statement Of Consolidated Assets and Liabilities, As Restated, of the Company.

The Company has issued 3615,00,000 equity shares of ₹10 each to the existing shareholders as fully paidup Bonus Shares by Capitalisation of General Reserve of ₹3,615 Million vide resolution passed at EGM held on 07thFebruary 2014

ANNEXURE – VII

STATEMENT OF CONSOLIDATED LONG-TERM BORROWINGS, AS RESTATED,UNDER IGAAP

(₹In Millions)

Particulars	**As at**	
	31st March 2014	**31st March 2013**
A. Secured Long Term Borrowings (Term Loans from bank):	1,299	1,203
Sub-total (A)	**1,299**	**1,203**
B. Unsecured Long Term Borrowings:	-	-
Deferred Liabilities	-	-
Towards:	-	-
10/15 Years	12	12
45 Years	33	36
Loans and Advance from Related Parties	6	-
Sub-total (B)	**51**	**48**
Total (A + B)	**1,350**	**1,251**

Notes:
The figures disclosed above are based on the Summary Statement of Consolidated Assets and Liabilities, As Restated, of the Company.

ANNEXURE – VIII

STATEMENT OF CONSOLIDATED OTHER LONG TERM LIABILITIES, AS RESTATED,UNDER IGAAP

(₹ In Millions)

Particulars	**As at**	
	31st March 2014	**31st March 2013**
Trade Payables	-	-
Micro, Small and Medium Enterprises	-	-
Other than Micro and Small Enterprises	173	187
Acceptances	-	-
Interest Accrued on Trade Payables	-	-
Outstanding Advances from Customers	-	-
- Interest bearing	-	-
- Defence	12,919	9,513
- Others	-	-
Outstanding Milestone Receipts	-	-
- Defence	39,043	44,496
- Others	29	22
Dues to Employees	-	1
Interest Accrued but not due on Deferred Liabilities	-	-
Other Liabilities	10,053	11,143
TOTAL	**62,217**	**65,362**

Notes:

The figures disclosed above are based on Summary Statement Of Consolidated Assets and Liabilities, As Restated, of the Company.

ANNEXURE – IX

STATEMENT OF CONSOLIDATED LONG TERM PROVISIONS, AS RESTATED,UNDER IGAAP

(₹ In Millions)

Particulars	**As at**	
	31st March 2014	**31st March 2013**
A. Provisions for Employee Benefits		
Gratuity	8	5
Vacation Leave	2,901	2,665
Others	3	2
Sub-total (A)	**2,912**	**2,672**
B. Others		
Taxation (Net)	0	-
Replacement and Other Charges	962	1,030
Warranty	1,000	1,274
Liquidated Damages	-	58
Other Provisions	4	3
Sub-total (B)	**1,966**	**2,365**
Total (A + B)	**4,878**	**5,037**

Notes:

The figures disclosed above are based on the Summary Statement Of Consolidated Assets and Liabilities, As Restated, of the Company.

ANNEXURE – X

STATEMENT OF SHORT TERM BORROWINGS, AS RESTATED, UNDER IGAAP

(₹ In Millions)

Particulars	As at	
	31st March 2014	31st March 2013
A. Secured Long Term Borrowings:	**-**	**-**
Loans Repayable on Demand	**-**	**-**
(i) From Banks	7,024	37
(ii) From Others	-	-
Sub-total (A)	**7,024**	**37**
B. Unsecured Long Term Borrowings:		
a) Loans Repayable on Demand	37	119
Sub-total (B)	**-**	**-**
Total (A + B)	**7,061**	**156**

Notes:

The figures disclosed above are based on the Summary Statement Of Consolidated Assets and Liabilities, As Restated, of the Company.

ANNEXURE – XI

STATEMENT OF CONSOLIDATED TRADE PAYABLES, AS RESTATED, UNDER IGAAP

(₹ In Millions)

Particulars	**As at**	
	31st March 2014	**31st March 2013**
Trade Payables		
Micro and Small Enterprises	180	142
Other than Micro and Small Enterprises	21,191	20,731
Acceptances	-	-
Interest Accrued on Trade Payables	-	-
Others	0	-
TOTAL	**21,371**	**20,873**

Notes:

The figures disclosed above are based on the Summary Statement Of Consolidated Assets and Liabilities, As Restated, of the Company.

ANNEXURE – XII

STATEMENT OF CONSOLIDATED OTHER CURRENT LIABILITIES, AS RESTATED, UNDER IGAAP

(₹ In Millions)

¤ Particulars	As At	
	31st March 2014	31st March 2013
Current Maturities of Long term Debt		
- Deferred Liabilities Towards 45 Years - Unsecured	154	94
Current maturities of Finance Lease obligations	-	-
Interest Accrued but not Due	5	10
Interest accrued and Due	25	23
Income Received in Advance	-	53
Unpaid Dividends	-	-
Outstanding advances from Customers		
- Interest bearing	-	-
- Defence	79,000	66,044
- Others	271	319
Outstanding Milestone Receipts		
-Defence	243,900	227,882
-Others	5,923	6,648
Other Payables		
- Taxes	2,307	590
- Dues to Employees	4,452	4,190
Others	0	2
Deferred Liabilities Towards 10/15 Years - Unsecured		-
Application Money received from Allotment of Securities and due for Refund and Interest Accrued thereon	6	359
Other Liabilities	13,844	5,970
TOTAL	**349,887**	**312,184**

Notes:

The figures disclosed above are based on the Summary Statement Of Consolidated Assets and Liabilities, As Restated, of the Company

ANNEXURE – XIII

STATEMENT OF CONSOLIDATED SHORT TERM PROVISIONS, AS RESTATED, UNDER IGAAP

(₹ *In Millions)*

Particulars	**As at**	
	31st March 2014	**31st March 2013**
A. Provisions for Employee Benefits		
Gratuity	230	421
Vacation Leave	2,806	2,663
Others	7,908	7,901
Sub-total (A)	**10,944**	**10,985**
B. Others		
Taxation (Net)	4,004	3,732
Proposed Dividend (Including Dividend Distribution Tax)	15	15
Replacement and Other Charges	4,059	3,161
Warranty	7,838	7,114
Liquidated Damages	4,779	2,379
Sustainable Development	-	33
Corporate Social Responsibility	-	87
Other Provision	-	-
Sub-total (B)	**20,695**	**16,521**
Total (A + B)	**31,639**	**27,506**

Notes:

The figures disclosed above are based on the Summary Statement Of Consolidated Assets and Liabilities, As Restated, of the Company.

ANNEXURE – XIV

CONSOLIDATED SUMMARY STATEMENT OF GROSS BLOCK, ACCUMULATED DEPRECIATION AND NET BLOCK -PLANT, PROPERTY AND EQUIPMENT , AS RESTATED , UNDER IGAAP

(₹ In Millions)

Description	**Gross Block as at 01st April 2013**	**Additions**	**Acquisitions through Business Combination**	**Reclasfn. /Adjustment**	**Disposals**	**Transfer to(-) from (+) Div**	**Gross Block as at 31st March 2014**
Land - Leasehold	188	2	-	-	-		190
Land - Freehold	102	-	-	-	-		102
Buildings	7,948	362	-	(2)	(2)		8,306
Plant and Equipment	23,526	1,550	-	-	(5)		25,071
Furniture and Fixtures	817	82	-	-	(8)		891
Vehicles	595	65	-	2	(2)		660
Office Equipment	1,307	187	-	-	-		1,494
Others							
Roads and Drains	562	21	-	-	-		583
Water Supply	339	19	-	-	-		358
Rail Road Sidings	7	-	-	-	-		7
Runways	550	3	-	-	-		553
Aircraft/Helicopters	787	-	-	-	(18)		769
Sub Total	**36,728**	**2,291**	**-**	**0**	**(35)**		**38,984**
Special Tools	45,164	4,939	-	-	-		50,103
Total	**81,892**	**7,230**	**-**	**0**	**(35)**	**-**	**89,087**

(₹ In Millions)

Description	**Gross Block as at 01st April 2012**	**Additions**	**Acquisitions through Business Combination**	**Reclasfn. /Adjustment**	**Disposals**	**Transfer to(-) from (+) Div**	**Gross Block as at 31st March 2013**
Land - Leasehold	187	1	-	-	-	-	188
Land - Freehold	102	-	-	-	-	-	102
Buildings	7,623	325	-	-	-	-	7,948
Plant and Equipment	22,242	1,559	-	-	(275)	-	23,526
Furniture and Fixtures	735	88	-	-	(6)	-	817
Vehicles	535	68	-	-	(8)	-	595
Office Equipment	1,168	142	-	-	(4)	1	1,307
Others							
Roads and Drains	544	18	-	-	-	-	562
Water Supply	281	58	-	-	-	-	339
Rail Road Sidings	7	-	-	-	-	-	7
Runways	550	-	-	-	-	-	550
Aircraft/Helicopters	769	18	-	-	-	-	787
Sub Total	**34,743**	**2,277**	**-**	**-**	**(293)**	**1**	**36,728**
Special Tools	40,616	4,548	-	-	-	-	45,164
Total	**75,359**	**6,825**	**-**	**-**	**(293)**	**1**	**81,892**

Accumulated Depreciation- Plant, Property and Equipment

(₹ In Millions)

Description	Accumulated Depreciation as at 01st April 2013	Additions	Acquisitions through Business Combination	Reclasfn. /Adjustment	Disposals	Transfer to(-) from (+) Div	Accumulated Depreciation as at 31st March 2014	Net Block 31st March 2014
Land - Leasehold	14	4	-	-	-		18	172
Land - Freehold	-	-	-	-	-		-	102
Buildings	2,367	214	-	-	-		2,581	5,725
Plant and Equipment	14,548	1,394	-	2	(1)		15,943	9,128
Furniture and Fixtures	543	46	-	-	(2)		587	304
Vehicles	404	35	-	-	(4)		435	225
Office Equipment	1,010	97	-	(1)	(1)		1,105	389
Others								
Roads and Drains	151	8	-	-	-		159	424
Water Supply	196	16	-	-	-		212	146
Rail Road Sidings	7	-	-	-	-		7	-
Runways	411	16	-	-	-		427	126
Aircraft/Helicopters	281	43	-	-	(3)		321	448
Subtotal	**19,932**	**1,873**	**-**	**1**	**(11)**	**-**	**21,795**	**17,189**
Special Tools	12,725	2,365	-	-	-		15,090	35,013
Total	**32,657**	**4,238**	**-**	**1**	**(11)**	**-**	**36,885**	**52,202**

(₹ In Millions)

Description	Provision as at 1st April 2012	Additions	Acquisitions through Business Combination	Reclasfn. /Adjustment	Disposals	Transfer to(-) from (+) Div	Accumulated Depreciation as at 31st March 13	Net Block 31st March 13
Land - Leasehold	10	4	-	-	-	-	14	174
Land - Freehold	-	-	-	-	-	-	-	102
Buildings	2,160	207	-	-	-	-	2,367	5,581
Plant and Equipment	13,314	1,364	-	-	(1)	(129)	14,548	8,978
Furniture and Fixtures	493	53	-	-	-	(3)	543	274
Vehicles	375	34	-	-	-	(5)	404	191
Office Equipment	936	77	-	-	(1)	(2)	1,010	297
Others	-	-	-	-	-	-	-	-
Roads and Drains	143	8	-	-	-	-	151	411
Water Supply	183	13	-	-	-	-	196	143
Rail Road Sidings	7	0	-	-	-	-	7	-

Description	**Provision as at 1st April 2012**	**Additions**	**Acquisitions through Business Combination**	**Reclasfn. /Adjustment**	**Disposals**	**Transfer to(-) from (+) Div**	**Accumulated Depreciation as at 31st March 13**	**Net Block 31st March 13**
Runways	392	19	-	-	-	-	411	139
Aircraft/Helicopters	237	44	-	-	-	-	281	506
Subtotal	**18,250**	**1,823**	**-**	**-**	**(2)**	**(139)**	**19,932**	**16,796**
Special Tools	10,330	2,395	-	-	-		12,725	32,439
Total	**28,580**	**4,218**	**-**	**-**	**(2)**	**(139)**	**32,657**	**49,235**

Depreciation Includes:

(₹ In Millions)

Particulars	**31st March 2014**	**31st March 2013**
Gross Value of Assets with M/s. Midhani	120	120
Less Cumulative Depreciation in respect of Assets with M/s. Midhani	35	27
Net	**85**	**93**
Particulars	**31st March 2014**	**31st March 2013**
Gross Value of Assets retired from Active Use	281	454
Less : Cumulative Depreciated Value of Assets retired from Active Use.	280	307
WDV of Assets Retired from Active Use.	**1**	**147**

Notes:

The figures disclosed above are based on the Summary Statement Of Consolidated Assets and Liabilities, As Restated, of the Company.

ANNEXURE – XV

CONSOLIDATED SUMMARY STATEMENT OF INTANGIBLE ASSETS AS RESTATED ,UNDER IGAAP

(₹ In Millions)

Particulars	**Other Intangible Assets**				
	Licence Fees	**Computer Software**	**Documentation**	**Development Exp**	**TOTAL**
Gross Block					
As on 31st Mar 2012	23,206	810	3,903	4,221	**32,140**
Additions	1,022	55	233	1,800	3,110
Adjustment	-	-	-	-	-
Impairment	-	-	-	(4)	(4)
As on 31st March 2013	**24,228**	**865**	**4,136**	**6,017**	**35,246**
Additions	2,478	21	272	6	2,777
As on 31st March 2014	**26,706**	**886**	**4,408**	**6,023**	**38,023**
Accumulated Amortization - Other Intangible Assets					-
As on 31st Mar 2012	8,816	677	1,066	1,615	12,174
Additions	1,194	89	178	331	1,792
Adjustment	-	-	-	-	-
Impairment	-	-	-	-	-
As on 31st March 2013	**10,010**	**766**	**1,244**	**1,946**	**13,966**
Additions	1,484	69	121	285	1,959
As on 31st March 2014	**11,494**	**835**	**1,365**	**2,231**	**15,925**
Net Other Intangible Assets	-	-	-	-	-
As on 31st Mar 2012	14,390	133	2,837	2,606	**19,966**
Additions	(172)	(34)	55	1,469	1,318
Adjustment	-	-	-	-	-
Impairment	-	-	-	(4)	(4)
As on 31st March 2013	**14,218**	**99**	**2,892**	**4,071**	**21,280**
Additions	994	(48)	151	(279)	818
As on 31st March 2014	**15,212**	**51**	**3,043**	**3,792**	**22,098**

Notes:

The figures disclosed above are based on the Summary Statement Of Consolidated Assets and Liabilities, As Restated, of the Company.

ANNEXURE – XVI

CONSOLIDATED SUMMARY CAPITAL WORK IN PROGRESS AS RESTATED UNDER IGAAP

(₹ In Millions)

Particulars	As At 31st March 2014	As At 31st March 2013
Buildings	633	350
Plant and Equipment	1,117	349
Furniture and Fixtures	-	-
Roads and Drains	2	12
Office Equipment	-	-
Water Supply	2	1
Plant and Equipment under Inspection and in Transit	262	506
Special Tools	-	-
TOTAL	**2,016**	**1,218**

Notes:

The figures disclosed above are based on the Summary Statement Of Consolidated Assets and Liabilities, As Restated, of the Company.

ANNEXURE – XVII

STATEMENT OF CONSOLIDATED NON-CURRENT INVESTMENTS, AS RESTATED, UNDER IGAAP

(₹ In Millions)

Particulars	**As At**	
	31st March 2014	**31st March 2013**
Non-current investments		
Investments at cost (Non - Trade / Unquoted)		
HAE Co-operative Society		
M/s Satnam Apartment Ltd		
M/s LIC of India (For Funding Vacation Leave)	5,322	5,174
Investments at cost (Trade / Unquoted)	-	-
Total Non-current investments	**5,322**	**5,174**

Disclosure:

(i) Aggregate amount of Quoted Investment and Market Value	NIL	NIL
(ii) Aggregate amount of Unquoted Investments.	**5,322**	**5,174**
(iii) Aggregate Provision or Diminution in value of Investments	NIL	NIL

Notes:

(i) The figures disclosed above are based on the Summary Statement Of Consolidated Assets and Liabilities, As Restated, of the Company.

(ii) These investments are held in the name of the Company.

ANNEXURE – XVIII

STATEMENT OF CONSOLIDATED LONG-TERM LOANS AND ADVANCES, AS RESTATED, UNDER IGAAP

(₹ In Millions)

Particulars	As at	
	31st March 2014	31st March 2013
A. Secured Considered Good		
Capital Advances	49	99
Security Deposit	-	-
Govt Departments for Customs Duty and for Supplies	-	-
Public Utility Concerns	-	-
Others	-	-
Loans and Advances to Related Parties	-	-
Advances against Goods and Services	15	89
Advances against Special Tools	-	-
Employee advances	119	94
Other Loans and Advances	19	-
Sub-total (A)	**202**	**282**
B. Unsecured Considered Good		
Capital Advances	784	260
Security Deposit	-	-
Government Departments for Customs Duty and for Supplies	71	69
Public Utility Concerns	268	254
Others	44	30
Loans and Advances to Related Parties	6	353
Advances against Goods and Services	35	13
Advances against Special Tools	36	211
Employee advances	16	14
Other Loans and Advances	113	106
Interest Accrued not due	-	-
Claims Receivable	-	-
Income Tax	26	18
Sub-total (B)	**1,399**	**1,328**
C. Considered Doubtful	-	-
Capital Advances	6	6
Less: Provision for Bad and Doubtful	6	6
Security Deposit	-	-
Less: Provision for Bad and Doubtful	-	-
Loans and Advances to Related Parties	-	-
Less: Provision for Bad and Doubtful	-	-
Advances against goods and Services	-	-
Less: Provision for Bad and Doubtful	-	-
Advances against Special Tools	-	-
Less: Provision for Bad and Doubtful	-	-
Employee advances 5	-	-
Less: Provision for Bad and Doubtful	-	-
Other Loans and Advances	4	9
Less: Provision for Bad and Doubtful	4	9

Particulars	**As at**	
	31st March 2014	**31st March 2013**
Sub-total (C)	**-**	**-**
Total (A + B+C)	**1,601**	**1,610**
Long term Loans & advances includes amounts due from promoters/promoter group/ relatives of directors(Other than associate companies)		

- The figures disclosed above are based on the Summary Statement Of Consolidated Assets and Liabilities, As Restated, of the Company.

- List of persons/ entities classified as "Promoters", "Promoter group" and "Relatives of Directors" has been determined by the management and relied upon by the auditors. The auditors have not performed any procedure to determine whether the list is accurate and complete.

ANNEXURE – XIX

STATEMENT OF CONSOLIDATED OTHER NON-CURRENT ASSETS, AS RESTATED, UNDER IGAAP

(₹ In Millions)

Particulars	As at	
	31st March 2014	31st March 2013
Inventories		
Raw materials and Components	2,912	3,353
Less: Provision for Redundancy	2,845	2,344
	67	1,009
Stores and Spares Parts	211	239
Less: Provision for Redundancy	163	116
	48	123
Loose Tools and Equipment	63	89
Less: Provision for Redundancy	63	45
	-	44
Construction Materials	0	0
Less: Provision for Redundancy	0	0
	-	-
Sub Total (A)	**115**	**1,176**
Long Term Trade Receivables		
Secured Considered Good	-	-
Unsecured Considered Good	330	417
Doubtful	36	42
	366	459
Less: Provision for Bad and Doubtful	36	42
Sub Total (B)	**330**	**417**
Deferred Debts - 10/15 yrs	12	12
Deferred Debts - 45 yrs	32	34
Claims Receivable		
Considered Good	9,981	11,793
Considered Doubtful	507	486
	10,488	12,279
Less: Provision for Doubtful Claims	507	486
	9,981	11,793
Sub Total (C)	**10,025**	**11,839**
Special Tools	-	-
Deferred Revenue Expenditure	-	-
Balance with bank	2	57,500
Prepaid Expenses	25	33
Interest Accrued but not due	0	76
Margin Money	-	-
Others	-	0
Sub Total (D)	**27**	**57,609**
Total (A+B+C+D)	**10,497**	**71,041**

Notes:

The figures disclosed above are based on the Summary Statement Of Consolidated Assets and Liabilities, As Restated, of the Company.

ANNEXURE – XX

STATEMENT OF CONSOLIDATED INVENTORIES, AS RESTATED, UNDER IGAAP

(₹ In Millions)

Particulars	**As at**	
	31st March 2014	**31st March 2013**
Raw materials and Components	112,989	81,667
Less: Provision for Redundancy	1,897	1,450
	111,092	**80,217**
Work-in-Progress	79,153	74,191
Finished Goods	17,540	14,781
Stock-in-Trade	577	447
Stores and Spare Parts	2,126	1,738
Less: Provision for Redundancy	63	34
	2,063	**1,704**
Loose Tools and Equipment	770	601
Less: Provision for Redundancy	13	16
	757	**585**
Construction Materials	9	5
Less: Provision for Redundancy	0	0
	9	**5**
Disposable Scrap	138	83
Miscellaneous Stores	2	2
Goods under Inspection and in Transit		
- Raw material and Components	8,503	5,267
- Stores and Spare Parts	3,734	906
- Loose Tools and Equipment	165	160
Inventory - Warranty	-	-
Less: Provision for Redundancy	-	-
	12,402	**6,333**
Total	**223,733**	**178,348**

Notes:

The figures disclosed above are based on the Summary Statement Of Consolidated Assets and Liabilities, As Restated, of the Company.

ANNEXURE – XXI

STATEMENT OF CONSOLIDATED TRADE RECEIVABLES, AS RESTATED, UNDER IGAAP

(₹ In Millions)

Particulars	**As at**	
	31st March 2014	**31st March 2013**
A. Debts outstanding for a period exceeding Six months from the dates they have fallen due		
Secured Considered Good		
Unsecured Considered Good	35,314	18,286
Doubtful	109	53
	35,423	18,339
Less: Provision for Doubtful Debts	109	53
Total (A)	**35,314**	**18,286**
B. Debts outstanding for a period less than Six months from the dates they have fallen due		
Secured Considered Good	12	9
Unsecured Considered Good	33,906	36,864
Doubtful	-	-
	33,918	36,873
Less: Provision for Doubtful Debts	-	-
Total (B)	**33,918**	**36,873**
Total (A+B)	**69,232**	**55,159**
Trade Receivables includes amounts due from promoters/promoter group/ relatives of directors/associate companies	**-**	**-**

Notes:

(i) The figures disclosed above are based on the Summary Statement Of Consolidated Assets and Liabilities, As Restated, of the Company.

(ii) List of persons/ entities classified as "Promoters", "Promoter group" and "Relatives of Directors" has been determined by the management and relied upon by the auditors. The auditors have not performed any procedure to determine whether the list is accurate and complete.

ANNEXURE – XXII

STATEMENT OF CONSOLIDATED CASH AND BANK BALANCES, AS RESTATED, UNDER IGAAP

(₹ In Millions)

Particulars	As at	
	31st March 2014	31st March 2013
A. Cash & Cash Equivalents		
Cash on Hand	4	4
Cheques, Drafts on Hand	-	-
Balances with Bank		
- Current Account	315	4,527
- Short Term Deposits	112,383	51,848
Less: Short term Borrowings against pledge of Fixed Deposits	-	-
Total Cash & Cash equivalents	**112,702**	**56,379**
B. Balances with Bank for committed liabilities		
Unpaid Dividend	-	-
Margin Money	21	20
Escrow Accounts	-	-
Bank Deposits		
- Short Term Deposits	57,633	78,374
- Term Deposits with Financial Institutions	-	-
Total Cash & Bank Balance (A + B)	**170,356**	**134,773**

Notes:

(i) The figures disclosed above are based on the Summary Statement Of Consolidated Assets and Liabilities, As Restated, of the Company.

(ii) The company has adopted the practice of making deposits against committed liabilities from the year 2012-13

ANNEXURE – XXIII

STATEMENT OF CONSOLIDATED SHORT TERM LOANS AND ADVANCES, AS RESTATED, UNDER IGAAP

(₹In Millions)

Particulars	**As at**	
	31st March 2014	**31st March 2013**
A. Secured Considered Good		
Security Deposit	-	-
Loans and Advances to Related Parties	192	-
Advances against Goods and Services	15,819	18,608
Advance against Special Tools	-	-
Employee advances	130	83
Advance Tax	12	8
Other Loans and Advances	-	-
Sub-total (A)	**16,153**	**18,699**
B. Unsecured Considered Good		
Security Deposit		
Govt. Departments for Customs Duty and for Supplies	323	2
Public Utility Concerns	5	4
Others	57	52
Loans and Advances to Related Parties	549	446
Advances against Goods and Services	19,583	20,754
Advance against Special Tools	-	-
Employee advances	935	317
Advance Tax	15	10
Other Loans and Advances	12,344	6,051
Sub-total (B)	**33,811**	**27,636**
C. Considered Doubtful		
Security Deposit	-	-
Less: Provision for Bad and Doubtful	-	-
Loans and Advances to Related Parties	-	-
Less: Provision for Bad and Doubtful	-	-
Advances against Goods and Services	-	-
Less: Provision for Bad and Doubtful	-	-
Other Loans and Advances	-	-
Less: Provision for Bad and Doubtful	-	-
Sub-total (C)	**-**	**-**
Total (A + B+C)	**49,964**	**46,335**

Notes:

(i) The figures disclosed above are based on the Summary Statement Of Consolidated Assets and Liabilities, As Restated, of the Company.

(ii) List of persons/ entities classified as "Promoters", "Promoter group" and "Relatives of directors" has been determined by the management and relied upon by the auditors. The auditors have not performed any procedure to determine whether the list is accurate and complete.

ANNEXURE – XXIV

STATEMENT OF CONSOLIDATED OTHER CURRENT ASSETS, AS RESTATED, UNDER IGAAP

(₹ In Millions)

Particulars	As at	
	31st March 2014	31st March 2013
Interest Accrued and Not Due on Short term Bank Deposits	12,682	6,455
Interest Accrued and Due on Advance to Related party	551	494
Interest Accrued and Due on Non - Current Investments	3	1
Claims Receivable		
Considered Good	19,111	6,116
Considered Doubtful	387	210
	19,498	6,326
Less: Provision for Doubtful Claims	387	210
	19,111	6,116
Prepaid Expenses	642	174
Balances in Franking Machine	1	-
Deferred Debt - 10/15 yrs	-	-
Deferred Debt - 45 yrs	2	2
Others	11	16
TOTAL	**33,003**	**13,258**

Notes:

The figures disclosed above are based on the Summary Statement Of Consolidated Assets and Liabilities, As Restated, of the Company.

ANNEXURE – XXV

STATEMENT OF CONSOLIDATED REVENUE FROM OPERATIONS, AS RESTATED, UNDER IGAAP

(₹In Millions)

Particulars	For The Year Ended	
	31st March 2014	**31st March 2013**
Revenue from Operations		
a) Sale of Products		
Inland Sales		
Finished Goods	86,940	82,227
Spares	17,717	16,698
Development	7,334	18,119
Miscellaneous	460	525
Total Inland Sales of Products	**112,451**	**117,569**
Export Sales		
Finished Goods	2,763	2,521
Spares	1,841	1,345
Development	-	2
Miscellaneous	-	-
Total Export Sales of Products	**4,604**	**3,868**
Total Sale of Products (a)	**117,055**	**121,437**
b) Sale of Services		
Inland Sale of Services		
Repair and Overhaul	34,802	27,666
Other Services	537	562
Total Inland Sales of Services	**35,339**	**28,228**
Export Sale of Services		
Repair and Overhaul	291	174
Other Services	122	87
Total Export Sales of Services	**413**	**261**
Total Sales of Services (b)	**35,752**	**28,489**
Total Sales (a+b)	**152,807**	**149,926**
c) Other Operating Revenues		
(i) Disposal of Scrap and Surplus / Unserviceable Stores	80	57
(ii) Other Operating Revenue	33	2,317
(iii) Others	1	3
Total Other Operating Revenues	**114**	**2,377**
Gross Revenue from Operations (d) = (a+b+c)	**152,921**	**152,303**
Less: Excise Duty (e)	19	27
Net Revenue from Operations (f) = (d - e)	**152,902**	**152,276**

Breakup of Turnover - Manufactured & Traded products

(₹In Millions)

Particulars	For The Year ended	
	31st March 2014	**31st March 2013**
Turnover of Products Manufactured	107,773	111,738
Turnover of Products Traded	9,282	9,699
Turnover of Products not normally dealt in	-	-
Total Turnover	**117,055**	**121,437**

Notes: The figures disclosed above are based on the Summary Statement Of Consolidated Profit and Loss, As Restated, of the Company.

ANNEXURE – XXVI

STATEMENT OF CONSOLIDATED OTHER INCOME, AS RESTATED, UNDER IGAAP

(₹ In Millions)

Particulars	For The Year ended	
	31st March 2014	31st March 2013
Interest Income		
- Short term Deposits / Loans	20,709	23,216
- Sundry Advances - Employees	11	9
- Other Deposits	20	12
Less: Interest Liability to Customer	389	135
	20,351	**23,102**
Dividend Income		
- Dividend Income from JVs	19	9
Net Gain / Loss on Sale of Investments	-	-
- Profit on Sale of Assets (Net)	(4)	81
- Miscellaneous*	8	(3,254)
Total Other Income	**20,374**	**19,938**

(*) Refer Material Adjustments.

Notes:

(i) The figures disclosed above are based on the Summary Statement Of Consolidated Profit and Loss, As Restated, of the Company.

(ii) The figures disclosed above are recurring in nature.

(iii) The figures disclosed above except CSR and Sustainable development have arisen during the course of business operations of the company

(iv) Sustainable development and CSR are as per Department of Public Enterprises (DPE) guidelines

(v) The classification of other income as recurring/non-recurring, related/not-related to business activity is based on the current operations and business activity of the Company as determined by the management.

ANNEXURE – XXVII

CONSOLIDATED SUMMARY STATEMENT OF COST OF MATERIAL CONSUMED, AS RESTATED , UNDER IGAAP

(₹ In Millions)

Particulars	For The Year Ended	
	31st March 2014	31st March 2013
Consumption Of Raw Material, Components, Stores And Spare Parts		
Opening Stock	87,003	66,131
Add: Purchases	120,008	93,866
Add: Subcontracting, Fabrication and Machining Charges.	2,021	1,625
Less: Closing Stock	(118,248)	(87,003)
	90,784	**74,619**
Less: Transfer to		
Special Tools and Equipment	4,450	4,055
Capital Works		
Development Expenditure	62	40
Expense Accounts and Others	1,694	1,054
	6,206	**5,149**
TOTAL	**84,578**	**69,470**

Notes:

The figures disclosed above are based on the Summary Statement Of Consolidated Profit and Loss, As Restated, of the Company.

ANNEXURE – XXVIII

CONSOLIDATED SUMMARY STATEMENT OF CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS AND SCRAP, AS RESTATED, UNDER IGAAP

(₹ In Millions)

Particulars	For The Year Ended	
	31st March 2014	31st March 2013
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-progress	-	-
Opening Balance	-	-
(i) Finished Goods	14,781	17,026
(ii) Work-in-Progress	74,190	71,772
(iii) Stock in Trade	447	306
	89,418	**89,104**
Closing Balance		
(i) Finished Goods	17,540	14,781
(ii) Work-in-Progress	79,153	74,190
(iii) Stock in Trade	577	447
	97,270	**89,418**
Less : Excise Duty on accretion/ Decretion to Stock	**-**	**-**
(Accretion) / Decretion -A	**(7,852)**	**(314)**
Change in Disposables Scrap	**-**	**-**
Opening Balance	83	70
Closing Balance	138	83
(Accretion) / Decretion-B	(55)	(13)
TOTAL (A+B)	**(7,907)**	**(327)**

Notes:

(i) The figures disclosed above are based on the Summary Statement Of Consolidated Profit and Loss, As Restated, of the Company.

ANNEXURE – XXIX

CONSOLIDATED SUMMARY STATEMENT OF EMPLOYEE BENEFIT , AS RESTATED ,UNDER IGAAP

(₹ In Millions)

Particulars	**For The Year Ended**	
	31st March 2014	**31st March 2013**
Employee Benefit Expenses *		
Salaries and Wages	24,045	21,304
Contribution to Provident and Other Funds		
- Contribution to Provident Fund/ Others	1,658	1,499
- Contribution to Gratuity	231	421
- Others	1	1
Expenses on Employees Stock Option Purchase Scheme (ESOP) / Expenses on Employees Stock Purchase Scheme (ESPS)		
Staff Welfare Expenses (Net)	890	1,207
Rent for Hiring Accommodation for Officers / Staff	65	43
Prior Period		
TOTAL	**26,890**	**24,475**
***Includes Directors' Remuneration**		
Salaries	20	22
Contribution to Provident Fund	1	2
Gratuity		

Notes:

The figures disclosed above are based on the Summary Statement Of Consolidated Profit and Loss, As Restated, of the Company.

ANNEXURE – XXX

CONSOLIDATED SUMMARY STATEMENT OF FINANCE COST , AS RESTATED ,UNDER IGAAP

(₹ In Millions)

Particulars	For The Year Ended	
	31st March 2014	**31st March 2013**
Interest Expense		
- Cash Credit	41	97
- Others	7	2
Other Borrowing Costs		
Deferred Liabilities	5	2
Borrowing costs- Other	2	-
Interest on Short Term Loans	10	18
Net Gain/Loss on Foreign Currency Translations and Transactions on Borrowings		
TOTAL	**65**	**119**

Notes:

(i) The figures disclosed above are based on the Summary Statement Of Consolidated Profit and Loss, As Restated, of the Company.

ANNEXURE – XXXI

CONSOLIDATED SUMMARY STATEMENT OF DEPRECIATION AND AMORTIZATION, AS RESTATED ,UNDER IGAAP

(₹ In Millions)

Particulars	For The Year Ended	
	31st March 2014	**31st March 2013**
A. DEPRECIATION ON ASSETS	1873	1823
B. AMORTISATION		
Intangible assets- Development Expenditure	285	331
Other Intangible assets		
- Licence Fees	1484	1194
- Computer Software	70	89
- Documentation	121	178
- Others		
Special Tools	2365	2395
Sub Total	**4325**	**4187**
TOTAL (A + B)	**6198**	**6010**

Notes:

The figures disclosed above are based on the Summary Statement of Consolidated Profit and Loss, As Restated, of the Company.

ANNEXURE – XXXII

CONSOLIDATED SUMMARY STATEMENT OF OTHER EXPENSES, AS RESTATED, UNDER IGAAP

(₹ In Millions)

Particulars	For The Year Ended	
	31st March 2014	31st March 2013
Shop Supplies	981	962
Power and Fuel	1,754	1,622
Water Charges	438	374
Rent for Office Premises etc.	43	31
Travelling (includes Foreign Travel)	823	740
Training (includes Foreign Training)	155	114
Repairs:		
Buildings	563	527
Plant, Machinery and Equipment	1,121	1,006
Others	593	436
Expenses on Tools and Equipment	865	749
Insurance	174	205
Rates and Taxes	87	176
Postage and Telephones	85	83
Printing and Stationery	123	106
Publicity	106	174
Advertisement	115	126
Bank Charges	76	57
Loss on Foreign Currency Transaction and Translation	914	(211)
Legal Expenses	31	27
Auditors' Remuneration:		
For Audit Fee	4	4
For Taxation matters	1	0
For Company Law matters	0	0
For Management Services	0	0
For Other Services	5	0
For Reimbursement of expenses	0	0
Selling Agents Commission	40	15
Donations	6	13
Handling Charges	27	26
Write Off:		
Fixed Assets	1	0
Stores	18	17
Shortages / Rejections	2	5
Others	2	25
Freight and Insurance	106	111
JWG share of Profit	34	23
Miscellaneous Operating Expenses (@)	1,270	2,633
TOTAL	**10,563**	**10,176**
(@) Includes Director's sitting fees	2	2

Notes:

The figures disclosed above are based on the Consolidated Statement of Profit and Loss, As Restated, of the Company

ANNEXURE – XXXIII

CONSOLIDATED SUMMARY STATEMENT OF DIRECT INPUT TO WIP/EXPENSES CAPITALISED , AS RESTATED ,UNDER IGAAP

(₹ In Millions)

Particulars	For The Year Ended	
	31st March 2014	31st March 2013
A) DIRECT INPUT TO WIP		
Project related Travel	114	124
Project related Training	96	72
Project related Other Expenditure	140	336
Travel outstation jobs	13	3
Royalty	100	128
Foreign Technician Fee	431	191
Ground Risk Insurance	219	185
Quality Audit Expenses	3	1
Collaboration Charges	-	3
Design and Development	428	124
Sundry Direct Charges - Others	1,812	11,553
Sub-Total (A)	**3356**	**12720**
B) EXPENSES CAPITALISED		
Licence Fees	1,657	1,011
Computer software	53	41
Documentation	224	233
Sub-Total (B)	**1,934**	**1,285**
TOTAL (A + B)	**5,290**	**14,005**

Notes:

The figures disclosed above are based on the Consolidated Statement of Profit and Loss, As Restated, of the Company

ANNEXURE – XXXIV

CONSOLIDATED SUMMARY STATEMENT OF PROVISIONS , AS RESTATED ,UNDER IGAAP

(₹ In Millions)

Particulars	For The Year Ended	
	31st March 2014	31st March 2013
Replacement and Other Charges	833	315
Excise duty		
Warranty	462	3
Raw Materials and Components, Stores and Spare parts and Construction Materials	1,040	196
Liquidated Damages	3,381	1,238
Doubtful Debts	52	4
Doubtful Claims	206	223
Investments	499	
Corporate Social Responsibility		
TOTAL	**6,473**	**1,979**

Notes:

The figures disclosed above are based on the Consolidated Statement of Profit and Loss, As Restated, of the Company

ANNEXURE – XXXV

CONSOLIDATED SUMMARY STATEMENT OF EXPENSES RELATING TO CAPITAL AND OTHER ACCOUNTS , AS RESTATED, UNDER IGAAP

(₹ In Millions)

Particulars	**For The Year Ended**	
	31st March 2014	**31st March 2013**
Expenses allocated to:		
Deferred Revenue Expenditure	1,936	1,285
Special Tools	489	493
Capital Works	700	-
Development Expenditure	756	1,116
Others	(608)	(393)
TOTAL	**3,273**	**2,501**

Notes:

The figures disclosed above are based on the Consolidated Statement of Profit and Loss, As Restated, of the Company

ANNEXURE – XXXVI

STATEMENT OF CONSOLIDATED DIVIDEND DECLARED

(₹ In Millions)

Particulars	**Year Ended**	
	31st March 2014	**31st March 2013**
Face Value per share (In ₹)	10	10
No. of Issued, Subscribed and Fully Paid up Equity Shares	482,000,000	120,500,000
Dividend on Equity shares		
Interim dividend	8,900	8,237
Final dividend	-	-
Total Dividend	**8,900**	**8,237**
Tax on Dividend (Interim and Final)	1,513	1,336
Dividend per share (In ₹)	**18**	**68**
Dividend Rate (%)	**185**	**684**

ANNEXURE – XXXVII

STATEMENT OF CONSOLIDATED ACCOUNTING RATIOS (PRE- BONUS ISSUE), AS RESTATED

(₹ In Millions)

Particulars	Year ended	
	31st March 2014	**31st March 2013**
Net Profit after Tax (as restated) (A)	25,411	32,172
Net Worth (B)	144,856	129,414
No. of Equity Shares (units of ₹ 10/- face value) (C) outstanding at the end of the year	4820,00,000	1205,00,000
Weighted average no. of Equity shares for basic & Diluted Earnings per share (D)	4820,00,000	4820,00,000
Adjusted Basic Earning per Share for Fiscal 2013 (₹) (A / D)	53	67
Diluted Earning per Share (₹) (A /D)	53	67
Return on Net Worth (%) (A / B *100)	18	25
Net Asset Value per Share (₹) (B / C)	301	1,074

(i) The ratios have been computed as below:
  - (a) Adjusted Basic earnings per share (₹) - Net profit after tax (as restated) attributable to shareholders / Weighted average number of post bonus issue equity shares outstanding at the end of the period/ year
  - (b) Diluted earnings per share (₹) - Net profit after tax (as restated) attributable to shareholders / Weighted average number of dilutive equity shares outstanding at the end of the period/ year
  - (c) Return on net worth (%) - Net profit after tax (as restated) / Net worth at the end of the period/ year X 100
  - (d) Net assets value per share (₹) - Net Worth at the end of the period/ year / Total number of equity shares outstanding at the end of the period/ year X 100

(ii) Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the year adjusted by the number of equity shares issued during year multiplied by the time weigting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the period/year.

(iii) Net Worth for ratios mentioned in note 1(c) and 1(d) represents sum of Equity Share Capital & Reserves and Surplus.

(iv) Earnings per share calculations are in accordance with Accounting Standard 20 - Earnings per share, notified under the Companies (Accounting Standards) Rules 2006, as amended.

(v) The net asset value per equity share is based on the total number of equity shares outstanding as at the end of the respective period/year.

(vi) The figures disclosed above are based on the Summary Statement Of Consolidated Assets and Liabilities, As Restated, of the Company.

STATEMENT OF CONSOLIDATED ACCOUNTING RATIOS (POST- BONUS ISSUE), AS RESTATED

(₹ In Millions)

Particulars	**Year ended**	
	31st March 2014	**31st March 2013**
Net Profit after Tax (as restated) (A)	25,411	32,172
Net Worth (B)	144,856	129,414
No. of Equity Shares (units of ₹ 10/- face value) (C) outstanding at the end of the year	4820,00,000	1205,00,000
Weighted average no. of Equity shares for basic & Diluted Earnings per share (D)	4820,00,000	4820,00,000
Adjusted Basic Earning per Share for Fiscal 2013 (₹) (A / D)	53	67
Diluted Earning per Share (₹) (A /D)	53	67
Return on Net Worth (%) (A / B *100)	18	25
Net Asset Value per Share (Rs.) (B / C)	301	1,074
Adjusted Basic Earning per Share for Fiscal 2013 (₹) (A / D)	53	67

Notes:

(i) The ratios have been computed as below:
  (a) Adjusted Basic earnings per share (₹) - Net profit after tax (as restated) attributable to shareholders / Weighted average number of post bonus issue equity shares outstanding at the end of the period/ year
  (b) Diluted earnings per share (₹) - Net profit after tax (as restated) attributable to shareholders / Weighted average number of dilutive equity shares outstanding at the end of the period/ year
  (c) Return on net worth (%) - Net profit after tax (as restated) / Net worth at the end of the period/ year X 100
  (d) Net assets value per share (₹) - Net Worth at the end of the period/ year / Total number of equity shares outstanding at the end of the period/ year X 100

(ii) Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the year adjusted by the number of equity shares issued during year multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the period/year.

(iii) Net Worth for ratios mentioned in note 1(c) and 1(d) represents sum of Equity Share Capital & Reserves and Surplus.

(iv) Earnings per share calculations are in accordance with Accounting Standard 20 - Earnings per share, notified under the Companies (Accounting Standards) Rules 2006, as amended.

(v) The net asset value per equity share is based on the total number of equity shares outstanding as at the end of the respective period/year.

(vi) The figures disclosed above are based on the Summary Statement Of Consolidated Assets and Liabilities, As Restated, of the Company.

ANNEXURE – XXXVIII

STATEMENT OF RELATED PARTY TRANSACTION

Names of the Related Parties and Nature of Relationships as per the Accounting Standard – 18 "Related Party Disclosures"

List of related parties and transactions as per requirements of Accounting Standard - 18, 'Related Party Disclosures' notified under Companies (Accounting Standard) Rules, 2006

Particulars	Year ended	
	31st March 2014	31st March 2013
Joint venture	M/s BAe-HAL Software Ltd.	M/s BAe-HAL Software Ltd.
	M/s Snecma HAL Aerospace Pvt Ltd	M/s Snecma HAL Aerospace Pvt Ltd
	M/s Indo Russian Aviation Ltd	M/s Indo Russian Aviation Ltd
	M/s HALBIT Avionics Pvt Ltd	M/s HALBIT Avionics Pvt Ltd
	M/s HAL Edgewood Technologies Pvt Ltd	M/s HAL Edgewood Technologies Pvt Ltd
	M/s HATSOFF Helicopter Training Pvt Ltd	M/s HATSOFF Helicopter Training Pvt Ltd
	M/s SAMTEL HAL Display Systems Ltd	M/s SAMTEL HAL Display Systems Ltd
	M/s INFOTECH HAL Ltd	M/s INFOTECH HAL Ltd
	M/s TATA HAL Technologies Ltd	M/s TATA HAL Technologies Ltd
	M/s International Aerospace Manufacturing Pvt Ltd	M/s International Aerospace Manufacturing Pvt Ltd
	M/s Multi Role Transport Aircraft Limited	M/s Multi Role Transport Aircraft Limited

Statement of Related Party transactions with Joint Ventures

(₹ In Millions)

Sl no	Nature of Transaction	Year ended	
		31st March 2014	31st March 2013
1	Dividend Received	19	9
2	Interest Received		
3	Purchase Of Goods & Services	1225	754
4	Sale Of Goods & Services	75	0
5	Rent Received	38	37
6	Investment In Joint Ventures	352	1077

Statement of Outstanding Balances

Sl no	Nature of Transaction	Year ended	
		31st March 2014	31st March 2013
1	Trade Payables	239	105
2	Trade Receivables	97	0
3	Advances On Sale	425	
4	Advances On Purchase	739	450

Key Managerial Personnel (KMP) currently includes only the Functional Directors. The company has not considered Senior Managerial personnel as KMP's since they have limited authority for planning, directing and controlling the activities of the Company.

KEY MANAGEMENT PERSONNEL IN THE COMPANY - 31st March 2014

Sl. No.	Particulars	Designation
1	Dr. R. K. Tyagi	Chairman
2	Dr. A.K. Mishra	Director (Finance)
3	Shri V. M. Chamola	Director (Human Resources)
4	Shri S.K. Jha	Managing Director (Accessories Complex)
5	Shri K. Naresh Babu	Managing Director (Bangalore Complex)
6	Shri T. Suvarna Raju	Director (Design & Development)
7	Shri S. Subrahmanyam	Managing Director (MIG Complex)
8	Shri P.Soundara Rajan	Managing Director (Helicopter Complex)

KEY MANAGEMENT PERSONNEL IN THE COMPANY - 31st March 2013

Sl. No.	Particulars	Designation
1	Dr. R. K. Tyagi	Chairman
2	Dr. A.K. Mishra	Director (Finance)
3	Shri P.V Deshmukh	Ex - Managing Director (MIG Complex)
4	Shri V. M. Chamola	Director (Human Resources)
5	Shri S.K. Jha	Managing Director (Accessories Complex)
6	Shri P.Soundara Rajan	Managing Director (Helicopter Complex)
7	Shri T. Suvarna Raju	Director (Design & Development)
8	Shri K. Naresh Babu	Managing Director (Bangalore Complex)
9	Shri S. Subrahmanyam	Managing Director (MIG Complex)

Remuneration paid to KMP (including Company's contributions to PF & Gratuity)

(₹In Millions)

SL No	Particulars	Year ended	
		31st March 2014	31st March 2013
1	Shri R. K. Tyagi	3	4
2	Shri T. Suvarna Raju	3	2
3	Shri V. M. Chamola	4	3
4	Dr. A.K. Mishra	4	3
5	Shri S. Subrahmanyam	3	1
6	Shri P.V Deshmukh	0	2
7	Shri S.K. Jha	5	4
8	Shri P.Soundara Rajan	4	4
9	Shri K. Naresh Babu, MD(BC) & Director (CP&M)	4	2
	Total	**30**	**25**

ANNEXURE – XXXIX

NOTES TO ACCOUNTS INCLUDING CHANGES IN ACCOUNTING POLICIES, MATERIAL ADJUSTMENTS AND IMPACT OF STATUTORY AUDITORS QUALIFICATION ON FINANCIAL INFORMATION FORMING PART OF RESTATED FINANCIAL INFORMATION FOR THE PERIOD ENDED 31ST MARCH 2014 AND 31ST MARCH 2013

1. Financial Risk and Capital Management

The Financial Risks in a Business Entity can be classified as Market Risk, Credit Risk, Liquidity Risk, Operational Risk and Legal Risk.The status of these Risks at the Company is as brought out hereunder:

a) **Market Risk :** As significant Revenues of the Company accrues from Supplies / Services to Defence Services, the Company is not exposed to the Risk of Volatile Market conditions.

b) **Credit Risk:**The Company's Customers are mainly the Defence Services namely Indian Air Force (IAF), Indian Army, Indian Navy and Coast Guard. The Company ensures meeting its financial obligations due to periodic inflow of money as per Advance / milestone payment terms in the Contracts with Defence Services, by holding negotiations.

c) **Liquidity Risk**: The Liquidity Risk involves the Risk of Asset Liquidity and Operational Funding. The Company is safeguarded against such Risks due to periodic inflow of cash, arising out of Advance / milestone based payment terms in the Contracts with Customers.

d) **Operational Risk :** The Operational Risks involve Operational Failures, such as mismanagement or technical failures, fraud risk etc. The Company is successful in efficiently managing its affairs exercising due-governance as part of its various processes. Further, the Company being a multi-division Company, is able to manage the risk of technical failures arising at unit level.

e) **Legal Risk :** The Company enters into Contracts / Business dealings after due-vetting of Contracts / Deeds by robust in-house legal departments and, if so, required by obtaining the legal opinions from external legal experts. The prevailing System at the Company is adequate to guard against any such Risks.

2. MATERIAL ADJUSTMENTS

2.1 Summary of results of restatements made in audited financial statements of the Company for the respective years and their impact on the profits of the Company is as under:

(₹ in Millions)

Particulars	Year ended	
	31st March 2014	**31st March 2013**
(A) Net Profit After Tax as per Audited Financial Statements	**26,818**	**29,765**
Impact due to changes in Accounting Policy		
Warranty	-	(3,259)
WIP on account of foreign technician fees taken into sales	-	241
Prior period items - Inland Sales	-	-
- adjusted in	-	7,328
- related to	-	-
Prior period items - Other Income		
- adjusted in	-	(945)
- related to	1	-
Prior period items - Increase / Decrease in WIP		
- adjusted in	426	-
- related to	-	

Particulars	Year ended	
	31st March 2014	31st March 2013
		(426)
Prior period items -Depreciation		
- adjusted in	(58)	42
- related to	-	58
Prior period items -Other Expenses		
- adjusted in	347	-
- related to		(213)
Prior period items - Expenses Capitalized to WIP		
- adjusted in	116	-
- related to		(116)
(B) Total adjustments before tax	**832**	**2,710**
(C) Tax Adjustment	**283**	**879**
Tax rates	**33.99%**	**32.45%**
(D) Total Adjustments(B - C)	**549**	**1,831**
Restated Profit After Tax (A + D)	**27,367**	**31,596**
(E) Tax settled in Financial Year 2016, relating to	1,955	(576)
Restated Profit After Tax (A + D+E)	**25,412**	**32,172**

2.1.1 Changes in accounting policy

(a) As per the Accounting practice prior to 31.3.2012, the unutilized portion of warranty was withdrawn in respect of manufacturing contracts at the end of program. As per the new Accounting policy in force, from 1.4.2012, the unutilized warranty is withdrawn at the end of each Contract within the programme. For the purpose of restatement of financial statements the said provisions including current tax / deferred tax impact there of wherever required have been appropriately adjusted in the respective years in which the provision for warranty should have been withdrawn.

(b) The company was prior to 31st March 2012 accounting expenditure on foreign technician fee, foreign travel, training, etc., to cost of sales and retaining the unexecuted portion in WIP which is amortized over deliveries. During the year 2012 -13, this expenditure are charged to revenue on incurrence and recognized as Sales to the extent recoverable from the Customers.Accordingly balance lying in WIP as of 31.32012 is charged off and recognised as sales to the extent recovered from customers. For the purpose of restatement of financial statements the expenses, revenue including current tax/ deferred tax impact thereof wherever required have been appropriately adjusted in the respective years in which the expenses should've been charged and revenue should have been recognized.

2.1.2 Prior Period Items

(a) In the Indian GAAP financial statements for the years ended March 31, 2016,2015, March 31 2014 and March 31, 2013, certain items of income/ expenses have been identified as prior period adjustments. These adjustments were recorded in the year when identified. However, for the purpose of Restated Consolidated Summary Statements, such prior period adjustments have been appropriately adjusted in the respective years to which the transactions pertain to.

(b) For the purpose of restatement of prior period items only material items i.e., which are in excess of 1% of total amount under respective heads are considered.

2.1.3 Provisions for Income Tax

Provision for Income Tax has been recomputed to give tax effect on adjustments made as detailed above and has been adjusted in restated financial information.

2.1.4 Material reclassifications

Appropriate adjustments have been made in the restated summary statements of Assets and liabilities, Profits and Loss and Cash flows wherever required by, reclassification of corresponding items of income, expenses, Assets and liabilities in order to bring them in line with the classification as per the audited financials of the company for the year ended 31st March, 2015 and the requirements of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (As amended).

2.2 Auditor's Comments/ Qualifications and Treatment in Restated Financials.

a. Audit Qualifications:

The company being a government company is subject to supplementary audit by the Comptroller and Auditor General (C& AG) of India under Section 619(4) of the Companies Act, 1956, who shall comment upon or supplement the audit report of the statutory auditors. The C& AG has commented as under:-

Comments of the Comptroller & Auditor General of India under section 619(4) of the Companies Act, 1956 on the annual accounts of Hindustan Aeronautics Limited, Bangalore for the year ended 31st March 2013.

The preparation of financial statements of Hindustan Aeronautics Limited (HAL), Bangalore for the year ended 31st March 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditor 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 Standards on Auditing 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 5 August 2013.

(a)

C& AG Comments	Company's Reply
1. Comment on Accounting Policies	
1. Accounting Policy No. 9.1	
A reference is invited to Accounting Policy 9.1 (Part B, Annexure IV) as per which sales are set up on completion of contracted work on the basis of acceptance by the buyer's Inspector, by way of signalling out certificate, in the case of the manufacture or repair and overhaul of aircraft and helicopters. Further it is stated that the sale of SU-30 MKI aircraft fitted with CAT B engines was accounted on the basis of Signalling out Certificates (SOC). The aircraft were signalled out with concessions and CAT B engines so as to make them acquire deliverable condition as on 31st March 2013. The Accounting Policy as followed by the company recognises revenue based on SOC. However this Accounting Policy goes against the fundamental framework of preparation of financial statements which emphasises the need to follow substance over form. The present Accounting Policy as followed by the company relies on SOC for recognition of revenue needs to be	Sale of Aircrafts have been accounted in line with the Contractual terms and conditions of contract **Delivery (Article 10) states that,** *"the Equipment shall be deemed to have been delivered in the case of Aircraft on the date of certification of Signaling out by the Buyer's inspector."* Aircraft have been accepted by Buyer's Inspector (DGAQA) The Contract provides for delivery of aircraft with Cat B items (**Article 5.6**) as under : *"In case the work done report specifies that the aircraft is delivered with certain Cat B items, the cost as included in the BOM for these will be reduced from the claim and amount will be paid on proof of fitment of relevant*

C& AG Comments	Company’s Reply
revisited and reframed since even the SOCs are given with significant concessions. The readiness of aircraft for delivery should be considered as basis for revenue recognition in addition to SOC.	*Cat A items.”* In line with the above contract term, no sales is reckoned in respect of Cat B engines Hence the deliveries have been effected and revenue has been recognized as per the contractual obligations which is binding on both the parties and is in compliance with AS-9
II. Comments on Profitability **2. Revenue from operations** **Inland Sales- Finished goods** Sale of 15 Advanced Light Helicopters (ALH) amounting to ₹ 8201 Million is stated as recognised based on Signalling out Certificates (SOC). In the above cases, only certification by the buyer’s Inspector was given but ferry out and acceptance of helicopters by Board of Officers as stipulated in the contract were not complete by 31st March 2013. Therefore, recognition of revenue in respect of these 15 helicopters without transfer of property in goods with all significant risks and rewards of ownership to buyer during the year is not in compliance with Accounting Standard 9 of ICAI. This resulted in overstatement of sales by ₹ 8201 Million and profit by ₹ 95 Million	As per Contract, on receipt of the SOC, buyer has to depute its representative (BOO) to accept the Helicopter within 15 days. The Company does not have any control on deputation of buyer’s representatives. Further, as per AS-9 “*revenue should be recognized notwithstanding that physical delivery has not been completed as long as there is every expectation that delivery will be made. However, the item must be on hand identified and ready for delivery to the buyer at the time the sale is recognized rather than their being simply an intention to acquire or manufacture the goods in time for delivery*” SOCs in respect of all the 15 helicopters have been received by 31st March 2013. Further, the helicopters manufactured is identified for the Customer through tail numbers assigned by the Customers themselves, since the same is made to the specifications as per the requirement of the Customer . Hence the above sales are in compliance with AS-9
3. Revenue from operations **Inland Sales – Development Sales** a) This includes ₹ 2,897 Million incurred on the Design and Development of a Light Combat Helicopter (LCH) for the Ministry of Defence (MoD). The contract specified physical milestones against which HAL had completed three milestones by the end of March 2013 and received ₹ 2,712 Million from GoI. However, HAL considering the contract as one where milestones have not been defined, recognised sales based on actual incurrence of expenditure instead of milestones completed. This has resulted in overstatement of Development Sales and Sundry Debtors by ₹ 185 Million.Further disclosure Explanatory Notes is deficient to the extent as it has been incorrectly stated that the project	The project milestones indicated in the Government sanction defines major milestones with time schedules The payment schedules are primarily for collection of funds to facilitate the progress of the project, for instance advance payments at the time of “ Go ahead of the Project” etc. As only **major project milestones** are defined without corresponding monetary values, Sales are

C& AG Comments	Company's Reply
milestones with time schedule have not been defined with values assigned to these milestones.	accounted based on the expenditure incurred The same is in line with Accounting policy 9.2
(b) This includes ₹ 87 Million being the expenditure incurred for the Preliminary Design Phase (PDP) of a Multi role Transport Aircraft (MTA) to be developed by MTA Limited (MTAL) a Russian-Indian Joint Venture Company. The expenditure incurred does not qualify to be accounted as 'Development Sales' of HAL as the contract with MTAL was for development and supply for which revenue/profit accrues only when the work is completed and accepted. This has resulted in overstatement of sales by ₹ 87 Million and profit by ₹ 4 Million.	As per the Government sanction, for the MTA programme , the same is to be implemented in four phases viz. Preliminary Design Phase (PDP), Detailed Design Phase (DDP), Prototype Development & Testing and Series Production. The PDP is part of Design and Development Phase and is being implemented through a contract with MTAL (Joint Venture) . The activities carried out during the PD phase are purely design & development in nature and the sales have been accounted based on the expenditure actually incurred for the MTA project in line with the Accounting Policy 9.2
III. Comment on Financial Position 4. **Other Non- current Assets** This includes ₹ 57,500 Million being the balances with banks in term deposits for more than 12 months. These are current assets as defined in Note-1 of Revised Schedule VI of the Companies Act 1956. As per Revised Schedule VI "Bank deposits with more than 12 months maturity shall be disclosed separately" under Cash & Cash equivalents under Current Assets. Non compliance with this requirement has resulted in understatement of current assets & over statement of non- current assets by ₹ 57,500 Million	Para 8.8.4 of Guidance Note on Revised Schedule VI to the Companies Act, 1956 issued by Institute of Chartered Accountants of India (ICAI) provides that " Banks deposits with more than twelve months maturity will also need to be separately disclosed under the sub-head 'Other bank balances'. **The non-current portion of each of the above balances will have to be classified under the head "Other Non-current assets"** with separate disclosure thereof. Further as per FAQ 25 of ICAI " FDRs having balance maturity period of more than 12 months as on the balance sheet date will have to be classified as Non-Current Asset" As the amounts are earmarked for Committed liabilities and the maturity period of the FDRs are more than 12 months, the disclosure under "Non current Assets" as "Balances with Banks" is in order

(b) NIL comments for 2013-14

Qualifications in Statutory Auditor's Reports

Sl.No	Financial year	Auditors Comments	Management Response	Impact On Restated results
1	2012-13, 2013-14	Attention is drawn to Notes to the Standalone Accounts (SL No 27, Part B Annexure-XL) regarding non disclosure of segment	Keeping in view the nature of business and the sensitive nature of disclosure, it is considered prudent not to	No financial impact on the financial statements as it is only disclosure requirement. Further

Sl.No	Financial year	Auditors Comments	Management Response	Impact On Restated results
		information as required by Accounting Standard 17 "Segment Reporting" prescribed by The Companies (Accounting Standards) Rules, 2006. The net effect on the Financial Statements of such non-disclosure is NIL.	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. Disclosure has been made in in the Notes to the Accounts	Exemption has been granted to the Company from Compliance of AS 17 vide notification no GSR/463E dtd 05.06.2015
2	2012-13	Attention is drawn Notes to Standalone accounts (SL No 23 & 24, Part B, Annexure– XL), 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 to defence customers in some of the Divisions . The Company has not provided for the above demands from the Commercial Taxes Departments/ Service Tax Department since the demands are disputed by the Company. The same are disclosed as a contingent Liabilities in Notes of the accounts. The respective agreements for such sale and repairs/overhaul provide for furnishing an exemption certificate or re-imbursement of sales tax, service Tax and similar statutory levies when determined. However, the reimbursement of penalties, if any and/or interest levied on such non-payment have not been dealt with in the agreement and the same is not quantified nor provided by the company. We are unable to quantify the Net Impact of such non provision/ non-disclosure on the Financial Statements.	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 the notes 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 notes and have been consistently accepted by the audit.	NIL Financial Impact
3	2013-14,	Attention is drawn to **,** Notes to Standalone accounts (SL No 23 & 24, Part B, Annexure– XL), 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 to defence customers in some of the Divisions. The company has resolved disputes with the commercial tax departments of the Governmeent of	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 Notes to the Accounts. In terms of Pricing policy agreed with the main customer, prices approved	NIL Financial Impact

Sl.No	Financial year	Auditors Comments	Management Response	Impact On Restated results
		Karanatka dand odhisa and recognise liability towards settled sales tax dues and also accounted for similar amount as claims receivable from the customers. With regard to other states the company has not provided for the demand from the commercial tax departments , since the demand is disputed by the company . The same are disclosed as a contingent Liabilities in notes of the accounts The respective agreements for such sale and repairs/overhaul provide for furnishing an exemption certificate or re-imbursement of sales tax and similar statutory levies when determined. However, the reimbursement of penalties, if any and/or interest levied on such non-payment have not been dealt with in the agreement and the same is not quantified by the company.Although the taxes are to be reimbursed by the customers in terms of respective agreement the company has neither quantified nor provided for the interest and /or penalties if any, on such taxes in case same are payable. We are unable to quantify the Net Impact of such non provision/ non-disclosure on the Financial Statements.	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. With regard to Karnatka and Odisha Sales tax disputes, the same has been resolved and the liability for re-settled amount has been recognised in the books and also accounted for similar amounts as Claims receivable from the customer since the same is reimbursable by the customer.The settlement with the respective Government is as a total package.As a part of the settlement, the amount paid to the Karnatka and Odhisa Governments has also been reimbursed by the major customers. These facts have been sufficiently disclosed in notes to the accounts and have been consistently accepted by the audit.	
4	2012-13	**Emphasis of Matter** - Attention is invited to the diminution in value of investments in Joint Venture Companies as temporary by the Management, as initial setbacks are expected to overcome with JV's future business plans and growth prospects. In view of the above no provision is considered by the Management.		Auditors observation on this matter is only for drawing attention of the users without qualification. However, the company has provided for diminution in the value of investments in financial statements for the year ended March 31, 2014 hence no restatements are considered necessary.

b. Comments of the Auditor's of Joint Ventures

S. No.	Name of the Joint Venture	JV's Auditors Comments	Management Response by JV
1.	HATSOFF Helicopter Training Private Limited (2012-13) & (2013-14)	**Adverse Opinion (2012-13):** The financial statement have been prepared on a going concern basis, notwithstanding losses in the current year, accumulated losses and significant erosion of net worth after considering Management's forecast of future profitability, increase in the scale of operations, further investments to be received from the existing shareholders and deferment of the loan covenants testing period. As per the terms of the loan agreement two installments for repayment of principal amount aggregating to USD 3368,000 (₹ equivalent at an exchange rate of ₹ 64 per USD amounts to ₹ 216 millions) is due for repayment before 31st March 2014. Further, as per the terms of the loan agreement, certain financial loan covenants are due for testing on 30 June 2013. Failure to comply with these loan covenants or on any default in repayment of dues to bank could result in the entire loan becoming repayable on demand. Based on the Management's projection of future profitability and cash flows, it is unlikely that the Company would be able to repay its dues to bank as and when they fall due and to comply with these loan covenants which is due for testing anytime after 30 June 2013 without additional financial support. We understand that the Company does not have any commitment of financial support from the shareholders/lenders or a waiver of loans covenants testing period upto 31st March 2014 and the projection made by Management for the year ended 31st March 2014 have aggressive assumption with respect to revenue growth rate of 57%. These factors in aggregate raise substantial doubt as to the Company's ability to continue as a going concern and therefore, may not be able to realize its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that may be necessary if the Company is unable to continue as a going concern. The financial statements (and notes thereto) do not disclose this fact. **EOM (2013-14):** The financial statements which indicate that	The financial statements of the Joint Venture have been prepared on a going concern basis, notwithstanding the factors mentioned in the Audit Report, due to the following considerations: 1. Significant future growth (57% in revenue) reflected in financial projections prepared by the management of Joint Venture. The Joint Venture is confident of meeting the projections inspite of confirmed orders being 47% of overall revenues projected. The Joint Venture achieved growth of 300% in the last two years. 2. Subsequent financial support received from Joint Venture partners which include short term secured loan of ₹ 63.5 million received on 7 June 2013 from CAE Simulation Technology Private Limited (Group Company of CAE Inc) which is repayable within 120 days and an additional approval for grant of secured loan of ₹ 56 million convertible into equity shares subsequently from Hindustan Aeronautics Limited on 24 September 2012. 3. Subsequent financial support received from ICICI Bank in the form of short term overdraft facility limit of ₹ 112 million on 16 August 2013 for meeting the working capital requirements of the Joint Venture. 4. Subsequent modification in loan term loan approved by ICICI bank on 6 June 2013 wherein the bank has agreed to defer the financial covenant testing which were due on 31st March 2013 to 30 June 2013 with a conditions that during the tenure of the loan, Joint venture partners agree to infuse sufficient funds from time to time as required to meet the servicing requirements of the loan facility; 5. Management of Joint Venture expects to obtain a further waiver of financial covenant testing for a period upto 31st March 2014; and

S. No.	Name of the Joint Venture	JV's Auditors Comments	Management Response by JV
		the company has incurred a net loss of ₹ 349 million during the year ended 31st March, 2014 and, as of that date; the Company's current liabilities exceeded its current assets by ₹ 457 million. In addition to this, as at the balance sheet date, the Company has accumulated losses which have resulted in erosion of the net worth. The net worth of the Company as at 31st March 2014 is negative by ₹ 253 million. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. As per the management representation duly noted by the board at its meeting 31st Board meeting on the 20th May 2014 wherein the management has assessed the entity as going concern despite the existence of above stated material uncertainties and has assessed its ability to meet the obligations that are falling due. Management also has approved the projections for 2014-15 with an estimated turnover of ₹ 313 million with a net profit of ₹ 25 million before tax as reasonable. Management further confirms that ICICl Bank has offered additional financial support with certain terms and conditions which are under negotiation by the Company. With the above developments, the management believes that the company has the ability to continue as going concern.	6. Subsequent cancellation of swap contract with ICICI bank on 13 August 2013 which would improve the future cash flows of the Joint Venture and which has resulted in net worth of the Joint Venture becoming positive upon reversal of mark to market loss of ₹ 241 million accounted in Hedge reserve, improvement in working capital by reversal of current liability amounting to Rs 204 million. 7. These financial statements, therefore, do not warrant any adjustments relating to recoverability and classification of asset amounts or to classification and amount of liabilities that may be necessary if the Joint Venture was unable to continue as a going concern. 8. The Joint Venture does not have any commitment of financial support from the shareholders. However, Management of the Joint Venture is in discussion with bank for additional loan and extension of waiver of financial covenant testing for a period upto 31st March 2014.
2.	HALBIT Avionics Private Limited (2012-13)	**Qualified Opinion:** Attention is drawn to the financial statements regarding uncertainty related to the recovery of liquidated damages amounting to ₹ 4 million from Elbit Systems Limited and upon which we are unable o comment on including adjustments, if any, that may be required to be made to the financial statements in this regard.	The Management of the Joint Venture is following up with Elbit Systems Limited for recovery of the Liquidated Damage amount of ₹ 4 million on account of EFIS and SMD contracts.
3	HALBIT Avionics Private Limited (2013-14)	**Qualified Opinion:** Attention is invited to the financial statement regarding recovery of liquidated damages from one of the parties more fully explained therein. In our opinion, the said amount should be provided for in full in these financial statements and accordingly had the same been provided, the loss would have been higher by ₹ 6 million with corresponding impact on the carrying values and surplus as at March 31, 2014.	The Management of the Joint Venture is following up with Elbit Systems Limited for recovery of the Liquidated Damage amount of ₹ 6 million on account of EFIS and SMD contracts.
4	HALBIT Avionics	**EOM (2013-14):** Without qualifying our opinion, we draw	The Joint Venture expected business orders

S. No.	Name of the Joint Venture	JV's Auditors Comments	Management Response by JV
	Private Limited (2013-14),	attention to financial statements which indicates that the Company incurred a net loss of ₹ 11 million during the year ended March 31, 2014 and, as of that date; the Company's current liabilities exceeded its current assets by ₹ 24 million. These conditions, along with other matters as set forth in the financial statement indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.	for Full Motion Simulators (FMS) of LCA & IJT-SP programs during 2012-14, which would have given it continued source of revenue while the ongoing programs were heading towards their concluding phase. However, the Joint Venture's top line came under stress owing to cancellation of these key revenue generation programs, on account of postponement/ cancellation of the corresponding aircraft induction by the end-user (IAF). As a result, the Company vigorously pursued other business leads and jointly bid (with Thales) for FMS of Mirage 2000 Upgrade in Oct, 2015. The subject case is still under evaluation by the customer (IAF) and is expected to provide next business order to the Company. In addition to this key program, Company has submitted techno-commercial responses to various RFI/ RFPs valued at nearly ₹ 7,000 Million during the last 3 years. The cases are at various stages of evaluation and the Company is hopeful of securing new development orders based on Company's expertise in the field and growing demand for Training Simulators. On the other hand, the Company has taken a number of cost optimization measures to reduce its operating overheads, resulting in profits during two of the last three years of operations. The objective had been to prune Company's operating costs in proportion to the business revenue on one hand, while pursuing business leads to convert them into definitive business orders, on the other. The Company has received orders for nearly ₹ 127 Million during last 3 years and these have been from customers other than HAL. Company has been making concerted efforts to secure business from sources other than HAL in order to reduce its dependence on the parent company and results have been encouraging as against the earlier situation of most of the orders from HAL only. This gives the Company the necessary confidence to carry on its business in the future.
5.	HAL Edgewood Technologies Private Limited (2013-14)	**EOM (2013-14):** The financial statement regarding the amortisation of intangible asset recognised on development of prototype units to the statement of profit and loss. The amortisation of intangible treatment is done in accordance following "unit of production method" as laid down in Accounting	The Joint Venture was in the development phase and prototypes have been qualified. This phase is the investment phase of the Joint Venture. Once the Joint Venture receives the production order from HAL, it will be getting sufficient profit from sale for

S. No.	Name of the Joint Venture	JV's Auditors Comments	Management Response by JV
		Standard 26 "Intangible Assets". In the opinion of the Management that, the Company is confident of receiving Purchase Orders from its Customer for further series upgrade for 154 OSAMC units on delivery of existing order of 11 prototype OSAMC units to its Customer and the intention of development of OSAMC units is to manufacture and deliver the series upgrade 154 OSAMC units to Customer, and hence the treatment of amortisation of intangible assets is in accordance with Para 72 of the aforesaid Accounting Standard. The financial statement regarding the 'carrying value of deferred tax assets on account of unabsorbed losses and depreciation allowances of the earlier years aggregating to ₹ 10 million (year ended 31st March 2013 ₹ 14 million), the management of the Company is of the opinion that the deferred tax credit satisfies the virtual certainty test as laid down in para 17 of the Accounting Standard 22 "Accounting for Taxes on Income" and can be realised against the future taxable income. The financial statements being prepared on a going concern basis, notwithstanding the fact that the Company's net worth is eroded [reported negative net worth as at 31st March 2014 (₹ 38 million)], the scheduled banks have recalled their debts to the Company. The ability of the Company to continue as a going concern is interalia dependent on the Company's ability infuse requisite funds for meeting its obligations (including statutory liabilities and those in respect of contracts entered into for purchase of goods and assets), rescheduling of debt/other liabilities.	adjusting the Loss. Share Application money received from Edgewood Venture cannot be refunded. The Joint Venture is not in a position to refund the money and is waiting for the Application money from HAL. Once they receive share application money from HAL, it can be converted into Shares.

General Notes to Accounts

3 Value of Imports calculated on CIF Basis

(₹ In Millions)

Particulars	Year ended	
	31st March 14	31st March 13
(i) Raw Materials	85,155	61,142
(ii) Components and Spare parts	33,624	22,144

Particulars	Year ended	
	31st March 14	31st March 13
(iii) Capital Goods	1,156	1,339
(iv) Special Tools	3,215	3,436
Total	**123,150**	**88,061**

4 Expenditure in Foreign Currency on account of

(₹In Millions)

Particulars	**Year ended**	
	31st March 14	**31st March 13**
-Royalty	17	100
- License Fee	1,407	1,002
- Documentation	446	11,502
- Professional, Consultancy and Foreign Technician Fees	509	190
- Salaries & Allowances	7	4
- Foreign Travel	188	104
- Others	241	1,054
Total	**2,815**	**13,956**

5 Earnings in Foreign Exchange

(₹In Millions)

Particulars	**Year ended**	
	31st March 14	**31st March 13**
(i) Export on FOB Basis	5,144	4,091
(ii) Services	534	354
(iii) Other Income	11	-
Total	**5,689**	**4,445**

6 Exemption had been granted to the Company from compliance of the provisions 3(i)(a), 3(ii)(a)(1), 3(ii)(a)(2), 3(ii)(d) and 4C contained in Part II of the erstwhile Schedule VI to the Companies Act, 1956 vide Ministry of Law, Government of India letter no. 3/33/72-CL VI dated 06/06/1974. The Company based on the erstwhile Schedule VI exemption, has not disclosed Raw materials under broad heads, Goods Purchased under broad heads, Purchases, Sales and Consumption of Raw Material under broad heads, Work-in-Progress under broad heads as required under "General Instructions for preparation of Statement of Profit & Loss" vide paragraphs 5(ii)(a)(1), 5(ii)(a)(2), 5(ii)(d), 5(iii) respectively of the Sch III to the Companies Act 2013

7 Age-Wise Analysis of Trade Receivables:

(₹In Millions)

Years	**2014**	**2013**
0-1 years	39,866	34,720
1-2 years	16,444	16,845
2-3 years	10,421	2,373
> 3 years	2,831	1,638
TOTAL	**69,562**	**55,576**

8 Fixed Assets acquired with Financial Assistance/Subsidy:

(₹ In Millions)

Particulars	31st March 14	31st March 13
Fixed Assets acquired with Financial assistance/subsidy from outside agencies either wholly or partly are capitalized at net cost to the company and does not include assets given by the customer for use of their jobs by the company.	8,855	7,827

9 Commitments

(₹ In Millions)

Particulars	As at	
	31st March 2014	31st March 2013
Estimated amount of contracts remaining to be executed and not provided for on		
i) Capital Account	5,527	2,261
ii) Other Commitments	89,942	69,736
Total	**95,469**	**71,997**

Notes

(i) Other commitments are towards purchase of inventory, services, employee contracts, lease commitments etc.,

10 Contingent liabilities

(₹ In Millions)

Particulars	As at	
	31st March 2014	31st March 2013
Contingent Liabilities Not Provided For:		
1) Outstanding Letters of Credit and Guarantees *		
(i) Letters of Credit	11,628	8,302
(ii) Guarantees	51,352	33,748
Sub - Total	**62,980**	**42,050**
2) Claims / Demands against the Company not acknowledged as Debts		
(i) Sales Tax / Entry Tax	6,172	26,593
(ii) Income Tax	1,740	4,768
(iii) Municipal Tax	86	5
(iv) Service Tax	12,330	8,869
(v) Liquidated Damages	10,674	12,042
(vi) Custom Duty	2,363	-
(vii) Others	987	875
Sub - Total	**34,352**	**53,152**
Total	**97,332**	**95,202**

Notes:

* Non-fund based limits from Consortium bankers, State Bank of India, Punjab National Bank, Indian Bank, State bank of Hyderabad, State Bank of Mysore, State Bank of Patiala, State Bank of Bikaner & Jaipur, State Bank of Travancore, Export Import Bank of India, Bank of Baroda, Indian Overseas Bank, Union Bank of India and Syndicate Bank are secured by hypothecation of all inventories and all receivables.

In respect of Hindustan Aeronautics Limited

11 Raw Materials, Spare Parts and Components consumed :

(₹ In Millions)

Particulars	Year ended	
	31st March 14	31st March 13
(i) Imported (including Customs Duty)	80,462	67,119
(In % to total)	90%	91%
(ii) Indigenous	9,331	6,809
(In % to total)	10%	9%
Total (Gross)	**89,793**	**73,928**
(Total %)	100%	100%

12 Disclosure with regard to Joint Working Groups

(₹ In Millions)

Disclosure with regard to Joint Working Groups	31st March 2014	31st March 2013
HAL has entered into a Joint Working Agreement with Air India to start Ramp Handling Business and with MSIL to carry out Air Cargo Handling Business. The Joint Working Group pools together the resources for carrying out its business activity and ownership of the assets vests with the respective working group.		
Share of income from Joint Working Groups of the company with Air India, MSIL and HALCON :		
Air India	12	15
MSIL		
HALCON	22	8
* The Joint Working Agreement with HAL & MSIL has expired on 31st March 2014 and settlement of accounts pending		

Name of the Joint Working Group	AIJWG		ACCJWG		HALCON	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Country of Incorporation	India		India		India	
Share of Company/ Ownership Interest	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
Principal Activities	**Flight Handling**		**Cargo Handling**		**Cargo Handling**	
Total Assets	197	203	73	67	144	79
Total Liabilities	197	203	73	67	144	79
Income - Company's Share	33	39	33	34	76	33
Expenditure - Company's Share	21	24	33	34	54	25
Profit / (Loss) Company's Share	12	15			22	8
Contingent Liability						

The contract between MSIL and HAL expired on 31st March 2014.The settlement process between the parties are on. Against a claim of ₹ 23 Million by MSIL.HAL has been admitted a claim of ₹ 18 Million.

13 Special Tools in Transit

(₹ In Millions)

	31st March 2014	31st March 2013
Special Tools and Equipment includes Tools and Equipment in progress, under inspection and in transit.	755	1154

14 Other Notes:

(₹ In Millions)

SL No	Particulars	Year Ended	
		31st March 2014	31st March 2013
	As per AS-11 relating to Accounting for the effects of changes in the Foreign Exchange rates,		
	Exchange rate variation recognized in Statement of Profit and Loss towards Capital Assets	(11)	6
	As and when the installments 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 realized from the customer except to the extent it pertains to Capital Assets. The Assets and Liabilities relating to deferred credit transaction are restated as on 31st March each year under Non-Current Assets, Current Assets (recoverable within one year), Non-current Liabilities and Current Liabilities (to be settled within one year)	-	-
	Net Gain / (Loss) on Foreign Currency Transaction and Translation	(756)	216
	As per AS-13 relating to Accounting for Investments, amount being Dividend received from Joint Venture Companies, which is recognized when right to receive Dividend is established.	19	9
	As per AS-12 relating to Accounting for Government Grants, amount of grant received for fixed assets during the year.	-	-

15 Exemption has been granted to the company from compliance of AS 17 vide notification no GSR/463E dated 05.06.2015.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.

16 The company has considered grants - in - aid received from Government of India towards Research and Development being a capital receipt is not taxable though the Income Tax authorities have considered the same as taxable income for the AY 2005-06 to 2007-08 and 2009-10 to 2011-12 which are under appeal by the company before appellate authorities and for the assessment years 2012-13 and 2013-14 also same treatment has been adopted in the accounts for which assessments are pending. In the mean time, The company has been advised that in view of favorable decision on the issue by ITAT,Bangalore bench 'C ' in ITA No. 763/Bangalore/1998 vide order dated 22.02.2002 for the AY 1995-96, no provision for tax be made in the accounts for the year on such capital receipts.The amount of ₹ 4105 Millions is disclosed in contingent liability.

17 The Company was liable to pay Minimum Alternate Tax (MAT) , since the liability under regular provisions of the Act is lower than MAT. In view of convincing evidence that the Company will pay normal Income Tax in future and it is probable that future economic benefit associated with it will flow to the Company and the Asset can be measured reasonably, MAT credit entitlement of Rs ₹ 201 Million is recognized as an Asset in the Accounts

18 **Employee benefits**: The Company has adopted the Revised Accounting Standard (AS)-15 on Employee Benefits. Consequently, the liability thereon is accounted on the basis of actuarial valuation, and is being recognized as short-term benefits / long term benefits. The Company has recognized the following amounts in the Statement of profit and loss.

18.1 Defined contribution plans

(₹ In Millions)

Particulars	Year ended	
	31st March 2014	31st March 2013
Employer's contribution to provident fund	1,657	1,499

18.2 Defined Benefit Plans

Gratuity	The Company has a Gratuity Scheme for its employees, which is a funded plan. Every year the Company funds to the Gratuity Trust to the extent of shortfall of the assets over the fund obligations, which is determined through actuarial valuation. As per the Gratuity Scheme, Gratuity is payable to an employee on the cessation of his employment after he has rendered continuous service for not less than 5 (five) years in the Company. For every completed year of service or part thereof in excess of six months, the Company shall pay Gratuity to an employee at the rate of 15 (fifteen) days' emoluments based on the emoluments last drawn with a ceiling of ₹ 1 (One) Million.
Compensated Absences	Provision for Vacation Leave has been made based on Actuarial Valuation. The date of Actuarial valuation is at the end of each financial year and as on 31st March 2015.

(₹ In Millions)

Particulars	Year ended	
	31st March 2014	31st March 2013
A) Gratuity:		
(i) Change in Benefit Obligations:		
Present Value of Obligation (PVO) as at the beginning of the year	7,540	7,169
Current Service Cost	300	288
Interest Cost	571	564
Actuarial (gain) / Loss	94	419
Past Service Cost	-	-
Benefits Paid	(862)	(900)
Present Value of Obligation as at the end of the period	7,643	7,540
(ii) Change in Fair Value of Plan Assets:		
Fair Value of Plan Assets at the beginning of the year	7,120	6,949
Expected return on Plan Assets	587	574
Contributions	420	220
Benefit Paid	(862)	(900)
Actuarial gain / (Loss) on Plan Assets	149	277
Fair Value of Plan Assets at the end of the year	7,413	7,120
(iii) Expenses Recognised in the Statement of Profit & Loss A/C		
Current Service Cost	300	288
Interest Cost	571	564
Expected return on Plan Assets	(587)	(574)
Net Actuarial (gain) / loss recognised in the period	(55)	143
Past Service Cost	-	-
Expenses Recognised in the Statement of Profit & Loss	229	420
Actual Return on Plan Assets	736	851
(iv) Amounts Recognised in Balance Sheet:		
Present Value of Obligation as at the end of the period	7,643	7,540
Fair Value of Plan Assets at the end of the Period	(7,413)	7,120
Liability recognised in Balance Sheet	229	420
(v) Category of Assets as at		

Particulars	Year ended	
	31st March 2014	31st March 2013
State Government Securities	-	-
Govt. of India Securities	486	493
High Quality Corporate Bonds	-	50
Investment with Insurer	7,641	7,374
Dues to HAL	(747)	(840)
Others	33	44
	7,413	**7,120**
vi) Reconciliation of Net Liability for the period		
Opening Net Liability	420	220
Add: Employee Benefit Expenses for the period	229	420
Less: Contributions by Employer	420	220
Closing Net Liability	229	420
vii) Experience Adjustments for the period ended		
Defined Benefit Obligation	7,643	7,540
Plan Assets	7,413	7,120
Surplus/(Deficit)	(229)	(420)
Exp. Adj. on Plan Liabilities	618	198
Exp. Adj. on Plan Assets	149	277
(viii) Principal Assumptions:		
Discounting Rate	9.00%	8.05%
Salary escalation rate	6.00%	6.00%
Expected rate of return on Plan Assets	9.00%	9.00%
B) Compensated Absences		
The Actuarial Liability of Accumulated absences of the employees of the Company as at March 31	5,699	5,322
Discounting Rate	9.00%	8.05%
Salary escalation rate	6.00%	6.00%
Retirement Age	60 Years	60 Years

19 Unhedged Foreign Currency Exposure

	2012-13		2013-14	
Receivables	Foreign Currency	Amount in ₹Millions	Foreign Currency	Amount in ₹Millions
GBP	743,998	61	253,242	25
EURO	1314,963	90	843,689	69
USD	161,729,393	8,730	152,631,268	9059
SGD	0		0	
GBP	164,874,721	13,711	172,879,379	17,438
EURO	202,220,711	14,212	2089,13,919	17,440
USD	240,883,883	13,200	271,835,066	16,443
SGD	58,11	3	76,363	4

20 Notes Relating to Joint Ventures
In respect of HAL-Edgewood Technologies Private Limited:

1. The Company has defaulted in repayment of loans and interest in respect of the following:

(₹In Millions)

Particulars	31st March 2014	31st March 2013
Principal repayment defaulted	14	20
Interest payment defaulted*	15	9

*The company has defaulted in repayment of loan pursuant to which the Bank has classified the loan facilities as non performing assets and has stopped charging interest to the loan accounts. The interest has been provided by placing reliance on the letter provided by the bank.

2. Amortisation of Intangible Assets:
The Company has developed the prototype of OSAMC units and has treated the initial development expenses as intangible assets by virtue of Clause 28 of Accounting Standard - 26 “Intangible Assets” notified by Ministry of Company Affairs. Consequentially, the Company has treated the initial development cost of ₹70 millions as internally generated intangible asset against the development order for 11 prototype units and further series upgrade order for 154 units. The series upgrade order for 154 units is yet to be secured by way of purchase order by the Company from the Customer. During the current year, the Company has delivered three units of OSAMC prototype to the Customer. The Company would manufacture 165 OSAMC units including prototype and series upgrade with the Intangible Asset. By virtue of this, the Company has amortised the proportionate value of internally generated asset amounting to ₹ 1 million on delivery of OSAMC prototype units to the Customer.

3. Deferred Tax:

(₹In Millions)

Timing Difference on account of	Deferred Tax Liabilities / (Assets) as on 1st April, 2013	Current Year Charges / (Credit)	Deferred Tax Liabilities / (Assets) as on 31st March, 2014
Difference between depreciation as per Books and as per the Income Tax Act	(4)	1	(3)
Carry Forward Business Loss/Depreciation	13	-	13
Disallowances under the provisions of Income-tax Act	5	(5)	-
Net Deferred Tax Asset	**14**	**(4)**	**10**

The Company has recognized the deferred tax asset on account of carry forward of unabsorbed depreciation, tax losses, disallowances of expenses under section 43B and disallowance of expenses under section 40(a)(ia) of the Income Tax Act, 1961 on account of non remittance of taxes withheld at sources.

Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are recognized on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax assets can be realized against future taxable profits. The Company has incurred a loss of ₹40 millions during the year and the accumulated losses amounted to ₹98 millions as at 31st March, 2014 which have resulted in erosion of net worth of the Company.

Despite the losses, the Company is of the opinion that, the Company would deliver the balance OSMAC units to the customer thereby earning sufficient profits to realize the deferred tax assets concerning the carry forward of unabsorbed depreciation and tax losses of earlier years.

4. The Company has developed OSMAC units by conducing the research and development based on the order received from the Customer. The conception and development of the OSMAC units took additional time and costs than originally anticipated at the time of acceptance of the order from Customer thereby materially affecting the operational results and cash flows of the Company. The Company has continuously implemented the measures in improving operational efficiencies and cost control measures to improve the Companies operating results and cash flows.

The Company has accumulated losses of ₹98 millions as at 31st March, 2014 and its net worth as at that date is minus ₹39 millions. The Bank which has provided the cash credit and overdraft facility has recalled the debt from the Company. The Company owes money to the vendors and are outstanding for longer periods than stated in the purchase orders/agreements. Although these conditions may cast significant doubt on the Company’s ability to continue as a going concern, it has detailed plans for speed up the assembling operations and discharge the financial commitments.

The Company is pursuing the matter with the banker for restructuring of the loans and in addition the Company continues to explore various options to raise finance in order to meet its financial obligations. Based on the detailed evaluation of the current situation and plans formulated, the Company is confident of raising adequate finance, rescheduling debt and receiving continued support from the Customer. Accordingly the Companies financial statement have been prepared on a going concern basis whereby the realization of assets and discharge of liabilities are expected to occur in the normal course of business and that no adjustments are required to the carrying value of assets and liabilities.

5. Share Application Money Pending Allotment:

As at 31st March, 2014, the Company has received an amount of ₹ 13 millions towards share application money of equity shares of the Company (as at 31st March, 2013 ₹ 13 millions towards equity shares), has been included under Other Current Liabilities.

6. Related Party Disclosures:

A. List of Related Parties - Related parties with whom transactions have take place during the year:

Name of the related person	Particulars
Edgewood Ventures LLC, 4984, EI Camino Real, Suite 200 Los Altos California 94022 – USA	Company which holds Substantial Shares
Edgewood Networks Pvt. Ltd	Enterprise over which the Shareholders of reporting enterprise has significant influence
Mr. K.K. Goswami, Mr. Devendra Verma and Gp. Capt (Retd) KK John (Upto 31.08.2010)	Key management personnel

B. Transactions with Related Parties:

Particulars	Name of the relative	Nature of Relationship	31st March, 2014	31st March, 2013
Rendering of Engineering Services	Edgewood Networks Pvt. Ltd	Enterprise over which Shareholder has significant influence	2	-
Unsecured Loan	Mr. Devendra Verma	Key Management Personnel	9	8

C: Balance Receivable from and Payable to Related Parties as at the balance sheet date:

(₹ In Millions)

Particulars	31st March, 2014	31st March, 2013
Dr. Devendra Verma	19	10
Mr. K.K. Goswami	1	1

7. The Company had entered into an agreement dated 11 December 2007 with 3D France for transfer of technology enabling the company to manufacture integrated circuits in three dimensions. In pursuance of this agreement, the Company has paid an amount of ₹ 12 millions towards Transfer of Technology during the years 2007 and 2009 which has been disclosed as capital advance in books of account pending implementation of the entire project.

The aforesaid agreement did not contain any time frame for setting up of the Manufacturing facilities by the Company. Therefore upon the insistence of M/s 3D Plus, the Company entered into an amendment deed on 25th March 2011 wherein it was agreed that the Manufacturing facility would be set up by the Company not later than 31 December 2012 plus an additional period of 6 months.

In view of the over-exposure of the Company to the OSAMC Project, the Company has not been able to meet this deadline. M/s. 3D Plus have served a notice dated 3 May 2013 revoking the license and have sought cease of all the use of confidential information of 3D Plus received by the Company according to Article 12.1 of the Agreement. The Company on prudent basis has provided an equal amount as provision in the books of account, even though the Company is in the process of discussion with 3D France for re-negotiation of the terms of the grant of license.

8. The Company had incurred certain expenses on Professional Fees to the Technical Adviser, Salaries of the Employees and training the employees on the Project in anticipation of setting up of the Manufacturing Facility. The Company has treated such expenses as internally generated intangible asset pursuant to Para 44 of the Accounting Standard 26 – Intangible Assets. The amount incurred by the Company towards the aforesaid activity amounted to ₹5 millions. Since 3D France has revoked the license to manufacture the three dimensional products, there would be no realizable value attributable to internally generated intangible asset unless the license terms are re-negotiated, hence the provision created in earlier year has been reversed and an amount of ₹5 millions have been treated as impairment loss during the year.

9. Provision for Liquidated Damages has been made as per the terms and conditions of the Purchase Orders. During the current year the Company has delivered three units to the Customer pursuant to the order. The Customer has deducted the liquidated damages while making the payment to the Company, however, the Company is pursuing the matter for recovery of such amount and hence the corresponding amounts are still shown as recoverable from the Customer.

In respect of International Aerospace Manufacturing private limited:

1. Security:

(₹In Millions)

Particulars	31st March, 2014	31st March, 2013
Long term borrowings		
Secured loan from banks	475	303
Term loans from bank is in the nature of Buyers credit and is secured by charge on the plant and machinery of the Company. The term loan from bank is a foreign currency loan carrying an interest of LIBOR plus 350 basis points per annum on the outstanding amount of the loan. The interest is payable on half yearly basis. The term loan is repayable in three years from the drawdown date. No amount was due for repayment during the financial year.		
Short term borrowings		
Secured – Export packing credit from banks	365	-
Loans from banks is in the nature of Export Finance and is secured by charge on trade receivables and stock of the Company. The short term loan from bank is a foreign currency loan credited in Indian rupee carrying an interest of LIBOR plus 170 basis points per annum on the outstanding amount of the loan. The interest is payable at the time of loan repayment. The term loan is repayable in 180 day from the drawdown date. There were no defaults of repayment during the year.		

2. Deferred Tax Asset:

(₹In Millions)

Particulars	**31st March, 2014**	**31st March, 2013**
(a) Deferred Tax Asset on account of timing differences		
- Provision for tax credit	3	-
- Unabsorbed losses c/d	132	-
- Preliminary expenses write-offs	1	-
Total of (a)	**136**	**-**
(b) Deferred Tax Liabilities on account of timing differences		
- Depreciation	63	-
Total of (b)	**63**	**-**
Net Deferred Tax Asset (after set off with Deferred tax liabilities) [(a) – (b)]	**73**	**-**

3. Retirement Benefits:

The Company has a gratuity plan, which is a defined benefit scheme. Every employee who has completed 5 years or more of service is eligible for gratuity on separation, which is worked out at 15 days salary (last drawn salary) for each completed year of service. The Company provides the gratuity benefit through annual contribution to a fund managed by the Life Insurance Corporation of India (LIC). Under this plan, the settlement obligation remains with the Company, although the LIC administers the plan and determines the contribution premium required to be paid by the Company.

The following table sets out the assumptions of the gratuity plan as required under AS - 15 (revised)

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Assumptions	31st March, 2014	31st March, 2013
Discount rate	9.12%	8.25%
Expected rate of return on plan assets	8.00%	8.00%
Expected rate of salary increase	12.00%	12.00%
Attrition rate	5.00%	5.00%
Retirement age	62 years	62 years

Discount rate: The discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.

Salary escalation rate: The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotions and other relevant factors such as supply and demand factors in the employment market.

Expected rate of return on plan assets: This is based on the expectation of the average long term rate of return expected on investment of the fund during the estimated term of obligation.

(₹ In Millions)

Disclosure as per AS 15 - R - Defined Benefit Plans	Gratuity	Earned Leaves
Change in benefit obligations		
Obligations at period beginning(31st March 2013) – Current	-	-
Obligations at period beginning - Non-current	1	2
Service Cost	1	2
Interest on Defined benefit obligation	-	-
Benefits settled	-	-
Actuarial (gain)/loss	-	-
Obligations at period end	**2**	**4**
Change in plan assets		
Plans assets at period beginning, at fair value	1	-
Difference in opening balance	-	-
Expected return on plan assets (estimated)	-	-
Actuarial gain/(loss)	-	-
Plans assets at period end, at fair value	**1**	**-**
Funded Status		-
Closing PBO	2	4
Closing Fair value of plan assets	1	-
Closing Funded status	**(1)**	**(4)**
Net asset/(Liability) recognized in balance sheet	**(1)**	**(4)**
Expenses recognised in the P & L account		
Service cost	1	2
Interest cost	-	-
Expected return on plan assets	-	-
Actuarial (gain)/loss	-	-
Net Cost	**1**	**2**

4. Related party transactions:

(i) Names of Related Parties and description of relationships:

Particulars	Name of the related party
Entities where Control exists:	

Particulars	Name of the related party
1. Joint Venture Partner	Rolls-Royce Overseas Holding Limited
Other Related Parties with whom transactions have taken place during the period:	
1. Subsidiaries and Fellow Subsidiaries	Rolls Royce Plc Rolls Royce India Private Limited Rolls Royce International Limited Rolls Royce Operations India Private Limited
2. Key Managerial Persons	Mr. Marc Jeffery Drew, CEO

(ii) Transactions with Related Parties:

(₹ In Millions)

Particulars	31st March, 2014	31st March, 2013
Share Capital Issued		
Rolls-Royce Overseas Holding Limited	-	225
Purchase of raw materials		
Rolls Royce Plc	27	23
Purchase of fixed assets		
Rolls Royce Plc	51	20
Sales of parts		
Rolls Royce Plc	505	-
Reimbursement of costs		
Rolls Royce Plc	1	1
Secondment charges		
Rolls Royce India Private Limited*	30	37
Reimbursement of salary for expats		
Rolls Royce International Limited	-	4

(iii) Receivables as at the Balance Sheet date

(₹ In Millions)

Trade Receivables	31st March, 2014	31st March, 2013
Rolls Royce Plc	242	-

(iv) Payables as at the Balance Sheet date:

(₹ In Millions)

Trade Payables	31st March, 2014	31st March, 2013
Rolls Royce Plc	-	19
Other Current Liabilities		
Rolls Royce Plc	69	-
Rolls Royce India Private Limited	43	22

*Mr. Marc Drew, CEO has been seconded through Rolls Royce India and his salary and expenses were paid through Rolls Royce India Private Limited.

5. Unhedged foreign currency exposures:

Particulars	**As at 31st March, 2014**		**As at 31st March, 2013**	
	Amount (foreign currency)	**Amount (₹ in millions)**	**Amount (foreign currency)**	**Amount (₹ in millions)**
USD	1,533,888	92	5,617,868	309
GBP	873,794	87	373,686	31
EURO	684,166	56	96,000	7
CHF	3,020	-	429,700	24
		235		**371**

In respect of Indo-Russian Aviation Limited:

1. Disclosure related to AS – 18 on Related Party:

(₹ In Millions)

S. No.	**Particulars**	**31st March, 2014**	**31st March, 2013**
a)	The name of the transacting related party	Joint Venture: 1) M/s. Hindustan Aeronautics Limited 2) PJSC RAC MIG, Russia 3) Aviazapchast PLC, Russia Key Managerial Personnel 4) Mr. D.D. Kulkarni 5) Mr. M.M.Mairal 6) Mr. S.B.Kupast	Joint Venture: 1) M/s. Hindustan Aeronautics Limited 2) PJSC RAC MIG, Russia 3) Aviazapchast PLC, Russia Key Managerial Personnel 4) Mr. D.D. Kulkarni 5) Mr. M.M.Mairal 6) Mr. S.B.Kupast
b)	Volume of the transaction either as an amount or as an appropriate portion	23	11
c)	Amount Written of or written back in the period in respect of debts due from or related parties – Reversal of sale (Claim short closed)	-	-
d)	The total salary including perquisite drawn by the KMP	32	28
e)	Amount or appropriate portion of outstanding item pertaining to related at the balance sheet date	-	52

In respect of Multi Role Transport Aircraft Limited:

1. Break-up of Deferred Tax Liabilities and Assets are given below

(₹ In Millions)

Particulars	**31st March, 2014**	**31st March, 2013**
Deferred Tax Liability		
Depreciation	-	-
Total	**-**	**-**
Deferred Tax Asset		
Accrued Leave Salary	-	-
Variable Pay	1	1
Preliminary and Preoperative expenditure	7	8
Total	**8**	**9**
Deferred Tax Liability		
Opening balance	-	-
Addition/Reversal during the year	-	-
Total Deferred Tax Liability	**-**	**-**

Particulars	31st March, 2014	31st March, 2013
Deferred Tax Assets		
Opening Balance	9	-
Reversal during the year	1	-
Total Deferred Tax Assets	**8**	**-**
Net Deferred Tax Asset	**8**	**9**

2. Disclosure relating to AS – 18 on Related Party Disclosures:

S. No.	Particulars	31st March, 2014	31st March, 2013
(a)	The name of the transacting related party	UAC-Transport Aircraft, Russia (UAC-TA)	UAC-Transport Aircraft, Russia (UAC-TA)
(b)	Description of the relationship between the parties	UAC-TA Holding 48.35% of Paid up Share Capital	UAC-TA Holding 47.62% of Paid up Share Capital
(c)	Description of nature of transaction	Purchase of goods and services	Purchase of goods and services
(d)	Any other element of the related party transactions necessary for an understanding of the financial statements **Share Capital allotted.**	UAC-TA 346 millions	UAC-TA 714
(e)	Preliminary Design Contract Payment	-	743

In respect of BAeHAL Software Limited:

1. Claims against the Company not acknowledged as debts:

a) Service Tax:

The Company has received an order from the Service Tax Authorities confirming the service tax demand of ₹ 4 millions on supply, customization and implementation of ERP software. The Company contends that they have discharged the service tax due on supply and customization activities and the balance turnover sought to be taxed relates to the supply of goods, wherein the bought out software has been charged to their customer and no service tax is applicable on that portion. Hence, the Company has not accepted this demand and filed an appeal with Appellate Tribunal. The Company believes that it has a strong chance of obtaining a favourable order from the Tribunal and accordingly, no provision has been recorded in the financial statements for this demand.

b) Income Tax:

The Company had filed its return of income ('ROI') for the AY 2004-05 claiming a deduction u/s 10B of the Income Tax Act, 1961 ('the Act'). The said deduction was denied by the AO vide the assessment order dated 29 December 2006, stating that the Company was not eligible for the deduction under section 10B of the Act due to the lapse of 10 years of the tax holiday period in the AY 2003-04. Subsequently, the Company filed an appeal with CIT(A) for deduction u/s 80HHE of the Act, which was ruled in favors of the Company and the same was upheld by the ITAT. However, in a departmental appeal before High Court of Karnataka, the High Court, in its order dated 1 March 2011, has suggested that that the Company could explore the option of filing revised ROI along with filing a petition under section 119(2)(B) to the Central Board of Direct Taxes ('CBDT') for condoning the delay in filing the revised ROI. The Company has submitted the petition to the CBDT and filed its revised return in November 2011 claiming deduction u/s 80HHE of the Act. The Company believes that it has a strong chance of obtaining an approval from the CBDT condoning the delay and will be eligible to claim a refund u/s 80HHE of the Act. Accordingly, no provision has been created in the financial statements for this assessment.

2. Unhedged foreign currency exposure:

Particulars	As at 31st March, 2014		As at 31st March, 2013	
	Foreign Currency	₹ In millions	Foreign Currency	₹ In millions
Trade receivables	GBP 217,817	22	GBP 199,532	16

Particulars	As at 31st March, 2014		As at 31st March, 2013	
	Foreign Currency	₹ In millions	Foreign Currency	₹ In millions
	Euro 9,167	1	-	-
	USD 100,434	6	-	-
Total Receivables		**29**		**16**
Sundry creditors	GBP 1,775	(1)	EURO 1,857	-
			GBP 700	-
Total payables		**(1)**		**-**
Unhedged exposure, net		**28**		**16**

3. Employee Benefits:

Defined contribution plan

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident fund, which is a defined contribution plan. The Company has no obligations other than to make the specified contributions. The contributions are charged to the statement of profit and loss as they accrue. The amount recognized as an expense towards contribution to Provident Fund for the year aggregates ₹6 millions (previous year: ₹6 millions).

Defined benefit plan

The Company has a defined benefit gratuity plan. Every employee who had completed five years or more of service is eligible to a gratuity on resignation / retirement at 15 days salary (last drawn salary) for each completed year of service. The scheme is unfunded.

The following table sets out the status of the gratuity plan as required under Accounting standard (AS) 15 "Employee Benefits" prescribed by Companies (Accounting Standards) Rules, 2006, ('the Rules):

₹ In millions

Particulars	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011
Obligation at the year beginning	**6**	**6**	**6**	**8**
Service cost	2	2	1	2
Past service cost	-	-	-	-
Interest cost	1	1	1	1
Actuarial (gain)/loss	1	(1)	-	(3)
Benefits paid	(1)	(2)	(2)	(2)
Obligation at the end	**9**	**6**	**6**	**6**

Particulars	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011
Reconciliation of present value of obligation and fair value of the plan asset:				
Present value of the defined benefit obligations at the end of the year	9	6	6	6
Fair value of the plan assets at the end of the year	-	-	-	-
Liability recognized in the balance sheet	**9**	**6**	**6**	**6**

Particulars	As at 31st March, 2014	As at 31st March, 2013
Gratuity cost for the year		
Service cost	2	1
Past service cost	-	-
Interest cost	-	1
Actuarial (gain)/loss	1	(1)
Net gratuity cost	**3**	**1**

Principal actuarial assumptions in respect of gratuity:	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2012	As at 31st March, 2011
Interest rate	9%	8.15%	8.55%	8%
Weighted expected rate of salary increase	8%	5%	5%	5%
Retirement age	58 years	58 years	58 years	58 years
Attrition rate	10%	10%	10%	10%

The estimate of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

4. Deferred tax asset:

(₹ In millions)

Particulars	As at 31st March, 2014	As at 31st March, 2013
Deferred tax assets		
- Carry forward business losses (restricted to)*	2	2
Total	**2**	**2**
Deferred tax liabilities		
- Tangible fixed assets	1	1
- Intangible fixed assets	1	1
Total	**2**	**2**
Net	**-**	**-**

*In accordance with the explanation to AS 22 - "Accounting for taxes on income", deferred tax assets on unabsorbed depreciation, carry forward losses and other temporary timing differences have been recognised to the extent there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset will be realised,

5. Related party disclosures:

Names of related parties and description of relationship:

Enterprises where joint venture relationship exist:

S. No.	Particulars	Name
1	Joint venture partners	BAE Systems Plc., UK ('BAE')
2	Key management personnel	Manoharan A, CEO (Officiating) Other Directors Naresh Babu* PS Roy* M Mazhar Ali Q** Nemichandramma Michael Christie Dean McCumiskey

*Nomination withdrawn with effect from 16th Nov 2013

**Appointed with effect from 16th Nov 2013

Transaction with related parties

(₹In Millions)

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Joint Ventures		
BAE		
- Income from sale of software services	13	8
Remuneration to key management personnel		
Salaries and other employee benefits	2	2
Balance receivable / (payable) from / (to) related parties:		

Particulars	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Trade receivables		
BAE	4	1

In respect of SAMTEL HAL Display Systems Limited:

1. Deferred Tax:

(₹In Millions)

Element of Deferred Tax	Balance as on 31st March, 2013	DTA Charged during the year to P&L A/c	Balance as on 31st March, 2014
	A	B	C = (B-A)
Difference between book & tax depreciation	1	6	5
Carried forward business loss	-	-	-
Total	**1**	**6**	**5**

2. Related Party Transactions:

(A) List of Related Party & Relationship

a) Holding Company

Samtel Avionics Limited

b) Key Management Personnel

Mr. Satish K. Kaura

c) Enterprises over which Key Management Personnel ("KMP") and their relatives exercise significant influence:

Samtel Color Limited
Samtel India Limited
Samtel Glass Limited

(B) Details of transaction with above related parties in ordinary course of business

(₹In Millions)

Transaction description	2013-14		2012-13	
	Holding Company	Enterprises Controlled by KMP and Relatives	Holding Company	Enterprises Controlled by KMP and Relatives
Purchase of Goods	192	-	198	-
Service purchase	9	-	-	-
Employees on deputation debited by SDS	3	-	-	-
Advances/Payments paid	238	-	246	-
Outstanding Balance as on 31st March, 2014				
Creditors for goods supplied	(12)	-	11	-

In respect of HALBIT:

1. During the year, the Company Continued to incur substantial losses i.e. ₹11 million for the year 2014 (2013 - ₹379) and has accumulated losses of ₹44 million-2014(2013-₹34 million). However, based on the estimated future growth as per the business plans and projected cash flow, the Company is confident of funding its operating and capital expenditure and continue business operations in the foreseeable future. Accordingly, these financial statements have been prepared on a going concern basis.

2. Related Party disclosure (with whom transactions have been entered in the current year):

Particulars	Name
a) Joint Venture Partners	ELBIT Systems Limited (26% share) Merlinhawk Associates Private Limited (24% share)
b) Key Management Personnel	Mr.B.R. Chandran - Chief Executive Officer (resigned with effect from October 31, 2014) Mr.Narendra Singh- Chief Executive Officer (appointed with effect from October 8, 2014)

Summary of transactions with the above related parties is as follows: ₹ in millions

(₹In Millions)

S. No	Nature of Transaction	ELBIT Systems Limited	B. R. Chandran - Chief Executive Officer	Hagai Raz –Chief Technology Officer and Vice President – Business Development	Lion Ben Vishay - Chief Technology Officer and Vice President	Total
1	Contract Revenue (net)	18 (8)	-	-	-	18 (8)
2	Expenses incurred on behalf of the related party	5 (1)	-	-	-	5 (1)
3	Purchase of project items	264 (386)	-	-	-	264 (386)
4	Remuneration		2 (2)	- -	2 (2)	4 (4)
5	Sundry Debtors (net)	11 (10)	-	-	-	11 (10)
6	Other Receivable	6 (5)	-	-	-	6 (5)
7	Liquidated Damages written back	- (1)				- (1)
8	Liquidated Damages recoverable*	6 (4)	-	-	-	6 (4)
9	Provision for doubtful advances	1 -				1 -
10	Advances Paid	- (195)				- (195)
11	Fixed Assets provided free of cost including customs duty	- (2)				- (2)
12	Current Liabilities (Balances Outstanding)	359 (252)				359 (252)
13	Provision for doubtful advances (Balances Outstanding)	1 -				1 -

*included in Other Receivable.

Note: figures in brackets represent amounts for previous year ended 31st March, 2013

3. Employee benefits:

Gratuity:

The Company has a defined benefit gratuity plan covering all employees in compliance with the requirements of 'The Payment of Gratuity Act 1972'. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is unfunded.

The principal actuarial assumptions used in determining gratuity and leave encashment for the Company's plans are shown below:

Particulars	31st March, 2014	31st March, 2013
Discount rate	9.15%	8.00%
Salary escalation rate	7.00%	7.00%
Mortality rate	Indian Assured Lives Mortality (2006-08) ULT table	
Employee Turnover	2% - 10% for various age groups	

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

4. Unhedged foreign currency exposure as at balance sheet date

(₹ In Millions)

Particulars	Foreign currency (FC)	31st March 2014		31st March 2013	
	US $	FC	₹	FC	₹
Sundry debtors	US $	189,530	11	178,683	10
Other receivable	US $	99,566	6	92,466	5
Sundry creditors	US $	(5,970,586)	(4)	(46,384,78)	(252)

In respect of TATA HAL Technologies Limited:

1. Details of security for the secured short-term borrowings:

(₹ In Millions)

Particulars	Terms of repayment and security	As at 31march, 2014	As at 31march, 2013
Loans repayable on demand from Banks	The facility is hypothecation of stocks and book debts. Interest rates varies from time to time and is subject to market conditions, bank's pricing and rating of the Company. Currently, the same is fixed at 12.5%p.a.		
Overdraft facility from HDFC Bank		-	9
Overdraft facility from Yes Bank		15	-
	Total	**15**	**9**

2. Foreign Currency exposure that has not been hedged by a derivative instrument or otherwise given below:
3.

Particulars		Amount in		
		Foreign currency	Foreign currency	In Millions
Payable for reimbursement of expenses	Tata Technologies Europe Limited.	EUR	29,958	2
			(-)	(-)
Receivable against sale of services		GBP	6,000	1
			(3,771)	(1)
		EUR	267,050	22
			(316,184)	(22)

4. **Employee Benefit Expenses**:

Details of actuarial assumptions considered for defined benefit plans –As per Actuarial valuation as on March 31, 2014.

Actuarial Assumptions for Gratuity	31st March, 2014	31st March, 2013
Discount rate	8.78%	8.25%
Expected Return on Plan Assets	Nil	Nil
Salary escalation	6%	6%
Attrition Rate	5%	5%
Retirement Age	60	60
Mortality tables	LIC(94-96)	LIC(94-96)
	Ultimate Mortality Table	Ultimate Mortality Table
Benefits Payable	As per Payment of Gratuity Act, 1972	As per Payment of Gratuity Act, 1972

- Details of Payments to defined contribution plans:

Provident Fund –₹ 2 million (PY ₹ 1 million)

5. Related Party Transactions

(I) Details of related parties:

Description of Relationship	Name of Related Parties
a) Investing party	TATA Technologies (TTL)
b) Key Managerial Personnel	Mr. Lokesh Ranjan Srivastava
c) Associates	TATA Technologies Europe. Ltd (TTEL)
d) Associates	TATA Technologies Inc (TTL USA)

(II) Transactions with related parties:

(₹ In Millions)

Particulars	TTL	TTEL	TTL USA	KMP
Purchase of Computer, software and other services	33 (9)	- (-)	- (-)	- (-)
Income from Design Services	11 (-)	38 (41)	- (12)	- (-)
Rent Received / Services Charges	3 (2)	- (-)	- (-)	- (-)
Reimbursement of Expenses	1 (-)	2 (5)	- (-)	- (-)
Managerial Remuneration	- (-)	- (-)	- (-)	4 (4)

(III) Amount Outstanding as at March 31, 2014:

(₹ In Millions)

Particulars	TTL	TTEL	TTL USA	KMP
Trade Payables	3 (1)	2 (-)	- (-)	- (-)
Sundry debtors	11 (-)	23 (18)	- (-)	- (-)
Reimbursable Expenses	- (-)	- (4)	- (-)	- (-)
Managerial Remuneration	- (-)	- (-)	- (-)	- (-)

In respect of HATSOFF Helicopter Training Private Limited:

1. Long Term Borrowings:

(₹In Millions)

Particulars	Non-Current Position		Current Position	
	As at 31st March, 2014	As at 31st March, 2013	As at 31st March, 2014	As at 31st March, 2013
Secured				
Term Loan				
- From bank*	2,122	2,104	303	183
	2,122	**2,104**	**303**	**183**

*The Term loan from bank is a foreign currency term loan (External Commercial Borrowing) taken from ICICI Bank, Offshore Banking Unit (OBU). The loan carries interest @ 6 months LIBOR plus 2.5% margin payable semi-annually. The Company has entered into a currency risk interest rate swap arrangement, whereby the company is liable to pay interest at a fixed rate of 10.35% p.a., the said swap arrangement was cancelled during the year.

The term loan is repayable in 25 semi-annual equal installments of USD 16,84,000 each commencing from 05 September 2013 over a period of 13 years. The above term loan is secured by a first charge on the assets (excluding land and building and other movable assets) of the Company and a first charge over the cash flows of the Company Charge on security and other credit comforts as mentioned are created in favor of the Security Trustee as identified by the Banker.

During the year, half-yearly principal amount due of ₹ 109 millions was paid in parts with the maximum delay of 110 days. The interest of ₹ 36 millions and the principal amount of ₹101 millions remained unpaid as on the Balance sheet Date.

2. Going Concern:

The Company has incurred a net loss of ₹349 millions during the period ended 31st March 2014 and as of that date; the Company's current liabilities exceeded its current assets. In addition to this, as at the balance sheet date, the Company has significant accumulated losses which have resulted in erosion of the net worth. The net worth of the Company as at 31st March 2014 is negative by ₹253 millions. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. These Financial statements have been prepared on a going concern basis, notwithstanding the above factors in view of the following:

- ICICI Bank has sanctioned additional finance assistance and also has offered postponement of testing of covenants upto March 31, 2019 vide their Letter Dt 8th Nov 2013 and letter date 13th December, 2013. The same is under negotiation with the Bank.
- Expected Steady growth reflected in the financial projections prepared by the management and its assessment of the company as a going concern.

3. Related Party disclosure:

(i) Name of the Related party and description of relationships:

Parties where control exists	CAE Inc.
Other Related Party with whom the company has transactions during the year	CAE India Private Limited CAE Simulation Technologies Private Limited
Key Managerial Personnel	Maj. Gen (Retd.) A H Gadre, CEO (upto 6 Feb 2014)
	Wg. Cdr. (Retd.) N.S.Krishna,CEO (from 1st Mar 2014)

(ii) Related party transactions during the year:

(₹ In Millions)

CAE Inc.	For the year ended 31st March 2014	For the year ended 31st March 2013
Repairs and maintenance - Plant and machinery	1	-
Capital Advances Given	19	-
Equity Shares issued	6	56
Interest expense on Share application money received (net of tax deducted at source)	-	7

CAE Inc.	For the year ended 31st March 2014	For the year ended 31st March 2013
Conversion of interest payable on share application money received pending allotment	-	6
CAE India Private Limited.		
Purchase of Capital assets	-	-
CAE Simulation Technologies Pvt Ltd.		
Secured loan received	64	-
Interest expense on unsecured loan (net of tax deducted at source)	7	-
Key Managerial Person		
Remuneration to A.H Gadre, CEO	3	3
Remuneration to N. S. Krishna, CEO	-	-

(iii) Amount Outstanding as at the Balance sheet Date:

(₹In Millions)

Particulars	As at March 31, 2014	As at March 31, 2013
CAE Inc., Canada		
Capital advances	306	288
Share application money received pending allotment (Conversion of interest payable into share application money)	-	7
CAE Simulation Technologies Pvt Ltd.		
Secured Loan	13	-
Interest Accrued and Due on Secured Loan	2	-

4. Details of Deferred Tax asset:

(₹In Millions)

Particulars	As at 31st March 2014	As at 31st March 2013
Deferred Tax Liabilities		
Excess of depreciation allowable as per income tax laws over depreciation provided in book	(132)	(103)
Other expense allowed in income tax laws but not amortised in the books	(11)	(15)
Deferred Tax Assets		
Provisions for compensated absences and gratuity allowable on payment basis as per income tax laws	1	1
Other expenses proportionate allowable as per income tax laws	1	-
Unabsorbed depreciation and brought forward loses	141	117
Deferred Tax Assets (net)	-	-

Recognition of the deferred tax asset on carry forward unabsorbed depreciation and business losses have been restricted to the deferred tax liability recognised on excess of depreciation allowable under Income-tax Act, 1961 over depreciation provided in financial statements and the deferred tax asset will be recognised as per the accounting standards read with the interpretation in the coming years.

5. Derivative instruments and un-hedged foreign currency exposure:

Derivative instruments

Particulars	Purpose	As at 31 Mar 2014	As at 31 Mar 2013
Currency swap contract	Towards repayment of foreign currency loan	-	USD 23,576,000
Interest swap contract	Towards repayment of interest on foreign currency loan	-	USD 22,593,755

Particulars of un-hedged foreign currency exposure as at the balance sheet date:

)Underlying asset / liability	As at 31 Mar 2014		As at 31 Mar 2014	
	Amount in USD	**₹ in Millions**	**Amount in USD**	**₹ in Millions**
Secured Loan from Bank	40,416,000	2,425	18,524,000	1,006
Advance from customers	-	-	-	-
Trade receivables	42,640	3	58,174	3
	404,58,640	**2,428**	**18,582,174**	**1,009**

<u>In respect of Infotech HAL:</u>

1. Foreign Currency Exposure not hedged by derivative instruments:

(₹In Millions)

Particulars	As at 31st March, 2014	As at 31st March, 2013
GBP – Receivable	22,164	28,279
Equivalent Rupees	2	2
Euro – Receivable	51,000	12,020
Equivalent Rupees	4	1

2. Employee benefits:
   (a) The company has determined the liability as at 31st March, 2014 towards employee benefits in accordance with the Accounting Standard 15 (Revised) under the projected unit credit method on the basis of actuarial valuation.

   (b) Details of Employee benefits are given below:
   (i) Defined Contribution Plan

(₹In Millions)

Particulars	31st March, 2014	31st March, 2013
Provident	1	-

(ii) Defined Benefit Plan

Gratuity and Compensated absences (Leave Encashment) are unfunded obligations of the company. The actuarial assumptions considered for determination the liability for Gratuity and Leave Encashment are given below:

Particulars	31st March, 2014	31st March, 2013
Discount Rate (per annum)	9.00%	8.00%
Salary escalation rate	9.00%	9.00%
Retirement age	60 years	60 years
Mortality Rate	LIC (2006-08) Ultimate	LIC (1994-96) Ultimate

3. Related Party Disclosures:

Party	Relationship
Infotech Enterprises Limited (IEL)	The Company is a Joint Venture of IEL and HAL
Infotech Gmbh, Germany	Associated Enterprises (100% Subsidiary of IEL)
Vijaimohan Veeramalla	Key Management Personnel (‘KMP’)

Transaction with related party:

(₹ In Millions)

Nature of transactions	IEL	Infotech Gmbh	KMP
Income	- (-)	16 (14)	- (-)
Rent and Parking Fees Paid (including Service Tax)	1 (1)	- (-)	- (-)
Technical Consulting	15 (13)	- (-)	- (-)
Salaries	- (1)	- (-)	2 (2)
Loan taken	4 -	- (-)	- (-)
Loan Repaid	1 -	- (-)	- (-)
Balances Outstanding (net)	14 Cr (5 Cr)	2 Dr (2 Dr)	- (-)

Figures in brackets indicate the previous year amounts

In respect of Snecma HAL Aerospace Private Limited

1. Employee costs include a sum of ₹ 4 million (P.Y. ₹ 3 million) relating to reimbursement of expenses (Expatriate's salary) of one of the key management personnel to one of the shareholders which is subject to approval of the Board of Directors and the other Shareholder.

2. The accrued liability for gratuity and compensated absences to employees are determined on the basis of independent actuarial valuation using unit credit method as at the end of each calendar year, being the period for which employee entitlements are computed. The actuarial valuation has adopted the following assumption:

Actuarial Assumptions	Gratuity		Compensated Absences	
Retirement Age	58	58	58	58
Mortality	Indian Assured Lives (06-08) Ultimate	LIC (94-96) Ultimate Mortality table	Indian Assured Lives (06-08) Ultimate	LIC (94-96) Ultimate Mortality table
Rate of Interest	9.12% p.a.	8.5% p.a.	9.12% p.a.	8.5% p.a.
Estimated rate of return on plan assets	8.00% p.a.	8.00% p.a.	-	-
Salary Increase	10.00% p.a.	6.00% p.a.	10.00% p.a.	6.00% p.a.
Attrition rate	10.00% p.a.	5.00% p.a.	10.00% p.a.	5.00% p.a.
Gratuity benefits payable	As per Gratuity Act, 1972	As per Gratuity Act, 1972	-	-
Leave benefits payable	-	-	As per Company Rules	As per Company Rules

3. Related Party Disclosures:
   (i) Related Party and nature of transaction:

Party	Relationship
Snecma Participations S.A., France	Enterprise having significant influence
Snecma Participations India Private Limited.	Subsidiary of enterprise having significant influence and entity in which KMP is interested.
Snecma S.A., France Turbomeca S.A., France Safran Engineering Services India Private Limited	Subsidiary of enterprise having significant influence
Mr. Theiry Brun	Key Management Personnel (KMP)

   (ii) Nature of Transactions and Related Party

(₹ In Millions)

Nature of Transactions	Enterprise having significant influence	
Particulars	**2013-14**	**2012-13**
Expatriate Salaries (For reimbursement to subsidiary of enterprises having significant influence)	22	16
Sales of Finished Goods	522	433
Receiving Services	1	1

(iii) Other notes to 'related party disclosures'

A) Details of Sales of goods/services to Related Party:

(₹In Millions)

Particulars	2013-14	2012-13
Snecma S.A., France	520	431
Turbomeca S.A., France	2	2

B) Details of Service received from Related Party:

Safran Engineering Services India Private Limited	1	1

C) Details of year end balances of Related Party:

(₹In Millions)

Particulars	2013-14	2012-13
Snecma S.A., France:		
- Receivables (at year end)	60	45
- Payables (at year end)**	87	65
Turbomeca France:		
- Receivables (at year end)	1	3
- Payables (at year end)	11	9
Safran Engineering Services India Private Limited:		
- Payables (at year end)	-	-

**Includes due to Snecma SA, France towards reimbursement of expatriate cost ₹63 millions (P.Y. ₹44 millions)

4. Foreign Currency Exposure

Not hedged by derivative instruments or otherwise

(₹In Millions)

Particulars	2013-14	2012-13
USD – Payable	168,263	688,047
Equivalent Rupees	10	38
USD – Receivable	3,242,459	1,208,960
Equivalent Rupees	193	70
EURO – Payable	326,521	262,048
Equivalent Rupees	27	18
Swiss Franc – Payable	1,718	1,699
Equivalent Rupees	-	-

5. Deferred Tax Asset / (Liability):

(₹In Millions)

Particulars	31st March, 2014	31st March, 2013
Deferred tax asset:		
On difference between tax depreciation and depreciation charged for financial reporting	2	3
On expenditure charged to the profit and loss statement, but allowable for tax purposes on payment basis in future years	-	-
On timing difference of expenditure allowed only on remittance of tax deducted at source	-	1
On provision for doubtful debts / advances / contingencies	6	6

Particulars	31st March, 2014	31st March, 2013
allowable for Income Tax purpose only on write off		
Total	**8**	**10**

21 Additional Disclosure pursuant to Principles of consolidation for preparation of Consolidated Financial Information .

(₹In Millions)

JV	Participating Interest (in %)	HAL Share of Net Assets		HAL Share of Total Assets		HAL Share of Total Revenue		HAL Share of Net Cash Flows	
		2014	2013	2014	2013	2014	2013	2014	2013
Aerospace Aviation and Sectors Skill Council(AASSC)	50%	-	-	-	-	-	-	-	-
Multi Role Transport Aircraft Limited(MTAL)	50%	1,141	793	1,145	1,145	27	13	(3)	418
SAMTEL HAL Display Systems Limited (SAMTEL)	40%	13	19	52	46	73	97	1	(1)
Snecma HAL Aerospace Private Limited (SNECMA)	50%	180	153	288	232	262	218	57	(15)
Indo-Russian Aviation Limited (IRAL)	48%	299	239	459	376	487	308	(79)	14
HALBIT Avionics Private Limited (HALBIT)	50%	16	21	210	213	226	235	(80)	95
HAL-Edgewood Technologies Private Limited (HAL-EDGEWOOD)	50%	(19)	1	63	86	23	1	-	(10)
International Aerospace Manufacturing Private Limited (IAMPL)	50%	319	305	926	534	256	15	(49)	(59)
BAeHAL Software Limited (BAeHAL)	49%	89	86	136	123	124	114	(2)	3
TATA HAL Technologies Limited(TATA-HAL)	50%	14	22	29	32	43	28	(3)	2
HATSOFF Helicopter Training Private Limited(HATSOFF)	50%	(127)	(79)	1,190	1,233	89	80	(1)	(4)
Infotech HAL Limited (INFOTECH)	50%	3	3	15	8	14	14	(1)	0

As per our Report attached

for M/s. S. Venkatram & Co.,
Chartered Accountants

Firm Regn. No.004656S

(C.V. Ramana Rao)
Director (Finance)
& CFO

(T. SUVARNA RAJU)
Chairman & Managing
Director

(S. Venkataramani)
Partner
Membership No. 015700
Place:Bangalore
Date: 05th March 2018

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

INDEPENDENT AUDITORS' REPORT ON RESTATED STANDALONE FINANCIAL INFORMATION AS REQUIRED UNDER SECTION 26 OF COMPANIES ACT, 2013, READ WITH RULE 4 OF COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014

The Board of Directors of
Hindustan Aeronautics Limited
15/1 Cubbon Road,
Bangalore – 560 037

Dear Sirs,

1. We have examined, the attached Restated Standalone Financial Information of Hindustan Aeronautics Limited (the "Company"), which comprises the Restated Summary Standalone Statement of Assets and Liabilities as at September 30, 2017 , March 31, 2017, 2016, 2015, 2014 and 2013, the Restated Summary Standalone Statements of Profit and Loss (including other comprehensive income) and Restated Summary Standalone Statement of changes in equity for the six month period ended September 30,2017 and for each of the years ended March 31, 2017, 2016 and 2015 and the Restated Summary Standalone Statements of Profit and Loss for years ending March 31, 2014 and 2013 and Restated Summary Standalone Statement of Cash Flows for the six month period ended September 30,2017 and for each of the years ended March 31, 2017, 2016, 2015, 2014 and 2013 respectively, and the Summary of Significant Accounting Policies (collectively, the "Restated Standalone Financial Information") as approved by the Board of Directors of the Company for the purpose of inclusion in the offer document prepared by the Company in connection with its proposed Initial Public Offer through Offer for Sale ("IPO") prepared in terms of the requirements of:
   a. section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Act") read with Rule 4 to 6 of Companies (Prospectus and Allotment of Securities) Rules, 2014 (the "Rules");
   b. the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time in pursuance of provisions of Securities and Exchange Board of India Act, 1992 ("ICDR Regulations"); and
   c. The Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by the Institute of Chartered Accountants of India as amended from time to time (the "Guidance Note").

2. The preparation of the Restated Standalone Financial Information is the responsibility of the management of the Company for the purpose set out in paragraph 13 below. The Company's Board of Directors is responsible with respect to the preparation of these Restated Standalone Financial Information in accordance with the accounting principles generally accepted in India complies with the Act, Rules, ICDR Regulations and the Guidance Note with regard to the presentation of the Restated Standalone Financial Information. This responsibility includes maintenance of adequate records and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the records relevant to the preparation and presentation of the Restated Standalone Financial Information are free from material misstatement, whether due to fraud or error.

3. Our responsibility is to examine the Restated Standalone Financial Information and confirm whether such Restated Standalone Financial Information comply with the requirements of the Act, the Rules, the ICDR Regulations and the Guidance Note.
4. We have examined such Restated Standalone Financial Information taking into consideration:
   a. The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated 29th June 2017 in connection with the proposed Initial Public Offer through Offer for Sale (IPO) of the Company;
   b. The Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by the Institute of Chartered Accountants of India ("The Guidance Note"); and

5. These Restated Standalone Financial Information have been compiled by the management from the:
   a. Audited financial statements of the Company as at and for the six month period ended September 30, 2017 which includes the comparative Ind AS financial statements as at and for the year ended March 31, 2017, prepared in accordance with the Indian Accounting Standards ("Ind-AS") notified under the Companies (Indian Accounting Standards) Rules 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 which have been approved by the Board of Directors at their meeting held

on 02nd February , 2018

b. Audited financial statements of the Company as at and for the year ended March 31, 2017 which includes the comparative Ind AS financial statements as at and for the year ended March 31, 2016, prepared in accordance with the Indian Accounting Standards ("Ind-AS") notified under the Companies (Indian Accounting Standards) Rules 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 which have been approved by the Board of Directors at their meeting held on 29th June, 2017.

c. Audited financial statements of the Company as at and for the year ended March 31, 2014, prepared in accordance with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 which have been approved by the Board of Directors at its meeting held on 01st September, 2014.

d. Audited financial statements of the Company as at and for the year ended March 31, 2013, prepared in accordance with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956), which have been approved by the Board of Directors at its meeting held on 05th August, 2013.

e. The Restated Standalone Financial Information also contains the proforma Ind AS financial statements as at and for the year ended March 31, 2015. These proforma Ind AS financial statements have been prepared by making Ind AS adjustments to the audited Indian GAAP financial statements (audited by the previous auditors, M/s. Dagliya & Co., Chartered Accountants) as at and for the year ended March 31, 2015 which has been approved by the Board of Directors at their meeting held on 22nd September 2017 as described in Note 6 (c) of Annexure IV of Part A.

f. Audit for the financial years ended March 31, 2014 and 2013 was conducted by the previous auditors, M/s. Dagliya & Co., Chartered Accountants; and accordingly complete reliance has been placed on the financial information examined by them for the said financial years. The Financial Report included for these years, i.e. March 31, 2014 and 2013 are based solely on the Report submitted by M/s. Dagliya & Co., Chartered Accountants, we confirmed that the restated standalone financial information:

    i. have been made after incorporating adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods;

    ii. have been made after incorporating adjustments for the material amounts in the respective financial years to which they relate; and

    iii. do not contain any extra-ordinary items that need to be disclosed separately other than those presented in the Restated Standalone Financial Information and no adjustments can be made with respect to the qualification as they were not quantified in the respective years.

6. In accordance with the requirements of Section 26 of Part I of Chapter III of the Act read with, Rules 4 to 6 of Companies (Prospectus and Allotment of Securities) Rules, 2014, the ICDR Regulations and the Guidance Note, we report that:

    a. The proforma financial information as at and for the year ended March 31, 2015 are prepared after making proforma adjustments as mentioned in Note 6(c) of Annexure IV of Part A.

    b. The Restated Summary Standalone Statement of Assets and Liabilities of the Company, as at and for the six month period ended September 30,2017 and for the years ended March 31, 2017, 2016 and 2015 under Ind AS, as set out in Annexure- I of Part A and as at and for the years ended March 31, 2014 and 2013 under Indian GAAP, as set out in Annexure-I of Part B to this Report, have been arrived at after making adjustments and regrouping/reclassification as in our opinion were appropriate and more fully described in Note 2 of Annexures XL of Part B: Summary Statement of Adjustments to the Audited Financial Statements.

    c. The Restated Summary Standalone Statement of Profit and Loss (including other comprehensive income) of the Company, for the six month period ended September 30,2017 and for the years ended March 31, 2017, 2016 and 2015 under Ind AS, as set out in Annexure-II of Part A and The Restated Summary Standalone Statement of Profit and Loss for the years ended March 31, 2014 and 2013 under Indian GAAP, as set out in Annexure-II of Part B to this Report are after making adjustments and regrouping/reclassifications as in our opinion were appropriate and more fully described in Note 2 of Annexures XL of Part B: Summary Statement of Adjustments to the Audited Financial Statements.

    d. The Restated Summary Standalone Statement of changes in equity of the Company, for the six month period ended September 30,2017 and for the years ended March 31, 2017, 2016 and 2015 under Ind AS, as set out in Annexure IIIA of Part A to this Report.

    e. The Restated Summary Standalone Statement of Cash Flows of the Company, for the six month period ended September 30,2017 and for the years ended March 31, 2017, 2016 and 2015 under Ind AS, as set out in Annexure-III of Part A and for the years ended March 31, 2014 and 2013 under Indian GAAP, as set out in Annexure-III of Part B to this Report are after making adjustments and regrouping/reclassifications as in our opinion were appropriate and more fully described in Note 2 of Annexures XL of Part B: Summary Statement of Adjustments to the Audited Financial Statements.

f. Based on the above and according to the information and explanations given to us, and also as per the reliance placed on the Reports submitted by the previous auditors, M/s. Dagliya & Co., Chartered Accountants for the financial years 2012-13 and 2013-14, we further Report that the Restated Standalone Financial Information:
   i. have been made after incorporating adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods;
   ii. have been made after incorporating adjustments for the material amounts in the respective financial years to which they relate; and
   iii. do not contain any extra-ordinary items that need to be disclosed separately other than those presented in the Restated Standalone Financial Information and do not contain any qualification requiring adjustments.

7. We have also examined the following restated standalone financial information of the Company set out in the Annexures prepared by the management and approved by the Board of Directors on 05th March 2018 for the six month period ended September 30,2017 and for the years ended March 31, 2017, 2016 and 2015 under Part A

SL No	Particulars	Annexure No
1	SUMMARY STATEMENT OF STANDALONE ASSETS AND LIABILITIES, AS RESTATED, UNDER IND AS	ANNEXURE I
2	SUMMARY STATEMENT OF STANDALONE PROFIT AND LOSS, AS RESTATED,UNDER IND AS	ANNEXURE II
3	STATEMENT OF STANDALONE CASH FLOWS, AS RESTATED,UNDER IND AS	ANNEXURE III
4	STATEMENT OF STANDALONE STATEMENT OF CHANGES IN EQUITY	ANNEXURE IIIA
5	SIGNIFICANT ACCOUNTING POLICIES AND FIRST TIME ADOPTION OF IND AS FORMING PART OF THE RESTATED STANDALONE FINANCIAL INFORMATION FOR THE PERIOD ENDED SEPTEMBER 30,2017, MARCH 31, 2017, 2016 AND 2015 (PROFORMA)	ANNEXURE IV
6	STANDALONE SUMMARY STATEMENT OF GROSS BLOCK, ACCUMULATED DEPRECIATION AND NET BLOCK -PLANT, PROPERTY AND EQUIPMENT , AS RESTATED ,UNDER IND AS	ANNEXURE V
7	STANDALONE SUMMARY STATEMENT OF CUSTOMER FUNDED ASSETS, AS RESTATED,UNDER IND AS	ANNEXURE VI
8	STANDALONE SUMMARY STATEMENT OF CAPITAL WORK IN PROGRESS , AS RESTATED, UNDER IND AS	ANNEXURE VII
9	STANDALONE SUMMARY STATEMENT OF INTANGIBLE ASSETS , AS RESTATED, UNDER IND AS	ANNEXURE VIII
10	STANDALONE SUMMARY STATEMENT OF INTANGIBLE ASSETS UNDER DEVELOPMENT , AS RESTATED, UNDER IND AS	ANNEXURE IX
11	STATEMENT OF STANDALONE NON-CURRENT INVESTMENTS IN JOINT VENTURES SUBSIDIARIES, AS RESTATED ,UNDER IND AS	ANNEXURE X
12	STATEMENT OF STANDALONE NON-CURRENT FINANCIAL ASSETS INVESTMENT-OTHERS , AS RESTATED ,UNDER IND AS	ANNEXURE XI
13	STATEMENT OF STANDALONE NON CURRENT FINANCIAL ASSETS- TRADE RECEIVABLES, AS RESTATED , UNDER IND AS	ANNEXURE XII
14	STATEMENT OF STANDALONE NON CURRENT FINANCIAL ASSETS LOANS , AS RESTATED ,UNDER IND AS	ANNEXURE XIII
15	STATEMENT OF STANDALONE FINANCIAL ASSETS- OTHERS,	ANNEXURE XIV

SL No	Particulars	Annexure No
	AS RESTATED ,UNDER IND AS	
16	STATEMENT OF STANDALONE OTHER NON CURRENT ASSETS, AS RESTATED ,UNDER IND AS	ANNEXURE XV
17	STATEMENT OF STANDALONE INVENTORIES, AS RESTATED , UNDER IND AS	ANNEXURE XVI
18	STATEMENT OF STANDALONE TRADE RECEIVABLES, AS RESTATED ,UNDER IND AS	ANNEXURE XVII
19	STATEMENT OF STANDALONE CASH AND BANK BALANCES, AS RESTATED, UNDER IND AS	ANNEXURE XVIII
20	STATEMENT OF STANDALONE FINANCIAL ASSETS SHORT-TERM LOANS AND ADVANCES, AS RESTATED ,UNDER IND AS	ANNEXURE XIX
21	STATEMENT OF STANDALONE FINANCIAL ASSETS - OTHER , AS RESTATED ,UNDER IND AS	ANNEXURE XX
22	STATEMENT OF STANDALONE OTHER CURRENT ASSETS , AS RESTATED ,UNDER IND AS	ANNEXURE XXI
23	STATEMENT OF SHARE CAPITAL, UNDER IND AS	ANNEXURE XXII
24	STATEMENT OF STANDALONE RESERVE AND SURPLUS, AS RESTATED, UNDER IND AS	ANNEXURE XXIII
25	STATEMENT OF STANDALONE NON CURRENT FINANCIAL LIABILITIES - LONG-TERM BORROWINGS, AS RESTATED ,UNDER IND AS	ANNEXURE XXIV
26	STATEMENT OF STANDALONE LONG TERM LIABILITIES - TRADE PAYABLES & OTHER FINANCIAL LIABILTIES, AS RESTATED ,UNDER IND AS	ANNEXURE XXV
27	STATEMENT OF STANDALONE LONG TERM PROVISIONS, AS RESTATED ,UNDER IND AS	ANNEXURE XXVI
28	STATEMENT OF STANDALONE OTHER NON CURRENT LIABILITIES , AS RESTATED ,UNDER IND AS	ANNEXURE XXVII
29	STATEMENT OF STANDALONE CURRENT FINANCIAL LIABILITIES - BORROWINGS, AS RESTATED ,UNDER IND AS	ANNEXURE XXVIII
30	STATEMENT OF STANDALONE TRADE PAYABLE AND OTHER CURRENT LIABILITIES, AS RESTATED ,UNDER IND AS	ANNEXURE XXIX
31	STATEMENT OF STANDALONE OTHER CURRENT LIABILITIES, AS RESTATED ,UNDER IND AS	ANNEXURE XXX
32	STATEMENT OF STANDALONE SHORT TERM PROVISIONS, AS RESTATED ,UNDER IND AS	ANNEXURE XXXI
33	STATEMENT OF STANDALONE REVENUE FROM OPERATIONS, AS RESTATED, UNDER IND AS	ANNEXURE XXXII
34	STATEMENT OF STANDALONE OTHER INCOME, AS RESTATED,UNDER IND AS	ANNEXURE XXXIII
35	STANDALONE SUMMARY STATEMENT OF COST OF MATERIAL CONSUMED, AS RESTATED ,UNDER IND AS	ANNEXURE XXXIV
36	STANDALONE SUMMARY STATEMENT OF CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS AND SCRAP , AS RESTATED, UNDER IND AS	ANNEXURE XXXV
37	STANDALONE SUMMARY STATEMENT OF EMPLOYEE BENEFIT , AS RESTATED ,UNDER IND AS	ANNEXURE XXXVI
38	STANDALONE SUMMARY STATEMENT OF FINANCE COST , AS RESTATED ,UNDER IND AS	ANNEXURE XXXVII
39	STANDALONE SUMMARY STATEMENT OF DEPRECIATION AMORTISATION EXPENSE AND IMPAIRMENT LOSS, AS RESTATED ,UNDER IND AS	ANNEXURE XXXVIII
40	STANDALONE SUMMARY STATEMENT OF OTHER EXPENSES , AS RESTATED ,UNDER IND AS	ANNEXURE XXXIX
41	STANDALONE SUMMARY STATEMENT OF DIRECT INPUT TO WIP/EXPENSES CAPITALISED , AS RESTATED ,UNDER IND AS	ANNEXURE XL

SL No	Particulars	Annexure No
42	STANDALONE SUMMARY STATEMENT OF PROVISIONS , AS RESTATED ,UNDER IND AS	ANNEXURE XLI
43	STANDALONE SUMMARY STATEMENT OF EXPENSES RELATING TO CAPITAL AND OTHER ACCOUNTS , AS RESTATED ,UNDER IND AS	ANNEXURE XLII
44	STANDALONE CAPITALISATION STATEMENT, AS RESTATED	ANNEXURE XLIII
45	STATEMENT OF STANDALONE DIVIDEND DECLARED	ANNEXURE XLIV
46	STATEMENT OF STANDALONE ACCOUNTING RATIOS (PRE-BONUS / POST BUY BACK ISSUE), AS RESTATED	ANNEXURE XLV
47	STATEMENT OF STANDALONE TAX SHELTERS, AS RESTATED	ANNEXURE XLVI
48	STATEMENT OF STANDALONE RELATED PARTY TRANSACTION	ANNEXURE XLVII
49	NOTES TO ACCOUNTS FORMING PART OF RESTATED STANDALONE FINANCIAL INFORMATION FOR THE PERIOD ENDED SEPTEMBER 30, 2017, 31ST MARCH 2017, 31st MARCH 2016 AND 31st MARCH 2015(PROFORMA)	ANNEXURE XLVIII

8. According to the information and explanations given to us, in our opinion, the restated standalone financial information and the above restated financial information contained in Annexures I to XLVIII of Part A accompanying this Report read with Summary of Significant Accounting Policies as disclosed in Annexure-IV, have been prepared in accordance with the Act, Rules, ICDR Regulations and the Guidance Note.

9. We have also examined the following restated standalone financial information of the Company set out in the Annexures prepared by the management and approved by the Board of Directors on 05th March 2018 for the years ended March 31, 2014 and 2013 under Part B. These information have been included based upon the Reports submitted by previous auditors, M/s. Dagliya & Co., Chartered Accountants, and relied upon by us:

SL No	Particulars	Annexure No
1	SUMMARY STATEMENT OF STANDALONE ASSETS AND LIABILITIES, AS RESTATED, UNDER IGAAP	ANNEXURE I
2	SUMMARY STATEMENT OF STANDALONE PROFIT AND LOSS, AS RESTATED,UNDER IGAAP	ANNEXURE II
3	STATEMENT OF STANDALONE CASH FLOWS, AS RESTATED,UNDER IGAAP	ANNEXURE III
4	STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES ,UNDER IGAAP	ANNEXURE IV
5	STATEMENT OF SHARE CAPITAL , UNDER IGAAP	ANNEXURE V
6	STATEMENT OF STANDALONE RESERVE AND SURPLUS, AS RESTATED,UNDER IGAAP	ANNEXURE VI
7	STATEMENT OF STANDALONE LONG-TERM BORROWINGS, AS RESTATED,UNDER IGAAP	ANNEXURE VII
8	STATEMENT OF STANDALONE OTHER LONG TERM LIABILITIES, AS RESTATED,UNDER IGAAP	ANNEXURE VIII
9	STATEMENT OF STANDALONE LONG TERM PROVISIONS, AS RESTATED,UNDER IGAAP	ANNEXURE IX
10	STATEMENT OF SHORT TERM BORROWINGS, AS RESTATED,UNDER IGAAP	ANNEXURE X
11	STATEMENT OF STANDALONE TRADE PAYABLES, AS RESTATED,UNDER IGAAP	ANNEXURE XI
12	STATEMENT OF STANDALONE OTHER CURRENT LIABILITIES, AS RESTATED,UNDER IGAAP	ANNEXURE XII
13	STATEMENT OF STANDALONE SHORT TERM PROVISIONS, AS RESTATED,UNDER IGAAP	ANNEXURE XIII
14	STANDALONE SUMMARY STATEMENT OF GROSS BLOCK, ACCUMULATED DEPRECIATION AND NET BLOCK -PLANT, PROPERTY AND EQUIPMENT , AS RESTATED ,UNDER IGAAP	ANNEXURE XIV

SL No	Particulars	Annexure No
15	STANDALONE SUMMARY OF INTANGIBLE ASSETS, AS RESTATED, UNDER IGAAP	ANNEXURE XV
16	STANDALONE SUMMARY OF CAPITAL WORK IN PROGRESS, AS RESTATED ,UNDER IGAAP	ANNEXURE XVI
17	STATEMENT OF STANDALONE NON-CURRENT INVESTMENTS, AS RESTATED, UNDER IGAAP	ANNEXURE XVII
18	STATEMENT OF STANDALONE LONG-TERM LOANS AND ADVANCES, AS RESTATED	ANNEXURE XVIII
19	STATEMENT OF STANDALONE OTHER NON-CURRENT ASSETS, AS RESTATED , UNDER IGAAP	ANNEXURE XIX
20	STATEMENT OF STANDALONE INVENTORIES, AS RESTATED, UNDER IGAAP	ANNEXURE XX
21	STATEMENT OF STANDALONE TRADE RECEIVABLES, AS RESTATED , UNDER IGAAP	ANNEXURE XXI
22	STATEMENT OF STANDALONE CASH AND BANK BALANCES, AS RESTATED, UNDER IGAAP	ANNEXURE XXII
23	STATEMENT OF STANDALONE SHORT TERM LOANS AND ADVANCES, AS RESTATED, UNDER IGAAP	ANNEXURE XXIII
24	STATEMENT OF STANDALONE OTHER CURRENT ASSETS, AS RESTATED, UNDER IGAAP	ANNEXURE XXIV
25	STATEMENT OF STANDALONE REVENUE FROM OPERATIONS, AS RESTATED, UNDER IGAAP	ANNEXURE XXV
26	STATEMENT OF STANDALONE OTHER INCOME, AS RESTATED, UNDER IGAAP	ANNEXURE XXVI
27	STANDALONE SUMMARY STATEMENT OF COST OF MATERIAL CONSUMED, AS RESTATED ,UNDER IGAAP	ANNEXURE XXVII
28	STANDALONE SUMMARY STATEMENT OF CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS AND SCRAP , AS RESTATED, UNDER IGAAP	ANNEXURE XXVIII
29	STANDALONE SUMMARY STATEMENT OF EMPLOYEE BENEFIT , AS RESTATED ,UNDER IGAAP	ANNEXURE XXIX
30	STANDALONE SUMMARY STATEMENT OF FINANCE COST , AS RESTATED ,UNDER IGAAP	ANNEXURE XXX
31	STANDALONE SUMMARY STATEMENT OF DEPRECIATION AND AMORTISATION , AS RESTATED ,UNDER IGAAP	ANNEXURE XXXI
32	STANDALONE SUMMARY STATEMENT OF OTHER EXPENSES , AS RESTATED ,UNDER IGAAP	ANNEXURE XXXII
33	STANDALONE SUMMARY STATEMENT OF DIRECT INPUT TO WIP/EXPENSES CAPITALISED , AS RESTATED ,UNDER IGAAP	ANNEXURE XXXIII
34	STANDALONE SUMMARY STATEMENT OF PROVISIONS , AS RESTATED ,UNDER IGAAP	ANNEXURE XXXIV
35	STANDALONE SUMMARY STATEMENT OF EXPENSES RELATING TO CAPITAL AND OTHER ACCOUNTS , AS RESTATED ,UNDER IGAAP	ANNEXURE XXXV
36	STATEMENT OF STANDALONE DIVIDEND DECLARED	ANNEXURE XXXVI
37	STATEMENT OF STANDALONE ACCOUNTING RATIOS (PRE/POST BONUS ISSUE), AS RESTATED	ANNEXURE XXXVII
38	STATEMENT OF STANDALONE TAX SHELTERS, AS RESTATED	ANNEXURE XXXVIII
39	STATEMENT OF RELATED PARTY TRANSACTION	ANNEXURE XXXIX
40	NOTES TO ACCOUNTS INCLUDING CHANGES IN ACCOUNTING POLICIES, MATERIAL ADJUSTMENTS AND IMPACT OF STATUTORY AUDITORS QUALIFICATION ON FINANCIAL INFORMATION FORMING PART OF RESTATED STANDALONE	ANNEXURE XL

SL No	Particulars	Annexure No
	FINANCIAL INFORMATION FOR THE PERIOD ENDED 31ST MARCH 2014 AND 31ST MARCH 2013	

10. According to the information and explanations given to us and also as per the reliance placed on the Reports submitted by the previous auditors M/s. Dagliya & Co, Chartered Accountants, in our opinion, the restated standalone financial information and the above restated financial information contained in Annexures I to XL of Part B accompanying this Report read with Summary of Significant Accounting Policies as disclosed in Annexure- IV are prepared after making adjustments and regroupings/reclassifications as considered appropriate Note 2 of Annexures XL of Part B and have been prepared in accordance with the Act, Rules, ICDR Regulations and the Guidance Note.

11. This Report should not in any way be construed as a reissuance or re-dating of any of the previous Audit Reports issued by us, nor should this Report be construed as a new opinion on any of the financial statements referred to herein.

12. We have no responsibility to update our Report for events and circumstances occurring after the date of the Report.

13. Our Report is intended solely for use of the management for inclusion in the offer document to be filed with Securities and Exchange Board of India, National Stock Exchange of India Limited, BSE Limited and Registrar of Companies, [Karnataka] in connection with the IPO of the Company. Our Report should not be used, referred to or distributed for any other purpose except with our prior consent in writing.

For S. Venkatram and Co
Chartered Accountants

Firm Registration No. 004656S

Place: Bengaluru
Date: 05th March 2018

S. Venkataramani
Partner
Membership No. 015700

PART A

ANNEXURE - I

SUMMARY STATEMENT OF STANDALONE ASSETS AND LIABILITIES, AS RESTATED, UNDER IND AS

(₹ In Millions)

Particulars	**Annexures**	**As At**			
		30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
Non-current assets					
(a)-i Property, Plant and Equipment	**V**				
Gross Block		115,095	111,656	102,889	92,916
Less: Accumulated Depreciation		55,874	53,811	48,445	42,557
Less: Impairment					
Net Block		59,221	57,845	54,444	50,359
ii Property, Plant and Equipment-Customer Funded	**VI**				
Gross Block		860	585	-	-
Less: Accumulated Depreciation		61	32	-	-
Less: Impairment			-	-	-
Net Block		799	553	-	-
(b) Capital work-in-progress	**VII**	5,358	6,211	3,754	2,270
(c) Investment Property -(Buildings)					
Gross Block		1	1	1	1
Less: Accumulated Depreciation		1	1	1	1
Less: Impairment					
Net Block			-	-	-
(d) Goodwill					
Gross Block			-	-	-
Less: Accumulated Amortization			-	-	-
(e) Other Intangible Assets	**VIII**				
Gross Block		30,767	30,731	30,356	29,801
Less: Accumulated Amortization		16,840	16,595	15,548	13,431
Less: Impairment					
Net Block		13,927	14,136	14,808	16,370
(f) Intangible Assets under Development	**IX**				
Gross Block		14,031	13,009	10,260	7,694
Less: Accumulated Amortization		3,358	3,170	2,905	2,528
Less: Impairment		1,199	1,176	855	755
Net Block		9,474	8,663	6,500	4,411
(g) Investments -Joint Ventures/ Subsidiaries	**X**	1,914	1,914	1,607	1,754
(h) Financial Assets			-	-	-
(i) Investments-Others	**XI**	8,144	7,894	7,257	5,699
(ii) Trade receivables	**XII**	102	102	-	155
(iii) Loans	**XIII**	569	589	520	523
(iv) Others	**XIV**	3,632	3,675	4,014	3,733
(i) Deferred Tax Assets (net)			-	-	-
(j) Other Non-Current Assets	**XV**	15,080	12,107	14,862	13,566

Particulars	Annexures	As At			
		30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
Sub Total - A		**118,220**	**113,689**	**107,766**	**98,840**
Current assets					
(a) Inventories	**XVI**	222,046	213,404	239,978	249,652
(b) Financial Assets					
(i) Investments					
(ii) Trade receivables	**XVII**	42,549	42,103	48,369	60,354
(iii) Cash and cash equivalents	**XVIII**	116,716	111,211	133,034	176,714
(iv) Bank balances other than (iii) above		-	-	-	-
(v) Loans	**XIX**	1,065	987	981	1,760
(vi) Others	**XX**	24,708	25,720	22,088	19,868
(c) Current Tax Assets (Net)		2,843	1,149	-	1,004
(d) Other currents assets	**XXI**	10,043	6,901	12,970	15,940
Sub Total - B		**419,970**	**401,475**	**457,420**	**525,292**
Total assets (A+B)		**538,190**	**515,164**	**565,186**	**624,132**
EQUITY AND LIABILITIES					
EQUITY					
(a) Equity Share capital	**XXII**	3,615	3,615	3,615	4,820
(b) Other Equity	**XXIII**	125,666	121,752	106,576	143,548
Sub Total - A		**129,281**	**125,367**	**110,191**	**148,368**
LIABILITIES					
Non-current liabilities					
(a) Financial Liabilities					
(i) Borrowings	**XXIV**		-	-	-
(ii) Trade payables	**XXV**	1,926	1,926	-	34
(iii) Other financial liabilities	**XXV**	3,692	3,716	3,973	3,732
(b) Provisions	**XXVI**	19,150	20,178	24,825	25,728
(c) Deferred tax liabilities (Net)		9,600	9,599	8,148	6,608
(d) Other non-current liabilities	**XXVII**	108,356	98,472	91,546	87,513
Sub Total - B		**142,724**	**133,891**	**128,492**	**123,615**
Current Liabilities					
(a) Financial liabilities					
(i) Borrowings	**XXVIII**	-	9,500		-
(ii) Trade payables	**XXIX**	18,980	16,047	21,512	22,676
(iii) Other financial liabilities	**XXIX**	9,257	10,964	9,769	11,170
(b) Other current liabilities	**XXX**	207,341	190,614	267,874	293,585

Particulars	Annexures	As At			
		30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
(c) Provisions	**XXXI**	30,607	28,781	26,376	24,718
(d) Current Tax Liabilities (Net)		-	-	972	-
Sub Total - C		**266,185**	**255,906**	**326,503**	**352,149**
Total Equity and Liabilities - (A+B+C)		**538,190**	**515,164**	**565,186**	**624,132**

Notes:

(i) The above statement should be read with SignificantAccounting Policies and Notes forming Part of restated standalone restated financial information appearing in Annexure IV and Annexure XLVIII

(ii) The accompanying accounting policies and notes forms an integral part of these statements.

(iii) The previous year figures have been regrouped/reclassified/rearranged wherever it is necessary.

As per our Report attached

for M/s. S. Venkatram & Co.,
Chartered Accountants
Firm Regn. No.004656S

(C.V. Ramana Rao)
Director (Finance) & CFO

(T. SUVARNA RAJU)
Chairman & Managing Director

(S. Venkataramani)
Partner
Membership No. 015700
Place:Bangalore
Date: 05th March 2018

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

ANNEXURE II

SUMMARY STATEMENT OF STANDALONE PROFIT AND LOSS, AS RESTATED,UNDER IND AS

(₹ In Millions)

SL No	Particulars	Annexures	Six Month Period Ended	For the Year Ended		
			30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
	Revenue					
I	**Revenue from operations**	**XXXII**	52,773	185,552	171,586	156,482
II	Other income	**XXXIII**	3,891	10,442	15,982	17,158
III	**Total Revenue (I+II)**		**56,664**	**195,994**	**187,568**	**173,640**
IV	**Expenses**					
	Cost of Materials Consumed	**XXXIV**	20,683	84,015	88,079	78,634
	Purchase of Stock-in-Trade		618	2,907	3,637	10,165
	Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	**XXXV**	(1,701)	5,108	(5,622)	(6,347)
	Excise Duty		1,045	6,034	4,001	5
	Employee Benefits Expenses	**XXXVI**	17,923	35,692	32,743	32,805
	Finance costs	**XXXVII**	12	102	-	83
	Depreciation , Amortization expense and Impairment Loss	**XXXVIII**	2,574	7,129	8,628	8,832
	Other Expenses	**XXXIX**	6,230	12,485	11,761	11,123
	Direct Input to WIP / Expenses Capitalised	**XL**	1,584	4,657	5,119	4,350
	Provisions	**XLI**	3,521	8,119	10,512	21,972
	Total Gross Expenses		**52,489**	**166,248**	**158,858**	**161,622**
	Add / Deduct: Expenses relating to Capital and Other Accounts	**XLII**	(1,990)	(6,080)	(3,360)	(4,775)
	Total Net Expense (IV)		**50,499**	**160,168**	**155,498**	**156,847**
V	**Profit before exceptional items and Tax (III-IV)**		**6,165**	**35,826**	**32,070**	**16,793**
VI	Exceptional items		**-**	**-**	**-**	**-**
VII	**Restated Profit Before Tax (V-VI)**		**6,165**	**35,826**	**32,070**	**16,793**
VIII	**Tax expense**					
	Current tax		2,185	8,218	8,459	8,545
	Minimum Alternate Tax Credit Entitlement			-	2,091	1,253
	Deferred tax		1	1,452	1,540	(3,012)
	Total tax expense		**2,186**	**9,670**	**12,090**	**6,786**
IX	**Restated Profit after tax for the period from Continuing Operations (VII-VIII)**		**3,979**	**26,156**	**19,980**	**10,007**
X	**Profit/(loss) from Discontinued Operations**		**-**	**-**	**-**	**-**
XI	**Tax expense of Discontinued Operations**		**-**	**-**	**-**	**-**
XII	**Profit/(loss) from Discontinued Operations (after tax) (X-XI)**		**-**	**-**	**-**	**-**
XIII	**Restated Profit after tax (IX+XII)**		**3,979**	**26,156**	**19,980**	**10,007**
XIV	**Other Comprehensive Income**					
	A (i) Items that will not be reclassified to profit or loss		**(101)**	**93**	**103**	**(985)**

SL No	Particulars	Annexures	Six Month Period Ended	For the Year Ended		
			30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
	(Re-measurement of defined benefit Plan)					
	Share of Other Comprehensive income of JV's Accounted using Equity Method			-	-	-
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**35**	**(32)**	**(36)**	**335**
	B (i) Items that will be reclassified to profit or loss (Exchange Difference in translating statements of foreign operations)		**1**	-	-	-
	Share of Other Comprehensive income of JV's Accounted using Equity Method			-	-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss			-	-	-
			(65)	**61**	**67**	**(650)**
	Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit (Loss) and Other Comprehensive Income for the period)		**3,914**	**26,217**	**20,047**	**9,357**
XV	**Earnings per equity share (EPS) of ₹ 10 each**					
	Basic and Diluted EPS (₹)		**11**	**73**	**42**	**21**

Notes:

i. The above statement should be read with SignificantAccountingPolicies and Notes forming Part of restated standalone financial information appearing in Annexure IV and Annexure XLVI.

ii. The accompanying accounting policies and notes are an integral part of these statements.

iii. The previous year figures are regrouped / reclassified / rearranged wherever it is necessary.

As per our Report attached

for M/s. S. Venkatram & Co.,
Chartered Accountants
Firm Regn. No.004656S

(S. Venkataramani)
Partner
Membership No. 015700
Place:Bangalore
Date: 05th March 2018

(C.V. Ramana Rao)
Director (Finance) & CFO

(T. SUVARNA RAJU)
Chairman & Managing Director

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

ANNEXURE – III

STATEMENT OF STANDALONE CASH FLOWS, AS RESTATED,UNDER IND AS

(₹In Millions)

Sl.No.	Particulars	Six Month Period Ended	For The Year ended		
		30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
I.	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net Profit Before Tax (Restated)	**6,065**	**35,919**	**32,173**	**15,809**
	Adjustments to reconcile net profit to net cash provided by operating activities				
	(Profit)/Loss on Sale of Property, Plant & Equipment	1	(9)	(20)	14
	Interest Paid	12	102	-	83
	Interest Received - Net of Interest Liability to Customer	-	-	-	
	Dividend Received	(13)	(30)	(22)	(18)
	Net (Gain)/Loss on Fair Value Adjustment	15	82	-	8
	Provision for Diminution in Value of Investments	-	12	147	
	Depreciation and amortization expense	2,574	7,129	8,628	8,832
	Sub Total	**2,589**	**7,286**	**8,733**	**8,919**
	Operating Profit Before Working Capital Changes	**8,654**	**43,205**	**40,906**	**24,728**
	Adjustment For Changes In Operating Assets And Liabilities:				
	Trade Receivables	(446)	6,164	12,715	7,412
	Loans, Financial Assets and Other Assets	(5,118)	5,348	(45)	27,967
	Inventories	(8,642)	26,574	9,674	(27,695)
	Trade Payables	2,933	(3,540)	(1,198)	1,715
	Financial Liabilities, Provisions and Other Liabilities	25,662	(71,612)	(22,081)	5,087
	Sub-total	**14,389**	**(37,066)**	**(935)**	**14,486**
	Cash Generated From Operations	**23,043**	**6,139**	**39,971**	**39,214**
	Direct Tax Paid	(3,843)	(10,372)	(8,609)	**(10,035)**
	Net Cash Provided By (used in) Operating Activities (a)	**19,200**	**(4,233)**	**31,362**	**29,179**
II.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Investments made	(250)	(636)	(1,558)	(377)
	Investment in Plant, Property & Equipment	(2,894)	(12,014)	(11,613)	(6,064)
	Intangible Assets	(1,058)	(3,124)	(3,121)	(2,779)
	Investment in Joint Ventures	-	(20)	-	(1)
	Investment in Subsidiary	-	(300)	-	-
	(Investment)/Maturity of short term deposits	(1,128)	46,182	29,834	(101,832)
	Interest Received - Net of Interest Liability to Customer	-	-	-	-
	Dividend Received	13	30	22	18
	Sale of Plant, Property & Equipment	5	116	26	26
	Net Cash Provided By (used in) Investing Activities (b)	**(5,312)**	**30,234**	**13,590**	**(111,009)**
III.	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Buy Back of Shares (including Tax of ₹	-		(52,659)	

Sl.No.	Particulars	Six Month Period Ended	For The Year ended		
		30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
	9,815 Million)				
	Interest Paid	(12)	(102)	-	(83)
	Loan from Banks	(9,500)	9,500	-	(6,794)
	Dividend Paid (Interim/ Final Dividend inclusive of Tax)	-	(11,041)	(6,138)	(5,760)
	Net Cash Provided By (used in) Financing Activities (c)	**(9,512)**	**(1,643)**	**(58,797)**	**(12,637)**
	Abstract :				
I.	Net Cash Provided By Operating Activities (a)	19,200	(4,233)	31,362	29,179
II.	Net Cash Provided By (used in) Investing Activities (b)	(5,312)	30,234	13,590	(1,11,009)
III.	Net Cash Provided By Financing Activities (c)	(9,512)	(1,643)	(58,797)	(12,637)
	Net Increase In Cash And Cash Equivalents During The Year/Period	**4,376**	**24,358**	**(13,845)**	**(94,467)**
	Cash And Cash Equivalents At Beginning Of The Year /Period	27,799	3,441	17,286	1,11,753
	Cash And Cash Equivalents At The End Of The Year /Period	32,175	27,799	3,441	17,286
	Net Increase In Cash And Cash Equivalents During The Year/Period	**4,376**	**24,358**	**(13,845)**	**(94,467)**
	Closing Cash and Cash Equivalents as per Ind AS-7	32,175	27,799	3,441	17,286
	Add: Other Bank Balances	84,541	83,412	129,594	159,428
	Closing Cash and Cash Equivalents	**116,716**	**111,211**	**133,034**	**176,714**

Notes:

(i) Cash and Cash Equivalents include Short Term Deposits with Banks.
(ii) The previous year figures are regrouped / reclassified / rearranged wherever it is necessary.
(iii) Cash and Cash Equivalents are available fully for use
(iv) Investment in Plant, Property & Equipment are stated inclusive of movement in Capital Work in Progress between the beginning and end of the period.
(v) The Cash Flow Statement has been prepared under the ‘Indirect method’ as set out in Indian Accounting Standard – 7 Statement of Cash Flows.
(vi) The above statement should be read with Significant AccountingPolicies and Notes forming Part of restated standlone financial information appearing in Annexure IV and Annexure XLVI
(vii) The accompanying Accounting Policies and notes are an integral part of these statements.

As per our Report attached

for M/s. S. Venkatram & Co.,
Chartered Accountants
Firm Regn. No.004656S

(C.V. Ramana Rao)
Director (Finance) & CFO

(T. SUVARNA RAJU)
Chairman & Managing Director

(S. Venkataramani)
Partner
Membership No. 015700
Place:Bangalore
Date: 05th March 2018

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

ANNEXURE –IIIA

STATEMENT OF STANDALONE STATEMENT OF CHANGES IN EQUITY

(₹ In Millions)

A. *Equity Share Capital*

Balance as at April 1, 2015	Changes in Equity Share Capital during the year 2015-16	Balance as at March 31, 2016	Changes in Equity Share Capital during the year 2016-17	Balance as at March 31, 2017 / April 30 2017	Changes in Equity Share Capital during the period ended 30th September, 2017	Balance as at 30th September, 2017
4,820	(1,205)	3,615	0	3,615	0	3,615

B. *Other Equity*

	Reserves and Surplus					Other Components of equity		
Particulars	**CSR Reserve**	**Research and Development Reserve**	**Capital Redemption Reserve**	**General Reserve**	**Retained earnings**	**Re-measurements of net defined benefit liability/ asset**	**Exchange differences in translating the financial statements of a foreign operation**	**Total**
Balance as at April 1, 2014	**271**	**1,168**	**0**	**138,995**		**(77)**		**140,357**
Current Year Transfer	0	1,168	0	0	0	0	0	**1,168**
Profit for the year	0	0	0	0	10,007	0	0	10,007
Written Back in Current Year	0	0	0	0	0	0	0	0
Surplus Transferred from Statement of Profit and Loss	0	0	0	3,079	0	0	0	3,079
Transfer fromR&D Reserve	0	0	0	592	0	0	0	592
Transfer from CSR Reserve	0	0	0	271	0	0	0	271
Depreciation on transition	0	0	0	(406)	0	0	0	(406)
Withdrawn towards Buy Back of Shares	0	0	0	0	0	0	0	0
Transfer to Research & Development Reserve	0	0	0	0	(1,168)	0	0	(1,168)
Interim Dividend including tax	0	0	0	0	(5,760)	0	0	(5,760)
Transfer to Capital Redemption Reserve	0	0	0	0	0	0	0	0
Transfer to General Reserves	(271)	(592)	0	0	(3,079)	0	0	(3,942)
Items that will be reclassified to profit or loss	0	0	0	0	0	(985)	0	(985)
Income tax relating to items that will be reclassified to profit or loss	0	0	0	0	0	335	0	335
Items that will not be reclassified to profit or loss	0	0	0	0	0	0	0	0
Income tax relating to items that will not be reclassified to profit or loss	0	0	0	0	0	0	0	0
Balance as at March 31, 2015	**0**	**1,744**	**0**	**142,531**	**0**	**(727)**	**0**	**143,548**
Balance as at April 1, 2015	**0**	**1,744**	**0**	**143,030**	**0**	**(650)**	**0**	**144,123**
Current Year Transfer	0	1,467	1,205	0	0	0	0	2,672
Profit for the year	0	0	0	0	19,980	0	0	19,980

	Reserves and Surplus					Other Components of equity		
Particulars	**CSR Reserve**	**Research and Development Reserve**	**Capital Redemption Reserve**	**General Reserve**	**Retained earnings**	**Re-measurements of net defined benefit liability/ asset**	**Exchange differences in translating the financial statements of a foreign operation**	**Total**
Written Back in Current Year	0	(59)	0	0	0	0	0	(59)
Surplus Transferred from Statement of Profit and Loss	0	0	0	11,170	0	0	0	11170
Transfer fromR&D Reserve	0	0	0	59	0	0	0	59
Depreciation on transition	0	0	0	(3)	0	0	0	(3)
Withdrawn towards Buy Back of Shares	0	0	0	(51,454)	0	0	0	(51,454)
Transfer to Research & Development Reserve	0	0	0	0	(1,467)	0	0	(1,467)
Interim Dividend including tax	0	0	0	0	(6,138)	0	0	(6,138)
Transfer to Capital Redemption Reserve	0	0	0	0	(1,205)	0	0	(1,205)
Transfer to General Reserves	0	0	0	0	(11,170)	0	0	(11,170)
Items that will be reclassified to profit or loss	0	0	0	0	0	0	0	0
Income tax relating to items that will be reclassified to profit or loss	0	0	0	0	0	0	0	0
Items that will not be reclassified to profit or loss	0	0	0	0	0	103	0	103
Income tax relating to items that will not be reclassified to profit or loss	0	0	0	0	0	(36)	0	(36)
Balance as at March 31, 2016	**0**	**3,152**	**1,205**	**102,802**	**0**	**(583)**	**0**	**106,576**
Balance as at April 1, 2016	**0**	**3,152**	**1,205**	**102,802**	**0**	**(583)**	**0**	**106,576**
Current Year Transfer	0	1,966	0	0	0	0	0	1,966
Profit for the year	0	0	0	0	26,156	0	0	26,156
Written Back in Current Year	0	(160)	0	0	0	0	0	(160)
Surplus Transferred from Statement of Profit and Loss	0	0	0	14,561	0	0	0	14,561
Transfer to Statement of Profit & Loss	0	0	0	(1,412)	0	0	0	(1,412)
Transfer from General Reserve	0	0	0	0	1,412	0	0	1,412
Interim Dividend including tax	0	0	0	0	(9,629)	0	0	(9,629)
Final Dividend including tax	0	0	0	0	(1,412)	0	0	(1,412)
Transfer to R&D Reserve	0	0	0	0	(1,966)	0	0	(1,966)
Items that will be reclassified to profit or loss	0	0	0	0	0	0	0	0
Income tax relating to items that will be reclassified to profit or loss	0	0	0	0	0	0	0	0
Items that will not be reclassified to profit or loss	0	0	0	0	0	93	0	93
Income tax relating to items that will not be reclassified to profit or loss	0	0	0	0	0	(32)	0	(32)
Transfer to General Reserves	0	0	0	0	(14,561)	0	0	(14,561)
Transfer from R&D Reserve	0	0	0	160	0	0	0	160
Balance as at March 31, 2017	**0**	**4,958**	**1,205**	**116,111**	**0**	**(522)**	**0**	**121,752**

	Reserves and Surplus					Other Components of equity		
Particulars	CSR Reserve	Research and Development Reserve	Capital Redemption Reserve	General Reserve	Retained earnings	Re-measurements of net defined benefit liability/ asset	Exchange differences in translating the financial statements of a foreign operation	Total
Balance as at April 1, 2017	**0**	**4,958**	**1,205**	**116,111**	**0**	**(522)**	**0**	**121,752**
Current Year Transfer	-	172	-	-	-	-	-	172
Profit for the year	-	-	-	-	3,979	-	-	3,979
Written Back in Current Year	-	-	-	-	-	-	-	-
Surplus Transferred from Statement of Profit and Loss	-	-	-	3,807	-	-	-	3,807
Transfer fromR&D Reserve	-	-	-	59	-	-	-	59
Depreciation on transition	-	-	-	-	-	-	-	-
Withdrawn towards Buy Back of Shares	-	-	-	-	-	-	-	-
Transfer to Research & Development Reserve	-	-	-	-	(172)	-	-	(172)
Interim Dividend including tax	-	-	-	-	-	-	-	-
Transfer to Capital Redemption Reserve	-	-	-	-	-	-	-	-
Transfer to General Reserves	-	(59)	-	-	(3,807)	-	-	(3,866)
Items that will be reclassified to profit or loss	-	-	-	-	-	-	1	1
Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
Items that will not be reclassified to profit or loss	-	-	-	-	-	(101)	-	(101)
Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-	35	-	35
	-	-	-	-	-	-	-	-
Balance as at September 30, 2017	**-**	**5,071**	**1,205**	**119,977**	**-**	**(588)**	**1**	**125,666**

Reconciliation of General Reserves and Other Comphrensove Income(OCI)

(₹ In Millions)

Particulars	General Reserves	OCI
Balance as on 31st March 2015	142,531	(727)
Warranty Sales	575	
OCI-Gratuity	(77)	77
OCI-Foreign Operations		
Balance as on 01st April 2015	143,030	(650)

As per our Report attached

for M/s. S. Venkatram & Co.,
Chartered Accountants
Firm Regn. No.004656S

(C.V. Ramana Rao)
Director (Finance) & CFO

(T. SUVARNA RAJU)
Chairman & Managing Director

(S. Venkataramani)
Partner
Membership No. 015700
Place:Bangalore
Date: 05th March 2018

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

ANNEXURE IV

SIGNIFICANT ACCOUNTING POLICIES AND FIRST TIME ADOPTION OF IND AS FORMING PART OF THE RESTATED STANDALONE FINANCIAL INFORMATION FOR THE PERIOD ENDED SEPTEMBER 30,2017, MARCH 31, 2017, 2016 AND 2015 (PROFORMA)

1. Company Overview

Hindustan Aeronautics Limited ("HAL") herein after referred to as the "The Company" is a limited company incorporated in India. The registered office of the Company is at 15/1 Cubbon Road Bangalore-560001, India. The company is 100% Government of India Undertaking under Ministry of Defence.

The Restated Standalone Summary Statement of Assets and Liabilities of the Company as at September 30,2017 and March 31, 2017, 2016 and 2015 (Proforma) and the related Restated Standalone Summary Statement of Profit and Loss, Restated Standalone Summary Statement of Changes in Equity and Restated Standalone Summary Statement of Cash Flows for the six month period ended September 30,2017 and for the years ended March 31, 2017, 2016, and 2015 (Proforma) (hereinafter collectively referred to as "Restated Standalone Financial Information") have been prepared specifically for inclusion in the Offer Document to be filed by the Company with the Securities and Exchange Board of India ("SEBI") in connection with proposed Initial Public Offering through Offer for Sale (IPO) of its equity shares.

These Restated Standalone Financial Information have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

These Restated Standalone Financial Information have been prepared to comply in all material respects with the requirements of Part I of Chapter III to the Companies Act, 2013 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("the SEBI regulations") as amended from time to time.

The Standalone Proforma Financial Information of the Group as at and for the year ended March 31, 2015, is prepared in accordance with requirements of SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/4 dated March 31, 2016 ("SEBI Circular"). As envisaged by the SEBI Circular, the Group has followed the same accounting policy choices (both mandatory exceptions and optional exemptions availed as per Ind AS 101) as initially adopted on its Ind AS transition date (i.e. April 1, 2015) while preparing Standalone Proforma Financial Information for the FY 2014-15 and accordingly suitable restatement adjustments in the accounting heads have been made in the Standalone Proforma Financial Information. This Standalone Proforma Financial Information have been prepared by making Ind AS adjustments to the audited Indian GAAP Standalone financial statements as at and for the year ended March 31, 2015.

2. Statement Of Significant Accounting Policies And Notes To The Accounts Including Changes In Accounting Policies, Material Adjustments And Impact Of Statutory Auditors Qualification On Financial Information.

2.1 BASIS OF ACCOUNTING: The Standalone Financial Statements are prepared to comply in all material aspects with Indian Accounting Standards (Ind AS) as prescribed under Section 133 of Companies Act 2013 read with relevant rules of the Companies (Indian Accounting Standards) Rules with effect from 1st April 2016.

2.2 USES OF ESTIMATES: Preparation of financial statements in conformity with the recognition and the measurement principle of Ind AS requires the management of the Company to make estimates, judgments and assumptions that affects the reported balances of Assets and Liabilities, disclosure relating to contingent liabilities as on the date of the Financial Statements and the reported amount of revenues and expense for the reporting period. Estimates and the underline assumption are reviewed on ongoing basis. The revision to the accounting estimates if material are recognized in the period in which the estimates are revised.

2.3 BASIS OF CONSOLIDATION: The interest in Joint Venture Companies has been accounted by using the Equity method of accounting to the extent of investment made. The financial statement of the subsidiary

Company are consolidated on line by line basis.

2.4 PROPERTY PLANT & EQUIPMENT:

a) Property, Plant and Equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any.

b) The costs directly attributable including borrowing cost on qualifying asset are capitalized when the Property, Plant and Equipment are ready for use, as intended by the management.

c) Subsequent expenditure relating to Property, Plant and Equipment including major inspection costs, spare parts, standby and servicing equipment are capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably.

d) In accordance with Ind AS 101 provisions relating to first time adoption, the Company has chosen to consider the carrying value for all its Property, Plant and Equipment as their deemed cost as at the Opening Balance Sheet as at April 01, 2015.

e) Lease hold land is capitalized and depreciated over the period of lease.

f) As per para D36 of Ind AS 101, in respect of Customer Funded Assets the Company has adopted and applied Appendix C of Ind AS 18 wherein the assets created after 01.04.2016 has been capitalized.

g) Depreciation is calculated on straight line basis over estimated useful life as prescribed in Schedule II of the Companies Act 2013. Plant and Equipment individually costing ` 0.05 Million and below are fully depreciated in the year of purchase.

h) Where cost of an item of Property, Plant and Equipment are significant and have different useful lives, they are treated as separate components and depreciated over their estimated useful lives.

i) Certain items like Special Tools are amortized over the number of units of production expected to be obtained from the asset based on technical assessment and management estimates depending on the nature and usage of the respective assets.

j) CSR Assets are fully depreciated in the year of capitalization.

k) The cost and the related accumulated depreciation is eliminated from the Financial Statement upon sale or de-recognition or retirement of the asset and the resultant gain or losses are recognized in the Statement of Profit and Loss of the relevant period.

l) The estimated useful lives, residual values and depreciation / amortisation method are reviewed at the end of each reporting period with the effect of changes in estimates accounted for on a prospective basis.

2.5 INVESTMENT PROPERTY Investment Properties are stated at cost net of accumulated depreciation and accumulated impairment losses, if any**.** In accordance with Ind AS 101 provisions relating to first time adoption, the Company has chosen to consider the carrying value for all its Investment Property recognized in its Indian GAAP financial statement as their deemed cost as at the transition date viz. April 01, 2015.

2.6 INTANGIBLE ASSETS

a) Intangible Assets are recognized at cost less any accumulated amortization and accumulated impairment losses if any.

b) Expenditure on Research and Development is charged off as an expenditure in the year in which it is incurred.

c) Development Costs having an useful life are recognized as an intangible asset and amortised over its useful life.

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

e) The cost of software internally generated / acquired for internal use which is not an integral part of the related hardware, is recognized as an intangible asset and is amortised over its useful life, on straight line method. Amortisation commences when the asset is available for use.

f) Wherever it is not possible to assess the useful life of an intangible assets (whether or not significant) the same has not been amortised. Impairment on the intangible assets are reviewed annually and when there is an indication of impairment, the asset is impaired.

2.7 LONG TERM INVESTMENT

a) In accordance with Ind AS 101, provision relating to first time adoption, the Company has chosen to consider the carrying amount of investment as their deemed cost as at the Opening Balance sheet as at 01st April, 2015.

b) Investments are carried individually at cost less accumulated impairment in the value of such Investment.

c) Cost of Investment includes acquisition charges such as brokerage, fees and duties.

d) Impairment in value of investment is made when there is a fall in value of investment.

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

2.9 FINANCIAL ASSETS AND LIABILITIES The Company recognizes all Financial Assets and Liabilities at Fair Value on inception and subsequent measurements are done at amortised cost.

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

2.11 TRADE RECEIVABLES Debts from the Government departments are generally treated as fully recoverable and hence the Company does not recognise credit risk of such financial assets. Impairment on account of expected credit loss is being assessed on a case to case basis in respect of dues outstanding for a significant period of time.

2.12 TRADE AND OTHER PAYABLES Liabilities are recognized for the amounts to be paid in future for goods / services received whether billed by the supplier or not.

2.13 INVENTORIES

a) Inventories are valued at lower of cost and Net Realisable Value.

b) The cost of raw material excluding Goods-in-Transit, components and stores are assigned by using the weighted average cost formula. Goods-in-Transit are valued at cost to date. In the case of Finished Goods, Stock-in-Trade and Work-In-Progress, cost includes costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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

d) Saleable / Disposable scrap is valued at Net Realisable Value.

e) Stores declared surplus / unserviceable / redundant are charged to revenue in the year of such identification.

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

2.14 REVENUE RECOGNITION

2.14.1 Manufacturing, Repair and Overhaul / Spares Sale

a) Sales are set up on the basis of
  i. Acceptance by the buyer's Inspector, by way of signaling out certificate, in the case of the manufacture of aircraft/helicopters
  ii. For other deliverables like spares, sales are set up based on acceptance by the buyer's inspection agency or as agreed to by the buyer.
  iii. For Repair of Aircraft/Helicopter/Engine & Repair/Overhaul of Rotables, Site repairs, Cat 'B' repair servicing etc., sales are recognized on acceptance by the Buyer's inspection agency or as agreed to by the Buyer.
  iv. For Overhaul of Aircraft/Helicopter/Engine, sales are set up on Percentage Completion of Service (POC) method.

b) Sales are set up based on prices agreed with the customers. Where the prices are yet to be agreed with the customer, sales are set up on provisional basis.

c) Revenue on Warranty is being recognized proportionately to the extent of warranty falling within the reporting period.

2.15 **Development Sales:**Development Sales are recognized on incurrence of expenditure identifiable to work orders and milestones achieved as per contract. Where milestones have not been defined in terms of their respective contract, sales are recognized based on the actual incurrence of expenditure.

2.16 EMPLOYEE BENEFITS

a) Gratuity and Provident Fund are Defined Benefit Plans and liability is provided on the basis of actuarial valuation in respect of eligible employees and is remitted to the trust progressively.

b) Provision for Earned leave is a Defined Benefit Plan and the liability is provided on the basis of actuarial valuation.

c) Pension Scheme and Post Superannuation Group Health Insurance Scheme for employees are Defined Contribution Plans and the contribution to the corpus of the same is made by the Company to the trust. The Company's liability is limited to the extent of contribution made to these funds.

2.17 FOREIGN CURRENCY TRANSACTION

Assets and Liabilities are re-instated at the rate prevalent at each Balance Sheet date. The Income / Expenditure on account of this is charged to Statement of Profit & Loss.

2.18 INCOME TAXES

a) Current Tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of Income Tax Act,1961 (the "Act"). Current Tax includes tax liability computed as per the normal provisons of the Act and /or under Section 115JB of the Act.

b) Deferred Tax is recognized using the Balance Sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred Tax Assets in excess of Deferred Tax Liability are recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred Tax Assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

2.19 CLAIMS BY THE COMPANY

Claims on suppliers / underwriters / carriers towards loss / damages, claims for export subsidy, duty drawbacks, and claims on Customs department for refunds are accounted when claims are preferred and are carried forward till such time the Company has a legal right to recover such amounts.

2.20 PROVISION AND CONTINGENT LIABILITIES

a) A provision is recognised, when the Company has the present obligation as result of past events and its is probable that an outflow of resources will be required to settle the obligation in respect of which reliable estimate can be made.

b) Where no reliable estimate can be made or when there is a possible obligation or present obligations that may, but probably will not, require an outflow of resources, disclosure is made as Contingent Liability.

c) When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

2.21 **PROVISION FOR WARRANTY:** Provision for warranty is recognized on actuarial valuation for Manufacturing and Repair and Overhaul of Aircraft/Helicopter/Engine/Rotables and Spares and development activities etc.

2.22 **PROVISION FOR LIQUIDATED DAMAGES:** Provision for Liquidated Damages is recognized when there is a delay between the due date of supply of the Goods/ rendering of Service as per delivery schedule and the expected date of delivery of said Goods / rendering of Service in respect of Manufacturing and Repair and Overhaul of Aircraft/Helicopter/Engine/Rotables, Spares and development activities etc.

2.23 **PROVISION FOR ONEROUS CONTRACTS :** A provision for onerous contract is recognized when the expected benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

3. **Explanation of Transition to Ind AS :** The transition as at April 1, 2015 to Ind AS was carried out from Previous GAAP. The exemptions and exceptions applied by the Group in accordance with Ind AS 101 First–time Adoption of Indian Accounting Standards, the reconciliations of equity and total comprehensive income in accordance with Previous GAAP to Ind AS are explained below.

4. **First Time Adoption Of Ind AS:** These Standalone Financial Statements of Hindustan Aeronautics Limited for the year ended March 31,2017 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101, First-Time Adoption of Indian Accounting Standards, with April 1, 2015 as the transition date and Indian Generally Accepted Accounting Principles (IGAAP) as the previous GAAP

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in Notes have been applied in preparing the Standalone Financial Statements for the year ended March 31, 2017 and the comparative information. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's

Balance Sheet and Statement of Profit and Loss, is set out in Clause 1 (i) and (ii). Exemptions on the first-time adoption of Ind AS availed in accordance with Ind AS 101 have been set out in Clause 7 of Annexure IV.

5. **First-time Ind AS adoption reconciliations :** The following reconciliations provide the effect of transition to Ind AS from IGAAP in accordance with Ind AS 101: (1.) Equity as at April 1, 2015 and March 31, 2016 (2.) Net profit for the year ended March 31, 2016

5.1 Reconciliation of Equity from IGAAP to Ind AS is stated as under

(₹ In Millions)

Particulars	01 April 2015 (Date of Transition)	31st March 2016
Equity as per previous IGAAP	**167,862**	**124,188**
Ind AS Adjustments:		
1) Reversal of Proposed dividend	-	1,412
2) Provision for Liquidated Damages	(10,918)	(10,732)
3) Provision for Onerous Contract	(11,047)	(11,047)
4) Impairment of Intangible Asset	(755)	(855)
5) Reversal of Warranty Liability	4,163	4,557
6) Reversal/Recognition of Warranty Sales	(3,455)	(4,603)
7) Fair Value Adjustment	51	51
8) Prior Period Adjustment	(6,542)	(469)
9) Recognition of POC Sales for Service Contract	1,904	1,603
10) Reversal of Work in Progress relating to POC Sales	(1,904)	(1,603)
11) Deferred Tax effect on new temporary differences recognised under IND AS	9,584	7,689
Equity as per Ind AS	**148,943**	**110,191**

Reconciliation of Net Profit for the year ended 31st March, 2016

(₹ In Millions)

Particulars	31st March 2016
Profit After Tax as per IGAAP (A)	**16,536**
Ind AS Adjustments:	
1) Reversal of Liquidated Damages provided as at 01st April, 2015	2,217
2) Provision for Liquidated Damages	(2,031)
3) Recognition of Warranty Sales	2,773
4) Reversal of Warranty Sales	(3,921)
5) Reversal of Warranty Liability	395
6) Recognition of POC Sales for Service Contract	1,603
7) Reversal of Work in Progress relating to POC Sales	(1,603)
8) Reversal of POC Sales booked as at 01st April, 2015	(1,893)
9) Reversal of Work in Progress relating to POC Sales booked as at 01st April 2015 fully not reversed	1,893
10) Impairment of Intangible Asset	(100)
11) Amortisation of Liability towards Russian Rouble	1
12) Amortisation of Reimbursement of Liability towards Russian Rouble	(1)
13) Prior Period Adjustment	6,073
14) Deferred tax effect on above adjustments	(1,895)
15) Reversal of Proposed Dividend	-
16) Gain on Net defined benefit transferred to OCI	(103)
17) Tax on Gain on Net defined benefit transferred to OCI	36
18) Loss on translation of Foreign Currency operations transferred to OCI	-
19) Tax on Loss on translation of Foreign Currency operations transferred to OCI	-
Total Adjustments (B)	**3,444**
Profit after tax as per Ind AS [(A)+(B)]	**19,980**
Other Comprehensive Income/ (Loss)	67
Total Comprehensive Income as per Ind AS	**20,047**

Notes to clause 5.1 Reconciliation of Balance Sheet as at 01st April, 2015 and Significant Differences between Ind AS and Ind GAAP

a) Reversal of Proposed dividend:

Under IGAAP, proposed dividend is recognised as a liability in the period to which it relates. Under Ind AS, dividend is adjusted directly in Equity in the period in which it is paid irrespective of the period to which it relates. Accordingly, no amount has been recognised as liability towards proposed dividend (including dividend distribution tax) in financial year 2014-15 as per IGAAP has been reversed and the same is adjusted in Equity in the year 2015-16 as paid. During the year 2015-16, ₹ 1,412 Millions recognised as proposed dividend (including dividend distribution tax) as per IGAAP has been reversed and the same is adjusted in Equity in the period 01.04.2016 to 31st March 2017 as paid.

b) Provision for Liquidated Damages:

Under IGAAP, Provision for Liquidated Damages against the Company is recognised in Accounts on acceptance i.e. recognised at the time of setting-up of sales. Under Ind AS, Provision for Liquidated Damages will be recognised for the period of delay between the due date of supply of the Goods / rendering of services as per delivery schedule and the expected Date of delivery of said Goods / rendering of service in respect of manufacture / repair and overhaul of Aircraft / Helicopters/ Engines / Rotables, supply of spares and development activities etc. This led to an increase in Liquidated Damages Provision on the date of transition (i.e. as on 01st April, 2015) by ₹ 10,918 Millions which was adjusted against retained earnings. Further during the year 2015-16, Provision for Liquidated Damages of ₹ 2,031 Millions was recognised in Statement of Profit & Loss Statement and Provision for Liquidated Damages of ₹ 2,217 Millions was reversed in Statement of Profit & Loss Statement as the same was recognised in the retained earnings as on 01st April 2015.

c) Provision for Onerous Contract:

Onerous contract has been recognised in respect of 140 Su-30 manufacturing programme (Block-IV). The schedule of delivery under the contract was 2012-13 to 2014-15, whereas the same is expected to be delivered from 2017-18 to 2019-20. While the selling price remaining constant, increase in material cost, labour cost and other costs has resulted in the contract becoming onerous and the loss amounting to ₹ 11,047 Millions is recognised as on 01st April, 2015.

d) Impairment of Intangible Asset:

Wherever it is not possible to assess the useful life of an intangible asset, the same is not amortised. However impairment on the same is done when there is an indication that an intangible asset may be impaired. Accordingly, an amount of ₹. 755 Millions has been recognised as Impairment loss as on 01st April 2015 and ₹ 100 Millions for the year 2015-16

e) Reversal of Warranty Liability:

Under IGAAP, provision for warranty is made at the time of setting up of sales for manufacture / repair and overhaul of Aircraft / Helicopters/ Engines / Rotables, supply of spares and development activities etc., within the frame work of the conditions agreed with the customers. Under Ind AS, provision for warranty for manufacture and repair and overhaul of Aircraft / Helicopters/ engines / rotables and spares will be made based on actuarial valuation. This led to a decrease in provision on the date of transition (i.e. as on 01st April, 2015) by ₹ 4,163 Million and which was adjusted against retained earnings as on 01st April 2015. Further during the year 2015-16, Provision of Warranty Liability was reduced by ₹ 395 Millions and same was adjusted in the statement of Profit and Loss.

f) Reversal of Warranty Sales:

Under IGAAP, revenue pertaining to Warranty is recognised at the time of setting up of sales for manufactured / overhauled Aircraft / Helicopters/ Engines / Rotables / Accessories and supply of spares within the frame work of the conditions agreed with the customers. Under Ind AS, revenue pertaining to warranty in relation to manufactured / overhauled Aircraft / Helicopters/ Engines / Rotables / Accessories and supply of spares is recognised proportionately over the period of warranty within the frame work of the conditions agreed with the customer.. Due to the above change, the following changes has been made to retained earning as on 01st April 2015 and the Statement of Profit and Loss for the year ended 31st March, 2016.

(₹. In Millions)

Particulars	Retained Earnings as on 01st April 2015	Profit and Loss for the year ended 31st March, 2016
Reversal of Warranty Sales	**3,455**	**3,921**
Spill over of Warranty Sales from earlier years		**2,773**

g) Fair Value Adjustment for Russian Debt:

As per IGAAP, the amount of liability towards Russian Debt and the corresponding reimbursement of the same from the customer are recognised at gross amount in the books of Accounts. However under Ind AS - 109, both the liability towards Russian Debt and corresponding reimbursement from customer should be initially recognised at fair value and subsequently should be carried at amortised cost. The difference between transaction price and fair value is treated as gain/loss on fair valuation and the same is amortised over the period of Russian Debt. As on 01st April, 2015, the retained earnings is increased by ₹ 5,043 Million and decreased by ₹ 4,992 Million and corresponding Deferred Liabilities and Deferred Assets is also reduced, as disclosed below:

(₹. In Millions)

Particulars	Current	Non-Current	Effect on Retained Earnings
a) Deferred Liabilities	33	5,010	5,043
b) Deferred Assets	32	4,960	4,992
Total (a-b)	**1**	**50**	**51**

(ii) During the year 15-16, both gain on liability towards Russian debt of ₹ 1 Millions and loss on reimbursement of Russian debt amounting to ₹. 1 Millions is amortized to the statement of profit and loss, as given below:

(₹. in Millions)

Particulars	Current	Non-Current	Effect on Retained Earnings
a) Deferred Liabilities	2	(2)	1
b) Deferred Assets	(2)	2	(1)
Total (a+b)	**0**	**0**	**0**

h) Prior Period Items :

The Company has retrospectively corrected prior period errors in the first set of financial statements by restating the comparative amounts for the prior periods in which the error occurred. Wherever the error has occurred before 01st April, 2015, the Company has restated the opening balances of assets, liabilities and equity as on 01st April 2015.The following prior period adjustments were made as on 01st April 2015

(₹ In Millions)

Particulars	
a) Income Tax *	6,586
b) Other Miscellaneous adjustments	(44)
Total (a+b)	6,542

* The Company has reached a settlement with Income Tax Department regarding disallowance of provisions towards warranty, replacement, materials, liquidated damages and allowance of reversal of such provisions. As per Ind AS 8, the provision of ₹ 5,462 Million has been adjusted along with interest of ₹ 1,124 Million in the opening equity as on 01st April 2015**.**

i) Recognition of Overhaul Sales under Percentage Completion Method (POC):

As per IGAAP, Sales are setup and recognised based on completed contract basis. However, as per Ind AS - 18, the sales for Overhaul of Aircraft/Helicopter and Engines are setup and recognised under POC method. This led to increase in sales on the date of transition by ₹ 1,904 Million and reduction in Work in Progress by ₹ 1904 Million and which was adjusted against retained earnings as on 01st April 2015. During the year 2015-16, Sales was increased by ₹ 1,603 Million and Work in Progress was reduced by ₹ 1,603 Million and the same was adjusted in the Statement of Profit and Loss for the year ended 31st March, 2016. Further, during the year 2015-16, sales of ₹ 1,904 Million was reversed as the same was booked under POC method in the retained earning as on 01st April 2015.

j) Deferred Tax effect on new temporary differences recognised under Ind AS:

IGAAP requires deferred tax accounting using the income statement approach, which focus on differences between taxable profits and accounting profits for the period. Ind AS- 12 requires entities to account for deferred taxes using the Balance Sheet approach, which focus on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS- 12 approach has resulted in deferred tax on new temporary differences which was not required under the IGAAP. In addition, the various transitional adjustments lead to temporary differences. Accordingly the deferred tax adjustment are recognised in correlation to the underlying transaction in the retained earnings. On the date of transition (i.e. 01st April,2015), the net impact on deferred tax liabilities is ₹. 9584 Million and for the year ended 31st March, 2016 is ₹ 7689 Million

k) Gain/Loss on re-measurement of net defined benefit liability/asset:

As per IGAAP, gains and losses on remeasurement of net defined benefit liability/asset are recognised in the Statement of Profit and Loss, whereas under Ind AS the same has been recognised in Other Comprehensive Income by accumulating in a separate component of equity. Accumulated loss (excluding tax) on remeasurement of net defined benefit liability amounting ₹ 650 Million as on 01st April, 2015 have been transferred from Retained Earnings to a separate component of Equity. An amount of ₹ 103 Million has been recognised as gain on remeasurement of defined benefit plan for the year ended 31st March, 2016

l) Gain/Loss on translation of foreign operations:

As per IGAAP, gains and losses on translation of foreign operation are recognised in Statement of Profit and Loss, whereas under Ind AS - 21 the same shall be recognised in Other Comprehensive Income by accumulating in a separate component of equity. An amount has been recognised as loss on translation of foreign operation for the year ended 31st March, 2016.

6. Reconciliation

a) Reconciliation of Balance Sheet as at 01st April, 2015

(₹. In Millions)

Particulars	Adjusted IGAAP	Ind AS Adjustment	Ind AS Regrouping	As per Ind AS
Non-current assets:				
1) Property Plant & Equipment	50,375	(16)	-	50,359
2) Capital work-in-progress	2,270	-	-	2,270
3) Investment Property	-	-	-	-
4) Other Intangible assets	16,371	(1)	-	16,370
5) Intangible assets under development	5,166	(755)	-	4,411
6) Investments in Joint Venture	1,754	-	-	1,754
7) Financial Assets	-	-	-	-
(i) Investments	5,699	-	-	5,699
(ii) Trade receivables	155	-	-	155
(iii) Loans	523	-	-	523
(iv) Others	8,692	(4,959)	-	3,733
8) Deferred tax assets (net)	-	-	-	-
9) Other non-current assets	14,035	(469)	-	13,566
	-	-	-	-
Current assets:	-	-	-	-
1) Inventories	251,524	(1,872)	-	249,652
2) Financial Assets	-	-	-	-
(i) Investments	-	-	-	-
(ii) Trade receivables	62,426	(1,497)	-	60,929
(iii) Cash and cash equivalents	176,714	-	-	176,714

Particulars	**Adjusted IGAAP**	**Ind AS Adjustment**	**Ind AS Regrouping**	**As per Ind AS**
(iv) Bank balances other than (iii) above	-	-	-	-
(v) Loans	1,760	-	-	1,760
(vi) Others	19,900	(32)	-	19,868
3) Current Tax Assets (Net)	-	(1,355)	2,359	1,004
4) Other currents assets	23,062	(4,763)	(2,359)	15,940
	-	-	-	-
Total	**640,426**	**-15,719**	**-**	**624,707**
EQUITY AND LIABILITIES:				
EQUITY:				
1) Equity Share capital	4,820	-	-	4,820
2) Other Equity	163,042	(18,919)	-	144,123
	-	-	-	-
LIABILITIES	-	-	-	-
Non-current liabilities:	-	-	-	-
1) Financial Liabilities	-	-	-	-
(i) Borrowings	-	-	-	-
(ii) Trade payables	5,044	(5,010)	-	34
(iii) Other financial liabilities	3,729	3	-	3,732
2) Provisions	4,925	19,536	1,267	25,728
3) Deferred tax liabilities (Net)	16,192	(9,584)	-	6,608
4) Other non-current liabilities	87,513	-	-	87,513
	-	-	-	-
Current Liabilities:	-	-	-	-
1) Financial liabilities	-	-	-	-
(i) Borrowings	-	-	-	-
(ii) Trade payables	22,700	(24)	-	22,676
(iii) Other financial liabilities	11,157	13	-	11,170
2) Other current liabilities	293,585	-	-	293,585
3) Provisions	27,719	(1,734)	(1,267)	24,718
4) Current Tax Liabilities (Net)	-	-	-	-
	-	-	-	-
Total	**640,426**	**(15,719)**	**-**	**624,707**

b) Reconciliation of Balance Sheet as at 31st March, 2016

(₹. In Millions)

Particulars	**Adjusted IGAAP**	**Ind AS Adjustment**	**Ind AS Regrouping**	**As per Ind AS**
Non-current assets:				
1) Property Plant & Equipment	54,444	-	-	54,444
2) Capital work-in-progress	3,754	-	-	3,754
3) Investment Property	-	-	-	-
4) Other Intangible assets	14,808	-	-	14,808
5) Intangible assets under development	7,355	(855)	-	6,500
6) Investments in Joint Venture	1,607	-	-	1,607
7) Financial Assets	-	-	-	-
(i) Investments	7,257	-	-	7,257
(ii) Trade receivables	-	-	-	-
(iii) Loans	520	-	-	520
(iv) Others	8,972	(4,958)	-	4,014
8) Deferred tax assets (net)	-	-	-	-
9) Other non-current assets	15,331	(469)	-	14,862
	-	-	-	-
Current assets:	-	-	-	-
1) Inventories	241,581	(1,603)	-	239,978

Particulars	**Adjusted IGAAP**	**Ind AS Adjustment**	**Ind AS Regrouping**	**As per Ind AS**
2) Financial Assets	-	-	-	-
(i) Investments	-	-	-	-
(ii) Trade receivables	51,318	(2,949)	-	48,369
(iii) Cash and cash equivalents	133,034	-	-	133,034
(iv) Bank balances other than (iii) above	-	-	-	-
(v) Loans	981	-	-	981
(vi) Others	22,123	(35)	-	22,088
3) Current Tax Assets (Net)	-	-	-	-
4) Other currents assets	11,998	-	972	12,970
	-	-	-	-
Total	**575,083**	**(10869)**	**972**	**565,186**

EQUITY AND LIABILITIES:				
EQUITY:				
1) Equity Share capital	3,615	-	-	3,615
2) Other Equity	120,573	(13,997)	-	106,576
	-	-	-	-
LIABILITIES	-	-	-	-
Non-current liabilities:	-	-	-	-
1) Financial Liabilities	-	-	-	-
(i) Borrowings	-	-	-	-
(ii) Trade payables	5,008	(5,008)	-	-
(iii) Other financial liabilities	3,973	-	-	3,973
2) Provisions	4,604	19,919	302	24,825
3) Deferred tax liabilities (Net)	15,837	(7,689)	-	8,148
4) Other non-current liabilities	91,546	-	-	91,546
	-	-	-	-
Current Liabilities:	-	-	-	-
1) Financial liabilities	-	-	-	-
(i) Borrowings	-	-	-	-
(ii) Trade payables	21,547	(35)	-	21,512
(iii) Other financial liabilities	9,769	-	-	9,769
2) Other current liabilities	267,824	50	-	267,874
3) Provisions	30,787	(4,109)	(302)	26,376
4) Current Tax Liabilities (Net)	-	-	972	972
	-	-	-	-
Total	**575,083**	**(10869)**	**972**	**565,186**

There were no significant reconciliation items between cash flows prepared under IGAAP and those prepared under Ind AS

c) Reconciliation of Equity Sheet as at 31st March, 2015 (Proforma)

The Proforma financial information of the Company as at and for the year ended March 31, 2015, is prepared in accordance with requirements of SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/4 dated March 31, 2016 (“SEBI Circular”). As envisaged by the SEBI Circular, the Company has followed the same accounting policy choices (both mandatory exceptions and optional exemptions availed as per Ind AS 101) as initially adopted on its Ind AS transition date (i.e. April 1, 2015) while preparing the proforma financial information for the FY 2014-15 and accordingly suitable restatement adjustments in the accounting heads has been made in the proforma financial information. This proforma Ind AS financial information have been prepared by making Ind AS adjustments to the audited Indian GAAP financial statements as at and for the year ended March 31, 2015 as described in this Note. The impact of Ind AS 101 on the equity under Indian GAAP as at March 31, 2015 and the impact on the profit or loss for the year ended March 31, 2015 due to the Ind- AS principles applied on proforma basis during the year ended March 31, 2015 can be explained as under

(₹. In Millions)

Particulars	**As at March 31, 2015 (Proforma)**
Total Equity under Previous IGAAP	167,862
Proforma Adjustments	
1) Provision for Liquidated Damages	(10,918)
2) Provision for Onerous Contract	(11,047)
3) Impairment of Intangible Asset	(755)
4) Reversal of Warranty Liability	4,163
5) Reversal/Recognition of Warranty Sales	(4,030)
6) Fair Value Adjustment	51
7) Prior Period Adjustment	(6,542)
8) Recognition of POC Sales for Service Contract	1,904
9) Reversal of Work in Progress relating to POC Sales	(1,904)
10) Deferred Tax effect on new temporary differences recognised under IND AS	9,584
Total Proforma adjustments to Equity	**(19,494)**
Total Equity under Ind As Proforma as at 31st March 2015	**148,368**
Reversal of Warranty Sale*	575
Total Equity as at 01st April 15 (Date of Transitiion)	**148,943**

d) Effect of Proforma Ind AS Adjustments on the Statement of Assets & Liabilities as at March 31, 2015

(₹. In Millions)

Particulars	**Adjusted IGAAP**	**Ind AS Adjustment**	**Ind AS Regrouping**	**As per Ind AS**
Non-current assets:				
1) Property Plant & Equipment	50,375	(16)	0	50,359
2) Capital work-in-progress	2,270			2,270
3) Investment Property			0	0
4) Other Intangible assets	16,371	(1)		16,370
5) Intangible assets under development	5,166	(755)		4,411
6) Investments in Joint Venture	1,754			1,754
7) Financial Assets				
(i) Investments	5,699			5,699
(ii) Trade receivables	155			155
(iii) Loans	523			523
(iv) Others	8,692	(4,959)		3,733
8) Deferred tax assets (net)				
9) Other non-current assets	14,035	(469)		13,566
Current assets:				
1) Inventories	251,524	(1,872)		249,652
2) Financial Assets				
(i) Investments				
(ii) Trade receivables	62,426	(2,072)		60,354
(iii) Cash and cash equivalents	176,714			176,714
(iv) Bank balances other than (iii) above				
(v) Loans	1,760			1,760
(vi) Others	19,900	(32)		19,868
3) Current Tax Assets (Net)		(1,355)	2,359	1,004

Particulars	**Adjusted IGAAP**	**Ind AS Adjustment**	**Ind AS Regrouping**	**As per Ind AS**
4) Other currents assets	23,062	(4,763)	(2,359)	15,940
Total	**640,426**	**(16,294)**		**624,132**
EQUITY AND LIABILITIES:				
EQUITY:				
1) Equity Share capital	4,820			4,820
2) Other Equity	163,042	(19,494)		143,548
LIABILITIES				
Non-current liabilities:				
1) Financial Liabilities				
(i) Borrowings				
(ii) Trade payables	5,044	(5,010)		34
(iii) Other financial liabilities	3,729	3		3,732
2) Provisions	4,925	19,536	1,267	25,728
3) Deferred tax liabilities (Net)	16,192	(9,584)		6,608
4) Other non-current liabilities	87,513			87,513
Current Liabilities:				
1) Financial liabilities				
(i) Borrowings				
(ii) Trade payables	22,700	(24)		22,676
(iii) Other financial liabilities	11,157	13		11,170
2) Other current liabilities	293,585			293,585
3) Provisions	27,719	(1,734)	(1,267)	24,718
4) Current Tax Liabilities (Net)				
Total	**640,426**	**(16,295)**		**624,132**

e) Total Comprehensive Income reconciliation for the year ended 31st March, 2015(Proforma)

(₹. In Millions)

Particulars	**31st March 2015(Proforma)**
Profit After Tax as per IGAAP (A)	23,882
Ind AS Adjustments:	
1) Provision for Liquidated Damages	(3,409)
2) Recognition of Warranty Sales	2,213
3) Reversal of Warranty Sales	(3,455)
4) Reversal of Warranty Liability	499
5) Provision for Onerous Contract	(11,047)
6) Recognition of POC Sales for Service Contract	1,904
7) Reversal of Work in Progress relating to POC Sales	(1,904)
8) Reversal of POC Sales booked as at 01st April, 2014	(1,539)
9) Reversal of Work in Progress relating to POC Sales booked as at 01st April 2014 fully not reversed	1,539
10) Impairment of Intangible Asset	(755)
11) Amortisation of Liability towards Russian Rouble	(742)
12) Amortisation of Reimbursement of Liability towards Russian Rouble	734
13) Prior Period Adjustment	(1,165)
14) Deferred tax effect on above adjustments	2,602
16) Gain on Net defined benefit transferred to OCI	985
17) Tax on Gain on Net defined benefit transferred to OCI	(335)
18) Loss on translation of Foreign Currency operations transferred to OCI	0
19) Tax on Loss on translation of Foreign Currency operations transferred to OCI	0

Particulars	31st March 2015(Proforma)
Total Adjustments (B)	**(13,875)**
Profit after tax as per Ind AS [(A)+(B)]	10,007
Other Comprehensive Income/ Loss	(650)
Total Comprehensive Income as per Ind AS	**9,357**

f) Notes

(i) Provision for Liquidated Damages: Under IGAAP, Provision for Liquidated Damages against the Company is recognised in Accounts on acceptance i.e. recognised at the time of setting-up of sales. Under Ind AS, Provision for Liquidated Damages will be recognised for the period of delay between the due date of supply of the Goods / rendering of services as per delivery schedule and the expected Date of delivery of said Goods / rendering of service in respect of manufacture / repair and overhaul of Aircraft / Helicopters/ Engines / Rotables, supply of spares and development activities etc. The net effect of this change results in a decrease in the equity by ₹ 10918 Million as at 31st March, 2015 and decrease in the profit before tax by ₹. 3409 Million for the year ended 31st March, 2015.

(ii) Provision for Onerous Contract: Onerous contract has been recognised in respect of 140 Su-30 manufacturing programme (Block-IV). The schedule of delivery under the contract was 2012-13 to 2014-15, whereas the same is expected to be delivered from 2017-18 to 2019-20. While the selling price remaining constant, increase in material cost, labour cost and other costs has resulted in the contract becoming onerous and the loss amounting to ₹ 11,047 Million is recognised in Statement of Profit & Loss during the year ended 31st March, 2015.

(iii) Impairment of Intangible Asset: Wherever it is not possible to assess the useful life of an intangible asset, the same is not amortised. However impairment on the same is done when there is an indication that an intangible asset may be impaired. Accordingly, an amount of ₹ 755 Million has been recognised as Impairment loss for the year ended 31st March, 2015**.**

(iv) Reversal of Warranty Liability: Under IGAAP, provision for warranty is made at the time of setting up of sales for manufacture / repair and overhaul of Aircraft / Helicopters/ Engines / Rotables, supply of spares and development activities etc., within the frame work of the conditions agreed with the customers. Under Ind AS, provision for warranty for manufacture and repair and overhaul of Aircraft / Helicopters/ engines / rotables and spares will be made based on actuarial valuation. The net effect of this change results in a increase in the equity by ₹ 4,163 Million as at 31st March, 2015 and increase in the profit before tax by ₹ 499 Million for the year ended 31st March, 2015.

(v) Reversal of Warranty Sales: Under IGAAP, revenue pertaining to Warranty is recognised at the time of setting up of sales for manufactured / overhauled Aircraft / Helicopters/ Engines / Rotables / Accessories and supply of spares within the frame work of the conditions agreed with the customers. Under Ind AS, revenue pertaining to warranty in relation to manufactured / overhauled Aircraft / Helicopters/ Engines / Rotables / Accessories and supply of spares is recognised proportionately over the period of warranty within the frame work of the conditions agreed with the customer. The net effect of this change results in a decrease in the equity by ₹ 4030 Million as at 31st March, 2015 and decrease in the profit before tax by ₹ 1242 Million for the year ended 31st March, 2015.

(vi) Fair Value Adjustment for Russian Debt: As per IGAAP, the amount of liability towards Russian Debt and the corresponding reimbursement of the same from the customer are recognised at gross amount in the books of Accounts. However under Ind AS - 109, both the liability towards Russian Debt and corresponding reimbursement from customer should be initially recognised at fair value and subsequently should be carried at amortised cost. The difference between transaction price and fair value is treated as gain/loss on fair valuation and the same is amortised over the period of Russian Debt. The net effect of this change results in a increase in the equity by ₹ 51 Million as at 31st March, 2015 and decrease in the profit before tax by ₹ 8 Million for the year ended 31st March, 2015.

(vii) Prior Period Items: The Company has retrospectively corrected prior period errors in the first set of financial statements by restating the comparative amounts for the prior periods in which the error occurred. Wherever the error has occurred before 01st April, 2014, the

Company has restated the opening balances of assets, liabilities and equity as on 01st April 2014. The following prior period adjustments were made:

(₹. In Million)

Particulars	Equity as on 31st March, 2015	Profit for the year ended 31st March, 2015 (Proforma)
a) Income Tax *	6,586	1,209
b) Other Miscellaneous adjustments	-44	-44
	6,542	**1,165**

* The Company has reached a settlement with Income Tax Department regarding disallowance of provisions towards warranty, replacement, materials, liquidated damages and allowance of reversal of such provisions. As per Ind AS 8, the provision of ₹ 5462 Million has been adjusted along with interest of ₹ 1124 Million in the equity as on 31st March 2015 (out of which ₹ 1209 Million is adjusted to the profit for the year ended 31st March 2015).

(viii) Recognition of Overhaul Sales under Percentage Completion Method (POC): As per IGAAP, Sales are setup and recognised based on completed contract basis. However, as per Ind AS - 18, the sales for Overhaul of Aircraft/Helicopter and Engines are setup and recognised under POC method. This led to increase in sales as on 01st April, 2014 by ₹ 1539 Million and reduction in Work in Progress by ₹ 1539 Million. During the year 2014-15, Sales was increased by ₹ 1904 Million and Work in Progress was reduced by ₹ 1904 Million and the same was adjusted in the Statement of Profit and Loss for the year ended 31st March, 2015. Further, during the year 2014-15, sales of ₹ 1539 Million was reversed as the same was booked under POC method in the retained earning as on 01st April 2015.

(ix) Deferred Tax effect on new temporary differences recognised under Ind AS: IGAAP requires deferred tax accounting using the income statement approach, which focus on differences between taxable profits and accounting profits for the period. Ind AS- 12 requires entities to account for deferred taxes using the Balance Sheet approach, which focus on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS- 12 approach has resulted in deferred tax on new temporary differences which was not required under the IGAAP. In addition, the various transitional adjustments lead to temporary differences. Accordingly the deferred tax adjustments are recognised in correlation to the underlying transaction in the retained earnings. As on 31st March, 2015, the net impact on deferred tax liabilities is ₹ 9584 Million and for the year ended 31st March, 2015 is ₹ 2602 Million.

(x) Gain/Loss on re-measurement of net defined benefit liability/asset: As per IGAAP, gains and losses on re-measurement of net defined benefit liability/asset are recognised in the Statement of Profit and Loss, whereas under Ind AS the same has been recognised in Other Comprehensive Income by accumulating in a separate component of equity. An amount of ₹ 650 Million has been recognised as gain on re-measurement of defined benefit plan for the year ended 31st March, 2015.

(xi) Gain/Loss on translation of foreign operations: As per IGAAP, gains and losses on translation of foreign operation are recognised in Statement of Profit and Loss, whereas under Ind AS - 21 the same shall be recognised in Other Comprehensive Income by accumulating in a separate component of equity. An amount has been recognised as loss on translation of foreign operation for the year ended 31st March, 2015.

7. Exemptions availed on first-time adoption of Ind AS 101 as at transition date :

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The company has accordingly applied the following exemptions.

(f) As per para D7AA of Ind AS 101, Property, Plant and Equipment and Intangible assets were carried in the statement of financial position prepared in accordance with IGAAP on 31st March, 2015. The Company has elected to regard such carrying values as deemed cost at the date of transition.

(g) As per para D36 of Ind AS 101 in respect of Customer funded assets the company proposes to apply appendix C of Ind AS 18 wherein the assets created after 01.04.2016 with the customer funding shall be capitalized.

(h) As per para B8C of Ind AS 101 the Company has recognized the fair value of financial

Assets/Liabilities at new gross carrying amount of that financial asset or the amortised cost of that financial liability at the date of transition to Ind AS.

(i) As per para D13 of Ind As 101, which states that the Company need not comply with the requirements for cumulative translation differences that existed at the date of transition as stated in Ind AS 21. Instead the differences for all the foreign operations can be deemed to be zero at the date of transition and, the gain or loss on subsequent disposal of any foreign operation shall exclude translation differences that arose before the date of transition to Ind AS and shall include later translation differences.

(j) Others:

i. Under IGAAP, actuarial gains and losses related to the defined benefit schemes for Gratuity and liabilities towards employee leave encashment were recognised in the statement of profit or loss. Under Ind AS, the actuarial gains and losses form part of re-measurement of the net defined benefit liability / asset which is recognised in the Other Comprehensive Income (OCI). Consequently, the tax effect of the same has also been recognised in OCI instead of statement of profit or loss.

ii. **Standards issued but not effective- Ind AS 115 - Revenue from Contract with Customers :** In February 2015, the Ministry of Corporate Affairs had notified Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainity of Revenue and Cash Flow arising from the entity's contract with customers. The effective date of Ind AS 115 has been deferred by the MCA.

ANNEXURE – V

STANDALONE SUMMARY STATEMENT OF GROSS BLOCK, ACCUMULATED DEPRECIATION AND NET BLOCK -PLANT, PROPERTY AND EQUIPMENT , AS RESTATED ,UNDER IND AS

(₹. In Millions)

Particulars	**Gross Block as at 1st April 2017**	**Additions**	**Acquisitions through Business Combination**	**Reclasfn./Adjustment**	**Disposals**	**Transfer to (-) from (+) Div**	**Gross Block as at 30 th September 2017**
Fixed Assets							
Land - Leasehold	85						85
Land – Freehold	179						179
Buildings	10,200	1188				24	11,412
Plant and Equipment	31,208	1184			(18)		32,374
Furniture and Fixtures	1,343	34			(2)		1,375
Vehicles	954	25			(7)		972
Office Equipment	2,042	63			(7)		2,098
Assets used for CSR Activities	452						452
Others							
Roads and Drains	727	77					804
Water Supply	473	20					493
Rail Road Sidings	7						7
Runways	557						557
Aircraft/Helicopters	1,802						1,802
Sub Total	**50,029**	**2,591**			**(34)**	**24**	**52,610**
Special Tools	61,627	858					62,485
Total	**111,656**	**3,449**			**(34)**	**24**	**115,095**

(₹. In Millions)

Particulars	**Gross Block as at 1st April 2016**	**Additions**	**Acquisitions through Business Combination**	**Reclasfn. /Adjustment**	**Disposals**	**Gross Block as at 31st March 2017**
Fixed Assets						
Land - Leasehold	85					85
Land - Freehold	178	1				179
Buildings	9,234	966				10,200
Plant and Equipment	27,645	3,641			(78)	31,208
Furniture and Fixtures	1,222	125			(4)	1,343
Vehicles	836	136			(18)	954
Office Equipment	1,834	211			(3)	2,042
Assets used for CSR Activities	425	27				452
Others						
Roads and Drains	634	93				727
Water Supply	409	64				473
Rail Road Sidings	7					7
Runways	557					557
Aircraft/Helicopters	1,534	268				1,802
Sub Total	**44,600**	**5,532**		**0**	**(103)**	**50,029**
Special Tools	58,289	3,440			(102)	61,627
Total	**102,889**	**8,972**		**0**	**(205)**	**111,656**

(₹. In Millions)

Particulars	Gross Block as at 01ST April 2015	Additions	Acquisitions through Business Combination	Reclasfn. /Adjustment	Disposals	Gross Block as at 31st March 2016
Fixed Assets						
Land - Leasehold	72	13				85
Land - Freehold	178					178
Buildings	8,477	754		5	(2)	9,234
Plant and Equipment	24,937	2,783		15	(90)	27,645
Furniture and Fixtures	1,060	172			(10)	1,222
Vehicles	745	103			(12)	836
Office Equipment	1,677	211		(15)	(39)	1,834
Assets used for CSR Activities		425				425
Others						
Roads and Drains	596	40			(2)	634
Water Supply	389	25		(5)		409
Rail Road Sidings	7					7
Runways	557					557
Aircraft/Helicopters	1,534					1,534
Sub Total	**40,229**	**4,526**		**0**	**(155)**	**44,600**
Special Tools	52,687	5,602				58,289
Total	**92,916**	**10,128**		**0**	**(155)**	**102,889**

(₹. In Millions)

Particulars	Gross block as at 1st April 2014	Additions	Acquisitions through Business Combination	Reclasfn. /Adjustment	Disposals	Gross block as at 31st March 2015
Fixed Assets						
Land - Leasehold	72					72
Land - Freehold	102	76				178
Buildings	8,251	276		(5)	(45)	8,477
Plant and Equipment	23,608	1,368		4	(43)	24,937
Furniture and Fixtures	874	169		23	(6)	1,060
Vehicles	646	107			(8)	745
Office Equipment	1,464	249		(23)	(13)	1,677
Assets used for CSR Activities						
Others						
Roads and Drains	582	14				596
Water Supply	358	31				389
Rail Road Sidings	7					7
Runways	554	3				557
Aircraft/Helicopters	769	765				1,534
Sub Total	**37,287**	**3,058**		**(1)**	**(115)**	**40,229**
Special Tools	50,104	2,583				52,687
Total	**87,391**	**5,641**		**(1)**	**(115)**	**92,916**

Notes:

-The figures disclosed above are based on the Summary Statement of Standalone Assets and Liabilities, As Restated, of the Company

Accumulated Depreciation- Plant, Property and Equipment

(₹In Million)

Particulars	Provision as at 1st April 2017	Additions	Acquisitions through Business Combination	Reclasfn. /Adjustment	Disposals/ Reversals	Provision as at 30th September 2017	Net Block as at 30th September 2017
Land - Leasehold	8	1				9	76
Land - Freehold							179
Buildings	3,723	166				3,889	7,523
Plant and Equipment	20739	862			(17)	21,584	10,790
Furniture and Fixtures	1038	57			(2)	1,093	282
Vehicles	586	36			(3)	619	353
Office Equipment	1710	97			(6)	1,801	297
Assets used for CSR Activities	452					452	
Others							
Roads and Drains	573	21				594	210
Water Supply	290	15				305	188
Rail Road Sidings	7					7	
Runways	508	11				519	38
Aircraft/Helicopter	532	43				575	1,227
Subtotal	**30,166**	**1,309**			**(28)**	**31,447**	**21,163**
Special Tools	23,645	782				24,427	38,058
Total	**53,811**	**2,091**			**(28)**	**55,874**	**59,221**

(₹. In Millions)

Particulars	Provision as at 1st April 2016	Additions	Acquisitions through Business Combination	Reclasfn. /Adjustment	Disposals/ Reversals	Provision as at 31st March 2017	Net Block as at 31st March 2017
Land - Leasehold	7	1				8	77
Land - Freehold							179
Buildings	3,401	322				3,723	6,477
Plant and Equipment	19,145	1,671			(77)	20,739	10,469
Furniture and Fixtures	904	137			(3)	1,038	305
Vehicles	530	70			(14)	586	368
Office Equipment	1,521	192			(3)	1,710	332
Assets used for CSR Activities	425	27				452	0
Others							
Roads and Drains	498	75				573	154
Water Supply	264	26				290	183
Rail Road Sidings	7					7	0
Runways	482	26				508	49
Aircraft/Helicopters	453	79				532	1,270
Subtotal	**27,637**	**2,626**		**0**	**(97)**	**30,166**	**19,863**
Special Tools	20,808	2,837				23,645	37,982
Total	**48,445**	**5,463**		**0**	**(97)**	**53,811**	**57,845**

(₹. In Millions)

Particulars	**Provision as at 1st April 2015**	**Additions**	**Acquisitions through Business Combination**	**Reclasfn./Adjustment**	**Disposals/Reversals**	**Provision as at 31st March 2016**	**Net Block as at 31st March 2016**
Land - Leasehold	6	1				7	78
Land - Freehold		-					178
Buildings	3,017	381		5	(2)	3,401	5,833
Plant and Equipment	17,545	1,684		3	(87)	19,145	8,500
Furniture and Fixtures	750	162		0	(8)	904	318
Vehicles	487	54			(11)	530	306
Office Equipment	1,335	226			(40)	1,521	313
Assets used for CSR Activities		425				425	
Others		-					
Roads and Drains	411	89			(2)	498	136
Water Supply	246	23		(5)		264	145
Rail Road Sidings	7	-				7	0
Runways	455	27				482	75
Aircraft/Helicopters	381	72				453	1,081
Subtotal	**24,640**	**3,144**		**3**	**(150)**	**27,637**	**16,963**
Special Tools	17,917	2,891				20,808	37,481
Total	**42,557**	**6,035**		**3**	**(150)**	**48,445**	**54,444**

.

(₹. In Millions)

Particulars	**Provision as at 1st April 2014**	**Additions**	**Acquisitions through Business Combination**	**Reclasfn. /Adjustment**	**Transfer to(-) from (+) Div**	**Disposals**	**Provision as at 31st March 2015**	**Net Block as at 31st March 2015**
Land - Leasehold	5	1					6	66
Land - Freehold								178
Buildings	2,578	359		90		(10)	3,017	5,460
Plant and Equipment	15,656	1,638		291		(40)	17,545	7,392
Furniture and Fixtures	578	137		40		(5)	750	310
Vehicles	432	57		4		(6)	487	258
Office Equipment	1,093	216		38		(12)	1,335	342
Assets used for CSR Activities								
Others								
Roads and Drains	159	107		145			411	185
Water Supply	212	24		10			246	143
Rail Road Sidings	7						7	
Runways	426	27		2			455	102
Aircraft/Helicopters	321	60					381	1,153
Subtotal	**21,467**	**2,626**		**620**		**(73)**	**24,640**	**15,589**
Special Tools	15,089	2,828					17,917	34,770
Total	**36,556**	**5,454**		**620**		**(73)**	**42,557**	**50,359**

Notes: The figures disclosed above are based on the Summary Statement of Standalone Assets and Liabilities, As Restated, of the Company.

Above Depreciation includes :

(₹. In Millions)

Particulars	30th September 2017	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015
Gross Value of Assets with M/s. Midhani	120	120	120	120
Less: Cumulative Depreciation in respect of Assets with M/s. Midhani	82	82	53	44
Net	**38**	**38**	**67**	**76**

Particulars	30th September 2017	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015
Gross Value of Assets retired from Active Use	208	297	273	288
Less : Cumulative Depreciated Value of Assets retired from Active Use.	208	296	272	287
WDV of Assets Retired from Active Use.		1	1	1

ANNEXURE – VI
STANDALONE SUMMARY STATEMENT OF CUSTOMER FUNDED ASSETS, AS RESTATED,UNDER IND AS

(₹. In Millions)

Particulars	Gross Block As on 01st April 2016	Addition in	Reclasfn. /Adjustment	Disposals	Gross Block as at 31st March 2017 / 01 st April 2017	Additions	Transfer to (-) from (+) Div	Gross Block as at 30th September 2017
Fixed Assets								
Building	-	170	-	-	170	155	(24)	301
Plant and Equipment	-	391	-	-	391	138		529
Furniture and Fixtures	-	9	-	-	9	1		10
Vehicles	-	7	-	-	7	1		8
Office Equipment	-	4	-	-	4	4		8
Water Supply	-	4	-	-	4			4
Sub Total	-	**585**	-	-	**585**	**299**	**(24)**	**860**

(₹ In Millions)

Particulars	Provision as on 01st April 2016	Additions	Reclasfn. /Adjustment	Disposals	Provision as at 31st March 2017	Additions	Provisions as at 30th September 2017	Net Block as at 30th September 2017	Net Block as at 31st March 2017
Fixed Assets									
Building	-	3	-	-	3	3	6	295	167
Plant and Equipment	-	17	-	-	17	23	40	489	374
Furniture and Fixtures	-	9	-	-	9	1	10	0	0
Vehicles	-	1	-	-	1	1	2	6	6
Office Equipment	-	1	-	-	1	1	2	6	3
Water Supply	-	1	-	-	1		1	3	3
Sub Total	-	**32**	-	-	**32**	**29**	**61**	**799**	**553**

Notes:

-The figures disclosed above are based on the Summary Statement of Standalone Assets and Liabilities, As Restated, of the Company.

ANNEXURE – VII

STANDALONE SUMMARY STATEMENT OF CAPITAL WORK IN PROGRESS , AS RESTATED, UNDER IND AS

(₹. In Millions)

Particulars	**As At 30th September 2017**	**As At 31st March 2017**	**As At 31st March 2016**	**As At 31st March 2015 (Proforma)**
Buildings	3,135	3,962	1,940	1,022
Plant and Equipment	1,148	888	1,283	702
Furniture and Fixtures	-	-	-	-
Roads and Drains	2	-	10	10
Office Equipment	-	1	16	3
Water Supply	1	-	18	4
Plant and Equipment under Inspection and in Transit	906	1,279	475	519
Special Tools	166	81	12	10
TOTAL	**5,358**	**6,211**	**3,754**	**2,270**

Notes:

-The figures disclosed above are based on the Summary Statement of Standalone Assets and Liabilities, As Restated, of the Company.

ANNEXURE – VIII

STANDALONE SUMMARY STATEMENT OF INTANGIBLE ASSETS , AS RESTATED, UNDER IND AS

(₹. In Millions)

Particulars	**Other Intangible Assets**			
	Licence Fees	**Computer Software**	**Documentation**	**TOTAL**
Gross Block				
As on 1st Apr 2014	25,874	863	4,359	31,096
Additions	917	111	216	1244
Adjustments/Disposal	(2146)	(67)	(326)	(2539)
As on 31st Mar 2015 (Proforma)	24,645	907	4,249	29,801
Additions	216	254	85	555
As on 31st March 2016	24,861	1,161	4,334	30,356
Additions	51	72	252	375
As on 31st March 2017	**24,912**	**1,233**	**4,586**	**30,731**
Additions		23	13	36
As on 30th September 2017	**24,912**	**1,256**	**4,599**	**30,767**
Accumulated Amortization - Other Intangible Assets				
As on 1st Apr 2014	**11,492**	**789**	**1362**	**13,643**
Additions / Adjustments/Disposal	(97)	(10)	(105)	(212)
As on 31st Mar 2015 (Proforma)	**11,395**	**779**	**1,257**	**13,431**
Additions	1,863	102	152	2,117
As on 31st March 2016	**13,258**	**881**	**1,409**	**15,548**
Additions	735	113	199	1,047
As on 31st March 2017	**13,993**	**994**	**1,608**	**16,595**
Additions	131	65	49	245
As on 30th September 2017	**14,124**	**1,059**	**1,657**	**16,840**
Net Other Intangible Assets	-	-	-	-
As on 31st Mar 2015 (Proforma)	13,250	128	2,992	16,370
As on 31st March 2016	11,603	280	2,925	14,808
As on 31st March 2017	10,919	239	2,978	14,136
As on 30th September 2017	10,788	197	2,942	13,927

Notes:

-The figures disclosed above are based on the Summary Statement of Standalone Assets and Liabilities, As Restated, of the Company.

ANNEXURE – IX

STANDALONE SUMMARY STATEMENT OF INTANGIBLE ASSETS UNDER DEVELOPMENT , AS RESTATED, UNDER IND AS

(₹In Millions)

Particulars	As on 1st April 2017	Addition	As on 30th September 2017
Development Expenditure			
Gross Block	13,009	1,022	14,031
Amortization	3,170	188	3,358
Impairement Loss	1,176	23	1,199
Net	**8,663**	**811**	**9,474**

(₹. In Millions)

Particulars	As on 1st April 2014	Addition	As on 31st March 2015 (Proforma)	Addition	As on 31st March 2016/ 1st April 2016	Addition	As on 31st March 2017
Development Expenditure							
Gross Block	**6,159**	1,535	**7,694**	2,566	**10,260**	2,749	**13,009**
Amortization	**2,230**	298	**2,528**	377	**2,905**	265	**3,170**
Impairment Loss	**-**	755	**755**	100	**855**	321	**1,176**
Net	**3929**	**482**	**4,411**	**2,089**	**6,500**	**2,163**	**8,663**

Notes:
-The figures disclosed above are based on the Summary Statement of Standalone Assets and Liabilities, As Restated, of the Company.

ANNEXURE – X

STATEMENT OF STANDALONE NON-CURRENT INVESTMENTS IN JOINT VENTURES SUBSIDIARIES, AS RESTATED ,UNDER IND AS

(₹. In Millions)

Particulars	**As at**			
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
A. INVESTMENTS AT COST LESS PROVISION (TRADE / UN-QUOTED)			**-**	**-**
Investment in Equity Instruments			-	-
- in Joint Ventures			-	-
M/s BAe-HAL Software Ltd-29,40,000 (29,40,000-P.Y) Equity shares of ₹ 10 FV each fully paid	29	29	29	29
Less Provision for Impairment in value of Investment		-	-	-
Net -M/s BAe-HAL Software Ltd	**29**	**29**	**29**	**29**
M/s Snecma HAL Aerospace Private Ltd - 11,40,000 (11,40,000-P.Y) Shares of ₹ 100 F.V. each fully paid	114	114	114	114
Less Provision for Impairment in value of Investment		-	-	-
Net - M/s Snecma HAL Aerospace Private Ltd	**114**	**114**	**114**	**114**
M/s Indo Russian Aviation Ltd - 9,36,525 (9,36,525-P.Y) Equity shares of ₹ 10 FV each fully paid	9	9	9	9
Less Provision for Impairment in value of Investment		-	-	-
Net - M/s Indo Russian Aviation Ltd.	**9**	**9**	**9**	**9**
M/s HALBIT Avionics Pvt Ltd - 3,82,500(3,82,500-P.Y) Shares of ₹100 FV each fully paid	38	38	38	38
Less Provision for Impairment in value of Investment	38	38	38	31
Net - M/s. HALBIT Avionics Pvt. Ltd.		**-**	**-**	**7**
M/s HAL Edgewood Technologies Pvt Ltd 3,00,000(3,00,000-P.Y) Shares of ₹ 100 FV each fully paid	30	30	30	30
Less Provision for Impairment in value of Investment	30	30	30	30
Net- M/s. HAL Edgewood Technologies Pvt. Ltd.		**-**	**-**	**-**
M/s SAMTEL HAL Display Systems Ltd- 1,60,000 (1,60,000-P.Y) Shares of ₹ 100 FV each fully paid	16	16	16	16
Less Provision for Impairment in value of Investment	16	16	10	-
Net - M/s SAMTEL HAL Display Systems Ltd	**-**	**-**	**6**	**16**
M/s INFOTECH HAL Ltd - 20,00,000 (20,00,000-P.Y) Shares of ₹ 10 FV each fully paid	20	20	20	20
Less Provision for Impairment in value of	17	17	17	17

Particulars	**As at**			
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
Investment				
Net- M/s. INFOTECH HAL Ltd.	**3**	**3**	**3**	**3**
M/s HATSOFF Helicopter Training Pvt Ltd -3,84,04,204 (3,84,04,204 P.Y) Shares of ₹ 10 FV each fully paid	384	384	384	384
Less Provision for Impairment in value of Investment	384	384	384	384
Net- M/s. HATSOFF Helicopter Training Pvt. Ltd.	**-**	**-**	**0**	**0**
M/s TATA HAL Technologies Ltd - 50,70,000 (50,70,000 P.Y.) Shares of ₹ 10 each fully paid	51	51	51	51
Less Provision for Impairment in value of Investment	42	42	36	36
Net- M/s. TATA HAL Technologies Ltd.	**9**	**9**	**15**	**15**
M/s International Aerospace Manufacturing Pvt Ltd - 42,50,000 (42,50,000 - P.Y) Shares of ₹ 100 FV each fully paid	425	425	425	425
Less Provision for Impairment in value of Investment	85	85	85	-
Net-M/s International Aerospace Manufacturing Pvt Ltd	**340**	**340**	**340**	**425**
M/s. Multirole Transport Aircraft Ltd. - 113,46,564 (113,46,564 P.Y.) Shares of ₹ 100 FV each fully paid	1,135	1,135	1,135	1,135
Less Provision for Impairment in value of Investment	46	46	45	-
Net-M/s. Multirole Transport Aircraft Ltd.	**1,089**	**1,089**	**1,090**	**1,135**
M/s. Aerospace & Aviation Sector Skill Council (AASSC) - 125 (125 P.Y.) Shares of ₹ 10,000 FV each fully paid	1	1	1	1
Less Provision for Impairment in value of Investment	-	-	-	-
Net-M/s. Aerospace & Aviation Sector Skill Council	**1**	**1**	**1**	**1**
M/s.Helicopter Engines MRO Pvt Ltd (*)	20	20	-	-
Less Provision for Impairment in value of Investment	-	-	-	-
Net-M/s. Helicopter Engines MRO Pvt Ltd	**20**	**20**	**-**	**-**
Total In Equity of Joint Ventures (1)	1,614	**1,614**	**1,607**	**1,754**
2) In Subsidiaries		-	-	-
M/s. NAINI AEROSPACE LIMITED	300	300	-	-
Total In Equity of Subsidiaries (2)	300	300	-	-
TOTAL (1+2)	**1,914**	**1,914**	**1,607**	**1,754**
Disclosure				
(i) Aggregate amount of Quoted Investment and Market Value.			-	-

Particulars	**As at**			
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
(ii) Aggregate amount of Unquoted Investments.	1,914	1,914	1,607	1,754
(iii) Aggregate amount of impairment in value of investments	659	658	645	498

Notes:

-The figures disclosed above are based on the Summary Statement of Standalone Assets and Liabilities, As Restated, of the Company.

- Investments are held in the name of the Company

* Out of total investment of ₹ 20 Million, Amount of ₹ 5 Million only (50,000 shares of ₹ 100 each) has been allotted as on 31st March 2017.

ANNEXURE – XI

STATEMENT OF STANDALONE NON-CURRENT FINANCIAL ASSETS INVESTMENT OTHERS , AS RESTATED ,UNDER IND AS

(₹. In Millions)

Particulars	**As at**			
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
Non-current investments				
A) Investments in Structured Entities (Unquoted)				
a) HAE Co-operative Society of 25 (25 P.Y) Shares of ₹100 FV each fully paid	0	0	0	0
b) M/s Satnam Apartment Ltd - 41 (41 P.Y) Shares of ₹ 100 each at cost for acquisition of a Flat	0	0	0	0
Total In Equity of Others (A)	0	0	0	0
B) Other Investments (Unquoted)				
M/s LIC of India (For Funding Vacation Leave)	8,144	7,894	7,257	5,699
Total (A+B)	**8,144**	**7,894**	**7,257**	**5,699**

Notes:

-The figures disclosed above are based on the Summary Statement of Standalone Assets and Liabilities, As Restated, of the Company.

- Investments are held in the name of the Company

ANNEXURE – XII

STATEMENT OF STANDALONE NON CURRENT FINANCIAL ASSETS- TRADE RECEIVABLES, AS RESTATED , UNDER IND AS

(₹. In Millions)

Particulars	**As at**			
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
Trade Receivables			**-**	**-**
Secured Considered Good			-	-
Unsecured Considered Good	102	102	-	155
Doubtful	131	131	99	25
	233	233	99	180
Less: Provision for Doubtful Debts	131	131	99	25
Total -A	102	102	-	155
Unbilled Revenue			-	-
Less: Provision for Doubtful Debts			-	-
Total -B			-	-
TOTAL (A+B)	**102**	**102**	**-**	**155**
Trade Receivables includes amounts due from promoters/promoter group/ relatives of directors/associate companies				

Notes:

(i) The figures disclosed above are based on the Summary Statement of Standalone Assets and Liabilities, As Restated, of the Company.

(ii) List of persons/ entities classified as "Promoters", "Promoter group" and "Relatives of Directors" has been determined by the management and relied upon by the auditors. The auditors have not performed any procedure to determine whether the list is accurate and complete.

ANNEXURE – XIII

STATEMENT OF STANDALONE NON CURRENT FINANCIAL ASSETS LOANS , AS RESTATED ,UNDER IND AS

(₹. In Millions)

Particulars	As at			
	30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
A. Secured Considered Good			-	-
a) Security Deposits			-	-
- Govt Departments for Customs Duty and for Supplies			-	-
- Public Utility Concerns			-	-
- Others			-	-
b) Others			-	-
Loans and Advances to Related Parties			-	40
Employee Advances ($)	0	0	0	0
Sub-total (A)	**0**	**0**	**0**	**40**
B. Unsecured Considered Good				
a) Security Deposits			-	-
- Govt Departments for Customs Duty and for Supplies	64	63	25	29
- Public Utility Concerns	309	302	294	270
- Others	37	53	56	54
b) Others			-	-
Loans and Advances to Related Parties			-	-
Employee Advances ($)	159	171	145	130
Sub-total (B)	**569**	**589**	**520**	**483**
C. Considered Doubtful			-	-
Security Deposit			-	-
Less: Provision for Bad and Doubtful			-	-
Loans and Advances to Related Parties			-	-
Less: Provision for Bad and Doubtful			-	-
Employee Advances ($)			-	-
Less: Provision for Bad and Doubtful			-	-
Sub-total (C)			-	-
TOTAL (A +B +C)	**569**	**589**	**520**	**523**
Long term Loans & advances includes amounts due from promoters/promoter group/ relatives of directors(Other than associate companies)				**-**

Notes:

(i) The figures disclosed above are based on the Summary Statement of Standalone Assets and Liabilities, As Restated, of the Company.

List of persons/ entities classified as "Promoters", "Promoter group" and "Relatives of Directors" has been determined by the management and relied upon by the auditors. The auditors have not performed any procedure to determine whether the list is accurate and complete.

ANNEXURE – XIV

STATEMENT OF STANDALONE FINANCIAL ASSETS- OTHERS, AS RESTATED , UNDER IND AS

(₹. In Millions)

Particulars	**As at**			
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
A) Claims Receivable				
Considered Good		0	137	50
Considered Doubtful	2,035	930	792	482
	2,035	930	929	532
Less: Provision for Doubtful Claims	2,035	930	792	482
Sub Total (A)	**-**	**0**	**137**	**50**
B) Balances with Bank				
Short Term Deposits - Exceeding 12 Months	7	6	-	5
C) Others	-			
Interest accrued and not due	-	0	0	0
Deferred Debts	3,625	3,669	3,877	3,678
Margin Money			-	-
Others	-		-	-
Sub Total (C)	**3,625**	**3,669**	**3,877**	**3,678**
Total (A+B+C)	**3,632**	**3,675**	**4,014**	**3,733**

Notes:

The figures disclosed above are based on the Summary Statement of Standalone Assets and Liabilities, As Restated, of the Company

ANNEXURE – XV

STATEMENT OF STANDALONE OTHER NON CURRENT ASSETS, AS RESTATED ,UNDER IND AS

(₹. In Millions)

Particulars	As At			
	30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
A) Inventories (Lower of Cost and Net Realisable Value)				
(i) Raw Materials and Components	4,312	4,321	3,540	3,066
Less: Provision for Redundancy	4,312	4,321	3,540	3,066
	0000	**0**	**0**	**0**
(ii) Stores and Spares Parts	339	298	210	266
Less: Provision for Redundancy	339	298	210	266
	-	**0**	**00000**	**0**
(iii) Loose Tools and Equipment	214	230	217	81
Less: Provision for Redundancy	214	230	217	81
	-	**0**	**-**	**0**
(iv)Construction Materials	2	0	0	0
Less: Provision for Redundancy	2	0	0	0
	0	**0**	**-0**	**0-**
Disposable Scrap			-	-
Miscellaneous Stores			-	-
Good under Inspection and in Transit			-	-
- Raw material and Components			-	-
- Stores and Spare Parts			-	-
- Loose Tools and Equipment			-	-
(v) Inventory - Warranty	164	166	-	-
Less: Provision for Redundancy	164	166	-	-
Sub Total Inventories	**0**	**0**	**0**	**0**
			-	**-**
B) Advances			**-**	**-**
Capital Advances	1,490	1,216	1,176	939
Less: Provision for Bad and Doubtful			-	-
Advances against Goods and Services	53	300	312	158
Less: Provision for Bad and Doubtful	-		-	-
Advances against Special Tools	67	67	402	829
Less: Provision for Bad and Doubtful	-		-	-
Other Loans and Advances	64	65	78	178
Less: Provision for Bad and Doubtful	-		-	-
	1,674-	**1,648**	**1,968**	**2,104**
C) Others			**-**	**-**
Balances with Revenue Authorities under dispute			-	-
- Income tax	13,406	10,407	12,894	11,460
- Others		52	-	-
D) Prepaid Expenses			-	2
Total (A+B+C+D)	**15,080**	**12,107**	**14,862**	**13,566**

Notes: The figures disclosed above are based on the Summary Statement of Standalone Assets and Liabilities, As Restated, of the Company

ANNEXURE – XVI
STATEMENT OF STANDALONE INVENTORIES, AS RESTATED , UNDER IND AS

(₹ In Millionsי)

Particulars	**As at**			
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
A) Inventories (Lower of Cost and Net Realisable Value) #				
(i) Raw Materials and Components	102,796	103,222	123,123	130,952
Less: Provision for Redundancy	1,886	1,904	2,143	2,498
	100,910	**101,318**	**120,980**	**128,454**
(ii) Work-in-Progress	104,115	102,436	107,211	101,368
(iii) Finished Goods	-			
(iv) Stock-in-Trade	245	230	465	535
(v) Stores and Spares Parts	3,263	3,021	3,001	2,464
Less: Provision for Redundancy	61	59	57	80
	3,202	**2,962**	**2,944**	**2,384**
(vi) Loose Tools and Equipment	887	865	767	806
Less: Provision for Redundancy	16	15	14	14
-	**871**	**850**	**753**	**792**
(vii) Construction Materials	9	10	10	9
Less: Provision for Redundancy	-			-
	9	**10**	**10**	**9**
(viii) Disposable Scrap	47	40	138	179
Miscellaneous Stores	-		-	-
(ix) Goods under Inspection and in Transit	-		-	-
- Raw Material and Components	10,287	4,251	6,495	14,956
- Stores and Spare Parts	76	45	401	280
- Loose Tools and Equipment	75	6	157	173
	10,438	**4,302**	**7,053**	**15,409**
(x) Inventory - Warranty	2,239	1,271	430	530
Less: Provision for Redundancy	30	15	6	8
	2,209	**1,256**	**424**	**522**
TOTAL	**222,046**	**213,404**	**239,978**	**249,652**
(#) includes those issued to Sub-Contractors for Job Works	4,372	3,755	3,178	3,250

Notes:

The figures disclosed above are based on the Summary Statement of Standalone Assets and Liabilities, As Restated, of the Company

ANNEXURE – XVII
STATEMENT OF STANDALONE TRADE RECEIVABLES, AS RESTATED ,UNDER IND AS

¶

¶ *(₹ In Millions)*

Particulars	As at			
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
Trade Receivables			**-**	**-**
			-	-
Secured Considered Good	929	2	1	13
Unsecured Considered Good	38,226	39,853	47,732	59,704
Doubtful	1,494	1,294	1,007	91
	40,649	**41,149**	**48,740**	**59,808**
Less: Provision for Doubtful Debts	1,494	1294	1,007	91
Sub Total	**39,155**	**39,855**	**47,733**	**59,717**
			-	-
Unbilled revenue	3,394	2,248	636	637
Less: Provision for Doubtful Debts			-	-
Sub Total	3,394	2,248	636	637
TOTAL	**42,549**	**42,103**	**48,369**	**60,354**
Trade Receivables includes amounts due from promoters/promoter group/ relatives of directors/associate companies	-	-	**-**	**-**

Notes:

- The figures disclosed above are based on the Restated Standalone Summary Statement of Assets and Liabilities of the Company.

- List of persons/ entities classified as "Promoters", "Promoter group" and "Relatives of directors" has been determined by the management

ANNEXURE – XVIII
STATEMENT OF STANDALONE CASH AND BANK BALANCES, AS RESTATED,UNDER IND AS

(₹ In Millions)

Particulars	**As at**			
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
A) Balances with Bank			-	-
- Current Account	4,398	3,343	3,339	4,705
- Short Term Deposits	27,648	24,000	0	12,500
- Other Short Term Deposits with Financial Institutions	127	127	100	78
B) Cash on Hand	2	1	1	2
C) Cheques, Drafts on Hand	-	328	-	1
	32,175	**27,799**	**3,440**	**17,286**
D) Other Bank Balances			**-**	**-**
Unpaid Dividend	-		-	-
Margin Money	-		-	-
Others			-	-
- Short Term Deposits *		83,412	129,594	159,428
- Term Deposits with Financial Institutions	84,541		-	-
	84,541	**83,412**	**129,594**	**159,428**
TOTAL (A)+(B)+(C)+(D)	**116,716**	**111,211**	**133,034**	**176,714**
*Balance with Banks to the extent held as Margin Money or Security against Borrowings, Guarantees, Other Commitments	-	10,002	2	2

Notes:

(i) The figures disclosed above are based on the Summary Statement of Standalone Assets and Liabilities, As Restated, of the Company.

(ii) The company has adopted the practice of making deposits against committed liabilities from the year 2012-13

ANNEXURE – XIX

STATEMENT OF STANDALONE FINANCIAL ASSETS SHORT-TERM LOANS AND ADVANCES, AS RESTATED ,UNDER IND AS

(₹ In Millions)

Particulars	**As at**			
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
A. Secured, Considered Good			**-**	**-**
Security Deposit			-	-
-Govt Departments for Customs Duty and for Supplies			-	-
-Public Utility Concerns			-	-
-Others			-	-
Loans and Advances to Related Parties			-	178
Others			-	-
Employee Advances ($)	8	10	11	28
Sub-total (A)	**8**	**10**	**11**	**206**
B. Unsecured, Considered Good			**-**	**-**
i) Security Deposits			-	-
-Govt Departments for Customs Duty and for Supplies	323	342	348	328
-Public Utility Concerns	4	4	4	5
-Others	381	287	168	139
ii) Others			-	-
Loans and Advances to Related Parties	6	3	27	693
Employee Advances ($)	343	341	423	389
Sub-total (B)	**1,057**	**977**	**970**	**1,554**
C. Considered Doubtful			**-**	**-**
Security Deposit			-	-
Sub-total (C)			**-**	**-**
Total (A + B+C)	**1,065**	**987**	**981**	**1,760**
($) Amount due by the Officers of the Company at the end of the year	7	1	4	1
Short term Loans & advances includes amounts due from promoters/promoter group/ relatives of directors(Other than associate companies)				

Notes:

(i) The figures disclosed above are based on the Summary Statement of Standalone Assets and Liabilities, As Restated, of the Company.

(ii) List of persons/ entities classified as "Promoters", "Promoter group" and "Relatives of directors" has been determined by the management and relied upon by the auditors. The auditors have not performed any procedure to determine whether the list is accurate and complete.

ANNEXURE – XX

STATEMENT OF STANDALONE FINANCIAL ASSETS - OTHER , AS RESTATED ,UNDER IND AS

(₹ In Millions)

Particulars		**As at**		
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
Claims Receivable				
Considered Good	20,950	21,235	15,679	12,115
Considered Doubtful	572	458	398	305
	21,522	**21,693**	**16,077**	**12,420**
Less: Provision for Doubtful Claims	572	458	398	305
Sub-total	**20,950**	**21,235**	**15,679**	**12,115**
	-		**-**	**-**
Interest Accrued and Due	1,096	716	599	559
Interest Accrued and not Due	2,229	2,948	4,939	6,342
Current Maturities of Deferred Debt	433	821	871	852
Others	-		-	-
TOTAL	**24,708**	**25,720**	**22,088**	**19,868**

Notes:

The figures disclosed above are based on the Summary Statement of Standalone Assets and Liabilities, As Restated, of the Company.

ANNEXURE – XXI

STATEMENT OF STANDALONE OTHER CURRENT ASSETS, AS RESTATED ,UNDER IND AS

(₹ In Millions)

Particulars	**As at**			
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
Advances against Goods and Services	8,426	6,601	12,595	15,262
Less: Provision for Bad and Doubtful				-
Advances against Special Tools			102	148
Less: Provision for Bad and Doubtful			-	-
Other Loans and Advances	76	118	111	72
Less: Provision for Bad and Doubtful			-	-
Others			-	-
Prepaid Expenses	229	181	159	457
Balances with Revenue Authorities			-	-
- Income tax	169		-	-
- Others	52	0	-	-
Revenue Stamps	-		2	-
Balances in Franking Machine	-	1	1	1
GST-Input /Output Credit	1,091			
TOTAL	**10,043**	**6,901**	**12,970**	**15,940**

Notes:

The figures disclosed above are based on the Summary Statement of Standalone Assets and Liabilities, As Restated, of the Company

ANNEXURE – XXII
STATEMENT OF SHARE CAPITAL, UNDER IND AS

(₹ In Millions)

Particulars	As at			
	30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
Authorised Capital 600,000,000 Equity Shares of ₹ 10 each	6,000	6,000	6,000	6,000
Issued, Subscribed and Fully Paid up 31st March 2017- 361,500,000 31st March 2016 -361,500,000 31st March 2015(Proforma) - 482,000,000 Equity Shares of ₹ 10 each fully paidup	3,615	3,615	3,615	4,820
Subscribed and not Fully Paid up				
Par Value per Share (₹)	10	10	10	10
Reconciliation of the Number of Shares Outstanding at the beginning and at the end of the Reporting period				
Opening Equity Shares (Nos.)	361,500,000	361,500,000	482,000,000	482,000,000
Add: Shares Issued (Nos.)				
Less: Shares Bought Back (Nos.)			120,500,000	-
Closing Equity Shares (Nos.)	361,500,000	361,500,000	361,500,000	482,000,000
Shares in the Company held by each Shareholder holding more than 5 percent shares specifying the number of Shares held	President of India and Nominees holds the entire 361,500,000 shares	President of India and Nominees holds the entire 361,500,000 shares	President of India and Nominees holds the entire 361,500,000 shares	President of India and Nominees holds the entire 482,000,000 shares

Terms/Rights attached to Equity Shares :
The Company has one (1) class of shares i.e, Equity Shares

The Equity shares rank Parri Passu in all respects including right to Dividend, Issue of New Shares, Voting Rights and in the Assets of the Company in the event of Liquidation. Entire Capital is held by President of India and Nominees.

The Company has issued 361,500,000 equity shares of ₹10 each to the existing shareholders as fully paidup Bonus Shares by Capitalisation of General Reserve of ₹3,615 Million vide resolution passed at EGM held on 07thFebruary 2014.

BUYBACK OF SHARES

In accordance with the approval of Board of Directors at its 408th meeting held on 28th November 2017, the Company has bought back 27,112,500 fully paid equity shares of ₹ 10 each equivalent to 7.5% of the paid–up share capital and free reserve of the Company, for an aggregate amount of ₹ 9,215 Million (excluding tax of ₹ 2,064 Million) at ₹ 339.88 per equity share from the President of India. The consideration amount for buy back of shares was paid to the Government of India on 19th December, 2017 and the shares so bought back were extinguished on 22nd December, 2017.

In accordance with the approval of Board of Directors at its 396th meeting held on 22nd March, 2016 and approval of shareholders through special resolution in the Extra-ordinary General Meeting held on the said date, the Company has bought back 1205,00,000 fully paid equity shares of ₹10 each equivalent to 25% of the paid–up share capital and free reserve of the Company, for an aggregate amount of ₹42,844 Million (excluding tax of ₹ 9,815 Million) at ₹355.55 per equity share from the President of India. The consideration amount for buy back of shares was paid to the Government of India on 30th March, 2016 and the shares so bought back were extinguished on 5th April, 2016.

ANNEXURE – XXIII

STATEMENT OF STANDALONE RESERVE AND SURPLUS, AS RESTATED, UNDER IND AS

(₹In Millions)

Particulars	**As at**			
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
Other Reserves			-	-
			-	-
A. Research & Development Reserve			-	-
Opening Balance	4,958	3,152	1,744	1,168
Add: Current Year Transfer	172	1,966	1,467	1,168
Less: Transfer to General Reserve on utilisation	59	160	59	592
Closing Balance (A)	**5,071**	**4,958**	**3,152**	**1,744**
Corporate Social Responsibility & Sustainable Development Reserve			**-**	**-**
Opening Balance			-	271
Add: Current Year Transfer			-	-
Less: Written Back in Current Year			-	271
Closing Balance (B)			**-**	**-**
B. Capital Redemption Reserve			**-**	**-**
Opening Balance	1,205	1,205	-	-
Add: Current Year Transfer			1,205	-
Less: Written Back in Current Year			-	-
Closing Balance (B)	**1,205**	**1,205**	**1,205**	**-**
C. General Reserve As per last Balance Sheet	**116,111**	**102,802**	**143,030**	**138,995**
(+/-) Surplus Transferred from Statement of Profit and Loss	3,807	14,561	11,170	3079
(+/-) Ind AS Adjustment	-		-	
Add: Transfer from Capital Reserve	-		-	-
Add: Transfer from CSR Reserves	-		-	271
Add: Transfer from R&D Reserve	59	160	59	592
Less: Depreciation on transition	-		3	406
Less: Withdrawn towards Buy Back of Shares	-		51,454	-
Less: Transfer to Statement of Profit and Loss *	-	1,412	-	-
Closing Balance (C)	**119,977**	**116,111**	**1,02,802**	**142,531**
			-	**-**
Retained earnings - Surplus in the Statement of Profit & Loss			**-**	**-**
			-	**-**
Surplus in Statement of Profit and Loss			-	-
Add: Net Profit / (Net Loss) for the Current Year (i)	3,979	26,156	19,980	10,007
Add: Transfer from General Reserve* (ii)	-	1,412	-	-
Less: Appropriations / Allocations	-		-	-
Depreciation Share of (JV)	-		-	-
Transfer to Research & Development Reserve	172	1,966	1,467	1,168
			-	-
Interim Dividend including Tax for the year ended 31st March 2017: (a) Dividend ₹ 8,000 Million + Tax ₹ 1,629 Millions (b) For the year ended 31st March 2016: Dividend ₹ 5,100 Million + Tax ₹ 1,038 Million) (c) For the year ended 31st March 2015: Dividend ₹ 4,800 Million + Tax ₹ 960 Million)		9,629	6,138	5760
Final Dividend including Tax for the year ended 31st		1,412	-	-

Particulars	**As at**			
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
March 2016: Dividend ₹.1173 Million+ Tax ₹ 239 Million)				
Transfer to Capital Redemption Reserve			1,205	
Transfer To Capital Reserve			-	-
Add/less Adjustment on account of Change in Accounting policy			-	-
Total (iii)	**172**	**13,006**	**8,810**	**6,928**
Transfer To General Reserves (i)+(ii)-(iii)	**3,807**	**14,561**	**11,170**	**3,079**
			-	**-**
Closing Balance			**-**	**-**
Net Closing Balance			**-**	**-**
D. Other Components of Equity			**-**	**-**
			-	**-**
Fair Value through Other Comprehensive Income (FVOCI)			**-**	**-**
Opening Balance	**(522)**	(583)	**(650)**	(77)
Add:- Additions made during the year	(100)	61	67	(650)
Less:- Deletions made during the year	35		-	-
Closing Balance (D)	**(587)**	**(522)**	**(583)**	**(727)**
TOTAL (A+B+C+D)	**125,666**	**121,752**	**106,576**	**143,548**

Notes:

The figures disclosed above are based on the Summary Statement of Standalone Assets and Liabilities, As Restated, of the Company.

Reconciliation of General Reserves

(₹ In Millions)

Particulars	**General reserve**	**OCI**
Balance as on 31st March 2015	142,531	(727)
Warranty Sales	575	
OCI-Gratuity	(77)	77
Others	1	
Balance as on 01st April 2015	143,030	(650)

ANNEXURE –XXIV

STATEMENT OF STANDALONE NON CURRENT FINANCIAL LIABILITIES - LONG-TERM BORROWINGS, AS RESTATED ,UNDER IND AS

(₹ In Millions)

Particulars	**As at**			
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
A. Secured Long Term Borrowings:				
Sub-total (A)	**-**	**-**	**-**	**-**
B. Unsecured Long Term Borrowings:				
Bonds / Debentures	-	-	-	-
Term Loans				
From Banks	-	-	-	-
From Others	-	-	-	-
Deposits	-	-	-	-
Loans and Advance from Related Parties	-	-	-	-
Long Term Maturities of Finance Lease Obligations	-	-	-	-
Other Loans and Advances	-	-	-	-
Sub-total (B)	**-**	**-**	**-**	**-**
Total (A + B)	**-**	**-**	**-**	**-**

Notes:
The figures disclosed above are based on the Summary Statement of Standalone Assets and Liabilities, As Restated, of the Company.

ANNEXURE – XXV

STATEMENT OF STANDALONE LONG TERM LIABILITIES -TRADE PAYABLES & OTHER FINANCIAL LIABILITIES, AS RESTATED ,UNDER IND AS

(₹ In Millions)

Particulars	**As at**			
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
Trade Payables	**1,926**	**1,926**		**34**
Other Financial Liabilities				
Dues to Employees				
Interest Accrued but not due on Deferred Liabilities				
Other Liabilities	7	7	56	15
Deferred Debts	3,685	3,709	3,917	3,717
Sub Total	**3,692**	**3,716**	**3,973**	**3,732**
TOTAL	**5,618**	**5,642**	**3,973**	**3,766**

Notes:

The figures disclosed above are based on the Summary Statement of Standalone Assets and Liabilities, As Restated, of the Company.

ANNEXURE – XXVI

STATEMENT OF STANDALONE LONG TERM PROVISIONS, AS RESTATED ,UNDER IND AS

(₹ In Millions)

Particulars	**As at**			
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
A. Provisions for Employee Benefits				
Gratuity	262	234	302	1,267
Earned Leave	4,826	4,605	4,535	3,978
Others				
Sub-total (A)	**5,088**	**4,839**	**4,837**	**5,245**
B. Others				
Replacement and Other Charges	1,062	1,062	952	946
Warranty				
Liquidated Damages	4,958	5,893	7,989	8,490
Onerous Contract	8,042	8,384	11,047	11,047
Sub-total (B)	**14,062**	**15,339**	**19,988**	**20,483**
Total (A + B)	**19,150**	**20,178**	**24,825**	**25,728**

Notes:

The figures disclosed above are based on the Summary Statement of Standalone Assets and Liabilities, As Restated, of the Company.

ANNEXURE – XXVII

STATEMENT OF STANDALONE OTHER NON CURRENT LIABILITIES , AS RESTATED ,UNDER IND AS

(₹ In Millions)

Particulars	**As At**			
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
A. Advances from Customers				
Outstanding Advances from Customers				
Defence	40,322	30,711	32,309	25,959
Others			-	-
Sub Total (A)	**40,322**	**30,711**	**32,309**	**25,959**
B. Milestone Receipt			-	-
Defence	66,375	66,103	57,464	61,554
Others	1,659	1,658	1,773	-
Sub Total (B)	**68,034**	**67,761**	**59,237**	**61,554**
TOTAL	**108,356**	**98,472**	**91,546**	**87,513**

Notes:

The figures disclosed above are based on the Summary Statement of Standalone Assets and Liabilities, As Restated, of the Company.

ANNEXURE – XXVIII

STATEMENT OF STANDALONE CURRENT FINANCIAL LIABILITIES - BORROWINGS, AS RESTATED ,UNDER IND AS

(₹ In Millions)

Particulars	**As at**			
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
A. Secured Short Term Borrowings:			**-**	**-**
Loans Repayable on Demand			**-**	**-**
(i) From Banks	-	9,500	-	-
(ii) From Others	-		-	-
Sub-total (A)	**0**	**9,500**	**0**	**0**
B. Unsecured Short Term Borrowings:	-		-	-
a) Loans Repayable on Demand	-		-	-
Sub-total (B)	**-**		**-**	**-**
Total (A + B)	**0**	**9,500**	**0**	**0**

Notes:

The figures disclosed above are based on the Summary Statement of Standalone Assets and Liabilities, As Restated, of the Company

Security : Fixed Deposit with the same Bank to the extent of ₹ 10,000 Millions
Period of Loans/Terms of Repayment : From the date of release 1 year,bullet payment on due date
Interest Rates : 5.9% pa

ANNEXURE – XXIX

STATEMENT OF STANDALONE TRADE PAYABLE AND OTHER CURRENT LIABILITIES, AS RESTATED ,UNDER IND AS

(₹ In Millions)

Particulars	As at			
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
Trade Payables*	**18,980**	**16,047**	**21,512**	**22,676**
Sub Total (a)	**18,980**	**16,047**	**21,512**	**22,676**
Other Financial Liabilities				
Dues to Employees	2,234	3,982	3,076	3,728
Others Liabilities #	6,586	6,262	5,895	6,658
Current Maturities of Deferred Debts	437	720	798	784
Sub Total (b)	**9,257**	**10,964**	**9,769**	**11,170**
TOTAL (a+b)	**28,237**	**27,011**	**31,281**	**33,846**
* Includes dues to related parties	943	814	732	427
# Includes dues to related parties	-	1	1	8

Notes:

The figures disclosed above are based on the Summary Statement of Standalone Assets and Liabilities, As Restated, of the Company.

ANNEXURE – XXX

STATEMENT OF STANDALONE OTHER CURRENT LIABILITIES, AS RESTATED ,UNDER IND AS

(₹ In Millions)

Particulars	**As at**			
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
A) Advances from Customers			-	-
Outstanding Advances from Customers			-	-
Defence	48,784	46,912	42,734	54,959
Others	1,074	939	461	327
Sub Total (A)	**49,858**	**47,851**	**43,195**	**55,286**
B) Milestone Receipt				
Defence	146,906	136,087	207,282	230,508
Others	7,506	4937	5,866	5,689
Sub Total (B)	**154,412**	**141,024**	**213,148**	**236,197**
Advances from Customers (A + B)	**204,270**	**188,875**	**256,343**	**291,483**
Other Payables-Taxes	2,053	843	10,826	1,449
Others	1,018	896	705	653
TOTAL	**207,341**	**190,614**	**267,874**	**293,585**

Notes:

The figures disclosed above are based on the Summary Statement of Standalone Assets and Liabilities, As Restated, of the Company.

ANNEXURE – XXXI

STATEMENT OF STANDALONE SHORT TERM PROVISIONS, AS RESTATED ,UNDER IND AS

(*₹ In Millions)*

Particulars	**As at**			
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
A. Provisions for Employee Benefits				
Gratuity	3,470			
Earned Leave	4,194	3,538	3,359	3,279
Others	-	2,395	589	2,130
Sub-total (A)	**7,664**	**5,933**	**3,948**	**5,409**
B. Others				
Proposed Dividend (Including Dividend Distribution Tax)			-	-
Replacement and Other Charges	7,794	7,807	8,629	5,682
Warranty	4,620	5,389	6,603	6,145
Liquidated Damages	7,524	6,958	7,084	7,482
Excise Duty		32	112	-
Onerous Contract	3,005	2,662	-	-
Sub-total (B)	**22,943**	**22,848**	**22,428**	**19,309**
Total (A + B)	**30,607**	**28,781**	**26,376**	**24,718**

Notes:

The figures disclosed above are based on the Summary Statement of Standalone Assets and Liabilities, As Restated, of the Company.

ANNEXURE – XXXII

STATEMENT OF STANDALONE REVENUE FROM OPERATIONS, AS RESTATED, UNDER IND AS

(₹ In Millions)

Particulars	**Six Month Period ended**	**For The Year ended**		
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
Revenue from Operations				
a) Sale of Products				
Inland Sales				
Finished Goods	22,780	98,301	101,206	91,046
Spares	4,412	14,723	17,436	18,797
Development	1,816	6,152	6,109	6,219
Miscellaneous	7	193	205	971
Total Inland Sales of Products	**29,015**	**119,369**	**124,956**	**117,033**
Export Sales				
Finished Goods	711	2,712	2,313	3,149
Spares	765	1,847	1,648	1,763
Total Export Sales of Products	**1,476**	**4,559**	**3,961**	**4,912**
Total Sale of Products (a)	**30,491**	**123,928**	**128,917**	**121,945**
b) Sale of Services				
Inland Sale of Services				
Repair and Overhaul	20,981	57,915	40,270	33,230
Other Services	92	155	176	190
Total Inland Sales of Services	**21,073**	**58,070**	**40,446**	**33,420**
Export Sale of Services				
Repair and Overhaul	62	89	306	25
Other Services	5	2	194	4
Total Export Sales of Services	**67**	**91**	**500**	**29**
Total Sales of Services (b)	**21,140**	**58,161**	**40,946**	**33,449**
Total Sales (a+b)	**51,631**	**182,089**	**169,863**	**155,394**
c) Other Operating Revenues				
(i) Disposal of Scrap and Surplus / Unserviceable Stores	30	151	37	89
(ii) Provision no longer required	1,039	2,975	1,192	509
(ii) Others	73	337	494	490
Total Other Operating Revenues	**1,142**	**3,463**	**1,723**	**1,088**
Gross Revenue from Operations (d) = (a+b+c)	**52,773**	**185,552**	**171,586**	**156,482**

Breakup of Turnover - Manufactured & Traded products

(₹ In Millions)

Particulars	**Six Month Period ended**	**Year ended**		
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
Turnover of Products Manufactured	50,989	179,607	166,363	143,936
Turnover of Products Traded	642	2482	3,500	11,458
Turnover of Products not normally dealt in	-		-	-
Total Turnover	**51,631**	**182,089**	**169,863**	**155,394**

Notes: The figures disclosed above are based on the Summary Statement of Standalone Profit and Loss, As Restated, of the Company.

ANNEXURE – XXXIII

STATEMENT OF STANDALONE OTHER INCOME, AS RESTATED,UNDER IND AS

(₹ In Millions)

Particulars	**Six Month Period ended**	**For The Year ended**		
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
Interest Income				
- Short term Deposits / Loans	3,481	8,904	15,486	16,309
- Sundry Advances - Employees	6	12	12	12
- Other Deposits	17	19	19	14
Less: Interest Liability to Customer	-		-	110
	3,504	**8,935**	**15,517**	**16,225**
Dividend Income				
- Dividend Income from JVs	13	30	21	18
Net Gain / Loss on Sale of Investments	-	-	-	-
Other Non-Operating Income				
- Transportation - Employees	-	-	-	-
- Canteen	-	-	-	-
- Gain on Foreign Currency Transaction and Translation	-	701	-	-
- Profit on Sale of Assets (Net)	(1)	8	20	(14)
- Miscellaneous*	390	743	423	195
Net Gain on Fair Value Adjustment	(15)	25	1	734
Total Other Income	**3,891**	**10,442**	**15,982**	**17,158**

Notes:

(i) The figures disclosed above are based on the Summary Statement of Standalone Profit and Loss, As Restated, of the Company.

(ii) The figures disclosed above are recurring in nature.

(iii) The classification of other income as recurring/non-recurring, related/not-related to business activity is based on the current operations and business activity of the Company as determined by the management.

ANNEXURE – XXXIV

STANDALONE SUMMARY STATEMENT OF COST OF MATERIAL CONSUMED, AS RESTATED ,UNDER IND AS

(₹ In Millions)

Particulars	Six Month Period ended	For The Year Ended		
	30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
Consumption Of Raw Material, Components, Stores And Spare Parts				
Opening Stock	112,308	130,314	137,287	118,150
Add: Purchases	21,683	67,858	85,599	99,836
Add: Subcontracting, Fabrication and Machining Charges.	1,339	2,694	2,227	2,011
Less: Closing Stock	(113,125)	(112308)	(130,314)	(137,287)
	22,205	**88,558**	**94,799**	**82,710**
Less: Transfer to				
Special Tools and Equipment	844	3,223	5,147	2,197
Capital Works	-			
Development Expenditure	6	234	422	409
Expense Accounts and Others	672	1,086	1,151	1,470
	1,522	**4,543**	**6720**	**4,076**
TOTAL	**20,683**	**84,015**	**88,079**	**78,634**

Notes:

The figures disclosed above are based on the Summary Statement of Standalone Profit and Loss, As Restated, of the Company.

ANNEXURE – XXXV

STANDALONE SUMMARY STATEMENT OF CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS AND SCRAP , AS RESTATED, UNDER IND AS

(₹ In Millions)

Particulars	**Six Month Period ended**	**For The Year Ended**		
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-progress				
Opening Balance				
(i) Finished Goods				
(ii) Work-in-Progress	102,436	107,212	101,368	95,020
(iii) Stock in Trade	230	465	535	577
	102,666	**107,677**	**101,903**	**95,597**
Closing Balance				
(i) Finished Goods				
(ii) Work-in-Progress	1,04,115	102,436	107,212	101,368
(iii) Stock in Trade	245	230	465	535
	1,04,360	**102,666**	**107,677**	**101903**
Less : Excise Duty on accretion/ Decretion to Stock			(111)	
(Accretion)/ Decretion -A	**(1,694)**	**5,011**	**(5663)**	**(6,306)**
Change in Disposables Scrap				
Opening Balance	40	138	179	138
Closing Balance	47	41	138	179
(Accretion) / Decretion-B	**(7)**	**97**	**41**	**(41)**
TOTAL (A+B)	**(1,701)**	**5,108**	**(5,622)**	**(6,347)**

Notes:

The figures disclosed above are based on the Summary Statement of Standalone Profit and Loss, As Restated, of the Company.

ANNEXURE – XXXVI

STANDALONE SUMMARY STATEMENT OF EMPLOYEE BENEFIT , AS RESTATED ,UNDER IND AS

(*₹ In Millions)*

Particulars	Six Month Period ended	For The Year Ended		
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
Employee Benefit Expenses *				
Salaries and Wages	15,053	29,813	26,494	26,997
Contribution to Provident and Other Funds	-			
- Contribution to Provident Fund/ Others (#)	2,066	3,993	4,336	3,996
- Contribution to Gratuity	161	327	405	282
- Others	-			
Expenses on Employees Stock Option Purchase Scheme (ESOP) / Expenses on Employees Stock Purchase Scheme (ESPS)	-			
Staff Welfare Expenses (Net)	586	1,430	1,403	1,452
Rent for Hiring Accommodation for Officers / Staff	57	129	105	78
TOTAL	**17,923**	**35,692**	**32,743**	**32805**
***Includes Directors' Remuneration**				
Salaries	11	17	13	17
Contribution to Provident Fund	1	1	1	2
Gratuity	1		1	1

(#) Refer Annexure- XLVIII , Note 29.1 and 29.6

Notes:

The figures disclosed above are based on the Summary Statement of Standalone Profit and Loss, As Restated, of the Company.

ANNEXURE – XXXVII

STANDALONE SUMMARY STATEMENT OF FINANCE COST , AS RESTATED ,UNDER IND AS

(₹ In Millions)

Particulars	Six Month Period ended	For The Year Ended		
	30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
Interest Expense				
- Cash Credit				
Other Borrowing Costs				
Borrowing costs- Other		67		
Interest on Short Term Loans	12	35		83
Net Gain/Loss on Foreign Currency Translations and Transactions on Borrowings				
	12	**102**		**83**

Notes:

The figures disclosed above are based on the Summary Statement of Standalone Profit and Loss, As Restated, of the Company.

ANNEXURE – XXXVIII

STANDALONE SUMMARY STATEMENT OF DEPRECIATION , AMORTISATION EXPENSE AND IMPAIREMENT LOSS , AS RESTATED ,UNDER IND AS

(₹ In Millions)

Particulars	**Six Month Period ended**	**For The Year Ended**		
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
A. DEPRECIATION ON ASSETS	**1,336**	**2,658**	**3,143**	**2,625**
B. AMORTISATION EXPENSE	-			
Intangible assets- Development Expenditure	188	265	377	298
Other Intangible assets	-			
- Licence Fees	131	735	1863	2,048
- Computer Software	65	113	102	57
- Documentation	49	199	152	221
- Others	-			
Special Tools	782	2,838	2,891	2,828
Sub Total	**1,215**	**4,150**	**5,385**	**5,452**
C. IMPAIRMENT LOSS	23	**321**	**100**	**755**
TOTAL (A + B+C)	**2,574**	**7,129**	**8,628**	**8,832**

Notes:

The figures disclosed above are based on the Summary Statement of Standalone Profit and Loss, As Restated, of the Company.

ANNEXURE – XXXIX

STANDALONE SUMMARY STATEMENT OF OTHER EXPENSES , AS RESTATED ,UNDER IND AS

(₹ In Millions)

Particulars	**Six Month Period ended**	**For The Year Ended**		
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
Shop Supplies	492	1,049	1,066	997
Power and Fuel	943	1,720	1,715	1,674
Water Charges	250	554	623	523
Rent for Office Premises etc.	15	25	25	22
Travelling (includes Foreign Travel)	333	730	714	748
Training (includes Foreign Training)	30	126	119	234
Repairs:	-			
Buildings	298	807	759	703
Plant, Machinery and Equipment	637	1,352	1,048	1,081
Others	252	417	379	428
Expenses on Tools and Equipment	320	487	506	411
Insurance	98	194	171	171
Rates and Taxes	124	202	85	228
Postage and Telephones	49	113	119	98
Printing and Stationery	59	123	122	124
Publicity	62	309	198	238
Advertisement	52	122	181	206
Bank Charges	26	62	59	64
Loss on Foreign Currency Transaction and Translation	540	-	441	(802)
Legal Expenses	30	52	30	21
Auditors' Remuneration:	-	-	-	
For Audit Fee	-	4	4	4
For Taxation matters	-	1	0	0
For Company Law matters	-	-	-	
For Management Services	-	-	-	
For Other Services	4	10	4	6
For Reimbursement of expenses	-	-	-	
Selling Agents Commission	1	7	4	21
Donations	-	-	0	10
Handling Charges	18	41	37	26
Write Off:	-			
Fixed Assets	-	-	0	0
Stores	3	15	19	19
Shortages / Rejections	-	-	0	0
Others		-	-	
Freight and Insurance	62	157	108	114
JWG share of Profit	13	25	19	12
Corporate Social Responsibility #	65	653	482	458
Interest on Micro, Small and Medium Enterprises	-	1	0	
Loss on Fair Value Adjustment	-	107	1	742
Miscellaneous Operating Expenses (@)	1,454	3,020	2,723	2,542
TOTAL	**6,230**	**12,485**	**11,761**	**11,123**
(@) includes Director's Sitting Fees	1	2	2	3

(#) Does not include CSR assets of ₹ 27 millions (Financial Year 2016-17) capitalized under Annexure V. Total CSR expenditure is ₹ 680 millions(Financial Year 2016-17)

Notes: The figures disclosed above are based on the Summary Statement of Standalone Profit and Loss, As Restated, of the Company.

ANNEXURE – XL

STANDALONE SUMMARY STATEMENT OF DIRECT INPUT TO WIP/EXPENSES CAPITALISED , AS RESTATED ,UNDER IND AS

(₹ In Millions)

Particulars	Six Month Period ended	For The Year Ended		
	30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
A) DIRECT INPUT TO WIP				
Project related Travel	16	73	67	99
Project related Training	-	36	101	20
Project related Other Expenditure	54	196	418	137
Travel outstation jobs	4			-
Royalty	50	75	90	102
Foreign Technician Fee	266	673	849	601
Ground Risk Insurance	150	218	226	261
Quality Audit Expenses	-	-	-	4
Collaboration Charges	-	-	-	
Design and Development	383	1,151	643	521
Sundry Direct Charges - Others	625	1,860	2,170	1,361
Sub-Total (A)	**1,548**	**4,282**	**4,564**	**3,106**
B) EXPENSES CAPITALISED				
Licence Fees	-	51	216	917
Computer software	23	72	254	111
Documentation	13	252	85	216
Sub-Total (B)	36	**375**	**555**	**1,244**
TOTAL (A + B)	**1,584**	**4,657**	**5,119**	**4,350**

Notes:

The figures disclosed above are based on the Summary Statement of Standalone Profit and Loss, As Restated, of the Company.

ANNEXURE – XLI
STANDALONE SUMMARY STATEMENT OF PROVISIONS , AS RESTATED ,UNDER IND AS

(₹ In Millions)

Particulars	Six Month Period ended	For The Year Ended		
	30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
Replacement and Other Charges	592	2,422	3,232	955
Warranty	367	839	1,501	1,626
Raw Materials and Components, Stores and Spare parts and Construction Materials	227	1,001	734	971
Liquidated Damages	894	3,088	3,499	7,361
Doubtful Debts	222	453	990	1
Doubtful Claims	1,219	304	409	11
Investments	-	12	147	
Onerous Contract	-			11,047
TOTAL	**3,521**	**8,119**	**10,512**	**21,972**

Notes:

The figures disclosed above are based on the Summary Statement of Standalone Profit and Loss, As Restated, of the Company.

ANNEXURE – XLII

STANDALONE SUMMARY STATEMENT OF EXPENSES RELATING TO CAPITAL AND OTHER ACCOUNTS , AS RESTATED ,UNDER IND AS

(₹ In Millions)

Particulars	**Six Month Period ended**	**For The Year Ended**		
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
Expenses allocated to:				
Other Intangible assets Expenditure	36	375	555	1,244
Special Tools	29	217	455	386
Capital Works	60	104	-	65
Development Expenditure	1,015	2,516	2,144	1,127
Others	850	2,868	206	1,953
TOTAL	**1,990**	**6,080**	**3,360**	**4,775**

Notes:

The figures disclosed above are based on the Summary Statement of Standalone Profit and Loss, As Restated, of the Company.

ANNEXURE – XLIII

STANDALONE CAPITALISATION STATEMENT, AS RESTATED

(₹ In Millions)

Particulars	Pre IPO as at 30-09-2017	Pre IPO as at 31-03-2017	Post Issue
Debt:			
Short-term debt	-	9,500	
Long-term debt		-	
Total Debt (A)	**-**	**9,500**	
Shareholders' funds:		-	
Share Capital	3,615	3,615	
Other Equity-	125,666	121,752	
Total Shareholder's Funds (B)	**129,281**	**125,367**	
Total Debt / Equity ratio (A/B)		**8%**	
Long Term Debt / Equity ratio (Long - Term debt/B)		**-**	

Notes:

(i) As the IPO is only offer for sale by the Government of India, there would be no change in the Shareholder's funds post issue.

(ii) The above has been computed on the basis of the Restated Standalone Summary statements of the Company.

(iii) The post issue capitalization statement has been prepared after considering issue of bonus shares in the ratio of 3 equity shares for every one equity share to shareholder's holding equity shares of the company on record date i.e., February 7, 2014.

(iv) We have completed 7.50% Buyback of equity shares (No. Of Shares: 27,112,500 Equity shares of ₹ 10 each) ₹ 9,215 million and ₹ 2,064 million tax thereon total amounting to ₹ 11,279 million in December 2017 . Due to this the share capital will be reduced by ₹ 271 million to ₹ 3,344 million and other equity will be reduced by ₹ 11,008 million to ₹ 114,658 million resulting in total shareholders' funds of ₹ 118,002 million. **Considering this buyback the position of shareholder's fund shall be as follows:**

(₹ In Millions)

Particulars	30th September, 2017
Share Capital	3,344
Other Equity	114,658
Shareholder's Funds	**118,002**

ANNEXURE – XLIV

STATEMENT OF STANDALONE DIVIDEND DECLARED

(₹ In Millions)

Particulars	**Six Month Period ended**	**Year ended**		
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
Face Value per share (In ₹)	10	10	10	10
No. of Issued, Subscribed and Fully Paid up Equity Shares	361,500,000	361,500,000	361,500,000	482,000,000
Dividend on Equity shares				
Interim dividend	-	8,000	5,100	4,800
Final dividend	-	-	1,173	-
Total Dividend declared	**-**	**8,000**	**6,273**	**4,800**
Tax on Dividend (Interim and Final)	-	1,629	1,277	960
Dividend per share (In ₹)	**-**	**22**	**17**	**10**
Dividend Rate (%)	**-**	**221**	**174**	**100**

ANNEXURE – XLV

STATEMENT OF STANDALONE ACCOUNTING RATIOS (PRE- BONUS / POST BUY BACK ISSUE), AS RESTATED

(*₹ In Millions)*

Particulars	Six Month Period ended	Year ended		
	30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
Net Profit after Tax (as restated) (A)	3,979	26,156	19,980	10,007
Net Worth (B)	129,281	125,367	110,191	148,368
No. of Equity Shares (units of ₹ 10/- face value) (C) outstanding at the end of the year	361,500,000	361,500,000	361,500,000	482,000,000
Weighted average no. of Equity shares for basic & Diluted Earnings per share (D)	361,500,000	361,500,000	481,339,726	482,000,000
Basic Earning per Share (₹) (A / D)	11	73	42	21
Diluted Earning per Share (₹) (A / D)	11	73	42	21
Return on Net Worth (%) (A / B *100)	3	21	18	7
Net Asset Value per Share (₹) (B / C)	358	347	305	308

Notes:

1. The ratios have been computed as below:

   (a) Basic earnings per share (₹) - Net profit after tax (as restated) attributable to shareholders / Weighted average number of equity shares outstanding at the end of the period/ year
   (b) Diluted earnings per share (₹) Net profit after tax (as restated) attributable to shareholders / Weighted average number of diluted equity shares outstanding at the end of the period/ year
   (c) Return on net worth (%) - Net profit after tax (as restated) / Net worth at the end of the period/ year X 100
   (d) Net assets value per share (₹) - Net Worth at the end of the period/ year / Total number of equity shares outstanding at the end of the period/ year X 100

2. Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the year adjusted by the number of equity shares issued during year multiplied by the time weighing factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the period/year.
3. Net Worth for ratios mentioned in note 1(c) and 1(d) represents sum of Equity Share Capital & Other Equity
4. Earnings per share calculations are in accordance with Ind AS 33 - Earnings per share issued by the Institute of Chartered Accountants of India
5. The net asset value per equity share is based on the total number of equity shares outstanding as at the end of the respective period/year.
6. The figures disclosed above are based on the Summary Statement of Standalone Assets and Liabilities, As Restated, of the Company.

STATEMENT OF STANDALONE ACCOUNTING RATIOS (POST- BONUS / BUY BACK ISSUE), AS RESTATED

(*₹ In Millions)*

Particulars	Six Month Period ended	Year ended		
	30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
Net Profit after Tax (as restated) (A)	3,979	26,156	19,980	10,007
Net Worth (B)	129,281	125,367	110,191	148,368
No. of Equity Shares (units of ₹ 10/- face value) (C) post bonus issue	361,500,000	361,500,000	361,500,000	482,000,000
Weighted average no. of Equity shares for basic & Diluted Earnings per share (D)	361,500,000	361,500,000	481,339,726	482,000,000
Basic Earning per Share (₹) (A / D)	11	73	42	21
Diluted Earning per Share (₹) (A / D)	11	73	42	21
Return on Net Worth (%) (A / B *100)	3	21	18	7
Net Asset Value per Share (₹) (B / C)	358	347	305	308

Notes:

(i) The ratios have been computed as below:
   (a) Basic earnings per share (₹) - Net profit after tax (as restated) attributable to shareholders / Weighted average number of post bonus issue equity shares outstanding at the end of the period/ year
   (b) Diluted earnings per share (₹) - Net profit after tax (as restated) attributable to shareholders / Weighted average number of dilutive equity shares outstanding at the end of the period/ year
   (c) Return on net worth (%) - Net profit after tax (as restated) / Net worth at the end of the period/ year X 100
   (d) Net assets value per share (₹) - Net Worth at the end of the period/ year / Total number of equity shares outstanding at the end of the period/ year X 100

(ii) Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the year adjusted by the number of equity shares issued during year multiplied by the time weighing factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the period/year.

(iii) Net Worth for ratios mentioned in note 1(c) and 1(d) represents sum of Equity Share Capital & Other Equity.

(iv) Earnings per share calculations are in accordance with Ind AS 33 - Earnings per share issued by the Institute of Chartered Accountants of India

(v) The net asset value per equity share is based on the total number of equity shares outstanding as at the end of the respective period/year.

(vi) The figures disclosed above are based on the Summary Statement of Standalone Assets and Liabilities, As Restated, of the Company.

(vii) We have completed 7.50% Buyback of equity shares (No. Of Shares: 27,112,500 Equity shares of ₹ 10 each) ₹ 9,215 million and ₹ 2,064 million tax thereon total amounting to ₹ 11,279 million in December 2017 . Due to this the share capital will be reduced by ₹ 271 million to ₹ 3,344 million and other equity will be reduced by ₹ 11,008 million to ₹ 114,658 million resulting in total shareholders' funds of ₹ 118,002 million. **Considering this buyback the position of networth and EPS shall be as follows:**

EPS Calculation	**30th September, 2017**
Net Profit / (Loss) for calculation of basic EPS (₹ in million)	**3,979**
Weighted average number of equity shares after considering Share Buyback in December 2017 for calculating basic EPS	334,387,500
EPS (₹) - Basic	12
EPS (₹) - Diluted	12
Networth Calculation	
Restated Profit / (Loss) after Tax (₹ in million)	3,979
Restated Net Worth for Equity Shareholders (₹ in million)	118,002
Return on Networth (%)	**3%**
Net Asset Value Per Equity Share	
Net worth at the end of the periods (₹ in million)	118,002
Number of equity shares outstanding at the end of the period	334,387,500
Net Asset Value Per Share (₹)	**353**

ANNEXURE – XLVI

STATEMENT OF STANDALONE TAX SHELTERS, AS RESTATED

(₹ In Millions)

Particulars	**Six Month Period ended**	**Year ended**		
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
A Restated Profit before tax	**6,064**	**35,919**	**32,173**	**15,809**
B Tax rate	34.61%	34.61%	34.61%	34%
C Tax thereon at the above rate (A x B)	**2,099**	**12,431**	**11,134**	**5,373**
Permanent differences				
Donations	-	-	-	10
Grants received from Govt for R&D	-	-	-	(6,134)
Expenditure on Scientific Research - Revenue	(785)	(3,311)	(3,706)	(2,072)
Expenditure on Scientific Research - Capital	(1,312)	(1,164)	(960)	(1,245)
Dividend - exempt under Income Tax Act	(3)	(30)	(22)	(18)
Miscellaneous Adjustments under Income Tax Act/ Rounding Off	2,243	(11,770)	(1,345)	30,349
D Total permanent differences	**143**	**(16,275)**	**(6,033)**	**20,890**
Timing differences				
Difference in book depreciation and depreciation under Income Tax Act, 1961	1,512	2,926	1,320	(236)
Special Tools Equipments	76	499	2,711	386
Expenses allowable on payment basis	(153)	(49)	(481)	6,219
Provision for Trade Receivables/Claims/Onerous Contracts	(1,431)	819	899	(15,227)
E Total timing differences	**4**	**4,195**	**4,449**	**(8,858)**
F Net adjustments (D + E)	**147**	**(12,080)**	**(1,584)**	**12,032**
G Deferred tax charge for the year/ period (E x B)	**1**	**1,452**	**1,540**	**(3,011)**
Impact on MAT Credit due to material adjustments				
H Tax expense / (benefit) (F x B)	**51**	**(4,181)**	**(548)**	**4,090**
Tax expense for the year/ period (C + G + H)	**2,151**	**9,702**	**12,126**	**6,452**
As per restated financials				
Current tax (less MAT Credit)	2,150	8,250	10,586	9,463
Deferred tax	1	1,452	1,540	(3,011)
Total as per Restated Financials	**2,151**	**9,702**	**12,126**	**6,452**

Notes:

(i) The figures disclosed above are based on the Summary Statement of Standalone Assets and Liabilities, As Restated, of the Company.

(ii) The Income Tax Authorities have considered the expenditure on Grant-in-aid received from Government of India towards R&D as taxable for the assessment years 2005-06 to 2007-08 and 2010-11 to 2014-15. The appeal by the Company before Appellate Authorities are pending. The demands raised by the tax department on account of the above, being ₹17,696 Millions (PY 31st March 2016 ₹20,068 Millions, 31st March 2014 ₹18,411 Million) is shown as contingent liability. For the Assessment Year 2015-16 also same treatment has been adopted in the Accounts for which Assessments are pending.

ANNEXURE – XLVII

STATEMENT OF STANDALONE RELATED PARTY TRANSACTION

Names of the Related Parties and Nature of Relationships as per the Indian Accounting Standard – 18 "Related Party Disclosures"

List of related parties and transactions as per requirements of Indian Accounting Standard - 24, 'Related Party Disclosures' notified under Companies (Accounting Standard) Rules, 2015

Particulars	Six Month Period ended	Year ended		
	30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
100 % Subsidiary	M/s Naini Aerospace Limited	M/s Naini Aerospace Limited		
Joint venture	M/s BAe-HAL Software Ltd.	M/s BAe-HAL Software Ltd.	M/s BAe-HAL Software Ltd.	M/s BAe-HAL Software Ltd.
	M/s Snecma HAL Aerospace Pvt Ltd	M/s Snecma HAL Aerospace Pvt Ltd	M/s Snecma HAL Aerospace Pvt Ltd	M/s Snecma HAL Aerospace Pvt Ltd
	M/s Indo Russian Aviation Ltd	M/s Indo Russian Aviation Ltd	M/s Indo Russian Aviation Ltd	M/s Indo Russian Aviation Ltd
	M/s HALBIT Avionics Pvt Ltd	M/s HALBIT Avionics Pvt Ltd	M/s HALBIT Avionics Pvt Ltd	M/s HALBIT Avionics Pvt Ltd
	M/s HAL Edgewood Technologies Pvt Ltd	M/s HAL Edgewood Technologies Pvt Ltd	M/s HAL Edgewood Technologies Pvt Ltd	M/s HAL Edgewood Technologies Pvt Ltd
	M/s HATSOFF Helicopter Training Pvt Ltd	M/s HATSOFF Helicopter Training Pvt Ltd	M/s HATSOFF Helicopter Training Pvt Ltd	M/s HATSOFF Helicopter Training Pvt Ltd
	M/s SAMTEL HAL Display Systems Ltd	M/s SAMTEL HAL Display Systems Ltd	M/s SAMTEL HAL Display Systems Ltd	M/s SAMTEL HAL Display Systems Ltd
	M/s INFOTECH HAL Ltd	M/s INFOTECH HAL Ltd	M/s INFOTECH HAL Ltd	M/s INFOTECH HAL Ltd
	M/s TATA HAL Technologies Ltd	M/s TATA HAL Technologies Ltd	M/s TATA HAL Technologies Ltd	M/s TATA HAL Technologies Ltd
	M/s International Aerospace Manufacturing Pvt Ltd	M/s International Aerospace Manufacturing Pvt Ltd	M/s International Aerospace Manufacturing Pvt Ltd	M/s International Aerospace Manufacturing Pvt Ltd
	M/s Multi Role Transport Aircraft Limited	M/s Multi Role Transport Aircraft Limited	M/s Multi Role Transport Aircraft Limited	M/s Multi Role Transport Aircraft Limited
	M/s. Aerospace & Aviation Sector Skill Council(AASSC)	M/s. Aerospace & Aviation Sector Skill Council(AASSC)	M/s. Aerospace & Aviation Sector Skill Council(AASSC)	M/s. Aerospace & Aviation Sector Skill Council(AASSC)
	M/s.Helicopter Engines MRO Pvt Ltd	M/s.Helicopter Engines MRO Pvt Ltd		

Statement of Related Party transactions with Joint Ventures

(*₹ In Millions)*

Sl no	Particulars	Six Month Period ended	Year ended		
		30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
1	Dividend Received	13	30	22	18
2	Interest Received	0	0	4	7
3	Purchase Of Goods & Services	572	1345	2602	1635
4	Sale Of Goods & Services	18	181	140	93
5	Rent Received	33	58	48	49
6	Investment In Joint Ventures and Subsidiary		320	-	1

Wef 01st April 2015 , Key Managerial Personnel (KMP) includes CEO's as one level below HAL Board. However prior to 01st April 2015 , Executive Directors were considered as KMP being one level below the Board.However the company has not considered Senior Managerial personnel as KMP's since they have limited authority for planning, directing and controlling the activities of the Company.

Statement of Outstanding Balances

(*₹ In Millions)*

Sl no	Particulars	Six Month Period ended	Year ended		
		30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
1	Trade Payables	944	814	733	435
2	Trade Receivables	160	129	262	160
3	Advances On Sale	45	63	313	410
4	Advances On Purchase	11	9	42	871

KEY MANAGEMENT PERSONNEL IN THE COMPANY – 30th September, 2017

(₹ in Million)

Sl. No.	Particulars	*Designation*	Remuneration paid to KMP (including Company's contributions to PF & Gratuity)
1	Shri T Suvarna Raju	Chairman and Managing Director	3
2	Shri V. M. Chamola	Director (HR)	3
3	Shri CV Ramana Rao	Director (Finance) & CFO	2
4	Shri S. Subrahmanyam	Director Operations	4
5	Shri DK Venkatesh	Director (Engineering)	2
6	Shri GV Sesha Reddy	Company Secretary	1
7	Shri V Sadagopan	CEO Helicopter Complex ,Bangalore	2
8	Shri Kaveri Ranganathan	CEO Bangalore Complex ,Bangalore	4
9	Shri Rajiv Kumar	CEO Accessories Complex Lucknow	3
10	Shri Daljeet Singh	CEO MIG Complex, Nasik	6
	Total		**30**

KEY MANAGEMENT PERSONNEL IN THE COMPANY – 31st March 2017

(₹ in Million)

Sl. No.	**Particulars**	***Designation***	**Remuneration paid to KMP (including Company's contributions to PF & Gratuity)**
1	Shri T Suvarna Raju	Chairman and Managing Director	4
2	Shri V. M. Chamola	Director (HR)	5
3	Shri CV Ramana Rao	Director (Finance) & CFO	3
4	Shri S. Subrahmanyam	Director Operations	5
5	Shri DK Venkatesh	Director (Engineering)	3
6	Shri GV Sesha Reddy	Company Secretary	2
7	Shri V Sadagopan	CEO Helicopter Complex ,Bangalore	4
8	Shri Kaveri Ranganathan	CEO Bangalore Complex ,Bangalore	3
9	Shri Rajiv Kumar	CEO Accessories Complex Lucknow	3
10	Shri Daljeet Singh	CEO MIG Complex, Nasik	3
	Total		**35**

KEY MANAGEMENT PERSONNEL IN THE COMPANY – 31st March 2016

(₹ in Million)

Sl. No.	**Particulars**	**Designation**	**Remuneration paid to KMP (including Company's contributions to PF & Gratuity)**
1	Shri T Suvarna Raju	Chairman and Managing Director	4
2	Shri V. M. Chamola	Director (HR)	4
3	Dr. A.K. Mishra	Director (Finance)	5
4	Shri CV Ramana Rao	Director (Finance) & CFO	0
5	Shri S. Subrahmanyam	Managing Director (MIG Complex)/Director Operations	3
6	Shri DK Venkatesh	Director (Engineering)	1
7	Shri Ashok Tandon	Executive Director (Company Secretary)	3
8	Shri GV Sesha Reddy	Company Secretary	1
9	Shri V Sadagopan	CEO Helicopter Complex ,Bangalore	3
10	Shri Kaveri Ranganathan	CEO Bangalore Complex ,Bagalore	3
11	Shri Rajiv Kumar	CEO Accessories Complex Lucknow	3
12	Shri Daljeet Singh	CEO MIG Complex,Nasik	3
	Total		**33**

Shri C.V. Ramana Rao - Director(Finance) & CFO from 01st Feb, 2016
Dr. A.K. Mishra - Director (Finance) superannuated on 31st Jan, 2016
Shri Ashok Tandon Superannuated in 30th April, 2016

KEY MANAGEMENT PERSONNEL IN THE COMPANY – 31st March 2015

(₹ in Million)

Sl. No.	**Particulars**	**Designation**	**Remuneration paid to KMP (including Company's contributions to PF & Gratuity)**
1	Dr. R. K. Tyagi	Chairman	7
2	Shri T. Suvarna Raju	Chairman & Managing Director	4
3	Dr. A.K. Mishra	Director (Finance)	5
4	Shri V. M. Chamola	Director (HR)	4
5	Shri K. Naresh Babu	Managing Director (Bangalore Complex)	6
6	Shri S. Subrahmanyam ,MD(M)	Managing Director (MIG Complex)	4
7	Shri Ashok Tandon	Executive Director (Company Secretary)	4
8	Shri V Sadagopan	Executive Director (Helicopter Complex)	3
9	Shri Kaveri Ranganathan	Executive Director (P&P), Corporate Office	3
10	Shri Rajiv Kumar	Executive Director (ADL), Lucknow	2
11	Shri Daljeet Singh	Executive Director (AMD & AOD), Nasik	1
	Total		**43**

Dr RK Tyagi superannuated on 31st January 2015,
Sri K Naresh Babu superannuated on 31st March 2015
Sri AK Mishra Superanuated on 31st Jan 2016
Shri Ashok Tandon Superannuated in 30th April, 2016

ANNEXURE - XLVIII

NOTES TO ACCOUNTS FORMING PART OF RESTATED STANDLONE FINANCIAL INFORMATION FOR THE PERIOD ENDED 30th SEPTEMBER 2017, 31st MARCH 2017, 31st MARCH 2016 AND 31st MARCH 2015 (PROFORMA)

1. Financial Risk and Capital Management

The Financial Risks in a Business Entity can be classified as Market Risk, Credit Risk, Liquidity Risk, Operational Risk and Legal Risk.The status of these Risks at the Company is as brought out hereunder:

a) **Market Risk:** As significant Revenues of the Company accrues from Supplies / Services to Defence Services, the Company is not exposed to the Risk of Volatile Market conditions.

b) **Credit Risk:** The Company's Customers are mainly the Defence Services namely Indian Air Force (IAF), Indian Army, Indian Navy and Coast Guard. The Company ensures meeting its financial obligations due to periodic inflow of money as per Advance / milestone payment terms in the Contracts with Defence Services, by holding negotiations.

c) **Liquidity Risk**: The Liquidity Risk involves the Risk of Asset Liquidity and Operational Funding. The Company is safeguarded against such Risks due to periodic inflow of cash, arising out of Advance / milestone based payment terms in the Contracts with Customers.

d) **Operational Risk:** The Operational Risks involve Operational Failures, such as mismanagement or technical failures, fraud risk etc. The Company is successful in efficiently managing its affairs exercising due-governance as part of its various processes. Further, the Company being a multi-division Company, is able to manage the risk of technical failures arising at unit level.

e) **Legal Risk:** The Company enters into Contracts / Business dealings after due-vetting of Contracts / Deeds by robust in-house legal departments and, if so, required by obtaining the legal opinions from external legal experts. The prevailing System at the Company is adequate to guard against any such Risks

2. Financial instruments by category

(a) The carrying value and fair value of Financial instruments by each category as at 30th Sept 2017 and 31st March, 2017 respectively were as follows :

Particulars	Financial assets/liabilities at amortised costs	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVTOCI	Total Carrying Value	Total Fair Value
Assets:					
(i) Investments	10,058			10,058	10,058
(ii) Loans	1,634			1,634	1,634
(iii) Other financial assets	28,340			28,340	28,340
(iv) Trade receivables	42,651			42,651	42,651
(v) Cash and Cash equivalents	116,716			116,716	116,716
Liabilities:					
(i) Trade payables	20,906			20,906	20,906
(ii) Other financial liabilities	12,949			12,949	12,949
(iii) Borrowings	0			0	0

(₹ In Millions)

Particulars	Financial assets/liabilities at amortised costs	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVTOCI	Total Carrying Value	Total Fair Value
Assets:					
(i) Investments	9,808			9,808	9,808
(ii) Loans	1,576			1,576	1,576
(iii) Other financial assets	29,395			29,395	29,395
(iv) Trade receivables	42,205			42,205	42,205
(v) Cash and Cash equivalents	111,211			111,211	111,211
Liabilities:					
(i) Trade payables	17,973			17,973	17,973
(ii) Other financial liabilities	14,680			14,680	14,680
(iii) Borrowings	9,500			9,500	9,500

(b) The carrying value and fair value of Financial instruments by each category as at 31st March, 2016 were as follows:

(₹ In Millions)

Particulars	Financial assets/liabilities at amortised costs	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVTOCI	Total Carrying Value	Total Fair Value
Assets:					
(i) Investments	8,864			8,864	8,864
(ii) Loans	1,501			1,501	1,501
(iii) Other financial assets	26,102			26,102	26,102
(iv) Trade receivables	48,369			48,369	48,369
(v) Cash and Cash equivalents	133,034			133,034	133,034
Liabilities:					
(i) Trade payables	21,512			21,512	21,512
(ii) Other financial liabilities	13,742			13,742	13,742

(a) The carrying value and fair value of Financial instruments by each category as at 31st March, 2015 were as follows:

(₹ In Millions)

Particulars	Financial assets/liabilities at amortised costs	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVTOCI	Total Carrying Value	Total Fair Value
Assets:					-
(i) Investments	7,453			7,453	7,453
(ii) Loans	2,283			2,283	2,283
(iii) Other financial assets	23,601			23,601	23,601
(iv) Trade receivables	60,509			60,509	60,509
(v) Cash and Cash equivalents	176,714			176,714	176,714
Liabilities:					
(i) Trade payables	22,710			22,710	22,710
(ii) Other financial liabilities	14,902			14,902	14,902

(b) Interest income/expenses, gain/loss recognised on Financial assets and liabilities:

(₹ In Millions)

Particulars	Six Month period ended 30th September, 2017	Year ended 31st March, 2017	Year ended 31st March, 2016	Year ended 31st March, 2015 (Proforma)
(i) Financial assets at amortised cost				
- Interest income from bank deposits	3,481	8,904	15,486	16,309
- Interest income from other financial assets	23	31	31	26
- Gain/Loss on amortisation of financial assets	(15)	25	1	734
(ii) Financial liabilities at amortised cost				
- Gain/Loss on amortisation of financial liabilities	0	107	1	742

3. Information relating to Investment Property under Ind AS 40 and Disclosure relating to Leases Ind AS-17 :

(₹ In Millions)

Particulars	30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
Rental income derived from investment properties	33	66	48	49
Direct operating expenses (including repairs and maintenance) generating rental income	0	0	0	0
Direct operating expenses (including repairs and maintenance) that did not generate rental income	0	0	0	0
Profit arising from investment properties before depreciation and indirect expenses	33	66	47	49
Less – Depreciation		0	0	0
Profit arising from investment properties before indirect expenses	33	66	47	49
Fair value of investment property				
As on 30th September 2017 , the fair value of the properties is ₹ 363 Million as valued by an independent valuer. As on 31st March 2017, the fair values of the properties is ₹ 363 Million. These valuations are based on valuations performed by M/s Shekhar. K.Soman, an accredited independent valuer. Avaluation model in accordance with that recommended by the International Valuation Standards Committee has been applied.				

Disclosure relating to IND AS- 17 (Leases)	30 th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
The Company has various operating leases for office facilities, residential premises for employees etc., that are renewable on a periodic basis. Rental expenses for the leases recognised in the statement of Profit and Loss during the year is	72	154	130	100

4. Auditor's Comments/ Qualifications and Treatment in Restated Financials.

Audit Qualifications:

Comments of the Comptroller and Auditor General of India under section 143(6)(b) read with section 129(4) of the Companies Act, 2013 on the Financial Statements of Hindustan Aeronautics Limited, Bangalore: NIL comments for 2014-15, 2015-16 and 2016-17.

Comptroller and Auditor General (C&AG) Directions for 2016-17 : Our Financial Year 2017, CAG has given the directions indicating the areas to be examined by the statutory auditors during the course of the audit of annual accounts of HAL for the year 2016-17 issued by CAG under section 143(5) of the companies Act 2013

S. No.	Areas Examined	Observation/Finding
1.	Whether the company has clear title/lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available	We have been informed that the Company has clear title/lease deeds for freehold and leasehold land respectively except in cases which have been disclosed in Note 49 of the standalone Ind AS Financial Statements.
2.	Please report whether there are any cases of waiver/write off of debts /loans/interest etc., if yes, the reasons there for and the amount involved.	We have been informed that there has been no instance of waiver/write off of debts/loans/interest etc., by the Company during the year.
3.	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.	We have been informed that the Company is maintaining proper records for inventories lying with third parties and assets received as gift from Government of India or other authorities.

Qualifications in Statutory Auditor's Reports

Sl.No	Financial year	Auditors Comments	Management Response	Impact On Restated results
1	2014-15	Attention is drawn to **,** Notes to Standalone accounts (Part A, Annexure– XLVIII, SL No 26)**,** 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 to defence customers in some of the Divisions.	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 Notes to the Accounts. In terms of Pricing policy agreed with the main customer, prices	Nil Financial Impact

Sl.No	Financial year	Auditors Comments	Management Response	Impact On Restated results
		The company has resolved disputes with the commercial tax departments of the Governmeent of Karanatka dand odhisa and recognise liability towards settled sales tax dues and also accounted for similar amount as claims receivable from the customers. With regard to other states the company has not provided for the demand from the commercial tax departments , since the demand is disputed by the company . The same are disclosed as a contingent Liabilities in notes of the accounts The respective agreements for such sale and repairs/overhaul provide for furnishing an exemption certificate or re-imbursement of sales tax and similar statutory levies when determined. However, the reimbursement of penalties, if any and/or interest levied on such non-payment have not been dealt with in the agreement and the same is not quantified by the company.Although the taxes are to be reimbursed by the customers in terms of respective agreement the company has neither quantified nor provided for the interest and /or penalties if any, on such taxes in case same are payable. We are unable to quantify the Net Impact of such non provision/ non-disclosure on the Financial Statements.	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. With regard to Karnatka and Odisha Sales tax disputes, the same has been resolved and the liability for re-settled amount has been recognised in the books and also accounted for similar amounts as Claims receivable from the customer since the same is reimbursable by the customer.The settlement with the respective Government is as a total package.As a part of the settlement, the amount paid to the Karnatka and Odhisa Governments has also been reimbursed by the major customers. These facts have been sufficiently disclosed in notes to the accounts and have been consistently accepted by the audit.	

Comments of Statutory Auditor under Report on Other Legal and Regulatory Requirement on Operating Segment for the Financial Year 2016-17

As per the communication from Ministry of Corporate Affairs vide their letter dated 16th May, 2017, it has been communicated to the Company that in order to extend the exemption to Ind AS 108 – Operating Segments for the Holding Company, an amendment of the Notification No. 463 (E) dated 05th June, 2015 would be required. As per the prescribed procedure under section 462 of the Companies Act 2013, the notification for carrying out the said amendment would need to be laid before the Parliament. The Ministry of Corporate Affairs has initiated action for laying the relevant notification for exemption to the Holding Company of application of Ind AS 108 in the Parliament. In view of the above, no disclosure is made by the Holding Company as required under Ind AS 108. Subject to the above, we state that in our opinion, the aforesaid Standlone Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

Further SEBI vide their letter dated 19th September 2017 has extended the exemption granted to the company to the disclosure of quarterly results of the Company and its operating divisions or business segments required under Schedule II, Schedule IV and Regulation 17 of LODR Regulation and Part A Schedule VIII Clause IX(B)(19(b)) of the ICDR Regulations.

5. INVESTMENT IN JOINT VENTURE AND SUBSIDIARY

The Company has promoted and established 13 Joint Venture Companies (JVCs) in Collaboration with the leading International Aviation and / or Indian organization with a view to develop technologies, and new products with risk sharing. The JVCs support the Company's Endeavour towards up gradation of capabilities, acquisition of cutting edge technologies in the field of design, manufacturing, product support, information technology and other services. The Ministry of Defence, Government of India has issued certain guidelines for establishment of JVCs by Defence PSUs.

In addition to the Joint Venture Companies, we have formed one wholly owned subsidiary i.e, Naini Aerospace Limited

6. Value of Imports calculated on CIF Basis

(₹ In Millions)

Particulars	Six Months Period Ended	Year ended		
	30th September 2017	31st March 2017	31st Mar 2016	31st March 2015 (Proforma)
(i) Raw Materials	9,517	41,221	44,354	68,491
(ii) Components and Spare parts	8,701	19,230	24,805	29,316
(iii) Capital Goods	508	1,603	1,330	481
(iv) Special Tools	447	2,811	4,196	1,573
Total	**19,173**	**64,865**	**74,685**	**99,861**

7. Expenditure in Foreign Currency on account of

(₹ In Millions)

Particulars	Six Months Period Ended	Year ended		
	30th September 2017	31st March 2017	31st Mar 2016	31st March 2015 (Proforma)
-Royalty	50	75	90	102
- License Fee		51	202	863
- Documentation	378	52	78	205
- Professional, Consultancy and	269	1,472	1,853	1,547

Particulars	Six Months Period Ended	Year ended		
	30th September 2017	31st March 2017	31st Mar 2016	31st March 2015 (Proforma)
Foreign Technician Fees				
- Foreign Travel	45	64	106	96
- Liason Office Abroad	21	31	28	28
- Others	54	207	133	181
Total	**817**	**1,952**	**2,490**	**3,022**

8. Earnings in Foreign Exchange

(₹ In Millions)

Particulars	Six Months Period Ended	Year ended		
	30th September 2017	31st March 2017	31st Mar 2016	31st March 2015 (Proforma)
(i) Export on FOB Basis *	1,476	4,559	3,535	4,912
(ii) Services **	67	91	483	29
Total	**1,543**	**4,650**	**4,018**	**4,080**

* Excludes 31st March 2017 Nil Million (31st March 2016 ₹426 Millions, 31st March 2015 Nil) towards exports to Nepal in INR

** Excludes 31st March 2017 Nil Million (31st March 2016 ₹18 Millions, 31st March 2015 Nil) towards Exports to Nepal in INR

9. Raw Materials, Spare Parts and Components consumed :

(₹ In Millions)

Particulars	Six Month Period Ended	Year ended		
	30th September 2017	31st March 2017	31st Mar 2016	31st March 2015 (Proforma)
(i) Imported (including Customs Duty)	18,722	76,592	84,119	73,990
(In % to total)	84%	86%	89%	89%
(ii) Indigenous	3,484	11,966	10,680	8,720
(In % to total)	16%	14%	11%	11%
Total (Gross)	**22,206**	**88,558**	**94,799**	**82,710**
(Total %)	100%	100%	100%	100%

10. Research and Development Expenditure

The aggregate amount of Research & Development Expenditure recognized as expenses during the period is as below:

(₹ In Millions)

Particulars	Six Month Period Ended	Year/ Period ended		
	30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
Expenditure in R&D included in:				

Particulars	Six Month Period Ended	Year/ Period ended		
	30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
Raw Material Consumption	894	2,400	2,005	2,061
Direct Expenses	986	3,271	3,171	2,146
Salaries and Wages	2,205	4,585	4,400	4,176
Other Expenses	297	784	763	727
Interest	13	-	-	-
Depreciation ,Amortisation and Impairement loss	293	926	736	524
Provisions	63	99	46	40
Inter Services /Common Services	346	772	791	750
Total R & D Expenditure	**5,097**	**12,837**	**11,912**	**10,424**

R&D Corpus

HAL Board has approved the creation of R&D Corpus (excluding customer funded R&D) with an annual contribution of 10% of Operational Profit after tax**.**

11. Commitments

(₹ In Millions)

Particulars	As at			
	30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
	Estimated amount of contracts remaining to be executed and not provided for on			
i) Capital Account	9,603	12,613	11,056	9,292
ii) Other Commitments	103,711	94,728	77,392	100,899
Total	**113,314**	**107,341**	**88,448**	**110,191**

Notes:

(i) Capital commitments are including commitment towards investment in Joint Ventures.

(ii) Other commitments are towards purchase of inventory, services, employee contracts, lease commitments etc.,

12. Contingent liabilities

(₹ In Millions)

Particulars	As at			
	30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
Contingent Liabilities Not Provided For:				
1) Outstanding Letters of Credit and Guarantees *				
(i) Letters of Credit	14,856	10,635	9,372	15,893
(ii) Indemnity Bonds & Guarantees	75,543	60,120	52,353	51,775
Sub - Total	**90,399**	**70,755**	**61,725**	**67,668**
2) Claims / Demands against the Company not acknowledged as Debts (gross)				
(i) Sales Tax / Entry Tax	73,065	66,954	62,341	22,727
(ii) Income Tax	17,696	17,696	20,068	18,411
(iii) Municipal Tax	413	406	714	-
(iv) Service Tax	5,415	5,150	7,885	6,444
(v) Customs Duty	2,357	2,357	2,357	2,357
(vi) Others	1,307	1,072	1,127	1,166

Particulars	**As at**			
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
-	**100,253**	**93,635**	**94,492**	**51,105**
Total	**190,652**	**1,64,390**	**1,56,217**	**1,18,773**

Notes:

* Non-fund based limits of ₹ 20500 Millions (For 31st March 2017, 2016 and 2015 ₹ 20500 Millions) from Consortium of Bankers are secured by hypothecation of Inventories and all Receivables. The total limits sanctioned is ₹ 25000 Milllions (For 31st March 2017, 2016 and 2015 ₹ 25000 Millions) which is interchangable between the consortium banks and between fund based and non-fund based limits.

13. Depreciation:

Pursuant to the enactment of Companies Act 2013, the company has applied the estimated useful lives as specified in schedule II for the purpose of computation of depreciation on Fixed Assets. The Company has identified and depreciated significant components with different useful life separately for all fixed assets.

(₹ In Millions)

Particulars	**30th September 2017**	**31 March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
Impact on Additional debit to P&L a/c on account of revision in useful life.				**757**
Impact on Additional Depreciation debited to retained earnings net of tax (deferred tax - ₹ 2150.91)				**406**
Impact on Additional depreciation debited to P&L a/c on account of Component Accounting			**31**	
Impact on Additional Depreciation debited to retained earnings on account of Component Accounting			**3**	
Impact due to changes in Accounting Policies on CSR Assets			**425**	
Property, Plant and Equipment acquired with financial assistance / subsidy from outside agencies either wholly or partly are capitalised at net cost to the Company and does not include assets given by the customer for use of their jobs by the Company	**11,771**	**11,771**	**11,771**	**9,722**
Impact due to changes in Accounting Policy on account of actuarial valuation of provident fund			**1,104**	

14. HTFE 25 Project:

The Company has taken up the design and development of Hindustan Turbo Fan Engine (HTFE-25) in 2013-14 with a time frame of 6 years for completion. The project has been initiated based on the technical feasibility and the market potential of 200-250 units. An expenditure of ₹ 751 Millions, (₹ 651 Millions in 2017, Year 2016 ₹ 453 Millions , 2015 ₹ 160 Million) has been accounted under Intangible Assets and would be amortized over production units.

Preliminary Design Review (PDR) of Engine has been completed during 2014-15. The idle run of Core Engine achieved during March 2015. Furher tests under progress for full rpm. The second core engine parts are under manufacturing..

15. **HTT 40 Project** : The Company has undertaken the design and development of Hindustan Turbo Prop Trainer Aircraft (HTT- 40). Taking into the capability of the proposed Turbo Prop Aircraft , Market Studies, Upgrade functionality etc. requirement of 326 Aircraft (106 Aircraft for IAF and 220 Aircraft for other customers) has been projected upto the year 2020. The Company is funding the HTT Design and Development program. Accordingly, an expenditure of ₹457 Million (Year 2017 ₹ 1224 Million , Year 2016 ₹ 777 Million, Year 2015 ₹ 302 Millions) has been treated as Development expenditure and accounted under Intangible Assets.

16. Preliminary Design of Prospective Multi Role Fighter (PMF) project has been completed in 2013-14. Pending finalization of R&D contract with Ministry of Defence, Government of India, sales has been recognised during the current year for the expenditure incurred towards design and development of PMF.

17. Aircrafts have been accepted and signalled out by customers' inspector with fitment of Cat-B items taken on Loan, in cases of non-availability of Cat-A item as provided in the sales contract. As the aircraft is flight worthy and the respective customer has accepted the same, the sales are accounted, consistently, on the basis of Signal Out Certificate(SOC). As a principle,Cat-B / Loan items fitted on the aircraft are excluded in value for recognising sales. Sales in respect of such items are set up on supply of Cat-A items, within the contract period.

Sales, based on Accounting Policy of the Company and experts opinion, is accounted on issuance of Signalling Out Certificate (SOC) by the customers. There is a time lag between SOC and Ferry out of Aircraft / Helicopter in view of the time involved in deputation of Ferry team by the customer, their handling flights and rectification of snags involved, if any, formation of the new squadron, training of pilots etc. The details of Aircraft/Helicopters which are yet to be ferried out (for which sales has been setup) is as under;

(₹ In Millions)

Year	Sales (Net of Excise Duty)	VALUE OF THE AIRCRAFT / HELICOPTERS TO BE FERRIED OUT		
		ALH	% of Sales	Date of approval of accounts
2014-15	154,661	605	0.39%	08.08.2015
2015-16	165,863	3,176	1.91%	29.06.2016
2016-17	176,054	7,834	4.45%	29.06.2017

The expenditure involved in the work carried out post SOC date is absorbed against the provision for future charges

The Company has taken up with Ministry of Defence (MOD) for amendment of ALH contract in respect of both Indian Air Force and Indian Army to bring them in line with the accounting policy of the Company. In respect of Indian Air Force, MOD have concurred "in principle" to above, with the stipulation that the contract amendment can be made only after similar contract amendment in respect of Indian Army contract with the Company is finalized. In respect of Indian Army contracts, the matter is under discussion.

18. Other Notes

(₹ In Millions)

Particulars	**Six Months Period Ended**	**Year Ended**		
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
As per AS-21 relating to Accounting for the effects of changes in the Foreign Exchange rates,				
Exchange rate variation recognized in Statement of Profit and Loss towards Capital Assets	(2)	4	6	
As and when the instalments in respect of deferred debts fall due for payment to the Russian Federation, the same is paid by applying the exchange rate ruling on the date of actual payment and liability discharged. The differences arising due to recalculation of debts at the applicable /ruling rate is charged to the revenue at the time of payment and recognised as sales when realised			-	-

Particulars	**Six Months Period Ended**	**Year Ended**		
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
from the customer except to the extent it pertains to Capital Assets.The sales for Exchange Rate Variation considered for September 2017, ₹426 Million (₹ 449 Million in 2017 , Year 2016 ₹ 389 Million). The Assets and Liabilities relating to deferred credit transaction are reinstated as on 31st March each year under Non-Current Other Financial Assets, Current Other Financial Assets (recoverable within one year), Non-current Other Financial Liabilities and Current Other Financial Liabilities (to be settled within one year)				
Sales include deliveries for which amendment to firm task is awaited from the customer.	-	475	449	469
HAL had signed a contract on 5.8.2008 with Ministry of National Defence, Ecuador for supply of 7 Dhruv MK-III ALH and associated equipment to Ecuador Air Force(FAE). Consequent upon unilateral cancellation of the Contract on 06.01.2016 by FAE a provision has been made in the accounts to the extent of debtors and claims not likely to be realised from the Contract.			255	
Pending finalisation of the Contract for delivery of 1 ALH to Nepal,the sales has been recognised at the rate it was originally sold to Indian Army				821
At the insistence of Govt. Of India, One ALH which was manufactured for delivery to Indian Army against a Contract was diverted for delivery to Govt. of Nepal during 2014-15. Pending finalisation of contract for delivery of 1 ALH to Nepal, the sale was recognised provisionally at ₹821 Million in the year 2014-15 at the rate it was originally sold to Indian Army.Based on the replacement cost for delivery to Indian Army, an invoice for ₹ 1,247 Million was raised to Ministry of External Affairs, Govt. of India. During 2015-16 Ministry of External Affairs (MEA) has agreed to pay 60% of the invoice value amounting to ₹748 Million. Balance 40% need to be collected from Govt of Nepal for which confirmation from them is awaited. Pending confirmation of payment of balance 40% from Govt. of Nepal, sales is recognised at ₹ 1,247 Million provisionally and a provision of ₹ 499 Million being 40% due from Govt. of Nepal is created in the books as doubtful debts.				
In the LCA (FOC) Contract No AirHQ/S 96056/6/4/ASR(FOC) dated 23rd Mar 2014, the GE Engine price has been included at EC 2003 level and without escalation clause. The issue of incorporation of escalation clause has been taken up with IAF/MOD for amendment. In the interim, the said GE Engine have been evaluated at lower of cost or Net Realizable Value to give effect to Ind AS-2. Consequently the amount of ₹			1,466	1,673

Particulars	Six Months Period Ended	Year Ended		
	30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
3,759 Millions has been charged to cost of sales				
Inventories does not include materials belonging to the customers but held by the Company on their behalf	7,705	7,939	7,491	5,446

19. Out of the Total Work-in Progress (WIP), ₹1,126 Million in year 2017 represents WIP build up in respect of anticipated order for Hawk Aircraft (20 numbers from Indian Air Force and 12 numbers from Navy**)**

20. Operating Cycle : The Company is having Multiple Business Activity. Operating cycle is determined by Divisions based on individual business activity**.**

21. Special Tools includes ₹ 219 Million (Previous Year March 31, 2017 ₹ 219 Million, March 31, 2016- ₹ 235 Million) towards Compact Multi Purpose Advanced Stabilised System (COMPASS) Project at M/s Bharat Electronics Limited (Ms BEL), on behalf of MRO Division against which Company derives future economic benefits for repair of electro optical pods.

22. Long term Investments are carried at cost. Any diminution in the value of investments other than temporary in nature is provided for. During the year ended 31st March 2014, an amount of ₹ 499 millions has been provided as diminution in the value of Investments against investments made. During the year ended 31st March 2016 an amount of ₹ 147 Millions and as on 31st March 2017 an amount of ₹ 12 Million has further been provided against investments made in the following Joint Venture Companies:

(₹ In Millions)

Particulars	30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
M/s HALBIT Avionics Pvt Ltd	38	38	38	31
M/s HAL EDGEWOOD Technologies Pvt Ltd	30	30	30	30
M/s INFOTECH HAL Ltd	17	17	17	17
M/s HATSOFF Helicopter Training Pvt Ltd	384	384	384	384
M/s TATA HAL Technologies Ltd	42	42	36	36
M/s SAMTEL HAL Display Systems Ltd	16	16	10	
M/s International Aerospace Manufacturing Pvt Ltd	85	85	85	
M/s Multi Role Transport Aircraft Limited	46	46	45	
TOTAL	**658**	**658**	**645**	**498**

23. Out of the total land of 11813.44 acres held by the Company as on 30 th September 2017 at various locations:

(₹ In Millions)

Particulars	Division	Assets	Acres	Amount
Instruments of transfer in respect of land and building taken possession by the Company have not been executed	Lucknow/ Kanpur / FMD / Nasik	Land	734.01	29
	FMD / Kanpur	Building		4
Land has been handed over /earmarked to the Government / other agencies pending execution of instruments of transfer	FMD/ Nasik/ Korwa/ Engine / Koraput	Land	141.98	6
Land has been given on lease to the Government/ other agencies	FMD/ Nasik/ Lucknow/ Kanpur	Land	1,106.09	7

a. HAL Barrackpore Unit is in possession of 22.51 acres of land on which the division has its buildings, hangar, Plant and Machinery etc. The instrument 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 ₹ 3 Million (Previous year March 31,2017 and March 31, 2016 ₹ 3 Million) has been made.The transfer of the land is being pursued with Defence Estate Officer, Kolkata. The above does not include 7.115 acres of Land received from Army in exchange of 5 acres of Land at Bangalore which was received free of cost from State Govt. before 31st March 1969. Since the value of 5 acres land was NIL, the value of 7.115 acres land received in exchange of 5 acres land is also taken as NIL

b. Land under Fixed Assets includes 200 acres Land taken on lease for establishing a unit at Kasargod at a cost of ₹ 71 Millions . This cost is amortized over the lease period of 90 years. The Lease charges for the year amounting to ₹ 1 Million has been considered under Depreciation for the year.

c. Land includes 0.27 acres of land taken on lease for liason office Mumbai at a cost of Rs 0.3 Million including development cost. This cost is amortised over the lease period of 30 years. The amount of amortisation has been considered under depreciation for the year.

d.

i. Facility Management Division is holding 2105.831 Acres land of which 11.959 Acres is under litigation/encroachment with third parties and 10.152 Acres is under dispute with M/s. BEML, Bangalore.

ii. Titles to land are not in the name of the Company in respect of 173 survey numbers at FMD Division, However, Records of Tenancy Certificate is available.

iii. HAL has taken over 6 acres of land from KIADB (Karnataka Industrial Area Development Board) in Aerospace Park at Devanahalli on Lease-cum-Sale basis, in lieu of transfer of HAL Land measuring 3.2 acres to BMRCL (Bangalore Metro Rail Corporation Ltd) for Bangalore Metro Project, Lease-cum-sale Deed is executed on 30th March 2013.

iv. An amount of ₹ 225 Millions (Year 2017 ₹ 218 Millions , Year 2016 ₹ 206 Millions) towards Lease cum Rental charges with various parties has not been considered in the books of accounts of FMD, pending dispute settlement.

v. 1.339 acres of land at Nasik Division has been encroached.

vi. Further, about 50.21 acres of the land belonging to HAL Koraput Division is encroached

vii. 711.22 sq.mt. of land out of the land at Corporate Office has been acquired for the Metro Rail Project by M/s. Bangalore Metro Rail Corporation Limited(M/s BMRCL) . The compensation awarded of ₹ 55 Million by M/s. Karnataka Industrial Area Development Board(KIADB) is contested by Company in the City Civil Court at Bangalore. As the matter is subjudice, no adjustment has been made in the books. A joint committee comprising the Company and BMRCL has been formed to arrive at an out of court settlement..

24. 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.

25. The long pending Sales Tax / VAT dispute on defence sales in the State of Karnataka has been finally resolved between officials of Department of Defence Production, MoD, HAL and representatives of IAF and Army with Commercial Tax Department and Finance Department of Govt., of Karnataka / Odisha. The amount payable as per agreed formulation for the period is quantified by the Commercial Tax Department is as below:

1. **State of Karanatka as on**

(₹ in Millions)

	Particulars	30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
(a)	Amount as per normal applicable rate (ranging from 12.5% to 14.5% in different years)				
(b)	Amount of waiver by Govt., of Karnataka (*)				
(c)	Amount as per agreed formulation	13,071	13,071	13,071	13,071
(d)	Amount of waiver by way of grant already issued				
(e)	Amount already paid by HAL				
(f)	Balance amount to be paid by HAL (i) Balance tax dues towards grant yet to be sanctioned by Govt. of Karnataka - (ii) Balance sales tax payable by HAL - NIL)				
(g)	Amount already collected from Customer	12,519	12,298	11,341	9,295
(h)	Balance to be recovered from Customer	552	773	1,730	3,776

(*) This waiver is subject to approval by Karnataka Legislature

2. State of Odisha : In respect of the VAT/Sales Tax dues in the state of Odisha, the amount as per agreed formulation have been paid and recovered from the customers

3. In respect of other states, where the sales tax demands are under dispute, the same is shown under contingent liability . Air Head Quarters vide letter reference Air HQ/95357/64/ Fin P/DCA dated 16th July 2014 have directed that other state governments may be approached for granting the similar concessions.

4. Regarding the payment of Sales Tax / VAT by Customer on the supplies made by HAL, specific clauses exist in the supply contracts with customer and FPQ payment methodology for repair and overhaul activities, which provide for reimbursement of statutory levies.

5. 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.

26. The Company, during the financial year 2011-12, had detected a fraud of ₹ 39 Millions by way of unauthorised transfer of funds from the bank account of the Division to his bank account and the account of his accomplices. The Company has initiated criminal proceedings in 2011-12. During 2012-13, the Company has filed two Civil Suits for recovery of fraudulently drawn amounts against the accused, his accomplices and also State Bank of India for ₹ 29 Million and Shri Krishna Souharda Credit Co-operative Limited for ₹ 10 Milllion. Both the civil cases and criminal case are under progress. Properties of the accused amounting to ₹. 14 Million have also been attached by the court. During the court proceedings, State Bank of India, expressed its willingness to settle its liability through negotiations as out of court settlement. The negotiations with State Bank of India is in the advanced stage. Further, the Company is hopeful of getting the amount recovered from the accused through the court as the property of the accused has been attached.

27. **Segment Reporting :** As per the communication from the Ministry of Corporate Affairs vide letter dated 16.05.2017, it has been communicated to the Company that in order to extend the exemption under Ind AS 108 - Operating Segments, an amendment of notification No.463 (E) dated 05.06.2015 would be required. As per the prescribed procedure under Section 462 of the Companies Act 2013, the notification for carrying out the said amendment would need to be laid before the Parliament. The Ministry of Corporate Affairs has initiated action for laying the relevant notification for exemption to the Company from application of Ind AS 108 in the Parliament. In view of the above, no disclosure is made by the Company as required under Ind AS 108. Further SEBI vide their letter dated 19th September 2017 has extended the exemption granted to the company to the disclosure of quarterly results of the Company and its operating divisions or business segments required under Schedule II, Schedule IV and Regulation 17 of LODR Regulation and Part A

Schedule VIII Clause IX(B)(19(b)) of the ICDR Regulations.Subsequently, Ministry of Corporate Affairs vide notification no 1/2/2014-CL-V dated 23rd February 2018 has exempted the companies engaged in defence production to the extent of application of relevant Accounting Standard on segment reporting

28. The Income Tax Authorities have considered the expenditure on Grant-in-aid received from Government of India towards R&D as taxable for the assessment years 2005-06 to 2007-08 and 2010-11 to 2014-15. The appeal by the Company before Appellate Authorities are pending. The demands raised by the tax department on account of the above, being ₹ 17,696 Million (31st March 2016 ₹ 20,068 Million, 31st March 2015 ₹ 18,411 Million) is shown as contingent liability. For the Assessment Year 2015-16 also same treatment has been adopted in the Accounts for which Assessments are pending

29. **Employee benefits**: The Company has adopted Ind AS-19 for Employee Benefits. Consequently, the liability thereon is accounted on the basis of actuarial valuation, and is being recognised as short-term benefits / long term benefits:

29.1 Defined contribution plans

(₹ In Millions)

Particulars	**Six Month Period**	**Year ended**		
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
Employer's contribution to provident fund	1,038	1,979	2,110	2,051
Contribution to Gratuity (expense Recognized in P & L)	162	327	405	282

29.2 Defined Benefit Plans

Gratuity	The Company has a Gratuity Scheme for its employees, which is a funded plan. Every year the Company funds to the Gratuity Trust to the extent of shortfall of the assets over the fund obligations, which is determined through actuarial valuation. As per the Gratuity Scheme, Gratuity is payable to an employee on the cessation of his employment after he has rendered continuous service for not less than 5 (five) years in the Company. For every completed year of service or part thereof in excess of six months, the Company shall pay Gratuity to an employee at the rate of 15 (fifteen) days' emoluments based on the emoluments last drawn with a ceiling of `1 (One) Million.
Compensated Absences	Provision for Earned Leave has been made based on Actuarial Valuation. The date of Actuarial valuation is at the end of each financial year and as on 31st March 2017.

(₹ In Millions)

Analysis of Defined Benefit Obligation (DBO) :

A split of the defined benefit obligation as at the valuation date between liability which has not vested and that which has fully vested is presented in the table below:

	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
DBO without effect of projected salary growth	113	6,909	6,916	6,860
Plus effect of salary growth	9,251	2,245	2,019	1,902
DBO with projected salary growth	9,364	9,154	8,935	8,762

Sensitivity Analysis:

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarizes the impact in percentage terms on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 50 basis points.

	30th September 2017		**31st March 2017**		**31st March 2016**		**31st March 2015 (Proforma)**	
	Discount Rate	Salary Escalation Rate	Discount Rate	Salary Escalation Rate	Discount Rate	Salary Escalation Rate	Discount Rate	Salary Escalation Rate
Impact of increase in 50 bps on DBO	-4.24%	2.08%	-4.04%	1.96%	-3.84%	1.96%	-3.70%	2.02%
Impact of decrease in 50 bps on DBO	4.60%	-2.21%	4.38%	-2.09%	4.16%	-2.05%	4.03%	-2.05%

Projected Plan Cash Flow

(₹ In Millions)

Maturity Profile	**30th September 2017**	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
Expected benefits for year 1	1,311	1,392	1,533	1,631
Expected benefits for year 2	963	954	942	893
Expected benefits for year 3	932	966	915	920
Expected benefits for year 4	998	958	923	888
Expected benefits for year 5	928	971	916	887
Expected benefits for year 6	796	870	925	872
Expected benefits for year 7	660	700	816	883
Expected benefits for year 8	524	585	650	781
Expected benefits for year 9	459	473	540	615
Expected benefits for year 10 and above	14,189	14,060	13,082	12,351
Total	**21,760**	**21,929**	**21,242**	**20,721**
The weighted average duration to the payment of these cash flows is	8.81 years	8.41 years	7.99 years	7.72 years

(₹ In Millions)

Amount recognised in Balance Sheet:	**30th September 2017**	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
Present value of funded defined benefit obligation	9,364	9,154	8,934	8,761
Fair value of plan assets	9,102	8,920	8,632	7,494
Net funded obligation	262	234	302	1,267
Net defined benefit liability / (asset) recognized in balance sheet	262	234	302	1,267
Net defined benefit liability / (asset) is bifurcated as follows:	-		-	-
Current			-	-
Non Current	262	234	302	1,267

Amount recognised in Statement of Profit & Loss:	**30th September 2017**	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
Current Service Cost	159	315	316	275
Interest on net defined benefit liability / (asset)	3	12	89	7
Gains) / losses on settlement	-		-	-
Total expense charged to Statement of profit and loss.	**162**	**327**	**405**	**282**

Amount recognised in Other Comprehensive Income:	**30th September 2017**	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
Opening amount recognized in OCI outside Statement of Profit and Loss.	789	882	985(#)	(117)
Remeasurements during the period due to :--	-			
Changes in financial assumptions	359	114	70	656
Changes in demographic assumptions			-	-
Experience adjustments	(194)	(35)	70	500
Actual return on plan assets less interest on plan assets	(64)	(172)	(243)	(171)
Adjustment to recognize the effect of asset ceiling			-	-
Closing amount recognized in OCI outside Statement of profit and loss	**890**	**789**	**882**	**868(#)**

This difference is due to adoption of Ind AS wef 01st April 2014 for complying with restatements as per SEBI requirements**.**The figure is arrived based on actuarial valuation effecting adoption of Ind AS as per the requirements

Reconciliation of Net Liability / Asset:

(₹ In Millions)

	30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
Opening net defined benefit liability / (asset)	234	302	1,267	229
Expense charged to profit & loss account	162	327	405	282
Amount recognized outside profit & loss account	101	(93)	(103)	985
Employer contributions	(234)	(302)	(1,267)	(229)
Impact of liability assumed or (settled)*	-		-	-
Closing net defined benefit liability / (asset)	**263**	**234**	**302**	**1,267**

MOVEMENT IN BENEFIT OBLIGATIONS:	30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
Opening of defined benefit obligation	9,154	8,934	8,762	7,643
Current service cost	159	315	316	275
Past service cost	-		-	-
Interest on defined benefit obligation	326	641	632	617
Remeasurements due to:	-			
Actuarial loss / (gain) arising from change in financial assumptions	359	114	71	656
Actuarial loss / (gain) arising from change in demographic assumptions	-		-	-
Actuarial loss / (gain) arising on account of experience changes	(194)	(35)	70	500
Benefits paid	(439)	(815)	(916)	(929)
Liabilities assumed / (settled)*	-		-	-
Liabilities extinquished on settlements	-		-	-
Closing of defined benefit obligation	**9,365**	**9,154**	**8,935**	**8,762**

MOVEMENT IN PLAN ASSETS:			-	-

A reconciliation of the plan assets during the inter-valuation period is given below:

	30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
Opening fair value of plan assets	**8,920**	**8,632**	**7,495**	**7,413**
Employer contributions	234	302	1,267	229
Interest on plan assets	322	629	543	610
Administration expenses	-		-	-
Re-measurements due to:	-			
Actual return on plan assets less interest on plan assets	64	172	243	171
Benefits paid	(439)	(815)	(916)	(929)
Assets acquired / (settled)*	-		-	-
Assets distributed on settlements	-		-	-
Closing fair value of plan assets	**9,101**	**8,920**	**8,632**	**7,494**

* On account of business combination or inter group transfer

DISAGGREGATION OF PLAN ASSETS:

(₹ In Millions)

Paticulars	Period Ended 30-09-2017			Period Ended 31-03-2017			Period Ended 31-03-2016			Period Ended 31st March 2015 (Proforma)		
	Quoted Value	Non Quoted Value	Total	Quoted Value	Non Quoted Value	Total	Quoted Value	Non Quoted Value	Total	Quoted Value	Non Quoted Value	Total
Property			-			-	-	-	-		-	-
Government debt instruments		291	291		291	291	-	346	346		402	402
Other debt instruments			-			-	-	-	-		-	-
Entity's own equity instruments			-			-	-	-	-		-	-
Insurer managed funds		8,792	8,792		8,612	8,612	-	8,264	8,264		7,068	7,068
Others		19	19		17	17	-	22	22		24	24
Total		**9,102**	**9,102**		8,920	8,920	-	8,632	8,632		7,494	7,494

29.3 Provident Fund :

The Company has adopted Ind AS-19 for Employee Benefits. Consequently, the liability thereon is accounted on the basis of actuarial valuation, and is being recognised as short-term benefits / long term benefits

The following table summarizes the disclosure report provided by the Actuary: September 2017 (Ind AS 19)

(₹ In Millions)

EMPLOYEES' PROVIDENT FUND TRUST *	HAL (BC)	NASIK	KORAPUT	HYDERABAD	LUCKNOW	KORWA	KANPUR	HQ	Total
Summary of Data:									
Accumalated Value of the PF as at Valuation Date	16394	7622	6436	2709	6139	2908	2358	766	**45338**
Value of Surplus/(Deficit) Account as at Valuation Date	258	90	98	74	5	3	13	12	**553**
Avg. Remaining Tenure of the Investment	6.52%	6.10%	7.53%	6.22%	4.90%	5.34%	8.00%	6.44%	
Amount to be Recognized in Balance Sheet:									
Present Value of Obligation as at the end of the period	16394	7622	6442	2709	6139	2908	2358	766	**45338**
Fair Value of Plan Assets at the end of the year	16394	7622	6436	2709	6139	2908	2358	766	45332
Net Liability	**0**	**0**	**6**	**0**	**0**	**0**	**0**	**0**	**6**
Asset Information :									
Property									
Government of India Securities	14897	6438	2489	2248	2294	2526	2185	437	**33514**
High Quality Corporate Bonds/ Other Debt Instruments	0	0	2000	0	2347	0	0	280	**4627**
Special Deposit Scheme	0	0	0	0	0	0	0	0	**0**
Equity Shares of Listed Companies	0	0	0	44	80	76	49	0	**249**
Investment with Insurer	0	0	0	0	0	0	0	0	**0**

EMPLOYEES' PROVIDENT FUND TRUST *	HAL (BC)	NASIK	KORAPUT	HYDERABAD	LUCKNOW	KORWA	KANPUR	HQ	Total
Dues to HAL	0	0	0	0	0	0	0	0	**0**
Others	1497	1184	1947	417	1418	307	124	49	**6943**
Total	**16394**	**7622**	**6436**	**2709**	**6139**	**2909**	**2358**	**766**	**45333**
Summary of Principal Acturial Assumptions:									
Disccount Rate (p.a)	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	
Future Derived Return on Assets (p.a)	9.70%	9.43%	8.43%	9.65%	9.41%	9.61%	9.49%	9.21%	
Discount Rate for the Remaining Term to Maturity of the Investment (p.a)	6.95%	6.88%	7.08%	6.90%	6.68%	6.76%	7.11%	6.94%	
Average Historic Yield on the Investment (p.a)	9.40%	9.06%	8.26%	9.30%	8.84%	9.12%	9.35%	8.90%	
Guaranteed Rate of Return(p.a)	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	

(₹ In Millions)

The following table summarizes the disclosure report provided by the Actuary: March 2017 (Ind AS 19)

EMPLOYEES' PROVIDENT FUND TRUST	HAL (BC)	NASIK	KORAPUT	HYDERABAD	LUCKNOW	KORWA	KANPUR	HQ
Summary of Data:								
Accumulated Value of the PF as at Valuation Date	15,195	7,365	6,204	2,667	5,933	2,841	2,266	742
Value of Surplus/(Deficit) Account as at Valuation Date	276	87	104	64	11	3	6	11
Avg. Remaining Tenure of the Investment	7	6	7	7	5	5	8	7
Amount to be Recognized in Balance Sheet:			-	-	-			
Present Value of Obligation as at the end of the period	15,195	7,365	6,204	2,667	5,933	2,841	2,266	742
Fair Value of Plan Assets at the end of the year	15,195	7,365	6,204	2,667	5,933	2,841	2,266	742
Net Liability								
Asset Information :								
Property			-	-	-			
Government of India Securities	13,933	6,126	2,502	2,218	2,308	2,478	2096	530
High Quality Corporate Bonds/ Other Debt Instruments			2,047	-	2,382			180
Special Deposit Scheme			-	-	-			
Equity Shares of Listed Companies			-	44	79		50	
Investment with Insurer			-	-	-			
Dues to HAL			-	-	-			
Others	1,262	1,239	1,655	405	1,164	363	120	32
Total	**15,195**	**7,365**	**6,204**	**2,667**	**5,933**	**2,841**	**2,266**	**742**
Summary of Principal Actuarial Assumptions:								
Discount Rate (p.a)	7.70%	7.70%	7.70%	7.70%	7.70%	7.70%	7.70%	7.70%
Future Derived Return on Assets (p.a)	9.96%	9.98%	8.78%	10.18%	9.70%	10.08%	9.84%	9.66%
Discount Rate for the Remaining Term to Maturity of the Investment (p.a)	7.14%	6.88%	7.15%	7.13%	6.83%	6.74%	7.21%	7.03%
Average Historic Yield on the Investment (p.a)	9.40%	9.16%	8.23%	9.61%	8.83%	9.12%	9.35%	8.99%
Guaranteed Rate of Return(p.a)	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%

In case of inter-divisional transfer of employees moneys standing to the credit of the employees in the trust accounts will be transferred to the trust accounts of the division to which he is posted.

The following table summarizes the disclosure report provided by the Actuary: March 2016 (IND AS 19)

(₹ In Millions)

EMPLOYEES' PROVIDENT FUND TRUST	HAL (BC)	NASIK	KORAPUT	HYDERABAD	LUCKNOW	KORWA	KANPUR	HQ
Summary of Data:								
Accumulated Value of the PF as at Valuation Date	12,765	6,646	5,225	2,449	5,811	2,606	2,082	685
Value of Surplus/(Deficit) Account as at Valuation Date	205	80	70	49	10	6	6	9
Avg. Remaining Tenure of the Investment	8	7	9	6	5	5	8	6
Amount to be Recognized in Balance Sheet:								
Present Value of Obligation as at the end of the period	12,765	6,646	5,335	2,449	5,811	2,606	2,082	685
Fair Value of Plan Assets at the end of the year	12,765	6,646	5,225	2,449	5,811	2,606	2,082	685
Net Liability			**110**	-	-			
Asset Information :								
State Government Securities			-	-	-			
Government of India Securities	7,816	2,415	2,176	1,101	2,359	1,566	942	464
High Quality Corporate Bonds	2,839	2413	1,787	912	2,142	70	874	137
Special Deposit Scheme	1,498	929	685	51	590	158	155	38
Equity Shares of Listed Companies	142		-	25	14		21	
Investment with Insurer								
Dues to HAL								
Others	470	889	577	360	706	812	90	46
Total	**12,765**	**6,646**	**5,225**	**2,449**	**5,811**	**2,606**	**2,082**	**685**
Summary of Principal Actuarial Assumptions:								
Discount Rate (p.a)	7.85%	7.85%	7.85%	7.85%	7.85%	7.85%	7.85%	7.85%
Future Derived Return on Assets (p.a)	9.61%	9.28%	8.25%	9.48%	9.14%	9.43%	9.16%	9.01%
Discount Rate for the Remaining Term to Maturity of the Investment (p.a)	7.77%	7.81%	7.86%	7.84%	7.61%	7.65%	7.77%	7.82%
Average Historic Yield on the Investment (p.a)	9.53%	9.24%	8.26%	9.47%	8.90%	9.23%	9.08%	8.98%
Guaranteed Rate of Return(p.a)	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%

In case of inter-divisional transfer of employees moneys standing to the credit of the employees in the trust accounts will be transferred to the trust accounts of the division to which he is posted.

The following table summarizes the disclosure report provided by the Actuary: March 2015 (Proforma) (IND AS 19)

(₹ In Millions)

EMPLOYEES' PROVIDENT FUND TRUST	HAL (BC)	NASIK	KORAPUT	HYDERABAD	LUCKNOW	KORWA	KANPUR	HQ
Summary of Data:								
Accumulated Value of the PF as at Valuation Date	11,384	5,536	4,810	2,231	5,510	2,306	1,879	607
Value of Surplus/(Deficit) Account	185	83	66	49	13	10	6	7

EMPLOYEES' PROVIDENT FUND TRUST	HAL (BC)	NASIK	KOR APUT	HYDER ABAD	LUCK NOW	KOR WA	KAN PUR	HQ
as at Valuation Date								
Avg. Remaining Tenure of the Investment	7	7	8	7	5	4	7	5
Amount to be Recognized in Balance Sheet:								
Present Value of Obligation as at the end of the period	11,384	5,536	4,884	2,231	5,510	2,306	1,895	607
Fair Value of Plan Assets at the end of the year	11,384	5,536	4,810	2,231	5,510	2,306	1,879	607
Net Liability			**74**	**-**	**-**		**16**	
Asset Information :								
State Government Securities								
Government of India Securities	5,454	1,970	1,952	894	1,551	1,848	813	323
High Quality Corporate Bonds	4,220	1,863	1,559	1,013	1,869	158	795	213
Special Deposit Scheme	1,498	929	685	51	590		155	37
Equity Shares of Listed Companies			-	-	70			
Investment with Insurer			-	-	-			
Dues to HAL			-	-	-			
Others	212	774	614	273	1,430	300	116	34
Total	**11,384**	**5,536**	**4,810**	**2,231**	**5,510**	**2,306**	**1,879**	**607**
Summary of Principal Actuarial Assumptions:								
Discount Rate (p.a)	7.95%	7.95%	7.95%	7.95%	7.95%	7.95%	7.95%	7.95%
Future Derived Return on Assets (p.a)	9.69%	9.23%	8.33%	9.83%	8.92%	9.28%	8.59%	8.99%
Discount Rate for the Remaining Term to Maturity of the Investment (p.a)	7.97%	7.98%	7.98%	8.02%	7.88%	7.90%	8.03%	7.88%
Average Historic Yield on the Investment (p.a)	9.71%	9.26%	8.36%	9.90%	8.85%	9.23%	8.67%	8.92%
Guaranteed Rate of Return(p.a)	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%

In case of inter-divisional transfer of employees moneys standing to the credit of the employees in the trust accounts will be transferred to the trust accounts of the division to which he is posted**.**

29.4 Pension

In line with the Guidelines issued by the Department of Public Enterprises, Ministry of Heavy Industries & Public Enterprises, Govt. of India for revision of the Salary Structure of Executives of CPSEs w.e.f. 1.1.07 and as per the approval accorded by the Board of Directors and Department of Defence Production, Ministry of Defence, a Defined Contribution Pension Scheme was notified in the Company on 16.7.14, in respect of Executives retired etc., from 1.1.07.

A Defined Contribution Pension Scheme in respect of Workmen retired after 1.1.12 was notified on 2.6.15, which was agreed as a part of the Workmen’s Wage Revision effective from 1.1.12.

Contribution to the Corpus of the above Schemes by the Management may vary from year to year as the same is dependent on Profits generated, Affordability &Sustainability by the Company.The Scheme is managed by a duly constituted Trust.

29.5Post Superannuation Group Health Insurance Schemes

In line with the Guidelines issued by the Department of Public Enterprises, Ministry of Heavy Industries & Public Enterprises, Govt. of India and as per the approval accorded by the Board of Directors and Department of Defence Production, Ministry of Defence, Post Superannuation Group Health Insurance Schemes in respect of (a) Employees (Officers & Workmen) retired before 1.1.07 and (b) Executives retired on or after 1.1.07,were introduced w.e.f. 1.2.14.

A Post Superannuation Group Health Insurance Scheme in respect of Workmen of the Company retired, etc. after 1.1.07 has been introduced in the Company w.e.f 1.2.15, which was agreed as a part of the Workmen's Wage Revision effective from 1.1.12.

Benefits under the Scheme may vary from year to year, as contribution to the Corpus of the Scheme is dependent on Profits generated, Affordability & Sustainability by the Company.

The Scheme is managed by a duly constituted Trust.

29.6 Post Retirement Medical Scheme

It is non funded - No impact on the Company's Operations.

(₹ In Millions)

Pension & Medical	**30th September 2017**	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
During the period, the company has recognized the following amount in the statement of profit and loss account				
Defined Contribution Plan				
Contribution to Pension	501	1,003	980	1,183
Contribution to Medical	526	1,011	1,246	762

29.7

Principal Assumptions :	**30th September 2017**	**31st March 2017**	**31st Mar 2016**	**31st March 2015 (Proforma)**
Discounting Rate (p.a.)	7.25%	7.70%	7.85%	7.95%
Salary escalation rate (p.a.)	6.00%	6.00%	6.00%	6.00%
Earned Leave	**30th September 2017**	**31st March 2017**	**31st March 2016**	**31st March 2015(Proforma)**
The Actuarial Liability of Earned Leave of the employees of the Company as at September 30th / March 31st	**8,296**	**8,143**	**7,894**	**7,257**
Discounting Rate	7.25%	7.70%	7.85%	7.95%
Salary escalation rate	6.00%	6.00%	6.00%	6.00%
Retirement Age	60 years	60 years	60 years	60 years

29.8 As per recommendations of 3rd Pay Revision Committee (PRC) constituted by the Central Government, revision of pay scales of the employees of the Company is due with effect from 01st January 2017. The Company has created provision of ₹. 3,203 Million (As at 31.03.2017 ₹ 1,410 Millions) on an estimated basis

30. CSR Activity :

(₹ In Millions)

Particulars	30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
Gross amount required to be spent by the company on CSR activities	**664**	**669**	**683**	**694**
2017-18 **Amount spent during the year on CSR activities**				
	In Cash	**Yet to be paid in Cash**	**Total**	
(i) Construction / Acquisition of any Assets	36	0	**36**	
(ii) On purposes other than (i) above	29	0	**29**	
Total	**65**	0	**65**	
2016-17 **Amount spent during the year on CSR activities**				
	In Cash	**Yet to be paid in Cash**	**Total**	
(i) Construction / Acquisition of any Assets	231	53	**284**	
(ii) On purposes other than (i) above	389	7	**396**	
Total	**620**	**60**	**680**	
2015-16 **Amount spent during the year on CSR activities**				
	In Cash	**Yet to be paid in Cash**	**Total**	
(i) Construction / Acquisition of any Assets	534	52	**586**	
(ii) On purposes other than (i) above	281	40	**321**	
Total	**815**	**92**	**907**	
2014-15 **Amount spent during the year on CSR activities**				
	In Cash	**Yet to be paid in Cash**	**Total**	
(i) Construction / Acquisition of any Assets	112	55	**167**	
(ii) On purposes other than (i) above	290	1	**291**	
Total	**402**	**56**	**458**	

- The Company had established Wind Power Plant at Davanagere District, Karnataka under CSR project in 2015-16. An amount of ₹ 74 Million surplus, was generated through savings in energy charges from the Wind Power Plant for 2016-17. The surplus will be utilised for other CSR projects/ activities during 2017-18 over and above the 2% budget allocation as per the Companies Act, 2013.
- In the opinion of the Board, the Company does not have any assets other than fixed assets and Non-current investments having a value on realisation in the ordinary course of business less than the amount stated.
- The previous year figures have been regrouped / reclassified / rearranged wherever it is necessary.

31. As per IND AS 37 relating to Provisions, Contingent Liability and Contingent Assets - the movement of provisions in the Books of Accounts is as follows

(₹ In Millions)

Nature of Provision	Opening Balance	Provision made during the period Ended Sepember 2017	Utilisation during the period Ended Sepember 2017	Reversal made during the period Ended Sepember 2017	Closing Balance
Provision for Replacement and Other Charges	8,869	592	567	38	8,856
Provision for Warranty Charges	5,389	367	400	735	4,621
Provision for Redundancy in Raw Material and Components, Stores and Spares, Construction Material and Loose Tools	7,008	228	-	211	7,025
Provision for Liquidated Damages	12,850	894	1,262	-	12,482
Provision for Doubtful Debts	1,425	221	-	23	1,623
Provision for Claims	1,387	1,219	-	-	2,606
Impairment in value of Investments	658	-	-	-	658
Provision for Onerous contract	11,047	-	-	-	11,047

(₹ In Millions)

Nature of Provision	Opening Balance	Provision made during the year	Utilisation during the year	Reversal during the year	Closing Balance
Provision for Replacement and Other Charges-2017	9,581	2,422	2271	863	8,869
Provision for Replacement and Other Charges-2016	(6,628)	(3,232)	(255)	(24)	(9,581)
Provision for Replacement and Other Charges-2015	(5,017)	(955)	(2)	658	(6,628)
Provision for Warranty Charges-2017	6,603	839	415	1,638	5,389
Provision for Warranty Charges-2016	(6,145)	(1,501)	(437)	(604)	(6,603)
Provision for Warranty Charges-2015	(5,153)	(1,626)	(287)	(347)	(6,145)
Provision for Redundancy in Raw Material and Components, Stores and Spares, Construction Material and Loose Tools-2017	6,187	1,001	-	180	7,008
Provision for Redundancy in Raw Material and Components, Stores and Spares, Construction Material and Loose Tools-2016	(6,013)	(734)	-	(560)	(6,187)
Provision for Redundancy in Raw Material and Components, Stores and Spares, Construction Material and Loose Tools-2015	(5,045)	(971)	-	(3)	(6,013)

Nature of Provision	Opening Balance	Provision made during the year	Utilisation during the year	Reversal during the year	Closing Balance
Provision for Liquidated Damages-2017	15,073	3,088	5,310	-	12,851
Provision for Liquidated Damages-2016	(15,972)	(3,499)	(4,398)	-	(15,073)
Provision for Liquidated Damages-2015	(12,283)	(7,361)	(3,670)	(2)	(15,972)
Provision for Doubtful Debts-2017	1,106	453	3	131	1,425
Provision for Doubtful Debts-2016	(116)	(990)	-	-	(1,106)
Provision for Doubtful Debts-2015	(131)	(1)		(16)	(116)
Provision for Claims-2017	1,190	304	24	82	1,388
Provision for Claims-2016	(787)	(409)	-	(6)	(1,190)
Provision for Claims-2015	(882)	**(11)**	**(97)**	(9)	(787)
Impairment in value of Investments-2017	645	13	-	-	658
Impairment in value of Investments-2016	(498)	(147)	-	-	(645)
Impairment in value of Investments-2015	(498)	-		-	(498)
Provision for Onerous contract-2017	11,047	-	-	-	11,047
Provision for Onerous contract-2016	(11,047)	-	-	-	(11,047)
Provision for Onerous contract-2015	-	(11,047)			(11,047)

- Provision for replacement and other charges represents, amounts towards expenditure incurred from the date of Signalling Out Certificate (SOC) to date of ferry out, loan

- Warranty represents Performance Warranty for manufacture, repair and overhaul of Aircraft / Helicopters/ Engines / Rotables, supply of spares and development activities etc

- Provision for Redundancy in Raw Material and Components, Stores and Spares, Construction Material and Loose Tools represents provision on redundancy of such materials, completed / specific projects and other surplus / redundant materials pending transfer to salvage stores etc.,

- Provision for Liquidated Damages represents amounts provided for the period of delay between the due date of supply of the Goods / rendering of services as per delivery schedule and the expected Date of delivery of said Goods / rendering of service in respect of manufacture / repair and overhaul of Aircraft / Helicopters/ Engines / Rotables, supply of spares and development activities etc.

- Provision for Doubtful Debts represents provision made on expected credit losses

- Provision for doubtful claims represents provision on expected credit losses.

- Impairment in value of investment represents reduction in the share of net worth below investment.

- Provision for Onerous contract has been recognised as the cost of meeting obligations is over and above the economic benefits expected to be received under it.

32. Age-wise analysis of Trade Receivable

(₹ In Millions)

Period Outstanding	**As At**			
	30th September 2017	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
0-1 year	29,389	30,270	29,893	37,772
1-2 years	8,119	5,872	10,392	14,913

Period Outstanding	As At			
	30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
2-3 years	3,217	4,053	4,849	5,039
more than 3 years	1,926	2,010	3,235	2,785
Total	**42,651**	**42,205**	**48,369**	**60,509**

33. Specified Banking Note :

During the year, the Company had Specified Bank Notes (SBN's) or other denomination notes as defined in the MCA notification G.S.R 308 (e) dated 31st March 2017. Details of SBN held and transacted during the period from 8th November, 2016 to 30th December, 2016, the denomination wise SBN's and other notes as per the notification are as follows

(₹ In Millions)

Particulars	Total		
	SBNs	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016	51	38	89
(+) Permitted Receipts	0	153	154
(-) Permitted Payments	0	130	130
(-) Amount Deposited in Banks	51	61	112
Closing cash in hand as on 30.12.2016	0	1	1

34. Disclosure with regard to Joint Working Groups

(₹ In Millions)

Disclosure with regard to Joint Working Groups	30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
The Company has entered into a Joint Working Agreements with Air India (AIJWG) to start Ramp Handling Business and CONCOR to carry out Air Cargo Handling Business. The Joint Working Group pools together the resources for carrying out its business activity and ownership of the assets vests with the respective working group.				
Share of income from Joint Working Groups of the Company with Air India and HALCON :				
AIJWG	8	18	15	13
HALCON	4	7	4	(1)
Total	12	25	19	12

(₹ *In Millions)*

Name of the Joint Working Group	AIJWG				HALCON			
	30th September 2017	31st March 2017	31st March 2016	31st March 2015	30th September 2017	31st March 2017	31st March 2016	31st March 2015
Country of Incorporation	India	India				India		
Share of Company/ Ownership Interest	50%	50%	50%	50%	50%	50%	50%	50%
Principal Activities		Flight Handling					Cargo Handling	
Liabilities - Company's Share	145	135	130	112	52	73	69	65
Non-Current Assets - Company's share	1			-	22	22	28	22
Current Assets - Company's share	144	135	130	112	30	50	40	43
Income - Company's Share	10	21	19	16	11	20	14	10
Expenditure - Company's Share	1	3	4	4	6	13	10	10
Profit / (Loss) Company's Share	8	18	15	13	4	7	4	(1)
Contingent Liability	42	44	44	-	-	-	-	-

35. Information Under Micro, Small and Medium Enterprises (MSME)

(₹ *In Millions)*

Information under Micro, Small and Medium Enterprises	30th September 2017	31st March 2017	31st March 2016	31st March 2015
1. The Principal and the Interest due thereon as at 30th September / 31st March				
a.) Principal	46	34	135	25
b.) Interest	1	1	16	16
2. The amounts paid by the Company beyond the appointed day during the period ending 30th September 2017 amd year ending 31st March 2017				
a.) Principal	0	0	38	0
b.) Interest	0	0	0	0
3. The Interest due and payable for the period of delay (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act.		0	1	0
4. The interest accrued and remaining unpaid for six month period period ending 30th Sept 2017 and Year ending 31ST March 2017	1	1	0	0
5. The amount of further Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the Small Enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act.	0	1	0	0
The information has been given in respect of such suppliers to the extent they could be indentified as Micro Small and Medium Enterprises on the basis of information available with the Company.				

36. Special Tools in Transit

(₹ In Millions)

Particulars	30th September 2017	31st March 2017	31st March 2016	31st March 2015 (Proforma)
Special Tools and Equipment includes Tools and Equipment in progress, under inspection and in transit.	72	178	367	333

37. Advances from Customers:

Advances from Customers as Non-Current and Other Current Liabilities represent gross amounts received. These amounts have been utilised for procurement of Special Purpose Tooling, Incurrence of Intangible Assets, Inventory Holding, Advances to Vendors etc. as detailed below:

(₹ In Millions)

Particulars	30th September 2017		31st March 2017		31st March 2016		31st March 2015 (Proforma)	
	Non - Current	Current	Non - Current	Current	Non - Current	Current	Non - Current	Current
Advances from Customer								
- Defence	40,322	48,784	30,711	46,912	32,309	42,734	25,959	54,959
- Others	-	1,074	-	939	-	461	-	327
	40,322	49,858	30,711	47,851	32,309	43,195	25,959	55,286
Less: Utilisation of Advances	-	-						
- Inventory	31,553	20,657	21,978	27,609	23,464	21,780	17,919	36,284
- Advances against Goods & Services	-	148	404	-	718	2,651	976	1,648
- Deferred Revenue Expenditure	-	106	-	3,596	-	-	128	-
- Special Tools & Equipment	922	11,266	1,584	1,125	1,776	466	2,646	-
- Trade Receivables	-	1,852	-	-	-	121	-	-
- Claims Receivables	-	104	-	112	136	-	357	-
	32,475	**34,133**	**23,966**	**32,442**	**26094**	**25,018**	**22,026**	**37,932**
Net Advances from Customer (A)	**7,847**	**15,725**	**6,745**	**15,409**	**6,215**	**18,177**	**3,933**	**17,354**
	-	-						
Milestone Receipt	-	-						
- Defence	66,375	1,46,906	66,103	136,087	57,464	207,282	61,554	230,508
- Others	1,659	7,506	1,658	4,937	1,773	5,866	-	5,689
	68,034	154,412	67,761	141,024	59,237	213,148	61,554	236,197
Less: Utilisation of Milestone Receipts	-	-						
- Inventory	27,200	75,768	25,617	72,293	19,698	122,581	32,476	117,460
- Advances against Goods & Services	568	3,695	408	4,342	243	3,566	649	9,722
- Deferred Revenue Expenditure	2,728	9,252	1,354	4,315	1,147	8,949	1,146	8,678
- Special Tools & Equipment	11,853	8,328	12,074	15,123	10,000	22,145	8,042	20,487
- Trade Receivables	184	2,162	42	2,023	-	3,919	151	6,222

Particulars	**30th September 2017**		**31st March 2017**		**31st March 2016**		**31st March 2015 (Proforma)**	
	Non - Current	**Current**	**Non - Current**	**Current**	**Non - Current**	**Current**	**Non - Current**	**Current**
- Claims Receivables	2,230	2,838	3,517	274	91	172	232	53
	44,763	102,043	43,012	98,370	31,179	161,332	42,696	162,622
Net Milestone Receipts (B)	**23,271**	**52,369**	**24,749**	**42,654**	**28,058**	**51,816**	**18,858**	**73,575**
Total (A+B)	**31,118**	**68,094**	**31,494**	**58,063**	**34,273**	**69,993**	**22,791**	**90,929**

SUMMARY

(₹ In Millions)

Particulars	**30th September 2017**	**31st March 2017**	**31st March 2016**	**31st March 2015 (Proforma)**
(A) Gross Advances from Defence Customers				
Initial Advances from Defence Customers	89,106	77,623	75,043	80,918
Milestone Advances from Defence Customers	213,281	202,190	264,746	292,062
Gross Advances from Defence Customers (A)	**302,387**	**279,813**	**339,789**	**372,980**
Advances from Others (B)	**10,239**	**7,534**	**8,100**	**6,016**
Total (A+B)	**312,626**	**287,347**	**347,889**	**378,996**
Less Advances / Milestone utilisation **(C)**	213,414	197,790	243,623	265,276
Advances / Milestone Receipts (A+B-C)	**99,212**	**89,557**	**104,266**	**113,720**
Defence Customers	88,973	82,024	96,165	107,704
Others	10,239	7,533	8,101	6,016
Total	**99,212**	**89,557**	**104,266**	**113,720**

38. Unhedged Foreign Currency

(₹ In Millions)

Particulars	As On							
	30th September 2017		31st March 2017		31st March 2016		31st March 2015 (Proforma)	
	Foreign Currency	Amount in INR	Foreign Currency	Amount in INR	Foreign Currency	Amount in INR	Foreign Currency	Amount in INR
RECEIVABLES								
GBP	598,663	52	1,060,141	85	1,439,462	136	312,667	165
EURO			49,188	3		-	30662	2
USD	213,47,012	1,387	24,876,407	1,603	36,083,092	2,405	41,903,596	2,592
CHF						-		
PAYABLES						-		
GBP	277,92,279	2,464	38,279,844	3,133	36,238,512	3,489	19,453,753	1,821
EURO	204,73,432	1,593	37,042,728	2,594	21,348,496	1,570	26,314,326	1,804
USD	1076,07,260	7,081	50,691,763	3,311	56,038,444	3,740	100,483,337	6,320
CHF	438,723	30	651,658	43	165,921	12		

As per our Report attached

for M/s. S. Venkatram & Co.,
Chartered Accountants
Firm Regn. No.004656S

(C.V. Ramana Rao)
Director (Finance) & CFO

(T. SUVARNA RAJU)
Chairman & Managing Director

(S. Venkataramani)
Partner
Membership No. 015700
Place:Bangalore
Date: 05th March 2018

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

PART B

Standalone Financials under Indian GAAP (2013-14, 2012-13)

ANNEXURE - I

SUMMARY STATEMENT OF STANDALONE ASSETS AND LIABILITIES, AS RESTATED,UNDER IGAAP

(₹ In Millions)

Particulars	Annexures	As at 31st March 2014	As at 31st March 2013
(1) Shareholders' Funds			
(a) Share Capital	V	4,820	1,205
(b) Reserves and Surplus	VI	139,950	128,607
(c) Money Received Against Share Warrants		-	-
Sub Total		**144,770**	**129,812**
(2) Non-Current Liabilities			
(a) Long-Term Borrowings	VII	45	48
(b) Deferred Tax Liabilities (Net)		16,815	15,663
(c) Other Long Term Liabilities	VIII	62,208	65,359
(d) Long Term Provisions	IX	4,839	5,006
Sub Total		**83,907**	**86,076**
(3) Current Liabilities			
(a) Short Term Borrowings	X	6,794	-
(b) Trade payables			
Micro,Small and Medium Enterprise		180	141
Other Than Micro,Small and Medium Enterprise		20,649	20,410
Sub Total- Trade payables	XI	**20,829**	**20,551**
(c) Other Current Liabilities	XII	349,503	311,477
(d) Short Term Provisions	XIII	31,602	27,463
Sub Total		**408,728**	**359,491**
Total I (1+2+3)		**637,405**	**575,379**
II. Assets			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	XIV		
Gross Block		87,391	80,413
Less: Accumulated Depreciation		36,559	32,433
Net Block		**50,832**	**47,980**
(ii) Intangible Assets	XV		
Gross Carrying Amount		37,255	34,501
Less: Cumulative Amortisation & Impairment Loss		15,873	13,927
Net Carrying Amount		**21,382**	**20,574**
(iii) Capital Work-In-Progress	XVI	1,846	1,027
(b) Non-Current Investments	XVII	7,074	7,073
(c) Long Term Loans and Advances	XVIII	1,331	1,355
(d) Other Non-Current Assets	XIX	10,471	71,020
Sub Total		**92,936**	**149,029**
(2) Current Assets			
(a) Inventories	XX	223,495	178,201
(b) Trade Receivables	XXI	68,841	54,912
(c) Cash and Bank Balances	XXII	169,350	133,780

Particulars	**Annexures**	**As at**	
		31st March 2014	**31st March 2013**
(d) Short Term Loans and Advances	XXIII	49,903	46,278
(e) Other Current Assets	XXIV	32,880	13,179
Sub Total		**544,469**	**426,350**
Total II(1+2)		**637,405**	**575,379**

Notes:

(i) The above statement should be read with SignificantAccounting Policies under IGAAP and Notes forming Part of restated standalone financial information appearing in Annexure IV and Annexure XLI

(ii) The accompanying accounting policies and notes forms an integral part of these statements.

(iii) The previous year figures have been regrouped/reclassified/rearranged wherever it is necessary.

As per our Report attached

for M/s. S. Venkatram & Co.,
Chartered Accountants
Firm Regn. No.004656S

(C.V. Ramana Rao)
Director (Finance) & CFO

(T. SUVARNA RAJU)
Chairman & Managing Director

(S. Venkataramani)
Partner
Membership No. 015700
Place:Bangalore
Date: 05th March 2018

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

ANNEXURE II

SUMMARY STATEMENT OF STANDALONE PROFIT AND LOSS, AS RESTATED, UNDER IGAAP

(₹ In Millions)

SL No	Particulars	Annexures	For The Year Ended 31st March 2014	31st March 2013
	Revenue			
I	**Revenue from operations**	XXV	151,360	151,229
	Less: Excise Duty		11	15
	Net Revenue from operations **(I)**		151,349	151,214
II	Other income	XXVI	20,302	19,877
III	**Total Revenue (I+II)**		**171,651**	**171,091**
IV	**Expenses**			
	Cost of Materials Consumed	XXVII	83,594	68,783
	Purchase of Stock-in-Trade		7,891	11,301
	Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	XXVIII	(7,875)	(311)
	Employee Benefits Expenses	XXIX	26,673	24,303
	Finance costs	XXX	10	-
	Depreciation and Amortization expenses	XXXI	6,083	5,913
	Other Expenses	XXXII	10,208	9,952
	Direct Input to WIP / Expenses Capitalised	XXXIII	5,291	14,005
	Provisions	XXXIV	6,442	1,966
	Total Gross Expenses		**138,317**	**135,912**
	Add / Deduct: Expenses relating to Capital and Other Accounts	XXXV	(3,273)	(2,501)
	Total Net Expense		**135,044**	**133,411**
V	**Profit before exceptional and extraordinary items and tax**		**36,607**	**37,680**
VI	Exceptional items		**-**	**-**
VII	**Profit Before Extraordinary Items and Tax (V - VI)**		**36,607**	**37,680**
VIII	Extraordinary Items		**-**	**-**
IX	**Restated Profit before tax (VII - VIII)**		**36,607**	**37,680**
X	**Tax expense**			
	Current tax		10,137	7,554
	Minimum Alternate Tax Credit Entitlement		(201)	(3,143)
	Deferred tax		1,152	893
	Total tax expense		**11,088**	**5,304**
XI	**Restated Profit after tax for the period from Continuing Operations (IX - X)**		**25,519**	**32,376**
XII	**Profit/(Loss) from Discontinuing Operations**		**-**	**-**
XIII	**Tax expense of Discontinuing Operations**		**-**	**-**

SL No	Particulars	Annexures	For The Year Ended 31st March 2014	31st March 2013
XIV	**Profit/(Loss) from Discontinuing Operations (After Tax) (XII - XIII)**		**-**	**-**
XV	**Profit(Loss) for the Period (XI + XIV)**		**25,519**	**32,376**
XVI	**Earnings per equity share (EPS)**			
	Basic and Diluted EPS (Adjusted) (₹)		**53**	**67**

Notes:

(i) The above statement should be read with SignificantAccounting Policies under IGAAP and Notes forming Part of restated standalone financial information appearing in Annexure IV and Annexure XLI.

(ii) The above Summary Statement of Profit and Loss has been restated as per the material adjustments note (refer Note 2.1, appearing in Annexure XLI),

(iii) The accompanying accounting policies and notes are an integral part of these statements.

(iv) The previous year figures are regrouped / reclassified / rearranged wherever it is necessary.

As per our Report attached

for M/s. S. Venkatram & Co.,
Chartered Accountants
Firm Regn. No.004656S

(C.V. Ramana Rao)
Director (Finance) & CFO

(T. SUVARNA RAJU)
Chairman & Managing Director

(S. Venkataramani)
Partner
Membership No. 015700
Place:Bangalore
Date: 05th March 2018

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

ANNEXURE – III

STATEMENT OF STANDALONE CASH FLOWS, AS RESTATED, UNDER IGAAP

(₹ In Millions)

Sl.No.	Particulars	For The Year ended 31st March 2014	31st March 2013
I.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit Before Tax (Restated)	**36,607**	**37,680**
	Adjustment To Reconcile Net Income To Net Cash		
	Providing by Operating Activities:		
	Depreciation and Amortisation Expense	6,083	5,913
	Provision for Diminution in Value of Investment	499	-
	Interest Paid	10	-
	Utilization of CSR & SD Reserve	(148)	(185)
	Profit On Sale of Fixed Assets	4	(81)
	Interest Received - Net of Interest Liability to Customer	(20,287)	(23,045)
	Dividend Received	(19)	(9)
	Sub Total	**(13,859)**	**(17,407)**
	Operating Profit Before Working Capital Changes	**22,748**	**20,273**
	Adjustment For Changes In Operating Assets And Liabilities:		
	Trade Receivables, Loans and Advances	18,676	(84,749)
	Inventories	(44,232)	(19,790)
	Trade Payables, Current Liabilities and Provisions	38,843	7,178
	Other Bank Balances	20,754	(78,170)
	Sub Total	**34,041**	**(175,531)**
	Cash Generated From Operations	**56,789**	**(155,258)**
	Direct Tax Paid	(6,072)	(10,430)
	Net Cash Provided By (used in) Operating Activities (a)	**50,717**	**(165,688)**
II.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase Of Fixed Assets	(7,833)	(6,785)
	Sale Of Fixed Assets	20	235
	Purchase of Intangible assets	(2,754)	(2,442)
	Interest Received - Net Of Interest Liability To Customer	20,287	23,046
	Dividend Received	19	9
	Investments in Joint Ventures	(352)	(1,021)
	Purchase/Sale of Other Non-Current Investments	(148)	(722)
	Net Cash Provided By (used in) Investing Activities (b)	**9,239**	**12,320**
III.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds From Short Term Secured Loans	6,794	-
	Repayment of Deferred Liabilities - Net	(3)	(3)
	Interest Paid	(10)	-
	Dividend Paid	(10,413)	(10,344)
	Net Cash Provided By (used in) Financing Activities (c)	**(3,632)**	**(10,347)**
	Abstract :		
I.	Net Cash Provided By Operating Activities (a)	50,717	(165,688)
II.	Net Cash Provided By (used in) Investing Activities (b)	9,239	12,320
III.	Net Cash Provided By Financing Activities (c)	(3,632)	(10,347)
	Net Increase In Cash And Cash Equivalents During The Year/Period	**56,324**	**(163,715)**

Sl.No.	Particulars	For The Year ended	
		31st March 2014	31st March 2013
	Cash And Cash Equivalents At Beginning Of The Year /Period	55,430	219,145
	Cash And Cash Equivalents At The End Of The Year /Period	111,754	55,430
	Net Increase In Cash And Cash Equivalents During The Year/Period	**56,324**	**(163,715)**

Notes:

(i) Cash and Cash Equivalents include Short Term Deposits with Banks.

(ii) The previous year figures are regrouped / reclassified / rearranged wherever it is necessary.

(iii) Cash and Cash Equivalents are available fully for use.

(iv) Purchase of Fixed Assets are stated inclusive of movement in Capital Work in Progress between the beginning and end of the period

(v) The Cash Flow Statement has been prepared under the 'Indirect method' as set out in Accounting Standard – 3 (Revised) on Cash Flow Statements as notified by Companies (Accounting Standards) Rules, 2006.

(vi) The above statement should be read with SignificantAccounting Policies under IGAAP and Notes forming Part of restated standalone financial information appearing in Annexure IV and Annexure XLI

(vii) The accompanying Accounting Policies and notes are an integral part of these statements.

As per our Report attached

for M/s. S. Venkatram & Co.,
Chartered Accountants
Firm Regn. No.004656S

(C.V. Ramana Rao)
Director (Finance) & CFO

(T. SUVARNA RAJU)
Chairman & Managing Director

(S. Venkataramani)
Partner
Membership No. 015700
Place:Bangalore
Date: 05th March 2018

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

ANNEXURE IV

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES UNDER IGAAP

1. BASIS OF ACCOUNTING

The financial statements are prepared on accrual basis of accounting at historical cost convention to comply in all material aspects in accordance with Generally Accepted Accounting Principles in India, the relevant provisions of the Companies Act, 1956 including Accounting Standards notified under Companies (Accounting Standard) Rules 2006, 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 capitalized 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 capitalized 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 capitalized 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 realizable value, where the amounts involved are material and the depreciation on such assets is calculated on a pro-rata basis from the date of such addition or, the case may be, upto the date on which such asset has been discarded, demolished or destroyed (i). The entire excess / deficit of sale proceeds over the net book value of Fixed Assets is transferred to the Statement of Profit and Loss.

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

2.6 Cost of the initial pack of Spares procured with Plant, Machinery and Equipment is capitalized 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.

(i) Substituted for “depreciation provided till the end of the month preceding the month in which they are disposed off” from FY 2014-15

4. **TOOLS AND EQUIPMENT**

Expenditure on special purpose tools, jigs and fixtures including those specific to projects / products is initially capitalized for amortization over production on technical assessment and to the extent not amortized is carried forward as (ii) Tangible Assets. 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.

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5. **INTANGIBLE ASSETS (iii)**

5.1 Research and Development Expenditure

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

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

5.2 Expenditure on license 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 amortized 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 recognized as an intangible asset in the Books of Account and is amortized over a period not exceeding three years, on straight line method. Amortization commences when the asset is available for use.

6. **DEFERRED DEBTS :**

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

7. **SUNDRY DEBTORS**

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

8. **INVENTORY**

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

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

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

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

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

(ii)-Inserted from FY 2015-16 . Prior to substitution of “Intangible Assets” it is read as “Non Current Assets” (iii)-Inserted from FY 2015-16 . Prior to substitution of “Intangible Assets” it is read as “Non Current Assets-Intangible Assets/Other Non- Current Assets

9. SALES

9.1 Manufacturing, Repair and Overhaul / Spares Sale

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

- Acceptance by the buyer's Inspector, by way of signaling out certificate, in the case of the manufacture or repair and overhaul of aircraft and helicopters.

- For other deliverables like spares, site repairs, Cat 'B' repair servicing etc., sales are set up based on acceptance by the buyer's inspection agency or as agreed to by the buyer.

- Sales are set up based on prices agreed with the customers. Where the prices are yet to be agreed with the customer, sales are set up on provisional basis.

9.2 Development Sales

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

10. EMPLOYEE BENEFITS

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

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

11. DEPRECIATION

Depreciation on Fixed Assets is charged on straight line method. The rates of depreciation on assets acquired on or prior to 1.4.1989 are on the basis of estimated life. The rates of depreciation are as prescribed in Sch.XIV to the Companies Act, 1956 for assets capitalized after 1.4.1989 (except for assets separately listed in Notes to Accounts). 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 ₹ 0.01 Million and below are depreciated fully in the year of purchase

12. FOREIGN CURRENCY TRANSACTION

Assets and Liabilities are restated 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.

(iv)- From FY 2015-16, substitured with "Provision for vearned leave and providend fund is made on the basis of actuarial valuation "

13. CLAIMS BY / AGAINST THE COMPANY

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

Claims for Liquidated damages by / against the Company are 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 to accounts.

14. WARRANTY

Provision for warranty is made at the time of setting up of sales for manufactured / overhauled aircraft / helicopters/ engines / rotables / accessories and supply of spares within the frame work of the conditions agreed with the customers.

Incurrence of Expenditure:

Expenditure incurred against work order towards warranty is charged to revenue and corresponding provision is withdrawn.

Withdrawal of un-utilized Warranty Provisions:

For Defence Customers:

- For manufacturing programme, the un-utilized provision is withdrawn only after the expiry of warranty liability for all the aircraft / helicopters / engines covered under the respective contract.

- For Overhaul programme, the un-utilized provision is withdrawn on expiry of warranty liability for each aircraft / Helicopters / engine / rotables.

- For supply of Spares (only for own fabricated spares), the un-utilized provision is withdrawn on expiry of warranty liability for each spare as per respective customer’s order.

For Non- Defence Customers:

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

ANNEXURE – V

STATEMENT OF SHARE CAPITAL , ,UNDER IGAAP

(₹ In Millions)

Particulars	**As At**	
	31st March 2014	**31st March 2013**
Authorised Capital 600,000,000 Equity Shares of ₹ 10 each PY 160,000,000 Equity Shares of ₹ 10 each	6,000	1,600
Issued, Subscribed and Fully Paid up 482,000,000 (PY 120,500,000) Equity Shares of ₹ 10 each fully paid up	4,820	1,205
Subscribed and not Fully Paid up		
Par Value per Share (₹)	10	10
Reconciliation of the Number of Shares Outstanding at the beginning and at the end of the Reporting period		
Opening Equity Shares (Nos.)	120,500,000	120,500,000
Add: Shares Issued (Nos.)	361,500,000	-
Less: Shares Bought Back (Nos.)	-	-
Closing Equity Shares (Nos.)	482,000,000	120,500,000
Shares in the Company held by each Shareholder holding more than 5% shares specifying the number of Shares held	President of India and Nominees holds the entire 482,000,000 shares	President of India and Nominees holds the entire 120,500,000 shares

Terms/Rights attached to Equity Shares :

The Company has one (1) class of shares i.e, Equity Shares
The Equity shares rank Parri Passu in all respects including right to Dividend, Issue of New Shares, Voting Rights and in the Assets of the Company in the event of Liquidation. Entire Capital is held by President of India and Nominees.

The Company has issued 361,500,000 equity shares of ₹ 10 each to the existing shareholders as fully paidup Bonus Shares by Capitalisation of General Reserve of ₹ 3,615 Million vide resolution passed at EGM held on 07thFebruary 2014.

ANNEXURE – VI

STATEMENT OF STANDALONE RESERVE AND SURPLUS, AS RESTATED, UNDER IGAAP

(₹ In Millions)

Particulars	**As at** **31st March 2014**	**31st March 2013**
Research & Development Reserve		
Opening Balance	-	
Add: Current Year Transfer	1,167	
Less: Written Back in Current Year	-	
Closing Balance	**1,167**	
CSR Reserve		
Opening Balance	-	
Add: Current Year Transfer	420	
Less: Written Back in Current Year	148	
Closing Balance	**272**	
General Reserve As per last Balance Sheet	**128,607**	**105,804**
(+/-) Surplus Transferred from restated Statement of Profit and Loss	13,519	22,803
Less: Withdrawn towards issue of Bonus Shares	3,615	-
Closing Balance	**138,511**	**128,607**
Surplus in Statement of Profit and Loss		
Add: Restated Net Profit / (Net Loss) for the Current Year	25,519	32,376
Add: Transfer from General Reserve	-	-
Less: Appropriations / Allocations		
Interim Dividend	8,900	8,237
Proposed Final Dividend	-	-
Transfer to R&D Reserve	1,167	
Transfer to CSR Reserve	420	
Tax on Dividend (Interim and Final)	1,513	1,336
Less: Transfer to Capital Redemption Reserve		
Total Appropriations	**(12,000)**	**(9,573)**
Transferred To General Reserve	**13,519**	**22,803**
Reserve & Surplus	**139,950**	**128,607**

Notes: The figures disclosed above are based on the Summary Statement of Standalone Assets and Liabilities, As Restated, of the Company.

ANNEXURE – VII

STATEMENT OF STANDALONE LONG-TERM BORROWINGS, AS RESTATED, UNDER IGAAP

(₹ In Millions)

Particulars	**As at**	
	31st March 2014	**31st March 2013**
A. Secured Long Term Borrowings:		
Sub-total (A)	**-**	**-**
B. Unsecured Long Term Borrowings:		
Deferred Liabilities		
Towards:		
10/15 Years	12	12
45 Years	33	36
Sub-total (B)	**45**	**48**
Total (A + B)	**45**	**48**

Notes:
The figures disclosed above are based on the Summary Statement of Standalone Assets and Liabilities, As Restated, of the Company.

ANNEXURE – VIII

STATEMENT OF STANDALONE OTHER LONG TERM LIABILITIES, AS RESTATED, UNDER IGAAP

(₹ In Millions)

Particulars	As at	
	31st March 2014	31st March 2013
Trade Payables		
Other than Micro and Small Enterprises	172	187
Outstanding Advances from Customers		
- Defence	12,919	9,513
- Others	-	-
Outstanding Milestone Receipts		
- Defence	39,043	44,496
- Others	29	22
Dues to Employees	-	1
Other Liabilities	10,045	11,140
TOTAL	**62,208**	**65,359**

Notes:

The figures disclosed above are based on the Summary Statement of Standalone Assets and Liabilities, As Restated, of the Company.

ANNEXURE – IX

STATEMENT OF STANDALONE LONG TERM PROVISIONS, AS RESTATED, UNDER IGAAP

(₹ In Millions)

Particulars	As at	
	31st March 2014	31st March 2013
A. Provisions for Employee Benefits		
Vacation Leave	2,896	2,661
Sub-total (A)	**2,896**	**2,661**
B. Others		
Replacement and Other Charges	962	1,030
Warranty	981	1,258
Liquidated Damages	-	57
Sub-total (B)	**1,943**	**2,345**
Total (A + B)	**4,839**	**5,006**

Notes:

The figures disclosed above are based on the Summary Statement of Standalone Assets and Liabilities, As Restated, of the Company.

ANNEXURE – X

STATEMENT OF SHORT TERM BORROWINGS, AS RESTATED, UNDER IGAAP

(₹ In Millions)

Particulars	As at	
	31st March 2014	31st March 2013
A. Secured Long Term Borrowings:	**-**	**-**
Loans Repayable on Demand	**-**	**-**
(i) From Banks	6,794	-
(ii) From Others	-	-
Sub-total (A)	**6,794**	**-**
B. Unsecured Long Term Borrowings:	-	-
a) Loans Repayable on Demand	-	-
Sub-total (B)	**-**	**-**
Total (A + B)	**6,794**	**-**

Notes:

The figures disclosed above are based on the Summary Statement of Standalone Assets and Liabilities, As Restated, of the Company

ANNEXURE – XI

STATEMENT OF STANDALONE TRADE PAYABLES, AS RESTATED, UNDER IGAAP

(₹ In Millions)

Particulars	As At	
	31st March 2014	31st March 2013
Trade Payables		
Micro and Small Enterprises	180	141
Other than Micro and Small Enterprises	20,649	20,410
TOTAL	**20,829**	**20,551**

Notes:

The figures disclosed above are based on the Summary Statement of Standalone Assets and Liabilities, As Restated, of the Company.

ANNEXURE – XII

STATEMENT OF STANDALONE OTHER CURRENT LIABILITIES, AS RESTATED, UNDER IGAAP

(₹ In Millions)

Particulars	**As at**	
	31st March 2014	**31st March 2013**
Current Maturities of Long term Debt		
- Deferred Liabilities Towards 45 Years - Unsecured	3	3
Interest Accrued but not Due on Deferred Liabilities & Borrowings	-	-
Outstanding advances from Customers		
- Defence	79,000	66,044
- Others	253	300
Outstanding Milestone Receipts		
-Defence	243,887	227,882
-Others	5,885	6,648
Other Payables		
- Taxes	2,307	574
- Dues to Employees	4,452	4,162
Others	-	-
Other Liabilities	13,716	5,864
TOTAL	**349,503**	**311,477**

Notes:

The figures disclosed above are based on the Summary Statement of Standalone Assets and Liabilities, As Restated, of the Company

ANNEXURE – XIII

STATEMENT OF STANDALONE SHORT TERM PROVISIONS, AS RESTATED, UNDER IGAAP

(₹ In Millions)

Particulars	As at	
	31st March 2014	31st March 2013
A. Provisions for Employee Benefits		
Gratuity	229	420
Vacation Leave	2,804	2,661
Others	7,906	7,902
Sub-total (A)	**10,939**	**10,983**
B. Others		
Taxation (Net)	3,998	3,716
Proposed Dividend (Including Dividend Distribution Tax)	-	-
Replacement and Other Charges	4,055	3,157
Warranty	7,836	7,113
Liquidated Damages	4,774	2,374
Sustainable Development	-	33
Corporate Social Responsibility	-	87
Other Provision	-	-
Sub-total (B)	**20,663**	**16,480**
Total (A + B)	**31,602**	**27,463**

Notes:

The figures disclosed above are based on the Summary Statement of Standalone Assets and Liabilities, As Restated, of the Company.

ANNEXURE – XIV

STANDALONE SUMMARY STATEMENT OF GROSS BLOCK, ACCUMULATED DEPRECIATION AND NET BLOCK -PLANT, PROPERTY AND EQUIPMENT , AS RESTATED ,UNDER IGAAP

(₹ In Millions)

Particulars	Gross Block as at 1st April 2013	Additions	Acquisitions through Business Combination	Reclasfn. /Adjustment	Disposals	Gross Block as at 31st March 2014
Fixed Assets						
Land - Leasehold	71	-	-		-	71
Land - Freehold	102	-	-		-	102
Buildings	7,890	362	-	(2)	(1)	8,249
Plant and Equipment	22,269	1,337	-		(5)	23,601
Furniture and Fixtures	797	81	-	-	(8)	870
Vehicles	590	65	-	2	(2)	655
Office Equipment	1,284	185	-	-	-	1,469
Others	-	-	-	-	-	-
Roads and Drains	562	21	-	-	-	583
Water Supply	339	19	-	-	-	358
Rail Road Sidings	7		-	-	-	7
Runways	550	3	-	-	-	553
Aircraft/Helicopters	788	-	-	-	(18)	770
Sub Total	**35,249**	**2,073**	**0**	**0**	**(34)**	**37,288**
Special Tools	45,164	4,939			-	**50,103**
Total	**80,413**	**7,012**	**0**	**0**	**(34)**	**87,391**

(₹ In Millions)

Particulars	Gross Block as at 1st April 2012	Additions	Acquisitions through Business Combination	Reclasfn. /Adjustment	Disposals	Transfer to (-) from (+) Div	Gross Block as at 31st March 2013
Fixed Assets							
Land - Leasehold	71						71
Land - Freehold	102						102
Buildings	7,619	271					7,890
Plant and Equipment	21,282	1,262			(274)	(1)	22,269
Furniture and Fixtures	722	81			(6)		797
Vehicles	531	67			(8)		590
Office Equipment	1,152	134			(3)	1	1,284
Others							-
Roads and Drains	544	18					562
Water Supply	281	58					339
Rail Road Sidings	7						7
Runways	550						550
Aircraft/Helicopters	769	19					788
Sub Total	**33,630**	**1,910**	**0**	**0**	**(291)**	**0**	**35,249**
Special Tools	40,616	4,548					45,164
Total	**74,246**	**6,458**	**0**	**0**	**(291)**	**0**	**80,413**

Notes:

The figures disclosed above are based on the Summary Statement of Standalone Assets and Liabilities, As Restated, of the Company

Net Block and Accumulated Depreciation:

(₹ In Millions)

Particulars	Provision as at 1st April 2013	Additions	Acquisitions through Business Combination	Reclasfn. /Adjustment	Transfer to(-) from (+) Div	Disposals/ Reversals	Provision as at 31st March 2014	Net Block as at 31st March 2014
Land - Leasehold	4	1					5	66
Land - Freehold	-						-	102
Buildings	2,366	213		-			2,579	5,670
Plant and Equipment	14,357	1,302		1		(1)	15,659	7942
Furniture and Fixtures	535	44				(2)	577	293
Vehicles	401	35				(4)	432	223
Office Equipment	1,000	94		(1)		(1)	1092	377
Others	-						-	-
Roads and Drains	151	8					159	424
Water Supply	196	16					212	146
Rail Road Sidings	7	-					7	-
Runways	411	16					427	126
Aircraft/Helicopters	281	43				(3)	321	449
Subtotal	**19,709**	**1,772**	**0**	**0**	**-**	**(11)**	**21,470**	**15,818**
Special Tools	12,724	2,365					15,089	35,014
Total	**32,433**	**4,137**	**0**	**0**	**-**	**(11)**	**36,559**	**50,832**

(₹ In Millions)

Particulars	Provision as at 1st April 2012	Additions	Acquisitions through Business Combination	Reclasfn. /Adjustment	Transfer to(-) from (+) Div	Disposals/ Reversals	Provision as at 31st March 2013	Net Block as at 31st March 2013
Land - Leasehold	3	1	-		-	-	4	67
Land - Freehold	-	-	-	-	-	-	-	102
Buildings	2,160	206	-		-	-	2,366	5,524
Plant and Equipment	13,200	1,286	-			(129)	14,357	7,912
Furniture and Fixtures	487	51	-			(3)	535	262
Vehicles	373	33	-			(5)	401	189
Office Equipment	928	74	-			(2)	1,000	284
Others		-	-	-		-	-	-
Roads and Drains	143	8	-	-	-	-	151	411
Water Supply	183	13	-	-	-	-	196	143
Rail Road Sidings	7	0	-	-	-	-	7	-
Runways	392	19	-	-	-	-	411	139

Particulars	Provision as at 1st April 2012	Additions	Acquisitions through Business Combination	Reclasfn. /Adjustment	Transfer to(-) from (+) Div	Disposals/ Reversals	Provision as at 31st March 2013	Net Block as at 31st March 2013
Aircraft/Helicopters	237	44	-	-	-	-	281	507
Subtotal	**18,113**	**1,735**	**0**	**0**	**0**	**(139)**	**19,709**	**15,540**
Special Tools	10,329	2,395	-	-		-	12,724	32,440
Total	**28,442**	**4,130**	**0**	**0**	**0**	**(139)**	**32,433**	**47,980**

Above Depreciation includes :

(₹ In Millions)

Particulars	**31st March 2014**	**31st March 2013**
Gross Value of Assets with M/s. Midhani	120	120
Cumulative Depreciation in respect of Assets with M/s. Midhani	35	27
Net	**85**	**93**
Particulars	**31st March 2014**	**31st March 2013**
Gross Value of Assets retired from Active Use	281	454
Less : Cumulative Depreciated Value of Assets retired from Active Use.	280	307
WDV of Assets Retired from Active Use.	**1**	**147**

Notes:

The figures disclosed above are based on the Summary Statement of Standalone Assets and Liabilities, As Restated, of the Company

ANNEXURE – XV

STANDALONE SUMMARY OF INTANGIBLE ASSETS , AS RESTATED, UNDER IGAAP

(₹ In Millions)

Particulars	Other Intangible Assets				
	Licence Fees	**Computer Software**	**Documentation**	**Development Exp**	**Total**
Gross Block					
As on 31st Mar 2012	23,206	767	3,902	4,184	32,059
Additions	1,011	41	233	1,157	2,442
Adjustment	-	-	-	-	-
As on 31st March 2013	**24,217**	**808**	**4,135**	**5,341**	**34,501**
Additions	2,460	18	272	4	2,754
As on 31st March 2014	**26,677**	**826**	**4,407**	**5,345**	**37,255**
Accumulated Amortization - Other Intangible Assets					-
As on 31st Mar 2012	8,816	647	1,066	1,615	12,144
Additions	1,193	81	178	331	1,783
Adjustment	-	-	-	-	-
As on 31st March 2013	**10,009**	**728**	**1,244**	**1,946**	**13,927**
Additions	1484	60	118	284	1,946
As on 31st March 2014	**11,493**	**788**	**1,362**	**2,230**	**15,873**
Net Other Intangible Assets	-	-	-	-	-
As on 31st Mar 2012	14,390	120	2,836	2,569	19,915
Additions	(182)	(40)	55	826	659
Adjustment	-	-	-	-	-
As on 31st March 2013	**14,208**	**80**	**2,891**	**3,395**	**20,574**
Additions	976	(42)	154	(280)	808
As on 31st March 2014	**15,184**	**38**	**3,045**	**3,115**	**21,382**

Notes:

The figures disclosed above are based on the Summary Statement of Standalone Assets and Liabilities, As Restated, of the Company

ANNEXURE – XVI

STANDALONE SUMMARY OF CAPITAL WORK IN PROGRESS, AS RESTATED ,UNDER IGAAP

(₹ In Millions)

Particulars	Year Ended	
	31st March 2014	**31st March 2013**
Buildings	633	350
Plant and Equipment	949	158
Furniture and Fixtures		
Roads and Drains	1	11
Office Equipment		
Water Supply	2	1
Plant and Equipment under Inspection and in Transit	261	507
Special Tools	-	-
TOTAL	**1,846**	**1,027**

Notes:

The figures disclosed above are based on the Summary Statement of Standalone Assets and Liabilities, As Restated, of the Company

ANNEXURE – XVII

STATEMENT OF STANDALONE NON-CURRENT INVESTMENTS, AS RESTATED,UNDER IGAAP

(₹ In Millions)

Particulars	**As at**	
	31st March 2014	**31st March 2013**
Non-current investments		
A. Investments at cost (Non - Trade / Unquoted)		
HAE Co-operative Society	-	-
M/s Satnam Apartment Ltd	0	0
M/s LIC of India (For Funding Vacation Leave)	5,322	5,174
Sub Total (A)	**5,322**	**5,174**
B.Investments at cost (Trade / Unquoted)		
Investment in equity instruments		
Joint venture -		
M/s BAe-HAL Software Ltd	29	29
M/s Snecma HAL Aerospace Private Ltd -	114	114
M/s Indo Russian Aviation Ltd	9	9
M/s HALBIT Avionics Pvt Ltd	38	38
Less: Provision for Diminution in value of Investment	(32)	-
Net - M/s HALBIT Avionics Pvt Ltd	6	38
M/s HAL Edgewood Technologies Pvt Ltd	30	30
Less: Provision for Diminution in value of Investment	(30)	-
Net - M/s HAL Edgewood Technologies Pvt Ltd	-	30
M/s SAMTEL HAL Display Systems Ltd	16	16
Less: Provision for Dimunition in value of Investment	-	-
Net SAMTEL HAL Display Systems Ltd	16	16
M/s INFOTECH HAL Ltd	20	20
Less: Provision for Diminution in value of Investment	(17)	-
Net - M/s INFOTECH HAL Ltd	3	20
M/s HATSOFF Helicopter Training Pvt Ltd	384	378
Less: Provision for Diminution in value of Investment	(384)	-
Net - M/s HATSOFF Helicopter Training Pvt Ltd	-	378
M/s TATA HAL Technologies Ltd	51	51
Less: Provision for Diminution in value of Investment	(36)	-
Net - M/s TATA HAL Technologies Ltd	15	51
M/s International Aerospace Manufacturing Pvt Ltd	425	425
Less: Provision for Dimunition in value of Investment	-	-
Net International Aerospace Manufacturing Pvt Ltd	425	425
M/s Multi Role Transport Aircraft Limited	1,135	789
Less: Provision for Dimunition in value of Investment	-	-
Net Muti Role Transport Aircraft	1,135	789
M/s. Aerospace & Aviation Sector Skill Council(AASSC)		
Sub Total (B)	**1,752**	**1,899**
Total Non-current investments	**7,074**	**7,073**
Disclosure:		
(i) Aggregate amount of Quoted Investment and Market Value	NIL	NIL
(ii) Aggregate amount of Unquoted Investments.	7,074	7073
(iii) Aggregate Provision or Diminution in value of Investments	499	NIL

Notes:

(i) The figures disclosed above are based on the Summary Statement of Standalone Assets and Liabilities, As Restated, of the Company.

(ii) These investments are held in the name of the Company.

ANNEXURE – XVIII

STATEMENT OF STANDALONE LONG-TERM LOANS AND ADVANCES, AS RESTATED, UNDER IGAAP

(₹ In Millions)

Particulars	As at	
	31st March 2014	**31st March 2013**
A. Secured Considered Good		
Capital Advances	49	76
Loans and Advances to Related Parties	-	-
Advances against Goods and Services	15	89
Advances against Special Tools	-	-
Employee advances	119	94
Other Loans and Advances	19	-
Sub-total (A)	**202**	**259**
B. Unsecured Considered Good		
Capital Advances	604	89
Security Deposit		
Government Departments for Customs Duty and for Supplies	29	44
Public Utility Concerns	267	252
Others	30	22
Loans and Advances to Related Parties	-	346
Advances against Goods and Services	35	13
Advances against Special Tools	36	211
Employee advances	16	14
Other Loans and Advances	112	105
Sub-total (B)	**1,129**	**1,096**
Total (A + B)	**1,331**	**1,355**
Long term Loans & advances includes amounts due from promoters/promoter group/ relatives of directors (Other than associate companies)	-	-

- The figures disclosed above are based on the Summary Statement of Standalone Assets and Liabilities, As Restated, of the Company.

- List of persons/ entities classified as "Promoters", "Promoter group" and "Relatives of Directors" has been determined by the management and relied upon by the auditors. The auditors have not performed any procedure to determine whether the list is accurate and complete.

ANNEXURE – XIX

STATEMENT OF STANDALONE OTHER NON-CURRENT ASSETS, AS RESTATED , UNDER IGAAP

(₹ In Millions)

Particulars	As at 31st March 2014	31st March 2013
Inventories		
Raw materials and Components	2,912	3,353
Less: Provision for Redundancy	2,845	2,343
	67	1,010
Stores and Spares Parts	211	239
Less: Provision for Redundancy	163	116
	48	123
Loose Tools and Equipment	63	89
Less: Provision for Redundancy	63	45
	-	44
Construction Materials	0	-
Less: Provision for Redundancy	0	-
	-	-
- Raw material and Components	-	-
- Stores and Spare Parts	-	-
Sub Total (A)	**115**	**1,177**
Long Term Trade Receivables		
Unsecured Considered Good	330	417
Doubtful	36	42
	366	459
Less: Provision for Bad and Doubtful	36	42
Sub Total (B)	**330**	**417**
Deferred Debts - 10/15 yrs	12	12
Deferred Debts - 45 yrs	32	34
Claims Receivable		
Considered Good	9,973	11,791
Considered Doubtful	495	485
	10,468	12,276
Less: Provision for Doubtful Claims	495	485
	9,973	11,791
Sub Total (C)	**10,017**	**11,837**
Special Tools	-	-
Deferred Revenue Expenditure	-	-
Balance with bank	2	57,500
Prepaid Expenses	7	12
Interest Accrued but not due	0	77
Sub Total (D)	**9**	**57,589**
Total (A+B+C+D)	**10,471**	**71,020**

Notes:

The figures disclosed above are based on the Summary Statement of Standalone Assets and Liabilities, As Restated, of the Company.

ANNEXURE – XX

STATEMENT OF STANDALONE INVENTORIES, AS RESTATED, UNDER IGAAP

(₹ In Millions)

Particulars	As at	
	31st March 2014	**31st March 2013**
Raw materials and Components	112,926	81,641
Less: Provision for Redundancy	1,897	1,449
	111,029	**80,192**
Work-in-Progress	79,057	74,127
Finished Goods	17,501	14,740
Stock-in-Trade	577	447
Stores and Spare Parts	2,092	1,727
Less: Provision for Redundancy	63	34
	2,029	**1,693**
Loose Tools and Equipment	770	601
Less: Provision for Redundancy	13	16
	757	**585**
Construction Materials	9	5
Less: Provision for Redundancy	-	-
	9	**5**
Disposable Scrap	137	83
Miscellaneous Stores	2	2
Goods under Inspection and in Transit		
- Raw material and Components	8,498	5,261
- Stores and Spare Parts	3,734	906
- Loose Tools and Equipment	165	160
-Inventory - Warranty	-	-
Less: Provision for Redundancy	-	-
Net	-	-
	12,397	**6,327**
Total	**223,495**	**178,201**

Notes:

The figures disclosed above are based on the Summary Statement of Standalone Assets and Liabilities, As Restated, of the Company.

ANNEXURE – XXI

STATEMENT OF STANDALONE TRADE RECEIVABLES, AS RESTATED , UNDER IGAAP

(₹ In Millions)

Particulars	**As at**	
	31st March 2014	**31st March 2013**
A. Debts outstanding for a period exceeding Six months from the dates they have fallen due		
Secured Considered Good	-	-
Unsecured Considered Good	35,272	18,235
Doubtful	95	41
	35,367	18,276
Less: Provision for Doubtful Debts	95	41
Total (A)	**35,272**	**18,235**
B. Debts outstanding for a period less than Six months from the dates they have fallen due		
Secured Considered Good	12	9
Unsecured Considered Good	33,557	36,668
Doubtful	-	-
	33,569	36,677
Less: Provision for Doubtful Debts	-	-
Total (B)	**33,569**	**36,677**
Total (A+B)	**68,841**	**54,912**
Trade Receivables includes amounts due from promoters/promoter group/ relatives of directors/associate companies	**-**	**-**

Notes:

(i) The figures disclosed above are based on the Summary Statement of Standalone Assets and Liabilities, As Restated, of the Company.

(ii) List of persons/ entities classified as "Promoters", "Promoter group" and "Relatives of Directors" has been determined by the management and relied upon by the auditors. The auditors have not performed any procedure to determine whether the list is accurate and complete.

ANNEXURE – XXII

STATEMENT OF STANDALONE CASH AND BANK BALANCES, AS RESTATED, UNDER IGAAP

(₹ In Millions)

Particulars	As at	
	31st March 2014	31st March 2013
A. Cash & Cash Equivalents		
Cash on Hand	3	4
Cheques, Drafts on Hand	0	0
Balances with Bank		
- Current Account	32	4,288
- Short Term Deposits	111,719	51,138
Less: Short term Borrowings against pledge of Fixed Deposits	-	-
Total Cash & Cash equivalents	**111,754**	**55,430**
B. Balances with Bank for committed liabilities		
Unpaid Dividend	-	-
Margin Money	-	-
Bank Deposits with more than 12 Months Maturity	-	-
- Short Term Deposits	57,596	78,350
Total Cash & Bank Balance (A + B)	**169,350**	**133,780**

Notes:

(i) The figures disclosed above are based on the Summary Statement of Standalone Assets and Liabilities, As Restated, of the Company.

(ii) The company has adopted the practice of making deposits against committed liabilities from the year 2012-13

ANNEXURE – XXIII

STATEMENT OF STANDALONE SHORT TERM LOANS AND ADVANCES, AS RESTATED, UNDER IGAAP

(₹ In Millions)

Particulars	**As at**	
	31st March 2014	**31st March 2013**
A. Secured Considered Good		
Loans and Advances to Related Parties	192	-
Advances against Goods and Services	15,819	18,608
Employee advances	-	-
Other Loans and Advances	130	83
Sub-total (A)	**16,141**	**18,691**
B. Unsecured Considered Good		
Security Deposit		
Govt. Departments for Customs Duty and for Supplies	323	2
Public Utility Concerns	4	4
Others	55	52
Loans and Advances to Related Parties	546	443
Advances against Goods and Services	19,564	20,728
Advance against Special Tools	-	-
Employee advances	935	316
Advance Tax	-	-
Other Loans and Advances	12,335	6,042
Sub-total (B)	**33,762**	**27,587**
Total (A + B)	**49,903**	**46,278**

Notes:

(i) The figures disclosed above are based on the Summary Statement of Standalone Assets and Liabilities, As Restated, of the Company.

(ii) List of persons/ entities classified as "Promoters", "Promoter group" and "Relatives of directors" has been determined by the management and relied upon by the auditors. The auditors have not performed any procedure to determine whether the list is accurate and complete.

ANNEXURE – XXIV

STATEMENT OF STANDALONE OTHER CURRENT ASSETS, AS RESTATED, UNDER IGAAP

(₹ In Millions)

Particulars	As at	
	31st March 2014	**31st March 2013**
Interest Accrued and Not Due on Short term Bank Deposits	12,692	6,464
Interest Accrued and Due on Advance to Related party	529	473
Interest Accrued and Due on Non - Current Investments	-	-
Claims Receivable		
Considered Good	19,025	6,075
Considered Doubtful	387	201
	19,412	6,276
Less: Provision for Doubtful Claims	387	201
	19,025	6,075
Prepaid Expenses	631	164
Revenue Stamps	-	-
Balances in Franking Machine	1	1
Deferred Debt - 45 yrs	2	2
TOTAL	**32,880**	**13,179**
Other Current Assets includes amounts due from promoters/promoter group/ relatives of directors(Other than associate companies)	-	-

Notes:

(i) The figures disclosed above are based on the Summary Statement of Standalone Assets and Liabilities, As Restated, of the Company.

ANNEXURE – XXV

STATEMENT OF STANDALONE REVENUE FROM OPERATIONS, AS RESTATED, UNDER IGAAP

(₹ In Millions)

Particulars	**Year ended**	
	31st March 2014	**31st March 2013**
Revenue from Operations		
a) Sale of Products		
Inland Sales		
Finished Goods	86,859	82,118
Spares	17,282	16,425
Development	7,334	18,119
Miscellaneous	241	300
Total Inland Sales of Products	**111,716**	**116,962**
Export Sales		
Finished Goods	2,244	2,304
Spares	1,841	1,345
Development	-	2
Miscellaneous	-	-
Total Export Sales of Products	**4,085**	**3,651**
Total Sale of Products (a)	**115,801**	**120,613**
b) Sale of Services		
Inland Sale of Services		
Repair and Overhaul	34,802	27,666
Other Services	362	407
Total Inland Sales of Services	**35,164**	**28,073**
Export Sale of Services		
Repair and Overhaul	291	174
Other Services	24	3
Total Export Sales of Services	**315**	**177**
Total Sales of Services (b)	**35,479**	**28,250**
Total Sales (a+b)	**151,280**	**148,863**
c) Other Operating Revenues		
(i) Disposal of Scrap and Surplus / Unserviceable Stores	80	56
(ii) Provision no longer required	-	2,310
(ii) Others	-	-
Total Other Operating Revenues	**80**	**2,366**
Gross Revenue from Operations (d) = (a+b+c)	**151,360**	**151,229**
Less: Excise Duty (e)	11	15
Net Revenue from Operations (f) = (d - e)	**151,349**	**151,214**

Breakup of Turnover - Manufactured & Traded products

(₹ In Millions)

Particulars	**Year ended**	
	31st March 14	**31st March 13**
Turnover of Products Manufactured	106,953	109,023
Turnover of Products Traded	8,848	11,590
Turnover of Products not normally dealt in	-	-
Total Turnover	**115,801**	**120,613**

Notes:

The figures disclosed above are based on the Summary Statement of Standalone Profit and Loss, As Restated, of the Company.

ANNEXURE – XXVI

STATEMENT OF STANDALONE OTHER INCOME, AS RESTATED, ,UNDER IGAAP

(₹ In Millions)
)

Particulars	Year ended	
	31st March 2014	**31st March 2013**
Interest Income		
- Short term Deposits / Loans	20,654	23,163
- Sundry Advances - Employees	11	9
- Other Deposits	11	9
Less: Interest Liability to Customer	(389)	(135)
	20,287	**23,046**
Dividend Income		
- Dividend Income from JVs	19	9
Other Non-Operating Income		
- Transportation - Employees	-	-
- Canteen	-	-
- Other Welfare Schemes	-	-
- Profit on Sale of Assets (Net)	(4)	81
- Miscellaneous*	-	(3,259)
Gain on Foreign Currency Transaction and Translation	-	-
Total Other Income	**20,302**	**19,877**

(*) Refer Material Adjustments.

Notes:

(i) The figures disclosed above are based on the Summary Statement of Standalone Profit and Loss, As Restated, of the Company.

(ii) The figures disclosed above are recurring in nature.

(iii) The figures disclosed above except CSR and Sustainable development have arisen during the course of business operations of the company

(iv) Sustainable development and CSR are as per Department of Public Enterprises (DPE) guidelines

(v) The classification of other income as recurring/non-recurring, related/not-related to business activity is based on the current operations and business activity of the Company as determined by the management.

ANNEXURE – XXVII

STANDALONE SUMMARY STATEMENT OF COST OF MATERIAL CONSUMED, AS RESTATED ,UNDER IGAAP

(₹ In Millions)

Particulars	**Year Ended**	
	31st March 2014	**31st March 2013**
Consumption Of Raw Material, Components, Stores And Spare Parts		
Opening Stock	86,966	66,139
Add: Purchases	118,957	93,129
Add: Subcontracting, Fabrication and Machining Charges.	2,021	1,625
Less: Closing Stock	(118,150)	(86,966)
	89,794	**73,927**
Less: Transfer to		
Special Tools and Equipment	4,450	4,055
Capital Works		
Development Expenditure	62	40
Expense Accounts and Others	1,688	1,049
	6,200	**5,144**
TOTAL	**83,594**	**68,783**

Notes:

The figures disclosed above are based on the Summary Statement of Standalone Profit and Loss, As Restated, of the Company

ANNEXURE – XXVIII

STANDALONE SUMMARY STATEMENT OF CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS AND SCRAP , AS RESTATED, UNDER IGAAP

(₹ In Millions)

Particulars	**Year Ended**	
	31st March 2014	**31st March 2013**
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-progress		
Opening Balance		
(i) Finished Goods	14,740	16,997
(ii) Work-in-Progress	74,127	71,713
(iii) Stock in Trade	447	306
	89,314	**89,016**
Closing Balance	**-**	**-**
(i) Finished Goods	17,501	14,740
(ii) Work-in-Progress	79,057	74,127
(iii) Stock in Trade	577	447
	97,135	89,314
(Accretion) / Decretion -A	**7,821**	**298**
Change in Disposables Scrap		
Opening Balance	83	70
Closing Balance	137	83
Accretion / (Decretion)-B	54	13
TOTAL (A+B)	**7,875**	**311**

Notes:

The figures disclosed above are based on the Summary Statement of Standalone Profit and Loss, As Restated, of the Company

ANNEXURE – XXIX

STANDALONE SUMMARY STATEMENT OF EMPLOYEE BENEFIT , AS RESTATED ,UNDER IGAAP

(₹ In Millions)

Particulars	Year Ended	
	31st March 2014	**31st March 2013**
Employee Benefit Expenses *		
Salaries and Wages	23,848	21,147
Contribution to Provident and Other Funds	-	
- Contribution to Provident Fund/ Others (#)	1,650	1493
- Contribution to Gratuity	229	420
- Others	-	
Expenses on Employees Stock Option Purchase Scheme (ESOP) / Expenses on Employees Stock Purchase Scheme (ESPS)	-	
Staff Welfare Expenses (Net)	881	1200
Rent for Hiring Accommodation for Officers / Staff	65	43
TOTAL	**26,673**	**24,303**
***Includes Directors' Remuneration**		
Salaries	20	22
Contribution to Provident Fund	1	2
Gratuity		

(#) Refer Annexure XL,Note no 30

Notes:

The figures disclosed above are based on the Summary Statement of Standalone Profit and Loss, As Restated, of the Company

ANNEXURE – XXX

STANDALONE SUMMARY STATEMENT OF FINANCE COST , AS RESTATED ,UNDER IGAAP

(₹ In Millions)

Particulars	Year Ended	
	31st March 2014	31st March 2013
Interest Expense		
- Cash Credit		
- Others		
Other Borrowing Costs		
Deferred Liabilities		
Borrowing costs- Other		
Interest on Short Term Loans	10	
Net Gain/Loss on Foreign Currency Translations and Transactions on Borrowings		
TOTAL	**10**	

Notes:

The figures disclosed above are based on the Summary Statement of Standalone Profit and Loss, As Restated, of the Company

ANNEXURE – XXXI

STANDALONE SUMMARY STATEMENT OF DEPRECIATION AND AMORTISATION , AS RESTATED ,UNDER IGAAP

(₹ In Millions)

Particulars	Year Ended	
	31st March 2014	31st March 2013
A. DEPRECIATION ON ASSETS	**1,772**	**1,735**
B. AMORTISATION		
Intangible assets- Development Expenditure	284	331
Other Intangible assets		
- Licence Fees	1,484	1,193
- Computer Software	60	81
- Documentation	118	178
- Others		
Special Tools	2,365	2,395
Sub Total	**4,311**	**4,178**
TOTAL (A + B)	**6,083**	**5,913**

Notes:

The figures disclosed above are based on the Summary Statement of Standalone Profit and Loss, As Restated, of the Company

ANNEXURE – XXXII

STANDALONE SUMMARY STATEMENT OF OTHER EXPENSES , AS RESTATED ,UNDER IGAAP

(₹ In Millions)

Particulars	Year Ended	
	31st March 2014	31st March 2013
Shop Supplies	972	952
Power and Fuel	1,731	1,606
Water Charges	438	374
Rent for Office Premises etc.	19	10
Travelling (includes Foreign Travel)	804	719
Training (includes Foreign Training)	154	104
Repairs:		
Buildings	560	524
Plant, Machinery and Equipment	1,117	1,003
Others	581	429
Expenses on Tools and Equipment	865	748
Insurance	171	203
Rates and Taxes	84	165
Postage and Telephones	82	81
Printing and Stationery	122	104
Publicity	106	174
Advertisement	114	125
Bank Charges	73	54
Loss on Foreign Currency Transaction and Translation	756	(216)
Legal Expenses	18	16
Auditors' Remuneration:	-	-
For Audit Fee	3	3
For Taxation matters	-	-
For Company Law matters	-	-
For Management Services	-	-
For Other Services	5	-
For Reimbursement of expenses	-	-
Selling Agents Commission	40	15
Donations	6	13
Handling Charges	27	26
Write Off:	-	-
Fixed Assets	-	-
Stores	18	17
Shortages / Rejections	-	-
Others	-	-
Freight and Insurance	102	105
JWG share of Profit	34	23
Miscellaneous Operating Expenses (@)	1,206	2,575
TOTAL	**10,208**	**9,952**
(@) includes Director's Sitting Fees	2	2

Notes:

The figures disclosed above are based on the Summary Statement of Standalone Profit and Loss, As Restated, of the Company

ANNEXURE – XXXIII

STANDALONE SUMMARY STATEMENT OF DIRECT INPUT TO WIP/EXPENSES CAPITALISED , AS RESTATED ,UNDER IGAAP

(₹ In Millions)

Particulars	**Year Ended**	
	31st March 2014	**31st March 2013**
A) DIRECT INPUT TO WIP		
Project related Travel	114	124
Project related Training	96	72
Project related Other Expenditure	140	336
Travel outstation jobs	13	3
Royalty	100	128
Foreign Technician Fee	431	191
Ground Risk Insurance	219	185
Quality Audit Expenses	3	1
Collaboration Charges	-	3
Design and Development	428	124
Sundry Direct Charges - Others	1,812	11,553
Sub-Total (A)	**3,356**	**12,720**
B) EXPENSES CAPITALISED		
Licence Fees	1,657	1,011
Computer software	54	41
Documentation	224	233
Sub-Total (B)	**1,935**	**1,285**
TOTAL (A + B)	**5,291**	**14,005**

Notes:

The figures disclosed above are based on the Summary Statement of Standalone Profit and Loss, As Restated, of the Company

ANNEXURE – XXXIV

STANDALONE SUMMARY STATEMENT OF PROVISIONS , AS RESTATED ,UNDER IGAAP

(₹ In Millions)

Particulars	Year Ended	
	31st March 2014	31st March 2013
Replacement and Other Charges	829	311
Warranty	447	
Raw Materials and Components, Stores and Spare parts and Construction Materials	1,041	195
Liquidated Damages	3,381	1,238
Doubtful Debts	49	
Doubtful Claims	196	222
Investments	499	
TOTAL	**6,442**	**1,966**

Notes:

The figures disclosed above are based on the Summary Statement of Standalone Profit and Loss, As Restated, of the Company

ANNEXURE – XXXV

STANDALONE SUMMARY STATEMENT OF EXPENSES RELATING TO CAPITAL AND OTHER ACCOUNTS , AS RESTATED ,UNDER IGAAP

(₹ In Millions)

Particulars	**Year Ended**	
	31st March 2014	**31st March 2013**
Expenses allocated to:		
Deferred Revenue Expenditure	1,936	1,285
Special Tools	489	493
Capital Works	700	-
Development Expenditure	756	1,116
Others	(608)	(393)
TOTAL	**3,273**	**2,501**

Notes:

The figures disclosed above are based on the Summary Statement of Standalone Profit and Loss, As Restated, of the Company

ANNEXURE – XXXVI

STATEMENT OF STANDALONE DIVIDEND DECLARED

(₹ In Millions)

Particulars	**Year ended**	
	31st March 2014	**31st March 2013**
Face Value per share (In ₹)	10	10
No. of Issued, Subscribed and Fully Paid up Equity Shares	482,000,000	120,500,000
Dividend on Equity shares		
Interim dividend	8,900	8,237
Final dividend	-	-
Total Dividend	**8,900**	**8,237**
Tax on Dividend (Interim and Final)	1,513	1,336
Dividend per share (In ₹)	**18**	**68**
Dividend Rate (%)	**185**	**684**

ANNEXURE – XXXVII

STATEMENT OF STANDALONE ACCOUNTING RATIOS (PRE- BONUS ISSUE), AS RESTATED

(₹ In Millions)

Particulars	Year ended	
	31st March 2014	31st March 2013
Net Profit after Tax (as restated) (A)	25,519	32,376
Net Worth (B)	144,770	129,812
No. of Equity Shares (units of ₹ 10/- face value) (C) outstanding at the end of the year	482,000,000	120,500,000
Weighted average no. of Equity shares for basic & Diluted Earnings per share (D)	482,000,000	482,000,000
Adjusted Basic Earning per Share (₹) (A / D)	53	67
Diluted Earning per Share (₹) (A / D)	53	67
Return on Net Worth (%) (A / B *100)	18	25
Net Asset Value per Share (₹) (B / C)	300	1,077

Notes:

1. The ratios have been computed as below:

   (a) Adjusted Basic earnings per share (₹) - Net profit after tax (as restated) attributable to shareholders / Weighted average number of equity shares outstanding at the end of the period/ year

   (b) Diluted earnings per share (₹)- Net profit after tax (as restated) attributable to shareholders / Weighted average number of dilutive equity shares outstanding at the end of the period/ year

   (c) Return on net worth (%) - Net profit after tax (as restated) / Net worth at the end of the period/ year X 100

   (d) Net assets value per share (₹) - Net Worth at the end of the period/ year / Total number of equity shares outstanding at the end of the period/ year X 100

2. Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the year adjusted by the number of equity shares issued during year multiplied by the time weighing factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the period/year.
3. Net Worth for ratios mentioned in note 1(c) and 1(d) represents sum of Equity Share Capital & Reserves and Surplus.
4. Earnings per share calculations are in accordance with Accounting Standard 20 - Earnings per share, notified under the Companies (Accounting Standards) Rules 2006, as amended.
5. The net asset value per equity share is based on the total number of equity shares outstanding as at the end of the respective period/year.
6. The figures disclosed above are based on the Summary Statement of Standalone Assets and Liabilities, As Restated, of the Company.

STATEMENT OF STANDALONE ACCOUNTING RATIOS (POST- BONUS ISSUE), AS RESTATED

(₹In Millions)

Particulars	Year ended	
	31st March 2014	31st March 2013
Net Profit after Tax (as restated) (A)	25,519	32,376
Net Worth (B)	144,770	129,812
No. of Equity Shares (units of ₹ 10/- face value) (C) outstanding at the end of the year	482,000,000	120,500,000
Weighted average no. of Equity shares for basic & Diluted Earnings per share (D)	482,000,000	482,000,000
Adjusted Basic Earning per Share (₹) (A / D)	53	67
Diluted Earning per Share (₹) (A / D)	53	67
Return on Net Worth (%) (A / B *100)	18	25
Net Asset Value per Share (₹) (B / C)	300	1,077

Notes:

(i) The ratios have been computed as below:
   (a) Adjusted Basic earnings per share (₹) - Net profit after tax (as restated) attributable to shareholders / Weighted average number of post bonus issue equity shares outstanding at the end of the period/ year
   (b) Diluted earnings per share (₹) - Net profit after tax (as restated) attributable to shareholders / Weighted average number of dilutive equity shares outstanding at the end of the period/ year
   (c) Return on net worth (%) - Net profit after tax (as restated) / Net worth at the end of the period/ year X 100
   (d) Net assets value per share (₹) - Net Worth at the end of the period/ year / Total number of equity shares outstanding at the end of the period/ year X 100

(ii) Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the year adjusted by the number of equity shares issued during year multiplied by the time weighing factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the period/year.

(iii) Net Worth for ratios mentioned in note 1(c) and 1(d) represents sum of Equity Share Capital & Reserves and Surplus.

(iv) Earnings per share calculations are in accordance with Accounting Standard 20 - Earnings per share, notified under the Companies (Accounting Standards) Rules 2006, as amended.

(v) The net asset value per equity share is based on the total number of equity shares outstanding as at the end of the respective period/year.

(vi) The figures disclosed above are based on the Summary Statement of Standalone Assets and Liabilities, As Restated, of the Company.

ANNEXURE – XXXVIII

STATEMENT OF STANDALONE TAX SHELTERS, AS RESTATED

(₹ In Millions)

Particulars	**Year ended**	
	31st March 2014	**31st March 2013**
A Restated Profit before tax	**36,607**	**37,680**
B Tax rate	34%	32%
C Tax thereon at the above rate (A x B)	**12,443**	**12,225**
Permanent differences		
Donations	6	13
Grants received from Govt for R&D	(7,334)	(18,119)
Expenditure on Scientific Research - Revenue	(2,794)	(1,130)
Expenditure on Scientific Research - Capital	(298)	(346)
Dividend - exempt under Income Tax Act	(19)	(9)
Miscellaneous Adjustments under Income Tax Act/ Rounding Off	(330)	(7,248)
D Total permanent differences	**(10,769)**	**(26,839)**
Timing differences		
Difference in book depreciation and depreciation under Income Tax Act, 1961	978	1,245
Special Tools Equipments	2,974	1,820
Expenses allowable on payment basis	(316)	(91)
Provision for Trade Receivables/Claims	(244)	(220)
Brought forward loss	-	-
E Total timing differences	**3,392**	**2,754**
F Net adjustments (D + E)	**(7,377)**	**(24,085)**
G Deferred tax charge for the year/ period (E x B)	**1,153**	**893**
Impact on MAT Credit due to material adjustments	**-**	**-**
H Tax expense / (benefit) (F x B)	**(2,508)**	**(7,814)**
Tax expense for the year/ period (C + G + H)	**11,088**	**5,304**
As per restated financials		
Current tax (less MAT Credit)	9,935	4,411
Deferred tax	1,153	893
Total as per Restated Financials	**11,088**	**5,304**

Notes:

(i) The figures disclosed above are based on the Summary Statement of Standalone Assets and Liabilities, As Restated, of the Company.

(ii) The company has considered grants - in - aid received from Government of India towards Research and Development being a capital receipt is not taxable though the Income Tax authorities have considered the same as taxable income for the AY 2005-06 to 2007-08 and 2009-10 to 2012-13 which are under appeal by the company before appellate authorities and for the assessment years 2013-14 and 2012-13 also same treatment has been adopted in the accounts for which assessments are pending. In the mean time, The company has been advised that in view of favorable decision on the issue by ITAT, Bangalore bench 'C ' in ITA No. 763/Bangalore/1998 vide order dated 22.02.2002 for the AY 1995-96,no provision for tax be made in the accounts for the year on such capital receipts. The amount of ₹ 1,737 millions in 2013-14 (PY ₹ 4,768 Million) is disclosed in contingent liability as on 31st March 2014

ANNEXURE – XXXIX

STATEMENT OF RELATED PARTY TRANSACTION

Names of the Related Parties and Nature of Relationships as per the Accounting Standard – 18 "Related Party Disclosures"

List of related parties and transactions as per requirements of Accounting Standard - 18, 'Related Party Disclosures' notified under Companies (Accounting Standard) Rules, 2006

Particulars	Year ended	
	31st March 2014	31st March 2013
Joint venture	M/s BAe-HAL Software Ltd.	M/s BAe-HAL Software Ltd.
	M/s Snecma HAL Aerospace Pvt Ltd	M/s Snecma HAL Aerospace Pvt Ltd
	M/s Indo Russian Aviation Ltd	M/s Indo Russian Aviation Ltd
	M/s HALBIT Avionics Pvt Ltd	M/s HALBIT Avionics Pvt Ltd
	M/s HAL Edgewood Technologies Pvt Ltd	M/s HAL Edgewood Technologies Pvt Ltd
	M/s HATSOFF Helicopter Training Pvt Ltd	M/s HATSOFF Helicopter Training Pvt Ltd
	M/s SAMTEL HAL Display Systems Ltd	M/s SAMTEL HAL Display Systems Ltd
	M/s INFOTECH HAL Ltd	M/s INFOTECH HAL Ltd
	M/s TATA HAL Technologies Ltd	M/s TATA HAL Technologies Ltd
	M/s International Aerospace Manufacturing Pvt Ltd	M/s International Aerospace Manufacturing Pvt Ltd
	M/s Multi Role Transport Aircraft Limited	M/s Multi Role Transport Aircraft Limited

Statement of Related Party transactions with Joint Ventures

(₹ In Millions)

Sl no	Nature of Transaction	Year ended	
		31st March 2014	31st March 2013
1	Dividend Received	19	9
2	Interest Received		
3	Purchase Of Goods & Services	1,225	754
4	Sale Of Goods & Services	75	0
5	Rent Received	38	37
6	Investment In Joint Ventures	352	1,077

Statement of Outstanding Balances

(₹ In Millions)

Sl no	Nature of Transaction	Year ended	
		31st March 2014	31st March 2013
1	Trade Payables	239	105
2	Trade Receivables	97	0
3	Advances On Sale	425	
4	Advances On Purchase	739	450

Key Managerial Personnel (KMP) currently includes only the Functional Directors. The company has not considered Senior Managerial personnel as KMP's since they have limited authority for planning, directing and controlling the activities of the Company.

KEY MANAGEMENT PERSONNEL IN THE COMPANY - 31st March 2014

Sl. No.	Particulars	Designation
1	Dr. R. K. Tyagi	Chairman
2	Dr. A.K. Mishra	Director (Finance)
3	Shri V. M. Chamola	Director (Human Resources)
4	Shri S.K. Jha	Managing Director (Accessories Complex)
5	Shri K. Naresh Babu	Managing Director (Bangalore Complex)
6	Shri T. Suvarna Raju	Director (Design & Development)
7	Shri S. Subrahmanyam	Managing Director (MIG Complex)
8	Shri P.Soundara Rajan	Managing Director (Helicopter Complex)

KEY MANAGEMENT PERSONNEL IN THE COMPANY - 31st March 2013

Sl. No.	Particulars	Designation
1	Dr. R. K. Tyagi	Chairman
2	Dr. A.K. Mishra	Director (Finance)
3	Shri P.V Deshmukh	Ex - Managing Director (MIG Complex)
4	Shri V. M. Chamola	Director (Human Resources)
5	Shri S.K. Jha	Managing Director (Accessories Complex)
6	Shri P.Soundara Rajan	Managing Director (Helicopter Complex)
7	Shri T. Suvarna Raju	Director (Design & Development)
8	Shri K. Naresh Babu	Managing Director (Bangalore Complex)
9	Shri S. Subrahmanyam	Managing Director (MIG Complex)

Remuneration paid to KMP (including Company's contributions to PF & Gratuity)

(₹ In Millions)

SL No	Particulars	Year ended	
		31st March 2014	31st March 2013
1	Shri R. K. Tyagi	3	4
2	Shri T. Suvarna Raju	3	2
3	Shri V. M. Chamola	4	3
4	Dr. A.K. Mishra	5	3
5	Shri S. Subrahmanyam	3	1
6	Shri P.V Deshmukh	-	2
7	Shri S.K. Jha	5	4
8	Shri P.Soundara Rajan	4	4
9	Shri K. Naresh Babu, MD(BC) & Director (CP&M)	4	2
	Total	**31**	**25**

ANNEXURE-XL

NOTES TO ACCOUNTS INCLUDING CHANGES IN ACCOUNTING POLICIES, MATERIAL ADJUSTMENTS AND IMPACT OF STATUTORY AUDITORS QUALIFICATION ON FINANCIAL INFORMATION FORMING PART OF RESTATED STANDLONE FINANCIAL INFORMATION FOR THE PERIOD ENDED 31ST MARCH 2014 AND 31ST MARCH 2013

1. Financial Risk and Capital Management

The Financial Risks in a Business Entity can be classified as Market Risk, Credit Risk, Liquidity Risk, Operational Risk and Legal Risk.The status of these Risks at the Company is as brought out hereunder:

a) **Market Risk :** As significant Revenues of the Company accrues from Supplies / Services to Defence Services, the Company is not exposed to the Risk of Volatile Market conditions.

b) **Credit Risk:**The Company's Customers are mainly the Defence Services namely Indian Air Force (IAF), Indian Army, Indian Navy and Coast Guard. The Company ensures meeting its financial obligations due to periodic inflow of money as per Advance / milestone payment terms in the Contracts with Defence Services, by holding negotiations.

c) **Liquidity Risk**: The Liquidity Risk involves the Risk of Asset Liquidity and Operational Funding. The Company is safeguarded against such Risks due to periodic inflow of cash, arising out of Advance / milestone based payment terms in the Contracts with Customers.

d) **Operational Risk :** The Operational Risks involve Operational Failures, such as mismanagement or technical failures, fraud risk etc. The Company is successful in efficiently managing its affairs exercising due-governance as part of its various processes. Further, the Company being a multi-division Company, is able to manage the risk of technical failures arising at unit level.

e) **Legal Risk :** The Company enters into Contracts / Business dealings after due-vetting of Contracts / Deeds by robust in-house legal departments and, if so, required by obtaining the legal opinions from external legal experts. The prevailing System at the Company is adequate to guard against any such Risks.

2. MATERIAL ADJUSTMENTS

2.1 Summary of results of restatements made in audited financial statements of the Company for the respective years and their impact on the profits of the Company is as under:

(₹ In Millions)

Particulars	Year ended	
	31st March 2014	31st March 2013
(A) Net Profit After Tax as per Audited Financial Statements	**26,925**	**29,969**
Impact due to changes in Accounting Policy		
Warranty	-	(3,259)
WIP on account of foreign technician fees taken into sales	-	241
Prior period items - Inland Sales	-	-
- adjusted in	-	7,328
- related to	-	-
Prior period items - Other Income		
- adjusted in	-	(945)
- related to	1	-
Prior period items - Increase / Decrease in WIP		
- adjusted in	426	-
- related to	-	(426)
Prior period items -Depreciation		
- adjusted in	(58)	42
- related to	-	58
Prior period items -Amortisation		
- adjusted in	-	-
- related to	-	-
Prior period items -Other Expenses	-	-

Particulars	**Year ended**	
	31st March 2014	**31st March 2013**
- adjusted in	347	-
- related to	-	(213)
Prior period items - Expenses Capitalized to WIP	-	-
- adjusted in	116	-
- related to	-	(116)
(B) Total adjustments before tax	**832**	**2,710**
(C) Tax Adjustment	**283**	**879**
Tax rates	**33.99%**	**32.45%**
(D) Total Adjustments(B - C)	**549**	**1,831**
Restated Profit After Tax (A + D)	**27,474**	**31,800**
(E) Tax settled in Financial Year 2016 related to	1,955	(576)
Restated Profit After Tax (A + D-E)	**25,519**	**32,376**

2.1.1 Changes in accounting policy

(a) As per the Accounting practice prior to 31.3.2012, the unutilized portion of warranty was withdrawn in respect of manufacturing contracts at the end of program. As per the new Accounting policy in force, from 1.4.2012, the unutilized warranty is withdrawn at the end of each Contract within the programme. For the purpose of restatement of financial statements the said provisions including current tax / deferred tax impact there of wherever required have been appropriately adjusted in the respective years in which the provision for warranty should have been withdrawn.

(b) The company was prior to 31st March 2012 accounting expenditure on foreign technician fee, foreign travel, training, etc., to cost of sales and retaining the unexecuted portion in WIP which is amortized over deliveries. During the year 2012 -13, this expenditure are charged to revenue on incurrence and recognized as Sales to the extent recoverable from the Customers. Accordingly balance lying in WIP as of 31.3.2012 is charged off and recognised as sales to the extent recovered from customers For the purpose of restatement of financial statements the expenses, revenue including current tax/ deferred tax impact thereof wherever required have been appropriately adjusted in the respective years in which the expenses should've been charged and revenue should have been recognized.

2.1.2 Prior Period Items

(a) In the IGAAP financial statements for the years ended March 31, 2016, March 31, 2015, March 31 2014,and March 31, 2013 certain items of income/ expenses have been identified as prior period adjustments. These adjustments were recorded in the year when identified. However, for the purpose of Restated Standalone Summary Statements, such prior period adjustments have been appropriately adjusted in the respective years to which the transactions pertain to.

(b) For the purpose of restatement of prior period items only material items i.e., which are in excess of 1% of total amount under respective heads are considered.

2.1.3 Provisions for Income Tax

Provision for Income Tax has been recomputed to give tax effect on adjustments made as detailed above and has been adjusted in restated financial information.

2.1.4 Material reclassifications

Appropriate adjustments have been made in the restated summary statements of Assets and liabilities, Profits and Loss and Cash flows wherever required by, reclassification of corresponding items of income, expenses, Assets and liabilities in order to bring them in line with the classification as per the audited financials of the company for the year ended 31^{st} March, 2015 and the requirements of Securities and

Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (As amended).

3. Auditor's Comments/ Qualifications and Treatment in Restated Financials.

Audit Qualifications:

The company being a government company is subject to supplementary audit by the Comptroller and Auditor General (C& AG) of India under Section 619(4) of the Companies Act, 1956, who shall comment upon or supplement the audit report of the statutory auditors. The C& AG has commented as under:-

Comments of the Comptroller & Auditor General of India under section 619(4) of the Companies Act, 1956 on the annual accounts of Hindustan Aeronautics Limited, Bangalore for the year ended 31st March 2013.

The preparation of financial statements of Hindustan Aeronautics Limited (HAL), Bangalore for the year ended 31st March 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditor 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 Standards on Auditing 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 5 August 2013.

(a)

C& AG Comments	Company's Reply
Comment on Accounting Policies	
1. Accounting Policy No. 9.1 A reference is invited to Accounting Policy 9.1 (Part B, Annexure IV) as per which sales are set up on completion of contracted work on the basis of acceptance by the buyer's Inspector, by way of signalling out certificate, in the case of the manufacture or repair and overhaul of aircraft and helicopters. Further it is stated that the sale of SU-30 MKI aircraft fitted with CAT B engines was accounted on the basis of Signalling out Certificates (SOC).	Sale of Aircrafts have been accounted in line with the Contractual terms and conditions of contract **Delivery (Article 10) states that,** *"the Equipment shall be deemed to have been delivered in the case of Aircraft on the date of certification of Signaling out by the Buyer's inspector."* Aircraft have been accepted by Buyer's Inspector (DGAQA)
The aircraft were signalled out with concessions and CAT B engines so as to make them acquire deliverable condition as on 31st March 2013. The Accounting Policy as followed by the company recognises revenue based on SOC. However this Accounting Policy goes against the fundamental framework of preparation of financial statements which emphasises the need to follow substance over form. The present Accounting Policy as followed by the company relies on SOC for recognition of revenue needs to be revisited and reframed since even the SOCs are given with significant concessions. The readiness of aircraft for delivery should be considered as basis for revenue recognition in addition to SOC.	The Contract provides for delivery of aircraft with Cat B items (**Article 5.6**) as under : *"In case the work done report specifies that the aircraft is delivered with certain Cat B items, the cost as included in the BOM for these will be reduced from the claim and amount will be paid on proof of fitment of relevant Cat A items."* In line with the above contract term, no sales is reckoned in respect of Cat B engines Hence the deliveries have been effected and revenue has been recognized as per the contractual obligations which is binding on both the parties and is in compliance with AS-9
II. Comments on Profitability **2. Revenue from operations** **Inland Sales- Finished goods** Sale of 15 Advanced Light Helicopters (ALH) amounting to	

C& AG Comments	Company's Reply
₹8201 Million is stated as recognised based on Signalling out Certificates (SOC). In the above cases, only certification by the buyer's Inspector was given but ferry out and acceptance of helicopters by Board of Officers as stipulated in the contract were not complete by 31st March 2013. Therefore, recognition of revenue in respect of these 15 helicopters without transfer of property in goods with all significant risks and rewards of ownership to buyer during the year is not in compliance with Accounting Standard 9 of ICAI. This resulted in overstatement of sales by ₹8201 Million and profit by ₹95 Million	As per Contract, on receipt of the SOC, buyer has to depute its representative (BOO) to accept the Helicopter within 15 days. The Company does not have any control on deputation of buyer's representatives. Further, as per AS-9 "*revenue should be recognized notwithstanding that physical delivery has not been completed as long as there is every expectation that delivery will be made. However, the item must be on hand identified and ready for delivery to the buyer at the time the sale is recognized rather than their being simply an intention to acquire or manufacture the goods in time for delivery*" SOCs in respect of all the 15 helicopters have been received by 31^{st} March 2013. Further, the helicopters manufactured is identified for the Customer through tail numbers assigned by the Customers themselves, since the same is made to the specifications as per the requirement of the Customer . Hence the above sales are in compliance with AS-9
3. Revenue from operations **Inland Sales – Development Sales**	
a) This includes ₹ 2897 Million incurred on the Design and Development of a Light Combat Helicopter (LCH) for the Ministry of Defence (MoD). The contract specified physical milestones against which HAL had completed three milestones by the end of March 2013 and received ₹ 2712 Million from GoI. However, HAL considering the contract as one where milestones have not been defined, recognised sales based on actual incurrence of expenditure instead of milestones completed. This has resulted in overstatement of Development Sales and Sundry Debtors by ₹ 185 Million Further disclosure Explanatory Notes is deficient to the extent as it has been incorrectly stated that the project milestones with time schedule have not been defined with values assigned to these milestones.	The project milestones indicated in the Government sanction defines major milestones with time schedules The payment schedules are primarily for collection of funds to facilitate the progress of the project, for instance advance payments at the time of " Go ahead of the Project" etc. As only **major project milestones** are defined without corresponding monetary values, Sales are accounted based on the expenditure incurred The same is in line with Accounting policy 9.2
(b) This includes ₹ 87 Million being the expenditure incurred for the Preliminary Design Phase (PDP) of a Multi role Transport Aircraft (MTA) to be developed by MTA Limited (MTAL) a Russian-Indian Joint Venture Company. The expenditure incurred does not qualify to be accounted as 'Development Sales' of HAL as the contract with MTAL was for development and supply for which revenue/profit accrues only when the work is completed and accepted. This has resulted in overstatement of sales by ₹ 87 Million and profit by ₹ 4 Million.	As per the Government sanction, for the MTA programme , the same is to be implemented in four phases viz. Preliminary Design Phase (PDP), Detailed Design Phase (DDP), Prototype Development & Testing and Series Production. The PDP is part of Design and Development Phase and is being implemented through a contract with MTAL (Joint Venture) .

C& AG Comments	Company's Reply
	The activities carried out during the PD phase are purely design & development in nature and the sales have been accounted based on the expenditure actually incurred for the MTA project in line with the Accounting Policy 9.2
III. Comment on Financial Position 4. **Other Non- current Assets** This includes ₹ 57500 Million being the balances with banks in term deposits for more than 12 months. These are current assets as defined in Note-1 of Revised Schedule VI of the Companies Act 1956. As per Revised Schedule VI "Bank deposits with more than 12 months maturity shall be disclosed separately" under Cash & Cash equivalents under Current Assets. Non compliance with this requirement has resulted in understatement of current assets & over statement of non- current assets by ₹57500 Million	Para 8.8.4 of Guidance Note on Revised Schedule VI to the Companies Act, 1956 issued by Institute of Chartered Accountants of India (ICAI) provides that " Banks deposits with more than twelve months maturity will also need to be separately disclosed under the sub-head 'Other bank balances'. **The non-current portion of each of the above balances will have to be classified under the head "Other Non-current assets"** with separate disclosure thereof. Further as per FAQ 25 of ICAI " FDRs having balance maturity period of more than 12 months as on the balance sheet date will have to be classified as Non-Current Asset" As the amounts are earmarked for Committed liabilities and the maturity period of the FDRs are more than 12 months, the disclosure under "Non current Assets" as "Balances with Banks" is in order

(b) NIL comments for 2013-14

Qualifications in Statutory Auditor's Reports

Sl.No	Financial year	Auditors Comments	Management Response	Impact On Restated results
1	2012-13, 2013-14	Attention is drawn to Notes to Standalone the Accounts (SL No 27, Annexure-XL) regarding non disclosure of segment information as required by Accounting Standard 17 "Segment Reporting" prescribed by The Companies (Accounting Standards) Rules, 2006. The net effect on the Financial Statements of such non-disclosure is NIL.	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. Disclosure has been made in in the Notes to the Accounts	No financial impact on the financial statements as it is only disclosure requirement. Further Exemption has been granted to the Company from Compliance of AS 17 vide notification no GSR/463E dtd 05.06.2015
2	2012-13	Attention is drawn Notes to Standalone accounts (SL No 23 & 24 ,Part B, Annexure– XL), regarding taxes and duties i.e., sales	The Company is filing the Sales tax returns regularly. Wherever demands have been raised, based on such	NIL Financial Impact

Sl.No	Financial year	Auditors Comments	Management Response	Impact On Restated results
		tax,value added tax,service tax etc not charged on invoices raised in respect of sale of Aircraft as well as repair and Overhaul to defence customers in some of the Divisions . The Company has not provided for the above demands from the Commercial Taxes Departments/ Service Tax Department since the demands are disputed by the Company. The same are disclosed as a contingent Liabilities in Notes of the accounts. The respective agreements for such sale and repairs/overhaul provide for furnishing an exemption certificate or re-imbursement of sales tax, service Tax and similar statutory levies when determined. However, the reimbursement of penalties, if any and/or interest levied on such non-payment have not been dealt with in the agreement and the same is not quantified nor provided by the company. We are unable to quantify the Net Impact of such non provision/ non-disclosure on the Financial Statements.	assessments and disputed by the Company, the same have been disclosed in the notes 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 notes and have been consistently accepted by the audit.	
3	2013-14,	Attention is drawn to **,** Notes to Standalone accounts (SL No 23 & 24 Part B, Annexure– XL)**,** 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 to defence customers in some of the Divisions. The company has resolved disputes with the commercial tax departments of the Governmeent of Karanatka dand odhisa and recognise liability towards settled sales tax dues and also accounted for similar amount as claims receivable from the customers. With regard to other states the company has not provided for the demand from the commercial tax departments , since the demand is disputed by the company . The same are disclosed as a contingent Liabilities in notes of the accounts The respective agreements for such sale and repairs/overhaul provide for furnishing an exemption certificate or re-imbursement of	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 Notes to the Accounts. 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.	NIL Financial Impact

Sl.No	Financial year	Auditors Comments	Management Response	Impact On Restated results
		sales tax and similar statutory levies when determined. However, the reimbursement of penalties, if any and/or interest levied on such non-payment have not been dealt with in the agreement and the same is not quantified by the company.Although the taxes are to be reimbursed by the customers in terms of respective agreement the company has neither quantified nor provided for the interest and /or penalties if any, on such taxes in case same are payable. We are unable to quantify the Net Impact of such non provision/ non-disclosure on the Financial Statements.	With regard to Karnatka and Odisha Sales tax disputes, the same has been resolved and the liability for re-settled amount has been recognised in the books and also accounted for similar amounts as Claims receivable from the customer since the same is reimbursable by the customer.The settlement with the respective Government is as a total package.As a part of the settlement, the amount paid to the Karnatka and Odhisa Governments has also been reimbursed by the major customers. These facts have been sufficiently disclosed in notes to the accounts and have been consistently accepted by the audit.	
4	2012-13	**Emphasis of Matter** - Attention is invited to the diminution in value of investments in Joint Venture Companies as temporary by the Management, as initial setbacks are expected to overcome with JV’s future business plans and growth prospects. In view of the above no provision is considered by the Management.		Auditors observation on this matter is only for drawing attention of the users without qualification. However, the company has provided for diminution in the value of investments in financial statements for the year ended March 31, 2014 hence no restatements are considered necessary.

4. INVESTMENT IN JOINT VENTURE

The Company has promoted and established 13 Joint Venture Companies (JVCs) in Collaboration with the leading International Aviation and / or Indian organization with a view to develop technologies, and new products with risk sharing. The JVCs support the Company's Endeavour towards up gradation of capabilities, acquisition of cutting edge technologies in the field of design, manufacturing, product support, information technology and other services. The Ministry of Defence, Government of India has issued certain guidelines for establishment of JVCs by Defence PSUs.

5. Value of Imports calculated on CIF Basis

(₹ In Millions)

Particulars	Year ended	
	31st March 14	31st March 13
(i) Raw Materials	84,227	60,594
(ii) Components and Spare parts	32,892	21,656
(iii) Capital Goods	944	940
(iv) Special Tools	3,215	3,436
Total	**121,278**	**86,626**

6. Expenditure in Foreign Currency on account of

(₹ In Millions)

Particulars	Year ended	
	31st March 14	31st March 13
-Royalty	17	100
- License Fee	1,407	1,002
- Documentation	446	11,502
- Professional, Consultancy and Foreign Technician Fees	509	190
- Salaries & Allowances	-	-
- Foreign Travel	177	92
- Others	178	275
Total	**2,734**	**13,161**

7. Earnings in Foreign Exchange

(₹ In Millions)

Particulars	Year ended	
	31st March 14	31st March 13
(i) Export on FOB Basis	4,085	3,651
(ii) Services	315	177
Total	**4,400**	**3,828**

8. Age-Wise Analysis of Trade Receivables:

(₹ In Millions)

Period Outstanding	2013-14	2012-13
0-1 year	39,504	34,491
1-2 years	16,429	16,834
2-3 years	10,411	2,371
more than 3 years	2,827	1,633
Total	**69,171**	**55,329**

9. Raw Materials, Spare Parts and Components consumed :

(₹ In Millions)

Particulars	Year ended	
	31st March 14	31st March 13
(i) Imported (including Customs Duty)	80,462	67,119
(In % to total)	90%	91%
(ii) Indigenous	9,332	6,808
(In % to total)	10%	9%
Total (Gross)	**89,794**	**73,927**
(Total %)	100%	100%

10. Research and Development Expenditure :

The aggregate amount of Research & Development Expenditure recognized as expenses during the period is as below:

(₹ In Millions)

Particulars	Year/ Period ended	
	31st March 2014	31st March 2013
Expenditure in R&D included in:		
Raw Material Consumption	3,046	2,442
Direct Expenses	2,340	11,955
Salaries and Wages	3,655	3,484
Other Expenses	822	649
Depreciation and Amortisation	236	226
Provisions	50	51
Inter Services /Common Services	683	682
Total R & D Expenditure	**10,832**	**19,489**

R&D Corpus

HAL Board has approved the creation of R&D Corpus (excluding customer funded R&D) with an annual contribution of 10% of Operational Profit after tax**.**

11. Commitments

(₹ In Millions)

Particulars	As At	
	31st March 2014	31st March 2013
Estimated amount of contracts remaining to be executed and not provided for on		
i) Capital Account	19,245	15,954
ii) Other Commitments	89,104	68,796
Total	**108,349**	**84,750**

Notes

(i) Capital commitments are including commitment towards investment in Joint Ventures.

(ii) Other commitments are towards purchase of inventory, services, employee contracts, lease commitments etc.,

12. Contingent liabilities

(₹ In Millions)

Particulars	**As at**	
	31st March 2014	**31st March 2013**
Contingent Liabilities Not Provided For:		
1) Outstanding Letters of Credit and Guarantees *		
(i) Letters of Credit	11,577	8,258
(ii) Guarantees	51,126	33,540
Sub - Total	**62,703**	**41,798**
2) Claims / Demands against the Company not acknowledged as Debts		
(i) Sales Tax / Entry Tax	6,172	26,593
(ii) Income Tax	1,737	4,768
(iii) Municipal Tax	86	5
(iv) Service Tax	12,328	8,869
(v) Liquidated Damages	10,674	12,042
(vi) Custom Duty	2,357	-
(v) Others	964	852
Sub - Total	**34,318**	**53,129**
Total	**97,021**	**94,927**

Notes:

* Non-fund based limits from Consortium bankers, State Bank of India, Punjab National Bank, Indian Bank, State bank of Hyderabad, State Bank of Mysore, State Bank of Patiala, State Bank of Bikaner & Jaipur, State Bank of Travancore, Export Import Bank of India, Bank of Baroda, Indian Overseas Bank, Union Bank of India and Syndicate Bank are secured by hypothecation of inventories and all receivables

13. Fixed Assets acquired with Financial Assistance/Subsidy:

(₹ In Millions)

Particulars	**31st March 14**	**31st March 13**
Fixed Assets acquired with Financial assistance/subsidy from outside agencies either wholly or partly are capitalized at net cost to the company and does not include assets given by the customer for use of their jobs by the company.	8,855	7,827

14. Other Notes:

(₹ In Millions)

SL No	Particulars	**Year Ended**	
		31st March 2014	**31st March 2013**
1	As per AS-11 relating to Accounting for the effects of changes in the Foreign Exchange rates,		
	Exchange rate variation recognized in Statement of Profit and Loss towards Capital Assets	(11)	5
2	As and when the installments 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	-	-

SL No	Particulars	Year Ended	
		31st March 2014	31st March 2013
	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 realized from the customer except to the extent it pertains to Capital Assets. The Assets and Liabilities relating to deferred credit transaction are restated as on 31st March each year under Non-Current Assets, Current Assets (recoverable within one year), Non-current Liabilities and Current Liabilities (to be settled within one year)		
3	Net Gain / (Loss) on Foreign Currency Transaction and Translation	(756)	216
	As per AS-13 relating to Accounting for Investments, amount being Dividend received from Joint Venture Companies, which is recognized when right to receive Dividend is established.	19	9
4.	Sales include deliveries for which amendment to firm task is awaited from the customer.	664	768
5.	Sales include delivery of one ALH manufactured for IAF and diverted to Indian Navy for supply to Maldives pending finalization of contract with Indian Navy. As the prices are yet to be agreed with the customer, sales are set up on provisional basis. HAL has quoted the price of this helicopter along with the quotes of 40 helicopters to Indian Army during February 2015. Contract negotiation of 41 helicopters is under progress at MOD. On finalisation of negotiation, contract will be signed for this helicopter with Indian Navy..	956	
6.	In the LCA (FOC) Contract No AirHQ/S 96056/6/4/ASR(FOC) dated 23rd Dec 2014, the GE Engine price has been included at EC 2003 level and without escalation clause. The issue of incorporation of escalation clause has been taken up with IAF/MOD for amendment. In the interim, the said GE Engine have been evaluated at lower of cost or Net Realizable Value to give effect to AS-2. Consequently the amount has been charged to cost of sales	557	
7.	Sales has been set up in accordance with para-9.1 of the Accounting policy based on Signaling Out Certificate(SOC). It was commented by C&AG during the audit of the Accounts of 2012-13 that the existing policy for recognition of revenue based on SOC need to be revisited and reframed as the SOCs are given with significant concessions. C&AG had suggested that the readiness of Aircraft for delivery is to be considered as the basis for Revenue recognition in addition to SOC in respect of the aircraft & ferry out and the acceptance by the Board of Officers(BOO) as specified in the Contract for helicopters. The issue had been examined in consultation with legal and professional experts in the field and the Audit committee had also noted C&AG observations on policy of Setting up of sales based on signaling out certificates and was of the view that once the Aircraft / Helicopter has been accepted by the certifying authorities, sales could be set up. As the flying of Aircraft / Helicopter and ferrying out to customer's base was prerogative of the customer, it was noted that the sales would continue to be set up based on the SOC as was being done in the earlier years. Accordingly sales for the current year has been set up based on SOC and not based on ferry out.		
9.	The Company has taken up with MOD for amendment of ALH contract in respect of both IAF and Indian Army to bring them in line with the sales accounting policy of the Company. In respect of Indian Air Force, MOD Finance vide letter no: 1(9)/2006/AF(EP) dated 15.05.2012 have concurred "in principle" to above, with the stipulation that the contract amendment can be signed only after similar contract amendment in respect of Army contract with the Company is finalized by IHQ of MOD(Army). In respect of Indian Army contract, after repeated correspondence IHQ, MOD(Army) vide letter No. 28424/GS/WE-10(avn)/105 ALH Contract Amendment/19 dated 11/06/2014 stated, "Contract amendment envisages resolving all issues which was emerged over a period after signing of contract. It is therefore, prudent and mandatory that issues which necessitate contract amendment are resolved in entirety before		

SL No	Particulars	Year Ended	
		31st March 2014	31st March 2013
	we proceed ahead". Several rounds of discussion has taken place with the customers on this issue. The last one being on 20.05.2015 with Army and 21.05.2015 with IAF. The matter is being still pursued by the Company. Total Sales and the Value of Aircraft / Helicopters yet to be ferried out as on the date of approval of accounts is as under		

(₹ In Millions)

Year	Sales (Net of Excise Duty)	VALUE OF THE AIRCRAFT / HELICOPTERS TO BE FERRIED OUT			
		Su 30	ALH	% of Sales	Date of approval of accounts
2012-13	143,236	27,065	8,201	24.62	05.08.2013
2013-14	151,279	3,390	10,063	8.89	26.07.2014

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

15. Aircraft have been accepted and signalled out by customers' inspector with fitment of Cat-B items taken on Loan, in cases of non availability of Cat-A item. As the aircraft is flight worthy and customer has accepted the same, the sales are accounted, consistently, on the basis of SOC (Signal Out Certificate). As a principle, Cat-B / Loan items fitted on the aircraft are excluded in value for recognising Sales. Sales in respect of such items are set up on supply of Cat-A items, within the contract period. Provision for delivery of Aircraft with Cat-B items is available in the Contract.

16. The Company has been providing for Liquidated Damages (LD) in respect of deliverables at the time of setting up of sales based on matching concept. Further, HAL Contracts provide enabling clauses for amendment to Delivery schedule. HAL has been successful in obtaining refunds for Liquidated damages in respect of 20 Jaguar Strike and Su-30 Block I. However as a accounting practice, LD for unexecuted portion of sales is disclosed under Contingent Liability.

17. Long term Investments are carried at cost. Any diminution in the value of investments other than temporary in nature is provided for. During the year ended 31st March 2014, an amount of ₹ 499 millions has been provided as diminution in the value of Investments against investments made in the following Joint Venture Companies:

(₹ In Millions)

Particulars	31st March 2014	31st March 2013
M/s HALBIT Avionics Pvt Ltd	32	
M/s HAL EDGEWOOD Technologies Pvt Ltd	30	
M/s INFOTECH HAL Ltd	17	
M/s HATSOFF Helicopter Training Pvt Ltd	384	
M/s TATA HAL Technologies Ltd	36	
TOTAL	**499**	**NIL**

Diminution in value of investments in IAMPL,MTAL and SAMTEL is considered temporary and hence no provision is made.

18. Intangible Assets (Deferred Revenue Expenditure) under Annexure XV includes items funded by the Customers and are amortised over production based on technical estimates which may or may not exceed 10 years and to the extent not amortised are carried forward

19. Development Expenditure is amortized over a period not exceeding 10 years. Cost of software which is not an integral part of the related hardware is amortized over a period not exceeding 3 years. Other DRE Assets are amortized over production on technical estimates and to the extent not amortized, are carried forward. For SU-30 Project, Sea King Project, ALH Project, Mirage, Hawk and Cheetah / Chetak Projects, DRE Assets are being amortized on the number of units delivered based on programmes which at present exceeds 10 years.

20. Out of the total land of 11276.34 (PY 11276.34) acres held by the Company as on 31st March 2014 at various locations:

(₹ In Millions)

Particulars	Division	Assets	Acres	Amount)
Instruments of transfer in respect of land and building taken possession by the Company have not been executed	Lucknow/ Kanpur / FMD / Nasik	Land	736.62 (736.62)	31 (31)
	FMD / Kanpur	Building		4
Land has been handed over /earmarked to the Government / other agencies pending execution of instruments of transfer	FMD/ Nasik/ Korwa/ Engine / Koraput	Land	180.84 (180.84)	6 (6)
Land has been given on lease to the Government/ other agencies	FMD/ Nasik/ Lucknow/ Kanpur	Land	1,074.72 (1,074.72)	-

21. HAL Barrackpore Unit is in possession of 22.51 acres of land on which the division has its buildings, hangar, Plant and Machinery etc. The instrument 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 ₹ 3 Million (Previous year 2013 ₹ 3 Million) has been made.The transfer of the land is being pursued with Defence Estate Officer, Kolkata. The above does not include 7.115 acres of Land received from Army in exchange of 5 acres of Land at Bangalore which was received free of cost from State Govt. before 31st March 1969. Since the value of 5 acres land was NIL, the value of 7.115 acres land received in exchange of 5 acres land is also taken as NIL

i) Land under Fixed Assets includes Land taken on lease for establishing a unit at Kasargod at a cost of ₹ 71 Millions (200 acres). This cost is amortized over the lease period of 90 years. The Lease charges for the year amounting to ₹ 1 Million has been considered under Depreciation for the year.

ii) Land under Fixed Assets includes Land taken on lease for Liason Office Mumbai (Area 0.06 acres).This cost is amortised over the lease period of 30 years. The Lease has been considered under Depreciation for the year.

iii) Facility Management Division is holding 2099.831 Acres land of which 11.959 Acres (PY 2013 12.1844 acres) is under litigation/encroachment with third parties and 10.152 Acres is under dispute with M/s. BEML, Bangalore.
iv) Titles to land are not in the name of the Company in respect of 173 survey numbers at FMD Division, However, Records of Tenancy Certificate is available.
v) HAL has taken over 6 acres of land from KIADB (Karnataka Industrial Area Development Board) in Aerospace Park at Devanahalli on Lease-cum-Sale basis, in lieu of transfer of HAL Land measuring 3.2 acres to BMRCL (Bangalore Metro Rail Corporation Ltd) for Bangalore Metro Project, Lease-cum-sale Deed is executed on 30th March 2013.
vi) An amount of ₹ 178 Millions (PY ₹ 166 Million) towards Lease cum Rental charges with various parties has not been considered in the books of accounts of FMD, pending dispute settlement
vii) 1.339 acre of land encroached by 7 persons in Nasik Division.
viii) Further, about 50.21 acres of the land belonging to HAL Koraput Division is encroached upon by the nearby villagers for cultivation.

ix) At Corporate Office, part of Land measuring about 1.08 Acres. of which 711.22 sq.mt. has been acquired for the Metro Rail Project by M/s. BMRCL with building. The Building along with Land there on has been valued at ₹ 55 Millions by M/s. KIADB. The compensation awarded by M/s. KIADB is contested by HAL in the City Civil Court at Bangalore. As the matter is subjudice, no adjustment has been made in the Books of Accounts..

22. 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.

23. The long pending Sales Tax / VAT dispute on defence sales in the State of Karnataka has been finally resolved between officials of Department of Defence Production, MoD, HAL and representatives of IAF and Army with Commercial Tax Department and Finance Department of Govt., of Karnataka / Odisha.

The amount payable as per agreed formulation for the period is quantified by the Commercial Tax Department is as below:

State of Karanatka

(₹ In Millions)

31st March 2014

	Particulars	**Amount**
(a)	Amount as per normal applicable rate (ranging from 12.5% to 14.5% in different years)	44,969
(b)	Amount of waiver by Govt., of Karnataka (*)	31,898
(c)	Amount as per agreed formulation	13,071
(d)	Amount of waiver by way of grant already issued	13,788
(e)	Amount already paid by HAL	9,329
(f)	Balance amount to be paid by HAL(Rs 18111 Millions towards grant yet to be sanctioned by Govt. of Karnataka)	21,852

(*) This waiver is subject to approval by Karnataka Legislature

State of Odisha

The amount payable for the period ended 31st March 2014 quantified by the Commercial Tax Department is as below:

(₹ In Millions)

	Particulars	**Amount**
(a)	Amount as per normal applicable rate (ranging from 12.5% to 14.5% in different years)	33,370
(b)	Amount of waiver by Govt	28,069
(c)	Amount as per agreed formulation	5,301
(d)	Amount already paid by HAL	3,051
(e)	Balance amount to be paid by HAL	2,250

In respect of other states, where the sales tax demands are under dispute, the same is shown under contingent liability. Air Head Quarters vide letter reference Air HQ/95357/64/ Fin P/DCA dated 16th July 2014 have directed that other state governments may be approached for granting the similar concessions.

24. 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.

25. The Company, during the financial year 2011-12 in one of the Divisions had detected a fraud, by way of unauthorized transfer of funds from the bank account of the Division to beneficiary's bank account. The total amount of fraud is ₹ 39 Millions. The Company has initiated criminal proceedings against the accused in 2011-12. During 2012-13, a Senior Criminal Lawyer has been appointed as Public Prosecutor by the Government of Karnataka to represent the Company's case. The Company has also filed two Civil Suits for recovery of fraudulently drawn amounts against the accused, his accomplices and institutions namely, the State Bank of India for ₹ 29 Millions and Shri Krishna Souharda Credit Co-operative Limited for ₹ 10 Millions. Both the civil cases and criminal case are under progress. Two properties of the accused valuing ₹ 8 Millions stand attached by the Court. Further, one more property valued at ₹ 1 Million has been attached by the Court during 2014-15 for a total value of ₹ 14 Million

Based on the initiative of the Company, the Karnataka State Souharda Federal Co-operative Limited, Government of Karnataka has also initiated criminal proceedings against Shri Krishna Souharda Credit Co-operative Limited. Based on Company's strength in the case and as opined by the Legal Counsel, the Company is fully confident of recovery and hence the Claims Receivable is considered good. M/s SBI, during the case hearing on 31.1.2014, through their counsel, sought an adjournment stating that the bank is in the process of negotiating with HAL for settlement of its liability. HAL is in the process of discussion with SBI towards the same.

26. Exemption had been granted to the Company from compliance of the provisions 3(i)(a), 3(ii)(a)(1), 3(ii)(a)(2), 3(ii)(d) and 4C contained in Part II of the erstwhile Schedule VI to the Companies Act, 1956 vide Ministry of Law, Government of India letter no. 3/33/72-CL VI dated 06/06/1974. The Company based on the erstwhile Schedule VI exemption, has not disclosed Raw materials under broad heads, Goods Purchased under broad heads, Purchases, Sales and Consumption of Raw Material under broad heads, Work-in-Progress under broad heads as required under "General Instructions for preparation of Statement of Profit & Loss" vide paragraphs 5(ii)(a)(1), 5(ii)(a)(2), 5(ii)(d), 5(iii) respectively of the Sch III to the Companies Act 2013.

27. Exemption has been granted to the company from compliance of AS 17 vide notification no GSR/463E dated 05.06.2015.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.

28. The company has considered grants - in - aid received from Government of India towards Research and Development being a capital receipt is not taxable though the Income Tax authorities have considered the same as taxable income for the AY 2005-06 to 2007-08 and 2009-10 to 2011-12 which are under appeal by the company before appellate authorities and for the assessment years 2012-13 and 2013-14 also same treatment has been adopted in the accounts for which assessments are pending. In the meantime, The company has been advised that in view of favorable decision on the issue by ITAT, Bangalore bench 'C ' in ITA No. 763/Bangalore/1998 vide order dated 22.02.2002 for the AY 1995-96,no provision for tax be made in the accounts for the year on such capital receipts. The amount of ₹ 4,105 millions in 2013-14 (PY ₹ 7,175 Million) is disclosed in contingent liability as on 31st March 2014

29. The Company was liable to pay Minimum Alternate Tax (MAT), since the liability under regular provisions of the Act is lower than MAT. In view of convincing evidence that the Company will pay normal Income Tax in future and it is probable that future economic benefit associated with it will flow to the Company and the Asset can be measured reasonably, MAT credit entitlement of ₹ 201 Millions (PY ₹ 3,143 Million) is recognized as an Asset in the Accounts.

30. **Employee benefits**: The Company has adopted the Revised Accounting Standard (AS)-15 on Employee Benefits. Consequently, the liability thereon is accounted on the basis of actuarial valuation, and is being recognized as short-term benefits / long term benefits. The Company has recognized the following amounts in the Statement of profit and loss.

Defined contribution plans

(₹ In Millions)

Particulars	Year ended	
	31st March 2014	31st March 2013
Employer's contribution to provident fund	1,650	1,493

Defined Benefit Plans

Gratuity	The Company has a Gratuity Scheme for its employees, which is a funded plan. Every year the Company funds to the Gratuity Trust to the extent of shortfall of the assets over the fund obligations, which is determined through actuarial valuation. As per the Gratuity Scheme, Gratuity is payable to an employee on the cessation of his employment after he has rendered continuous service for not less than 5 (five) years in the Company. For every completed year of service or part thereof in excess of six months, the Company shall pay Gratuity to an employee at the rate of 15 (fifteen) days' emoluments based on the emoluments last drawn with a ceiling of ₹ 1 (One) Million.

(₹ In Millions)

Particulars	Year ended	
	31st March 2014	31st March 2013
A) Gratuity:		
(i) Change in Benefit Obligations:		
Present Value of Obligation (PVO) as at the beginning of the year	7,540	7,169
Current Service Cost	300	288
Interest Cost	571	564
Actuarial (gain) / Loss	94	419
Past Service Cost	-	-
Benefits Paid	(862)	(900)
Present Value of Obligation as at the end of the period	7,643	7,540
(ii) Change in Fair Value of Plan Assets:		
Fair Value of Plan Assets at the beginning of the year	7,120	6,949
Expected return on Plan Assets	587	574
Contributions	420	220
Benefit Paid	(862)	(900)
Actuarial gain / (Loss) on Plan Assets	149	277
Fair Value of Plan Assets at the end of the year	7,414	7,120
(iii) Expenses Recognised in the Statement of Profit & Loss A/C		
Current Service Cost	300	288
Interest Cost	571	564
Expected return on Plan Assets	(587)	(574)
Net Actuarial (gain) / loss recognised in the period	(55)	142
Past Service Cost	-	-
Expenses Recognised in the Statement of Profit & Loss	229	420
Actual Return on Plan Assets	736	851
(iv) Amounts Recognised in Balance Sheet:		

Particulars	Year ended	
	31st March 2014	31st March 2013
Present Value of Obligation as at the end of the period	7,643	7,540
Fair Value of Plan Assets at the end of the Period	(7414)	7,120
Liability recognised in Balance Sheet	229	420
(v) Category of Assets as at		
State Government Securities	-	-
Govt. of India Securities	487	493
High Quality Corporate Bonds	-	50
Investment with Insurer	7,641	7,374
Dues to HAL	(747)	(840)
Others	33	43
	7,414	**7,120**
vi) Reconciliation of Net Liability for the period		
Opening Net Liability	420	220
Add: Employee Benefit Expenses for the period	229	420
Less: Contributions by Employer	420	220
Closing Net Liability	229	420
vii) Experience Adjustments for the period ended		
Defined Benefit Obligation	7,643	7,540
Plan Assets	7,413	7,120
Surplus/(Deficit)	(229)	(420)
Exp. Adj. on Plan Liabilities	618	198
Exp. Adj. on Plan Assets	149	277
(viii) Principal Assumptions:		
Discounting Rate	9.00%	8.05%
Salary escalation rate	6.00%	6.00%
Expected rate of return on Plan Assets	9.00%	9.00%
B) Compensated Absences		
The Actuarial Liability of Accumulated absences of the employees of the Company as at March 31	5,699	5,322
Discounting Rate	9.00%	8.05%
Salary escalation rate	6.00%	6.00%
Retirement Age	60 Years	60 Years

31. Unhedged Foreign Currency Exposure

	2012-13		2013-14	
Receivables	**Foreign Currency**	**Amount in ₹ Millions**	**Foreign Currency**	**Amount in ₹ Millions**
GBP	743,998	61	253,242	25
EURO	1,314,963	90	843,689	69
USD	161,729,393	8,730	152,631,268	9,059
SGD	0		0	
GBP	164,874,721	13,711	172,879,379	17,438
EURO	202,220,711	14,212	208,913919	17,440
USD	240,883,883	13,200	271,835,066	16,443
SGD	58,511	3	76,363	4

32. Information under Micro and Small Enterprises

(₹ In Millions)

Particulars	31st March 14	31st March 13
1) The Principal Amount and the Interest due thereon remaining unpaid to any Supplier as at the end of the accounting year	172	126
2) The amount of Interest paid during the year along with the amounts of payment made to the Supplier beyond the appointed date during each accounting year		
3) The amount of Interest due and payable for the period (where the Principal has been paid but Interest not paid)		
4) The amount of Interest accrued and remaining unpaid at the end of accounting year	16	16
5) The amount of further Interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the Small Enterprise, for the purpose of disallowance as a deductible expenditure		

33. Disclosure with regard to Joint Working Groups

(₹ In Millions)

Disclosure with regard to Joint Working Groups	31st March 2014	31st March 2013
HAL has entered into a Joint Working Agreement with Air India to start Ramp Handling Business and with MSIL to carry out Air Cargo Handling Business. The Joint Working Group pools together the resources for carrying out its business activity and ownership of the assets vests with the respective working group.		
Share of income from Joint Working Groups of the company with Air India, MSIL and HALCON :		
Air India	12	15
MSIL		
HALCON	22	8
* The Joint Working Agreement with HAL & MSIL has expired on 31st March 2014 and settlement of accounts pending		

Name of the Joint Working Group	AIJWG		ACCJWG		HALCON	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Country of Incorporation	India		India		India	
Share of Company/ Ownership Interest	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
Principal Activities	**Flight Handling**		**Cargo Handling**		**Cargo Handling**	
Total Assets	197	203	73	67	144	79
Total Liabilities	197	203	73	67	144	79
Income - Company's Share	33	39	33	34	76	33
Expenditure - Company's Share	21	24	33	34	54	25
Profit / (Loss) Company's Share	12	15			22	8
Contingent Liability						

The contract between MSIL and HAL expired on 31st March 2014.The settlement process between the parties are on. Against a claim of ₹ 23 Million by MSIL.HAL has been admitted a claim of ₹ 18 Million..

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

(₹ In Millions)

Nature of Provision	Opening Balance	Provision made during the year	Utilisation/ Reversal during the year	Closing Balance
Provision for Warranty Charges-2014	8,371	477	31	8,817
Provision for Warranty Charges-2013	(10,118)	0	(1,747)	(8,371)
Provision for Replacement and Other Charges-2014	4,187	829	(1)	5017
Provision for Replacement and Other Charges-2013	(3,876)	(311)		(4,187)
Provision for Claims-2014	686	196		882
Provision for Claims-2013	(464)	(222)		(686)
Provision for Liquidated Damages-2014	2,431	3,381	1,038	4,774
Provision for Liquidated Damages-2013	(2,963)	(1,238)	(1,770)	(2,431)

35. Special Tools in Transit

(₹ In Millions)

	31st March 2014	**31st March 2013**
Special Tools and Equipment includes Tools and Equipment in progress, under inspection and in transit.	755	1,154

36. Total Inventory does not include material belonging to customers but held by the company on their behalf worth ₹ 6,257 Million in Fiscal 2014 (₹ 4,668 Million)

37. Sales for Fiscal 2014 and Fiscal 2013 includes the element of differential sales arising out of finalization of fixed price quotation prices applicable for the period 2009-10 to 2015-16 with the customer and approved by the Honourable Raksha Mantri and communicated by the customer vide letter reference no Air HQ /95357/61/PPRC/ FIP P dated 25.03.2014

Particulars	31st March 2014	31st March 2013
Repair and Overhaul	6,918	6,918
Spares	418	418
Total	**7,336**	**7,336**

38. HTFE 25 Project:

The Company has taken up the design and development of Hindustan Turbo Fan Engine (HTFE-25) in 2013-14 with a time frame of 6 years for completion. The project has been initiated based on the technical feasibility and the market potential of 200-250 units. An expenditure of ₹ 51 Millions has been accounted under Intangible Assets and would be amortized over production units.

39. HTT 40 Project :

The Company has undertaken the design and development of Hindustan Turbo Prop Trainer Aircraft (HTT- 40). Taking into the capability of the proposed Turbo Prop Aircraft , Market Studies, Upgrade functionality etc. requirement of 326 Aircraft (106 Aircraft for IAF and 220 Aircraft for other customers) has been projected upto the year 2020. The Company is funding the HTT Design and Development programme. Accordingly, an expenditure of ₹ 380 Million has been treated as Development expenditure and accounted under Intangible Assets.

40. In respect of Intermediate Jet Trainer Aircraft Design and Development Project (IJT) funded by the customer, sales of ₹ 1056 Million has been recognized in 2013-14 based on the actual cost incurred, as per para 9.2 of the accounting policy of the Company and the amounts are fully realized. The sales of ₹ 1,056 Millions recognized is within the overall sanction for the project not withstanding variations in the labour to the extent of ₹ 91 Million.

41. Other Non-Current Asset (DRE) includes ₹ 223 Millions (Previous Year₹ 223 Millions) towards COMPASS Project positioned at BEL, on behalf of MRO Division against which company derives future economic benefits for repair of electro optical pods.

42. Operating Cycle :

The Company is having Multiple Business Activity. Operating cycle is determined by Divisions based on individual business activity.

43. Advances from Customer

Advances from Customers as Non-Current and Other Current Liabilities represent gross amounts received. These amounts have been utilised for procurement of Special Purpose Tooling, Incurrence of Intangible Assets, Inventory Holding, Advances to Vendors etc. as detailed below:

(₹ In Millions)

Particulars	31st March 2014		31st March 2013	
	Non - Current	Current	Non - Current	Current
Advances from Customer				
- Defence	12,919	79,000	9,513	66,044
- Others	-	253	0	300
	12,919	79,253	9,513	66,344
Less: Utilisation of Advances				

Particulars	31st March 2014		31st March 2013	
	Non - Current	Current	Non - Current	Current
- Inventory	7,340	49,945	3,338	41,527
- Advances against Goods & Services	611	1,460	4,215	1,415
- Deferred Revenue Expenditure	518	406	866	7,367
- Special Tools & Equipment	1,108	11,762	156	1,941
- Trade Receivables	-	-	0	0
- Claims Receivables	13	294	27	54
	9,590	**63,867**	**8,602**	**52,304**
Net Advances from Customer (A)	**3,329**	**15,386**	**911**	**14,040**
Milestone Receipt				
- Defence	39,043	243,887	44496	227,882
- Others	29	5,885	22	6648
	39,072	249,772	44,518	234,530
Less: Utilisation of Milestone Receipts			0	0
- Inventory	5,188	123,131	12746	73,796
- Advances against Goods & Services	859	27,756	211	31,919
- Deferred Revenue Expenditure	7,135	3,326	10727	3,461
- Special Tools & Equipment	7,764	9,932	7725	17,443
- Trade Receivables	58	3,834	8	6,983
- Claims Receivables	38	2,466	910	29
	21,042	170,445	32,327	133,631
Net Milestone Receipts (B)	**18,030**	**79,327**	**12,191**	**100,899**
Total (A+B)	**21,359**	**94,713**	**13,102**	**114,939**

Summary

(₹ In Millions)

Particulars	31st March 2014	31st March 2014
(A) Gross Advances from Defence Customers		
Initial Advances from Defence Customers	91,919	75,557
Milestone Advances from Defence Customers	282,930	272,378
Gross Advances from Defence Customers (A)	**374,849**	**347,935**
Advances from Others (B)	**6,167**	**6,970**
Total (A+B)	**381,016**	**354,905**
Less Advances / Milestone utilisation (C)	264,944	226,864
Advances / Milestone Receipts (A+B-C)	**116,072**	**128,041**
Defence Customers	109,905	121,071
Others	6,167	6,970
Total	**116,072**	**128,041**

44. Additional Disclosure with regard to Joint Ventures:

(₹ In Millions)

Joint Venture Companies (JVCs)	Participating Interest (in %)	HAL Share of Total Assets		HAL Share of Total Liabilities		HAL Share of Total Revenue		HAL Share of Total Expenses	
		2014	2013	2014	2013	2014	2013	2014	2013
Aerospace Aviation and Sectors Skill Council(AASSC)	50%	-	-	-	-	-	-	-	-
Multi Role Transport Aircraft Limited(MTAL)	50%	1,145	1,145	1,145	1,145	27	13	14	24
SAMTEL HAL Display Systems Limited (SAMTEL)	40%	52	46	52	46	73	97	81	97
Snecma HAL Aerospace Private Limited (SNECMA)	50%	288	232	288	232	262	218	217	181
Indo-Russian Aviation Limited (IRAL)	48%	459	376	459	376	487	308	379	248
HALBIT Avionics Private Limited (HALBIT)	50%	210	213	210	213	226	235	231	244
HAL-Edgewood Technologies Private Limited (HAL-EDGEWOOD)	50%	63	86	63	86	23	1	40	17
International Aerospace Manufacturing Private Limited (IAMPL)	50%	926	534	926	534	256	15	287	110
BAeHAL Software Limited (BAeHAL)	49%	136	123	136	123	124	114	116	105
TATA HAL Technologies Limited(TATA-HAL)	50%	29	32	29	32	43	28	51	27
HATSOFF Helicopter Training Private Limited(HATSOFF)	50%	1,190	1,233	1,190	1,233	89	80	264	207
Infotech HAL Limited (INFOTECH)	50%	15	8	15	8	14	14	14	14

As per our Report attached

for M/s. S. Venkatram & Co.,
Chartered Accountants
Firm Regn. No.004656S

(C.V. Ramana Rao)
Director (Finance) & CFO

(T. SUVARNA RAJU)
Chairman & Managing Director

(S. Venkataramani)
Partner
Membership No. 015700
Place:Bangalore
Date: 05th March 2018

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

SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP AND IND AS

The Restated Financial Statements included in this Prospectus are presented in accordance with Indian GAAP, which differs from IND (AS) in certain respects. The matters described below cannot necessarily be expected to reveal all material differences between Indian GAAP and IND (AS) which are relevant to us. This is not an exhaustive list of differences between Indian GAAP and IND (AS); rather, it indicates only those differences that we believe will be more relevant to our financial position and results of operations, and to the presentation of our financial statements. We have not considered all material matters of Indian GAAP presentation, classification and disclosures, which also differ from IND (AS). Consequently, there can be no assurance that these are the only material differences in the accounting principles that could have a significant impact on the financial information included in this Prospectus. We have provided a reconciliation of the restated shareholders' equity and net profit after tax on a standalone and consolidated basis for our Company, as of and for the fiscal year ended March 31, 2017, respectively, to the unaudited shareholders' equity and net profit after tax on a standalone and consolidated basis for our Company as of and for the fiscal year ended March 31, 2017,respectively, prepared by our Company in accordance with the recognition and measurement of principles of IND AS 101 – 'First-time Adoption of Indian Accounting Standards'. For details, see "*Financial Statement- First Time Ind AS Adoption Reconciliation*" on pages 244 and 457. Except the reconciliation as stated hereinabove, we have not made any attempt to identify or quantify the impact of these differences or any future differences between Indian GAAP and IND (AS) which may result from prospective changes in accounting standards. In making an investment decision, investors must rely upon their own examination of our business financial information and terms of the Offer. Potential investors should consult with their own professional advisors for a more thorough understanding of the differences between Indian GAAP and IND (AS) and how those differences might affect our financial information.

The Ministry of Corporate Affairs ("**MCA**") via its notification dated February 16, 2015 states that an "Entity"(which means a 'company' as defined in sub-section (20) of section 2 of the Companies Act, 2013 or as defined in section 3 of the Companies Act, 1956, as the case may be) shall comply with IND (AS) for accounting periods beginning on or after April 1, 2017 (Second Phase), with comparatives for the periods ending on March 31, 2016.Therefore, we will be subject to this notification.

Areas of Difference	Indian GAAP	Ind AS
Primary literature	**AS 1 – Disclosure of Accounting Policies /Schedule III to the Companies Act,2013** **AS 5 – Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies**	**Ind AS 1 – Presentation of Financial Statements**
Statement of profit or loss and other comprehensive income (statement of comprehensive income)	Statement of profit and loss is the Indian GAAP equivalent of separate statement of profit or loss under Ind AS. Some items such as revaluation surplus, which are treated as "other comprehensive income" under Ind AS, are recognized directly in equity under Indian GAAP. There is no concept of" other comprehensive income" in Indian GAAP.	The statement of profit or loss and other comprehensive income includes all items of income and expense – (i.e. all "non-owner" changes in equity) including: (a) components of profit or loss; and (b) other comprehensive income. An entity is required to present all items of income and expense including components of other comprehensive income in a period in a singles Statement of Profit and Loss.
Statement of changes in equity	A statement of changes in equity is not presented. Movements in share capital, retained earnings and other reserves are presented in the notes to accounts	The statement of changes in equity includes the following information: • total comprehensive income for the period; • the effects on each component of equity of retrospective application or

Areas of Difference	Indian GAAP	Ind AS
		retrospective restatement in accordance with Ind AS 8; and • for each component of equity, are conciliation between the opening and closing balances, separately disclosing each change.
Extraordinary items	Extraordinary items are disclosed separately in the statement of profit and loss and are included in the determination of net profit or loss for the period. Items of income or expense to be disclosed as extraordinary should be distinct from the ordinary activities and are determined by the nature of the event or transaction in relation to the business ordinarily carried out by an entity.	Presentation of any items of income or expense as extraordinary is prohibited
Re classification	A disclosure is made in financial statements that comparative amounts have been reclassified to conform to the presentation in the current period without additional disclosures for the nature, amount and reason for reclassification.	When comparative amounts are reclassified, the nature, amount and reason for reclassification are disclosed.
Critical judgments	Does not require disclosure of judgments that management has made in the summary of significant accounting policies or other notes.	Requires disclosure of critical judgments made by management in applying accounting policies.
Estimation uncertainty	Does not require an entity to disclose information about the assumptions that it makes about the future and other major sources of estimation uncertainty at the end of the reporting period though other standards may require certain disclosures of the same.	Requires disclosure of key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The nature of the uncertainty and the carrying amounts of such assets and liabilities at the end of the reporting period are required to be disclosed
Primary literature	**AS 5 – Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies**	**Ind AS 8– Accounting Policies, Changes in Accounting Estimates and Errors**
Changes in accounting policies	Changes in accounting policies should be made only if required by statute, for compliance with an Accounting Standard or for a more appropriate presentation of the financial statements on a prospective basis (unless transitional provisions, if any, of an accounting standard require otherwise) together with a disclosure of the impact of the same, if material. If a change in accounting policy has no	Requires retrospective application of changes in accounting policies by adjusting the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts for each period presented as if the new accounting policy had always been applied, unless transitional

Areas of Difference	Indian GAAP	Ind AS
	material effect on the financial statements for the current period, but is expected to have a material effect in the later periods, the same should be appropriately disclosed.	provisions of an accounting standard require otherwise
Errors	Prior period items are included in determination of net profit or loss for the period in which the error pertaining to a prior period is discovered and are separately disclosed in the statement of profit and loss in such a manner that the impact on current profit or loss can be perceived	Material prior period errors are corrected retrospectively by restating the comparative amounts for prior periods presented in which the error occurred or if the error occurred before the earliest period presented, by restating the opening balance sheet
Primary literature	**AS 4 – Contingencies and Events Occurring after the Balance Sheet Date**	**Ind AS 10 – Events After the Reporting Period**
Dividends	Schedule III requires disclosure of proposed dividend in the notes to accounts. However, as per the requirements of AS 4, which override the provisions of Schedule III, dividends stated to be in respect of the period covered by the financial statements that are proposed or declared after the balance sheet date but before approval of the financial statements are recorded as a provision. Further, as per recent amendments by the Companies (Accounting Standards) Amendment Rules, 2016 in AS 4, dividends declared subsequent to the balance sheet are to be considered as a non-adjusting event, which is similar	Liability for dividends declared to holders of equity instruments are recognised in the period when declared. It is a non-adjusting event
Primary literature	**AS 22 – Accounting for Taxes on Income**	**Ind AS 12 – Income Taxes**
Methods of valuing Deferred Taxes	AS 22 is based on income statement approach. It requires recognition of tax consequences of differences between taxable income and accounting income. For this purpose differences between taxable income and accounting income are classified into permanent and timing differences.	Ind AS 12 is based on balance sheet approach. It requires recognition of tax consequences of differences between the carrying amounts of assets and liabilities and their tax base.
Primary Literature	**AS 6 – Depreciation Accounting AS 10 – Accounting for Fixed Assets**	**Ind AS 16 – Property, Plant and Equipment**
Change in method of depreciation	Requires retrospective re-computation of depreciation and any excess or deficit on such re-computation is required to be adjusted in the period in which such change is affected. Such a change is treated as a change in accounting policy and its effect is quantified and disclosed.	Changes in depreciation method are considered as changes in accounting estimate and applied prospectively
Primary Literature	**AS 19 – Leases**	**Ind AS 17 – Leases Appendix C to Ind AS 17 – Determining Whether an Arrangement**

Areas of Difference	Indian GAAP	Ind AS
		Contains a Lease
Interest in leasehold land	Leasehold land is recorded and classified as fixed assets.	Recognised as operating lease or finance lease as per definition and classification criteria
Primary literature	**AS – 15 – (Revised 2005) – Employee Benefits**	**Ind AS 19 – Employee Benefits**
Actuarial gains and losses	All actuarial gains and losses should be recognised immediately in the statement of profit and loss.	Actuarial gains and losses representing changes in the present value of the defined benefit obligation resulting from experience adjustment and effects of changes in actuarial assumptions are recognised in other comprehensive income and not reclassified to profit or loss in a subsequent period.
Primary literature	**Since AS 31 Financial Instruments: Presentation is not yet mandatory (since not notified under the Companies (Accounting Standards) Rules, 2006) the differences discussed below are based on the existing Indian Standards and generally accepted accounting practices**	**Ind AS 32 – Financial Instruments: Presentation**
Classification of financial liabilities	Financial instruments are classified based on legal form – redeemable preference shares will be classified as equity.	Financial instruments are classified as a liability or equity according to the substance of the contractual arrangement, (and not its legal form), and the definition of financial liabilities and equity instruments.
Offsetting	There are no offset rules. However, in practice the rules under Ind AS are applied	A financial asset and a financial liability shall be offset and the net amount presented in the balance sheet when an entity: (a) currently has a legally enforceable right to set off the recognized amounts; and (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability
Primary literature	**AS 28 – Impairment of Assets, AS 26 – Intangible Assets &** AS 29 (issued 2003) Provisions, Contingent Liabilities and Contingent Assets	**Ind AS 36 – Impairment of Assets &** Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets
Annual impairment test for goodwill and intangibles	Goodwill and other intangibles are tested for impairment only when there is an indication that they may be	Goodwill, intangible assets not yet available for use and indefinite life intangible assets

Areas of Difference	Indian GAAP	Ind AS
	impaired.	are required to be tested for impairment at least on an annual basis or earlier if there is an impairment indication.
Recognition of provisions	Provisions are not recognised based on constructive obligations though some provisions may be needed in respect of obligations arising from normal practice, custom and a desire to maintain good business relations or to act in an equitable manner.	A provision is recognised only when a past event has created a legal or constructive obligation, an outflow of resources is probable, and the amount of the obligation can be estimated reliably. The terms 'legal obligation' and 'constructive obligation' have been inserted and defined in Ind AS 37.
Test of Impairment of Asset before creating provision for onerous contract	There is no such specific provision.	Ind AS 37 makes it clear that before a separate provision for an onerous contract is established, an entity should recognise any impairment loss that has occurred on assets dedicated to that contract in accordance with Ind AS 36.
Discounting	Discounting of liabilities is not permitted and provisions are carried at their full values. However, as per recent amendments in AS 29, discounting of decommissioning, restoration and other similar liabilities to present value will be required.	When the effect of time value of money is material, the amount of provision is the present value of the expenditure expected to be require to settle the obligation.
Primary literature	**AS 26 – Intangible Assets**	**Ind AS 38 – Intangible Assets**
Measurement	Measured only at cost.	Intangible assets can be measured at either cost or revalued amounts
Goodwill	Goodwill arising on amalgamation in the nature of purchase is amortised over a period not exceeding five years.	Not amortised but subject to annual impairment test or more frequently whenever there is an impairment indication
Primary literature	**No equivalent standard on investment property. At present, covered by AS 13 –Accounting for Investments**	**Ind AS 40 – Investment Property**
Definition and scope	AS 13 defines investment property as an investment in land or buildings that are not intended to be occupied substantially for use by, or in the operations of the investing entity. However, as per the recent amendments in AS 13, accounting for investment property would be in accordance with the cost model as prescribed in the revised AS 10.	Investment property is land or building (or part thereof) or both held (whether by owner or by a lessee under a finance lease) to earn rentals or for capital appreciation or both
Primary literature	**AS 13 – Accounting for Investments** **AS 30 – Financial Instruments: Recognition and Measurement**	**Ind AS 109 Financial Instruments**
Investments, deposits loans and advances	Investments are classified as long-term or current. Long term investments are carried at cost less provision for diminution in value, which is other	All financial assets are classified as measured at amortised cost or measured at fair value.

Areas of Difference	Indian GAAP	Ind AS
	than temporary. Current investments carried at lower of cost and fair value. Deposits, loans and advances are measured at cost less valuation allowance.	Where assets are measured at fair value, gains and losses are either recognised entirely in profit or loss, or recognised in other comprehensive income. Debt Instrument held within a business model: a) Collect contractual cash flows Amortised cost. b) Collect contractual cash flows and selling financial assets – measured at fair value through other comprehensive income Ind AS 109 provides an option to irrevocably designate, at initial recognition, financial assets as measured at fair value through profit or loss if doing so eliminates an accounting mismatch. Certain Equity instruments – option to irrevocably designate them so that subsequent changes in fair value are in other comprehensive income. Dividend income from such assets – Profit / Loss
Impairment	An entity should assess the provision for doubtful debts at each period end which, in practice, is based on relevant information such as• past experience,• actual financial position and• cash flows of the debtors. Different methods are used for making provisions for bad debts, including:• the ageing analysis,• an individual assessment of recoverability.	The impairment model in Ind AS 109 is based on expected credit losses. Expected credit losses (with the exception of purchased or original credit-impaired financial assets) are required to be measured through a loss allowance at an amount equal to: • The 12 month expected credit losses; or • Lifetime expected credit losses if credit risk has increased significantly since initial recognition of the financial instrument.
Primary Literature	**AS 21 – Consolidated Financial Statement**	**Ind AS 27 – Separate Financial Statements Ind AS 110 – Consolidated Financial Statements Ind AS 112 – Disclosure of Interests in Other Entities**
Definition of control	Control is: (a) the ownership, directly or indirectly through subsidiary(ies), of more than one-half of the voting power of an entity; or (b) control of the composition of the board of directors in the case of a company or of the composition of the corresponding governing body in case of any other entity so as to obtain	Control is based on whether an investor has: (a) power over the investee; (b) exposure, or rights, to variable return from its involvement with the investee; and (c) the ability to use its power over the investee to affect the amounts of the returns.

Areas of Difference	Indian GAAP	Ind AS
	economic benefits from its activities. Therefore a mere ownership of more than 50 per cent. of equity shares is sufficient to constitute control under Indian GAAP, whereas this is not necessarily so under Ind AS.	
Exclusion of subsidiaries, associates and joint ventures	Excluded from consolidation, equity accounting or proportionate consolidation if the subsidiary/ investment/interest was acquired with intent to dispose of in the near future (which, ordinarily means not more than 12 months, unless a longer period can be justified based on facts and circumstances of the case) or if it operates under severe long-term restrictions which significantly impair its ability to transfer funds to the parent/investor/venture.	Consolidated financial statements include all subsidiaries and equity accounted associates and joint ventures. No exemption for "temporary control", "different lines of business" or "subsidiary / associate / joint venture that operates under severe long- term funds transfer restrictions".
Disclosure of nature and risk associated with interest in other entities	There is no equivalent standard. AS 21, AS 23 and AS 27 require certain minimum disclosures in respect of subsidiaries, investments in associates and investments in joint ventures respectively.	Ind AS 112 requires disclosures for significant judgements and assumptions such as how control, joint control and significant influence has been determined along with detailed analysis.
Primary Literature	**Since AS 32 Financial Instruments: Presentation is not yet mandatory (since not notified under the Companies (Accounting Standards) Rules, 2006) the differences discussed below are based on the existing Indian Standards and generally accepted accounting practices**	**Ind AS 107 – Financial Instruments: Disclosure**
Some improved disclosures	Currently there are no detailed disclosure requirements for financial instruments. However, the ICAI has issued an Announcement in December 2005 requiring the following disclosures to be made in respect of derivative instruments in the financial statements: • Category-wise quantitative data about derivative instruments that are outstanding at the balance sheet date; • The purpose, viz., hedging or speculation, for which such derivative instruments have been acquired; and The foreign currency exposures that are not hedged by a derivative instrument or otherwise.	Requires disclosure of information about the nature and extent of risks arising from financial instruments: • qualitative disclosures about exposures to each type of risk and how those risks are managed; and • quantitative disclosures about exposures to each type of risk, separately for credit risk, liquidity risk and market risk (including sensitivity analysis
Primary literature	**AS – 9 – Revenue Recognition**	**Ind AS 18 – Revenue**
Revenue recognition for service contracts	For recognition of revenue in case of service contracts, existing AS 9 permits the either use of completed service contract method or percentage completion method.	Ind AS 18 requires recognition of revenue in case of service contracts using percentage of completion method only.
Revenue recognition criteria for a	Existing AS 9 does not specifically	Ind AS 18 provides guidance on

Areas of Difference	Indian GAAP	Ind AS
separately identifiable components	deal with the same.	application of recognition criteria to the separately identifiable components of a single transaction in order to reflect the substance of the transaction.
Customer funded Asset	No specific guidance.	Ind AS 18 deals with accounting of transfer of cash from a customer, for the purpose of constructing or acquiring item of property, plant and equipment and the entity must then use the item of property, plant and equipment either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services, or to do both
Primary literature	**AS – 3 – Cash Flow Statements**	**Ind AS 7 – Statement of Cash Flows**
Disclosure of Bank Overdraft	No specific guidance.	Ind AS 7 specifically includes bank overdrafts which are repayable on demand as a part of cash and cash equivalents

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations is based on, and should be read in conjunction with, our restated financial statements, the notes and significant accounting policies relating thereto and the reports thereon included in the section "Financial Information" on page 221 of this Prospectus which is prepared in accordance with Ind AS with requirements of the Companies Act, and restated in accordance with the ICDR Regulations, Ind AS differ in certain material respects with Indian GAAP, IFRS, U.S. GAAP and other generally accepted accounting principles in other countries and our assessment of the factors that may affect our prospects and performance in future periods. Our restated financial statements have been derived from our audited financial statements. Accordingly, the degree to which our Ind AS Restated Financial Information will provide meaningful information to a prospective investor in countries other than India is entirely dependent on the reader's level of familiarity with Ind AS.

Our Financial Year ends on March, 31 of each year. Accordingly, all references to "Financial Year" or "FY" are to twelve month period ended March 31 of that year.

This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the sections titled "Risk Factors" and "Forward-Looking Statements" on pages 14 and 13, respectively.

Potential investors should consult their own professional advisors for an understanding of the differences between Indian GAAP and Ind AS and how those differences might affect the financial information disclosed in this Prospectus.

We have been conferred with the "Navratna" status by the GoI in June 2007 and are the largest DPSU in terms of value of production according to the MoD Annual Report 2016-2017. We were the 39th largest aerospace company in the world in terms of revenue (in USD million) in 2016 according to Flight International. We are engaged in the design, development, manufacture, repair, overhaul, upgrade and servicing of a wide range of products including, aircraft, helicopters, aero-engines, avionics, accessories and aerospace structures.

Our operations are organised into five complexes, namely the Bangalore Complex, MiG Complex, Helicopter Complex, Accessories Complex, and Design Complex, which together include 20 production divisions and 11 research and design centres ("R&D Centres") located across India. We rely on indigenous research as well as enter into technology transfer and licence agreements to manufacture our products. In addition, we have entered into 13 commercial joint ventures to grow our operations.

We have a sustained track record of profitability and have paid dividends to our stakeholders every year for over four decades. As of December 31, 2017, our order book was ₹ 684,610 million, which generally includes products and services to be manufactured and delivered and excludes anticipated revenues from our joint ventures and subsidiaries.

The table below summarises our financial results for the periods indicated:

Particulars[1]	**Six month period ended September 30**	**Financial Year**		
	2017	**2017**	**2016**	**2015**
	(₹ in millions except percentages)			
Revenue from operations (net of excise duty)	51,725	179,515	167,585	156,475
Exports	1,542	4,650	4,461	4,941
EBITDA[2]	8,683	43,148	40,761	25,642
EBITDA margin[3] (%)	16.8%	24.0%	24.3%	16.4%
Profit before tax	6,096	35,917	32,133	16,727
Profit after tax	3,910	26,247	20,043	9,941

(1) For details, see the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations - Significant Factors affecting Results of Operations - Cyclicality in Product Delivery and Revenue Recognition".

(2) We define EBITDA as earnings before interest, finance cost, tax, depreciation, amortisation expense and impairment

loss.

(3) EBITDA margin is calculated by dividing EBITDA with revenue from operations (net of excise duty).

In addition to sales to the Indian Defence Services, which accounted for 91.4%, 93.3%, 94.2% and 92.6% of our total sales in the six-month period ended September 30, 2017 and in Financial Years 2017, 2016 and 2015, respectively, we sell our products and provide services to state governments, para-military forces and corporates. In addition, during the Financial Year 2017, we exported our products and services, primarily spares, to more than 13 countries. During the six month period ended September 30, 2017 and during the Financial Years 2017 and 2016, exports of products and services accounted for 3.0%, 2.6% and 2.7%, of our revenue from operations (net of excise duty) respectively.

Significant Factors Affecting Results of Operations

Our results of operations are affected by a number of factors, including the following, which are of particular importance:

GoI Defence Spending

We depend on the Indian Defence Services for a majority of our revenue. We derived 91.4 %, 93.3%, 94.2% and 92.6% of our total sales from sales to the Indian Defence Services during the six month period ended September 30, 2017 and in the Financial Years 2017, 2016 and 2015, respectively.

Our contracts with the Indian Defence Services, our largest customer, are conditioned upon the continuing availability of parliamentary appropriations made available in the GoI's budget. While we believe that our programmes are well aligned with India’s national defence strategies and other priorities, shifts in domestic spending and tax policy, changes in security levels, defence, and intelligence priorities, general economic conditions and developments, and other factors may affect a decision to fund or the level of funding for existing or proposed programs. Potential changes in funding priorities may offer new or additional opportunities for our businesses in terms of existing, follow-on, or replacement programs. While we expect to compete, and be particularly well positioned as the incumbent on existing programs, our results of operations will be affected by our success in competing for GoI business in future and level of GoI budget for defence.

Many of our contracts and licences for the manufacture of aircraft and equipment are based on the availability of agreements among us, the government and foreign countries and understandings in the area relating to defence co-operation. Any change in respective defence or other national policies of these countries could affect the supplies and services from a particular country thereby impacting our operational performance.

Standard Terms of Ministry of Defence ("MoD") Contracts

Contracts with the Indian Defence Services represented 91.4%, 93.3%, 94.2% and 92.6% of our total sales from sales to the Indian Defence Services during the six month period ended September 30, 2017 and in the Financial Years 2017, 2016 and 2015, respectively, and are expected to continue to represent a significant proportion of our sales. Typically, these government contracts are for the manufacture and delivery of products and services over a period of several or more years. We are required to comply with the terms and conditions of the request for quotation issued by MoD while preparing a bid for MoD contracts, including with the Indian Defence Services. Our contracts with the Indian Defence Services are typically on a “fixed price” basis with a reimbursement to account for foreign exchange variance rather than the historically prevalent cost plus basis. However, the profit margin that we can charge under our manufacturing contracts with GoI entities is pre-determined. Further, the standard terms of MoD contracts generally allow for limited price adjustment only in cases of foreign exchange fluctuations. At the outset of our contracts, we identify and monitor risks to the achievement of the technical, schedule and cost aspects of the contract and assess the effects of those risks on our estimates and assumptions of total costs to complete the contract. Accordingly, the profitability of these contracts will significantly be determined by the accuracy of our assumptions and estimates used in the costing of the contract and how efficiently we execute the contract. For details of our contract terms, see the section entitled "*Our Business - Regulatory Matters and Contracts*" on page 147.

Further, our standard contract terms provide that, we receive advance payments from customers pursuant to the applicable contracts, including the GoI and the Indian Defence Services at the time of signing of any contract and milestone payments on achievement of physical milestones. Customer advances and milestone payments received and outstanding amounted to ₹ 312,626 million, ₹ 287,347 million ₹ 347,889 million and ₹ 378,996 million as of

September 30, 2017 March 31, 2017, 2016 and 2015, respectively. These payments are utilised to meet our working capital needs, particularly for procurement of raw materials, incurrence of expenditure towards purchase of jigs, dyes, moulds, fixtures, deferred revenue expenditure and labour costs. Any change in payment terms, particularly advances and milestone payments, will have an impact on our results of operations.

Cyclicality in Product Delivery and Revenue Recognition

We experience significant cyclicality in our business, which is attributable to the timing of delivery of our products and corresponding revenue recognition. We recognise sales upon acceptance of the product by customers and issuance of a signalling out certificate by them. Our sales are dependent on the certification process which needs to be completed before our customers can take deliveries. The certification process regarding acceptance and delivery of aircraft and helicopter by our customers typically takes place in the third and fourth quarter of each Financial Year due to favourable weather conditions for flight tests during this period. This leads to bunching up of sales during the third and fourth quarters of each Financial Year and consequently, our revenue varies significantly between the first and second half of the year. See "— *Seasonality of Business*".

Indian Regulatory Environment

Our business is subject to the laws, regulations and policies of the GoI. Changes in applicable regulations may have an impact on our business and results of operations. Our results of operations have been favourably affected by the GoI's initiatives to further develop the Indian defence agencies to which we sell our products and services, by way of increased government spending in defence procurement and its policy that the Indian Defence Services must give the first opportunity to domestic companies to meet their defence product requirements. However, since the GoI encourages private enterprises to enter and participate in defence contracts, we expect more competitive bidding for future tenders particularly from private players. In May 2017, the Government has introduced a strategic partnership model under DPP 2016 (the "DPP Strategic Partnership Model") under which the GoI seeks to identify a few Indian private companies as strategic partners who would initially tie up with shortlisted foreign OEMs to manufacture military platforms and equipment. These policies have raised the level of competition that we face and we cannot assure you that we will be as competitive under the new policy or that we will continue to be awarded contracts by our customers. In particular, the DPP Strategic Partnership Model may create the formation of entities that may pose a significant competition for our Company. Our results of operations may be impacted by our ability to formulate and adjust business strategies in accordance with market demand as influenced by changing GoI regulation and policies and competitive landscape.

Strength of Our Order book

Our results of operations are affected by the strength of our order book. As of December 31, 2017, our order book was ₹ 684,610 million, which generally includes products and services to be manufactured and delivered and excludes anticipated revenues from our joint ventures and subsidiaries. Major products forming part of our current order book include the Su 30 MKI aircraft, Light Combat Aircraft, Intermediate Jet Trainer, Advanced Light Helicopter, Dornier, Cheetal, AL-31FP engine, Jaguar Darin III upgrade and Mirage upgrade. Our ability to convert our future order book into revenues in any period is affected by factors such as our ability to efficiently produce and deliver the products and services to satisfy customer demand as well as on GoI's ability to successfully implement its defence modernisation policies which will in turn encourage growth in the defence industry and general economic conditions in India. We do not include unexercised options or indefinite-quantity orders in our order book. If any of our contracts were to be terminated, our order book would be reduced by the expected value of the remaining terms of such contracts.

Materials and Components

Our profitability is affected by our efficiency in procuring components, finished and semi-finished parts, systems and sub-systems, assembly and sub-assemblies, basic raw materials such as bar, sheet, tube, rod, billet of steel, aluminium alloys, titanium alloys, nickel alloys, magnesium alloys, composite materials, copper, castings and forgings, other base metals and electronic components at commercially reasonable prices.

We generally source a majority of our materials and components from overseas as such materials and components are largely unavailable in India. We typically import a majority of our materials and components from foreign suppliers in Russia, USA, UK, France, Germany and Israel pursuant to contracts which are typically valid for specified agreed quantities. Manufacturing activities are undertaken in a phased manner which allows us to get accustomed to absorbing technologies in case of licence manufacturing of products. During the initial phase of work under licensing agreements, we typically import off-the-shelf completely-knocked down ("CKD") and semi-knocked down ("SKD") product kits and only assemble and test the products at our facilities. In the later phase, we import raw materials and manufacture most of the components, including engines at our own facilities. This phased work has an impact on our profitability as our profit margins under agreements with GoI entities are generally linked to amount of value addition done by us.

In addition, the prices of some of these materials are subject to cyclical fluctuations, changes in supply and demand and the quantity ordered by us. Unexpected increases or high volatility in materials or commodities prices may affect our actual costs and cause them to differ from our estimated costs. While we are allowed under defence contracts to charge our customers for increases in material prices attributed to foreign exchange differences, such clauses are typically not included in contracts for sale of non-defence products. To that extent, we are unable to pass the cost increases to our customers, our profit may be adversely affected. For details, see the section entitled "*Our Business — Materials and Components*" on page 153.

Costs and Availability of Skilled Labour

We are heavily dependent on highly trained engineers and other skilled labour. We have generally been successful in recruiting the talent we need in India. However, many factors could make it more difficult, or more expensive, for us to recruit and retain the personnel we need, particularly as we grow our business. We believe that our ability to implement a compensation package which extends benefits on par with other public sector organisations is a key factor in our ability to attract skilled labour and maintain employee morale.

Research, Design and Development

Our business depends to a significant degree on our ability to successfully conduct research, design and development with respect to our products. This process is both time consuming and costly, and involves a high degree of business risk. To develop new products and upgrade existing products, we commit substantial time, funds and other resources. Our investments in research and development for future products could result in higher costs without a proportionate increase in revenues.

We also undertake customer-funded research, design and development pursuant to contracts (revenue arrangements) to perform research, design and development activities according to customer specifications. These costs are direct contract costs and are expensed to cost of sales when the corresponding revenue is recognised. Revenue from customer-funded research, design and development was ₹ 1,816 million, ₹ 6,152 million ₹ 6,109 million and ₹ 6,219 million for the six month period ended September 30, 2017 and for the Financial Years 2017, 2016 and 2015, respectively.

In addition, we must adapt to rapid changes in our industry due to technological advances. If our products become obsolete, and we are unable to effectively introduce new products, our business and results of operations could be adversely affected. Although we strive to keep our technology, facilities and machinery current with the latest international standards, the technologies, facilities and machinery we currently employ may become obsolete. The cost of implementing new technologies, upgrading our manufacturing facilities and retaining our research staff could be significant and could adversely affect our profitability.

Critical Accounting Estimates

Our critical accounting estimates are those that we believe are the most important to the portrayal of our financial condition and results of operations and that require our management's most difficult, subjective or complex judgments. In many cases, the accounting treatment of a particular transaction is specifically dictated by applicable accounting policies with no need for the application of our judgment. In certain circumstances, however, the preparation of financial statements in conformity with applicable accounting policies requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. We base our estimates on historical experience and on various other assumptions that our management believes are reasonable under the circumstances. However, critical accounting estimates are reflective of significant judgments and uncertainties and are sufficiently sensitive to result in materially different results under different assumptions and conditions. We believe that our critical accounting estimates are those described below.

We also have other accounting policies, estimates and judgements that we consider to be less significant and the complete accounting policies, estimates, judgements are set forth in detail in Annexure IV to the Ind AS Restated Consolidated Financial Information (as defined below) set out in this Prospectus.

Basis of Preparation of Consolidated Financial Statement

Our financial statements included in this Prospectus for the Financial Years 2014 and 2013 were prepared and presented in conformity with Indian GAAP, and no attempt has been made to reconcile these financial statements to any other principles or to base it on any other standards. Our financial statements included in this Prospectus for the six-months ended September 30, 2017 and the Financial Years 2017, 2016 and 2015 were prepared and presented in conformity with Ind AS. The date of transition to Ind AS is April 1, 2015. In accordance with applicable provisions relating to first time adoption of Ind AS, we have provided a reconciliation of the presentation of shareholders' funds as of March 31, 2016 and April 1, 2015 and total comprehensive income for the Financial Year 2016 under Indian GAAP to Ind AS. For more information, see Annexure IV to our consolidated financial information included elsewhere in this Prospectus and "*Summary of Significant Differences between Indian GAAP and Ind AS*" on page 626.

Our consolidated financial statements have been prepared on a historical cost convention, except for (i) financial assets and liabilities which are measured at fair value at their initial recognition and subsequently at amortised cost and (ii) defined benefit plans – plan assets which are measured at fair values, in each case at the end of each reporting period as required under Ind AS.

Revenue Recognition

Sales are based on prices that have been agreed with our customers; in the event prices are still to be negotiated or determined with the customers, such as in the case of manufacturing and servicing contracts, sales are accounted for on provisional basis. In respect of manufacturing and/or repair of an aircraft and a helicopter, sales are accounted for on a completion of contracted work method upon acceptance by the buyer's inspector which is evidenced by the execution of a signalling out certificate. In respect of overhaul of an aircraft and a helicopter, sales are accounted for on a percentage of completion of contracted work method. In the case of other deliverables such as spares, site repairs or servicing, sales are recorded upon acceptance of such deliverables by the buyer's inspection agency or in accordance with the terms agreed to with the buyer.

Development Sales

Development sales are recognised upon achievement of milestones specified in the relevant contracts relating to development projects. In case milestones have not been defined or otherwise agreed in the contract, sales will be recorded as expenditures when incurred.

Employee Benefits

We provide employee benefits in the form of defined benefit plans comprising gratuity, provident fund and provision for earned leave. As required under Indian laws, we make a monthly contribution to the provident fund of an amount which is equal to 12% of our employee's basic pay and dearness allowance.

We calculate liability for contribution in respect of gratuity and provision for earned leave on the basis of actuarial valuation in respect of eligible employees. Such contributions are transferred to a trust set up for this purpose.

We also provide employee benefits in the form of defined contribution plans comprising a pension scheme and a post superannuation group health insurance scheme which are non-statutory in nature. The contributions towards these schemes are transferred to trusts set up for this purpose. In accordance with the approved schemes, no contribution will be made in the year in which we incur a loss or earn profits which management determines to be marginal and, as a result, our liability is limited to the extent of contributions to be made to these funds in the year that we earn profits which are determined by management to be sufficient.

Property, Plant and Equipment

Costs directly attributable to the acquisition of qualifying property, plant and equipment, including borrowing cost, are capitalised when the property, plant and equipment are ready for use as intended by management. Subsequent expenditure relating to property, plant and equipment including major inspection costs and acquisition costs for spare parts, standby and servicing equipment are capitalised only when it is probable that future economic benefits associated with these will flow to our Company and the cost of the item can be measured reliably. In accordance with applicable provisions relating to first time adoption of Ind AS, we have chosen to consider the carrying value for all our property, plant and equipment their deemed cost as of April 1, 2015, which represent the book value of such assets net of depreciation.

We depreciate our assets on a straight line basis over their estimated useful life as prescribed under the Companies Act, 2013. Property, plant and equipment with an acquisition cost of ₹ 0.05 million or less are fully depreciated in the year they are acquired. Where the acquisition cost of certain components of property, plant and equipment are significant and have different useful lives, they are treated as separate components and depreciated over the estimated useful lives of the respective components. Certain equipment which constitute special tools such as jigs and fixtures which were designed for specific projects are amortised over the number of units of production expected for such project as determined based on technical assessment and management estimates. The estimated useful lives, residual values and depreciation and/or amortisation method are reviewed at the end of each reporting period.

Investment Property

In accordance with applicable provisions relating to first time adoption of Ind AS, we have chosen to consider the carrying value for investment property at their deemed cost as of April 1, 2015, which represent the book value of such assets net of depreciation.

Intangible Assets

Intangible Assets are recognised at cost less any accumulated amortisation and accumulated impairment losses if any. Expenditure on research and development is recognised as an expenditure in the year in which it is incurred. Development costs are recognised as an intangible asset and amortised over its estimated useful life. Expenditure relating to certain products such as licence fees and certain transaction costs including documentation processing charges, which constitute intangible assets and can be measured reliably and has future economic benefits, are amortised over the number of units of production expected for the related products as determined based on technical assessment and management estimates. Unamortised amounts are carried forward.

The cost of software internally generated or acquired for internal use which is not an integral part of the related hardware, is recognised as an intangible asset and is amortised over its useful life, on straight line method. Amortisation commences when the asset is available for use. Wherever it is not possible to assess the useful life of an intangible assets (whether or not significant) such asset will not be amortised.

Impairment of Assets

All assets including intangible assets are reviewed annually for impairment. If the estimated recoverable amount of assets is found to be less than its carrying amount, the impairment loss is recognised and such assets are written down to their recoverable amount.

Trade Receivables

Debts of Government departments are generally treated as fully recoverable for which we will not recognise any credit risk. Impairment on account of expected credit loss is determined by management on a case by case basis after taking into account amounts that have remained outstanding and the period during which such amounts have remained outstanding.

Income Taxes

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets in excess of deferred tax liability are recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Inventory Valuation

Inventory is valued at lower of cost and net realisable value as determined by management. The cost of raw materials (excluding goods in transit), components and stores are assigned by using the weighted average cost formula. The cost of goods in transit are valued at cost to date. In the case of finished goods, stock-in-trade and work-in-progress, cost includes cost of purchases, cost of conversion and other costs incurred in bringing the inventories to the present location and condition.

Considering the age of inventory, management may recognise a provision for redundancy based on a percentage of their closing value. From time to time, we may recognise additional provision for redundancy for inventory in respect of closed projects or surplus materials when we deem appropriate. Saleable and/or disposable scrap are valued at net realisable value.

Provision and Contingent Liabilities

A provision is recognised, when we have a present obligation as result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

Where no reliable estimate can be made or when there is a possible obligation or present obligation that may, but probably will not, require an outflow of resources, disclosure is made as contingent liability. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure will be made.

Provision for onerous contract

Provision for onerous contract is recognised when the expected benefits to be derived by our Company from the contract are lower than the sum of the historical costs and estimated future costs of meeting our obligations under the contract. Before a provision is established, we recognise any impairment loss on the assets associated with that contract.

Provision for Warranty

We recognise provision for warranty based on actuarial valuation for all activities.

Principal Profit and Loss Statement Components

Revenue

Revenue from operations

Revenue from operations comprises of sales of products, sales of services and other operating revenues. Sales of products primarily consist of sales of finished goods, predominantly aircraft, helicopters, engines and other equipment, spares for aircraft, helicopters and engines, and development sales (includes customer funded research, design and development for programmes, which we undertake on behalf of our customers). Sales of services primarily consist of repair and overhaul and other services provided to our domestic and overseas customers. Other operating revenue primarily consists of revenue derived from sale of scrap and obsolete materials and also includes withdrawal of certain provisions made in relation to warranties, replacement charges and liquidated damages. These provisions are made at the time of recognising sale and the expenditure in the subsequent years is charged to cost of sales with a corresponding provision withdrawn to other income.

The following table sets forth the break-down of our statement of revenue from operations for the periods indicated:

(₹ in millions)

Particulars	**Six Months Period Ended September, 30**	**Financial Year**		
	2017	**2017**	**2016**	**2015 (pro forma)**
Revenue from operations				
a) Sale of products				
Inland sales				
Finished goods	22,778	98,298	101,206	91,044
Spares	4,412	14,723	17,436	18,797

Particulars	Six Months Period Ended September, 30	Financial Year		
	2017	2017	2016	2015 (pro forma)
Development	1,816	6,152	6,109	6,219
Miscellaneous	7	193	205	971
Total inland sales of products	**29,013**	**119,366**	**124,956**	**117,031**
Export sales		-	-	-
Finished goods	711	2,712	2,313	3,149
Spares	764	1,847	1,648	1,763
Total export sales of products	**1,475**	**4,559**	**3,961**	**4,912**
Total sale of products (a)	**30,488**	**1,23,925**	**128,917**	**1,21,943**
b) Sale of services		-	-	-
Inland sale of services		-	-	-
Repair and overhaul	20,981	57,915	40,270	33,230
Other services	92	155	176	190
Total inland sales of services	**21,073**	**58,070**	**40,446**	**33,420**
Export sale of services		-	-	-
Repair and overhaul	62	89	306	25
Other services	5	2	194	4
Total export sales of services	**67**	**91**	**500**	**29**
Total sales of services (b)	**21,140**	**58,161**	**40,946**	**33,449**
Total sales (a+b)	**51,628**	**182,086**	**169,863**	**155,392**
c) Other operating revenues		-	-	-
(i) Disposal of scrap and surplus / unserviceable stores	30	151	37	89
(ii) Provision no longer required	1,039	2,975	1,192	509
(ii) Others	73	337	494	490
Total other operating revenues	**1,142**	**3,463**	**1,723**	**1,088**
Gross Revenue from operations (d) = (a+b+c)	**52,770**	**185,549**	**171,586**	**156,480**

Other Income

Other income primarily consists of interest on term deposits (including on amounts received as advances and milestone payments from customers), dividend income from joint ventures, gain on foreign currency transaction and fair value adjustments and other non-operating income. Other non-operating income primarily refers to miscellaneous items which includes employee related recoveries, guest house receipts, rent from shops, apprenticeship training fees, withdrawal of certain provisions and other miscellaneous recoveries.

The following table sets forth the break-down of other income for the periods indicated:

(₹ in millions)

Particulars	Six Months Period Ended September, 30	Financial Year		
	2017	2017	2016	2015 (pro forma)
Interest income				
- Short term deposits / loans	3,491	8,907	15,486	16,309
- Sundry advances - employees	6	12	12	12
- Other deposits	17	19	19	14
Less: interest liability to customer	-	0	-	110
	3,514	**8,938**	**15,517**	**16,225**
Dividend income				
- Dividend income from JVS	-	5	1	-
Net gain / loss on sale of investments	-	-	-	-
Other non-operating income				
- Gain on foreign currency transaction and translation	-	701	-	-
- Profit on sale of assets (net)	(1)	8	20	(14)
- Miscellaneous	391	743	423	195
Net gain on fair value adjustment	(15)	25	1	734
Total other income	**3,889**	**10,420**	**15,962**	**17,140**

Expenses

Cost of Materials Consumed

Cost of materials consumed consists of consumption of raw material, components, stores and spares parts and consumable which are directly used in manufacture of an equipment. The key materials consumed include titanium and aluminium. This represents the cost of materials used for production of aircraft, helicopters, engines and other equipment as well as materials used in providing overhaul and maintenance services.

Purchase of Stock-in-Trade

Purchase of Stock-in-trade comprises of goods purchased with an intention to resell, which typically includes accessories not manufactured by us.

Changes in Inventories of Finished Goods, Work-in-progress and stock-in-trade

Changes in inventories of finished goods, work-in-progress and stock-in-trade represent increase or decrease of finished goods, work-in-progress and stock-in-trade between opening and closing balances of financial reporting dates.

Excise Duty

Excise duty constitutes an indirect tax which is applicable on all excisable goods which are produced or manufactured in India. With respect to supplies of aircraft and/or helicopters to the Government of India, the applicable excise duty is nil. However, with respect to other supplies including of aircraft and/or helicopter parts, the applicable excise duty varies in accordance with the prevailing rates. With effect from July 1, 2017, the Government of India has introduced the GST which subsumes applicable excise duties.

Employee Benefits Expenses

Employee benefits expenses primarily include salaries and wages, allowances, contribution to provident fund and gratuity and staff welfare expenses. Our employee pay scales are approved by our Board of Directors in accordance with the guidelines issued by the GoI. For our unionised employees, pay scales are approved by our Board of Directors pursuant to a negotiated settlement with trade unions.

Finance Cost

Finance cost primarily includes financing costs and interest on short term loans.

Depreciation and Amortisation expenses

Depreciation mainly comprises of depreciation on fixed assets. Amortisation is made towards amortisation of special tools and intangible assets (including licence fee and documentation).

Other Expenses

Other expenses consists primarily of shop supplies, power and fuel, repair and maintenance of buildings, plant and machinery and also include expenditures for travel, security, legal expenses, insurance, recruitment, rent, advertisement, publicity and taxes on our properties.

Direct Input to Work-in-Progress / Expenses Capitalised

Direct input to work-in-progress and expenses capitalised refers to expenses directly identifiable to a project. Expenses capitalised refers to capitalisation of expenditure towards intangible assets such as licence fees. For more information, see "— *Expenses relating to Capital and Other Accounts*".

Provisions

Provisions primarily consist of provisions liquidated damages, for replacement and other charges, warranty, provision of redundancy of raw material and components, stores and spares parts and construction material, doubtful debts, doubtful claims and provision for onerous contract.

Expenses relating to Capital and Other Accounts

Expenses relating to capital and other accounts are initially recognised under different line items under our consolidated statement of profit and loss from which they are transferred to items under our balance sheet.

The following table sets forth the break-down of our expenses for the period indicated:

(₹ in millions)

Particulars	Six Months Period ended September, 30	Financial Year		
	2017	2017	2016	2015 (pro forma)
Expenses				
Cost of materials consumed	20,695	84,042	88,119	78,671
Purchase of stock-in-trade	618	2,907	3,637	10,165
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(1,701)	5,111	(5,624)	(6,346)
Excise duty	1,045	6,034	4,001	5
Employee benefit expenses	17,978	35,704	32,743	32,805
Finance costs	12	102	-	83
Depreciation, amortisation expense and impairment loss	2,575	7,129	8,628	8,832
Other expenses	6,239	12,494	11,759	11,124
Direct input to work-in-progress / expenses capitalised	1,584	4,657	5,119	4,350
Provisions	3,521	8,119	10,512	21,972
Total gross expenses	**52,566**	**166,299**	**158,894**	**161,661**
Add / deduct: expenses relating to capital and other accounts	(1,990)	(6,080)	(3,360)	(4,775)
Total net expense	**50,576**	**160,219**	**155,534**	**156,886**

Share of profit / (loss) of joint ventures accounted using equity method

Share of profit / (loss) of joint ventures accounted using equity method primarily includes our share of profit or loss in the results of operations of our joint venture companies.

Tax expense

Tax expense primarily includes corporate income tax expenses, minimum alternate tax credit entitlement utilised for a current period and deferred tax items.

Other comprehensive income

Other comprehensive income primarily represents gain or loss arising from actuarial re-measurements of employee benefits and income tax expense items relating to such gain or loss.

Summary Results of Operations

The following is a summary of our profit and loss account and as a percentage of total revenue for the periods indicated:

Particulars	Six Months Ended September ,30		Financial Year					
	2017		2017		2016		2015 (pro forma)	
	(₹ in millions)	% of total revenue	(₹ in millions)	% of total revenue	(₹ in millions)	% of total revenue	(₹ in millions)	% of total revenue
Revenue								
Revenue from operations	52,770	93.1%	185,549	94.7%	171,586	91.5%	156,480	90.1%
Other income	3,889	6.9%	10,420	5.3%	15,962	8.5%	17,140	9.9%
Total revenue	**56,659**	**100.0%**	**195,969**	**100.0%**	**187,548**	**100.0%**	**173,620**	**100.0%**
Expenses								
Cost of materials consumed	20,695	36.5%	84,042	42.9%	88,119	47.0%	78,671	45.3%
Purchase of stock-in-trade	618	1.1%	2,907	1.5%	3,637	1.9%	10,165	5.9%
Changes in inventories of finished goods,	(1,701)	(3.0%)	5,111	2.6%	(5,624)	(3.0%)	(6,346)	(3.7%)

Particulars	Six Months Ended September ,30		Financial Year					
	2017		2017		2016		2015 (pro forma)	
	(₹ in millions)	% of total revenue	(₹ in millions)	% of total revenue	(₹ in millions)	% of total revenue	(₹ in millions)	% of total revenue
work-in-progress and stock-in-trade								
Excise duty	1,045	1.8%	6,034	3.1%	4,001	2.1%	5	0.0%
Employee benefits expenses	17,978	31.7%	35,704	18.2%	32,743	17.5%	32,805	18.9%
Finance costs	12	0%	102	0.1%	-	0.0%	83	0.1%
Depreciation, amortisation expense and impairment loss	2,575	4.6%	7,129	3.6%	8,628	4.6%	8,832	5.1%
Other expenses	6,239	11.0%	12,494	6.4%	11,759	6.3%	11,124	6.4%
Direct input to work in progress / expenses capitalised	1,584	2.8%	4,657	2.4%	5,119	2.7%	4,350	2.5%
Provisions	3,521	6.2%	8,119	4.1%	10,512	5.6%	21,972	12.7%
Total gross expenses	**52,566**	**92.7%**	**166,299**	**84.9%**	**158,894**	**84.7%**	**161,661**	**93.2%**
Add / deduct: expenses relating to capital and other accounts	(1,990)	(3.5)%	(6,080)	(3.1%)	(3,360)	(1.8%)	(4,775)	(2.8%)
Total net expense	**50,576**	**89.2%**	**160,219**	**81.8%**	**155,534**	**82.9%**	**156,886**	**90.4%**
Profit before exceptional and extraordinary items and tax	**6,083**	**10.8%**	**35,750**	**18.2%**	**32,014**	**17.1%**	**16,734**	**9.6%**
Share of profit / (loss) of joint ventures accounted using equity method	13	0%	167	0.1%	119	0.1%	(7)	(0.0%)
Exceptional items			-	0.0%	-	0.0%	-	0.0%
Profit before extraordinary items and tax	**6,096**	**10.8%**	**35,917**	**18.3%**	**32,133**	**17.2%**	**16,727**	**9.6%**
Extraordinary items			-	0.0%	-	0.0%	-	0.0%
Restated profit before tax	**6,096**	**10.8%**	**35,917**	**18.3%**	**32,133**	**17.2%**	**16,727**	**9.6%**
Tax expense								
Current tax	2,185	3.9%	8,218	4.2%	8,459	4.5%	8,545	4.9%
Minimum alternate tax credit entitlement	-	0%	-	0.0%	2,091	1.1%	1,253	0.7%
Deferred tax	1	0%	1,452	0.7%	1,540	0.8%	(3,012)	(1.7%)
Total tax expense	**2,186**	**3.9%**	**9,670**	**4.9%**	**12,090**	**6.4%**	**6,786**	**3.9%**
Restated profit after tax	**3,910**	**6.9%**	**26,247**	**13.4%**	**20,043**	**10.8%**	**9,941**	**5.7%**
Other comprehensive income								

Particulars	**Six Months Ended September ,30**		**Financial Year**					
	2017		**2017**		**2016**		**2015 (pro forma)**	
	(₹ in millions)	**% of total revenue**	**(₹ in millions)**	**% of total revenue**	**(₹ in millions)**	**% of total revenue**	**(₹ in millions)**	**% of total revenue**
A (i) Items that will not be reclassified to profit or loss – (Re-measurement of defined benefit plan)	**(101)**	**(0.2)%**	**93**	**0.1%**	**103**	**0.1%**	**(985)**	**(0.6%)**
Share of Other Comprehensive income of JV's accounted using equity method			**-**		**-**		**-**	
(ii) Income tax relating to items that will not be reclassified to profit or loss	**35**	**0.1%**	**(32)**	**0.0%**	**(36)**	**0.0%**	**335**	**0.2%**
B (i) Items that will be reclassified to profit or loss (Exchange difference in translating statements of foreign operations)	**1**	**-**	**-**		**-**		**(1)**	
Share of other comprehensive income of JV's accounted using equity method			**-**		**1**		**-**	
(ii) Income tax relating to items that will be reclassified to profit or loss	**(65)**	**(0.1)%**	**61**	**0.0%**	**68**	**0.0%**	**(651)**	**(0.4%)**
Total comprehensive income for the period (Comprising profit (loss) and other comprehensive income for the period)	**3,845**	**6.8%**	**26,308**	**13.5%**	**20,111**	**10.7%**	**9,290**	**5.3%**

Six-month period ended September 30, 2017

We experience cyclicality in respect of recognition of revenue from operations. Our revenue varies significantly between the first and second half of the year mainly as a result of a substantial majority of our products being delivered, and consequent sales being recognized, in the second half of the financial year. Unlike revenue which is recognised only upon completion and delivery, expenses are recognised when actually incurred during the period. Therefore, results of any first six-month period are not indicative of our expected results for the full year. See "— *Seasonality of Business*".

Income

Our total revenue for the six month period ended September 30, 2017 was ₹ 56,659 Million.

Revenue from Operations

Our revenue from operations for the six month period ended September 30, 2017 was ₹ 52,770 Million. Sales from products and services during the six month period ended September 30, 2017 represented 57.8% and 40.1% of our gross revenue from operations, respectively. The sale of products was ₹ 30,488 million while sale of services was ₹ 21,140 million for the six month period ended September 30, 2017.

Other Income

Our other income for the six month period ended September 30, 2017 was ₹ 3,889 million which was primarily derived from interest income of ₹ 3,491 million primarily attributable to short term deposit or loans.

Expenses

Our total net expenses were ₹ 50,576 million for the six month period ended September 30, 2017. Our expenses as a percentage of revenue from operation were 95.84% in the six month period ended September 30, 2017, as expenses are accounted as and when incurred, whereas sales will be recognised upon issuance of SOC by customers, which typically takes place in the second half of the year.

Cost of materials consumed

The cost of materials consumed was ₹ 20,695 million in the six month period ended September 30, 2017. The cost of materials consumed as a percentage of revenue from operations was 39.2 % mainly due to materials used for production during the period.

Purchase of stock-in-trade

Purchase of stock-in-trade was ₹ 618 million in the six month period ended September 30, 2017. Purchase of stock-in-trade as a percentage of revenue from operations was 1.17 % in the six month period ended September, 30 2017.

Changes in inventories of finished goods, work-in-progress and stock-in-trade

We recorded accretion due to changes in inventories of finished goods, work-in-progress and stock in trade of ₹ 1,701 Million for the six month period ended September 30, 2017 mainly due to build up in work-in-progress, which will be typically converted into sales during subsequent periods.

Excise Duty

Excise duty for the six month period ending September 30, 2017 was ₹ 1,045 Million.

Employee Benefits Expenses

Employee benefits expenses were ₹ 17,978 million for the six month period ended September 30, 2017.

Finance Cost

Finance costs were ₹ 12 million for the six month period ended September 30, 2017.

Depreciation , Amortisation Expense and impairment loss

Depreciation, amortisation expense and impairment loss was ₹ 2,575 million, for the six month period ended September 30, 2017.

Other Expenses

Other expenses were ₹ 6,239 million for the six month period ended September 30, 2017.

Direct input to work-in-progress /expenses capitalised

Direct input to work-in-progress and expenses capitalised was ₹ 1,584 million for the six month period ended September 30, 2017. These items represent expenses directly related to the project cost including design and development, documentation, travel, training, foreign technician fees, ground risk insurance and collaboration charges and sundry direct charges.

Provisions

We made provisions of ₹ 3,521 million in the six month period ended September 30, 2017.

Expenses relating to capital and other accounts

Expenses relating to Capital account were ₹ 1,990 million in the six month period ended September 30, 2017.

Share of profit / (loss) of joint ventures accounted using equity method

Share of profit of joint ventures accounted using equity method was ₹ 13 Million in the six month period ended September 30, 2017.

Tax expense

Tax expenses were ₹ 2,186 Million in the six month period ended September 30, 2017. Our effective tax rate was 35.8% in the six month period ended September 30, 2017.

Current tax

Current tax was ₹ 2,185 million in the six month period ended September 30, 2017.

Minimum alternate tax credit entitlement

We recorded a minimum alternate tax credit entitlement of nil for the six month period ended September 30, 2017.

Deferred tax

Deferred tax liability was ₹ 1 million in the six month period ended September 30, 2017.

Restated profit after tax

As a result of the foregoing, restated profit after tax was ₹ 3,910 million in the six month period ended September 30, 2017.

Other comprehensive income

Other comprehensive income was negative ₹ 65 million in the six month period ended September 30, 2017, primarily due to a decrease in income recognised as a result of actuarial re-measurements of employee benefits and income tax expense items relating to such evaluation.

Total comprehensive income for the period

As a result of the foregoing, total comprehensive income was ₹ 3,845 million in the six month period ended September 30, 2017.

Financial Year 2017 compared to Financial Year 2016

Revenue

Revenue increased by ₹ 8,421 million, or 4.5%, to ₹ 195,969 million for the Financial Year 2017 from ₹ 187,548 million for the Financial Year 2016, primarily due to an increase in revenue from operations, which was partially offset by a decrease in other income.

Revenue from operations

Revenue from operations increased by ₹ 13,963 million, or 8.1%, to ₹ 185,549 million for the Financial Year 2017 from ₹ 171,586 million for the Financial Year 2016, primarily due to an increase in sale of services, which was partially offset by a decrease in sale of products.

Sale of services

Sale of services increased by ₹ 17,215 million, or 42.0%, to ₹ 58,161 million for the Financial Year 2017 from ₹ 40,946 million for the Financial Year 2016, primarily due to an increase in inland sales of repair and overhaul of ₹ 17,645 million, or 43.8%, to ₹ 57,915 million for the Financial Year 2017 from ₹ 40,270 million for the Financial Year 2016.Our sale of services for the Financial Year 2017 included a one-time recognition of ₹ 5,380 million, reflecting an increase in prices for services rendered in prior periods by the Company pursuant to price adjustment terms as provided under the applicable agreements.

This increase was partially offset by:

- a decrease in export sales of repair and overhaul of ₹ 217 million, or 70.9%, to ₹ 89 million for the Financial

Year 2017 from ₹ 306 million for the Financial Year 2016; and

- a decrease in export sales of other services of ₹ 192 million, or 99.0%, to ₹ 2 million for the Financial Year 2017 from ₹ 194 million for the Financial Year 2016.

Sale of products

Sale of products decreased by ₹ 4,992 million, or 3.9%, to ₹ 123,925 million for the Financial Year 2017 from ₹ 128,917 million for the Financial Year 2016, primarily due to:

- a decrease in inland sales of finished goods of ₹ 2,908 million, or 2.9%, to ₹ 98,298 million for the Financial Year 2017 from ₹ 101,206 million for the Financial Year 2016, primarily attributable to a decrease in the sales quantity of aircraft and helicopters; and

- a decrease in inland sales of spares of ₹ 2,713 million, or 15.6%, to ₹ 14,723 million for the Financial Year 2017 from ₹ 17,436 million for the Financial Year 2016, primarily attributable to a decrease in the sales quantity of aircraft and helicopters.

This was partially offset by:

- an increase in export sales of finished goods of ₹ 399 million, or 17.3%, to ₹ 2,712 million for the Financial Year 2017 from ₹ 2,313 million for the Financial Year 2016; and

- an increase in export sales of spares of ₹ 199 million, or 12.1%, to ₹ 1,847 million for the Financial Year 2017 from ₹ 1,648 million for the Financial Year 2016.

Other income

Other income decreased by ₹ 5,542 million, or 34.7%, to ₹ 10,420 million for the Financial Year 2017 from ₹ 15,962 million for the Financial Year 2016, primarily due to a decrease in interest income from short-term deposits or loans of ₹ 6,579 million, or 42.5%, to ₹ 8,907 million for the Financial Year 2017 from ₹ 15,486 million for the Financial Year 2016, primarily attributable to a decrease in average cash balance due to the buyback of our shares in March 2016.

Expenses

Total net expenses increased by ₹ 4,685 million, or 3.0%, to ₹ 160,219 million for the Financial Year 2017 from ₹ 155,534 million for the Financial Year 2016. Total net expenses as a percentage of revenue from operations decreased from 90.7% in the Financial Year 2016 to 86.4% in the Financial Year 2017.

Cost of materials consumed

Cost of materials consumed decreased by ₹ 4,077 million, or 4.6%, to ₹ 84,042 million for the Financial Year 2017 from ₹ 88,119 million for the Financial Year 2016, primarily due to a decrease in aircraft and helicopter kits purchased for assembly in line with the decrease in the sales quantity of aircraft and helicopters.

Purchase of stock-in-trade

Purchase of stock-in-trade decreased by ₹ 730 million, or 20.1%, to ₹ 2,907 million for the Financial Year 2017 from ₹ 3,637 million for the Financial Year 2016, primarily due to a decrease in sale of stock-in-trade items.

Changes in inventories of finished goods, work-in-progress and stock-in-trade

We recorded a decretion due to changes in inventories of finished goods, work-in-progress and stock-in-trade of ₹ 5,111 million for the Financial Year 2017 compared to an accretion of ₹ 5,624 million for the Financial Year 2016, primarily due to an increased consumption of work-in-progress.

Excise duty

Excise duty increased by ₹ 2,033 million, or 50.8%, to ₹ 6,034 million for the Financial Year 2017 from ₹ 4,001 million for the Financial Year 2016, primarily due to the full year effects of withdrawals in excise duty exemptions applicable to our Company which came into effect from June 1, 2015.

Employee benefits expenses

Employee benefits expenses increased by ₹ 2,961 million, or 9.0%, to ₹ 35,704 million for the Financial Year 2017 from ₹ 32,743 million for the Financial Year 2016, primarily due to an increase in salaries and wages of ₹

3,329 million, or 12.6%, to ₹ 29,823 million for the Financial Year 2017 from ₹ 26,494 million for the Financial Year 2016, primarily attributable to annual increases in salaries and wages and provisions made on account of wage revision for the fourth quarter of the Financial Year 2017.

This increase was partially offset by a decrease in contribution to provident funds/others of ₹ 342 million, or 7.9%, to ₹ 3,994 million for the Financial Year 2017 from ₹ 4,336 million for the Financial Year 2016, primarily attributable to contributions made to the medical fund in the Financial Year 2016.

Finance costs

Finance costs increased to ₹ 102 million for the Financial Year 2017 from nil for the Financial Year 2016, primarily on account of borrowings made in the Financial Year 2017.

Depreciation, amortisation expense and impairment loss

Depreciation, amortisation expense and impairment loss decreased by ₹ 1,499 million, or 17.4%, to ₹ 7,129 million for the Financial Year 2017 from ₹ 8,628 million for the Financial Year 2016, primarily due to a decrease in amortisation of ₹ 1,235 million, or 22.9%, to ₹ 4,150 million for the Financial Year 2017 from ₹ 5,385 million for the Financial Year 2016, primarily attributable to a decrease in amortisation on licence fees of ₹ 1,128 million, or 60.5%, to ₹ 735 million for the Financial Year 2017 from ₹ 1,863 million for the Financial Year 2016.

Other expenses

Other expenses increased by ₹ 735 million, or 6.3%, to ₹ 12,494 million for the Financial Year 2017 from ₹ 11,759 million for the Financial Year 2016, primarily due to:

- an increase in miscellaneous operating expenses of ₹ 306 million, or 11.2%, to ₹ 3,028 million for the Financial Year 2017 from ₹ 2,722 million for the Financial Year 2016;

- an increase in other expenses relating to repairs of plant, machinery and equipment of ₹ 304 million, or 29.0%, to ₹ 1,352 million for the Financial Year 2017 from ₹ 1,048 million for the Financial Year 2016; and

- an increase in corporate social responsibility expenses of ₹ 171 million, or 35.5%, to ₹ 653 million for the Financial Year 2017 from ₹ 482 million for the Financial Year 2016.

This increase was partially offset by:

- a decrease in loss on foreign currency transaction and translation to nil for the Financial Year 2017 from ₹ 441 million for the Financial Year 2016;

- a decrease in water charges of ₹ 69 million, or 11.1%, to ₹ 554 million for the Financial Year 2017 from ₹ 623 million for the Financial Year 2016; and

- a decrease in advertisement expenses of ₹ 59 million, or 32.6%, to ₹ 122 million for the Financial Year 2017 from ₹ 181 million for the Financial Year 2016.

Direct input to work-in-progress / expenses capitalised

Direct input to work-in-progress and expenses capitalised decreased by ₹ 462 million, or 9.0%, to ₹ 4,657 million for the Financial Year 2017 from ₹ 5,119 million for the Financial Year 2016, primarily due to decreases in direct input to work-in-progress and expenses capitalised.

Direct input to work-in-progress

Direct input to work-in-progress decreased by ₹ 282 million, or 6.2%, to ₹ 4,282 million for the Financial Year 2017 from ₹ 4,564 million for the Financial Year 2016, primarily due to:

- a decrease in sundry direct charges - others of ₹ 310 million, or 14.3%, to ₹ 1,860 million for the Financial Year 2017 from ₹ 2,170 million for the Financial Year 2016;

- a decrease in foreign technician fee of ₹ 176 million, or 20.7%, to ₹ 673 million for the Financial Year 2017 from ₹ 849 million for the Financial Year 2016; and

- a decrease in project related other expenditures of ₹ 222 million, or 53.1%, to ₹ 196 million for the Financial Year 2017 from ₹ 418 million for the Financial Year 2016.

This decrease was partially offset by an increase in design and development expenses of ₹ 508 million, or 79.0%, to ₹ 1,151 million for the Financial Year 2017 from ₹ 643 million for the Financial Year 2016.

Expenses capitalised

Expenses capitalised decreased by ₹ 180 million, or 32.4%, to ₹ 375 million for the Financial Year 2017 from ₹ 555 million for the Financial Year 2016, primarily due to a decrease in expenses capitalised for computer software by ₹ 182 million, or 71.7%, to ₹ 72 million for the Financial Year 2017 from ₹ 254 million for the Financial Year 2016.

This decrease was partially offset by:

- an increase in expenses capitalised for licence fees of ₹ 165 million, or 76.4%, to ₹ 51 million for the Financial Year 2017 from ₹ 216 million for the Financial Year 2016; and
- an increase in expenses capitalised for documentation of ₹ 167 million, or 196.5%, to ₹ 252 million for the Financial Year 2017 from ₹ 85 million for the Financial Year 2016.

Provisions

Provisions decreased by ₹ 2,393 million, or 22.8%, to ₹ 8,119 million for the Financial Year 2017 from ₹ 10,512 million for the Financial Year 2016, primarily due to:

- a decrease in provision for replacement and other charges of ₹ 810 million, or 25.1%, to ₹ 2,422 million for the Financial Year 2017 from ₹ 3,232 million for the Financial Year 2016, primarily attributable to a decrease in provisions recognised in the Financial Year 2017 as a result of changes in applicable estimates based on management's technical assessment;
- a decrease in provision for warranty of ₹ 662 million, or 44.1%, to ₹ 839 million for the Financial Year 2017 from ₹ 1,501 million for the Financial Year 2016, primarily attributable to the expiry of warranty periods; and
- a decrease in provision for doubtful debts of ₹ 537 million, or 54.2%, to ₹ 453 million for the Financial Year 2017 from ₹ 990 million for the Financial Year 2016, primarily attributable to provisions recognised in the Financial Year 2016 for amounts due to be received from the governments of Ecuador and Nepal.

This decrease was partially offset by an increase in provision for raw materials and components, stores and spare parts and construction materials of ₹ 267 million, or 36.4%, to ₹ 1,001 million for the Financial Year 2017 from ₹ 734 million for the Financial Year 2016, primarily attributable to an increase in provision for redundancy.

Expenses relating to capital and other accounts

Expenses relating to capital and other accounts increased by ₹ 2,720 million, or 81.0%, to ₹ 6,080 million for the Financial Year 2017 from ₹ 3,360 million for the Financial Year 2016, primarily due to an increase in expenses initially recognised under different line items under our consolidated statement of profit and loss from which they are transferred to items under our balance sheet.

Share of profit / (loss) of joint ventures accounted using equity method

Share of profit of joint ventures accounted using equity method increased by ₹ 48 million, or 40.3%, to ₹ 167 million for the Financial Year 2017 from ₹ 119 million for the Financial Year 2016.

Tax expense

Tax expenses decreased by ₹ 2,420 million, or 20.0%, to ₹ 9,670 million for the Financial Year 2017 from ₹ 12,090 million for the Financial Year 2016. Our effective tax rate decreased to 27.0% for the Financial Year 2017 from 37.7% for the Financial Year 2016, primarily due to an increase in claims of provisions toward expenditures made in the Financial Year 2017 and our adoption of Ind AS which reduced our taxable income for the Financial Year 2017.

Current tax

Current tax decreased by ₹ 241 million, or 2.8%, to ₹ 8,218 million for the Financial Year 2017 from ₹ 8,459 million for the Financial Year 2016.

Minimum alternate tax credit entitlement

We recorded a minimum alternate tax credit entitlement of nil for the Financial Year 2017 compared to ₹ 2,091 million for the Financial Year 2016.

Deferred tax

Deferred tax liability decreased by ₹ 88 million, or 5.7%, to ₹ 1,452 million for the Financial Year 2017 from ₹ 1,540 million for the Financial Year 2016.

Restated profit after tax

As a result of the foregoing, restated profit after tax increased by ₹ 6,204 million, or 30.9%, to ₹ 26,247 million for the Financial Year 2017 from ₹ 20,043 million for the Financial Year 2016.

Other comprehensive income

Other comprehensive income decreased by ₹ 7 million, or 10.3%, to ₹ 61 million for the Financial Year 2017 from ₹ 68 million for the Financial Year 2016, primarily due to a decrease in income recognised as a result of actuarial re-measurements of employee benefits and income tax expense items relating to such evaluation.

Total comprehensive income for the period

As a result of the foregoing, total comprehensive income for the period increased by ₹ 6,197 million, or 30.8%, to ₹ 26,308 million for the Financial Year 2017 from ₹ 20,111 million for the Financial Year 2016.

Financial Year 2016 compared to Financial Year 2015

Revenue

Revenue increased by ₹ 13,928 million, or 8.0%, to ₹ 187,548 million for the Financial Year 2016 from ₹ 173,620 million for the Financial Year 2015, primarily due to an increase in revenue from operations, which was partially offset by a decrease in other income.

Revenue from operations

Revenue from operations increased by ₹ 15,106 million, or 9.7%, to ₹ 171,586 million for the Financial Year 2016 from ₹ 156,480 million for the Financial Year 2015, primarily due to increases in sale of services and sale of products.

Sale of products

Sale of products increased by ₹ 6,974 million, or 5.7%, to ₹ 128,917 million for the Financial Year 2016 from ₹ 121,943 million for the Financial Year 2015, primarily due to an increase in inland sales of finished goods of ₹ 10,162 million, or 11.2%, to ₹ 101,206 million for the Financial Year 2016 from ₹ 91,044 million for the Financial Year 2015, primarily attributable to an increase in the sales quantity of aircraft and helicopters.

This increase was partially offset by:

- a decrease in inland sales of spares of ₹ 1,361 million, or 7.2%, to ₹ 17,436 million for the Financial Year 2016 from ₹18,797 million for the Financial Year 2015;

- a decrease in export sales of finished goods of ₹ 836 million, or 26.5%, to ₹ 2,313 million for the Financial Year 2016 from ₹ 3,149 million for the Financial Year 2015; and

- a decrease in export sales of spares of ₹ 115 million, or 6.5%, to ₹ 1,648 million for the Financial Year 2016 from ₹ 1,763 million for the Financial Year 2015.

Sale of services

Sale of services increased by ₹ 7,497 million, or 22.4%, to ₹ 40,946 million for the Financial Year 2016 from ₹ 33,449 million for the Financial Year 2015, primarily due to:

- an increase in inland sales of repair and overhaul of ₹ 7,040 million, or 21.2%, to ₹ 40,270 million for the Financial Year 2016 from ₹ 33,230 million for the Financial Year 2015;

- an increase in export sales of repair and overhaul of ₹ 281 million to ₹ 306 million for the Financial Year 2016 from ₹ 25 million for the Financial Year 2015; and

- an increase in export sales of other services of ₹ 190 million to ₹ 194 million for the Financial Year 2016 from ₹ 4 million for the Financial Year 2015.

Other income

Other income decreased by ₹ 1,178 million, or 6.9%, to ₹ 15,962 million for the Financial Year 2016 from ₹ 17,140 million for the Financial Year 2015, primarily due to a decrease in interest income from short-term deposits or loans of ₹ 823 million, or 5.0%, to ₹ 15,486 million for the Financial Year 2016 from ₹ 16,309 million for the Financial Year 2015, primarily attributable to a decrease in average cash balance.

Expenses

Total net expenses decreased by ₹ 1,352 million, or 0.9%, to ₹ 155,534 million for the Financial Year 2016 from ₹ 156,886 million for the Financial Year 2015. Total net expenses as a percentage of revenue from operations decreased to 90.7% for the Financial Year 2016 from 100.3% for the Financial Year 2015.

Cost of materials consumed

Cost of materials consumed increased by ₹ 9,448 million, or 12.0%, to ₹ 88,119 million for the Financial Year 2016 from ₹ 78,671 million for the Financial Year 2015, primarily due to increases in materials used for production during the period and work-in-progress which were typically converted into sales during subsequent periods.

Purchase of stock-in-trade

Purchase of stock-in-trade decreased by ₹ 6,528 million, or 64.2%, to ₹ 3,637 million for the Financial Year 2016 from ₹ 10,165 million for the Financial Year 2015, primarily due to a decrease in sale of stock-in-trade items.

Changes in inventories of finished goods, work-in-progress and stock-in-trade

Accretion due to changes in inventories of finished goods, work-in-progress and stock-in-trade decreased by ₹ 722 million, or 11.4%, to ₹ 5,624 million for the Financial Year 2016 from ₹ 6,346 million for the Financial Year 2015, primarily due to increased consumption of work-in-progress.

Excise duty

Excise duty increased by ₹ 3,996 million to ₹ 4,001 million for the Financial Year 2016 from ₹ 5 million for the Financial Year 2015, primarily due to withdrawals in excise duty exemptions applicable to our Company which came into effect from June 1, 2015.

Employee benefits expenses

Employee benefits expenses decreased by ₹ 62 million, or 0.2%, to ₹ 32,743 million for the Financial Year 2016 from ₹ 32,805 million for the Financial Year 2015, primarily due to a decrease in salaries and wages of ₹ 503 million, or 1.9%, to ₹ 26,494 million for the Financial Year 2016 from ₹ 26,997 million for the Financial Year 2015.

This decrease was partially offset by:

- an increase in contribution to provident funds/others of ₹ 340 million, or 8.5%, to ₹ 4,336 million for the Financial Year 2016 from ₹ 3,996 million for the Financial Year 2015, primarily attributable to contributions made to the medical fund in the Financial Year 2016; and

- an increase in contribution to gratuity of ₹ 123 million, or 43.6%, to ₹ 405 million for the Financial Year 2016 from ₹ 282 million for the Financial Year 2015.

Finance costs

Finance costs decreased to nil for the Financial Year 2016 from ₹ 83 million for the Financial Year 2015, primarily on account of borrowings made in the Financial Year 2015.

Depreciation, amortisation expense and impairment loss

Depreciation, amortisation expense and impairment loss decreased by ₹ 204 million, or 2.3%, to ₹ 8,628 million for the Financial Year 2016 from ₹ 8,832 million for the Financial Year 2015, primarily due to a decrease in impairment loss of ₹ 655 million, or 86.8%, to ₹ 100 million for the Financial Year 2016 from ₹ 755 million for the Financial Year 2015.

This decrease was partially offset by an increase in depreciation on assets of ₹ 518 million, or 19.7%, to ₹ 3,143 million for the Financial Year 2016 from ₹ 2,625 million for the Financial Year 2015.

Other expenses

Other expenses increased by ₹ 635 million, or 5.7%, to ₹ 11,759 million for the Financial Year 2016 from ₹ 11,124 million for the Financial Year 2015, primarily due to a loss on foreign currency transaction and translation of ₹ 441 million which we recorded for the Financial Year 2016, compared to a gain on foreign currency transaction and translation of ₹ 802 million which we recorded for the Financial Year 2015, primarily attributable to fluctuations in foreign exchange.

This increase was partially offset by a decrease in loss on fair value adjustments to ₹ 1 million for the Financial Year 2016 from ₹ 742 million for the Financial Year 2015, primarily attributable to fluctuations in the exchange rates between the Indian Rupee and Russian Rouble.

Direct input to work-in-progress / expenses capitalised

Direct input to work-in-progress and expenses capitalised increased by ₹ 769 million, or 17.7%, to ₹ 5,119 million for the Financial Year 2016 from ₹ 4,350 million for the Financial Year 2015, primarily due to an increase in direct input to work-in-progress, which was partially offset by a decrease in expenses capitalised.

Direct input to work-in-progress

Direct input to work-in-progress increased by ₹ 1,458 million, or 46.9%, to ₹ 4,564 million for the Financial Year 2016 from ₹ 3,106 million for the Financial Year 2015, primarily due to:

- an increase in sundry direct charges - others of ₹ 809 million, or 59.4%, to ₹ 2,170 million for the Financial Year 2016 from ₹ 1,361 million for the Financial Year 2015.

- an increase in foreign technician fee of ₹ 248 million, or 41.3%, to ₹ 849 million for the Financial Year 2016 from ₹ 601 million for the Financial Year 2015; and

- an increase in project related other expenditure of ₹ 281 million to ₹ 418 million for the Financial Year 2016 from ₹ 137 million for the Financial Year 2015.

Expenses capitalised

Expenses capitalised decreased by ₹ 689 million, or 55.4%, to ₹ 555 million for the Financial Year 2016 from ₹ 1,244 million for the Financial Year 2015, primarily due to:

- a decrease in expenses capitalised for licence fees of ₹ 701 million, or 76.4%, to ₹ 216 million for the Financial Year 2016 from ₹ 917 million for the Financial Year 2015; and
- a decrease in expenses capitalised for documentation of ₹ 131 million, or 60.6%, to ₹ 85 million for the Financial Year 2016 from ₹ 216 million for the Financial Year 2015.

This decrease was partially offset by an increase in expenses capitalised for computer software of ₹ 143 million, or 128.8%, to ₹ 254 million for the Financial Year 2016 from ₹ 111 million for the Financial Year 2015.

Provisions

Provisions decreased by ₹ 11,460 million, or 52.2%, to ₹ 10,512 million for the Financial Year 2016 from ₹ 21,972 million for the Financial Year 2015, primarily due to:

- a decrease in onerous contracts nil for the Financial Year 2016 from ₹ 11,047 million for the Financial Year 2015, primarily attributable to a recognition of provision of contracts which we determined had become onerous in the Financial Year 2015; and

- a decrease in liquidated damages of ₹ 3,862 million, or 52.5%, to ₹ 3,499 million for the Financial Year 2016 from ₹ 7,361 million for the Financial Year 2015, primarily attributable to our adoption of Ind AS;

This decrease was partially offset by:

- an increase in replacement and other charges of ₹ 2,277 million, or 238.4%, to ₹ 3,232 million for the Financial Year 2016 from ₹ 955 million for the Financial Year 2015, primarily attributable to an increase in provisions recognised in the Financial Year 2016 as a result of changes in applicable estimates based on management's technical assessment; and

- an increase in doubtful debts to ₹ 990 million for the Financial Year 2016 from ₹ 1 million for the Financial Year 2015, primarily attributable to provisions recognised in the Financial Year 2016 for amounts due to be received from the governments of Ecuador and Nepal.

Expenses relating to capital and other accounts

Expenses relating to capital and other accounts decreased by ₹ 1,415 million, or 29.6%, to ₹ 3,360 million for the Financial Year 2016 from ₹ 4,775 million for the Financial Year 2015, primarily due to a decrease in expenses initially recognised under different line items under our consolidated statement of profit and loss from which they are transferred to items under our balance sheet.

Share of profit / (loss) of joint ventures accounted using equity method

We recorded a share of profit of joint ventures accounted using equity method of ₹ 119 million for the Financial Year 2016 compared to a share of loss of joint ventures accounted using equity method of ₹ 7 million for the Financial Year 2015.

Tax expense

Tax expenses increased by ₹ 5,304 million, or 78.2%, to ₹ 12,090 million for the Financial Year 2016 from ₹ 6,786 million for the Financial Year 2015, primarily due to an increase in profit before tax. Our effective tax rate decreased to 37.7% for the Financial Year 2016 from 40.6% for the Financial Year 2015, primarily due to higher claim of expenditure incurred towards special tools.

Current tax

Current tax decreased by ₹ 86 million, or 1.0%, to ₹ 8,459 million for the Financial Year 2016 from ₹ 8,545 million for the Financial Year 2015.

Minimum alternate tax credit entitlement

Minimum alternate tax credit entitlement increased by ₹ 838 million, or 66.9%, to ₹ 2,091 million for the Financial Year 2016 from ₹ 1,253 million for the Financial Year 2015.

Deferred tax

We recorded a deferred tax liability of ₹ 1,540 million for the Financial Year 2016 compared to a deferred tax asset of ₹ 3,012 million for the Financial Year 2015, primarily due to reversal of claims as a result of our adoption of Ind AS.

Restated profit after tax

As a result of the foregoing, restated profit after tax increased by ₹ 10,102 million, or 101.6%, to ₹ 20,043 million for the Financial Year 2016 from ₹ 9,941 million for the Financial Year 2015.

Other comprehensive income

We recorded other comprehensive income of ₹ 68 million for the Financial Year 2016 compared to other comprehensive loss of ₹ 651 million for the Financial Year 2015, primarily attributable to income recognised as a result of actuarial re-measurements of employee benefits and income tax expense items relating to such evaluation.

Total comprehensive income for the period

As a result of the foregoing, total comprehensive income for the period increased by ₹ 10,821 million, or 116.5%, to ₹ 20,111 million for the Financial Year 2016 from ₹ 9,290 million for the Financial Year 2015.

Liquidity and Capital Resources

We have historically financed our working capital requirements and the expansion of our business and operations primarily through funds generated from our operations. From time to time, we may obtain loan facilities to finance our short term working capital requirements.

Cash Flows

As of September 30, 2017 and as of March 31, 2017, we had cash and cash equivalents of ₹ 116,992 million and ₹ 111,533 million respectively, compared to ₹ 133,034 million and ₹ 176,714 million as of March 31, 2016 and 2015, respectively.

(₹in millions)

Particulars	Six Month ended September, 30	Financial Year		
	2017	2017	2016	2015 (pro forma)
Net cash provided by operating activities (a)	19,168	(4,046)	31,480	29,169
Net cash provided by (used in) investing activities (b)	(5,359)	30,144	13,471	(111,000)
Net cash provided by financing activities (c)	(9,512)	(1,643)	(58,797)	(12,637)
Net increase in cash and cash equivalents during the year/period	4,297	24,455	(13,846)	(94,468)
Cash and cash equivalents at beginning of the year/period	27,895	3,440	17,286	111,754
Cash and cash equivalents at the end of the year/period	32,192	27,895	3,440	17,286

Cash flow provided by (used in) operating activities

Net cash generated provided by operating activities was ₹ 19,168 million for the six months ended September 2017, primarily on account of (i) net profit before tax (restated) of ₹ 5,996 million, adjusted primarily for depreciation, amortisation expense and impairment loss of ₹ 2,575 million and (ii) working capital changes. Inflow working capital changes primarily included: (i) increase in trade payable of ₹ 2,933 Million; and (ii) an increase in financial liabilities, provisions and other liabilities of ₹ 25,611 million. Outflow working capital changes primarily included: (i) an increase in inventories of ₹ 8,630 million; (ii) an increase in trade receivables of ₹ 446 million; (iii) an increase in loans, financial assets and other assets of ₹ 5,055 million and (iv) direct taxes paid of ₹3,843 million

Net cash used in operating activities was ₹ 4,046 million for the Financial Year 2017, primarily on account of (i) net profit before tax (restated) of ₹ 36,011 million, adjusted primarily for depreciation, amortisation expense and impairment loss of ₹ 7,129 million and (ii) working capital changes. Inflow working capital changes primarily included: (i) an decrease in inventories of ₹ 26,603 million; (ii) a decrease in trade receivables of ₹ 6,164 million; and (iii) an increase in loans, financial assets and other assets of ₹ 5,251 million. Outflow working capital changes primarily included: (i) a decrease in financial liabilities, provisions and other liabilities of ₹ 71,475 million; and (ii) direct taxes paid of ₹ 10,372 million.

Net cash generated provided by operating activities was ₹ 31,480 million for the Financial Year 2016, mainly on account of (i) net profit before tax (restated) of ₹ 32,233 million, adjusted primarily for depreciation, amortisation expense and impairment loss ₹ 8,628 million and (ii) working capital changes. Outflow working capital changes primarily included: (i) a decrease in financial liabilities, provisions and other liabilities of ₹ 22,082 million; and (ii) direct taxes paid of ₹ 8,609 million. Inflow working capital changes primarily included: (i) a decrease in trade receivables of ₹ 12,715 million; and (ii) a decrease in inventories of ₹ 9,712 million.

Net cash generated provided by operating activities was ₹ 29,169 million for the Financial Year 2015, mainly on account of (i) net profit before tax (restated) of ₹ 15,743 million, adjusted primarily for depreciation, amortisation expense and impairment loss ₹ 8,832 million and (ii) working capital changes. Inflow working capital changes primarily included: (i) an increase in loans, financial assets and other assets of ₹ 28,582 million; and (ii) a decrease in trade receivables of ₹ 7,412 million; and (iii) an increase in financial liabilities, provisions and other liabilities of ₹ 5,086 million. Outflow working capital changes primarily included: (i) an increase in inventories of ₹ 27,657 million; and (ii) direct taxes paid of ₹ 10,649 million.

Cash flow provided by (used in) investing activities

Net cash used in investing activities was ₹ 5,359 million for the six months ended September 30, 2017, which was primarily due to outflows of ₹ 1,162 million from maturities of short term deposits; (ii) of ₹ 2,896 million for investments in plant, property and equipment; and (iii) of ₹ 1,058 million for intangible assets.

Net cash provided by investing activities was ₹ 30,144 million for the Financial Year 2017, which was primarily due to inflows of ₹ 45,956 million from maturities of short term deposits. This was partially offset by outflows of ₹ 12,015 million for investments in plant, property and equipment.

Net cash provided by investing activities was ₹ 13,471 million for the Financial Year 2016, which was primarily due to inflows of ₹ 29,834 million from maturities of short term deposits. This was partially offset by outflows of

₹ 11,613 million for investments in plant, property and equipment.

Net cash used in investing activities was ₹ 111,000 million for the Financial Year 2015, which was primarily due to outflows: (i) of ₹ 101,832 million for investments in short term deposits; (ii) of ₹ 6,064 million for investments in plant, property and equipment; and (iii) of ₹ 2,779 million for intangible assets.

Cash flow provided used in financing activities

Net cash used in financing activities was ₹ 9,512 million for the six months ended September 30, 2017, which was primarily due to outflows of ₹ 9,500 million for repayments of loans from banks

Net cash used in financing activities was ₹ 1,643 million for the Financial Year 2017, which was primarily due to outflows of ₹ 11,041 million for dividends paid (interim/final dividends inclusive of tax). This was partially offset by inflows of ₹ 9,500 million from loans from banks.

Net cash used in financing activities was ₹ 58,797 million for the Financial Year 2016, which was primarily due to outflows: (i) of ₹ 52,659 million for the buyback of our shares; and (ii) of ₹ 6,138 million for dividends paid (interim/final dividends inclusive of tax).

Net cash used in financing activities was ₹ 12,637 million for the Financial Year 2015, which was primarily due to outflows: (i) of ₹ 5,760 million for dividends paid (interim/final dividends inclusive of tax); and (ii) of ₹ 6,794 million for repayments of loans from banks.

Equity

Since the incorporation of our Company, equity contribution from the GoI has been the sole source of equity funding. Upon completion of the Issue, the GoI's shareholding will be 89.80% of the fully diluted post-Issue paid up equity capital of our Company.

Working Capital and Indebtedness

We had net current assets of ₹ 153,867 million, ₹ 145,781 million, ₹ 130,756 million and ₹ 173,019 million as of September 30, 2017 March 31, 2017, 2016 and 2015, respectively. We expect that our working capital will continue to be addressed by various funding sources, including cash from operating activities, outstanding advances and milestone payments received from customers, financing from banks and other financial institutions in the form of working capital (short term) loans, if required. Typically, customer advances can range between 5% and 15% of the overall contract value. In relation to our contracts with GoI entities, the Defence Procurement Procedure provides that we can receive up to 15% of the contract value as advance at the time of signing the procurement contract. The outstanding advances and milestone receipts from customers amounted to ₹ 312,626 million ₹ 287,347 million, ₹ 347,889 million and ₹ 378,996 million as of September 30, March 31, 2017, 2016 and 2015, respectively. These payments are utilised to meet our working capital needs, particularly for procurement of raw materials, incurrence of expenditure towards purchase of jigs, dyes, moulds, fixtures, deferred revenue expenditure and labour costs utilise. Any change in the payment terms could impact our working capital position and ultimately our liquidity and operation.

As of September 30, 2017 we had no outstanding secured working capital loan.

As of March 31, 2017, we had outstanding secured working capital loan of ₹ 9,500 million which was repaid in April 2017.

As of September 30 2017 and March 31, 2017, we had ₹ 25,000 million available to us under credit facilities out of which ₹ 14,856 million and ₹ 10,635 million had been utilised respectively.

Off-Balance Sheet Arrangements and Contingent Liabilities

The following table sets forth the principal components of our consolidated contingent liabilities as of the dates indicated:

(₹ in millions)

Particulars	As of September, 30	As of March 31,		
	2017	**2017**	**2016**	**2015 (pro forma)**
Outstanding letters of credit	14,856	10,635	9,372	15,893
Outstanding indemnity bonds and guarantees	75,760	60,330	52,586	52,010
Sales tax / entry tax	73,065	66,954	62,341	22,727
Income tax	17,698	17,709	20,081	18,413
Municipal tax	413	406	714	-
Service tax	5,427	5,152	7,886	6,446
Customs duty	2,363	2,363	2,363	2,363
Others	1,309	1,080	1,129	1,189
Total	**190,891**	**164,629**	**156,472**	**119,041**

For details, see the section entitled "Financial Statements" on page 221.

Credit Rating

Credit Analysis and Research Ltd have granted us a credit rating of "CARE AAA/A1+" for our long term and short term facilities amounting up to ₹ 25,000 million. In addition, India Rating and Research Private Limited have granted us a credit ratings of "IND AAA/Stable" for working capital fund based facilities amounting to up to `4,500 million and "IND A1+" for non-fund based working capital facilities amounting to up to ₹ 20,500 million.

Capital Expenditure

The following table sets forth our historical capital expenditures for periods indicated.

(₹ in millions)

Particulars	Six Months Period Ended September, 30	Financial Year		
	2017	**2017**	**2016**	**2015 (pro forma)**
Capital expenditure (additions to tangible assets, property, plant and equipment)	3,451	8,972	10,128	5,641
Customer funded capital expenditure (additions to property, plant and equipment)	299	585	-	-
Increase / Decrease in capital work in progress	(853)	2,457	1,484	423
Investment property	-	-	-	-
Increase in intangible asset under development	1,022	2,749	2,566	1,535
Other intangible asset	36	375	555	1,244
Total	**3,955**	**15,138**	**14,733**	**8,843**

The majority of our capital expenditures in recent years has been related to the purchase of fixed assets, in particular in connection with our ongoing capacity augmentation programme at various manufacturing units and the erection and commissioning of facilities at project sites.

As of September 30, 2017 our tangible net block (including customer funded and investment property) was ₹ 60,022 million and capital work in progress was ₹ 5,358 millions. Our tangible net block (including customer funded and investment property) primarily consists of leased and freehold land, buildings, plant and equipment, furniture and fixture, vehicles, office equipment, special tools, runway, railroad sidings, certain aircraft and helicopters, assets for corporate social responsibility activities and capital work in progress.

As of March 31, 2017, our tangible net block (including customer funded and investment property) was ₹ 58,398 million and capital work in progress was ₹ 6,211 millions. Our tangible net block (including customer funded and investment property) primarily consists of leased and freehold land, buildings, plant and equipment, furniture and fixture, vehicles, office equipment, special tools, runway, railroad sidings, certain aircraft and helicopters, assets for corporate social responsibility activities and capital work in progress.

We expect our capital expenditure for the Financial Years 2019 and 2018 will be used primarily for modernisation and improvement of our existing facilities. We anticipate that our capital expenditures for the Financial Years 2019 and 2018 will be financed by internal accruals, customer funding and/or financing from banks and other financial institutions. Our actual capital expenditures may be significantly higher or lower than these planned amounts due to various factors, including, among others, changes in macroeconomic conditions, unplanned cost overruns and our ability to generate sufficient cash flows from operations for these planned capital expenditures.

Quantitative and Qualitative Disclosure About Market Risk

We are exposed to various types of market risks in the ordinary course of business, including fluctuations in commodities prices and inflation.

Commodity Price Risk
We are exposed to fluctuations in the price of components, finished and semi-finished parts, systems and sub-systems, assembly and sub-assemblies, basic raw materials such as bar, sheet, tube, rod, billet of steel, aluminium alloys, titanium alloys, nickel alloys, magnesium alloys, composite materials, copper, castings and forgings, other base metals and electronic components. The market price of these commodities fluctuate due to certain factors, such as government policy, level of demand and supply in the market and the global economic environment. Therefore, fluctuations in the prices of raw materials have a significant effect on our business, results of operations and financial condition.

Foreign Currency Exchange Risk
While substantially all of our revenues will be denominated in rupees, we have incurred and expect to incur expenditure denominated in currencies other than rupees for the purchase of raw materials. While we are allowed under defence contracts to charge our customers for increases in raw material prices attributed to foreign exchange differences, such clauses are typically not included in contracts for sale of non-defence products. In case of non-defence products, any depreciation of the rupee against the currency in which we have an exposure will increase the rupee costs to us of servicing and repaying our expenditure. We do not currently use any derivative instruments to modify the nature of our exposure to foreign currency fluctuations so as to manage foreign exchange risk.

Significant Developments after September 30, 2017 That May Affect Our Future Results of Operations

Except as set out below, since September 30, 2017 no significant events have occurred that may have an impact on our financial condition and results of operations in future financial periods.

Buyback of Equity Shares

We completed a buyback of 27,112,500 Equity Shares of face value ₹ 10 each, being 7.5% of the paid up equity share capital from the President of India acting through Department of Defence Production, Ministry of Defence, in December 2017. The total payment for the buyback comprised payment of ₹ 9,215 million and ₹ 2,064 million tax, comprising a total of ₹ 11,279 million. Due to this buyback, share capital was reduced by ₹ 271 million to ₹ 3,344 million and other equity was reduced by ₹ 11,008 million to ₹ 114,813 million, resulting in total shareholders' funds of ₹ 118,157 million. Our position of net worth and earnings per share, as adjusted for effect of the buyback would be as follows as of September 30, 2017:

EPS Calculation	**30th September, 2017**
Net Profit / (Loss) for calculation of basic EPS (₹ in million)	**3,910**
Weighted average number of equity shares after considering Share Buyback in December 2017 for calculating basic EPS	334,387,500
EPS (₹) - Basic	12
EPS (₹) - Diluted	**12**
Networth Calculation	
Restated Profit / (Loss) after Tax (₹ in million)	3,910
Restated Net Worth for Equity Shareholders (₹ in million)	118,157
Return on Networth (%)	**3%**
Net Asset Value Per Equity Share	
Net worth at the end of the periods (₹ in million)	118,157
Number of equity shares outstanding at the end of the period	334,387,500
Net Asset Value Per Share (₹)	**353**

Ecuador Litigation

We are currently involved in a dispute with the Ministry of Defence of Ecuador relating to their termination of an agreement with us relating to the supply of helicopters to the Ecuadorean Air Force. We entered into a contract with the Ecuadorean Ministry of National Defence in August 2008 for the supply of seven ALH Dhruv Helicopters to the Ecuadorean Air Force. These seven helicopters were delivered in 2009 and 2011. Subsequent to the delivery of the helicopters, four were involved in accidents and the remaining three helicopters were grounded. Reports of the Ecuadorean Ministry of National Defence relating to these accidents were not shared with our Company due to confidentiality issues. While we are currently pursuing legal remedies for such termination, the termination of our contract with the Ecuadorean Ministry of National Defence will result in lost income and our legal action could result in a counterclaim against our Company, for which penalties may be awarded against us. The Ecuadorean Ministry of Defence has not paid amounts due under our contract, including US$6.8 million owed as an instalment payment, and has made a counterclaim against us in the Ecuadorean courts for the amount of US$348 million. In February 2018, our claim with respect to the termination of the contract was rejected, and the counterclaim from the Ecuadorean Ministry of Defence was dismissed. Our Company is in the process of seeking clarifications on the said order. For more information, see "*Risk Factors –Risks Related to our Company–We are involved in a dispute with the Ministry of Defence of Ecuador relating to their termination of an agreement with us relating to the supply of helicopters to the Ecuadorean Air Force. Our revenue and exports may be adversely affected as a result*".

Salary Structure

In terms of the Government guidelines, a revised salary structure for officers at and below the Board level was implemented by our Company during November 2017 which was effective from January 1, 2017. For further details, see "Risk Factors — Revisions in the wages and salaries of our workmen and officers may adversely affect our business prospects, financial condition and /or operating results."

In our opinion, no circumstances have arisen which materially and adversely affect or are likely to affect the trading upon listing or profitability of our Company, or the value of our assets, or our ability to pay our liabilities within the next twelve months.

Declaration of interim dividend

On March 1, 2018, our Board of Directors, approved payment of an interim dividend of ₹ 23.92 per Equity Share, amounting to ₹ 800 crore for the Financial Year 2018, excluding dividend tax and surcharge of ₹ 163 crore.

Effects of Adjustments Related to Our First Time Adoption of Ind AS on Profit After Tax and EBITDA

Our profit after tax for the six month period ended September 30, 2017 and for the Financial Years 2017, 2016 and 2015 was ₹ 3,910 million, ₹ 26,247 million, ₹ 20,043 million and ₹ 9,941 million, respectively. Our EBITDA for the same periods was ₹ 8,683 million, ₹ 43,148 million, ₹ 40,761 million and ₹ 25,642 million, respectively. However, our restated profit after tax and EBITDA for the Financial Year 2015, which was the first Financial Year in which we adopted Ind AS, included certain adjustments to our statement of profit and loss required to give effect to such adoption. These adjustments resulted in a profit after tax for the Financial Year 2015 under Ind AS that is lower by ₹ 13,880 million compared to our profit after tax for the Financial Year 2015 under Indian GAAP, which was primarily attributable to (i) provisions for onerous contracts, (ii) provisions for liquidated damages, (iii) recognition of warranty sales and (iv) prior period adjustments, which were partially offset by (a) reversals of warranty liabilities, (b) remeasurements of defined benefit liabilities and assets which were transferred to other comprehensive income and (c) adjustments to deferred tax asset and liability on account of the foregoing adjustments.

Prior to giving effect to these adjustments, our profit after tax for the Financial Year 2015 under Indian GAAP was ₹ 23,821 million, which was higher by ₹ 13,880 million compared to our profit after tax for the Financial Year 2015 under Ind AS. Prior to giving effect to these adjustments, and excluding adjustments to depreciation and amortization (which comprised of impairment of intangible assets and adjustments to deferred tax asset and liability), our EBITDAfor the Financial Year 2015 would have been ₹ 39,825 million, which is higher by ₹ 14,183 million compared to our EBITDA for the Financial Year 2015 after giving effect to these adjustments. For more information, see paragraphs 6.7 and 6.8 to Annexure IV of the Consolidated Restated Financial Statements.As a result, our profit after tax and EBITDA for the Financial Years 2017 and 2016 may not be comparable with our profit after tax and EBITDA for the Financial Year 2015.

Recent Accounting Pronouncements

Our financial statements included in this Prospectus for the Financial Years 2014 and 2013 were prepared and presented in conformity with Indian GAAP, and no attempt has been made to reconcile these financial statements to any other principles or to base it on any other standards. Our financial statements included in this Prospectus for the six month period ended September 30, 2017 and for the Financial Years 2017, 2016 and 2015 were prepared and presented in conformity with Ind AS. The date of transition to Ind AS is April 1, 2015. In accordance with applicable provisions relating to first time adoption of Ind AS, we have provided a reconciliation of the presentation of shareholders' funds as of March 31, 2016 and April 1, 2015 and total comprehensive income for the Financial Year 2016 under Indian GAAP to Ind AS. For more information, see Annexure IV to our consolidated financial information included elsewhere in this Prospectus and "*Summary of Significant Differences between Indian GAAP and Ind AS*" on page 626.

Unusual or infrequent events or transactions

Other than the adoption of Ind AS and pursuant to other statutory requirements, to our knowledge there have been no unusual or infrequent events or transactions that have taken place during the last three years. In addition, we have made no changes in our accounting policies in the Financial Year 2017 other than the adoption of Ind AS and pursuant to other statutory requirements. For details, see the section entitled "*Financial Statements*". For further details regarding outstanding litigation involving our Company, see the section entitled "*Outstanding Litigation and Material Developments*" on page 665.

In May 2017, we incorporated IRHL, a joint venture subsidiary in which we hold a 50.5% interest in IRHL, with 42.5% and 7.0% held by Russian Helicopters and Rosoboronexport, respectively. This joint venture has yet to commence commercial operations. For further details regarding IRHL, see the section entitled "*Business –Joint Ventures*".

Significant economic changes

Our business has been subject, and we expect it to continue to be subject, to significant economic changes arising from the trends identified above in "Factors Affecting our Results of Operations" and the uncertainties described in "*Risk Factors*" on page 14. To our knowledge, except as we have described in this Prospectus, there are no known factors which we expect to bring about significant economic changes.

Known trends or uncertainties

Our business has been affected, and we expect to continue to be affected, by the trends identified above in "Factors Affecting our Results of Operations" and the uncertainties described in "*Risk Factors*" on page 14. To the best of our knowledge and belief, except as we have described in this Prospectus, there are no known factors which we expect to have a material adverse impact on our revenues or income from continuing operations.

Future relationship between expenditure and revenues

Except as described in "Risk Factors", "Business" and this section, to the best of our knowledge and belief there is no future relationship between expenditure and income that will have a material adverse impact on our operations and finances.

Significant regulatory changes

Except as described in "*Regulations and Policies*" on page 165, there have been no significant regulatory changes that we expect could affect our income from continuing operations.

New products or business segments

We shall seek to explore other business opportunities, which allow us to leverage on our strengths and presence in the aerospace industry. For details of our products under development, see the section entitled "*Business – Products under Development*".

Seasonality of business

We do not believe our business to be seasonal. However, we experience cyclicality in respect of recognition of revenue from operations, which is attributable to the delivery of a majority of our products in the second half of the year. We recognise sales upon acceptance of the product by customers and issuance of a signalling out certificate by them. Our sales are dependent on the certification process which needs to be completed before our customers can take deliveries. The certification process typically takes place in the third and fourth quarter due to favourable weather conditions for flight tests during this period. This leads to bunching up of sales during the third and fourth quarters of each Financial Year and consequently, our revenue varies significantly between the first and second half of the year. See the section entitled "*Significant Factors Affecting Results of Operations — Cyclicality in Product Delivery and Revenue Recognition*".

Dependence on few customers

As described above, we derive our revenues primarily from the contracts with the GoI. See the section entitled "*Risk Factors*" on page 14.

Competitive conditions

We expect to face competition as described in "*Our Business*" and in "*Risk Factors*" on pages 126 and 14, respectively.

FINANCIAL INDEBTEDNESS

Set forth below is a brief summary of our outstanding financing arrangements. As on January 31, 2018, our Company has not drawn down any amounts for these facilities.

(₹ in million)

Sr. No.	Nature of Borrowing	Amount
1.	Secured Borrowings	Nil
2.	Unsecured Borrowings	Nil

Secured Financial Facility

State Bank of India, Punjab National Bank, Indian Bank, Bank of Baroda, Syndicate Bank, Union Bank of India and Indian Overseas Bank, ("**Consortium**") entered into an *inter-se* agreement dated June 29, 2017 for sanctioning the working capital facility of ₹ 25,000 million to our Company. Our Company and the Consortium executed a joint deed of hypothecation dated April 28, 2017 for securing the working capital facility. The details of the working capital facility and term loan are provided below:

Lender	Details of Documentation	Nature of the Facility	Interest/Commission Rate	Security
State Bank of India (lead bank) along with the Consortium	• Agreement of Hypothecation of Goods and Assets dated April 28, 2017 • Sanction Letter dated March 22, 2017 • Working Capital Consortium Agreement dated April 28, 2017 • Letter from SBI dated August 16, 2017	• *Cash credit of ₹ 4,500 million; • **Letter of credit and Bank Guarantee of ₹ 20,500 million; • In principle sanction - Term Loan of ₹ 10,000 million	• Interest for cash credit: 0.25% over MCLR. Current rate of interest is 8.25%; • Commission for letter of credit: 96.25% concession on all import letter of credit related charges and 88.75% concession on inland letter of credit related charges. Rates of commission applicable are as under: (i) upto ₹ 50 million – 0.225% p.a; (ii) ₹ 50 million to ₹ 100 million – 0.203% p.a (no minimum charge); and (iii) above ₹ 100 million – 0.169% p.a (no minimum charge) (plus applicable service tax). • Commission for bank guarantee: 93.45% concession in respective slabs on bank guarantee commission. Rates	***Primary security:*** • Term loan: First charge on the project assets subject to a minimum security coverage of 1.25 times of the loan availed/outstanding • Cash credit, letter of credit and bank guarantee: *Pari passu* first charge on stocks and receivables of our Company with other consortium lenders ***Margins:*** • Margin on Bank Guarantee and letter of credit is NIL • Margins on cash credit facility: 25% on imported/indigenous raw materials, finished goods, stock-in-process, stores and spares and book debts/receivables

Lender	Details of Documentation	Nature of the Facility	Interest/Commission Rate	Security
			of commission applicable as under: (i) upto ₹ 50 million – 0.1441% p.a; (ii) ₹ 50 million to ₹ 100 million – 0.1245% p.a (no minimum charge); and (iii) above ₹ 100 million – 0.105% p.a (no minimum charge) (plus applicable service tax).	

**One –way interchangeability of Non-fund based working capital limit to cash credit limit.*
*** 100% interchangeability between letter of credit and bank guarantee limits*

Individual limits of the banks forming part of the Consortium*

Sr. No	Name of the Bank forming part of the Consortium	Limit
1.	State Bank of India**	In principle sanction of term loan of ₹ 10,000 million; Cash credit of ₹ 4,070 million Letter of credit/ Bank Guarantee of ₹ 8,930 million;
2.	Punjab National Bank	Cash credit of ₹ 70 million; and Letter of credit/ Bank Guarantee of ₹ 930 million
3.	Indian Bank	Cash credit of ₹ 30 million; Letter of credit/ Bank Guarantee of ₹ 3,000 million;
4.	Bank of Baroda	Cash credit of ₹ 50 million; and Letter of credit/ Bank Guarantee of ₹ 1,450 million
5.	Syndicate Bank	Cash credit of ₹ 30 million; and Letter of credit/ Bank Guarantee of ₹ 5,970 million
6.	Union Bank of India	Cash credit of ₹ 20 million
7.	Indian Overseas Bank	Cash credit of ₹ 20 million
8.	State Bank of Hyderabad**	Cash credit of ₹ 130 million; and Letter of credit/ Bank Guarantee of ₹ 220 million
9.	State Bank of Mysore**	Cash credit of ₹ 20 million
10.	State Bank of Travancore**	Cash credit of ₹ 20 million
11.	State Bank of Patiala**	Cash credit of ₹ 20 million
12.	State Bank of Bikaner & Jaipur**	Cash credit of ₹ 20 million

** The limits were enhanced and revised vide State Bank of India's letter dated August 16, 2017*
*** State Bank of India informed vide letter dated August 23, 2017 that pursuant to the terms of Department of Financial Services, Ministry of Finance, Government of India Order No. G.S.R.156(E), 157(E), 158(E), 159(E) and 160(E) dated February 22, 2017 published in Gazette of India, State Bank of India has acquired by way of amalgamation, the business including the assets and liabilities of State Bank of Mysore, State Bank of Patiala, State Bank of Bikaner & Jaipur, State Bank of Hyderabad and State Bank of Travancore with effect from April 1, 2017. Consequently, upon data integration, the above-mentioned credit facilities will be made available by State Bank of India.*

Under the terms of the renewal letter dated March 22, 2017 issued to our Company by the State Bank of India (lead bank) on behalf of the Consortium, without prior intimation to State Bank of India, our Company shall not:

- Undertake any new project, implement any scheme of expansion or acquire fixed assets if such investment results into breach of financial covenants or diversion of working capital funds to financing of long-term assets;

- Enter into borrowing arrangement either secured or unsecured with any other bank, financial institution, company or otherwise or accept deposits which increases indebtedness beyond permitted limits, stipulated if any at the time of sanction;

- Invest by way of share capital in or lend or advance funds to or place deposits with any other concern (including group companies);

- Undertake any guarantee obligation or letter of comfort in the nature of guarantee on behalf of any other company (including group companies);

- Declare dividends for any year out of the profits relating to that year or of the previous years, subject to our Company meeting its repayment obligations;

- Create any charge, lien or encumbrance over its undertaking or any part thereof in favour of any financial institution, bank, company, firm or persons;

- Sell, assign, mortgage or otherwise dispose any of the fixed assets charged to the State Bank of India;

- Enter into any contractual obligation of a long-term nature or which, in the reasonable assessment of the State Bank of India, is detrimental to the lender's interest;

- Change the practice with regard to remuneration of directors by means of ordinary remuneration or commission, scale of sitting fees, etc.;

- Undertake any trading activity other than the sale of products arising out of its own manufacturing operations; and

- Permit any transfer of its controlling interest or make any drastic change in its management set up;

As per the Working Capital Consortium Agreement dated April 28, 2017 ("**Consortium Agreement**"), during the currency of financial facility under the Consortium Agreement, without the prior written permission of the lead bank, our Company shall not undertake the following:

- Effect any change in the capital structure;

- Formulate any scheme of amalgamation or reconstruction;

- Implement any scheme of expansion/diversification/modernization other than incurring routine capital expenditure;

- Undertake guarantee obligations on behalf of any third party or any other company; and

- Make any corporate investments.

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*Except as stated in this section, there are no outstanding: (i) criminal proceedings; (ii) actions by statutory/ regulatory authorities; (iii) indirect and direct tax proceedings; and (iv) other material litigations; involving our Company, Directors and Subsidiaries. Our Board, in its meeting held on September 27, 2017, adopted a policy on identification of group companies, material creditors and material litigations, as amended by our Board vide resolution dated March 5, 2018 ("**Materiality Policy**").*

As per the Materiality Policy, for the purposes of (iv) above, all the outstanding litigation involving our Company, Subsidiaries and Joint Ventures: (a) where the amounts involved in such litigation exceeds 5% of the net profit after tax of our Company (as per the Restated Consolidated Financial Statements of our Company) are to be considered as material litigation; and (b) any other litigation which does not meet the criteria set out in (a) above and whose adverse outcome would materially and adversely affect the operations or financial position of our Company, have been disclosed in this section.

Additionally, as per the Materiality Policy, for the purposes of (iv) above, all outstanding litigation involving our Directors, an adverse outcome of which would materially and adversely affect the reputation, operations or financial position of our Company, have been considered as material litigation and disclosed in this section.

Accordingly, the materiality threshold for (iv) above, is ₹ 1,315 million (i.e. 5% of the net profit after tax of our Company i.e., ₹ 26,308 million as per the Restated Consolidated Financial Statements of our Company for Fiscal 2017).

Further, except as stated in this section, there are no: (i) pending proceedings initiated against our Company for economic offences; (ii) default and non - payment of statutory dues by our Company; (iii) inquiries, inspections or investigations initiated or conducted under the Companies Act or any previous companies law in the last five years against our Company and Subsidiaries from the date of this Prospectus; (iv) material frauds committed against our Company in the last five years; (v) overdues to banks or financial institutions by our Company; (vi) defaults against banks or financial institutions by our Company; (vii) fines imposed or compounding offences done in the last five years by our Company and Subsidiaries; (viii) proceedings initiated against our Company for economic offences; (ix) matters involving our Company pertaining to violation of securities law, and (x) outstanding dues to material creditors and material small scale undertakings.

It is clarified that for the purposes of the above, pre-litigation notices (other than those issued by statutory or regulatory authorities) received by our Company, Subsidiaries and Directors shall, unless otherwise decided by the Board, not be considered as litigation until such time that our Company or any of our Subsidiaries and Directors, as the case may be, is impleaded as a defendant in litigation proceedings before any judicial forum

As per the Materiality Policy, outstanding dues to creditors in excess of 5% of the total trade payables as per the Restated Consolidated Financial Statements of our Company are to be considered as material outstanding dues. Accordingly, the threshold for material dues would be 5% of total trade payable as at September 30, 2017 i.e. 5% of ₹ 20,906 million i.e. ₹ 1,045.3 million. Further, all outstanding dues have been disclosed in a consolidated manner in this section. Details of material outstanding dues to creditors and details of outstanding dues to small scale undertakings and other creditors are disclosed on our website at http://www.hal-india.com.

Unless stated to the contrary, the information provided below is as of the date of this Prospectus. All terms defined in a particular litigation are for that particular litigation only.

Litigations involving our Company

I. Litigations against our Company

(a) Criminal Complaints

There are 17 criminal cases (including three criminal complaints involving non-payment of road tax aggregating to ₹ 0.49 million approximately) pending against our Company. The details of these matters are given below:

1. The State of Karnataka, Directorate of Factories, through Mr. Ravindranath N. Rathod, Senior

Assistant Director of Factories, Division 5, Bangalore ("**Complainant**") filed a complaint bearing C.C. number 1451 of 2009 under Section 200 of the Code of Criminal Procedure, 1973 before the Court of Metropolitan Magistrate, Traffic Court – 1, Mayo Hall, Bangalore ("**Court**"), on August 28, 2009 against our Company represented by Mr. M. S. Chandrashekaran, Occupier and Mr. M. P. Benjamin, Manager, Aircraft Division ("**Accused**"), for alleged contravention of Section 32(c) and Section 7A(2)(c) of the Factories Act, 1948 ("**Complaint**"). The Complainant alleged that the Accused had not made provisions for instruction, training and supervision that were necessary to ensure the safety of workers who work at heights, leading to a fatal accident and death of a contract labourer. The Complainant prayed before the Court that the Accused be punished under Section 92 of the Factories Act, 1948. The Court, *vide* order dated September 29, 2009, admitted the matter and issued summons against the Accused ("**Order**"). Application has been filed to issue notice to the Contractor and make him as a party in the said case. The matter is currently pending.

2. The State of Maharashtra at the instance of Mr. R. D. Dahiphale, Inspector of Factories ("**Complainant**"), filed a complaint under Section 200 of the Code of Criminal Procedure, 1973 bearing S.T.C. number 3337 of 2012 before the Court of Additional Chief Judicial Magistrate ("**Court**"), on September 1, 2012, against our Company represented by Mr. Daljeet Singh, occupier of our Company's factory at Nashik for alleged contravention of Section 32(c) of the Factories Act, 1948 ("**Act**") ("**Complaint**"). The Complaint was filed against our Company pursuant to preliminary enquiry conducted by the Complainant in relation to a fatal accident of a contract labourer while working in our factory premises. The Complainant alleged that due to the serious head injuries suffered by the contract labourer pursuant to the accident on June 22, 2012, he expired later during his treatment on the same day. The Complainant further alleged that by not providing reasonably practicable provisions to ensure safety of the persons working on the premises of our Company, our Company contravened the provisions of Section 32(c) of the Act and thereby be punished under Section 92 of the Act. The matter is currently pending.

3. Mr. Ashok Mohan Jadhav ("**Complainant**") filed a criminal complaint bearing number 72 of 2011 against, Mr. Alok Verma, Deputy General Manager (HR), HAL, Nashik Division ("**Second Accused**"), Mr. Ramesh Gangav Kamble, Deputy Manager Security, HAL, Nashik Division ("**First Accused**") and the State of Maharashtra through Inspector, Ozar Police Station under the provisions of Sections 177, 182, 191, 192, 193, 198, 201 and 203 read with Section 34 of the Indian Penal Code, 1860 ("**Complaint**") before the Court of Judicial Magistrate, First Class, Pimpalgaon, Nashik ("**Court**"). The Complainant claimed that the First Accused belongs to Hindu-Mahar caste and not Hindu-Holer caste, which is maintained in his records of recruitment with our Company. The Complainant alleged that the Second Accused maintained false caste certificates for the First Accused and therefore committed offence under the above-mentioned provisions. The Court *vide* an order dated November 4, 2011 issued process against the two accused ("**Order**"). Aggrieved by the Order, the First Accused filed criminal application bearing number 1329 of 2011 before the Bombay High Court ("**High Court**"), praying for quashing the Complaint on the ground that the accusation made by the Complainant is frivolous because both the castes, Hindu-Holer and Hindu-Mahar are synonymous to each other. Second accused has been made a proforma party in the application. The High Court *vide* an interim order dated January 20, 2012, stayed the proceedings of the Court, in relation to the Complaint. The matter is currently pending.

4. The State of Orissa at the instance of the Assistant Director of Factories and Boilers, Jeypore, Orissa ("**Complainant**"), filed a criminal complaint bearing number 30 of 2012 before the Judicial Magistrate, Koraput ("**Court**") under Section 200 of the Code of Criminal Procedure, 1973 on February 25, 2013, against our Company represented by Mr. Aniruddh Kumar, occupier and Mr. Maloy De, Manager of the factory, Koraput Division, for alleged contravention of Rule 61(9)(b), 61(12)(a) and 62D of Orissa Factories Rule, 1950 and Sections 38 and 41 of the Factories Act, 1948 ("**Complaint**"). The Complainant alleged that the occupier and the manager of our Company had not made effective measures for preventing accumulation of static charges and for adopting improper methods of work which lead to a fire accident causing serious injury to a contract labour, four regular employees and death of a regular employee. The matter is currently pending.

5. The Regional Transport Office ("**RTO**"), Indira Nagar, Bangalore had filed 41 criminal

complaints bearing numbers 539 of 2010, 541-545 of 2010, 587-597 of 2010, 598-601 of 2010, 662-669 of 2010, 670-675 of 2010 and 676-681 of 2010 before the Court of Metropolitan Magistrate, Traffic Court - I, Bangalore ("**Court**") against our Company for offences punishable under Section 12(1B) of the Karnataka Motor Vehicle Taxation Act, 1957 ("**Criminal Complaints**"). The RTO alleged that our Company failed to pay road tax in relation to 41 buses owned by us, for the period between October 1, 2007 to May 31, 2010 amounting to ₹ 9.55 million ("**Road Tax Liability**"). Our Company approached the Principal Secretary Department of Transport Government of Karnataka to waive the Road Tax Liability because the buses were not used between the said periods and were disposed of by Metal Scrap Trading Corporation as scrap. Our Company challenged the demand notices before the High Court of Karnataka. The High Court passed an order dated July 24, 2014 directing our Company to submit a petition under section 16 of KMVT Act, 1957 after depositing 50% of the disputed tax ("**Order**"). In pursuance of the Order, HAL deposited a demand draft of ₹ 4.65 million in favour of RTO dated August 13, 2014. The Court has disposed off 38 out of 41 criminal complaints pending against our Company. The road tax payable in the three criminal complaints (539 of 2010, 663 of 2010 and 675 of 2010 in connection with three buses) which are currently pending is ₹ 0.49 million. These three matters are currently pending

6. State of Karnataka at the instance of Mr. Ravindranath N Rathod, Senior Assistant Director of Factories, Division 5, Bangalore ("**Complainant**"), filed a criminal complaint bearing number 620 of 2012 before the Court of Metropolitan Magistrate, Traffic Court – I, Bangalore ("**Court**") under Section 200 of the Code of Criminal Procedure, 1973, on May 4, 2008, against our Company represented by Mr. T. Mohopatra, Occupier and Mr. M.P. Benjamin, Factory Manager, Aircraft Division ("**Accused**"), for alleged contravention of Section 32(c) and Section 7A(2)(c) of the Factories Act, 1948 ("**Complaint**"). The Complainant alleged that the workers were not given proper instruction and there was no proper supervision when contract workers were working at height. The Complainant prayed before the Court that the Accused be punished under Section 92 of the Factories Act, 1948. Application has been filed to issue notice to the Contractor and make him as a party in the said case. The matter is currently pending.

7. The State of Karnataka, Directorate of Factories, through Mr. Krishnappa KS, Assistant Director of Factories, Division 12, Bangalore ("**Complainant**"), filed a complaint bearing C.C. number 23033 of 2015 before the Court of Metropolitan Magistrate, Traffic Court-1 against our Company represented by Mr. M.N. Shrinath, Occupier and Mr. Rajendran, Manager, Aircraft Division ("**Accused**"), for alleged contravention of Section 32(c) and Section 7A(2)(c) of the Factories Act, 1948 ("**Complaint**"). The Complainant alleged that the Accused had not made provisions for instruction, training and supervision that were necessary to ensure the safety of workers. The accused are yet to be issued with summons to appear before the Hon'ble Court. The matter is currently pending.

8. The State of Karnataka, Directorate of Factories, through Mr. Ravindranath N Rathod, Senior Assistant Director of Factories, Division 5, Bangalore ("**Complainant**"), filed a complaint bearing C.C. number 84 of 2014under Section 200 of the Code of Criminal Procedure, 1973 before the Court of Metropolitan Magistrate, Traffic Court-1, Mayo Hall, Bangalore ("**Court**") against our Company represented by Mr. Jayakar Vedmanikam, Occupier and Mr. V. Natarajan, Manager, Aerospace Division ("**Accused**"), for alleged contravention of Rule 84 of Karnataka Factories Rule and Section 7A(2)(a) of the Factories Act, 1948 ("**Complaint**"). The Complainant prayed before the Court that the Accused be punished under Section 92 of the Factories Act, 1948. The matter is currently pending.

9. The Airport Traffic Police, Bangalore ("**Respondent 1**") registered a criminal case bearing number 68/2015 and served a notice dated June 30, 2015 against our Company under Section 133 of the Motor Vehicles Act, 1988 ("**MV Act**") stating that a crash fire tender vehicle ("**Vehicle**") owned by our Company was involved in a road traffic accident on June 22, 2016 violating Sections 279 and 337 of the Indian Penal Code ("**IPC**") and Sections 134(A) and 134(B) read with Section 187 of the MV Act ("**Notice**"). Mr. AS Karthikeyan ("**Petitioner**") replied to the Notice stating that he represents our Company and that Mr. Syed Mohammed ("**Accused**") was driving the Vehicle. The Respondent 1 filed a criminal complaint bearing number 28605/15 ("**Complaint**") against the Accused before the Court of the Metropolitan Magistrate, Traffic Court, Bangalore ("**Traffic Court**"). The Accused pleaded guilty and was

found in violation of the MV Act and the IPC. The Traffic Court sentenced the Accused to pay fine amounting to ₹ 5,100 on July 27, 2015 ("**Order**"). Aggrieved by the Order, the Petitioner filed a Criminal Petition bearing number 1759/2016 ("**Petition**") against Respondent 1 and Mr. Krishnaiah R ("**Respondent 2**") before the High Court of Karnataka ("**High Court**") for quashing the entire proceedings against the Petitioner in the Order. The High Court has stayed the proceedings in the Complaint on March 28, 2016. The Complaint is currently pending before the Traffic Court and the Petition is pending before the High Court.

10. The State of Maharashtra at the instance of Mr. R. D. Dahiphale, Inspector of Factories ("**Complainant**"), filed a complaint under Section 200 of the Code of Criminal Procedure, 1973 bearing S.T.C. number 5136 of 2013 before the Court of Additional Chief Judicial Magistrate ("**Court**"), on November 22, 2013, against our Company represented by Mr. Daljeet Singh, 'Occupier' of our Company's factory at Nashik for alleged contravention of Rule 73-F (a) of Maharashtra Factories Rules, 1963 ("**Act**") ("**Complaint**"). The Complaint was filed against our Company pursuant to preliminary enquiry conducted by the Complainant in relation to a fatal accident of a contract labourer while working in our factory premises. The Complainant alleged that due to the serious injuries suffered by the contract labourer pursuant to the accident on September 13, 2013, he expired later during his treatment on September 18, 2013. The Complainant further alleged that by not providing reasonable provisions to ensure safety of the persons working on the premises of our Company, our Company contravened the provisions of Rule 73-F(a) of the Act and thereby be punished under Section 92 of the Act. The matter is pending.

11. The State of Maharashtra at the instance of Mr. R. D. Dahiphale, Inspector of Factories ("**Complainant**"), filed a complaint under Section 200 of the Code of Criminal Procedure, 1973 bearing S.T.C. number 5137 of 2013 before the Court of Additional Chief Judicial Magistrate ("**Court**"), on November 22, 2013, against our Company represented by Mr. U C Satpute, 'Manager' of our Company's factory for alleged contravention of Rule 115 (1), 115(2) and 115(4) of Maharashtra Factories Rules, 1963 ("**Act**") ("**Complaint**"). The Complaint was filed against our Company pursuant to preliminary enquiry conducted by the Complainant in relation to a fatal accident of a contract labourer while working in our factory premises. The Complainant alleged that due to the serious injuries suffered by the contract labourer pursuant to the accident on September 13, 2013, he expired later during his treatment on September 18, 2013. The Complainant further alleged that by not providing reasonable provisions to ensure safety of the persons working on the premises of our Company, our Company contravened the provisions of Rule 115(1), 115(2) and 115(4) of the Act and thereby be punished under Section 92 of the Act. The matter is pending.

12. A disciplinary proceeding was initiated against Mr. AK Nigam ("**Applicant**") consequent to a complaint filed by Ms. Tripti Shrivastava, ("**Opponent 1**") to her HOD/DGM (HR), HAL Kanpur. In the complaint by Opponent 1, she had alleged that the Applicant had misbehaved with her. While the enquiry was undergoing, the Applicant filed an application dated May 28, 2013 before the Thana incharge, Chakeri, Kanpur, DM, Kanpur Nagar and GM, HAL Kanpur stating that he has been trapped in a forged case. The Applicant has alleged that, while a chargesheet was issued against him under complaint filed by the Opponent 1, no action was taken on his complaint filed on May 28, 2013. The Applicant filed another application dated November 27, 2015 to the Thane Incharge, Chakeri, Kanpur for filing an FIR. However, the FIR was not filed and he submitted the application to the SSP, Kanpur Nagar on March 3, 2016. On account of no action in the matter, the Applicant filed a complaint bearing number 4198/16 before the Subordinate Court CMM, Kanpur city ("**Court**") against DGC Criminal Kanpur Nagar, the Opponent 1 and others ("**Complaint**"). The Court, *vide* order dated December 7, 2016, dismissed the Complaint stating that as the disciplinary proceeding is going on against Mr. AK Nigam, the Court cannot take cognizance of instant case as it is not a criminal matter but a disciplinary one. The Court advised the Applicant to adopt the appealing process in the department ("**Order**"). Consequently, aggrieved by the Order, the Applicant filed a criminal revision petition bearing number 70/2017 before the Court of District Judge, Kanpur praying for quashing the Order. The matter is currently pending.

13. Mr. Vivekananda Naik, Assistant Director of Factories and Boilers, Jeypore Zone, Orissa ("**Complainant**") filed a criminal complaint dated June 9, 2017 bearing number CC 46/2017

(“**Complaint**”) against Mr. Debashis Deb, General Manager (KPT) and Mr. Arup Chatterjee, Officiating Chief of Projects (Engines) of Koraput Division of our Company (“**Accused**”), which was received by our Company in October, 2017, for alleged violation of section 7A2 (C) of the Factories Act, 1948 before the Court of the Sub-Divisional Judicial Magistrate, Koraput, Odisha (“**Court**”). The Complaint relates to a fire accident in the fine unit section of assembly shop, Sukhoi Engine Division of our Company at Koraput, Odisha. In the incident Mr. Manas Ranjan Sethy, who used to work in the fine unit section of assembly shop got severely burned and ultimately succumbed to his injuries. It was alleged in the Complaint that Mr. Manas Ranjan Sethy and Mr. Jagadish Chandra Poiba, an employee of our Company got into a brawl. Thereafter, Mr. Jagadish Chandra Poiba threw petroleum naphtha on Mr. Manas Ranjan Sethy leading to fire breakage at the spot. On investigation, it was found that there was a foul play between the employees of our Company. It was alleged that Mr. Jagadish Chandra Poiba and Mr. R.P. Rout ignited the matchstick or lighter, leading to the fire breakage. It was also alleged that none of them tried to save Mr. Manas Ranjan Sethy from the fire. It was further alleged by the Complainant that the management had not taken the necessary steps for supervision and control of the workers to avoid such an incident. Thus, the complaint was filed against the Accused for the violation of section 7A2 (C) of the Factories Act, 1948. The matter is currently pending.

14. Mr. Bhagirath Singh Bora, Senior Chief Supervisor of our Company (“**Applicant**”) filed an application on February 17, 2016 in the Court of Chief Judicial Magistrate (Custom), Lucknow (“**Court**”) under section 156(3) of the Code of Criminal Procedure, 1973 for registration of First Information Report (“**FIR**”) against certain employees of our Company (**“Accused**”). The Applicant worked as an honorary secretary in a Co-operative Housing Society at the Korwa Division of our Company at (Amethi), Sultanpur. The Applicant alleged that during his transfer to Lucknow in the year 1998, the Accused offered bribe to him in exchange of allotment of plots. The Applicant further alleged that on account of his refusal to accept the bribe, the Accused issued departmental notices to him. Thereafter, charge-sheet was filed against the Applicant due to the false and frivolous complaint filed by the Accused. The Applicant further alleged that he was being mentally tortured, and his life was in danger. A criminal miscellaneous case number 509/2016 was filed and the Court, *vide* an order dated April 21, 2017 (“**Order**”) dismissed the application. Aggrieved by the Order, the Applicant filed a criminal revision petition number 256 of 2017 dated May 6, 2017 in the Court of Sessions Judge, Lucknow under section 397/399 of the Criminal Procedure Code. Our Company received a copy of the revision petition in October, 2017. In addition to the setting aside the Order, the Applicant also prayed to the court to lodge a first information report against the Accused. The matter is currently pending.

15. Mr. Bhagirath Singh Bora, Senior Chief Supervisor of our Company (“**Applicant**”) filed a criminal miscellaneous case bearing number 2376 of 2017 in the Court of Chief Judicial Magistrate (Custom), Lucknow (“**Court**”) under section 156(3) of the Code of Criminal Procedure, 1973 for registration of First Information Report (“**FIR**”) against certain employees of our Company (“**Accused**”) for alleged intimidation and mental harassment (“**Application**”). The Applicant alleged in the said application, that he had filed a complaint against the Accused before the police on April 7, 2017 and that the police had not taken any action in the matter. Hence, the Accused filed the Application praying for registration of the FIR. The Applicant contends that he worked as an honorary secretary in a Co-operative Housing Society at the Korwa Division of our Company at (Amethi), Sultanpur**.** The Applicant alleged that during his transfer to Lucknow in the year 1998, the Accused requested the Applicant to sell them plots at nominal rates. The Applicant further alleged that on account of his refusal to offer the plots at a nominal rate to the accused, the Accused issued departmental notices to him. Thereafter, charge-sheet was filed against the Applicant alleging false and frivolous complaint being filed by him. Our Company was informed of this matter in October, 2017. The matter is currently pending.

(b) Actions by Statutory and Regulatory Authorities

1. Our Company has received 41 show cause/enquiry notices from the Employees’ State Insurance Corporation Department (“**ESI**”), Employees Provident Fund Department (“**PF**”) and the Inspector of Factories regarding non-payment of ESI contributions, PF contributions and payment of wages to workers. Notices are received from Nagar Nigam, Lucknow for payment

of water tax and from BBMP *inter alia* for payment of property tax. The aggregate amount involved in the above proceedings/notices is approximately ₹ 1,088.33 million.

2. The Karnataka State Pollution Control Board ("**KSPCB**") has issued two show cause notices bearing numbers PCB 781 MDP 11/LR/Notice/2017-18/470 dated July 11, 2017 ("**SCN 1**") and PCB 50 MDP 10/LR/Notice/2017-18/472 dated July 11, 2017 ("**SCN 2**" and together with SCN 1, "**SCNs**") to our Company stating that our Company is in non-compliance with the provisions of the Water (Prevention and Control of Pollution), 1974 ("**Water Act**") regarding discharge of effluent. As per the SCNs: (i) our Company exceeded the prescribed standards of the pollutant parameters and thereby caused environmental pollution by discharging inadequately treated effluent on to the land that causes ground water pollution; (ii) that our Company's effluent treatment plant was found to be inoperative and that the hazardous wastes were not being disposed off within stipulated time as per the Hazardous Waste Management & Handling Rules, 2008; and (iii) previous consent issued to our Company had expired on September 30, 2016 and that our Company was operating without a valid consent for operation. The SCNs directed our Company to provide explanations failing which, *inter alia*, consent given to our Company by KSPCB be withdrawn, directions would be issued under the Water Act for closure, prohibition or regulation of our industry, operation or processes and initiation of action under the Environment (Protection) Act, 1986. Our Company replied to SCN 1 and SCN 2 *vide* letters dated July 21, 2017 and July 17, 2017, respectively, stating that the effluents are tested regularly at NABL accredited laboratories, utmost care is taken to adhere to conformance and renewal for expired consent was applied on July 6, 2017. Pursuant to a personal hearing held in the SCN 2 matter, consent for operation has been renewed by the KSPCB. The SCN 1 is currently pending.

3. The UP Pollution Control Board ("**Pollution Board**") raised two cess bills on June 12, 1997 against our Company for payment of cess under the Water (Prevention and Control of Pollution) Cess Act, 1977 ("**Water Cess Act**"). It was alleged by the Pollution Board that our Company defaulted in payments from the period starting from the year 1978 to 1992 ("**Notice**") and from the year 1992 to 1997 ("**Notice 2**" and together with Notice 1, "**Notices**"). Aggrieved by the Notice, our Company filed an appeal before the Cess Appellate Committee, Lucknow ("**Appellate Committee**") stating that our Company did not fall under the scope of the Water Cess Act until the year 1992, after which cess was duly paid which was dismissed by the Appellate Committee. Aggrieved by the order of the Appellate Committee, our Company filed a writ petition bearing number WP No.2800/2000/MS dated November, 2000 against the Pollution Board before Lucknow bench of the High Court of Allahabad. The amount involved in the matter is ₹ 0.77 million. The matter is currently pending.

(c) Tax proceedings

Indirect Tax proceedings (consolidated)

S. No.	Type of Indirect Tax	Number of cases	Approximate amount in dispute/ demanded (in ₹ million
1.	Customs	4	2,356.85
2.	Service Tax	54	5,398.92
3.	Sales Tax/VAT/Entry Tax	86	73,105.75
Total		**144**	**80,861.52**

Direct Tax proceedings (consolidated),

S. No.	Type of Direct Tax	Number of cases	Approximate amount in dispute / demanded (in ₹ million)
1.	Income Tax	12	22,786.66
Total		**12**	**22,786.66**

(d) Other material pending litigations

1. Mr. Vineet Kumar Mathur ("**Petitioner**"), a social worker, sent a letter to the Chief Justice of India ("**CJI**") on January 22, 1990, stating that in the recent years, the water of river Gomti was polluted by certain establishments situated near the bank of the river, which included our Company along with eight other entities. The Petitioner prayed that the CJI inter alia direct the

State Board for Prevention and Control of Pollution, Lucknow to initiate legal proceedings against those guilty for water pollution of river Gomti and direct the State Government of Uttar Pradesh to take criminal action against the guilty and take preventive measures to further stop pollution of the river. The CJI admitted the letter as a Writ Petition bearing number 327 of 1990 wherein our Company was made one of the respondents. The matter was transferred to the Allahabad High Court ("**High Court**"), as a Writ Petition bearing number 6496 of 2007 dated April 8, 2008. The matter is currently pending before the High Court.

2. Mr. K. Jagannath, a resident of Bellandur Village, Bangalore ("**Complainant**"), has filed a public interest litigation before the Karnataka High Court ("**High Court**"), bearing W.P. No. 13473 of 1998 against the Government of Karnataka and our Company. The Complainant alleged that our Company has been dumping debris, industrial waste materials and effluents in the Bellandur water tank bed thereby polluting the water tank. The Complainant has prayed before the High Court to take preventive measures to stop pollution of the Bellandur water tank and its lake. The case is currently pending before the High Court.

3. Anita Engineers through Anita Dey ("**Plaintiff**") filed a money suit bearing number 19 of 2002 dated September 10, 2002 ("**Suit**") before the Court of Civil Judge (Senior Division), Barasat ("**Court**"), against Hindustan Aeronautics Limited, Plant Maintenance Manager, Assistant General Manager, and the Chairman, Hindustan Aeronautics Limited and our Company ("**Defendants**"). The Plaintiff claimed that they were awarded a tender bearing number O.B.N./011 of 99 dated February 4, 1999 ("**Tender**") by the Defendants for catching and disposal/sale of fish available in the water bodies of the Defendant's factory premises at Barrackpore for a period of three years. The Plaintiff further claimed that the estimated yield of fish over the period of three years is estimated to be around ₹ 90 million. The Plaintiff alleged that they had sought the Defendant's permission to enter the premises and begin fishing as per the Tender but were not issued gate passes by the Defendants and thereby denied entry into the premises of its factory for fishing since April, 2000 resulting in losses to the Plaintiff. The Defendants in their response stated that the Plaintiff was granted permission to enter the premises for fishing on multiple occasions. However, a blanket permission sought to enter the factory premises could not be provided to the Plaintiff for security reasons. Further, the Defendants stated that the Plaintiff failed to pay agreed deposit for the second and the third year of Tender as agreed by the Plaintiff. The Defendants have also disputed Plaintiff's method of calculation for their loss of business. Plaintiff has claimed for recovery ₹ 4,253 million including (₹ 3 million on account of labour engaged for fishing; ₹ 2,000 million on account of loss of fishes; ₹ 250 million towards compensation and damage suffered in the business and ₹ 2,000 million on account of damages for breach of contract). The Court dismissed the Suit on July 3, 2013 as the plaintiff did not appear for hearing. The plaintiff filed a restoration application on September 29, 2013 to restore the Suit. The Court *vide* its order dated November 24, 2014 accepted the plaintiff's arguments for restoration of the Suit and ordered that the Suit be restored to its original form. The original petition is currently pending before the Court.

II. Litigations by our Company

(a) Criminal Complaints

1. The Aircraft Division of our Company ("**Complainant**") initiated a criminal case bearing number 52317/2014 under Section 200 of the Criminal Procedure Code ("**CrPC**") read with 190(1)(B) of the CrPC against Mr. K. Raju of M/s. Surya Enterprises ("**Accused**") alleging contravention of Section 405 of CrPC read with Section 156(3) of CrPC for offences punishable under Section 405, 409 and 420 of the Indian Penal Code ("**IPC**") read with section 34 of IPC before the Tenth Additional Chief Metropolitan Magistrate at Bangalore ("**Complaint**"). The Complainant claimed that a cheque was issued against materials supplied by M/s Surya Enterprises ("**Supplier**"). However, due to the same name of the company of the Accused as well as the Supplier, the cheque was delivered to and encashed by the Accused. The Accused admitted his guilt and issued four cheques to the Complainant. However, the Complainant was able to encash only one cheque while one was rejected and two others were stopped by the Accused. The Complainant filed a police complaint on December 17, 2013 but the Accused has vacated his premises. The Complainant has prayed to refer the Complaint to the HAL Police Station for investigation. The amount involved in the matter is ₹ 0.35 million. The matter is

pending.

2. Our Company had filed a first information report on November 17, 1993 against Laxmi Shankar ("**Accused**") for embezzlement of ₹ 0.12 million at the Police Station, Ghazipur. The Police Station, Ghazipur, registered case bearing number 594/93 against the Accused. Subsequently a chargesheet was filed by the Police Station, Ghazipur before the Court of Chief Judicial Magistrate for embezzlement of ₹ 0.12 million under Section 406 of the Indian Penal Code ("**Complaint**"). An amount of ₹ 0.13 million was entrusted to the Accused for distribution among employees of our Company on November 16, 1993. A departmental enquiry was also conducted against him which imposed the dismissal of services *vide* an order dated June 29, 1998. The matter is currently pending.

(b) *Other material pending litigations*

Civil Proceedings

1. Our Company has filed an appeal before the Administrative Contentious Tribunal of Quito, Ecuador ("**Court**") challenging the unilateral termination of contract bearing number 2008-d-006 for supply of seven ALH Dhruv Helicopters by Ministry of Defence, Ecuador ("**MoDE**") ("**Contract**"). The MoDE terminated the contract alleging breach and that the value of penalty in lieu of such delay exceeded 5% of the contract value. Following a request for declaring the termination invalid, our Company made a claim of USD 11 million towards its contractual dues and interests. The MoDE has rejected our claim and filed a counterclaim of USD 348 million. Our Company has filed a response rejecting the counterclaim filed by MoDE. In parallel, our Company has also filed for mediation with Mediation Center, State Attorney General Office, Ecuador for settling the differences amicably which has been admitted. The total amount involved in the matter is USD 359 Million. The Court, *vide* order dated February 20, 2018, rejected our claim with respect to the termination of the contract and dismissed the counter claim of USD 348 million made by the MoDE. Our Company is in the process of seeking clarifications on the said order. The matter is currently pending.

III. Outstanding dues to small scale undertakings and other creditors by our Company

As on September 30, 2017, our Company had 3,356 creditors. Based on the Materiality Policy adopted by our Board, the threshold for material dues is 5% of total trade payable as at September 30, 2017, as per the Restated Consolidated Financial Statements, i.e. 5% of ₹ 20,906 million which is ₹ 1,045 million. Details of the dues owed to creditors are given below:

Sr. No.	Name of the creditor	Amount Outstanding (in ₹million)
1.	BAE Systems (Operations) Limited	2,425
2.	Rosoboronexport	5,009
3.	Airforce Liaison Establishment	1,975
	Total	**9,409**

The details pertaining to net outstanding dues towards creditors are available on the website of our Company at http://www.hal-india.com. It is clarified that such details available on our website do not form a part of this Prospectus. Anyone placing reliance on any other source of information, including our Company's website http://www.hal-india.com would be doing so at their own risk.

IV. Details of default and non - payment of statutory dues by our Company

For details of non-payment of statutory dues by our Company, refer to "*Financial Statements*" on page 221.

V. Details of pending litigation involving any other person whose outcome could have material adverse effect on the position of our Company

Nil

VI. Material fraud committed against our Company and Subsidiaries in the last five years and actions

taken by our Company in this regard

During the Fiscal 2012, our Company had detected a fraud of ₹ 39 million by way of unauthorised transfer of funds from the bank account of the division to an employee's bank account and the account of his accomplices ("**Accused**"). Our Company has initiated criminal proceedings in Fiscal 2012. During the Fiscal 2013, our Company filed two civil suits for recovery of fraudulently drawn amounts against the Accused and State Bank of India for ₹ 29 million and Krishna Souharda Credit Co-operative Limited for ₹ 10 million. Both the civil and criminal matters are currently pending. The properties of the Accused amounting to ₹ 14 million have also been attached by the court.

During the court proceedings, State Bank of India, expressed its willingness to settle its liability through negotiations as out of court settlement. The negotiations with State Bank of India is in the advance stage. Further, our Company is hopeful of getting the amount recovered from the accused through the court as the property of the accused has been attached.

VII. Pending proceedings initiated against our Company for economic offences

Nil

VIII. Inquiries, investigations etc. instituted under the Companies Act in the last five years against our Company

Nil

IX. Material Developments

There are no material developments post March 31, 2017. For details of significant developments post March 31, 2017, see *"Management's Discussion and Analysis of Financial Condition and Results of Operations"* on page 634

X. Details of fines imposed or compounding of offences under the Companies Act in the last five years immediately preceding the year of this Prospectus

Nil

XI. Litigations involving our Directors

Bank of India ("**Applicant**") filed an original application bearing number 123 of 2009 ("**OA**") before the Debts Recovery Tribunal, Ernakulam ("**DRT**") under section 19(1) of the Recovery of Debts due to Banks and Financial Institutions Act, 1993 ("**RDBFI Act**"), for realisation of amounts alleged to be due from Mr. Neelakanta Iyer R ("**Defendant no. 1**") and Mrs. Jayalakshmi Ammal H ("**Defendant no. 2**"). The Applicant alleged, that the Defendant no. 1 approached it with a request for financial assistance, for which he provided a guarantee given by Defendant no. 2. The Applicant alleged that it had sanctioned and granted overdraft facility of ₹ 0.40 million, term loans of ₹ 0.44 million and ₹ 1.5 million to Defendant no 1. The Applicant has further alleged that the Defendant no. 1 had availed credit facilities and thereafter stopped the transactions and defaulted in paying the instalments. The Applicant alleged that on account of the amounts not paid by the Defendants, the Applicant issued a notice recalling the amount and subsequently the OA was filed before the DRT and an ex-parte order dated January 29, 2010 was passed under section 19(22) of the RDBFI Act for recovery of the sum of ₹ 3.58 million ("**Order**"). Aggrieved by the Order, the Defendants filed a petition on before the DRT under section 22(2)(g) and section 19(25) of the RDBFI Act, to set aside the Order after condoning the delay in filing the petition and prayed that irreparable injury, loss and hardship would be caused to them if the Order was allowed to be executed. The matter is currently pending.

There are no matters involving our directors that could have a material effect on the financial position of our Company.

XII. Litigations involving our Subsidiaries

Nil

GOVERNMENT AND OTHER APPROVALS

Our Company has received necessary approvals, licenses, permissions and consents from various governmental and regulatory agencies in India required to carry on the present business of the Company and to undertake the Offer. No further material approvals are required for carrying on the present business of our Company and to undertake this Offer. Unless otherwise stated, all approvals are valid as on the date of this Prospectus. Certain approvals have lapsed, or may have lapsed in their normal course, and our Company has already made an application to the appropriate authorities for renewal of such licenses and / or approvals, or is in the process of making such applications. For details in connection with the regulatory and legal framework within which our Company operates, see "Regulations and Policies" on page 165.

I. APPROVALS FOR THE OFFER:

1. Resolution passed by our Board of Directors dated September 27, 2017 approving the Offer.

2. Letter No. bearing V.-99011/72/2011-D(HAL-I/II) dated April 26, 2013, issued by the Department of Defence Production, Ministry of Defence conveying he approval granted by the GoI for the Offer.

3. In-principle approval from the BSE dated October 10, 2017.

4. In-principle approval from the NSE dated October 9, 2017.

II. MATERIAL APPROVALS IN RELATION TO OUR BUSINESS AND OPERATIONS:

Our Company requires various approvals, licenses, registrations and permits issued by relevant Central and State Governments and regulatory authorities under various statutes, rules and regulations.

For administrative purposes, our Company is divided into five complexes, namely: (a) Bangalore Complex; (b) MiG Complex; (c) Design Complex; (d) Helicopter Complex; and (e) Accessories Complex. As on the date of this Prospectus, our Company has a total of 20 Production Units, 11 R&D Centres and one Facility Management Division under the aforementioned complexes. Approvals, licenses and registrations as required for our business are obtained by each such divisions. An indicative list of such material approvals required and obtained by our Company in relation to various divisions is set forth below.

1. **Key Business approvals in relation to various divisions**

   (i) License of industrial undertaking issued by Ministry of Commerce and Industry, Government of India, under the Industries (Development and Regulation) Act, 1951.

   (ii) License to run a factory under the Factories Act, 1948, issued by the Department of Factories, Boilers, Industrial Safety and Health in respect of such divisions which are involved in manufacturing activities.

   (iii) Letter of allotment of employer code under the Employees' Provident Fund and Miscellaneous Provisions Act, 1952.

   (iv) Letter of allotment of employer code under the Employees' State Insurance Act, 1948.

   (v) Certificate of registration as principal employer issued under the Contract Labour (Regulation and Abolition) Act, 1970.

   (vi) Consents for discharge of effluents under Water (Prevention and Control of Pollution) Act, 1974 ("**Water Act**") and consents for discharge of emissions under Air (Prevention and Control of Pollution) Act, 1981 ("**Air Act**").

   (vii) Authorizations for handling hazardous waste under Hazardous Waste (Management, Handling and Transboundary Movement) Rules, 2008.

   (viii) Authorization for handling biomedical waste under the Bio-medical Waste (Management and Handling) Rules, 1998.

(ix) Licenses to import and store petroleum and compressed gases under the Petroleum Act, 1934, and Explosives Act, 1884, in respect of such divisions which are engaged in storage of chemicals, compressed gas and petroleum within classes 'A', and 'B', for use in manufacturing purposes and other ancillary activities.

(x) Certificate for use of a boiler under the Indian Boilers Act, 1923 in respect of such divisions which have boilers that are used for manufacturing activities.

(xi) Certificate for design approvals issued by the Centre for Military Airworthiness & Certification, Defence R&D Organisation, Ministry of Defence, in respect of divisions which are engaged in the Research & Design activities.

(xii) Certifications in respect of maintaining Quality Management Systems issued by the Director General of Aeronautical Quality Assurance, Ministry of Defence and other accredited organisations including National Accreditation Board for Testing and Calibration Laboratories.

2. **Tax related approvals**

(i) Permanent account number (AAACH3641R) issued by the Income Tax Department under the Income Tax Act, 1961.

(ii) The goods and services tax identification number (Karnataka: 29AAACH3641R1Z3, West Bengal: 19AAACH3641R1Z4, Maharashtra: 27AAACH3641R1Z7, Orissa: 21AAACH3641R1ZJ, Uttar Pradesh: 09AAACH3641R1Z5, Telangana: 36AAACH3641R1Z8, Delhi: 07AAACH3641R2Z8, Kerala: 32AAACH3641R1ZG) issued by relevant State Commercial Tax Department under the Central Goods and Services Tax Act, 2017 and State Goods and Services Tax Act, 2017.

(iii) Registration for professional tax issued by relevant authorities in different states of India under applicable professional tax laws of the respective states.

III. PENDING APPROVALS:

Certain consents, licenses, registrations, permissions and approvals may have elapsed in their normal course and our Company undertakes to obtain all consents, approvals, licenses, registrations and permissions required to operate its business.

(1) **Approvals which have expired for which renewal applications have been made:**

Some of the material consents, licenses, registrations, permissions and approvals that have elapsed for which our Company has submitted renewal applications include:

(i) *Aircraft Division, Bengaluru*

Sr. No.	Nature of Approval – Description	Issuing Authority	Date of Expiry	Date of Acknowledgement of Renewal Application / Date of Renewal Application
1.	License for storage of petroleum Class A & B	Deputy Chief Controller of Explosives, Petroleum & Explosives Safety Organisation, Ministry of Commerce and Industry	December 31, 2017	December 23, 2017

(ii) *Nasik Division*

Sr. No.	Nature of Approval – Description	Issuing Authority	Date of Expiry	Date of Acknowledgement of Renewal Application / Date of Renewal Application
1.	Consent for Operation from Pollution Control Board in respect of Air Pollution	Maharashtra Pollution Control Board	June 30, 2017	June 3, 2017
2	Consent for Operation from Pollution Control Board in respect of Water Pollution	Maharashtra Pollution Control Board	June 30, 2017	June 3, 2017
3	Consent of Pollution Control Boards for handling of Hazardous Waste	Maharashtra Pollution Control Board	June 30, 2017	June 3, 2017
4.	Consent of Pollution Control Boards for handling of Bio-Medical Wastes	Maharashtra Pollution Control Board	March 31, 2015	April 24, 2015

(iii) *Transport Aircraft Division, Kanpur*

Sr. No.	Nature of Approval – Description	Issuing Authority	Date of Expiry	Date of Acknowledgement of Renewal Application / Date of Renewal Application
1.	Consent to operate under The Air (Prevention and Control of Pollution) Act/Rules, 1981/1983	Uttar Pradesh State Pollution Control Board	December 31, 2015	October 24, 2015
2.	Consent from the Ministry of Environment, Forest and Climate Change, Government of India	Uttar Pradesh Pollution Control Board	December 31, 2017	January 01, 2018
3.	Registration and Licence to work a factory	Deputy Director of Factories, UP	December 31, 2017	October 24, 2017

(iv) *Accessories Division, Lucknow*

Sr. No.	Nature of Approval – Description	Issuing Authority	Date of Expiry	Date of Acknowledgement of Renewal Application / Date of Renewal Application
1.	Consent for discharge of effluents and emissions under Section 25/26 the Water (Prevention and Control of Pollution) Act, 1974	Uttar Pradesh State Pollution Control Board	December 31, 2017	January 11, 2018
2.	Consent for handling hazardous waste under the Hazardous Waste (Management, Handling and Transboundary) Movement Rules, 2008	Uttar Pradesh State Pollution Control Board	May 15, 2016	July 8, 2016
3.	Consent for emission under	Uttar Pradesh State	December 31, 2017	November 29, 2017

Sr. No.	Nature of Approval – Description	Issuing Authority	Date of Expiry	Date of Acknowledgement of Renewal Application / Date of Renewal Application
	Sec. 21 of Air (Prevention and Control of Pollution) Act	Pollution Control Board		
4.	ISO1 4001:2004	Bureau of Indian Standards	January 31, 2018	January 24, 2018
5.	Non-Destructive Testing	NABL	January 5, 2018	December 20, 2017
6.	Mechanical Testing	NABL	January 5, 2018	December 20, 2017
7.	Chemical Testing	NABL	January 5, 2018	December 20, 2017

(v) *Medical and Health Unit, Bangalore*

Sr. No.	Nature of Approval – Description	Issuing Authority	Date of Expiry	Date of Acknowledgement of Renewal Application / Date of Renewal Application
1.	Renewal of HAL Hospital Blood Bank License*	Drugs Controller & Licensing Authority	December 31, 2017	December 9, 2017

**The Drugs Controller, Drugs Control Department, Government of Karnataka, vide letter dated Jan 23, 2018, stated that renewal of the license in form 28C dated March 22, 1997 is under process. The said license is deemed to be valid and in force till a decision is taken on the application.*

(vi) *Corporate Office*

Sr. No.	Nature of Approval – Description	Issuing Authority	Date of Expiry	Date of Acknowledgement of Renewal Application / Date of Renewal Application
1.	Consents for discharge of emissions under the Air Act	Karnataka State Pollution Control Board	December 31, 2016	-

(vii) *LCA Tejas Division, Bangalore*

Sr. No.	Nature of Approval – Description	Issuing Authority	Date of Expiry	Date of Acknowledgement of Renewal Application / Date of Renewal Application
1.	Renewal of Factory Licence	Director, Factories and Boilers	December 31, 2017	December 1, 2017

(viii) *Engine Division, Bangalore*

Sr. No.	Nature of Approval – Description	Issuing Authority	Date of Expiry	Date of Acknowledgement of Renewal Application / Date

				of Renewal Application
1.	Explosive Licence	Deputy Chief Controller of Explosives, Mangalore	December 31, 2017	February 22, 2018

(ix) *Foundry & Forge Division, Bangalore*

Sr. No.	**Nature of Approval – Description**	**Issuing Authority**	**Date of Expiry**	**Date of Acknowledgement of Renewal Application / Date of Renewal Application**
1.	Chemical Testing, Mechanical Testing and Non-destructive Testing	NABL	October 25, 2017	August 29, 2017
2.	Thermal Calibration and Mechanical Calibration	NABL	December 20, 2017	August 29, 2017

(x) *Engine Division, Koraput & Sukhoi Engine Division, Koraput*

Sr. No.	**Nature of Approval – Description**	**Issuing Authority**	**Date of Expiry**	**Date of Acknowledgement of Renewal Application / Date of Renewal Application**
1.	Renewal of Factory License	Director of Factories and Boilers, Odisha	December 31, 2017	October 26, 2017
2.	Renewal of License No, L-1618 for Wireless Sets	Ministry of Communications & IT, Department of Telecommunication Government of India, New Delhi	September 30, 2017	September 27, 2017

(xi) *Avionics Division, Korwa*

Sr. No.	**Nature of Approval – Description**	**Issuing Authority**	**Date of Expiry**	**Date of Acknowledgement of Renewal Application / Date of Renewal Application**
1.	Renewal of Factory Licence	Dy. Director of Factories, Lucknow	December 31, 2017	October 28, 2017
2.	Replacement of Radio Equipments Wireless Radio	Ministry of Communication and Information Technology, Government of India	December 31, 2017	October 13, 2017

(2) **Approvals which have expired for which renewal applications have not been made**:

(i) *Foundry & Forge Division, Bangalore*

Sr. No.	**Nature of Approval – Description**	**Issuing Authority**	**Date of Expiry**	**Date of Acknowledgement of Renewal Application / Date of Renewal Application**
1.	License for the Possession and use of Denatured Spirit, Reg.	Deputy Commissioner, Bangalore Urban District.	July 30, 2017	See Note I*

** Note I - The Commissioner of Excise, Bengaluru, vide letter dated July 15, 2017, informed various applicants including our Company that the Central Government, vide notification bearing number 27/2016 dated May 14, 2016 amended The Industries (Development and Regulation) Act, 1951 ("**IDR Act**"). Pursuant to the said amendment, the State Government does not have the authority over areas covered under Schedule-I of the IDR Act. Our Company is in the process of applying for the license for the Possession and use of Denatured Spirit.*

(3) **Approvals for which no application has been made**: NIL

IV. INTELLECTUAL PROPERTY RIGHTS

Our Company has made applications for, and has obtained registrations in respect of various intellectual properties developed and owned by it. These registrations have, *inter alia*, been obtained by our Company (i) in respect of our patents, under the provisions of the Patents Act, 1970, (ii) in respect of our designs, under the Designs Act, 2000, (iii) in respect of our copyright under the Indian Copyright Act, 1957, and (iv) in respect of our trademarks under the Trade Marks Act, 1999.

By way of certificate of registration bearing number 1278522, our Company has registered the new logo 'HAL' under the provisions of the Trade Marks Act, 1999, and the rules thereunder. The abovementioned certificate of registration is valid until April 8, 2024.

By way of certificate of registration bearing number 785517 in class 12, our Company has registered the logo 'HAL' under the provisions of the Trade Marks Act, 1999, and the rules thereunder. The abovementioned certificate of registration is valid until January 8, 2028.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

- The Selling Shareholder, through its letter bearing No. V.-99011/72/2011-D(HAL-I/II) dated April 26, 2013, conveyed the approval granted by the GoI for the Offer. Further, the Department of Investment and Public Asset Management (on behalf of the President of India), through their letter bearing reference number 4(32)/2011-DoD (Pt. III) dated March 5, 2018, conveyed decision of Alternative Mechanism approving the divestment of additional 0.20 % of the Equity Share capital of our Company, *i.e.*, 668,775 Equity Shares, through the Offer.

- Our Board has authorised the Offer by its resolution dated September 27, 2017.

The Selling Shareholder has confirmed that they have held the Equity Shares proposed to be offered and sold in the Offer for at least one year prior to the date of filing the Draft Red Herring Prospectus and the Equity Shares proposed to be offered and sold by them shall not be sold or transferred, charged, pledged or otherwise encumbered.

Our Company has received in-principle approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters dated October 10, 2017 and October 9, 2017, respectively.

Prohibition by SEBI or Other Governmental Authorities

Our Company, our Directors, our Promoter, persons in control of our Company, have not been prohibited from accessing capital market for any reason by SEBI or any other authorities in India.

Our Promoter, our Directors, persons in control of our Company were not, or also are not, a promoter or a director or persons in control of any other company which is debarred from accessing the capital market under any order or directions made by SEBI.

None of our Directors are associated in any manner with the securities market, including securities market related business, and there has been no action taken by SEBI against our Directors or any entity in which any of our Directors are involved as a promoter or director.

Prohibition with respect to wilful defaulters

Neither our Company, nor our Promoter or Directors have been identified as a wilful defaulter by any bank or financial institution or consortium thereof in accordance with the guidelines on wilful defaulters issued by the RBI.

Further, there are no violations of securities laws committed by them in the past or are pending against them.

Eligibility for the Offer

Our Company is eligible for the Offer in accordance with the Regulation 26(1) of the SEBI ICDR Regulations as explained under the eligibility criteria calculated in accordance with the restated financial statements prepared in accordance with sub clause (i) (ii) and (iii) of clause (b) of sub section (1) of section 26 of Chapter III of the Companies Act, 2013 read with Rule 4 of the Companies (Prospectus and Allotment Securities) Rules, 2014 and the SEBI ICDR Regulations:

- Our Company has net tangible assets of at least ₹ 30 million in each of the preceding three full years (of 12 months each), of which not more than 50.00% are held in monetary assets;

- Our Company has a minimum average pre-tax operating profit of ₹ 150 million, calculated on a restated basis, during the three most profitable years out of the immediately preceding five years;

- Our Company has a pre-Offer net worth of at least ₹ 10 million in each of the three preceding full years (of 12 months each);

- The aggregate of the proposed Offer and all previous issues made in the same Fiscal in terms of the Offer size is not expected to exceed five times the pre-Offer net worth of our Company as per the audited balance sheet of the preceding Fiscal; and

- Our Company has not changed its name in the last year.

Our Company’s net tangible assets, pre-tax operating profit and net worth derived from the Restated Consolidated Financial Statements included in this Prospectus as at and for the last five Fiscal Years are set forth below:

(₹ in million)

Particulars	**As on March 31, 2017**	**As on March 31, 2016**	**As on March 31, 2015**	**As on March 31, 2014**	**As on March 31, 2013**
Net tangible Assets[*]	492,724	544,011	603,422	617,926	556,151
Monetary Assets[**]	139,166	160,099	211,191	204,276	229,146
Monetary Assets as a % of Net Tangible Assets	28.2	29.4	35	33.1	41.2
Pre-tax operating profit[***]	25,590	16,274	(1,398)	16,142	17,567
Net Worth[****]	125,591	110,324	148,439	144,856	129,414

[*] *Net Tangible Assets’ shall mean the sum of all net assets of the issuer, excluding intangible assets as defined under Indian Accounting Standard (Ind AS) 38 for the financial year ending March 31, 2017, 2016 & 2015 and Accounting Standard 26 (AS 26) issued by the Institute of Chartered Accountants of India for the financial year ending March 31, 2014 & March 31, 2013*

[**] *Monetary Assets’ comprises only of: (a) Cash and Cash Equivalents (including short term deposits maturing beyond 12 months); and (b) Trade Receivables which are outstanding for a period less than six months from the date they were due.*

[***] *‘Pre – tax Operating Profits’ has been calculated as difference between our Company’s Operating Revenues (Revenue from Operations) and its direct expenses (for as per our Company policy, all the expenses are considered as operating expenses.*

[****] *‘Net Worth’ has been defined as the aggregate of the paid up share capital and Reserves and Surplus (excluding revaluation reserve).*

Our Company’s net tangible assets, pre-tax operating profit and net worth derived from the Restated Standalone Financial Statements included in this Prospectus as at and for the last five Fiscal Years are set forth below:

(₹ in million)

Particulars	**As on March 31, 2017**	**As on March 31, 2016**	**As on March 31, 2015**	**As on March 31, 2014**	**As on March 31, 2013**
Net tangible Assets[*]	4,92,365	5,43,878	6,03,351	6,16,023	5,54,805
Monetary Assets[**]	1,38,844	1,60,099	2,11,191	2,02,921	2,27,957
Monetary Assets as a % of Net Tangible Assets	28.2	29.4	35	32.9	41.1
Average pre-tax operating profit[***]	25,477	16,191	(1,350)	16,305	17,803
Net Worth[****]	125,367	1,10,191	1,48,368	1,44,770	1,29,812

[*] *‘‘Net Tangible Assets’ stated hereinabove shall mean the sum of all net assets of our Company, excluding intangible assets as defined under Indian Accounting Standard 38 for the financial year ending March 31, 2017, 2016 & 2015 and Accounting Standard 26 (AS 26) issued by the Institute of Chartered Accountants of India for the financial year ending March 31, 2014 & March 31, 2013*

[**] *‘Monetary Assets’ comprise only of: (a) Cash and Cash Equivalents (including short term deposits maturing beyond 12 months); and (b) Trade Receivables which are outstanding for a period less than six months from the date they were due.*

[***] *‘Pre – tax Operating Profits’ has been calculated as difference between our Company’s Operating Revenues (Revenue from Operation) and its direct expenses (as per our Company policy, all the expenses are considered as operating expenses).*

[****] *‘Net Worth’ has been defined as the aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve).*

Further, the Selling Shareholder and our Company shall ensure that the number of prospective Allottees to whom the Offered Shares will be Allotted shall not be less than 1,000 in compliance with Regulation 26(4) of the SEBI ICDR Regulations failing which the entire application money shall be unblocked in the respective ASBA Accounts of the Bidders.

In case of delay, if any, in unblocking the ASBA Accounts within such timeline as prescribed under applicable laws, the Selling Shareholder and our Company shall be liable to pay interest on the application money in accordance with applicable laws.

Our Company is in compliance with the following conditions specified under Regulation 4(2) of the SEBI ICDR

Regulations:

1. Our Company has received in-principle approvals from BSE and NSE for the listing of the Equity Shares under the Offer, pursuant to letters dated October 10, 2017 and October 9, 2017, respectively.

2. Our Company has entered into tripartite agreement dated February 10, 2014 with NSDL and Karvy Computershare Private Limited, for dematerialisation of the Equity Shares;

3. Our Company has entered into tripartite agreement dated February 10, 2014 with CDSL and Karvy Computershare Private Limited, for dematerialisation of the Equity Shares;

4. The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing this Prospectus; and

5. None of our Company, our Promoter and Directors is a Wilful Defaulter (as defined in the SEBI ICDR Regulations).

Given that the Offer is through an Offer for Sale by the Selling Shareholder and the Offer Proceeds will not be received by our Company, Regulation 4(2) (g) and Clause VII C (1) of Part A of Schedule VIII of the SEBI ICDR Regulations (which requires firm arrangements of finance through verifiable means for 75% of the stated means of finance, excluding the amount to be raised through the Offer and existing identifiable internal accruals) does not apply.

Disclaimer Clause of SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, BEING SBI CAPITAL MARKETS LIMITED AND AXIS CAPITAL LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT RED HERRING PROSPECTUS, AND THE SELLING SHAREHOLDER WILL BE RESPONSIBLE ONLY FOR THE STATEMENTS SPECIFICALLY CONFIRMED OR UNDERTAKEN BY THEM IN THIS DRAFT RED HERRING PROSPECTUS IN RELATION TO ITSELF FOR THE PORTION OF THE EQUITY SHARES OFFERED BY WAY OF THE OFFER OF SALE, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY AND THE SELLING SHAREHOLDER DISCHARGE THEIR RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 28, 2017 WHICH READS AS FOLLOWS:

WE, THE BOOK RUNNING LEAD MANAGERS TO THE ABOVE MENTIONED FORTHCOMING OFFER, STATE AND CONFIRM AS FOLLOWS:

1. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION SUCH AS COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL DOCUMENTS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID OFFER[1];**

2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY,**

ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE OFFER, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY;

WE CONFIRM THAT:

(A) THE DRAFT RED HERRING PROSPECTUS FILED WITH THE SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE OFFER[1];

(B) ALL THE LEGAL REQUIREMENTS RELATING TO THE OFFER AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH[1]; AND

(C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED OFFER AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, AS AMENDED AND REPLACED BY THE COMPANIES ACT, 2013, TO THE EXTENT IN FORCE AND THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, EACH AS AMENDED AND OTHER APPLICABLE LEGAL REQUIREMENTS[1].

3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.

4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. – <u>NOTED FOR COMPLIANCE</u>

5. WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF ITS EQUITY SHARES AS PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.

6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO EQUITY SHARES INELIGIBLE FOR COMPUTATION OF PROMOTER'S CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS. – <u>COMPLIED WITH AND NOTED FOR COMPLIANCE</u>

7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE OFFER. WE UNDERTAKE THAT AUDITOR'S CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC OFFER. <u>NOT</u>

APPLICABLE

8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT OFFER FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER. NOT APPLICABLE

AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION. COMPLIED WITH

9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE OFFER ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE OFFER AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION. - NOTED FOR COMPLIANCE

10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE. NOT APPLICABLE.

11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION[1].

12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:

(A) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER; AND

(B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME[1].

13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE OFFER. - NOTED FOR COMPLIANCE

14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE COMPANY, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTER'S EXPERIENCE, ETC.

15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.

16. WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKERS (WHO ARE RESPONSIBLE FOR PRICING THE OFFER)', AS PER FORMAT SPECIFIED BY THE SECURITIES AND EXCHANGE BOARD OF INDIA THROUGH CIRCULAR.

17. **WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS. - COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTIONS OF THE COMPANY, REPORTED IN ACCORDANCE WITH ACCOUNTING STANDARD 18 IN THE FINANCIAL STATEMENTS AND INCLUDED IN THE DRAFT RED HERRING PROSPECTUS AS CERTIFIED BY S. VENKATRAM & CO, CHARTERED ACCOUNTANTS, STATUTORY AUDITOR OF THE COMPANY.**

18. **WE CERTIFY THAT THE ENTITY IS ELIGIBLE UNDER 106Y (1) (A) OR (B) (AS THE CASE MAY BE) TO LIST ONTHE INSTITUTIONAL TRADING PLATFORM, UNDER CHAPTER XC OF THESE REGULATIONS. NOT APPLICABLE**

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 34 OR SECTION 36 OF THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BRLMS ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.

[1] *The Company being a defence public sector undertaking, due to the national interest and security related concerns, certain material information/ documents in relation to the business and operations of the Company have been classified as 'sensitive/confidential' by the Ministry of Defence and the Company. As a result, such information/ documents have not been made accessible to the BRLMs and the Legal Counsels for their due diligence and this has limited the overall due diligence process undertaken by the BRLMs and the Legal Counsels. As such, such documents and information have not been disclosed in this Draft Red Herring Prospectus, and as a result in certain cases the disclosure contained in this Draft Red Herring Prospectus is not as detailed as may be required. Further, pursuant to the SEBI Exemption Letters, SEBI has granted exemption to the Company from making disclosures in the DRHP as per Schedule VIII of the SEBI ICDR Regulations in relation to certain material documents and information inter alia board minutes and committee minutes, agreements executed by the Company with its suppliers, customers, vendors and technical collaborators, information in relation to business strategy, research and development plans, segment wise reporting, demand and supply forecasts, existing capacity, past trends and future prospects, details of the Company's order book, planned and prospective capital expenditure plans, perspective plans, patent filings, time/cost overrun and qualitative and quantitative information in relation thereto. In light of the exemptions received, the BRLMs cannot assure you that the disclosures in this DRHP are adequate to enable the investors to make a well informed investment decision, and in particular, the BRLMs cannot assure you that there is no omission of any material fact necessary in order to make the statements contained herein, in the context in which they are made, not misleading.*

All legal requirements pertaining to the Offer were complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of Section 32 of the Companies Act, 2013. All legal requirements pertaining to the Offer were complied with at the time of registration of this Prospectus with the RoC in terms of Sections 26 and 30 of the Companies Act, 2013.

Caution - Disclaimer from our Company and the BRLMs

Our Company, our Directors and the BRLMs accept no responsibility for statements made otherwise than in this Prospectus or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website http://www.hal-india.com/ would be doing so at his or her own risk.

The Selling Shareholder accepts no responsibility for any statements made other than those made in relation to it and/or to the Equity Shares offered through the Offer for Sale.

The BRLMs accept no responsibility, save to the limited extent as provided in the Offer Agreement and the Underwriting Agreement.

All information shall be made available by our Company, the Selling Shareholder and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centres or elsewhere.

None among our Company, the Selling Shareholder or any member of the Syndicate is liable for any failure in downloading the Bids due to faults in any software/ hardware system or otherwise.

Investors who Bid in the Offer were required to confirm and were deemed to have represented to our Company, the Selling Shareholder, the Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and will not issue, sell, pledge, or transfer the Equity Shares of our Company to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company.

Our Company, the Selling Shareholder, Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company.

The BRLMs and their respective associates and affiliates may engage in transactions with, and perform services for, our Company and the Selling Shareholder in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company and the Selling Shareholder for which they have received, and may in the future receive, compensation.

Disclaimer in respect of Jurisdiction

The Offer is being made in India to persons resident in India (including Indian nationals resident in India who are not competent to contract under the Indian Contract Act, 1872, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts registered under applicable trust law and who are authorised under their constitution to hold and invest in shares, public financial institutions as specified in Section 2(72) of the Companies Act, 2013, state industrial development corporations, insurance companies registered with IRDA, permitted insurance companies, permitted provident fund and pension funds, insurance funds set up and managed by the army and navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India), and Systemically Important Non-Banking Financial Companies and to FPIs, Eligible NRIs and other eligible foreign investors (viz. FVCIs, multilateral and bilateral development financial institutions).

This Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of the Offer will be subject to the jurisdiction of appropriate court(s) in Bangalore only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus was been filed with SEBI for its observations and SEBI gave its observations in due course. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States, and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

Accordingly, the Equity Shares are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Disclaimer Clause of the BSE

BSE Limited (the "**Exchange**") has given vide its letter dated October 10, 2017, permission to this Company to this Company to use the Exchange's name in this offer document as one of the stock exchanges on which this company's securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner: -

(a) warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or

(b) warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or

(c) take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer Clause of the NSE

As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter Ref.: NSE/LIST/21843 dated October 09, 2017 permission to the Issuer to use the Exchange's name in this Offer Document as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized the draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Filing

A copy of the Draft Red Herring Prospectus has been filed with SEBI at the Securities and Exchange Board of India, Plot number C4-A, "G" Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, India.

A copy of the Red Herring Prospectus, along with documents to be filed under section 32 of the Companies Act, 2013 has been delivered for registration to the RoC at Bangalore and a copy of this Prospectus to be filed under section 60 of the Companies Act would be delivered for registration to the RoC at the following address of the RoC:

Registrar of Companies

Registrar of Companies, Karnataka
'E' Wing, 2nd Floor,
Kendriya Sadana,
Koramangala, Bangalore 560 034
Karnataka, India

Listing

The Equity Shares are proposed to be listed on the BSE and the NSE. Applications will be made to the Stock Exchanges for permission to deal in and for an official quotation of the Equity Shares to be issued and sold in the Offer.

The BSE will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

If the permissions to deal in, and for an official quotation of, the Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company will forthwith repay, without interest, all moneys received from the

Bidders/Applicants in pursuance of the Red Herring Prospectus/this Prospectus. If such money is not repaid within the prescribed time after our Company is liable to repay it, then our Company and every Director of our Company and every officer of our Company who is in default may, on and from expiry of such period, shall be liable to repay the money, with interest, as prescribed under applicable law.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges mentioned above are taken within six Working Days of the Bid/ Offer Closing Date.

Further, the Selling Shareholders confirm that they shall provide assistance to our Company and the BRLMs, as may be reasonably required and necessary, for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within six Working Days of the Bid/ Offer Closing Date.

Price information of past issues handled by the BRLMs

1. *SBI Capital Markets Limited*

Price information of past issues (during current financial year and two financial years preceding the current financial year) handled by SBICAP:

Sr. No.	Issue Name	Issue Size (Rs. Mn.)	Issue Price (Rs.)	Listing Date	Opening Price on Listing Date	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	H. G. Infra Engineering Limited	4,620.00	270.00	March 9, 2018	270.00	NA	NA	NA
2.	Amber Enterprises India Limited[4]	5,995.99	859.00	January 30, 2018	1,180.00	+27.40% [-5.13%]	NA	NA
3.	Reliance Nippon Life Asset Management Limited	15,422.40	252.00	November 06, 2017	295.90	+3.61% [-3.19%]	+8.12% [+2.05%]	NA
4.	SBI Life Insurance Company Limited[5]	83,887.29	700.00	October 3, 2017	735.00	-7.56% [+5.89%]	-0.07% [+4.56%]	NA
5.	Cochin Shipyard Limited	14,429.30	432.00	August 11, 2017	435.00	+30.24% [+2.14%]	+30.51% [+6.42%]	+20.02% [+9.55%]
6.	Security and Intelligence Services (India) Limited	7,795.80	815.00	August 10, 2017	879.80	-3.29% [+1.17%]	+3.14% [+5.40%]	+39.12% [+8.62%]
7.	Central Depository Services (India) Limited	5,239.91	149.00	June 30, 2017	250.00	+127.92% [+5.84%]	+128.86% [+2.26%]	+146.71% [+10.61%]
8.	Housing and Urban Development Corporation Limited	12,095.70	60.00	May 19, 2017	73.45	+13.08% [+2.78%]	+34.58% [+4.29%]	+35.75 [+8.13%]
9.	Avenue Supermarts Limited	18,700.00	299.00	March 21, 2017	604.40	+145.03% [-0.50%]	+165.17% [+6.19%]	+264.26% [+9.97%]
10.	BSE Limited	12,434.32	806.00	February 03, 2017	1,085.00	+17.52% [+2.55%]	+24.41% [+6.53%]	+34.43% [+15.72%]

Source: www.nseindia.com, www.bseindia.com

Notes:

1. *The 30th, 90th and 180th calendar day computation includes the listing day. If either of the 30th, 90th or 180th calendar days is a trading holiday, the next trading day is considered for the computation. We have taken the issue price to calculate the % change in closing price as on 30th, 90th and 180th day. We have taken the closing price of the applicable benchmark index as on the listing day to calculate the % change in closing price of the benchmark as on 30th, 90th and 180th day.*
2. *The designated exchange for the issue has been considered for the price, benchmark index and other details.*
3. *The number of Issues in Table-1 is restricted to 10.*
4. *Employee Discount of Rs.85 per Equity Share to the Offer Price*
5. *Offer Price was Rs. 632.00 per equity share to Eligible Employee*

Summary statement of price information of past public issues handled by SBI Capital Markets Limited:

Financial Year	Total no. of IPOs	Total amount of funds raised (Rs. Mn.)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50 %	Less than 25%
2017-18*	8	149,486.39	-	-	2	1	2	2	-	-	-	1	2	1
2016-17*	7	129,691.00	-	-	3	1	1	2	-	1	1	2	2	1
2015-16*	4	18,163.78	-	-	1	-	-	3	-	-	2	1	-	1

* *Based on issue closure date*

2. Axis Capital Limited

Price information of past issues (during current financial year and two financial years preceding the current financial year) handled by Axis:

Sr. No.	Issue name	Issue size (₹ millions)	Issue price(₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1	Aster DM Healthcare Limited	9801.00	190.00	26-Feb-18	183.00	-	-	-
2	Khadim India Limited	5,430.57	750.00	14-Nov-17	730.00	-10.40%,[+0.06%]	-6.47%, [+3.47%]	-
3	The New India Assurance Company Limited	18,933.96	800[$]	13-Nov-17	750.00	-27.91%,[+0.15%]	-7.81%, [+3.08%]	-
4	Mahindra Logistics Limited	8,288.84	429[^]	10-Nov-17	429.00	+2.49%,[0.00%]	+9.48%,[+1.50%]	-
5	Reliance Nippon Life Asset Management Limited	15,422.40	252	06-Nov-17	295.90	+3.61%[-3.19%]	+8.12%,[+2.05%]	-
6	General Insurance Corporation of India	111,758.43	912[@]	25-Oct-17	850.00	-12.92%,[+0.52%]	-13.95%,[+6.52%]	-
7	Indian Energy Exchange Limited	10,007.26	1650	23-Oct-17	1,500.00	-8.15%,[+1.39%]	-1.95%,[+7.67%]	-
8	Godrej Agrovet Limited	11,573.12[#]	460	16-Oct-17	615.60	+14.96%,[-0.43%]	+35.66%,[+4.99%]	-
9	SBI Life Insurance Company Limited	83,887.29	700[*]	03-Oct-17	735.00	-7.56%,[5.89%]	-0.07%,[+5.84%]	-
10	Capacit'e Infraprojects Limited	4,000	250	25-Sep-17	399.00	+36.30%,[+3.39%]	+57.42%,[+6.67%]	-

Source: www.nseindia.com

[*] *Offer Price was ` 632.00 per equity share to Eligible Employees*

[#] *Company has undertaken a Pre-Ipo Placement aggregating to `84.88 Million. The size of the fresh issue as disclosed in the draft red herring prospectus dated July 18, 2017, being `3,000.00 Million, has been reduced accordingly.*

[@] *Offer Price was ` 855.00 per equity share to Retail Individual Bidders and Eligible Employees*

[^] *Offer Price was ` 387.00 per equity share to Eligible Employees*

[$] *Offer Price was ` 770.00 per equity share to Retail Individual Bidders and Eligible Employees*

Notes:

a. *Issue Size derived from Prospectus/final post issue reports, as available.*
b. *The CNX NIFTY is considered as the Benchmark Index.*
c. *Price on NSE is considered for all of the above calculations.*
d. *In case 30th/90th/180th day is not a trading day, closing price on NSE of the next trading day has been considered.*
e. *Since 30 calendar days, 90 calendar days, and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.*

Summary statement of price information of past public issues handled by Axis Capital Limited

Financial Year	Total no. of IPOs	Total funds raised (₹ in Millions)	Nos. of IPOs trading at discount on as on 30th calendar days from listing date			Nos. of IPOs trading at premium on as on 30th calendar days from listing date			Nos. of IPOs trading at discount as on 180th calendar days from listing date			Nos. of IPOs trading at premium as on 180th calendar days from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2017-2018*	16	329,571.86	-	1	7	1	2	4	-	2	-	2	2	-
2016-2017	10	111,377.80	-	-	1	4	2	3	-	-	-	7	1	2
2015-2016	8	60,375.66	0	0	3	0	4	1	0	0	3	1	2	2

** The information is as on the date of the document*

The information for each of the financial years is based on issues listed during such financial year.

Note: Since 30 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

Track record of past issues handled by the BRLMs

For details regarding the track record of the BRLMs to the Offer as specified in Circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by the SEBI, please refer to the websites of the BRLMs as set forth in the table below:

Sl. No	Name of the BRLMs	Website
1.	SBI Capital Markets Limited	http://www.sbicaps.com
2.	Axis Capital Limited	http://www.axiscapital.co.in

Consents

Consents in writing of: (a) our Directors, our CFO, our Company Secretary and Compliance Officer, Statutory Auditors, , Indian Legal Counsel to our Company and the Selling Shareholder, International Legal Counsel to our Company and the Selling Shareholder, Indian Legal Counsel to the BRLMs, Bankers to our Company and (b) the BRLMs, the Syndicate Member, the Bankers to the Offer and the Registrar to the Offer to act in their respective capacities were obtained and filed along with a copy of the Red Herring Prospectus with the RoC as required under Sections 26 and 32 of the Companies Act, 2013 and such consents have not been withdrawn up to the time of delivery of this Prospectus.

In accordance with the Companies Act, 2013 and the SEBI ICDR Regulations, our Statutory Auditors, S. Venkatram & Co, Chartered Accountants, have given their written consent for inclusion of their reports dated March 5, 2018 on the Audited Restated Financial Statements of our Company and the statement of tax benefits dated March 5, 2018, in the form and context, included in this and such consent has not been withdrawn as on the date of this Prospectus.

Expert opinion

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent from the Statutory Auditors to include its name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Prospectus and as an “expert” as defined under section 2(38) of the Companies Act, 2013 in respect of the examination report dated March 5, 2018 of the Statutory Auditors on the restated audited financial statements of our Company as of and for the six month period ended September 30, 2017 and the Fiscals ended March 31, 2017, 2016, 2015, 2014 and 2013 and the statement of tax benefits dated March 5, 2018, included in this Prospectus and such consents have not been withdrawn as on the date of this Prospectus.

Offer Expenses

The total expenses of the Offer are estimated to be approximate ₹ 194.98 million. The expenses of the Offer include, among others, underwriting and management fees, selling commissions, printing and distribution expenses, legal expenses, statutory advertisement expenses, registrar and depository fees and listing fees.

All Offer related expenses shall be borne by the Selling Shareholder through the DIPAM. However, expenses in relation to: (i) the filing fees to SEBI; (ii) NSE/BSE charges for use of software for the book building; (iii) payments required to be made to Depository or the Depository Participants for transfer of shares to the beneficiaries account; and (iv) printing and stationery expenses, share be borne by the BRLMs. Payments, if any, made by our Company in relation to the Offer shall be on behalf of the Selling Shareholder and such payments will be reimbursed to our Company. For further details of the Offer expenses, see “*Objects of the Offer*” on page 110.

Fees Payable to the Syndicate

The total fees payable to the Syndicate (including underwriting commission and selling commission and reimbursement of their out-of-pocket expenses) will be as per the Syndicate Agreement, a copy of which was made available for inspection at our Registered and Corporate Office from 10.00 am to 4.00 pm on Working Days from the date of the Red Herring Prospectus until the Bid/ Offer Closing Date.

Commission payable to the SCSBs, Registered Brokers, RTAs and CDPs

For details of the commission payable to the SCSBs, Registered Brokers, RTAs and CDPs, see "*Objects of the Offer*" on page 110.

Fees Payable to the Registrar to the Offer

The fees payable to the Registrar to the Offer for processing of application, data entry, printing of Allotment Advice/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Registrar Agreement, a copy of which will be available for inspection at our Registered and Corporate Office from 10.00 am to 4.00 pm on Working Days from the date of the Red Herring Prospectus until the Bid/ Offer Closing Date.

The Registrar to the Offer shall be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Offer to enable it to send refund orders or Allotment advice by registered post/speed post/ordinary post.

Particulars regarding public or rights issues by our Company during the last five years

Our Company has not made any public or rights issues during the five years preceding the date of this Prospectus until the Bid/Offer Closing Date.

Previous issues of Equity Shares otherwise than for cash

Except as disclosed in the section "*Capital Structure*" on page 97, our Company has not issued any Equity Shares for consideration other than for cash.

Commission and Brokerage paid on previous issues of the Equity Shares

Since this is the initial public issue of Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since our Company's inception.

Previous capital issue during the previous three years by listed Group Companies and associates of our Company

Our Company does not have group companies and associates which have undertaken a capital issue in the last three years preceding the date of this Prospectus.

Performance vis-à-vis objects – public/ rights issue of our Company and/ or listed Group Companies and associates of our Company

Our Company has not undertaken any previous public or rights issue. Our Company does not have Group Companies and associates which have undertaken any public or rights issue in the last 10 years preceding the date of the Draft Red Herring Prospectus.

Outstanding Debentures or Bonds

Our Company does not have any outstanding debentures or bonds as of the date of this Prospectus.

Outstanding Preference Shares

Our Company does not have any outstanding preference shares as on date of this Prospectus.

Partly Paid-up Shares

Our Company does not have any partly paid-up Equity Shares as on the date of this Prospectus.

Stock Market Data of Equity Shares

This being an initial public offer of our Company, the Equity Shares are not listed on any stock exchange.

Mechanism for Redressal of Investor Grievances

The Registrar Agreement provides for retention of records with the Registrar to the Offer for a period of at least three years from the last date of despatch of the letters of allotment, demat credit and refund orders to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

All grievances may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary with whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or first Bidder, Bid cum Application Form number, Bidder DP ID, Client ID, PAN, date of the Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder.

Further, the Bidder shall also enclose the Acknowledgement Slip from the Designated Intermediaries in addition to the documents/information mentioned hereinabove.

Further, with respect to the Bid cum Application Forms submitted with the Registered Brokers, the investor shall also enclose the acknowledgment from the Registered Broker in addition to the documents/ information mentioned hereinabove.

Disposal of Investor Grievances by our Company

Our Company estimates that the average time required by our Company or the Registrar to the Offer or the Designated Intermediaries, for the redressal of routine investor grievances shall be 10 Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has appointed a Stakeholders' Relationship Committee. For details, see "*Our Management – Committees of our Board – Stakeholders' Relationship Committee*" on page 209.

Our Company has also appointed Mr. G.V. Sesha Reddy, Company Secretary of our Company as the Compliance Officer for the Offer and he may be contacted in case of any pre-Offer or post-Offer related problems at the following address:

Hindustan Aeronautics Limited
15/1 Cubbon Road
Bangalore 560 001
Karnataka, India
Tel: +91 (80) 2232 0001
Fax: +91 (80) 2232 0758
Email: investors@hal-india.com

Our Company has not received any investor complaint during the three years preceding the date of filing of the Draft Red Herring Prospectus.

Changes in Auditors

Except as described below, there has been no change in the statutory auditors of our Company during the three years preceding the date of this Prospectus:

Name of Auditor	Financial Year	Date of Change	Reason
S. Venkatram & Co, Chartered Accountants	2015-2018	July 16, 2015	S. Venkatram & Co was appointed by office of the CAG through its letter dated July 16, 2015, replacing the previous auditor Dagliya & Co.

Capitalisation of Reserves or Profits

Our Company has not capitalised its reserves or profits at any time during the last five years, except as stated in "*Capital Structure*" beginning on page 97.

Revaluation of Assets

Our Company has not re-valued its assets in the last five years.

SECTION VII – OFFER INFORMATION
TERMS OF THE OFFER

The Offered Shares being Allotted pursuant to this Offer are subject to the provisions of the Companies Act, the SCRA, SCRR, SEBI ICDR Regulations, our Memorandum of Association and Articles of Association, the terms of the Red Herring Prospectus, this Prospectus, the abridged prospectus, the ASBA Form, the Revision Form, CAN, the Allotment Advice, the SEBI Listing Regulations and other terms and conditions as may be incorporated in the Allotment Advice and other documents or certificates that may be executed in respect of this Offer. The Offered Shares shall also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to the offer of capital and listing and trading of securities issued from time to time by the SEBI, the GoI, the Stock Exchanges, the RoC, the RBI and/or other authorities, as in force and to the extent applicable or such other conditions as may be prescribed by such authorities while granting its approval for the Offer.

Offer related expenses

The total expenses of the Offer are estimated to be approximate ₹ 194.98million. The expenses of the Offer include, among others, underwriting and management fees, selling commissions, printing and distribution expenses, legal expenses, statutory advertisement expenses, registrar and depository fees and listing fees.

All Offer related expenses shall be borne by the Selling Shareholder through the DIPAM. However, expenses in relation to: (i) the filing fees to SEBI; (ii) NSE/BSE charges for use of software for the book building; (iii) payments required to be made to Depository or the Depository Participants for transfer of shares to the beneficiaries account; and (iv) printing and stationery expenses, share be borne by the BRLMs. Payments, if any, made by our Company in relation to the Offer shall be on behalf of the Selling Shareholder and such payments will be reimbursed to our Company. For further details in relation to Offer related expenses, see "*Objects of the Offer*" and "*Other Regulatory and Statutory Disclosures*" on pages 110 and 680, respectively.

Ranking of the Offered Shares

The Offered Shares shall be subject to the provisions of the Companies Act, Memorandum of Association, Articles of Association, the SEBI Listing Regulations, and shall rank *pari passu* in all respects with the existing Equity Shares including rights in respect of dividend and other corporate benefits if any, declared by our Company after the date of Allotment. For further details, see "*Main Provisions of the Articles of Association*" on page 756.

Mode of Payment of Dividend

Our Company shall pay dividends, if declared, to the Shareholders of our Company as per the provisions of the Companies Act, 2013, our Memorandum of Association, Articles of Association, the SEBI Listing Regulations and other applicable law. All dividends, declared by our Company after the date of Allotment (pursuant to the Allotment of Offered Shares), will be payable to the Bidders who have been Allotted Offered Shares, for the entire year, in accordance with applicable law. For further details in relation to dividends, see *"Dividend Policy"* and *"Main Provisions of the Articles of Association"* on pages 220 and 756, respectively.

Face Value, Offer Price and Price Band

The face value of each Equity Share is ₹ 10 each. The Floor Price of the Offered Shares is ₹ 1,215 per Equity Share and the Cap Price is ₹ 1,240 per Equity Share. The Price Band, minimum Bid lot size, the Retail Discount and the Employee Discount, as applicable has been decided by the Selling Shareholder and our Company, in consultation with the BRLMs, and advertised in all newspapers wherein the Pre-Offer Advertisement was published, at least five Working Days prior to the Bid/ Offer Opening Date and were made available to the Stock Exchanges for the purpose of uploading on their website. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, were pre-filled in the ASBA Forms available at the websites of the Stock Exchanges. The Offer Price was determined by the Selling Shareholder and our Company, in consultation with the BRLMs, after the Bid/ Offer Closing Date, on the basis of assessment of market demand for the Offered Shares by way of Book Building Process.

At any given point of time there shall be only one denomination of the Equity Shares.

Compliance with disclosure and accounting norms

Our Company shall comply with applicable disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the provisions of our Articles of Association, the equity shareholders of our Company shall have the following rights:

- The right to receive dividends, if declared;
- The right to attend general meetings and exercise voting powers, unless prohibited by law;
- The right to vote on a poll either in person or by proxy or "e-voting";
- The right to receive offers for rights shares and be allotted bonus shares, if announced;
- The right to receive any surplus on liquidation subject to any statutory and other preferential claims being satisfied;
- The right to freely transfer their Equity Shares, subject to foreign exchange regulations and other applicable laws; and
- Such other rights, as may be available to a shareholder of a listed public company under applicable law, including the Companies Act, 2013, the terms of the SEBI Listing Regulations, and our Memorandum of Association and Articles of Association.

For a detailed description of the main provisions of our Articles of Association relating to voting rights, dividend, forfeiture and lien, transfer and transmission, and/ or consolidation/ splitting, see "*Main Provisions of the Articles of Association*" on page 756.

Market Lot and Trading Lot

The trading of our Equity Shares on the Stock Exchanges shall only be in dematerialised form, consequent to which, the tradable lot is one Equity Share. Allotment in the Offer will be only in electronic form in multiples of 12 Equity Shares, subject to a minimum Allotment of 12 Equity Shares. See *"Offer Procedure – Part B – General Information Document for Investing in Public Issues - Allotment Procedure and Basis of Allotment"* on page 742.

Joint Holders

Subject to provisions contained in our Articles, where two or more persons are registered as the holders of any Equity Share, they shall be deemed to hold such Equity Shares as joint tenants with benefits of survivorship.

Jurisdiction

The courts of Bangalore, India will have exclusive jurisdiction in relation to this Offer.

Bid/ Offer Programme

BID/ OFFER OPENED ON:	**MARCH 16, 2018**
BID/ OFFER CLOSED ON:	**MARCH 20, 2018**

An indicative timetable in respect of the Offer is set out below:

Event	Indicative Date
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about March 26, 2018
Unblocking of funds from ASBA Account	On or about March 27, 2018

Event	Indicative Date
Credit of the Equity Shares to depository accounts of Allottees	On or about March 27, 2018
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about March 28, 2018

The above timetable is indicative and does not constitute any obligation on the Selling Shareholder, our Company, or the BRLMs. While the Selling Shareholder and our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within six Working Days of the Bid/ Offer Closing Date or such period as may be prescribed, the timetable may change due to various factors, such as extension of the Bid/ Offer Period by the Selling Shareholder and our Company, revision of the Price Band or any delays in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws. The Selling Shareholder confirms that it shall extend complete co-operation required by our Company, the BRLMs for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges within six Working Days from the Bid/ Offer Closing Date.

Bids and any revision in Bids are accepted **only between 10.00 a.m. and 5.00 p.m.** (**IST)** during the Bid/ Offer Period (except on the Bid/ Offer Closing Date) at the Bidding Centres as mentioned on the ASBA Form. On the Bid/ Offer Closing Date, the Bids are accepted and uploaded as follows**:**

(a) in case of Bids by QIBs under the QIB Portion, the Bids and the revisions in Bids are accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until 4.00 p.m. (IST);

(b) in case of Bids by Non-Institutional Bidders, the Bids and the revisions in Bids are accepted only between 10.00 a.m. and 3.00 p.m. (IST) and uploaded until 4.00 p.m. (IST); and

(c) in case of Bids by Retail Individual Bidders and Eligible Employees Bidding under the Employee Reservation Portion, the Bids and the revisions in Bids are accepted only between 10.00 a.m. and 3.00 p.m. (IST) and uploaded until 5.00 p.m. (IST), which may be extended up to such time as deemed fit by the Stock Exchanges after taking into account the total number of applications received up to the closure of timings and reported by the BRLMs to the Stock Exchanges.

For the avoidance of doubt, it is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs will be rejected.

Due to limitation of the time available for uploading the Bids on the Bid/ Offer Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/ Offer Closing Date and, in any case, no later than 1.00 p.m. (Indian Standard Time) on the Bid/ Offer Closing Date. Bidders are cautioned that, in the event a large number of Bids are received on the Bid/ Offer Closing Date, as is typically experienced in public offerings in India, it may lead to some Bids not being uploaded due to lack of sufficient time to upload. Such Bids that cannot be uploaded on the electronic bidding system will not be considered for allocation under this Offer. Bids will only be accepted on Working Days. Investors may please note that as per letter no. List/smd/sm/2006 dated July 3, 2006 and letter no. NSE/IPO/25101- 6 dated July 6, 2006 issued by BSE and NSE respectively, Bids and any revision in Bids shall not be accepted on Saturdays and public holidays as declared by the Stock Exchanges. Bids by Bidders shall be uploaded by the SCSBs in the electronic system to be provided by the Stock Exchanges. Neither the Selling Shareholder, nor our Company, nor any member of the Syndicate is liable for any failure in uploading or downloading the Bids due to faults in any software / hardware system or otherwise. Any time mentioned in this Prospectus is Indian Standard Time.

In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical or electronic ASBA Form for a particular Bidder, the details as per the Bid file received from the Stock Exchanges may be taken as the final data for the purpose of Allotment.

Nomination facility to investors

In accordance with Section 72 of the Companies Act, 2013 read with the Companies (Share Capital and Debenture)

Rules, 2014, as amended, the First or sole Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of the sole Bidder or in case of joint Bidders, the death of all the Bidders, as the case may be, the Offered Shares Allotted, if any, shall vest to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner. A person, being a nominee, entitled to the Equity Shares by reason of death of the original holder(s), shall be entitled to the same advantages to which such person would be entitled if such person were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale, transfer of Equity Share(s) by the person nominating. A nomination may be cancelled or varied by nominating any other person in place of the present nominee by the holder of the Equity Shares who has made the nomination by giving a notice of such cancellation. A buyer will be entitled to make a fresh nomination in the manner prescribed. A fresh nomination can be made only on the prescribed form, which is available on request at our Registered and Corporate Office or with the registrar and transfer agents of our Company.

Any person who becomes a nominee by virtue of Section 72 of the Companies Act, 2013 as mentioned above, shall, upon the production of such evidence as may be required by our Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, our Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment will be made only in dematerialised form, there shall be no requirement for a separate nomination with our Company. Nominations registered with the respective Depository Participant of the applicant will prevail. If investors wish to change their nomination, they are requested to inform their respective Depository Participant.

Minimum Subscription

The requirement of minimum subscription is not applicable to the Offer in accordance with the SEBI ICDR Regulations. However, if our Company does not make the minimum Allotment as specified under terms of the Rule 19(2)(b)(iii) of the SCRR, including devolvement of Underwriters, if any, within 60 days from the date of Bid/ Offer Closing Date, the Selling Shareholder and our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond the prescribed time, the Selling Shareholder and our Company and shall pay interest prescribed under the applicable law.

Further, the Selling Shareholder and our Company shall ensure that the number of prospective Allottees to whom the Offered Shares will be Allotted shall not be less than 1,000 in compliance with Regulation 26(4) of the SEBI ICDR Regulations failing which the entire application money shall be unblocked in the respective ASBA Accounts of the Bidders. In case of delay, if any, in unblocking the ASBA Accounts within such timeline as prescribed under applicable laws, the Selling Shareholder and our Company shall be liable to pay interest on the application money in accordance with applicable laws.

Option to receive Offered Shares in dematerialised form

Pursuant to Section 29 of the Companies Act, 2013, the Offered Shares shall be Allotted only in dematerialised form. Hence, the Offered Shares can be applied for in the dematerialised form only.

Further to the listing of the Equity Shares, the trading of the Equity Shares shall take place on the dematerialised segment of the Stock Exchanges.

Arrangements for disposal of odd lots

Since our Equity Shares will be traded in dematerialised form only and the market lot for our Equity Shares will be one Equity Share, no arrangements for disposal of odd lots are required.

Restriction on transfer and transmission of shares

Except for the lock-in of the pre-Offer Equity Shares, the minimum Promoter's Contribution, as detailed in "*Capital Structure*" on page 97 and except as provided in our Articles, there are no restrictions on transfers and transmission of Equity Shares or on their consolidation or splitting. See, "*Main Provisions of the Articles of Association*" on page 756.

Withdrawal of the Offer

The Selling Shareholder and our Company, in consultation with the BRLMs, reserve the right not to proceed with the entire or portion of the Offer for any reason at any time after the Bid/ Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the same newspapers, in which the Pre-Offer Advertisements were published, within two days of the Bid/ Offer Closing Date, providing reasons for not proceeding with the Offer. Further, the Stock Exchanges shall be informed promptly in this regard by our Company. The BRLMs, through the Registrar to the Offer, shall notify the SCSBs to unblock the bank accounts of the Bidders within one Working Day from the date of receipt of such notification. In the event of withdrawal of the Offer and subsequently, plans of a fresh offer by our Company, a fresh draft red herring prospectus will be submitted again to SEBI.

Notwithstanding the foregoing, this Offer is also subject to obtaining the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment and within six Working Days from the Bid/ Offer Closing Date or such other period as may be prescribed, and the final RoC approval of this Prospectus after it is registered with the RoC and filed with the SEBI and Stock Exchanges.

OFFER STRUCTURE

Initial public offering of 34,107,525 Equity Shares through an Offer for Sale by the Selling Shareholder, for cash at a price of ₹ 1,215 per Equity Share (less Retail Discount and Employee Discount, as applicable) aggregating to ₹ 41,131.33 million, comprising a Net Offer of 33,438,750 Equity Shares and an Employee Reservation Portion of up to 668,775 Equity Shares. The Offer and the Net Offer shall constitute 10.20% and 10%, respectively, of the post-Offer paid-up Equity Share capital of our Company.

The Offer is being made through the Book Building Process.

Particulars	**Eligible Employees Bidding in the Employee Reservation Portion****	**QIBs**	**Non-Institutional Bidders**	**Retail Individual Bidders****
Number of Offered Shares available for Allotment/allocation(1)*	Upto 668,775 Equity Shares.	16,719,374 Equity Shares or the Net Offer less allocation to Non-Institutional Bidders and Retail Individual Bidders.	Not less than 5,015,813 Equity Shares or the Net Offer less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 11,703,563 Equity Shares or Offer (or the Net Offer, as the case may be) less allocation to QIB Bidders and Non-Institutional Bidders.
Percentage of Offer size available for Allotment/allocation	Upto 0.20% of the Offer.	50% of the Net Offer is allocated to QIB Bidders. However, 5% of the QIB Portion was made available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund reservation was made available for all QIBs in the QIBs Portion.	Not less than 15% of the Net Offer or the Net Offer less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 35% of the Net Offer or the Net Offer less allocation to QIB Bidders and Non-Institutional Bidders.
Basis of Allotment if respective category is oversubscribed*	Proportionate.	Proportionate as follows: 835,969 Equity Shares is available for allocation on a proportionate basis to Mutual Funds only and 15,883,405 Equity Shares was made available for allocation on a proportionate basis to all other QIBs, including Mutual Funds receiving Allocation as above.	Proportionate.	Proportionate, subject to minimum Bid Lot. For further details, see "*Offer Procedure – Part B – General Information Document for Investing in Public Issues – Allotment Procedure and Basis of Allotment – Allotment to RIIs*" on page 742.
Minimum Bid	12 Equity Shares and in multiples of 12 Equity Shares, such	Such number of Equity Shares in multiples of 12 Equity Shares so that	Such number of Equity Shares in multiples of 12 Equity Shares so that	12 Equity Shares and in multiples of 12 Equity Shares, such that the Bid

Particulars	**Eligible Employees Bidding in the Employee Reservation Portion****	**QIBs**	**Non-Institutional Bidders**	**Retail Individual Bidders****
	that the Bid Amount (net of Employee Discount, if any) does not exceed ₹ 500,000.	the Bid Amount exceeds ₹ 200,000.	the Bid Amount exceeds ₹ 200,000.	Amount (net of Retail Discount, if any) does not exceed ₹ 200,000.
Maximum Bid	Such number of Equity Shares (in multiples of 12 Equity Shares) for which the Bid Amount does not exceed ₹ 500,000.(4)	Such number of Equity Shares in multiples of 12 Equity Shares so that the Bid does not exceeds the size of the Offer, subject such limits as may be applicable to the Bidder.	Such number of Equity Shares in multiples of 12 Equity Shares so that the Bid does not exceeds the size of the Offer, subject such limits as may be applicable to the Bidder.	Such number of Equity Shares in multiples of 12 Equity Shares so that the Bid Amount does not exceed ₹ 200,000.
Mode of Allotment	Compulsorily in dematerialised form.			
Bid Lot	12 Equity Shares and in multiples of 12 Equity Shares thereafter.			
Allotment Lot	A minimum of 12 Equity Shares and thereafter in multiples of one Equity Share.			
Trading Lot	One Equity Share.			
Who can Apply(2)	Eligible Employees.	Public financial institutions specified in Section 2(72) of the Companies Act, 2013 FPIs (other than category III FPIs), scheduled commercial banks, mutual funds registered with the SEBI, venture capital funds registered with SEBI, FVCIs, VCFs, Alternative Investment Funds, multilateral and bilateral development financial institutions, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with a minimum corpus of ₹ 250 million, pension funds with a minimum corpus of ₹ 250 million, the National Investment Fund set up by the Government of India, insurance funds set up and managed by the army, navy, or air force of the Union of India and insurance funds set up and managed by the Department of Posts,	Eligible NRI Bidders, Resident Indian individuals, HUFs (in the name of the Karta), companies, corporate bodies, scientific institutions, societies and trusts and Category III FPIs.	Resident Indian individuals, HUFs (in the name of the Karta) and Eligible NRI Bidders.

Particulars	Eligible Employees Bidding in the Employee Reservation Portion**	QIBs	Non-Institutional Bidders	Retail Individual Bidders**
		India and Systemically Important Non-Banking Financial Companies.		
Terms of Payment	The SCSB shall be authorised to block the full Bid Amount mentioned in the ASBA Form.(3)			
Mode of Bidding	Only through the ASBA process.			

(1) *Subject to valid Bids being received at or above the Offer Price. The Offer is being made in terms of Rule 19(2)(b)(iii) of the SCRR read with Regulation 41 of the SEBI ICDR Regulations and Regulation 26(1) of the SEBI ICDR Regulations, wherein 50% of the Net Offer is Allotted on a proportionate basis to QIBs. The number of Offered Shares representing 5% of the QIB Portion is available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB Portion is available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, the balance Offered Shares available for allocation in the Mutual Fund Portion will be added to the remaining QIB Portion for proportionate allocation to QIBs. Further, not less than 15% of the Net Offer is available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer is available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price. Further, upto 668,775 additional Equity Shares is available for allocation and Allotment on a proportionate basis to the Eligible Employees Bidding in the Employee Reservation Portion, conditional upon valid Bids being received from them at or above the Offer Price.*

In the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion is available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 500,000. The unsubscribed portion, if any, in the Employee Reservation Portion (after allocation over ₹ 200,000), shall be added to the Net Offer. In the event of under-subscription in the Net Offer, spill over to the extent of under-subscription shall be allowed from the Employee Reservation Portion. Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in the Non-Institutional Portion or the Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange, on a proportionate basis. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories.

(2) *In the event that a Bid is submitted in joint names, the relevant Bidders should ensure that the depository account is also held in the same joint names and the names are in the same sequence in which they appear in the ASBA Form. The ASBA Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such First Bidder would be required in the ASBA Form and such First Bidder would be deemed to have signed on behalf of the joint holders. In the event of under-subscription in the Employee Reservation Portion , the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 500,000. The unsubscribed portion, if any, in the Employee Reservation Portion (after allocation over ₹ 200,000), shall be added to the Net Offer.*

(3) *The SCSB shall be authorised to block such funds in the bank account of the Bidder that are specified in the ASBA Form.*

(4) *Eligible Employees Bidding in the Employee Reservation portion can Bid upto a Bid Amount of ₹ 500,000. However, a Bid by an Eligible Employee in the Employee Reservation Portion will be considered for allocation, in the first instance, for a Bid Amount of up to ₹ 200,000. In the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 500,000. Further, an Eligible Employee Bidding in the Employee Reservation Portion can also Bid under the Net Offer and such Bids will not be treated as multiple Bids.*

* *Assuming full subscription in the Offer.*

** *The Selling Shareholder and our Company, in consultation with the BRLMs, offered a discount of ₹ 25 per Equity Share on the Offer Price to the Retail Individual Bidders and the Eligible Employees Bidding under the Employee Reservation Portion, respectively. The amount of Retail Discount and Employee Discount, as applicable, will be advertised in all newspapers wherein the Pre-Offer Advertisement will be published. For further details, see "Offer Procedure" on page* 705.

Period of operation of subscription list

See "*Terms of the Offer – Bid/ Offer Programme*" on page 698.

OFFER PROCEDURE

All Bidders should review the "General Information Document for Investing in Public Issues" prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 issued by SEBI, modified and updated pursuant to, among others, the circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015, the circular (CIR/CFD/DIL/1/2016) dated January 1, 2016 and the circular (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016, issued by SEBI (the "General Information Document") included below under "– Part B – General Information Document" beginning on page 718, which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. The General Information Document has been updated to reflect the enactments and regulations, to the extent applicable to a public issue. The General Information Document is also available on the websites of the Stock Exchanges and the BRLMs. Please refer to the relevant portions of the General Information Document which are applicable to this Offer.

Our Company, the Selling Shareholder and the Syndicate do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in the applicable law which may occur after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in the Red Herring Prospectus and this Prospectus.

PART A

Book Building Procedure

The Offer is being made through the Book Building Process in accordance with Regulation 26(1) of the SEBI ICDR Regulations, wherein 50% of the Net Offer is available for allocation on a proportionate basis to QIBs. Such number of Offered Shares representing 5% of the QIB Portion is available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB Portion is available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, the balance Offered Shares available for allocation in the Mutual Fund Portion will be added to the remaining QIB Portion for proportionate allocation to QIBs, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Net Offer is available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer is available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price. Further, upto 668,775 additional Equity Shares is available for allocation and Allotment on a proportionate basis to the Eligible Employees Bidding in the Employee Reservation Portion, conditional upon valid Bids being received from them at or above the Offer Price.

In the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 500,000. The unsubscribed portion, if any, in the Employee Reservation Portion (after allocation over ₹ 200,000), shall be added to the Net Offer. In the event of under-subscription in the Net Offer, spill over to the extent of under-subscription shall be allowed from the Employee Reservation Portion. Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in the Non-Institutional Portion or the Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of the Selling Shareholder and our Company in consultation with the BRLMs and the Designated Stock Exchange, on a proportionate basis, subject to applicable law. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. In accordance with Rule 19(2)(b)(iii) of the SCRR, the Offer will constitute at least 10% of the post Offer paid-up Equity Share capital of our Company.

The Equity Shares, upon listing, shall be traded only in the dematerialised segment of the Stock Exchanges.

Investors should note that the Offered Shares will be Allotted to all successful Bidders only in dematerialised form. ASBA Forms which do not have the details of the Bidders depository accounts, including DP ID, Client ID and PAN, shall be treated as incomplete and rejected. Bidders will not have the option of being Allotted

Offered Shares in physical form.

ASBA Form

All Bidders are required to mandatorily participate in the Offer only through the ASBA process.

Copies of the ASBA Form and the Abridged Prospectus will be available with the Designated Intermediaries at the Bidding Centres and at our Registered and Corporate Office. Electronic copies of the ASBA Form will also be available for download on the websites of the NSE (www.nseindia.com) and the BSE (www.bseindia.com), at least one day prior to the Bid/ Offer Opening Date.

All Bidders shall ensure that their Bids are made on ASBA Forms bearing the stamp of the Designated Intermediary, submitted at the Bidding Centres only (except in case of electronic ASBA Forms). ASBA Forms not bearing such specified stamp are liable to be rejected. Additionally, Bidders must provide bank account details and authorisation to block funds in the relevant space provided in the ASBA Form. ASBA Form that does not contain such details will be rejected. Bidders are also required to ensure that the ASBA Account has sufficient credit balance as an amount equivalent to the full Bid Amount can be blocked by the SCSB at the time of submitting the Bid.

The prescribed colour of the ASBA Form for the various categories of Bidders is as follows:

Category	Colour of ASBA Form*
Resident Indians and Eligible NRI Bidders applying on a non-repatriation basis.	White
Non-Residents including Eligible NRI Bidders, FVCIs, FPIs (other than sub-accounts which are foreign corporates or foreign individuals Bidding under the QIB Category), and registered multilateral and bilateral development financial institutions applying on a repatriation basis.	Blue
Eligible Employees Bidding in the Employee Reservation Portion. **	Pink

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* *Excluding electronic ASBA Forms.*

** *Upto 668,775 additional Equity Shares were available for allocation and Allotment on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion.*

Designated Intermediaries (other than SCSBs) shall submit/ deliver the ASBA Forms to the respective SCSB, where the Bidder has a bank account and shall not submit it to any non-SCSB bank or the Banker(s) to the Offer.

NO PERSON OUTSIDE INDIA MAY BID FOR OFFERED SHARES UNLESS THAT PERSON HAS RECEIVED A PRELIMINARY OFFERING MEMORANDUM FOR THE OFFER, WHICH COMPRISES THE RED HERRING PROSPECTUS AND AN "INTERNATIONAL WRAP" THAT CONTAINS, AMONG OTHER THINGS, THE SELLING RESTRICTIONS APPLICABLE TO THE OFFER OUTSIDE INDIA.

Participation by the BRLMs and the Syndicate Member and their associates/ affiliates

The BRLMs and the Syndicate Member shall not be allowed to purchase Offered Shares in any manner, except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLMs and the Syndicate Member may subscribe to or purchase Offered Shares in the Net Offer, either in the QIB Portion or in the Non-Institutional Portion as may be applicable to such Bidders. Such Bidding and subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of BRLMs and Syndicate Member, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Bids by Mutual Funds

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the ASBA Form. Failing this, the Selling Shareholder and our Company reserve the right to reject any Bid in whole or in part, in either case, without assigning any reason thereof.

No Mutual Fund scheme shall invest more than 10% of its net asset value in the equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any Company's paid-up share capital carrying voting rights.

Bids by Eligible NRI Bidders

Eligible NRI Bidders may obtain copies of ASBA Forms from the Designated Intermediaries. Eligible NRI Bidders Bidding on a repatriation basis by using the Non-Resident Forms should authorise their SCSB to block their Non-Resident External ("**NRE**") account or Foreign Currency Non-Resident ("**FCNR**") account for the full Bid Amount, while Eligible NRI Bidders Bidding on a non-repatriation basis by using the Resident Forms should authorise their SCSB to block their Non-Resident Ordinary ("**NRO**") account for the full Bid Amount, at the time of submission of the ASBA Form.

Eligible NRI Bidders Bidding on a repatriation basis are advised to use the ASBA Form for Non-Residents (blue in colour), while Eligible NRI Bidders Bidding on a non-repatriation basis are advised to use the ASBA Form for Residents (white in colour).

Bids by FPIs

In terms of the SEBI FPI Regulations, the issue of equity shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) must be below 10% of our post-Offer equity share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Company. The aggregate limit of 24% may be increased up to the sectorial cap by way of a resolution passed by our Board, followed by a special resolution passed by the shareholders of our Company and subject to prior intimation to RBI. For calculating the aggregate holding of FPIs in our company, holding of all registered FPIs shall be included. In terms of the above-mentioned provisions of the FEMA Regulations, the existing individual and aggregate investment limits for an FPI in our Company are 10% and 24% of the total paid-up Equity Share capital of our Company, respectively.

QFIs which are not registered as FPIs under the SEBI FPI Regulations shall not be eligible to participate in this Offer.

As per the circular issued by SEBI on November 24, 2014, these investment restrictions shall also apply to subscribers of offshore derivative instruments ("**ODIs**"). Two or more subscribers of ODIs having a common beneficial owner shall be considered together as a single subscriber of the ODI. In the event an investor has investments as a FPI and as a subscriber of ODIs, these investment restrictions shall apply on the aggregate of the FPI and ODI investments in our Company.

FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the GoI from time to time. FPIs who wish to participate in the Offer are advised to use the ASBA Form for non-residents (blue in colour). FPIs are required to Bid through the ASBA process to participate in the Offer.

An FPI shall issue ODIs only to those subscribers which meet the eligibility criteria as laid down in Regulation 4 of the SEBI FPI Regulations. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations, an FPI, other than Category III FPI and unregulated broad based funds, which are classified as Category II FPIs by virtue of their investment manager being appropriately regulated, may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with "know your client" norms. An FPI is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by, or on behalf of it, to any persons that are not regulated by an appropriate foreign regulatory authority.

An FPI is also required to ensure that any transfer of ODIs is made by, or on behalf of it subject to the following conditions:

(a) such ODIs are transferred to persons subject to fulfilment of SEBI FPI Regulations; and

(b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the ODIs are to be transferred to are pre-approved by the FPI.

Bids by VCFs, AIFs and FVCIs

The SEBI VCF Regulations, SEBI AIF Regulations and SEBI FVCI Regulations prescribe the investment restrictions on VCFs, AIFs and FVCIs, respectively.

Accordingly, the holding in any company by any individual VCF or FVCI should not exceed 25% of the corpus of the VCF or FVCI. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to initial public offerings.

Category I and II AIFs cannot invest more than 25% of the investible funds in one investee company. A category III AIF cannot invest more than 10% of the investible funds in one investee company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than one-third of its investible funds by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up and such funds shall not launch any new scheme after the notification of the SEBI AIF Regulations.

There is no reservation for Eligible NRI Bidders, AIFs, FPIs and FVCIs. All Bidders (except Eligible Employees Bidding in the Employee Reservation Portion) will be treated on the same basis with other categories for the purpose of allocation.

The Selling Shareholder, our Company, or the BRLMs will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

All Non-Resident investors should note that dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

Bids by limited liability partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the ASBA Form. Failing this, the Selling Shareholder and our Company reserve the right to reject any Bid without assigning any reason therefor.

Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDAI must be attached to the ASBA Form. Failing this, the Selling Shareholder and our Company reserve the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, as amended are broadly set forth below:

(i) equity shares of a company: the lower of 10%[*] of the investee company's outstanding equity shares (face value) or 10% of the respective fund in case of a life insurer/ investment assets in case of a general insurer or a reinsurer;

(ii) the entire group of the investee company: not more than 15% of the respective fund in case of a life insurer or 15% of investment assets in case of a general insurer or a reinsurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and

(iii) the industry sector in which the investee company operates: not more than 15% of the respective fund of a life insurer or general insurance or 15% of the investment assets, whichever is lower.

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer and the amount calculated under points (i), (ii) or (iii) above, as the case may be.

Insurance companies participating in this Offer shall comply with all applicable regulations, guidelines and circulars issued by the IRDAI from time to time to time.

**The above limit of 10% shall stand substituted as 15% of outstanding equity shares (face value) for insurance companies with investment assets of ₹ 2,500,000 million or more and 12% of outstanding equity shares (face value) for insurers with investment assets of ₹ 500,000 million or more but less than ₹ 2,500,000 million.*

Bids by provident funds/ pension funds

In case of Bids made by provident funds/ pension funds, subject to applicable laws, with minimum corpus of ₹ 250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the ASBA Form. Failing this, the Selling Shareholder and our Company reserve the right to reject any Bid, without assigning any reason thereof.

Bids by banking companies

The investment limit for banking companies in financial services companies, not being subsidiaries, as per the Banking Regulation Act, 1949 and the Master Direction – Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, is 10 per cent of the bank's paid-up share capital and reserves as per the last audited balance sheet or a subsequent balance sheet, whichever is lower. Further, the aggregate investment in subsidiaries and other entities engaged in financial and non-financial services company cannot exceed 20% of the bank's paid-up share capital and reserves.

Bids by Systemically Important Non-Banking Financial Companies

With respect to Bids by systemically important non-banking financial companies, a certified copy of its registration certificate with the RBI, indicating that the Bidder is a systemically important non-banking financial company, along with certified copy of its last audited financial statements on standalone basis and networth certificate from its auditors, must be lodged with the Bid cum Application Form. Failing this, our Company and the Selling Shareholder reserves the right to reject any Bid without assigning any reason thereof.

Systemically important non-banking financial companies participating in the Issue shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

Bids by SCSBs

SCSBs participating in the Offer are required to comply with the terms of the SEBI circulars dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA Bids.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, Eligible FPIs, AIFs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of India, insurance funds set up by the Department of Posts, India, Systemically Important Non-Banking Financial Companies or the National Investment Fund and provident funds with a minimum corpus of ₹ 250 million and pension funds with a minimum corpus of ₹ 250 million (in each case, subject to applicable law and in accordance with their respective constitutional documents), a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws, as applicable, must be lodged along with the ASBA Form. Failing this, the Selling Shareholder and our Company reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

The Selling Shareholder and our Company, in consultation with the BRLMs, in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the ASBA Form.

Bids by Eligible Employees under the Employee Reservation Portion*

Bids by Eligible Employees under the Employee Reservation Portion shall be subject to the following:

- Such Bids must be made in the prescribed ASBA Form (*i.e*., pink in colour) and are required to be for a minimum of 12 Equity Shares and in multiples of 12 Equity Shares thereafter. The Allotment in the Employee Reservation Portion will be on a proportionate basis.

- Such Bidders should mention their employee identification number at the relevant place in the ASBA Form.

- The Bidder should be an Eligible Employee as defined above. In case of joint bids, the First Bidder shall be an Eligible Employee.

- Such Bidders must ensure that the Bid Amount does not exceed ₹ 500,000. However, a Bid by an Eligible Employee in the Employee Reservation Portion will be considered for allocation, in the first instance, for a Bid Amount of up to ₹ 200,000. In the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 500,000.

- Such Bidders have the option to bid at Cut-off Price indicating their agreement to Bid and purchase at the Offer Price.

- Such Bidders can place their Bids by only using the ASBA process.

- The Eligible Employee who Bid in the Employee Reservation Portion can also Bid in the Net Offer and such Bids shall not be treated as multiple Bids. To clarify, an Eligible Employee Bidding in the Employee Reservation Portion for up to ₹ 500,000, can also Bid in the Net Offer and such Bids will not be treated as multiple Bids. The Selling Shareholder and our Company, in consultation with the BRLMs reserves the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories. For further details, see "*Offer Procedure – Multiple Bids*" on page 728.

- If the aggregate demand in this category is less than or equal to 668,775 Equity Shares at or above the Offer Price, full allocation shall be made to the Eligible Employees to the extent of their demand.

- If the aggregate demand in this category is greater than 668,775 Equity Shares at or above the Offer Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of Allotment, see "*Offer Procedure – Allotment Procedure and Basis of Allotment*" on page 742.

* *Upto 668,775 Equity Shares is available for allocation on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion. The Selling Shareholder and our Company, in consultation with the BRLMs, offered a discount of ₹ 25 on the Offer Price to the Eligible Employees Bidding under the Employee Reservation Portion.*

In accordance with existing regulations, OCBs cannot participate in the Offer.

The above information is given for the benefit of Bidders. The Selling Shareholder and our Company, our Directors, the officers of our Company and the members of the Syndicate are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

Pre-Offer Advertisement

Subject to Section 30 of the Companies Act, 2013, our Company after registering the Red Herring Prospectus with the RoC, published a Pre-Offer Advertisement.

Information for Bidders

In addition to the instructions provided to Bidders set forth in the sub-section titled "*– Part B – General Information Document for Investing in Public Issues*" on page 718, Bidders are requested to note the following additional information in relation to the Offer.

1. The relevant Designated Intermediary will enter each Bid option into the electronic Bidding system as a separate Bid and generate an acknowledgement slip ("**Acknowledgement Slip**"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three Acknowledgement Slips for each ASBA Form. It is the Bidder's responsibility to obtain the Acknowledgement Slip from the relevant Designated Intermediary. The registration of the Bid by the Designated Intermediary does not guarantee that the Offered Shares shall be allocated/ Allotted. Such Acknowledgement will be non-negotiable and by itself will not create any obligation of any kind. When a Bidder revises his or her Bid, he /she shall surrender the earlier Acknowledgement Slip and may request for a revised Acknowledgement Slip from the relevant Designated Intermediary as proof of his or her having revised the previous Bid.

2. In relation to electronic registration of Bids, the permission given by the Stock Exchanges to use their network and software of the electronic bidding system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Selling Shareholder and/or the BRLMs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements, nor does it take any responsibility for the financial or other soundness of our Company, the Selling Shareholder, the management or any scheme of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus and this Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

3. In the event of an upward revision in the Price Band, Retail Individual Bidders or Eligible Employees Bidding in the Employee Reservation Portion who had Bid at Cut-off Price could either (i) revise their Bid; or (ii) shall make additional payment based on the cap of the revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed ₹ 200,000 (for Retail Individual Bidders) or ₹ 500,000 (for Eligible Employees Bidding in the Employee Reservation Portion) if such Bidder wants to continue to Bid at Cut-off Price. The revised Bids must be submitted to the same Designated Intermediary to whom the original

Bid was submitted. In case the Bid Amount for any Bid under the Retail Portion or Employee Reservation Portion exceeds ₹ 200,000 and ₹ 500,000, respectively, due to revision of the Bid or any other reason, the Bid may be considered for allocation under the Non-Institutional Category, with it not being eligible for Discount, then such Bid may be rejected if it is at the Cut-off Price. If, however, the Retail Individual Bidder or Eligible Employee does not either revise the Bid or make additional payment and the Offer Price is higher than the cap of the Price Band prior to revision, the number of Offered Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the Retail Individual Bidder or Eligible Employee and the Retail Individual Bidder or Eligible Employee is deemed to have approved such revised Bid at Cut-off Price.

4. In the event of a downward revision in the Price Band, Retail Individual Bidders or Eligible Employees who have bid at the Cut-off Price may revise their Bid; otherwise, the excess amount paid at the time of Bidding would be unblocked after Allotment is finalised.

5. Any revision of the Bid shall be accompanied by instructions to block the incremental amount, if any, to be paid on account of the upward revision of the Bid.

In addition to the information provided in the sub-section titled "*Part B – General Information Document for Investing in Public Issues – Interest and Refunds*" on page 718.

Signing of the Underwriting Agreement and the RoC Filing

The Selling Shareholder and our Company have entered into an Underwriting Agreement with the Underwriters on March 21, 2018. After signing the Underwriting Agreement, our Company filed this Prospectus with the RoC. This Prospectus contains details of the Offer Price, Offer size and underwriting arrangements and is complete in all material respects.

GENERAL INSTRUCTIONS

In addition to the general instructions provided in the sub-section titled "*Part B – General Information Document for Investing in Public Issues*" on page 718, Bidders are requested to note the additional instructions provided below.

***Do's*:**

1. All Bidders should submit their Bids through the ASBA process only;
2. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable laws;
3. Ensure that you have Bid within the Price Band;
4. Read all the instructions carefully and complete the ASBA Form in the prescribed form;
5. Ensure that the details about the PAN, DP ID and Client ID are correct and the Bidders depository account is active, as Allotment of the Offered Shares will be in the dematerialised form only;
6. Ensure that your ASBA Form, bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre within the prescribed time.
7. Ensure that the ASBA Form is signed by the account holder in case the Bidder is not the ASBA Account holder. Ensure that you have mentioned the correct ASBA Account number in the ASBA Form;
8. Ensure that you request for and receive a stamped Acknowledgement Slip of the ASBA Form for all your Bid options from the concerned Designated Intermediary as proof of registration of the ASBA Form;
9. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the ASBA Form to any of the Designated Intermediaries;
10. Submit revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised Acknowledgement Slip;
11. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts,

who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, and (ii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the Income Tax Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications wherein PAN is not mentioned will be rejected;

12. Ensure that the Demographic Details are updated, true and correct in all respects;
13. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
14. Ensure that the name(s) given in the ASBA Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the ASBA Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. Ensure that the signature of the First Bidder is included in the ASBA Forms;
15. Ensure that you tick the correct investor category and the investor status, as applicable, in the ASBA Form to ensure proper upload of your Bid in the electronic Bidding system of the Stock Exchanges;
16. Ensure that in case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents are submitted;
17. Ensure that Bids submitted by any person outside India is in compliance with applicable foreign and Indian laws;
18. Ensure that the DP ID, the Client ID and the PAN mentioned in the ASBA Form and entered into the electronic system of the Stock Exchanges by the relevant Designated Intermediary match with the DP ID, Client ID and PAN available in the Depository database;
19. Ensure that the ASBA Forms are delivered by you within the time prescribed as per the ASBA Form and the Red Herring Prospectus;
20. Ensure that while Bidding through a Designated Intermediary, the ASBA Form is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at http://www.sebi.gov.in).
21. Ensure that you have mentioned the correct ASBA Account number in the ASBA Form; and
22. Ensure that you have correctly signed the authorisation/undertaking box in the ASBA Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the ASBA Form.

The ASBA Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Don'ts:

1. Do not Bid for lower than the minimum Bid size;
2. Do not Bid or revise Bid Amount to less than the Floor Price or higher than the Cap Price;
3. Do not Bid on another ASBA Form after you have submitted a Bid to a Designated Intermediary;
4. Do not pay the Bid Amount by cheques and demand drafts or in cash, by money order or by postal order or by stock-invest;
5. Do not send ASBA Forms by post. Instead submit the same to only a Designated Intermediary;

6. Do not Bid on a physical ASBA Form that does not have the stamp of a Designated Intermediary;
7. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);
8. Do not submit more than five ASBA Forms per ASBA Account;
9. Do not Bid for a Bid Amount exceeding ₹ 200,000 for Bids by Retail Individual Bidders and ₹ 500,000 for Bids by Eligible Employees under the Employee Reservation Portion;
10. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;
11. Do not fill up the ASBA Form such that the Offered Shares Bid for exceeds the Offer size and/ or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or maximum amount permissible under the applicable laws or under the terms of the RHP/Prospectus;
12. Do not submit the General Index Registration ("**GIR**") number instead of the PAN;
13. Do not submit the Bids without instructions to block funds equivalent to the Bid Amount in the ASBA Account;
14. Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer;
15. Do not submit Bids on plain paper or on incomplete or illegible ASBA Forms or on ASBA Forms in a colour prescribed for another category of Bidder;
16. If you are a QIB, do not submit your Bid after 3.00 p.m. on the QIB Bid/ Offer Closing Date;
17. If you are a Non-Institutional Bidder or Retail Individual Bidder or an Eligible Employee Bidding under the Employee Reservation Portion, do not submit your Bid after 3.00 p.m. on the Bid/ Offer Closing Date;
18. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 ; (other than minors having valid depository accounts as per Demographic Details provided by the depository);
19. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Investor; and
20. Do not submit ASBA Bids to a Designated Intermediary at a Bidding Centre unless the SCSB where the ASBA Account is maintained, as specified in the ASBA Form, has named at least one branch in the relevant Bidding Centre, for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at http://www.sebi.gov.in);

The ASBA Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Grounds for Technical Rejections

In addition to the grounds for rejection of Bids on technical grounds as provided in the sub-section titled "*Part B – General Information Document for Investing in Public Issues – Issue Procedure in Book Built Issue – Rejection and Responsibility for Upload of Bids – Grounds for Technical Rejections*" on page 739, Bidders are requested to note that Bids may be rejected on the following additional technical grounds.

1. Bid submitted without instruction to the SCSB to block the entire Bid Amount;

2. Bids which do not contain details of the Bid Amount and the bank account details in the ASBA Form;

3. Bids submitted on a plain paper;

4. Bids by HUFs not mentioned correctly as given in the sub-section titled "*Categories of Investors eligible to participate in an Issue*" on page 720;

5. ASBA Form submitted to a Designated Intermediary does not bear the stamp of the Designated Intermediary;

6. Bids submitted without the signature of the First Bidder or sole Bidder;

7. The ASBA Form not being signed by the account holders, if the account holder is different from the Bidder;

8. Bids by persons for whom PAN details have not been verified and whose beneficiary accounts are "suspended for credit" in terms of SEBI circular (reference number: CIR/MRD/DP/ 22 /2010) dated July 29, 2010;

9. GIR number furnished instead of PAN;

10. Bids by Retail Individual Bidders or Eligible Employees Bidding in the Employee Reservation Portion with Bid Amount for a value of more than ₹ 200,000 or ₹ 500,000, respectively;

11. Bids by persons who are not eligible to acquire Equity Shares in terms of all applicable laws, rules, regulations, guidelines and approvals;

12. Bids accompanied by stockinvest, money order, postal order or cash;

13. Bids by persons outside India who have not received a preliminary offering memorandum for the Offer, which comprises the Red Herring Prospectus and an "International Wrap" that contains, among other things, the selling restrictions applicable to the offer outside India; and

14. Bids uploaded by QIBs after 4.00 pm on the QIB Bid/ Offer Closing Date and by Non-Institutional Bidders uploaded after 4.00 p.m. on the Bid/ Offer Closing Date, and Bids by Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion uploaded after 5.00 p.m. on the Bid/ Offer Closing Date, unless extended by the Stock Exchanges.

Depository Arrangements

The Allotment of the Offered Shares shall be only in a de-materialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). In this context, as of the date of this Prospectus, the following agreements had been signed among our Company, the respective Depositories and the Karvy Computershare Private Limited.

- Agreement dated February 10, 2014 among NSDL, our Company and the Karvy Computershare Private Limited.

- Agreement dated February 10, 2014 among CDSL, our Company and the Karvy Computershare Private Limited.

Upon appointment of the Registrar to the Offer (and if the Registrar to the Offer is not Karvy Computershare Private Limited), our Company, and the Registrar to the Offer shall enter into fresh tripartite agreements with the respective Depositories.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013, which is reproduced below:

"*Any person who:*

(a) ***makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or***
(b) ***makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or***
(c) ***otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.*"**

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

UNDERTAKINGS BY OUR COMPANY

Our Company undertakes the following:

- That if our Company and/or the Selling Shareholder does not proceed with the Offer after the Bid/ Offer Closing Date but prior to Allotment, the reason thereof shall be given as a public notice within two days of the Bid/ Offer Closing Date. The public notice shall be issued in the same newspapers where the Pre-Offer Advertisements were published. The Stock Exchanges shall also be informed promptly;

- The Promoter's Contribution has been brought in to the extent of not less than the specified minimum lot, as required under the SEBI ICDR Regulations;

- That the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;

- That all steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges within six Working Days of the Bid/ Offer Closing Date or such other period as may be prescribed shall be taken;

- If the Allotment is not made, application monies will be unblocked in the ASBA Accounts within the time as prescribed under applicable law, failing which interest will be due to be paid to the Bidders as per applicable laws;

- That where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the Bidder within the time as prescribed under applicable law, giving details of the bank where refunds shall be credited along with the amount and expected date of electronic credit for the refund;

- That the certificates of the securities or refund intimation to Eligible NRI Bidders shall be despatched within specified time;

- No further Offer of Equity Shares shall be made until the Offered Shares are listed or until the Bid monies are unblocked in the ASBA Accounts on account of non-listing, under-subscription etc;

- That our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time; and

- Adequate arrangements shall be made to collect all ASBA Forms by Bidders.

UNDERTAKINGS BY THE SELLING SHAREHOLDER

The Selling Shareholder undertakes the following:

- If the Selling Shareholder and/or our Company does not proceed with the Offer after the Bid/ Offer Closing Date but prior to Allotment, the reason thereof shall be given as a public notice within two days of the Bid/ Offer Closing Date. The public notice shall be issued in the same newspapers where the Pre-Offer Advertisements were published. The Stock Exchanges shall also be informed promptly;
- It shall deposit the Offered Shares in an escrow account opened with the Registrar to the Offer at least one Working Day prior to the Bid/ Offer Opening Date;

- It is the legal and beneficial holder of the Offered Shares and have valid and full title to the Offered Shares;

- That the Offered Shares (a) have been held by it for a continuous period of at least one year prior to the date of filing of the Draft Red Herring Prospectus with SEBI; and (b) are free and clear of any pledge and it shall not create any lien, charge or encumbrance on the Offered Shares; and (c) shall be in dematerialised form at the time of transfer and shall transfer valid and marketable title to the Bidder free from any charges, lien, encumbrances and any transfer restrictions of any kind whatsoever;

- It shall take all steps and provide all assistance to our Company and the BRLMs, as may be required for the completion of the necessary formalities for listing and commencement of trading at the Stock exchanges within six Working Days from the Bid/ Offer Closing Date, failing which it shall forthwith repay the monies received from Bidders. In case of delay, interest as per applicable law shall be paid by the Selling Shareholder if transfer of the Offered Shares has not been made or refund orders have not been dispatched within the aforesaid dates;

- Funds required for making refunds to unsuccessful applicants as per the mode disclosed in the Red Herring Prospectus and this Prospectus shall be made available to the Registrar to the Offer, in accordance with applicable law.

- It shall not have recourse to the proceeds of the Offer for Sale until the final listing and trading approvals from all the Stock Exchanges is obtained;

- It shall not offer, lend, sell, transfer, charge, pledge or otherwise encumbrance or transfer (to the extent applicable) the Offered Shares until the earlier of (i) the Equity Shares which will be offered through the Red Herring Prospectus being listed or until the Bid Amounts are refunded on account of non-listing, under-subscription etc. pursuant to the Offer; or (ii) the Offer being postponed, withdrawn or abandoned as per the terms of the agreement(s) between the Selling Shareholder, our Company and the BRLMs;

- It has authorised the Company Secretary and Compliance Officer of our Company and the Registrar to the Offer to redress any complaints received from Bidders in respect of the Offered Shares and it shall provide such reasonable support and extend reasonable cooperation as may be required by our Company and the BRLMs in the regard; and

- It shall comply with all applicable laws, including but not limited to, the SEBI ICDR Regulations, SEBI Act, SCRA, SCRR, the listing rules of (and agreements with) the Stock Exchanges, and guidelines, instructions, rules, communications, circulars and regulations issued by the GoI, the RoC, SEBI, the RBI, the Stock Exchanges and under the FEMA or by any other governmental or statutory authority, and the Companies Act, 2013 and the rules and regulations made thereunder, each as amended.

The decisions with respect to the Price Band, the minimum Bid lot, reservations in the Offer, rupee amount of the Retail Discount and Employee Discount, as applicable, revision of Price Band, Offer Price, will be taken by the Selling Shareholder and our Company, in consultation with the BRLMs.

Utilisation of Offer Proceeds

The Selling Shareholder along with our Company declare that all monies received out of this Offer shall be credited/ transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013.

Withdrawal of the Offer

For details, see "*Terms of the Offer - Withdrawal of the Offer*" on page 701.

PART B

General Information Document for Investing in Public Issues

This General Information Document highlights the key rules, processes and procedures applicable to public issues in accordance with the provisions of the Companies Act, as amended or replaced by the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. Bidders/Applicants should not construe the contents of this General Information Document as legal advice and should consult their own legal counsel and other advisors in relation to the legal matters concerning the Offer. For taking an investment decision, the Bidders/Applicants should rely on their own examination of our Company and this Offer, and should carefully read the Red Herring Prospectus/Prospectus before investing in the Offer.

SECTION 1: PURPOSE OF THE GENERAL INFORMATION DOCUMENT (GID)

This document is applicable to the public issues undertaken through the Book-Building process as well as to the Fixed Price Issues. The purpose of the "General Information Document for Investing in Public Issues" is to provide general guidance to potential Bidders/Applicants in IPOs and FPOs, on the processes and procedures governing IPOs and FPOs, undertaken in accordance with the provisions of the SEBI ICDR Regulations.

Bidders/Applicants should note that investment in equity and equity related securities involves risk and Bidder/Applicant should not invest any funds in the Offer unless they can afford to take the risk of losing their investment. The specific terms relating to securities and/or for subscribing to securities in an Offer and the relevant information about the Issuer undertaking the Offer are set out in the Red Herring Prospectus ("RHP")/Prospectus filed by the Issuer with the Registrar of Companies ("RoC"). Bidders/Applicants should carefully read the entire RHP/Prospectus and the Bid cum Application Form/Application Form and the Abridged Prospectus of the Issuer in which they are proposing to invest through the Offer. In case of any difference in interpretation or conflict and/or overlap between the disclosure included in this document and the RHP/Prospectus, the disclosures in the RHP/Prospectus shall prevail. The RHP/Prospectus of the Offer is available on the websites of stock exchanges, on the website(s) of the BRLMs to the Offer and on the website of Securities and Exchange Board of India ("SEBI") at www.sebi.gov.in.

For the definitions of capitalised terms and abbreviations used herein Bidders/Applicants may refer to the section "Glossary and Abbreviations".

SECTION 2: BRIEF INTRODUCTION TO IPOs/FPOs

2.1 Initial public offer (IPO)

An IPO means an offer of specified securities by an unlisted Issuer to the public for subscription and may include an Offer for Sale of specified securities to the public by any existing holder of such securities in an unlisted Issuer.

For undertaking an IPO, an Issuer is *inter-alia* required to comply with the eligibility requirements of in terms of either Regulation 26(1) or Regulation 26(2) of the SEBI ICDR Regulations. For details of compliance with the eligibility requirements by the Issuer, Bidders/Applicants may refer to the RHP/Prospectus.

2.2 Further public offer (FPO)

An FPO means an offer of specified securities by a listed Issuer to the public for subscription and may include Offer for Sale of specified securities to the public by any existing holder of such securities in a listed Issuer.

For undertaking an FPO, the Issuer is *inter-alia* required to comply with the eligibility requirements in terms of Regulation 26/27 of SEBI ICDR Regulations. For details of compliance with the eligibility requirements by the Issuer Bidders/Applicants may refer to the RHP/Prospectus.

2.3 Other Eligibility Requirements:

In addition to the eligibility requirements specified in paragraphs 2.1 and 2.2, an Issuer proposing to undertake an IPO or an FPO is required to comply with various other requirements as specified in the SEBI ICDR Regulations, the Companies Act, 1956 (the "**Companies Act**") as amended or replaced by the Companies Act, 2013, the Securities Contracts (Regulation) Rules, 1957 (the "**SCRR**"), industry-specific regulations, if any, and other applicable laws for the time being in force.

For details in relation to the above Bidders/Applicants may refer to the RHP/Prospectus.

2.4 Types of Public Issues - Fixed Price Issues and Book Built Issues

In accordance with the provisions of the SEBI ICDR Regulations, an Issuer can either determine the Issue Price through the Book Building Process **("Book Built Issue")** or undertake a Fixed Price Issue **("Fixed Price Issue").** An Issuer may mention Floor Price or Price Band in the RHP (in case of a Book Built Issue) and a Price or Price Band in the Draft Prospectus (in case of a fixed price Issue) and determine the price at a later date before registering the Prospectus with the Registrar of Companies.

The cap on the Price Band should be less than or equal to 120% of the Floor Price. The Issuer shall announce the Price or the Floor Price or the Price Band through advertisement in all newspapers in which the Pre-Offer Advertisement was given at least five Working Days before the Bid/ Offer Opening Date, in case of an IPO and at least one Working Day before the Bid/ Offer Opening Date, in case of an FPO.

The Floor Price or the Offer Price cannot be lesser than the face value of the securities.

Bidders/Applicants should refer to the RHP/Prospectus or Offer advertisements to check whether the Offer is a Book Built Issue or a Fixed Price Issue.

2.5 OFFER PERIOD

The Offer may be kept open for a minimum of three additional Working Days (for all category of Bidders/Applicants) and not more than ten Working Days. Bidders/Applicants are advised to refer to the Bid cum Application Form and Abridged Prospectus or RHP/Prospectus for details of the Bid/ Offer Period. Details of Bid/ Offer Period are also available on the website of the Stock Exchange(s).

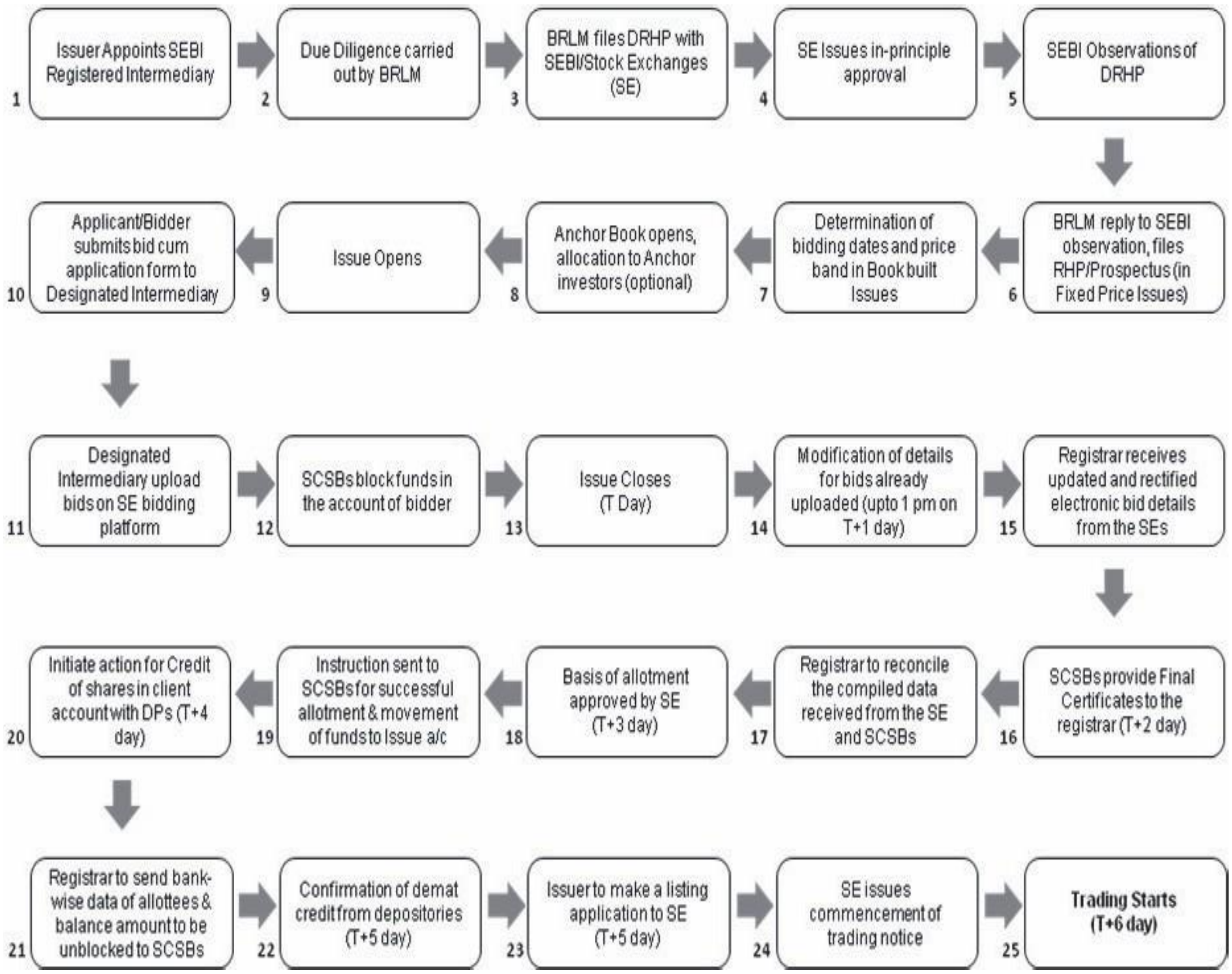
In case of a Book Built Issue, the Issuer may close the Bid/ Offer Period for QIBs one Working Day prior to the Bid/ Offer Closing Date if disclosures to that effect are made in the RHP. In case of revision of the Floor Price or Price Band in Book Built Issues the Bid/Issue Period may be extended by at least three additional Working Days, subject to the total Bid/ Offer Period not exceeding 10 Working Days. For details of any revision of the Floor Price or Price Band, Bidders/Applicants may check the announcements made by the Issuer on the websites of the Stock Exchanges and the BRLMs, and the advertisement in the newspaper(s) issued in this regard.

2.6 FLOWCHART OF TIMELINES

A flow chart of process flow in Fixed Price and Book Built Issues is as below. Bidders/Applicants may note that this is not applicable for Fast Track FPOs.

- In case of Offer other than Book Build Issue (Fixed Price Issue) the process at the following of the below mentioned steps shall be read as:

  (i) Step 7 : Determination of Offer Date and Price
  (ii) Step 10: Applicant submits ASBA Form with any of the Designated Intermediaries.
  (iii) Step 11: SCSB uploads ASBA Application details in Stock Exchange Platform
  (iv) Step 12: Offer period closes
  (v) Step 15: Not Applicable



SECTION 3: CATEGORY OF INVESTORS ELIGIBLE TO PARTICIPATE IN AN ISSUE

Each Bidder/Applicant should check whether it is eligible to apply under applicable law.

Furthermore, certain categories of Bidders/Applicants, such as NRIs, FPIs, QFIs and FVCIs may not be allowed to Bid/Apply in the Offer or to hold Equity Shares, in excess of certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.

Subject to the above, an illustrative list of Bidders/Applicants is as follows:

- Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, in single or joint names (not more than three);
- Bids/Applications belonging to an account for the benefit of a minor (under guardianship);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta.* The Bidder/Applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: "Name of First or sole Bidder/Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta".* Bids/Applications by HUFs may be considered at par with Bids/Applications from individuals;
- Companies, corporate bodies and societies registered under applicable law in India and authorised to invest in equity shares;

- QIBs;
- NRIs on a repatriation basis or on a non-repatriation basis subject to applicable law;
- Indian Financial Institutions, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI ICDR Regulations and other laws, as applicable);
- FPIs (other than Category III FPIs) bidding in the QIBs category;
- Category III FPIs bidding in the Non-Institutional Bidders category;
- Trusts/societies registered under the Societies Registration Act, 1860, or under any other law relating to trusts/societies and who are authorised under their respective constitutions to hold and invest in equity shares;
- Scientific and/or industrial research organisations in India, which are authorised to invest in equity shares;
- Limited liability partnerships registered under the Limited Liability Partnership Act, 2008; and
- Any other person eligible to Bid/Apply in the Offer, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws.

As per the existing regulations, OCBs are not allowed to participate in the Offer.

SECTION 4: APPLYING IN THE OFFER

Book Built Issue: Bidders should only use the specified Bid cum Application Form either bearing the stamp of a Designated Intermediary or downloaded from the websites of the Stock Exchanges.

Bid cum Application Forms are available with the Designated Intermediaries at the Bidding Centres and at the registered office of the Issuer. Electronic Bid cum Application Forms will be available on the websites of the Stock Exchanges at least one day prior to the Bid/ Offer Opening Date. For further details regarding availability of Bid cum Application Forms, Bidders may refer to the RHP/Prospectus.

Fixed Price Issue: Applicants should only use the specified cum Bid cum Application Form, bearing the stamp of the Designated Intermediary or downloaded from the websites of the Stock Exchanges. Application Forms are available with the Designated Branches of the SCSBs and at the registered office of the Issuer. For further details regarding availability of Application Forms, Applicants may refer to the Prospectus.

Bidders/Applicants should ensure that they apply in the appropriate category. The prescribed colour of the Bid cum Application Form for various categories of Bidders/Applicants is as follows:

Category	Colour of the Bid cum Application Form
Resident Indian, Eligible NRI Bidders applying on a non repatriation basis	White
NRIs, FVCIs and FPIs	Blue
Anchor Investors (where applicable) & Bidders Bidding/applying in the reserved category	As specified by the Issuer

Securities issued in an IPO can only be in dematerialised form in compliance with Section 29 of the Companies Act, 2013. Bidders/Applicants will not have the option of getting the allotment of specified securities in physical form. However, they may get the specified securities rematerialised subsequent to allotment.

4.1 INSTRUCTIONS FOR FILLING THE BID CUM APPLICATION FORM / APPLICATION FORM

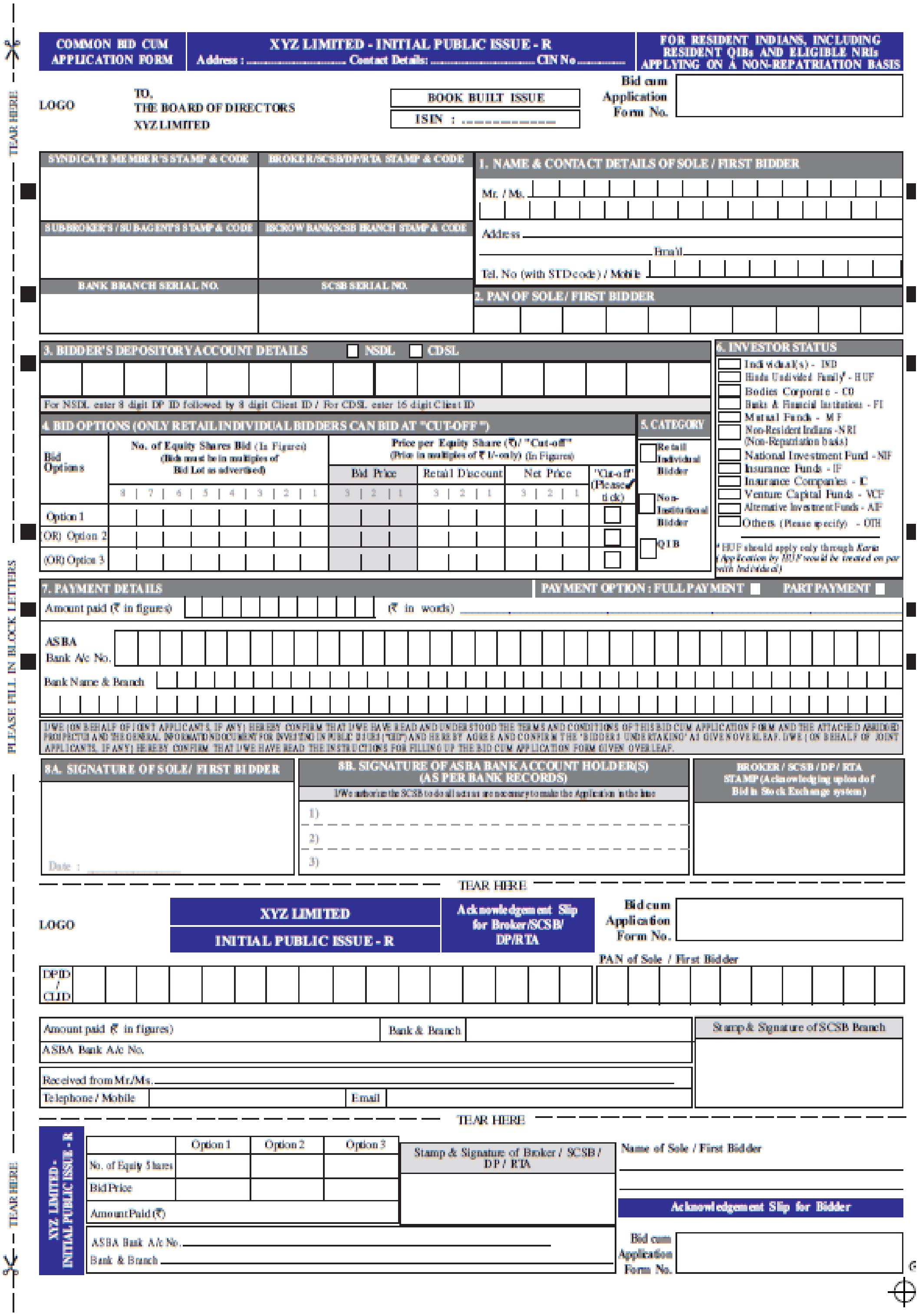
Bidders/Applicants may note that forms not filled completely or correctly as per instructions provided in this GID, the RHP and the Bid cum Application Form/Application Form are liable to be rejected.

Instructions to fill each field of the Bid cum Application Form can be found on the reverse side of the Bid cum Application Form. Specific instructions for filling various fields of the Resident Bid cum Application Form and Non-

Resident Bid cum Application Form and samples are provided below.

The samples of the Bid cum Application Form for resident Bidders and the Bid cum Application Form for non-resident Bidders are reproduced below:

Application Form For Residents



TEAR HERE

COMMON BID CUM APPLICATION FORM

XYZ LIMITED - INITIAL PUBLIC ISSUE - R

Address : .... Contact Details: .... CIN No ....

FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS

LOGO

TO,
THE BOARD OF DIRECTORS
XYZ LIMITED

BOOK BUILT ISSUE

ISIN : ....

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE

BROKER/SCSB/DP/RTA STAMP & CODE

SUB-BROKER'S / SUB-AGENT'S STAMP & CODE

ESCROW BANK/SCSB BRANCH STAMP & CODE

BANK BRANCH SERIAL NO.

SCSB SERIAL NO.

1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER

Mr. / Ms.

Address

Email

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST BIDDER

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS ☐ NSDL ☐ CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")

Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)			
		Bid Price	Retail Discount	Net Price	"Cut-off" (Please ✓ tick)
	8 | 7 | 6 | 5 | 4 | 3 | 2 | 1	3 | 2 | 1	3 | 2 | 1	3 | 2 | 1	
Option 1					☐
(OR) Option 2					☐
(OR) Option 3					☐

5. CATEGORY

- ☐ Retail Individual Bidder
- ☐ Non-Institutional Bidder
- ☐ QIB

6. INVESTOR STATUS

- ☐ Individual(s) - IND
- ☐ Hindu Undivided Family* - HUF
- ☐ Bodies Corporate - CO
- ☐ Banks & Financial Institutions - FI
- ☐ Mutual Funds - MF
- ☐ Non-Resident Indians - NRI (Non-Repatriation basis)
- ☐ National Investment Fund - NIF
- ☐ Insurance Funds - IF
- ☐ Insurance Companies - IC
- ☐ Venture Capital Funds - VCF
- ☐ Alternative Investment Funds - AIF
- ☐ Others (Please specify) - OTH

* HUF should apply only through *Karta* (*Application by HUF would be treated on par with Individual*)

7. PAYMENT DETAILS

PAYMENT OPTION : FULL PAYMENT ☐ PART PAYMENT ☐

Amount paid (₹ in figures) (₹ in words)

ASBA Bank A/c No.

Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE 'BIDDERS UNDERTAKING' AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM GIVEN OVERLEAF.

8A. SIGNATURE OF SOLE/ FIRST BIDDER

Date : ....

8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)

I/We authorise the SCSB to do all acts as are necessary to make the Application in the Issue

1)

2)

3)

BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)

TEAR HERE

LOGO

XYZ LIMITED

INITIAL PUBLIC ISSUE - R

Acknowledgement Slip for Broker/SCSB/ DP/RTA

Bid cum Application Form No.

DPID / CLID

PAN of Sole / First Bidder

Amount paid (₹ in figures)

Bank & Branch

ASBA Bank A/c No.

Received from Mr./Ms.

Telephone / Mobile

Email

Stamp & Signature of SCSB Branch

TEAR HERE

XYZ LIMITED - INITIAL PUBLIC ISSUE - R

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price			
Amount Paid (₹)			

Stamp & Signature of Broker / SCSB / DP / RTA

ASBA Bank A/c No.

Bank & Branch

Name of Sole / First Bidder

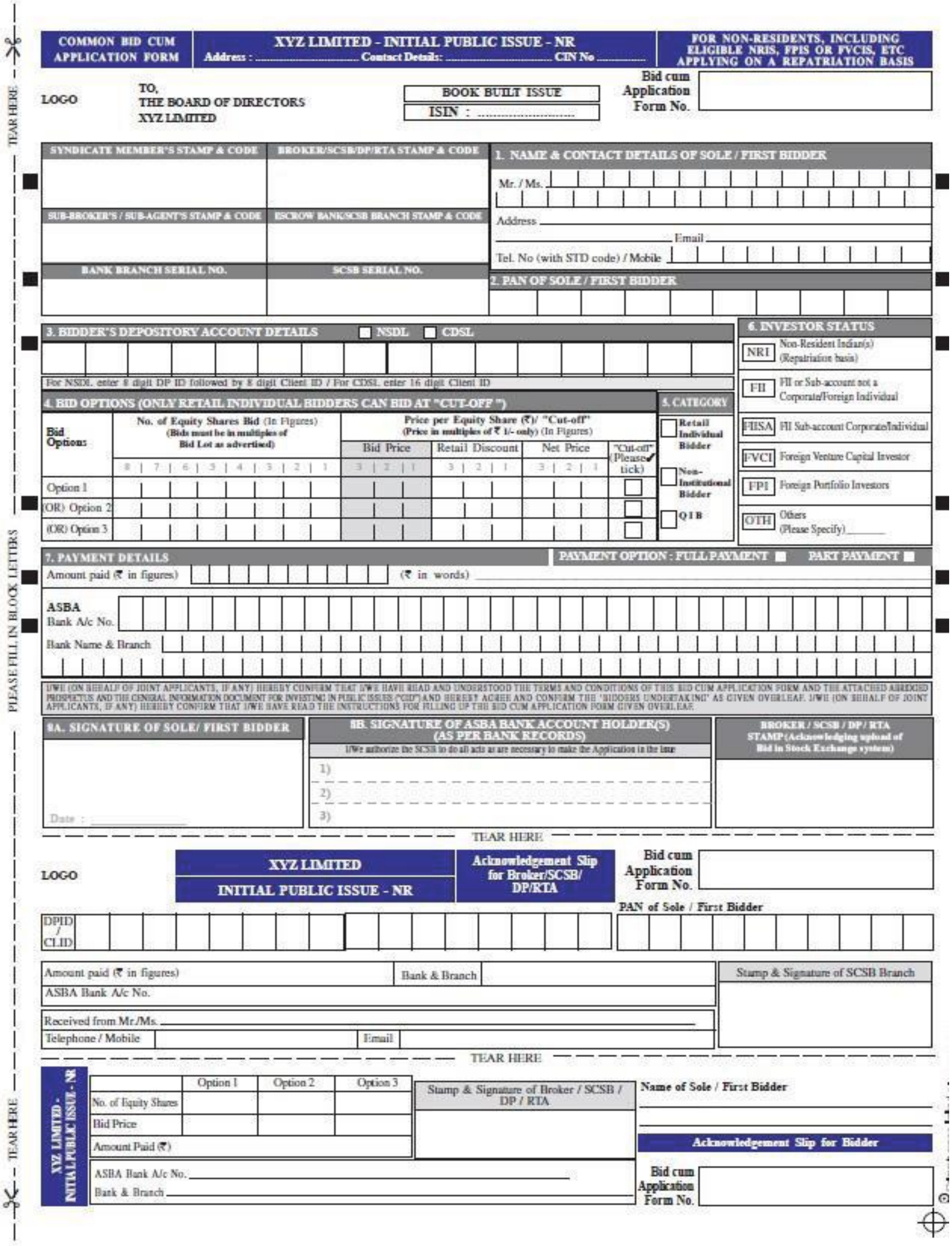
Acknowledgement Slip for Bidder

Bid cum Application Form No.

TEAR HERE

PLEASE FILL IN BLOCK LETTERS

Application Form For Non- Residents



TEAR HERE

COMMON BID CUM APPLICATION FORM

XYZ LIMITED - INITIAL PUBLIC ISSUE - NR

Address : .... Contact Details: .... CIN No ....

FOR NON-RESIDENTS, INCLUDING ELIGIBLE NRIS, FPIS OR FVCIS, ETC APPLYING ON A REPATRIATION BASIS

LOGO

TO,
THE BOARD OF DIRECTORS
XYZ LIMITED

BOOK BUILT ISSUE
ISIN : ....

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE

BROKER/SCSB/DP/RTA STAMP & CODE

SUB-BROKER'S / SUB-AGENT'S STAMP & CODE

ESCROW BANK/SCSB BRANCH STAMP & CODE

BANK BRANCH SERIAL NO.

SCSB SERIAL NO.

1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER

Mr. / Ms.

Address

Email

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST BIDDER

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS ☐ NSDL ☐ CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")

Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)			
		Bid Price	Retail Discount	Net Price	"Cut-off" (Please ✓ tick)
	8 | 7 | 6 | 5 | 4 | 3 | 2 | 1	3 | 2 | 1	3 | 2 | 1	3 | 2 | 1	
Option 1					☐
(OR) Option 2					☐
(OR) Option 3					☐

5. CATEGORY

- ☐ Retail Individual Bidder
- ☐ Non-Institutional Bidder
- ☐ QIB

6. INVESTOR STATUS

NRI	Non-Resident Indian(s) (Repatriation basis)
FII	FII or Sub-account not a Corporate/Foreign Individual
FIISA	FII Sub-account Corporate/Individual
FVCI	Foreign Venture Capital Investor
FPI	Foreign Portfolio Investors
OTH	Others (Please Specify)______

7. PAYMENT DETAILS PAYMENT OPTION : FULL PAYMENT ☐ PART PAYMENT ☐

Amount paid (₹ in figures) (₹ in words)

ASBA Bank A/c No.

Bank Name & Branch

PLEASE FILL IN BLOCK LETTERS

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE 'BIDDERS UNDERTAKING' AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM GIVEN OVERLEAF.

8A. SIGNATURE OF SOLE/ FIRST BIDDER

Date : __________

8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)

I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue

1)
2)
3)

BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)

TEAR HERE

LOGO

XYZ LIMITED

INITIAL PUBLIC ISSUE - NR

Acknowledgement Slip for Broker/SCSB/ DP/RTA

Bid cum Application Form No.

PAN of Sole / First Bidder

DPID / CLID

Amount paid (₹ in figures)

Bank & Branch

ASBA Bank A/c No.

Received from Mr./Ms.

Telephone / Mobile

Email

Stamp & Signature of SCSB Branch

TEAR HERE

XYZ LIMITED - INITIAL PUBLIC ISSUE - NR

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price			
Amount Paid (₹)			

ASBA Bank A/c No. __________

Bank & Branch __________

Stamp & Signature of Broker / SCSB / DP / RTA

Name of Sole / First Bidder

Acknowledgement Slip for Bidder

Bid cum Application Form No.

TEAR HERE

4.1.1 FIELD NUMBER 1: NAME AND CONTACT DETAILS OF THE SOLE/FIRST BIDDER/APPLICANT

(a) Bidders/Applicants should ensure that the name provided in this field is exactly the same as the name in which the Depository Account is held.

(b) **Mandatory Fields:** Bidders/Applicants should note that the name and address fields are compulsory and e-mail and/or telephone number/mobile number fields are optional. Bidders/Applicants should note that the contact details mentioned in the ASBA Form/Application Form may be used to dispatch communications in case the communication sent to the address available with the Depositories are returned undelivered or are not available. The contact details provided in the Bid cum Application Form may be used by the Issuer, the Designated Intermediaries and the Registrar to the Offer only for correspondence(s) related to the Offer and for no other purposes.

(c) **Joint Bids/Applications:** In the case of Joint Bids/Applications, the Bids /Applications should be made in the name of the Bidder/Applicant whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such First Bidder/Applicant would be required in the Bid cum Application Form/Application Form and such First Bidder/Applicant would be deemed to have signed on behalf of the joint holders

(d) **Impersonation:** Attention of the Bidders/Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

> ***"Any person who –***
>
> ***(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities, or***
> ***(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or***
> ***(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under section 447."***

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

(e) **Nomination Facility to Bidder/Applicant:** Nomination facility is available in accordance with the provisions of Section 72 of the Companies Act, 2013. In case of allotment of the Equity Shares in dematerialised form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Bidders/Applicants should inform their respective DP.

4.1.2 FIELD NUMBER 2: PAN NUMBER OF SOLE/FIRST BIDDER/APPLICANT

(a) PAN (of the sole/ First Bidder/Applicant) provided in the Bid cum Application Form/Application Form should be exactly the same as the PAN of the person(s) in whose first or sole name the relevant beneficiary account is held as per the Depositories" records.

(b) PAN is the sole identification number for participants transacting in the securities market irrespective of the amount of transaction except for Bids/Applications on behalf of the Central or State Government, Bids/Applications by officials appointed by the courts and Bids/Applications by Bidders/Applicants residing in Sikkim ("PAN Exempted Bidders/Applicants"). Consequently, all Bidders/Applicants, other than the PAN Exempted Bidders/Applicants, are required to disclose their

PAN in the Bid cum Application Form/Application Form, irrespective of the Bid/Application Amount. A Bid cum Application Form/Application Form without PAN, except in case of Exempted Bidders/Applicants, is liable to be rejected. Bids/Applications by the Bidders/Applicants whose PAN is not available as per the Demographic Details available in their Depository records, are liable to be rejected.

(c) The exemption for the PAN Exempted Bidders/Applicants is subject to (a) the Demographic Details received from the respective Depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.

(d) Bid cum Application Forms which provide the General Index Register Number instead of PAN may be rejected.

(e) Bids/Applications by Bidders whose demat accounts have been 'suspended for credit' are liable to be rejected pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/MRD/DP/22/2010. Such accounts are classified as "Inactive demat accounts" and Demographic Details are not provided by depositories.

4.1.3 FIELD NUMBER 3: BIDDERS/APPLICANTS DEPOSITORY ACCOUNT DETAILS

(a) Bidders/Applicants should ensure that DP ID and the Client ID are correctly filled in the Bid cum Application Form/Application Form. The DP ID and Client ID provided in the Bid cum Application Form/Application Form should match with the DP ID and Client ID available in the Depository database, **otherwise, the Bid cum Application Form is liable to be rejected.**

(b) Bidders/Applicants should ensure that the beneficiary account provided in the Bid cum Application Form/Application Form is active.

(c) Bidders/Applicants should note that on the basis of DP ID and Client ID as provided in the Bid cum Application Form/Application Form, the Bidder/Applicant may be deemed to have authorised the Depositories to provide to the Registrar to the Offer, any requested Demographic Details of the Bidder/Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for unblocking of ASBA Account or for other correspondence(s) related to the Offer.

(d) Bidders/Applicants are, advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders/Applicants" sole risk.

4.1.4 FIELD NUMBER 4: BID OPTIONS

(a) Price or Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) may be disclosed in the Prospectus/RHP by the Issuer. The Issuer is required to announce the Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) by way of an advertisement in at least one English, one Hindi and one regional newspaper, with wide circulation, at least five Working Days before Bid/ Offer Opening Date in case of an IPO, and at least one Working Day before Bid/ Offer Opening Date in case of an FPO.

(b) The Bidders may Bid at or above Floor Price or within the Price Band for IPOs /FPOs undertaken through the Book Building Process. In the case of Alternate Book Building Process for an FPO, the Bidders may Bid at Floor Price or any price above the Floor Price (For further details bidders may refer to (Section 5.6 (e))

(c) **Cut-Off Price:** Retail Individual Bidders or Employees or Retail Individual Shareholders can Bid at the Cut-off Price indicating their agreement to Bid for and purchase the Equity Shares at the Offer Price as determined at the end of the Book Building Process. Bidding at the Cut-off Price is prohibited for QIBs and NIIs and such Bids from QIBs and NIIs may be rejected.

(d) **Minimum Application Value and Bid Lot:** The Issuer, in consultation with the BRLMs may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 10,000 to ₹ 15,000. The minimum Bid Lot is accordingly determined by an Issuer and the Selling Shareholder on basis of such minimum application value.

(e) **Allotment:** The allotment of specified securities to each RII shall not be less than the minimum Bid Lot, subject to availability of shares in the RII category, and the remaining available shares, if any, shall be allotted on a proportionate basis. For details of the Bid Lot, bidders may to the RHP/Prospectus or the advertisement regarding the Price Band published by the Issuer.

4.1.4.1 Maximum and Minimum Bid Size

(a) The Bidder may Bid for the desired number of Equity Shares at a specific price. Bids by Retail Individual Bidders and Retail Individual Shareholders must be for such number of shares so as to ensure that the Bid Amount less Discount (as applicable), payable by the Bidder does not exceed ₹ 200,000. Bids by Employees must be for such number of shares so as to ensure that the Bid Amount less Employee Discount (as applicable), payable by the Bidder does not exceed ₹ 500,000. Retail Individual Bidders or Employees or Retail Individual Shareholders can Bid at the Cut-off Price indicating their agreement to Bid for and purchase the Equity Shares at the Offer Price as determined at the end of the Book Building Process. Bidding at the Cut-off Price is prohibited for QIBs and NIIs and such Bids from QIBs and NIIs may be rejected.

In case the Bid Amount for any Bid under the Retail Portion or Employee Reservation Portion exceeds ₹ 200,000 and ₹ 500,000, respectively, due to revision of the Bid or any other reason, the Bid may be considered for allocation under the Non-Institutional Category, with it not being eligible for Discount, then such Bid may be rejected if it is at the Cut-off Price.

(b) For Eligible NRI Bidders, a Bid Amount of up to ₹ 200,000 may be considered under the Retail Category for the purposes of allocation and a Bid Amount exceeding ₹ 200,000 may be considered under the Non-Institutional Category for the purposes of allocation.

(c) Bids by QIBs and NIIs must be for such minimum number of shares such that the Bid Amount exceeds ₹ 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the Bid cum Application Form and the RHP/Prospectus, or as advertised by the Issuer, as the case may be. Non-Institutional Bidders and QIBs are not allowed to Bid at "Cut-off Price".

(d) RII may revise or withdraw their bids till closure of the bidding period. QIBs and NIIs cannot withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after bidding and are required to pay the Bid Amount upon submission of the Bid.

(e) In case the Bid Amount reduces to ₹ 200,000 or less due to a revision of the Price Band, Bids by the Non-Institutional Bidders who are eligible for allocation in the Retail Category would be considered for allocation under the Retail Category.

(f) For Anchor Investors, if applicable, the Bid Amount shall be least ₹ 10 crores. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. Bids by various schemes of a Mutual Fund shall be aggregated to determine the Bid Amount. A Bid cannot be submitted for more than 60% of the QIB Portion under the Anchor Investor Portion. Anchor Investors cannot withdraw their Bids or lower the size of their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after the Anchor Investor Bid/ Offer Period and are required to pay the Bid Amount at the time of submission of the Bid. In case the Anchor Investor Offer Price is lower than the Offer Price, the balance amount shall be payable as per the pay-in-date mentioned in the revised CAN. In case the Offer Price is lower than the Anchor Investor Offer Price, the amount in excess of the Offer Price paid by the Anchor Investors shall not be refunded to them.

(g) A Bid cannot be submitted for more than the Offer size.

(h) The maximum Bid by any Bidder including QIB Bidder should not exceed the investment limits prescribed for them under the applicable laws.

(i) The price and quantity options submitted by the Bidder in the Bid cum Application Form may be treated as optional bids from the Bidder and may not be cumulated. After determination of the Offer Price, the highest number of Equity Shares Bid for by a Bidder at or above the Offer Price may be considered for allotment and the rest of the Bid(s), irrespective of the Bid Amount may automatically become invalid. This is not applicable in case of FPOs undertaken through Alternate Book Building Process (For details of bidders may refer to (Section 5.6 (e))

4.1.4.2 Multiple Bids

(a) Bidder should submit only one Bid cum Application Form. Bidder shall have the option to make a maximum of Bids at three different price levels in the Bid cum Application Form and such options are not considered as multiple Bids.

Submission of a second Bid cum Application Form to either the same or to another Designated Intermediary and duplicate copies of Bid cum Application Forms bearing the same application number shall be treated as multiple Bids and are liable to be rejected.

(b) Bidders are requested to note the following procedures may be followed by the Registrar to the Offer to detect multiple Bids:

(i) All Bids may be checked for common PAN as per the records of the Depository. For Bidders other than Mutual Funds, Bids bearing the same PAN may be treated as multiple Bids by a Bidder and may be rejected.

(ii) For Bids from Mutual Funds, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Bidders, the Bid cum Application Forms may be checked for common DP ID and Client ID. Such Bids which have the same DP ID and Client ID may be treated as multiple Bids and are liable to be rejected.

(c) The following Bids may not be treated as multiple Bids:

(i) Separate Bids by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Bids clearly indicate the scheme for which the Bid has been made.

(ii) Bids by Mutual Funds submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

(iii) Bids by Anchor Investors under the Anchor Investor Portion and the QIB Category.

(iv) Bids by Reserved Categories Bidding in their respective Reservation Portion as well as bids made by them in the Net Offer portion in public category.

4.1.5 FIELD NUMBER 5: CATEGORY OF BIDDERS

(a) The categories of Bidders identified as per the SEBI ICDR Regulations for the purpose of Bidding, allocation and allotment in the Offer are RIIs, NIIs and QIBs.

(b) Up to 60% of the QIB Category can be allocated by the Issuer, on a discretionary basis subject to the criteria of minimum and maximum number of anchor investors based on allocation size, to the Anchor Investors, in accordance with SEBI ICDR Regulations with one-third of the Anchor Investor Portion reserved for domestic Mutual Funds subject to valid Bids being received at or above the Offer Price. For details regarding allocation to Anchor Investors, bidders may refer to the RHP/Prospectus.

(c) An Issuer can make reservation for certain categories of Bidders/Applicants as permitted under the SEBI ICDR Regulations. For details of any reservations made in the Offer, Bidders/Applicants may refer to the RHP/Prospectus.

(d) The SEBI ICDR Regulations, specify the allocation or allotment that may be made to various categories of Bidders in the Offer depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Offer specific details in relation to allocation Bidder/Applicant may refer to the RHP/Prospectus.

4.1.6 FIELD NUMBER 6: INVESTOR STATUS

(a) Each Bidder/Applicant should check whether it is eligible to apply under applicable law and ensure that any prospective allotment to it in the Offer is in compliance with the investment restrictions under applicable law.

(b) Certain categories of Bidders/Applicants, such as NRIs, FPIs and FVCIs may not be allowed to Bid/Apply in the Offer or hold Equity Shares exceeding certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.

(c) Bidders/Applicants should check whether they are eligible to apply on non-repatriation basis or repatriation basis and should accordingly provide the investor status. Details regarding investor status are different in the Resident Bid cum Application Form and Non-Resident Bid cum Application Form.

(d) Bidders/Applicants should ensure that their investor status is updated in the Depository records.

4.1.7 FIELD NUMBER 7: PAYMENT DETAILS

(a) The full Bid Amount (net of any Discount, as applicable) shall be blocked in a Bidder's ASBA Account based on the authorisation provided by the Bidder in the ASBA Form. If the Discount is applicable in the Offer, the RIIs should indicate the full Bid Amount in the Bid cum Application Form and the funds shall be blocked in respect of the Bid Amount net of Discount. Only in cases where the RHP/Prospectus indicates that part payment may be made, such an option can be exercised by the Bidder. In case of Bidders specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less Discount offered, if any.

(b) Bidders who Bid at Cut-off price shall arrange to block the Bid Amount based on the Cap Price.

(c) All Bidders (except Anchor Investors) are required to Bid through the ASBA process.

(d) Bid Amount cannot be paid in cash, through money order or through postal order.

4.1.7.1 **Instructions for Anchor Investors:**

(a) Anchor Investors may submit their Bids with a BRLM.

(b) Payments by Anchor Investors are required to be made through direct credit, RTGS or NEFT.

(c) The Escrow Collection Bank shall maintain the monies in the Escrow Account for and on behalf of the Anchor Investors until the Designated Date.

4.1.7.2 **Payment instructions for Bidders**

(a) Bidders may submit the ASBA Form either

(i) in electronic mode through the internet banking facility offered by an SCSB authorising blocking of funds that are available in the ASBA account specified in the Bid cum Application Form, or

(ii) in physical mode to a Designated Intermediary at a Bidding Centre.

(b) Bidders must specify the Bank Account number in the Bid cum Application Form. The Bid cum Application Form submitted by a Bidder and which is accompanied by cash, demand draft, cheque, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, will not be accepted.

(c) Bidders should ensure that the Bid cum Application Form is also signed by the ASBA Account holder(s) if the Bidder is not the ASBA Account holder;

(d) Bidders shall note that that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.

(e) From one ASBA Account, a maximum of five Bid cum Application Forms can be submitted.

(f) Bidders should submit the Bid cum Application Form only at a Bidding Centre i.e. to the respective member of the Syndicate at the Specified Locations, the SCSBs, the Registered Broker at the Broker Centres, the RTA at the Designated RTA Locations or CDP at the Designated CDP Locations.

(g) Bidders bidding through a Designated Intermediary other than an SCSB should note that the ASBA Forms submitted to the Designated Intermediary may not be accepted by the Designated Intermediary, if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for such Designated Intermediary to deposit Bid cum Application Forms.

(h) Bidders bidding directly through the SCSBs should ensure that the ASBA Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.

(i) Upon receipt of the ASBA Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the Bid cum Application Form.

(j) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Bid Amount mentioned in the ASBA Form and for application directly submitted to SCSB by investor, may enter each Bid option into the electronic bidding system as a separate Bid.

(k) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not accept such Bids on the Stock Exchange platform and such bids are liable to be rejected.

(l) Upon submission of a completed Bid cum Application Form each Bidder may be deemed to have agreed to block the entire Bid Amount and authorised the Designated Branch of the SCSB to block the Bid Amount specified in the Bid cum Application Form in the ASBA Account maintained with the SCSBs.

(m) The Bid Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Offer Account, or until withdrawal or failure of the Offer, or until withdrawal or rejection of the Bid, as the case may be.

(n) SCSBs bidding in the Offer must apply through an Account maintained with any other SCSB; else their Bids are liable to be rejected.

4.1.7.2.1 **Unblocking of ASBA Account**

(a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Offer may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Offer Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Bid, (ii) the amount to be transferred from the relevant bank account to the Public Offer Account, for each Bid, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Offer Account, and (iv) details of rejected ASBA Bids, if any, along with reasons for rejection and details of withdrawn or unsuccessful Bids, if any, to enable the SCSBs to unblock the respective bank accounts.

(b) On the basis of instructions from the Registrar to the Offer, the SCSBs may transfer the requisite amount against each successful Bidder to the Public Offer Account and may unblock the excess amount, if any, in the ASBA Account.

(c) In the event of withdrawal or rejection of the Bid cum Application Form and for unsuccessful Bids, the Registrar to the Offer may give instructions to the SCSB to unblock the Bid Amount in the relevant ASBA Account within six Working Days of the Bid/ Offer Closing Date.

4.1.7.3 **Additional Payment Instructions for NRIs**

The Non-Resident Indians who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (non-repatriation basis). In the case of Bids by Eligible NRI Bidders applying on a repatriation basis, payment shall not be accepted out of NRO Account.

4.1.7.4 **Discount** (if applicable)

(a) The Discount is stated in absolute rupee terms.

(b) Bidders applying under RII category, Retail Individual Shareholder and Employees are only eligible for discount. For Discounts offered in the Offer, Bidders may refer to the RHP/Prospectus.

(c) The Bidders entitled to the applicable Discount in the Offer may make payment for an amount i.e. the Bid Amount less Discount (if applicable).

Bidder may note that in case the net amount blocked (post Discount) is more than two lakh rupees (under the RII category) or more than five lakh rupees (under the Employee Reservation Portion), the bidding system automatically considers such applications for allocation under Non-Institutional Category. These applications are neither eligible for Discount nor fall under RII category nor the Employee Reservation Portion.

4.1.8 FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS

(a) Only the First Bidder/Applicant is required to sign the Bid cum Application Form/Application Form. Bidders/Applicants should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.

(b) If the ASBA Account is held by a person or persons other than the Bidder/Applicant, then the Signature of the ASBA Account holder(s) is also required.

(c) In relation to the ASBA Bids/Applications, signature has to be correctly affixed in the authorisation/undertaking box in the Bid cum Application Form/Application Form, or an authorisation has to be provided to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form/Application Form.

(d) Bidders/Applicants must note that Bid cum Application Form/Application Form without signature of Bidder/Applicant and /or ASBA Account holder is liable to be rejected.

4.1.9 ACKNOWLEDGEMENT AND FUTURE COMMUNICATION

(a) Bidders should ensure that they receive the Acknowledgement Slip duly signed and stamped by the relevant Designated Intermediary for submission of the ASBA Form.

(b) All communications in connection with Bids/Applications made in the Offer should be addressed as under:

  (i) In case of queries related to Allotment, non-receipt of Allotment Advice, credit of allotted equity shares, refund orders, the Bidders/Applicants should contact the Registrar to the Offer.

  (ii) In case of ASBA Bids submitted to the Designated Branches of the SCSBs, the Bidders/Applicants should contact the relevant Designated Branch of the SCSB.

  (iii) In case of queries relating to uploading of Bids by a Designated Intermediary other than an SCSB, the Bidders/Applicants should contact the relevant Designated Intermediary.

  (iv) Bidder/Applicant may contact the Company Secretary and Compliance Officer or BRLMs in case of any other complaints in relation to the Offer.

(d) The following details (as applicable) should be quoted while making any queries –

  (i) full name of the First or sole Bidder/Applicant, Bid cum Application Form number, Applicants/Bidders, DP ID, Client ID, PAN, number of Equity Shares applied for, amount blocked on application.

  (ii) name and address of the Designated Intermediary where the Bid was submitted; and

  (iii) The ASBA Account number in which the amount equivalent to the Bid Amount was blocked.

For further details, Bidder/Applicant may refer to the RHP/ Prospectus and the Bid cum Application Form.

4.2 INSTRUCTIONS FOR FILING THE REVISION FORM

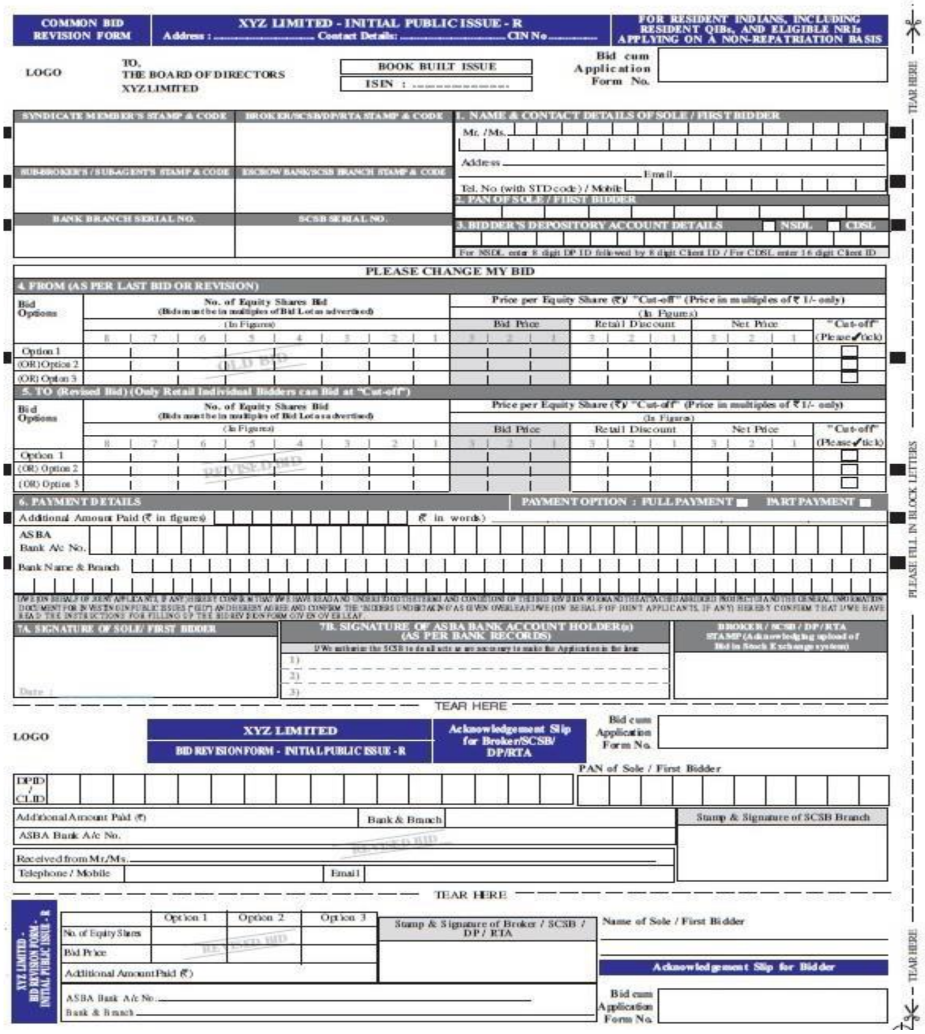
(a) During the Bid/ Offer Period, any Bidder/Applicant (other than QIBs and NIIs, who can only revise their bid upwards) who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the Revision Form, which is a part of the Bid cum Application Form.

(b) RII may revise or withdraw their bids till closure of the bidding period.

(c) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form.

(d) The Bidder/Applicant can make this revision any number of times during the Bid/ Offer Period. However, for any revision(s) in the Bid, the Bidders/Applicants will have to use the services of the same Designated Intermediary through which such Bidder/Applicant had placed the original Bid. Bidders/Applicants are advised to retain copies of the blank Revision Form and the Bid(s) must be made only in such Revision Form or copies thereof.

A sample Revision form is reproduced below:



COMMON BID REVISION FORM

XYZ LIMITED - INITIAL PUBLIC ISSUE - R
Address : .... Contact Details: .... CIN No..........

FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs, AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS

LOGO

TO,
THE BOARD OF DIRECTORS
XYZ LIMITED

BOOK BUILT ISSUE
ISIN : ....

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE

BROKER/SCSB/DP/RTA STAMP & CODE

SUB-BROKER'S / SUB-AGENT'S STAMP & CODE

ESCROW BANK/SCSB BRANCH STAMP & CODE

BANK BRANCH SERIAL NO.

SCSB SERIAL NO.

1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER

Mr. /Ms.

Address

Email

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST BIDDER

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS ☐ NSDL ☐ CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

PLEASE CHANGE MY BID

4. FROM (AS PER LAST BID OR REVISION)

Bid Options	No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised) (In Figures)								Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)									
									Bid Price			Retail Discount			Net Price			"Cut-off" (Please ✓ tick)
	8	7	6	5	4	3	2	1	3	2	1	3	2	1	3	2	1	
Option 1																		☐
(OR) Option 2																		☐
(OR) Option 3																		☐

OLD BID

5. TO (Revised Bid) (Only Retail Individual Bidders can Bid at "Cut-off")

Bid Options	No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised) (In Figures)								Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)									
									Bid Price			Retail Discount			Net Price			"Cut-off" (Please ✓ tick)
	8	7	6	5	4	3	2	1	3	2	1	3	2	1	3	2	1	
Option 1																		☐
(OR) Option 2																		☐
(OR) Option 3																		☐

REVISED BID

6. PAYMENT DETAILS PAYMENT OPTION : FULL PAYMENT ☐ PART PAYMENT ☐

Additional Amount Paid (₹ in figures) (₹ in words)

ASBA Bank A/c No.

Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID REVISION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE "BIDDERS UNDERTAKING" AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID REVISION FORM GIVEN OVERLEAF.

7A. SIGNATURE OF SOLE/ FIRST BIDDER

Date :

7B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(s) (AS PER BANK RECORDS)

I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue

1)
2)
3)

BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)

TEAR HERE

LOGO

XYZ LIMITED
BID REVISION FORM - INITIAL PUBLIC ISSUE - R

Acknowledgement Slip for Broker/SCSB/ DP/RTA

Bid cum Application Form No.

DPID / CLID

PAN of Sole / First Bidder

Additional Amount Paid (₹)

Bank & Branch

Stamp & Signature of SCSB Branch

ASBA Bank A/c No.

Received from Mr./Ms.

Telephone / Mobile

Email

REVISED BID

TEAR HERE

XYZ LIMITED - BID REVISION FORM - INITIAL PUBLIC ISSUE - R

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price			
Additional Amount Paid (₹)			

REVISED BID

Stamp & Signature of Broker / SCSB / DP / RTA

ASBA Bank A/c No.

Bank & Branch

Name of Sole / First Bidder

Acknowledgement Slip for Bidder

Bid cum Application Form No.

TEAR HERE

PLEASE FILL IN BLOCK LETTERS

TEAR HERE

Instructions to fill each field of the Revision Form can be found on the reverse side of the Revision Form. Other than instructions already highlighted at paragraph 4.1 above, point wise instructions regarding filling up various fields of the Revision Form are provided below:

4.2.1 FIELDS 1, 2 AND 3: NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANT, PAN OF SOLE/FIRST BIDDER/APPLICANT AND DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT

Bidders/Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

4.2.2 FIELD 4 AND 5: BID OPTIONS REVISION ‘FROM’ AND ‘TO’

(a) Apart from mentioning the revised options in the Revision Form, the Bidder/Applicant must also mention the details of all the bid options given in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder/Applicant has Bid for three options in the Bid cum Application Form and such Bidder/Applicant is changing only one of the options in the Revision Form, the Bidder/Applicant must still fill the details of the other two options that are not being revised, in the Revision Form. The Designated Intermediaries may not accept incomplete or inaccurate Revision Forms.

(b) In case of revision, Bid options should be provided by Bidders/Applicants in the same order as provided in the Bid cum Application Form.

(c) In case of revision of Bids by RIIs, Employees and Retail Individual Shareholders, such Bidders/Applicants should ensure that the Bid Amount, subsequent to revision, does not exceed ₹ 200,000 (₹ 500,000 in case of Employees). In case the Bid Amount for any Bid by the RIIs exceeds ₹ 200,000 (₹ 500,000 in case of Employees) due to revision of the Bid or for any other reason, the Bid may be considered, subject to eligibility, for allocation under the Non-Institutional Category, not being eligible for Discount (if applicable) and such Bid may be rejected if it is at the Cut-off Price. The Cut-off Price option is given only to the RIIs, Employees and Retail Individual Shareholders indicating their agreement to Bid for and purchase the Equity Shares at the Offer Price as determined at the end of the Book Building Process.

(d) In case the total amount (i.e., original Bid Amount plus additional payment) exceeds ₹ 200,000, (excluding the Bids by Employees under the Employee Reservation Portion) the Bid will be considered for allocation under the Non-Institutional Portion in terms of the RHP/Prospectus. If, however, the RII does not either revise the Bid or make additional payment and the Offer Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the RII and the RII is deemed to have approved such revised Bid at Cut-off Price.

(e) In case of a downward revision in the Price Band, RIIs and Bids by Employees who have Bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of Bidding may be unblocked after finalisation of the basis of allotment.

4.2.3 FIELD 6: PAYMENT DETAILS

(a) All Bidders/Applicants are required to authorise that the full Bid Amount (less Discount (if applicable) is blocked in the ASBA Accounts. In case of Bidders/Applicants specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less discount offered, if any.

(b) Bidder/Applicant may issue instructions to block the revised amount based on cap of the revised Price Band (adjusted for the Discount (if applicable) in the ASBA Account, to the same Designated Intermediary through whom such Bidder/Applicant had placed the original Bid to enable the relevant SCSB to block the additional Bid Amount, if any.

(c) In case the total amount (i.e., original Bid Amount less discount (if applicable) plus additional payment) exceeds ₹ 200,000 (excluding the Bids by Employees under the Employee Reservation Portion), the Bid may be considered for allocation under the Non-Institutional Category in terms of the RHP/Prospectus. If, however, the Bidder/Applicant does not either revise the Bid or make additional payment and the Offer Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for may be adjusted downwards for the purpose of allotment, such that no additional payment is required from the Bidder/Applicant and the Bidder/Applicant is deemed to have approved such revised Bid at the Cut-off Price.

(d) In case of a downward revision in the Price Band, RIIs, Employees and Retail Individual Shareholders, who have Bid at the Cut-off Price, could either revise their Bid or the excess amount blocked at the time of Bidding may be unblocked after finalisation of the basis of allotment.

4.2.4 FIELDS 7: SIGNATURES AND ACKNOWLEDGEMENTS

Bidders/Applicants may refer to instructions contained at paragraphs 4.1.8 and 4.1.9 for this purpose.

4.3 INSTRUCTIONS FOR FILING APPLICATION FORM IN ISSUES MADE OTHER THAN THROUGH THE BOOK BUILDING PROCESS (FIXED PRICE ISSUE)

4.3.1 FIELDS 1, 2, 3 NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANT, PAN OF SOLE/FIRST BIDDER/APPLICANT AND DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT

Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

4.3.2 FIELD 4: PRICE, APPLICATION QUANTITY AND AMOUNT

(a) The Issuer may mention Price or Price band in the draft Prospectus. However a prospectus registered with RoC contains one price or coupon rate (as applicable).

(b) Minimum Application Value and Bid Lot: The Issuer, in consultation with the Lead Managers to the Offer (LM) may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 10,000 to ₹ 15,000. The minimum Lot size is accordingly determined by an Issuer on basis of such minimum application value.

(c) Applications by RIIs, Retail Individual Shareholders, must be for such number of shares so as to ensure that the application amount payable does not exceed ₹ 200,000 and applications by Employees must be for such number of shares so as to ensure that the application amount payable does not exceed ₹ 500,000.

(d) Applications by other investors must be for such minimum number of shares such that the application amount exceeds ₹ 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the application form and the Prospectus, or as advertised by the Issuer, as the case may be.

(e) An application cannot be submitted for more than the Offer size.

(f) The maximum application by any Applicant should not exceed the investment limits prescribed for them under the applicable laws.

(g) **Multiple Applications:** An Applicant should submit only one Application Form. Submission of a second Application Form to either the same or other SCSB and duplicate copies of Application Forms bearing the same application number shall be treated as multiple applications and are liable to be rejected.

(h) Applicants are requested to note the following procedures may be followed by the Registrar to the Offer to detect multiple applications:

  (i) All applications may be checked for common PAN as per the records of the Depository. For Applicants other than Mutual Funds, Bids bearing the same PAN may be treated as multiple applications by a Bidder/Applicant and may be rejected.

  (ii) For applications from Mutual Funds, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Applicants, the Application Forms may be checked for common DP ID and Client ID. In any such applications which have the same DP ID and Client ID, these may be treated as multiple applications and may be rejected.

(i) The following applications may not be treated as multiple Bids:

  (i) Separate applications by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Applications clearly indicate the scheme for which the Bid has been made.

  (ii) Applications by Mutual Funds, submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

  (iii) Applications by Reserved Categories in their respective reservation portion as well as that made by them in the Offer portion in public category.

4.3.3 FIELD NUMBER 5: CATEGORY OF APPLICANTS

(a) The categories of applicants identified as per the SEBI ICDR Regulations for the purpose of Bidding, allocation and allotment in the Offer are RIIs, individual applicants other than RII's and other investors (including corporate bodies or institutions, irrespective of the number of specified securities applied for).

(b) An Issuer can make reservation for certain categories of Applicants permitted under the SEBI ICDR Regulations. For details of any reservations made in the Offer, applicants may refer to the Prospectus.

(c) The SEBI ICDR Regulations specify the allocation or allotment that may be made to various categories of applicants in the Offer depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Issue specific details in relation to allocation applicant may refer to the Prospectus.

4.3.4 FIELD NUMBER 6: INVESTOR STATUS

Applicants should refer to instructions contained in paragraphs 4.1.6.

4.3.5 FIELD 7: PAYMENT DETAILS

(a) All Applicants (other than Anchor Investors) are required to make use of ASBA for applying in the Offer.

(b) Application Amount cannot be paid through cheques and demand drafts or in cash, through money order or through postal order or through stock invest.

4.3.5.1 Payment instructions for ASBA Applicants

Applicants should refer to instructions contained in paragraphs 4.1.7.2.

4.3.5.2.1 **Unblocking of ASBA Account**

Applicants should refer to instructions contained in paragraphs 4.1.7.2.1.

4.3.5.2 **Discount** (if applicable)

(a) The Discount is stated in absolute rupee terms.

(b) RIIs, Employees and Retail Individual Shareholders are only eligible for discount. For Discounts offered in the Offer, applicants may refer to the Prospectus.

(c) The Applicants entitled to the applicable Discount in the Offer may authorise blocking of an amount i.e. the Application Amount less Discount (if applicable).

4.3.6 FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS AND ACKNOWLEDGEMENT AND FUTURE COMMUNICATION

Applicants should refer to instructions contained in paragraphs 4.1.8 and 4.1.9.

4.4 SUBMISSION OF BID CUM APPLICATION FORM/ REVISION FORM/APPLICATION FORM

4.4.1 Bidders/Applicants may submit completed ASBA Form / Revision Form in the following manner:-

Mode of Application	Submission of Bid cum Application Form
Application by Anchor Investors	To the BRLMs at the locations specified in the Anchor Investor Application Form
Applications by other Bidders	(a) To members of the Syndicate in the Specified Locations or Registered Brokers at the Broker Centres, or the RTA at the Designated RTA Location or the DP at the Designated CDP Locations. (b) To the Designated branches of the SCSBs

(a) Bidders/Applicants should submit the Revision Form to the same Designated Intermediary through which such Bidder/Applicant had placed the original Bid.

(b) Upon submission of the ASBA Form, the Bidder/Applicant will be deemed to have authorised the Issuer to make the necessary changes in the RHP and the Bid cum Application Form as would be required for filing Prospectus with the Registrar of Companies (RoC) and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the relevant Bidder/Applicant.

(c) Upon determination of the Offer Price and registration of the Prospectus with the RoC, the ASBA Form will be considered as the application form.

SECTION 5: ISSUE PROCEDURE IN BOOK BUILT ISSUE

Book Building, in the context of the Offer, refers to the process of collection of Bids within the Price Band or above the Floor Price and determining the Offer Price based on the Bids received as detailed in Schedule XI of SEBI ICDR Regulations. The Offer Price is finalised after the Bid/ Offer Closing Date. Valid Bids received at or above the Offer Price are considered for allocation in the Offer, subject to applicable regulations and other terms and conditions.

5.1 SUBMISSION OF BIDS

(a) During the Bid/ Offer Period, Bidders/Applicants may approach the Designated Intermediaries to submit and register their Bids. Anchor Investors who are interested in subscribing for the Equity Shares should approach the BRLMs to register their Bids.

(b) In case of Bidders/Applicants (excluding NIIs and QIBs) bidding at Cut-off Price, the Bidders/Applicants may instruct the SCSBs to block Bid Amount based on the Cap Price less discount (if applicable).

(c) For Details of the timing on acceptance and upload of Bids in the Stock Exchanges Platform Bidders/Applicants are requested to refer to the RHP.

5.2 ELECTRONIC REGISTRATION OF BIDS

(a) The Designated Intermediaries may register the Bids using the on-line facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the online facilities for Book Building on a regular basis before the closure of the Offer.

(b) On the Bid/ Offer Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges and as disclosed in the Draft Red Herring Prospectus and the Red Herring Prospectus.

(c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/ Allotment. The Designated Intermediaries are given up to one day after the Bid/ Offer Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/ Offer Period after which the Stock Exchange(s) send the bid information to the Registrar for validation of the electronic bid details with the Depository's records.

5.3 BUILD UP OF THE BOOK

(a) Bids received from various Bidders/Applicants through the Designated Intermediaries may be electronically uploaded on the Bidding Platform of the Stock Exchanges" on a regular basis. The book gets built up at various price levels. This information may be available with the BRLMs at the end of the Bid/ Offer Period.

(b) Based on the aggregate demand and price for Bids registered on the Stock Exchanges Platform, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges may be made available at the bidding centres during the Bid/ Offer Period.

5.4 WITHDRAWAL OF BIDS

(a) RIIs can withdraw their Bids until the Bid/ Offer Closing Date. In case a RII wishes to withdraw the Bid during the Bid/ Offer Period, the same can be done by submitting a request for the same to the concerned Designated Intermediary who shall do the requisite, including unblocking of the funds by the SCSB in the ASBA Account.

(b) The Registrar to the Offer shall give instruction to the SCSB for unblocking the ASBA Account upon or after finalisation of the basis of allotment. QIBs and NIIs can neither withdraw nor lower the size of their Bids at any stage.

5.5 REJECTION AND RESPONSIBILITY FOR UPLOAD OF BIDS

(a) The Designated Intermediaries are individually responsible for the acts, mistakes or errors or omission in relation to

(i) the Bids accepted by the Designated Intermediaries,
(ii) the Bids uploaded by the Designated Intermediaries, or
(iii) the Bid cum application forms accepted but not uploaded by the Designated Intermediaries.

Any Retail Individual Bidder whose Bid has not been considered for Allotment, due to failures on the part of the SCSB, may seek redressal from the concerned SCSB within three months of the listing date, in accordance with the circular SEBI/HO/CFD/DIL2/CIR/P/2018/22 dated February 15, 2018.

(b) The BRLMs and their affiliate Syndicate Members, as the case may be, may reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect.

(c) The SCSBs shall have no right to reject Bids, except in case of unavailability of adequate funds in the ASBA account or on technical grounds.

(d) In case of QIB Bidders, only the (i) SCSBs (for Bids other than the Bids by Anchor Investors); and (ii) the BRLMs and their affiliate Syndicate Members (only in the specified locations) have the right to reject bids. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing.

(e) All bids by QIBs, NIIs and RIIs Bids can be rejected on technical grounds listed herein.

5.5.1 **GROUNDS FOR TECHNICAL REJECTIONS**

Bid cum Application Forms/Application Form can be rejected on the below mentioned technical grounds either at the time of their submission to the Designated Intermediaries or at the time of finalisation of the Basis of Allotment. Bidders/Applicants are advised to note that the Bids/Applications are liable to be rejected, inter-alia, on the following grounds, which have been detailed at various placed in this GID:-

(a) Bid/Applications accompanied by cash, demand draft, cheque, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB;

(b) Bid/Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);

(c) Bids/Applications by OCBs;

(d) In case of partnership firms, Bid/Application for Equity Shares made in the name of the firm. However, a limited liability partnership can apply in its own name;

(e) In case of Bids/Applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not being submitted along with the Bid cum application form;

(f) Bids/Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;

(g) Bids/Applications by any person outside India if not in compliance with applicable foreign and Indian laws;

(h) DP ID and Client ID not mentioned in the Bid cum Application Form/Application Form;

(i) PAN not mentioned in the Bid cum Application Form/Application Form except for Bids/Applications by or on behalf of the Central or State Government and officials appointed by the court and by the investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participant;

(j) In case no corresponding record is available with the Depositories that matches the DP ID, the Client ID and the PAN;

(k) Bids/Applications for lower number of Equity Shares than the minimum specified for that category of investors;

(l) Bids/Applications at a price less than the Floor Price and Bids/Applications at a price more than the Cap Price;

(m) Bids/Applications at Cut-off Price by NIIs and QIBs;

(n) The amounts mentioned in the Bid cum Application Form/Application Form does not tally with the amount payable for the value of the Equity Shares Bid/Applied for;

(o) Bids/Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;

(p) Submission of more than five Bid cum Application Forms/Application Form through a single ASBA Account;

(q) Bids not uploaded in the Stock Exchanges bidding system

(r) Bids/Applications for number of Equity Shares which are not in multiples Equity Shares which are not in multiples as specified in the RHP;

(s) Multiple Bids/Applications as defined in this GID and the RHP/Prospectus;

(t) Bid cum Application Forms/Application Forms are not delivered by the Bidders/Applicants within the time prescribed as per the Bid cum Application Forms/Application Form, Bid/ Offer Opening Date advertisement and as per the instructions in the RHP and the Bid cum Application Forms;

(u) Inadequate funds in the bank account to block the Bid/Application Amount specified in the ASBA Form at the time of blocking such Bid/Application Amount in the bank account;

(v) Where no confirmation is received from SCSB for blocking of funds;

(w) Bids/Applications by Bidders (other than Anchor Investors) that are not submitted through ASBA process;

(x) ASBA Bids/Applications submitted to a Designated Intermediary at locations other than the Bidding Centres, submitted to the Escrow Collecting Banks (assuming that such bank is not a SCSB where the ASBA Account is maintained), to the issuer or the Registrar to the Offer;

(y) Bids/Applications not uploaded on the terminals of the Stock Exchanges;

(z) Bids/Applications by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Bid cum Application Form/Application Form.

5.6 BASIS OF ALLOCATION

(a) The SEBI ICDR Regulations specify the allocation or Allotment that may be made to various categories of Bidders/Applicants in the Offer depending on compliance with the eligibility conditions. Certain details pertaining to the percentage of Offer size available for allocation to each category is disclosed overleaf of the Bid cum Application Form and in the RHP / Prospectus. For details in relation to allocation, the Bidder/Applicant may refer to the RHP / Prospectus.

(b) Under-subscription in any category (except for the QIB Portion) is allowed to be met with spill-over from any other category or combination of categories at the discretion of the Issuer in consultation with the BRLMs and the Designated Stock Exchange and in accordance with the SEBI ICDR Regulations. Unsubscribed portion in QIB category is not available for subscription to other categories.

(c) A Bid by an Employee in the Employee Reservation Portion will be considered for allocation, in the first instance, for a Bid Amount of up to ₹ 200,000. In the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Employees who have Bid in excess of ₹ 200,000, subject to the maximum value of Allotment made to such Employee not exceeding ₹ 500,000. For further details on allocation in the event of an under-subscription applicable to the Issuer, Bidders/Applicants may refer to the RHP.

(d) **Illustration of the Book Building and Price Discovery Process**

Bidders should *note that this example is solely for illustrative purposes and is not specific to the Offer; it also excludes bidding by Anchor Investors.*

Bidders can bid at any price within the Price Band. For instance, assume a Price Band of ₹ 20 to ₹ 24 per share, Offer size of 3,000 Equity Shares and receipt of five Bids from Bidders, details of which are shown in the table below. The illustrative book given below shows the demand for the Equity Shares of the Issuer at various prices and is collated from Bids received from various investors.

Bid Quantity	Bid Amount (*in* ₹)	Cumulative Quantity	Subscription (*in %*)
500	24	500	16.67
1,000	23	1,500	50
1,500	22	3,000	100
2,000	21	5,000	166.67
2,500	20	7,500	250

The price discovery is a function of demand at various prices. The highest price at which the Issuer is able to Issue the desired number of Equity Shares is the price at which the book cuts off, i.e., ₹ 22 in the above example. The Issuer, in consultation with the BRLMs may finalise the Offer Price at or below such Cut-Off Price, i.e., at or below ₹ 22. All Bids at or above this Offer Price and cut-off Bids are valid Bids and are considered for allocation in the respective categories.

(e) **Alternate Method of Book Building**

In case of FPOs, Issuers may opt for an alternate method of Book Building in which only the Floor Price is specified for the purposes of bidding ("Alternate Book Building Process").

The Issuer may specify the Floor Price in the RHP or advertise the Floor Price at least one Working Day prior to the Bid/ Offer Opening Date. QIBs may Bid at a price higher than the Floor Price and the Allotment to the QIBs is made on a price priority basis. The Bidder with the highest Bid Amount is allotted the number of Equity Shares Bid for and then the second highest Bidder is Allotted Equity Shares and this process continues until all the Equity Shares have been allotted. RIIs, NIIs and Employees are Allotted Equity Shares at the Floor Price and allotment to these categories of Bidders is made proportionately. If the number of Equity Shares Bid for at a price is more than available quantity then the allotment may be done on a proportionate basis. Further, the Issuer may place a cap either in terms of number of specified securities or percentage of issued capital of the Issuer that may be allotted to a single Bidder, decide whether a Bidder be allowed to revise the bid upwards or downwards in terms of price and/or quantity and also decide whether a Bidder be allowed single or multiple bids.

SECTION 6: ISSUE PROCEDURE IN FIXED PRICE ISSUE

Applicants may note that there is no Bid cum Application Form in a Fixed Price Issue. As the Offer Price is mentioned in the Fixed Price Issue therefore on filing of the Prospectus with the RoC, the Application so submitted is considered as the application form.

Applicants may only use the specified Application Form for the purpose of making an Application in terms of the Prospectus which may be submitted through a Designated Intermediary.

ASBA Applicants may submit an Application Form either in physical form to the Syndicate Member or Registered Brokers or the Designated Branches of the SCSBs or in the electronic form to the SCSB or the Designated Branches of the SCSBs authorising blocking of funds that are available in the bank account specified in the Application Form only ("ASBA Account"). The Application Form is also made available on the websites of the Stock Exchanges at least one day prior to the Bid/ Offer Opening Date.

In a fixed price Offer, allocation in the offer to the public category is made as follows: minimum fifty per cent to Retail Individual Bidders; and remaining to (i) individual investors other than Retail Individual Bidders; and (ii) other Applicants including corporate bodies or institutions, irrespective of the number of specified securities applied for. The unsubscribed portion in either of the categories specified above may be allocated to the Applicants in the other category.

For details of instructions in relation to the Application Form, Bidders/Applicants may refer to the relevant section the GID.

SECTION 7: ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT

The allotment of Equity Shares to Bidders/Applicants other than Retail Individual Bidders and Anchor Investors may be on proportionate basis. For Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to RHP/Prospectus. No Retail Individual Bidder will be allotted less than the minimum Bid Lot subject to availability of shares in Retail Individual Bidders Category and the remaining available shares, if any will be allotted on a proportionate basis. The Issuer is required to receive a minimum subscription of 90% of the Offer (excluding any Offer for Sale of specified securities). However, in case the Offer is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

7.1 ALLOTMENT TO RIIs

Bids received from the RIIs at or above the Offer Price may be grouped together to determine the total demand under this category. If the aggregate demand in this category is less than or equal to the Retail Category at or above the Offer Price, full Allotment may be made to the RIIs to the extent of the valid Bids. If the aggregate demand in this category is greater than the allocation to in the Retail Category at or above the Offer Price, then the maximum number of RIIs who can be Allotted the minimum Bid Lot will be computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot ("**Maximum RII Allottees**"). The Allotment to the RIIs will then be made in the following manner:

(a) In the event the number of RIIs who have submitted valid Bids in the Offer is equal to or less than Maximum RII Allottees, (i) all such RIIs shall be Allotted the minimum Bid Lot; and (ii) the balance available Equity Shares, if any, remaining in the Retail Category shall be Allotted on a proportionate basis to the RIIs who have received Allotment as per (i) above for the balance demand of the Equity Shares Bid by them (i.e. who have Bid for more than the minimum Bid Lot).

(b) In the event the number of RIIs who have submitted valid Bids in the Offer is more than Maximum RII Allottees, the RIIs (in that category) who will then be allotted minimum Bid Lot shall be determined on the basis of draw of lots.

7.2 ALLOTMENT TO NIIs

Bids received from NIIs at or above the Offer Price may be grouped together to determine the total demand under this category. The allotment to all successful NIIs may be made at or above the Offer Price. If the aggregate demand in this category is less than or equal to the Non-Institutional Category at or above the Offer Price, full allotment may be made to NIIs to the extent of their demand. In case the aggregate demand in this category is greater than the Non-Institutional Category at or above the Offer Price, allotment may be made on a proportionate basis up to a minimum of the Non-Institutional Category.

7.3 ALLOTMENT TO QIBs

For the Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to the SEBI ICDR Regulations or RHP / Prospectus. Bids received from QIBs bidding in the QIB Category (net of Anchor Portion) at or above the Offer Price may be grouped together to determine the total demand under this category. The QIB Category may be available for allotment to QIBs who have Bid at a price that is equal to or greater than the Offer Price. Allotment may be undertaken in the following manner:

(a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Category may be determined as follows: (i) In the event that Bids by Mutual Fund exceeds 5% of the QIB Category, allocation to Mutual Funds may be done on a proportionate basis for up to 5% of the QIB Category; (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Category then all Mutual Funds may get full allotment to the extent of valid Bids received above the Offer Price; and (iii) Equity Shares remaining unsubscribed, if any and not allocated to Mutual Funds may be available for allotment to all QIBs as set out at paragraph 7.4(b) below;

(b) In the second instance, allotment to all QIBs may be determined as follows: (i) In the event of oversubscription in the QIB Category, all QIBs who have submitted Bids above the Offer Price may be Allotted Equity Shares on a proportionate basis for up to 95% of the QIB Category; (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIBs; and (iii) Under-subscription below 5% of the QIB Category, if any, from Mutual Funds, may be included for allocation to the remaining QIBs on a proportionate basis.

7.4 ALLOTMENT TO ANCHOR INVESTOR (IF APPLICABLE)

(a) Allocation of Equity Shares to Anchor Investors at the Anchor Investor Offer Price will be at the discretion of the Issuer, in consultation with the BRLMs, subject to compliance with the following requirements:

  (i) not more than 60% of the QIB Portion will be allocated to Anchor Investors;

  (ii) one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors; and

  (iii) allocation to Anchor Investors shall be on a discretionary basis and subject to:

  - a maximum number of two Anchor Investors for allocation up to ₹ 10 crores;
  - a minimum number of two Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹ 10 crores and up to ₹ 250 crores subject to minimum allotment of ₹ 5 crores per such Anchor Investor; and
  - a minimum number of five Anchor Investors and maximum number of 25 Anchor Investors for allocation of more than ₹ 250 crores subject to minimum allotment of ₹ 5 crores per such Anchor Investor.

(b) A physical book is prepared by the Registrar on the basis of the Anchor Investor Application Forms received from Anchor Investors. Based on the physical book and at the discretion of the Issuer, in consultation with the BRLMs, selected Anchor Investors will be sent a CAN and if required, a revised CAN.

(c) **In the event that the Offer Price is higher than the Anchor Investor Offer Price:** Anchor Investors will be sent a revised CAN within one day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors are then required to pay any additional amounts, being the difference between the Offer Price and the Anchor Investor Offer Price, as indicated in the revised CAN within the pay-in date referred to in the revised CAN. Thereafter, the Allotment Advice will be issued to such Anchor Investors.

(d) **In the event the Offer Price is lower than the Anchor Investor Offer Price:** Anchor Investors who have been Allotted Equity Shares will directly receive Allotment Advice.

7.5 BASIS OF ALLOTMENT FOR QIBs (OTHER THAN ANCHOR INVESTORS), NIIs AND RESERVED CATEGORY IN CASE OF OVER-SUBSCRIBED ISSUE

In the event of the Offer being over-subscribed, the Issuer may finalise the Basis of Allotment in consultation with the Designated Stock Exchange in accordance with the SEBI ICDR Regulations.

The allocation may be made in marketable lots, on a proportionate basis as explained below:

(a) Bidders may be categorised according to the number of Equity Shares applied for;

(b) The total number of Equity Shares to be Allotted to each category as a whole may be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio;

(c) The number of Equity Shares to be Allotted to the successful Bidders may be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio;

(d) In all Bids where the proportionate allotment is less than the minimum bid lot decided per Bidder, the allotment may be made as follows: the successful Bidders out of the total Bidders for a category may be determined by a draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and each successful Bidder may be Allotted a minimum of such Equity Shares equal to the minimum Bid Lot finalised by the Issuer;

(e) If the proportionate allotment to a Bidder is a number that is more than the minimum Bid lot but is not a multiple of one (which is the marketable lot), the decimal may be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it may be rounded off to the lower whole number. Allotment to all bidders in such categories may be arrived at after such rounding off; and

(f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for allotment may be first adjusted against any other category, where the Allotted Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment may be added to the category comprising Bidders applying for minimum number of Equity Shares.

7.6 DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

(a) **Designated Date:** On the Designated Date, the Escrow Collection Bank shall transfer the funds represented by allocation of Equity Shares to Anchor Investors from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Offer Account with the Bankers to the Offer. The balance amount after transfer to the Public Offer Account shall be transferred to the Refund Account. Payments of refund to the Bidders applying in the Anchor Investor Portion shall also be made from the Refund Account as per the terms of the Escrow Agreement and the RHP. On the Designated Date, the Registrar to the Offer shall instruct the SCSBs to unblock funds represented by allocation of Equity Shares from ASBA Accounts into the Public Offer Account.

(b) **Issuance of Allotment Advice:** Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. Bidders/Applicants **are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Offer.**

Pursuant to confirmation of such corporate actions, the Registrar will dispatch Allotment Advice to the Bidders/Applicants who have been Allotted Equity Shares in the Offer.

(c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.

(d) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) credit of shares to the successful Bidders/Applicants Depository Account will be completed within six Working Days of the Bid/ Issue Closing Date.

SECTION 8: INTEREST AND REFUNDS

8.1 COMPLETION OF FORMALITIES FOR LISTING AND COMMENCEMENT OF TRADING

The Issuer shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges are taken within six Working Days of the Bid/ Offer Closing Date. The Registrar to the Offer may initiate corporate action for credit to Equity Shares the beneficiary account with the Depositories, and dispatch the Allotment Advice within six Working Days of the Bid/ Offer Closing Date.

If there is a delay beyond the prescribed time after the Issuer becomes liable to pay the amount received from Bidders, then the Issuer and every director of the Issuer who is an officer in default may on and from expiry of 15 Working Days, be jointly and severally liable to repay the money, with interest at rates prescribed under applicable law.

8.2 GROUNDS FOR REFUND

8.2.1 NON RECEIPT OF LISTING PERMISSION

An Issuer makes an application to the Stock Exchange(s) for permission to deal in/list and for an official quotation of the Equity Shares. All the Stock Exchanges from where such permission is sought are disclosed in RHP/Prospectus. The Designated Stock Exchange may be as disclosed in the RHP/Prospectus with which the Basis of Allotment may be finalised.

If the Issuer fails to make application to the Stock Exchange(s) and obtain permission for listing of the Equity Shares, in accordance with the provisions of Section 40 of the Companies Act, 2013, the Issuer may be punishable with a fine which shall not be less than five lakh rupees but which may extend to fifty lakh rupees and every officer of the Issuer who is in default shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than fifty thousand rupees but which may extend to three lakh rupees, or with both.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Issuer may forthwith take steps to refund, without interest, all moneys received from the Bidders/Applicants in pursuance of the RHP/Prospectus.

8.2.2 NON RECEIPT OF MINIMUM SUBSCIPTION

If the Issuer does not receive a minimum subscription of 90% of the Offer (excluding any offer for sale of specified securities), including devolvement to the Underwriters, the Issuer may forthwith, without interest take steps to unblock the entire subscription amount received within six Working Days of the Bid/ Offer Closing Date and repay, without interest, all subscription amounts received from Anchor Investors. In case the Issue is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

If such money is not refunded to the Bidders/Applicants within the prescribed time after the Issuer becomes liable to repay it, then the Issuer and every director of the Issuer who is an officer in default may, on and from such expiry of such period, be liable to repay the money, with interest at such rate, as disclosed in the RHP/Prospectus.

8.2.3 MINIMUM NUMBER OF ALLOTTEES

The Issuer may ensure that the number of prospective Allottees to whom Equity Shares may be allotted may not be less than 1,000 failing which the entire application monies may be refunded forthwith.

8.2.4 IN CASE OF ISSUES MADE UNDER COMPULSORY BOOK BUILDING

In case an Issuer not eligible under Regulation 26(1) of the SEBI ICDR Regulations comes for an Offer under Regulation 26(2) of SEBI (ICDR) Regulations, 2009 but fails to allot at least 75% of the Offer to QIBs, in such case full subscription money is to be refunded.

8.3 MODE OF REFUND

(a) **In case of ASBA Bids:** Within six Working Days of the Bid/ Offer Closing Date, the Registrar to the Offer may give instructions to SCSBs for unblocking the amount in ASBA Accounts of unsuccessful Bidders and also for any excess amount blocked on Bidding/Application.

(b) **In case of Anchor Investors:** Within six Working Days of the Bid/ Offer Closing Date may dispatch refunds for all amounts payable to unsuccessful Anchor Investors.

(b) In case of Anchor Investors, the Registrar to the Offer may obtain from the Depositories the Bidders/Applicants" bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Anchor Investors in their Anchor Investor Application Forms for refunds. Accordingly, Anchor Investors are advised to immediately update their details as appearing on the records of their DPs. Failure to do so may result in delays in dispatch of refunds orders or refunds through electronic transfer of funds, as applicable, and any such delay may be at the Anchor Investors" sole risk and neither the Issuer, the Selling Shareholder, the Registrar to the Offer, the Escrow Collection Bank, or the Syndicate, may be liable to compensate the Anchor Investors for any losses caused to them due to any such delay, or liable to pay any interest for such delay.

(d) In the case of Bids from Eligible NRI Bidders, FPIs and QFIs, refunds, if any, may generally be payable in Indian Rupees only and net of bank charges and/or commission. If so desired, such payments in Indian Rupees may be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and may be dispatched by registered post. The Issuer and the Selling Shareholder may not be responsible for loss, if any, incurred by the Bidder/Applicant on account of conversion of foreign currency.

8.3.1 Electronic modes of making refunds to Anchor Investors

The payment of refund to Anchor Investors, if any, may be done through various modes as mentioned below:

(a) **NACH—**National Automated Clearing House which is a consolidated system of ECS. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including Magnetic Ink Character Recognition (MICR) code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.

(b) **NEFT—** Payment of refund may be undertaken through NEFT wherever the branch of the Anchor Investor's bank is NEFT enabled and has been assigned the Indian Financial System Code **("IFSC"),** which can be linked to the MICR of that particular branch. The IFSC Code may be obtained from the website of RBI as at a date prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Anchor Investors have registered their nine-digit MICR number and their bank account number while opening and operating the demat account, the same may be duly mapped with the IFSC Code of that particular bank branch and the payment of refund may be made to the Anchor Investors through this method. In the event NEFT is not operationally feasible, the payment of refunds may be made through any one of the other modes as discussed in this section;

(c) **Direct Credit—** Anchor Investors having their bank account with the Refund Banker may be eligible to receive refunds, if any, through direct credit to such bank account; and

(d) **RTGS—** Anchor Investors having a bank account at any of the centres notified by SEBI where clearing houses are managed by the RBI, may have the option to receive refunds, if any, through RTGS; and

For details of levy of charges, if any, for any of the above methods, Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres etc, Anchor Investors may refer to RHP/Prospectus.

Please note that refunds through the abovementioned modes shall be credited only to the bank account from which the Bid Amount was remitted by the Anchor Investor to the Escrow Collection Bank.

8.4 INTEREST IN CASE OF DELAY IN ALLOTMENT OR REFUND

The Issuer may pay interest at rates prescribed under applicable laws if refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to Bidders/Applicants or instructions for unblocking of funds in the ASBA Account are not dispatched within the six Working days of the Bid/Issue Closing Date.

SECTION 9: GLOSSARY AND ABBREVIATIONS

Unless the context otherwise indicates or implies, certain definitions and abbreviations used in this document have the meaning as provided below. References to any legislation, act or regulation may be to such legislation, act or regulation as amended from time to time. In case of inconsistency in the description of a term mentioned below and the description ascribed to such term in other section of this Prospectus, the description as ascribed to such term in the in the other section of this Prospectus shall prevail.

Term	Description
Allotment/ Allot/ Allotted	The allotment of Equity Shares pursuant to the Offer to successful Bidders/Applicants
Allottee	A Bidder/Applicant to whom the Equity Shares are Allotted
Allotment Advice	Note or advice or intimation of Allotment sent to the Bidders/Applicants who have been allotted Equity Shares after the Basis of Allotment has been approved by the designated Stock Exchanges
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in SEBI ICDR Regulations.
Anchor Investor Application Form	The form used by an Anchor Investor to make a Bid in the Anchor Allotment in terms of the Red Herring Prospectus and this Prospectus.
Escrow Account	An account opened with the Escrow Collection Bank and in whose favour the Anchor Investors may transfer money through NEFT/RTGS/direct credit in respect of the Bid Amount when submitting a Bid
Anchor Investor Portion	Up to 60% of the QIB Portion which may be allocated by the Issuer, in consultation with the BRLMs, to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion is reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors
Application Supported by Blocked Amount/ (ASBA)/ASBA	An application, whether physical or electronic, used by Bidders/Applicants to make a Bid and authorising an SCSB to block the Bid Amount in the specified bank account maintained with such SCSB.
Application Supported by Blocked Amount Form/ASBA Form	An application from, whether physical or electronic, used by Bidders/Applicants, which will be considered as the application for Allotment in terms of the Red Herring Prospectus and this Prospectus
ASBA Account	Account maintained with an SCSB which may be blocked by such SCSB to the extent of the Bid Amount of the Bidder/Applicant
Bidder/Applicant	Prospective Bidders/Applicants in the Offer who Bid/apply through ASBA
Banker(s) to the Offer/ Escrow Collection Bank(s)/ Collecting Banker	The banks which are clearing members and registered with SEBI as Banker to the Offer with whom the Escrow Account may be opened, and as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Basis of Allotment	The basis on which the Equity Shares may be Allotted to successful Bidders/Applicants under the Offer
Bid	An indication to make an offer during the Bid/ Offer Period by a prospective Bidder pursuant to submission of Bid cum Application Form or during the Anchor Investor Bidding Date by the Anchor Investors, to subscribe for or purchase the Equity Shares of the Issuer at a price within the Price Band, including all revisions and modifications thereto. In case of issues undertaken through the fixed price process, all references to a Bid should be construed to mean an Application
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder upon submission of the Bid (except for

Term	Description
	Anchor Investors), less discounts (if applicable). In case of issues undertaken through the fixed price process, all references to the Bid Amount should be construed to mean the Application Amount.
Bid cum Application Form	The Anchor Investor Application Form or the ASBA Form, as the context requires
Bid /Offer Closing Date	Except in the case of Anchor Investors (if applicable), the date after which the Designated Intermediaries may not accept any Bids for the Offer, which may be notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants/bidders may refer to the RHP/Prospectus for the Bid/ Offer Closing Date
Bid/ Offer Opening Date	The date on which the Designated Intermediaries may start accepting Bids for the Offer, which may be the date notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants/bidders may refer to the RHP/Prospectus for the Bid/ Offer Opening Date
Bid/ Offer Period	Except in the case of Anchor Investors (if applicable), the period between the Bid/ Offer Opening Date and the Bid/ Offer Closing Date inclusive of both days and during which prospective Bidders/Applicants can submit their Bids, inclusive of any revisions thereof.
Bidder/Applicant	Any prospective investor who makes a Bid pursuant to the terms of the RHP/Prospectus and the Bid cum Application Form. In case of issues undertaken through the fixed price process, all references to a Bidder/Applicant should be construed to mean a Bidder/Applicant
Book Built Process/ Book Building Process/ Book Building Method	The book building process as provided under SEBI ICDR Regulations in terms of which the Offer is being made
Broker Centres	Broker centres notified by the Stock Exchanges, where Bidders/Applicants can submit the Bid cum Application Forms/Application Form to a Registered Broker. The details of such broker centres, along with the names and contact details of the Registered Brokers are available on the websites of the Stock Exchanges.
BOOK RUNNING LEAD MANAGERS/ BRLMs/ Book Running Lead Managers/ Lead Managers/ LMs	The BOOK RUNNING LEAD MANAGERS/ Book Running Lead Managers to the Offer as disclosed in the RHP/Prospectus and the Bid cum Application Form of the Issuer. In case of issues undertaken through the fixed price process, all references to the Book Running Lead Managers/ Book Running Lead Managers should be construed to mean the Lead Managers or LMs
Business Day	Monday to Friday (except public holidays)
CAN/Confirmation of Allotment Note	Note or intimation of allocation of Equity Shares sent to each Anchor Investor who have been allocated Equity Shares after the Anchor Investor Bidding Date.
Cap Price	The higher end of the Price Band, above which the Offer Price and the Anchor Investor Offer Price may not be finalised and above which no Bids may be accepted
Client ID	Client Identification Number maintained with one of the Depositories in relation to demat account
Category III FPI	FPIs who are registered as “Category III foreign portfolio investors” under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014.

Term	Description
Collecting Depository Participant(s) or CDP(s)	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI.
Companies Act	The Companies Act, 1956 or the Companies Act, 2013, as the context requires.
Cut-off Price	Offer Price, finalised by the Issuer, in consultation with the BRLMs, which can be any price within the Price Band. Only RIIs, Retail Individual Shareholders and Employees are entitled to Bid at the Cut-off Price. No other category of Bidders/Applicants are entitled to Bid at the Cut-off Price
DP	Depository Participant
DP ID	Depository Participant's Identification Number
Depositories	National Securities Depository Limited and Central Depository Services (India) Limited
Demographic Details	Details of the Bidders/Applicants including the Bidder/Applicant's address, name of the Applicant's father/husband, investor status, occupation and bank account details
Designated Branches	Such branches of the SCSBs which may collect the Bid cum Application Forms used by Bidders/Applicants (other than Anchor Investors) and a list of which is available on: http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html
Designated CDP Locations	Such locations where Bidders can submit the ASBA Forms to Collecting Depository Participants. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com), as updated from time to time
Designated Date	The date on which the Escrow Collection Bank(s) transfer funds from the Escrow Account to the Public Offer Account in terms of the Red Herring Prospectus or the amounts blocked by the SCSBs are transferred from the ASBA Accounts of successful Allottees to the Public Offer Account, following which the board of directors may give delivery instructions for the transfer of the Equity Shares constituting the Offer for Sale.
Designated Intermediaries	The Syndicate, Sub-Syndicate Members/agents, SCSBs, Registered Brokers, CDPs and RTAs, who are authorised to collect ASBA Forms from the Bidders, in relation to the Offer
Designated RTA Locations	Such locations where Bidders can submit the ASBA Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
Designated Stock Exchange	The designated stock exchange as disclosed in the RHP/Prospectus of the Issuer
Discount	Discount to the Offer Price that may be provided to Bidders/Applicants in accordance with the SEBI ICDR Regulations.
Draft Prospectus	The draft prospectus filed with SEBI in case of Fixed Price Issues and which may mention a price or a Price Band
Employees	Employees of an Issuer as defined under SEBI ICDR Regulations and

Term	Description
	including, in case of a new company, persons in the permanent and full time employment of the promoting companies excluding the Promoter and immediate relatives of the promoter. For further details Bidder/Applicant may refer to the RHP/Prospectus
Equity Shares	Equity shares of the Issuer
Escrow Agreement	Agreement to be entered into among the Issuer, the Registrar to the Offer, the Book Running Lead Managers, the Escrow Collection Bank(s) and the Refund Bank(s) for collection of the Bid Amounts from Anchor Investors and remitting refunds of the amounts collected to the Anchor Investors on the terms and conditions thereof
Escrow Collection Bank(s)	Refer to definition of Banker(s) to the Offer
FCNR Account	Foreign Currency Non-Resident Account
First Bidder/Applicant	The Bidder/Applicant whose name appears first in the Bid cum Application Form or Revision Form
Fixed Price Issue/Fixed Price Process/Fixed Price Method	The Fixed Price process as provided under SEBI ICDR Regulations
Floor Price	The lower end of the Price Band, at or above which the Offer Price and the Anchor Investor Offer Price may be finalised and below which no Bids may be accepted, subject to any revision thereto
FPI	Foreign portfolio investor registered under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014.
FPO	Further public offering
Foreign Venture Capital Investors or FVCIs	Foreign Venture Capital Investors as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investors) Regulations, 2000
IPO	Initial public offering
Offer Price	The final price, less discount (if applicable) at which the Equity Shares may be Allotted in terms of the Prospectus. The Offer Price may be decided by the Issuer in consultation with the Book Running Lead Managers.
Maximum RII Allottees	The maximum number of RIIs who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot.
MICR	Magnetic Ink Character Recognition - nine-digit code as appearing on a cheque leaf
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Mutual Funds Portion	5% of the QIB Portion (excluding the Anchor Investor Portion) available for allocation to Mutual Funds only, being such number of equity shares as disclosed in the RHP/Prospectus and Bid cum Application Form
NACH	National Automated Clearing House
NEFT	National Electronic Fund Transfer
NRE Account	Non-Resident External Account
NRI	NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the RHP/Prospectus constitutes an invitation to subscribe to or purchase the Equity Shares
NRO Account	Non-Resident Ordinary Account
Non-Institutional Investors or NIIs	All Bidders/Applicants and Category III FPIs that are not QIBs or RIBs and

Term	Description
	who have Bid for Equity Shares for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRI Bidders)
Non-Institutional Category	The portion of the Offer being such number of Equity Shares available for allocation to NIIs on a proportionate basis and as disclosed in the RHP/Prospectus and the Bid cum Application Form
Non-Resident	A person resident outside India, as defined under FEMA and includes Eligible NRI Bidders, FVCIs registered with SEBI, FPIs and QFIs
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
Offer	Public issue of Equity Shares of the Issuer including the Offer for Sale if applicable
Offer for Sale	Public offer of such number of Equity Shares as disclosed in the RHP/Prospectus through an offer for sale by the Selling Shareholder
Offer Price	The final price, less discount (if applicable) at which the Equity Shares may be Allotted to Bidders other than Anchor Investors, in terms of the Prospectus. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price The Offer Price may be decided by the Issuer, in consultation with the Book Running Lead Managers
Other Investors	Investors other than Retail Individual Bidders in a Fixed Price Issue. These include individual applicants other than Retail Individual Bidders and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for.
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
Price Band	Price Band with a minimum price, being the Floor Price and the maximum price, being the Cap Price and includes revisions thereof. The Price Band and the minimum Bid lot size for the Offer may be decided by the Issuer, in consultation with the Book Running Lead Managers and advertised, at least five working days in case of an IPO and one working day in case of FPO, prior to the Bid/ Offer Opening Date, in English national daily, Hindi national daily and regional language at the place where the registered office of the Issuer is situated, newspaper each with wide circulation.
Pricing Date	The date on which the Issuer, in consultation with the Book Running Lead Managers, finalise the Offer Price
Prospectus	The prospectus to be filed with the RoC in accordance with Section 26 of the Companies Act, 2013 after the Pricing Date, containing the Offer Price ,the size of the Offer and certain other information
Public Offer Account	A bank account opened with the Banker to the Offer to receive monies from the Escrow Account and from the ASBA Accounts on the Designated Date
QIB Portion	The portion of the Offer being such number of Equity Shares to be Allotted to QIBs on a proportionate basis
Qualified Institutional Buyers or QIBs	As defined under SEBI ICDR Regulations
RTGS	Real Time Gross Settlement
Red Herring Prospectus/ RHP	The red herring prospectus issued in accordance with Section 32 of the Companies Act, 2013 which does not have complete particulars of the price

Term	Description
	at which the Equity Shares are offered and the size of the Offer. The RHP may be filed with the RoC at least three days before the Bid/ Offer Opening Date and may become a Prospectus upon filing with the RoC after the Pricing Date. In case of issues undertaken through the fixed price process, all references to the RHP should be construed to mean the Prospectus
Refund Account(s)	The account opened with Refund Bank(s), from which refunds to Bidders of the whole or part of the Bid Amount may be made.
Refund Bank(s)	Refund bank(s) as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Registrar and Share Transfer Agents or RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI.
Refunds through electronic transfer of funds	Refunds through NACH, Direct Credit, NEFT, RTGS or ASBA, as applicable
Registered Broker	Stock Brokers registered with the Stock Exchanges having nationwide terminals, other than the members of the Syndicate
Registrar to the Offer/RTI	The Registrar to the Offer as disclosed in the RHP/Prospectus and Bid cum Application Form
Retail Individual Bidders/ Retail Individual Investors / RIIs	Investors who applies or bids for a value of not more than ₹ 200,000.
Retail Individual Shareholders	Shareholders of a listed Issuer who applies or bids for a value of not more than ₹ 200,000.
Retail Category	The portion of the Offer being such number of Equity Shares available for allocation to RIIs which shall not be less than the minimum bid lot, subject to availability in RII category and the remaining shares to be allotted on proportionate basis.
Revision Form	The form used by the Bidders in an issue through Book Building process to modify the quantity of Equity Shares and/or bid price indicates therein in any of their Bid cum Application Forms or any previous Revision Form(s)
RoC	The Registrar of Companies
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
Self Certified Syndicate Bank(s) or SCSB(s)	A bank registered with SEBI, which offers the facility of ASBA and a list of which is available on http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html
Specified Locations	Refer to definition of Broker Centres
Stock Exchanges/ SE	The stock exchanges as disclosed in the RHP/Prospectus of the Issuer where the Equity Shares Allotted pursuant to the Offer are proposed to be listed
Syndicate	The Book Running Lead Managers, and the Syndicate Member(s)
Syndicate Agreement	The agreement to be entered into among the Issuer, and the Syndicate in relation to collection of ASBA Forms by Syndicate Member
Syndicate Member(s)/SM	The Syndicate Member(s) as disclosed in the RHP/Prospectus
Underwriters	The Book Running Lead Managers and the Syndicate Member(s)
Underwriting Agreement	The agreement amongst the Issuer, and the Underwriters to be entered into

Term	Description
	on or after the Pricing Date
Working Day	Working Day” means all days, other than the second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai are open for business; provided however, with reference to the time period between (a) announcement of Price Band; and (b) Bid/ Offer Period, “Working Day” shall mean all days, excluding all Saturdays, Sundays or a public holiday, on which commercial banks in Mumbai are open for business; and with reference to the time period between the Bid/ Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, “Working Day” shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays as per the SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is governed by the provisions of the FDI Policy and FEMA Regulations. The government bodies responsible for granting foreign investment approvals are the concerned ministries/departments of the Government of India and the RBI. The GoI abolished Foreign Investment Promotion Board. Accordingly, pursuant to the Office Memorandum dated June 5, 2017 issued by the Department of Economic Affairs, Ministry of Finance, approval for foreign investment under the FDI Policy and FEMA has been entrusted to the concerned ministries/departments.

Foreign investment is permitted (except in the prohibited sectors) in Indian companies, either through the automatic route or the approval route, depending upon the sector in which foreign investment is sought to be made. The DIPP makes policy announcements on FDI through press notes and press releases which are notified by the RBI as amendments to the FEMA Regulations. In case of any conflict, the FEMA Regulations prevail. The regulatory framework, over a period of time, thus, consists of acts, regulations, press notes, press releases, and clarifications among other amendments. The consolidated FDI policy circular of 2017, effective August 28, 2017 issued by the DIPP ("**FDI Circular**") consolidates the policy framework in force as on August 28, 2017 and reflects the FDI Policy as on August 28, 2017. Further, the FDI Circular consolidates and subsumes all the press notes, press releases, and clarifications on FDI issued by DIPP. In terms of the FDI Circular, as amended, a defence company is permitted to have FDI of up to 49% under the automatic route. FDI above 49% is under approval route on case to case basis, wherever it is likely to result in access to modern and 'state-of-art' technology in India.

Transfer of shares between an Indian resident and a non-resident does not require the prior approval of RBI, provided that (i) the activities of the investee company are under the automatic route under the FDI Circular and transfer does not attract the provisions of the Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Circular; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI and the RBI.

As per the existing policy of the GoI, OCBs cannot participate in this Offer.

The above information is given for the benefit of the Bidders. The Selling Shareholder, our Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Offered Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION VIII - MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Pursuant to the Companies Act and the SEBI ICDR Regulations the main provisions of our Articles of Association relating to, among others, voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or on their consolidation/splitting are detailed below. Please note that each provision herein below is numbered as per the corresponding article number in our Articles and capitalised/defined terms herein have the same meaning given to them in our Articles. Subject to our Articles, any words or expression defined in the Companies Act, 2013 shall, except so where the subject or context forbids; bear the same meaning in these Articles.

1. In the interpretation of these Articles the following expressions shall have the following meanings, unless there be something in the subject or Definition context inconsistent therewith:

“**The Company**” means Hindustan Aeronautics Limited.

“**The Act**” or “**the said Act**” means the Companies Act, 2013and the Rules framed thereunder, including any statutory modification or re-enactment thereof for the time being in force containing the provisions of the Legislature in relation to Companies.

“**The Articles**’’ means the Articles of Association of the Company, for the time being in force.

“**Applicable Law**” means the Act, and as appropriate, includes any statute, law, listing agreement, regulation, ordinance, rule, judgement, order, decree, bye-law, clearance, directive, guideline, policy, requirement, notifications and clarification or other governmental instruction or any similar form of decision of, or determination by, or any interpretation or administration having the force of law of any of the foregoing, by any governmental authority having jurisdiction over the matter in question, or mandatory standards as may be applicable from time to time.

“**Statutory Auditors**” means and include those persons appointed as such for the time being by the Comptroller &Auditor General of India

“**The Office**” means the Registered Office for the time being of the Company.

“**The President**” means the President of India.

“**The Central Government**” means the Government of India. In these articles, the expression “**Government of India**” shall include “The President of India”.

“**Government Company**” means a Government Company as defined in the Act.

“**Board**” or “**Board of Directors**” in relation to the Company means the collective body of the directors of the Company.

“**Board Meeting**” means a meeting of the Directors duly called and constituted.

“**Capital**” means the Capital for the time being raised or authorized to be raised for the purposes of the Company.

“**Director**” means the director of the Company for the time being, appointed as such, to the Board.

“**Independent Director**” means an Independent Director referred to in Sub-section (6) of Section 149 of the Act.

“**Key Managerial Personnel**” (KMP) mean such persons as defined in Section 2(51) of the Act.

“**Managing Director**” (MD) means a Director who, by virtue of the articles of the Company or an agreement with the Company or a resolution passed in its General Meeting, or by its Board of Directors, is entrusted with substantial powers of management of the affairs of the Company and includes a Director occupying the position of Managing Director, by whatever name called.

"**Whole-Time Director**" (''WTD'') means and includes a director in the whole-time employment of the Company.

"**The Chairman**" means the Person who acts as a Chairman of the Board of Directors for the time being of the Company.

"**Committee**" means any committee of the Board of Directors of the Company formed as per the requirement of Act or for any other purpose as the Board may deem fit.

"**Chief Executive Officer**" (CEO) or "**Chairman and Managing Director**" (CMD) means an officer of a Company, who has been designated as such by the Company.

"**Chief Financial Officer**" (CFO) means a person appointed as Chief Financial Officer of the Company.

"**Company Secretary or Secretary**" means a company secretary as defined in clause (c) of Sub-section (1) of Section 2 of the Company Secretaries Act, 1980 (56 of 1980) who is appointed by the Company to perform the functions of a company secretary under the Act.

"**Dividend**" includes any interim dividend.

"**Gender**"-words importing the masculine gender also include the feminine gender.

"**In Writing**" and "**Written**" means and include printing, typing, lithography, computer mode and other modes of representing or reproducing words in a visible form.

"**Executor**" or "**Administrator**" means a person who has obtained probate or letters of Administration as the case may be, from some competent court.

"**Member or Members**" in relation to a company means- (a) the subscribers to the Memorandum of Association of the Company who shall be deemed to have agreed to become member of the Company, and on its registration, shall be entered as member in its register of members; (b) every other person who agrees in writing to become a member of the Company, and whose name is entered in the register of members of the Company; (c) every person holding shares in the Company and whose name is entered in Register of Beneficial Owners as Beneficial Owner.

"**Memorandum of Association**" or "Memorandum" means mean Memorandum of Association of the Company as originally framed or as altered from time to time in pursuance of any previous company law or of the Act.

"**Register of Beneficial Owners**" means the register of members in case of shares held with a Depository in any media as may be permitted by law, including in any form of Electronic Mode.

"**Register of Members/ Register of Debenture holders**" means the Register of Members including any Foreign Register / Register of Debenture holders which the Company may maintain pursuant to the Act and include Register of Beneficial Owners.

"**Meeting**" or "**General Meeting**" means a meeting of Members of the Company whether an Annual General Meeting or an Extraordinary General Meeting.

"**Annual General Meeting**" means a General Meeting of the Members held in accordance with the provisions of Section 96 of the Act or any adjourned meeting thereof.

"**Extraordinary General Meeting**" means an Extraordinary General Meeting of the Members duly called and constituted and any adjourned holding thereof.

“**Electronic Mode**” means electronic medium of communication including video conferencing or other audio-visual means or other electronic communication facility capable of being recorded, as may be applicable.

“**Postal Ballot**” means voting by post through postal papers distributed amongst eligible voters and shall include voting by Electronic Mode or any other mode as permitted under Applicable Law.

“**Month**” means Calendar month.

“**Paid up**” means the Capital which is paid up presently.

“**Persons**” includes any artificial juridical person, corporations or such other entities as are entitled to hold property in their own name.

“**Seal**” means the Common Seal for the time being of the Company.

“**Share**” means share into which the capital of the Company is divided whether held in tangible or fungible form.

“**Security or Securities**” means Shares, Debentures and /or such other securities as may be treated as securities under Applicable Law.

“**Debenture**” includes debenture-stock, bonds and any other debt securities of the Company, whether constituting a charge on the assets of the Company or not.

“**Singular Number**” words importing the singular number include where the context admits or requires the plural number and vice versa.

“**Special Resolution**” and “**Ordinary Resolution**” shall have the meaning assigned thereto respectively by the said Act.

“**Stock Exchanges**” means the stock exchanges in India where the equity shares of the Company are proposed to be listed.

“**Year**” means the calendar year. “Financial year” shall have the meaning assigned thereto by Section 2(41) of the Act.

“**The marginal notes**” and “**catch lines**” hereto shall not affect the construction hereof. Subject as aforesaid, any words or expressions defined in the Act shall, except where the subject or context forbids, bear the same meaning in these Articles.

“**Depositories Act**” shall mean a Depository Act, 1996 and includes any statutory modification or enactment thereof.

“**Depository**” shall mean a Depository as defined under clause (e) of sub-section (1) of Section 2 of the Depository Act, 1996 and includes a Company formed and registered under the Companies Act, 1956 which has been granted a certificate of registration under Sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992, or any statutory modification or re-enactment thereof.

“**Beneficial Owner(s)**” shall means and include the beneficial owner(s) as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996, or any statutory modification or re-enactment thereof.

“**These presents**” or “**Regulations**” means these Articles of Association as originally framed or altered from time to time and includes the Memorandum where the context so requires.

Subject as aforesaid, any words or expression defined in the Act shall except so where the subject or context forbids, bear the same meaning in these Articles''.

2. The regulation contained in Table 'F' in the First Schedule to the Act shall apply, unless otherwise specified in the Articles and subject to and except in so far as they are amended or altered by the following articles. **Table F to apply**

That the provisions of the Articles and Memorandum of Association are not inconsistent with the provisions of the Securities and Exchange Board of India (Listing obligations and Disclosure requirements) Regulations, 2015 or any other applicable law, Rules or Regulations including bye-laws issued by the Stock Exchanges from time to time.

PUBLIC COMPANY

3. The Company is public limited Company within the meaning of Section 2(71) of the Act. **Public Limited Company**

GOVERNMENT COMPANY

4. The Company is a Government Company within the meaning of Section 2(45) of the Act. **Government Company**

CAPITAL AND INCREASE AND REDUCTION IN CAPITAL

5. The authorised share capital of the Company shall be such amounts and be divided into such shares as may, from time to time, be provided in Clause V of the Memorandum of Association with such rights, privileges and conditions attached thereto as are provided by the regulations of the Company and with powers to the Company as permitted by the Act, to increase, reduce, modify the said capital and to divide the shares of the Company into several classes and attach thereto preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify or abrogate any such rights, privileges, or conditions in such manner as may for the time being be provided by the Company's regulations and allowed by law. **Amount of Capital**

6. No part of the funds of the Company shall be employed in the purchase of or in loans upon the security of the Company's shares **Company's Shares not to be purchased**

7. Notwithstanding anything contained in these articles but subject to the provisions of Section 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the Company may purchase its own shares or other specified securities. **Buyback of shares**

8. Subject to the provisions of the Act and the Articles, the Shares in the Capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons in such proportion and on such terms and conditions as they think fit, either at par or at a premium (subject to the compliance with the provisions of the Act) and for such consideration and at such time as the Directors may from time to time think fit and with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium and for such consideration as the Directors think fit and may issue and allot shares in the Capital of the Company on payment in full or part of any property sold or transferred or for any services **Allotment of Shares.**

rendered to the Company in the conduct of its business and any shares which may be so allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid up shares, provided that the option or right to call for shares shall not be given to any person or persons without the sanction of the Company in the General Meeting;

Payment of Commission

9. The Company may exercise the powers of paying commission conferred by Section 40(6) of the Act, provided such percentage would be disclosed in the manner required by the Section. The rate of commission shall not exceed five percent of the price at which the shares in respect whereof the same is paid are issued or an amount equal to five percent of such price as the case may be. The commission may be satisfied by the payments of cash or the allotment of fully or partially paid shares or partly in one way and partly in the other. The Company may also on the issue of shares pay such brokerage as may be lawful.

Increase / reduction of Capital by the Company

(a) The Company in General Meeting shall have powers to increase or reduce the share capital in the manner provided for and in accordance with the provisions of Sections 61, 64 and 66 of the Act. The Company shall have the right to increase the capital by the creation of new shares, such increase to be the aggregate amount and to be divided into shares of such respective amounts as resolutions shall prescribe. The new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the resolution shall prescribe and in particular such share may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with the right of voting at the general meeting of the Company and with right of voting at the general meeting of the Company in conformity with Section 47 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article, the Board shall comply with the provisions of Section 64 of the Act. Except so far as otherwise provided, any new capital raised and the shares issued in that regard shall be subject to all conditions to which the existing capital and the shares are subject to.

(b) The Company may, subject to Section 66 of the Act, from time to time, by special resolution reduce its capital in any authorised manner and in particular pay off any part of the capital on the footing that it may be called up again or otherwise.

New Capital same as Existing Capital

11. Except so far as otherwise provided by the conditions of issue or by these Articles any Capital raised by the creation of new shares shall be considered as part of the original Capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and instalments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

Further issue of Shares Capital

Subject to provisions of Section 62 of the Act and any other law for the time being in force, where at any time, the Company propose to increase the subscribed capital by the issue of further shares, such share shall be offered:

(a.) to the persons who, at the date of the offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid up on those shares;

(b.) to employees under a scheme of employees’ stock option, subject to special resolution passed by company;

(c.) to any persons, if it is authorised by a special resolution, whether or not those persons include the persons referred to in clause (*a*) or clause (*b*), either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer.

Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option as a term attached to the debentures issued or loans raised by the Company to convert such debentures or loans into shares in the Company

PROVIDED THAT the terms of issue of such debentures or loan containing such an option have been approved before the issue of such debentures or raising of loan by a special resolution passed by Company in general meeting.

Sub-division and consolidation of shares

13. Subject to the provisions of Section 61 of the Act, the Company in General Meeting may from time to time sub-divide or consolidate its shares, or any of them and the Resolution where by any share is sub-divided, may determine, that, as between the holders of the shares resulting from such sub-division, one or more of such shares shall have some preference or special advantage as regards dividends, capital or otherwise over or as compared with the others or other. Subject as aforesaid, the Company in General Meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

Modification of Rights of holders of special classes of shares

14. Whenever the Capital, by reason of the issue of Preference shares or otherwise, is divided into different classes of shares all or any of the rights and privileges attached to each class may, subject to the provisions of Section 48of the Act, be modified, commuted, affected or abrogated, or dealt with by agreement between the Company and a person purporting to contract on behalf of that class, provided such agreement is ratified in writing by holders of atleast three- fourths in nominal value of the issued shares of that class or is confirmed by a special resolution passed at a separate General Meeting of the holders of shares of that class and supported by the votes of the holders of at least three-fourth of the holders of the shares of that class those shares and all the provisions hereinafter contained as to General Meeting shall mutatis mutandis apply to every such Meeting, except that the quorum thereof shall be Members holding or representing by proxy one-fifth of the nominal amount of the issued shares of that class.

SHARES AND CERTIFICATES

Register and Index of Members, Debenture holders and other security holders

15. The Company shall cause to be kept a Register and Index of Members, Debenture holders and other security holders in accordance with Section 88 of the Act.

Shares to be numbered progressively and no share to be sub-divided

16. The shares in the Capital shall be numbered progressively according to their several denominations, and, except in the manner hereinbefore mentioned, no share shall be sub-divided.

Instrument of Transfer

17. The Instrument of Transfer shall be in writing and all the provisions of Section 56of the Act and of any statutory modifications thereof for the time being shall be duly complied with respect to all transfers of shares and the registration thereof.

Power also to Company in General Meeting to issue shares

18. The Directors of the Company, at such time as they may from time to time think fit, and with the sanction of the Company in General Meeting, may determine that, any shares(whether forming part of the original capital or of any increased capital of the Company) shall be offered to such persons (whether Members or not) in such proportion and on such terms and conditions and either (subject to compliance with the provisions of the Act) at a premium or at par as such General Meeting shall determine and with full power to give any person (whether a Member or not) the option or right to call for or be allotted shares of the Company either (subject to compliance with the provisions of the Act) at a premium or at par or , such option being exercisable at such times and for such consideration as may be directed by such General Meeting; or the Company in General Meeting may make any other provisions whatsoever for the issue, allotment or disposal of any shares, subject to the provisions of the Act.

Provided that option or right to call for shares shall not be given to any person except with the sanction of the Company in General Meeting.

Acceptance of Shares.

19. Any application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any shares therein shall be an acceptance of shares within the meaning of Articles; and every person who thus or otherwise accepts any shares and whose name is on the Register shall, for the purposes of these Articles, be a Member.

Deposits and calls etc., to be a debt payable immediately

20. The money (if any) which the Board of Directors shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them, shall immediately on the inscription of the name of the allottee in the Register of Members, as the name of the holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof and shall be paid by him accordingly.

Liability of Members

21. Every Member or his heirs, executors or administrators, shall pay to the Company the portion of the capital represented by his share or shares which may, for the time being, remain unpaid thereon, in such amounts, at such time or times, and in such manner as the Board of Directors shall, from time to time, in accordance with the Company’s regulations, require or fix for the payment thereof.

Share Certificate

22. Every person whose name is entered as a member in the Register of Members shall, without payment, be entitled to receive within two months after allotment or within one month from the registration of transfer, transmission , sub-division, consolidation or renewal of any of its shares as the case may be a certificate under the common seal of the Company, in such form as the Directors shall prescribe or approve, specifying the share or shares held by him and the amount paid thereon, subject to such rules and regulations as may be prescribed by Law from time to time. The share certificate may be issued in lots convenient to the Company. Where Share Certificates issued in either more or less than market lots, sub-division or consolidation of share certificates into market lots shall be done free of charge. The market lots of shares shall be 100 only, or such number as may be stipulated by the Stock Exchanges.

Provided that, in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a Certificate for a share to one or several joint holders shall be sufficient delivery to all.

Every certificate of shares shall specify the number and distinctive numbers of the shares in respect of which it is issued and the amount paid up thereon and shall be signed by two Directors and the Secretary or some other person appointed by the Directors.

Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person, to whom it has been issued, indicating the date of issue. Where the securities are dealt with in a depository, the Company shall intimate the details of allotment of securities to such depository immediately on allotment of such securities. Furthermore, the Company shall comply with the provisions of the Act.

Renewal of Certificates

23. If there is no further space on the back of a share certificate for endorsement of transfer or where a share certificate is old, defaced or worn out, it shall, on request be replaced by a new certificate free of cost, but a renewal of certificates in the case of certificates torn through, mutilated, destroyed, or lost, shall be made in accordance with the Companies (Share Capital and Debentures) Rules, 2014 , framed under the Act on payment of such charge, not exceeding Rupees two, as may from time to time be prescribed by the Board; provided, however, that such new certificates shall not be granted except upon production and surrender of the worn out, defaced, mutilated or used up certificate for the purpose of cancellation or upon proof of destruction or loss to the satisfaction of the company and on execution of such indemnity as the Company deem adequate. Any renewal certificate shall be marked as such.

Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulations or requirements of any Stock Exchange or the rules made under the Act or rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable thereof in this behalf.

The provision of this Article shall mutatis mutandis apply to debentures of the Company.

The first name of Joint holders deemed sole holder.

24. If any share stands in the name of two or more persons, the person first named in the Register shall as regards receipt of dividends or bonus or service of notices and all or any other matter connected with the Company; except voting at meetings, and the transfer of the shares, be deemed the sole holder thereof, but the joint holders of a share shall be severally as well as jointly liable for the payment of all instalments and calls dues in respect of such share and for all incidents thereof according to the Company’s regulations.

Company not bound to recognize any interest on share other than that of registered holders

25. Except as ordered by a Court of Competent Jurisdiction or as by law required, the Company shall not be bound to recognise any equitable, contingent, future or partial interest in any share, or (except only as is by these presents otherwise expressly provided) any right in respect of a share other than an absolute right thereto, in accordance with these presents, in the person from time to time registered as the holder thereof; but the Board shall be at liberty at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.

Directors may make calls.

26. The Board of Directors may, from time to time, by a resolution passed at a meeting of the Board (and not by a Resolution by circulation) make such call as it thinks fit upon the Members in respect of all moneys unpaid on the shares held by them respectively, and each Member shall pay the amount of every

call so made on him to the persons and at the times and places appointed by the Board of Directors. A call may be made payable by instalments.

27. Fifteen days' notice at the least or any such period as may be provided by the Act, applicable rules and regulations, notice in writing of any call shall be given by the Company specifying the time and place of payment, and the person or persons to whom such call shall be paid. **Notice of calls**

28. Call shall be deemed to have been made at the time when the resolution authorising such call was passed at a meeting of the Board of Directors. **Calls to date from resolution**

29. Subject to Section 49 of the Act, if any Member fails to pay any call due from him on the day appointed for payment thereof or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board of Directors, but nothing in this Article shall render it compulsory for the Board of Directors to demand or recover any interest from any such Member. The provisions of these Articles shall Mutatis mutandis apply to the calls on debentures of the Company. **Calls to carry interest**

30. On the trial or hearing of any action or suit brought by the Company against any Member or his representatives for the recovery of any money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the Member in respect of whose shares the money is sought to be recovered, appears entered on the Register of Members as the holder at or subsequently to the date at which the money sought to be recovered is alleged to have become due on the shares in respect of which such money is sought to be recovered; that the resolution making the call is duly recorded in the minute book; and that notice of such call was duly given to the Member or his representatives sued in pursuance of these presents; and it shall not be necessary to prove the appointment of the Directors who made such call nor that a quorum of Directors was present at the Board at which any call was made not the meeting at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive of the debt. **Proof on trial of suit for money due on shares.**

31. Neither the receipt by the Company of a portion of any money which shall from time to time be due from any Member to the Company in respect of his shares, either by way of principal or interest nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided. **Partial payment not to preclude forfeiture**

32. The Board may, if it thinks fit, subject to the provisions of the Act, agree to and receive from any Member willing to advance the same, all or any part of the amounts of their respective shares beyond the sums actually called up; and upon the moneys so paid in advance, or upon so much thereof, from time to time and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the shares on account of which such advances are made, the Company may pay or allow interest at such rate as the Member paying the sum in advance and the Board agree upon. **Payment in anticipation of calls may carry interest.**

The Board may agree to repay at any time any amount so advanced or may at any time repay the same upon giving to the Member three months' notice in writing.

Money paid in advance of calls on any shares may carry interest, but shall not entitle the holders of the share to participate in respect thereof any dividend subsequently declared or to participate in profits or to any voting rights.

The Member shall not be entitled to any voting rights in respect of the monies so paid by him until the same would but for such payment, become presently payable.

The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the company.

33. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof. **Liability of joint holders**

LIEN

34. (i) The Company shall have a first and paramount lien upon all the Shares/Debentures (other than fully paid-up shares) registered in the name of each member whether solely or jointly with others and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/Debentures and no equitable interest in any Shares/Debentures shall be created except upon the footing and condition that Articles 25 hereof will have full effect, and such lien shall extend to all dividends and bonuses from time to time declared in respect of such Shares/Debentures, Unless otherwise agreed the registration of transfer of Shares/Debentures shall operate as a waiver of the Company's lien, if any, on such Shares/Debentures. The Directors may at any time declare any Shares/Debentures wholly or in part to be exempt from the provisions of this clause. **Company's lien on Shares**

(ii) The fully paid shares will be free from all liens, while in the case of partly paid shares, the Company's lien, if any, will be restricted to monies called or payable at a fixed time in respect of such shares.

35. For the purpose of enforcing such lien, the Board of Directors may sell the shares subject thereto, in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and may authorise any of their members to execute a transfer thereof on behalf of and in the name of such Member. No sale shall be made until such period as aforesaid shall have arrived, and until notice in writing of the intention to sell shall have been served on such Member or his representatives and default shall have been made by him or them in payment, fulfilment, or discharge of such debts, liabilities or engagements for fourteen days after such notice. **As to enforcing lien by sale**

36. The net proceeds of any such sale shall be applied in or towards satisfaction of the said debts, liabilities or engagements and the balance (if any) paid to such Member, his representatives or assigns. **Application of proceeds of sale**

FORFEITURE OF SHARES

37. If any Member fails to pay any call or instalment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board of Directors may, at any time thereafter, during such time as the call or instalment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment. **If money payable on share not paid, notice to be given to Member.**

Term of notice

38. The notice shall name a day (not being less than fourteen days from the date of the notice) and a place or places on and at which such call or instalment and such interest and expenses as aforesaid are to be paid. The notice shall also state, that in the event of the non-payment at or before the time and at the place appointed, the shares in respect of which the call was made or instalment is payable will be liable to be forfeited.

In default of payment, shares to be forfeited.

39. If the requirements of any such notice as aforesaid shall not be complied with, every or any share in respect of which such notice has been given, may at any time thereafter before payment of all calls or instalments, interest and expenses due in respect thereof, be forfeited by a resolution of the Board of Directors to that effect.

Notice of forfeiture to a Member

40. When any share shall have been so forfeited, notice of the forfeiture shall be given to the Member, in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members.

Forfeited share to be property of the Company and may be sold etc.

41. Any share so forfeited, shall be deemed to be property of the Company, and may be sold, re-allotted, or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board of Directors shall think fit.

42. Any Member, whose shares have been forfeited, shall not with standing the forfeiture, be liable to pay and shall forthwith pay to the Company on demand all calls, instalments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture, together with interest thereon from the time of the forfeiture, until payment of such rate not exceeding nine percent per annum as the Board of Directors may determine and the Directors may enforce the payment thereof, if it thinks fit.

Effect of forfeiture

43. The forfeiture of a share shall involve extinction, at the time of the forfeiture, of all interest in and all claims and demands against the Company, in respect of the Share and all other rights incidental to the share, except only such of those rights as by these present are expressly saved.

Validity of sale

44. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the power hereinbefore given the Board of Directors may appoint some person to execute an instrument of transfer of the share sold, and cause the purchaser's name to be entered in the Register in respect of the shares sold, and the purchaser shall not be bound to see to the regularity of the proceedings or to the application of the purchase money, and after his name has been entered in the Register in respect of such shares, the validity of the sale shall not be impeached by any person, and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

Cancellation of share certificate in respect of forfeited shares.

45. Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Member) stand cancelled and become null and void and of no effect.

Power to annul forfeiture.

46. The Board of Directors may at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of annul the forfeiture thereof upon such conditions as it thinks fit.

TRANSFER AND TRANSMISSION OF SHARES

47. The Company shall keep a book, to be called the "Register of Transfers", and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any share. **Register of transfers.**

48. Shares in the Company shall be transferred in the form prescribed by the Companies (Share Capital and Debentures) Rules, 2014 or such other form as may be prescribed by Government from time to time in this behalf. **Form of transfer**

Notwithstanding anything contained on the subject elsewhere in the Articles, no instrument of transfer would be required and the provisions of Section 56 of the Act will not apply if transfer of shares is affected by the transferor and transferee, both of whom are entered as beneficial owners in the records of the Depository.

49. Every such instrument of transfer shall be executed both by the transferor and the transferee and attested and the transferor shall be deemed to remain the holder of such share until the name of the transferee shall have been entered in the Register of Members in respect thereof. **To be executed by transferor and transferee**

50. The right of Members to transfer their shares shall be restricted as follows:- **Right of members to transfer shares**

(a) Shares may be transferred freely by a Member or other person entitled to transfer.

(b) Subject to the provisions of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, these Articles and other applicable provisions of the Act, or any other law for the time being in force, the Board of Directors may, in their absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of, or transmission by operation of law of the right to, any Shares or interest of a member in or debentures of the Company.

The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to the Company, send to the transferee and transferor notice of the refusal to register such transfer, or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal.

Provided that registration of a transfer of shares shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except a lien on the shares.

51. Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holders of any shares or whose name appears as the beneficial owner of shares in the records of the Depository, as the absolute owner thereof and accordingly shall not (except as ordered by a Court of competent jurisdiction or as by law required) be bound to recognise any benami trust or equity or equitable, contingent or other claim to or interest in such share or the part of any person whether or not it shall have express or implied notice thereof.

The shares may be transferred by the President in favour of the nominee of the President or the successor of the shareholder in the appointment held by them in the Government of India.

52. The Board may, subject to the right of appeal conferred by Section 58 of the Act and other Applicable Law decline to register- **Refusal of Registration of Transfer**

(i) The transfer of a share, not being a fully paid share, to a person of whom they do not approve; or

(ii) any transfer of shares on which the company has a lien.

53. The Board may decline to recognize any instrument of transfer unless-

(i) the instrument of transfer is in the form as prescribed under sub-section (1) of Section 56 of the Act or Applicable Law;

(ii) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and

(iii) the instrument of transfer is in respect of only one class of shares.

54. No share shall in any circumstances be transferred to any minor, insolvent or person of unsound mind. **No transfer to minor etc.**

55. The Board of Directors shall have power of giving seven days previous notice by advertisement in a newspaper in a vernacular language of the district and at least once in English language in an English news paper, having wide circulation in the place where registered office is situated and on the website of the Company, to close the transfer books, the Register of members or Register of Debenture-holders or other securities holders at such time or times and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty-five days in each year, as to it may seem expedient. **Transfer books when closed**

56. In the case of the death of anyone or more of the persons named in the Register of Members as the joint-holders of any share, the survivor or survivors shall be the only persons recognized by the Company as having any title to or interest in such share but nothing here in contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person. **Death of one or more joint-holders of share.**

57. The executors or administrators of a deceased Member, (not being one of two or more joint-holders) shall be the only persons recognised by the Company as having any title to the shares registered in the name of such Member, and the Company shall not be bound to recognise such executors or administrators unless such executors or administrators shall have first obtained Probate or Letters of Administration, as the case may be, from a duly constituted Court in the Union of India, provided that in any case where the Board of Directors in its absolute discretion thinks fit, the Board of Directors may dispense with production of Probate or Letters of Administration, and register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased Member, as a Member. **Title to shares of deceased Member.**

58. (i) Pursuant to the provisions of the Act, every holder of shares in, or holder of debentures of the Company may, at any time nominate, in the prescribed manner, a person to whom his shares in or debentures of, the Company shall vest in the event of his death. **Nomination of Shares and Debentures**

(ii) Where the shares in, or debentures of, the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all rights in the shares or debentures of the Company shall vest in the event of death of all the joint holders.

(iii) Where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in or debentures of the Company, the nominee shall, on the death of the shareholder or holder of debentures of the Company or as the case may be, on the death of the joint holders, become entitled to all the rights in the shares in or debentures of the Company or, as the case may be, on the death of the joint holders, in relation to such shares in, or debentures of the Company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.

(iv) Where the nominee is a minor, it shall be lawful for the holder of the shares, or holder of debentures, to make the nomination to appoint in the prescribed manner any person to become entitled to shares in or debentures of, the Company, in the event of his death, during the minority.

(v) Pursuant to the provisions of the Act, any person who becomes nominee by virtue of the provisions of the Act, upon the production of such evidence as may be required by the Board and subject as hereinafter provided, elect either; to be registered himself as holder of the share or debenture, as the case may be; or to make such transfer of the share or debenture, as the case may be, as the deceased shareholder or debenture holder, as the case may be, could have made.

(vi) If the person being a nominee, so becoming entitled, elects to be registered as holder of share or debenture, himself as the case may be, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debenture holder, as the case may be.

(vii) All the limitations, restrictions and provisions of the Act relating to the right to transfer and the registration of transfer of shares or debentures shall be applicable to any such notice or transfer as aforesaid as if the death of the member had not occurred and the notice of transfer signed by that shareholder or debenture holder, as the case may be.

(viii) A person, being a nominee, becoming entitled to a share or debenture by reason of the death of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share or debenture, except that he shall not, before being a registered a member in respect of this share or debenture be entitled in respect of it to exercise any right conferred by membership or on the debenture holder in relation to meetings of the Company.

(ix) Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses, interest or other moneys payable in respect of the share or debenture, until the requirements of the notice have been complied with.

59. Any General Meeting may resolve that any moneys, investments, or other assets forming part of the undivided profits of the Company standing to the credit of the Reserve Fund, or in the hands of the Company, and available for dividend or representing premia received on the issue of shares, and standing to the credit of the share premium account be capitalised, and distributed amongst the shareholders in accordance with their rights on the footing that they become entitled thereto as capital, and that all or any part of such capitalised fund be applied on behalf of the shareholders in paying up in full any unissued shares of the Company and that such unissued shares so fully paid be distributed accordingly amongst the shareholders in the proportion in which they are entitled to receive dividends, and shall be accepted by them in full satisfaction of their interest in the said capitalised sum. For the purpose of giving effect to any resolution under this Article, the Directors may settle any difficulty which may arise in regard to the distribution as they think expedient and in particular, may issue fractional certificates, and may fix the value of distribution of any specific assets, and may determine that cash payments shall be made to any Members upon the footing of the value so fixed or that fractions of less than Rs.1 /-may be disregarded in order to adjust the rights of all parties and may vest any such cases of specific assets in trustees upon such trusts for the persons entitled to the dividend or capitalised fund as may be expedient to the Directors. Where requisite, a proper contract shall be filed in accordance with section 66 of the Companies Act, and the Directors may appoint any person to sign such contract on behalf of the person entitled to the dividend or capitalised fund, and such appointment shall be effective.

Distribution of un-divided profits

60. Subject to the provisions of Article 50 any persons becoming entitled to shares in consequence of the death, lunacy, bankruptcy or insolvency of any member or the marriage of any female member, or by any lawful means other than by a transfer in accordance with these presents, may with the consent of the Board of Directors (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article, or of his title, as the Board of Directors think sufficient, either be registered himself as the holder of the shares or elect to have some persons nominated by him and approved by the Board of Directors, registered as such holder, provided, nevertheless, that if such person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained and, until he does so, he shall not be freed from any liability in respect of the shares. The Directors shall have the same right to refuse to register a person entitled by transmission to any shares or his nominee, as if he were the transferee named in an ordinary transfer presented for registration.

Registration of persons entitled to shares otherwise than by transfer.

61. Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by such evidence as the Board of Directors may require to prove the title of the transferor, his right to transfer the shares and generally under any subject to such conditions and regulations as the Board of Directors shall from time to time prescribe and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board of Directors.

Transfer to be presented with evidence of title.

62. Prior to the registration of a transfer, the certificate or certificates of the share or shares to be transferred must be delivered to the Company along with (save as provided in Section 56) a properly stamped and executed instrument of transfer.

Conditions of registration of transfer.

63. No fee shall be charged for transmission of shares or for registration of any power of Attorney, probate, succession certificate and letters of Administration, Certificate of Death or Marriage, Power of Attorney or other similar documents.

No Fee on transfer or transmission.

No fee shall also be charged for registration of transfers or for issue of new certificates in replacement of those which are old, decrepit, worn out or where the cages on the reverse for recording transfers have been fully utilized.

64. The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or notice in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do.

The Company not liable for disregard of a notice in prohibiting registration of a transfer

65. Subject to the provisions of the Act, or any statutory modification or re-enactment thereof or any other Act, or rules applicable thereof in this behalf and subject to such approval as required in this behalf, the Company shall be entitled to purchase its own shares or other securities.

COPIES OF MEMORANDUM AND ARTICLES TO BE SENT TO MEMBERS

66. Copies of the Memorandum and Articles of Association of the Company and other documents referred to in Section 17 of the Act shall be sent by the Board of Directors to every Member at his request within 7 days of the request on payment of the sum of Rupee One for each copy.

BORROWING POWERS

Power to Borrow

(i) Subject to the provisions of these Articles and Section 179 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 or any statutory modifications thereof for the time being in force, the Board of Directors may from time to time at its discretion, by a resolution passed at a meeting of the Board accept deposits from members, either in advance of calls or otherwise and generally raise or borrow or secure the payment of any sum or sums of money for the Company.

(ii) Subject to the provisions of Section 180 and other applicable provisions of the Act and any Rules framed there under, the Board of Directors of the Company may from time to time at its discretion, borrow money, by a resolution passed at a meeting of the Board. In the event, the money to be borrowed, together with the money already borrowed by the Company, exceeds the aggregate of its paid-up share capital and free reserves, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, the Board shall exercise the powers to borrow such amount only with the consent of the Company by a special resolution in a General Meeting.

68. The payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board of Directors may think fit, and in particular by a resolution passed at a Meeting of the Board(and not by resolution by circulation) by the issue of debentures or debentures stock of the Company, charged upon all or any part of the property of the Company, (both present and future), including its uncalled capital for the time being; and debentures, debenture stock and other securities may be made

The Payment or repayment of money borrowed.

assignable free from any equities between the Company and the person to whom the same maybe issued.

69. Any debenture, debenture-stock or other securities may be issued at premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination, and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares and attending (but not voting), at General Meetings, appointment of Directors and otherwise, Debentures with the right of conversion into or allotment of shares shall be issued only with the consent of the Company in General Meeting by a Special Resolution. **Terms of issue of debentures.**

70. The Board of Directors shall cause a proper Register to be kept in accordance with the provisions of Section 85 of the Act of all mortgages, debentures and charges specifically affecting the property of the Company; and shall cause the requirements of Sections 71, 77 and Sections 79 to 85 (both inclusive) of the Act in that behalf to be duly complied with, so far as they fail to be complied with by the Board of Directors. **Registrar of Mortgages to be kept**

71. The Company shall, if at any time it issues debentures, keep a Register and Index of debenture holders in accordance with Sections 88 of the Act. **Registrar and index of debenture holders**

MEETING OF MEMBERS

72. The first Annual General Meeting of the Company shall be held within a period of nine months from the date of closing of the first financial year of the Company; and there after an Annual General Meeting subject to the provisions of Section 96 of the Act, shall be held within six months after the expiry of each financial year; provided that not more than 15 months shall elapse between the date of one Annual General Meeting and that of the next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Central Government under the provisions of Section 96 of the Act to extend the time within which any Annual General Meeting may be held. Every Annual General Meeting shall be called for a time during business hours, that is between 9 a.m to 6 p.m., on a day, that is not a national holiday and shall be held at the registered office of the Company or at some other places as the Central Government may direct and the Notices calling the Meeting shall specify it as the Annual General Meeting. Every Member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditors. At every general meeting of the Company there shall be laid on the table the Directors' Report and Audited Statement of Accounts, Auditors' Report (if not already incorporated in the Audited Statement of Accounts) the proxy Register with proxies and the Register of Directors' share holdings which latter Register shall remain open and accessible during the continuance of the meeting. The Company shall prepare the Annual Return, Balance Sheet, Profit and Loss account and forward the same to the Registrar of Companies, Karnataka, In accordance with Sections 92 and 137 of the Act. **Annual or Ordinary General Meeting**

73. The Directors may whenever they think fit and they shall on the requisition of the holders of not less than one-tenth of the paid up capital as at that date carries the right of voting of the Company upon which all calls or other sums then due have been paid, forthwith proceed to convene an extraordinary meeting of the Company, and in the case of such requisition the following provisions shall have effect:- **When extraordinary meeting to be called.**

(1) The requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the office and may consist of

several documents, in like form each signed by one or more requisitionists.

(2) If the Directors of the Company do not proceed within twenty- one days from the date of the requisition being so deposited to cause a meeting to be called, on a day not later than 45 days from the date of the deposit, the requisitionists, a majority of them in value may themselves convene the meeting, but any meeting so convened shall be held within three months from the date of the deposit of the requisition.

(3) Any meeting convened under this Article by the requisitionists shall be convened in the same manner as nearly as possible as that in which meetings are to be convened by the Directors.

Twenty one Days' notice of meeting to be given

74. Twenty one clear days' Notice in writing at least of every General Meeting. Ordinary or Extraordinary, and by whomsoever' called, specifying the day, place and hour of meeting, and the general nature of the business to be transacted thereat, shall be given in the manner hereinafter provided, to such persons as are under these Articles entitled to receive notice from the Company. Provided that a general meeting may be called after giving a shorter notice if consent is given in writing or by electronic mode by not less than ninety –five per cent of the members entitled to vote at such meeting. . In the case of Annual General Meeting, if any business other than (i) the consideration of financial statements and reports of the Board of Directors and the Auditors, (ii) the declaration of dividend, (iii) appointment of directors in place of those retiring, (iv) the appointment of and the fixing of the remuneration of the auditors is to be transacted and in the case of any other meeting in any event, there shall be annexed to the notice of the Meeting a statement setting out all material facts concerning each such item of business, including in particular the nature and extent of the interest, if any, therein of every Director, KMP and their relatives. Where any item of business consists of the according of approval to any document by the Meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.

Omission to give notice not to invalidate a resolution passed.

75. The accidental omission to give any such notice as aforesaid to any of the members or the non-receipt thereof, shall not invalidate any resolution passed at any such meeting.

Notice of business to be given.

76. No General Meeting, Ordinary or Extraordinary, shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or notices upon which it was convened.

Quorum at General Meeting

77. The quorum at General Meeting of the Company shall be as provided under the Act.

If quorum not present Meeting to be dissolved or adjourned

78. If, within the expiration of half an hour from the time fixed for the meeting a quorum of Members shall not be present, the Meeting, if convened by or upon the requisition of Members, shall be dissolved, but in any case it shall stand adjourned to such time on the following day or on such other day, and to such place as the Board may determine, and if no such time and place be determined, to the same day in next week, at the same time and place; and if at such adjourned meeting a quorum of Members is not present within the expiration of half an hour from the time fixed for the meeting, those Members who are present shall be a quorum, and may transact the business for which the meeting was called.

79. (i) The President, so long as he is a shareholder of the Company, may from time to time, appoint such person as he thinks fit (who need not be a member of the Company) to represent him at all or any meetings of the Company. **Right of President to appoint any person as his representative**

(ii) A person appointed under sub-clause (i) of this article shall for the purposes of the Act be deemed to be a member of the Company and shall be entitled to exercise the same rights and powers (including the rights to vote by proxy) as the President could exercise as a member of the Company.

(iii) The President may, from time to time cancel any appointment made under sub-clause (i) of this article and make fresh appointments.

(iv) The production at the meeting of an order of the President evidenced as provided in the Constitution of India shall be accepted by the Company as sufficient evidence of any such appointment or cancellation as aforesaid.

80. The Chairman of the Board of Directors shall be entitled to take the chair at every General Meeting, whether Ordinary Meeting or Extraordinary. If there be no such Chairman, or if at any meeting he shall not be present within fifteen minutes of the time appointed for holding such meeting then the Members present shall elect another Director as Chairman and if no Director be present or if all the Directors present decline to take the chair, the Members present shall elect one of their members to be Chairman. **Chairman of General Meeting**

81. At any General Meeting a resolution put to the vote of the meeting shall be decided on show of hands, unless a poll is (before or on the declaration of the result of the show of hands)ordered to be taken by the chairman of the meeting of his own motion or is demanded by any Member or Members present in person, or by proxy and holding shares in the Company (a) which confers the power to vote on the resolution having not less than one-tenth of the total voting power in respect of the resolution or (b) on which an aggregate sum of not less than five lakh rupees has been paid up and unless a poll if so ordered or demanded, a declaration by the chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost and an entry to that effect of the Minute Book of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against that resolution. **Question at General Meeting how decided.**

82. In the case of an equality of votes the Chairman shall both on a show of hands and at a poll (if any) have a casting vote ,addition to the vote or votes to which he may be entitled as a Member. **Chairman’s casting vote.**

83. If a poll is demanded as aforesaid the same shall, subject to Article 86 be taken at such time not later than 48 hours from the time when the demand was made either by open voting or by ballot, as the Chairman of the Meeting shall direct and either at once or after an interval or adjournment, or otherwise and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn. **Poll to be taken if demanded.**

84. Where a poll is to be taken, the Chairman of the meeting shall appoint one or at his discretion two scrutineers who may or may not be members of the Company to scrutinise the votes given on the poll and to report thereon to him. The Chairman shall have power at any time before the result of the poll is declared to remove a scrutineer from office and fill the vacancy in the office of scrutineer arising from such removal or from any other cause. **Scrutineers at Poll**

85. Any poll duly demanded on the election of a Chairman of a meeting or on any question of adjournment shall be taken at the meeting forthwith. **In what case poll taken without adjournment.**

86. The demand for a poll except on question of the election of the Chairman and of an adjournment shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

Demand for poll not to prevent transaction of other business.

VOTES OF MEMBERS

87. No Member shall be entitled to vote, either personally or by proxy for another Member at any General Meeting or Meeting of a class of shareholders or upon a poll, in respect of any shares registered in his name on which any calls or other sum presently payable by him have not been paid or in regard to which the Company has, and has exercised, any right of lien.

Members in arrears not to votes

88. Every Member not disqualified by the last preceding Articles shall be entitled to be present, and to speak and vote at such meeting, and on a show of hands every Member present in person or by proxy shall have one vote and upon poll every Member present in person or by proxy shall have one vote for every share held by him either alone or jointly with any other person or persons. Provided, however, if any preference shareholder be present at any meeting of the Company, he shall have a right to vote only on resolutions placed before the meeting which directly affect the rights attached to his preference shares. The preference shareholders may vote on the resolutions only in the circumstances provided under Section 47 (2) of the Act.

Number of votes to which members entitled.

89. A Member of unsound mind or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy; if any Member be minor, the vote in respect of his share shall be by his guardian, or any one of his guardians, if more than one, to be elected in case of dispute by the Chairman of the meeting.

How Members non-composment is and minor may vote.

90. If there be joint registered holders of any shares, anyone of such persons may vote at any meeting or may appoint another person (whether a Member or not) as his proxy in respect of such shares, as if he were solely entitled thereto, and the proxy so appointed shall have the right to speak at the meeting; and, if more than one of such joint-holders be present at any meeting, that one of the said persons so present, whose name stands higher on the Register, shall be alone entitled to speak and to vote in respect of such shares, but the other or others of the joint- holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased Member, in whose name shares stand, shall for the purpose of the these Articles, be deemed joint-holders thereof.

Votes of joint Members.

91. Subject to provisions of these articles votes may be given either personally or by proxy.

Voting in person or by proxy

92. A body corporate (whether a Company within the meaning of the Act) may, if it is a Member of the Company, by resolution of its Board of Directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company, or at any meeting of any class of Members of the Company. The person authorised as aforesaid shall be entitled to exercise the same rights and powers, including the right to vote by proxy on behalf of the body corporate which he represents, as that body could exercise if he were a member.

Representation at Meetings by a body corporate.

93. Every proxy (whether a member or not) shall be appointed in writing under the hand, of the appointer or his attorney, or if such appointer is a corporation under the Common Seal of such Corporation, or the hand of its attorney, who may be the appointee, and any Committee or guardian may appoint such proxy. The proxy so appointed shall not have the right to speak at the meetings.

Appointment of proxy.

Any member of the Company other than the President of India or his nominees entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (whether a member or not) as his proxy to attend and vote instead of himself. But a proxy so appointed shall not have right to speak at the meetings,

94. A Member present by proxy shall be entitled to vote on a poll. **Proxy to vote.**

95. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the office not less than forty eight hours before the time for holding the meeting at which the person named, in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid. **Deposit of instrument of appointment.**

96. Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in any of the forms set out under Section 105 of the Act read with Rule 19 of the Companies (Management and Administration) Rules, 2014. **Form of proxy**

97. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the given principal, or revocation of the proxy or of any power of attorney under which such proxy was signed, or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death, revocation or transfer shall have been received at the office before the commencement of the meeting or adjourned meeting at which the proxy is used. **Validity of votes given by proxy notwithstanding death of Member.**

98. No objection shall be made to the validity of any vote, except at the meeting or poll at which such vote shall be tendered, and every vote, whether given personally or by proxy, not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll whatsoever. **Time for objection votes**

99. The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll. **Chairman of any meeting to be the judge of validity of any vote.**

100. The Company shall cause to be kept minutes of all proceedings of general meetings which shall contain a fair and correct summary of the proceedings thereat and a book containing such minutes shall be kept at the Registered Office of the Company and shall be open, during business hours, to the inspection of any Member without charge. Nothing herein contained shall require or be deemed to require the inclusion in any such minutes of any matter which, in the opinion of the Chairman of the meeting, (a) is, or could reasonably be regarded as defamatory of any person, or, (b) is irrelevant or immaterial to the proceedings, or (c) is detrimental to the interest of the Company. The Chairman of the meeting shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the aforesaid grounds. Any such minutes, if purporting to be signed by the Chairman of the meeting at which the proceedings took place or by the Chairman of the next succeeding meeting, shall be conclusive evidence of the proceedings. **Minutes of General Meeting and Inspection thereof.**

DIRECTORS

101. 1. The Company shall have not less than 3 (three) and not more than 18 (Eighteen) Directors. These directors may be either whole time functional directors or part time directors. The Directors are not required to hold any qualification share. So long as the President of India holds not less than 51% of the paid up equity share capital of the Company, the President shall subject to Section 152 of the Act appoint 1/3 of the Directors including the **Number of Directors.**

Chairman/Chairman and Managing Directors who shall not be liable to retire by rotation. All other directors excluding Independent Directors are liable to retire by rotation.

"However, the President shall continue to appoint all the Directors including Whole time Directors and such Directors shall be entitled to hold office for such period of time and receive such remuneration, as the President may determine as long as the entire paid-up equity share capital of the company is held by the President of India".

2. Without prejudice to the provisions of Article 101 and of these presents, the Company may from time to time in General Meeting increase or reduce the number of Directors and may also determine in what rotation such increased or reduced member (s) may retire.

102. Only an individual and not a body corporate, association or firm, shall be appointed a director of the Company. **Only individual to be a Director**

103. 1. The Directors appointed by the President shall be paid such remuneration as the President may from time to time determine.

Provided that the remuneration by way of Sitting Fee payable to Part Time Directors (Non-Official) for each meeting of the Board and Committees thereof shall be subject to the maximum amount prescribed under the Act.

2. Directors appointed shall be entitled to hold office for such period as the President may determine. The President shall have the power to remove any Director from office at any time in his absolute discretion. Provided that the Chairman shall be consulted before removing from office any Director appointed in accordance with the proviso to clause (l).

3. The President shall have the right to fill any vacancy in the office of the Directors caused by removal, resignation, death or otherwise, by fresh appointment, Subject to the proviso to clause (1).

4. In addition to any remuneration payable to them in pursuance of clause (1), the Directors may be paid travelling and other expenses as per company's Travelling Allowances Rules incurred by them:

(a) in attending and returning from Meetings of the Board or any Committee thereof or General Meetings of the Company;

or

(b) in connection with the business of the Company

5. At the Annual General Meeting at which a Director is to retire as aforesaid, the Company may fill up the vacancy by appointing a retiring Director or some other persons thereto, in accordance with the procedure laid down in Section 152 of the Act.

6. In place of a Director who is out of India or is about to go out of India or who expects to be absent for not less than three months from India in which meetings of the Directors are ordinarily held, the Board may on nomination by the President appoint any person as an Alternate Director during his absence out of India or his absence of not less than three months from India in which the meetings of the Board are ordinarily held and such appointee whilst he holds office as an Alternate Director, shall be entitled to notice of meetings of the Board and to attend and to vote thereat accordingly.

7. Subject to the provisions of the Companies Act, the Board may, on nomination by the President appoint any person as an Additional Director, but the total number of Directors shall not at any time exceed the maximum

limit fixed under Article 101(1). Any such Additional Director shall hold office only upto the date of the next Annual General Meeting of the Company.

8. Subject to the applicable provisions of the Act or any other law for the time being in force, the Board shall have the power at any time and from time to time to appoint any person on nomination by the President to be a Director to fill up a casual vacancy not covered by Article 103(7). Any person so appointed shall hold office only upto the date upto which the Director in whose place he is appointed would have held office if it had not been vacated by him.

General power of Company vested on Directors.

104. Subject to the provisions of the Act and to such directives or instructions, as the President may issue from time to time, the business of the Company shall be managed by the Directors who may exercise all such powers and do all such acts and things as the Company is authorised to exercise and do.

Provided that the Directors shall not exercise any power or do any act or thing which is directed or required, whether by the Act or any other Act or by the Memorandum to be done by the Company in general meeting.

Provided further that in exercising any such power or doing any such act or thing, the Directors shall be subject to the provisions contained in that behalf in the or any other Act, or in the Memorandum or Articles of the Company, or in any regulations made by the Company in general meeting.

No regulation made by the Company in general meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.

105. The continuing Directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the number fixed by these Articles as the necessary quorum of Directors, the continuing Directors may act for the purpose of increasing the number of Directors to that number, or of summoning a General Meeting, but for no other purpose.

When office of Directors to be vacated.

106. Subject to Section 167(4) of the Act, the office of a Director shall become vacant if:-

(a) he incurs any of the disqualifications specified in Section 164 : or

(b) he absents himself from all the meetings of the Board of Directors held during a period of twelve months with or without seeking leave of absence of the Board: or

(c) he acts in contravention of the provisions of section 184 relating to entering into contracts or arrangements in which he is directly or indirectly interested; or

(d) he fails to disclose his interest in any contract or arrangement in which he is directly or indirectly interested, in contravention of the provisions of section 184; or

(e) he becomes disqualified by an order of a court or the Tribunal; or

(f) he is convicted by a court of any offence, whether involving moral turpitude or otherwise and sentenced in respect thereof to imprisonment for not less than six months; or

(g) he is removed in pursuance of the provisions of this Act;; or

(h) he having been appointed a director by virtue of his holding any office or other employment in the holding, subsidiary or associate company, ceases to hold such office or other employment in that company.

107. A Director or his relative, a firm in which such Directors or relative is a partner, any other partner in such firm or a private Company of which the Director is a member or a Director may enter into any contract with the Company for the sale, purchase or supply of goods, materials, services or for underwriting the subscription of any shares, in, or debentures of the Company provided that the sanction of the Board is obtained before or within three months of that date on which the contract is entered into, in accordance with Section 188 of the Act. No sanction, however, shall be necessary to any such contract in which the Directors, firm, partner or Company, as the case may be, regularly trades or does business other than transactions which are not on an arm's length basis. The Director so contracting or being so interested shall not be liable to the Company for any profit realised by any such contract by reason of such Director holding that office, or the fiduciary relation thereby established, but it is declared that the nature of his interest must be disclosed by him at a meeting of the Board of Directors at which contract is determined, if his interest then exists, or in any other case at the first meeting of the Board of Directors after the acquisition of his interest.

Director may contract with company.

108. For the purposes of Article 107 a general notice given to the Board of Directors by a Director to the effect that he is a director or a member of a specified body corporate or is a member of a specified firm and is to be regarded as Concerned or interested in any contract or arrangement which may, after the date of the notice, be entered into with that body corporate or firm shall be deemed to be a sufficient disclosure of concern or interest in relation to any contract or arrangement so made. Any such general notice shall expire at the end of the financial year in which it is given. No such general notice, and no renewal thereof, shall be of effect unless either it is given at a meeting of the Board of Directors, or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board in every financial year or wherever there is any change in the disclosures already made, then at the first board meeting held after such change.

Disclosure of Interest

109. The Company shall keep a Register in accordance with Section 189 of the Act, and shall enter such of the particulars as may be relevant having regard to the application thereto of Section188 or Section 184 of the Act, as the case may be. The Register aforesaid shall also specify, in relation to each Director of the Company, the names of the bodies corporate and firms of which has been given by him under Articles 107 and 108. The Register shall be kept at the Registered Office of the Company and shall be open to inspection at such office, and extracts may be taken therefrom and copies thereof may be required by any Member of the Company to the same extent, in the same manner, and on payment of the same fee as in the case of the Register of Members of the Company and the provision of Sections 94 of the Act shall apply accordingly.

Register of contracts in which Directors are interested

110. A Director may be or become a Director of any Company promoted by the Company, or in which it may be interested as a vendor, share holder, or otherwise and no such Director the Company shall be accountable for any benefits received as Director or Shareholder of such Company except in so far as Section 188 of the Act may be applicable.

Directors may be Directors of companies promoted by the Company

111. (a) The Company shall keep at its Registered Office a Register containing the particulars of its Directors and KMP and their shareholding as mentioned in Section 170 of the Act and shall send to the Registrar, a Return containing the particulars specified in the said Section and shall otherwise comply with the provisions of the said Section in all respects.

Register of Directors etc. and notification of change to Registrar

(b) The Company shall also keep at its Registered Office a Register in respect of the shares and for Debentures of the Company held by its Directors as required by Section 170 of the Act and shall otherwise duly comply with the provisions of the said Section in all respects.

112. (a) Every Director, Managing Director, Manager or Secretary of the Company shall, within 30 days of his appointment to any of the above offices in any other body corporate, disclose to the Company the particulars relating to his office in the other body corporate which are required to be specified under sub-section (1) of Section 170 of the Act. **Disclosure by director of appointment to any other body corporate.**

(b) Every Director and Key Managerial Personnel shall give notice to the Company of such matters relating to himself as may be necessary for the purpose of enabling the Company to comply with the provisions of Section170 of the Act.

CHAIRMAN, MANAGING DIRECTOR AND WHOLE TIME DIRECTORS

113. The President may, from time to time, appoint any person to the office of Chairman of the Board of Directors or Managing Directors or whole-time Director(s) of the Company for such time and on such remuneration as he may think fit and may from time to time remove or dismiss him or them from service and appoint another or others in his or their place or places. Any Director appointed to any such office shall, if he ceased to hold the office of the Director from any cause, *ipso facto* and immediately cease to be Chairman, Managing Director or whole-time Director as the case may be. **Appointment of Chairman, Managing Director & Whole time Directors, etc.**

114. The Company shall permit retention of lien up to a period not exceeding five (5) years to its employees holding posts below the Board Level when they are appointed to posts at the Board Level within HAL or in any other Central Public Sector Enterprise.

PROCEEDINGS OF THE BOARD OF DIRECTORS

115. Subject to Section 173 of the Act, the Directors may meet together for the dispatch of business from time to time and shall so meet at least once in every three calendar months and they may adjourn and otherwise regulate their meetings as they think fit. Provided that the Directors shall hold a minimum number of four meetings of its Board of Directors every year in such a manner that not more than one hundred and twenty days shall intervene between two consecutive meetings of the Board. **Meeting of Directors**

116. Subject to Section 174 of the Act, the quorum for a meeting of the Board of Directors shall be one-third of its total strength (excluding Directors, if any, whose places may be vacant at the time and any fraction contained in that one-third being rounded off as one), or two Directors, whichever is higher. Provided that where at any time the number of interested Directors exceeds or it is equal to two-thirds of the total strength, the number of the remaining Directors, that is to say, the number of Directors who are not interested, present at the meeting being not less than two shall be the quorum during such time. **Quorum**

117. A Director may at any time and the Secretary upon the request of a Director shall convene a meeting of the Board of Directors by giving a notice in writing to every Director for the time being in India and at his usual address in India to every other Director. **When meeting to be convened.**

118. If no Chairman is appointed by the President, or if at any meeting the Chairman is not present within 10 minutes after the time for holding the same, the Directors present may choose one of their members to be Chairman of the meeting. **Chairman.**

119. Questions arising at any meeting shall be decided by majority of votes, and in

case of an equality of votes, the Chairman shall have a second or casting vote.

120. A meeting of the Board of Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions which by or under the Act or the Articles of the Company are for the time being vested in or exercisable by the Board of Directors generally. **Power of Board Meeting**

121. Subject to the restrictions contained in section 179 of the Act, the Board of Directors may delegate any of their powers, to Committees of the Board consisting of such Member or Members of its body as it thinks fit, and it may from time to time revoke and discharge any such committee of the Board either wholly or in part, and either as to persons or purposes; but every Committee of the Board so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Board of Directors. All acts done by any such Committee of the Board in conformity with such regulations and in fulfilment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board. The proceedings of such Committee/Committees shall be placed before the Board of Directors at its next meeting. **Directors may appoint Committees Members**

122. The Meetings and proceedings of any such Committee of the Board consisting of two or more Members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors, so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding Article, Such committee of the Board may elect a Chairman of their meetings; if no such Chairman is elected or if at any such meeting the Chairman is not present within 10 minutes after the time appointed for holding the same the members present may choose one of their members to be Chairman of the meeting. **Meetings of Committee how to be governed**

123. Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a Committee thereof, for the time being entitled to receive notice of the meeting of Board or Committee, shall be as valid and effectual as if it had been passed at a meeting of the Board or Committee duly convened and held. **Resolution by circulation**

Provided that no resolution shall be deemed to have been duly passed by the Board or Committee thereof by circulation, unless the resolution has been circulated in draft, together with the necessary papers, if any, to all the Directors or to all the members of the Committee, then in India (not being less in number than the quorum fixed for a meeting of the Board or Committee, as the case may be), and to all other Directors or members of the Committee, at their usual address in India and has been approved by such of the Directors or members of the Committee as are then in India, or by a majority of such of them as are then in India, or by a majority of such of them as are entitled to vote on the resolution.

124. All acts done by any meeting of the Board or by a Committee of the Board, or by any person acting as a Director shall not withstanding that it shall afterwards be discovered that there was some defect in the appointment of such Directors or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, and was qualified to be a Director and had not vacated office or his appointment had not been terminated. Provided that nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment was shown to the Company to be invalid or to have terminated. **Acts of Board or Committees valid notwithstanding Informal appointment**

125. The Directors shall cause minutes to be duly entered in a book or books provided for the purpose in accordance with the provisions of Section 118 of the Act:- **Minutes of proceeding**

(i) of the names of the Directors present at each meeting of the Board of Directors, and of any Committee of the Board;

(ii) of all orders made by the Board of Directors and Committee of the Board;

(iii) of all resolutions and proceedings of meetings of the Board of Directors and Committee of the Board; and

(iv) in the case of each resolution passed at meeting of the Board of Directors, or Committees of the Board, the names of Directors, if any, dissenting from or not concurring in the resolution.

Any such minutes of any meeting of the Board of Directors or of any Committee of the Board or of the Company if purporting to be signed by the Chairman of such meeting or by the Chairman of the next succeeding meeting, shall be received as conclusive evidence of the matters stated in such minutes.

126. (a) The Chairman shall reserve for the decision of the President any proposals or decisions of the Directors in any matter which in the opinion of the Chairman is of such importance as to be reserved for the approval of the President. No action shall be taken by the Company in respect of any proposal or decision of the Directors reserved for the approval of the President as aforesaid until his approval to the same has been obtained. **Power of Directors**

(b) Without prejudice to the generality of the above provision, the Directors shall reserve for the decision of the President on all cases of employment, re-employment and extension of re-employment of all persons past the age of 60 years or as decided by the government with regard to the age of retirement from time to time, irrespective of the scale of pay or salary on which they are employed".

(c) The Board of Directors shall not create any post below the Board level in the scales of pay equivalent to those at the Board level.

(d) "Notwithstanding anything contained elsewhere in these Articles, the Board of Directors shall exercise all such additional powers as may be authorised by the Government to MOU signing "Minirathna/ Navratna companies from time to time".

127. Notwithstanding anything contained elsewhere in these Articles, the President shall have power:

(a) to receive and approve the Company's capital budget and revenue budget in case there is an element of deficit which is proposed to be met by obtaining funds from the Central Government, under procedures accepted from time to time by the Central Government.

(b) to approve the agreements involving foreign collaboration proposed to be entered into by the Company wherever required; and

(c) to call for such returns, accounts and other information with respect to the property and activities of the Company as may be required from time to time.

128. Without prejudice to the general powers conferred by Article 104 and so as not in any way to limit or restrict those powers, and without prejudice to the other **Certain Powers of the Board**

powers conferred by these Articles, it is hereby declared that the Directors shall have the following powers that is to say, power:

(1) (a) to authorise the undertaking of works of a capital nature subject to the condition that all cases, involving a capital expenditure exceeding rupees One hundred crores or as revised by the Govt. from time to time shall be referred to the Central Government for approval before authorisation, provided that –

    (i) within any financial year the funds required will be found within the budget allocation for the project, and

    (ii) the expenditure on such works in subsequent years will be the first call on the respective budget allocations.

    (iii) the capital expenditure as above will be incurred subject to the conditions contained/issued by the Govt. from time to time.

(b) In case where detailed project reports have been prepared with estimates of the different component parts of the projects and duly approved by the Central Government, the Board shall be fully competent to authorise the undertaking of works covered under the approved estimate including variations not exceeding 10% of any particular component without further reference to the Central Government, provided there is no substantial variation in the scope of the project.

(2) Subject to the provisions of Section 179 and 188 of the Act, to purchase, take on lease or otherwise acquire for the Company any property, rights or privileges, which the Company is authorised to acquire at or for such price or consideration and generally on such terms and conditions as they may think fit; and in any such purchase or other acquisition to accept such titles as the Directors may believe or may be advised to be reasonably satisfactory.

(3) At their discretion and subject to the provisions of the Act to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially in cash or in shares, bonds, debentures, mortgages, or other securities of the Company and any such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon; and any such bonds, debentures, mortgages or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.

(4) To secure the fulfilment of any contracts or engagements entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit.

(5) To accept from any member, so for as may be permissible by law, a surrender of his shares or any part thereof, on such terms and conditions as shall be agreed.

(6) To appoint any person to accept and hold in trust for the Company any property belonging to the Company, or in which it is interested, or for any other purposes; and to execute and do all such deeds and things as may be required in relation to any such trust, and to provide for the remuneration of such trustee or trustees.

(7) To institute, conduct, defend, compound, or abandon any legal

proceedings by or against the Company or its officers, or otherwise concerning the affairs of the Company and also to compound and allow time for payment or satisfaction of any debts due and of any claims or demands by or against the Company, and to refer any differences to arbitration, and observe and perform any awards made thereon.

(8) To act on behalf of the Company in all matters relating to bankrupts and insolvents.

(9) To open any account or accounts with such bank or banks as the Board of Directors may select or appoint, to operate on such accounts to make, sign, draw, accept, endorse or otherwise execute cheques, promissory notes, drafts, hundies, orders, bills of exchange, bills of lading and other negotiable instruments. To make and give receipts, releases and other discharges for moneys payable to the Company and for claims and demands of the Company.

(10) Subject to the provisions of Section 179, of the Act, to invest and deal with any moneys of the Company not immediately required for the purposes thereof upon such security (not being shares of this Company), or without security and in such manner as they may think fit, and from time to time to vary or realise such investments. Save as provided in Section 187 of the Act, all investments shall be made and held in the Company's own name.

(11) To execute in the name and on behalf of the Company in favour of any Directors or other person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of the Company such mortgages of the Company's property (present and future) as they think fit, and any such mortgages may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon,

(12) To determine from time to time who shall be entitled to sign, on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose.

(13) To distribute by way of bonus or ex-gratia payment in the form of cash awards amongst the staff of the Company a share or shares in the profits of the Company, and to give to any officers or other persons employed by the Company a commission on the profits of any particular business or transaction; and to charge such bonus or commission as part of the working expenses of the Company.

(14) To provide for the welfare of employees or ex-employees of the Company and the wives, widows and families or the dependents or connections of such persons, by buildings or contributing to the building of houses, dwellings or chawls, or by grants of money, pensions, gratuities, allowances, bonus or other payments; or by creating and from time to time subscribing or contributing to provident and other associations, institutions, funds or trusts and by providing or subscribing or contributing towards places of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board of Directors shall think fit; and to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or objects which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of public and general utility or

otherwise.

(15) Before recommending any dividend to set aside, out of the profits of the Company such sums as they may think proper for depreciation or to depreciation fund, or to an Insurance Fund, or as a Reserve Fund or Sinking Fund or any special fund to meet contingencies or to repay debentures or for special dividends or for equalising dividends or for repairing, improving, extending and maintaining any of property of the Company, and for such other purposes (including the purposes referred to in the preceding clauses), as the Board of Directors may, in their absolute discretion, think conducive to the interest of the Company, and subject to the provisions of Section 123 of the Companies Act, 2013 to invest the several sums so set aside or so much thereof as require to be invested upon such investments (other than shares of the Company) as they may think fit, and from time to time deal with and vary such investments and dispose of and apply and expand all or any part thereof for the benefit of the Company in such manner and for such purposes as the Board of Directors in their absolute discretion, think conducive to the interest of the Company notwithstanding that the matters to which the Board of Directors apply or upon which they expand the same, or any part thereof, may be matters to or upon which the capital moneys of the Company might rightly be applied or expanded; and to divide the Reserve Fund into such special funds as the Board of Directors may think fit, and to employ the assets constituting all or any of the above funds, including the depreciation fund, in the business of the Company or in the purchase or repayment of debentures or debenture stock, and that without being bound to keep the same separate from the other assets, and without being bound to pay interest on the same, with power however to the Board of Directors at their discretion to pay or allow to the credit of such funds interest at such rate as the Board of Directors may think proper, not exceeding nine per cent per annum.

(16) To appoint General Managers for the constituent units/divisions of the Company for such term and on such remuneration and other terms, conditions as they may from time to time think fit, and at their discretion to suspend or remove any of them from office and appoint another in his place.

(17) To appoint, and at their discretion remove or suspend such managers, secretaries, assistants, supervisors, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit, and to determine their powers and duties, and fix their salaries, emoluments or remuneration and to require security in such instances and to such amount as they may think fit. And also without prejudice as aforesaid from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit; and the provisions contained in the three next following sub-clauses shall be without prejudice to the general powers conferred by this sub-clause.

(18) From time to time and at any time to establish any Local Board for managing any of the affairs of the Company in any special locality in India or elsewhere and to appoint any persons to be Members of such Local Boards, and to fix their remuneration.

(19) Subject to the provisions of Section 179 of the Act, from time to time, and at any time to delegate to any person appointed in accordance with clause (18) above any of the powers, authorities and discretions for the

time being vested in the Board of Directors, other than their power to make calls or to make loans or borrow moneys; and to authorise the members for the time being of any such local Board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies; and any such appointment or delegation may be made on such terms, and subject to such conditions as the Board of Directors may think fit, and the Board of Directors may at any time remove any person so appointed, and may annul / vary any such delegation. The Local Board and/or the person so appointed shall make a written report each month of its/his work and progress during the preceding calendar months and the report shall be placed before the Board of Directors at its next meeting.

(20) At any time and from time to time by Power of Attorney under the seal of the Company, to appoint any person or persons to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board of Directors under these presents and excluding the power to make calls and excluding also except in the limits authorised by the Board the power to make loans and borrow moneys) and for such period and subject to such conditions as the Board of Directors may from time to time think fit; and any such appointment may (if the Board of Directors think fit) be made in favour of the Member of any local Board, established as aforesaid or in favour of any Company, or the shareholders, directors, nominee, or managers of any Company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board of Directors and any such power of Attorney may contain such powers for the protection or convenience of persons dealing with such Attorneys as the Board of Directors may think fit, and may contain powers enabling any such delegates or attorneys as aforesaid to Sub-delegate all or any of the powers, authorities and discretions for the time being vested in them.

(21) Subject to and in terms of section 179 of the Act, to sub-delegate all or any of the powers, authorities and discretions for the time being vested in the Directors subject to the ultimate control and authority being retained by them.

(22) To authorise any such delegatee as aforesaid to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him.

(23) Subject to the provisions of Sections 188 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company to enter into such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.

129. Subject to the provisions of the Act:

(a) the Board may from time to time entrust to and confer upon the Chairman, Managing Director(s), whole-time Director(s) or General Manager(s) for the time being such of the powers exercisable under these presents by the Board as it may think fit and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as it may think expedient, and it may confer such powers either collaterally with or to the exclusion of and in substitution for all or any of the powers of the Board in that behalf, and may from time to time revoke, withdraw, alter or vary all or any of such powers; and

(b) the Chairman, Managing Director(s), whole-time Director(s) or General Manager(s) may be authorised by the Board to Sub-delegate such of his powers as he may think fit to other officers of the Company subordinate to him, any such sub-delegation of powers made by the Chairman shall be reported at the meeting of the Board immediately following the date of such sub-delegation.

SECRETARY

130. The Board of Directors may from time to time appoint, and at its discretion remove, a person (hereinafter called "the Secretary") to perform any functions which by the Act or the Articles for the time being of the Company are to be performed by the Secretary and to execute any other duties which may from time to time be assigned to the Secretary by the Board of Directors. **Secretary**

THE SEAL

131. The Board of Directors shall provide common seal for the purposes of the Company; and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof, and the Board of Directors shall provide for the safe custody of the seal for the time being and the seal shall never be used except by the authority of the Board of Directors or a committee of the Board previously given and in the presence of two Directors at the least. **The Seal, its custody and use**

132. Every Deed or other instrument to which the seal of the Company is required to be affixed shall, unless the same is executed by a duly constituted attorney, be signed by two Directors at the least. **Deeds how executed**

DIVIDEND

133. The Profits of the Company, subject to any special rights relating thereto created or authorised to be created by those presents and subject to the provisions of the Articles, shall be divisible among the Members in proportion to the amount of capital paid up on the shares held by them respectively.

134. The Company in General Meeting may declare a dividend to be paid to the members according to their respective rights and interests in the profits and may fix the time for payment, but no dividend shall exceed the amount recommended by the Board of Directors. **The Company in General Meeting may declare a dividend.**

135. No dividend shall be declared or paid by the Company for any financial year except out of profits of the Company for that year arrived at after providing for the depreciation in accordance with the provisions of sub-section (2) of Section123 or out of profits of the Company for any previous financial year or years arrived at after providing for the depreciation in accordance with those provisions and remaining undistributed or out of both or out of moneys provided by the Government for the payments of dividend in pursuance of a guarantee given by the Government, and no dividend shall carry interest as against the Company, The declaration of the Board of Directors as to the amount of the profits of the Company shall be conclusive. **Dividends only to be paid out of profit.**

136. The Board of Directors, may from time to time, pay to the Members such interim dividend as in their judgement the position of the Company justifies. **Interim Dividend.**

137. The Company shall pay dividends in proportion to the amount paid up or credited as paid up on each share, where a larger amount is paid up or credited as paid up on some shares than on others. **Dividends in proportion to amount paid up.**

138. The Board of Directors may retain the dividends payable upon shares in respect of which any person is, under Article 61 entitled to become a Member, or which

any person under that Article is entitled to transfer, until such person shall become a Member, in respect of such shares or shall duly transfer the same.

Transfer of shares be registered

139. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

140. Unless otherwise directed any/ dividend may be paid by cheque or warrant or by a pay-slip or receipt having the force of a cheque or warrant, sent through the post to the registered address of the Member or person entitled or in case of joint holders to that one of them first named in the Register in respect of the joint holding. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrantor pay a slip or receipt lost in transmission, or for any dividend lost to the Member or person entitled there to by the forged endorsement of any cheque or warrant or the forged signature of any pay-slip or receipt or the fraudulent recovery of the dividend by any other means.

Unclaimed dividends.

141. Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted or claimed within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 days, to a special account to be opened by the Company in that behalf in any scheduled bank, to be called “Hindustan Aeronautics Limited Unpaid Dividend Account” and transfer to the said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.

The Company shall transfer any money transferred to the unpaid dividend account of the company that remains unpaid or unclaimed for a period of seven years from the date of such transfer, to the Fund known as Investor Education and Protection Fund established under the Act.

The Board shall not forfeit unclaimed or unpaid dividend.

If any shares stands in the name of 2 (two) or more persons, the person first named in the register shall, as regards payment of dividend or bonus or service of notice and all or any other matters connected with the Company, except voting at meetings be treated as the holders of the shares but the joint holders of a share shall be severally as well as jointly liable for the payment of all instalments and call due in respect of such shares and for all the other incidence thereof according to the Company’s regulations.

Special provisions in reference to Dividends

142. Subject to the provisions of Section 123 of the Act no dividend shall be payable except in cash.

Dividend and call together

143. Any General Meeting declaring a dividend may make a call on the Members of such amount as the meeting fixes, but so that the call on each Member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend; and the dividend may, if so arranged between the Company and the Members be set off against the calls.

Capitalisation

144. (a) A General Meeting may resolve that any moneys investments or other assets forming part of the undivided profits of the Company standing to the credit of the reserve fund, or any capital redemption reserve account, or in the hands of the Company and available for dividends (or representing premiums received on the issue of shares and standing to the credit of the shares premium account) be capitalised and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any

part of such capitalised fund be applied on behalf of such shareholders in paying up in full either at par or at such premium as the resolution may provide, any unissued shares or debentures of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares or debentures and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalised sum.

(b) A General Meeting may resolve that any surplus moneys arising from the realisation of any capital assets of the Company or any investments representing the same, or any other undistributed profits of the Company not subject to charge for income tax, be distributed among the Members on the footing that they receive the sum as capital.

(c) For the purpose of giving effect to any resolution under the preceding paragraphs of this Article the Board of Directors may settle any difficulty which may arise in regard to the distribution as it thinks expedient, and in particular may issue fractional certificates, and may determine that such cash payments shall be made to any Members upon the footing of the value so fixed or that fractions of less value than Rs.10/- may be disregarded in order to adjust the rights of all parties, and may vest any assets in trustees upon such trusts for the persons entitled to the dividend or capitalised fund as may seem expedient to the Board of Directors. Where requisite, a proper contract shall be delivered to the Registrar for registration in accordance with Section 39 of the Act, and the Board of Directors may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalised fund, and such appointment shall be effective.

ACCOUNTS

145. The Company shall cause to be kept proper books of account with respect to; **Directors to keep time accounts**.

(1) (a) all sums of money received and expended by the Company and the matters in respect of which the receipts and expenditure take place;

(b) all sales and purchases of the goods by the Company.

(c) the assets and the liabilities of the Company.

(2) The books of account shall be kept at the Registered Office or at such other place or places in India as the Board of Directors think fit and shall be open to inspection by any Director during business hours.

Provided that the books of account shall also be open to inspection by the Registrar or by any officer of the Government authorised by the Central Government in this behalf if in the opinion of the Registrar or such officer sufficient cause exists for the inspection of books of account.

(3) The books of account of the Company relating to a period of not less than 8 years immediately preceding the current year together with the vouchers relevant to any entry in such books of account shall be preserved in good order.

Provided that in the case of Company incorporated less than 8 years before the current year, the books of account as aforesaid for the entire period preceding the current year shall be so preserved.

146. The Board of Directors shall from time to time determine whether and to what extent and at what time and place and under what conditions or regulations the **As to inspection of accounts and books**

accounts and books of the Company or any of them shall be open to the inspection by Directors, and no Member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by law.

Statement of Account to be furnished to General Meeting.

147. At least once in each year, the Board of Directors shall lay before an Annual General Meeting of the Company a Profit and Loss Account and a Balance Sheet, containing a summary of the property and assets and of the Capital and liabilities of the Company, made up to date not earlier than the date of the meeting by more than six months (nine months in the case of the first Annual General Meeting) or such extended period as may be permitted under the Act.

Profit and Loss Account.

148. Every Balance Sheet shall give a true and fair view of the state of affairs of the Company as at the end of the financial year and shall, subject to the provisions of Section129 of the Act be in the form set out in Part I of Schedule III to the Act or as near thereto as the circumstances admit. The Profit and Loss Account of the Company shall give a true and fair view of the profit and loss of the Company for the financial year and shall comply with the requirements of Part II of Schedule III of the Act, so far as they are applicable thereto.

Board's Report

149. Every such Balance Sheet shall be accompanied by a report of the Board of Directors as to the state of the Company's affairs and as to the amounts, if any, which it proposes to carry to any reserves in such Balance Sheet and the amount, if any, which it recommends should be paid by way of dividend. The Board's Report shall, so far as is material for the appreciation of the state of the Company's affairs by its members and will not in the Board's opinion harmful to the business of the Company deal with any changes which have occured during the financial year in the nature of the Company's business and generally in the classes of business in which the Company has an interest. The Board shall also give the fullest information and explanation in its report aforesaid, or in an addendum to that report, on every reservation, qualification or adverse remark contained in the Auditor's Report. The Board's Report shall also give material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the Balance Sheet relates and the date of the report. The Board's Report and any addendum thereto shall be signed by not less than two Directors or by the Chairman of the Board of Directors if authorised in that behalf by the Board.

Balance Sheet and Auditor's Report.

150. The Profit and Loss Account and Balance Sheet shall besigned by two Directors out of which one shall be managing director and Chief Executive Officer, if he is a director in the Company, the Chief Financial Officer and the Secretary(if any) of the Company, provided that if there is only one Director present in India at the time, the Profit and Loss Account and Balance Sheet shall be signed by such Director but in such a case there shall be sub-joined to the Profit and Loss Account and Balance Sheet a Statement signed by such Director explaining the reasons for noncompliance with the aforesaid provision requiring the signature of two Directors.

The Profit and Loss Account and Balance Sheet shall be audited by the Auditor as herein after provided and the Auditor's Report shall be attached thereto, or there shall be inserted at the foot thereof a reference to the Auditor's Report, and such report shall be read before the Company in General Meeting and shall be open to inspection by any Member.

Shall be sent to each Member

151. A copy of every such Profit and Loss Account and Balance Sheet, so audited (including the Auditor's Report and every other document required by law to be annexed or attached to the Balance Sheet) shall at least twenty one days before the meeting at which the same are to be laid before the Members, be sent

to the Members of the Company, to holders of debentures issued by the Company (not being debentures which ex facie are payable to the bearer thereof) to trustees for the holders of such debentures and all persons entitled to receive notices of general meeting of the Company.

Provided that if the copies of the documents aforesaid are sent less than twenty one days before the date of the meeting, they shall, notwithstanding that fact, be deemed to have been duly sent if it is so agreed by all the Members entitled to vote at the meeting.

AUDIT

Accounts to be audited

152. (1) Once at least in every year the accounts of the Company shall be examined, and the correctness of the Profit and Loss Account and Balance Sheet ascertained by an Auditor or Auditors.

(2) So long as the Company is a Government Company, the auditors of the Company shall be appointed or reappointed by the Central Government on the advice of the Comptroller and Auditor General of India in the manner prescribed by Section 139 of the Act, and shall be remunerated accordingly.

Company's Books etc. shall always be open to Auditors

153. Every Auditor shall have a right of access at all times to the books and accounts and vouchers of the Company, and shall be entitled to require from the Directors and Officer of the Company such information and explanation as may be necessary for the performance of the duties of the Auditors, and the auditors shall make a report to the Members on the accounts examined by them, and on every Balance Sheet and Profit and Loss Account laid before the Company in General Meeting during their tenure of office, and the report shall state (a) whether or not they have obtained all the information and explanations they have required; and (b) whether or not, in their opinion, the Balance Sheet and Profit and Loss Account referred to in the Report are drawn up in conformity with the Law; and (c) whether or not such Balance Sheet exhibits a true and correct view of the state of the Company's affairs according to the best of their information and the explanations given to them and as shown by the books of the Company; and (d) whether, in their opinion books of account have been kept by the Company as required by Section 128 of the Act. Such report shall be read before the Company in General Meeting.

Auditors to receive notices of certain meetings

154. Every Auditor shall be entitled to receive notice of and to attend any General Meeting at which any accounts which have been examined or reported on by him are to be laid, before the Company, and may make any statement or explanation he desires with respect to the accounts.

DOCUMENTS AND NOTICES

Service of Document or Notice by Company

155. (1) A document or notice may be served or given by the Company on any member either personally or by sending it by post to him to his registered address or (if he has no registered address in India) to the address, if any, in India supplied by him to the Company for serving documents or notices on him.

(2) Where a document or notice is sent by post, service of the document or notice shall be deemed to be effected by property addressing, pre-applying and posting a letter containing the document or notice and, unless the contrary is proved, such service shall be deemed to have been effected in the case of a Notice of a Meeting, at the expiration of forty eight hours after the letter containing the document or notice is posted and in any other case, at the time at which the letter would be delivered in the ordinary course of post.

156. A document or notice advertised in a newspaper circulating the neighborhood of the registered office of the Company shall be deemed to be duly served or sent on the day on which the advertisement appears on or to every Member who has no registered address in India and has not supplied to the Company an address within India for the serving of documents on or the sending of notices to him. **By Advertisement.**

157. A document or notice may be served or given by the Company on or to the joint-holders of a share by serving or giving the document or notice on or to the joint-holder, named first in the Register in respect of the share. **On joint-holders**

158. A document or notice may be served or given by the Company on or to the persons entitled to a share inconsequence of the death or insolvency of a member by sending it through the post in a pre- paid letter addressed to them by name or by the title of representatives of the deceased, or assignee of the insolvent or by any like description, at the address (if any) in India supplied for the purpose by the persons claiming to be so entitled, or (until such an address has been so supplied) by serving the document or notice in any manner in which the same might have been given if the death or insolvency had not occurred. **On personal representatives etc.**

159. Notices or documents of every General Meeting shall be served or given in to (a) every member, legal representative of any deceased member or assign of an insolvent member (b) the auditor or auditors for the time being of the Company (c) every director of the Company . **To whom documents or notices be served or given.**

160. Every person, who by operation of law, transfer or other means whatsoever, shall become entitled to any share, shall be bound by every document or notice in respect of such share, which, previously to his name and address being entered on the Register, shall have been duly served on or given to the person from whom he derives his title to such share.

161. Any document or notice to be served or given by the Company may be signed by a Director or some person duly authorised by the Board of Directors for such purpose and the signature may be written, printed or lithographed.

162. All documents or notices to be served or given by Members on or to the Company or any officer thereof shall be served or given by sending it to the Company or Officer at the Registered Office of the Company by speed post or by courier service or by registered post, or by leaving it at its registered office or by means of electronic mode. **Service of document or notice by Member**

WINDING-UP

163. The Liquidator on any winding-up (Whether voluntary, under supervision, or compulsory) may, with the sanction of a Special Resolution, divide among the contributories in specie any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories, as the Liquidator, with the like sanction shall think fit. **Liquidator may divide assets in Specie**

INDEMNITY AND RESPONSIBILITY

164. Subject to the provisions of section 197 of the Act, every Director, manager, auditor, secretary and other officer or servant of the Company shall be indemnified by the Company against, and it shall be duty of the Directors out of the funds of the Company to pay all costs, losses and expenses which any such officer or servant may incur or become liable to by reason of any contract entered into, or act or thing done by him as such officer or servant or in anyway in the discharge of his duties; and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company,

and have priority as between the members over all other claims.

165. No Director or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or officer of the Company or for joining in any receipt or other act for conformity, or for any loss or expenses happening to the Company through the insufficiency or deficiency of title to any property acquired by the order of the Directors for or on behalf of the Company, or for the sufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any moneys, securities or effects shall be deposited or for any loss occasioned by any error of judgment or oversight on his part or for any other loss, damage or misfortune whatever, which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own negligence, default, misfeasance, breach of duty or breach of trust. **Individual responsibility of Directors**

166. No member shall be entitled to visit or inspect any works of the Company without the permission of the Directors or to require discovery of or any information respecting any detail of the Company's trading, or any matter which is or may be in the nature of a trade secret, mystery of trade secret process, or any other matter which may relate to the conduct of the business of the Company and which in the opinion of the Directors, it would be inexpedient in the interest of the Company to disclose. **Secrecy clause**

167. In the event of any dispute or difference between the Company and any other central public Sector Enterprises as well as between the Company and any Government Department relating to the interpretation and application of the provisions of the commercial contracts (except a dispute or difference concerning the railways, income tax, customs and excise duties) and where such dispute or difference cannot be resolved amicably by mutual consultation, such dispute or difference shall be referred by either party for arbitration to the Permanent Machinery of Arbitrators in the Department of Public Enterprises by a Sole arbitrator, in the Department of Public Enterprises to be appointed by the Secretary to the Government of India, in charge of the Department of Public Enterprises. The Arbitration and Conciliation Act, 1996 shall not be applicable to the arbitration under this clause. The award of the sole arbitrator appointed by the Secretary to the Government of India, shall be binding upon the parties to the disputes, provided, however any party aggrieved by such award may make a further reference for setting aside or for revision of the award, to the Law Secretary, Department of Legal Affairs, Ministry of Law & Justice, Government of India within the period as recorded by the Arbitrator in the award for implementation. Upon such reference the dispute shall be decided by the Law Secretary or the Special Secretary/Additional Secretary when so authorized by the law Secretary whose decision shall bind the parties finally and conclusively. The parties in the dispute will share equally the cost of arbitration as intimated by the Arbitrator. **Arbitration Clause**

168. Notwithstanding anything contained in any of the Articles the President may from time to time issue such directions as he may consider necessary in regard to the exercise and performance of the functions of the Company in matters involving national security or substantial public Interest, and in like manner may vary and annul any such directions. The Directors shall duly comply with and give immediate effect to the directions so issued. **Directive from President**

DEMATERIALISATION OF SECURITIES

169. Notwithstanding anything contained in these Articles, the Board shall be entitled to dematerialize or rematerialize its Securities (both present and future) held by it with the Depository and to offer its Securities for subscription in a dematerialized under, if any. **Dematerialisation of Securities**

170. Every person subscribing to securities offered by the Company shall have the option to receive the security certificates or to hold the Securities with a depository. Such a person who is the beneficial owner of Securities can at any time opt out of a Depository, if permitted by law, in respect of any security and the Company shall, in the manner and within the time prescribed provided by the Depositories Act, 1996 issue to the beneficial owner the required Certificates of Securities. **Options to Investors**

If a person opts to hold his Securities with a depository, then notwithstanding anything to the contrary contained in the Act or in these Articles, the Company shall intimate such Depository the details of allotment of the Securities and on receipt of the information, the Depository shall enter in its record the name of the allottee as the beneficial owner of the Securities.

171. All Securities held by a Depository shall be dematerialized and shall be in fungible form. Nothing contained in Sections 89 of the Act shall apply to a Depository in respect of securities held by it on behalf of the beneficial owners. **Securities in Depositories to be in fungible form**

172. (i) Notwithstanding anything to the contrary contained in the Act or in these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner. **Right of Depositories & Beneficial Owners**

(ii) Save as otherwise provided in (i) above, the Depository as the registered owner of the Securities shall not have any voting rights or any other rights in respect of the Securities held by it.

(iii) Every person holding Securities of the company and whose name is entered as the beneficial owner in the records of the Depository shall be deemed to be a member/debenture holder, as the case may be, of the Company. The beneficial owner of Securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a Depository.

(iv) The Register and Index of Beneficial Owners, maintained by a depository under the “Depositories Act, shall be deemed to be the Register and Index of Members and Security Holders for the purposes of these Articles with details of shares held in physical and dematerialized forms in any medium as may be permitted by law including in any form of electronic medium.

173. Notwithstanding anything to the contrary contained in the Act or in these Articles where Securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of Electronic Mode **Service of documents**

174. Nothing contained in the Act or in these Articles, shall apply to a transfer or transmission of Securities where the company has not issued any certificates and where such Securities are being held in an electronic and fungible form in a Depository. In such cases the provisions of the Depositories Act, 1996 shall apply. **Transfer / Transmission of documents held in Demat form**

175. Notwithstanding anything to the contrary contained in the Act or in these Articles, after any issue where the Securities are dealt with by a Depository, the **Allotment of Securities**

Company shall intimate the details thereof to the depository immediately on allotment of such Securities.

176. Nothing contained in the Act or in these Articles regarding the necessity of having distinctive numbers for Securities issued by the Company shall apply to Securities held by a Depository

177. Notwithstanding anything contained in these Articles the Company shall have the right to issue Securities in a public offer in dematerialized form as required by Applicable Law and subject to the provisions of Applicable Law, trading in the Securities of the Company post-listing shall be in the demat segment of the relevant Stock Exchanges, in accordance with the directions of SEBI, the Stock Exchanges and the terms of the listing agreements to be entered into with the relevant Stock Exchange.

SECTION IX – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Prospectus) which are or may be deemed material were attached to the copy of this Prospectus (as applicable) which will be delivered to the RoC for registration. Copies of these contracts and also the documents for inspection referred to hereunder other than the documents executed after the Bid/Offer Closing Date, were made available for inspection at the Registered Office between 10 a.m. and 5 p.m. on all Working Days from the date of the Red Herring Prospectus until the Bid/Offer Closing Date.

Material Contracts to the Offer

1. Offer Agreement among our Company, the Selling Shareholder and the BRLMs dated September 27, 2017.

2. Registrar Agreement among our Company, the Selling Shareholder and Registrar to the Offer dated September 27, 2017.

3. Public Offer Account Agreement dated March 5, 2018, among the Selling Shareholder, our Company, the BRLMs, the Banker(s) to the Offer and the Registrar to the Offer.

4. Syndicate Agreement dated March 5, 2018, among our Company, the Selling Shareholder, the BRLMs and the Syndicate Member.

5. Underwriting Agreement dated March 21, 2018 among our Company, the Selling Shareholder, the BRLMs and the Syndicate Member.

6. Share Escrow Agreement dated March 5, 2018, among our Company, the Selling Shareholder and the Share Escrow Agent.

7. Agreement dated February 10, 2014, among NSDL, our Company and the Registrar to the Offer.

8. Agreement dated February 10, 2014, among CDSL, our Company and the Registrar to the Offer.

Material Documents

1. Certified copies of our Memorandum of Association and Articles of Association, as amended from time to time.

2. Our certificate of incorporation dated August 16, 1963 and fresh certificate of incorporation dated December 5, 1964 consequent upon change in the name of our Company.

3. Resolution of our Board dated September 27, 2017 approving the disinvestment of 10% from Government of India's shareholding.

4. Resolutions of the Board and IPO Committee dated September 27, 2017 and September 28, 2017, respectively, approving the Draft Red Herring Prospectus.

5. Resolution of the Board dated March 7, 2018, approving the Red Herring Prospectus.

6. Letter No. bearing V.-99011/72/2011-D(HAL-I/II) dated April 26, 2013, issued by the Department of Defence Production, Ministry of Defence conveying he approval granted by the GoI for the Offer.

7. DDP Orders No. 49016/8/2011/D(HAL -II), 49016/8/2011/D(HAL-III), 49016/1/2014/D(HAL – III) and 49016/1/2014-D(HAL-III) dated January 4, 2012, February 1, 2012, January 30, 2015 and March 5, 2015, respectively for appointment of Mr. T. Suvarna Raju as the Chairman and Managing Director and MoD Order

No. 49016/1/2014/-D (HAL-III) dated April 15, 2015 prescribing the terms and conditions of his employment.

8. DDP Orders Nos. 49016/1/2011-D(HAL-III), 49016/1/2011/D(HAL-III) and 49016/1/2011/D(HAL-III) dated July 22, 2011, July 21, 2016 and Aug 29, 2016, respectively for appointment of Mr. V. M. Chamola as Director (Human Resources) and MoD Order No. 49016/1/2011-D (HAL-III) dated March 14, 2012 prescribing the terms and conditions of his employment.

9. DDP Orders No. 49016/1/2015-D(HAL-III) dated November 4, 2015 for appointment of Mr. C. V. Ramana Rao as Director (Finance) and Chief Financial Officer and MoD Order No. 49016/2/2015-D(HAL-III) dated August 23, 2017 prescribing the terms and conditions of his employment.

10. DDP Orders No. 49016/2/2015-D(HAL III) dated November 27, 2015 for appointment of Mr. Damal Kannan Venkatesh as Director (Engineering and Research & Development) and MoD Order No. 49016/2/2015/-D (HAL-III) dated January 4, 2016 prescribing the terms and conditions of his employment.

11. DDP Orders No. 49016/02/2014/D(HAL-III) dated January 8, 2016 for appointment of Ms. Dipali Khanna as Part Time Non-Official (Independent) Director.

12. DDP Orders No. 49016/3/2016-D(HAL-III) dated September 11, 2017 *inter-alia* for appointment of Dr. Jatinder Kumar Bajaj, as Part Time Non-Official (Independent) Director.

13. DDP Orders No. F. No. 49016/3/2016-D(HAL-III) dated March 5, 2018 for appointment of Mr. Anil Kumar as Part Time Non-Official (Independent) Director, Mr. Siddharth as Part Time Non-Official (Independent) Director and Mr. Neelakanta Iyer R as Part Time Non-Official (Independent) Director.

14. DDP Order No. 49016/1/2017-D (HAL-III) dated October 16, 2017 for appointment of Mr. Sunil Kumar as Director (Operations) and MoD Order No. 49016/2/2015-D (HAL-III) dated December 26, 2017, prescribing the terms and conditions of his employment.

15. Copies of annual reports of our Company for Fiscal Years 2013, 2014, 2015, 2016 and 2017.

16. Examination reports of the Statutory Auditor S. Venkatram & Co, Chartered Accountants, dated March 5, 2018 on the Restated Financial Statements included in this Prospectus.

17. Statement of special tax benefits from S. Venkatram & Co, Chartered Accountants dated March 5, 2018.

18. Written consent of the Statutory Auditor, S. Venkatram & Co, Chartered Accountants, to include their name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Prospectus and as an “expert” as defined under Section 2(38) of the Companies Act, 2013 in respect of their: (a) reports dated March 5, 2018 on the Restated Standalone Financial Statements and the Restated Consolidated Financial Statement; (b) report dated March 5, 2018 on the statement of possible tax benefits available for our Company and the Shareholders; and (c) the summary of significant differences between Indian GAAP and Ind AS, which have been included in this Prospectus.

19. Consents of the Bankers to our Company, BRLMs, Registrar to the Offer, Directors of our Company, Company Secretary and Compliance Officer, Chief Financial Officer and legal counsels, in their respective capacities.

20. In-principle listing approvals dated October 9, 2018 and October 10, 2018 received from the NSE and the BSE, respectively.

21. Due diligence certificate dated September 28, 2017 to SEBI from the BRLMs.

22. SEBI observation letter October 27, 2017 and our in-seriatim reply to the same dated March 6, 2018.

23. Letter issued by SEBI numbered CFD/DIL-II/AKD/AEA/OW/6470/2014 dated February 28, 2014 granting certain relaxations from the strict enforcement from the SEBI ICDR Regulations at the time of filing of the Draft Red Herring Prospectus.

24. Letter issued by SEBI numbered CFD/DIL-II/AKD/AEA/OW/33618/2014 dated November 27, 2014 providing certain clarifications in respect to the relaxation granted by the SEBI ICDR Regulations at the time of filing of the Draft Red Herring Prospectus.

25. Letter issued by SEBI numbered CFD/DIL-1/OW/22685/2017 dated September 19, 2017 providing certain clarifications in respect to the relaxation granted by the SEBI ICDR Regulations at the time of filing of the Draft Red Herring Prospectus.

26. The Office Memorandum (F. No. 5/2/2016-Policy) dated May 27, 2016, issued by DIPAM, titled "*Guidelines on Capital Restructuring of Central Public Sector Enterprises*".

27. Board resolution dated March 21, 2018 approving this Prospectus.

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time, if so required in the interest of our Company, or if required by other parties, without notification to the shareholders, subject to compliance with the provisions contained in the Companies Act, 2013 and other relevant statutes.

DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government or by SEBI, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, the SCRA, SCRR, the SEBI Act or rules or regulations made thereunder or guidelines issued, as the case may be. We further certify that all the statements in this Prospectus are true and correct.

SIGNED BY DIRECTORS OF OUR COMPANY

Mr. T. Suvarna Raju
Chairman and Managing Director

Mr. V. M. Chamola
Director (Human Resources)

Mr. C.V. Ramana Rao
Director (Finance) and Chief Financial Officer

Mr. Damal Kannan Venkatesh
Director (Engineering and Research & Development)

Mr. Sunil Kumar
Directors (Operations)

Ms. Dipali Khanna
Part Time Non-Official (Independent) Director

Dr. Jatinder Kumar Bajaj
Part Time Non-Official (Independent) Director

Mr. Anil Kumar
Part Time Non-Official (Independent) Director

Mr. Siddharth
Part Time Non-Official (Independent) Director

Mr. Neelakanta Iyer R
Part Time Non-Official (Independent) Director

Date: March 21, 2018

Place: New Delhi

DECLARATION

On behalf of the Selling Shareholder, I certify that the statements and undertakings made in this Prospectus about or in relation to the Selling Shareholder and the Equity Shares offered pursuant to the Offer for Sale are true and correct.

Signed on behalf of the Selling Shareholder

Name: Mr. Chandraker Bharti
Designation: Joint Secretary (Aerospace)
On behalf of the President of India
Acting through the Department of Defence Production, Ministry of Defence

Date: March 21, 2018
Place: New Delhi