

Annual Report 2009 - 10



Hindustan Aeronautics Limited



Another
milestone...



...dedication

Light Combat Helicopter (LCH)



The LCH, a dedicated attack helicopter developed by HAL made its maiden flight in March 2010. LCH is fitted with select weapon system with in-built stealth characteristics. The maiden flight of the LCH marks the successful culmination of three years of design & development efforts by HAL. The helicopter features a narrow fuselage and tandem seating for the pilot and co-pilot. The machine is designed for low detection (reduced visual, aural, radar and infra-red signatures) and is fitted with crashworthy landing gear for better survivability.

of LCH to the
Nation

MISSION

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

Hindustan Aeronautics Limited

Annual Report 2009 - 10

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FINANCIAL HIGHLIGHTS

Sl. No.	Particulars	Units	95-96	96-97	97-98	98-99	99-00	00-01
A	Our Earnings							
	Sales - Inland	Rs.Cr.	1538.78	1730.57	1828.88	2003.70	2353.92	2387.94
	Export Sales	Rs.Cr.	28.13	39.64	41.05	44.03	46.96	58.61
	Total Sales	Rs.Cr.	1566.91	1770.21	1869.93	2047.73	2400.88	2446.55
	Changes in WIP & SIT	Rs.Cr.	22.46	-77.03	-31.81	41.30	53.55	156.71
	Total	Rs.Cr.	1589.37	1693.18	1838.12	2089.03	2454.43	2603.26
B	Our Outgoings							
	Cost of Materials	Rs.Cr.	557.11	666.87	671.99	807.36	787.06	927.67
	Manpower Cost	Rs.Cr.	474.52	418.80	529.97	508.66	762.09	837.02
	Net Operating Cost	Rs.Cr.	328.45	379.02	373.12	514.47	553.61	805.55
	Net Financing Cost	Rs.Cr.	115.87	80.61	73.90	36.64	-90.10	-263.25
	Depreciation	Rs.Cr.	27.78	26.76	24.31	24.16	26.51	31.12
	Total	Rs.Cr.	1503.73	1572.06	1673.29	1891.29	2039.17	2338.11
C	Our Savings							
	Profit Before Tax	Rs.Cr.	85.64	121.12	164.83	197.74	415.26	265.15
	Provision For Tax	Rs.Cr.	15.00	15.62	17.31	20.00	47.00	21.50
	Profit After Tax For Appropriation	Rs.Cr.	70.64	105.50	147.52	177.74	368.26	243.65
D	We Own							
	Net Block	Rs.Cr.	202.67	208.09	209.03	213.35	245.63	278.10
	Other Capital Assets	Rs.Cr.	317.68	408.65	407.75	356.41	336.92	845.12
	Working Capital	Rs.Cr.	406.90	455.78	492.09	618.82	919.87	603.60
	Total	Rs.Cr.	927.25	1072.52	1108.87	1188.58	1502.42	1726.82
E	We Owe							
	Equity	Rs.Cr.	120.50	120.50	120.50	120.50	120.50	120.50
	Reserves and Surplus	Rs.Cr.	540.69	621.74	721.55	867.32	1201.83	1379.11
	Shareholders' Funds	Rs.Cr.	661.19	742.24	842.05	987.82	1322.33	1499.61
	Deferred Tax Liability	Rs.Cr.						
	Borrowings	Rs.Cr.	166.30	196.96	232.27	181.54	179.48	227.21
	Cash Credit Loan	Rs.Cr.	99.76	133.32	34.55	19.22	0.61	0.00
	Total Borrowings	Rs.Cr.	266.06	330.28	266.82	200.76	180.09	227.21
	Total	Rs.Cr.	927.25	1072.52	1108.87	1188.58	1502.42	1726.82
F	Financial Statistics							
	Value of Production	Rs.Cr.	1589.37	1693.18	1838.12	2089.03	2454.43	2603.26
	Value Added	Rs.Cr.	1032.26	1026.31	1166.13	1281.67	1667.37	1675.59
	Dividend (including Tax)	Rs.Cr.	14.13	26.51	26.51	26.75	26.75	53.70
	R & D Expenditure	Rs.Cr.	125.87	81.95	129.83	146.35	171.66	204.09
	Gross Margin	Rs.Cr.	278.17	300.14	334.22	362.26	554.88	404.70
	Gross Block	Rs.Cr.	773.84	805.34	829.38	856.27	914.20	976.53
	Inventory	Rs.Cr.	1269.66	1215.82	1163.04	1293.78	1500.35	1905.41
	Sundry Debtors	Rs.Cr.	465.45	637.57	630.55	501.59	226.80	210.19
	Capital Employed	Rs.Cr.	883.54	1013.54	1063.53	1150.26	1451.11	1177.07
	Net Worth	Rs.Cr.	600.73	648.55	752.66	934.11	1259.67	1015.20
	No. Of Employees	Nos.	35245	34183	33967	34828	34448	32642
G	Financial Ratios							
	Sales Per Employee	Rs	444577	517863	550514	587955	696957	749508
	Value Added Per Employee	Rs	292881	300240	343313	367999	484026	513323
	PBT to Sales	%	5.47	6.84	8.81	9.66	17.30	10.84
	PBIT to Capital Employed	%	23.34	21.99	22.99	23.61	32.08	27.44
	PAT to Net Worth	%	11.76	16.27	19.60	19.03	29.23	24.00
	Debt Equity Ratio	Times	0.25	0.27	0.28	0.18	0.14	0.15
	Earnings Per Share	Rs	5.86	8.76	12.24	14.75	30.56	20.22
	Dividend as %age of Equity (including Dividend Tax)	%	11.73	22.00	22.00	22.20	22.20	44.56

FINANCIAL HIGHLIGHTS

01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10
2707.96 66.85 2774.81 188.63	3016.53 103.89 3120.42 357.42	3584.43 215.35 3799.78 -43.64	4383.75 150.05 4533.80 450.75	5155.31 186.19 5341.50 575.12	7513.10 270.51 7783.61 1418.27	8284.25 341.09 8625.33 166.19	9936.80 436.58 10373.38 1437.47	11252.03 204.67 11456.70 2032.89
2963.44	3477.84	3756.14	4984.55	5916.62	9201.88	8791.52	11810.85	13489.59
1255.85 724.00 829.16 -257.02 37.98	1607.51 746.80 953.48 -308.54 45.22	1673.36 773.25 899.91 -247.01 57.21	2686.17 808.78 917.87 -250.96 65.16	3313.49 837.69 1014.21 -452.37 77.31	5980.40 1054.46 1163.10 -839.96 100.28	4684.43 1802.69 1686.02 -1663.80 117.95	7635.95 2542.78 886.86 -1732.16 142.55	9221.80 1954.05 984.87 -1525.57 166.00
2589.97	3044.47	3156.72	4227.02	4790.33	7458.28	6627.29	9475.98	10801.15
373.48 28.70	433.37 43.41	599.42 189.63	757.53 256.47	1126.29 355.15	1743.60 594.84	2164.23 532.35	2334.86 595.00	2688.43 721.02
344.78	389.96	409.79	501.06	771.14	1148.76	1631.88	1739.86	1967.41
352.19 865.03 1172.87	434.74 1323.97 714.49	515.44 2273.89 176.72	525.87 3477.09 -368.72	730.34 4375.40 -521.81	1020.98 4922.26 -570.06	1080.07 5173.19 411.53	1327.56 5254.75 1561.41	1465.50 5387.51 2775.98
2390.09	2473.20	2966.05	3634.24	4583.93	5373.18	6664.79	8143.72	9628.99
120.50 1640.41	120.50 1810.31	120.50 2120.92	120.50 2508.06	120.50 3050.58	120.50 3913.92	120.50 5163.22	120.50 6495.97	120.50 8003.02
1760.91	1930.81	2241.42	2628.56	3171.08	4034.42	5283.72	6616.47	8123.52
380.06 249.12	166.85 374.47 1.07	354.27 365.34 5.02	623.90 363.78 18.00	1047.95 363.88 1.02	1334.73 4.03	1379.04 2.03	1525.27 1.98	1505.29 0.18
629.18	375.54	370.36	381.78	364.90	4.03	2.03	1.98	0.18
2390.09	2473.20	2966.05	3634.24	4583.93	5373.18	6664.79	8143.72	9628.99
2963.44 1707.59 68.96 203.72 531.83 1085.41 2073.24 248.23 1802.24 1229.38 31652	3477.84 1870.33 87.99 265.06 594.54 1211.04 2394.95 510.02 1409.76 928.18 31138	3756.14 2082.78 92.46 313.81 800.36 1344.26 2576.52 990.20 1377.13 799.72 30450	4984.55 2298.38 113.92 306.63 974.46 1417.27 3508.64 1106.20 1507.65 882.07 29807	5916.62 2603.13 228.62 433.58 1408.15 1694.58 4809.74 1404.13 2204.66 1440.85 29668	9201.88 3221.48 285.42 637.79 2124.53 2080.89 7222.52 1281.18 3004.48 2084.99 31666	8791.52 4107.09 382.57 662.14 2650.95 2254.97 8614.64 1486.10 4485.20 3326.53 34323	11810.85 4174.90 407.12 674.78 2905.32 2638.09 10431.19 1848.26 5914.20 4635.76 34822	13489.59 4267.78 460.35 832.12 3382.75 2933.53 13660.03 1858.03 7272.27 6157.30 33990
876663 539487 13.46 23.92 28.04 0.22 28.61 57.23	1002126 600658 13.89 34.77 42.01 0.19 32.36 73.02	1247875 684000 15.78 46.69 51.24 0.16 34.01 76.73	1521052 771087 16.71 53.09 56.81 0.14 41.58 94.54	1800426 877424 21.09 53.26 53.52 0.12 64.00 189.73	2458034 1017330 22.40 58.56 55.10 0.001 95.33 236.86	2512989 1196600 25.09 48.55 49.06 0.00038 135.43 317.49	2978973 1198926 22.51 39.48 37.53 0.00030 144.39 337.86	3370609 1255600 23.47 36.97 31.95 0.00002 163.27 382.04

BOARD OF DIRECTORS

BOARD OF DIRECTORS

(AS ON 20th AUGUST 2010)

Shri Ashok Nayak

Chairman

Shri D. Shivamurti

Director (Finance)

Shri N. C. Agarwal

Director (Design & Development)

Shri P.V. Deshmukh

Managing Director
(MiG Complex)

Shri S.K. Jha

Managing Director
(Accessories Complex)

Shri R. Srinivasan

Managing Director
(Helicopter Complex)

Shri P. Soundara Rajan

Director (Corporate Planning & Marketing)

Shri D. Balasunder

Managing Director
(Bangalore Complex)

Shri Manoj Saunik

Joint Secretary (Aerospace)
Ministry of Defence

Shri P.K. Kataria

Additional FA (K) & JS
Ministry of Defence
(Finance Wing)

Dr. N. K. Naik

Director

Shri V. K. Misra

Director

MEMBERS OF THE MANAGEMENT COMMITTEE

Shri Ashok Nayak

Shri D. Shivamurti

Shri N. C. Agarwal

Shri P.V. Deshmukh

Shri S.K. Jha

Shri R. Srinivasan

Shri P. Soundara Rajan

Shri D. Balasunder

AUDIT COMMITTEE

Shri V. K. Misra

Chairman

Dr. N. K. Naik

Director

Shri Manoj Saunik

Joint Secretary (Aerospace)

Shri P.K. Kataria

Addl. FA(K) & JS

COMPANY SECRETARY

Shri Ashok Tandon

BANKERS

State Bank of India

State Bank of Mysore

State Bank of Hyderabad

State Bank of Travancore

State Bank of Patiala

State Bank of Bikaner & Jaipur

Punjab National Bank

Indian Bank

Indian Overseas Bank

Bank of Baroda

Exim Bank

Syndicate Bank

Union Bank of India

STATUTORY AUDITORS

M/s. K.P. Rao & Co.,

Chartered Accountants, Bangalore

BRANCH AUDITORS

M/s. P.S. Bhargava & Co.,

Chartered Accountants, Lucknow

M/s. Gupta Saharia & Co;

Chartered Accountants, Mumbai

M/s. S. Daga & Co;

Chartered Accountants, Hyderabad

M/s. G R S M & Associates;

Chartered Accountants, Bangalore

M/s. Anil Mihir & Associates;

Chartered Accountants, Rayagada

M/s. Saha Ganguli & Associates;

Chartered Accountants, Kolkata

M/s. Agarwal & Saxena;

Chartered Accountants, Kanpur

M/s. Venkat Kollali & Murthy;

Chartered Accountants, Bangalore

M/s. B.S. Reddy & Co.,

Chartered Accountants, Bangalore

M/s. Balu and Anand,

Chartered Accountants, Bangalore

M/s. Vivek Mittal & Associates.,

Chartered Accountants, Lucknow

M/s. Basavaraja & Dileep,

Chartered Accountants, Bangalore

M/s. K. B. Nambiar & Associates,

Chartered Accountants, Bangalore

M/s. SSB & Associates,

Chartered Accountants, Bangalore

M/s. G V Acharya & Co.,

Chartered Accountants, Bangalore

M/s. Vimal & Co.,

Chartered Accountants, Bangalore

M/s. Venkatachala Raghvendra & Co.,

Chartered Accountants, Bangalore

M/s. G. Anantha & Co.,

Chartered Accountants, Bangalore

M/s. Mallya & Mallya

Chartered Accountants, Bangalore

M/s. Ashok Kumar Prabhaskar & Co.,

Chartered Accountants, Bangalore

LEGAL ADVISERS

M/s. Sundaraswamy & Ramdas

Advocates, Bangalore

BOARD OF DIRECTORS



Shri Ashok Nayak



Shri V.K. Misra



Dr.N.K.Naik



Shri Manoj Saunik



Shri P.K.Kataria



Shri D.Shivamurti



Shri N. C. Agarwal



Shri P.V.Deshmukh



Shri S. K. Jha



Shri R. Srinivasan



Shri P.Soundara Rajan



Shri D.Balasunder

CHAIRMAN'S STATEMENT



LADIES & GENTLEMEN,

I have great pleasure in welcoming you all to the 47th Annual General Meeting of your Company. The audited Accounts for the year ended 31st March 2010, the Directors' Report and the report of the Auditors have been with you and I take them as read.

ECONOMIC SCENARIO

The world economy is in a post-recession environment, where demand could remain sluggish and shrinking defence budgets could lead to intense competition for market share in the global aerospace and defence industry. The Indian economy has, however, remained reasonably insulated as a result of its balanced approach towards liberalisation coupled with strong fundamentals.

In this scenario, our Country was able to touch a high GDP growth for 2009-10 at 7.2 per cent, up from 6.7 per cent recorded in 2008-09. The GDP is likely to grow at the rate of 8.5 per cent during 2010-11.

The strong fundamentals and available macro economic parameters augur well for the growth of the Country, as well as your Company with several new projects on the anvil. With skilled intensive manufacturing capabilities and a world-class IT base, India has the right ingredients to become a key link in the global defence supply chain.

PERFORMANCE OF THE COMPANY

Your Company has completed yet another successful year and set new records with the highest-ever turnover, net profits and dividend payment. For the year 2009-10, the Company achieved a turnover of Rs. 11,456.70 crore and Profit Before Tax of Rs. 2,688.43 crore, indicating a growth of 10.45 per cent and 15.14

per cent respectively, over the previous year. The Directors' Report containing detailed information on the performance of your Company is in your hands. However, I would like to highlight the achievements of 2009-10.

- o The maiden flight on the Technology Demonstrator (TD-1) for the indigenously-designed Light Combat Helicopter (LCH) took place on 29th March, 2010. With this, your Company has enabled India to join the elite and exclusive club of countries that have developed dedicated combat helicopters.
- o A new military variant, ALH Mk. III, was introduced during the year. This is powered by the Shakti engine and is intended for the Indian Air Force (IAF) and the Army to meet their high altitude operational requirements. This is being followed by an armed variant ALH Mk. IV, which is undergoing weapon trials.
- o Consolidating indigenous design capabilities in light helicopters, HAL has ventured into design and development of a Light Utility Helicopter. This will give your Company an edge in offering total solution to its customers in the 2-6 ton category of light helicopters.
- o The Intermediate Jet Trainer (IJT) project has progressed well with successful integration of a new Russian engine. The Company launched a limited series production of the IJT, pending the Final Operational Clearance.
- o The preliminary study to launch the development of new indigenous basic turboprop trainer to replace the HPT-32 aircraft has commenced.
- o The Earning per share has been robust at Rs. 163 and the highest-ever Dividend of Rs. 393.48 crore has been proposed for the year 2009-10, which amounts to Rs. 32.65 per equity share of Rs. 10/-.