

FINANCIAL HIGHLIGHTS

Sl. No.	Particulars	Units	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11
A	Our Earnings																
	Sales - Inland	Rs. Cr.	1730.57	1828.88	2003.70	2353.92	2387.94	2707.96	3016.53	3584.43	4383.75	5155.31	7513.10	8284.24	9936.80	11252.03	12878.12
	Export Sales	Rs. Cr.	39.64	41.05	44.03	46.96	58.61	66.85	103.89	215.35	150.05	186.19	270.51	341.09	436.58	204.67	237.39
	Total Sales	Rs. Cr.	1770.21	1869.93	2047.73	2400.88	2446.55	2774.81	3120.42	3799.78	4533.80	5341.50	7783.61	8625.33	10373.38	11456.70	13115.50
	Changes in WIP & SIT	Rs. Cr.	-77.03	-31.81	41.30	53.55	156.71	188.63	357.42	-43.64	450.75	575.12	1418.27	166.19	1437.47	2032.89	3335.34
	Total	Rs. Cr.	1693.18	1838.12	2089.03	2454.43	2603.26	2963.44	3477.84	3756.14	4984.55	5916.62	9201.88	8791.52	11810.85	13489.59	16450.84
B	Our Outgoings																
	Cost of Materials	Rs. Cr.	666.87	671.99	807.36	787.06	927.67	1255.85	1607.51	1673.36	2686.17	3313.49	5980.40	4684.43	7635.95	9221.80	11772.43
	Manpower Cost	Rs. Cr.	418.80	529.97	508.66	762.09	837.02	724.00	746.80	773.25	808.78	837.69	1054.46	1802.69	2542.78	1954.05	2287.15
	Net Operating Cost	Rs. Cr.	379.02	373.12	514.47	553.61	805.55	829.16	953.48	899.91	917.87	1014.21	1163.10	1686.02	886.86	984.87	723.81
	Net Financing Cost	Rs. Cr.	80.61	73.90	36.64	-90.10	-263.25	-257.02	-308.54	-247.01	-250.96	-452.37	-839.96	-1663.80	-1732.16	-1525.57	-1340.86
	Depreciation	Rs. Cr.	26.76	24.31	24.16	26.51	31.12	37.98	45.22	57.21	65.16	77.31	100.28	117.95	142.55	166.00	168.79
	Total	Rs. Cr.	1572.06	1673.29	1891.29	2039.17	2338.11	2589.97	3044.47	3156.72	4227.02	4790.33	7458.28	6627.29	9475.98	10801.15	13611.32
C	Our Savings																
	Profit Before Tax	Rs. Cr.	121.12	164.83	197.74	415.26	265.15	373.48	433.37	599.42	757.53	1126.29	1743.60	2164.23	2334.86	2688.43	2839.52
	Provision For Tax	Rs. Cr.	15.62	17.31	20.00	47.00	21.50	28.70	43.41	189.63	256.47	355.15	594.84	532.35	595.00	721.02	725.27
	Profit After Tax For Appropriation	Rs. Cr.	105.50	147.52	177.74	368.26	243.65	344.78	389.96	409.79	501.06	771.14	1148.76	1631.88	1739.86	1967.41	2114.26
D	We Own																
	Net Block	Rs. Cr.	208.09	209.03	213.35	245.63	278.10	352.19	434.74	515.44	525.87	730.34	1020.98	1080.07	1327.56	1465.50	1509.18
	Other Capital Assets	Rs. Cr.	408.65	407.75	356.41	336.92	845.12	865.03	1323.97	2273.89	3477.09	4375.40	4922.26	5173.20	5254.75	5387.51	5297.62
	Working Capital	Rs. Cr.	455.78	492.09	618.82	919.87	603.60	1172.87	714.49	176.72	-368.72	-521.81	-570.06	411.53	1561.41	2775.98	4424.14
	Total	Rs. Cr.	1072.52	1108.87	1188.58	1502.42	1726.82	2390.09	2473.20	2966.05	3634.24	4583.93	5373.18	6664.79	8143.72	9628.99	11230.94
E	We Owe																
	Equity	Rs. Cr.	120.50	120.50	120.50	120.50	120.50	120.50	120.50	120.50	120.50	120.50	120.50	120.50	120.50	120.50	120.50
	Reserves and Surplus	Rs. Cr.	621.74	721.55	867.32	1201.83	1379.11	1640.41	1810.31	2120.92	2508.06	3050.58	3913.92	5163.22	6495.97	8003.02	9624.72
	Shareholders' Funds	Rs. Cr.	742.24	842.05	987.82	1322.33	1499.61	1760.91	1930.81	2241.42	2628.56	3171.08	4034.42	5283.72	6616.47	8123.52	9745.22
	Deferred Tax Liability	Rs. Cr.							166.85	354.27	623.90	1047.95	1334.73	1379.05	1525.27	1505.29	1485.55
	Borrowings	Rs. Cr.	196.96	232.27	181.54	179.48	227.21	380.06	374.47	365.34	363.78	363.88	4.03	2.03	1.98	0.18	0.17
	Cash Credit Loan	Rs. Cr.	133.32	34.55	19.22	0.61	0.00	249.12	1.07	5.02	18.00	1.02					
	Total Borrowings	Rs. Cr.	330.28	266.82	200.76	180.09	227.21	629.18	375.54	370.36	381.78	364.90	4.03	2.03	1.98	0.18	0.17
	Total	Rs. Cr.	1072.52	1108.87	1188.58	1502.42	1726.82	2390.09	2473.20	2966.05	3634.24	4583.93	5373.18	6664.79	8143.72	9628.99	11230.94
F	Financial Statistics																
	Value of Production	Rs. Cr.	1693.18	1838.12	2089.03	2454.43	2603.26	2963.44	3477.84	3756.14	4984.55	5916.62	9201.88	8791.52	11810.85	13489.59	16450.84
	Value Added	Rs. Cr.	1026.31	1166.13	1281.67	1667.37	1675.59	1707.59	1870.33	2082.78	2298.38	2603.13	3221.48	4107.09	4174.90	4267.78	4678.42
	Dividend (including Tax)	Rs. Cr.	26.51	26.51	26.75	26.75	53.70	68.96	87.99	92.46	113.92	228.62	285.42	382.57	407.12	460.35	492.56
	R & D Expenditure	Rs. Cr.	81.95	129.83	146.35	171.66	204.09	203.72	265.06	313.81	306.63	433.58	637.79	662.14	674.78	832.12	986.96
	Gross Margin	Rs. Cr.	300.14	334.22	362.26	554.88	404.70	531.83	594.54	800.36	974.46	1408.15	2124.53	2650.95	3123.17	3382.75	3654.32
	Gross Block	Rs. Cr.	805.34	829.38	856.27	914.20	976.53	1085.41	1211.04	1344.26	1417.27	1694.58	2080.89	2254.97	2638.09	2933.53	3142.73
	Inventory	Rs. Cr.	1215.82	1163.04	1293.78	1500.35	1905.41	2073.24	2394.95	2576.52	3508.64	4809.74	7222.52	8614.64	10431.19	13660.03	17427.18
	Sundry Debtors	Rs. Cr.	637.57	630.55	501.59	226.80	210.19	248.23	510.02	990.20	1106.20	1404.13	1281.18	1486.10	1848.26	1858.03	2318.22
	Capital Employed	Rs. Cr.	1013.54	1063.53	1150.26	1451.11	1177.07	1802.24	1409.76	1377.13	1507.65	2204.66	3004.48	4485.20	5914.20	7272.27	8978.75
	Net Worth	Rs. Cr.	648.55	752.66	934.11	1259.67	1015.20	1229.38	928.18	799.72	882.07	1440.85	2084.99	3326.53	4635.76	6157.30	7851.79
	No. Of Employees	Nos.	34183	33967	34828	34448	32642	31652	31138	30450	29807	29668	31666	34323	34822	33990	33681
G	Financial Ratios																
	Sales Per Employee	Rs	517863	550514	587955	696957	749508	876663	1002126	1247875	1521052	1800426	2458034	2512989	2978973	3370609	3894036
	Value Added Per Employee	Rs	300240	343313	367999	484026	513323	539487	600658	684000	771087	877424	1017330	1196600	1198926	1255600	1389038
	PBT to Sales	%	6.84	8.81	9.66	17.30	10.84	13.46	13.89	15.78	16.71	21.09	22.40	25.09	22.51	23.47	21.65
	PBIT to Capital Employed	%	21.99	22.99	23.61	32.08	27.44	23.92	34.77	46.69	53.09	53.26	58.56	48.55	39.48	36.97	31.62
	PAT to Net Worth	%	16.27	19.60	19.03	29.23	24.00	28.04	42.01	51.24	56.81	53.52	55.10	49.06	37.53	31.95	26.93
	Debt Equity Ratio	Times	0.27	0.28	0.18	0.14	0.15	0.22	0.19	0.16	0.14	0.12	0.001	0.00038	0.00030	0.00002	0.00002
	Earnings Per Share	Rs	8.76	12.24	14.75	30.56	20.22	28.61	32.36	34.01	41.58	64.00	95.33	135.43	144.39	163.27	175.46
	Dividend as %age of Equity (including Dividend Tax)	%	22.00	22.00	22.20	22.20	44.56	57.23	73.02	76.73	94.54	189.73	236.86	317.49	337.86	382.04	408.76

LIST OF BOARD OF DIRECTORS OF HAL AS ON 7th SEPTEMBER 2011

	<u>WHOLE TIME DIRECTORS</u>		<u>PART TIME NON-OFFICIAL DIRECTORS</u>
1	SHRI ASHOK NAYAK , Chairman Hindustan Aeronautics Limited 15/1, Cubbon Road, P.B.No.5150 <u>BANGALORE – 560 001.</u> Ph: 080-22863105 / 22868003	1	SHRI V K MISRA 56/1, Friends Colony (East) <u>NEW DELHI- 110 065.</u> Ph.011-26833473 / Mob: (0) 9810126136.
2	SHRI P V DESHMUKH Managing Director HAL MiG Complex, Ojhar Township, <u>NASIK - 422 207, Maharashtra State.</u> 02550-275100	2	Prof. N K NAIK , Emeritus Fellow Aerospace Engineering Department Indian Institute of Technology Bombay Powai, <u>MUMBAI - 400 076.</u> Ph.022-25767114 / Fax: 022-2572 2602 E-mail:nknaik@aero.iitb.ac.in
3	SHRI S K JHA Managing Director HAL Accessories Complex P.B.No.215, <u>LUCKNOW - 226 016 (U.P).</u> Ph: 0522-2340327	3	SHRI AJAY SHANKAR C/O Lt. Gen. Vinay Shankar G-602 Lagoon Apartments Ambience Island, NH-8 <u>GURGAON - 120 002.</u> 011-23383659 (M) 9899000982
4	SHRI P SOUNDARA RAJAN Managing Director HAL Helicopter Complex P.B.No.1790, Vimanapura Post <u>BANGALORE – 560 017</u>	4	SHRI SURENDRA KUMAR Villa No.25, Lakshmi Gayatri Enclave (Adjacent to MNR PG College Campus) HMT Hills Kukkatpally, <u>HYDERABAD -500 072, AP</u> E-Mail: surendrakumar0901@gmail.com Mob. Ph.9490425970 / 9177681682 Fax.No.040-66120090
5	SHRI V. M. CHAMOLA Director (HR) Hindustan Aeronautics Limited 15/1, Cubbon Road, P.B.No.5150 <u>BANGALORE - 560 001.</u>		
6	Sqn. Ldr. (Retd.) Baldev Singh. Director (CP&M) HAL C.O. 15/1, Cubbon Rd. <u>BANGALORE - 560 001</u> Ph:-080-22867465 / 22867487	5	PROF. (DR.) R VENKATA RAO Vice Chancellor National Law School of India University Nagarbhavi, Post Bag No.7201 <u>BANGALORE – 560 242.</u> (M) 9740560111. (080) 23160520 E-mail : profrao@yahoo.com
7	SHRI K. NARESH BABU Managing Director HAL Bangalore Complex Vimanapura Post, <u>BANGALORE – 560 017</u> Ph:+ 080 – 25228230 /25223534	6	SHRI V V R SASTRY Flat No.A-506, C-DOT Apts. GH-2, Sector-56, <u>GURGAON, HARYANA</u> Center for Development of Telematics C-DOT Campus, Mandi Rd. Meharauli, <u>NEW DELHI – 110030</u> Tel. No. 91-11-26598118 Fax No. 91-11-26598242
8	DR. A. K. MISHRA, Director Finance (Officiating) HAL Corporate Office. <u>BANGALORE – 560 001.</u> Ph: 080 – 25227348 /25223457		
9 ➤ Director (Design & Development), DC Bangalore – 17.	1	
	<u>PART TIME OFFICIAL DIRECTORS</u>		
1	SHRI MANOJ SAUNIK Joint Secretary (Aerospace) Ministry of Defence Dept. of Defence Production <u>NEW DELHI - 110 011</u> Ph : 011-23012778	2	
2	Shri PK KATARIA Additional FA (K) & JS Ministry of Defence, (Finance Wing) <u>NEW DELHI - 110 011.</u> Ph. (11) 2301 1871 / Fax (011) 23013936 e-Mail : katariapk@gmail.com	3	

BOARD OF DIRECTORS



Shri Ashok Nayak



Shri V. K. Misra



Dr. N. K. Naik



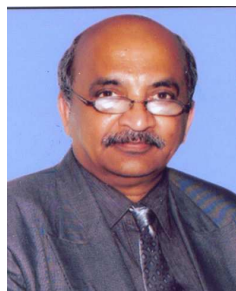
Shri Manoj Saunik



Shri P. K. Kataria



Shri V.V.R. Sastry



Dr.(Prof.)R. Venkata Rao



Shri Surendra Kumar



Shri Ajay Shankar



Shri P. V. Deshmukh



Shri S. K. Jha



Shri P. Soundara Rajan



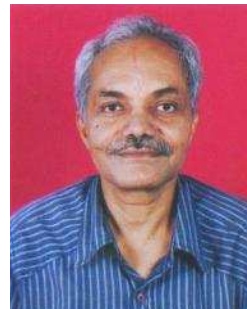
Shri V. M. Chamola



Sdn. Ldr.(Retd.) Baldev Singh



Shri K. Naresh Babu



Dr. A. K. Mishra

CHAIRMAN'S SPEECH

Dear Shareholders,

It is my privilege to welcome you all to the 48th Annual General Meeting of the Company. I thank you for your gracious presence and express my warmest greetings. The audited Accounts for the year ended 31st March 2011 and the Directors' Report have been with you and with your permission, I shall take them as read.

PERFOR- **MANCE** **OVERVIEW**

I am delighted to inform you that your Company has once again registered an impressive performance on all important parameters during the year 2010-11. The turnover registered a growth of 14 per cent at ₹ 13,116 crore, whereas the Profit before Tax grew by 6 per cent at ₹ 2840 crore.

The Company has produced 78 aircraft and helicopters, a record number, along with their engines and accessories during the year. This is double the average production of the last ten years.

The first Su-30 MKI aircraft from raw material phase (Phase IV) was produced during the year after completing the technology absorption.

The Initial Operation Clearance (IOC) of the Light Combat Aircraft (LCA) was achieved during the year. On the Design and Development front, a major milestone was achieved with the first Naval Prototype (NP-1), rolling out in the presence of the Hon'ble Raksha Mantri, Shri A.K. Antony.

The Company continued with its achieving 'Excellent' rating for the year 2009-10 under MOU criterion of performance evaluation. I am confident that the Company's performance during 2010-11 will earn an 'Excellent' rating once more. This is significant for it will complete 10 years of your Company consistently earning the 'Excellent' rating.

DIVIDEND

It gives me great pleasure to inform you that the Board of Directors has recommended a total dividend of ₹ 35.11 per Equity Share of ₹ 10/- each for the year 2010-11 as against ₹ 32.65 per share declared for the previous year. The dividend, including the two interim dividends, works out to a total of ₹ 423.12 crore for the year 2010-11.

The Company has been consistently declaring Dividends. Since its inception, a total amount of ₹ 2933 crore has been remitted to the Government of India towards Dividend including Dividend Tax of ₹ 364 crore.

ECONOMIC SCENARIO

The Indian economy, post recession, has shown stability and resilience in growth by achieving GDP growth for 2010-11 at 8.5 per cent up from 7.2 per cent recorded in 2009-10. Due to the continuous increase in inflation, tightening of monetary policy at regular intervals by the Reserve Bank of India and slowdown in the global growth, the GDP is likely to register comparatively lower growth rate in 2011-12. India will continue to be one of the most attractive investment destinations across the globe.

**BUSINESS
SCENARIO**

The Defence Industry in India is in its expansion cycle driven by the Modernisation plans and India's growing attractiveness as a defence sourcing hub. The opening up of the Defence production for the private sector and Foreign Direct Investment has attracted many large industrial houses and global aerospace companies to invest in the Defence sector and also to assume the role of system integrators. This will augment the policy of Government as well as your Company to indigenise the Defence production. The Company is fully geared up to meet the challenges in the emerging business scenario and has devised strategies to continue playing the lead role.

**FUTURE
GROWTH /
OUTLOOK**

The Company has put in place a number of measures & initiatives to not only maintain the growth trajectory, but also to improve the growth rate. The strategy is to achieve growth through a combination of our own initiatives and forging new partnerships with leading companies. Several agreements have been concluded for co-development and co-production of aircraft, engines and equipment with leading global aerospace companies with a view to not only meet the Defence requirements, but also to increase the level of Export.

With an order book position of ₹ 68265 crore and several new large projects on the anvil, viz. FGFA, MTA, HTT-40, LCH, LUH, MMRCA etc., the Company will continue to grow and improve its ranking in the global aerospace industry and break into the top twenty league of the aerospace companies in the World, in the near future.

New Projects:

The new projects launched during the year under review are:

FGFA

The Fifth Generation Fighter Aircraft (FGFA) programme commenced during the year under review with signing of the Preliminary Design (PD) Contract with the Russians in December 2010. The work on PD Phase, costing USD 295 Million and planned to be completed in 18 months, has commenced in February 2011. A team of HAL designers has been deputed to the SUKHOI Design Bureau, Russia for training / familiarisation.

MTA

The Multi-Role Transport Aircraft (MTA) project took off with the incorporation of the Joint Venture Company viz. Multi-Role Transport Aircraft Limited in December 2010. The project is envisaged as a co-design, co-development & co-production programme between the Indian and the Russian partners to meet the requirements of the Indian and Russian Air Forces. The project with an outlay of USD 600.7 Million will be funded equally by the Indian and Russian sides. The design team for the PD phase has been selected and will be deputed to Russia to jointly work with the Russian designers.

HTT-40

The Company has conceived the indigenous development of a basic turbo-prop trainer (HTT-40) to replace the existing Trainer Aircraft HPT- 32. The Project is under final stages of approval by the Government. The Aircraft is planned to be developed in a timeframe of 60 months. In anticipation of the approval, the Company has taken initiative and commenced the design & configuration studies and has made significant progress.

Projects in the Pipeline

The decision of the Government on Medium Multi Role Combat Aircraft (MMRCA) project is likely to be taken soon. Your Company will be manufacturing the Aircraft under license at its Bangalore facilities, for which planning activities have commenced.

Current programmes

- The Intermediate Jet Trainer (IJT) and Light Combat Aircraft (LCA) are in the final stages of development and certification cycle. The Company has concurrently launched production of these Aircraft.
- The development of the Light Combat Helicopter (LCH) is progressing well and the first engine ground run of TD-2 was completed during March 2011.

- The Mock-up evaluation and Design Freeze of the Light Utility Helicopter (LUH) and an exercise to identify a suitable engine is in progress.
- The current manufacturing programmes, viz SU-30 Mkl, Hawk, ALH, DO-228, Cheetah, Chetak and their repair and overhaul would continue to fuel the growth in the short and medium term. The additional orders for Hawk and ALH which are under process would add strength to the order book of the Company and shore up the top line of the Company in the years to come.

Technology Development

On the technology development front, the focus is on indigenisation of systems through in-house development to increase self-reliance. HAL has collaborated with leading Indian and foreign organisations to develop indigenous products, Systems etc. and formed eleven Joint Venture Companies to develop new products and absorb new technologies.

The Plan for modernisation of Plant and Machineries is under constant review and is under updation taking into account the existing, new and future programmes. A high-level team has been constituted by the Board of Directors to oversee and review the Plan.

Public-Private partnership

The Company continues to encourage outsourcing through public-private partnership and has developed over 2000 vendors. HAL is nurturing small and medium enterprises by supporting them in meeting the stringent quality standards of the aerospace industry.

HAL, which started its outsourcing activity in the early nineties, has come a long way, wherein presently 20-25% of the total work content is outsourced every year. HAL is realigning its strategies in the area of Outsourcing. It is not only planning to enhance its outsourcing activity to around 30% of its work content but also to go up the value chain.

The Company has brought in a paradigm shift, wherein it has moved from a purchase-focused organization with controls and validation oriented systems and procedures for all its purchases, to partnership building through a well defined architecture. This would enable the Company to realize the shift to the role of an assembler / integrator of the flying platforms and focus on manufacturing would be shifting to HAL's partners / suppliers. The Company would continue to retain the core technologies and concentrate on the design and development activities.