



Independent Auditors' Report

To,
The Members of M/s. Hindustan Aeronautics Limited,
15/1 Cubbon Road,
Bengaluru - 560 001

Report on the Company's Standalone Ind AS Financial Statements:

1. We have audited the accompanying standalone Ind AS financial statements of **M/s. Hindustan Aeronautics Limited** (the "**Company**"), which comprise the Balance Sheet as at 31st March, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information, in which are incorporated the Returns for the year ended on that date audited by the Divisional Auditors of the Company's 37 Divisions, at locations of the Divisions (hereinafter referred to as standalone 'Ind AS financial statements').

Management's Responsibility for the Standalone Ind AS Financial Statements:

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
3. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

4. Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.
5. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under Section 143(11) of the Act.
6. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.
7. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.
8. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.



Opinion:

9. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March, 2018, and its **Profit** (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matters:

10. We did not audit the Ind AS financial statements of 37 Divisions of the Company included in the standalone Ind AS financial statements, whose financial statements reflect total assets of ₹37,91,794 lakhs as at 31st March, 2018 and total revenues of ₹18,08,770 lakhs for the year ended on that date. The Ind AS financial statements of these Divisions have been audited by the Divisional Auditors' whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these divisions, are based solely on the report of such Divisional Auditors. The Standalone Ind AS financial statements also takes into account the particulars and information made available to us and also changes carried out at the corporate level based on the observations of the Divisional Auditors and the Comptroller and Auditor-General of India who have reviewed the audited Ind AS financial statements of the Divisions under section 143(6) of the Act.
11. Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements:

12. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government in terms of Section 143(11) of the Act, we give in "**Annexure - A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.
13. As required by Section 143(3) of the Act, we report that:
- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of audit have been received from the Divisions not visited by us.
 - The reports on the accounts of the Divisions of the Company audited under Section 143(8) of the Act by the Divisional Auditors have been sent to us and have been properly dealt with by us in preparing this report.
 - The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account and with the returns received from Divisions not visited by us.
 - 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. In view of the above, no disclosure is made by the Company as required under Ind AS 108. Subject to the above, we state that, in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act.
 - In terms of circular No. GSR 463(E) dated 05th June, 2015 issued by the Ministry of Corporate Affairs, Government of India, the Company being Government Company, is exempt from the provisions of section 164(2) of the Act regarding disqualification of Directors.



- g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in “**Annexure - B**”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.
- h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer clause 2 of Note No. 49 to the standalone Ind AS financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, on long-term contracts – Refer clause 50A of Note No. 49 to the standalone Ind AS financial statements. The Company does not have any derivative contracts.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
14. As required by section 143(5) of the Act, we give in “**Annexure – C**”, a statement on the matters specified by the Comptroller and Auditor General of India for the Company.

For **S. Venkatram and Co. LLP**
Chartered Accountants
Firm Registration No: 004656S/S200095



S. Sundarraman

Partner

Membership No. 201028

Place : Bengaluru

Date : 30th May, 2018



“Annexure A” to the Independent Auditors Report

(referred to in paragraph 12 under the heading ‘Report on Other Legal & Regulatory Requirements’ of our report of even date to the standalone Ind AS financial statements of the Company for the year ended 31st March, 2018. The information contained in this annexure is based on the audit reports received from the 37 divisions of the Company)

As per the books and records produced before us and as per the information and explanations given to us and based on such audit checks that we considered necessary and appropriate, we confirm that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets have been physically verified by the management in accordance with its phased programme designed to cover the assets of all locations/units by physical verification over a period of one to five years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets.
 - (c) The title deeds of immovable properties are held in the name of the Company **except as stated in Annexure – D**. The same has been disclosed in Notes to Accounts of standalone Ind AS financial statements.
- (ii) The inventories of the Company have been physically verified by the management at reasonable intervals during the year under audit. We have been informed that the discrepancies noticed on verification between physical stocks and the book records were not material having regard to the nature of business and volume of operations and the same have been properly dealt with in the books of accounts.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 during the year under review.
- (iv) In our opinion, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 with respect to Loans and Investments made.
- (v) The Company has not accepted any deposits from public.
- (vi) We have broadly reviewed the books of accounts relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (vii) (a) The Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income tax, Sales Tax, , Service tax, Duty of Customs, Duty of Excise, Value Added Tax, Goods and Services Tax, Cess and other statutory dues with the appropriate authorities. There are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Service Tax, Sales Tax, Value Added Tax, Duty of Customs, Duty of Excise, Goods and Services Tax or cess which have remained outstanding as at 31st March, 2018, concerned for a period of more than six months from the date they became payable.



- (b) There are no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax have not been deposited with the appropriate authorities on account of any dispute except as stated below.

Assessment year	Amount (₹ in lakhs)	Appeal by	Forum where dispute is pending
Income tax Act, 1961*			
2005-06, 2006-07, 2010-11	32,716	Both by Assessing Officer and the Company	Karnataka HC
2007-08, 2011-12, 2012-13, 2013-14, 2014-15	1,57,467	The Company	Income Tax Appellate Tribunal
2015-16	22,107	The Company	CIT(A)
Customs Act, 1962#			
2012-13	23,474	The Company	CESTAT
2012-13	95	The Company	CCE (Appeals)
Finance Act, 1994 – Service Tax[§]			
2002-03 to 2014-15	25,396	The Company	CESTAT
April 09 to March 13 and 2010-11	507	The Company	Commissioner
2006-14	98	The Company	Commissioner (Appeals)
2007-08 to 2017-18	15,878	The Company	Department
2006-07 to 2007-08	4,957	Commissioner of Central Excise, Customs and Service Tax	Supreme Court
2008-09 to 2009-10 and 2012-13 to 2014-15	1,232	The Company	Joint Commissioner of Central Excise & Customs, Nashik
April 2009- March 2011 and October 2009- March 2011	158	The Company	CCE(Appeals), Bangalore
2012-13	42	The Company	Commissioner of Central Excise (Appeal - I)
2005-06, 2007-08 to 2009-10 and 2011-12	5,439	The Company	Appellate Tribunal
April 2015- June 2017	35	The Company	Appeal yet to be filed with CCE (Appeals). Demand notice recd.23/03/18
Sales tax / VAT / Entry Tax[@]:			
2010-11 to 2014-15	15,262	The Company	Appellate Tribunal Lucknow
1997-98, 2000-01, 2005-06 to 2008-09	1,809	The Company	WB Commercial Taxes Appellate and Revisional Board, Kolkata
1999-2000, 2002-03 to 2004-05	11,465	The Company	Maharashtra Sales Tax Tribunal, Mumbai
1996-97 to 2003-04 and 2005-06 to 2012-13	50,775	The Company	Appellate Tribunal
1986-87 to 1998-99, 2000-01, 2001-02, 2012-13	93,144	The Company	1 st Appellate Authority
2005-06 to 2011-12	5,42,444	The Company	2 nd Appellate Authority
2013-14 to 2014-15	6,904	The Company	Add. Commissioner (A), Commercial Tax, Kanpur
2004-05	270	The Company	Sr. Deputy Commissioner of Sales Tax, Nasik
2000-01 and 2004-05	944	The Company	Deputy Commissioner (Assessments)



Assessment year	Amount (₹ in lakhs)	Appeal by	Forum where dispute is pending
2008-09 and 2004-10	3,716	The Company	Additional Commissioner (Appeal)
2003-04, 2008-09, 2010-11, 2013-14	14,053	The Company	High Court
2013-14	93,921	The Company	Dy. Comm. Of Sales Tax on 26.03.2018
2005-06	138		CCT, J&K
	11,24,446		

* Amount paid under dispute is ₹1,28,118 lakhs.

Amount paid under dispute is ₹3,127 lakhs.

\$ Amount paid under dispute is ₹172 lakhs.

@ Amount paid under dispute is ₹2,001 lakhs

- (viii) The Company has not defaulted in repayment of loans or borrowings to a financial institution, banks, government or dues to debenture holders during the year under review. The details of loans is as under:

Date of Loan	Amount in lakhs	Purpose	Amount Repaid in lakhs	Date of Repayment
30/06/2017	40,000	Working Capital	40,000	11/07/2017
30/06/2017	40,000		40,000	11/07/2017
20/03/2018	15,000		15,000	20/04/2018
20/03/2018	9,687		9,687	20/04/2018
23/03/2018	15,000		15,000	20/04/2018
28/03/2018	1,11,300		85,000	31/03/2018
28/03/2018	74,700		74,700	31/03/2018
28/03/2018	49,000		49,000	31/03/2018
28/03/2018	90,000		90,000	31/03/2018
29/03/2018	10,000		For Acquisition of Capital Asset	Repayment not yet started
	4,54,687		4,18,387	

- (ix) The shares of the Company were listed with Bombay Stock Exchange and National Stock Exchange on 28th March, 2018 in pursuance of an IPO of the Company made during the year. However, the Company did not raise money by way of initial public offer during the year under review, as the IPO made by the Company was sale of 3,35,32,320 (10.03%) shares by the promoter viz., the President of India acting through Ministry of Defence. The Company did not raise money by way of further public offer (including debt instruments). The Company has obtained a term loan of ₹100 crores, which is yet to be utilised by the Company.
- (x) No fraud of material nature by the Company or on the Company by its officers or employees has been noticed or reported during the course of audit.
- (xi) The provisions of section 197 are not applicable to a Government Company (in terms of MCA Notification no. G.S.R. 463 (E) dated 05th June, 2015) as the managerial remuneration is paid as per the appointment letter from Government of India.
- (xii) As the Company is neither carrying on the business of nidhi nor reported as a nidhi company, paragraph 3(xii) of the Order is not applicable.
- (xiii) The transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the standalone Ind AS Financial Statements as required by the applicable accounting standards.



- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) The Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) As the Company is not carrying on the business of Non-Banking Finance, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **S. Venkatram and Co. LLP**
Chartered Accountants
Firm Registration No: 004656S/S200095



S. Sundarraman

Partner

Membership No. 201028

Place : Bengaluru

Date : 30th May, 2018



“Annexure – B” to the Independent Auditor’s Report of even date on the Standalone Ind AS Financial Statements of M/s. Hindustan Aeronautics Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

1. We have audited the internal financial controls over financial reporting of M/s. Hindustan Aeronautics Limited (“the Company”) as of 31st March, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

2. The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (“the Guidance Note”) issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.
3. The Company’s Management has in present financial year amongst other areas has specifically identified the following areas (i) Goods in Transit, (ii) Capital Work in Progress, Trade Receivables, (iv) Trade Payables (v) Claims receivable, (vi) Advance to Vendor for Goods & Services/Capital Advances and (vii) Intangible Assets & its Amortisation as a benchmark criteria for establishing Internal Financial Controls over financial reporting.

Auditors’ Responsibility

4. Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. . Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
5. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.
6. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

8. A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.



Inherent Limitations of Internal Financial Controls Over Financial Reporting

9. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

10. In our opinion, the Company has, in all material respects, an adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

Other Matters

11. Out of 38 divisions of the Company, 37 divisions of the Company are audited by the Divisional Statutory Auditors and our work is confined to the Consolidation of the accounts. Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 37 divisions, is based on the corresponding reports of the auditors of such 37 divisions.

For **S. Venkatram and Co. LLP**
Chartered Accountants
Firm Registration No: 004656S/S200095



S. Sundarraman

Partner

Membership No. 201028

Place : Bengaluru

Date : 30th May, 2018



“Annexure – C” to the Independent Auditors Report

Directions indicating the areas to be examined by the Auditors during the course of audit of annual accounts of the Company for the year 2017-18 issued by the Comptroller & Auditor General of India under Section 143(5) of the Companies Act, 2013.

S. No.	Directions	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	The Company has clear title/lease deeds for freehold and leasehold land respectively except as given in Annexure D and the same has been disclosed in notes to accounts of standalone Ind AS financial statement.
2.	Whether there are any cases of waiver/write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved.	There has been no instance of waiver/write off of debts/loans/interest etc., by the Company during the year. The Company during the year has made provision for bad and doubtful debts of ₹4,125 lakhs and claims receivable ₹15,973 lakhs.
3.	Whether proper records are maintained for inventories lying with third parties & assets received as gift/grant(s) from Government or other authorities.	The Company has maintained proper records for inventory lying with third parties and assets received as gift from Government of India or other authorities.

For **S. Venkatram and Co. LLP**

Chartered Accountants

Firm Registration No: 004656S/S200095

S. Sundarraman

Partner

Membership No. 201028

Place : Bengaluru

Date : 30th May, 2018



“Annexure – D” to the Independent Auditors Report

S. No.	Particulars	Clause in Note No. 49 to Standalone Ind AS Financial Statement
1	Instruments of transfer in respect of land taken possession by the Company of 734.01 Acres have not been executed amounting to ₹290 lakhs.	14.1
2	Instruments of transfer in respect of building taken possession by the Company have not been executed amounting to ₹35 lakhs.	14.1
3	Land has been handed over/earmarked to the Government/other agencies pending execution of instruments of transfer of 141.98 acres amounting to ₹56 lakhs.	14.2
4	Land has been given on lease to the Government/other agencies of 1106.09 Acres amounting to ₹67 lakhs	14.3
5	The Company's Barrackpore Unit is in possession of 22.51 acres of land on which the division has its Buildings, Hangar, Plant and Machinery etc. The instruments of transfer in favour of division / company either by way of lease or transfer in respect of this land is pending under execution. Provision for lease rental amounting to ₹33 lakhs 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 the Army in exchange of 5 acres of land at Bangalore which was received free of cost from the State Government before 31 st 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.	14.4
6	Land under Property, Plant and Equipment includes Land taken on lease for establishing a unit at Kasargod at a cost of ₹708Lakhs (200acres). This cost is amortised over the lease period of 90 years. The Lease charges for the year amounting to ₹8.00 lakhs has been considered under depreciation for the year.	14.4
7	Land under Property Plant land Equipment includes land (0.27 acres) taken on lease for Liason Office Mumbai at a cost of ₹3 lakhs (including development cost). This cost is amortised over the lease period of 30 years . The amount of amortisation has been considered under depreciation for the year.	14.4
8	a) The company's Facilities Management Division (FMD) is holding 2105.831 acres land of which 13.637 acres is under litigation / encroachment by third parties and 10.152 acres is under dispute with BEML. b) Titles to land are not in the name of the Company in respect of 39 survey numbers at FMD Division, However, Records of Tenancy Certificate is available. c) An amount of ₹2314 Lakhs towards Lease cum Rental charges with various parties has not been considered in the books of accounts of FMD, pending dispute settlement.	14.5
9	Land at Nasik Division includes 1.339 acres of land encroached by 7 persons.	14.5



S. No.	Particulars	Clause in Note No. 49 to Standalone Ind AS Financial Statement
10	About 50.21 acres of the land belonging to company's Koraput Division is encroached upon by the nearby villagers for cultivation.	14.5
11	Land at Corporate office includes 711.22 sq.mt of land has been acquired for the Metro Rail Project by M/s. Bangalore Metro Rail Corporation Limited (BMRCL). The compensation awarded of ₹549 Lakhs by M/s. Karnataka Industrial Area Development Board (KIADB) is contested by Company in the City Civil Court at Bangalore. Meanwhile, a Joint Committee comprising the Company & BMRCL Officials was formed to arrive at an out of court settlement. The Joint Committee has finalized the recommendations for out of court settlement and the same has been accepted by the Company. However, on completion of the Metro project, the land utilized is restricted to 272.94 sq.mt. Accordingly, further necessary actions are being taken by the BMRCL/ KIADB in the matter. As the matter is subjudice, no adjustment has been made in the Books.	14.5

For **S. Venkatram and Co. LLP**

Chartered Accountants

Firm Registration No: 004656S/S200095

S. Sundarraman

Partner

Membership No. 201028

Place : Bengaluru

Date : 30th May, 2018