

Corporate Governance Report

1. A brief Statement on Company's Philosophy and Code of Governance

The Company's philosophy on Corporate Governance is based on the principles of transparency, honesty, integrity, accountability, Corporate Social Responsibility, compliance of laws, procedures and meeting ethical standards to take care of the interest of all the stakeholders. The Company gives importance to adherence to corporate values and objectives and discharging social responsibilities as a corporate citizen.

Your Company has formulated and uploaded the following policies/codes on its website in line with the Companies Act, 2013 and Listing Regulations:

- Code of Business Conduct and Ethics for Board Members and Senior Management
- Insider Trading Policy
- Policy on Related Party Transactions
- Policy on determination of Materiality of Disclosures
- Policy for Preservation and Archival of Documents
- Training Policy for Directors
- Corporate Social Responsibility Policy
- Whistle Blower Policy
- Risk Management Policy
- Dividend Distribution Policy
- Policy on determining Material Subsidiary
- Policy on Business Responsibility Report
- HR Manuals containing Recruitment and Promotion Rules
- Vigilance Manuals containing vigil mechanism

2. Board of Directors

The Board of Directors headed by Executive Chairman is the apex body which oversees functioning of the Company. The Board provides a long-term vision and strategic thinking in order to improve the quality of governance. It has constituted Sub-Committees to facilitate smooth and efficient flow of decision-making process.

As on 31st March, 2018, the Board of HAL comprises of five Whole time / Functional Directors including Chairman and Managing Director and five Non-Executive (Independent) Directors.

Your Company being a Government Company, appointment of all the Directors is being done by the President of India, through the Ministry of Defence. The Board has an appropriate mix of Executive, Non-Executive (Official and Independent) Directors and is headed by an Executive Chairman. Directors are not *inter se* related to each other.

(a) Composition and category of Directors:

Whole-time / Functional Directors (Executive) (as on 31/03/2018)

- Shri T Suvarna Raju Chairman and Managing Director
- Shri V M Chamola Director (Human Resources)
- Shri D K Venkatesh Director (Engineering and R&D)
- Shri C V Ramana Rao Director (Finance) and CFO
- Shri Sunil Kumar Director (Operations)

Independent Directors (Non-Executive)

- Ms. Dipali Khanna
- Dr. J K Bajaj
- Shri Siddharth
- Shri Neelakanta Iyer R
- Shri Anil Kumar

(b) Meeting and attendance of Directors and their Committee details:

Sl. No.	Directors	Meeting held during respective tenure of Director	No. of Meetings attended	Attendance at the last AGM	No. of other directorship held	No. of Committee membership across all Companies #	
						As Chairman	As Member
Whole-time/ Functional (Executive) Director							
1	Shri. T. Suvarna Raju	11	11	Yes	1	-	-
2	Shri. V. M. Chamola	11	10	Yes	2	-	1
3	Shri. Subrahmanyam (Retired on 30.04.2017)	1	1	NA	2	-	-
4	Shri D K Venkatesh	11	11	Yes	1	-	-
5	Shri C V Ramana Rao	11	11	Yes	1	-	1
6	Shri Sunil Kumar (appointed w.e.f 16.10.2017)	7	7	NA	-	-	-



Sl. No.	Directors	Meeting held during respective tenure of Director	No. of Meetings attended	Attendance at the last AGM	No. of other directorship held	No. of Committee membership across all Companies #	
						As Chairman	As Member
Part-time Official (Non -Executive) Director							
7	Shri Rajib Kumar Sen (withdrawal of nomination w.e.f.27.04.2017)	-	-	NA	-	-	1
8	Shri. Chandraker Bharti (appointed w.e.f 27.04.2017 and withdrawal of nomination w.e.f.01.03.2018)	7	7	Yes	-	-	1
Independent (Non-Executive) Director							
9	Shri. P S Krishnan (Ceased as Director w.e.f 04.05.2017)	1	1	NA	-	1	1
10	Shri. Pradipta Banerji (Ceased as Director w.e.f 04.05.2017)	1	1	NA	-	-	1
11	Shri. G Pattanaik (Ceased as Director w.e.f 04.05.2017)	1	1	NA	-	1	-
12	AVM (R) D K Pande, AVSM,VSM (Ceased as Director w.e.f 04.05.2017)	1	1	NA	-	-	1
13	Ms Dipali Khanna	11	9	Yes	6	1	-
14	Shri V Somasundaran (appointed w.e.f 11.09.2017 and resigned w.e.f 06.02.2018)	4	2	NA	-	-	1
15	Shri Arun Kumar Sinha (appointed w.e.f 11.09.2017 and resigned w.e.f 22.01.2018)	3	3	NA	-	-	1
16	Dr J K Bajaj (appointed w.e.f 11.09.2017)	9	9	NA	-	-	2
17	Shri Anil Kumar (appointed w.e.f 05.03.2018)	4	4	NA	-	-	1
18	Shri Neelakanta Iyer R (appointed w.e.f 05.03.2018)	4	4	NA	-	-	1
19	Shri Siddharth (appointed w.e.f 05.03.2018)	4	4	NA	1	-	1

In accordance with Regulation 26 of the SEBI (LODR) Regulations, 2015, Membership / Chairpersonship of only Audit Committee and Stakeholders' Relationship Committee are considered.

Notes:

- None of the Directors is a Member of more than 10 Committees or Chairman of more than 5 Committees, across all the Companies in which he is a director as per Regulation 26(1)(a) & (b);
- Directors are not per se related to each other.

(c) Number and date of meetings of the Board of Directors

During the financial year ended on 31st March, 2018, Eleven (11) Board Meetings were held as mentioned below:

Sl No	Date of Board Meeting
1	28 th April, 2017
2	29 th June, 2017
3	22 nd September, 2017
4	27 th September, 2017
5	28 th November, 2017
6	2 nd February, 2018
7	1 st March, 2018
8	5 th March, 2018
9	7 th March, 2018
10	7 th March, 2018
11	21 st March, 2018

(d) No. of Equity Shares of the Company held by Directors as on 31st March, 2018.

Sl. No	Name of the Director	No. of Shares held on 31.03.2018
1	Shri. T. Suvarna Raju*	40
2	Shri. V. M. Chamola*	40
3	Shri D K Venkatesh*	40
4	Shri C V Ramana Rao*	40
5	Shri Sunil Kumar	-
6	Ms Dipali Khanna	-
7	Dr J K Bajaj	-
8	Shri Anil Kumar	-
9	Shri Neelakanta Iyer R	-
10	Shri Siddharth	-

*Nominee Shareholders to the President of India, having no beneficial Interest.

(e) Web Link where details of familiarisation programmes imparted to independent directors is disclosed

In order to familiarise the independent Directors with their roles, rights, responsibilities, business model, nature of the industry in which the Company operates, etc., the Company has conducted various familiarization programmes.

The details of the familiarization program is disclosed in the website of the Company at www.hal-india.co.in/investors.

(f) Resume of directors

Brief Resume / profiles of the Directors appointed / re-appointed and their expertise in specific functional areas forms part of the Annual Report.

3. Audit Committee:

(a) Brief description of terms of reference: The terms of reference of the Audit Committee are as provided under the Companies Act, 2013 (except to the extent of exemptions granted to the Government Companies) and SEBI (Listing Obligations and Disclosure Requirements) Regulations,

2015 (except to the extent of exemptions provided by SEBI to the Company) and other applicable guidelines to CPSE.

(b) Composition, Name of Members and Chairperson

The Audit Committee consists of the following Directors as on 31st March, 2018:

i.	Ms. Dipali Khanna	Independent Director	Chairperson
ii.	Dr. J K Bajaj	Independent Director	Member
iii.	Shri Siddharth	Independent Director	Member
iv.	Shri Neelakanta Iyer R	Independent Director	Member
v.	Shri Anil Kumar	Independent Director	Member

The composition of the Audit Committee is in line with Section 177 of the Companies Act, 2013, Regulation 18 of the SEBI (LODR) Regulations, 2015 and the Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs) issued by the Department of Public Enterprises (DPE Guidelines).

Director (Finance) & CFO and Director (Operations) are the permanent invitees to the Committee.

The Company Secretary is the Secretary to the Committee.

(c) Meetings and Attendance

During the year, five (5) Audit Committee Meetings were held on 28th April, 2017, 14th November, 2017, 28th November, 2017, 2nd February, 2018 and 1st March, 2018.

Sl. No.	Name of Members	No. of Meetings held during the tenure	No. of Meetings attended
1	Shri. Chandraker Bharti (appointed w.e.f 27.04.2017 and withdrawal of nomination w.e.f.01/03/2018)	4	4
2	Shri. P S Krishnan (Ceased as Director w.e.f 04/05/2017)	1	1
3	Shri. Pradipta Banerji (Ceased as Director w.e.f 04/05/2017)	1	1
4	Shri. G Pattanaik (Ceased as Director w.e.f 04/05/2017)	1	1
5	AVM (R) D K Pande, AVSM,VSM (Ceased as Director w.e.f 04/05/2017)	1	1



Sl. No.	Name of Members	No. of Meetings held during the tenure	No. of Meetings attended
6	Ms Dipali Khanna	5	5
7	Shri V Somasundaran (appointed w.e.f 11/09/2017 and resigned w.e.f 06/02/2018)	3	2
8	Shri Arun Kumar Sinha (appointed w.e.f 11/09/2017 and resigned w.e.f 22/01/2018)	2	2
9	Dr J K Bajaj (appointed w.e.f 11/09/2017)	4	4
10	Shri Anil Kumar (appointed w.e.f 05/03/2018)	0	0
11	Shri Neelakanta Iyer R (appointed w.e.f 05/03/2018)	0	0
12	Shri Siddharth (appointed w.e.f 05/03/2018)	0	0

4. Nomination & Remuneration Committee

(a) Brief description of terms of reference

The Company, being a Government Company, the appointment, tenure and remuneration of directors are decided by the Government of India. As per the DPE Guidelines, a Nomination and Remuneration Committee was constituted to decide the annual bonus/variable pay pool and policy for its distribution within the prescribed limits. The terms of reference of the Nomination and Remuneration Committee are as provided under the Companies Act, 2013 (except to the extent of exemptions granted to the Government Companies) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (except to the extent of exemptions provided by SEBI to the Company) and other applicable guidelines to CPSE.

The composition of the Committee was in compliance with Regulation 19 of SEBI (LODR) Regulations- 2015. However, Section 178 (2), (3) and (4), of the Companies Act, 2013 relating to 'Nomination and Remuneration Committee' shall not apply to Government Company.

The appointment/remuneration and other matters in respect of Key Managerial Personnel (KMP) and Senior Management Personnel are governed by the HAL Recruitment Rules and Procedures and subject to the policies and directives that may be issued by the Board of Directors and/or CMD as the case may be from time to time. Pay scales of KMPs and Senior Management Personnel are governed by Presidential Directives received from the Ministry of Defence.

(b) Composition, name of Members and Chairperson

The composition of the Nomination and Remuneration Committee as on 31st March, 2018 is as under:

i.	Ms. Dipali Khanna	Chairperson
ii.	Dr. J K Bajaj	Member
iii.	Shri Anil Kumar	Member

Director (HR) & Director (Finance) & CFO are Permanent Invitees to the Committee.

The Company Secretary is the Secretary to the Committee.

(c) Meeting and attendance during the year

During the year under review, 1 (One) meeting of the Committee was held on 12th April, 2017.

5. CSR & Sustainable Development Committee

The CSR & Sustainable Development Committee, headed by an Independent Director, oversees implementation of CSR and Sustainable Development activities in the Company.

The Composition of the Committee as on 31st March, 2018 was as under:-

i.	Ms. Dipali Khanna	Chairperson
ii.	Director (HR)	Member
iii.	Director (Operations)	Member
iv.	Director (Finance) & CFO	Member

All CEOs of the Complexes and General Manager (Finance) – Corporate Office are Permanent Invitees to the Committee.

Company Secretary is the Secretary of the Committee

During the year, 2 (Two) meetings of the Committee were held on 25th April, 2017 & 14th November, 2017.

6. Stakeholders Relationship Committee

(a) Shareholders/Investors Grievance Committee is headed by an Independent Director

The Composition of the Committee as on 31st March, 2018 was as under:-

i.	Dr. J K Bajaj	Member
ii.	Director (HR)	Member
iii.	Director (Finance) & CFO	Member

Company Secretary is the Secretary of the Committee

(b) Brief description of terms of reference: The Committee was constituted primarily to look into redressal of grievances of the shareholders and investors of the Company

(c) Name and designation of Compliance Officer

Shri G V Sessa Reddy
Company Secretary & Compliance Officer
Hindustan Aeronautics Limited
15/1, Cubbon Road, Bengaluru – 560 001. Karnataka
Phone : (080) 2232 0001, Fax: (080) 2232 0758
Email: cosec@hal-india.com



(d) Number of shareholders' Complaints received upto 31st March, 2018 : Nil

(e) Number of Shareholder' Complaints resolved upto 31st March, 2018: Nil

(f) Number of Pending Complaints upto 31st March, 2018 : Nil

7. Risk Management Committee

The Board of Directors of the Company at its 415th meeting held on 30th May, 2018 constituted Risk Management Committee consisting of the following members:

- (i) Director (HR)
- (ii) Director (Engineering and R&D)
- (iii) Director (Finance)
- (iv) Director (Operations)

All CEOs of the Complexes and AGM (JV, OS & RM) are Permanent Invitees to the Committee.

Company Secretary is the Secretary of the Committee

Brief description of Terms of Reference: The risk management committee shall annually review and approve the Risk Management Policy and associated frameworks, processes and practices of the Company. The Committee shall review and reassess the adequacy of the Risk Management Policy annually and recommend any proposed changes to the Board for approval.

8. Other Committees of the Board

The Board has constituted the following Sub-Committees to assist and advise in their respective areas:

a) IPO Committee

The Composition of IPO Committee as on 31st March, 2018 was as under:-

Director (HR)	Chairman
Director (Engg and R&D)	Member

Director (Finance) & CFO	Member
Director (Operations)	Member

Company Secretary is the Secretary of the Committee.

The Board of Directors of the Company at its 415th meeting held on 30th May, 2018 has dissolved the Committee in view of completion of IPO process and shares of the Company got listed on Stock Exchanges w.e.f 28th March, 2018.

b) Management Committee

Management Committee is empowered to approve the proposals as per the powers delegated by the Board. The Composition of the Committee as on 31st March, 2018 was as under:

- Chairman and Managing Director (CMD)
- All Functional Directors - Members
- All CEOs - Members

Company Secretary is the Secretary to the Committee

c) Technology & Design Policy Committee

Technology and Design Policy Committee consisting of all Whole-time Directors, chaired by the CMD of the Company, have been delegated powers by the Board to approve Research & Development and Indigenisation proposals.

GM (ARDC) is the Secretary to the Committee.

9. Remuneration of Directors

HAL being a Government Company, the terms and conditions of appointment and remuneration of Functional Directors are determined by the Government of India through its administrative Ministry, Ministry of Defence, Department of Defence Production. Part-time official Directors (Government Nominee Director) do not draw any remuneration from the Company.

The Part-Time Non-Official Directors (Independent Directors) are paid sitting fee of ₹20,000/- per meeting of the board and its committee meeting as approved by the Board within the ceiling fixed under the Companies Act, 2013 and as per the guidelines issued by the Government of India.



The details of remuneration paid to Functional Directors during the financial year 2017-18 are as follows:

(Amt in ₹)				
Sl No	Name / Designation of Directors	Salary and Perquisites as per Section 17(1) &(2) of the Income Tax Act, 1961	Retirement & other benefits	Total
1	Shri T Suvarna Raju, CMD	64,00,744	-	64,00,744
2	Shri V M Chamola, Director (HR)	56,56,732	-	56,56,732
3	Shri D K Venkatesh, Director (Engg and R&D)	48,34,635	-	48,34,635
4	Shri C V Ramana Rao, Director (Finance) & CFO	42,72,816	-	42,72,816
5	Shri Sunil Kumar*, Director (Operations)	24,48,875	-	24,48,875
6	Shri S Subrahmanyam**, Ex-Director (Operations)	25,23,795	10,00,000	35,23,795

* Shri Sunil Kumar was appointed as Director (Operations) of the Company w.e.f 16.10.2017.

**Shri S Subrahmanyam, ceased as a Director (Operations) of the Company consequent upon superannuation on 30th April, 2017.

During the year, the Part-Time Non-Official Directors (Independent Directors) received sitting fees for attending the meetings of the Board / Committees as follows:

(Amt in ₹)				
Sl. No	Name of Independent Director	Board Meetings	Committee Meetings	Total Remuneration
1	Shri. P S Krishnan	20,000	40,000	60,000
2	Shri. Pradipta Banerji	20,000	80,000	1,00,000
3	Shri. G Pattanaik	20,000	60,000	80,000
4	AVM (R) D K Pande, AVSM,VSM	20,000	60,000	80,000
5	Ms Dipali Khanna	1,80,000	1,60,000	3,40,000
6	Shri V Somasundaran	40,000	60,000	1,00,000
7	Shri Arun Kumar Sinha	60,000	40,000	1,00,000
8	Dr J K Bajaj	1,80,000	1,00,000	2,80,000
9	Shri Anil Kumar	80,000	20,000	1,00,000
10	Shri Neelakanta Iyer R	80,000	20,000	1,00,000
11	Shri Siddharth	80,000	20,000	1,00,000

10. Meetings of Independent Directors

During the year, 2 (Two) Meetings of Independent Directors were held on 11th April, 2017 & 21st March, 2018.

11. Code of Business Conduct and Ethics for Board Members and Senior Management

The Company is committed towards conducting business in accordance with the highest standards of business ethics and complying with applicable laws, rules and regulations. The existing Code of Business Conduct and Ethics for Board Members and Senior Management has been revised in line with the provisions of the Companies Act, 2013 and Listing Regulations and approved by the Board of Directors of the Company at the 405th meeting held on 29th June, 2017. A copy of the Code has been placed on the Company's website www.hal-india.co.in. All members of the Board and Senior Management have confirmed compliance with the Code of Conduct for the year under review. A declaration signed by the Chairman & Managing Director is appended to this report.

12. Insider Trading Policy

In pursuance of SEBI (Prohibition of Insider Trading) Regulations, 2015, the Board of Directors of the Company has approved the Insider Trading Policy for dealing in Securities of the Company by an insider.

The Policy is framed with an aim that the employees of the Company and his/her immediate relatives shall not derive any benefit or assist others to derive any benefit from the access to and possession of Price Sensitive Information about the Company which is not in the public domain.

13. CEO/CFO Certification

In terms of Regulation 17(8) of SEBI (LODR) Regulations 2015, the Compliance certificate issued by the CEO and CFO on the financial statements and internal controls relating to financial reporting for the year 2017-18 was submitted to the Board at the meeting held on 30th May, 2018 and attached to this report.

14. Shareholding Pattern as on 31st March, 2018

Sl. No.	Category	Number of Share held	% of total holding
1	President of India	30,08,54,780	89.97
2	Insurance Companies	2,46,81,276	7.38
3	Resident Individuals	40,55,145	1.21
4	Banks	27,11,160	0.81
5	Mutual Funds	10,72,548	0.32
6	Bodies Corporates	5,61,126	0.17
7	Clearing Members	2,09,394	0.06
8	H U F	1,46,534	0.04
9	Non Resident Indians	68,101	0.02
10	Non Resident Indian Non Repatriable	27,036	0.01
11	Promoter Group	400	0.00
	Total	33,43,87,500	100.00

14.1 Top 10 Shareholders as on 31st March, 2018

Sl. No	Name	Number of Share held	% of total holding
1	President of India	30,08,54,780	89.97
2	Life Insurance Corporation of India	2,34,07,104	7.00
3	State Bank of India	16,12,896	0.48
4	ICICI Prudential Balanced Fund	8,06,448	0.24
5	General Insurance Corporation of India	6,69,336	0.20
6	The New India Assurance Company Ltd	6,04,836	0.18
7	Union Bank of India	2,82,252	0.08
8	Canara Bank	2,44,896	0.07
9	Max Life Insurance Company Ltd A/C- ULIF00125/06/04 LifeGrowth104 -Growth Fund	2,25,000	0.07
10	Syndicate Bank	2,05,752	0.06

14.2 Distribution of Shareholding by Size as on 31st March, 2018

Category	Number of Shareholders	% of Shareholders	Total Number of Shares	% of Shareholding
1-5000	1,87,165	99.98	43,90,011	1.31
5001 - 10000	8	0.00	52,826	0.02
10001 - 20000	1	0.00	15,033	0.00
20001 - 30000	1	0.00	22,466	0.01
30001 - 40000	1	0.00	38,400	0.01
40001 - 50000	1	0.00	41,148	0.01
50001 - 100000	3	0.00	2,27,436	0.07
100001 and above	14	0.01	32,96,00,180	98.57
TOTAL:	1,87,194	100.00	33,43,87,500	100.00

15. General Body Meetings:

(a) Details of the last three Annual General Meetings are as follows:-

Meeting No	Financial Year	Venue	Date & Time
52 nd	2014-15	Hindustan Aeronautics Limited 15/1, Cubbon Road, Bengaluru – 560001. Karnataka	28 th September, 2015 at 1400 Hrs
53 rd	2015-16	Hindustan Aeronautics Limited 15/1, Cubbon Road, Bengaluru – 560001. Karnataka	30 th July, 2016 at 1400 Hrs
54 th	2016-17	Hindustan Aeronautics Limited 15/1, Cubbon Road, Bengaluru – 560001. Karnataka	29 th July, 2017 at 1300 Hrs



- (b) No Special Resolution was put up at 52nd & 53rd Annual General Meetings. However, in 54th Annual General Meeting one Special Resolution was put up with regard to Alteration of Articles of Association of the Company.
- (c) No special resolution was passed last year through postal ballot and no special resolution is proposed to be conducted through postal ballot.

16. Means of Communication

- (a) **Quarterly/Annual Results:** After listing, the Company is regularly intimating un-audited as well as audited financial results to the Stock Exchanges, in compliance with the Listing Regulations. These financial results are normally published in one leading English newspaper having wide circulation across the country and in one Kannada newspaper having wide circulation across the region. The results are also displayed on the website of the Company www.hal-india.co.in.
- (b) **News Release, Presentation etc.:** The official news releases, detailed presentations made to media, institutional investors, financial analysts etc. are displayed on the Company's website www.hal-india.co.in.
- (c) **Website:** The Company's website www.hal-india.co.in contains separate dedicated section 'Investors' where the information for shareholders is available. Complete Annual Report, Shareholding Pattern and Corporate Governance Report etc. are also available on the website in a user-friendly manner.
- (d) **Annual Report:** Annual Report containing Financial Statements, Auditors' Report, Board's Report, Management Discussion and Analysis Report (MDAR), Business Responsibility Report, Corporate Governance Report, including Information for the Shareholders and other important information is circulated to the members and others entitled thereto.
- (e) **Green Initiative:** As a part of the Green initiative, the Company sends the copy of the notice convening the Annual General Meeting and the Annual Report through email to those shareholders who have registered their email Id's with the DP's / R&T agents and have not opted for a physical copy of the Annual report.

17. Shareholder's information

(a) Annual General Meeting :

The Annual General Meeting for the year 2017-18 will be held on:-

Date	28 th September, 2018
Time	1500 Hrs
Venue	HAL Management Academy (New Campus), Doddanekundi Main Road, Marathahalli, Bengaluru-560037

(b) Financial Calendar :

The financial calendar to approve quarterly/ annual financial results for the year 2018-19 is as under:

Approval of Quarterly Results for the Quarter ending	Tentative date of the Meeting of the Board
30 th June, 2018	On or before 14 th August, 2018
30 th September, 2018	On or before 14 th November, 2018
31 st December, 2018	On or before 14 th February, 2019
31 st March, 2019 (audited)	On or before 30 th May, 2019

(c) Dividend Payment date :

1st Interim Dividend was paid on 9th March, 2018
2nd Interim Dividend was paid on 31st March, 2018

(d) Listing on stock exchanges :

The equity shares of the Company are listed on the following Stock Exchanges:

Name and Address	Stock Code
BSE Ltd P. J. Towers, Dalal Street, Fort Mumbai-400001	541154
National Stock Exchange of India Ltd. (NSE) Exchange Plaza,C-1, G Block, Bandra- Kurla Complex, Bandra(E), Mumbai-400051	HAL

(e) Registrar to an issue and share transfer agents:

M/s Karvy Computershare Pvt Ltd
"Karvy Selenium Tower B", Plot No.31 & 32,
Financial District, Nanakramguda,
Gachibowli, Telangana – 500032
Tel: 040- 6716 2222
Fax:040- 2343 1551
Email:einward.ris@karvy.com
Website:https://karisma.karvy.com

(f) Share transfer system:

The shares of the Company are traded in dematerialised form. Shares sent for transfer are registered within stipulated period. Shares under objection are returned within the stipulated period seeking suitable rectification. The Company has constituted a Share Transfer Committee comprising of Director (Finance) & CFO, Director (Operations) and Company Secretary for approving requests related to Dematerialization/ Rematerialization/ Transfer/ Transmission/ Splitting/ Consolidation/ Reissue of share certificates etc. received from shareholders from time to time.

(g) Dematerialization of shares and liquidity:

As on 31st March, 2018, 100% of the equity shares of the Company are held in dematerialized form with NSDL and CDSL. The details are as under:

Sl. No.	Description	No. of Shareholders	Shares	% of Equity
1	NSDL	110816	332869238	99.55
2	CDSL	76378	1518262	0.45
	Total	187194	334387500	100.00

(h) Listing fees

Annual listing fees for the year 2017-18, as applicable, has been paid to the Stock Exchanges.

(i) Stock market information

Market price data: high, low during each month in the last financial year 2017-18 (28th March, 2018 to 31st March, 2018)

Month	BSE Limited			National Stock Exchange of India Ltd		
	High (₹ Per share)	Low (₹ Per share)	Volume (₹)	High (₹ Per share)	Low (₹ Per share)	Volume (₹)
28 th March, 2018	1184.00	1117.60	25,04,98,571	1184.95	1121.00	1,95,90,25,834

(j) Registered / Corporate Office address and Plant Locations:

(i) Registered/ Corporate Office

Hindustan Aeronautics Limited
15/1, Cubbon Road, Bengaluru – 560 001. Karnataka
Phone : (080) 2232 0001, Fax: (080) 2232 0758
Email: cosec@hal-india.com
Website: www.hal-india.co.in

(ii) Production Divisions:

Aircraft Division, Bengaluru, Karnataka	Airport Service Centre Bengaluru, Karnataka	Sukhoi Engine Division, Koraput, Orissa
LCA Tejas Division Bengaluru, Karnataka	Helicopter Division, Bengaluru, Karnataka	Transport Aircraft Division, Kanpur, Uttar Pradesh
Engine Division, Bengaluru, Karnataka	Helicopter MRO Division, Bengaluru, Karnataka	Accessories Division, Lucknow, Uttar Pradesh
Overhaul Division, Bengaluru, Karnataka	Aerospace Composite Division, Bengaluru, Karnataka	Avionics Division, Korwa, Uttar Pradesh
Aerospace Division, Bengaluru, Karnataka	Aircraft manufacturing Division, Nasik, Maharashtra	- Avionics Division, Hyderabad, Telangana - Strategic Electronic Factory –Branch factory of Hyderabad Division, Kasargod, Kerala
Foundry and Forge Division, Bengaluru, Karnataka	Aircraft Overhaul Division, Nasik, Maharashtra	Barrackpore Division, Barrackpore, West Bengal
Industrial & Marine Gas Turbine Division, Bengaluru, Karnataka	Engine Division, Koraput, Orissa	

(iii) R & D Centres:

Aircraft Research and Design Centre (ARDC), Bengaluru, Karnataka	Gas Turbine R&D Centre (GTRDC), Koraput, Odisha
Rotary Wing Research and Design Centre (RWR&DC), Bengaluru, Karnataka	Transport Aircraft R&D Centre, (TARDC) Kanpur, Uttar Pradesh
Aero Engine R&D Centre (AERDC), Bengaluru, Karnataka	Aerospace Systems & Equipment R&D Centre (ASERDC), Lucknow, Uttar Pradesh
Mission & Combat Systems R&D Centre (MCSRDC), Bengaluru, Karnataka	Strategic Electronics R&D Centre (SLRDC), Hyderabad, Telangana
Central Materials & Processes Laboratory & NDT Centre, Bengaluru, Karnataka	Aerospace Systems & Equipment R&D Centre (ASERDC), Korwa Uttar Pradesh
Aircraft Upgrade R&D Centre (AURDC), Nashik, Maharashtra	



18. Disclosure

(a) Material contracts/related party transactions

The Company has not entered into any material, financial or commercial transactions with the Directors or the Management or their relatives or the companies and firms, etc., in which they are either directly or through their relatives interested as Directors and/ or Partners except with certain JVCs and subsidiaries where the Directors of the Company are Nominee Directors without the required shareholdings. The Company has obtained declarations from all concerned in this regard, which were noted by the Board. A comprehensive policy on Related Party Transactions (RPT) has been approved by the Board. The Policy is in line with the SEBI Regulations and Companies Act, 2013.

The details of transactions with related parties are disclosed in Clause 45A Note No. 49 of the Notes to Financial Statements for the year ended 31st March, 2018. The Company has disclosed details of transactions with related parties as per the disclosure requirements of Indian Accounting Standard - 24 on Related Party disclosures. The policy on related party transactions of the Company may be accessed at www.hal-india.co.in/investors.

(b) Details of non-compliances on matters related to capital markets, during the last three years

The Company has complied with applicable rules (except as otherwise stated in this report) and the requirement of regulatory authorities on capital market and no penalties or strictures were imposed on the Company during the last three years. All returns/ reports were filed within the stipulated time with stock exchanges/ other authorities.

Based on the Ministry of Defence, DDP vide letter No. 48013/1/2017-D (HAL-II) dated 31.03.2018, the Company had paid 2nd Interim dividend without complying the applicable SEBI Listing Regulations. However, an application was made to SEBI for exemption in this regard and in turn SEBI had granted exemption vide letter No. CFD/CMD/PR/OW/11002/2018 dated 9th April, 2018.

(c) Vigil Mechanism/Whistle Blower Policy

In terms of Regulation 22 of Listing Regulations, 2015, the Company has established a vigil mechanism for directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy.

The Company has provided ample opportunities to encourage the employees to become whistle blowers (employees who voluntarily and confidentially want to bring the unethical practices, actual or suspected fraudulent transactions in the organization to the notice of the competent authority for the greater interest of the organization and the Nation). It has also ensured a very robust mechanism within the same framework to protect whistle blowers from any kind of harm It is hereby affirmed that no personnel has been denied access to the Audit Committee.

(d) Details of compliance with non-mandatory requirements.

The status on the compliance with the non-mandatory requirements as per the SEBI (LODR) Regulations, 2015 is as under:

- The Company has the position of Chairman & Managing Director (Executive) & there is no Non- executive Chairman.
- The financial statements of the Company are disclosed with unmodified audit opinion.
- Process of communicating with shareholders is very robust and the procedure has been explained under "Means of Communication".
- Head of System Audit reports directly to Director (Finance) of the Company and is an invitee to the meeting of audit committee.

(e) Policy for determining 'material' subsidiaries

The Company does not have any material subsidiary whose net worth exceeds 20% of the consolidated net worth of the holding Company in the immediately preceding accounting year or has generated 20% of the consolidated income of the Company during the previous financial year. However, a policy on material subsidiaries has been formulated with the approval of the Board of Directors in its 415th meeting held on 30th May, 2018 and may be accessed at www.hal-india.co.in/investors.

(f) Accounting Standards: The Company is complying with all applicable Indian Accounting Standards (Ind AS).

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 Ind AS 108 on "Operating Segment". Disclosure in this regard has been made at Clause No.37 of Note No. 49 to the Accounts.

(g) Training of Directors: The Directors were sponsored for training programmes on Corporate Governance.

(h) Right to Information

Your Company has implemented Right to Information Act, 2005 in order to provide information to citizens and to maintain accountability and transparency. The Company has put the RTI Manual on its website. The DoPT has launched RTI online MIS Portal through which also Request for Information can be filed. The Company has designated Central Public Information Officer (CPIO), First Appellate Authority (FAA), Nodal Officer (NO), Transparency Officers (TOs) and Assistant Public Information Officers (APIOs) at all sites and offices.

During 2017-18, 1242 RFI applications were received under the RTI Act, out of which 1141 applications were replied till 31st March, 2018.

The Central Information Commission, New Delhi issued 22 Notices of Hearings during the year 2017-18 and they were attended, through NIC Video Conferencing and all have been disposed off by the CIC.



(i) Redressal of Public Grievances

In order to facilitate resolution of grievances in a transparent and time bound manner, Department of Administrative Reforms & Public Grievances, Government of India has initiated web-based monitoring system at www.pgportal.gov.in.

Your Company is committed to resolution of public grievance in an efficient and time bound manner. Additional General Manager (HR)- Corporate Office has been designated as Nodal Officer (Grievance) to facilitate earliest resolution of public grievances received through the online portal from President's Secretariat, Prime Minister's Office, the Ministry of Defence etc.

As per the directions of GoI, Public Grievances are to be resolved within two months time. If it is not possible to resolve the same within two months period, an interim reply is to be given. Your Company is making all efforts to resolve grievances within the said time frame.

(j) Presidential Directives

All the Presidential Directives and Guidelines issued by the Government of India from time to time regarding reservations for SCs, STs, OBCs, Persons with Disabilities and Ex-Servicemen are complied by HAL. Liaison Officers are appointed in all the Divisions / Offices located across the Country to ensure effective implementation of the Government Directives. Officers who are entrusted with the responsibility of looking after reservation in Recruitment and Promotion are provided with necessary training to enable them to update their knowledge on the subject and carry out their job effectively.

The representation of SCs/STs/OBCs in HAL as on 31st December, 2017 was as under:

Category of Employees	Group A	Group B	Group C	Group D	Total
Scheduled Castes	1557	8	3501	4	5070
Scheduled Tribes	529	4	1473	0	2006
Other Backward Classes	2063	12	5165	6	7246

The representation of Persons with Disabilities and Ex-Servicemen as on 31st December, 2017 was as under:

Category of Employees	Group A	Group B	Group C	Group D	Total
Persons with Disabilities	155	2	523	3	683
Ex-Servicemen	91	1	1635	0	1727

(k) Items of expenditure debited in Books of Accounts, which are not for the purpose of business

No items of expenditure, other than those directly related to its business or incidental thereto, those spent towards the welfare of its employees/ex-employees, towards fulfilling its Corporate Social Responsibility, were debited in the Books of Accounts.

(l) Expenses incurred, which are personal in nature and incurred for the Board of Directors and Top Management

Expenses incurred for the Board of Directors and Top Management are in the nature of salaries, allowances, perquisites, benefits and sitting fees as permissible under the Rules of the Company. No other expenses, which are personal in nature, were incurred for the Board of Directors and Top Management during the year 2017-18.

(m) Corporate Social Responsibility & Sustainable Development (CSR & SD)

The CSR Budget for the Financial Year 2017-18 worked out to ₹6641 lakhs, based on the statutory 2% of average Profit of preceding 3 years. The Wind Power Project commissioned during 2016-17 by utilizing CSR Funds had generated a revenue of ₹737 lakhs and the same has been added back to the CSR Budget. Thus, the CSR Budget for the year 2017-18 had become ₹7378 lakhs. During the year, the Company had spent ₹7729 lakhs against the said Budget of ₹7378 lakhs towards CSR & Sustainable Development.

(n) Integrity Pact

HAL has adopted and provided for signing of Integrity Pact (IP) and accordingly a clause has been introduced in the Purchase Manual. Pre-contract IP is a binding agreement between the Company and bidders for a specific contract in which the Parties promise that it will not resort to any corrupt practices in any aspect / stage of the contract.

The IP has strengthened the established systems and procedures by creating trust and has full support of the Central Vigilance Commission.

For and on behalf of Board of Directors
Hindustan Aeronautics Limited

(T. Suvarna Raju)

Chairman & Managing Director

Place : Bengaluru

Date : 30th June, 2018

Declaration of Compliance with the Code of Conduct

Pursuant to Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Department of Public Enterprises (DPE) Guidelines on Corporate Governance for Central Public Enterprises, all Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Business Conduct & Ethics for Board Members & Senior Management of Hindustan Aeronautics Limited, for the year ended 31st March, 2018.

(T Suvarna Raju)

Chairman & Managing Director

Place: Bengaluru

Date: 21st June, 2018