

### Issue Highlights:

**Issuer: Hindustan Aeronautics Limited**

**Issue Type:** 100% Book Built Issue IPO

**Issue Open:** Friday, Mar 16, 2018

**Issue Close:** Tuesday, Mar 20, 2018

**Offer Details:** Offer for Sale of 34,107,525 Equity Shares

**Issue Size: Rs.4,113\* - 4,198^ Cr**

**Face Value:** Rs.10 per Equity Share

**Price Band:** Rs.1,215 - Rs.1,240 per Equity Share

**Minimum Order Quantity Retail:** 12 Equity Shares and in multiples thereof

**Maximum Bid amount for Retail:** Rs. 2 Lakhs

**Listing:** NSE & BSE

### Issue Size and Investor Category Allocation

**QIB:** 50% of the issue size (Rs.2,031\* Cr – 2,073^ Cr)

**NIB:** 15% of the issue size (Rs.609\* Cr – 622^ Cr)

**Retail Individual:** 35% of the issue size  
(Rs.1,393\* Cr – 1,422^ Cr)

**Employee Reservation:** Rs. 80\* Cr - Rs. 81 Cr^

**Retail & Employee Discount:** Rs.25/- per Equity Share

\* Lower Price Band; ^ Upper Price Band

### Book Running Lead Managers:

Axis Capital, SBI Capital

### Registrar:

Karvy Computer Share Private Limited

### Key Business Strategies:

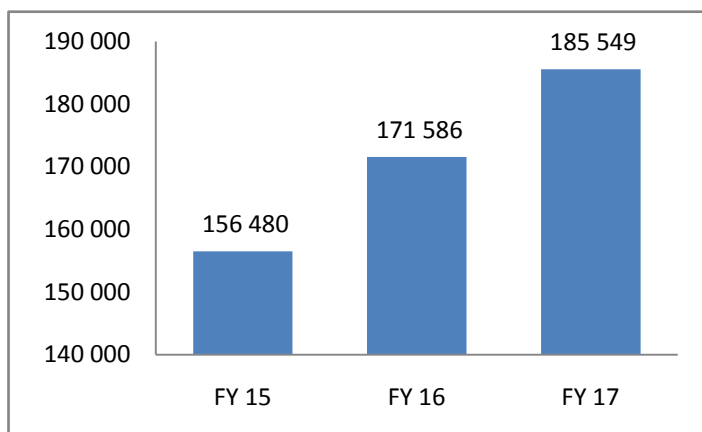
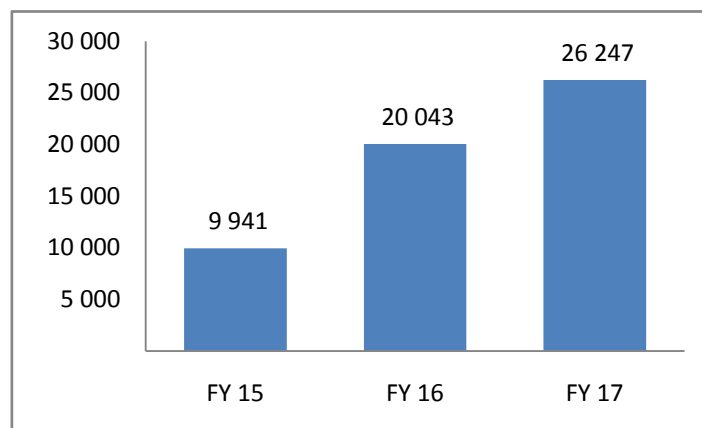
- Long credible history of research, design and development, manufacturing and maintenance, repair and overhaul ("MRO") services.
- Strong design and development capabilities
- Leadership position in the Indian aeronautical industry and strong GoI support
- Diversified product portfolio
- Strong financial track record
- Experienced management team and operating team

### Key Strengths:

- Expand our operations through partnerships or collaboration
- Diversify through expansion in new growth areas
- Diversify further into the civil aircraft segment for both manufacturing and servicing opportunities
- Develop in-house capabilities to design and develop specialized products including aero-engines
- Leverage Existing Cost Advantage
- Developing Human Capital
- Optimizing operations towards becoming a lead integrator of aircraft platforms

### About the Issuer:

- They have been conferred with the "Navratna" status by the GoI in June 2007 and are the largest DPSU in terms of value of production according to the MoD Annual Report 2016-2017.
- They are the 39th largest aerospace company in the world in terms of revenue (in USD million) in 2016 according to Flight International.
- They are engaged in the design, development, manufacture, repair, overhaul, upgrade and servicing of a wide range of products including, aircraft, helicopters, aero-engines, avionics, accessories and aerospace structures.
- Their operations are organised into five complexes, namely the Bangalore Complex, MiG Complex, Helicopter Complex, Accessories Complex, and Design Complex, which together include 20 production divisions and **11 research and design centres ("R&D Centres")** located across India.
- They have entered into 13 commercial joint ventures to grow our operations.
- They sell their products and provide services to state governments, para-military forces and corporate. In 2017, they exported products and services, primarily spares, to more than 13 countries.

**Revenue from Operations (Rs. Million)**

**Net Profit After Tax (Rs. Million)**

**SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED**

(₹ In Millions)

Particulars	As At		
	31st March 2017	31st March 2016	31st March 2015
			(Proforma)
<b>Non-current assets</b>			
(a)-i Property, Plant and Equipment			
Gross Block	111,656	102,889	92,916
Less: Accumulated Depreciation	53,811	48,445	42,557
Less: Impairment			
Net Block	57,845	54,444	50,359
ii Property, Plant and Equipment-Customer Funded			
Gross Block	585	-	-
Less: Accumulated Depreciation	32	-	-
Less: Impairment	-	-	-
Net Block	553	-	-
(b) Capital work-in-progress	6,211	3,754	2,270
(c) Investment Property			
Gross Block	1	1	1
Less: Accumulated Depreciation	1	1	1
Less: Impairment			
Net Block	-	-	-
(d) Goodwill			
Gross Block	-	-	-
Less: Accumulated Amortization	-	-	-
(e) Other Intangible Assets			
Gross Block	30,731	30,356	29,801
Less: Accumulated Amortization	16,595	15,548	13,431
Less: Impairment			
Net Block	14,136	14,808	16,370

**SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED**
*(₹ In Millions)*

Particulars	As At		
	31st March 2017	31st March 2016	31st March 2015 (Proforma)
<b>(f) Intangible Assets under Development</b>			
Gross Block	13,009	10,260	7,694
Less: Accumulated Amortization	3,170	2,905	2,528
Less: Impairment	1,176	855	755
Net Block	8,663	6,500	4,411
(g) Investments -Joint Ventures/ Subsidiaries	2,046	1,901	1,949
(h) Financial Assets	-	-	-
(i) Investments-Others	7,894	7,257	5,699
(ii) Trade receivables	102	-	155
(iii) Loans	589	520	523
(iv) Others	3,675	4,014	3,733
(i) Deferred Tax Assets (net)	-	-	-
(j) Other Non-Current Assets	12,107	14,862	13,566
<b>Sub Total - A</b>	<b>113,821</b>	<b>108,060</b>	<b>99,035</b>
<b>Current assets</b>			
(a) Inventories	213,213	239,817	249,528
(b) Financial Assets			
(i) Investments			
(ii) Trade receivables	42,103	48,369	60,354
(iii) Cash and cash equivalents	111,533	133,034	176,714
(iv) Bank balances other than (iii) above	-	-	-
(v) Loans	987	981	1,760
(vi) Others	25,816	22,088	19,868
(c) Current Tax Assets (Net)	1,149	-	1,004
(d) Other currents assets	6,901	12,970	15,940
<b>Sub Total - B</b>	<b>401,702</b>	<b>457,259</b>	<b>525,168</b>
<b>Total assets (A+B)</b>	<b>515,523</b>	<b>565,319</b>	<b>624,203</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity Share capital	3,615	3,615	4,820
(b) Other Equity	121,976	106,709	143,619
<b>Sub Total - A</b>	<b>125,591</b>	<b>110,324</b>	<b>148,439</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	-	-	-
(ii) Trade payables	1,926	-	34
(iii) Other financial liabilities	3,716	3,973	3,732
(b) Provisions	20,298	24,825	25,728
(c) Deferred tax liabilities (Net)	9,599	8,148	6,608
(d) Other non-current liabilities	98,472	91,546	87,513
<b>Sub Total - B</b>	<b>134,011</b>	<b>128,492</b>	<b>123,615</b>
<b>Current Liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	9,500	-	-
(ii) Trade payables	16,047	21,512	22,676
(iii) Other financial liabilities	10,976	9,769	11,170
(b) Other current liabilities	190,614	267,874	293,585
(c) Provisions	28,784	26,376	24,718
(d) Current Tax Liabilities (Net)	-	972	-
<b>Sub Total - C</b>	<b>255,921</b>	<b>326,503</b>	<b>352,149</b>
<b>Total Equity and Liabilities - (A+B+C)</b>	<b>515,523</b>	<b>565,319</b>	<b>624,203</b>

**SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED**
*(₹ In Millions)*

Particulars	For The Year Ended		
	31st March 2017	31st March 2016	31st March 2015 (Proforma)
<b>I Revenue</b>			
Revenue from operations	185,549	171,586	156,480
<b>II Other income</b>	10,420	15,962	17,140
<b>III Total Revenue (I+II)</b>	<b>195,969</b>	<b>187,548</b>	<b>173,620</b>
<b>IV Expenses</b>			
Cost of Materials Consumed	84,042	88,119	78,671
Purchase of Stock-in-Trade	2,907	3,637	10,165
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	5,111	(5,624)	(6,346)
Excise Duty	6,034	4,001	5
Employee Benefits Expenses	35,704	32,743	32,805
Finance costs	102	-	83
Depreciation , Amortization expense and Impairment Loss	7,129	8,628	8,832
Other Expenses	12,494	11,759	11,124
Direct Input to WIP / Expenses Capitalised	4,657	5,119	4,350
Provisions	8,119	10,512	21,972
<b>Total Gross Expenses</b>	<b>166,299</b>	<b>158,894</b>	<b>161,661</b>
Add / Deduct: Expenses relating to Capital and Other Accounts	(6,080)	(3,360)	(4,775)
<b>Total Net Expense (IV)</b>	<b>160,219</b>	<b>155,534</b>	<b>156,886</b>
<b>V Profit before exceptional items and tax (III-IV)</b>	<b>35,750</b>	<b>32,014</b>	<b>16,734</b>
<b>VI Share of Profit / (Loss) of Joint Ventures accounted using Equity Method</b>	167	119	(7)
<b>VII Exceptional items</b>	-	-	-
<b>VII Restated Profit before tax</b>	<b>35,917</b>	<b>32,133</b>	<b>16,727</b>
<b>I</b>			
<b>IX Tax expense</b>			
Current tax	8,218	8,459	8,545
Minimum Alternate Tax Credit Entitlement	-	2,091	1,253
Deferred tax	1,452	1,540	(3,012)
<b>Total tax expense</b>	<b>9,670</b>	<b>12,090</b>	<b>6,786</b>
<b>X Profit (Loss) for the period from Continuing Operations (VIII-IX)</b>	<b>26,247</b>	<b>20,043</b>	<b>9,941</b>
<b>XI Profit/(loss) from Discontinued Operations</b>	-	-	-
<b>XII Tax expense of Discontinued Operations</b>	-	-	-
<b>XII Profit/(loss) from Discontinued Operations (after tax) (XI-XII)</b>	-	-	-
<b>XI Profit/(loss) for the period (X+XIII)</b>	<b>26,247</b>	<b>20,043</b>	<b>9,941</b>
<b>V</b>			

**SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED**

(₹ In Millions)

Particulars	For The Year Ended		
	31st March 2017	31st March 2016	31st March 2015 (Proforma)
<b>XV Other Comprehensive Income</b>			
<b>A (i) Items that will not be reclassified to profit or loss- ( Re-measurement of defined benefit plan )</b>	<b>93</b>	<b>103</b>	<b>(985)</b>
(ii) Share of Other Comprehensive income of JV's Accounted using Equity Method	-	-	-
(iii) Income tax relating to items that will not be reclassified to profit or loss	(32)	(36)	335
<b>B (i) Items that will be reclassified to profit or loss Exchange difference in translating statements of foreign operations</b>	<b>-</b>	<b>-</b>	<b>(1)</b>
(ii) Share of Other Comprehensive income of JV's Accounted using Equity Method	-	1	-
(iii) Income tax relating to items that will be reclassified to profit or loss	-	-	-
	<b>61</b>	<b>68</b>	<b>(651)</b>
<b>XV Total Comprehensive Income for the period I (XIV+XV) (Comprising Profit (Loss) and Other Comprehensive Income for the period)</b>	<b>26,308</b>	<b>20,111</b>	<b>9,290</b>
<b>XV Earnings per Equity Share of ₹ 10 each: II</b>			
<i>Basic and Diluted (₹)</i>	73	42	21

Source for Note: DRHP

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