

### 1.3 Procedure followed in decision making process

Presently, HAL has 20 Production / Overhaul Divisions, 10 Research & Development (R&D) Centres and a Facilities Management Division, located across the Country. The R&D Centres which have dedicated facilities for research, design & development and prototype activities are co-located with the manufacturing divisions for effective development and design support. The Corporate Office of the Company is located at Bangalore. HAL is administratively organised into 5 Complexes viz. Bangalore Complex, MiG Complex, Accessories Complex, Helicopter Complex and Design Complex.

#### Board of Directors / Corporate Leadership

Various Complexes and Divisions

Procedures followed in the decision-making process, including channels of supervision and accountability:

The decision making process in the Company involves the following channel:





Overall Management of the Company rests with the Board of Directors, the highest decision making body within the Company.

The Board of Directors is accountable to the shareholders of the Company, who are real owners of a Company. HAL being a Public Sector Enterprise, the Board of Directors of the Company is also accountable to the Government of India.

The primary role of the Board is that of trusteeship to protect and enhance shareholders' value. The Board oversees the Company's strategic direction, reviews corporate performance, monitors strategic decisions, oversees major capital expenditure, ensures regulatory compliance and safeguards interests of shareholders. The Board ensures that the Company is managed in a manner that fulfills stakeholders' aspirations and societal expectations.

The day-to-day management of the Company is entrusted with the Chairman & Managing Director (CMD), who is supported by Functional Directors, Chief Executive Officers (CEOs), Executive Directors & General Managers and other Officers and Staff of the Company.

The Board of Directors have also set up several Committees with specific functions and powers such as Audit Committee; Nomination and Remuneration Committee; CSR & SD Committee; Stakeholders Relationship Committee; Management Committee; Technology and Design Policy Committee; Risk Management Committee and R&D Sub Committee.

For effective discharge of its functions, the Board of Directors have delegated substantial powers to the CMD, Functional Directors / CEOs / Executive Directors / General Managers / Functional Heads / Department - Group Heads, subject to such conditions which are consistent with the need of prompt, effective and efficient discharge of responsibilities entrusted to such a Director / Officer.

CMD is accountable to the Board of Directors. Functional Directors/ CEOs are accountable to CMD.

The decisions at all the levels are being taken in a timely manner as per Delegation of Powers approved by the Board, which may vary from few days to few weeks based on the procedural requirement.

The Government Directors, the Financial Directors and the concerned Functional Director(s) must be present when major decisions are taken, especially when they pertain to investments, expenditure or organizational/capital restructuring.

The decisions on such proposal should preferably be unanimous.



In the event of any decision on important matters, not being unanimous, a majority decision may be taken, but at least two thirds of the Directors should be present, including those mentioned above, when such a decision is taken. The objections, dissents, the reasons of over-ruling them and those for taking the decision should be recorded in writing and minuted.