



ANNUAL REPORT 2014-15



PAWAN HANS LIMITED
(Formerly Pawan Hans Helicopters Limited)





OUR MISSION

To become a market leader in Helicopters and Sea Plane services, to provide regional connectivity through Small Fixed Wing Aircrafts operations and provide repair/overhaul services at par with international standards.



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BOARD OF DIRECTORS



Dr. B P Sharma
Chairman & Managing Director



Smt. Mani Sathiyavathy
Director General of Civil Aviation



Smt. Gargi Kaul
Joint Secretary & Financial Advisor
Ministry of Civil Aviation



Smt. Usha Padhee
Joint Secretary
Ministry of Civil Aviation



A V M A. S. Bhutola
ACAS (Ops. & T & H)
Air Headquarters



T K Sengupta
Director (Off-shore)
Oil & Natural Gas Corporation Ltd.



MANAGEMENT TEAM

Chairman & Managing Director	Dr. B. P. Sharma	Registered Office: Safdarjung Airport New Delhi - 110 003
Chief Vigilance Officer	Shri Keshav Rao, I. T. S	Corporate Office: C-14, Sector - 1 Noida - 201 301
Executive Director (Business Development & Marketing)	Shri Sanjiv Bahl	Regional Offices: Western Region Juhu Aerodrome S. V. Road Vile Parle (West) Mumbai - 400 056
Head Safety	Shri Deepak Kapoor	Northern Region Safdarjung Airport New Delhi - 110 003
Chief Financial Officer	Shri Dharendra Sahai	Eastern Region 3rd Floor, Hotel Rajashri inn VIP Road, LGBI Airport Guwahati, Kamrup (Metro) Assam - 781015
Company Secretary & General Manager (Legal)	Shri Sanjiv Agrawal	Auditors M/s. Khanna & Annadhanam Chartered Accountants New Delhi - 110 001
General Manager (Operations)	Air Cmde (Retd) Alok Kumar	Branch Auditors M/s. Loonker & Co. Chartered Accountants Mumbai
General Manager (AME)	Shri M. P. Singh	Bankers Vijaya Bank Punjab National Bank
Off. General Manager (H R)	Shri R. B. Kushwaha	
Joint General Manager (Materials)	Shri S. K. Sharma	
Dy. General Manager (Internal Audit)	Shri Ashish Kumar Yadav	
Incharge (Marketing)	Shri M. S. Boora	
Dy. General Manager (Infocom Services)	Shri Ram Krishan	
General Manager (Western Region)	Shri Sanjay Kumar	
General Manager (Northern Region)	Shri M. Sreekumar	
Off. General Manager (Eastern Region)	Shri Vijay Pathiyan	



NOTICE FOR 30TH ANNUAL GENERAL MEETING

**TO
SHAREHOLDERS,
PAWAN HANS LIMITED**

NOTICE is hereby given that the 30th Annual General Meeting of the Company is scheduled to be held on Friday the 18th December 2015 at 12.30 PM at Registered Office of the Company at Safdarjung Airport, New Delhi-110003 to transact the following business:-

ORDINARY BUSINESS

1. ADOPTION OF ACCOUNTS

To receive, consider and adopt the audited Balance Sheet as on 31.3.2015, the audited Profit & Loss Account for the year ended on 31st March 2015, along with the Auditors' Report, comments of C&AG thereon and Directors' Report.

2. DECLARATION OF DIVIDEND

To consider and if thought fit, to pass with or without modification the following resolution as ordinary resolution:-

“RESOLVED THAT dividend amounting to Rs.7,76,18,000/- @ 20% of net profit after tax (i.e. Rs.38.81 crores) on the paid-up capital of Rs. 245.616 crores is hereby declared for the financial year 2014-15 to the shareholders of the Company.”

3. To consider and if thought fit to pass with or without modifications the following resolutions as Ordinary Resolutions:-

- i) “RESOLVED THAT Shri T.K. Sengupta (DIN-06802877) who retires by rotation as Director under section 152 of the Companies Act 2013 and holds the office upto the date of 30th Annual General Meeting and the Company has received a notice in writing from him proposing his candidature, be and is hereby reappointed as a Director of the Company liable to retire by rotation for the remaining / extended term.
- ii) FURTHER RESOLVED THAT Dr. B.P. Sharma (DIN-07125290) who was appointed as Director and designated as Chairman-cum-Managing Director under section 161 of the Companies Act 2013 and holds the office upto the date of 30th Annual General Meeting and the Company has received a notice in writing from him proposing his candidature, be and is hereby appointed as Chairman-cum-Managing Director of the Company liable to retire by rotation for the remaining / extended term at the pleasure of Ministry of Civil Aviation.
- iii) FURTHER RESOLVED THAT Smt. Gargi Kaul (DIN-07173427) who was appointed as Director under section 161 of the Companies Act 2013 and holds the office upto the date of 30th Annual General Meeting and the Company has received a notice in writing from her proposing her candidature, be and is hereby appointed as a Director of the Company liable to retire by rotation for the remaining / extended term at the pleasure of Ministry of Civil Aviation.”
- iv) FURTHER RESOLVED THAT Smt. Usha Padhee (DIN-03348716) who was appointed as Director under section 161 of the Companies Act 2013 and holds the office upto the date of 30th Annual General Meeting and the Company has received a notice in writing from her



proposing her candidature, be and is hereby appointed as a Director of the Company liable to retire by rotation for the remaining / extended term at the pleasure of Ministry of Civil Aviation.”

BY THE ORDER OF THE
BOARD OF DIRECTORS OF
PAWAN HANS LIMITED

(Sanjiv Agrawal)
Company Secretary

NEW DELHI
November 16, 2015

NOTES:

- (a) Member entitled to attend and vote at the meeting is entitled to appoint a Proxy who need not be a member of the Company to attend and vote instead of himself. Proxies in order to be effective must be deposited at the registered office of the Company not less than 48 hours before the meeting. A blank Proxy Form is enclosed.
- (b) The relative Explanatory Statement pursuant to Section 102 of the Companies Act 2013 in respect of Special Business is annexed hereto.

Registered Office:
Safdarjung Airport,
New Delhi-110003.

Corporate identity Number (CIN) : U62200DL1985GOI022233





CHAIRMAN'S SPEECH TO THE MEMBERS

Dear Shareholders,

I take great pleasure in welcoming you to the 30th Annual General Meeting of your Company. The Annual Report for the financial year 2014-15 has been circulated and with your permission I take it as read.

Financial year 2014-15 had been a year of challenges and the Company made efforts to improve its performance over the previous year. During the year 2014-15 total revenue increased to Rs.538.15 crores as against Rs.529.59 crores in the previous year. The Company achieved operating revenue of Rs.522.35 crores as against Rs.516.26 crores in the previous year and higher net operating profit of Rs.79.13 crores against Rs.73.03 crores in the previous year.

Total flying hours during 2014-15 were 30,700 hours as against 31,890 hours during the previous year. Average monthly deployment of helicopters during the year 2014-15 was 32 same as in the previous year. Reduction in flying hours was mainly due to the Mata Vaishno Devi tender for services with intensive flying of 2500 hours approx. every year which was not awarded to the Company from 1.4.2014. Average fleet serviceability during 2014-15 was 78% as against 77% in the previous year. The Company had Operations & Maintenance contracts of 6 Dhruv helicopters owned by BSF (MHA).

The Company continued transformation programs and cost cutting measures which were undertaken from April, 2012 onwards. The cost reduction measures resulted in reduction in expenditure of Rs. 2.10 crores during 2014-15 by strict monitoring of expenses on travel, TA/DA, advertisement, overtime, overheads and business promotion expenses.

The employees were encouraged to have day to day meeting/discussions through video conferencing. Inventory Management System was implemented for efficient and effective

control of inventory budget. Better control of on-time performance for ONGC helicopter services was achieved to reduce delay in provisioning of helicopters. To improve operational efficiency and generate MIS, all the bases were instructed for daily manifest entry logged in the integrated computer system. Cross conversion of pilots on different type of helicopter was continued which led to their efficient utilization and higher flying hours per pilot as per CAR on all type of fleets. Monitoring of FTL/FDTL through centralized computer system was undertaken and weeding out of low performing crew pilots. Creation of Eastern Region resulted in improved focus on North East Region. Strict control/monitoring to avoid delay in departure and AOG in provisioning of helicopters for ONGC to generate more revenue and minimizes LD recovery. A dedicated team for speedy recovery of outstanding amount was formed primarily for North Eastern States.

Reserves and surpluses of the Company during 2014-15 are at Rs.295.51 crores as against Rs.268.22 crores in 2013-14. As on 31.3.2015 the long term borrowings was Rs.76.93 crores (Previous Year Rs.271.63 crores). The Company has repaid the entire term loan taken from Vijaya Bank and Exim Bank. Presently the total outstanding loan is Rs.56.71 crores (with ONGC Rs.14.75 crores and NTPC Rs.41.96 crores) as on 31.10.2015. The Company brought down its debt equity ratio to 0.16 : 1 following the repayment of the long term debts. Rating of the Company has been upgraded to **Stable India A+** from **Stable India A**. This has been possible due to stability in business, continuous increase in revenue and better financial performance.

The Company's revenue to the tune of 85% of total operating revenue comes from contracts through competitive tenders. ONGC has recently improved vintage condition from



5 years to 7 years which has resulted Pawan Hans able to offer 3+1 Dauphin N3 helicopters to ONGC. The Crew Change Task contract for providing 3+1 Nos. Dauphin N3 helicopters with vintage of 7 years was awarded by ONGC to Pawan Hans being L1 under International competitive bidding in March 2015. Non-availability of offshore AS-4 qualified pilots in the market is a major constraint and the Company has been conducting regular interviews for pilots. However, intake of qualified pilots is still low.

The Board of Directors have recommended dividend @ 20% of Profit after Tax (PAT) of Rs.776.18 Lacs (Previous year dividend : Rs.771.34 Lacs). The dividend is payable on the entire paid up capital of Rs.245.616 crores and provision has been made for corporate tax on Dividend of Rs.158.01 Lacs (P.Y. Rs.154.22 lacs) out of profit available for appropriation of current year profit as per the statement of Profit & Loss. The dividend is recommended @ 20% of profit after tax in view of the Net profit after tax of Rs.38.81 crores only and requirement of funds for replacement of old fleet of helicopters. However, the Company would make efforts to pay higher amount of dividend from the profits in subsequent years.

After close of the financial year 2014-15, the following significant developments have taken place:-

- i) There had been recognition of Pawan Hans for its Overall Operational Excellence and Sustainable Business Performance in recent time and it received the following Prestigious Awards/recognitions:
 - (a) American Helicopter Society (AHS) conferred Capt. William J. Kossler Award to Pawan Hans for greatest achievement during Uttarakhand Disaster Relief helicopter operations by airlifting more than 20,000 people and over 500 tons of aid after catastrophic flooding and land slides in June.

- (b) During Air Show at Paris in 2015, M/s. Turbomeca conferred Excellence Award to Pawan Hans for its overall contribution to the success of the Worldwide Aerial Engine Fleet.
- (c) Helicopter Association International's (HAI) conferred Pawan Hans with Operator Safety Award for the year 2014 for outstanding safety record of 32,000 plus flight hours without accident.
- (d) Pawan Hans has been awarded with ASSOCHAM- Civil Aviation and Tourism Award- 2015 in recognition for Promoting Remote & Regional Connectivity as Best General Aviation Company.
 - ii) Pawan Hans revamped its Mission statement and objectives in 2013 in view of opportunities available for business diversifications in the competitive market which stipulates that "To become a market leader in Helicopters and Sea Plane services, to provide regional connectivity through small fixed Wing Aircrafts operations and provide repair/ overhaul services at par with international standards." PHL has prepared 2020 Strategic Business Plan to meet the requirement of emerging diversification and keeping in view the above, Pawan Hans has made strategic changes in the Organization structure to remain a vibrant, transparent and system driven organization.
 - iii) The Company has been able to get renewal of insurance for the period 1.08.2015 to 31.07.2016 from M/s National Insurance Company Ltd. on the sum assured value of Rs.1228 crores for Operating Helicopter fleet and inventory value of Rs.300 crores with the annualized premium works out a net total premium of Rs.9,44,76,353/- before service tax which resulted into effective reduction of 20.18% over previous year's premium.
 - iv) There was an accident of Dauphin N3 helicopter (VT-PHK) on 4th August



2015 at Khonsa near Dibrugarh, Assam, which resulted in death of two pilots and one passenger. The Government has appointed two members Committee of Inquiry headed by Shri R.S. Passi, Dy. Director, AAIB. Steps have been taken towards safety and preventive steps like cautionary letter reiterating need to follow SOPs, understanding weather phenomenon in the hills, safety circulars to be followed and emphasis on training for handling critical emergencies in hilly terrain and marginal weather. Further, there had been an another fatal accident of Dauphin N-3 helicopter VT-PWF on 04.11.2015 while undertaking night training flight at Bombay High at 7.20 PM in which 2 Pilots lost their lives. Insurance claims have been lodged. There had been another accident of Dauphin N helicopter VT-ELJ on 24.11.2015 with damage to the helicopter during operations while landing at Dimapur for Government of Nagaland. No casualty was there. The Company is pursuing safety in operations with renewed efforts.

- v) Keeping in view the enlarged scope of Company's Mission, the newly devised Logo depicting theme based on identity, safety, environment, business and vision of the Company has been approved by the Board of Directors.
- vi) To commemorate the 30th Anniversary of the Company and service to the Nation, Pawan Hans has organized on 16th October 2015 the International Conclave on Civil Helicopters on "Safety Manager System, Multi Mission Utility of Helicopters and Regional Air Connectivity" with large number of International and National participants in the Civil Aviation.

During the 12th Five Year Plan Period (2012-17) the projections related to Pawan Hans have been made to further augment the fleet by acquisition of 22 helicopters and 02 seaplanes at a cost of Rs.1189 crores. During

2016-17 the Company is planning to acquire two heavy duty helicopters like Mi-172 with 20% funding from internal resources and 80% through term loan from bankers. Further, the Company proposes replacement of 9 numbers old Dauphin N helicopters through funding of 80% of the total cost by GBS and 20% from IEBR.

Pawan Hans has proposed creation of heli hub at Guwahati to connect various States in the North East Region with increased deployment of helicopters and creation of Greenfield Heliport, MRO facility and setting up of skill development centre for technical and operational staff. Proposal with project cost of Rs.410 crores has been submitted to BRICS Bank through MoCA for 50% project cost funding and Screening Committee of BRICS Bank has accepted the same for further perusal. The balance 50% cost of the project is proposed to be funded through GBS.

Towards new business initiatives, the Company is making efforts to commence seaplane operations in A&N and West Bengal.

The Company has taken up construction of a Heliport at Rohini in New Delhi on 25 acres of land and it has already created basic Helipad facilities at Rohini. After Environment clearance, the Master Plan & Building drawings have been approved by DGCA, BCAS and AAI. DDA has given clearance to the project on 22.1.2014. Contract for construction has been awarded on 18.7.2014 and the work is in full progress and likely to be completed by March 2016. Further, the Company has been assigned the task to develop a Heliport at Hadapsar in Pune. Pawan Hans has got construction work done through NBCC on deposit work basis at the cost of Rs.11.34 crores. PHL has approached DGCA for approval of the cost of additional work of Rs.2.34 crores as advised by AAI for operational requirements.

The Company has undertaken Safety Initiatives by implementing Safety Management System (SMS) for its operations and maintenance activities as per ICAO/DGCA guidelines



and has already implemented two phases of SMS out of four. A new Safety Oversight department has been created and a Voluntary Reporting System and Hazard Reporting System has been introduced in the company. The company has introduced FOQA (Flight Operations Quality Assurance) system in its operations to analyse and monitor operation of helicopters. Safety Policy of the company has also been revised to include Safety as a core activity. National Institute of Aviation Safety & Services (NIASS) the dedicated training centre of the Company in Delhi has been strengthening knowledge and skill levels of pilots and technical employees. The Company has adopted Guidelines on Corporate Governance issued by DPE and industrial relations during the period continued to be cordial and regular meetings with employee's representative bodies were held. The Company is playing a vital role

in the growth of helicopter industry in India which has a vast scope of growth.

I take this opportunity to thank you all for the confidence reposed in the management. I am also grateful for the support and guidance of the Government of India, Ministry of Civil Aviation, DGCA and other various agencies in efficient management of the Company. I deeply appreciate the confidence reposed by ONGC, GAIL, GSPC, NTPC, Ministry of Home Affairs, BSF, the State Governments of Meghalaya, Mizoram, Arunachal Pradesh, Himachal Pradesh, Nagaland, Sikkim, Maharashtra, Tripura, Assam, Odisha, Andaman & Nicobar Islands and Lakshadweep Islands in the Company and also services rendered by its employees towards Company's growth.

(Dr. B. P. Sharma)

Chairman & Managing Director

Dated : 18 December, 2015



**Launch of PHL logo on 16th October, 2015
by Hon'ble Minister of Civil Aviation and Minister of state for Civil Aviation.**



DIRECTORS' REPORT

The Shareholders,

Gentlemen,

Your Directors have immense pleasure in presenting the Thirtieth Annual Report of Pawan Hans Limited together with the audited statement of accounts for the year ended on 31st March, 2015, auditors' report and comments on the accounts by the Comptroller and Auditor General of India.

I. Operations

a) Operational results

The Company was able to secure long-term contracts with Institutional clients mainly in the Oil Industry and Government Sector. Average monthly deployment of helicopters during the year ended 31.03.2015 was 32 helicopters (previous year 32 helicopters) out of the fleet size of 46 helicopters. Average fleet serviceability during the year was 78% as against 77% in the previous year. Total flying hours were 30,700 hours as against 31,890 hours during the previous year. Reduction in flying hours was mainly due to the Mata Vaishno Devi tender for services with intensive flying of 2500 hours approx. per year not awarded to the Company from 1.4.2014.

b) Fleet Profile

The Company's operational fleet as on 31.03.2015 comprises of the following:-

Helicopter type	No. of helicopters	Average Age (years)
Dauphin SA365N	18	29
Dauphin AS365 N3	17	9
Bell-407	3	9
Bell 206L4	3	17
AS 350 B3	2	4
MI-172	3	6
Total	46	

As on 31.03.2015 the Company had Operation & Maintenance Contracts with HAL for 7 Dhruv helicopters owned by BSF (MHA). These Dhruv helicopters are being used by BSF for Anti-Naxal activities.

c) Fleet deployment

Pawan Hans has been providing helicopter support for offshore operation of ONGC for carrying its men and vital supplies round the clock to drilling rigs situated in Bombay off-shore platforms. Pawan Hans operates to ONGC's Rigs (mother platforms and drilling rigs) and production platforms (wells) within a radius of 130 nm. from the main land at Mumbai. In the year 2012 the Company succeeded in Production Task contract for providing 7 nos. Dauphin N3 helicopters to ONGC being L1 with vintage of 5 years under International Competitive bidding. The Crew Change Task contract for providing 3+1 Nos. Dauphin N3 helicopters with vintage of 7 years was again awarded by ONGC to Pawan Hans being L1 under International competitive bidding in March 2015. As on 31.03.2015, the Company had on contract 10 Dauphin N3 helicopters with ONGC for their off-shore task out of which 2 Dauphins are stationed overnight at the main platforms in addition to a dedicated Night Ambulance to meet any emergency evacuation.

The Company is providing helicopter services to several State Governments namely, Meghalaya, Mizoram, Maharashtra, Tripura, West Bengal, Sikkim, Odisha, Himachal Pradesh, Arunachal Pradesh and Ministry of Home Affairs. The Company has provided 4 Dauphin helicopters to Administration of Andaman & Nicobar Islands and 2 Dauphin helicopters to Lakshadweep Islands. The Company is also providing helicopter services to NTPC, GAIL, GSPC, etc.



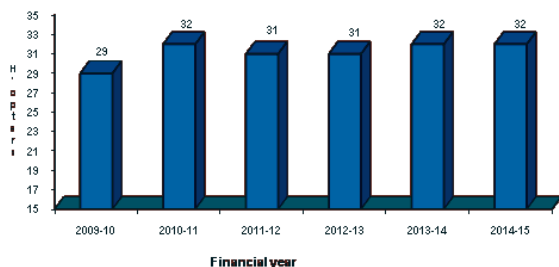
PHL Operation in Shri Amarnath ji shrine - 2015

From June 2015 the Company has deployed one Dauphin helicopter to Government of Nagaland.

Pawan Hans runs the helicopter services from Phata to the Holy Shrine of Kedarnath during the May-June and September-October seasons every year. Pawan Hans was awarded contract by Shri Amarnath Shrine Board for operating “Helicopter services for Shri Amarnathji Yatra 2012 and 2013”. Further, the Company was again awarded contract for Shri Amarnathji Yatra on Sohmarg-Panjtarni sector and operated from June-August 2014 and 2015 with 2 Bell 407 / AS350B3 helicopters.

The average monthly deployment of helicopters was as under:-

Average Monthly Fleet Deployment



d) Heliport/Helipad in Delhi and adjoining areas

DDA had allotted 25 acres land in Rohini New Delhi in June, 2009 in the name of Ministry of Civil Aviation for construction of the Heliport. Pawan Hans has taken possession of the land and has been assigned the task of Development of Rohini Heliport at a Project cost of Rs.64 crores with funding by the Government towards the Land cost and 80% cost of development. The Ministry of Civil Aviation has contributed Rs.19.07 crores towards land cost as Grant and on 31.08.2010 further contributed towards equity capital of Rs.36 crores for project cost of Rs.64 crores for Heliport at Rohini. The Company created basic Helipad facilities at Rohini for the Common Wealth Games, 2010. The Environment clearance and Master Plan & Building drawings were approved by DGCA, BCAS, AAI and DDA given clearance to the project on 22.01.2014. Contract for construction has been awarded on 18.7.2014 and construction commenced from October 2014. The construction is



in full progress and likely to be completed by March, 2016.

e) Training Academy and Heliport at Hadapsar, Pune

Pawan Hans has been assigned the task to develop a Helicopter Training Academy cum Heliport at the existing Gliding Center at Hadapsar, Pune which is owned by DGCA. Project has been approved by Ministry of Civil Aviation and the DGCA released an amount of Rs.10 crores as GBS for the purpose. Pawan Hans signed MoU with DGCA on 17th May, 2010 for utilizing land and other infrastructural facilities for this purpose at the Gliding Centre, Pune on behalf of DGCA. Pawan Hans got planning & designing and construction work done through NBCC on deposit work basis at the cost of Rs.11.34 crores. Pawan Hans has approached DGCA for approval of the cost of additional work of Rs.2.34 crores as advised by AAI for operational requirements.

II. Finance

a) Financial Results

Financial performance during the years 2013-14 and 2014-15 was as under :-

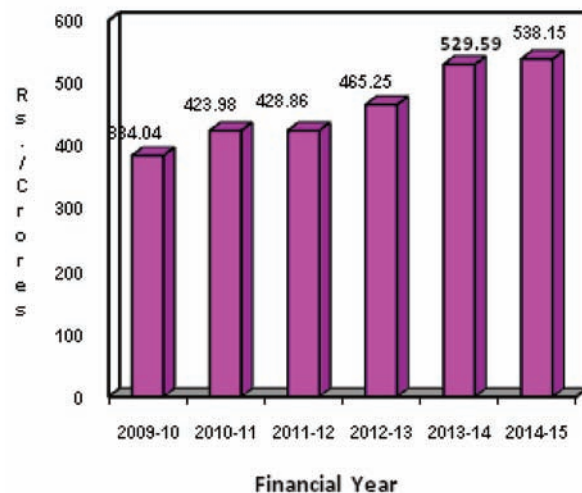
(Rupees/Crores)

Particulars	2013-14	2014-15
I. Operating Revenue		
-Revenue from Operations	516.26	522.35
-Incidental Revenue	13.33	15.80
Total (I)	529.59	538.15
II. Operating Expenditure		
-Operating Expenditure	376.85	382.52
-Depreciation	79.71	76.52
Total (II)	456.56	459.02
III. Net Operating Profit (I-II)	73.03	79.13

Particulars	2013-14	2014-15
IV. Interest Income	11.92	11.55
Less: Interest charges on borrowings	(31.81)	(17.49)
V. Prior Period/ Extraordinary Adjustments	8.10	(1.45)
VI. Profit before Tax	61.24	71.74
VII. Taxes /Deferred Tax Liability	22.67	32.93
VIII. Net Profit / (Loss) after Tax	38.57	38.81

The financial performance during the financial year 2014-15 has improved compared to the previous year due to deployment of helicopters for General Elections during April & May 2014 at higher revenue rates resulting in enhanced operating revenue. Further with control of overheads, travelling expenses, insurance cost and business promotion expenditure the net operating profit increased from Rs.73.03 crores to Rs.79.13 crores. Reserves and surplus of the Company increased to Rs.295.51 crores in 2014-15 from Rs.268.22 crores in the previous year.

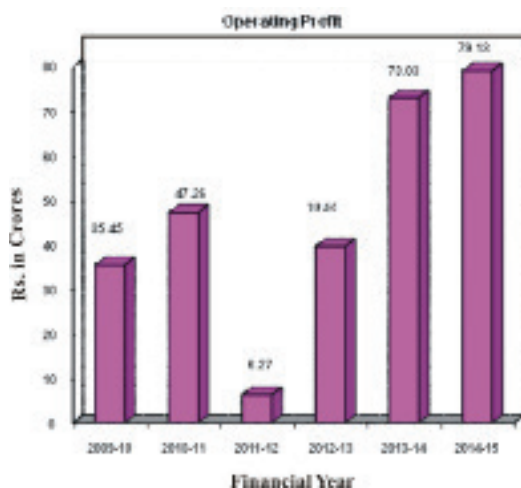
Operating Revenue





PHL Pays dividend to GoI and ONGC for 2013-14

Operating Profit



Around 85% of total operating revenue of the Company comes from contracts through competitive tenders. Non-availability of offshore AS-4 qualified pilots in the market is a major constraint and therefore, regular walk-in interviews are conducted to induct experienced as well as fresh pilots.

b) Dividend

The Board of Directors have recommended dividend @ 20% of Profit After Tax

(PAT) of Rs.776.18 Lacs (previous year dividend : Rs.771.34 Lacs). The dividend is payable on the entire paid up capital of Rs.245.616 crores and provision has been made for corporate tax on Dividend of Rs.158.01Lacs (P.Y. Rs.154.22 lacs) out of profit available for appropriation of current year profit as per the statement of Profit & Loss. The dividend is paid @ 20% of profit after tax in view of the Net profit after tax of Rs.38.81 crores only and requirement of funds for replacement of old fleet of helicopters. However, the Company would make efforts to pay higher amount of dividend from the profits in subsequent years.

c) Claim of Government of India

In respect of pending issue of Government of India claim, the Ministry of Civil Aviation submitted a proposal to Ministry of Finance in December,2007 that the Government may reconsider the claim by Ministry of Finance and waive off the total amount of Rs.470.22 crores (Principal amount Rs.130.91 crores and interest upto

31.03.2001: Rs.339.31 crores) claimed from the Company so that the existing funds could be utilized for fleet expansion and other capital outlay programmes which are essential for the survival of the Company under the competitive environment prevailing in the Civil Aviation industry in India. The Ministry of Finance did not agree to this proposal. The Board of Directors of the Company in their 115th Meeting held on 21/08/2008 decided that the Company may pursue with the Ministry of Civil Aviation for full waiver of the claim of Ministry of Finance and appointed a Financial Advisor to examine the matter along with other related issues. The Financial Advisor submitted their Report on the impact of claim of GoI on valuation of the Company and recommended that payment of the amount claimed by Ministry of Finance is not a viable option for the Company. After consideration of the Report, the

Company submitted in January, 2009 a draft Note for Committee of Secretaries to Ministry of Civil Aviation seeking waiver of the claim of GoI.

Consequent to the meeting between Ministry of Civil Aviation and Ministry of Finance held on 29.04.2012 regarding Settlement of MoF Claim, it was decided that a Business Plan for the Company be formulated for XII Five Year Period (2012-17) keeping in view the prevailing competitive conditions and ONGC requirement of 5 years vintage of Helicopters under Tenders and how the MoF claim of Rs.470.22 Crores would be an impediment to the overall growth of the Company. SBI Capital Market Services Ltd. Report after its approval by Board was submitted to MoCA on 02.07.2012 for onward submission to Ministry of Finance. A meeting has been recently taken by Secretary (Expenditure), Ministry of Finance with JS&FA-Ministry of Civil



MoU signed between PHL and MoCA for 2015-16



Dauphin N3 Helicopter

Aviation to discuss the issue. The matter is under consideration between Ministry of Civil Aviation and Ministry of Finance. The Company has considered the claim of GoI as Non-current liability under the Schedule-III of the Companies Act 2013.

The Company had earlier made provision of Rs.339.31 crores during the financial years 1999-2000, 2000-01 and 2002-03 towards interest and other charges upto 31.3.2001 as claimed by the Ministry of Finance and the same is being carried forward.

d) MOU with Ministry of Civil Aviation

Pawan Hans signs MoU with the Ministry of Civil Aviation every year after Task Force negotiation meeting in Department of Public Enterprises. For the year 2014-15 as per Performance Evaluation Report submitted by Pawan Hans, the MoU rating “Very Good” likely to be assigned to Pawan Hans.

e) Funding for Acquisition of New Fleet.

ONGC had funded loan of Rs.261 crores, being 80% cost of acquisition

of 7 numbers Dauphin N3 helicopters. ONGC had subsequently converted part of this loan (Rs.95.85 crores) into paid up equity capital in the Company. NTPC had funded loan of Rs.52 crores for the acquisition of one Dauphin N3 helicopter with long term charter lease of the new helicopter for 10 years. The Company availed term loan of Rs.90.82 crores from EXIM Bank for financing 80% cost of 2 Dauphin N3 helicopters and availed term loan of Rs.95.18 crores from Vijaya Bank for financing 80% cost of 2 Mi-172 helicopters with tenor of 10 years. The Company has repaid the entire term loan taken from Vijaya Bank and Exim Bank and was regular in repayment of loans to ONGC and NTPC. The Company had got credit rating from India Ratings on the term loans of “Ind A” (stable) which was upgraded to Ind A+ (stable).

As on 31.3.2015 the long term secured borrowings was Rs.76.93 crores (Previous Year Rs.271.63 crores) out of which loans from ONGC was Rs.36.78 crores and NTPC was Rs.40.15 crores.

f) Equity Capital

The Company's authorized capital was increased from Rs.120 crores to Rs.250 crores on 03.12.2010. The paid up share capital of the Company was also increased to Rs.245.616 crores comprising of Rs.125.266 crores in the name of President of India (from Rs.89.266 crores earlier) and Rs.120.35 crores in the name of ONGC Ltd. (from Rs.24.50 crores earlier) after equity shares allotted on 14.02.2011. Accordingly, the shareholding of the Government of India and ONGC in the Company stand changed from 78.46% and 21.54% respectively to 51% and 49% respectively.

g) Significant events/developments taken place after the close of financial year 2014-15

i) The Company has been able to get renewal of insurance for the period 1.08.2015 to 31.07.2016 from M/s National Insurance Company Ltd. on the sum assured value of

Rs.1228 crores for Operating Helicopter fleet and inventory value of Rs.300 crores with the annualized premium works out a net total premium of Rs.9,44,76,353/- before service tax which resulted into effective reduction of 20.18% over previous year's premium.

ii) There was an accident of Dauphin N3 helicopter (VT-PHK) on 4th August 2015 at Khonsa in Tirap Distt., Arunachal Pradesh, which resulted in death of two pilots and one passenger. The Government has appointed two members Committee of Inquiry headed by Shri R.S. Passi, Dy. Director, AAIB. Steps have been taken towards safety and preventive steps like cautionary letter reiterating need to follow SOPs, understanding weather phenomenon in the hills, safety circulars to be followed and emphasis on training for handling critical emergencies in hilly terrain and marginal weather. Further, there had been an another accident of Dauphin N-3 helicopter VT-PWF on 04.11.2015



Battery Maintenance in approved Battery charging room



Dauphin Helicopters Fleet ready for Off-Shore operations at Juhu Aerodrome Mumbai

while undertaking night training flight at Bombay High at 7.20 PM in which 2 Pilots of Pawan Hans died. There had been another accident of Dauphin N helicopter VT-ELJ on 24.11.2015 with damage to the helicopter during operations while landing at Dimapur for Government of Nagaland. No casualty was there. The Company is pursuing safety in operations with renewed efforts

- iii) Keeping in view the enlarged scope of Company's Mission, the newly devised Logo depicting theme based on identity, safety, environment, business and vision of the Company has been approved by the Board of Directors and implemented from 16.10.2015 on the occasion of 30th Anniversary of the Company.

III. Engineering / Maintenance Activities.

The Company has established state-of-the-art maintenance facilities in Mumbai and New Delhi approved by DGCA for maintenance of its fleet of helicopters.

Meticulous maintenance checks on helicopters are carried out and extensive workshops with in-house facilities provide the back up. Maintenance capability has been upgraded to carry out major 'G' Inspections on Dauphin helicopters totally in-house without any foreign assistance which leads to saving of foreign exchange on account of lower cost of repairs/inspections. The scope of approval of maintenance facilities at Mumbai has been extended to include 'G' inspection (Airframe overhaul at 5400 hours) on Dauphin N3 helicopters during the year under review. A total of 34 inspections consisting of T/2T/5T(600 hrs./1200 hrs./3000 hrs.) inspection and 2 'G' inspection (5400 hrs.) on Dauphin helicopters was carried out by the Company from within its resources.

The enhancement in workshop facilities is a continuous process with every extension in scope a milestone. During the year in addition to extension in scope to cover 'G' inspections on the Dauphin N3 helicopters,

the workshop facilities have extended scope to cover some of the Dauphin N3 instruments for bench check. Further, major maintenance inspections and major component changes of the Bell helicopters at Bases was also continued during the year.

IV. Materials Management

Materials management directive for better control relating to non-moving inventories was issued. Further by fixing of inventory levels all procurements have been made based on joint review by Engineering and Material Departments and spares are ordered on forecasted projections. The Material Management functions are online through integrated computerization. Processing of demand and supply has become efficient. Data has become transparent and available to users across the network in all regions and

bases. Inventory management through timely alerts has enhanced the efficacy of supply chain management. E-procurement system is being utilized efficiently.

V. Information Technology initiatives

Under the Information System & Technology Plan in the critical functional areas of Operations, Engineering, Materials & Finance, the integrated software developed by M/s. Tata Consultancy Services Ltd. has enhanced efficiency, effectiveness and customer satisfaction. Further integrated LAN/WAN infrastructure for Corporate Office at NOIDA and regional offices at Safdarjung Airport, Mumbai and Guwahati has been implemented. An integrated Voice Communication for Corporate Office, Regional Offices and some Detachments has also been implemented. The Company has also implemented Video Conferencing (VC) across its Corporate Office and Regional Offices.



PHL conducting training during vigilance awareness week



The Company has also carried out e-ticketing in respect of its passenger services operations for Kedarnathji and Amarnathji. The Company's website <http://pawanhans.co.in> has been updated regularly both in Hindi and English. The Company has also developed intranet facility for the employees with regular updates. The Company has its own Primary Data Centre (PDC) at Noida and Disaster Recovery Centre at Mumbai. Towards achieving efficient e-governance and transparency the Company has implemented e-office system and e-procurement for Goods and Services of value of Rs.5 lacs & above.

VI. Human-Resource Management

a) Manpower

The total manpower of the Company as on 31st March 2015 was 840 as against 870 as on 31st March 2014 which comprise of 141 pilots, 96 Aircraft Maintenance Engineers, 44 Executives, 207 Technicians and 252 other technical and non-technical employees.

b) Industrial Relations

Industrial relations during the period continued to be cordial and regular meetings with employee's representatives were held. The issues concerning employees were resolved through discussion. While new pay scales and allowances w.e.f. 1.1.2007 have also been implemented for all the executives, engineers and pilots, however, the engineers and pilots have raised their demands for licence related allowances and the issues are under discussions with them.

c) Training

Training of all employees i.e. Executives, Pilots, Engineers, Technicians and Support staff continued to receive high priority. Lectures on different subjects of

Managerial Skills have been conducted regularly. The Company has also been nominating employees to specialized training programmes and in-house training. The resources of Aviation Training School were utilized for conducting various refresher courses for Pilots, Engineers and Technicians on regular basis. The Company has set up in September, 2009 DGCA approved Helicopters Training Institute at Mumbai conducting DGCA approved Basic Aircraft Maintenance Engineering Licence preparatory course for the purpose of acquiring AME licence.

PHL is laying special emphasis on Training of the crew and Training methodology to enable pilots to tackle the emergent situations. Simulator training of all crew is also ensured which involves training on handling all kinds of critical emergencies so that pilots are better prepared to handle such emergencies while flying. The Company has undertaken Simulator training for 43 pilots in the last one year at M/s. HATSOFF, Bangalore for Dauphin fleet, 9 pilots on Mi-172 helicopters, 11 pilots on Bell 407 helicopters, 5 pilots on Bell 206L4 helicopter and 6 pilots on Dhruv helicopters. Due to a number of retirement / resignation of pilots as well as to meet requirement of fleet expansion, action has been taken for recruitment of experienced and young pilots and their training.

Pawan Hans has also started conducting knowledge enhancement conclaves where pilots along with engineers, technicians are given refresher training on professional subjects through classroom lectures and interactive sessions. These qualitative steps are introduced to raise the professional and skill level of both pilots and maintenance personnel and thus enhancing flight safety operations.



VII. Safety measures

Pawan Hans has undertaken Safety Initiatives to upgrade the operation and maintenance systems to avoid recurrence of such incidents. Pawan Hans is implementing Safety Management System (SMS) for its operations and maintenance activities as per ICAO/DGCA guidelines and has already implemented two phases of SMS out of four which includes management of safety through reactive processes. A new Safety Oversight department has been created and a Voluntary Reporting System and Hazard Reporting System has been introduced in the company. The company is planning to introduce FOQA (Flight Operations Quality Assurance) system in its operations to analyze FDR and CVR data to monitor operations of helicopters. Safety Policy of the company has also been revised to include Safety as a core activity of the company. The Company has started in June 2010 National Institute of Aviation Safety & Services at Delhi for Safety Management System and Safety Awareness in the country. The Institute is conducting courses on Aviation Safety.

Many of the Safety initiatives undertaken by PHL are already implemented and

comprehensive internal audits of all operational bases of PHL is carried out regularly by PHL team. Safety Meetings are conducted at all detachments periodically wherein all safety issues are debated in detail and action taken wherever required. However, the process is continuous and now part of PHL business policy. The safety initiatives and monitoring mechanism are being implemented. To fulfill the above objectives, safety audits as mentioned in MOE are being strictly followed. Quality audits of organizational procedure, quality audits of aircrafts and remedial action procedures as per C.A.R. 145-A 30-C are being followed. All Engineering Department Heads at Regions, Quality Manager, Maintenance personnel at Bases / Detachments have been advised to promptly ensure compliance as per the above C.A.R. and ensure proper and timely corrective actions on the reports of internal audits. The Accountable Manager is also overseeing the corrective action.

VIII. Board of Directors

The Board of Directors held seven meetings during the year 2014-15. The Board consists of the following members presently as well as during the financial year 2014-15 :-

At present

Dr. B.P. Sharma	Chairman-cum- Managing Director (from 09.03.2015)
Smt. Mani Sathiyavathy	AS&FA –MoCA (from 4.4.2014 -30.12.2014) & DGCA (from 31.12.2014)
Shri T.K. Sengupta	Director (Offshore), ONGC (from 01.02.2014)
AVM A.S. Butola	ACAS (Ops, T&H), Air Force (from 05.05.2014)
Mrs. Gargi Kaul	JS&FA-MoCA (from 30.04.2015)
Mrs. Usha Padhee	Joint Secretary-MoCA (from 13.8.2015)

Ceased to be Directors

Shri B.S.Bhullar	Chairman-cum- Managing Director (from 01.01.2015)
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Shri Anil Srivastava	Chairman-cum- Managing Director (from 23.03.2012 to 31.12.2014)
Ms. Puja Jindal	Director, MOCA (from 04.04.2014 to 6.1.2015)
Shri Prabhat Kumar	Director General of Civil Aviation (from 01.01.2014 to 30.12.2014)
Shri G. Asok Kumar	Joint Secretary-MoCA (from 12.01.2012 to 04.04.2014 and 06.01.2015 to 12.08.2015)
AVM S.R.K. Nair,	ACAS (Ops, T&H), Air Force (from 01.02.2013 to 05.05.2014)

The Board places on record its appreciation of the valuable services rendered by Shri B.S. Bhullar, Shri Anil Shrivastava, Shri G. Asok Kumar, AVM S.R.K. Nair, Ms.Puja Jindal and Shri Prabhat Kumar during their tenure on the Board. The details of attendance of each Director at the Board meetings during the financial year 2014-15 and last AGM are as under:-

Name of Director	Date of Board Meetings – attended by Directors during the financial year 2014-15								AGM attended by Directors	
	21.5.14	20.8.14	26.9.14	17.10.14	25.11.14	23.12.14	19.3.15	30.12.14	19.3.15	
Anil Srivastava, CMD	Yes	Yes	Yes	Yes	Yes	Yes	-	Yes	-	
Dr.B.P. Sharma	-	-	-	-	-	-	Yes	-	Yes	
Mani Sathiyavathy	Yes	Yes	Yes	Leave	Yes	Leave	Yes	Yes	Yes	
Puja Jindal	Yes	Leave	Leave	Leave	Yes	Yes	-	-	-	
G.Asok Kumar	-	-	-	-	-	-	Yes	Yes	Yes	
T.K. Sengupta	Yes	Yes	Leave	Yes	Leave	Leave	Leave	Leave	Leave	
AVM A.S.Butola	Yes	Leave	Leave	Yes	Yes	Leave	Leave	Leave	Leave	
Prabhat Kumar	Yes	Yes	Yes	Yes	Yes	Yes	-	-	-	

None of the Directors of our Company is disqualified as per provision of section 164 of the Companies Act, 2013.

Dates of Annual General Meetings

During the last 3 years and the current year, Annual General Meetings held as follows:-

Annual Meetings	General	Time of AGM	of	Venue of the AGM	Special Resolutions, if any
27th Annual Meeting held on 27 Dec.2012.	General	04.30 PM		Registered Office at Safdarjung Airport, New Delhi-110003	Change of name of the Company from “Pawan Hans Helicopters Limited” to “Pawan Hans Limited”.
28th Annual Meeting held on 18th December 2013.	General	12.30 PM		Registered Office at Safdarjung Airport, New Delhi-110003	
29th Annual Meeting held on 30th December 2014.	General	12.30 PM		Registered Office at Safdarjung Airport, New Delhi-110003	
30th Annual Meeting to be held on 18 Dec. 2015	General	12.30 PM		Registered Office at Safdarjung Airport, New Delhi-110003	



Details of Key Managerial Personnel

In terms of section 203(1) of the Companies Act 2013 and Rule no.8(5)(iii) of the Companies (Accounts) Rules 2014, the Company has following whole time Key Managerial Personnel:-

- i) Dr. B.P. Sharma, Chairman & Managing Director (w.e.f. 9.3.2015)
- ii) Shri Dharendra Sahai, Chief Financial Officer (w.e.f. 17.10.2014 vide Board approval in 145th meeting)
- iii) Shri Sanjiv Agrawal, Company Secretary (w.e.f. 17.10.2014 vide Board approval in 145th meeting)

IX. Directors' Responsibility Statement

Pursuant to provision of Section 134(5) of the Companies Act, 2013 in respect of the Annual Accounts for the financial year ended 31st March, 2015, your Directors have:-

- a) followed in the preparation of Annual Accounts, the applicable accounting standards and proper explanation relating to material departure if any, have been incorporated.
- b) selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of financial year and of Profit of the Company for that period.
- c) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ; and
- d) prepared the Annual Accounts on a going concern basis.

- e) devised proper system to ensure compliance with provisions of all applicable laws and such systems were adequate and operating effectively.

X. Auditors' Report

Statutory Auditors Report: M/s Khanna & Annandhanam have been appointed as Statutory Auditors in pursuance of Section 139 of the Companies Act, 2013. The observations made by M/s Khanna & Annandhanam, the Statutory Auditors on the Annual Accounts for the financial year 2014-15 together with replies thereto are appended as Annex-A. (Refer to page no. 81)

Report of Comptroller & Auditor General of India: The Report of Comptroller & Auditor General of India in pursuance of Section 143(6)(a) of the Companies Act, 2013 with comments is appended as Annexure-B. (Refer to page no. 101)

Secretarial Audit Report: In terms of section 204 (1) of the Companies Act 2013, the Company has engaged M/s SGS & Associates, Company Secretaries in whole time practice as Secretarial Auditors for conducting Secretarial Compliance Audit for the financial year ended 31.3.2015. Their Report forms part of this Annual Report at Annexure-C (Refer to page no. 102).

With regard to observations of Secretarial Auditor about not having requisite number of Independent Directors as per requirement under section 149(4) of the Companies Act 2013 as contained in their Report, it is submitted that Pawan Hans being a Government Company, all Directors on the Board of Company are appointed by the Government of India. The matter relating to appointment of requisite number of Independent Directors has already been taken up with the Ministry of Civil Aviation.

XI. Corporate Governance

The Company has taken initiatives towards Corporate Governance and its practices are valued by various stake holders.



The Company has adopted Guidelines on Corporate Governance issued by DPE on 6.7.2007. DPE has vide OM dated 14.5.2010 made these guidelines mandatory.

Audit Committee: In compliance to Section 177 of the Companies Act, 2013, the Board of Directors had constituted an Audit Committee which review the financial statements, internal control system, internal auditors report, statutory auditors report, comments of C&AG and hold requisite meetings in a financial year. During the financial year 2014-15, the Audit Committee held meetings on 25.11.2014 and 19.3.2015. Till recently the Audit Committee comprise of Smt. Gargi Kaul, Joint Secretary & Financial Advisor, Ministry of Civil Aviation as Chairperson of the Audit Committee, AVM A.S. Butola, ACAS (Ops T&H), Air Headquarter, Shri T.K. Sengupta, Director (Offshore)-ONGC and Smt. Usha Padhee, JS-MoCA as Members.

Internal Audit / Internal Control System / Delegation of Powers: During the financial year 2014-15 the Internal Audit has been carried out by two CA firms. The Company has set up In-house Internal Audit Department from October, 2015 commensurate with its size of operations. Audit observations are periodically reviewed by the Audit Committee of the Board and necessary directions are issued whenever required. The Company has established adequate Internal Financial Control System & Procedures. The Company has a well defined Delegation of Financial Powers to its various executives through the Delegation of Powers Manual which has also been revised after approval of Board of Directors w.e.f. 1st November 2015.

Employee's Welfare: The Company continues to extend welfare benefits to the employees and their dependents by way of comprehensive medical care, housing loan, post retirement medical benefit and social security. The Company continues to align its policies with

changing economy and business environment. The Company has established three Trusts for welfare of employees i.e. Employees Contributory Provident Fund Trust, Employees Gratuity Fund Trust and Employees Defined Contributory Pension Trust.

Presidential Directives: No Presidential directive was issued during the year.

Vigil Mechanism: As an integrated part of Vigil Mechanism the Company provides an easily accessible machinery to the employees & public for redressal of their grievance by following the Government Guidelines. Regular public grievance monitoring on the Public Grievance Portal of Government is being made by the dedicated officer.

Code of Conduct: The Company has formulated and uploaded the Code of Conduct on the website of the Company for Board members and senior management personnel.

Whistle Blower Policy: A Whistle Blower Policy has been implemented. The policy ensure that a genuine whistle blower is granted due protection from any victimization with access to Ombudsman and Audit Committee. The policy is available to all employees of the Company and uploaded on the intranet of the Company.

Implementation under Right to Information Act: The Company has set up mechanism throughout the organization to deal with requests received under RTI Act 2005 by Central Public Information Officer at Corporate Office and Assistant Public Information Officer at WR. The First Appellate Authority is also nominated at Corporate Office. The Company has expeditiously disposed requests under RTI and also complied with directions of Central Information Commission.

Women Empowerment: Women employees constitute an important part of Company's workforce. The Company has complied with The Sexual Harassment of Women at work place (Prevention, Prohibition and Redressal) Act 2013.



Citizen's Charter: The Company has published Citizen's Charter on its website as per the format prescribed by the Ministry of Civil Aviation.

Integrity Pact: The Company has signed Integrity Pact with Transparency International India on 09.11.2011. Integrity Pact forms part of major tenders valued at Rupees one crore and above and signed by the vendor.

Related party transactions: The related party transactions during the year in terms of section 188 of the Companies Act 2013 are attached as Annexure D (Refer to page no. 105).

Certificate from Practicing Company Secretary regarding compliance of Corporate Governance Guidelines: Certificate from practicing Company Secretary regarding compliance of Corporate Governance Guidelines has been received.

Remuneration Committee: In terms of section 178(1) of the Companies Act 2013, the Board of Directors shall constitute the Nomination and Remuneration Committee consisting of 3 or more non-executive Directors out of which not less than one half shall be Independent Directors after the Government approves name of Independent Directors. Presently appointment of Independent Directors is under consideration with the Administrative Ministry.

Corporate Social Responsibility: The Company is following Corporate Social Responsibility role assigned to it as per the CSR Guidelines issued by DPE. The Company has in September 2010 framed Corporate Social Responsibility and Sustainability (CSRS) Policy based on the guidelines framed by Department of Public Enterprises. A CSR Committee of the Board monitors the progress on CSR. However, the Committee does not have Independent Director as Member. Based on the above, CSR amount @ 2% of average net profit of the immediate preceding 3 financial years needs to be spent and CSR amount

of Rs.69.53 lacs has been provided for the financial year 2014-15 in addition to Rs.224.43 lacs provided in the earlier years. During the financial year 2014-15 the Company spent an amount of Rs.44.72 lacs (Rs.8.72 lacs for health care, Rs.13.70 lacs for conservation of natural resources and Rs.22.30 lacs for training & skill development). The balance unspent amount of Rs.225.74 lacs will be spent in due course. Further, the Company will contribute Rs.1.00 crore to Airports Authority of India for construction of toilets as per directions of Ministry of Civil Aviation and cheque of Rs.50 Lakhs already issued to AAI which is yet to pending for encashment. In terms of Rule 9 of Companies (Corporate Social Responsibility Policy) Rules 2014, the Annual Report of CSR activities is annexed herewith as Annexure-E (Refer to page no. 106).

XII. Compliance to Companies Act

Particulars of the employees: Pawan Hans being a Government Company, the provisions of section 197 (12) of the Companies Act 2013 and relevant Rules shall not apply in view of Gazette Notification dated 5.6.2015 issued by Ministry of Corporate Affairs. The terms & conditions of appointment of whole time Functional Directors is decided by the Government of India. The salary and Terms & conditions of appointment of CFO and Company Secretary being KMP of Pawan Hans is in line with the parameters prescribed by the DPE.

Management Discussions and Analysis Report: Management Discussions and Analysis Report has been included and forms part of the Annual Report of the Company.

Conservation of Energy and Technology absorption: In view of the nature of activities which are being carried out by the Company, Rules 8(3)(A) & (B) of the Companies (disclosure of particulars in the report of Board of Directors) Rules, 1988 concerning conservation of energy & technology absorption are having very limited impact.



Wherever necessary the Company is making efforts for conservation of energy, import substitution, in-house maintenance, product improvement, cost reduction and Research & Development.

Foreign Exchange Earning & Outgo: The Company earned Rs.106.27 Crores (previous year Rs.112.87 crores) in foreign exchange during the year 2014-15. The foreign exchange outgo amounted to Rs.106.26 crores (previous year Rs.97.02 crores) during the year 2014-15.

Risk Management Policy: In compliance of provisions of section 134 (3)(n) of the Companies Act 2013, the Company is in the process of development of Risk Management Policy by constituting internal committee for selection of Risk Management Consultant who will develop the policy through open tender. The tender is shortly being published.

Extract of Annual Return: As per requirement of section 92 (3) of the Companies Act 2013, an extract of Annual Return in form MGT-9 is placed at Annexure-F (Refer to page no. 107).

Policy on Directors' Appointment etc.: Pawan Hans being a Government Company, the provisions of section 134(3) (e) of the Companies Act 2013 shall not apply in view of the Gazette Notification dated 5.6.2015 issued by Ministry of Corporate Affairs.

Performance Evaluation: Pawan Hans being a Government Company, the provisions of section 134(3)(p) of the Companies Act 2013 shall not apply in view of the Gazette Notification dated 5.6.2015 issued by Ministry of Corporate Affairs.

Statutory Disclosures -

- a) There was no change in the nature of business of the Company during the financial year 2014-15.
- b) The Company has not accepted any public deposits during the financial year 2014-15.

- c) No significant and material orders were passed by the Regulators or Courts or Tribunals impacting the going concerns status and Company's operations in future.
- d) The Company maintains an adequate system of internal controls including suitable monitoring procedures, which ensure adequate and timely financial reporting of various transactions, efficiency of operations and compliance with statutory laws, regulations and company policies.
- e) There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year i.e. 31.3.2015 and the date of this report.

Official Language Policy: During the year under review, the Company has made significant progress towards implementation of various provisions of Government's Official Language Policy by celebrating Hindi Day/Week, holding Hindi workshops, granting monetary incentives and issuing bilingual advertisements and compliance to Section 3(3) of Official Language Act, 1963. The Company has introduced Unicode Hindi Software in all its offices, Hindi workshops are conducted at regular intervals.

XIII. Employment of Persons with Disabilities and implementation of Government directives for priority section.

The Company has been following the provisions of the law regarding Persons for Disabilities (equal opportunities, protection of rights and full participation) Act, 1995. The Company complies with the Govt. directives for priority section of society i.e. SC/ST and OBC.

XIV. Vigilance

The Company has a Vigilance department headed by Chief Vigilance Officer. As per CVC's guidelines, e-tendering,



e-ticketing, e-payment and file tracking have been implemented. To ensure transparency in procurement an integrity pact has been signed with Transparency International India in November 2011. An independent External Monitor (IEM) has also been appointed with the approval of CVC. The Whistle Blower Policy of the Company has been approved by the Board of Directors.

Vigilance cases have been initiated in the cases attracting vigilance angle and some officers / senior executives have been charge sheeted for major penalty proceedings. Conscientious functioning of the Vigilance department had added to the efficiency and image of the organization as well as to the code of accountability. The vigilance has released second hand book educating employees about tendering, procurement and CVC guidelines relating to procurement and tenders.

Vigilance department has also been carrying out various case studies so as to improve, simplify the existing procedure and practices prevailing in the organization especially in the areas requiring system improvement so as to increase the efficiency, curtail expenses and impart transparency. The studies focus on the delay points, causes of delay and possible measures so as to devise suitable procedures resulting in minimum delays and reduce the scope for corruption opportunities. These studies also focused on how to bring transparency and strengthen vigilance machinery by reviewing of annual property returns, vigilance awareness training, procurement of spares and leveraging technology.

During the period, the Vigilance Department enquired into the financial irregularities reported at Kavaratti detachment. The enquiry has revealed shortcomings in the system and monitoring mechanism. The necessary action is being

taken on the financial irregularities of the Lakshadweep Base.

XV. Accolades

There had been recognition of Pawan Hans for its Overall Operational Excellence and Sustainable Business Performance in recent time and it received the following Prestigious Awards/recognitions:-

- i) News Ink Legend PSU Shining Awards-2013 under the category PSU of the year for Excellence in Business Diversification.
- ii) Operational Excellence Award in Golden Category presented by Padma Shri Padma Bhushan Dr.A.Sivathanu Pillai, CEO & MD, BrahMos Aerospace for Overall Organizational Effectiveness for the year 2012-13 held on 4th July 2014 during 18th CEO's Conference organized by IIIIE at Lonavala.
- iii) "Performance – Highest Turnaround" under Service Sector presented by Hon'ble Minister Sh.Tapang Taloh, Minister of Education, Libraries, Textiles, Handloom and Handicrafts, Arunachal Pradesh during PSU Summit -2014 held on 22nd August 2014 organized by e-Governance.
- iv) 'Golden Peacock Award for Sustainability' for the year 2014 held on 28th -31st October, 2014 organized by Institute of Directors, New Delhi presented by Smt.Nirmala Sitharaman, Hon'ble Minister of State for Commerce and Industry (Independent Charge) Finance and Corporate Affairs.
- v) Skoch Renaissance Award for Helicopters Transport Services qualifying for India's best Projects-2014 in Sustainable and Balanced Business Performance and Achieving Market Leadership Position presented by Hon'ble Union Minister Sh. M Venkaiah Naidu and Chairman, Competition Commission of India, Sh. Ashok Chawla on 20th-21st November 2014 at New Delhi.



- vi) American Helicopter Society (AHS) conferred Capt. William J. Kossler Award to Pawan Hans for greatest achievement during Uttarakhand Disaster Relief helicopter operations by airlifting more than 20,000 people and over 500 tons of aid after catastrophic flooding and land slides in June.
- vii) During Air Show at Paris in 2015, M/s. Turbomeca conferred Excellence Award to Pawan Hans for its overall contribution to the success of the Worldwide Aerial Engine Fleet.
- viii) Helicopter Association International's (HAI) conferred Pawan Hans with Operator Safety Award for the year 2014 for outstanding safety record of 32,000+ flight hours without accident.
- ix) Pawan Hans has been awarded with ASSOCHAM- Civil Aviation and Tourism Award- 2015 in recognition for Promoting Remote & Regional Connectivity as Best General Aviation Company.

XVI. Emerging Scenario

In the emerging scenario, the Company has opportunities and challenges before itself to be competitive, qualitative and cost effective. Pawan Hans is the largest helicopter Company in India and its operating and maintenance standards are of a high order. The Company's relentless pursuit continued in achieving excellence by effecting all round improvement in safety and performance. It is time for the Company to capitalize on its strength and skills achieving its aim to become a market leader in Asia, in helicopter operations as well as globally competitive in the repair & overhaul of aviation products.

XVII. Acknowledgements

The Board of Directors deeply appreciates the continued co-operation, guidance and support received from the various Ministries of the Government of India, particularly, the Ministry of Civil Aviation and the Director General of Civil Aviation.



PHL received Best General Aviation Company Award by HMCA and MoS



The Board expresses its thanks for the continued confidence reposed by the Oil and Natural Gas Corporation Ltd., various State Governments and other customers and all other stake-holders in the operations of the Company.

The Board also places on record its appreciation of the sincere and devoted services rendered by the employees at all levels for the progress of the Company.

For & on behalf of the
Board of Directors of
Pawan Hans Limited

(Dr. B.P. Sharma)
Chairman & Managing Director

DATE: 18 December, 2015

PLACE: NEW DELHI.



Management Discussion and Analysis Report

Overview of Helicopter Operations

Industry Structure and Developments

Helicopters have a tremendous future in India. Given the ability of helicopters to fly in varied environments and also due to the fact that infrastructure for fixed wing aircrafts can expand only incrementally, it is but natural for helicopters to grow at an unprecedented pace. At present, India has about 276 civil helicopters in operation, which is minuscule in comparison to the international figure of 35,750. There was a negative growth for helicopter industry as the number of Civil Helicopters declined from 300 to 267 during the years 2011-12 to 2013-14 and during the year 2014-15 there were additions and the total civil helicopters stood at 276. This was due to increasing cost of operation due to a number of factors including the falling value of the Rupee vis a viz the US dollar/Euro as many helicopters and their components are imported. In addition Airport tariffs, cost of ATF and ground handling charges went up adding to the cost of operation. These factors rendered helicopter operations unviable for many operators who had to dispose off

their helicopters abroad. However with the economy in the turnaround mode and the rupee stabilizing, it is expected that the cost of operations will become economical and the civil helicopter fleet will return to the growth mode in near future as the demand for civil helicopters in India is on the increase in the Government Sector.

Even though, we have around 276 civil registered helicopters in the country with a population of around 1.25 billion, per capita, we have one helicopter per 47 lakh people which puts us even below many developing countries in the world.

The economic growth of the country had been a catalyst in promoting the growth in aviation, both in fixed wing aircraft as well as rotary wing aviation. Suitable policies enunciated by the Government had also helped the growth. The financial year 2014-15, shows growth trend for Civil Helicopter fleet in the country.

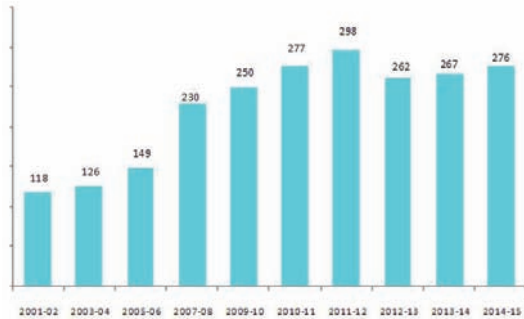
In order to facilitate growth of helicopter operations in India, a separate wing for helicopters has been developed in the DGCA and AAI. The Regulatory regime for helicopters would continuously need to be upgraded to enable blossoming of the sector.

Theme	Strategic Initiatives
Air Connectivity through Helicopter Services	Rapid development of Helicopter operations
Infrastructure creation	(i) Create Heliports and Helipads in the country
	(ii) Develop world class MROs for Helicopters
	(iii) Create Helicopter Training Academy for HR capacity development

Growth Chart showing Civil registered helicopters in India during the period 2001-02 to 2014-15 is as under :-



Growth of Civil Registration Helicopters in India (Turbine)



In the total 276 Civil Registered helicopters in India in the year 2014-15, there are 75 NSOP operators with fleet strength of 199 helicopters, 16 Government Operators with fleet strength of 30 helicopters and 24 private operators with fleet strength of 34 helicopters. Out of the total 276 helicopters there are 140 twin engine helicopters representing 56% and 127 single engine helicopters representing 44% of the total helicopter strength in the Country. In the total 276 helicopters for Civil usage in India, 43 helicopters (15.53%) are used for logistic support to E&P Companies, 217 helicopters (76.53%) used for helicharters and 22 helicopters (7.94%) used for heli pilgrimage/heli tourism. (Source : Report of RWSI for Helipower India, March 2015).

Presently, Pawan Hans owns 45 helicopters plus it Operates and Maintains 7 helicopters owned by other agencies. There are 6 commercial operators having five or more helicopters in India. Pawan Hans is the largest operator and retains majority market share of commercial operations of helicopters deployed on long term basis. Global Vectra Helicorp Ltd. is the second largest helicopter operator with 21 helicopters. Other commercial operators are Himalayan Heli Services with 5 helicopters, Heligo Charterers have 8 helicopters and Decan Aviation 5, HAL Rotary Wing Academy 6, and OSS Air with 5 helicopters.

Management's Assessment of the Company's Outlook for the future (opportunities) and Important Risks that the Company may face in future.

In order to retain its leadership position, Pawan Hans intend to take the following key initiatives over the next 5 years : -

- * Helicopter Operations
 - Strengthen competitive position in existing markets.
 - Acquisition of new fleet
 - Pursue Business in new areas
 - Operation & Maintenance Contracts for helicopter owned by others.
- * Setting up of MRO facilities
- * Establishing Heliports and Heli Hubs
- * Sea Plane operations
- * Fixed wing operations
- * Improvement of customer satisfaction

STRENGTHEN COMPETITIVE POSITION IN EXISTING MARKETS

- Renew existing contracts for market advantage.
- Maintain high standards for safety and reliability
- Enhance its core competence in Offshore operations by acquiring new medium class helicopters
- Selectively pursue international operations whenever opportunity arise
- Strengthen its competitive advantage by improving focus on customer needs
- Strengthen relationship with customers and other business associates.

ACQUISITION OF NEW FLEET

During the 12th Five Year Plan Period (2012-17) the projections related to Pawan Hans approved by Planning Commission are for acquisition of 10 helicopters and 02 seaplane, import of equipments, creation of maintenance centre / JV, Building Projects and others for a total amount of Rs.725 crores through IEFR.



ONGC in the recent crew change tender have increased from 5 years to 7 years vintage condition. The existing contract with ONGC stipulate the vintage clause whereby the helicopter deployed with ONGC for its task should have the vintage of 7 years. In the recent crew change contract for 3 nos. Dauphin N3 helicopters Pawan Hans was L1 and succeeded in award of contract in its favour for next 5 years i.e. 2015-2020. Global Vectra has succeeded in getting crew change contract for 2 helicopters. Production task contract of 7 nos. Dauphin N3 helicopter of Pawan Hans is slated to expire in March, 2017. Pawan Hans may require more medium / intermediate category of helicopters for the next ONGC tender which is expected to be issued in mid 2016.

In addition to this, there are other offshore companies like British Gas, GSPC, Cairn Energy, Petro Gas etc. who may also require helicopters and hence, these requirements should also need to be considered by Pawan Hans as part of its revised projections.

The existing fleet of 18 nos. Dauphin N helicopters was acquired in the F.Y. 1986-87 and 1987-88 having useful economic life of 30 years. These helicopters are expected to complete their useful economic life in the F.Y. 2016-17 and 2017-18. Accordingly, it is planned to dispose off 9 nos. helicopters of old fleet in the end of F.Y. 2016-17 and the rest 9 nos. helicopters at the end of Financial Year 2022 with minor refurbishment, if required.

In view of above market scenario, the 12th five year plan period (2012-17) projections related to Pawan Hans for acquisition / disposal of helicopters has now been reviewed and revised. Accordingly, instead of earlier projections of 10 nos. helicopters with estimated cost of Rs.559.35 crores, now 22 nos. helicopters are projected to be acquired which comprise of 2 nos. light single engine helicopters, 2 nos. light twin engine helicopters, 17 nos. medium helicopters and 01 no. Mi-172 helicopter at an estimated cost of Rs.1189.50 crores. The

revised plan has been submitted to the Ministry of Civil Aviation for approval.

PURSUE BUSINESS IN NEW AREAS

- Medical evacuation, law enforcement, news gathering, intra-city transportation connecting airports to city- centers in major cities, corporate travel, hotline washing of power insulators, etc.
- There is tremendous potential in the tourism/pilgrimage areas in the country that need to be carefully tapped. New areas that can be explored for this purpose are States of Himachal, Uttrakhand, Gujarat, South India, Goa and North-East States.

DISASTER MANAGEMENT - DEDICATED EMERGENCY MEDICAL SERVICES/SAR OPERATIONS

- The country's first Medivac helicopter to ONGC was provided by PHL.
- PHL would explore possibility to venture into Medivac/SAR sector in association with NDMA.
- Central Government need to financially support through GBS the need to acquire helicopters for Emergency Medical services / SAR roles & better governance and construct Helipads / Heliports at district level.

HELICOPTER MAINTENANCE SERVICES

Pawan Hans is an Authorised Maintenance centre of M/s Eurocopter, France for Dauphin series of Helicopters. Pawan Hans plans to expand its repair and overhaul business by offering its services to other operators having fleet of Dauphin in the initial stages. For this purpose, it plans to create a new state-of-the-art Maintenance Centre.

HELIPORTS

Ministry of Civil Aviation has assigned the task of Development of Heliport at Rohini, New Delhi which will be the First Integrated



heliport in the Country with provision for operations and parking of Helicopters, Maintenance facilities, small commercial centre, etc. The construction activities have already commenced in October 2014 and construction work is in full progress.

IMPROVEMENT IN CUSTOMER SATISFACTION

Pawan Hans has been collecting feedback both from the passengers travelling as well as from the customer organizations from time to time and has also engaged an outside agency to redevelop the proforma and collect feedback from them.

Strength and Weakness

Deployment of helicopters to Institutional Customers on long term basis (like ONGC, State Govts., PSUs), State- of- art Maintenance facilities, competitive advantage because of availability of Fleet mix to cater to different needs of the customers, large pool of skilled work force (experienced Pilots, Engineers and Technicians) and Government support are some of the strengths of Pawan Hans. However, keeping in view significant competitive environment resulting in low helicopter charter rates and increased input cost, there is likelihood of reduce profit margin in the subsequent period.

Risks and Concerns

PSUs like ONGC and GSPC have issued tenders with 7 to 10 years vintage conditions of helicopters. Some North East States like Government of Arunachal Pradesh have also floated tenders for Heavy helicopters with 5 years vintage. There is, therefore, risk of finding new business for the older helicopter fleet in case this trend is followed by some other customers. The recovery period of customer dues specially from some State Governments is long resulting in large amount of outstanding dues. This may

affect the cash flow of the Company, keeping in view fund requirement for debt servicing of the term loan taken for acquisition of new fleet of helicopters. Although, most of the Contracts with the customers have an inbuilt provision for hedging against fluctuations in terms of rates of foreign exchange and Aviation Turbine Fuel, such fluctuations affects contracts which may have fixed and firm charter rates for helicopter services leading to increased input cost and reduced profit margins. Aviation business is characterized by the safety in air and on ground. Helicopter accidents may affect customer confidence and influence the business of the Company.

Internal Control Systems and their adequacy.

Standard procedures and guidelines are issued from time to time to institutionalize best practices in all facets of activities. Pawan Hans has an adequate system of internal control to ensure that all activities are monitored and controlled against any unauthorized use of the assets and those transactions are authorized, recorded and reported correctly. The Company ensure adherence to all internal control policies and procedures as well as compliance with Regulatory guidelines with suitable connective measures if any. The Audit Committee of the Board of Directors oversee the adequacy of internal controls. Audit by Regulatory authorities covering operational and safety aspects is carried out from time to time.

Analysis of Finance and Operations.

Physical & Financial performance for each quarter along with the ratio analysis is finalized and submitted to the Board of Directors. The Company's website publishes the Annual Report as also official news are regularly and promptly displayed on the Company's website.



Pecuniary relationship or transactions of the part-time Directors viz-a-viz the Company.

There has been no pecuniary relationship of any part-time director during the year with the Company. Further, no remuneration or sitting fee has been paid to any part-time director.

Human Resources, Industrial Relations and Talent Management Issues

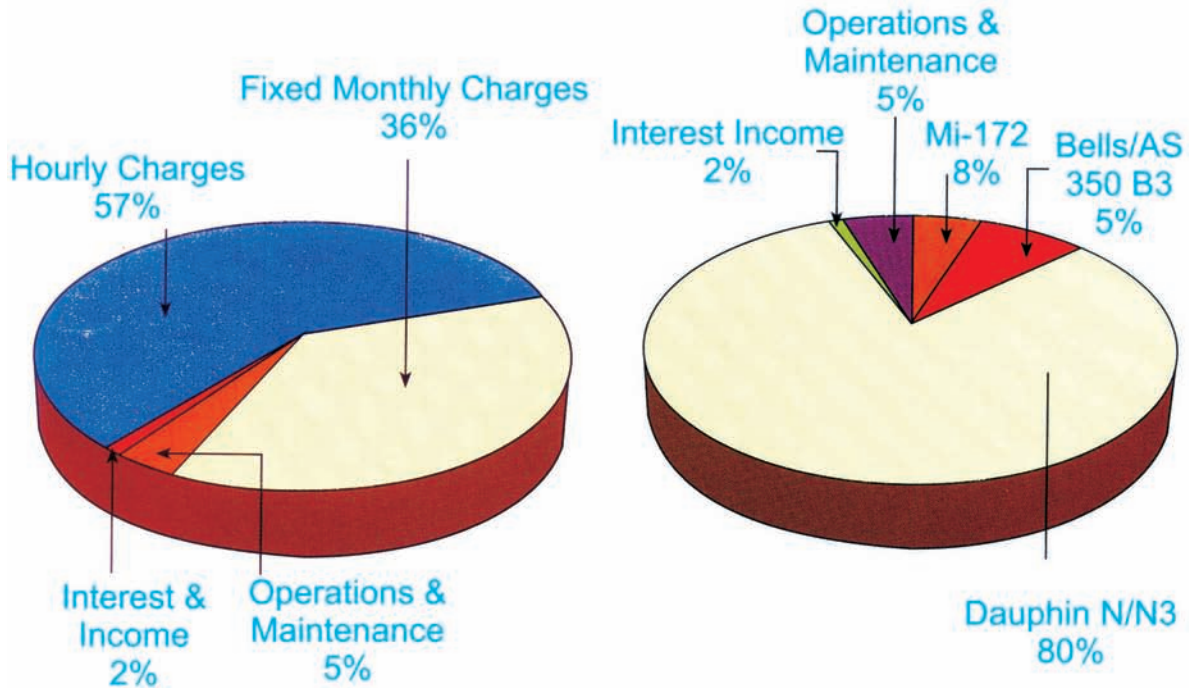
The staff strength as on 31st March, 2015 was 840 as against 870 as on 31st March 2014. During the year Industrial relations had been cordial. The Company has been sending its pilots and other staff for training as also doing internal training development of its employees on regular basis. Industrial Relations with employees has been generally cordial.

Environmental Conservation, Renewable Energy Use and R&D Issues.

The Company has always considered energy saving and technology absorption as an important goal and high priority has been accorded to the same during the year under review. The Company has obtained ISO-14001 and 18001 Certification which is known as Integrated Management System covering environment and safety aspects. The certificate of renewal is in process. The Company has obtained approval of Ministry of Environment & Forests for development of Heliport at Rohini. As part of Innovation, the Company has carried out study on Indigenization of Spares and enhanced reliability of HMUs (Dauphin N-3 helicopter).

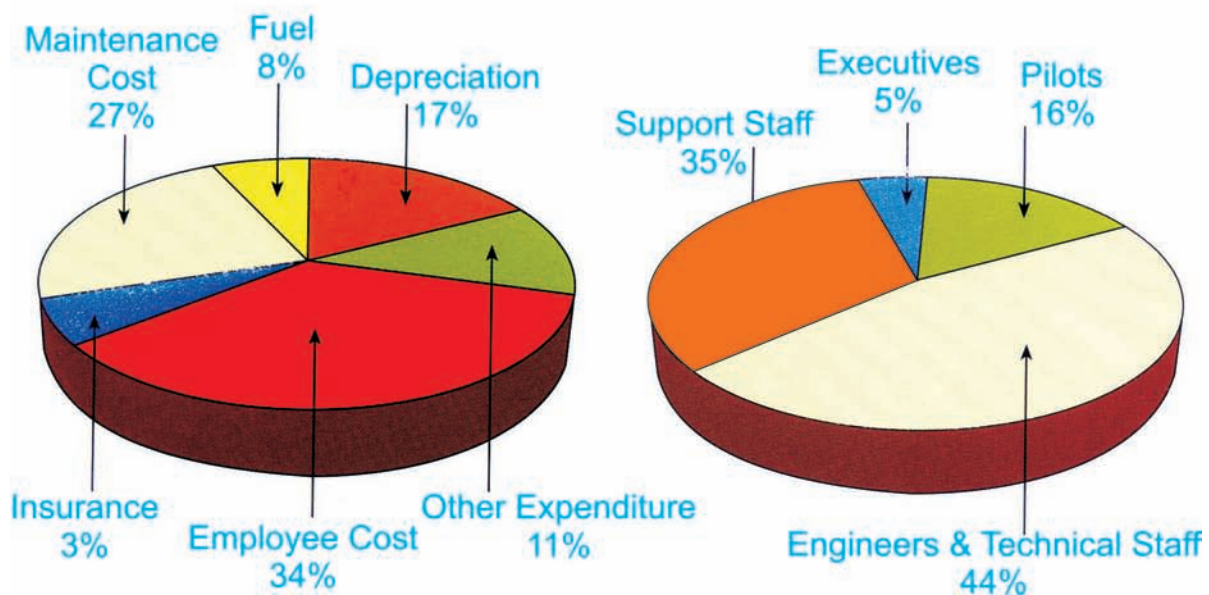
FINANCIAL HIGHLIGHTS

For 2014 - 15
Source of Income



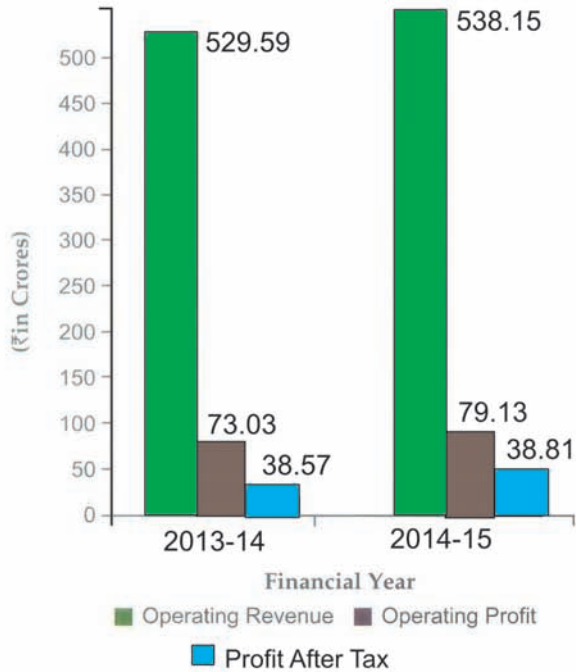
Cost Structure

Manpower Profile

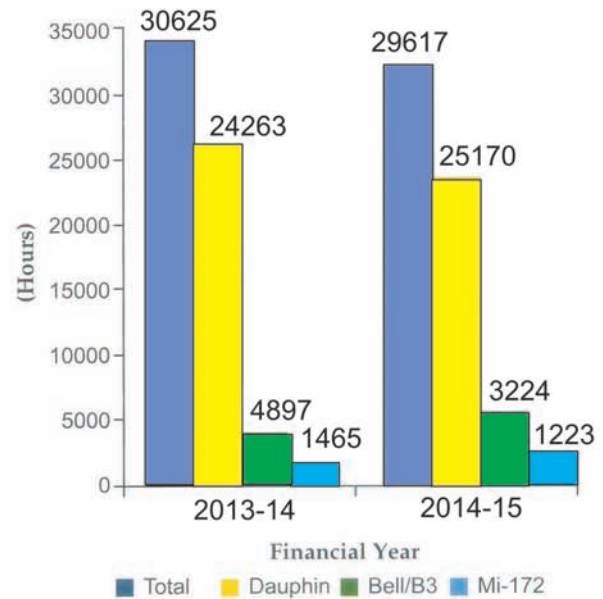




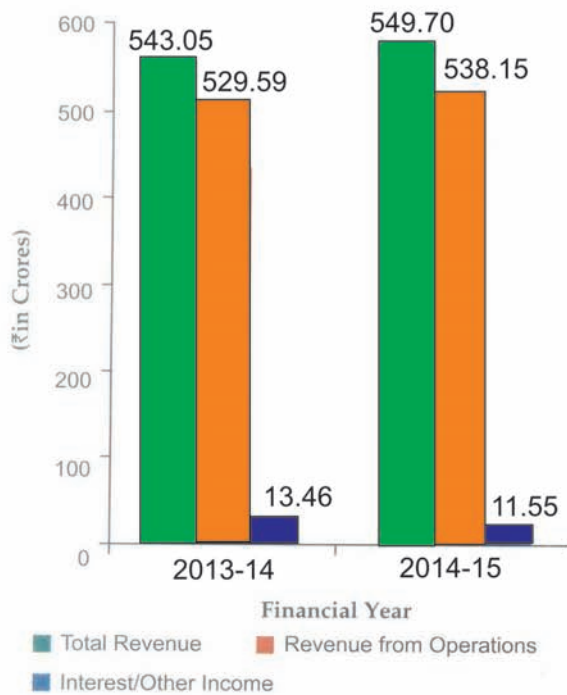
Revenue from Operations, Operating Profit & Net Profit



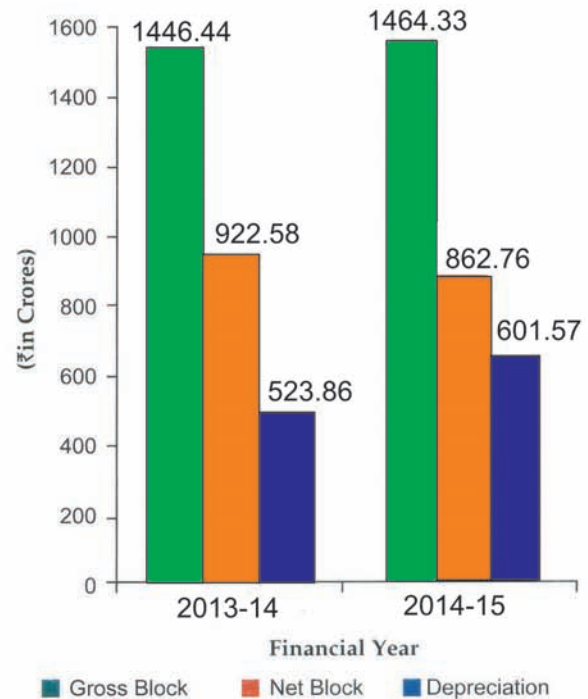
Flying Hours



Revenue



Fixed Assets





Pawan Hans Limited
Summarised Accounts 2010-11, 2011-12, 2012-13, 2013-14 and 2014-15

Particulars	Ratio	2014-15	2013-14	2012-13	2011-12	2010-11
Resources						
Net Worth		541.13	513.84	484.53	475.57	485.38
Non-Current Liabilities						
- Loan Funds- Secured Loans		38.68	100.59	274.69	232.83	64.10
- Other Long -term Liabilities		471.37	471.22	471.40	471.51	470.69
- Long Term Provisions		27.24	46.91	39.33	34.56	19.62
- Deferred Tax Liabilities		157.70	143.63	136.27	126.53	97.63
Total		1236.12	1276.19	1406.22	1341.00	1137.42
Utilisation of Resources						
Fixed Asset		1464.33	1446.44	1433.68	1287.45	1015.33
Less: Depreciation		601.57	523.86	449.77	375.48	324.48
Net Fixed Assets		862.76	922.58	983.91	911.97	690.85
Capital Work in Progress		18.04	11.36	18.07	23.03	29.36
Long-Term Loans & Advances		78.39	75.95	81.48	90.69	132.61
Other Non-Current Assets		2.27	5.26	3.57	3.93	4.08
Investment		1.45	2.89	2.89	2.89	2.89
Net Working Capital		273.21	258.14	316.28	308.50	277.63
Total		1236.12	1276.17	1406.21	1341.00	1137.42
Capital Employed		1154.01	1192.07	1318.27	1243.49	997.84
Earnings						
Revenue from Operations		538.15	529.59	465.24	428.86	423.98
Interest /Other income		11.55	13.46	10.39	9.29	6.49
Total		549.70	543.05	475.63	438.15	430.47
Outgoings						
Helicopter Operational & Maintenance Expenses		180.94	187.40	155.12	167.63	155.34
Employee Benefits Expenses		154.16	148.98	149.06	135.93	121.47
Financial Costs		17.49	31.81	28.51	14.46	6.17
Depreciation and Amortization Expenses		76.52	79.71	73.79	60.30	46.53
Other Expenses		47.40	40.45	47.63	58.73	53.38
Total		476.51	488.35	454.11	437.05	382.89
Profit for the year before Extraordinary		73.19	54.70	21.52	1.10	47.58
Prior Period/Extraordinary adjustments		(1.45)	6.54	6.42	21.34	1.85
Profit before tax		71.74	61.24	27.94	22.44	49.43
Prov.for Taxation		17.20	14.50	6.50	4.50	9.97
Prov. For tax Previous Yrs		1.66	0.81	0	-0.61	0.54
Fringe Benefit Tax		14.07	7.36	9.74	28.90	20.42
Deferred Tax Liability						
Net profit after tax		38.81	38.57	11.70	-10.35	18.50
Significant Ratios						
a) Net profit Ratio	Net Profit/(Loss) ----- Total Revenue	7.1%	7.1%	2.5%	-2.4%	4.3%
b) Return on Investment	Net Profit/(Loss) ----- Cap. Employed	3.4%	3.2%	0.9%	-0.8%	1.9%
Return on Net Worth	Net Profit/(Loss) ----- Net Worth	7.2%	7.5%	2.4%	-2.2%	3.8%
Debt Collection Pd.(months)	Operational debts ----- Avg monthly Op.Rev.	6.5	6.2	5.4	4.7	5.2
Inventory Turnover (months)	Year & Inventory ----- Avg monthly Op.Rev.	1.3	1.2	1.7	2.2	2.0
Current Ratio	C.A.:C.L	2.4	1.9	3.4	3.3	3.2
Debt Equity Ratio	Debts/Equity ----- Debts/Net Worth	0.31 0.14	1.11 0.53	1.34 0.68		





ACCOUNTS





29. SIGNIFICANT ACCOUNTING POLICIES

I. FIXED ASSETS / DEPRECIATION

- a) Fixed Assets are stated in the Balance Sheet at actual cost less depreciation.
- b) Till the year ended 31st March, 2014, depreciation rate prescribed under Schedule XIV were treated as minimum rates and the Company was not allowed to change depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. Schedule II to the Companies Act, 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows Companies to use higher / lower useful lives and residual values if such useful lives and residual value can be technically supported and justification for difference is disclosed in the financial statements.

The Company proposes to reassess the estimated useful life of Helicopter and other major fixed assets after technical evaluation of these fixed assets and their major components during the 2015-16. Suitable modifications in estimates of useful life will be determined for provision of depreciation in subsequent financial years.

- c) Depreciation on Airframe and Aero-engine equipment-Rotables and cost of mid-life upgradation programme (including type certification costs) /major retrofit of the Helicopters is computed on straight line basis in a manner so as to write-off the 95% of the amount thereof over the remaining useful life of the principal asset (type of helicopters) to which they pertain, subject to a minimum charge as per Schedule II of the Companies Act 2013. In respect of Mi-172 helicopters,

the depreciation on airframe and aero engine rotables is derived on the basis of annual average maintenance flying hours of the fleet and the remaining useful life in flying hours of the least flown helicopter at the commencement of the financial year. For this purpose, the remaining useful life of the last batch of helicopters (in case of Dauphin N since these constitute significant strength of the fleet) or latest helicopter (in the case of other fleet) is considered.

- d) Carrying cost Less Residual value of additions to fixed assets as on 01.04.2014 other than mentioned above which is neither sold/written off from books of accounts nor depreciated upto 95% will be depreciated on Straight line basis over the remaining useful life calculated on the basis of revised useful life as specified in Companies Act,2013. Further, in cases where as on 01.04.2014 the remaining useful life of an asset as prescribed under schedule II of Companies Act, 2013 is nil, then after retaining the residual value, balance carrying amount is recognized in the opening balance of retained earnings.
- e) Cost of leasehold land is amortized over the period of lease. Similarly the cost of residential flats constructed under joint development agreement with AAI is amortized over the period of right to possess the property as per the terms of such agreement.
- f) Translation differences relating to liabilities in foreign exchange for acquisition of fixed assets are adjusted to the original cost of the asset and depreciation on the revised un-amortized depreciable amount is provided prospectively over the residual specified period of the asset. The policy was followed upto 31/3/2007.



- g) Assets of material value retired from active use and held for disposal are stated at the lower of their net book value or net realizable value (wherever available) and disclosed separately in the Accounts. No depreciation is provided on such assets (including Westland helicopters and related items w.e.f. financial year 1995-96).
- h) Depreciation in respect of additions or deletions of helicopters/spare aero engines is made on a pro-rata basis, effective from / to the date of acquisition (being the date of Signing of Certificate of Airworthiness by Airworthiness Officer of the region in India for helicopters) / disposal. Depreciation in respect of all other fixed assets is reckoned on a pro-rata basis. The effective date for the purpose of such other assets is taken as the first day of the month following the month of purchase of the item. Likewise, in respect of deletions, last day of the preceding month of the deletion of such an asset is considered for providing pro-rata depreciation. Gains and Losses arising from the retirement or disposal of assets are credited / charged to the Profit and Loss Account.

i) Impairment

The carrying amount of assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any indication exist, the assets recoverable amount is estimated. An impairment loss is recognized wherever the carrying amount of an assets exceeds its recoverable amount.

II. INVESTMENTS

Investments are stated at cost less interim payments, if any, received. However, in respect of investments whose redemption value is different than the acquisition cost, the difference between the acquisition cost

and redemption value of the investment is amortised on time basis over the period from the acquisition date to the redemption date. The amortised amount for the year is shown as “Profit / Loss on investments” with corresponding adjustment in the cost of such investments. Further, Long Term Investments are valued at cost. Provision is made for any diminution, other than temporary, in the value of such Investments.

III. TRANSACTION IN FOREIGN CURRENCIES

- a) Transactions in foreign currency relating to purchase of fixed assets, goods and services are accounted for at the rate of exchange prevailing on the date of transaction as provided by the principal banker of the Company. Similarly, transactions in foreign currency relating to services provided by the Company are accounted for at the rate of exchange prevailing on the date of transaction which in this case is considered as the last date of the respective month.
- b) At the year-end, monetary assets and liabilities are translated at the year end Bill Selling exchange rate except closing balance of foreign currency account with Bank are translated at the year end Bill buying exchange rate whereas non-monetary items are reported at historical rates.
- c) Losses or gains due to exchange fluctuations arising due to restatement of monetary assets or liabilities or on settlement of foreign exchange transactions are transferred to the Profit and Loss Account of that year.

IV. INVENTORIES

- a) Inventory consisting of helicopter spares and consumable stores are stated at cost using the moving weighted average method. Items of spares and stores lying



on the shop floor at the year end are also considered as part of closing inventory.

- b) Loose/test tools are valued at cost less financial write-offs. Loose tools/test tools are amortised equally over a period of 3 financial years including the year of purchase and stated accordingly. Items scrapped under these heads are written off on FIFO basis
- c) Stores and Spares the landed unit value of which, is less than Rs.1,000 and all items of consumables, oil, greases, lubricants are expensed in the year of purchase.
- d) Goods despatched by the suppliers by 31st March of each year but not received by the Company are accounted for as Goods in transit. However, the repair/overhaul charges in respect of Goods in transit being returned after repairs are accounted for by a corresponding debit to the "Maintenance expenditure in the Profit & Loss Account" of the year itself.
- e) Provision is made in the accounts on moving weighted average basis for non-moving items of stores, spares and consumables (other than ground support and test equipments, and maintenance tools) which have not been issued for actual use for three consecutive years from the date of last transaction.

V. LIABILITIES

- a) Provision is made in the accounts for all known liabilities existing on the date of balance-sheet. Liabilities not known or liabilities whose amount cannot be determined with any reasonable degree of accuracy are not provided for. Further, liability for goods or repairs/overhaul charges is made in the accounts for goods despatched by the suppliers by 31st March of each year but not received by the Company as at the year end, based on manufactures advice / engineering estimates.

- b) Claims on suppliers / outside parties are accounted for on acceptance by such parties. Claims of suppliers / outside parties/customers are accounted for on settlement basis.
- c) No provision for accrued expenses / liabilities is made in the accounts where the individual transaction is less than Rs. 5,000.

VI. PREPAID EXPENSES

Prepaid expenses which are individually less than Rs. 5,000 are not accounted for.

VII. MAINTENANCE EXPENDITURE OF HELICOPTERS

Effective from F.Y 2006-07 Maintenance expenditure of helicopters is accounted as on incurred basis.

VIII. REVENUE RECOGNITION

- a) Revenue from helicopter operations is recognized on accrual basis as per the terms of the contract.
- b) Income from engineering and other services is recognized when the corresponding services are completed.
- c) Revenue from Sale of scrapped Assets/ Stores is recognized on actual realization.

IX. INTEREST / INCOME FORM INVESTMENTS

Interest / yield accruing on Deposits / Investments with banks / others is accounted for on proportionate basis upto the end of the financial year at the applicable interest / yield rates.

X. FUEL

Closing stock of ATF available in the Aircraft , Barrels and Bouzers at the end of the financial year is accounted for and valued at the price list of ATF for the month of March as notified by India Oil Corporation Ltd. except where the ATF is provided by the Customers directly to our aircraft for their operations.



XI. INSURANCE / INSURANCE CLAIMS

- a) The Company has opted for separate scheme of Self Insurance in respect of Technical Personnel. Any compensation payable under the scheme is charged to expenditure for the year under the Profit and Loss Account.
- b) Insurance Claims other than those relating to the helicopters and inventory are accounted for on cash basis and recognised as income except where payable to any third party.
- c) All helicopter and inventory related claim recoveries other than the total loss are accounted for in the year of lodging the final claim upon establishing the virtual certainty of admittance of claim by the insurance surveyor/insurance company at the estimated/ finally assessed value which is known before the close of Books of Accounts of such financial year, otherwise in the year of admittance of the claim. The actual expenditure on repairs as also the total Insurance claim realized are accounted for in Profit & Loss Account and the assets are carried forward at their book values.
- d) In the case of total loss of helicopter, adjustment is made in the year of event taking place by reducing the written down value of the helicopter from the fixed assets and reflecting the same as "Insurance Claim Receivable Account" and appropriate adjustment is made to the "Profit / Loss on Insurance Claim on destruction of Assets", when the value of claim is admitted / settled by the insurance company.

XII. GRATUITY

Gratuity is accounted for on actuarial valuation basis and the amount due for the year is transferred to a separate recognised Gratuity Trust

XIII. INTANGIBLE ASSETS

- a) Training expenses which qualify as intangible asset within the meaning of AS-26, are amortized over the useful life of such intangible asset. Other training expenses are charged off to the revenue account in the year of which they are incurred.
- b) Costs of software purchased/developed in-house exceeding Rs. 5 lacs each is amortized over a period of 60 months on straight line basis from the date of successful commissioning of the software, subject to review at each financial year end. Software costing upto Rs. 5 lacs each are charged off to Revenue in the year of purchase.

XIV. EMPLOYEE BENEFITS

Provision for Leave salary/baggage Allowance and Post Retirement Medical Benefits is accounted for on the basis of actuarial valuation. Actuarial valuation of leave travel concession is not carried out as leave travel concession has become the part of cafeteria allowance.

XV. PRIOR PERIOD ADJUSTMENTS

Amounts pertaining to income or expenditure which arise in the current period that could have been reasonably estimated in earlier years but remained unaccounted due to errors or omissions are reflected as prior period items.

XVI. SUNDRY DEBTORS / ACCOUNTS RECEIVABLE

- a) Debts recoverable and outstanding from outside parties except central Govt./ State Govt/Union Territories for more than three years are considered doubtful and provided for unless specifically known to be doubtful prior to this period. However for Central Govt./ State Govt/ Union Territories Debts recoverable and outstanding for more than seven years are considered doubtful and provided for



unless specifically known to be doubtful prior to this period.

- b) Unadjusted / unclaimed credit balances relating to outside parties and outstanding for more than three years are written back and treated as income.

XVII) BORROWING COSTS

- a) Borrowing cost that is directly attributable to acquisition, construction or production of qualifying assets is capitalized upto the time the asset gets ready for its intended use.
- b) Borrowing cost other than stated above is treated as period cost and charged to the Profit & Loss Account.

XVIII. TAXES ON INCOME

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Additional demands of Income Tax raised in the Assessment are provided in the year of finality of Assessments. Accordingly, the interest on

Income Tax refunds is accounted for in the year of finality of Assessments or actual receipt whichever is later. The deferred tax charge or credit due to timing differences between the Book Profits and Tax Profits is recognized using the rates and laws that have been enacted or substantially enacted as on the Balance Sheet date. Deferred Tax assets are recognized only to the extent there is reasonable certainty of realization in future. Such assets are reviewed as at each Balance Sheet date to reassess realization. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognized only if there is virtual certainty of realization of such assets supported by convincing evidence.

XIX. CASH FLOW STATEMENT

Cash Flow Statement is prepared under the indirect method prescribed under “Accounting Standard 3 on Cash Flow Statement” issued by The Institute of Chartered Accountants of India.



BALANCE SHEET
As at 31st March,2015

		(Value in ₹ Lacs)	
	Note No.	31st March 2015	31st March 2014
I. EQUITY & LIABILITIES			
(1) Shareholders' Funds			
(a)	Share Capital	1	24,561.60
(b)	Reserves & Surplus	2	<u>29,551.38</u>
		54,112.98	51,383.81
(2) Non-Current Liabilities			
(a)	Long-Term borrowings	3	3,868.36
(b)	Deferred Tax Liabilities (Net)	4	15,769.69
(c)	Other Long Term Liabilities	5	47,136.58
(d)	Long-Term Provisions	6	<u>2,723.56</u>
		69,498.19	76,234.72
(3) Current Liabilities			
(a)	Trade Payables	7	3,637.91
(b)	Other Current Liabilities	8	7,151.75
(c)	Short-Term Provisions	9	<u>8,055.14</u>
		18,844.80	27,228.82
	TOTAL	<u>142,455.97</u>	<u>154,847.35</u>
II. ASSETS			
(1) Non-Current Assets			
(a)	Fixed Assets		
(i)	Tangible Assets	10	
	- Assets under Active use	86,172.24	92,131.46
	- Assets retired from Active Use and Held for disposal/Impaired Assets	971.83	971.83
	Less: Provision for loss on Disposal / Impairment	<u>971.83</u>	<u>971.83</u>
	- Assets Currently not in Active use	-	-
(ii)	Intangible Assets	11	103.45
(iii)	Capital Work-in-Progress-Tangible Assets	12	<u>1,804.32</u>
		88,080.01	93,393.55
(b)	Non-Current Investments	13	144.67
(c)	Long-Term Loans and Advances	14	7,839.39
(d)	Other Non-Current Assets	15	<u>227.24</u>
		96,291.31	101,804.72
(2) Current Assets			
(a)	Inventories	16	5,648.37
(b)	Trade Receivables	17	29,045.17
(c)	Cash and Cash Equivalents	18	8,925.30
(d)	Short-term Loans and Advances	19	1,803.34
(e)	Other Current Assets	20	<u>742.48</u>
		46,164.66	53,042.63
	TOTAL	<u>142,455.97</u>	<u>154,847.35</u>

Additional Notes to the Financial Statements **28**

Significant Accounting Policy **29**

As Per Our report of even date attached.

For & on behalf of Board of Directors

For Khanna & Annadhanam
Chartered Accountants
Firm Regd.No.1297-N

(Dr.B.P.Sharma)
Chairman-&-Managing Director

(Mrs. Gargi Kaul)
Director

(B.J. Singh) Partner
(M.No 7884)

(Sanjiv Agrawal)
Company Secretary

(Dhirendra Sahai)
Chief Financial Officer

Place : New Delhi
Date : 07.10.2015



STATEMENT OF PROFIT AND LOSS
For the Year ended 31st March, 2015

	Note No.	31st March 2015	(Value in ₹ Lacs) 31st March 2014
Revenue:			
Revenue from Operations	21	52,235.57	51,626.19
Other Income	22	<u>2,734.52</u>	<u>2,678.62</u>
Total Revenue		<u>54,970.09</u>	<u>54,304.81</u>
Expenses:			
Helicopter Operational & Maintenance Expense	23	18,093.82	18,740.26
Employees' Benefits Expense	24	15,416.34	14,898.91
Financial Costs - Interest Expenses		1,749.35	3,180.68
Depreciation and Amortization Expense		7,652.34	7,971.29
Other Expenses	25	<u>4,740.12</u>	<u>4,044.57</u>
Total Expenses		<u>47,651.96</u>	<u>48,835.71</u>
Profit before Exceptional, Extraordinary Items and Tax		7,318.13	5,469.10
Exceptional Items	26	-144.67	-89.12
Extraordinary Items	27	-	<u>743.41</u>
Profit before tax		<u>7,173.46</u>	<u>6,123.39</u>
Tax expense:			
(1) Current Tax (MAT)		1,720.00	1,450.00
(2) Earlier Years Tax		165.85	80.56
(3) Deferred Tax		<u>1,406.70</u>	<u>736.18</u>
Net Profit/(Loss) for the period		<u>3,880.91</u>	<u>3,856.65</u>
Earning per Equity Share: (Face Value Rs.10,000/-)			
(1) Basic		1,580	1,570
(2) Diluted		1,580	1,570

Additional Notes to the Financial Statements 28

Significant Accounting Policy 29

As Per Our report of even date attached.

For & on behalf of Board of Directors

For Khanna & Annadhanam
Chartered Accountants
Firm Regd.No.1297-N

(Dr.B.P.Sharma)
Chairman-&-Managing Director

(Mrs. Gargi Kaul)
Director

(B.J. Singh) Partner
(M.No 7884)

(Sanjiv Agrawal)
Company Secretary

(Dhirendra Sahai)
Chief Financial Officer

Place : New Delhi

Date : 07.10.2015



NOTE NO. 1
SHAREHOLDERS' FUNDS

	31st March 2015	(Value in ₹ Lacs) 31st March 2014
Share Capital		
(a) Authorized Capital		
2,50,000 Equity Shares of Rs.10,000/- each	25,000.00	25,000.00
(b) Issued Capital, Subscribed & Fully paid up		
2,45,616 Equity Shares of Rs.10,000/- each	24,561.60	24,561.60
(c) A reconciliation of the number of Shares outstanding at the beginning and at the end of the reporting period.	Opening 245,616 Add: Shares Alloted _____ Closing <u>245,616</u>	245,616 _____ <u>245,616</u>
(d) The rights, preferences and restrictions attaching to each Ordinary shares of the company have a par value of Rs. 10,000 per share and rank class of shares including restrictions on the distribution of paripassu in all respects including voting rights and entitlement to dividend and the repayment of capital.		
(e) Shares in the company held by each shareholder holding more than 5 percent shares specifying the number of shares held.	No. of Share Held Shareholder Name President of India 1,25,266 ONGC Limited <u>1,20,350</u>	 1,25,266 <u>1,20,350</u>
Total	<u>24,561.60</u>	<u>24,561.60</u>

NOTE NO. 2
RESERVES & SURPLUS

	31st March 2015	(Value in ₹ Lacs) 31st March 2014
Reserves & Surplus		
a) Reserves :		
(i) General Reserve		
As per Last Account	2,050.00	2,050.00
(ii) Statement of Profit & Loss - Surplus		
As per Last Account	24,772.21	21,841.12
Less : Depreciation Adjustment	-217.54	-
Add : Addition During the Year	3,880.91	3,856.65
Less : Proposed Dividend on Equity Shares	-776.18	-771.34
Less : Tax on Proposed Dividend	<u>-158.01</u>	<u>-154.22</u>
	<u>27,501.38</u>	<u>24,772.21</u>
Total	<u>29,551.38</u>	<u>26,822.21</u>



**NOTE NO. 3
LONG TERM BORROWINGS**

	31st March 2015	(Value in ₹ Lacs) 31st March 2014
Secured Term Loans		
- ONGC Limited	328.90	3,678.85
- NTPC Limited	3,539.46	4,015.40
- EXIM Bank	<u>-</u>	<u>2,365.01</u>
Total	<u>3,868.36</u>	<u>10,059.26</u>

The maturity of the Borrowings is summarised as under :

	31.03.2015	31.03.2014
- Not Later than One Year (Note No. 8)	3,825.44	17,103.58
Current maturities of Long Term Debt	<u>3,825.44</u>	<u>17,103.58</u>
- Later than one year and not later than five years	2,544.84	8,131.07
- Later than five years	<u>1,323.52</u>	<u>1,928.19</u>
	<u>3,868.36</u>	<u>10,059.26</u>

Refer to Note No.(X) of the Additional Notes to the Financial Statements (Note No.28)

**NOTE NO. 4
DEFERRED TAX LIABILITIES (NET)**

	31st March 2015	(Value in ₹ Lacs) 31st March 2014
Deferred Tax Liabilities (Net)		
1. Deferred Tax Liability		
- Difference of Book Depreciation and Tax Depreciation	<u>23,535.17</u>	<u>22,641.27</u>
	<u>23,535.17</u>	<u>22,641.27</u>
Gross Deferred Tax Liability	<u>23,535.17</u>	<u>22,641.27</u>
2. Deferred Tax Assets		
Provisions created :		
- Employees' Benefits	2,960.90	2,387.08
- Non-Moving Inventory	954.76	764.77
- Corporate Social Responsibility/ Sustainable Development Fund	-	68.29
- Prov. for Diminution in Value of Investment	49.17	-
- Carried forward Unabsorbed Depreciation	3,284.65	4,876.24
- Doubtful Debts/Advances	286.52	<u>181.90</u>
- Provision for Property Tax	34.70	
- Provision for Lease Rent to AAI	<u>194.79</u>	
	<u>7,765.49</u>	<u>8,278.28</u>
Gross Deferred Tax Assets	<u>7,765.49</u>	<u>8,278.28</u>
Deferred Tax Liabilities (Net)	<u>15,769.69</u>	<u>14,362.99</u>



**NOTE NO. 5
OTHER LONG TERM LIABILITIES**

	31st March 2015	(Value in ₹ Lacs) 31st March 2014
Other Long Term Liabilities		
a) Security Deposits	114.36	99.67
b) Amount claimed by Central Government		
- Principal Amount	13,091.03	13,091.03
- Interest/Other Charges	<u>33,931.19</u>	<u>33,931.19</u>
	47,022.22	47,022.22
Total	<u>47,136.58</u>	<u>47,121.89</u>

**NOTE NO. 6
LONG TERM PROVISIONS**

	31st March 2015	(Value in ₹ Lacs) 31st March 2014
Provision for Employees' Benefits		
- Post Retirement Medical Benefit Scheme	632.89	514.60
- Earned Leave	1,430.69	1,388.73
- Sick Leave (HPL)	645.13	548.09
- Pension	-	2,225.74
- Others	<u>14.85</u>	<u>13.42</u>
	2,723.56	4,690.58
Total	<u>2,723.56</u>	<u>4,690.58</u>

Disclosure required as per AS-15 - Employee Benefits, is given in note no. 28(XII) .

**NOTE NO. 7
TRADE PAYABLES**

	31st March 2015	(Value in ₹ Lacs) 31st March 2014
Trade Payables	<u>3,637.91</u>	<u>2,725.66</u>
Total	<u>3,637.91</u>	<u>2,725.66</u>



**NOTE NO. 8
OTHER CURRENT LIABILITIES**

	31st March 2015	(Value in ₹ Lacs) 31st March 2014
Current Maturities of Long Term Debt	3,825.44	17,103.58
Interest Accrued but not due on borrowings	-	8.89
Other Payable :		
- Advance from Customers	285.80	783.45
- Advance from DGCA Against Project (Including Interest)	1,201.12	1,190.47
Less: Amt. Spent on the Project	<u>1,160.77</u>	<u>1,066.68</u>
	40.35	123.79
- Security /Earnest Money Deposits	270.93	101.42
- Statutory Liabilities	190.30	393.47
- Payable on Purchase of Fixed Assets	527.23	695.34
- Payables for Capital Expenses	19.02	22.05
- Payable to Employees	74.00	74.23
- Temporary Book Overdraft	986.92	651.44
- Other Payables	<u>931.76</u>	<u>950.11</u>
	<u>3,000.16</u>	<u>2,888.06</u>
Total	<u>7,151.75</u>	<u>20,907.77</u>

**NOTE NO. 9
SHORT-TERM PROVISIONS**

	31st March 2015	(Value in ₹ Lacs) 31st March 2014
Provision for Employees' Benefits		
- Post Retirement Medical Benefit Scheme	20.12	15.00
- Earned Leave	105.22	91.47
- Sick Leave (HPL)	52.14	44.90
- Pension	2,498.52	-
- Others	<u>3,311.54</u>	<u>2,180.96</u>
	5,987.54	2,332.33
Provision for Loss at Lakshadweep	89.12	89.12
Provision for Corporate Social Responsibility & Sustainable Development Fund	225.74	200.92
Other Provisions (Refer Note No.28(VI)(b))	39.31	39.31
Provisions for Taxation:		
- Wealth Tax	7.90	8.15
Proposed Dividend on Equity Shares	1,547.53	771.34
Tax on Proposed Dividend	<u>158.01</u>	<u>154.22</u>
Total	<u>8,055.14</u>	<u>3,595.39</u>



**NOTE NO. 10
TANGIBLE ASSETS**

	As at 1st April,2014	Gross Block		As at 31st March,2015
		Additions	Disposals/ Adjustments	
I. Assets Under Active Use				
Land-Leasehold	58.91	-	-	58.91
Buildings	4,412.09	0.27		4,412.36
Plant & Equipments				
- Helicopters & Aero - Engines	108,506.31	-	-	108,506.31
- Airframe & Engine Equipment Rotables	25,399.83	1,549.20	178.42	26,770.61
- Workshop & Ground Support Equipment	3,550.21	352.46	17.78	3,884.89
- Training Aid Equipment	22.91	-	-	22.91
- Air Conditioning	218.13	4.27	-	222.40
- Electrical Installation	310.91	1.66	-	312.57
Furniture & Fixture	631.29	15.30	-	646.59
Vehicles	207.20	10.71	-	217.91
Office Equipment	230.93	9.22	0.33	239.82
Other				
- Computer & other Related Equipments	697.42	35.71	14.11	719.02
Total (I)	<u>144,246.14</u>	<u>1,978.80</u>	<u>210.64</u>	<u>146,014.30</u>
Previous Year (I)	<u>142,949.97</u>	<u>2,050.00</u>	<u>753.83</u>	<u>144,246.14</u>
II. Assets Retired from Active Use and held for Disposal/Impaired Assets				
Plant & Equipments				
- Helicopters & Aero - Engines	5,778.08	-	-	5,778.08
- Airframe & Engine Equipment Rotables	9.91	-	-	9.91
- Workshop & Ground Support Equipment	322.50	-	-	322.50
- Training Aid Equipment	41.25	-	-	41.25
- Electrical Installation	6.68	-	-	6.68
Furniture & Fixtures	34.06	-	-	34.06
Office Equipment	30.01	-	-	30.01
Communication Equipment	20.98	-	-	20.98
Vehicle	2.05	-	-	2.05
Computer	11.38	-	-	11.38
Total (II)	<u>6,256.90</u>	<u>-</u>	<u>-</u>	<u>6,256.90</u>
Previous Year (II)	<u>6,233.24</u>	<u>-</u>	<u>-23.67</u>	<u>6,256.91</u>
Grand Total (I + II + III) (A)	<u>150,503.04</u>	<u>1,978.80</u>	<u>210.64</u>	<u>152,271.20</u>
Grand Total (Previous Year) (I + II + III)	<u>149,183.21</u>	<u>2,050.00</u>	<u>730.16</u>	<u>150,503.05</u>

**NOTE NO. 11
INTANGIBLE ASSETS**

Capitalised Software	240.46	21.34		261.80
Training Cost	157.06			157.06
Total (B)	<u>397.52</u>	<u>21.34</u>	<u>-</u>	<u>418.86</u>
Previous Year	<u>397.52</u>	<u>-</u>	<u>-</u>	<u>397.52</u>



Accumulated Depreciation				Net Block			(in ₹ Lacs)
Upto 31st March, 2014	Depreciation for the Year	Amt. Adjusted from Retained	On Disposals/ Adjustments	Upto 31st March, 2015	Bal. as at 31st March, 2015	Bal. as at 31st March, 2014	
earnings							
15.68	0.65	-	-	16.33	42.58	43.23	
1,771.65	145.46	54.32	-	1,971.43	2,440.93	2,640.44	
35,248.27	5,028.08	-	-	40,276.35	68,229.96	73,258.04	
12,633.41	1,809.45	-	73.84	14,369.02	12,401.59	12,766.42	
1,309.73	261.39	52.11	10.93	1,612.30	2,272.59	2,240.48	
20.11	0.24	0.43	-	20.78	2.13	2.80	
66.21	99.63	23.01	-	188.85	33.55	151.92	
113.48	22.94	12.36	-	148.78	163.79	197.43	
261.46	67.92	4.31	-	333.69	312.90	369.83	
117.71	24.35	-	-	142.06	75.85	89.49	
100.39	51.23	40.64	0.31	191.95	47.87	130.54	
456.58	96.99	30.36	13.41	570.52	148.50	240.84	
52,114.68	7,608.33	217.54	98.49	59,842.06	86,172.24	92,131.46	
44,753.26	7,917.90	-	556.48	52,114.68	92,131.46	98,196.71	
5,050.46	-	-	-	5,050.46	727.62	727.62	
-	-	-	-	-	9.91	9.91	
138.76	-	-	-	138.76	183.74	183.74	
18.91	-	-	-	18.91	22.34	22.34	
5.73	-	-	-	5.73	0.95	0.95	
31.44	-	-	-	31.44	2.62	2.62	
17.82	-	-	-	17.82	12.19	12.19	
9.19	-	-	-	9.19	11.79	11.79	
1.94	-	-	-	1.94	0.11	0.11	
10.82	-	-	-	10.82	0.56	0.56	
5,285.07	-	-	-	5,285.07	971.83	971.83	
5,277.21	-	-	-7.86	5,285.07	971.84	956.03	
57,399.75	7,608.33	217.54	98.49	65,127.13	87,144.07	93,103.29	
50,030.47	7,917.90	-	548.62	57,399.75	93,103.30	99,152.74	
221.67	12.60	-	-	234.27	27.53	18.79	
49.73	31.41	-	-	81.14	75.92	107.33	
271.40	44.01	-	-	315.41	103.45	126.12	
211.78	53.39	-	-6.23	271.40	126.12	185.74	



NOTE NO. 12
CAPITAL WORK-IN-PROGRESS (Value in ₹ Lacs)

Particulars	OPENING AS ON 31.03.2014	ADDITION	DELETION/ ADJUSTMENT	CLOSING AS ON 31.03.2015
CAPITAL WORK IN PROGRESS				
(A) Profit Maintenance Centre Project, Mumbai	19.42	-	-	19.42
(B) Kits for Upgradation of Helicopters	717.08	-	704.59	12.49
(C) Salvaged Rotables Pending Despatch for repair to Foreign supplier	94.40	-	13.17	81.23
(D) Heliport Project, Rohini, New Delhi	305.06	1,401.71	-	1,706.77
(E) Rotables/Ground Support Equipment in Transit/ Installaition	19.43	3.83	19.43	3.83
Total	<u>1,155.39</u>	<u>1,405.54</u>	<u>737.19</u>	<u>1,823.74</u>
Less : Provision for Doubtful Capital Work in Progress	19.42	-	-	19.42
Net Capital Work in Progress	<u>1,135.97</u>	<u>1,405.54</u>	<u>737.19</u>	<u>1,804.32</u>
Previous Year	<u>1,826.88</u>	<u>10.85</u>	<u>682.34</u>	<u>1,135.97</u>

NOTE NO. 13
NON-CURRENT INVESTMENTS

	31st March 2015	(Value in ₹ Lacs) 31st March 2014
Non-Trade(at Cost, unquoted)		
National Flying Training Institute Pvt. Limited (28,93,353 Equity Shares of Rs.10/- Each Fully Paid Up)	289.34	289.34
Less: Prov.for Diminution in Value of Investment	<u>144.67</u>	-
Total	<u>144.67</u>	<u>289.34</u>



**NOTE NO. 14
LONG-TERM LOANS AND ADVANCES**

	31st March 2015	(Value in ₹ Lacs) 31st March 2014
Long-Term Loans and Advances		
(Unsecured, considered good unless otherwise stated)		
a) Loan to Public Sector Undertaking, Considered Doubtful	725.00	725.00
Less: Provision for Doubtful Loan	<u>725.00</u>	<u>725.00</u>
b) Capital Advances	9.98	9.98
c) Advance Income Tax (Net of Provision)	6,902.09	6,847.63
d) Security Deposits		
Unsecured ,Considered Good	354.95	373.23
Unsecured ,Considered Doubtful	<u>1.91</u>	<u>1.91</u>
	356.86	375.14
Less : Provision for Doubtful Deposits	<u>1.91</u>	<u>1.91</u>
	354.95	373.23
e) Income Tax Recoverable	5.88	5.88
f) Loans to Employees		
Secured ,Considered Good	274.68	271.24
Unsecured ,Considered Good	17.66	17.69
Unsecured ,Considered Doubtful	<u>12.08</u>	<u>12.08</u>
	304.42	301.01
Less : Provision for Doubtful Loans	<u>12.08</u>	<u>12.08</u>
g) Advance to Others	292.34	288.93
Unsecured ,Considered Good	274.15	347.75
Unsecured ,Considered Doubtful	<u>112.33</u>	<u>113.89</u>
	386.48	461.64
Less : Provision for Doubtful Advances	<u>112.33</u>	<u>113.89</u>
	274.15	347.75
Total	<u>7,839.39</u>	<u>7,873.40</u>

**NOTE NO. 15
OTHER NON-CURRENT ASSETS**

	31st March 2015	(Value in ₹ Lacs) 31st March 2014
Other Non- Current Assets		
(Unsecured, considered good unless otherwise stated)		
(a) Security Deposits	-	-
(b) Interest accrued		
- Employees Loans	<u>250.02</u>	<u>271.28</u>
	250.02	271.28
Less: Prov. For Doubtful Interest Accrued on Employees Loans	<u>22.78</u>	<u>22.85</u>
	227.24	248.43
(c) Other Receivables	2.92	2.92
Less: Provision for Doubtful Receivables	<u>2.92</u>	<u>2.92</u>
	-	-
Total	<u>227.24</u>	<u>248.43</u>



**NOTE NO. 16
INVENTORIES**

	31st March 2015	(Value in ₹ Lacs) 31st March 2014
Inventories		
(Certified and valued by Management)		
(a) Stores & Spares (At Cost Less Provisions)	8,804.15	7,953.30
Less: (i) Provision for Non moving Stores & Spares	2,735.43	2,193.55
(ii) Provision for Shortage of inventory	70.19	53.13
(iii) Provision for Impairment in value	<u>453.14</u>	<u>453.14</u>
	5,545.39	5,253.48
(b) At Cost Less Obsolescence/Impairment		
- Repairables & Rotables Spares	1,575.56	1,575.56
Less: (i) Obsolescence Reserve	1,436.26	1,436.26
(ii) Provision for Impairment in value	<u>139.30</u>	<u>139.30</u>
	-	-
- Gem Modules	501.37	501.37
Less: (i) Obsolescence Reserve	447.21	447.21
(ii) Provision for Impairment in value	<u>54.16</u>	<u>54.16</u>
	-	-
(c) At Cost Less Write Off		
- Test Tools Equipment	470.31	414.09
Less: Write Off	<u>402.10</u>	<u>369.55</u>
	68.21	44.54
- Training Material	27.17	27.17
Less: Write Off	<u>27.17</u>	<u>27.17</u>
	-	-
(d) Goods in Transit (at cost)	9.89	190.25
(e) Aviation Turbine Fuel (at Cost)	<u>24.88</u>	<u>25.52</u>
Total	<u>5,648.37</u>	<u>5,513.79</u>



NOTE NO. 17
TRADE RECEIVABLES (UNSECURED)

	(Value in ₹ Lacs)	
	31st March 2015	31st March 2014
Trade Receivables (Unsecured)		
- Debts Outstanding for more than six months from the date they are due for payment		
a) Considered Good	13,755.64	10,853.60
b) Considered Doubtful	625.24	315.83
- Other Debts, Considered Good *	15,289.53	16,598.06
	29,670.41	27,767.49
Less: Provision for Doubtful Debts	<u>625.24</u>	<u>315.83</u>
	29,045.17	27,451.66
Total	<u>29,045.17</u>	<u>27,451.66</u>

* Includes Amount Receivable from ONGC Limited Rs. 2105.89 Lacs (P.Y.Rs.9060.14 Lacs)

NOTE NO. 18
CASH AND CASH EQUIVALENTS

	(Value in ₹ Lacs)	
	31st March 2015	31st March 2014
Cash and Cash Equivalents		
(a) Balance with Banks		
- Current Accounts	2,649.89	762.45
- Export Earning Forigen Currency Account	196.36	470.68
- Flexi Deposit Accounts	1,500.38	1,244.36
- Fixed Deposits Accounts	3,031.16	11,421.74
- Margin Money (Fixed Deposits)	<u>1,520.91</u>	<u>1,571.71</u>
	8,898.70	15,470.94
(b) Cash in Hand	<u>26.60</u>	<u>33.59</u>
Total	<u>8,925.30</u>	<u>15,504.53</u>

'Note'

- (1) Fixed Deposit includes Rs. 1893.23 Lacs (PY Rs.3294.94 Lacs) Earmarked for Rohini Project. Refer Note 28 (XVI)
- (2) Margin Money represents fixed deposits under lien with banks for issue of Bank Guarantees and Letters of Credit"



NOTE NO. 19
SHORT-TERM LOANS AND ADVANCES

	31st March 2015	(Value in ₹ Lacs) 31st March 2014
Short-term Loans and advances		
(Considered good unless otherwise stated)		
(a) Loans & Advances to Employees :-		
Secured ,Considered Good	70.00	58.84
Unsecured ,Considered Good	428.40	505.70
Unsecured ,Considered Doubtful	<u>6.53</u>	<u>6.53</u>
	504.93	571.07
Less: Provision for Doubtful Loans & Advances	<u>6.53</u>	<u>6.53</u>
	498.40	564.54
(b) Advance to Others :-		
Unsecured Considered Good	624.30	450.70
Unsecured ,Considered Doubtful	<u>59.15</u>	<u>59.15</u>
	683.45	509.85
Less: Provision for Doubtful Advances	<u>59.15</u>	<u>59.15</u>
	624.30	450.70
(c) Balance with Statutory Authorities	152.58	171.29
(d) Prepaid Expenses	429.94	769.41
(e) Security & Earnest Money Deposits	<u>98.12</u>	<u>69.09</u>
Total	<u>1,803.34</u>	<u>2,025.03</u>

NOTE NO. 20
OTHER CURRENT ASSETS

	31st March 2015	(Value in ₹ Lacs) 31st March 2014
Other current assets		
(Unsecured,considered good)		
(a) Interest Accrued		
Fixed Deposits	204.64	551.99
Employees' Loans	<u>25.14</u>	<u>21.96</u>
	229.78	573.95
(b) Insurance claim receivable	444.72	1,546.76
(c) Fixed Deposits Accounts / Current Account With Banks	40.35	123.79
(Against amounts received from DGCA for a Project,including Interest Accrued)		
(d) Others	<u>27.63</u>	<u>303.12</u>
Total	<u>742.48</u>	<u>2,547.62</u>



NOTE NO. 21
REVENUE FROM OPERATIONS

	(Value in ₹ Lacs)	
	31st March 2015	31st March 2014
(a) Sale of Services :-		
Helicopter Hire Charges	50,142.17	49,716.14
Less: Deduction for Non-Provision of Helicopters (AOG)	<u>623.29</u>	<u>751.55</u>
	49,518.88	48,964.59
(b) Other Operating Revenue :-		
Income from Operations & Maintenance Contracts	2,692.74	2,527.44
Training Fee & other recoveries	23.95	44.16
Liquidated Damages Recovery	<u>-</u>	90.00
	<u>2,716.69</u>	<u>2,661.60</u>
Total	<u>52,235.57</u>	<u>51,626.19</u>

NOTE NO. 22
OTHER INCOME

	(Value in ₹ Lacs)	
	31st March 2015	31st March 2014
Interest Income :-		
(a) Interest Income from Deposits with Banks	1,123.48	1,161.79
(b) Interest on Loans to Employees	<u>31.90</u>	<u>30.61</u>
	1,155.38	1,192.40
Surplus on Settlement of Insurance Claims	22.35	19.57
Prior Period Income (Net) (See Note 25A)	-	133.73
Profit on Sales of Inventory Items	-	7.48
Exchange Fluctuation (Net)	935.53	494.36
Provisions No Longer Required - Written Back	273.72	265.75
Liquidated Damages (Purchases)	99.15	4.88
Miscellaneous Income	<u>248.39</u>	<u>560.45</u>
Total	<u>2,734.52</u>	<u>2,678.62</u>

NOTE NO. 23
HELICOPTER OPERATIONAL & MAINTENANCE EXPENSE

	(Value in ₹ Lacs)	
	31st March 2015	31st March 2014
Helicopter Maintenance Expenses	11,527.04	10,437.35
Fuel Expenses	3,483.58	4,058.79
Insurance Expenses	1,162.52	1,860.65
Landing, Parking and other Expenses	168.45	157.76
Liquidated Damages	839.31	1,156.95
Equipment/Specialists Hire Charges/Lease Charges	-	6.45
Royalty/Commission to Shrine Board	73.70	192.61
Provision for Non-Moving Inventory /Life Expired Items	541.89	575.99
Rotables, Stores & Spares Written Off	-	41.99
Loss on Impairment of Fixed Assets	-	11.80
Fixed Assets Written off	107.44	43.44
Storage, Handling & Demurrage Charges	51.05	66.10
Freight, Transportation & Cartage	128.12	106.69
Other Operating Expenses	<u>10.71</u>	<u>23.69</u>
Total	<u>18,093.82</u>	<u>18,740.26</u>



NOTE NO. 24
EMPLOYEES'S BENEFITS EXPENSE

	(Value in ₹ Lacs)	
	31st March 2015	31st March 2014
Employees' Benefits Expense		
Salaries, Wages & Other Benefits	13,902.11	13,512.07
Staff Welfare	42.62	45.72
Contribution to Provident & Gratuity Funds	499.93	552.90
Other Staff Expenses	<u>971.68</u>	<u>788.22</u>
Total	<u>15,416.34</u>	<u>14,898.91</u>

NOTE NO. 25
OTHER EXPENSES

	(Value in ₹ Lacs)	
	31st March 2015	31st March 2014
Other Expenses		
Repairs and Maintenance		
Building	33.04	30.07
Equipment	92.19	41.02
Others	<u>108.25</u>	<u>120.30</u>
	233.48	191.39
Rent	811.58	478.54
Travelling & Conveyance	1,693.47	1,770.75
Crew & Other Staff Training	465.34	396.12
Bank Charges	47.22	33.13
Electricity & Water Expenses	223.14	192.22
Telephone, Telex & Postage	96.07	100.52
Advertisement & Publicity	47.94	48.71
Printing & Stationery	74.74	81.24
Vehicle Running & Maintenance	21.46	22.75
Auditors Remuneration		
- Statutory Audit Fees	6.73	6.06
- Reimbursement of Expenses	<u>0.68</u>	<u>0.72</u>
	7.41	6.78
Rates, Fees and Taxes	70.23	20.57
Loss on Sale of Assets	-	-
Prior Period Income (Net) (See Note 25A)	119.30	
Provision for Doubtful Debts & Advances	309.46	32.86
Provision for Corporate Social Responsibility & Sustainable Development Fund	69.53	35.09
Provision for Wealth Tax	7.90	8.15
Juhu Housing complex Expenses (Net of recoveries)	84.77	108.48
Insurance Expenses	35.13	41.01
Other Expenses	<u>321.94</u>	<u>476.26</u>
Total	<u>4,740.12</u>	<u>4,044.57</u>



NOTE NO. 25A

	(Value in ₹ Lacs)	
	31st March 2015	31st March 2014
(a) Prior Period Items represents:		
A. Credit		
Gratuity	-	-
Depreciation	-	-
Billing of earlier years	-	14.53
LTC Provision Written Back	-	46.58
Other Items	<u>2.31</u>	<u>158.31</u>
Total (A)	2.31	219.42
B. Debits		
Depreciation	0.00	6.45
Billing of earlier years	60.89	-
Exchange Fluctuation (Net)	-	-
Other Items	<u>60.72</u>	<u>79.24</u>
Total (B)	<u>121.61</u>	<u>85.69</u>
C. Net Debit / (Credit) (A-B)	<u>119.30</u>	<u>(133.73)</u>

**NOTE NO. 26
EXCEPTIONAL ITEMS**

	(Value in ₹ Lacs)	
	31st March 2015	31st March 2014
Exceptional Items		
Provision for loss at lakshadweep	-	89.12
Prov. for Diminution in Value of Investment	<u>144.67</u>	-
	<u>144.67</u>	<u>89.12</u>
Total	<u>144.67</u>	<u>89.12</u>

**NOTE NO. 27
EXTRAORDINARY ITEMS**

	(Value in ₹ Lacs)	
	31st March 2015	31st March 2014
Extraordinary Items		
A. Credits		
Surplus on Settlement of Insurance Claims	<u>-</u>	<u>743.41</u>
	-	743.41
B. Debits	<u>-</u>	<u>-</u>
C. Net Credit/(Debits) (A-B)	<u>-</u>	<u>743.41</u>



28. ADDITIONAL NOTES TO THE FINANCIAL STATEMENTS

(Annexed to and forming part of the Annual Accounts for the year ended 31st March, 2015).

(I) Commitments

Estimated amount of contracts remaining to be executed on capital account / investments (net of advances paid) and not provided for: (₹/Lacs)

31.03.2015	31.03.2014
6795.43	6771.42

(II) Contingent Liabilities Rs./Lacs

Particulars	31.03.2015	31.03.2014
a. Counter guarantees given to Banks	2313.14	2284.06
b. Letters of Credit	460.12	568.75

c) Claims against the Company not acknowledged as debt:

1) (₹/Lacs)

Particular	31.3.2015	31.3.2014
Income Tax demands contested by the Company at ITAT/ CIT(Appeal)	5383.91	5383.91

The income tax department has adjusted the aforesaid amount against amount deposited against demands/ refunds due to the Company for various years.

In many cases, Income tax demands at the time of initial assessment by the assessing officer have been waived off by the appellate authorities. Most of the tax demands relate to interest payable on Government of India loan which are pending before ITAT. In this connection reference is invited to Note no. 5.

2) (₹/Lacs)

Particulars	31.03.2015	31.03.2014
a. Court cases / cases under Arbitration	4426.00	3832.26
b. Others Matters		

(Includes Claim from Airport Authority of India regarding lease rent for hangers and land. The MOCA Arbitration Award has not been implemented by AAI. However, they have raised highly inflated demand which has not been accepted by the company and Rs.22278.49 Lacs (Net of paid/ provision Made) is shown as contingent liability)	22381.56	610.28
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3) (₹/Lacs)

Particular	31.03.2015	31.03.2014
Demand Notice for payment of VAT including penalty for the period 2006 - 07 to 2009-10	31927.35	31927.35

The demands relate to the year 2006-07 to 2009-10 for transfer of right to use helicopters by some of the customers raised by Sales Tax Department of Delhi.

The Company has been advised that since it is paying service tax on such transactions, the demand for payment of VAT does not arise.

No demand notices have been received for the year 2010-11 to 2014-15.

4) (₹/Lacs)

Particular	31.03.2015	31.03.2014
Show Cause Notice from Service Tax Department for the period April 2009 to September, 2013.	1962.72	1655.90



The Show Cause Notice relate to the year 2009-13 from the service tax department received during the financial year under review. The replies are under preparation, however, the company expects that there will be no significant impact on the results of operations or cash flows.

- 5) The Company's pending Litigations comprise of claims against the company and proceedings pending with tax/statutory/Government authorities. The company has reviewed all its pending litigations and proceedings and has made adequate provisions, wherever required and disclosed the contingent liabilities, wherever applicable, in its financial statements. The company does not expect the outcome of these proceedings to have a material impact on its financial position. Future cash outflows in respect of the above are determinable only on receipt of judgments/decisions pending with various forums/authorities.

(III) Claim of Government of India

In the year 1986, the Company had acquired a fleet of 21 Dauphin and 21 Westland Helicopters at a project cost of Rs. 25090.00 Lacs which was to be funded by the Government of India (GoI) as its contribution to the equity of the Company. However, the Company was provided with equity amounting to Rs. 11376.00 Lacs only which included Rs. 2450.00 Lacs equity contribution from ONGC. The company utilized such capital contribution alongwith Rs. 622.97 Lacs from internal resources and utilized such capital contribution towards the projected cost leaving a balance of Rs. 13091.03 Lacs. The balance consideration of Rs. 13091.03 Lacs was paid by Government of India to the suppliers of helicopters and treated as amount due to Government of India. The Company has accounted

for Rs. 33931.19 Lacs towards interest on said dues / liability upto 31.03.2001 and has not made any provision towards interest after 31.03.2001 amounting to Rs. 32989.41 Lacs upto 31.03.2015 (previous year Rs. 30633.02 Lacs) since the Ministry of Finance has confirmed total dues recoverable from the Company upto 31.03.2015 at Rs 47022.22 Lacs representing principal of Rs 13091.03 Lacs and interest of Rs 33931.19 Lacs. The Company has made representation to the Govt. of India through the Ministry of Civil Aviation (MOCA) from time to time for waiver of said liability and accrued interest on the basis that the project for import of 42 helicopters, the whole amounts was to be funded by GoI through equity contribution. In this connection the Company has again submitted details of the proposal in August, 2015 to MOCA for taking up the matter with Ministry of Finance though the Ministry of Finance has not agreed to waive off the claim in July,2014.

The matter is under consideration between Ministry of Finance and MOCA. MoCA is making efforts that the amount of Rs. 47022.22 Lacs should be waived off by the Government of India. The necessary adjustments will be made when this issue is finally resolved between the Company and the Govt. of India. The Company has classified the claim of Government of India as " Other Long Term Liabilities" in the Balance Sheet.

(IV) Disposal of Westland assets

- (a) Subsequent to the grounding of Westland fleet, the Government of India conveyed its decision on 18th January, 1993 that the entire Westland fleet, together with the related inventory may be offered for sale through global tender and that the sale proceeds may be made available



for utilization of poverty alleviation programmes with mutual consultation between the Governments of India and the Government of United Kingdom. However, consequent to an unfavorable response to such global tender, the Government permitted the Company on 12th May, 1994 to dispose off the Westland assets through negotiations with parties which may be interested in purchasing the same. The Government of India also appointed a Steering Committee to oversee the disposal of Westland assets.

- (b) Pending disposal of the Westland helicopters (including one damaged helicopter) and the related inventory, these assets have been stated at their book value aggregating Rs. 2239.00 Lacs. The Company had in the earlier years, as a matter of prudence, made 100% provision equivalent to the book value against possible losses on disposal of Westland assets. After adjusting the book value of Rs.723.00 Lacs relating to disposal of such assets in 1999-2000, the residual provision of Rs.1516.00 Lacs is being carried forward.
- (c) During the financial year 1999-2000, the Company had entered into an agreement with a UK firm AES Aerospace Ltd. with the Government approval for sale of Westland assets as a package deal for a lump sum price of Pounds Sterling 9,00,000. It was agreed that the entire package should be lifted in not more than two consignments with payments corresponding to the approximate value of the consignment to be shipped. The first shipment was dispatched in December 1999 and the Company had realized sale consideration of Pounds Sterling 4,50,000 (Rs.322.00 Lacs) in January 2000, which was immediately deposited with the Government of India as per directions of the Administrative Ministry. The second shipment could not be dispatched in view of the dispute created by the Buyer. The Company had initiated arbitration proceedings against the Buyer in terms of the agreement for specific performance and recovery of damages for violation of various contractual obligations. However, in view of the buyer's financial status, the Hon'ble Supreme Court on 13th August 2012 disposed off the petition for arbitration.
- (d) Necessary accounting adjustment relating to the Westland assets sold (Cost Rs. 5146.00 Lacs, W.D.V. Rs. 723.00 Lacs) during the financial year 1999-2000 was made in the books of accounts of that year, treating the transactions carried out under first shipment as a completed sale. In the absence of complete quantitative details of inventory items sold and those collected from the Warehouse in Mumbai, these figures were considered on provisional basis. As the contract for sale of Westland assets was on lump-sum price basis, the loss on disposal of such items was determined by deducting the aggregate written down value of the 9 helicopters, test bed and inventory items sold under first shipment from the sale consideration of Pounds Sterling 4,50,000/- (Rs.322.00 Lacs) in the absence of item-wise sale price. The same was accounted for during the financial year 1999-2000.
- (e) Part of the Westland helicopter lying at PHL's western region premises and the inventory items while under transfer during the financial year 1999-2000 from the Delhi office to Mumbai office of the Company by the appointed transporter of the Buyer, were diverted under the instructions of the Buyer and were lying in warehouse at Mumbai. The estimated



initial acquisition cost of Westland inventory including capital items lying at Warehouse is Rs.3250.00 Lacs (written down value- Rs.450.00 Lacs). The SLP filed by warehousing company and the freight forwarders have been dismissed by the Hon'ble Supreme Court. The inventory items from the warehouse of Sagar Warehousing Corporation to company's western region has been carried out. Accordingly, steps have been taken for disposal of balance Westland assets after necessary approval. Such helicopters along with the remaining inventory items are lying with the Company (which are kept in boxes but not physically verified during the year) together forming part of the second shipment have been carried forward as per the book value of Rs.647.00 Lacs though fully provided as per para IV-b) above. Request for reconstitution of the Steering Committee has been made to Ministry of Civil Aviation. The Ministry has directed for valuation report of the balance westland assets and the valuer had given value of Rs. 25.73 Lacs. However, the Ministry has again vide letter dated 07.11.2014 directed for re-evaluation of these assets by other valuer. The other Valuer has been appointed and shall carry out valuation which shall be submitted to MOCA.

(V) Residential Flats/Quarters

(a) The Company had constructed and capitalized 242 flats during 2002-2003 at a cost of Rs.2270.68 Lakhs on land given by Airport Authority of India (AAI) for a period of 25 years. The company has allotted 50 flats out of 242 flats to AAI as per joint development agreement in lieu of lease rentals for the said land and the cost of construction of such flats as estimated by the project architect amounts to Rs. 595.00 Lakhs

(b) The Company had purchased 6 nos. of residential flats in May 1998 for the employees from MHADA, Mumbai and though the possession was taken based on the letter of allotment, the Company has on provisional basis, provided stamp duty and registration and is subject to final payment on the execution of the appropriate conveyance deed in favour of the society. Some of the societies have gone in litigation against MHADA in Mumbai High Court on the issue of differential pricing. However, the amount of stamp duty and registration cannot be determined at this stage.

(c) The Company had purchased 42 nos. of residential flats in the year 1991-1992 for employees from Lokhandwala Construction Industries Limited, Mumbai. The Board of Directors of the Company have approved renting out these flats to Public Sector Undertaking (PSUs) and accordingly 29 flats have been let out on rental basis to Union Bank of India as on 31/03/2015 but Lease agreement has expired on 22/7/2013 and efforts are on to get the Lease agreement signed with an increase of 20% after the expiry of lease agreement and the same has also been accounted for in our books.

(VI) Fixed Assets

(a) Rotables and Repairable with gross cost of Rs 5187.95 Lacs (P.Y. Rs. 5615.03 Lacs) and WDV of Rs.2976.25 Lacs (P.Y. Rs. 3309.18 Lacs) are lying with foreign equipment suppliers for repairs as at 31.03.2015. Out of these, Rotables with gross cost of Rs.2969.76 Lacs (P.Y.Rs.3645.10 Lacs) and WDV of Rs.1783.49 Lacs (P.Y.Rs. 2249.48 Lacs) have been received back after 31st March, 2015. Confirmation from concerned parties that remaining Rotables are still lying with them is being obtained.



Efforts are being made with the Original Equipments Manufacturers (OEM) to send back the items duly repaired / overhauled.

- (b) Noida Office building under use from 15.04.2010 had been provisionally capitalized at Rs. 675.00 Lacs in the year 2010-11, pending conclusion of arbitration proceedings between contractor and the company which are still pending. Also, furniture and fixtures in building were provisionally capitalized at Rs. 310.55 Lacs pending final settlement with the supplier.
- (c) The Physical verification of Fixed Assets has been carried out and the process of reconciliation with fixed assets register is in progress. Adjustments for difference between book and physical balances, if any, will be carried out on completion of reconciliation.
- (d) Borrowing costs capitalized during the year amount to Rs. Nil Lacs (P.Y. Rs. Nil).

(VII) The Company is of the opinion that since helicopters owned by the company are certified for airworthiness by DGCA on periodic/ annual basis and have earned revenue during the year under review, hence, no separate exercise is considered necessary towards impairment in the value of helicopters.

(VIII) Inventories

- 1) On physical verification of inventories during the year following shortages/ excess were noticed in the western region.

(Rs. in Lacs)

Current Year		Previous Year	
Shortage	Excess	Shortage	Excess
17.06	6.77	26.28	43.29

The reconciliations of physical balance and book records are in progress. Appropriate

adjustments will be made on completion of reconciliation.

- 2) On review of inventory of Non-Moving stores, spares and consumables provision of Rs.541.89 Lacs (P.Y. Rs. 575.99 Lacs) has been made during the year under review as per the approved accounting policy.

(IX) (1) In respect of Receivables at Northern Region, on bill wise analysis of Debts recoverable and outstanding, it has been noticed that bills amounting to Rs. 1727.25 lacs (P.Y. Rs.2316.62 Lacs) are outstanding mainly from outside parties except Central Govt./State Govt/Union Territories out of which Rs.137.49 lacs (P.Y. Rs.4.42 Lacs) outstanding for more than three years. Rs. 17916.84 lacs (P.Y. Rs.16388.95 Lacs) are outstanding mainly from Central Govt./State Govt/ Union Territories out of which Rs.185.26 lacs (P.Y. Rs.67.57 Lacs) outstanding for more than seven years. A total provision of Rs322.75 lacs (P.Y. Rs.71.99 Lacs) is carried in the books for possible doubtful receivables. The outstanding bills and bills partly paid are being followed up and the management is of the view that most of the old dues from Central Govt./ State Govt./ Union Territories will be recovered in the near future.

- 2) The Western Region had carnet deposit with India Oil Corporation Ltd amounting to Rs. 130.00 Lacs out of which Bills amounting to Rs. 107.53 Lacs (P.Y. 107.53 Lacs) has been received and booked in the accounts upto 31.03.2008. Net balance amounting to Rs. 22.46 Lacs (P.Y. 22.46 Lacs) is under reconciliation with IOC Ltd and is shown under Advances pending for which provision of Rs. 22.46 Lacs (P.Y. 22.46 Lacs) has been made in earlier year.
- 3) The company purchases spare part from parties under “High Sea-Sales” basis who import goods on behalf of PHL. The



quotation is received in foreign currency, however the payment are released in Indian Rupees. In case of High Seas sales, the bill selling rate of foreign currency in INR as provided by Vijaya bank on the date of signing of High Seas sales agreement is to be considered for making payment to the supplier.

(X) Secured Loans

S. No.	Loan From	Limit Sectioned / Date (Rs./ Lacs)	Drawdown upto 31.3.2015 (Rs./ Lacs)	Repayment upto 31.3.2015 (Rs./ Lacs)	Interest rate (Monthly rest)	Payment Schedule	Secured by
1.	ONGC	27500.00 12/08/2010	16516.00 (net of .9585.00 converted into equity)	12837.60	SBI base rate plus 1.5%	60 equal monthly installments	Hypothecation of 7 nos. of new Dauphin N3 helicopters
Note:- Loan was negotiated in August, 2010 to finance 80% cost of 7 new Dauphin helicopters acquired from Eurocopter, France.							
2.	Consortium lending by Vijaya Bank and Exim bank	9518 10/01/2012	9518.00	9518.00	SBI Base rate + 1025% p.a. + 0.25% p.a. (TP)	36 quartely installments	Hypothecation of 2 Mi-172 helicopters
(a)	Vijaya Bank/ Rupee Term Loan under						
(b)	Exim Bank Rupee Term Loan	9082.00 10/01/2012	8466.94	8466.94	SBI Base rate + 1.50% p.a.	36 quarterly installments	Hypothecation of 2 Dauphin helicopters.
Note:- These loans have been sanctioned by the banks as financing through external borrowings to the extent of 80% of the cost of the helicopters. However, Company's liability for repayment is in terms of rupees and therefore, is neutral to exchange fluctuation. The entire loan has been repaid during the F.Y.2014-15.							
3.	NTPC Ltd.	5430.00 29/04/2010	5283.63	1268.23	6% per annum	120 equal monthly installment.	Hypothecation of Dauphin N3 helicopter
Note:- The financing arrangement is against wet lease of the Dauphin N3 helicopter to NTPC for one year and thereafter wet lease of new Dauphin N3 for a period of ten years.							

(XI) Confirmation for balances as at 31st March 2015 from Sundry Debtors and Loans and Advances/ Deposits was circulated, but response received was limited. However, in majority of the cases, the debts have since been realized.

Rs. 2746.34 Lacs) up to 31.03.2015. Disbursements have been made in the previous years and current year, leaving a balance of Rs. 37.56 Lacs (P.Y. Rs. 38.36 Lacs) which has been carried forward for appropriate adjustments in the next year.

(XII) Employees Remuneration and other benefits.

a) Consequent to the pay revision settlement with non-executives non-technical staff on 16.08.2011; non-executive technical staff on 16.07.2012; and executives on 11.12.2012, the Company has made a provision of Rs 2746.34 Lacs (P.Y.

Provision for pension amounting to Rs. 2225.74 Lacs (P.Y.Rs.1818.71 Lacs) made in the previous years and Rs. 399.25 Lacs (P.Y. Rs.407.03 Lacs) in the current year. The pension scheme is a defined contribution scheme where the Company's liability is restricted to the contribution made for each year equivalent to 10% of the salary on which provident fund contribution is made. The Company



has finalized a pension scheme with Life Insurance corporation of India and after approval of pension from MOCA. Out of total provision of Rs.2624.99 Lacs, company has paid Rs.2493.88 lacs during the F.Y.2015-16 to PHL Employees Defined Contribution Superannuation Trust & the balance amount of Rs.126.47 Lacs has been credited to 'Excess provision written back' and shown in Note No.22.

b) During the year, the Company has provided Rs.1104.78 Lacs (PY. Rs.1104.78) on estimated basis on account of license related allowances for pilots and engineers. The total provision being carried in the books as on 31.03.2015 is Rs.3234.16 Lacs.

d) Retirement Benefit Plans

(1) Contribution to Provident Fund

The Company makes provident fund contribution to defined contribution retirement benefit plan for eligible employees. Under the scheme, the Company is required to contribute a specified percentage of the basic salary to fund the benefits. The contributions as specified under the law are paid to the provident fund trust set up by the Company. The Company is liable for monthly contribution and any shortfall in the fund assets based on GOI specified minimum rates. Such contribution and shortfall, if any, are expensed in the year of payment.

(2) Gratuity

The Company has a defined benefit gratuity plan. Every employee who has rendered continuous service of five years or more is entitled to get gratuity subject to a maximum of Rs. 10.00 Lacs on superannuation, resignation, termination, disablement or on death. The gratuity scheme is funded by the company and is managed by a separate trust. The liability

for the same is recognized on the basis of actuarial valuation.

(3) Post Retirement Medical Benefit Scheme. (PRMBS)

The Company has Post-Retirement Medical Benefit Scheme under which a retired employee and his/ her spouse are provided medical facilities in the empanelled hospitals subject to a ceiling fixed by the Company. The liability for the same is recognized on the basis of actuarial valuation.

(4) Leave (Earned Leave / Half Pay Leave)

The Company provides for earned leave benefit (including compensated absence) and half-pay leave to the employee of the Company which accrues annually at 30 days and 20 days respectively. 75% of the earned leave is en-cashable while in service. Half-pay leave is en-cashable only on separation beyond the age of 50 years upto the maximum of 240 days and no commutation of Half Pay Leave is permissible. As per DPE guidelines EL & HPL can be en-cashed upto to maximum of 300 days together on superannuation. The liability for the same is recognized on the basis of actuarial valuation.

(5) Baggage Allowance on retirement.

The Baggage Allowance represents post retirement reimbursement towards travel for the employee/ family members and shifting of baggage to any place in India where the employee intends to settle after retirement. The liability for the same is recognized on the basis of actuarial valuation.

(6) The following table sets out the status of retirement benefit plans the recognized in the financial statements:-



Particulars	2014-15			2013-14		
	Opening Liability (Rs./Lacs)	Created/ Adjusted during the Year (Rs/ Lacs)	Closing Liability (Rs./Lacs)	Opening Liability (Rs./Lacs)	Created/ Adjusted during the Year (Rs/ Lacs)	Closing Liability (Rs./Lacs)
Earned Leave	1480.19	55.71	1535.90	1353.29	126.90	1480.19
Half Pay Leave	593.00	104.27	697.27	556.51	36.49	593.00
Post Retirement Medical Benefit Scheme.	529.60	123.42	653.02	409.63	119.97	529.60
Baggage Allowance upon Retirement	14.22	1.39	15.61	13.57	0.65	14.22
Total	2617.01	284.79	2901.80	2333.00	284.01	2617.01

7) Defined benefits plan recognized in the financial statement as per actuarial valuation as on 31st March, 2015 are detailed below :-

(Fig. in Rs/ Lacs)

Particulars	2014-15			2013-14		
	Leave	Baggage Allowance/ PRMBS (Non-funded)		Leave	Baggage Allowance/ PRMBS (Non-funded)	Gratuity (funded)
A) Changes in Present Value of Obligation						
i Present value of obligation as at the beginning of the period	2073.19	543.82	3129.97	1909.80	423.20	2964.06
ii Interest Cost	165.86	43.51	250.40	152.78	33.86	237.13
iii Past Service Cost	-	-	-	-	-	-
iv Current Service Cost	133.49	18.79	168.66	133.94	16.40	171.55
v Curtailment / Settlement cost	-	-	-	-	-	-
vi Benefits paid	(275.01)	(14.78)	(128.65)	(181.94)	(12.02)	(159.88)
vii Actuarial (gain) / loss on obligation (Balancing figure)	135.65	77.29	(158.11)	58.60	82.39	(82.90)
viii Present value of obligation as at the end of the period	2233.17	668.63	3262.26	2073.19	543.82	3129.97
B) Changes in fair value of plan assets						
i Fair Value of plan assets as at the beginning of the period	-	-	3248.56	-	-	3145.57



ii	Expected return on plan assets	-	-	270.93	-	-	262.65
iii	Contributions	-	-	-	-	-	-
iv	Benefits paid	-	-	(128.65)	-	-	(159.88)
v	Actuarial gain / (loss) on obligation	-	-	(0.14)	-	-	0.28
vi	Fair value of plan assets as at the end of the period	-	-	3390.70	-	-	3248.63
C)	The amounts to be recognized in the balance sheet						
i	The present value of obligation as at the beginning of the period	2233.17	668.63	3262.26	2073.19	543.82	3129.97
ii	Fair value of plan assets as at the end of the period.						
	-	-	3390.70	-	-	3248.63	
iii	Net Assets / (liability) recognized in balance sheet.	(2233.17)	(668.63)	128.45	(2073.19)	(543.82)	118.66
D)	Expenses recognized in the Statement of Profit and Loss A/c						
i	Current Service Cost	133.49	18.79	168.66	133.94	16.40	171.55
ii	Past Service Cost.	-	-	-	-	-	-
iii	Interest Cost.	165.86	43.51	250.40	152.78	33.86	237.13
iv	Expected return on plan assets	-	-	(270.93)	-	-	(262.65)
v	Curtailement / settlement cost	-	-	-	-	-	-
vi	Net Actuarial gain / (loss) recognized in the period.	135.65	77.29	(157.98)	58.60	82.39	(83.17)
vii	Expenses recognized in the statement of profit and loss	434.99	139.59	(9.85)	345.33	132.65	62.85

The principal assumptions used in determining employee benefits are given below:-

Particulars	EL and HPL for all Employees (non- funded)	Baggage Allowance/ PRMBS for all Employees (non- funded)	Gratuity (Funded)
Discount Rate	8.00%	8.00%	8.00%
Expected rate of return on plan assets.	-	-	8.34%
Future cost increase /Salary escalation rate	6.00%	6.00%	6.00%
Retirement age	60 years	60 years	60 years
Attrition rate :			
Age (years)			
Upto 30 years	3.00%	3.00%	3.00%
Upto 44 years	2.00%	2.00%	2.00%
Above 44 years	1.00%	1.00%	1.00%

The above information is as certified by the actuary and accepted by the auditors.



8) Total Plan Assets in respect of Gratuity Trust are invested in the following manner:-

S. No.	Major category of plan assets	As at 31st March 2015	As at 31st March 2014
		% age of total plan assets	
1.	Govt. securities / special deposit with RBI	64.27	58.97
2.	High quality corporate bonds	26.84	26.69
3.	Insurance companies	NIL	NIL
4.	Mutual funds	NIL	NIL
5.	Cash and cash equivalents, Bank balance	0.89	7.37
6.	Term deposits	7.55	6.63
7.	Equity	0.45	0.34

9) Pension

For pension contributions reference should be made to Note no. XII (b).

10) Gratuity expense has been recognized in "Contribution to Provident and Gratuity funds" and pension & leave encashment in "Salaries and wages" under Note 24.

(XIII) Insurance Claims

(a) On 28th June 2013 N3 helicopter Regn No VT-PHZ met with an accident, when the helicopter was on rescue mission in Uttarakhand from Mateli to Harshil. The financial claim amounting to Rs.1086.76 Lacs upon completion of repairs to the helicopter, has been submitted to M/s. New India Assurance Co. Ltd. for their assessment and further action.

(b) Dauphin N3 helicopter bearing registration no. VT-PHK had a fatal crash on 04/08/2015 (after close of the year ended 31.03.2015) when the helicopter was on a sortie from Khonsa to Longding in Arunachal Pradesh in which 1 passenger and 2 crew members died. The sum assured for the helicopter was Rs. 3650.00 Lacs with deductible of Rs.70.00 Lacs and passengers were insured for Rs. 20 lakhs each. Intimation regarding crash have been sent to M/s. National Assurance Co. Ltd. and financial claim on the insurance company will be lodged shortly.

(XIV) Taxation

(a) In view of taxable losses for the Financial years ended 31.03.2007 to 31.03.2013, the Company is liable to pay Minimum Alternate Tax (MAT) under section 115JB of the Income Tax Act, 1961. The Company has paid MAT amounting to Rs 7268.21 Lacs (P.Y. Rs.5422.05 Lacs) for these years (including Rs 1692.42 Lacs for the current financial year out of which Rs.211.73 Lacs is payable under self assessment). MAT paid by the company is adjustable in future in ten years against normal income tax liability.

(b) The breakup of advance tax net of provision of Rs.6902.09 lacs shown under long term loan and advances is as under:

(₹ in lacs)	
Advance Tax including tax deducted at source	33005.03
Provision for Income Tax	<u>26102.94</u>
Net Amount	<u>6902.09</u>

(c) The amount of advance tax includes Rs.6978.93 lacs relating to completed assessment upto the year 31.3.2012 in respect of assessments yet to be completed. Rs.211.73 Lacs (Provisional) is payable for the Financial Years under self assessment. In respect of Rs.6978.93 Lacs (PY Rs.6567.60 Lacs) relating to completed assessments, amount to be



refunded or additional tax liability, if any, is not quantifiable at this stage. Hence, net amount recoverable /adjustable towards refunds from the Income Tax Department has been shown under “Long Term Loans & Advances”.

The Company has filed appeals to the Income Tax Appellate Tribunal against disallowances made by the assessing officer and confirmed by the CIT (Appeals). These appeals mainly relate to Company’s claim of interest payable to the Central Government/ interest on tax free bonds for the financial years 1996-97 to 2001-02. Pending decision by the Govt. of India on Company’s request for waiver of interest on amount from GOI (Refer Note No. 28(iii)), these appeals are presently pending before ITAT. The amount of additional tax liability or refund, if any that may become due to the Company is not quantifiable at this stage.

- d) In line with the provisions of Accounting Standard (AS 22) “Accounting for Taxes on Income”, the Company has reassessed cumulative taxable losses for the financial year 2007-08 to 2012-13. Based on examination of past profitability, estimation of profit projections for future and reversal of deferred tax liability in subsequent years the entire cumulative unabsorbed depreciation to the extent of Rs 9663.58 Lacs (P.Y. Rs.14346.11 Lacs) has been recognized for taking credit for deferred tax assets in the current year. Taxable loss comprising of unabsorbed depreciation has been assessed by the Tax department up to the A.Y. 2012-13 under section 154/143(3) of the Income Tax Act, 1961.

(XV) Investment in Equity Share (non listed) at cost

The Company has invested Rs. 289.34 Lacs during F.Y. 2009-10 towards equity contribution (non listed) in

National Flying Training Institute Pvt. Ltd.(NFTI), Gondia, Maharashtra. The investee company has accumulated losses of Rs. 4307.06 Lacs against paid up share capital of Rs. 8368.40 Lacs as on 31.03.2015(Unaudited Accounts). Considering the huge accumulated Loss which is more than 50% of Paid up share capital of the NFTI, Company has made provision for diminution in value of Investment by Rs.144.67 Lacs.

(XVI) Heliport Project

The Government has approved building a Heliport at Rohini, New Delhi by the Company on behalf of the Ministry of Civil Aviation (MoCA) at estimated cost of Rs. 6400.00 Lacs to be funded as under:-

- (i) Rs. 1900.00 Lacs as Grant in Aid by the Government towards the land cost.
- (ii) Government equity towards 80% of the cost of infrastructure development aggregating Rs. 3600.00 Lacs.
- (iii) Company contribution of Rs.900.00 Lacs being 20% of the project cost.

The Company has received Rs. 3600.00 Lacs upto March, 2015 as equity contribution from GOI towards the Heliport Project costs.

The expenses incurred on the project till 31.3.2015 are summarized below:-

(Rs. / Lacs)

Particulars	31.3.2015	31.3.2014
Cost of land –Funded by GOI	1900.00	1900.00
Cost of land –Not Funded by GOI	7.01	7.01
Payment to consultants for designing and project planning	79.35	44.18
CWIP consisting expenses on boundary wall and R/A Bills payment to Contractor etc.	1620.41	253.87
Total	3606.77	2205.06
Amount received from the Government of India	5500.00	5500.00
Amount invested in fixed deposit with banks as ear-marked fund for the project	1893.23	3294.94



(XVII) Helicopter Training Academy cum Heliport at Hadapsar, Pune

The Company has been assigned the responsibility of setting up a Helicopter Training Academy cum Heliport at the existing Gliding Centre at Hadapsar, Pune owned and controlled by DGCA. Detailed project report was approved by Ministry of Civil Aviation. DGCA had released an amount of Rs. 1000.00 Lacs for this purpose in April 2010. The expenses incurred upto 31.03.2015 out of the said advance are given below:

	Particulars	Upto 31/3/2015	Upto 31/3/2014 Rs./ Lacs
A	-Advance received from DGCA in April, 2010	1000.00	1000.00
	-Total interest accrued & earned	201.12	190.48
	Total fund	1201.12	1190.48
B	Amount disbursed to NBCC	1134.09	1040.00
	- Amount incurred by the company towards project cost	26.68	26.68
	Total Disbursement/ expenditure	1160.77	1066.68
C	Balance available with bank		
	- In Current account	5.11	4.39
	- In Fixed Deposits	35.00	100.00
	- Interest accrued	0.24	19.40
	Total	40.35	123.78

(XVIII) Corporate Social Responsibility and Sustainable Development Fund

As per the section 135 of the Companies Act, 2013 effective from 1st April, 2014, the company is required to spend, in every financial year, at least 2% of the average net profits of the Company made for the three immediately preceding financial years in accordance with its CSR policy. Based on above, the CSR amount has been provided at Rs.69.53 Lacs for the financial year 2014-15, in addition to Rs. 224.43 Lacs provided in the earlier years.

The company has spent an amount of Rs. 44.72 Lacs on CSR activities during the year 2014-15 under the following heads :

Particulars	Rs. in Lacs
Healthcare	8.72
Conservation of natural resources	13.70
Training and skill development	<u>22.30</u>
Total	<u>44.72</u>

The balance unspent amount of Rs. 225.74 Lacs will be spent in due course. The company is also carrying net provision for CSR and sustainable Development created during the year 2011-12 to 2013-14 as per guidelines issued by DPE dated 23.09.2011 and further guidelines issued from time to time.

(XIX) Obligation towards operating leases.

Rental expenses of Rs.811.58 Lacs (P.Y. Rs. 478.54 Lacs) in respect of cancellable operating leases have been charged to the Statement of Profit and Loss. The Company has not entered into non-cancellable operating leases.

(XX) Depreciation

The Company has revised the accounting policy for depreciation of assets in alignment with schedule II to the Companies Act, 2013 which has become applicable from 1st April 2014. Consequently, profit for the year ended 31st March, 2015, is higher by Rs. 225.77 lacs representing net amount of lower depreciation of Rs. 574.30 lacs in WR and higher depreciation of Rs. 219.80 in case of NR. Further, an amount of Rs.217.54 lacs has been recognized in the opening balance of the retained earnings, where the remaining useful life of such tangible assets is NIL as at 1st April, 2014



in line with the provisions of schedule-II to the Companies Act 2013.

(XXI) A financial irregularity was reported at Lakshadweep detachment in the previous year. The Vigilance Department has conducted the enquiry and submitted the report to the management. Out of the estimated financial loss as reported by the Vigilance Department of Rs. 129.21 Lacs, the provision of Rs. 89.12 Lacs has been created in previous year. The figure of Rs.

89.12 Lacs was arrived at by estimating the total amount of Rs. 129.21 Lacs out of which travelling bills/credit payables to employees/supporting/invoice etc amounting to Rs. 40.09 Lacs were traced by the management and the balance amount of Rs. 89.12 Lacs has been provided for. Investigations are still in progress.

(XXII) Provisions

Various provisions carried in the books as on 31.03.2015 are detailed below.

(Fig. in Rs. /Lacs)

Particulars	Opening Balance as on 01.04.2014	Created during the year	Utilized during the year / Other Adjustments/ transfer/ Reversals	Closing Balance as on 31.03.2015
Impairment of Assets	1618.42	-	-	1618.42
Provision for Revision of Pay & Allowances from 01.01.2007 including pension and others	2276.50	425.90	127.27	2575.13
Provision on account of License related allowance to Pilots & Engineers	2129.38	1104.78	-	3234.16
Doubtful Debts / Advances	1279.57	309.46	1.67	1587.36
Non moving inventories/ Life expired items, etc.	2246.67	558.95	-	2805.62
Provision for Loss at Lakshadweep Detachment	89.12	-	-	89.12
Provision for Diminution in Value of Investment	-	144.67	-	144.67
Dividend	771.33*	776.18	-	1547.53
Corporate Tax on Dividend	154.22	158.01	154.22	158.01

* The Dividend was paid on 10.04.2015.



(XXIII) Related Party Disclosure

Related party disclosures, as required by Accounting Standard-18 issued by the ICAI are given below:-

(a) Key Managerial Personnel

- i) Dr. B.P. Sharma, Chairman cum Managing Director, PHL from 09.03.2015 onwards.
- ii) Shri B.S. Bhullar, IAS, Joint Secretary, Ministry of Civil Aviation and Chairman cum Managing Director, PHL from 01.01.2015 to 09.03.2015.
- iii) Shri Anil Srivastava, IAS, Joint Secretary, Ministry of Civil Aviation and Chairman cum Managing Director, PHL from 23.3.2012 to 31.12.2014.
- iv) Shri. Dharendra Sahai, Chief Financial Officer.
- v) Shri Sanjiv Agrawal, Company Secretary.

(b) Details of Transactions :- (Key Managerial Personnel) (₹ in lacs)

Particulars	2014-15	2013-14
Remuneration to Key Managerial Personnel	49.12	60.31
Amount Receivable	6.51	6.26
Amount Payable	-	-

(c) ONGC Ltd – Equity Shareholder - 49% amounting to Rs. 12035.00 Lacs

Transaction :-	F.Y. 2014-15 Rs/ Lacs	F.Y 2013-14 Rs/ Lacs
Helicopter Hire charges	18782.32	19494.36
Trade receivables as on 31st March (debit)	2105.89	9060.14
Loan repaid (Principal Amount)	3504.53	3134.00
Interest Paid	645.14	1007.94
Outstanding Loan (Principal Amount)	3678.40	7182.93

(XXIV) Earnings Per share have been computed as under: (₹ in lacs)

	31st March, 2015	31st March, 2014
Net Profit/(Loss) after tax	3880.91	3856.65
Weighted average no of Equity Share outstanding	245616	245616
Earnings per share (Basic and diluted)	Rs.1580/-	Rs 1570/-
Face value is Rs 10,000 per share		

(XXV) ADDITIONAL INFORMATION

(a) Opening and closing stocks (after write offs) (₹ in lacs)

	31st March, 2015	31st March, 2014
i) Stores, Spares & Consumables(Net)	5202.50	5,240.24
ii) Test Tool/ Ground Support Equipment	68.21	44.54
iii) Goods-in-Transit /Goods under Inspection	352.78	203.50
iv) ATF	24.88	25.52
TOTAL	5648.37	5,513.80



b) Value of imports calculated on CIF basis:

	31st March, 2015	31st March , 2014
i) Helicopters & Accessories	-	-
ii) Stores, Spares & Consumables	1095.65	619.16
iii) Airframe & Aero Engine Equipments-Rotables	775.87	667.10
iv) Test equipment/Ground Support Equipment/ Loose Tools	13.26	20.91
v) Goods-in-Transit /Goods under Inspection	7.57	51.88
vi) Capital Goods/Other Items	226.43	16.52
TOTAL	2118.78	1,375.57

c) Expenditure in Foreign Currency during the financial year:

	31st March, 2015	31st March , 2014
i) Helicopters & Accessories	-	-
ii) Stores, Spares & Consumables	1081.39	597.01
iii) Airframe & Aero Engine Equipments- Rotables	772.31	660.79
iv) Test equipment/Ground Support Equipment/ Loose Tools	13.26	20.74
v) Foreign Travelling/Foreign Training	57.13	4.21
vi) Goods in Transit/Goods under Inspection	6.93	51.67
vii) Repair Charges	8514.40	8,350.04
viii) Capital Goods/ Other Items	180.41	18.07
TOTAL	10625.82	9,702.53

d) Value of consumption of imported and indigenous components and spare parts (including write off of loose tools and excluding capitals items):

	VALUE (in Rupees/Lacs)		PERCENTAGE	
	31st March, 2015	31st March, 2014	31st March, 2015	31st March, 2014
Imported	3048.28	1912.97	97.42%	95.14%
Indigenous	80.58	97.68	2.58%	4.86%
TOTAL	3128.86	2010.65	100.00%	100.00%

e) Earnings in Foreign Exchange during the financial year : (In Rupees/Lacs)

	31ST MARCH 2015	31ST MARCH 2014
Helicopter Hire charges	10,627.78	11,287.51
	11,287.51	9,688.87

f) Remuneration paid to Directors including Chairman & Managing Director

i) Remuneration Paid to Chairman & Managing Director :-



(In Rupees/Lacs)

	31ST MARCH 2015	31ST MARCH 2014
Salary, Allowances, Perquisites, Provident Fund / Gratuity	1,88,303/-	Nil

(XXVI). The Company had no dues to Micro & Small Enterprises outstanding for more than 30 days on the Balance Sheet date.

(XXVII). Since it is not possible to define the normal operating cycle, the same has been assumed to have duration of 12 months and the classification of assets and liabilities into long term and short term has been done accordingly for the purpose Schedule II of the Companies Act, 2013.

(XXVIII) Segment Reporting

The Company has only one segment consisting of providing helicopter services. Segment Reporting as per Accounting Standard 17 is not applicable to the Company.

(XXIX) The name of the Company has been changed from Pawan Hans Helicopters Ltd. to Pawan Hans Ltd. w.e.f. 14.01.2013.

(XXX) Previous year figures have been regrouped wherever considered necessary to correspond with current year figure.

Dr.B.P.Sharma
Chairman-&-Managing Director

Sanjiv Agrawal
Company Secretary

Mrs. Gargi Kaul
Director

Dhirendra Sahai
Chief Financial Officer

Place : New Delhi

Dated : 07.10.2015



Cash Flow Statement for the year ended 31st March, 2015

Particular	31st March,2015	(Value in Rs./Lacs) 31st March,2014
A. Cash Flow from Operating Activities		
Net Profit Before Tax	7,173.46	6,123.39
Adjustments For :		
Depreciation Charges	7,652.34	7,963.21
Interest Income	(1,123.48)	(1,161.79)
(Profit) /Loss on Sale of Fixed Assets - Net	0	(7.48)
Extra Ordinary items	0	(743.41)
Interest Cost	1,749.35	3,180.68
Fixed Assets Written Off	107.36	43.44
Rotables, Stores & Spares Written Off	0.00	41.99
Provision for Doubtful Debts & Advances	309.46	32.86
Provision for Non-Moving Inventory /Life Expired Items	541.89	575.99
Provision for loss at lakshadeep	-	89.12
Loss on Impairment of Assets	-	11.80
Provision for Diminution in value of Investment	<u>144.67</u>	-
	9,381.59	10,026.41
Operating Profit Before Working Capital Changes	16,555.06	16,149.80
Adjustments For :		
Trade Receivables	(1,902.97)	(6,463.85)
Loans & Advances and Other Assets	2,136.49	(458.96)
Inventories	(669.81)	637.75
Trade Payables, Other Liabilities and Provisions	<u>2,161.84</u>	<u>2,677.23</u>
Cash Generated From Operations	1,725.55	-3,607.83
Income Tax Paid	<u>1,940.32</u>	<u>975.51</u>
Net Cash From Operating Activities	<u>16,340.29</u>	<u>11,566.46</u>
B. Cash Flow from Investing Activities		
Purchases of Fixed Assets	(1,264.86)	(1,327.80)
Sales / Insurance Claim of Fixed Assets	-	835.28
Capital Work-in Progress	(1,405.54)	(10.85)
Interest Received	<u>1,123.48</u>	<u>1,161.79</u>
Net Cash Used In Investing Activities	<u>-1,546.92</u>	<u>658.42</u>
C. Cash Flow from financing Activities		
Interest Cost	(1,749.35)	(3,180.68)
Dividend	-	(233.96)
Corporate Tax on Dividend	(154.22)	(39.76)
Proceeds from Long Term Borrowings	-	-
Repayment of Long Term Borrowings	<u>(19,469.03)</u>	<u>(5,833.43)</u>
Net Cash Used In Financing Activities	<u>(21,372.60)</u>	<u>(9,287.83)</u>
Net Increase In Cash And Cash Equivalents	<u>-6,579.23</u>	<u>2,937.05</u>
Opening Cash and Cash Equivalents (Including Rs.1571.71 lacs under Lien)	<u>15,504.53</u>	<u>12,567.48</u>
Closing Cash and Cash Equivalents (Including Rs.1520.91 Lacs under Lien)	8,925.30	15,504.53

Notes:

1. Figures in Brackets indicates cash outflows
2. The above Cash Flow Statement has been prepared under the indirect method set out in Accounting Standard (AS)-3 "Cash Flow Statements"

For and behalf of Board of Directors

For & on behalf of Board of Directors

For Khanna & Annadhanam

Chartered Accountants

Firm Regd.No.1297-N

(B.J. Singh) Partner

(M.No 7884)

Place : New Delhi

Date : 07.10.2015

(Dr.B.P.Sharma)
Chairman-&-Managing Director

(Sanjiv Agrawal)
Company Secretary

(Mrs. Gargi Kaul)
Director

(Dhirendra Sahai)
Chief Financial Officer



STATUTORY AUDITORS' REPORT

Annexure 'A' to the Directors Report

Auditors Observations

Management Reply

INDEPENDENT AUDITORS' REPORT

To,

The Members

Pawan Hans Limited

(Formerly known as Pawan Hans Helicopters Limited)

Report on the Financial Statements

We have audited the accompanying financial statements of PAWAN HANS LIMITED (the Company) which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information incorporating the accounts of Western Region audited by Branch Auditors appointed by the Comptroller and Auditor General of India.

Management's Responsibility for the Financial Statements

The Management of the Company is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments 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 the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on 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.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well



as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

1. As on 31st March 2015, the Company has indentified debtors of Rs 3009.13 lacs as outstanding for more than three years at Northern Region. During the current year the Company has recovered a sum of Rs.180.63 lacs out of these debtors. In some cases, the Company is no longer rendering services to these parties from whom amounts are due. The provision held against these debtors is Rs.322.74 lacs only. From the available information, we are unable to form an opinion about how much of these debts will be recovered ultimately. (Refer Note No. 28(IX-1).

The debtors outstanding in Northern Region as per last audit report 2013-14 for more than 3 years amounting to 3009.13 lacs. Out of this Rs.180.63 lacs were recovered in 2014-15 and Rs.388.85 lacs till 30.09.2015 in 2015-16. Further collections against these outstanding is expected as the follow up actions has also been taken at Ministry of Civil Aviation (MOCA) level as majority of the said customers are State Govt. /Union territories/Govt. Organizations and are our current customers. However, Recovery is slow due to their procedural formalities.

In case of outstanding amount of Rs. 157.67 Lacs from Govt. of AP towards B3 helicopter (Total loss of helicopter due to accident in 2011) is pending due to non signing of agreement with State Govt. of AP. The matter has been taken up with them and recovery will be expected after agreement is signed.

Similarly, total recovery of Rs. 323.54 Lacs has been made till 30.09.2015 against total outstanding of Rs. 1536.75 Lacs as on 31.03.2014 from Govt. of AP, (Tawang) for Mi-172 helicopter which also met accident in 2011 and for recovery of balance outstanding amount matter has been taken up at the highest level of State Govt. by MOCA. Payment will be received in due course.

Likewise, in case of Govt. of Bihar there is total outstanding of Rs. 790.81 Lacs for which MOCA has taken up the matter with Chief Secretary of Bihar Govt. for settling the outstanding dues.

The outstanding of Rs.75.26 Lacs against other cases where presently company is no longer rendering services to the parties and also there



is a virtual certainty of the debt being doubtful of recovery, necessary provision will be made in the books of Accounts in subsequent financial years.

The debtors outstanding of Rs.19,644.09 lacs as on 31.3.2015 at NR are regrouped as per assurance given to CAG. Accordingly, sundry debtors are grouped as outside parties except central Govt./State Govt./Union Territories and central Govt./State Govt./ Union Territories and a provision of Rs.250.76 lacs comprising of Rs.133.06 Lacs for Non-Govt. Customers (for more than 3 years) and Rs.117.70 Lacs for Govt. of Bihar (for more than 7 years) is carried in the books for possible doubtful receivables for the year 2014-15 as per our approved accounting policy.

2. Upto 31st March, 2014, the Company had calculated deferred tax asset on unabsorbed depreciation of Rs.14346.11 lacs against actual unabsorbed depreciation of Rs.18990.55 lacs resulting in under statement of deferred tax asset by Rs.1578.64 lacs. However, during the year the Company has created a deferred tax asset on full amount of unabsorbed depreciation as on 31st March, 2015 amounting to Rs. 7612.72 lacs which includes Rs.1578.64 lacs relating to the previous year. (Refer Note No. 28 XIV (d)).

The provision of Deferred tax liability has been created strictly as per AS-22 which is explained in the note to Accounts no. 28 (XIV). In line with Auditors observation on the last year balance sheet, the entire balance amount of unabsorbed depreciation has been considered for creation of deferred tax asset.

3. The amount due from Mata Vaishno Devi Shrine Board as on 31st March, 2015 is Rs.123.94 lacs (previous year Rs.123.94 lacs). The contract with Shrine Board has been terminated with effect from 1st April, 2014 and the amount has not been realized till date. This has resulted in overstatement of profit before tax by Rs. 123.94 lacs and trade receivables by the same amount.

Sri Mata Vaishno Devi Shrine Board has asked for NOC from various agencies like, security, water, electricity and other essential services agencies in order to release our payment of Rs.123.94 lacs. A provision for Rs.121.04 lacs payable to security agencies of Jammu, from whom NOC is required, already exists in the books as on 31.3.2015. Efforts were made to get NOC from security agencies as no other operators had paid the same. The matter is being pursued with the agencies for issuing of NOC so that the outstanding amount of Rs. 123.94 Lacs from the shrine board can be released. Further, no counter claim is lodged by Sri Mata Vaishno Devi Shrine Board.



4. Advance Income Tax includes Rs.6978.93 lacs relating to the years in respect of which income tax assessments have already been completed. In the absence of details of advance tax, tax at source, provision for income tax, income tax demands, refunds received etc, we are unable to form an opinion regarding the recoverability of the aforesaid amount shown under 'Long Term Loans and Advances'. This issue was subject matter of our comment in our audit report for the year ended 31st March, 2013. (Refer Note No. 28 XIV (b).
- Reconciled with statement of assessment which have been completed upto financial year 2012-13. Since Pawan Hans is under appeal before the ITAT the Company is of the view that the assessment orders issued by AO/CIT (Appeal) are subject to final review/decision by ITAT. The Company had filed its appeal at the ITAT level in respect of the A.Y. 1997-98 to A.Y. 2002-03 against the disallowances made by the Assessing Officer and the CIT (A), mainly covering the matter with respect to interest on Government of India(GOI) dues claimed by the Company amounting to Rs. 5996.31 Lacs. In the above assessment years, the Company had deposited taxes and interest thereon under protest with Tax Deptt. Further, the refund due had been adjusted by the Income Tax Deptt for disallowances made by the A.O. As per the directions of ITAT matter relating to claim of interest by Ministry of Finance (MOF) in respect of Westland helicopters need to be settled first between Ministry of Civil Aviation (MOCA) and Ministry of Finance (MOF). Thereafter, the final decision by ITAT will be taken up. In this connection, the matter regarding waiver of MOF claim has been taken up by MOCA with MOF. Balance figures of Rs.982.62Lacs recoverable from the Income Tax Department out of which a refund of Rs.441.55 lacs has been received in July'2015 against the AY 2012-13 and the balance amount of Rs.541.07lacs relates to mismatching / invalid Physical TDS Certificates for completed assessment years upto 2012-13 which is recoverable from income tax department for which the matter has already been taken up with the parties to file their e-TDS return and also requested to Income tax Department to take up the matter with concerned department. Subsequently, out of above mentioned balance amount of Rs.541.07 lacs TDS which were not reflected in 26AS in earlier years, Rs. 253.79lacs now stand reflected in 26AS as on 12.09.2015 and the balance amount of Rs.287.28 lacs which is pertaining mainly to Lakshadweep and A&N Administration, the effort is going on by them for filing their pending e-TDS return and it is expected that issue may be resolved during financial year 2015-16.



5. The Chief Vigilance Officer (CVO) of the Company has conducted an enquiry and submitted report to the management regarding financial irregularities amounting to Rs.129.20 lacs at Lakshdweep detachment under Western Region. Out of the estimated financial loss as reported by the CVO of Rs.129.20 lacs, the management has identified supporting/invoices/bills/credits payable to employees amounting to Rs.40.09 lacs and provision of the balance amount of Rs.89.12 lacs. Further, the Western Region Branch Auditors have stated that they are not aware of any other investigation conducted by the management and outcome and consequential impact on financial statements of such investigation. (Refer Note No. 28 XXI).
- The necessary provision have been created in the books of accounts in F.Y. 2013-14. The matter is under investigation which is explained at Note No.28(XX).
6. The W.R. auditors have reported that as advised by the Corporate Office, the lease rent amounting to Rs.681.77 lacs (net service tax) has been paid to AAI subsequent to the closure of the financial year by compounding at the rate of 7.5% per annum w.e.f. 01/04/2009 and taking the base rate as on 31/03/2009. Accordingly, the necessary provision has been made in the books of accounts in the current financial year. Pending the final outcome of the aforementioned arrangement, the Company has neither made any provision for additional rent payable, if any, provision for interest nor disclosed contingent liability in relation to interest in the financial statements and they have not been provided any supporting / documents in relation to this matter. In the absence of the supporting documents, the Western Region auditors were unable to comment upon the impact of the same on the financial statements of the Company.
- On the matter of revision of lease rent for hanger and land at Northern Region and Western Region in July 2013 it was decided by Additional secretary and financial advisor, MOCA that till 31.3.2013 lease rent for hanger and land shall be enhanced @7.50% compounded yearly from 1st April 2005 and that award has been given for the period upto 31.03.2013 and thereafter commercial rate would be charged by AAI for the allotted Hanger and Land Area. It was also decided to pay lease rent on the basis of actual constructed area instead of paying lease rent on allotted land/space.
- In view that MOCA Arbitration award is still not implemented by AAI fully as regards to disputes on space allocations submitted by PHL, The competent Authority in PHL has after discussion in MOCA has decided that the earlier adopted system of enhancement be continued and due amounts to AAI to be paid accordingly. Hence at corporate level balance amount demanded by AAI on account of Lease Rent and interest thereon is shown as contingent liability amounting to Rs.222.78 Crores at Note No.28(II)(2) of Notes to



accounts. Working of contingent liability is already provided to Audit Team. The issue has also been discussed in the Audit Committee and directed that the matter may be discussed with higher Management of AAI and thereafter if the issue is not resolved PHL may approach Ministry of Civil Aviation.

In the case of Northern Region arrears of rent payable as demanded by AAI are Rs.290.03 lacs against which a provision of Rs.23.75 lacs is held in the accounts.

7. The Western Region Branch auditors have commented on balance confirmations as under: "Due to limited availability of balance confirmation of Trade Receivables, Long Term and Short Term Loans and Advances given, Other Non-Current Assets, Other Current Assets, Other Long Term Liabilities, Trade payables and Other Current Liabilities and reconciliation of such accounts, the necessary effect, if any, shall be taken into account on completion of the reconciliations. In view of the above, consequential adjustments required, if any, have not been carried out in the financial statements. However, in most of the cases, the debts / advances, etc. other than those provided for, have since been realized / adjusted".

Statutory Auditor while concurring the management reply on Half Margin issued by C&AG on the same matter regretted as a typographical error and confirmed that the provision of Rs.23.75 Lacs is not against demand of Rs.290.03 Lacs.

We have sent balance confirmation letters at the year end to our trade receivable/payable, employees for short term/long term loan/advances. Further, in case of trade receivables/payable the response has been minimal. In most cases of trade receivables, the amount have been received subsequent to close of the financial year. Similarly, in case of trade payables payments have been made after the close of the financial year. The monthly recovery from the employees are being made from their respective salary every month.

8. Reference is drawn to Accounting Policy No. 1(J) relating to impairment of assets. No exercise has been done to identify impairment in Helicopters as required by Accounting Standard (AS)-28 "Impairment of Assets". In Note No. VII, the Company has stated that since helicopters owned by it are certified for air worthiness by DGCA and have earned revenue, the exercise as required by AS-28 is not considered necessary to assess impairment in value of helicopters. In our opinion, DGCA certification and revenue earned do not substitute for the

It is mandatory to obtain a certificate of Airworthiness from DGCA on an annual basis for each helicopter. Hence, as long as a helicopter is issued an Airworthiness Certificate it implies that the helicopter is capable to generate revenue for the company. This is the unique nature of Helicopter (Assets) operations. Further, for assessing the indications whether an asset particularly helicopter is impaired or not, external and internal sources of information as mentioned in the para 8 of AS 28 have been examined and found that no such asset is found impaired. Further, Periodical exercise for ascertaining



procedure to be followed in determining of impairment in the value of Helicopters as required by AS-28, specially when many aircrafts remain grounded for lack of spares and other reasons and ONGC insisting on deployment of Helicopters of not more than 7 years vintage.

9. No IT controls audit has been done since December 2010. Since considerable operations of the Company are automated, periodical IT Control audit is required to be conducted by an independent agency.

10. In the case of account with Indian Oil Corporation as against a balance of Rs.303.77 lacs, IOC is showing a balance of Rs.222.37 lacs. The difference of Rs.81.40 lacs has not been reconciled.

11. As per the agreement between PHL and Shri Amarnathji Shrine Board (SASB), in case of NO refund and no show by the passengers and partial refund the remaining amount of Heli ticket after deducting service charges is payable to SASB. The amount payable to SASB has not been quantified nor provided by the Company.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraphs above, the aforesaid 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.

fleet-wise / customer-wise profitability has also been carried out on regular basis. Hence provision of impairment does not arise and therefore, there is no issue of non-compliance of AS-28.

The Current ERP platform is 10 years old and needs upgradation. The Board has been apprised about the requirement of upgradation of customized ERP which was developed by M/s TCS. Board has approved the appointment of consultant for working out the upgradation or implementation of SAP ERP solution in PHL. The draft tender for consultant is in progress. The Audit of the IT control may be completed after the implementation of upgradation / implementation of SAP ERP solution.

Transactions reconciliation for 2014-15 with IOC is reconciled. Consolidated reconciliation with IOC is under progress.

No NO-Show was reported during Yatra 2014. A No Dues Certificate is asked from SASB and the same is awaited.

No Comments



- a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2015.
- b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date.
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to:

- i) Note No.28 (III) regarding claim of Government of India amounting to Rs.47022.22 lacs for which the Company has requested for a waiver from the Government of India which has not been accepted so far;
- ii) Note No. 28(XII)(b) which describes provision for arrears of allowances and benefits being carried at Rs.3234.16 lacs pending final decision in this matter and;
- iii) Accounting Policy No. 1(c) & (d) and Note No.XX relating to provision of depreciation;
Our opinion is not qualified in respect of above matters

Matter is being pursued through Ministry of Civil Aviation (MoCA) with Ministry of Finance (MoF) for an early decision on the matter. A detailed explanation has been provided at Note No.28(III). Further, the present status of GOI dues has been explained to audit in the Audit Committee in the meeting held on 23.09.2015 that a meeting was held between Secretary Expenditure, MOF and JS FA,MOCA on 22.09.2015 for settling the matter favourably.

The Board has constituted a sub-committee which is actively considering the whole issue and would submit its final report to the Board of directors. The next meeting of sub- committee is scheduled in Nov/ Dec, 2015.

Technical Review of the useful life of Helicopters and related assets will be carried out in F.Y. 2015-16 and depreciation policy will be modified accordingly

Other Matter

We did not audit the financial statements of Western Region included in the financial statements of the Company whose financial statements / financial information reflects total assets of Rs.849.26 crore as at 31st March, 2015 and total revenues of Rs.292.46 crore for the year ended on that date, as considered in the financial statements. The financial statements of Western Region have been audited by the branch auditors whose report has been furnished to us, and our opinion in so far as it

No Comments



relates to the amounts and disclosures included in respect of Western Region, is based solely on the report of such branch auditors.

Our opinion is not qualified in respect of above matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by Central Government in terms of sub section 11 of Section 143 of the Act, we give in Annexure – A, a statement on the matters specified in paragraphs 3 and 4 of the Order

2. As required by Section 143 (3) of the Act, we report that:

(a) 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.

No Comments

(b) Except for the effects of the matter described in the Basis for Qualified Opinion paragraphs above. In our opinion, proper books of account as required by the law have been kept by the Company so far as it appears from our examination of those books. However, we have noticed that the Company is using an old version of accounting package which is quite obsolete and has not been upgraded from time to time.

The Auditors points have been adequately explained against respective qualifications above.

(c) The report on the accounts of the Western Region audited under Section 143(8) of the Act by branch auditors has been sent to us and has been properly dealt with by us in preparing this report.

No Comments

(d) The Balance Sheet and the Statement of Profit and Loss and the Cash Flows Statement dealt with by this Report are in agreement with the books of account

No Comments

(e) Except for the effects of the matter described in the Basis for Qualified

Already explained at Point No.8 above.



- Opinion paragraphs above, in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 subject to non Compliance of Accounting Standard AS-28 relating impairment of assets.
- Already explained at Point No. (i) above under Emphasis of matter.
- (f) **The matter described in the ‘Emphasis of Matter’ relating to claim of Rs.47022.22 lacs by the Government of India, if not waived (refer sub para (i)), in our opinion, may have an adverse effect on the functioning of the Company. The matters described in the basis of Qualified Opinion paragraph, in our opinion may not have any material adverse effect on the functioning of the Company.** No Comments
- (g) On the basis of the written representations received from the Directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors of the Company is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164(2) of the Companies Act, 2013 No Comments
- (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, in our opinion and to the best of our information and according to the explanations given to us: No Comments
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 28 to the financial statements; No Comments
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; No Comments
- iii. There were no amounts which were required to be transferred to the Investor No Comments



Education and Protection Fund by the Company.

- iv. As required by Section 143(5) of the Act, we give in Annexure-B, a statement on the matters specified by the Comptroller and Auditor General of India for the Company.

For Khanna & Annadhanam

Chartered Accountants

(Firm Registration No.001297N)

(B.J. Singh)

Partner

Membership No.7884

Place: New Delhi

Date: 7th October, 2015



ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under the heading
'Report on Other Legal and Regulatory Requirements' of our report of even date)

Based on the audit procedures performed for the purpose of reporting a true and fair view on the Financial Statements of the Company and taking into consideration the information and explanations given to us and the books and accounts and other records examined by us in the normal course of audit, we report that:

1.

a) **The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets except that such records in the case of Western Region have not been maintained. The comment regarding non maintenance of records has been made in the earlier years audit reports also but the management in its response has been stating that the records are under compilation.**

The fixed asset register as per financial books has been fully updated. Further, the physical verification of assets is in process and the reconciliation in respect of physical verification and the book records will be carried out after completion of the verification process.

b) According to the information and explanations given to us, the fixed assets at the Corporate Office have been physically verified by the Management. **However, the total value of fixed assets covered by physical verification has not been made available to us. The process of reconciliation of physically verified fixed assets with book balances is in progress. In the case of Western Region, the process of physical verification of fixed assets and maintenance of records is in progress and yet to be completed. Accordingly, details of discrepancies, if any, on such physical verification with the records maintained by the Western Region is not possible. Further, in case of rotables sent for repairs and lying with the vendors located outside India and of gross value of Rs. 2136.18 lacs, the Company neither has any physical verification report nor has**

100% Physical verification of Fixed Assets was done at corporate office. Further, reconciliation between book of accounts and physical verification is expected to be completed shortly.

The fixed asset register as per financial books has been fully updated. Further, the physical verification of assets is in process and the reconciliation in respect of physical verification and the book records will be carried out after completion of the verification process.

All the items are sent to repair vendors, who are also OEM's (Original Equipment Manufacturer). These items are specialized items wherein TAT (Turn Around Time) for repair/overall is very high, because many of the items are no more in production line. Mails have been sent to the parties for



any confirmation from such vendors for holding the stocks on behalf of the Company.

confirmation of items held for repairs. Further, out of total rotables sent abroad for repair and lying outside India amounting to Rs.5187.95 Lacs confirmation has been received for of Rs.5060.81 Lacs (Rs.4978.80 Lacs of WR and Rs.82.01 Lacs of NR), Balance confirmations are verified by the auditors and confirmation is awaited for Rs. 127.14 Lacs. (Rs.127.14 Lacs of WR and Rs. Nil of NR), out of which Rs. 101.75 Lacs were received after repair/overall upto 30.09.2015 and follow-up for confirmation is being done for repair/retrieval of the balance items amounting to Rs.25.39 Lacs.

2.

- a) According to the information and explanations made available to us, the Company has a policy of physical verification of inventory at Northern region over a period of three years. However at Northern Region only 10.66% of inventory has been physically verified over latest three year period and accordingly part of the inventory has been physically verified during the year by the management **except inventory of stores and spares of Westland Helicopters. In our opinion the frequency of physical verification is not reasonable and 100% inventory should be verified over three year cycle.** In the case of Western Region, the high value items of stores and spares lying at the main stores have been physically verified by the management at the close of the year. In the case of other items lying at the main stores, the Western Region has a programme for verification of such items of stores and spares over a period of three years and accordingly a part of the inventory of such items has also been verified at the close of the year. **In the case of stocks of stores and spares at the detachments, the issues are made from regional headquarters and at**

In case of Stores and spares of westland Helicopters, please also refer to our Note no.28(IV) where it is mention that The Ministry has directed for valuation report of the balance westland assets and the valuer had given value of Rs. 25.73 Lacs. However, the Ministry has again vide letter dated 07.11.2014 directed for re-evaluation of these assets by other valuer. The other Valuer has been appointed and shall carry out valuation which shall be submitted to MOCA. Further, as a matter of prudence 100% provision equivalent to the book value against possible losses on disposal is existing in books of accounts.

In case of Western Region, the Manual Stock register of inventory, is being maintained at all detachments, Further, the Base Managers has been instructed to update the inventory register on a continuous basis.



the year end the closing stock of stores and spares at detachments is recorded based on physically verification reports submitted by respective detachments and hence the control exercised is limited.

- b) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory and discrepancies noticed on physical verification, which were not material, have been properly dealt with in the books of account. **However at Western Region, in the case of detachments, proper records are not maintained and do not provide the required details. The discrepancies noticed between physically verified inventories and book records have not been adjusted for a long period. This observation has been made in audit reports of earlier years also but no action has been taken by the management.**

According to the information and explanations given to us, over the years there are many items which have remained un-reconciled after conducting the physical verification. In view of this, the procedure for the physical verification of inventories followed by the management at WR needs to be strengthened to make it commensurate with the size of the Company and nature of its business.

3. The Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. No Comments
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory No Comments

In case of Western Region, the Manual Stock register of inventory, is being maintained at all detachments, Further, the Base Managers has been instructed to update the inventory register on a continuous basis so as to ensure that periodical reconciliation can be carried out between books and physical records. On the basis of reconciliation made at western region as a whole including detachments, provision of shortage is made in books of accounts annually on regularly basis.



and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books of accounts and records of the Company and according to the information and explanation given to us, we have neither come across nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control system.

5. The Company has not accepted any deposits from the public within the meaning of Section 73 and 76 of the Companies Act 2013 and the Companies Acceptance of Deposit Rules 2013. No Comments
6. The Rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013, are not applicable to the Company. No Comments
7. (a) According to the information and explanations given to us, and records of the Company examined by us, there are no undisputed dues payable in respect of employee's state insurance, income tax, sales tax, service tax, customs duty, excise duty and cess, value added tax and other statutory dues as applicable, have generally been paid regularly during the year with appropriate authorities and there are no arrears of dues for a period more than six months except stamp duty amounting to Rs. 13.81 lacs which has not been paid till date at Western Region. In case of western region, The Company had purchased 6 nos. of residential flats in May 1998 for the employees from MHADA, Mumbai and though the possession was taken based on the letter of allotment, the Company has on provisional basis, provided stamp duty and registration and is subject to final payment on the execution of the appropriate conveyance deed in favour of the society. Some of the societies have gone in litigation against MHADA in Mumbai High Court on the issue of differential pricing. However, the amount of stamp duty and registration cannot be determined at this stage.
- (b) The Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess, value added tax and other material statutory dues as applicable with the appropriate authorities, except for the following :- The amounts have been considered under contingent Liability in Note No.28(II)(3).



Nature of Demand	Financial Year	Amt. (Rs. in Lacs)	Forum which dispute is pending
C S T , Interest & Penalty	2006-07	818.96	Commissioner of Trade & Taxes, Delhi
C S T , Interest & Penalty	2007-08	784.71	Commissioner of Trade & Taxes, Delhi
C S T , Interest & Penalty	2008-09	853.63	Commissioner of Trade & Taxes, Delhi
C S T , Interest & Penalty	2009-10	735.41	Commissioner of Trade & Taxes, Delhi
	Total	3192.71	

- c) According to the information and explanations given to us the amounts which are required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 2013 and rules made thereunder have been transferred to such fund within time. No Comments
8. The Company does not have any accumulated losses as at 31st March, 2015. The Company has not incurred cash losses in the financial year ended on that date and in the immediately preceding financial year. In our Opinion, there will be no material effect on the financial statements.
9. The Company did not have any outstanding debentures and loan from Financial Institutions and Banks during the year and therefore any default in repayment of dues does not arise. No Comments
10. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions. No Comments
11. According to the information and explanations given to us, the term loans taken by the Company have generally been applied for the purpose for which these were raised. No Comments



12. During the course of audit carried out and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year. No Comments

For Khanna & Annadhanam

Chartered Accountants

(Firm Registration No. 001297N)

(B J Singh)

Partner

Membership No. 7884

Place : New Delhi

Date : 7th October, 2015



Annexure 'B' to the Independent Audit Report

Directions under section 143 (3) of Companies Act, 2013 issued by Comptroller & Auditors General of India.

S. No.	Directions	Auditor's Comment
1.	If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed & General Reserves) may be examined including the mode and present stage of disinvestment process	We have been informed that the Company has been listed for dis-investment by the Ministry of Civil Aviation. However, a final decision in this respect is yet to be taken by the said Ministry.
2.	Please report whether there are any cases of waiver/write off debts/loans/interest etc. if any, the reasons there for and the amount involved	As per the information made available to us by the company there were no cases of waiver/written off of debts/loans/interest etc. However, the company has considered Rs. 625.24 lacs as doubtful of recovery and has made necessary provision for the same.
3.	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.	The Company has maintained proper records or inventories lying with the third parties. However, balance confirmations for referers sent to foreign vendors were not available.
4.	A report on age-wise analysis of pending legal/arbitration cases including the reasons of pendency and existence/effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given	<p>The necessary details have been given in the enclosed annexure B-1. In view of large number of legal/arbitration cases, the cases have been grouped wise along with legal expenses incurred upto 31.03.2015. The Company has given following reasons for pendency:</p> <ul style="list-style-type: none">* Elaborate and time consuming legal litigation procedure* Counter claims by parties.* Evidence/adjustments take considerable time. <p>In our opinion as per information and explanations provided to us, the monitoring system was generally found to be effective.</p>

For Khanna & Annadhanam

Chartered Accountants

(Firm Registration No. 001297N)

(B J Singh)

Partner

Membership No. 7884

Place : New Delhi

Date : 7th October, 2015



Annexure B-1

Audit for the period ended 31-03-2015

Year wise list of legal cases

Year	No. of Cases	Amount Involved	Legal Expenses Incurred
1990	1	50.00	2.00
1999	1	No amount specified	2.00
2002	1	11.60	0.30
2004	1	No amount specified	2.00
2005	2	38.47	3.20
2006	1	350.00	1.00
2007	1	42.29	0.10
2008	6	53.00	2.00
2009	5	420.00	11.70
2010	2	20.00	0.60
2011	1	7.00	0.40
2012	5	1,719.00	20.10
2013	3	10.00	0.35
2014	10	433.00	12.50
2015	3	328.00	0.70
Total	43	3,482.36	58.95

For Khanna & Annadhanam

Chartered Accountants

(Firm Registration No. 001297N)

(B J Singh)

Partner

Membership No. 7884

Place : New Delhi

Date : 7th October, 2015



Annexure 'B' to the Directors' Report

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF PAWAN HANS LIMITED FOR THE YEAR ENDED 31 MARCH 2015

The preparation of financial statements of **PAWAN HANS LIMITED** for the year ended 31 March 2015 in accordance with the financial reporting framework prescribed under the companies Act, 2013 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with standards of auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 07 October 2015.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6) (a) of the Act of the financial statements of **PAWAN HANS LIMITED** for the year ended 31 March 2015. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

For and on behalf of the

Comptroller and Auditor General of India

Tanuja S. Mittal

Place: New Delhi

Principal Director of Commercial Audit

Dated: 11 December, 2015

& ex-officio Members, Audit Board-I,

New Delhi



ANNEXURE 'C' to the Directors' Report

To,

The Members

Pawan Hans Limited

The Secretarial Audit report of even date is to be read along with this letter.

- 1) Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these Secretarial records based on our audit.
- 2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verifications were done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- 3) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
- 4) Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- 5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
- 6) The secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the company.

For SGS ASSOCIATES

Company Secretaries

D.P. Gupta

Date: 09.11.2015

Place: - New Delhi

Membership Number FCS 2411

Certificate of Practice No. 1509



Form No. MR - 3

SECRETARIAL AUDIT REPORT

[Pursuant to section 204(1) of the Companies Act, 2013 and
Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

TO

THE MEMBERS

PAWAN HANS LIMITED

SAFDARJUNG AIRPORT, NEW DELHI.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by PAWAN HANS LIMITED (hereinafter called "the company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March 2015 ("audit period") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
(Not applicable to the Company during the Audit Period)
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under.
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External commercial Borrowings; **(Not applicable to the Company during the Audit Period)**
- (v) The Securities and Exchange Board of India Act, 1992 and Rules and Regulations prescribed under the said Act. **(Not applicable to the Company during the Audit Period as the Company is unlisted Public Company)**

We have also examined compliance with the applicable clauses of the following:

- (a) Secretarial Standards issued by The Institute of Company Secretaries of India **(Not applicable to the Company during the audit period).**
- (b) The Listing Agreements entered into by the Company with Stock Exchanges **(Not applicable to the Company during the audit period)**
- (c) Guidelines on Corporate Governance for Central Public Sector Enterprises as stipulated in the O.M. No. 18(8)/2005-GM dated 14th May,2010 of the Ministry of Heavy Industries and Public Enterprises, Government of India.

We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable specifically to the Company:



(a) The Aircraft Act,1934 and The Aircraft Rules,1937

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

I further report that

- 1. The Board of Directors of the Company is duly constituted with proper balance of Whole-time Directors, Non Executive Directors except for the Independent Directors as their appointment Powers are bestowed on the President of India by virtue of Articles of Association of the Company.**
- 2. The Composition of Audit Committee and Nomination and Remuneration Committee were not as per the requirement of the Act.**
- 3. The Company does not have a risk management Committee in place. It is advised that the Company should formulate the Risk management Policy and implement the same.**
- 4. The Company has filed the required forms and returns under the Companies Act, 1956 & 2013 and rules made there under.**
- 5. The Company has violated the provisions of section 96 of the Companies Act 2013 as it has not convened the Annual general meeting during the calendar year 2014. The AGM for the said period was held on 29th March,2015 due to which the period of 15 Months has elapsed between two AGMs.**
- 6. Notice for Board Meetings along with the Agenda is required to be given at least 7 days in advance in accordance with the provisions of Section 173(3) of the Companies Act, 2013. The Company is advised to adhere to the same.**
- 7. The Company has not adopted the Financial Statements for the year ended 31st March 2014 within a period of six months from the date of closing of the financial year as required under section 129 of the Companies Act, 2013.**
- 8. The CSR Committee of the Company is not properly constituted. The Company is advised to constitute the CSR Committee and frame the CSR Policy in accordance with section 135 of the Companies Act, 2013.**

The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For SGS ASSOCIATES
Company Secretaries

(D.P. Gupta)
M. N. FCS 2411
C.P. No. 1509

Date : 09-11-2015

Place: - New Delhi

Note: This report is to be read along with our letter of even date which is annexed as “Annexure-A” and forms an integral part of the report.

ANNEXURE 'D' to the Director Report

FORM NO. AOC - 2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

Sl. No.	(a) Name(s) of the related party and nature of relationship		(b) Nature of contracts/arrangements/transactions	(c) Duration of the contracts/arrangements/transactions	(d) Salient terms of the contracts or transactions		(e) Date(s) of approval by the Board, if any.	(f) Amount paid as advances, if any.	(g) Amount paid as advances, if any.	(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188
	Name	Relationship			Salient terms	Transaction value (Rs. In million)				
	NIL									

2. Details of contracts or arrangements or transactions at Arm's length basis.

Sl. No.	(a) Name(s) of the related party and nature of relationship		(b) Nature of contracts/arrangements/transactions	(c) Duration of the contracts/arrangements/transactions	(d) Salient terms of the contracts or transactions		(e) Date(s) of approval by the Board, if any.	(f) Amount paid as advances, if any.
	Name	Relationship			Salient terms	Transaction value (Rs. In million)		
1	Oil & Natural Gas Corporation Ltd.	Associates	Providing helicopter services	For F.Y. 2014-15	Contract through ICB	147 th Board meeting 24.12.2014		
2	Oil & Natural Gas Corporation Ltd.	Associates	Providing maintenance services for ONGC helicopter	For F.Y. 2014-15	Nil			
3	Oil & Natural Gas Corporation Ltd.	Associates	Deduction of LD on delay in providing helicopters	For F.Y. 2014-15	Actual			
4	Oil & Natural Gas Corporation Ltd.	Associates	Dividend payment on equity	For F.Y. 2013-14	Actual	28 th AGM 19.3.2015		
5	Oil & Natural Gas Corporation Ltd.	Associates	Interest payment on loan	For F.Y. 2014-15	Actual			





ANNEXURE 'E'
to Directors' Report

CSR Projects / Activity

S. No.	Year of CSR Project / Activity	Name of the NGO / Agency	Amount Sanctioned	Amount Paid	Date of Payment	Rs. Amount spend Direct or through Implementing Agency
1.	Jan 2012- Dec 2012	North East Development Consortium	13,20,000	3,30,000	20.06.2014	Through North East Development Consortium
	CSR Project 2014-15	North East Development Consortium	5,50,000	5,50,000	11.08.2015	
2.	Jan 2012- Dec 2012	Rynjah Institute of Information & Technology	5,30,000	5,30,000	20.06.2014	Through Rynjah Institute of Information & Technology
3.	2012-13	Martin Luther Christan University	18,75,000	13,69,800	05.06.2014	Through Martin Luther Christan
4.	Proposal started in May 2012	RK Mission Hosp through Bucho Motors	10,00,000	8,48,349	26.08.2014	Amount deposited with Ducho Motors for ambulance
	Proposal started in May 2012	RK Mission Hosp through Bucho Motors		23,594	14.09.2015	
5.	CSR Project 2014-15	Energy Efficiency Services Ltd.	13,19,000	13,19,170	31.03.2015	Amount deposited by Pawan Hans to Energy Efficiency Services Ltd.
		Energy Auditor TA/DA		50,814	18.08.2015	
6.		Swachh Vidhyalaya - Construction of Toilets of AAI	1,00,00,000	50,00,000	29.05.2015	Cheque deposited by Pawan Hans to AAI



**ANNEXURE 'F' to Directors' Report
Form No. MGT-9**

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.3.2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the
Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- i) CIN:- U62200 DL 1985GOI 022233
- ii) Registration Date : 15.10.1985
- iii) Name of the Company : Pawan Hans Limited
- iv) Category / Sub-Category of the Company : Air Transport Services of Passengers
- v) Address of the Registered office and contact details : Safdarjung Airport, New Delhi-110 003, Tel: 011-24620889 Fax : 011-24610764, Email : co.secy@pawanhans.co.in
- vi) Whether listed company No
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any: NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

S. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Domestic non scheduled air transport services of passengers	99462420	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES - N.A.



IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF									
b) Central Govt	-	125266	125266	51%		125266	125266	51%	NIL
c) State Govt (s)	-	-							
d) Bodies Corp.	-	120350	120350	49%		120350	120350	49%	NIL
e) Banks / FI									
f) Any Other...									
Total Shareholding of Promoter (A) = (A) (1) + (A) (2)		245616	245616	100%		245616	245616	100%	
B. Public Shareholding				NIL					NIL
C. Shares held by Custodian for GDRs & ADRS			NIL					NIL	
Grand Total (A+B+C)	-	245616	245616	100%	-	245616	245616	100%	-

(ii) Shareholding of Promoters

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	President of India	125266	51%	NIL	125266	51%	-	-
2.	ONGC Ltd.	120350	49%	-	120350	49%	-	-
	Total	245616	100%	-	245616	100%	-	-

(iii) Change in Promoters' Shareholding (please specify, if there is no change) NIL

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): NIL

(v) Shareholding of Directors and Key Managerial Personnel:



S. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year and at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Directors				
	1. Sh.G.Asok Kumar	1	-	1	-
	2. Sh.Anil Srivastava	1	-	1	-
	3. Smt.Mani Sathiavathy	1	-	1	-

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment
(Rs.in crores)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	271.63	130.91	-	402.54
ii) Interest due but not paid	NIL	339.32	-	339.32
iii) Interest accrued but not due	NIL	NIL	-	-
Total (i+ii+iii)	271.63	470.23	-	741.86
Change in Indebtedness during the financial year	-	-	-	-
• Addition	194.70	-	-	194.70
• Reduction	-	-	-	-
Net Change	194.70	-	-	547.16
Indebtedness at the end of the financial year				
i) Principal Amount	76.93	130.91	-	207.84
ii) Interest due but not paid	-	339.32	-	339.32
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	76.93	470.23	-	547.16



VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

S. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Dr. B.P. Sharma, CMD			
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	188303			
2.	Stock Option	-	-	-	
3.	Sweat Equity	-	-	-	
4.	Commission - as % of profit - others, specify...	-	-	-	
5.	Others, please specify	-	-	-	
	Total (A)	-	-	-	
	Ceiling as per the Act	188303	-	-	188303
		N/A	N/A	N/A	

B. Remuneration to other directors: NIL



C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

S. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Sh.Sanjiv Agrawal, Company Secretary	Sh.D. Sahai CFO	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		2482034 49850 -	2174469 18126 -	4656503 67976 -
3.	Stock Option	-	-	-	-
4.	Sweat Equity	-	-	-	-
5.	Commission - as % of profit - others, specify.....	-	-	-	-
6.	Others, please specify	-	-	-	-
	Total		2500160	2224319	4724479

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding Fees imposed	Authority (RD/ NCLT/ COURT)	Appeal made, if any (give Details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-



STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT 2013

Item No.3(i) Shri T.K. Sengupta was appointed on 1.2.2014 as Director till further orders. Shri Sengupta's tenure of appointment is due to expire at the 30th Annual General Meeting pursuant to Section 152 of the Companies Act 2013. Shri Sengupta is Director (Offshore) of ONGC and has varied and rich experience and is due to retire by rotation offers himself for reappointment. Therefore, approval of shareholders is being sought for reappointment of Shri Sengupta. The Board of Directors commends the Ordinary Resolution set out at item no.3(i) of Notice for approval of Shareholders. Save and except Shri Sengupta, none of the Directors, Key Managerial Personnel and their relatives is interested or concerned in the Resolution.

Item No.3(ii) Dr. B.P. Sharma was appointed vide Ministry of Civil Aviation Order No. A-160015/160/2010-DG dated 27.2.2015 as Chairman & Managing Director until further orders. Dr. Sharma was appointed as Director under the provisions of section 161 of the Companies Act 2013 and his tenure of appointment is due to expire at the 30th Annual General Meeting pursuant to Section 161(1) of the Companies Act 2013. Dr. Sharma has varied & rich experience. The Company has received a notice proposing candidature of Dr. Sharma for the office of Chairman & Managing Director of the Company. Therefore, approval of shareholders is being sought for reappointment of Dr. Sharma. The Board of Directors commends the Ordinary Resolution set out at item no.3(ii) of Notice for approval of Shareholders. Save and except Dr. Sharma, none of the Directors, Key Managerial Personnel and their relatives is interested or concerned in the Resolution.

Item no.3(iii) Mrs. Gargi Kaul was appointed on 30.4.2015 as Director by virtue of Ministry of Civil Aviation order No.AV.13015/28/92(ACVL)/VE (Vol.II) dated 2.12.1996 directing that Joint Secretary & FA-MoCA shall be on the Board of Pawan Hans. Smt. Gargi Kaul was appointed as Director under the provisions of section 161 of the Companies Act 2013 and her tenure of appointment is due to expire at the 30th Annual General Meeting. Smt. Gargi Kaul is an IA&AS Officer of 1984 Batch and has varied and rich experience. The Company has received a notice proposing candidature of Smt. Gargi Kaul for the office of Director of the Company. Therefore, approval of shareholders is being sought for reappointment of Smt. Kaul. The Board of Directors commends the Ordinary Resolution set out at item no.3(iii) of Notice for approval of Shareholders. She hold one equity share in Pawan Hans as nominee of President of India. Save and except Smt. Kaul, none of the Directors, Key Managerial Personnel and their relatives is interested or concerned in the Resolution.

Item no.3(iv) Mrs. Usha Padhee was appointed on 13.8.2015 as Director by virtue of Ministry of Civil Aviation order No.AV.13015/28/92(ACVL)/VE (Vol.II) dated 2.12.1996 directing that Joint Secretary-MoCA shall be on the Board of Pawan Hans. Smt. Usha Padhee was appointed as Director under the provisions of section 161 of the Companies Act 2013 and her tenure of appointment is due to expire at the 30th Annual General Meeting. Smt. Usha Padhee is an IAS Officer of 1996 Batch and has varied & rich experience. The Company has received a notice proposing candidature of Smt. Usha Padhee for the office of Director of the Company. Therefore, approval of shareholders is being sought for reappointment of Smt. Usha Padhee. The Board of Directors commends the Ordinary Resolution set out at item no.3(iv) of notice for approval of Shareholders. She hold one equity share in Pawan Hans as nominee of President of India. Save and except Smt. Usha Padhee, none of the Directors, Key Managerial Personnel and their relatives is interested or concerned in the Resolution.

The Board of Directors recommends the above resolutions for approval of shareholders.
