नए शिखरों का आरोहण
Scaling New Heights

वार्षिक रिपोर्ट 2016 - 17

ANNUAL REPORT 2016 - 17

ANNUAL REPORT
2016-17

PAWAN HANS LIMITED

स्वच्छ भारत
एक कदम स्वच्छता की ओर

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.

CONTENTS

BOARD OF DIRECTORS

Dr. B.P. Sharma
Chairman & Managing Director

Sh. Ashok Nayak
Independent Director

Dr. Harish Chaudhry
Independent Director

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

Smt. Usha Padhee
Joint Secretary
Ministry of Civil Aviation

Sh. Sanjeev Kapoor
AVSM VM
ACAS Ops (T&H)
Air Headquarters

Sh. B.S. Bhullar
Director General of Civil Aviation

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

MANAGEMENT TEAM

Chairman & Managing Director	Dr B.P. Sharma
Chief Vigilance Officer	Shri Rakesh Kumar, I.T.S.
Executive Director (Tech & BD & MKT)	Air Cmde (Retd) T.A. Daya Sagar
Executive Director (HR & Admin)	Shri Tekkam Sridhar
Chief Financial Officer	Shri Dhirendra Sahai
Company Secretary & General Manager (Legal)	Shri Sanjiv Agarwal
General Manager (MRO)	Shri Sanjeev Razdan
Head Safety	Shri M.S. Boora
General Manager (BD& MKT)	Shri Vanrajsinh Dodiya
Offg General Manager (AME)	Shri Vijay M. Pathiyan
Offg General Manager (Operations)	Capt B.V. Baduni
Joint General Manager (HR & Admin)	Shri A.C. Poricha
Joint General Manager (Material)	Shri Vijay M. Pathiyan
Dy. General Manager (Internal Audit)	Shri Ashish Kumar Yadav
General Manager (Western Region)	Shri M Sree Kumar
General Manager (Northern Region)	Shri Sanjay Kumar
General Manager (Eastern Region)	Shri M. P. Singh

Registered Office:
Rohini Heliport, Sector 36,
New Delhi-110085

Corporate Office:
C-14, Sector-1
Noida UP-201 301

Regional Office:
Western Region
Juhu Aerodrome
S.V. Road
Vile Parle (West)
Mumbai-400 056

Northern Region
C-14, Sector-1
Noida UP-201 301

Eastern Region
Ground Floor, Manoramaloy
VIP, LGBI Airport Road
Guwahati, Assam-781015

Rohini Heliport
Sector-36
New Delhi-110085

Auditors
M/s J.P. Kapur & Uberai
Chartered Accountants
New Delhi-110016

Branch Auditors
M/s Kailash Chand Jain & Co
(Regd)
Chartered Accountants
Mumbai-400020

Bankers
Vijaya Bank
Punjab National Bank

NOTICE FOR 32ND (ADJOUNRED) ANNUAL GENERAL MEETING

TO
THE SHAREHOLDERS,
PAWAN HANS LIMITED.

NOTICE is hereby given that the 32nd (Adjourned) Annual General Meeting (of AGM held on 27.12.2017) of the Company is scheduled to be held on Friday the 16th February 2018 at 6.00 PM at Hotel Ashok, Chanakyapuri, New Delhi-110011 to transact the following business:-

ORDINARY BUSINESS

1. ADOPTION OF ACCOUNTS

To receive, consider and adopt the audited Balance Sheet as on 31.3.2017, the audited Profit & Loss Account for the year ended on 31st March 2017, 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.36,98,68,000/- @ 5% of adjusted net worth (of Rs.739.73 crores) plus corporate tax on dividend of Rs.7,52,96,000/- on the paid-up capital of Rs.245.616 crores is hereby declared for the financial year 2016-17 to the shareholders of the Company."

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

i) "RESOLVED THAT AVM Sanjeev Kapoor (DIN-08010730) who was appointed as Director under section 161 of the Companies Act 2013 and holds the office upto the date of 32nd Annual General Meeting and the Company has received a notice in writing from him proposing his 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.

ii) FURTHER RESOLVED THAT Shri Ashok Nayak (DIN No.01621890) who was appointed as Independent Director under section 161 of the Companies Act 2013 and holds the office upto the date of 32nd Annual General Meeting and the Company has received a notice in writing from him proposing his candidature, be and is hereby appointed as Independent 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 Shri Harish Chaudhry (DIN No.00075061) who was appointed as Independent Director under section 161 of the Companies Act 2013 and holds the office upto the date of 32nd Annual General Meeting and the Company has received a notice in writing from him proposing his candidature, be and is hereby appointed as Independent Director of the Company liable to retire by rotation for the remaining / extended term at the pleasure of Ministry of Civil Aviation."

4. To consider and if though fit to pass with or without modifications the following resolutions as Special Resolutions:-

"RESOLVED THAT approval of the shareholders by way of passing special resolution is accorded to shift the registered office of Pawan Hans Limited from Rohini Heliport, Sector-36, Rohini, Delhi to C-14, Sector-1, Noida-201301 (UP) i.e. from Delhi to Uttar Pradesh.

FURTHER RESOLVED THAT the Company may seek approval of the Ministry of Civil Aviation for shifting of registered office of Pawan Hans Limited to C-14, Sector-1, Noida-201301 (UP) i.e. from Delhi to Uttar Pradesh and approval of Central Government (Ministry of Corporate Affairs) and as per requirement of section 13 of the Companies Act 2013 and relevant rules.

RESOLVED THAT Clause II of Memorandum of Association of the Company (Pawan Hans Limited) be and is hereby altered so as to substitute the following Clause No.II "The registered office of the Company will be situated in the State of Uttar Pradesh."

FURTHER RESOLVED THAT for the purpose of giving effect to shift the registered office of the Company as described above, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary to effect the shifting of registered office of the Company including to delegate any of the powers herein conferred to Air Cmde. T.A. Dayasagar-ED (Tech), Shri Dhirendra Sahai-CFO, Shri Sanjiv Agarwal-Company Secretary, any other officer of the Company and Shri D.P. Gupta, Practicing Company Secretary.

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

(Sanjiv Agrawal)
Company Secretary

NEW DELHI.
February 02, 2018

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 Explanatory Statement pursuant to Section 102 of the Companies Act 2013 in respect of Special Business is annexed hereto.

Registered Office: Rohini Heliport, Sector-36, Rohini, New Delhi-110085.

Corporate identity Number (CIN) : U62200DL1985GOI022233

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT 2013

Item No.3(i)

AVM Sanjeev Kapoor was appointed on 1.9.2017 as Director under the provisions of section 161 of the Companies Act 2013 and his tenure of appointment is due to expire at the 32nd Annual General Meeting pursuant to Section 152 of the Companies Act 2013. AVM Sanjeev Kapoor has varied and rich experience in Indian Air Force at senior positions and is due to retire by rotation offers himself for reappointment. The Company has received a notice proposing candidature of AVM Kapoor for the office of Director of the Company. Therefore, approval of shareholders is being sought for reappointment of AVM Kapoor. The Board of Directors commends the Ordinary Resolution set out at item no.3(i) of Notice for approval of Shareholders. Save and except AVM Kapoor, none of the Directors, Key Managerial Personnel and their relatives is interested or concerned in the Resolution.

Item No.3(ii)

Shri Ashok Nayak, was appointed on 2.1.2017 as Independent Director under the provisions of section 161 of the Companies Act 2013 and his tenure of appointment is due to expire at the 32nd Annual General Meeting pursuant to Section 152 of the Companies Act 2013. Shri Nayak is Independent Director and has varied & rich experience as Chairman of HAL. Shri Nayak is also on the Board of other CPSEs as Independent Director. Therefore, approval of shareholders is being sought for reappointment of Shri Nayak. The Board of Directors commends the Ordinary Resolution set out at item no.3(ii) of Notice for approval of Shareholders. Save and except Shri Nayak, none of the Directors, Key Managerial Personnel and their relatives is interested or concerned in the Resolution.

Item No.3(iii)

Shri Harish Chaudhry, was appointed on 2.1.2017 as Independent Director under the provisions of section 161 of the Companies Act 2013 and his tenure of appointment is due to expire at the 32nd Annual General Meeting pursuant to Section 152 of the Companies Act 2013. Shri Chaudhry is Independent Director and has varied & rich experience as Professor in IIT, Delhi. Therefore, approval of shareholders is being sought for reappointment of Shri Chaudhry. The Board of Directors commends the Ordinary Resolution set out at item no.3(iii) of Notice for approval of Shareholders. Save and except Shri Chaudhry, none of the Directors, Key Managerial Personnel and their relatives is interested or concerned in the Resolution.

ITEM NO.4) SPECIAL RESOLUTION FOR APPROVAL OF CHANGE IN REGISTERED OFFICE OF PAWAN HANS LIMITED FROM ROHINI, NEW DELHI TO NOIDA (U.P.).

The Board of Directors on 31.07.2017 approved shifting of registered office from Safdarjung Airport to Rohini and accordingly the registered office was shifted to Sector-36, Rohini, New Delhi-110085. For change of registered office from one State to another i.e. New Delhi to Noida (U.P.) the Board also approved the same and the Company needs approval of Annual General Meeting of shareholders by way of passing special resolution sanctioning the alteration in the Memorandum of Association by the members of the company. Further, it can only be carried out with the prior approval of the Central Government. In this respect there is also requirement of amendment in the Memorandum of Association : [section 13

(4), (5), (7) of the Companies Act 2013]. For this purpose application form shall be made to the Central Government and a copy thereof shall also be filed with the Chief Secretary of the State [Rule 30 of Companies Incorporation Rules 2014].

To dispose of application, hearing shall take place. The company shall atleast 14 days before the date of hearing, [rule 30]: (i) give advertisement (about date, time and venue of hearing) in newspapers in vernacular and English language, in vernacular and English newspapers, respectively, circulating in the district where registered office of the applicant company is situated at time of application; (ii) serve notice of hearing (about date, time and venue of hearing) by registered post acknowledgement due (a) individually to all creditors and debenture holders, (b) to Registrar of Companies and objections, if any, received by the applicant company shall be forwarded to the Central Government on or before the date of hearing. [rule 30]. Where no objections are received, an application may be disposed of without hearing. [rule 30]. The Central Government shall ensure that the applicant company either obtains consent of objecting creditors or satisfies debt or secures the debt of objecting creditors. [rule 30 and section 13 (5)].

The Registrar of the State where the registered office is being shifted to, shall issue a fresh certificate of incorporation indicating the alteration. [section 13 (7) and rule 30]. Keeping in mind the above procedure required to be followed for change in registered office from Rohini to Corporate Office at C-14, Sector-1, Noida-201301, the jurisdiction of Registrar of Companies shall change from Delhi to Kanpur.

The change in registered office from one State to another shall also have the following effect in respect of other matters:-

1. The jurisdiction of High Court shall change from Delhi to Allahabad (U.P.) resulting into litigations to be taken up at Allahabad. The old cases shall continue in the District Court, Saket, Tis Hazari, Delhi as well as the writ petitions already being contested shall continue in Delhi.
2. The Income Tax Assessment Authority as well as CIT Appeal in respect of Income Tax cases will shift from Delhi to Noida. Further, the Income Tax Appellate Tribunal shall for future appeals shift to Noida.
3. Update new address with Government Authorities i.e. DGCA, GST, Customs, labour, insurance, Registration Copy of helicopters and vehicles, Customers, websites, suppliers, etc.

The shareholders of the Company may consider and approve shifting of registered office from Rohini Heliport to Noida and pass the resolutions.

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

CHAIRMAN'S SPEECH TO THE MEMBERS

Dear Shareholders,

I take great pleasure in welcoming you all to the 32nd Annual General Meeting of your Company. The Annual Report for the financial year 2016-17 has been circulated and with your permission I take it as read.

Financial year 2016-17 had been a year of challenges and the Company made efforts to retain its leadership position in the helicopter industry and its long term customers as well as start helicopter services in new areas/charter business. The Company has completed and operationalized India's 1st Integrated Heliport at Rohini, Delhi. Further, Company has taken many new initiatives and earn new business during the year as detailed in the report in following paragraphs. One of them has been the launch of helicopter services in State of Jammu & Kashmir for providing air-connectivity to people of J&K and connecting various difficult & inaccessible areas of the State. Company has also signed MoU with various Governments & Administration to develop heli-tourism in their States such as Goa, Andhra Pradesh and Daman-Diu. As helicopter industry faces severe shortage of experienced helicopter Pilots ; the Company has taken a new and innovative initiatives to establish PHL Aviation Academy and has signed MoUs with Mumbai University, Jamia Millia University to provide dual Certificate/Degree to its students i.e. DGCA Certificate and BSc Aeronautics Degree, beside launching a CHPL-Cadet Pilot Scheme; first in helicopter industry in India. The Company continued to earn profit after tax and paid dividend to shareholders.

Pawan Hans has recently participated in MoCA-RCS Scheme to provide helicopter services in various hilly & North East States under its UDAN Scheme. This has a great business potential and Company hope to do well in this sector. This operation venture is likely to provide new business to the Company of estimated revenue of Rs.80 crores annually. Further, Directors would like to inform the shareholders that CCEA, GOI has approved in-principle the strategic disinvestment of its 51% shareholding with management control and the process of disinvestment is in progress by MoCA and DIPAM.

The Company's total revenue during 2016-17 was Rs.507.48 crores as against Rs.491.67 crores during 2015-16. Further net profit after tax during 2016-17 was Rs.242.76 crores as against Rs.58.10 crores in 2015-16 as per audited accounts based on Ind-AS Accounting System. Total flying hours in 2016-17 were 25,839 hours as against 27,894 hours during the previous year. Reduction in flying hours was mainly due to loss of contract with Government of Arunachal Pradesh and Nagaland due to loss of 3 helicopters in accidents during 2015. Company managed average monthly deployment of helicopters during the year 2016-17 as 32 same as in the previous year inspite of reduced fleet size to 43 helicopters. Average fleet serviceability during 2016-17 was 88% as against 82% in the previous year.

The Company continued transformation programs and cost cutting measures of strict monitoring of expenses on travel expenses, TA//DA, advertisement, overtime, overheads and business promotion expenses. The video conferencing, efficient and effective control of inventory budget, generation of MIS for all the bases in the integrated computer system, cross conversion of pilots on different type of helicopters and monitoring of FTL/FDTL through centralized computer system were continued to improve performance and efficiency in operations.

Reserves and surpluses of the Company during 2016-17 rose to Rs.580.31 crores as against Rs.350.55 crores in 2015-16. As on 31.3.2017 the long term borrowings was Rs.30.34 crores (Previous Year Rs.169.62 crores). The total outstanding loan as on 31.12.2017 was Rs.26.35 crores. The Company brought down its debt equity ratio to 0.05:1 following the repayment of the long term debts. Rating of the Company has continued to be Stable India A+. This has been possible due to stability in business, continuous increase in revenue and better financial performance.

The Helicopter industry is becoming more and more competitive and 85% of total operating revenue of Pawan Hans now comes from contracts through competitive tenders. The Company was also awarded contract for one more Dauphin N3 helicopter by ONGC from May 2016 for crew change task. In the year 2016 the Company succeeded in Production Task contract for providing 3 nos. Dauphin N3 helicopters to ONGC with vintage of 7 years under International Competitive bidding. Non-availability of offshore AS-4 qualified captain pilots in the market is a major constraint and continue to result in AOGs due to pilot shortage. The Company has been making continued efforts and conducting regular interviews for pilots. However, intake of qualified and experienced Captain pilots is still low.

The Board of Directors have recommended dividend of Rs.36,98,68,000/- @ 5% of adjusted net worth (of Rs.739.73 crores) plus corporate tax on dividend of Rs.7,52,96,000/- (P.Y. dividend @ 20% of PAT :Rs.10.83 crores plus corporate tax on dividend of Rs.2.20 crores). The dividend is payable on the entire paid up capital of Rs.245.616 crores on 31.03.2017. The Company has already paid 75% of the dividend as interim dividend to the shareholders. This is continuously 5 years that Company has earned/posted profit and paid dividend to the Shareholders.

The following significant developments have taken place:-

i) A long awaited decision has been taken in November, 2016 whereby the Government of India has decided for conversion of loan of Rs.130.91 crores for acquisition of Westland helicopters in 1986 into equity and waiver of interest to the tune of Rs.339 crores. The MoCA on 18.1.2017 had released an amount of Rs.130.91 crores to Pawan Hans Ltd. as equity share capital contribution and thereafter equivalent amount was deposited by Pawan Hans to Controller of Aid & Accounts. Required procedure for increase in share capital was also carried out in July, 2017.

ii) The Company increased its authorized share capital from Rs.250 crores to Rs.560 crores and through Right Issue of shares allotted additional share to President of India (GoI) through Ministry of Civil Aviation of Rs.159.05 crores and ONGC Ltd. of Rs.152.816 crores in July 2017.

iii) PHL has also signed a MoU with University of Mumbai in 2017 to launch dual qualification course in Bachelor of Science (Aeronautics) and Certification in Aircraft Maintenance Engineering under PHTI. PHL has also signed a MoU in July 2017 with Jamia Milia Islamia University for Academic Collaboration to offer three years B.Sc. Aeronautics Degree. PHL has set up Skill Development Centre for CHPL and Cadet Pilot Scheme. PHL has signed a MoU with HAL in 2017 to avail HAL's services in training selected trainees identified as 'Cadet Pilot' to enable them to obtain Commercial Helicopter Pilot's License (CHPL) and is in process for tie up with some top ranking flying academies in USA & Canada.

iv) Earned new contracts with Govt. of J&K in Feb 2017 for deployment of 3 Nos. light helicopters with estimated revenue of Rs.18 crores per annum.

v) Earned new contract of deployment of one helicopter from Assam Government with estimated revenue of Rs.8.75 crores per annum.

vi) Earned new contract of deployment of one helicopter with Michell Mata Devi with estimated revenue of Rs.1.50 crores.

vii) Pawan Hans has persuaded inclusion of helicopters in RCS-UDAN Scheme and has participated in bidding process. PHL has been awarded 13 RCS routes in January 2018 under Regional Connectivity Scheme (RCS) in Assam, Himachal Pradesh, Manipur & Uttrakhand for which Helicopter services to be started in the next six months time. Under RCS scheme PHL is likely to get annual estimated revenue of Rs.80 crores. This is a new revenue stream and Company is going up to start Commercial Operations under RCS Scheme.

viii) PHL has earned new long term contract upto 2020 one with Daman & Diu Administration amounting annual estimated revenue of Rs.12.50 crores.

ix) PHL has earned new long term contract upto 2020 for one additional helicopter to Lakshdweep Island amounting annual estimated revenue of Rs.15.60 crores.

x) PHL signed MoU with Government of Goa for exclusive right for 5 years to provide single engine helicopter for heli-tourism in State and inter-city connectivity.

xi) Established MRO Division as a separate Business Centre in PHL in Oct, 2016 and earned revenue from outside MRO work.

xii) Signed MoU/Agreement with M/s. Airbus Helicopters in Feb, 2017 as their approved MRO in India and for neighbouring countries with an annual potential business revenue of Rs.8 crores.

xiii) Recovery of long pending dues from various State Governments: Separate Recovery Cell was established with emphasis to recover long pending dues and Rs.46 crores has been recovered during 2016-17 of old pending dues by the recovery cell.

xiv) Pawan Hans has developed first time, a vision document "Strategic Corporate Plan:2020" and New Business Plan 2027. However, in view of proposed strategic disinvestment, the plan is presently on hold due disinvestment process. There is a need to review this decision since business of the Company is affecting adversely.

xv) To commemorate the 32nd Anniversary of the Company and service to the Nation, Pawan Hans has organized in November, 2017 "1st Heli-Expo" and the "International Conclave on Civil Helicopters" on "Safety Management System, Multi Mission Utility of Helicopters and Regional Air Connectivity" with large number of International and National participants in the Civil Aviation.

xvi) The Safety Department has been strengthened and New Safety Policy with "Zero Tolerance to Safety" has been implemented in the organization. Third party safety (SMS) audit has been carried out to improve the safety system in organization. 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. The Company is pursuing safety in operations with renewed efforts.

xvii) In view to develop heli-tourism; Pawan Hans has provided joy rides in various parts of the country such as Goverdhan Parikrama in Mathura, UP, Delhi Darshan, Aerial View of Mumbai and many more. PHL started "Festival Joy Rides" and major "City Darshans" by helicopters to promote helicopter tourism and city heritage during 2016-17 such as Delhi Darshan, Hampi Festival, Mysuru Dassara, Pydithilli & Krishna Pushkaram Festival etc. This venture provided an additional revenue for PHL during 2016-17. These small time engagements have helped company to utilize its fleet more effectively, earn revenue and promote heli-tourism.

xviii) The Company is complying Guidelines on Corporate Governance issued by DPE. 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.

xix) Pawan Hans has been awarded with various awards and accolades at National and International level for its excellent services and contribution in Civil Aviation as listed below :

- Excellence Award by Turbomeca for its overall contribution to the success of the worldwide Aerial Engine Fleet – France Air Show.
- Helicopter Association International (HAI) conferred Pawan Hans with Operator Safety Award for outstanding safety record - France Air Show.
- Won "Today's Traveller Award 2015" for "Best Civil Aviation Company for Providing Connectivity between North Eastern States".
- Pawan Hans has been awarded with "ASSOCHAM" – Civil Aviation & Tourism Award – 2015 in recognition for Promoting Remote & Regional Connectivity as Best General Aviation Company.
- Pawan Hans has been conferred with TTJ Jury Choice Award in 2016 for "Excellence in Remote Connectivity" for its contribution to promote Heli Tourism and Rural connectivity in various parts of the country.
- Received PHD Award in 2016 for "Connecting Rural India through Helicopters" during mega event organized by PHD Chamber of Commerce.
- Pawan Hans received "Best General Aviation Company" Award in 2016 by ASSOCHAM for promoting Regional & Remote connectivity.
- Pawan Hans has been awarded Certification of Recognition for implementation of Information and Communication Technology in PHL under Digital India initiatives as one of the leading Mini Ratna-I, PSU presented by Minister of IT and Minister of Steel organized by "Governance Now".
- Pawan Hans has been awarded for Connecting Rural India through Helicopters during mega event of Aero Expo India 2016 organized by PHD Chamber of Commerce.
- In August 2017 Pawan Hans has been conferred with Best General Civil Aviation CPSE by ASSOCHAM "Promoting Heli Tourism and Remote Area Air Connectivity Award".
- In September 2017 Pawan Hans has been recognized by Indian Chamber of Commerce for its outstanding achievements on developing Nation's first Integrated Heliport.
- In November 2017 Pawan Hans has received Best General Aviation Company Award from PHD Chamber of Commerce & Industry for providing Rural Connectivity in the country.
- Pawan Hans has been awarded with "Recognition for Empowering Woman Pilots" by IWPA in International Conference held in December, 2017 in Delhi.

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, Himachal Pradesh, Sikkim, Maharashtra, Tripura, Assam, Odisha, J&K, 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 : 16th February, 2018

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Thirty Second Annual Report of Pawan Hans Limited together with the audited statement of accounts for the year ended on 31st March, 2017, auditors' report and comments on the accounts by the Comptroller and Auditor General of India and the reply of the Management thereto.

Financial year 2016-17 had been a year of challenges and the Company made efforts to retain its leadership position in the helicopter industry and its long term customers as well as start helicopter services in new areas/charter business. The Company has completed and operationalized India's 1st Integrated Heliport at Rohini, Delhi. Further, Company has taken many new initiatives and earn new business during the year as detailed in the report in following paragraphs. One of them has been the launch of helicopter services in State of Jammu & Kashmir for providing air-connectivity to people of J&K and connecting various difficult & inaccessible areas of the State. Company has also signed MoU with various Governments & Administration to develop heli-tourism in their States such as Goa, Andhra Pradesh and Daman-Diu. As helicopter industry phases severe shortage of experienced helicopter Pilots ; the Company has taken a new and more initiatives to establish PHL Aviation Academy and has signed MoUs with Mumbai University, Jamia Millia University to provide dual Certificate/ Degree to its students i.e. DGCA Certificate and BSc Aeronautics Degree, beside launching a CHPL-Cadet Pilot Scheme. The Company continued to earn profit after tax and paid dividend to shareholders.

The Helicopter industry is becoming more and more competitive and 85% of total operating revenue of Pawan Hans now comes from contracts through competitive tenders.

Pawan Hans has recently participated in MoCA-RCS Scheme to provide helicopter services in various hilly & North East States under its UDAN Scheme. This has a great business potential and Company hope to do well in this sector. Further, Directors would like to inform the shareholders that CCEA, GOI has approved in-principle the strategic disinvestment of its 51% shareholding with management control and the process of disinvestment is in progress by MoCA and DIPAM.

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 31.03.2017 was 32 helicopters as was in previous years (inspite of losing 3 helicopters in 2015) out of the fleet size of 43 helicopters. Average fleet serviceability during the year was 88% as against 82% in the previous year. Total flying hours in 2016-17 were 25,839 hours as against 27,894 hours during the previous year. Reduction in flying hours was mainly due to loss of contract with Government of Arunachal Pradesh and Nagaland due loss of 3 helicopters in accidents during 2015.

b) Fleet Profile

Pawan Hans continues to be one of Asia's largest helicopter operators having a well-balanced own operational fleet of 42 helicopters at present with pan India presence. Pawan Hans has transited from its Quality Management Systems under ISO 9001:2008 standards to ISO 14001 and 18001 Certification which is known as Integrated Management System covering Environment and Safety aspects. Pawan Hans has achieved flying of more than 10 lakhs hours and over 25 lakhs landings on its fleet since its formation. Pawan Hans was awarded by M/s.Turbomeca achieving World best flying milestone of 1 Million

MOU Signed between Air Bus and Pawan Hans Limited

hours on aerial 2C engines.

The Company's operational fleet presently comprises of the following:-

Helicopter type	No. of helicopters	Average Age (years)
Dauphin SA365N	17	30
Dauphin AS365 N3	14	7
Bell-407	3	12
Bell 206L4	3	20
AS 350 B3	2	5
MI-172	3	8
Total	**42**	

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. The Crew Change Task contract for providing 3 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. The Company was also awarded contract for one more Dauphin N3 helicopter by ONGC from May 2016 for crew change task. In the year 2016 the Company succeeded in Production Task contract for providing 3 nos. Dauphin N3 helicopters to ONGC with vintage of 7 years under International Competitive bidding. As on 31.03.2017, the Company had on contract 11 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. Presently the Company is providing total 7 Dauphin N-3 helicopters to ONGC.

Presently the Company is providing 1 Dauphin helicopter each to State

Governments namely, Mizoram, Assam, Tripura, Ministry of Home Affairs and 1 Dauphin N3 helicopter to State Government of Meghalaya. The Company is providing 1 Bell 407 helicopter to Sikkim and 1 each Mi-172 helicopter to Odisha and Himachal Pradesh State Governments respectively.

The Company is providing 3 Dauphin helicopters and 1 Dauphin N3 helicopter to Administration of Andaman & Nicobar Islands and 02 Dauphin helicopters to Lakshadweep Islands.

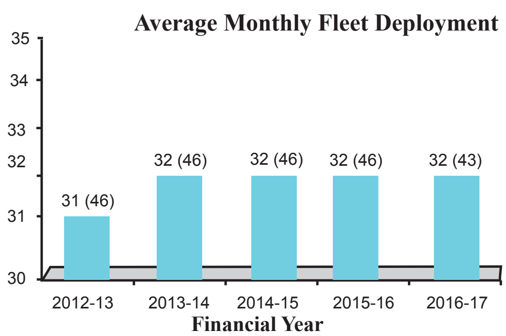
The Company has recently provided 2 Bell 206 L4 and 1 Bell 407 helicopter to Government of J&K. The Company is also providing 1 Dauphin N-3 helicopter each to NTPC, and GSPC and 1 AS-350 B3 helicopter each to GAIL and Oil India Ltd. The Company has also provided to State Government of Maharashtra 1 Dhruv helicopter taken on lease from HAL. The Company is also shortly providing 1 Dauphin N helicopter to Union Territory of Daman & Diu. The Company has also kept 1 Dauphin N helicopter at Guwahati for charter business.

Pawan Hans runs the helicopter services from Phata to the Holy Shrine of Kedarnath during the yatra seasons i.e. May-June and September-October every year. Pawan Hans has also provided Helicopter services for the Shri Amarnath Shrine for Shri Amarnathji Yatra 2016.

Pawan Hans is also providing joy rides in various parts of the country such as Goverdhan Parikrama in Mathura, UP, Delhi Darshan, Aerial View of Mumbai and many more. PHL started “Festival Joy Rides” and major “City Darshans” by helicopters to promote helicopter tourism and city heritage during 2016-17 such as Delhi Darshan, Hampi Festival, Mysuru Dassara, Pydithilli & Krishna Pushkaram Festival etc. This venture provided an additional revenue for PHL during 2016-17. These small time engagements have helped company to utiliuze its fleet more effectively, earn revenue and promote heli-tourism.

Mi-172 at Himachal Pradesh

The average monthly deployment of helicopters was as under:-



d) Strategic Disinvestment of Pawan Hans

The Cabinet Committee on Economic Affairs (CCEA) in its Meeting held on 27th October,2016 given in principle approval for strategic disinvestment of Pawan Hans Ltd. based on recommendations of Core Group of Secretaries on Disinvestment. CCEA approved recommendations for disinvestment of 100% shareholdings of Government of India to strategic buyer to be identified to 2 stage option process. The DIPAM has appointed SBI CAPS as Transaction Advisor and M/s. Crawford Belly and Co. as Legal Advisor. The Ministry of Civil Aviation has also appointed M/s.RBSA as Asset Valuers for valuation of assets of PHL. The Ministry of Civil Aviation has issued notice in the newspapers on 13.10.2017 with Global Invitation for Expression of Interest of proposed Strategic Disinvestment of 51% stake in PHL by Government of India with bid submission date 15.12.2017. The process of strategic disinvestment is under progress. In view of the disinvestment, it has been conveyed not take any major financial investment and therefore, any new acquisition of helicopters and implementation of New Business Plan -2027 has been kept on hold.

e) Shifting of Registered Office

The Company's Board of Directors, passed resolution dated August 1, 2017, approving shifting of Registered office from Safdarjung Airport to Rohini Heliport at Sector-36, Rohini, Delhi-110085. The Company filed required documents with Registrar of Companies for shifting registered office to Rohini Heliport. The Company is also taking further action and complete formalities/required for approval for shifting of Registered Office to C-14, Sector-1, Noida-201301 (UP) where the Company's Corporate Office situate.

f) Fleet Augmentation

The Company has planned to acquire 3 medium helicopters, 3 heavy duty and 3 single engine helicopters during 2016-17. Tender were finalised for purchase of 3 Bell 412EP helicopters in September/ December, 2016 at total approximate cost of Rs.205 crores. Out of the 3 helicopters, 2 had been shipped by Bell helicopters to Mumbai in February, 2017 with their service provider. However during technical inspection the helicopters were found deficient in respect of date of manufacturing (April/May, 2015) as against requirement of date of manufacture of six months prior to delivery. As such they did not meet acceptance parameters of tender requirement and purchase agreement, therefore having no alternative but to reject these helicopters and cancel the contract. PHL invoked the bank guarantees furnished by Bell helicopters towards the advance payments made by PHL for Rs.34 crores. Bell helicopters subsequently filed an OMP (I-Comm.) no.313/2017 in Delhi High Court for restraining PHL from encashment of bank guarantees and the high court directed Citi Bank not to remit the amount under Bank Guarantees to PHL and to extend the BGs till end November, 2017. Bell helicopters also sent notice of arbitration on 12.9.2017 against rejection of the offered helicopters and nominated its arbitrator for the same, with no claim amount conveyed by Bell in this notice. PHL also nominated its arbitrator and the 2 arbitrators nominated 3rd arbitrator to complete arbitral tribunal. The High Court on 28.11.2017 disposed off the OMP as the Arbitral Tribunal stands constituted, with directions to BHTI to file application under section 17 of Arbitration & Conciliation Act before the Arbitral Tribunal within 4 weeks. The Court also directed BHTI to extend the validity of BG expiring on 30.11.2017 for a further period of six months and the stay on invocation of BG to continue till the time decision is passed by the Arbitral Tribunal. Now, BHTI has sent a proposal for settlement dated 30.10.2017 without prejudice to their rights under arbitration which is under discussions with BHTI.

PHL had also processed tenders for procurement of 4 light helicopters and 2 heavy duty helicopters with 20% funding from internal resources and 80% through term loan from ONGC/bankers. The bids have been received and technically evaluated. However, in view of strategic disinvestment decision of Pawan Hans by the Government, the Ministry of Civil Aviation viewed not to take decisions for long term investments; thereby no further action of these new procurement tenders.

g) 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 taken possession of the land and commenced Development of Rohini Heliport with funding by the Government towards the Land cost and 80% cost of development. The Ministry of Civil Aviation has paid Rs.19.07 crores towards land cost as Grant. The Ministry of Civil Aviation on 31.08.2010 contributed towards equity capital in PHL of Rs.36 crores for project cost of Rs.64 crores for Heliport at Rohini. The project cost of Rohini heliport has been revised to Rs.99.27 crores and the Ministry of Civil Aviation in March, 2017 given additional funds of Rs.28.14 crores by way of additional equity contribution. The construction has been completed and heliport has been operationalised on 28th February,2017 after having permission for

Award - Assocham Promoting Heli-Tourism and Rural Area Air Connectivity

operations from DGCA and MHA. The Heliport consists of a terminal building having capacity of up to 150 passengers (at any point of time), 4 hangars with parking capacities of 16 helicopters and 9 parking bays. It has been developed to provide one-point solution for helicopter business including regular helicopter operations, landing & parking facility for other operators, MRO services and training services. The Company has entered into MoU with HAL for set up of MRO at Rohini Heliport and discussion for setting up is underway.

In view of strategic disinvestment of Pawan Hans and the land for Rohini helicopter allotted by DDA directly in favour of Ministry of Civil Aviation on long term lease, the heliport at Rohini shall not form part of the proposed Transaction of strategic sale. Therefore, the Ministry of Civil Aviation has decided that the Rohini Heliport assets shall be hived off from PHL's books before the completion of strategic divestment process to a special purpose vehicle. As per advise of Ministry of Civil Aviation the process of formation of separate mirror company of MoCA and ONGC is in the process of formation and submission of proposal for demerger of Rohini Heliport to NCLT with valuation report through a consultant.

h) Training Academy and Heliport at Hadapsar, Pune

Pawan Hans was 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. Pawan Hans got planning & designing and construction work done through NBCC on deposit work basis at the cost of Rs.11.25 crores. PHL has approached DGCA for approval of the final completion cost of additional work of Rs.2.34 crores and request to handover the facility to Pawan Hans for starting training and commercial activities of effective gainful utilization

Pawan Hans conferred an award by Indian Women Pilots Association (IWPA) for encouraging women pilots in helicopter industry

of facility. In view of the strategic disinvestment decision, Pawan Hans has proposed to close the issue of Training Academy at Pune with DGCA.

i) **Shifting of Northern Region and Bellman Hangar at Safdarjung airport to Rohini**

The old building area of office at Safdarjung Airport were surrendered by PHL in January-March,2017 as per directions of AAI/MoCA. Subsequently Northern Region Engineering, Maintenance, Materials Departments were shifted to Hanger No. 1 at Rohini Heliport and the other Offices were shifted to Noida.

As directed by MoCA, the Bellman Hangar situated at Safdarjung airport, which was taken on lease from AAI, shall not form part of the Proposed Transaction of strategic sale. It shall be surrendered back to AAI by PHL on or before issue of RFP in Stage II. The Book value of the mentioned asset in the books of PHL is approximately Rs. 37.5 lakhs (as on 31.03.2017) and the same shall be settled between AAI and PHL at the time of surrendering the Hangar.

II. Finance

The Company is required to comply with implementation of Ind AS first time for the F.Y. 2016-17. Therefore the financial statements have been prepared in accordance with Indian Accounting Standards (Ind-AS) as notified under Section 133 of companies Act 2013. Upto the year ended 31st March 2016, the company prepared its financial statements in accordance with the requirements of previous Generally Accepted Accounting Principles (GAAP), which includes Standards notified under the Companies Accounting Standards Rules 2006. Being company's first Ind-AS financial statements, the date of transition to Ind AS is 1st April'2015. Accordingly the Company has prepared financial statements comprising of the Balance Sheet as on 31.03.2017, the Statement of Profit & Loss, Cash Flow Statement and Statement of changes in Equity along with revised Significant Accounting Policies and additional Notes to Account in conformity with Ind AS for the financial year 2016-17 along with re-stated Balance Sheet as on 1st April'2015 and Balance Sheet, Statement of Profit & Loss Account , Cash Flow Statement and Statement of changes in Equity for FY 2015-16 with reconciliation as per IGAAP & Ind- AS and explanatory notes forming part of above are approved by the Board of Directors.

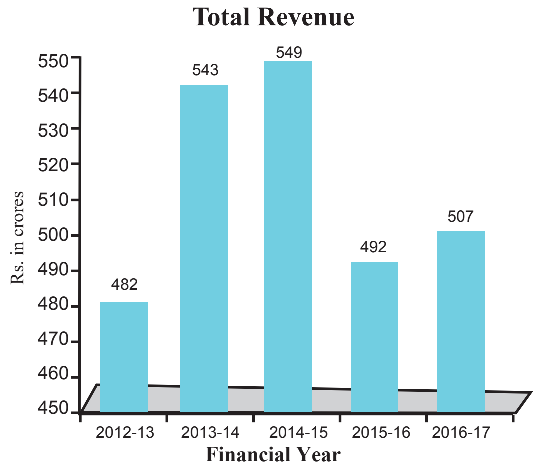
a) **Financial Results**

Financial performance during the years 2015-16 and 2016-17 was as under :-

(Rupees in crores)

Particulars	**2015-16 Audited Accounts as per Ind AS**	**2016-17 Audited Accounts as per Ind AS**
A) Total Revenue including other income	491.67	507.48
B) Expenditure		
i) Operating & non-Operating expenses including Prior Period adjustments	321.90	391.06
ii) Depreciation	72.15	78.98
Total	394.05	470.04
C) Profit before Exceptional; items	97.62	37.44
D) Extra ordinary Items/Exceptional Items	-	339.31
E) Profit/(Loss) after adjustments	97.62	376.75
F) Provision for Income Tax/ Deferred tax liability.	39.52	133.97
G) Net Profit after tax	58.10	242.78
H) Dividend Inclusive of Corporate(Tax)	13.03	44.40

Reserves & Surplus of the Company stands at Rs.580.31 crores (P.Y. Rs.350.55 crores), Non-current Borrowings other than current maturities of Rs.24.98 crores (P.Y. Rs.161.25 crores) and current maturities of Non-current Borrowings of Rs.5.36 crores (P.Y.Rs.8.37 crores).



The Main reason for decrease in revenue was due to Company lost high revenue low profit tender for Vaishno Devi helicopter services in 2014 and loss of Contract in Arunachal Pradesh and Nagaland due loss of 3 helicopters in accidents during 2015.

b) Dividend

The Board of Directors have recommended dividend of Rs.36,98,68,000/- @ 5% of adjusted net worth (of Rs.739.73 crores) plus corporate tax on dividend of Rs.7,52,96,000/- (P.Y. dividend @ 20% of PAT :Rs.10.83 crores plus corporate tax on dividend of Rs.2.20 crores). The dividend is payable on the entire paid up capital of Rs.245.616 crores on 31.03.2017. This is continuously 5 years that Company has earned/posted profit and paid dividend to the Shareholders. Out of the above recommended dividend, the Board of Directors have paid interim dividend of 75% to the shareholders in January 2018.

c) Settlement of claim of Ministry of Finance

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

MoU Signed-PHL-MOCA

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 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. The Company has considered the claim of GoI as Non-current liability under the Schedule-III of the Companies Act 2013.

A long awaited decision has been taken in November, 2016 whereby the Government of India has decided for conversion of loan of Rs.130.91 crores for acquisition of Westland helicopters in 1986 into equity and waiver of interest to the tune of Rs.339 crores. The Ministry of Civil Aviation vide letter No.AV.30020/26/2012-GA-MOCA dated 1.12.2016 had conveyed approval of Cabinet for budget of Rs.130.91 crores for settlement of claim of Ministry of Finance. The MoCA on 18.1.2017 had released an amount of Rs.130.91 crores to Pawan Hans Ltd. as equity share capital contribution and thereafter equivalent amount was deposited by Pawan Hans to Controller of Aid & Accounts. Required procedure for increase in share capital was also carried out in July, 2017. The Board appreciated PHL management and Ministry of Civil Aviation who played very constructive & positive role in resolving this 30 years old case.

d) MOU with Ministry of Civil Aviation

Pawan Hans signs MoU with the Ministry of Civil Aviation every year after negotiation meetings in Department of Public Enterprises. For the year 2014-15 as per Performance Evaluation Report submitted by Pawan Hans, the MoU rating was “Very Good” and for the year 2015-16 was “Good” and for 2016-17 likely to be “Very Good” for Pawan Hans.

e) Equity Capital

The Ministry of Civil Aviation vide letter No.AV.30020/26/2012-GA-MOCA dated 1.12.2016 has conveyed approval of Cabinet for budget of Rs.130.91 crores for settlement of claim of Ministry of Finance. The MoCA vide letter No.20037/6/2016-F.I-MoCA dated 9.1.2017 has also conveyed approval of funding of Rs.159.05 crores in RE for 2016-17 (which also includes an amount of Rs.28.14 crores for Rohini Heliport). Further, MoCA vide letter No. AV.30020/26/2012-GA-MOCA dated 18.1.2017 has released an amount of Rs.130.91 crores to Pawan Hans Ltd. and equivalent amount was deposited by Pawan Hans to Controller of Aid & Accounts. MoCA vide order No.AV.30020/10/2015-GA dated 30.3.2017 released an amount of Rs.28.14 crores as investment in PHL for construction of Rohini Heliport. The Ministry of Civil Aviation vide letter No.AV.30020/364/2015-GA dated 15.6.2017 conveyed approval for increase in authorized share capital of Pawan Hans Limited from Rs.250 crores to Rs.560 crores i.e. by Rs.310 crores. Thereafter, approval of shareholders of PHL was obtained in the Extraordinary General Meeting of the Company held on 22.6.2017 for increase in authorized capital from Rs.250 crores to Rs.560 crores, amendment in Memorandum & Articles of Association (including incorporation of changes as per requirement of Companies Act 2013) and for Right Issue of shares to President of India (GoI) through Ministry of Civil Aviation (Rs.159.05 crores) and ONGC Ltd. (Rs.152.816 crores).

As per Books of Accounts as on 31.3.2017 the other Equity of the Company stands at Rs.73,935.70 Lakhs (P.Y. Rs.35,055.41 Lakhs) including Share Application money received pending allotment of Rs.15,905.00 Lakhs.

The ONGC was requested to proportionately subscribe the share capital by Rs.152.816 crores as infusion of equity to retain its shareholding in PHL at 49%. ONGC accepted the offer for right issue, subscribed the shares offered and remitted the amount through RTGS on 5th July 2017 to PHL.

The following share holding pattern emerged after allotment of additional equity shares by the Board of Directors of PHL on 10.07.2017 :-

(₹ in Crs.)

Equity Shareholder	Shareholding before allotment	Right Issue of Equity Shares	Total Shareholding after allotment	% Shareholding
President of India (GoI) through MoCA	125.266	159.050	284.316	51%
ONGC	120.350	152.816	273.166	49%
Total	**245.616**	**311.866**	**557.482**	**100%**

f) Borrowings

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 tenure of 10 years.

The Company had 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) during 2015-16.

MOU Signed between HAL and PHL

As on 31.3.2017 Non Current Borrowings other than current maturities of Rs. 2,497.72 Lakhs (P.Y. Rs.16,125.21 Lakhs) and current maturities of Non Current Borrowing of Rs.536.45 Lakhs (P.Y.Rs. 836.85 Lakhs). Out of the above, the long term secured borrowings was Rs.30.34 crores (Previous Year Rs.38.71 crores) pertaining to loan from NTPC.

g) Significant Events/Developments taken place after close of financial year 2016-17

1. ONGC floated requirement of total 10 medium helicopters. Company had submitted bid to ONGC global tender for seven medium helicopters and in the financial bid opened in first week of November 2016, Company was L2. The award of work for 3 medium helicopters was made effective in April,2017 by ONGC.

2. On 13th January, 2018 one of our Dauphin AS 365N3 helicopter, Regn. No. VT-PWA manufactured by M/s. Eurocopter in the year 2010 met with an accident while on offshore mission of ONGC, resulting in complete loss of helicopter & loss of life of all crew members and the passengers. Investigations by AAIB is under progress and PHL is carrying out independent safety audit by third party safety agency apart from strengthening its safety systems.

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 36 inspections consisting of T/2T/5T(600 hrs./1200 hrs./3000 hrs.) inspection and 4 '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. 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 including module change on engines for the fleet of helicopters at Bases was also continued during the year.

The Board of Pawan Hans has approved setting up of MRO as separate vertical to enhance maintenance system in Company and take outside business. Further, MoU is signed with HAL to jointly work for MRO of Defence helicopters.

IV. Materials Management

Systematic Improvement in Materials management for better control relating to non-moving inventories was implemented. 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 became 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 System & Technology initiatives

Pawan Hans has established in house Integrated Information System under Digital India Programme for better flow of information towards faster and transparent governance by introduction of "e-payment"; "e-office"; "e-procurement"; "e-ticketing" and Mobile APP. Innovative Project of Fleet Tracking System has been developed and implemented for PHL fleet as a pilot project through establishment COCR & Control Room at CO.

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 established. An integrated Voice Communication for Corporate Office, Regional Offices and some Detachments has also been established. The Company has also established Video Conferencing (VC) across its Corporate Office and Regional Offices which has resulted in saving of travelling cost. The project for web based aircraft tracking and e-payment gateways are in its implementation.

The Company has also facilitated e-ticketing in respect of its passenger services operations for Kedarnathji. 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

Pawan Hans inks MOU with Jamia Millia Islamia University for Academic Collaboration, A Central university to offer a three-year B. Sc. (Aeronautics) degree

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 2017 was 767 (with 449 permanent employees and 318 contractual employees) as against 799 as on 31st March 2016 which comprise of 129 pilots, 105 Aircraft Maintenance Engineers, 60 Executives, 162 Technicians and 311 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 dialogue and discussion in various meetings. IDA pay scales and allowances w.e.f. 1.1.2017 are under finalization for all the executives, engineers, pilots and workers.

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 of Pawan Hans 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. 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. 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.

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.

VIII. Safety Management System FOCA system and Improvements :

The Company is pursuing safety in operations with renewed efforts. The Safety Department has been strengthened and New Safety Policy with "Zero Tolerance to Safety" has been implemented in the organization. Third party safety (SMS) audit has been awarded to M/s S.G.S. India Pvt. Ltd. and a Consultant from M/s SGS Hart Aviation Australia, has carried out detailed safety audit and to improve the safety system in organization. Steps have been taken towards safety and preventive steps like cautionary letter reiterating need to follow SOPs, understanding weather

Hon'ble Minister of Civil Aviation Shri P Ashok Gajapati Raju unveils Pawan Hans new corporate website, e-Portal for Charter and e-Ticket booking

phenomenon in the hills, safety circulars to be followed and emphasis on training for handling critical emergencies in hilly terrain and marginal weather. FOCA System has been established in Mumbai for conduct of daily select flight analysis and improvements in areas of weakness. The programme is to implement FOCA for 100% coverage in places.

Pawan Hans has implemented Safety Management System (SMS) for its operations and maintenance activities as per ICAO/DGCA guidelines. Safety Policy of the company has also been revised to include Safety as a core activity of the company. The Company's National Institute of Aviation Safety & Services at Delhi is also conducting courses on Aviation Safety.

Comprehensive internal audits of all operational bases of PHL are carried out regularly by PHL team. 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.

IX. Board of Directors

The Board of Directors held five meetings during the year 2016-17. The Board consists of the following members presently as well as during the financial year 2016-17 :-

At present

Dr. B.P. Sharma Chairman-cum- Managing Director (from 09.03.2015)
Shri B.S.Bhullar D.G.C.A. (from 1.8.2016)
Mrs. Gargi Kaul JS&FA-MoCA (from 30.4.2015)
Mrs. Usha Padhee Joint Secretary-MoCA (from 13.8.2015)
Shri Ashok Nayak Independent Director
Dr.Harish Chaudhary Independent Director
AVM Sanjeev Kapoor ACAS (Ops, T&H), Air Force (from 01.09.2017)

Ceased to be Directors during 2016-17 and subsequently

Shri T.K. Sengupta Director (Offshore), ONGC (from 01.02.2014 to 31.12.2017)
Smt. Mani Sathiyavathy AS&FA –MoCA DGCA (from 31.12.2014 to 1.8.2016)
AVM N.M.Samuel ACAS (Ops, T&H), Air Force (from 20.06.2016 to 31.08.2017)
AVM A.S.Butola ACAS (Ops, T&H), Air Force (from 05.05.2014 to 20.06.2016)

The Board places on record its appreciation of the valuable services rendered by Shri T.K. Sengupta, Smt. Mani Sathiyavathy, AVM A.S. Butola and AVM N.M.Samuel during their tenure on the Board. The details of attendance of each Director at the Board Meetings during the financial year 2016-17 and last AGM are as under:-

Name of Director	**Date of Board Meeting – attended by Directors during financial year 2016-17**					**AGM attended by Directors**
	30.06.16	**02.08.16**	**19.08.16**	**02.11.16**	**13.01.17**	**13.01.17**
Dr. B.P. Sharma, CMD	Yes	Yes	Yes	Yes	Yes	Yes
Mani Sathiyavathy	Yes	-	-	-	-	-
Gargi Kaul	Yes	Yes	Yes	Yes	Yes	Yes
Usha Padhee	Yes	Yes	Yes	Leave	Yes	Yes
AVM N.M. Samuel	Yes	Yes	Yes	Yes	Yes	Yes
T.K. Sengupta	Leave	Yes	Yes	Leave	Leave	Leave
Sh.B.S.Bhullar	-	Leave	Leave	Leave	Leave	Leave

None of the Directors of your 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 General Meetings	**Venue of the AGM and Special Resolutions, if any**
28th Annual General Meeting held on 18th December 2013 at 12.30 PM.	Registered Office at Safdarjung Airport, New Delhi-110003
29th Annual General Meeting held on 30th December 2014 at 12.30 PM.	Registered Office at Safdarjung Airport, New Delhi-110003
30th Annual General Meeting to be held on 18th December 2015 at 12.30 PM.	Registered Office at Safdarjung Airport, New Delhi-110003
31st Annual General Meeting held on 27th December 2016 at 12.30 PM.	Registered Office at Safdarjung Airport, New Delhi-110003
32nd Annual General Meeting held on 27th December 2017 at 12.00 PM.	Registered Office at Rohini Heliport, New Delhi-110085

Details of Key Managerial Personnel and Accountable Manager

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 Dhirendra 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)

Air Cdr. T.A.Dyasagar, Executive Director is Accountable Manager for the purpose of requirements under DGCA rules.

X. 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, 2017, 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.

d) Prepared the Annual Accounts on a going concern basis, and

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

XI. Auditors' Report

<u>Statutory Auditors Report -</u> M/s J.P.Kapur & Uberai, CAs have been appointed as Statutory Auditors in pursuance of Section 139 of the Companies Act, 2013. The observations made by M/s J.P.Kapur & Uberai, the Statutory Auditors on the Annual Accounts for the financial year 2016-17 together with replies thereto are appended as Annex-A. (Refer to page no. 135).

<u>Report of Comptroller & Auditor General of India -</u> 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. 163).

<u>Secretarial Audit Report -</u> 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 31.3.2017. Their Report forms part of this Annual Report at Annexure-C. (Refer to page no. 166).

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.

XII. 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 2016-17, the Audit Committee held meetings on 02.11.2016 and 13.01.2017. Till recently the Audit Committee comprise of Shri Ashok Nayak, Independent Director as Chairman of the Audit Committee, Smt. Gargi Kaul, Joint Secretary & Financial Advisor, Ministry of Civil Aviation, Dr.Harish Chaudhry, Independent Director and Shri T.K. Sengupta, Director (Offshore)-ONGC as Members.

Remuneration Committee

The Board of Directors on 02.05.2017 approved constitution of Remuneration Committee of Pawan Hans Limited comprising of Shri Ashok Nayak, as Chairman, Dr. Harish Chaudhry, Smt. Usha Padhee, and Shri T.K. Sengupta as Members of Remuneration Committee.

CSR Committee

The Board of Directors on 02.05.2017 approved reconstitution of CSR Committee comprising of Dr. Harish Chaudhry, as Chairman, Dr. B.P. Sharma, Shri Ashok Nayak and AVM N.M. Samuel as Members of CSR Committee.

Internal Audit / Internal Control System / Delegation of Powers - During the financial year 2016-17 the Internal Audit has been carried out by Internal Audit department of the Company as 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 Ombudsperson 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. 169).

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. The CSR Committee of the Board was constituted on 02.05.2017 with the appointment of 2 Independent Director. 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.106.39 lacs (P.Y. 69.53 lacs) has been provided for the financial year 2015-16 in addition to Rs.200.92 lacs provided was carried forward in the earlier years. During the last three years PHL incurred Rs.50.22 lacs in 2014-15, Rs.76.90 lacs in 2015-16 and Rs.83.85 lacs in the year 2016-17 in the areas of Health Care (Donation of Ambulance), Skill Development & Livelihood (Skill up-gradation with self employability), Water and Energy Management Audit (Drinking Water supply), Swatch Bharat Mission (Construction of Toilets in Girls School in association with Airports Authority of India) and Contribution towards Swatch Bharat Kosh. However, there was shortfall due to delay in completion of some of the projects. In terms of Rule 9 of Companies (Corporate Social Responsibility Policy) Rules 2014, the Annual Report of CSR activities are annexed herewith as Annexure-E (Refer to page no. 170).

Compliance relating to Public Procurement Policy for MSMEs – In compliance to MSMEs Order 2012, the details on purchase of goods and services from MSMEs by Corporate and Regional Office of PHL are as under:-

Heads	Financial years (Figures in lakhs)	
	2015-16	**2016-17**
Total Annual Procurement Value	16031.01	13575.06
Total Value of Goods & Services procured from MSEs (including MSEs owned by SC/ST entrepreneurs)	243.00	330.00
Total Value of Goods & Services procured from only MSEs (including MSEs owned by SC/ST entrepreneurs)	Nil	Nil

XIII. 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. 83.94 crores (previous year Rs. 91.03 crores) in foreign exchange during the year 2016-17. The foreign exchange outgo amounted to Rs.90.12 crores (previous year Rs.145.95 crores) during the year 2016-17.

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.

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. 171).

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 2016-17.

b) The Company has not accepted any public deposits during the financial year 2016-17.

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. 31.3.2017 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.

XIV. 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.

XV. 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.

XVI. NEW INITIATIVES

New businesses: following new business ventures have been perused and finalized till recently:

- PHL has also signed a MoU with University of Mumbai in 2017 to launch dual qualification course in Bachelor of Science (Aeronautics) and Certification in Aircraft Maintenance Engineering under PHTI. PHL has also signed a MoU in July 2017 with Jamia Milia Islamia University for Academic Collaboration to offer three years B.Sc. Aeronautics Degree. PHL has set up Skill Development Centre for CHPL and Cadet Pilot Scheme. PHL has signed a MoU with HAL in 2017 to avail HAL's services in training selected trainees identified as 'Cadet Pilot' to enable them to obtain Commercial Helicopter Pilot's License (CHPL) and is in process for tie up with some top ranking flying academies in USA & Canada.
- Earned new contracts with Govt. of J&K in Feb 2017 for deployment of 3 Nos. light helicopters with estimated revenue of Rs.18 crores per annum.
- Earned new contract of deployment of one helicopter from Assam Government with estimated revenue of Rs.8.75 crores per annum.
- Earned new contract of deployment of one helicopter with Michell Mata Devi with estimated revenue of Rs.1.50 crores.
- Pawan Hans has persuaded inclusion of helicopters in RCS-UDAN Scheme and has participated in bidding process. PHL has been awarded 13 RCS routes in January 2018 under Regional

Connectivity Scheme (RCS) in Assam, Himachal Pradesh, Manipur & Uttrakhand for which Helicopter services to be started in the next six months time. Under RCS scheme PHL is likely to get annual estimated revenue of Rs.80 crores. This is a new revenue stream and Company is going up to start Commercial Operations under RCS Scheme.

- PHL has earned new long term contract upto 2020 one with Daman & Diu Administration amounting annual estimated revenue of Rs.12.50 crores.
- PHL has earned new long term contract upto 2020 for one additional helicopter to Lakshdweep Island amounting annual estimated revenue of Rs.15.60 crores.
- PHL signed MoU with Government of Goa for exclusive right for 5 years to provide single engine helicopter for heli-tourism in State and inter-city connectivity.
- Established MRO Division as a separate Business Centre in PHL in Oct, 2016 and earned revenue from outside MRO work.
- Signed MoU/Agreement with M/s. Airbus Helicopters in Feb, 2017 as their approved MRO in India and for neighbouring countries with an annual potential business revenue of Rs.8 crores.
- Recovery of long pending dues from various State Governments: Separate Recovery Cell was established with emphasis to recover long pending dues and Rs.46 crores has been recovered during 2016-17 of old pending dues by the recovery cell.
- Pawan Hans has developed first time, a vision document "Strategic Corporate Plan:2020" and New Business Plan 2027. However, in view of proposed strategic disinvestment, the plan is presently on hold due disinvestment process. There is a need to review this decision since business of the Company is affecting adversely.
- To commemorate the 32nd Anniversary of the Company and service to the Nation, Pawan Hans has organized in November, 2017 "1st Heli-Expo" and the "International Conclave on Civil Helicopters" on "Safety Management System, Multi Mission Utility of Helicopters and Regional Air Connectivity" with large number of International and National participants in the Civil Aviation.

XVII. ACCOLADES

Pawan Hans has been awarded with various awards and accolades at National and International level for its excellent services and contribution in Civil Aviation as listed below :

- Excellence Award by Turbomeca for its overall contribution to the success of the worldwide Aerial Engine Fleet – France Air Show.
- Helicopter Association International (HAI) conferred Pawan Hans with Operator Safety Award for outstanding safety record - France Air Show.
- Won "Today's Traveler Award 2015" for "Best Civil Aviation Company Provide Connectivity between North Eastern States".
- Pawan Hans has been awarded with "ASSOCHAM" – Civil Aviation & Tourism Award – 2015 in recognition for Promoting Remote & Regional Connectivity as Best General Aviation Company.
- Pawan Hans has been conferred with TTJ Jury Choice Award in 2016 for "Excellence in Remote Connectivity" for its contribution to promote Heli Tourism and Rural connectivity in various parts of the country.
- Received PHD Award in 2016 for "Connecting Rural India through Helicopters" during mega event organized by PHD Chamber of Commerce.

- Pawan Hans received "Best General Aviation Company" Award in 2016 by ASSOCHAM for promoting Regional & Remote connectivity.
- Pawan Hans has been awarded Certification of Recognition for implementation of Information and Communication Technology in PHL under Digital India initiatives as one of the leading Mini Ratna-I, PSU presented by Minister of IT and Minister of Steel organized by "Governance Now".
- Pawan Hans has been awarded for Connecting Rural India through Helicopters during mega event of Aero Expo India 2016 organized by PHD Chamber of Commerce.
- In August 2017 Pawan Hans has been conferred with Best General Civil Aviation CPSE by ASSOCHAM "Promoting Heli Tourism and Remote Area Air Connectivity Award".
- In September 2017 Pawan Hans has been recognized by Indian Chamber of Commerce for its outstanding achievements on developing Nation's first Integrated Heliport.
- In November 2017 Pawan Hans has received Best General Aviation Company Award by PHD Chamber of Commerce & Industry for providing Rural Connectivity in the country.
- Pawan Hans has been awarded with "Recognition for Empowering Woman Pilots" by IWPA in International Conference held in December, 2017 in Delhi.

XVIII. 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.

Pawan Hans has prepared 2020 Strategic Business Plan to meet the requirement of emerging diversification and keeping in view the above, PHL has made strategic changes in the Organization structure to remain a vibrant, transparent and system driven organization.

XIX. 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.

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 cum Managing Director

Date: 16th February, 2018
Place: New Delhi

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 271 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 271 during the years 2011 -12 to 2016-17. 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.

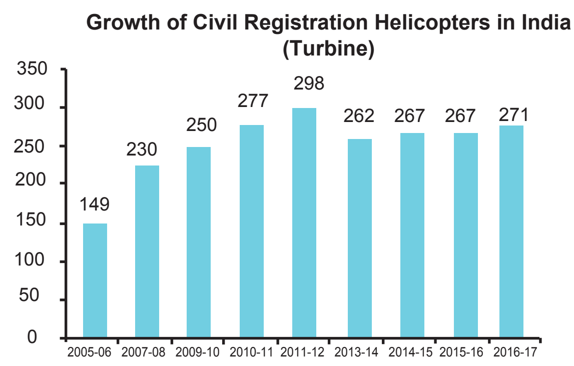
Even though, we have around 271 civil registered helicopters in the country with a population of around 1.25 billion, per capita, we have one helicopter per 52 lakh people which puts us even below many developing countries in the world.

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.

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 2005-06 to 2016-17 is as under :-



In the total 271 Civil Registered helicopters in India in the year 2016-17, there are 61 NSOP operators with fleet strength of 185 helicopters, 15 Government Operators with fleet strength of 27 helicopters, BSF with fleet strength of 21 helicopters and 24 private operators with fleet strength of 38 helicopters. Out of the total 271 helicopters there are 140 twin engine helicopters representing 55% and 121 single engine helicopters representing 45% of the total helicopter strength in the Country. In the total 271 helicopters for Civil usage in India, 43 helicopters (16%) are used for logistic support to E&P Companies, 207 helicopters (76%) used for helicharters and 26 helicopters (8%) used for heli pilgrimage/heli tourism. (Source : Report of RWSI for Helipower India, September 2017).

Presently, Pawan Hans owns 43 helicopters plus it has taken on lease one Dhruv helicopter from HAL. There are 6 commercial operators having four 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 26 helicopters. Other commercial operators are Himalayan Heli Services with 7 helicopters, Heligo Charterers have 9 helicopters and Decan Aviation 5, 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

Pawan Hans has developed first time, a vision document Strategic Corporate Plan:2020 and appointed Administrative Staff College of India (ASCI) as Consultant to develop long term Business Plan. ASCI has submitted & presented the Business Plan 2027 which envisage Company's helicopter/seaplane strength to grow to 83 from present strength of 43 and revenue to Rs.1685 crores from present revenue of Rs.477 crores in next 10 years.

STRENGTHEN COMPETITIVE POSITON 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 IEBR.

Towards fleet augmentation, the Company issued global tenders in January,2016 for purchase of 02 brand new Bell 412EP helicopters with an option to purchase one additional helicopter at the same rates, terms and conditions. The Company issued tender for purchase of two heavy helicopters with option for purchase of one additional helicopter at the same rates, terms & conditions. Further, the Company issued tender for purchase of thee light single engine helicopters with option for purchase of one additional helicopter at the same rates, terms & conditions.

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.

DISASTERMANAGEMENT-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. Pawan Hans has signed MoU with HAL for setting up of MRO for maintenance of Dhruv helicopters of HAL at Rohini Heliport.

HELIPORTS

Ministry of Civil Aviation has assigned the task of Development of Heliport at Rohini, New Delhi and Pawan Hans created First Integrated heliport in the Country with provision for operations and parking of Helicopters, Maintenance facilities, small commercial centre, etc.

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, 2017 was 767 as against 799 as on 31st March 2016. 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).

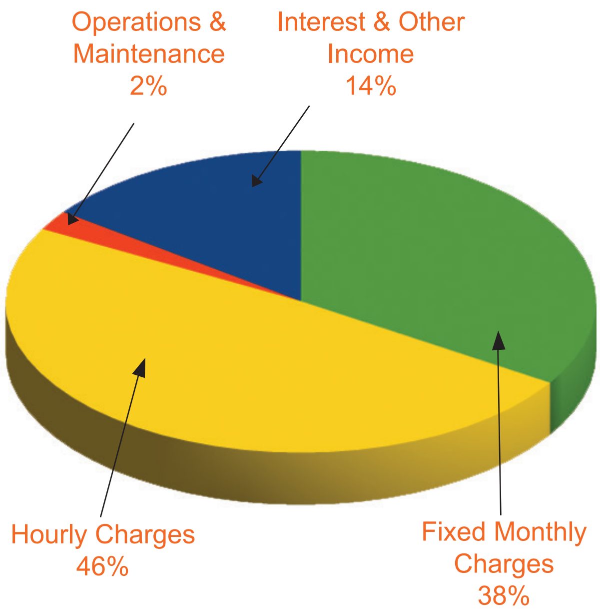
Cautionary Statement

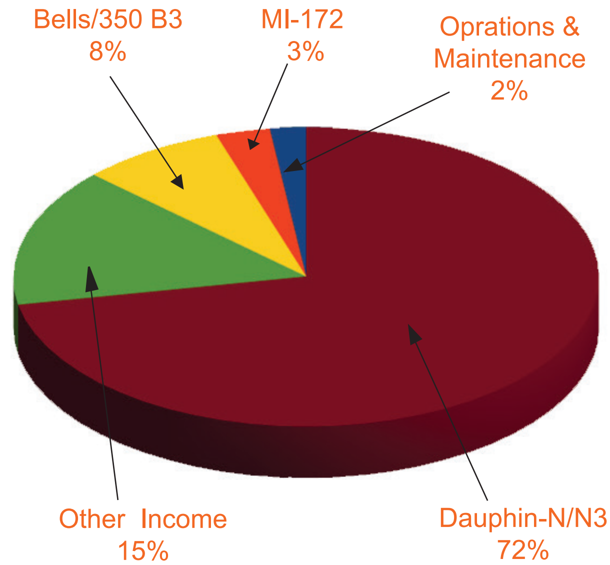
Statement in this Report on Management Discussion and Analysis describing the Company's objectives, projections, estimates, figures and expectation may constitute "forward looking statement" within the meaning of applicable laws and regulations. Actual results might differ materially from those expressed or implied.

The Company assumes no responsibility in respect of forward looking statements herein which may undergo changes in future on the basis of subsequent developments, information or events.

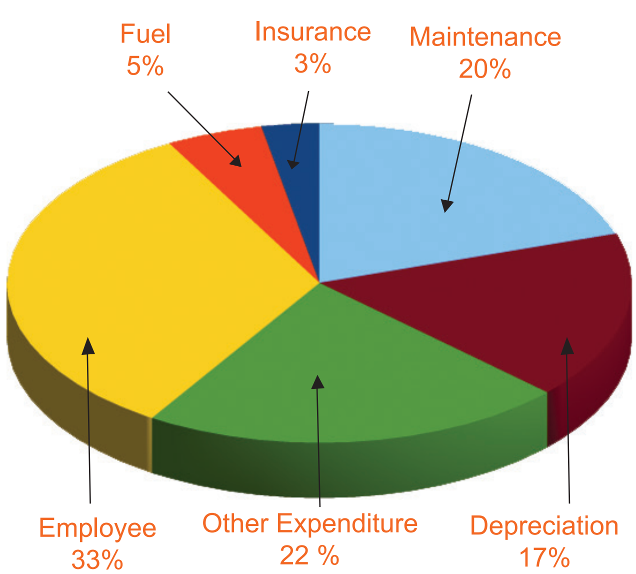
FINANCIAL HIGHLIGHTS
For 2016-17

Source of Income

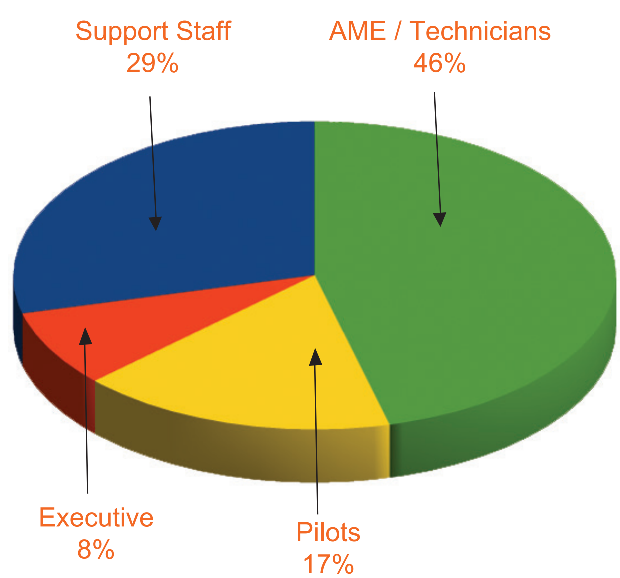




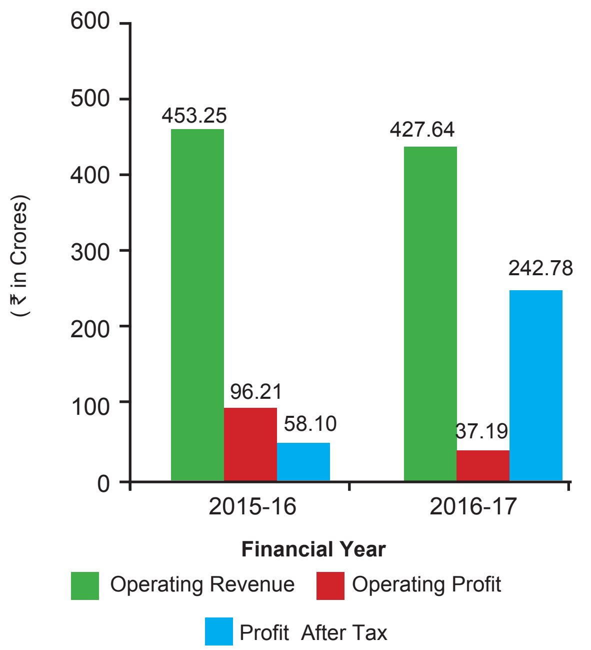
Cost Structure



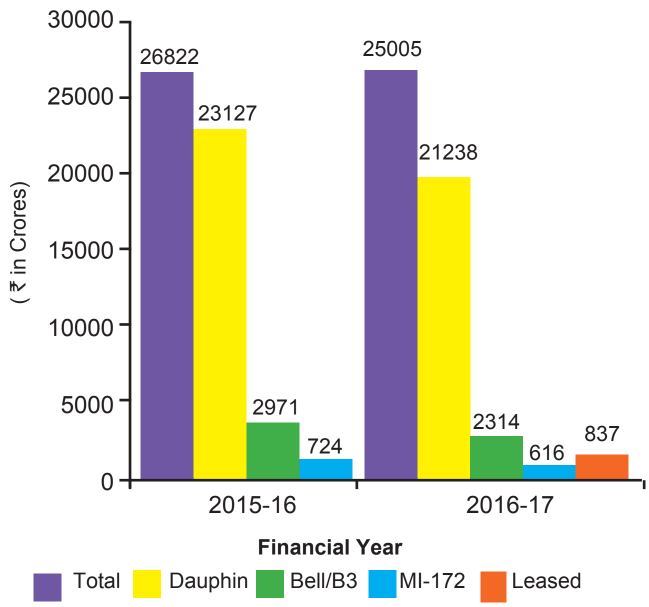
Manpower Profile



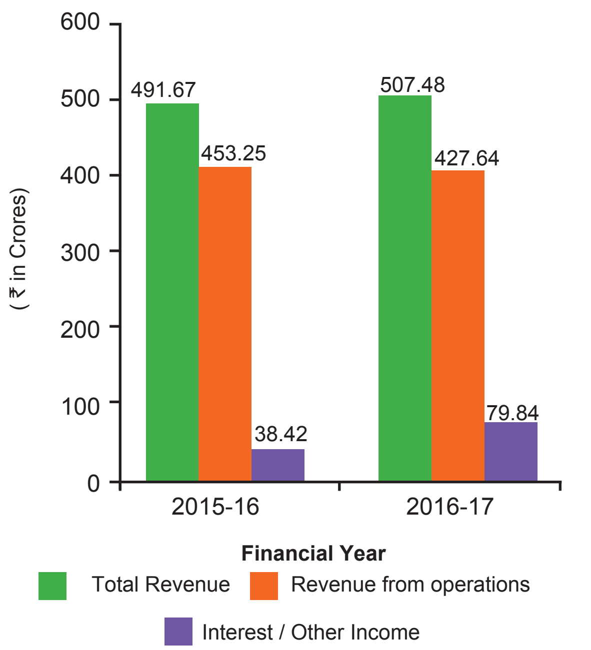
Revenue from Operations, Operating Profit and Net Profit



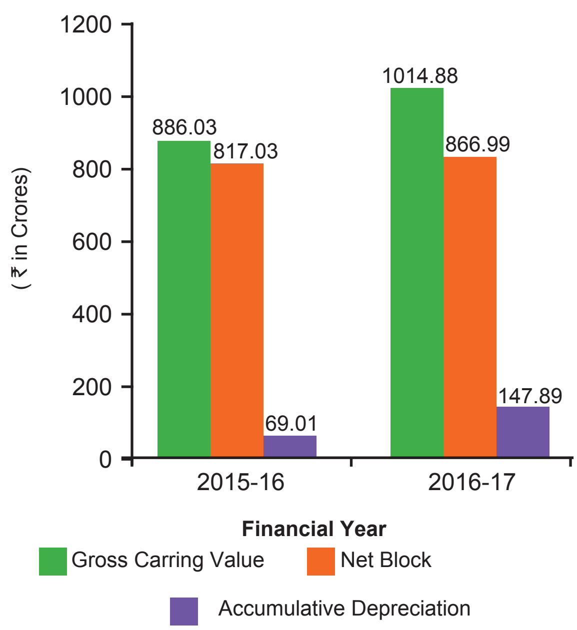
Revenue Flying Hours



Revenue



Property Plant and Equipment



Pawan Hans Limited
Summarised Accounts 2012-13 to 2016-17

₹/crores

Particulars	Ratio	2016-17	2015-16	2014-15	2013-14	2012-13
Resources						
Net Worth		98497.30	59611.46	55512.05	51383.82	48452.72
Non-Current Liabilities						
- Loan Funds- Secured Loans		2497.72	16125.21	16959.39	10059.26	27469.39
- Other Long -term Liabilities		163.41	34072.41	34316.36	47121.89	47140.47
- Long Term Provisions		2854.91	2983.62	2723.57	4690.57	3932.96
- Deferred Tax Liabilities		22672.49	18266.28	15714.21	14362.99	13626.81
Total		**126685.83**	**131058.98**	**125225.58**	**127618.53**	**140622.35**
Utilisation of Resources						
Fixed Asset		101488.35	88603.41	86758.17	144643.66	143347.49
Less: Depreciation		14789.07	6900.91	601.57	52386.08	44965.04
Net Fixed Assets		86699.28	81702.50	86156.60	92257.58	98382.45
Capital Work in Progress		604.3	5393.65	1804.33	1135.97	1807.46
Long-Term Loans & Advances		601.71	609.42	593.79	7595.47	8148.48
Other Non-Current Assets		9944.20	6336.58	6359.67	526.36	356.81
Other Financial Assets		190.28	238.44	253.30	289.34	289.34
Net Working Capital		28537.42	36637.96	29885.69	25813.84	31628.03
		126577.19	130918.55	125053.38	127618.56	140612.57
Capital Employed		**115841.00**	**123734.11**	**117846.62**	**119207.39**	**131817.94**
Earnings						
Revenue from Operations		42763.93	45324.55	53814.71	52958.81	47166.19
Interest /Other income		7984.09	3842.44	1155.38	1346.00	1039.20
Total		**50748.02**	**49166.99**	**54970.09**	**54304.81**	**48205.39**
Outgoings						
Helicopter Operational & Maintenance Expenses		13112.55	11708.17	18093.82	18740.26	15511.99
Employee Benefits Expenses		15579.64	15168.50	15416.34	14898.91	14906.20
Financial Costs		203.51	450.13	1749.35	3180.68	2851.16
Depreciation and Amortization Expenses		7898.28	7214.75	7652.34	7971.29	7378.70
Other Expenses		10235.06	5004.70	4740.12	4044.57	4763.63
Total		**47029.04**	**39546.25**	**47651.97**	**48835.71**	**45411.68**
Profit for the year before Extraordinary		3718.98	9620.74	7318.12	5469.10	2793.71
Exceptional Items		33931.19	-	(144.67)	654.29	-
Profit before tax		37650.17	9620.74	7173.45	6123.39	2793.71
Prov.for Taxation		8943.02	1405.00	1720.00	1450.00	650.00
Prov. For tax Previous Yrs		42.10	-	165.85	80.56	0
Deferred Tax Liability		4403.14	2498.53	1406.70	736.18	973.89
Other Comprehensive income		16.28	93.27	-	-	-
Net profit after tax		**24278.19**	**5810.48**	**3880.90**	**3,856.65**	**1,169.82**
Significant Ratios	Net Profit/(Loss)					
a) Net profit Ratio	-------------------	56.8%	12.8%	7.2%	7.1%	2.4%
	Total Revenue Net Profit/(Loss)					
b) Return on Investment	-------------------	21.0%	4.7%	3.3%	3.2%	0.9%
	Cap. Employed Net Profit/(Loss)					
Return on Net Worth	--------------------	24.6%	9.7%	7.0%	7.5%	2.4%
	Net Worth					
	Operational debts					
Debt Collection Pd. (months)	------------------------	5.39	6.26	6.48	6.22	5.35
	Avg monthy Op.Rev.					
	Year & Inventory					
Inventory Turnover (months)	------------------------	1.26	1.33	1.26	1.25	1.71
	Avg monthy Op.Rev.					
Current Ratio	C.A.:C.L	2.87	3.90	2.80	1.95	3.44
Debt Equit Ratio	Debts/Equity	0.10	0.66	0.69	1.11	1.34
	Debts/Net Worth	0.03	0.27	0.31	0.53	0.68

ACCOUNTS

BALANCE SHEET
As at 31st March, 2017

(Value in ₹ Lakhs)

	Particulars	Note No.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	ASSETS				
(1)	**Non-current assets**				
	(a) Property, plant and equipment	3.1	86,699.27	81,702.50	86,156.60
	(b) Capital work-in-progress	3.1	604.30	5,393.65	1,804.33
	(c) Intangible assets	4	9.34	16.01	27.53
	(d) Financial assets				
	(i) Investments	5	102.31	124.42	144.67
	(ii) Loans	6	601.71	609.42	593.79
	(iii) Other financial assets	7	190.28	238.44	253.30
	(e) Other non-current assets	8	9,944.20	6,336.58	6,359.67
	Total Non current assets		**98,151.41**	**94,421.02**	**95,339.89**
(2)	**Current assets**				
	(a) Inventories	9	4,496.69	5,018.64	5,648.36
	(b) Financial assets				
	(i) Trade receivables	10	19,216.47	23,661.80	29,045.17
	(ii) Cash and cash equivalents	11.1	5,340.34	5,816.43	5,123.22
	(iii) Other bank balances	11.2	9,991.44	6,318.94	2,815.16
	(iv) Loans	12	490.20	467.02	524.45
	(v) Other financial assets	7	996.79	5,153.79	1,062.31
	(c) Current tax assets (Net)	13	930.54	1,198.63	1,068.33
	(d) Other current assets	8	2,321.32	1,658.23	1,231.91
	(e) Assets classified as held for disposal/distribution	3.2	0.84	-	-
	Total Current assets		**43,784.63**	**49,293.48**	**46,518.91**
	Total Assets		**141,936.04**	**143,714.50**	**141,858.80**
	EQUITY AND LIABILITIES				
	Equity				
	(a) Equity share capital	14	24,561.60	24,561.60	24,561.60
	(b) Other Equity	14	73,935.70	35,055.41	30,950.45
	Total Equity		**98,497.30**	**59,617.01**	**55,512.05**
	Liabilities				
(1)	**Non-current liabilities**				
	(a) Financial liabilities				
	(i) Borrowings	15	2,497.72	16,125.21	16,959.39
	(ii) Other financial liabilities	18	163.41	34,072.41	34,316.36
	(b) Provisions	16	2,854.91	2,983.62	2,723.57
	(c) Deferred tax liabilities (Net)	17	22,672.49	18,260.73	15,714.21
	Total Non Current Liabilities		**28,188.53**	**71,441.97**	**69,713.53**
(2)	**Current liabilities**				
	(a) Financial liabilities				
	(i) Trade payables	19	7,351.28	3,652.05	3,467.16
	(ii) Other financial liabilities	18	864.90	2,252.85	4,952.48
	(b) Other current liabilities	20	1,925.68	1,807.86	1,624.67
	(c) Provisions	21	2,297.72	4,942.76	6,349.61
	(d) Current tax liabilities (Net)	13	2,810.63	-	239.30
	Total Current Liabilities		**15,250.21**	**12,655.52**	**16,633.22**
	Total Equity and Liabilities		**141,936.04**	**143,714.50**	**141,858.80**

Notes 1 to 33 form an integral part of the Financial Statements

This is the Balance Sheet referred to in our report of even date

For & on behalf of Board of Directors

For J.P. Kapur & Uberai
Chartered Accountants
Firm Registration No. 000593N

(Dr. B.P. Sharma)
Chairman Cum Managing Director
DIN No. 07125290

(Mrs. Gargi Kaul)
Director
DIN No. 07173427

(Vinay Jain)
Partner
M.No 095187
Place : New Delhi
Date : 1.12.2017

(Sanjiv Agrawal)
Company Secretary

(Dhirendra Sahai)
Chief Financial Officer

STATEMENT OF PROFIT AND LOSS
For the Year ended 31st March, 2017

(₹ in Lakhs)

	Particulars	Note No.	For the year ended March 31, 2017	For the year ended March 31, 2016
I	Revenue From Operations	22	42,763.93	45,324.55
II	Other Income	23	7,984.09	3,842.44
	Total Income (III)		**50,748.02**	**49,166.99**
IV	Expenses			
	Helicopter Operational & Maintenance Expense	24	13,112.55	11,708.17
	Employee benefits expense	25	15,579.64	15,168.50
	Finance costs	26	203.51	450.13
	Depreciation and amortization expense	27	7,898.28	7,214.75
	Other expenses	28	10,235.06	5,004.70
	Total expenses (IV)		**47,029.04**	**39,546.25**
V	**Profit before exceptional items and tax (III-IV)**		**3,718.98**	**9,620.74**
VI	Exceptional Items	29	33,931.19	-
VII	**Profit before tax (V-VI)**		**37,650.17**	**9,620.74**
VIII	Tax Expense :			
	(1) Current Tax (MAT)		8,943.02	1,405.00
	(2) Provision for Income Tax for Earlier Years		42.10	-
	(3) Deferred Tax		4,403.14	2,498.53
			13,388.26	**3,903.53**
IX	**Profit for the period (VII-VIII)**		**24,261.91**	**5,717.21**
X	**Other Comprehensive Income**			
	(A) Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
	(i) Net gain/(loss) on above		-	-
	(ii) Tax effect on above		-	-
			-	-
	(B) Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
	(i) Net gain/(loss) on above	30	24.90	141.26
	(ii) Tax effect on above		(8.62)	(47.99)
			16.28	**93.27**
XI	**Total Comprehensive Income for the period (IX+ X)** **(Comprising Profit and Other Comprehensive Income for the period)**		**24,278.19**	**5,810.48**
XII	Earnings per equity share	31		
	(1) Basic		9,885	2,366
	(2) Diluted		8,954	2,366

Notes 1 to 33 form an integral part of the Financial Statements

This is the Statement of Profit & Loss referred to in our report of even date

For & on behalf of Board of Directors

For J.P. Kapur & Uberai Chartered Accountants Firm Registration No. 000593N	**(Dr. B.P. Sharma)** Chairman Cum Managing Director DIN No. 07125290	**(Mrs. Gargi Kaul)** Director DIN No. 07173427
(Vinay Jain) Partner M.No 095187 Place : New Delhi Date : 1.12.2017	**(Sanjiv Agrawal)** Company Secretary	**(Dhirendra Sahai)** Chief Financial Officer

Statement of Changes in Equity for the year ended 31 March, 2017

(₹ in Lakhs)

Particulars	Equity share Capital	Share Application Money Pending Allotment	Reserve and Surplus		Items of OCI			Total Other Equity
			General Reserve	Retained Earnings	Debt instruments through Other Comprehensive Income	Equity instruments through Other Comprehensive Income	Other items of Other Comprehensive Income	
As at April 1, 2015	**24,561.60**	**-**	**2,050.00**	**27,501.40**	**-**	**-**	**-**	**29,551.40**
Changes in accounting policy	-	-	-	-	-	-	-	-
Dividends & Corporate Dividend Tax	-	-	-	1,705.52	-	-	-	1,705.52
Prior period errors	-	-	-	(306.47)	-	-	-	(306.47)
Restated balance at the beginning of the reporting period	24,561.60	-	2,050.00	28,900.45	-		-	30,950.45
Profit for the year	-	-	-	5,717.21	-	-	-	5,717.21
Other comprehensive income	-	-	-	-	-	(12.35)	105.61	93.27
Total comprehensive income for the year	**-**	**-**	**-**	**5,717.21**	**-**	**(12.35)**	**105.61**	**5,810.48**
Dividends & Corporate Dividend Tax	-	-	-	(1,705.52)	-	-	-	(1,705.52)
Transfer to retained earnings	-	-	-	-	-	-	-	-
Any other change	-	-	-	-	-	-	-	-
As at March 31, 2016	**24,561.60**	**-**	**2,050.00**	**32,912.14**	**-**	**(12.35)**	**105.61**	**35,055.41**
Changes in accounting policy	-	-	-	-	-	-	-	-
Amount Received from Govt. of India		15,905.00	-	-	-		-	15,905.00
Prior period errors	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	**24,561.60**	**15,905.00**	**2,050.00**	**32,912.14**	**-**	**(12.35)**	**105.61**	**50,960.41**
Profit for the year	-	-	-	24,261.91	-	-		24,261.91
Other comprehensive income	-	-	-	-	-	(14.46)	30.74	16.28
Total comprehensive income for the year	**-**	**-**	**-**	**24,261.91**	**-**	**(14.46)**	**30.74**	**24,278.19**
Dividends & Corporate Dividend Tax	-	-	-	(1,302.90)	-	-	-	(1,302.90)
Payment of dividend distribution tax	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-
Any other change	-	-	-	-	-	-	-	-
As at March 31, 2017	**24,561.60**	**15,905.00**	**2,050.00**	**55,871.15**	**-**	**(26.81)**	**136.36**	**73,935.70**

Notes 1 to 33 form an integral part of the Financiao Statements

This is the Statement of Canges in Equity referred to in our report of even date

For & on behalf of Board of Directors

For J.P. Kapur & Uberai
Chartered Accountants
Firm Registration No. 000593N

(Dr. B.P. Sharma)
Chairman Cum Managing Director
DIN No. 07125290

(Mrs. Gargi Kaul)
Director
DIN No. 07173427

(Vinay Jain)
Partner

(Sanjiv Agrawal)
Company Secretary
M.No 095187

(Dhirendra Sahai)
Chief Financial Officer

Place : New Delhi
Date : 1.12.2017

Statement of Cash Flow for the year ended 31st March, 2017

(₹ in Lakhs)

	Particulars	As at			
		March 31, 2017		March 31, 2016	
A.	**Cash Flow from Operating Activities**				
	Net Profit before tax		37,650.17		9,620.74
	Adjustment for:				
	Depreciation and Amortization expenses (Net)	7,898.28		7,214.75	
	Interest Income on Bank Deposits	(626.62)		(438.64)	
	Insurance Claims - Only Hull	(1,385.29)		(2,395.24)	
	Interest Cost	203.51		450.13	
	Fixed Assets written off	179.94		87.97	
	Provision for doubtful debts & advances	876.94		324.49	
	Provision for non-moving inventory/life expired items	209.55		73.26	
	Waiver Of Interest on GoI Dues	(33,931.19)		-	
	Excess Provision for Licence related Allow. to Pilots & AMEs	(4,381.16)		-	
	Loss on impairment of assets	0.15		0.89	
	Provision for diminution in the value of investment	22.11		20.25	
			(30,933.78)		5,337.86
	Operating Profit Before Working Capital Changes		6,716.39		14,958.60
	Changes in Assets and Liabilities				
	Trade Recievables	3,697.91		5,183.44	
	Loans & advances and other assets	(3,971.56)		(192.01)	
	Inventories	293.08		567.39	
	Trade Payables, Other Liabilities and Provisions	4,287.98		(1,892.98)	
	Cash generated from operations		4,307.41		3,665.84
	Income Tax paid		6,226.98		(1,774.61)
	Net cash generated from operating activities		**4,796.82**		**16,849.83**
B.	**Cash Flow from Investing Activities**				
	Purchases of Fixed Assets	(6,912.51)		(7,057.32)	
	Sales / Insurance Claim / Adjustment of Fixed Assets	5,533.00		3,570.25	
	Capital Work-in Progress	(1,318.22)		(3,625.98)	
	Proceed/Investment of Fixed Deposit having maturity of more than 3 Months & under Lien	(3,672.50)		(3,503.78)	
	Interest received	626.62		438.64	
	Net Cash used in investing activities		**(5,743.61)**		**(10,178.19)**
C.	**Cash Flow from Financing Activities**				
	Interest Cost	(203.51)		(450.13)	
	Dividend	(1,082.52)		(1,547.51)	
	Corporate Tax on Dividend	(220.38)		(158.01)	
	Share Application Money Recd Pending Allotment	15,905.00		-	
	Repayment of Long Term Borrowings	(13,927.89)		(3,822.77)	
	Net Cash genertated from/ (used in) financing activities		**470.70**		**(5,978.42)**
	Net Increase In/(Utilisation of) Cash and Cash Equivalents		**(476.09)**		**693.21**
	Cash and cash equivalents at the beginning of the period		5,816.43		5,123.22
	Cash and cash equivalents at the end of the period		**5,340.34**		**5,816.43**

Notes 1 to 33 form an integral part of the Financial Statements

Notes :

1. Figures in Brackets indicates Cash outflows.
2 The above Cash Flow Statement has been prepared under the indirect method set out in IND AS -7 Cash Flow Statement.

This is the Cash Flow Statement referred to in our report of even date

For & on behalf of Board of Directors

For J.P. Kapur & Uberai
Chartered Accountants
Firm Registration No. 000593N

(Dr. B.P. Sharma)
Chairman Cum Managing Director
DIN No. 07125290

(Mrs. Gargi Kaul)
Director
DIN No. 07173427

(Vinay Jain)
Partner
M.No 095187
Place : New Delhi
Date : 1.12.2017

(Sanjiv Agrawal)
Company Secretary

(Dhirendra Sahai)
Chief Financial Officer

29. SIGNIFICANT ACCOUNTING POLICIES

1. **Corporate Information**

Pawan Hans Limited ("**the Company**") (CIN No. U62200DL1985G01022233) is a public limited company incorporated on October 15, 1985 and domiciled in India having its registered office at Rohini Heliport, Sector-36, and New Delhi – 110085. The company is a public sector undertaking and registered with the Registrar of Companies, Delhi under the Companies Act, 1956.

The Company has emerged as a pioneering leader in India's aviation sector and is engaged in the business of providing helicopter services for a diverse range of activities with building the infrastructure, developing the human resource and enhancing the safety levels of helicopter operations for the entire nation. The Company is providing helicopter services to several State Governments namely, Meghalaya, Mizoram, Assam, Tripura,, Sikkim, Odisha, Himachal Pradesh, Jammu & Kashmir, Gujarat, Ministry of Home Affairs, Lakshadweep Administration, Andaman & Nicobar Administration, MTDC and GTDC including Shri Amaranth Shrine for Shri Amaranth ji Yatra and Kedarnath and also to ONGC, NTPC, OIL, GSPC, GAIL, Maharashtra Police, BSF etc.

2. **A Basis of preparation**

(i) Statement of compliance

The Company has adopted Indian Accounting Standards (Ind AS) with effect from 1 April 2016, with transition date of 1 April 2015, pursuant to notification issued by Ministry of Corporate Affairs dated 16 February 2015, notifying the Companies (Indian Accounting Standards) Rules, 2015. Accordingly, the financial statements comply with Ind AS as prescribed under section 133 of the Companies Act, 2013 (the "Act"), read together with the Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, relevant provisions of the Act and other accounting principles generally accepted in India.

The financial statements upto and for the year ended 31 March 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended), as notified under section 133 of the Act ("Previous Indian GAAP") and other relevant provision of the Act, unless otherwise stated..

The financial statements for the year ended 31 March 2017 are the first financial statements of the Company prepared under Ind AS. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is included in Note 33.

The financial statements were authorized for issue by the Board of Directors of the Company on 1st December, 2017.

(ii) Basis of measurement

The financial statements have been prepared on the historical cost basis, except certain financial instruments that are measured at fair value or amortized cost.

(iii) Critical accounting estimates and judgments

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Information about significant areas of estimation/uncertainty and judgments in applying accounting policies that have the most significant effect on the financial statements are as follows:

Note 32 (XI) & Point No. 2 (xi) below - measurement of defined benefit obligations: key actuarial assumptions.

Note 2 (vi) below- measurement of useful life and residual values of property, plant and equipment.

Note 32 (XIX) - estimation of cost of overhaul.

Note 32 (II (c ,d & e))- judgment is required to ascertain whether it is probable or not that an outflow of resources embodying economic benefits will be required to settle the taxation disputes and legal claim.

Note 32 (XXVI) & Point No.2 (iii) below - fair value measurement of financial instruments.

There are no assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

B. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening Ind AS Balance Sheet as at 1 April 2015 for the purposes of the transition to Ind AS.

(i) Current Vs Non-Current Classification

All assets and liabilities are classified into current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- It is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
- It is held primarily for the purpose of being traded;
- It is expected to be realized within 12 months after the reporting period; or
- It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- It is expected to be settled in the Company's normal operating cycle;
- It is held primarily for the purpose of being traded;
- It is due to be settled within 12 months after the reporting period; or
- The Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do

not affect its classification.

Current liabilities include the current portion of non-current financial liabilities. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. Based on the nature of operations and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle being a period of twelve months for the purpose of classification of assets and liabilities as current and non-current.

(ii) Foreign currency transactions and translations

Functional and presentation currency

The management has determined the currency of the primary economic environment in which the Company operates i.e., functional currency, to be Indian Rupees (Rs.). The financial statements are presented in Indian Rupees, which is the Company's functional and presentation currency. All amounts have been rounded to the nearest Lakhs upto two decimal places, unless otherwise stated.

Transactions and Balances

Monetary and non-monetary transactions in foreign currencies are initially recorded in the functional currency of the Company at the exchange rates at the date of the transactions.

Monetary foreign currency assets and liabilities remaining unsettled on reporting date are translated at the rates of exchange prevailing on reporting date. Gains/ (losses) arising on account of realization/settlement of foreign exchange transactions and on translation of monetary foreign currency assets and liabilities are recognized in the Statement of Profit and Loss., except for gains / (losses) arising on translation of long-term foreign currency monetary loans taken before 31 March 2016 and used for acquisition of depreciable property, plant and equipment, are adjusted in the cost of property, plant and equipment. The above treatment will continue till the repayment of the foreign currency monetary loans.

Foreign exchange gains / (losses) arising on translation of foreign currency monetary loans are presented in the Statement of Profit and Loss on net basis. However, foreign exchange differences arising from foreign currency monetary loans to the extent regarded as an adjustment to borrowing costs are presented in the Statement of Profit and Loss, within finance costs.

(iii) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to Sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or

- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to/ by the Company.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is Significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

The Company measures financial instruments, such as, investments (other than investment in subsidiaries), at fair value at each reporting date. Also, fair value of financial instruments measured at amortized cost is disclosed in Note 32(XI).

(iv) **Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(A) **Financial Assets**

Recognition and initial measuremen

At initial recognition, financial assets are initially measured and recognized at fair value except where the company has availed the exemption provided in Para D20 of Ind AS 101 for first time adoption of Ind AS to apply the fair value measurement prospectively on the transactions undertaken after the transition date. In case of financial asset not recorded at fair value through Profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Classification and subsequent measurement

Classification

The Company classifies its financial assets in the following subsequent measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through Statement of Profit and Loss), and
- Those subsequently measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in Statement of Profit and Loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

Initial Recognition and Measurement Subsequent Measurement

Financial Assets measured at amortized cost

A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. The EIR amortization is included in finance income in the statement of profit and loss. The losses arising from impairment are recognized in the statement of profit and loss (if any). This category generally applies to loans to employees, trade receivables, security deposits & other receivables.

Financial Assets measured at Fair Value through Other Comprehensive Income (FVTOCI)

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial Assets measured at Fair Value through Profit or Loss (FVTPL)

A financial asset which is not classified in any of the above categories are measured at FVTPL

(B) Impairment of financial assets (other than at fair value)

The Company recognizes loss allowances using the Expected Credit Loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition, in which case those financial assets are measured at lifetime ECL. The changes (incremental or reversal) in loss allowance computed using ECL model, are recognized as an impairment gain or loss in the Statement of Profit and Loss.

(C) Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

(D) Financial liabilities

Initial recognition and measurement Financial liabilities at initial recognition can be classified as under:

- financial liabilities at fair value through profit or loss,
- financial liabilities measured at amortized cost,
- loans and borrowings and payables,

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The financial liabilities of the company include security deposits, trade and other payables.

Subsequent measurement

Financial liability measured at amortized cost (the only category relevant to the company) is subsequently measured at amortized cost using the effective interest rate. Interest expense and foreign exchange gain and losses are recognized in Statement of Profit and Loss.

(E) De-recognition of financial instruments

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109.

A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

(F) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprises of cash at banks and on hand, cheques on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

(vi) Property, Plant and Equipment

Recognition and Measurement

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Costs directly attributable for acquisition are capitalized until the property, plant and equipment is ready for use, as intended by the management. The company depreciates property, plant and equipment over its estimated useful lives using the straight-line method. 5% of original cost of property, plant and Equipment is considered as Residual value.

During the year 2015-16, a Technical committee of the company after intensive technical evaluation re-assessed the estimated useful life of Helicopter fleet. Hence, the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013. The useful life, as determined for different type of Helicopters fleet are as under:-

Type of Helicopter	Estimated Useful life in years	Estimated useful life in flight hours
Dauphin SA 365 N	35 Years	1,00,000 Flight Hours
Dauphin AS 365 N3	35 Years	1,00,000 Flight Hours
Ecureuil AS 350 B3	35 Years	1,00,000 Flight Hours
Bell 206 L4	35 Years	35,000 Flight Hours
Bell 407	35 Years	35,000 Flight Hours
Mi-172	30 Years	18,000 Flight Hours

The estimated useful life of Mobile handsets has been considered three years.

Depreciation methods, useful lives and residual values are reviewed periodically, including at the end of each financial year.

The company follows component accounting for property, plant and equipment in accordance with the Ind AS-16 by identifying and depreciating separately the major components of an item of property, plant and equipment that have cost which is significant in relation to the total cost of the item and that has different useful life. The Company has considered component having cost of 8% or more as compared to total cost of Helicopter as a significant component, however Major Overhaul Cost of Helicopter represented as Embedded Maintenance has been recognized separately and in case of other assets, no significant component has been identified for the purpose of component accounting.

Significant components identified in helicopter which have different useful are as under:-

Fleet Type	Component Identified	Useful Life of Component
Dauphin N	Engine	3000 Hours / 5 Years**
	MGB	3000 Hours / 5 Years**
	Overhaul Cost of Helicopter	5400 Hours / 9 Years**
Dauphin N3	Engine	3500 Hours / 6 Years**
	MGB	3000 Hours / 5 Years**
	Overhaul Cost of Helicopter	5400 Hours / 9 Years**
Ecureuil AS 350B3	Engine	3500 Hours / 6 Years**
	MGB	3000 Hours / 5 Years**
	Overhaul Cost of Helicopter	Major Inspection – 12 Years**
Bell 407	Engine	2000 Hours / 3 Years**
	Transmission Assembly	5000 Hours / 8 Years**
	Hub Assembly	2500 Hours / 4 Years**
	Overhaul Cost Helicopter	No Major Overhaul
Mi-172	Engine	1500 Hours / 5 Years**
	Overhaul Cost Helicopter	4500 Hours / 15 Years**

** Years are based on 600 Hours average flying for N, N3, B3 & Bell 407 and 300 Hours of Average flying for Mi-172.

Where a major part of an asset is replaced or restored, the carrying amount of the old part is de-recognized and the new part is added to the asset. Where the carrying value of the de-recognized/replaced component is not known, best estimate is determined by reference to the current cost.

Subsequent costs

Subsequent costs are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other repairs and maintenance expenditure on other tangible assets is recognized in the Statement of Profit and Loss, at the time of incurrence.

Transition to Ind AS

On transition to Ind AS, the company has elected to continue with the carrying value of all of its property, plant and equipment, recognized as at April 1, 2015 measured as per previous GAAP and have used those carrying values as deemed cost of the property, plant and equipment, as permitted by Ind AS 101 "First time Adoption of Indian Accounting Standards".

Depreciation

Depreciation on Airframe and Aero-engine equipment-Rotables and cost of mid-life up gradation programme (including type certification costs) /major retrofit of the Helicopters is computed on straight-line basis in a manner so as to write-off 95% of the amount thereof over the remaining useful life of the principal asset (type of helicopters) to which they pertain. 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.

Cost of leasehold land is amortized over the period of lease. Similarly, the cost of residential flats constructed under joint development agreement with Airport Authority of India is amortized over the period of right to possess the property as per the terms of such agreement.

Depreciation in respect of additions or deletions of helicopters / spare aero engines is made on a pro-rata basis on number of days, 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 property, plant & equipment is reckoned on pro-rata basis on number of days. The effective date of addition for the purpose of such other assets is taken as the first day of the month following the month of purchase of the asset. 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. 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 account. No Depreciation is provided on such assets (including westland helicopters and related item w.e.f. F.Y.1995-96. Gains and Losses arising from retirement or disposal of assets are credited / charged to the Statement of Profit and Loss.

Capital work-in-progress

Cost of property, plant and equipment not ready for use as at the reporting date are disclosed as capital work-in-progress.

(vii) Intangible Assets

Recognition and measurement

Intangible assets acquired separately are measured on initial recognition at cost and subsequently are carried at cost less accumulated amortization and accumulated impairment losses, if any.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses on de-recognition are determined by comparing proceeds with carrying amount and are included in the Statement of Profit and Loss.

Subsequent costs

Subsequent costs are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure on other intangible assets is recognized in the Statement of Profit and Loss, as incurred.

Transition to Ind AS

On transition to Ind AS, the company has elected to continue with the carrying value of all intangible assets recognized as at 1st April, 2015 as per the previous GAAP and use that carrying value as deemed cost of intangible assets.

Amortization

The company amortizes intangible assets with a finite useful life using the straight line method over the lives of the intangible assets. The amortization expenses on intangible assets are recognized in the Statement of Profit and Loss. The estimated useful lives are reviewed annually by the management and adjusted prospectively.

Cost 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 up-to Rs. 5 lacs each are charged off to Revenue in the year of purchase.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management is committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

(viii) Leases

Leases are classified as finance leases whenever the terms of lease transfer substantially all the risks and rewards of ownership to the lessee. Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

a) Operating Lease:

Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where another systematic basis is more representative of the time pattern in which economic benefits from leased assets are consumed. The aggregate benefit of incentives (excluding inflationary increases where rentals are structured solely to increase in line with the expected general inflation to compensate for the lessor's inflationary cost increases, such increases are recognized in the year in which the benefits accrue) provided by the lessor is recognized as a reduction of rental expense over the lease term on a straight-line basis.

b) Finance Lease:

Assets held under finance leases are initially recognized as assets of the

Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance expenses are recognized immediately in Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

(ix) Inventories

Inventories (except the items described below separately) are valued at lower of cost (on moving weighted average basis) and net realizable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to their present location and condition. Items of spares and stores lying on the shop floor at the year-end are also considered as part of closing inventory.

Loose tools/test tools are amortized 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.

Stores and Spares, landed unit value of which, is less than Rs. 1,000 and all items of consumables, oil, greases, and lubricants are expensed in the year of purchase.

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.

(x) Impairment

a) <u>Financial assets</u>

In accordance with Ind-AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

i. Financial assets that are debt instruments and are measured at amortized cost e.g. loans, deposits etc.

ii. Trade receivables – The company measures trade receivables at their transaction price unless the transaction contains a significant financing component and for the purpose of recognition of impairment loss allowance, the company applies the simplified approach prescribed by Ind AS-109 Financial Instrument for trade receivable. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The company measures expected credit losses only in case where reasonable and supportable information is available without undue cost or efforts at the reporting date about past events, current conditions & forecast of future economic conditions.

In the absence of the availability of any specific reliable information, the company usually considers the debts recoverable from Central Government/ State Government/Union Territories for more than seven years as doubtful and provides for the same. Debts recoverable from outside parties other than Central Government/State Government/Union Territories for more than three years are considered doubtful and provided for unless specifically known to be doubtful prior to this period.

iii. Trade payables – Unclaimed credit balances relating to outside parties and outstanding for more than three years are written back and treated as income.

b) Non-financial assets

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. An impairment loss is recognized in the Statement of Profit & Loss for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount (higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

(xi) **Employee Benefits**

a) Short term employee benefits

Employee benefit liabilities such as salaries, wages and bonus etc. that are expected to be settled wholly within twelve months after the end of the reporting period in which the employees render the related services are recognized in respect of employees services up to the end of the reporting period and are measured at an undiscounted amount expected to be paid when the liabilities are settled.

b) Post-employment benefit plans

Employee benefits consist of contribution to provident fund, pension, post-retirement medical benefits, gratuity fund, compensated absences and baggage allowance on retirement etc.

Defined Contribution plans

Payments to defined contribution retirement benefit scheme for eligible employees in the form of superannuation benefits are charged as an expense as they fall due. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made.

Provident Fund

The Company makes contribution towards provident fund, in substance a defined contribution retirement benefit plan for eligible employees. Under the scheme, the company is required to contribute a specified percentage of 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 contributions and any shortfall in the fund assets based upon GOI specified minimum rates. Such contributions and shortfall, if any, are expensed in the year of payment.

Pension Fund

The Pension scheme of the Company is defined contribution scheme where the Company's liability is restricted to the contributions made for each month equivalent to 10% of salary on which provident fund contribution is made. The company has finalized the pension scheme with Life Insurance Corporation of India after approval from MoCA.

Defined benefit plans

The company provides the following major defined benefit plans:

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.

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.

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 or asset recognized in the balance sheet in respect of the defined benefit plans of the company is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the said obligation is determined by discounting the estimated future cash outflows, using market yields of government bonds that have tenure approximating the tenures of the related liability.

The interest income / (expense) are calculated by applying the discount rate to the net defined benefit liability or asset. The net interest income / (expense) on the net defined benefit liability or asset is recognized in the Statement of Profit and Loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the year in which they occur, directly in other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in Statement of Profit and Loss as past service cost.

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 480 days and no commutation of Half Pay Leave is permissible. As per DPE guidelines, EL & HPL can be en-cashed upto maximum of 300 days together on superannuation. The liability for the same is recognized on the basis of actuarial valuation.

(xii) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. No provision for accrued expenses/ liabilities is made in the accounts where the individual transaction is less than Rs. 5,000.

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 dispatched 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.

The expense relating to any provision is presented in the Statement of Profit and Loss, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as part of finance costs.

(xiii) **Contingent liabilities / contingent assets**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. The Company does not recognize a contingent liability but discloses its existence in the financial statements. Where there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources is remote, no disclosure is made.

Contingent assets are possible assets that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company.

(xiv) Revenue Recognition

Revenue is measured at fair value of the consideration received or receivable. The specific recognition criteria decided below must also be met before revenue is recognized.

a) Revenue from helicopter operations is recognized on accrual basis as per the terms of the contract.

b) Revenue relating to engineering and other services is recognized by reference to the stage of completion of the transaction at the end of the reporting period when the outcome of a transaction involving rendering of services can be estimated reliably.

c) Revenue from Sale of scrapped Assets/ Stores is recognized on actual realization.

d) Interest income from financial assets is recognized when it is probable that economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount on initial recognition.

(xv) **Dividend to equity shareholder**

Dividend to equity shareholder is recognized as liability and deducted from shareholder equity in the period in which dividends are approved by the equity shareholder in the general meeting. Interim dividends, if any, are recorded as a liability on the date of declaration by the Company's Board of Directors.

(xvi) Prepaid Expenses

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

(xvii) Borrowing Costs

Borrowing cost that are directly attributable to the acquisition or construction of asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of that asset till date it is ready for its intended use. Other borrowing costs are recognized as an expense in the year in which they are incurred.

(xviii) Commission

The commission paid / payable on sales is recognized on sale of ticket and in accordance with the terms of contracts with agents (customers). As the Company acts as a principal, the commission is recognized as an expense in the Statement of Profit and Loss.

(xix) Expenditure

Expenses are accounted for on the accrual basis and provisions are made for all known losses and liabilities.

(xx) Helicopter repair and maintenance cost

The Company recognizes helicopter repair and maintenance cost in the Statement of Profit and Loss (except major inspection cost overhaul of significant amount for owned helicopter) on incurred basis.

(xxi) Helicopter fuel expense

Helicopter fuel expenses are recognized in the statement of profit and loss as uplifted and consumed, net off any discounts.

(xxii) **Income Taxes**

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in the Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income.

Current Tax

Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

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 company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set-off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The income tax provision for the year is made based on the best estimate of the annual tax rate expected to be applicable for the financial year.

(xxiii) Deferred Tax

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The carrying amount of the Deferred tax assets are reviewed at end of each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which these temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the year that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and tax losses can be utilized.

Unrecognized deferred tax are reassessed at each reporting date and recognized to the extent that it has become probable that the future taxable profits will be available against which it can be used.

Deferred tax assets and liabilities are offset only if the company has legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Deferred tax relating to the items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity).

MAT under the provisions of the Income Tax Act, 1961 is recognized in the statement of profit and loss. The credit availed under the Act in respect of MAT paid is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set off against normal tax liability. MAT Credit recognized as an asset is reviewed at each reporting date and written down to the extent aforesaid convincing evidence no longer exists.

(xxiv) Earnings per equity share

Basic EPS is computed by dividing the profit or loss attributable to the equity shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is computed by adjusting the profit or loss attributable to the ordinary equity shareholders and the weighted average number of ordinary equity shares, for the effects of all dilutive potential ordinary shares.

(xxv) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is considered to be the Board of Directors who makes strategic decisions and is responsible for allocating resources and assessing performance of the operating segments.

(xxvi) Insurance / Insurance Claim

(a) Insurance Claims other than those relating to the helicopters and inventory are accounted for on cash basis and recognized as income except where payable to any third party.

(b) 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 and also the total Insurance claim realized are accounted for in Statement of Profit and Loss and the assets are carried forward at their book values.

(c) 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 Property, Plant & Equipment 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.

(xxvii) Recent accounting pronounce-ments

Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of Cash Flows' and Ind AS 102, 'Share-based payment. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of Cash Flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable from 1 April, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash settled awards and awards that include a net settlement feature in respect of withholding taxes.

The requirements of the amendment may have no impact on the financial statements of the company as the company is public sector undertaking and usually does not deal in share based payments.

Notes to Financial Statements for the year ended 31 March, 2017

NOTE 3: Property, Plant and Equipment

3.1 Assets under active use

(₹ in Lakhs)

Particulars	Leasehold Land	Helicopter/Aero Engine & Other Related Component	Building	Plant & Equipment	Furniture & Fixture	Vehicle	Office equipment	Computer & other related equipments	Capital work in progress	Total
Gross carrying value as at 1 April, 2015	**42.57**	**80,739.06**	**2,440.92**	**2,313.45**	**298.58**	**75.85**	**97.68**	**148.49**	**1,804.33**	**87,960.93**
Additions	-	7,959.18	0.64	206.68	6.32	1.33	26.63	52.47	3,625.98	11,879.23
Disposals/Adjustments	-	(5,797.68)	-	(6.90)	0.17	(0.24)	(0.62)	(1.17)	(36.66)	(5,843.10)
Exchange differences	-	-	-	-	-	-	-	-	-	-
Gross carrying value as at 31 March, 2016	**42.57**	**82,900.56**	**2,441.56**	**2,513.23**	**305.07**	**76.94**	**123.69**	**199.79**	**5,393.65**	**93,997.06**
Additions	-	6,882.47	5,199.02	555.17	116.44	7.07	310.72	20.31	1,318.22	14,409.42
Disposals/Adjustments	-	(188.55)	(16.23)	(0.19)	-	(0.99)	(0.01)	(0.29)	(6,107.57)	(6,313.83)
Exchange differences	-	-	-	-	-	-	-	-	-	-
Gross carrying value as at 31 March, 2017	**42.57**	**89,594.48**	**7,624.35**	**3,068.21**	**421.51**	**83.02**	**434.40**	**219.81**	**604.30**	**102,092.65**
Depreciation & Impairment										
Accumulated depreciation as at 1 April, 2015	-	-	-	-	-	-	-	-	-	-
Depreciation charge for the year	0.65	6,610.84	122.90	268.66	57.42	26.47	34.16	82.12	-	7,203.22
Impairment	-	-	-	-	-	-	-	-	-	
Amount adjusted from Retained earnings	-	-	-	-	-	-	-	-	-	-
Disposals	-	(302.01)	-	(0.58)	0.04	-	-	0.24	-	(302.31)
Exchange differences	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation as at 31 March, 2016	**0.65**	**6,308.83**	**122.90**	**268.08**	**57.46**	**26.47**	**34.16**	**82.36**	**-**	**6,900.91**
Depreciation charge for the year	0.65	7,325.90	155.26	260.74	52.06	16.25	28.31	55.44	-	7,894.61
Impairment	-	-	-	-	-	-	-	-	-	-
Amount adjusted from Retained earnings	-	-	-	-	-	-	-	-	-	-
Disposals	-	(11.81)	(2.16)	-	-	-	-	7.54	-	(6.43)
Exchange differences	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation as at 31 March, 2017	**1.30**	**13,622.92**	**276.00**	**528.82**	**109.52**	**42.72**	**62.47**	**145.34**	**-**	**14,789.09**
Net book value										
At 31 March 2017	41.27	75,971.57	7,348.35	2,539.39	311.99	40.30	371.93	74.47	604.30	87,303.57
At 31 March 2016	41.92	76,591.73	2,318.66	2,245.15	247.61	50.47	89.53	117.43	5,393.65	87,096.15
At 1 April 2015	42.57	80,739.06	2,440.92	2,313.45	298.58	75.85	97.68	148.49	1,804.33	87,960.93

	At 31 March 2017	At 31 March 2016	At 1 April 2015
Property, Plant & Equipment	86,699.27	81,702.50	86,156.60
Capital work in progress	604.30	5,393.65	1,804.33

Notes to Financial Statements for the year ended 31 March, 2017

3.2 Assets classified as held for disposal/distribution

(₹ in Lakhs)

Particulars	Plant & equipments	Helicopter/ Aero Engine & Other Related Component	Furniture & Fixture	Vehicles	Office equipment	Computer & other related equipments	Total
Gross carrying value as at 1 April, 2015	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Additions	-	-	-	-	-	-	-
Disposals/Adjustments	4.17	-	-	4.97	-	4.98	14.12
Exchange differences	-	-	-	-	-	-	-
Gross carrying value as at 31 March, 2016	**4.17**	**-**	**-**	**4.97**	**-**	**4.98**	**14.12**
Additions	-	-	-	0.99	-	-	0.99
Disposals/Adjustments	(4.17)	-	-	(5.12)	-	(4.98)	(14.27)
Exchange differences	-	-	-	-	-	-	-
Gross carrying value as at 31 March, 2017	**-**	**-**	**-**	**0.84**	**-**	**-**	**0.84**
Depreciation & Impairment							
Accumulated depreciation/impairment as at 1 April, 2015	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Depreciation charge for the year	-	-	-	-	-	-	-
Impairment	0.21	-	-	0.25	-	0.25	0.71
Amount adjusted from Retained earnings	-	-	-	-	-	-	-
Disposals	3.96	-	-	4.72	-	4.73	13.41
Exchange differences	-	-	-	-	-	-	-
Accumulated depreciation/impairment as at 31 March, 2016	**4.17**	**-**	**-**	**4.97**	**-**	**4.98**	**14.12**
Depreciation charge for the year	-	-	-	-	-	-	-
Impairment	(0.21)	-	-	(0.25)	-	(0.25)	(0.71)
Amount adjusted from Retained earnings	-	-	-	-	-	-	-
Disposals	(3.96)	-	-	(4.72)	-	(4.73)	(13.41)
Exchange differences	-	-	-	-	-	-	-
Accumulated depreciation/impairment as at 31 March, 2017	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net book value							
At 31 March 2017	-	-	-	0.84	-	-	0.84
At 31 March 2016	-	-	-	-	-	-	-
At 1 April 2015	-	-	-	-	-	-	-

Note : Rs. 0.84 Lakhs represents Company Car held for disposal at WDV value net of Impairment of Rs.0.15 Lakhs. These Vehicle eas not in useable conditions and has been subsequently sold in April '2017

NOTE 4
INTANGIBLE ASSETS

(₹ in Lakhs)

Particulars	Computer Software	Total
Gross carrying value as at 1 April, 2015	**27.53**	**27.53**
Additions	-	-
Gross carrying value as at 31 March, 2016	**27.53**	**27.53**
Additions / (Deletion / Adjustment)	(3.00)	(3.00)
Gross carrying value as at 31 March, 2017	**24.53**	**24.53**
Amortisation & Impairment		
Accumulated depreciation as at 1 April, 2015	**-**	**-**
Amortisation	11.52	11.52
Impairment	-	-
Accumulated depreciation as at 31 March, 2016	**11.52**	**11.52**
Amortisation	3.67	3.67
Impairment	-	-
Accumulated depreciation as at 31 March, 2017	**15.19**	**15.19**
Net book value		
At 31 March 2017	9.34	9.34
At 31 March 2016	16.01	16.01
At 1 April 2015	27.53	27.53

NOTE 5
INVESTMENTS

(₹ in Lakhs)

Particulars	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
Non-current			
Unquoted equity instruments			
Investments at fair value through OCI (Fully paid up)			
National Flying Training Institute Pvt Ltd	289.34	289.34	289.34
(28,93,353 (P.Y. 28,93,353) Equity shares of Rs.10/- each fully paid up)			
Less: Provision for Diminution in value of investments	(187.03)	(164.92)	(144.67)
Total	**102.31**	**124.42**	**144.67**
Aggregate carrying value of unquoted investments	289.34	289.34	289.34
Aggregate market value of unquoted investments	-	-	-
Aggregate amount of impairment in value of investments	187.03	164.92	144.67

NOTE 6
LOANS*

(₹ in Lakhs)

Particulars	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
Non-Current			
(a) Security deposits			
Unsecured, considered good	353.21	335.94	336.82
Unsecured, considered doubtful	1.91	1.91	1.91
	355.12	337.85	338.73
Less: Provision for doubtful deposits	(1.91)	(1.91)	(1.91)
	353.21	335.94	336.82
(b) Loans to related party	-	-	1.04
(c) Other loans			
(i) Loans to employees			
Secured, considered good	216.25	263.36	238.27
Unsecured, considered good	28.41	7.57	17.66
Unsecured, considered doubtful	-	-	-
	244.66	270.93	255.93
Less: Provision for doubtful loans	-	-	-
	244.66	270.93	255.93
(ii) Prepaid Expenses - Secured considered Good	3.84	2.55	-
(iii) Loan to Public Sector Undertaking, Considered Doubtful	725.00	725.00	725.00
Less: Provision for doubtful loan	(725.00)	(725.00)	(725.00)
	-	-	-
Total	**601.71**	**609.42**	**593.79**

*There is no amount due from director, other officer of the Company or firms in which any director is a partner or private companies in which any director is a director or member at any time during the reporting period.

NOTE 7
OTHER FINANCIAL ASSETS

(₹ in Lakhs)

Particulars	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
(Unsecured, considered good unless otherwise stated)			
Non-Current			
Interest accrued	-	-	-
- Employee loans			
Secured, considered good	178.40	210.87	212.93
Unsecured, considered good	3.43	-	-
Unsecured,considered Doubtful	22.78	22.78	22.78
Less: Provision for doubtful interest accrued on employee loans	(22.78)	(22.78)	(22.78)
	181.83	210.87	212.93
Interest Accrued from Related Party	0.77	2.39	2.67
Security Deposit	7.68	25.18	37.70
	190.28	**238.44**	**253.30**
Current			
Interest accrued on:			
- Fixed deposit	200.56	231.61	204.64
- Employees' Loans			
Secured, considered good	39.96	30.99	45.77
Unsecured, considered good	1.92	-	-
	41.88	30.99	45.77
Interest Accrued from Related Party	0.89	0.41	0.33
Insurance claim receivable	478.48	4,745.67	444.73
Less: Provision for Doubtful Advance	(5.00)	-	-
	473.48	4,745.67	444.73
Fixed deposit accounts / Current accounts with Banks	45.19	43.14	40.35
(Against amount received from DGCA for Project, including Interest accrued)			
Others	234.79	101.97	326.49
	996.79	**5,153.79**	**1,062.31**
Total	**1,187.07**	**5,392.23**	**1,315.61**

NOTE 8
OTHER ASSETS*

(₹ in Lakhs)

Particulars	As at		
	March 31, 2017	**March 31, 2016**	**April 1, 2015**
Non-Current			
Capital Advances	3,398.40	8.87	9.98
Advances to others			
Unsecured, considered good	53.00	208.07	274.15
Unsecured, considered doubtful	99.91	100.21	112.33
	152.91	308.28	386.48
Less: Provision for doubtful advances	(99.91)	(100.21)	(112.33)
	53.00	208.07	274.15
Advances Income tax (Net of provisions)	6,393.65	6,073.07	6,073.07
Prepaid expense	0.11	0.14	-
Other receivables	101.96	49.35	5.39
Less: Provision for doubtful receivables	(2.92)	(2.92)	(2.92)
	99.04	46.43	2.47
Total	**9,944.20**	**6,336.58**	**6,359.67**
Advances to others			
Unsecured, considered good	1,378.41	1,045.79	624.31
Unsecured, considered doubtful	66.08	66.08	59.15
	1,444.49	1,111.87	683.46
Less: Provision for doubtful advances	(66.08)	(66.08)	(59.15)
	1,378.41	1,045.79	624.31
Unsecured, considered good			
‘Balance with statutory authorities	240.86	248.82	158.46
‘Prepaid expense	699.30	354.58	429.94
Others	2.75	9.04	19.20
Total	**2,321.32**	**1,658.23**	**1,231.91**

*There is no amount due from director, other officer of the Company or firms in which any director is a partner or private companies in which any director is a director or member at any time during the reporting period.

NOTE 9
INVENTORIES

(₹ in Lakhs)

Particulars	As at		
	March 31, 2017	**March 31, 2016**	**April 1, 2015**
(Certified and valued by the management)			
Stores & Spares	7,918.20	8,258.47	8,461.26
Goods under inspection	25.48	3.09	342.89
Less: (i) Provision for Non moving stores & spares	(2,967.97)	(2,758.43)	(2,735.43)
(ii) Provision for shortage of inventory	(89.10)	(90.27)	(73.50)
(iii) Provision for Impairment in value	(453.13)	(453.14)	(453.14)
	4,433.48	4,959.72	5,542.08
Repairable & Rotables Spares	1,575.57	1,575.57	1,575.57
Less: (i) Obsolescence Reserve	(1,436.26)	(1,436.27)	(1,436.27)
(ii) Provision for impairment in value	(139.31)	(139.30)	(139.30)
	-	-	-
Gem Modules	501.37	501.37	501.37
Less: (i) Obsolescence Reserve	(447.21)	(447.21)	(447.21)
(ii) Provision for impairment in value	(54.16)	(54.16)	(54.16)
	-	-	-
Goods in transit (at cost)	40.74	10.62	13.20
Aviation Turbines Fuel (at cost)	9.05	15.79	24.88
Total	**4,496.69**	**5,018.64**	**5,648.36**

NOTE 10
TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
Unsecured, considered good	9,894.41	12,090.07	13,755.64
Doubtful	1,572.59	825.17	625.24
Other debts, considered good	9,322.06	11,571.73	15,289.53
	20,789.06	24,486.97	29,670.41
Less: Provision for doubtful debts	(1,572.59)	(825.17)	(625.24)
Total	**19,216.47**	**23,661.80**	**29,045.17**

(i) Trade receivables are non-interest bearing and are generally on credit terms of 30 to 90 days.

(ii) No trade or other receivables are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivables are due from firms or private companies respectively in which any director is a director, partner or a member.

(iii) Before accepting any new customer, the Company assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed annually.

(iv) Of the trade receivable balance as at March 31, 2017 Rs. 10945.75 Lakhs is due from four customers (as at March 31, 2016 Rs. 13150.98 Lakhs were due from four customers, as at 1 April, 2015 Rs. 13648.69Lakhs were due from three customers). No other customer has amounts due in excess of 5% of the total balance .

NOTE 11
CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

	Particulars	As at		
		March 31, 2017	March 31, 2016	April 1, 2015
11.1	Balances with banks:			
	- On current account	3,047.00	1,307.83	2,649.88
	- Export earning foreign currency account	441.24	260.01	196.36
	- Flexi deposit accounts	1,833.20	623.05	1,500.39
	- Fixed deposit with original maturity of less than 3 months	-	3,600.00	750.00
	Cash on hand	18.90	25.54	26.59
	Total cash and cash equivalent as per Statement of Cash Flows	5,340.34	5,816.43	5,123.22
11.2	Other bank balances			
	- Fixed deposit accounts	8,512.46	4,662.63	2,281.16
	(Original maturity more than 3 months)	-	-	-
	- Margin money with banks	1,789.97	1,903.62	1,520.91
		10,302.43	6,566.25	3,802.07
	Less: Temporary Bank Overdraft	(310.99)	(247.31)	(986.91)
	Total Other bank balances	9,991.44	6,318.94	2,815.16
	Total	**15,331.78**	**12,135.37**	**7,938.38**

NOTE 12
LOANS

(₹ in Lakhs)

Particulars	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
Current			
Loans to related parties	0.51	1.04	2.48
Others			
- Loans & Advances to employees			
Secured, considered good	59.68	99.51	105.78
Unsecured, considered good	430.01	366.47	416.20
Unsecured, considered doubtful	36.63	32.26	18.62
	526.32	498.24	540.59
Less: Provision for doubtful loans & advances	(36.63)	(32.26)	(18.62)
	489.69	465.98	521.97
Total	**490.20**	**467.02**	**524.45**

*There is no amount due from director, other officer of the Company or firms in which any director is a partner or private companies in which any director is a director or member at any time during the reporting period.

NOTE 13
CURRENT TAX ASSETS & LIABILITIES

(₹ in Lakhs)

Particulars	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
Current taxassets (Net)	930.54	1,198.63	1,068.33
Current tax liabilities (Net)	(2,810.63)	-	(239.30)
Total	**(1,880.09)**	**1,198.63**	**829.02**

(a) 'The major components of income tax expenses for the years ended March 31, 2017 & March 31, 2016 are:

Profit or loss section:

(₹ in Lakhs)

Particulars	As at	
	March 31, 2017	March 31, 2016
Current income tax:		
Current income tax charge	8,943.02	1,405.00
Adjustments in respect of current income tax of previous year	42.10	-
Deferred tax:		
Relating to origination and reversal of temporary differences	4,403.14	2,498.53
	13,388.26	3,903.53

OCI section:

(₹ in Lakhs)

Particulars	**As at**	
	March 31, 2017	**March 31, 2016**
Unrealised gain / (loss) on FVTOCI equity securities	-	-
Net loss / (gain) on Diminution in value of Investment	(7.65)	(7.90)
Net loss / (gain) on remeasurements of defined benefit plans	16.27	55.90
Income tax charged to OCI	**8.62**	**47.99**

(b) Reconciliation of tax expenses and the accounting profit multiplied by India's domestic tax rate for March 31, 2017 and March 31, 2016

(₹ in Lakhs)

Particulars	**As at**	
	March 31, 2017	**March 31, 2016**
Accounting profit before tax	37,650.17	9,620.74
Income tax on above @ 21.3416% (March 31, 2016: 21.3416%)	8,035.15	2,053.22
Add: Tax Effect of Expenses that are not deductible in determing Book profit		
Non-deductible expenses for tax purposes:		
- Provision for Doubtful/Debts & Advance	187.15	69.25
- Provision for Non Moving /Shortage of Inventory	44.72	15.63
- Remeasurement of the defined benefit Obligation shown in OCI	10.03	34.47
- Expenses / Provision not allowed under the Provisions Income Tax	-	(0.41)
- Change in Profit before tax for the F Y 2015-16 due to Ind-AS effect and Component Acccounting	-	(767.16)
- Tax effect of prior period items Charged to retained earning	140.52	-
- Interest on Income Tax U/S 234(B) & 234 (C) under Income Tax Act 1961	525.45	-
Income tax expenses reported in the statement of profit and loss	**8,943.02**	**1,405.00**

NOTE 14
EQUITY SHARE CAPITAL

(Rupees in Lakhs, except as otherwise stated)

Particulars	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
Share capital			
(A) Authorised, Issued, Subscribed and paid-up share capital and par value per share			
Authorised Capital			
2,50,000 (PY 2,50,000) Equity Shares of Rs. 10,000/- each	25,000.00	25,000.00	25,000.00
Issued Capital, Subscribed & Fully paid up			
2,45,616 (PY 2,45,616) Equity shares of Rs. 10,000/- each			
Paid up capital			
2,45,616 (PY 2,45,616) Equity shares of Rs. 10,000/- each	24,561.60	24,561.60	24,561.60
	24,561.60	24,561.60	24,561.60

(B) Reconciliation of numbers of Equity Shares outstanding at the beginning and at the end of the year

(Rupees in Lakhs, except as otherwise stated)

Particulars	As at March 31, 2017		As at March 31, 2016	
	No. of shares	Amount	No. of shares	Amount
Number of shares outstanding at the beginning of the period	245,616	24,561.60	245,616	24,561.60
Number of shares outstanding at the end of the period	245,616	24,561.60	245,616	24,561.60
Changes during the year	-	-	-	-

(C) Rights, preferences and restrictions attaching to various classes of shares

Class of shares	Terms, rights attached to equity shares
Equity	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 pari passu in all respects including voting rights and entitlement to dividend and the repayment of capital.

(D) Details of shareholder, holding more than 5% shares

Particulars	As at March 31, 2017		As at March 31, 2016	
	No. of shares	% hold	No. of shares	% hold
President of India	125,266	51%	125,266	51%
ONGC Ltd	120,350	49%	120,350	49%

NOTE 14
OTHER EQUITY

(₹ in Lakhs)

Particulars	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
General reserve	2,050.00	2,050.00	2,050.00
Retained earnings	55,871.15	32,912.14	28,900.45
Reserve for equity instruments through other comprehensive income	(26.81)	(12.35)	-
Reserve for debt instruments through other comprehensive income	-	-	-
Share Application Money Received Pending Allotment	15,905.00	-	-
Other Reserves	136.36	105.61	-
Total	**73,935.70**	**35,055.41**	**30,950.45**

NOTE 15
BORROWINGS

(₹ in Lakhs)

Particulars	Maturity	As at		
		March 31, 2017	March 31, 2016	April 1, 2015
Non-current borrowings				
Amount claimed by Central Government				
- Principal Amount		-	13,091.03	13,091.03
Secured Term loans				
- NTPC Ltd.	April, 2022	2,497.72	3,034.18	3,539.46
Secured Term loans				
- ONGC Ltd.	August, 2015	-	-	328.90
Total		**2,497.72**	**16,125.21**	**16,959.39**
Maturity of borrowings is summarized as under:				
-Not later than one year		536.45	836.85	3,825.44
		536.45	**836.85**	**3,825.44**
Current maturities of Long term Debt		-	15,443.65	15,635.87
-Later than one year and not later than five years		2,497.72	681.56	1,323.52
-Later than five years		**2,497.72**	**16,125.21**	**16,959.39**

NOTE 16
PROVISIONS

(₹ in Lakhs)

Particulars	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
Non Current			
Provision for employee benefits			
- Post retirement medical benefit scheme	905.98	739.49	632.90
- Earned leave	1,494.04	1,511.39	1,430.69
- Half Pay leave	438.65	716.91	645.12
- Pension	-	-	-
- Others	16.24	15.83	14.86
Total	**2,854.91**	**2,983.62**	**2,723.57**

NOTE 17
DEFERRED TAX LIABILITIES

(₹ in Lakhs)

Particulars	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
Deferred taxes liabilities (Net)	22,672.49	18,260.73	15,714.21
	22,672.49	18,260.73	15,714.21

(a) The tax effect of significant temporary differences that resulted in deferred income tax assets and liabilities are as follows:

(₹ in Lakhs)

Particulars	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
Deferred income tax liabilities:			
- Accelerated depreciation for tax purposes	26,562.27	24,856.80	23,494.69
- Gratuity	57.52	62.87	43.51
Total deferred income tax liabilities	**26,619.79**	**24,919.68**	**23,538.20**

Deferred income tax assets:			
- Employee benefits	1,669.40	2,642.78	2,960.90
- Non-moving inventory	1,057.99	985.88	954.76
- Provision for diminution in value of investment	64.73	57.08	49.17
- Carried forward unabsorbed depreciation	-	2,512.27	3,284.65
- Doubtful debt/advances	625.65	363.84	286.52
- Provision for Property tax	-	60.27	34.70
- Provision for Lease rent to AAI	498.69	-	194.79
- Provision for Loss at Lakshadweep	30.84	30.84	30.29
- Amount admissible U/S. 40(a)(ia) of Income Tax Act	-	5.99	28.21
Total deferred income tax assets	**3,947.30**	**6,658.94**	**7,823.99**
Deferred income tax assets after set off	**-**	**-**	**-**
Deferred income tax liabilities after set off	**22,672.49**	**18,260.73**	**15,714.21**

(b) Reconciliation of deferred income tax liabilities (Net)

(₹ in Lakhs)

Particulars	**As at**		
	March 31, 2017	**March 31, 2016**	**April 1, 2015**
Opening balance as on 1 April	**18,260.73**	**15,714.21**	**15,769.68**
Tax (income)/expenses during the period recognized in profit or loss	4,403.14	2,498.53	(55.47)
Tax (income)/expenses during the period recognized in OCI	8.62	47.99	-
Closing balance as on 31 March	**22,672.49**	**18,260.73**	**15,714.21**

NOTE 18
OTHER FINANCIAL LIABILITIES

(₹ in Lakhs)

Particulars	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
Non-Current			
Security deposits / Earnest Money Deposit	163.41	141.22	227.52
Interest/Other Charges due to Central Government	-	33,931.19	33,931.19
Expenses Payable	-	-	157.65
	163.41	34,072.41	34,316.36
Current			
Current Maturities of Long Term Debt	536.45	836.85	3,825.44
Payable on purchase of Fixed Assets	71.12	1,159.27	783.79
Payables for Capital Expenses	19.02	19.02	19.02
Payable to Employees	114.05	124.83	74.00
Security/ Earnest money deposit	79.07	68.62	209.88
Amount Payable to Related Party	-	1.12	-
Advance from DGCA Against Project (including interest)	1,205.96	1,203.91	1,201.12
Less: Amount spent on project	(1,160.77)	(1,160.77)	(1,160.77)
	45.19	43.14	40.35
	864.90	2,252.85	4,952.48
Total	**1,028.31**	**36,325.26**	**39,268.84**

NOTE 19
TRADE PAYABLES*

(₹ in Lakhs)

Particulars	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
Current			
Outstanding dues of micro & medium enterprises	-	-	-
Outstanding dues of trade payables other than micro & medium enterprises	7,351.28	3,652.05	3,467.16
Total	**7,351.28**	**3,652.05**	**3,467.16**

*Trade payables are non-interest bearing and are normally settled within 120 days.

NOTE 20
OTHER CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
Security/ Earnest money deposit	63.47	60.56	59.80
Advance from Customers	177.71	166.74	285.80
Statutory Liabilities	261.50	398.70	364.34
Other Payables	1,423.00	1,181.86	914.73
Total	**1,925.68**	**1,807.86**	**1,624.67**

NOTE 21
Provisions

(₹ in Lakhs)

Particulars	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
Current			
Employee benefits:			
- Post retirement medical benefit scheme	29.98	24.41	20.12
- Earned leave	119.26	90.96	105.22
- Half Pay leave	39.98	49.71	52.14
- Pension	6.51	5.70	2,498.52
- Others	1,773.09	4,481.93	3,311.54
	1,968.82	4,652.71	5,987.54
Loss at Lakshadweep	89.12	89.12	89.12
Corporate Social Responsibility	239.78	200.93	225.74
Others	-	-	39.31
Wealth Tax	-	-	7.90
Total	**2,297.72**	**4,942.76**	**6,349.61**

NOTE 22
REVENUE FROM OPERATION

(₹ in Lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Rendering of services		
Helicopter Hire Charges	43,107.30	43,670.45
Less: Deduction for Non-Provision of Helicopters (AOG)	(1,150.12)	(557.36)
	41,957.18	43,113.09
Other operating revenues		
Income from operations & maintenance contracts	752.99	2,196.37
Training fee & other recoveries	38.18	15.09
Revenue From Rohini Heliport	15.58	-
	806.75	2,211.46
Total	**42,763.93**	**45,324.55**

NOTE 23
OTHER INCOME

(₹ in Lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest income:		
-Deposits with Banks	626.62	438.64
-Loans to Employees	33.09	38.25
-Other	71.65	107.79
	731.36	584.68
Other non-operating income		
-Surplus on settlement of Insurance Claims	1,458.18	2,395.24
-Profit on sales of Inventory items	12.41	1.74
-Exchange fluctuations (Net)	619.64	508.30
-Provisions no longer required- written back	4,544.70	143.30
-Liquidated damages (Purchase)	473.11	9.14
-Miscellaneous Income	144.69	200.04
Total	**7,984.09**	**3,842.44**

NOTE 24
HELICOPTER OPERATIONAL & MAINTENANCE EXPENSE

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2017	March 31, 2016
Helicopter Maintenance expenses	5,001.96	7,038.88
Fuel expenses	2,112.47	2,007.09
Insurance expenses	1,525.68	930.59
Landing, Parking and other expenses	136.58	263.80
Helicopter Lease charges	1,230.19	-
Liquidated damages	2,479.82	996.96
Royalty /Commission to Shrine Board	51.51	91.19
Provision for Non-Moving Inventory/ Life Expired Items	209.55	73.26
Loss on Impairment of Fixed Assets	0.15	0.89
Fixed Assets written off	179.94	87.97
Storage, Handling & Demurrage Charges	61.91	51.88
Freight, Transportation & Cartage	107.93	152.69
Other operating expenses	14.86	12.97
Total	**13,112.55**	**11,708.17**

NOTE 25
EMPLOYEE BENEFITS EXPENSE

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2017	March 31, 2016
Salaries, Wages & other benefits	14,176.51	13,847.69
Contribution to Provident & Gratuity fund	1,099.26	1,010.20
Staff welfare	48.97	55.30
Other Staff expenses	254.90	255.31
Total	**15,579.64**	**15,168.50**

NOTE 26
FINANCE COST

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2017	March 31, 2016
Interest	203.51	450.13
Total	**203.51**	**450.13**

NOTE 27
DEPRECIATION & AMORTIZATION EXPENSE

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2017	March 31, 2016
Depreciation on Tangible Assets	7,894.61	7,203.23
Amortisation of Intangible Assets	3.67	11.52
	7,898.28	**7,214.75**

NOTE 28
OTHER EXPENSES

(₹ in Lakhs)

Particulars		For the year ended		
		March 31, 2017		March 31, 2016
Repairs & Maintenance				
-Building	63.85		47.40	
-Equipment	84.57		87.27	
-Others	103.93		104.45	
		252.35		239.12
Rent		5,566.48		681.13
Travelling & Conveyance		1,628.50		2,004.55
Crew & Staff Training		646.96		431.63
Bank charges		46.14		49.73
Electricity & Water expenses		237.35		244.12
Telephone, Telex & Postage		118.23		128.38

Advertisement & Publicity		33.88		44.73
Printing & Stationery		65.33		59.27
Vehicle Running & Maintenance		32.38		26.65
Auditors Remuneration				
-Statutory Audit Fees	6.73		6.73	
-For other matters	0.40		1.75	
-Reimbursement of expenses	0.68		0.68	
		7.81		9.16
Rates, Fees & Taxes		177.87		155.12
Provision for Doubtful Debts & Advances		876.94		324.49
Corporate Social Responsibility		83.85		76.90
Insurance Expenses		32.42		29.27
Other expenses		428.57		500.45
Total		**10,235.06**		**5,004.70**

NOTE 29
EXCEPTIONAL ITEMS

(₹ in Lakhs)

Particulars	**For the year ended**	
	March 31, 2017	**March 31, 2016**
Waiver off of Interest on GoI Dues	33,931.19	-
Total	**33,931.19**	**-**

NOTE 30
OTHER COMPREHENSIVE INCOME

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2017	March 31, 2016
Employees Benefits Expenses	47.01	161.51
Provision for Diminution in Value of Investments	(22.11)	(20.25)
Total	**24.90**	**141.26**

NOTE 31
EARNINGS PER SHARE (EPS)

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2017	March 31, 2016
Profit attributable to equity holders	24,278.19	5,810.48
Basic EPS (Rs.)	9,885	2,366
Diluted EPS (Rs.)	8,954	2,366

32. ADDITIONAL NOTES TO THE FINANCIAL STATEMENTS

(Annexed to and forming part of Annual Accounts for the year ended 31 March, 2017)

I. Capital and Other Commitments

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

(₹ in Lakhs)

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Capital commitments	874.96	1493.08	4951.65

II. Contingent Liabilities / Assets

a) Guarantees given

(₹ in Lacs)

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Counter guarantees given to Banks	3121.12	2620.85	2313.14

b) Letters of Credit

(₹ in Lacs)

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Letters of Credit	425.75	113.31	460.12

c) Tax Contingencies

Amounts in respect of demands assessed by revenue authorities on the company, in respect of income tax, which are in dispute, have been tabulated below:

i. Income Tax

(₹ in Lacs)

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Income Tax demands contested by the Company at ITAT/CIT(Appeals)	5464.36	5558.65	5375.00

The income tax department has withheld aforesaid amounts from 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. III.

ii. Value Added Tax

(₹ in Lacs)

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Demand Notice for payment of VAT for the period 2006-07 to 2009-10 including penalty & interest	45431.46	43407.26	41383.04

The demands relate to financial years 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 had replied that since it is paying service tax on such transactions, demand for payment of VAT does not arise. The matter is listed for final hearing before the Hon'ble VAT Tribunal.

iii. Service Tax

(₹ in Lacs)

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Show Cause Notice from Service Tax Department for the period April, 2009 to March, 2015.	2266.63	2269.91	1962.72

Show Cause Notice relates to the period April, 2009 to March, 2015 from the service tax department. Company is contesting against the show cause notice issued by the Service tax department at Commissioner of Service Tax for Demand Notice Rs. 287.74 lacs, at Tribunal for Demand Notice of Rs. 949.52 lacs and for Demand Notice of Rs. 1029.37 lacs adjudication is awaited, however, the company expects that there will be no significant impact on the results of operations or cash flows.

d) Litigations

(₹ in Lacs)

	Particulars	31 March, 2017	31 March, 2016	1 April, 2015
i)	Court cases / cases under Arbitration	4724.71	3163.64	4426.00
ii)	Others Matters (Includes Claim from Airport Authority of India regarding lease rent for hangers and land for the F Y 2014-15 & F Y 2015-16. The MOCA Arbitration Award was not implemented by AAI. However, they had raised highly inflated demand, which had not been accepted by the company. Net of amount paid/provision made were shown as contingent liability for Rs. 32073.93 lacs and Rs. Rs. 22,278.49 lacs for the F Y 2015-16 and 2014-15 respectively. However, as explained at note no. XXII (a) Ministry of Civil Aviation vide Letter No. AV-30020/7/2015-GA-MOCA dt. 01.08.2017 decided the lease rent charges payable to AAI for the period 01.10.2014 to 31.03.2017. Accordingly the liability for lease rent for hangers and land has been provided resulting in Rs. Nil contingent liability on account of AAI for the F Y 2016-17.	103.06	32177.00	22381.56

e) 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 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.

f) Contingent Assets

The company has paid in earlier years an amount of Rs.133.35 lacs towards tax demands made by the Income Tax department, towards alleged short deduction of tax at source. The company had contested the same and the Income tax appellate tribunal (ITAT) has passed an order in favour of the company on 20th April 2005, which was challenged in the High Court by the Income Tax Department. However, the case was dismissed. Based on the same, Income Tax depts. at Mumbai have passed the order dated 16/03/2009 in which they have refunded the principal amount. However, interest on the same is yet to be received and will be accounted on receipt of the same.

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 along with 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 since the Ministry of Finance has confirmed total dues recoverable from the Company upto 31.03.2016 at Rs 47022.22 Lacs representing principal of Rs 13091.03 Lacs and interest of Rs 33931.19 Lacs. The Company had 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 again submitted details of the proposal in January 2016 to MOCA for taking up the matter with Ministry of Finance. In this regard, Cabinet Committee Note (CCN) was put up by Ministry of Civil Aviation to Cabinet for its consideration.

Finally, long awaited decision was received during the F Y 2016-17 whereby the Ministry of civil aviation vide letter dt.01.12.2016 conveyed decision of the cabinet approving settlement of the claim of Ministry of Finance on account of import of westland helicopters by providing budgetary provision of Rs.13091.03 Lacs to Pawan Hans Ltd. towards repayment of Rs.13,091.03 lacs to the Government and freezing of interest at 01.04.2001 level and waiving of Rs.33,931.19 lacs dues of Pawan Hans Ltd towards Ministry of Finance. Accordingly, Ministry of Civil Aviation vide sanction order dated 18.01.2017 conveyed sanction of Rs.13091.03 lacs to Pawan Hans Ltd as budgetary provision as equity investment in Pawan Hans Ltd for the year 2016-17. This amount will be used by Pawan Hans Ltd for making payment towards principal amount of dues of Rs.13091.03 lacs into the account of CAAA at RBI. The said amount was transferred to Pawan Hans Ltd account on 20.01.2017 by Ministry of civil aviation. Thereafter, Rs.13091.03 lacs was deposited into the account of CAAA at RBI on 04.02.2017 towards settlement of the claim of Ministry of Finance.

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 of 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 poor 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 was dismissed by the Hon'ble Supreme Court in 2012. Thereafter, transfer of inventory items from the warehouse of Sagar Warehousing Corporation to company's western region was carried out. 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 for disposal 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 report of second Valuer has been received at Rs.26.53 Lacs and the same has been submitted to MOCA. For reconstitution of steering committee for disposal

V. Residential Flats/Quarters

a) The Company had constructed and capitalized 242 flats during 2002-2003 at a cost of Rs. 2270.68 Lacs 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 Lacs.

b) The Company had purchased 6 nos. of residential flats in May 1998 for 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 upto 31/03/2018 but Lease agreement has expired on 22/7/2016 and efforts are on to get the Lease agreement signed with an increase of 10% after the expiry of lease agreement w.e.f. 23/07/2016. Further, the rent arrears of the same have been accounted for in our books.

VI. Property, Plant & Equipment

a) Rotables and Repairable with gross cost of Rs. 5158.24 Lacs (March 31, 2016 Rs. 5844.75 Lacs and April 1, 2015 Rs. 5187.95 Lacs) and WDV of Rs. 1650.62 Lacs (March 31, 2016 Rs. 2161.15 Lacs and April 1, 2015 Rs. 3102.61 Lacs) are lying with foreign equipment suppliers for repairs as at 31.03.2017. Out of these, Rotables with gross cost of Rs. 769.80 Lacs (March 31, 2016 Rs. 2136.13 Lacs and April 1, 2015 Rs. 3047.39 Lacs) and WDV of Rs. 394.07 Lacs (March 31, 2016 Rs. 886.84 Lacs and April 1, 2015 Rs. 1881.78 Lacs) have been received back after 31 March, 2017. 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) Physical verification of Fixed Assets has been carried out and process of reconciliation with fixed assets register is in progress. Differences between book and physical balances have been traced and sent to respective departments for completion of reconciliation process.

c) 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.

VII. Inventories

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

(₹ in Lakhs)

2016-2017		2015-2016	
Shortage	**Excess**	**Shortage**	**Excess**
39.92	80.17	41.74	12.95

Appropriate adjustments have been made in the financial statements for the above amounts. No such difference has been noticed in Northern Region. However, reconciliations of physical balance and book records are in progress.

2) On review of inventory of Non-Moving stores, spares and consumables provision of Rs. 209.55 Lacs (March 31, 2016 Rs. 73.26 Lacs and April 1, 2015 Rs. 541.89 Lacs) has been made during the year under review as per the approved accounting policy. Further, on review of inventory at western region of Non-moving stores, spares and consumables provision of Rs. Nil (March 31, 2016 Rs. 50.26 Lacs and April 1, 2015 Rs. Nil) has been reversed during the year under review.

3) The price trend in the Aviation Sector is different as compared to price trend in other industry, besides the sale/purchase price for pre-owned helicopter stores/spares/consumables is not directly available in the open market. Further, the aviation sector is growing rapidly while vendors in the market are very limited. Hence, the value of inventory represents the net realizable value.

VIII. Secured Loans

(₹ in Lakhs)

S. No.	Loan From	Limit Sectioned / Date	Drawdown upto 31.3.2017	Repayment upto 31.3.2017	Interest rate (Monthly rest)	Payment Schedule	Secured by
1.	ONGC Ltd	27500.00 12/08/2010	16516.00 (net of Rs. 9585.00 Lacs converted into equity)	16516.00	SBI base rate plus 1.5%	60 equal monthly installments	7 nos. of new Dauphin N3 helicopters de hypothecated after repayment of secured loan.
2.	NTPC Ltd.	5430.00 29/04/2010	5283.63	2249.45	6% per annum	120 equal monthly installment.	Hypothecation of Dauphin N3 helicopter

IX. Confirmations for balances as at 31st March 2017 from Trade Receivables, Trade Payables and Loans & Advances/ Deposits were circulated, but response received was limited.

X. The major customers of the company are Government and Central Public Sector undertakings where the likelihood of default in payment is usually insignificant. The management expects that it will receive its entire dues from its customers. Accordingly, it has considered 100% probability of recoverability of dues from customers. Therefore, company has not worked out probability matrix and not accounted for 'Expected Credit Loss Provision' as per provision of Ind AS 109.

XI. Employees Remuneration and other benefits. –

a) During the year, the Company has provided Rs. 1147.39 Lacs (March 31, 2016 Rs. 1147.00 and April 1, 2015 Rs. 1104.78 Lacs) on estimated basis on account of license related allowances for pilots and engineers. As the Board of Directors in its 154th Board meeting has approved the license related allowances w.e.f. 01.04.2016 to pilots and AMEs, accordingly the provision made in earlier years amounting to Rs. 4381.16 Lacs has been reversed in the financial year under review. Total provision being carried in the books as on 31.03.2017 is Rs. 1147.39 Lacs (March 31, 2016 Rs. 4381.16 Lacs and April 1, 2015 Rs. 3234.16 Lacs).

b) Retirement Benefit Plans

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

(₹ in Lakhs)

Particulars	**2016-17**			**2015-16**		
	Opening Liability	**Created/ Adjusted during the Year**	**Closing Liability**	**Opening Liability**	**Created/ Adjusted during the Year**	**Closing Liability**
Earned Leave	1602.34	10.96	1613.30	1535.90	66.44	1602.34
Half Pay Leave	766.62	(288.00)	478.62	697.27	69.35	766.62
Post Retirement Medical Benefit Scheme.	763.90	172.06	935.96	653.02	110.88	763.90
Baggage Allowance upon Retirement	16.63	1.96	18.59	15.61	1.02	16.63
Total	**3149.49**	**(103.02)**	**3046.47**	**2901.80**	**247.69**	**3149.49**

2) Gratuity

i. Changes in present value of defined benefit obligation are as follows:

(₹ in Lakhs)

Particulars	**31 March, 2017**	**31 March, 2016**	**1 April, 2015**
Defined benefit obligation at the beginning of the year	3305.02	3262.26	3129.97
Current service cost	178.65	169.40	168.65
Interest cost	264.40	260.98	250.40

Actuarial gain/(loss)	(136.07)	(198.69)	(158.11)
Past service cost	-	-	-
Benefit paid	(110.37)	(188.93)	(128.65)
Defined benefit obligation at the end of the year	3501.63	3305.02	3262.26

ii. Changes in fair value of plan assets are as follows:

(₹ in Lakhs)

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Fair value of plan assets at the beginning of the year	3487.14	3390.70	3248.56
Expected return on plan assets	278.97	271.26	259.88
Contribution by employer	-	-	-
Benefit paid	(110.37)	(188.93)	(128.65)
Actuarial gain/(loss)	12.52	14.11	10.91
Fair value of plan assets at the end of the year	3668.26	3487.14	3390.70

iii. The major categories of plan assets as a percentage of fair value of total plan assets are as follows:

Particulars	31 March, 2017 (%)	31 March, 2016 (%)	1 April, 2015 (%)
Govt. securities / special deposit with RBI	64.18	64.03	64.27
High quality corporate bonds	24.48	26.27	26.84
Insurance companies	Nil	Nil	Nil
Cash and cash equivalents, Bank balance	1.86	0.56	0.89
Term deposits	9.02	8.75	7.55
Equity (Mutual Funds)	0.46	0.39	0.45

iv. Details of defined benefit obligation

(₹ in Lakhs)

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Present value of defined benefit obligation	3501.63	3305.02	3262.25
Fair value of plan assets	3668.26	3487.14	3390.70
Benefit liability	166.63	182.12	128.45

v. Expenses recognized in the statement of profit and loss:

(₹ in Lakhs)

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Current service cost	178.65	169.40	168.65
Interest cost on benefit obligation	264.40	260.98	250.40
Expected return on plan assets	(278.97)	(271.25)	(259.88)
Net expense for the period	164.08	159.13	159.17

vi. Expenses recognized in the Other Comprehensive Income (OCI):

(₹ in Lakhs)

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Actuarial Gain /(losses) on Obligation for the period	136.07	198.70	158.11
Return on Plan Assets (Excl. interest income)	12.52	14.10	10.91
Change in Asset Ceiling	-	-	-
Net Gain /(Losses) for the period recognized in OCI	148.59	212.80	169.02

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

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Discount Rate	7.50%	8.00%	8.00%
Future cost increase /Salary escalation rate	6.00%	6.00%	6.00%
Retirement age	60	60	60
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.

The estimated future salary increase, considered in actuarial valuation, takes into account the effect of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. The overall expected rate of return on plan assets is determined based on the market prices prevailing as on balance sheet date, applicable to the period over which the obligation is to be settled.

viii. Sensitivity Analysis

(₹ in Lakhs)

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Projected Benefit Obligation on Current Assumptions			
Delta Effect of +0.50% Change in Rate of Discounting	(107.13)	(109.91)	(114.85)
Delta Effect of -0.50% Change in Rate of Discounting	112.69	115.74	121.10
Delta Effect of +0.50% Change in Rate of Salary increase	113.77	117.41	112.85
Delta Effect of -0.50% Change in Rate of Salary increase	(109.10)	(112.44)	(117.50)
Delta Effect of +0.50% Change in Rate of Employee Turnover	(8.18)	(7.72)	(7.62)
Delta Effect of -0.50% Change in Rate of Employee Turnover	8.55	8.07	7.97

ix. Maturity Analysis of projected benefit obligation: From the Fund

(₹ in Lakhs)

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Projected Benefits Payable in Future Years From the Date of Reporting			
1st following year	227.44	168.87	174.24
2nd following year	55.00	87.61	188.65
3rd following year	96.37	203.35	194.21
4th following year	252.99	241.31	248.50
5th following year	244.53	237.52	227.88
6th following year	302.96	296.97	294.78
Beyond 6 years	2322.34	2069.41	1933.99

x. Amounts of current and previous periods are given as under:

(₹ in Lakhs)

Particulars	31 March, 2017	31 March, 2016	31 March, 2015	31 March, 2014
Defined benefit obligation	3501.63	3305.02	3262.25	3129.96
Plan Assets	3668.26	3487.14	3390.70	3248.62

Particulars	31 March, 2017	31 March, 2016	31 March, 2015	31 March, 2014
Surplus / (Deficit)	(16.63)	(182.12)	(128.45)	(118.66)
Experience adjustment on plan liabilities	(242.99)	(198.69)	(158.11)	(81.94)
Experience adjustment on plan assets	(2.12)	2.57	(0.46)	2.79

3) Post Retirement Medical Benefit Plan

i. Changes in the present value of benefit obligation are as follows:

(₹ in Lakhs)

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Present Value of obligation at the beginning of the year	763.90	653.02	529.60
Current service cost	24.42	20.23	18.10
Interest cost	61.11	52.24	42.37
Actuarial gain/(loss)	101.34	52.24	77.65
Past service cost	-	-	-
Benefit paid	(14.81)	(13.83)	(14.70)
Present value of obligation at the end of the year	935.96	763.90	653.02

ii. Balance sheet and related analysis:-

(₹ in Lakhs)

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Present Value of the Obligation at end	935.96	763.90	653.02
Fair Value of Plan Assets	-	-	-
Unfunded Liability /provision in Balance sheet	(935.96)	(763.90)	(653.02)
Unfunded liability recognized in Balance sheet	(935.96)	(763.90)	(653.02)

iii. Expenses recognized in the statement of profit and loss:

(₹ in Lakhs)

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Current service cost	24.42	20.23	18.10
Interest cost on benefit obligation	61.11	52.24	42.37
Net expense for the period	85.53	72.47	60.47

iv. Expenses recognized in the Other Comprehensive Income (OCI):

(₹ in Lakhs)

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Actuarial losses on Obligation for the period	(101.34)	(52.24)	(77.65)
Return on Plan Assets (Excl. interest income)	-	-	-
Change in Asset Ceiling	-	-	-
Net expense for the period recognized in OCI	(101.34)	(52.24)	(77.65)

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

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Discount Rate	7.50%	8.00%	8.00%
Future cost increase /Salary escalation rate	6.00%	6.00%	6.00%
Retirement age	60	60	60
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.

The estimated future salary increase, considered in actuarial valuation, takes into account the effect of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

vi. Sensitivity Analysis

(₹ in Lakhs)

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Projected Benefit Obligation on Current Assumptions			
Delta Effect of +0.50% Change in Rate of Discounting	(56.40)	(56.86)	(50.37)
Delta Effect of -0.50% Change in Rate of Discounting	67.59	47.24	41.65
Delta Effect of +0.50% Change in Rate of Employee Turnover	(0.80)	(0.68)	(0.55)
Delta Effect of -0.50% Change in Rate of Employee Turnover	0.82	0.70	0.57

4) Earned Leave Liability

i. Changes in the present value of benefit obligation are as follows:

(₹ in Lakhs)

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Present Value of obligation at the beginning of the year	1602.34	1535.90	1480.20
Current service cost	118.12	97.51	98.24
Interest cost	128.19	122.87	118.42
Actuarial gain/(loss)	217.58	124.81	95.76
Past service cost	-	-	-
Benefit paid	(452.93)	(278.75)	(256.71)
Present value of obligation at the end of the year	1613.30	1602.34	1535.90

ii. Balance sheet and related analysis:-

(₹ in Lakhs)

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Present Value of the Obligation at end	1613.30	1602.34	1535.90
Fair Value of Plan Assets	--	--	--
Unfunded Liability /provision in Balance sheet	1613.30	1602.34	1535.90
Unfunded liability recognized in Balance sheet	1613.30	1602.32	1535.90

iii. Expenses recognized in the statement of profit and loss:

(₹ in Lakhs)

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Current service cost	118.12	97.51	98.24
Interest cost on benefit obligation	128.18	122.87	118.41
Net actuarial (gain)/ loss recognized in the period	217.58	124.81	95.76
Net expense for the period	463.88	345.19	312.42

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

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Discount Rate	7.50%	8.00%	8.00%
Future cost increase /Salary escalation rate	6.00%	6.00%	6.00%
Retirement age	60	60	60
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.

The estimated future salary increase, considered in actuarial valuation, takes into account the effect of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

v. Sensitivity Analysis

(₹ in Lakhs)

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Projected Benefit Obligation on Current Assumptions			
Delta Effect of +0.50% Change in Rate of Discounting	(55.16)	(53.15)	(54.14)
Delta Effect of -0.50% Change in Rate of Discounting	51.79	55.94	57.11
Delta Effect of +0.50% Change in the Salary Increase	52.29	56.75	57.93
Delta Effect of -0.50% Change in the Salary Increase	(51.07)	(54.38)	(55.39)
Delta Effect of +0.50% Change in Rate of Employee Turnover	(2.73)	(2.71)	(2.60)
Delta Effect of -0.50% Change in Rate of Employee Turnover	3.80	2.78	2.66

vi. Maturity Analysis of projected benefit obligation: From the Employer

(₹ in Lakhs)

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Projected Benefits Payable in Future Years From the Date of Reporting			
1^{st} following year	119.26	90.95	105.21
2^{nd} following year	25.49	31.96	70.30
3^{rd} following year	42.35	105.90	99.67
4^{th} following year	134.38	119.59	118.65
5^{th} following year	108.81	119.92	110.92
6^{th} following year	173.50	146.62	137.52
Beyond 6 years	1009.02	987.40	893.63

5) Baggage Allowance

i. Changes in the present value of benefit obligation are as follows:

(₹ in Lakhs)

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Present Value of obligation at the beginning of the year	16.63	15.61	14.22
Current service cost	0.79	0.71	0.69
Interest cost	1.33	1.25	1.14
Actuarial gain/(loss)	0.23	(0.95)	(0.36)
Past service cost	-	-	-
Benefit paid	(0.40)	-	(0.08)
Present value of obligation at the end of the year	18.59	16.63	15.61

ii. Balance sheet and related analysis :-

(₹ in Lakhs)

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Present Value of the Obligation at end	18.59	16.63	15.61
Fair Value of Plan Assets	-	-	-
Unfunded Liability /provision in Balance sheet	(18.59)	(16.63)	(15.61)
Unfunded liability recognized in Balance sheet	(18.59)	(16.63)	(15.61)

iii. Expenses recognized in the statement of profit and loss:

(₹ in Lakhs)

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Current service cost	0.79	0.71	0.69
Interest cost on benefit obligation	1.33	1.25	1.14
Net expense for the period	2.12	1.96	1.83

iv. Expenses recognized in the Other Comprehensive Income (OCI):

(₹ in Lakhs)

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Actuarial gain /(losses) on Obligation for the period	(0.24)	0.95	0.36
Return on Plan Assets (Excl. interest income)			-
Change in Asset Ceiling			-
Net expense for the period recognized in OCI	(0.24)	0.95	0.36

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

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Discount Rate	7.50%	8.00%	8.00%
Future cost increase /Salary escalation rate	6.00%	6.00%	6.00%
Retirement age	60	60	60
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.

The estimated future salary increase, considered in actuarial valuation, takes into account the effect of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

vi. Sensitivity Analysis

(₹ in Lakhs)

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Projected Benefit Obligation on Current Assumptions			
Delta Effect of +0.50% Change in Rate of Discounting	(0.55)	(0.56)	(0.57)
Delta Effect of -0.50% Change in Rate of Discounting	0.57	0.54	0.53
Delta Effect of +0.50% Change in Rate of Employee Turnover	(0.56)	(0.52)	(0.48)
Delta Effect of -0.50% Change in Rate of Employee Turnover	0.59	0.55	0.50

vii. Maturity Analysis of projected benefit obligation: From the Fund

(₹ in Lakhs)

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Projected Benefits Payable in Future Years From the Date of Reporting			
1st following year	1.22	0.79	0.76
2nd following year	0.27	2.24	0.73
3rd following year	0.54	1.32	0.93
4th following year	1.38	1.50	1.12
5th following year	1.34	1.46	1.24
6th following year	1.76	1.48	1.36
Beyond 6 years	12.05	7.85	9.28

6) Half Pay leave Liability

i. Changes in the present value of benefit obligation are as follows:

(₹ in Lakhs)

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Present Value of obligation at the beginning of the year	766.61	697.27	593.00
Current service cost	24.15	37.16	35.24
Interest cost	61.33	55.78	47.44
Actuarial gain/(loss)	(348.56)	28.27	39.89
Past service cost	-	-	-
Benefit paid	(24.91)	(51.86)	(18.30)
Present value of obligation at the end of the year	478.62	766.61	697.27

ii. Balance sheet and related analysis:-

(₹ in Lakhs)

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Present Value of the Obligation at end	478.62	766.61	697.27
Fair Value of Plan Assets	-	-	-
Unfunded Liability /provision in Balance sheet	(478.62)	(766.61)	(697.27)
Unfunded liability recognized in Balance sheet	(478.62)	(766.61)	(697.27)

iii. Expenses recognized in the statement of profit and loss:

(₹ in Lakhs)

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Current service cost	24.15	37.15	35.24
Interest cost on benefit obligation	61.33	55.78	47.44
Net actuarial (gain)/ loss recognized in the period	(348.56)	28.27	39.89
Net expense for the period	(263.08)	121.21	122.57

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

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Discount Rate	7.50%	8.00%	8.00%
Future cost increase /Salary escalation rate	6.00%	6.00%	6.00%
Retirement age	60	60	60
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.

The estimated future salary increase, considered in actuarial valuation, takes into account the effect of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

v. Sensitivity Analysis

(₹ in Lakhs)

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Projected Benefit Obligation on Current Assumptions			
Delta Effect of +0.50% Change in Rate of Discounting	(14.83)	(24.33)	(23.68)
Delta Effect of -0.50% Change in Rate of Discounting	13.90	25.53	24.91
Delta Effect of +0.50% Change in the Salary Increase	14.04	25.90	25.27
Delta Effect of -0.50% Change in the Salary Increase	(15.09)	(24.90)	(24.23)
Delta Effect of +0.50% Change in Rate of Employee Turnover	(1.30)	(1.18)	(1.00)
Delta Effect of -0.50% Change in Rate of Employee Turnover	1.33	1.21	1.03

vi. Maturity Analysis of projected benefit obligation: From the Employer

(₹ in Lakhs)

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Projected Benefits Payable in Future Years From the Date of Reporting			
1st following year	39.18	49.71	52.14
2nd following year	7.41	15.04	33.97
3rd following year	18.88	57.77	48.91
4th following year	39.72	65.76	59.20
5th following year	29.06	50.60	49.15
6th following year	44.51	72.51	62.08
Beyond 6 years	299.07	455.22	391.82

XII. Investment in Equity Share (unlisted) at cost - (Level 3 Investment)

The Company has invested Rs. 289.34 Lacs during F.Y. 2009-10 towards equity contribution (unlisted) in National Flying Training Institute Pvt. Ltd. (NFTI), Gondia, Maharashtra. The investee company has accumulated losses of Rs. 5409.07 Lacs against paid up share capital of Rs. 8368.40 Lacs as on 31.03.2017 (Unaudited Accounts). Considering huge accumulated Loss which is about 64.64% (March 31, 2016 - 56.76% and April 1, 2015 - 51.47%) of Paid up share capital of the NFTI, the Company has made total provision of Rs. 187.03 Lacs till 31.03.2017 (Refer Note No. XXI) (March 31, 2016 Rs. 164.92 Lacs and April 1, 2015 Rs. 144.67 Lacs) for diminution in value of Investment.

XIII. Insurance Claims

a) On 28th June 2013, N3 helicopter registration 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. Subsequently, as per email dt. 10th Sept, 2015, the surveyor has assessed claim of Rs. 733.46 Lacs which is subject to settlement by the insurance company.

b) On 04/11/2015, Dauphin N helicopter bearing registration no. VT-ELJ (Sum Assured of Rs. 1325.00 Lacs with deductible amount of Rs. 40.00 Lacs) met with an accident while landing at Maruli helipad, Nagaland with two crew members and 4 passengers on board. Intimation regarding crash has been sent to M/s. National Assurance Co. Ltd. Insurance claim against above crash is under process.

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. 17091.29 Lacs (March 31, 2016 Rs. 8670.65 Lacs and April 1, 2015 Rs. 7268.21) upto Financial Year under review (including Rs. 8417.57 Lacs for the current financial year out of which Rs. 2285.18 Lacs is payable under self assessment and Rs. 525.45 Lacs is payable as Interest). Amount of MAT paid by the company is adjustable in future in fifteen years from respective years of payment against normal income tax liability.

b) Breakup of advance tax net of provision of Rs. 4513.56 Lacs (March 31, 2016 Rs. 7271.70 Lacs and April 1, 2015 Rs. 6902.09 Lacs) shown under long term loan and advances are as under:

(₹ in Lakhs)

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Advance Tax including tax deducted at source	40705.38	34476.25	33005.03
Provision for Income Tax	36191.82	27204.55	26102.94
Net Amount of advance income tax paid	4513.56	7271.70	6902.09

c) The amount of advance tax includes Rs. 6498.44 Lacs (March 31, 2016 Rs. 6715.03 Lacs and April 1, 2015 Rs. 6978.93) relating to completed assessments upto the assessment year 2014-15 and Rs. 825.75 Lacs pertains to A.Y. 2015-16 and A.Y. 2016-17 in respect of which assessment is yet to be completed.

The refundable amount of aforesaid advance tax as on 31 March, 2017 amounting to Rs. 6498.44 Lacs upto the assessment year 2014-15 (March 31, 2016 Rs. 6715.03 Lacs and April 1, 2015 Rs. 6978.93 Lacs), is not quantifiable at this stage as these cases are pending with ITAT. Hence, net amount recoverable /adjustable towards refunds from the Income Tax Department has been shown under "Non Current Tax Assets " amounting to Rs. 6393.65 Lacs and balance amount of Rs. 104.79 Lacs under ''Current Tax Assets".

The Company has filed appeals with 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.

During the financial year 2016-17, the GOI interest liability of Rs. 33931.19 Lacs payable to the Ministry of Finance (MoF) has been waived off vide sanction order no. F.No.AV30020/26/2012-GA-MoCA dated 01.12.2016. Further, as per sanction order, entire interest amount has been accounted for as income under Exceptional items (Refer Note No. 29). Accordingly, the Company has paid taxes under the provisions of Income Tax Act, 1961.

XV. <u>Heliport Project</u>

The Government had approved building a Heliport at Rohini, New Delhi by the Company at an estimated cost of Rs. 6400.00 Lacs (including cost of Land of Rs.1907.00 lacs which is in the name of MOCA) which has been revised to Rs 9925.00 Lacs on 07/06/2016 by MOCA due to additional items and contingencies for essential security, safety and operational infrastructure cost. The project is to be funded as under:-

a) Government equity towards 80% of the cost of infrastructure development aggregating to Rs. 6414.00 Lacs.

b) Company contribution of Rs.1604.00 Lacs being 20% of the project cost.

The Company has received Rs. 6414.00 Lacs upto March, 2017 as equity contribution from GoI towards the Heliport Project costs (Including Rs. 2814.00 Lacs received from GoI (MOCA) in March 2017 as share application money pending allotment).

Expenses incurred on the project till 31.3.2017 is summarized below:-

(₹ in Lakhs)

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Cost of land –Not Funded by GoI	7.01	7.01	7.01
Payment to consultants for designing and project planning	178.68	146.85	79.35
Expenses on boundary wall and R/A Bills payment to Contractor, Electricity Load Sanction fees etc.	5948.26	5114.68	1620.41
Total	6133.95	5268.54	1706.77
Amount received from the Government of India	6414.00	3600.00	3600.00
Amount invested in fixed deposit with banks as ear-marked fund for the project	280.05	Nil	1893.23
Amount Invested by PHL through internal resources in Rohini Heliport Project upto 31/03/2017	Nil	1668.54	Nil

During the financial year under review, Rohini Heliport has started its operation from 28.02.2017. Therefore, Rs. 6133.95 Lacs has been provisionally capitalized on 28.02.2017 under different identifiable components following Component Approach. Further, as there is no lease agreement between the company and MOCA for Rohini Heliport Land, useful life as stated under Companies Act has been considered for respective identified component on a going concern basis.

XVI. Helicopter Training Academy cum Heliport at Hadapsar, Pune

The Company had been assigned responsibility of setting up a Helicopter Training Academy cum Heliport at the existing Gliding Centre at Hadapsar, Pune owned and controlled by the DGCA. Detailed project report was approved by MOCA. DGCA had released an amount of Rs. 1000.00 Lacs for this purpose in April 2010. Expenses incurred upto 31.03.2017 out of the said advance is stated below:

(₹ in Lakhs)

	Particulars	31 March, 2017	31 March, 2016	1 April, 2015
A	-Advance received from DGCA in April, 2010	1000.00	1000.00	1000.00
	-Total interest accrued & earned	205.96	203.91	201.12
	Total fund	**1205.96**	**1203.91**	**1201.12**
B	- Amount disbursed to NBCC	1134.09	1134.09	1134.09
	- Amount incurred by the company towards project cost	26.68	26.68	26.68
	Total Disbursement/ expenditure	**1160.77**	**1160.77**	**1160.77**
C	Balance available with bank			
	- In Current account	5.37	5.38	5.11
	- In Fixed Deposits	39.41	37.00	35.00
	- Interest accrued	0.41	0.76	0.24
	Total	**45.19**	**43.14**	**40.35**

XVII. Corporate Social Responsibility and Sustainable Development Fund

As per 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, in F.Y. 2016-17 company is required to spend Rs. 125.36 Lacs (March 31, 2016 Rs. 106.39 Lacs and April 1, 2015 Rs. 69.52 Lacs). In addition to above, provision amounting to Rs. 200.92 Lacs (March 31, 2016 Rs. 200.92 Lacs and April 1, 2015 Rs.225.74 Lacs) was carried forward from earlier years. During the current year, company has spent/ committed Rs. 83.85 Lacs (March 31, 2016 Rs. 76.90 Lacs and April 1, 2015 Rs. 50.22 Lacs) on CSR activities under the following heads:

(₹ in Lakhs)

Particulars	31 March, 2017	31 March, 2016
Swachh Bharat Abhiayan	39.27	76.90
Promotion of Education*	44.58	Nil
Healthcare	Nil	Nil
Conservation of natural resources	Nil	Nil
Training and skill development	Nil	Nil
Total	**83.85**	**76.90**

*During the F Y 2016-17 contract was awarded for renovation of school for Rs.44.58 Lacs under CSR out of which Rs.5.73 Lacs was spent upto 31.03.2017 and provision for corporate social responsibility for Rs.38.85 Lacs was made in books of accounts as committed liability under CSR.

The balance unspent amount of Rs. 200.92 Lacs for the period upto 31.03.2014 will be spent in due course as per guidelines issued by the DPE dated 23.09.2011 and further modifications issued from time to time.

XVIII. Obligation towards operating leases:-

Rental expenses / Helicopter Lease Charges of Rs. 6796.67 Lacs (March 31, 2016 Rs. 681.13 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.

Disclosure of Operating Lease with HAL*:-

(₹ in Lakhs)

Particulars	Not Later than One year	Later than one year but not later than five years	Later than five years
Dhruv Helicopter on Dry Lease from HAL (VT-HAQ)*	609.63	356.52	-

* During the F Y 2016-17 Rs.209.00 Lacs (P Y –Rs. Nil) have been charged to the Statement of Profit and Loss.

Further, there is no underlying lease agreement between AAI and the Company for Lease of Hangers and Land, accordingly, it cannot be identified, whether the lease is cancellable or non cancellable. Therefore, future minimum lease payments disclosure as per provisions of Ind-AS is not feasible. During the current financial year, company has accounted for Rs. 5476.15 Lacs (P Y Rs. 584.87 Lacs) on account of AAI Lease Rent.

XIX. Component Accounting

During the year, component accounting for helicopter parts has been adopted and the following parts are considered for component accounting:

a. Engine
b. Main Gear Box
c. Hub Assy.
d. Transmission Assy.
e. Embedded Cost
f. Hull

Total Depreciation for helicopters & components for the F Y 2016-17 comes to Rs. 6692.44 lacs (March 31, 2016 Rs. 5956.87 lacs). Except employee costs, overhaul charges / G inspection expenses of Rs. 6383.01 lacs (March 31, 2016 Rs. 7440.37 lacs) were capitalized in the F. Y. 2016-17.

XX. A financial irregularity was reported at Lakshadweep detachment in the financial year 2014-2015. The Vigilance Department has conducted enquiry and submitted report to the management. Out of the estimated financial loss as reported by the Vigilance Department of Rs. 129.21 Lacs, provision of Rs. 89.12 Lacs was created in the financial year 2014-2015. The figure of Rs. 89.12 Lacs was arrived at by estimating 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. During the previous financial years, Rs. 59.29 Lacs were received from the Lakshadweep Administration towards travelling bills for the period April 2008 to March 2011. Investigations are still in progress.

XXI. Provisions

Various provisions carried in the books as on 31.03.2017 are detailed below.

(₹ in Lakhs)

Particulars	As on 1 April, 2015	Created / Utilized during the year	As on 31 March, 2016	Created / Utilized/other adjustments during the year	As on 31 March, 2017
Impairment of Assets	1618.42	(2.42)	1615.99	(0.46)	1615.53
Provision for Revision of Pay & Allowances from 01.01.2007 including pension and others	2575.13	(2475.74)	99.39	-	99.39
Provision on account of License related allowance to Pilots & Engineers	3234.16	1147.00	4381.16	(3233.77)	1147.39
Provision for Revision of Pay & Allowances from 01.01.2017	-	-	-	515.35	515.35
Doubtful Debts/Advances	1567.95	208.37	1776.32	756.50	2532.82
Non moving inventories/ Life expired items, etc.	2808.91	39.78	2848.70	208.37	3057.07
Provision for Loss at Lakshadweep Detachment	89.12	-	89.12	-	89.12
Provision for Diminution in Value of Investment	144.67	20.25	164.92	22.11	187.03

XXII. Event occurring after reporting period

a) Consequent to Letter No. AV-30020/7/2015-GA-MOCA dt. 01.08.2017 received from Ministry of Civil Aviation where it has been decided that Pawan Hans Limited shall pay lease rent charges being charged from Central Govt. Dept. (50% of commercial rates) to AAI with effect from 01 October, 2014. Accordingly, company has provided for lease rent charges in the books of accounts pending invoices from AAI, year-wise breakup is as follows:-

Period	Amt. (Rupees in Lakhs)
01/10/2014 to 31/03/2015	849.27
01/04/2015 to 31/03/2016	1906.72
01/04/2016 to 31/03/2017	2047.24
Total	**4803.23**

b) The Ministry of Civil Aviation vide letter No. AV.30020/365/2015-GA dt. 15.06.2017 conveyed in-principle approval, subject to the approval of shareholders in general meeting, for increase in authorized share capital of company from Rs. 25,000 Lacs to Rs. 56,000 Lacs i.e. by Rs. 31,000 Lacs. Thereafter, approval of shareholders of company has been obtained in the extraordinary general meeting held on 22.6.2017 for increase in authorized capital from Rs. 25,000 Lacs to Rs. 56,000 Lacs for rights issue of shares to the President of India (GoI) thru Ministry of Civil Aviation Rs. 15,905 Lacs (received Rs. 13,091 Lacs on 20/01/2017 and Rs. 2,814 Lacs on 31/03/2017) and to ONGC Ltd. Rs. 15,281.60 Lacs (received on 06/07/2017). The Board at its 159th meeting held on 10/07/2017 has approved rights issue and allotment of 1,59,050 number of equity shares in favour of the President of India (GoI) and 1,52,816 number of equity shares to ONGC Ltd. having face value of Rs. 10,000 each. Accordingly Equity Structure of the company as on 10.7.2017 is as follows:

(₹ in Lakhs)

Equity Shareholder of Pawan Hans Limited	Shareholding before 10.7.2017	Rights Issue of Equity Shares allotted on 10.7.2017	Total Shareholding (authorized capital Rs. 56,000 Lacs) after 10.7.2017	% Share holding
President of India (GoI) through MoCA	12,526.60	15,905.00	28,431.60	51%
ONGC Ltd.	12,035.00	15,281.60	27,316.60	49%
Total paid-up Capital	**24,561.60**	**31,186.60**	**55,748.20**	**100%**

c) Govt. of India decided for strategic disinvestment of the entire 51% share holding of Govt. of India in Pawan Hans Limited along-with transfer of management control. For this purpose, SBI Capital Markets was appointed by DIPAM, Ministry of Finance on 20th March 2017 as Transaction advisor for the said strategic disinvestment. The process of activities involving issue of Expression of Interest (EOI) along-with Preliminary information Memorandum (PIM) is complete and the same was published in newspapers on 13.10.2017. Global bids are being invited through the above process and last date for submission of EOI is fixed for 08.12.2017. In addition to the above, DIPAM also appointed M/s Crawford Bayley & Company as Legal advisor for the said strategic disinvestment. M/s RBSA Advisors were appointed by Ministry of Civil Aviation, Govt. of India for valuation of PHL assets. The work pertaining to valuation of assets by M/s RBSA is at an advanced stage.

XXIII.

a. Prior Period Errors

The company is required to make following disclosure in respect of prior period errors rectified by it while preparing the financial statements:

(a) Nature of prior period error.

(b) for each prior period presented, to the extent practicable, the amount of correction:

- for each financial statement line item affected; and
- for basic and diluted earnings per share;

(c) the amount of correction at the beginning of the earliest prior period presented;

Following prior period adjustments were made in the financial year 2016-17:-

(₹ in Lakhs)

Particulars	Amount
Prior Period identified during FY 2016 17, pertaining to FY 2015 16	
Debit	
Helicopter Operational & maintenance expenses	80.71
Employee benefits expense	8.60
Depreciation & Amortization Expenses	3760.15
Finance Cost	0.03
Other Expenses	26.00
Deferred Tax Liability	1392.62
Total	**5268.11**
Credit	
Other Income	15.39
Helicopter Operational & maintenance expenses	7497.37
Depreciation & Amortization Expenses	48.99
Total	**7561.75**
Prior Period identified during FY 2016 17, pertaining to FY 2014 15 and before	
Debit	
Helicopter Operational & maintenance expenses	45.59
Depreciation & Amortization Expenses	7.55

Particulars	Amount
Other Expenses	343.47
Employee benefits expense	2.18
Total	**398.79**
Credit	
Other Income	3.60
Depreciation & Amortization Expenses	0.18
Other Expenses	0.75
Deferred Tax Liability	55.47
Total	**60.00**
Prior Period identified during FY 2015 16, pertaining to FY 2014 15 and before	
Debit	
Helicopter Operational & maintenance expenses	20.74
Other Expenses	163.71
Employee Benefit Expenses	31.78
Depreciation and amortization expenses	0.04
Total	**216.27**
Credit	
Other Income	92.02
Depreciation and amortization expenses	7.26
Other Expenses	149.30
Total	**248.58**

b. Related Party Disclosure

Related party disclosures, as required by Indian Accounting Standard-24 are given below:-

a) **Person having controlling interest**

President of India, Government of India - 51% Shareholding

Oil and Natural Gas Company Limited - 49% Shareholding

b) **Key Managerial Personnel**

i. Dr. B.P. Sharma, Chairman cum Managing Director (from 09.03.2015 onwards)

ii. Shri. Dhirendra Sahai, Chief Financial Officer

iii. Shri Sanjiv Agrawal, Company Secretary

c) Details of Transactions:- (Key Managerial Personnel)

(₹ in Lakhs)

Particulars	31 March, 2017	31 March, 2016	1 April, 2015
Short term employee benefits	110.04	92.71	49.12
Amount Receivable	2.17	3.83	6.51
Amount Payable	-	1.12	-

d) Remuneration paid to Directors including Chairman & Managing Director -

(₹ in Lakhs)

Particulars	2016-2017	2015-2016
Salary, Allowances, Perquisites, Provident Fund, Pension etc	37.41	35.44

e) Enterprise having significant influence -

ONGC Ltd – Equity Shareholder - 49% amounting to Rs. 12035 Lacs

(₹ in Lakhs)

Transaction:-	2016-17	2015-16
Helicopter Hire charges (net of AOG)	16218.66	18218.92
Other Services	Nil	41.76
Trade receivables as at year end (debit)	2300.87	2325.18
Loan repaid (Principal Amount)	331.56	3346.84
Interest Paid	4.48	221.97
Outstanding Loan (Principal Amount)	Nil	331.56

f) Trusts in which company has significant influence:-

(₹ in Lakhs)

Name of the Trust	2016- 17			2015-16		
	Paid	Payable	Receivable	Paid	Payable	Receivable
Pawan Hans Employees Provident Fund Trust	1521.28	117.70	-	1325.83	118.30	-
Pawan Hans Helicopters Ltd. Employee’s Gratuity Trust	-	-	166.20	-	-	181.67
PHL Employees Defined Contribution Superannuation Trust	464.53	37.57	-	2892.98	36.70	-

XXIV. Reconciliation between Basic and diluted number of shares are as under:

Particulars	No. of Shares
No. of shares at the beginning of the year (01/04/2016)	2,45,616
Diluted no. of Shares on share application money received pending allotment	25,542
Total Diluted no. of Shares as at 31/03/2017	2,71,158

XXV.

a. The Company had no dues to Micro & Small Enterprises outstanding for more than 30 days on the Balance Sheet date. Interest and Principal amount breakup of MSME Trade payables is as follows:-

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Dues to micro and small enterprises			
- Principal	Nil	Nil	Nil
- Interest	Nil	Nil	Nil
The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)	Nil	Nil	Nil
The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	Nil	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	Nil	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year	Nil	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	Nil	Nil	Nil

b. The operating cycle of the company has been assumed to have duration of 12 months, since owing to the nature of business of the company, it is not possible to define normal operating cycle and classification of assets and liabilities into long term and short term has been done accordingly for the purpose Schedule III of the Companies Act, 2013.

c. Segment Reporting

The Company is primarily engaged in the business of providing Helicopter services in India, which as per Indian Accounting Standard – 108 on 'Operating Segments' is considered to be the only reportable business segment in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") as required under Ind AS 108. The CODM is considered to be the Board who makes strategic decisions and is responsible for allocating resources and assessing performance of the operating segment. The Company operates in India, which has been considered as a single geographical segment, as the risks are similar.

d. Major Customers

Following are the major customers of the company:-

i. Oil and Natural Gas Company Limited.

ii. Andaman & Nicobar Administration

iii. Lakshadweep Administration.

iv. Government of Meghalaya

v. Govt. of Himachal Pradesh

vi. Govt. of Odisha

vii. NTPC Ltd.

e. During the year, the Company had Specified Bank Notes (SBN) or other denomination note as defined in the MCA notification G.S.R. 308(E) dated 31 March, 2017 on the details of SBN held and transacted during the period from 8th November, 2016 to 30th December, 2016, the denomination wise SBNs and other notes as per the notification is given below: -

(₹ in Lakhs)

Particulars	**Specified Bank Notes**	**Other Denomination Notes**	**Total**
Closing cash in hand on 08.11.2016	6.48	0.13	6.61
Add: Permitted receipts	0.00	48.38	48.38
Less: Permitted payments	0.01	41.10	41.11
Less: Amount deposited in banks	6.47	4.51	10.98
Closing cash in hand on 30.12.2016	0.00	2.91	2.91

XXVII. Financial Instruments

i. Valuation

All financial instruments are initially recognized and subsequently re-measured at fair value except in cases where exemption provided under para D20 of Ind AS 101 is availed as described below:

a) Fair valuation of loans to employees

Under the previous GAAP, loans to employees at concessional rate (that are recoverable in cash as per the loan terms) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognized at fair value. Accordingly, the Company has fair valued these loans to employees under Ind AS except the loans existing on the date of transition. Difference between the fair value and transaction value of the loans has been recognized as expenses in the Statement of Profit and Loss for the year. Consequent to this change, the amount of loans decreased by Rs. 3.04 Lacs as at March 31, 2016. The profit for the year and total equity as at March 31, 2016 decreased by Rs. 0.13 Lacs due to notional interest income recognized on loan to employees.

b) Security deposits

Under the previous GAAP, interest free security deposits (that are refundable in cash on completion of the lease term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognized at fair value. Accordingly, the Company has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognized as Deferred rent. Consequent to this change, the amount of security deposits decreased by Rs.0.12 Lacs as at March 31, 2016. The deferred rent increased by Rs. 0.12 Lacs as at March 31, 2016. Further, the deferred rent asset is bifurcated between Current and Non-current amounting to Rs. 0.08 Lacs and Rs. 0.04 Lacs respectively, based on Management's intention. The profit for the year and total equity as at March 31, 2016 decreased by Rs. 0.002 Lacs due to amortization of the deferred rent of Rs. 0.07 Lacs which is partially off-set by the notional interest income of Rs.0.07 Lacs recognized on security deposits.

c) The fair value of the financial instruments is determined using discounted cash flow analysis wherever applicable.

Categories of financial instruments

(₹ in Lakhs)

Particulars	**As at 31 March, 2017**	**As at 31 March, 2016**	**As at 1 April, 2015**
Financial Assets			
Measured at Amortized Cost			
Non Current Assets			
a) Loans	601.71	609.42	593.79
b) Other Financial Assets	190.28	238.44	253.30
Current Assets			
a) Trade Receivables	19216.47	23661.80	29045.17
b) Cash and Cash equivalents	5340.34	5816.43	5123.22
c) Other Bank Balances	9991.44	6318.94	2815.16
d) Loans	490.20	467.02	524.45
e) Other Financial Assets	996.79	5153.79	1062.31
Measured at Fair Value through OCI			
a) Investment in equity instruments	102.31	124.42	144.67

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Measured at Fair Value through P&L	-	-	-
Financial Liabilities			
Measured at Amortized Cost			
Non Current Liabilities			
a) Borrowings	2497.72	16125.21	16959.39
b) Other financial liabilities	163.41	34072.41	34316.36
Current Liabilities			
a) Borrowings	0.00	0.00	0.00
b) Trade Payables	7351.28	3652.05	3467.16
c) Other Financial Liabilities	864.90	2252.85	4952.48

ii. Fair Value Hierarchy

The following table provides the fair value measurement hierarchy of the company's financial assets & liabilities that are measured at fair value or where fair value disclosure is required as at 31 March, 2017:

Particulars	Total	Fair value measurement using		
		Quoted price in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
FVTOCI financial assets/liabilities	Nil	Nil	Nil	Nil
FVTPL financial assets/liabilities	Nil	Nil	Nil	Nil
Amortized cost financial assets/ liabilities	Nil	Nil	Nil	Nil

The following table provides the fair value measurement hierarchy of the company's financial assets & liabilities that are measured at fair value or where fair value disclosure is required as at 31 March, 2016:

Particulars	Total	Fair value measurement using		
		Quoted price in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
FVTOCI financial assets/liabilities	Nil	Nil	Nil	Nil
FVTPL financial assets/liabilities	Nil	Nil	Nil	Nil
Amortized cost financial assets/liabilities	Nil	Nil	Nil	Nil

The following table provides the fair value measurement hierarchy of the company's financial assets & liabilities that are measured at fair value or where fair value disclosure is required as at 1 April, 2015:

Particulars	Total	Fair value measurement using		
		Quoted price in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
FVTOCI financial assets/liabilities	Nil	Nil	Nil	Nil
FVTPL financial assets/liabilities	Nil	Nil	Nil	Nil
Amortized cost financial assets/liabilities	Nil	Nil	Nil	Nil

iii. Foreign Currency Risk Management:-

The company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

The carrying amounts of the company's foreign currency dominated monetary assets and monetary liabilities as of March 31, 2017 are as follows:

(₹ in Lakhs)

Particulars	USD		Euro		Other currencies	
	Foreign Currency	INR	Foreign Currency	INR	Foreign Currency	INR
Cash & Cash equivalents	-	-	6.47	441.24	-	-
Trade Receivables	-	-	13.71	935.21	-	-
Other financial assets	3.26	216.19	0.60	40.55	-	-
Trade Payables	1.02	66.47	14.93	1045.82	0.02	1.80
Other financial liabilities	-	-	-	-	-	-

The carrying amounts of the company's foreign currency dominated monetary assets and monetary liabilities as of March 31, 2016 are as follows:

(₹ in Lakhs)

Particulars	USD		Euro		Other currencies	
	Foreign Currency	INR	Foreign Currency	INR	Foreign Currency	INR
Cash & Cash equivalents	-	-	3.52	260.01	-	-
Trade Receivables	-	-	9.62	710.48	-	-
Other financial assets	3.34	221.61	0.19	13.92	0.18	17.27
Trade Payables	2.29	153.32	37.05	2815.73	0.20	18.96
Other financial liabilities	-	-	-	-	-	-

The carrying amounts of the company's foreign currency dominated monetary assets and monetary liabilities as of April 1, 2015 are as follows:

(₹ in Lakhs)

Particulars	USD		Euro		Other currencies	
	Foreign Currency	INR	Foreign Currency	INR	Foreign Currency	INR
Cash & Cash equivalents	-	-	2.94	196.36	-	-
Trade Receivables	-	-	14.76	985.08	-	-
Other financial assets	0.55	34.05	1.48	98.74	0.35	31.88
Trade Payables	1.32	83.10	22.12	1513.74	0.18	16.46
Other financial liabilities	-	-	-	-	-	-

iv. Foreign Currency Sensitivity Analysis:

The company is mainly exposed to the currency: USD; and EUR;

The following table details the Company's sensitivity to a 5% increase and decrease in the Rupee against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. This is mainly attributable to the exposure outstanding on receivables and payables in the Group at the end of the reporting period. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% charge in foreign currency rate. A positive number below indicates an increase in the profit or equity where the ` strengthens 5% against the relevant currency. For a 5% weakening of the Rupee against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative

(₹ in Lakhs)

Particulars	USD Impact		
	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Increase in exchange rate by 5%	-1.14	-14.20	-10.78
Decrease in exchange rate by 5%	1.14	14.20	10.78
Particulars	EURO Impact		
	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Increase in exchange rate by 5%	-19.96	-90.15	-10.09
Decrease in exchange rate by 5%	19.96	90.15	10.09

Particulars	Other currencies Impact		
	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Increase in exchange rate by 5%	-0.09	-0.06	-0.83
Decrease in exchange rate by 5%	0.09	0.06	0.83

v. Interest risk

There is no interest risk relating to the company's financial liability.

vi. Credit Risk

Credit risk refers to a risk that the counterparty will default on its contractual obligations resulting in financial loss to the company. Credit risk arises on liquid assets, non-current financial assets, derivative assets, trade and other receivables. The company does not have any derivative assets and in respect of cash and cash equivalents, the said amount is in current account with Scheduled Bank where chances of default are minimum. The maximum exposure to the credit risk is equal to the carrying amount of the company's other financial Assets.

vii. Liquidity Risk

Liquidity risk is the risk that the company may encounter difficulties in meeting its obligation associated with financial liabilities that are settled with delivering cash or other financial assets. The Company believes that its working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

The details regarding the contractual maturities of significant financial liabilities as on 31 March, 2017 are as follows:

(₹ in Lakhs)

Particulars	Less than 1 year	1-5 years	5+ years	Total	Carrying amount
Borrowings	536.45	2497.72	-	3034.17	3034.17
Trade Payables	7351.28	-	-	7351.28	7351.28
Other financial liabilities	491.86	-	-	491.86	491.86

The details regarding the contractual maturities of significant financial liabilities as on 31 March, 2016 are as follows:

(₹ in Lakhs)

Particulars	Less than 1 year	1-5 years	5+ years	Total	Carrying amount
Borrowings	836.85	15443.65	681.56	16962.06	16962.06
Trade Payables	3652.05	-	-	3652.05	3652.05
Other financial liabilities	1557.22	33931.19	-	35488.41	35488.41

The details regarding the contractual maturities of significant financial liabilities as on 1 April, 2015 are as follows:

(₹ in Lakhs)

Particulars	Less than 1 year	1-5 years	5+ years	Total	Carrying amount
Borrowings	3825.44	15635.87	1323.52	20784.83	20784.83
Trade Payables	3467.16	-	-	3467.16	3467.16
Other financial liabilities	1512.21	33931.19	-	35443.40	35443.40

XXVII. Capital Management

The Company manages its capital to ensure that the Company will be able to continue as going concern while maximizing the return to stakeholders through optimization of debt and equity balance.

The capital structure of the Company consists of net debt and total equity of the Company.

The Company is not subject to any externally imposed capital requirements.

(₹ in Lakhs)

Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 1 April, 2015
Borrowings	3034.17	16962.06	20784.83
Trade Payables	7351.28	3652.05	3467.16
Other Financial Liabilities	491.86	35488.41	35443.40
Net Debt	**10877.31**	**56102.52**	**59695.39**
Equity Share Capital	24561.60	24561.60	24561.60
Other Equity	73935.70	35055.41	30950.45
Total Capital	**98497.30**	**59617.01**	**55512.05**
Capital & Debt	**109374.61**	**115719.53**	**115207.44**
Gearing Ratio	0.110	0.94	1.08

XXVIII. Previous year figures have been regrouped wherever considered necessary to correspond with current year figure.

XXIX. On the directions of the BoD in its meeting held on 23.08.2017, PHL communicated to BHTI that two Bell 412's parked at Air Works hanger, Juhu Airport in the present form (having older vintage) cannot be accepted and further PHL invoked bank guarantees for advance payment of Rs. 35 crores approx. on 24.8.2017. However, BHTI filed an OMP (I-Comm.) No. 313/2017 in Hon'ble Delhi High Court on 24.8.2017 listed for arguments on 25.8.2017, 30.8.2017 and 18.09.2017 whereby the court directed Citi Bank not to remit the proceeds of bank guarantee of US$ 4 million till order of the court and direction to BHTI to extend the BG's till 30.11.2017. PBGs is already valid till 31.01.2019. The date for argument of the court was on 28.11.2017 BHTI vide letter dated 12.08.2017 invoked Arbitration and subsequently both PHL and BHTI have nominated respective arbitrators. Nomination of third Arbitrator has also been made by the nominated Arbitrators on 23.11.2017.

M/s BHTI vide its letter dated 29/9/2017 informed that Bell has identified a customer outside India who is interested in purchasing the above helicopters and requested PHL's assistance for exporting the Helicopters from India.

In response to the above, PHL vide its letter dated 23/10/2017 submitted that PHL is willing to extend the requisite support, subject to fulfillment of certain pre-conditions, after seeking advice from its appointed legal counsel.

a. Bell refunds in full the amount paid by PHL as advance payment to Bell under the Purchase Agreement, i.e. USD 5,060,833.38, along with interest @ 4.5% p.a. on such amount, from the date payments (or part thereof) were made till money is received by PHL;

b. Bell refunds customs duty and octroi paid by PHL on import of Helicopters (as set out in the table below), along with interest @ 9% p.a., from the date on which respective payments were made, till such time Bell makes such payments to PHL.

As a final proposal for settlement, BHTI vide its letter dated 30/10/2017 proposed the following:

a. In exchange of PHL's assistance, which includes completion of paper work, submission of documentation or other steps as may be required by Indian Customs or other relevant government authorities, Bell will agree to return all advance payments of USD 5,060,833.38 made by PHL.

b. PHL will agree to take receipt of all refunded import duties from Customs that it is eligible to receive pursuant to applicable regulations.

c. Bell will agree to bear and be responsible for the costs of exporting the helicopters from India.

d. On receipt of the advance Payments, PHL will return Advance Payment Bank Guarantees.

The matter was discussed in the Board Meeting on 20th November 2017, wherein the Board directed that before proceeding further, a legal opinion may be sought on the subject which is being obtained from PHL's legal counsel.

On 28.11.2017, the Hon'ble Delhi High Court disposed off the OMP(I-Comm.) No.313/2017 as the Arbitral Tribunal stands constituted, with direction to BHTI to file application u/s.17 of Arbitration and conciliation Act before the Arbitral Tribunal within 4 weeks. The court also directed BHTI to extend the validity of BG's expiring on 30.11.2017 for a further period of 6 months and stay on invocation of BG's to continue till the time a decision is passed by the Arbitral Tribunal an application u/s.17 of Arbitration and conciliation Act to be filed by BHTI.

Notes 1 to 33 form an integral part of the financial Statements.

This is the Notes to Accounts referred to in our report of even date.

For J. P., Kapur & Uberai
Chartered Accountants
Firm Registration No. 000593N

For & on Behalf of Board of Directors

Vinay Jain
Partner
(Membership No. 095187)

Dr. B. P. Sharma
Chairman-Cum-Managing Director
DIN No. 07125290

Mrs. Gargi Kaul
Director
DIN No. 07173427

Place: New Delhi
Date: 1.12.2017

Sanjiv Agrawal
Company Secretary

Dhirendra Sahai
Chief Financial Officer

NOTE 33
Reconciliation

The following reconciliations provide the effect of transition to Ind AS from IGAAP in accordance with Ind AS 101:

1. Equity at April 1, 2015 and March 31, 2016.
2. Net profit for the period ended March 31, 2016.

33.1 Reconciliation of equity as previously reported under IGAAP to Ind AS

(₹ in Lakhs)

Particulars	Note No.	Opening Balance Sheet as at April 1, 2015			Balance Sheet as at March 31, 2016		
		IGAAP	Ind AS adjustment	Ind AS	IGAAP	Ind AS adjustment	Ind AS
ASSETS							
Non-current assets							
(a) Property, Plant and Equipment	1	86,172.24	(15.64)	86,156.60	77,847.25	3,855.25	81,702.50
(b) Capital work-in -progress	2	1,800.50	3.83	1,804.33	5,336.65	57.00	5,393.65
(c) Other Intangible assets	3	107.27	(79.74)	27.53	60.51	(44.50)	16.01
(d) Financial assets							
(i) Investments		144.67	-	144.67	124.42	-	124.42
(ii) Loans	4	875.65	(281.86)	593.79	715.14	(105.72)	609.42
(iii) Other financial assets	5	125.70	127.60	253.30	93.57	144.87	238.44
(e) Other non-current assets	6	6,209.25	150.42	6,359.67	6,375.77	(39.19)	6,336.58
Total non-current assets		**95,435.28**	**(95.39)**	**95,339.89**	**90,553.31**	**3,867.71**	**94,421.02**
Current assets							
(a) Inventories		5,648.36	-	5,648.36	5,018.64	-	5,018.64
(b) Financial Assets							
(i) Trade receivables	7	29,045.17	-	29,045.17	23,721.09	(59.29)	23,661.80
(ii) Cash and cash equivalent	8	5,125.29	(2.07)	5,123.22	5,832.68	(16.25)	5,816.43
(iii) Other bank balances	9	3,800.00	(984.84)	2,815.16	6,503.55	(184.61)	6,318.94
(iv) Loans	10	962.50	(438.05)	524.45	966.09	(499.07)	467.02
(v) Other financial assets	11	732.37	329.94	1,062.31	844.52	4,309.27	5,153.79
(c) Current tax assets (Net)		1,068.33	-	1,068.33	1,198.63	-	1,198.63
(d) Other current assets	12	788.87	443.04	1,231.91	5,518.68	(3,860.45)	1,658.23
Total current assets		**47,170.89**	**(651.98)**	**46,518.91**	**49,603.88**	**(310.40)**	**49,293.48**
Total Assets		**142,606.16**	**(747.37)**	**141,858.80**	**140,157.19**	**3,557.32**	**143,714.50**
EQUITY AND LIABILITIES							
Equity							
(a) Equity share capital		24,561.60	-	24,561.60	24,561.60	-	24,561.60
(b) Other Equity	13	29,551.40	1,399.05	30,950.45	31,856.92	3,198.49	35,055.41
Total equity		**54,113.00**	**1,399.05**	**55,512.05**	**56,418.52**	**3,198.49**	**59,617.01**

Liabilities							
Non-current liabilities							
(a) Financial Liabilities							
(i) Borrowings		16,959.39	-	16,959.39	16,125.21	-	16,125.21
(ii) Other financial Liabilities	14	34,159.86	156.50	34,316.36	34,340.32	(267.91)	34,072.41
(b) Provisions		2,723.57	-	2,723.57	2,983.62	-	2,983.62
(c) Deferred tax liabilities (Net)	15	15,769.68	(55.47)	15,714.21	16,923.58	1,337.15	18,260.73
Total non-current liabilities		**69,612.50**	**101.03**	**69,713.53**	**70,372.73**	**1,069.24**	**71,441.97**
Current liabilities							
(a) Financial Liabilities							
(i) Trade payables	16	3,350.81	116.35	3,467.16	3,373.49	278.56	3,652.05
(ii) Other financial liabilities	17	4,952.48	-	4,952.48	2,453.71	(200.86)	2,252.85
(b) Other current liabilities	18	2,372.06	(747.39)	1,624.67	1,388.49	419.37	1,807.86
(c) Provisions	19	7,966.01	(1,616.40)	6,349.61	6,150.25	(1,207.49)	4,942.76
(d) Current tax liabilities (Net)		239.30	-	239.30	-	-	-
Total current liabilities		**18,880.66**	**(2,247.44)**	**16,633.22**	**13,365.94**	**(710.42)**	**12,655.52**
Total Equity & Liabilities		**142,606.16**	**(747.37)**	**141,858.80**	**140,157.20**	**3,557.31**	**143,714.50**

33.2 Explanations for reconciliation of Balance Sheet as previously reported under IGAAP to Ind AS

(₹ in Lakhs)

Note No.	Particulars	Balance Sheet as at April 1, 2015	Balance Sheet as at March 31, 2016
1	Pertains to Repairs and Maintenance and consumption of spares which was earlier expensed off. However, the same is now capitalized in Property Plant & Equipment as per Component Accounting	-	6,599.13
	Excess/Short Depreciation Charged in previous years now rectified and also reduction of Liability on capital assets purchased in previous years.	(15.64)	17.76
	In order to comply with the requirements of Ind AS 16 - Property Plant & Equipment, the company has followed Component Accounting which led to increase in the depreciation.	-	(2,918.90)
	WDV of helicopters crashed during the FY 2015-16, on the date of crash was Rs 1089.03 Lacs under previous GAAP. However, due to component accounting the revised WDV came to Rs.1078.23 Lacs resulting into increase in surplus of insurance claims with corresponding adjustment in PPE through accumulated depreciation.	-	10.81
	WDV of crash h/c VT-PWF was reduced to higher dep under Ind-AS	-	146.45
	Sub Total	**(15.64)**	**3,855.25**
2	Under previous GAAP, Assets in Transit / Inspection was disclosed separately, however the same is now grouped to Capital Work in Progress.	3.83	-
	Pertains to Repairs and Maintenance and consumption of spares which was earlier expensed off. However, the same is now booked as Capital Work in progress as per Component Accounting	-	57.00
	Sub Total	**3.83**	**57.00**

3	Under previous GAAP, Assets in Transit / Inspection was disclosed separately, however the same is now grouped to Capital Work in Progress.	(3.83)	-
	As per Accounting policy adopted by the company, net book value of intangible assets is adjusted from opening retained earning being prior period error as per IND-AS 8	(75.91)	(44.50)
	Sub Total	**(79.74)**	**(44.50)**
4	Capital Advance which was earlier shown as Long term Loans & Advances is now classified under Other Non current Assets in order to comply with the disclosure requirement of Ind AS.	9.98	(8.88)
	Income tax recoverable which was earlier shown as Long term Loans & Advances is now disclosed as Other Current Assets.	5.88	-
	Advance to Suppliers which was earlier shown as Long term Loans & Advances is now classified under Other Non current Assets in order to comply with the disclosure requirement of Ind AS.	266.00	(96.40)
	Changes in Balances of Loan to Employees & Interest on Loan to Employees due IND-AS Effect	-	(0.30)
	Regrouped from Loan to Other Financial Assets	-	(0.16)
	Sub Total	**281.86**	**(105.72)**
5	Interest accrued on employee loans which was earlier shown as non current asset is now recognized as Financial Assets in accordance with Ind AS.	127.60	144.72
	Changes in Interest accrued against Employee Loan due to IND-AS	-	(0.01)
	Regrouped from Loan to Other Financial Assets	-	0.16
	Sub Total	**127.60**	**144.87**
6	Capital Advance which was earlier shown as Long term Loans & Advances is now classified under Other Non current Assets in order to comply with the disclosure requirement of Ind AS.	9.98	8.87
	Advance to Suppliers which was earlier shown as Long term Loans & Advances is now classified under Other Non current Assets in order to comply with the disclosure requirement of Ind AS.	266.00	96.40
	Prepaid Expenses accounted on Interest accrued on Employees Loan / Loans to employee due to implementation of IND-AS	-	0.26
	Interest accrued on employee loans which was earlier shown as non current asset is now recognized as Financial Assets in accordance with Ind AS.	(125.56)	(144.72)
	Sub Total	**150.42**	**(39.19)**
7	Income received from debtors in FY 2014-15 was booked as prior period income in FY 2015-16, which is now rectified giving effect to trade receivables and corresponding adjustment in retained earnings.	-	(59.29)
	Sub Total	**-**	
8	Balance in Fixed Deposits which earlier formed part of Cash & Cash equivalents is now classified under Other Bank Balances.	(2.07)	(16.25)
9	Bank Overdraft which was earlier classified under Other current liabilities, is now regrouped to Cash & Cash equivalents in compliance with Ind AS disclosure requirements.	(986.91)	(200.86)
	Balance in Fixed Deposits which earlier formed part of Cash & Cash equivalents is now classified under Other Bank Balances.	2.07	16.25
	Sub Total	**(984.84)**	**(184.61)**

10	Provision for loss at Lakshadweep which was earlier deducted from Loans & Advances is now reclassified to Short term provisions.	(89.12)	(89.12)
	Prepaid expenses which was earlier classified under Short term Loans & Advances is now reclassified to Other Current Assets	325.38	269.68
	Balances with government authorities which was earlier classified under Short term Loans & Advances is now reclassified to Other Current Assets	144.08	183.74
	Advances to Suppliers & Others which was earlier classified under Short term Loans & Advances is now reclassified to Other Current Assets	57.71	134.77
	Sub Total	**438.05**	**499.07**
11	Interest accrued on fixed deposits earlier disclosed as Other Current Assets, is now recognized as Financial Asset.	0.14	0.47
	Interest accrued on employee loans earlier disclosed as Other Current Assets, is now recognized as Financial Asset.	23.68	12.63
	Insurance claim receivable earlier disclosed as Other Current Assets, is now recognized as Financial Asset.	39.33	4,415.43
	Income Receivable earlier disclosed as Other Current Assets, is now recognized as Financial Asset.	26.87	26.24
	Income /Expenses of FY 2014-15 booked as Prior period income in the FY 2015-16, now booked in the year of Income as per Ind AS Requirement. The corresponding effect is increase in the retained earnings.	239.52	-
	Income / Expenses of FY 2014-15 identified as Prior period income in FY 2016-17, now booked in the year of Income as per Ind AS Requirement. The corresponding effect is increase in the retained earnings.	0.41	0.41
	Reduction in Insurance claim receivable	-	(146.45)
	Interest Income on Loans to employees which pertained to FY 2016-17 was identified as prior period income in the FY 2016-17. However, in order to comply with the Ind AS requirement, the same is now appropriately adjusted in the year of income i.e. FY 2015-16.	-	0.55
	Sub Total	**329.94**	**4,309.27**
12	Prepaid expenses, Balances with government authorities & Advances to Suppliers & Others earlier classified under Short Term Loans & Advances, now disclosed under Other Current Assets as per Ind AS requirement.	527.16	588.34
	Interest on Pilot Loan related to Prior period	-	5.97
	Income tax recoverable which was earlier shown as Long term Loans & Advances is now disclosed as Other Current Assets.	5.88	-
	Refer Point 7.1 - 7.4	(90.01)	(4,454.77)
	Sub Total	**443.03**	**(3,860.45)**
13	Income /Expenses of FY 2014-15 booked as Prior period income in the FY 2015-16, now booked in the year of Income as per Ind AS Requirement. The corresponding effect is increase in the retained earnings.	138.21	241.01

	Income / Expenses of FY 2014-15 identified as Prior period income in FY 2016-17, now booked in the year of Income as per Ind AS Requirement. The corresponding effect is increase in the retained earnings.	(307.90)	(308.83)
	As per Accounting policy adopted by the company, net book value of intangible assets is adjusted from opening retained earning being prior period error as per IND-AS 8	(75.91)	(44.50)
	Pertains to prior period expenses booked during the FY 2015-16 but now has been properly accounted for in retained earnings in the opening Ind AS financials with corresponding adjustment in Trade Payables.	(105.90)	(105.90)
	Expenses pertains to prior period expense identified during the year 2016-17 for FY 2015-16, now properly accounted for in retained earnings in the opening Ind AS Financials with corresponding adjustment in trade payables.	-	(102.92)
	Expenses pertains to prior period expense identified during the year 2016-17 for FY 2014-15 & before, now properly accounted for in retained earnings in the opening Ind AS Financials with corresponding adjustment in trade payables.	(10.45)	(10.45)
	Interest Income on Loans to employees which pertained to FY 2015-16 was identified as prior period income in the FY 2016-17. However, in order to comply with the Ind AS requirement, the same is now appropriately adjusted in the year of income i.e. FY 2015-16.	-	0.55
	Adjustment for Reversal of Proposed Dividend & Corporate Dividend Tax due to IND-AS Effect	1,705.52	1,302.90
	Change in Deferred Tax Liability due change in WDV Value of PPE as per Companies Act 2013.	40.49	(1,313.29)
	Due to Implementation of IND-AS Security Deposit and Interest on Loan was reinstated in 2015-16	-	8.75
	WDV of helicopters crashed during the FY 2015-16, on the date of crash was Rs 1089.03 Lacs under previous GAAP. However, due to component accounting the revised WDV came to Rs.1078.22 Lacs resulting into increase in surplus of insurance claims with corresponding adjustment in PPE through accumulated depreciation.	-	10.80
	Pertains to Repairs and Maintenance and consumption of spares which was earlier expensed off. However, the same is now capitalized in Property Plant & Equipment as per Component Accounting	-	7,440.37
	Pertains to Repairs and Maintenance and consumption of spares which was earlier expensed off. However, the same is now booked as Capital Work in progress as per Ind AS requirement.	-	56.99
	Earlier Repairs and Maintenance and consumption of spares - expenses was transferred to Northern region partly. However, since under Component Accounting, the same is now capitalised, the excess expense transferred to NR is now reversed.	-	(2,882.77)
	Expenses of Landing & Parking charges which pertained to FY 2015-16 was identified as prior period expense in the FY 2016-17. However, in order to comply with the Ind AS requirement, the same is now appropriately adjusted in the year of expense i.e. FY 2015-16.	-	(0.08)

	In order to comply with the requirements of Ind AS 16 - Property Plant & Equipment, the company has followed Component Accounting which led to increase in the depreciation by this figure.	-	(2,918.90)
	Decrease in depreciation due adoption of component accounting in F Y 2015-16	-	(841.24)
	Since the depreciation increased, the company transferred the proportional additional depreciation to NR, thereby decreasing depreciation to that extent	-	863.40
	Company had recognised prior period expense of Rs. 133.62 Lacs in the FY 2015-16. In order to comply with the requirements of Ind AS 8, the company has appropriately taken the same in the year of expense and adjustments is made to the opening reserves of the Company.	-	(133.62)
	Lakshadweep TA/DA April 2008 to March 2011 Wrongly Credited to Prior Period income in 2015-16		(59.29)
	In order to comply with the requirements of Ind AS 16 - Property Plant & Equipment, the company has followed Component Accounting which led to decrease in the depreciation . Since the depreciation decreased, the WR transferred the proportional additional depreciation to NR.	-	2,019.38
	Deferred Tax effect of Provision for Loss at Lakshadweep / Amount Inadmissible U/S 40(a)(1a) of Income Tax Act and Gratuity.	14.99	(23.86)
	Sub Total	**1,399.05**	**3,198.49**
14	Payable to others which was earlier classified as Other Long Term Liabilities is now regrouped to Trade Payables	-	(268.03)
	IND-AS adjustment on Security Deposit on Lease Rent	-	0.12
	Expenses / Income related to FY 2014 15 booked as Prior Period in 2015 16	156.50	
		156.50	(267.91)
15	Change in Deferred Tax Liability due change in WDV Value of PPE as per Companies Act 2013.	(40.49)	1,313.29
	Deferred Tax effect of Provision for Loss at Lakshadweep / Amount Inadmissible U/S 40(a)(1a) of Income Tax Act and Gratuity.	(14.98)	23.86
	Sub Total	**(55.47)**	**1,337.15**
16	Pertains to prior period expenses booked during the FY 2015-16 but now has been properly accounted for in retained earnings in the opening Ind AS financials with corresponding adjustment in Trade Payables.	105.90	-
	Expenses pertains to prior period expense identified during the year 2016-17 for FY 2014-15 & before, now properly accounted for in retained earnings in the opening Ind AS Financials with corresponding adjustment in trade payables.	10.45	-
	Payable to others which was earlier classified as Other Long Term Liabilities is now regrouped to Trade Payables	-	(268.03)
	Expenses pertains to prior period expense identified during the year 2016-17 for FY 2014-15 & before, now properly accounted for in retained earnings in the opening Ind AS Financials with corresponding adjustment in trade payables.	-	(10.45)

	Expenses of Landing & Parking charges which pertained to FY 2016-17 was identified as prior period expense in the FY 2016-17. However, in order to comply with the Ind AS requirement, the same is now appropriately adjusted in the year of expense i.e. FY 2015-16.	-	(0.08)
	Sub Total	**116.35**	**(278.56)**
17	The net effect of regrouping from Other Current financial Liabilities to to Cash & Cash equivalents & Other Bank Balances in compliance with Ind AS disclosure requirements as against Other Current financial Liabiliteis in previous GAAP.	-	(200.86)
18	Adjustment for Items related to 2014-15 accounted for in 2015-16 & 2016-17 & also reduction in liability on capital assets purchase in previous years	239.52	-
	The net effect of regrouping from Other Current Liabilites to to Cash & Cash equivalents & Other Bank Balances in compliance with Ind AS disclosure requirements as against Other Current Liabiliteis in previous GAAP.	(986.91)	-
	Adjustment for Items related to 2015-16 and accounted for in 2016-17 & also increase in liability .	-	419.37
	Sub Total	**(747.39)**	**419.37**
19	Provision for loss at Lakshwadeep which was earlier deducted from Loans & Advances is now reclassified to Short term provisions.	89.12	89.12
	Adjustment for Reversal of Proposed Dividend & Corporate Dividend Tax due to IND-AS Effect	(1,705.52)	(1,302.90)
	Bonus Paid in F Y 2016-17 related to F Y 2015-16	-	6.29
	Sub Total	**(1,616.40)**	**(1,207.49)**

33.3 Reconciliation Statement of Profit and Loss as previously reported under IGAAP to Ind AS

(₹ in Lakhs)

Particulars	**Note No.**	**Year ended as at March 31, 2016**		
		IGAAP	**Ind AS adjust-ment**	**Ind AS**
Revenue From Operations		45,324.55	-	45,324.55
Other Income	1	3,827.05	15.39	3,842.44
Total Income		**49,151.60**	**15.39**	**49,166.99**
Expenses				
Helicopter Operational & Maintenance Expense	2	19,124.83	(7,416.66)	11,708.17
Employee benefits expense	3	14,998.39	170.11	15,168.50
Finance costs	4	450.10	0.03	450.13
Depreciation and amortization expense	5	3,503.61	3,711.14	7,214.75
Other expenses	6	4,887.11	117.59	5,004.70

Total Expenses		**42,964.04**	**(3,417.79)**	**39,546.25**
Profit before exceptional items and tax		**6,187.56**	**3,433.18**	**9,620.74**
Exceptional Items	7	(20.25)	20.25	-
Profit before tax		6,167.31	3,453.43	9,620.74
Tax expense :				
Current Tax		1,405.00	-	1,405.00
Deferred Tax	8	1,153.90	1,344.63	2,498.53
Profit for the period		**3,608.41**	**2,108.80**	**5,717.21**
Other comprehensive income				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
(i) Net gain/(loss) on above		-	-	-
(ii) Tax effect on above		-	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
(i) Net gain/(loss) on above	9	-	141.26	141.26
(ii) Tax effect on above	10	-	(47.99)	(47.99)
Total Comprehensive Income for the period		**3,608.41**	**2,202.06**	**5,810.48**

33.4 Explanations for reconciliation of Statement of Profit and Loss as previously reported under IGAAP to IND-AS

(₹ in Lakhs)

Note No.	Particulars	For the F.Y. 2015-16
1	Interest Income on Loans to employees which pertained to FY 2016-17 was identified as prior period income in the FY 2016-17. However, in order to comply with the Ind AS requirement, the same is now appropriately adjusted in the year of income i.e. FY 2015-16.	0.55
	WDV of helicopters crashed during the FY 2015-16, on the date of crash was Rs 1089.03 Lacs under previous GAAP. However, due to component accounting the revised WDV came to Rs.1078.23 Lacs resulting into increase in surplus of insurance claims with corresponding adjustment in PPE through accumulated depreciation.	10.80
	In Northern Region & Corporate Office Notional interest on employee loan has been recognized considering market rate of interest., Interest accrued already recognized in books of account as per IGAAP has been transferred to employee loan. Interest income pertaining to FY 2015-16 has been received and booked under IGAAP in the FY 2016-17 have been adjusted being prior period error accordingly, shown under previous FY.	4.04
	Sub Total	**15.39**

2	Pertains to Repairs and Maintenance and consumption of spares which was earlier expensed off. However, the same is now capitalized in Property Plant & Equipment as per Component Accounting requirement.	(7,159.41)
	Pertains to Repairs and Maintenance and consumption of spares which was earlier expensed off. However, the same is now booked as Capital Work in progress as per Component Accounting requirement.	(56.99)
	In Northern Region expenses of repair & maintenance pertaining to the FY 2015-16 has been reduced under IGAAP in FY 2016-17 have been adjusted being prior period error accordingly, shown under previous FY 2015-16.	(280.97)
	Expenses of Landing & Parking charges which pertained to FY 2016-17 was identified as prior period expense in the FY 2016-17. However, in order to comply with the Ind AS requirement, the same is now appropriately adjusted in the year of expense i.e. FY 2015-16.	0.08
	Expenses pertaining to the FY 2015-16 has been paid & booked under IGAAP in FY 2016-17 have been adjusted being prior period error accordingly, shown under previous FY 2015-16.	80.63
	Sub Total	**(7,416.66)**
3	Difference between fair value of loan and book value being prepaid expenses has been amortized equally on straight line basis over the period of loan.	0.02
	Expenses pertaining to the FY 2015-16 has been paid & booked under IGAAP in FY 2016-17 have been adjusted being prior period error accordingly, shown under previous FY 2015-16.	8.51
	IND- AS effect on Lease Rent Security Deposit	0.07
	Based on Actuarial valuation OCI on Gratuity,PRMBS and Baggage Allowance are shown under Other Comprehensive Income	161.51
	Sub Total	**170.11**
4	Due to Implementation of IND-AS Interest Cost is worked based on market rate of Interest and Interest rate charged from employees	0.03
5	In order to comply with the requirements of Component Accounting - Property Plant & Equipment, the company has followed Component Accounting which led to increase in the depreciation by this figure.	2,918.90
	Since the depreciation increased, the company transferred the proportional additional depreciation to NR, thereby decreasing depreciation to that extent	(863.40)
	Depreciation recognized during the year on intangible assets has been reversed being prior period error.	(31.42)
	Depreciation pertaining to the FY 2015-16 had been booked under IGAAP in FY 2016-17 have been adjusted being prior period error accordingly, shown under previous FY 2015-16.	1,687.05
	Sub Total	**3,711.14**
6	Company had recognised prior period expense in the FY 2015-16. In order to comply with the requirements of Ind AS 8, the company has appropriately taken the same in the year of expense and adjustments is made to the opening reserves of the Company.	192.91
	Expenses already adjusted with retained earnings as on April 1, 2015 being prior period error, pertaining to the earlier financial years paid during the financial year 2015-16, accordingly the same has been adjusted with other current liabilities.	(101.31)
	Expenses of Rs.24.02 Lacs pertaining to the FY 2015-16 has been paid & booked under IGAAP in FY 2016-17 have been adjusted being prior period error accordingly, shown under previous FY 2015-16.	25.99
	Sub Total	117.59

7	Due to Implementation of IND-AS Provision for Diminution in value of Equity Investment is shown under OCI	20.25
8	Due Implementation of Component Accounting & IND-AS Change in Deferred Tax Liability due to change in WDV as per Companies Act and effect of Employees Benefits Provision Paid in F Y 2016-17 related to F Y 2015-16	1,303.60
	Deferred Tax effect of Provision for Loss at Lakshadweep / Amount Inadmissible U/S 40(a)(1a) of Income Tax Act and Gratuity	41.03
	Sub Total	**1,344.63**
9	Due Implementation of IND-AS OCI based on actuarial valuation on Gratuity,PRMBS & Baggage Allowance is shown under other comprehensive income	161.51
	Due to Implementation of IND-AS Provision for Diminution in value of Equity Investment is shown under OCI	(20.25)
	Sub Total	**141.26**
10	Deferred Tax Impact (PRMBS & Baggage Allowance) is shown under Other Comprehensive Income due to Implementation of IND-AS	(55.90)
	Deferred Tax Impact on Provision for Diminution in value of Equity Investment is shown under Other Comprehensive Income due to Implementation of IND-AS	7.90
	Sub Total	**(47.99)**

Annexure- 'A'

INDEPENDENT AUDITOR'S REPORT

Auditors' Observations	Management reply

To The Members of Pawan Hans Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Pawan Hans Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone Ind AS financial statements") incorporating the accounts of Western Region audited by Branch Auditors appointed by the Comptroller and Auditor General of India.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant Rules issued there under.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making 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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS 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 there under.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the standalone Ind AS financial statements.

Basis for Qualified Opinion

1. *Non-deduction and deposit of Employee State Insurance contribution from contractual and casual employees directly employed by the Company. Impact on the standalone Ind AS financial statements cannot be quantified.*

The Company has been getting exemption from applicability of ESI Act 1948 as the company provides better medical facilities and benefits as available under the ESI Act. While granting the last exemption vide their letter dt.11th September, 2017, Ministry of Labour & Employment has mentioned that the regular employees of Pawan Hans Ltd. are drawing monthly wages of more than Rs.21000/-, therefore as per Section 2(9)(b) of ESI Act 1948 read that Rule 50 of ESI(Central), all regular employees of Pawan Hans Ltd. are already out of ESI Act ambit. As regards contractual employees who have been engaged on fixed term basis have also been provided with medi-claim insurance facility covering employee and his or her spouse for Rs.one lac each with a floater facility and also paid monthly allowance of their consolidated basic towards medical allowance for OPD treatment. The Maternity benefit is also provided as per Maternity Benefit Act 1961. Most of the contractual employees belonging to Pilots, AMEs, Flight Engineers, Flight Attendants, Technicians etc. who are drawing more than Rs.21000/- salary are as such liable to be outside the ambit of ESI Act 1948 for which formal exemption will also be sought separately. In addition, such of the employees who have been engaged through the contractor are insured under the provisions of ESI Act by the Contractor and compliance of provisions ensured by PHL being the Principal Employer. Pawan Hans has not employed any casual employee/on daily wages basis.

2. *Except for the state of Maharashtra, non-deduction and deposit of Professional Tax by the Company, wherever applicable.*

State-wise company registration for deduction and depositing of professional tax is under process in respect of States where Professional

Impact on the standalone Ind AS financial statements cannot be quantified.	tax is applicable.
3. *Reference is invited to note no. 32 XXII(a), as per directives of MoCA, the company has accounted for lease rent arrears payable to AAI aggregating to Rs. 4803.23 lakhs. We have observed that Tax deducted at source of Rs. 480.32 lakhs under provisions of the Income Tax Act, 1961 has not been deducted and deposited by the company. It will have no impact on the standalone Ind AS financial statements of the company except for interest on delay in payment of tax deducted at source.*	Refer to Note No.32(XXII) where it is mentioned that Consequent to Letter No.AV-30020/7/2015-GA-MOCA dt.01.08.2017 received from Ministry of Civil Aviation where it has been decided that Pawan Hans Limited shall pay lease rent charges being charged from Central Govt. Dept.(50% of commercial rates) to AAI with effect from 01st October, 2014. Accordingly, company has made provision for lease rent charges in books of accounts amounting to Rs.4803.23 Lakhs. It is to mention that provision made above is based upon our internal working and AAI has not yet issued bills for the same. However, TDS Rs.480.32 lakhs under Income tax Act, 1961 on above amount of provision has been Deposited upto Jan 2018 (Rs.419.22 Lakhs in Dec 2017 & Rs.61.10 lakhs in Jan 2018).
4. *Reference is invited to note no. 32 V (c), wherein the Company had purchased 42 nos. of residential flats in the year 1991-1992 for employees from Lokhandwala Construction Industries Limited, Mumbai. The Company had rented 29 flats to Union Bank of India from financial year 2008-09 and which shall continue till 31.03.2018. As per provisions of Ind AS 40 – Investment Property issued by the Institute of Chartered Accountants of India, property held for the purpose of earning rental income or capital appreciation or both need to be classified as Investment Property and fair value of such property stated in the Notes, which has not been complied by the Company.*	Treating the flats rented out to a Public Sector Unit not as investment property has been in consultation and to the satisfaction of the Western Region Branch Auditor. It is a matter of fact that the implementation and compliances of Ind AS requirements have been done first time in our country which is in evolving stage and will take some time to mature with uniform adoption of accounting practices and also firm guidelines being issued by ICAI. As observed, the company will classify these assets as Investment property in F.Y. 2017-18 and disclosure will be made accordingly as per Ind AS requirements.
5. *The Company had given advance for repair of 3 Mi 172 engines, amounting to $ 265,320 in March 2016 to M/s Klimov JSC, Russia, but the latter has acknowledged receipt of only $ 93,720 by email. Balance confirmation circularised at the year-end*	1) As per the contract provisions 30% advance payment was released for the three engines on 21/03/2016 and 28/03/2016 respectively (contract Clause 5.2.1). Further as per Clause 5.2.2 "(The final payment amount is determined as the total price for the works under the

in respect of advance given to the party has not been confirmed. Pending confirmation, impact on the standalone Ind AS financial statements cannot be quantified.

Contract as per item 4.2., taking into account the advance payment received as per item 5.2.1 taking into account item 3.1 and 3.2. The final payment is made by the Customer from the irrevocable documentary letter of credit)" and Clause 5.2.8 of the contract "(The final payment according to item 5.2.2 shall be made from the letter of credit with in 30 (thirty) calendar days from the date of delivery of the Engine to the Customer according to item 8.2. (i.e. date of Making International Airway Bill on the territory of the Russian Federation)", M/s UEC Klimov has requested for a LC to be opened for the remaining 70% payment along with the AWR cost.

Accordingly, the draft LC for the balance 70% and the cost of AWR has been forwarded to M/s UEC Klimov on 24/11/2017 and M/s UEC Klimov's has accepted the LC .The custom clearance formalities will commence and the engines will be dispatched to PHL as per the contract provisions.

2) While the acknowledgement for the advance payments is overdue from M/s UEC Klimov, they have now exercised the option of an LC for 70% payment, which is deemed acceptance of receipt of 30% advance payment and the remaining 70% payment subject to Airway Bill with AWR cost would culminate the complete payment without any loss to PHL and also ensures early recovery of overhauled engines at PHL facilities. Encashment of LC will be facilitated within 30 days of dispatch of engines and eventual arrival at PHL facility.

3) Once the engines are received, then M/s UEC Klimov will send the Act of Performed work as per Clause No 5.3 of the contract which shall be signed by both the parties and this shall be submitted to Finance as completion of contract with M/s UEC Klimov for repair & overhaul of three engines, which would conclude the contract as negotiated time to time. The technical feedback on earlier replies sent through mail may be taken in to cognizance and other concerns as raised would arise only

in case of any hindrance to ongoing process. However, the process of delivery of overhauled engine is being realized smoothly.

As M/s UEC Klimov has reconciled and opted for opening of LC for the final payment as per Clause 5.2.2 of the contract. LC has been opened on 01.12.2017.

6. *In Western Region, in contravention of accounting policy 2 B(vi), the company has depreciated Engine and MGB of Dauphin N & N3 helicopters on average flying hours of the fleet instead of actual flying hours of respective components, as Engine & MGB consists of various sub modules, which if taken separately, do not meet the threshold of 8% of total value of helicopters fixed by the management. As explained to us, depreciating Engines and MGBs on actual flying hours is not logical, as the sub modules/components are highly mobile and interchangeable. Hence, impact on standalone Ind AS financial statements cannot be quantified.*

Engine and MGB are major components of the helicopter which qualifies for Component Accounting.

Accordingly, both have been incorporated for said accounting at PHL and all the Engines/ MGB other than N/N3 at WR have been considered as one Unit with prescribed life.

In case of N/N3 (Ariel 1C/2C Engines & MGB) it needs to be noted that it is 4th/5th Generation technology with modular concept where the component is made into several sub-components where, it helps in reducing the down time to minimal by changing the defective module when snags are detected contrary to putting down the whole Engine/MGB as is the case in MI-172/Bell 407/206. This concept is a modern development to ensure availability serviceable engine at all times, with cyclical changing of modules with complete life.

Thus, Engine and Main Gear Box with modular concept becomes a composite of multiple sub-components (each having its own life). The sub-component are interchangeable highly mobile and are moved and shifted in various Engines fitted across Helicopter similar is the case with MGB.

Even though, there are several additions/repairs of the modules in a year and the log card is available for independent accounting allowing it to be taken as independent component. However, individual modules do not meet the required threshold of 8% of total value of the Helicopter hence rendering it unqualified which is grossly inappropriate. In addition because of its cyclical, continuous interchangeability correlation with specific MGB/Engine vis-à-vis helicopter defeats very purpose of the contemporary modular maintenance philosophy and neutralizes the premium costing of engine for its new generation concept.

In view of above it becomes inevitable to use the averaging methodology in the context of WR, where Dauphin N and N3 are placed.

7. *The company has not considered employee cost on major Overhaul and Inspection of Dauphin N & N3 fleet, as required by para 17 of Ind AS 16 – Property Plant & Equipment issued by the Institute of Chartered Accountants of India. Impact on the standalone Ind AS financial statements cannot be quantified.*	Component accounting as an exercise was taken up for the first time in the present year. All material costs in overhaul have been included in calculations. Employee cost on major Overhaul and Inspection of Dauphin N and N3 Fleet which involves extensive working /calculations will be included from Financial Year 207-18 onwards.
8. *The company while calculating depreciation as per component accounting has considered 'zero' flying hours as on April 01, 2015 for all its components. However, such components were already in use from the date of their respective capitalization till March 31, 2015. As explained to us, actual hours flown of each component as on April 01, 2015 cannot be identified and hence, impact on standalone Ind AS financial statements cannot be quantified.*	Engine and MGB are major components of the helicopter which qualifies for Component Accounting. Accordingly, both have been incorporated for said accounting at PHL and all the Engines/ MGB other than N/N3 at WR have been considered as one Unit with prescribed life. In case of N/N3 (Ariel 1C/2C Engines & MGB) it needs to be noted that it is 4th/5th Generation technology with modular concept where the component is made into several sub-components where, it helps in reducing the down time to minimal by changing the defective module when snags are detected contrary to putting down the whole Engine/MGB as is the case in MI-172/Bell 407/206. This concept is a modern development to ensure availability serviceable engine available at all times, with cyclical changing of modules with complete life. Dauphin is a twin Engine Aircraft and an Engine consist of 5 modules (each having its own life) hence, 10 modules in total. Determining their pro-rata life, especially due to dynamic interchangeability of Engines as well as its

modules amongst Aircrafts cannot be adopted as a procedure as each module when changed comes with renewed life with a fraction cost of the new. Similar is the issue with MGB.

Hence, considering the complexities and ground level realities in evaluation of Hours as on 01.04.2015 for Engines and MGB for transition to Ind-AS a onetime exception had to been taken into consideration.

Further 'Zero Flying Hours'' as on 1/04/2015 is only for one of the many overhaul lifecycle 3000/3500 hours that the component has in total life which itself is on condition (unlimited). An engine module or MGB may have as many as 10 overhauls or more. However, in the instant case, as a onetime measure for one overhaul period has been taken as zero.

9. *As per provisions of 'The Building and Other Construction Workers Welfare Cess Act, 1996' as principal employer, Company was required to deduct 1% labour cess from the contractors bill aggregating to Rs. 72.94 lakhs excluding interest and penalty, if any. The Company has neither deducted nor deposited labour cess with respective State Governments for works contract carried out at Rohini Heliport, New Delhi which has been provisionally capitalized in the year under review and Helicopter Training Academy, Hadapsar, Pune which has been completed in 2012. This was reported by the C & AG for the financial year 2015-16 and is a continuing default.This has resulted in reduction in 'Other Current Liabilities and increase in Other Financial Liabilities by the aforesaid amount.*

In case of Rohini heliport amount payable on account of Labour welfare Cess is Rs.52.70 lakhs i.e.,1% of Rs.5269.70 Lakhs which was paid/payable to M/s. Dinesh Chandra R Agarwal Infracon Pvt. Ltd. and in case of Hadapsar Pune Project Rs.11.34 lakhs is payable on account of labour Welfare Cess i.e., 1% of Rs.1134.09 lakhs which was paid to M/s. NBCC. Therefore, total amount payable to statutory authority on account of Labour welfare cess is Rs.64.04 lakhs.

In case of Rohini heliport project no Payments against the project have been released to M/s. Dinesh Chandra R Agarwal Infracon Pvt. Ltd.,(DRAIPL) the construction agency in the past more than one and a half year. At the time of subsequent release of payments to the construction agency, 'upto date' due amount against labour cess shall be recovered and deposited with the Statutory Authority. An Arbitration Tribunal has already been constituted on the disputes between M/s. DRAIPL and M/s.PHL.

In case of Hadapsar Pune project the construction work has been got executed by PHL through

	NBCCL- a central Government Undertaking. The responsibility to deduct the Labour welfare cess and deposit with the concerned Statutory Authority against this work lies with NBCCL. PHL have sought confirmation regarding the same from NBCCL.
10. *Reference is invited to Basis for Qualified Opinion paragraph, wherein clauses 1 to 9 either have no effect on the standalone Ind AS financial statements or the amount whereof is unascertainable. Clause no. 10 will result in increase in 'Other Current Liabilities' by Rs. 72.94 lakhs and decrease in 'Other Financial Liabilities' by Rs. 72.94 lakhs for the year ended on 31 March 2017.*	Been adequately explained above.
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 matters described in the *'Basis for Qualified Opinion'* paragraph above, where in some of the cases the effect of the audit qualification could not be quantified, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March 2017, and its financial performance including other comprehensive *income, its cash flows and the changes in equity for the year ended on that date.*	Been adequately explained above.
Emphasis of Matter We want to draw attention to: 1. Reference is invited to note number 32 XX wherein the CVO (Chief Vigilance Officer) had conducted enquiry & submitted report to the management regarding financial irregularities at Lakshadweep base	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 to accounts No.32(XX).

amounting to Rs. 129.20 lakhs, management identified supporting/invoices/bills/credits payable to employees amounting to Rs 40.09 lakhs & balance of Rs. 89.12 lakhs, was considered as loss by the management and was provided for in the financial year 2014-15. Further, investigations are still in progress.

2. Reference is invited to Note No. 2 B(x)(b) relating to accounting policy on impairment of non-financial assets to be evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. We have noticed that over the past few years, Aircraft on ground (AOG) days are increasing, revenue flying hours and deployment of fleet is decreasing, which are internal factors that need to be considered by the Company to determine imparment of helicopters, as required by Ind AS 36 'Impairment of Assets' issued by the Institute of Chartered Accountants of India.

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 (significant decline in the technological, market, economic or legal environment, market interest rates etc.). and internal factors (obsolescence or physical damage of an assets, poor economic performance of the assets etc.) as mentioned in the IND-AS 36 have been examined and found that no such asset is found impaired. Further, Periodical exercise for ascertaining fleet-wise / customer-wise profitability has also been carried out on regular basis. Hence provision of impairment does not arise. PHL never stated that the exercise as required by IND-AS 36 is not considered necessary to assess impairment in value of helicopters.

Therefore, there is no issue of non-compliance of IND-AS 36. Hence provision of impairment does not arise.

3. Reference is invited to Note no. 32 XXIX, Capital Advance of Rs. 3,398.40 lakhs pertains to advance given to Bell Helicopter Textron Inc., USA for purchase of three Bell 412EP helicopters, two out of which are lying unassembled/unutilized in Airworks hangar at Juhu Aerodrome, Mumbai since February 2017, due to non acceptance by the

Complete updated Status on this subject is given at Note No.32XXIX.

Company on technical ground. The supplier has sent notice invoking arbitration against the Company and called on it to appoint its Arbitrator, which has been done. In view of the matter being sub judice, we cannot comment on the recoverability of advance given to the supplier and capital work in progress of Rs. 390.10 lakhs incurred in relation to the aforesaid helicopters.

4. Reference is invited to Note No. 2 B(vi), which explains basis of estimated useful life of the Helicopters considered by the Company. During the financial year 2015-16, the Company had constituted an internal technical committee to assess useful life of Helicopters. The technical committee in its report relied on literature published by the manufactures of helicopters and suggested generic life of Helicopters as 35 years for Dauphin/Bell/Ecureuil fleet and 30 years for MI fleet. Schedule II of the Companies Act, 2013, states useful life of Helicopters to be 20 years. As it is a technical matter, we have relied on the assessment of the technical committee.

The life's of Bell & Airbus helicopters are indefinite. The Airbus helicopters have given an assurance to provide product support upto 30 to 35 years which has been the basis for giving the life as 30 to 35 years.

The MIL has provided a definite life of 30 years and any further enhancement will be based as life extension programmes provided by them. Globally the helicopters are deployed on the basis of Air worthiness certificate issued by the Regulatory Authority of the concerned country. Therefore, the life of a helicopter is not based on the customer vintage requirement. This can be seen from the existing contracts with State Governments and MHA which are being maintained by our helicopters with vintage of over 30 years. If a vintage criteria is imposed by a customer then suitable helicopter would be deployed and the helicopters with older vintage will be employed with an alternate contract.

Thus the only criteria for useful life of a helicopter is the valid Airworthiness Certificate issued by DGCA (Regulatory Authority) with OEM spare support and not the customer imposed criteria or the employability of the helicopter

5. Non-reconciliation of Cenvat as per books of accounts and Service tax return in respect of Western Region and Corporate Office.

The reconciliation will be carried out and necessary accounting entries will be passed in the current financial year.

6. Reference is drawn to Note no. 32 XI, wherein during the year under audit, the

This is statement of fact.

Board has recommended creating provision for license related allowances of Pilots and AMEs with effect from 01.04.2016 and the company has provided for Rs. 1147.39 lakhs, which is subject to final approval from the Government of India.

7. Reference is invited to note number 32 XV, wherein it has been stated that Rohini heliport has been capitalized during the year on provisional basis, as the contractor is yet to submit its final bill. Further, due to non-availability of lease agreement, various components of Rohini heliport has been depreciated over useful life stated in Schedule II of the Companies Act, 2013.	This is statement of fact.
8. The Company has voluntarily created a separate Provident Fund Trust for its regular employees. However, it has non-deducted Provident Fund contribution from contractual and casual employees directly employed by the Company, as the matter is sub judice.	PHL being an establishment of Aircraft/ Airline owned and controlled by the Central Government is "excluded" from applicability of the Employees Provident Fund & Miscellaneous Provisions Act 1952. Hence no deduction for Provident Fund has been made from the contractual employees. However, contractual employees represented by Aviation Karmachari Sanghatana have filed a Writ Petition No.3495 of 2016 before the Hon'ble High Court of Mumbai which is subjudice. As such the company has voluntarily created Provident Fund Trust exempted by Income Tax Act 1961 covering the regular employees. The matter regarding coverage of contractual employees is subjudice before the Hon'ble High Court of Mumbai and further course of action shall be initiated on the outcome of the pending Writ petition.
9. It has been observed that the strength of Internal Audit department as envisaged by the Board vide its meeting no. 148 dated 19.03.2015 was 7 employees, whereas, currently it has only 2 employees. During the year under audit, only one report has been issued for each region as against	• Several Notes and reminders have been put up to competent authority for staffing at requisite strength but due to impending disinvestment the same has not been acquiesced to. • As a legacy only Annual Audit report has

Audit Committee directive of submission of quarterly internal audit reports. Further, we have observed various gaps in internal control as depicted in our report on Internal Financial Controls of annexed along with. Hence, the internal audit department needs to be strengthened, frequency of internal audit reporting should be increased and scope of internal audit enhanced to cover all functional departments of and processes undertaken by the company to make it commensurate with the size and nature of operations of the company.

been in vogue however Audit Committee directed to have quarterly from current financial year 2017-18 which will be taken up as Half Yearly as directed by CMD due to current level of staffing.

- Internal Audit has been covering all major areas viz. Finance & Accounts, HR & Administration, Operations, Marketing, Engineering, Maintenance, Information Technology consistently.
- Internal Audit has reported Non Compliances consistently including those on PF, Taxation and others.

10. As stated in note no. 32 XXV(a) forming part of standalone Ind AS financial statements, the company is of the opinion that there is no dues as on March 31 2017 to Micro, Small and Medium enterprises registered under the Micro, Small and Medium enterprises Development Act, 2006. However, during the year under review, no confirmation were sought from the suppliers regarding applicability of provisions of 'The Micro, Small and Medium Enterprises Development Act, 2006' to them, hence, we are unable to comment upon compliance by the Company of the aforesaid Act;

As per Public Procurement Policy for MSEs Order, 2012, an overall procurement of minimum of 20% of goods and services has become mandatory w.e.f. 1st April,2015 and a sub target of 4% out of the 20% target of annual procurement has also been earmarked for procuring from MSEs owned by SC/ST entrepreneurs for all Central Ministries/ Departments/PSUs. The MSME order states that Central Ministries/Departments/PSUs have to mandatorily purchase 358 items from MSEs which have been reserved exclusively from them.

In the financial year 2016-17, Pawan Hans procured goods and services amounting to Rs.3.30 Crore from MSMEs and details of procurement also forwarded to Ministry of Micro, Small & Medium Enterprises. Further, the 358 items as provided in the list for procurements from MSEs, do not meet the Aviation Standards which accounts for major part of purchases in our Company, being made by us from the various OEMS/Manufactures in order to meet its operational needs. A proposal on seeking exemption is also being forwarded to Ministry of Civil Aviation after its consideration and approval by the PHL Board of Directors.

It is also declared that there has been no principal amount and the interest due thereon to be paid to any of the MSMEs from whom goods and services have been procured by PHL in the year 2016-2017.

11. Note no. 32 IX forming part of standalone Ind AS financial statements relating to circularisation of balance confirmation of Trade receivable, Trade payables, Long term and short term liabilities, Other Current liabilities, Long term and Short term Loan & Advances and deposits. None of the major parties have confirmed their balances and hence, differences, if any, could not be identified and reconciled. Pending confirmation and reconciliation, consequential impact on the financial statements cannot be quantified.

Balance confirmation letters sent at the year end to our trade receivable / payable with intimation that their response/confirmation should be directly sent to statutory auditor.

Our opinion is not qualified in respect of these matters.

Other Matter

1. The financial information of the Company for the year ended March 31, 2016 and the transition date opening balance sheet as at April 01, 2015 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2016 and March 31, 2015 prepared in accordance with Companies (Accounting Standards) Rules, 2006 (as amended) which were not audited by us, on which the Statutory Auditors expressed other than unmodified opinion dated November 2, 2016 and October 7, 2015, respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

No Comments required

2. We did not audit the Ind AS financial statements of Western Region included in the standalone Ind AS financial statements of the Company which constitute total

No Comments required.

assets of Rs. 78,438.10 lakhs and net assets of Rs. 856.80 lakhs as at 31 March 2017, total revenue of Rs. 27,815.42 lakhs, net profit of Rs. 662.82 lakhs and net cash flows amounting to Rs. 426.47 lakhs for the year then ended. This financial statement and other financial information have been audited by other auditor whose report has been furnished to us, and our opinion on the standalone Ind AS financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditor.	
Our opinion is not qualified in respect of these matters.	
Report on Other Legal and Regulatory Requirements	
1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India 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.	No Comments required.
2. As required by the 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 *subject to our comments in paragraph 'Basis of Qualified opinion';*	Been adequately explained above.
b. *Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above,* in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books. *However, we have noticed that the Company is using an old version of accounting package that is quite obsolete and need to be upgraded to cater to current*	No Comments required.

requirements;	
c. The report on the accounts of Western Region audited under section 143(8) of the Act by the branch auditors has been sent to us and has been properly dealt with by us in preparing this report;	No Comments required.
d. The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;	No Comments required.
e. *Except for the effect of the matters described in the Basis for Qualified Opinion paragraph,* in our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with relevant rules issued thereunder;	No Comments required.
f. Being a Government Company, section 164(2) of the Act regarding 'whether any director is disqualified from being appointed as a director' is not applicable to the Company in view of notification no. G.S.R. 463(E) dated 05-06-2015;	No Comments required.
g. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and	Been adequately explained in Annexure B.
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 required.
(i) The company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer note no. 32 II to the standalone Ind AS financial statements.	

(ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses. However, the auditors of Western Region have reported as under: "The company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts".	Company has not entered into derivative contracts during the F Y 2016-17.
(iii) There were no amounts, which were required to be transferred to the Investor Education and Protection fund by the company.	No Comments required.
(iv) The Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on audit procedures performed and relying on the management representation, we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management- Refer note no. 32 XXV(e) to the standalone Ind AS financial statements; and	No Comments required.
(v) As required by section 143(5) of the Act, we give in Annexure - C, a statement on the matters specified by the Comptroller and Auditor General of India for the company.	No Comments required.

For **J. P., Kapur & Uberai**
Chartered Accountants
Firm registration number: 000593N

Vinay Jain
Partner
Membership number: 095187

Place: New Delhi
Date: 1 December 2017

Annexure 'A' to the Independent Auditor's Report to the members of Pawan Hans Ltd. on the standalone Ind AS financial statements for the year ended 31 March 2017

	Auditors' Observations	Management reply
(i)	a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.	No Comments required.
b)	According to the information and explanations given to us, the Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. *In our opinion, this periodicity of physical verification by the management needs to be strengthened, as aircraft and spare engines should be verified on an annual basis having regard to the size of the Company and the nature of its assets. Further, we are unable to comment on the discrepancies, between book records and physical balances, as reconciliation is in progress. Also, in case of rotables sent for repairs of a gross value of Rs. 5,158.24 lakhs and lying with vendors located outside India, in case of few foreign OEMs, the company neither has any physical verification report nor has any confirmation from such vendors for holding rotables on behalf of the Company.*	The Physical verification of Fixed Assets has been carried out and the process of reconciliation with fixed assets register is in progress. Differences between book and physical balances have been traced and sent to respective departments for completion of reconciliation process. Rotables and Repairable with gross cost of Rs.5158.24 Lakhs and WDV of Rs. 1650.62 Lakhs are lying with foreign equipment suppliers for repairs as at 31.03.2017. Out of these, Rotables with gross cost of Rs. 769.80 Lakhs and WDV of Rs. 394.07 Lakhs have been received back after 31st March, 2017. 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.
c)	The title deeds of immovable properties, as disclosed in note no. 3 on Property, Plant & Equipment in the standalone Ind AS financial statements, are held in the name of the Company, *except for Rohini Heliport, land for which is owned by the Ministry of Civil Aviation and Building Residence (JHC), Building - Residence at Western Region whose title deeds are*	This is statement of fact.

	not held in the name of Company, reason being land is in the name of Airport Authority of India and the Company had constructed flats which were partially taken on lease for the period of 25 years.	
(ii)	According to the information and explanations given to us, the Company has a policy of physical verification of inventory over a period of three years. In the case of Western Region and Northern Region, except for inventory lying with third parties and inventory of stores and spares of Westland helicopters, high value inventory items of stores and spares lying at the main stores have been physically verified by the management at the close of the year and no material discrepancies were noticed on such verification. In the case of stocks of stores and spares at the detachments, issues are made from regional headquarters and at the year end, closing stock of stores and spares at detachments is recorded based on physical verification reports submitted by respective detachments, hence, *control exercised is limited as manual stock records are maintained at detachments.*	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 continuous basis.
(iii)	According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of paragraph 3 (iii) of the Order are not applicable to the Company.	No Comments required.
(iv)	According to the information and explanations given to us and the records of the company examined by us, the Company has not granted any loans or made any investments, or provided any guarantees or security as specified under	No Comments required.

	section 185 and 186 of the Companies Act, 2013. Therefore, provisions of paragraph 3(iv) of the Order is not applicable to the Company.	
(v)	As per the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company	No Comments required.
(vi)	According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under subsection (1) of section 148 of the Companies Act, 2013, for any of the services rendered or goods sold by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.	No Comments required.
(vii)	a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, value added taxes, cess and other statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of duty of excise.	No Comments required.
	According to the information and explanations given to us, no undisputed amounts payable in respect of provident	In case of western region, The Company had purchased 6 nos. of residential flats in May 1998 for the employees from MHADA, Mumbai

fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, value added taxes and other statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable *except stamp duty amounting to Rs. 13.81 lakhs at Western region which has not been paid till date.*

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.

The amounts has been considered under contingent liability in Notes to Accounts No.32(II). (c). (ii)/ (iii).

b) According to the information and explanations given to us, there are no dues of income tax, duty of customs, duty of excise and cess which have not been deposited by the Company with the appropriate authorities on account of any dispute as at 31 March 2017, other than those mentioned as follows:

Sl. No.	Name of the Statute	Nature of the dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where dispute is pending
1	Delhi Value Added Tax Act, 2004	VAT, Interest & Penalty	10,481.78	FY 2006-07	Appellate Tribunal, VAT, Delhi
2	Delhi Value Added Tax Act, 2004	VAT, Interest & Penalty	10,556.99	FY 2007-08	Appellate Tribunal, VAT, Delhi
3	Delhi Value Added Tax Act, 2004	VAT, Interest & Penalty	12,384.79	FY 2008-09	Appellate Tribunal, VAT, Delhi
4	Delhi Value Added Tax Act, 2004	VAT, Interest & Penalty	12,007.90	FY 2009-10	Appellate Tribunal, VAT, Delhi
5	Service Tax Act, 1994	Service Tax	562.06	FY 2009-10	Commissioner of Service Tax (Appeals), Mumbai
6	Service Tax Act, 1994	Service Tax	495.94	FY 2010-11	Commissioner of Service Tax (Appeals), Mumbai
7	Service Tax Act, 1994	Service Tax	615.38	FY 2011-12	Commissioner of Service Tax (Appeals), Mumbai
8	Service Tax Act, 1994	Service Tax	298.65	FY 2012-13	Commissioner of Service Tax (Appeals), Mumbai
9	Service Tax Act, 1994	Service Tax	61.76	FY 2013-14	Commissioner of Service Tax (Appeals), Mumbai
10	Service Tax Act, 1994	Service Tax	232.84	FY 2014-15	Commissioner of Service Tax (Appeals), Mumbai
		Total	47,698. 09		

(viii)	In our opinion and according to the information and explanations given to us and on basis of our examination of the records of the Company, the company has not defaulted in repayment of loans or borrowings to banks or financial institutions. Further, no loans or borrowings were taken from government and there were no debentures issued during the year or outstanding as at 31 March 2017.	No Comments required.
(ix)	The Company has not raised any money by way of initial public offer, further public offer (including debt instruments) and terms loans.	No Comments required.
(x)	According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.	No Comments required.
(xi)	Being a Government Company, provision of clause no. (xi) regarding section 197 of the Companies Act, 2013 relating to managerial remuneration is not applicable to the Company in view of notification no. G.S.R. 463(E) dated 05-06-2015.	No Comments required.
(xii)	According to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the company.	No Comments required.
(xiii)	In our opinion and according to the information and explanations given to us and on the basis of our examination of the records, the Company has complied with provisions of section 177 and 188 of the Companies Act, 2013, wherever applicable, for transactions with related parties and details of related party transactions have been disclosed in the standalone Ind AS financial statements as required by applicable accounting standards.	No Comments required.

(xiv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares of fully or partly convertible debenture during the current year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the company	No Comments required.
(xv) According to information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable to the company.	No Comments required.
(xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.	No Comments required.

For **J. P., Kapur & Uberai**
Chartered Accountants
Firm registration number: 000593N

Vinay Jain
Partner
Membership number: 095187

Place: New Delhi
Date: 1 December 2017

Annexure 'B' to the Independent Auditor's Report to the members of Pawan Hans Ltd. on the standalone Ind AS financial statements for the year ended 31 March 2017

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

We have audited the internal financial controls over financial reporting of Pawan Hans Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI.

Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Qualified Opinion

According to the information and explanations given to us and based on our audit, *the Company does not have documentation of comprehensive model for streamlining internal control including internal control over financial reporting incorporating RCM and gap tracking with a description of the objective, process and risk thereof. On walkthrough of the model for testing and making review of adequacy and effectiveness of the system of control in place,*

Guidance Note on audit of Internal financial Reporting issued by the Institute of Chartered Accountants of India requires the Auditors certifying the financial statement to assess the operation of said controls by preparation of Risk Control Matrix. Company had undertaken assessment of IT controls by expert in 2016 whose "Satisfactory" assessment report is available.

Written records with inbuilt process for *gaps have been identified both in adequacy of design and effectiveness in areas of Fixed Assets Management, Procurement process, Accounting of Revenue, Statutory Compliances, Treasury Management, Human Resources Management and Information Technology General Control.* In our opinion, except for the effects/possible effects of the material weakness/es described above on the achievement of the objectives of the control criteria, the Company has maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as of 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weakness/es identified and reported above in determining the nature, timing and extent of audit tests applied in our audit of 31 March 2017 standalone Ind AS financial statements of the Company, and these material weaknesses does not affect our opinion on the standalone Ind AS financial statements of the Company.

supervision and authorization, delegation of powers, exceptions by designated competent authority, Functional Manual/Standard Operating Procedure, existence of budgetary control are already in vogue.

Accounting for Revenue is robust as overwhelming proportion of contracts is B2B (Business to Business) or B2G (Business to Government) and not B2C (Business to Consumer) . There are instances of ticket reconciliations in case of seasonal contracts for which suitable safeguards are being inbuilt.

Statutory Compliances is a priority and is taken seriously by the company and is followed without any known exceptions.

Procurement process is based on Purchase Manual, Delegation of authority, CVC guidelines and principles of proprietary. The process is well laid out and functioning effectively though at times it can be time consuming due to tendering procedures/time notices.

Fixed asset accounting as regards machinery and parts is functioning well though as regards movable assets e.g. IT, Communication and administrative suitable measures are needed.

Similarly Human Resource Management, Treasury Management and Information Technology General Controls are working efficiently and meeting the intended objectives though in certain areas updations might be required.

However in the ensuing year separate comprehensive model documentation for Financial Reporting risk based Internal Control shall be undertaken. In addition to this the gaps identified by audit in areas will be reviewed and strengthened.

For **J. P., Kapur & Uberai**
Chartered Accountants
Firm registration number: 000593N

Vinay Jain
Partner
Membership number: 095187

Place: New Delhi
Date: 1 December 2017

Annexure 'C' to the Independent Auditor's Report to the members of Pawan Hans Ltd. on the standalone Ind AS financial statements for the year ended 31 March 2017

Directions under section 143(5) of Companies Act, 2013 issued by Comptroller & Auditors General of India.

S. No.	Directions	Auditors Comment
1.	Whether the company has clear title/lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/ lease deeds are not available.	The company has title deed for leasehold land leased by New Okhla Industrial Development Authority for Corporate Office. There is no lease agreement between Company and MoCA for Rohini Heliport. The Auditors of Western Region have reported as under: The Company doesn't have any freehold land but the company has leasehold land of 35706.84 square meters for which there is no clear title/lease deed with the company which has been provided by Airport Authority of India at Juhu Aerodrome, S.V. Road, Ville Parle (West), Mumbai – 400056.
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.	According to the information and explanations given to us, there was no waiver of loan and interest by the company. The Company has considered Rs. 1,572.59 lakhs as doubtful of recovery against trade receivables and made necessary provision for the same. The Auditors of Western Region have reported as under: There have been no case of waiver/write off/ Loans/ Interest etc.
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 of inventories lying with third parties. However, balance confirmation for rotables and repairable sent to one foreign vendor was not available. There is no case of assets received as gift from the Government or other authorities. The Auditors of Western Region have reported as under: The Company is maintaining proper records for inventories lying with third parties except few cases, detailed note on which is already included in note no 32 VI a) of the notes to accounts and the company has not received any gifts from the government or other authorities during the year. Hence the said point is not applicable.

For **J. P., Kapur & Uberai**
Chartered Accountants
Firm registration number: 000593N

Vinay Jain
Partner
Membership number: 095187
Place: New Delhi
Date: 1 December 2017

Annexure- 'B'
to 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 THE PAWAN HANS LIMITED FOR THE YEAR ENDED 31 MARCH 2017.

The preparation of financial statements of Pawan Hans Limited for the year ended 31st March, 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is 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 the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 01 December, 2017.

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 31st March,2017. The supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report:

CAG Comments	Management Replies
A. Comment on Cash Flow Foreign exchange fluctuation (net) of ₹6.20 crore has not been adjusted from ' Net Profit Before Tax' which has resulted into overstatement of 'Operating Profit Before Working Capital Changes' by ₹6.20 crore. Further, the amount should have also been shown as separate activity in the CASH Flow Statement.	This is only disclosure requirement and does not have any impact on the profitability and financial position of the company for the year under review. Noted for Compliance in subsequent financial year.
B. Comments on Statutory Auditors' Report **(i). Basis for Qualified Opinion (Sl. no.6)** The accounting policy 2 B (vi) stated that the Company followed component accounting for property, plant and equipment in accordance with the Ind AS-16 by identifying and depreciating separately the major components of an item of property, plant and equipment that have cost which is significant in relating	PHL Accepted with the observation of CAG and followed the process as per approved accounting policy.

to the total cost of the item and that has different useful life. The Company has considered component having cost of 8 per cent or more as compared to total cost of Helicopter as a significant component. Accordingly, the Company has considered the useful life of Engine and Main Gear Box (MGB) of Dauphin N as five years for each and in case of Dauphin N 3 Helicopters six years for Engine and five years for MBG, considering 600 hours average flying in a year. The Company has depreciated Engine and MGB of Dauphin N and Dauphin N 3 Helicopters in the Western Region, accordingly. The above item 6 under heading 'Basis for Qualified Opinion' in the Statutory Auditors' Report suggested, that in contravention of the accounting policy 2 B (vi). Western Region of PHL has depreciated the Engine and MGB of Dauphin N and N3 Helicopters on average flying hours of respective component. Thus the Qualified opinion No.6 is not correct.	
(ii). Basis for Qualified Opinion (Sl. No. 9 & 10) The above qualification stated that as per provisions of the Building and other Construction Worker Welfare Cess Act, 1996' as principal employer, Company was required to deduct one per cent labour cess from the contractors bill aggregating to ₹0.73 crore excluding interest and penalty if any. The company has neither deducted not deposited labour cess with respective State Governments for works contract carried out at Rohini Heliport, New Delhi, which has been provisionally capitalised in the year under report and Helicopter Training academy. Hadapsar, Pune, which has been completed in 2012.	In case of Rohini heliport amount payable on account of Labour welfare Cess is Rs.52.70 lakhs i.e.,1% of Rs.5269.70 Lakhs which was paid/payable to M/s. Dinesh Chandra R Agarwal Infracon Pvt. Ltd. and in case of Hadapsar Pune Project Rs.11.34 lakhs is payable on account of labour Welfare Cess i.e., 1% of Rs.1134.09 lakhs which was paid to M/s. NBCC. Therefore, total amount payable to statutory authority on account of Labour welfare cess is Rs.64.04 lakhs. In case of Rohini heliport project no Payments against the project have been released to M/s. Dinesh Chandra R Agarwal Infracon Pvt. Ltd.,(DRAIPL) the construction agency in the past more than one and a half year. At the time of subsequent release of payments to the construction agency, 'upto date' due amount against labour cess shall be recovered and deposited with the Statutory Authority. An Arbitration Tribunal has already been constituted on the disputes between M/s. DRAIPL and M/s.PHL.

The amount of labour cess mentioned in the above qualifications is deficient to the extent that the amount of labour cess in case of Heliport Project at Rohini, New Delhi and Helicopter Training Academy cum Heliport at Hadapsar, Pune, worked out to ₹0.64 crore {₹52.70 crore for Rohini, New Delhi and ₹11.34 crore for Hadapsar, Pune.)}	In case of Hadapsar Pune project the construction work has been got executed by PHL through NBCCL- a central Government Undertaking. The responsibility to deduct the Labour welfare cess and deposit with the concerned Statutory Authority against this work lies with NBCCL. PHL have sought confirmation regarding the same from NBCCL.

For the on behalf of the
Comptroller and Auditor General of India

(Neelesh Kumar Sah)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board –I
New Delhi

Place : New Delhi
Dated : 02 February, 2018

Annexure - C
to the Directors Report

To,
The Members
Pawan Hans Limited

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record 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 verification was 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 of 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 the 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 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 efficacy or effectiveness with which the management has conducted the affairs of the company.

For **SGS ASSOCIATES**
Company Secretaries
D.P. Gupta
Date: 15.02.2018
Place: New Delhi
M N FCS 2411
C P 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

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 2017 ("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 2017 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.

(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:

- 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 for the part of the audit period as the Independent Directors were appointed from 2nd January 2017.**
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. **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.**
6. **The CSR Committee of the Company is not properly constituted till the end of financial year 31st March 2017. 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: 15.02.2018
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 DIRECTORS 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		(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		(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 2016-17	Contract through ICB	202.85		
2	Oil & Natural Gas Corporation Ltd.	Associates	FE Loss & Gain on Hiring of services	For F.Y. 2016-17	Actual	0.24		
3	Oil & Natural Gas Corporation Ltd.	Associates	Use of PHL helicopter by ONGC	For F.Y. 2016-17	Actual	1.72		
4	Oil & Natural Gas Corporation Ltd.	Associates	Deduction of LD on delay in providing helicopters	For F.Y. 2016-17	Actual	6.09		
5	Oil & Natural Gas Corporation Ltd.	Associates	Dividend payment on equity	For F.Y. 2016-17	Actual	53.04		
6	Oil & Natural Gas Corporation Ltd.	Associates	Interest payment on loan	For F.Y. 2016-17	Actual	2.22		

ANNEXURE 'E' TO DIRECTORS REPORT
CSR DETAILS FOR THE YEAR 2016-17

S No.	CSR Project or Activity Identified	Sector in which the Project is covered	Projects/Programs I. Local area or 2. Specify the State and district where projects/ programmes were undertaken	Amount outlay (budget) Project or programmwise (Rs.in Lakhs)	Amount spent on the projects or programs Sub heads, 1. Direct expenditure on projects/ programs 2. Overheads (Rs.in Lakhs)	Cumulative expenditure upto the reporting period	Amount spent Direct of through Implementing agency
1.	Swachh Bharat Mission in Gram Neemka Shahjhapur(U.P.) Under Execution	(Non-Conventional Energy Resources/ Health/ Environment) Sanitation (Item No (i) of Schedule VII of the Companies Act 2013)	(Greater Noida) UTTAR PRADESH	44.58	5.73	-	Through M/s.D.K. Construction Company
2.	Contribution to Swachh Bharat Kosh	Sanitation (Item No (i) of Schedule VII of the Companies Act 2013)	Delhi	39.27	39.27	-	Through implementing agency.
			Total	**83.85**	**45.00**		

ANNEXURE 'F' Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31.3.2017
[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

Sl. 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 Shar es	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				NIL	NIL
C. Shares held by Custodian for GDRs & ADRs			NIL					NIL	NIL
Grand Total (A+B+C)	**-**	**245616**	**245616**	**100%**	**-**	**245616**	**245616**	**100%**	**-**

(ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of 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	% chan ge in share holding during the year
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:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year and at the end of the year	
	For Each of the Directors and KMP	**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. Smt. Usha Padhee 2. Smt. Gargi Kaul	 1 1	 - -	 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	38.71	130.91	-	169.62
ii) Interest due but not paid	NIL	339.31	-	339.31
iii) Interest accrued but not due	NIL	NIL	-	-
Total (i+ii+iii)	38.71	470.22	-	508.93
Change in Indebtedness during the financial year				
· Addition	-	-	-	-
· Reduction	8.37	470.22	-	8.37
Net Change	8.37	470.22	-	8.37
Indebtedness at the end of the financial year				
i) Principal Amount	30.34	-	-	30.34
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**30.34**	-	-	**30.34**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount (Rs.)
		Dr. B.P. Sharma, CMD (Rs.)			
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	25,22,276 4,20,233			25,22,276 4,20,233
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - others, specify…	-	-	-	-
5.	Others, please specify	-	-	-	-
	Total (A)	29,42,509		-	29,42,509
	Ceiling as per the Act	NA	NA		NA

B. Remuneration to other directors: NIL

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

Sl. No.	Particulars	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		27,23,042 2,08,790 -	25,18,721 6,59,130 -	-

2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - others, specify…	-	-	-	-
5.	Others, please specify	-	-	-	-
	Total		**29,31,832**	**31,77,851**	**61,09,683**

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)

AVM Sanjeev Kapoor was appointed on 1.9.2017 as Director under the provisions of section 161 of the Companies Act 2013 and his tenure of appointment is due to expire at the 32nd Annual General Meeting pursuant to Section 152 of the Companies Act 2013. AVM Sanjeev Kapoor has varied and rich experience in Indian Air Force at senior positions and is due to retire by rotation offers himself for reappointment. The Company has received a notice proposing candidature of AVM Kapoor for the office of Director of the Company. Therefore, approval of shareholders is being sought for reappointment of AVM Kapoor. The Board of Directors commends the Ordinary Resolution set out at item no.3(i) of Notice for approval of Shareholders. Save and except AVM Kapoor, none of the Directors, Key Managerial Personnel and their relatives is interested or concerned in the Resolution.

Item No.3(ii)

Shri Ashok Nayak, was appointed on 2.1.2017 as Independent Director under the provisions of section 161 of the Companies Act 2013 and his tenure of appointment is due to expire at the 32nd Annual General Meeting pursuant to Section 152 of the Companies Act 2013. Shri Nayak is Independent Director and has varied & rich experience as Chairman of HAL. Shri Nayak is also on the Board of other CPSEs as Independent Director. Therefore, approval of shareholders is being sought for reappointment of Shri Nayak. The Board of Directors commends the Ordinary Resolution set out at item no.3(ii) of Notice for approval of Shareholders. Save and except Shri Nayak, none of the Directors, Key Managerial Personnel and their relatives is interested or concerned in the Resolution.

Item No.3(iii)

Shri Harish Chaudhry, was appointed on 2.1.2017 as Independent Director under the provisions of section 161 of the Companies Act 2013 and his tenure of appointment is due to expire at the 32nd Annual General Meeting pursuant to Section 152 of the Companies Act 2013. Shri Chaudhry is Independent Director and has varied & rich experience as Professor in IIT, Delhi. Therefore, approval of shareholders is being sought for reappointment of Shri Chaudhry. The Board of Directors commends the Ordinary Resolution set out at item no.3(iii) of Notice for approval of Shareholders. Save and except Shri Chaudhry, none of the Directors, Key Managerial Personnel and their relatives is interested or concerned in the Resolution.

भारत का पहला एकीकृत हेलीपोर्ट, रोहिणी, दिल्ली

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पवन हंस लिमिटेड

(भारत सरकार का उपक्रम-मिनी रत्न सार्वजनिक क्षेत्र उपक्रम)

PAWAN HANS LIMITED

(Government of India Enterprise-A Mini Ratna PSE)

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