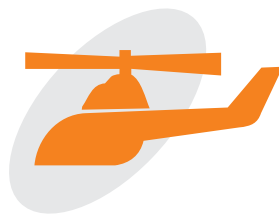


ANNUAL REPORT
2008-09



PAWAN HANS HELICOPTERS LIMITED

OUR AIM

***MAXIMISE
FLYING WITH
TOTAL
SAFETY
AND
ECONOMY***

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BOARD OF DIRECTORS



R.K. Tyagi
Chairman-cum-Managing Director



Dr. S. N.A. Zaidi
Director General of Civil Aviation



E.K. Bharat Bhushan
Jt. Secretary & Financial Advisor
Ministry of Civil Aviation



Alok Sinha
Joint Secretary
Ministry of Civil Aviation



Sudhir Vasudeva
Director (Off-shore)
Oil & Natural Gas Corporation Ltd.



AVM M. Bahadur
ACAS (Ops. & T&H)
Air Headquarters



MANAGEMENT TEAM

Chairman Cum Managing Director	Shri R.K. Tyagi
Chief Vigilance Officer	Shri Bhawesh Kumar Singh, IPS
General Manager (Finance & Accounts)	Shri Sanjiv Bahl
General Manager (Engineering)	Shri Deepak Kapoor
General Manager (Operations)	Captain R.P.S. Mahal
General Manager (Infocom Services)	Shri C.P. Singh
Deputy General Manager (Administration & Materials)	Air Cmde. (Retd.) V. Ramesh
Company Secretary & Dy. General Manager (Legal)	Shri Sanjiv Agrawal
Deputy General Manager (Marketing)	Shri Sanjay Kumar
Deputy General Manager (Personnel & HRD)	Shri R.B. Kushwaha
General Manager (Western Region)	Shri Subir Kumar Das
General Manager (Northern Region)	Shri Sanjiv Takru

Registered office

Safdarjung Airport
New Delhi -110 003

Regional offices

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

Northern Region

Safdarjung Airport
New Delhi-110 003

Auditors

M/s. V.K. Verma & Co.
Chartered Accountants
New Delhi

Branch Auditors

*M/s. R.B. Jain &
Associates*
Chartered Accountants
Mumbai

Bankers

Vijaya Bank
State Bank of India



NOTICE

ALL SHAREHOLDERS, PAWAN HANS HELICOPTERS LIMITED.

NOTICE is hereby given that the 24th Annual General Meeting of the Company is scheduled to be held on Wednesday, the 23rd December, 2009 at 12.30 PM at Registered Office of the Company at Safdarjung Airport, New Delhi to transact the following business:-

ORDINARY BUSINESS

1. Adoption of Accounts

To receive, consider and adopt the audited Balance Sheet as on 31.3.2009, the audited Profit & Loss Account for the year ended on 31st March 2009, 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.11,37,66,000/- @ 10% on the paid-up capital of Rs.113.766 crores is hereby declared for the financial year 2008-09 to the shareholders of the Company."

SPECIAL BUSINESS

3. Alteration in Main Object Clause of Memorandum of Association of PHHL for incorporation of new clauses relating to new business.

If deemed fit, to pass with or without modification, the following special resolution for alteration in Main Object Clause of Memorandum of Association of the Company:-

"RESOLVED THAT the following alterations in the main object clause of the Memorandum of Association of Pawan Hans Helicopters Ltd. by way of incorporation of new clauses be and are hereby approved :

Objects III - "A. Main Objects – additional clauses

- (i) "To promote, operate and undertake setting up of Training Institute for training of Aircraft Maintenance Engineers, Pilots, Flight Engineer, Dispatcher, Technicians and other categories aimed at skill development for obtaining a licence in their respective areas of specialization and Institute for Safety Audit & Excellence individually or under joint venture and for the said purpose, acquire proprietary rights, assets & liabilities and undertake all necessary work of Training Institute and Safety Audit & Excellence Institute."
- (ii) "To purchase, lease, provide, repair, overhaul, hold, dispose-off and operate Fixed Wing Aircrafts, Sea Planes and any other types of aircraft individually or under joint venture and to plan, promote, develop, organize and operate scheduled/non-scheduled services by the same."
- (iii) "To plan, promote, invest, develop, organize, purchase/lease land, provide, construct, hold, dispose-off, participate/create joint venture and operate Heliports/Helipads and other support services directly or on Public-Private Partnership basis or with any Central/State Government agency/ Department and provide consultancy to others for planning, design and implementation of any Heliport or Helipad."

FURTHER RESOLVED THAT the Company Secretary is authorized to take necessary action for carrying out alteration in the object clause after approval of the Shareholders and to file documents with the Registrar of Companies and other authorities for the same."

By the Order of the
Board of Directors of
Pawan Hans Helicopters Limited

New Delhi
November 27, 2009

(Sanjiv Agrawal)
Company Secretary

NOTES:

- a) 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.
- b) For Special Business regarding alterations in Main Object Clause of Memorandum of Association of PHHL for new business, Explanatory Statement is attached. (page-67). In respect of the above Special Business, none of the Directors are interested in their personal capacity.



DIRECTORS' REPORT

*The Shareholders,
Gentlemen,*

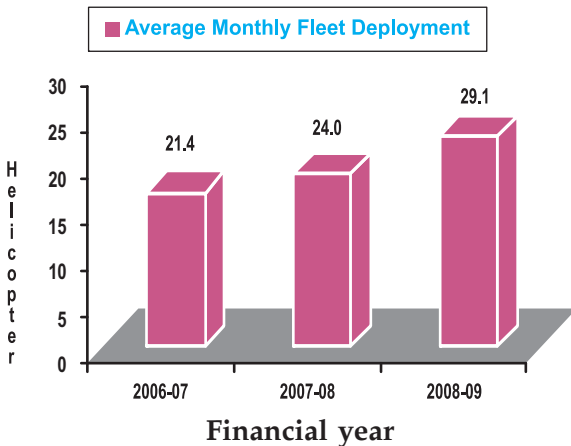
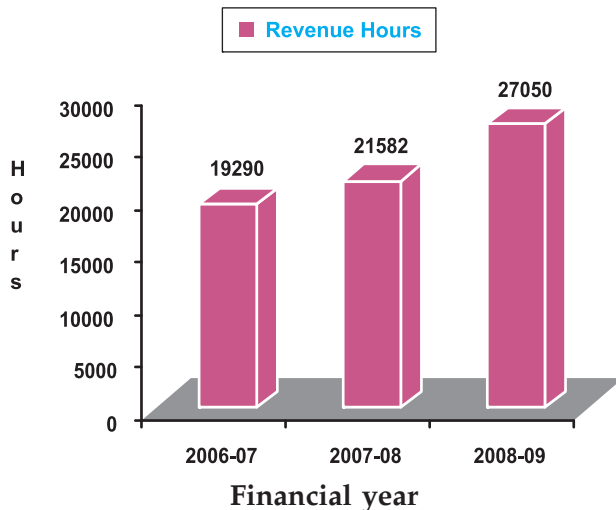
Your Directors have immense pleasure in presenting the Twenty Fourth Annual Report of the Company together with the audited accounts and the Report of the Comptroller and Auditor General of India for the year ended on 31st March, 2009.

I. Operations

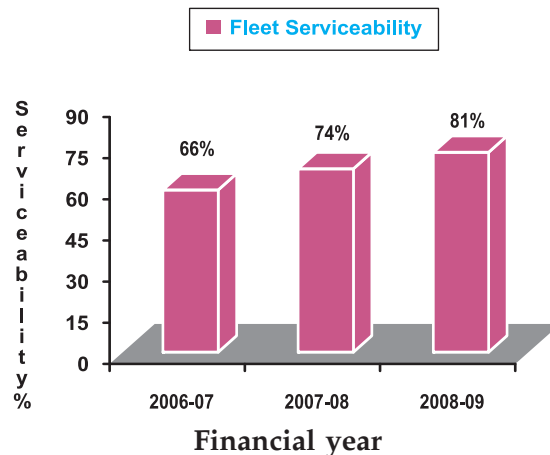
a) Operational results

The Company was able to secure long-term contracts with Institutional clients mainly in the Oil Industry and Government Sector.

The revenue hours and average monthly deployment of helicopters was as under:-



The overall performance during the financial year 2008-09 has improved over previous year due to increased deployment of helicopters and better fleet serviceability.



b) Fleet Profile

The Company's operational fleet as on 31.3.2009 comprises of the following :-

Helicopter type	No. of helicopters
Dauphin SA365N	18
Dauphin AS365N-3	9
Bell-407	4
Bell 206L4	3
MI-172	2
Total	36

c) Fleet deployment

As on 31.3.2009, the Company had on contract 12 Dauphin helicopters with ONGC for their off-shore task. The Company provided one Dauphin helicopter each to State Governments viz. Arunachal Pradesh, Punjab, Meghalaya, Nagaland and Lakshadweep. The Company also provided two Dauphin helicopters to the



Dauphin Helicopter services in Lakshadweep Island

Administration of Andaman & Nicobar Islands and one Dauphin helicopter each to Ministry of Home Affairs and M/s Hardy Oil Exploration at Chennai. The Company also provided two MI-172 helicopters to State Government of Arunachal Pradesh.

One Bell 206 L4 helicopter was deployed with State Government of Sikkim. One Bell 407 helicopter each was deployed with the State Government of Tripura and GAIL. The Company runs the helicopter services from Phata to the Holy Shrine of Kedarnath during the May-June and September-October seasons, after construction of Helipad at the location. The Company was able to achieve record revenue from operations at Phata during two seasons, namely May-June '08 and September-October, 08 by carrying 12604 passengers. The Company has succeeded in obtaining award of contract for two light single engine helicopters for a period of 3 years for helicopter services at Mata Vaishno Deviji from Katra to Sanjhichat under competitive bidding and the services commenced w.e.f. 3.4.2008. The operations were very successful as it carried over 1,24,000 passengers during the Financial Year 2008-09.

The Company has undertaken a pilot project for M/s. Power Grid Corporation of India Ltd. for Hotline Washing of insulators of the power transmission lines for five months w.e.f. 31.10.2008. These operations were highly successfully carried out for the first time in India for which the Company hired the technical services and washing equipment from abroad.

The Company has also got Operation & Maintenance Contract of Dauphin N helicopter of Government of Bihar and Dauphin N3 helicopter of Government of Gujarat. The Company has signed Operation & Maintenance contract in respect of 2 Dhruv helicopters of ONGC with M/s.HAL and has taken over the same in November 2009 for six months initially. The Company has also signed O&M contract for 4 Dhruv helicopters owned by MHA with M/s. HAL on 14.9.2009.

d) Fleet Augmentation

The Company signed purchase contract for 3 nos. single engine light helicopters on 3.4.2009. Further, Memorandum of



Agreement was signed for purchase of 07 medium helicopters on 3.4.2009. The Cabinet Committee on infrastructure on 16-12-2009 approved the proposal for purchase of 7 Dauphin AS365N3 helicopters from M/s Eurocopter, France and option clause for future additional purchase of Dauphin N3 helicopters may be included in the procurement contract so that additional Dauphin N3 helicopters can be procured, if necessary, on the same price and terms & conditions. Further, for procurement of two heavy helicopters, global tender bids have been invited.

e) *Mid-Life upgrade programme of Dauphin fleet.*

With a view to meet the requirements of DGCA and ONGC contract for Aviation Standard-4 (AS-4) Compliant helicopters, Retrofit programme for the Dauphin fleet is being undertaken in a phased manner. This retrofit programme has been undertaken for better safety and improved serviceability of Dauphin fleet in view of on-time monitoring of all dynamic components and engines by the technical personnel of the Company. Presently 17 no. AS-4 complaint Dauphin helicopters (including two new Dauphin N-3) are available.

f) *Heliport/Helipad in Delhi and adjoining areas*

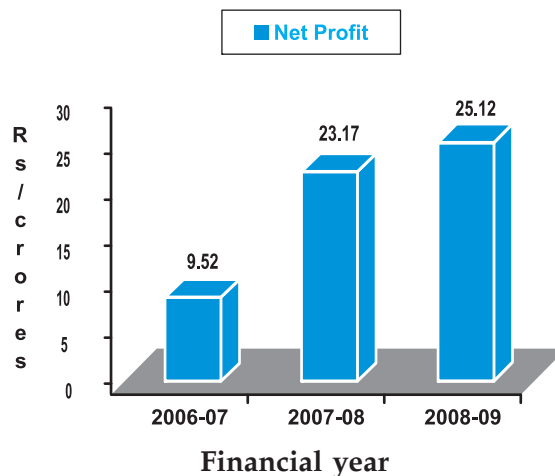
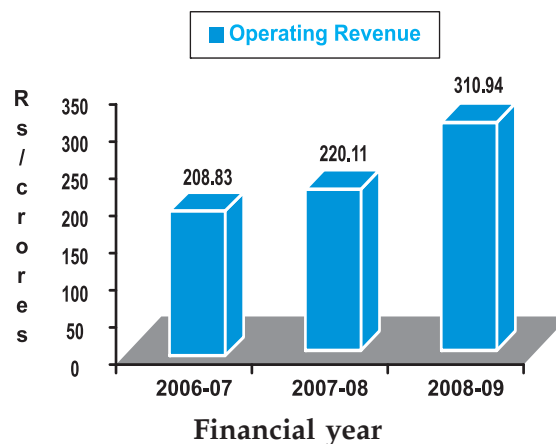
DDA on 1st June,2009 has allotted 25 acres land near Rohini in the name of Ministry of Civil Aviation for construction of First Integrated Heliport in the Country and PHHL after deposit of Rs.19.07 crores with DDA took possession of the land on 3rd July, 2009. For the purpose of feasibility study for development of Heliport and other infrastructural facilities, PHHL has engaged M/s.RITES who have submitted their interim report in November, 2009. Further, DDA has earmarked one hectare land for construction of Helipad at Commonwealth Games Village site. Possession of the land has been taken by PHHL from DDA on 5th June,2009. The work pertaining to boundary wall, earth filling etc. by DDA are nearing completion stage, thereafter PHHL will start work for construction of Helipad and other infrastructure work the cost of which would be reimbursed by DDA to PHHL.

II. Finance

a) Financial Results

Financial performance during the financial years 2007-08 and 2008-09 was as under :

(Rupees/Crores)		
Particulars	2007-08	2008-09
I. Operating Revenue		
- Revenue from Operations	210.33	305.93
- Incidental Revenue	9.78	5.01
Total (I)	<u>220.11</u>	<u>310.94</u>
II. Operating Expenditure		
- Operating Expenditure	183.54	254.44
- Depreciation	30.36	36.20
Total (II)	<u>213.90</u>	<u>290.64</u>
III. Operating Profit (I-II)	6.21	20.30
IV. Interest Income	23.30	17.88
V. Prior Period/Extraordinary Adjustments	0.66	9.77
VI. Profit before Tax	30.17	47.95
VII. Taxes /Deferred Tax Liability	7.00	22.83
VIII. Net Profit after Tax	<u>23.17</u>	<u>25.12</u>





b) Dividend

Your Directors have recommended dividend amounting to Rs.11,37,66,000/- @ 10% (previous year @ 10% Rs.11,37,66,000/-) on the paid up equity capital of Rs.113.766 crores for the financial year 2008-09. Out of the paid up capital of Rs.113.766 crores, Rs.89.266 crores (78.5%) is held in the name of President of India through Ministry of Civil Aviation and Rs.24.50 crores (21.5%) is held by Oil & Natural Gas Corporation Ltd. The Corporate tax on dividend by the Company during 2008-09 is Rs.1,93,34,532/- (Previous Year :Rs.1,93,34,532/-).

c) Claim to Government of India

In respect of pending issue of Government of India claim, the Ministry of Civil Aviation submitted a proposal to Ministry of Finance in December,2007 that the Government may reconsider the claim by Ministry of Finance and waive off the total amount of Rs.470.22 crores (Principal amount Rs.130.91 crores and interest upto 31.03.2001 Rs.339.31 crores) claimed from the Company so that the existing funds could be utilized for fleet expansion and other capital outlay programmes which are essential for the survival of the Company under the competitive environment prevailing in the Civil Aviation industry in India. The Ministry of Finance has not agreed to this proposal and has advised that the Company be asked to deposit the said amount in Government Treasury. The Board of Directors of the Company in their 115th Meeting held on 21/08/2008 decided that the Company may pursue with the Ministry of Civil Aviation for full waiver of the claim of Ministry of Finance and appointed a Financial Advisor to examine the matter along with other related issues. The Financial Advisors submitted their Report on the impact of claim of GoI on valuation of the Company and recommended some options. According to this Report, payment of the amount claimed by Ministry of Finance is not a viable option for the Company. As per the decision of the Board of Directors, the Company has submitted a draft Note for Committee of Secretaries to Ministry of Civil Aviation seeking waiver of the claim of GoI aggregating Rs.470.22 crores from PHHL. The matter is under consideration of the Government.

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

d) Foreign Exchange

During the year the foreign exchange receipt was Rs. 99.08 crores (previous year : Rs.27.32 crores) and outgo on account of foreign exchange payments for purchase of helicopters, spares & equipments, repairs & other charges amounted to Rs.180.18 crores (previous year Rs.206.27 crores).

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 have been extended to include 'G' inspection (Airframe overhaul at 6000 hours) on Dauphin N3 helicopters during the year under review. A total of 31 inspections consisting of T/2T/5T(600 hrs./1200 hrs./3000 hrs.) inspection and 1 'G' inspection (5400 hrs.) on Dauphin N3 helicopter was carried out by the Company from within its resources.

Presently 17 nos. Dauphin N/N3 helicopters (including 2 nos. new Dauphin N-3) are AS4 complied.

The enhancement in workshop facilities is a continuous process with every extension in scope a milestone. During the year in addition to extension in scope to cover 'G' inspections on the Dauphin N3 helicopters, the workshop facilities have extended scope to cover some of the Dauphin N3 instruments for bench check. Further, major maintenance inspections and major component changes of the Bell helicopters at Bases was also continued during the year.



Dauphin N3 Helicopter

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.

IV. Materials Management

Materials management directive for better control relating to non-moving inventories was issued. Further by fixing of inventory levels all procurements have been made based

on joint review by Engineering and Material Departments and spares are ordered on forecasted projections. During the year the Material Management functions have gone online through integrated computerization. Processing of demand and supply has become efficient. Data has become transparent and available to users across the network in all regions and bases. Inventory management through timely alerts has enhanced the efficacy of supply chain management.



Hotline Washing of Power Insulators



Dauphin Helicopters Under Maintenance in Mumbai

V. Information System & Technology Plan

In order to implement 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. would enhance efficiency, effectiveness and customer satisfaction. Further integrated

LAN/WAN infrastructure for NOIDA, Safdarjung Airport and Mumbai Offices is under process of implementation. An integrated Voice Communication for Corporate Office, Regional Offices and Detachments is also under implementation. The Company is also in the process of commencing e-ticketing in respect of its



Bell 206 L4 Helicopter



operations for Vaishno Devi and Kedarnath. The Company's new website <http://pawanhans.co.in> has been launched. The Company has been making efforts to make more and more information available on the Company's web site.

VI. ISO 9001:2000 Certification

The Company is certified for its Quality Management Systems under ISO 9001:2000 standards valid upto February, 2010. Initiative for certification under ISO 14001 and 18001 is also in progress. It will be known as Integrated Management System Covering Environment and Safety aspects.

VII. Human-Resources Development

The Company has vast pool of skilled and talented professionals; the most valuable asset of the Company.

a) Manpower

The staff strength as on 31st March, 2009 was 804 as against 761 as on 31st March 2008.

b) Industrial Relations

Industrial relations during the period

continued to be cordial and regular meetings with employee's representative bodies were held. The issues concerning employees were resolved through discussion. Revision of pay and allowances of Board level and below Board level regular executives has been implemented w.e.f. 1.1.2007. Presently, the negotiation on new wage settlement due w.e.f. 1.1.2007 with Organized bodies is under way.

c) Training

Training of all employees i.e. Executives, Pilots, Engineers, Technicians and Support staff continued to receive high priority. Lectures on different subjects of Managerial Skills have been conducted regularly. The Company has also been nominating employees to specialized training programmes and in-house training. The resources of Aviation Training School were utilized for conducting various refresher courses for Pilots, Engineers and Technicians on regular basis. The Company has also undertaken Simulator training for 40 pilots during 2008 at M/s. Helisim, France. Due to a large number



Bell 206 L4 Helicopter



of retirement / resignation of pilots, action has been taken for recruitment of experienced and young pilots and their training.

The Company has set up in September, 2009 DGCA approved training institute for helicopter technicians and engineers named as "Pawan Hans Helicopter Training Institute" at Mumbai.

For training of Helicopter Pilots at National Flying Training Institute Pvt. Limited at Gondia, the Company in September, 2009 has made equity contribution of Rs.2.89 crores against the proposed equity contribution of Rs.6.80 crores to be contributed by PHHL in the total equity of Rs.68 crores of NFTI Pvt. Ltd. The Company is pursuing NFTI for commencement of training of helicopter pilots.

For encouraging employees to take helicopter pilot license, the Company has framed scheme of providing loan to the employees. Further, in order to encourage CPL holders to acquire basic CHPL and thereafter their conversion on Company's helicopters, the Company has framed a scheme for taking 10 candidates every year who would be given assured employment after acquiring CHPL.

d) Welfare Trusts

The Company has its own Employee's Provident Fund and Employee's Gratuity Trust which are efficiently functioning for welfare of employees.

e) Welfare of Women

The Company has been following directives regarding protection of women employees and is making efforts to promote their development including sponsoring women employees for inhouse training as well as to outside specialized institutions for their skill upgradation.

VIII. Board Of Directors

The Board of Directors held four meetings during the financial year. The Board consists of the following members presently as well as during the financial year 2008-09 :-

At present

Shri R.K. Tyagi	Chairman-cum-Managing Director (from 18-05-2007)
Dr. S.N.A. Zaidi	Director General of Civil Aviation (from 17.11.08)
Shri E.K. Bharat Bhushan	Joint Secretary & FA, MOCA (from 18.02.2009)
Shri Alok Sinha	Joint Secretary, MOCA (from 25.05.2009)
Shri Sudhir Vasudeva	Director off-shore, ONGC (from 01.02.2009)
AVM M. Bahadur	ACAS (Ops, T&H), Air Force (from 15.01.2009)

Ceased to be Directors

Smt. Vilasini Ramachandran	Addl. Secretary & FA, MOCA (from 08.05.08 to 18.02.09)
Shri Arun Mishra	Joint Secretary, MOCA (from 13.03.07 to 25.05.09)
Shri N.K. Mitra	Director off-shore, ONGC (from 09.09.2004 to 31.01.09)
Air Cmde G.S. Cheema	Principal Director T&H, Air Force (from 28.03.07 to 29.12.08)
Shri K. Gohain	Director General of Civil Aviation (from 31.03.06 to 17.11.08)

The Board places on record its appreciation of the valuable services rendered by Smt. Vilasini Ramachandran, Shri Arun Mishra, Shri N.K. Mitra, Air Cmde. G.S. Cheema and Shri K. Gohain during their tenure on the Board.

None of the Directors of your Company is disqualified as per provision of Section 274 (1) (g) of the Companies Act, 1956.

IX. Directors' Responsibility Statement

Pursuant to provision of Section 217(2AA) of the Companies Act, 1956, in respect of the Annual Accounts for the financial year ended 31st March, 2009, your Directors have:-

- followed in the preparation of Annual Accounts, the applicable accounting standards and proper explanation relating to material departure if any, have been incorporated.
- selected such accounting policies and applied them consistently and made judgments and estimates that are



Bell 407 Helicopter

- reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of financial year and of Profit of the Company for that period.
- c) taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ; and
- d) prepared the Annual Accounts on a going concern basis.

X. Corporate Governance

In compliance to Section 292(A) of the Companies Act, the Board of Directors had constituted an Audit Committee on 24.5.2001 comprising of its Chairman and two members. During the year, the Audit Committee has held meetings on 18.11.2008 and 30.12.2008.



MI-172 Helicopter



Bell 407 Helicopter

Presently the Audit Committee comprise of Shri E.K. Bharat Bhushan, Joint Secretary & Financial Advisor, Ministry of Civil Aviation as Chairman of the Audit Committee, Shri Alok Sinha, Joint Secretary, Ministry of Civil Aviation and AVM M. Bahadur, ACAS (Ops, T&H), Air Headquarter as Members.

The Company has also adopted Guidelines on Corporate Governance issued by DPE on 6.7.2007.

XI. Auditors' Report

The observations made by the Statutory Auditors in respect of the Annual Accounts for the financial year 2008-09 together with replies thereto are appended as Annex-A. (Refer to page 56).

The NIL comments report of Comptroller and Auditor General of India in pursuance of Section 619(4) of the Companies Act, 1956 is appended as Annexure-B. (Refer to page 65).

XII. Particulars of the employees

Pursuant to section 217 (2A) of the Companies Act, 1956, read with the Companies (Particular of Employees) Amendment Rules, 1988, the required information is appended to this report as Annexure-'C' (refer to page 66).

XIII. 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 promoting usage of Rajbhasha, quarterly meetings on official language implementation, celebrating Hindi Day/Week, holding Hindi workshops, training programmes, granting monetary incentives, issuing bilingual advertisements and compliance to Section 3(3) of Official Language Act, 1963. The Company also publishes inhouse bilingual magazine every month named "Hansdhwani".

XIV. Employment of Persons with Disabilities.

The Company has been following the law regarding Persons for Disabilities Act.

XV. Vigilance

The Company has an independent Vigilance department headed by a Chief Vigilance Officer. Regular inspections, greater interface with the staff and periodic counseling has helped in streamlining procedures and imparting greater transparency and accountability in decision making. A sincere attempt at preventive vigilance has also



exerted a healthy influence in promoting ethical work culture, imparting better control and discipline within the system, and in motivating the honest and committed employees. Conscientious functioning of the Vigilance department has added to the efficiency and image of the organization as well as to the code of accountability.

XVI. MoU with the Government

From the Financial Year 2007-08 onwards the Company has been signing MoU with the Government. In the Financial Year 2007-08 and 2008-09 the Company has achieved rating of "Good" & "Very Good" respectively as per DPE norms.

XVII. Right to Information Act, 2005

The Company has set up mechanism to deal with requests received under the RTI Act, 2005. The Company dealt with a number of application received during the year and only two appeals were filed before CIC.

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.

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 confidence reposed by the Oil and Natural Gas Corporation Ltd., various State Governments and other customers 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

(R.K. Tyagi)
Chairman cum Managing Director

Date :23rd December, 2009

Place : New Delhi

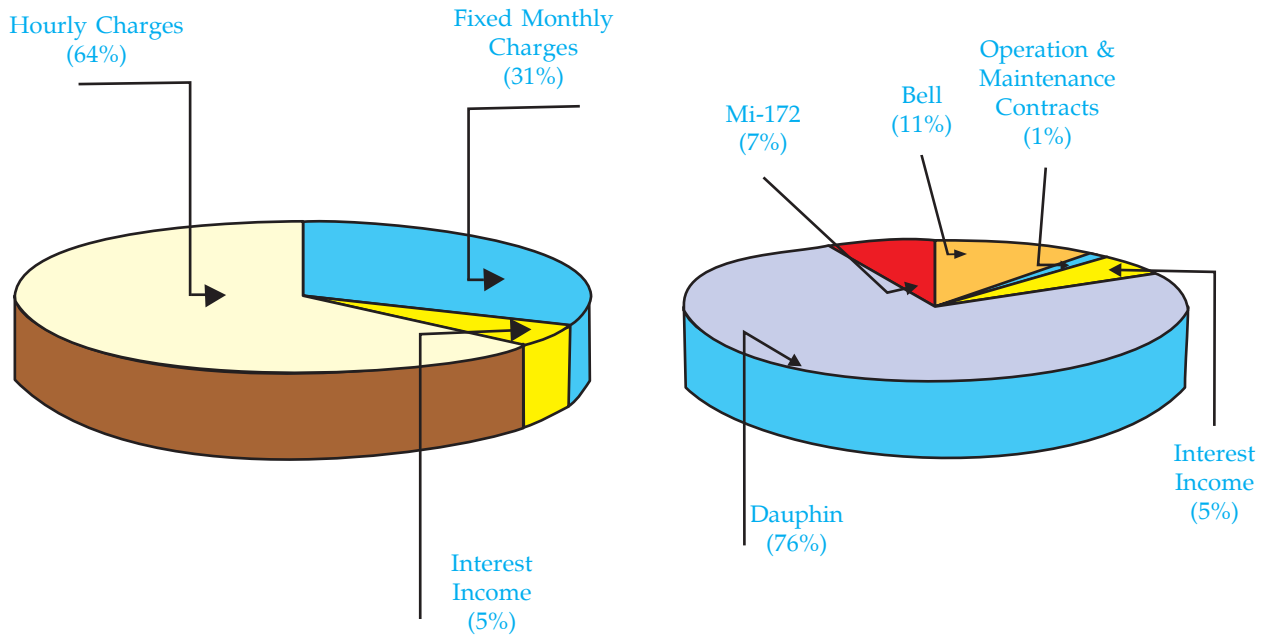


Dauphin N Helicopter

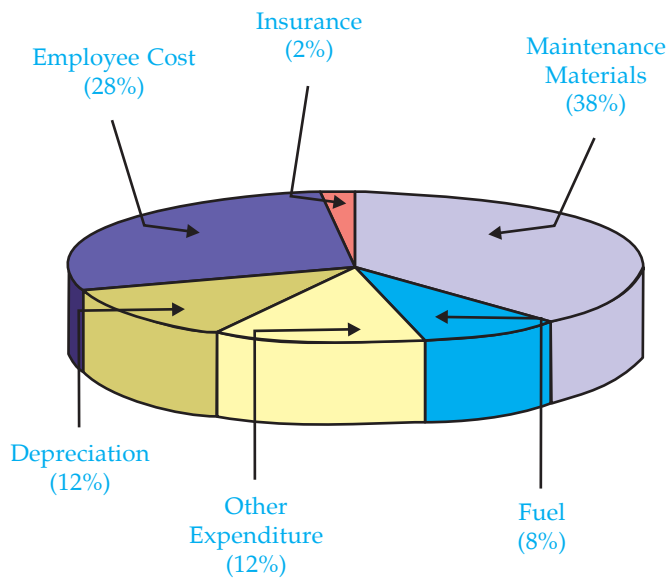


FINANCIAL HIGHLIGHTS (For 2008-09)

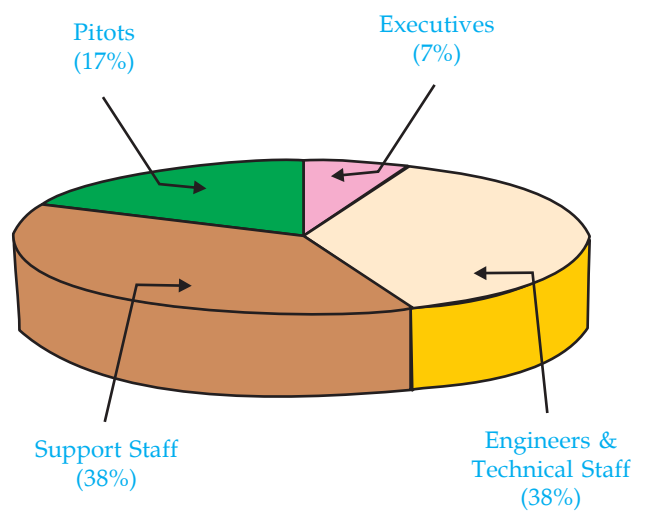
Source of Income



Cost Structure

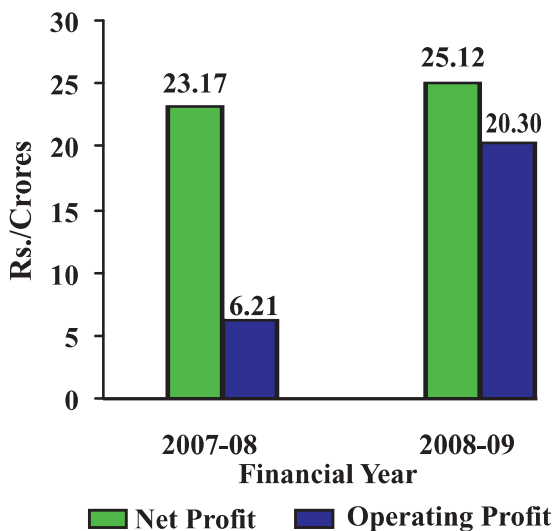


Manpower Profile

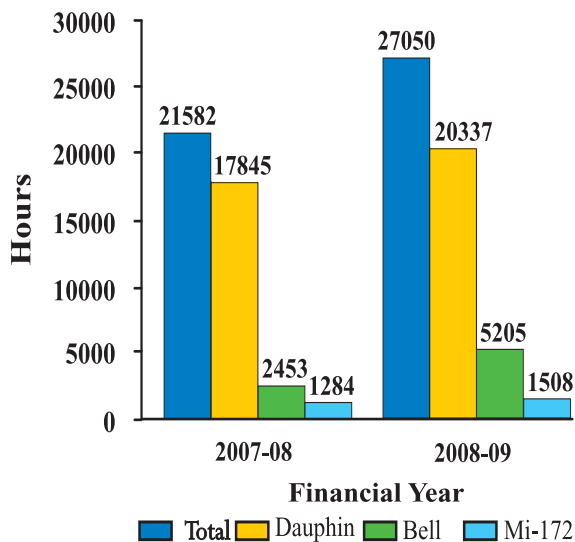




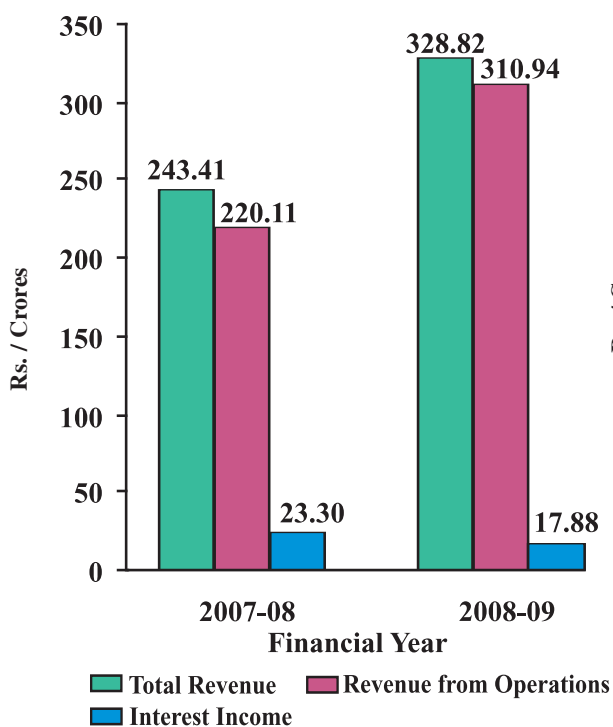
Net Profit & Operating Profit



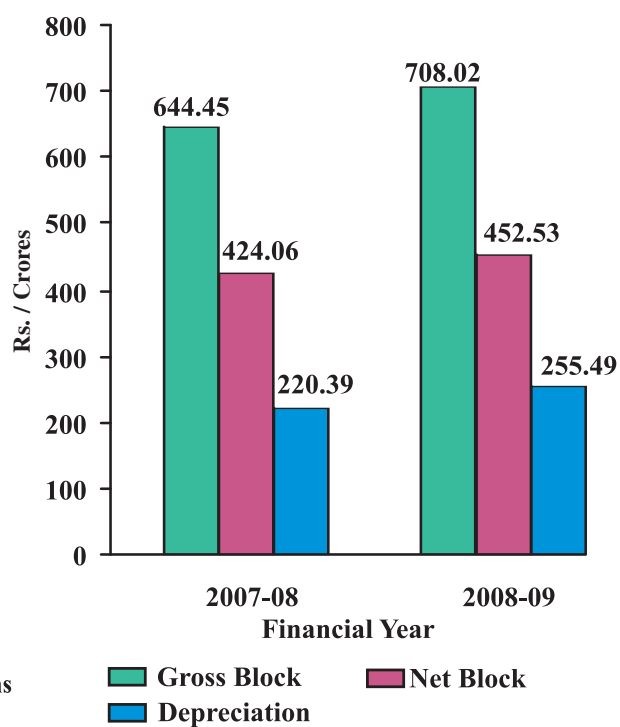
Flying Hours



Revenue



Fixed Assets





SUMMARISED ACCOUNTS

	(In Rs./Crores)				
	2008-09	2007-08	2006-07	2005-06	
RESOURCES					
Net Worth	300.37	288.56	279.79	280.64	
Deferred Tax Liabilities	67.06	50.38	47.48	39.22	
Total	367.43	338.94	327.27	319.86	
UTILISATION OF RESOURCES					
Fixed Assets (Including Capital WIP)	745.29	681.07	546.25	431.43	
Less : Depreciation	250.47	215.37	191.00	169.61	
Net Fixed Assets	494.82	465.70	355.25	261.82	
Net Working Capital	(133.53)	(137.97)	(27.98)	58.04	
Miscellaneous Expenditure	6.14	11.21	-	-	
Total Capital Employed	367.43	338.94	327.27	319.86	
EARNINGS					
Revenue from Operations	310.94	220.11	208.83	168.75	
Interest Income	17.88	23.30	24.96	30.33	
Total	328.82	243.41	233.79	199.08	
OUTGOINGS					
Employee Cost	81.13	71.20	59.03	46.78	
Insurance	6.56	5.48	5.42	5.29	
Maintenance & Materials	109.36	68.06	77.32	54.33	
Fuel	21.66	16.89	21.24	20.49	
Other Expenditure & Provisions	35.73	21.91	17.37	15.82	
Depreciation	36.20	30.36	25.67	21.27	
Total	290.64	213.90	206.05	163.98	
Profit for the year before Extraordinary/ Prior period Adjustments	38.18	29.51	27.74	35.10	
Prior period/Extraordinary adjustments	9.77	0.66	(9.13)	29.50	
Profit before Tax	47.95	30.17	18.61	64.60	
Provision for Taxation	5.50	3.00	0.40	12.00	
Fringe Benefit Tax	0.65	0.55	0.43	0.69	
Deferred Tax Liability	16.68	3.45	8.26	4.52	
Net Profit after Tax	25.12	23.17	9.52	47.39	
Dividend Paid	11.38	11.38	9.10	22.75	
Significant Ratios					
a) Net Profit Ratio	$\frac{\text{Net Profit after Tax}}{\text{Total Revenue}}$	7.6%	9.5%	4.1%	23.08%
b) Return on Investment	$\frac{\text{Net Profit after Tax}}{\text{Capital Employed}}$	6.8%	6.8%	2.9%	14.8%
c) Return on Net Worth	$\frac{\text{Net Profit after Tax}}{\text{Net Worth}}$	8.4%	8.0%	3.4%	16.9%
d) Debt Collection Period (months)	$\frac{\text{Operational debtors}}{\text{Avg. monthly Op. Rev.}}$	3.3	4.2	3.6	4.0
e) Inventory Turnover (months)	$\frac{\text{Year end Inventory}}{\text{Avg. monthly Op. Rev.}}$	2.4	2.0	2.0	2.1
f) Current Ratio	Current Assets : Current Liabilities	0.8:1	0.8:1	0.9:1	1.2:1



ACCOUNTS



SIGNIFICANT ACCOUNTING POLICIES

1. FIXED ASSETS / DEPRECIATION

- a) Fixed Assets are stated in the Balance Sheet at actual cost less depreciation.
- b) Cost of mid-life up-gradation programme (including type certification costs)/ major retrofit of the helicopter fleet is capitalized.
- c) Depreciation is provided on straight line basis at the rates prescribed under Schedule XIV of the Companies Act, 1956 unless the useful life of the asset warrants higher rate of depreciation. In case of acquisition of second hand helicopters and aero-engines, depreciation is provided at a rate so as to write off 95% of the cost of such assets over the balance specified life as technically evaluated by the management subject to the minimum charge as per the statute rate. In the case of MI-172 helicopters, taking into consideration the life limitation of 7,000 hours or 15 years, whichever occurs first, depreciation is provided at the minimum rate of 6.33% per annum, for upto 466 flying hours each year and for additional hours flown depreciation is charged on the basis of actual hours flown in excess of 466 hours multiplied by the hourly rate computed by dividing 95% of the original cost by 7,000 hours for each helicopter.
- d) Depreciation on Airframe and Aero-engine equipment-Rotables and cost of mid-life upgradation programme (including type certification costs) / major retrofit of the Helicopters is computed on straight line basis in a manner so as to write-off the 95% of the amount thereof over the remaining useful life of the principal asset (type of helicopters) to which they pertain, subject to a minimum charge as per the statute rate. In respect of Mi-172 helicopters the

depreciation on airframe and aero engine rotables is derived on the basis of annual average maintenance flying hours of the fleet and the remaining useful life in flying hours of the least flown helicopter at the commencement of the financial year. For this purpose, the remaining useful life of the last batch of helicopters (in case of Dauphin N since these constitute significant strength of the fleet) or latest helicopter (in the case of other fleet) is considered. Effective from the financial year 2006-07, the useful life of helicopters is enhanced to 30 years or 25000 hours, whichever is later (other than Mi-172 helicopters for which there is a life limitation as explained above) based on technical estimates and the disposal policy evolved by the Company. Hitherto, the useful life of helicopters was considered as 20 years or 16,000 hours, whichever is later. Items scrapped under these heads are written off on FIFO basis. Rotables related to Westland Helicopters fleet continue to be classified as "inventory" as the full book value has been provided.

- (e) Cost of leasehold land is amortized over the period of lease. Similarly the cost of residential flats constructed under joint development agreement with AAI is amortized over the period of right to possess the property as per the terms of such agreement.
- (f) Translation differences relating to liabilities in foreign exchange for acquisition of fixed assets are adjusted to the original cost of the asset and depreciation on the revised un-amortized depreciable amount is provided prospectively over the residual specified period of the asset. The policy was followed upto 31/3/2007.



- (g) Assets of material value retired from active use and held for disposal are stated at the lower of their net book value or net realizable value (wherever available) and disclosed separately in the Accounts. No depreciation is provided on such assets (including Westland helicopters and related items w.e.f. financial year 1995-96).
- (h) Depreciation in respect of additions or deletions of helicopters / spare aero engines is made on a pro-rata basis, effective from / to the date of acquisition (being the date of Certificate of Airworthiness in India for helicopters) / disposal. Depreciation in respect of all other fixed assets is reckoned on a pro-rata basis. The effective date for the purpose of such other assets is taken as the first day of the month following the month of purchase of the item. Likewise, in respect of deletions, last day of the preceding month of the deletion of such an asset is considered for providing pro-rata depreciation. Gains and Losses arising from the retirement or disposal of assets are credited / charged to the Profit and Loss Account.
- (i) Assets having unit value of Rs. 5,000 or less are depreciated @ 100 % in the year of purchase.

2. INVESTMENTS

Investments are stated at cost less interim payments, if any, received. However, in respect of investments whose redemption value is different than the acquisition cost, the difference between the acquisition cost and redemption value of the investment is amortised on time basis over the period from the acquisition date to the redemption date. The amortised amount for the year is shown as "Profit / Loss on investments" with corresponding

adjustment in the cost of such investments.

3. TRANSACTION IN FOREIGN CURRENCIES

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

4. INVENTORIES

- a) Inventory consisting of helicopter spares and consumable stores are stated at cost using the moving weighted average method. Items of spares and stores lying on the shop floor at the year end are also considered as part of closing inventory.
- b) Loose/test tools are valued at cost less financial write-offs. Loose tools/test tools are amortised equally over a period of 3 financial years including the year of purchase and stated accordingly. Items scrapped under these heads are written off on FIFO basis



- c) Stores and Spares the landed unit value of which, is less than Rs.1,000 and all items of consumables, oil, greases, lubricants are expensed in the year of purchase.
 - d) Goods despatched by the suppliers by 31st March of each year but not received by the Company are accounted for as Goods in transit. However, the repair/overhaul charges in respect of Goods in transit being returned after repairs are accounted for by a corresponding debit to the "Maintenance expenditure into Profit & Loss Account " in the year itself.
 - e) Provision is made in the accounts on moving weighted average basis for non-moving items of stores, spares and consumables (other than ground support and test equipments, and maintenance tools) which have not been issued for actual use for three consecutive years from the date of last transaction.
5. *LIABILITIES*
- a) Provision is made in the accounts for all known liabilities existing on the date of balance-sheet. Liabilities not known or liabilities whose amount cannot be determined with any reasonable degree of accuracy are not provided for. Further, liability for goods or repairs/overhaul charges is made in the accounts for goods despatched by the suppliers by 31st March of each year but not received by the Company as at the year end, based on manufactures advice / engineering estimates.
 - b) Claims on suppliers / outside parties are accounted for on acceptance by such parties. Claims of suppliers / outside parties/customers are accounted for on settlement basis.
 - c) No provision for accrued expenses / liabilities is made in the accounts where the individual transaction is less than Rs. 5,000.
6. *PREPAID EXPENSES*
- Prepaid expenses which are individually less than Rs. 5,000 are not accounted for.
7. *MAINTENANCE EXPENDITURE OF HELICOPTERS*
- Effective from F.Y 2006-07 Maintenance expenditure of helicopters is accounted as on incurred basis.
8. *REVENUE RECOGNITION*
- a) Revenue from helicopter operations is recognized on accrual basis as per the terms of the contract.
 - b) Income from engineering and other services is recognized when the corresponding services are completed.
 - c) Revenue from Sale of scrapped Assets/Stores is recognized on actual realization.
9. *INTEREST / INCOME FROM INVESTMENTS*
- Interest / yield accruing on Deposits / Investments with banks / others is accounted for on proportionate basis upto the end of the financial year at the applicable interest / yield rates.
10. *FUEL*
- Expenditure on Aviation Turbine Fuel is fully charged to Profit and Loss Account in the year of purchase and no cognizance is taken of stock, if any, of fuel in helicopters as at the end of the financial year.
11. *INSURANCE / INSURANCE CLAIMS*
- a) The Company has opted for separate schemes of Self Insurance in respect of Technical Personnel. A Self-Insurance reserve for Rs.40 lacs was created in this regard. Any compensation payable under the schemes is charged to expenditure for the year with a corresponding transfer from the Self-Insurance reserve to the Profit and Loss Account.



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

12. GRATUITY

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

13. INTANGIBLE ASSETS

- a) Initial training expense for newly recruited pilots, which qualify as intangible asset within the meaning of Accounting Standard-26, are amortized over the useful life of such intangible asset. Other training

expense are charged off to the revenue account in the year in which they are incurred.

- b) Costs of software purchased/ developed in-house exceeding Rs. 5 lacs each is amortized over a period of 60 months on straight line basis from the date of successful commissioning of the software, subject to review at each financial year end. Software costing upto Rs. 5 lacs each are charged off to Revenue in the year of purchase.

14. EMPLOYEE BENEFITS

Provision for Leave salary/baggage Allowance / Post Retirement Medical Benefits and Leave Travel Concession benefit is accounted for on the basis of actuarial valuation.

15. PRIOR PERIOD ADJUSTMENTS

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

16. SUNDRY DEBTORS / ACCOUNTS RECEIVABLE

- a) Debts recoverable from outside parties and outstanding for more than three years are considered doubtful and provided for unless specifically known to be doubtful prior to this period.
- b) Unadjusted / unclaimed credit balances relating to outside parties and outstanding for more than three years are written back and treated as income.

17. BORROWING COSTS

- a) Borrowing cost that is directly attributable to acquisition, construction or production of qualifying assets is capitalized upto the time the asset gets ready for its intended use.



- b) Borrowing cost other than stated above is treated as period cost and changed to the Profit & Loss Account.

18. TAXES ON INCOME

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Additional demands of Income Tax raised in the Assessment are provided in the year of finality of Assessments. Accordingly, the interest on Income Tax refunds is accounted for in the year of finality of Assessments or actual receipt whichever is later. The deferred tax charge or credit due to timing differences between the Book Profits and Tax Profits is recognized using the rates and laws that have been

enacted or substantially enacted as on the Balance Sheet date. Deferred Tax assets are recognized only to the extent there is reasonable certainty of realization in future. Such assets are reviewed as at each Balance Sheet date to reassess realization. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognized only if there is virtual certainty of realization of such assets supported by convincing evidence.

19. CASH FLOW STATEMENT

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



BALANCE SHEET As at 31st March, 2009

				(In Rupees)
Schedule		31st March, 2009	31st March, 2008	
I SOURCES OF FUNDS				
1. Shareholders' Funds				
Capital	1	1,13,76,60,000	1,13,76,60,000	
Reserves & Surplus	2	<u>1,86,60,67,637</u>	<u>1,74,79,64,394</u>	
2. Deferred Tax Liability (Net)	3	<u>3,00,37,27,637</u> <u>67,05,68,030</u>		2,88,56,24,394 50,38,10,064
Total (I)		<u><u>3,67,42,95,667</u></u>		<u><u>3,38,94,34,458</u></u>
II APPLICATION OF FUNDS				
1. Fixed Assets	4			
A. Assets under Active Use				
Gross Block		6,69,77,24,868	6,06,19,68,492	
Less : Depreciation Fund		<u>2,50,46,56,551</u>	<u>2,15,36,62,489</u>	
Net Block		4,19,30,68,317	3,90,83,06,003	
B. Assets retired from Active Use and held for disposal/Impaired Assets				
Gross Block		62,51,07,349	67,29,35,527	
Less : Depreciation Fund		<u>52,96,88,433</u>	<u>55,27,57,588</u>	
Less : Provision for loss on disposal/Impairment		<u>9,54,18,916</u>	<u>11,76,77,939</u>	
Net Block		-	25,00,000	
C. Assets currently not in Active use				
Gross Block		38,24,63,052	38,24,63,052	
Less : Depreciation Fund		<u>5,02,24,054</u>	<u>5,02,24,054</u>	
Net Block		33,22,38,998	33,22,38,998	
D. Capital Work in Progress		<u>42,28,50,085</u>	41,38,14,161	
		4,94,81,57,400		4,65,68,59,162
2. Current Assets, Loans, and Advances	5			
Inventories		63,03,76,490	37,26,78,412	
Sundry Debtors		86,09,32,321	76,37,84,968	
Cash & Bank Balances		1,50,92,41,266	2,28,71,48,138	
Loans & Advances		<u>1,34,94,86,762</u>	<u>1,18,90,20,329</u>	
		<u>4,35,00,36,839</u>	<u>4,61,26,31,847</u>	
Less:				
Current Liabilities & Provisions	6			
Liabilities		5,38,69,95,400	5,83,18,17,175	
Provisions		<u>29,83,31,668</u>	<u>16,03,22,401</u>	
		<u>5,68,53,27,068</u>	<u>5,99,21,39,576</u>	
Net Current Assets		(1,33,52,90,229)		(1,37,95,07,729)
3. Miscellaneous Expenditure (to be extent not written off or adjusted)		6,14,28,496		11,20,83,025
Total (II)		<u><u>3,67,42,95,667</u></u>		<u><u>3,38,94,34,458</u></u>
Contingent Liabilities & Notes to Accounts	14			-

Statement on Significant Accounting Policies and the Schedules referred to above form an integral part of the Accounts.

As per our report of even date attached.

For V.K.Verma & Co.
Chartered Accountants

V.Kumar
Partner
(M.No.- 503826)

R.K. Tyagi
Chairman-Cum-Managing Director

Sanjiv Agrawal
Company Secretary & DGM (Legal)

E.K. Bharat Bhushan
Director

Sanjiv Bahl
General Manager (F&A)

Place : New Delhi.
Dated : 11th August, 2009



PROFIT AND LOSS ACCOUNT

For the year ended 31st March, 2009

	Schedule	31st March, 2009	31st March, 2008
<i>(In Rupees)</i>			
I INCOME			
Helicopter Hire Charges		3,07,16,08,587	2,16,19,90,026
Less: Deduction for non-provision of Helicopters(AOG)		<u>6,08,16,059</u>	<u>5,87,10,079</u>
		3,01,07,92,528	2,10,32,79,947
Interest Income	7	17,87,92,040	23,30,07,846
Other Income	8	<u>9,85,68,078</u>	<u>9,78,13,669</u>
Total		<u>3,28,81,52,646</u>	<u>2,43,41,01,462</u>
II EXPENDITURE			
Helicopter Maintenance Expenditure		88,52,62,879	51,39,74,583
Helicopter Operational Expenditure	9	42,49,87,096	33,55,23,530
Employees' Remuneration & Other Benefits	10	81,13,12,033	71,19,62,020
Insurance		6,55,84,035	5,47,62,791
Depreciation	4	36,20,03,592	30,36,02,832
Other Expenses	11	<u>35,72,30,550</u>	<u>21,90,96,550</u>
Total		<u>2,90,63,80,185</u>	<u>2,13,89,22,306</u>
III Profit for the year before extraordinary/ Prior Period Items		38,17,72,461	29,51,79,156
Extraordinary Items	12	9,80,37,555	80,77,222
Prior Period Adjustments	13	<u>(3,48,275)</u>	<u>(15,69,263)</u>
Profit for the year before Tax		47,94,61,741	30,16,87,115
Provision for Taxation (including Wealth Tax/MAT)		5,50,00,000	3,00,00,000
Fringe Benefit Tax		65,00,000	55,00,000
Deferred Tax Liability		<u>16,67,57,966</u>	<u>3,45,32,764</u>
Net Profit After Tax		25,12,03,775	23,16,54,351
Profit brought forward from the previous year		<u>1,53,89,64,394</u>	<u>1,45,12,21,394</u>
Profit available for appropriation		<u>1,79,01,68,169</u>	<u>1,68,28,75,745</u>
Appropriations			
Proposed Dividend		11,37,66,000	11,37,66,000
Corporate Tax on Dividend		1,93,34,532	1,93,34,532
Provision for liability (including Deferred Tax adjustment) of earlier years towards Retirement benefits for Employees		-	1,08,10,819
Profit Carried over to Balance Sheet		<u>1,65,70,67,637</u>	<u>1,53,89,64,394</u>
		<u>1,79,01,68,169</u>	<u>1,68,28,75,745</u>
Earnings Per Share (Basic & Diluted) (Face value Rs.10,000/- each)		2,208	2,036

Contingent Liabilities & Notes to Accounts 14

Statement on Significant Accounting Policies and the Schedules referred to above form an integral part of the Accounts.
As per our report of even date attached.

For V.K.Verma & Co.
Chartered Accountants

V.Kumar
Partner
(M.No.- 503826)

R.K.Tyagi
Chairman-Cum-Managing Director

Sanjiv Agrawal
Company Secretary & DGM (Legal)

E.K. Bharat Bhushan
Director

Sanjiv Bahl
General Manager (F&A)

Place : New Delhi.
Dated : 11th August, 2009



SCHEDULE 1 CAPITAL

	31st March, 2009	<i>(In Rupees)</i> 31st March, 2008
AUTHORISED CAPITAL		
1,20,000 Equity Shares of Rs. 10,000/- each	<u>1,20,00,00,000</u>	<u>1,20,00,00,000</u>
ISSUED, SUBSCRIBED & PAID-UP		
1,13,766 Equity Shares of Rs. 10,000/- each, fully paid-up	<u>1,13,76,60,000</u>	<u>1,13,76,60,000</u>
Total	<u>1,13,76,60,000</u>	<u>1,13,76,60,000</u>

SCHEDULE 2 RESERVES & SURPLUS

	31st March, 2009	<i>(In Rupees)</i> 31st March, 2008
1. Self Insurance Reserve		
Opening Balance	40,00,000	40,00,000
Add: Addition during the year	<u>-</u>	<u>-</u>
	40,00,000	40,00,000
Less: Utilised during the year	<u>-</u>	<u>-</u>
	40,00,000	40,00,000
2. General Reserve		
Opening Balance	20,50,00,000	20,50,00,000
Add: Addition during the year	<u>-</u>	<u>-</u>
Less: Utilised during the Year	<u>20,50,00,000</u>	<u>20,50,00,000</u>
	20,50,00,000	20,50,00,000
3. Profit & Loss Account	<u>1,65,70,67,637</u>	<u>1,53,89,64,394</u>
Total	<u>1,86,60,67,637</u>	<u>1,74,79,64,394</u>



SCHEDULE 3 DEFERRED TAX LIABILITY

	31st March, 2009	31st March, 2008 <i>(In Rupees)</i>
1. Deferred Tax Liability		
Tax Arising on Account of Timing Difference		
- Accumulated Depreciation	82,07,88,583	64,41,69,189
Gross Deferred Tax Liability	<u>82,07,88,583</u>	<u>64,41,69,189</u>
2. Deferred Tax Assets		
Tax Arising on Account of Timing Difference		
- Provision for Employee Benefits	10,78,97,004	10,95,02,440
- Provision for Non-moving Inventories	3,04,63,548	2,99,93,810
- Provision for impairment of Assets	-	(83,67,241)
- Provision for doubtful debts/advances including Interest accrued	1,18,60,001	92,30,116
Gross Deferred Tax Assets	<u>15,02,20,553</u>	<u>14,03,59,125</u>
Net Deferred Tax Liability	<u>67,05,68,030</u>	<u>50,38,10,064</u>



SCHEDULE 4 FIXED ASSETS

GROSS BLOCK

Sl. No.	Particulars	Balance as at 1st April, 2008	Additions during the year	Deletions / Adjustments during the year	As at 31st March, 2009
A. Assets Under Active Use					
1	Land - Leasedhold	58,90,935	-	-	58,90,935
2	Buildings	32,48,74,610	21,77,018	-	32,70,51,628
3	Helicopters & Aero-Engines	4,16,28,42,546	13,11,18,288	-	4,29,39,60,834
4	Airframe & Engine Equipment Rotables	1,29,32,60,366	46,68,37,243	1,06,55,455	1,74,94,42,154
5	Workshop & Ground Support Equipment	1,7,97,46,022	3,37,41,251	7,52,247	21,27,35,026
6	Training Aid Equipment	22,69,885	-	-	22,69,885
7	Air Conditioning	69,49,668	9,81,321	-	79,30,989
8	Electrical Installations	78,47,062	6,85,481	-	85,32,543
9	Furniture & Fixures	1,75,58,164	17,62,550	-	1,93,20,714
10	Office Equipment	98,47,535	20,25,047	19,800	1,18,52,782
11	Vehicles	1,11,84,369	42,78,834	15,13,331	1,39,49,872
12	Computers	2,45,44,060	21,81,331	23,13,422	24,411,969
13	Capitalised Software	1,30,55,111	52,22,267	-	1,82,77,378
14	Communication Equipment	20,98,159	-	-	20,98,159
Grand Total		6,06,19,68,492	65,10,10,631	1,52,54,255	6,69,77,24,868
Previous Year		4,90,90,68,996	1,55,24,88,876	39,95,89,380	6,06,19,68,492
B. Assets Retired from Active Use and held for Disposal/Impaired Assets					
1	Helicopters & Aero-Engines	58,65,77,624	-	87,69,806	57,78,07,818
2	Airframe & Engine Equipment Rotables	3,80,20,575	-	3,31,66,232	48,54,343
3	Workshop & Ground Support Equipment	3,15,54,789	-	3,01,072	3,12,53,717
4	Training Aid Equipment	41,25,207	-	-	41,25,207
5	Electrical Installations	6,67,996	-	-	6,67,996
6	Furniture & Fixures	34,06,217	-	-	34,06,217
7	Office Equipment	29,92,051	-	-	29,92,051
8	Vehicles	14,53,274	-	14,53,274	-
9	Computers	41,37,794	-	41,37,794	-
Grand Total		67,29,35,527	-	4,78,28,178	62,51,07,349
Previous Year		68,97,48,701	-	1,68,13,174	67,29,35,527
C. Assets Currently not in Active use					
	Helicopters & Aero-Engines	38,24,63,052	-	-	38,24,63,052
Previous Year		-	38,24,63,052	-	38,24,63,052

Note: Refer Note nos 7.3 and 7.4 to Notes to Accounts, Schedule No.14 in respect of Assets currently not in Active use. * Represents.



DEPRECIATION				NET BLOCK	
Upto 31st March,2008	For the Year	Deletions / Adjustments	As at 31st March,2009	W.D.V. as at 31st March,2009	(In Rupees) W.D.V. as at 31st March,2008
11,75,500	65,455	-	12,40,955	46,49,980	47,15,435
8,23,61,929	1,32,80,656	-	9,56,42,585	23,14,09,043	24,25,12,681
1,37,54,19,211	23,75,48,730	-	1,61,29,67,941	2,68,09,92,893	2,78,74,23,335
58,61,07,472	9,36,91,754	75,80,150	67,22,19,076	1,07,72,23,078	70,71,52,894
5,83,88,567	86,31,146	1,97,151	6,68,22,562	14,59,12,464	12,13,57,455
14,18,057	1,05,137	-	15,23,194	7,46,691	8,51,828
31,73,952	3,16,976	-	34,90,928	44,40,061	37,75,716
61,36,182	2,27,158	-	63,63,340	21,69,203	17,10,880
99,81,906	12,27,614	-	1,12,09,520	81,11,194	75,76,258
47,41,163	6,66,945	470	54,07,638	64,45,144	51,06,372
50,85,198	9,03,031	13,28,099	46,60,130	92,89,742	60,99,171
1,42,91,118	27,48,382	19,03,660	1,51,35,840	92,76,129	1,02,52,942
47,62,789	24,90,946	-	72,53,735	1,10,23,643	82,92,322
6,19,445	99,662	-	7,19,107	13,79,052	14,78,714
2,15,36,62,489	36,20,03,592	1,10,09,530	2,50,46,56,551	4,19,30,68,317	3,90,83,06,003
1,90,99,61,896	30,34,43,210	5,97,42,617	2,15,36,62,489	3,90,83,06,003	
51,07,05,633	-	56,59,908	50,50,45,725	7,27,62,093	7,58,71,991
1,77,58,587	-	1,36,86,463	40,72,124	7,82,219	2,02,61,988
1,32,80,830	-	86,335	1,31,94,495	1,80,59,222	1,82,73,959
18,90,720	-	-	18,90,720	22,34,487	22,34,487
5,72,702	-	-	5,72,702	95,294	95,294
31,44,451	-	-	31,44,451	2,61,766	2,61,766
17,68,216	-	-	17,68,216	12,23,835	12,23,835
8,52,380	-	8,52,380	-	-	6,00,894
27,84,069	-	27,84,069	-	-	13,53,725
55,27,57,588	-	2,30,69,155	52,96,88,433	9,54,18,916	12,01,77,939
54,74,53,990	1,59,622	(51,43,976)	55,27,57,588	12,01,77,939	
5,02,24,054	-	-	5,02,24,054	33,22,38,998	33,22,38,998
-	5,02,24,054	-	5,02,24,054	33,22,38,998	

Accumulated depreciation.



SCHEDULE 5 CURRENT ASSETS, LOANS & ADVANCES

	31st March, 2009	31st March, 2008
<i>(In Rupees)</i>		
Current Assets, Loans & Advances		
A. Current Assets		
I) Inventories \$ (Certified and valued by Management)		
a) At Cost		
Stores & Spares	73,47,38,424	49,93,52,995
Less: (i) Provision for Non moving Stores & Spares	(8,96,25,032)	(8,82,43,042)
(ii) Provision for Impairment in value	<u>(4,53,13,528)</u>	<u>(4,68,46,043)</u>
	59,97,99,864	36,42,63,910
Goods in Transit	2,56,26,044	63,60,504
b) At Cost Less Written Off		
Repairables & Rotables	15,75,56,671	15,75,56,671
Less: (i) Obsolescence Reserve	(14,36,26,262)	(14,36,26,262)
(ii) Provision for Impairment in value	<u>(1,39,30,409)</u>	<u>(1,39,30,409)</u>
	-	-
Gem Modules	5,01,37,213	5,01,37,213
Less: (i) Obsolescence Reserve	(4,47,21,331)	(4,47,21,331)
(ii) Provision for Impairment in value	<u>(54,15,882)</u>	<u>(54,15,882)</u>
	-	-
Test Tools Equipment	3,09,49,203	2,78,41,607
Less: Written Off	<u>(2,59,98,621)</u>	<u>(2,57,87,609)</u>
	49,50,582	20,53,998
Training Material	27,17,193	27,17,193
Less: Written Off	<u>(27,17,193)</u>	<u>(27,17,193)</u>
	-	-
Sub Total (I)	<u>63,03,76,490</u>	<u>37,26,78,412</u>
<p>\$ Inventories include Westland items aggregating Rs.27.32 crores (P.Y. Rs.27.32 crores) at cost, book value Rs.6.47 crores (P.Y.Rs.6.47 crores), retired from active use and held for disposal against which the Company is carrying a corresponding provision towards impairment in value as stated above in order to reflect the inventories at lower of cost or net realisable value.(Refer Note No.4 of the Notes to Accounts).</p>		
II) Sundry Debtors (Unsecured)		
Debts Outstanding for more than six months		
a) Considered Good	51,05,63,532	12,27,36,925
b) Considered Doubtful	1,91,11,673	1,77,43,256
Other Debts, Considered Good	<u>35,03,68,789</u>	<u>64,10,48,043</u>
	88,00,43,994	78,15,28,224
Less: Provision for Doubtful Debts	<u>(1,91,11,673)</u>	<u>(1,77,43,256)</u>
Sub Total (II)	<u>86,09,32,321</u>	<u>76,37,84,968</u>

Contd.....



	31st March, 2009	31st March, 2008
<i>(In Rupees)</i>		
III) Cash & Bank Balances		
Cash in Hand	19,47,763	15,13,749
Balances with Scheduled Banks		
Current Accounts	20,01,00,354	1,77,29,536
Deposit Accounts	1,26,38,47,582 *	2,16,94,91,159 *
* (Including under lien Rs. 33.02 crores P.Y. Rs. 33.85 crores)		
Interest Accrued on Deposits	4,33,45,567	9,84,13,694
Sub Total (III)	1,50,92,41,266	2,28,71,48,138
Total (A)	3,00,05,50,077	3,42,36,11,518
B. Loans & Advances (Unsecured unless otherwise stated)		
Advances Recoverable in cash or in kind or for value to be received		
a) Considered Good *		
i) Advances to Capital Suppliers	5,24,847	1,47,450
ii) Other Advances	1,28,97,18,003	1,12,18,11,232
b) Considered Doubtful	1,57,80,944	94,12,132
	1,30,60,23,794	1,13,13,70,814
Less: Provision for Doubtful Advances	1,57,80,944	94,12,132
	1,29,02,42,850	1,12,19,58,682
* (Including Loans & Advances to staff secured by Assets Rs. 7.55 cores; P.Y. Rs. 8.08 crore) and Deposits made under protest with Income Tax Deptt. Rs. 90.15 crore, (P.Y. Rs. 102 crores) refer Note no. 2(C) of Notes to Accounts.		
Loans to Public Sector Undertakings		
i) Considered Good	-	1,25,00,000
ii) Considered Doubtful	7,25,00,000	7,25,00,000
	7,25,00,000	8,50,00,000
Less: Provision for Doubtful Loans	7,25,00,000	7,25,00,000
	-	1,25,00,000
Prepaid Expenses	3,33,97,270	2,75,90,574
Security Deposits	2,58,46,642	2,69,71,073
Sub Total (B)	1,34,94,86,762	1,18,90,20,329
Total (A+B)	4,35,00,36,839	4,61,26,31,847



SCHEDULE 6 CURRENT LIABILITIES & PROVISIONS

	31st March, 2009	31st March, 2008
<i>(In Rupees)</i>		
Current Liabilities & Provisions		
A. Current Liabilities		
Amount claimed by Central Government		
- Principal Amount	1,30,91,03,140	1,30,91,03,140
- Interest/Other Charges	3,39,31,18,827	3,39,31,18,827
	4,70,22,21,967	4,70,22,21,967
Sundry Creditors	32,17,51,323 *	54,45,93,571 *
Advance from Customers	5,66,41,408	81,62,120
Other liabilities	30,63,80,702	57,68,39,517
	68,47,73,433	1,12,95,95,208
Sub Total (A)	5,38,69,95,400	5,83,18,17,175
* Amount due to Micro & Small Enterprises : Nil		
B. Provisions		
Proposed Dividend	11,37,66,000	11,37,66,000
Less: Interim Dividend Paid	-	11,37,66,000
	11,37,66,000	-
Corporate Tax on Dividend	1,93,34,532	1,93,34,532
Less: Corporate Tax on Dividend Paid	-	1,93,34,532
	1,93,34,532	-
Employee Benefits	16,52,31,136	16,03,22,401
Sub Total (B)	29,83,31,668	16,03,22,401
Total (A+B)	5,68,53,27,068	5,99,21,39,576

SCHEDULE 7 INTEREST INCOME

	31st March, 2009	31st March, 2008
<i>(In Rupees)</i>		
Interest Income from Deposits with Banks [TDS Rs. 3.17 crores ; P.Y.Rs.4.85 crores]	14,84,30,193	22,94,01,055
Interest on Loans to Employees	35,47,003	32,31,895
Other Interest Income	2,68,14,844	3,74,896
Total	17,87,92,040	23,30,07,846



SCHEDULE 8 OTHER INCOME

	31st March, 2009	(In Rupees) 31st March, 2008
Operations & Maintenance Contracts	4,85,37,273	2,40,31,980
Provisions No Longer Required	3,00,98,500	4,98,14,231
Profit on Sale of Assets	74,86,170	97,66,964
Exchange Rate Fluctuations	-	86,76,605
Miscellaneous Income	1,24,46,135	55,23,889
Total	9,85,68,078	9,78,13,669

SCHEDULE 9 HELICOPTER OPERATIONAL EXPENDITURE

	31st March, 2009	(In Rupees) 31st March, 2008
Fuel Expenses	20,47,47,254	15,84,67,032
Landing, Parking and other Expenses	1,18,90,333	1,03,88,535
Liquidated Damages	10,71,99,902	13,69,75,538
Equipment/Specialists Hire Charges	3,71,65,354	-
Commercial expenses	2,22,56,564	-
Other Operating Expenses	12,15,126	17,53,372
Freight,Transportation & Cartage	43,97,697	26,36,211
Storage, Handling & Demurrage Charges	76,51,942	61,88,631
Rotables, Stores & Spares Written Off	71,43,207	75,89,220
Provision for Non-Moving Inventory/Life Expired Items	9,77,007	1,15,24,991
Exchange Rate Fluctuations	2,03,42,710	-
Total	42,49,87,096	33,55,23,530



SCHEDULE 10 EMPLOYEES' REMUNERATION & OTHER BENEFITS

	31st March, 2009	(In Rupees) 31st March, 2008
Salaries, Wages & Other Benefits	70,89,58,406	61,99,62,984
Staff Welfare	1,03,11,231	79,20,398
Provident & Gratuity Funds	2,52,04,963	2,15,65,809
Other Staff Expenses	6,68,37,433	6,25,12,829
Total	81,13,12,033	71,19,62,020

SCHEDULE 11 OTHER EXPENSES

	31st March, 2009	(In Rupees) 31st March, 2008
Repairs and Maintenance		
Building	1,70,40,386	57,34,534
Equipment	14,64,587	17,81,299
Others	65,60,326	39,78,229
	2,50,65,299	1,14,94,062
Rent	3,54,70,706	3,04,88,705
Travelling & Conveyance	13,43,77,192	9,68,21,226
Staff Training	5,41,63,161	1,53,79,300
Bank Charges	89,47,121	39,68,754
Electricity & Water	1,27,25,200	84,83,864
Telephone & Postage	98,41,947	68,77,895
Advertisement & Publicity	2,14,56,201	88,24,780
Printing & Stationery	60,79,974	32,83,703
Vehicle Running & Maintenance	20,27,230	19,15,743
Auditors Remuneration		
- Audit Fees	5,17,187	6,42,191
Rates and Taxes	84,83,408	1,30,51,232
Loss on Sale of Assets	2,58,164	-
Amount Written off	14,53,894	3,96,42,857
Less: Provision for doubtful Loan to PSUs/Others	14,04,228	3,96,42,857
Net Amount Written off	49,666	-
Provision for Doubtful Debts & Advances	93,67,421	41,81,290
Miscellaneous Expenses	2,84,00,673	1,36,83,805
Total	35,72,30,550	21,90,96,550

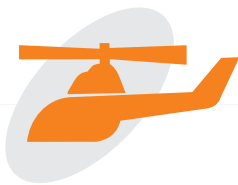


SCHEDULE 12 EXTRAORDINARY ITEMS

	31st March, 2009	(In Rupees) 31st March, 2008
A. Credits		
Insurance Claims	9,80,37,555	80,77,222
Total	<u>9,80,37,555</u>	<u>80,77,222</u>
B. Debits	-	-
Total (B)	<u>-</u>	<u>-</u>
C. Net Credit/(Debits) (A-B)	<u>9,80,37,555</u>	<u>80,77,222</u>

SCHEDULE 13 PRIOR PERIOD ADJUSTMENTS

	31st March, 2009	(In Rupees) 31st March, 2008
A. Credits		
Capitalisation of expenses	28,94,091	44,81,668
Claim on Supplier for earlier years	-	9,37,193
Other Items	9,09,418	63,750
Total (A)	<u>38,03,509</u>	<u>54,82,611</u>
B. Debits		
Repair & Maintenance Expenses	-	23,70,260
Technical Assistance	-	30,39,735
Billing /Claim on customer for earlier years	40,52,461	-
Other Items	99,323	16,41,879
Total (B)	<u>41,51,784</u>	<u>70,51,874</u>
C. Net Credit/(Debits) (A-B)	<u>(3,48,275)</u>	<u>(15,69,263)</u>



SCHEDULE 14

CONTINGENT LIABILITIES AND NOTES TO ACCOUNTS

(Annexed to and forming part of the Annual Accounts for the year ended 31st March, 2009).

1. Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for Rs 3.16 crores (P.Y. Rs. 15.18 crores).

2. *Contingent Liabilities*

a) Counter guarantees given to Bank Rs.15.92 crores (P.Y.Rs. 16.02 crores).

b) Outstanding letters of credit Rs.21.44 crores (P.Y. Rs. 56.41 crores).

c) Claims against the Company not acknowledged as debt :

i) Income tax demand for earlier years contested by the Company and under appeal Rs. 54.88 crores (P.Y.Rs. 100.57 crores) against which the Company has deposited under protest/adjusted against refund due from Tax department up to 31.03.09, in aggregate Rs. 90.15 crores (P.Y. Rs. 102.00 crores) relating to that period. Amounts deposited with Tax Department (net of tax provision) have been shown as Advances recoverable.

ii) Court cases/ cases under Arbitration Rs.10.50 crores (P.Y. Rs. 6.70 crores).

iii) Other matters Rs . 4.70 crores (P.Y. Rs. 4.28 crores)

3. *Claim of Government of India*

3.1 The Government had decided in June, 1986 to provide full amount as Equity Capital towards the project cost for acquisition of 42 numbers Westland and Dauphin helicopters. However, as the budgetary support received by the Company was

significantly lower than the project cost, it was unable to settle the claim of GOI. The Ministry of Finance claimed interest @ 18% p.a. on the outstanding dues which presently are Rs.130.91 crores (principal amount).

3.2 During the Financial year 2003-04, the Ministry of Civil Aviation submitted a proposal to Ministry of Finance which envisaged payment by the Company of total amount of interest and other charges claimed on Dauphin and Westland fleet till 31.3.2001 aggregating Rs.339.31 crores (interest on dues from 1.4.2001 till date be written off) and the Principal amount of Rs.130.91 crores be converted into equity of the Government in the Company. The proposal was agreed by Ministry of Finance. The Company had accordingly made provision of Rs. 339.31 crores upto 31.3.2001 during the financial years 1999-2000, 2000-01 and 2002-03 towards interest and other charges as claimed by the Ministry of Finance and the same is being carried forward.

3.3 The Ministry of Civil Aviation submitted a revised proposal to Ministry of Finance in December,2007 that the Government may reconsider the claim by Ministry of Finance and waive off the total amount of Rs. 470.22 crores (principal amount Rs. 130.91 crores and interest upto 31.03.2001: Rs. 339.31 crores) claimed from the Company so that the existing funds could be utilized for fleet expansion and other capital outlay programmes which are essential for the survival of the Company under



the competitive environment prevailing in the Civil Aviation industry in India. The Ministry of Finance has not agreed to this proposal and has advised that the Company be asked to deposit the said amount in Government Treasury. The Board of Directors of the Company in their 115th Meeting held on 21/08/2008 decided that the Company may pursue with the Ministry of Civil Aviation for full waiver of the claim of Ministry of Finance and appointed a Financial Advisor who would examine the matter alongwith other related issues. The Financial Advisors submitted their Report on the impact of claim of GOI on the valuation of the Company and recommended some options. As per the Report, payment of GOI claim is not a viable option for the Company.

As per the decision of the Board of Directors, the Company has submitted in January, 2009 a draft Note for the Committee of Secretaries to Ministry of Civil Aviation seeking waiver of the claim of GOI aggregating Rs. 470.22 crores from PHHL. The matter is under consideration of the Government.

4. *Disposal of Westland assets*

4.1 The Government 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 on poverty alleviation programmes in mutual consultation between the Governments of India and UK. However, consequent to an unfavorable response to such global tender, the Government permitted the Company on 12th May 1994 to dispose off the Westland assets through negotiations with parties

which may be interested in their purchase. The Government also appointed a Steering Committee to oversee the disposal of Westland assets.

4.2 Pending disposal of the Westland helicopters (including one damaged helicopter) and the related inventory, these assets were stated at their book value aggregating Rs. 22.39 crores. The Company had in the earlier years, as a matter of abundant caution, made a provision of Rs.22.39 crores equivalent to the book value against possible losses on disposal of Westland assets. After adjusting the book value of Rs.7.23 crores relating to disposal of such assets in 1999-2000, the residual provision of Rs.15.16 crores is being carried forward.

4.3 During the financial year 1999-2000, the Company had entered into an agreement with a UK firm with 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 shipped. The first shipment was dispatched in December 1999 and the Company had realized sale consideration of Pounds Sterling 4,50,000 (Rs.3.22 crores) in January 2000, which was immediately deposited with the Government of India as per directions of the Administrative Ministry. The shipment also included some essential components of Westland helicopters, which are presently in custody of the Company. The second shipment could not be dispatched in view of dispute created by the Buyer. The Company has initiated Arbitration



proceedings against the Buyer in terms of the agreement for specific performance and recovery of damages for violation of various contractual obligations.

It has also come to light that the Buyer (M/s AES Aerospace Ltd, UK) had been ordered to be wound up by order of the Court in U.K. in 2002 and an official Receiver was appointed . The Company has been legally advised that despite such winding up order, the Arbitration proceedings should be continued. Pending settlement, the Company has not accounted for such dues and the same will be accounted for as and when realized / settled.

- 4.4 Necessary accounting adjustment relating to the Westland assets sold (Cost Rs. 51.46 Crores, W.D.V. Rs. 7.23 crores) during the financial year 1999-2000 was passed 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 lying at the Warehouse in Mumbai (refer Para 4.5 below), the figures have been considered on provisional basis, subject to further reconciliation. The cost of inventory items sold is computed on FIFO basis. As the contract for sale of Westland assets is on lump-sum price basis, the loss on disposal of such items has been 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.3.22 crores) in the absence of item-wise sale price and the same was accounted for during the financial year 1999-2000.

- 4.5 Part of the Westland 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 are presently lying in the custody of the Warehouse at Mumbai. The estimated initial acquisition cost of Westland inventory including capital items lying at Warehouse is Rs.32.50 crores (written down value- Rs.4.50 crores). The Company has initiated necessary legal action against the Buyer (refer para 4.3 above) for such diversion. The Warehouse has claimed Rs 3.63 crores (P.Y Rs.3.29 crores) which in term of the Agreement is required to be settled directly by the Buyer. The Company had in December, 2002 obtained an interim injunction from the Delhi High Court restraining the Warehousing company from disposing of the goods for settling its claim. The Hon'ble Single Judge of Delhi High Court on 22/04/2008, delivered judgment in favour of the Company for taking back the possession of Inventory items from the Warehouse Company without any claim of Warehouse Company on the Company. Against the said judgment the Warehouse Company preferred an appeal in Division Bench of Delhi High Court which had also in the judgment dated 11/08/2008 upheld the judgment of Single Judge of the High Court in favour of the Company. The SLP filed by the Warehouse Company has also been dismissed by the Supreme Court of India. Further, as an abundant caution, the claim is shown under Contingent Liabilities till the items are received by the Company. Such items along with the remaining inventory items lying



with the Company (which are kept in sealed boxes but not physically verified during the year) together forming part of the second shipment have been carried forward as per the book value (Rs.6.47 crores) though fully provided as per para 4.2 above.

5. Residential Flats/Quarters

5.1 The Company had constructed and capitalized 242 flats during 2002-03 at a cost of Rs. 22.76 crores 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 these 50 flats as estimated by the project architect amounts to Rs. 5.95 crores.

5.2 The Company had purchased 6 nos. residential flats for the employees from MHADA, Mumbai in May,1998. Although the possession was taken based on the letter of allotment, the Company had on provisional basis made provision for stamp duty and registration charges and the same is subject to final payment on the execution of the appropriate conveyance deed in favour of the society. Since some of the Societies in the buildings have gone into litigation against MHADA in Mumbai High Court on the issue of differential pricing, therefore, the conveyance deed could not be executed as the amount cannot be determined at this stage.

5.3 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 for renting out these flats to Public Sector Undertakings (PSUs) and accordingly, 41 flats have been let out on rental basis to Union Bank of India w.e.f. 23rd July 2008.

6. Loans to Public Sector Undertakings

The Company had made unsecured inter-corporate loans in the earlier years 1991 - 1992 to M/s Hindustan Photo Films Mfg. Co. Ltd.(HPF), a Central PSU, with interest rate of 20% p.a compounded / payable quarterly. The balance principal amount aggregates to Rs. 7.25 crores. However, HPF was unable to meet its contractual obligation to repay the loans with interest in view of adverse financial conditions. HPF was declared sick and registered with BIFR. The Company had filed its claim with BIFR for protection of its dues. In January, 2003 BIFR issued recommendations for winding-up, against which HPF and its Administrative Ministry had preferred an appeal before AAIFR. Pending settlement and the negative net worth of HPF, the Company has not accounted for interest income from such loan for the financial year under review and the same will be accounted for as and when settled/realized. Accordingly, the profit for the year is lower by an amount of Rs. 1.56 Crores (P.Y. Rs. 1.56 crores).

As a matter of abundant caution, the Company has already made provision of Rs.7.25 crores against the aggregate principal amount in the earlier years, which is being carried forward.

7. Fixed Assets

Midlife upgradation programme of Dauphin Fleet

7.1 With a view to conform to the Aviation Standard (AS 4) requirements of the new ONGC contract, Dauphin fleet of the Company is undergoing Mid Life Upgrade Programme, a major retrofit project which will improve the safety and quality of output, resulting in better availability of fleet to the customers. M/s.Eurocopter has supplied Retrofit Kits to the Company for the Dauphin helicopters and the retro-fitment of



these will be completed by the Company in a phased manner. In this respect the Company entered into contracts with M/s. SOFEMA, France being the authorized representative of M/s. Eurocopter. The retrofit package that will form an integral part of the Dauphin Helicopter, is fully compliant with JAR OPS3 standards. Such betterment would upgrade the Company's Dauphin fleet to latest off shore standards and which in turn will extend the utilization period of this fleet resulting in future economic benefit to the Company.

During the financial year under review, the Company has made 3 Dauphin helicopters AS4 compliant and fitted ADELTA on six helicopters. The cost of man-hours incurred amounting to Rs. 0.95 crore has been capitalized.

- 7.2 Fixed Assets includes Rotables and Repairables (Gross Value) amounting to Rs.43.63 crores (P.Y. Rs.36.57 crores) sent abroad for repairs but lying with repair agencies as at 31st March'2009 . However, most of the items have been received back by the company after 31st March 2009 duly repaired.
- 7.3 On 27th September 2007, DauphinN3 helicopter Regd.no. VT-PHP (Gross Block : Rs. 35.48 crores; Net Block : Rs.33.08 crores) had met with an accident at Kavaratti, Lakshadweep Islands resulting in major damage and prolonged grounding of the helicopter. The manufacturer M/s Eurocopter, France have submitted repair cost estimates amounting to Euro 4.25 millions (Rs 29.06 crores) in respect of repairs of major structural damages to the Helicopter. In addition, repair charges of two aeroengines is Euro 0.868 million (Rs 5.66 Crores). The aggregate repair cost estimates for the

damaged helicopter is Rs. 34.72 Crores (excluding transportation cost ex-Mumbai). Necessary claim has been preferred on the Insurance company and the assessment is in progress.

The Agreed value of insurance of this helicopter is Rs.35 crores with a deductible amount of Rs. 70 lakhs. As per the terms of the Insurance Policy, if the cost of repairs and the transportation of the damaged helicopter is estimated at 70 % or more of its agreed value, the Company may mutually agree with the Insurance Company to declare such damaged helicopter to be a Constructive Total Loss. Under such circumstances, the Insurance Company shall pay the agreed value of the helicopter less its salvage value. Accordingly, as the net realizable value of the damaged helicopter from Insurance Company is likely to be more than its carrying amount, Provision towards Impairment of Asset, if any , as per the requirements of Accounting Standard 28 is not considered necessary at this stage as assessment of insurance claim is presently in progress and the damaged helicopter is ,therefore, being carried forward at its net book value.

Since major structural damage has occurred and the helicopter is grounded for operational use for a prolonged period, the helicopter is considered as 'Asset currently not in use' and but shown separately as part of Fixed Assets in Schedule no. 4. Accordingly, depreciation has been provided in respect of this damaged helicopter upto 27/09/2007 (date of accident). However, no depreciation has been provided in respect of the said helicopter for the subsequent period and also for the period 01/04/2008 to 31/03/2009 amounting to Rs. 1.99 crores.



7.4 A major damage had occurred in an accident to one Dauphin N helicopter bearing Regn. No. VT-ELB (Gross Block Rs.2.75 crores ;Net block Rs.0.13 crore) on 12/09/2006 in Punjab. The Company lodged claim with insurance company, however , the repair estimates are not determinable at this stage. The helicopter is fully depreciated as per the Companies Act, 1956. The said helicopter is considered as 'Assets currently not in use' during the current financial year but shown as part of Fixed Assets in Schedule no. 4.

8. *Depreciation*

The Rotables being capital machinery spares are classified as Fixed Assets and Depreciation charged thereon. The depreciation in respect of Rotables and major modification cost as capitalized is linked to the remaining useful life of the principal assets to which they pertained i.e. the type of helicopters, subject to the minimum charge as per statute rate of depreciation. For the purposes of depreciation in respect of Rotables and major modification cost as capitalized, the useful life of helicopters was extended with effect from financial year 2006-07 to 30 years or 25,000 hours, whichever is later based on technical grounds as advised by the manufacturer:-

The Expert Advisory Committee of the Institute of Chartered Accountants of India (ICAI) has opined that the Rotables are in the nature of general spares to be treated as Inventory and not as capital spares and that the useful life of helicopters cannot be more than the useful life determined by applying the Depreciation Rate prescribed under Schedule XIV to the Companies Act. The Institute has suggested as an alternate that the Company may adopt the approach of recognizing rotables as

independent fixed assets based on 'Components approach' and the depreciation on such spares should then be charged on the basis of the useful life of spares itself, which in any case cannot be more than the specified period as per Schedule -XIV.

The Company is of the opinion that Rotables are capital spares and Depreciation should be charged on them and major modification cost by linking them to the useful life of helicopters and the same is in conformity with the provisions of Accounting Standard AS 6, paras 9 & 11 and 23 & 24 and the Guidance Note on Accounting for depreciation issued by ICAI, subject to the minimum charge as per statute rate of depreciation. For this purpose the useful life of the principal asset can be different from its specified life. In the present case the helicopter has been depreciated over its specified period of 17 years though its useful life is more than such specified period. Same principle has been followed in depreciating rotables etc. by applying the principle that they should be depreciated over the specified life which should not be more than their useful life, which in the present case is considered same as that of the helicopter. The Company's Accounting Policy is an improvement over the views expressed by Expert Advisory Committee of ICAI to the extent that rotables shall be depreciated at higher of the rates specified in the Companies Act (5.6% p.a.) or rate of depreciation which would write off 95% of the value of rotables etc. over the remaining extended useful life of the helicopter. In the opinion of the Company this accounting treatment is in conformity with AS-2, AS-6 & AS-10 read with ASI-2. The above accounting treatment is being followed by various International Airlines and Air India and accepted by the Auditors.



9. Inventories

- 9.1 On a review of inventory of non-moving stores, spares and consumables, provision of Rs. 0.10 crores (P.Y. Rs. 1.15 crores) has been made during the year under review for such items as per the Accounting Policy.
- 9.2 The Company purchases spare parts from a party on "High Sea Sales" basis who imports goods on behalf of the Company. The quotation is received in foreign currency, however, the payments are released in Indian rupees. For the purpose of payment in Indian rupees, the bill selling rate of Euro on the date of Invoice as notified by Vijaya Bank is taken as the basis.
- 9.3 In terms of para no. 3 of the Significant Accounting Policies relating to transaction in Foreign Currency, losses and gains due to exchange fluctuations arising out of:
- re-statement of liabilities on account of outstanding payments for purchase of fixed assets and inventories; and
 - the difference in the monetary value of the payment made on the date of settlement and the monetary value on the date of passing ownership of the fixed assets and inventories imported, are recognized as 'profit or loss' on account of foreign exchange fluctuation and transferred to Profit & Loss account.
10. The Indian Oil Corporation (IOC) account in respect of purchase of ATF at Northern Region shows net balance of Rs. 1.13 crore (debit); P.Y. Rs. 0.87 crore (debit) for ATF purchased in the earlier years. While doing a detailed reconciliation, it was observed that certain unlinked transactions stated to be pertaining

to the Company were identified in IOC books for earlier years, namely difference in opening balance, supply to the Company not booked by IOC, un-linked payments in IOC books, payments by the Company not taken into account by IOC and unlinked supplies for which supporting documentation could not be furnished by IOC. The Company has, however, scrutinized the subsequent period till the finalization of Accounts to account for any outstanding IOC bills received since the year end and has also broadly reconciled its actual fuel consumption with the flying hours. Accordingly, no cognizance has been taken in respect of such outstanding entries in IOC statement for accounting action. Matter has been taken up by the Company with IOC at the highest level. Necessary rectification entries, if any, will be passed when requisite information is made available to the Company by IOC.

11. Mobilisation of Helicopters under ONGC Contract

ONGC had awarded contract to the Company for provision of 12 AS4 compliant Dauphin helicopters. The contract is for a period of 3 years extendable at the option of ONGC by one year. As per the contract, the company was required to deploy the helicopters within 150 days of the issue of LOI dated 01/03/2006. In case of delay in mobilization of these helicopters, ONGC would levy liquidated damages (LD) as per the terms of the contract, keeping in view total value of the contract for a period of 3 years.

The Company could not provide requisite number of AS4 compliant Dauphin helicopters by the stipulated date and had sought extensions of time without levy of LD. However, ONGC had granted the extensions but with levy of



LD. The Company has in a phased manner fulfilled the contractual requirement of deploying helicopters by 31/12/2007.

In the meantime, ONGC started recovering the LD as per the terms of contract from payments made under the new contract. However, based on the request of the Company, ONGC had stopped such recovery of LD on account of delayed mobilisation of AS4 compliant Dauphin helicopters . The total LD thus recovered by ONGC works out to Rs.14.94 crores. The Company has taken up with ONGC the matter regarding refund of LD recovered.

The Company is of the view that the LD recovered from payments made under the new contract on account of delayed mobilization / induction of contracted 12 no. AS4 helicopters at the time of commencement of contract is in the nature of preoperative "Contractual LDs" which are distinct from "Operational LDs". The latter relates to non provision of helicopters on day-to-day basis and is accounted for on the specific dates to which they pertain. Accordingly, as the Contractual LD actually recovered by ONGC, relates to the entire contract period of 3 years and the total contract value thereof, the amount of LD recovered by ONGC is being spread uniformly over 3 years period commencing w.e.f. 01/01/2008 with financial year 2007-08 considered as the first year and balance amount will be written off equally in the subsequent two financial years. Accordingly, Rs. 4.53 crores is charged to Profit and Loss Account for the financial year 2008-09 towards Contractual LD on account of delay in mobilisation of contracted 12 AS4 Dauphin helicopters and balance of Rs 4.53 crores has been carried forward under the head 'Miscellaneous expenditure to the extent not written off or adjusted' .

12. Confirmation for balances as at 31st March 2009 from Sundry Debtors and Loans and Advances/ Deposits were circulated but response received was limited. However, in most of the cases the debts / advances, other than those provided for, have since been realized / adjusted.

13. *Employee Remuneration and other benefits.*

13.1 In view of the revision of pay scales and allowances of employees due w.e.f. 1/1/2007, an ad-hoc provision of Rs. 21.11 crores (P.Y.Rs. 18.92 crores) has been made for the period from 1st April 2008 to 31st March 2009 for regular as well as contractual employees. Subsequent to the close of F.Y. 2008-09, orders dated 06.05.2009 were issued for revision of the pay scales of Executives w.e.f. 01/01/2007 based on the Presidential Directives issued by MoCA. Revision of pay scales and allowances for other categories of employees is under discussion with the Guilds / Union. A sum of Rs.22.08 crores (P.Y. Rs. 6.23 crores) including arrears of pay upto 31.03.2009 in respect of executives has been paid/ adjusted during the financial year under audit out of the total ad-hoc provision and the balance provision of Rs. 15.22 crores (P.Y. Rs. 16.19 crores) is being carried forward for payment / adjustment in the subsequent period.

13.2 As per Accounting Policy, the Company provides for Gratuity and Leave salary, LTC, Retirement benefits like Baggage Allowance and Post Retirement Medical Benefits Scheme on the basis of actuarial valuations as per AS 15 (Revised) and the same has been debited to LTC/ Baggage



Allowance / Provision for Pay Arrears in the Profit & Loss A/c are given below :-
(Fig. in Rs./Crores.)

Particulars	Opening Liability as on 31.03.2008	Created/ Adjusted during the Year	Closing Liability as on 31.03.2009
Gratuity Liability	13.47	(0.23)	13.24
Earned Leave	7.32	0.01	7.33
Half Pay Leave	6.17	(0.10)	6.07
Post Retirement Medical Benefit Scheme	1.77	0.27	2.04
LTC	0.69	0.30	0.99
Baggage Allowance upon Retirement	0.09	0.01	0.10

The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employees benefit entitlement and measures each unit separately to build up the final obligation. The following table summarizes the component of the various employees benefits and the components of net benefit expenses recognized in the Profit and Loss Accounts :-

(Fig. in Rs/ Crores.)

Particulars	Leave Encashment (EL & HPL) as on 31.03.2009 (Non-funded)	Baggage Allowance/ LTC/PRMBS as on 31.03.2009 (Non-funded)	Gratuity as on 31.03.2009 (funded)
A) Changes in Present Value of Obligation			
(i) Present value of obligation as at the beginning of the period (01.04.2008)	13.49	2.55	13.47
(ii) Interest Cost	0.94	0.18	0.94
(iii) Past Service Cost	-	-	-
(iv) Current Service Cost	0.90	0.58	0.80
(v) Curtailment / Settlement cost	-	-	-
(vi) Benefits paid	(1.15)	(0.84)	(0.56)
(vii) Actuarial (gain) / loss on obligation (Balancing figure)	(0.78)	0.66	(1.41)
(viii) Present value of obligation as at the end of the period (31.03.2009)	13.40	3.13	13.24
B) Changes in fair value of plan assets			
(i) Fair Value of plan assets as at the beginning of the period (01.04.2008)	-	-	13.85
(ii) Expected return on plan assets	-	-	1.16
(iii) Contributions	-	-	1.00
(iv) Benefits paid	-	-	(0.56)
(v) Actuarial gain / (loss) on obligation	-	-	0.17
(vi) Fair value of plan assets as at the end of the period (31.03.2009)	-	-	15.62
C) The amounts to be recognized in the balance sheet			
(i) The present value of obligation as at the beginning of the period (31.03.09)	13.40	3.13	13.24
(ii) Fair value of plan assets as at the end of the period.	-	-	15.62
(iii) Net Assets/ (liability) recognized in balance sheet.	(13.40)	(3.13)	2.38*
D) Expenses recognized in the Statement of Profit and Loss A/c			
(i) Current Service Cost	0.90	0.58	0.80
(ii) Past Service Cost	-	-	-
(iii) Interest Cost	0.94	0.19	0.94
(iv) Expected return on plan assets	-	-	(1.16)
(v) Curtailment / settlement cost	-	-	-
(vi) Net Actuarial gain / (loss) recognized in the period	(0.78)	0.66	(1.58)
(vii) Expenses recognized in the statement of profit and loss	1.06	1.43	(1.00) *

*Assets value being more than liability, ignored.



The Principal assumption used in determining employee benefits are given below:-

Particulars	Leave Encashment (EL & HPL) for all Employees (non-funded)	Baggage Allowance/ LTC/PRMBS for all Employees (non-funded)	Gratuity (Funded)	
Discount Rate	7.00%	7.00%	Vesting period	5 year service
Expected rate of return on plan assets.	0.00%	0.00%	Benefit	As per the provisions of payment of Gratuity Act 1972. present limit Rs. 3.50 Lacs
Future cost increase	-	5.00%	-	-
Salary escalation rate	5.00%	-	Salary for calculation for Gratuity	Last Drawn basic salary plus Dearness allowance
Retirement age	-	60 years	-	60 years
Attrition rate :				
Age (years)				
Upto 30 years	3.00%	3.00%		
Upto 44 years	2.00%	2.00%		
Above 44 years	1.00%	1.00%		

The above information is certified by the Actuary.

14. Insurance Claims

The Company premises at Mumbai was flooded due to incessant rains on 26/7/2005. This had resulted in extensive damages to 10 Dauphin helicopters parked in the hanger. During the previous year, the Company had lodged additional claim on account of damage to Five nos. of C.V.Rs. of Main Recording units and Seven nos. of Control Units, under Hull Insurance Policy. The claim was assessed by the Surveyor for Rs. 0.11 crore (net) after the close of the financial year and is being processed by the Insurance Company. Accordingly, accounting adjustment shall be made in subsequent year upon realization of claim.

15. Income Tax

15.1 Assessment of income tax is presently in progress / under Appeal for certain previous years. Tax liabilities, if any, will be recognized on finalization of such assessments. Reconciliation of disputed statutory dues relating to Income Tax Assessments has been taken up with the Tax Department.

15.2 Provision for Taxation of Rs. 5.50 crores (P.Y. 3.00 crore) has been made for the year as per the existing

provisions of MAT (Minimum Alternative Tax) on book profits under section 115JB of Income Tax Act 1961 as there is Nil tax liability under normal provisions of the Act. However, the benefit of adjustment of MAT shall be taken in the subsequent period against the normal tax liability as per the Income Tax Act.

16. The Board of Directors of the Company have recommended Dividend at 10% of the paid-up capital of Rs. 113.77 crores for the Financial Year 2008-09 (P.Y. @ 10%, Rs 11.38 crores).

17. Expenses Include the Following :

	Rs./Crores	
	31 st March 2009	31 st March 2008
i) Company - Staff Quarters		
a) Taxes	0.33	0.33
b) Repairs – Buildings/others	0.18	0.21
ii) Leased Residential Accommodation		
a) Rent (Net of Recovery)	0.11	0.20
b) Maintenance charges	0.02	0.05

18. Interest Income

Interest income of Rs.14.84 crores (P.Y. Rs. 22.94 crores) for the financial year under



audit earned on deposits with Banks made with funds generated from operations which include funds for settlement of claim of the Govt. of India, the amount of which is pending finalization (Refer Note No. 3) and indeterminate at this stage.

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

20. *Segment Reporting*

The Company is engaged in providing helicopter services business which is considered as one business segment. Hence, Segment Reporting as per Accounting Standard 17 on Segment Reporting is not considered applicable to the Company.

21. *Provisions:*

22. *Related Party Disclosure*

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

a. Key Management Personnel

- Shri R. K. Tyagi, Chairman & Managing Director from 18.5.2007 onwards as Chairman & Managing Director.

b. Transactions

- *Remuneration Rs. 14,85,385/-
- Loans Given Rs. 2,18,065/- (HBA including interest)

(Fig. in Rs./Crores)

Particulars	Opening Balance as on 01.04.2008	Created during the year	Utilized during the year/other Adjustments/transfer/ Reversals	Closing/ Balance as on 31.03.09
Impairment of Assets including inventory	18.64	-	2.38	16.26
Provision for Revision of Pay & Allowances from 01.01.2007.	16.19	21.11	22.08	15.22
Doubtful Debts/Advance	10.05	0.93	0.16	10.82
Dividend	-	11.38	-	11.38
Corporate Taxes on Dividend	-	1.93	-	1.93
Non moving inventories, etc.	8.82	1.91	1.77	8.96

23. *Earning Per share has been computed as under:*

	31 st March 2009	31 st March, 2008
● Net Profit after tax	Rs. 25,12,03,775/-	Rs. 23,16,54,351/-
● Weighted average number of Equity Share outstanding	113766	113766
● Earning per share (Basic and diluted) Face Value of Rs.10,000/- per share	Rs.2208/-	Rs.2036/-



24. ADDITIONAL INFORMATION

- a) Opening and closing stocks (after financial write offs)

	<i>(In Rupees)</i>	
	31st March, 2009	31st March , 2008
i) Stores, Spares & Consumables(Net)	60,39,80,998	38,53,08,196
ii) Gem Modules	54,15,882	54,15,882
iii) Test Tool/Ground Support Equipment	49,50,583	20,53,997
iv) Goods-in-Transit	2,56,26,042	63,60,504
v) Stocks under Inspection	5,28,76,860	3,70,78,317
TOTAL	<u>69,28,50,365</u>	<u>43,62,16,896</u>

- b) Value of imports calculated on CIF basis:

	<i>(In Rupees)</i>	
	31st March, 2009	31st March , 2008
i) Helicopters & Accessories	-	71,05,31,633
ii) Stores, Spares & Consumables	45,51,12,013	19,30,87,704
iii) Airframe & Aero Engine Equipments- Rotables	46,53,38,997	30,43,52,921
iv) Test equipment/Ground Support Equipment/Loose Tools	2,88,19,443	1,50,59,856
v) Goods-in-Transit /Goods under Inspection	7,88,01,119	4,33,55,203
vi) Spare Aero Engine	-	2,53,99,635
vii) Capital Goods/Other Items	43,00,601	11,61,040
Viii) Retrofit programme	11,36,98,138	30,11,01,337
TOTAL	<u>1,14,60,70,311</u>	<u>1,59,40,49,329</u>



c) Expenditure in Foreign Currency during the financial year:

	<i>(In Rupees)</i>	
	31st March, 2009	31st March , 2008
i) Helicopters & Accessories	-	71,05,31,633
ii) Stores, Spares & Consumables	44,14,55,466	18,71,88,795
iii) Airframe & Aero Engine Equipments- Rotables	45,92,64,252	30,11,86,092
iv) Test equipment/Ground Support Equipment/ Loose Tools	2,78,36,485	1,47,98,053
v) Foreign Travelling/Foreign Training	2,90,38,789	42,83,797
vi) Goods in Transit/Goods under Inspection	7,74,91,725	3,96,21,747
vii) Repair Charges	61,38,30,285	38,42,07,881
viii) Equipment/Specialists Hire Charges	3,60,63,510	-
ix) Spare Aero Engine	-	2,51,69,796
x) Capital Goods/ Other Items	52,89,278	23,07,605
xi) Retrofit Programme	11,15,39,502	39,33,79,718
TOTAL	<u>1,80,18,09,292</u>	<u>2,06,26,75,117</u>

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

	VALUE (in Rupees)		PERCENTAGE	
	31st March, 2009	31st March, 2008	31st March, 2009	31st March, 2008
Imported	23,39,28,775	17,50,68,534	96.70%	95.41%
Indigenous	80,98,093	84,19,632	3.30%	4.59%
TOTAL	<u>24,20,26,868</u>	<u>18,34,88,166</u>	<u>100.00%</u>	<u>100.00%</u>

e) Earnings in Foreign Exchange during the financial year :

	<i>(In Rupees)</i>	
	31st March, 2009	31st March , 2008
Helicopter Services	99,07,72,166	27,32,24,213
	<u>99,07,72,166</u>	<u>27,32,24,213</u>



f) Remuneration paid to Directors including Chairman & Managing Director

i.) Remuneration paid to Chairman & Managing Director

	31 st March, 2009	31 st March, 2008
i) Salary	7,75,339	7,40,912
ii) Allowances & Perquisites	6,10,132	3,20,808
iii) Provident Fund/Gratuity	99,914	72,616
Total	<u>14,85,385</u>	<u>11,34,336</u>

(In Rupees)

g) Balance Sheet Abstract and Company's General Business Profile:

I. Registration Details:

Registration No.:	55/22233	State Code : 55
Balance Sheet Date :	31.03.2009	

II. Capital Raised during the year (Amount in Rs. thousands)

Public Issue :	Nil	Right Issue : Nil
Bonus Issue :	Nil	Private Placement : Nil

III. Position of Mobilization and Deployment of Funds (Amount in Rs. thousands)

Total Liabilities :	9359623	Total Assets : 9359623
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a) Source of Funds :

Paid-up Capital :	1137660	Reserve & Surplus : 1866068
Deferred Tax Liability :	670568	
Secured Loans :	Nil	Unsecured Loan : Nil

b) Application of Funds:

Net Fixed Assets :	4948157	Investments : Nil
(including Capital Work in Progress)		
Net Current Assets :	(1335290)	Misc. Expenditure : 61428
Accumulated Losses :	Nil	

IV) Performance of Company (amount in Rs. thousands)

i) Turnover including Interest & Other Income, Extraordinary and other credits :	3389994
ii) Total Expenditure including Extraordinary and other Debits :	2910532
iii) Profit before Tax :	479462
iv) Profit after Tax :	251204
v) Earnings per Share :	Rs. 2208
vi) Proposed Dividend :	10%



V) Generic Name of Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)

Not applicable

Product Description

Helicopter Services

25. *Previous year figures have been re-grouped/ recasted wherever necessary.*

R.K.Tyagi
Chairman-Cum-Managing Director

E.K. Bharat Bhushan
Director

Sanjiv Agrawal
Company Secretary & DGM(Legal)

Sanjiv Bahl
General Manager (F&A)

Place : New Delhi

Dated : 11th August, 2009



Cash flow Statement for the Year ended 31st March, 2009

	31 st March, 2009	31 st March, 2008
<i>(In Rupees)</i>		
A. Cash flow arising from Operating Activities		
Net Profit before Tax	4,794.62	3,016.87
Depreciation charge /Impairment of Assets	1,181.36	3,091.53
Interest Income	(1,787.92)	(2,330.08)
Profit/(loss) on sale of fixed assets	(0.25)	(2.74)
Fixed Assets Written off	71.07	-
Amount Written off for doubtful Loan to PSUs/ Prov.No longer Required	(14.04)	(396.43)
Insurance Claims	(980.38)	(80.77)
Misc. expenses Written off	452.68	-
Operating profit/(loss) before working capital changes	3,717.14	3,298.38
Working Capital changes Add/(less)		
Inventories	(2,929.51)	(273.00)
Sundry Debtors	(1,183.26)	(1,741.82)
Loans & Advances	(924.03)	(1,102.18)
Current liabilities	(4,366.50)	6,322.53
Provisions	(50.78)	1,583.65
Exceptional Items (Insurance Claims)	980.38	80.77
Decrease/(Increase) in working capital	(8,473.70)	4,869.95
Net Cash flow from Operating Activities (A)	(4,756.56)	8,168.33
B. Cash flow arising from Investing Activities		
Purchase of Fixed Assets	(3,333.38)	(15,549.93)
Sale of Fixed Assets	1.46	2.98
Intangible Assets	-	(215.47)
Capital work in progress	(416.57)	1,419.56
Interest income	1,787.92	2,330.08
Net Cash flow from Investing Activities (B)	(1,960.57)	(13,432.34)
C. Cash flow arising from Financing Activities		
Dividend paid (including Corporate Tax)	-	(1,458.65)
Net Cash flow from Financing Activities (C)	-	(1,458.65)
D. Taxes Paid		
Income Tax (including wealth tax) paid	(1,061.94)	(1,910.77)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C+D)	(7,779.07)	(8,633.43)
Cash and Cash Equivalents at the beginning of the year	22,871.48	30,085.35
Cash and Cash Equivalents at the end of the year	15,092.41	22,871.48

Notes: Figures in brackets indicate cash outgo

For V.K.Verma & Co.
Chartered Accountants

R.K.Tyagi
Chairman-Cum-Managing Director

E.K. Bharat Bhushan
Director

V.Kumar
Partner
(M.No. - 503826)

Sanjiv Agrawal
Company Secretary & DGM (Legal)

Sanjiv Bahl
General Manager (F&A)

Place : New Delhi
Dated : 11th August, 2009



AUDITORS' REPORT

Annexure 'A' to the Director's Report

Management's Reply

To

The Members

PAWAN HANS HELICOPTERS LIMITED

We have audited the attached Balance Sheet of PAWAN HANS HELICOPTERS LIMITED as at 31st March, 2009 and also the Profit & Loss Account for the year ended on that date annexed thereto and cash-flow statement for the year ended on that date, in which are incorporated the accounts of Western Region audited by Branch Auditors. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that:

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 & 5 of the said order.



2. Further to our comments in the Annexure referred to in Paragraph 1 above, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion, proper books of accounts as required by law, have been kept by the company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branch not visited by us. The branch auditor's report dated 29-05-2009 has been forwarded to us and has been appropriately dealt with.
 - c. The Balance Sheet, the Profit & Loss Account and cash flow statement dealt with by this report are in agreement with the books of account and with the audited returns from the branch.
 - d. In our opinion, Balance Sheet, Profit & Loss Account and cash flow statement dealt with by this report complied with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - e. As per the information & explanations given to us, in view of the general circular no. 8/2002 dated 22-03-2002 issued by Department of Company Affairs, the Govt. companies are exempt from applicability of the provisions of Section 274 (1) (g) of the Companies Act, 1956
 - f. Subject to our following observations:
 - I. Refer Note No. 4.3, .4.4, 4.5 of Schedule 14 regarding disposal of Westland Assets:
 - i. Part of the inventory item transferred from Delhi to Mumbai This has been explained in Note no. 4.3, 4.4,& 4.5 of Notes to Accounts Sch 14.



during 1999-2000 was diverted by transporter of buyer to a warehouse at the instruction of buyer. The same are presently lying in the custody of warehouse. Quantitative details of such items are not available and have not been physically verified also.

- ii. Complete quantitative details of item lying with the company, which are kept in sealed boxes, are not available and further these items have not been physically verified during the year.

In view of point (i) and (ii) above, inventory carried at book value (though fully provided for) have been carried on provisional basis, not verifiable by us and are subject to further reconciliation and physical verification.

- II Notes No. 5 of Schedule 14 regarding non-execution of title deeds of residential flats purchased at Mumbai for employees.

This has been explained in Note no. 4.3, 4.4, & 4.5 of Notes to Accounts Sch 14

- III Note No. 10 of Schedule 14 regarding unreconciled/unlinked entries with IOC. Financial impact will be ascertained only on final settlement.

This has been explained in Note No. 5 of Notes to Accounts Sch 14.

This has been explained in Note No. 10 of Notes to Accounts Sch 14.

- IV. Balance Confirmation of Sundry Debtors, Loans and Advances, Accounts Receivable, Accounts Payable and Bank Balances are confirmed/unconfirmed as per details hereunder:

1. All Bank Balances of Corporate Office and Northern Region, confirmation have been received and reconciliation has been made.

No comments.

2. Balance Confirmation letters by the Corporate office have been issued but the confirmation from five parties have been received which are

This has been explained in Note No. 12 of Notes to Accounts Sch 14. Confirmation for balances as on 31.03.2009 from Sundry Debtors and Loans and advances / Deposits were



in confirmation with the accounts of the company. The amount involved which is confirmed is Rs.0.12 Crores (Credit) and Rs. 1.24 Crores (Debit) The balance of Sundry Creditors at the Corporate office is Rs.2.42 Crores(Debit) and Rs1.15 Crores (Credit) which still remains unconfirmed.

3. Northern Region – Balance confirmation letter by Northern Region in respect of accounts receivable in some cases (not all) have been issued but no confirmation has been received from the said parties. Thus the entire amount of Rs.52.10 Crores (Debit) and Rs.4.47 Crores (Credit) accounts receivable remains unconfirmed. No confirmation has been received in respect of Accounts Payable amounting to Rs.2.31Crores (Debit)and Rs.4.18 Crores (Credit).
4. Regarding Western Region, the Branch Auditors of Western Region has not commented upon the balance confirmation of Sundry Debtors and Creditors, Loans and Advances and Bank Balances.

circulated but response received was limited. However, in most of cases the debts / advances other than those responded for, have since been realized / adjusted. The Balance Confirmation work is in Progress.

This has been explained in Note No. 12 of Notes to Accounts Sch 14. Confirmation for balances as on 31.03.2009 from Sundry Debtors and Loans and advances / Deposits were circulated but response received was limited. However, in most of cases the debts / advances other than those responded for, have since been realized / adjusted. The Balance Confirmation work is in Progress.

Balance Confirmations work at Western Region is also in progress.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view except on stated above in conformity with the accounting principles generally accepted in India:

- i) In the case of the Balance Sheet, of the state of Affairs of the Company as at 31st March 2009.



- ii) In the case of Profit & Loss Account, of the PROFIT of the Company for the year ended on that date.
- iii) In case of Cash-Flow statement, of the cash flows for the year ended on that date.

For V.K.Verma & CO.
Chartered Accountants

(V. Kumar)
Partner
M. No.503826

Place: New Delhi

Dated: 11.08.2009



ANNEXURE TO THE AUDITOR'S REPORT

Management's Reply

PAWAN HANS HELICOPTERS LTD ,
NEW DELHI

(Referred to in paragraph 1 of our audit report
of even date)

I.

- | | |
|--|--|
| (a) company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. At Western Region the branch auditors have reported that Situation / location of Fixed Assets have not been recorded in many cases. | Fixed Assets Register records main situation / location of assets of each Region. Movement records for Rotables are being maintained by Materials / Engineering Departments of the Company for location of such assets. At Western Region the situation / location of fixed assets are being recorded. |
| (b) The fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification. At Western Region the branch auditors have reported that the assets so verified were not reconciled with book records. | The Identification of Fixed Assets at Western Region is now complete. The process of reconciliation of the assets physically verified is being taken up with Book records. The Branch Auditors have reported that till now no major discrepancy was observed on physical verification as compared to Book records. |
| (c) No substantial disposal of fixed assets has taken place during the year, which would have affected the going concern. | No Comments |

II.

- | | |
|---|--|
| (a) The inventory has been physically verified during the year by the management at reasonable intervals except for inventories of Westland Helicopters and inventories scrapped but not disposed off at Northern Region and Inventory lying out of Country for repairs/ maintenance. | Action is in progress in respect of items scrapped but pending disposal. |
| (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business in respect of inventory verified. | No Comments |



- (c) The company is maintaining proper records of inventory and discrepancies noticed on physical verification, which were not material, have been properly dealt with in the books of account. No comments
- III. According to the information and explanation given to us by the management and records produced, there are no parties covered in the register maintained u/s 301 of the Companies Act, 1956. Accordingly clauses iii (b), iii (c) and iii (d) are not applicable. No comments
- IV. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for hiring charges of helicopters. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control. No comments
- V. According to the information and explanations given to us by the management and record produced, there are no transactions in the company that need to be entered into the register in pursuance of section 301 of the Companies Act, 1956. No comments
- VI. According to the information and explanations given to us, and as per our examination of records, the company has not accepted any deposits from the public and therefore, the directives issued by the Reserve Bank of India and provisions of section 58 A and 58AA of the Companies Act, 1956 and rules framed there under, are not applicable. No comments
- VII. In our opinion, the company has an internal audit system which commensurate with its size and nature of the business. No comments
- VIII. The Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, for the company. No comments



- IX. (a)** The company is regular in depositing statutory dues like provident fund, income tax, sales tax, wealth tax, custom duty, cess and other material undisputed statutory dues with the appropriate authorities. No comments
- (b)** According to the information and explanations given to us, no undisputed amounts payable in respect of Statutory dues were in arrear, as at 31st March, 2009 for a period of more than six months from the date they become payable. No comments
- X.** The clause relating to accumulated losses is not applicable. No comments
- XI.** The company has not defaulted in repayment of dues to any financial institution or bank or debenture holders.
- XII.** According to the information & explanations given to us, and as per our examination of records, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. No comments
- XIII.** According to the information & explanations given to us, and as per our examination of records, the provisions of clause relating to Chit Fund or nidhi/ mutual benefit fund/societies are not applicable to the company. No comments
- XIV.** According to the information & explanations given to us, and as per our examination of records, the company has not dealt in or traded in shares, securities, debentures during the year. In respect of investments in the shape of fixed deposits with banks the company has maintained proper records of transactions and timely entries have been made therein. All such investments have been held by the company in its own name. No comments
- XV.** According to the information and explanations given to us and records No comments



- examined by us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
- XVI.** According to the information & explanations given to us, and as per our examination of record, the company has not obtained any term loans. No comments
- XVII.** According to the information & explanations given to us, and as per our examination of records, the company has not used funds raised on short terms basis for long terms investment and vice versa. No comments
- XVIII.** The clause relating to preferential allotment of shares is not applicable. No comments
- XIX.** The clause regarding issue of debentures is not applicable. No comments
- XX.** The provisions of this clause relating to raising of money by means of public issue are not applicable. No comments
- XXI.** According to the information & explanations given to us, and as per our examination of records, no fraud on or by the company has been noticed or reported during the year. No comments

For V.K.Verma & CO.
Chartered Accountants

(V. Kumar)
Partner
M. No.503826

Place: New Delhi

Dated: 11.08.2009



Annexure 'B' to the Directors' Report

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF PAWAN HANS HELICOPTERS LIMITED FOR THE YEAR ENDED 31 MARCH 2009

The preparation of financial statements of **Pawan Hans Helicopters Limited** for the year ended 31 March 2009 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 11 August 2009.

I on behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956 of the financial statements of **Pawan Hans Helicopters Limited** for the year ended 31 March 2009. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619 (4) of the Companies Act, 1956.

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

(Birendra Kumar)
Principal Director of Commercial Audit
& ex-officio Member, Audit Board-I,
New Delhi.

Place: New Delhi

Dated: 15th December 2009



Annexure 'C' to the Directors' Report

STATEMENT OF PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A) OF COMPANIES ACT 1956, READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF DIRECTOR'S REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2009

Sl. No.	Name	Age	Qualification	Designation	Joining Date	Experience	Remuneration Received (Rs.)	Last Employment
1	2	3	4	5	6	7	8	9
A. Employed throughout the year under review and were in receipt of remuneration aggregating not less than Rs. 24,00,000/- per annum								
1	Major H.S. SANDHU**	60	TDC, PTJ	G.M.(OPS)	02/11/1989	19Years	32,74,947	Indian Army
2	Col. RPS MAHAL	49	Intermediate	DGM(Ops)	19/02/1997	12Years	26,41,185	Indian Army
3	Col. Sardul Singh	49	B.Sc.	Captain	01/10/1997	2Years	26,97,674	Indian Army
4	Capt. J.B. Singh	50	M.A.	Commander	01/10/2007	2Years	26,45,563	Indian Army
5	Capt. B.V. Baduni	49	M.Sc.	Captain	01/10/2000	2Years	26,04,740	Indian Air Force
6	Col. Akshay Mehrotra	48	B.Sc.	Captain	19/03/2007	2Years	29,06,664	Indian Army
7	Col. Paramjit Singh	47	B.A.	Captain	13/03/2007	2Years	27,91,575	Indian Army
8	Col. A.S. Parmar	50	MBA	Captain	15/05/2007	2Years	26,36,741	Indian Army
9	Brig. Anil Nanda	54	M.Sc.	Captain	25/06/2007	2Years	27,63,388	Indian Army
10	Col. Jeyraj Edward	53	MAPGD(HRM)	Captain	24/09/2007	2Years	25,93,425	Indian Army
11	Col. P.K. Juneja	52	NDA	Captain	24/09/2007	2Years	26,44,437	Indian Army
12	Gp. Capt. P.P. Singh	61	Ex.NDA	Captain-C	04/08/2008	13Years	26,08,180	Indian Air Force
13	Col. P.S. Marwaha	60	BA PGD(HRD)	Captain-B	03/02/2009	1Year	26,14,207	Indian Army
14	Cdr. A. P. Singh	46	Pre-University	Sr. Cdr.	20/03/1989	20Years	36,06,320	-
15	Cdr. Ramesh Ohatkar	47	B.Sc.	Sr. Cdr.	27/03/1989	20Years	31,20,811	-
16	Cdr. Pawan Rathore	54	NDA	Sr. Cdr.	24/09/1990	18Years	36,67,367	Indian Navy
17	Cdr. Y.S. Das	56	B.A.	Sr. Cdr.	17/02/1997	12Years	37,59,258	Indian Air Force
18	Cdr. P.K. Rukhaiyar	44	B.A.	Captain	24/09/2007	1Year	24,60,746	Indian Navy
19	Cdr. P.D. Shriname	59	Ex.NDA	Sr. Cdr.	29/10/1987	21Years	42,06,240	Indian Army
20	Cdr. A.K. Govil	58	B.Sc.	Sr. Cdr.	20/01/1990	19Years	42,17,265	Indian Navy
21	Cdr. E. Samuel	53	H.S.C.	Sr. Cdr.	20/05/1988	20Years	34,39,483	-
22	Cdr. Darshan Singh	47	Inter-Science	Sr. Cdr.	14/06/1988	20Years	33,73,174	-
23	Cdr. M.V. Alexander	49	B.Sc.	Sr. Cdr.	14/06/1988	20Years	34,16,375	-
24	Cdr. Vikas Nigam	44	B.A.	Sr. Cdr.	18/05/1989	19Years	33,36,410	-
25	Cdr. Subhash Chander	57	H.S.C.	Cdr.	12/12/1996	12Years	44,09,088	Indian Air Force
26	Cdr. Rohit Rai	57	M.Sc.	Sr. Cdr.	20/02/1997	12Years	32,40,455	Indian Air Force
27	Cdr. R.S. Dhanda	56	M.Sc.	Sr. Cdr.	07/04/1997	10Years	40,45,028	Indian Army
28	Capt. Anand Mohan	46	B.A.	Captain	22/03/2006	3Years	30,95,456	Indian Navy
29	Capt. M.S. Bains	53	H.S.	Captain	01/10/2007	1Year	30,65,191	Indian Air Force
30	Capt. Amarjeet Singh	52	M.Sc.	Captain	01/10/2007	1Year	24,67,399	Indian Air Force
31	Capt. D.S. Mokha	64	B.Sc.	Captain	26/11/2007	1Year	27,51,228	Indian Navy
32	Capt. Rakesh Gaiand	39	B.A.	Captain	28/01/2005	4Years	29,30,772	Indian Air Force
33	Capt. J.A. Royappan	55	B.Sc.	Captain	11/02/2005	4Years	26,83,466	Indian Air Force
34	Capt. V.S. Malhotra	64	Pre-Science	Captain	02/03/2006	3Years	34,26,708	Indian Navy
35	Capt. D.S. Dhanoya	62	B.A.	Captain	04/04/2006	2Years	28,28,280	Indian Army
36	Capt. T.K. Mishra	62	B.Sc.	Captain	10/07/2007	2Years	24,72,509	Indian Navy
37	Capt. I.M. Simoes	62	S.S.C.	Captain	01/10/2006	2Years	30,05,647	Indian Air Force
38	Capt. S.K. Verma	62	Inter	Captain	02/01/2007	2Years	28,84,927	Indian Air Force
39	Cdr. Ashok Khosla	61	Ex.NDA	Captain	03/10/2007	1Year	30,44,732	Indian Army

** The pilot has superannuated on 31.01.2009

NOTE:

- None of the above Employees are related to any of the Directors.
- Remuneration includes Salary and Allowances, Medical Reimbursement, Company Leased Accommodation, Conveyance Reimbursement etc., and related Arrears for earlier Years, if any.



EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

Alteration in Main Object Clause of Memorandum of Association of PHHL for commencement of new businesses.

A. Main Objects to be pursued by the Company on its incorporation (clauses 1 to 3) are:

1. To plan, promote, develop, organize, provide and operate air support services to meet the requirements of Petroleum Sector including Oil and Natural Gas Commission, which would include services by Helicopter and such other services as may be determined.
2. To operate scheduled/non-scheduled services by Helicopter and such other means as may be determined by the Government in inaccessible areas and difficult terrains and to provide intra-city transportation for the carriages of passengers, mail and freight and for any other purpose.
3. To operate Tourist Charters by Helicopters and to undertake any other operations that may be directed/requisitioned by the Government.

It is proposed to incorporate more objects as Main Objects of the Company for setting up of Training Institute, Safety Audit & Excellence Institute, business of fixed wing aircrafts, sea planes and for Heliport/Helipad. These objects are considered to be in furtherance for pursuing of the existing main business of the Company (these may be combined conveniently and advantageously with the existing business of the Company) more conveniently and economically as also to attain its main purpose by new and

improved means. The Ministry of Civil Aviation has given approval for the same. The clauses may be read as under:-

- i) "To promote, operate and undertake setting up of Training Institute for training of Aircraft Maintenance Engineers, Pilots, Flight Engineer, Dispatcher, Technicians and other categories aimed at skill development for obtaining a licence in their respective areas of specialization and Institute for Safety Audit & Excellence individually or under joint venture and for the said purpose, acquire proprietary rights, assets & liabilities and undertake all necessary work of Training Institute and Safety Audit & Excellence Institute."
- ii) "To purchase, lease, provide, repair, overhaul, hold, dispose-off and operate Fixed Wing Aircrafts, Sea Planes and any other types of aircraft individually or under joint venture and to plan, promote, develop, organize and operate scheduled/non-scheduled services by the same."
- iii) "To plan, promote, invest, develop, organize, purchase/lease land, provide, construct, hold, dispose-off, participate/create joint venture and operate Heliports/Helipads and other support services directly or on Public-Private Partnership basis or with any Central/State Government agency/Department and provide consultancy to others for planning, design and implementation of any Heliport or Helipad."

None of the Directors is interested in personal capacity in respect of the above Special Resolutions. Accordingly, the Shareholders are requested to approve alteration in the Memorandum of Association of the Company by passing Special Resolution as per Section 17 of the Companies Act.