

ANNUAL REPORT
2009-10



PAWAN HANS HELICOPTERS LIMITED

OUR AIM

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

CONTENTS

• Board of Directors	4
• Management Team	5
• Notice	6
• Directors' Report	7
• Financial Highlights	21
• Summarized Accounts	23
• Accounts for the Year	24
• Cash Flow Statement	58
• Auditors' Report	59
• Report of the Comptroller & Auditor General of India	66
• Particulars of Employees	67
• Explanatory Statement	69



BOARD OF DIRECTORS



R.K. Tyagi
Chairman-cum-Managing Director



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



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



Rohit Nandan
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 Samir Sahai, I.F.S.
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
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
Deputy General Manager (Materials)	Shri S.K. Sharma
Deputy General Manager (Administration)	Wg. Cdr. Sanjay Seth
General Manager (Northern Region)	Shri Sanjiv Bahl
General Manager (Western Region)	Shri Subir Kumar Das

Registered office

Safdarjung Airport
New Delhi -110 003

Corporate office

C-14, Sector-1,
NOIDA-201301

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
Punjab National Bank



NOTICE FOR 25TH ANNUAL GENERAL MEETING

**ALL SHAREHOLDERS,
PAWAN HANS HELICOPTERS LIMITED.**

NOTICE is hereby given that the 25th Annual General Meeting of the Company is scheduled to be held on Friday, the 3rd December, 2010 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 31.3.2010, the audited Profit & Loss Account for the year ended on 31st March 2010, along with the Auditors' Report, comments of C&AG thereon and Directors' Report.

SPECIAL BUSINESS

2. INCREASE IN THE AUTHORISED EQUITY SHARE CAPITAL OF THE COMPANY.

If deemed fit, to pass with or without modification, the following special resolutions for increase in share capital of the Company:-

i) INCREASE IN THE AUTHORISED EQUITY SHARE CAPITAL

"RESOLVED THAT authorized equity share capital of the Company be and is hereby increased from Rs.120 crores to Rs.250 crores by way of issue of 1,30,000 equity shares of Rs.10,000/- each for a total value of Rs. 130 crores.

ii) AMENDMENT IN MEMORANDUM OF ASSOCIATION OF THE COMPANY

RESOLVED THAT Clause V of Memorandum of Association of the Company be and is hereby altered so as to substitute the following Clause No.V "The Authorised Share Capital of the Company is Rs. 250,00,00,000/-(Rupees Two Hundred Fifty crores) divided into 250,000 (Two Lakh Fifty Thousand) equity shares of Rs.10000/- (Rupees Ten Thousand) each."

iii) AMENDMENT IN ARTICLES OF ASSOCIATION OF THE COMPANY

RESOLVED THAT Clause 4 of Articles of Association of Pawan Hans Helicopters Limited be and is hereby altered so as to substitute the following Clause as Clause No.4 " The Authorised Share Capital of the Company is Rs. 250,00,00,000/-(Rupees Two Hundred Fifty crores) divided into 250,000 (Two Lakh Fifty Thousand) equity shares of Rs.10000 (Rupees Ten Thousand) each, of which not less than 51% shall be subscribed by the President of India and the balance shall be subscribed by the Oil and Natural Gas Corporation Ltd."

iv) FURTHER ISSUE OF EQUITY SHARE CAPITAL

RESOLVED THAT pursuant to Section 81 (1A) and other applicable provisions of the Companies Act 1956 and in accordance with the provisions of the Memorandum and Articles of Association of the Company and other rules/regulations/guidelines/notifications/circulars issued from time to time by the Government and other authorities, the Board of Directors of the Company is hereby authorised to issue equity capital of Rs.36 crores comprising of 36,000 equity shares of Rs.10,000/- each in favour of President of India through Ministry of Civil Aviation and Rs.95.85 crores comprising of 95,850 equity shares of Rs.10,000/- each in favour of Oil & Natural Gas Corpn. Ltd.

FURTHER RESOLVED THAT for the purpose of giving effect to issue or allotment of ordinary shares as described above, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary to effect the issue and allotment of the shares including to delegate any of the powers herein conferred to any officer of the Company.

3. TO CONSIDER AND APPROVE FINANCING THROUGH EXTERNAL BORROWING BEYOND THE PAID UP CAPITAL AND FREE RESERVES OF THE COMPANY FOR ACQUISITION OF HELICOPTERS.

If deemed fit, to pass with or without modification, the following resolution :-

"RESOLVED THAT pursuant to provisions of section 293 (1)(d), other applicable provisions of the Companies Act, 1956 and Article No.25 & 48 (xiv) of the Articles of Association of the Company, approval of the shareholders is hereby accorded to the Board of Directors of the Company to borrow money beyond the aggregate of the paid up capital of the company and its free reserves (otherwise than in the ordinary course of business) from ONGC, NTPC and Banks/ Financial Institutions upto the limit of Rs.406.30 crores.

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

NEW DELHI.
November 8, 2010

(Sanjiv Agrawal)
Company Secretary

NOTES:

- A member entitled to attend and vote at the meeting is entitled to appoint a Proxy who need not be a member of the Company to attend and vote instead of himself. Proxies in order to be effective must be deposited at the registered office of the Company not less than 48 hours before the meeting. A blank Proxy Form is enclosed.
- For Special Business regarding increase in share capital and borrowing limits, Explanatory Statement is attached.



DIRECTORS' REPORT

*The Shareholders,
Gentlemen,*

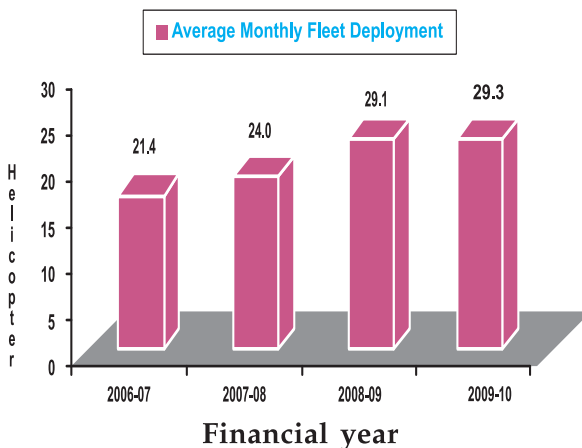
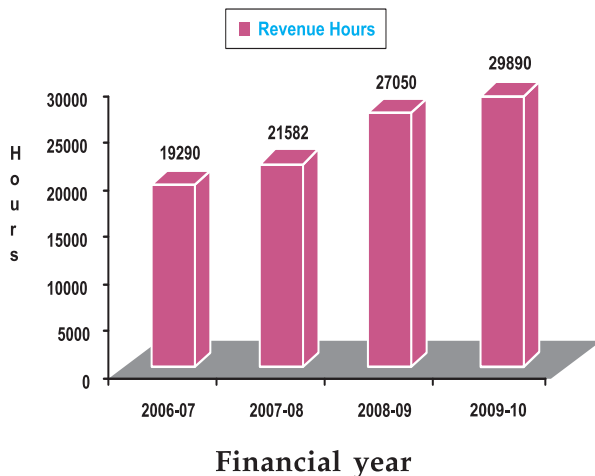
Your Directors have immense pleasure in presenting the Twenty fifth Annual Report of the Company together with the audited accounts and the Report of the Comptroller and Auditor General of India for the year ended on 31st March, 2010.

I. Operations

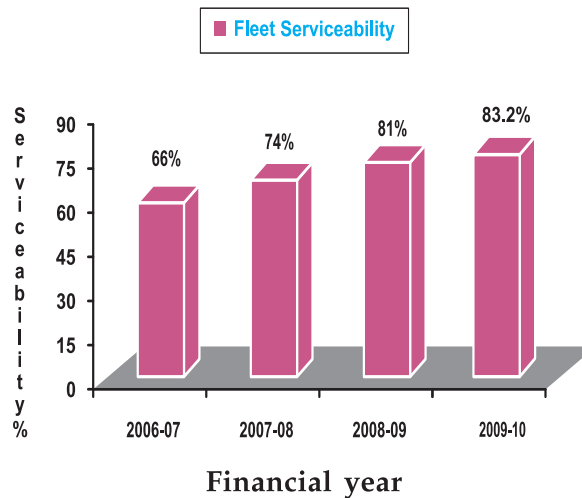
a) Operational results

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 2009-10 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 31.3.2010 comprises of the following :-

Helicopter type	No. of helicopters
Dauphin SA365N	18
Dauphin AS365N-3	8
Bell-407	4
Bell 206L4	3
MI-172	2
Total	35

c) Fleet deployment

As on 31.03.2010, 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 namely Punjab, Meghalaya, Jharkhand and also to Ministry of Home Affairs. The Company also provided three Dauphin helicopters to the



Dauphin Helicopter performing Off-Shore task for ONGC

Administration of Andaman & Nicobar Islands and two Dauphin helicopter to Lakshadweep. 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 with GAIL. The Company runs the helicopter passenger services from Phata to the Holy Shrine of Kedarnath during the May-June and September-October seasons. The Company was able to achieve record revenue from operations at Phata during two seasons, namely May-June and September-October 2009 by carrying 10802 passengers. The Company also operates helicopter passenger services at Mata Vaishno Deviji from Katra to Sanjichat. The operations have been very successful as it carried over 1,24,000 passengers during the financial year 2008-09 and 2,02,624 passengers during the financial year 2009-10. The Company has also succeeded in obtaining award for deployment of 02 helicopters in the year 2010 for Shri Amarnath Shrine Board during the yatra season in July – August 2010.

The Company has undertaken for M/s. Power Grid Corporation of India Ltd. Hotline

Washing of insulators of the power transmission lines for 5 months in 2008 and for 3 months in 2009. These operations were successfully carried out in India for which the Company hired the operational services and washing equipment from abroad.

The Company has also got Operation & Maintenance Contract of 01 Dauphin N3 helicopter of Government of Gujarat, 2 Dhruv helicopters owned by ONGC and 4 Dhruv helicopters owned by BSF (MHA) in 2009 with M/s. HAL.

d) Fleet Augmentation

The Company signed Purchase Agreement for 3 nos. single engine light helicopters (AS 350-B3) on 03.04.2009 with M/s Eurocopter, France and received delivery of the same in July/August 2010. Further, Company also signed Purchase Agreement for 7 nos. twin engine Helicopters with M/s Eurocopter, France on 30.12.2009 and received delivery of 3 Dauphin N3 helicopters in July-September 2010. Agreement has also been signed on 31.07.2010 exercising option clause for 3 additional Dauphin N3 helicopters. The deliveries are being received in a phased manner. The Company has also signed agreement for purchase of 02 heavy duty Mi-172 helicopters with the manufacturer in August 2010. Further, for procurement of



two twin engine light helicopters and two ultra light helicopters for training, global tender bids are being invited.

e) Funding for acquisition of Dauphin N3 fleet.

The Company has signed agreement with ONGC on 13.08.2010 for term loan of Rs.275 crores being 80% of the estimated cost for purchase of 07 new Dauphin N3 helicopters at the rate of interest based on SBI base rate plus 150 basis points, presently 9% p.a. The loan is repayable in 60 monthly installments from the date of drawal of loan for each helicopter. Out of the said loan, ONGC has so far released loan for 03 Dauphin helicopters. Further, your Company has also signed MoU with NTPC for long term lease of a new Dauphin N3 helicopter for 10 years with loan for 100% funding for that helicopter @ 6% p.a. repayable in 10 years.

f) 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 18 nos. AS-4 complaint Dauphin helicopters after upgrade programme are available.

g) Heliport/Helipad in Delhi and adjoining areas

DDA on 1st June,2009 has allotted 25 acres land near Rohini, New Delhi in the name of Ministry of Civil Aviation for construction of the 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. Feasibility study on development of heliport and other infrastructural facilities was carried out by M/s.RITES and approval of EFC has been obtained for project cost of Rs.64 crores out of which Rs.36 crores will be funded by Government by way of equity contribution to the Company and land cost as Grant-in—aid. Construction of boundary wall has been completed and Helipad is in final stages of completion in Phase-I. Further, DDA has earmarked one hectare land for construction of Helipad at Commonwealth Games Village site near Akshardham, New Delhi and the construction of Helipad and

other infrastructure work was completed before the commencement of Commonwealth Games. The cost of the project will be reimbursed by DDA.

h) Training Academy and Heliport at Hadapsar, Pune

PHHL has proposed to set up a Helicopter Training Academy cum Heliport at the existing Gliding Center. Detailed Project Report has been submitted to Ministry of Civil Aviation and the Ministry has released an amount of Rs.10 crores for the purpose.

i) Increase in Equity Capital

The Ministry of Civil Aviation vide Order No.AV.30020/017/2007-VE(DG) dated 31.03.2010 has decided to contribute equity capital of Rs.36 crores for project cost of Rs.64 crores for Heliport at Rohini. The company has received Rs.15 crores on 31.03.2010 and a further sum of Rs.21 crores on 16th April, 2010 as equity capital contribution. PHHL would be issuing equity shares of Rs.36 crores in favour of President of India after enhancement of the authorized capital from Rs.120 crores to Rs.150 crores for which the formalities are in progress.

With the increase in the paid-up capital by Rs.36 crores, the total equity contribution by Government of India through Ministry of Civil Aviation would be Rs.125.266 crores and ONGC's contribution shall be Rs.24.50 crores.

At the request of PHHL, ONGC has agreed to enhance its equity stake in PHHL upto 49% by converting part loan towards acquisition of new Helicopters to the extent of Rs.95.85 crores into equity. Accordingly, equity of Government of India shall now be 51% and ONGC 49%.

Paid up equity share capital	President of India (Rupees In crores)	%	ONGC Ltd. (Rupees In crores)	%	Total paid-up capital (Rupees In crores)	Total authorized capital (Rupees In crores)
Present paid-up capital	89.266	78.46	24.50	21.54	113.766	120.00
Additional equity contribution	36.00		95.85		131.85	130.00
Total paid - up capital after allotment of additional shares	125.266	51	120.35	49	245.616	250.00

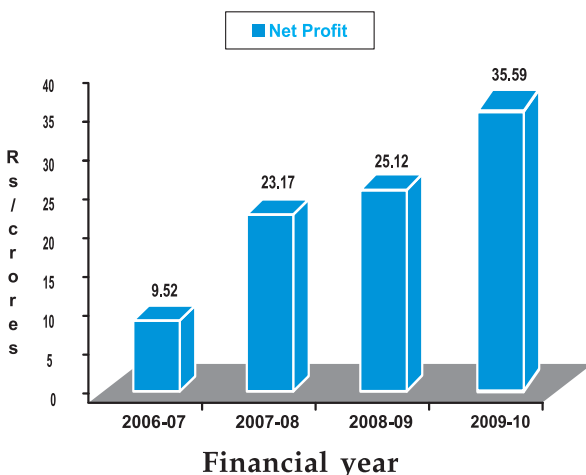
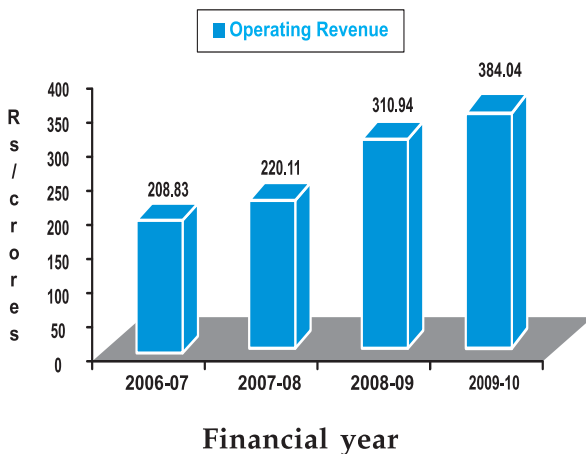


II. Finance

a) Financial Results

Financial performance during the financial years 2008-09 and 2009-10 was as under :

(Rupees/Crores)		
Particulars	2008-09	2009-10
I. Operating Revenue		
- Revenue from Operations	305.93	380.52
- Incidental Revenue	5.01	3.52
Total (I)	<u>310.94</u>	<u>384.04</u>
II. Operating Expenditure		
- Operating Expenditure	254.44	310.38
- Depreciation	36.20	38.21
Total (II)	<u>290.64</u>	<u>348.59</u>
III. Operating Profit (I-II)	20.30	35.45
IV. Interest Income	17.88	12.05
V. Prior Period/Extraordinary Adjustments	9.77	7.64
VI. Profit before Tax	47.95	55.14
VII. Taxes /Deferred Tax Liability	22.83	19.55
VIII. Net Profit after Tax	<u>25.12</u>	<u>35.59</u>



b) Dividend

Your Directors have recommended that in view of significant requirements of funds for Company's growth and diversification, payment of dividend for the financial year 2009-10 may be skipped for utilization of the funds for the ongoing committed capital expenditure programmes. Therefore, no provision for Dividend has been made due to significant cash outflow for the Capital Projects, mainly acquisition of new helicopters and debt-servicing of Loan sanctioned by ONGC. The Company has paid dividend amounting to Rs.11,37,66,000/- @ 10% on the paid up equity capital of Rs.113.766 crores for the previous financial year 2008-09.

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 21st August 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



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

per the decision of the Board of Directors, the Company has submitted in January, 2009 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 31.03.2001 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.

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



CMD, PHHL receiving excellence Award from M/s Eurocopter, France in the presence of Hon'ble Minister for Civil Aviation, Shri Praful Patel



New Dauphin N3 Helicopter being assembled by PHHL at Juhu Aerodrome

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 27 inspections consisting of T/2T/5T(600 hrs./1200 hrs./3000 hrs.) inspection and 2 'G' inspection (5400 hrs.) on Dauphin



Dauphin Helicopter for Medivac operation for ONGC



helicopters were carried out by the Company from within its resources.

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

Joint Venture of PHHL and HAL for Operations & Maintenance

PHHL has signed MoU on 23.07.2010 with HAL for setting up a joint venture for operation & maintenance of ALH Dhruv and Chetak & Cheetah helicopters of Defence Forces. The Boards of HAL and PHHL have given in-principle approval for setting up of the said JV. PHHL would approach Ministry of Civil Aviation for approval of the JV shortly. The JV would have a total investment estimated at Rs.84 crores shared on 50:50

between HAL and PHHL and would operate from Delhi, Pune and Cochin.

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. Manual on Policies and Procedures for purchase of Goods and Services was issued during the Financial Year.

V. Information System & Technology Plan

In order to implement Information System & Technology Plan in the critical functional areas of Operations, Engineering, Materials



Bell 206L4 Helicopter doing hotline washing for transmission lines of Power Grid



& 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 has been implemented. An integrated Voice Communication for Corporate Office, Regional Offices and Detachments has also been implemented. The Company has also commenced e-ticketing in respect of its passenger services operations for Mata Vaishno Deviji, Kedarnathji and Amarnathji. The Company's new website <http://pawanhans.co.in> has been launched.

VI. ISO 14001 and 18001 Certification

The Company has transited from its Quality Management Systems under ISO 9001:2000 standards to ISO 14001 and 18001 Certification which is known as Integrated Management System covering Environment and Safety aspects.

VII. Human-Resources Development

a) Manpower

The staff strength of regular and direct contractual employees as on 31st March, 2010 was 850 as against 804 as on 31st March 2009.

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. Presently, the negotiation on new wage settlement due w.e.f. 1.1.2007 and career progression with non-executive 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 in the last one year at M/s. Helisim, France for Dauphin fleet. Due to a number of retirement / resignation of pilots as well as to meet requirement of fleet expansion, action has been taken for recruitment of experienced and young pilots and their training.

d) Pawan Hans Helicopters Training Institute at Mumbai (PHTI)

The Company has set up in September, 2009 DGCA approved Helicopters Training Institute for technicians and engineers at Mumbai.

e) National Institute of Aviation Safety & Services at Delhi (NIASS)

The Company has started in June 2010 National Institute of Aviation Safety & Services at Delhi for Safety Management System and Safety Awareness in the country. The Institute aims to cater to emerging safety standards and audit compliances in helicopter industry in India and to provide consultancy in conducting audits for various aviation set-ups of PSUs / State Govt. / Pvt. Operators. The Institute would also provide consultancy services to other clients, new start-ups and audits of various helipad / heliport / offshore installations.

f) Equity Contribution in National Flying Training Institute (NFTI) Pvt. Ltd.

AAI and CAE, Canada have set up NFTI at Gondia in which AAI is investing 49% of the total equity of Rs.68 crores and balance by CAE. AAI has proposed to PHHL to invest 10% in the equity of NFTI out of its share and accordingly PHHL would contribute Rs.6.8 crores. So far PHHL has released Rs.2.89 crores and shares for the same has been transferred in the name of PHHL from AAI. Apart from PHHL, NACIL would also contribute in the equity of NFTI. NFTI has already commenced imparting basic pilot licence with fixed wing pilots and expected



to commence courses for training of helicopter pilot in the year 2010-11.

Lease rent to AAI for land/premises.

The Company has been making payments of lease rent/licence fee to Airports Authority of India (AAI) for land/hangar at Juhu Aerodrome, Safdarjung Airport and other places as per the Arbitration award in the year 2003 by Additional Secretary & Financial Advisor, Ministry of Civil Aviation. Since a request has already been made to AAI for reasonable increase in lease rent and the matter will be submitted for fresh arbitration award by AS&FA-MOCA for the period beyond the expiry of the earlier lease period of respective premises. Till the next award, PHHL continued to pay at the last lease rent rates as per the earlier arbitration award.

VIII. Board Of Directors

The Board of Directors held four meetings during the year 2009-10. The Board consists of the following members presently as well as during the financial year 2009-10 :-

At present	
Shri R.K. Tyagi	Chairman-cum-Managing
Dr. S.N.A. Zaidi	Director General of Civil Aviation (from 17.11.08)
Shri E.K. Bharat Bhushan	Additional Secretary & FA, MoCA (from 18.02.2009)
Shri Rohit Nandan	Joint Secretary, MoCA (from 28.12.2009)
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	
Shri Alok Sinha	Joint Secretary, MoCA (from 25.05.2009 to 28.12.2009)
Shri Arun Mishra	Joint Secretary, MoCA (from 13.03.2007 to 25.05.2009)

The Board places on record its appreciation of the valuable services rendered by Shri Arun Mishra and Shri Alok Sinha during their tenure on the Board.

The details of attendance of each Director at the Board meetings and last AGM are as under:-

Name of Director	Date of Board Meetings – attended by Directors				AGM attended by the Directors
	05.06.09	11.08.09	23.12.09	17.03.10	
Shri R.K.Tyagi, CMD	Yes	Yes	Yes	Yes	Yes
Shri E.K.Bharat Bushan, Director	Yes	Yes	Yes	Yes	Yes
Dr.S.N.A.Zaidi, Director	Leave	Yes	Leave	Yes	No
Shri Alok Sinha, Director	Yes	Yes	Yes	-	Yes
Shri Rohit Nandan, Director	-	-	-	Yes	Yes
Shri Sudhir Vasudeva	Leave	Yes	Yes	Leave	Yes
AVM M Bahadur, Director	Yes	Leave	Yes	Leave	Yes

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, 2010, 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 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.
- 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



Bell 407 helicopter at Sanjichatt for Shri Mata Vaishno Devi Helicopter Services

- d) prepared the Annual Accounts on a going concern basis.

X. Corporate Governance

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

The Company has also adopted Guidelines on Corporate Governance issued by DPE on 06.07.2007. DPE has vide OM dated 14.05.2010 made these guidelines

mandatory and PHHL has implemented the DPE guidelines to the maximum extent possible except with regard to appointment of requisite number of independent directors, which is under consideration of the Ministry of Civil Aviation. The Model Code of Conduct has been approved by the Board of Directors in the 110th meeting and the same has been signed by functional heads and Directors and also posted on website of the Company.



Bell 407 Helicopter doing passenger services for Amarnathji shrine at Baltal



MI-172 Helicopter at Arunachal Pradesh

In line with global practices, the Company has made all information required by stake holders available on Company's Corporate website www.pawanhans.co.in

Audit Committee

In compliance to Section 292(A) of the Companies Act, the Board of Directors had constituted an Audit Committee on 24.05.2001 comprising of its Chairman and two members. The Audit Committee review the financial statements, internal control system, internal auditors report, statutory auditors report, comments of C&AG and hold requisite meetings in a financial year. During the financial year 2009-10, the Audit Committee has held meetings on 11.08.2009 and 23.12.2009. Presently the Audit Committee comprise of Shri E.K. Bharat Bhushan, Additional Secretary & Financial Advisor, Ministry of Civil Aviation as Chairman of the Audit Committee, Shri Rohit Nandan, Joint Secretary, Ministry of Civil Aviation and AVM M. Bahadur, ACAS (Ops, T&H), Air Headquarter as Members.

Details as per requirements of DPE guidelines on Corporate Governance

During the years Annual General Meetings held as follows:-

Annual General Meetings	Time of AGM	Venue of the AGM	Special Resolutions, if any
22 nd Annual General Meeting held on 31.12.2007	12.30 PM	Registered Office at Safdarjung Airport, New Delhi-110003	Nil
23 rd Annual General Meeting held on 30.12.2008	2.30 PM	Registered Office at Safdarjung Airport, New Delhi-110003	Nil
24 th Annual General Meeting held on 23.12.2009	12.30 PM	Registered Office at Safdarjung Airport, New Delhi-110003	Alteraction in main object clause of Memorandum of Association for incorporation of new businesses for AME training institute, safety institute, fixed wing aircraft and sea plane operations and development of helipad/ heliport.
25 th Annual General Meeting to be held on 03.12.2010	12.30 PM	Registered Office at Safdarjung Airport, New Delhi-110003	Increase in Authorised Capital from Rs.120 crores to Rs.250 crores and issue of equity shares in the name of President of India and ONGC.



Presidential Directives

The Presidential directive was issued on 1.5.2009 by Ministry of Civil Aviation regarding revision of pay scales and allowances of Board level and below board level executives.

Reporting of Physical & Financial Performance

Physical & Financial performance for each quarter is finalized and submitted to the Board of Directors. The Company's website publishes official news are regularly and promptly displayed on the Company's website. Details of administrative and office expenses as a percentage of total expenses viz. a viz. financial expenses are 10.5%.

Whistle Blower Policy – A Whistle Blower Policy is being implemented as a voluntary initiative. The policy would ensure that a genuine whistle blower is granted due protection from any victimization. The policy would be available to all employees of the Company and uploaded on the intranet of the Company. No personnel has been denied access to the Audit Committee.

XI. Auditors' Report

The observations made by the Statutory Auditors in respect of the Annual Accounts for the financial year 2000-10 together with replies thereto are appended as Annex-A. (Refer to page 59).

The 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 66).

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 67).

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 celebrating Hindi Day/Week, holding Hindi workshops, granting monetary incentives and issuing bilingual advertisements and compliance to Section 3(3) of Official Language Act, 1963.

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. Emerging Scenario

In the emerging scenario, the Company has opportunities and challenges before itself to be competitive, qualitative and cost effective. Pawan Hans is the largest helicopter Company in India and its operating and maintenance standards are of a high order. The Company's relentless pursuit continued



in achieving excellence by effecting all round improvement in safety and performance. It is time for the Company to capitalize on its strength and skills achieving its aim to become a market leader in Asia, in helicopter operations as well as globally competitive in the repair & overhaul of aviation products.

XVII. Acknowledgements

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

The Board expresses its thanks for the confidence reposed by the Oil and Natural

Gas Corporation Ltd., Various State Governments and other customers and all other stake-holders in the operations of the Company.

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

For & on behalf of the
Board of Directors

(R.K. Tyagi)
Chairman cum Managing Director

Date: 3rd December, 2010

Place: New Delhi.



New AS 350B3 Helicopter inducted in PHL's Fleet



MANAGEMENT DISCUSSION & ANALYSIS REPORT

Overview

Helicopter Market Size in India is 268 registered civil helicopters. PHHL owns 41 nos; PSU's/ State Govts. 51 nos. and remaining with Private agencies. There are 6 operators having five or more helicopters in India and PHHL is the largest operator and retains majority market share of commercial operations of helicopters deployed on long term basis. Pawan Hans Helicopters Limited (PHHL) is the country's largest helicopter operator.

Since October, 1986 Pawan Hans has been providing helicopter support for offshore operation of ONGC for carrying its men and vital supplies round the clock to drilling rigs situated in Bombay off-shore platforms. PHHL operates to ONGC's Rigs (mother platforms and drilling rigs) and production platforms (wells) within a radius of 130 nm. from the main land at Mumbai.

The Company achieved flying of more than 5.13 lakhs hours and 19 lakhs landings on its fleet since its formation.

The staff strength as on 31st March, 2010 was 850 as against 804 as on 31st March 2009. The manpower comprise of 148 flying crew, 87 engineers, 5 flight engineers, 49 executives, 236 technicians and 325 support staff.

PHHL's operations are spread throughout the Indian subcontinent with its registered office and Northern Region office at Safdarjung Airport, Corporate Office at Noida and Western Region office at Juhu Aerodrome, Mumbai. For ONGC off-shore operations PHHL provide helicopter services with 15 Dauphin helicopters from Juhu Aerodrome, Mumbai. For non-oil Sector PHHL operates from bases at Kavarati, Chandigarh, Guwahati, Itanagar, Port Blair, Gagtok, Agartalla, Ranchi, Katra, Baroda, Ahmedabad, Patna and Nazira.

In order to strengthen its position in the Offshore Sector, PHHL would further sharpen its offshore skills in production task, Deep sea exploration, Search & Rescue Operations etc. PHHL also would strengthen its position in On-shore Sector by deploying helicopters with State Governments, Heli-tourism and religious areas, EMS, Law enforcement, News-gathering, etc. PHHL would also make efforts for getting more and more Maintenance and operation contract (with customer owned helicopters), setting up of MRO, Sea Planes Operations, Hotline Washing Operations etc.

Mission Statement

"to become a market leader in Asia in helicopter operation and provide repair/overhaul services of helicopter components/ assemblies at par with international standards."

Role of PHHL in the Oil and Gas Industry

The petroleum and natural gas sector constitutes over 15 per cent of the GDP. The Government has awarded a large number of oil and gas exploration blocks under the New Exploration Licensing Policy. The allocation brought in investments worth several billion US\$.

Internal control systems and Adequacy

The Company has a proper and adequate system of internal control to ensure that all activities are monitored and controlled against unauthorized use or disposition of the assets and the transactions are authorized, recorded and reported correctly.

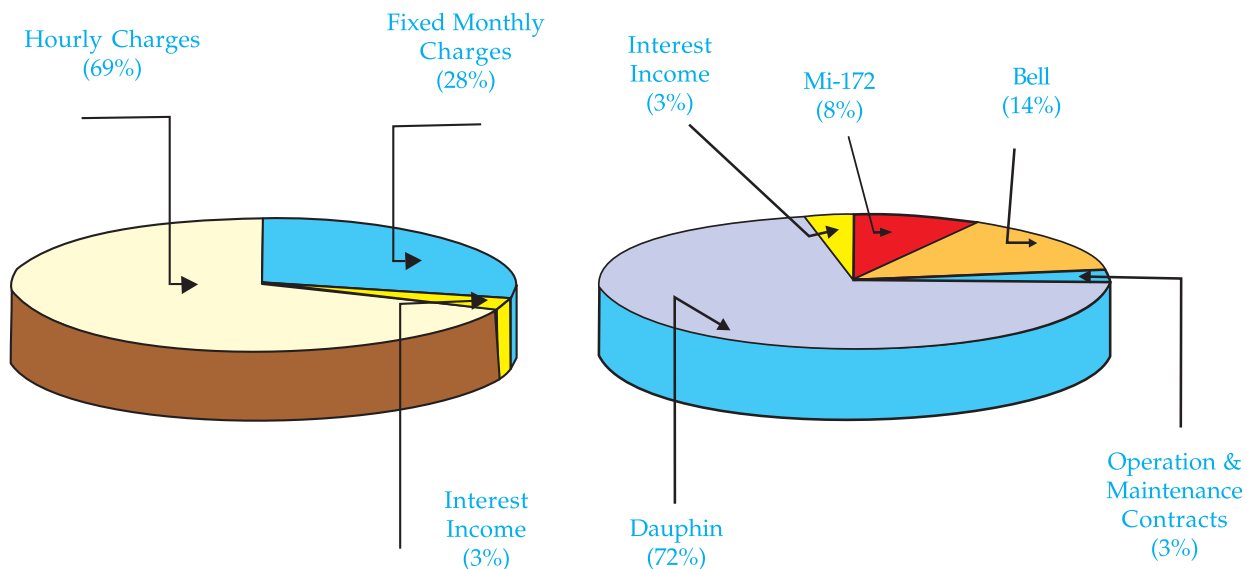
Corporate Social Responsibility and Sustainability (CSRS)

The Company has in September 2010 framed Corporate Social Responsibility and Sustainability (CSRS) Policy based on the guidelines framed by Department of Public Enterprises. The Company would meet the target of spending amount on CSR as per the MoU for the year 2010-11.

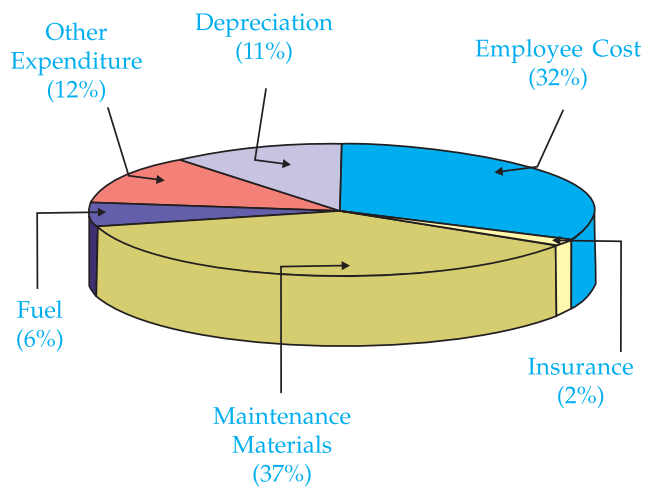


FINANCIAL HIGHLIGHTS (For 2009-10)

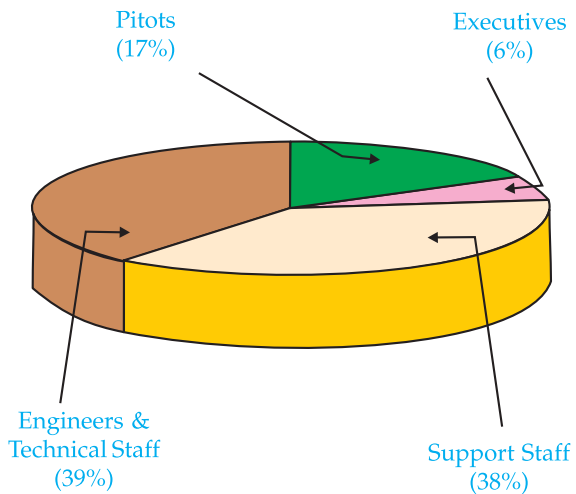
Source of Income



Cost Structure

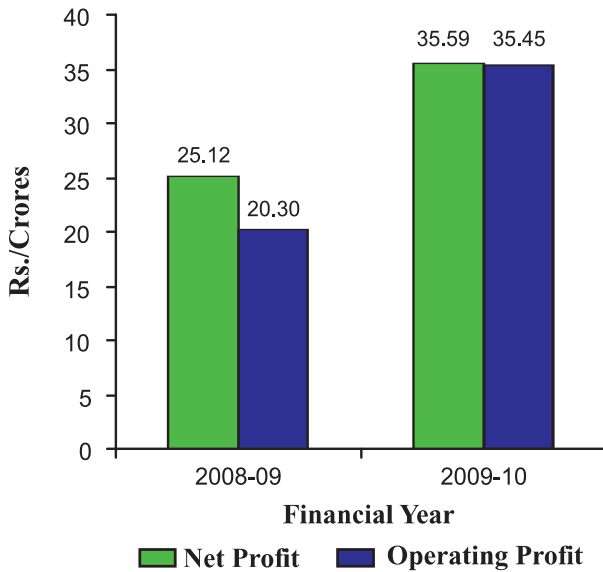


Manpower Profile

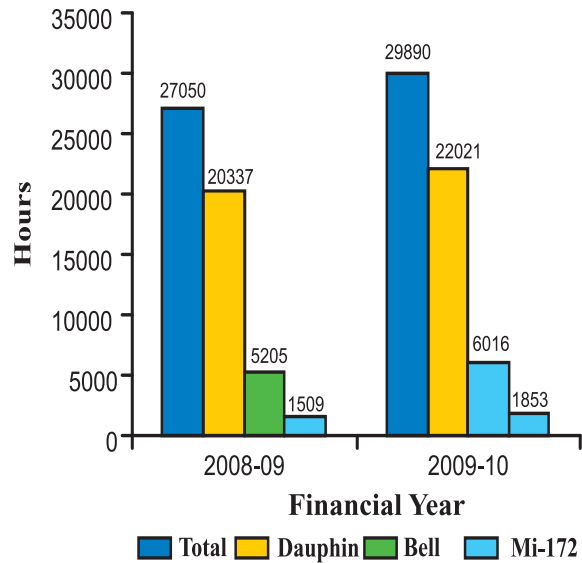




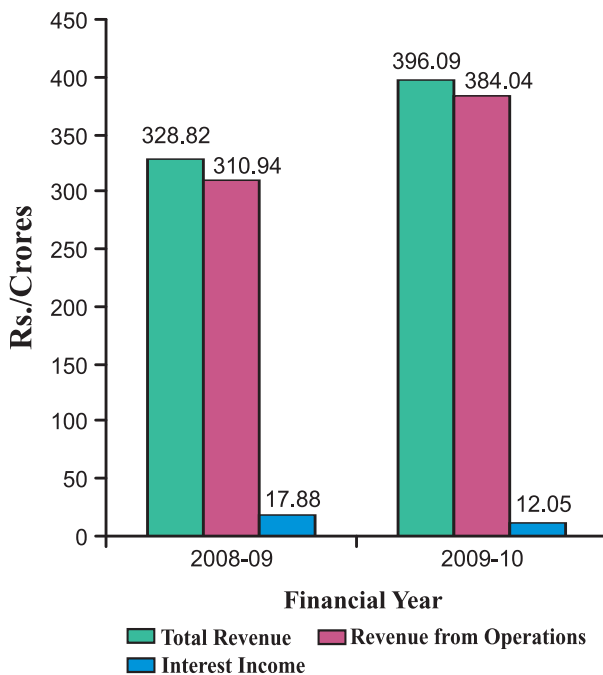
Net Profit & Operating Profit



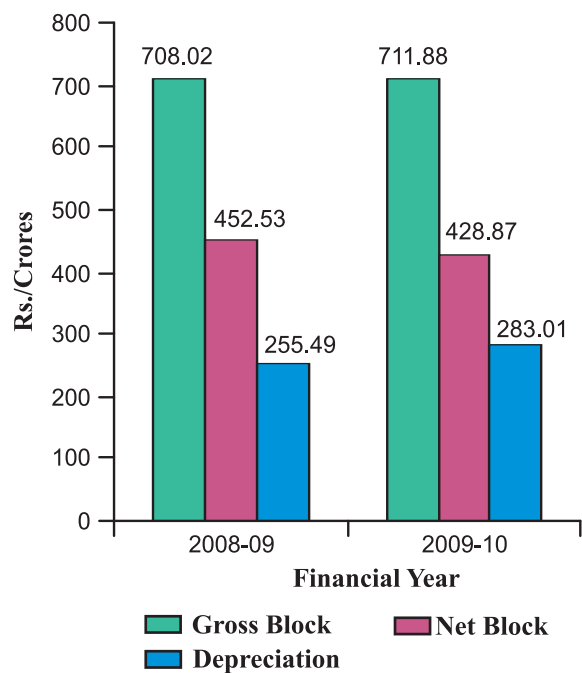
Flying Hours



Revenue



Fixed Assets





SUMMARISED ACCOUNTS

		(In Rs./Crores)			
		2009-10	2008-09	2007-08	2006-07
RESOURCES					
Net Worth		350.96	300.37	288.56	279.79
Deferred Tax Liabilities		77.21	67.06	50.38	47.48
Total		428.17	367.43	338.94	327.27
UTILISATION OF RESOURCES					
Fixed Assets (Including Capital WIP)		749.62	745.29	681.07	546.25
Less : Depreciation		283.01	250.47	215.37	191.00
Net Fixed Assets		466.61	494.82	465.70	355.25
Investment		2.89	-	-	-
Working Capital		(42.41)	(133.53)	(137.97)	(27.98)
Miscellaneous Expenditure		1.08	6.14	11.21	-
Total Capital Employed		428.17	367.43	338.94	327.27
EARNINGS					
Revenue from Operations		384.04	310.94	220.11	208.83
Interest Income		12.05	17.88	23.30	24.96
Total		396.09	328.82	243.41	233.79
OUTGOINGS					
Employee Cost		109.64	81.13	71.20	59.03
Insurance		7.67	6.56	5.48	5.42
Maintenance & Materials		130.04	109.36	68.06	77.32
Fuel		21.23	21.66	16.89	21.24
Other Expenditure & Provisions		41.81	35.73	21.91	17.37
Depreciation		38.21	36.20	30.36	25.67
Total		348.60	290.64	213.90	206.05
Profit for the year before Extraordinary/ Prior period Adjustments		47.49	38.18	29.51	27.74
Prior period/Extraordinary adjustments		7.65	9.77	0.66	(9.13)
Profit before Tax		55.14	47.95	30.17	18.61
Provision for Taxation		9.40	5.50	3.00	0.40
Fringe Benefit Tax		-	0.65	0.55	0.43
Deferred Tax Liability		10.15	16.68	3.45	8.26
Net Profit after Tax		35.59	25.12	23.17	9.52
Dividend Paid		-	11.38	11.38	9.10
Significant Ratios					
a) Net Profit Ratio	$\frac{\text{Net Profit after Tax}}{\text{Total Revenue}}$	9.0%	7.6%	9.5%	4.1%
b) Return on Investment	$\frac{\text{Net Profit after Tax}}{\text{Capital Employed}}$	8.3%	6.8%	6.8%	2.9%
c) Return on Net Worth	$\frac{\text{Net Profit after Tax}}{\text{Net Worth}}$	10.1%	8.4%	8.0%	3.4%
d) Debt Collection Period (months)	$\frac{\text{Operational debtors}}{\text{Avg. monthly Op. Rev.}}$	3.5	3.3	4.2	3.6
e) Inventory Turnover (months)	$\frac{\text{Year end Inventory}}{\text{Avg. monthly Op. Rev.}}$	2.1	2.4	2.0	2.0
f) Current Ratio	Current Assets : Current Liabilities	0.9:1	0.8:1	0.8:1	0.9:1



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 12,000 hours or 25 years hither to 7000 hours or 15 years, whichever occurs first, depreciation is provided at the minimum rate of 5.60% per annum, for upto 480 flying hours each year and for additional hours flown depreciation is charged on the basis of actual hours flown in excess of 480 hours multiplied by the hourly rate computed by dividing 95% of the original cost by 12,000 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 in the Profit & Loss Account " of the year itself.
- e) Provision is made in the accounts on moving weighted average basis for non-moving items of stores, spares and consumables (other than ground support and test equipments, and maintenance tools) which have not been issued for actual use for three consecutive years from the date of last transaction.
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 FORM INVESTMENTS*
- Interest / yield accruing on Deposits / Investments with banks / others is accounted for on proportionate basis upto the end of the financial year at the applicable interest / yield rates.
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, 2010

	Schedule	31st March, 2010	31st March, 2009
<i>(In Rupees)</i>			
I SOURCES OF FUNDS			
1. Shareholders' Funds			
Capital	1	1,13,76,60,000	1,13,76,60,000
Advance against equity shares, pending allotment	2	15,00,00,000	-
Reserves & Surplus	3	<u>2,22,19,53,729</u>	<u>1,86,60,67,637</u>
		3,50,96,13,729	3,00,37,27,637
2. Deferred Tax Liability (Net)	4	<u>77,21,01,593</u>	<u>67,05,68,030</u>
Total (I)		<u><u>4,28,17,15,322</u></u>	<u><u>3,67,42,95,667</u></u>
II APPLICATION OF FUNDS			
1. Fixed Assets			
A. Assets under Active Use			
Gross Block		7,11,87,76,690	6,69,77,24,868
Less : Depreciation Fund		<u>2,83,01,25,402</u>	<u>2,50,46,56,551</u>
Net Block		4,28,86,51,288	4,19,30,68,317
B. Assets retired from Active Use and held for disposal/Impaired Assets			
Gross Block		62,51,07,349	62,51,07,349
Less : Depreciation Fund		52,96,88,433	52,96,88,433
Less : Provision for loss on disposal/ Impairment		<u>9,54,18,916</u>	<u>9,54,18,916</u>
Net Block		-	-
C. Assets currently not in Active use			
Gross Block		2,75,93,114	38,24,63,052
Less : Depreciation Fund		<u>2,62,13,458</u>	<u>5,02,24,054</u>
Net Block		13,79,656	33,22,38,998
D. Capital Work in Progress		<u>37,60,22,861</u>	<u>42,28,50,085</u>
		4,66,60,53,805	4,94,81,57,400
3. Investments	6	2,89,33,530	-
4. Current Assets, Loans, and Advances			
Inventories		68,69,02,563	63,03,76,490
Sundry Debtors		1,13,03,42,642	86,09,32,321
Cash & Bank Balances		1,25,84,19,443	1,50,92,41,266
Loans & Advances		<u>2,04,52,05,501</u>	<u>1,34,94,86,762</u>
		5,12,08,70,149	4,35,00,36,839
Less:			
Current Liabilities & Provisions			
Liabilities	8	5,13,38,69,402	5,23,47,89,044
Provisions		<u>41,10,46,727</u>	<u>45,05,38,024</u>
		5,54,49,16,129	5,68,53,27,068
Net Current Assets		(42,40,45,980)	(1,33,52,90,229)
3. Miscellaneous Expenditure (to be extent not written off or adjusted)		1,07,73,967	6,14,28,496
Total (II)		<u><u>4,28,17,15,322</u></u>	<u><u>3,67,42,95,667</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 : 20th September, 2010



PROFIT AND LOSS ACCOUNT

For the year ended 31st March, 2010

	Schedule	31st March, 2010	31st March, 2009
<i>(In Rupees)</i>			
I INCOME			
Helicopter Hire Charges		3,72,97,18,406	3,07,16,08,587
Less: Deduction for non-provision of Helicopters(AOG)		<u>4,45,30,930</u>	<u>6,08,16,059</u>
		3,68,51,87,476	3,01,07,92,528
Interest Income	9	12,05,37,282	17,87,92,040
Other Income	10	<u>15,52,03,847</u>	<u>9,85,68,078</u>
Total		<u>3,96,09,28,605</u>	<u>3,28,81,52,646</u>
II EXPENDITURE			
Helicopter Maintenance Expenditure		1,15,84,72,772	88,52,62,879
Helicopter Operational Expenditure	11	40,54,14,024	42,49,87,096
Employees' Remuneration & Other Benefits	12	1,09,64,44,624	81,13,12,033
Insurance		7,67,04,242	6,55,84,035
Depreciation	5	38,20,60,906	36,20,03,592
Other Expenses	13	<u>36,68,53,338</u>	<u>35,72,30,550</u>
Total		<u>3,48,59,49,906</u>	<u>2,90,63,80,185</u>
III Profit for the year before extraordinary/ Prior Period Items		47,49,78,699	38,17,72,461
Extraordinary Items	14	7,04,59,964	9,80,37,555
Prior Period Adjustments	15	<u>59,80,992</u>	<u>(3,48,275)</u>
Profit for the year before Tax		55,14,19,655	47,94,61,741
Provision for Taxation (including Wealth Tax/MAT)		9,40,00,000	5,50,00,000
Fringe Benefit Tax		-	65,00,000
Deferred Tax Liability		<u>10,15,33,563</u>	<u>16,67,57,966</u>
Net Profit After Tax		35,58,86,092	25,12,03,775
Profit brought forward from the previous year		<u>1,65,70,67,637</u>	<u>1,53,89,64,394</u>
Profit available for appropriation Appropriations		<u>2,01,29,53,729</u>	<u>1,79,01,68,169</u>
Proposed Dividend		-	11,37,66,000
Corporate Tax on Dividend		-	1,93,34,532
Profit Carried over to Balance Sheet		<u>2,01,29,53,729</u>	<u>1,65,70,67,637</u>
		<u>2,01,29,53,729</u>	<u>1,79,01,68,169</u>
Earnings Per Share (Basic & Diluted) (Face value Rs.10,000/- each)		3,128	2,208

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)

Place : New Delhi.
Dated : 20th September, 2010

R.K.Tyagi
Chairman-Cum-Managing Director

Sanjiv Agrawal
Company Secretary & DGM (Legal)

E.K. Bharat Bhushan
Director

Sanjiv Bahl
General Manager (F&A)



SCHEDULE 1 CAPITAL

	31st March, 2010	(In Rupees) 31st March, 2009
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 ADVANCE AGAINST EQUITY SHARES, PENDING ALLOTMENT

	31st March, 2010	(In Rupees) 31st March, 2009
President of India	<u>15,00,00,000</u>	-
Total	<u>15,00,00,000</u>	-

SCHEDULE 3 RESERVES & SURPLUS

	31st March, 2010	(In Rupees) 31st March, 2009
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>
	20,50,00,000	20,50,00,000
Less: Utilised during the Year	<u>-</u>	<u>-</u>
	20,50,00,000	20,50,00,000
3. Profit & Loss Account	<u>2,01,29,53,729</u>	<u>1,65,70,67,637</u>
Total	<u>2,22,19,53,729</u>	<u>1,86,60,67,637</u>



SCHEDULE 4 DEFERRED TAX LIABILITY

	31st March, 2010	31st March, 2009
<i>(In Rupees)</i>		
1. Deferred Tax Liability		
Tax Arising on Account of Timing Difference		
- Accumulated Depreciation	94,38,48,190	82,07,88,583
Gross Deferred Tax Liability	<u>94,38,48,190</u>	<u>82,07,88,583</u>
2. Deferred Tax Assets		
Tax Arising on Account of Timing Difference		
- Provision for Employee Benefits	12,99,02,553	10,78,97,004
- Provision for Non-moving Inventories	3,21,93,518	3,04,63,548
- Provision for doubtful debts/advances including Interest accrued	96,50,526	1,18,60,001
Gross Deferred Tax Assets	<u>17,17,46,597</u>	<u>15,02,20,553</u>
Net Deferred Tax Liability	<u>77,21,01,593</u>	<u>67,05,68,030</u>



SCHEDULE 5 FIXED ASSETS

GROSS BLOCK

Sl. No.	Particulars	Balance as at 1st April, 2009	Additions during the year	Deletions / Adjustments during the year	As at 31st March, 2010
A. Assets Under Active Use					
1	Land - Leasedhold	58,90,935	-	-	58,90,935
2	Buildings	32,70,51,628	29,73,108	-	33,00,24,736
3	Helicopters & Aero-Engines	4,29,39,60,834	10,74,62,289	-	4,40,14,23,123
4	Airframe & Engine Equipment Rotables	1,74,94,42,154	30,25,77,250	5,26,31,082	1,99,93,88,322
5	Workshop & Ground Support Equipment	21,27,35,026	4,42,02,172	5,13,935	25,64,23,263
6	Training Aid Equipment	22,69,885	-	-	22,69,885
7	Air Conditioning	79,30,989	8,72,690	-	88,03,679
8	Electrical Installations	85,32,543	22,04,326	-	1,07,36,869
9	Furniture & Fixures	1,93,20,714	43,18,461	-	2,36,39,175
10	Office Equipment	1,18,52,782	41,88,716	-	1,60,41,498
11	Vehicles	1,39,49,872	5,61,090	47,780	1,44,63,182
12	Computers	24,411,969	48,84,517	-	2,92,96,486
13	Capitalised Software	1,82,77,378	-	-	1,82,77,378
14	Communication Equipment	20,98,159	-	-	20,98,159
Grand Total		6,69,77,24,868	47,42,44,619	5,31,92,797	7,11,87,76,690
Previous Year		6,06,19,68,492	65,10,10,631	1,52,54,255	6,69,77,24,868
B. Assets Retired from Active Use and held for Disposal/Impaired Assets					
1	Helicopters & Aero-Engines	57,78,07,818	-	-	57,78,07,818
2	Airframe & Engine Equipment Rotables	48,54,343	-	-	48,54,343
3	Workshop & Ground Support Equipment	3,12,53,717	-	-	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
Grand Total		62,51,07,349	-	-	62,51,07,349
Previous Year		67,29,35,527	-	4,78,28,178	62,51,07,349
C. Assets Currently not in Active use					
	Helicopters & Aero-Engines	38,24,63,052	-	35,48,69,938	2,75,93,114
Previous Year		38,24,63,052	-	-	38,24,63,052



DEPRECIATION

NET BLOCK

Upto 31st March, 2009	For the Year	Deletions / Adjustments	As at 31st March, 2010	(In Rupees)	
				W.D.V. as at 31st March, 2010	W.D.V. as at 31st March, 2009
12,40,955	65,455	-	13,06,410	45,84,525	46,49,980
9,56,42,585	1,38,06,627	-	10,94,49,212	22,05,75,524	23,14,09,043
1,61,29,67,941	22,54,52,971	75,88,542	1,83,08,32,370	2,57,05,90,753	2,68,09,92,893
67,22,19,076	12,10,34,115	4,84,94,419	74,47,58,772	1,25,46,29,550	1,07,72,23,078
6,68,22,562	1,04,83,621	4,63,705	7,68,42,478	17,95,80,785	14,59,12,464
15,23,194	99,202	-	16,22,396	6,47,489	7,46,691
34,90,928	3,94,109	-	38,85,037	49,18,642	44,40,061
63,63,340	2,28,986	-	65,92,326	41,44,543	21,69,203
1,12,09,520	15,19,032	-	1,27,28,552	1,09,10,623	81,11,194
54,07,638	8,31,260	-	62,38,898	98,02,600	64,45,144
46,60,130	11,77,643	45,389	57,92,384	86,70,798	92,89,742
1,51,35,840	33,32,823	-	1,84,68,663	1,08,27,823	92,76,129
72,53,735	35,35,400	-	1,07,89,135	74,88,243	1,10,23,643
7,19,107	99,662	-	8,18,769	12,79,390	13,79,052
2,50,46,56,551	38,20,60,906	5,65,92,055	2,83,01,25,402	4,28,86,51,288	4,19,30,68,317
2,15,36,62,489	36,20,03,592	1,10,09,530	2,50,46,56,551	4,19,30,68,317	
50,50,45,725	-	-	50,50,45,725	7,27,62,093	7,27,62,093
40,72,124	-	-	40,72,124	7,82,219	7,82,219
1,31,94,495	-	-	1,31,94,495	1,80,59,222	1,80,59,222
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
52,96,88,433	-	-	52,96,88,433	9,54,18,916	9,54,18,916
55,27,57,588	-	2,30,69,155	52,96,88,433	9,54,18,916	
5,02,24,054	-	2,40,10,596	2,62,13,458	13,79,656	33,22,38,998
5,02,24,054	-	-	5,02,24,054	33,22,38,998	



SCHEDULE 6 INVESTMENTS

	31st March, 2010	(In Rupees) 31st March, 2009
Investment in Equity Capital of National Flying Training Institute, Gondia, Maharashtra	2,89,33,530	-
Total	2,89,33,530	-

SCHEDULE 7 CURRENT ASSETS, LOANS & ADVANCES

	31st March, 2010	(In Rupees) 31st March, 2009
Current Assets, Loans & Advances		
A. Current Assets		
I) Inventories \$ (Certified and valued by Management)		
a) At Cost		
Stores & Spares	80,05,88,732	73,47,38,424
Less: (i) Provision for Non moving Stores & Spares	(9,47,14,676)	(8,96,25,032)
(ii) Provision for Impairment in value	(4,53,13,528)	(4,53,13,528)
	66,05,60,528	59,97,99,864
Goods in Transit	2,15,59,745	2,56,26,044
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	(1,39,30,409)	(1,39,30,409)
	-	-
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	(54,15,882)	(54,15,882)
	-	-
Test Tools Equipment	3,75,04,578	3,35,27,161
Less: Written Off	(3,27,22,288)	(2,85,76,576)
	47,82,290	49,50,582
Training Material	27,17,193	27,17,193
Less: Written Off	(27,17,193)	(27,17,193)
	-	-
Sub Total (I)	68,69,02,563	63,03,76,490

\$ 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).

Contd.....



	31st March, 2010	31st March, 2009
<i>(In Rupees)</i>		
II) Sundry Debtors (Unsecured)		
Debts Outstanding for more than six months		
a) Considered Good	30,71,29,229	51,05,63,532
b) Considered Doubtful	2,00,92,770	1,91,11,673
Other Debts, Considered Good	82,32,13,413	35,03,68,789
	<u>1,15,04,35,412</u>	<u>88,00,43,994</u>
Less: Provision for Doubtful Debts	<u>(2,00,92,770)</u>	<u>(1,91,11,673)</u>
Sub Total (II)	<u>1,13,03,42,642</u>	<u>86,09,32,321</u>
III) Cash & Bank Balances		
Cash in Hand	21,42,418	19,47,763
Balances with Scheduled Banks		
Current Accounts	28,13,00,188	20,01,00,354
Deposit Accounts	93,28,10,573 *	1,26,38,47,582 *
* (Including under lien Rs. 27.41 crores P.Y. Rs. 33.02 crores)		
Interest Accrued on Deposits	4,21,66,264	4,33,45,567
Sub Total (III)	<u>1,25,84,19,443</u>	<u>1,50,92,41,266</u>
Total (A)	<u>3,07,56,64,648</u>	<u>3,00,05,50,077</u>
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	57,89,69,440	5,24,847
ii) Other Advances	1,40,20,78,119	1,28,97,18,003
b) Considered Doubtful	<u>82,99,484</u>	<u>1,57,80,944</u>
	1,48,93,47,043	1,30,60,23,794
Less: Provision for Doubtful Advances	<u>82,99,484</u>	<u>1,57,80,944</u>
	1,98,10,47,559	1,29,02,42,850
* (Including Loans & Advances to staff secured by Assets Rs. 7.76 cores; P.Y. Rs. 7.55 crore) and Deposits made under protest with Income Tax Deptt. Rs. 70.16 crore, (P.Y. Rs. 90.15 crores) refer Note no. 2(C) of Notes to Accounts.		
Loans to Public Sector Undertakings		
i) Considered Good	-	-
ii) Considered Doubtful	7,25,00,000	7,25,00,000
	<u>7,25,00,000</u>	<u>7,25,00,000</u>
Less: Provision for Doubtful Loans	<u>7,25,00,000</u>	<u>7,25,00,000</u>
	-	-
Prepaid Expenses	3,75,71,853	3,33,97,270
Security Deposits	2,65,86,089	2,58,46,642
Sub Total (B)	<u>2,04,52,05,501</u>	<u>1,34,94,86,762</u>
Total (A+B)	<u>5,12,08,70,149</u>	<u>4,35,00,36,839</u>



SCHEDULE 8 CURRENT LIABILITIES & PROVISIONS

	31st March, 2010	31st March, 2009
<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
	<u>4,70,22,21,967</u>	<u>4,70,22,21,967</u>
Sundry Creditors	18,80,41,186 *	32,17,51,323 *
Advance from Customers	2,50,61,647	5,66,41,408
Other liabilities	21,85,44,602	15,41,74,346
	<u>43,16,47,435</u>	<u>53,25,67,077</u>
Sub Total (A)	<u>5,13,38,69,402</u>	<u>5,23,47,89,044</u>
* Amount due to Micro & Small Enterprises : Nil		
B. Provisions		
Proposed Dividend	-	11,37,66,000
Corporate Tax on Dividend	-	1,93,34,532
Employee Benefits	41,10,46,727	31,74,37,492
	<u>41,10,46,727</u>	<u>31,74,37,492</u>
Sub Total (B)	<u>41,10,46,727</u>	<u>45,05,38,024</u>
Total (A+B)	<u>5,54,49,16,129</u>	<u>5,68,53,27,068</u>

SCHEDULE 9 INTEREST INCOME

	31st March, 2010	31st March, 2009
<i>(In Rupees)</i>		
Interest Income from Deposits with Banks [TDS Rs. 1.63 crores ; P.Y.Rs. 3.17 crores]	10,47,09,105	14,84,30,193
Interest on Loans to Employees	33,30,941	35,47,003
Other Interest Income	1,24,97,236	2,68,14,844
	<u>12,05,37,282</u>	<u>17,87,92,040</u>
Total	<u>12,05,37,282</u>	<u>17,87,92,040</u>



SCHEDULE 10 OTHER INCOME

	31st March, 2010	(In Rupees) 31st March, 2009
Operations & Maintenance Contracts	12,00,08,714	4,85,37,273
Provisions No Longer Required	1,49,02,893	3,00,98,500
Profit on Sale of Assets	16,77,793	74,86,170
Miscellaneous Income	1,86,14,447	1,24,46,135
Total	15,52,03,847	9,85,68,078

SCHEDULE 11 HELICOPTER OPERATIONAL EXPENDITURE

	31st March, 2010	(In Rupees) 31st March, 2009
Fuel Expenses	19,12,55,024	20,47,47,254
Landing, Parking and other Expenses	2,10,24,106	1,18,90,333
Liquidated Damages	8,19,40,571	10,71,99,902
Equipment/Specialists Hire Charges	1,93,04,210	3,71,65,354
Commercial expenses	3,19,07,860	2,22,56,564
Other Operating Expenses	20,30,033	12,15,126
Freight,Transportation & Cartage	63,75,447	43,97,697
Storage, Handling & Demurrage Charges	1,07,17,813	76,51,942
Rotables, Stores & Spares Written Off	2,09,89,514	71,43,207
Provision for Non-Moving Inventory/Life Expired Items	49,94,627	9,77,007
Exchange Rate Fluctuations (Net)	1,48,74,819	2,03,42,710
Total	40,54,14,024	42,49,87,096



SCHEDULE 12 EMPLOYEES' REMUNERATION & OTHER BENEFITS

	31st March, 2010	(In Rupees) 31st March, 2009
Salaries, Wages & Other Benefits	89,84,56,894	70,89,58,406
Staff Welfare	1,31,42,436	1,03,11,231
Provident & Gratuity Funds	12,21,27,485	2,52,04,963
Other Staff Expenses	6,27,17,809	6,68,37,433
Total	<u>1,09,64,44,624</u>	<u>81,13,12,033</u>

SCHEDULE 13 OTHER EXPENSES

	31st March, 2010	(In Rupees) 31st March, 2009
Repairs and Maintenance		
Building	1,41,09,099	1,70,40,386
Equipment	42,72,295	14,64,587
Others	<u>1,27,51,910</u>	<u>65,60,326</u>
	3,11,33,304	2,50,65,299
Rent	4,06,11,248	3,54,70,706
Travelling & Conveyance	15,23,19,325	13,43,77,192
Staff Training	3,92,10,846	5,41,63,161
Bank Charges	61,60,426	89,47,121
Electricity & Water	1,31,12,118	1,27,25,200
Telephone & Postage	90,36,083	98,41,947
Advertisement & Publicity	2,32,94,009	2,14,56,201
Printing & Stationery	66,75,270	60,79,974
Vehicle Running & Maintenance	23,57,362	20,27,230
Auditors Remuneration		
- Audit Fees	5,36,709	4,67,187
- Other Expenses	<u>55,000</u>	<u>50,000</u>
	5,91,709	5,17,187
Rates and Taxes	1,20,62,853	84,83,408
Loss on Sale of Assets	-	2,58,164
Amount Written off	-	14,53,894
Less: Provision for doubtful Debts	<u>-</u>	<u>-</u>
Net Amount Written off	-	49,666
Provision for Doubtful Debts & Advances	25,21,773	93,67,421
Miscellaneous Expenses	<u>2,77,67,012</u>	<u>2,84,00,673</u>
Total	<u>36,68,53,338</u>	<u>35,72,30,550</u>



SCHEDULE 14 EXTRAORDINARY ITEMS

	31st March, 2010	(In Rupees) 31st March, 2009
A. Credits		
Surplus on Settlement of Insurance Claims	7,04,59,964	9,80,37,555
Total	<u>7,04,59,964</u>	<u>9,80,37,555</u>
B. Debits		
	-	-
Total (B)	<u>-</u>	<u>-</u>
C. Net Credit/(Debits) (A-B)	<u>7,04,59,964</u>	<u>9,80,37,555</u>

SCHEDULE 15 PRIOR PERIOD ADJUSTMENTS

	31st March, 2010	(In Rupees) 31st March, 2009
A. Credits		
Depreciation	1,13,06,826	-
Capitalisation of expenses	-	28,94,091
Other Items	27,55,012	9,09,418
Total (A)	<u>1,40,61,838</u>	<u>38,03,509</u>
B. Debits		
Repair & Maintenance Expenses (Net)	12,06,858	-
Billing /Claim on customer for earlier years	10,70,099	40,52,461
Other Items	58,03,889	99,323
Total (B)	<u>80,80,846</u>	<u>41,51,784</u>
C. Net Credit/(Debits) (A-B)	<u>59,80,992</u>	<u>(3,48,275)</u>



SCHEDULE 14

CONTINGENT LIABILITIES AND NOTES TO ACCOUNTS

(Annexed to and forming part of the Annual Accounts for the year ended 31st March, 2010).

1. Estimated amount of contracts remaining to be executed on capital account (net of advances paid) and not provided for Rs 323.73 crores (P.Y. Rs. 3.16 crores).

2. *Contingent Liabilities*

a) Counter guarantees given to Bank Rs 20.23 crores (P.Y.Rs.15.92 crores).

b) Outstanding letters of credit Rs. 30.09 crores (P.Y. Rs. 21.44 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. 55.47 crores (P.Y.Rs. 54.88 crores) against which the Company has deposited under protest/adjusted against refund due from Tax department up to 31.03.10, in aggregate Rs.70.16 crores (P.Y. Rs. 90.15 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 9.59 crores (P.Y. Rs.10.50 crores).

iii) Other matters Rs 5.09 crores (P.Y. Rs. 4.70 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 01.04.2001 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 3.97 crores (P.Y Rs.3.63 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 2 Dauphin helicopters AS4 compliant. The cost of man-hours incurred amounting to Rs. 0.55 crore has been capitalized.

7.2 Fixed Assets includes Rotables and Repairables (Gross Value)



amounting to Rs 25.14 crores (P.Y. Rs.43.63 crores) sent abroad for repairs but lying with repair agencies as at 31st March'2010. However, most of the items have been received back by the company after 31st March 2010 duly repaired.

8. Depreciation

8.1 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 rotatables 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 rotatables 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 rotatables 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 rotatables 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 Auditors.

8.2 In order to align the existing Accounting Policies with mandatory accounting standards and to frame the appropriate depreciation policy for Mi-172 helicopters the accounting policy for the F.Y. 2009-10 has been changed to " In the case of Mi- 172 helicopters taking into consideration



the life limitation of 12000 hours or 25 years, whichever occurs first, depreciation is provided at the minimum rate of 5.60% p.a. As a result of this change the depreciation on the rotables for the Current Year 2009-10 has been charged @ 11.03% instead of 53.70% and accordingly the profit for the year has gone up by Rs. 0.82 crore (P.Y. Nil).

9. *Inventories*

9.1 On a review of inventory of non-moving stores, spares and consumables, provision of Rs 0.50 crores (P.Y. Rs. 0.10 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 some parties 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 our Significant Accounting Policies relating to transaction in Foreign Currency, losses and gains due to exchange fluctuations arising out of :

- a) re-statement of liabilities on account of outstanding payments for purchase of fixed assets and inventories; and
- b) 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 0.14 crore (Credit); P.Y. Rs. 1.13 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 and the reconciliation is in progress. Necessary rectification entries, if any, will be passed when requisite information is made available to the Company by IOC. However, IOC's excess claim of Rs. 0.03 crores (i.e. Rs. 0.17 crores in IOC books and Rs. 0.14 in PHHL books) reflected as receivable from PHHL is considered as Contingent Liability after considering the security deposit of Rs. 2.91 crores against the total outstanding of Rs. 3.08 crores at the year end as per IOC books of accounts.

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 remaining amount

of Rs. 4.52 crores has been charged to Profit and Loss Account in the financial years 2008-09 and 2009-10.

12. Confirmation for balances as at 31st March 2010 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. 01.01.2007, an ad-hoc provision of Rs 25.10 crores (P.Y.Rs. 21.11 crores) has been made for the period from 1st April 2009 to 31st March 2010 for regular as well as contractual employees. During the year F.Y. 2009-10, 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. While pay scales have been revised for Executives, revision of allowances and other benefits are under consideration. Pay scales and allowances for other categories of employees is under discussion with the Guilds / Unions. A sum of Rs 21.04 crores (P.Y. Rs. 22.08 crores) including arrears of pay upto 31.03.2010 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 19.28 crores (P.Y. Rs. 15.22 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 and Baggage Allowance / Provision for Pay Arrears in the



Profit & Loss A/c are given below :-

(Fig. in Rs./Crores.)

Particulars	Opening Liability as on 31.03.2009	Created/ Adjusted during the Year	Closing Liability as on 31.03.2010
Gratuity Liability	13.24	9.12	22.36
Earned Leave	7.33	2.67	10.00
Half Pay Leave	6.07	(0.55)	5.52
Post Retirement Medical Benefit Scheme	2.04	0.31	2.30*
LTC	0.99	0.03	1.02
Baggage Allowance upon Retirement	0.10	0.01	0.11

* subject to adjustment of prorata premium of Rs. 0.05 crores paid to Insurance Co.

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 31.03.2010 (Non-funded)	Baggage Allowance/ LTC/PRMBS as on 31.03.2010 (Non-funded)	Gratuity as on 31.03.2010 (funded)
A) Changes in Present Value of Obligation			
(i) Present value of obligation as at the beginning of the period (01.04.2009)	13.40	3.13	13.24
(ii) Interest Cost	1.01	0.23	0.99
(iii) Past Service Cost	-	-	9.01
(iv) Current Service Cost	1.10	0.61	1.32
(v) Curtailment / Settlement cost	-	-	-
(vi) Benefits paid	(1.12)	(0.45)	(0.65)
(vii) Actuarial (gain) / loss on obligation (Balancing figure)	1.13	(0.09)	(1.55)
(viii) Present value of obligation as at the end of the period (31.03.2010)	15.52	3.43	22.36
B) Changes in fair value of plan assets			
(i) Fair Value of plan assets as at the beginning of the period (01.04.2009)	-	-	14.38
(ii) Expected return on plan assets	-	-	1.13
(iii) Contributions	-	-	6.24
(iv) Benefits paid	-	-	(0.65)
(v) Actuarial gain / (loss) on obligation	-	-	0.15
(vi) Fair value of plan assets as at the end of the period (31.03.2010)	-	-	21.25
C) The amounts to be recognized in the balance sheet			
(i) The present value of obligation as at the beginning of the period (31.03.2010)	15.52	3.43	22.36
(ii) Fair value of plan assets as at the end of the period.	-	-	21.24
(iii) Net Assets/ (liability) recognized in balance sheet.	(15.52)	(3.43)	(1.12)
D) Expenses recognized in the Statement of Profit and Loss A/c			
(i) Current Service Cost	1.10	0.61	1.32
(ii) Past Service Cost	-	-	9.01
(iii) Interest Cost	1.01	0.23	0.99
(iv) Expected return on plan assets	-	-	(1.13)
(v) Curtailment / settlement cost	-	-	-
(vi) Net Actuarial gain / (loss) recognized in the period	1.14	(0.09)	(1.70)
(vii) Expenses recognized in the statement of profit and loss	3.25	0.75	8.49

*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	7.50%	7.50%	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. However, the present limit of Rs. 3.50 Lacs is enhanced to Rs. 10.00 Lacs during the F.Y. 2009-10
Future cost increase	-	5.50%/4.50%	-	-
Salary escalation rate	5.50%	-	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

14.1 The Insurance claim of damaged Dauphin N helicopter VT-ELB which had met with an accident on 12.09.2006 in Punjab was settled during the year by New India Assurance Co. under Constructive Total Loss (CTL) basis. The net realized amount from the Insurance Co. was Rs. 5.95 crores after deducting Rs. 0.40 crores from the gross insurance payable amount towards deductible while rotor in motion as per the terms and conditions of Hull Insurance Policy.

The major repair and maintenance work on the helicopter has already commenced and repair of the helicopter is expected to be completed in the next financial year. 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. 5.

14.2 The Insurance claim of Dauphin N3 Helicopter VT-PHP which had met

with an accident on 27.09.2007 at Kavaratii, Lakshadweep island was finally assessed in February, 2010 by New India Assurance Co. Ltd. under Constructive Total Loss (CTL) basis and the same was realized in April, 2010 before closure of annual accounts. The net realization from the Insurance Co. was Rs. 29.31 crores after deducting Rs. 4.99 crores towards salvage value of the helicopter and Rs. 0.70 crores towards deductible while rotor in motion as per terms and conditions of the Hull Insurance Policy.

Accordingly, the net realization amounts to Rs. 29.31 crores was accounted in the books of account in the financial year 2009-10 on account of virtual certainty of realisation of claim. Further, the salvage value of Rs. 4.99 crores of the helicopter consist of Rs. 2.25 crores towards 2 nos. Aerial 2C engines and Rs. 2.74 crores towards rotables and others items has also been accounted in the financial year 2009-10.



The Aerial 2C engines of the helicopter are in serviceable condition and therefore accounted as fixed assets at the year end. The rotables are subject to bench check, repair and overhaul, etc. before being put to use, hence these rotables are shown as "Goods under Inspection".

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.

15.2 Provision for Taxation of Rs. 9.40 crores (P.Y. 5.50 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. *Expenses include the following :*

	(Rs./Crores)	
	31 st March 2010	31 st March 2009
i) Company - Staff Quarters		
a) Taxes	0.33	0.33
b) Repairs – Buildings/others	0.74	1.18
ii) Leased Residential Accommodation		
a) Rent (Net of Recovery)	0.13	0.11
b) Maintenance charges	0.01	0.02

17. *Interest Income*

Interest income of Rs. 10.47 crores (P.Y. Rs. 14.84 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.

18. *Heliport Project*

The Government has approved creation of Heliport at Rohini, New Delhi by the Company at estimated cost of Rs. 64.00 crores to be funded in the following pattern :-

- (i) Rs. 19.00 crores as Grants in Aid by the Government towards the land cost.
- (ii) Government equity towards 80% of the cost of infrastructure development aggregating Rs. 45.00 crores i.e. Rs. 36.00 crores and remaining 20% amounting to Rs. 9.00 crores to be borne by the Company from its internal resources.

Accordingly, the Company has received Rs. 15.00 crores in March, 2010 as equity contribution of Government towards the Heliport Project cost. This amount has been treated as Advance against equity, pending allotment.

During the year, the Company has deposited Rs 19.07 crores with DDA towards the cost of land measuring 25 acres at Rohini, New Delhi on behalf of Ministry of Civil Aviation and took possession of the land. Since the title of the land would be in the name of Ministry of Civil Aviation, the amount deposited by the Company has been shown as Amount Recoverable from the Ministry of Civil Aviation in view of the Government sanction of the Heliport Project. The Company has taken up with Ministry of Civil Aviation for remittance of Rs. 19.07 crores deposited towards Land cost.

- 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.

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 18.05.2007 onwards as Chairman & Managing Director.
- b. Transactions
 - *Remuneration Rs. 24,60,190/-
 - Loans Given -
(HBA including interest)

21. Provisions:

(Fig. in Rs./Crores)

Particulars	Opening Balance as on 01.04.2009	Created during the year	Utilized during the year/other Adjustments/transfer/ Reversals	Closing/ Balance as on 31.03.2010
Impairment of Assets including inventory	16.01	-	-	16.01
Provision for Revision of Pay & Allowances from 01.01.2007.	15.22	25.10	21.04	19.28
Doubtful Debts/Advance	10.82	0.26	0.91	10.17
Dividend	11.38	-	11.38	-
Corporate Taxes on Dividend	1.93	-	1.93	-
Non moving inventories, etc.	8.96	0.51	-	9.47

23. Earning Per share has been computed as under:

	31 st March 2010	31 st March, 2009
● Net Profit after tax	Rs. 35,58,86,092/-	Rs. 25,12,03,755/-
● Weighted average number of Equity Share outstanding	113766	113766
● Earning per share (Basic and diluted) Face Value of Rs.10,000/- per share	Rs.3128/-	Rs.2208/-



24. ADDITIONAL INFORMATION

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

	31 st March, 2010	31 st March, 2009
		<i>(In Rupees)</i>
i) Stores, Spares & Consumables(Net)	67,11,56,634	60,39,80,998
ii) Gem Modules	54,15,882	54,15,882
iii) Test Tool/Ground Support Equipment	47,82,289	49,50,583
iv) Goods-in-Transit	2,15,59,745	2,56,26,042
v) Stocks under Inspection	4,83,97,890	5,28,76,860
TOTAL	75,13,12,440	69,28,50,365

b) Value of imports calculated on CIF basis:

	31 st March, 2010	31 st March, 2009
		<i>(In Rupees)</i>
i) Stores, Spares & Consumables	34,27,26,016	45,51,12,013
ii) Airframe & Aero Engine Equipments-Rotables	30,10,63,875	46,53,38,997
iii) Test equipment/Ground Support Equipment/Loose Tools	2,89,27,262	2,88,19,443
iv) Goods-in-Transit /Goods under Inspection	4,21,25,282	7,88,01,119
v) Capital Goods/Other Items	1,11,34,307	43,00,601
vi) Retrofit programme	15,61,378	11,36,98,138
TOTAL	72,75,38,120	1,14,60,70,311



c) Expenditure in Foreign Currency during the financial year:

	<i>(In Rupees)</i>	
	31st March, 2010	31st March, 2009
i) Stores, Spares & Consumables	33,93,24,980	44,14,55,466
ii) Airframe & Aero Engine Equipments- Rotables	29,86,39,387	45,92,64,252
iii) Test equipment/Ground Support Equipment/ Loose Tools	2,69,02,571	2,78,36,485
iv) Foreign Travelling/Foreign Training	2,83,13,663	2,90,38,789
v) Goods in Transit/Goods under Inspection	4,18,65,662	7,74,91,725
vi) Repair Charges	86,19,40,763	61,38,30,285
vii) Equipment/Specialists Hire Charges	1,93,04,210	3,60,63,510
viii) Capital Goods/ Other Items	94,95,929	52,89,278
ix) Retrofit Programme	15,61,378	11,15,39,502
TOTAL	<u>1,62,73,48,543</u>	<u>1,80,18,09,292</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, 2010	31st March, 2009	31st March, 2010	31st March, 2009
Imported	27,08,05,034	23,39,28,775	97.20%	96.70%
Indigenous	79,38,499	80,98,093	2.80%	3.30%
TOTAL	<u>27,87,43,533</u>	<u>24,20,26,868</u>	<u>100.00%</u>	<u>100.00%</u>

e) Earnings in Foreign Exchange during the financial year :

	<i>(In Rupees)</i>	
	31st March, 2010	31st March, 2009
Helicopter Services	1,31,67,43,044	99,07,72,166
	<u>1,31,67,43,044</u>	<u>99,07,72,166</u>



- f) Remuneration paid to Directors including Chairman & Managing Director
 i.) Remuneration paid to Chairman & Managing Director

	31 st March, 2010	31 st March, 2009
		<i>(In Rupees)</i>
i) Salary	15,63,534	7,75,339
ii) Allowances & Perquisites	7,33,512	6,10,132
iii) Provident Fund/Gratuity	1,63,144	6,10,132
Total	<u>24,60,190</u>	<u>14,85,385</u>

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

I. Registration Details:

Registration No.: 55/22233 State Code : 55
 Balance Sheet Date : 31.03.2010

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 : 9826631 Total Assets : 9826631

a) Source of Funds :

Paid-up Capital : 1137660 Reserve & Surplus : 2221954
 Deferred Tax Liability : 772102
 Secured Loans : Nil Unsecured Loan : Nil

b) Application of Funds:

Net Fixed Assets : 4666054 Investments : 28934
 (including Capital Work in Progress)
 Net Current Assets : (424046) Misc. Expenditure : 10774
 Accumulated Losses : Nil

IV Performance of Company (amount in Rs. thousands)

i) Turnover including Interest & Other Income, Extraordinary and other credits : 4045450
 ii) Total Expenditure including Extraordinary and other Debits : 3494031
 iii) Profit before Tax : 551420
 iv) Profit after Tax : 355886
 v) Earnings per Share : Rs. 3128



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 : 20th September, 2010



Cash flow Statement for the Year ended 31st March, 2010

	31 st March, 2010	31 st March, 2009
<i>(Rupees in Lakhs)</i>		
A. Cash flow arising from Operating Activities		
Net Profit before Tax	5,514.20	4,794.62
Depreciation charge	3,820.61	1,181.36
Prior Period Depreciation Adjustments	(81.24)	-
Interest Income	(1,205.37)	(1,787.92)
Profit/(loss) on sale of fixed assets	(16.73)	(0.25)
Fixed Assets Written off/Store/Spare/ Loose Tools written off/ Adjustments	219.21	71.07
Amount Written off	-	(14.04)
Insurance Claims	(704.60)	(980.38)
Reversal of Provision no Longer Required	(109.03)	-
Misc. expenses Written off	452.68	452.68
Operating profit/(loss) before working capital changes	7,889.73	3,717.14
Working Capital changes Add/(less)		
Inventories	(1,395.23)	(2,929.51)
Sundry Debtors	(2,675.12)	(1,183.26)
Loans & Advances	(6,623.59)	(924.03)
Current liabilities	(708.97)	(4,366.50)
Provisions	719.60	(50.78)
Exceptional Items (Insurance Claims)	704.60	980.38
Prior Period Adjustments	81.24	-
Decrease/(Increase) in working capital	(9,897.47)	(8,473.70)
Net Cash flow from Operating Activities (A)	(2,007.74)	(4,756.56)
B. Cash flow arising from Investing Activities		
Investment in Equity Capital	(289.34)	-
Purchase of Fixed Assets	69.15	(3,333.38)
Sale of Fixed Assets	0.02	1.46
Capital work in progress	(432.53)	(416.57)
Interest income	1,205.37	1,787.92
Net Cash flow from Investing Activities (B)	552.67	(1,960.57)
C. Cash flow arising from Financing Activities		
Advance Against Equity, Pending Allotment	1,500.00	-
Dividend paid (including Corporate Tax)	(1,331.01)	-
Net Cash flow from Financing Activities (C)	168.99	-
D. Taxes Paid		
Income Tax (including wealth tax) paid	(1,222.14)	(1,061.94)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C+D)	(2,508.22)	(7,779.07)
Cash and Cash Equivalents at the beginning of the year	15,092.41	22,871.48
Cash and Cash Equivalents at the end of the year	12,584.19	15,092.41

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 : 20th September, 2010



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, 2010 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 31-05-2010 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

Subject to the notes given under the notes to accounts, 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 2010.

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: 20th September, 2010



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 fixed assets verification process currently going on and is not yet complete. | 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, 2010 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
FRN No. 000386N

(V. Kumar)
Partner
M. No.503826

Place: New Delhi

Dated: 20th September, 2010



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 2010

The preparation of financial statements of **Pawan Hans Helicopters Limited** for the year ended 31 March 2010 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 20th September 2010.

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 2010. 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 October, 2010



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, 2010

Sl. No.	Name	Age (Yr.)	Qualification	Designation	Date of Joining	Experience (Year)	Remuneration Received (Rs.)	Last Employment
1	2	3	4	5	6	7	8	9
Employed throughout the year/under review and were in receipt of remuneration aggregating not less than Rs. 24,00,000/- per annum								
1	Mr. R. K. Tyagi	55	BE (Elec.& Telecom), MBA	CMD	18/05/2007	33	24,60,190	ONGC
2	Col. RPS Mahal	59	Intermediate	DGM(Ops)	19/02/1997	37	31,11,544	Ex-Army
3	Col. Sardul Singh	59	B.Sc.	Captain	01/10/1997	36	32,98,449	Ex-Army
4	Capt. J.J. Singh	51	B.A.	Sr. Manager(Ops)	10/01/2007	28	30,05,641	Ex-Army
5	Capt. J.B. Singh	58	M.A.	Sr. Manager(Flight Safety)	04/01/2008	34	34,14,041	Ex-Army
6	Capt. B.V. Baduni	50	M.Sc.	Manager (Training)	10/01/2007	28	29,82,989	Ex-Indian Air Force
7	AirCmde. H.P.S. Natt	57	Master in Mgt.	Captain	15/10/2008	34	25,37,394	Ex-Indian Air Force
8	Col. Jeyraj Edward	54	PG Diploma in-HRM	Captain	24/09/2007	30	29,22,232	Ex-Army
9	Mr. Surender Parsad	60	M.A. (Economics)	DGM(Maint)	10/01/1986	39	25,76,585	Ex-Indian Air Force
10	Col. Akshay Mehrotra	49	B.Sc.	Captain	19/03/2007	30	29,06,664	Ex-Army
11	Col. Paramjit Singh	48	B.A.	Captain	19/03/2007	28	32,13,328	Ex-Army
12	Col. A.S. Parmar	51	MBA	Depu. Pilot	22/05/2007	25	39,63,853	Ex-Army
13	Brig. Anil Nanda	55	M.Sc.(Defence Studies)	Depu. Pilot	25/06/2007	34	33,30,819	Army
14	Col. T.S. Randhawa	53	LLB.MBA.PGDCA	Captain	24/09/2007	30	31,75,268	Army
15	Mr. Yaspal	60	M.A Dip. In Elect. Engg(IAF)	DGM(Maint)	07/07/1986	42	29,39,486	Ex-Indian Air Force
16	Mr. P.S. Das	59	AME A&C , BA(Hons.)	DGM(W/S) NR	30/09/1989	31	24,15,837	Ex-Indian Air Force
17	Lt. Col. J.S. Babbar	43	B.A.CHPAL	Captain	24/09/2007	24	26,76,278	Army
18	Col. Parbhat Kumar	55	B.A. NDA	Captain-A	10/01/2009	34	29,76,297	Army
19	Lt. Col. Samir Singh	44	B.A.	Captain	17/08/2010	25	32,96,954	Army
20	Col. G.M. Solanki	54	M.A.	Captain	24/09/2007	32	34,23,616	Army
21	Lt. Col. Narinder Kumar Sharma	49	M.A.(History)	Depu. Pilot	24/09/2007	25	29,57,929	Army
22	Col. P.K. Juneja	53	BSC.NDA	Captain	24/09/2010	33	32,11,747	Army
23	Col. Manjit Singh	48	M. Sc.	First Officer-I	24/09/2007	25	29,15,530	Army
24	Col. Sudeep Bhattacharjee	44	M. Sc.	Jr. Captain	24/09/2007	26	34,41,214	Army
25	Lt. Col. A.K. Panthey	46	BA	Depu. Pilot	31/12/2007	21	28,97,523	Army
26	Col. Mukesh Malhotra	53	B.Sc., NDA	Captain	31/12/2007	33	32,20,628	Army
27	Wg. Cdr. M.L. Mehta	64	CHPL BA	Captain - C	03/04/1996	45	27,80,244	Ex-Indian Air Force
28	Wg. Cdr. Anil Kishore	62	NDA	Captain - C	21/08/1996	28	34,02,374	Ex-Indian Air Force
29	Captain Ashok Garg	31	12th	Captain - A	26/03/2003	8	26,71,253	Ex-Indian Air Force
30	Wg. Cdr. B D Singh	57	M. Sc.	Captain - A	12/08/2004	30	27,87,666	Ex-Indian Air Force
31	Wg. Cdr. T.S. Mamik	51	NDA	Captain	17/01/2005	32	30,94,803	Ex-Indian Air Force
32	Lt. Col. M.S. Chowhan	61	Inter Sc, BA	Captain - A	18/06/2007	32	25,31,709	Ex-Army
33	Wg. Cdr. Varun Gupta	59	NDA	Captain - A	18/06/2007	38	26,36,300	Ex-Indian Air Force
34	Lt. Col. Jagdip Singh	60	Pre - Engeneering	Pilot - C	18/06/2007	34	24,18,238	Ex-Army
35	Col. J.S. Jodha	60	Higher Dip in Software engg.	Pilot - C	18/06/2007	39	27,45,403	Ex-Army
36	Brig. Pramjit Singh Sahi	59	Higher Secondary, Pre Medical	Captain - A	18/06/2007	38	26,51,210	Ex-Army
37	Col. KPS Hanspal	55	ISc.BA	Captain - A	11/01/2007	33	26,90,240	Ex-Army
38	Lt. Col. SPS Brar	47	BSc.NDA	Captain - A	18/06/2007	25	29,78,844	Ex-Army
39	Col. Arun Kumar Opal	60	Intermediate	Captain - A	21/06/2007	37	29,22,684	Ex-Army
40	Lt. Col. V.C. Katoch	46	BA.MBA.PGDCA	Captain	09/12/2007	26	24,78,871	Ex-Army
41	Lt. Col. HS Uppal	60	MBA., Mast. Dip. In Comp. Science	Captain - A	09/12/2007	36	27,24,371	Ex-Army
42	Captain P.P. Singh	62	AMAESI	Captain - C	08/04/2008	44	27,53,206	Ex-Indian Air Force
43	Capt. VK Sitaram	63	NDA	Captain - A	01/07/2009	43	22,97,897	Ex-Army



Sl. No.	Name	Age (Yr.)	Qualification	Designation	Date of Joining	Experience (Year)	Remuneration Received (Rs.)	Last Employment
1	2	3	4	5	6	7	8	9
44	Col. PS Marwaha	55	BA, MBA	Captain	02/03/2009	33	32,56,631	Ex-Army
45	Cdr. A. P. Singh*	47	Pre-University	Sr. Cdr.	20/03/1989	21	38,85,171	Patiala Aviation Club
46	Cdr. Pawan Rathore*	55	NDA	Sr. Cdr.	24/09/1990	35	35,67,485	Indian Navy
47	Cdr Y.S. Das	57	B.A.	DGM	17/02/1997	36	44,08,675	Indian Airforce
48	Cdr. P.K. Rukhaiyar	45	B.A.	Captain	24/09/2007	23	39,50,024	Indian Army
49	Capt. T.S. Gulia	43	D.M. M.A.	oapiam Captain	24/09/2007	19	34,24,991	Indian Army
50	Capt. J.K. Mishra	42	B.A.	Captain	24/09/2007	21	38,20,455	Indian Army
51	Capt. Amitabha Nandi	45	M.Sc.	Captain	24/09/2007	25	40,70,118	Indian Army
52	Capt. S.S. Yadav	53	B.A. MBA	Captain	24/09/2007	33	36,11,414	Indian Army
53	Capt. C.S. Mander	44	B.Com	Captain	01/04/2009	23	27,45,487	Indian Army
54	Capt. R. S. Nandal	40	M.A.	Captain	01/04/2009	18	29,91,675	Indian Army
55	Capt. M.K.Gogoi	53	B.Sc.	Captain	01/04/2009	23	27,84,775	Indian Army
56	Capt. M.M. Srivastava	50	B.A.	Captain	01/04/2009	20	29,32,771	Indian Army
57	Capt. A.K. Govil	59	B.Sc.	DGM	20/01/1990	20	44,32,384	Indian Navy
58	Capt. E. Samuel	54	H.S.C.	DGM	20/05/1988	21	36,34,717	H.I.E.T
59	Capt. M.V. Alexander	50	B.Sc.	DGM	14/06/1988	21	37,84,563	First Employment
60	Capt. Subhash Chander	58	H.S.C.	DGM	12/12/1996	27	49,28,903	Indian Air Force
61	Capt. Rohit Rai	58	M.Sc.	Sr. Cdr.	20/02/1997	24	38,23,366	Indian Air Force
62	Cdr. R.S. Dhanda	57	M.Sc.	DGM	07/04/1997	26	44,24,905	Indian Army
63	Capt. Anand Mohan	47	B.A.	Captain	22/03/2006	19	35,61,270	Indian Navy
64	Capt. M.S. Bains	54	H.S.C.	Captain	01/10/2007	36	37,38,302	Indian Air Force
65	Capt. Amarjeet Singh	53	M.Sc.	Captain	01/10/2007	25	32,70,403	Indian Air Force
66	Capt. Peter Samuel	29	B.Sc.	Captain	01/04/2006	7	30,30,349	First Employment
67	Capt. D.S. Mokha	65	B.Sc.	Captain	26/11/2007	44	34,99,314	Indian Navy
68	Capt Rajesh Khanna	55	B.A.	Captain	01/12/2007	18	29,56,998	Ex-Defence
69	Capt. A.E.N. Rao	50	B.Sc.	Captain	18/06/2007	29	32,28,424	Ex-Defence
70	Capt. Alien Lewis	50	Pre-University	Captain	17/07/2003	28	32,84,377	Ex-Defence
71	Capt. Rakesh Gaiind	40	B.A.	Captain	28/01/2005	19	42,04,708	Indian Navy
72	Capt. S.V. Ramani	56	B.Sc.	Captain	04/11/2004	37	29,06,193	Ex-Defence
73	Capt. J.A.Royappan	56	B.Sc.	Captain	11/02/2005	34	35,05,605	Indian Navy
74	Capt. D.S.Dhanoya	63	B.A.	Captain	04/04/2006	21	38,91,529	Indian Army
75	Capt. I.M. Simoes	63	S.S.C.	Captain	01/10/2006	22	41,36,999	Indian Air Force
76	Capt. S.K. Verma	63	Inter	Captain	02/01/2007	44	42,81,236	Indian Air Force
77	Capt. Ashok Khosla	62	NDA	Captain	03/10/2007	43	39,05,749	Indian Army
78	Capt. Hemang Shukla	49		Captain	20/03/2008	35	29,39,093	Ex-Defence
79	Capt. Y.P. Singh	61	ISC.NDA	Captain	04/08/2008	40	33,58,385	Indian Army
80	Capt. Naval Kapoor*	54	M.Sc.	Captain	06/10/2008	32	31,83,050	Indian Army

NOTE:

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



EXPLANATORY STATEMENT

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

Increase in Equity Share Capital of PHHL and Borrowing limits.

1. INCREASE IN THE AUTHORISED EQUITY SHARE CAPITAL OF PAWAN HANS HELICOPTERS LTD.

The present authorized capital of PHHL is Rs.120 crores out of which the subscribed and paid-up capital is Rs.113.766 crores. In the subscribed capital Rs.89.266 crores are held in the name of President of India and Rs.24.50 crores in the name of O.N.G.C. Ltd. The Ministry of Civil Aviation vide OM No.17/1/2010-FIN-I dated 29.3.2010 has forwarded minutes of EFC under the Chairmanship of Secretary, Ministry of Civil Aviation for construction of Heliport. In terms of the decision of the EFC the project cost of Heliport would also comprise Government equity of Rs.36 crores in PHHL.

In terms of Clause V of the Memorandum of Association and clause 4 of Articles of Association, the authorized capital of the Company is Rs.120 crores. Further, not less than 51% equity capital shall be subscribed by the President of India and the balance shall be subscribed by the Oil & Natural Gas

Corporation Limited. As per Article 18 of the Articles of Association of PHHL “subject to approval of the President, the Directors may with the sanction of the Company in General Meeting increase the share capital by such sum, to be divided into shares of such amount as the resolution shall prescribe.” In terms of Article 20 of the Articles of Association, the capital raised by creation of new shares shall be considered part of the original capital. The Article 21 of the Articles of Association also provide that subject to such directions as may be issued by the President, the new shares shall be offered to the members in proportion to the existing shares held by each member.

Ministry of Civil Aviation vide letter No.AV.30020/017/ 2007-DG dated 4.8.2010 informed that as per clause VIII-Article No.18 of Articles of Association of PHHL “subject to the approval of the President, the Directors may, with the sanction of the Company in General Meeting increase the share capital by such sum, to be divided into shares of such amount as the resolution shall prescribe.” PHHL, therefore, needs



to take action for seeking the consent of shareholders in a General Meeting and then seek approval of the President to increase the share capital of PHHL.

The Ministry of Civil Aviation vide letter No.AV.30020/017/2007-D.G. dated 28.10.2010 has further informed that the Ministry has no objection to PHHL taking up the matter with ONGC to increase Share Capital in PHHL which would be a capital contribution of ONGC in PHHL. Accordingly, PHHL has approached ONGC and now ONGC has agreed that out of the loan for acquisition of helicopters (Rs.110 crores already received from ONGC for 3 Dauphin N3 helicopters) Rs.95.85 crores shall be converted into equity by way of contribution by ONGC in PHHL's equity capital to the extent of 49% of the total equity capital as per Article 4 of Articles of Association of PHHL. Accordingly, total contribution from ONGC shall increase from Rs.24.50 crores to Rs.120.35 crores (49% of total equity) and the additional contribution would be Rs.95.85 crores from ONGC. The Shareholders may kindly approve increase in authorized capital from Rs.120 crores to Rs.250 crores and amend Clause V and clause 4 of the Memorandum and Articles of Association of PHHL. Further as per

section 81(1A) of the Companies Act by way of passing Special Resolution, the Board of Directors of the Company may be authorised to issue equity capital to shareholders otherwise than in the proportion of existing equity shares held by them and issue of equity shares in favour of President of India for Rs.36 crores and Rs.95.85 crores in favour of ONGC.

2. TO CONSIDER AND APPROVE FINANCING THROUGH EXTERNAL BORROWING BEYOND THE PAID UP CAPITAL AND FREE RESERVES OF THE COMPANY FOR ACQUISITION OF HELICOPTERS.

The Board of Directors of the Company in 125th meeting held on 24.5.2010 had approved external borrowings aggregating limit of Rs.406.30 crores in respect of acquisition of new helicopters as per the following details :-

Rs./Crore

	Helicopter	Project Cost	Internal Funding	External funding		Total
				Name	Amount	
1	7 nos. Dauphin N3	PIB 392.50 Rev. 344.10	69.10	ONGC	275.00	344.10
2	3 Nos. Dauphin 350 B3	38.72	38.72	--	--	38.72
3	Acquisition of additional 3 helicopters under option clause	150.30	19.00	a) NTPC (1) b) Financial Institutions/ banks (2)	54.30 77.00	150.30
		533.12	126.82		406.30	533.12



PHHL existing net worth as on 31.03.2010 is Rs.335.96 crores (paid-up capital Rs.113.766 crores plus reserves and surplus Rs.222.20 crores). The Ministry of Civil Aviation has also vide letter No.AV.30015/001/2009 dated 16.7.2010 has conveyed approval for borrowing upto Rs.406.30 crores. Accordingly approval of the shareholders is requested in terms of

section 293(1)(d) of the Companies Act for borrowing limits beyond the paid-up capital and free reserves of the Company.

None of the Directors is interested in personal capacity in respect of the above Resolutions. Accordingly, the Shareholders are requested to approve the above resolutions.