

**ANNUAL REPORT  
2010-11**



**PAWAN HANS HELICOPTERS LIMITED**

**OUR AIM**

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

## CONTENTS

• Board of Directors	4
• Management Team	5
• Notice	6
• Chairman's Speech to the Members	7
• Directors' Report	10
• Management Discussion & Analysis Report	24
• Financial Highlights	29
• Summarized Accounts	31
• Accounts for the Year	33
• Cash Flow Statement	68
• Auditors' Report	69
• Report of the Comptroller & Auditor General of India	77
• Particulars of Employees	79



## BOARD OF DIRECTORS



**R.K. Tyagi**  
Chairman-cum-Managing Director



**E.K. Bharat Bhushan**  
Director General of Civil Aviation



**S. Machendranathan**  
Additional Secretary & Financial Advisor  
Ministry of Civil Aviation



**Alok Sinha**  
Joint Secretary  
Ministry of Civil Aviation



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



**P.N. Pradhan**  
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.
Executive Director	Shri Sanjiv Bahl
General Manager (Engineering)	Shri Deepak Kapoor
General Manager (Finance & Accounts)	Shri Dhirendra Sahai
Company Secretary & General Manager (Legal)	Shri Sanjiv Agrawal
General Manager (Marketing)	Shri Sanjay Kumar
General Manager (Personnel & HRD)	Shri R.B. Kushwaha
General Manager (Operations)	Air Cmde (Retd) Alok Kumar
General Manager (Infocom Services & HOD (Administration))	Shri C.P. Singh
Deputy General Manager (Materials)	Shri S.K. Sharma
General Manager (Western Region)	Shri Subir K. Das
General Manager (Northern Region)	Shri M.P. Singh

### *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. S. Chaturvedi & Associates  
Chartered Accountants  
New Delhi

#### *Branch Auditors*

M/s. Lakhani & CO.  
Chartered Accountants  
Mumbai

### *Bankers*

Vijaya Bank  
State Bank of India  
Punjab National Bank



## NOTICE FOR 26<sup>TH</sup> ANNUAL GENERAL MEETING

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

NOTICE is hereby given that the 26<sup>th</sup> Annual General Meeting of the Company is scheduled to be held on Thursday, the 29<sup>th</sup> December 2011 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 31.03.2011, the audited Profit & Loss Account for the year ended on 31st March 2011, along with the Auditors' Report, comments of C&AG thereon and Directors' Report.

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

(Sanjiv Agrawal)  
Company Secretary

NEW DELHI.  
December 05, 2011

#### **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.

#### **Registered Office:**

Safdarjung Airport,  
New Delhi-110003.

Corporate identity Number (CIN) : U62200DL1985GOI022233



## CHAIRMAN'S SPEECH TO THE MEMBERS

Dear Members,

I take great pleasure in welcoming you to the 26<sup>th</sup> Annual General Meeting of your Company. The Company has entered into its Silver Jubilee year of operations. The Annual Report for the financial year 2010-11 has been circulated and with your permission I take it as read.

The overall performance during the financial year 2010-11 has improved over previous year due to increased deployment of helicopters on account of good fleet serviceability, new contracts for Operations & Maintenance of Helicopters owned by other agencies and better contract management. In the financial year 2010-11 the Company achieved several milestones:-

- Record revenue hours of 32,175 as compared to 29,890 in 2009-10 and 27,050 in 2008-09. Fleet serviceability was 74% in 2007-08, 81% in 2008-09, 83% in 2009-10 and 83% in 2010-11.
- Highest ever Operating Revenue of ₹423.96 crore in 2010-11 as compared to ₹384.04 crores in 2009-10 and ₹310.94 crores in 2008-09.
- The Operating Profit in 2010-11 was ₹48.48 crores as compared to ₹35.45 crores in 2009-10 and ₹20.30 crores in 2008-09. During 2010-11 the Net Profit after tax was ₹18.50 crores as against ₹35.95 crores in 2009-10 mainly on account of interest charge on borrowings and additional provision towards deferred tax liability created by the Company on account of delivery of new helicopters.
- In 2007-08, 2008-09 and 2009-10 the Company has achieved MoU rating of "Good", "Very Good" and "Excellent" respectively as per DPE norms.
- The Company has signed in December, 2010 contract with HAL for operation & maintenance of 4 more Dhruv helicopters of BSF. The Company has provided one Dhruv helicopter taken on lease from HAL to Government of Maharashtra for Anti-Naxal activities at Gadcharoli, Maharashtra.
- The Company's authorized capital has been increased from ₹120 crores to ₹250 crores on 3.12.2010. The paid up share capital of the Company has also been increased on 14.02.2011 from ₹113.766 crores (₹89.266 crores in the name of President of India and ₹24.50 crores in the name of ONGC) to ₹245.616 crores. Out of the total paid-up capital of ₹245.616 crores, the paid-up capital of ₹125.266 crores has been subscribed in the name of President of India (51%) and ₹120.35 crores in the name of ONGC Ltd. (49%). ONGC has converted loan amounting to ₹95.85 crores into equity and equity shares allotted on 14.02.2011.
- National Institute of Aviation Safety & Services was started in June, 2010 at Delhi for Safety Management System and Safety Awareness in the country.
- PHHL runs the helicopter services from Phata to the Holy Shrine of Kedarnath during the May-June and September-October seasons every year. PHHL has also been awarded contract by Shri Amarnath Shrine Board for operating "Helicopter services for the Shri Amarnathji Yatra for 2010 and 2011" on Baltal-Panjtarni-Baltal sector. The Company has been successfully operating helicopter services at Mata Vaishnodevi Ji from Katra to Sanjhichat and has carried 1.91 lakhs passengers in 2010-11. The Company has been awarded contract for next 3 years by the Shrine Board of Mata Vaishnodeviji w.e.f. 1<sup>st</sup> April, 2011 under significant competitive environment after being declared the lowest bidder.
- The Company was awarded contract by M/s. Gujarat State Petroleum Corpn. Ltd. for charter hire of one Dauphin N3 helicopter for 3 years w.e.f. 26<sup>th</sup> November, 2010.
- The Company has carried out operations for Border Road Organization at Arunachal Pradesh w.e.f. 18<sup>th</sup> November, 2010 for 8 months with one Mi-172 helicopter taken on lease.



- The Company provided 4 Nos. helicopters (Dauphin N and AS350 B<sub>3</sub> helicopters) for Live coverage of CWG 2010 events for Doordarshan.
  - The Company has provided one Dhruv helicopter taken on lease from HAL to Government of Maharashtra for Anti-Naxal operations at Gadcharoli.
  - Towards fleet augmentation the Company has signed agreements with the Helicopter manufacturers for purchase of 10 nos. Dauphin N3, 3 nos. AS350 B3 and 2 nos. Mi-172 helicopters with estimated project cost of ₹ 635 crores. Whereas 3 nos. AS350 B<sub>3</sub> were funded from internal resources, the remaining Helicopters being funded on Debt-equity of 80:20. 5 nos. new Dauphin N3 and 3 nos. AS350 B3 helicopters were delivered till 31.03.2011. Subsequently, 2 more new Dauphin N3 helicopters were delivered in April/ May, 2011. Delivery of 3 Dauphin N3 and 2 Mi-172 helicopters are expected in January, 2012 and May, 2012 respectively.
  - The Company has signed agreement with ONGC on 13.08.2010 for term loan upto ₹275 crores, being 80% of the estimated cost for purchase of 7 new Dauphin N3 helicopters at the rate of interest based on SBI base rate plus 150 basis points. ONGC has paid ₹ 261 crores as term loan. ONGC converted part of this loan amounting to ₹95.85 crores into equity in PHHL. Further, the Company has also signed MoU with NTPC for long term lease of a new Dauphin N3 helicopter for 10 years with loan for funding full cost of the helicopter @ 6% p.a. repayable in 10 years. The Company would avail external borrowing of ₹177 crores approximately from Banks / Financial Institutions for financing 80% cost of 2 Dauphin N3 and 2 Mi-172 helicopters with tenor of 10 years. The Company has appointed M/s. SBI Capital Services Ltd. as Advisors and Arrangers for Loan Syndication. They have also advised that the Company would need fund based limits (₹139 crores) for its future working capital requirements and ₹60 crores for non-fund based limits.
  - The Company will construct Heliport near Rohini on 25 acres land allotted in the name of Ministry of Civil Aviation. PHHL has created basic Helipad for CWG-2010. Project cost of ₹64.00 crores will be funded ₹ 55 crores through GBS and PHHL will fund upto ₹9.00 crores. The Environment clearance approval from MoEF dated 31.10.2011 has been received. Further, APMC for Heliport designing, planning & operations has been appointed and they would submit design of the Heliport shortly.
  - PHHL has constructed the Heliport at CWG Village (Akshardham) basic helipad facilities. As the ownership of Heliport belongs to DDA, PHHL has requested DDA to grant permission to utilize the infrastructure/facilities for helicopter operations.
  - PHHL is developing a Helicopter Training Academy cum Heliport at the existing Gliding Center at Hadapsar, Pune which is under administrative control and owned by DGCA. Project has been approved by Ministry of Civil Aviation and the DGCA has released an amount of ₹10 crores as GBS for the purpose. PHHL signed MoU with DGCA on 17<sup>th</sup> May, 2010 and DGCA has authorized to use land and other infrastructural facilities for development purpose at the Gliding Centre, Pune comprising of 30 acres of open area adjacent to the existing hangars/building. Construction work has been awarded to M/s NBCC on deposit work basis.
- One Dauphin helicopter VT-SOK was damaged beyond repair on 16.12.2010 at Chandigarh Airport while flying in which there was no casualty.

#### **Events occurring after the Balance Sheet date 31<sup>st</sup> March, 2011**

One Mi-172 helicopter VT-PHF had crashed on 19.04.2011 at Tawang while landing at the Helipad in which 19 (including 3 crew members i.e. 1 pilot, 1 engineer and 1 flight attendant) persons died. Further, one AS350 B3 helicopter VT-PHT had crashed on 30.04.2011 near Tawang while on route to



Itanagar in which 5 persons (2 pilots of PHHL and 3 passengers including Hon'ble Chief Minister of Arunachal Pradesh) died. Though the investigation of the accidents is being carried out by the Committees appointed by the Govt of India for the purpose, PHHL has undertaken several Safety Initiatives for enhanced safety of operations and maintenance of Helicopters.

The Company has adopted Guidelines on Corporate Governance issued by DPE to the maximum extent possible.

In respect of claim of Ministry of Finance amounting to ₹470.22 crores (principal amount ₹130.91 crores and interest @ 18% pa ₹339.31 crores), the Company has submitted a draft Note for CoS to Ministry of Civil Aviation seeking waiver of the claim of GoI aggregating ₹470.22 crores from PHHL. The matter is under consideration of the Government.

Industrial relation during the period continued to be cordial and regular meetings with employee's representative bodies were held.

I take this opportunity to thank you all for the confidence reposed in the management. I am also grateful for the co-operation of the Government of India and its various agencies in efficient management of the Company. I deeply appreciate the confidence reposed by ONGC and other customers in the operations of the Company as also the sincere and devoted services rendered by the employees for the progress of the Company.

(R.K. Tyagi)  
Chairman cum Managing Director

Dated : 29.12.2011



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



## DIRECTORS' REPORT

*The Shareholders,  
Gentlemen,*

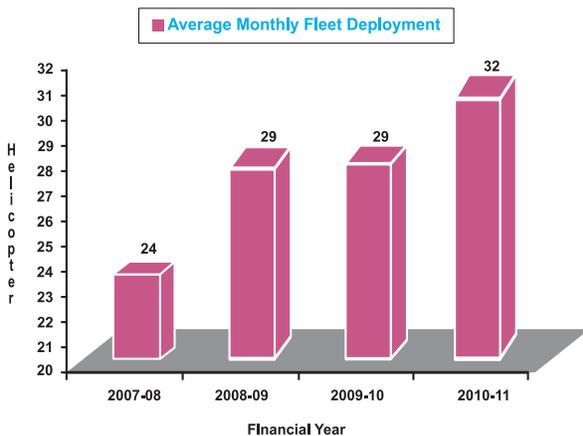
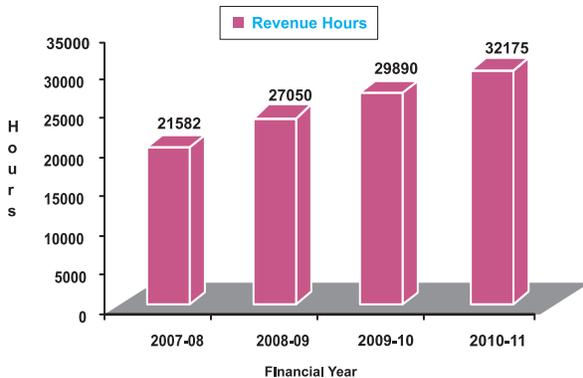
Your Directors have immense pleasure in presenting the Twenty Sixth Annual Report of the Company together with the audited accounts and the Report of the Comptroller and Auditor General of India for the year ended on 31st March, 2011.

### I. Operations

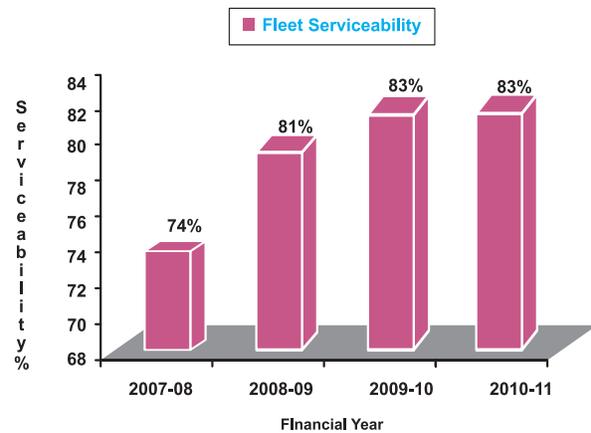
#### a) Operational results

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 2010-11 has improved over previous year due to increased deployment of helicopters on account of good fleet serviceability, new contracts for Operations & Maintenance of Helicopters owned by other agencies and better contract management.



#### b) Fleet Profile

The Company's operational fleet as on 31.03.2011 comprises of the following :-

Helicopter type	No. of Helicopters
Dauphin SA365 N	18
Dauphin AS365 N3	12
Bell-407	4
Bell 206 L4	3
AS 350 B3	3
MI-172	2
<b>Total</b>	<b>42</b>

As on 31.03.2011 the Company had Operation & Maintenance Contracts of 01 Dauphin N3 helicopter of Government of Gujarat, 2 Dhruv helicopters owned by ONGC and 4 Dhruv helicopters owned by BSF (MHA). Further, the Company has signed in December 2010 another contract with HAL for operation & maintenance of 4 more Dhruv helicopters



*Dauphin Helicopter performing off-shore task for ONGC*

of BSF. The Company had also got O&M Contract for Chetak/Cheetah helicopters of BSF. The Company has provided one Dhruv helicopter taken on lease from HAL to Government of Maharashtra for Anti-Naxal activities at Gadcharoli, Maharashtra.

*c) Fleet deployment*

PHHL 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. As on 31.03.2011, the Company had on contract 16 Dauphin helicopters with ONGC for their off-shore task out of which 2 Dauphin are stationed overnight at the main platforms in addition to a dedicated Night Ambulance to meet any emergency evacuation.

The Company provided one Dauphin helicopter each to State Governments namely Arunachal, Punjab, Meghalaya, Jharkhand and also to Ministry of Home Affairs. The Company also provided three Dauphin helicopters to the Administration of Andaman

& Nicobar Islands and two Dauphin helicopter to Lakshadweep. The Company is also providing helicopter services to Ministry of Home Affairs (MHA) at Guwahati, Oil India Limited and GAIL.

One Bell 206 L4 helicopter was deployed with State Government of Sikkim. One Bell 407 helicopter was deployed with the State Government of Tripura. The PHHL runs the helicopter services from Phata to the Holy Shrine of Kedarnath during the May-June and September-October seasons every year. The Company was able to achieve record revenue from operations at Phata during two seasons, namely May-June, 2010 and September-October, 2010 by carrying 19,253 passengers. PHHL has also been awarded contract by Shri Amarnath Shrine Board for operating "Helicopter services for the Shri Amarnathji Yatra 2010 and 2011" on Baltal-Panjtarni-Baltal sector and started services during season w.e.f. 1 July 2010 with 2 Bell 407 helicopters. The Company has been successfully operating helicopter services at Mata Vaishno Deviji from Katra to Sanjichat under competitive conditions and has carried 1.91 lakhs passengers in 2010-11, 2.03 lakhs



passengers during financial year 2009-10 and 1.24 lakhs passengers in the financial year 2008-09. The Company has been awarded contract for next 3 years by the Shrine Board of Mata Vaishnodeviji w.e.f. 1st April 2011 under significant competitive environment after being declared the lowest bidder.

The Company has been awarded contract by M/s. Gujarat State Petroleum Corpn. Ltd. for charter hire of one Dauphin N3 helicopter for 3 years w.e.f. 26 Nov 2010.

The Company has carried out operations for Border Road Organization at Arunachal Pradesh w.e.f. 18 November, 2010 for 8 months with one Mi-172 helicopter taken on lease.

First time in India, the Company had provided 4 Nos. helicopters (Dauphin and AS 350 B3 helicopters) for Live coverage of CWG 2010 events for Doordarshan.

PHHL introduced seaplanes for first time in India for promoting heli tourism in A&N Islands on 50:50 Profit/Loss sharing basis. One Cessna 208 A Amphibian Seaplane was taken on wet lease for a Pilot Project of 6 months initially. Seaplane was dedicated to the Nation on 27 December, 2010 at Mumbai by Hon'ble Minister of Civil Aviation.

#### *d) Fleet Augmentation*

The Company has signed agreements with the Helicopter manufacturers for purchase of 10 nos. Dauphin N3, 3 nos. AS350B3 and 2 nos. Mi-172 helicopters with an estimated project cost of ₹ 635 crores.

The Company has acquired 5 nos. New Dauphin N-3 and 3 nos. AS350 B3 helicopters till 31.03.2011. Subsequently, 2 more new Dauphin N3 helicopters were delivered April/ May, 2011.

Further, 3 Dauphin N3 and 2 Mi-172 helicopters are on order and delivery of these helicopters are expected between January-May, 2012.

#### *e) Funding for Acquisition of New Fleet*

The Company has funded the acquisition of 3 AS350 B3 helicopters with its internal

resources and planned to fund the remaining new Helicopters on a debt- equity basis of 80:20. The Company has signed agreement with ONGC on 13.08.2010 for term loan of ₹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. The loan is repayable in 60 monthly installments from the date of drawal of loan for each helicopter. ONGC has funded ₹261 crores, being 80% cost of 7 numbers Dauphin N3 helicopters. ONGC has subsequently converted part of this loan ( ₹95.85 crores) into paid up equity capital in the Company. NTPC has agreed to fund the cost of one Dauphin N3 with long term charter lease of the new helicopter for 10 years with loan @ 6% p.a. repayable in 10 years. The Company would avail external borrowing from Banks / Financial Institutions for financing 80% cost of 2 Dauphin N3 and 2 Mi-172 helicopters with tenor of 10 years, which are expected for delivery between January-May, 2012. The Company has appointed M/s. SBI Capital Services Ltd. as Advisors and Arrangers for Loan Syndication. They have advised that the Company would need fund based limits (₹139 crores approximately) for its future working capital requirements and ₹60 crores for non-fund based limits.

#### *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, 19 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 in the name of Ministry of Civil Aviation for construction of First integrated Heliport in the Country. Further,



DDA has earmarked one hectare land for construction of helipad at Commonwealth Games Village site and PHHL completed the Helipad in October, 2010. PHHL has also created basic infrastructure facilities/Parking and Helipad at Rohini. Environmental Impact Assessment Study Report for Rohini Heliport has been completed by M/S RITES. The Environment clearance approval from MoEF dated 31.10.2011 has now been received. Further, Selection of Consultant for Heliport designing, planning & operations has been completed and they would submit design of the Heliport shortly.

*h) Training Academy and Heliport at Hadapsar, Pune*

PHHL has signed an MoU with DGCA on 17th May, 2010 and the Company has been authorized to use 30 acres of open area at the existing Gliding Center at Hadapsar, Pune which is under administrative control of DGCA, to develop a Helicopter Training Academy cum Heliport. DGCA has released an amount of ₹10 crores as GBS for the purpose. Construction work has been awarded to M/s NBCC on deposit work basis.

*i) Joint Venture of PHHL and HAL for Operations & Maintenance*

PHHL has signed an MoU on 23.07.2010 with M/s. HAL for setting up a joint venture for operation & maintenance of Dhruv, Chetak and Cheetah helicopters of the 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 after HAL finalise the Business Plan for the JV. The JV would have a total investment estimated at ₹84 crores to be shared on 50:50 basis between HAL and PHHL.

*j) Pawan Hans Helicopters Training Institute at Mumbai (PHTI)*

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

*k) 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. / Private Operators. The Institute has started conducting courses on Aviation Safety and would also provide consultancy services to other clients, new start-ups and audits of various helipad / heliport / offshore installations.

*l) 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 further equity capital of ₹36 crores for project cost of ₹64 crores for Heliport at Rohini. The company had received ₹15 crores on 31.03.2010 and a further sum of ₹21 crores on 16th April, 2010 as equity capital contribution. ONGC has converted loan amounting to ₹95.85 crores into equity. The Company's authorized capital was increased from ₹120 crores to ₹250 crores on 03.12.2010. The paid up share capital of the Company was also increased to ₹245.616 crores comprising of ₹125.266 crores in the name of President of India (from ₹89.266 crores earlier) and ₹120.35 crores in the name of ONGC Ltd. (from ₹24.50 crores earlier) after equity shares allotted on 14.02.2011. Accordingly, the shareholding of the Government of India and ONGC in the Company stand changed from 78.46% and 21.54% respectively to 51% and 49% respectively:-

Paid up equity share capital	President of India (₹ In crores)	%	ONGC Ltd. (₹ In crores)	%	Total paid-up capital (₹ In crores)	Total authorized capital (₹ 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

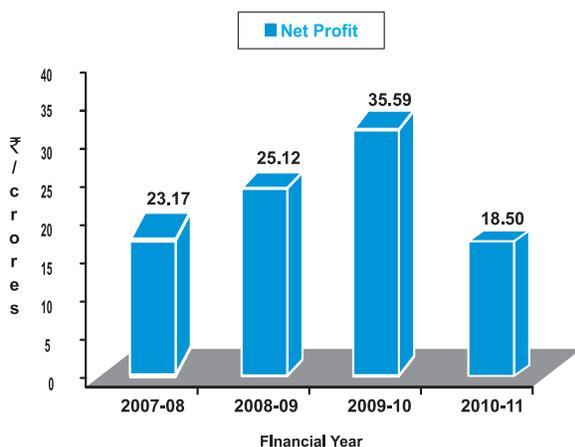
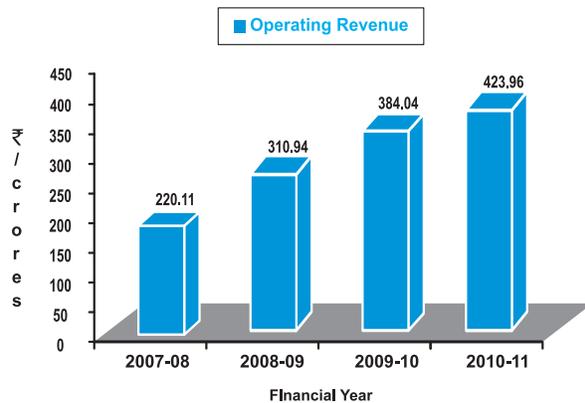


## II. Finance

### a) Financial Results

Financial performance during the financial years 2009-10 and 2010-11 was as under :-

		(₹/Crores)	
Particulars	2009-10	2010-11	
<b>I. Operating Revenue</b>			
- Revenue from Operations	380.52	418.21	
- Incidental Revenue	3.52	5.75	
<b>Total (I)</b>	<b>384.04</b>	<b>423.96</b>	
<b>II. Operating Expenditure</b>			
- Operating Expenditure	310.38	328.95	
- Depreciation	38.21	46.53	
<b>Total (II)</b>	<b>348.59</b>	<b>375.48</b>	
<b>III. Net Operating Profit (I-II)</b>	<b>35.45</b>	<b>48.48</b>	
<b>IV. Interest Income</b>	<b>12.05</b>	<b>6.49</b>	
Less interest charges on borrowings	-	(6.17)	
<b>V. Prior Period/Extraordinary Adjustments</b>	<b>7.64</b>	<b>0.66</b>	
<b>VI. Profit before Tax</b>	<b>55.14</b>	<b>49.46</b>	
<b>VII. Taxes /Deferred Tax Liability</b>	<b>19.55</b>	<b>30.96</b>	
<b>VIII. Net Profit after Tax</b>	<b>35.59</b>	<b>18.50</b>	



### 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 2010-11 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 availed from ONGC.

### 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 ₹470.22 crores (Principal amount ₹130.91 crores and interest upto 31.03.2001: ₹339.31 crores) claimed from the Company so that the existing funds could be utilized for fleet expansion and other capital outlay programmes which are essential for the survival of the Company under the competitive environment prevailing in the Civil Aviation industry in India. The Ministry of Finance has not agreed to this proposal and has advised that the Company be asked to deposit the said amount in Government Treasury. The Board of Directors of the Company in their 115th Meeting held on 21.08.2008 decided that the Company may pursue with the Ministry of Civil Aviation for full waiver of the claim of Ministry of Finance and appointed a Financial Advisor to examine the matter along with other related issues. The Financial Advisors submitted their Report on the impact of claim of GoI on valuation of the Company and recommended some options. According to this Report, payment of the amount claimed by Ministry of Finance is not a viable option for the Company. As per the decision of the Board of Directors, the Company has submitted in January, 2009 a draft Note for Committee of Secretaries to



#### *Dauphin N Helicopter*

Ministry of Civil Aviation seeking waiver of the claim of GoI aggregating ₹470.22 crores from PPHL. The matter is under consideration of the Government.

The Company had earlier made provision of ₹339.31 crores during the financial years 1999-2000, 2000-01 and 2002-03 towards interest and other charges upto 31.03.2001 as claimed by the Ministry of Finance and the same is being carried forward.

#### *d) MoU with Ministry of Civil Aviation*

PHHL signs MoU with the Ministry of Civil Aviation every year after Task Force negotiation meeting in Department of Public Enterprises. In respect of the Financial Years 2007-08 and 2008-09 the Company has achieved MoU rating of "Good" and "Very Good" respectively as per DPE norms. Further, for the Financial Years 2009-10 and 2010-11, the MoU rating is "Excellent" and "Very Good" respectively.



*AS 350 B3 Helicopter at Rohini Helipad, New Delhi*



*Sh. R.K. Tyagi, CMD PHHL receiving award from Kumari Selja, Hon'ble Minister of Tourism.*

### **III. Engineering / Maintenance Activities**

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

checks on helicopters are carried out and extensive workshops with in-house facilities provide the back up. Maintenance capability has been upgraded to carry out major 'G' Inspections on Dauphin helicopters totally



*Dauphin N Helicopter in North-East*



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 28 inspections consisting of T/2T/5T(600 hrs./1200 hrs./3000 hrs.) inspection and 3 'G' inspection (5400 hrs.) on Dauphin helicopters was carried out by the Company from within its resources.

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

#### *IV. Materials Management*

Materials management directive for better control relating to non-moving inventories was issued. Further by fixing of inventory levels all procurements have been made based on joint review by Engineering and Material Departments and spares are ordered on forecasted projections. 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 206 L4 Helicopter at Gangtok, Sikkim*



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**

Pawan Hans has transited from its Quality Management Systems under ISO 9001:2008 standards to ISO 14001 and 18001 Certification which is known as Integrated Management System covering Environment and Safety aspects.

#### **VII. Human-Resources Development**

##### *a) Manpower*

The staff strength of regular and contractual employees as on 31st March 2011 was 989 as against 850 as on 31st March 2010.

##### *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 new wage settlement due w.e.f. 01.01.2007 has been signed with AICAEU (Non-Technical Union) and implemented. Wage settlement is under discussions with Technical Union/Guild.

##### *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) Events occurring after the Balance sheet date*

Helicopter accidents during the financial year 2010-11 and 2011-12 and Safety measures taken by the company :-

- i) One Dauphin helicopter VT-SOK had damaged beyond repair on 16.12.2010 at Chandigarh Airport while taking off in which there was no casualty.
- ii) One Cabin Attendant of PHHL died after falling off Mi-172 helicopter VT-PHF in Arunachal Pradesh on 06.08.2010.
- iii) One Mi-172 helicopter VT-PHF had crashed on 19.04.2011 at Tawang while landing at the Helipad in which 19 persons (including 3 crew members i.e. 1 pilot, 1 engineer and 1 flight attendant) died.
- iv) One AS350 B3 helicopter VT-PHT had crashed on 30.04.2011 at Arunachal Pradesh while on route to Itanagar in which 5 persons (2 pilots of PHHL and 3 passengers including Hon'ble Chief Minister of Arunachal Pradesh) died.

In respect of Dauphin AS365N3 helicopter VT-SOK damaged on 16.12.2010, DGCA has completed inquiry and the cause of accident had been due to control failures. Though the investigation of the other accidents is being carried out by the Committees appointed by the Government of India, PHHL has undertaken Safety Initiatives to upgrade the operation and maintenance systems to avoid recurrence of such incidents. The safety initiatives undertaken are listed below:

- a. PHHL has decided to implement Safety Management System for its operations and maintenance activities as per ICAO/DGCA guidelines. The system is to be



implemented in a phased manner during three years and PHHL has already completed Phase – I of implementation.

- b. A new Safety Oversight department has been created in PHHL which will be directly responsible to CMD and carry out a comprehensive Safety Oversight of PHHL. The department has already started functioning.
- c. A Voluntary Reporting System and Hazard Reporting System has been introduced in the company for confidentially reporting of any hazardous activity, occurrence or situation in maintenance and operations of helicopters.
- d. System has been strengthened to monitor compliance with pre-flight medical, pre-flight briefing, meteorological briefing, standard operating procedures, loading of helicopter and other safety measures etc.
- e. Extensive internal audit procedures have been introduced in the company to find out any non compliance with rules and rectify the same before they become serious.
- f. The company has introduced FOQA (Flight Operations Quality Assurance) system in its operations to analyse and monitor operation of helicopters. FOQA, though applicable only to scheduled operators, has been introduced for a better and comprehensive safety oversight of operations. Random analysis of CVR and FDR recordings is carried out for ensuring compliance with procedures.
- g. Incident reporting, investigations and follow up systems have been strengthened to ensure compliance with every recommendation of PIB investigations.

### VIII. Board of Directors

The Board of Directors held six meetings during the year 2010-11. The Board consists of the following members presently as well as during the financial year 2010-11 :-

<b>At present</b>	
Shri R.K. Tyagi	Chairman-cum- Managing Director
Shri E.K. Bharat Bhushan	Additional Secretary & FA, MOCA from (18.02.2009)
Shri Alok Sinha	Joint Secretary, MoCA (from 16.08.2011)
Shri Sudhir Vasudeva	Director off-shore, ONGC (from 01.02.2009)
AVM P.N. Pradhan	ACAS (Ops, T&H), Air Force (from 23.06.2011)
<b>Ceased to be Directors</b>	
Dr. S.N.A. Zaidi	Director General of Civil Aviation (from 17.11.2008 to 03.12.2010)
Shri Rohit Nandan	Joint Secretary, MoCA (from 28.12.2009 to 16.08.2011)
AVM M. Bahadur	ACAS (Ops, T&H), Air Force (from 15.01.2009 to 01.06.2011)

The Board places on record its appreciation of the valuable services rendered by Dr. S.N.A. Zaidi, Shri Rohit Nandan and AVM M. Bahadur during their tenure on the Board.

The details of attendance of each Director at the Board meetings during the financial year 2010-11 and last AGM are as under:-

Name of Director	Date of Board Meetings – attended by Directors during the financial year 2010-11							AGM attended by Directors
	20.05.10	24.05.10	15.07.10	20.09.10	03.12.10	01.02.11	03.12.2010	
R.K.Tyagi, CMD	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
E.K.Bharat Bushan	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Dr.S.N.A. Zaidi	Yes	Leave	Leave	Leave	Leave	Ceased	Ceased	
Rohit Nandan	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Sudhir Vasudeva	Leave	Leave	Yes	Leave	Leave	Leave	Leave	
AVM M. Bahadur	Yes	Leave	Leave	Yes	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(2A) of the Companies Act, 1956, in respect of the Annual Accounts for the financial year ended 31st March, 2011, your Directors have:-

- a) followed in the preparation of Annual



*Bell 407 Helicopter for Shri Amarnathji services*

Accounts, the applicable accounting standards and proper explanation relating to material departure if any, have been incorporated.

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

#### **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 110<sup>th</sup> meeting and the same has been signed by Functional Heads and Directors and also posted on website of the Company.

As part of best practices with regard to Corporate Governance, the Company has made necessary information available on Company's Corporate website [www.pawanhans.co.in](http://www.pawanhans.co.in) for its stake holders.

#### **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 2010-11, the Audit Committee has held meetings on 20.09.2010, 03.12.2010 and 01.02.2011. Presently the Audit Committee comprise of Shri E.K. Bharat Bhushan, Additional Secretary &



*Mi-172 Helicopter*

Financial Advisor, Ministry of Civil Aviation as Chairman of the Audit Committee, Shri Alok Sinha, Joint Secretary, Ministry of Civil Aviation and AVM P.N. Pradhan, ACAS (Ops, T&H), Air Headquarter as Members.

**Details as per requirements of DPE guidelines on Corporate Governance**

During the last 3 years Annual General Meetings were held as follows:-

Annual General Meetings	Time of AGM	Venue of the AGM	Special Resolutions, if any
23 <sup>rd</sup> Annual General Meeting held on 30.12.2008	2.30 PM	Registered Office at Safdarjung Airport, New Delhi-110003	Nil
24 <sup>th</sup> Annual General Meeting held on 23.12.2009	12.30 PM	Registered Office at Safdarjung Airport, New Delhi-110003	Alteration 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 <sup>th</sup> 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 ₹ 120 crores to ₹ 250 crores and issue of equity shares in the name of President of India ₹ 36 crores and ₹ 95.85 crores in the name of ONGC.

**Presidential Directives**

No Presidential directive was issued during the year.

**Redressal of Public Grievance**

The Company is following Government Guidelines on redressal of grievances for employees and public.

**Citizen's Charter**

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

**Integrity Pact**

The Company has signed Integrity Pact with Transparency International India on 09.11.2011.

**Related party transactions of Senior Management**

There was no related party transactions during the year with regard to Senior Management where they had any personal interest.

**Certificate from Practicing Company Secretary regarding compliance of Corporate Governance Guidelines.**

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

**Remuneration Committee**

Remuneration Committee will be constituted



*Inspection and acceptance of the new Dauphin N3 Helicopter in France*

as per DPE guidelines upon the induction of Independent Directors, which is presently under consideration with the Administrative Ministry.

### **Whistle Blower Policy**

A WhistleBlower Policy has been implemented as a voluntary initiative. The policy would ensure that a genuine whistleblower is granted due protection from any victimization. The policy is available to all employees of the Company and uploaded on the intranet of the Company. No personnel have 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 2010-11 together with replies thereto are appended as Annexure 'A'. (Refer to page no. 69).

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 no. 77).

### ***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 no.79).

### ***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 provisions of the law regarding Persons for Disabilities (equal opportunities, protection of rights and full participation) Act, 1995.

### ***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 continued confidence reposed by the Oil and Natural Gas Corporation Ltd., various State Governments and other customers and all other stake-holders in the operations of the Company.

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

For & on behalf of the  
Board of Directors  
Pawan Hans Helicopters Ltd.

(R.K. Tyagi)  
Chairman cum Managing Director

Date: 29<sup>th</sup> December, 2011

Place: New Delhi.



*Sh. Sanjiv Bahl, Executive Director, PHL accepted delivery of the 1000th Dauphin N3 Helicopter in April, 2011 from M/s. Eurocopter, France*



## MANAGEMENT DISCUSSION & ANALYSIS REPORT

### Overview of Helicopter Operations

#### Industry Structure and Developments

Helicopters have a tremendous future in India. Given the ability of helicopters to fly in varied environments and also due to the fact that infrastructure for fixed wing aircrafts can expand only incrementally, it is but natural for helicopters to grow at an unprecedented pace. At present, India has about 300 civil helicopters in operation, which is minuscule in comparison to the international figure of 35,750. The Government aspires for rapid development of helicopter operations, to include 300 more helicopters. In order to achieve this objective, the Strategic Plan of the Government list the following to enable growth of Helicopter operations during next 5 years:-

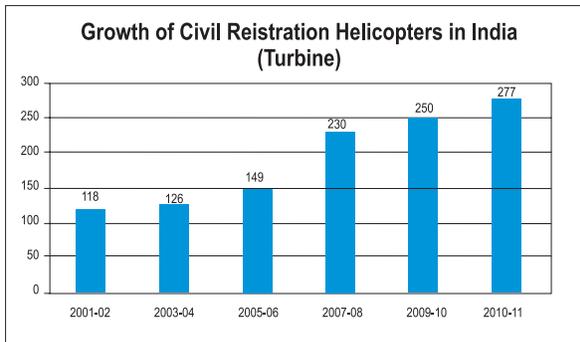
- a. Create the right infrastructure for the rapid growth of helicopter operations. Heliports shall be set up in the four regions in the country – Delhi in North, Mumbai in the West, Kolkata in the East and Chennai/ Bangaluru in the South in the first phase. Development of heliports for air connectivity through helicopter services in remote areas in J&K, M.P, Chattisgarh, Orissa, A.P, Gujarat etc. Special requirement of air connectivity to NE region, J&K, A&N islands, Lakshadweep islands as socio-economic commitment.
- b. These heliports shall be developed both in the public, private and joint sector. The responsibility of developing heliports shall primarily rest with the Airports Authority of India. However, this critical function can also be performed by the Pawan Hans Helicopters Ltd. and also by the private sector.
- c. The Greenfield Airports Policy shall be suitably modified wherever necessary to adapt to helicopter operations' needs.
- d. States would be encouraged to develop helipads and heliports through subsidy schemes like the Infrastructure Development Scheme of Tourism Department.

- e. The Government shall periodically review the need for helicopter corridors and update them according to changing needs of the industry. Air Space Management shall be done in a way to enable optimal growth of helicopters along-with fixed wings.
- f. Tourism and Medical evacuation are going to be major drivers of helicopter growth in India in the years to come. Medical Evacuation would be triggered by the Government through the National Disaster Management Agency and NHAI.
- g. Since medical evacuation for private people still continues to be an expensive proposition medical insurance companies would be encouraged to formulate appropriate packages to include the cost of such evacuation. In the case of Government Servants CGHS would act as a facilitating vehicle.
- h. Coordinate with line Ministries to develop helipads in major and prestigious government and private hospitals.
- i. In order to facilitate growth of helicopter operations in India a separate wing for helicopters shall be developed in the DGCA and AAI. The Regulatory regime for helicopters would be continuously upgraded to enable blossoming of the sector.

Theme	Strategic Initiatives
Air Connectivity through Helicopter Services	Rapid development of Helicopter operations
Infrastructure creation	<ol style="list-style-type: none"> <li>i. Create Heliports and Helipads in the country</li> <li>ii. Develop world class MROs for Helicopters</li> <li>iii. Create Helicopter Training Academy for HR capacity development</li> </ol>



Growth Chart showing Civil registered helicopters in India during the period 2001-02 to 2010 -11 is as under :-



In the total 277 Civil Registered helicopters in India in the year 2010-11 there had been 71 NSOP operators with fleet strength of 212 helicopters, 17 Government Operators/BSF with fleet strength of 37 helicopters and 20 private operators with fleet strength of 28 helicopters. Out of the total 277 helicopters there are 154 twin engine helicopters representing 56% and 123 single engine helicopters representing 44% of the total helicopter strength in the Country. In the total 277 helicopters for Civil usage in India 43 helicopters (15.53%) are used for logistic support to E&P Companies, 212 helicopters (76.53%) used for helicharters and 22 helicopters (7.94%) used for heli pilgrimage/heli tourism. (Source : Presentation made by RWSI for International Helicopter Safety Team – (IHST)).

PHHL owns 42 helicopters plus it operates and maintains 9 helicopters owned by other agencies. There are 6 operators having five or more helicopters in India. PHHL is the largest operator and retains majority market share of commercial operations of helicopters deployed on long term basis.

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

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

- ◆ Helicopter Operations
  - Strengthen competitive position in existing markets.

- Acquisition of new fleet
- Pursue Business in new areas
- ◆ Setting up of MRO facilities
- ◆ Setting up of Training Centre
- ◆ Establishing Heliports and Joint-Ventures
- ◆ Sea Plane operations
- ◆ Improvement of customer satisfaction

**STRENGTHEN COMPETITIVE POSITON IN EXISTING MARKETS**

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

**ACQUISITION OF NEW FLEET**

The Strategic Plan of the Ministry of Civil Aviation covers the roadmap for the Aviation Industry during the five year period (2010-15). Keeping the Helicopter Industry in view and its growth potential through the XII Five Year Plan Period (2012-17), PHHL has proposed acquisition of its own fleet during this period and other capital programmes at an estimated outlay of ₹725 crores. The Company has projected acquisition of 10 new helicopters and 02 sea planes during the XII Five Year Plan at an outlay of ₹559.35 crores. It is proposed to finance the project cost on the basis of debt- equity ratio of 80:20. Other proposed capital programmes will be financed through augmentation of financial resources through internal and external generation of funds.

**PURSUE BUSINESS IN NEW AREAS**

- Medical evacuation, law enforcement, news gathering, intra-city transportation



connecting airports to city- centers in major cities, corporate travel, hotline washing of power insulators, etc.

- There is tremendous potential in the tourism/pilgrimage areas in the country that need to be carefully tapped. New areas that can be explored for this purpose are States of Himachal, Uttarakhand, Gujarat, South India, Goa and North–East States.

#### **STRATEGIC ALLIANCE WITH HAL FOR O & M FOR DHRUV HELICOPTERS**

- Establish contract with HAL for the O & M contract for Dhruv helicopters.

#### **DISASTER MANAGEMENT- DEDICATED EMERGENCY MEDICAL SERVICES/SAR OPERATIONS**

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

#### **HELICOPTER MAINTENANCE SERVICES**

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

#### **HELICOPTER TRAINING CENTRE**

DGCA has assigned the task to PHHL for Development of a Helicopter Training Centre and Heliport at the Gliding Centre, Hadapsar, Pune.

#### **HELIPORTS**

MoCA has assigned the task of Development of Heliport at Rohini, New Delhi which will be the First Integrated heliport in the Country

with provision for operations and parking of Helicopters, Maintenance facilities, small commercial centre, etc.

#### **IMPROVEMENT IN CUSTOMER SATISFACTION**

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

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

#### **Risks and Concerns**

PSUs like ONGC and GSPC have issued tenders with 5 years vintage conditions of helicopters. Some North East States like Government of Arunachal Pradesh have also floated tenders for Heavy helicopters with 5 years vintage. There is therefore risk of finding new business for the older helicopter fleet in case this trend is followed by some other customers. The recovery period specially from some State Governments is long resulting in large amount of customer outstanding dues. This may affect the cash flow of the Company, keeping in view fund requirement for debt servicing of the term loan taken for acquisition of new fleet of helicopters. Although, most of the Contracts with the customers have an inbuilt provision for hedging against fluctuations in terms of rates of foreign exchange and aviation Turbine Fuel, such fluctuations affects contracts which may have fixed and firm charter rates for helicopter services leading to increased input



cost and reduced profit margins. Aviation business is characterized by the safety in air and on ground. Helicopter accidents may affect customer confidence and influence the business of the Company.

#### **Internal Control Systems and their adequacy.**

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

#### **Analysis of Finance and Operations.**

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

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

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

#### **Human Resources, Industrial Relations and Talent Management Issues**

The staff strength as on 31st March, 2011 was 989 as against 850 as on 31st March 2010. The

manpower comprise of 168 flying crew, 102 engineers, 6 flight engineers, 52 executives, 298 technicians and 363 support staff. During the year Industrial relations had been cordial. The Company has been sending its pilots and other staff for training as also doing internal training development of its employees on regular basis.

#### **Environmental Conservation, Renewable Energy Use and R&D Issues**

The Company has always considered energy saving and technology absorption as an important goal and high priority has been accorded to the same during the year under review. The Company has obtained ISO-14001 and 18001 Certification which is known as Integrated Management System covering environment and safety aspects. The Company has recently obtained approval of Ministry of Environment & Forests for development of Heliport at Rohini. As part of Innovation, the Company has carried out study on Indigenization of Spares and enhanced reliability of HMUs (Dauphin N3 helicopter). The Company is also carrying out feasibility study of Flight Following System for helicopters and implementation of study on enhanced reliability of HMUs (Dauphin N3 helicopter).

#### **Corporate Social Responsibility**

The Company is following Corporate Social Responsibility role assigned to it as per the MoU for the year 2010-11 and 2011-12 and as per the CSR Guidelines issued by DPE. PHHL is preparing plan for skill development of economically weaker section of North East and financial assistance for education of economically weaker section in North East.

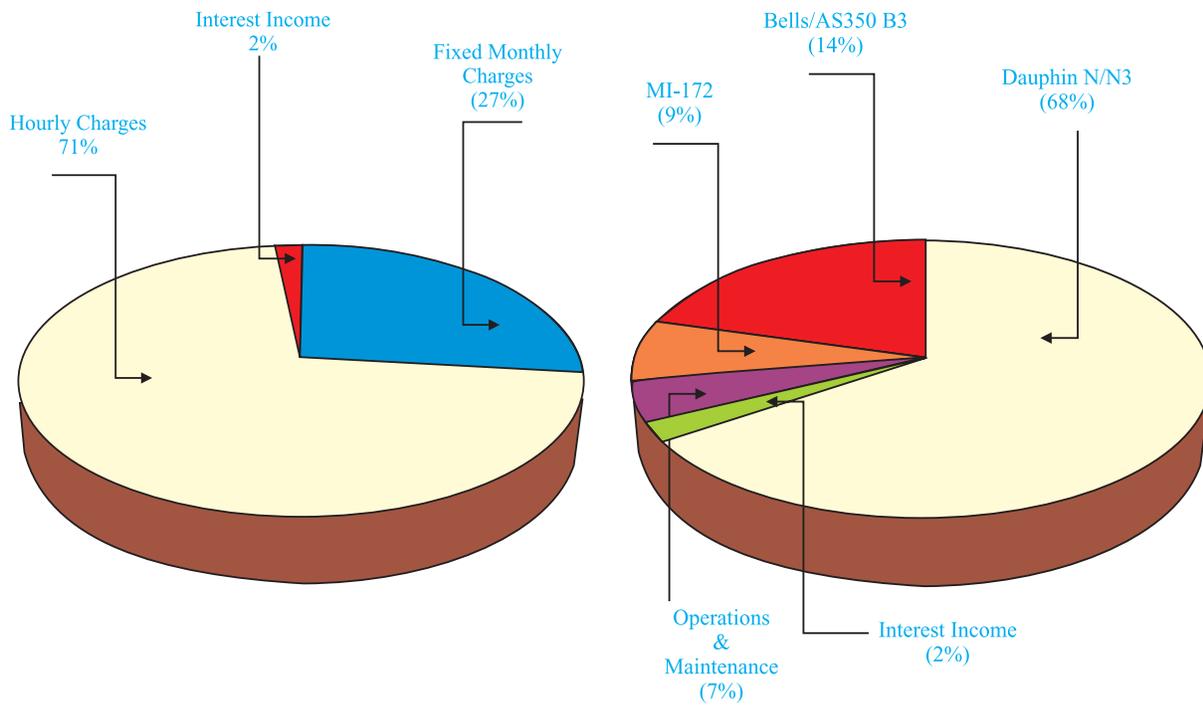
The Company has in September, 2010 framed Corporate Social Responsibility and Sustainability (CSRS) Policy based on the guidelines framed by Department of Public Enterprises.



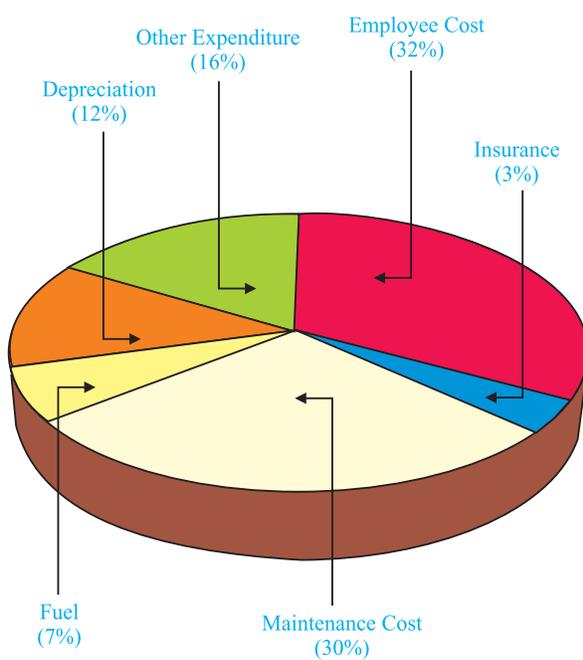


## FINANCIAL HIGHLIGHTS (For 2010-11)

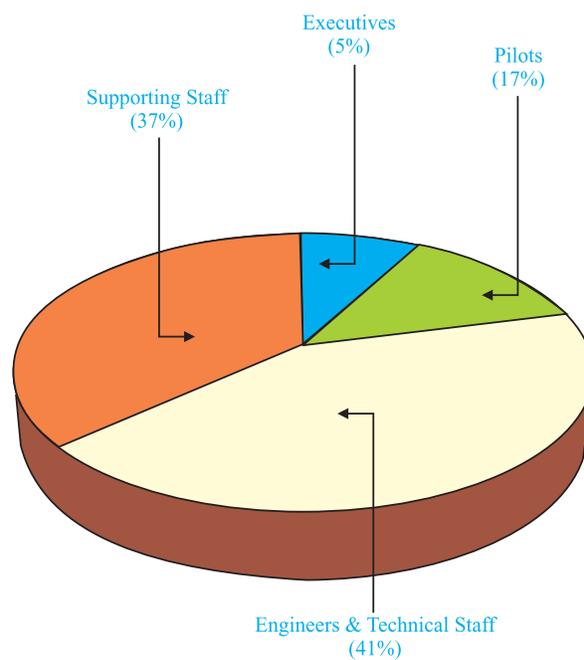
### Source of Income



### Cost Structure

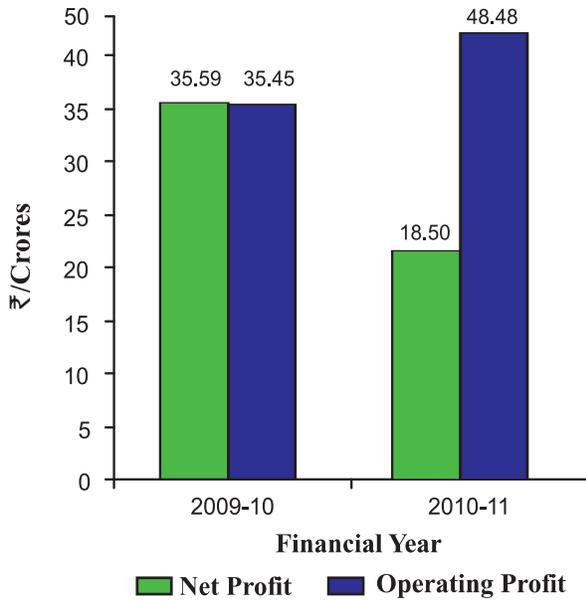


### Manpower Profile

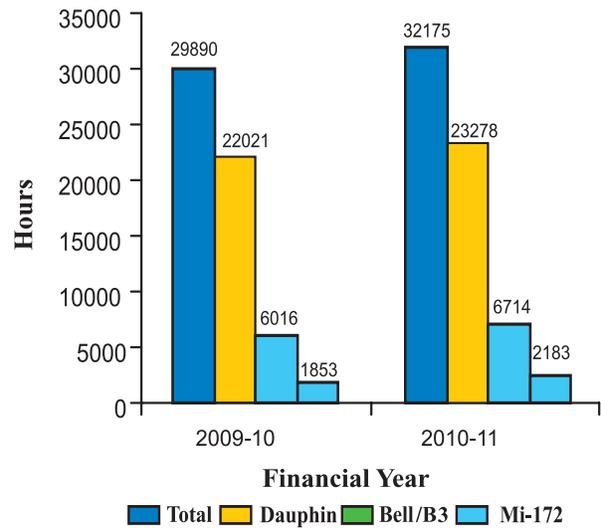




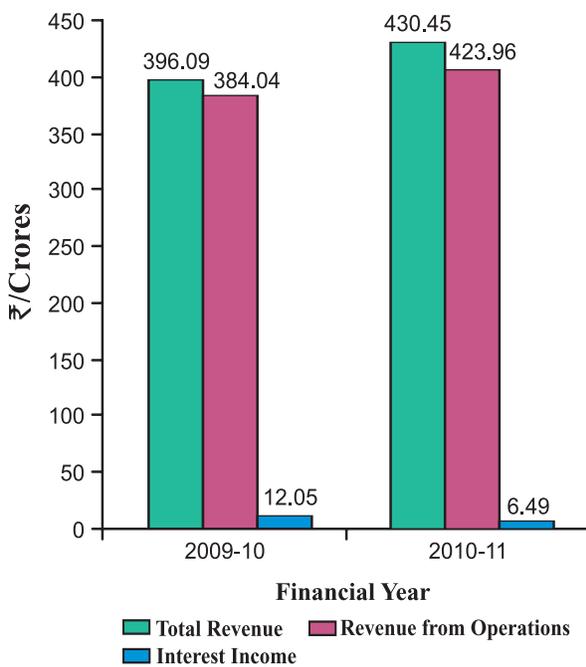
## Net Profit & Operating Profit



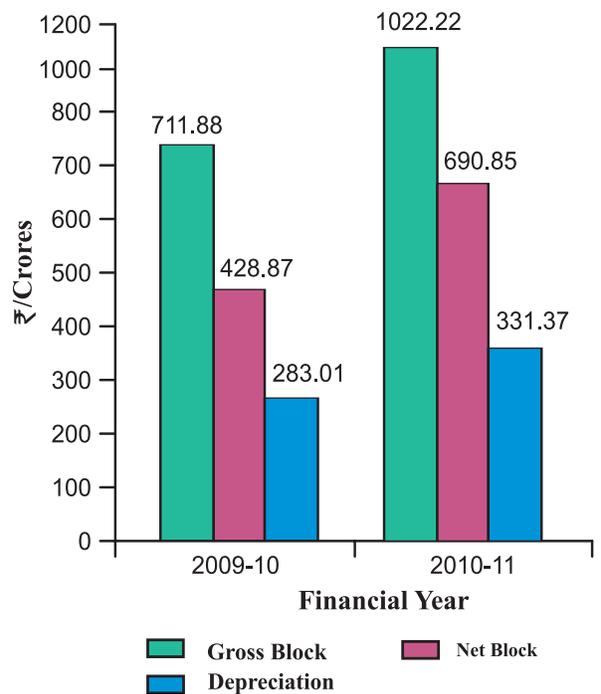
## Flying Hours



## Revenue



## Fixed Assets





## SUMMARISED ACCOUNTS

	(₹ in Crores)				
	2010-11	2009-10	2008-09	2007-08	
<b>RESOURCES</b>					
Net Worth	485.92	350.96	300.37	288.56	
Loan Funds- Secured Loans	79.22	-	-	-	
Deferred Tax Liabilities	97.63	77.21	67.06	50.38	
<b>Total</b>	<b>662.77</b>	<b>428.17</b>	<b>367.43</b>	<b>338.94</b>	
<b>UTILISATION OF RESOURCES</b>					
Fixed Assets (including Capital wip)	1047.74	749.62	745.29	681.07	
Less: Depreciation	331.37	283.01	250.47	215.37	
Net Fixed Assets	716.37	466.61	494.82	465.70	
Investment	2.89	2.89	-	-	
Net Working Capital	(57.03)	(42.41)	(133.53)	(137.97)	
Miscellaneous Expenditure	0.54	1.08	6.14	11.21	
<b>Total Capital Employed</b>	<b>662.77</b>	<b>428.17</b>	<b>367.43</b>	<b>338.94</b>	
<b>EARNINGS</b>					
Revenue from Operations	423.96	384.04	310.94	220.11	
Interest /Other income	6.49	12.05	17.88	23.30	
<b>Total</b>	<b>430.45</b>	<b>396.09</b>	<b>328.82</b>	<b>243.41</b>	
<b>OUTGOINGS</b>					
Employee Cost	121.47	109.64	81.13	71.20	
Insurance	9.86	7.67	6.56	5.48	
Maintenance & Materials	110.92	130.04	109.36	68.06	
Fuel	24.53	21.23	21.66	16.89	
Other Expenditure & Provisions	62.16	41.81	35.73	21.91	
Interest on borrowings	6.17	-	-	-	
Depreciation	46.53	38.21	36.20	30.36	
<b>Total</b>	<b>381.64</b>	<b>348.60</b>	<b>290.64</b>	<b>213.90</b>	
<b>Profit for the year before Extraordinary/ Prior period Adjustments</b>	<b>48.81</b>	<b>47.49</b>	<b>38.18</b>	<b>29.51</b>	
Prior period/Extraordinary adjust.	0.66	7.65	9.77	0.66	
<b>Profit before tax</b>	<b>49.47</b>	<b>55.14</b>	<b>47.95</b>	<b>30.17</b>	
Provision for Taxation	10.00	9.40	5.50	3.00	
Provision for tax for Previous years	0.54	-	-	-	
Fringe Benefit Tax	-	-	0.65	0.55	
Deferred Tax Liability	20.42	10.15	16.68	3.45	
<b>Net profit after tax</b>	<b>18.50</b>	<b>35.59</b>	<b>25.12</b>	<b>23.17</b>	
<b>Dividend Paid</b>	<b>-</b>	<b>-</b>	<b>11.38</b>	<b>11.38</b>	
<b>Significant Ratios</b>					
a) Net profit Ratio	$\frac{\text{Net Profit}}{\text{Total Revenue}}$	4.3%	9.0%	7.6%	9.5%
b) Return on Investment	$\frac{\text{Net Profit}}{\text{Capital Employed}}$	2.8%	8.3%	6.8%	6.8%
c) Return on Net Worth	$\frac{\text{Net Profit}}{\text{Net Worth}}$	3.8%	10.1%	8.4%	8.0%
d) Debt Collection Pd.(months)	$\frac{\text{Operational debts}}{\text{Avg. monthly Operating Revenue}}$	5.2	3.5	3.3	4.2
e) Inventory Turnover (months)	$\frac{\text{Year end Inventory}}{\text{Avg. monthly Operating Revenue}}$	2.1	2.1	2.4	2.0
f) Current Ratio	Current Assets: Current Liabilities	0.9	0.9	0.8	0.8





# 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, such depreciation is provided to the extent of 95% of the value of assets. 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 7,000 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 25,000 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 31.03.2007.



- 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 ₹ 5,000 or less are depreciated @ 100 % in the year of purchase.
- j) Impairment : The carrying amount of assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any indication exist, the assets recoverable amount is estimated. An impairment loss is recognized wherever the carrying amount of an assets exceeds its recoverable amount.

## 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 ₹1,000 and all items of consumables, oil, greases, lubricants are expensed in the year of purchase.
- d) Goods dispatched 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 dispatched by the suppliers by 31st March of each year but not received by the Company as at the year end, based on manufacturers 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 ₹ 5,000.

#### 6. PREPAID EXPENSES

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

#### 7. MAINTENANCE EXPENDITURE OF HELICOPTERS

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

#### 8. REVENUE RECOGNITION

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

#### 9. INTEREST/INCOME FROM INVESTMENTS

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

#### 10. FUEL

Expenditure on Aviation Turbine Fuel is fully charged to Profit and Loss Account in the year of purchase and no cognizance is taken of stock, if any, of fuel in helicopters as at the end of the financial year.

#### 11. INSURANCE / INSURANCE CLAIMS

- a) The Company has opted for separate scheme of Self Insurance in respect of Technical Personnel. Any compensation payable under the scheme is charged to expenditure for the year under the Profit and Loss Account.
- b) Insurance Claims other than those relating to the helicopters and inventory are accounted for on cash basis and recognised as income except where payable to any third party.



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

## 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 ₹ 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 ₹ 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 charged 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 31<sup>st</sup> March, 2011

	Schedule	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2010	(In ₹)
<b>I SOURCES OF FUNDS</b>				
<b>1. Shareholders' Funds</b>				
Capital	1	2,45,61,60,000	1,13,76,60,000	
Advance against equity shares, pending allotment	2	-	15,00,00,000	
Reserves & Surplus	3	<u>2,40,30,14,107</u>	<u>2,22,19,53,729</u>	
		4,85,91,74,107	3,50,96,13,729	
<b>2. Loan Funds</b>	4			
Secured Loans		79,22,12,964		
<b>3. Deferred Tax Liability (Net)</b>	5	<u>97,63,34,760</u>	<u>77,21,01,593</u>	
<b>Total (I)</b>		<u>6,62,77,21,831</u>	<u>4,28,17,15,322</u>	
<b>II APPLICATION OF FUNDS</b>				
<b>1. Fixed Assets</b>	6			
<b>A. Assets under Active Use</b>				
Gross Block		10,04,53,62,017	7,11,87,76,690	
Less Depreciation Fund		<u>3,24,47,82,570</u>	<u>2,83,01,25,402</u>	
Net Block		6,80,05,79,447	4,28,86,51,288	
<b>B. Assets retired from Active Use and held for disposal/Impaired Assets</b>				
Gross Block		62,48,45,611	62,51,07,349	
Less Depreciation Fund		52,94,39,782	52,96,88,433	
Less Provision for loss on disposal/ Impairment		9,54,05,829	9,54,18,916	
Net Block		-	-	
<b>C. Assets currently not in Active use</b>				
Gross Block		17,67,96,392	2,75,93,114	
Less Depreciation Fund		<u>6,88,91,728</u>	<u>2,62,13,458</u>	
Net Block		10,79,04,664	13,79,656	
<b>D. Capital Work in Progress</b>		<u>25,52,06,966</u>	<u>37,60,22,861</u>	
		7,16,36,91,077	4,66,60,53,805	
<b>3. Investments</b>	7	2,89,33,530	2,89,33,530	
<b>4. Current Assets, Loans, and Advances</b>	8			
Inventories		74,25,69,448	68,69,02,563	
Sundry Debtors		1,84,29,48,487	1,13,03,42,642	
Cash & Bank Balances		1,14,01,82,419	1,25,84,19,443	
Loans & Advances		<u>1,71,97,65,854</u>	<u>2,04,52,05,501</u>	
		5,44,54,66,208	5,12,08,70,149	
Less:				
<b>Current Liabilities &amp; Provisions</b>	9			
Liabilities		5,47,03,88,711	5,13,38,69,402	
Provisions		<u>54,53,67,257</u>	<u>41,10,46,727</u>	
		6,01,57,55,968	5,54,49,16,129	
Net Current Assets		(57,02,89,760)	(42,40,45,980)	
<b>3. Miscellaneous Expenditure</b> ( to be extent not written off or adjusted)		53,86,984	1,07,73,967	
<b>Total (II)</b>		<u>6,62,77,21,831</u>	<u>4,28,17,15,322</u>	
<b>Contingent Liabilities &amp; Notes to Accounts</b>	17			

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 S.Chaturvedi & Associates**  
Chartered Accountants  
Firm Regd. No. 004550N

Punit Sachdev  
Partner  
(M.No.- 097897)

Place : New Delhi.

Dated : 1<sup>st</sup> November, 2011

R.K.Tyagi  
Chairman-Cum-Managing Director

Sanjiv Bahl  
Executive Director

Sanjiv Agrawal  
Company Secretary & DGM (Legal)

E.K.Bharat Bhushan  
Director

Dhirendra Sahai  
Dy.G.M.(F&A)



## PROFIT AND LOSS ACCOUNT

### For the year ended 31st March, 2011

		(In ₹)	
	Schedule	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2010
<b>I INCOME</b>			
Helicopter Hire Charges		3,89,32,52,341	3,72,97,18,406
Less: Deduction for non-provision of Helicopters(AOG)		<u>2,86,09,325</u>	<u>4,45,30,930</u>
		3,86,46,43,016	3,68,51,87,476
Income from Operations & Maintenance Contracts		28,57,26,715	12,00,08,714
Interest Income	10	6,49,00,868	12,05,37,282
Other Income	11	<u>8,92,21,252</u>	<u>3,51,95,133</u>
<b>Total</b>		<u>4,30,44,91,851</u>	<u>3,96,09,28,605</u>
<b>II EXPENDITURE</b>			
Helicopter Maintenance Expenditure		1,01,61,35,299	1,15,84,72,772
Helicopter Operational Expenditure	12	43,89,35,269	40,54,14,024
Employees' Remuneration & Other Benefits	13	1,21,47,14,279	1,09,64,44,624
Insurance		9,85,71,225	7,67,04,242
Depreciation	6	46,53,03,382	38,20,60,906
Interest & other Borrowing cost		6,17,02,482	-
Other Expenses	14	<u>52,10,95,021</u>	<u>36,68,53,338</u>
<b>Total</b>		<u>3,81,64,56,957</u>	<u>3,48,59,49,906</u>
<b>III Profit for the year before extraordinary/</b>			
<b>Prior Period Items</b>			
Extraordinary Items	15	1,84,82,386	7,04,59,964
Prior Period Adjustments	16	<u>(1,18,71,532)</u>	<u>59,80,992</u>
<b>Profit for the year before Tax</b>		49,46,45,748	55,14,19,655
Provision for Taxation (including Wealth Tax/MAT)		10,00,00,000	9,40,00,000
Provision for Income Tax for earlier years		53,52,203	-
Deferred Tax Liability		<u>20,42,33,167</u>	<u>10,15,33,563</u>
<b>Net Profit After Tax</b>		18,50,60,378	35,58,86,092
Profit brought forward from the previous year		<u>2,01,29,53,729</u>	<u>1,65,70,67,637</u>
<b>Profit available for appropriation</b>		<u>2,19,80,14,107</u>	<u>2,01,29,53,729</u>
<b>Appropriations</b>			
Profit Carried over to Balance Sheet		2,19,80,14,107	2,01,29,53,729
		<u>2,19,80,14,107</u>	<u>2,01,29,53,729</u>
Earnings Per Share (Basic & Diluted)		1,421	3,128
( Face value ₹10,000/- each)			
<b>Contingent Liabilities &amp; Notes to Accounts</b>			
	17		

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 S.Chaturvedi & Associates**  
Chartered Accountants  
Firm Regd. No. 004550N

R.K.Tyagi  
Chairman-Cum-Managing Director

E.K.Bharat Bhushan  
Director

Punit Sachdev  
Partner  
(M.No.- 097897)

Sanjiv Bahl  
Executive Director

Sanjiv Agrawal  
Company Secretary & DGM (Legal)

Dhirendra Sahai  
Dy.G.M.(F&A)

Place : New Delhi.

Dated : 1<sup>st</sup> November, 2011



## SCHEDULE 1 CAPITAL

	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2010
		(In ₹)
<b>AUTHORISED CAPITAL</b>		
2,50,000 Equity Shares (PY:1,20,000 Equity Shares) of ₹ 10,000/- each	2,50,00,00,000	1,20,00,00,000
<b>ISSUED, SUBSCRIBED &amp; PAID-UP</b>		
2,45,616 Equity Shares (PY:1,13,766 Equity Shares) of ₹ 10,000/- each, fully paid-up	2,45,61,60,000	1,13,76,60,000
<b>Total</b>	<b>2,45,61,60,000</b>	<b>1,13,76,60,000</b>

## SCHEDULE 2 ADVANCE AGAINST EQUITY SHARES, PENDING ALLOTMENT

	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2010
		(In ₹)
President of India	-	15,00,00,000
<b>Total</b>	<b>-</b>	<b>15,00,00,000</b>

## SCHEDULE 3 RESERVES & SURPLUS

	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2010
		(In ₹)
<b>1. Self Insurance Reserve</b>		
Opening Balance	40,00,000	40,00,000
Add: Addition during the year	-	-
	40,00,000	40,00,000
Less: Transfer to P&L Account during the year	40,00,000	-
	-	40,00,000
<b>2. General Reserve</b>		
Opening Balance	20,50,00,000	20,50,00,000
Add: Addition during the year	-	-
	20,50,00,000	20,50,00,000
Less: Utilised during the Year	-	-
	20,50,00,000	20,50,00,000
<b>3. Profit &amp; Loss Account</b>	<b>2,19,80,14,107</b>	<b>2,01,29,53,729</b>
<b>Total</b>	<b>2,40,30,14,107</b>	<b>2,22,19,53,729</b>



## SCHEDULE 4 SECURED LOANS

	31 <sup>st</sup> March, 2011	(In ₹) 31 <sup>st</sup> March, 2010
Loan from ONGC	78,57,21,001	-
Interest Accrued and due on	64,91,963	-
	<u>79,22,12,964</u>	<u>-</u>

## SCHEDULE 5 DEFERRED TAX LIABILITY

	31 <sup>st</sup> March, 2011	(In ₹) 31 <sup>st</sup> March, 2010
<b>1. Deferred Tax Liability</b>		
Tax Arising on Account of Timing Difference		
- Accumulated Depreciation	1,21,27,70,695	94,38,48,190
<b>Gross Deferred Tax Liability</b>	<u>1,21,27,70,695</u>	<u>94,38,48,190</u>
<b>2. Deferred Tax Assets</b>		
Tax Arising on Account of Timing Difference		
Provision created :		
- Employee Benefits	17,76,27,327	12,99,02,553
- Non-moving Inventory	4,44,44,701	3,21,93,518
- Lease Rent	24,75,268	-
- Doubtful debts/advances	1,18,88,639	96,50,526
<b>Gross Deferred tax Assets</b>	<u>23,64,35,935</u>	<u>17,17,46,597</u>
<b>Net Deferred Tax Liability</b>	<u>97,63,34,760</u>	<u>77,21,01,593</u>



## SCHEDULE 6 FIXED ASSETS

Sl. No.	Particulars	GROSS BLOCK			
		Balance as at 1 <sup>st</sup> April, 2010	Additions during the year	Deletions / Adjustments during the year	As at 31 <sup>st</sup> March, 2011
<b>A. Assets Under Active Use</b>					
1	Land - Leasedhold	58,90,935	-	-	58,90,935
2	Buildings	33,00,24,736	8,33,46,306		41,33,71,042
3	Helicopters & Aero-Engines	4,40,14,23,123	2,72,77,56,199	14,92,03,278	6,97,99,76,044
4	Airframe & Engine Equipment Rotables	1,99,93,88,322	14,79,59,262	2,04,90,354	2,12,68,57,230
5	Workshop & Ground Support Equipment	25,64,23,263	3,13,35,705	1,49,085	28,76,09,883
6	Training Aid Equipment	22,69,885	-	-	22,69,885
7	Air Conditioning	88,03,679	1,29,08,951	14,78,564	2,02,34,066
8	Electrical Installations	1,07,36,869	2,01,67,274	-	3,09,04,143
9	Furniture & Fixures	2,36,39,175	3,30,16,218	1,41,097	5,65,14,296
10	Office Equipment	1,60,41,498	27,89,143	92,643	1,87,37,998
11	Vehicles	1,44,63,182	37,59,898	-	1,82,23,080
12	Computers & Other related Equipments	2,92,96,486	3,44,64,511	4,13,119	6,33,47,878
13	Capitalised Software	1,82,77,378	10,50,000	-	1,93,27,378
14	Communication Equipment	20,98,159	-	-	20,98,159
<b>Grand Total</b>		<b>7,11,87,76,690</b>	<b>3,09,85,53,467</b>	<b>17,19,68,140</b>	<b>10,04,53,62,017</b>
<b>Previous Year</b>		<b>6,69,77,24,868</b>	<b>47,42,44,619</b>	<b>5,31,92,797</b>	<b>7,11,87,76,690</b>
<b>B. Assets Retired from Active Use and held for Disposal/Impaired Assets</b>					
1	Helicopters & Aero-Engines	57,78,07,818	-	-	57,78,07,818
2	Airframe & Engine Equipment Rotables	48,54,343	-	2,61,738	45,92,605
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
<b>Grand Total</b>		<b>62,51,07,349</b>	<b>-</b>	<b>2,61,738</b>	<b>62,48,45,611</b>
<b>Previous Year</b>		<b>62,51,07,349</b>	<b>-</b>	<b>-</b>	<b>62,51,07,349</b>
<b>C. Assets Currently not in Active use</b>					
	Helicopters & Aero-Engines	2,75,93,114	14,92,03,278	-	17,67,96,392
<b>Previous Year</b>		<b>38,24,63,052</b>	<b>-</b>	<b>35,48,69,938</b>	<b>2,75,93,114</b>



## DEPRECIATION

## NET BLOCK

Upto 31 <sup>st</sup> March, 2010	For the Year	Deletions / Adjustments	As at 31 <sup>st</sup> March, 2011	(In ₹)	
				W.D.V. as at 31 <sup>st</sup> March, 2011	W.D.V. as at 31 <sup>st</sup> March, 2010
13,06,410	65,455	-	13,71,865	45,19,070	45,84,525
10,94,49,212	1,52,02,613	(11,228)	12,46,63,053	28,87,07,989	22,05,75,524
1,83,08,32,370	29,13,90,822	4,26,78,270	2,07,95,44,922	4,90,04,31,122	2,57,05,90,753
74,47,58,772	13,02,34,438	70,02,006	86,79,91,204	1,25,88,66,026	1,25,46,29,550
7,68,42,478	1,27,64,295	63,925	8,95,42,848	19,80,67,035	17,95,80,785
16,22,396	96,727	-	17,19,123	5,50,762	6,47,489
38,85,037	9,27,550	10,62,575	37,50,012	1,64,84,054	49,18,642
65,92,326	11,43,876	(223)	77,36,425	2,31,67,718	41,44,543
1,27,28,552	31,64,980	1,16,172	1,57,77,360	4,07,36,936	1,09,10,623
62,38,898	11,42,844	74,737	73,07,005	1,14,30,993	98,02,600
57,92,384	12,77,730	-	70,70,114	1,11,52,966	86,70,798
1,84,68,663	40,99,489	(3,40,020)	2,29,08,172	4,04,39,706	1,08,27,823
1,07,89,135	36,92,900	-	1,44,82,035	48,45,343	74,88,243
8,18,769	99,663	-	9,18,432	11,79,727	12,79,390
2,83,01,25,402	46,53,03,382	5,06,46,214	3,24,47,82,570	6,80,05,79,447	4,28,86,51,288
2,50,46,56,551	38,20,60,906	5,65,92,055	2,83,01,25,402	4,28,86,51,288	
50,50,45,725	-	-	50,50,45,725	7,27,62,093	7,27,62,093
40,72,124	-	2,48,651	38,23,473	7,69,132	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	-	2,48,651	5,29,4,39,782	9,54,05,829	9,54,18,916
52,96,88,433	-	-	52,96,88,433	9,54,18,916	
2,62,13,458	4,26,78,270	-	6,88,91,728	10,79,04,664	13,79,656
5,02,24,054	-	2,40,10,596	2,62,13,458	13,79,656	



## SCHEDULE 7 INVESTMENTS

	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2010
Investment in Equity Capital of National Flying Training Institute, Gondia, Maharashtra (28,93,353 Equity Share of ₹10/- each Non-Listed)	2,89,33,530	2,89,33,530
	2,89,33,530	2,89,33,530

## SCHEDULE 8 CURRENT ASSETS, LOANS & ADVANCES

	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2010
<i>(In ₹)</i>		
<b>Current Assets, Loans &amp; Advances</b>		
<b>A. Current Assets</b>		
<b>I) Inventories \$</b>		
<i>(Certified and valued by Management)</i>		
<b>a) At Cost</b>		
Stores & Spares	90,50,74,137	80,05,88,732
Less: (i) Provision for Non moving Stores & Spares	(13,37,99,056)	(9,47,14,676)
(ii) Provision for Impairment in value	(4,53,13,528)	(4,53,13,528)
	72,59,61,553	66,05,60,528
- Goods in Transit	97,47,715	2,15,59,745
<b>b) At Cost Less Written Off</b>		
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	3,61,49,976	3,75,04,578
Less: Written Off	(2,92,89,796)	(3,27,22,288)
	68,60,180	47,82,290
Training Material	27,17,193	27,17,193
Less: Written Off	(27,17,193)	(27,17,193)
	-	-
<b>Sub Total (I)</b>	<b>74,25,69,448</b>	<b>68,69,02,563</b>

\$ Inventories include Westland items aggregating ₹27.32 crores ( P.Y. ₹27.32 crores) at cost, book value ₹ 6.47 crores (P.Y. ₹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....



	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2010
(In ₹)		
<b>II) Sundry Debtors (Unsecured)</b>		
Debts Outstanding for more than six months		
a) Considered Good	51,90,01,548	30,71,29,229
b) Considered Doubtful	2,40,82,442	2,00,92,770
Other Debts, Considered Good	1,32,39,46,939	82,32,13,413
	<u>1,86,70,30,929</u>	<u>1,15,04,35,412</u>
Less: Provision for Doubtful Debts	(2,40,82,442)	(2,00,92,770)
<b>Sub Total (II)</b>	<u>1,84,29,48,487</u>	<u>1,13,03,42,642</u>
<b>III) Cash &amp; Bank Balances</b>		
Cash in Hand	18,22,812	21,42,418
Balances with Scheduled Banks		
Current Accounts	33,71,67,378	28,13,00,188
Deposit Accounts	77,15,82,073*	93,28,10,573 *
* (Including under lien ₹45.61 crores P.Y. ₹ 27.41 crores )		
Interest Accrued on Deposits	2,96,10,156	4,21,66,264
<b>Sub Total (III)</b>	<u>1,14,01,82,419</u>	<u>1,25,84,19,443</u>
<b>Total (A)</b>	<u>3,72,57,00,354</u>	<u>3,07,56,64,648</u>
<b>B. Loans &amp; Advances</b> ( Unsecured unless otherwise stated)		
<b>Advances Recoverable in cash or in kind or for value to be received</b>		
a) Considered Good *		
i) Advances to Capital Suppliers	60,18,06,252	57,89,69,440
ii) Other Advances	1,03,67,86,310	1,40,20,78,119
b) Considered Doubtful	1,17,07,845	82,99,484
	<u>1,65,03,00,407</u>	<u>1,98,93,47,043</u>
Less:Provision for Doubtful Advances	1,17,07,845	82,99,484
	<u>1,63,85,92,562</u>	<u>1,98,10,47,559</u>
* ( Including Loans & Advances to staff secured by Assets ₹ 6.93 crores; P.Y. ₹7.76 crores ) and Deposits made under protest with Income Tax Deptt. ₹ 60.11 crores ( PY ₹70.16 crs.) refer Note No. 2 ( C ) of Notes to Accounts.		
<b>Loans to Public Sector Undertakings</b>		
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	7,25,00,000	7,25,00,000
	<u>-</u>	<u>-</u>
Prepaid Expenses	5,11,60,519	3,75,71,853
Security Deposits	3,00,12,773	2,65,86,089
<b>Sub Total (B)</b>	<u>1,71,97,65,854</u>	<u>2,04,52,05,501</u>
<b>Total (A+B)</b>	<u>5,44,54,66,208</u>	<u>5,12,08,70,149</u>



## SCHEDULE 9 CURRENT LIABILITIES & PROVISIONS

Current Liabilities & Provisions	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2010
		(In ₹)
<b>A. Current Liabilities</b>		
Amount claimed by Central Government		
- Principal Amount	1,30,91,03,140	1,30,91,03,140
- Interest/Other Charges	3,39,31,18,827	3,39,31,18,827
	4,70,22,21,967	4,70,22,21,967
Sundry Creditors	29,73,48,878*	18,80,41,186*
Advance from Customers	4,72,54,636	2,50,61,647
Other liabilities	42,35,63,230	21,85,44,602
	76,81,66,744	43,16,47,435
<b>Sub Total (A)</b>	5,47,03,88,711	5,13,38,69,402
* Amount due to SSI units: Nil		
<b>B. Provisions</b>		
Employee's Benefits	54,53,67,257	41,10,46,727
<b>Sub Total (B)</b>	54,53,67,257	41,10,46,727
<b>Total (A+B)</b>	6,01,57,55,968	5,54,49,16,129

## SCHEDULE 10 INTEREST INCOME

	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2010
		(In ₹)
Interest Income from Deposits with Banks/ Public Financial Institutions [ TDS ₹ 0.67 crores ; P.Y. ₹1.63 crores]	5,76,08,736	10,47,09,105
Interest on Loans to Employees	23,95,589	33,30,941
Other Interest Income	48,96,543	1,24,97,236
<b>Total</b>	6,49,00,868	12,05,37,282



## SCHEDULE 11 OTHER INCOME

	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2010
		(In ₹)
Provision No Longer Required	1,35,00,258	1,49,02,893
Provision Written Back for Self Insurance	40,00,000	-
Exchange Fluctuation (Net)	3,82,12,115	-
Profit on Sale of Assets	-	16,77,793
Miscellaneous Income	3,35,08,879	1,86,14,447
<b>Total</b>	8,92,21,252	3,51,95,133

## SCHEDULE 12 HELICOPTER OPERATIONAL EXPENDITURE

	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2010
		(In ₹)
Fuel Expenses	23,40,19,817	19,12,55,024
Landing, Parking and other Expenses	1,13,10,969	2,10,24,106
Liquidated Damages	2,95,66,801	8,19,40,571
Helicopter Lease Charges	5,86,07,167	1,93,04,210
Commercial expenses	4,19,05,942	3,19,07,860
Other Operating Expenses	18,55,765	20,30,033
Freight,Transportation & Cartage	95,89,216	63,75,447
Storage, Handling & Demurrage Charges	69,99,331	1,07,17,813
Rotables, Stores & Spares Written Off	1,39,18,989	2,09,89,514
Provision for Non-Moving Inventory /	3,11,61,272	49,94,627
Life Expired Items		
Exchange Rate Fluctuations (Net)	-	1,48,74,819
<b>Total</b>	43,89,35,269	40,54,14,024



## SCHEDULE 13 EMPLOYEES' REMUNERATION & OTHER BENEFITS

	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2010
Salaries, Wages & Other Benefits	1,06,02,97,274	89,84,56,894
Staff Welfare	1,57,33,071	1,31,42,436
Provident & Gratuity Funds	5,60,74,115	12,21,27,485
Other Staff Expenses	8,26,09,819	6,27,17,809
<b>Total</b>	<b>1,21,47,14,279</b>	<b>1,09,64,44,624</b>

## SCHEDULE 14 OTHER EXPENSES

	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2010
Repairs and Maintenance		
Building	1,57,33,478	1,41,09,099
Equipment	64,41,716	42,72,295
Others	2,55,88,448	1,27,51,910
	<u>4,77,63,642</u>	<u>3,11,33,304</u>
Rent	5,11,77,075	4,06,11,248
Travelling & Conveyance	19,11,60,164	15,23,19,325
Staff Training	7,94,94,267	3,92,10,846
Bank Charges	61,05,303	61,60,426
Electricity & Water	1,68,89,904	1,31,12,118
Telephone, Telex & Postage	93,21,436	90,36,083
Advertisement & Publicity	2,62,79,710	2,32,94,009
Printing & Stationery	79,92,503	66,75,270
Vehicle Running & Maintenance	24,71,396	23,57,362
Auditors Remuneration		
- Audit Fees	5,17,463	5,36,709
- Other Expenses	82,833	55,000
	<u>6,00,296</u>	<u>5,91,709</u>
Rates and Taxes	2,34,36,690	1,20,62,853
Loss on Sale of Assets	5,08,761	-
Provision for Doubtful Debts & Advances	98,77,527	25,21,773
Corporate Social Responsibility	2,51,000	-
Share of Loss under Joint Venture - Sea Plane	54,28,587	-
Miscellaneous Expenses	4,23,36,760	2,77,67,012
<b>Total</b>	<b>52,10,95,021</b>	<b>36,68,53,338</b>



## SCHEDULE 15 EXTRAORDINARY ITEMS

	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2010
<i>(In ₹)</i>		
<b>A. Credits</b>		
Surplus on Settlement of Insurance Claims	1,84,82,386	7,04,59,964
<b>Total</b>	<u>1,84,82,386</u>	<u>7,04,59,964</u>
<b>B. Debits</b>		
	-	-
<b>Total (B)</b>	<u>-</u>	<u>-</u>
<b>C. Net Credit/(Debits) (A-B)</b>	<u>1,84,82,386</u>	<u>7,04,59,964</u>

## SCHEDULE 16 PRIOR PERIOD ADJUSTMENTS

	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2010
<i>(In ₹)</i>		
<b>A. Credits</b>		
Depreciation	-	1,13,06,826
Other Items	25,95,133	27,55,012
<b>Total (A)</b>	<u>25,95,133</u>	<u>1,40,61,838</u>
<b>B. Debits</b>		
Depreciation	7,08,370	-
Non-Moving Inventory of earlier years	1,04,86,052	-
Repair & Maintenance Expenses (Net)	-	12,06,858
Billing /Claim on customer for earlier years	-	10,70,099
Other Items	32,72,243	58,03,889
<b>Total (B)</b>	<u>1,44,66,665</u>	<u>80,80,846</u>
<b>C. Net Credit/(Debits) (A-B)</b>	<u>(1,18,71,532)</u>	<u>59,80,992</u>



## SCHEDULE 17

### CONTINGENT LIABILITIES AND NOTES TO ACCOUNTS

(Annexed to and forming part of the Annual Accounts for the year ended 31st March, 2011).

1. Estimated amount of contracts remaining to be executed on capital account (net of advances paid ) and not provided for ₹315.10 crores (P.Y. ₹ 323.73 crores).

#### 2. *Contingent Liabilities*

- a) Counter guarantees given to Bank ₹ 21.43 crores (P.Y. ₹ 20.23 crores).
- b) Outstanding letters of credit ₹ 92.77 crores (P.Y. ₹ 30.09 crores).
- c) Claims against the Company not acknowledged as debt :

- i) Income tax demand for earlier years contested by the Company and under appeal ₹ 54.61 crores (P.Y. ₹ 55.47 crores) against which the Company has deposited under protest/adjusted against refund due from Tax department up to ₹ 31.03.2011, in aggregate ₹ 60.11 crores (P.Y. ₹ 70.16 crores) relating to that period. Amounts deposited with Tax Department (net of tax provision) have been shown as Advances recoverable.
- ii) Demand Notice of ₹134.95 crores towards VAT and ₹ 184.33 crores for interest and penalty aggregating to ₹ 319.28 crores were received from Govt. of NCT of Delhi, Department of Trade and Taxes (VAT) for the tax period for the year 2006-07, 2007-08, 2008-09 & 2009-10 regarding transfer of right to use the goods. However, in view of PHHL paying Service Tax, no such VAT is attracted and the demand is being contested in appeal.

- iii) Court cases/ cases under Arbitration ₹ 22.42 crores (P.Y. ₹ 9.59 crores).
- iv) Other matters Rs 6.08 crores (P.Y. ₹ 5.09 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 ₹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 31.03.2001 aggregating ₹339.31 crores (interest on dues from 01.04.2001 till date be written off) and the Principal amount of ₹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 ₹ 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.

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 ₹ 470.22 crores ( principal amount ₹ 130.91 crores and interest upto 31.03.2001: ₹ 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 115<sup>th</sup> 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 ₹ 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 18<sup>th</sup> 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 12<sup>th</sup> 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 ₹ 22.39 crores. The Company had in the earlier years, as a matter of abundant caution, made a provision of ₹22.39 crores equivalent to the book value against possible losses on disposal of Westland assets. After adjusting the book value of ₹7.23 crores relating to disposal of such assets in 1999-2000, the residual provision of ₹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 (₹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 ₹ 51.46 Crores, W.D.V. ₹ 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/- (₹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 ₹32.50 crores (written down value- ₹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 ₹ 4.31 crores (P.Y ₹3.97 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 (₹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 ₹ 22.71 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 ₹ 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, 31 flats have been let out on rental basis to Union Bank of India.

## 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 ₹ 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 ₹ 1.56 Crores (P.Y. ₹ 1.56 crores).

As a matter of abundant caution, the Company has already made provision of ₹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 1 Dauphin helicopters AS4 compliant. The cost of man-hours incurred amounting to ₹ 0.14 crore ( P.Y. ₹ 0.55 crore) has been capitalized.

7.2 Fixed Assets includes Rotables and Repairables (Gross Value) amounting to Rs 36.41 crores (P.Y. ₹25.14 crores) sent abroad for repairs but lying with repair agencies as at 31<sup>st</sup> March'2011. However, most of the items have been received back by the company after 31<sup>st</sup> March 2011 duly repaired.

7.3 During the Financial year under review, Office building at Noida was put to use on 15.04.2010 and capitalized provisionally on the basis of valuation made by the Civil Department / APMC, pending final settlement with the Civil Contractor in view of the ongoing arbitration proceedings with him. Similarly furniture and fixtures in this office building were provisionally capitalized on the basis of valuation of ₹ 2.96 crores made by the Civil Department in view of settlement pending with M/s NBCC.

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

The Company is of the opinion that Rotables are capital spares and Depreciation should be charged on them and major modification cost by linking them to the useful life of helicopters and the same is in conformity with the provisions of Accounting Standard AS6, paras 9 & 11 and 23 & 24 and the Guidance Note on Accounting for depreciation issued by ICAI, subject to the minimum charge as per statute rate of depreciation. For this purpose the useful life of the principal asset can be different from its specified life. In the present case the helicopter has been depreciated over its specified period of 17 years though its useful life is more than such specified period. Same principle has been followed in depreciating rotables etc. by applying the principle that they should be depreciated over the specified life which should not be more than their useful life, which in the present case is considered same as that of the helicopter. The Company's



Accounting Policy is an improvement over the views expressed by Expert Advisory Committee of ICAI to the extent that rotables shall be depreciated at higher of the rates specified in the Companies Act (5.6% p.a.) or rate of depreciation which would write off 95% of the value of rotables etc. over the remaining extended useful life of the helicopter. In the opinion of the Company this accounting treatment is in conformity with AS-2, AS-6 & AS-10 read with ASI-2. The above accounting treatment is being followed by various Indian and International Airlines and accepted by Auditors.

#### 9. Inventories

- 9.1 On a review of inventory of non-moving stores, spares and consumables, provision of ₹ 5.80 crores (P.Y. ₹ 0.50 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 ₹ 1.66 crore (Credit); P.Y. ₹ 0.14 crore (credit) whereas in the books of IOC the balance of the Company is ₹ 0.32 crore (debit) ( P.Y. ₹ 0.53 crore ( credit). 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.

#### 11. Share Capital

During the year the Company has enhanced its Authorized Equity Share Capital from ₹ 120 crores to ₹ 250 crores and Paid up Capital from ₹ 113.766 crores to ₹ 245.616 crores through additional equity contribution by Government of India and ONGC Ltd. as per detail given below:-

- a) With the increased contribution in Equity Paid Up Capital of ₹ 36 crores, the share of Government of India in Paid up Equity Capital now enhanced



to ₹ 125.266 crores which is 51% of the total equity capital.

- b) ONGC Ltd. has also enhanced its Equity stake in PHHL from ₹ 24.50 crores to ₹ 120.35 crores by converting ₹ 95.85 crores into equity from long term loan provided towards acquisition of new helicopters resulting increase of its shareholding to 49% of the total equity capital.

## 12. Secured Loan

During the year under review, the Company has signed the Loan Agreement with Oil and Natural Gas Corporation Ltd. ( ONGC Ltd.) on 12.08.2010 wherein ONGC Ltd. agreed to provide secured loan to the tune of ₹ 275 crores to the Company towards 80% cost of 7 nos. new Dauphin N3 helicopters being purchased from M/s Eurocopter, France. Against the sanctioned loan of ₹ 275 crores, the Company has drawn a total loan of ₹ 261 cores against the purchase of 7 Dauphin N3 helicopters. The rate of interest on the loan will be at the SBI base rate applicable from time to time plus 150 basis points and loan will be repayable in 60 Equated Monthly Installment (EMI) in a period of 5 years. The helicopters will be hypothecated to ONGC Ltd. till the loan is fully paid.

A part loan of ₹ 184.26 crores has been received from ONGC Ltd. upto 31.03.2011, out of which ₹ 9.84 crores has been repaid during the year under review. Further, ONGC enhanced its equity from ₹ 24.50 crores to ₹ 120.35 crores by converting ₹ 95.85 crores into equity from above loan on 14.02.2011. The outstanding balance of principal amount of loan is ₹ 78.57 crores as on 31.03.2011.

**Nature of Security** - As per Loan Agreement the 7 nos. new Dauphin N3 helicopters have been hypothecated in favour of M/s ONGC Ltd. towards sanctioned loan of ₹ 275 cores and the charge has been registered with the Registrar of the Companies.

13. Confirmation for balances as at 31<sup>st</sup> March 2011 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.

## 14. Employee Remuneration and other benefits

- 14.1 In view of the revision of pay scales and allowances of employees due w.e.f. 01.01.2007, an ad-hoc provision of ₹ 29.70 crores ( P.Y. ₹ 25.10 crores ) has been made for the period from 1<sup>st</sup> April 2010 to 31<sup>st</sup> March 2011 for regular as well as contractual employees. During the year F.Y. 2010-11, 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 ₹ 16.61 crores ( P.Y. ₹ 21.06 crores) including arrears of pay upto 31.03.2011 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 ₹ 32.37 crores ( P.Y. ₹ 19.28 crores) is being carried forward for payment / adjustment in the subsequent period.

- 14.2 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 :-



Particulars	₹/ Crores.		
	Opening Liability as on 01.04.2010	Created/ Adjusted during the Year	Closing Liability as on 31.03.2011
Gratuity Liability	22.36	2.06	24.42
Earned Leave	10.00	1.10	11.10
Half Pay Leave	5.52	0.56	6.07
Post Retirement Medical Benefit Scheme*	2.35	0.38	2.73
LTC	1.02	0.08	1.10
Baggage Allowance upon Retirement	0.10	0.01	0.11

\*subject to adjustment of prorata premium of ₹ 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 :-

Particulars	(Fig. in ₹/ Crores.)		
	Leave Encashment ( EL & HPL) as on 31.03.2011 ( Non-funded)	Baggage Allowance/ LTC/PRMBS as on 31.03.2011 ( Non-funded)	Gratuity as on 31.03.2011 ( funded)
<b>A) Changes in Present Value of Obligation</b>			
(i) Present value of obligation as at the beginning of the period ( 01.04.2010)	15.51	3.48	22.36
(ii) Interest Cost	1.16	0.26	1.68
(iii) Past Service Cost	-	-	-
(iv) Current Service Cost	1.35	0.68	1.50
(v) Curtailment / Settlement cost	-	-	-
(vi) Benefits paid	(1.19)	(0.83)	(0.73)
(vii) Actuarial (gain) / loss on obligation ( Balancing figure)	0.33	0.35	(0.39)
(viii) Present value of obligation as at the end of the period ( 31.03.2011)	17.17	3.94	24.42
<b>B) Changes in fair value of plan assets</b>			
(i) Fair Value of plan assets as at the beginning of the period ( 01.04.2010)	-	-	24.13
(ii) Expected return on plan assets	-	-	1.93
(iii) Contributions	-	-	1.00
(iv) Benefits paid	-	-	(0.73)
(v) Actuarial gain / (loss) on obligation	-	-	0.09
(vi) Fair value of plan assets as at the end of the period (31.03.2011)	-	-	26.42
<b>C) The amounts to be recognized in the balance sheet</b>			
(i) The present value of obligation as at the beginning of the period ( 31.03.2010)	17.17	3.94	24.42
(ii) Fair value of plan assets as at the end of the period.	-	-	26.42
(iii) Net Assets / ( liability ) recognized in balance sheet.	(17.17)	(3.94)	2.00
<b>D) Expenses recognized in the Statement of Profit and Loss A/c</b>			
(i) Current Service Cost	1.35	0.68	1.50
(ii) Past Service Cost	-	-	-
(iii) Interest Cost	1.16	0.26	1.68
(iv) Expected return on plan assets	-	-	(1.93)
(v) Curtailment / settlement cost	-	-	-
(vi) Net Actuarial gain / ( loss) recognized in the period	0.33	0.35	(0.48)
(vii) Expenses recognized in the statement of Profit Loss	2.84	1.29	0.77

\* Assets value being more than liability, ignored.



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

Particulars	EL and 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 ₹ 3.50 Lacs is enhanced to ₹ 10.00 Lacs during the F.Y. 2009-10
Future cost increase	-	5.50%		
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%	3.00%	
Upto 44 years	2.00%	2.00%	2.00%	
Above 44 years	1.00%	1.00%	1.00%	

The above information is certified by the Actuary.

### 15. Insurance Claims

15.1 The Insurance Claim of VT-ELB which met with an accident on 12.09.2006 in Punjab was settled during the year 2009-10 by New India Assurance Co. Ltd. under Constructive Total Loss (CTL). The net realized amount from the Insurance Company was ₹ 5.95 crores after deducting ₹ 0.40 crore 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 of the helicopter has already commenced and repair of the helicopter is expected to be completed in the next financial year. The company has incurred a total sum of ₹ 5 crores during the year in relation to repair of the said helicopter which has been charged to Profit and Loss Account.

15.2 On 16.12.2010, Dauphin N3 Helicopter Regn. No. VT-SOK

(Gross Block ₹ 14.92 crores, Net Block ₹ 10.65 crores) had met with an accident at Chandigarh Airport resulting in major damage and prolonged grounding of the helicopter. The Company lodged claim with Insurance Company and the repair estimates is ₹ 36.69 crores , however, the repair amounts are not fully determinable at this stage. Accordingly, depreciation has been provided in respect of this damaged helicopter upto 16.12.2010 (date of incident). However, no depreciation has been provided in respect of the said helicopter for the subsequent period i.e. from 17.12.2010 to 31.03.2011 amounting to ₹ 0.41 crore. 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 6.

15.3 The agreed value of insurance of this helicopter is ₹ 17.00 crores with deductible amount of ₹ 0.70 crore. As per the terms of insurance



policy if the cost of the repairs and transportation of the damaged helicopter is estimated at 70% or more of its agreed value, the company may mutually agree with the insurance company to declare such damaged helicopter to be a constructive total loss. Under such circumstances, the insurance company shall pay the agreed value of the helicopter less its salvage value. The assessment of damage to the helicopter by the insurance Surveyor is presently in progress. Accordingly, as a net realizable value of the damaged helicopter from insurance company is more than its carrying amount, provision towards impairment of asset, if any, as per the requirement of Accounting Standard- 28 is not considered necessary and the damaged helicopter is being carried forward at its net book value.

#### 16. Income Tax

- 16.1 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.
- 16.2 Provision for Taxation of ₹ 10.54 crores (including ₹0.54 crore provision for I.Tax for earlier years) (P.Y. ₹9.40 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.

#### 17. Expenses include the following :

	₹/Crores	
	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
i) Company - Staff Quarters		
a) Taxes	0.33	0.33
b) Repairs – Buildings/others	0.90	0.74
ii) Leased Residential Accommodation		
a) Rent ( Net of Recovery)	0.14	0.13
b) Maintenance charges	-	0.01

#### 18. Interest Income

Interest income of ₹5.76 crores (P.Y. ₹10.47 crores) for the financial year under audit earned on deposits with Banks made with funds generated from operations which include funds for settlement of claim of the Govt. of India, the amount of which is pending finalization (Refer Note No. 3) and indeterminate at this stage.

#### 19. Investment in Equity Share ( non listed)

Company invested ₹ 2,89,33,530/- during 2009-10 towards equity contribution (non listed) in National Flying Training Institute, Gondia, Maharashtra and no dividend is received during the year.

#### 20 Heliport Project

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

- (i) ₹ 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 ₹ 45.00 crores i.e. ₹ 36.00 crores and remaining 20% amounting to ₹9.00 crores to be borne by the Company from its internal resources.

Accordingly, the Company has received ₹ 36.00 crores upto March, 2011 as equity contribution of Government towards the Heliport Project cost.

In the last year, the Company has deposited ₹ 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. However, the title of the land is in the name of Ministry of Civil Aviation. Against above deposit, ₹ 19 crores has been subsequently recovered after 31.03.2011 from the MoCA and funds are kept in Fixed Deposits as earmarked fund till the clearance of the project by Environment Ministry as per the instructions of MoCA dated 29.03.2011.

The Company had incurred upto the close of the year ₹ 2.30 crores (P.Y. ₹ 0.22 crore) as Capital work in progress towards basic Helipad, boundary wall, land development etc.

#### 21. *Training Academy and Heliport at Hadapsar, Pune*

The Company has proposed to set up a Helicopter Training Academy cum Heliport at existing Gliding Centre at Hadapsar, Pune. Detail Project Report was submitted to Ministry of Civil Aviation. DGCA released an amount of ₹ 10 crores for the purpose in April 2010. The Company has incurred ₹ 0.05 crore upto the close of the year towards renovation, furnishings and maintenance of quarters and ₹ 9.95 crores is kept in Fixed Deposits as earmarked fund.

#### 22 *Events occurring after the balance sheet date-31.03.2011 :*

- a) Mi-172 helicopter bearing registration no. VT-PHF had a fatal crash on 19<sup>th</sup> April, 2011 while landing at Tawang in Arunachal Pradesh in which 16 Passengers and 3 crew members died and 2 Passengers and 2 crew members survived with bodily injuries. The Company has preferred necessary claim under HAR, CSL and PA Aircrew policies with Insurance Companies. The claim is under assessment.
- b) Ecureuil AS 350 B3 helicopter bearing registration no. VT-PHT

has a fatal crash on 30<sup>th</sup> April, 2011 near Labothang, Arunachal Pradesh in which 3 Passengers and 2 crew members died. The Company has preferred necessary claim under HAR, CSL & PA Aircrew policies with Insurance Companies. The claim is under assessment.

23. During the year under review company has entered into Joint Venture for Seaplane operations with the Directorate of Tourism, Andaman & Nicobar Administration, Port Blair which ended after the close of the year on 12.05.2011. This has resulted into a loss of ₹ 0.55 crore being 50% share of the Company upto 31<sup>st</sup> March, 2011.
24. The Company had no dues to Micro & Small Enterprises outstanding for more than 30 days on the Balance Sheet date.
25. The Company has switched over to a new accounting package from April, 2010. While generating Bank reconciliation of Vijaya Bank Account ( 1786) at Mumbai through the system, it is observed that there is a net difference of ₹ 1.09 crores comprising of amounts credited / debited by Bank not accounted for and amounting to ₹ 5.84 crores ( net) and cheques issued / deposited, not cleared and amounting to ₹ 3.63 crores ( net). A detailed manual reconciliation exercise is in progress and will be completed in due course of time. Pending such reconciliation, bank balance as per the books of accounts amounting to ₹ 0.83 crore( credit) has been considered. Necessary rectification entry, if any, will be passed on completion of such reconciliation process in the subsequent period.
- 26 During the year under review, reserve of ₹ 0.40 crore has been written back to Profit and Loss Account under Other Income.

#### 27. *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.

## 28. Provisions

Particulars	(Fig. in ₹/Crores)			
	Opening Balance as on 01.04.2010	Created during the year	Utilized during the year / Other Adjustments/ transfer/Reversals	Closing Balance as on 31.03.2011
Impairment of Assets including inventory	16.01	-	-	16.01
Provision for Revision of Pay & Allowances from 01.01.2007	19.28	29.70	16.61	32.37
Doubtful Debts/Advance	10.17	0.96	0.30	10.83
Non moving inventories, etc.	9.47	5.80	1.89	13.38

## 29 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 ₹ 23,13,002/-
  - Loans Given (HBA including Interest)
- c. ONGC Ltd – Equity Shareholding
  - 49% - ₹ 120.35 crores
  - Transaction :-
    - Charter hire of helicopters for the F.Y. 2010-11(net) - ₹ 168.84 crores
    - Outstanding as on 31.03.2011 (debit) - ₹ 39.21 crores
    - Secured Loan as on 31.03.2011 - ₹ 184.26 crores
    - Loan repaid (Principal Amount) - ₹ 9.84 crores
    - Loan repaid (Interest) - ₹ 5.52 crores
    - Interest accrued as on 31.03.2011 - ₹ 0.65 crore
    - Outstanding Loan (Principal Amount) as 31.03.2011 - ₹ 78.57 crores
    - Outstanding Loan (Interest) as on 31.03.2011 - ₹ 0.65 crore
    - Amount converted into equity from secured Loan during the year - ₹ 95.85 crores



30. Earnings Per share has been computed as under:

	31 <sup>st</sup> March 11, 2011	31 <sup>st</sup> March, 2010
		(In ₹)
Net Profit after tax	18,50,60,378	35,58,86,092/-
Weighted average number of Equity Share outstanding	2,45,616	1,13,766
Earnings per share (Basic and diluted)	1,421/-	3,128/-
Face Value of ₹10,000/- per share		

31. Additional Information

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

	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March , 2010
		(In ₹)
i) Stores, Spares & Consumables(Net)	71,72,47,860	67,11,56,634
ii) Gem Modules	54,15,882	54,15,882
iii) Test Tool/ Ground Support Equipment	68,60,179	47,82,289
iv) Goods-in-Transit	97,47,714	2,15,59,745
v) Stocks under Inspection	6,48,90,454	4,83,97,890
<b>TOTAL</b>	<b>80,41,62,089</b>	<b>75,13,12,440</b>

b) Value of imports calculated on CIF basis:

	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March , 2010
		(In ₹)
i) Helicopters & Accessories	2,69,58,59,174	-
ii) Stores, Spares & Consumables	23,37,28,002	34,27,26,016
iii) Airframe & Aero Engine Equipments-Rotables	16,32,50,779	30,10,63,875
iv) Test equipment/Ground Support Equipment/Loose Tools	1,02,71,861	2,89,27,262
v) Goods-in-Transit /Goods under Inspection	4,19,04,092	4,21,25,282
vi) Capital Goods/Other Items	43,54,474	1,11,34,307
vii) Retrofit programme	-	15,61,378
<b>TOTAL</b>	<b>3,14,93,68,382</b>	<b>72,75,38,120</b>



c) Expenditure in Foreign Currency during the financial year:

	(In ₹)	
	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2010
i) Helicopters & Accessories	2,69,51,24,779	-
ii) Stores, Spares & Consumables	22,83,00,105	33,93,24,980
iii) Airframe & Aero Engine Equipments-Rotables	16,07,06,423	29,86,39,387
iv) Test equipment/Ground Support Equipment/Loose Tools	1,01,66,612	2,69,02,571
v) Foreign Travelling/Foreign Training	2,94,04,361	2,83,13,663
vi) Goods in Transit/Goods under Inspection	4,16,18,472	4,18,65,662
vii) Repair Charges	61,52,67,103	86,19,40,763
viii) Equipment/Specialists Hire Charges	-	19304210
ix) Capital Goods/ Other Items	38,96,898	94,95,929
x) Retrofit Programme	-	15,61,378
<b>TOTAL</b>	<b>3,78,44,84,753</b>	<b>1,62,73,48,543</b>

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

	VALUE (in ₹)		PERCENTAGE	
	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2010	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2010
Imported	35,16,79,075	27,08,05,034	96.7%	97.2%
Indigenous	1,21,09,977	79,38,499	3.3%	2.80%
<b>TOTAL</b>	<b>36,37,89,052</b>	<b>27,87,43,533</b>	<b>100.00%</b>	<b>100.00%</b>

e) Earnings in Foreign Exchange during the financial year :

	(In ₹)	
	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
Helicopter Services	1,23,76,18,937	1,31,67,43,044
	<b>1,23,76,18,937</b>	<b>1,31,67,43,044</b>



f) Remuneration paid to Directors including Chairman & Managing Director

	(In ₹)	
	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2010
i) Remuneration paid to Chairman & Managing Director:		
i) Salary	14,08,920	15,63,534
ii) Allowances & Perquisites	7,25,322	7,33,512
iii) Provident Fund/Gratuity	1,78,760	1,63,144
	23,13,002	24,60,190

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

**I. Registration Details: ( Amount in ₹ thousands)**

Registration No.:	55/22233	State Code : 55
Balance Sheet Date :	31.03.2011	

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

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

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

Total Liabilities :	1,26,43,478	Total Assets :1,26,43,478
---------------------	-------------	---------------------------

**a) Source of Funds:**

Paid-up Capital :	24,56,160	Reserve & Surplus : 24,03,014
Deferred Tax Liability :	9,76,335	
Secured Loans :	7,92,213	Unsecured Loan : Nil

**b) Application of Funds:**

Net Fixed Assets :	71,63,691	Investments : 28,934
(including Capital Work in Progress)		
Net Current Assets :	(5,70,290)	Misc. Expenditure : 5,387
Accumulated Losses :	Nil	

**IV. Performance of Company (amount in ₹ thousands)**

i) Turnover including Interest & Other Income, Extraordinary and other credits :	43,25,569
ii) Total Expenditure including Extraordinary and other Debits :	38,30,924
iii) Profit before Tax :	4,94,646
iv) Profit after Tax :	1,85,060
v) Earnings per Share :	₹1,421
vi) Proposed Dividend :	Nil



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

Item Code No. (ITC Code)	Not applicable
Product Description	Helicopter Services

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

R.K.Tyagi  
Chairman-Cum-Managing Director

E.K.Bharat Bhushan  
Director

Sanjiv Bahl  
Executive Director

Sanjiv Agrawal  
Company Secretary & DGM(Legal)

Dhirendra Sahai  
Dy.G.M.(F&A)

Place: New Delhi

Dated: 1<sup>st</sup> November, 2011



## Cash Flow Statement For The Year Ended 31<sup>st</sup> March, 2011

	31 <sup>st</sup> March, 2011	31 <sup>st</sup> March, 2010
	(₹ in lakhs)	
<b>A. Cash flow arising from Operating Activities</b>		
Net Profit before Tax	4,946.46	5,514.20
Depreciation charge	4,653.06	3,820.61
Prior Period Depreciation Adjustments	114.44	(81.24)
Interest Income	(649.01)	(1,205.37)
Profit/(loss) on sale of Fixed Assets	5.09	(16.73)
Fixed Assets/Inventory Written off	492.02	219.21
Insurance Claims	(184.82)	(704.60)
Provision no Longer Required	113.17	(109.03)
Provisions for Doubtful Debts/Advances	95.44	-
Provision Written Back for Self Insurance	(40.00)	-
Misc. expenses Written off	53.87	452.68
<b>Operating profit/(loss) before working capital changes</b>	<b>9,599.72</b>	<b>7,889.73</b>
Working Capital changes		
Add/(less)		
Inventories	(913.35)	(1,395.23)
Sundry Debtors	(7,126.06)	(2,675.12)
Loans & Advances	3,100.62	(6,623.59)
Current liabilities	4,111.01	(708.97)
Provisions	597.33	719.60
Insurance Claims	184.82	704.60
Prior Period Adjustments	(114.44)	81.24
<b>Decrease/(Increase) in working capital</b>	<b>(160.07)</b>	<b>(9,897.47)</b>
<b>Net Cash flow from Operating Activities ( A )</b>	<b>9,439.65</b>	<b>(2,007.74)</b>
<b>B. Cash flow arising from Investing Activities</b>		
Investment in Equity Capital	-	(289.34)
Purchase of Fixed Assets	(30,682.36)	69.15
Sale of Fixed Assets	-	0.02
Capital work in progress	912.49	(432.53)
Interest income	649.01	1,205.37
<b>Net Cash flow from Investing Activities ( B )</b>	<b>(29,120.86)</b>	<b>552.67</b>
<b>C. Cash flow arising from Financing Activities</b>		
Long Term Borrowings (Secured Loans)	8,905.60	-
Repayment of Principal Amount of Loan	(983.47)	-
Advance Against Equity, Pending Allotment	(1,500.00)	1,500.00
Enhancement of Equity Capital	13,185.00	-
Dividend paid (including Corporate Tax)	-	(1,331.01)
<b>Net Cash flow from Financing Activities ( C )</b>	<b>19,607.13</b>	<b>168.99</b>
<b>D. Taxes Paid</b>		
Income Tax ( including wealth tax) paid	(1,108.28)	(1,222.14)
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C+D)</b>	<b>(1,182.36)</b>	<b>(2,508.22)</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>12,584.19</b>	<b>15,092.41</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>11,401.83</b>	<b>12,584.19</b>

Notes: Figures in brackets indicate cash outgo

For S. Chaturvedi & Associates  
Chartered Accountants  
Firm Regd.No.004550N

R.K.Tyagi  
Chairman-Cum-Managing Director

E.K. Bharat Bhushan  
Director

Punit Sachdev  
Partner  
(M.No.- 097897 )

Sanjiv Bahl  
Executive Director

Sanjiv Agrawal  
Company Secretary & DGM (Legal)

Dhirendra Sahai  
Dy.G.M.(F&A)

Place : New Delhi.

Dated : 1<sup>st</sup> November, 2011



## 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, 2011 and also the Profit & Loss Account for the year ended on that date annexed thereto and cash-flow statement for the year ended on that date, in which are incorporated the accounts of Western Region audited by Branch Auditors. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

#### **We report that:**

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 & 5 of the said order.
2. Further to our comments in the Annexure referred to in Paragraph 1 above, we report that:
  - a. We have obtained all the information and



explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.

- b. In our opinion, proper books of accounts as required by law, have been kept by the company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branch not visited by us. The branch auditor's report dated 29.08.2011 has been forwarded to us and has been appropriately dealt with and following attention is invited to :

i) *Note No. 25 of Notes to Accounts ( Schedule N) relating to the bank reconciliation statement ( BRS) of current account maintained with Vijaya bank (A/c No. 1786) – Vile Parle ( East) Branch, Mumbai. As per BRS provided to us, it shows a net unreconciled difference of ₹ 1,09,96,45.62. Further the BRS include various unreconciled items of amount credited / debited by bank and cheque issued but not cleared/cheque deposited but not cleared. In absence of information, explanation and supportings we are unable to comment on the impact of such items of bank reconciliation and difference of bank reconciliation on the profit for the year, cumulative balance of profit and loss account, income and expense for the year, assets and liabilities as stated in the financial statements;*

This has been explained in detail at Note no. 25 of Notes to Accounts. The Manual reconciliation is in progress and likely to be completed shortly.

ii) *Note No. 13 of Notes to Accounts (Schedule N) relating to non availability of balance confirmation of debtors, creditors, deposits taken and given and loans and advances taken and given and reconciliation of such accounts. In view of the above, we are unable to comment on the adjustments/provisions, if any, required to be made in this respect and its consequential effect on the profit for the year, cumulative balance of profit & loss A/c and assets and liabilities as stated in the financial statements;*

This has been explained in Note no. 13 of Notes to Accounts.

- 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 as 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, 2011.
- 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 S. Chaturvedi & Associates  
Chartered Accountants  
Firm Regn. No. 004550N

(Puneet Sachdev)  
Partner  
M.No. 097897

Place: New Delhi  
Dated: 01-11-2011



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) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets except in case of Western Region.   | Fixed Assets Register records main situation / location of assets at 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 fixed assets verification is under process and yet to be completed. Accordingly, details of discrepancies, if any, on such physical verification with the records maintained by the Company is not available. | The process of reconciliation of the assets physically verified is in progress at western Region.  |
| (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 with Repair Agency outside the Country for repairs/maintenance. | Action is in progress in respect of items scrapped but pending disposal at Northern Region. |
| (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   | No comments.  |



- noticed on physical verification, which were not material and these have been properly dealt with in the books of account.
- 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), to iii (g) of paragraph 4 of the order 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. (a)** The particulars of contracts or arrangements that need to be entered into the register in pursuance of section 301 of the Companies Act, 1956, have been properly entered . No comments.
- b) According to the information and explanations given to us, transactions made in pursuance of such contract or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time. 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 internal audit system of the Company needs to be further strengthened keeping in view the size and nature of the business with timely submission of Internal Audit Reports. Noted for Compliance



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, service tax and other material undisputed statutory dues with the appropriate authorities. 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, 2011 for a period of more than six months from the date they became payable. No comments.

(b) The detail of disputed statutory dues which have not been deposited is as follows :- This has been explained in Note no. 2.(ii) of Notes to Accounts under the head 'Contingent Liabilities'.

Nature of Demand	Financial Year	Amount (₹ in crore)	Forum in which dispute is pending
CST, Interest & Penalty	2006-07	81.89	Commissioner of Trade & Taxes, Delhi
CST, Interest & Penalty	2007-08	78.48	Commissioner of Trade & Taxes, Delhi
CST, Interest & Penalty	2008-09	85.36	Commissioner of Trade & Taxes, Delhi
CST, Interest & Penalty	2009-10	73.54	Commissioner of Trade & Taxes, Delhi
Penalty for non registration	-	0.01	Commissioner of Trade & Taxes, Delhi
	Total	319.28	

X. The Company does not have any accumulated losses as at 31st March, 2011. The Company has not incurred cash losses in the financial year ended on that date and in the immediately preceding financial year. *The qualifications stated in clauses i & ii of para 2 (b) of the Audit Report is not quantifiable, accordingly the effect of such non-quantification of qualifications has not been taken into consideration for the purpose of making comments in respect of this clause.* This has been explained at 2.6(i) & (ii) above.



- XI.** The company has not defaulted in repayment of dues to any Financial Institution or Bank. No comments.
- 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 and investment in Equity Share ( non listed) in National Flying Training Institute, Gondia, Maharashtra, 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 examined by us, the company has not given any guarantee for loans taken by others from banks or financial institutions. No comments.
- XVI.** According to the information & explanations given to us, and as per our examination of record, the company has utilized the term loan obtained from M/s ONGC Ltd. for the purpose, for which it was obtained. 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. No comments.
- XVIII.** During the year the Company has enhanced its Authorized Equity Share No comments.



Capital from ₹ 120 crores to ₹ 250 crores and Paid up Capital from ₹ 113.766 crores to ₹ 245.616 crores through additional equity contribution by Government of India and ONGC Ltd. as referred to in Note No. 11 of Schedule- 17. The shares have been issued at par and according to the information and explanation given to us the price at which shares have been issued is not prejudicial to the interest of the Company.

- 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 S. Chaturvedi & Associates.  
Chartered Accountants  
Firm Regd. No. 004550N

(Puneet Sachdev)  
Partner  
M. No.097897

Place: New Delhi  
Dated: 01.11.2011



## *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 2011**

The preparation of financial statements of **Pawan Hans Helicopters Limited** for the year ended 31 March 2011 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 01 November 2011.

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 2011. 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 the Company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under section 619(4) of the Companies Act, 1956 which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report.

#### Comments on Profitability

##### **Profit & Loss Account**

Profit for the year before extraordinary/  
prior period items

Prior Period Adjustments (Sch.16) – (₹ 1.19) crore

The above is understated by ₹ 2.19 crore on account  
of the following:

- |     |   |   |
|-----|---|---|
| i)  | The provision for non-moving inventory, no longer required by the Company, aggregating to ₹ 1.64 crore was written back during the year. However, the same credited to prior period income rather than to the income for the current year.  | Provision for non-moving inventory ₹ 1.64 crores no longer required was inadvertently credited to Prior Period Income instead of "Other Income" for the current year. The error has, however, no effect on Profit after Tax for the current year.           |
| ii) | The differential rent of ₹ 0.12 crore paid to Shri Mata Vaishno Devi Shrine Board, Katra on account of re-measurement of ticketing area, lounge etc. conducted on 24.02.2011 and consequent orders issued on 07 March 2011 has been charged to prior period expenses rather than as expense for the current year. | Against the total claim of ₹17.86 lacs of Shri Mata Vaishno Devi Shrine Board, an amount of ₹11.91 lacs pertained to previous period i.e. 01.04.2008 to 31.03.2010. Accordingly, the amount of ₹11.91 lacs has been accounted for as Prior Period expenses. |



- iii) Training expenses amounting to ₹ 0.67 crore for the year 2009-10 was deducted by M/s HAL from the payment made to PHHL during the current year. These expenses were charged as training expenses during the year rather than debiting prior period expenses. The amount was inadvertently debited to current year's Training expenses instead of Prior Period expenses.

This has also resulted in understatement of profit for the year before prior period items by ₹2.19 crores.

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

(ILA Singh)  
Principal Director of Commercial Audit  
& ex-official Member, Audit Board -I,  
New Delhi

Place : New Delhi

Dated: 28 December 2011



*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, 2011**

Sl. No.	Name	Age	Qualification	Designation	Date of Joining	Experience	Received (₹)	Last Employee
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 ₹ 24,00,000/- per annum								
1	Mr. C.P. Singh**	57	M.Sc.Physics(Electronic), MBA	General Manager(IS)	2/10/2008	3Years	29,78,036	ONGC
2	Col. RPS MAHAL	60	Intermediate	DGM(Ops) NR	19/02/1997	38Years	29,03,687	Ex-Army
3	Col. Sardul Singh	60	B.Sc.DIP-in Defence Management	Captain	10/1/2007	37Years	33,36,654	Ex-Army
4	Capt. J.B. Singh	59	M.A.	Sr. Manager(Flight Safety)	01/04/2008	35Years	26,49,572	Ex-Army
5	Capt. J.J. Singh	53	B.A.	Sr. Manager(Ops)	1/10/2007	29Years	29,51,371	Ex-Army
6	Capt. B.B. Baduni	51	M.Sc.	Manager (Training)	10/01/2007	29Years	31,34,458	Ex-Indian Air Force
7	Capt. V.V.S. Subba Rao	53	B.A.	Captain	15/10/2008	28Years	24,37,204	Ex-Indian Air Force
8	Capt. H.P.S. Natt	58	MASTER IN MANAGEMENT	Captain	15/10/2008	35Years	24,69,576	Ex-Indian Air Force
9	Col. Jeyraj Edward	55	PG Diploma in-HRM, B.Sc., MA, PGDCA	Captain	24/09/2007	31Years	24,99,337	Ex-Army
10	Col. A.S. Parmar	52	B.A.,MBA, Master Diploma in Business Administration	Captain	22/05/2007	26Years	35,25,721	Ex-Army
11	Col. Diwa Kant	52	B.A.	Depu. Pilot	11/3/2008	22Years	29,19,446	Ex-Army
12	Capt. Anil Nanda	56	M.Sc.(Defence Studies)	Captain	16/06/200	35Years	27,09,714	Ex-Army
13	Capt. T.S. Randhawa	54	LLB,MBA,PGDCA	Captain	24/09/2007	31Years	25,02,834	Ex-Army
14	Lt. Col. J.S. Babbar	44	B.A.CHPL	Captain	24/09/2007	25Years	25,96,025	Ex-Army
15	Capt. Samir Singh	45	B.A.	Captain	9/24/2007	26Years	26,03,648	Ex-Army
16	Col. G.M. Solanki	55	M.A.	Depu. Pilot	24/09/2007	33Years	27,26,064	Ex-Army
17	Lt. Col. Narinder Kumar Sharma	50	M.A.(History)	Captain	24/09/2007	26Years	27,99,766	Ex-Army
18	Capt. P.K. Juneja	54	Bsc.,NDA	Captain	24/09/2010	36Years	31,52,231	Ex-Army
19	Col. Sudeep Bhattacharjee	45	Msc	Captain	24/09/2007	27Years	26,78,927	Ex-Army
20	Capt Mukesh Malhotra	55	Bsc.,NDA	Captain	31/12/2007	36Years	26,66,764	Ex-Army
21	Wg. Cdr. T.S. Mamik	52	NDA, PGCDCA	Captain	17/01/2005	33Years	27,04,845	Ex-Indian Air Force
22	Capt. Varun Gupta	61	NDA	Contratual Pilot	18/06/2007	39Years	24,12,628	Ex-Indian Air Force
23	Col. J.S. Jodha	61	Dip in Software engg.	Contratual Pilot	18/06/2007	40Years	24,08,993	Ex-Army
24	Brig. Pramjit Singh Sahi	61	Higher Secondary, Pre Medical	Contratual Pilot	18/06/2007	39Years	24,75,316	Ex-Army
25	Col. KPS Hanspal	56	ISC,BA	Contratual Pilot	11/01/2007	34Years	24,32,769	Ex-Army
26	Capt. SPS Brar	48	Bsc.,MBA	Contratual Pilot	18/06/2007	26Years	24,17,403	Ex-Army
27	Capt. H.M. Singh Uppal	60	MBA, Mtr, Dpl. Compu. Science	Contratual Pilot	09/12/2007	37Years	32,57,331	Ex-Army
28	Capt. Arun Kumar Opal	60	Intermediate	Contratual Pilot	21/06/2007	38Years	28,77,574	Ex-Army
29	Shri K.S. Manilal	50	SSLC, PRE DEG. COURSE & DIP IN AME	DGM	7/5/1988	23Years	24,09,655	PHHL
30	Shri P.S. Das	50	AME,'A'&'C' BA(Hons)	D.G.M.(Engg.) NR	9/30/1989	32Years	25,67,616	Ex-Indian Air Force
31	Lt. Col. Karminder Singh Ghuman	42	BA, NDA	Depu. Pilot	3/30/2009	19Years	25,47,236	Ex-Army
32	Lt. Col. Gurkirpal Singh	43	Bsc	Depu. Pilot	3/30/2009	21Years	25,81,744	Ex-Army
33	Lt. Col. Pankaj Sharma	42	BA NDA	Depu. Pilot	3/30/2009	18Years	25,03,384	Ex-Army
34	Capt. R.K. Sareen	55	B.sc, PGDST, Course in Media Comm.	Depu. Pilot	3/30/2009	30Years	27,98,737	Ex-Army
35	Capt.Jugal Kishore Shukla	48	BA	Depu. Pilot	3/30/2009	25Years	26,52,199	Ex-Army
36	Capt. M.S. Brar	47	BA	Captain	10/15/2008	23Years	24,57,141	Ex-Army
37	Capt. Prakash Navale	58	NDA	Contratual Pilot	6/18/2007	39Years	28,97,124	Ex-Indian Air Force
38	Lt. Col. Ashwani Kumar	47	BA	Captain	31/12/2007	22Years	25,54,989	Ex-Army
39	P.P. Singh	63	AMAeSI	Contratual Pilot	08/04/2008	45Years	28,92,450	Ex-Indian Air Force
40	Wg. Cdr. Anil Kishore	63	NDA	Contratual Pilot	21/08/1996	29Years	26,15,822	Ex-Indian Air Force



Sl. No.	Name	Age	Qualification	Designation	Date of Joining	Experience	Received (₹)	Last Employee
1	2	3	4	5	6	7	8	9
41	Wg. Cdr. B D Singh	58	Msc	Contratual Pilot	8/12/2004	31Years	25,47,651	Ex-Indian Air Force
42	Col. PS Marwaha	57	BA, MBA	Contratual Pilot	02/03/2009	34Years	24,73,906	Ex-Army
43	Mr. Vijay Pathiyen	48	AME	DGM	3/4/1987	23Years	25,52,357	Soraya Aviation, New Delhi
44	Sr. Cdr. Amrinder Pal Singh	48	Pre- University	DGM	3/20/1989	22Years	49,30,497	Patiala Aviation Club
45	Mr.A.K. Bhardwaj	45	AME	DGM	6/6/1989	21Years	25,14,877	Patiala Aviation Club
46	Mr. Chetan Behl	45	AME	DGM	6/7/1989	21Years	24,36,270	Patiala Aviation Club
47	Mr. Rajender Prasad Singh	46	B.sc. AME	DGM	6/12/1989	21Years	27,33,595	Aviator Co-opt. Soc. Patna
48	Sr. Cdr. A.J. Manchanda	45	HSC	Sr. Cdr.	4/23/1990	10Years	36,61,408	First Employment
49	Sr. Cdr. P. Rathore	56	NDA	Sr. Cdr.	9/24/1990	10Years	39,95,555	Indian Navy
50	Sr. Cdr. Y.S. Das	58	B.A.	DGM	2/17/1997	14Years	43,53,334	Indian Air Force
51	Capt. P.K. Rukhaiya*	46	B.A.	Captain	9/24/2007	3Years	15,07,802	Indian Army
52	Cat. Tejpal Singh Gulia*	44	M.A.	Captain	9/24/2007	3Years	23,86,072	Indian Army
53	Capt. Jintendra Kumar Mishra	43	B.A.	Captain	9/24/2007	3Years	30,92,992	Indian Army
54	Capt. Amitabha Nandi	46	M.Sc.	Captain	9/24/2007	3Years	27,18,344	Indian Army
55	Capt. S.S. Yadav	54	B.A. MPM.	Captain	1/6/2010	0Years	33,74,686	Indian Army
56	Capt. C.S. Mander	45	B.Com	Captain	1/4/2009	2Years	30,15,222	Indian Army
57	Capt. R.S. Nandal	41	M.A.	Captain	1/4/2009	2Years	34,67,547	Indian Army
58	Capt. M.K. Gogoi	54	B.Sc.	Captain	1/4/2009	2Years	27,73,932	Indian Army
59	Capt. M.M. Srivastava	51	B.A.	Captain	1/4/2009	2Years	28,97,673	Indian Army
60	Capt.N.K. Dahiya	46	HSC, ARSD	Captain	3/30/2009	2Years	34,27,188	Indian Army
61	Capt. Mohd. M. Naseer	50	B.Sc.	Captain	3/30/2009	2Years	25,39,551	Indian Air Force
62	Capt. R.K. Mahajan	46	B.Sc.	Captain	6/1/2009	1Years	33,74,840	Indian Navy
63	Mr. Sandip Kumar	46	BE, MS	DGM	4/13/1992	18Years	26,65,828	HAL
64	Mr. C. Harikumar	52	B.A.	DGM	11/14/1986	24Years	24,06,445	Indian Navy
65	Mr. P.M. Gupte	53	H.S.C.	DGM	12/19/1986	24Years	26,84,539	Airworks India Pvt. Ltd.
66	Mr. P.M. Mohankumar	57	B.A.	DGM	1/1/1987	24Years	24,62,278	Indian Air Force
67	Sr. Cdr. A.K. Govil	59	B.Sc.	DGM	1/20/1990	21Years	45,53,885	Indian Navy
68	Mr. T.D. Thomas*	51	Pre-university	DGM	4/19/1988	22Years	25,21,445	Airworks India Pvt. Ltd.
69	Sr. Cdr. E. Samuel	55	H.S.C.	DGM	5/20/1988	22Years	48,22,741	H.I.E.T.
70	Sr. Cdr. M.V. Alexander	51	B.Sc.	DGM	6/14/1988	22Years	43,74,344	First Employment
71	Mr. Subir K. Das	53	B.Com., C.A.	GM	9/5/1988	22 Years	25,44,349	Blow Plast India Ltd
72	Cdr. Subhash Chander	59	H.S.C.	DGM	12/12/1996	14 Years	47,77,907	Indian Air Force
73	Cdr. Rohit Rai	59	M.Sc.	DGM	2/20/1997	14 Years	40,31,321	Indian Air Force
74	Cdr. Ranvir Singh Dhandra	59	M.Sc.	DGM	4/7/1997	13 Years	43,57,924	Indian Army
75	Capt. Anand Mohan	48	B.A..	Captain	6/1/2009	1 Years	37,12,352	Indian Navy
76	Capt. M.S. Bains	55	H.S.C.	Captain	10/1/2007	3 Years	31,01,235	Indian Air Force
77	Capt. Amarjeet Singh	54	M.Sc.	Captain	10/1/2007	3 Years	25,98,574	Indian Air Force
78	Capt. A. E. N Rao	51	B.Sc.	Captain	1/1/2010	1 Years	33,65,469	Ex-Defence
79	Capt. Peter Samuel*	30	B.Sc.	Captain	1/1/2010	1 Years	32,26,734	First Employment
80	Capt. Rakesh Gaiind*	41	B.A.	Captain	1/1/2010	1 Years	35,31,347	Indian Navy
81	Capt. J.A. Royappan*	57	B.Sc.	Captain	1/1/2010	1 Years	34,11,048	Indian Navy
82	Capt. D.S. Mokha*	65	B.Sc.	Captain	11/26/2007	3 Years	2,21,441	Indian Navy
83	Gp. Capt. Rajesh Khanna	56	B.A.	Captain	12/1/2007	3 Years	25,49,284	Indian Air Force
84	Capt. K.K. Mankotia	50	H.S.C.	Captain	5/1/2008	2 Years	28,47,795	Indian Air Force
85	Capt. S.V. Ramani*	52	B.Sc.	Captain	11/4/2004	6 Years	21,01,687	Ex-Defence
86	Capt. D.S. Dhanoya	64	B.A.	Sr. Cdr.	4/4/2006	4 Years	31,04,096	Indian Army
87	Capt. I.M. Simoes	64	S.S.C.	Sr. Cdr.	10/1/2006	4 Years	34,72,573	Indian Air Force
88	Capt. S.K. Verma	64	Inter	Captain	1/2/2007	4 Years	32,32,469	Indian Air Force
89	Capt. Ashok Khosla	63	NDA	Sr. Cdr.	10/3/2007	3 Years	30,51,617	Indian Army
90	Capt. Y.P. Singh	62	ISC, NDA	Sr. Cdr.	8/4/2008	2 Years	34,25,379	Indian Army
91	Capt. Shiv Krishna*	62	S.S.C.	Sr. Cdr.	9/22/2008	2 Years	21,14,197	Indian Air Force
92	Capt. P. D. Shirname	61	Inter(Art)	Sr. Cdr.	7/31/2009	1 Years	34,00,072	Indian Army
93	Capt.Nawal Kapoor	55	M.Sc.	Captain	1/2/2010	1 Years	27,82,402	Indian Army
94	Capt. T.K. Guha*	54	B.Sc.	Captain	3/30/2009	2 Years	29,95,653	Indian Army

**NOTE:**

None of the above Employees are related to any of the Directors.

Remuneration includes Salary and Allowances, Medical Reimbursement, Company Leased Accommodation, Conveyance Reimbursement, Employer's PF, Ex-Gratia, LTC, Hospitalisation Reimbursement. etc., and related Arrears for earlier Years.

\* Part Remuneration

\*\* On Deputation.