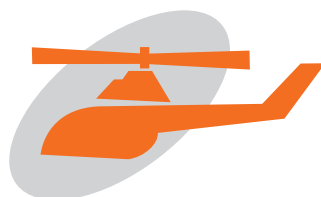


# **ANNUAL REPORT**

## **2013-14**



**PAWAN HANS LIMITED**  
(Formerly Pawan Hans Helicopters Limited)

## OUR AIM

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

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## BOARD OF DIRECTORS



**Dr. B P Sharma**  
Chairman-cum-Managing Director



**G. Ashok Kumar**  
Joint Secretary Ministry of Civil Aviation



**Mrs. Mani Sathiyavathy**  
Director General of Civil Aviation



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



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



## MANAGEMENT TEAM

Chairman Cum  
Managing Director

Dr. B. P. Sharma

### **Registered Office:**

Safdarjung Airport  
New Delhi - 110 003

Chief Vigilance Officer

Shri Prabhat Kumar, I.R.S.

### **Corporate Office:**

C-14, Sector - 1  
Noida - 201 301

Executive Director

Shri Sanjiv Bahl

Head Safety

Shri Deepak Kapoor

### **Regional Offices:**

General Manager  
(Finance & Accounts)

Shri Dharendra Sahai

#### **Western Region**

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

Company Secretary &  
General Manager (Legal)

Shri Sanjiv Agrawal

#### **Northern Region**

Safdarjung Airport  
New Delhi - 110 003

General Manager  
(Operations)

Air Cmde (Retd) Alok Kumar

Incharge  
(Engineering)

Shri M. P. Singh

#### **Eastern Region**

3rd Floor, Hotel Rajashri inn  
VIP Road, LGBI Airport  
Guwahati, Kamrup (Metro)  
Assam - 781015

Off. General Manager  
(H R)

Shri R. B. Kushwaha

Incharge  
(Marketing)

Shri M. S. Boora

### **Auditors**

M/s. Khanna & Annadhanam  
Chartered Accountants  
New Delhi - 110 001

Dy. General Manager  
(Infocom Services)

Shri Sanjeev Razdan

Deputy General Manager  
(Materials)

Shri S. K. Sharma

### **Branch Auditors**

M/s. Lakhani & Co.  
Chartered Accountants  
Mumbai

General Manager  
(Eastern Region)

Shri Sanjay Kumar

General Manager  
(Western Region)

Shri M. Sreekumar

### **Bankers**

Vijaya Bank  
State Bank of India  
Punjab National Bank

Off. General Manager  
(Northern Region)

Shri Vijay Pathiyan



## NOTICE FOR 29<sup>TH</sup> (ADJOURNED) ANNUAL GENERAL MEETING

**TO  
ALL SHAREHOLDERS,  
PAWAN HANS LIMITED**

NOTICE is hereby given that the 29<sup>th</sup> (Adjourned) Annual General Meeting of the Company is scheduled to be held on 19<sup>th</sup> March 2015 at 01.00 PM at Registered Office of the Company at Safdarjung Airport, New Delhi-110003 to transact the following business:-

### **ORDINARY BUSINESS**

#### **1. ADOPTION OF ACCOUNTS**

To receive, consider and adopt the audited Balance Sheet as on 31.3.2014, the audited Profit & Loss Account for the year ended on 31<sup>st</sup> March 2014, along with the Auditors' Report, comments of C&AG thereon and Directors' Report.

#### **2. DECLARATION OF DIVIDEND**

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

“RESOLVED THAT dividend amounting to Rs. 7,71,33,000/- @ 20% of net profit after tax (i.e. Rs. 38.57 crores) on the paid-up capital of Rs. 245.616 crores is hereby declared for the financial year 2013-14 to the shareholders of the Company.”

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

(Sanjiv Agrawal)  
Company Secretary

NEW DELHI.  
11<sup>th</sup> March, 2015

#### **NOTES:**

- a) Member entitled to attend and vote at the meeting is entitled to appoint a Proxy who need not be a member of the Company to attend and vote instead of himself. Proxies in order to be effective must be deposited at the registered office of the Company not less than 48 hours before the meeting. A blank Proxy Form is enclosed.

**Registered Office:**  
Safdarjung Airport,  
New Delhi-110003.

Corporate identity Number (CIN) : U62200DL1985GOI022233



## CHAIRMAN'S SPEECH TO THE MEMBERS

Dear Shareholders,

I take great pleasure in welcoming you to the 29<sup>th</sup> Annual General Meeting of your Company. The Annual Report for the financial year 2013-14 has been circulated and with your permission I take it as read.

Financial year 2013-14 had been a year of challenges and the Company made efforts to improve its performance from the previous year. In the financial year 2011-12 the Company had suffered losses and had taken strong measures for safety training & audit and cost cutting to ensure its healthy revival. Total flying hours during 2013-14 were 31,890 hours as against 31,683 hours during the previous year. Revenue flying hours were 30,625 as against 30,310 hours in previous year. These figures are not very encouraging if we look at the physical performance, which Company had achieved during 2012-13, but when we look at operating revenue figures, the picture which emerges is more encouraging. Average monthly deployment of helicopters during the year ended 31.03.2014 was 32 (as against 31 in the previous year) out of the fleet size of 46 helicopters and the Company had Operations & Maintenance contracts of 6 Dhruv helicopters owned by BSF (MHA).

The performance during the financial year 2013-14 has improved compared to the previous year on account of higher average monthly deployment of helicopters, significantly higher operating revenue (specifically Mi-172 helicopters) and operating profit mainly due to increase in revenue, higher revenue rates, securing new contracts for long term deployment of helicopters and reduction in operating expenditure by reduction in overheads, travelling expenses, insurance cost and business promotion expenditure.

During the year 2013-14 Operating revenue increased by 13.82% to Rs. 529.59 crores as

against Rs. 465.25 crores in the previous year. During the year the Company had deployed 4<sup>th</sup> additional Dauphin helicopter with Administration of Andaman & Nicobar Islands and one Mi-172 helicopters with Government of Arunachal Pradesh.

This year your company has managed to significantly improve both the operating revenue and net operating profit. The Company achieved remarkable and highest ever net operating profit of Rs. 73.03 crores in the financial year 2013-14 which is an increase of 84% over Rs. 39.64 crores in the year 2012-13.

The turn-around strategy in 2012-13 also continued in 2013-14, many transformation programs and cost cutting measures were undertaken from April, 2012 onwards. The cost reduction measures resulted in substantial reduction in expenditure to the tune of Rs. 9.40 crores, primarily by saving Rs. 3.20 crores on account of overtime and Rs. 6.20 crores by way of strict monitoring of expenses on advertisement, travel expenses, TA/DA, overheads and business promotion expenses.

The improvement was achieved by encouraging the employees to have day to day meeting / discussions through video conferencing. Inventory Management System was implemented for efficient and effective control of inventory budget. Better control of on-time performance for ONGC helicopter services to reduce delay in provisioning of helicopters. To improve operational efficiency and generate MIS all the bases were instructed for daily manifest entry logged in the integrated computer system. Cross conversion of pilots on different type of helicopters was encouraged which led to their efficient utilization and higher flying hours per pilot as per CAR on all type of fleets. Monitoring of FTL/ FDTL through centralized computer system and weeding out of low performing crew pilots. Creation of Eastern Region for improved focus on North East Region. Responsibility and





accountability was fixed at all the level of employees along with Monthly/Quarterly/Annual performance targets for executives. Strict control/ monitoring to avoid delay in departure and AOG in provisioning of helicopters for ONGC to generate more revenue and minimizes total loss. A dedicated team for speedy Recovery of outstanding amount was formed primarily for North Eastern States.

Reserves and surpluses of the Company during 2013-14 are at Rs. 268.22 crores as against Rs.238.91 crores in 2012-13. As on 31.3.2014 the long term borrowings was Rs. 171.04 crores (Previous Year Rs. 274.69 crores). The Company has further repaid the entire term loan taken from Vijaya Bank and Exim Bank. Presently the total outstanding loan is Rs. 81.49 crores (with ONGC Rs. 38.22 crores and NTPC Rs. 40.06 crores). The Company brought down its debt equity ratio to 0.16 : 1 following the repayment of the long term debts. Rating of the Company has been upgraded to Stable India A+ from Stable India A. This has been possible due to stability in business, continuous increase in revenue, better operational performance and safety measures.

Company's maximum revenue to the tune of 85% of total operating revenue comes from contracts through competitive tenders. ONGC has recently improved vintage condition from 5 years to 7 years which has resulted Pawan Hans able to offer 3+1 Dauphin N3 helicopters to ONGC in Crew Change tender closing on 26.12.2014. In the price bid opened by ONGC on 20.2.2015 your Company has been L1 for 3 medium helicopters in Group-I (Crew Change) tender. We are making further efforts to review this vintage clause as in line with World practice based on airworthiness certifications. Non-availability of offshore AS-4 qualified pilots in the market is a major constraint and therefore, the pilots are being utilized upto FDTL/ FTL limits as laid down by DGCA.

The Board of Directors have recommended dividend of Rs.771.33 lacs i.e. @ 20% of net profit after tax Rs. 38.57 crores (P.Y. Rs. 233.96

lacs i.e. 20% of net profit after tax (i.e. Rs. 11.70 crores). The dividend is payable on the entire paid up capital of Rs.245.616 crores and provision has been made for corporate tax on Dividend of Rs.154.22 Lacs (P.Y. Rs.39.76 lacs). The Company would make efforts to pay higher amount of dividend from the profits in subsequent years.

After close of the financial year 2013-14, the following developments have taken place:-

- i) The Company had done total flying of 1200 hours with revenue of Rs. 32.21 crores and incremental revenue of Rs.23.14 crores approx. by deploying 11 helicopters for General Election of Lok Sabha during March-May 2014.
- ii) The Company has been able to get insurance at the most competitive rates for the period 1.8.2014 to 31.7.2015 (on the sum assured value of Rs. 1228 crores for Operating Helicopter fleet and inventory value of Rs.300 crores) with the annualized premium works out to a net decrease (Rs. 23,56,33,885 – Rs. 12,48,86,624/-) in total premium of Rs. 11,07,47,261/- i.e. 47% over previous year's premium. Improved safety standards in the Company also contributed to reduction in insurance premium rates.
- iii) During the financial year 2014-15, the total flying hours and operating revenue is likely to be 30,565 hours and Rs. 529.08 crores as against 31,890 hours and Rs. 529.59 crores in the financial year 2013-14. Similarly during the financial year 2014-15 the operating profit and Net Profit after tax are likely to be Rs. 71.11 crores and Rs. 43.29 crores against Rs. 73.03 crores and Rs.38.57 crores in the financial year 2013-14.

During the 12<sup>th</sup> Five Year Plan Period (2012-17) the projections related to Pawan Hans approved by Planning Commission are for acquisition of



10 helicopters and 02 seaplane, import of equipments, creation of maintenance centre / JV, Building Projects and others for a total amount of Rs.725 crores through Internal & Extra Budgetary Resources (IEBR). These projections have been revised in August 2013 to further augment the fleet by acquisition of 22 helicopters and 02 seaplanes at a cost of Rs.1189 crores. The revised plan has been submitted to the Ministry of Civil Aviation for approval.

Towards new business initiatives the Company is making efforts to start seaplane operations in A&N and West Bengal. In view of expansion of helicopter services in the North East and Eastern Region, the Company has created Eastern Region with headquarter at Guwahati. The Company has also signed MoUs with AIIMS, Apollo Hospital and Medanta to start Helicopter Emergency Medical Services (HEMS).

The Company has finalised construction plan of a Heliport at Rohini in New Delhi and it has already created basic Helipad facilities at Rohini. After Environment clearance, the Master Plan & Building drawings have been approved by DGCA, BCAS and AAI. Architect cum Project Management Consultant (APMC) has been appointed and DDA has given clearance to the project on 22.1.2014. Contract for construction has been awarded on 18.7.2014 and the work is in progress. Further, the Company has been assigned the task to develop a Helicopter Pilot Training Institute and Heliport at Hadapsar in Pune. Pawan Hans has got planning, designing and construction work done through NBCC on deposit work basis at the cost of Rs.10.40 crores with construction upto 93% completed. The project cost has been revised to Rs.11.30 crores and NBCC has been requested to complete the balance work.

The Company has undertaken Safety Initiatives by implementing Safety Management System (SMS) for its operations and maintenance activities as per ICAO/DGCA guidelines and has already implemented two phases of SMS out of four. A new Safety Oversight department has

been created and a Voluntary Reporting System and Hazard Reporting System has been introduced in the company. The company has introduced FOQA (Flight Operations Quality Assurance) system in its operations to analyse and monitor operation of helicopters. Safety Policy of the company has also been revised to include Safety as a core activity. National Institute of Aviation Safety & Services (NIASS) the dedicated training centre of the Company in Delhi is committed to strengthen knowledge and skill levels of pilots and technical employees.

Pawan Hans has been recognized for its Overall Operational Excellence and Sustainable Business Performance in the recent past at following forums:-

- News Ink Legend PSU Shining Awards-2013,
- Golden Category Award for Overall Organizational Effectiveness for the year 2012-13 in CEO's Conference organized by IIIE,
- "Performance – Highest Turnaround" under Service Sector during PSU Summit - 2014 organized by e Governance,
- Golden Peacock Award for Sustainability' for the year 2014 organized by Institute of Directors, New Delhi,
- Skoch Renaissance Award for Helicopters Transport Services qualifying for India's Best Projects-2014 in Sustainable & Balanced Business Performance and Achieving Market Leadership Position and
- First prize for promoting Hindi in all its offices amongst all the attached PSUs under MoCA awarded by Secretary, Ministry of Civil Aviation.

The Company has adopted Guidelines on Corporate Governance issued by DPE and industrial relations during the period continued to be cordial and regular meetings with



employee's representative bodies were held. The Company is playing a vital role in the growth of helicopter industry in India which has a vast scope of growth.

I take this opportunity to thank you all for the confidence reposed in the management. I am also grateful for the support and guidance of the Government of India, Ministry of Civil Aviation, DGCA and other various agencies in efficient management of the Company. I deeply appreciate the confidence reposed by ONGC, GAIL, GSPC, NTPC, Oil India, British Gas,

Ministry of Home Affairs, BSF, the State Governments of Meghalaya, Mizoram, Arunachal Pradesh, Himachal Pradesh, Sikkim, Maharashtra, Tripura, Assam, Odisha, Andaman & Nicobar Islands and Lakshadweep Islands in the Company and also services rendered by its employees towards Company's growth.

**(Dr. B. P. Sharma)**

Chairman cum Managing Director

Dated : 19.03.2015



**Pawan Hans paid dividend to GOI & ONGC of Rs. 7.71crs. for the financial year 2013-14. The cheque was presented to the HMCA, Sh. Ashok Gajapathi Raju Pusapathi by Dr. B. P. Sharma, CMD PHL in the Presence of HMOS (CA). Dr. Mahesh Sharma**





## DIRECTORS' REPORT

### *The Shareholders,*

*Gentlemen,*

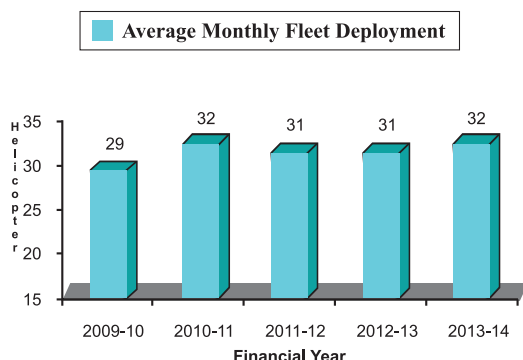
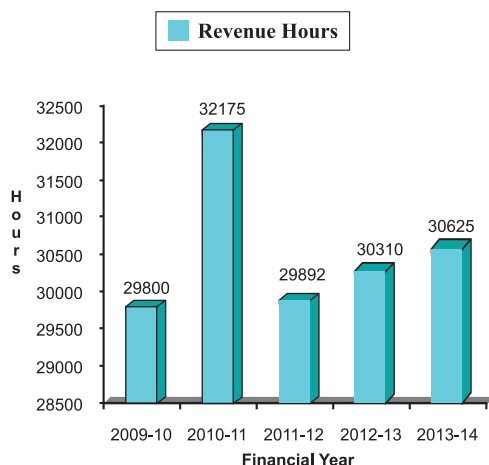
Your Directors have immense pleasure in presenting the Twenty Ninth Annual Report of Pawan Hans Limited (name changed from Pawan Hans Helicopters Limited w.e.f. 14.1.2013) together with the audited accounts and the Report of the Comptroller and Auditor General of India for the year ended on 31<sup>st</sup> March, 2014.

### *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 :-



Average monthly deployment of helicopters during the year ended 31.03.2014 was 32 helicopters out of the fleet size of 46 helicopters (including 1 Dauphin N3 which had a major damage due to heavy landing at Harsil on 28.06.2013 and made serviceable in October 2014). Average fleet serviceability during the year was 77% as against 83% in the previous year. Total flying hours were 31,890 hours as against 31,683 hours during the previous year.

#### *b) Fleet Profile*

The Company's operational fleet as on 31.03.2014 comprises of the following:-

| Helicopter type  | No. of helicopters | Average Age (years) |
|------------------|--------------------|---------------------|
| Dauphin SA365N   | 18                 | 29                  |
| Dauphin AS365 N3 | 17                 | 9                   |
| Bell-407         | 3                  | 9                   |
| Bell 206L4       | 3                  | 17                  |
| AS 350 B3        | 2                  | 3                   |
| MI-172           | 3                  | 5                   |
| <b>Total</b>     | <b>46</b>          |                     |

As on 31.03.2014 the Company had Operation & Maintenance Contracts with HAL for 6 Dhruv helicopters owned by BSF (MHA). These Dhruv helicopters are being used by BSF for Anti-Naxal activities. The Company also had O&M contract of 1 no. Dhruv Helicopter of M/s HAL. The Company has provided one Dauphin N helicopter each to Government of Maharashtra and Govt. of Odisha for Anti-Naxal activities at Ghadhchiroli, Maharashtra.

#### *c) Fleet deployment*

Pawan Hans has been providing helicopter support for offshore operation of ONGC for carrying its men and vital supplies round the clock to drilling rigs situated in Bombay off-



**Dauphin N3 Helicopter flying at ONGC Off. Shore**

shore platforms. Pawan Hans operates to ONGC's Rigs (mother platforms and drilling rigs) and production platforms (wells) within a radius of 130 nm. from the main land at Mumbai. The tender for Production Task contract for providing 7 Nos. Dauphin N3 helicopters with vintage of 5 years was awarded to Pawan Hans by ONGC under International competitive bidding. As on 31.03.2014, the Company had on contract 10 Dauphin N3 helicopters with ONGC for their off-shore task out of which 2 Dauphins are stationed overnight at the main platforms in addition to a dedicated Night Ambulance to meet any emergency evacuation.

The Company is providing helicopter services to several State Governments namely, Meghalaya, Mizoram, Maharashtra, Tripura, West Bengal, Sikkim, Odisha, Himachal Pradesh, Arunachal Pradesh, Ministry of Home Affairs, Administration of Andaman & Nicobar Islands and Lakshadweep Islands. The Company is also providing helicopter services to NTPC, GAIL, GSPC, British Gas Exploration (BG), etc.

During the year the Company had deployed additional 4<sup>th</sup> Dauphin helicopter with Administration of Andaman & Nicobar Islands and one Mi-172 helicopter to Government of Arunachal Pradesh.

The Company had got contract for operating helicopter services from Mata Vaishno Devi Shrine Board from Katra to Sanjhichat under competitive conditions April 2008 to March 2011 and again from April 2011 to March 2014. Pawan Hans runs the helicopter services from Phata to the Holy Shrine of Kedarnath during the May-June and September-October seasons every year. Pawan Hans has also been awarded contract by Shri Amarnath Shrine Board for operating "Helicopter services for Shri Amarnathji Yatra 2012 and 2013" on Pahalgam-Panjtarni sector and provided services during season from June-August 2012 & 2013. Further, the Company was again awarded contract for Shri Amarnathji Yatra on Sohmarg-Panjtarni sector and operated from June-August 2014 with 2 Bell 407 / AS350B3 helicopters.



**d) Funding for Acquisition of New Fleet.**

ONGC had funded loan of Rs. 261 crores, being 80% cost of acquisition of 7 numbers Dauphin N3 helicopters. ONGC has subsequently converted part of this loan (Rs.95.85 crores) into paid up equity capital in the Company. NTPC has funded loan of Rs. 52 crores for the acquisition of one Dauphin N3 helicopter with long term charter lease of the new helicopter for 10 years. The Company availed term loan of Rs. 90.82 crores from EXIM Bank for financing 80% cost of 2 Dauphin N3 helicopters and avail term loan of Rs.95.18 crores (approx.) from Vijaya Bank for financing 80% cost of 2 Mi-172 helicopters with tenor of 10 years. The Company had also got sanctioned fund based limits of Rs.40 crores from Vijaya Bank for working capital requirements. The Company had got credit rating from India Ratings on the term loans of “Ind A” (stable) which has been upgraded recently to Ind A+ (stable).

As on 31.3.2014 the long term borrowings was Rs. 171.04 crores (Previous Year Rs. 274.69 crores). The Company has repaid the entire term loan taken from Vijaya Bank and Exim Bank. At present the total outstanding loan is Rs. 83.82 crores ONGC Rs. 42.90 crores and NTPC Rs. 40.92 crores.

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

DDA had allotted 25 acres land in Rohini New Delhi in June, 2009 in the name of Ministry of Civil Aviation for construction of the Heliport. Pawan Hans has taken possession of the land and has been assigned the task of Development of Rohini Heliport at a Project cost of Rs. 64 crores with funding by the Government towards the Land cost and 80% cost of development. The Ministry of Civil Aviation has contributed Rs.19.07 crores towards land cost as Grant and on 31.08.2010 further contributed towards equity capital of Rs.36 crores for project cost of Rs. 64 crores for Heliport at Rohini. The Company created basic Helipad facilities at Rohini for the CWG, 2010. The Environment clearance and Master Plan & Building drawings have been

approved by DGCA, BCAS and AAI. Architect cum Project Management Consultant (APMC) has been appointed and DDA has given clearance to the project on 22.1.2014. Contract for construction has been awarded on 18.7.2014. The construction has commenced in end October 2014.

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

Pawan Hans has been assigned the task to develop a Helicopter Training Academy cum Heliport at the existing Gliding Center at Hadapsar, Pune which is owned by DGCA. Project has been approved by Ministry of Civil Aviation and the DGCA has released an amount of Rs. 10 crores as GBS for the purpose. Pawan Hans signed MoU with DGCA on 17<sup>th</sup> May, 2010 for utilizing land and other infrastructural facilities for this purpose at the Gliding Centre, Pune on behalf of DGCA. Pawan Hans has got planning, designing and construction work done through NBCC on deposit work basis at the cost of Rs. 10.40 crores with construction upto 93% completed. The project cost has been revised to Rs.11.30 crores and NBCC has been requested to complete the balance work.

**g) Equity Capital**

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

**h) Developments occurring after the close of financial year 2013-14**

After close of the financial year 2013-14, the following developments have taken place:-



- i) The Company had done total flying of 1200 hours with revenue of Rs. 32.21 crores and incremental revenue of Rs. 23.14 crores approx. during flying by deploying 11 helicopters for General Election of Lok Sabha during March-May 2014.
- ii) The Company has been able to get insurance for the period 1.8.2014 to 31.7.2015 on the sum assured value of Rs.1228 crores for Operating Helicopter fleet and inventory value of Rs.300 crores with the annualized premium works out a net decrease (Rs.23,56,33,885 – Rs.12,48,86,624/-) in total premium of Rs.11,07,47,261/- which is 47% over previous year's premium. Improved safety standards in the Company also contributed to reduction in insurance premium rates.
- iii) Financial irregularities / embezzlement at Kavaratti detachment for Rs.1.29 crores was discovered towards withdrawal of cash from the bank account of Pawan Hans for which the matter has also been reported to CBI on 8.8.2014 and further investigation is being carried out.

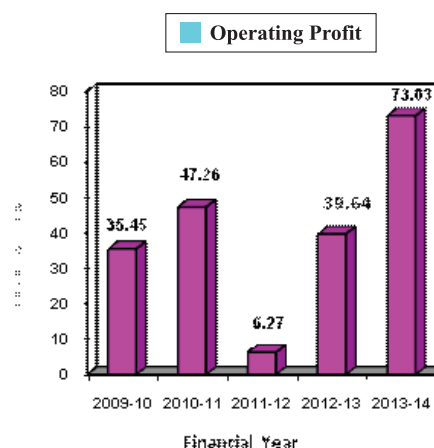
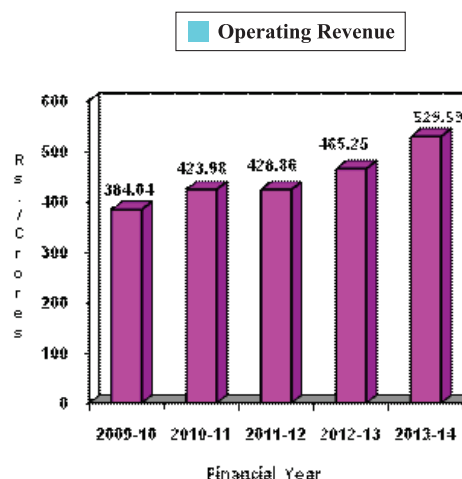
## II. Finance

### a) Financial Results

Financial performance during the years 2012-13 and 2013-14 was as under :-

|  | (Rupees/Crores) |               |
|--|-----------------|---------------|
| Particulars                                | 2012-13         | 2013-14       |
| <b>I. Operating Revenue</b>                |                 |               |
| -Revenue from Operations                   | 456.43          | 516.26        |
| -Incidental Revenue                        | 8.82            | 13.33         |
| <b>Total (I)</b>                           | <b>465.25</b>   | <b>529.59</b> |
| <b>II. Operating Expenditure</b>           |                 |               |
| -Operating Expenditure                     | 351.82          | 376.85        |
| -Depreciation                              | 73.79           | 79.71         |
| <b>Total (II)</b>                          | <b>425.61</b>   | <b>456.56</b> |
| <b>III. Net Operating Profit (I-II)</b>    | <b>39.64</b>    | <b>73.03</b>  |
| IV. Interest Income                        | 10.39           | 11.92         |
| Less interest charges on borrowings        | 28.51           | (31.81)       |
| V. Prior Period/ Extraordinary Adjustments | 6.42            | 8.10          |
| <b>VI. Profit before Tax</b>               | <b>27.94</b>    | <b>61.24</b>  |
| VII. Taxes /Deferred Tax Liability         | 16.24           | 22.67         |
| <b>VIII. Net Profit / (Loss) after Tax</b> | <b>11.70</b>    | <b>38.57</b>  |

The performance during the financial year 2013-14 has improved compared to the previous year due to higher deployment of helicopters specifically Mi-172 helicopters and securing new long term contracts for helicopter services at higher revenue rates resulting in enhanced operating revenue. Further with reduction in operating expenditure due to control of overheads, travelling expenses, insurance cost and business promotion expenditure the operating profit increased from Rs. 39.64 crores to Rs. 73.03 crores. Reserves and surplus of the Company stands at Rs. 268.22 crores (P.Y. Rs. 238.91 crores).



Around 85% of total operating revenue of the Company comes from contracts through competitive tenders. ONGC has recently issued Crew Change Tender with improved vintage condition from 5 years to 7 years which has resulted in the Company being able to offer 3 to 4 Dauphin N3 helicopters to ONGC in Crew





**Dauphin N3 Helicopter at Guwahati**

Change tender closing on 26.12.2014. Non-availability of offshore AS-4 qualified pilots in the market is a major constraint and therefore, regular walk in interviews are conducted to induct experienced as well as fresh pilots.

**b) Dividend**

The Board of Directors have recommended dividend of Rs.771.33 lacs i.e. @ 20% of net profit after tax Rs.38.57 crores (P.Y. Rs.233.96 lacs i.e. 20% of net profit after tax (i.e. Rs.11.70 crores). The dividend is payable on the entire paid up capital of Rs.245.616 crores and provision has been made for corporate tax on Dividend of Rs.154.22 Lacs (P.Y. Rs.39.76 lacs) out of profit available for appropriation of current year profit as per the statement of Profit & Loss. However, the Company would make efforts to pay higher amount of dividend from the profits in subsequent years.

**c) Claim to Government of India**

In respect of pending issue of Government of India claim, the Ministry of Civil Aviation submitted a proposal to Ministry of Finance in December, 2007 that the Government may

reconsider the claim by Ministry of Finance and waive off the total amount of Rs.470.22 crores (Principal amount Rs.130.91 crores and interest upto 31.03.2001: Rs.339.31 crores) claimed from the Company so that the existing funds could be utilized for fleet expansion and other capital outlay programmes which are essential for the survival of the Company under the competitive environment prevailing in the Civil Aviation industry in India. The Ministry of Finance has not agreed to this proposal and has advised that the Company be asked to deposit the said amount in Government Treasury. The Board of Directors of the Company in their 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 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 the same 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 Ministry of Civil Aviation seeking waiver of the claim of GoI aggregating Rs.470.22 crores from PHHL.

Consequent to the meeting with Ministry of Finance held on 29.04.2012 regarding Settlement of MoF Claim, it was decided that a Business Plan for the Company be formulated for XII Five Year Period (2012-17) keeping in view the prevailing competitive conditions and ONGC requirement of 5 years vintage of Helicopters under Tenders and how the MoF claim of Rs.470.22 Crores would be an impediment to the overall growth of the Company. SBI Capital Market Services Ltd. Report after its approval by Board was submitted to MoCA on 02.07.2012 for onward submission to Ministry of Finance. A meeting was called on 7<sup>th</sup> August 2013 by Ministry of Finance to discuss the issue. The matter is under consideration between Ministry of Civil Aviation and Ministry of Finance. The Company has considered the claim of GoI as Non-current liability under the Revised Schedule-VI.

The Company had earlier made provision of Rs.339.31 crores during the financial years 1999-2000, 2000-01 and 2002-03 towards interest and

other charges upto 31.3.2001 as claimed by the Ministry of Finance and the same is being carried forward.

d) MOU with Ministry of Civil Aviation

Pawan Hans signs MoU with the Ministry of Civil Aviation every year after Task Force negotiation meeting in Department of Public Enterprises. For the year 2013-14 as per Performance Evaluation Report submitted by Pawan Hans, the MoU rating “Very Good” likely to be assigned to Pawan Hans.

**III. Engineering / Maintenance Activities.**

The Company has established state-of-the-art maintenance facilities in Mumbai and New Delhi approved by DGCA for maintenance of its fleet of helicopters. Meticulous maintenance checks on helicopters are carried out and extensive workshops with in-house facilities provide the back up. Maintenance capability has been upgraded to carry out major 'G' Inspections on Dauphin helicopters totally in-house without any foreign assistance which leads to saving of foreign exchange on account of lower cost of repairs/inspections. The scope of approval of



**An Interactive Session of Pawan Hans Senior Mgt. with Secy MOCA**





**29th Annual General Meeting of Pawan Hans Limited**

maintenance facilities at Mumbai has been extended to include 'G' inspection (Airframe overhaul at 6000 hours) on Dauphin N3 helicopters during the year under review. A total of 32 inspections consisting of T/2T/5T(600 hrs./1200 hrs./3000 hrs.) inspection and 2 'G' inspection (5400 hrs.) on Dauphin helicopters was carried out by the Company from within its resources.

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

#### **IV. Materials Management**

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

procurements have been made based on joint review by Engineering and Material Departments and spares are ordered on forecasted projections. The Material Management functions are online through integrated computerization. Processing of demand and supply has become efficient. Data has become transparent and available to users across the network in all regions and bases. Inventory management through timely alerts has enhanced the efficacy of supply chain management. E-procurement system was introduced during the year.

#### **V. Information System & Technology Plan**

In order to implement Information System & Technology Plan in the critical functional areas of Operations, Engineering, Materials & Finance, the integrated software developed by M/s.Tata Consultancy Services Ltd. has 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 carried out e-ticketing in respect of its passenger services operations for Kedarnathji and Amarnathji. The Company's website <http://pawanhans.co.in> has been updated regularly. The Company has implemented e-office system recently.

## **VI. Human-Resources Development**

### **a) Manpower**

The staff strength of regular and contractual employees as on 31<sup>st</sup> March 2014 was 899 as against 924 as on 31<sup>st</sup> March 2013.

### **b) Industrial Relations**

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

related allowances and the issues are under discussions with them.

### **c) Training**

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

PHL is laying special emphasis on Training of the crew and Training methodology to enable pilots to tackle the emergent situations. Simulator training of all crew is also ensured which involves training on handling all kinds of critical



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





**Padmabhushan Dr. Sivathanu Pillai presented operational excellence award to Pawan Hans for its overall organisational effectiveness and various business initiatives.**

emergencies so that pilots are better prepared to handle such emergencies while flying. The Company has undertaken Simulator training for 43 pilots in the last one year at M/s. HATSOFF, Bangalore for Dauphin fleet. Due to a number of retirement / resignation of pilots as well as to meet requirement of fleet expansion, action has been taken for recruitment of experienced and young pilots and their training.

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

### ***VIII. Safety measures***

Pawan Hans has undertaken Safety Initiatives to upgrade the operation and maintenance systems to avoid recurrence of such incidents. Pawan Hans is implementing Safety Management

System (SMS) for its operations and maintenance activities as per ICAO/DGCA guidelines and has already implemented two phases of SMS out of four which includes management of safety through reactive processes. A new Safety Oversight department has been created and a Voluntary Reporting System and Hazard Reporting System has been introduced in the company. The company has introduced FOQA (Flight Operations Quality Assurance) system in its operations to analyze and monitor operation of helicopters. Safety Policy of the company has also been revised to include Safety as a core activity of the company. The Company has started in June 2010 National Institute of Aviation Safety & Services at Delhi for Safety Management System and Safety Awareness in the country. The Institute is conducting courses on Aviation Safety and would also provide consultancy services to other clients, new start-ups and audits of various helipad / heliport / offshore installations.

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



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

#### Conservation of Energy and Technology absorption

In view of the nature of activities which are being carried out by the Company, Rules 2(a) & 2(b) of the Companies (disclosure of particulars in the report of Board of Directors) Rules, 1988 concerning conservation of energy & technology absorption are not applicable to the Company.

#### Foreign Exchange Earning & Outgo

The Company earned Rs. 112.87 Crores (previous year Rs. 96.89 Crores ) in foreign exchange during the year 2013-14. The foreign exchange outgo amounted to Rs.97.02 crores (previous year Rs. 21.61 Crores) During the year 2013-14.

#### **IX. Board of Directors**

The Board of Directors held four meetings during the year 2013-14. The Board consists of the following members presently as well as during the financial year 2013-14 :-



**Hon'ble Union Minister for Urban Development, Sh. M Venkaiah Naidu presented Skoch Renaissance Award 2014 to Pawan Hans for its Sustainable and Balanced Business Performance and Achieving Market Leadership Position in Helicopter Industry.**





|                               |  |
|-------------------------------|--|
| <b>At present</b>             |  |
| Shri B.S.Bhullar              | Chairman-cum- Managing Director (from 01.01.2015)                  |
| Smt. Mani Sathiyavathy        | AS&FA –MoCA (from 4.4.2014 - 30.12.2014)& DGCA (from 30.12.2014)   |
| Shri G.Asok Kumar             | Joint Secretary-MoCA (from 6.1.2015)                               |
| Shri T.K. Sengupta            | Director (Offshore), ONGC (from 01.02.2014)                        |
| AVMA.S. Butola                | ACAS (Ops, T&H), Air Force (from 05.05.2014)                       |
| <b>Ceased to be Directors</b> |  |
| Shri Anil Srivastava          | Chairman-cum- Managing Director (from 23.03.2012 to 31.12.2014)    |
| Ms. Puja Jindal               | Director, MOCA (from 04.04.2014 to 6.1.2015)                       |
| Shri Prabhat Kumar            | Director General of Civil Aviation (from 01.01.2014 to 30.12.2014) |
| Shri S. Machendranathan       | Spl.Secretary & FA, MoCA (from 12.12.2011 to 19.11.13)             |
| Shri P.K. Borthakur           | Director (Offshore), ONGC (from 5.11.2012 to 01.02.2014)           |
| Shri G. Asok Kumar            | Joint Secretary-MoCA (from 12.01.2012 to 04.04.2014)               |
| Shri Arun Mishra              | D.G.C.A. (from 26.07.2012 to 31.12.2013)                           |
| AVM S.R.K. Nair               | ACAS (Ops, T&H), Air Force (from 01.02.2013 to 05.05.2014)         |

The Board places on record its appreciation of the valuable services rendered by Shri S. Machendranathan, Shri P.K. Borthakur, Shri G. Asok Kumar, Shri Arun Mishra, AVM S.R.K. Nair, Ms.Puja Jindal, Shri Prabhat Kumar and Shri Anil Srivastava during their tenure on the Board. The details of attendance of each Director at the Board meetings during the financial year 2013-14 and last AGM are as under:-

| Name of Director     | Date of Board Meetings –attended by Directors during the financial year 2013-14 |          |          |          | AGM attended by Directors |
|----------------------|---|----------|----------|----------|---------------------------|
|                      | 9.5.13  | 30.10.13 | 18.12.13 | 15.01.14 | 18.12.13                  |
| Anil Srivastava, CMD | Yes   | Yes      | Yes      | Yes      | Yes                       |
| S. Machendranathan   | Yes   | Yes      | -        | -        | -                         |
| G. Asok Kumar        | Leave   | Yes      | Yes      | Yes      | Yes                       |
| Arun Mishra          | Yes   | Leave    | Yes      | -        | Yes                       |
| P.K. Borthakur       | Yes   | Yes      | Yes      | Leave    | Yes                       |
| AVM S.R.K. Nair      | Yes   | Yes      | Yes      | Yes      | Yes                       |
| Prabhat Kumar        | -   | -        | -        | Yes      | -                         |

None of the Directors of your Company is disqualified as per provision of Section 274 (1) (g) of the Companies Act, 1956 / section 164 of the Companies Act, 2013.

## X. Directors' Responsibility Statement

Pursuant to provision of Section 217(2AA) of the

Companies Act, 1956 / Section 134(5) of the Companies Act, 2013 in respect of the Annual Accounts for the financial year ended 31<sup>st</sup> March, 2014, your Directors have:-

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

## XI. Corporate Governance

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

The Company has adopted Guidelines on Corporate Governance issued by DPE on 6.7.2007. DPE has vide OM dated 14.5.2010 made these guidelines mandatory and PHHL has implemented the DPE guidelines to the maximum extent possible. With regard to appointment of requisite number of independent directors, the matter 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.



### Audit Committee

In compliance to Section 292(A) of the Companies Act 1956 / 177 of the Companies Act, 2013, the Board of Directors had constituted an Audit Committee on 24.5.2001 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 2013-14, the Audit Committee has held meetings on 30.10.2013 and 18.12.2013. Till recently the Audit Committee comprise of Smt. Mani Sathiyavathy, Additional Secretary & Financial Advisor, Ministry of Civil Aviation as Chairperson of the Audit Committee, Shri Prabhat Kumar, Director General of Civil Aviation, AVM A.S. Butola, ACAS (Ops T&H), Air Headquarter and Shri T.K. Sengupta, Director (Offshore)-ONGC 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  |
|---|-------------|---|--|
| 26 <sup>th</sup> Annual General Meeting held on 29.12.2011. | 12.30 PM    | Registered Office at Safdarjung Airport, New Delhi-110003 |  |
| 27 <sup>th</sup> Annual General Meeting held on 27.12.2012. | 04:30 PM    | Registered Office at Safdarjung Airport, New Delhi-110003 | Change of name of the Company from "Pawan Hans Helicopters Limited" to "Pawan Hans Limited". |
| 28 <sup>th</sup> Annual General Meeting held on 18.12.2013. | 12:30 PM    | Registered Office at Safdarjung Airport, New Delhi-110003 |  |
| 29 <sup>th</sup> Annual General Meeting held on 30.12.2014. | 12:30 PM    | Registered Office at Safdarjung Airport, New Delhi-110003 |  |

### 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. Integrity Pact forms part of major tenders valued at Rs.one crore and above and signed by the vendor.

### Related party transactions of Senior Management

There was no related party transaction 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 as per DPE guidelines upon the induction of Independent Directors, presently under consideration with the Administrative Ministry.

### Whistle Blower Policy

A Whistle Blower Policy has been implemented as a voluntary initiative. The policy would ensure that a genuine whistle blower 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.

#### Corporate Social Responsibility

The Company is following Corporate Social Responsibility role assigned to it as per the CSR Guidelines issued by DPE. The Company has in September 2010 framed Corporate Social Responsibility and Sustainability (CSRS) Policy based on the guidelines framed by Department of Public Enterprises. A CSR Committee of the Board monitors the progress on CSR. The CSR budget approved for the financial year 2013-14 was Rs.0.35 crores. The Company has provided an ambulance to Rama Krishna Mission Hospital in Arunachal Pradesh under CSR and released payment in 2014-15 pertaining to work carried out by NGOs under CSR. Further, the Company will contribute Rs.1.00 crore to Airports Authority of India for construction of toilets as per directions of Ministry of Civil Aviation.

#### ***XII. Auditors' Report***

The observations made by the Statutory Auditors in respect of the Annual Accounts for the financial year 2013-14 together with replies thereto are appended as Annex-A. (Refer to page no.77).

The Report of Comptroller and Auditor General of India in pursuance of Section 619(4) of the Companies Act, 1956 with Nil comments is appended as Annexure-B. (Refer to page no.95).

#### ***XIII. Particulars of the employees***

As per Notification No.GSR 289(E) dated 31<sup>st</sup> March,2011 issued by the Ministry of Corporate Affairs, amending the provisions of the Companies (Particulars of Employees) Rules, 1975 issued in terms of Section 217(A) of the Companies Act,1956 / of the Companies Act, 1956, it is not necessary for Government companies to include the particulars of employees drawing salaries of Rs.60 lakhs or more per annum, employed throughout the

financial year or, Rs.5 lakhs per month, if employed or part of the financial year.

#### ***XIV. 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.

#### ***XV. 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.

#### ***XVI. Vigilance***

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

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

Vigilance department has also been carrying out various case studies so as to improve, simplify the existing procedure and practices prevailing in



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

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

### ***XVII. 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.

### ***XVIII. Acknowledgements***

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

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

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

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

**(Dr. B.P. Sharma)**  
Chairman cum Managing Director

DATE: 19<sup>th</sup> March, 2015  
PLACE: NEW DELHI.





## 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 267 civil helicopters in operation, which is minuscule in comparison to the international figure of 35,750. There was a negative growth for helicopter industry as the number of Civil Helicopters declined from 300 to 267 during the last three Years.

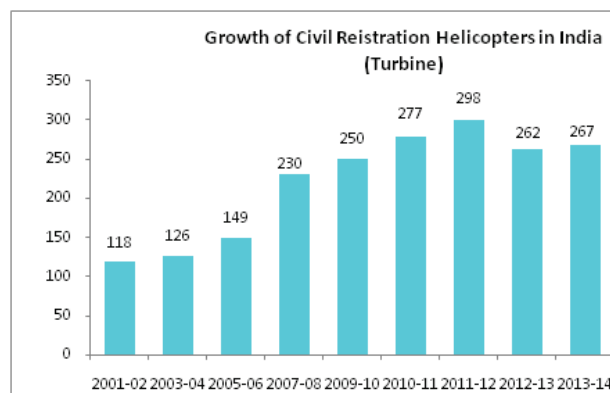
Even though, we have around 267 civil registered helicopters in the country with a population of around 1.25 billion, per capita, we have one helicopter per 47 lakh people which puts us even below many developing countries in the world.

The economic growth of the country had been a catalyst in promoting the growth in aviation, both in fixed wing aircraft as well as rotary wing aviation. Suitable policies enunciated by the Government had also helped the growth. During the financial year 2013-14, the upward increase in Civil Helicopter fleet has been stagnant. This was due to increasing cost of operation due to a number of factors including the falling value of the Rupee vis a viz the US dollar/Euro as many helicopters and their components are imported. In addition Airport tariffs, cost of ATF and ground handling charges went up adding to the cost of operation. These factors rendered helicopter operations unviable for many operators who had to dispose off their helicopters abroad. However with the economy in the turnaround mode and the rupee stabilizing, it is expected that the cost of operations will become economical and the civil helicopter fleet will return to the growth mode in near future as the demand for civil helicopters in India is on the increase in the Government Sector.

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                      | <ul 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> </ul> |

Growth Chart showing Civil registered helicopters in India during the period 2001-02 to 2013-14 is as under :-



In the total approx. 267 Civil Registered helicopters in India in the year 2013-14 there are 73 NSOP operators with fleet strength of 203 helicopters, 16 Government Operators with fleet strength of 30 helicopters and 24 private operators with fleet strength of 34 helicopters. Out of the total 267 helicopters there are 140 twin



engine helicopters representing 56% and 127 single engine helicopters representing 44% of the total helicopter strength in the Country. In the total 267 helicopters for Civil usage in India 43 helicopters (15.53%) are used for logistic support to E&P Companies, 217 helicopters (76.53%) used for helicharters and 22 helicopters (7.94%) used for heli pilgrimage/heli tourism. (Source : Report of RWSI for Helipower India, Sept. 2014).

Presently, Pawan Hans owns 46 helicopters plus it Operates and Maintains 6 helicopters owned by other agencies. There are 6 commercial operators having five or more helicopters in India. Pawan Hans is the largest operator and retains majority market share of commercial operations of helicopters deployed on long term basis. Global Vectra Helicorp Ltd. is the second largest helicopter operator with 26 helicopters. Other commercial operators are Himalayan Heli Services with 7 helicopters, Heligo Charterers have 6 helicopters and Mesco Airlines and OSS Air with 5 helicopters each.

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

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

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

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

Further, ONGC in the recent crew change tender have given 7 years vintage condition. The existing contract with ONGC stipulate the vintage clause whereby the helicopter deployed with ONGC for its task should have the vintage of 7 years. At present the crew change contract for 3 nos. Dauphin N3 helicopters and for production task contract of 7 nos. Dauphin N3 are slated to expire in August 2015 and March, 2017 respectively. ONGC is likely to have 25 more offshore platforms in the next 5 years period and accordingly for meeting the additional demand of ONGC, Pawan Hans may require more medium / intermediate category of helicopters.

In addition to this, there are other offshore companies like British Gas, GSPC, Cairn Energy, Petro Gas etc. who may also require helicopters and hence, these requirements





should also need to be considered by Pawan Hans as part of its revised projections.

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

In view of above market scenario, the acquisition / disposal projections of helicopters during XIIth Five years plan has now been reviewed and revised. Accordingly, instead of earlier projections of 10 nos. helicopters with estimated cost of Rs.559.35 crores, now 22 nos. helicopters are projected to be acquired which comprise of 2 nos. light single engine helicopters, 2 nos. light twin engine helicopters, 17 nos. medium helicopters and 01 no. Mi-172 helicopter at an estimated cost of Rs.1189.50 crores. The revised plan has been submitted to the Ministry of Civil Aviation for approval.

#### **PURSUE BUSINESS IN NEW AREAS**

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

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

- The country's first Medivac helicopter to ONGC was provided by PHHL.
- PHL would explore possibility to venture

into Medivac/SAR sector in association with NDMA.

- Central Government need to financially support through GBS the need to acquire helicopters for Emergency Medical services / SAR roles & better governance and construct Helipads / Heliports at district level.

#### **HELICOPTER MAINTENANCE SERVICES**

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

#### **HELIPORTS**

Ministry of Civil Aviation has assigned the task of Development of Heliport at Rohini, New Delhi which will be the First Integrated heliport in the Country with provision for operations and parking of Helicopters, Maintenance facilities, small commercial centre, etc. The construction activities have already commenced in October 2014.

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

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

**Strength and Weakness:-** Deployment of helicopters to Institutional Customers on long term basis (like ONGC, State Govts., PSUs), State-of-the-art Maintenance facilities, competitive advantage because of availability of Fleet mix to cater to different needs of the customers, large pool of skilled work force (experienced Pilots, Engineers and Technicians) and Government support are some of the strengths of Pawan Hans. However, keeping in view significant



competitive environment resulting in low helicopter charter rates and increased input cost, there is likelihood of reduce profit margin in the subsequent period.

#### Risks and Concerns

PSUs like ONGC and GSPC have issued tenders with 5 to 10 years vintage conditions of helicopters. Some North East States like Government of Arunachal Pradesh have also floated tenders for Heavy helicopters with 5 years vintage. There is, therefore, risk of finding new business for the older helicopter fleet in case this trend is followed by some other customers. The recovery period of customer dues specially from some State Governments is long resulting in large amount of outstanding dues. This may affect the cash flow of the Company, keeping in view fund requirement for debt servicing of the term loan taken for acquisition of new fleet of helicopters. Although, most of the Contracts with the customers have an inbuilt provision for hedging against fluctuations in terms of rates of foreign exchange and Aviation Turbine Fuel, such fluctuations affects contracts which may have fixed and firm charter rates for helicopter services leading to increased input cost and reduced profit margins. Aviation business is characterized by the safety in air and on ground. Helicopter accidents may affect customer confidence and influence the business of the Company.

#### Internal Control Systems and their adequacy.

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

covering operational and safety aspects is carried out from time to time.

#### Analysis of Finance and Operations.

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

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

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

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

The staff strength as on 31<sup>st</sup> March, 2014 was 899 as against 924 as on 31<sup>st</sup> March 2013. During the year Industrial relations had been cordial. The Company has been sending its pilots and other staff for training as also doing internal training development of its employees on regular basis. Industrial Relations with employees has been generally cordial.

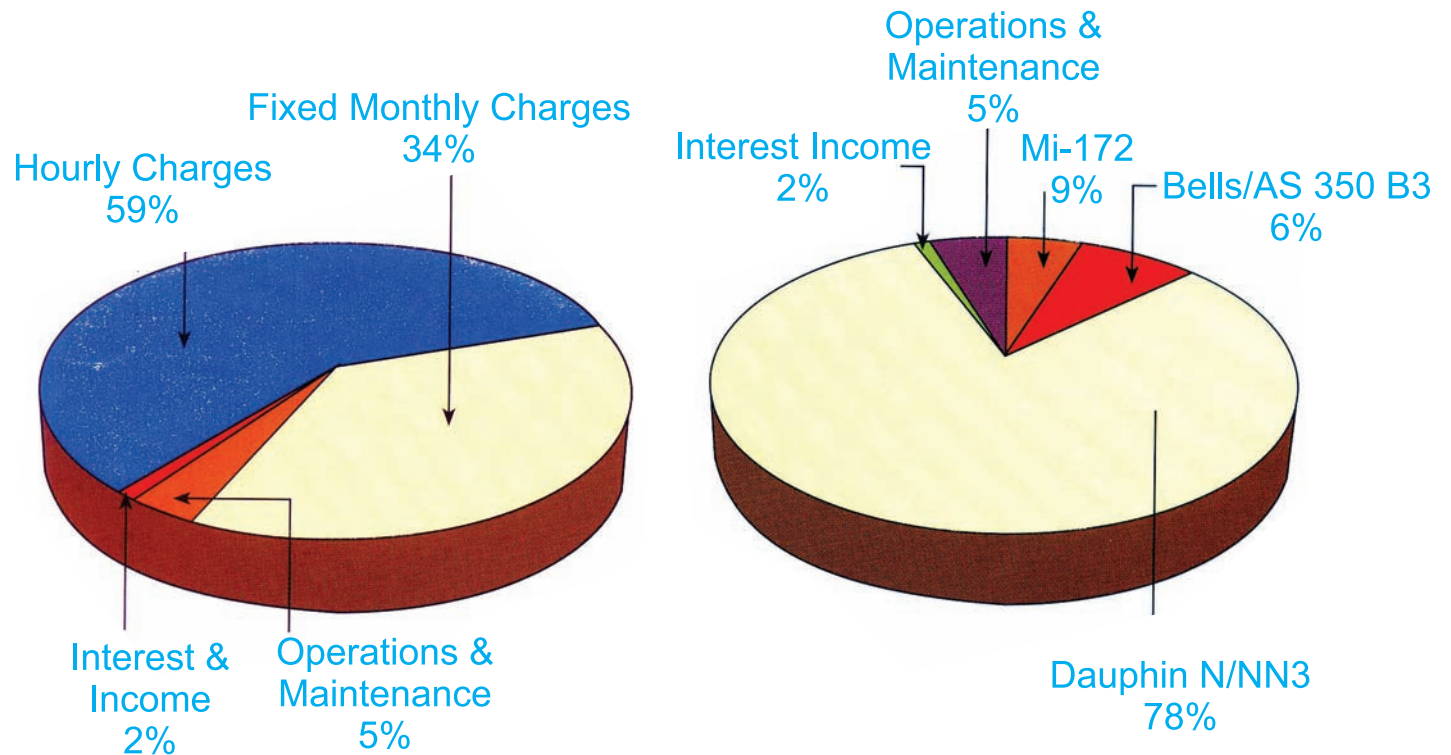
#### Environmental Conservation, Renewable Energy Use and R&D Issues.

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

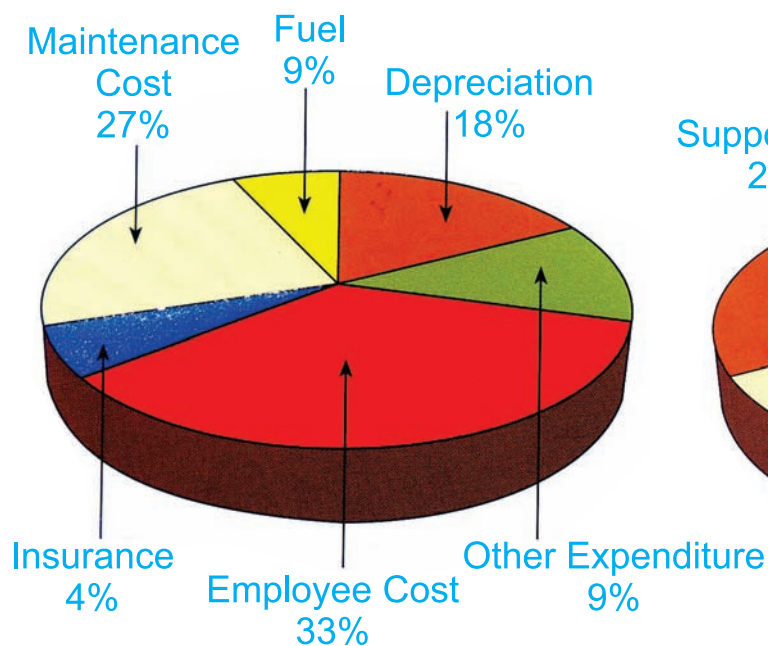


## FINANCIAL HIGHLIGHTS

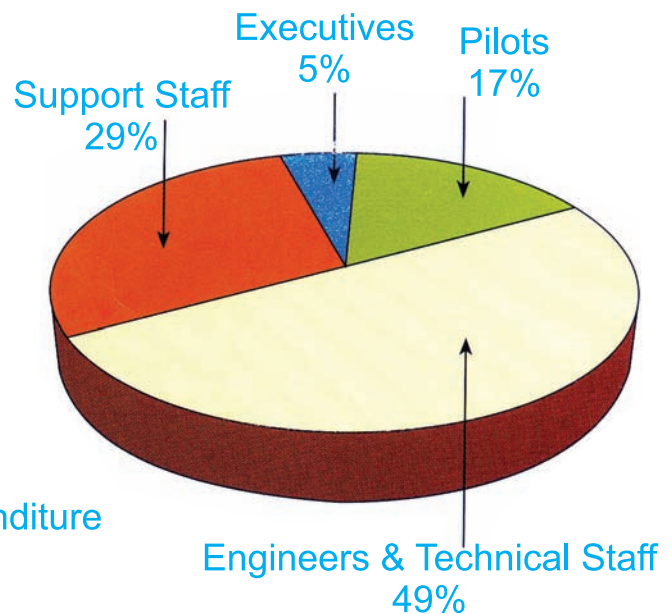
### For 2013 - 14 Source of Income



### Cost Structure

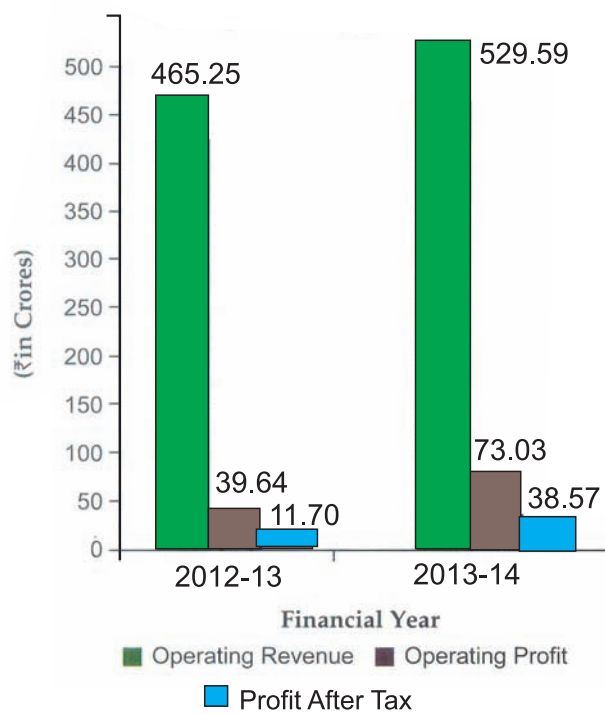


### Manpower Profile

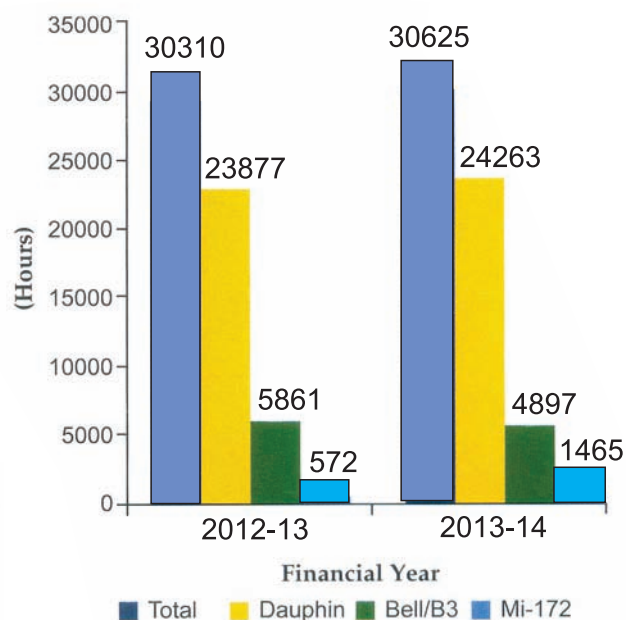




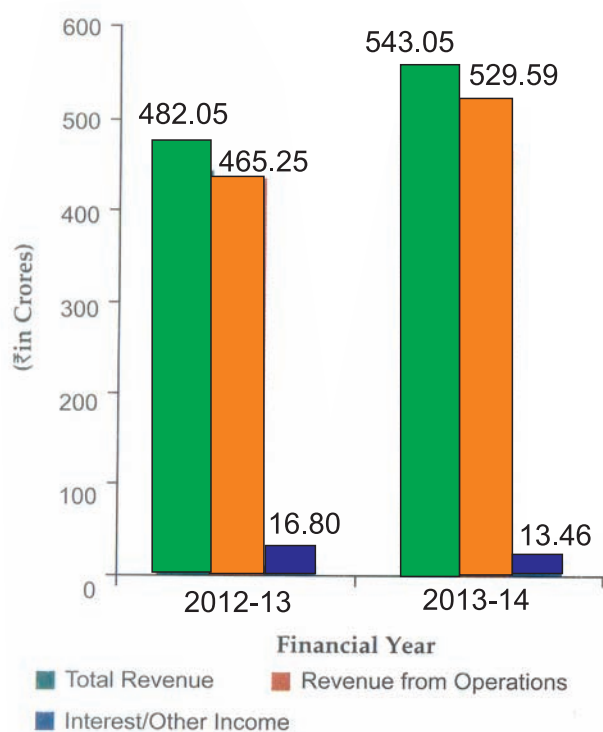
## Revenue from Operations, Operating Profit & Profit After Tax



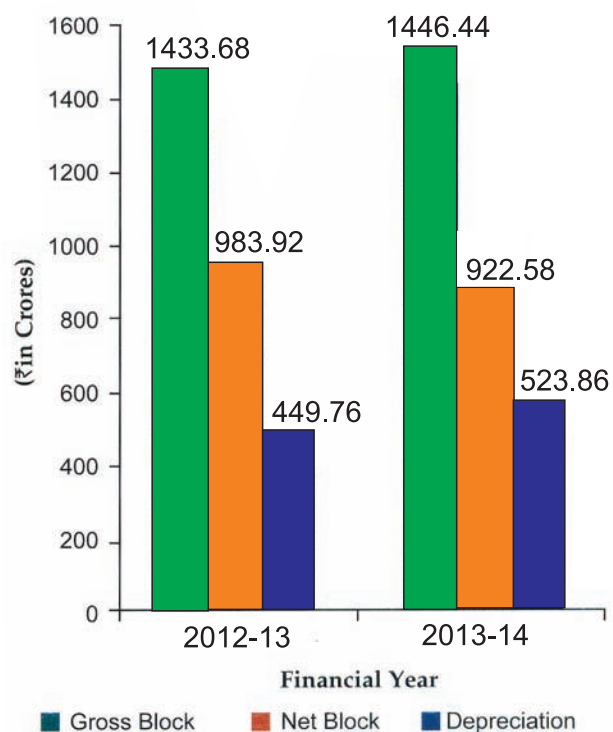
## Flying Hours



## Revenue



## Fixed Assets







| Pawan Hans Limited<br>Summarised Accounts 2010-11, 2011-12, 2012-13 and 2013-14 |  |                |                |                |                |
|---|--|----------------|----------------|----------------|----------------|
| Particulars   | Ratio                                    | 2013-14        | 2012-13        | Rs/crores      |                |
|   |  |                |                | 2011-12        | 2010-11        |
| <b>Resources</b>  |  |                |                |                |                |
| Net Worth   |  | 513.84         | 484.53         | 475.57         | 485.38         |
| Non-Current Liabilities   |  |                |                |                |                |
| - Loan Funds- Secured Loans   |  | 100.59         | 274.69         | 232.83         | 64.10          |
| - Other Long -term Liabilities  |  | 471.22         | 471.40         | 471.51         | 470.69         |
| - Long Term Provisions  |  | 46.91          | 39.33          | 34.56          | 19.62          |
| - Deferred Tax Liabilities  |  | 143.63         | 136.27         | 126.53         | 97.63          |
| <b>Total</b>  |  | <b>1276.19</b> | <b>1406.22</b> | <b>1341.00</b> | <b>1137.42</b> |
| <b>Utilisation of Resources</b>   |  |                |                |                |                |
| Fixed Asset   |  | 1446.44        | 1433.68        | 1287.45        | 1015.33        |
| Less: Depreciation  |  | 523.86         | 449.77         | 375.48         | 324.48         |
| Net Fixed Assets  |  | 922.58         | 983.91         | 911.97         | 690.85         |
| Capital Work in Progress  |  | 11.36          | 18.07          | 23.03          | 29.36          |
| Long-Term Loans & Advances  |  | 75.95          | 81.48          | 90.69          | 132.61         |
| Other Non-Current Assets  |  | 5.26           | 3.57           | 3.93           | 4.08           |
| Investment  |  | 2.89           | 2.89           | 2.89           | 2.89           |
| Net Working Capital   |  | 258.14         | 316.28         | 308.50         | 277.63         |
|   |  | 1276.17        | 1406.21        | 1341.00        | 1137.42        |
| <b>Capital Employed</b>   |  | <b>1192.07</b> | <b>1318.27</b> | <b>1243.49</b> | <b>997.84</b>  |
| <b>Earnings</b>   |  |                |                |                |                |
| Revenue from Operations   |  | 529.59         | 465.24         | 428.86         | 423.98         |
| Interest /Other income  |  | 13.46          | 10.39          | 9.29           | 6.49           |
| <b>Total</b>  |  | <b>543.05</b>  | <b>475.63</b>  | <b>438.15</b>  | <b>430.47</b>  |
| <b>Outgoings</b>  |  |                |                |                |                |
| Helicopter Operational & Maintenance Expenses                                   |  | 187.40         | 155.12         | 167.63         | 155.34         |
| Employee Benefits Expenses  |  | 148.98         | 149.06         | 135.93         | 121.47         |
| Financial Costs   |  | 31.81          | 28.51          | 14.46          | 6.17           |
| Depreciation and Amortization Expenses  |  | 79.71          | 73.79          | 60.30          | 46.53          |
| Other Expenses  |  | 40.45          | 47.63          | 58.73          | 53.38          |
| <b>Total</b>  |  | <b>488.35</b>  | <b>454.11</b>  | <b>437.05</b>  | <b>382.89</b>  |
| Profit for the year before Extraordinary  |  | 54.70          | 21.52          | 1.10           | 47.58          |
| Prior Period/Extraordinary adjustments  |  | 6.54           | 6.42           | 21.34          | 1.85           |
| <b>Profit before tax</b>  |  | <b>61.24</b>   | <b>27.94</b>   | <b>22.44</b>   | <b>49.43</b>   |
| Prov. for Taxation  |  | 14.50          | 6.50           | 4.50           | 9.97           |
| Prov. For tax Previous Yrs  |  | 0.81           | 0              | (0.61)         | 0.54           |
| Fringe Benefit Tax  |  |                |                |                |                |
| Deferred Tax Liability  |  | 7.36           | 9.74           | 28.90          | 20.42          |
| <b>Net profit after tax</b>   |  | <b>38.57</b>   | <b>11.70</b>   | <b>(10.35)</b> | <b>18.50</b>   |
| <b>Significant Ratios</b>   |  |                |                |                |                |
| a) Net profit Ratio   | Net Profit/(Loss)                        | 7.1%           | 2.5%           | (2.4%)         | 4.3%           |
| b) Return on Investment   | Total Revenue<br>Net Profit/(Loss)       | 3.2%           | 0.9%           | (0.8%)         | 1.9%           |
| Return on Net Worth   | Cap. Employed<br>Net Profit/(Loss)       | 7.5%           | 2.4%           | (2.2%)         | 3.8%           |
| Debt Collection Pd.(months)   | Operational debts<br>Avg monthly Op.Rev. | 6.2            | 5.4            | 4.7            | 5.2            |
| Inventory Turnover (months)   | Year & Inventory<br>Avg monthly Op.Rev.  | 1.2            | 1.7            | 2.2            | 2.0            |
| Current Ratio   | C.A.:C.L                                 | 4.1            | 3.4            | 3.3            | 3.2            |
| Debt Equit Ratio  | Debts/Equity<br>Debts/Net Worth          | 1.11<br>0.53   | 1.34<br>0.68   |                |                |





# ACCOUNTS







## 29. SIGNIFICANT ACCOUNTING POLICIES

### I. FIXED ASSETS / DEPRECIATION

- a) Fixed Assets are stated in the Balance Sheet at actual cost less depreciation.
- b) 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 7000 hours or 15 years, whichever occurs first, depreciation is provided at the minimum rate of 5.60% per annum, for upto 480 flying hours each year and for additional hours flown depreciation is charged on the basis of actual hours flown in excess of 480 hours multiplied by the hourly rate computed by dividing 95% of the original cost by 12,000 hours for each helicopter.
- d) Depreciation on Airframe and Aero-engine equipment-Rotables and cost of mid-life upgradation programme (including type certification costs) /major retrofit of the Helicopters is computed on straight line basis in a manner so as to write-off the 95% of the amount thereof over the remaining useful life of the principal asset (type of helicopters) to which they pertain, subject to a minimum charge as per the statute rate. In respect of Mi-172 helicopters the depreciation on airframe and aero engine

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

- (e) Cost of leasehold land is amortized over the period of lease. Similarly the cost of residential flats constructed under joint development agreement with AAI is amortized over the period of right to possess the property as per the terms of such agreement.
- (f) Translation differences relating to liabilities in foreign exchange for acquisition of fixed assets are adjusted to the original cost of the asset and depreciation on the revised un-amortized depreciable amount is provided prospectively over the residual specified period of the asset. The policy was followed upto 31/3/2007.
- (g) Assets of material value retired from active use and held for disposal are stated at the lower of their net book value or net realizable value (wherever available) and



disclosed separately in the Accounts. No depreciation is provided on such assets (including Westland helicopters and related items w.e.f. financial year 1995-96).

- (h) Depreciation in respect of additions or deletions of helicopters / spare aero engines is made on a pro-rata basis, effective from / to the date of acquisition ( being the date of Signing of Certificate of Airworthiness by Airworthiness Officer of the region in India for helicopters) / disposal. Depreciation in respect of all other fixed assets is reckoned on a pro-rata basis. The effective date for the purpose of such other assets is taken as the first day of the month following the month of purchase of the item. Likewise, in respect of deletions, last day of the preceding month of the deletion of such an asset is considered for providing pro-rata depreciation. Gains and Losses arising from the retirement or disposal of assets are credited / charged to the Profit and Loss Account.
- (i) Assets having unit value of Rs. 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.

## II. INVESTMENTS

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

with corresponding adjustment in the cost of such investments.

## III. TRANSACTION IN FOREIGN CURRENCIES

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

## IV. INVENTORIES

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



- c) Stores and Spares the landed unit value of which, is less than Rs. 1,000 and all items of consumables, oil, greases, lubricants are expensed in the year of purchase.
- d) Goods despatched by the suppliers by 31<sup>st</sup> March of each year but not received by the Company are accounted for as Goods in transit. However, the repair/overhaul charges in respect of Goods in transit being returned after repairs are accounted for by a corresponding debit to the "Maintenance expenditure in the Profit & Loss Account" of the year itself.
- e) Provision is made in the accounts on moving weighted average basis for non-moving items of stores, spares and consumables (other than ground support and test equipments, and maintenance tools) which have not been issued for actual use for three consecutive years from the date of last transaction.

#### V. LIABILITIES

- a) Provision is made in the accounts for all known liabilities existing on the date of balance-sheet. Liabilities not known or liabilities whose amount cannot be determined with any reasonable degree of accuracy are not provided for. Further, liability for goods or repairs/overhaul charges is made in the accounts for goods despatched by the suppliers by 31<sup>st</sup> March of each year but not received by the Company as at the year end, based on manufactures advice / engineering estimates.
- b) Claims on suppliers / outside parties are accounted for on acceptance by such parties. Claims of suppliers / outside parties/customers are accounted for on settlement basis.
- c) No provision for accrued expenses / liabilities is made in the accounts where the individual transaction is less than Rs. 5,000.

#### VI. PREPAID EXPENSES

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

#### VII. MAINTENANCE EXPENDITURE OF HELICOPTERS

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

#### VIII. REVENUE RECOGNITION

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

#### IX. INTEREST / INCOME FORM INVESTMENTS

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

#### X. FUEL

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

#### XI. INSURANCE/INSURANCE CLAIMS

- a) The Company has opted for separate scheme of Self Insurance in respect of Technical Personnel. Any compensation payable under the scheme is charged to



expenditure for the year under the Profit and Loss Account.

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

## XII. GRATUITY

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

## XIII. INTANGIBLE ASSETS

- a) Training expenses which qualify as intangible asset within the meaning of AS-26, are amortized over the useful life of such intangible asset. Other training expenses are charged off to the revenue

account in the year of which they are incurred.

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

## XIV. EMPLOYEE BENEFITS

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

## XV. PRIOR PERIOD ADJUSTMENTS

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

## XVI. SUNDRY DEBTORS / ACCOUNTS RECEIVABLE

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





## XVII. BORROWING COSTS

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

## XVIII. TAXES ON INCOME

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

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

## XIX. CASH FLOW STATEMENT

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







**BALANCE SHEET**  
**As at 31<sup>st</sup> March, 2014**

|  | Note No.  | 31st March 2014    | (in ₹Lacs)<br>31st March 2013 |
|--|-----------|--------------------|-------------------------------|
| <b>I. EQUITY &amp; LIABILITIES</b>                                     |           |                    |                               |
| <b>(1) Shareholders' Funds</b>   |           |                    |                               |
| (a) Share Capital  | 1         | 24,561.60          | 24,561.60                     |
| (b) Reserves & Surplus   | 2         | <u>26,822.22</u>   | <u>23,891.12</u>              |
|  |           | 51,383.82          | 48,452.72                     |
| <b>(2) Non-Current Liabilities</b>                                     |           |                    |                               |
| (a) Long-Term borrowings   | 3         | 10,059.26          | 27,469.39                     |
| (b) Deferred Tax Liabilities (Net)                                     | 4         | 14,362.99          | 13,626.81                     |
| (c) Other Long Term Liabilities  | 5         | 47,121.89          | 47,140.47                     |
| (d) Long-Term Provisions   | 6         | <u>4,690.57</u>    | <u>3,932.96</u>               |
|  |           | 76,234.71          | 92,169.63                     |
| <b>(3) Current Liabilities</b>   |           |                    |                               |
| (a) Trade Payables   | 7         | 2,725.66           | 1,622.49                      |
| (b) Other Current Liabilities  | 8         | 20,907.77          | 8,417.24                      |
| (c) Short-Term Provisions  | 9         | <u>3,595.37</u>    | <u>2,933.21</u>               |
|  |           | <u>27,228.80</u>   | <u>12,972.94</u>              |
| <b>TOTAL</b>   |           | <u>1,54,847.33</u> | <u>1,53,595.29</u>            |
| <b>II. ASSETS</b>  |           |                    |                               |
| <b>(1) Non-Current Assets</b>  |           |                    |                               |
| (a) Fixed Assets   |           |                    |                               |
| (i) Tangible Assets  | 10        |                    |                               |
| - Assets under Active use  |           | 92,131.43          | 98,206.50                     |
| - Assets retired from Active Use and Held for disposal/Impaired Assets |           | 981.74             | 956.13                        |
| Less: Provision for loss on Disposal / Impairment                      |           | <u>981.74</u>      | 956.13                        |
| - Assets Currently not in Active use                                   |           | -                  | -                             |
| (ii) Intangible Assets   | 11        | 126.12             | 185.74                        |
| (iii) Capital Work-in-Progress- Tangible Assets                        | 12        | <u>1,135.97</u>    | 1,807.46                      |
|  |           | 93,393.52          | 100,199.70                    |
| (b) Non-Current Investments  | 13        | 289.34             | 289.34                        |
| (c) Long-Term Loans and Advances                                       | 14        | 7,595.47           | 8,148.48                      |
| (d) Other Non-Current Assets   | 15        | <u>526.36</u>      | <u>356.81</u>                 |
|  |           | 101,804.69         | 108,994.33                    |
| <b>(2) Current Assets</b>  |           |                    |                               |
| (a) Inventories  | 16        | 5,513.79           | 6,727.53                      |
| (b) Trade Receivables  | 17        | 27,451.66          | 21,020.67                     |
| (c) Cash and Cash Equivalents  | 18        | 15,504.53          | 12,567.48                     |
| (d) Short-term Loans and Advances                                      | 19        | 2,025.03           | 1,904.60                      |
| (e) Other Current Assets   | 20        | <u>2,547.62</u>    | <u>2,380.68</u>               |
|  |           | <u>53,042.64</u>   | <u>44,600.96</u>              |
| <b>TOTAL</b>   |           | <u>1,54,847.33</u> | <u>1,53,595.29</u>            |
| <b>Additional Notes to the Financial Statements</b>                    | <b>28</b> |                    |                               |
| <b>Significant Accounting Policy</b>                                   | <b>29</b> |                    |                               |
| As Per Our report of even date attached.                               |           |                    |                               |

**For & on behalf of Board of Directors**

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

Anil Srivastava  
Chairman-Cum-Managing Director

Mrs. Mani Sathiyavathy  
Director

B. J. Singh  
Partner  
(M. No. - 7884)  
Place : New Delhi.  
Dated : 12.12.2014

Sanjiv Bahl  
Executive Director

Sanjiv Agrawal  
Company Secretary & GM (Legal)

Dhirendra Sahai  
General Manager (F & A)  
& C. F. O



**STATEMENT OF PROFIT & LOSS**  
**For the year ended 31<sup>st</sup> March, 2014**

|  | Note No.  | 31st March 2014         | (in ₹Lacs)<br>31st March 2013 |
|--|-----------|-------------------------|-------------------------------|
| <b>Revenue:</b>  |           |                         |                               |
| Revenue from Operations                                | 21        | 51,626.18               | 45,642.98                     |
| Other Income   | 22        | <u>2,678.63</u>         | <u>2,562.41</u>               |
| <b>Total Revenue</b>                                   |           | <b><u>54,304.80</u></b> | <b><u>48,205.39</u></b>       |
| <b>Expenses:</b>                                       |           |                         |                               |
| Helicopter Operational & Maintenance Expense           | 23        | 18,740.26               | 15,511.99                     |
| Employees' Benefits Expense                            | 24        | 14,898.91               | 14,906.20                     |
| Financial Costs - Interest Expenses                    |           | 3,180.68                | 2,851.16                      |
| Depreciation and Amortization Expense                  |           | 7,971.29                | 7,378.70                      |
| Other Expenses   | 25        | <u>4,044.57</u>         | <u>4,763.63</u>               |
| <b>Total Expenses</b>                                  |           | <b><u>48,835.71</u></b> | <b><u>45,411.68</u></b>       |
| Profit before Exceptional, Extraordinary Items and Tax |           | 5,469.10                | 2,793.71                      |
| Exceptional Items                                      | 26        | - 89.12                 | -                             |
| Extraordinary Items                                    | 27        | <u>743.41</u>           | <u>-</u>                      |
| <b>Profit before tax</b>                               |           | <b><u>6,123.39</u></b>  | <b><u>2,793.71</u></b>        |
| <b>Tax expense:</b>                                    |           |                         |                               |
| (1) Current Tax (MAT)                                  |           | 1,450.00                | 650.00                        |
| (2) Earlier Years Tax                                  |           | 80.56                   | -                             |
| (3) Deferred Tax                                       |           | <u>736.18</u>           | <u>973.89</u>                 |
| <b>Net Profit/(Loss) for the period</b>                |           | <b><u>3,856.65</u></b>  | <b><u>1,169.82</u></b>        |
| Earning per Equity Share: (Face Value Rs.10,000/-)     |           |                         |                               |
| (1) Basic  |           | 1,570                   | 476                           |
| (2) Diluted  |           | 1,570                   | 476                           |
| <b>Additonal Notes to the Financial Statements</b>     | <b>28</b> |                         |                               |
| <b>Significant Accounting Policy</b>                   | <b>29</b> |                         |                               |

As Per Our report of even date attached.

**For & on behalf of Board of Directors**

For Khanna & Annadhanam

Chartered Accountants

Firm Regd. No. 1297-N

Anil Srivastava

Chairman-Cum-Managing Director

Mrs. Mani Sathiyavathy

Director

B. J. Singh

Partner

(M. No. - 7884)

Sanjiv Bahl

Executive Director

Sanjiv Agrawal

Company Secretary & GM (Legal)

Dhirendra Sahai

General Manager (F & A)

& C. F. O

Place : New Delhi.

Dated : 12.12.2014



**NOTE NO. 1**  
**SHAREHOLDER'S FUNDS**

|  |                     | (in ₹Lacs)       |                  |
|--|---------------------|------------------|------------------|
|  |                     | 31st March 2014  | 31st March 2013  |
| <b>Shareholders' Funds</b>                             |                     |                  |                  |
| <b>Share Capital</b>                                   |                     |                  |                  |
| (a) Authorized Capital                                 |                     |                  |                  |
| 2,50,000 Equity Shares                                 |                     | 25,000.00        | 25,000.00        |
| of Rs.10,000/- each                                    |                     |                  |                  |
| (b) Issued Capital, Subscribed & Fully paid up         |                     |                  |                  |
| 2,45,616 Equity Shares                                 |                     | 24,561.60        | 24,561.60        |
| of Rs.10,000/- each                                    |                     |                  |                  |
| (c) A reconciliation of the number of Shares           |                     |                  |                  |
| outstanding at the beginning and at the                |                     |                  |                  |
| end of the reporting period.                           | Opening             | 245,616          | 245,616          |
|  | Add: Shares Alloted | —                | —                |
|  | Closing             | 245,616          | 245,616          |
| (h) The rights, preferences and restrictions attaching |                     |                  |                  |
| to each ordinary shares of the company have a          |                     |                  |                  |
| par value of Rs. 10,000 per share and rank class       |                     |                  |                  |
| of shares including restrictions on the distribution   |                     |                  |                  |
| of paripassu in all respects including voting rights   |                     |                  |                  |
| and entitlement to dividend and the repayment of       |                     |                  |                  |
| capital.   |                     |                  |                  |
| (i) Shares in the company held by each shareholder     |                     |                  |                  |
| holding more than 5 percent shares specifying          |                     |                  |                  |
| the number of shares held.                             | Shareholder Name    | No.of Share      |                  |
|  |                     | Held             |                  |
|  | President of India  | 125,266          | 125,266          |
|  | ONGC Limited        | 120,350          | 120,350          |
| <b>Total</b>   |                     | <b>24,561.60</b> | <b>24,561.60</b> |



**NOTE NO. 2**  
**RESERVES & SURPLUS**

|  | 31st March 2014         | 31st March 2013         |
|--|-------------------------|-------------------------|
| (in ₹Lacs)   |                         |                         |
| <b>Reserves &amp; Surplus</b>                        |                         |                         |
| <b>a) Reserves :</b>                                 |                         |                         |
| <b>(i) General Reserve</b>                           |                         |                         |
| As per Last Account                                  | 2,050.00                | 2,050.00                |
| <b>(ii) Statement of Profit &amp; Loss - Surplus</b> |                         |                         |
| As per Last Account                                  | 21,841.12               | 20,945.02               |
| Add : Addition During the Year                       | 3,856.65                | 1,169.82                |
| Less : Proposed Dividend on Equity Shares            | -771.33                 | -233.96                 |
| Less : Tax on Proposed Dividend                      | <u>-154.22</u>          | <u>-39.76</u>           |
|  | <u>24,772.22</u>        | <u>21,841.12</u>        |
| <b>Total</b>   | <b><u>26,822.22</u></b> | <b><u>23,891.12</u></b> |

**NOTE NO. 3**  
**LONG TERM BORROWINGS**

|                           | 31st March 2014         | 31st March 2013         |
|---------------------------|-------------------------|-------------------------|
| (in ₹Lacs)                |                         |                         |
| <b>Secured Term Loans</b> |                         |                         |
| - ONGC Limited            | 3,678.85                | 7,453.33                |
| - NTPC Limited            | 4,015.40                | 4,499.84                |
| - EXIM Bank               | 2,365.01                | 7,055.78                |
| - Vijaya Bank             | <u>—</u>                | <u>8,460.44</u>         |
| <b>Total</b>              | <b><u>10,059.26</u></b> | <b><u>27,469.39</u></b> |

The maturity of the Borrowings is summarised as under :

|   | 31.03.2014              | 31.03.2013              |
|---|-------------------------|-------------------------|
| - Not Later than One Year ( Note No. 8 )            | <u>17,103.58</u>        | <u>5,526.87</u>         |
| <b>Current maturities of Long Term Debt</b>         | <b><u>17,103.58</u></b> | <b><u>5,526.87</u></b>  |
| - Later than one year and not later than five years | 8,131.07                | 17,402.80               |
| - Later than five years                             | <u>1,928.19</u>         | <u>10,066.59</u>        |
|   | <b><u>10,059.26</u></b> | <b><u>27,469.39</u></b> |

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





**NOTE NO. 4**  
**DEFERRED TAX LIABILITIES**

|   | 31st March 2014         | 31st March 2013         |
|---|-------------------------|-------------------------|
|   | (in ₹Lacs)              |                         |
| <b>Deferred Tax Liabilities (Net)</b>                           |                         |                         |
| <b>1. Deferred Tax Liability</b>                                |                         |                         |
| - Difference of Book Depreciation and Tax Depreciation          | <u>22,641.27</u>        | <u>20,080.42</u>        |
|   | 22,641.27               | 20,080.42               |
| <b>Gross Deferred Tax Liability</b>                             | <b><u>22,641.27</u></b> | <b><u>20,080.42</u></b> |
| <b>2. Deferred Tax Assets</b>                                   |                         |                         |
| <b>Provisions created :</b>                                     |                         |                         |
| - Employees' Benefits   | 2,387.08                | 2,059.37                |
| - Non-Moving Inventory  | 764.77                  | 538.41                  |
| - Corporate Social Responsibility/ Sustainable Development Fund | 68.29                   | 53.80                   |
| - Carried forward Unabsorbed Depreciation                       | 4,876.24                | 3,617.27                |
| - Doubtful Debts/Advances                                       | <u>181.90</u>           | <u>184.76</u>           |
|   | <u>8,278.28</u>         | <u>6,453.61</u>         |
| <b>Gross Deferred Tax Assets</b>                                | <b><u>8,278.28</u></b>  | <b><u>6,453.61</u></b>  |
| <b>Deferred Tax Liabilities (Net)</b>                           | <b><u>14,362.99</u></b> | <b><u>13,626.81</u></b> |

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

|   | 31st March 2014         | 31st March 2013         |
|---|-------------------------|-------------------------|
|   | (in ₹Lacs)              |                         |
| a) Security Deposits                    | 99.67                   | 118.25                  |
| b) Amount claimed by Central Government |                         |                         |
| - Principal Amount                      | 13,091.03               | 13,091.03               |
| - Interest/Other Charges                | <u>33,931.19</u>        | <u>33,931.19</u>        |
|   | <u>47,022.22</u>        | <u>47,022.22</u>        |
| <b>Total</b>                            | <b><u>47,121.89</u></b> | <b><u>47,140.47</u></b> |



**NOTE NO. 6**  
**LONG TERM PROVISIONS**

|  | 31st March 2014        | (in ₹Lacs)<br>31st March 2013 |
|--|------------------------|-------------------------------|
| <b>Provsions for Employees Benefits</b>  |                        |                               |
| - Post Retirement Medical Benefit Scheme | 514.60                 | 395.12                        |
| - Earned Leave                           | 1,388.73               | 1,200.91                      |
| - Sick Leave (HPL)                       | 548.09                 | 505.78                        |
| - Pension                                | 2,225.74               | 1,818.71                      |
| - Others                                 | <u>13.41</u>           | <u>12.44</u>                  |
|  | <u>4,690.57</u>        | <u>3,932.96</u>               |
| <b>Total</b>                             | <b><u>4,690.57</u></b> | <b><u>3,932.96</u></b>        |

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

**NOTE NO. 7**  
**TRADE PAYABLES**

|                | 31st March 2014       | (in ₹Lacs)<br>31st March 2013 |
|----------------|-----------------------|-------------------------------|
| Trade Payables | <u>2725.66</u>        | <u>1622.49</u>                |
| <b>Total</b>   | <b><u>2725.66</u></b> | <b><u>1622.49</u></b>         |



**NOTE NO. 8**  
**OTHER CURRENT LIABILITIES**

|   | 31st March 2014         | (in ₹Lacs)<br>31st March 2013 |
|---|-------------------------|-------------------------------|
| Current Maturities of Long Term Debt                        | 17,103.58               | 5,526.87                      |
| Interest Accrued but not due on borrowings                  | 8.89                    | 116.77                        |
| Other Payable :   |                         |                               |
| - Advance from Customers                                    | 783.45                  | 315.58                        |
| - Advance from DGCA Against Project<br>(Including Interest) | 1,190.48                | 1,179.86                      |
| Less: Amt. Spent on the Project                             | <u>1,066.68</u>         | <u>971.99</u>                 |
|   | 123.80                  | 207.87                        |
| - Security /Earnest Money Deposits                          | 101.42                  | 119.53                        |
| - Statutory Liabilities                                     | 393.47                  | 299.16                        |
| - Payable on Purchase of Fixed Assets                       | 695.34                  | 554.47                        |
| - Payables for Capital Expenses                             | 22.05                   | 19.87                         |
| - Payable to Employees                                      | 74.23                   | 138.58                        |
| - Temporary Book Overdraft                                  | 651.44                  | 699.01                        |
| - Other Payables  | <u>950.10</u>           | <u>419.53</u>                 |
|   | <u>2,888.05</u>         | <u>2,250.15</u>               |
| <b>Total</b>  | <b><u>20,907.77</u></b> | <b><u>8,417.24</u></b>        |

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

|   | 31st March 2014        | (in ₹Lacs)<br>31st March 2013 |
|---|------------------------|-------------------------------|
| Provision for Employees' Benefits   |                        |                               |
| - Post Retirement Medical Benefit Scheme  | 15.00                  | 14.50                         |
| - Earned Leave  | 91.47                  | 152.38                        |
| - Sick Leave (HPL)  | 44.90                  | 50.73                         |
| - Others  | <u>2,180.95</u>        | <u>2,196.69</u>               |
|   | 2,332.32               | 2,414.30                      |
| Provision for Loss at Lakshadweep   | 89.12                  |                               |
| Provision for Corporate Social Responsibility &<br>Sustainable Development Fund | 200.92                 | 165.83                        |
| Other Provisions (Refer Note No.28(VI)(b))                                      | 39.31                  | 76.36                         |
| Provisions for Taxation:  |                        |                               |
| - Wealth Tax  | 8.15                   | 3.00                          |
| Proposed Dividend on Equity Shares  | 771.33                 | 233.96                        |
| Tax on Proposed Dividend  | <u>154.22</u>          | <u>39.76</u>                  |
| <b>Total</b>  | <b><u>3,595.37</u></b> | <b><u>2,933.21</u></b>        |



## NOTE NO. 10

### TANGIBLE ASSETS

|  | Gross Block             |                  |                           |                          |
|--|-------------------------|------------------|---------------------------|--------------------------|
|  | As at 1st<br>April,2013 | Additions        | Disposals/<br>Adjustments | As at 31st<br>March,2014 |
| <b>Tangible Assets</b>   |                         |                  |                           |                          |
| I. Assets Under Active Use   |                         |                  |                           |                          |
| Land-Leasehold   | 58.91                   | -                | -                         | 58.91                    |
| Buildings  | 4,408.00                | 4.09             | -                         | 4,412.09                 |
| Plant & Equipments   |                         |                  |                           |                          |
| - Helicopters & Aero - Engines   | 108,064.99              | 999.68           | 558.36                    | 108,506.31               |
| - Airframe & Engine Equipment Rotables                                   | 24,668.39               | 902.67           | 171.23                    | 25,399.83                |
| - Workshop & Ground Support Equipment                                    | 3,437.93                | 120.75           | 8.47                      | 3,550.21                 |
| - Training Aid Equipment   | 22.91                   | -                | -                         | 22.91                    |
| - Air Conditioning   | 213.45                  | 4.21             | -0.47                     | 218.13                   |
| - Electrical Installation  | 311.96                  | 0.84             | 1.89                      | 310.91                   |
| Furniture & Fixture  | 625.39                  | 5.90             |                           | 631.29                   |
| Vehicles   | 209.25                  |                  | 2.05                      | 207.20                   |
| Office Equipment   | 221.04                  | 10.23            | 0.34                      | 230.93                   |
| Other  |                         |                  |                           |                          |
| - Computer & other Related Equipments                                    | 707.75                  | 1.63             | 11.96                     | 697.42                   |
| <b>Total (I)</b>   | <b>142,949.97</b>       | <b>2,050.00</b>  | <b>753.83</b>             | <b>144,246.14</b>        |
| <b>Previous Year (I)</b>   | <b>128,504.47</b>       | <b>14,606.61</b> | <b>140.14</b>             | <b>142,970.94</b>        |
| II. Assets Retired from Active Use and held for Disposal/Impaired Assets |                         |                  |                           |                          |
| Plant & Equipments   |                         |                  |                           |                          |
| - Helicopters & Aero - Engines   | 5,778.08                | -                | -                         | 5,778.08                 |
| - Airframe & Engine Equipment Rotables                                   | 9.91                    | -                |                           | 9.91                     |
| - Workshop & Ground Support Equipment                                    | 312.54                  | -                | -9.96                     | 322.50                   |
| - Training Aid Equipment   | 41.25                   | -                | -                         | 41.25                    |
| - Electrical Installation  | 6.68                    | -                | -                         | 6.68                     |
| Furniture & Fixtures   | 34.06                   | -                | -                         | 34.06                    |
| Office Equipment   | 29.73                   | -                | -0.28                     | 30.01                    |
| Communication Equipment  | 20.98                   | -                | -                         | 20.98                    |
| Vehicle -  | -                       | -                | - 2.05                    | 2.05                     |
| Computer   | -                       | -                | -11.38                    | 11.38                    |
| <b>Total (II)</b>  | <b>6,233.24</b>         | <b>-</b>         | <b>-23.67</b>             | <b>6,256.91</b>          |
| <b>Previous Year (II)</b>  | <b>6,237.91</b>         | <b>-</b>         | <b>25.66</b>              | <b>6,212.25</b>          |
| <b>Grand Total (I + II + III) (A)</b>                                    | <b>149,183.20</b>       | <b>2,050.00</b>  | <b>730.16</b>             | <b>150,503.05</b>        |
| <b>Grand Total (Previous Year) (I + II + III)</b>                        | <b>134,742.38</b>       | <b>14,606.61</b> | <b>165.80</b>             | <b>149,183.19</b>        |

## NOTE NO. 11

### INTANGIBLE ASSETS

|                      |               |               |          |               |
|----------------------|---------------|---------------|----------|---------------|
| Capitalised Software | 240.46        | -             | -        | 240.46        |
| Training Cost        | 157.06        | -             | -        | 157.06        |
| <b>Total (B)</b>     | <b>397.52</b> | <b>-</b>      | <b>-</b> | <b>397.52</b> |
| <b>Previous Year</b> | <b>240.46</b> | <b>157.06</b> | <b>-</b> | <b>397.52</b> |



| Accumulated Depreciation |                              |                               | Net Block               |                                 | (in ₹ Lacs)             |
|--------------------------|------------------------------|-------------------------------|-------------------------|---------------------------------|-------------------------|
| Upto 31st<br>March, 2013 | Depreciation<br>for the Year | On Disposals<br>/ Adjustments | Upto 31st<br>Mar, 2014  | Balance as at<br>31st Mar, 2014 | Balance as<br>Mar, 2013 |
| 15.03                    | 0.65                         | -                             | 15.68                   | 43.23                           | 43.88                   |
| 1,640.46                 | 131.19                       | -                             | 1,771.65                | 2,640.44                        | 2,767.54                |
| 29,732.37                | 5,994.03                     | 474.65                        | 35,251.75               | 73,254.56                       | 78,332.62               |
| 11,228.53                | 1,466.39                     | 61.69                         | 12,633.23               | 12,766.60                       | 13,439.86               |
| 1,156.84                 | 156.18                       | 6.57                          | 1,306.45                | 2,243.76                        | 2,281.10                |
| 19.14                    | 0.97                         | -                             | 20.11                   | 2.80                            | 3.77                    |
| 56.47                    | 9.73                         | -0.01                         | 66.19                   | 151.94                          | 156.97                  |
| 101.76                   | 12.13                        | 0.42                          | 113.47                  | 197.44                          | 210.20                  |
| 227.49                   | 33.96                        |                               | 261.47                  | 369.82                          | 397.89                  |
| 103.98                   | 15.68                        | 1.94                          | 117.72                  | 89.48                           | 105.27                  |
| 90.97                    | 9.62                         | 0.21                          | 100.38                  | 130.55                          | 130.07                  |
| 380.22                   | 87.37                        | 11.01                         | 456.58                  | 240.83                          | 327.53                  |
| <b><u>44,753.26</u></b>  | <b><u>7,917.90</u></b>       | <b><u>556.48</u></b>          | <b><u>52,114.68</u></b> | <b><u>92,131.43</u></b>         | <b><u>98,196.70</u></b> |
| <b><u>37,376.68</u></b>  | <b><u>7,338.40</u></b>       | <b><u>-49.36</u></b>          | <b><u>44,764.44</u></b> | <b><u>98,206.50</u></b>         | <b><u>91,127.80</u></b> |
| 5,050.46                 | -                            | -                             | 5,050.46                | 727.62                          | 727.62                  |
| -                        | -                            | 9.91                          | -9.91                   | 19.82                           | 9.91                    |
| 131.94                   | -                            | -6.82                         | 138.76                  | 183.73                          | 180.59                  |
| 18.91                    | -                            | -                             | 18.91                   | 22.34                           | 22.34                   |
| 5.73                     | -                            | -                             | 5.73                    | 0.95                            | 0.95                    |
| 31.44                    | -                            | -                             | 31.44                   | 2.62                            | 2.62                    |
| 17.64                    | -                            | -0.18                         | 17.82                   | 12.19                           | 12.09                   |
| 11.18                    |                              | 1.99                          | 9.19                    | 11.79                           | 9.80                    |
| -                        | -1.94                        | 1.94                          | 0.11                    | -                               |                         |
| -                        | -                            | -10.82                        | 10.82                   | 0.56                            | -                       |
| <b><u>5,267.30</u></b>   | <b><u>-</u></b>              | <b><u>-7.86</u></b>           | <b><u>5,275.16</u></b>  | <b><u>981.74</u></b>            | <b><u>965.93</u></b>    |
| <b><u>5,284.38</u></b>   | <b><u>-</u></b>              | <b><u>28.26</u></b>           | <b><u>5,256.12</u></b>  | <b><u>956.13</u></b>            | <b><u>953.53</u></b>    |
| <b><u>50,020.56</u></b>  | <b><u>7,917.90</u></b>       | <b><u>548.62</u></b>          | <b><u>57,389.84</u></b> | <b><u>93,113.18</u></b>         | <b><u>99,162.64</u></b> |
| <b><u>42,661.06</u></b>  | <b><u>7,338.40</u></b>       | <b><u>-21.10</u></b>          | <b><u>50,020.56</u></b> | <b><u>99,162.63</u></b>         | <b><u>92,081.33</u></b> |
| 193.46                   | 21.98                        | -6.23                         | 221.67                  | 18.79                           | 47.00                   |
| 18.32                    | 31.41                        |                               | 49.73                   | 107.33                          | 138.74                  |
| <b><u>211.78</u></b>     | <b><u>53.39</u></b>          | <b><u>-6.23</u></b>           | <b><u>271.40</u></b>    | <b><u>126.12</u></b>            | <b><u>185.74</u></b>    |
| <b><u>171.48</u></b>     | <b><u>40.30</u></b>          | <b><u>-</u></b>               | <b><u>211.78</u></b>    | <b><u>126.12</u></b>            | <b><u>185.74</u></b>    |





**NOTE NO. 12**  
**CAPITAL WORK IN PROGRESS**

| Particulars  | Opening as on<br>31.03.2013 | Addition             | Deletion/<br>Adjustment | (in ₹Lacs)<br>Closing as on<br>31.03.2014 |
|--|-----------------------------|----------------------|-------------------------|---|
| <b>CAPITAL WORK IN PROGRESS</b>  |                             |                      |                         |   |
| (A) Profit Maintenance Centre Project,Mumbai                             | 19.42                       | -                    | -                       | 19.42                                     |
| (B) Kits for Upgradation of Helicopters                                  | 1,157.10                    | -                    | 440.02                  | 717.08                                    |
| (C) Salvaged Rotables Pending Despatch for repair to<br>Foreign supplier | 333.72                      | -                    | 239.32                  | 94.40                                     |
| (D) Heliport Project,Rohini, New Delhi                                   | 302.72                      | 2.34                 | -                       | 305.06                                    |
| (E) Rotables/Ground Support Equipment in Transit/ Installation           | 13.92                       | 8.51                 | 3.00                    | 19.43                                     |
| <b>Total</b>   | <b><u>1,826.88</u></b>      | <b><u>10.85</u></b>  | <b><u>682.34</u></b>    | <b><u>1,155.39</u></b>                    |
| Less: Provision for Doubtful Capital Work in Progress                    |                             |                      |                         | 19.42                                     |
| <b>Net Capital Work in Progress</b>                                      | <b><u>1,826.88</u></b>      | <b><u>10.85</u></b>  | <b><u>682.34</u></b>    | <b><u>1,135.97</u></b>                    |
| <b>Previous Year</b>   | <b><u>2,303.04</u></b>      | <b><u>675.57</u></b> | <b><u>1,151.73</u></b>  | <b><u>1,807.46</u></b>                    |

**NOTE NO. 13**  
**NON-CURRENT INVESTMENTS**

|   | (Value in ₹Lacs)     |                      |
|---|----------------------|----------------------|
|   | 31st March 2014      | 31st March 2013      |
| Non-Trade(at Cost, unquoted)                            |                      |                      |
| National Flying Training Institute Pvt. Limited         | 289.34               | 289.34               |
| (28,93,353 Equity Shares of Rs.10/- Each Fully Paid Up) |                      |                      |
| <b>Total</b>  | <b><u>289.34</u></b> | <b><u>289.34</u></b> |



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

|  | (Value in ₹Lacs)       |                        |
|--|------------------------|------------------------|
|  | 31st March 2014        | 31st March 2013        |
| (Unsecured, considered good unless otherwise stated)       |                        |                        |
| (a) Loan to Public Sector Undertaking, Considered Doubtful | 725.00                 | 725.00                 |
| Less: Provision for Doubtful Loan                          | <u>725.00</u> -        | <u>725.00</u> -        |
| (b) Capital Advances                                       | 9.98                   | 21.21                  |
| (c) Advance Income Tax (Net of Provision)                  | 6,847.63               | 7,402.68               |
| (d) Security Deposits                                      |                        |                        |
| Unsecured ,Considered Good                                 | 95.30                  | 323.46                 |
| Unsecured ,Considered Doubtful                             | <u>1.91</u>            | <u>1.91</u>            |
|  | 97.21                  | 325.37                 |
| Less : Provision for Doubtful Deposits                     | <u>1.91</u>            | <u>1.91</u>            |
|  | 95.30                  | 323.46                 |
| (e) Income Tax Recoverable                                 | 5.88                   | 5.88                   |
| (f) Loans to Employees                                     |                        |                        |
| Secured ,Considered Good                                   | 271.24                 | 225.54                 |
| Unsecured ,Considered Good                                 | 17.69                  | 17.56                  |
| Unsecured ,Considered Doubtful                             | <u>12.08</u>           | <u>12.08</u>           |
|  | 301.01                 | 255.18                 |
| Less : Provision for Doubtful Loans                        | <u>12.08</u>           | <u>12.08</u>           |
|  | 288.93                 | 243.10                 |
| (g) Advance to Others                                      |                        |                        |
| Unsecured, Considered Good                                 | 347.75                 | 152.15                 |
| Unsecured, Considered Doubtful                             | <u>113.89</u>          | <u>108.81</u>          |
|  | 461.64                 | 260.96                 |
| Less : Provision for Doubtful Advances                     | <u>113.89</u>          | <u>108.81</u>          |
|  | <u>347.75</u>          | <u>152.15</u>          |
| <b>Total</b>   | <b><u>7,595.47</u></b> | <b><u>8,148.48</u></b> |



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

|  | (Value in ₹Lacs)     |                      |
|--|----------------------|----------------------|
|  | 31st March 2014      | 31st March 2013      |
| (Unsecured, considered good unless otherwise stated) |                      |                      |
| (a) Security Deposits                                | 277.94               | 1.60                 |
| (b) Interest accrued                                 |                      |                      |
| - Employees Loans                                    | <u>271.28</u>        | <u>296.70</u>        |
|  | 271.28               | 296.70               |
| Less: Prov. For Doubtful Interest Accrd              | <u>22.85</u>         | <u>23.57</u>         |
| on Employees Loans                                   | 248.42               | 273.13               |
| (c) Other Receivables                                | 2.92                 | 138.62               |
| Less: Provision for Doubtful Receivables             | <u>2.92</u>          | <u>56.54</u>         |
|  | —                    | <u>82.08</u>         |
| <b>Total</b>   | <b><u>526.36</u></b> | <b><u>356.81</u></b> |



**NOTE NO. 16**  
**INVENTORIES**

|  | (Value in ₹Lacs)       |                        |
|--|------------------------|------------------------|
|  | 31st March 2014        | 31st March 2013        |
| (Certified and valued by Management)                     |                        |                        |
| <b>(a) Stores &amp; Spares (At Cost Less Provisions)</b> | 7,953.30               | 8,744.05               |
| Less: (i) Provision for Non moving Stores & Spares       | 2,193.55               | 1,619.87               |
| (ii) Provision for Shortage of inventory                 | 53.13                  | 39.60                  |
| (iii) Provision for Impairment in value                  | <u>453.14</u>          | <u>453.14</u>          |
|  | 5,253.48               | 6,631.44               |
| <b>(b) At Cost Less Obsolescence/Impairment</b>          |                        |                        |
| - Repairables & Rotables Spares                          | 1,575.57               | 1,575.57               |
| Less: (i) Obsolescence Reserve                           | 1,436.27               | 1,436.27               |
| (ii) Provision for Impairment in value                   | <u>139.30</u>          | <u>139.30</u>          |
|  | —                      | —                      |
| - Gem Modules  | 501.37                 | 501.37                 |
| Less: (i) Obsolescence Reserve                           | 447.21                 | 447.21                 |
| (ii) Provision for Impairment in value                   | <u>54.16</u>           | <u>54.16</u>           |
|  | —                      | —                      |
| <b>(c) At Cost Less Write Off</b>                        |                        |                        |
| - Test Tools Equipment                                   | 414.09                 | 437.57                 |
| Less: Write Off  | 369.55                 | 378.32                 |
|  | 44.54                  | 59.25                  |
| - Training Material                                      | 27.17                  | 27.17                  |
| Less: Write Off  | 27.17                  | 27.17                  |
|  | —                      | —                      |
| <b>(d) Goods in Transit (at cost)</b>                    | 190.25                 | 24.84                  |
| <b>(e) Aviation Turbine Fuel (at Cost)</b>               | <u>25.52</u>           | <u>12.00</u>           |
| <b>Total</b>   | <b><u>5,513.79</u></b> | <b><u>6,727.53</u></b> |





**NOTE NO. 17**  
**TRADE RECEIVABLES (UNSECURED)**

|   | (Value in ₹Lacs)        |                         |
|---|-------------------------|-------------------------|
|   | 31st March 2014         | 31st March 2013         |
| - Debts Outstanding for more than six months from the date they are due for payment |                         |                         |
| (a) Considered Good   | 10,853.60               | 6,072.56                |
| (b) Considered Doubtful   | 315.83                  | 343.22                  |
| - Other Debts, Considered Good *  | 16,598.06               | 14,948.11               |
|   | <u>27,767.49</u>        | <u>21,363.89</u>        |
| Less: Provision for Doubtful Debts  | <u>315.83</u>           | <u>343.22</u>           |
|   | <u>27,451.66</u>        | <u>21,020.67</u>        |
| <b>Total</b>  | <b><u>27,451.66</u></b> | <b><u>21,020.67</u></b> |

\* Includes Amount Receivable from ONGC Limited Rs. 9060.14 Lacs (P.Y.Rs.3240.43 Lacs)

**NOTE NO. 18**  
**CASH AND CASH EQUIVALENTS**

|   | (Value in ₹Lacs)        |                         |
|---|-------------------------|-------------------------|
|   | 31st March 2014         | 31st March 2013         |
| (a) Balance with Banks                    |                         |                         |
| - Current Accounts                        | 762.45                  | 773.08                  |
| - Export Earning Forigen Currency Account | 470.68                  | 484.59                  |
| - Flexi Deposit Accounts                  | 1,244.36                | 2,155.50                |
| - Fixed Deposits Accounts                 | 11,421.74               | 7,254.41                |
| - Margin Money (Fixed Deposits)           | <u>1,571.71</u>         | <u>1,878.89</u>         |
|   | 15,470.94               | 12,546.46               |
| (b) Cash in Hand                          | <u>33.59</u>            | <u>21.02</u>            |
| <b>Total</b>                              | <b><u>15,504.53</u></b> | <b><u>12,567.48</u></b> |

**Note :**

- (1) Fixed Deposit includes Rs. 3321.00 Lacs (PY Rs.3297.29 Lacs) Earmarked for Rohini Project. Refer Note 28 (XV)
- (2) Margin Money represents fixed deposits under lien with banks for issue of Bank Guarantees and Letters of Credit



**NOTE NO. 19**  
**SHORT-TERM LOANS AND ADVANCES**

|  | (Value in ₹Lacs)       |                        |
|--|------------------------|------------------------|
|  | 31st March 2014        | 31st March 2013        |
| (Considered good unless otherwise stated)        |                        |                        |
| <b>(a) Loans &amp; Advances to Employees :-</b>  |                        |                        |
| Secured, Considered Good                         | 58.84                  | 80.16                  |
| Unsecured, Considered Good                       | 505.50                 | 431.46                 |
| Unsecured, Considered Doubtful                   | <u>6.73</u>            | <u>3.90</u>            |
|  | 571.07                 | 515.52                 |
| Less: Provision for Doubtful Loans & Advances    | <u>6.73</u>            | <u>3.90</u>            |
|  | 564.34                 | 511.62                 |
| <b>(b) Advance to Others :-</b>                  |                        |                        |
| Unsecured Considered Good                        | 450.90                 | 376.80                 |
| Unsecured, Considered Doubtful                   | <u>58.95</u>           | <u>58.95</u>           |
|  | 509.85                 | 435.75                 |
| Less: Provision for Doubtful Advances            | <u>58.95</u>           | <u>58.95</u>           |
|  | 450.90                 | 376.80                 |
| <b>(c) Balance with Statutory Authorities</b>    | 171.29                 | -                      |
| <b>(d) Prepaid Expenses</b>                      | 769.41                 | 942.06                 |
| <b>(e) Security &amp; Earnest Money Deposits</b> | <u>69.09</u>           | <u>74.12</u>           |
| <b>Total</b>                                     | <b><u>2,025.03</u></b> | <b><u>1,904.60</u></b> |

**NOTE NO. 20**  
**OTHER CURRENT ASSETS**

|   | (Value in ₹Lacs)       |                        |
|---|------------------------|------------------------|
|   | 31st March 2014        | 31st March 2013        |
| (Unsecured, considered good)  |                        |                        |
| <b>(a) Interest Accrued</b>   |                        |                        |
| Fixed Deposits  | 551.99                 | 364.33                 |
| Employees' Loans  | <u>21.96</u>           | <u>23.66</u>           |
|   | 573.95                 | 388.00                 |
| <b>(b) Insurance claim receivable</b>   | 1,546.76               | 1,770.84               |
| <b>(c) Fixed Deposits Accounts / Current Account With Banks</b>                   | 123.80                 | 207.87                 |
| (Against amounts received from DGCA<br>for a Project, including Interest Accrued) |                        |                        |
| <b>(d) Others</b>   | <u>303.11</u>          | <u>13.97</u>           |
| <b>Total</b>  | <b><u>2,547.62</u></b> | <b><u>2,380.68</u></b> |



**NOTE NO. 21**  
**REVENUE FROM OPERATIONS**

|  | 31st March 2014         | (Value in ₹Lacs)<br>31st March 2013 |
|--|-------------------------|-------------------------------------|
| <b>(a) Sale of Services :-</b>                         |                         |                                     |
| Helicopter Hire Charges                                | 49,465.15               | 43,229.21                           |
| Less: Deduction for Non-Provision of Helicopters (AOG) | <u>500.56</u>           | <u>81.49</u>                        |
|  | 48,964.59               | 43,147.72                           |
| <b>(b) Other Operating Revenue :-</b>                  |                         |                                     |
| Income from Operations & Maintenance Contracts         | 2,527.44                | 2,228.41                            |
| Training Fee & other recoveries                        | 44.16                   | 105.14                              |
| Liquidated Damages Recovery                            | 90.00                   | -                                   |
| Discount Received                                      | <u>-</u>                | <u>161.71</u>                       |
|  | <u>2,661.60</u>         | <u>2,495.26</u>                     |
| <b>Total</b>   | <b><u>51,626.18</u></b> | <b><u>45,642.98</u></b>             |

**NOTE NO. 22**  
**OTHER INCOME**

|  | 31st March 2014        | (Value in ₹Lacs)<br>31st March 2013 |
|--|------------------------|-------------------------------------|
| <b>Interest Income :-</b>                    |                        |                                     |
| (a) Interest Income from Deposits with Banks | 1,161.79               | 1,013.43                            |
| (b) Interest on Loans to Employees           | <u>30.61</u>           | <u>25.77</u>                        |
|  | 1,192.40               | 1,039.20                            |
| Surplus on Settlement of Insurance Claims    | 19.57                  | 9.63                                |
| Prior Period Income (Net) (See Note 25A )    | 133.73                 | 631.73                              |
| Profit on Sales of Inventory Items           | 7.48                   | -                                   |
| Exchange Fluctuation (Net)                   | 494.36                 | 429.79                              |
| Provisions No Longer Required - Written Back | 265.75                 | 116.97                              |
| Liquidated Damages (Purchases)               | 4.88                   | 3.02                                |
| Miscellaneous Income                         | <u>560.45</u>          | <u>332.07</u>                       |
| <b>Total</b>                                 | <b><u>2,678.63</u></b> | <b><u>2,562.41</u></b>              |



**NOTE NO. 23**  
**HELICOPTER OPERATIONAL & MAINTENANCE EXPENSE**

|  |                         | (Value in ₹Lacs)        |
|--|-------------------------|-------------------------|
|  | 31st March 2014         | 31st March 2013         |
| Helicopter Maintenance Expenses                        | 10,437.35               | 9,067.13                |
| Fuel Expenses  | 4,058.79                | 2,899.91                |
| Insurance Expenses                                     | 1,860.65                | 2,362.95                |
| Landing, Parking and other Expenses                    | 157.76                  | 157.23                  |
| Liquidated Damages                                     | 1,156.95                | 224.53                  |
| Equipment/Specialists Hire Charges/Lease Charges       | 6.45                    | —                       |
| Royalty/Commission to Shrine Boards                    | 192.61                  | 218.08                  |
| Provision for Non-Moving Inventory /Life Expired Items | 575.99                  | 231.50                  |
| Rotables, Stores & Spares Written Off                  | 41.99                   | 151.03                  |
| Loss on Impairment of Fixed Assets                     | 11.80                   | —                       |
| Fixed Assets Written off (Net)                         | 43.44                   | —                       |
| Storage, Handling & Demurrage Charges                  | 66.10                   | 84.60                   |
| Freight, Transportation & Cartage                      | 106.69                  | 100.61                  |
| Other Operating Expenses                               | <u>23.69</u>            | <u>14.42</u>            |
| <b>Total</b>   | <b><u>18,740.26</u></b> | <b><u>15,511.99</u></b> |

**NOTE NO. 24**  
**EMPLOYEES' BENEFITS EXPENSE**

|  |                         | (Value in ₹Lacs)        |
|--|-------------------------|-------------------------|
|  | 31st March 2014         | 31st March 2013         |
| Salaries, Wages & Other Benefits           | 13,512.07               | 13,293.90               |
| Staff Welfare                              | 45.72                   | 54.75                   |
| Contribution to Provident & Gratuity Funds | 552.90                  | 716.68                  |
| Other Staff Expenses                       | <u>788.22</u>           | <u>840.87</u>           |
| <b>Total</b>                               | <b><u>14,898.91</u></b> | <b><u>14,906.20</u></b> |



**NOTE NO. 25**  
**OTHER EXPENSES**

|  |                        | (Value in ₹Lacs)       |
|--|------------------------|------------------------|
|  | 31st March 2014        | 31st March 2013        |
| Repairs and Maintenance  |                        |                        |
| Building   | 30.07                  | 62.10                  |
| Equipment  | 41.02                  | 56.44                  |
| Others   | <u>120.30</u>          | <u>141.51</u>          |
|  | 191.39                 | 260.05                 |
| Rent   | 478.54                 | 546.34                 |
| Travelling & Conveyance  | 1,770.75               | 1,816.18               |
| Crew & Other Staff Training  | 396.12                 | 588.20                 |
| Bank Charges   | 33.13                  | 55.37                  |
| Electricity & Water Expenses   | 192.22                 | 158.49                 |
| Telephone, Telex & Postage   | 100.52                 | 96.88                  |
| Advertisement & Publicity  | 48.71                  | 110.72                 |
| Printing & Stationery  | 81.24                  | 77.55                  |
| Vehicle Running & Maintenance  | 22.75                  | 25.11                  |
| Auditors Remuneration  |                        |                        |
| - Statutory Audit Fees   | 6.06                   | 5.74                   |
| - Reimbursement of Expenses  | <u>0.72</u>            | <u>0.34</u>            |
|  | 6.78                   | 6.08                   |
| Rates, Fees and Taxes  | 60.07                  | 130.84                 |
| Loss on Sale of Assets   | —                      | 1.38                   |
| Provision for Doubtful Debts & Advances                                      | 32.86                  | 176.57                 |
| Provision for Corporate Social Responsibility & Sustainable Development Fund | —                      | —                      |
| Provision for Wealth Tax   | 8.15                   | 3.00                   |
| Juhu Housing complex Expenses (Net of recoveries)                            | 108.49                 | 154.35                 |
| Insurance Expenses   | 41.01                  | 45.14                  |
| Other Expenses   | <u>436.76</u>          | <u>484.33</u>          |
| <b>Total</b>   | <b><u>4,044.57</u></b> | <b><u>4,763.63</u></b> |





**NOTE NO. 25A**  
**PRIOR PERIOD ITEMS REPRESENTS**

|                                      |                       | (Value in ₹Lacs)      |
|--------------------------------------|-----------------------|-----------------------|
|                                      | 31st March 2014       | 31st March 2013       |
| <b>A. Credit</b>                     |                       |                       |
| Gratuity                             | -                     | 429.14                |
| Depreciation                         | 14.53                 | -                     |
| Billing of earlier years             | 46.58                 | 524.14                |
| LTC Provision Written Back           | -                     | 115.41                |
| Other Items                          | <u>158.31</u>         | <u>34.88</u>          |
| Total (A)                            | 219.41                | 1,103.57              |
| <b>B. Debits</b>                     |                       |                       |
| Depreciation                         | 6.45                  | 30.91                 |
| Helicopter Maintenance Expenses      | -                     | 147.08                |
| Exchange Fluctuation (Net)           | -                     | 117.77                |
| Other Items                          | <u>79.24</u>          | <u>176.08</u>         |
| Total (B)                            | <u>85.69</u>          | <u>471.84</u>         |
| <b>C. Net Debit / (Credit) (A-B)</b> | <b><u>-133.72</u></b> | <b><u>-631.73</u></b> |

**NOTE NO. 26**  
**EXCEPTIONAL ITEMS**

|                                  |                     | (Value in ₹Lacs) |
|----------------------------------|---------------------|------------------|
|                                  | 31st March 2014     | 31st March 2013  |
| Provision for loss at lakshadeep | <u>89.12</u>        | —                |
|                                  | <u>89.12</u>        | —                |
| <b>Total</b>                     | <b><u>89.12</u></b> | <b><u>—</u></b>  |

**NOTE NO. 27**  
**Extraordinary Items**

|   |                      | (Value in ₹Lacs) |
|---|----------------------|------------------|
|   | 31st March 2014      | 31st March 2013  |
| <b>A. Credits</b>                         |                      |                  |
| Surplus on Settlement of Insurance Claims | <u>743.41</u>        | —                |
|   | 743.41               | —                |
| <b>B. Debits</b>                          | <u>—</u>             | <u>—</u>         |
| <b>C. Net Credit/(Debits) (A-B)</b>       | <b><u>743.41</u></b> | <b><u>—</u></b>  |



## 28. ADDITIONAL NOTES TO THE FINANCIAL STATEMENTS

(Annexed to and forming part of the Annual Accounts for the year ended 31st March, 2014).

### (I) Commitments

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

|            | Rs./Lacs   |
|------------|------------|
| 31.03.2014 | 31.03.2013 |
| 6771.42    | 5981.24    |

### (II) Contingent Liabilities

|                                      |            | Rs./Lacs   |
|--------------------------------------|------------|------------|
| Particulars                          | 31.03.2014 | 31.03.2013 |
| a. Counter guarantees given to Banks | 2284.06    | 2671.24    |
| b. Letters of Credit                 | 568.75     | 490.50     |

c. Claims against the Company not acknowledged as debt:

1.

|  |           | Rs./Lacs  |
|--|-----------|-----------|
| Particular   | 31.3.2014 | 31.3.2013 |
| Income Tax demands contested by the Company at ITAT/ CIT(Appeal) | 5383.91   | 5383.91   |

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

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

2.

| Rs./ Lacs                               |            |            |
|---|------------|------------|
| Particulars                             | 31.03.2014 | 31.03.2013 |
| a Court cases / cases under Arbitration | 3832.26    | 3392.90    |
| b Others Matters                        | 610.28     | 128.23     |

3.

| Rs./ Lacs  |            |            |
|--|------------|------------|
| Particular   | 31.03.2014 | 31.03.2013 |
| Demand Notice for payment of VAT including penalty for the period 2006-07 to 2009-10 | 31927.12   | 31927.12   |

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

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

No demand notices have been received for the year 2010-11 to 2013-14.

4.

|   |            | Rs./ Lacs  |
|---|------------|------------|
| Particular  | 31.03.2014 | 31.03.2013 |
| Show Cause Notice from Service Tax Department for the period (2009-12). | 1655.90    | NIL        |

The Show Cause Notice relate to the year 2009-12 from the service tax department received after 31.03.2014. The replies are under preparation, however, the company expects that there will be no significant impact on the results of operations or cash flows.



5)

| Particular  | Rs./Lacs   |            |
|---|------------|------------|
|   | 31.03.2014 | 31.03.2013 |
| Interest on Govt. of India dues beyond 31.03.2001 (Refer Note no. III below ) | 30633.02   | 28276.63   |

The Company is a party to various legal proceedings in the normal course of business and does not expect the outcome of these proceedings to have any adverse financial impact on results of operation or cash flows.

*(III) Claim of Government of India*

In the year 1986, the Company had acquired a fleet of 21 Dauphin and 21 Westland Helicopters at a project cost of Rs. 25090.00 Lacs which was to be funded by the Government of India (GoI) as its contribution to the equity of the Company. However, the Company was provided with equity amounting to Rs. 11376.00 Lacs only which included Rs. 2450.00 Lacs equity contribution from ONGC. The company utilized such capital contribution alongwith Rs. 622.97 Lacs from internal resources. The Company utilized such capital contribution towards the projected cost leaving a balance of Rs. 13091.03 Lacs. The balance consideration of Rs. 13091.03 Lacs was paid by Government of India to the suppliers of helicopters and treated as amount due to Government of India. The Company has accounted for Rs. 33931.19 Lacs towards interest on said dues / liability upto 31.03.2001 and has not made any provision towards interest after 31.03.2001 amounting to Rs. 30633.02 Lacs upto 31.03.2014 (previous year Rs. 28276.63 Lacs) since the Ministry of Finance has confirmed total dues recoverable from the Company upto 31.03.2014 at Rs. 47022.22 Lacs representing principal of Rs 13091.03 Lacs and interest of Rs 33931.19 Lacs. The Company has made representation to the

Govt. of India through the Ministry of Civil Aviation from time to time for waiver of said liability and accrued interest on the basis that the project for import of 42 helicopters, the whole amounts was to be funded by GoI through equity contribution. The meeting held with Ministry of Finance on 29.4.2012 regarding settlement of MoF claim, it was decided that a Business Plan for the Company be formulated for XII Five Year Plan (2012-17) keeping in view the prevailing competitive conditions and ONGC's requirement of 5 years vintage Helicopters and how the MoF claim of Rs. 47022.22 Lacs would be an impediment to the overall growth of the Company. SBI Capital Services Ltd. was assigned the task to prepare a report on impact of Government of India's claim on Business Plan and Valuation of Pawan Hans Ltd. Such report after approval of Board in its 133<sup>rd</sup> meeting was forwarded to MoCA on 02.07.2012 for onward submission to Ministry of Finance.

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

*(IV) Disposal of Westland assets*

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



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

- b) Pending disposal of the Westland helicopters (including one damaged helicopter) and the related inventory, these assets have been stated at their book value aggregating Rs. 2239.00 Lacs. The Company had in the earlier years, as a matter of prudence, made 100% provision equivalent to the book value against possible losses on disposal of Westland assets. After adjusting the book value of Rs. 723.00 Lacs relating to disposal of such assets in 1999-2000, the residual provision of Rs. 1516.00 Lacs is being carried forward.
- c) During the financial year 1999-2000, the Company had entered into an agreement with a UK firm AES Aerospace Ltd. with the Government approval for sale of Westland assets as a package deal for a lump sum price of Pounds Sterling 9,00,000. It was agreed that the entire package should be lifted in not more than two consignments with payments corresponding to the approximate value of the consignment to be shipped. The first shipment was dispatched in December 1999 and the Company had realized sale consideration of Pounds Sterling 4,50,000 (Rs.322.00 Lacs) in January 2000, which was immediately deposited with the Government of India as per directions of the Administrative Ministry. The second shipment could not be dispatched in view of the dispute created by the Buyer. The Company had initiated arbitration proceedings against the Buyer in terms of the agreement for specific performance and recovery of damages for violation of various contractual obligations. However, in view of the buyer's financial status, the Hon'ble Supreme Court on 13<sup>th</sup> August 2012 disposed off the petition for arbitration.
- d) Necessary accounting adjustment relating to the Westland assets sold (Cost Rs. 5146.00 Lacs, W.D.V. Rs. 723.00 Lacs) during the financial year 1999-2000 was made in the books of accounts of that year, treating the transactions carried out under first shipment as a completed sale. In the absence of complete quantitative details of inventory items sold and those collected from the Warehouse in Mumbai, these figures were considered on provisional basis. As the contract for sale of Westland assets was on lump-sum price basis, the loss on disposal of such items was determined by deducting the aggregate written down value of the 9 helicopters, test bed and inventory items sold under first shipment from the sale consideration of Pounds Sterling 4,50,000/- (Rs. 322.00 Lacs) in the absence of item-wise sale price. The same was accounted for during the financial year 1999-2000.
- e) Part of the Westland helicopter lying at PHL's western region premises and the inventory items while under transfer during the financial year 1999-2000 from the Delhi office to Mumbai office of the Company by the appointed transporter of the Buyer, were diverted under the instructions of the Buyer and were lying in warehouse at Mumbai. The estimated initial acquisition cost of Westland inventory including capital items lying at Warehouse is Rs. 3250.00 Lacs (written down value- Rs. 450.00



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

(V) Residential Flats/Quarters

- a) The Company had constructed and capitalized 242 flats during 2002-03 at a cost of Rs. 2270.68 Lacs on land allotted by Airport Authority of India (AAI) for a period of 25 years. The Company has allotted 50 flats out of 242 flats to AAI as per Joint Development Agreement in lieu of lease rentals for the said land and the cost of construction of such flats as estimated by the project architect amounts to Rs. 595.00 Lacs
- b) The Company had purchased 6 nos. residential flats from MHADA, Mumbai in 1998. Because of litigation involving flat owners and MHADA, these flats are not registered in the name of the company

however the company has provisional basis, provided stamp duty and registration and is subject to final payment on the execution of the appropriate conveyance deed in favour of the society. Some of the societies have gone in litigation against MHADA in Mumbai High Court on the issue of differential pricing. Hence, the amount of stamp duty and registration can not be determined at this stage.

- c) The Company had purchased 42 nos. of residential flats in the year 1991-1992 for employees from Lokhandwala Construction Industries Limited, Mumbai. The Board of Directors of the Company have approved renting out these flats to Public Sector Undertakings (PSUs) and accordingly, 29 flats have been let out on rental basis to Union Bank of India as on 31<sup>st</sup> March, 2014 but Lease agreement has expired and efforts are on to get the Lease agreement signed. Payment of Rs. 45.61 Lacs towards rent (net of TDS) has been received on 25.08.2014

(VI) Fixed Assets

- a) Rotables and Repairable with gross cost of Rs. 5615.03 Lacs (P.Y. Rs. 4239.94 Lacs) and WDV of Rs. 3309.18 Lacs (P.Y. Rs. 2863.15 Lacs) are lying with foreign equipment suppliers for repairs as at 31.03.2014. Out of these, Rotables with gross cost of Rs. 3645.10 Lacs (P.Y. Rs. 1629.86 Lacs) and WDV of Rs. 2249.48 Lacs (P.Y. Rs. 1166.97 Lacs) have been received back after 31<sup>st</sup> March, 2014. Confirmation from concerned parties that remaining Rotables are still lying with them is being obtained. Efforts are being made with the Original Equipments Manufacturers (OEM) to send back the items duly repaired / overhauled.





- b) Noida Office building under use from 15.04.2010 had been provisionally capitalized at Rs. 675.00 Lacs in the year 2010-11, pending conclusion of arbitration proceedings between contractor and the company which are still pending. Also, furniture and fixtures in building were provisionally capitalized at Rs. 310.55 Lacs (P.Y. Rs. 310.55 Lacs) pending final settlement with the supplier.
- c) The Physical verification of Fixed Assets has been carried out and the process of reconciliation with fixed assets register is in progress. Adjustments for difference between book and physical balances, if any, will be carried out on completion of reconciliation.
- d) Borrowing costs capitalized during the year amount to Rs. Nil Lacs (P.Y. Rs. 61.37 Lacs).
- VII) The Company is of the opinion that since helicopters owned by the company are certified for airworthiness by DGCA on periodic/ annual basis and have earned revenue during the year under review, hence, no separate exercise is considered necessary towards impairment in the value of helicopters.

#### VIII) Inventories

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

| Current Year |        | Previous Year |        |
|--------------|--------|---------------|--------|
| Shortage     | Excess | Shortage      | Excess |
| 26.28        | 43.29  | 38.36         | 8.04   |

The reconciliations of physical balance and book records are in progress. Appropriate adjustments will be made on completion of reconciliation.

- 2) On review of inventory of Non-Moving stores, spares and consumables provision of Rs. 575.99 Lacs ( P.Y. Rs. 231.50 Lacs) has been made during the year under review as per the approved accounting policy.

- IX) 1) In respect of Receivables at Northern Region, it has been observed that bills amounting to Rs. 2954.33 Lacs (P.Y.Rs.963.99 Lacs) are outstanding for more than three years mainly from various state governments. In the case of bills amounting to Rs. 2954.33 Lacs, part payments of Rs. 1384.05 Lacs have been received. A provision of Rs. 71.99 Lacs (P.Y.Rs.44.01 Lacs) is carried in the books for possible doubtful receivables. The outstanding bills and bills partly paid are being followed up and the management is of the view that most of the old dues from Central Govt./ State Govt./ Union Territories will be recovered in the due course of time.

- 2) The Western Region had carnet deposit with India Oil Corporation Ltd amounting to Rs. 130.00 Lacs out of which Bills amounting to Rs. 107.53 Lacs (P.Y. 107.53 Lacs) has been received and booked in the accounts upto 31.03.2008. Net balance amounting to Rs. 22.46 Lacs ( P.Y. 22.46 Lacs ) is under reconciliation with IOC Ltd and is shown under Advances pending for which provision of Rs. 22.46 Lacs ( P.Y. 22.46 Lacs) has been made in earlier year.

- 3) The company purchased spare part from a party under "High Sea-Sales" basis who import goods on behalf of PHL. The quotation is received in foreign currency, however the payment are released in Indian Rupees. In case of High Seas sales, the bill selling rate of foreign currency in INR as provided by Vijaya bank on the date of signing of High Seas sales agreement is considered for making payment to the supplier.



(X) Secured Loans

| S. No.   | Loan From   | Limit Sectioned / Date (Rs./ Lacs) | Drawdown upto 31.3.2014 (Rs./ Lacs)                           | Repayment upto 31.3.2014 (Rs./ Lacs) | Interest rate (Monthly rest)                             | Payment Schedule                     | Secured by   |
|--|---|------------------------------------|---|--------------------------------------|--|--------------------------------------|--|
| 1.   | ONGC  | 27500.00<br>12/08/2010             | 16516.00<br>(net of .<br>9585.00<br>converted<br>into equity) | 9333.07                              | SBI base<br>rate plus<br>1.5%                            | 60 equal<br>monthly<br>installments  | Hypothecation<br>of 7 nos. of new<br>Dauphin N3<br>helicopters |
| Note:- Loan was negotiated in August, 2010 to finance 80% cost of 7 new Dauphin helicopters acquired from Eurocopter, France.  |   |                                    |   |                                      |  |                                      |  |
| 2.   | Consortium<br>lending by<br>Vijaya Bank<br>and Exim<br>bank |                                    |   |                                      |  |                                      |  |
| (a)  | Vijaya<br>Bank/<br>Rupee Term<br>Loan under                 | 9518.00<br>10/01/2012              | 9518.00   | 1057.56                              | SBI Base<br>rate +<br>1.25% p.a.<br>+ 0.25%<br>p.a. (TP) | 36 quarterly<br>installments         | Hypothecation<br>of 2 Mi-172<br>helicopters                    |
| (b)  | Exim Bank<br>Rupee Term<br>Loan                             | 9082.00<br>10/01/2012              | 8466.94   | 1411.16                              | SBI Base<br>rate +<br>1.50% p.a.                         | 36 quarterly<br>installments         | Hypothecation<br>of 2 Dauphin<br>helicopters.                  |
| Note:- These loans have been sanctioned by the banks as financing through external borrowings to the extent of 80% of the cost of the helicopters. However, Company's liability for repayment is in terms of rupees and therefore, is neutral to exchange fluctuation. |   |                                    |   |                                      |  |                                      |  |
| 3.   | NTPC Ltd.   | 5430.00<br>29/04/2010              | 5283.63   | 819.95                               | 6% per<br>annum  | 120 equal<br>monthly<br>installment. | Hypothecation<br>of Dauphin N3<br>helicopter                   |
| Note:- The financing arrangement is against wet lease of the Dauphin N3 helicopter to NTPC for one year and thereafter wet lease of new Dauphin N3 for a period of ten years.  |   |                                    |   |                                      |  |                                      |  |

(XI) Confirmation for balances as at 31<sup>st</sup> March 2014 from Sundry Debtors and Loans and Advances/ Deposits was circulated, but response received was limited. However, in majority of the cases, the debts have since been realized.

(XII) Employees Remuneration and other benefits.

a) Consequent to the pay revision settlement with non-executives non-technical staff on 16.08.2011; non-

executive technical staff on 16.07.2012; and executives on 11.12.2012, the Company has made a provision of Rs 2746.34 Lacs ( P.Y. Rs. 2745.22 Lacs) up to 31.03.2014. Disbursements have been made in the previous years and in the current year leaving a balance of Rs. 37.24 Lacs ( P.Y. Rs. 697.11 Lacs) which has been carried forward for appropriate adjustments in the next year.

b) As regards provision for pension amounting to Rs. 2275.74 Lacs



(P.Y.Rs.1818.71 Lacs) made in the previous years and Rs. 407.03 Lacs (P.Y. Rs.403.40 Lacs) in the current year, the Company is exploring the possibility of funding this liability under a scheme which is yet to be finalized. The pension scheme is a defined contribution scheme where the Company's liability is restricted to the contribution made for each year equivalent to 10% of the salary on which provident fund contribution is made.

- c) During the year, the Company has provided for Rs.1104.78 Lacs (PY. Rs. 1024.60 Lacs) on estimated basis on account of licence related allowances for pilots and engineers.

d) Retirement Benefit Plans

(1) Contribution to Provident Fund

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

(2) Gratuity

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

company and is managed by a separate trust. The liability for the same is recognized on the basis of actuarial valuation.

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

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

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

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

(5) Baggage Allowance on retirement.

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

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



| Particulars                             | 2013-14                      |  |                              | 2012-13                      |  |                              |
|---|------------------------------|--|------------------------------|------------------------------|--|------------------------------|
|   | Opening Liability (Rs./Lacs) | Created/ Adjusted during the Year (Rs./Lacs) | Closing Liability (Rs./Lacs) | Opening Liability (Rs./Lacs) | Created/ Adjusted during the Year (Rs./Lacs) | Closing Liability (Rs./Lacs) |
| Earned Leave                            | 1353.29                      | 126.90                                       | 1480.19                      | 1252.12                      | 101.17                                       | 1353.29                      |
| Half Pay Leave                          | 556.51                       | 36.49  | 593.00                       | 499.95                       | 56.56  | 556.51                       |
| Post Retirement Medical Benefit Scheme. | 409.63                       | 119.97                                       | 529.60                       | 309.89                       | 99.74  | 409.63                       |
| Baggage Allowance upon Retirement       | 13.57                        | 0.65   | 14.22                        | 12.00                        | 1.57   | 13.57                        |
| <b>Total</b>                            | <b>2333.00</b>               | <b>284.01</b>                                | <b>2617.01</b>               | <b>2073.96</b>               | <b>259.04</b>                                | <b>2333.00</b>               |

(7) Defined benefits planed recognized in the financial statement as per actuarial valuation as on 31<sup>st</sup> March, 2014 are detailed below :-

(Fig. in Rs/ Lacs)

|           | Particulars   | 2013-14                                  |  |                    | 2012-13                                   |  |                    |
|-----------|---|--|--|--------------------|---|--|--------------------|
|           |   | Leave Encashment (EL & HPL) (Non-funded) | Baggage Allowance / PRMBS (Non-funded) | Gratuity ( funded) | Leave Encashment (EL & HPL) ( Non-funded) | Baggage Allowance / PRMBS (Non-funded) | Gratuity ( funded) |
| <b>A)</b> | <b>Changes in Present Value of Obligation</b>                 |  |  |                    |   |  |                    |
| i         | Present value of obligation as at the beginning of the period | 1909.80                                  | 423.20                                 | 2964.06            | 1752.08                                   | 321.88                                 | 2615.75            |
| ii        | Interest Cost   | 152.78                                   | 33.86                                  | 237.13             | 140.18                                    | 25.76                                  | 209.26             |
| iii       | Past Service Cost   | -  | -                                      | -                  | -   | -                                      | -                  |
| iv        | Current Service Cost  | 133.94                                   | 16.40                                  | 171.55             | 130.99                                    | 12.90                                  | 164.30             |
| v         | Curtailment / Settlement cost                                 | -  | -                                      | -                  | -   | -                                      | -                  |
| vi        | Benefits paid   | (181.94)                                 | (12.02)                                | (159.88)           | (258.63)                                  | (18.73)                                | (151.54)           |
| vii       | Actuarial (gain) / loss on obligation ( Balancing figure)     | 58.60                                    | 82.39                                  | (82.90)            | 145.20                                    | 81.39                                  | 126.29             |
| viii      | Present value of obligation as at the end of the period       | 2073.19                                  | 543.82                                 | 3129.97            | 1909.80                                   | 423.20                                 | 2964.06            |
| <b>B)</b> | <b>Changes in fair value of plan assets</b>                   |  |  |                    |   |  |                    |



|           |  | 2013-14                                  |  |                    | 2012-13                                   |  |                    |
|-----------|--|--|--|--------------------|---|--|--------------------|
|           | Particulars  | Leave Encashment (EL & HPL) (Non-funded) | Baggage Allowance / PRMBS (Non-funded) | Gratuity ( funded) | Leave Encashment (EL & HPL) ( Non-funded) | Baggage Allowance / PRMBS (Non-funded) | Gratuity ( funded) |
| i         | Fair Value of plan assets as at the beginning of the period        | -  | -                                      | 3145.57            | -   | -                                      | 3044.89            |
| ii        | Expected return on plan assets                                     | -  | -                                      | 262.65             | -   | -                                      | 251.81             |
| iii       | Contributions  | -  | -                                      | -                  | -   | -                                      | -                  |
| iv        | Benefits paid  | -  | -                                      | (159.88)           | -   | -                                      | (151.54)           |
| v         | Actuarial gain / (loss) on obligation                              | -  | -                                      | 0.28               | -   | -                                      | 0.55               |
| vi        | Fair value of plan assets as at the end of the period              | -  | -                                      | 3248.63            | -   | -                                      | 3145.71            |
| <b>C)</b> | <b>The amounts to be recognized in the balance sheet</b>           |  |  |                    |   |  |                    |
| i         | The present value of obligation as at the beginning of the period  | 2073.19                                  | 543.82                                 | 3129.97            | 1909.80                                   | 423.20                                 | 2964.06            |
| ii        | Fair value of plan assets as at the end of the period.             | -  | -                                      | 3248.63            | -   | -                                      | 3145.71            |
| iii       | Net Assets / ( liability ) recognized in balance sheet.            | (2073.19)                                | (543.82)                               | 118.66             | (1909.80)                                 | (423.20)                               | 181.65             |
| <b>D)</b> | <b>Expenses recognized in the Statement of Profit and Loss A/c</b> |  |  |                    |   |  |                    |
| i         | Current Service Cost   | 133.94                                   | 16.40                                  | 171.55             | 130.99                                    | 12.90                                  | 164.30             |
| ii        | Past Service Cost.   | -  | -                                      | -                  | -   | -                                      | -                  |
| iii       | Interest Cost.   | 152.78                                   | 33.86                                  | 237.13             | 140.18                                    | 25.76                                  | 209.26             |
| iv        | Expected return on plan assets                                     | -  | -                                      | (262.65)           | -   | -                                      | (251.81)           |
| v         | Curtailement / settlement cost                                     | -  | -                                      | -                  | -   | -                                      | -                  |
| vi        | Net Actuarial gain / (loss) recognized in the period.              | 58.60                                    | 82.39                                  | (83.17)            | 145.20                                    | 81.39                                  | 125.75             |
| vii       | Expenses recognized in the statement of profit and loss            | 345.33                                   | 132.65                                 | 62.85              | 416.37                                    | 120.04                                 | 247.49             |





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

| Particulars                                  | EL and HPL for all Employees ( non- funded) | Baggage Allowance/ PRMBS for all Employees( non-funded) | Gratuity (Funded) |
|--|---|---|-------------------|
| Discount Rate                                | 8.00%                                       | 8.00%   | 8.00%             |
| Expected rate of return on plan assets.      | -   | -   | 8.27%             |
| Future cost increase /Salary escalation rate | 6.00%                                       | 6.00%   | 6.00%             |
| Retirement age                               | 60 years                                    | 60 years  | 60 years          |
| Attrition rate :                             |   |   |                   |
| Age ( years)                                 |   |   |                   |
| Upto 30 years                                | 3.00%                                       | 3.00%   | 3.00%             |
| Upto 44 years                                | 2.00%                                       | 2.00%   | 2.00%             |
| Above 44 years                               | 1.00%                                       | 1.00%   | 1.00%             |

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

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

| Sl. No. | Major category of plan assets               | As at 31 <sup>st</sup> March 2014 | As at 31 <sup>st</sup> March 2013 |
|---------|---|-----------------------------------|-----------------------------------|
|         |   | % age of total plan assets        |                                   |
| 1       | Govt. securities / special deposit with RBI | 58.97                             | 62.80                             |
| 2       | High quality corporate bonds                | 26.69                             | 28.28                             |
| 3       | Insurance companies                         | NIL                               | NIL                               |
| 4       | Mutual funds                                | NIL                               | NIL                               |
| 5       | Cash and cash equivalents, Bank balance     | 7.37                              | 0.75                              |
| 6       | Term deposits                               | 6.63                              | 7.55                              |
| 7       | Equity                                      | 0.34                              | 0.62                              |

9) Pension

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

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

(XIII) Insurance Claims

a) On 28th June 2013, Dauphin N3 helicopter Regn No VT-PHZ met with an accident, when the helicopter was on rescue mission in Uttarakhand from Mateli to Harshil. Damage

to the tail portion of the aircraft is reported. The incident has been reported to New India Assurance Company Ltd with whom the helicopter is insured. The estimated repair cost due to damage would be worked out in due course of time after investigation / inspection and assessment by insurance surveyor and to carry out the necessary repairs. After getting clearance from DGCA, the helicopter repairs have been completed and it has been started flying w.e.f. 14.10.2014. Engineering dept is compiling the data for man hours utilized, foreign repair charges, spares part used/ purchased to rebuild the helicopter and necessary



insurance claim will be submitted to Insurance Company.

- b) One Bell helicopter (VT PHH), insured for Rs 875.00 Lacs, did a hard landing at Katra, Jammu & Kashmir on 30<sup>th</sup> December, 2012 without any fatalities. The claim has been accepted by the Insurance Company for Rs. 835.00 crores after deducting Rs. 40 Lacs as deductible as per the term of the policy against our claim of Rs. 875.00 Lacs. The Insurance company has released on account payment of Rs. 686.00 Lacs and withhold Rs. 149 Lacs from the net payable amount of Rs. 835.00 Lacs till salvage is finally disposed off and then remaining payment shall be released to PHL. PHL has taken up the matter with Insurance company for releasing the Balance payment of Rs. 149 Lacs immediately.

(XIV) Taxation

- a) In view of taxable loss for the years ended 31.03.2007 to 31.03.2014, the Company is liable to pay Minimum Alternate Tax (MAT) under section 115JB of the Income Tax Act, 1961. The Company has paid MAT amounting to Rs 5422.05 Lacs (P.Y. Rs. 3957.50 Lacs) for these years (including Rs 1411.12 Lacs for the current year out of which Rs.452.36 Lacs is payable under self assessment). Although MAT paid by the company is adjustable in future in ten years against normal income tax liability, as a matter of prudence, the Company has decided to avail credit for MAT in the year the same becomes eligible for deduction from normal tax liability.
- b) Amount recoverable/adjustable towards refunds from the Income Tax Department amounting to Rs 6847.63 Lacs (P.Y. Rs.7402.68 Lacs) have been shown under "Long Term Loans & Advances" and includes Rs 6567.60 Lacs (P.Y.Rs.6521.26 Lacs) relating to completed assessments by the assessing officer upto the year ended 31.03.2012 and Rs 771.92 Lacs (P.Y.Rs.881.42 Lacs) in respect of assessments yet to be completed. Further, Rs.491.89 Lacs (Provisional) is payable for the current financial year under self assessment. In respect of Rs 6567.60 Lacs (P.Y.Rs.6521.26 Lacs) relating to completed assessments, amount to be refunded or additional tax liability, if any, is not quantifiable at this stage.

The Company has filed appeals to the Income Tax Appellate Tribunal against disallowances made by the assessing officer and confirmed by the CIT (Appeals). These appeals mainly relate to Company's claim of interest payable to the Central Government/ interest on tax free bonds for the financial years 31.03.1997 to 31.03.2002. Pending decision by the Govt. of India on Company's request for waiver of interest on amount from GOI (Refer Note No. 28(iii)), these appeals are presently pending before ITAT. The amount of additional tax liability or refund, if any, that may become due to the Company is not quantifiable at this stage.

- c) In line with the provisions of Accounting Standard (AS 22) "Accounting for Taxes on Income", the Company has reassessed cumulative taxable losses for the financial year 2007-08 to 2012-13. Based on examination of past profitability, estimation of profit projections for future and reversal of deferred tax liability in subsequent years and as a matter of prudence, the cumulative unabsorbed depreciation to the extent of Rs 14346.11 Lacs (P.Y. Rs.11148.93 Lacs) has been recognized for taking credit for deferred tax assets in the current year. Taxable loss comprising of unabsorbed depreciation has been assessed by the Tax department up to the A.Y. 2011-12 under section 143(3) of the Income Tax Act, 1961.

Accordingly, deferred tax assets on the balance unabsorbed depreciation amounting to Rs. 4644.44 Lacs (P.Y.Rs.3887.59 Lacs) up to financial year 2012-13 will be reviewed in subsequent period, in accordance with the provisions of AS 22.

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

The Company has invested Rs. 289.34 Lacs during 2009-10 towards equity contribution (non listed) in National Flying Training Institute Pvt. Ltd., Gondia, Maharashtra. The investee company has accumulated losses of Rs. 1789.44 Lacs against paid up share capital of Rs. 6468.52 Lacs as on 31.03.2012. However, considering long term interest of the Company in the institute, no provision has been made for impairment in this investment.

(XVI) Heliport Project

The Government has approved building a



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

- (i) Rs. 1900.00 Lacs as Grant in Aid by the Government towards the land cost.
- (ii) Government equity towards 80% of the cost

of infrastructure development aggregating Rs. 3600.00 Lacs.

- (iii) Company contribution of Rs.900.00 Lacs being 20% of the project cost.

The Company has received Rs. 3600.00 Lacs upto March, 2014 as equity contribution from GOI towards the Heliport Project costs.

The expenses incurred on the project till 31.3.2014 are summarized below:-

(Rs/Lacs)

| Particulars  | 31.3.2014      | 31.3.2013      |
|--|----------------|----------------|
| Cost of land –Funded by GOI  | 1900.00        | 1900.00        |
| Cost of land –Not Funded by GOI  | 7.01           | 7.01           |
| Payment to consultants for designing and project planning                      | 44.18          | 44.18          |
| CWIP consisting expenses on boundary wall etc.                                 | 253.87         | 251.53         |
| <b>Total</b>   | <b>2205.06</b> | <b>2202.72</b> |
| Amount received from the Government of India                                   | 5500.00        | 5500.00        |
| Amount invested in fixed deposit with banks as ear marked fund for the project | 3294.94        | 3297.29        |

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

The Company has been assigned the responsibility of setting up a Helicopter Training Academy cum Heliport at the existing Gliding Centre at Hadapsar, Pune owned and controlled by DGCA. Detailed project report was approved by Ministry of Civil Aviation. DGCA had released an amount of Rs. 1000.00 Lacs for this purpose in April 2010. The expenses incurred upto 31.03.2014 out of the said advance are given below:

|   | Particulars   | Upto<br>31/3/2014 | Upto<br>31/3/2013 |
|---|---|-------------------|-------------------|
|   |   | Rs./ Lacs         | Rs./ Lacs         |
| A | -Advance received from DGCA in April, 2010            | 1000.00           | 1000.00           |
|   | -Total interest accrued & earned                      | 190.48            | 179.86            |
|   | <b>Total fund</b>                                     | <b>1190.48</b>    | <b>1179.86</b>    |
| B | - Amount disbursed to NBCC                            | 1040.00           | 945.34            |
|   | - Amount incurred by the company towards project cost | 26.68             | 26.65             |
|   | <b>Total Disbursement/ expenditure</b>                | <b>1066.68</b>    | <b>971.99</b>     |
| C | <b>Balance available with bank</b>                    |                   |                   |
|   | - In Current account                                  | 4.39              | 39.51             |
|   | - In Fixed Deposits                                   | 100.00            | 150.00            |
|   | - Interest accrued                                    | 19.40             | 18.36             |
|   | <b>Total</b>  | <b>123.78</b>     | <b>207.87</b>     |



(XVIII) Corporate Social Responsibility and Sustainable Development Fund

- 1) In the previous year, the Company had created a provision for Corporate Social Responsibility (CSR) and Sustainable Development Fund as per guidelines issued by Government of India, Department of Public Enterprises on Profit after Tax (PAT) as under:

| Financial Year | Profit After Tax<br>(Rs/ Lacs) | Provision for CSR<br>and SDF (Rs/ Lacs) | Expenditure<br>Incurred (Rs/ Lacs) |
|----------------|--------------------------------|---|------------------------------------|
| 2009-10        | 3558.86                        | 124.56                                  | 23.51                              |
| 2010-11        | 1850.60                        | 64.78                                   | 0.00                               |
| 2011-12        | (1035.12)                      | 0.00                                    | 0.00                               |
| 2012-13        | 1169.82                        | 35.09                                   | 0.00                               |
| <b>Total</b>   |                                | <b>224.43</b>                           | <b>23.51</b>                       |

The unutilized balance of Rs 200.92 Lacs (P.Y.Rs.165.83 Lacs) is being carried forward for use in future.

During the year, the Company has made provision for Corporate Social Responsibility and Sustainable Development Fund for the year ended 2013-14 amounting to Rs. 35.09 Lacs as per guidelines issued by DPE office memorandum no. 15(7)/2012-DPE(Gov)-GL-104 dated 12.04.2013.

(XIX) Obligation towards operating leases.

Rental expenses of Rs.478.54 Lacs (P.Y. Rs. 546.34 Lacs ) in respect of cancellable operating leases have been charged to the Statement of Profit and Loss. The company has not entered into non-cancellable operating leases.

- (XX) There was reported financial irregularity at Lakshadweep detachment. The Vigilance Department has conducted the enquiry and submitted the report to the management. Out of the estimated financial loss as reported by the Vigilance Department of Rs. 129.21 Lacs, the provision of Rs. 89.12 Lacs has been created in the year under review. The figure of Rs. 89.12 Lacs was arrived at by estimating the total amount of Rs. 129.21 Lacs out of which travelling bills/credit payables to employees / supporting / invoice etc amounting to Rs. 40.09 Lacs were traced by the management and the balance amount of Rs. 89.12 Lacs has been provided for.

(XXI) Provisions

(Fig. in Rs./Lacs)

| Particulars   | Opening<br>Balance as<br>on<br>01.04.2013 | Created<br>during<br>the year | Utilized during<br>the year / Other<br>Adjustments/<br>transfer/Reversals | Closing<br>Balance<br>as on<br>31.03.2014 |
|---|---|-------------------------------|---|---|
| Impairment of Assets  | 1602.73                                   | 11.80                         | 6.02  | 1608.51                                   |
| Provision for Revision of Pay & Allowances from 01.01.2007 including pension and others | 2989.65                                   | 408.15                        | 1121.30   | 2276.50                                   |
| Provision on account of Licence related allowance to Pilots & Engineers                 | 1024.60                                   | 1104.78                       | -   | 2129.38                                   |
| Doubtful Debts/Advances   | 1353.42                                   | 32.85                         | 106.70  | 1279.57                                   |
| Non moving inventories/ Life expired items, etc.  | 1659.47                                   | 602.27                        | 15.07   | 2246.67                                   |
| Provision for Loss at Lakshadweep Detachment  | -   | 89.12                         | -   | 89.12                                     |
| Dividend  | 233.96                                    | 771.33                        | 233.96  | 771.33                                    |
| Corporate Tax on Dividend   | 39.76                                     | 154.22                        | 39.76   | 154.22                                    |



**(XXII) 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 Anil Srivastava, IAS, Joint Secretary, Ministry of Civil Aviation and Chairman & Managing Director, PHL from 23.3.2012(A/N) onwards.

b. Transactions

(i) Sh. Anil Srivastava, IAS      -(I) Salary : Rs. NIL

c. ONGC Ltd – Equity Shareholder - 49% - Rs. 12035.00 Lacs

| <b>Transaction :-</b>                                   | <b>F.Y. 2013-14</b> | <b>F.Y 2012-13</b> |
|---|---------------------|--------------------|
|   | <b>Rs/ Lacs</b>     | <b>Rs/ Lacs</b>    |
| Helicopter Hire charges                                 | 19494.36            | 19481.11           |
| Income from Operation & Maintenance Contracts           | -                   | 207.40             |
| Trade receivables as on 31 <sup>st</sup> March ( debit) | 9060.14             | 3240.43            |
| Secured Loan ( received)                                | -                   | -                  |
| Loan repaid ( Principal Amount)                         | 3134.00             | 2629.75            |
| Interest Paid   | 1007.94             | 1340.24            |
| Outstanding Loan ( Principal Amount)                    | 7182.93             | 10561.73           |
| Interest accrued as on 31 <sup>st</sup> March           | -                   | 98.58              |

(XXIII) Earnings Per share have been computed as under:

(Rs/Lacs)

|   | <b>31<sup>st</sup> March, 2014</b> | <b>31<sup>st</sup> March, 2013</b> |
|---|------------------------------------|------------------------------------|
| Net Profit/(Loss) after tax                     | <b>Rs. 3856.65 Lacs</b>            | <b>Rs. 1169.82 Lacs</b>            |
| Weighted average no of Equity Share outstanding | 245616                             | 245616                             |
| Earnings per share (Basic and diluted)          | <b>Rs 1570/-</b>                   | <b>Rs 476/-</b>                    |
| Face value is Rs 10,000 per share               |                                    |                                    |

**(XXIV) ADDITIONAL INFORMATION**

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

|   | <b>(In Rupees/Lacs)</b>            |                                     |
|---|------------------------------------|-------------------------------------|
|   | <b>31<sup>st</sup> March, 2014</b> | <b>31<sup>st</sup> March , 2013</b> |
| i) Stores, Spares & Consumables(Net)    | 5,240.24                           | 6,577.75                            |
| ii) Test Tool/ Ground Support Equipment | 44.54                              | 59.25                               |
| iv) Goods-in-Transit                    | 190.25                             | 24.84                               |
| v) Stocks under Inspection              | 13.25                              | 53.69                               |
| vi) ATF                                 | 25.52                              | 12.00                               |
| <b>TOTAL</b>                            | <b>5,513.80</b>                    | <b>6,727.53</b>                     |



b) Value of imports calculated on CIF basis:

Unit (Rs/Lacs)

|  | 31 <sup>st</sup> March, 2014 | 31 <sup>st</sup> March, 2013 |
|--|------------------------------|------------------------------|
| i) Helicopters & Accessories                               | -                            | 12,469.19                    |
| ii) Stores, Spares & Consumables                           | 619.16                       | 1,377.52                     |
| iii) Airframe & Aero Engine Equipments<br>Rotables         | 667.10                       | 1,501.89                     |
| iv) Test equipment/Ground Support<br>Equipment/Loose Tools | 20.91                        | 105.89                       |
| v) Goods-in-Transit /Goods under Inspection                | 51.88                        | 73.01                        |
| vi) Capital Goods/Other Items                              | 16.52                        | 70.56                        |
| <b>TOTAL</b>   | <b>1,375.57</b>              | <b>15,598.06</b>             |

c) Expenditure in Foreign Currency during the financial year:

Unit (Rs/Lacs)

|  | 31 <sup>st</sup> March, 2014 | 31 <sup>st</sup> March, 2013 |
|--|------------------------------|------------------------------|
| i) Helicopters & Accessories                               | -                            | 12,112.81                    |
| ii) Stores, Spares & Consumables                           | 597.01                       | 1,358.56                     |
| iii) Airframe & Aero Engine Equipments<br>Rotables         | 660.79                       | 1,491.99                     |
| iv) Test equipment/Ground Support<br>Equipment/Loose Tools | 20.74                        | 105.46                       |
| v) Foreign Travelling/Foreign Training                     | 4.21                         | 216.66                       |
| vi) Goods in Transit/Goods under<br>Inspection             | 51.67                        | 72.62                        |
| vii) Repair Charges  | 8,350.04                     | 6,195.96                     |
| viii) Capital Goods/ Other Items                           | 18.07                        | 59.39                        |
| <b>TOTAL</b>   | <b>9,702.53</b>              | <b>21,613.45</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 Rupees/Lacs)       |                              | PERCENTAGE                   |                              |
|--------------|------------------------------|------------------------------|------------------------------|------------------------------|
|              | 31 <sup>st</sup> March, 2014 | 31 <sup>st</sup> March, 2013 | 31 <sup>st</sup> March, 2014 | 31 <sup>st</sup> March, 2013 |
| Imported     | 1,912.97                     | 2,295.32                     | 95.6%                        | 95.9%                        |
| Indigenous   | 97.68                        | 97.63                        | 4.4%                         | 4.1%                         |
| <b>TOTAL</b> | <b>2010.65</b>               | <b>2,392.95</b>              | <b>100.00%</b>               | <b>100.00%</b>               |

e) Earnings in Foreign Exchange during the financial year :

|                         | (In Rupees/Lacs) |                 |
|-------------------------|------------------|-----------------|
|                         | 31ST MARCH 2014  | 31ST MARCH 2013 |
| Helicopter Hire charges | 11,287.51        | 9,688.87        |
|                         | <u>11,287.51</u> | <u>9,688.87</u> |





f) Remuneration paid to Directors including Chairman & Managing Director

|  | 31 <sup>st</sup> March, 2014 | 31 <sup>st</sup> March , 2013 |
|--|------------------------------|-------------------------------|
| Salary, Allowances, Perquisites, Provident Fund / Gratuity | Nil                          | Nil                           |

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

(XXVI) Since it is not possible to define the normal operating cycle, the same has been assumed to have duration of 12 months and the classification of assets and liabilities into long term and short term has been done accordingly for the purpose Schedule VI (revised) of the Companies Act, 1956.

(XXVII) Segment Reporting

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

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

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

Anil Srivastava  
Chairman-Cum-Managing Director

Mrs. Mani Sathiyavathy  
Director

Sanjiv Bahl  
Executive Director

Sanjiv Agrawal  
Company Secretary & GM(Legal)

D. Sahai  
General Manager(F&A)  
& C.F.O.

Place: New Delhi  
Dated: 12.12.2014



### Cash Flow Statement for the year ended 31st March, 2014

|   | (Value in ₹Lacs)  |                    |
|---|-------------------|--------------------|
|   | 31st March 2014   | 31st March 2013    |
| <b>A. Cash Flow from Operating Activities</b>       |                   |                    |
| Net Profit Before Tax                               | 6,123.39          | 2,793.71           |
| Adjustments For :                                   |                   |                    |
| Depreciation Charges                                | 7,963.21          | 7,409.61           |
| Interest Income                                     | (1,161.79)        | (1,039.20)         |
| (Profit) / Loss on Sale of Fixed Assets - Net       | (7.48)            | 1.38               |
| Extra Ordinary items                                | (743.41)          | -                  |
| Interest Cost                                       | 3,180.68          | 2,851.16           |
| Fixed Assets, Rotables, Stores & Spares Written Off | 85.43             | 151.03             |
| Provisions  | 697.96            | 804.28             |
| Loss on Impairment of Assets                        | 11.80             | -                  |
|   | 10,026.41         | 10,178.26          |
| Operating Profit Before Working Capital Changes     | 16,149.80         | 12,971.97          |
| Adjustments For :                                   |                   |                    |
| Trade Receivables                                   | (6,463.85)        | -4,176.22          |
| Loans & Advances and Other Assets                   | (458.96)          | 1,273.53           |
| Inventories   | 637.75            | 957                |
| Trade Payables, Other Liabilities and Provisions    | 2,677.23          | (2,708.43)         |
| Cash Generated From Operations                      | (3,607.83)        | -4,654.52          |
| Income Tax Paid                                     | 975.51            | 803.49             |
| <b>Net Cash From Operating Activities</b>           | <b>11,566.46</b>  | <b>7,513.96</b>    |
| <b>B. Cash Flow from Investing Activities</b>       |                   |                    |
| Purchases of Fixed Assets                           | (1,327.80)        | (13,276.42)        |
| Sales / Insurance Claim of Fixed Assets             | 835.28            |                    |
| Capital Work-in Progress                            | (10.85)           | (240.97)           |
| Interest Received                                   | 1,161.79          | 1,039.20           |
| <b>Net Cash Used In Investing Activities</b>        | <b>658.42</b>     | <b>(12,478.19)</b> |
| <b>C. Cash Flow from financing Activities</b>       |                   |                    |
| Interest Cost                                       | (3,180.68)        | (2,851.16)         |
| Dividend  | (233.96)          |                    |
| Corporate Tax on Dividend                           | (39.76)           |                    |
| Proceeds from Long Term Borrowings                  | 0.00              | 9,853.47           |
| Repayment of Long Term Borrowings                   | (5,833.43)        | (3,463.78)         |
| <b>Net Cash Used In Financing Activities</b>        | <b>(9,287.83)</b> | <b>3,538.53</b>    |
| Net Increase In Cash And Cash Equivalents           | 2,937.05          | -1,425.70          |
| Opening Cash and Cash Equivalents                   | 12,567.48         | 13,993.19          |
| (Including Rs.1878.89 lacs under Lien)              |                   |                    |
| Closing Cash and Cash Equivalents                   | 15,504.53         | 12,567.49          |
| (Including Rs.1571.71 Lacs under Lien)              |                   |                    |

**Notes:**

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

**For & on behalf of Board of Directors**

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

Anil Srivastava  
Chairman-Cum-Managing Director

Mrs. Mani Sathiyavathy  
Director

B. J. Singh  
Partner  
(M. No. - 7884)  
Place : New Delhi.  
Dated : 12.12.2014

Sanjiv Bahl  
Executive Director

Sanjiv Agrawal  
Company Secretary & GM (Legal)

Dhirendra Sahai  
General Manager (F & A)  
& C. F. O



## STATUTORY AUDITOR'S REPORT

## Annexture 'A' to the Directors Report

To,  
The Members  
Pawan Hans Limited  
(Formerly Known as Pawan Hans helicopters Limited)

### Managements Reply

### **Report on the Financial Statements**

We have audited the accompanying financial statements of PAWAN HANS LIMITED (the Company) which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information incorporating the accounts of Western Region audited by Branch Auditors appointed by the Comptroller and Auditor General of India.

### **Management's Responsibility for the Financial Statements**

The Company's management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 issued by the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor



considers the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

### **Basis for Qualified Opinion**

1. At the Western Region, Rs.455.70 lacs incurred on repairs and maintenance during the year relating to Air Frame & Aero-Engine Equipments-Rotables, have been capitalized. In addition, repair and maintenance costs of Rs.9.02 lacs incurred on repair of rotables in the previous year have also been capitalized during the year by credit to "Prior Period Items". As per the accounting policy being consistently followed by the company, any repairs and maintenance expense incurred on the rotables is charged to the Statement of Profit and Loss.

Had the Company charged the said capitalized amount to the Statement of Profit and Loss, the profit for the year before tax effect and net fixed assets would have been lower by Rs.456.05 lacs and Prior Period Items would have been lower by Rs.8.68 lacs.

2. Upto year ended 31<sup>st</sup> March, 2012, the Company's accounting policy relating to provisioning for doubtful debts was to provide for debts due from Central Government/ State Governments/ Union Territories which remained outstanding for a period of more than three years. In the previous year, debts due from such customers which were outstanding for more than seven years had been considered doubtful and provided for by the company. No cogent reason for the change in the accounting policy was explained to us.

As on 31<sup>st</sup> March 2014, the Company has identified debtors of Rs 3009.13 Lacs which are outstanding for more than three years at Northern Region. In our opinion these debts are

These unserviceable rotables and aero engines pertain to accidented Helicopters VT-PHP (met with an accident at Lakshadweep in September 2007) and VT-SOK (met with an accident at Chandigarh in December 2010). Subsequently these rotables and aero engines were purchased as a part of salvage value upon settlement of Insurance claim by the Insurance company under CTL (constructive total loss) as per terms of the insurance policy. Further as a consistent practice followed, the repair charges incurred on these rotables and aero engines to bring back the items in serviceable condition, including an amount of Rs.9.02 Lacs which was in the absence of information debited to profit and loss account in earlier years, has now been capitalized in the books of accounts.

The Company has changed the Accounting Policy relating to creating provision for outstanding amounts from three years to seven years in respect of Central/ State Governments and Union Territories because of the fact that debt collection in respect of Central/ State Governments and Union Territories are slow due to their procedural formalities and delays in release of Central Government subsidy. However, in respect of debts where there is a virtual certainty in respect of a debt being doubtful of recovery, necessary provision is made in the Books of Accounts.

The Company is of the opinion that by making provision against Central/ state Governments and Union Territories debts after 3 years will not reflect true operational profit of the Company for that



doubtful of recovery and should be provided for.

The provision held in respect of these debtors is Rs 71.99 Lacs resulting in lower provision by Rs.2937.14 lacs, over statement of net profit for the year after tax by Rs. 1938.81 lacs (Rs.2937.14 lacs less deferred tax effect of Rs. 998.33 lacs) and over statement of cumulative balance of profit trade receivables by Rs.2937.14 lacs. This issue was subject of our comment in our audit report for the year ended 31<sup>st</sup> March, 2013. Refer Note No. 28(IX)(1).

3. For the purpose of calculating deferred tax asset (DTA) for the year ended 31.03.2014, the company has considered unabsorbed depreciation of Rs.14346.11 lacs as against actual unabsorbed depreciation of Rs.18990.55 lacs. No computation in support of considering unabsorbed depreciation at Rs.14346.11 lacs has been explained to us. Non recognition of DTA on full amount of unabsorbed depreciation of Rs.18990.55 lacs is not in consonance with Accounting Standard (AS) 22 – “Accounting for Taxes on Income” and has resulted in understatement of net profit for the year after tax and cumulative balance of Profit by Rs.1578.64 lacs and over statement of deferred tax liability by similar amount. Even in the year ended 31<sup>st</sup> March 2012 and 31<sup>st</sup> March 2013, the company had taken only a part of the unabsorbed depreciation for calculating DTA resulting in accounting of lower credit for DTA amounting to Rs. 3491.91 lacs for the year ended 31<sup>st</sup> March 2012 and Rs. 3173.68 lacs for the year ended 31<sup>st</sup> March 2013. Audit Reports for these years were also qualified on this issue. Further adjustments that may arise on the resolution of matters reported in this audit report have not been considered while reporting this issue. Refer Note No. 28(XIV)(c).

particular year.

This had been brought to the notice of the statutory auditors in the F.Y.2012-13 along with reasons for separate treatment of outstanding of Central / State & union territories.

In this respect it is to explain that the unabsorbed depreciation which can be set off against future taxable income are considered as timing differences and result in deferred tax assets, subject to consideration of prudence. Accordingly, the recognition as deferred tax assets can be considered if there is “Virtual certainty with convincing evidence” that sufficient future taxable income will be available against which deferred tax assets can be realized. Based on examination of past records of financial performances and estimated profit for the F.Y. 2014-15 on the basis of MIS and estimation of profit projections in 12<sup>th</sup> five year plan and based on the availability of the firm long term charter contracts of the helicopters with customers like ONGC, A & N Administration, Lakshadweep Administration, NTPC, Himachal Pradesh and Arunachal Pradesh, the generation of taxable profit in future has been assessed. Accordingly, this would start from F.Y.2013-14 and onwards and during the F.Y.2013-14 there is a net taxable income of Rs.1477.27 Lacs and from F.Y. 2014-15 & onwards there will be availability of net taxable income.

In view of above and also following the prudent approach in recognizing the assets, out of Unabsorbed Depreciation upto F.Y.2012-13 of Rs.20467.82 Lacs, the company had considered Rs.3722.23 Lacs only as DTA in F.Y. 2011-12 which was limited to accumulated unabsorbed depreciation for the F.Y. 2007-08 to 2010-11, Rs.7426.08 Lacs was recognized as DTA in F.Y.2012-13 and Rs.3197.80 Lacs in the current F.Y. 2013-14 which is approx 40% of balance unabsorbed depreciation of Rs.7842.24 Lacs minus taxable profit of Rs.1477.27 Lacs computed for the F.Y.2013-14. Further, the balance unabsorbed depreciation of Rs.4644.44 Lacs pertaining to 2012-13 will be assessed and reviewed for recognizing as deferred tax asset at the next balance sheet date which is entirely in accordance with AS-22.





In case of other deferred tax assets to the tune of Rs 3402.05 lacs which comprises of various provisions like employee benefit, slow moving, non moving inventories, doubtful debt and advances and Corporate Social Responsibility /sustainable development fund have been considered upto the financial year 2013-14 which is based on the fact that these assets have reasonable certainty to be paid /reversed in subsequent financial years. In our Opinion, this is in conformity with the AS-22.

However, the carrying amount of deferred tax assets shall be reviewed as at each balance sheet date as per requirement of AS-22.

4. The amount due from Mata Vaishno Devi Shrine Board as on 31.03.2014 is Rs.123.94 lacs. The contract with Shrine Board has been terminated with effect from 1<sup>st</sup> April, 2014. We have been informed that the amount of Rs.123.94 lacs has not been recovered till end of October 2014 due to non submission of NOCs from various authorities. From the available information, we are unable to form an opinion regarding recoverability of Rs.123.94 lacs

Mata Vaishno Devi Shrine Board has asked for NOC from various agencies like., security, water, electricity and other essential services agencies in order to release our payment. The matter is being pursued with the agencies for issuing of NOC so that the outstanding from the shrine board can be released. A balance confirmation from Mata Vaishno Devi Shrine Board for Rs.109.97 lakhs as on 31.3.2014 has been received and copy of the same has been sent to auditors. Balance amount of Rs.13.97 Lacs is under reconciliation.

5. As on 31<sup>st</sup> March 2012, Helicopter Hire Charges of Rs 206.00 Lacs were reversed by Northern Region by debiting Helicopter Hire Charges Account and crediting Mata Vaishno Devi Shrine Board (Shrine Board) account. The account of Shrine Board was debited with Rs. 175.26 Lacs by crediting Prior Period Items as on 31<sup>st</sup> March 2013. We were informed that necessary details in support of these entries are being obtained from the Shrine Board. Further, as on 31<sup>st</sup> March 2013 Rs.71.72 lacs were credited to advances on account of no show customers treating these as refundable to passengers. However, during the current year, Rs.71.72 lacs have been credited to helicopter hire charges account which in any case should have been credited to Prior Period Items as per requirement of Accounting Standard (AS) -5 "Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies" resulting in over statement of helicopter charges and net Prior Period Items. From the available information, we have not been able to verify the above adjustments made in the accounts as complete details thereof have not made available to us.

The Shri Mata Vaishno Devi Shrine Board has taken over the entire e- ticket booking w.e.f. October, 2011 while earlier 50% of entire booking was done by PHL and 50% was done by the operator, through their own e- ticketing systems. Earlier "No Show" passenger were taken as income by each operator and shrine board was paid on the basis of passengers actually travelled. As a result of the change in the booking system, the ticket cost pertaining to "No show passenger" were initially retained by shrine board. This is a subsequent development and was not a part of the agreement with shrine board.





6. Fixed Assets includes Rotables of written down value (WDV) of Rs.3309.18 lacs sent for repair to vendors located outside India sent for repair to vendors located outside India. Out of the said amount of Rotables, the Company does not have any confirmation for Rotables of WDV of Rs.666.86 Lacs from repair vendors. In the absence of confirmations, we are unable to comment on the existence of such assets and adjustments, if any, required to be made in this respect and consequential effect on the financial statements of the Company. Refer Note No. 28(VI)(a).
- All the items are sent to repair vendors, who are also OEM's (Original Equipment Manufacturer). These items are specialized items wherein TAT (Turn Around Time) for repair/overall is very high, because many of the items are no more in production line. Mails have been sent to the parties for confirmation of items held for repairs. Further, out of total rotables sent abroad for repair and lying outside India confirmation has been received for Rs.457.58 Lacs (Rs.425.21 Lacs of WR and Rs.32.37 Lacs of NR), Balance confirmations are verified by the auditors and confirmation is awaited for a WDV of Rs. 634.49 Lacs. , out of which Rs. 579.22 Lacs were sent for repair/overall in F.Y. 2012-13 & 2013-14 and follow-up is being done for repair/retrieval of the balance items.
7. During the previous year, the Company had provided Rs.1024.60 Lacs on estimated basis on account of license related allowances for pilots and engineers and made a provision of Rs.487.00 lacs towards allowances for contract employees. During the current year, Rs.366.87 lacs have been disbursed out of Rs.487.00 lacs and balance amount of Rs.96.63 lacs has been reversed to the Statement of Profit and Loss as 'Excess Provision Written Back'. In the current year, a further provision of Rs.1104.78 lacs has been made on account of license related allowances for pilots and engineers and the total provision of Rs.2129.38 lacs is carried in the books as on 31<sup>st</sup> March 2014. From the available information, we are unable to form any opinion about the adequacy of the provision made upto 31<sup>st</sup> March, 2014. Refer Note No. 28(XII)(c).
- Provision of Rs.475.40 Lacs instead of Rs.487.00 Lacs towards allowances to contractual employees were made in FY 2012-13. The Board has constituted a sub-committee which is actively considering the whole issue and would submit its final report to the Board of directors.
8. Advance Income Tax includes Rs. 6567.60 Lacs relating to the years in respect of which income tax assessments have already been completed. In the absence of details of advance tax, tax at source, provision for income tax, income tax demands, refunds received etc, we are unable to form an opinion regarding the recoverability of the aforesaid amount shown under 'Long Term Loans and Advances'. This issue was subject matter of our comment in our audit report for the year ended 31<sup>st</sup> March, 2013 Refer Note 28(XIV)(b).
- Detailed analysis /reconciliation has been made of Income Tax in respect of assessments and have been verified by your Audit team. Since Pawan Hans is under appeal before the ITAT forum the Company is of the view that the assessment orders issued by AO/CIT (Appeal) are subject to final review/decision by ITAT. The Company had filed its appeal at the ITAT level in respect of the A.Y. 1997-98 to A.Y. 2002-03 against the disallowances made by the Assessing Officer and the CIT (A), mainly covering the matter with respect to interest on Government of India(GOI) dues claimed by the Company amounting to Rs. 5996.31 Lacs. In the above assessment years, the Company had deposited taxes and interest thereon under protest with Tax Deptt. Further, the refund due had been adjusted by the Income Tax



Deptt for disallowances made by the A.O. As per the directions of ITAT matter relating to claim of interest by Ministry of Finance (MOF) in respect of Westland helicopters need to be settled first between Ministry of Civil Aviation (MOCA) and Ministry of Finance (MOF). Thereafter, the final decision by ITAT will be taken up. In this connection, the matter regarding waiver of MOF claim has been taken up by MOCA with MOF. Balance figures of Rs.571.29 Lacs relates to mismatching / invalid Physical TDS Cerf. And Report as per 26AS which is recoverable from income tax department for which the matter has already taken up with the parties / Income tax Department. The Company is therefore hopeful of recovery of income tax retained by the TAX Department. Details have already been provided to Audit team in FY 2012-13 and FY 2013-14.

9. The Chief Vigilance Officer (CVO) of the Company has conducted an enquiry and submitted report to the management regarding financial irregularities amounting to Rs.129.20 lacs at Lakshdweep detachment under Western Region. Out of the estimated financial loss as reported by the CVO of Rs.129.20 lacs, the management has identified supporting/invoices/bills/credits payable to employees amounting to Rs. 40.09 lacs and provision of the balance amount of Rs.89.12 lacs has been made and shown as 'Exceptional Item' in the Profit & Loss Statement. Further, the Western Region Branch Auditors have stated that they are not aware of any other investigation conducted by the management and outcome and consequential impact on financial statements of such investigation. Refer Note No.28(XX).

The necessary provision have been created in the books of accounts in F.Y. 2013-14. The matter is under investigation which is explained at Note No.28(XX).

10. The Company has accounted income of Rs.106.34 lacs under the head 'Prior Period Item' towards recovery of passenger service fees, watch extension bills etc and recovery of TA/DA bills from Union Territory of Lakshadweep under Western Region in relation to the earlier years. The Western Region Branch Auditors have reported that they were not provided with any supporting documents/details in relation to this amount. In the absence of supporting documents, they are unable to comment on the accrual of the said income

The debit note of TA/DA recovery amounting to Rs. 59,28,825/- have been sent to Lakshadweep Administration as per the agreement for reimbursement and the bills of PSF and Watch Extension hrs amounting to Rs. 47,05,571/- will be sent to Lakshadweep Administration after the investigation into the financial irregularities is completed.

11. As per the letter dated 30<sup>th</sup> September, 2013 of Additional Secretary, Ministry of Civil Aviation, the Company has directed to pay rent

Based on the instructions issued by the Ministry of Civil Aviation the rent of structural area only occupied by Pawan Hans is being considered. The issue is being followed up with AAI for finalization



to the Airport Authority of India (AAI) for constructed area which is approx 8000 sq. mts @ Rs.2,025/- per sq. mts. and to surrender approx. 6625 sq. mts. area to AAI being used by the Western Region. The same arrangement is to be followed for lease of premises at Rajamundry and Chennai detachments. Pending final outcome of aforementioned arrangement, the Company has not made any provision for additional rent claimed by AAI nor disclosed the disputed rent as a contingent liability. In the absence of the supporting documents, the Western Region Branch Auditors have reported that they are unable to comment on impact of the same on the financial statements of the Company.

of the rates. The matter has been also considered/disclosed in contingent liabilities under Note No.28(II)(2).

12. The Western Region Branch auditors have commented on balance confirmation as under:

Due to non availability of balance confirmations of Trade Receivables, Long Term and Short Term Loans and Advances given, Other Non Current Assets, Other Current Assets, Other Long Term Liabilities, Trade payables and Other Current Liabilities and reconciliation of such accounts, they 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 surplus and assets and liabilities as stated in the financial statements.

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

13. During the year the Company has accounted for liquidated damages of Rs. 1156.95 lacs. These include Rs.328.44 lacs at Northern Region deducted by Government of Orissa towards aircraft on ground (AOG) charges. These include Rs.216.92 lacs relating to the previous year which should have been debited to Prior Period Items as per the requirements of Accounting Standard (AS)-5 "Net Profit or Loss for the period, Prior Period Items and changes in Accounting Policies".

The levy of AOG by Govt. of Orissa was under dispute and the matter was resolved after protracted discussions in the F.Y. 2013-14 only. Therefore, Liquidated damages is accounted for in current financial year.

14. During the year, helicopter hire charges amounting to Rs.315.75 lacs pertaining to earlier years have been reversed by debiting 'Helicopter hire charges account' of the current year because of excessive billing in the earlier years. In our opinion this amount should have been debited to "Prior Period Items" as per the requirements of Accounting Standard (AS)-5 "Net Profit or Loss for period, Prior Period

The reversals has been because of late receipt of details of deductions in the bills issued primarily to the central / state Government and union territories etc. Hence, the entries for deductions has been accounted in the year of bill settlement only. Hence, the expenditure is booked in current year.



Items and Changes in Accounting Policies”. This has resulted in over statement of helicopter hire charges and understatement of Prior Period Items by the said amount.

15. Reference is drawn to Accounting Policy No. 1(J) relating to impairment of assets. No exercise has been done to identify impairment in Helicopters as required by Accounting Standard (AS)-28 “Impairment of Assets”. In Note No. VII, the Company has stated that since helicopters owned by it are certified for air worthiness by DGCA and have earned revenue, the exercise as required by AS-28 is not considered necessary to assess impairment in value of helicopters. In our opinion, DGCA certification and revenue earned do not substitute for the procedure to be followed in determining of impairment in the value of Helicopters as required by AS-28. In the absence of such an exercise, the provision for impairment of assets, if any, cannot be quantified.
16. We draw attention to following observations made in our previous year's audit report dated 30<sup>th</sup> October, 2013 on which no action has been taken by the Company so far.
- 16.1 Advances to suppliers for purchase of helicopters were established at the exchange rate ruling on the date advances were paid. These had been restated at exchange rate ruling on the date of receipt of the helicopters resulting in exchange gain of Rs 176.57 Lacs which had been credited to the Statement of Profit and Loss. In our opinion, this treatment is not in line with Accounting Standard AS - 11 “The Effects of Changes in Foreign Exchange Rates”. The advances, being non-monetary items, should have been carried at original rate of exchange. This had resulted in overstatement of net profit for the previous year after tax by Rs 128.72 Lacs as also over statement of cumulative profit as on 31<sup>st</sup> March 2014.
- 16.2 The Company incurred costs of Rs 157.06 Lacs for training of air and ground crew in connection with acquisition of new helicopters and treated the expenditure as 'Intangible Asset' to be amortized over a period of five years. In

It is mandatory to obtain a certificate of Airworthiness from DGCA on an annual basis for each helicopter . Hence, as long as a helicopter is issued an Airworthiness Certificate it implies that the helicopter is capable to generate revenue for the company. This is the unique nature of Helicopter (Assets) operations, hence provision of impairment does not arise.

As and when the Company pays advances to foreign supplier for purchase of capital goods, it translates the foreign currency payment at the FE rate on the payment date. On receipt of Capital goods, the Company translates the foreign currency value of such assets at the FE rate prevailing on the date of transaction as notified by Vijaya Bank. Difference of total value paid and the value at which such goods are capitalised are debited /credited to statement of Profit & Loss Account. This is as per consistent accounting policy followed by the Company in conformity with AS-11. The qualification raised by auditor in previous year had already been adequately replied to them.

Further, there was no advance payment to foreign parties during the FY 2013-14 for purchase of Helicopters and no balance of advance payment was outstanding at the closing of the FY 2013-14. Further, there was no capitalisation of helicopter during the FY 2013-14.

Foreign Training cost of air and ground crew are capitalized as Intangible assets as per clause no 6.1 and 6.2 read with clause no 20 and clause 21 of AS-26 with defined future economic benefits. Training cost incurred by Pawan Hans in respect of Air and





our opinion, training costs do not constitute an 'Intangible Asset' in terms of Accounting Standard (AS)-26 "Intangible Assets" and these costs should have been charged off to the Statement of Profit and Loss. This has resulted in over statement of cumulative profit as at 31<sup>st</sup> March 2014 by Rs.104.19 lacs.

Ground crew are protected by the legal right of the Company through a service bond of 5 years and value of Rs. 25 Lacs each and in case any of the pilot/engineer defaults on terms and conditions of Bond, before completion of tenure of 5 years, such bonds are legally enforceable. It is also on record that employees had paid bond money in the past to the Company. The qualification raised by auditor in previous year had already been adequately replied to them.

There was no capitalisation of Training cost during the FY 2013-14.

17.1 In respect of paragraphs 1 to 3 above, had the observations made by us been considered:

The Auditors points have been adequately explained against respective qualifications at paragraphs 1 to 3.

- a) Profit Before Tax would have reduced by Rs. 3393.19 lacs;
- b) Net Profit for the year and shareholders' funds would have been reduced by Rs.689.62 Lacs
- c) Prior Period Items would have been increased by Rs. 469.62 lacs;
- d) Depreciation for the year would have been reduced by Rs. 7.62 lacs;
- e) Current tax expense (MAT) would have been reduced by Rs. 95.69 lacs;
- f) Deferred tax expense and deferred tax liability would have been reduced by Rs. 2607.98 lacs;
- g) Written down value of tangible fixed assets would have been reduced by 456.06 lacs; and
- h) Trade receivables would have been reduced by 2937.14 lacs.

The above does not include impact due to qualifications in the previous year's audit report referred to in paragraphs 16.1 and 16.2 above.

The Auditors points have been adequately explained against respective qualifications at paragraphs 16.1 to 16.2.

17.2 In respect of paragraphs 4 to 15 above, from the available information, we have not been able to determine the adjustments which will be required on resolution of these matters.

The Auditors points have been adequately explained against respective qualifications at paragraphs 4 to 15.

### **Qualified Opinion**

In our opinion, and to the best of our information and according to the explanations given to us, except for

Our replies are given against the respective paragraphs.





the effects of the matters described in the paragraphs 1 to 3 and paragraph 17 of Basis for Qualified Opinion paragraph above with its aggregate effect on the financial statements of the Company stated therein and our comments in paragraphs 4 to 15 of Basis for Qualified Opinion paragraph above, the consequential aggregate effect on the financial statements of the Company which are not quantifiable and adjustments which may arise from the matters referred to in the said paragraphs, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- |  |             |
|--|-------------|
| a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;                    | No comments |
| b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date ; and | No comments |
| c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.                          | No comments |

### **Emphasis of Matter**

Reference is invited to:

- |  |   |
|--|---|
| i) Note No. 28 (III) regarding claim of Government of India amounting to Rs. 47022.22 Lacs for which the company has requested for a waiver from the Government.   | Matter is being pursued through Ministry of Civil Aviation ( MoCA) with Ministry of Finance (MoF) for an early decision on the matter. A detailed explanation has been provided at Note No.28(III).   |
| ii) Note No. 28 XII(b) regarding provision of Rs. 1818.71 Lacs in the previous years towards newly introduced pension scheme and a further provision of Rs.407.03 Lacs made during the year. The amount provided has not been funded so far.   | Board of Directors have approved the Pension scheme which is in line with the DPE Guidelines and has been forwarded to MOCA for approval.<br><br>In view of above explanation, it is requested to drop the qualification.   |
| iii) Reference is invited to Note 28 (XIV)(a) relating to provision for Minimum Alternative Tax (MAT). As against actual provision of Rs.1450.00 lacs made during the year for MAT, the amount has been wrongly mentioned as 1411.12 lacs in the said Note. Similarly, as against cumulative MAT provision of Rs.5407.75 lacs, the amount has been wrongly mentioned in the Note as Rs.5422.05 lacs. | As a matter of abundant caution provision for MAT Rs. 1450.00 Lacs has been made considering the disallowances if any. However , Rs. 1411.12 Lacs has been paid/payable under MAT for the Current financial year which is calculated on the basis of the book profit arrived in the statement of Profit & Loss. |
| iv) Note No. 28(XIV)(c) relating to unabsorbed depreciation not considered for calculating deferred tax asset. The amount for the previous   | Due to an inadvertent clerical error Previous Year amount is shown as Rs. 3887.59 Lacs instead of Rs. 9781.71 Lacs in Notes to Accounts.  |



year has been wrongly stated as Rs. 3887.59 lacs, the correct amount being Rs. 9781.71 lacs.

However the same does not have any impact on the Financial statements. The error is regretted.

- v) Note No. 28(IX)(1) wherein the figure of debtors outstanding for more than three years has been wrongly mentioned as Rs.2954.33 lacs as against the correct figure of Rs.3009.13 Lacs. In the said note, the management has stated that out of receivables of more than three years old, Rs. 1384.05 lacs have been recovered. No details regarding the receipt of Rs. 1384.05 Lacs has been provided to us by the Company.

Due to an inadvertent clerical error amount is shown as Rs. 2954.33 Lacs instead of Rs. 3009.13 Lacs in NR Notes to Accounts. Further due to clerical error an amount of Rs. 1384.05 Lacs was wrongly written instead of Rs. 64.25 Lacs. However the same does not have any impact on the Financial statements. The error is regretted.

- vi) Note No. 28(XIII) regarding receipt of claim of Rs.743.41 lacs treated as 'Extra Ordinary Items'.

In our opinion, constructive Total loss of helicopter is not a normal operational item and is an extra ordinary item which will not occur on regular basis and same presentation is consistently followed by the company.

Our opinion is not qualified in respect of the above matters.

#### **Report on Other Legal and Regulatory Requirements**

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

No comments

2. As required by Section 227(3) of the Companies Act, 1956, 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 **except for the matters described in the Basis for Qualified Opinion paragraph;**

Our replies are given against the respective paragraphs.

b. In our opinion proper books of account 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 branch (Western Region) not visited by us. The branch auditor's report dated 19<sup>th</sup> November, 2014 relating to Western Region has been forwarded to us and has been appropriately dealt with;

No comments

c. The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books

No comments



of account and with audited returns received from branch not visited by us;

**d. Except for the non compliance of Accounting standards referred to in paragraphs 3, 5, 13, 14, 15 and 16 in the Basis for Qualified Opinion paragraph, in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the accounting standards notified under the Act read with the General Circular 15/2013 dated 13th September, 2013 issued by the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.**

Our replies are given against the respective paragraphs.

**e.** As per the information and explanations given to us, in view of the general circular no.8/2002 dated 22-03-2002 issued by Department of Company Affairs, the Government Companies are exempt from applicability of the provisions of Section 274(1)(g) of the Companies Act, 1956.

No comments

**For Khanna & Annadhanam**  
Chartered Accountants  
(Firm's Registration No. 1297-N)

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

Place: New Delhi  
Date : 12.12.2014



## ANNEXURE TO THE AUDITORS' REPORT (Referred to in our report of even date)

### Auditors Reports

In our opinion and according to the information and explanations given to us, considering the nature of the Company's business / activities during the year, following clauses of paragraph 4 of the Order are not applicable to the Company.

| Clause No. | Brief Content  |
|------------|--|
| vi         | Acceptance of deposit from public  |
| viii       | Maintenance of cost records.   |
| xii        | Granting loans and advances against pledge of shares and debentures etc.                                 |
| xiii       | Clause relating to Chit Funds / Mutual Funds / Societies   |
| xiv        | Trading in shares, debentures etc.   |
| xv         | Guarantee for loans taken by others from banks and financial institutions.                               |
| xviii      | Preferential allotments of shares to parties and companies under section 301 of the Companies Act, 1956. |
| xix        | Issue of debentures during the year  |
| xx         | Raising money by public issue  |

### Management Reply

No Comments

In respect of other clauses, we report as under:-

(i) In respect of fixed assets

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

The fixed asset register at western Region as per financial books has been fully updated. However due to very frequent movement of rotatables from Mumbai to detachments or to OEMs for repairs it is not possible to record such movement in fixed assets register, however movement is recorded by Materials department in the stock card of each item.

- (a) According to the information and explanations given to us, the fixed assets at the Northern Region have been physically verified by the

Total Value of fixed assets are shown in Fixed Assets Register maintained in F&A Deptt. at Corporate office and Northern Regions. Further, Reconciliation between book of accounts and physical records is expected to be completed shortly.



Management. However, the total value of fixed assets covered by physical verification has not been made available to us. The process of reconciliation of physically verified fixed assets with book balances is in progress. In the case of Western Region and corporate office, the process of physical verification of fixed assets and maintenance of records is in progress and yet to be completed. Accordingly, details of discrepancies, if any, on such physical verification with the records maintained by the Western Region and Corporate office is not possible. Further, in case of rotatables sent for repairs and lying with the vendors located outside India and of written down value of Rs. 666.86 lacs, the company neither has any physical verification report nor has any confirmation from such vendors for holding the stocks on behalf of the company.

In case of Western Region, the fixed asset register as per financial books has been fully updated. Further, the physical verification process have also been completed. However, the reconciliation in respect of physical records and the book records is in progress.

All the items are sent to repair vendors, who are also OEM's (Original Equipment Manufacturer). These items are specialized items wherein TAT (Turn Around Time) for repair/overall is very high, because many of the items are no more in production line. Mails have been sent to the parties for confirmation of items held for repairs. Further, out of total rotatables sent abroad for repair and lying outside India confirmation has been received for of Rs.457.58 Lacs (Rs.425.21 Lacs of WR and Rs.32.37 Lacs of NR), Balance confirmations are verified by the auditors and confirmation is awaited for a WDV of Rs. 634.49 Lacs. , out of which Rs. 579.22 Lacs were sent for repair/overall in F.Y. 2012-13 & 2013-14 and follow-up is being done for repair/retrieval of the balance items.

No Comments

- (c) In our opinion, a substantial part of the fixed assets have not been disposed off by the Company during the year.

(ii) **In respect of its inventories:**

According to the information and explanations made available to us, the inventory has been physically verified during the year by the management at reasonable intervals *except inventory of stores and spares of Westland Helicopters*. In the case of Western Region, the high value items of stores and spares lying at the main stores have been physically verified by the management at the close of the year. In the case of other items lying at the main stores, the Western Region has a programme for verification of such items of stores and spares over a period of three years and accordingly a part of the inventory of such items has also been verified at the close of the year. *In the case of stocks of stores and spares at the detachments, the issues are made from regional headquarters and at the year end the closing stock of stores and spares at detachments is*

In case of Stores and spares of westland Helicopters, physical verification was done by Approved Insurance Surveyor appointed by the Company for the purpose of valuation of westland Helicopters/ Inventory items for the purpose of disposal. Further, as a matter of prudence 100% provision equivalent to the book value against possible losses on disposal is existing in books of accounts, please also refer to our Note no.28(IV).

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



*recorded based on physically verification reports submitted by respective detachments and hence the control exercised is limited.*

- b) As explained to us, the inventories were physically verified during the year by management at reasonable intervals. The inventory lying at various detachments is verified at the close of the year. ***In our opinion, the procedures of inventory verification are reasonable but need to be improved.***

Necessary steps are being taken for further improvement with respect to verification procedures of inventory.

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

In case of Western Region, the Manual Stock register of inventory, is being maintained at all detachments, Further, the Base Managers has been instructed to update the inventory register on a continuous basis so as to ensure that periodical reconciliation can be carried out between books and physical records.

- (iii) According to the information and explanations given to us by the management and records produced, there are no parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clauses (iii)(a) 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 systems commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books of accounts and records of the company and according to the information and explanation given to us, we have neither come across nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control system.

No Comments





- |         |   |   |
|---------|---|---|
| (v) a)  | The particulars of contracts or arrangements that need to be entered into the register in pursuance of section 301 of 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.  |   |
| (vi)    | <b><i>In our opinion, the Company does not have an internal audit system commensurate with the size of the company and nature of its business. The internal audit function has been outsourced to two firms of chartered accountants who have conducted the internal audit after the close of the year. The internal audit report is received after considerable time and therefore, corrective action is delayed. No action taken report is prepared and presented to the management on a regular basis.</i></b> | <p>The Internal Audit assignment has been outsourced to two independent audit firms of chartered Accountants who have carried out internal audit of the company and regular audit reports have also been submitted. The replies to internal auditors comments has already been given and they have also been followed up. The internal auditors reports have been discussed in the audit committee meeting held on 25.11.2014 and an action taken report will be submitted shortly to audit committee in its next meeting.</p> <p>It is also relevant to point out here that as per directions of Board of Directors, in order to have more effective internal audit, a separate in-house internal audit deptt. is being created which will directly report to C&amp;MD and the Audit committee of the Board from 01.04.2015.</p> |
| (vii)a) | According to the information and explanations given to us, and records of the company examined by us, there are no undisputed dues payable in respect of employee's state insurance, income tax (In relation to Tax Deducted at Source), sales tax, service tax, customs duty, excise duty and cess and other statutory dues as applicable, were in arrear as at 31 <sup>st</sup> March, 2014 for a period of more than 6 months from the date they become payable.   | No Comments   |
|         | The Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.  | No Comments   |
| b)      | According to the information and  | The amounts have been considered under contingent Liability in Note No.28(II)(3).   |



explanations given to us, there are no dues in respect of Income Tax (in relation to tax deducted at source), service tax, sales tax, custom duty, excise duty, cess which have not been deposited on account of any dispute. The detail of disputed statutory dues which have not been deposited is given below as follows:

| Nature of Demand        | Financial Year | Amount (Rs. in Lacs) | Forum which dispute is pending       |
|-------------------------|----------------|----------------------|--------------------------------------|
| CST, Interest & Penalty | 2006-07        | 818.96               | Commissioner of Trade & Taxes, Delhi |
| CST, Interest & Penalty | 2007-08        | 784.71               | Commissioner of Trade & Taxes, Delhi |
| CST, Interest & Penalty | 2008-09        | 853.63               | Commissioner of Trade & Taxes, Delhi |
| CST, Interest & Penalty | 2009-10        | 735.41               | Commissioner of Trade & Taxes, Delhi |
|                         | <b>Total</b>   | <b>3192.71</b>       |                                      |

*Reference is invited to Note No. 28(XIV)(b) relating to income tax matters. Due to reasons explained therein, it is not possible to ascertain the extent of disputed income tax which has not been deposited.*

Matters are lying with different Income Tax Authorities and also refer to our note No.28(II)(c) & 28 (XIV)(b).

- (viii) The Company does not have any accumulated losses as at 31<sup>st</sup> March, 2014. The Company has not incurred cash losses in the financial year ended on that date and in the immediately preceding financial year. **However, the qualifications stated in paragraphs 4 to 15 of Basis Of Qualification of our Audit Report are not quantifiable; accordingly the effect of such qualification has not been taken into consideration for the purpose of making comments in respect of this clause.**

In our Opinion, there will be no material effect on the financial statements.

- (ix) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to any bank, ONGC and NTPC from whom loans have been taken.

No Comments

- (x) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.

No Comments



- (xi) In our opinion and according to the information and explanation given to us, the company has not raised any funds on short term basis.
- (xii) During the course of our examination of books of accounts and the records of the company, carried out in accordance with generally accepted Auditing Practices in India, and according to information and explanation given to us, we have neither come across any instance of material Fraud on or by the company, noticed or reported during the year. **However in the case of Western Region, Financial irregularities estimated at Rs. 129.20 lacs at Lakshadweep detachment were investigated by the company as reported in Para 9 of our audit report.**

Already mention at Note No.28(XX) and also explanation given at Point No.7 of main audit report.

**For Khanna & Annadhanam**  
Chartered Accountants  
(Firm's Registration No. 1297-N)

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

Place: New Delhi  
Date : 12.12.2014



Annexture 'B' to the Director 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 LIMITED FOR THE YEAR ENDED 31 MARCH 2014**

The preparation of financial statements of **Pawan Hans Limited** for the year ended 31 March 2014 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 Standards on Auditing 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 12 December 2014.

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 Limited** for the year ended 31 March 2014. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge, which would give rise to any comment upon or supplement to Statutory Auditors' report under Section 619 (4) of the Companies Act, 1956.

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

Place: New Delhi

Dated: 9<sup>th</sup> February, 2015

( Vimalendra Patwardhan )  
Principal Director of Commercial Audit  
& Ex-officio Member, Audit Board-I,  
New Delhi.

