



ANNUAL REPORT

2015-16



PAWAN HANS LIMITED
(Formerly Pawan Hans Helicopters Limited)



एक कदम स्वच्छता की ओर



OUR MISSION

To become a market leader in Helicopters and Sea Plane services, to provide regional connectivity through Small Fixed Wing Aircrafts operations and provide repair/overhaul services at par with international standards.



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BOARD OF DIRECTORS



Dr. B.P. Sharma
Chairman & Managing Director



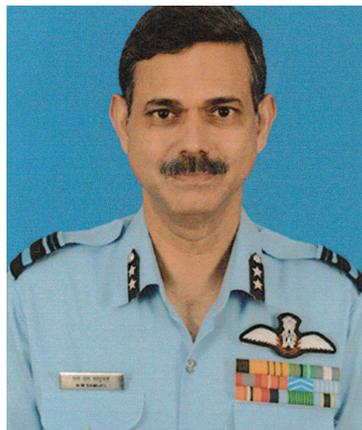
Sh. B.S. Bhullar
Director General of Civil Aviation



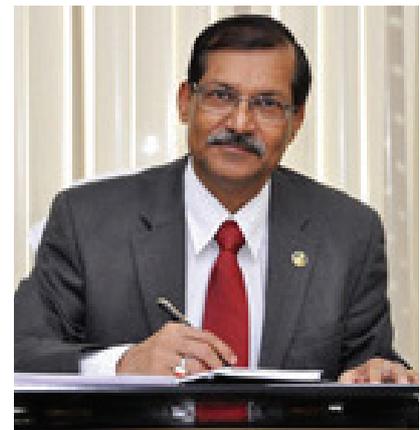
Smt. Gargi Kaul
Joint Secretary & Financial Advisor
Ministry of Civil Aviation



Smt. Usha Padhee
Joint Secretary
Ministry of Civil Aviation



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



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



MANAGEMENT TEAM

Chairman & Managing Director	Dr B.P. Sharma	Registered Office: Safdarjung Airport New Delhi-110 003
Chief Vigilance Officer	Shri Keshav Rao, I.T.S.	
Executive Director (Tech & BD & MKT)	Air Cmde (Retd) T.A. Daya Sagar	Corporate Office: C-14, Sector-1 Noida UP-201 301
Executive Director (HR & Admin)	Shri Tekkam Sridhar	Regional Office: Western Region Juhu Aerodrome S.V. Road Vile Parle (West) Mumbai-400 056
Chief Financial Officer	Shri Dharendra Sahai	
Company Secretary & General Manager (Legal)	Shri Sanjiv Agarwal	
General Manager (MRO)	Shri Sanjeev Razdan	Northern Region Safdarjung Airport New Delhi-110 003
Head Safety	Shri M.S. Boora	
General Manager (BD& MKT)	Shri Vanrajsinh Dodiya	Eastern Region Assam Flying Club Hangar LGBI Airport Guwahati -781015
Offg General Manager (AME)	Shri M.P. Singh	
Offg General Manager (Operations)	Capt B.V. Baduni	Rohini Heliport Sector-36 New Delhi-110085
Joint General Manager (HR & Admin)	Shri A.C. Poricha	Auditors M/s Khanna & Annadhanam Chartered Accountants New Delhi-110 001
Joint General Manager (Material)	Shri Vijay M. Pathiyan	
Dy. General Manager (Internal Audit)	Shri Ashish Kumar Yadav	Branch Auditors M/s Kailash Chand Jain & Co (Regd) Chartered Accountants Mumbai-400020
General Manager (Western Region)	Shri Sanjay Kumar	
General Manager (Northern Region)	Capt J.J. Singh	Bankers Vijaya Bank Punjab National Bank
General Manager (Eastern Region)	Shri M Sree Kumar	



NOTICE FOR 31ST ANNUAL GENERAL MEETING

**TO
SHAREHOLDERS,
PAWAN HANS LIMITED.**

NOTICE is hereby given that the 31st Adjourned Annual General Meeting (of AGM held on 27.12.2016) of the Company is scheduled to be held on Friday the 13th January 2017 at 5.00 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 31.3.2016, the audited Profit & Loss Account for the year ended on 31st March 2016, 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.10,82,52,000/- @ 30% of net profit after tax (i.e. Rs.36.09 crores) on the paid-up capital of Rs.245.616 crores is hereby declared for the financial year 2015-16 to the shareholders of the Company.

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

- i) “RESOLVED THAT AVM N.M. Samuel (DIN-07599073) who was appointed as Director under section 161 of the Companies Act 2013 and holds the office upto the date of 31st Annual General Meeting and the Company has received a notice in writing from him proposing his candidature, be and is hereby appointed as a Director of the Company liable to retire by rotation for the remaining / extended term at the pleasure of Ministry of Civil Aviation.
- ii) FURTHER RESOLVED THAT Shri B.S. Bhullar (DIN No.07085612) who was appointed as Director under section 161 of the Companies Act 2013 and holds the office upto the date of 31st Annual General Meeting and the Company has received a notice in writing from him proposing his candidature, be and is hereby appointed as Director of the Company liable to retire by rotation for the remaining / extended term at the pleasure of Ministry of Civil Aviation.”

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

(Sanjiv Agrawal)
Company Secretary

NEW DELHI.
January 06, 2017



NOTES:

- a) Member entitled to attend and vote at the meeting is entitled to appoint a Proxy who need not be a member of the Company to attend and vote instead of himself. Proxies in order to be effective must be deposited at the registered office of the Company not less than 48 hours before the meeting. A blank Proxy Form is enclosed.
- b) The relative Explanatory Statement pursuant to Section 102 of the Companies Act 2013 in respect of Special Business is annexed hereto.

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 31st Annual General Meeting of your Company. The Annual Report for the financial year 2015-16 has been circulated and with your permission I take it as read.

Financial year 2015-16 had been a year of challenges and the Company made efforts to retain its long term customers as well as start helicopter services in some new areas. The Company has unfortunately lost three helicopters in accidents during 2015 which has impacted the operating revenue and profit during 2015-16 as a result thereof during the year 2015-16 Company's operating revenue was Rs.471.99 crores. Further net profit after tax during 2015-16 was Rs.36.08 crores against Rs.38.80 crores in 2014-15. Total flying hours during 2015-16 were 27,892 hours as against 31,380 hours during the previous year. Company managed average monthly deployment of helicopters during the year 2015-16 as 32 same as in the previous year inspite loosing of three helicopters. Reduction in flying hours was mainly due to loss of Mata Vaishno Devi tender during 2014 where an intensive flying of 2500 hours approx. every year and loss of contract with Government of Arunachal Pradesh. Average fleet serviceability during 2015-16 was 80% as against 78% in the previous year. The Company had Operations & Maintenance contracts of 4 Dhruv helicopters owned by BSF (MHA).

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

were continued to improve performance and efficiency in operations. Creation of Eastern Region resulted in improved focus on North East Region and recovery of outstanding from customers in the North East States.

Reserves and surpluses of the Company during 2015-16 rose to Rs.318.57 crores as against Rs.295.51 crores in 2014-15. As on 31.3.2016 the long term borrowings was Rs.38.21 crores (Previous Year Rs. 76.93 crores). The total outstanding loan as on 30.11.2016 was Rs.32.10 crores. The Company brought down its debt equity ratio to 0.13:1 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 and better financial performance.

Helicopter industry is becoming more competitive and 85% of total operating revenue of Pawan Hans now comes from contracts through competitive tenders. ONGC has improved vintage condition from 5 years to 7 years which has resulted Pawan Hans able to secure contract for deployment of 3 Dauphin N3 helicopters to ONGC for its Crew Change Task being L1 under International competitive bidding in March 2015. Further, ONGC also awarded contract for one more Dauphin N3 helicopter from May 2016 for crew change task. Non-availability of offshore AS-4 qualified pilots in the market is a major constraint and continue to result in AOGs due to pilot shortage. The Company has been making continued efforts and conducting regular interviews for pilots. However, intake of qualified and experienced pilots is still low.

The Board of Directors have recommended dividend of Rs.1082.52 lacs @ 30% of Net Profit After Tax (PAT) of Rs.3608.41 Lacs (previous year dividend was Rs.776.18 lacs @ 20% of PAT). The dividend is payable on the entire paid up capital of Rs.245.616 crores.



Provision has been made for corporate tax of Rs.220.38 lacs on Dividend (P.Y. Rs.158.01 lacs). The dividend is paid @ 30% of profit after tax only in view of requirement of funds for replacement of old fleet of 30 years old Dauphin N helicopters and 20 years old Bell 206L4 helicopters. However, the Company would make efforts to pay higher amount of dividend from the profits in subsequent years.

The following significant developments have taken place:-

- i) Pawan Hans has developed first time, a vision document Strategic Corporate Plan:2020 and appointed Administrative Staff College of India (ASCI) as Consultant to develop long term Business Plan. ASCI has submitted & presented the Business Plan 2027 which envisage Company's helicopter/seaplane strength to grow to 83 from present strength of 43 and revenue to Rs.1685 crores from present revenue of Rs.477 crores in next 10 years. Company's Board and Ministry of Civil Aviation has accepted the Business Plan in principle. Presently the Business Plan is in the process of its analytical and risk assessment by SBI Caps Ltd.
- ii) A long awaited decision has been received now, whereby the Government of India has decided for conversion of loan of Rs.130.91 crores for acquisition of Westland helicopters in 1986 into equity and waiver of interest to the tune of Rs.339 crores. Required procedure for increase in share capital shall be carried out after sanction of required budgets. Ministry of Civil Aviation has played very constructive & positive role in resolving this 30 years old case.
- iii) There had been recognition of Pawan Hans for its Overall Operational Excellence and Sustainable Business Performance in recent time and it received the following Prestigious Awards/recognitions:-
 - a) During Air Show at Paris in 2015, M/s.Turbomeca conferred Excellence Award to Pawan Hans for its overall contribution to the success of the Worldwide Aerial Engine Fleet.
 - b) Pawan Hans has been awarded with ASSOCHAM- Civil Aviation and Tourism Award- 2015 in recognition for Promoting Remote & Regional Connectivity as Best General Aviation Company.
 - c) Pawan Hans has been awarded Certification of Recognition for implementation of Information and Communication Technology in PHL under Digital India initiatives as one of the leading Mini Ratna-I, PSU presented by Minister of IT and Minister of Steel organized by "Governance Now".
 - d) Pawan Hans has been awarded for Connecting Rural India through Helicopters during mega event of Aero Expo India 2016 organized by PHD Chamber of Commerce.
 - iv) Pawan Hans has prepared 2020 Strategic Business Plan to meet the requirement of emerging diversification and keeping in view the above, Pawan Hans has made strategic changes in the Organization structure to remain a vibrant, transparent and system driven organization.
 - v) Keeping in view the enlarged scope of Company's Mission, the newly devised Logo depicting theme based on identity, safety, environment, business and vision of the Company has been approved by the Board of Directors.
 - vi) To commemorate the 30th Anniversary of the Company and service to the Nation, Pawan Hans has organized on 16th October 2015 the International Conclave on Civil Helicopters on "Safety Management System, Multi Mission

Utility of Helicopters and Regional Air Connectivity” with large number of International and National participants in the Civil Aviation.

- vii) The Company has been able to get renewal of insurance for the period 1.08.2016 to 31.07.2017 from M/s National Insurance Company Ltd. on the sum assured value of Rs.1122.25 crores for Operating Helicopter fleet and inventory value of Rs.300 crores with the annualized premium works out a net total premium of Rs.17.39 crores before service tax.
- viii) The Company has lost three helicopters in accidents during 2015 i.e. one Dauphin N3 helicopter (VT-PHK) on 4th August 2015 at Khonsa near Dibrugarh, Assam. Second Dauphin N-3 helicopter VT-PWF on 04.11.2015 while undertaking night training flight at Bombay High and third Dauphin N helicopter VT-ELJ on 24.11.2015 with damage to the helicopter during operations while landing at Dimapur for Government of Nagaland.
- ix) The Safety Department has been strengthened and New Safety Policy with “Zero Tolerance to Safety” has been implemented in the organization. Third party safety (SMS) audit has been awarded to M/s S.G.S. India Pvt. Ltd. and a Consultant from M/s SGS Hart Aviation Australia, is carrying out detailed safety audit and improve the safety system in organization. Steps have been taken towards safety and preventive steps like cautionary letter reiterating need to follow SOPs, understanding weather phenomenon in the hills, safety circulars to be followed and emphasis on training for handling critical emergencies in hilly terrain and marginal weather The Company is pursuing safety in operations with renewed efforts.
- x) Pawan Hans operated helicopters for joy rides in Godavari Pushkaram in July,2015 and Brahmotsav Festival, Tirupati in

September,2015 providing aerial rides in association with Andhra Pradesh Tourism in support of Government of Andhra Pradesh and Dussara festival in mysuru & Hampi festival in Karnataka to promote heli-tourism in various States and earned a revenue of Rs.2.52 crores. Pawan Hans has also signed MoU with Maharashtra Government, Goa Government for providing helicopter services to promote heli-tourism in their States. Pawan Hans has launched the Helicopter Services in the states of Goa and Mumbai- Maharashtra in January, 2016 providing helicopter rides in the initial phase and plans to subsequently launch air connectivity in a phased manner in these States.

Other important Developments:-

In addition to the above developments, there are some other important developments in the Company after the financial year 2015-16:-

- i) The Company has completed construction of Heliport at Rohini in September 2016 on 25 acres of land and created basic Helipad facilities at Rohini at a total project cost of Rs.99.27 crores which also includes equipments for operationalization of Heliport. The construction has been completed and heliport is scheduled to be operationalised in January 2017 after having permission for operations from DGCA and MHA. The Company has entered into MoU with HAL for setting up of MRO at Rohini Heliport and process for setting up is underway. Further, the Company has developed a Heliport at Hadapsar in Pune on the land of DGCA and construction work has been done through NBCC on deposit work basis at the cost of Rs.11.34 crores. PHL has approached DGCA for approval of the cost of additional work of Rs.2.34 crores and request to handover the facility to Pawan Hans for starting training and commercial activities of effective gainful utilization of facility.



- ii) Towards fleet augmentation, during 2016-17 the Company is planning to acquire 3 medium helicopters, 4 light helicopters and two heavy duty helicopters with 20% funding from internal resources and 80% through term loan from ONGC/bankers. Further, the Company proposes replacement of 9 numbers old Dauphin N helicopters through funding of 80% of the total cost by GBS and 20% from IEBR. The Company has signed Purchase Agreement with M/s. Bell Helicopter Textron Inc. for purchase of 03 brand new Bell 412EP helicopters. The Company has approached ONGC for funding of Rs.160 crores, being 80% cost of acquisition of three Bell 412EP helicopters otherwise, the Company would approach PSU Banks for loans. Further, the Company has issued tender for purchase of three light single engine helicopters with option for purchase of one additional helicopter at the same rates, terms & conditions. The bids have been received and are under evaluation. Pawan Hans would also go for retender for acquisition of two heavy duty helicopters.
- iii) Pawan Hans has proposed creation of heli-hub at Delhi, Mumbai & Guwahati and creation of Greenfield Heliport, MRO facility and setting up of skill development centre for technical and operational staff.
- iv) 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 has been strengthening knowledge and skill levels of pilots and technical employees.

- v) The Company is complying Guidelines on Corporate Governance issued by DPE. Industrial relations during the period continued to be cordial and regular meetings with employee's representative bodies were held. The Company is playing a vital role in the growth of helicopter industry in India which has a vast scope of growth.

I take this opportunity to thank you all for the confidence reposed in the management. I am also grateful for the support and guidance of the Government of India, Ministry of Civil Aviation, DGCA and other various agencies in efficient management of the Company. I deeply appreciate the confidence reposed by ONGC, GAIL, GSPC, NTPC, Ministry of Home Affairs, BSF, the State Governments of Meghalaya, Mizoram, Arunachal Pradesh, Himachal Pradesh, Nagaland, 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 & Managing Director

Dated : 13th January, 2017



DIRECTORS' REPORT

Dear Shareholders,

Gentlemen,

Your Directors have pleasure in presenting the Thirty First Annual Report of Pawan Hans Limited together with the audited statement of accounts for the year ended on 31st March, 2016, auditors' report and comments on the accounts by the Comptroller and Auditor General of India and the reply of the Management thereto.

Financial year 2015-16 had been a year of challenges and the Company made efforts to retain its leadership position in the helicopter industry and its long term customers as well as start helicopter services in some new area. The Company has also expeditiously completed construction of Heliport at Rohini, Delhi. Helicopter industry is becoming more competitive and 85% of total operating revenue of Pawan Hans now comes from contracts through competitive tenders. The Company continued to earn profit after tax and increased dividend to shareholders from 20% of net profit after tax in the year 2014-15 to 30% of net profit after tax during 2015-16.

I. Operation

a) Operational results

The Company was able to secure long-term contracts with Institutional clients mainly in the Oil Industry and Government Sector. Average monthly deployment of helicopters during the year ended 31.03.2016 was 32 helicopters (previous year 32 helicopters) out of the fleet size of 43 helicopters. Average fleet serviceability during the year was 78% as against 78% in the previous year. Total flying hours were 27892 hours as against 30,700 hours during the previous year. Reduction in flying hours was mainly due to the Mata Vaishno Devi tender for services with intensive flying of 2500 hours approx. per year not awarded to the Company and loss

of contract with Government of Arunachal Pradesh.

b) Fleet Profile

The Company's operational fleet as on 31.03.2016 comprises of the following:-

Helicopter type	No. of helicopters	Average Age (years)
Dauphin SA365N	17	30
Dauphin AS365 N3	15	7
Bell-407	3	12
Bell 206L4	3	20
AS 350 B3	2	5
MI-172	3	8
Total	43	

As on 31.03.2016 the Company had Operation & Maintenance Contracts with HAL for 4 Dhruv helicopters owned by BSF (MHA). These Dhruv helicopters are being used by BSF for Anti-Naxal activities.

c) Fleet deployment

Pawan Hans has been providing helicopter support for offshore operation of ONGC for carrying its men and vital supplies round the clock to drilling rigs situated in Bombay off-shore platforms. Pawan Hans operates to ONGC's Rigs (mother platforms and drilling rigs) and production platforms (wells) within a radius of 130 nm. from the main land at Mumbai. In the year 2012 the Company succeeded in Production Task contract for providing 7 nos. Dauphin N3 helicopters to ONGC being L1 with vintage of 5 years under International Competitive bidding. The Crew Change Task contract for providing 3+1 Nos. Dauphin N3 helicopters with vintage of 7 years was again awarded by ONGC to Pawan Hans being L1 under International competitive bidding in March 2015. As on 31.03.2016, the Company had on contract 10 Dauphin N3 helicopters



Hon'ble Union Civil Aviation Minister Shri P Ashok Gajapati Raju welcome at PHL Stall during India Expo 2016

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 was also awarded contract for one more Dauphin N3 helicopter by ONGC from May 2016 for crew change task.

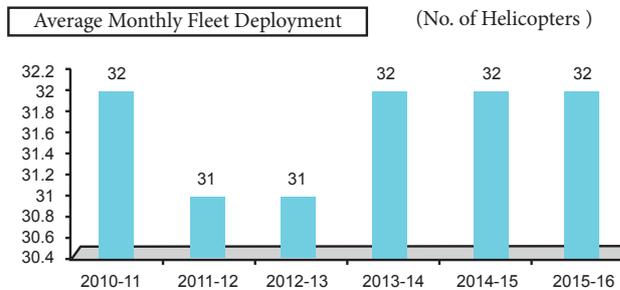
The Company is providing helicopter services to several State Governments namely, Meghalaya, Mizoram, Nagaland, Maharashtra, Tripura, West Bengal, Sikkim, Odisha, Himachal Pradesh, Ministry of Home Affairs, MTDC and GTDC. The Company has provided 04 Dauphin helicopters to Administration of Andaman & Nicobar Islands and 02 Dauphin helicopters to Lakshadweep Islands. The Company is also providing helicopter services to NTPC, GAIL, GSPC and Oil India.

Pawan Hans runs the helicopter services from Phata to the Holy Shrine of Kedarnath during the yatra seasons i.e. May-June and

September-October every year. Pawan Hans has also provided Helicopter services for the Shri Amarnath Shrine for Shri Amarnathji Yatra 2014, 2015 and 2016.

Pawan Hans operated helicopters for joy rides in Godavari Pushkaram in July, 2015 and Brahmotsav Festival, Tirupati in September, 2015 providing aerial rides in association with Andhra Pradesh Tourism in support of Government of Andhra Pradesh and Dussara festival in Mysuru & Hampi festival in Karnataka to promote heli-tourism in various States and earned a revenue of Rs.2.52 crores. Pawan Hans has also signed MoU with Maharashtra Government, Goa Government for providing helicopter services to promote heli-tourism in their States. Pawan Hans has launched the Helicopter Services in the states of Goa and Mumbai- Maharashtra in January, 2016 providing helicopter rides in the initial phase and plans to subsequently launch air connectivity in a phased manner in these States.

The average monthly deployment of helicopters was as under:-



d) Fleet Augmentation

Towards fleet augmentation, during 2016-17 the Company is planning to acquire 3 medium helicopters, 4 light helicopters and two heavy duty helicopters with 20% funding from internal resources and 80% through term loan from ONGC/bankers. Further, the Company proposes replacement of 9 numbers old Dauphin N helicopters through funding of 80% of the total cost by GBS and 20% from IEBR. The Company has signed Purchase Agreement with M/s. Bell Helicopter Textron Inc. for purchase of 03 brand new Bell 412EP helicopters. The Company has approached ONGC for funding of Rs.160

crores, being 80% cost of acquisition of three Bell 412EP helicopters otherwise, the Company would approach PSU Banks for loans. Further, the Company has issued tender for purchase of three light single engine helicopters with option for purchase of one additional helicopter at the same rates, terms & conditions. The bids have been received and are under evaluation. Pawan Hans would also go for retender for acquisition of two heavy duty helicopters.

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 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



Rohini Heliport

equity capital of Rs.36 crores for total project cost of Rs.99.27 crores which also includes equipment for operationalisation of Heliport at Rohini.

The construction has been completed and heliport is scheduled to be operationalised in January 2017 after having permission for operations from DGCA and MHA. The Company has entered into MoU with HAL for set up of MRO at Rohini Heliport and process for setting up is underway.

Further, the Company created basic Helipad facilities at Akshardham for the Common Wealth Games, 2010. The efforts are made by PHL to take over and operationalise this helipad for the benefits of people of Delhi so as to serve in case of emergency or disaster management.

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 released an amount of Rs.10 crores as GBS

for the purpose. Pawan Hans signed MoU with DGCA on 17th May, 2010 for utilizing land and other infrastructural facilities. Pawan Hans got planning & designing and construction work done through NBCC on deposit work basis at the cost of Rs.11.34 crores. PHL has approached DGCA for approval of the cost of additional work of Rs.2.34 crores and request to handover the facility to Pawan Hans for starting training and commercial activities of effective gainful utilization of facility.

II. Finance

a) Financial Results

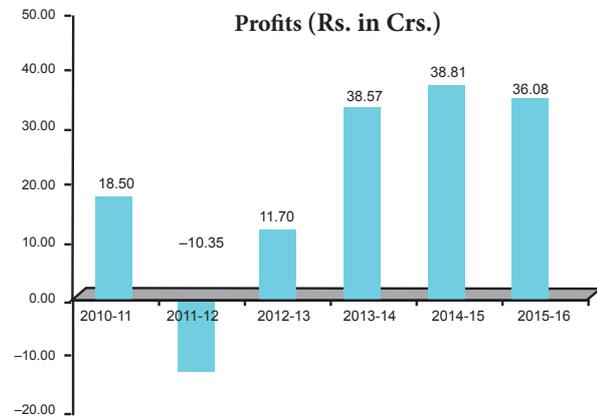
Financial performance during the years 2014-15 and 2015-16 was as under :-

(Rupees/Crores)		
Particulars	2014-15	2015-16
I. Operating Revenue		
-Revenue from Operations	522.35	462.41
-Incidental Revenue	15.80	9.58
Total (I)	538.15	471.99
II. Operating Expenditure		
-Operating Expenditure	382.52	400.18
-Depreciation	76.52	35.04
Total (II)	459.02	435.22



Hon'ble Mos Civil Aviation Shri Jayant Sinha briefed by PHL on Rohini Heliport

III. Net Operating Profit (I-II)	79.13	36.77
IV. Interest Income	11.55	5.80
Less interest charges on borrowings	(17.49)	(4.50)
V. Exceptional/ Extraordinary Adjustments	(1.45)	23.60
VI. Profit before Tax	71.74	61.67
VII. Taxes /Deferred Tax Liability	32.93	25.59
VIII. Net Profit / (Loss) after Tax	38.81	36.08

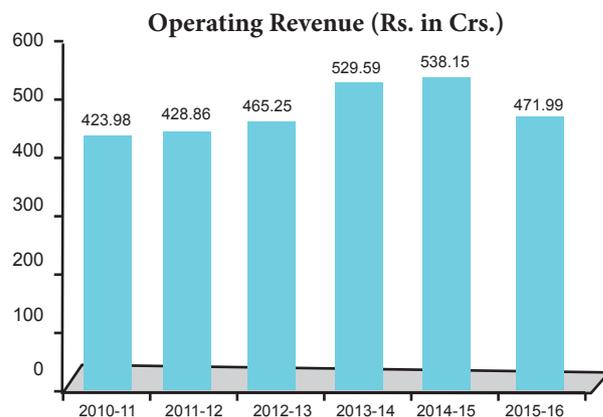


Reserves and surplus of the Company increased to Rs.318.57 crores in 2015-16 from Rs.295.51 crores in the previous year.

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.1082.52 lacs @ 30% of Net Profit After Tax (PAT) of Rs.3608.41 Lacs (previous year dividend @ 20% of PAT : Rs. 776.18 Lacs). The dividend is payable on the entire paid up capital of Rs.245.616 crores and provision has been made for corporate tax of Rs.220.38 lacs on Dividend (P.Y. Rs.158.01 lacs) out of profit available for appropriation of current year profit as per the statement of Profit & Loss. The dividend is paid @ 30% of profit after tax in view of the Net profit after tax of Rs.36.08 crores only and requirement of funds for replacement of old fleet of 30



Pawan Hans Pays Dividend to Govt. of India and ONGC for F.Y. 2014-15



MOU Signed between PHL and MoCA for F.Y.2016-17

years old Dauphin N helicopters and 20 years old Bell 206L4 helicopters. As such, the Company has approached Ministry of Civil Aviation for recommendation for payment of dividend @ 30% of PAT instead of 5% of net worth of the Company of Rs.318.57 crores (Net worth). However, the Company would make efforts to pay higher amount of dividend from the profits in subsequent years.

c) Claim of 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 Company had earlier made

provision of Rs.339.31 crores during the financial years 1999-2000, 2000-01 and 2002-03 towards interest and other charges upto 31.3.2001 as claimed by the Ministry of Finance and the same is being carried forward. The Company has considered the claim of GoI as Non-current liability under the Schedule-III of the Companies Act 2013.

Consequent to the meeting between Ministry of Civil Aviation and 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. Thereafter a meeting was taken by Secretary (Expenditure), Ministry of

Finance with JS&FA-Ministry of Civil Aviation to discuss the issue. Draft Cabinet Note was also circulated recently by the Ministry of Civil Aviation.

A long awaited decision has been received now, whereby the Government of India has decided for conversion of loan of Rs.130.91 crores for acquisition of Westland helicopters in 1986 into equity and waiver of interest to the tune of Rs.339 crores. Required procedure for increase in share capital shall be carried out after sanction of required budgets. Ministry of Civil Aviation has played very constructive & positive role in resolving this 30 years old case.

d) MOU with Ministry of Civil Aviation

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

e) Equity Capital

The Company’s authorized capital is Rs.250 crores and paid up share capital is Rs.245.616 crores comprising of Rs.125.266 crores in the name of President of India (51%) and Rs.120.35 crores in the name of ONGC Ltd. (49%) respectively.

f) Borrowings

The Company availed term loan of Rs.90.82 crores from EXIM Bank for financing 80% cost of 2 Dauphin N3 helicopters and availed term loan of Rs.95.18 crores from Vijaya Bank for financing 80% cost of 2 Mi-172 helicopters with tenor of 10 years. The Company has repaid the entire term loan taken from Vijaya Bank and Exim Bank and was regular in repayment of loans to ONGC and NTPC. The Company had got credit rating from India Ratings on the term loans of “Ind A” (stable) which was upgraded to Ind A+ (stable).

As on 31.3.2016 the long term secured borrowings was Rs.38.71 crores (Previous Year Rs.76.93 crores) out of which loans from ONGC was Rs.3.32 crores and NTPC was Rs.35.39 crores.



Parliamentary Committee Visit to Rohini Heliport



g) Significant Events/Developments taken place after close of financial year 2015-16:-

- i) The Company has been able to get renewal of insurance for the period 1.08.2016 to 31.07.2017 from M/s National Insurance Company Ltd. on the sum assured value of Rs.1122.25 crores for Operating Helicopter fleet and inventory value of Rs.300 crores with the annualized premium works out a net total premium of Rs.17.39 crores before service tax which resulted into effective increase of 100.39% over previous year's premium. This increase is mainly due to loss of three helicopters in accidents in 2015.
- ii) In the Production Task of ONGC requirement of total 10 medium helicopters, Company had submitted bid to ONGC global tender for seven medium helicopters and in the financial bid opened in first week of November 2016, Company was L2. The award of work is yet to be decided by the ONGC.
- iii) Pawan Hans has developed first time, a vision document Strategic Corporate Plan:2020 and appointed Administrative Staff College of India (ASCI) as Consultant to develop long term Business Plan. ASCI has submitted & presented the Business Plan 2027 which envisage Company's helicopter/seaplane strength to grow to 83 from present strength of 43 and revenue to Rs.1685 crores from present revenue of Rs.477 crores in next 10 years. Company's Board and Ministry of Civil Aviation has accepted the Business Plan in principle. Presently the Business Plan is in the process of its analytical and risk assessment by SBI Caps Ltd.
- iv) A long awaited decision has been received now, whereby the Government of India has decided for conversion of loan of Rs.130.91 crores for acquisition of Westland helicopters in 1986 into equity and waiver of interest to the tune of Rs.339 crores. Required procedure for increase

in share capital shall be carried out after sanction of required budgets. Ministry of Civil Aviation has played very constructive & positive role in resolving this 30 years old case.

- v) Keeping in view the enlarged scope of Company's Mission, the newly devised Logo depicting theme based on identity, safety, environment, business and vision of the Company has been approved by the Board of Directors.
- vi) To commemorate the 30th Anniversary of the Company and service to the Nation, Pawan Hans has organized on 16th October 2015 the International Conclave on Civil Helicopters on "Safety Management System, Multi Mission Utility of Helicopters and Regional Air Connectivity" with large number of International and National participants in the Civil Aviation.
- vii) Pawan Hans has proposed creation of heli-hub at Delhi, Mumbai & Guwahati and creation of Greenfield Heliport, MRO facility and setting up of skill development centre for technical and operational staff.

III. Engineering / Maintenance Activities.

The Company has established state-of-the-art maintenance facilities in Mumbai and New Delhi approved by DGCA for maintenance of its fleet of helicopters. Meticulous maintenance checks on helicopters are carried out and extensive workshops with in-house facilities provide the back up. Maintenance capability has been upgraded to carry out major 'G' Inspections on Dauphin helicopters totally in-house without any foreign assistance which leads to saving of foreign exchange on account of lower cost of repairs/inspections. The scope of approval of maintenance facilities at Mumbai has been extended to include 'G' inspection (Airframe overhaul at 5400 hours) on Dauphin N3 helicopters during the year under review. A total of 36 inspections

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

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

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

IV. Materials Management

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 is being utilized efficiently.

V. Information Technology initiatives

Under the Information System & Technology Plan in the critical functional areas of Operations, Engineering, Materials & Finance, the integrated software developed by M/s. Tata Consultancy Services Ltd. has enhanced efficiency, effectiveness and customer

satisfaction. Further integrated LAN/WAN infrastructure for Corporate Office at NOIDA and regional offices at Safdarjung Airport, Mumbai and Guwahati has been established. An integrated Voice Communication for Corporate Office, Regional Offices and some Detachments has also been established. The Company has also established Video Conferencing (VC) across its Corporate Office and Regional Offices which has resulted in saving of travelling cost. The project for web based aircraft tracking and e-payment gateways are in its implementation.

The Company has also facilitated e-ticketing in respect of its passenger services operations for Kedarnathji and Amarnathji. The Company's website <http://pawanhans.co.in> has been updated regularly both in Hindi and English. The Company has also developed intranet facility for the employees with regular updates. The Company has its own Primary Data Centre (PDC) at Noida and Disaster Recovery Centre at Mumbai. Towards achieving efficient e-governance and transparency the Company has implemented e-office system and e-procurement for Goods and Services of value of Rs.5 lacs & above.

VI. Human-Resource Management

a) Manpower

The total manpower of the Company as on 31st March 2016 was 799 as against 869 as on 31st March 2015 which comprise of 132 pilots, 100 Aircraft Maintenance Engineers, 40 Executives, 185 Technicians and 342 other technical and non-technical employees.

b) Industrial Relations

Industrial relations during the period continued to be cordial and regular meetings with employee's representatives were held. The issues concerning employees were resolved through dialogue and discussion in various meetings. IDA pay scales and allowances w.e.f. 1.1.2007



have also been implemented for all the executives, engineers, pilots and workers, however, the engineers and pilots have raised their demands for licence related allowances. The issue was taken up by an appointed Sub Committee of the Board comprising of Director (Offshore)-ONGC, ACAS (Ops, T&H)-Indian Air Force and Chief Financial Controller-Ministry of Civil Aviation. During the period May to July 2016 the Sub Committee held four meetings. The Sub Committee given its Report and after deliberations the Board of Directors has submitted the same to Ministry of Civil Aviation for approval of Government.

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 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, 9 pilots on Mi-172 helicopters, 11 pilots on Bell 407 helicopters, 5 pilots on Bell 206L4 helicopter and 6 pilots on Dhruv helicopters. 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. Accidents and Safety measures taken

The Company has lost three helicopters in accidents during 2015 i.e. one Dauphin N3 helicopter (VT-PHK) on 4th August 2015 at Khonsa near Dibrugarh, Assam. Second Dauphin N-3 helicopter VT-PWF on 04.11.2015 while undertaking night training flight at Bombay High and third Dauphin N helicopter VT-ELJ on 24.11.2015 with damage to the helicopter during operations while landing at Dimapur for Government of Nagaland. The accident investigation reports by AAIB are likely to be published shortly.

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

to be followed and emphasis on training for handling critical emergencies in hilly terrain and marginal weather.

Pawan Hans has implemented Safety Management System (SMS) for its operations and maintenance activities as per ICAO/DGCA guidelines. Safety Policy of the company has also been revised to include Safety as a core activity of the company. The Company's National Institute of Aviation Safety & Services at Delhi is also conducting courses on Aviation Safety. Comprehensive internal audits of all operational bases of PHL are carried out regularly by PHL team. The safety initiatives and monitoring mechanism are being implemented. To fulfill the above objectives, safety audits as mentioned in MOE are being strictly followed. Quality audits of organizational procedure, quality audits of aircrafts and remedial action procedures as per C.A.R. 145-A 30-C are being followed. All Engineering Department Heads at Regions, Quality Manager, Maintenance personnel at Bases / Detachments have been advised to promptly ensure compliance as per the above C.A.R. and ensure proper and timely corrective actions on the reports of internal audits. The Accountable Manager is also overseeing the corrective action.

IX. Board of Directors

The Board of Directors held four meetings during the year 2015-16. The Board consists of the following members presently as well as during the financial year 2015-16 :-

At present

Dr. B.P. Sharma	Chairman-cum- Managing Director (from 09.03.2015)
Shri B.S.Bhullar	D.G.C.A. (from 01.08.2016)
Shri T.K. Sengupta	Director (Offshore), ONGC (from 01.02.2014)
Mrs. Gargi Kaul	JS&FA-MoCA (from 30.4.2015)
Mrs. Usha Padhee	Joint Secretary-MoCA (from 13.8.2015)
AVM N.M. Samuel	ACAS (Ops, T&H), Air Force (from 20.06.2016)

Ceased to be Directors during the year

Smt. Mani Sathiyavathy	AS&FA –MoCA (from 04.04.2014 to 30.12.2014) & DGCA (from 31.12.2014 to 31.07.2016)
AVM A.S. Butola	ACAS (Ops, T&H), Air Force (from 05.05.2014 to 20.06.2016)
Shri G. Asok Kumar	Joint Secretary-MoCA (from 12.01.2012 to 04.04.2014 and from 06.01.2015 to 12.08.2015)

The Board places on record its appreciation of the valuable services rendered by Smt. Mani Sathiyavathy, AVM A.S. Butola and Shri G. Asok Kumar during their tenure on the Board. The details of attendance of each Director at the Board meetings during the financial year 2015-16 and last AGM are as under:-

Name of Director	Date of Board Meeting – attended by Directors during financial year 2015-16				AGM attended by Directors
	29.5.15	23.9.15	6.10.15	18.12.15	
Dr.B.P. Sharma, CMD	Yes	Yes	Yes	Yes	Yes
Mani Sathiyavathy	Yes	Yes	Yes	Yes	Yes
Gargi Kaul	Yes	Yes	Yes	Yes	Yes
Usha Padhee	-	Yes	Yes	Yes	Yes
G.Asok Kumar	Yes	-	-	-	-
T.K. Sengupta	Leave	Yes	Yes	Leave	Leave
AVM A.S.Butola	Yes	Leave	Yes	Yes	Yes



None of the Directors of your Company is disqualified as per provision of section 164 of the Companies Act, 2013.

Dates of Annual General Meetings

During the last 3 years and the current year, Annual General Meetings held as follows:-

Annual General Meetings	Venue of the AGM and Special Resolutions, if any
28 th Annual General Meeting held on 18 th December 2013 at 12.30 PM.	Registered Office at Safdarjung Airport, New Delhi-110003
29 th Annual General Meeting held on 30 th December 2014 at 12.30 PM.	Registered Office at Safdarjung Airport, New Delhi-110003
30 th Annual General Meeting to be held on 18 th December 2015 at 12.30 PM.	Registered Office at Safdarjung Airport, New Delhi-110003
31 st Annual General Meeting held on 27 th December 2016 at 12.30 PM. and Adjourned Meeting held on 13 th January 2017 at 5.00 PM.	Registered Office at Safdarjung Airport, New Delhi-110003

Details of Key Managerial Personnel

In terms of section 203(1) of the Companies Act 2013 and Rule no.8(5)(iii) of the Companies (Accounts) Rules 2014, the Company has following whole time Key Managerial Personnel:-

- Dr. B.P. Sharma, Chairman & Managing Director (w.e.f. 9.3.2015)
- Shri Dharendra Sahai, Chief Financial Officer (w.e.f. 17.10.2014 vide Board approval in 145th meeting)
- Shri Sanjiv Agrawal, Company Secretary (w.e.f. 17.10.2014 vide Board approval in 145th meeting)

X. Directors' Responsibility Statement

Pursuant to provision of Section 134(5) of the Companies Act, 2013 in respect of the Annual Accounts for the financial year ended 31st March, 2016, 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.
- Prepared the Annual Accounts on a going concern basis ' and
- Devised proper system to ensure compliance with provisions of all applicable laws and such systems were adequate and operating effectively.

XI. Auditors' Report

Statutory Auditors Report - M/s Khanna & Annandhanam, CAs have been appointed as Statutory Auditors in pursuance of Section 139 of the Companies Act, 2013. The observations made by M/s Khanna & Annandhanam, the Statutory Auditors on the Annual Accounts for the financial year 2015-16 together with replies thereto are appended as Annex-A. (Refer to page no. 79).

Report of Comptroller & Auditor General of India - The Report of Comptroller & Auditor General of India in pursuance of Section 143(6)(a) of the Companies Act, 2013 with comments is appended as Annexure-B. (Refer to page no. 106).

Secretarial Audit Report - In terms of section 204 (1) of the Companies Act 2013, the Company has engaged M/s SGS & Associates, Company Secretaries in whole time practice as Secretarial Auditors for conducting Secretarial Compliance Audit for the financial year ended 31.3.2016. Their Report forms part of this Annual Report at Annexure-C. (Refer to page no. 108).

With regard to observations of Secretarial Auditor about not having requisite number of Independent Directors as per requirement under section 149(4) of the Companies Act 2013 as contained in their Report, it is submitted that Pawan Hans being a Government Company, all Directors on the Board of Company are appointed by the Government of India. The matter relating to appointment of requisite number of Independent Directors has already been taken up with the Ministry of Civil Aviation.

XII. Corporate Governance

The Company has taken initiatives towards Corporate Governance and its practices are valued by various stake holders. The Company has adopted Guidelines on Corporate Governance issued by DPE on 6.7.2007. DPE has vide OM dated 14.5.2010 made these guidelines mandatory.

Audit Committee - In compliance to Section 177 of the Companies Act, 2013, the Board of Directors had constituted an Audit Committee which review the financial statements, internal control system, internal auditors report, statutory auditors report, comments of C&AG and hold requisite meetings in a financial year. During the financial year 2015-16, the Audit Committee held meetings on 23.9.2015, 6.10.2015 and 18.12.2015. Till recently the Audit Committee comprise of Smt. Gargi Kaul, Joint Secretary & Financial Advisor, Ministry of Civil

Aviation as Chairperson of the Audit Committee, AVM N.M. Samuel, ACAS (Ops T&H), Air Headquarter, Shri T.K. Sengupta, Director (Offshore)-ONGC and Smt. Usha Padhee, JS-MoCA as Members.

Internal Audit / Internal Control System / Delegation of Powers - During the financial year 2015-16 the Internal Audit has been carried out by Internal Audit department of the Company as the Company has set up In-house Internal Audit Department from October, 2015 commensurate with its size of operations. Audit observations are periodically reviewed by the Audit Committee of the Board and necessary directions are issued whenever required. The Company has established adequate Internal Financial Control System & Procedures. The Company has a well defined Delegation of Financial Powers to its various executives through the Delegation of Powers Manual which has also been revised after approval of Board of Directors w.e.f. 1st November 2015.

Employee's Welfare - The Company continues to extend welfare benefits to the employees and their dependents by way of comprehensive medical care, housing loan, post retirement medical benefit and social security. The Company continues to align its policies with changing economy and business environment. The Company has established three Trusts for welfare of employees i.e. Employees Contributory Provident Fund Trust, Employees Gratuity Fund Trust and Employees Defined Contributory Pension Trust.

Presidential Directives - No Presidential directive was issued during the year.

Vigil Mechanism - As an integrated part of Vigil Mechanism the Company provides an easily accessible machinery to the employees & public for redressal of their grievance by following the Government Guidelines. Regular public grievance



monitoring on the Public Grievance Portal of Government is being made by the dedicated officer.

Code of Conduct - The Company has formulated and uploaded the Code of Conduct on the website of the Company for Board members and senior management personnel.

Whistle Blower Policy - A Whistle Blower Policy has been implemented. The policy ensure that a genuine whistle blower is granted due protection from any victimization with access to Ombudsperson and Audit Committee. The policy is available to all employees of the Company and uploaded on the intranet of the Company.

Implementation under Right to Information Act - The Company has set up mechanism throughout the organization to deal with requests received under RTI Act 2005 by Central Public Information Officer at Corporate Office and Assistant Public Information Officer at WR. The First Appellate Authority is also nominated at Corporate Office. The Company has expeditiously disposed requests under RTI and also complied with directions of Central Information Commission.

Women Empowerment- Women employees constitute an important part of Company's workforce. The Company has complied with The Sexual Harassment of Women at work place (Prevention, Prohibition and Redressal) Act 2013.

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

Integrity Pact - The Company has signed Integrity Pact with Transparency International India on 09.11.2011. Integrity Pact forms part of major tenders valued at Rupees one crore and above and signed by the vendor.

Related party transactions - The related party transactions during the year in terms of section 188 of the Companies Act 2013 are attached as Annexure-D (Refer to page no. 111).

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

Remuneration Committee - In terms of section 178(1) of the Companies Act 2013, the Board of Directors shall constitute the Nomination and Remuneration Committee consisting of 3 or more non-executive Directors out of which not less than one half shall be Independent Directors after the Government approves name of Independent Directors. Presently appointment of Independent Directors is under consideration with the Administrative Ministry.

Corporate Social Responsibility - The Company is following Corporate Social Responsibility role assigned to it as per the CSR Guidelines issued by DPE. The Company has in September 2010 framed Corporate Social Responsibility and Sustainability (CSRS) Policy based on the guidelines framed by Department of Public Enterprises. A CSR Committee of the Board monitors the progress on CSR. However, the Committee does not have Independent Director as Member. Based on the above, CSR amount @ 2% of average net profit of the immediate preceding 3 financial years needs to be spent and CSR amount of Rs.106.39 lacs (P.Y. 69.53 lacs) has been provided for the financial year 2015-16 in addition to Rs.200.92 lacs provided was carried forward in the earlier years. During 2015-16 though the plan was to spend an amount of Rs.1.00 crores towards construction of

toilets through Airports Authority of India (AAI), the actual amount spent was only Rs.76.90 lakhs owing to lesser expenditure by AAI. During the financial year 2015-16 the Company spent an amount of Rs.76.90 lacs for Swachh Bharat Abhiyan (Year 2014-15 Rs.8.72 lacs for health care, Rs.13.70 lacs for conservation of natural resources and Rs.27.80 lacs for training & skill development, totaling to Rs.50.22 lacs). The balance unspent amount of Rs.200.92 lacs will be spent in due course. In terms of Rule 9 of Companies (Corporate Social Responsibility Policy) Rules 2014, the Annual Report of CSR activities is annexed herewith as Annexure-E (Refer to page no. 112).

XIII. Compliance to Companies Act

Particulars of the employees - Pawan Hans being a Government Company, the provisions of section 197 (12) of the Companies Act 2013 and relevant Rules shall not apply in view of Gazette Notification dated 5.6.2015 issued by Ministry of Corporate Affairs. The terms & conditions of appointment of whole time Functional Directors is decided by the Government of India. The salary and Terms & conditions of appointment of CFO and Company Secretary being KMP of Pawan Hans is in line with the parameters prescribed by the DPE.

Management Discussions and Analysis Report - Management Discussions and Analysis Report has been included and forms part of the Annual Report of the Company.

Conservation of Energy and Technology absorption - In view of the nature of activities which are being carried out by the Company, Rules 8(3)(A) & (B) of the Companies (disclosure of particulars in the report of Board of Directors) Rules, 1988 concerning conservation of energy & technology absorption are having very limited impact. Wherever necessary the Company is making efforts for conservation

of energy, import substitution, in-house maintenance, product improvement, cost reduction and Research & Development.

Foreign Exchange Earning & Outgo - The Company earned Rs.91.03 Crores (previous year Rs.106.27 crores) in foreign exchange during the year 2015-16. The foreign exchange outgo amounted to Rs.145.95 crores (previous year Rs.106.26 crores) during the year 2015-16.

Risk Management Policy - In compliance of provisions of section 134 (3)(n) of the Companies Act 2013, the Company is in the process of development of Risk Management Policy by constituting internal committee for selection of Risk Management Consultant who will develop the policy through open tender.

Extract of Annual Return - As per requirement of section 92 (3) of the Companies Act 2013, an extract of Annual Return in form MGT-9 is placed at Annexure-F (Refer to page no. 113).

Policy on Directors' Appointment etc. - Pawan Hans being a Government Company, the provisions of section 134(3) (e) of the Companies Act 2013 shall not apply in view of the Gazette Notification dated 5.6.2015 issued by Ministry of Corporate Affairs.

Performance Evaluation - Pawan Hans being a Government Company, the provisions of section 134(3)(p) of the Companies Act 2013 shall not apply in view of the Gazette Notification dated 5.6.2015 issued by Ministry of Corporate Affairs.

Statutory Disclosures –

- a) There was no change in the nature of business of the Company during the financial year 2015-16.
- b) The Company has not accepted any public deposits during the financial year 2015-16.
- c) No significant and material orders were passed by the Regulators or Courts or Tribunals impacting the going concerns



Hon'ble Mos Civil Aviation Shri Jayant Sinha at PHTI, Mumbai alongwith PHTI students

- status and Company's operations in future.
- d) The Company maintains an adequate system of internal controls including suitable monitoring procedures, which ensure adequate and timely financial reporting of various transactions, efficiency of operations and compliance with statutory laws, regulations and company policies.
- e) There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year i.e. 31.3.2016 and the date of this report.

Official Language Policy - During the year under review, the Company has made significant progress towards implementation of various provisions of Government's Official Language Policy by celebrating Hindi Day/Week, holding Hindi workshops, granting monetary incentives and issuing bilingual advertisements and compliance to Section 3(3) of Official Language Act, 1963. The Company has introduced Unicode Hindi

Software in all its offices, Hindi workshops are conducted at regular intervals.

XIV. Employment of Persons with Disabilities and implementation of Government directives for priority section.

The Company has been following the provisions of the law regarding Persons for Disabilities (equal opportunities, protection of rights and full participation) Act, 1995. The Company complies with the Govt. directives for priority section of society i.e. SC/ST and OBC.

XV. Vigilance

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

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

Vigilance department has also been carrying out various case studies so as to improve, simplify the existing procedure and practices prevailing in the organization especially in the areas requiring system improvement so as to increase the efficiency, curtail expenses and impart transparency. The studies focus on the delay points, causes of delay and possible measures so as to devise suitable procedures resulting in minimum delays and reduce the scope for corruption opportunities. These studies also focused on how to bring transparency and strengthen vigilance machinery by reviewing of annual property returns,

vigilance awareness training, procurement of spares and leveraging technology.

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

XVI. Accolades

There had been recognition of Pawan Hans for its Overall Operational Excellence and Sustainable Business Performance in recent time and it received the following Prestigious Awards/recognitions:-

- a) During Air Show at Paris in 2015, M/s. Turbomeca conferred Excellence Award to Pawan Hans for its overall contribution to the success of the Worldwide Aerial Engine Fleet.
- b) Pawan Hans has been awarded with ASSOCHAM- Civil Aviation and Tourism Award- 2015 in recognition for Promoting Remote & Regional Connectivity as Best General Aviation Company.



PHL Received Assocham award for Promoting Rural Air connectivity from HMCA

- c) Pawan Hans has been awarded Certification of Recognition for implementation of Information and Communication Technology in PHL under Digital India initiatives as one of the leading Mini Ratna-I, PSU presented by Minister of IT and Minister of Steel organized by “Governance Now”.
- d) Pawan Hans has been awarded for Connecting Rural India through Helicopters during mega event of Aero Expo India 2016 organized by PHD Chamber of Commerce.

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.

Pawan Hans has prepared 2020 Strategic Business Plan to meet the requirement of

emerging diversification and keeping in view the above, Pawan Hans has made strategic changes in the Organization structure to remain a vibrant, transparent and system driven organization.

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 & Managing Director

Date : 13th January, 2017
Place: New Delhi



PHL Team During International Civil Helicopter Conclave 2015

MANAGEMENT DISCUSSION AND 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 years 2011 -12 to 2015-16. This was due to increasing cost of operation due to a number of factors including the falling value of the Rupee vis a viz the US dollar/ Euro as many helicopters and their components are imported. In addition Airport tariffs, cost of ATF and ground handling charges went up adding to the cost of operation. These factors rendered helicopter operations unviable for many operators who had to dispose off their helicopters abroad. However with the economy in the turnaround mode and the rupee stabilizing, it is expected that the cost of operations will become economical and the civil helicopter fleet will return to the growth mode in near future as the demand for civil helicopters in India is on the increase in the Government Sector.

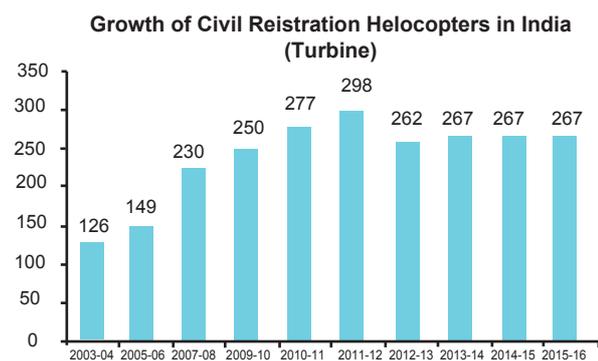
Even though, we have around 267 civil registered helicopters in the country with a population of around 1.25 billion, per capita, we have one helicopter per 52 lakh people which puts us even below many developing countries in the world.

The economic growth of the country had been a catalyst in promoting the growth in aviation, both in fixed wing aircraft as well as rotary wing aviation. Suitable policies enunciated by the Government had also helped the growth.

In order to facilitate growth of helicopter operations in India, a separate wing for helicopters has been developed in the DGCA and AAI. The Regulatory regime for helicopters would continuously need to be upgraded to enable blossoming of the sector.

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

Growth Chart showing Civil registered helicopters in India during the period 2003-04 to 2015-16 is as under :-



In the total 267 Civil Registered helicopters in India in the year 2015-16, there are 60 NSOP operators with fleet strength of 182 helicopters, 16 Government Operators with fleet strength of 30 helicopters, BSF with fleet strength of 13 helicopters and 24 private operators with fleet strength of 36 helicopters. Out of the total 267 helicopters there are 140 twin engine helicopters representing 56% and 117 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, 207 helicopters



(76.53%) used for helicharters and 22 helicopters (7.94%) used for heli pilgrimage/heli tourism. (Source : Report of RWSI for Helipower India, March 2016).

Presently, Pawan Hans owns 43 helicopters plus it Operates and Maintains 4 helicopters owned by other agencies. There are 7 commercial operators having four or more helicopters in India. Pawan Hans is the largest operator and retains majority market share of commercial operations of helicopters deployed on long term basis. Global Vectra Helicorp Ltd. is the second largest helicopter operator with 25 helicopters. Other commercial operators are Himalayan Heli Services with 6 helicopters, Heligo Charterers have 9 helicopters and Decan Aviation 5, HAL Rotary Wing Academy 4, India Fly Safe Aviation with 4 helicopters and OSS Air with 4 helicopters.

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

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

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

Pawan Hans has developed first time, a vision document Strategic Corporate Plan: 2020 and appointed Administrative Staff College of India (ASCI) as Consultant to develop long term Business Plan. ASCI has submitted

& presented the Business Plan 2027 which envisage Company's helicopter/seaplane strength to grow to 83 from present strength of 43 and revenue to Rs.1685 crores from present revenue of Rs.477 crores in next 10 years. Company's Board and Ministry of Civil Aviation has accepted the Business Plan in principle. Presently the Business Plan is in the process of its analytical and risk assessment by SBI Caps Ltd.

STRENGTHEN COMPETITIVE POSITION IN EXISTING MARKETS

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

ACQUISITION OF NEW FLEET

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

ONGC in the recent crew change tender have increased from 5 years to 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. In the crew change contract in 2015 for 3 nos. Dauphin N3

helicopters Pawan Hans was L1 and succeeded in award of contract in its favour for next 5 years i.e. 2015-2020. Global Vectra has succeeded in getting crew change contract for 2 helicopters. ONGC has awarded one more helicopter for crew change task to Pawan Hans. Presently for production task of ONGC Pawan Hans has contract of 7 nos. Dauphin N3 helicopter which is slated to expire in March, 2017. In the recent production task tender issued by ONGC for 10 helicopters, Pawan Hans had bid for 7 helicopters and Pawan Hans was L3. The award of work is yet to be decided by ONGC.

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 17 nos. Dauphin N helicopters was acquired in the F.Y. 1986-87 and 1987-88 having useful economic life of 35 years. These helicopters are expected to complete their useful economic life in the coming years. Accordingly, it is planned to dispose off 9 nos. helicopters of old fleet in the end of F.Y. 2017-18 and the rest 9 nos. helicopters at the end of Financial Year 2022 with minor refurbishment, if required.

Towards fleet augmentation, the Company has issued global tender in January, 2016 and signed agreement with M/s. Bell Helicopter Textron Inc. for purchase of 03 brand new Bell 412EP helicopters. The Company issued tender for purchase of two heavy helicopters with option for purchase of one additional helicopter at the same rates, terms & conditions, however, in view of insufficient response, the Company would go for re-tender. Further, the Company has issued tender for purchase of three light single engine helicopters with option for purchase of one additional helicopter at the same rates, terms & conditions.

PURSUE BUSINESS IN NEW AREAS

- Medical evacuation, law enforcement, news gathering, intra-city transportation connecting airports to city-centers in major cities, corporate travel, hotline washing of power insulators, etc.
- There is tremendous potential in the tourism/pilgrimage areas in the country that need to be carefully tapped. New areas that can be explored for this purpose are States of Himachal, 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 PHL.
- PHL would explore possibility to venture into Medivac/SAR sector in association with NDMA.
- Central Government need to financially support through GBS the need to acquire helicopters for Emergency Medical services / SAR roles & better governance and construct Helipads / Heliports at district level.

HELICOPTER MAINTENANCE SERVICES

Pawan Hans is an Authorised Maintenance centre of M/s Eurocopter, France for Dauphin series of Helicopters. Pawan Hans plans to expand its repair and overhaul business by offering its services to other operators having fleet of Dauphin in the initial stages. For this purpose, it plans to create a new state-of-the-art Maintenance Centre. Pawan Hans has signed MoU with HAL for setting up of MRO for maintenance of Dhruv helicopters of HAL at Rohini Heliport.

HELIPORTS

Ministry of Civil Aviation has assigned the task



of Development of Heliport at Rohini, New Delhi 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 completed now and operationalisation of heliport is being made in January, 2017 after having permission for operations from DGCA and MHA.

IMPROVEMENT IN CUSTOMER SATISFACTION

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

Strength and Weakness

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

Risks and Concerns

PSUs like ONGC and GSPC have issued tenders with 7 to 10 years vintage conditions of helicopters. Some North East States like Government of Arunachal Pradesh have also floated tenders for Heavy helicopters with 5 years vintage. There is therefore, risk of finding new business for the older helicopter fleet in case this trend is followed by some other customers. The recovery period of customer dues specially from some State Governments is long resulting

in large amount of outstanding dues. This may affect the cash flow of the Company, keeping in view fund requirement for debt servicing of the term loan taken for acquisition of new fleet of helicopters. Although, most of the Contracts with the customers have an inbuilt provision for hedging against fluctuations in terms of rates of foreign exchange and Aviation Turbine Fuel, such fluctuations affects contracts which may have fixed and firm charter rates for helicopter services leading to increased input cost and reduced profit margins. Aviation business is characterized by the safety in air and on ground. Helicopter accidents may affect customer confidence and influence the business of the Company.

Internal Control Systems and their adequacy

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

Analysis of Finance and Operations

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

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

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

Human Resources, Industrial Relations and Talent Management Issues

The staff strength as on 31st March, 2016 was 799 as against 869 as on 31st March 2015. During the year Industrial relations had been cordial. The Company has been sending its pilots and other staff for training as also doing internal training development of its employees on regular basis. Industrial Relations with employees has been generally cordial.

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

The Company has always considered energy saving and technology absorption as an important goal and high priority has been accorded to the same during the year under review. The Company has obtained ISO-14001 and 18001 Certification which is known as Integrated

Management System covering environment and safety aspects. The certificate of renewal is in process. The Company has obtained approval of Ministry of Environment & Forests for development of Heliport at Rohini. As part of Innovation, the Company has carried out study on Indigenization of Spares and enhanced reliability of HMUs (Dauphin N-3 helicopter).

Cautionary Statement

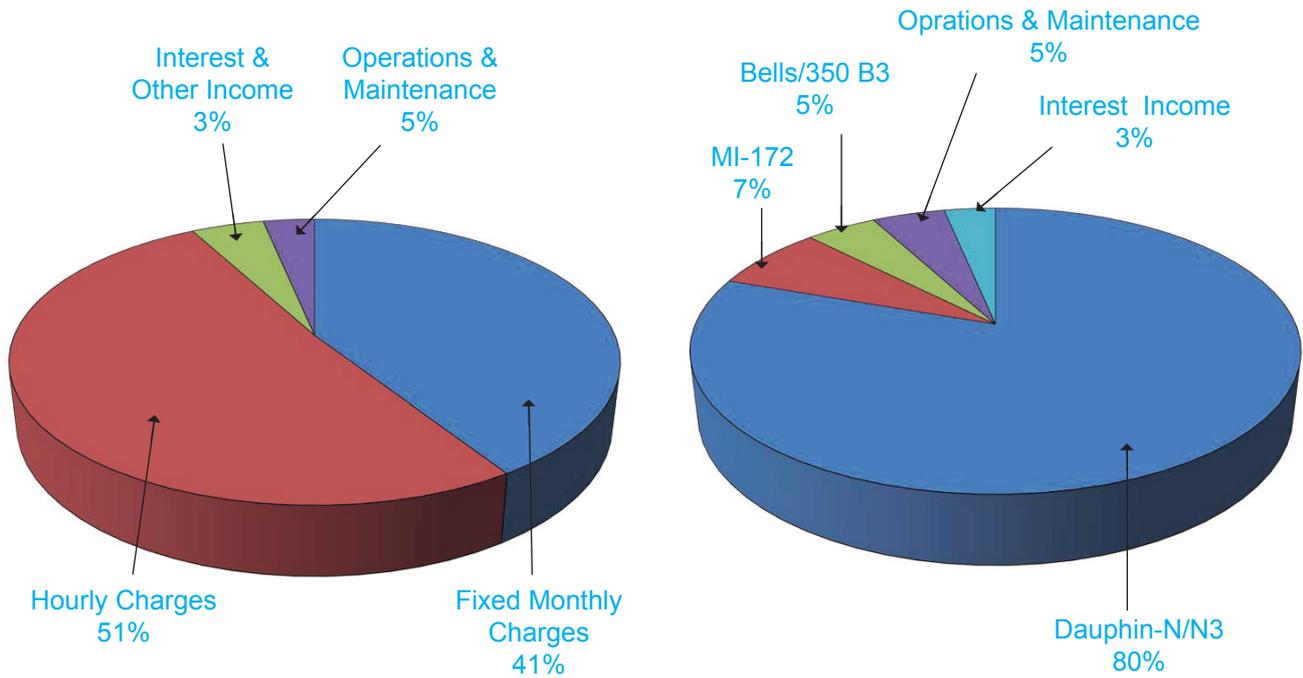
Statement in this Report on Management Discussion and Analysis describing the Company's objectives, projections, estimates, figures and expectation may constitute "forward looking statement" within the meaning of applicable laws and regulations. Actual results might differ materially from those expressed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

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

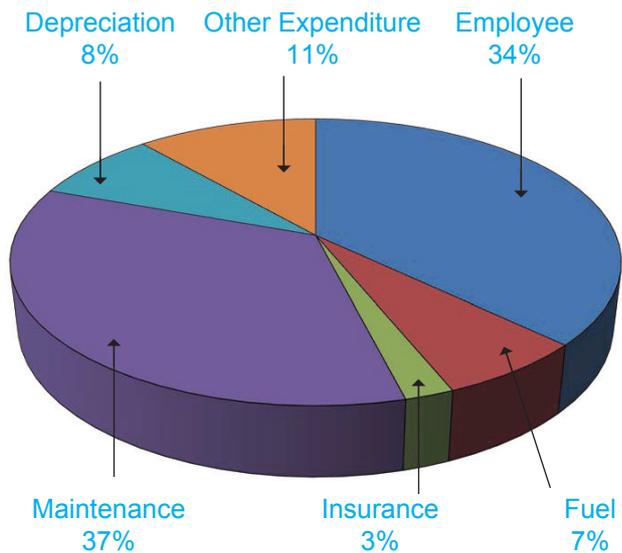


FINANCIAL HIGHLIGHTS For 2015-16

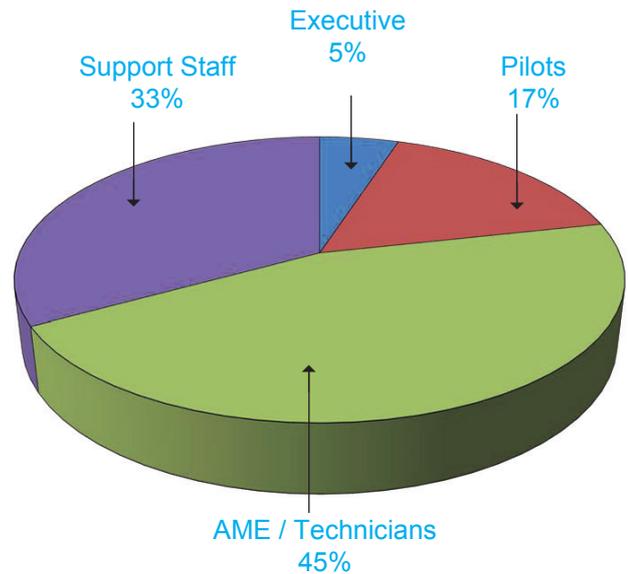
Source of Income



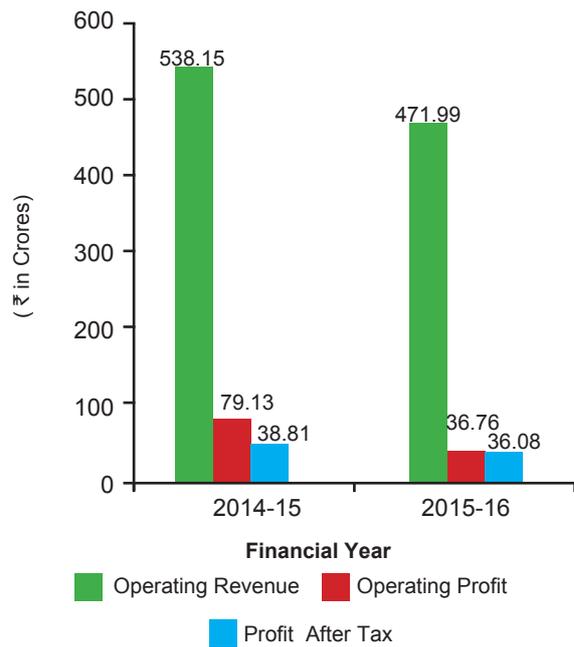
Cost Structure



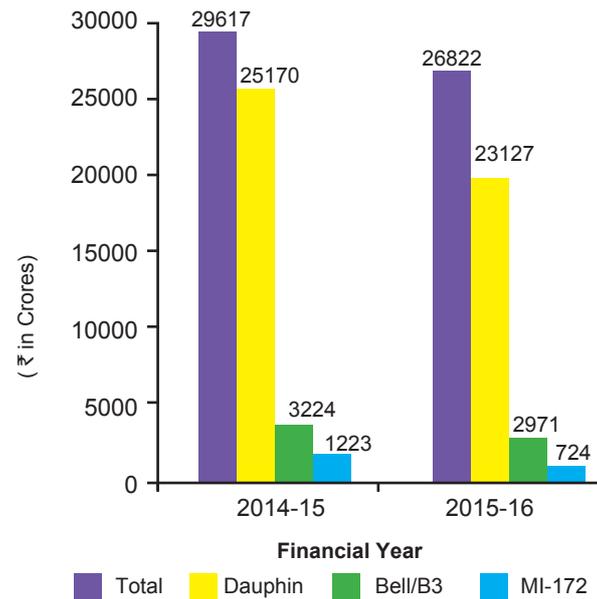
Manpower Profile



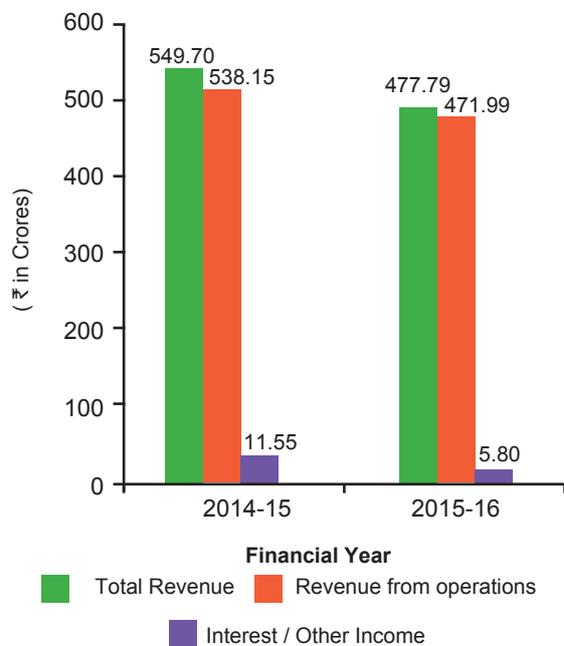
Revenue from Operations, Operating Profit and Net Profit



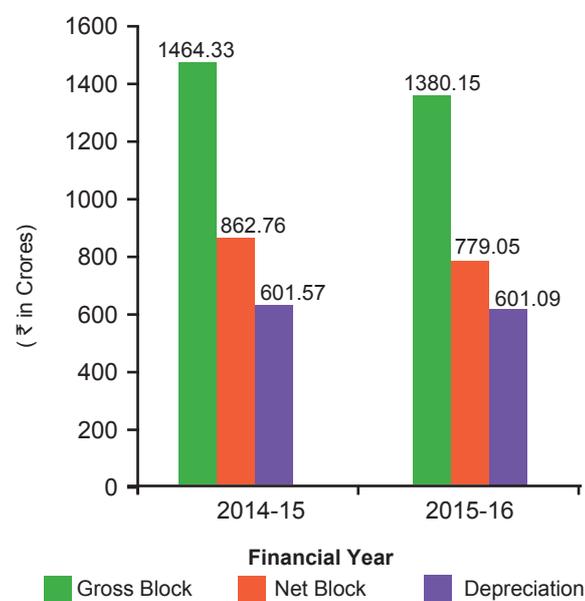
Revenue Flying Hours



Revenue



Fixed Assets





Pawan Hans Limited						
Summarised Accounts 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16						
						₹/crores
Particulars	Ratio	2015-16	2014-15	2013-14	2012-13	2011-12
Resources						
Net Worth		564.18	541.13	513.84	484.53	475.57
Non-Current Liabilities						
- Loan Funds- Secured Loans		30.34	38.68	100.59	274.69	232.83
- Other Long -term Liabilities		471.30	471.37	471.22	471.40	471.51
- Long Term Provisions		29.84	27.27	46.91	39.33	34.56
- Deferred Tax Liabilities		169.24	157.7	143.63	136.27	126.53
Total		1264.90	1236.15	1276.19	1406.22	1341.00
Utilisation of Resources						
Fixed Asset		1380.15	1464.33	1446.44	1433.68	1287.45
Less: Depreciation		601.09	601.57	523.86	449.77	375.48
Net Fixed Assets		779.05	862.76	922.58	983.91	911.97
Capital Work in Progress		53.37	18.04	11.36	18.07	23.03
Long-Term Loans & Advances		81.25	78.39	75.95	81.48	90.69
Other Non-Current Assets		2.58	2.27	5.26	3.57	3.93
Investment		1.24	1.45	2.89	2.89	2.89
Net Working Capital		350.31	273.21	258.14	316.28	308.50
		1267.80	1236.12	1276.17	1406.21	1341.00
Capital Employed		1182.73	1154.01	1192.07	1318.27	1243.49
Earnings						
Revenue from Operations		471.99	538.15	529.59	465.24	428.86
Interest /Other income		5.80	11.55	13.46	10.39	9.29
Total		477.79	549.70	543.05	475.63	438.15
Outgoings						
Helicopter Operational & Maintenance Expenses		200.42	180.94	187.40	155.12	167.63
Employee Benefits Expenses		150.13	154.16	148.98	149.06	135.93
Financial Costs		4.50	17.49	31.81	28.51	14.46
Depreciation and Amortization Expenses		35.04	76.52	79.71	73.79	60.30
Other Expenses		49.64	47.4	40.45	47.63	58.73
Total		439.72	476.51	488.35	454.11	437.05
Profit for the year before Extraordinary		38.07	73.19	54.70	21.52	1.10
Prior Period/Extraordinary adjustments		23.61	(1.45)	6.54	6.42	21.34
Profit before tax		61.68	71.74	61.24	27.94	22.44
Prov. for Taxation		14.05	17.2	14.50	6.50	4.50
Prov. For tax Previous Yrs		0.00	1.66	0.81	0	-0.61
Deferred Tax Liability		11.54	14.07	7.36	9.74	28.90
Net profit after tax		36.08	38.81	38.57	11.70	(10.35)
Significant Ratios						
	<u>Net Profit/(Loss)</u>					
Net profit Ratio	-----	7.6%	7.1%	7.1%	2.5%	-2.4%
	Total Revenue Net Profit/(Loss)					
Return on Investment	-----	3.1%	3.4%	3.2%	0.9%	-0.8%
	Cap. Employed Net Profit/(Loss)					
Return on Net Worth	-----	6.4%	7.2%	7.5%	2.4%	-2.2%
	Net Worth					
	Operational debts					
Debt Collection Pd. (months)	-----	6.0	6.5	6.2	5.4	4.7
	Avg monthly Op.Rev. Year & Inventory					
Inventory Turnover (months)	-----	1.3	1.3	1.2	1.7	2.2
	Avg monthly Op.Rev.					
Current Ratio	C.A.:C.L	3.6	2.4	1.9	3.4	3.3
Debt Equit Ratio	Debts/Equity Debts/Net Worth	0.16 0.07	0.31 0.14	1.11 0.53	1.34 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) Till the year ended 31st March, 2014, depreciation rate prescribed under Schedule XIV were treated as minimum rates and the Company was not allowed to change depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. Schedule II to the Companies Act, 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows Companies to use higher / lower useful lives and residual values if such useful lives and residual value can be technically supported and justification for difference is disclosed in the financial statements.

A Technical committee of PHL after intensive technical evaluation re-assessed the estimated useful life of Helicopter fleet and their major components during the 2015-16. Accordingly, useful life is determined for different type of Helicopter fleet as under :-

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

- The depreciation for the F.Y.-2015-16 and onward shall be charged accordingly.
- c) Depreciation on Airframe and Aero-engine equipment-Rotables and cost of mid-life up gradation programme (including type certification costs)/ major retrofit of the Helicopters is computed on straight line basis in a manner so as to write-off the 95% of the amount thereof over the remaining useful life of the principal asset (type of helicopters) to which they pertain. For this purpose, the remaining useful life of the last batch of helicopters (in case of Dauphin N since these constitute significant strength of the fleet) or latest helicopter (in the case of other fleet) is considered.
 - d) 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.
 - e) 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).
 - f) 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.

g) **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. Further, Long Term Investments are valued at cost. Provision is made for any diminution,

other than temporary, in the value 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 31st March of each year but not received by the Company are accounted for as Goods in transit. However, the repair/overhaul charges in respect of Goods in transit being returned after repairs are accounted for by a corresponding debit to the "Maintenance expenditure in the Profit & Loss Account" of the year itself.
- e) Provision is made in the accounts on moving weighted average basis for non-moving items of stores, spares and consumables (other than ground support and test equipments, and maintenance tools) which have not been issued for actual use for three consecutive years from the date of last transaction.

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 31st

March of each year but not received by the Company as at the year end, based on manufactures advice/engineering estimates.

- b) Claims on suppliers/outside parties are accounted for on acceptance by such parties. Claims of suppliers/ outside parties/customers are accounted for on settlement basis.
- c) No provision for accrued expenses/liabilities is made in the accounts where the individual transaction is less than Rs. 5,000.

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 31st March, 2016

		(Value in ₹ Lacs)	
	Note No.	31st March 2016	31st March 2015
I. EQUITY & LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	1	24,561.60	24,561.60
(b) Reserves & Surplus	2	<u>31,856.89</u>	<u>29,551.39</u>
		56,418.49	54,112.98
(2) Non-Current Liabilities			
(a) Long-Term borrowings	3	3,034.18	3,868.36
(b) Deferred Tax Liabilities (Net)	4	16,923.60	15,769.69
(c) Other Long Term Liabilities	5	47,432.50	47,250.89
(d) Long-Term Provisions	6	<u>2,983.61</u>	<u>2,723.57</u>
		70,373.89	69,612.51
(3) Current Liabilities			
(a) Trade Payables	7	3,373.50	3,524.86
(b) Other Current Liabilities	8	3,887.52	7,150.50
(c) Short-Term Provisions	9	<u>6,239.36</u>	<u>8,055.13</u>
		13,500.38	18,730.49
TOTAL		<u>140,292.76</u>	<u>142,455.98</u>

II. ASSETS

(1) Non-Current Assets

(a) Fixed Assets			
(i) Tangible Assets	10		
- Assets under Active use		77,847.25	86,172.21
- Assets retired from Active Use and Held for disposal/Impaired Assets		969.40	971.82
Less: Provision for loss on Disposal / Impairment		<u>969.40</u>	<u>971.82</u>
- Assets Currently not in Active use		-	-
(ii) Intangible Assets	11	60.51	103.44
(iii) Capital Work-in-Progress- Tangible Assets	12	<u>5,336.65</u>	<u>1,804.32</u>
		83,244.41	88,079.97
(b) Non-Current Investments	13	124.42	144.67
(c) Long-Term Loans and Advances	14	8,125.47	7,860.89
(d) Other Non-Current Assets	15	<u>257.72</u>	<u>227.24</u>
		91,752.02	96,312.77

(2) Current Assets

(a) Inventories	16	5,018.65	5,648.39
(b) Trade Receivables	17	23,721.09	29,045.17
(c) Cash and Cash Equivalents	18	12,382.66	8,925.30
(d) Short-term Loans and Advances	19	2,193.11	1,772.53
(e) Other Current Assets	20	<u>5,225.23</u>	<u>751.82</u>
		48,540.74	46,143.21
TOTAL		<u>140,292.76</u>	<u>142,455.98</u>

Additional Notes to the Financial Statements 28
Significant Accounting Policy 29

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
(Sanjeev Srivastava)
Partner

(Dr.B.P.Sharma)
Chairman & Managing Director

(Mrs. Gargi Kaul)
Director

(M.No 502238)
Place : New Delhi
Date :02.11.2016

(Sanjiv Agrawal)
Company Secretary

(Dhirendra Sahai)
Chief Financial Officer



STATEMENT OF PROFIT AND LOSS
For the Year ended 31st March, 2016

			(Value in ₹ Lacs)
	Note No.	31st March 2016	31st March 2015
Revenue:			
Revenue from Operations	21	46,240.93	52,235.57
Other Income	22	1,537.67	2,734.52
Total Revenue		<u>47,778.60</u>	<u>54,970.09</u>
Expenses:			
Helicopter Operational & Maintenance Expense	23	20,041.74	18,093.82
Employees' Benefits Expense	24	15,012.78	15,416.34
Financial Costs - Interest Expenses		450.10	1,749.35
Depreciation and Amortization Expense		3,503.60	7,652.34
Other Expenses	25	4,963.78	4,740.12
Total Expenses		<u>43,972.00</u>	<u>47,651.97</u>
Profit before Exceptional, Extraordinary Items and Tax		3,806.60	7,318.12
Exceptional Items	26	-20.25	-144.67
Extraordinary Items	27	2,380.97	
Profit before tax		6,167.32	7,173.45
Tax expense:			
(1) Current Tax (MAT)		1,405.00	1,720.00
(2) Earlier Years Tax		-	165.85
(3) Deferred Tax		11,53.91	1,406.70
Net Profit/(Loss) for the period		<u>3,608.41</u>	<u>3,880.90</u>
Earning per Equity Share: (Face Value Rs.10,000/-)			
(1) Basic		1,469	1,580
(2) Diluted		1,469	1,580
Additional Notes to the Financial Statements	28		
Significant Accounting Policy	29		
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
(Sanjeev Srivastava)
Partner
(M.No 502238)
Place : New Delhi
Date :02.11.2016

(Dr.B.P.Sharma)
Chairman & Managing Director

(Sanjiv Agrawal)
Company Secretary

(Mrs. Gargi Kaul)
Director

(Dhirendra Sahai)
Chief Financial Officer



**NOTE NO. 1
SHAREHOLDERS' FUNDS**

		(Value in ₹ Lacs)	
		31st March 2016	31st March 2015
Share Capital			
(a) Authorized Capital 2,50,000 Equity Shares of Rs.10,000/- each		25,000.00	25,000.00
(b) Issued Capital, Subscribed & Fully paid up 2,45,616 Equity Shares of Rs.10,000/- each		24,561.60	24,561.60
(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
(d) 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.			
(e) Shares in the company held by each shareholder holding more than 5 percent shares specifying the number of shares held.	No. of Share Held		
	Shareholder Name		
	President of India	125,266	125,266
	ONGC Limited	120,350	120,350
Total		24,561.60	24,561.60

**NOTE NO. 2
RESERVES & SURPLUS**

		(Value in ₹ Lacs)	
		31st March 2016	31st March 2015
Reserves & Surplus			
a) Reserves :			
(i) General Reserve			
As per Last Account		2,050.00	2,050.00
(ii) Statement of Profit & Loss - Surplus			
As per Last Account		27,501.38	24,772.21
Less : Depreciation Adjustment		-	-217.55
Add: Addition During the Year		3,608.41	3,880.90
Less : Proposed Dividend on Equity Shares		-1082.52	-776.17
Less : Tax on Proposed Dividend		-220.38	-158.01
		29,806.89	27,501.38
Total		31,856.89	29,551.38



**NOTE NO. 3
LONG TERM BORROWINGS**

	(Value in ₹ Lacs)	
	31st March 2016	31st March 2015
Secured Term Loans		
- ONGC Limited	-	328.90
- NTPC Limited	3,034.18	3,539.46
- EXIM Bank	-	-
- Vijaya Bank	-	-
Total	3,034.18	3,868.36
The maturity of the Borrowings is summarised as under :		
-Not Later than One Year (Note No. 8)	836.85	3,825.44
Current maturities of Long Term Debt	836.85	3,825.44
-Later than one year and not later than five years	2,352.62	2,544.84
-Later than five years	681.56	1,323.52
	3,034.18	3,868.36

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

**NOTE NO. 4
DEFERRED TAX LIABILITIES (NET)**

	(Value in ₹ Lacs)	
	31st March 2016	31st March 2015
Deferred Tax Liabilities (Net)		
1. Deferred Tax Liability		
- Difference of Book Depreciation and Tax Depreciation	23,543.53	23,535.18
	23,543.53	23,535.18
Gross Deferred Tax Liability	23,543.53	23,535.18
2. Deferred Tax Assets		
Provisions created :		
- Employees' Benefits	2,640.60	2,960.90
- Non-Moving Inventory	985.88	954.76
- Prov.for Diminution in Value of Investment	57.08	49.17
- Carried forward Unabsorbed Depreciation	2,512.26	3,284.65
- Doubtful Debts/Advances	363.84	286.52
- Provision for Property Tax	60.27	34.70
- Provision for Lease Rent to AAI	-	194.79
	6,619.93	7,765.49
Gross Deferred Tax Assets	6,619.93	7,765.49
Deferred Tax Liabilities (Net)	16,923.60	15,769.69



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

	(Value in ₹ Lacs)	
	31st March 2016	31st March 2015
Other Long Term Liabilities		
a) Security Deposits	108.02	115.62
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>
	47,022.22	47,022.22
c) Trade Payable	<u>302.26</u>	<u>113.05</u>
Total	<u>47,432.50</u>	<u>47,250.89</u>

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

	(Value in ₹ Lacs)	
	31st March 2016	31st March 2015
Long-Term Provisions		
Provision for Employees' Benefits		
- Post Retirement Medical Benefit Scheme	739.49	632.90
- Earned Leave	1,511.39	1,430.69
- Sick Leave (HPL)	716.90	645.13
- Pension	-	-
- Others	<u>15.84</u>	<u>14.85</u>
	2,983.61	2,723.57
Total	<u>2,983.61</u>	<u>2,723.57</u>

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

**NOTE NO. 7
TRADE PAYABLES**

	(Value in ₹ Lacs)	
	31st March 2016	31st March 2015
Trade Payables	3,373.50	3,524.86
Total	<u>3,373.50</u>	<u>3,524.86</u>



**NOTE NO. 8
OTHER CURRENT LIABILITIES**

	(Value in ₹ Lacs)	
	31st March 2016	31st March 2015
Other Current Liabilities		
Current Maturities of Long Term Debt	836.85	3,825.44
Interest Accrued but not due on borrowings	-	-
Other Payable :		
- Advance from Customers	166.74	285.80
- Advance from DGCA Against Project (Including Interest)	1,203.91	1,201.12
Less: Amt. Spent on the Project	<u>1,160.77</u>	<u>1,160.77</u>
	43.14	40.35
- Security /Earnest Money Deposits	129.18	269.67
- Statutory Liabilities	259.09	190.30
- Payable on Purchase of Fixed Assets	1,159.27	806.30
- Payables for Capital Expenses	19.02	19.02
- Payable to Employees	125.95	74.00
- Temporary Book Overdraft	247.31	986.92
- Other Payables	<u>900.97</u>	<u>652.70</u>
	2,840.79	2,998.91
Total	<u>3,887.52</u>	<u>7,150.50</u>

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

	(Value in ₹ Lacs)	
	31st March 2016	31st March 2015
Short-term Provisions		
Provision for Employees' Benefits		
- Post Retirement Medical Benefit Scheme	24.41	20.12
- Earned Leave	90.95	105.22
- Sick Leave (HPL)	49.71	52.14
- Pension	5.69	2,498.52
- Others	<u>4,475.64</u>	<u>3,311.54</u>
	4,646.41	5,987.54
Provision for Loss at Lakshadweep	89.12	89.12
Provision for Corporate Social Responsibility & Sustainable Development Fund	200.93	225.74
Other Provisions (Refer Note No.28(VI)(b))	-	39.31
Provisions for Taxation:		
- Wealth Tax	-	7.90
Proposed Dividend on Equity Shares	1082.52	1,547.51
Tax on Proposed Dividend	220.38	158.01
Total	<u>6,239.36</u>	<u>8,055.13</u>



NOTE NO. 10
Tangible Assets

Particulars	Gross Block			
	As at 1st April, 2015	Additions	Disposals/ Adjustments	As at 31st Marh, 2016
I. Assets Under Active Use				
Land-Leasehold	58.91	-	-	58.91
Buildings	4,412.36	0.64	-	4,413.00
Plant & Equipments				
- Helicopters & Aero - Engines	108,506.31	-	9,027.72	99,478.59
- Airframe & Engine Equipment Rotables	26,770.62	518.81	110.27	27,179.15
- Workshop & Ground Support Equipment	3,884.90	205.29	13.90	4,076.29
- Training Aid Equipment	22.91	-	-	22.91
- Air Conditioning	222.40	12.80	12.50	222.70
- Electrical Installation	312.57	7.74	147.19	173.12
- Other Plant & Equipments	-	-	-146.45	146.45
Furniture & Fixture	646.59	6.33	29.99	622.93
Vehicles	217.92	1.33	4.98	214.27
Office Equipment	239.82	7.48	5.45	241.85
Other				
- Computer & other Related Equipments	719.01	52.47	23.05	748.43
Total (I)	146,014.31	812.88	9,228.59	137,598.59
Previous Year (I)	144,246.14	1,978.80	210.64	146,014.30
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	322.49	-	5.79	316.70
- Training Aid Equipment	41.25	-	-	41.25
- Electrical Installation	6.68	0.74	-	7.42
Furniture & Fixtures	34.06	0.03	-	34.10
Air Conditioning	-	9.37	-	9.37
Office Equipment	30.01	1.69	0.28	31.42
Communication Equipment	20.98	-	-	20.98
Vehicle	2.05	-	-2.93	4.98
Computer	11.38	8.56	11.38	8.56
Total (II)	6,256.89	20.39	14.52	6,262.77
Previous Year (II)	6,256.90	-	-	6,256.90
Grand Total (I + II + III) (A)	152,271.20	833.27	9,243.11	143,861.36
Grand Total (Previous Year) (I + II + III)	150,503.04	1,978.80	210.64	152,271.20

NOTE NO. 11
INTANGIBLE ASSETS

Capitalised Software	261.80	-	-	261.80
Training Cost	157.06	-	-	157.06
Total (B)	418.86	-	-	418.86
Previous Year	397.52	21.34	-	418.86

Accumulated Depreciation			Net Block		(Value in ₹ Lacs)		
Upto 31st March, 2015	Depreciation for the Year	Amt. Adjusted from Retained earnings	On Disposals/ Adjustments	Upto 31st March, 2016	Balance as at 31st March, 2016	Balance as at 31st March, 2015	
16.34	0.65	-	-	16.99	41.92	42.57	
1,971.44	122.90	-	-	2,094.34	2,318.66	2,440.92	
40,276.35	2,267.04	-	3,429.38	39,114.00	60,364.58	68,229.96	
14,369.02	556.14	-	55.73	14,869.43	12,309.72	12,401.59	
1,612.30	273.43	-	7.59	1,878.14	2,198.14	2,272.60	
20.77	0.24	-	-	21.01	1.90	2.13	
188.85	16.22	-	11.90	193.17	29.53	33.55	
148.78	10.92	-	36.54	123.16	49.96	163.79	
-	10.09	-	-37.34	47.43	99.01	-	
333.69	78.01	-	15.80	395.90	227.03	312.90	
142.06	25.48	-	4.73	162.82	51.45	75.85	
191.95	19.64	-	5.18	206.40	35.45	47.87	
570.52	79.91	-	21.90	628.53	119.90	148.49	
59,842.08	3,460.67	-	3,551.42	59,751.33	77,847.25	86,172.21	
52,114.68	7,608.33	217.54	98.49	59,842.06	86,172.21	92,131.46	
5,050.46	-	-	-	5,050.46	727.62	727.62	
-	-	-	-	-	9.91	9.91	
138.76	-	-	2.86	135.90	180.80	183.73	
18.91	-	-	-	18.91	22.34	22.34	
5.73	-	-	-0.70	6.43	0.99	0.95	
31.44	-	-	-0.03	31.48	2.62	2.62	
-	-	-	-8.90	8.90	0.47	-	
17.83	-	-	-1.42	19.25	12.18	12.19	
9.18	-	-	-	9.18	11.80	11.80	
1.94	-	-	-2.78	4.73	0.25	0.10	
10.82	-	-	2.69	8.13	0.43	0.56	
5,285.07	-	-	-8.29	5,293.36	969.40	971.82	
5,285.07	-	-	-	5,285.07	971.82	971.83	
65,127.15	3,460.67	-	3,543.13	65,044.69	78,816.65	87,144.04	
57,399.75	7,608.33	217.54	98.49	65,127.13	87,144.03	93,103.29	
234.27	11.52	-	-	245.79	16.01	27.53	
81.15	31.41	-	-	112.56	44.50	75.91	
315.42	42.93	-	-	358.35	60.51	103.44	
271.40	44.01	-	-	315.41	103.45	126.12	



NOTE NO. 12
CAPITAL WORK-IN-PROGRESS

Particulars	(Value in ₹ Lacs)			
	Opening As On 31.03.2015	Addition	Deletion/ Adjustment	Closing As On 31.03.2016
CAPITAL WORK-IN-PROGRESS				
(A) Profit Maintenance Centre Project, Mumbai	19.41			19.41
(B) Kits for Upgradation of Helicopters	12.49			12.49
(C) Salvaged Rotables Pending Despatch for repair to Foreign supplier	81.23		32.83	48.40
(D) Heliport Project, Rohini, New Delhi	1,706.77	3,561.77		5,268.54
(E) Rotables/Ground Support Equipment in Transit/ Installation	3.83		3.83	-
(F) Others	-	7.22		7.22
Total	1,823.73	3,568.99	36.66	5,356.06
Less : Provision for Doubtful Capital Work in Progress	19.41			19.41
Net Capital Work in Progress	1,804.32	3,568.99	36.66	5,336.65
Previous year				

NOTE NO. 13
NON-CURRENT INVESTMENTS

	(Value in ₹ Lacs)			
	31st March 2016		31st March 2015	
Non-Trade(at Cost, unquoted)				
National Flying Training Institute Pvt. Limited (28,93,353 Equity Shares of Rs.10/- Each Fully Paid Up)	289.34		289.34	
Less: Prov.for Diminution in Value of Investment	164.92	124.41	144.67	144.67
Total		124.41		144.67

NOTE NO. 14
LONG-TERM LOANS AND ADVANCES

		(Value in ₹ Lacs)	
		31st March 2016	31st March 2015
Long-Term Loans and Advances			
(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	8.87	9.98
c)	Advance Income Tax (Net of Provision)	7,271.70	6,902.09
d)	Security Deposits		
	Unsecured, Considered Good	363.02	374.95
	Unsecured, Considered Doubtful	<u>1.91</u>	<u>1.91</u>
		364.93	376.86
	Less : Provision for Doubtful Deposits	<u>1.91</u>	<u>1.91</u>
		363.02	374.95
e)	Income Tax Recoverable	-	5.88
f)	Loans to Employees		
	Secured, Considered Good	266.37	276.17
	Unsecured, Considered Good	7.57	17.66
	Unsecured, Considered Doubtful	<u>21.94</u>	<u>12.08</u>
		295.87	305.91
	Less : Provision for Doubtful Loans	<u>21.94</u>	<u>12.08</u>
g)	Advance to Others	273.93	293.83
	Unsecured, Considered Good	207.95	274.16
	Unsecured ,Considered Doubtful	<u>100.21</u>	<u>112.33</u>
		308.16	386.49
	Less : Provision for Doubtful Advances	<u>100.21</u>	<u>112.33</u>
		207.95	274.16
Total		<u>8,125.47</u>	<u>7,860.89</u>

NOTE NO. 15
OTHER NON- CURRENT ASSETS

		(Value in ₹ Lacs)	
		31st March 2016	31st March 2015
Other Non- Current Assets			
(Unsecured, considered good unless otherwise stated)			
a)	Security Deposits	-	-
b)	Interest accrued		
	- Employees Loans	235.89	250.02
		<u>235.89</u>	<u>250.02</u>
	Less: Prov. For Doubtful Interest Accrued on Employees Loans	<u>22.78</u>	<u>22.78</u>
		213.11	227.24
c)	Other Receivables	47.53	2.92
	Less: Provision for Doubtful Receivables	<u>2.92</u>	<u>2.92</u>
		44.61	-
Total		<u>257.72</u>	<u>227.24</u>



**NOTE NO. 16
INVENTORIES**

	(Value in ₹ Lacs)	
	31st March 2016	31st March 2015
Inventories		
(Certified and valued by Management)		
a) Stores & Spares (At Cost Less Provisions)	8,261.56	8,804.15
Less: (i) Provision for Non moving Stores & Spares	2,758.43	2,735.43
(ii) Provision for Shortage of inventory	86.96	70.19
(iii) Provision for Impairment in value	<u>453.14</u>	<u>453.14</u>
	4,963.03	5,545.41
b) At Cost Less Obsolescence/Impairment		
- 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>
	-	-
c) At Cost Less Write Off		
- Test Tools Equipment	444.28	470.31
Less: Write Off	<u>411.76</u>	<u>402.10</u>
	32.52	68.21
- Training Material	27.17	27.17
Less: Write Off	<u>27.17</u>	<u>27.17</u>
	-	-
d) Goods in Transit (at cost)	10.62	7.31
e) Aviation Turbine Fuel (at Cost)	3.31	13.20
	<u>15.79</u>	<u>3.31</u>
Total	<u>5,018.65</u>	<u>5,648.39</u>



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

	(Value in ₹ Lacs)	
	31st March 2016	31st March 2015
Trade Receivables (Unsecured)		
- Debts Outstanding for more than six months from the date they are due for payment		
a) Considered Good	12,149.36	13,755.64
b) Considered Doubtful	825.17	625.24
- Other Debts, Considered Good *	<u>11,571.73</u>	<u>15,289.53</u>
	24,546.26	29,670.41
Less: Provision for Doubtful Debts	<u>825.17</u>	<u>625.24</u>
	<u>23,721.09</u>	<u>29,045.17</u>
Total	<u>23,721.09</u>	<u>29,045.17</u>

* Includes Amount Receivable from ONGC Limited Rs. 2325.18 Lacs (P.Y. Rs. 2105.89 Lacs)

**NOTE NO. 18
CASH AND BANK BALANCES**

	(Value in ₹ Lacs)	
	31st March 2016	31st March 2015
Cash and Bank Balances		
- Cash and Cash Equivalents		
a) Balance with Banks		
- Current Accounts	1,307.83	2,649.89
- Export Earning Forigen Currency Account	260.01	196.36
- Flexi Deposit Accounts	623.05	1,500.38
- Fixed Deposits Accounts (Martuity Less than 3 Months)	<u>4,083.41</u>	<u>2,251.54</u>
	6,274.30	6,598.17
b) Cash in Hand	<u>25.53</u>	<u>26.60</u>
- Other Bank Balances	6,299.83	6,624.77
a) Fixed Deposits Accounts (Martuity More than 3 Months)	4,179.22	779.62
b) Margin Money with Banks	<u>1,903.62</u>	<u>1,520.91</u>
	6,082.84	2,300.53
Total	<u>12,382.66</u>	<u>8,925.30</u>

Note

- 1) Fixed Deposit includes Nil (PY Rs.1893.23 Lacs) Earmarked for Rohini Poject. Refer Note 28 (XVI)
- 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 ADVANCE

	(Value in ₹ Lacs)	
	31st March 2016	31st March 2015
Short-term Loans and advances		
(Considered good unless otherwise stated)		
a) Loans & Advances to Employees :-		
Secured, Considered Good	100.55	70.00
Unsecured, Considered Good	366.47	417.59
Unsecured, Considered Doubtful	10.31	6.53
	477.33	494.12
Less: Provision for Doubtful Loans & Advances	10.31	6.53
	467.02	487.59
b) Advance to Others :-		
Unsecured Considered Good	1,045.79	624.30
Unsecured, Considered Doubtful	66.08	59.15
	1,111.87	683.45
Less: Provision for Doubtful Advances	66.08	59.15
	1,045.79	624.30
c) Balance with Statutory Authorities	248.82	152.58
d) Prepaid Expenses	354.43	429.94
e) Security & Earnest Money Deposits	77.05	78.12
Total	2,193.11	1,772.53

NOTE NO. 20
OTHER CURRENT ASSETS

	(Value in ₹ Lacs)	
	31st March 2016	31st March 2015
Other current assets		
(Unsecured, considered good)		
a) Interest Accrued		
Fixed Deposits	231.61	204.64
Employees' Loans	31.40	34.47
	263.01	239.11
b) Insurance claim receivable	4,892.13	444.73
c) Fixed Deposits Accounts / Current Account With Banks (Against amounts received from DGCA for a Project, including Interest Accrued)	43.14	40.35
d) Others	26.95	27.63
Total	5,225.23	751.82

**NOTE NO. 21
REVENUE FROM OPERATIONS**

	(Value in ₹ Lacs)	
	31st March 2016	31st March 2015
a) Sale of Services :-		
Helicopter Hire Charges	44,586.84	50,142.17
Less: Deduction for Non-Provision of Helicopters (AOG)	<u>557.36</u>	<u>623.29</u>
	44,029.48	49,518.88
b) Other Operating Revenue :-		
Income from Operations & Maintenance Contracts	2,196.36	2,692.74
Training Fee & other recoveries	15.09	-
Liquidated Damages Recovery	<u>-</u>	<u>23.95</u>
	2,211.45	2,716.69
Total	<u>46,240.93</u>	<u>52,235.57</u>

**NOTE NO. 22
OTHER INCOME**

	(Value in ₹ Lacs)	
	31st March 2016	31st March 2015
Interest Income :-		
a) Interest Income from Deposits with Banks	438.63	1,123.48
b) Interest on Loans to Employees	33.72	31.90
c) Other Interest Income	<u>107.79</u>	<u>0</u>
	580.14	1,155.38
Surplus on Settlement of Insurance Claims	3.47	22.35
Prior Period Income (Net) (See Note 25A)	91.59	-
Profit on Sales of Inventory Items	1.74	-
Exchange Fluctuation (Net)	508.31	935.53
Provisions No Longer Required - Written Back	143.30	273.72
Liquidated Damages (Purchases)	9.14	99.15
Miscellaneous Income	<u>199.98</u>	<u>248.39</u>
Total	<u>1,537.67</u>	<u>2,734.52</u>

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

	(Value in ₹ Lacs)	
	31st March 2016	31st March 2015
Helicopter Operational & Maintenance Expense		
Helicopter Maintenance Expenses	14,536.25	11,527.04
Fuel Expenses	2,923.48	3,483.58
Insurance Expenses	931.11	1,162.52
Landing, Parking and other Expenses	183.54	168.45
Liquidated Damages	996.96	839.31
Equipment/Specialists Hire Charges/Lease Charges	-	-
Royalty/Commission to Shrine Board	91.19	73.70
Provision for Non-Moving Inventory /Life Expired Items	73.26	541.89
Rotables, Stores & Spares Written Off	-	-
Loss on Impairment of Fixed Assets	0.88	-
Fixed Assets Written off	87.97	107.44
Storage, Handling & Demurrage Charges	51.44	51.05
Freight,Transportation & Cartage	152.69	128.12
Other Operating Expenses	<u>12.97</u>	<u>10.71</u>
Total	<u>20,041.74</u>	<u>18,093.82</u>



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

	(Value in ₹ Lacs)	
	31st March 2016	31st March 2015
Employees' Benefits Expense		
Salaries, Wages & Other Benefits	12,981.68	13,502.86
Staff Welfare	55.30	42.62
Contribution to Provident & Gratuity Funds	893.89	899.18
Other Staff Expenses	1,081.91	971.68
Total	15,012.78	15,416.34

**NOTE NO.25
OTHER EXPENSES**

	(Value in ₹ Lacs)	
	31st March 2016	31st March 2015
Other Expenses		
Repairs and Maintenance		
Building	36.86	33.04
Equipment	85.97	95.51
Others	101.62	104.93
	224.45	233.48
Rent	661.59	811.58
Travelling & Conveyance	2,000.09	1,693.47
Crew & Other Staff Training	431.63	465.34
Bank Charges	49.73	47.22
Electricity & Water Expenses	229.63	223.14
Telephone, Telex & Postage	113.13	96.07
Advertisement & Publicity	45.54	48.55
Printing & Stationery	59.27	74.74
Vehicle Running & Maintenance	26.66	21.46
Auditors Remuneration		
- Statutory Audit Fees	7.07	6.73
- For other Matters	1.75	-
- Reimbursement of Expenses	0.34	0.68
	9.16	7.41
Rates, Fees and Taxes	104.63	70.23
Loss on Sale of Assets	-	-
Prior Period Income (Net) (See Note 25A)	-	119.30
Provision for Doubtful Debts & Advances	324.49	309.46
Corporate Social Responsibility & Sustainable Development Fund	76.90	69.53
Provision for Wealth Tax	-	7.90
Juhu Housing complex Expenses (Net of recoveries)	170.09	84.77
Insurance Expenses	29.27	35.13
Other Expenses	407.52	321.34
Total	4,963.78	4,740.12

NOTE NO. 25A

	(Value in ₹ Lacs)	
	31st March 2016	31st March 2015
(a) Prior Period Items represents:		
A. Credit		
Gratuity	-	-
Depreciation	8.75	-
Billing of earlier years	-	-
LTC Provision Written Back	-	-
Other Items	300.77	2.31
Total (A)	<u>309.52</u>	<u>2.31</u>
B. Debits		
Depreciation	1.53	-
Billing of earlier years	-	60.89
Exchange Fluctuation (Net)	12.77	-
Other Items	203.63	60.72
Total (B)	<u>217.93</u>	<u>121.61</u>
C. Net Debit / (Credit) (A-B)	<u>-91.59</u>	<u>119.30</u>

**NOTE NO. 26
EXCEPTIONAL ITEMS**

	(Value in ₹ Lacs)	
	31st March 2016	31st March 2015
Exceptional Items		
Prov. for Diminution in Value of Investment	20.25	144.67
	20.25	144.67
Total	<u>20.25</u>	<u>144.67</u>

**NOTE NO. 27
EXTRAORDINARY ITEMS**

	(Value in ₹ Lacs)	
	31st March 2016	31st March 2015
Extraordinary Items		
A. Credits		
Surplus on Settlement of Insurance Claims	2,560.97	743.41
	2,560.97	743.41
B. Debits		
Deductable under Insurance	180.00	
	180.00	
C. Net Credit/(Debits) (A-B)	<u>2,380.97</u>	<u>743.41</u>



28. ADDITIONAL NOTES TO THE FINANCIAL STATEMENTS

(Annexed to and forming part of the Annual Accounts for the year ended 31st March, 2016).

I) Commitments

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

(₹/ Lakhs)

31.03.2016	31.03.2015
1493.08	4951.65

II) Contingent Liabilities

(₹/ Lakhs)

Particulars		31.3.2016	31.3.2015
a.	Counter guarantees given to Banks	2620.85	2313.14
b.	Letters of Credit	113.31	460.12

c) Claims against the Company not acknowledged as debt:

1) (₹/ Lakhs)

Particular	31.3.2016	31.3.2015
Income Tax demands contested by the Company at ITAT/CIT(Appeal)	5409.28	5383.91

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

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

2) (₹/ Lakhs)

Particulars		31.03.2016	31.03.2015
a.	Court cases / cases under Arbitration	3171.72	4426.00
b.	Others Matters		

(Includes Claim from Airport Authority of India regarding lease rent for hangers and land. The MOCA Arbitration Award has not been implemented by AAI. However, they have raised highly inflated demand which has not been accepted by the company and Rs. 32073.93 Lakhs (P. Y. Rs. 22278.49 Lakhs) (Net of paid/ provision Made) is shown as contingent liability)	32177.00	22381.56
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3) (₹/ Lakhs)

Particular	31.03.2016	31.03.2015
Demand Notice for payment of VAT including penalty for the period 2006-07 to 2009-10	31927.35	31927.35

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 advised that since it is paying service tax on such transactions, the demand for payment of VAT does not arise. The matter is listed for final hearing before the Hon'ble VAT Tribunal.

4) (₹/ Lakhs)

Particular	31.03.2016	31.03.2015
Show Cause Notice from Service Tax Department for the period April 2009 to March, 2015.	2236.27	1962.72

The Show Cause Notice relate to the period April'2009 to March'2015 from the service tax department received during the financial year under review. Few replies of show cause notice have been submitted and other replies are under preparation, however the company expects that there will be no significant impact on the results of operations or cash flows.

- 5) The Company's pending litigations comprise of claims against the company and proceedings pending with tax/statutory/Government authorities. The company has reviewed all its pending litigations and proceedings and has made adequate provisions, wherever required and disclosed the contingent liabilities, wherever applicable, in its financial statements. The company does not expect the outcome of these proceedings to have a material impact on its financial position. Future cash outflows in respect of the above are determinable only on receipt of judgments/decisions pending with various forums/authorities.

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 Lakhs 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 Lakhs only which included Rs. 2450.00 Lakhs equity contribution from ONGC. The company utilized such capital contribution alongwith Rs. 622.97 Lakhs from internal resources and utilized such capital contribution towards the projected cost leaving a balance of Rs. 13091.03 Lakhs. The balance consideration of Rs. 13091.03 Lakhs 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 Lakhs 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. 35345.80 Lakhs upto 31.03.2016 (previous year Rs. 32989.41 Lakhs) since the Ministry of Finance has confirmed total dues recoverable from the Company upto 31.03.2016 at Rs 47022.22 Lakhs representing principal of Rs 13091.03 Lakhs and interest of Rs 33931.19 Lakhs. The Company has made representation to the Govt. of India through the Ministry of Civil Aviation (MOCA) from time to time for waiver of said liability and accrued interest on the basis that the project for import of 42 helicopters, the whole amounts was to be funded by GoI through equity contribution. In this connection the Company has again submitted details of the proposal in January 2016 to MOCA for taking up the matter with Ministry of Finance which was forwarded by MOCA to MoF, Deptt. of Economic Affairs, DPE, Min. of Petroleum and Natural Gas & Min. of Heavy Industries and Public Enterprises for their comments in August 2016, the comments of all concerned Ministry/ Deptts. On draft cabinet committee note (CCN) have been received by Ministry of Civil Aviation which will be put up to cabinet for its consideration.

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 of India conveyed its decision on 18th January, 1993 that the entire Westland fleet, together with the related inventory may be offered

for sale through global tender and that the sale proceeds may be made available for utilization of poverty alleviation programmes with mutual consultation between the Governments of India and the Government of United Kingdom. However, consequent to an unfavorable response to such global tender, the Government permitted the Company on 12th May, 1994 to dispose 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 Lakhs. 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 Lakhs relating to disposal of such assets in 1999-2000, the residual provision of Rs.1516.00 Lakhs 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 Lakhs) 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 13th August 2012 disposed off the petition for arbitration.
- d) Necessary accounting adjustment relating to the Westland assets sold (Cost Rs. 5146.00 Lakhs, W.D.V. Rs. 723.00 Lakhs) 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 Lakhs) 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 Lakhs (written

down value- Rs.450.00 Lakhs). The SLP filed by warehousing company and the freight forwarders have been dismissed by the Hon'ble Supreme Court in 2012. The transfer of inventory items from the warehouse of Sagar Warehousing Corporation to company's western region has been carried out. Accordingly, steps would be 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 Lakhs 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 Lakhs. However, the Ministry has again vide letter dated 07.11.2014 directed for re-evaluation of these assets by other valuer. The report of second Valuer has been received at Rs.26.53 Lakhs and the same has been submitted to MOCA.

V) Residential Flats/Quarters

- a) The Company had constructed and capitalized 242 flats during 2002-2003 at a cost of Rs.2270.68 Lakhs on land given by Airport Authority of India (AAI) for a period of 25 years. The company has allotted 50 flats out of 242 flats to AAI as per joint development agreement in lieu of lease rentals for the said land and the cost of construction of such flats as estimated by the project architect amounts to Rs. 595.00 Lakhs
- b) The Company had purchased 6 nos. of residential flats in May 1998 for the employees from MHADA, Mumbai and though the possession was taken based on

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

- c) The Company had purchased 42 nos. of residential flats in the year 1991-1992 for employees from Lokhandwala Construction Industries Limited, Mumbai. The Board of Directors of the Company have approved renting out these flats to Public Sector Undertaking (PSUs) and accordingly 29 flats have been let out on rental basis to Union Bank of India as on 31/03/2015 but Lease agreement has expired on 22/7/2013 and efforts are on to get the Lease agreement signed with an increase of 20% after the expiry of lease agreement and the same has also been accounted for in our books.

VI) Fixed Assets

- a) Rotables and Repairable with gross cost of Rs.5844.75 Lakhs (P.Y. Rs. 5187.95 Lakhs) and WDV of Rs.2161.15 Lakhs (P.Y. Rs. 2976.25 Lakhs) are lying with foreign equipment suppliers for repairs as at 31.03.2016. Out of these, Rotables with gross cost of Rs.2122.22 Lakhs (P.Y.Rs.2969.76 Lakhs) and WDV of Rs.881.41 Lakhs (P.Y.Rs. 1783.49 Lakhs) have been received back after 31st March, 2016. 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 Lakhs 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 capitalized at Rs. 288.05 Lakhs.

- 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 Lakhs (P.Y. Rs. Nil).

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.

(₹/Lakhs)

Current Year		Previous Year	
Shortage	Excess	Shortage	Excess
41.74	12.95	17.06	6.77

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.73.26 Lakhs (P.Y. Rs. 541.89 Lakhs) has been made during the year under review as per the approved accounting policy.

Further, on review of inventory at western region of Non-moving stores, spares and consumables provision of Rs.50.26 Lakhs (P.Y. Rs.41.74 Lakhs) has been reversed during the year under review.

- IX)** 1) In respect of Receivables at Northern Region, on bill wise analysis of Debts recoverable and outstanding, it has been noticed that bills amounting to Rs. 1059.50 Lakhs (P.Y. Rs.1727.25 Lakhs) are outstanding mainly from outside parties except Central Govt./State Govt/Union Territories out of which Rs.394.57 Lakhs (P.Y. Rs.137.49 Lakhs) outstanding for more than three years. Rs. 13301.11 Lakhs (P.Y. Rs.17916.84 Lakhs) are outstanding mainly from Central Govt./State Govt/ Union Territories out of which Rs.257.50 Lakhs (P.Y. Rs.185.26 Lakhs) outstanding for more than seven years. A total provision of Rs.625.85 Lakhs (P.Y. Rs.322.75 Lakhs) 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 near future.

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

- 3) The company purchases spare part from parties 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 India

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 to be considered for making payment to the supplier.

X) Secured Loans

S. No.	Loan From	Limit Sectioned / Date (Rs./ Lakhs)	Drawdown upto 31.3.2016 (Rs./ Lakhs)	Repayment upto 31.3.2016 (Rs./ Lakhs)	Interest rate (Monthly rest)	Payment Schedule	Secured by
1.	ONGC	27500.00 12/08/2010	16516.00 (net of . 9585.00 converted into equity)	16184.44	SBI base rate plus 1.5%	60 equal monthly installments	Hypothecation of 7 nos. of new Dauphin N3 helicopters
Note:- Loan was negotiated in August, 2010 to finance 80% cost of 7 new Dauphin helicopters acquired from Eurocopter, France.							
2.	NTPC Ltd.	5430.00 29/04/2010	5283.63	1744.16	6% per annum	120 equal monthly installment.	Hypothecation of Dauphin N3 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 31st March 2016 from Sundry Debtors and Loans and Confirmation for balances as at 31st March 2016 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.

- 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 had made a provision of Rs 2746.34 Lakhs (P.Y. Rs. 2746.34 Lakhs) up to 31.03.2016. Disbursements have been made in the previous years and current year, leaving a balance of Rs. 36.58 Lakhs (P.Y. Rs. 37.56 Lakhs) which has been carried forward for appropriate adjustments in the next year.
- Provision for pension amounting to Rs. 2498.52 Lakhs (P.Y.Rs.2225.74 Lakhs) made in the previous years and Rs. 1.05 Lakhs (P.Y. Rs.399.25 Lakhs) in the current year. 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. The Company has finalized a pension scheme with Life Insurance corporation of India and after approval of pension from MOCA. Out of total provision of Rs.2499.57 Lakhs, company has paid Rs.2493.88 Lakhs during the F.Y.2015-16 to PHL Employees Defined Contribution Superannuation Trust & the balance amount of Rs.5.70 Lakhs has been shown as provision for pension.
- During the year, the Company has provided Rs.1147.00 Lakhs (PY. Rs.1104.78) on estimated basis on account of license related allowances for pilots and engineers. The total provision



being carried in the books as on 31.03.2016 is Rs.4381.16 Lakhs.(P.T. 3234.16 Lakhs.)

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 Lakhs 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. As per DPE guidelines EL & HPL can be en-cashed upto to maximum of 300 days together on superannuation. 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:-

(₹ in /Lakhs)

Particulars	2015-16			2014-15		
	Opening Liability	Created/ Adjusted during the Year	Closing Liability	Opening Liability	Created/ Adjusted during the Year	Closing Liability
Earned Leave	1535.90	66.44	1602.34	1480.19	55.71	1535.90
Half Pay Leave	697.27	69.35	766.62	593.00	104.27	697.27
Post Retirement Medical Benefit Scheme.	653.02	110.88	763.90	529.60	123.42	653.02
Baggage Allowance upon Retirement	15.61	1.02	16.63	14.22	1.39	15.61
Total	2901.80	247.69	3149.49	2617.01	284.79	2901.80

7) Defined benefits plan recognized in the financial statement as per actuarial valuation as on 31st March, 2016 are detailed below :-

(Fig. in ₹/ Lakhs)

	Particulars	2015-16			2014-15		
		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)
A)	Changes in Present Value of Obligation						
i	Present value of obligation as at the beginning of the period	2233.17	668.63	3262.26	2073.19	543.82	3129.97
ii	Interest Cost	178.65	53.49	260.98	165.86	43.51	250.40
iii	Past Service Cost	-	-	-	-	-	-
iv	Current Service Cost	134.67	20.94	169.40	133.49	18.79	168.66
v	Curtailement / Settlement cost	-	-	-	-	-	-
vi	Benefits paid	(330.61)	(13.83)	(188.93)	(275.01)	(14.78)	(128.65)
vii	Actuarial (gain) / loss on obligation (Balancing figure)	153.08	51.30	(198.69)	135.65	77.29	(158.11)
viii	Present value of obligation as at the end of the period	2368.96	780.53	3305.02	2233.17	668.63	3262.26
B)	Changes in fair value of plan assets						
i	Fair Value of plan assets as at the beginning of the period	-	-	3390.70	-	-	3248.56
ii	Expected return on plan assets	-	-	282.78	-	-	270.93
iii	Contributions	-	-	-	-	-	-
iv	Benefits paid	-	-	(188.93)	-	-	(128.65)
v	Actuarial gain / (loss) on obligation	-	-	2.58	-	-	(0.14)
vi	Fair value of plan assets as at the end of the period	-	-	3487.14	-	-	3390.70
C)	The amounts to be recognized in the balance sheet						
i	The present value of obligation as at the beginning of the period	2368.96	780.53	3305.02	2233.17	668.63	3262.26
ii	Fair value of plan assets as at the end of the period.	-	-	3487.14	-	-	3390.70



	Particulars	2015-16			2014-15		
		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)
iii	Net Assets / (liability) recognized in balance sheet.	(2368.96)	(780.53)	182.12	(2233.17)	(668.63)	128.45
D)	Expenses recognized in the Statement of Profit and Loss A/c						
i	Current Service Cost	134.67	20.94	169.40	133.49	18.79	168.66
ii	Past Service Cost.	-	-	-	-	-	-
iii	Interest Cost.	178.65	53.49	260.98	165.86	43.51	250.40
iv	Expected return on plan assets	-	-	(282.78)	-	-	(270.93)
v	Curtailment / settlement cost	-	-	-	-	-	-
vi	Net Actuarial gain / (loss) recognized in the period.	153.08	51.30	(201.27)	135.65	77.29	(157.98)
vii	Expenses recognized in the statement of profit and loss	466.40	125.72	(53.67)	434.99	139.59	(9.85)

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.	-	-	8.42%
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 31st March 2016	As at 31st March 2015
		% age of total plan assets	
1	Govt. securities / special deposit with RBI	64.03	64.27
2	High quality corporate bonds	26.27	26.84
3	Insurance companies	NIL	NIL
4	Mutual funds	NIL	NIL
5	Cash and cash equivalents, Bank balance	0.56	0.89
6	Term deposits	8.75	7.55
7	Equity	0.39	0.45

9) Pension

For pension contributions reference should be made to Note no. XII (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 N3 helicopter Regn No VT-PHZ met with an accident, when the helicopter was on rescue mission in Uttarakhand from Mateli to Harshil. The financial claim amounting to Rs.1086.76 Lakhs upon completion of repairs to the helicopter, has been submitted to M/s. New India Assurance Co. Ltd. for their assessment and further action. Subsequently as per the email dt.10th Sept,2015 the surveyor has assessed the claim for Rs.733.46 Lakhs which is subject to settlement by the insurance company.
- b) Dauphin N3 helicopter bearing registration no. VT-PHK had a fatal crash on 04/08/2015 when the helicopter was on a sortie from Khonsa to Longding in Arunachal Pradesh in which 1 passenger and 2 crew members died. The sum assured for the helicopter

was Rs. 3650.00 Lakhs with deductible of Rs.70.00 Lakhs. The claim in respect of the helicopter has been settled for Rs.3650.00 Lakhs with deductible of Rs.70.00 Lakhs as per the terms and condition of the Hull Insurance policy and the same has been accounted in the financial year under review.

- c) On 24/08/2015, Dauphin N3 helicopter bearing registration no. VT-PWF (Sum Assured of Rs.5600.00 Lakhs with deductible amount of Rs.70.00 Lakhs) had a fatal crash in Bombay high sea with 2 crew members on board and the body of one crew member was located while another crew member is still missing. Intimation regarding crash has been sent to M/s. National Assurance Co. Ltd. Insurance claim against above crash is under process.
- d) On 04/11/2015, Dauphin N helicopter bearing registration no.VT-ELJ (Sum Assured of Rs.1325.00 Lakhs with deductible amount of Rs.40.00 Lakhs) met with an accident while landing at Maruli helipad, Nagaland with two crew members and 4 passengers on board. Intimation regarding crash have been sent to M/s. National Assurance Co. Ltd. Insurance claim against above crash is under process.



XIV) Taxation

- a) In view of taxable losses for the Financial years ended 31.03.2007 to 31.03.2013, the Company is liable to pay Minimum Alternate Tax (MAT) under section 115JB of the Income Tax Act, 1961. The Company has paid MAT amounting to Rs.8670.65 Lakhs (P.Y. Rs.7268.21 Lakhs) for these years (including Rs. 1402.43 Lakhs for the current financial year) through. MAT paid by the company is adjustable in future in ten years against normal income tax liability.
- b) The breakup of advance tax net of provision of Rs.7271.70 (P.Y.6902.09 Lakhs) shown under long term loan and advances is as under:

Particulars	₹ in Lakhs)	
	2015-16	2014-15
Advance Tax including tax deducted at source	34476.25	33005.03
Provision for Income Tax	27204.55	26102.94
Net Amount of advance income tax paid	7271.70	6902.09

- c) The amount of advance tax includes Rs.6715.03 Lakhs (P.Y. Rs.6978.93 Lakhs) relating to completed assessment upto the year ended 31.3.2013 and Rs.25.68 Lakhs pertains to A.Y.2014-15 and A.Y.2015-16 in respect of which assessment is yet to be completed. In respect of Rs.6715.03 Lakhs for year ended upto 31/3/2013 (PY Rs.6978.93 Lakhs) relating to completed assessments, amount to be refunded or additional tax liability, if any, is not quantifiable at this stage. Hence, net amount recoverable/adjustable towards refunds from the Income Tax Department has been shown under “Long Term Loans & Advances”.

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 1996-97 to 2001-02. These relate to 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.

- d) 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 the entire cumulative unabsorbed depreciation to the extent of Rs. 7259.20 Lakhs (P.Y. Rs.9663.58 Lakhs) 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. 2013-14 under section 154/143(3) of the Income Tax Act, 1961.

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

The Company has invested Rs. 289.34 Lakhs during F.Y. 2009-10 towards equity contribution (non listed) in National Flying Training Institute Pvt. Ltd.(NFTI), Gondia, Maharashtra. The investee company has accumulated losses of Rs. 4749.78 Lakhs against paid up share capital of Rs. 8368.40 Lakhs as on 31.03.2016 (Unaudited Accounts). Considering the huge accumulated Loss which is about 57% (P.Y. 50%) of Paid up share capital of the NFTI, Company has made Provision of Rs.164.92 Lakhs (P.Y. Rs.144.67 Lakhs) for diminution in value of 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 an estimated cost of Rs. 6400.00 Lakhs which is has been revised to Rs. 9925.00 Lakhs on 07/06/2016 by MOCA due to additional items and contingencies for essential security, safety and operational infrastructure cost. The project is to be funded as under:-

- (i) Rs. 1900.00 Lakhs as Grant in Aid by the Government towards the land cost.
- (ii) Government equity towards 80% of the cost of infrastructure development aggregating Rs. 6414.00 Lakhs.
- (iii) Company contribution of Rs.1604.00 Lakhs being 20% of the project cost.

The Company has received Rs. 3600.00 Lakhs upto March, 2016 as equity contribution from GOI towards the Heliport Project costs. The balance amount of Rs. 2814.00 Lakhs is receivable from GOI (MOCA).

The expenses incurred on the project till 31.3.2016 are summarized below:-

(₹ / Lakhs)

Particulars	31.3.2016	31.3.2015
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	146.85	79.35
CWIP consisting expenses on boundary wall and R/A Bills payment to Contractor, Electricity Load Sanction fees etc.	5114.68	1620.41
Total	7168.54	3606.77
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	Nil	1893.23
Amount Invested by PHL through internal resources in Rohini Heliport Project upto 31/03/2016	1668.54	

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 Lakhs for this purpose in April 2010. The expenses incurred upto 31.03.2016 out of the said advance are given below:

	Particulars	Upto 31/3/2016	Upto 31/3/2015
			₹/ Lakhs
A	- Advance received from DGCA in April, 2010	1000.00	1000.00
	- Total interest accrued & earned	203.91	201.12
	Total fund	1203.91	1201.12
B	- Amount disbursed to NBCC	1134.09	1134.09
	- Amount incurred by the company towards project cost	26.68	26.68
	Total Disbursement/ expenditure	1160.77	1160.77
C	Balance available with bank		
	- In Current account	5.38	5.11
	- In Fixed Deposits	37.00	35.00
	- Interest accrued	0.76	0.24
	Total	43.14	40.35

XVIII) Corporate Social Responsibility and Sustainable Development Fund

As per the section 135 of the Companies Act, 2013 effective from 1st April, 2014, the company is required to spend, in every financial year, at least 2% of the average net profits of the Company made for the three immediately preceding financial years in accordance with its



CSR policy. Based on above, in F.Y.-2015-16 company is required to spend Rs. 106.39 Lakhs (P.Y. 69.52 Lakhs). In addition to above, Provision amounting to Rs. 200.92 Lakhs (P.Y. Rs.225.74 Lakhs) was carried forward from the earlier years. During the current year company has spent Rs.76.90 Lakhs (P.Y. Rs.50.22 Lakhs) on CSR activities under the following heads :

₹ in Lakhs

Particulars	2015-16	2014-15
Swachh Bharat Abhiyan	76.90	Nil
Healthcare	Nil	8.72
Conservation of natural resources	Nil	13.70
Training and skill development	Nil	27.80
Total	76.90	50.22

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

XIX) Obligation towards operating leases.

Rental expenses of Rs. 661.59 Lakhs (P.Y. Rs. 811.58 Lakhs) 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) Depreciation

During the current financial year based on approved technical report submitted by technical committee, the Company has revised the estimated useful life of helicopters and its related assets (Refer

Note No.29(I)(b)). Consequently, profit for the year ended 31st March, 2016, is higher by Rs. 3890.79 Lakhs (P.Y. Rs. 225.77 Lakhs) representing net amount of lower depreciation of Rs.2876.02 Lakhs in WR and Rs.1014.77 Lakhs in case of NR.. Further, an amount of Rs. Nil (P.Y. Rs. 217.54 Lakhs) has been recognized in the opening balance of the retained earnings, where the remaining useful life of such tangible assets is NIL as at 1st April, 2014 in line with the provisions of schedule-II to the Companies Act 2013.

XXI) A financial irregularity was reported at Lakshadweep detachment in the previous year. 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 Lakhs, the provision of Rs. 89.12 Lakhs has been created in previous year. The figure of Rs. 89.12 Lakhs was arrived at by estimating the total amount of Rs. 129.21 Lakhs out of which travelling bills/credit payables to employees/supporting/invoice etc amounting to Rs. 40.09 Lakhs were traced by the management and the balance amount of Rs. 89.12 Lakhs has been provided for. During the current financial year Rs. 59.29 Lakhs were received from the Lakshadweep Administration towards travelling bills for the period April 2008 to March 2011. Investigations are still in progress.

XXII) Provisions

Various provisions carried in the books as on 31.03.2016 are detailed below.



(Fig. in ₹ /Lakhs)

Particulars	Opening Balance as on 01.04.2015	Created during the year	Utilized during the year / Other Adjustments/ transfer/Reversals	Closing Balance as on 31.03.2016
Impairment of Assets	1618.42	0.89	3.31	1615.99
Provision for Revision of Pay & Allowances from 01.01.2007 including pension and others	2575.13	19.12	2494.86	99.39
Provision on account of License related allowance to Pilots & Engineers	3234.16	1147.00	-	4381.16
Doubtful Debts/Advances	1587.36	324.48	116.11	1795.73
Non moving inventories/ Life expired items, etc.	2805.60	115.00	75.22	2845.38
Provision for Loss at Lakshadweep Detachment	89.12	-	-	89.12
Provision for Diminution in Value of Investment	144.67	20.25	-	164.92
Dividend	1547.53	1082.52	1547.53*	1082.52
Corporate Tax on Dividend	158.01	220.38	158.01	220.38

* The Dividend was paid in April, 2015 (Rs. 771.33 Lakhs) for F.Y. 2013-14 and in January, 2016 (Rs. 776.33 Lakhs) for F.Y. 2014-15.

XXIII) Related Party Disclosure

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

a. Key Managerial Personnel

- Dr. B.P. Sharma, Chairman cum Managing Director, PHL from 09.03.2015 onwards.
- Shri. Dharendra Sahai, Chief Financial Officer.
- Shri Sanjiv Agrawal, Company Secretary.

b. Details of Transactions :- (Key Managerial Personnel)

(₹ in Lakhs)

Particulars	2015-16	2014-15
Remuneration to Key Managerial Personnel	92.71	49.12
Amount Receivable	3.83	6.51
Amount Payable	1.12	-

c. ONGC Ltd – Equity Shareholder - 49% amounting to Rs. 12035.00 Lakhs

Transaction :-	F.Y. 2015-16	F.Y 2014-15
	₹/ Lakhs	₹/ Lakhs
Helicopter Hire charges	18218.92	18782.32
Other Services	41.76	Nil
Trade receivables as on 31st March (debit)	2325.18	2105.89
Loan repaid (Principal Amount)	3346.84	3504.53
Interest Paid	221.97	645.14
Outstanding Loan (Principal Amount)	331.56	3678.40



XXIV) Earnings Per share have been computed as under:

(In ₹/Lakhs)

	31st March, 2016	31st March, 2015
Net Profit/(Loss) after tax	3608.41	3880.94
Weighted average no of Equity Share outstanding	245616	245616
Earnings per share (Basic and diluted)	1469	Rs.1580
Face value is Rs. 10,000 per share		

XXV) ADDITIONAL INFORMATION

Opening and closing stocks (after write offs)

(In ₹/Lakhs)

	31st March, 2016	31st March, 2015
i) Stores, Spares & Consumables (Net)	4959.95	5202.50
ii) Test Tool/ Ground Support Equipment	32.59	68.21
iii) Goods-in-Transit /Goods under Inspection	10.39	352.78
iv) ATF	15.79	24.88
Total	5018.72	5648.37

Value of imports calculated on CIF basis:

	31st March, 2016	31st March, 2015
i) Helicopters & Accessories	-	-
ii) Stores, Spares & Consumables	2257.83	1095.65
iii) Airframe & Aero Engine Equipments-Rotables	518.23	775.87
iv) Test equipment/Ground Support Equipment/Loose Tools	148.01	13.26
v) Goods-in-Transit /Goods under Inspection	9.28	7.57
vi) Capital Goods/Other Items	6.06	226.43
Total	2939.42	2118.78

c) Expenditure in Foreign Currency during the financial year:

	31st March, 2016	31st March, 2015
i) Helicopters & Accessories	-	-
ii) Stores, Spares & Consumables	2238.75	1081.39
iii) Airframe & Aero Engine Equipments-Rotables	516.88	772.31
iv) Test equipment/Ground Support Equipment/ Loose Tools	153.27	13.26
v) Foreign Travelling/Foreign Training	7.74	57.13
vi) Goods in Transit/Goods under Inspection	9.28	6.93
vii) Repair Charges	11661.82	8514.40
viii) Capital Goods/ Other Items	6.95	180.41
Total	14594.68	10625.82



- 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/Lakhs)		Percentage	
	31st March, 2016	31st March, 2015	31st March, 2016	31st March, 2015
Imported	2621.75	3048.28	97.32%	97.42%
Indigenous	72.31	80.58	2.68%	2.58%
Total	2694.06	3128.86	100.00%	100.00%

- e) Earnings in Foreign Exchange during the financial year :

(In ₹/Lakhs)

	31ST MARCH 2016	31ST MARCH 2015
Helicopter Hire charges	9103.36	10,627.78

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

- i) Remuneration Paid to Chairman & Managing Director :-

(₹ in Lac)

	31st March, 2016	31st March, 2015
Salary, Allowances, Perquisites, Provident Fund, Pension etc	35.44	1.88

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

XXVII) 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 III of the Companies Act, 2013.

XXVIII) 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.

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

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

Dr. B.P. Sharma
Chairman & Managing Director

Mrs. Gargi Kaul
Director

Sanjiv Agrawal
Company Secretary

Dhirendra Sahai
Chief Financial Officer

Place: New Delhi

Dated: 02.11.2016



Cash Flow Statement for the year ended 31st March, 2016

	(Value in ₹ Lacs)	
	31st March 2016	31st March 2015
A. Cash Flow from Operating Activities		
Net Profit Before Tax	6,167.32	7,173.46
Adjustments for:		
Depreciation and Amortization Expense (Net)	3,496.38	7,652.34
Interest Income	(438.63)	(1,123.48)
Extra Ordinary Items	(2,380.97)	-
Interest Cost	450.10	1,749.35
Fixed Assets Written Off	87.97	107.36
Provision for Doubtful Debts & Advances	324.49	309.45
Provision for Non-Moving Inventory/Life Expired Items	73.26	541.89
Loss on Impairment of Assets	0.88	-
Provision for Diminution in value of Investment	20.25	144.67
	1,633.73	9,381.59
Operating Profit Before Working Capital Changes	7,801.05	16,555.05
Adjustments For:		
Trade Receivables	5,008.04	(1,902.97)
Loans & Advances and Other Assets	-412.46	2,136.49
Inventories	547.32	(669.81)
Trade Payables, Other Liabilities and Provisions	-1,397.25	2,161.84
Cash Generated From Operations	3,745.65	1,725.55
Income Tax Paid	1,774.61	1,940.32
Net Cash from Operating Activities	9,772.09	16,340.28
B. Cash Flow from Investing Activities		
Purchases of Fixed Assets	(776.22)	(1,264.86)
Sales/Insurance Claim/Adjustment of Fixed Assets	3,570.25	-
Capital Work-in Progress	(3,568.99)	(1,405.54)
Proceed on maturity of Fixed Deposit having maturity of more than 3 Months & under Lien	(3,782.30)	5,713.41
Interest Received	438.63	1,123.48
Net Cash Used in Investing Activities	-4118.63	4,166.49
C. Cash Flow from Financing Activities		
Interest Cost	(450.10)	(1,749.35)
Dividend	(1,547.51)	-
Corporate Tax on Dividend	(158.01)	(154.22)
Repayment of Long Term Borrowings	(3,822.78)	(19,469.03)
Net Cash Used in Financing Activities	-5,978.40	-21,372.60
Net Increase In/Utilisation of Cash and Cash Equivalents	-324.94	-865.82
Opening Cash and Cash Equivalents	6,624.77	7,490.59
Closing Cash and Cash Equivalents	6,299.83	6,624.77

Notes:

1. Figures in Brackets indicates cash outflows
2. 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
(Sanjeev Srivastava)
Partner
(M.No 502238)
Place : New Delhi
Date : 02.11.2016

(Dr.B.P.Sharma)
Chairman & Managing Director

(Sanjiv Agrawal)
Company Secretary

(Mrs. Gargi Kaul)
Director

(Dhirendra Sahai)
Chief Financial Officer



STATUTORY AUDITORS' REPORT

Auditors' Observations

Annexure 'A' to the Directors Report

Management reply

INDEPENDENT AUDITORS' REPORT

To,
The Members
Pawan Hans Limited
(Formerly known as Pawan Hans Helicopters Limited)

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 31 March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the 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 Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and



maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

1. The Branch auditors of Western Region have made following comments (paras 1.1 to 1.3) in their audit report under 'Basis of Qualified Opinion'

1.1 As stated in note number 28 XXI forming part of financial statement, based on Inter Office Memorandum from Vigilance Department Ref. No. PHL/ CO/ VIG/219 dated 12th August 2014, the said (IOM) the CVO (Chief Vigilance Officer) conducted enquiry & submitted the report to the management regarding financial irregularities at Lakshadweep amounting to Rs.129.21 lacs, management identified supporting/invoices/bills/credits payable to employees amounting to Rs.40.09 lacs & only the balance of Rs.89.11 lacs in view of the management, is considered as loss & had been provided for in the financial statements of F.Y. 2013-14. Further, we are not aware of any other investigation conducted by the management & outcome & consequential impact on financial statements of such investigation in financial year 2015-16. The matter is being dealt with at the corporate office.

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

1.2 Regarding charges on account of Lease rent payable to AAI. As advised by the Corporate Office, the lease rent has been paid amounting to Rs.460.94 lacs (net of service tax) for the financial year under review by compounding at the rate of 7.5% p.a. w.e.f. 1st April, 2009 & taking the base rate as on 31st March, 2009. Accordingly, the necessary provision has been made in the books of accounts in the current financial year (2015-16). Further, as per the meeting held in the Ministry of Civil Aviation (MOCA) which was chaired by JS & FA – MOCA on 26th July 2016, it was decided that the revised leased rent rate for Juhu w.e.f. 1st November, 2014, as demanded by the A.A.I. will be

On the matter of revision of lease rent for hanger and land at Northern Region and Western Region in July 2013 it was decided by Additional secretary and financial advisor, MOCA that till 31.3.2013 lease rent for hanger and land shall be enhanced @7.50% compounded yearly from 1st April 2005 and that award has been given for the period upto 31.10.2014 and thereafter commercial rates would be charged by AAI for the allotted Hanger and Land Area. It was also decided to pay lease rent on the basis of actual constructed area instead of paying lease rent on allotted land/space.

Further, meeting was held on 26.07.2016 under the chairmanship of JS&FA,MOCA in which it was advised by the JS&FA,MOCA that PHL may be considered as Govt. agencies and AAI



examined on completion of joint exercise by A.A.I. and P.H.L. about used / unused/ to be surrendered area of land by P.H.L. The lease rent arrears as per the AAI revised rate for the period from 1st November,2014 to 31st March ,2016 for the whole lease area at Juhu comes to Rs. 5219.30 lacs. Final decision on the above will be taken by the competent authority on submission of the joint report. Pending the final outcome of the aforementioned arrangement, the company has neither made any provision for additional rent payable (if any) & provision for interest nor disclosed contingent liability in relation to interest thereon in the financial statement.

may charge 50% of hiked commercial rates w.e.f. Nov'2014.It was decided that a joint survey team of AAI & PHL will identify the used and unused /to surrendered area of land by PHL and submit a mutually accepted statement / report to MOCA for consideration. A joint survey in this regard was done and report was submitted to MOCA for their consideration. Accordingly, at corporate level balance amount demanded by AAI on account of Lease Rent and interest thereon is shown as contingent liability amounting to Rs.320.74 Crores at Note No.28(II)(2)(b) of Notes to accounts. Working of contingent liability is already provided to the Audit Team. The final adjustments/payments will be carried out upon receipt of the final decision of MOCA.

1.3 Note number 28 XI forming part of financial statement relating to limited availability of balances confirmations shown under the heads Trade-receivables, Long-term & Short-term Loans & Advances given, Other Non-Current Assets, Other Current Assets, Other Long Term Liabilities, Trade Payables & Other Current Liabilities & reconciliation of such accounts. The necessary effect, if any, shall be taken into account on completion of the reconciliation. In view of the above, consequential adjustments required, if any, has not been carried out in the financial statements. However, in most of the cases, the debts/advances, etc. other than those provided for, have since been realized/adjusted.

We have sent balance confirmation letters at the year end to our trade receivable/payable, employees for short term/long term loan/ advances with intimation that their response/ confirmation should be directly sent to statutory auditor. Further, in case of trade receivables/ payable the response has been minimal generally. Further wherever required we make necessary adjustments after reconciliation of accounts. In most cases of trade receivables, the amount has been received subsequent to close of the financial year and it is pertinent to mention here that necessary provisions for doubtful debts have been made wherever required. Similarly, in the case of trade payables payments have been made after the close of the financial year. The monthly recoveries from the employees are being made from their respective salary every month.

2. As on 31st March, 2016, the Company has sundry debtors amounting to Rs.3177.81 lacs which are outstanding for more than three years. The Company carries a provision of Rs.625.85 lacs only against these debtors. These debtors include Rs.1336.02 lacs due from parties where there has been no recovery during the last

As on 31st March, 2016, the Company has sundry debtors amounting to Rs.3177.81 lacs which are outstanding for more than three years comprises both (a) outside parties except from Union territories/ State Govt./Central Govt. and (b) Union territories/ State Govt./ Central Govt. Out of total outstanding debtors of more than three years of Rs.1336.02 Lacs ,

three years and the Company carries a provision of Rs.271.80 lacs only against these debtors. In some cases, the Company is no longer supplying Helicopter services to these parties. In our opinion, the amount of Rs.1336.02 lacs in which no recovery has been made in the last three years (including current year) are doubtful of recovery and should be fully provided. This has resulted in overstatement of profit before tax by Rs.1064.22 lacs and overstatement of Trade Receivables by the same amount

Rs.271.80 Lacs related to outside parties except Union territories/ State Govt./Central Govt for which provision has been made in books of accounts. The balance amount of Rs. 1064.22 Lacs pertaining to customers which includes Govt. of Meghalaya –Rs. 173.90 Lacs which has been realized in 2016-17 , Govt. Of Bihar – Rs. 663.72 Lacs ,the requisite duplicate bills amounting to Rs. 96.78 Lacs duly supported by manifests and reasoning for grounding has been submitted to Bihar Govt. Further, the deduction of Rs. 102.41 Lacs made on account of AOG / LD by Bihar Govt. has been analyzed and Marketing Deptt. is examining the possibility of recovery / adjustment of the outstanding with the help of recovery cell., The balance amount due from Bihar Govt, of Rs. 464.53 Lacs relates to maintenance services and providing of spare consumables and loaning of the spares for Bihar Govt. H/C. The PHL recovery officials are again visiting to Bihar Govt. along with all requisite evidences to finalize the recovery. Other balance dues are from Govt. of Manipur – Rs. 9.88 Lacs, Govt. of Arunachal Pradesh (B3 H/C) – Rs.207.78 Lacs, and DGCA – Rs. 8.94 Lacs which are less than seven year old outstanding and Therefore, provision will be made only after completion of seven years as per accounting policy. However, in most of the outstanding dues recoverable from Union territories/ State Govt./Central Govt. the payment is delayed due to non availability of budgets / approvals at their end. As per our accounting policy Debts recoverable and outstanding from outside parties except Union territories/ State Govt./Central Govt. for more than three years are considered doubtful and provided for unless specifically known to be doubtful prior to this period. However for Union territories/ State Govt./Central Govt. debts recoverable and outstanding for more than 7 years are considered doubtful and provided for unless specifically known to be doubtful prior to this period. In the said cases 7 years period yet not completed. Hence, no provision was made as on 31.03.2016.

3. *The amount due from Mata Vaishno Devi Shrine Board as on 31st March, 2016 is Rs.123.94 lacs (previous year Rs.123.94 lacs) and Company has given security deposit of Rs.40.00 lacs (previous year Rs.40.00 lacs) to the Shrine Board. The contract with Shrine Board has been terminated with effect from 1st April, 2014 and the amount has not been realized till date. No provision has been held in the accounts. This has resulted in overstatement of Reserves and Surplus by Rs.163.94 lacs, trade receivables by Rs. 123.94 lacs and long term loans and advances by Rs. 40.00 lacs.*
- Shri 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. A provision for Rs.121.04 lacs payable to security agencies of Jammu is already exist in the books as on 31.3.2015. Efforts were made to get NOC from security agencies as no other operators had paid the same. The matter is being pursued with the agencies for issuing of NOC so that the outstanding from the shrine board can be released.*
4. *Advance Income Tax includes Rs.6715.03 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'. (Refer Note No. 28 XIV (c).*
- It is to submitted that all document related to advance tax, tax at source ,provision for income tax, income tax demands, refunds received and relevant assessment orders has already been provided to statutory auditors. Further, Pawan Hans is under appeal before the ITAT forum as 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. The total tax paid including Interest paid by the company was 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 off MOF claim has been taken up by MOCA with MOF. Balance figures of Rs. 718.72*

Lacs is towards mismatching / invalid Physical TDS Certificates for completed assessment years upto 2013-14 which is recoverable from income tax department for which the matter has already been taken up with the parties to file their e-TDS return and also requested to Income tax Department to take up the matter with concerned department. Subsequently, out of above mentioned amount of Rs.718.72 Lacs pertaining to TDS which were not reflected in 26AS in earlier years, Rs. 342.00 Lacs now stand reflected in 26AS upto 31.10.2016 and the balance amount of Rs.376.72 Lacs which is pertaining mainly to Lakshadweep and A&N Administration, the effort is going on by them for filing their pending e-TDS return and it is expected that issue may be resolved during financial year 2016-17

5. *Reference is drawn to Accounting Policy No. 29(1)(g) 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. 28 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.*

It is mandatory to obtain a certificate of Airworthiness from DGCA on an annual basis for each helicopter. Hence, as long as a helicopter is issued an Airworthiness Certificate it implies that the helicopter is capable to generate revenue for the company. This is the unique nature of Helicopter (assets) operations. Further, for assessing the indications whether an asset particularly helicopter is impaired or not , external and internal sources of information as mentioned in the para 8 of AS 28 have been examined and found that no such asset is found impaired. Further, Periodical exercise for ascertaining fleet-wise / customer-wise profitability has also been carried out on regular basis. Hence provision of impairment does not arise. PHL never stated that the exercise as required by AS-28 is not considered necessary to assess impairment in value of helicopters. Therefore, there is no issue of non-compliance of AS-28. Hence provision of impairment does not arise.

6. *In the case of account with Indian Oil Corporation (IOC) as against a debit balance of Rs.13.62 lacs, IOC is showing*

case of account with Indian Oil Corporation (IOC) as against a credit balance of Rs.210.68 lacs (including security deposit of Rs.224.30



a debit balance of Rs.202.43 lacs. The difference of Rs.216.05 lacs has not been reconciled.

7. *As per the agreement between PHL and Shri Amarnathji Shrine Board (SASB), in case of NO refund and no show by the passengers and partial refund the remaining amount of Heli ticket after deducting service charges is payable to SASB. The amount payable to SASB has not been quantified nor provided for by the Company.*

8.1 *Reference is invited to Note No. 28 XX which explains the basis of depreciating Helicopters over estimated useful life of the Helicopters in accordance with the provisions of the Companies Act, 2013. During the year 2015-16, the Company had constituted an internal technical committee to assess the useful life of Helicopters in use by the Company. The technical committee in its report has mostly relied on the literature published by the manufactures of helicopters and has not considered in detail the conditions under which Helicopters are used by the Company, the cost of maintenance and overhauls, environmental effects and the replacement costs etc. and has suggested a generic life of Helicopters as 35 years for Dauphin fleet and 30 years for MI fleet as against 20 years useful life for helicopters and 15 years for rotors stated in schedule II of the Companies Act 2013. The Company has adopted the generic life of 35 or 30 years as the estimated useful life. Though, the technical committee had recommended that the economic useful life of the Helicopters should*

Lacs) against this IOC is showing a debit balance of Rs.202.43 lacs (including security deposit of Rs.224.30 Lacs). The difference of Rs.8.25 lacs has been reconciled and necessary adjustments will be made on receipt documents. Balance reconciliation received from IOC as on 31.3.2016 is already submitted.

Online bookings/cancellation MIS rights along with actual passenger travelled MIS is provided to Audit Team. No 'NO-show' was reported during 2015-16. Last demand from Shri Amarnath Shrine Board dated 03.06.2016 for Rs.6,300/- was received. An email issued to Shri Amarnath Shrine Board for issuing No Dues Certificate for helicopter services during Shri Amarnathji Yatra Period 2015 and reply is awaited.

PHL had envisaged to revise the estimated useful life of the helicopter and related assets while preparing annual accounts for the F.Y.2014-15. This issue had been threadbare discussed by Audit Committee Board meeting in 41ST dated 23.09.2015 and on the suggestion of the auditor it was decided to reassess the estimated useful life of helicopter and related assets after technical evaluation being carried out by technical committee of these fixed assets during the F.Y. 2015-16. A Technical Committee was constituted who had submitted it's report to Management on 29.03.2016. Which has been duly approved by Board of Directors. The Technical committee has deliberated at Para 6 of the technical report (Copy of Technical report already been provided to Statutory Auditors) before assigning generic useful life of the helicopters operated and owned by Pawan Hans. The parameters considered by the technical committee for assigning generic useful life are primarily Pawan Hans specific conditions, experience of operating thirty year old aircrafts, off-shore missions, environment, loading, obsolescence and economics (DMC), vintage etc.,

be determined by PHL management, however, no exercise has been done by the management to ascertain the economic useful life of the Helicopters based on the past experience of the Company. Further, for depreciation, the Helicopters have been taken as one integrated unit and depreciation on different components as mandated by Schedule II of the Companies Act, 2013 has not been completed resulting in contravention of the provisions of schedule II of the Companies Act, 2013.

Pawan Hans is actively deploying Dauphin Helicopters of 30 years vintage helicopters under various contracts. These helicopters exhibit a serviceability of above 90 percentage throughout the year, their non availability is only due to scheduled inspections.

Airbus Helicopters have not assigned any life limit to the Dauphin or Ecureuil helicopters as long as the component fitted to these helicopters and more specifically those subject to specific limitations of use are removed and replaced in accordance with their respective maintenance program as defined by Airbus Helicopters. Accordingly, the committee has recommended the generic useful life of Airbus helicopters up to 35 years or 1,00,000 flight hours.

Similarly, In case of Bell Helicopters, the generic useful life is drawn from the fact that the fleet of Bell 206 L4 was inducted in to Pawan Hans in the year 1993 and continues to be in service and similarly the Bell 407 fleet was inducted in the year 1997 and continues to be in service.

M/s. Bell Helicopters has intimated that the first 206 L series was inducted in to service in the year 1981 and still continues regular utility mission operations. The Bell 407 series was inducted in the year 1997, given the mature design and manufacturing practises. A Bell 212 manufactured in 1970 continues in service to accumulate 1000 hours per year. Accordingly 35 Years or 35000 Flight hours is taken for assigning generic useful life of the helicopters.

The generic useful life as assigned by the helicopter is compared with the operational experience, as mentioned above and deliberated in Para 6 of the technical report, is drawn as a base line for conclusion. Pawan Hans maintenance facility is DGCA CAR 145 approved for all types of helicopters operated and maintained by Pawan Hans. All maintenance activities are done as per manufacturers recommended practices through maintenance manuals and service bulletins etc., the procurement of helicopter spares is from OEM, OEM authorized vendors/distributors/

suppliers. As far as repair/overhaul of the helicopter components is concerned, it is done through OEM/OEM authorized CAR 145 repair facility of the country/DGCA/EASA/FAA approved facilities.

Further all helicopter models being operated by Pawan Hans and the world over are evolution of earlier models as in the case of Dauphin N, which has evolved from Dauphin C1 which was first inducted in to service in 1971. The Bell 206 L4 and Bell 407 have evolved from the Bell Helicopter L series inducted in to the service in 1981. It is true in the absence of any life limitation assigned by the helicopter manufacturer; the generic life is infinite. Accordingly the committee has recommended the generic useful life limit for these helicopters.

Further, Please refer to Clause 5.1.6.1 of the technical report submitted by Technical committee wherein it is mention that “ Airbus helicopter confirm that neither Dauphin AS 365 N3 nor AS 350 B3 helicopters are subject to any life limit or hour limit as long as the components fitted in these helicopters and more specifically those subject limitations of use are removed and replaced in accordance to their respective maintenance program as defined by Airbus Helicopters.” Further, as clause no.5.1.6.2 of the technical report “Bell Helicopter commercial airframes have no operational service life assigned either by Bell Helicopter, the FAA or Transport Canada, the regulatory authorities responsible for type design.” Only at clause no.5.1.6.3 of Technical Report “Mil Moscow helicopter plant in service bulletin number T2776-БЭ August 20,2012 for the civil version of MI-172 helicopter have assigned the service time of 30 years regardless the date of helicopter manufacture and these helicopters are to be operated according to the operational documentation.”

Further, at clause 5.0 of the technical report it is mention that useful life of the helicopter are influenced by many factors like., Mission Profile, Repair & Maintenance and Overhaul policy, environmental impact, product support.

At Clause No.6.0 of technical report it is mention that “ As long as an operator can get part for his helicopter, and maintains its according to the approved maintenance manual, can continue to fly it indefinitely. However it is essential to assign the economic useful life restriction in terms of business, mission, vintage, competition, technology advancement and other technical and regulatory requirement as well as maintain DMC within economic parameters.” And after deliberation of above factors technical committee has recommended different economic useful life for different type of fleets.

The Board of Directors (PHL Management) after having detailed discussion and taking into consideration every facts had approved the technical committee recommendations in its 153th meeting held on 30.03.2016.

Further, the helicopter machine comprises of number of rotables parts/components and engine with or without mobular system. The useful life of these components/engines is defined generally in terms of hours / cycle utilized or / on calendar basis. At the time of purchase of new helicopter, break down of helicopter cost into component wise is not given by the Manufacturer. Apart from this company has also procured time to time these components as spares during last 30 years and are also interchangeable from one helicopter to another helicopter during the process of maintenance of helicopters. Hence, identifying , assessing value and earmarking the components serial no. wise having significant value to total cost of a particular type of helicopter will be a massive exercise which requires detailed analysis and also development of a dedicated software for mapping, tracking and accurate depreciation accounting under component approach. Therefore, the company is in the process of appointing consultants who will advise us on switch over to IndAS accounting and also on the implementation of the component accounting system. Besides above, It is pertinent to mention here that the determination of the fair value of assets is a pre-requisite in IndAS. In respect

of the company assets like engines rotables etc. these assets may be on condition, TBO, SLL etc. Hence, the detailed study of all these assets has to be carried out to arrive at the fair value of the various components. It is proposed to carry out the same during the financial year 2016-17 and if found practicable the same will be implemented during the year. Further, it is pertinent to state here that a significantly large number of the components which were purchased in the early years of the company along with the helicopters have already been fully depreciated and hence it is expected that there will be no significant impact on account of the depreciation under component accounting approach.

- 8.2 *Because of estimating useful life of Helicopters from 20 years till 31.3.2015 to 30 / 35 years for the current year, the depreciation for the current year is lower by Rs. 3890.79 lacs resulting in increase in profit before tax by the same amount.* *Adequately explained at Point No.8.1 above.*
- 8.3 *From the available information, it has not been possible for us to ascertain whether adequate depreciation has been provided during the year so far as helicopters are concerned.* *The matter is explained in detail at point no.8.1 above.*
9. *Company's net profit before tax of Rs.6167.32 lacs needs to be viewed in the light of lower depreciation provision for the year by Rs.3890.79 lacs as compared to the previous year and extra ordinary income representing surplus of Rs.2380.97 lacs from the settlement of claims of Helicopter which met with an accident on 04.08.2015.* *Regarding change in depreciation of helicopter and related assets the same is properly explained above at Point No.8.1 and disclosed in Notes to Accounts at Para No.28(XX) and further It is to mention that extra ordinary income of Rs.2380.97 Lacs was accounted for on settlement of insurance claims of helicopter crashed on 04.08.2015 which in line with accounting policy refer to Para No.29(XI)(c/d) which is followed consistently.*
10. *We draw attention to Note No. 28 II relating to contingent liabilities and Note No. 28 III claim of the Govt. of India to the financial statements which describe the uncertainty* *Matter regarding GOI dues is being pursued through Ministry of Civil Aviation (MoCA) with Ministry of Finance (MoF) for an early decision. A detailed explanation has been*

relating to the outcome of certain claims against the Company relating to service tax, income tax, VAT etc. matters which are currently pending in litigations and other claims by Airport Authority of India and Govt. of India. Pending the final outcome of aforesaid matters, which are presently unascertainable, no provisions have been made in the financial statements

provided at Note No.28(III). As regards the claims relating to service tax, income tax, VAT, claims of AAI etc which are pending in litigation / under arbitration necessary disclosures have been made in Notes to Accounts at point no 28(2) (c).

11. *We draw attention to Note No. 28 XXVI of additional Notes to Accounts regarding amounts due to Micro & Small Enterprises for more than 30 days. In the absence of necessary details, we have not been able to verify the facts stated in the said note.*

In normal course PHL makes payments to suppliers timely on receipt of bills. As of now we have not received information from the suppliers that they are registered under Micro, small & Medium Enterprises Development Act 2006 and their dues are not been paid within due dates as per above Act.

12. *Our audit report for the previous year was also qualified in respect to paragraphs (1) to (7) mentioned above.*

Been adequately explained in last year audit report.

13. *The total impact of para 2 and 3 of our observations is given below:*

Been adequately explained above

S. No.	Particulars	Amount (Rs. in lacs)
1.	<i>Overstatement of trade receivables (Refer to Para 2 and 3)</i>	<i>1188.16</i>
2.	<i>Overstatement of long term loans and advances (Refer to para 3)</i>	<i>40.00</i>
3.	<i>Overstatement of Profit before tax for the year and reserves and surplus</i>	<i>1228.16</i>

The effect of other paras on financial statements is not quantifiable.

Qualified Opinion

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



in the Basis for Qualified Opinion paragraph above, where in some of the cases the effect of the audit qualification could not be quantified, the aforesaid 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, 2016.*
- b) *In the case of the Statement of Profit and Loss, of the profit for the year ended on that date.*
- c) *In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.*

Emphasis of Matter

We draw attention 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 Government of India which has not been accepted so far. The claim if not waived, in our opinion, may have adverse effect on the functioning of the Company and;
The matter has been explained against point no. 10 above and also at note to accounts no. 28 (III).
- ii) Note No. 28 XII (b) which describes provision for arrears of allowances and benefits being carried at Rs.4381.16 lacs, pending final decision in this matter.

Our opinion is not qualified in respect of above matters.

Other Matters

1. We did not audit the financial statements of Western Region included in the financial statements of the Company whose financial statements / financial information reflects total assets of Rs.805.43 crore as at 31st March, 2016 and total revenues of Rs.244.89 crore for the year ended on that date, as considered in the financial
No Comments.

statements. The financial statements of Western Region have been audited by the branch auditors whose report has been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of Western Region, is based solely on the report of such branch auditors. We had requested to the Branch auditors to discuss with us matters relating to the comments in their audit report, specially the basis of depreciation of Helicopters. However, such a meeting could not be arranged.

2. Under 'Other Matters', the auditors of the Western Region have made following comment:

“Two Contracts of providing Helicopter service to Lakshadweep Government has been expired on 31st August, 2014 and 7th January, 2015. However, Pawan Hans is providing Helicopter services to Lakshadweep Government at old rates. As informed to us, revised agreement is in finalisation stage and PHL will charge at new rates w.e.f. date of expiry of old agreement. Accordingly revised billing for such period will be done”.

The company has timely conveyed the Branch Auditor of Western Region about of the request of Statutory Auditor to meet him and also provided the contact nos. of Statutory Auditor to Branch Auditors. The Company has made its best efforts repeatedly to arrange the meeting even through Video-conferencing

Company has been following up renewal of contract with Lakshadweep Admin., as the revised rates from the date of the expiry of the contract is not yet finalized, revenue was accounted for at existing rates.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in Annexure-A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit *subject to our comments in para 'Basis of Qualified Opinion'.*

No Comments Required.

- (b) *Except for the effects of the matter described in the Basis for Qualified Opinion paragraphs above, in our opinion, proper books of account as required by the law have been kept by the Company so far as it appears from our examination of those books. However, we have noticed that the Company is using an old version of accounting package which is quite obsolete and has not been upgraded from time to time.*
- We have qualified software engineer who takes care regular development and customization of the package to meet the end user requirement.*
- (c) The report on the accounts of the Western Region audited under Section 143(8) of the Act by branch auditors has been sent to us and has been properly dealt with by us in preparing this report.
- No Comments Required.
- (d) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- No Comments Required.
- (e) *Except for the effect of the matters described in the Basis for Qualified Opinion paragraphs, in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 subject to non Compliance of Accounting Standard AS-6 relating to depreciation accounting and AS-28 relating to impairment of assets and non compliance with requirements of schedule II relating to depreciation on Helicopters not being calculated component wise.*
- Already explained at Point No.05 & at point no. 8.1 above.
- (f) Being a Government Company, Section 164(2) of the Companies Act, 2013 regarding ‘whether any director is disqualified from being appointed as a director’ is not applicable to the Company in view of Notification no. G.S.R. 463(E) dtd. 05-06- 2015
- No Comments Required.
- (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure-B”.
- No Comments Required.

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in Note No. 28 II to the financial statements. In this connection our comment in para 10 of the audit report should also be referred to. No Comments Required.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses. However, the auditors of the Western Region have reported as under: No Comments Required.
"The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contacts including derivative contacts"
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company. No Comments Required.
- iv. As required by Section 143(5) of the Act, we give in Annexure-C, a statement on the matters specified by the Comptroller and Auditor General of India for the Company. No Comments Required.

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

(Sanjeev Srivastava)
Partner
Membership No. 502238

Place: New Delhi
Date: 02.11.2016



ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date)

Auditors' Observation

Management Reply

Based on the audit procedures performed for the purpose of reporting a true and fair view on the Financial Statements of the Company and taking into consideration the information and explanations given to us and the books and accounts and other records examined by us in the normal course of audit, we report that:

- 1.a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets
- b) According to the information and explanations given to us, the fixed assets at the Corporate Office and Northern Region have not been physically verified by the management. We are, therefore, unable to comment on the discrepancies between book records and physical balances, if any. Further, in case of rotables sent for repairs and lying with the vendors located outside India of a gross value of Rs.1013.14 lacs, the Company neither has any physical verification report nor has any confirmation from such vendors for holding the rotables on behalf of the Company.
- c) The title deed of immovable properties, as disclosed in Note 10 in fixed assets in financial statement, are held in the name of the Company except for Building Residence (JHC), Building-Residence at Western Region whose title deeds are not held in the name of Company and reason being land in the name of Airport Authority

No Comments Required.

Physical verification of fixed assets at corporate office and Northern region was done in F.Y.2014-15 and next Physical verification will be done at the end of F.Y.2016-17.

All these items pertaining to western region 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. 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.

No Comments Required.

of India and Company constructed flats which are partially taken on lease for the period of 25 years.

2. According to the information and explanations made available to us, the Company has a policy of physical verification of inventory over a period of three years. In the case of Western Region and Northern Region, except for inventory lying with third parties and inventory of stores and spares of Westland helicopters, the high value inventory items of stores and spares lying at the main stores have been physically verified by the management at the close of the year and no material discrepancies were noticed on such verification. In the case of other items a part of such inventory 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 recorded based on physically verification reports submitted by respective detachments and hence the control exercised is limited.
3. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
4. According to the information and explanations given to us and the records of the company examined by us, the Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under section

In case of Stores and spares of westland Helicopters, please also refer to our Note no.28(IV) where it is mention that The Ministry has directed for valuation report of the balance westland assets and the valuer had given value of Rs. 25.73 Lacs. However, the Ministry has again vide letter dated 07.11.2014 directed for re-evaluation of these assets by other valuer. The report of second Valuer has been received at Rs.26.53 Lakhs and the same has been submitted to MOCA. Further, as a matter of prudence 100% provision equivalent to the book value against possible losses on disposal is existing in books of accounts.

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.

No Comments Required.

No Comments Required.



185 & 186. Therefore, the provision of clause 3(iv) of the order are not applicable to the company.

5. According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 73 to 76 or any other relevant provisions of the Companies Act 2013 and the rules made thereunder.

No Comments Required.

6. The Rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013, are not applicable to the Company.

No Comments Required.

7.(a) According to the information and explanations given to us, and records of the Company examined by us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employee's state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, value added tax, cess, and other material statutory dues as applicable and there are no arrears of dues outstanding as at balance sheet date for a period of more than six months from the date they become payable except sales tax amounting to Rs.0.97 lac at Northern Region and stamp duty amounting to Rs. 13.81 lacs at Western Region which have not been paid till date.

In case of western region, The Company had purchased 6 nos. of residential flats in May 1998 for the employees from MHADA, Mumbai and though the possession was taken based on the letter of allotment, the Company has on provisional basis, provided stamp duty and registration and is subject to final payment on the execution of the appropriate conveyance deed in favour of the society. Some of the societies have gone in litigation against MHADA in Mumbai High Court on the issue of differential pricing. However, the amount of stamp duty and registration cannot be determined at this stage.

In case of sales tax amounting to Rs.0.97 Lacs pertaining to video conferencing installed at DGCA which is now being returned to PHL. Accordingly the outstanding amount will be dealt with.

(b) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues as applicable, on account of any dispute, are as follows:

The amounts has been considered under contingent liability in Notes to Accounts No.28(II)(c).

Nature of Demand	Financial Year	Amount (Rs. in Lacs)	Forum where dispute is pending
CST, Interest & Penalty	2006-07	8,189.63	Commissioner of Trade & Taxes, Delhi
CST, Interest & Penalty	2007-08	7,847.10	Commissioner of Trade & Taxes, Delhi
CST, Interest & Penalty	2008-09	8,536.34	Commissioner of Trade & Taxes, Delhi
CST, Interest & Penalty	2009-10	7,354.06	Commissioner of Trade & Taxes, Delhi
	Total	31,927.12	
Service Tax	2009-10	553.75	The Joint Commissioner of Service Tax, Mumbai.
Service Tax	2010-11	490.00	
Service Tax	2011-12	612.16	
Service Tax	2012-13	304.52	
Service Tax	2013-14	69.02	
Service Tax	2014-15	240.46	
	Total	2,269.91	

8. The Company did not have any outstanding debentures and loan from Financial Institutions and Banks during the year. No Comments Required.
9. The Company has not raised any money by way of initial public offer, further public offer (Including debt instruments) and term loans. No Comments Required.
10. During the course of audit carried out and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year. No Comments Required.
11. Being a Government Company, provision of clause no. (xi) regarding section 197 of the Companies Act, 2013 relating to managerial remuneration is not applicable to the Company in view of Notification no.G.S.R.463(E)dt. 05-06-2015. No Comments Required.
12. In our opinion, the company is not a Nidhi Company. Accordingly paragraph 3(xii) of the order is not applicable to the company. No Comments Required.
13. Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and No Comments Required.



explanations given by the management, transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards

14. According to the information and explanation given and based on our examination of records of the company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debenture during the year. Accordingly paragraph 3(xiv) of the order is not applicable to the company. No Comments Required.
15. According to the information and explanation given and based on our examination of records of the company, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly paragraph 3(xv) of the order is not applicable to the company. No Comments Required.
16. According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company. No Comments Required.

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

(Sanjeev Srivastava)
Partner
Membership No. 502238

Place: New Delhi
Date: 02.11.2016

Annexure ‘B’ to the Independent Auditor’s Report of even date on the Financial Statements of Pawan Hans Limited for the year ended 31st March, 2016

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

We have audited the internal financial controls over financial reporting of Pawan Hans Limited (“the Company”) as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, as specified under Section 143(10)



of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect

the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Qualified Opinion

According to the information and explanations given to us, the Company is in the process of reviewing its internal financial controls over financial reporting on criteria based on or considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. The Company had appointed a firm of IT Consultants to carry out IT Controls audit of the Company after the closure of the year. The final report of the Consultants has been received and the consultants have recommended improvement in Controls in few areas. The management is examining the report

The report of the IT consultant suggested improvement in control in few areas. IT deptt, after examining the gaps has prepaid a road - map to implement towards strengthening the IT environment control during the F.Y. year 2016-17.



for giving its responses to the findings in the report. Because of these reasons, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the Company had adequate internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2016.

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

(Sanjeev Srivastava)
Partner
Membership No. 502238

Place: New Delhi
Date: 02.11.2016

ANNEXURE 'C' TO INDEPENDENT AUDITOR'S REPORT

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

S . No.	Directions	Auditors Comment
1.	Whether the company has clear title/lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available.	<p>The company has title deed for leasehold land leased by New Okhla Industrial Development Authority for Corporate office.</p> <p>The auditors of the Western Region have reported as under:</p> <p>The Company does not have any freehold land, but the Company has leasehold land of 35706.84 sq. meters for which there is no clear title deed with the Company which has been provided by the Airport Authority of India at Juhu Aerodrome, SV Road, Vile Parle West, Mumbai-400056.</p>
2	Please report whether there are any cases of waiver/write off debts/loans/interest etc. if any, the reasons there for and the amount involved.	<p>As per the information made available to us by the Company, there was waiver of loan given to a pilot of Rs.4.59 lacs for training purpose due to death of the pilot.</p> <p>The Company has considered Rs.825.17 lacs as doubtful of recovery against the trade receivables and has made necessary provision for the same.</p> <p>The auditors of the Western Region have reported as under:</p> <p>There have been no cases of waiver/write off/ loans/ interest etc.</p>
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.	<p>The Company has maintained proper records of inventories lying with the third parties. However, balance confirmations for rotatables and repairable sent to foreign vendors were not available. There is no case of assets received as gift from Government or other authorities.</p> <p>The auditors of the Western Region have reported as under:</p> <p>The Company is maintaining proper records for inventories lying with third parties except few cases, detailed note on which is already included in the Note No.28(VI)(a) of Notes to Accounts and also during the year the Company has not received any gift from Government and hence the said point is not applicable.</p>

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

(Sanjeev Srivastava)
Partner
Membership No. 502238

Place: New Delhi
Date: 02.11.2016



Annexure 'B' to Directors Report

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF PAWAN HANS LIMITED FOR YEAR ENDED 31 MARCH 2016.

The preparation of financial statements of PAWAN HANS LIMITED for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013(Act) is responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 2 November 2016.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6) (a) of the act of the financial statements of PAWAN HANS LIMITED for the year ended 31 March 2016. The supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit. I would like to highlight the following significant matters under section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report.

Comments	Management Reply
<p>Balance Sheet Equity & Liabilities Non Current Liabilities-Long Term Provision (Note No 6) ₹ 29.84 crore and Current Liabilities- Short Term Provision (Note No 9) ₹ 62.39 crore.</p> <p>Provision towards encashment of Half Pay Leave (HPL) on retirement /resignation /death of the employee has been made on half of basic pay plus dearness allowance admissible on full basic pay, instead of dearness allowance admissible on half basic pay. This is resulted in overstatement on Non Current Liability of ₹2.48 crore and Current Liability by ₹ 0.17 crore and understatement of profit to the extent of ₹ 2.65 crore.</p>	<p>Reference may please be drawn to the letter No2(14)2012-DPE dated 17th July 2012 vide which DPE has clarified to Audit on encashment of sick leave wherein it is indicated that the cash equivalent payable to half pay leave would be equal to leave salary as admissible for half pay +DA. Reference may also be made to Office Memorandum No.14028/3/2011-Estt(L) Govt. Of India, Ministry of Personnel, PG and Pensions(DOPT) Dated 24th May 2011, wherein it is indicated that the cash payment in lieu of HPL component = Half pay leave salary on the date of retirement plus DA admissible on that date/30 x no. of HPL.</p>

	<p>Accordingly, in PHL also, similar formula has been followed by paying leave salary as admissible for the Half Pay + DA on the date without any deviation to the above guidelines of DPE on DOPT.</p> <p>However It is to further submitted that as an abundant precaution from F.Y.2016-17 HPL encashment is calculated and paid considering half DA only upon retirement of employees till the matter is correctly resolved.</p>
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For and on behalf of the
Comptroller and Auditor General of India

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

Place : New Delhi
Dated: 6th January 2017



ANNEXURE 'C' TO DIRECTORS REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

TO

THE MEMBERS

PAWAN HANS LIMITED

SAFDARJUNG AIRPORT, NEW DELHI.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **PAWAN HANS LIMITED** (hereinafter called “the **company**”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate/statutory compliances and expressing my opinion thereon.

Based on our verification of the company’s books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March 2016 (“audit period”) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made there under; **(Not applicable to the Company during the Audit Period)**
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under.
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External commercial Borrowings; **(Not applicable to the Company during the Audit Period)**
- (v) The Securities and Exchange Board of India Act, 1992 and Rules and Regulations prescribed under the said Act. **(Not applicable to the Company during the Audit Period as the Company is unlisted Public Company)**

We have also examined compliance with the applicable clauses of the following:

- (a) Secretarial Standards issued by The Institute of Company Secretaries of India **(Not applicable to the Company during the audit period).**
- (b) The Listing Agreements entered into by the Company with Stock Exchanges **(Not applicable to the Company during the audit period)**
- (c) Guidelines on Corporate Governance for Central Public Sector Enterprises as stipulated in the O.M. No. 18(8)/2005-GM dated 14th May, 2010 of the Ministry of Heavy Industries and Public Enterprises, Government of India.

We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable specifically to the Company:

(a) The Aircraft Act, 1934 and The Aircraft Rules, 1937

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

I further report that

1. The Board of Directors of the Company is duly constituted with proper balance of Whole-time Directors, Non Executive Directors except for the Independent Directors as their appointment Powers are bestowed on the President of India by virtue of Articles of Association of the Company.
2. **The Composition of Audit Committee and Nomination and Remuneration Committee were not as per the requirement of the Act.**
3. **The Company does not have a risk management Committee in place. It is advised that the Company should formulate the Risk management Policy and implement the same.**
4. **The Company has filed the required forms and returns under the Companies Act, 1956 & 2013 and rules made there under.**
5. **Notice for Board Meetings along with the Agenda is required to be given at least 7 days in advance in accordance with the provisions of Section 173(3) of the Companies Act, 2013. The Company is advised to adhere to the same.**
6. **The CSR Committee of the Company is not properly constituted. The Company is advised to constitute the CSR Committee and frame the CSR Policy in accordance with section 135 of the Companies Act, 2013.**

The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For SGS ASSOCIATES

Company Secretaries

(D.P. Gupta)

M. N. FCS 2411

C.P. No. 1509

Date: 02.11.2016

Place: New Delhi

Note: This report is to be read along with our letter of even date which is annexed as “Annexure-A” and forms an integral part of the report.



To,
The Members
Pawan Hans Limited

The Secretarial Audit report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these Secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verifications were done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
6. The secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the company.

For SGS ASSOCIATES
Company Secretaries

D.P. Gupta
Date: 02.11.2016
Place: New Delhi

Membership Number FCS 2411
Certificate of Practice No. 1509

ANNEXURE 'D' TO THE DIRECTORS REPORT
FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

Sl. no.	(a) Name(s) of the related party and nature of relationship		(b) Nature of contracts/arrangements/transactions	(c) Duration of the contracts/arrangements/transactions	(d) Salient terms of the contracts or transactions		(e) Date(s) of approval by the Board, if any.	(f) Amount paid as advances, if any.	(g) Amount paid as advances, if any.	(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188
	Name	Relationship			Salient terms	Transaction value (Rs. In million)				
	NIL									

2. Details of contracts or arrangements or transactions at Arm's length basis.

Sl. no.	(a) Name(s) of the related party and nature of relationship		(b) Nature of contracts/arrangements/transactions	(c) Duration of the contracts/arrangements/transactions	(d) Salient terms of the contracts or transactions		(e) Date(s) of approval by the Board, if any.	(f) Amount paid as advances, if any.
	Name	Relationship			Salient terms	Transaction value (Rs. In Crores)		
1	Oil & Natural Gas Corporation Ltd.	Associates	Providing helicopter services	For F.Y. 2015-16	Contract through ICB	202.85		
2	Oil & Natural Gas Corporation Ltd.	Associates	FE Loss & Gain on Hiring of services	For F.Y. 2015-16	Actual	0.24		
3	Oil & Natural Gas Corporation Ltd.	Associates	Use of PHL helicopter by ONGC	For F.Y. 2015-16	Actual	1.72		
4	Oil & Natural Gas Corporation Ltd.	Associates	Deduction of LD on delay in providing helicopters	For F.Y. 2015-16	Actual	6.09		
5	Oil & Natural Gas Corporation Ltd.	Associates	Dividend payment on equity	For F.Y. 2015-16	Actual	3.78		
6	Oil & Natural Gas Corporation Ltd.	Associates	Interest payment on loan	For F.Y. 2015-16	Actual	2.22		



ANNEXURE 'E' TO DIRECTORS REPORT

CSR DETAILS FOR THE YEAR 2015-16

S No.	CSR Project or Activity identified	Sector in which the Project is covered	Projects/Programs 1. Local area or 2. Specify the State and district where projects/programmes were undertaken	Amount outlay (budget) project or programme wise	Amount spent on the projects or programs Sub heads. 1. Direct expenditure on projects/ programs 2. Overheads	Cumulative expenditure upto the reporting period	Amount spent Direct of through implementing agency
1.	Activity under "Swachh Bharat Swachh Vidyalaya Project"	Sanitation (Item No (i) of Schedule VII of the Companies Act 2013)	North East States (North Lakhimpur District, Assam)	Rs. 1 Crore	Rs. 76.90 Lacs Sub heads: 1 Direct expenditure on projects or programs	-	Through implementing agency-AAI
2.	Activity under Stall Up-gradation	Skill Development and Livelihood (Item No (ii) of Schedule vii)	North East State (Aizawal)	Rs. 5.50 Lacs	Rs. 5.50 Lacs Sub heads: 1 Direct expenditure on projects or programs	-	Through implementing agency-North East Development Consortium



ANNEXURE 'F' TO DIRECTORS REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.3.2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- i) CIN:- U62200 DL 1985GOI 022233
- ii) Registration Date : 15.10.1985
- iii) Name of the Company : **Pawan Hans Limited**
- iv) Category / Sub-Category of the Company : **Air Transport Services of Passengers**
- v) Address of the Registered office and contact details : **Safdarjung Airport, New Delhi-110 003, Tel: 011-24620889 Fax : 011-24610764, Email : co.secy@pawanhans.co.in**
- vi) Whether listed company **No**
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any: **NA**

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Domestic non scheduled air transport services of passengers	99462420	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES - N.A.



IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF									
b) Central Govt	-	125266	125266	51%		125266	125266	51%	NIL
c) State Govt (s)	-	-							
d) Bodies Corp.	-	120350	120350	49%		120350	120350	49%	NIL
e) Banks / FI									
f) Any Other....									
Total shareholding of Promoter (A) = (A)(1)+(A)(2)		245616	245616	100%		245616	245616	100%	
B. Public Shareholding				NIL					NIL
C. Shares held by Custodian for GDRs & ADRs			NIL					NIL	
Grand Total (A+B+C)	-	245616	245616	100%	-	245616	245616	100%	-

(ii) Shareholding of Promoters

SI No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	President of India	125266	51%	NIL	125266	51%	-	-
2	ONGC Ltd.	120350	49%		120350	49%	-	-
	Total	245616	100%	-	245616	100%	-	-

- (iii) Change in Promoters' Shareholding (please specify, if there is no change) NIL
- (iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): NIL
- (v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year and at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Directors				
	1. Sh. G. Asok Kumar	1	-	-	-
	2. Smt. Mani Sathivathy	1	-	1	-
	3. Smt. Usha Padhee	-	-	1	-
	4. Smt. Gargi Kaul	-	-	1	-

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs.in crores)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	76.93	130.91	-	207.84
ii) Interest due but not paid	NIL	339.31	-	339.31
iii) Interest accrued but not due	NIL	NIL	-	-
Total (i+ii+iii)	76.93	470.22	-	547.15
Change in Indebtedness during the financial year				
· Addition	-	-	-	-
· Reduction	38.22	-	-	38.22
Net Change	38.22	-	-	38.22



Indebtedness at the end of the financial year				
i) Principal Amount	38.71	130.91	-	169.62
ii) Interest due but not paid	-	339.31	-	339.31
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	38.71	470.22	-	508.93

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount (Rs.)
		Dr.B.P. Sharma, CMD			
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	3544000			3544000
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-	-
5.	Others, please specify	-	-	-	-
	Total (A)	3544000	-	-	3544000
	Ceiling as per the Act	NA	NA		NA

B. Remuneration to other directors: NIL

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Sh. Sanjiv Agrawal, Company Secretary	Sh.D. Sahai CFO	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		19,96,000 1,74,000 -	19,58,000 4,99,000 -	39,54,000 6,73,000 -
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-	-
5.	Others, please specify	-	-	-	-
	Total		21,70,000	24,57,000	46,27,000

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding Fees imposed	Authority (RD/NCLT/ COURT)	Appeal made, if any (give Details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-



STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT 2013

Item No.3(i)- AVM N.M. Samuel was appointed on 20.06.2016 as Director under the provisions of section 161 of the Companies Act 2013 and his tenure of appointment is due to expire at the 31st Annual General Meeting pursuant to Section 152 of the Companies Act 2013. AVM Samuel has varied and rich experience in Indian Air Force at senior positions and is due to retire by rotation offers himself for reappointment. The Company has received a notice proposing candidature of AVM Samuel for the office of Director of the Company. Therefore, approval of shareholders is being sought for reappointment of AVM Samuel. The Board of Directors commends the Ordinary Resolution set out at item no.3(i) of Notice for approval of Shareholders. Save and except AVM Samuel, none of the Directors, Key Managerial Personnel and their relatives is interested or concerned in the Resolution.

Item No.3(ii)- Shri B.S. Bhullar, IAS, was appointed on 1.8.2016 as Director under the provisions of section 161 of the Companies Act 2013 and his tenure of appointment is due to expire at the 31st Annual General Meeting pursuant to Section 152 of the Companies Act 2013. Shri Bhullar is Director General of Directorate General of Civil Aviation and has varied & rich experience of Indian Administrative Services. Shri Bhullar is also Additional Secretary in Ministry of Civil Aviation and is due to retire by rotation offers himself for reappointment. Therefore, approval of shareholders is being sought for reappointment of Shri Bhullar. The Board of Directors commends the Ordinary Resolution set out at item no.3(ii) of Notice for approval of Shareholders. He hold one equity share in Pawan Hans as nominee of President of India. Save and except Shri Bhullar, none of the Directors, Key Managerial Personnel and their relatives is interested or concerned in the Resolution.

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