ANNUAL REPORT
2017-18

PAWAN HANS LIMITED

स्वच्छ भारत
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.

CONTENTS

BOARD OF DIRECTORS

Dr. B.P. Sharma
Chairman & Managing Director

Sh. Ashok Nayak
Independent Director

Dr. Harish Chaudhry
Independent Director

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

Smt. Usha Padhee
Joint Secretary
Ministry of Civil Aviation

Sh. Sanjeev Kapoor
AVSM VM
ACAS Ops (T&H)
Air Headquarters

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

Sh. Rajesh Kakkar
Director (Off-shore)
Oil & Natural Gas
Corporation Ltd.

MANAGEMENT TEAM

Chairman & Managing Director	Dr B.P. Sharma
Chief Vigilance Officer	Shri Rakesh Kumar, I.T.S.
Executive Director (Tech & BD & MKT)	Air Cmde (Retd) T.A. Daya Sagar
Chief Financial Officer	Shri Ashish Kumar Yadav
Company Secretary & Joint General Manger (Legal)	Shri Ranjit Singh Chauhan
OSD to CMD & General Manager (Safety)	Shri M.S. Boora
General Manager (BD & MKT)	Shri Vanrajsinh Dodiya
Offg General Manager (AME)	Shri Vijay M. Pathiyan
Offg General Manager (Operations)	Capt B.V. Baduni
Joint General Manager (IT & Corporate Planning)	Shri Ram Krishan
Joint General Manager (HR & Admin)	Shri A.C. Poricha
HOD (Material)	Shri Vijay M. Pathiyan
Dy. General Manager (Internal Audit)	Shri Ashish Kumar Yadav
General Manager (Western Region)	Shri Sanjeev Razdan
General Manager (Northern Region)	Shri Sanjay Kumar
General Manager (Eastern Region)	Shri M. P. Singh

Registered Office:
Rohini Heliport, Sector 36,
New Delhi-110085

Corporate Office:
C-14, Sector-1
Noida UP-201 301

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

Northern Region
C-14, Sector-1
Noida UP-201 301

Eastern Region
Ground Floor, Manoramaloy
VIP, LGBI Airport Road
Guwahati, Assam-781015

Rohini Heliport
Sector-36
New Delhi-110085

Auditors
M/s J.P., Kapur & Uberai
Chartered Accountants
New Delhi-110016

Branch Auditors
M/s Kailash Chand Jain & Co
(Regd)
Chartered Accountants
Mumbai-400020

Bankers
Vijaya Bank
Punjab National Bank

Pawan Hans Limited
(A Government of India Enterprise)
Regd. Office: Rohini Heliport, Sector-36, Rohini, New Delhi-110085

CIN : U62200DL1985GOI022233

NOTICE

NOTICE is hereby given that the 33rd Annual General Meeting of the Members of the Company will be held on Friday, the 28th December, 2018 at 1.00 PM at Convention Centre, SCOPE, CGO Complex, Lodhi Road, New Delhi-110003 to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Financial Statements consisting of Balance Sheet as at 31.3.2018, statement of Profit & Loss Cash, Flow Statement and a Statement of Changes in Equity for the year ended on 31st March 2018, along with the Statutory Auditors' Report, comments of C&AG thereon, Secretarial Auditors Report and Directors' Report.

2. To declare dividend for the financial year 2017-18.

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

   "RESOLVED THAT payment of dividend amounting to Rs.616.42 Lakhs @ 30% of PAT and corporate dividend tax of Rs.126.71 lakhs for the financial year 2017-18 to the shareholders of the Company be and is hereby approved which will be subject to the decision of DIPAM in this regard. However in case DIPAM does not approve the same, the dividend be paid as per DIPAM Guidelines i.e. the dividend amounting to Rs.5607.73 Lakhs (being higher of 5% of Net Worth or 30% of the PAT as per DIPAM guidelines) and Corporate Dividend Tax of Rs.1152.71 lakhs will be paid."

BY ORDER OF THE BOARD

(R.S.Chauhan)
Company Secretary
FCS No.- 8785

NEW DELHI.
24th December, 2018

To,

1. All Members of the Company
2. Statutory Auditors
3. Secretarial Auditor

NOTES:

1) Member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and a proxy need not be a member of the Company. A blank Proxy Form is enclosed herewith.

2) The route map of the venue of the meeting is enclosed herewith.

PAWAN HANS LIMITED

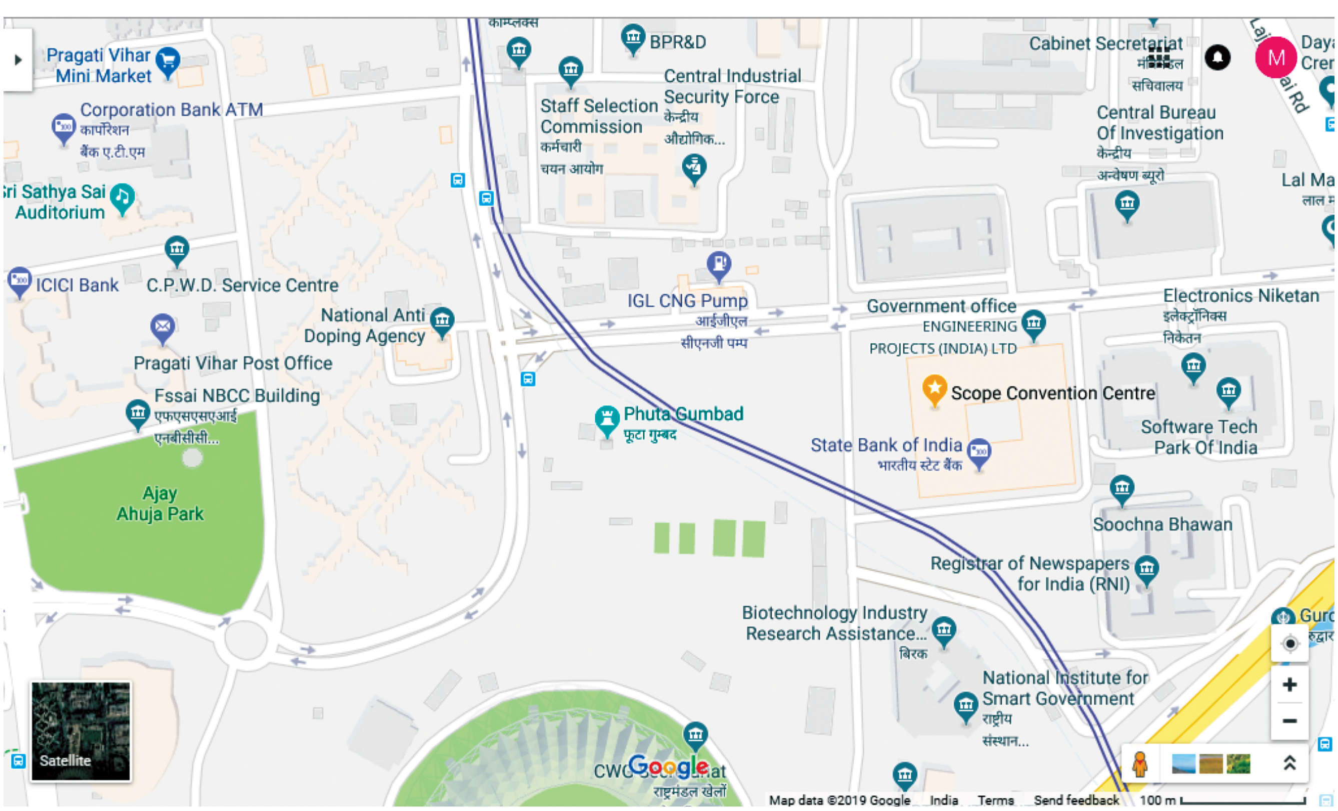
(A GOVERNMENT OF INDIA ENTERPRISE)

PROXY FORM

I, ____________________________a member of Pawan Hans Limited, having its registered office of the Company at Rohini Heliport, Sector-36, Rohini, New Delhi-110085, hereby appoint Shri_____________________of ____________________on my behalf at the 33rd Annual General Meeting of the Company on 28th December 2018 and at any adjournment thereof.

As witness my hand on this________day of December, 2018.

(SIGNATURE OF MEMBER)



CHAIRMAN'S SPEECH TO THE MEMBERS

Dear Shareholders,

I take great pleasure in welcoming you all to the 33rd Annual General Meeting of your Company. The Annual Report for the financial year 2017-18 has been circulated and with your permission I take it as read.

Financial year 2017-18 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 new areas/charter business. Further, Company has taken many new initiatives and earn new business during the year. Company has also signed MoUs with various State Governments & Administration to develop heli-tourism in their States such as Goa, Andhra Pradesh and Daman-Diu. Helicopter industry is facing severe shortage of experienced helicopter pilots and Pawan Hans has also suffered high rate of attrition of pilots in last two years affecting its business. Recently, Company has signed an MoU with Indian Air Force for intake of pilots on deputation and permanent absorption basis to overcome the hardship. Further, the Company has taken a new initiative to establish PHL Aviation Academy and has signed MoUs with Mumbai University, Jamia Millia University to provide dual Certificate/Degree to its students of AME courses i.e. DGCA Certificate and BSc Aeronautics Degree, besides launching a CHPL-Cadet Pilot Scheme in association with Mumbai University and Jamia Millia University. The Company continued to earn profit after tax and paid dividend to shareholders.

The Helicopter industry is becoming more and more competitive and 85% of total operating revenue of Pawan Hans is now earned from contracts won through competitive tenders resulting in less profit margins. Pawan Hans has participated in RCS-UDAN Scheme of MoCA to provide helicopter services in various hilly & North Eastern States and has been awarded 11 routes in 4 States. This has a great business potential and Company hopes to do well in this sector.

Further, I would like to inform that CCEA, GOI has approved in-principle the strategic disinvestment of its 51% shareholding with management control and the process of disinvestment is in progress by MoCA and DIPAM. Further, an option has also been given to successful bidder to purchase 49% stake held by ONGC at the same price paid/to be paid for the stake of Government of India. This has resulted in hold of induction of new Directors consequent to PSEB selection process in June, 2017 and also CAPEX expenditure has been put on hold resulting in no purchase of new helicopters since 2016. This has reduced the fleet strength from 46 helicopters in 2015 to 42 helicopters in 2017 in view of loss of helicopters in various accidents. Furthermore 17 Dauphin helicopters has crossed vintage of 31 years and facing high un-serviceability/high maintenance cost which is adversely impacting business of the Company. Due to disinvestment decision of GOI there was restriction on helicopter purchase, as such PHL could not acquire new helicopters for replacing three helicopters lost in accidents in 2015 and one helicopter lost in accident in January 2018 and loss of revenue continued in 2017-18 due to non-availability of helicopters. Accordingly, the Company's total revenue during 2017-18 was Rs. 458.02 crores as against Rs.507.73 crores during 2016-17.

Average monthly deployment of helicopters during the year ended 31.03.2018 was 30 helicopters out of the fleet size of 43 helicopters. Inspite of all odds, average fleet serviceability during the year was 97% as against 88% in the previous year but due to less no. of helicopters in offshore flying, the total flying hours in 2017-18 reduced to 23,329 hours as against 26,054 hours during the previous year. The revenue from operations earned by PHL during 2017-

18 is Rs.395.42 crores. There has been five fold increase in lease rentals at AAI Airports at Mumbai, Guwahati and Safdarjung consequent to MoCA arbitration award effective from 2014. This has increased the rental expenditure and affected revenue adversely. Further, decrease in deployable helicopters due to losses in accidents has also affected the overall revenue.

Further, net profit after tax during 2017-18 was Rs. 19.61 crores as against Rs.253.92 crores in 2016-17 as per audited accounts based on Ind-AS Accounting System. Due to disinvestment decision of GOI there was restriction on helicopter purchase, as such PHL could not acquire new helicopters for replacing three helicopters lost in accidents in 2015 and one helicopter lost in accident in January 2018 and loss of revenue continued in 2017-18 due to non-availability of helicopters.

Reserves and surpluses of the Company during 2017-18 were Rs. 564.06 crores as against Rs.747.08 crores in 2016-17. As on 31.3.2018, the long term borrowings was Rs.19.28 crores (Previous Year Rs.24.98 crores).

The Board of Directors have recommended dividend of Rs.6.16 crores @ 30% of Profit after Tax plus corporate tax on dividend of Rs.1.27 crores (P.Y. dividend @ 5% of adjusted net worth : Rs.36.99 crores plus corporate tax on dividend of Rs.7.53 crores). The dividend is payable on the entire paid up capital of Rs.557.482 crores. The Company has earned/posted profit and paid dividend to the Shareholders continuously for last six years. The recommended dividend amount is subject to the approval of DIPAM in this regard and in case DIPAM does not approve the same, dividend amounting to Rs.56.08 crores (being higher of 5% of Net Worth or 30% of Profit after Tax as per DIPAM Guidelines) has been recommended by the Board.

The following significant developments have taken place:-

i) The Company increased its authorized share capital from Rs.250 crores to Rs.560 crores and through Right Issue of shares allotted additional share to President of India (GoI) through Ministry of Civil Aviation of Rs.159.05 crores and ONGC Ltd. of Rs.152.816 crores in July 2017.

ii) PHL has been awarded a contract by ONGC for 04 helicopters for 5 years with expected annual revenue of Rs.80 crores.

iii) Pawan Hans has persuaded inclusion of helicopters in RCS-UDAN Scheme and has participated in bidding process. PHL has been awarded 11 RCS routes in January 2018 under Regional Connectivity Scheme (RCS) in Assam, Himachal Pradesh, Manipur & Uttrakhand for which Helicopter services to be started in the next six months time. Under RCS scheme PHL is likely to get annual estimated revenue of Rs.60 crores. This is a new revenue stream and Company is going up to start Commercial Operations under RCS Scheme.

iv) The Company has been awarded consultancy work for construction of 31 Heliports in five States i.e. Arunachal Pradesh, Assam, Manipur, Uttarakhand and Himachal Pradesh under RCS UDAN-II Scheme. This work comprises of three stages of feasibility study, preparation of DPR and consultancy during execution. Expected revenue for the first two stages is Rs.14 crores approx. and for the third stage it is Rs.30 crores approx.

v) PHL has been awarded Project Management Consultancy work for night landing facility at Helipads in 3 islands of Lakshadweep for a total project cost to the tune of Rs.10.36 crores approx. in which expected revenue for PHL will be Rs.1.50 crores approx.

vi) Pawan Hans has developed first time, a vision document "Strategic Corporate

Plan:2020" and New Business Plan 2027. However, in view of proposed strategic disinvestment, the plan is presently on hold due disinvestment process. A new medium term plan 2024 has been now prepared. There is a need to review this decision since business of the Company is affecting adversely.

vii) 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.

viii) Earned new contract of deployment of one helicopter with Shri Machail Mata with estimated revenue of Rs.1.50 crores.

ix) Pawan Hans has been awarded with various awards and accolades at National and International level for its excellent services and contribution in Civil Aviation as listed below :

In April 2018, Pawan Hans being honored for its outreach programs by Hon'ble Minister of State for Road, Transport and Highways Shri. Mansukh L Mandaviya along with Smt. Krishna Raj, Minister of State for Agriculture the event was organized by Governance Now.

In August 2017 Pawan Hans has been conferred with Best General Civil Aviation CPSE by ASSOCHAM "Promoting Heli Tourism and Remote Area Air Connectivity Award".

In September 2017 Pawan Hans has been recognized by Indian Chamber of Commerce for its outstanding achievements on developing Nation's first Integrated Heliport.

In November 2017 Pawan Hans has received Best General Aviation Company Award by PHD Chamber of Commerce & Industry for providing Rural Connectivity in the country.

Pawan Hans has been awarded with "Recognition for Empowering Woman Pilots" by IWPA in International Conference held in December, 2017 in Delhi.

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, Himachal Pradesh, Sikkim, Maharashtra, Tripura, Assam, Odisha, J&K, 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 : 28th December, 2018

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting their Thirty Third Report together with the audited financial statements for the year ended on 31st March, 2018, auditors' report and comments on the accounts by the Comptroller and Auditor General of India and the reply of the Management thereto.

Financial year 2017-18 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 new areas/charter business. Further, Company has taken many new initiatives and earn new business during the year as detailed in the report in following paragraphs. Company has also signed MoU with various Governments & Administration to develop heli-tourism in their States such as Goa, Andhra Pradesh and Daman-Diu. Helicopter industry is facing severe shortage of experienced helicopter pilots and Pawan Hans has also suffered high rate of attrition of pilots in last two years affecting its business. Recently, Company has signed an MoU with Indian Air Force for intake of pilots on deputation and permanent absorption basis. Further, the Company has taken a new initiative to establish PHL Aviation Academy and has signed MoUs with Mumbai University, Jamia Millia University to provide dual Certificate/Degree to its students of AME courses i.e. DGCA Certificate and BSc Aeronautics Degree, besides launching a CHPL-Cadet Pilot Scheme in association with Mumbai University and Jamia Millia University. The Company continued to earn profit after tax and paid dividend to shareholders.

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Directors would like to inform the shareholders that CCEA, GOI has approved in-principle the strategic disinvestment of its 51% shareholding with management control and the process of disinvestment is in progress by MoCA and DIPAM. Further, an option has also been given to successful bidder to purchase 49% stake held by ONGC at the same price paid/to be paid for the stake of Government of India. This has resulted in hold of induction of new Directors consequent to PSEB selection process in June, 2017 and also CAPEX expenditure has been put on hold resulting in no purchase of new helicopters since 2016. This has reduced the fleet strength from 46 helicopters in 2015 to 42 helicopters in 2017 in view of loss of helicopters in various accidents. Furthermore 17 Dauphin helicopters has crossed vintage of 31 years and facing high un-serviceability/high maintenance cost which is adversely impacting business of the Company.

I. Operations

a) Operational results

Due to disinvestment decision of GOI there was restriction on helicopter purchase, as such PHL could not acquire new helicopters for replacing three helicopters lost in accidents in 2015 and one helicopter lost in accident in January 2018 and loss of revenue continued in 2017-18 due to non-availability of helicopters.

Average monthly deployment of helicopters

Hon'ble Prime Minister of India Sh. Narendra Modi inaugurated Pawan Hans Helicopters Services at Daman & Diu

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b) Fleet Profile

Pawan Hans continues to be one of Asia's largest helicopter operators having a well-balanced own operational fleet of 42 helicopters at present with pan India presence. Pawan Hans has achieved flying of more than 10 lakhs hours and over 25 lakhs landings on its fleet since its formation. Pawan Hans has been awarded by M/s. Turbomeca achieving World best flying milestone of 1 Million hours on aerial 2C engines.

The Company's operational fleet presently comprises of the following:-

Helicopter type	No. of helicopters	Average Age (years)
Dauphin SA365N	17	31
Dauphin AS365 N3	14	8
Bell-407	3	13
Bell 206L4	3	21
AS 350 B3	2	6
MI-172	3	9
Total	**42**	

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. The Crew Change Task contract for providing 3

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 31.03.2018, the Company had on contract 7 Dauphin N3 helicopters with ONGC for their off-shore task out of which 2 Dauphins are stationed overnight at the main platforms in addition to a dedicated Night Ambulance to meet any emergency evacuation. Presently the Company is providing total 7 Dauphin N-3 helicopters to ONGC.

Presently the Company is providing 1 Dauphin helicopter each to State Governments namely, Mizoram, Assam, Tripura, Manipur, Ministry of Home Affairs and 1 Dauphin N3 helicopter to State Government of Meghalaya. The Company is providing 1 Bell 407 helicopter to Sikkim and 1 Mi-172 helicopter each to Odisha and Himachal Pradesh State Governments respectively.

The Company is providing 3 Dauphin N helicopters and 1 Dauphin N3 helicopter to Administration of Andaman & Nicobar Islands and 02 Dauphin N helicopters & 1 Dauphin N3 helicopter to Lakshadweep Islands.

The Company has provided 2 Bell 206 L4 and 1 Bell 407 helicopter to Government of J&K. The Company is also providing 1 Dauphin N-3 helicopter each to NTPC, and GSPC and 1 AS-350 B3 helicopter each to GAIL and Oil India Ltd. The Company has also provided to State Government of Maharashtra 1 Dhruv helicopter taken on lease from HAL. The Company is also providing 1 Dauphin N helicopter to Union Territory of Daman & Diu. The Company has also kept 1 Dauphin N helicopter at Guwahati for charter business.

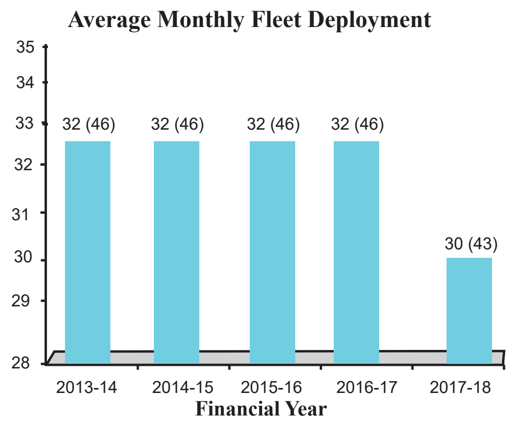
Pawan Hans runs the helicopter services from Phata to the Holy Shrine of Kedarnath during the yatra seasons i.e. May-June and September-October every year. The

Hon'ble President of India welcomed by CMD, Pawan Hans Limited at Nation's First Integrated Heliport, Rohini Heliport, Sector-36, Rohini, Delhi

Company has also earned contract for Shri Machail Mata in J&K this year and has earned business of Rs.1.50 crores.

Pawan Hans is also providing joy rides in various parts of the country such as "Festival Joy Rides" and major "City Darshans" by helicopters to promote helicopter tourism and city heritage during 2016-17 such as Delhi Darshan, Hampi Festival, Mysuru Dassara, Pydithilli & Krishna Pushkaram Festival etc. This venture provided an additional revenue for PHL during 2017-18. These small time engagements have helped company to utilize its fleet more effectively, earn revenue and promote heli-tourism.

The average monthly deployment of helicopters was as under:-



The Company has recently been awarded contract for deployment of 4 helicopters by ONGC in offshore. The Company is trying to take helicopters on lease to deploy in this new business.

d) Strategic Disinvestment of Pawan Hans

Government of India decided for strategic disinvestment of the entire 51% share holding of Government of India in Pawan Hans Limited along with transfer of management control. SBI Capital Markets was appointed by DIPAM, Ministry of Finance on 20th March, 2017 as Transaction Advisor for the said strategic disinvestment. The process of activities involving issue of Expression of interest (EOI) along with Preliminary Information Memorandum (PIM) is complete and the same was published in newspapers on 14.04.2018. Global bids were invited through the above process and the last date for submission of EOI for Strategic Disinvestment of PHL, in response to the Preliminary Information Memorandum (PIM) issued on April 14,2018 and corrigendum to the PIM issued on May 31,2018, was June 18, 2018. The process could not be completed due to poor response from bidders.

Consequent to the above, Oil and Natural Gas Corporation ("ONGC"), vide its board resolution dated August 02, 2018, has communicated its intent to offload its entire shareholding of 49% in PHL. In light of this development, an addendum to PIM was issued on 15.08.2018 to provide all potential and existing bidders an opportunity to participate in the disinvestment process. Accordingly, last date for submission Expressions of Interest (EOI) by Interested Bidders was extended upto September 12, 2018, which was further extended upto September 19, 2018. Presently, RFP has been issued to qualified bidders.

In addition to the above, DIPAM also appointed M/s.Crawford Bayley & Company as Legal Advisor for the said Strategic disinvestment. M/s.RBSA Advisor was appointed by Ministry of Civil Aviation for valuation of PHL assets. The work pertaining to valuation of assets by M/s.RBSA is complete.

e) Shifting of Registered Office and vacating of Safdarjung Airport:

The Shareholders have accorded their approval by way of special resolution passed at 32nd AGM of the Company held on 16.02.2018 for shifting of Registered office from NCT of Delhi to State of Uttar Pradesh. The Registered office of the Company was shifted to Rohini Heliport, Sector-36, Rohini, Delhi-110085 as interim measure since Company has to vacate its offices from Safdarjung Airport. Now, the process of shifting of Registered Office from Delhi to C-14, Sector-1, Noida is in process.

f) Fleet Augmentation

PHL had also processed tenders for procurement of 4 light helicopters and 2 heavy duty helicopters with 20% funding from internal resources and 80% through term loan from bankers. The bids were received and technically evaluated. However, in view of strategic disinvestment decision of Pawan Hans by the Government, the Ministry of Civil Aviation viewed not to take decisions for long term investments; thereby no further action of these new procurement tenders. Now, efforts are made to augment the fleet through leasing routes even though the response in repeated leasing tenders has been very poor.

g) Rohini Heliport in Delhi

The construction of Rohini Heliport has been completed and heliport has been operationalised on 28th February, 2017 after having permission for operations from DGCA and MHA. The Heliport consists of a terminal building having capacity of up to 150 passengers (at any point of time), 4 hangars with parking capacities of 16 helicopters and 9 parking bays. It has been developed to provide one-point solution for helicopter business including regular helicopter operations, landing & parking facility for other operators, MRO services and training services. The Heliport utilization is picking up after its inauguration.

In view of strategic disinvestment of Pawan Hans and the land for Rohini helicopter allotted by DDA directly in the name of Ministry of Civil Aviation on long term lease, the heliport at Rohini shall not form part of the proposed Transaction of strategic sale. Therefore, the Ministry of Civil Aviation has decided that the Rohini Heliport assets shall be hived off from

Hon'ble Minister of Civil Aviation Sh.Suresh Prabhu Visit at PHTI

PHL's books before the completion of strategic divestment process to a special purpose vehicle. As per advise of Ministry of Civil Aviation the process of formation of separate mirror company of MoCA and ONGC is in the process of formation and submission of proposal for demerger of Rohini Heliport to NCLT with valuation report through a consultant.

h) Training Academy and Heliport at Hadapsar, Pune

Pawan Hans was 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.11.25 crores. PHL has approached DGCA for approval of the final completion 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. In view of the strategic disinvestment decision, Pawan Hans has now proposed to close the issue of Training Academy at Pune with DGCA.

II. Finance and Accounts

The Company has implemented Ind AS w.e.f. the F.Y. 2016-17. The Company has prepared financial statements comprising of the Balance Sheet as on 31.03.2018, the Statement of Profit & Loss, Cash Flow Statement and Statement of changes in Equity along with revised Significant Accounting Policies and additional Notes to Account in conformity with Ind AS for the financial year 2017-18.

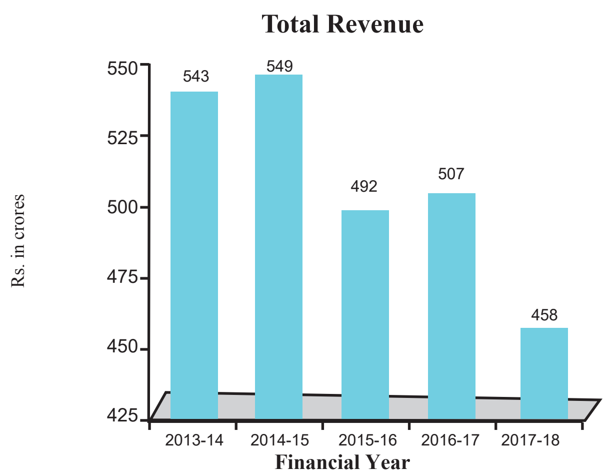
a) Financial Results

Financial performance during the years 2016-17 and 2017-18 was as under :-

(Rupees in crores)

Particulars	**2016-17 (Audited as per Ind AS) Amount**	**2017-18 (Audited as per Ind AS) Amount**
A) Total Revenue including other income	507.73	458.02
B) Expenditure		
i) Operating & non-Operating expenses including Prior Period adjustments	389.98	361.24
ii) Depreciation	80.82	84.77
Total	470.80	446.01
C) Profit before Exceptional items	36.92	12.00
D) Extra ordinary Items/Exceptional Items	339.31	-
E) Profit/(Loss) after Adjustments	37.62	12.00
F) Provision for Income Tax/ Deferred tax liability.	122.31	(7.61)
G) Net Profit after tax	253.92	19.61
H) Dividend Inclusive of Corporate Dividend Tax	44.52	7.43

Reserves & Surplus of the Company stands at Rs.564.06 crores (P.Y. Rs.747.08 crores), Non-current Borrowings other than current maturities of Rs.19.28 crores (P.Y. Rs.24.98 crores) and current maturities of Non-current Borrowings of Rs.5.69 crores (P.Y.Rs.5.36 crores).



The main reason for decrease in revenue was loss of Contract in ONGC due to loss of 1 helicopter in accident during 2018 and reduction in award of helicopter contracts in ONGC, Vaishno Devi, Amarnath due to non-availability of right vintage helicopters.

b) Dividend

The Board of Directors have recommended dividend of Rs.6.16 crores @ 30% of Profit after Tax plus corporate tax on dividend of Rs.1.27 crores (P.Y. dividend @ 5% of adjusted net worth : Rs.36.99 crores plus corporate tax on dividend of Rs.7.53 crores). The dividend is payable on the entire paid up capital of Rs.557.482 crores. The Company has earned/posted profit and paid dividend to the Shareholders continuously for last six years. The recommended dividend amount is subject to the approval of DIPAM in this regard and in case DIPAM does not approve the same, dividend amounting to Rs.56.08 crores (being higher of 5% of Net Worth or 30% of Profit after Tax as per DIPAM Guidelines) has been recommended by the Board.

c) MOU with Ministry of Civil Aviation

Your Company signs MoU with the Ministry of Civil Aviation every year after negotiation meetings in Department of Public Enterprises. For the year 2015-16 as per Performance Evaluation Report submitted by your Company, the MoU rating was "Good" and for the year 2016-17 the rating was "Very Good" and for 2017-18 it is likely to be "Very Good".

d) Equity Capital

Shareholding pattern after allotment of additional equity shares by the Board of Directors on 10.07.2017 is given as hereunder :-

Name of the Shareholder	Number of equity shares before allotment	Number of Equity Shares Allotted in the Rights Issue	Total number of shares after allotment	% Shareholding
President of India (GoI) through MoCA	125266	159050	284316	51%
ONGC	120350	152816	273166	49%
Total	**245616**	**311866**	**557482**	**100%**

The total paid up Equity Share Capital of the Company is Rs.557,48,20,000/- comprising of 5,57,482 Equity Shares of Rs.10,000/- each.

e) Borrowings

As on 31.3.2018, amount of Non Current Borrowings other than current maturities is Rs.19.28 crores (Previous Year Rs.24.98 crores) and current maturities of Non Current Borrowing is Rs.5.69 crores (Previous Year Rs.5.36 crores). This long term secured borrowings amounting to Rs.19.28 crores as on 31.03.2018 (Previous Year Rs.24.98 crores) was availed from NTPC.

f) Significant Events/Developments taken place after close of financial year 2017-18

i) On 03.10.2018, Bell 206L4 Helicopter VT-PHD (Sum Insured value of Rs. 8.75 Crores) took off from Padaum and had emergency landing at Kargiak in Zanskar beyond Leh. The helicopter has damage in tail boom & landing skid and has stuck at site due to bad weather conditions. The same has been intimated to Insurance Company.

ii) After closure of the financial year under review, misappropriation of Rs. 3,56,000/- (approx.) by the then Base Assistant of Daman Detachment, being collection on behalf of Daman & Diu Administration for tickets issued, was noticed. Corrective Action has been initiated to recover the amount and till date Rs. 2,30,000/- has been recovered from concerned employee and in respect of the balance amount of Rs.1,26,000/-, necessary steps are being taken to recover the amount along with initiating other actions as deemed fit.

III. Engineering / Maintenance Activities

The Company has established DGCA approved maintenance facilities in Mumbai and New Delhi for maintenance of its fleet of helicopters. 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'

Pawan Hans Paid Dividend to Ministry of Civil Aviation for F.Y. 2016-17

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 23 inspections consisting of T/2T/5T (600 hrs/1200 hrs/3000 hrs) inspection and 7 G Inspections (5400 hrs) on Dauphin helicopters were carried out by the Company from its resources.

In addition, Rohini Heliport is approved by DGCA for

- Maintenance of Bell 207-L4 helicopter upto 1500 hrs. inspection
- Maintenance of Bell 407 helicopter upto 1200 hrs./24 months inspection
- Maintenance of Ecureuil AS 350 B3 helicopter upto 1200 hrs./48 months inspection, excluding major modifications/ repair
- Maintenance of Dauphin SA 365 N helicopter upto 100 hrs./06 months inspection
- Maintenance of Dauphin SA 365 N3 helicopter upto 1200 hrs./04 years inspection
- Maintenance of Mi-172 helicopter upto and including 500 hrs. and 1000 hrs. inspection.

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, the process is in progress but has impacted pace consequent to disinvestment process.

IV. Materials Management

Systematic Improvement in Materials management for better control relating to non-moving inventories was implemented. 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 System & Technology initiatives

Pawan Hans has established in house Integrated Information System under Digital India Programme for better flow of information towards faster and transparent governance by introduction of "e-payment"; "e-office"; "e-procurement"; "e-ticketing" and Mobile APP. Innovative Project of Fleet Tracking System has been developed and implemented for PHL fleet as a pilot project through establishment COCR & Control Room at CO.

Under the Information System & Technology Plan in the critical functional areas of Operations, Engineering, Materials & Finance, the integrated software has been implemented to enhance 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 has also been implemented.

The Company has also facilitated e-ticketing in respect of its passenger services operations for its commercial operations such as Heli-Pilgrims, Daman & Diu etc. 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.2 lacs & above.

VI. Human-Resource Management

a) Manpower

The total manpower of the Company as on 31st March 2018 was 738 (with 425 permanent employees and 313 contractual employees) as against 767 as on 31st March 2017 which comprise of 123 pilots, 107 Aircraft Maintenance Engineers, 53 Executives, 149 Technicians and 306 other technical and non-technical employees. There has been high rate of attrition of pilots from the Company. The HR Department has been making continuous efforts to intake pilots and has conducted interviews/selection but shortage continues.

b) Industrial Relations

Industrial relations during the period continued to be cordial and regular meetings with employees representatives were held. The issues concerning employees were resolved through dialogue and discussion in various meetings. IDA pay scales and allowances in respect of Executives, Pilots and Engineers (both regular and contractual) have been approved by BoD and implemented. However, as regards the Pay scales and allowances in respect of unionized categories of employees is under process for obtaining approval of Competent Authority after signing of MoUs with respective organized bodies.

c) Employees 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.

d) 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 of Pawan Hans 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. 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. 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.

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 **VIII.**

VII. Safety Management System and FOCA system :

Safety is of paramount importance and Company is pursuing safety in its operations and maintenance activities as a continuous process.Third party Safety (SMS) audits by Global Domain Experts are carried out periodically. M/s Bureau VERITAS Aeronautics & Space Division - France has conducted Safety Audit of the Company at Mumbai, Delhi, Guwahati, Port Blair, Rajahmundary, Gangtok and Daman operational bases during 21st August, 2018 to 3rd September, 2018. M/s Bureau VERITAS, after the audit, has assessed that Pawan Hans Limited is a well-structured organisation supported by competent personnel with good staff involvement and well documented safety systems. Strengths as well as weaknesses of the organisation has been highlighted in the report.

Recommendations of third party audits are taken-up and implemented. Safety Directorate of PHL is further being strengthened with appointment of safety officials at major bases like Rajahmundary, Port Blair, Kavaratti etc.

In addition to Mumbai, FOCA System has now been established at Delhi also for daily flight data analysis for improvements in areas of weakness. Helicopter tracking system has also been installed in five helicopters and in process for five more helicopters.

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.

VIII. Board of Directors

The Board of Directors held seven meetings during the year 2017-18. The Board consists of the following members presently as well as during the financial year 2017-18 :-

At present

Dr. B.P. Sharma	Chairman & Managing Director
Shri B.S.Bhullar	Government Nominee Director
Mrs. Gargi Kaul	Government Nominee Director
Mrs. Usha Padhee	Government Nominee Director
Shri Ashok Nayak	Independent Director
Dr.Harish Chaudhary	Independent Director
AVM Sanjeev Kapoor	Government Nominee Director representing Indian Air Force (from 01.09.2017)
Shri Rajesh Kakkar	Nominee Director representing ONGC (from 19.02.2018)

Ceased to be Directors during 2017-18 and subsequently

Shri T.K. Sengupta	Director (Offshore), ONGC (from 01.02.2014 to 31.12.2017)
AVM N.M.Samuel	ACAS (Ops, T&H), Indian Air Force (from 20.06.2016 to 31.08.2017)

The Board places on record its appreciation for the valuable services rendered by Shri T.K. Sengupta and AVM N.M.Samuel during their tenure on the Board. The details of attendance of each Director at the Board Meetings during the financial year 2017-18 and last AGM are as under:-

Name of Director	Date of Board Meeting–attended by Directors during financial year 2017-18							AGM attended by Directors
	02.5.17	**10.07.17**	**23.08.17**	**20.11.17**	**01.12.17**	**30.01.18**	**16.02.18**	**16.02.18**
Dr.B.P. Sharma, CMD	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Sh.Ashok Nayak	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Smt. Gargi Kaul	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Smt. Usha Padhee	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
AVM N.M. Samuel	Yes	Yes	Yes	N.A.	N.A.	N.A.	N.A.	N.A.
T.K. Sengupta	Yes	Leave	Yes	Leave	N.A.	N.A.	N.A.	N.A.
Sh.B.S. Bhullar	N.A.	Leave	Leave	Leave	Leave	Leave	Leave	-
Sh.Harish Chaudhry	Leave	Yes	Yes	Yes	Yes	Yes	Yes	Yes
AVM Sanjiv Kapoor	N.A.	N.A.	N.A.	Yes	Yes	Yes	Yes	Yes

PHL Spreads its Wings Connecting Various Unserved Helipad under UDAN Scheme

Details of last three (3) Annual General Meetings are given as follows:-

Annual General Meetings	**Venue of the AGM and (Special Resolutions)**
30th AGM held on 18th December 2015 at 12.30 PM.	Registered Office at Safdarjung Airport, New Delhi-110003
31st AGM held on 27th December 2016 at 12.30 PM which was adjourned and finally held on 13th January, 2017 at 5.00 PM.	Registered Office at Safdarjung Airport, New Delhi-110003
32nd AGM held on 27th December 2017 at 12.00 Noon which was adjourned and finally held on 16th February 2018 at 6.00 PM.	Regd. Office of the Company at Rohini Heliport, Sector-36, Rohini, New Delhi and adjourned Meeting at Hotel Ashok, Chanakyapuri, New Delhi. Special Resolution for shifting of Registered Office from NCT of Delhi to State of Uttar Pradesh was passed.

Details of Key Managerial Personnel and Accountable Manager

In terms of section 203(1) of the Companies Act 2013 and Rule 8(5)(iii) of the Companies (Accounts) Rules, 2014 the Company has following whole time Key Managerial Personnel:-

i) Dr. B.P. Sharma, Chairman & Managing Director (w.e.f. 9.3.2015)

ii) Shri Dhirendra Sahai, Chief Financial Officer (w.e.f. 17.10.2014 vide Board approval in 145th meeting) upto 30.11.2018.

iii) Shri Sanjiv Agrawal, Company Secretary (w.e.f. 17.10.2014 vide Board approval in 145th meeting) upto 31.08.2018.

iv) Shri Ranjit Singh Chauhan, Company Secretary (w.e.f.31.08.2018 vide Board approval in 166th Board Meeting)

v) Air Cdr. T. A. Dayasagar, Executive Director is Accountable Manager for the purpose of requirements under DGCA rules.

vi) Shri M.S. Boora, General Manager (Safety)

PHL Conferred with Assocham Award-2018

IX. Directors' Responsibility Statement

Pursuant to provisions of Section 134(5) of the Companies Act, 2013 in the preparation of the Annual Accounts for the financial year ended 31st March, 2018, your Directors have:-

a) Followed in the preparation of Annual Accounts, the applicable accounting standards and proper explanation relating to material departure if any, have been incorporated.

b) Selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of financial year and of Profit of the Company for that period.

c) Taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

d) Prepared the Annual Accounts on a going concern basis, and

e) Devised proper system to ensure compliance with provisions of all applicable laws and such systems were adequate and operating effectively.

X. Auditors' Report

Statutory Auditors Report - M/s J.P., Kapur & Uberai, Chartered Accountants have been appointed as Statutory Auditors in pursuance of Section 139 of the Companies Act, 2013. The observations made by M/s J.P., Kapur & Uberai, the Statutory Auditors on the Annual Accounts for the financial year 2017-18 together with replies thereto are appended as Annex-A. (Refer to page no. 124).

Comments of Comptroller & Auditor General of India - The Comments of the

Comptroller & Auditor General of India in pursuance of Section 143(6)(a) of the Companies Act, 2013 with management reply thereon is appended as Annexure-B. (Refer to page no. 152).

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 Audit for the financial year ended on 31.3.2018. Their Report forms part of this Annual Report at Annexure-C. (Refer to page no. 155).

XI. Corporate Governance

The Company has taken initiatives towards better 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 reviews the financial statements, internal control system, internal auditors report, statutory auditors report, comments of C&AG and holds requisite meetings. During the financial year 2017-18, the Audit Committee held meetings on 02.05.2017, 20.11.2017, 01.12.2017 and 16.02.2018. The Audit Committee comprises of Shri Ashok Nayak, Independent Director as Chairman of the Audit Committee, Smt. Gargi Kaul, Government Nominee Director, Dr.Harish Chaudhry, Independent Director and Shri Rajesh Kakkar, Director as Members.

Remuneration Committee

The Board of Directors on 02.05.2017 approved constitution of Remuneration Committee of Pawan Hans Limited comprising of Shri Ashok Nayak, as Chairman, Dr. Harish Chaudhry, Smt. Usha Padhee, and Shri T.K. Sengupta as Members of Remuneration Committee. On cessation of Shri T.K.Sengupta as Director, Shri Rajesh Kakkar has been appointed as Member of Remuneration Committee in his place.

CSR Committee

The Board of Directors on 02.05.2017 approved reconstitution of CSR Committee comprising of Dr. Harish Chaudhry, as Chairman, Dr. B.P. Sharma, Shri Ashok Nayak and AVM N.M. Samuel as Members of CSR Committee. Consequent to his cessation as Director, AVM NM Samuel has been replaced by AVM Sanjeev Kapoor. The Annual Report of CSR activities is at Annexure-D. (Refer to page no. 158).

Internal Audit / Internal Control System / Delegation of Powers - During the financial year 2017-18 the Internal Audit has been carried out by Internal Audit department of the Company. 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.

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 grievances 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 provides 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.

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 Act and also complied with directions of Central Information Commission.

Disclosure as per Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

As per the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed there under, the Company has in place, a committee for prevention, prohibition and redressal of sexual harassment at workplace.

No case of Sexual Harassment was reported in the Financial Year 2017-18.

Citizen's Charter - The Company has published Citizen's Charter on its website

Shri Suresh Prabhu, Hon'ble Minister of Civil Aviation presented a shield to CMD, Pawan Hans as the First Winner of Swachh Bharat Mission Pakhwada organised by MoCA

Govt. of H.P. & Pawan Hans Launched Heli Services on Shimla-Chandigarh-Shimla Sector
Hon'ble Chief Minister, Himachal Pradesh Flag Off 1st Flight from Shimla Airport

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-E (Refer to page no. 161).

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.

Compliance relating to Public Procurement Policy for MSMEs – In compliance to MSMEs Order 2012, the details on purchase of goods and services from MSMEs by Corporate and Regional Office of PHL are as under:-

Heads	Financial years (Figures in lakhs)	
	2017-18	2016-17
Total Annual Procurement Value	12058.56	13575.06
Total Value of Goods & Services procured from MSEs (including MSEs owned by SC/ST entrepreneurs)	578.00	330.00
Total Value of Goods & Services procured from only MSEs (including MSEs owned by SC/ST entrepreneurs)	NIL	NIL

XII. 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.89.76 crores (previous year Rs.91.03 crores) in foreign exchange during the year 2017-18. The foreign exchange outgo amounted to Rs.80.91 crores (previous year Rs.145.95 crores) during the year 2017-18.

Risk Management Policy - In compliance of provisions of section 134 (3)(n) of the Companies Act 2013, the Company is

Sh. K.T. Rama Rao, Hon'ble Minister of Industry, Commerce and IT Govt. of Telangana with Team Pawan Hans

in the process of development of Risk Management Policy by constituting internal committee for selection of Risk Management Consultant who will develop the policy.

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. 162).

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 2017-18.

b) The Company has not accepted any public deposits during the financial year 2017-18.

c) No significant and material orders were passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.

d) The Company maintains an adequate system of internal controls including suitable monitoring procedures, which ensures adequate and timely financial reporting of various transactions,

PHL Recognised for implementation of IoT(Internet of Things) by Sh. P P Chaudhary, Honble Minister of IT & communication

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. 31.3.2018 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.

XIII. 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 with Disabilities (equal opportunities, protection of rights and full participation) Act, 1995. The Company complies with the Govt. directives for priority sections of society i.e. SC/ST and OBC.

XIV. 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 Nov 2011. The Whistle Blower Policy of the Company has been approved by the Board of Directors.

Hon'ble Minister of State for Civil Aviation Sh. Jayant Sinha using digital COFFEE TABLE BOOKLET at Pawan Hans Stall

Vigilance cases have been initiated in those cases which attract vigilance angle and some officers have been charge sheeted for initiation of minor or major penalty proceedings. Conscientious functioning of the Vigilance department has added to the efficiency and image of the organsiation as well as to the code of accountability.

Vigilance department has also been carrying out various inspections of Bases/ Regions of the company and also case studies so as to improve and simplify the existing procedures and practices prevailing in the organsiation especially in the areas requiring system improvement to increase the efficiency, curtail expenses and enhance transparency. The inspections / studies focused on the delay points, causes of delay and possible measures so as to devise suitable procedures resulting in minimization of delays and reduce the scope of corruption opportunities. To strengthen the vigilance machinery review of annual property returns, vigilance awareness training, procurement of spares and leveraging technology were also undertaken.

During the period, the Vigilance department enquired into the irregularities in Inventory Management and necessary systemic improvements have been suggested to the Management, which were incorporated in the concerned Manual by the Materials Department.

On the direction of the CVC, Vigilance Department organized Vigilance Awareness Week in the organisation from 30th Oct to 4th Nov 2017 and to promote integrity, transparency and accountability in public life, various competitions and interactive sessions by the learned outside faculty were also organized during the period.

PHL Magazine Launch-1

XV. NEW INITIATIVES

<u>New businesses</u>: Following new business ventures have been persued and finalized till recently:

- PHL has signed a MoU with University of Mumbai in 2017 to launch dual qualification course in Bachelor of Science (Aeronautics) and Certification in Aircraft Maintenance Engineering under PHTI. PHL has also signed a MoU in July 2017 with Jamia Milia Islamia University for Academic Collaboration to offer three years B.Sc. Aeronautics Degree. PHL has set up Skill Development Centre for CHPL and Cadet Pilot Scheme. PHL has signed a MoU with HAL in 2017 to avail HAL's services in training selected trainees identified as 'Cadet Pilot' to enable them to obtain Commercial Helicopter Pilot's License (CHPL) and is in process for tie up with some top ranking flying academies in USA & Canada.
- PHL has been awarded a contract by ONGC for 04 helicopters for 5 years with expected annual revenue of Rs.80 crores.
- The Company has been awarded consultancy work for construction of 31 Heliports in five States i.e. Arunachal Pradesh, Assam, Manipur, Uttarakhand and Himachal Pradesh under RCS UDAN-II Scheme. This work comprises of three stages of feasibility study, preparation of DPR and consultancy during execution. Expected revenue for the first two stages is Rs.14 crores approx. and for the third stage it is Rs.30 crores approx.
- PHL has been awarded Project Management Consultancy work for night landing facility at Helipads in 3 islands of Lakshadweep for a total project cost

Pawan Hans received ICC-Outstanding Achievement Award for Rohini Heliport

to the tune of Rs.10.36 crores approx. in which expected revenue for PHL will be Rs.1.50 crores approx.

- Conducted Heli Rides at Govardhan, UP for the first time under Heli Pilgrimages initiative in July, 2017.
- Operated Helicopter services at Mysore Dusserra Festival and a revenue of Rs.50.00 lakhs was earned in October,2017.
- Operated Helicopter services at Humpi, Karnataka during Humpi Utsan and a revenue of Rs.25.00 lakhs was earned in November,2017.
- To commemorate the 32nd Anniversary of the Company and service to the Nation, Pawan Hans has organized in November, 2017 "1st Heli-Expo" and 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.
- Pawan Hans has persuaded inclusion of helicopters in RCS-UDAN Scheme and has participated in bidding process. PHL has been awarded 11 RCS routes in January 2018 under Regional Connectivity Scheme (RCS) in Assam, Himachal Pradesh, Manipur & Uttrakhand for which Helicopter services to be started in the next six months time. Under RCS scheme PHL is likely to get annual estimated revenue more than Rs.60 crores. This is a new revenue stream which Company is going up to start Commercial Operations under RCS Scheme.
- Earned new contracts with Govt. of J&K Police in June, 2018 for deployment of 1 No. light helicopter.
- Launched Heli Taxi Services on Shimla-Chandigarh-Shimla Sector in June,2018.
- Earned new contract of deployment of one helicopter from Assam Government with estimated revenue of Rs.8.75 crores per annum.
- Earned new contract of deployment of two helicopters in July, 2018 with Shri Machail Mata Devi with estimated revenue of Rs.1.50 crores.
- PHL has earned new long term contract upto 2020 one with Daman & Diu Administration amounting annual estimated revenue of Rs.12.50 crores.
- PHL has earned new long term contract upto 2020 for one additional helicopter to Lakshdweep Island amounting annual estimated revenue of Rs.15.60 crores.
- PHL signed MoU with Government of Goa for exclusive right for 5 years to provide single engine helicopter for heli-tourism in State and inter-city connectivity.
- PHL has been awarded a contract by State of Manipur for lease of one twin engine helicopter initially for a period of six months.
- Pawan Hans has developed first time, a vision document "Strategic Corporate Plan:2020" and New Business Plan 2027. However, in view of proposed strategic disinvestment, the plan is presently on hold due to disinvestment process.

XVI. ACCOLADES

- In April 2018, Pawan Hans being honored for its outreach programs by Hon'ble Minister of State for Road, Transport and Highways Shri. Mansukh L Mandaviya along with Smt. Krishna Raj, Minister of State for Agriculture the event was organized by Governance Now.
- In August 2017 Pawan Hans has been conferred with Best General Civil Aviation CPSE by ASSOCHAM "Promoting Heli Tourism and Remote Area Air Connectivity Award".

Heli Taxi Services Launch by Hon'ble Chief Minister of Himachal Pradesh

- In September 2017 Pawan Hans has been recognized by Indian Chamber of Commerce for its outstanding achievements on developing Nation's first Integrated Heliport.
- In November 2017 Pawan Hans has received Best General Aviation Company Award by PHD Chamber of Commerce & Industry for providing Rural Connectivity in the country.
- Pawan Hans has been awarded with "Recognition for Empowering Woman Pilots" by IWPA in International Conference held in December, 2017 in Delhi.

XVII. Acknowledgements

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

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

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

For & on behalf of the
Board of Directors

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

Date: 28 December, 2018
Place: New Delhi.

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 2017-18. 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.

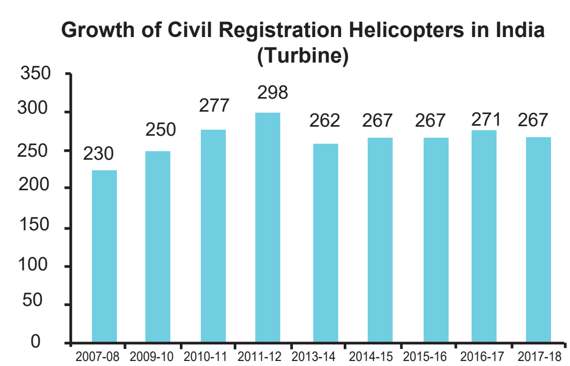
Even though, we have around 267 civil registered helicopters in the country with a population of around 1.25 billion, per capita, we have one helicopter per 2.9 million people which puts us even below many developing countries in the world.

The economic growth of the country has 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 have 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	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 2005-06 to 2017-18 is as under :-



In the total 267 Civil Registered helicopters in India in the year 2017-18, there are 55 NSOP operators with fleet strength of 188 helicopters, 15 Government and PSU Operators with fleet strength of 25 helicopters, BSF with fleet strength of 15 helicopters and 24 private operators with fleet strength of 39 helicopters. Out of the total 267 helicopters there are 138 twin engine helicopters representing 52% and 129 single engine helicopters representing 48%

of the total helicopter strength in the Country. In the total 267 helicopters for Civil usage in India, 43 helicopters (16%) are used for logistic support to E&P Companies, 200 helicopters (75%) used for heli-charters and 24 helicopters (9%) used for heli-pilgrimage / heli-tourism.

Presently, Pawan Hans owns 42 helicopters plus it has taken on lease one Dhruv helicopter from HAL. There are 6 commercial operators having five or more helicopters in India. Pawan Hans is the largest operator and retains majority market share of commercial operations of helicopters deployed on long term basis. Global Vectra Helicorp Ltd. is the second largest helicopter operator with 29 helicopters. Other commercial operators are Himalayan Heli Services with 6 helicopters, Heligo Charterers have 13 helicopters, Heritage Aviation with 6 helicopters and OSS Air Management with 5 helicopters.

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

Pawan Hans has prepared a five yer Business Plan 2019-2024 in order to retain its leadership position which inter-alia includes taking of 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.

➢ Providing 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.

STRENGTHEN COMPETITIVE POSITON IN EXISTING MARKETS

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

ACQUISITION OF NEW FLEET

There has been nil acquisition of helicopters since 2011-12 in the Company. The Company has prepared a strategic New Business Plan 2027 in 2016 and started process of its implementations. Beside other initiatives, procurement process of acquisition of 10 helicopters (i.e. medium:3, heavy duty: 3 and single engine: 4) was taken up in 2016. Consequent to initiation of disinvestment process, the acquisition plan was kept on hold. This has adversely impacted the Company's business. Now, a review mid-term plan has been prepared based on strategic business plan.

PURSUE BUSINESS IN NEW AREAS

- Consultancy and Project Management for heliports with various States. The Company has already taken up consultancy work for 31 Heliports in five States under RCS Scheme. Further, there is interest being developed from Bihar Government, Maharashtra Government and Goa Government to develop large number of Heliports in respective States and Company is working on this opportunity as new business.

- 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, Uttrakhand, 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 and Pawan Hans created First Integrated heliport in the Country with provision for operations and parking of Helicopters, Maintenance facilities, small commercial centre, etc.

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 reduced 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. 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 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 except payment of sitting fee to the 2 Independent Directors for attending Board meetings and meetings of sub Committees of the Board.

Human Resources, Industrial Relations and Talent Management Issues

The staff strength as on 31st March, 2018 was 738 as against 767 as on 31st March 2017. 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 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. As part of Innovation, the Company has carried out study on Indigenization of Spares and enhanced reliability of HMUs (Dauphin N-3 helicopter).

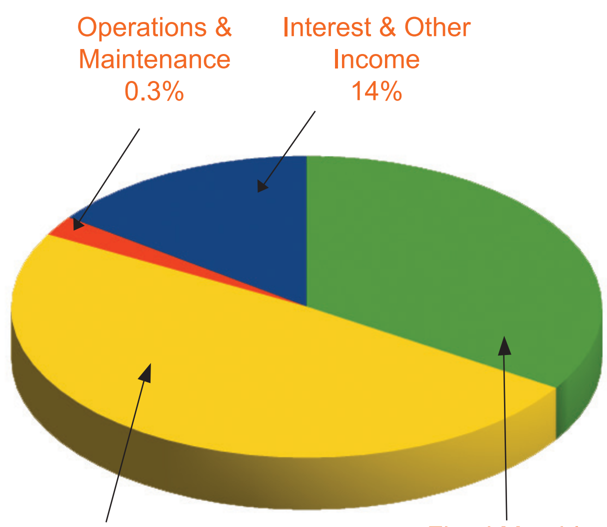
Cautionary Statement

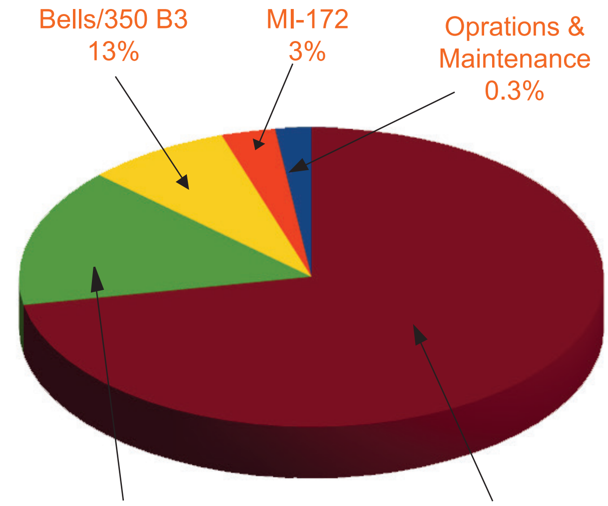
Statement in this Report on Management Discussion and Analysis describing the Company's objectives, projections, estimates, figures and expectation may constitute "forward looking statement" within the meaning of applicable laws and regulations. Actual results might differ materially from those expressed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

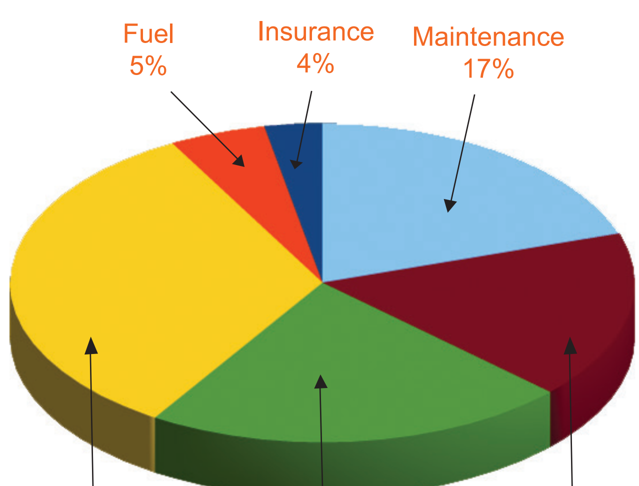
FINANCIAL HIGHLIGHTS
For 2017-18

Source of Income

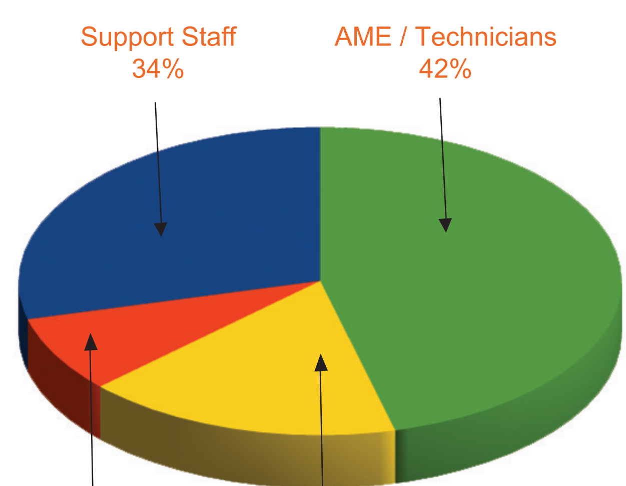




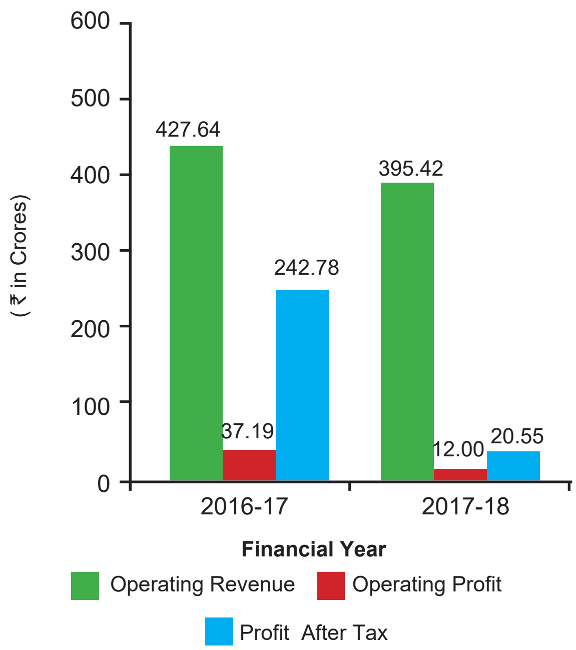
Cost Structure



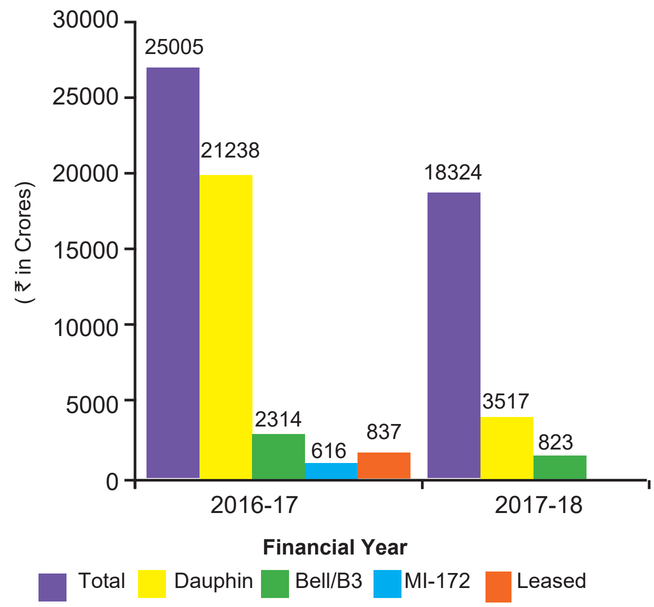
Manpower Profile



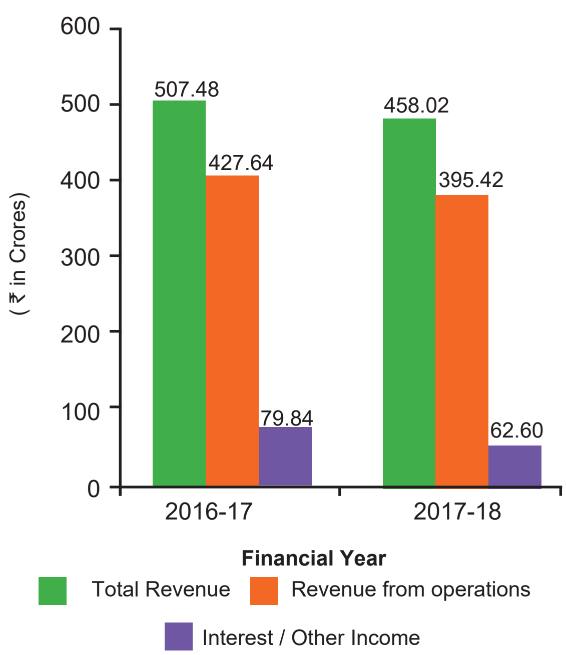
Revenue from Operations, Operating Profit and Net Profit



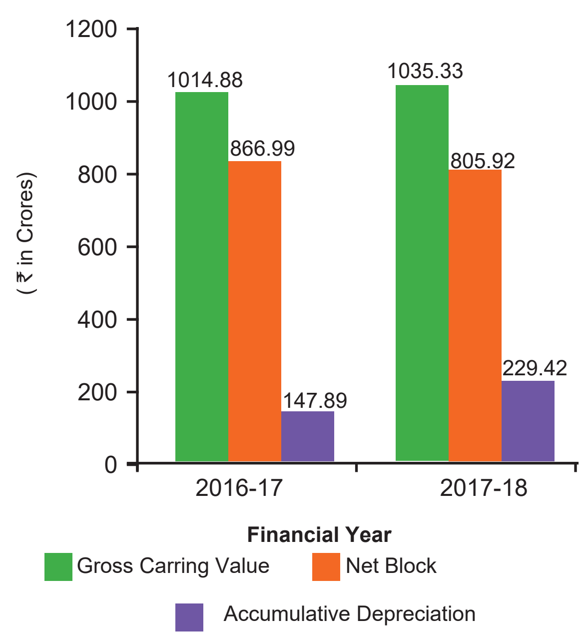
Revenue Flying Hours



Revenue



Property Plant and Equipment



Pawan Hans Limited
Summarised Accounts 2013-14 to 2017-18

₹/crores

Particulars	Ratio	2017-18 (IndAs)	2016-17 (IndAs)	2015-16 (IndAs)	2014-15 (IGAAP)	2013-14 (IGAAP)
Resources						
Net Worth		112154.63	99269.95	59611.46	54112.98	51383.82
Non-Current Liabilities						
- Loan Funds- Secured Loans		1928.19	2497.72	16125.21	3868.36	10059.26
- Other Long -term Liabilities		96.52	163.41	34072.41	47136.58	47121.89
- Long Term Provisions		3057.66	2854.91	2983.62	2723.57	4690.57
- Deferred Tax Liabilities		20241.42	21515.18	18266.28	15769.69	14362.99
Total		**137478.42**	**126301.17**	**131058.98**	**123611.18**	**127618.53**
Utilisation of Resources						
Fixed Asset		103533.35	101686.32	88747.63	148237.48	145779.63
Less: Depreciation		22941.73	15123.26	7060.03	60157.47	52386.08
Net Fixed Assets		80591.62	86563.06	81687.60	88080.01	93393.55
Capital Work in Progress		2158.57	677.30	5393.65	1804.33	1135.97
Long-Term Loans & Advances		600.17	601.71	609.42	7839.39	7873.40
Other Non-Current Assets		10380.47	9944.20	6336.58	227.24	248.43
Other Financial Assets		177.55	200.28	238.44	144.67	289.34
Net Working Capital		43492.37	28212.29	36637.96	27319.86	25813.84
		137400.75	126198.84	130903.65	125415.50	128754.53
Capital Employed		**126242.56**	**115452.65**	**123719.21**	**117204.20**	**120343.36**
Earnings						
Revenue from Operations		39541.79	42763.93	45324.55	53814.71	52958.81
Interest /Other income		6259.78	8009.12	3842.44	1155.38	1346.00
Total		**45801.57**	**50773.05**	**49166.99**	**54970.09**	**54304.81**
Outgoings						
Helicopter Operational & Maintenance Expenses		11844.81	13132.58	11708.17	18093.82	18740.26
Employee Benefits Expenses		17363.49	15444.99	15168.50	15416.34	14898.91
Financial Costs		201.17	203.51	450.13	1749.35	3180.68
Depreciation and Amortization Expenses		8477.19	8082.5	7214.75	7652.34	7971.29
Other Expenses		6714.46	10216.92	5004.70	4740.12	4044.57
Total		**44601.12**	**47080.50**	**39546.25**	**47651.97**	**48835.71**
Profit for the year before Extraordinary		1200.45	3692.55	9620.74	7318.12	5469.10
Exceptional Items		-	33931.19	-	(144.67)	654.29
Profit before tax		1200.45	37623.74	9620.74	7173.45	6123.39
Prov.for Taxation		3350.32	8943.02	1405.00	1720.00	1450.00
Less: MAT Credit Availed		(2,784.06)	-	-	-	-
Prov. For tax Previous Yrs		(3.98)	42.10	-	165.85	80.56
Deferred Tax Liability		(1,322.47)	3245.82	2498.53	1406.70	736.18
Other Comprehensive income		94.08	16.28	93.27	-	-
Net profit after tax		**2,054.72**	**25409.08**	**5810.48**	**3880.90**	**3,856.65**
Significant Ratios						
a) Net profit Ratio	Net Profit/(Loss) / Total Revenue	5.2%	59.4%	12.8%	7.2%	7.1%
b) Return on Investment	Net Profit/(Loss) / Cap. Employed	1.6%	22.0%	4.7%	3.3%	3.2%
Return on Net Worth	Net Profit/(Loss) / Net Worth	1.8%	25.6%	9.7%	7.2%	7.5%
Debt Collection Pd. (months)	Operational debts / Avg monthy Op.Rev.	5.52	5.39	6.26	6.48	6.22
Inventory Turnover (months)	Year & Inventory / Avg monthy Op.Rev.	1.41	1.26	1.33	1.26	1.25
Current Ratio	C.A.:C.L	3.07	2.87	3.90	2.80	1.95
Debt Equit Ratio	Debts/Equity	0.03	0.10	0.66	0.16	1.11
	Debts/Net Worth	0.02	0.03	0.27	0.07	0.53

ACCOUNTS

BALANCE SHEET
As at 31st March, 2018

(Value in ₹ Lakhs)

	Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
	ASSETS			
(1)	**Non-current assets**			
	(a) Property, plant and equipment	3.1	80,585.96	86,553.73
	(b) Capital work-in-progress	3.1	2,158.57	677.30
	(c) Intangible assets	4	5.67	9.34
	(d) Financial assets			
	(i) Investments	5	77.66	102.31
	(ii) Loans	6	600.17	601.71
	(iii) Other financial assets	7	177.55	200.28
	(e) Other non-current assets	8	10,380.47	9,944.20
	Total Non current assets		**93,986.05**	**98,088.87**
(2)	**Current assets**			
	(a) Inventories	9	4,649.24	4,496.69
	(b) Financial assets			
	(i) Trade receivables	10	18,178.79	18,909.96
	(ii) Cash and cash equivalents	11.1	3,851.21	5,029.34
	(iii) Other bank balances	11.2	30,185.06	10,302.43
	(iv) Loans	12	542.41	488.25
	(v) Other financial assets	7	1,378.64	1,016.91
	(c) Current tax assets (Net)	13	1,281.00	930.54
	(d) Other Current Assets	8	4,424.32	2,316.25
	(e) Assets classified as held for disposal/distribution	3.2	-	0.84
	Total Current assets		**64,490.67**	**43,491.21**
	Total Assets		**158,476.72**	**141,580.08**
	EQUITY AND LIABILITIES			
	Equity			
	(a) Equity share capital	14.1	55,748.20	24,561.60
	(b) Other Equity	14.2	56,406.43	74,708.35
	Total Equity		**112,154.63**	**99,269.95**
	Liabilities			
(1)	**Non-current liabilities**			
	(a) Financial liabilities			
	(i) Borrowings	15	1,928.19	2,497.72
	(ii) Other financial liabilities	18	96.52	163.41
	(b) Provisions	16	3,057.66	2,854.90
	(c) Deferred tax liabilities (Net)	17	20,241.42	21,515.18
	Total Non Current Liabilities		**25,323.79**	**27,031.21**
(2)	**Current liabilities**			
	(a) Financial liabilities			
	(i) Trade payables	19	11,003.58	7,357.50
	(ii) Other financial liabilities	18	860.85	864.90
	(b) Other current liabilities	20	4,302.03	1,948.18
	(c) Provisions	21	4,265.58	2,297.71
	(d) Current tax liabilities (Net)	13	566.26	2,810.63
	Total Current Liabilities		**20,998.30**	**15,278.92**
	Total Equity and Liabilities		**158,476.72**	**141,580.08**

Notes 1 to 32 form an integral part of the Financial Statements
This is the Balance Sheet referred to in our report of even date

For & on behalf of Board of Directors

For J.P., Kapur & Uberai
Chartered Accountants
Firm Registration No. 000593N

(Dr. B.P. Sharma)
Chairman-Cum-Managing Director
DIN No. 07125290

(Mrs. Gargi Kaul)
Director
DIN No. 07173427

(Vinay Jain)
Partner
M.No 095187
Place : New Delhi
Date : 22.10.2018

(Ranjit Singh Chauhan)
Company Secretary

(Dhirendra Sahai)
Chief Financial Officer

STATEMENT OF PROFIT AND LOSS
For the Year ended 31st March, 2018

(₹ in Lakhs)

	Particulars	Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
I	Revenue From Operations	22	39,541.79	42,763.93
II	Other Income	23	6,259.78	8,009.12
	Total Income (III)		**45,801.57**	**50,773.05**
IV	Expenses			
	Helicopter Operational & Maintenance Expense	24	11,844.81	13,132.58
	Employee benefits expense	25	17,363.49	15,444.99
	Finance costs	26	201.17	203.51
	Depreciation and amortization expense	27	8,477.19	8,082.50
	Other expenses	28	6,714.46	10,216.92
	Total expenses (IV)		**44,601.12**	**47,080.50**
V	**Profit before exceptional items and tax (III-IV)**		**1,200.45**	**3,692.55**
VI	Exceptional Items	29	-	33,931.19
VII	**Profit before tax**		**1,200.45**	**37,623.74**
VIII	Tax Expense :			
	(1) Current Tax		3,350.32	8,943.02
	Less: MAT Credit Availed		(2,784.06)	-
	(2) Provision for Income Tax for Earlier Years		(3.98)	42.10
	(3) Deferred Tax		(1,322.47)	3,245.82
			(760.19)	**12,230.94**
IX	**Profit for the period (VII-VIII)**		**1,960.64**	**25,392.80**
X	Other Comprehensive Income			
	(A) Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
	(i) Net gain/(loss) on above		-	-
	(ii) Tax effect on above		-	-
			-	-
	(B) Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
	(i) Net gain/(loss) on above	30	142.79	24.90
	(ii) Tax effect on above		(48.71)	(8.62)
			94.08	**16.28**
XI	**Total Comprehensive Income for the period (IX+ X) (Comprising Profit and Other Comprehensive Income for the period)**		**2,054.72**	**25,409.08**
XII	Earnings per equity share	31		
	(1) Basic		435	10,345
	(2) Diluted		435	9,371

Notes 1 to 32 form an integral part of the Financial Statements
This is the Statement of Profit & Loss referred to in our report of even date

For & on behalf of Board of Directors

For J.P., Kapur & Uberai
Chartered Accountants
Firm Registration No. 000593N

(Dr. B.P. Sharma)
Chairman-Cum-Managing Director
DIN No. 07125290

(Mrs. Gargi Kaul)
Director
DIN No. 07173427

(Vinay Jain)
Partner
M.No 095187
Place : New Delhi
Date : 22.10.2018

(Ranjit Singh Chauhan)
Company Secretary

(Dhirendra Sahai)
Chief Financial Officer

Statement of Changes in Equity for the year ended 31 March, 2018

(₹ in Lakhs)

Particulars	Equity share Capital	Share Application Money Pending Allotment	Reserve and Surplus		Items of OCI			Total Other Equity
			General Reserve	Retained Earnings	Debt instruments through Other Comprehensive Income	Equity instruments through Other Comprehensive Income	Other items of Other Comprehensive Income	
AS at April 1, 2016	**24,561.60**	**-**	**2,050.00**	**32,912.14**	**-**	**(12.35)**	**105.61**	**35,055.40**
Changes in accounting policy	-	-	-	-	-	-	-	-
Addition During the Year	-	15,905.00	-	-	-	-	-	15,905.00
Prior period errors	-	-	-	(358.23)	-	-	-	(358.23)
Restated balance at the beginning of the reporting period	24,561.60	15,905.00	2,050.00	32,553.91	-	(12.35)	105.61	50,602.17
Profit for the year	-	-	-	25,392.80	-	-	-	25,392.80
Other comprehensive income	-	-	-	-	-	(14.46)	30.74	16.28
Total comprehensive income for the year	**-**	**-**	**-**	**25,392.80**	**-**	**(14.46)**	**30.74**	**25,409.08**
Dividend & Corporate Dividend Tax	-	-	-	(1,082.52)	-	-	-	(1,082.52)
Transfer to retained earnings	-	-	-	(220.38)	-	-	-	(220.38)
Any other change	-	-	-	-	-	-	-	-
AS at March 31, 2017	**24,561.60**	**15,905.00**	**2,050.00**	**56,643.81**	**-**	**(26.81)**	**136.35**	**74,708.35**
Changes in accounting policy	-	-	-	-	-	-	-	-
Amount Received from Govt. of India	-	-	-	-	-	-	-	-
Prior period errors	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	**24,561.60**	**15,905.00**	**-**	**-**	**-**	**-**	**-**	**-**
Profit for the year	-	-	-	1,960.64	-	-		1,960.64
Other comprehensive income	-	-	-		-	(15.41)	109.49	94.08
Total comprehensive income for the year	**24,561.60**	**15,905.00**	**-**	**1,960.64**	**-**	**(15.41)**	**109.49**	**2,054.72**
Dividend	-	-	-	(3,698.68)	-	-	-	(3,698.68)
Payment of dividend distribution tax	-	-	-	(752.96)	-	-	-	(752.96)
Share Application money Recvd from ONGC	-	15,281.60	-		-	-	-	15,281.60
Equity Shares Allotment to Govt. of India and ONGC	31,186.60	(31,186.60)	-	-	-	-	-	(31,186.60)
Transfer to retained earnings	-	-	-	-	-	-	-	-
Any other change	-	-	-	-	-	-	-	-
AS at March 31, 2018	**55,748.20**	**-**	**2,050.00**	**54,152.80**	**-**	**(42.22)**	**245.84**	**56,406.43**

Notes 1 to 32 form an integral part of the Financial Statements
This is the Statement of Canges in Equity referred to in our report of even date

For & on behalf of Board of Directors

For J.P., Kapur & Uberai
Chartered Accountants
Firm Registration No. 000593N

(Dr. B.P. Sharma)
Chairman-Cum-Managing Director
DIN No. 07125290

(Mrs. Gargi Kaul)
Director
DIN No. 07173427

(Vinay Jain)
Partner
M.No 095187
Place : New Delhi
Date : 22.10.2018

(Ranjit Singh Chauhan)
Company Secretary

(Dhirendra Sahai)
Chief Financial Officer

Statement of Cash Flow for the year ended 31st March, 2018

(₹ in Lakhs)

Particulars		As at March 31, 2018		As at March 31, 2017
A. Cash Flow from Operating Activities				
Net Profit before tax		1,343.24		37,648.64
Adjustment for:				
Depreciation and Amortization expenses (Net)	8,477.19		8,082.50	
Interest Income on Bank Deposits	(1,260.86)		(626.62)	
Insurance Claims - Only Hull	(2,955.25)		(1,488.28)	
Profit on Sale of Fixed Assests	(0.40)		-	
Interest Cost	201.17		203.51	
Fixed Assets written off	503.82		179.94	
Provision for doubtful debts & advances	486.77		876.94	
Provision for non-moving inventory/life expired items	164.89		209.55	
Exchange fluctuations (Net)	(366.83)		(619.64)	
Waiver Of Interest on GoI Dues	-		(33,931.19)	
Excess Provision for Licence related Allow. to Pilots & AMEs	(926.39)		(4,381.16)	
Excess Provision Written Back (Others)	(214.88)		(163.54)	
Loss on impairment of assets	54.43		0.15	
Provision for Dimunition in Value of Investment	24.65		22.11	
		4,188.31		(31,635.73)
Operating Profit Before Working Capital Changes		5,531.55		6,012.91
Changes in Assets and Liabilities				
Trade Recievables	519.61		3,780.76	
Loans & advances and other assets	(2,615.57)		(4,041.75)	
Inventories	(317.61)		313.59	
Trade Payables, Other Liabilities and Provisions	9,720.94		5,170.98	
Cash generated from operations		7,307.37		5,223.58
Income Tax paid		(3,723.36)		(6,226.98)
Net cash generated by operating activities		**9,115.56**		**5,009.51**
B. Cash Flow from Investing Activities				
Purchases of Fixed Assets	(6,346.36)		(7,049.20)	
Sales / Insurance Claim / Adjustment of Fixed Assets	6,216.25		5,530.00	
Capital Work-in Progress	(1,634.16)		(1,391.23)	
Proceed/Investment of Fixed Deposit having maturity of more than 3 Months & under Lien	(19,882.63)		(3,736.18)	
Interest received	1,260.86		626.62	
Net Cash used in investing activities		**(20,386.04)**		**(6,019.99)**
C. Cash Flow from Financing Activities				
Interest Cost	(201.17)		(203.51)	
Dividend	(3,698.68)		(1,082.52)	
Corporate Tax on Dividend	(752.96)		(220.38)	
Share Application Money Recd and alloted	15,281.60		15,905.00	
Repayment of Long Term Borrowings	(536.44)		(13,927.89)	
Net Cash used in financing activities		**10,092.35**		**470.70**
Net Increase In/Utilisation of Cash and Cash Equivalents		**(1,178.13)**		**(539.78)**
Cash and cash equivalents at the beginning of the period		5,029.34		5,569.12
Cash and cash equivalents at the end of the period		**3,851.21**		**5,029.34**

Notes 1 to 32 form an integral part of the Financial Statements

Notes :

1. Figures in Brackets indicates Cash outflows.
2 The above Cash Flow Statement has been prepared under the indirect method set out in IND -AS -7 Cash Flow Statement.

This is the Cash Flow Statement referred to in our report of even date

For & on behalf of Board of Directors

For J.P., Kapur & Uberai
Chartered Accountants
Firm Registration No. 000593N

(Dr. B.P. Sharma)
Chairman-Cum-Managing Director
DIN No. 07125290

(Mrs. Gargi Kaul)
Director
DIN No. 07173427

(Vinay Jain)
Partner
M.No 095187
Place : New Delhi
Date : 22.10.2018

(Ranjit Singh Chauhan)
Company Secretary

(Dhirendra Sahai)
Chief Financial Officer

29. SIGNIFICANT ACCOUNTING POLICIES

1. Corporate Information

Pawan Hans Limited ("**the Company**") (CIN No. U62200DL1985G01022233) is a public limited company incorporated on October 15, 1985 and domiciled in India having its registered office at Rohini Heliport, Sector-36, and New Delhi – 110085. The company is a public sector undertaking and registered with the Registrar of Companies, Delhi under the Companies Act, 1956.

The Company has emerged as a pioneering leader in India's aviation sector and is engaged in the business of providing helicopter services for a diverse range of activities with building the infrastructure, developing the human resource and enhancing the safety levels of helicopter operations for the entire nation. The Company is providing helicopter services to several State Governments namely, Meghalaya, Mizoram, Assam, Tripura,, Sikkim, Odisha, Himachal Pradesh, Jammu & Kashmir, Gujarat, Ministry of Home Affairs, Lakshadweep Administration, Andaman & Nicobar Administration, MTDC and GTDC including Kedarnath and also to ONGC, NTPC, OIL, GSPC, GAIL, Maharashtra Police, BSF etc.

2. A Basis of preparation

(i) Statement of compliance

The financial statements comply with Indian Accounting Standards("Ind AS) as prescribed under section 133 of the Companies Act,2013(the "Act"), read together with Rule 3 of the Companies(Indian Accounting Standards) Rules, 2015, relevant provisions of the Act and other accounting principles generally accepted in India. The Company had adopted Ind AS with effect from 1 April 2016, with transition date of 1 April 2015, pursuant to notification issued by Ministry of Corporate Affairs dated 16 February 2015, notifying the Companies (Indian Accounting Standard) Rules, 2015.

The financial statements were authorized for issue by the Board of Directors of the Company on 22nd October, 2018.

(ii) Basis of measurement

The financial statements have been prepared on the historical cost basis, except certain financial instruments that are measured at fair value or amortized cost.

(iii) Critical accounting estimates and judgments

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Information about significant areas of estimation/uncertainty and judgments in applying accounting policies that have the most significant effect on the financial statements are as follows:

Note 32 (XII) & Point No. 2 (xi) below - measurement of defined benefit obligations: key actuarial assumptions.

Note 2 (vi) below- measurement of useful life and residual values of property, plant and equipment.

Note 32 (XXI) - estimation of cost of overhaul.

Note 32 (II (c ,d , e & f))- judgment is required to ascertain whether it is probable or not that an outflow of resources embodying economic benefits will be required to settle the taxation disputes and legal claim.

Note 32 (XXIX) & Point No.2 (iii) below - fair value measurement of financial instruments.

There are no assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

B. Significant Accounting Policies

The Accounting policies set out below have been applied consequently to the periods presented in these financial statements.

(i) Current Vs Non-Current Classification

All assets and liabilities are classified into current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- It is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
- It is held primarily for the purpose of being traded;
- It is expected to be realized within 12 months after the reporting period; or
- It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- It is expected to be settled in the Company's normal operating cycle;
- It is held primarily for the purpose of being traded;
- It is due to be settled within 12 months after the reporting period; or
- The Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include the current portion of non-current financial liabilities. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. Based on the nature of operations and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle being a period of twelve months for the purpose of classification of assets and liabilities as current and non-current.

(ii) Foreign currency transactions and translations

Functional and presentation currency

The management has determined the currency of the primary economic environment in which the Company operates i.e., functional currency, to be Indian Rupees (Rs.). The financial statements are presented in Indian Rupees, which is the Company's functional and presentation currency.

All amounts have been rounded to the nearest Lakhs upto two decimal places, unless otherwise stated.

Transactions and Balances

Monetary and non-monetary transactions in foreign currencies are initially recorded in the functional currency of the Company at the exchange rates at the date of the transactions.

Monetary foreign currency assets and liabilities remaining unsettled on reporting date are translated at the rates of exchange prevailing on reporting date. Gains/ (losses) arising on account of realization/settlement of foreign exchange transactions and on translation of monetary foreign currency assets and liabilities are recognized in the Statement of Profit and Loss., except for gains / (losses) arising on translation of long-term foreign currency monetary loans taken before 31 March 2016 and used for acquisition of depreciable property, plant and equipment, are adjusted in the cost of property, plant and equipment. The above treatment will continue till the repayment of the foreign currency monetary loans.

Foreign exchange gains / (losses) arising on translation of foreign currency monetary loans are presented in the Statement of Profit and Loss on net basis. However, foreign exchange differences arising from foreign currency monetary loans to the extent regarded as an adjustment to borrowing costs are presented in the Statement of Profit and Loss, within finance costs.

(iii) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to

Sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to/ by the Company.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is Significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

The Company measures financial instruments, such as, investments (other than investment in subsidiaries), at fair value at each reporting date. Also, fair value of financial instruments measured at amortized cost is disclosed in Note 32(XI).

(iv) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(A) Financial Assets

Recognition and initial measurement

At initial recognition, financial assets are initially measured and recognized at fair value except where the company has availed the exemption provided in Para D20 of Ind AS 101 for first time adoption of Ind AS to apply the fair value measurement prospectively on the transactions undertaken after the transition date. In case of financial asset not recorded at fair value through Profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Classification and subsequent measurement

Classification

The Company classifies its financial assets in the following subsequent measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through Statement of Profit and Loss), and
- Those subsequently measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in Statement of Profit and Loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

Initial Recognition and Measurement Subsequent Measurement

Financial Assets measured at amortized cost

A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. The EIR amortization is included in finance income in the statement of profit and loss. The losses arising from impairment are recognized in the statement of profit and loss (if any). This category generally applies to loans to employees, trade receivables, security deposits & other receivables.

Financial Assets measured at Fair Value through Other Comprehensive Income (FVTOCI)

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial Assets measured at Fair Value through Profit or Loss (FVTPL)

A financial asset which is not classified in any of the above categories are measured at FVTPL

(B) **Impairment of financial assets (other than at fair value)**

The Company recognizes loss allowances using the Expected Credit Loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition, in which case those financial assets are measured at lifetime ECL. The changes (incremental or reversal) in loss allowance computed using ECL model, are recognized as an impairment gain or loss in the Statement of Profit and Loss.

(C) Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

(D) Financial liabilities

Initial recognition and measurement

Financial liabilities at initial recognition can be classified as under:

- financial liabilities at fair value through profit or loss,
- financial liabilities measured at amortized cost,
- loans and borrowings and payables,

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The financial liabilities of the company include security deposits, trade and other payables.

Subsequent measurement

Financial liability measured at amortized cost (the only category relevant to the company) is subsequently measured at amortized cost using the effective interest rate. Interest expense and foreign exchange gain and losses are recognized in Statement of Profit and Loss.

(E) De-recognition of financial instruments

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109.

A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

(F) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprises of cash at banks and on hand, cheques on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

(vi) Property, Plant and Equipment

Recognition and Measurement

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Costs directly attributable for acquisition are capitalized until the property, plant and equipment is ready for use, as intended by the management. The company depreciates property, plant and equipment over its estimated useful lives using the straight-line method. 5% of original cost of property, plant and Equipment is considered as Residual value.

During the year 2015-16, a Technical committee of the company after intensive technical evaluation re-assessed the estimated useful life of Helicopter fleet. Hence, the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013. The useful life, as determined for different type of Helicopters fleet are 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 company follows component accounting for property, plant and equipment in accordance with the Ind AS-16 by identifying and depreciating separately the major components of an item of property, plant and equipment that have cost which is significant in relation to the total cost of the item and that has different useful life. The Company has considered component having cost of 8% or more as compared to total cost of Helicopter as a significant component , however Major Overhaul Cost of Helicopter represented as Embedded Maintenance has been recognized separately and in case of other assets, no significant component has been identified for the purpose of component accounting.

Significant components identified in

helicopter which have different useful are as under:-

Fleet Type	Component Identified	Useful Life of Component
Dauphin N	Engine	3000 Hours / 5 Years**
	MGB	3000 Hours / 5 Years**
	Overhaul Cost of Helicopter	5400 Hours / 9 Years**
Dauphin N3	Engine	3500 Hours / 6 Years**
	MGB	3000 Hours / 5 Years**
	Overhaul Cost of Helicopter	5400 Hours / 9 Years**
Ecureuil AS 350B3	Engine	3500 Hours / 6 Years**
	MGB	3000 Hours / 5 Years**
	Overhaul Cost of Helicopter	Major Inspection – 12 Years**
Bell 407	Engine	2000 Hours / 3 Years**
	Transmission Assembly	5000 Hours / 8 Years**
	Hub Assembly	2500 Hours / 4 Years**
	Overhaul Cost Helicopter	No Major Overhaul
Mi-172	Engine	1500 Hours / 5 Years**
	Overhaul Cost Helicopter	4500 Hours / 15 Years**

** Years are based on 600 Hours average flying for N, N3, B3 & Bell 407 and 300 Hours of Average flying for Mi-172.

Where a major part of an asset is replaced or restored, the carrying amount of the old part is de-recognized and the new part is added to the asset. Where the carrying value of the de-recognized/replaced component is not known, best estimate is determined by reference to the current cost.

Subsequent costs

Subsequent costs are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other repairs and maintenance expenditure on other tangible assets is recognized in the Statement of Profit and Loss, at the time of incurrence.

Depreciation

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 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.

Cost of leasehold land is amortized over the period of lease. Similarly, the cost of residential flats constructed under joint development agreement with Airport Authority of India is amortized over the period of right to possess the property as per the terms of such agreement.

Depreciation in respect of additions or deletions of helicopters / spare aero engines is made on a pro-rata basis on number of days, 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 property, plant & equipment is reckoned on pro-rata basis on number of days. The effective date of addition for the purpose of such other assets is taken as the first day of the month following the month of purchase of the asset. 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. 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 account. No Depreciation is provided on such assets (including westland helicopters and related item w.e.f. F.Y.1995-96. Gains and Losses arising from retirement or disposal of assets are credited / charged to the Statement of Profit and Loss.

The estimated useful life of Mobile handsets has been considered to be three years.

Depreciation methods, useful lives and residual values are reviewed periodically, including at the end of each financial year.

Capital work-in-progress

Cost of property, plant and equipment not ready for use as at the reporting date are disclosed as capital work-in-progress.

(vii) Intangible Assets

Recognition and measurement

Intangible assets acquired separately are measured on initial recognition at cost and subsequently are carried at cost less accumulated amortization and accumulated impairment losses, if any.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses on de-recognition are determined by comparing proceeds with carrying amount and are included in the Statement of Profit and Loss.

Subsequent costs

Subsequent costs are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure on other intangible assets is recognized in the Statement of Profit and Loss, as incurred.

Amortization

The company amortizes intangible assets with a finite useful life using the straight line method over the lives of the intangible assets. The amortization expenses on intangible assets are recognized in the Statement of Profit and Loss. The estimated useful lives are reviewed annually by the management and adjusted prospectively.

Cost of software purchased/developed in-house exceeding Rs. 5 lakhs 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 up-to Rs. 5 lakhs each are charged off to Revenue in the year of purchase.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management is committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

(viii) Leases

Leases are classified as finance leases whenever the terms of lease transfer substantially all the risks and rewards of ownership to the lessee. Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

a) Operating Lease:

Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where another systematic basis is more representative of the time pattern in which economic benefits from leased assets are consumed. The aggregate benefit of incentives (excluding inflationary increases where rentals are structured solely to increase in line with the expected general inflation to compensate for the lessor's inflationary cost increases, such increases are recognized in the year in which the benefits accrue) provided by the lessor is recognized as a reduction of rental expense over the lease term on a straight-line basis.

b) Finance Lease:

Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance expenses are recognized immediately in Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

(ix) Inventories

Inventories (except the items described below separately) are valued at lower of cost (on moving weighted average basis) and net realizable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to their present location and condition. Items of spares and stores lying on the shop floor at the year-end are also considered as part of closing inventory.

Loose tools/test tools are amortized

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.

Stores and Spares, landed unit value of which, is less than Rs. 1,000 and all items of consumables, oil, greases, and lubricants are expensed in the year of purchase.

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.

(x) Impairment

a) Financial assets

In accordance with Ind-AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

i. Financial assets that are debt instruments and are measured at amortized cost e.g. loans, deposits etc.

ii. Trade receivables – The company measures trade receivables at their transaction price unless the transaction contains a significant financing component and for the purpose of recognition of impairment loss allowance, the company applies the simplified approach prescribed by Ind AS-109 Financial Instrument for trade receivable. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The company measures expected credit losses only in case where reasonable and supportable information is available without undue cost or efforts at the reporting date about past events, current conditions & forecast of future economic conditions.

In the absence of availability of any specific reliable information, the company usually considers debts recoverable from Central Government/ State Government/Union Territories for more than seven years as doubtful and is provided for. Debts recoverable from outside parties other than Central Government/State Government/Union Territories for more than three years are considered doubtful and provided for unless specifically known to be doubtful prior to this period.

iii. Trade payables – Unclaimed credit balances relating to outside parties and outstanding for more than three years are written back and treated as income.

b) Non-financial assets

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. An impairment loss is recognized in the Statement of Profit & Loss for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount (higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

(xi) Employee Benefits

a) Short term employee benefits

Employee benefit liabilities such as salaries, wages and bonus etc. that are expected to be settled wholly within twelve months after the end of the reporting period in which the employees render the related services are recognized in respect of employees services up to the end of the reporting period and are measured at an undiscounted amount expected to be paid when the liabilities are settled.

b) Post-employment benefit plans

Employee benefits consist of contribution to provident fund, pension, post-retirement medical benefits, gratuity fund, compensated absences and baggage allowance on retirement etc.

Defined Contribution plans

Payments to defined contribution retirement benefit scheme for eligible employees in the form of superannuation benefits are charged as an expense as they fall due. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made.

Provident Fund

The Company makes contribution towards provident fund, in substance a defined contribution retirement benefit plan for eligible employees. Under the scheme, the company is required to contribute a specified percentage of 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 contributions and any shortfall in the fund assets based upon GOI specified minimum rates. Such contributions and shortfall, if any, are expensed in the year of payment.

Pension Fund

The Pension scheme of the Company is defined contribution scheme where the Company's liability is restricted to the contributions made for each month equivalent to 11% of salary on which provident fund contribution is made. The company has finalized the pension scheme with Life Insurance Corporation of India after approval from MoCA.

Defined benefit plans

The company provides the following major defined benefit plans:

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. 20.00 Lakhs on superannuation, resignation, termination, disablement or on death. The gratuity scheme is funded by the company and is managed by a separate trust.

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.

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 or asset recognized in the balance sheet in respect of the defined benefit plans of the company is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the said obligation is determined by discounting the estimated future cash outflows, using market yields of government bonds that have tenure approximating the tenures of the related liability.

The interest income / (expense) are calculated by applying the discount rate to the net defined benefit liability or asset. The net interest income / (expense) on the net defined benefit liability or asset is recognized in the Statement of Profit and Loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the year in which they occur, directly in other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in Statement of Profit and Loss as past service cost.

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 480 days and no commutation of Half Pay Leave is permissible. As per DPE guidelines, EL & HPL can be en-cashed upto maximum of 300 days together on superannuation. The liability for the same is recognized on the basis of actuarial valuation.

(xii) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. No provision for accrued expenses/ liabilities is made in the accounts where the individual transaction is less than Rs. 5,000.

Provision is made in the accounts for all known liabilities existing on the date of balance-sheet. Liabilities not known or liabilities whose amount cannot be determined with any reasonable degree of accuracy are not provided for. Further, liability for goods or repairs/overhaul charges is made in the accounts for goods dispatched by the suppliers by 31st March of each year but not received by the Company as at the year end, based on manufactures advice/engineering estimates.

The expense relating to any provision is presented in the Statement of Profit and Loss, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as part of finance costs.

(xiii) Contingent liabilities / contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. The Company does not recognize a contingent liability but discloses its existence in the financial statements. Where there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources is remote, no disclosure is made.

Contingent assets are possible assets that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company.

(xiv) Revenue Recognition

Revenue is measured at fair value of the consideration received or receivable. The specific recognition criteria decided below must also be met before revenue is recognized.

a) Revenue from helicopter operations is recognized on accrual basis as per the terms of the contract.

b) Revenue relating to engineering and other services is recognized by reference to the stage of completion of the transaction at the end of the reporting period when the outcome of a transaction involving rendering of services can be estimated reliably.

c) Revenue from Sale of scrapped Assets/ Stores is recognized on actual realization.

d) Interest income from financial assets is recognized when it is probable that economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount on initial recognition.

(xv) Dividend to equity shareholder

Dividend to equity shareholder is recognized as liability and deducted from shareholder equity in the period in which dividends are approved by the equity shareholder in the general meeting. Interim dividends, if any, are recorded as a liability on the date of declaration by the Company's Board of Directors.

(xvi) Prepaid Expenses

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

(xvii) Borrowing Costs

Borrowing cost that are directly attributable to the acquisition or construction of asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of that asset till date it is ready for its intended use. Other borrowing costs are recognized as an expense in the year in which they are incurred.

(xviii) Commission

The commission paid / payable on sales is recognized on sale of ticket and in accordance with the terms of contracts with agents (customers). As the Company acts as a principal, the commission is recognized as an expense in the Statement of Profit and Loss.

(xix) Expenditure

Expenses are accounted for on the accrual basis and provisions are made for all known losses and liabilities.

(xx) Helicopter repair and maintenance cost

The Company recognizes helicopter repair and maintenance cost in the Statement of Profit and Loss (except cost of major overhaul) on incurred basis.

(xxi) Helicopter fuel expense

Helicopter fuel expenses are recognized in the statement of profit and loss as uplifted and consumed, net off any discounts.

(xxii) Income Taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in the Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income.

Current Tax

Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

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 company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set-off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The income tax provision for the year is made based on the best estimate of the annual tax rate expected to be applicable for the financial year.

(xxiii) Deferred Tax

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The carrying amount of the Deferred tax assets are reviewed at end of each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which these temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the year that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and tax losses can be utilized.

Unrecognized deferred tax are reassessed at each reporting date and recognized to the extent that it has become probable that the future taxable profits will be available against which it can be used.

Deferred tax assets and liabilities are offset only if the company has legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Deferred tax relating to the items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity).

MAT under the provisions of the Income Tax Act, 1961 is recognized in the statement of profit and loss. The credit availed under the Act in respect of MAT paid is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set off against normal tax liability. MAT Credit recognized as an asset is reviewed at each reporting date and written down to the extent aforesaid convincing evidence no longer exists.

(xxiv) Earnings per equity share

Basic EPS is computed by dividing the profit or loss attributable to the equity shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is computed by adjusting the profit or loss attributable to the ordinary equity shareholders and the weighted average number of ordinary equity shares, for the effects of all dilutive potential ordinary shares.

(xxv) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is considered to be the Board of Directors who makes strategic decisions and is responsible for allocating resources and assessing performance of the operating segments

(xxvi) Insurance / Insurance Claim

(a) Insurance Claims other than those relating to the helicopters and inventory are accounted for on cash basis and recognized as income except where payable to any third party.

(b) 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 claim. Actual expenditure on repairs and Insurance claim realized are accounted for in Statement of Profit and Loss and the assets are carried forward at their book values.

(c) In 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 Property, Plant & Equipment 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.

(xxvii) Recent accounting pronouncements

Standards issued but not yet effective

(i) **IND AS 115: Revenue from Contracts with Customers**

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying Ind AS 115, 'Revenue from Contracts with Customers'. The Standard is applicable to the Company with effect from 1st April, 2018.

Revenue from Contracts with Customers Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 Revenue, Ind AS 11 Construction Contracts when it becomes effective. The core principle of Ind AS 115 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligation in contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. The amendment will come into force from 1 April 2018. The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

(ii) Appendix B to Ind AS 21- Foreign Currency Transactions and Advance Consideration

On 28 March 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from 1 April 2018. The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

Notes to Financial Statements for the year ended 31 March, 2018

NOTE 3: Property, Plant and Equipment

3.1 Assets under active use

(₹ in Lakhs)

Particulars	Leasehold Land	Helicopter/Aero Engine & Other Related Component	Building	Plant & Equipment	Furniture & Fixture	Vehicle	Office equipment	Computer & other related equipments	Capital work in progress	Total
Gross carrying value as at 1 April, 2016	**42.57**	**83,028.10**	**2,441.55**	**2,520.54**	**305.07**	**75.20**	**116.11**	**190.97**	**5,393.64**	**94,113.75**
Additions	-	6,951.06	5,199.01	834.53	116.44	7.07	31.35	20.31	1,391.23	14,551.00
Disposals/Adjustments	-	(188.55)	(26.89)	(2.34)	-	-	(0.01)	(0.30)	(6,107.57)	(6,325.66)
Gross carrying value as at 31 March, 2017	42.57	89,790.61	7,613.67	3,352.73	421.51	82.27	147.45	210.98	677.30	102,339.09
Additions	-	6,060.91	48.15	45.93	6.84	0.38	21.37	9.89	1,634.16	7,827.63
Disposals/Adjustments	-	(4,478.70)	5.73	(39.63)	(0.75)	(0.24)	(0.28)	(15.34)	(152.89)	(4,682.10)
Gross carrying value as at 31 March, 2018	**42.57**	**91,372.82**	**7,667.55**	**3,359.03**	**427.60**	**82.41**	**168.54**	**205.53**	**2,158.57**	**105,484.62**
Depreciation & Impairment										
Accumulated depreciation as at 1 April, 2016	**0.66**	**6,467.23**	**122.90**	**269.97**	**57.46**	**24.74**	**32.27**	**73.28**	**-**	**7,048.51**
Depreciation charge for the year	0.66	7,510.11	155.26	264.92	52.06	16.25	24.14	55.44	-	8,078.83
Impairment	-	-	-	-	-	-	-	-	-	
Amount adjusted from Retained earnings	-	-	-	-	-	-	-	7.55	-	7.55
Disposals	-	(11.85)	(12.82)	(2.15)	-	-	-	-	-	(26.82)
Accumulated depreciation as at 31 March, 2017	**1.31**	**13,965.49**	**265.34**	**532.74**	**109.52**	**40.99**	**56.41**	**136.27**	**-**	**15,108.07**
Depreciation charge for the year	0.65	7,558.65	470.04	317.22	62.34	11.00	22.60	31.02	-	8,473.52
Impairment	-	-	-	-	-	-	-	-	-	-
Amount adjusted from Retained earnings	-	(1.62)	5.73	0.02	-	-	-	0.02	-	4.15
Disposals	-	(822.15)	-	(9.85)	(0.36)	-	(0.14)	(13.14)	-	(845.64)
Accumulated depreciation as at 31 March, 2018	**1.96**	**20,700.37**	**741.11**	**840.13**	**171.50**	**51.99**	**78.87**	**154.17**	**-**	**22,740.10**
Net book value										
At 31 March 2018	40.61	70,672.46	6,926.44	2,518.90	256.10	30.42	89.67	51.36	2,158.57	82,744.53
At 31 March 2017	41.26	75,825.13	7,348.33	2,819.99	311.99	41.28	91.04	74.71	677.30	87,231.03

	At 31 March 2018	At 31 March 2017
Property, Plant & Equipment	80,585.96	86,553.73
Capital work in progress	2,158.57	677.30

Notes to Financial Statements for the year ended 31 March, 2018

3.2 Assets classified as held for disposal/distribution

(₹ in Lakhs)

Particulars	Plant & equipments	Helicopter/ Aero Engine & Other Related Component	Furniture & Fixture	Vehicles	Office equipment	Computer & other related equipments	Total
Gross carrying value as at 1 April, 2016	**4.17**			**4.97**		**4.98**	**14.12**
Additions				0.99			0.99
Disposals/Adjustments	(4.17)			(5.12)		(4.98)	(14.27)
Gross carrying value as at 31 March, 2017	-	-	-	0.84	-	-	0.84
Additions							-
Disposals/Adjustments				(0.84)			(0.84)
Gross carrying value as at 31 March, 2018	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Depreciation & Impairment							
Accumulated depreciation/impairment as at 1 April, 2016	4.17			4.97		4.98	14.12
Depreciation charge for the year							-
Impairment	(0.21)			(0.25)		(0.25)	(0.71)
Amount adjusted from Retained earnings							-
Disposals	**(3.96)**			**(4.72)**		**(4.73)**	**(13.41)**
Accumulated depreciation/impairment as at 31 March, 2017	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Depreciation charge for the year							-
Impairment							-
Amount adjusted from Retained earnings							-
Disposals							-
Accumulated depreciation/impairment as at 31 March, 2018	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net book value							
At 31 March 2018	-	-	-	-	-	-	-
At 31 March 2017	-	-	-	0.84	-	-	0.84

Note : Rs.0.84 Lakhs represents Company Car held for Disposal at WDV value net of Impairment of Rs.0.15 Lakhs. These Vehicles were not in useable conditions and sold in April '2017

NOTE 4
INTANGIBLE ASSETS

(₹ in Lakhs)

Particulars	Computer Software	Total
Gross carrying value as at 1st April'2016	**210.30**	**210.30**
Additions	(3.00)	(3.00)
Gross carrying value as at 31 March, 2017	**207.30**	**207.30**
Additions / (Deletion / Adjustment)	-	-
Gross carrying value as at 31 March, 2018	**207.30**	**207.30**
Amortisation & Impairment		
Accumulated depreciation as at 1 April, 2016	**194.29**	**194.29**
Amortisation	3.67	3.67
Impairment	-	-
Accumulated depreciation as at 31 March, 2017	**197.96**	**197.96**
Amortisation	3.67	3.67
Impairment	-	-
Accumulated depreciation as at 31 March, 2018	**201.63**	**201.63**
Net book value		
At 31 March 2018	5.67	5.67
At 31 March 2017	9.34	9.34

NOTE 5
INVESTMENTS

(₹ in Lakhs)

Particulars	As at	
	March 31, 2018	March 31, 2017
Non-current		
Unquoted equity instruments		
Investments at fair value through OCI (Fully paid up)		
National Flying Training Institute Pvt Ltd	289.34	289.34
28,93,353 (P.Y. 28,93,353) Equity shares of Rs.10/- each fully paid up)		
Less: Provision for Diminution in value of investments	(211.68)	(187.03)
Total	**77.66**	**102.31**
Aggregate carrying value of unquoted investments	289.34	289.34
Aggregate market value of unquoted investments	-	-
Aggregate amount of impairment in value of investments	211.68	187.03

NOTE 6
LOANS*

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Non-Current		
(a) Security deposits		
Unsecured, considered good	364.63	353.21
Unsecured, considered doubtful	1.91	1.91
	366.54	355.12
Less: Provision for doubtful deposits	(1.91)	(1.91)
	364.63	353.21
(b) Loans to related party	-	-
(c) Other loans		
(i) Loans to employees		
Secured, considered good	209.76	216.25
Unsecured, considered good	25.78	28.41
Unsecured, considered doubtful	-	-
	235.54	244.66
Less: Provision for doubtful loans	-	-
	235.54	244.66
(ii) Prepaid Expenses - Secured considered Good	-	3.84
(iii) Loan to Public Sector Undertaking, Considered Doubtful	725.00	725.00
Less: Provision for doubtful loan	(725.00)	(725.00)
	-	-
Total	**600.17**	**601.71**

*There is no amount due from director, other officer of the Company or firms in which any director is a partner or private companies in which any director is a director or member at any time during the reporting period.

NOTE 7
OTHER FINANCIAL ASSETS

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
(Unsecured, considered good unless otherwise stated)		
Non-Current		
Interest accrued	-	-
- Employee loans		
Secured, considered good	159.87	178.40
Unsecured, considered good	-	3.43
Unsecured,considered Doubtful	22.78	22.78
	182.65	204.61
Less: Provision for doubtful interest accrued on employee loans	(22.78)	(22.78)
	159.87	181.83
Interest Accrued from Related Party	-	0.77
Security Deposit	17.68	17.68
	177.55	**200.28**
Current		
Interest accrued on:		
- Fixed deposit	521.31	200.56
- Employees' Loans		
Secured, considered good	24.48	39.96
Unsecured, considered good	-	1.92
	24.48	41.88
Interest Accrued from Related Party	1.01	0.89
Insurance claim receivable	664.20	508.59
Less: Provision for Doubtful Advance	(5.00)	(5.00)
	659.20	503.59
Fixed deposit accounts / Current accounts with Banks	47.83	45.19
(Against amount received from DGCA for Project, including Interest accrued)		
Others	124.81	224.80
	1,378.64	**1,016.91**
Total	**1,556.19**	**1,217.19**

NOTE 8
OTHER ASSETS*

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Non-Current		
Capital Advances	3,252.09	3,398.40
Advances to others		
Unsecured, considered good	43.60	53.00
Unsecured, considered doubtful	87.71	99.91
	131.31	152.91
Less: Provision for doubtful advances	(87.71)	(99.91)
	43.60	53.00
Advances Income tax (Net of provisions)	6,959.91	6,393.65
Less :Provision for doubtful Advances	(34.98)	-
	6,924.93	6,393.65
Prepaid expense	-	0.11
Other receivables	162.77	101.96
Less: Provision for doubtful receivables	(2.92)	(2.92)
	159.85	99.04
Total	**10,380.47**	**9,944.20**
Advances to others		
Unsecured, considered good	1,350.27	1,373.33
Unsecured, considered doubtful	66.08	66.08
	1,416.35	1,439.41
Less: Provision for doubtful advances	(66.08)	(66.08)
	1,350.27	1,373.33
Unsecured, considered good		
‘Balance with statutory authorities	2,314.17	240.86
Less: Provision for doubtful advances	(32.66)	-
	2,281.51	240.86
MAT Credit entitled	2,784.06	-
Less: MAT Credit Availed	(2,784.06)	-
‘Prepaid expense	788.67	699.31
Others	3.87	2.75
Total	**4,424.32**	**2,316.25**

*There is no amount due from director, other officer of the Company or firms in which any director is a partner or private companies in which any director is a director or member at any time during the reporting period.

NOTE 9
INVENTORIES

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
(Certified and valued by the management)		
Stores & Spares	8,226.47	7,918.20
Goods under inspection	14.96	25.48
Less: (i) Provision for Non moving stores & spares	(3,132.86)	(2,967.97)
(ii) Provision for shortage of inventory	(72.02)	(89.10)
(iii) Provision for Impairment in value	(453.14)	(453.13)
	4,583.41	**4,433.48**
Repairable & Rotables Spares	1,575.57	1,575.57
Less: (i) Obsolescence Reserve	(1,436.26)	(1,436.26)
(ii) Provision for impairment in value	(139.31)	(139.31)
	-	-
Test tools equipment (at Cost)	444.33	438.82
Less: Write off	(425.56)	(425.40)
	18.77	13.42
Gem Modules	501.37	501.37
Less: (i) Obsolescence Reserve	(447.21)	(447.21)
(ii) Provision for impairment in value	(54.16)	(54.16)
Goods in transit (at cost)	31.78	40.74
Aviation Turbines Fuel (at cost)	15.28	9.05
Total	**4,649.24**	**4,496.69**

NOTE 10
TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good	9,676.84	9,894.41
Doubtful	2,007.81	1,796.25
Other debts, considered good	8,501.95	9,015.55
	20,186.60	20,706.21
Less: Provision for doubtful debts	(2,007.81)	(1,796.25)
Total	**18,178.79**	**18,909.96**

(i) Trade receivables are generally non-interest bearing and are generally on terms of 30 to 90 days.

(ii) No trade or other receivables are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivables are due from firms or private companies respectively in which any director is a director, partner or a member.

(iii) Before accepting any new customer, the Company assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed annually.

(iv) Of the trade receivable balance as at March 31, 2018 Rs.11338.09 Lakhs is due from seven customers (as at March 31, 2017 Rs.10945.75 Lakhs were due from four customers). There are no other customer who represent more than 5% of the total balance of trade receivable.

NOTE 11
CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

	Particulars	As at March 31, 2018	As at March 31, 2017
11.1	Balances with banks:		
	- On current account	874.06	3,054.10
	- Export earning foreign currency account	1,070.20	441.24
	- Flexi deposit accounts	2,357.52	1,833.20
	- Fixed deposit with original maturity of less than 3 months	-	-
	Less: Temporary Bank Overdraft	(459.70)	(318.09)
	Cash on hand	9.13	18.89
	Total cash and cash equivalent as per Statement of Cash Flows	3,851.21	5,029.34
11.2	Other bank balances		
	- Fixed deposit accounts	27,924.06	8,512.46
	(Original maturity more than 3 months)		-
	- Margin money with banks	2,261.00	1,789.97
	Total Other bank balances	30,185.06	10,302.43
	Total	**34,036.27**	**15,331.77**

NOTE 12
LOANS

(₹ in Lakhs)

Particulars	As at	
	March 31, 2018	March 31, 2017
Current		
Loans to related parties	-	0.51
Others		
- Loans & Advances to employees		
Secured, considered good	52.97	59.68
Unsecured, considered good	489.44	428.06
Unsecured, considered doubtful	62.76	36.63
	605.17	524.37
Less: Provision for doubtful loans & advances	(62.76)	(36.63)
	542.41	487.74
Total	**542.41**	**488.25**

*There is no amount due from director, other officer of the Company or firms in which any director is a partner or private companies in which any director is a director or member at any time during the reporting period.

NOTE 13
CURRENT TAX ASSETS & LIABILITIES

(₹ in Lakhs)

Particulars		
	March 31, 2018	March 31, 2017
Current taxassets (Net)	1,281.00	930.54
Current tax liabilities (Net)	(566.26)	(2,810.63)
Total	**714.74**	**(1,880.09)**

(a) ‘The major components of income tax expenses for the years ended March 31, 2018 & March 31, 2017 are:

Profit or loss section:

(₹ in Lakhs)

Particulars	As at	
	March 31, 2018	March 31, 2017
Current income tax:		
Current income tax charge	566.26	8,943.02
Adjustments in respect of current income tax of previous year	(3.98)	42.10
Deferred tax:		
Relating to origination and reversal of temporary differences	(1,322.47)	3,245.82
	(760.19)	12,230.94

OCI section:

(₹ in Lakhs)

Particulars	As at	
	March 31, 2018	March 31, 2017
Unrealised gain / (loss) on FVTOCI equity securities	-	-
Net loss / (gain) on Diminution in value of Investment	(9.24)	(7.65)
Net loss / (gain) on remeasurements of defined benefit plans	57.95	16.27
Income tax charged to OCI	**48.71**	**8.62**

(b) Reconciliation of tax expenses and the accounting profit multiplied by India's domestic tax rate for March 31, 2018 and March 31, 2017

(₹ in Lakhs)

Particulars	As at	
	March 31, 2018	March 31, 2017
Accounting profit before tax	1,200.45	37,623.74
Income tax on above @ 21.3416% (March 31, 2017: 21.3416%)	256.20	8,029.51
Add: Tax Effect of Expenses that are not deductible in determing Book profit		
Non-deductible expenses for tax purposes:		
- Provision for Doubtful/Debts & Advance	103.88	187.15
- Provision for Non Moving /Shortage of Inventory	35.19	44.72
- Remeasurement of the defined benefit Obligation shown in OCI	30.47	10.03
- Expenses / Provision not allowed under the Provisions Income Tax	-	-
- Change in Profit before tax for the F Y 2015-16 due to Ind-AS effect and Component Acccounting	-	-
- Tax effect of prior period items Charged to retained earning	140.52	146.16
- Interest on Income Tax U/S 234(B) & 234 (C) under Income Tax Act 1961		525.45
Income tax expenses reported in the statement of profit and loss	**566.26**	**8,943.02**

NOTE 14.1
EQUITY SHARE CAPITAL

(Rupees in Lakhs, except as otherwise stated)

Particulars	As at March 31, 2018	As at March 31, 2017
Share capital		
(A) Authorised, Issued, Subscribed and paid-up share capital and par value per share		
Authorised Capital		
5,60,000 (PY 2,50,000) Equity Shares of Rs.10,000/- each	56,000.00	25,000.00
Issued Capital, Subscribed & Fully paid up		
5,57,482 (PY 2,45,616) Equity shares of Rs.10,000/- each	55,748.20	24,561.60
Paid up capital		
5,57,482 (PY 2,45,616) Equity shares of Rs.10,000/- each	55,748.20	24,561.60
	55,748.20	**24,561.60**

(B) Reconciliation of numbers of Equity Shares outstanding at the beginning and at the end of the year

(Rupees in Lakhs, except as otherwise stated)

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of shares	Amount	No. of shares	Amount
Number of shares outstanding at the beginning of the period	245,616	24,561.60	245,616	24,561.60
Number of shares outstanding at the end of the period	557,482	55,748.00	245,616	24,561.60
Changes during the year	**311,866**	**31,186.40**	**-**	**-**

(C) Rights, preferences and restrictions attaching to various classes of shares

Class of shares	Terms, rights attached to equity shares
Equity	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 pari passu in all respects including voting rights and entitlement to dividend and the repayment of capital.

(D) Details of shareholder, holding more than 5% shares

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of shares	% hold	No. of shares	% hold
President of India	284,316	51%	125,266	51%
ONGC Ltd	273,166	49%	120,350	49%

NOTE 14.2
OTHER EQUITY

(₹ in Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
General reserve	2,050.00	2,050.00
Retained earnings	54,152.80	56,643.81
Reserve for equity instruments through other comprehensive income	(42.22)	(26.81)
Reserve for debt instruments through other comprehensive income	-	-
Share Application Money Received Pending Allotment	-	15,905.00
Other Reserves	245.84	136.35
Total	**56,406.43**	**74,708.35**

NOTE 15
BORROWINGS

(₹ in Lakhs)

Particulars	Maturity	As at March 31, 2018	As at March 31, 2017
Non-current borrowings			
Secured Term loans			
- NTPC Ltd.	April, 2022	1,928.19	2,497.72
Total		**1,928.19**	**2,497.72**
Maturity of borrowings is summarized as under:			
-Not later than one year		569.54	536.45
		569.54	**536.45**
Current maturities of Long term Debt			
-Later than one year and not later than five years		1,928.19	2,497.72
-Later than five years		**1,928.19**	**2,497.72**

NOTE 16
PROVISIONS

(₹ in Lakhs)

Particulars	As at	
	March 31, 2018	March 31, 2017
Non Current		
Provision for employee benefits		
- Post retirement medical benefit scheme	1,114.13	905.98
- Earned leave	1,454.77	1,494.04
- Half Pay leave	470.58	438.64
- Others	18.18	16.24
Total	**3,057.66**	**2,854.90**

NOTE 17
DEFERRED TAX LIABILITIES

(₹ in Lakhs)

Particulars	As at	
	March 31, 2018	March 31, 2017
Deferred taxes liabilities (Net)	20,241.42	21,515.18
	20,241.42	**21,515.18**

(a) The tax effect of significant temporary differences that resulted in deferred income tax assets and liabilities are as follows:

(₹ in Lakhs)

Particulars	As at	
	March 31, 2018	March 31, 2017
Deferred income tax liabilities:		
- Accelerated depreciation for tax purposes	25,196.67	26,416.38
- Gratuity	-	57.52
Total deferred income tax liabilities	**25,196.67**	**26,473.89**

Deferred income tax assets:		
- Employee benefits	2,223.02	1,669.40
- Non-moving inventory	1,119.91	1,057.99
- Provision for diminution in value of investment	73.97	64.73
- Carried forward unabsorbed depreciation	-	-
- Doubtful debt/advances	812.31	703.05
- Prior Period Adjustment identified in F Y 2016-17	690.22	911.44
- Provision for Lease rent to AAI	-	498.69
- Provision for Loss at Lakshadweep	31.14	30.84
- Amount admissible U/S. 40(a)(ia) of Income Tax Act	4.68	22.57
Total deferred income tax assets	**4,955.26**	**4,958.72**
Deferred income tax assets after set off	**-**	**-**
Deferred income tax liabilities after set off	**20,241.42**	**21,515.18**

(b) Reconciliation of deferred income tax liabilities (Net)

(₹ in Lakhs)

Particulars	**As at**	
	March 31, 2018	**March 31, 2017**
Opening balance as on 1 April	21,515.18	18,260.74
Tax (income)/expenses during the period recognized in profit or loss	(1,322.47)	3,245.82
Tax (income)/expenses during the period recognized in OCI	48.71	8.62
Closing balance as on 31 March	**20,241.42**	**21,515.18**

NOTE 18
OTHER FINANCIAL LIABILITIES

(₹ in Lakhs)

Particulars	As at	
	March 31, 2018	March 31, 2017
Non-Current		
Security deposits / Earnest Money Deposit	96.52	163.41
	96.52	163.41
Current		
Current Maturities of Long Term Debt	569.54	536.45
Payable on purchase of Fixed Assets	15.51	71.12
Payables for Capital Expenses	19.02	19.02
Payable to Employees	80.40	114.05
Security/ Earnest money deposit	128.54	79.07
Advance from DGCA Against Project (including interest)	1,208.61	1,205.96
Less: Amount spent on project	(1,160.77)	(1,160.77)
	47.84	45.19
	860.85	864.90
Total	**957.37**	**1,028.31**

NOTE 19
TRADE PAYABLES*

(₹ in Lakhs)

Particulars	As at	
	March 31, 2018	March 31, 2017
Current		
Outstanding dues of micro & medium enterprises	-	-
Outstanding dues of trade payables other than micro & medium enterprises	11,003.58	7,357.50
Total	**11,003.58**	**7,357.50**

*Trade payables are non-interest bearing and are normally settled within 120 days..

NOTE 20
OTHER CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at	
	March 31, 2018	March 31, 2017
Security/ Earnest money deposit	78.38	63.47
Advance from Customers	383.24	177.72
Statutory Liabilities	1,986.77	261.49
Other Payables	1,853.64	1,445.50
Total	**4,302.03**	**1,948.18**

NOTE 21
Provisions

(₹ in Lakhs)

Particulars	As at	
	March 31, 2018	March 31, 2017
Current		
Employee benefits:		
- Post retirement medical benefit scheme	35.67	29.98
- Earned leave	124.83	119.26
- Half Pay leave	53.36	39.97
- Gratuity	652.12	-
- Pension	2.75	6.51
- Others	3,087.40	1,773.09
	3,956.13	1,968.81
Loss at Lakshadweep	89.12	89.12
Corporate Social Responsibility	220.33	239.78
Total	**4,265.58**	**2,297.71**

NOTE 22
REVENUE FROM OPERATION

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
Rendering of services		
Helicopter Hire Charges	39,440.62	43,107.30
Less: Deduction for Non-Provision of Helicopters (AOG)	(327.45)	(1,150.12)
	39,113.17	41,957.18
Other operating revenues		
Income from operations & maintenance contracts	134.89	752.99
Training fee & other recoveries	100.29	38.18
Revenue From Rohini Heliport	193.44	15.58
	428.62	806.75
Total	**39,541.79**	**42,763.93**

NOTE 23
OTHER INCOME

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
Interest income:		
-Deposits with Banks	1,260.86	626.62
-Loans to Employees	29.88	33.09
-Other	-	71.65
	1,290.74	731.36
-Profit on settlement of Insurance Claims on Destruction of Assets	2,955.25	1,488.28
-Profit on sales of Fixed Assets	0.40	-
-Profit on sales of Inventory items	-	12.41
-Exchange fluctuations (Net)	366.83	619.64
-Provisions no longer required- written back	1,141.27	4,544.70
-Liquidated damages (Purchase)	303.91	473.11
-Miscellaneous Income	201.38	139.62
Total	**6,259.78**	**8,009.12**

NOTE 24
HELICOPTER OPERATIONAL & MAINTENANCE EXPENSE

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
Helicopter Maintenance expenses	5,031.05	5,002.64
Fuel expenses	2,393.18	2,122.32
Insurance expenses	1,847.98	1,525.68
Landing, Parking and other expenses	186.92	142.76
Helicopter Lease charges	656.15	1,230.19
Liquidated damages	625.54	2,479.82
Royalty /Commission to Shrine Board	66.83	51.51
Provision for Non-Moving Inventory/ Life Expired Items	164.89	209.55
Loss on Impairment of Fixed Assets	54.43	0.15
Fixed Assets written off	503.82	179.94
Storage, Handling & Demurrage Charges	145.56	63.05
Freight, Transportation & Cartage	143.10	110.11
Other operating expenses	25.36	14.86
Total	**11,844.81**	**13,132.58**

NOTE 25
EMPLOYEE BENEFITS EXPENSE

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
Salaries, Wages & other benefits	14,794.99	14,041.86
Contribution to Provident, Pension & Gratuity fund	2,303.93	1,099.26
Staff welfare	46.41	48.97
Other Staff expenses	218.16	254.90
Total	**17,363.49**	**15,444.99**

NOTE 26
FINANCE COST

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
Interest	201.17	203.51
Total	**201.17**	**203.51**

NOTE 27
DEPRECIATION & AMORTIZATION EXPENSE

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
Depreciation on Tangible Assets	8,473.52	8,078.83
Amortisation of Intangible Assets	3.67	3.67
Total	**8,477.19**	**8,082.50**

NOTE 28
OTHER EXPENSES

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
Repairs & Maintenance		
-Building	85.12	63.85
-Equipment	78.80	85.88
-Others	100.55	105.37
	264.47	255.10
Rent	2,013.41	5,568.84
Travelling & Conveyance	1,917.25	1,627.52
Crew & Staff Training	413.42	612.75
Bank charges	35.82	46.13
Electricity & Water expenses	277.30	237.44
Telephone, Telex & Postage	107.12	119.01

Advertisement & Publicity	47.17	35.83
Printing & Stationery	59.52	65.62
Vehicle Running & Maintenance	32.23	32.38
Auditors Remuneration		
-Statutory Audit Fees	12.14	6.73
-For other matters	1.75	0.40
-Reimbursement of expenses	0.68	0.68
	14.57	7.81
Rates, Fees & Taxes	361.31	177.87
Provision for Doubtful Debts & Advances	486.77	876.94
Corporate Social Responsibility	29.08	83.85
Insurance Expenses	37.30	32.42
Other expenses	617.72	437.41
Total	**6,714.46**	**10,216.92**

NOTE 29
EXCEPTIONAL ITEMS

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
Waiver off of Interest on GoI Dues	-	33,931.19
Total	**-**	**33,931.19**

NOTE 30
OTHER COMPREHENSIVE INCOME

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
Employees Benefits Expenses	167.44	47.01
Provision for Diminution in Value of Investments	(24.65)	(22.11)
Total	**142.79**	**24.90**

NOTE 31
EARNINGS PER SHARE (EPS)

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
Profit attributable to equity holders	2,054.72	25,409.08
Basic EPS (Rs.)	435	10,345
Diluted EPS (Rs.)	435	9,371

32. ADDITIONAL NOTES TO THE FINANCIAL STATEMENTS

(Annexed to and forming part of Annual Accounts for the year ended 31 March, 2018)

I. Capital and Other Commitments

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

(₹ in Lakhs)

Particulars	31 March, 2018	31 March, 2017
Capital commitments	445.07	874.96

II. Contingent Liabilities

a) Guarantees given

(₹ in Lacs)

Particulars	31 March, 2018	31 March, 2017
Counter guarantees given to Banks	2261.00	3121.12

b) Letters of Credit

(₹ in Lacs)

Particulars	31 March, 2018	31 March, 2017
Letters of Credit	544.22	425.75

c) Tax Contingencies

Amounts in respect of demands assessed by revenue authorities on the company, in respect of income tax, which are in dispute, have been tabulated below:

i. Income Tax

(₹ in Lacs)

Particulars	31 March, 2018	31 March, 2017
Income Tax demands contested by the Company at ITAT/ CIT(Appeals)	5684.60	5464.36

The income tax department has withheld aforesaid amounts from 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. III.

ii. Value Added Tax

(₹ in Lacs)

Particulars	31 March, 2018	31 March, 2017
Demand Notice for payment of VAT for the period 2006-07 to 2009-10 including penalty & interest	47455.68	45431.46

The demand relates to financial years 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 had replied that since it is paying service tax on such transactions, demand for payment of VAT does not arise. The matter is listed for final hearing before the Hon'ble VAT Tribunal. Next date of hearing is 22nd November, 2018.

iii. Service Tax

(₹ in Lacs)

Particulars	31 March, 2018	31 March, 2017
Show Cause Notice from Service Tax Department for the period April, 2019 to June, 2017.	2567.35	2266.63

Show Cause Notice relates to the period April, 2009 to June, 2017 from the service tax department. Company is contesting against the show cause notice issued by the Service tax department with Commissioner of Service Tax for Demand Notice of Rs. 34.52 Lakhs, at Tribunal for Demand Notice of Rs. 1810.79 Lakhs and for Demand Notice of Rs. 722.03 Lakhs adjudication is awaited, however, the company expects that there will be no significant impact on the results of operations or cash flows.

d) Litigations

(₹ in Lacs)

	Particulars	31 March, 2018	31 March, 2017
i)	Court cases / cases under Arbitration	5081.87	4724.71
ii)	Others Matters	124.32	122.80

e) Pawan Hans has received writ petition filed in Mumbai High Court by Aviation Karamchari Sangthan, an organization representing about 139 direct contractual employees of Pawan Hans for directions from the Court to cover for payment of Provident Fund by PHL. As per Pawan Hans being an excluded organization as a Air Transport Undertaking controlled by Government, is not liable to cover the contractual employees. The Writ Petition of 2016 filed by Aviation Karamchari Sangthan Vs. Pawan Hans Limited & Others in Mumbai High Court prays for relief as per PF Rules of Pawan Hans from their date of appointment. The judgment of Hon'ble Division Bench of Mumbai High Court has been received directing PHL to deposit the provident fund of contractual employees with RPFC by 31.12.2018. PHL has discussed with its Advocates and is preparing to challenge the same before the Hon'ble Supreme Court. The estimated amount of Contingent Liability has been included under d) i) above.

f) 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 contingent liabilities, wherever applicable, in its financial statements. The company does not expect 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 from 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 along with 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 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 had 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 again submitted details of the proposal in January 2016 to MOCA for taking up the matter with Ministry of Finance. In this regard, Cabinet Committee Note (CCN) was put up by Ministry of Civil Aviation to Cabinet for its consideration.

Finally, long awaited decision was received during the F Y 2016-17 whereby the Ministry of civil aviation vide letter dt.01.12.2016 conveyed decision of the cabinet approving settlement of the claim of Ministry of Finance on account of import of westland helicopters by providing budgetary provision of Rs.13091.03 Lakhs to Pawan Hans Ltd. towards repayment of Rs.13,091.03 Lakhs to the Government and freezing of interest at 01.04.2001 level and waiving of Rs.33,931.19 Lakhs dues of Pawan Hans Ltd towards Ministry of Finance. Accordingly, Ministry of Civil Aviation vide sanction order dated 18.01.2017 conveyed sanction of Rs.13091.03 Lakhs to Pawan Hans Ltd as budgetary provision as equity investment in Pawan Hans Ltd for the year 2016-17. This amount has been used by Pawan Hans Ltd for making payment towards principal amount of dues of Rs.13091.03 Lakhs into the account of CAAA at RBI. The said amount was transferred to Pawan Hans Ltd account on 20.01.2017 by Ministry of civil aviation. Thereafter, Rs.13091.03 Lakhs was deposited into the account of CAAA at RBI on 04.02.2017 towards settlement of the claim of Ministry of Finance

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 of 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 poor 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 was dismissed by the Hon'ble Supreme Court in 2012. Thereafter, transfer of inventory items from the warehouse of Sagar Warehousing Corporation to company's western region was carried out. 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 for disposal 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, for reconstitution of steering committee for disposal.

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 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, 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 were let out on rental basis to Union Bank of India upto 31/03/2018. Subsequently these flats have been taken back and will be allotted to the employees.

VI. Property, Plant & Equipment

a) Rotables and Repairable with gross cost of Rs. 6566.70. Lakhs (March 31, 2017 Rs. 5158.24 Lakhs) and WDV of Rs. 2464.63 Lakhs (March 31, 2017 Rs. 1650.62 Lakhs) are lying with foreign equipment suppliers for repairs as at 31.03.2018. Out of these, Rotables with gross cost of Rs. 2724.02 Lakhs (March 31, 2017 Rs. 769.80 Lakhs) and WDV of Rs 101.62 Lakhs (March 31, 2017 Rs. 394.07 Lakhs) have been received back after 31 March, 2018. Confirmation from concerned parties that remaining Rotables are still lying with them is being obtained. Efforts are being made to receive the items duly repaired / overhauled by the Original Equipments Manufacturers (OEM).

b) The company is conducting physical verification of Fixed Assets in phased manner to cover all items over a period of three years. Physical verification of Fixed Assets was done in FY 2016-17 and reconciliation with fixed assets register is in progress. Differences between book and physical balances have been traced and sent to respective departments for completion of reconciliation process.

c) 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, there is no impairment, except Rs. 54.43 Lakhs (March 31, 2017 Rs. Nil) for one Mi-172 helicopter (VT-PHG).

VII. Inventories

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

(₹ in Lakhs)

2017-2018		2016-2017	
Shortage	**Excess**	**Shortage**	**Excess**
Nil	23.84	39.92	80.17

Appropriate adjustments have been made in the financial statements for the above amounts. However, reconciliations of physical balance and book records are in progress. No such difference has been noticed in Northern Region.

2) On review of inventory of Non-Moving stores, spares and consumables provision of Rs. 164.89 Lakhs (March 31, 2017 Rs. 209.55 Lakhs) has been made during the year under review as per the approved accounting policy. Further, on review of inventory of Non moving stores, spares and consumables at western region provision of Rs. Nil (March 31, 2017 Rs. Nil) has been reversed during the year under review.

3) The price trend in the Aviation Sector is different as compared to price trend in other industry, besides the sale/purchase price for pre-owned helicopter stores/spares/consumables is not directly available in the open market. Further, the aviation sector is growing rapidly while vendors in the market are very limited. Hence, the value of inventory represents the net realizable value.

VIII. Secured Loans

(₹ in Lakhs)

S. No.	Loan From	Limit Sectioned / Date	Drawdown upto 31.3.2017	Repayment upto 31.3.2017	Interest rate (Monthly rest)	Payment Schedule	Secured by
1	NTPC Ltd.	5430.00 29/04/2010	5283.63	2785.90	6% per annum	120 equal monthly installment.	Hypothecation of Dauphin N3 helicopter

IX. Confirmations for balances as at 31st March 2018 from Trade Receivables, Trade Payables and Loans & Advances/ Deposits were circulated, but response received was limited.

X. The management is in the process of reconciling figures of services / Sales and Services Availed/ Purchases reported in GST returns with those appearing in the books of accounts.

XI. The major customers of the company are Central Govt., State Govt. , Union Territories and Central Public Sector undertakings where the likelihood of default in payment is usually insignificant. The management expects that it will receive its entire dues from its customers. Accordingly, it has considered 100% probability of recoverability of dues from customers. Therefore, company has not worked out probability matrix and not accounted for ‘Expected Credit Loss Provision’ as per provision of Ind AS 109.

XII. Employees Remuneration and other benefits. –

a) The Board of Directors in its 154th Board meeting had approved the license related allowances w.e.f. 01.04.2016 to Pilots and AMEs, so the provision of Rs. 1147.39 Lakhs was made in FY 2016-17. During the year, the cabinet note for approval for revising the additional license related allowance to Pilots and AMEs w.e.f. 01/01/2017 was put to MOCA with time frequency of Pay revision as per DPE. Accordingly, a provision of Rs. 221.00 Lakhs for the period 01/01/2017 to 31/03/2017 has been retained in books of accounts, balance provision of Rs 926.39 Lakhs, out of provision of Rs. 1147.39 Lakhs made in FY 2016-17 has been reversed in FY 2017-18. During the year under review, the Company has provided Rs. 883.00 Lakhs for FY 2017-18 for license related additional allowances to Pilots and AMEs.

b) Retirement Benefit Plans

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

(₹ in Lakhs)

Particulars	**2017-18**			**2016-17**		
	Opening Liability	**Created/ Adjusted during the Year**	**Closing Liability**	**Opening Liability**	**Created/ Adjusted during the Year**	**Closing Liability**
Earned Leave	1613.30	(33.69)	1579.61	1602.34	10.96	1613.30
Half Pay Leave	478.62	45.32	523.94	766.62	(288.00)	478.62
Post Retirement Medical Benefit Scheme.	935.96	213.84	1149.80	763.90	172.06	935.96
Baggage Allowance upon Retirement	18.59	0.80	19.39	16.63	1.96	18.59
Total	**3046.47**	**226.27**	**3272.74**	**3149.49**	**(103.02)**	**3046.47**

2) Gratuity

i. Changes in present value of defined benefit obligation are as follows:

(₹ in Lakhs)

Particulars	**31 March, 2018**	**31 March, 2017**
Defined benefit obligation at the beginning of the year	3501.63	3305.02
Acquisition adjustment IN	5.14	-
Current service cost	176.04	178.65
Interest cost	262.62	264.40
Actuarial gain/(loss)	(261.42)	(136.07)
Benefit paid	(216.96)	(110.37)
Defined benefit obligation at the end of the year	4412.42	3501.63

ii. Changes in fair value of plan assets are as follows:

(₹ in Lakhs)

Particulars	31 March, 2018	31 March, 2017
Fair value of plan assets at the beginning of the year	3668.26	3487.14
Actual return on plan assets	309.00	291.49
Contribution by employer	-	-
Benefit paid	(216.96)	(110.37)
Fair value of plan assets at the end of the year	3760.30	3668.26

iii. The major categories of plan assets as a percentage of fair value of total plan assets are as follows:

Particulars	31 March, 2018 (%)	31 March, 2017 (%)
Govt. securities / special deposit with RBI	65.36	64.18
High quality corporate bonds	31.49	24.48
Insurance companies	Nil	Nil
Cash and cash equivalents, Bank balance	2.15	1.86
Term deposits	Nil	9.02
Equity (Mutual Funds)	1.00	0.46

iv. Details of defined benefit obligation

(₹ in Lakhs)

Particulars	31 March, 2018	31 March, 2017
Present value of defined benefit obligation	4412.42	3501.63
Fair value of plan assets	3760.30	3668.26
Benefit liability	(652.12)	166.63

v. Expenses recognized in the statement of profit and loss:

(₹ in Lakhs)

Particulars	31 March, 2018	31 March, 2017
Current service cost	1121.41	178.65
Interest cost on benefit obligation	(12.50)	(14.57)
Net expense for the period	1108.91	164.08

vi. Expenses recognized in the Other Comprehensive Income (OCI):

(₹ in Lakhs)

Particulars	31 March, 2018	31 March, 2017
Actuarial Gain /(losses) on Obligation for the period	261.42	136.07
Actuarial gain/(loss) on Plan Assets	33.89	12.52
Net cumulative unrecognized actuarial gain/(loss) opening	-	-
Net Gain /(Losses) for the period recognized in OCI	295.31	148.59

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

Particulars	31 March, 2018	31 March, 2017
Discount Rate	7.60%	7.50%
Future cost increase /Salary escalation rate	6.00%	6.00%
Retirement age	60	60
Attrition rate:		
Age (years)		
Upto 30 years	3.00%	3.00%
From 31 to 44 years	2.00%	2.00%
Above 44 years	1.00%	1.00%

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

The estimated future salary increase, considered in actuarial valuation, takes into account the effect of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. The overall expected rate of return on plan assets is determined based on the market prices prevailing as on balance sheet date, applicable to the period over which the obligation is to be settled.

viii. Sensitivity Analysis

(₹ in Lakhs)

Particulars	31 March, 2018	31 March, 2017
Projected Benefit Obligation on Current Assumptions		
Delta Effect of +0.50% Change in Rate of Discounting	(115.74)	(107.13)
Delta Effect of -0.50% Change in Rate of Discounting	121.22	112.69
Delta Effect of +0.50% Change in Rate of Salary increase	48.58	113.77
Delta Effect of -0.50% Change in Rate of Salary increase	(51.17)	(109.10)
Delta Effect of +0.50% Change in Rate of Employee Turnover	(22.14)	(8.18)
Delta Effect of -0.50% Change in Rate of Employee Turnover	22.38	8.55

ix. Maturity Analysis of projected benefit obligation: From the Fund

(₹ in Lakhs)

Particulars	31 March, 2018	31 March, 2017
Projected Benefits Payable in Future Years From the Date of Reporting		
1st following year	343.03	227.44
2nd following year	187.67	55.00
3rd following year	207.49	96.37
4th following year	251.13	252.99
5th following year	243.47	244.53
6th following year	242.08	302.96
Beyond 6 years	2937.54	2322.34

x. Amounts of current and previous periods are given as under:

(₹ in Lakhs)

Particulars	31 March, 2018	31 March, 2017
Defined benefit obligation	4412.42	3501.63
Plan Assets	3760.30	3668.26
Surplus / (Deficit)	(652.12)	(166.63)

3) Post Retirement Medical Benefit Plan

i. Changes in the present value of benefit obligation are as follows:

(₹ in Lakhs)

Particulars	31 March, 2018	31 March, 2017
Present Value of obligation at the beginning of the year	935.96	763.90
Current service cost	30.30	24.42
Interest cost	70.20	61.11
Actuarial gain/(loss)	128.83	101.34
Past service cost	-	-
Benefit paid	(15.49)	(14.81)
Present value of obligation at the end of the year	1149.80	935.96

ii. Balance sheet and related analysis:-

(₹ in Lakhs)

Particulars	31 March, 2018	31 March, 2017
Present Value of the Obligation at end	1149.80	935.96
Fair Value of Plan Assets	-	-
Unfunded Liability /provision in Balance sheet	(1149.80)	(935.96)
Unfunded liability recognized in Balance sheet	(1149.80)	(935.96)

iii. Expenses recognized in the statement of profit and loss:

(₹ in Lakhs)

Particulars	31 March, 2018	31 March, 2017
Current service cost	30.30	24.42
Interest cost on benefit obligation	70.20	61.11
Net expense for the period	100.50	85.53

iv. Expenses recognized in the Other Comprehensive Income (OCI):

(₹ in Lakhs)

Particulars	31 March, 2018	31 March, 2017
Actuarial losses on Obligation for the period	(128.84)	(101.34)
Net cumulative unrecognized actuarial gain/(loss) opening	-	-
Actuarial gain/(loss) for the period on assets	-	-
Net expense for the period recognized in OCI	(128.84)	(101.34)

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

Particulars	31 March, 2018	31 March, 2017
Discount Rate	7.50%	8.00%
Future cost increase /Salary escalation rate	6.00%	6.00%
Retirement age	60	60
Attrition rate :		
Age (years)		
Upto 30 years	3.00	3.00
Upto 44 years	2.00	2.00
Above 44 years	1.00	1.00

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

The estimated future salary increase, considered in actuarial valuation, takes into account the effect of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market. .

vi. Sensitivity Analysis

(₹ in Lakhs)

Particulars	**31 March, 2018**	**31 March, 2017**
Projected Benefit Obligation on Current Assumptions		
Delta Effect of +0.50% Change in Rate of Discounting	(54.23)	(56.40)
Delta Effect of -0.50% Change in Rate of Discounting	58.42	67.59

4) Earned Leave Liability

i. Changes in the present value of benefit obligation are as follows:

(₹ in Lakhs)

Particulars	**31 March, 2018**	**31 March, 2017**
Present Value of obligation at the beginning of the year	1613.30	1602.34
Current service cost	110.05	118.12
Interest cost	121.00	128.19
Actuarial gain/(loss)	95.00	217.58
Benefit paid	(359.74)	(452.93)
Present value of obligation at the end of the year	1579.61	1613.30

ii. Balance sheet and related analysis:-

(₹ in Lakhs)

Particulars	**31 March, 2018**	**31 March, 2017**
Present Value of the Obligation at end	1579.61	1613.30
Fair Value of Plan Assets	-	--
Unfunded Liability /provision in Balance sheet	(1579.61)	(1613.30)

iii. Expenses recognized in the statement of profit and loss:

(₹ in Lakhs)

Particulars	**31 March, 2018**	**31 March, 2017**
Current service cost	110.05	118.12
Interest cost on benefit obligation	121.00	128.18
Net actuarial (gain)/ loss recognized in the period	95.00	217.58
Net expense for the period	326.05	463.88

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

Particulars	31 March, 2018	31 March, 2017
Discount Rate	7.60%	7.50%
Future cost increase /Salary escalation rate	6.00%	6.00%
Retirement age	60	60
Attrition rate :		
Age (years)		
Upto 30 years	3.00	3.00
From 31 to 44 years	2.00	2.00
Above 44 years	1.00	1.00

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

The estimated future salary increase, considered in actuarial valuation, takes into account the effect of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

v. Sensitivity Analysis

(₹ in Lakhs)

Particulars	31 March, 2018	31 March, 2017
Projected Benefit Obligation on Current Assumptions		
Delta Effect of +0.50% Change in Rate of Discounting	(44.46)	(55.16)
Delta Effect of -0.50% Change in Rate of Discounting	46.68	51.79
Delta Effect of +0.50% Change in the Salary Increase	47.18	52.29
Delta Effect of -0.50% Change in the Salary Increase	(45.32)	(51.07)
Delta Effect of +0.50% Change in Rate of Employee Turnover	(2.93)	(2.73)
Delta Effect of -0.50% Change in Rate of Employee Turnover	2.98	3.80

vi. Maturity Analysis of projected benefit obligation: From the Employer

(₹ in Lakhs)

Particulars	31 March, 2018	31 March, 2017
1st following year	124.83	119.26
2nd following year	24.68	25.49
3rd following year	25.36	42.35
4th following year	83.99	134.38
5th following year	112.47	108.81
6th following year	178.13	173.50
Beyond 6 years	1030.14	1009.02

5) Baggage Allowance

i. Changes in the present value of benefit obligation are as follows:

(₹ in Lakhs)

Particulars	**31 March, 2018**	**31 March, 2017**
Present Value of obligation at the beginning of the year	18.59	16.63
Current service cost	0.81	0.79
Interest cost	1.39	1.33
Actuarial gain/(loss)	(0.97)	0.23
Benefit paid	(0.43)	(0.40)
Present value of obligation at the end of the year	19.39	18.59

ii. Balance sheet and related analysis :-

(₹ in Lakhs)

Particulars	**31 March, 2018**	**31 March, 2017**
Present Value of the Obligation at end	19.39	18.59
Fair Value of Plan Assets	-	-
Unfunded Liability /provision in Balance sheet	(19.39)	(18.59)
Unfunded liability recognized in Balance sheet	(19.39)	(18.59)

iii. Expenses recognized in the statement of profit and loss:

(₹ in Lakhs)

Particulars	**31 March, 2018**	**31 March, 2017**
Current service cost	0.81	0.79
Interest cost on benefit obligation	1.39	1.33
Net expense for the period	2.20	2.12

iv. Expenses recognized in the Other Comprehensive Income (OCI):

(₹ in Lakhs)

Particulars	**31 March, 2018**	**31 March, 2017**
Actuarial gain /(losses) on Obligation for the period	0.97	(0.24)
Net cumulative unrecognized actuarial gain/(loss) opening	-	-
Actuarial gain/(loss) for the period on assets	-	-
Net expense for the period recognized in OCI	0.97	(0.24)

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

Particulars	31 March, 2018	31 March, 2017
Discount Rate	7.60%	7.50%
Future cost increase /Salary escalation rate	6.00%	6.00%
Retirement age	60	60
Attrition rate :		
Age (years)		
Upto 30 years	3.00	3.00
From 31 to 44 years	2.00	2.00
Above 44 years	1.00	1.00

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

The estimated future salary increase, considered in actuarial valuation, takes into account the effect of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

vi. Sensitivity Analysis

(₹ in Lakhs)

Particulars	31 March, 2018	31 March, 2017
Projected Benefit Obligation on Current Assumptions		
Delta Effect of +0.50% Change in Rate of Discounting	(0.61)	(0.55)
Delta Effect of -0.50% Change in Rate of Discounting	0.64	0.57
Delta Effect of +0.50% Change in Rate of Employee Turnover	(0.04)	(0.56)
Delta Effect of -0.50% Change in Rate of Employee Turnover	0.05	0.59

vii. Maturity Analysis of projected benefit obligation: From the Fund

(₹ in Lakhs)

Particulars	31 March, 2018	31 March, 2017
1st following year	1.21	1.22
2nd following year	0.28	0.27
3rd following year	0.31	0.54
4th following year	0.95	1.38
5th following year	1.44	1.34
6th following year	1.81	1.76
Beyond 6 years	1.33	12.05

6) Half Pay leave Liability

i. Changes in the present value of benefit obligation are as follows:

(₹ in Lakhs)

Particulars	**31 March, 2018**	**31 March, 2017**
Present Value of obligation at the beginning of the year	478.62	766.61
Current service cost	26.92	24.15
Interest cost	35.90	61.33
Actuarial gain/(loss)	16.74	(348.56)
Benefit paid	(34.24)	(24.91)
Present value of obligation at the end of the year	523.94	478.62

ii. Balance sheet and related analysis:-

(₹ in Lakhs)

Particulars	**31 March, 2018**	**31 March, 2017**
Present Value of the Obligation at end	523.94	478.62
Fair Value of Plan Assets	-	-
Unfunded Liability /provision in Balance sheet	(523.94)	(478.62)

iii. Expenses recognized in the statement of profit and loss:

(₹ in Lakhs)

Particulars	**31 March, 2018**	**31 March, 2017**
Current service cost	26.92	24.15
Interest cost on benefit obligation	35.90	61.33
Net actuarial (gain)/ loss recognized in the period	16.74	(348.56)
Net expense for the period	79.56	(263.08)

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

Particulars	**31 March, 2018**	**31 March, 2017**
Discount Rate	7.60%	7.50%
Future cost increase /Salary escalation rate	6.00%	6.00%
Retirement age	60	60
Attrition rate :		

Age (years)		
Upto 30 years	3.00	3.00
From 31 to 44 years	2.00	2.00
Above 44 years	1.00	1.00

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

The estimated future salary increase, considered in actuarial valuation, takes into account the effect of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

v. Sensitivity Analysis

(₹ in Lakhs)

Particulars	**31 March, 2018**	**31 March, 2017**
Projected Benefit Obligation on Current Assumptions		
Delta Effect of +0.50% Change in Rate of Discounting	(13.82)	(14.83)
Delta Effect of -0.50% Change in Rate of Discounting	14.43	13.90
Delta Effect of +0.50% Change in the Salary Increase	(13.82)	14.04
Delta Effect of -0.50% Change in the Salary Increase	14.43	(15.09)
Delta Effect of +0.50% Change in Rate of Employee Turnover	(0.76)	(1.30)
Delta Effect of -0.50% Change in Rate of Employee Turnover	0.81	1.33

vi. Maturity Analysis of projected benefit obligation: From the Employer

(₹ in Lakhs)

Particulars	**31 March, 2018**	**31 March, 2017**
1st following year	53.35	39.18
2nd following year	7.87	7.41
3rd following year	7.97	18.88
4th following year	24.78	39.72
5th following year	35.43	29.06
6th following year	57.18	44.51
Beyond 6 years	337.35	299.07

XIII.Investment in Equity Share (unlisted) at cost - (Level 3 Investment)

The Company has invested Rs. 289.34 Lakhs during F.Y. 2009-10 towards equity contribution (unlisted) in National Flying Training Institute Pvt. Ltd. (NFTI),Gondia ,Maharashtra. The investee company has accumulated losses of Rs.6122.42 Lakhs against paid up share capital of Rs. 8368.40 Lakhs as on 31.03.2018 (Unaudited Accounts). Considering huge accumulated Loss which is about 73.16% (March 31, 2017 - 64.64%) of Paid up share capital of the NFTI, the Company has made total provision for diminution in value of investment of Rs. 211.68 Lakhs till 31.03.2018 (March 31, 2017 Rs. 187.03 Lakhs) (Refer Note No. XXIII).

XIV. 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 had assessed the claim for Rs.733.45 Lakhs which is subject to settlement by the insurance company. The Insurance Company has rejected our claim based on a DGCA report of the incident. The company has explained vide letter dated 13 August 2018 in detail probable reasons for the accident and has again requested the Insurance company to reconsider the issue and settle the claim.

b) On 24/11/2015, Dauphin N helicopter bearing registration no. VT-ELJ (Gross block Rs.752.98 Lakhs Net block Rs. 154.26 Lakhs) met with an accident while landing at Maruli helipad, Nagaland with two crew members and 4 passengers on board. The Company has preferred necessary insurance claim with the insurance company. The agreed value of insurance for this helicopter is Rs. 1325.00 Lakhs with a deductible amount of Rs. 40.00 Lakhs as per terms and conditions of Hull insurance policy. The claim was fully realized during the financial year under review and has been accounted for.

c) Dauphin N3 helicopter bearing registration no. VT-PWA (Gross Block Rs.3873.07 Lakhs Net block Rs.3145.17 Lakhs) had a fatal crash on 13/01/2018 when the helicopter was on a sortie from Juhu to ONGC North field in which 5 passengers and 2 crew members died. The sum assured for the helicopter was Rs.5000.00 Lakhs with deductible of Rs.70.00 Lakhs. The company has preferred necessary claim with insurance company. The hull claim in respect of the helicopter has been settled for Rs. 5000.00 Lakhs with deductible of Rs. 70.00 Lakhs as per terms and condition of the Hull insurance policy and the same has been accounted in the financial year under review.

XV. Taxation

a) In view of taxable losses for the financial years ended 31.03.2007 to 31.03.2013, the Company has paid Minimum Alternate Tax (MAT) under section 115JB of the Income Tax Act, 1961 amounting to Rs. 13,343.44 Lakhs (March 31, 2017 Rs. 13,343.44 Lakhs) upto the financial Year under review. During the year, tax payable under normal provision is Rs. 3350.32 Lakhs and under section 115JB of Income Tax Act 1961, tax liability work out to Rs. 566.26 Lakhs. Further , the company has adjusted MAT credit of Rs. 2784.06 Lakhs against normal tax payable during the year and balance MAT credit available for Rs. 10559.38 Lakhs is adjustable in future in fifteen years from respective year in which MAT was paid. However, it has not been accounted for on prudent basis, as the management is not certain of generating future taxable profit to adjust available MAT credit.

b) Breakup of advance tax net of tax provision of Rs. 7674.65 Lakhs (P.Y. Rs. 4513.56 Lakhs) has been shown under Non Current Advance Tax Rs. 6924.93 Lakhs excluding provision of Rs. 34.98 Lakhs made for invalid TDS certificates pertaining to assessment years 2004-05, 2005-06 and 2006-07 (P.Y. Rs. 6393.65 Lakhs) and under Current Advance Tax Rs. 1281.00 Lakhs (P.Y. Rs.930.54 Lakhs) and Under current Liabilities Rs. 566.26 Lakhs (P.Y. Rs. 2810.63 Lakhs)which are as under:-

(₹ in Lakhs)

Particulars	31 March, 2018	31 March, 2017
Advance Tax including tax deducted at source	44428.74	40705.38
Provision for Income Tax	36754.09	36191.82
Net Amount of advance income tax paid	**7674.65**	**4513.56**

c) The amount of advance tax includes Rs. 6504.53 Lakhs (March 31, 2017 Rs. 6498.44 Lakhs) relating to completed assessments upto the assessment year 2015-16 and Rs. 823.64 Lakhs pertains to A.Y. 2016-17 and A.Y. 2017-18 in respect of which assessment is yet to be completed and balance advance tax of Rs. 346.48 Lakhs pertains to current financial year.

The refundable amount of aforesaid advance tax as on 31 March, 2018 amounting to Rs. 6504.53 Lakhs upto the assessment year 2015-16 (March 31, 2017 Rs. 6498.44 Lakhs), is not quantifiable at this stage as these cases are pending with ITAT. Hence, net amount recoverable /adjustable towards refunds from the Income Tax Department has been shown under "Non Current Assets" amounting to Rs. 6393.65 Lakhs (March 31, 2017 Rs. 6393.65 Lakhs) and balance amount of Rs. 1281.00 Lakhs (March 31, 2017 (-) Rs. 1880.09 Lakhs) has been shown under ''Current Tax Assets".

The Company has filed appeals with 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.

XVI.Heliport Project

The Government had approved building a Heliport at Rohini, New Delhi by the Company at an estimated cost of Rs. 6400.00 Lakhs (including cost of Land of Rs.1907.00 Lakhs which is in the name of MOCA) which was 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:-

a) Government equity towards 80% of the cost of infrastructure development aggregating to Rs. 6414.00 Lakhs.

b) Company contribution of Rs.1604.00 Lakhs being 20% of the project cost.

The Company had received Rs. 6414.00 Lakhs upto March, 2017 as equity contribution from GoI towards cost of the Heliport Project (Including Rs. 2814.00 Lakhs received from GoI (MOCA) in March 2017 as equity share capital).

Expenses incurred on the project till 31.3.2018 is summarized below:-

(₹ in Lakhs)

Particulars	31 March, 2018	31 March, 2017
Cost of land –Not Funded by GoI	7.01	7.01
Payment to consultants for designing and project planning	178.68	178.68
Expenses on boundary wall and R/A Bills payment to Contractor, Electricity Load Sanction fees etc.	5948.26	5948.26
Total	**6133.95**	**6133.95**

During the financial year 2016-17, Rohini Heliport started its operation from 28.02.2017. Therefore, Rs. 6133.95 Lakhs was provisionally capitalized on 28.02.2017 under different identifiable components following Component Approach. Further, as there is no lease agreement between the company and MOCA for Rohini Heliport Land, useful life as stated under Companies Act are being considered for respective identified components.

M/s Dineshchandra R. Agrawal Infracon Pvt. Ltd. (DRAIPL) has filed arbitration petition no. 472/2017 in the Hon'ble Delhi High Court seeking appointment of nominee Arbitrator on account of failure of the Company to appoint as per their notice of claim for arbitration dated 15.3.2017 of Rs.1886.77 (nominating Shri Krishna Kant as its nominee arbitrator) in respect of construction work of Rohini Heliport. However, the said notice was withdrawn by the petitioner. On 23.11.2017 the High Court ordered PHL to nominate its nominee arbitrator. Accordingly PHL had nominated Retd. Justice J.D.Kapoor and the 2 arbitrators nominated Retd. Justice Usha Mehra as Presiding Arbitrator. DRAIPL has filed its claim of Rs. 2085.00 Lakhs and PHL filed its counter claim to Rs. 2928.00 Lakhs on the last date of hearing on 10.05.2018 and 05.07.2018. Rejoinders have been filed by the parties to the claim / counter claim. Arguments have commenced from 3.9.2018. Contingent Liability of Rs. 2085.00 Lakhs has been included in Note No.32 (II(d)) above.

Further, due to disinvestment of Company which is under process PHL's Board of Directors, have approved in principle to hive off Rohini Heliport in the board meeting held on 10th July, 2017. Assets and Liabilities as on 31 March 2018 and 31 March 2017 of Rohini Heliport are as under:-

(₹ in Lakhs)

Particulars	2017-18	2016-17
Assets		
Property, Plant and Equipments	5657.71	6095.57
Trade Receivable	16.90	-
Cash & Cash Equivalent	169.90	-
Other Current Assets	14.33	-
TOTAL	**5858.84**	**6095.57**
Liabilities		
Other Equity	(563.57)	(37.67)
Inter Unit Balance	5771.83	6128.21
Other Non Current Financial Liabilities	3.81	0.94
Trade Payable	26.44	3.70
Other Current Liabilities	620.34	0.38
TOTAL	**5858.84**	**6095.57**

Income & Expenditure of Rohini heliport are as under:-

(₹ in Lakhs)

Particulars	2017-18	2016-17
Income		
Revenue from Operation	193.44	15.58
Other Income	2.65	-
Total	**196.09**	**15.58**
Expenses		
Heliport Operation Expenses	61.50	3.22
Employees Benefits Expenses	0.27	-
HO/NR Allocation	101.00	5.89
Depreciation & Amortization Expenses	437.85	38.39
Other Expenses	121.36	5.75
Total	**721.99**	**53.24**
Net Profit	**(525.90)**	**(37.67)**

Cash Flow Statement of Rohini Heliport are as under –

(₹ in Lakhs)

	Particulars	2017-18	2016-17
A.	**Cash flow from Operating Activities**		
	Net Profit Before Tax	(525.90)	(37.67)
	Depreciation and Amortization	437.86	38.39
	Operating Profit Before Working Capital Charges	**(88.05)**	**0.72**
	Changes in Assets and Liabilities		
	Trade Payables, Other Liabilities & Provisions	642.70	4.08
	Loans & Advances & Other Assets	(11.46)	0.94
	Trade Receivables	(16.90)	Nil
	Inter Unit Balance	(356.39)	6128.21
	Cash generated by Operating activities	**257.95**	**6133.23**
	Net Cash Generated from Operating Activities	**169.90**	**6133.95**
B.	**Cash Flow from Investing Activities**		
	Purchase of Fixed Assets	Nil	(6133.95)
	Net Cash Generated from Investing Activities	**Nil**	**(6133.95)**
C.	**Cash from financing Activities**	**Nil**	**Nil**
	Net Increase In/Utilisation of Cash and cash Equivalents(A+B+C)	**169.90**	**Nil**
	Cash and Cash equivalents at the Beginning of the period	**Nil**	**Nil**
	Cash and cash equivalents at the end of the period	**169.90**	**Nil**

It will also have consequential impact on Provision for tax and Deferred tax of the Company.

XVII. Helicopter Training Academy cum Heliport at Hadapsar, Pune

The Company had been assigned responsibility of setting up a Helicopter Training Academy cum Heliport at the existing Gliding Centre at Hadapsar, Pune owned and controlled by the DGCA. Detailed project report was approved by MOCA. DGCA had released an amount of Rs. 1000.00 Lakhs for this purpose in April 2010. Expenses incurred upto 31.03.2018 out of the said advance is stated below:

(₹ in Lakhs)

	Particulars	31 March, 2018	31 March, 2017
A	-Advance received from DGCA in April, 2010	1000.00	1000.00
	-Total interest accrued & earned	208.61	205.96
	Total fund	**1208.61**	**1205.96**
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	5.37
	- In Fixed Deposits	41.76	39.41
	- Interest accrued	0.70	0.41
	Total	**47.84**	**45.19**

XVIII. Corporate Social Responsibility and Sustainable Development Fund

As per 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 earned for the three immediately preceding financial years in accordance with its CSR policy. Based on above, in F.Y. 2017-18 company is required to spend Rs.109.76 Lakhs (March 31, 2017 Rs. 125.36 Lakhs). In addition to above, provision amounting to Rs. 200.92 Lakhs (March 31, 2017 Rs. 200.92 Lakhs) has been carried forward from earlier years. During the current year, company has spent/committed Rs. 29.08 Lakhs (March 31, 2017 Rs. 83.85 Lakhs) on CSR activities under the following heads:

(₹ in Lakhs)

Particulars	31 March, 2018	31 March, 2017
Swachh Bharat Abhiyan *	28.87	39.27
Promotion of Education	0.21	44.58
Healthcare	Nil	Nil
Conservation of natural resources	Nil	Nil
Training and skill development	Nil	Nil
Total	**29.08**	**83.85**

*During the F Y 2016-17 contract was awarded for renovation of school for Rs. 44.58 Lakhs under CSR out of which Rs. 25.17 Lakhs was spent upto 31.03.2018 and provision for corporate social responsibility for Rs.19.41 Lakhs is carried in books of accounts as committed liability under CSR.

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 the DPE dated 23.09.2011 and such further modifications issued from time to time.

XIX. Obligation towards operating leases:-

Rental expenses / Helicopter Lease Charges of Rs. 2669.56 Lakhs (March 31, 2017 Rs.6799.03 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.Disclosure of Operating Lease with HAL*:-

(₹ in Lakhs)

Particulars	Not Later than One year	Later than one year but not later than five years	Later than five years
Dhruv Helicopter on Dry Lease from HAL (VT-HAQ)*	374.24	-	-

During the F Y 2017-18 Rs. 643.83 Lakhs (P Y –Rs. 209.00 Lakhs) have been charged to the Statement of Profit and Loss.

. Further, there is no underlying lease agreement between AAI and the Company for Lease of Hangers and Land at Safdarjung Airport and Juhu Aerodrome, accordingly, it cannot be identified, whether the lease is cancellable or non cancellable. Therefore, future minimum lease payments disclosure as per provisions of Ind-AS is not feasible. During the current financial year, company has accounted for Rs. 1917.41 Lakhs (P.Y. Rs. 5476.15 Lakhs) on account of Lease Rent of AAI.

As per Ind AS 17, company has lease agreement of 90 years of Noida Office Land from 27/11/1989, Accordingly disclosure as per Ind-AS against financial lease at discounted rate are as follows:-

(₹ in Lakhs)

Particulars	Not Later than One year	Later than one year but not later than five years	Later than five years
Noida Office Land Lease Rent as Discounted	1.70	4.98	10.43

XX. Event Occurring after Balance Sheet Date:

a) On 03/10/2018, Bell 206L4 Helicopter VT-PHD (Sum Insured Value of Rs.875.00 Lakhs) took off from Padaum and had emergency landing at Kargiak in Zanskar beyond Leh. The same has been intimated to Insurance Company.

b) After closure of the financial year under review, misappropriation of Rs. 3.56 Lakhs (approx) by the then Base Assistant of Daman detachment, being collection on behalf of Daman & Diu Administration for tickets issued, was noticed. Corrective Action has been initiated to recover the amount and till date Rs. 2.30 Lakhs has been recovered from concerned employee and in respect of the balance amount of Rs. 1.26 Lakhs, necessary steps are being taken to recover the amount along with initiating other actions as deemed fit.

XXI. Component Accounting

From the financial year 2016-17, component accounting for helicopter parts was adopted and the following parts were considered for component accounting:

a. Engine
b. Main Gear Box
c. Hub Assy.
d. Transmission Assy.
e. Embedded Cost
f. Hull

Total Depreciation for helicopters & components for the F Y 2017-18 amounts Rs. 6899.14 Lakhs (March 31, 2017 Rs. 6692.44 Lakhs). Overhaul charges / G inspection expenses of Rs. 4969.28 Lakhs (March 31, 2017 Rs. 6383.01 Lakhs) has been capitalized in the F. Y. 2017-18.

XXII.a) A financial irregularity was reported at Lakshadweep detachment in the financial year 2014-2015. The Vigilance Department has conducted enquiry and submitted report to the management. Out of the estimated financial loss as reported by the Vigilance Department of Rs. 129.21 Lakhs, provision of Rs. 89.12 Lakhs was created in the financial year 2014-2015. The figure of Rs. 89.12 Lakhs was arrived at by estimating 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. During the previous financial years, Rs. 59.29 Lakhs was received from the Lakshadweep Administration towards travelling bills for the period April 2008 to March 2011. As informed by HR Deptt. , Investigation has been completed and action suggested has been acceded by the competent authority.

b) The Company had given an advance of $ 41,184 to OEM Triumph Engine Control Systems, USA for repair of Hydro mechanical unit. The supplier stated that it had not received the payment, which on enquiry was found correct by the company. A formal complaint has been lodged with Cyber crime cell and concerned Police station by the company to investigate the matter. In lieu of the same, we have provided an amount of Rs. 26.14 Lakhs (P.Y. Nil) during the year.

XXIII. Provisions

Various provisions carried in the books as on 31.03.2018 are detailed below.

(₹ in Lakhs)

Particulars	**As on 31 March, 2016**	**Created / Utilized/other adjustments during the year**	**As on 31 March, 2017**	**Created / Utilized/other adjustments during the year**	**As on 31 March, 2018**
Impairment of Assets	1615.99	(0.46)	1615.53	54.43	1669.96
Provision for Revision of Pay & Allowances from 01.01.2007 including pension and others	100.20	-	100.20	(30.30)	69.90

Particulars	As on 31 March, 2016	Created / Utilized/other adjustments during the year	As on 31 March, 2017	Created / Utilized/other adjustments during the year	As on 31 March, 2018
Provision on account of License related allowance to Pilots & Engineers	4381.16	(3233.77)	1147.39	(43.39)	1104.00
Provision for Revision of Pay & Allowances from 01.01.2017	-	515.35	515.35	1385.85	1901.20
Doubtful Debts/Advances	1776.32	756.50	2532.82	516.79	3049.61
Non moving inventories/ Life expired items, etc.	2848.70	208.37	3057.07	147.81	3204.88
Provision for Loss at Lakshadweep Detachment	89.12	-	89.12	-	89.12
Provision for Diminution in Value of Investment	164.92	22.11	187.03	24.65	211.68

XXIV.A) The Ministry of Civil Aviation vide letter No. AV.30020/365/2015-GA dt. 15.06.2017 conveyed in-principle approval, subject to the approval of shareholders in general meeting, for increase in authorized share capital of company from Rs. 25,000 Lakhs to Rs. 56,000 Lakhs i.e. by Rs. 31,000 Lakhs. Thereafter, approval of shareholders of company has been obtained in the extraordinary general meeting held on 22.6.2017 for increase in authorized capital from Rs. 25,000 Lakhs to Rs. 56,000 Lakhs for rights issue of shares to the President of India (GoI) thru Ministry of Civil Aviation Rs. 15,905 Lakhs (received Rs. 13,091 Lakhs on 20/01/2017 and Rs. 2,814 Lakhs on 31/03/2017) and to ONGC Ltd. Rs. 15,281.60 Lakhs (received on 06/07/2017). The Board at its 159th meeting held on 10/07/2017 has approved rights issue and allotment of 1,59,050 number of equity shares in favour of the President of India (GoI) and 1,52,816 number of equity shares to ONGC Ltd. having face value of Rs. 10,000 each. Accordingly Equity Structure of the company as on 10.7.2017 is as follows:

(₹ in Lakhs)

Equity Shareholder of Pawan Hans Limited	Shareholding before 10.7.2017	Rights Issue of Equity Shares allotted on 10.7.2017	Total Shareholding (authorized capital Rs. 56,000 Lakhs) as on 31.03.2018	% Share holding
President of India (GoI) through MoCA	12,526.60	15,905.00	28,431.60	51%
ONGC Ltd.	12,035.00	15,281.60	27,316.60	49%
Total paid-up Capital	**24,561.60**	**31,186.60**	**55,748.20**	**100%**

B) Govt. of India decided for strategic disinvestment of the entire 51% share holding of Govt. of India in Pawan Hans Limited along with transfer of management control. For this purpose, SBI Capital Markets was appointed by DIPAM, Ministry of Finance on 20th March, 2017 as Transaction Advisor for the said strategic disinvestment. The process of activities involving issue of Expression of Interest (EOI) along with Preliminary information memorandum

(PIM) is complete and the same was published in newspapers on 14.4.2018. Global bids were invited through the above process and the last date for submission of EOI for Strategic Disinvestment of PHL, in response to the Preliminary Information Memorandum (PIM) issued on April 14, 2018 and corrigendum to the PIM issued on May 31, 2018, was June 18, 2018.

In addition to the above, DIPAM also appointed M/s. Crawford Bayley & Company as Legal Advisor for the said Strategic disinvestment. M/s. RBSA Advisor was appointed by Ministry of Civil Aviation, Govt. of India for valuation of PHL assets. The work pertaining to valuation of assets by M/s. RBSA is complete.

Consequent to the above, Oil and Natural Gas Corporation ("ONGC"), vide its board resolution dated August 02, 2018, has communicated its intent to offload its entire shareholding of 49% in PHL. In light of this development, an addendum to PIM was issued on 15.8.2018 to provide all potential and existing bidders an opportunity to participate in the disinvestment process. Accordingly, last date for submission Expressions of Interest (EOI) by Interested Bidders was extended upto September 12, 2018, which was further extended upto September 19, 2018. Process of Evaluation of bids is under progress and PHL has submitted the duly vetted Confidential Information Memorandum (CIM) prepared by SBI Caps to MOCA.

XXV. Prior Period Errors

The company is required to make following disclosure in respect of prior period errors rectified by it while preparing the financial statements:

a. Nature of prior period error.

b. for each prior period presented, to the extent practicable, the amount of correction:

- for each financial statement line item affected; and
- for basic and diluted earnings per share;

c. the amount of correction at the beginning of the earliest prior period presented;

Following prior period adjustments were made in the financial year 2017-18:-

(₹ in Lakhs)

Particulars	Amount
Prior Period identified during FY 2017-18, pertaining to FY 2015-16 and earlier years has been adjusted from Opening Reserves & Surplus	
Debit	
Helicopter Operational & maintenance expenses	4.44
Employee benefits expense	7.06
Depreciation & Amortization Expenses	159.38
Other Expenses	234.71
Revenue from Operation	80.81
Total	**486.40**
Credit	
Other Income	0.16

Particulars	Amount
Employee benefits expense	126.03
Total	126.19
Prior Period identified during FY 2017-18, pertaining to FY 2016-17, adjusted under respective line items in FY 2016-17	
Debit	
Helicopter Operational & maintenance expenses	16.33
Depreciation & Amortization Expenses	184.22
Other Expenses	0.45
Employee benefits expense	9.27
Total	**210.27**
Credit	
Other Income	25.02
Employee benefits expense	141.62
Other Expenses	17.19
Deferred Tax Liability	1157.31
Total	**1341.14**

XXVI.Related Party Disclosure

Related party disclosures, as required by Indian Accounting Standard-24 are given below:-

a) Person having controlling interest

President of India, Government of India - 51% Shareholding

Oil and Natural Gas Company Limited - 49% Shareholding

b) Key Managerial Personnel

i. Dr. B.P. Sharma, Chairman cum Managing Director

ii. Shri Ashok Nayak, Independent Director (from 02.01.2017 onwards)

iii. Dr. Harish Chaudhary,Independent Director (from 02.01.2017 onwards)

iv. Shri. Dhirendra Sahai, Chief Financial Officer

v. Shri Sanjiv Agrawal, Company Secretary

c) Details of Transactions:- (Key Managerial Personnel) -

(₹ in Lakhs)

Particulars	2017-18	2016-17
Short term employee benefits	110.92	97.92
Contribution to defined Superannuation Benefits	6.17	6.00
Post Employment Benefits	61.78	71.42
Other Long Term Benefits	Nil	Nil

Termination Benefits	Mediclaim Insurance of Rs. 5.00 Lakhs	Mediclaim Insurance of Rs. 5.00 Lakhs
Share based Payment	Nil	Nil
Directors Sitting fees	1.20	Nil
Amount Receivable	1.01	2.17
Amount Payable	0.23	Nil

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

(₹ in Lakhs)

Particulars	2017-2018	2016-2017
Short Term Employment Benefits	35.06	34.16
Contribution to defined Superannuation Benefits	2.35	2.02
Post Employment Benefits	12.19	8.72
Other Long Term Benefits	Nil	Nil
Termination Benefits	Mediclaim Insurance of Rs. 5.00 Lakhs	Mediclaim Insurance of Rs. 5.00 Lakhs
Share based Payment	Nil	Nil

e) Enterprise having significant influence -

ONGC Ltd – Equity Shareholder - 49% amounting to Rs. 27316.60 Lakhs

(₹ in Lakhs)

Transaction:-	2017-18	2016-17
Helicopter Hire charges (net of AOG)	14,182.85	16,218.66
Other Services	Nil	Nil
Trade receivables as at year end (debit)	2,509.72	2,300.87
Loan repaid (Principal Amount)	Nil	331.56
Interest Paid	Nil	4.48
Outstanding Loan (Principal Amount)	Nil	Nil

f) Trusts in which company has significant influence:-

(₹ in Lakhs)

Name of the Trust	2017-18			2016-17		
	Paid	Payable	Receivable	Paid	Payable	Receivable
Pawan Hans Employees Provident Fund Trust	1272.86	128.07	-	1521.28	117.70	-
Pawan Hans Helicopters Ltd. Employee's Gratuity Trust	-	652.58	-	-	-	166.20
PHL Employees Defined Contribution Superannuation Trust	430.53	380.37	-	464.53	37.57	-

XXVII. Reconciliation between Basic and diluted number of shares are as under:

Particulars	No of Shares	
	2017-18	2016-17
No. of shares at the beginning of the year	2,45,616	2,45,616
Add: No. of Shares allotted to ONGC & GoI on 10.07.2017/Diluted no. of shares due to share application money received pending allotment	2,26,423	25,542
Total no. of Diluted Shares at the end of the year	4,72,039	2,71,158

XXVIII.a) The Company had no dues to Micro & Small Enterprises outstanding for more than 30 days on the Balance Sheet date. Interest and Principal amount breakup of MSME Trade payables is as follows:-

Particulars	As at 31 March 2018	As at 31 March 2017
Dues to micro and small enterprises		
- Principal	Nil	Nil
- Interest	Nil	Nil
The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)	Nil	Nil
The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	Nil	Nil

b. The operating cycle of the company has been assumed to have duration of 12 months, since owing to the nature of business of the company, it is not possible to define normal operating cycle and classification of assets and liabilities into long term and short term has been done accordingly for the purpose of Schedule III of the Companies Act, 2013.

c. Segment Reporting

The Company is primarily engaged in the business of providing Helicopter services in India, which as per Indian Accounting Standard – 108 on 'Operating Segments' is considered to be the only reportable business segment in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). The CODM is considered to be the Board, as it makes strategic decisions and is responsible for allocating resources and assessing performance of the operating segment. The Company operates in India, which has been considered as a single geographical segment, as the risks are similar.

d. Major Customers

Following are the major customers of the company:-

i. Oil and Natural Gas Company Limited.

ii. Andaman & Nicobar Administration

iii. Government of Jammu & Kashmir

iv. Government of Meghalaya

v. Government of Tripura

vi. Government of Mizoram

vii. Maharashtra Police

XXIX. Financial Instruments

i. Valuation

All financial instruments are initially recognized and subsequently re-measured at fair value except in cases where exemption provided under para D20 of Ind AS 101 was availed during transition to Ind AS as described below:

a. Fair valuation of loans to employees

Under the previous GAAP, loans to employees at concessional rate (that are recoverable in cash as per the loan terms) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognized at fair value. Accordingly, the Company has fair valued these loans to employees under Ind AS except the loans existing on the date of transition. Difference between the fair value and transaction value of the loans has been recognized as expenses in the Statement of Profit and Loss for the year. Consequent to this change, the amount of loans decreased by Rs. 0.61 Lakhs as at March 31, 2018. The profit for the year and total equity as at March 31, 2018 decreased by Rs. 0.56 Lakhs due to notional interest income of Rs. 0.05 Lakhs recognized on loan to employees.

b. Security deposits

Under the previous GAAP, interest free security deposits (that are refundable in cash on completion of the lease term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognized at fair value. Accordingly, the Company has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognized as Deferred rent. Consequent to this change, the amount of security deposits decreased by Rs. 0.08 Lakhs as at March 31, 2018. The deferred rent increased by Rs. 0.08 Lakhs as at March 31, 2018. Further, the deferred rent asset is bifurcated between Current and Non-current amounting to Rs. 0.07 Lakhs and Rs. 0.041 Lakhs respectively, based on Management's intention. The profit for the year and total equity as at March 31, 2018 decreased by Rs. 0.0003 Lakhs due to amortization of the deferred rent of Rs. 0.10 Lakhs which is partially off-set by the notional interest income of Rs.0.10 Lakhs recognized on security deposits.

c. The fair value of the financial instruments is determined using discounted cash flow analysis wherever applicable.

Categories of financial instruments

(₹ in Lakhs)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Financial Assets		
Measured at Amortized Cost		
Non Current Assets		
a) Loans	600.17	601.71
b) Other Financial Assets	177.55	200.28
Current Assets		
a) Trade Receivables	18178.79	18909.96
b) Cash and Cash equivalents	3851.21	5029.34
c) Other Bank Balances	30185.06	10302.43
d) Loans	542.41	488.25
e) Other Financial Assets	1378.64	1016.91
Measured at Fair Value through OCI		
a) Investment in equity instruments	77.66	102.31
Measured at Fair Value through P&L	-	-
Financial Liabilities		
Measured at Amortized Cost		
Non Current Liabilities		
a) Borrowings	1928.19	2497.72
b) Other financial liabilities	96.52	163.41
Current Liabilities		
a) Borrowings	0.00	0.00
b) Trade Payables	11003.58	7357.50
c) Other Financial Liabilities	860.85	864.90

ii. Fair Value Hierarchy

The following table provides the fair value measurement hierarchy of the company's financial assets & liabilities that are measured at fair value or where fair value disclosure is required as at 31 March, 2018:

Particulars	**Total**	**Fair value measurement using**		
		Quoted price in active market (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
FVTOCI financial assets/ liabilities	Nil	Nil	Nil	Nil
FVTPL financial assets/liabilities	Nil	Nil	Nil	Nil
Amortized cost financial assets/ liabilities	Nil	Nil	Nil	Nil

The following table provides the fair value measurement hierarchy of the company's financial assets & liabilities that are measured at fair value or where fair value disclosure is required as at 31 March, 2017

Particulars	Total	Fair value measurement using		
		Quoted price in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
FVTOCI financial assets/ liabilities	Nil	Nil	Nil	Nil
FVTPL financial assets/liabilities	Nil	Nil	Nil	Nil
Amortized cost financial assets/liabilities	Nil	Nil	Nil	Nil

iii. Foreign Currency Risk Management:-

The company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

The carrying amounts of the company's foreign currency dominated monetary assets and monetary liabilities as of March 31, 2018 are as follows:

(₹ in Lakhs)

Particulars	**USD**		**Euro**		**Other currencies**	
	Foreign Currency	**INR**	**Foreign Currency**	**INR**	**Foreign Currency**	**INR**
Cash & Cash equivalents	12.97	833.13	2.99	237.06	-	-
Trade Receivables	9.55	613.86	7.04	558.38	-	-
Other financial assets	1.02	65.36	2.02	160.22	0.004	0.37
Trade Payables	8.12	530.13	29.96	2444.95	0.02	2.05
Other financial liabilities	0.52	33.53	-	-	-	-

The carrying amounts of the company's foreign currency dominated monetary assets and monetary liabilities as of March 31, 2017 are as follows:

(₹ in Lakhs)

Particulars	**USD**		**Euro**		**Other currencies**	
	Foreign Currency	**INR**	**Foreign Currency**	**INR**	**Foreign Currency**	**INR**
Cash & Cash equivalents	-	-	6.47	441.24	-	-
Trade Receivables	-	-	13.71	935.21	-	-
Other financial assets	3.26	216.19	0.60	40.55	-	-
Trade Payables	1.02	66.47	14.93	1045.82	0.02	1.80
Other financial liabilities	0.11	6.87	-	-	-	-

iv. Foreign Currency Sensitivity Analysis:

The company is mainly exposed to the currency: USD and EUR;

The following table details the Company's sensitivity to a 5% increase and decrease in the Rupee against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. This is mainly attributable to the exposure outstanding on receivables and payables in the Group at the end of the reporting period. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% charge in foreign currency rate. A positive number below indicates an increase in the profit or equity where the ` strengthens 5% against the relevant currency. For a 5% weakening of the Rupee against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.

(₹ in Lakhs)

Particulars	**USD Impact**	
	As at 31 March, 2018	**As at 31 March, 2017**
Increase in exchange rate by 5%	92.81	(1.48)
Decrease in exchange rate by 5%	(92.81)	1.48
Particulars	EURO Impact	
	As at 31 March, 2018	**As at 31 March, 2017**
Increase in exchange rate by 5%	(73.08)	(19.96)
Decrease in exchange rate by 5%	73.08	19.96

Particulars	**Other currencies Impact**	
	As at 31 March, 2018	**As at 31 March, 2017**
Increase in exchange rate by 5%	(0.08)	(0.09)
Decrease in exchange rate by 5%	0.08	0.09

v. Interest risk

There is no interest risk relating to the company's financial liability.

vi. Credit Risk

Credit risk refers to a risk that the counterparty will default on its contractual obligations resulting in financial loss to the company. Credit risk arises on liquid assets, non-current financial assets, derivative assets, trade and other receivables. The company does not have any derivative assets and in respect of cash and cash equivalents, the said amount is in current account with Scheduled Bank where chances of default are minimum. The maximum exposure to the credit risk is equal to the carrying amount of the company's other financial Assets.

vii. Liquidity Risk

Liquidity risk is the risk that the company may encounter difficulties in meeting its obligation associated with financial liabilities that are settled with delivering cash or other financial assets. The Company believes that its working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

The details regarding the contractual maturities of significant financial liabilities as on 31 March, 2018 are as follows:

(₹ in Lakhs)

Particulars	Less than 1 year	1-5 years	5+ years	Total	Carrying amount
Borrowings	569.54	1928.19	-	2497.73	2497.73
Trade Payables	11003.38	-	-	11003.38	11003.38
Other financial liabilities	291.31	96.52	-	387.83	387.83

The details regarding the contractual maturities of significant financial liabilities as on 31 March, 2017 are as follows:

(₹ in Lakhs)

Particulars	Less than 1 year	1-5 years	5+ years	Total	Carrying amount
Borrowings	536.45	2497.72	-	3034.17	3034.17
Trade Payables	7357.50	-	-	7357.50	7357.50
Other financial liabilities	328.45	163.41	-	491.86	491.86

XXX. Capital Management

The Company manages its capital to ensure that the Company will be able to continue as going concern while maximizing the return to stakeholders through optimization of debt and equity balance.

The capital structure of the Company consists of net debt and total equity of the Company.

The Company is not subject to any externally imposed capital requirements.

(₹ in Lakhs)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Borrowings	2497.73	3034.17
Trade Payables	11003.58	7357.50
Other Financial Liabilities	387.83	491.86
Net Debt	**13889.14**	**10883.53**
Equity Share Capital	55748.20	24561.60
Other Equity	56406.43	74708.35
Total Capital	**112154.63**	**99269.95**
Capital & Debt	**126043.77**	**110153.48**
Gearing Ratio	0.110	0.099

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

XXXII. PHL was in the process of procuring 3 new medium helicopters from Bell Helicopters (Bell), for which the order was placed in August, 2016. The awarded order cost of procurement of the 3 helicopters was approximately Rs. 20500.00 Lakhs.

Out of the 3 helicopters, 2 were shipped by Bell and the same reached Mumbai with technical acceptance pending. However, as per PHL's Technical Committee recommendations, the helicopters could not be accepted due to deficient date of manufacturing as they did not meet acceptance parameters of the tender requirement and the purchase agreement. PHL also sought Legal Opinion on the same, subsequent to which PHL's Board opined that in view of the Technical Committee report, the Legal Opinion and Bell refusing to replace the offered helicopters, the helicopters in their present form could not be accepted, therefore there would be no alternative but to reject these helicopters and cancel the contract. The Board further advised PHL's management to invoke the Bank Guarantees (BG) furnished by Bell to recover the advance payments made by PHL. Bell subsequently filed an Other Miscellaneous Petition (OMP) in the Delhi High Court. In the meantime, High Court directed Citi Bank not to remit the amount under Bank Guarantees to PHL and to extend the BGs till end of November, 2017. Further, Bell issued notice for arbitration in the dispute and nominated its arbitrator and PHL also nominated a retired Justice of Supreme Court of India as its nominee arbitrator and the two arbitrators, in turn, nominated the third arbitrator.

On November 28, 2017, the Hon'ble Delhi High Court disposed-off the OMP as the Arbitral Tribunal was constituted. The Court gave directions to Bell to file application under Section-17 of Arbitration & Conciliation Act before the Arbitral Tribunal and to extend the validity of BGs towards advance payment (expiring on November 30, 2017) for a further period of six months. The Court also directed for the stay on invocation of BGs to continue till the time a decision is passed by the Arbitral Tribunal. Accordingly, Bell extended the BG by another six months period.

M/S BHTI has approached PHL for amicable settlement through a "Settlement agreement". Pawan Hans Board has approved the process of settlement through the 'Settlement Agreement" in its 162nd Board meeting. Presently the settlement process is in its final stage and the process is likely to be completed by December' 2018. Under the settlement Agreement, BHTI shall refund advance payment of US$ 5060745.38, Custom duty and Octroi with interests etc. In turn Pawan Hans will allow BHTI to re-export the helicopters back to US.

BHTI has in parallel made a prayer for arbitration Tribunal as per the provision of the contract, which is also simultaneously in process. BHTI has put up claim in arbitration for balance payment of helicopters of USD $25,360,962.39 including interest and other un-quantified expenses (approx. Rs. 18186.75 Lakhs). This amount is mainly towards balance payment of the cost of three helicopters. Pawan Hans has also submitted its counter claim of Rs. 4105.84 Lakhs along with interest excluding losses and other un-quantified expenses. However, in case PHL is required to pay the claim, then these helicopters will be available to the company. Therefore, it has not been considered as contingent liability, given the facts of the case.

Notwithstanding the above and as per the provision of the settlement agreement, arbitration process shall get closed on finalization of settlement agreement.

Notes 1 to 32 form an integral part of the financial Statements.

This is the Notes to Accounts referred to in our report of even date.

For J. P., Kapur & Uberai
Chartered Accountants
Firm Registration No. 000593N

For & on Behalf of Board of Directors

Vinay Jain Partner (Membership No. 095187)	**Dr. B. P. Sharma** Chairman-Cum-Managing Director DIN No. 07125290	**Mrs. Gargi Kaul** Director DIN No. 07173427
Place: New Delhi Date: 22.10.2018	**Ranjit Singh Chauhan** Company Secretary	**Dhirendra Sahai** Chief Financial Officer

Annexure- 'A'

INDEPENDENT AUDITOR'S REPORT

Auditors' Observations	Management reply

To The Members of Pawan Hans Limited

Report on the Audit of Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Pawan Hans Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Ind AS financial statements") incorporating the accounts of Western Region audited by Branch Auditors appointed by the Comptroller and Auditor General of India.

Management's Responsibility for the Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 the 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS 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 there under.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 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 Ind AS financial statements.

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

Basis for Qualified Opinion

1. *Non-adherence to accounting policy on provision for doubtful debts, as amount due from the State Government of Arunachal Pradesh aggregating to Rs. 596.11 lakhs is outstanding for more than seven years and has not been provided for. Refer note no. 2. B. (x) a) ii. The company is no longer providing services to the respective State Government. This has resulted in overstatement of "Trade Receivables" by Rs. 596.11 lakhs and profit before tax by the same amount.*

There is an outstanding from Govt. of AP-Tawang for the F.Y. 2010-11 amounting to Rs.596.11 lakhs is the remaining amount left after the release of 75% subsidy by MHA against the duly verified bills sent by Govt. of AP-Tawang.

The provision against the said outstanding was not made as the said bills were duly verified by the State Govt. and forwarded to MHA for releasing 75% subsidy. The Director, Civil Aviation, AP Govt. Vide letter no.DCA/POS/PH/2018-19 Dated 12th October'2018 confirmed that the reported pending dues are being looked into and it will take some time to examine the old records and reconciled for further processing of payment if due.

As per the past experience and due to long procedural process involving state and central government's finance departments specially the subsidy for Northeast States from MHA .The payments receivable takes extra ordinary long time to materialize. As in this case MHA share of 75% is already been released, hence, no provision was made as doubtful debts for the remaining outstanding of 25% state share.

2. *The Company has not accounted for Liquidated damages levied by BSF for the period January 2014 to September 2016 aggregating to Rs. 336.89 lakhs, which has resulted in overstatement of "Trade Receivables" by Rs. 336.89 lakhs and "Reserves and Surplus" by the same amount.*

The PHL had Operation and Maintenance, (O&M) contract for BSF Dhruv helicopters. The bills were raised on the basis of "MONTHLY STATEMENT OF HELICOPTER SERVICEABILITY & AVAILABILITY" duly signed by BSF Base Commander, BSF AME and PHL Base Manager as supporting documents for non applicability of Liquidated damages (LD) to PHL. The wrong deduction of LD is taken up with BSF and expected to be resolved shortly.

3. *Non-adherence of Ind AS 109 "Financial Instruments" regarding Expected Credit Loss (ECL) model for measurement and recognition of impairment loss of trade receivables. The management has not worked out probability matrix and claims 100% probability of recovery of dues from customers, whereas provision for doubtful debts has been increasing over the past years. As the management has not worked out probability matrix based on debtors aging, impact of the same on Ind AS financial statements cannot be quantified.*

In case of Trade Receivable company has opted for simplified approach as prescribed by IND AS 109 for financial instrument of Trade Receivable. The application of simplified approach does not require the company to track changes in credit Risk rather , It recognizes impairment loss allowance on life time ECLs at each reporting date, right from initial recognition.

The major customers of the company are Central, State and Union Territories and Central Public Sector undertakings where the likelihood of default in payment is usually insignificant. The management expects that it shall receive its entire dues from its customers. Accordingly, it has considered 100% probability of recoverability of dues from customers until expiry of 7 years in case of Central, State and Union Territories & 3 Years in case of other customers as per approved accounting policy of company.

Therefore, there is no need to work out probability matrix. Hence company is consistently applying the ECL accounting policy no. (x) (a) in line with IND AS 109.

4. *The company while calculating depreciation as per component accounting has considered 'zero' flying hours as on the date of transition for all identified components. However, such components were already in use from the date of its capitalization. As explained to us, actual hours flown of each component as on the date of transition could not be identified and hence, impact on Ind AS financial statements cannot be quantified.*

PHL has implemented Component Accounting Policy in 2016 and while working out the depreciation as per new Component Accounting Policy, has considered zero flying hours for Engine & MGBs as per complexity of design & MRO procedures defined by the manufacturers for engines & MGBs. The engines for Dauphin N/N3 series, Bell 206/407 and Ecureuil AS350B3 series helicopters are modular design and are overhauled module wise instead of complete engine, thereby making it impractical to account for flying hour records for individual module.

Considering this complexity and in view of the necessity of implementation of new Component Accounting Policy as per Govt of India Guidelines, zero flying hours was considered for engines and MGBs in consideration of uniformity, complexity and ground level reality and for propose of calculating depreciation for these engines as per new Component Accounting Policy.

Further, many of these engines since inception or engine induction have become zero hours for engine or its components after OH and returned to service with full life. Engines of older technologies like Mi-172 engines are complex and has a dynamic life when individual components are changed to make it to full life after OH. Newer technologies, like modular concepts, only contributed to maintenance ease but increased the complexities of accounting. As these Engines / MGBs come to zero life many times in its life cycle, it is not practical to go to the inception. Therefore, as a onetime measure of zeroing has been adopted to implement the mandatory Component Account Policy. Subsequently actual hours / cycle on the Engines / MGSs are accounted for component monitoring.

5. *The company had used carrying value during the course of transition as deemed cost of Property, Plant and Equipment. The company considered Rs. 40 lakhs for Embedded maintenance of each Dauphin N3 helicopter and Rs. 60 lakhs for Embedded maintenance of each Dauphin N helicopter as on the date of transition. Basis of such allocation could not be justified and hence, impact on Ind AS financial statements cannot be quantified.*

The Embedded Maintenance of Rs. 40,00,000 for N3 fleet and Rs 60,00,000 for N Fleet has been determined considering Average expenditure of G-Maintenance incurred on the N and N3 Fleet in the transition period only, which has been explained in the accounts of 2016-17.

Further, now from the FY. 2015-16 onwards the embedded cost is being capitalized on actuals. We append below the average expenditure incurred on embedded cost during the year on various Helicopters .

TYPE OF H/C	**AMOUNT. FY- 2017-18**
AVERAGE OF Dau N	Rs. 70.90 lakhs
AVERAGE OF Dau N3	Rs.107.28 lakhs

6. *Reference is invited to Basis for Qualified Opinion paragraph, wherein clauses 3 to 5 either have no effect on the Ind AS financial statements or cannot be quantified. Clause no. 1 & 2 will result in decrease in "Trade Receivables" by Rs. 933 lakhs, decrease in "Reserves and Surplus" by Rs. 336.89 lakhs and decrease in profit before tax by Rs. 596.11 lakhs with consequential impact on Deferred tax, Provision for tax and EPS for the year ended on 31 March 2018.*

Been adequately explained above.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matters described in the 'Basis for Qualified Opinion'* paragraph above, where in some of the cases, the effect of audit qualification could not be quantified, the aforesaid Ind AS 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, of the financial position of the Company as at 31 March 2018, and its financial performance including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Emphasis of Matter

We want to draw attention to:

1. Services have been provided to the State Government of Jammu & Kashmir for the period October 2017 to March 2018 aggregating to Rs. 927.94 lakhs on assurance of extension of contract by the Civil Aviation Department, Government of Jammu & Kashmir. Addendum for extension of Contract dated 1st March 2017 is yet to be signed, by the State Government. Impact, if any on the Ind AS financial statements cannot be quantified.

The status of J&K contract details is as under :-

- Contract was executed for 1st Six month till September'2017.
- Beyond September 2017 till June 2018 the extension letter has been issued.
- To extend beyond June 2018 till December 2018 or beyond minutes of meeting was conducted and in principal approval was given to PHL for 3+3 months.
- The letter beyond June 2018 till March 2019

has been recommended by Civil Aviation J&K, similar recommendation has also been forwarded by Aviation Advisor to Governor and Principal Secretary has also confirmed that within the October 2018, the extension letter will be granted

Further, On 4th Oct'18 Rs.44.81 lakhs have been received and Bills of Rs.560.03 lakhs have been forwarded to MHA by the State Govt. against the said outstanding of Rs.927.94 lakhs for release of payment.

2. On our test check, we have observed non-provision of liability towards Gratuity, Bonus and Leave encashment of directly employed contractual employees for Srinagar and Jammu bases. Impact on the Ind AS financial statements cannot be quantified.

As per Payment of Gratuity Act 1972, Gratuity is payable after completion of 5 years of continuous service. As regards Jammu Base, the initial contract was for a period of 6 Months w.e.f. March 2017. Accordingly, the employees were engaged on contract basis at Jammu Base. The Contract has been periodically extended till June2018 and further renewal is under process upto March 2019. Since the base is not on permanent contract and is for less than five years. Gratuity liability does not arise.

It is confirmed that all the employees of PHL are paid minimum wages as prescribed under Minimum Wages Act 1936 or the prescribed wages, whichever is higher than the minimum wages. Further, payment of Bonus under the provision of Payment of Bonus Act 1965 is being paid to all the eligible employees

Further, it is clarified that the above EL are not encashable during their service as per the contract provision.

3. On our test check, we have observed non deduction of employees contribution and non accounting and deposit of employers contribution of Employee State Insurance of directly employed contractual and casual employees at few bases, non-deduction of Professional tax from few employees employed at Agartala and Guwahati bases, non deduction of employees contribution

Management has not engaged any employee on casual basis. The payment made in of Rohini heliport towards the labour charges hired for various emergent works for which labour charges has been paid and there is no employee-employer relationship between the said labour and the management. The Matter before Hon'able Civil Court, Saket is for ESI for regular employees. PHL has filed the appeal and non accounting and deposit of employers contribution of Provident Fund of directly employed contractual and casual employees at few bases, and non adherence to The Minimum Wages Act, 1948 at Shimla and Baroda bases. Impact on the Ind AS financial statements cannot be quantified.

before the Hon'ble court for review of the claim. . On finalization of the case the ESI will be implemented for Direct Contractual employees. As regards Professional Tax, we are in process of registration and the same will deposited very shortly after registration in agartala.

4. As per provisions of 'The Building and Other Construction Workers Welfare Cess Act, 1996' as principal employer, Company was required to deduct 1% labour cess from the contractors bill aggregating to Rs. 64.04 lakhs excluding interest and penalty, if any. The Company has neither deducted nor deposited labour cess with respective State Governments for works contract carried out at Rohini Heliport, New Delhi capitalized in the financial year 2016-17 and Helicopter Training Academy, Hadapsar, Pune which was completed in 2012. As the amount has to be recovered from the contractors and deposited, there is no financial impact on Ind AS financial statements but it is a continuing default.

In case of Rohini heliport amount payable on account of Labour welfare Cess is Rs.52.70 lakhs i.e.,1% of Rs.5269.70 Lakhs which was paid/payable to M/s. Dinesh Chandra R Agarwal Infracon Pvt. Ltd. and in case of Hadapsar Pune Project Rs.11.34 lakhs is payable on account of labour Welfare Cess i.e., 1% of Rs.1134.09 lakhs which was paid to M/s. NBCC. Therefore, total amount payable to statutory authority on account of Labour welfare cess is Rs.64.04 lakhs.

The company will deposit labour cess in respect of Rohini Heliport project in subsequent year after necessary registration. No Payments against the project have been released to M/s. Dinesh Chandra R Agarwal Infracon Pvt. Ltd.,(DRAIPL) the construction agency in the past more than one and a half year. At the time of subsequent release of payments to the construction agency, due amount against labour cess paid by PHL shall be recovered. An Arbitration Tribunal has already been constituted on the disputes between M/s. DRAIPL and M/s. PHL. M/s. PHL already included the amount of Labour Cess in the claim filed before the Tribunal and the hearing of both parties before tribunal is at final stage.

In case of Hadapsar Pune project the construction work has been got executed by PHL through NBCCL- a central Government Undertaking. The responsibility to deduct the Labour welfare cess of Rs.11.34 lakhs and deposit with the concerned Statutory Authority against this work lies with NBCCL. PHL have sought confirmation regarding the same from NBCCL on number of times. NBCCL vide their letter No. H-SBG(MAH)/ ACCTS/ 2018-19/1160 dt.01.11.2018 informed that they had deposited Rs.9.84 lakhs as Labour cess against Pawan Hans Works Pune.

5. Reference is invited to Note no. 32 XXXII, Capital Advance of Rs. 3,252.09 lakhs pertaining to advance given to Bell Helicopter Textron Inc., USA for purchase of three Bell 412EP helicopters, two out of which are lying unassembled/ unutilized in Airworks hangar at Juhu Aerodrome, Mumbai since February 2017, due to non acceptance by the Company on technical ground. Arbitration panel has been constituted, Bell has submitted its claim and the Company has submitted its counter claim. There has also been parallel discussion about settlement. In view of the matter being sub judice, we cannot comment on the recoverability of Rs. 3,252.09 lakhs given as advance to the supplier, custom duty and octroi expenses incurred of Rs. 374.48 lakhs debited to BHTI's account and capital work in progress of Rs. 15.62 lakhs incurred in relation to the aforesaid helicopters. Impact on the Ind AS financial statements cannot be quantified.

Out of court settlement with BHTI and PHL is in advance stage without prejudice to legal rights of the parties and the parties have sought deferment of hearing by the Tribunal. The detail status is mentioned in the Notes to Account Point No .32 (XXXII).

6. Reference is invited to Note No. 2 B (vi), wherein estimated useful life of the Helicopters was increased from 20 years as stated in Schedule II of the Companies Act, 2013 to 35 years for Dauphin/Bell/Ecureuil fleet and 30 years for MI fleet, as suggested by internal technical committee leading to lower depreciation charge for the year with consequential impact on the profit for the year in the Ind AS financial statements. As it is a technical matter, we have relied on the assessment of the technical committee.

The estimated useful life of the helicopters have been assessed by the internal technical committee. The life's of Bell & Airbus helicopters are indefinite. The Airbus helicopters have given an assurance to provide product support upto 30 to 35 years which has been the basis for giving the life as 30 to 35 years.

In case of Mi-172 helicopters, the MIL has provided a definite life of 30 years and any further enhancement will be based as life extension programmes provided by them. Globally the helicopters are deployed on the basis of Air worthiness certificate issued by the Regulatory Authority of the concerned country.

Thus the only criteria for determining useful life of a helicopter is the valid Airworthiness Certificate issued by DGCA (Regulatory Authority) with continued OEM spare support.

7. Reference is invited to Note No. 2 B(x)(b) relating to accounting policy on impairment of non-financial assets to be evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. We have noticed that in the past few years, Aircraft on ground (AOG) days have increased, revenue flying hours and deployment of fleet has decreased, which are internal factors and non availability of few avionics spares of Dauphin AS 365N from the manufacturers/ OEM's due to obsolecense, leading to longer than usual time being required for scheduled maintenance which is an external factor. The Company, apart from receiving certificate of Airworthiness from the DGCA, also needs to consider the aforesaid internal and external factors to determine imparment of helicopters, as required by Ind AS 36 'Impairment of Assets' issued by the Institute of Chartered Accountants of India.

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 (significant decline in the technological, market, economic or legal environment, market interest rates etc.). and internal factors (obsolescence or physical damage of an assets, poor economic performance of the assets etc.) as mentioned in the IND-AS 36 have been examined and found that no such asset except one MI 172 VT-PHG helicopter is found impaired. Further, Periodical exercise for ascertaining fleet-wise / customer-wise profitability has also been carried out on regular basis. During the financial year under review one Mi-172 helicopter (VT-PHG) has been impaired having WDV of Rs.54.43 lakhs.

There was no helicopter grounded during the financial year 2017-18. However the following helicopters were inducted under major scheduled maintenance as per details provided below. The scheduled maintenance inspections are taking longer than usual due to the non availability of spares from the OEM's due to obsolesce of the components.

- Dauphin SA 365N(Dauphin Helicopter)
- Dauphin SA 365N VT-SLR Sr #6268 undergoing "G" Inspection.
- Dauphin SA 365N VT-ELG Sr #6217 undergoing "G" Inspection.
- Dauphin SA 365N VT-ELI Sr #6236 undergoing "2T" Inspection.

- Dauphin SA 365N VT-ELK Sr #6245 undergoing “G” Inspection.
- Dauphin SA 365N VT-ELQ Sr #6261 undergoing “3000 Hours” Inspection.

Majorly the following components of the Dauphin SA 365N dauphin helicopter fleet which is of a older vintage are not in production with the OEM & being searched/sourced/purchased/repaired from open market to make the helicopter serviceable. This process takes a long time. The details of such components are as given below :-

S. No.	Part No.	Description
1	MI585-300-4	Transreceiver RT 5001 (Avionics)
2	MI585-301-3	Radarscope DI 5001 (Avionics)
3	MI585-302	Mechanism Antenna Control (Avionics)
4	622-6557-001	Transreceiver H F (Avionics)
5	622-1270-001	Transponder (Avionics)
6	9599-607-14547	Transreceiver, ERT011 (Avionics)
7	010-00137-00	GPS 150XL(Avionics)
7A	011-00345-00	GPS 150XL(Avionics)

Therefore, there is no issue of non-compliance of IND-AS 36.

8. Reference is invited to note number 32 XVI, wherein it has been stated that Rohini heliport was capitalized during the financial year 2016-17 on provisional basis and the contractor has gone into arbitration. Final capitalization and consequential depreciation will depend on the outcome of the Arbitration case. As the matter is sub judice, impact on the Ind AS financial statements cannot be quantified.

This is statement of fact.

9. Reference is drawn to Note no. 32 XXIII, wherein during the year under audit, the

This is statement of fact.

Board has decided for reversal of provision for license related allowances of Pilots and AMEs for the period 01.04.2016 to 31.12.2016 which was accounted during last year and to carry provision from 01.01.2017, which is subject to approval by the Government of India. This has resulted in decrease in provision by Rs. 926.39 lakhs and increase in profit by the same amount.

10. Reference is invited to note number 32 XXII a) wherein the CVO (Chief Vigilance Officer) had conducted enquiry & submitted report to the management regarding financial irregularities at Lakshadweep base amounting to Rs. 129.20 lakhs, management identified supporting/invoices/bills/credits payable to employees amounting to Rs 40.09 lakhs & balance of Rs. 89.12 lakhs, was considered as loss by the management and was provided for in the financial year 2014-15. As per information provided to us, investigation has been completed and action suggested has been acceded by the competent authority. We are not aware of impact, if any on the Ind AS financial statements, as the report has not been shared with us.

The necessary provisions have been created in the books of accounts in F.Y. 2013-14. Investigation has been completed and action suggested has been acceded by the competent authority which is explained at note to accounts No.32(XXII(a)).

11. During the year under audit, two half yearly reports have been issued for each region as against Audit Committee directive of submission of quarterly internal audit reports. Further, we have observed various gaps in internal control as stated in our report on Internal Financial Controls over Financial reporting annexed along with. Hence, the internal audit department needs to be strengthened, frequency of internal audit reporting needs to be increased and scope of internal audit enhanced to ensure in-depth verification of all departments to make it commensurate with the size and nature of operations of the company.

Internal Audit reports were being issued as a legacy/custom annually till 2016-17. Audit Committee directed Quarterly audit reports from 2017-18. In the said year Audit Programme was made for Semi annual Audit reports and same were submitted due to paucity of manpower (only 2 staff strength against sanctioned 4). However from 2018-19 there will be Quarterly submission of Audit Reports.

Internal Audit has covered areas of Marketing and Legal besides other functional areas in audit reports of 2017-18.

12. Reference is drawn to Note no. 32 X, in respect of GST returns, the company is in the process of reconciling figures of Services rendered and services availed/ purchases made stated therein with those appearing in the book of accounts. Pending reconciliation, consequential impact on the Ind AS financial statements cannot be quantified.	Reconciliation of GST is under progress except in case of corporate office where GST reconciliation has been prepared with books and ITC on bills received after filing of March 2018 GST return is/will be taken in current financial year.
13. Balance confirmations received from parties covered under the head Trade receivables, Trade payables, Long term and short-term liabilities, Other Current liabilities, Long term and Short term Loan & Advances and deposits were limited. None of the major parties have confirmed their balances and hence, differences, if any could not be identified. Pending confirmation and reconciliation, consequential impact on the Ind AS financial statements cannot be quantified.	Balance confirmation letters sent at the year end to our trade receivable / payable with intimation that their response/confirmation should be directly sent to statutory auditor.
14. As stated in note no. 32 XXVIII forming part of Ind AS financial statements, the company is of the opinion that there are no dues as on March 31 2018 to Micro, Small and Medium enterprises registered under the Micro, Small and Medium Enterprises Development Act, 2006. During the year under review, confirmation were sought from the suppliers regarding applicability of provisions of 'The Micro, Small and Medium Enterprises Development Act, 2006' to them, however, response received was limited. Therefore, we are unable to comment on compliance of the aforesaid Act by the Company.	We have sought confirmation regarding applicability of provisions of 'The Micro, Small and Medium Enterprises Development Act, 2006' from all suppliers as per format provided by Statutory Auditors with intimation that their response/confirmation should be directly sent to statutory auditors.

Our opinion is not qualified with respect of these matters.

Other Matter

1. We have not audited the Ind AS financial statements of Western Region included in the Ind AS financial statements of the

Company which constitute total assets of Rs. 78,433.95 lakhs and net assets of Rs. 88,216.05 lakhs as at 31 March 2018, total revenue of Rs. 26,594.13 lakhs, net profit of Rs. 2,899.60 lakhs and net cash flows amounting to Rs. 1,277.24 lakhs for the year then ended. These financial statements and other financial information have been audited by other auditor whose report has been furnished to us, and our opinion on the Ind AS financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditor. Our opinion is not qualified with respect of this matter.	No Comments Required
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.	No Comments Required
2. As required by the 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 paragraph 'Basis of Qualified opinion';*	Been adequately explained above.
b. *Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, i*n our opinion, proper books of account as required by 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 that is*	We are in process to upgrading the accounting package.

obsolete and need to be upgraded/replaced to cater to current requirements;	
c. The report on the accounts of Western Region audited under section 143(8) of the Act by the 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 (including Other Comprehensive Income), the Statement of Changes in Equity 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 paragraph, in our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with relevant rules issued thereunder;	Been adequately explained above
f. Being a Government Company, section 164(2) of the Act 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) dated 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"; and	Been adequately explained in Annexure "B".
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:	No Comments Required.

i. The company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer note no. 32 II to the Ind AS financial statements.	No Comments Required.
ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses. The auditors of Western Region have reported as under:	Company has not entered into derivative contract during the F Y 2017-18.
"The company has made provision, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long term contracts including derivative contracts".	No Comments Required.
iii. There are no amounts, which are required to be transferred to the Investor Education and Protection fund by the company.	No Comments Required.
iv. The disclosure in the Ind AS financial statement regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31st March, 2018; and	No Comments Required.
v. As required by section 143(5) of the Act, we report in Annexure - C, a statement on the matters specified by the Comptroller and Auditor General of India for the company.	No Comments Required.

For **J. P., Kapur & Uberai**
Chartered Accountants
Firm registration number: 000593N

Vinay Jain
Partner
Membership number: 095187

Place: New Delhi
Date: 22 October 2018

Annexure 'A' to the Independent Auditor's Report to the members of Pawan Hans Ltd. on the Ind AS financial statements for the year ended 31 March 2018

	Auditors' Observations	Management reply
(i)	a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.	No Comments required.
b)	According to the information and explanations given to us, the Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. *In our opinion, this periodicity of physical verification by the management needs to be strengthened, as aircraft and spare engines should be verified on an annual basis having regard to the size of the Company and the nature of its assets. Further, as per explanation provided to us, reconciliation for physical verification done in financial year 2016-17 is still in progress and differences as identified between book and physical balances have been sent to respective departments. Also, in case of rotables and repairables of a gross value of Rs. 6,566.70 lakhs were sent for repairs and were lying with few foreign OEMs as at the year end. The company neither has any physical verification report nor has any confirmation from such vendors for holding rotables and repairables on behalf of the Company.*	The company is conducting physical verification of Fixed Assets in phased manner to cover all the items over the period of three years. The physical verification of Fixed Assets has been done in FY 2016-17 and process of reconciliation with fixed assets register is in progress. Differences between book and physical balances have been traced and sent to respective departments for completion of reconciliation process. Rotables and Repairable with gross cost of Rs.6566.70 Lakhs and WDV of Rs. 2464.63 Lakhs are lying with foreign equipment suppliers for repairs as at 31.03.2018. Out of these, Rotables with gross cost of Rs. 3290.79 Lakhs and WDV of Rs. 118.03 Lakhs have been received back after 31st March, 2018. 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.
c)	The title deeds of immovable properties, as disclosed in note no. 3 on Property, Plant & Equipment in the Ind AS financial statements, are held in the name of the Company, except for Rohini Heliport, land for which *is owned by the Ministry of Civil Aviation and Building Residence (JHC), Building - Residence at Western Region, title deeds for which are not held*	This is statement of fact.

in the name of Company, as the land is in the name of Airport Authority of India and the Company had constructed flats which were partially taken on lease for a period of 25 years.	
ii) According to the information and explanations given to us, the Company has a policy of physical verification of inventory over a period of three years. In the case of Western Region except for inventory lying with third parties and inventory of stores and spares of Westland helicopters, 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 stocks of stores and spares at the detachments, issues are made from regional headquarters and at the year end, closing stock of stores and spares at detachments is recorded based on physical verification reports submitted by respective detachments, hence, control exercised is limited as manual *stock records are maintained at detachments. As per explanation provided to us, Northern Region has not conducted physical verification of inventory during the year under review, due to shifting of Materials department from Safdarjung Airport to Rohini Heliport.*	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 continuous basis. Due to shifting and dislocation of material department from Safdarjung Airport to Rohini Heliport physical verification could not been done by Northern Region. The physical verification of inventory of Northern Region will be done in subsequent financial year.
iii) 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 paragraph 3 (iii) of the Order are not applicable to the Company.	No Comments required.

iv) According to the information and explanations provided 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 as specified under section 185 and 186 of the Companies Act, 2013. Therefore, provisions of paragraph 3(iv) of the Order is not applicable to the Company.	No Comments required.
v) As per information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.	No Comments required.
vi) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under subsection (1) of section 148 of the Companies Act, 2013, for any of the services rendered or goods sold by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.	No Comments required.
vii) a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, value added taxes, Goods & services tax, cess and other statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.	No Comments Required. 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

As explained to us, the Company did not have any dues on account of duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, goods & services tax, value added tax and other statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable *except stamp duty amounting to Rs. 13.81 lakhs at Western region which has not been paid till date.*

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.

b) According to the information and explanations given to us, there are no dues of income tax, provident fund, employees' state insurance, sales tax, service tax, goods & services tax, value added tax, duty of customs, duty of excise and cess which have not been deposited by the Company with the appropriate authorities on account of any dispute as at 31 March 2018, other than those mentioned below:

The amounts has been considered under contingent liability in Notes to Accounts No.32(II).

Sl. No.	Name of the Statute	Nature of the dues	Amount (Rs. in lakhs)*	Period to which the amount relates	Forum where dispute is pending
1	Delhi Value Added Tax Act, 2004	VAT, Interest & Penalty	10,825.37	FY 2006-07	Appellate Tribunal, VAT, Delhi
2	Delhi Value Added Tax Act, 2004	VAT, Interest & Penalty	10,962.36	FY 2007-08	Appellate Tribunal, VAT, Delhi
3	Delhi Value Added Tax Act, 2004	VAT, Interest & Penalty	12,960.71	FY 2008-09	Appellate Tribunal, VAT, Delhi
4	Delhi Value Added Tax Act, 2004	VAT, Interest & Penalty	12,707.23	FY 2009-10	Appellate Tribunal, VAT, Delhi
5	Finance Act, 1994	Service Tax	545.30 (71.21)	FY 2009-10	Customs, Excise and Service Tax Appellate Tribunal, Mumbai
6	Finance Act, 1994	Service Tax	473.36	FY 2010-11	Customs, Excise and Service Tax Appellate Tribunal, Mumbai

7	Finance Act, 1994	Service Tax	560.64	FY 2011-12	Customs, Excise and Service Tax Appellate Tribunal, Mumbai
8	Finance Act, 1994	Service Tax	274.11 (50.51)	FY 2012-13	Customs, Excise and Service Tax Appellate Tribunal, Mumbai
9	Finance Act, 1994	Service Tax	0.42 (0.08)	FY 2013-14	Customs, Excise and Service Tax Appellate Tribunal, Mumbai
10	Finance Act, 1994	Service Tax	173.68 (29.19)	FY 2014-15	Customs, Excise and Service Tax Appellate Tribunal, Mumbai
11	Finance Act, 1994	Service Tax	245.88 (0.30)	FY 2015-16	Adjudicating Authority, CGST, Mumbai West#
12	Finance Act, 1994	Service Tax	277.66	FY 2016-17	Adjudicating Authority, CGST, Mumbai West#
13	Finance Act, 1994	Service Tax	16.30	FY 2017-18	Adjudicating Authority, CGST, Mumbai West#
14	Employee State Insurance Act, 1948	ESIC contribution & Interest	20.40	FY 2012-13 to August 2016	District Court, Saket, New Delhi
15	Income Tax Act, 1961	Disallowance of expenses & Interest	2,997.00 (1,055.04)	AY 1997-98	ITAT, Delhi
16	Income Tax Act, 1961	Disallowance of expenses & Interest	2,975.00 (3,536.36)	AY 1998-99	ITAT, Delhi
17	Income Tax Act, 1961	Disallowance of expenses & Interest	2,650.00 (3,292.78)	AY 1999-00	ITAT, Delhi
18	Income Tax Act, 1961	Disallowance of expenses & Interest	4,742.00 (5,047.84)	AY 2000-01	ITAT, Delhi
19	Income Tax Act, 1961	Disallowance of expenses & Interest	2,556.00 (3,278.93)	AY 2001-02	ITAT, Delhi
20	Income Tax Act, 1961	Disallowance of expenses	7.49 (7.49)	AY 2014-15	ITAT, Delhi
21	Income Tax Act, 1961	Disallowance of expenses	220.25	AY 2015-16	CIT (Appeals), Delhi

The Company is in the process of filing its reply to the Adjudicating Authority, CGST, Mumbai West.

* Figure in brackets either represents amount deposited under protest or amount with held by authorities from refund due to the Company.

viii) In our opinion and according to the information and explanations given to us and on basis of our examination of the records of the Company, the company has not defaulted in repayment	No Comments Required

of loans or borrowings to banks or financial institutions. Further, no loans or borrowings were taken from government and there were no debentures issued during the year or outstanding as at 31 March 2018.	
ix) The Company has not raised any money by way of initial public offer, further public offer (including debt instruments) and terms loans.	No Comments Required
x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit, *except, an instance of advance payment of $41,184 to a purported bank account of OEM Triumph Engine Control Systems, USA, which is being further investigated. The company has lodged complaint with Cyber Crime Cell and concerned Police Station, Noida. During the year, Company has made provision of entire advance of Rs. 26.14 lakhs.*	The same has been adequately explained at Note No.32(XXII)(b).
xi) 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) dated 05-06-2015.	No Comments Required
xii) According to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the company.	No Comments Required
xiii) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records, the Company has complied with provisions of section 177 and 188 of the Companies Act, 2013, wherever applicable, for transactions with related parties and details of related party transactions have	No Comments Required

been disclosed in the Ind AS financial statements as required by applicable accounting standards.

xiv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has made rights issue of equity shares during the year. However, it has not made any preferential allotment or private placement of shares and fully or partly convertible debentures during the year under review.	No Comments Required
xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable to the company.	No Comments Required
xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.	No Comments Required

For **J. P., Kapur & Uberai**
Chartered Accountants
Firm registration number: 000593N

Vinay Jain
Partner
Membership number: 095187

Place: New Delhi
Date: 22 October 2018

Annexure 'B' to the Independent Auditor's Report to the members of Pawan Hans Ltd. on the Ind AS financial statements for the year ended 31 March 2018

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 31 March 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). 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.

Auditor's 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 and the Standards on Auditing, issued by the ICAI and deemed to be prescribed 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 ICAI.

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 Ind AS 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 Company's 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 authorisation 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 and based on our audit, except for Western Region, which has been audited by the Branch Auditors, *the Company does not have documentation of comprehensive model for streamlining internal control including internal control over financial reporting incorporating RCM and gap tracking with a description of the objective, process and risk thereof. On our walkthrough on test check and making review of adequacy and effectiveness of the system of control in place, gaps have been identified both in adequacy of design and effectiveness in areas of Fixed Assets Management, Procurement process, Bidding process, Accounting of Revenue, Statutory Compliances, Human Resources Management and Information Technology General Control. Also, at bases, consolidated entries of expenses are made i.e. there is delay in booking of expenses due to which liability of statutory dues like TDS, GST, and Service tax also gets affected. Due to deficiency*

The company has in place Delegation of Authority Matrix, Material Manual, HR Manual, Accounts Manual. There is compliance with DGCA rules and regulations besides being subject to Internal Audit, Vigilance Oversight and CAG audit other than the statutory audit Companies' act. Further there is effective system of documentation, review and supervision of transactions. Control exists at transactions level, collation/aggregation level and presentation/ reporting level.

Fixed Asset Management, Procurement Process, Accounting for Revenue, Statutory Compliances, Treasury Management, Human Resource Management and Information Technology control exists and are functioning.

Liability of TDS, GST, Service tax have always been met diligently by the company and any delay is inadvertaent .

Software do not have Ind As output financials *in IT, the software does not prepare financials as per Ind AS. Onerous contracts needs to be identified. There is mismatch between data of employees sent to actuary for valuation vis a vis employees as per PIS. Internal control on legal cases needs strengthening and as reported in note no. XXII b) and XX b), 2 instances of fraud on the company has been detected, one during the year and another subsequent to the year end, which warrants detailed analysis to identify root cause, so that such instances can be eliminated or minimised.* In our opinion, except for the effects/possible effects of the material weakness/es described above on the achievement of the objectives of the control criteria, the Company has maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as of 31 March 2018, 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.

We have, to the extent possible, considered the material weakness/es identified and reported above in determining the nature, timing and extent of audit tests applied in our audit of 31 March 2018 Ind AS financial statements of the Company, and these material weaknesses are not likely to affect our opinion on the Ind AS financial statements of the Company.

For **J. P., Kapur & Uberai**
Chartered Accountants
Firm registration number: 000593N

Vinay Jain
Partner
Membership number: 095187

Place: New Delhi
Date: 22 October 2018

by themselves manual workaround is always required in case of all available soft ware in market.

Costing is custom made as each contract has its own distinguishing features and peculiarities.

Certain adjustment is required in data generated by PIS and those sent to actuary for valuation though effort will be made to minimize / eliminate such differences.

Branch Auditors of Western Region which contributing more than 50% of total Revenue and share more than 50% of expenditure has given a opinion on IFC that western region had adequate internal financial control systems over financial reporting and such internal financial control over financial reporting were operating effectively as at 31.03.2018.

Annexure 'C' to the Independent Auditor's Report to the members of Pawan Hans Ltd. on the Ind AS financial statements for the year ended 31 March 2018

Directions under section 143(5) of Companies Act, 2013 issued by the 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.	The Company doesn't have any freehold land, however, the company has leasehold land leased to it by New Okhla Industrial Development Authority for its Corporate Office, lease deed of which is held by the Company. There is no lease agreement between Company and MOCA for Rohini Heliport. The Auditors of Western Region have reported as under: The Company doesn't have any freehold land but the company has leasehold land of 35706.84 square meters for which there is no clear title/lease deed with the company which has been provided by Airport Authority of India at Juhu Aerodrome, S.V. Road, Ville Parle (West), Mumbai – 400056. In the current year, the Company has surrendered 11,700.38 square meters on 10 July 2017 and further 3,354.24 square meters upto 01 October 2017 bringing down the area under occupation of the company to 20651.57 square meters.
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.	According to the information and explanations given to us, there was no waiver of loan/interest by the company. The Company has considered Rs. 2,007.81 lakhs as doubtful of recovery against trade receivables and made necessary provision for the same. The Auditors of Western Region have reported as under: There have been no case of waiver/write off of Loans/ Interest etc.
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.	The Company has maintained proper records of inventories lying The Company has maintained proper records of inventories lying with third parties, except inventory lying with foreign vendor at the year-end balance confirmation for which was not available. There is no case of assets received as gift from the Government or other authorities. The Auditors of Western Region have reported as under: The Company is maintaining proper records for inventories lying with third parties except few cases and the company has not received any gifts from the government or other authorities during the year. Hence the said point is not applicable.

For **J. P., Kapur & Uberai**
Chartered Accountants
Firm registration number: 000593N

Vinay Jain
Partner
Membership number: 095187
Place: New Delhi
Date: 22 October 2018

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 THE YEAR ENDED 31 MARCH 2018.

The preparation of financial statements of Pawan Hans Limited for the year ended 31 March, 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013(Act) is the 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 of the financial statements under section 143 of the Act based on independent audit is accordance with standards on auditing prescribed under section 143 (10) of the Act. This is stated to have done by them vide their Audit Report dated 22 October 2018.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statement of Pawan Hans Limited for the year ended 31 March 2018 under section 143 (6) (a) of the Act. This 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.

CAG Comments	Management Replies
A. Comments on Disclosure Additional notes to the Financial Statements (Note 32 XIV a) Insurance Claims The above note is deficient to the extent that the fact that the insurance claim of Pawan Hans Limited in case of accident of VT-PHZ has become time barred, as per condition 12 of insurance policy, as 12 calendar months has already elapsed after the claim was rejected by insurance company and the rejection has not been challenged in court of law by the Company is not incorporated in the above said note.	As explained in the Notes to Accounts at para XIV (a) the insurance company has rejected Pawan Hans Limited's claim based on DGCA Report on incident of hard landing. The said rejection of entire claim was communicated by M/s New India Assurance Company Ltd. vide their letter dated 13.1.2017 relying on the exclusion clause in the insurance policy taken by Pawan Hans and stating that there is a breach / violation of warranty clause as provided in the insurance policy. In response to the letter dated 13.1.2017 of the insurance company, Pawan Hans vide letter dated 29.6.2018 has given detailed justification for insurance company to agree to the claim of Pawan Hans. Further, CMD-Pawan Hans in the latest letter dated 13.8.2018

	addressed to CMD of M/s New India Assurance Company for intervention to resolve the issue at the earliest. While PHL is pursuing with the New. India Assurance Company Ltd., in case they do not agree, Pawan Hans will have no option but to take legal recourse in the appropriate court. With regard to insurance policy condition no.12 for 12 months period for challenging in the court of law by Company from the date of rejection, Pawan Hans has taken legal opinion dated 18.12.2018 from senior advocate. As per the said legal opinion, the clause no.12 of the insurance policy is against section 28 of Indian Contract Act and is to be treated as void as there can be no period prescribing the time period for initiating legal proceedings which is contrary to the General Law of Land as provided under Limitation Act 1963. There are judgments of Delhi High Court supporting the above proposition that the clause prescribing a period for approaching court of law for exercising the right to seek resolution of dispute which is contrary to the general period prescribed under law would be null and void. Therefore, limitation period for approaching courts would be three years as per Limitation Act 1963 from the date the claim of Pawan Hans was rejected by Insurance Company.

B. Comments on Auditor's Report.	
Annexure A to Auditor's Report	
The Point No (ii) of the above mentioned annexure states that the Company has a policy of physical verification of inventory over a period of three years. This reporting by Statutory Auditor is incorrect as no such policy of physical verification over a period of three years exists in Pawan Hans Limited.	Statutory Auditors has reviewed observation of the C&AG and agreed that 'physical verification of inventory over a period of three years' has been inadvertently stated, which is a policy that the company has for physical verification of its fixed assets.

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

(Prachi Pandey)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board –I
New Delhi

Place : New Delhi
Dated : 21 December, 2018

Annexure- 'C'

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

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 conducts/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 2018 ("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 2018 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.

(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 Company does not have a risk management Committee in place. It is advised that the Company should formulate a comprehensive Risk management Policy and implement the same.**
2. **The Company has filed the required forms and returns under the Companies Act, 2013 and rules made there under along with additional fee wherever applicable.**
3. **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.**

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: 24.12.2018
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.

Annexure - A

To Secretarial Audit Report

TO
THE MEMBERS
PAWAN HANS LIMITED

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record 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 verification was 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 of 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 the 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 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 efficacy or effectiveness with which the management has conducted the affairs of the company.

For SGS ASSOCIATES
Company Secretaries

(D.P. Gupta)
M. N. FCS 2411
C.P. No. 1509
Date: 24.12.2018
Place: - New Delhi

Annexure - D
To Directors Report

ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT

1. **A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs**.

The Corporate Social Responsibility (CSR) and Sustainable Development (SD) Policy of PHL approved by the Board of PHL in its 158th Meeting held on 2nd My,2017 is in consonance with the CSR Policy framework enshrined in the secion-135 of Companies Act, 2013, the Companies (Corporate Social Responsibility Policy) Rules, 2014 notified by Ministry of Corporate Affairs, Government of India and Guidelines on Corporate Social Responsibility (CSR) and Sustainability for Central Public Sector Enterprises issued by Department of Public Enterprises, Government of India (DPE Guidelines, 2014).

It shall apply to all CSR Project/Programmes undertaken by PHL as per liberal interpretation of activities listed in Schedule-VII of the Act, within the geographical limits of the India alone, preferably towards the benefits of marginalized, disadvantaged, poor and deprived sections of the community and the environment.

As per the policy, projects/programs are identified and budgets allocated for them through a process incorporating identification of suitable implementation agencies, need assessment and clear outlining of desired outcomes. The CSR projects/programs, which will, as far as possible, entail the following components:

i. Need Based Assessment/Baseline survey/Study where considered necessary/feasible;
ii. Identification of specific and measurable objects/goals in identified sectors and geographies;
iii. Formation of the project and preparation of Detailed Project Report (DPR);
iv. Identification of time lines – clear specification of start date and end date;
v. Specification of annual financial allocation;
vi. Clear identification of beneficiaries (by name where possible)
vii. Clear identification milestones for the complete duration of the Project/programme;
viii. Preparation and signing of agreement with Implementation Agencies;
ix. Preparation and implementation of a comprehensive an concurrent documentation procedure;
x. Robust, periodic review & monitoring;
xi. Mandatory Reporting

The focus areas and budget allocation for individual CSR Projects/Programmes/activities are made initially by the 1st level (Junior) and further proposed by 2nd level (Senior) Committee on CSR and SD, based on the proposals received from various Government Departments including PSUs and non-Government/Private agencies.

The website of PHL, www.pawanhans.co.in, has the link to the CSR and SD activities with reference to other documents such as Government Gazette notifications of 28.02.2014, 06.08.2014, 24.10.2014 and 23.05.2016, DPE O&M dated 21.10.2014, Ministry of Corporate Affairs General Circular No. 21/2014 dated 28.06.2014, 01/2016 dated 12.01.2016, 05/2016 dated 16.05.2016.

2. The Composition of the CSR Committee.

The CSR Committee of the Board of PHL comprises of following Members:

i. Dr. Harish Chaudhary, Chairman of PHL CSR Committee

ii. Dr. B.P. Sharma, CMD (PHL) & Member of CSR Committee

iii. Shri Ashok Nayak, Independent Director as Member of CSR Committee

iv. AVM Sanjeev Kapoor, Director (OPS&TPT) IAF as Member of CSR Committee

3. Average net profit of the company for last three financial years.

The average net profits of the Company for last three financial years are as under:

(Figures in lakhs)

Particulars	**2014-15**	**2015-16**	**2016-17**
Profit as per Sec 198	7318.12	3806.60	(-) 245.00
Average profit u/s 135 for the least three years	3626.57 (7318.12+3806.60-245.00=10879.72/3)		

4. Prescribed CSR Expenditure (two per cent of the amount as in items 3 above).

The prescribed CSR expenditure for FY 2017-18 is 72.53 lakhs (2% of the average profit u/s 135 for the last three years.

5. Details of CSR spent during the financial year.

CSR Budget for FY 2017-18 has been provisioned as Rs.87.50 Lakhs, PHL spent an amount of Rs.28.87 lakhs in FY 2017-18 with provision for payments for other commitments of Rs.58.63 lakhs which shall be released in 2018-19 depending on achievement of milestone by the Implementing Agencies for the respective awarded projects.

a. Total amount to be spent for the financial year – Rs.87.50 lakhs

b. Amount unspent, if any - Rs.58.63 lakhs

c. Manner in which the amount spent during the financial year is detailed below:

(Figures in lakhs)

Sl. No.	**CSR project or activity identified**	**Sector In Which The Project Is covered**	**Projects or Programs 1. Local Area or other 2.Specify the State & District Where Projects or Programs were undertaken**	**Amount outlay (budget) project or program wise**	**Amount spent on the projects or programs Sub Heads: 1. Direct expenditure on projects or programs 2. Over heads**	**Cumulative expenditure up to the reporting period**	**Amount spent: Direct or through imple-menting agency**
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**
	Contribution towards to Swachh Bharat Kosh (33% of the allocable budget)	Swachh Bharat Kosh - GOI	GOI, New Delhi	28.87	28.87	28.87	Direct

2	Providing of a Mobile Medical Unit of Primary Health Care Services for underprivileged Citizens of	Health Care	Union Territory of Andaman & Nicobar (Port Blair)	20.00	20.00	48.87	Direct
3	Providing a Mobile Medical unit for Primary Health Care Services for underprivileged Citizens of	Health Care	Union Territory of Kawaratti Lakshdweep	20.00	20.00	68.87	Imple-menting Agency – GOI
4	Proposal to Sill Unemployed Youth & Enable Employment in Healthcare Sector under the Corporate Social Responsibility (CSR) Program for 10 Students @ Rs.75000.00.	Skill Development	Delhi & NCR (Gurugram, Haryana)	11.25	11.25	80.12	Direct
5	KISS University, is exclusive fully free, fully residential Tribal University for poor tribal children i.e. for 27 Tribal Students at a cost of Rs.25000.00 each)	Education	Bhuvneshwar (Odisha)	6.75	6.75	86.87	Direct
	Total			**87.50**	**86.87**		

6. **In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.**

An amount of Rs.28.87 of CSR Budget has been spent during the financial year 2017-18 and balance of Rs.58.63 lakhs scheduled for utilization in 2018-19 as most of CSR projects have milestone based payment spread in 2018-19. Additionally, requirement of AS 125 for Ambulance has been launched by Ministry of Health & Family Welfare and its certification issue with manufacturer before uploading details on GeM Portal for Buyers further delayed the delivery schedule for 2 nos Mobile Medical units(Ambulance) which is over four months, pending fabrications works for basic essentials for MMUs. Against the carry forward budget of Rs.58.63 lakhs from balance of CSR unspent funds of previous year (2017-18), Rs.87.50 lakhs has been committed as on date towards these various ongoing projects. Expenditure against these will be met in the next financial year (2018-19).

7. **A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the company.**

This is to certify that the implementation and monitoring of the CSR Policy in respect of all projects/ programs covered under CSR initiatives for the year 2017-18, is in compliance with CSR objectives and Policy of the Company.

Dr. B.P. Sharma
Member, CSR Committee

Dr. Harish Chaudhry
Chairman, CSR Committee

ANNEXURE-'E' 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		(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		(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 million)		
1	Oil & Natural Gas Corporation Ltd.	Associates	Providing helicopter services	For F.Y 2017-18	Contract through ICB	1210.39		
2	Oil & Natural Gas Corporation Ltd.	Associates	FE Loss & Gain on Hiring of services	For F.Y 2017-18	Actual	(-) 21.88		
3	Oil & Natural Gas Corporation Ltd.	Associates	Use of PHL helicopter by ONGC	For F.Y 2017-18	Actual	NIL		
4	Oil & Natural Gas Corporation Ltd.	Associates	Deduction of LD on delay in providing helicopters	For F.Y 2017-18	Actual	47.53		
5	Oil & Natural Gas Corporation Ltd.	Associates	Dividend payment on equity	For F.Y 2017-18	Actual	181.24		
6	Oil & Natural Gas Corporation Ltd.	Associates	Interest payment on loan	For F.Y 2017-18	Actual	NIL		

ANNEXURE 'F' Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.3.2018

[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 : **Rohini Heliport, Sector-36, Rohini, New Delhi-110 085, 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 Shar es	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF									
b) Central Govt	-	125266	125266	51%		284316	284316	51%	NIL
c) State Govt (s)	-	-	-	-		-	-	-	-
d) Bodies Corp.	-	120350	120350	49%		273166	273166	49%	NIL
e) Banks / FI									
f) Any Other….									
Total shareholding of Promoter (A) = (A)(1)+(A)(2)		245616	245616	100%		557482	557482	100%	
B. Public Shareholding			NIL	NIL				NIL	NIL
C. Shares held by Custodian for GDRs & ADRs			NIL					NIL	NIL
Grand Total (A+B+C)	**-**	**245616**	**245616**	**100%**	**-**	**557482**	**557482**	**100%**	**-**

(ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of 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	% chan ge in share holding during the year
1	President of India	125266	51%	NIL	284316	51%	-	-
2	ONGC Ltd.	120350	49%		273166	49%	-	-
	Total	**245616**	**100%**	**-**	**557482**	**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.		Shareholding at the beginning of the year		Cumulative Shareholding during the year and at the end of the year	
	For Each of the Directors and KMP	**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. Smt. Usha Padhi 2. Smt. Gargi Kaul	1 1	- -	1 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	24.98	0	-	24.98
ii) Interest due but not paid	NIL	0	-	0
iii) Interest accrued but not due	NIL	NIL	-	-
Total (i+ii+iii)	**24.98**	**0**	**-**	**24.98**
Change in Indebtedness during the financial year				
· Addition	-	-	-	-
· Reduction	5.69	0	-	5.69
Net Change	5.69	0	-	5.69
Indebtedness at the end of the financial year				
i) Principal Amount	19.28	-	-	19.28
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**19.28**	**-**	**-**	**19.28**

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 (Rs.)			
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	26,04,202 4,91,781 -			- - -
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - others, specify…	-	-	-	-
5.	Others, please specify	-	-	-	-
	Total (A)	30,95,983		-	-
	Ceiling as per the Act	NA	NA		NA

B. Remuneration to other directors: 1,20,000/-

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

Sl. No.	Particulars	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	- - -	32,14,909 1,86,720 -	32,84,395 6,33,749 -	-

2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - others, specify…	-	-	-	-
5.	Others, please specify	-	-	-	-
	Total		**34,01,629**	**39,18,144**	

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	-	-	-	-	-