

PAWAN HANS LIMITED
(A Government of India Enterprise)
CHAIRMAN'S SPEECH TO THE MEMBERS

Dear Members,

I take great pleasure in welcoming you all to the 37th Annual General Meeting of your Company. The Annual Report for the financial year 2021-22 has been circulated and with your permission I take it as read.

The revenue from operations earned by your Company during 2021-22 is Rs.38512.77 lakhs as compared to Rs. 37237.48 lakhs in the previous year. In percentage terms revenue from operations increased by 3.50% as compared to previous financial year and profit from operations increased from Rs.2246.14 Lakhs to Rs. 8721.46 Lakhs. Reserves & Surplus of the Company stands at Rs.41252.46 lakhs (P.Y. Rs.43117.72 lakhs). Your company could achieve this significant increase in operating profit due to reduction in Liquidated Damages, AOG charges and staff cost. However, the Company continues to incur loss after tax.

Due to net loss incurred during the year 2021-22, Board of Directors has not recommended any dividend for the year under review.

Average monthly deployment of helicopters during the year ended 31.03.2022 was 28 helicopters out of the fleet size of 44 helicopters. The total revenue flying hours in 2021-22 were 18789 hours as against 14454 hours during the previous year, which has reached to pre-Covid-19 levels.

Your Company continues to be one of Asia's largest helicopter operator having a well-balanced operational fleet of 44 helicopters at present with pan India presence. Out of these five Dauphin N Helicopters having vintage of over 33 years grounded since long due to obsolescence have been approved as 'Impaired Assets' and after accident of one Sikorsky S76D helicopter on 28.06.2022 near Sagar Kiran rig at Mumbai off shore, effective operational fleet comprises of 38 Helicopters only.

During the first quarter of F.Y. 2021-22, India was hit by second wave of COVID-19 Pandemic. To combat this Pandemic, partial lockdowns were enforced in the country. The crew members of the company performed their duties extending to more than one month at a stretch. Your Company also lost few employees due to COVID-19 Pandemic. The Pandemic also adversely impacted the flying hours of the Company.

The Company's philosophy on Corporate Governance reflects the ethos of the Company and its continuous commitment to ethical business principles across its operations. Sustaining a culture of integrity along with high performance orientation and an adaptive management style in today's dynamic business environment needs a robust governance structure. Your Company is having a well defined corporate structure that establishes checks and balances and delegates decision making to appropriate levels in the organization, though the board remains in effective control of the affairs of the company.

Your Company has laid down a well-defined the Code of Conduct for all the Board Members and Senior Management Personnel of the Company, which is also uploaded on the website of the Company. All Board Members and Senior Management Personnel have affirmed compliance to the Code of Conduct.

As you are aware, the process of strategic disinvestment of entire 51% stake of Government of India in your company is in advanced stage with the opening of financial bids on April 23, 2022 and a Consortium of three members (namely Star9 Mobility Pvt. Ltd.) was declared as highest bidder on April 29, 2022.

Due to on-going disinvestment process, no MoU for the purpose of fixing targets and measuring performance of the organization has been signed with the administrative ministry.

The following significant Events/Developments have taken place during the year:-

One helicopter VT-PWI (S76D) of your Company met with an accident on 28.06.2022 near Sagar Kiran Rig at Mumbai offshore. After the accident, ONGC Ltd. had not deployed the contracted helicopters of the Company for a period of one month approximately and initiated technical & safety audit of PHL-Western Region by M/s RWSI. M/s RWSI found that PHL, WR was in compliance with minimum requirements of DGCA and ONGC AS4. All contracted helicopters were inspected and found to being maintained in accordance with DGCA requirements. However, a few minor observations were made concerning improvement in the systems. The observations made by M/s RWSI audit have been addressed and the action taken report was submitted to M/s ONGC Ltd. Consequently, ONGC Ltd. has restored flying of all contracted Dauphin N3 helicopters in phased manner. However, ONGC Ltd. did not accept S76D helicopters.

After the accident, ONGC terminated the contract for two helicopters citing the reason of delay in mobilization of helicopters and replacement helicopter (MSN 761015) offered to them was not accepted. After the terminating the contract, ONGC Ltd. also encashed two bank guarantees to the extent of 50% amounting to Rs. 92.42 lakhs. Your Company has filed an application / petition under Administrative Mechanism for Resolution of Commercial Disputes (AMRCD) against termination of contract and invocation / encashment of bank guarantees by ONGC Ltd.

This has resulted in drastic reduction in flying hours and consequent adverse impact on the revenues for the current financial year 2022-23. The investigation of this accident is being carried out by the Aircraft Accident Investigation Bureau (AAIB) and its report is awaited.

Operations under RCS UDAN Scheme

Your Company is the first helicopter operator in India to get the Scheduled Commuter Operator (SCO) permit. It has been awarded 11 networks in 4 states under RCS UDAN tender 2.0, 2 networks under 4.0, 6 networks under RCS UDAN 4.1 and 8 networks under RCS UDAN 4.2.

Your Company successfully launched the helicopter services in Himachal Pradesh and Uttarakhand in 2019 and 2020 respectively and subsequently new routes were added during 2021 and 2022. The routes being operated currently are as under:-

1. Chandigarh-Shimla-Chandigarh (Six days a week) w.e.f. 28-02-2019.
2. Shimla-Kullu-Shimla w.e.f. 13.05.2019. Further extended to Shimla-Mandi-Kullu-Mandi-Shimla w.e.f. 10th December, 2021(Thrice a week).
3. Shimla-Dharamshala-Shimla w.e.f. 14.05.2019. Further extended to Shimla-Mandi-Dharamshala-Mandi-Shimla w.e.f. 9th December, 2021 (Thrice a week)
4. Dehradun New Tehri-Srinagar-Gauchar-Srinagar-New Tehri-Dehradun (Thrice a week) w.e.f. 29-07-2020
5. Shimla-Rampur-Shimla w.e.f. 9th December, 2021 (Thrice a week).
6. Dehradun-Gauchar-Dehradun w.e.f. 8th October, 2021 (Six days a week)
7. Dehradun-Srinagar-Dehradun (Thrice a week)
8. Dehradun-Haldwani/Pantnagar-Pithoragarh-Dehradun w.e.f. 8th October, 2021 (Six days a week)
9. Dehradun-Haldwani/Pantnagar-Almora-Pithoragarh-Almora-Pantnagar/Haldwani-Dehradun w.e.f. 26th August, 2022.

Your Company will launch services on the other awarded sectors in a phased manner subject to availability of infrastructure and other necessities.

Governments of Himachal Pradesh, Uttarakhand, Karnataka and Tamil Nadu have engaged the services of PHL for providing Project Management Consultancy for developing and licensing / operational authorization of the heliports under development in their respective States.

Further, MoCA has designated PHL as the nodal agency for Centralized Procurement of all equipment including Communication, Security, Visual Aids and Fire fighting for all the 31 heliports under development across the five States of Himachal Pradesh, Uttarakhand, Manipur, Assam & Arunachal Pradesh under RCS UDAN-II'.

Your Company has signed a MoU with NIT, Srinagar during the 3rd Helicopter Summit at Dehradun as an initiative towards Skill India in the presence of Shri Jyotiraditya Scindia, Hon'ble Minister of Civil Aviation and Shri Pushkar Singh Dhami, Hon'ble Chief Minister of Uttarakhand on 8.10.2021. A MOU was also signed with RGNAU (a Central University) for offering B. Sc. (Hons.) in Aircraft Maintenance alongwith DGCA approved AME course.

Awards received by your Company during the year are:

1. On the occasion of celebration of UDAN Utsav at Jharsuguda on 2.12.2021, a Certificate of Appreciation as Champion of UDAN was awarded by Hon'ble Minister of Civil Aviation and Hon'ble Minister of State of Civil Aviation.

2. Award for Best Helicopter Operations 2021 was awarded to your Company by Hon'ble Minister of Civil Aviation during the 13th International Conference cum Awards, Civil Aviation & Cargo organized by ASSOCHAM on 28.02.2022.
3. Secretary (CA) awarded second prize for PHL's in-house Hindi Magazine "Hansdhvani" on 23.12.2021 after the meeting of Rajbhasha Karyanvyan Samiti.

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 Ltd., NTPC Ltd., Ministry of Home Affairs, the State Governments of Mizoram, Himachal Pradesh, Sikkim, Maharashtra, Tripura, Odisha and UTs of J&K, Ladakh, Andaman & Nicobar Islands & Lakshadweep Islands and Daman & Diu in the Company and also dedicated services rendered by its employees.

(Sanjeev Razdan)
Chairman & Managing Director

Dated : 19th January, 2023