

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

Dear Shareholders,

I take great pleasure in welcoming you all to the 35th Annual General Meeting of your Company. The Annual Report for the financial year 2019-20 has been circulated and with your permission I take it as read.

The revenue from operations earned by your Company during 2019-20 is Rs.34593.16 lakhs as compared to Rs.38115.58 lakhs in the previous year. In percentage terms revenue from operations decreased by 9.24% as compared to previous financial year and loss from operations increased from Rs.9275.56 Lakhs to Rs. 9838.16 Lakhs. The reasons for such loss are decrease in revenue from operations, salary revision of employees, imposition of liquidated damages, inability of the company to provide helicopters to ONGC etc. pursuant to a Notification of Award (NoA) issued in 2018 due to ban on capital investments etc. Reserves & Surplus of the Company stands at Rs.41305.86 lakhs (P.Y. Rs.44622.44 lakhs).

Due to losses incurred during the year 2019-20, Board of Directors has not recommended any dividend for the year under review. Prior to year 2018-19 Your Company was earning profits and paying dividend to the shareholders for last six years.

Average monthly deployment of helicopters during the year ended 31.03.2020 was 31 helicopters out of the fleet size of 43 helicopters. The total flying hours in 2019-20 got reduced to 19456 hours as against 21,108 hours during the previous year due to various reasons i.e. shortage of pilots, grounding of helicopters, etc.

Pawan Hans continues to be one of Asia's largest helicopter operators having a well-balanced own operational fleet of 43 helicopters at present with pan India presence. Out of these four Dauphin N Helicopters having vintage of over 33 years grounded since long due to obsolescence have been approved as 'Impaired Assets' by the Board. This step will help in removing one of the qualifications in the Auditors' Report for this year and for subsequent years.

During the last quarter of F.Y. 2019-20, the World was hit by COVID-19 Pandemic. Its increasing effect began to appear in India during the month of March, 2020. To combat this Pandemic, Government of India enforced total lock-down in the country w.e.f. 25.3.2020. During this period, the Company played important role by way of rescuing stranded passengers, undertaking medical evacuation flights and delivering cargo to the farthest and inaccessible corners of the country. Number of rescued passengers during this period was 230. 271 passengers were also air-lifted by the company's helicopters. The Company also carried cargo weighing to 2878 kgs. by covering a distance of 11,241 kms. The crew members of the company performed their duties extending to more than one month at a stretch.

This Pandemic adversely impacted the global as well as Indian economy. Your Company's performance also got adversely affected due to the Pandemic. Flying of the Company got reduced almost to half and till now it has not reached pre-Covid-19 level. Your Company has taken various austerity measures to reduce the adverse impact caused by the Pandemic e.g. rationalization of costs including salary & allowances of employees, shore up recovery of past dues, surrendering surplus lease land to AAI, centralisation of departments etc.

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 believes that good Corporate Governance practices are essential for generating long term value and maintaining a sustainable business model.

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.

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. Subsequently, Oil and Natural Gas Corporation Limited ("ONGC"), vide its board resolution dated August 02, 2018, has communicated its intent to offload its entire shareholding of 49% in PHL. Fresh Expression of Interest (EOI) has been invited recently in this regard from interested bidders on 8.12.2020 with the last date of bid submission being 19.01.2021.

Due to on-going disinvestment process, your Company has sought exemption from signing of MoU through the administrative ministry for the year 2018-19 and 2019-20. Exemption for 2021-22 will also be sought in this regard.

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

- i) Non Scheduled Operator Permit (NSOP) of your Company has been renewed for a further period upto 14.03.2024.
- ii) Your Company and Airbus Helicopters signed a Memorandum of Understanding (MoU) to collaborate for the introduction of two new categories of rotorcraft in its fleet in future as well as for the repair, maintenance and overhaul of its existing AS365N Dauphin helicopters on 19th June 2019 during Paris Airshow at France. This also provides for customized training and on-site Safety Management System (SMS) for PHL pilots.

iii) PHL Started operations under RCS UDAN Scheme on the following routes:

- 1) Shimla-Kullu-Shimla (Thrice a week) w.e.f. 13.05.2019.
- 2) Shimla-Dharamshala-Shimla (Thrice a week) w.e.f. 14.05.2019.
- 3) Commencement of Services under the RCS UDAN II in Uttarakhand on route "Dehradun New Tehri – Srinagar –Gauchar –Srinagar - New Tehri-Dehradun". The Services were inaugurated on 29th July 2020 by Hon'ble Chief Minister of Uttarakhand.

iv) Recently your Company has signed a Master Lease Agreement and one Aircraft Specific Lease Agreement (ASLA) with M/s Vertical Aviation No.1 Limited (an Ireland based leasing company) and one helicopter is expected to be delivered to the Company in the month of January, 2021.

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

(Sanjeev Razdan)
Chairman & Managing Director

Dated : 30th December, 2020