

CO/SEC/4(7)/2020/ BSE & NSE Filing/07

29th May, 2020

BSE Limited Listing Department Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001	National Stock Exchange of India Ltd Listing Department Exchange Plaza, 5 th Floor, Plot No C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai – 400051
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Dear Sir/ Madam,

Sub: Disclosure of material impact of COVID-19 pandemic on the Company under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR Regulations')

Ref: BSE Scrip Code: 541154, NSE Symbol: HAL

This is with reference to the SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated 20th May, 2020.

2. In this connection, we are hereby disclosing the impact of the COVID – 19 Pandemic and measures taken by the Company as follows:

(a) Impact on the Business:

- (i) HAL Divisions were in complete lockdown from 24th March, 2020 and operations have progressively resumed starting from 20th April, 2020.
- (ii) HAL is a Defence Public Sector undertaking and its major customers are Indian Defence Services.
- (iii) Since the supplies to Services are based on firm and fixed contracts, there would be no major impact on the demand side of the business from Services. However, due to supply chain disruptions and loss of production hours, production and consequently sales is likely to be

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CIN: L35301KA1963GOI001622

impacted. However, efforts are being made by the Company to minimize the impact. Further, with respect to export programs, some postponements of planned deliveries have happened due to CoVID-19 situation which may impact export business of the Company. Further, export initiatives of HAL platforms which are in the proposal/RFI stages, may also experience some delays.

- (iv) HAL works in aeronautical domain, which is highly technology intensive. Also HAL product spectrum includes both ToT as well as indigenous platforms and contain systems/sub-systems/raw-materials etc of foreign origin.

Since the pandemic has caused world-wide lockdown, there is likely disruption of production at supplier premises and associated delays in supplies, which in-turn may lead to production delays at HAL.

Further, during CoVID-19, suppliers in general are facing liquidity and cash flow problems, which may add to disruption of established supply chains.

However, since lockdown in many parts of the world is yet to ease out, complete clarity is yet to emerge.

- (v) Since it was a country wide lockdown, work at HAL outsource vendors etc were also held up. This has led to the loss of production hours across the factories, affecting regular production and R&D activities temporarily. However, services like technical support, spares support to squadrons, *insitu* repair by detachment teams etc were rendered on emergency basis to defence customers even during the lockdown period.



(b) **Ability to maintain operations including the Factories / Units / Office spaces functioning and closed down:**

- (i) During the lockdown period, as per Govt. instructions, HAL Divisions had manufactured PPEs & other Paraphernalia for Medical Staff posted at various Hospitals across the Country;
- (ii) In line with the consolidated revised guidelines issued vide MHA Order No. 40-3/2020-DM-I(A) dated 15.04.2020, HAL Divisions / Offices at Nasik, Koraput, Kanpur, Korwa and Liaison Offices at Delhi, Mumbai & Chennai had resumed operations / work w.e.f. 20.04.2020 and at HAL Lucknow w.e.f. 27.04.2020;
- (iii) Subsequently, based on MHA OM No. 40-3/2020-DM-I(A) dated 26.04.2020, HAL Divisions / Offices at Bengaluru had resumed operations w.e.f. 28.04.2020. Operations at HAL Hyderabad and HAL Barrackpore were also resumed w.e.f. 30.04.2020 & 04.05.2020 respectively;
- (iv) Post resumption of work with effect from the dates as indicated (ii) & (iii) above, initially Divisions / Offices had worked with 50% workforce in staggered shifts of 5 / 7 hours durations. However, presently all Divisions / Offices are running in 2 Shifts of 8 hours duration with not more than 50% of workforce in each shift.

(c) **Steps taken to ensure smooth functioning of Operations:**

To ensure smooth functioning of operations on resumption of work post lockdown, following measures / steps have been taken:

- (i) Prior to resumption of work, all Divisions / Offices were sanitized and Standard Operating Procedure (SoP) was put in place for commencing the work;
- (ii) As part of SoP, Compulsory screening of all employees entering through Gate with thermal scanner / infra-red thermometers,



Sanitization of hands, Maintaining social distancing at workplace, Entry to Factory / Office with mask, etc. are strictly being adhered with;

- (iii) Isolation Wards have been earmarked at places where HAL Divisions are located to meet medical need and any eventuality.

(d) **Estimation of the future impact of CoVID-19 on its operations:**

- (i) Since HAL business is mainly concentrated to Defence Services, major negative impact on the future business in the long term is not anticipated currently. However, downsizing of Defence budget and risk of economic recession may impact the future operations of the Company.
- (ii) On the positive side, 'Atmanirbhar Bharat Abhiyan' led by the Government is giving significant impetus to self-reliance and local production which may favourably impact the operations of the Company as the Defence Services may demand HAL products like LCH, LUH, HTT-40, LCA etc.

3. This is for your information and record, please.

Thanking you,

Yours Faithfully
For Hindustan Aeronautics Ltd



(G V Sessa Reddy)
Company Secretary & Compliance Officer