Sub: Disclosure of material impact of CoVID-19 Pandemic

Pursuant to SEBI circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated 20.05.2020, please find enclosed disclosure of anticipated material impact of CoVID-19 Pandemic on operation of business and financial performance of the Company and step taken in this regard to maintain the same.

Thanking You,
Yours faithfully
For Oil and Natural Gas Corporation Ltd.

M E V Selvamm
Compliance Officer
Company Secretary & Executive Director

Encl.: As Above (3 Pages)
Subject: Advisory on disclosure of material impact of CoVID-19 pandemic on listed entities under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR Regulations'/'LODR')

Following is the assessment of COVID impact on business, operations and financials of ONGC based on the situation and anticipated position as on date. Unfolding events could in fact may end up being different but it is anticipated the same are unlikely to materially affect the oil and gas production/off-take etc. though the unfolding events could have impact on oil and gas prices, similarly outfield activities or project progress may get affected as situation on COVID unfolds.

1) Impact of the CoVID-19 pandemic on the business:

The World Health Organisation on 11th March '20 declared Covid-19 outbreak a pandemic. Even prior to this declaration ONGC had started taking precautions against the impact and spread of the virus. ONGC, took pro-active steps to handle the emerging situation. Since the challenges posed by COVID-19 are multi-layered, complex and evolving on a daily basis, ONGC assessed the potential disruptions and prepared itself for its associated impact and identified the steps required to mitigate the adverse impact upfront. The focus was on ensuring critical supplies necessary for continued production of oil and gas without compromising the health and safety aspects. With the courage and commitment of ONGCians, operations and production has gone on uninterrupted, with crude oil production almost same as before the CoVID-19 outbreak although gas output was down by (-9%) on account of less demand and off-take by customers due to the lockdown.

2) Ability to maintain operations including the factories/units/office spaces functioning:

ONGC has sustained operations both at its Offshore and Onshore facilities round the clock to ensure uninterrupted supply of oil and gas. Upstream oil and gas industry is inherently risk-intensive and therefore all operational processes and procedures have been adhered to, while complying with all safety precautions and following SOP's to HSE standards. Continuing its essential operations, the Company has additionally ensured compliance to the Government of India and the World Health Organization (WHO) guidelines like maintaining social-distancing, PPE usage, personal hygiene, work-from-home, etc. ensuring continuous working in operational areas as well as office spaces. With the imposition of lockdown, onshore operations were hampered in quite a few places which resulted in idling of drilling rigs and equipment. However, since 20th April 2020, onshore operations have also been restarted in places where these were stalled and are near normal at present. It may however be stated that the COVID will impact the speed of execution of various
projects and if COVID remains around for long time, some disruptions in activity levels at local basis cannot be ruled out.

3) Steps taken to ensure smooth functioning of operations:
   • ONGC has been proactive, prompt and foresighted in addressing the ever changing situations emerging out of pandemic threat. Numerous issues were addressed relating to operational & supply chain disruptions; crew changes at work sites; non-availability of contractual/ local workers/ labourers; maintaining social distancing in our diverse & complex operations; abiding by the rules & regulations imposed by various Central and State authorities etc.
   • Senior management was in regular touch with work sites through video conferencing to build confidence & boost morale. Coordinated efforts with District, State and Central authorities helped in resolving roadblocks & normalization of operations at a faster pace. Work centres closely coordinated with Local Authorities for smooth movement of men, material and resources.
   • ONGC launched “Operation Nishtha”: ONGC employees including women executives showed their dedication and commitment by working beyond their normal duty pattern of 14 days in offshore and had stayed back and continued to work for 50-60 days to ensure uninterrupted operations and production of oil and gas for the country. Similar was the case for onshore locations too.
   • Firming up of SCP for crew change for all field personnel factoring in safety and security of crew members along with Logistic support required for uninterrupted seamless operations through interaction with various agencies like MoPNG, MHA, DGCA, AAI, Air India etc. for smooth movement of ONGC personnel and Crew change by Chartered flights with support from various State Government agencies.
   • Use of Digital technology for extensive use of Virtual Meeting platforms and Work from Home facility with access to systems on merit.

4) Estimation of the future Impact of CoVID-19 on its operations;
   Requisite systems are in place to tackle the impact of CoVID-19 in future as well, though the unknowns add an element of uncertainty as well. ONGC Board took stock of the situation on 13th May 2020 on the impact of COVID 19, combat plan of the Company and preparation for post-COVID period, and advised actions accordingly. Close monitoring by ONGC management resulted in uninterrupted supply chain for smooth operations as well as supplying essential items required for safety & wellbeing of operational employees, and for continued production of oil & gas for the nation.

5) Impact of CoVID-19 on:
   a. Financial resources and liquidity –
      ONGC currently has the financial capability to sustain its operations and activities including Capex and Opex, though both these are being closely examined afresh for possible optimization and rationalization. Management is well abreast of all the challenges and attempts are also underway to seek assistance from the Govt. for rationalisation of existing taxes and duties structure. Lower oil and gas prices are expected to impact internal resource generation capacity, but given low gearing
levels at standalone basis fund raising for the same is not expected to be an issue. The short term liquidity position was managed by raising short term borrowings to the extent required. The onset of COVID itself will impact project progress to some extent and the Company is identifying opportunities for Capex and Opex optimisations. Going forward it is anticipated that a combination of higher oil & gas prices, rationalization in expenses and some statutory relief will help the Company to protect and maintain our activity level.

b. Supply chain
There have been some disruptions in supply chains especially in the international arena but these have not yet had any major impact on day to day operations. As far as some projects are concerned, the supply chain disruption has pushed back the anticipated completion dates. However, close monitoring is in progress to ensure that supplies and normalcy is attained at the earliest.

c. Demand for its products/services
There has not been any reduction in demand for the crude oil produced by ONGC. Gas demand (and hence production) however did see a modest decline of ~9% during the lockdown, which has been now restored to normal levels with gas demand increasing to pre-CoVID-19 levels after relaxations in lockdown and gradual opening of industries & various customers.

6) Existing contracts/agreements where non-fulfilment of the obligations by any party will have significant impact on the listed entity’s business

There were few issues in delivery of materials as ONGC’s operations and supply chain is distributed across various work centres and projects all over the country. However it doesn’t affect operations and there is no disruption in supply chain management leading to any significant impact on ONGC’s business.