

# इंडियन ऑयल कॉर्पोरेशन लिमिटेड

रजिस्टर्ड ऑफिस : 'इंडियनऑयल भवन',  
जी - ९, अली यावर जंग मार्ग, बांद्रा (पूर्व), मुंबई - ४०० ०५१.

## Indian Oil Corporation Limited



**IndianOil**  
A Maharatna  
Company

CIN-L23201MH1959GOI011388

Regd. Office : 'IndianOil Bhavan',

G-9, Ali Yavar Jung Marg, Bandra (East), Mumbai - 400 051.

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Secretarial Department

No. Secl/Listing

5<sup>th</sup> June 2020

National Stock Exchange of India Limited Exchange Plaza, 5th Floor, Bandra -Kurla Complex, Bandra (East) Mumbai - 400051	BSE Limited 1 <sup>st</sup> Floor, New Trading Ring, P J Tower, Dalai Street, Mumbai – 400001
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**Ref.:- Symbol: IOC; Security Code: 530965; ISIN: INE242A01010**

Dear Sir,

**Sub : Disclosure of material impact of CoVID-19 pandemic on IndianOil**

Pursuant to Regulation 30(3) read with Para B of Part A of Schedule III & Reg. 51(2) read with Part B of Schedule III of SEBI (Listing Obligations & Disclosure Requirements) Regulation 2015, please find attached disclosure on impact of CoVID-19 pandemic and consequent lockdown restrictions on Indian Oil Corporation Limited.

The above is for information and record please.

Thanking you,

Yours faithfully,

For Indian Oil Corporation Limited

(Kamal Kumar Gwalani)  
Company Secretary

Indian Oil Corporation Limited  
CIN-L23201MH1959GOI011388  
Regd. Office: Indian Oil Bhavan,  
G-9, Ali Yavar Jung Marg, Bandra East, Mumbai - 400 051

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### **IMPACT OF COVID-19 PANDEMIC ON INDIAN OIL CORPORATION LIMITED**

This is with regard to the nationwide lockdown announced by the Government of India on 24.03.2020, limiting the movement of the entire population of the country as a preventive measure against the COVID-19 pandemic in India. The COVID-19 had severely impacted the businesses across the world. The oil industry in general and IndianOil in particular came under the twin assault of drop in crude oil prices as well as demand destruction caused by COVID-19.

#### **Impact on the Company during 2019-20**

- The lockdown was announced by the Govt. in the last week of the financial year and therefore it did not have significant impact on sales, operations during 2019-20. The petroleum product sales had witnessed a demand growth of 1.9% in 2019-20 till February 2020. However, the same declined by 18% in March 2020 due to the lockdown, dragging down the growth for the full year to 0.22%.
- The COVID-19, however, impacted the crude oil and product prices across the world, which saw a significant fall by 31<sup>st</sup> March 2020. The Company being the largest PSU OMC in the country having its refineries and marketing infrastructure spread across the country, maintains significant level of inventories for its operations. The drop in the prices of crude oil and products impacted the financial statements for 2019-20, due to inventory loss.
- The financial statements for 2019-20 are presently under finalisation. As advised in the SEBI circular dated 20.05.2020, the impact of COVID-19 on the financial statements, to the extent possible, shall be disclosed while submitting the financial statements under regulation 33 of the SEBI LODR.

#### **Impact on the Company during the current year 2020-21**

- **Demand of Petroleum Products:**
- The demand for the petroleum products dropped by 46% in April 2020. The Sales of MS, HSD and ATF in April 2020 were down by 61%, 56.7% and 91.5% respectively as compared to April 2019. Due to certain relaxations by Central Government and some of the state Governments, the sales for the products improved in May 2020 as compared to April 2020. However, the sale for these three products was still lower by 38.9% as compared to May 2019.



- **Refinery Operations:** Though there was no closure of any of the refineries of the Company due to drop in the demand of Petroleum products, the operations of refineries were curtailed to the level of 39% during the month of April 2020. However, the improved demand for petroleum products in May 2020 resulted in higher capacity utilization of refineries to the extent of 75 – 80% and is further being ramped up.
- **Borrowings / working capital position:** The drop in sale of petroleum products resulted in significant fall in revenue collections for the Company. In order to meet its contractual and statutory obligations, the Company had to borrow funds which resulted in substantial increase in borrowings. However, since then the borrowings have reduced significantly with increase in sales and lower crude oil prices.

It is expected that with opening up of lockdown and revival of economy on the strength of economic package, the sales would soon get revived. Further, the recent increase in international prices of crude oil and petroleum products as well as Rupee appreciation has to some extent already offset the inventory losses and forex losses.

**The Company has taken following steps to overcome the challenges posed by COVID-19:**

- The Company has put in place a comprehensive strategy to ensure the health and safety of all its stakeholders (employees, service-providers, contract work-force, petrol pump dealers & customer attendants, LPG distributors, delivery boys, etc.) while also ensuring business continuity.
- The strong Information Technology capability not only ensured uninterrupted services of ERP and other applications but also their use from home by employees. Digital technology was extensively leveraged for review & monitoring, information-sharing and knowledge management.
- The Company provided medical insurance cover (IndianOil Karmayogi Swasthya Bima Yojana) for one year for 3.23 lakh frontline personnel, including LPG delivery boys, TT crew and LPG truck drivers, RO customer attendants, DGR guards patrolling the pipelines, etc. to cover COVID-19 related ailments for the insured, including their spouse and two dependent children.
- The Company also announced an ex-gratia COVID-19 insurance cover of Rs. 5 lakhs in case of death of any of the frontline personnel due to COVID-19.
- There was a sharp increase in demand for LPG cooking gas since the lockdown was announced. The Company increased the production of LPG by optimizing the operations in refineries and also tied up for additional imports to ensure uninterrupted availability



of bulk LPG for its bottling plants. The company has been supplying LPG not only against the normal increased requirement but also the increase due to Pradhan Mantri Garib Kalyan Package.

- To manage the crude oil inventory, planned crude cargoes were either deferred or cancelled with mutual consent. Some crude cargoes meant for our refineries were even sold for the Strategic Petroleum Reserves of Govt. of India.
- 420 of the 423 supply & distribution locations, including bulk storage terminals & depots, LPG bottling plants, aviation fuel stations, lube blending plants, etc., functioned with optimized manpower and all health, hygiene and safety measures in place under the advisories of the respective State Governments & local administrations to maintain supply of POL products.
- In spite of stressed financial condition, the Company provided support to its frontline business partners like RO dealers, Institutional Business Customers, etc. by extending additional credit facility / interest free credit facility, financial assistance to dealers through banks based on IndianOil recommendations, etc.
- While civil aviation business was badly affected, all the 119 Aviation Fuel Stations of IndianOil across the country are operating with optimum strength and full safety precautions to meet the aviation fuel (ATF) needs of Defence aircraft, cargo flights and medical ambulances.
- The Company is on track to spend the approved capex for 2020-21. Work on almost 200 projects has restarted on ground through a planned effort of providing assistance for the construction workers before resumption. The Company is seeking necessary permissions of State and district administrations for mobilization of manpower and resumption of work, wherever needed.
- Nevertheless, the company has critically examined all capex proposals for rationalisation of cost and time frame. The company is also conscious of the costs and has also undertaken rationalisation measures in this direction.

The situation has been closely monitored by the top management of the Company on daily basis since the price crash and subsequent lockdown, to take prompt actions for continuity of business operations in an optimised manner, keeping the market well supplied as well as to ensure safety of the employees and frontline personnel engaged in production/delivery of petroleum products.

