



MAHANAGAR  
GAS

# MAHANAGAR GAS LIMITED

Ref: MGL/CS/SE/2020/344

Date: July 13, 2020

To,

Head, Listing Compliance Department BSE Limited P. J. Towers, Dalal Street, Mumbai - 400 001 Scrip Code/Symbol: 539957; MGL	Head, Listing Compliance Department National Stock Exchange of India Ltd Exchange Plaza, Bandra –Kurla Complex, Bandra (East), Mumbai - 400051 Script Symbol: MGL
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**Sub: Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Disclosure of Material Impact of COVID-19 Pandemic on the Company.**

Dear Sir/Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020, the company hereby submits an update on COVID-19 pandemic and the resultant lockdown, on the operations of the Company:

**Impact of COVID-19 on Financial Resources and Liquidity, Supply Chain, Existing Contracts/Agreements etc.:**

Subsequent to the outbreak of Coronavirus (COVID-19) followed by countrywide lockdown, the Company continued its uninterrupted supply of both Piped Natural Gas (PNG) and Compressed Natural Gas (CNG) to its customers across all its operating Geographical Areas (GAs). However, the lockdown had an impact in the immediate natural gas demand, mainly from Industrial and CNG customers. The Company assessed the potential disruptions on the business operations and prepared itself for its associated impact and identified the steps required to mitigate the adverse impact upfront.

The Company has considered the possible effects of the pandemic on the carrying amount of current assets and assessed the carrying amounts of property, plant and equipment, investments, inventories, receivables and other current assets. Based on internal and external sources of information and economic forecasts, the Company expects the carrying amount of these assets will be recovered and sufficient liquidity would be available as and when required to fund the business operations.

Due to COVID-19 pandemic, the profitability of the Company would be impacted in 2020-21 considering lower sales volume likely as compared to previous year. Liquidity position may not be sizeably impacted in view of digital payment channels being used except in household customer category where usage of payment channels of cheque drop boxes and payment across counter is also common. The Company is debt free and has treasury surplus. The earnings on treasury surplus could be lower due to conditions in financial markets and more safer avenues chosen for parking the investments. In 2019-20 sales volume was impacted in last few days due to lock down. However, impact on capital and financial resources was marginal in view of limited period involved.



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Customer care walk in centers are currently closed. Customer Call center is operating in two shifts with about 30 call agents. Marketing activities related to interacting with domestic residents may take a bit longer due to social distancing norms. Details of impact of CoVID-19 on listed entity's -

- supply chain – there has been no impact on supply chain of gas procurement by MGL and supply of gas by MGL to its customers
- demand for its products/services - Gas sales have reduced to about 50% of usual levels

### **Ability to maintain operations including the office spaces functioning and closed down:**

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. From the perspective of BIS, the company has tried to ensure Business Continuity for the organization in terms of accessing SAP and other applications for all key users by ensuring security. The company has ensured by deploying two factor authentications and secured firewall clients that the risk of breaches are minimized.

As regards the projects of the company, the impact of Covid19 and its mitigation plan is as under:

1. Fear of spread of Covid while undertaking jobs like steel pipe laying / MP pipe laying: The social distancing norm has made it difficult to execute these jobs. Use of masks and repeated use of sanitiser has affected the pace of execution of work. To mitigate the fear of spread of Covid through contact of workmen with each other, MGL has implemented an SOP for execution jobs in the field.
2. Customer sentiment is low: MGL has conducted an area wise survey to evaluate customer readiness and have started working where the customers are ready.
3. Impact of migration of labour: There is huge shortage of plumbers, supervisors, technicians, welders and labour because most of these have migrated to their native places in Orissa, West Bengal and UP. MGL has prepared an incentive plan to encourage them to join back.
4. Contractor sustainability: Contractor sustainability has become an issue due to loss of three months of peak working period. MGL worked toward keeping contractors intact by timely bill processing and time extension of existing contracts so that they can operate when lock down ends.
5. Limited permission to operate in Raigad GA: MGL commenced steel pipe laying jobs in Raigad GA when this district was declared under Orange zone.
6. Loss of working months: MGL works in Mumbai and district around it. Peak working time from mid-March to mid-June has been lost. Now with the setting in of monsoon, further loss of 2-3 months working is anticipated.

The field offices are being operated with strict adherence to the HSE guidelines and SOPs ( like compulsory wearing of mask, hand washing & sanitizing at regular intervals etc.) along with maintaining social distancing, thermal scanning of employees, installation of Aarogya Setu App and sanitization of premises at regular intervals.



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**Steps taken to ensure smooth functioning of operations:**

- Senior management was in regular touch with work sites through video conferencing to build confidence & boost morale.
- Firming up of SOP 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.
- Operation of Call Center activities remotely by embracing and deploying IT systems which enable the staff to Work from Home and continued support to customers. In addition to call center operations, set up of e-mail desk to respond to customer queries.
- Customer care active in general shift hours and providing emergency services 24X7.
- Area Emergency Office staff have been attending customer request at their premises by maintaining social distancing and sanitization measures in the benefit of the customers.
- E-mails, SMS & social media content sharing are being done to update the customer on regular basis.

With the countrywide lockdown, there was sudden dip in PNG and CNG volumes for all consumer segments except PNG being supplied to homes. The sudden dip in volume was material. However with the reopening of business activities, we are experiencing volume buildup across all consumer segments except commercial consumers. While impact on dip in demand so far has been material, we are hopeful that there would be increase in the volumes on ease of lockdown. The Company is also closely monitoring the progress to ensure that supplies and normalcy is attained at the earliest and shall also take all necessary steps as required from time to time to neutralize the impact of COVID-19.

The Company is confident of enduring the challenges with the help of teamwork from its employees, business partners and customers and stand true to the legacy it has maintained over a period of years.

Thanking you,

For Mahanagar Gas Limited

Sagnan Srivastava  
Company Secretary and Compliance Officer