



## Hindustan Oil Exploration Company Limited

'Lakshmi Chambers', 192, St. Mary's Road, Alwarpet, Chennai - 600 018. INDIA.

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September 03, 2020

By Online

<b>The Listing Department</b> <b>The National Stock Exchange of India Ltd.</b> "Exchange Plaza", Bandra Kurla Complex, Bandra (East), Mumbai - 400 051 Stock Code: HINDOILEXP	<b>The Corporate Relationship Department</b> <b>BSE Limited,</b> 1 <sup>st</sup> Floor, P. Jeejeebhoy Towers, Dalai Street, Mumbai - 400 001 Stock Code: 500186
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Dear Sirs,

**Sub: Submission of information pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

This announcement is being made to clarify the facts in the context of reports in social media about the liabilities of the Company.

The Company has already filed an application to vacate the interim order of the Honourable High Court of Gujarat dated 07.08.2020 as modified by order dated 14.08.2020. The matter is sub judice. Hence the Company considers it inappropriate to go into merits of the case at this juncture. Company does not agree with the allegations made and has already disclosed relevant details to the exchanges on 25 August and 30 August 2020.

Allegations that HOEC has liabilities aggregating to more than Rs 722 crores is incorrect and an attempt is made by adding non-current provision for site restoration, current liabilities in the books of accounts and also adding the contingent liabilities and claims not acknowledged as debts which are duly disclosed in the notes to the accounts. A table is attached for reference.

Oil and Gas Companies operate under either Production Sharing Contracts or Revenue Sharing Contracts with the Government of India. All Operators are regulated by Directorate General of Hydrocarbon under the Ministry of Petroleum Natural Gas and are subjected to independent Government audit, audit by Joint Venture Partners and by the Company's Auditors.

Demands related to cost petroleum, profit petroleum, statutory levies such as Royalty and Cess, service tax and their method of calculation routinely lead to claims and counter claims. They are resolved either through industry representation, policy reliefs or when necessary, through disputes resolution mechanisms provided in the respective contracts.

HOEC is run by a management team with experience in oil and gas sector under the oversight of an eminent Board. Management uses its best judgement and follows the standard industry accounting practices to classify liabilities.

During the last 5 years Company has increased its operated gross production many fold and is focussed on developing B-80 field to drive the production growth further.

The Company has adequate cash and on-going revenue to meet its liabilities as and when they fall due for payment. It has a strong and proven oil and gas asset base to sustain its position and grow its business over a long period.

The Board is meeting on 7 September 2020 and Q1 Earnings Call will be held on 8 September 2020 and required further clarifications will be provided.

The above information is also available on the website of the Company — [www.hoec.com](http://www.hoec.com). We request you to kindly take the same on records and disseminate to public.

Yours Sincerely,

**For Hindustan Oil Exploration Company Limited**

A handwritten signature in blue ink, appearing to read 'P. Elango', is written over a faint, light blue circular stamp or watermark.

**P. Elango**  
**Managing Director**

**Liabilities, contingent and claims not acknowledged in the accounts as on 31 March 2020 (Consolidated)**

	Particulars	Amount-Rs-Crs
<b>A</b>	<b>Current liability</b> Operational and financial creditors of the company is Rs 214 crores and the gross working capital is Rs 266.71 with a cash balance of Rs 171.08 crores.	<b>214.06</b>
<b>B</b>	<b>Non-current liability</b>	
1	Site Restoration provision, which takes place when the field is surrendered back to GOI., which will take more than 10 years . SRF deposit is made with SBI for Rs 65.18 Crores and show as non-current assets.	107.08
2	Deferred tax liability .	3.02
3	Axis Bank term loan	31.97
		<b>142.07</b>
<b>C</b>	<b>Contingent liabilities , Claims not acknowledged as debts and disclosed in the notes to the accounts</b>	
1	Arbitration by Hardy - as per claim statement and this being challenged	16.24
2	Hardy dispute with Aban Offshore for PY-3- this is in arbitration by Hardy and for 21% of HOEC is stated as Rs 14.88 crores. THIS is an ongoing litigation and no award is passed	14.88
3	Royalty demand on total sales irrespective of well head price as per PSC and dispute referred to dispute resolution committee. HOEC contented that as per PSC well head price should be the base and GOI claims it should on the total sales realized. HOEC also raised for refund of the excess royalty paid over a period.	13.01
4	CB-OS/1 block was surrendered by ONGC and their claim on survey and G&A costs is in arbitration. An amount equal is held by ONGC towards Palej cash calls	12.45
5	Cenvat credit claimed in 2007-2011. Appeal has been filed with Cestat and the case is still pending	1.69
	<b>Industry Issues disclosed in notes</b>	
6	Service tax on Cashcall contributions, Cost recovery and Profit petroleum to Government of India from 2010 to 2015. MOP&NG recommended to finance ministry to clarify as not applicable. Awaiting the decision before moving to CESTAT. This is not a net liability on HOEC as the demand is against operator on behalf of Unincorporated Joint Venture such as OIL and IOCL in Dirok.	173.50
	<b>Unfinished work prgram</b>	
7	In case of block AA-ONN-2003/2, GOI has paid an amount of US\$ 2.23 million and liability was created for US\$1.77 million. GOI demand in excess of US\$ 4 million by US\$ 1.64 million (Rs 12.36 crores is disputed)	12.36
	<b>Total</b>	<b>244.13</b>
<b>D</b>	<p><b>Hardy filed an affidavit in court under section 9 of the Arbitration act for interim relief of their claim of Rs 27 crores, stating that the company is having Rs 722 crores liability which is incorrect. To arrive at this number, Hardy has added additional claims which are not payable by HOEC and is not part of contingent liability.</b></p> <p>* Current liabilities of Rs 214 crores is supported by a gross working capital of Rs 267 which includes Rs 171 crores cash .</p> <p>* Non current liabilities of Rs 142 crores, fully backed by the deposit with SBI by Rs 65 crores under SRF scheme , which will take place after 10 years.</p> <p>* Contingent liabilities of Rs 244 crores , out of which Rs 173 crores is a gross service tax demand and penalty on operator on behalf of Unincorporated joint venture partners such as OIL and IOC in Dirok.</p> <p>* Term loan of subsidiary company as on 31 March 2020 is Rs 31.97 crores fully backed by a capital asset of more than Rs 60 crores.</p>	

