



OIL AND NATURAL GAS CORPORATION LIMITED
COMPANY SECRETARIAT

ONGC/CS/SE/2018

21.11.2018

National Stock Exchange of India Ltd. Listing Department Exchange Plaza Bandra-Kurla Complex Bandra (E) Mumbai – 400 051 Symbol- ONGC ; Series - EQ	BSE Limited Corporate Relationship Department Phiroze Jeejeebhoy Towers Dalal Street, Fort Mumbai – 400 001 BSE Security Code No.- 500312
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Sub: Clarification with respect to news article appeared Business Line dated 13.11.2018, titled "ONGC ordered to pay wharfage compensation to Mumbai Port Trust."

Sir/ Madam,

This has reference to your e-mail dated 13.11.2018 on the captioned subject. In this connection we would like to submit herewith the clarification sought by the stock exchange(s).

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

 21/11/18

M E V Selvamm
Compliance Officer &
Company Secretary

Encl.: As above (2 Pgs.)

- a) Whether such event stated in published news were taking place? If so, you are advised to provide the said information along with the sequence of events in chronological order.

Ans :

The dispute between ONGC and Mumbai Port Trust is pending for a long time with respect to:-

- a) Payment of wharfage for supply of crude oil to local refineries in Mumbai through pipeline and to coastal refineries through tankers loaded from JNPT.
 - b) Payment of Way Leave charges for pipelines passing through port limit.
1. ONGC had objected to the payment of Way Leave Fee for pipelines and Wharfage Compensation on crude oil in various forums including discussions in inter-ministerial meeting. No payment was made till the year 1989 although the pipelines were laid way back in 1978. In 1989, ONGC made a provisional payment of Rs 10 Cr. as per the decision of Inter-Ministerial Meetings.
 2. ONGC entered into an agreement with MbPT under duress on 28.01.2005, in order to receive permission for laying new pipelines. The agreement lacked clauses for duration, exit, arbitration etc and as such was a unilateral agreement.
 3. ONGC has been making payment to MbPT as per the agreement without receiving any services for levy of compensation for crude oil supplied to local refinery through ONGC's own pipelines (for which way leave fees is being paid regularly) and marine tankers loaded at JNPT. ONGC has so far made payment of Rs 231.42 Cr to MbPT as way leave and wharfage compensation charges.
 4. ONGC has written several letters to MoP&NG since 2006 with a request that Ministry of Shipping & Road Transport may be asked to refer the dispute to TAMP (Tariff Authority on Major Ports) for adjudication. The issue has not been resolved despite intervention of MoP&NG. Further, ONGC officials also had number of meeting with MbPT officials for resolution of dispute.
 5. On September 28, 2006, TAMP issued an order on the proposal submitted by MbPT for revision of its scale of rates. As per above order of TAMP, it was evident that claims made by MbPT in respect of way leave fees and Wharfage Compensation were unfair and unjustified, and the dispute needed to be adjudicated by regulatory authority which happens to be TAMP.
 6. Over the years, ONGC has written several letters to MoP&NG for resolving the dispute on Wharfage Compensation and Way Leave Charges. Several high level meetings have also been held between ONGC and MbPT , but an amicable solution to the problem could not be achieved.



Recent Development:

A proposal of MbPT for prescription for Wharfage Compensation payable by ONGC was sent to TAMP in April, 2018, which was passed on to ONGC for comments. ONGC's comments were submitted to TAMP, based on which a Joint hearing of the issue was held on 20.04.2018 in TAMP office.

Subsequent to the joint hearing and the proposal of MbPT, TAMP passed an order on 3rd October 2018 which has been notified in the Gazette of India Extraordinary (Part III Section 4) on 25 October 2018 vide Gazette No.397. The order reads as follows:

Quote:

"ONGC shall pay to the Mumbai Port Trust a compensation at one half (1/2) of wharfage rate as applicable on the per tonne of crude oil which will be imported into the Port of Mumbai through all or any of these ONGC pipelines and which will not be exported through the MBPT Marine Oil Terminal, Jawahar Dweep through any other existing and future Oil, Gas or Chemical Terminals of the MBPT."

Unquote:

- As per the order, a total sum of Rupees 173.69 Crore has to be paid to MbPT by ONGC in lieu of Wharfage compensation charges since 2013-14. MbPT has sent a letter on 31.10.2018 for payment of outstanding dues in lieu of Wharfage compensation charges since 2013-14 which includes interest @ 18%. The total amount claimed as per the statement is Rupees 241.69 Crore.
- The admissibility of the claim is being internally verified by ONGC.

b) The material impact of this article on the company –

Ans : The issue is being examined for admissibility of the claim and further course of action. Hence, no impact is assessed.

c) Whether company are aware of any information that has not been announced to the Exchanges under Regulation 30 of Listing Regulations –

Ans: No.

