



Hindustan Oil Exploration Company Limited

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27.10.2016

By Online

The Listing Department The National Stock Exchange of India Ltd., "EXCHANGE PLAZA", Bandra Kurla Complex, Bandra (East), MUMBAI – 400 051 Stock Code: HINDOILEXP	The Corporate Relationship Department BSE Limited, 1st Floor, P. Jeejeebhoy Towers, Dalal Street, MUMBAI – 400 001 Stock Code: 500186
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Dear Sirs

Sub: Investor Presentation

In connection with the Earnings Call Invite scheduled on Friday, 28th October 2016, please find attached the Investor Presentation.

We request you to kindly take the same on records and disseminate to public.

Yours Sincerely,

For Hindustan Oil Exploration Company Limited


P Elango
Managing Director

Encl: a/a



INVESTOR PRESENTATION, 27 OCTOBER 2016

INDIA'S FIRST
PRIVATE OIL AND GAS COMPANY



Transforming Through Talent And Technology

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Key Strengths

Q2 FY 2016-17 Highlights



Strong financials

- ❑ Debt Free Balance Sheet & Self Funding for Assam Project.
- ❑ Gross working capital ₹ 258 Crore includes ₹ 206 Crore cash and cash equivalent

Dirok development on course

- ❑ Dirok-1, Dirok-2 & Dirok-4 completed and tested for flow of gas
- ❑ Drilling of two additional wells (Dirok-3 & Dirok-5) will commence in November 2016
- ❑ Dirok pipeline and surface facilities nearing completion.

Offshore revival plan

- ❑ Optimized cost proposal submitted to stakeholders to revive production from PY-3
- ❑ Review of G & G model by the Technical Advisory Group in progress for PY-1

Focus on growth

- ❑ Company is prepared to participate in DSF 2016 bid round

Strong portfolio of Onshore and Offshore Fields
in India with a judicious mix of development and production assets

Founded as the very **First Oil and Gas Company** in private sector by the late **Shri. H. T. Parekh**

Diverse Investors with Professional Board

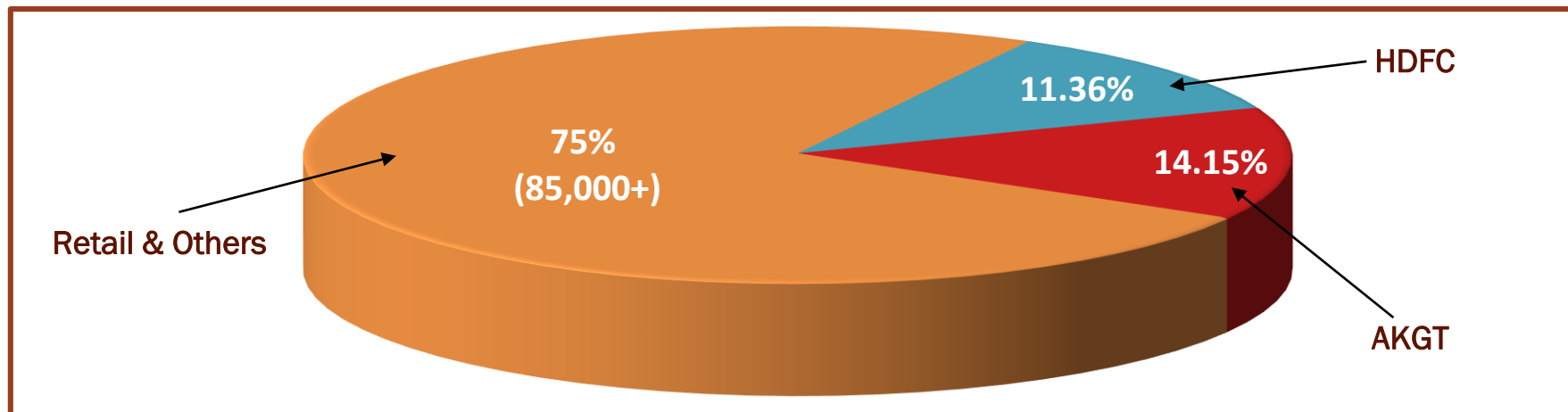
Currently 7 blocks – 4 Producing (Gujarat & Tamil Nadu), 1 in Development (Assam), and Development deferred on 2

Presence in 3 of the 6 Producing Basins in India (**Cauvery, Cambay & Assam-Arakan,**)

HOEC Shareholding Pattern & Board Members



Shareholding Pattern (more than 10 %)



Board of Directors



Sunil Behari Mathur
Chairman



P.K. Borthakur
Director



Sharmila Amin
Director



P. ELango
Managing Director



R. Jeevanandam
Director & CFO

Short term growth strategy



Focus on Assam

Develop Dirok and Deliver
First Gas Q4 16-17

Evaluate Additional
Potential in the Block

Enhance Cambay

Improve Recovery

Evaluate R2 Area under
new PSC

Revive Offshore Assets (PY1 and PY3)

Access Undeveloped
Resources

Explore Synergies
between the Two Fields

Build Portfolio

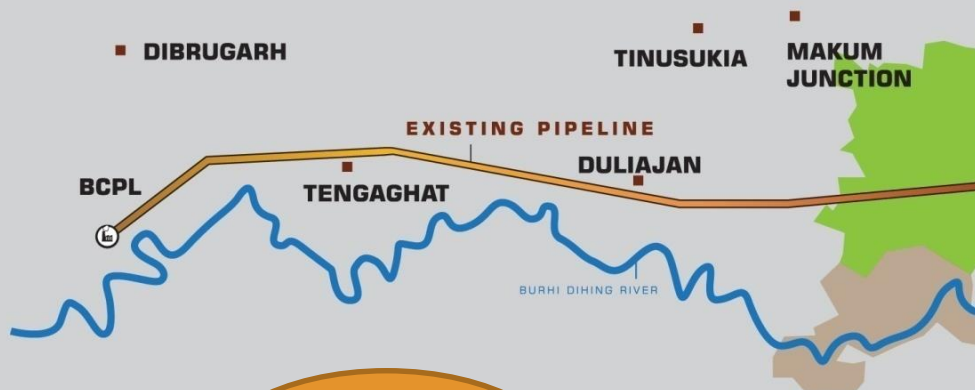
Participate in
(DSF) 2016 Bidding Round

Leverage Expertise in Marginal
Fields

Continuous scouting for
inorganic opportunities



Project Summary: AAP-ON-94/1



First Gas
Q4 FY 16-17



H2 FY 2017

- Drill and complete 2 additional wells; Dirok-3 and Dirok-5
- Complete pipeline
- Finalise Gas & Condensate Sales Contracts
- Modular Gas Processing Plant ; Delivery end Jan 2017
- Deliver First Gas and Condensate ; Q4 FY 16-17



Assam : Attractive project specifics...



**Cost
carry of
\$100 Million**

- HOEC entitled to higher share of revenue in initial years
- Viable even low gas prices due to low Operating cost

**Attractive
Payout**

- Additional well within the approved Development cost
- No Cess and Royalty payable by Companies
- Profit Petroleum share with the Government for the initial years is minimal due to carried Cost

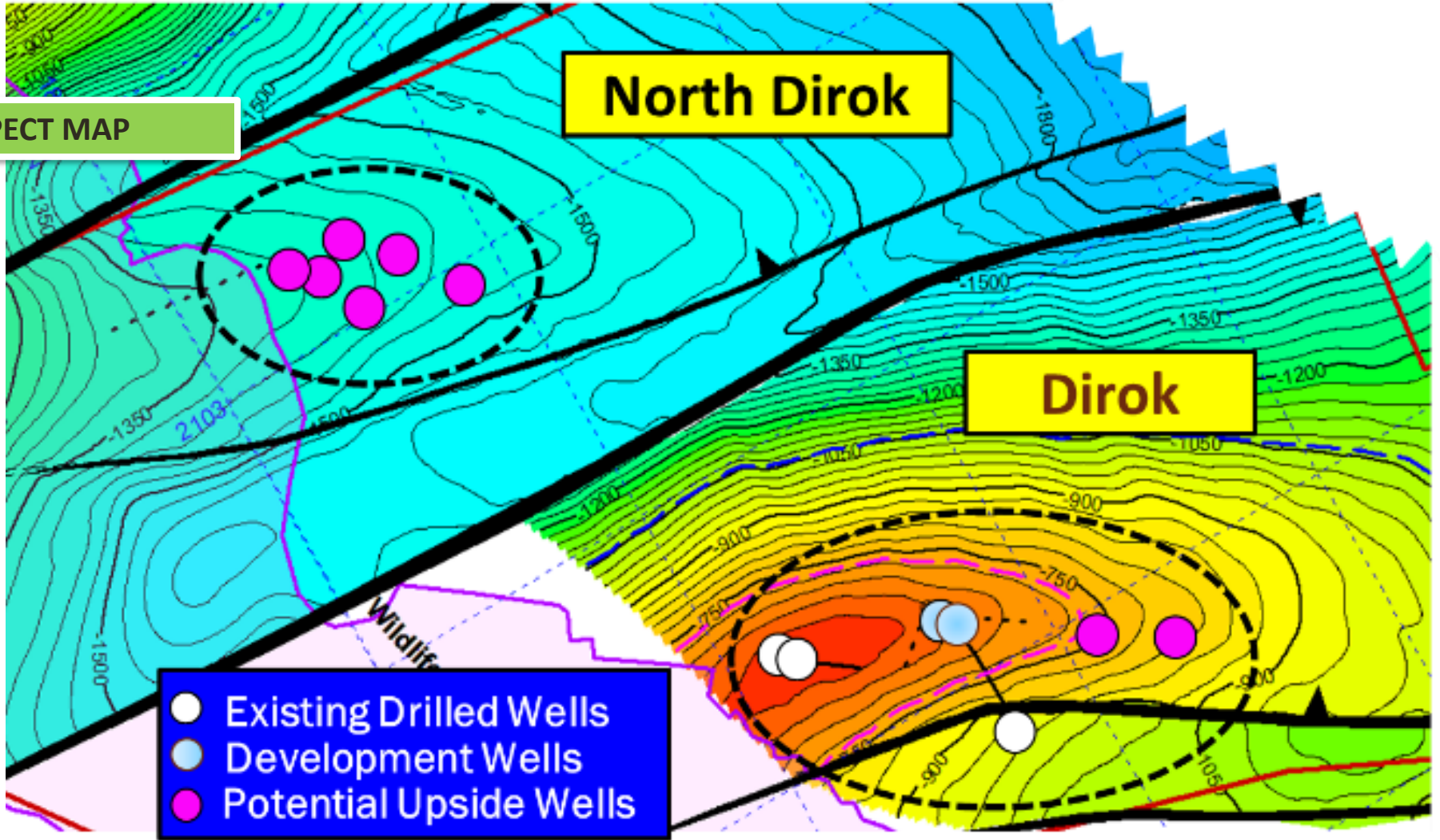
**Early
Monetization**

- Easy access to market and sustained gas demand due to commissioning of BCPL plant
- Gas Sales Agreement with Oil India Ltd. Is under finalization
- Potential early monetization through OIL India facility



Growth Opportunity: Tipam & North Dirok

PROSPECT MAP



The Prolific Deeper Tipam & Barail Formation and North Dirok Structures falling in the development area



PY-1 – Undeveloped Resources to be Accessed



Significant resource base

- Significant potential resources exists for development
- Techno-commercial risks are being evaluated

Synergies with PY-3 field

- Study on synergy with adjoining PY-3 block to optimize the operating cost to the benefit for all stakeholders is completed
- Proposal submitted by HOEC to all stakeholders

Planned Activities

- Technical Group is reworking on the G & G models
- Technical Advisory Committee of experts constituted to review the G & G models

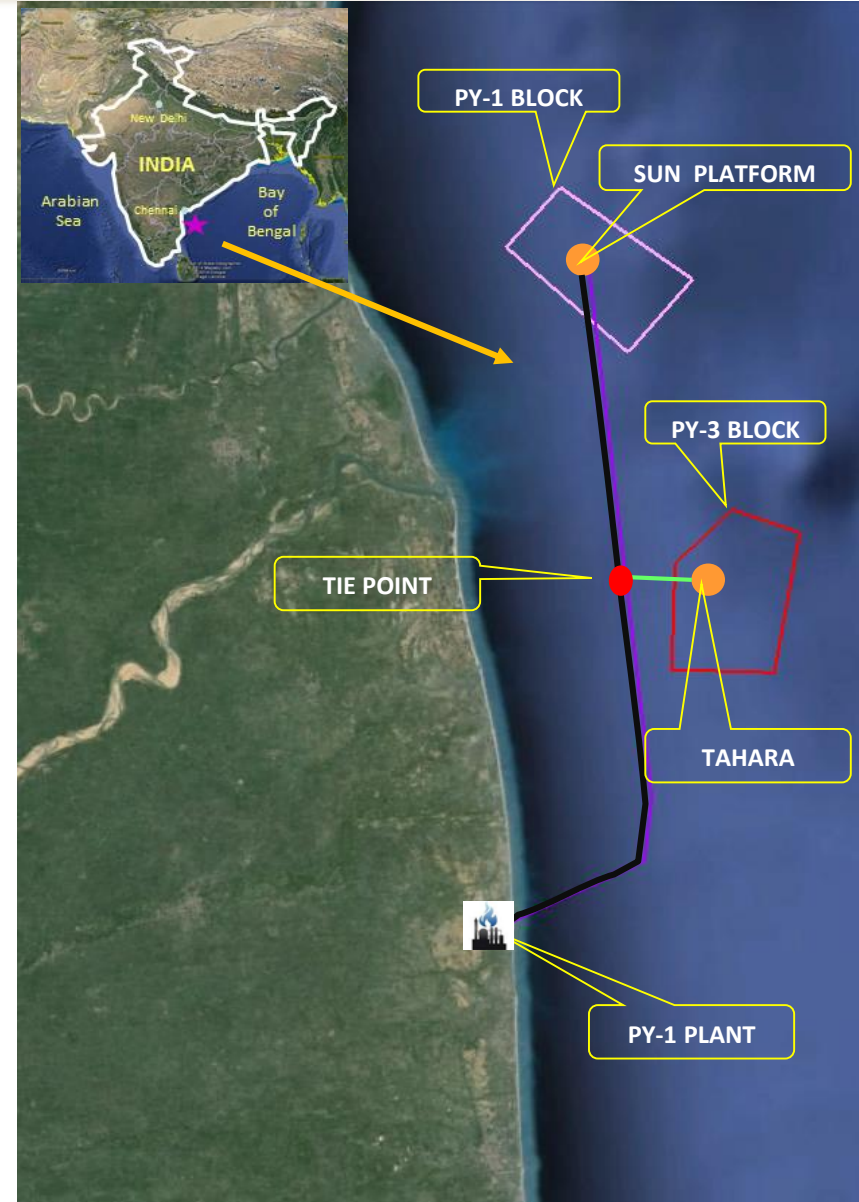
Upsides

- Substantial cost carry to support incremental investments
- Additional development of marginal resources with current infrastructure at least costs
- Option for partial farm-out to share risks, being 100% PI
- New wells to target undrilled prospects at the right time



PY3 & PY1 Integration

- ❑ PY-3 field shutdown since July 2011, when producing 3000+ bopd without any sub-surface issues.
- ❑ Full field potential of PY-3 needs a relook to enhance the EUR without gas flaring
- ❑ HOEC has 21% stake in PY-3 & operates PY-1 Gas field with an offshore platform and onshore process plant close to PY-3 field
- ❑ Integration of PY-1 and PY-3 facilities through a 6 Km offshore pipeline is feasible and most cost effective
- ❑ The integration will facilitate recovery of remaining proven oil reserves of about 14.6 mmstb to the benefit of all stakeholders by optimizing the Capex and Opex
- ❑ HOEC has submitted a proposal to stakeholders for review





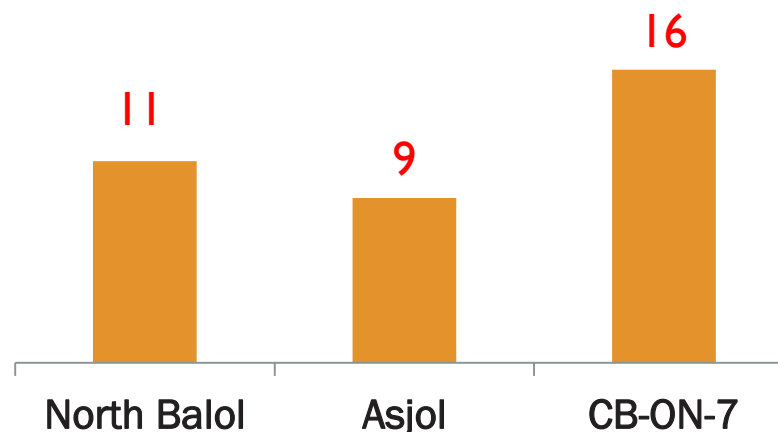
Cambay Marginal Fields



<p>North Balol (HOEC PI : 25%)</p> <p>Cost Recovery 80%</p>	<ul style="list-style-type: none"> • Wells : 9 wells (2 Producing) • Reservoir : Balol, Babaguru & Kand Sands • Avg Prod. Q2 FY 16-17 (100%): 0.38 mmscfd • Q2 FY 16-17 Net Revenue : ₹ 2.2 mn • Q2 FY 16-17 Opex : ₹ 0.8 mn • Reserves : 2P (100%) : 6.92 BCF
<p>Asjol (HOEC PI : 50%)</p> <p>Cost Recovery 100%</p>	<ul style="list-style-type: none"> • Wells : 6 wells (2 Producing) • Reservoir : Upper Suraj Pay Sandstone • Avg. Prod. Q2 FY 16-17(100%) : 16 bopd • Q2 FY 16-17 Net Revenue : ₹ 2 mn • Q2 FY 16-17 Opex : ₹ 1.4 mn • Reserves : 2P (100%) : 0.61 mmbbls
<p>CB-ON-7 (HOEC PI : 35%)</p> <p>Cost Recovery 60%</p>	<ul style="list-style-type: none"> • Wells : 6 wells (3 Producing) • Reservoir : Hazad Sands of Ankleshwar • Avg. Prod. Q2 FY 16-17 (100%): 102 bopd • Q2 FY 16-17 Net Revenue : ₹ 8 mn • Q2 FY 16-17 Opex : ₹ 1.8 Mn • Reserves : 2P (100%) : 0.40 mmbbls

Marginal Fields' Contribution

Netback (\$/boe)



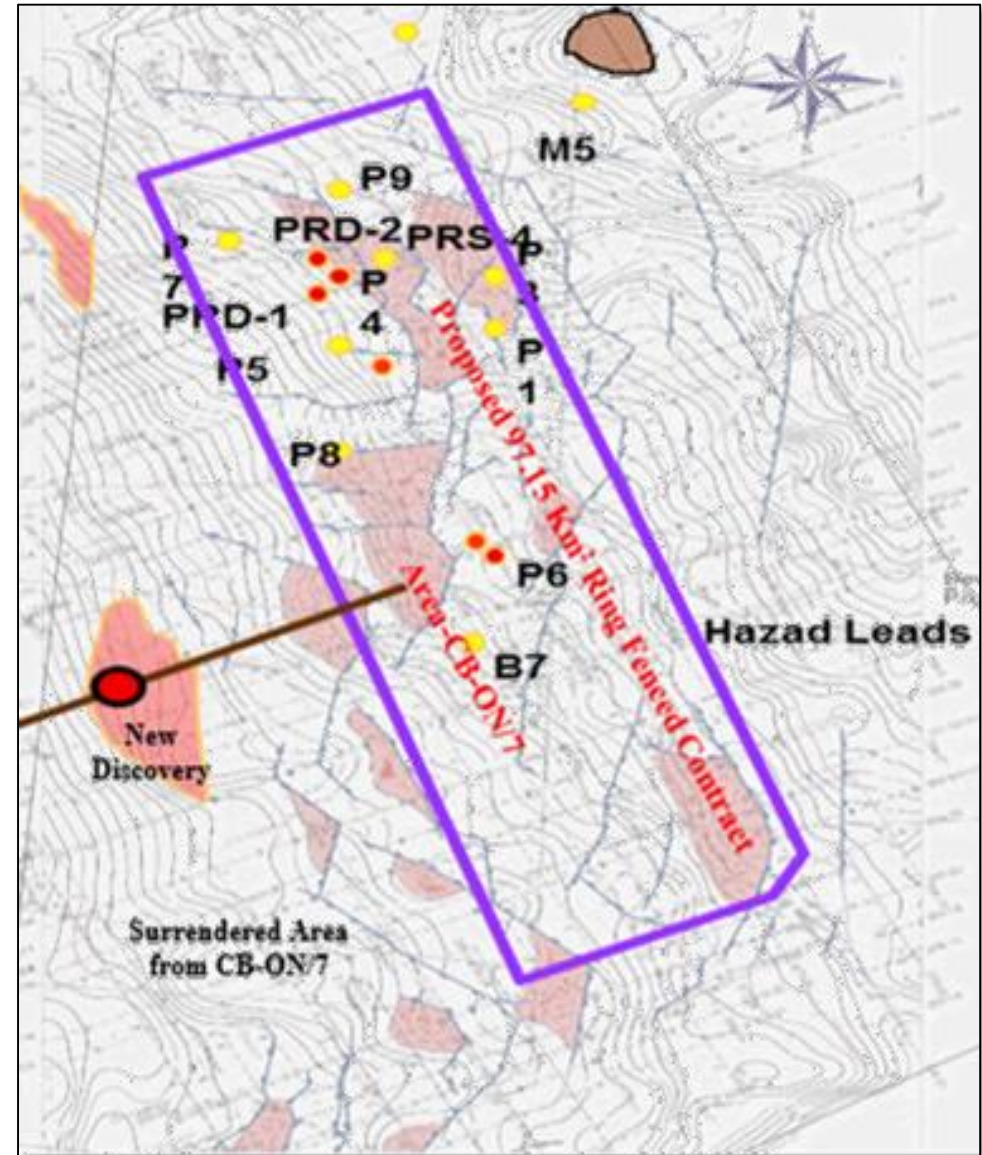
- Considerable netback even at low oil prices
- Low cost operations
- Opportunity to enhance production through minimal investment

Competitive edge in the Discovered Small Fields (DSF)



CB-ON-7 R2 Area

- ❑ Government is likely to grant 97.15 Sq. km of ring-fenced R2 area to JV of HOEC and GSPC through New PSC
- ❑ Recent discovery by private operator in June 2015 on the surrendered area of this Block enhances prospect of the area
- ❑ Proposed PSC envisages minimum commitment of 3D seismic acquisition and drilling of 2 wells.
- ❑ PSC likely to be executed by Q4 FY 16-17



Key Strengths



Proven development and operating experience in both onshore and offshore assets with multiple JV partners

Professional management & competent technical team with rich oil and gas experience

Debt free balance sheet, track record of safe and low cost operations with fast track development

Offshore and onshore infrastructure and resource base with substantial upside

Competence in marginal field

For further information, please contact:

Company :	Investor Relations Advisors :
<p>HOEC Ltd. CIN: L11100GJ1996PLC029880</p> <p>G. Josephin Daisy jdaisy@hoec.com</p> <p>www.hoec.com</p>	<p>Stellar IR Advisors Pvt. Ltd. CIN: U74900MH2014PTC259212</p> <p>Gaurang Vasani/ Pooja Dokania vgaurang@stellar-ir.com/ dpooja@stellar-ir.com</p> <p>www.stellar-ir.com</p>



ANNEXURE



Statement of Profit & Loss



Particulars	Q2 FY 16-17 ₹ millions	Q1 FY 16-17 ₹ millions	Q2 FY 15-16 ₹ millions
INCOME			
Revenue from operations	56	60	57
Other income	61	35	23
Total revenue	117	95	80
EXPENSES			
Operating expenses	25	27	38
Decrease in stock of crude oil	-8	-6	5
Employee benefits expense	3	3	7
Depreciation, depletion and amortization	33	23	28
Provision of Inventories	10	—	---
Exploration costs	—	—	1
Other expenses	35	30	24
Total expenses	98	77	103
Profit/(loss) before tax and exceptional items	19	18	-23
Exceptional Items – Income	116	110	34
Profit before tax	135	128	11
Net tax expenses –Prior year tax adjustment	4	35	—
Net profit for the year	131	93	11
Other comprehensive income	—	—	—
Total comprehensive income	131	93	11
Earnings per equity share of ₹ 10 each -Basic & diluted	₹ 1.00	₹ 0.71	₹ 0.09

Statement of Assets and Liabilities unaudited



ASSETS	As at	As at	EQUITY AND LIABILITIES	As at	As at
	Sep 30, 2016	Mar 31, 2016		Sep 30, 2016	Mar 31, 2016
	₹Millions	₹ Millions		₹ Millions	₹ Millions
Non-current assets			Equity		
(a) Property, Plant and Equipment	629	677	(a) Equity share capital	1,305	1,305
(b) Development work in progress	1,554	1,301	(b) Other equity	1,915	1,692
(c) Intangible assets	22	-		3,220	2,997
(d) Financial Assets			Non-current liabilities		
(i) Investments in subsidiary	5	5	(a) Financial liabilities		
(ii) Other financial assets	8	13	(i) Trade and other payables	101	101
(e) Other non-current assets	499	481	(ii) Other financial liabilities	162	162
	2,717	2,477	(b) Employee benefit obligation	2	2
			(c) Provision for site restoration	914	914
Current assets				1,179	1,179
(a) Inventories	260	224	Current liabilities		
(b) Financial assets			(a) Financial liabilities		
(i) Investments	1,591	662	(i) Trade and other payables	25	20
(ii) Trade receivables	23	22	(b) Employee benefit obligation	1	1
(iii) Cash and bank balances	422	480	(b) Other current liabilities	868	585
(iv) Bank balances other than (iii) above	52	47		894	606
(v) Other financial assets	12	8			
(c) Income tax assets	215	857			
(d) Other current assets	1	5			
	2,576	2,305			
TOTAL	5,293	4,782	TOTAL	5,293	4,782



Development Cost Optimized Through Innovation



Logbaba EPF- Camereroon Built by Expro



- Early Monetisation through a 4" parallel pipeline to connect to OIL India Gas Process facility at Kusijian

- Adoption of Modular Gas Processing (M-GPP) on Opex Model results in
 - ✓ Reduction in capitals costs.
 - ✓ Reduction in Project lead time

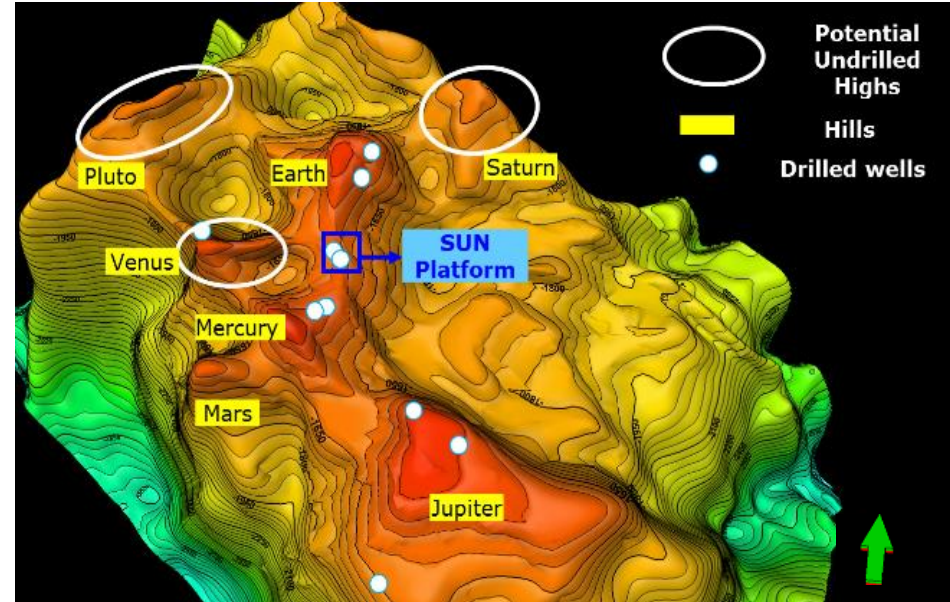
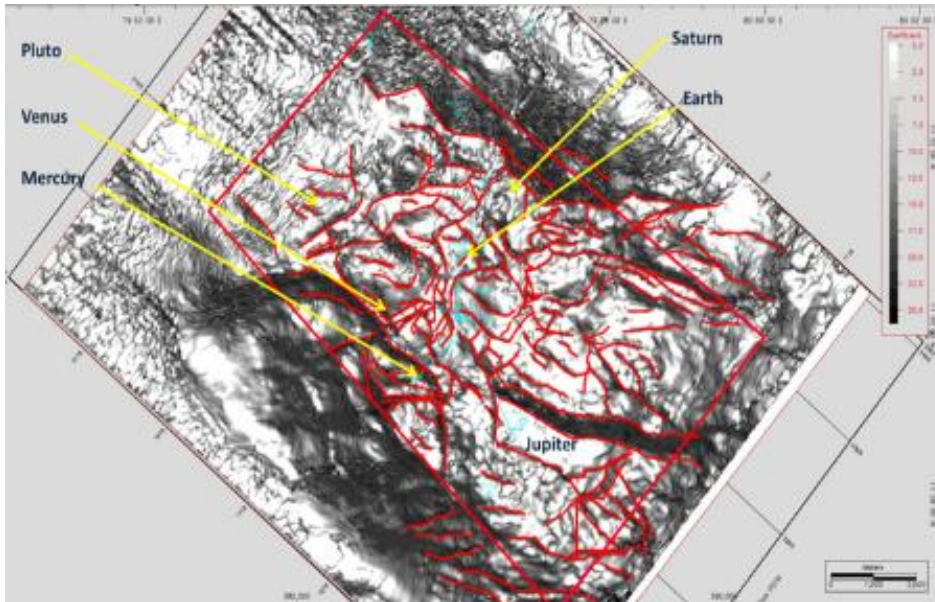
- M-GPP contract on build, maintenance and operate (BMO) model awarded to Expro, UK
- Off-Site Work on M-GPP Commenced



Technical Advisory Committee of Experts Constituted - Focus Areas

- Reprocess 3D with “Controlled Beam. Migration”
- Identify type of fractures, flow of HC & water, to ascertain their production potential.
- Re-evaluate reserves
- Relook into the resources of undrilled prospects
- Map the Cretaceous shallower reservoirs
- Potential Drilling and intervention of existing wells post G & G review

Fracture Intensity Map at Basement Top





P ELANGO

Managing Director

- Over 28 years of experience in Upstream Oil & Gas Sector
- Held several leadership roles in different areas of the business and is a recognized leader in the Indian industry
- Earlier CEO of Cairn India, played a key role in building Cairn into a leading Oil & Gas company operating over 30% of the crude oil production in India
- Started career with ONGC
- One of the five finalist for Platts' first-ever Asia CEO of the Year award 2013
- Holds Masters degree in Business Administration



Ramasamy Jeevanandam

CFO & Director

- Over 30 years of experience in Upstream Oil & Gas Sector
- Earlier Vice President at Aban Offshore and CFO at Hardy Exploration & Production (India) Inc
- Started career with ONGC
- Certified Public Accountant, USA, Chartered Global Management Accountant, USA, Qualified Cost Accountant, Chartered Financial Analyst, and Company Secretary with a Bachelor's Degree in Law

Strong Technical Capabilities



B. C. Gariya
Exploration Manager &
Head Technical HOEC



Sagar N. Mehta
Head-Cambay Business Unit



P R Krishna
Asset Manager (Assam) &
Head – Contracts & Procurement



Debabrata Panda
Head – Drilling & Completions



Indreshwar Bharali
Advisor (Infrastructure)



P. B. Raju
Senior Advisor (Part Time)
Petrophysist



S. S. Josyula
Chief Technical Advisor
(Part Time)



D. S. Mohan
Senior Advisor (Part time)
Geology

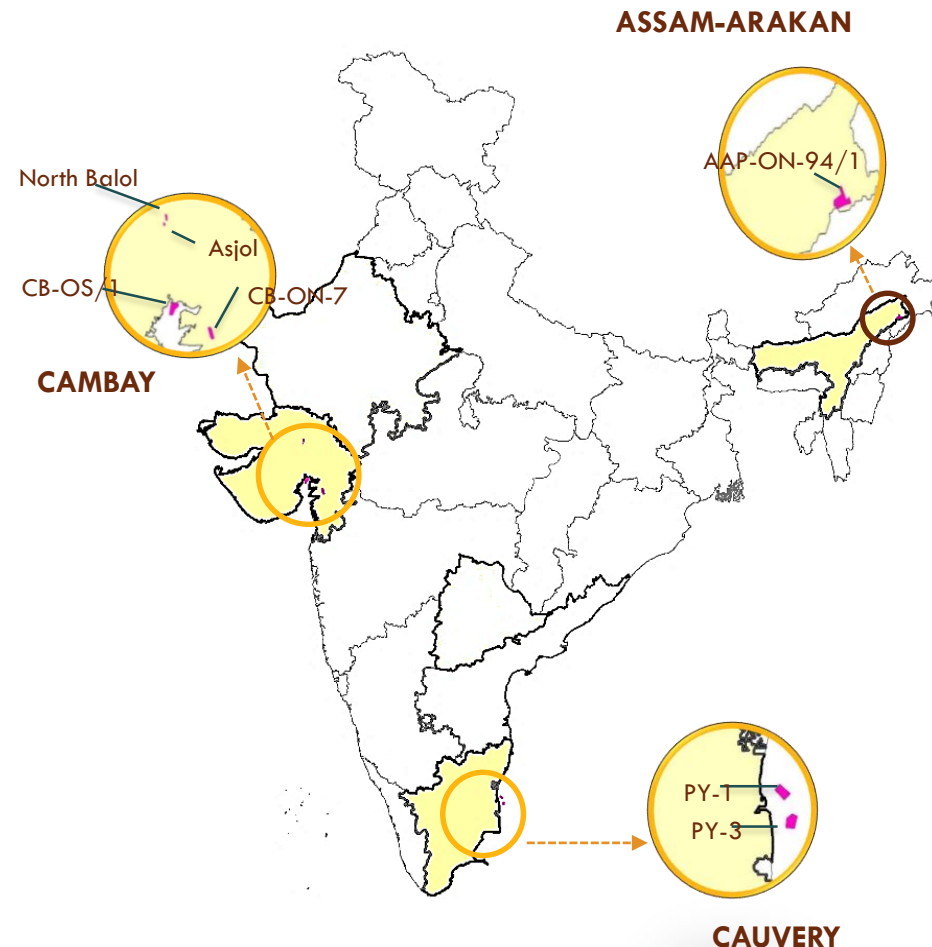


Rajan Kumar
Senior Advisor (Part Time)
Petroleum Development

Asset Portfolio (Production / Development)



Block Name	Operator	Location	Oil/Gas	PI	Partner(s)
PY-1	HOEC	Offshore	Gas	100%	Nil
CB-ON-7	HOEC	Onshore	Oil	35%	GSPC ONGC
North Balol	HOEC	Onshore	Gas	25%	GSPC Heramec Ltd
Asjol	HOEC	Onshore	Oil	50%	GSPC
AAP-ON-94/1	HOEC	Onshore	Gas	27%	Oil India Limited IndianOil
CB-OS/1	ONGC	Offshore	Oil	38%	ONGC TATA PETRODYNE LIMITED
PY-3	HEPI	Offshore	Oil	21%	TATA PETRODYNE LIMITED Hardy Oil and Gas plc ONGC



Producing
 Development

Development Deferred
 PI = Participating Interest

2P	-	Proved + Probable reserves
BCF	-	Billion Cubic Feet of Gas
GGG	-	Gas Gathering Station
GPP	-	Gas Processing Plant
MMbbls	-	Million Barrels of Oil
PI	-	Participating Interest
PSC	-	Production Sharing Contract
EC	-	Environmental Clearance