



## Hindustan Oil Exploration Company Limited

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October 30, 2017

By Online

<b>The Listing Department</b> The National Stock Exchange of India Ltd., "EXCHANGE PLAZA", Bandra Kurla Complex, Bandra (East), MUMBAI – 400 051 Stock Code: HINDOILEXP	<b>The Corporate Relationship Department</b> 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 scheduled on Wednesday, November 01, 2017, 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**

**G Josephin Daisy**  
Company Secretary

Encl: a/a



INVESTOR PRESENTATION, 30 OCTOBER 2017

INDIA'S FIRST  
**PRIVATE OIL AND GAS COMPANY**



Transforming Through Talent And Technology

HINDUSTAN OIL EXPLORATION COMPANY LIMITED

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# Q2 FY 2018 Highlights & Plans



## Strong financials

- ❑ Debt free balance Sheet & self funding for organic growth.
- ❑ Gross working capital ₹ 194 Crores includes ₹ 153 Crores cash and cash equivalent.

## Dirok Gas production ramp up on track

- ❑ Dirok gas & condensate commercial sales commenced on 26 August 2017 and continuing
- ❑ Modular Gas Processing Plant and all facilities to be commissioned before 31 March 2018
- ❑ Production capacity to be 36mmscfd of gas and 1000 barrels of condensate from 6 wells effective 1 April 2018
- ❑ Gas price revised upwards to \$ 2.89/ mmbtu by Government from 1 October 17

## Targeting new production from offshore

- ❑ PY-1 re-entry planned in Q1 FY 18-19 to enhance production.
- ❑ PY-3 -Alternate Integrated Field Development Plan (AIFDP) submitted to all stakeholders.
- ❑ B80 (Mumbai offshore ) Development Plan finalized for submission in November 17

## Growth opportunities

- ❑ Open Acreage Licensing (OAL) Program & Discovered Small Field (DSF) bid round 2 announced by the Government present excellent opportunities to grow the portfolio
- ❑ Market too offer several inorganic opportunities

## Strong portfolio of Discovered Resources

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

Diverse Investors with **Professional Board**  
**Debt free** balance sheet with funds for **Organic Growth**

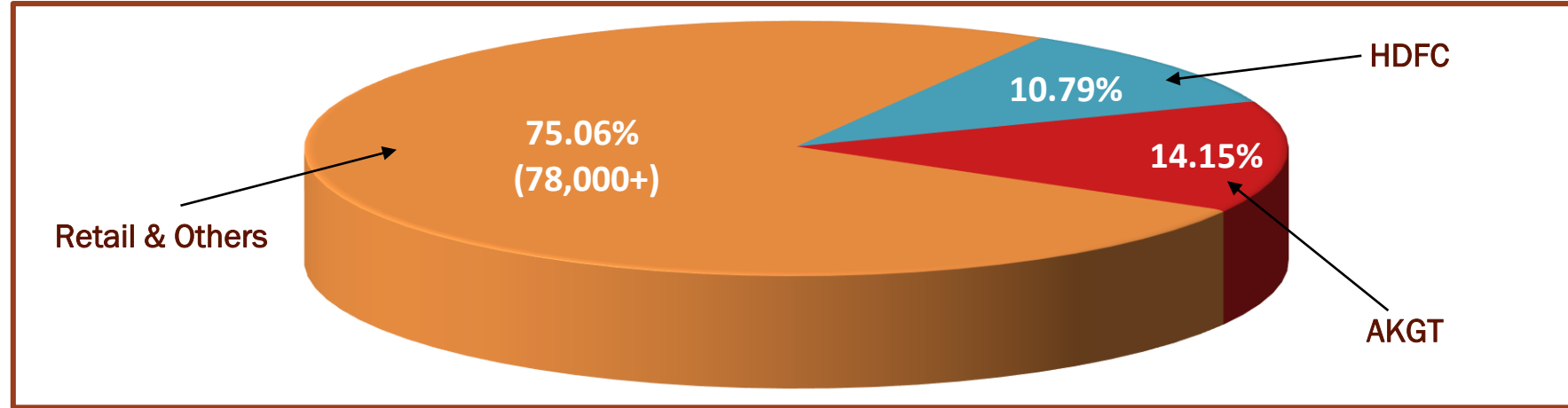
**Portfolio of 9 Blocks** with **discovered resources**  
**5 Onshore** (2 North East, 3 Gujarat) **4 offshore**  
(2 West Coast & 2 East Coast),

Presence in **4 of 6 Producing Basins** in India  
(**Mumbai offshore, 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

## Focus on North East

- Ramp up production capacity to 36 mmscfd of gas & 1000 bopd condensate from 1 April 18
- Re assessment of Dirok recoverable reserves on going
- Revised Field Development Plan to be submitted to target Dirok upside potential
- Evaluate early production from Kherem

## Revive Offshore

- PY-1 Re-entry campaign planned to enhance production
- Fast track development of B-80 to deliver First Oil
- PY-3 -revive 3000 bbls/d shut in from existing well (subject to Approvals)

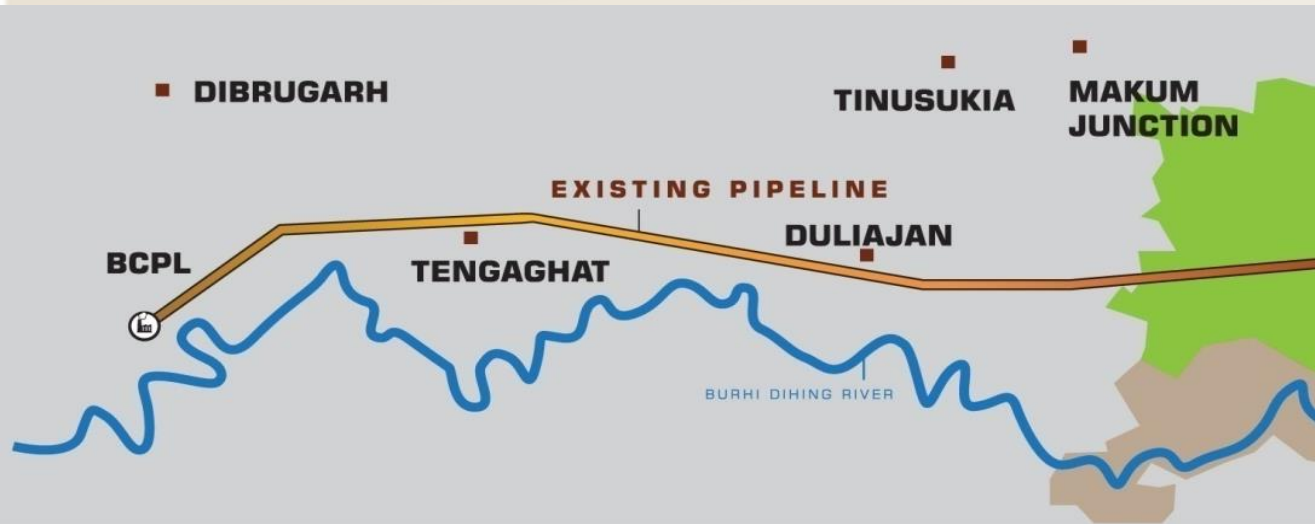
## Enhance Cambay

- Infuse capital to enhance production from existing fields
- Acquire additional acreage through OALP and HELP bidding rounds





# Assam (AAP-ON-94/1): Step-up Production



- ❑ Dirok gas and condensate commercial sales commenced on 26 August, 2017 & continuing
- ❑ Modular Gas Processing Plant and all facilities to be commissioned before 31 March, 2018
- ❑ Production capacity to be 36mmscfd of gas and 1000 barrels of condensate from 6 wells effective 1 April, 2018
- ❑ Gas price revised upwards to \$ 2.89 per MMBTU (GCV) by Government from 1 October, 2017

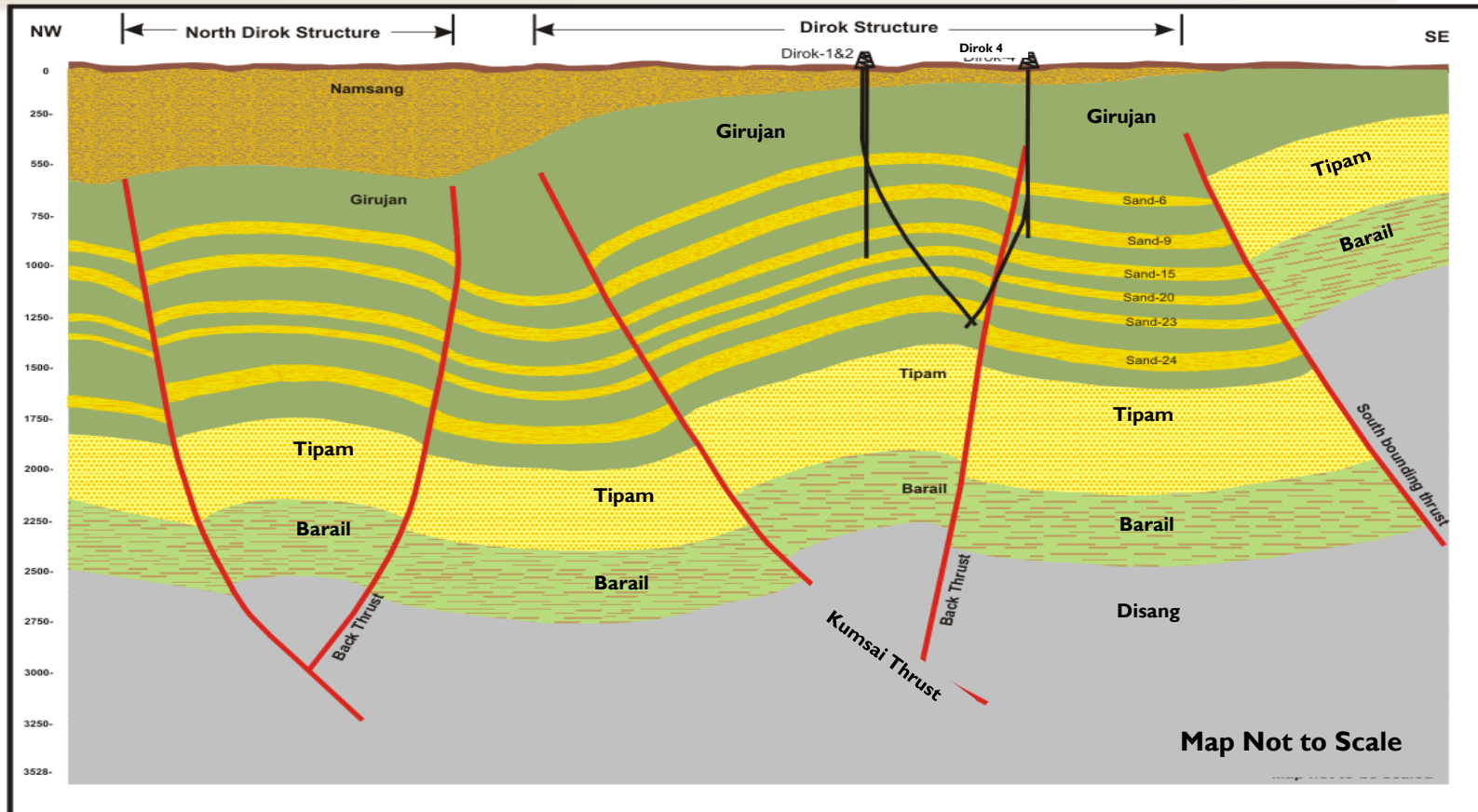


## Attractive Payout

- Past Cost (Exploration & Appraisal) carry of \$100 Million, HOEC entitled to 40 % revenue share in initial years
- Cess and Royalty is paid by the licensee Oil India Limited
- No profit petroleum during initial years
- Over 75 % operating margin at a price of \$ 2.89/mmbtu
- Field operating cost is below \$ 0.60 /mmbtu
- Condensate to get International crude oil price
- Oil India Limited & IOC to buy all the produced gas and condensate through the constructed pipeline



# Growth Opportunity: Prolific Dirok



- Dirok field is endowed with Girujan, Tipam and Barail Formation
- Potential exist for both increasing reserves and improving recovery factor on well performance.
- Reserves to be recast based on performance of all 6 wells in Dirok field
- Revised Field Development Plan to be submitted to target Dirok upside potential .



# Next Focus: Increasing Production from PY-1

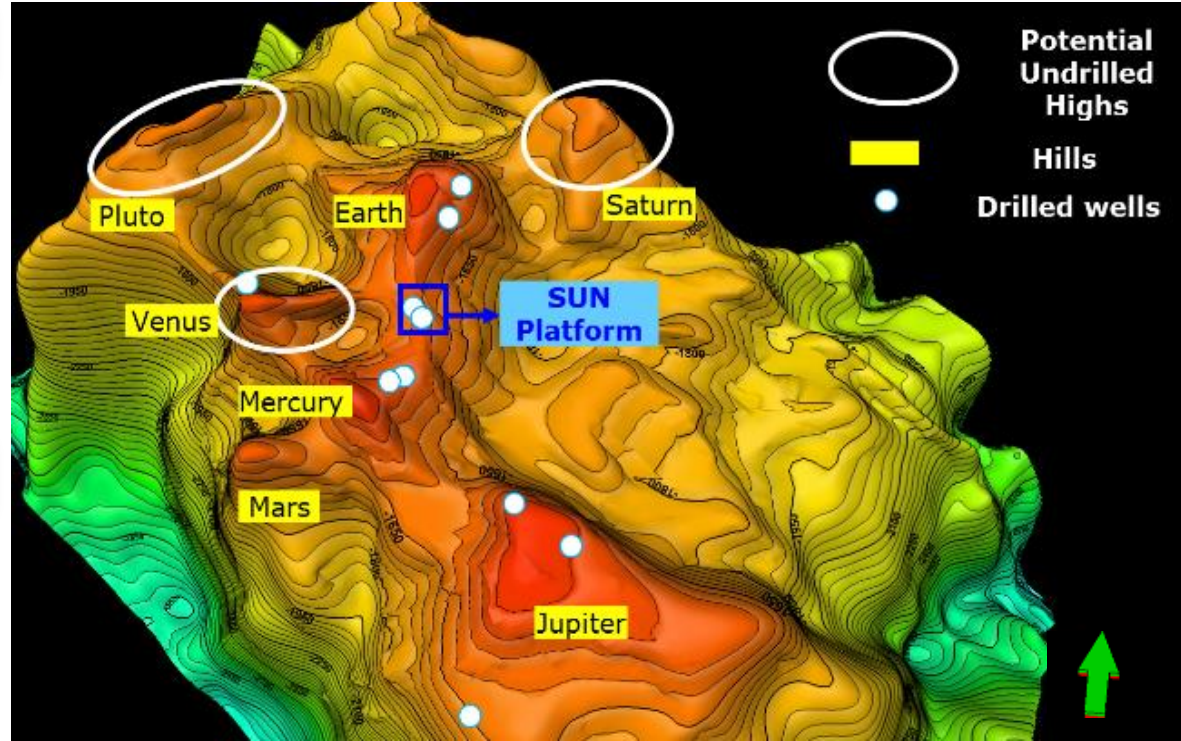


## Significant Resource Base

- Significant resources exist in this fractured granite basement reservoir

## Planned Activities

- Re-entry of wells targeting Mercury hill and Earth tertiary sand is planned in Q1 FY 18-19 to enhance production .



## Opportunities

- Being re-entry from existing wells realizing the production is immediate
- Existing facilities can handle the increase in production without any additional cost
- Capital costs for re-entry and side tracking from the existing wells are marginal
- Potential up-side from Jupiter ,Pluto, Saturn & Venus to be drilled subsequently

# Focus 'First Oil' B-80 (Mumbai High-DSF block)

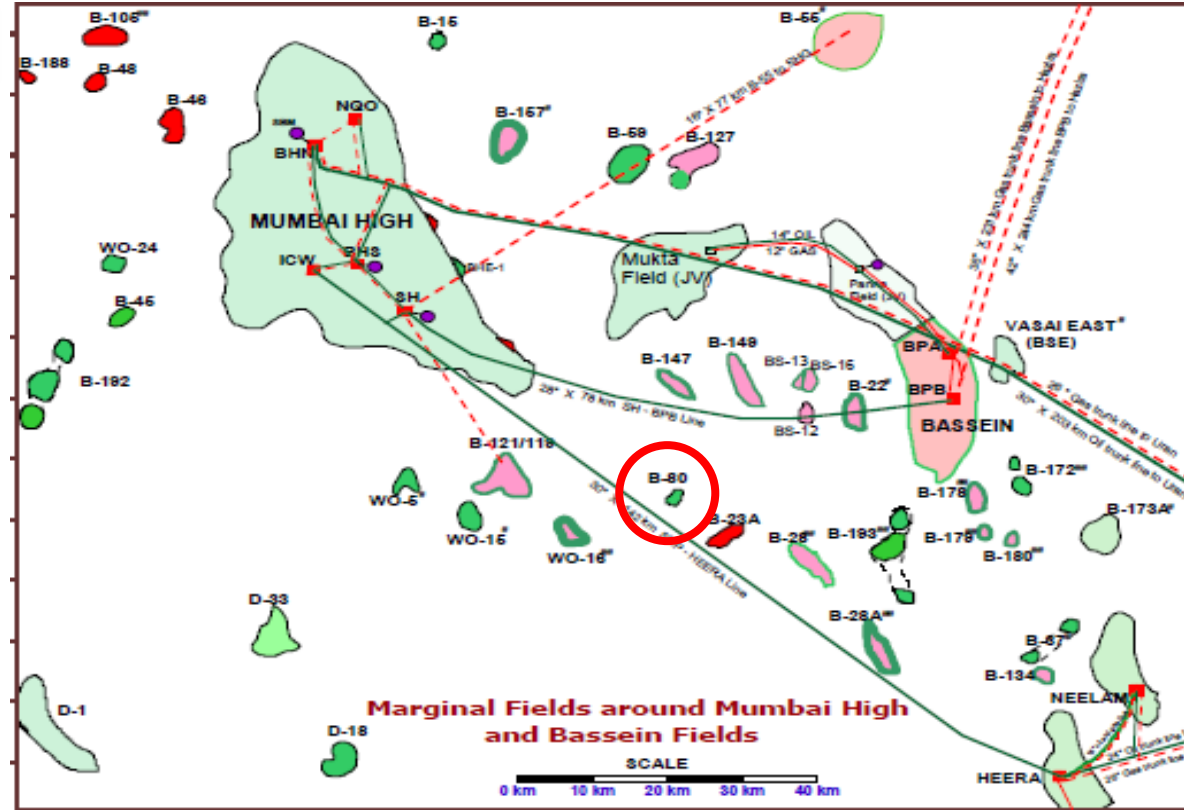


## Discovered Resource Base

- In house estimate of resources is STOIP 40 million barrels & 26 bcf of gas
- Tested production rates oil : 3737 bopd and gas 7.90 mmscfd
- Two pay zones Panna 200 & 300

## Planned Activities under Phase -1 of FDP

- Drill two new wells
- Install a mobile offshore process unit or FPSO
- Connect to oil and gas lines of ONGC



## Project status

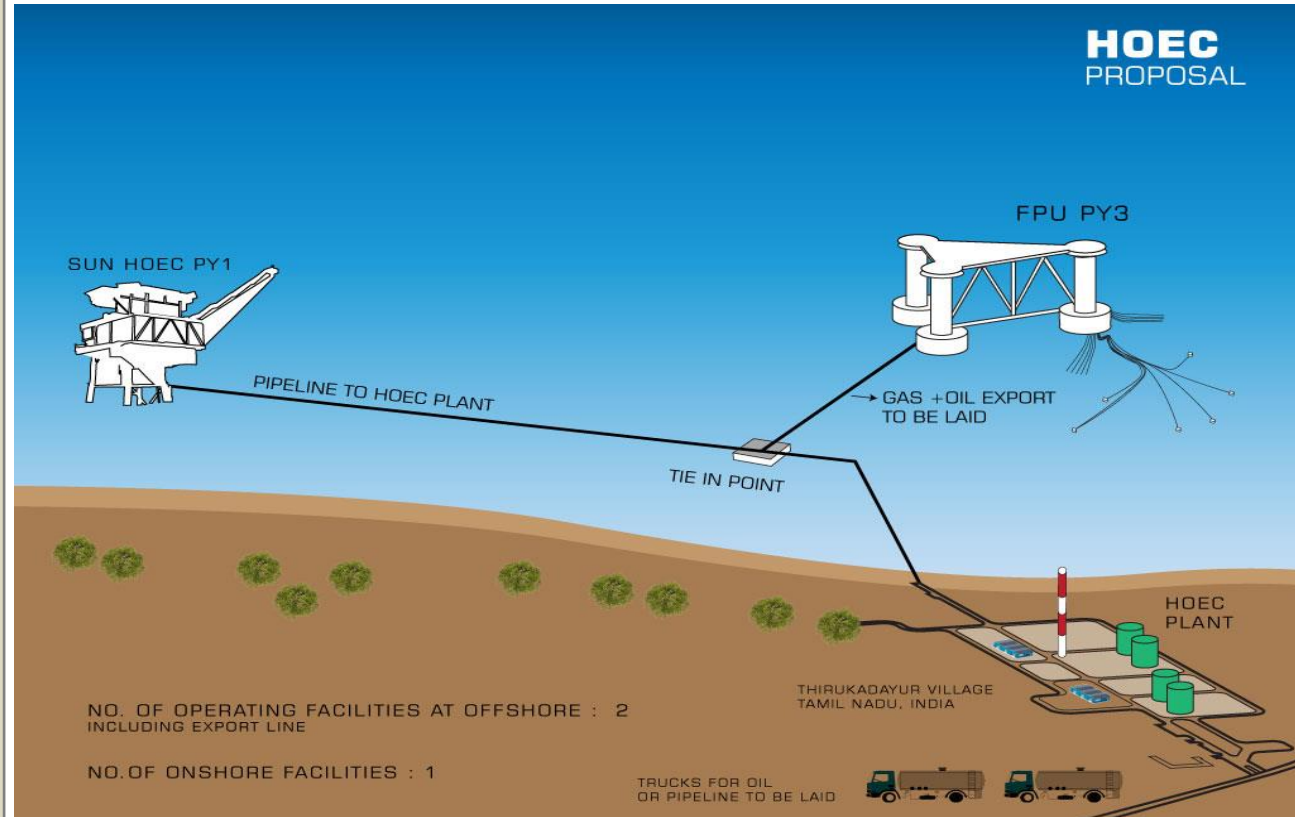
- Field Development Plan being finalized for submission in November 17
- EC application process initiated
- Rig in Mumbai High identified for drilling
- Market being scanned for a suitable MOPU or FPSO



# PY3 and PY1 Integration



- ❑ PY-3 field was shut-in on 31 July 2011 when it was producing 3000+ bopd without any sub-surface issues.
- ❑ Field has potential to produce 7000+ bopd with an additional well and side track of one existing well.
- ❑ HOEC has 21% stake in PY-3 operates PY-1 Gas field with an offshore platform and onshore processing facilities close to PY-3 field
- ❑ Integration of PY-1 and PY-3 facilities though a 6 Km offshore pipeline is feasible and most cost effective to revive production from PY-3.
- ❑ Alternate Integrated Field Development Plan (AIFDP) for PY-3 was submitted to stakeholders and awaiting approval.





# Cambay Marginal Fields



**North  
Balol  
(PI: 25%)**

**Wells: 9 wells (2 Producing)**  
Reservoir : Balol, Babaguru & Kand  
Sands  
Gross Prod. Q2 FY 17-18 (100%):  
**1056 mmscf**

Reserves : 2P (100%): **6.79 BCF**

**Asjol  
(PI : 50%)**

**Wells : 6 wells (2 Producing)**  
Reservoir : Upper Suraj Pay  
Sandstone  
Gross Prod. Q2 FY 17-18 (100%) :  
**350 barrels**

Reserves : 2P (100%): **0.6 mmbbls**

**CB-ON-7  
(PI : 35%)**

**Wells : 6 wells (3 Producing)**  
Reservoir : Hazad Sands of  
Ankleshwar  
Gross Prod. Q2 FY 17-18 (100%):  
**9028 barrels**

Reserves : 2P (100%): **0.359 mmbbls**

# New Blocks: Kherem (Arunachal Pradesh)

❑ **Block Area:** 16.45 Sq. Km.

❑ **Drilled Wells:** 3

❑ **Tested Production:**

- Oil 402 bopd
- Gas not measured

❑ **Discovered Resources:**

Resources	DSF Data Million BBLs	HOEC Internal Million BBLs
STOIP	3	10.27
GIIP (BCF)	17	54.19

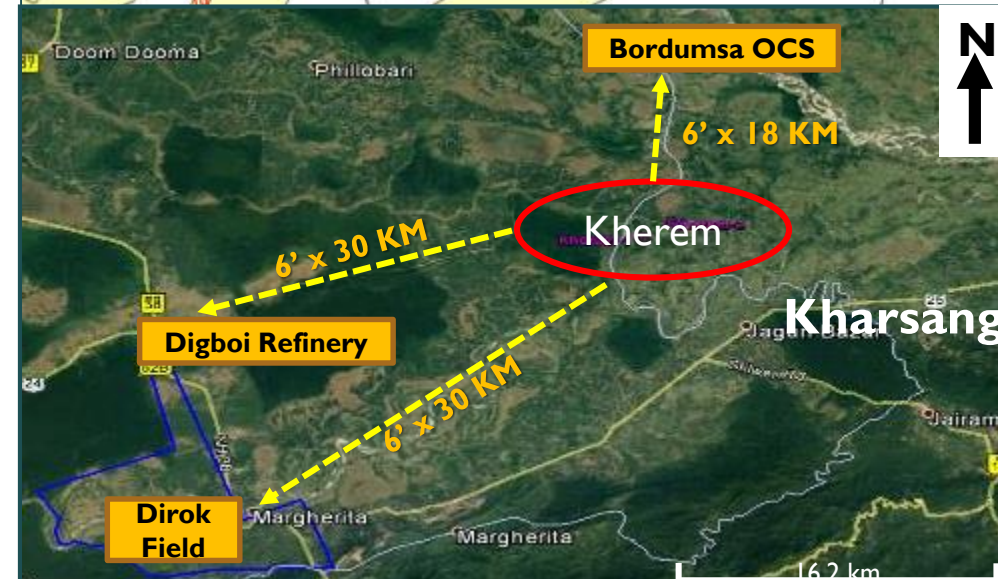
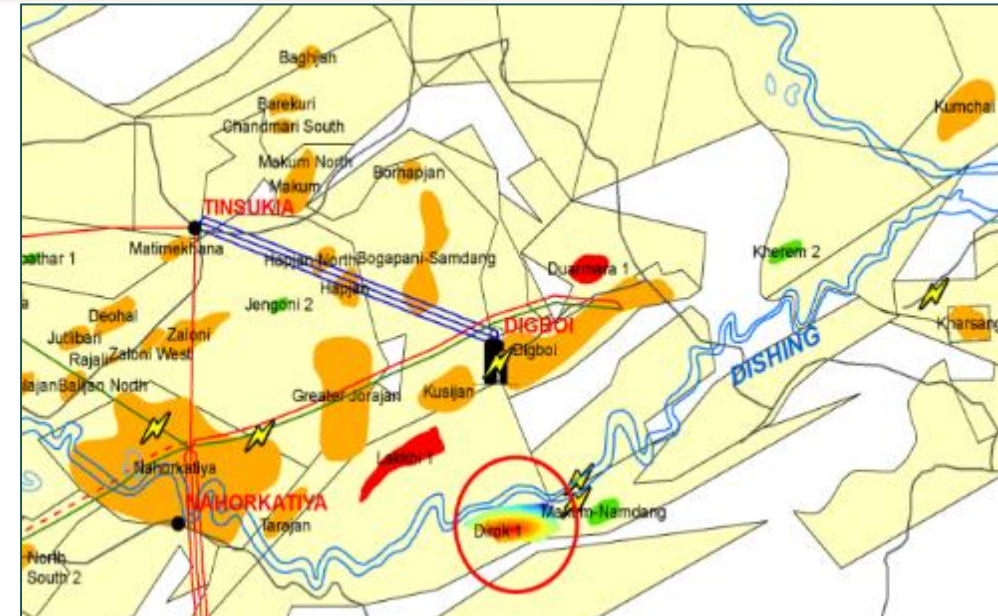
❑ **Reservoir Properties:**

- Two pay zones Girujan pay -1 & pay - 2
- Light oil – 38.7°API

❑ **Nearest facilities :**

- ❑ Bordumasa Oil collecting Station via 6" pipeline 18kms
- ❑ Digboi Refinery, via 6" pipeline 30 kms

❑ Mining Lease transfer is in process





# Key Strengths



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

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

**Debt free balance sheet & Investment cycle to cash 12-18 months . Ability to raise capital for inorganic growth.**

**All 9 blocks (5 onshore and 4 offshore) have discovered resources with potential up side.**

**Delivered First Gas from Dirok (Assam) Field in a record 27 months within budget**



# ANNEXURE



# Statement of profit & loss Q2 FY 2018



Particulars	For the quarter		
	July to Sep 2017	April to June 2017	July to Sep 2016
	₹ millions	₹ millions	₹ millions
<b>INCOME</b>			
Revenue from operations	84	37	56
Other income	33	45	61
<b>Total revenue</b>	<b>117</b>	<b>82</b>	<b>117</b>
<b>EXPENSES</b>			
Expenses from producing oil and gas blocks	30	25	25
Decrease / (Increase) in stock of crude oil and condensate	(32)	(10)	(8)
Employee benefits expense	3	3	3
Finance costs - unwinding of discount on decommissioning liability	12	12	-
Depreciation, depletion and amortization	37	18	33
Other expenses	11	5	35
Write off of obsolete inventories	-	-	10
<b>Total expenses</b>	<b>61</b>	<b>53</b>	<b>98</b>
Profit/(loss) before tax and exceptional Items	56	29	19
Exceptional Items – Income / (expenses)- net	-	-	116
Profit before tax	56	29	135
Net tax expenses –prior year tax adjustment	-	-	4
<b>Net profit for the year</b>	<b>56</b>	<b>29</b>	<b>131</b>
Other comprehensive income	-	-	-
<b>Total comprehensive income</b>	<b>56</b>	<b>29</b>	<b>131</b>
Earnings per equity share of ₹ 10 each - Basic & diluted	₹ 0.43	₹ 0.22	₹ 1.00

# Statement of Assets and Liabilities Un-Audited



ASSETS	As at	As at	EQUITY AND LIABILITIES	As at	As at
	Sep 30, 2017	Mar 31, 2017		Sep 30, 2017	Mar 31, 2017
	₹ millions	₹ millions		₹ millions	₹ millions
<b>Non-current assets</b>			<b>Shareholders' funds</b>		
(a) Property, Plant and Equipment			(a) Equity share capital	1,305	1,305
(i) Oil and gas assets	2,488	2,220	(b) Other equity	2,093	2,009
(ii) Others	76	77	<b>Total equity</b>	<b>3,398</b>	<b>3,314</b>
(b) Capital work-in-progress	96	61	<b>Non-current liabilities</b>		
(c) Intangible assets	17	20	(a) Financial liabilities		
(d) Financial Assets			(i) Trade payables	221	221
(i) Investments in subsidiary	5	5	(b) Provision for site restoration	961	937
(ii) Site restoration deposit	533	514	(c) Other non-current liabilities	2	2
(e) Other non-current assets	-	-	<b>Total non-current liabilities</b>	<b>1,184</b>	<b>1,160</b>
<b>Total non-current assets</b>	<b>3,215</b>	<b>2,897</b>			
<b>Current assets</b>			<b>Current liabilities</b>		
(a) Inventories	247	247	(a) Financial liabilities		
(b) Financial assets			(i) Trade payables	207	178
(i) Investments	1,230	1,510	(ii) Other financial liabilities	355	492
(ii) Trade receivables	49	47	(b) Other current liabilities	7	7
(iii) Cash and bank balances	82	284			
(iv) Other bank balances	226	59	<b>Total current liabilities</b>	<b>569</b>	<b>677</b>
(v) Other financial assets	9	9			
(c) Income tax assets	83	93	<b>TOTAL</b>	<b>5,151</b>	<b>5,151</b>
(d) Other current assets	10	5			
<b>Total current assets</b>	<b>1,936</b>	<b>2,254</b>			
<b>TOTAL</b>	<b>5,151</b>	<b>5,151</b>			

# Investment Multiples



Block	AAP-ON-94/1	PY-1	PY-3	N. Balol	Asjol	CB-ON-7
<b>Royalty &amp; Cess</b>	Nil (Licensee)	10%	Nil (Licensee)	10%	Nil (Licensee)	Nil (Licensee)
<b>Cost Recovery limit</b>	80%	100%	100%	80%	100%	60%
Investment Multiple						
<1	0%	0%	0%	20%	0%	0%
1<1.5	10%	5%	5%	20%	10%	25%
1.5<2	25%	5%	5%	30%	20%	30%
2<2.5	35%	50%	50%	50%	30%	35%
2.5<3	45%	50%	50%	50%	40%	40%
3<3.5	50%	50%	50%	50%	50%	45%
>3.5	50%	50%	50%	50%	50%	50%



# 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



## **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)  
Petrophysicist



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



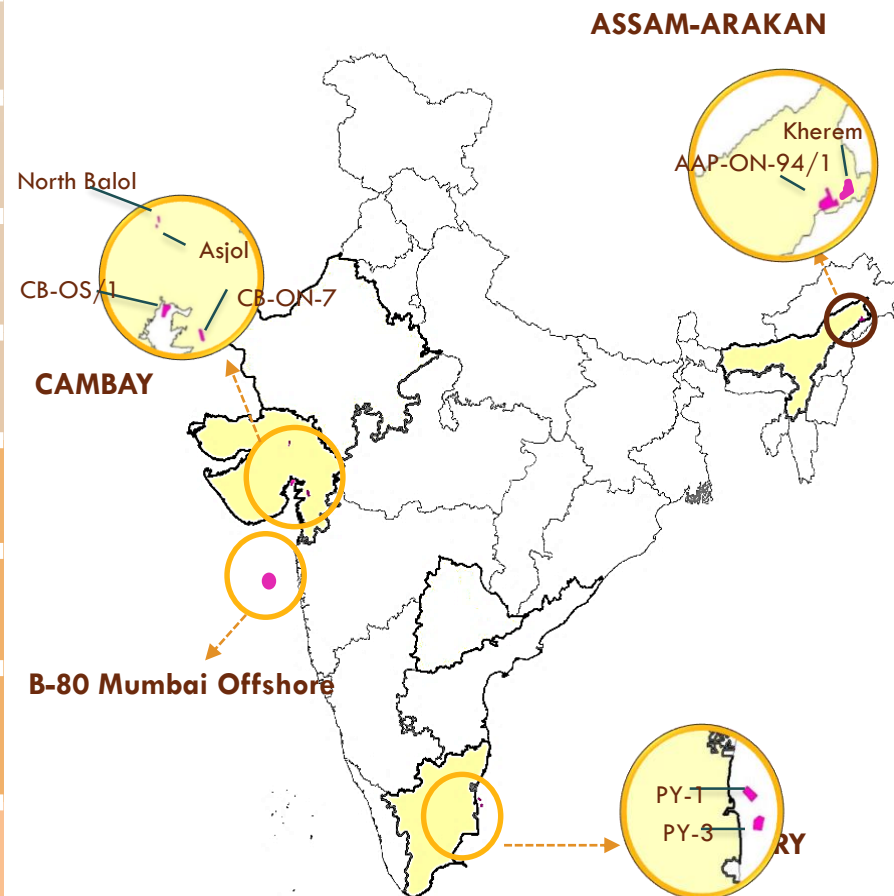
**D. S. Mohan**  
Senior Advisor (Part time)  
Geology



# 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, GNRL Oil & Gas Ltd.
Asjol	HOEC	Onshore	Oil	50%	GSPC
AAP-ON-94/1	HOEC	Onshore	Gas	27%	Oil India Limited, IndianOil
MB/OSDSF/B-80/2016	HOEC	Offshore	Oil & Gas	50%	Adbhoot Estates Pvt Ltd
AA/ONDSF/Kherem/2016	HOEC	Onshore	Oil & Gas	40%	Oil India Limited, Prize Petroleum
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

## For further information, please contact:

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# Glossary



2P	-	Proved + Probable reserves
BCF	-	Billion Cubic Feet of Gas
GGG	-	Gas Gathering Station
M-GPP	-	Modular Gas Processing Plant
MMbbls	-	Million Barrels of Oil
MMSCFD	-	Million Standard Cubic Feet per Day
MMSCMD	-	Million Standard Cubic Meter per Day
STOIIP	-	Stock Tank Oil Initially In Place
GIIP	-	Gas Initially In Place
PI	-	Participating Interest
PSC	-	Production Sharing Contract
EC	-	Environmental Clearance