



Hindustan Oil Exploration Company Limited

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August 14, 2017

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 scheduled on Monday, August 14, 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, 14 AUGUST 2017

INDIA'S FIRST PRIVATE OIL AND GAS COMPANY



Transforming Through Talent And Technology
HINDUSTAN OIL EXPLORATION COMPANY LIMITED

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1

Q1 FY 17-18 Highlights

2

Company Overview

3

Growth Strategy

4

Key Strengths

Q1 FY 2018 Highlights & Plans



Strong financials

- ❑ Debt free balance Sheet & self funding for organic growth.
- ❑ Gross working capital ₹ 217 Crores includes ₹ 181 Crores cash and cash equivalent.

Dirok development on course

- ❑ Dirok phase-1 production facilities tested with gas flow during March, 2017.
- ❑ Five wells tested for gas flow and sixth well nearing completion.
- ❑ Final clearance from National Board for Wild Life (NBWL) obtained & Petroleum Mining Lease (PML) expected to be obtained by Oil India shortly.
- ❑ Ready to commence First Commercial Gas Sales on receipt of PML.
- ❑ Forecast; 10 mmscfd from September 2017 and ramp-up to 25 mmscfd by Q3 FY 2018.

Offshore revival plan

- ❑ 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.

Focus on growth

- ❑ B-80 -(Bombay High offshore) DSF Block: Mining Lease obtained and Development Plan under preparation for submission before 7 November, 2017.
- ❑ Kherem (Arunachal Pradesh) DSF Block: Mining lease transfer awaited.

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**

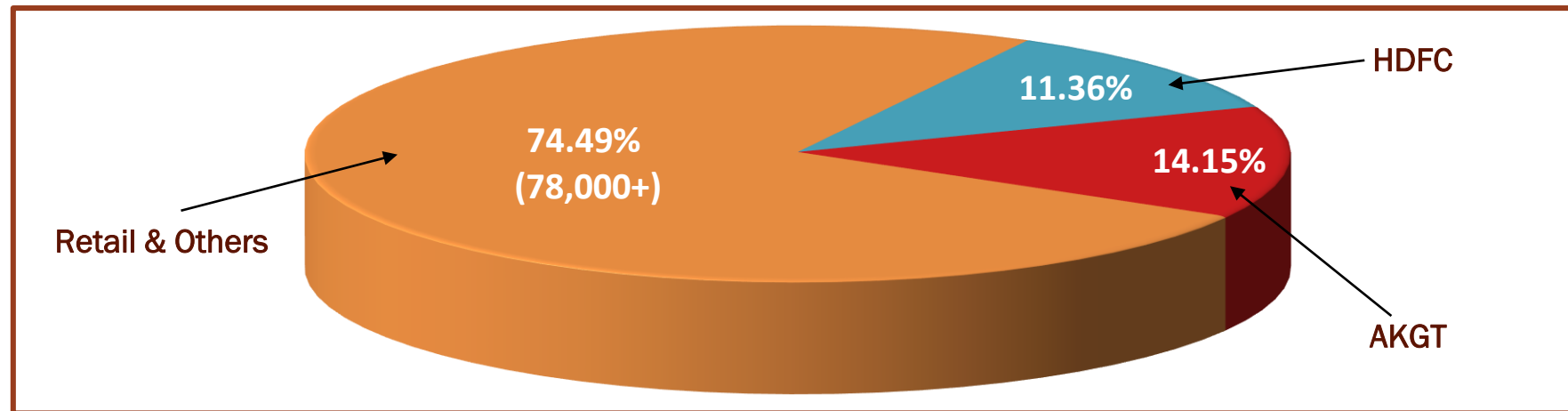
Portfolio of 9 Blocks with **discovered resources**
5 Onshore (2 North East, 3 Gujarat) **4 offshore**
(2 West Coast & 2 East Coast),

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

- Step up gas production to 25 mmscfd by Q3 FY 18
- Evaluate to increase production with total 6 wells
- Complete surface facilities with capacity of 36 mmscfd (1mmscfd)
- Recast the reserves on completion of the 6th well
- Evaluate early production from Kherem

Revive Offshore

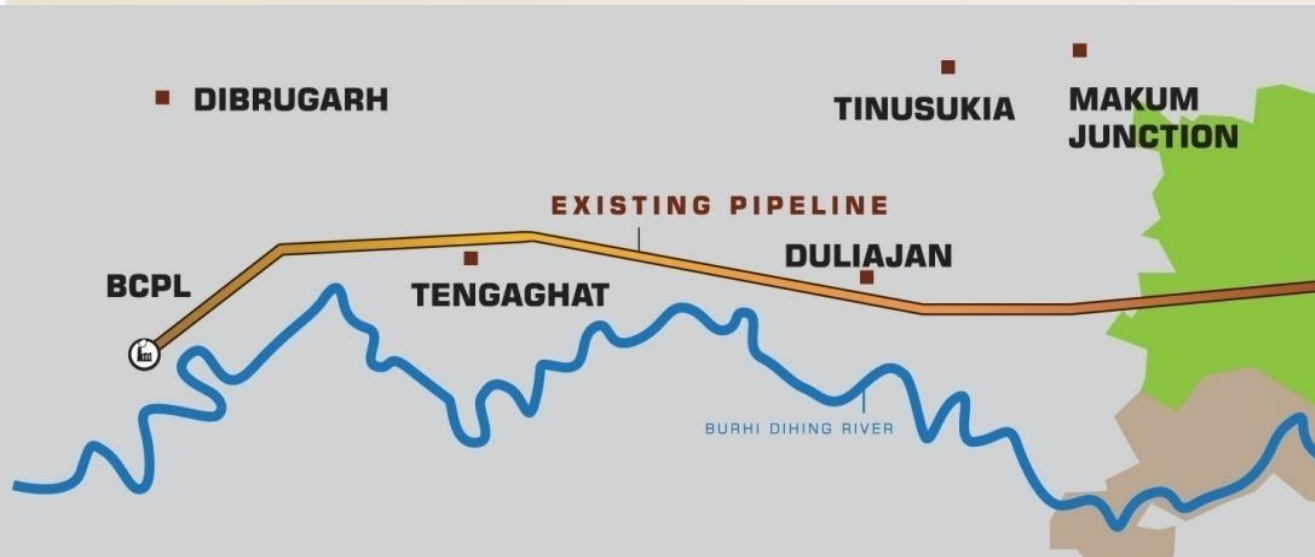
- PY-1 Re-entry campaign planned to enhance production
- Fast track development of B-80 to deliver First Oil
- PY-3 -revive 3000 bbls/d shut in from existing well (subject to Approvals)

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 phase-1 production facilities tested with gas flow in March, 2017.
- Plan to produce 10 mmscfd from September 2017 (on receipt of PML) and ramp-up to 25 mmscfd + 500 bopd of condensate by Q3 FY 2018
- 12" pipeline to be commissioned in September
- Modular Gas Processing Plant construction in progress
- Field facilities will have capacity to process 36 mm scfd (1 mm scmd)

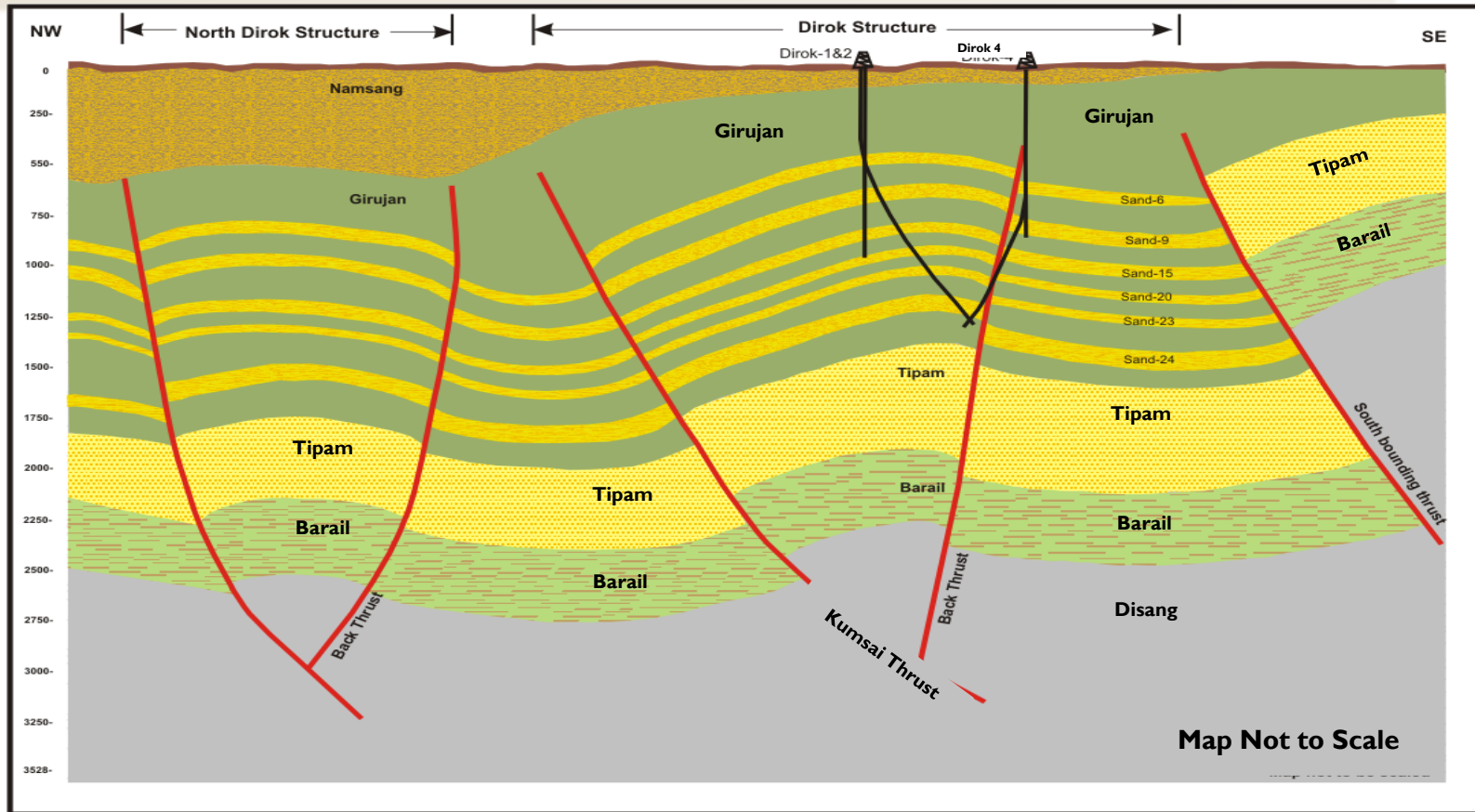


Attractive Payout

- 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
- About 75 % operating margin at a price of \$ 2.75/mmbtu (due for revision from 1 October, 2017)
- Field operating cost is ~ \$ 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 .



Next Focus: Increasing Production from PY-1

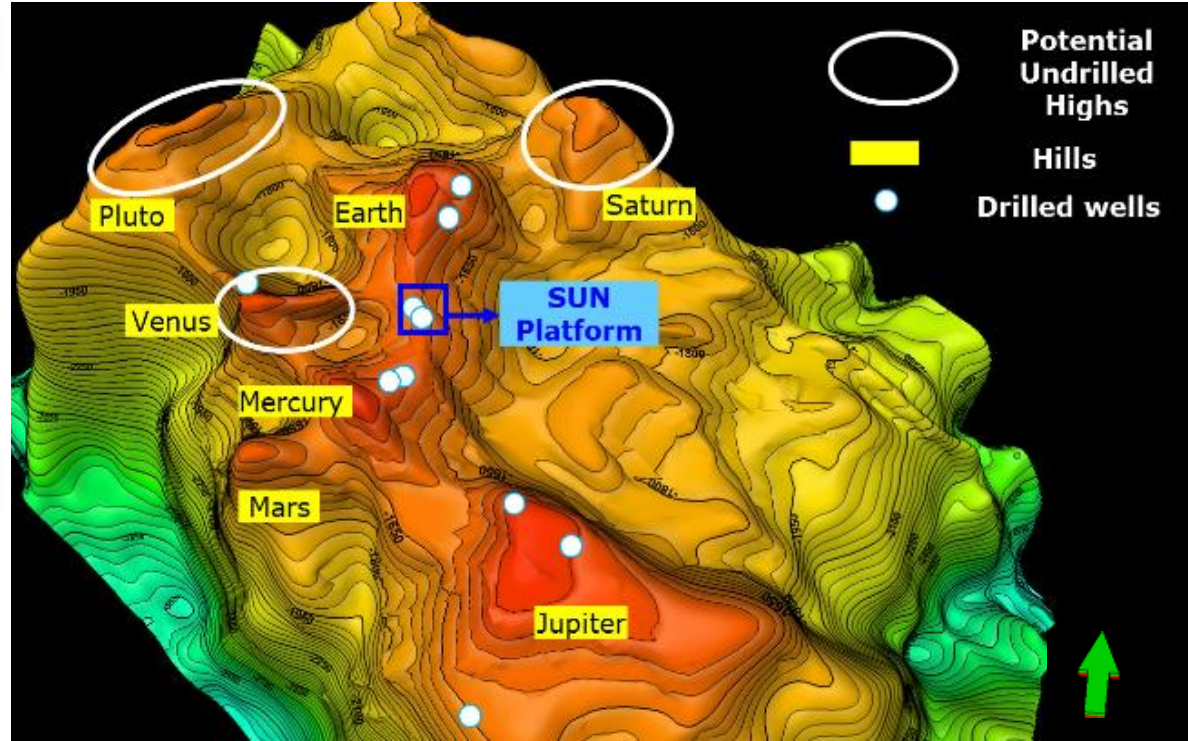


Significant Resource Base

- Significant resources exist in this fractured granite basement reservoir
- In-house estimate of resources is 100 BCF

Planned Activities

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



Opportunities

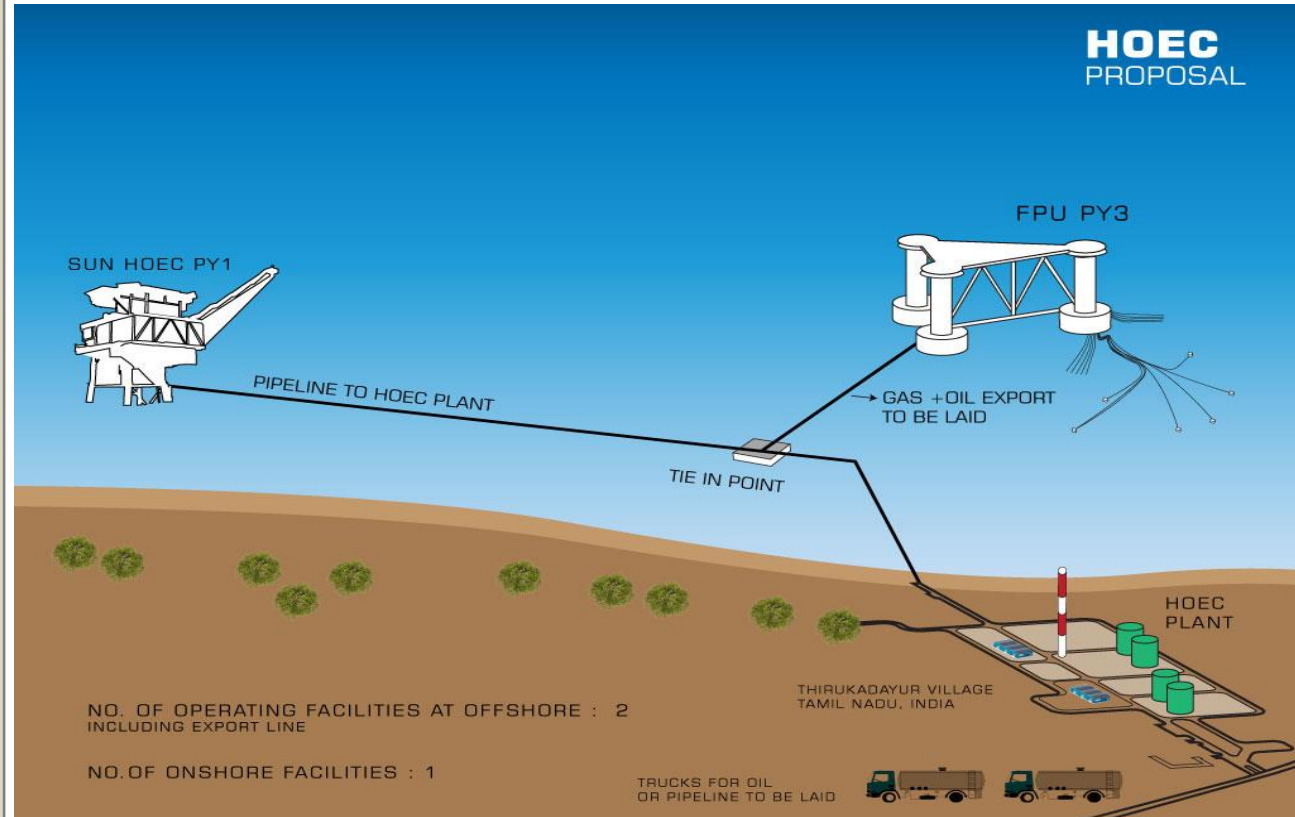
- Being re-entry from existing wells realizing the production is immediate
- Existing facilities can handle the increase in production without any additional cost
- Capital costs for re-entry and side tracking from the existing wells are marginal
- Potential up-side from Jupiter, Pluto, Saturn & Venus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



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
Avg Prod. Q1 FY 17-18 (100%):
0.41 mmscfd

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

**Asjol
(PI : 50%)**

Wells : 6 wells (2 Producing)
Reservoir : Upper Suraj Pay
Sandstone
Avg. Prod. Q1 FY 17-18 (100%) :
2.2 bopd

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

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

Wells : 6 wells (3 Producing)
Reservoir : Hazad Sands of
Ankleshwar
Avg. Prod. Q1 FY 17-18 (100%):
104 bopd

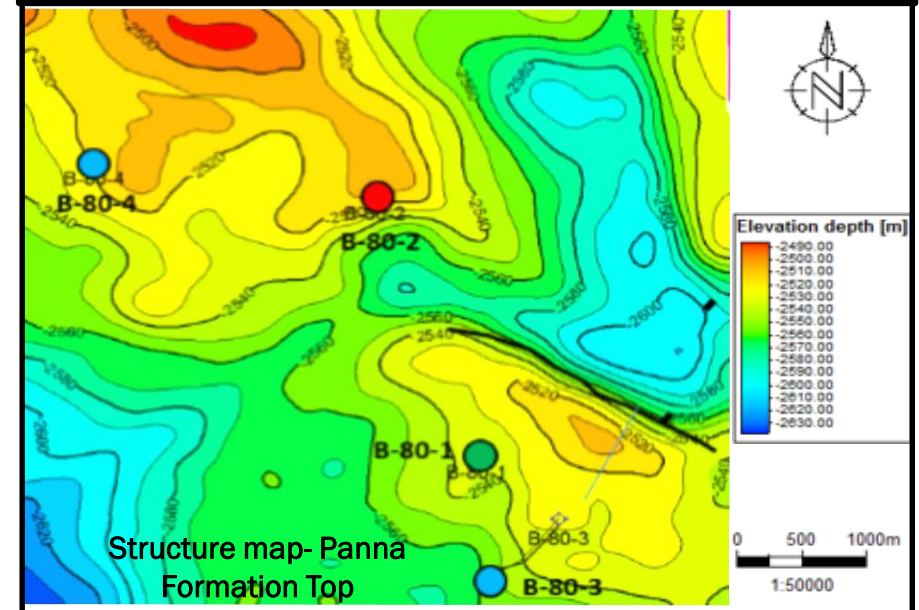
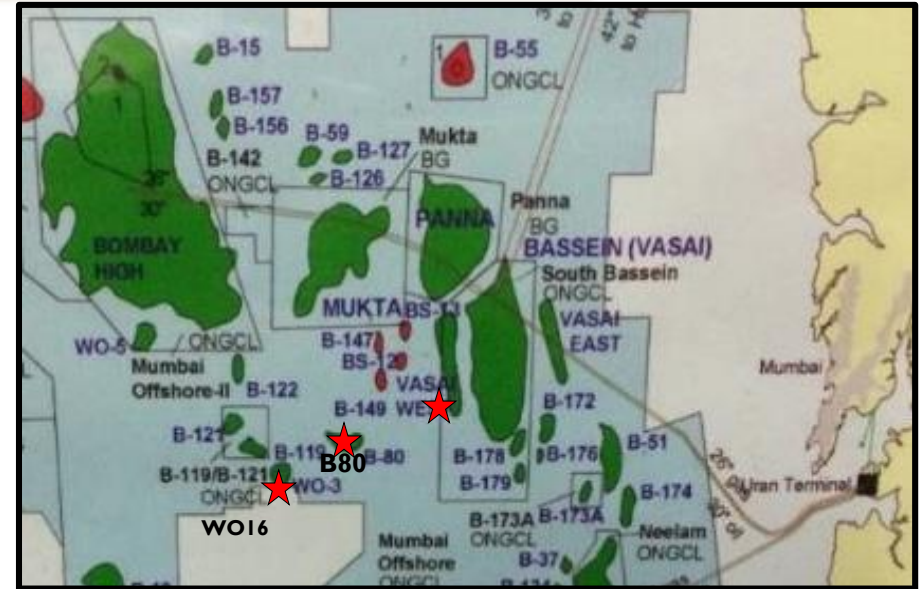
Reserves : 2P (100%): **0.359 mmbbls**

New Blocks: B-80 (Bombay High)

- ❑ **Block Area:** 56 Sq. Km. **Water depth:** ~80-90 m
- ❑ **Drilled Wells:** 5
- ❑ **Tested Production:**
 - Oil 3,737 bopd
 - Gas 7.90 mmscfd
- ❑ **Discovered Resources:**

Resources	DSF Data Pack Million BBLs	HOEC – Estimate Million BBLs
STOIP	13	40
GIIP (BCF)	10	26

- ❑ **Reservoir Properties:**
 - Two pay zones Panna 200 and 300
 - Light oil - 35°API
- ❑ Nearest ONGC facilities about 20 kms away
- ❑ Mining Lease transferred on 11 May, 2017 (Effective Date)
- ❑ To submit Development Plan under preparation to be submitted by 7 November, 2017



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

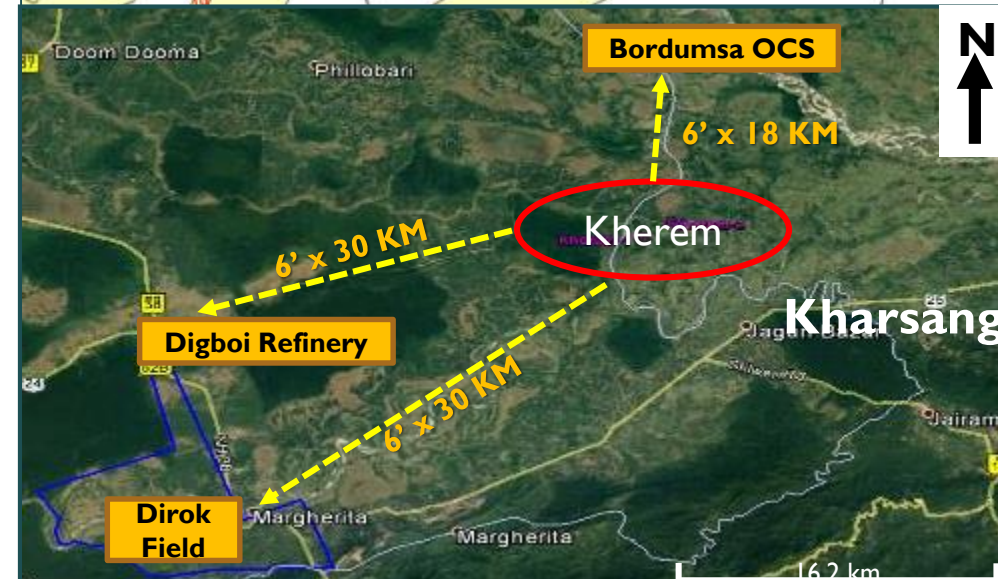
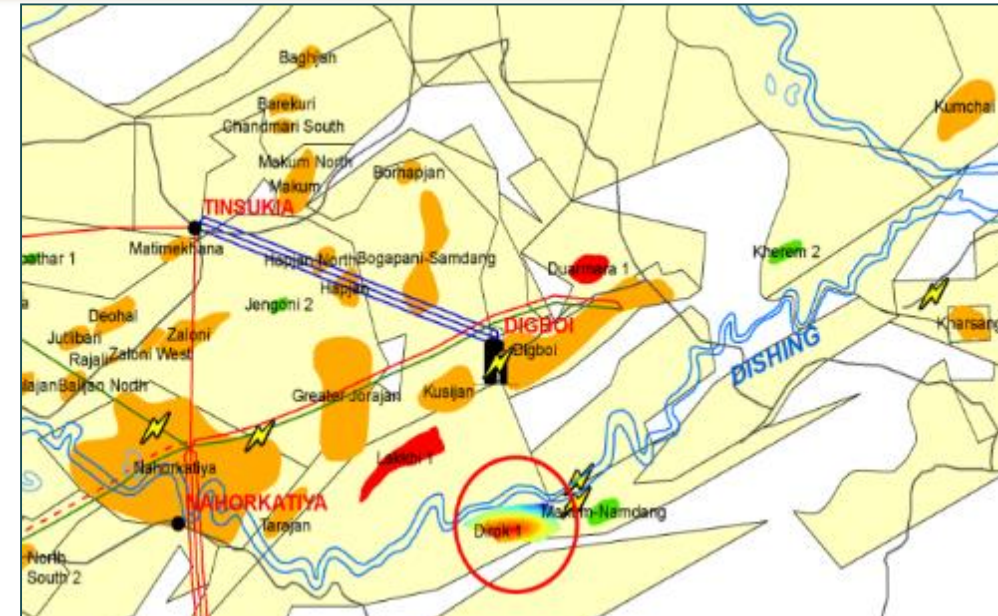
❑ **Reservoir Properties:**

- 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.

Proven competence in marginal field. Ability to execute on fast track with low cost.



ANNEXURE



Statement of profit & loss Q1 FY 2018



Particulars	For the quarter		
	April to June 2017	Jan to Mar 2017	April to June 2016
	₹ millions	₹ millions	₹ millions
INCOME			
Revenue from operations	37	80	60
Other income	45	33	35
Total revenue	82	113	95
EXPENSES			
Expenses from producing oil and gas blocks	25	32	27
Decrease / (Increase) in stock of crude oil and condensate	(10)	11	(6)
Employee benefits expense	3	3	3
Finance costs - unwinding of discount on decommissioning liability	12	-	-
Depreciation, depletion and amortization	18	21	23
Other expenses	5	12	30
Total expenses	53	79	77
Profit/(loss) before tax and exceptional Items	29	34	18
Exceptional Items – Income / (expenses)- net	-	64	110
Profit before tax	29	98	128
Net tax expenses –prior year tax adjustment	-	-	35
Net profit for the year	29	98	93
Other comprehensive income	-	-	-
Total comprehensive income	29	98	93
Earnings per equity share of ₹ 10 each - Basic & diluted	₹ 0.22	₹ 0.75	₹ 0.71

Statement of Assets and Liabilities Un-Audited



ASSETS	As at		EQUITY AND LIABILITIES	As at	
	June 30, 2017	Mar 31, 2017		June 30, 2017	Mar 31, 2017
	₹ millions	₹ millions		₹ millions	₹ millions
Non-current assets			Shareholders' funds		
(a) Property, Plant and Equipment	2,280	2,297	(a) Equity share capital	1,305	1,305
(b) Development work in progress	249	61	(b) Other equity	2,038	2,009
(c) Intangible assets	19	20	Total equity	3,343	3,314
(d) Financial Assets			Non-current liabilities		
(i) Investments in subsidiary	5	5	(a) Financial liabilities		
(ii) Site restoration deposit	523	514	(i) Trade payables	221	221
(e) Other non-current assets	-	-	(b) Provision for site restoration	948	937
			(c) Other non-current liabilities	2	2
Total non-current assets	3,076	2,897	Total non-current liabilities	1,171	1,160
Current assets			Current liabilities		
(a) Inventories	234	247	(a) Financial liabilities		
(b) Financial assets			(i) Trade payables	196	178
(i) Investments	1,394	1,510	(ii) Other financial liabilities	527	492
(ii) Trade receivables	22	47	(b) Other current liabilities	7	7
(iii) Cash and bank balances	354	284			
(iv) Other bank balances	59	59	Total current liabilities	730	677
(v) Other financial assets	8	9	TOTAL	5,244	5,151
(c) Income tax assets	84	93			
(d) Other current assets	13	5			
Total current assets	2,168	2,254			
TOTAL	5,244	5,151			

Investment Multiples



Block	AAP-ON-94/1	PY-1	PY-3	N. Balol	Asjol	CB-ON-7
Royalty & Cess	Nil (Licensee)	10%	Nil (Licensee)	10%	Nil (Licensee)	Nil (Licensee)
Cost Recovery limit	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)

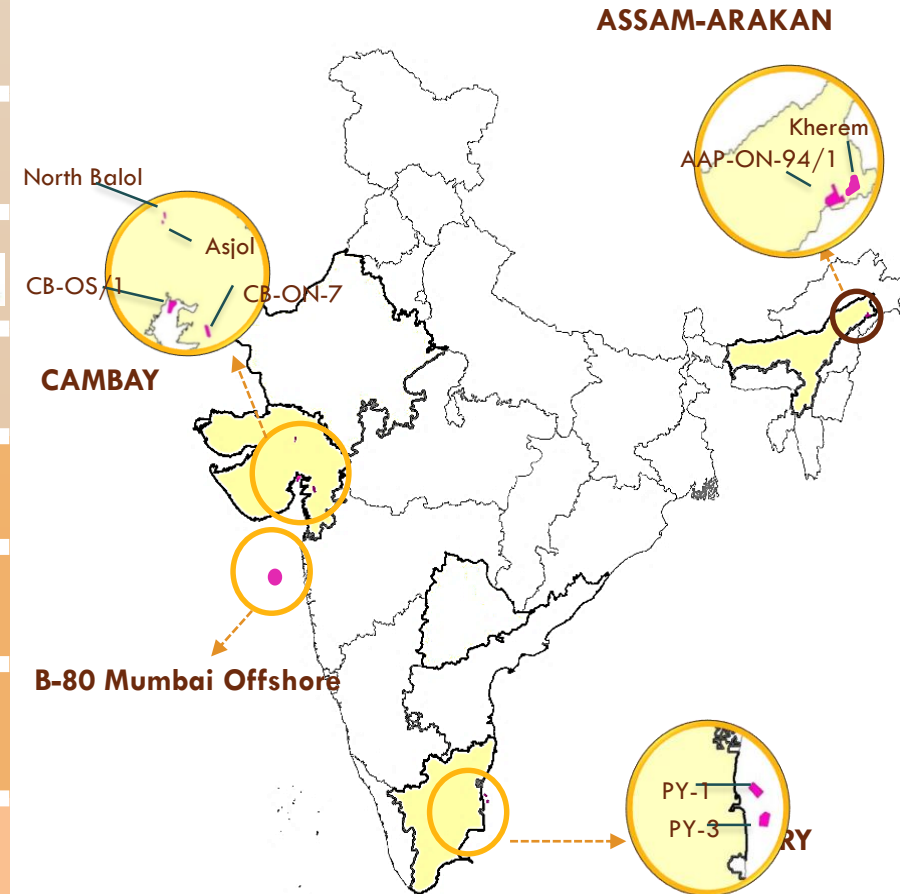


D. S. Mohan
Senior Advisor (Part time)
Geology

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