



Hindustan Oil Exploration Company Limited

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May 14, 2018

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 Tuesday, May 15, 2018, 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

15th May 2018



TRANSFORMING THROUGH TALENT AND TECHNOLOGY

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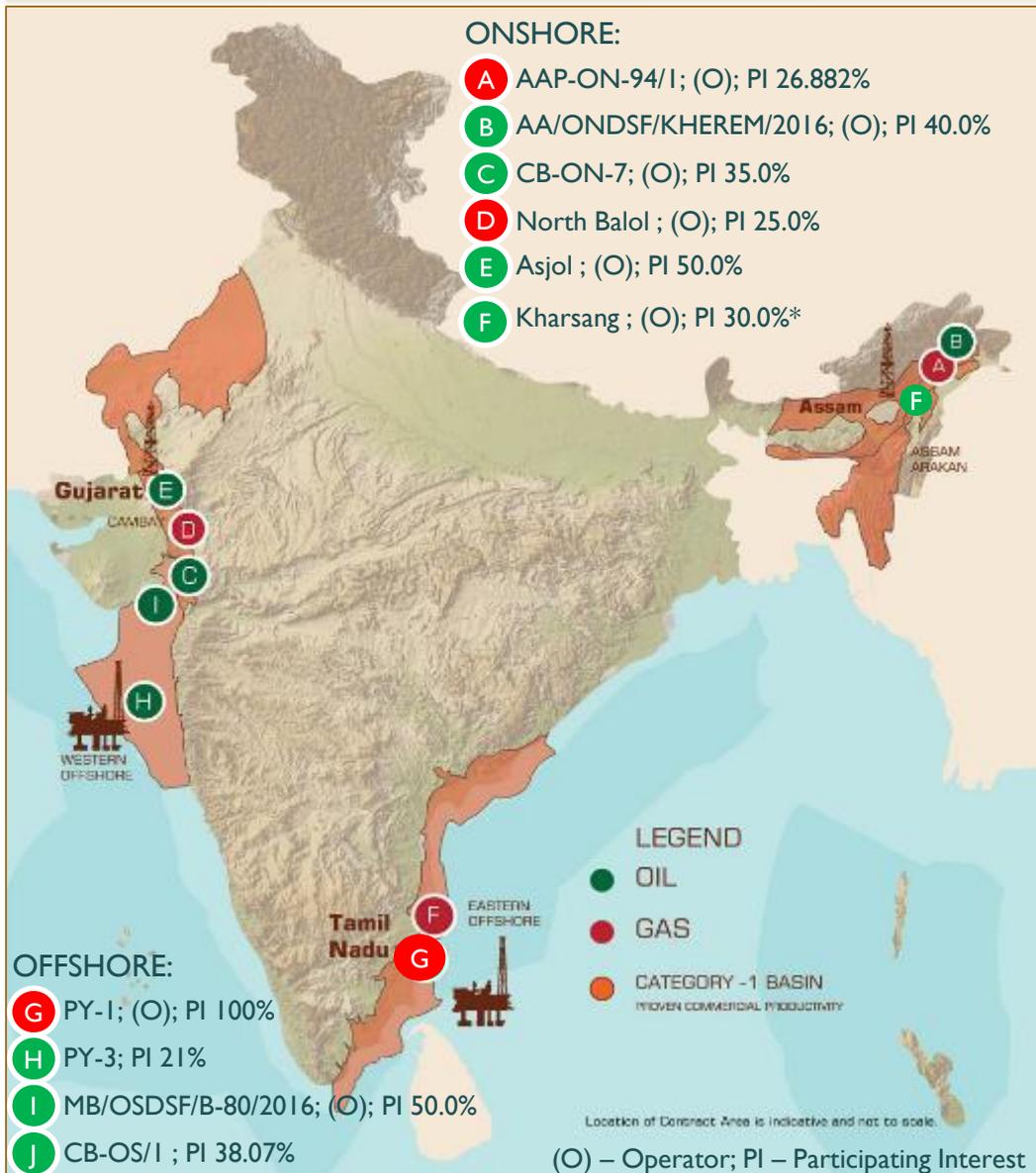
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Business Overview



Uniquely placed to combine a quality asset portfolio with a strong organisation through a focused strategy to deliver superior returns

Quality Asset Portfolio



- **Portfolio of discovered resources** – all blocks with discoveries producing / ready to be developed
- **Diverse geographical footprint** - Presence in 4 out of 7 producing basins in India
- **Balanced portfolio** – Offshore/Onshore & Oil/Gas
- **Upside potential** for exploration within portfolio with infrastructure for **rapid monetisation**
- **Operatorship** in majority of blocks to drive value creation

* -- Direct and Indirect

- India's **first private E&P company** with decades of experience operating onshore and offshore fields
- **Professional management** with proven industry experience
- Delivered leading HSE performance with strong focus on **safe and sustainable operations**
- **Superior technical capability** across the E&P value chain
- Proven experience in **fast track development and low-cost operations** both onshore and offshore
- Recognised as a **partner of choice** to develop and maintain social and regulatory license to operate



- Quickly monetise upside potential with existing infrastructure
- Increase portfolio of assets to ensure continuous growth rate



- Identify and develop low-risk, short cash cycle development projects
- Implement effective reservoir management to increase production & field life
- Build organisational capability across the life cycle



- Rationalise asset portfolio and mitigated risky work program commitments
- Strengthen Balance Sheet through effective Working Capital management
- Establish disciplined low-cost operating model to optimise cashflow from operations

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Performance Highlights

Turnaround

- Achieved debt-free balance sheet with optionality for self-funding growth commitments
- Gross working capital ₹ 193 Crores includes ₹ 133 Crores cash and cash equivalent
- Revenue from operations increased to ₹ 48 Crores in FY 18 from ₹ 25 Crores in FY 17
- Low cost operational model - Dirok's field operating cost is less than \$0.5/mmbtu

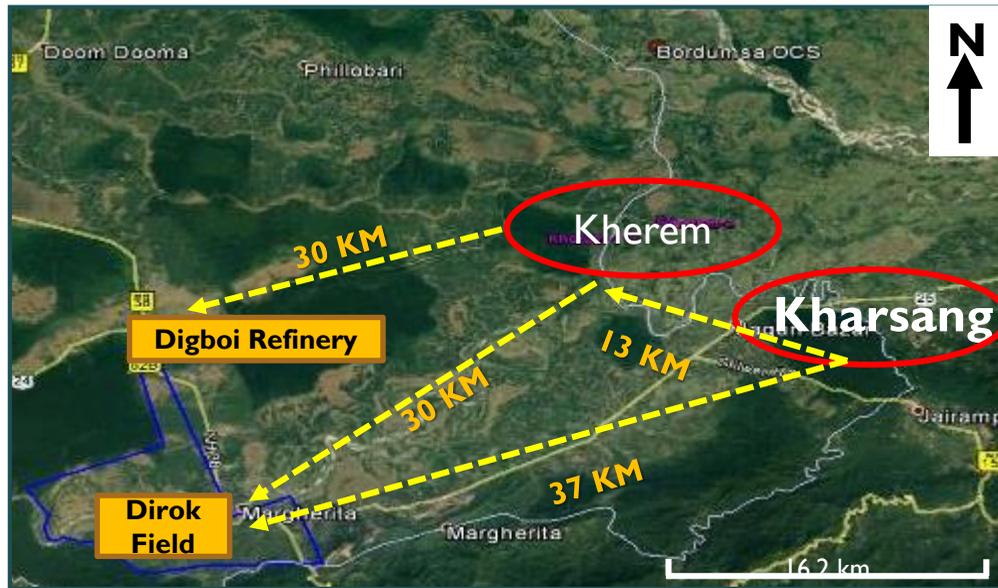
Strengthen

- Delivered Dirok gas development – Hollong Modular Gas Processing Plant commissioned in March 2018
- Dirok gas sales ramp up ongoing – Achieved 30 mmscfd of gas and 736 bopd of condensate production on 11th May 2018. Full capacity of 35 mmscfd gas and ~1000 bopd of condensate by June 2018
- Two well re-entry and sidetrack campaign in PY-1 commenced in April 2018. Expected to complete by Q1 FY 18

Grow

- Focused on expanding our footprint in the prospective North-east region
 - Acquired 30% stake(Direct & Indirect) in producing Kharsang field through acquisition of Geopetrol International Inc.
 - Participated in OALP bid round focused on North-east
- Progress development of B-80 and Kherem blocks acquired in DSF round 1

Expanding our footprint in North east

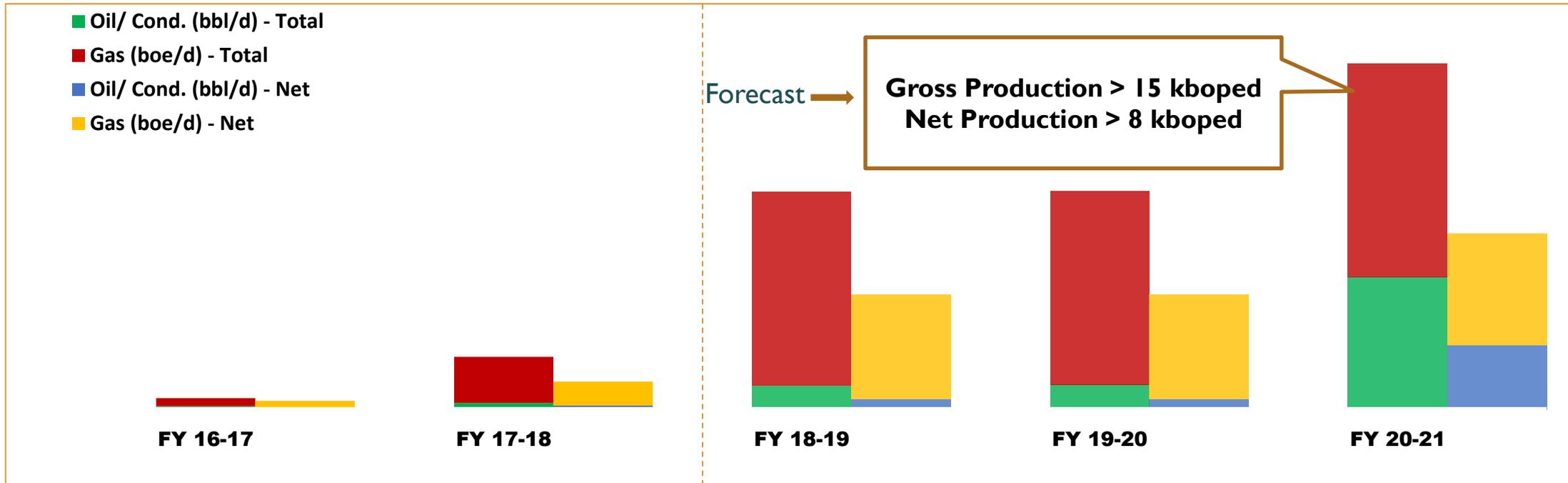


- Announced the acquisition of Geopetrol International Inc. with interests in multiple blocks including producing Kharsang
- By this acquisition, HOEC will have 30% Participating Interest in Kharsang through Geopetrol, both directly and indirectly
- This expands our footprint in the North – East with Dirok, Kherem and Kharsang within 50 Km of each other
- Participated in OALP bid round focused on blocks in North-East
- Expands and establishes our position as the largest private producer of Oil & Gas in the North-East

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Business Outlook

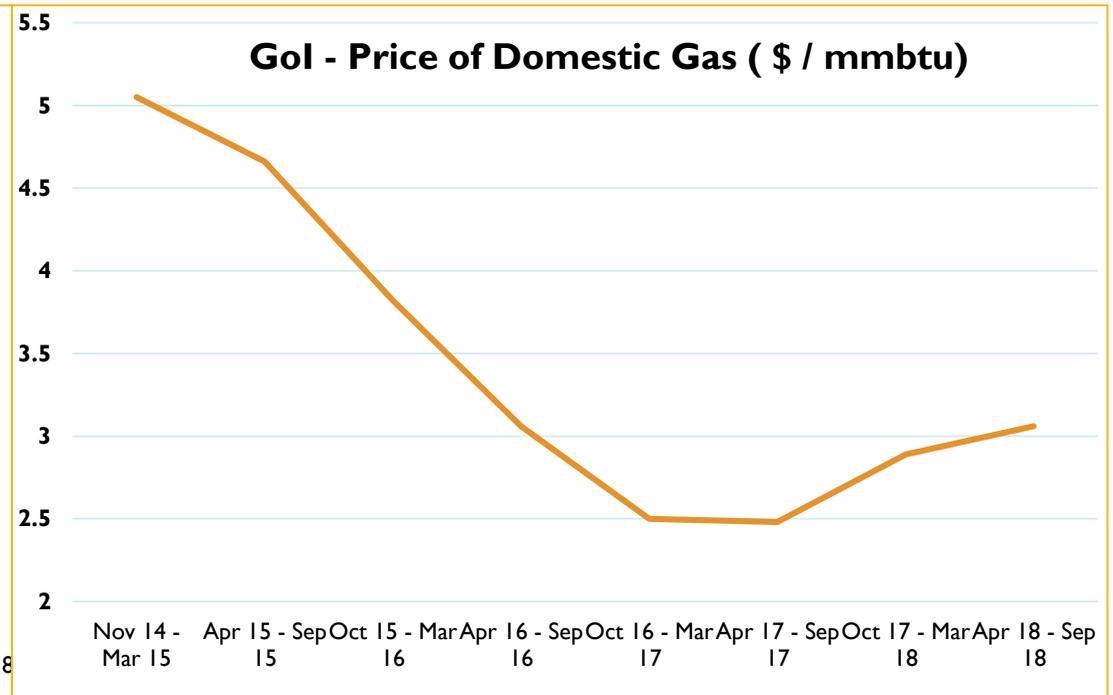
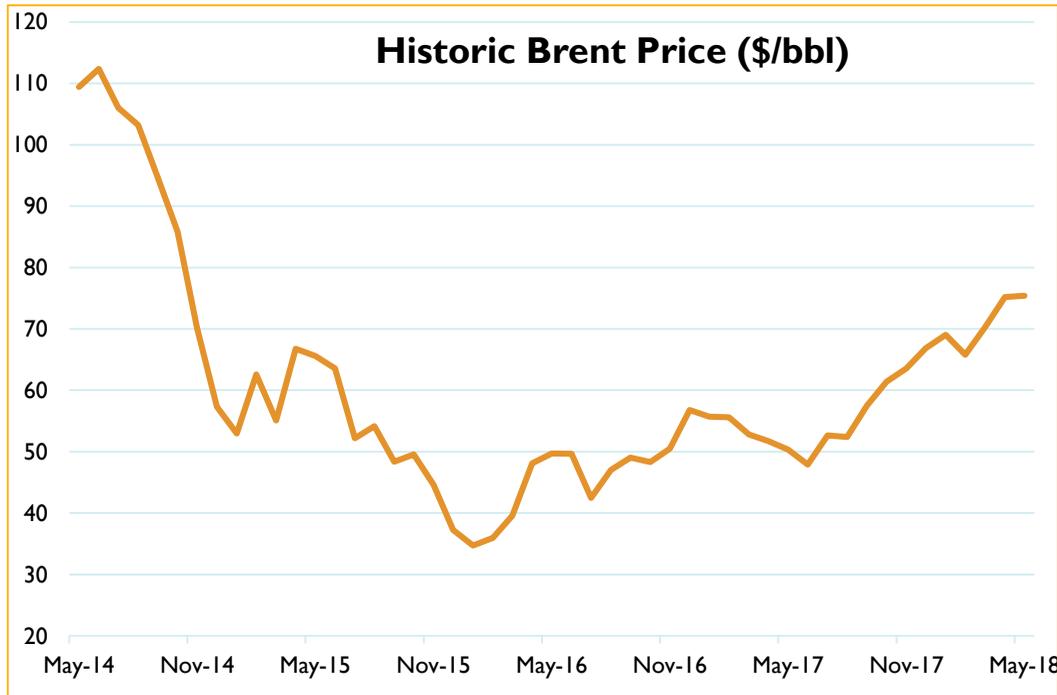
Firing Up the Growth Engine



3- Year Growth Projects Pipeline

- Production ramp-up to capacity in Dirok; PY-1 Re-entry Campaign
- Stabilise Kharsang Production; B-80 Development; Dirok/PY-1 follow-on drilling
- Kherem, PY-3, CB-OS-1 Startup; Kharsang additional exploration potential

External Environment Indicating Tailwinds



- Oil & gas prices recovering from historic lows; Analysts / Bankers revising price predictions upwards
- Indian E&P industry opening up due to key policy changes and introduction of OALP / DSF bid rounds
- Multiple inorganic opportunities available in core operational areas

- 1** Unique value proposition - Quality asset portfolio with strong organisational capabilities
- 2** Company established on **firm financial foundation** with growing cash flow from operations
- 3** Management committed to growth through executing **focused strategy**
- 4** **Robust pipeline** of low-risk, short cash cycle projects planned/under-execution
- 5** External environment indicating **considerable tailwinds**
- 6** Company **well positioned** to deliver industry leading growth and returns

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Operations Update

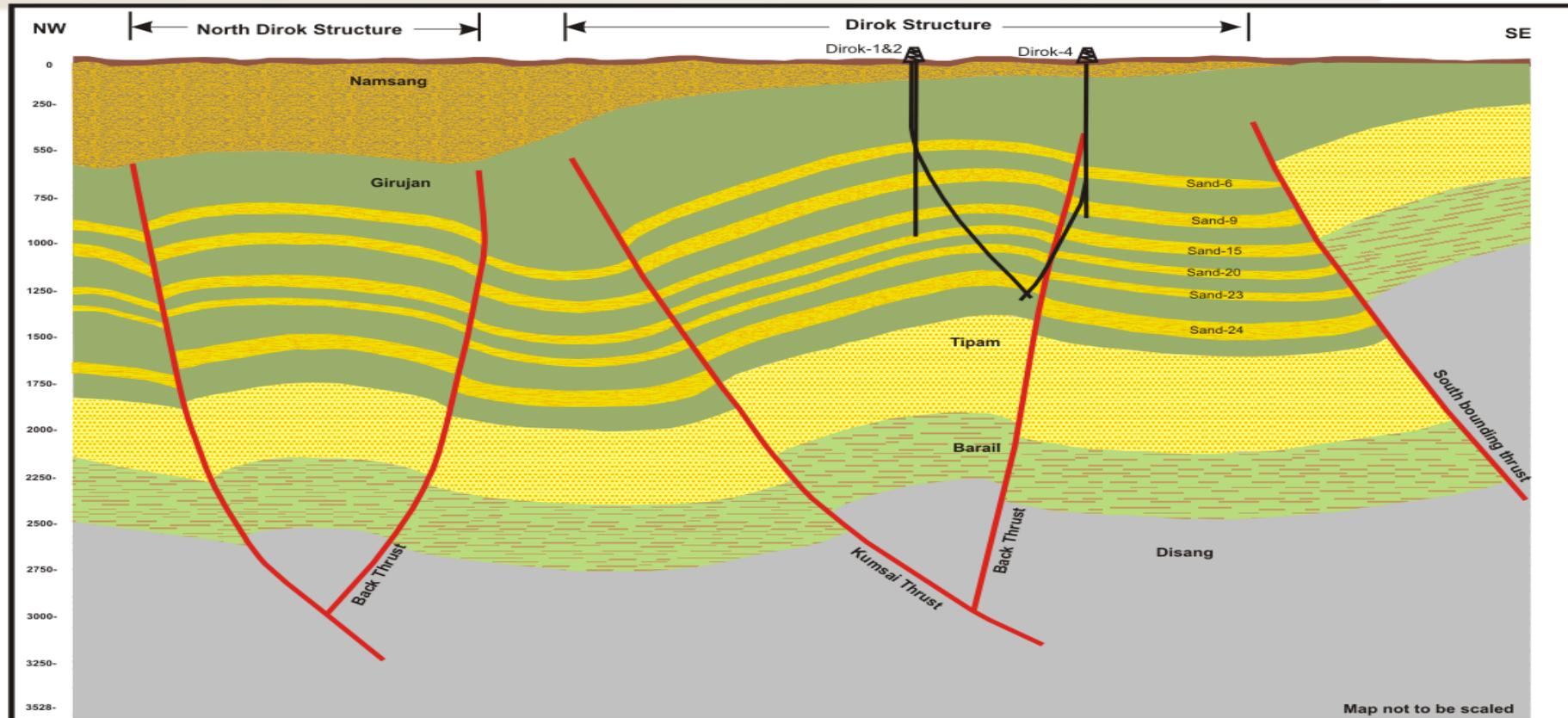
H-MGPP commissioned in March'18



Project status

- H-MGPP Commissioned in Mar-2018. Gas flowing to OIL Kusijan GGS through 12" and condensate to IOC Digboi refinery through 4" pipeline
- Dirok gas sales ramp up ongoing – Achieved 30 mmscfd of gas and 736 bopd of condensate production on 11th May 2018
- 5 wells are connected and flowing. Dirok – 5 hookup in progress; Full rampup to 35 mmscfd gas and 1000 bopd of condensate by Q1 FY 18-19

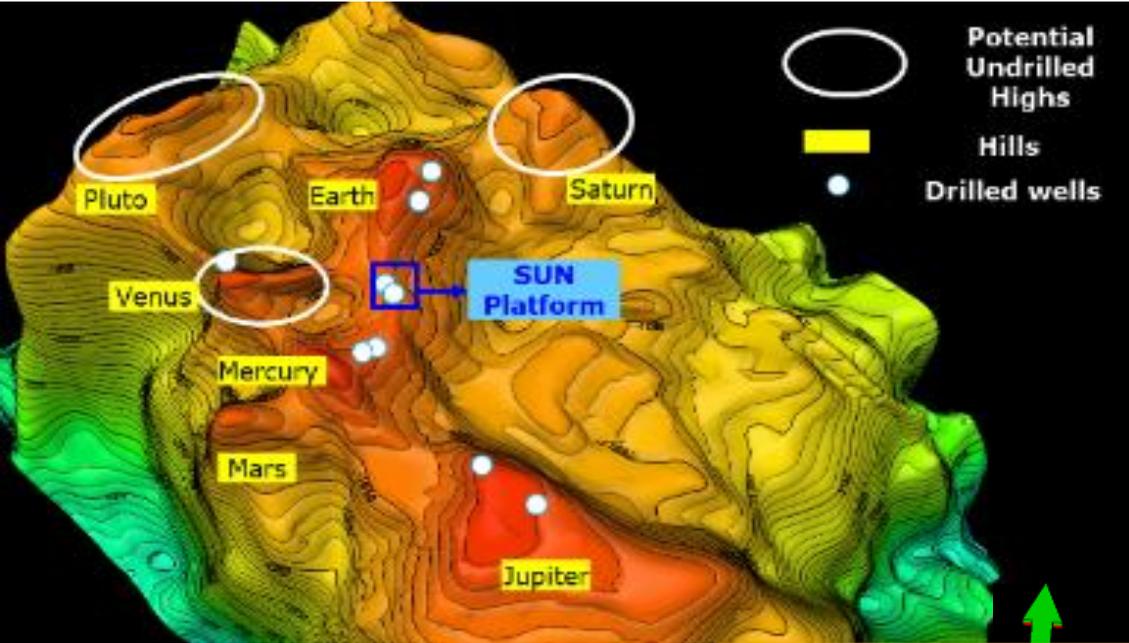
Growth Opportunity: Prolific Dirok



Upside Potential

- Dirok field is endowed with Girujan, Tipam and Barail Formation
- Third-Party Reserves audit by GCA in progress to be completed by May 2018
- Revised Field Development Plan targeting Dirok upside potential under preparation.
- Environmental Clearance applied for future drilling campaigns and facility development at Dirok

Current Focus: Increasing Production from PY-1



Significant resources exist in this fractured granite basement reservoir

Being re-entry from existing wells, production ramp-up from Q2 FY 18-19

Existing facilities can handle increase in production without additional cost

Planned Activities & Opportunities

- Two well re-entry and sidetrack campaign commenced in April 2018. Expected to complete by Q1 FY 18
- Capital costs for wells are marginal
- Potential up-side from Jupiter, Pluto, Saturn & Venus to be drilled subsequently

Cambay Marginal Fields



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

Wells: 2 wells under Production
Reservoir : Balol, Babaguru & Kand Sands
Prod. Q4 FY 17-18 (100%): **36.3 mmscf**

Reserves : 2P (100%): **6.79 BCF**
Potential for additional wells

Asjol
(PI : 50%)

Wells : 2 wells under Production
Reservoir : Upper Suraj Pay Sandstone
Prod. Q4 FY 17-18 (100%) : **1008 barrels**

Reserves : 2P (100%): **0.6 mmbbls**
Potential for additional wells

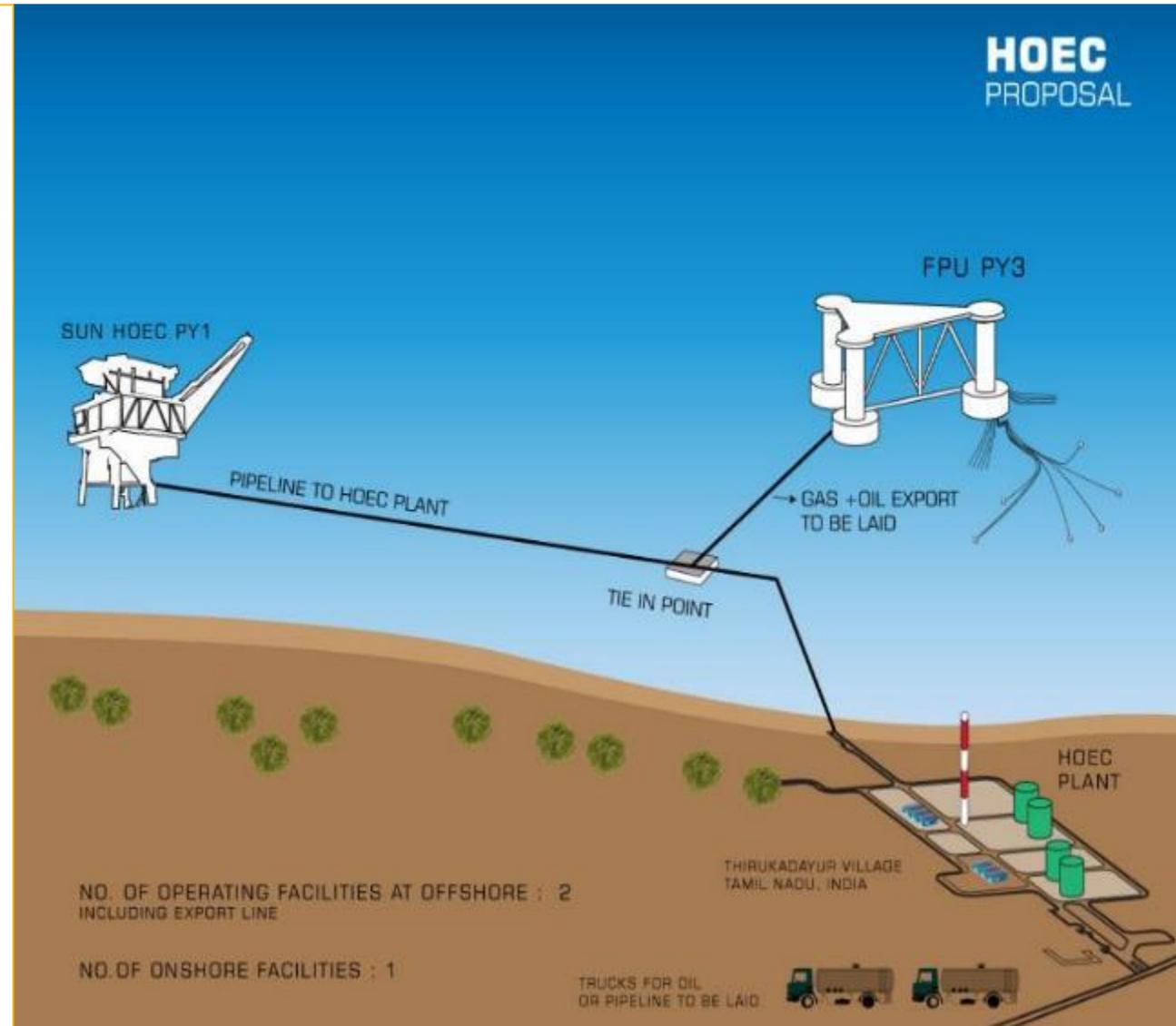
CB-ON-7
(PI : 35%)

Wells : 3 wells under Production
Reservoir : Hazad Sands of Ankleshwar
Prod. Q4 FY 17-18 (100%): **8580 barrels**

Reserves : 2P (100%): **0.359 mmbbls**
Potential for additional wells

PY3 - Status

- PY-3 field was shut-in on 31 July 2011 when it was producing 3000+ bopd without any sub-surface issues.
- 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 through 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.
- Application being submitted for PSC extension by Operator

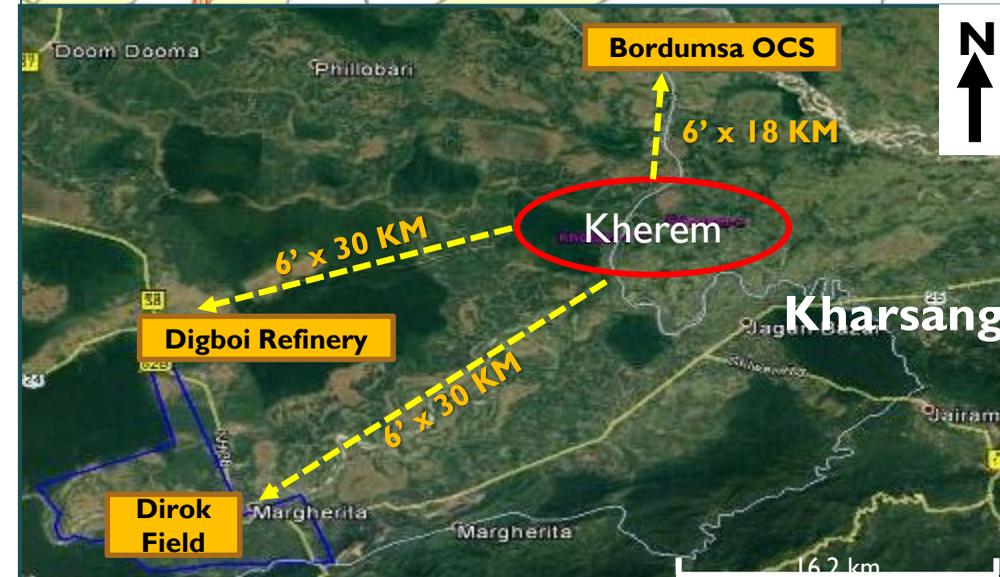
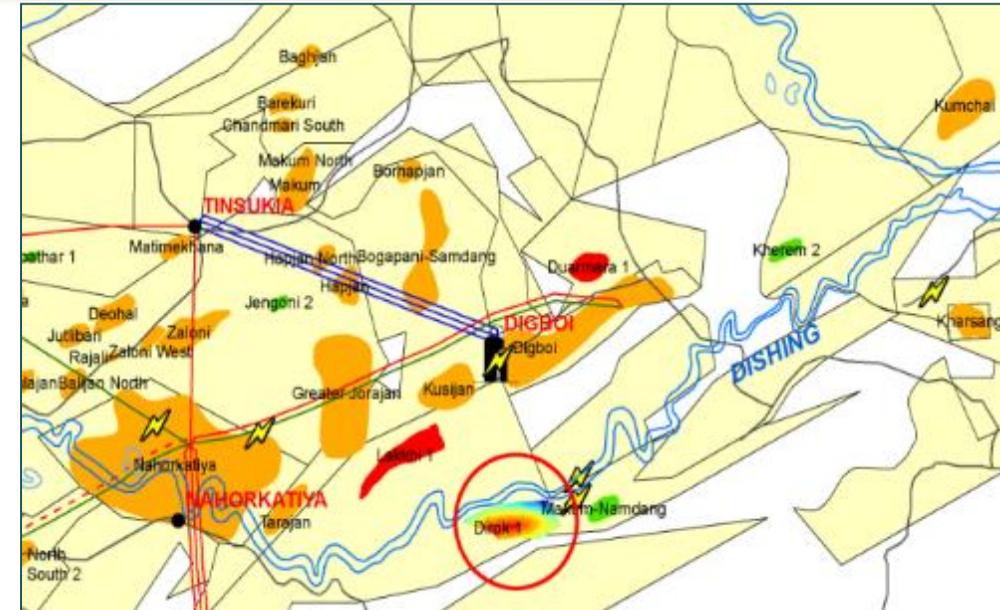


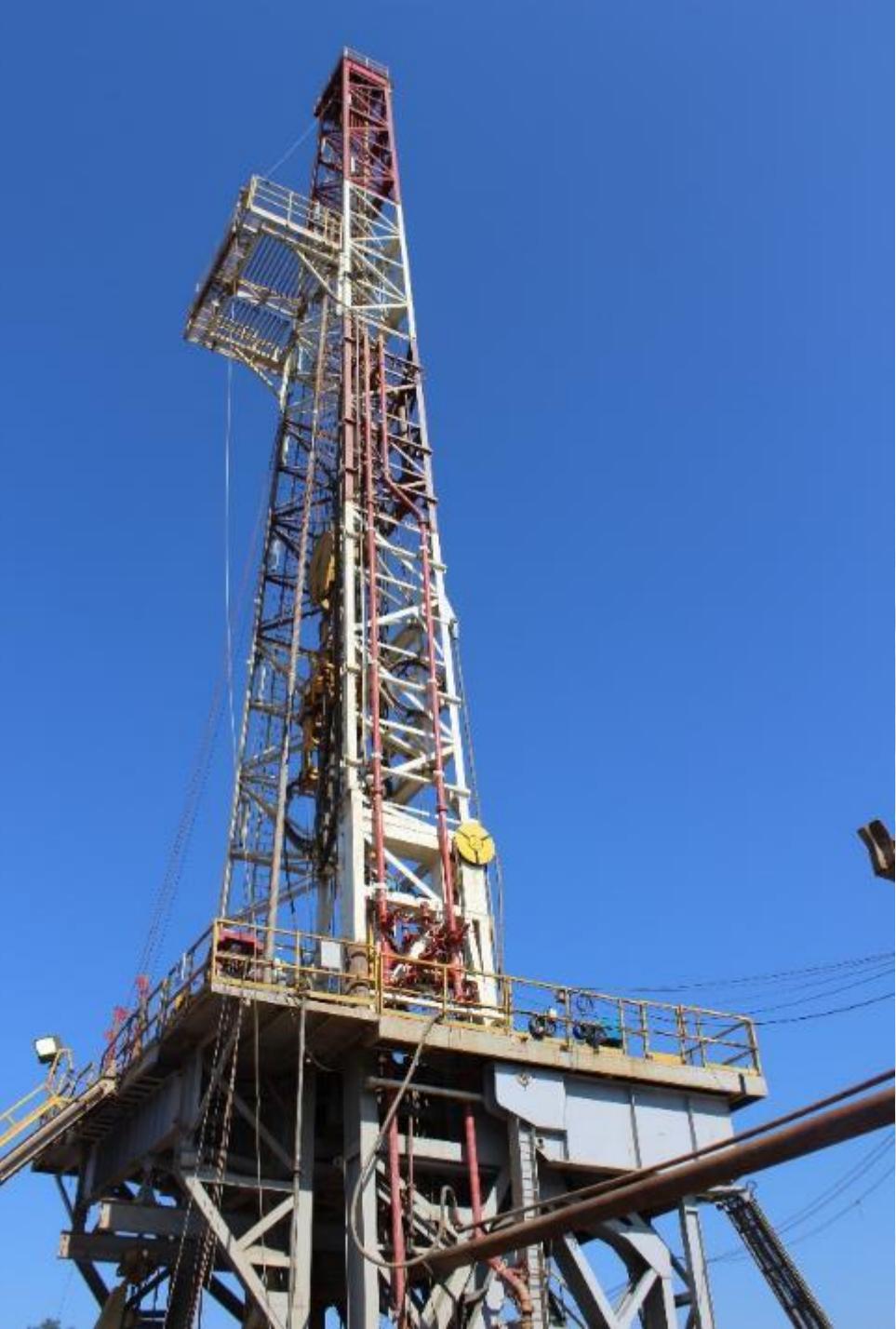
Kherem (Arunachal Pradesh)

- **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
STOIIP	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
- Petroleum Mining Lease transfer/(PML) still awaited
- Effective Date Starts from the date of PML transfer
- Application for forest clearance in process





ANNEXURES



Statement of profit & loss FY 2017-18



PARTICULARS	For the year ended (₹ Crores)	
	March 31, 2018	March 31, 2017
INCOME		
Revenue from operations	48.71	25.02
Other income	11.44	17.09
Total revenue	60.15	42.11
EXPENSES		
Expenses from producing oil and gas blocks	13.04	11.33
Decrease / (Increase) in stock of crude oil and condensate	(4.55)	(0.31)
Employee benefits expense	5.58	1.22
Finance costs - unwinding of discount on decommissioning liability	1.00	-
Depreciation, depletion and amortization	8.35	9.49
Other expenses	3.38	8.03
Write off of obsolete inventories	-	1.04
Total expenses	26.80	30.80
Profit before tax and exceptional Items	33.35	11.31
Exceptional Items - Income	4.49	28.95
Profit before tax	37.84	40.26
Net tax expenses - prior year tax adjustment	-	3.88
Net profit for the year	37.84	36.38
Other comprehensive income	(0.16)	(0.04)
Total comprehensive income	37.68	36.34
Earnings per share (Face value of ₹ 10/-each)		
Basic	₹ 2.90	₹ 2.78
Diluted	₹ 2.88	₹ 2.78

Statement of Assets and Liabilities (Audited)



All figures are in ₹ crores

ASSETS	As at		EQUITY AND LIABILITIES	As at	
	Mar 31, 2018	Mar 31, 2017		Mar 31, 2018	Mar 31, 2017
Non-current assets			Shareholders' funds		
Property, Plant and Equipment			Equity share capital	130.51	130.51
(i) Oil and gas assets	262.94	221.98	Other equity	243.02	200.85
(ii) Others	6.60	6.84	Total equity	373.53	331.36
Capital work-in-progress	5.62	6.13	Non-current liabilities		
Investment property	0.83	0.87	Financial liabilities		
Intangible assets	9.83	1.98	(i) Trade payables	22.11	22.11
Financial Assets			Provision for decommissioning	96.63	93.65
(i) Investments in subsidiary	0.50	0.50	Other non-current liabilities	0.20	0.20
(ii) Site restoration deposit	55.13	51.43	Total non-current liabilities	118.94	115.96
(iii) Other bank balances	0.05	-	Current liabilities		
(iv) Other financial assets	0.40	0.04	Financial liabilities		
Total non-current assets	341.90	289.77	(i) Trade payables	17.89	17.83
Current assets			(ii) Other financial liabilities	23.32	49.25
Inventories	28.27	24.70	Other current liabilities	1.48	0.70
Financial assets			Total current liabilities	42.69	67.78
(i) Investments	41.84	151.04			
(ii) Trade receivables	16.07	4.74			
(iii) Cash and cash equivalent	84.18	28.43			
(iv) Other bank balances	7.33	5.87			
(v) Other financial assets	6.54	0.84			
Income tax assets	8.34	9.28			
Other current assets	0.69	0.43			
Total current assets	193.26	225.33			
TOTAL	535.16	515.10	TOTAL	535.16	515.10

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%

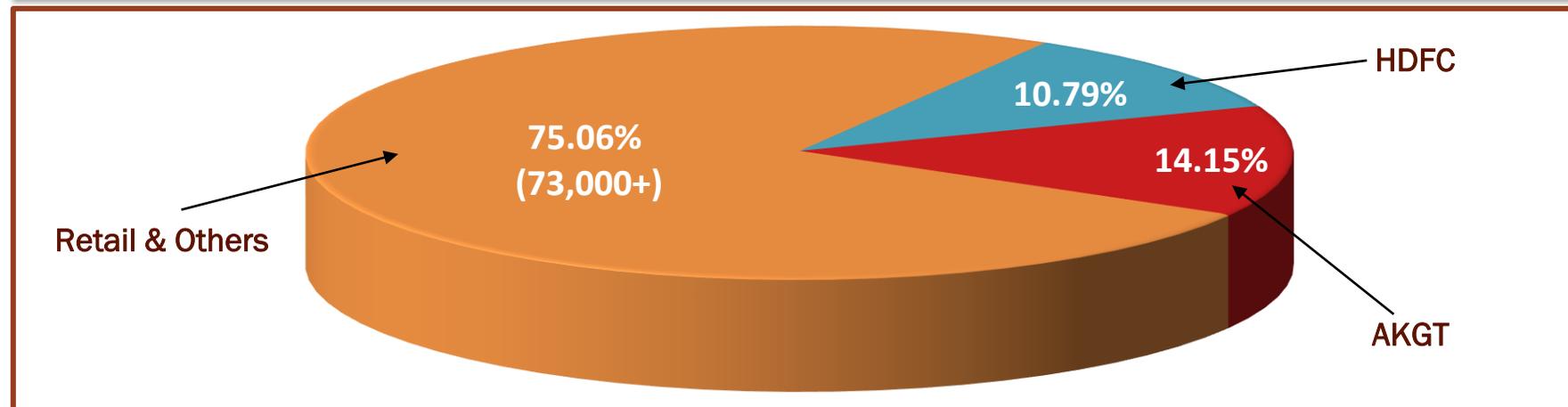
DIROK: Delivered Results on fast-track mode through Innovation



Company Overview



Shareholding Pattern (more than 10 %)



Board of Directors



Sunil Behari Mathur
Chairman



P.K. Borthakur
Director



Sharmila Amin
Director



Ashok Goel
Non-Executive
Director



Rohit Rajgopal Dhoot
Non-Executive
Director



P. Elango
Managing Director



R. Jeevanandam
Director & CFO

Asset Portfolio (Production / Development)



Block Name	Operator	Location	Oil/Gas	PI	Partner(s)	Oil/Gas Consumers
PY-1	HOEC	Offshore	Gas	100%	Nil	Gas – GAIL; Condensate – CPCL
CB-ON-7	HOEC	Onshore	Oil	35%		Oil – IOCL
North Balol	HOEC	Onshore	Gas	25%	GNRL	Gas – GSPCL
Asjol	HOEC	Onshore	Oil	50%		Oil – IOCL
Dirok	HOEC	Onshore	Gas	27%		Gas – OIL India; Condensate – IOCL
Kharsang	Geoenpro	Onshore	Oil	30%		Oil – IOCL
B-80	HOEC	Offshore	Oil & Gas	50%	Adbhoot	NA
Kherem	HOEC	Onshore	Oil & Gas	40%		NA
CB-OS/1	ONGC	Offshore	Oil	38%		NA
PY-3	HEPI	Offshore	Oil	21%		NA

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