

**Hindustan Oil Exploration
Company Limited**



EARNINGS PRESENTATION | Q3-FY22



Right Resources

- Established player with proven track record
- Experienced and focused management
- Deep technical knowledge and experience in Indian Basins
- Asset Portfolio tailored to strategy



Right Strategy

- Short cycle projects with immediate production uptick
- Cost effective projects and operations delivery
- Disciplined capital allocation preserving financial flexibility



Right Environment

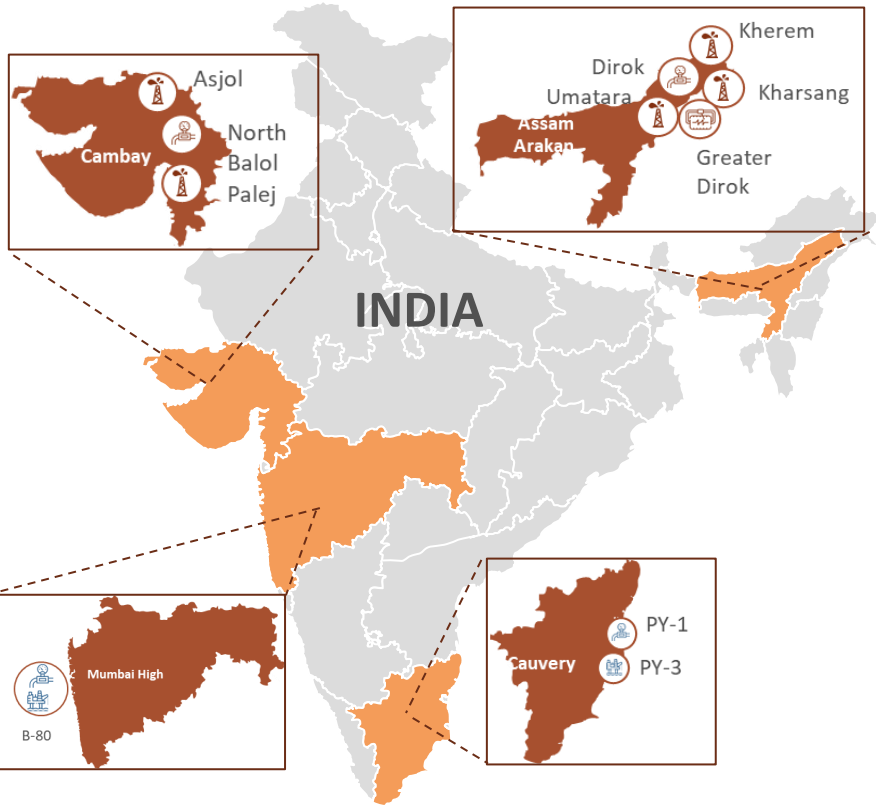
- Next level of revenue and cashflow generation from project delivery
- Crude oil and Natural gas prices recovering from lows
- Reforms in sector leading to multiple opportunities for growth

Superior and Sustainable Value Creation over the long term

Tailored Asset Portfolio with Broad Geographical Presence



- Onshore Oil Well
- Offshore Oil Well
- Onshore Gas
- Offshore Gas
- Onshore Exploration








- India Focused Asset Portfolio tailored to deliver our strategy of rapid development of discovered resources
- Strong offshore presence with anchor assets on both east and west coast
- Established industry leading footprint in most prospective areas – North-east and Cambay

10 Out of 11 blocks with discovered / producing resources

4 Out of 7 producing basins in India with HOEC presence

Uniquely placed with right organization and right asset portfolio to deliver superior value

Focus on Discovered Resources 	Light Asset Model 	Low cost operating model 	Growing responsibly 	Growth strategy 
<ul style="list-style-type: none">• Focus on discovered oil and gas resources to reduce the risk involved in exploration• Fast-track execution to bring resources to monetization quickly	<ul style="list-style-type: none">• Follow Light-Asset model• Focus on our core operations (G&G Drilling for Oil/Gas)• Outsource associated field tasks to expert partners• Insource at Group Corporate Level	<ul style="list-style-type: none">• Follow a low-cost operating model• Self-funding company with sustainable cash flows from its key producing assets.• Ability to raise growth capital	<ul style="list-style-type: none">• Create long-term stakeholder value & 'Grow Responsibly'• Respect and Care for<ul style="list-style-type: none">- Individuals- Community- Environment	<ul style="list-style-type: none">• Build on Offshore Operating Edge• Seize growth opportunities in Offshore and North-East with established footprint• Leverage Existing Infrastructure to add Attractive Assets with Synergies

Q3-FY22 Operational Highlights



Gross Production (BOEPD)

Q3 FY22: 7,684
Q2 FY22 : 9,622

Net Production (BOEPD)

Q3 FY22: 2,364
Q2 FY22 : 2,964

Gross Production - PY-1 (BOEPD)

Q3 FY22: 14
Q2 FY22 : 14

Gross Production - Dirok (BOEPD)

Q3 FY22: 7,023
Q2 FY22 : 8,918

Dirok

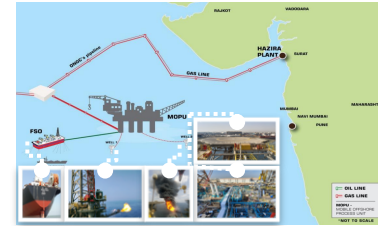
- Planned maintenance shutdown carried out in Dec 2021
- Q-3 average production: Gas: 32.8 mmscfd & Condensate : 629 boepd
- Premium sales commenced to NRL, BCPL, NEEPCO & AGCL.
- Premium sales during Q3 FY 2021-22 constitute about 20% of total Dirok Sales.
- Average Premium realized is > \$1/mmbtu

B-80

- SPM – Calm Buoy Installation - Anchor Chains (6 nos.) located, picked up, re-tensioned and Calm Buoy installed
- Gas Lateral Line – 6” Ball Valve Actuator Installation & Function Testing completed
- FSO moved to site & Hooked up with floating hose & mooring hawser
- Full Offshore Systems installed and Integrated
- Pre-Commissioning works on-going to commission the plant and to commence production
- Engaged M/s MSTC for e-bidding & e-Auction in-progress

PY-1 & Cambay

- Application of Environmental Clearance under process
- Planning in-progress for future drilling campaigns in PY-1 & Cambay Assets



KGB - Offshore Installation (OI)

- KGB modification engineering works to install new export pumps and shutdown valves is ongoing
- Orders placed for all tangibles and deliveries expected in Feb 22
- Pre-commissioning team of EXPRO on board KGB -OI
- OEM service engineers to join later this month for testing & commissioning
- Target is to commence production by end March 2022

Gas e-Auction

- Engaged M/s MSTC for eBidding – NIT issued on 27th Jan 2022
- Pre-bid Meeting for the eBidding held on 4th Feb 2022

Commercial Terms:

- Quantity on Offer: **0.3 MMSCMD**
- Contract period : **2 years**
- **Bidders to quote a % of Brent Price ('P' %)**
 - Sales Gas Price (in \$/MMBTU)
= (12.0 + 'P')% x previous month Avg Brent Price in \$/BBL
- **Floor Price:** \$6 per MMBTU
- **Delivery Point:** Ex-ONGC Hazira Gas Processing Point

- **SPM – Calm Buoy Installation**
 - Marine spread with diving support mobilized
 - Anchor Chains (6 nos.) located, picked up and re-tensioned
 - Calm Buoy installation completed & tested
- **Gas Lateral Line – 6” Ball Valve Actuator Installation & Function Testing**
 - Installed Actuator on the 6” Ball Valve for the Lateral Assembly
 - Function Testing of the Actuator completed
- **SPM – FSO Connection – Floating Hose/ Mooring Hawser Installation**
 - Made up floating hose with Marine breakaway coupling, installed & hooked up
 - Connected mooring hawsers to mooring bridle and hooked up
 - FSO moved to site & Hooked up with floating hose & mooring hawser



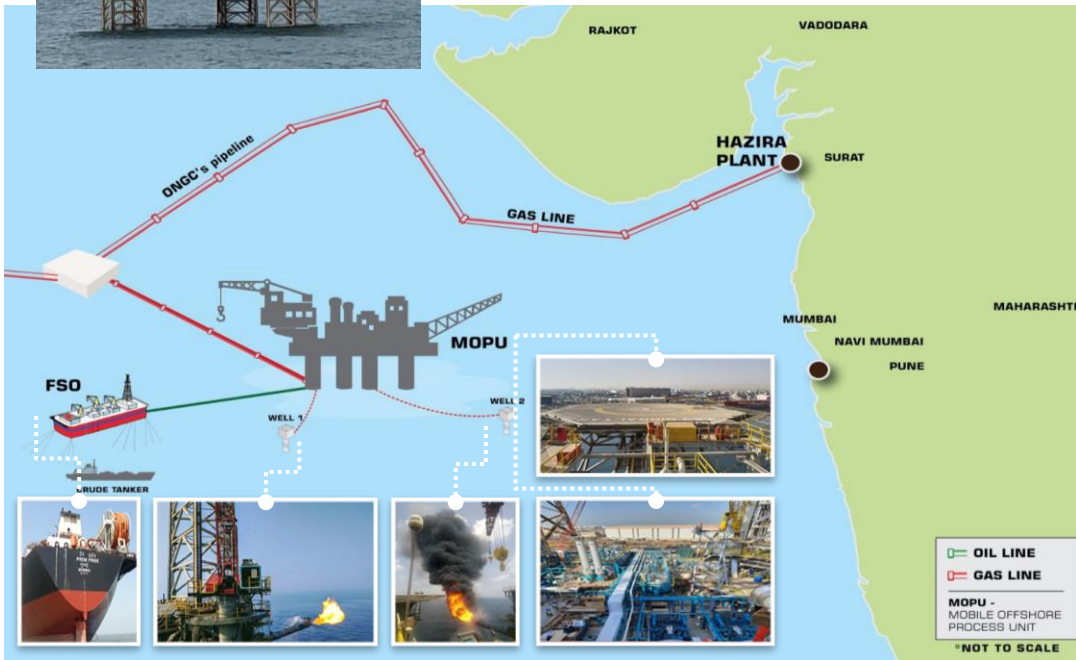
Full Offshore Systems Installed and Integrated

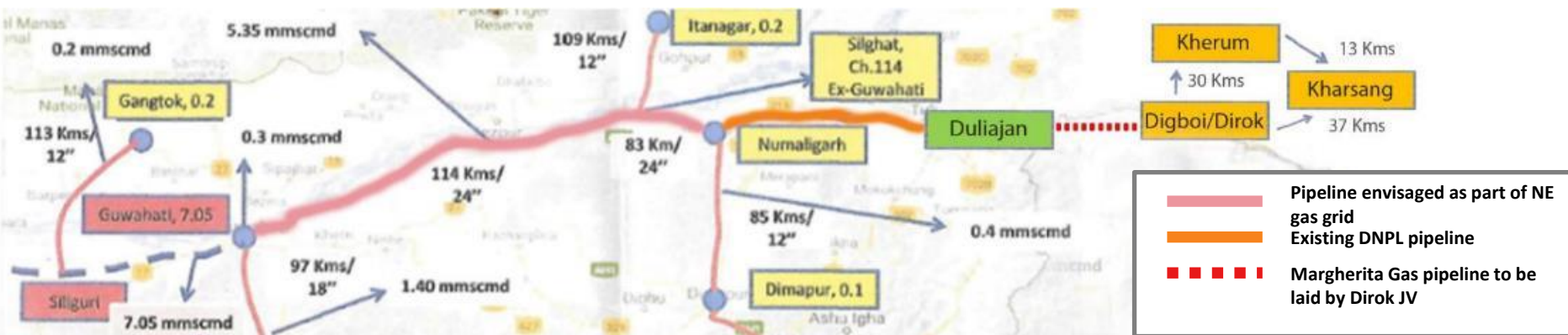
B-80: Key Milestones

- FDP Approved Dec 2017
- Drilling & completion – 2 subsea development wells April 2020
- Offshore Installation(OI) for collecting, separating and processing well fluids March 2021
- Hot-Tap of existing ONGC WO-16 Pipeline; Subsea production controls and flexible flowlines / export lines installation April 2021
- Installation of Oil evacuation using FSO moored with CALM buoy Dec 2021
- Full Offshore Systems installed and Integrated Jan 2022
- Pre-Commissioning and Commissioning works to commence production In-Progress



KGB- Offshore Installation at B-80 Site





HIGHLIGHTS of E-Auction – June 2021

- Quantity on Offer: 1.25 mmscmd
- Contract period : 2 years
- Price Basis: PPAC Price + Premium to bid
- Both firm & fallback options to bid
- Total quantity bid for Firm – 0.3 mmscmd; Total quantity bid for fallback – 1.86 mmscmd
- Average premium of > \$1/mmbtu received

Current Status on E-Auction

- 6 out of 8 Premium Gas Sales Agreements are signed for a cumulative total of 1.18 mmscmd under both firm & fall-back basis
- Premium sales commenced to NRL, BCPL, NEEPCO & AGCL. Premium sales during Q3 FY 2021-22 constitute about 20% of total Dirok Sales.
- Average Premium realized is > \$1/mmbtu



Approved FDP to be executed over next Two years

- **Asjol:** 2 development wells & hook-up to EPS
- **North Balol:** 2 development wells & hook-up to GCS
- **Palej:** RFPSC (100 sq.km. 3D seismic & 2 exploration wells – pending MOPNG execution of the PSC amendment)



Public Hearing highlights

- Public Hearing completed as part of Environment Clearance Process successfully on 18 Jan 2022 for future development campaigns in Asjol and North Balol

Q3-FY22 Financial Highlights



Standalone Statement of Profit or Loss



PARTICULARS (INR Cr)	Q3-FY22	Q2-FY22	FY21	FY20
INCOME				
Revenue from operations	36.24	31.05	99.44	179.84
Other income	1.95	6.19	11.82	21.58
Total revenue	38.19	37.24	111.26	201.42
EXPENSES				
Expenses from producing oil and gas blocks	5.81	5.40	22.96	26.00
Royalty, Cess and NCCD	6.04	5.93	19.69	20.64
Decrease / (Increase) in stock of crude oil and condensate	1.18	(0.10)	(1.97)	(0.12)
Employee benefits expense	0.19	0.22	0.61	5.18
Finance costs – unwinding of discount on decommissioning liability	1.51	1.51	5.60	5.18
Depreciation, depletion and amortization	3.62	4.50	18.58	23.92
Other expenses	2.24	2.37	8.32	6.00
Total expenses	20.59	19.83	73.79	86.80
Profit before tax and exceptional items	17.60	17.41	37.47	114.62
Exceptional items - Income	-	-	27.59	26.21
Profit before tax	17.60	17.41	65.06	140.83
Net tax expenses	-	-	-	-
Net profit for the period	17.60	17.41	65.06	140.83
Other comprehensive income	0.01	0.01	0.04	0.16
Total comprehensive income	17.61	17.42	65.10	140.99
Earnings per equity share of Rs 10 each - Basic	1.33	1.32	4.92	10.71
- Diluted	1.33	1.32	4.92	10.71

Standalone Statement of Assets & Liabilities



PARTICULARS (INR Cr)	H1-FY22	FY21	FY20
EQUITY AND LIABILITIES			
Equity	759.32	730.18	665.08
(a) Equity share capital	132.26	132.26	132.26
(b) Other equity	627.06	597.92	532.82
Non-Current Liabilities	324.87	197.49	103.73
(a) Financial liabilities			
(i) Long-term borrowings	212.58	88.28	-
(ii) Other financial liabilities	0.14	0.13	0.31
(b) Provisions	112.15	109.08	103.42
Current Liabilities	175.88	107.60	132.48
(a) Financial liabilities			
(i) Trade payables	16.12	12.13	12.69
(ii) Other financial liabilities	117.40	89.91	117.39
(b) Provisions	38.15	0.18	0.14
(c) Other current liabilities	4.21	5.38	2.26
GRAND TOTAL - EQUITIES & LIABILITIES	1260.07	1,035.27	901.29

PARTICULARS (INR Cr)	H1-FY22	FY21	FY20
ASSETS			
Non-Current Asset	806.01	704.41	584.44
(a) Property, Plant and Equipment			
(i) Oil & gas assets	281.17	288.59	305.04
(ii) Others	3.50	2.82	2.86
(b) Capital work-in-progress	381.22	274.08	139.24
(c) Investment property	3.15	3.95	4.15
(d) Intangible assets	9.21	9.37	9.82
(e) Financial assets			
(i) Investments in subsidiary	59.46	59.46	59.46
(ii) Deposits under site restoration fund	67.73	65.59	62.41
(f) Deferred Tax Asset	-	-	-
(g) Other non-current assets	0.57	0.55	1.46
Current Assets	454.06	330.86	316.85
(a) Inventories	30.03	30.46	22.02
(b) Financial assets			
(i) Investments	95.49	30.35	91.89
(ii) Trade receivables	10.54	28.02	35.21
(iii) Cash & cash equivalents	13.76	30.10	48.71
(iv) Other bank balances	31.89	15.90	15.25
(v) Loan to subsidiary	98.39	97.39	65.96
(vi) Other financial assets	66.93	30.53	4.19
Income tax assets (net)	9.01	4.39	4.35
Other current assets	98.02	63.72	29.27
GRAND TOTAL - ASSETS	1260.07	1,035.27	901.29

Consolidated Statement of Profit or Loss



PARTICULARS (INR Cr)	Q3-FY22	Q2-FY22	FY21	FY20
INCOME				
Revenue from operations	43.94	39.10	113.86	202.05
Other income	2.70	6.03	11.32	21.76
Total revenue	46.64	45.13	125.18	223.81
EXPENSES				
Expenses from producing oil and gas blocks	7.28	6.82	29.54	35.34
Royalty, Cess and NCCD	8.41	8.54	24.45	21.82
Decrease / (Increase) in stock of crude oil and condensate	1.24	1.60	(3.30)	0.43
Employee benefits expense	0.38	0.26	0.69	5.56
Finance costs - unwinding of discount on decommissioning liability	1.55	1.55	5.78	5.36
- Others	0.25	0.01	0.01	1.04
Depreciation, depletion and amortization	5.09	5.58	23.37	29.38
Other expenses	3.90	2.58	8.34	14.31
Total expenses	28.10	26.94	88.88	113.24
Profit before tax and exceptional items	18.54	18.19	36.30	110.57
Share of profit from associate	0.35	(2.03)	1.54	0.52
Exceptional items - Income	-	-	13.98	26.21
Profit before tax	18.89	16.16	51.82	137.30
Net tax expenses	(0.26)	(0.80)	(1.59)	(0.26)
Net profit for the period	19.15	16.96	53.42	137.56
Other comprehensive income	0.01	0.01	0.04	0.16
Total comprehensive income	19.16	16.97	53.46	137.72
Earnings per equity share of Rs 10 each - Basic	1.45	1.28	4.04	10.46
- Diluted	1.45	1.28	4.04	10.46

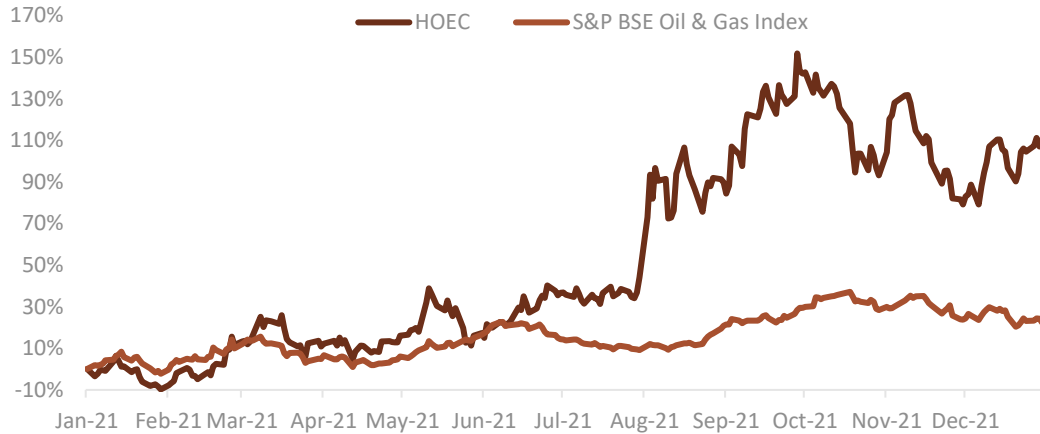
Consolidated Statement of Assets & Liabilities



PARTICULARS (INR Cr)	H1-FY22	FY21	FY20
EQUITY AND LIABILITIES			
Equity	761.25	733.17	679.71
(a) Equity share capital	132.26	132.26	132.26
(b) Other equity	628.99	600.91	547.45
Non-Current Liabilities	386.95	273.23	142.07
(a) Financial liabilities			
(i) Long term borrowings	270.28	159.17	31.97
(b) Other financial liabilities	0.14	0.14	0.31
Provisions	115.74	112.59	106.77
Deferred tax liability	0.79	1.33	3.02
Current Liabilities	280.14	178.75	214.06
(a) Financial liabilities			
(i) Trade payables	52.26	36.24	65.89
(ii) Other financial liabilities	172.22	123.70	131.21
(b) Provisions	51.33	13.19	13.47
(c) Other Current liabilities	4.33	5.62	3.49
GRAND TOTAL - EQUITIES & LIABILITIES	1428.34	1,185.15	1,035.84

PARTICULARS (INR Cr)	H1-FY22	FY21	FY20
ASSETS			
Non-Current Asset	1129.85	958.41	769.13
(a) Property, Plant and Equipment			
(i) Oil & gas assets	303.21	312.14	331.78
(ii) Others	9.97	9.94	11.57
(b) Capital work in progress	715.27	534.59	327.37
(c) Investment property	3.15	3.95	4.15
(d) Intangible assets	9.21	9.37	9.82
(e) Financial assets			
(i) Investments in associate	17.67	19.28	17.73
(ii) Deposits under site restoration fund	70.74	68.53	65.18
(iii) Other financial assets	0.06	0.06	0.07
(f) Other non-current assets	0.57	0.55	1.46
Current Assets	298.49	226.74	266.71
(a) Inventories	34.19	36.10	26.59
(b) Financial assets			
(i) Investments	95.49	45.38	100.48
(ii) Trade receivables	14.22	31.07	36.36
(iii) Cash & Cash Equivalents	33.48	46.89	70.60
(iv) Other bank balances	35.58	24.63	15.24
(v) Other financial assets	64.30	28.54	3.47
Income tax assets (net)	12.03	7.36	9.88
Other Current Assets	9.20	6.77	4.09
GRAND TOTAL - ASSETS	1428.34	1,185.15	1,035.84

Capital Market Data



Price Data (31st December, 2021)

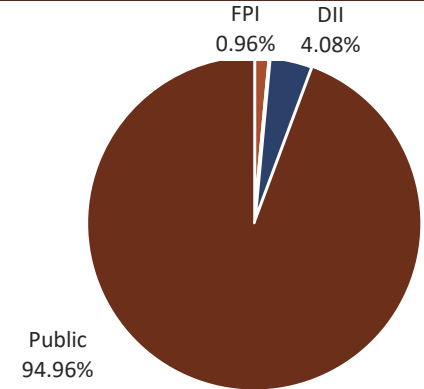
CMP (INR)	182.1
52 Week H/L (INR)	222.1/78.4
Avg. Net Turnover (INR Mn)	171.9
Market Cap (INR Mn)	24,073.6
Equity Shares Outstanding (Mn)	132.2

Marquee Investors

% Holding

Housing Development Finance Corporation Ltd (HDFC)	8.46%
Kotak Small Cap Fund	1.98%
ICICI Prudential Commodities Fund	1.72%

Shareholding Pattern (31st December 2021)



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For further information please contact our Investor Relations Representatives:

Mr. Anuj Sonpal

Valorem Advisors

Tel: +91-22-4903-9500

Email: hoec@valoremadvisors.com

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