



INVESTOR PRESENTATION, 20 APRIL 2017

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



Transforming Through Talent And Technology

HINDUSTAN OIL EXPLORATION COMPANY LIMITED

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# FY 2017 Highlights & FY 2018 Plans



## Strong financials

- ❑ Debt free balance Sheet & self funding for organic growth.
- ❑ Gross working capital ₹ 225 Crores includes ₹ 186 Crores cash and cash equivalent

## Dirok development on course

- ❑ Dirok -phase-1 development completed and ready to flow of gas.
- ❑ Plan to produce 10 mm scfd by June 2018 and increase to 25 mm scfd by Q2 of 2018
- ❑ 12" pipeline and Modular Gas Processing Plant construction in progress
- ❑ Field facilities will have capacity to process 36 mm scfd (1 mm scmd)

## Offshore revival plan

- ❑ PY-3 -Alternate Integrated Field Development Plan (AIFDP) submitted to all stakeholders
- ❑ Revival of production within 9 months subject to approval by stakeholders
- ❑ PY-1- Review of G & G model is in progress
- ❑ Re-entry and completion of an existing well is under review to enhance production

## Focus on growth

- ❑ B-80 -(Mumbai High offshore) and Kherem (North East) discovered fields RSC under DSF executed on 27 March, 2017
- ❑ 97 sq. km. additional acreage in CB-ON-7(Palej Gujarat) PSC to be executed shortly

## Strong portfolio of Discovered Resources in India with a judicious mix of development and production assets

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**

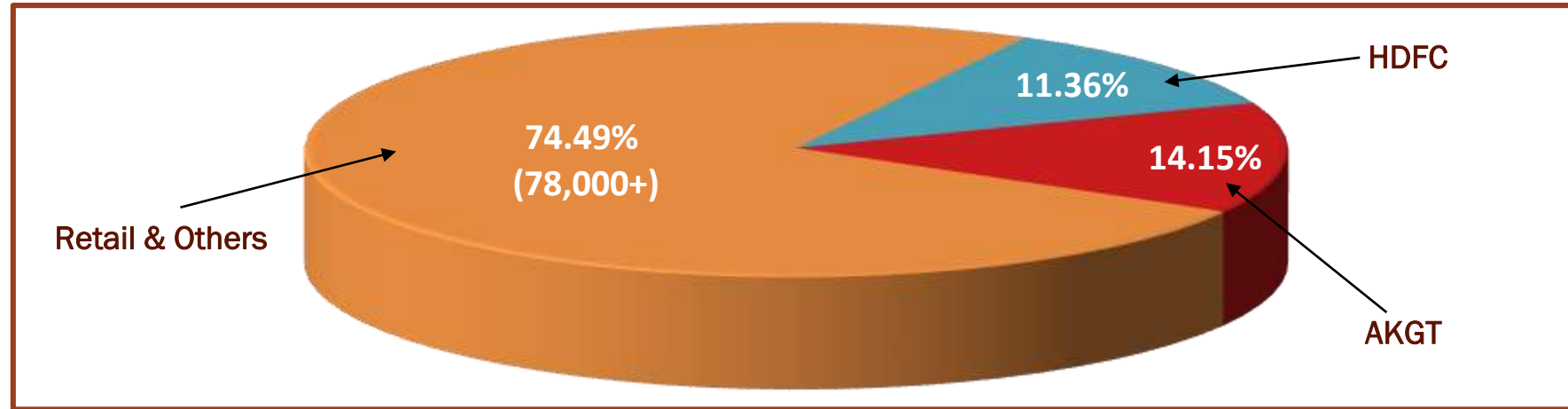
**Portfolio of 9 Blocks** with discovered resources  
**5 Onshore** (2 North East, 3 Gujarat) **4 offshore**  
(2 West Coast & 2 East Coast),

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 25mmscfd by Q2 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 6<sup>th</sup> well
- Evaluate early production from Kherem

## Enhance Cambay

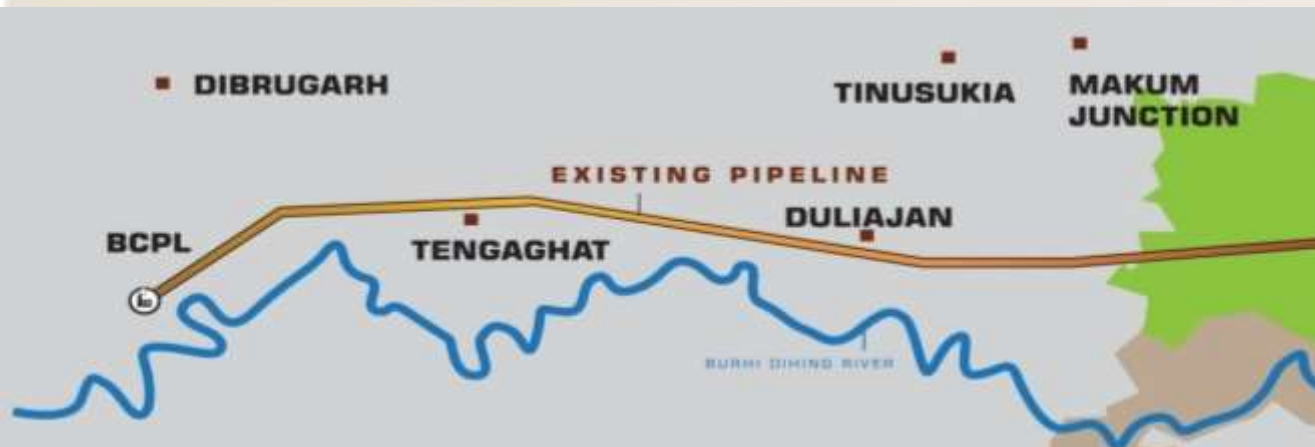
- Execute PSC for R2 Area
- Fast track committed 3D Seismic and 2 wells I
- Infuse capital to enhance production from existing fields

## Revive Offshore

- PY-3 -revive 3000 bbls/d shut in from existing well (subject to Approvals)
- Evaluate re-entry of PY-1-12 well to enhance production
- Fast track development of B-80to deliver First Oil



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



## H1 FY 2018

- Phase 1 facilities completed and tested to flow gas on 31 March 2017
- Government of Assam is expected to issue Petroleum Mining Lease (PML) by May 2017 to OIL to actualize commercial sales
- Plan to produce 10 mmscfd by June 2018 and increase to 25mmscfd by Q2 FY 2018
- Fifth well under drilling & sixth well approved
- 12" pipeline and Modular gas processing plant is under construction with a capacity to process 36 mmscfd (1 mmscmd)





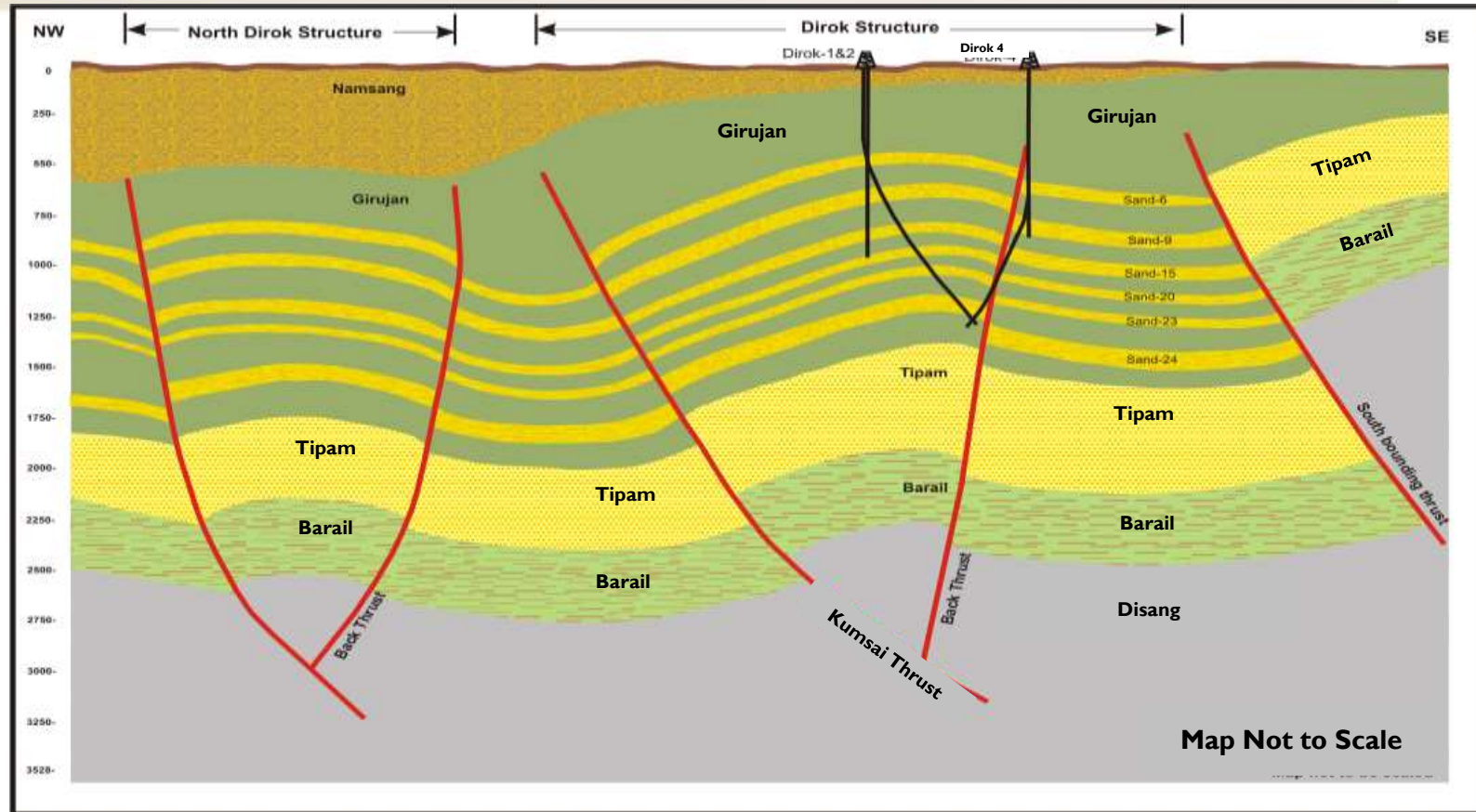


## Attractive Payout

- 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 valid till Sept 17. Field operating cost is in the order of \$ 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 - 110 Sq. Km. is endowed with Girujan, Tipam and Barail Formation
- ❑ Potential exist for both increasing reserves and improved recovery factor on well performance.
- ❑ Application being filed to obtain Environmental Clearance (EC) for drilling additional wells.



# PY-1 – Undeveloped Resources to be Accessed



## Significant resource base

- Significant resources exists for additional drilling
- Existing facilities can handle additional production
- Techno-commercial risks are being evaluated

## Synergies with PY-3 field

- Proposal on synergy with adjoining PY-3 block to optimize the operating cost to the benefit for all stakeholders is submitted. Approval from the stakeholders of PY-3 is awaited.

## Planned Activities

- G&G model of PY-1 is being reviewed
- Re-entry and completion PY-1-12 is evaluated to enhance production from PY-1

## Opportunities

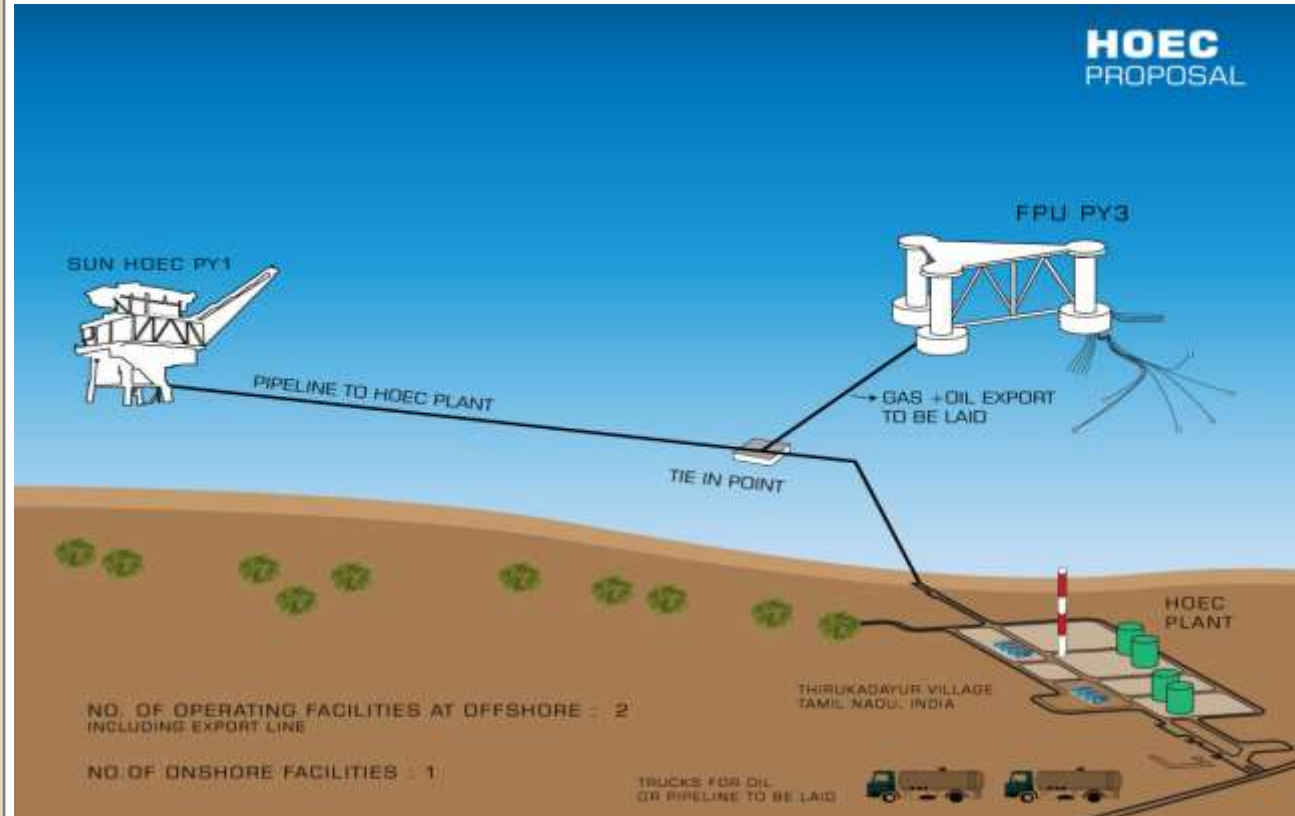
- Substantial facilities to handle the increase in production.
- Additional development only through marginal cost of re-entry and completion of an existing well.
- New wells to target undrilled prospects on successful re-entry



# 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.

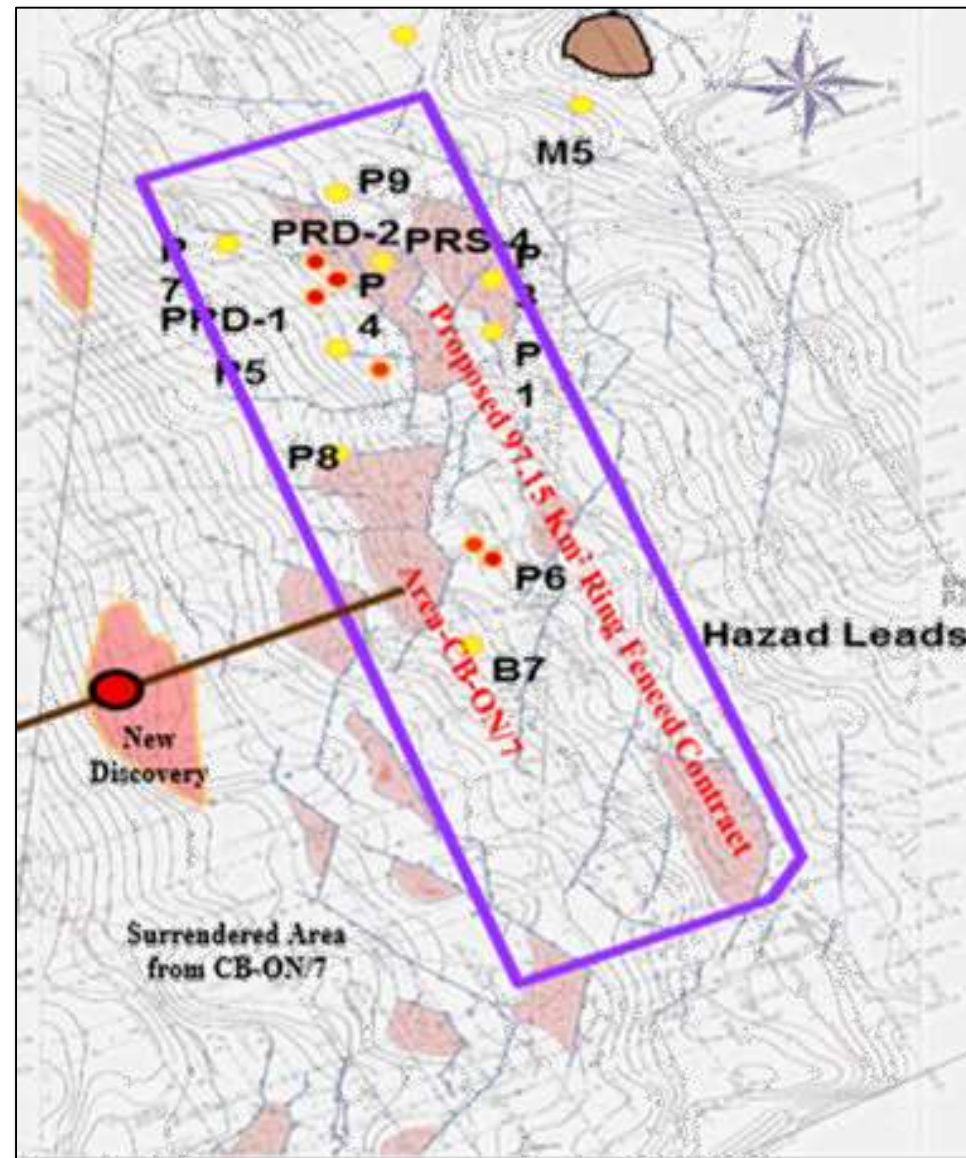




# CB-ON-7 R2 Area



- ❑ Government is to grant 97.15 Sq. km of ring-fenced R2 area to JV of HOEC and GSPC through New PSC
- ❑ Proposed PSC envisages minimum commitment of 3D seismic acquisition and drilling of 2 wells.
- ❑ PSC likely to be executed by Q1 FY 2018
- ❑ Plan to fast track 3D seismic acquisition and drilling
- ❑ Facilities available at Palej for early Production





# Cambay Marginal Fields



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

**Wells: 9 wells (2 Producing)**  
Reservoir : Balol, Babaguru & Kand  
Sands  
Avg Prod. FY 16-17 (100%):  
0.38 mmscfd

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

**Asjol  
(PI : 50%)**

**Wells : 6 wells (2 Producing)**  
Reservoir : Upper Suraj Pay  
Sandstone  
Avg. Prod. FY 16-17(100%) :  
15 bopd

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

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

**Wells : 6 wells (3 Producing)**  
Reservoir : Hazad Sands of  
Ankleshwar  
Avg. Prod. FY 16-17 (100%):  
100 bopd

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

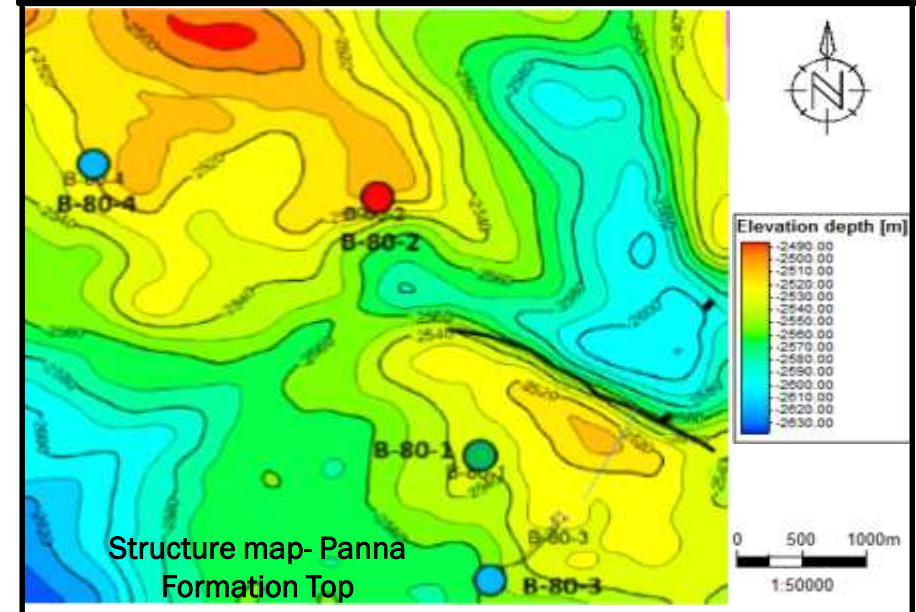
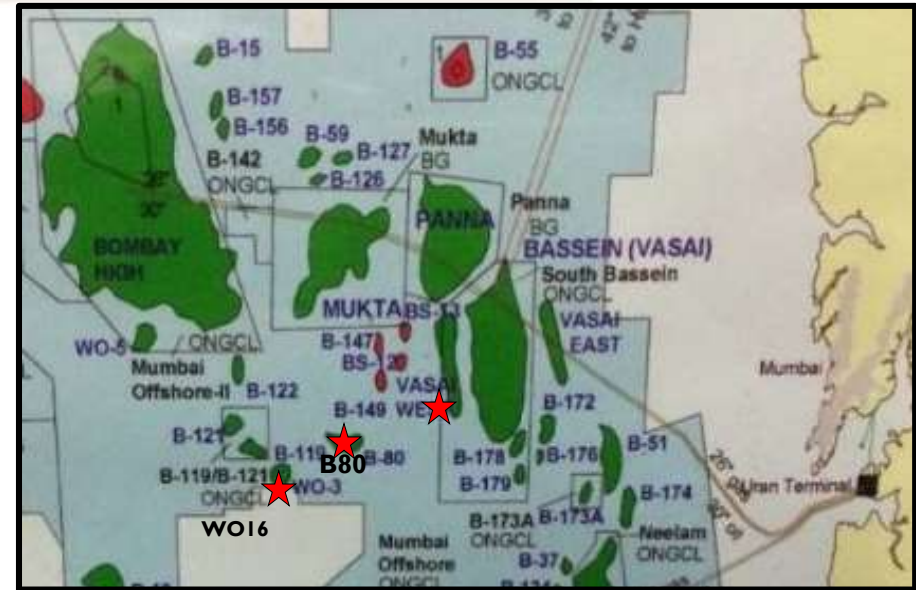
# DSF 2016: MB/OSDSF/B-80/2016



- ❑ **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
STOIIP	13	40
GIIP (BCF)	10	26

- ❑ **Reservoir Properties:**
  - Two pay zones Panna 200 and 300
  - Average Porosity, S-I : 8.5%, S-III: 16.9%
  - Permeability : 130 – 700 mD
  - Light oil - 35°API, 0.3 cP
- ❑ Nearest ONGC facilities about 20 kms away



# DSF 2016: AA/ONDSF/ Kherem/2016



❑ **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

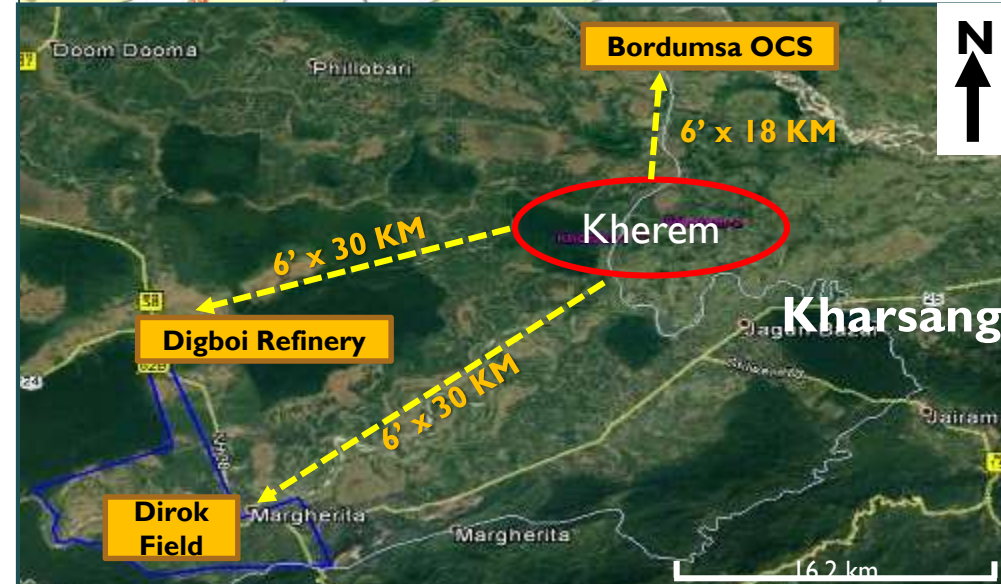
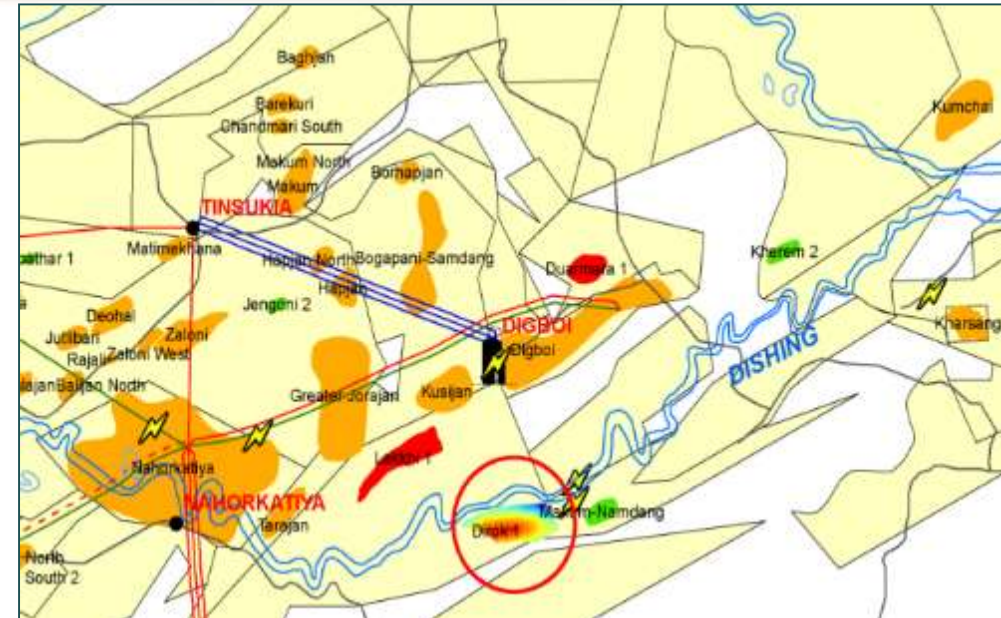
➢ Average Porosity, 14%

➢ Light oil – 38.7°API

❑ Nearest facilities :

❑ Bordumasa Oil collecting Station via 6” pipeline 18kms

❑ Digboi Refinery, via 6” pipeline 30 kms





# Key Strengths



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

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

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

**All 9 blocks with 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



Particulars	Q4 FY 16-17 ₹ Millions	Q3 FY 16-17 ₹ Millions	FY 16-17 ₹ Millions	FY 15-16 ₹ Millions
<b>INCOME</b>				
Revenue from operations	80	55	250	283
Other income	33	42	171	88
<b>Total revenue</b>	<b>113</b>	<b>97</b>	<b>421</b>	<b>371</b>
<b>EXPENSES</b>				
Share of expenses - producing oil and gas blocks	32	29	113	125
Decrease/(Increase) in stock of crude oil	11	1	(3)	22
Employee benefits expense	3	3	12	25
Depreciation, depletion and amortization	21	18	95	121
Finance costs	-	-	-	47
Exploration costs written off	-	-	-	2
Other expenses	12	4	81	47
Write off - obsolete inventories	-	-	10	-
<b>Total expenses</b>	<b>79</b>	<b>55</b>	<b>308</b>	<b>389</b>
<b>Profit/(loss) before tax and exceptional Items</b>	<b>34</b>	<b>42</b>	<b>113</b>	<b>(18)</b>
Exceptional Items	64	-	290	52
<b>Profit from ordinary activities before tax</b>	<b>98</b>	<b>42</b>	<b>403</b>	<b>34</b>
Adjustment of tax relating to earlier periods	-	-	39	(1)
<b>Net profit/loss for the period</b>	<b>98</b>	<b>42</b>	<b>364</b>	<b>35</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>98</b>	<b>42</b>	<b>363</b>	<b>35</b>

# Statement of Assets and Liabilities Audited



ASSETS	As at	As at	EQUITY AND LIABILITIES	As at	As at
	31-Mar-17	31-Mar-16		31-Mar-17	31-Mar-16
	₹Millions	₹ Millions		₹ Millions	₹ Millions
<b>Non-current assets</b>			<b>Equity</b>		
(a) Property, Plant and Equipment			(a) Equity share capital	1,305	1,305
(i) oil and gas assets	2220	599	(b) Other equity	2,009	1,645
(ii) others	77	79	<b>Total equity</b>	<b>3,314</b>	<b>2,950</b>
(b) Capital work in progress	61	1,301			
(c) Intangible assets	20	-	<b>Non-current liabilities</b>		
(d) Financial Assets			(a) Financial liabilities		
(i) Investments in subsidiary	5	5	(i) Trade payables	221	263
(ii) Site restoration deposit	514	480	(b) Provision for site restoration	936	962
(iii) Other financial assets	-	12	(c) Other non-current liabilities	2	1
(e) Income tax assets (Net)	-	-	<b>Total non-current liabilities</b>	<b>1,159</b>	<b>1,226</b>
(f) Deferred tax assets	-	-			
<b>Total non-current assets</b>	<b>2,897</b>	<b>2,476</b>	<b>Current liabilities</b>		
<b>Current assets</b>			(a) Financial liabilities		
(a) Inventories	247	224	(i) Trade payables	178	66
(b) Financial assets			(i) Other financial liabilities	493	536
(i) Investments	1,510	662	(b) Other current liabilities	7	4
(ii) Trade receivables	47	22	<b>Total current liabilities</b>	<b>678</b>	<b>606</b>
(iii) Cash and bank balances	284	482			
(iv) Other Bank balances	59	50			
(v) Other financial assets	9	-			
(c) Income tax assets (net)	93	857			
(d) Other current assets	5	9			
<b>Total current assets</b>	<b>2,254</b>	<b>2,306</b>			
<b>TOTAL</b>	<b>5,151</b>	<b>4,782</b>	<b>TOTAL</b>	<b>5,151</b>	<b>4,782</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)  
Petrophysist



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



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



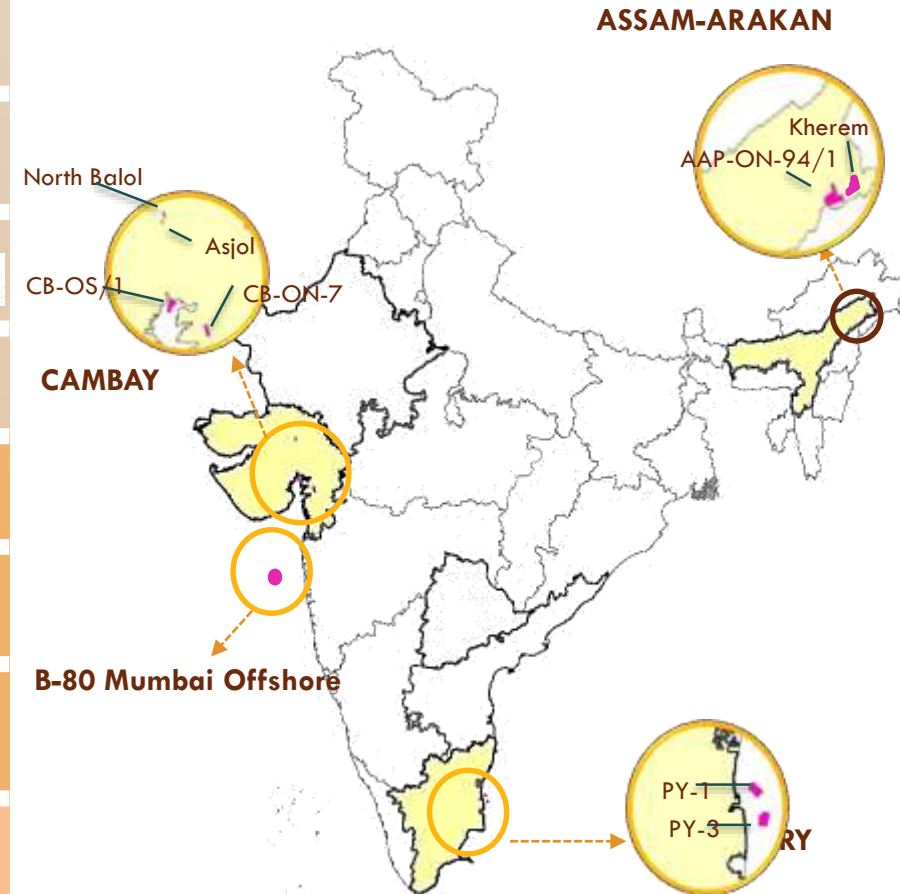
**Rajan Kumar**  
Senior Advisor (Part Time)  
Petroleum Development



# 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 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 pte ONGC



Producing
  Development
  Development Deferred
 PI = Participating Interest

## For further information, please contact:

Company :	Investor Relations Advisors :
<p>Hindustan Oil Exploration Company Ltd. CIN: L11100GJ1996PLC029880</p> <p>G. Josephin Daisy <a href="mailto:jdaisy@hoec.com">jdaisy@hoec.com</a></p> <p><a href="http://www.hoec.com">www.hoec.com</a></p>	<p>Stellar IR Advisors Pvt. Ltd. CIN: U74900MH2014PTC259212</p> <p>Gaurang Vasani/ Pooja Dokania <a href="mailto:vgaurang@stellar-ir.com">vgaurang@stellar-ir.com</a>/ <a href="mailto:dpooja@stellar-ir.com">dpooja@stellar-ir.com</a></p> <p><a href="http://www.stellar-ir.com">www.stellar-ir.com</a></p>

# Glossary



2P	-	Proved + Probable reserves
BCF	-	Billion Cubic Feet of Gas
GGs	-	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