

**Hindustan Oil Exploration
Company Limited**



HOEC[®]

**EARNINGS PRESENTATION |
Q1 – FY2022/23
16 AUGUST 2022**



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

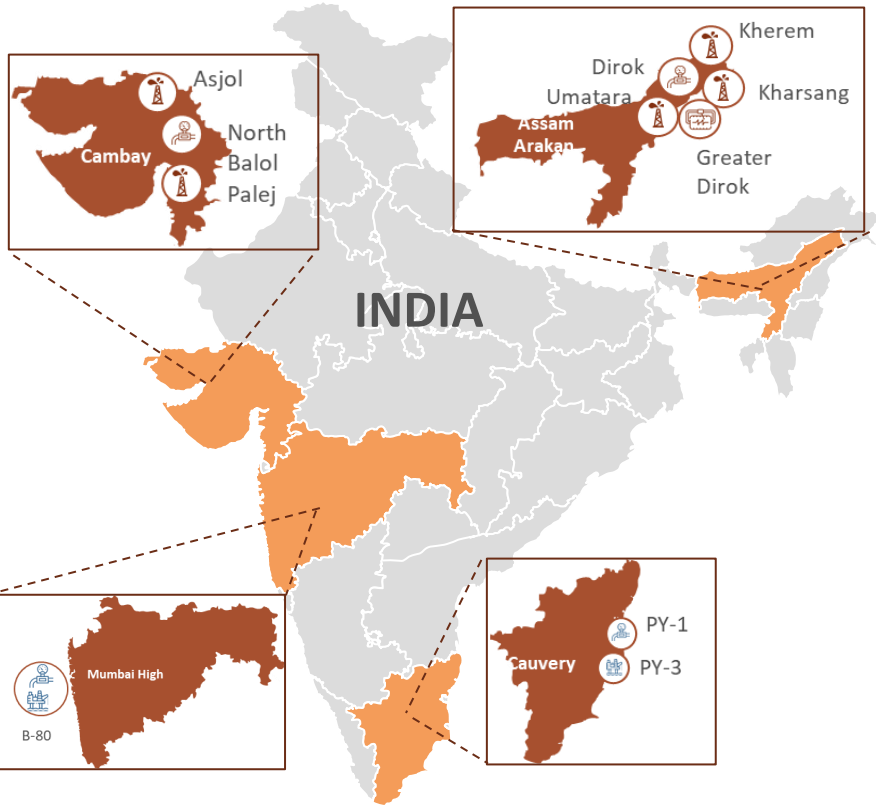
- Next level of revenue and cashflow generation from project delivery
- Crude oil and Natural gas prices at premium levels
- Reforms in sector leading to multiple opportunities for growth

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



Growth strategy



Growing responsibly



- Focus on discovered oil and gas resources to reduce the risk involved in exploration
- Fast-track execution to bring resources to monetization quickly

- Follow Light-Asset and low-cost operating model
- Focus on our core operations (G&G Drilling for Oil/Gas)
- Outsource associated field tasks to expert partners
- Insource at Group Corporate Level

- 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

- Create long-term stakeholder value & 'Grow Responsibly'
- Respect and Care for
 - Individuals
 - Community
 - Environment

Q1-FY23 Operational Highlights



Gross Production (BOEPD)

Q1 FY23: 6,619
Q4 FY22: 6,560

Net Production (BOEPD)

Q1 FY23: 2,033
Q4 FY22: 1,774

Gross Production - PY-1 (BOEPD)

Q1 FY23: 102
Q4 FY22: 20

Gross Production - Dirok (BOEPD)

Q1 FY23: 5,348
Q4 FY22: 5,923

Dirok

- Q1 average production: Gas: 25 mmscfd & Condensate : 492 boepd
- Low offtake due to low consumptions from downstream consumers and BCPL plant shutdown in April & May 2022
- Premium sales during Q1 FY 2022-23 constitute about 40% of total Dirok sales
- Average premium realized is > \$1/mmbtu

B-80

- Executed Gas T&P Agreement with ONGC on 03 June 2022
- Commenced commercial Gas Sales to GSPC on 04 June 2022
- Processed gas exported via ONGC pipeline to Hazira processing plant → Processed gas redelivered via HVJ pipeline owned by GAIL → GSPC collects the processed gas
- Average daily gas sales in June'22 ≈ 7.1 mmscfd
- D1 oil well was shut-in pending rectification of actuator line issue

PY-1

- EIA study completed for obtaining Environmental Clearance for drilling additional wells at PY1
- During May 2022, an in house designed low-cost Gas Dehydration Unit was commissioned to achieve the dew point specifications of GAIL and gas sales recommenced

B-80: Production Start-up Technical Challenges

- Post commissioning of integrated system, managed to flow both the wells D1 (Oil) & D2 (Gas) individually.
- D1 oil well shut-in requiring rectification of actuator line issues.
- D2 gas well delivered 11.4 mmscfd on 11 June 2022 along with 369 bopd of oil. Oil is stored in our FSO – Prem Pride.
- Field remains shut-in from 14 July 2022 due to issues in FSO and the loading hose.
- Intensification of monsoon is leading to challenging marine system performance, disrupting production operations.
- Rectification and repairs planned to be completed on any available weather window.
- Issues on the top sides are being attended to.

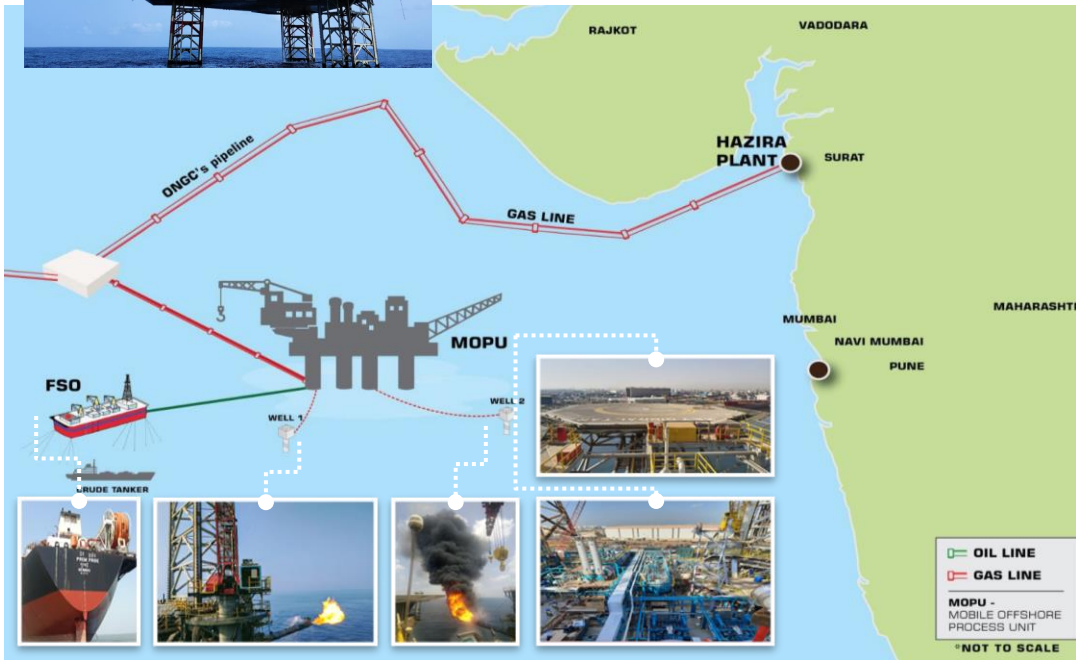


B-80: Key Milestones

- 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
- Process plant commissioned and gas production commenced May 2022
- Commercial Gas Sales to GSPC started June 2022



KGB- Offshore Installation at B-80 Site



Dirok: Production & Phase-II development



25 mmscfd

Gas Production
(Q1-FY23)

492 bopd

Condensate Production
(Q1-FY23)

> 15%

Assam Gas
Production

- In addition to OIL India, gas is supplied to four other buyers at premium price
- Premium sales during Q1 FY 2022-23 constitute about 40% of total Dirok sales
- Low offtake due to BCPL plant shutdown in April & May 2022
- Signed 7 out of 8 Premium Gas Sales Agreements for a cumulative total of 2.04 mmscmd under both firm & fall-back basis



JV Partners



HOEC
PI
27%

Field Layout



Phase II – FDP Approved

- Laying of 35km pipeline to connect directly to Duliajan hub
- Drilling of 3 development wells to increase production from 35 mmscfd to 55 mmscfd

Project Progress

- Obtained Environmental Clearance
- Received working permission for laying of 18" line in the Forest segment
- Line pipe required for forest segment is received and is in stock

Dirok is a successful fast-track development with an outsourced model for processing

PY-1: Enhancing Production and Offtake Arrangements

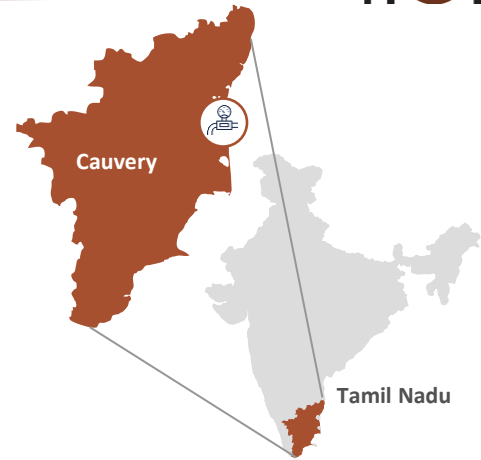
USD 3.67 Realised Price per MMBTU	55 mmscfd Processing Capacity	56 km Sub sea pipeline
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- Only offshore platform in Cauvery Basin with 8 slots and four wells drilled
- Unique, gas-bearing and the only offshore fractured granitic basement reservoir in India
- G&G studies completed and new well locations identified for the full field development; awaiting review
- EIA study completed for obtaining Environmental Clearance for drilling additional wells
- PY-1 Adhoc extension granted
- Settlement Agreement being finalized and being executed for grant of 10-year extension
- In May 2022, an indigenous low cost GDU was designed and gas sales to GAIL recommenced

Clients



GAIL is the sole buyer for the gas produced in this field



476 boepd
Oil Production
(Q1-FY23)

30%
Direct + Indirect PI

18
Number of
Wells to be drilled in near
future

Field Overview

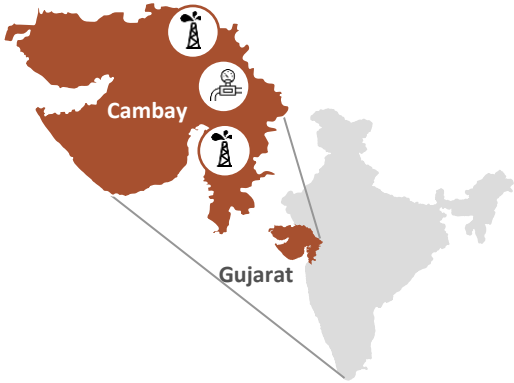
- HOEC acquired entire share capital of M/s Geopetrol International Inc in 2018 which has 30% stake - Direct and Indirect in Kharsang Oil field
- Kharsang oil field is located in the state of Arunachal Pradesh and 60 kms away from Dirak
- Post drilling of 18 wells, production expected to increase to 1800 boepd
- RFDP is approved & Mining lease granted till 15 June 2030
- Adhoc PSC extension granted
- Outstanding issues related to Cost Recovery Limits (CRL) to be referred to Dispute Resolution Committee (DRC)

Proposed drilling campaign will include appraisal of deeper prospects



Cambay: Developments

<p>77 boepd Oil Production (Q1-FY23)</p>	<p>0.368 mmscfd Total Gas Production (Q1-FY23)</p>	<p>Asjol, North Balol and Palej Marginal fields at Cambay</p>
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Approved FDP to be executed over the next two years:

- **Asjol:** 2 development wells & hook-up to EPS; public hearing completed
- **North Balol:** 2 development wells & hook-up to GCS, public hearing completed
- **Palej:** RFPSC (100 sq.km. 3D seismic & 2 exploration wells – JV signed RFPSC submitted to MOPNG through DGH)
- Small volume of Associated Natural Gas (ANG) sale commenced to achieve zero flaring

Asjol
JV Partner

HOEC PI
50%

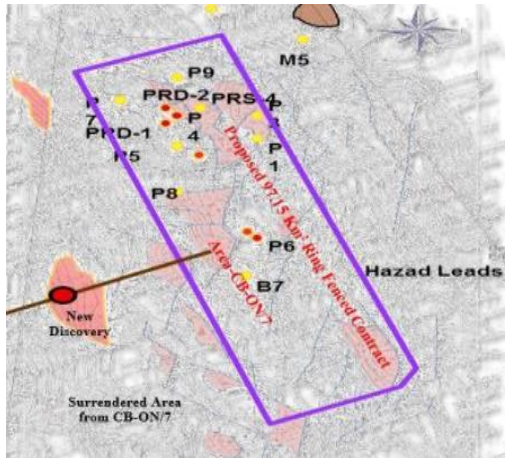
CB-ON/7 (Palej)
JV Partners

HOEC PI
35%

North Balol
JV Partners

GNRL

HOEC PI
25%



Q1-FY23 Financial Highlights



Standalone Statement of Profit or Loss



PARTICULARS (INR Cr)	Q1-FY23	Q4-FY22	FY22	FY21
INCOME				
Revenue from operations	62.24	38.24	130.51	99.44
Other income	7.95	6.08	16.80	11.82
Total revenue	70.19	44.32	147.31	111.26
EXPENSES				
Expenses from producing oil and gas blocks	22.09	5.46	22.25	22.96
Royalty, Cess and NCCD	9.74	6.59	22.95	19.69
Decrease / (Increase) in stock of crude oil and condensate	(6.94)	1.82	2.30	(1.97)
Employee benefits expense	0.18	0.04	0.63	0.61
Finance costs – unwinding of discount on decommissioning liability	1.63	1.51	6.05	5.60
Finance costs - others	3.52	1.41	1.41	-
Depreciation, depletion and amortization	4.19	3.00	14.85	18.58
Other expenses	1.57	1.01	6.68	8.32
Total expenses	35.98	20.85	77.12	73.79
Profit before tax and exceptional items	34.21	23.47	70.19	37.47
Exceptional items - expenses	-	(34.37)	(34.36)	27.59
Profit before tax	34.21	(10.89)	35.83	65.06
Net tax expenses	-	-	-	-
Net profit for the period	34.21	(10.89)	35.83	65.06
Other comprehensive income	(0.01)	(0.07)	(0.04)	0.04
Total comprehensive income	34.20	(10.97)	35.79	65.10
Earnings per equity share of Rs 10 each - Basic	2.59	(0.82)	2.71	4.92
- Diluted	2.59	(0.82)	2.71	4.92

Standalone Statement of Assets & Liabilities



PARTICULARS (INR Cr)	FY22	FY21	FY20
EQUITY AND LIABILITIES			
Equity	765.97	730.18	665.08
(a) Equity share capital	132.26	132.26	132.26
(b) Other equity	633.71	597.92	532.82
Non-Current Liabilities	284.38	197.49	103.73
(a) Financial liabilities			
(i) Long-term borrowings	160.61	88.28	-
(ii) Other financial liabilities	8.66	0.13	0.31
(b) Provisions	115.10	109.08	103.42
(c) Other non-current liabilities	-	-	-
Current Liabilities	225.00	107.60	132.48
(a) Financial liabilities			
(i) Borrowings	95.48	61.72	-
(ii) Trade payables	17.23	12.13	12.69
(iii) Other financial liabilities	101.46	28.18	117.39
(b) Provisions	0.20	0.18	0.14
(c) Other current liabilities	10.63	5.39	2.26
GRAND TOTAL - EQUITIES & LIABILITIES	1,275.34	1,035.27	901.29

PARTICULARS (INR Cr)	FY22	FY21	FY20
ASSETS			
Non-Current Asset	968.37	704.41	584.44
(a) Property, Plant and Equipment			
(i) Oil & gas assets	275.86	288.59	305.04
(ii) Others	3.37	2.82	2.86
(b) Capital work-in-progress	490.34	274.08	139.24
(c) Investment property	3.07	3.95	4.15
(d) Intangible assets	9.71	9.37	9.82
(e) Financial assets			
(i) Loan to subsidiary	56.88	-	-
(ii) Investments in subsidiary	59.46	59.46	59.46
(iii) Deposits under site restoration fund	69.48	65.59	62.41
(f) Other non-current assets	0.21	0.55	1.46
Current Assets	306.98	330.86	316.85
(a) Inventories	26.73	30.46	22.02
(b) Financial assets			
(i) Investments	0.34	30.35	91.89
(ii) Trade receivables	13.60	28.02	35.21
(iii) Cash & cash equivalents	12.94	30.10	48.71
(iv) Other bank balances	32.50	15.90	15.25
(v) Loan to subsidiary	173.57	97.39	65.96
(vi) Other financial assets	45.63	30.53	4.19
Income tax assets (net)	0.64	4.39	4.35
Other current assets	1.04	63.72	29.27
GRAND TOTAL - ASSETS	1,275.34	1,035.27	901.29

Consolidated Statement of Profit or Loss



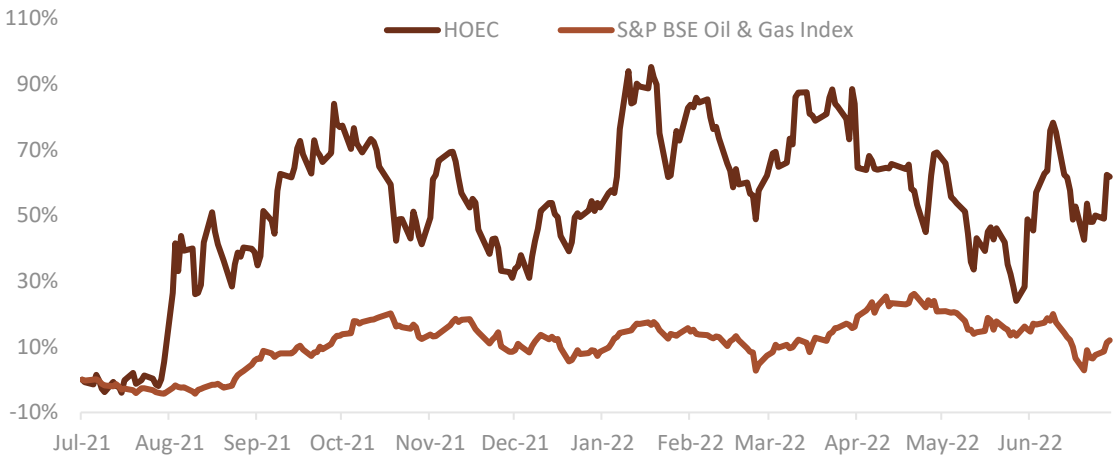
PARTICULARS (INR Cr)	Q1-FY23	Q4-FY22	FY22	FY21
INCOME				
Revenue from operations	89.42	42.21	155.73	113.86
Other income	1.62	1.42	11.46	11.32
Total revenue	91.04	43.63	167.19	125.18
EXPENSES				
Expenses from producing oil and gas blocks	23.71	7.17	28.23	29.54
Royalty, Cess and NCCD	12.92	8.96	32.35	24.45
Vessel Operating Expenses	2.60	2.67	2.67	-
Decrease / (Increase) in stock of crude oil and condensate	(7.44)	1.79	3.79	(3.30)
Employee benefits expense	0.20	0.09	0.93	0.69
Finance costs - unwinding of discount on decommissioning liability	1.67	1.55	6.21	5.78
- Others	5.04	2.75	3.01	0.01
Depreciation, depletion and amortization	13.56	10.73	26.21	23.37
Other expenses	6.81	0.64	8.85	8.34
Total expenses	59.08	36.34	112.24	88.88
Profit before tax and exceptional items	31.96	7.29	54.95	36.30
Share of profit from associate	0.74	0.36	(0.90)	1.54
Exceptional items - expenses	-	(34.37)	(34.37)	13.98
Profit before tax	32.70	(26.72)	19.68	51.82
Net tax expenses	0.35	0.49	(0.31)	(1.59)
Net profit for the period	32.35	(27.21)	19.99	53.42
Other comprehensive income	(0.01)	(0.07)	(0.04)	0.04
Total comprehensive income	32.34	(27.28)	19.95	53.46
Earnings per equity share of Rs 10 each - Basic	2.45	(2.06)	1.51	4.04
- Diluted	2.45	(2.06)	1.51	4.04

Consolidated Statement of Assets & Liabilities



PARTICULARS (INR Cr)	FY22	FY21	FY20
EQUITY AND LIABILITIES			
Equity	753.12	733.17	679.71
(a) Equity share capital	132.26	132.26	132.26
(b) Other equity	620.86	600.91	547.45
Non-Current Liabilities	425.23	273.23	142.07
(a) Financial liabilities			
(i) Long term borrowings	204.61	159.17	31.97
(b) Trade payables	-	-	-
(c) Other financial liabilities	100.86	0.14	0.31
Provisions	118.78	112.59	106.77
Other non-current Liabilities	-	-	-
Deferred tax liability	0.98	1.33	3.02
Current Liabilities	348.89	178.75	214.06
(a) Financial liabilities			
(i) Short term borrowings	152.73	94.52	-
(ii) Trade payables	37.92	31.94	65.89
(ii) Other financial liabilities	133.27	33.48	131.21
(b) Provisions	14.05	13.19	13.47
(c) Other Current liabilities	10.93	5.62	3.49
GRAND TOTAL - EQUITIES & LIABILITIES	1,527.24	1,185.15	1,035.84

PARTICULARS (INR Cr)	FY22	FY21	FY20
ASSETS			
Non-Current Asset	1360.34	958.41	769.13
(a) Property, Plant and Equipment			
(i) Oil & gas assets	296.55	312.14	331.78
(ii) Others	201.13	9.94	11.57
(b) Capital work in progress	758.68	534.59	327.37
(c) Investment property	3.07	3.95	4.15
(d) Intangible assets	9.71	9.37	9.82
(e) Financial assets			
(i) Investments in associate	18.38	19.28	17.73
(ii) Deposits under site restoration fund	72.56	68.53	65.18
(iii) Other financial assets	0.06	0.06	0.07
(f) Other non-current assets	0.21	0.55	1.46
Current Assets	166.90	226.74	266.71
(a) Inventories	30.98	36.10	26.59
(b) Financial assets			
(i) Investments	0.34	45.38	100.48
(ii) Trade receivables	16.20	31.07	36.36
(iii) Cash & Cash Equivalents	29.12	46.89	70.60
(iv) Other bank balances	36.25	24.63	15.24
(v) Other financial assets	39.56	28.54	3.47
Income tax assets (net)	3.76	7.36	9.88
Other Current Assets	10.68	6.77	4.09
GRAND TOTAL - ASSETS	1,527.24	1,185.15	1,035.84

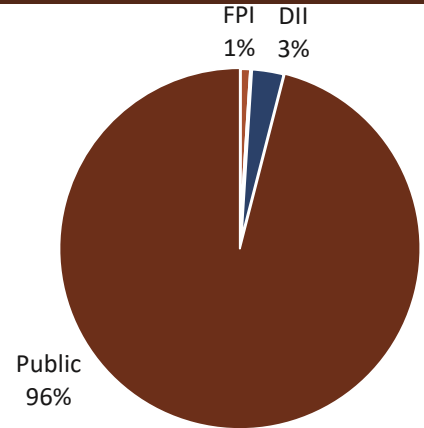


Price Data (As on 30th June 2022)

CMP (INR)	186.9
52 Week H/L (INR)	245.2/113.6
Avg. Net Turnover (INR Mn)	245.2
Market Cap (INR Mn)	24,708.2
Equity Shares Outstanding (Mn)	132.2

Marquee Investors	% Holding
Housing Development Finance Corporation Ltd (HDFC)	6.40%
Kotak Small Cap Fund	1.95%
Si Investments And Broking Private Limited	1.31%

Shareholding Pattern (30th June 2022)



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