



Hindustan Oil Exploration Company Limited

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March 21, 2020

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,

Subject: Submission of information pursuant to the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015

Further to the Conference Call held with the Institutional Investors on March 20, 2020, please find attached the statement made by the Company during the call on matters relating to the crude oil prices and developments at HOEC along with the list of participants, which is being submitted pursuant to Regulation 30(6) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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



Statement made by the Company during the Conference Call with Institutional Investors held on March 20, 2020

“Good afternoon everyone and a warm welcome to you all. I would like to thank Motilal Oswal for organizing this conference. We had earlier uploaded our investor presentation in February 2020, and it is available on our website for your reference. I have Jeeva, our CFO also with me.

Frankly, while corona virus crept in slowly & steadily to cripple the global economy, the oil price plunge was sudden and swift.

But oil and gas industry has seen several such swings in the past and survived through them. We believe that “lower for longer” scenario that prevailed during early 2015 is back again.

Ironically, for HOEC, it was in 2015 that we began the transformation journey precisely in a similar price environment. In a sense, we are back to the same price regime.

The key difference is, since 2015, we have delivered Dirok, partially revived PY-1 and drilled our first well in B-80. These development projects have significantly enhanced our capabilities and our low-cost & fast-track strategy will continue to be relevant. The fact that we have remained a debt-free company gives us a unique strength to continue to grow.

If it was difficult to predict oil prices in the past, it is impossible to do so now. Therefore, we are focusing on two elements that we can control. First is to control costs and second is to build capacity in the low-cost regime.

While the oil and gas prices have plunged, our oil and gas reserves and their underlying values are intact with opportunity for value maximization at right prices.

Average break-even price for major oil companies are in the range of \$45 to \$55/barrel and for onshore shale oil players it is \$35 to \$45/barrel, while for middle east onshore players it is below \$20/barrel.

In this context, in both our key gas producing fields – Dirok and PY-1, our break-even prices are below \$1/mmbtu. So, we will continue to operate both these fields profitably on a per unit basis.

At PY-1, we are protected by a firm contract price of \$3.65/mmbtu though consistent offtake by power sector continues to be a challenge.

At Dirok, our current realized price is \$3.23/mmbtu. That is set to change effective April 01, 2020 and we have made an appeal to the Government to extend the same price for a further period of six months considering the extraordinary current situation.

Irrespective of the final decision by the Government, we will continue our production to protect our cash flows. It is to note that our revenue is primarily from gas and not from oil.



In B-80, we are currently drilling our second well and expect to complete the drilling campaign by end of April 2020. At end of the campaign, we will review the total oil and gas potential of both the wells and determine a cost-effective operating strategy that will bring down the break-even point below our earlier guided \$35/barrel. We will complete both the wells and be ready to hook up for production at the right price.

As B-80 gas will access the Gujarat market, we continue to see an opportunity to achieve better gas price as there is a substitution opportunity to replace equivalent volumes of imported LNG. As majority of LNG imports are through long-term contracts, their landed prices will continue to be about \$6/mmbtu.

We expect oil field service costs to definitely go down, as global oil and gas companies are sure to reduce their capex plans substantially.

We will watch these developments and seize opportunities to drill low costs wells in PY-1, to boost production and continue to develop other blocks at low costs. We have an adjacent power plant of private ownership that can operate only at a minimum volume of 20 mmscfd.

Overall, we will look at effective cost-cutting measures and replicating some of our low-cost strategies that have been successful and look at the possibility of increasing our market share of gas supply by increasing our volumes.

Let me conclude with a quote from a recent study by PWC -

“A ‘lower for longer’ scenario clearly poses very many challenges. It also highlights an important opportunity to make improvements in strategy and efficiency. Players that adapt, survive and prosper while the oil price is low will emerge with a sustainable business model that could reap rich rewards in more favorable times.”

Unquote

As a management team that has seen several price swings, we are committed to do our very best, to continue to drive growth and deliver on all our promises.”

Closing Comments:

“Thank you for participating in these challenging times. This is a great opportunity to connect with you. As you can see, we also plan to move very quickly to the changing situation, which is why we brought up PY-1 in the priority list and we are looking to execute the same. I only reiterate that in our long careers both me and Jeeva have seen several such cycles. We are building an organization with tremendous capability in execution. What we are delivering in B80, in terms of just the project execution is remarkable. It is being delivered in record time. But sometimes things do go beyond your control and takes you by surprise. Yet, we are very confident that we will continue our model of low-cost and fast-track. We see enough opportunity within our existing portfolio to do so. Thank you all and especially to Motilal Oswal for initiating and organizing this call. I am glad to see several participants join this call.”

Participants List

S. No.	Name	Company
1	HOST: P Elango	
2	HOST:Swarnendu Bhushan	Motilal Oswal Financial Service Limited
3	Abhishek Jain	Piramal Capital
4	Aditya Agarwal	WestBridge Capital
5	Alkot Shreyest	PNB MetLife Insurance
6	Aman Chaudhary	Motilal Oswal Group
7	Amit Sharma	Motilal Oswal Group
8	Amita Gupta	WestBridge Capital
9	Ankit Agarwal	Aditya Birla Capital Advisors Pvt Ltd
10	Anuj Sharma	M3 Investment
11	Ashwin Reddy	Samatva Investments
12	Chintan Sheth	Samiksha Capital
13	Dhruv Bhatia	Motilal Oswal Group
14	Falgun Shah	Argonaut Private Equity
15	Gaurav Bang	Reliance PMS
16	Himanshu Srivastava	Quant Mutual Fund
17	Hiral Mittal	PAN India
18	Jayashankar	IIFL AMC
19	Mandar Pawar	Kotak Mutual Fund
20	Manish Kayal	Nippon AMC
21	Milind Agarwal	Global Infrastructure Partners
22	Nilesh Loware	Motilal Oswal Group
23	Pankaj Reddy	Samatva Investments
24	Riddhesh Gandhi	Discovery capital
25	Sarfaraz Bhimani	Motilal Oswal Financial Service Limited
26	Satish Mishra	Tata Mutual Fund
27	Siddharth Mitra	Fidelity Investments
28	Sreemant Dudhoria	Unified Capital
29	Swati Jain	Individual Investor
30	Vibhor Kumar	Everstone Capital Advisors Pvt. Ltd.
31	Vijay Karpe	Bryanston Investments
32	Vinay Nair	Rare Enterprises
33	Vishal Aggrawal	Third Bridge Group
34	Vishal Gupta	Gyan Consultants

Total 34 Participants including the Speakers