



INVESTOR PRESENTATION, AUGUST 2015

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

Transforming Through Talent And Technology

HINDUSTAN OIL EXPLORATION COMPANY LIMITED

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HOEC Bardahl India Limited

1st

Private Oil & Gas company in India

3

Decades of presence in Oil & Gas Business

7

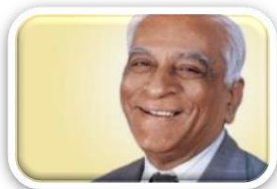
Blocks (Production/Development stage) across India

\$500+

Million of Investments

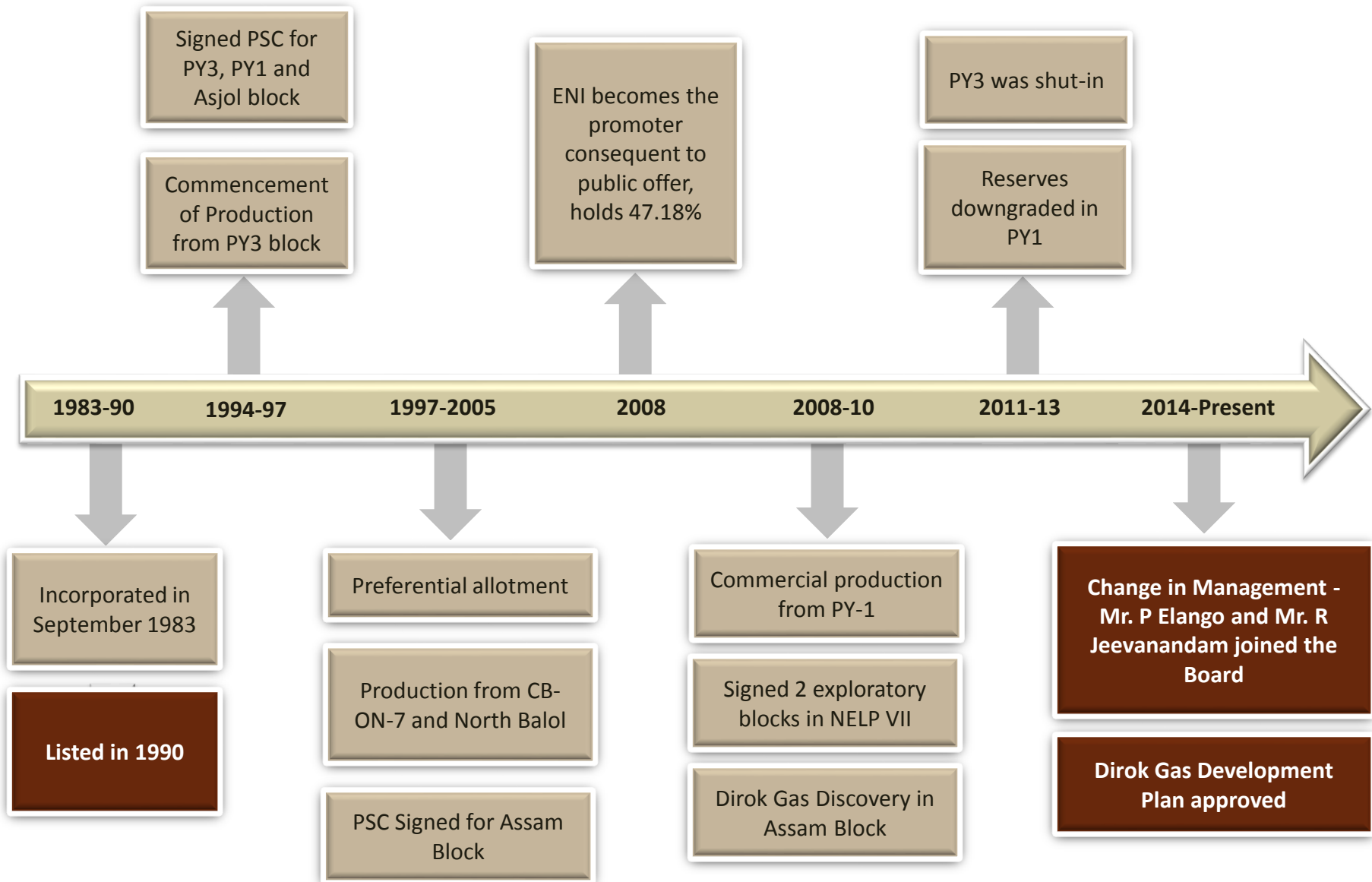
80,000+

Shareholders



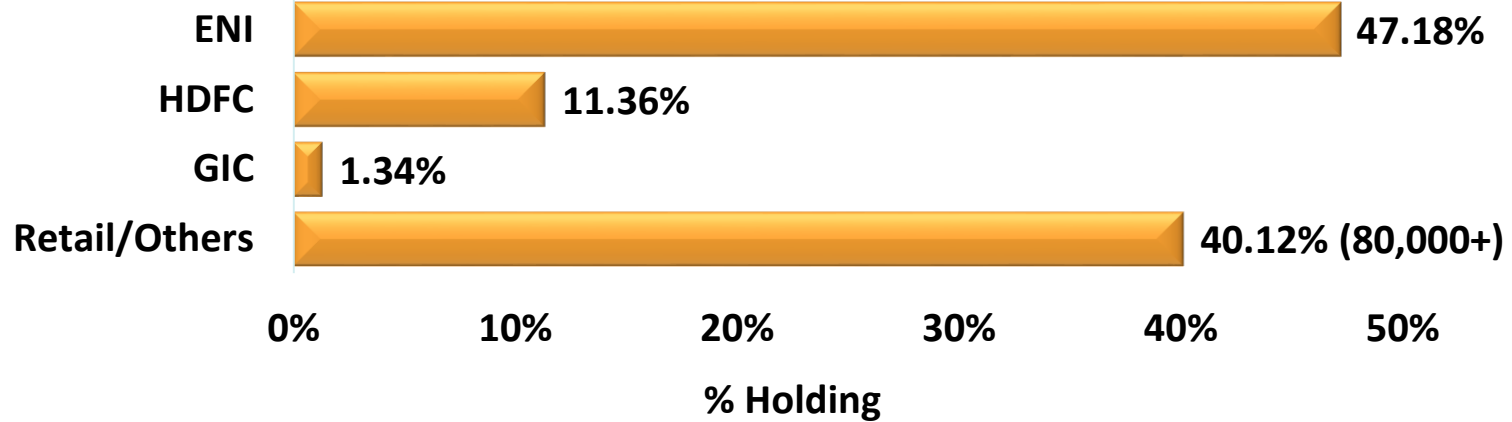
Promoted by Late Shri H.T. Parekh

25 Years in BSE Listing



HOEC Shareholding Pattern & Board Members (Non-Executive Directors)

Shareholding Pattern



Board of Directors (Non-Executive)



Sunil Behari Mathur
Chairman



Guido Papetti
Director



Paolo Cedia
Director



Sharmila Amin
Director

Board Members (Executive Directors)



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

Technical Experts



Bhuwan Chandra Gariya
EXPLORATION MANAGER

- Over 31 years of experience as a Petroleum Geoscientist in exploration, appraisal, reservoir, development, including seismic data acquisition processing and interpretation
- Earlier Chief geophysicist at ONGC - worked for 24 years
- Expertise in special studies like inversion, AVO, velocity modelling and litho-facies analysis to mitigate the exploration and development risk
- Post graduate in Physics from HN Bahuguna Central University Srinagar, Garhwal



Debabrata Panda
HEAD – DRILLING & COMPLETION

- Over 22 years of experience in upstream exploration, development and production with various oil and gas companies
- Worked with E&P companies in India such as GSPC & Cairn India; experience includes companies such as Petronas Carigali and Chevron
- Expertise in Drilling & Completion operations, project management and technology integration
- Graduate in Petroleum Engineering from ISM (Dhanbad) with MBA (Energy) from PDP (Gandhinagar)



Sagar N. Mehta
HEAD-CAMBAY BUSINESS UNIT

- Over 27 years of experience in upstream E&P spanning entire life cycle from hydrocarbon prospect generation to profit center management.
- Joined Company since inception as a core team member and carried out numerous tasks in various disciplines in techno-commercial functions of setting up projects for the Company from prospect mapping, bidding for rounds, converting acreage cycle from exploration-appraisal-development-production to profit center.
- Acts as catalyst between technical-contractual-people and JV-PSC-JOA congruence to achieve harmony and maintain JV spirit as a single team to accrete reserves and increase hydrocarbon production from assets.
- Masters in Geology from Mumbai University & MBA from South Gujarat University



Siva Sankar Josyula
SENIOR TECHNICAL ADVISOR

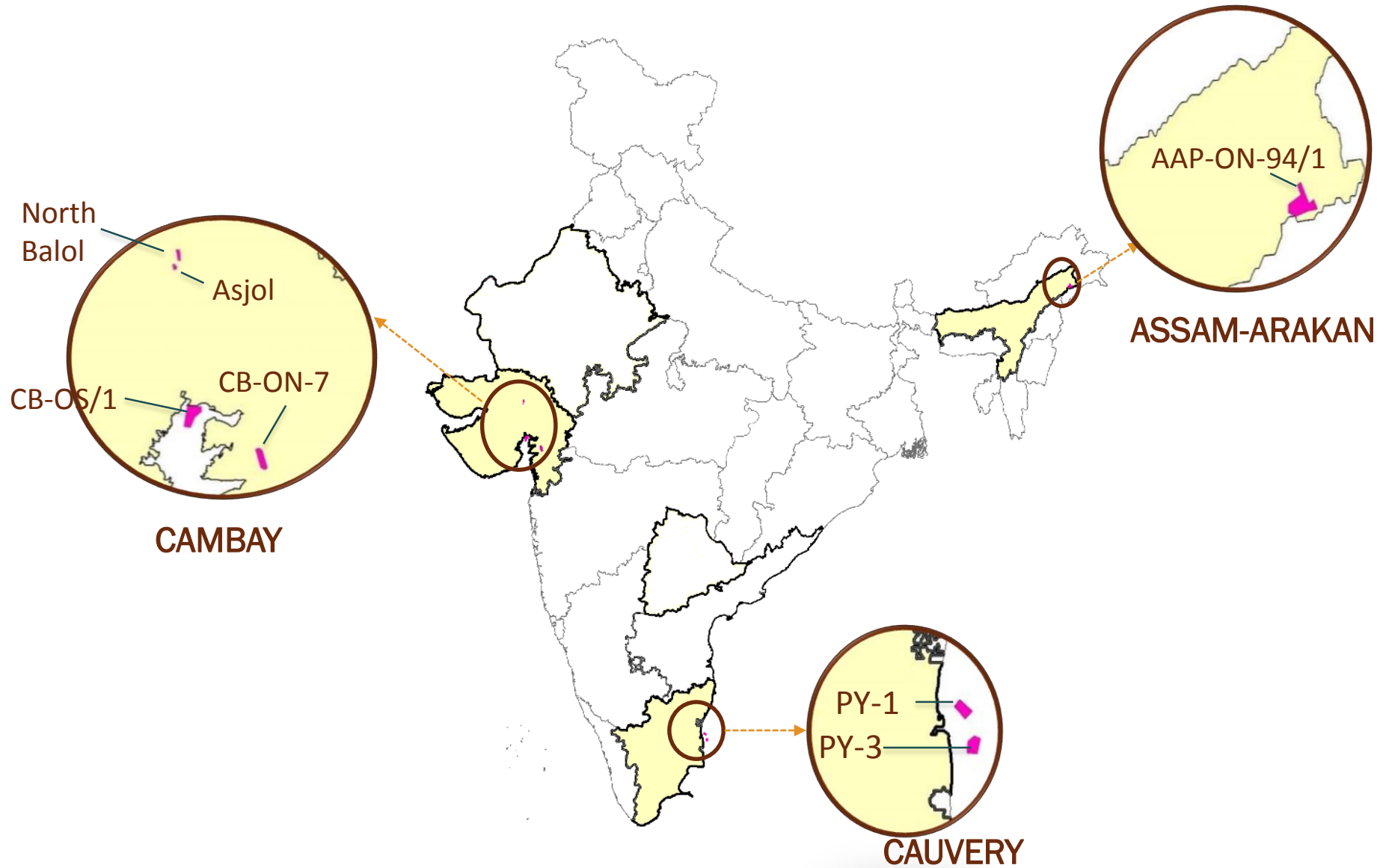
- Over 35 years of experience in Upstream E&P industry covering seismic data acquisition, processing and Interpretation
- Earlier worked with Cairn India for over 9 years and ONGC for over 23 years
- Expertise in planning and execution/supervision of development drilling campaigns, well intervention jobs















ASSET PORTFOLIO





Asset Map (Production/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%	 
North Balol	HOEC	Onshore	Gas	25%	 
Asjol	HOEC	Onshore	Oil	50%	
AAP-ON-94/1	HOEC	Onshore	Gas	27%	 
CB-OS/1	ONGC	Offshore	Oil	38%	 
PY-3	HEPI	Offshore	Oil	21%	  

 Producing
 Development

 Development Deferred
 PI = Participating Interest

Assam – AAP-ON-94/1 (Operator : HOEC, 27% PI)

Investment

- ~\$100 million of Exploration & Appraisal investment by JV
- 3 Exploration, 2 Appraisal wells

Reservoir

- Multiple Girujan Sands (18+)
- 6 Sands tested with gas flow
- Opening 2 new gas sands

POD

- Plan of Development was approved in May 2015

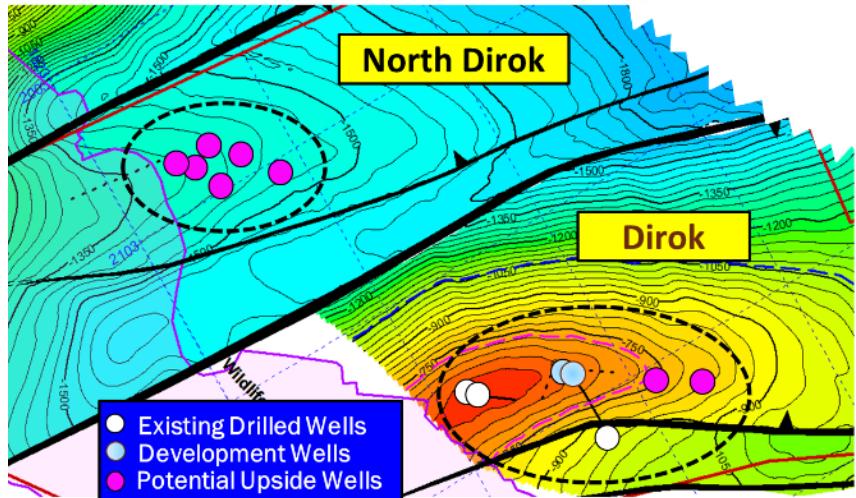
Reserves & Production

- Gas-Initially-in-Place (GIIP) of 244 BCF (100%)
- Recoverable reserves (EUR) of 134 BCF (100%) as per POD
- 20 mmscfd - plateau of 15 years, economic life of 20 years

Upside Potential

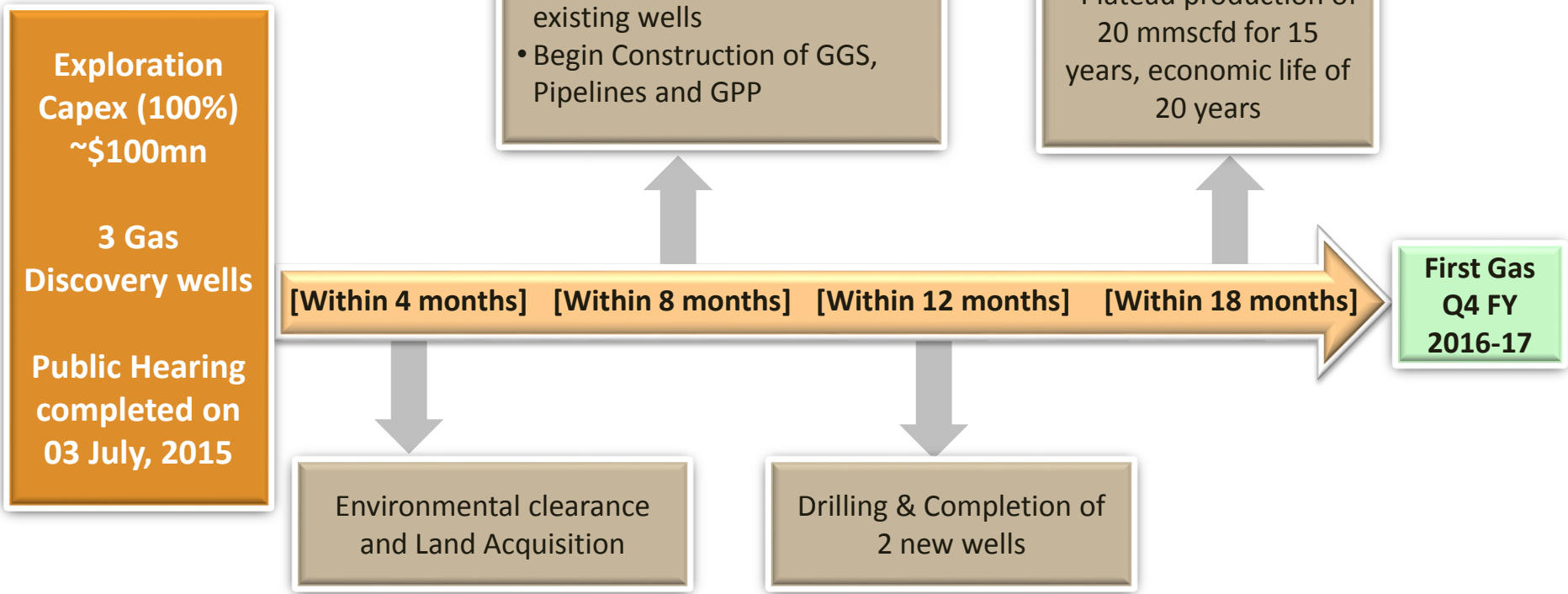
- Prolific Tipam & Barail Formation and North Dirok Structures yet to be explored

PROSPECT MAP

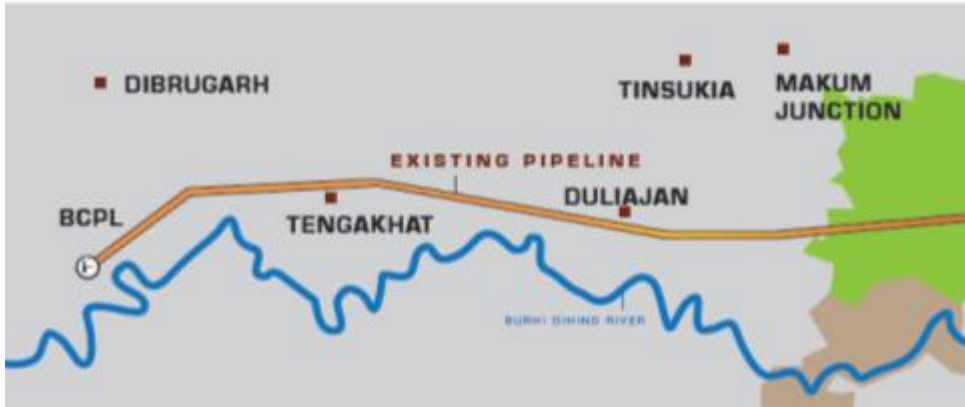


Fiscal Terms	
Royalty & Cess	Nil
Cost Recovery limit	80%
Investment Multiple	>1 < 1.5 (10%), 1.5 < 2 (25%), 2 < 2.5 (35%), 2.5 < 3 (45%), >3 (50%)

Assam to come on stream in next 18 months



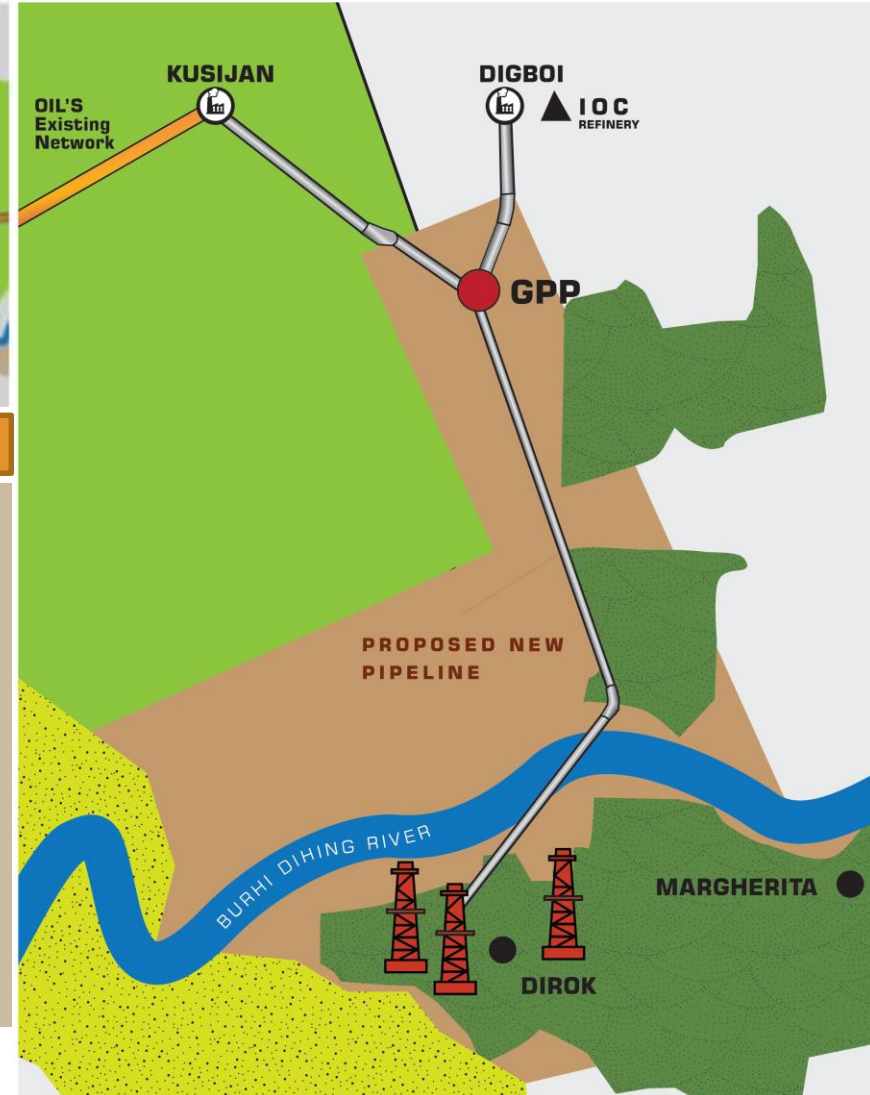
Assam : Easy Access to Market



Gas to BCPL through existing pipeline

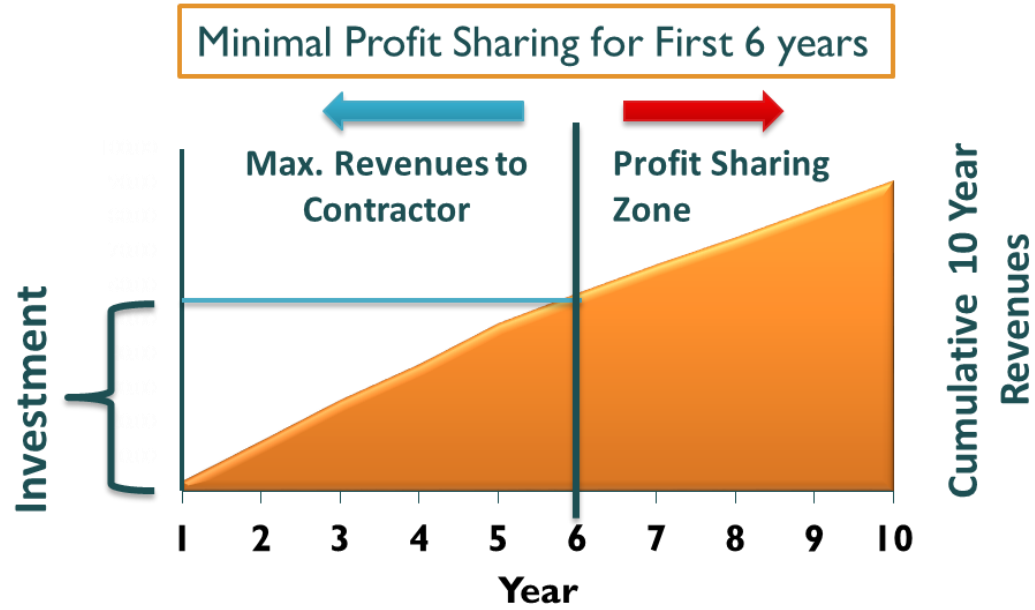
- Existing infrastructure provides ready access to gas market.
- Discussion on Gas Sales Agreement is in progress.
- New pricing policy allows subsidy to private sector too.
- Government determined price of \$4.66/MMBTU on GCV basis is applicable in the region.

- New Proposed pipeline
- Existing Pipeline

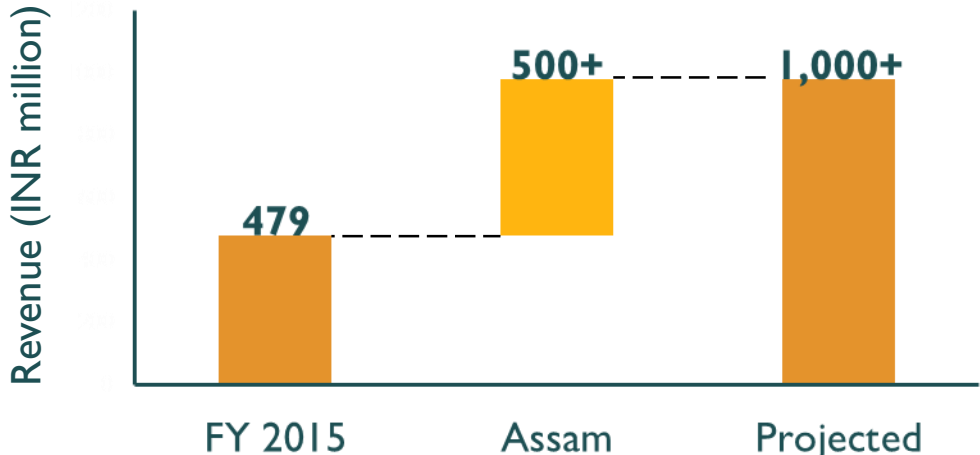


Gas Delivery through new pipeline

Assam : Revenue Doubles



Impact on HOEC Revenues*



*Assuming existing Revenues constant

Higher Revenues to HOEC

- Entitled to Higher share of revenue, PI in exploration being 40%

Cost carry of ~\$100 million

- Only \$85 mn would be required for development as against \$100 mn already incurred for exploration

Attractive Payout

- No Cess and Royalty payable by Companies
- Profit share with the Government for the first 6 years is minimal due to cost carry

Early Monetization

- Easy access to market
- Gas sales agreement is in progress
- First Gas in Q4 FY 2016-17 subject to timely clearances

Upside potential exists

PY-1 (Operator : HOEC, 100% HOEC PI)

First Gas

- November 2009

Cumulative Investment

- Over \$400mn of Investment
- 4 Development wells and an Offshore Platform & Pipeline
- 55 mmscfd processing plant on 209 acres land

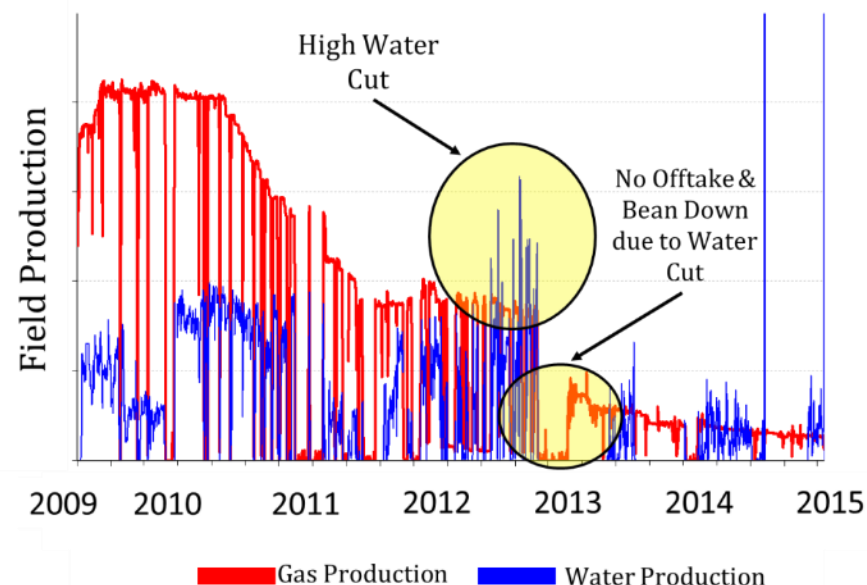
Production & Revenue

- FY15 Production : 3 mmscfd
- Revenue : INR 314 mn
- Opex: INR 216 mn

Complex Reservoir

- Compartmentalized fractured granitic basement
- Water cut caused steep decline in production
- G&G, Reservoir studies are on to understand the full potential

Decline in production due to water cut



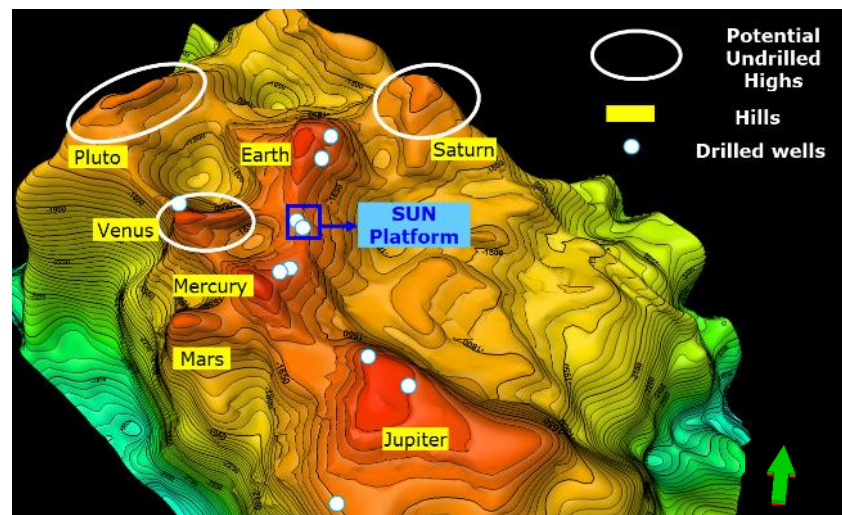
Fiscal Terms

Royalty	10% of well head value
Cost Recovery	100%
Investment Multiple	≤ 1 (0%), $1 < 2$ (5%), > 2 (50%)

PY-1 – Undeveloped Resources to be accessed

Planned Activities:

- Rig-less Coil tubing job to reduce water influx and improve production in 1 well
- Rig-based work-overs later
- Explore synergies with adjoining fields/block to optimize the operating cost for all stakeholders



Opportunities:

- Significant yet to be recovered resource base as assessed by Independent 3rd Party:
 - 2P - 31.5 BCF, 3P - 93.5 BCF
 - Techno-commercial risks to be evaluated
- Substantial cost carry to support incremental investments
- Option for partial farm-out to share risks, PI being 100%
- New wells to target undrilled prospects at the right time

PY-3 (Operator : Hardy, 21% HOEC PI)

First Oil

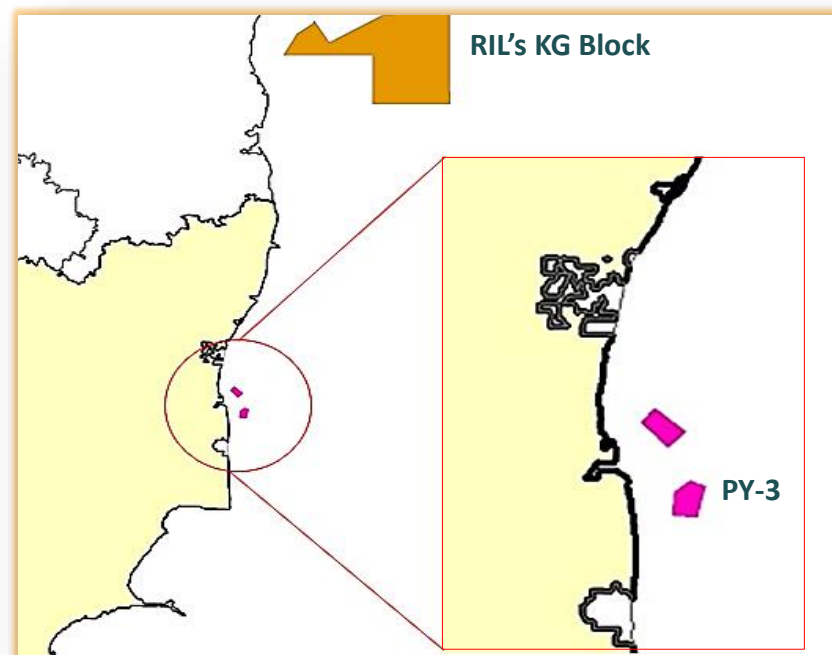
- July 1997, with FPS & subsea completion

Current Status

- Field shut-down since July 2011
- Last Production : 3,300 bbls/day
- Opportunity to develop field with optimized cost and appropriate Price Regime

Synergy

- Facilities synergy with adjoining fields/blocks



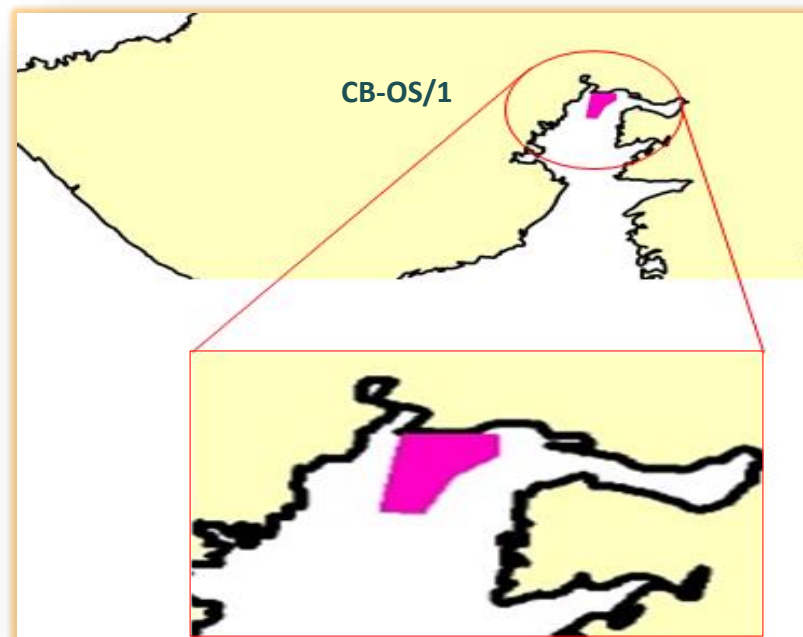
EAST COAST - CAUVERY BASIN

Fiscal Terms

Royalty/Cess	Under review
Cost Recovery	100%
Investment Multiple	<1.5 (10%), 1.5<2 (25%), 2<2.5 (40%), 2.5<3 (50%), 3<3.5 (60%), >3.5 (70%)

CB-OS/1 (Operator : ONGC, 38% HOEC PI)

Reserves	<ul style="list-style-type: none"> • 2P (100%) - 11.35 MMBbls
Salient Features	<ul style="list-style-type: none"> • Field is in the west of prolific Gandhar field of ONGC. • Block is located in inter tidal transition zone • Expected Field life is 10 years with Peak Production of 8,000 Barrels per day.
Current Status	<ul style="list-style-type: none"> • Development plan was approved by MC in June 2014. ONGC (operator) is optimizing the offshore development concept. • Feasibility study under progress for revising the concept to be economical at current oil prices



WEST COAST – CAMBAY BASIN	
Fiscal Terms	
Royalty & Cess	Nil for Companies
Cost Recovery	80%
Investment Multiple	<1.5 (20%), 1.5<2 (30%), 2<2.5 (35%), 2.5<3 (50%), 3<3.5 (65%), >3.5 (70%)

Cambay Marginal Fields (Operator : HOEC)

North Balol (HOEC PI : 25%)

Cost Recovery
80%

- Wells : 9 wells (2 Producing)
- Reservoir : Balol, Babaguru & Kand Sands
- FY15 Avg. Production (100%): 0.81 mmscfd
- Net Revenue : INR 17 mn
- Opex : INR 3 mn
- Reserves : 2P (100%) – 7.11 BCF

Asjol (HOEC PI : 50%)

Cost Recovery
100%

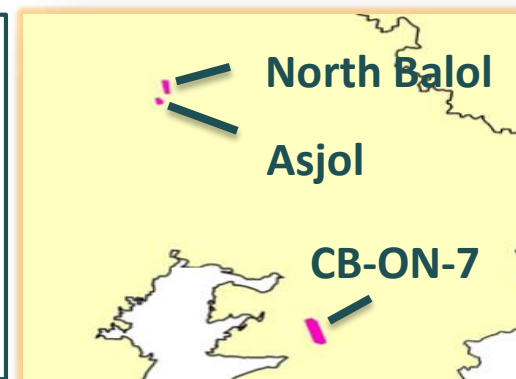
- Wells : 6 wells (2 Producing)
- Reservoir : Upper Suraj Pay Sandstone
- FY15 Avg. Production (100%) : 16 bopd
- Net Revenue : INR 13 mn
- Opex : INR 7 mn
- Reserves : 2P (100%) – 0.78 mmbbls

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

Cost Recovery
60%

- Wells : 6 wells (3 Producing)
- Reservoir : Hazad Sands of Ankleshwar
- FY15 Avg. Production (100%): 128 boepd
- Net Revenue : INR 59 mn
- Opex : INR 8 Mn
- Reserves : 2P (100%) – 0.36 mmbbls

CAMBAY BASIN



Fiscal Terms

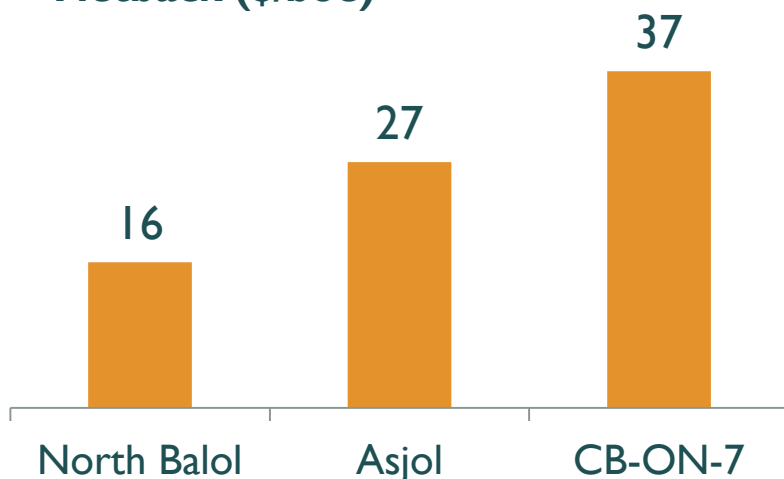
Royalty/ Cess	10% (NB), INR 481 per MT (Asjol), Nil (CB-ON-7) / INR 900 per MT (NB, Asjol), Nil (CB-ON-7)
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Inv. Multiple	N. Balol	Asjol	CB-ON-7
<1	20%	0%	0%
1<1.5	20%	10%	25%
1.5<2	<u>30%</u>	20%	30%
2<2.5	50%	<u>30%</u>	<u>35%</u>
2.5<3	50%	40%	40%
3<3.5	50%	50%	45%
>3.5	50%	50%	50%

Leverage Expertise in Marginal Fields

Marginal Fields' Contribution

Netback (\$/boe)



- High netback/barrel despite falling oil prices
- Low cost operations
- Opportunity to enhance production through minimal investment

Future Opportunity

Block	Particulars
Asjol	<ul style="list-style-type: none"> • Acquire 3D Seismic • Drill 2 Wells
CB-ON-7	<ul style="list-style-type: none"> • Work-over 1 well • Acquire 3D Seismic • Drill 2 Wells • Gas Monetization • Material balance & Multi-bean study
North Balol	<ul style="list-style-type: none"> • Work-over 3 wells • 2 replacement wells • Acquire 3D Seismic

Competitive Edge in the upcoming bidding round for Marginal fields



GROWTH STRATEGY





Deliver from low risk onshore assets in Assam and Gujarat to double the current revenue by Q4 FY 2016-17

Build a strong geo-technical team

- Revive offshore assets (when the price cycle turns) and access undeveloped resources
- Emerge as leading player in Cauvery Offshore

- Participate in Marginal field bidding round
- Acquire Onshore Assets
- Leverage Natural value chain extension opportunities
- Explore low-risk investment opportunities in South East-Asia region

...execution plan linked to our strategy



- Fast-tracked Assam Project to deliver first-gas by Q4 FY 16-17
- Initiated planning to leverage opportunities in our Marginal Fields

- 15+ new professionals joined on full-time/part-time basis since February 2015 strengthening technical backbone

- Initiated Rig less Coil Tubing Job to enhance production in PY-1
- Exploring options to Leverage synergies between adjoining field and PY-1 to unlock value

- Leverage Expertise and Prepare to participate in Marginal Field bid round.



FINANCIAL HIGHLIGHTS



Statement of Profit & Loss

Particulars	Q1 FY 16	Q4 FY 15	FY 2015	FY 2014
Revenue from Operations	93	74	404	569
Other Income	13	15	75	58
Total Revenue	106	89	479	627
Operating, G &A and Other expenses	51	69	304	347
Depreciation, Depletion & Amortization	34	37	388	1,031
Net Loss/(Gain) of Forex	9	(44)	8	44
Finance Costs	-	1	147	136
Exploration Costs	1	61	70	446
Provision for obsolete Inventories	-	25	138	-
Total Expenses	95	149	1,055	2,004
Profit/(Loss) Before Tax and Exceptional items	11	(60)	(576)	(1,377)
Exceptional Items (Impairment)	6	-	11,634	-
Profit/(Loss) Before Tax	5	(60)	(12,210)	(1,377)
Tax Expenses	-	-	-	(129)
Profit/(Loss) After Tax	5	(60)	(12,210)	(1,248)

All Figures are in INR MM

- Revenue declined in FY15 due to reduction in production and price.
- PY1 impaired due to re-estimation of reserves. PY-3 & CB-OS-1 were impaired as it is uneconomical to develop them at current prices. Total impairment was INR 11,634 million in FY15.
- Consequent to the above, ENI group waived off the loan of INR 9,608 million, which was transferred to Capital Reserves in FY15.

Balance Sheet



All Figures are in INR MM

Assets		
Description	FY 2015	FY 2014
Fixed assets:		
- Land and Buildings	80	83
- Work-In-Progress – Assam	1,176	1,134
- Producing properties & Other fixed assets	717	12,731
Non-current investments	5	5
Long term loans and advances	341	1,172
Other bank balances(Incl. SRF)	491	475
Current assets	1,417	915
TOTAL	4,227	16,515

Equity & Liabilities		
Description	FY 2015	FY 2014
Share capital	1,305	1,305
Reserves and surplus	1,414	3,980
Long-term borrowings	-	7,017
Long-term provisions	1,103	1,062
Current liabilities (ENI)	263	285
Other Current liabilities	142	2,866
TOTAL	4,227	16,515

ENI Group's ECB loan of Rs 9,608 million was waived off with no further obligations

1 Debt Free Balance Sheet

2 Operating Revenue to meet OPEX & leave surplus

3 ICRA BBB+ (Stable) Rating for INR 100 Crore long term proposed debt

4 Strong working capital position : INR 131 Crore*



HOEC Bardahl (HBIL) : Renewed Focus on wholly-owned Subsidiary

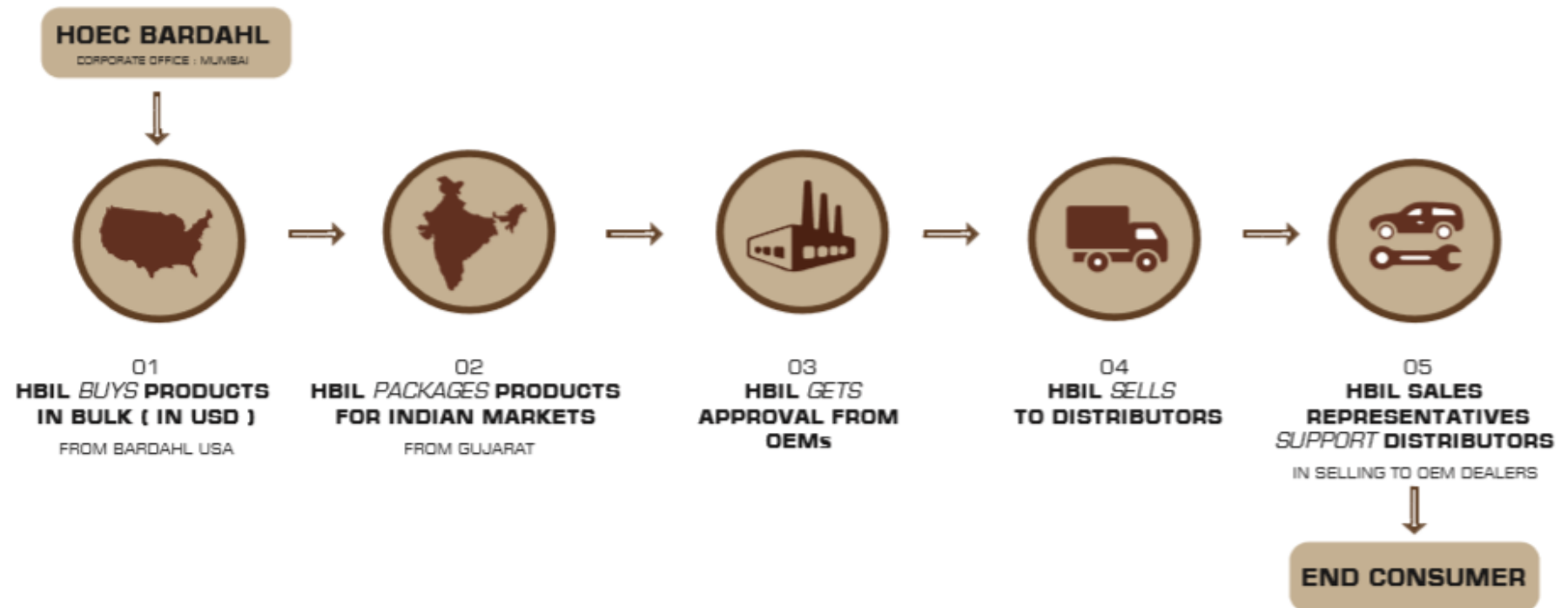


Exclusive reseller of automotive additive products of Bardahl

- HBIL is an exclusive reseller of automobile additive products of Bardahl, USA
- Bardahl USA is a 79-year old lubricants and additives company with sales in 90 countries



BUSINESS MODEL



Significant Potential to Grow this Business

GROWTH STRATEGY

Current Business Initiatives	New Segments in Automotive additives	New Segments in Industrial lubricants
<ul style="list-style-type: none"> • Launch new labels in direct retail sales • Infuse marketing power • Explore Srilankan market 	<ul style="list-style-type: none"> • Open up commercial vehicles & fleet owner segment • Explore OEM opportunities with truck and bus manufacturers 	<ul style="list-style-type: none"> • Assess the best industrial segment for entry through market research
BUILD THE BRAND		

FINANCIAL SUMMARY

All Figures are in INR MM

Particulars	Q1 FY 2016	FY 2015	FY 2014
Volumes ('000 Litre)	60	317	349
Total Revenue (INR million)	39	197	202
Total Cost	37	176	187
PBT	2	21	15
Profit After Tax	2	14	11

2P	-	Proved + Probable reserves
BCF	-	Billion Cubic Feet of Gas
GGs	-	Gas Gathering Station
GPP	-	Gas Processing Plant
Kbbbls	-	Thousand Barrels of Oil
MMbbbls	-	Million Barrels of Oil
PI	-	Participating Interest
PSC	-	Production Sharing Contract
WIP	-	Work-in-Progress

For further information, please contact:

Company :	Investor Relations Advisors :
<p>HOEC Ltd. CIN: L67190MH1990PLC056009</p> <p>Parvinder Nogi parvinder.nogi@hoec.com</p> <p>www.hoec.com</p>	<p>Stellar IR Advisors Pvt. Ltd. CIN: U74900MH2014PTC259212</p> <p>Gaurang Vasani/ Pooja Dokania vgaurang@stellar-ir.com/ dpooja@stellar-ir.com</p> <p>www.stellar-ir.com</p>