



INVESTOR PRESENTATION, 27 OCTOBER 2016

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



Transforming Through Talent And Technology

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# Q2 FY 2016-17 Highlights



## Strong financials

- ❑ Debt Free Balance Sheet & Self Funding for Assam Project.
- ❑ Gross working capital ₹ 258 Crore includes ₹ 206 Crore cash and cash equivalent

## Dirok development on course

- ❑ Dirok-1, Dirok-2 & Dirok-4 completed and tested for flow of gas
- ❑ Drilling of two additional wells (Dirok-3 & Dirok-5) will commence in November 2016
- ❑ Dirok pipeline and surface facilities nearing completion.

## Offshore revival plan

- ❑ Optimized cost proposal submitted to stakeholders to revive production from PY-3
- ❑ Review of G & G model by the Technical Advisory Group in progress for PY-1

## Focus on growth

- ❑ Company is prepared to participate in DSF 2016 bid round



**Strong portfolio of Onshore and Offshore Fields**  
in India with a judicious mix of development and production assets

Founded as the very **First Oil and Gas Company** in private sector by the late **Shri. H. T. Parekh**

**Diverse Investors with Professional Board**

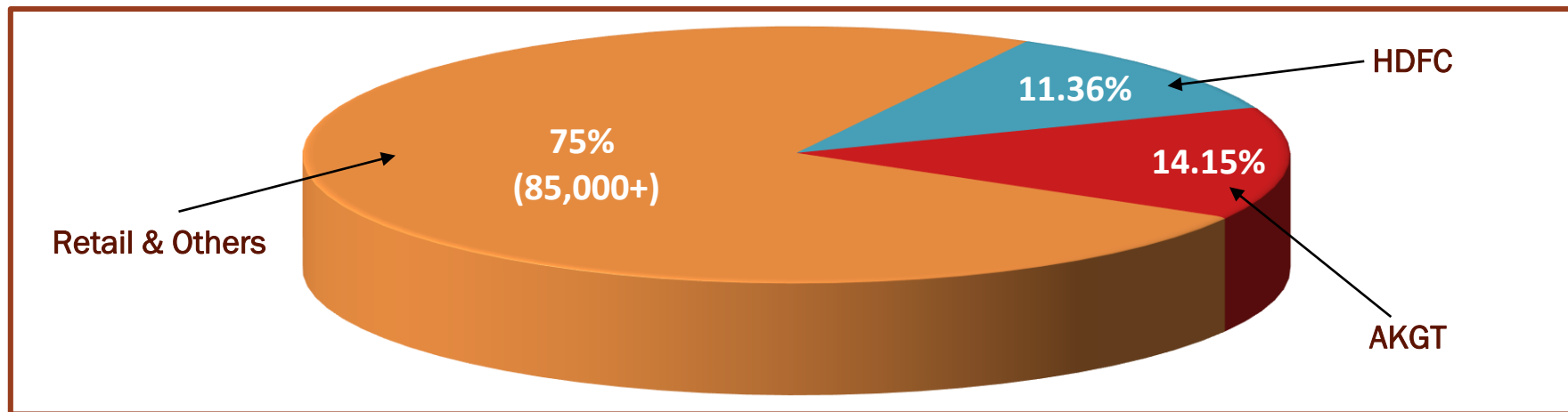
**Currently 7 blocks** – 4 Producing (Gujarat & Tamil Nadu), 1 in Development (Assam), and Development deferred on 2

**Presence in 3 of the 6 Producing Basins in India (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



# Short term growth strategy



## Focus on Assam

Develop Dirok and Deliver  
First Gas Q4 16-17

Evaluate Additional  
Potential in the Block

## Enhance Cambay

Improve Recovery

Evaluate R2 Area under  
new PSC

## Revive Offshore Assets (PY1 and PY3)

Access Undeveloped  
Resources

Explore Synergies  
between the Two Fields

## Build Portfolio

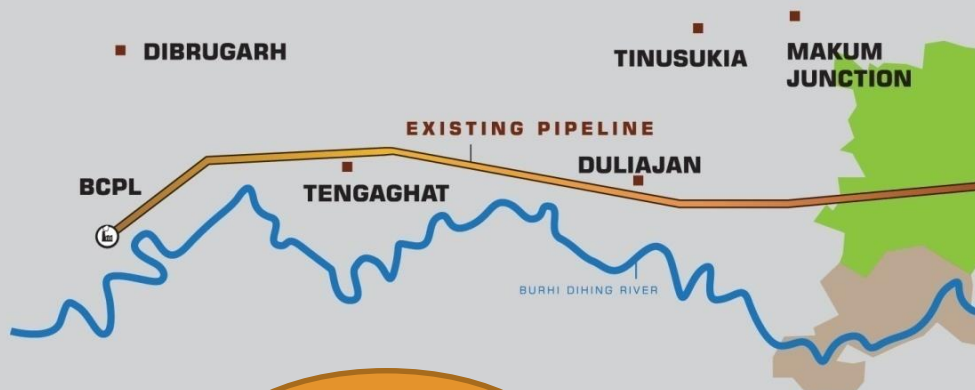
Participate in  
(DSF) 2016 Bidding Round

Leverage Expertise in Marginal  
Fields

Continuous scouting for  
inorganic opportunities



# Project Summary: AAP-ON-94/1



First Gas  
Q4 FY 16-17

## H2 FY 2017

- Drill and complete 2 additional wells; Dirok-3 and Dirok-5
- Complete pipeline
- Finalise Gas & Condensate Sales Contracts
- Modular Gas Processing Plant ; Delivery end Jan 2017
- Deliver First Gas and Condensate ; Q4 FY 16-17







# Assam : Attractive project specifics...



**Cost  
carry of  
\$100 Million**

- HOEC entitled to higher share of revenue in initial years
- Viable even low gas prices due to low Operating cost

**Attractive  
Payout**

- Additional well within the approved Development cost
- No Cess and Royalty payable by Companies
- Profit Petroleum share with the Government for the initial years is minimal due to carried Cost

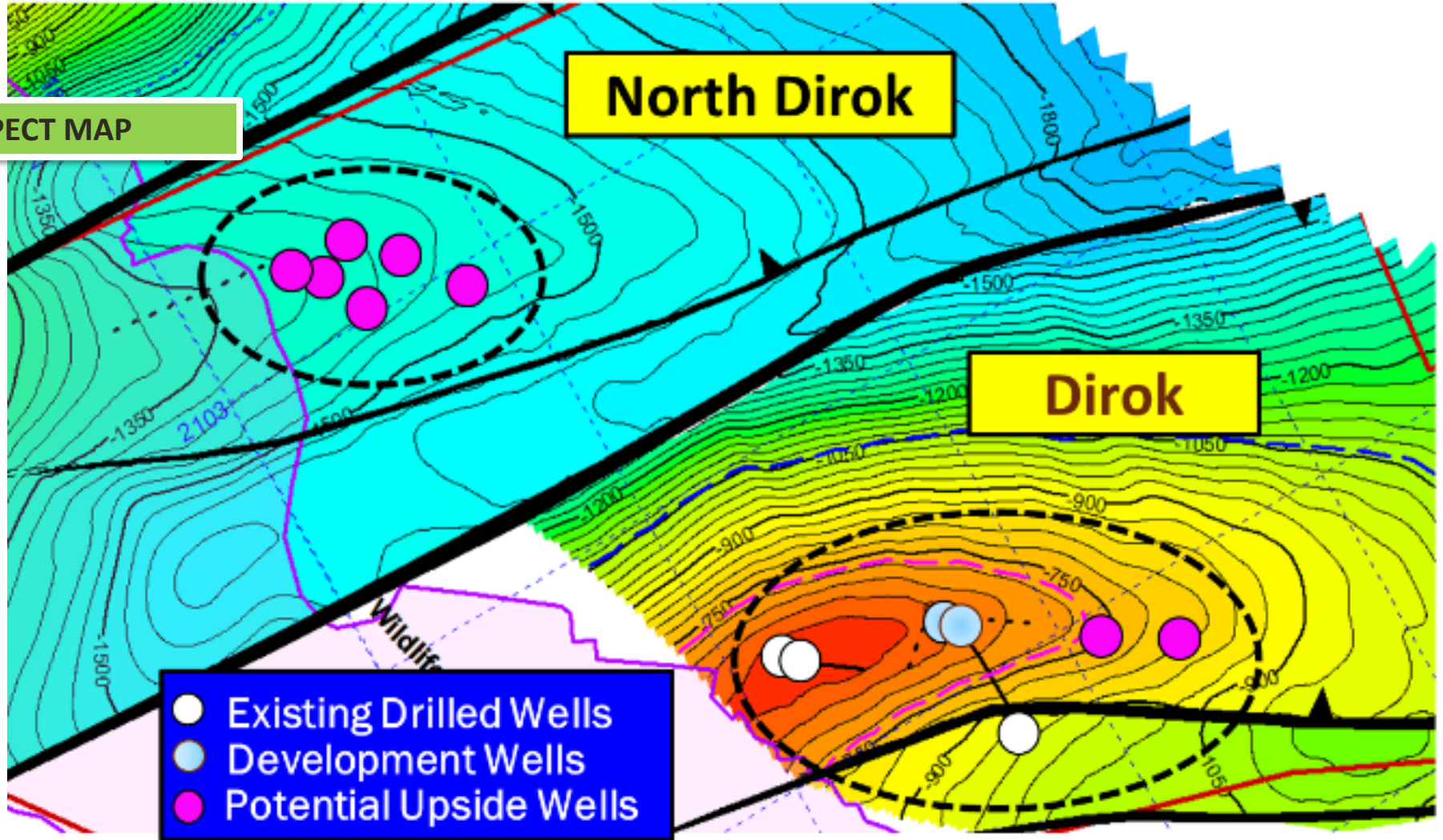
**Early  
Monetization**

- Easy access to market and sustained gas demand due to commissioning of BCPL plant
- Gas Sales Agreement with Oil India Ltd. Is under finalization
- Potential early monetization through OIL India facility



# Growth Opportunity: Tipam & North Dirok

PROSPECT MAP



The Prolific Deeper Tipam & Barail Formation and North Dirok Structures falling in the development area



# PY-1 – Undeveloped Resources to be Accessed



## Significant resource base

- Significant potential resources exists for development
- Techno-commercial risks are being evaluated

## Synergies with PY-3 field

- Study on synergy with adjoining PY-3 block to optimize the operating cost to the benefit for all stakeholders is completed
- Proposal submitted by HOEC to all stakeholders

## Planned Activities

- Technical Group is reworking on the G & G models
- Technical Advisory Committee of experts constituted to review the G & G models

## Upsides

- Substantial cost carry to support incremental investments
- Additional development of marginal resources with current infrastructure at least costs
- Option for partial farm-out to share risks, being 100% PI
- New wells to target undrilled prospects at the right time

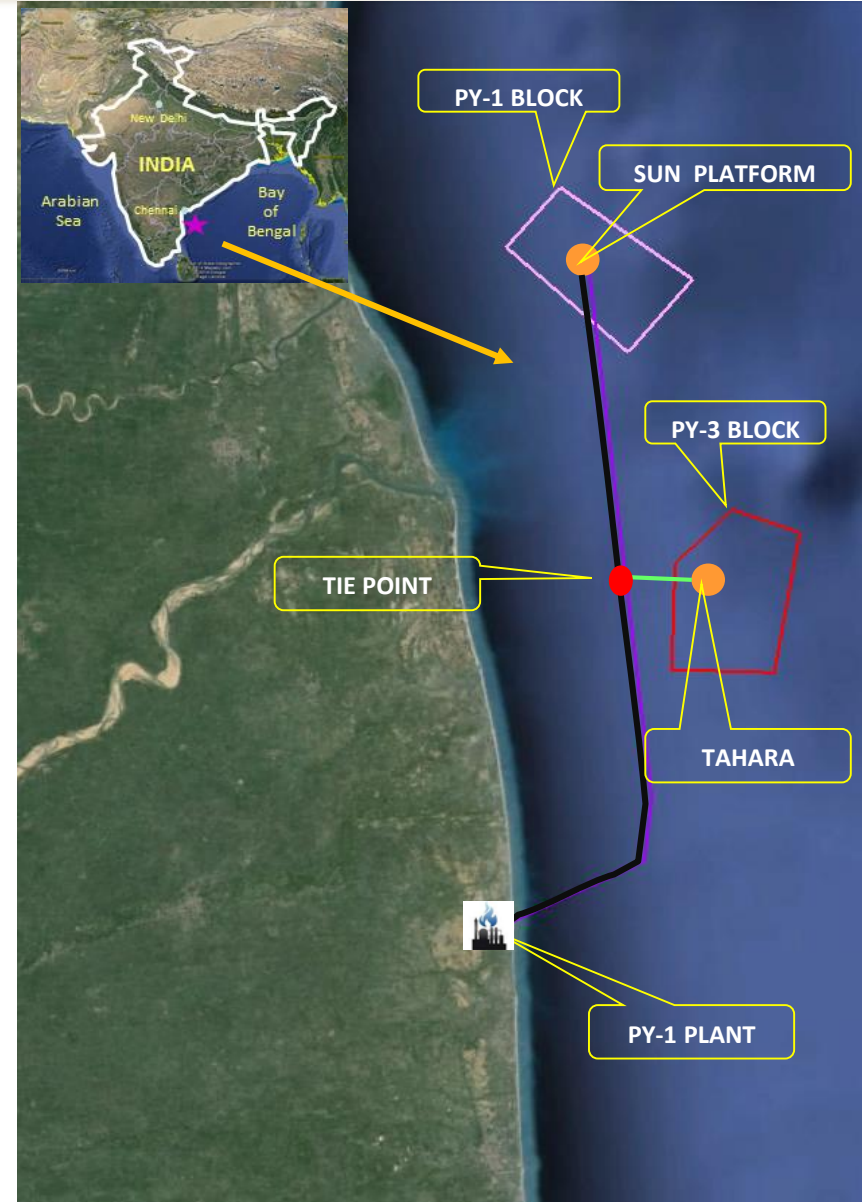




# PY3 & PY1 Integration



- ❑ PY-3 field shutdown since July 2011, when producing 3000+ bopd without any sub-surface issues.
- ❑ Full field potential of PY-3 needs a relook to enhance the EUR without gas flaring
- ❑ HOEC has 21% stake in PY-3 & operates PY-1 Gas field with an offshore platform and onshore process plant close to PY-3 field
- ❑ Integration of PY-1 and PY-3 facilities through a 6 Km offshore pipeline is feasible and most cost effective
- ❑ The integration will facilitate recovery of remaining proven oil reserves of about 14.6 mmstb to the benefit of all stakeholders by optimizing the Capex and Opex
- ❑ HOEC has submitted a proposal to stakeholders for review





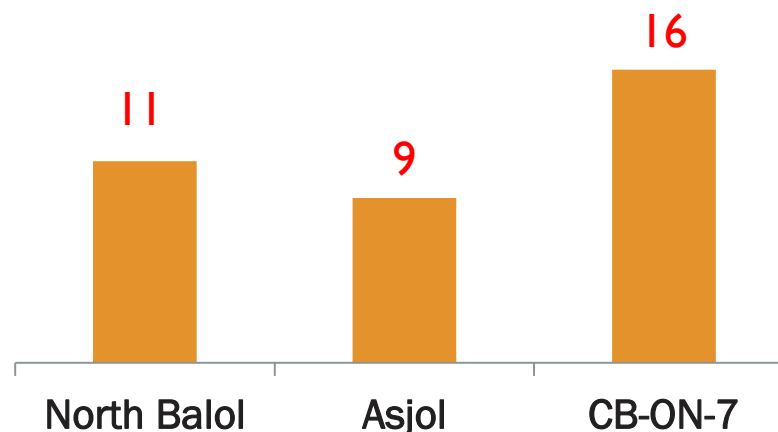
# Cambay Marginal Fields



<p><b>North Balol</b> (HOEC PI : 25%)</p> <p><b>Cost Recovery</b> 80%</p>	<ul style="list-style-type: none"> <li>• Wells : 9 wells (2 Producing)</li> <li>• Reservoir : Balol, Babaguru &amp; Kand Sands</li> <li>• Avg Prod. Q2 FY 16-17 (100%): 0.38 mmscfd</li> <li>• Q2 FY 16-17 Net Revenue : ₹ 2.2 mn</li> <li>• Q2 FY 16-17 Opex : ₹ 0.8 mn</li> <li>• Reserves : 2P (100%) : 6.92 BCF</li> </ul>
<p><b>Asjol</b> (HOEC PI : 50%)</p> <p><b>Cost Recovery</b> 100%</p>	<ul style="list-style-type: none"> <li>• Wells : 6 wells (2 Producing)</li> <li>• Reservoir : Upper Suraj Pay Sandstone</li> <li>• Avg. Prod. Q2 FY 16-17(100%) : 16 bopd</li> <li>• Q2 FY 16-17 Net Revenue : ₹ 2 mn</li> <li>• Q2 FY 16-17 Opex : ₹ 1.4 mn</li> <li>• Reserves : 2P (100%) : 0.61 mmbbls</li> </ul>
<p><b>CB-ON-7</b> (HOEC PI : 35%)</p> <p><b>Cost Recovery</b> 60%</p>	<ul style="list-style-type: none"> <li>• Wells : 6 wells (3 Producing)</li> <li>• Reservoir : Hazad Sands of Ankleshwar</li> <li>• Avg. Prod. Q2 FY 16-17 (100%): 102 bopd</li> <li>• Q2 FY 16-17 Net Revenue : ₹ 8 mn</li> <li>• Q2 FY 16-17 Opex : ₹ 1.8 Mn</li> <li>• Reserves : 2P (100%) : 0.40 mmbbls</li> </ul>

## Marginal Fields' Contribution

Netback (\$/boe)



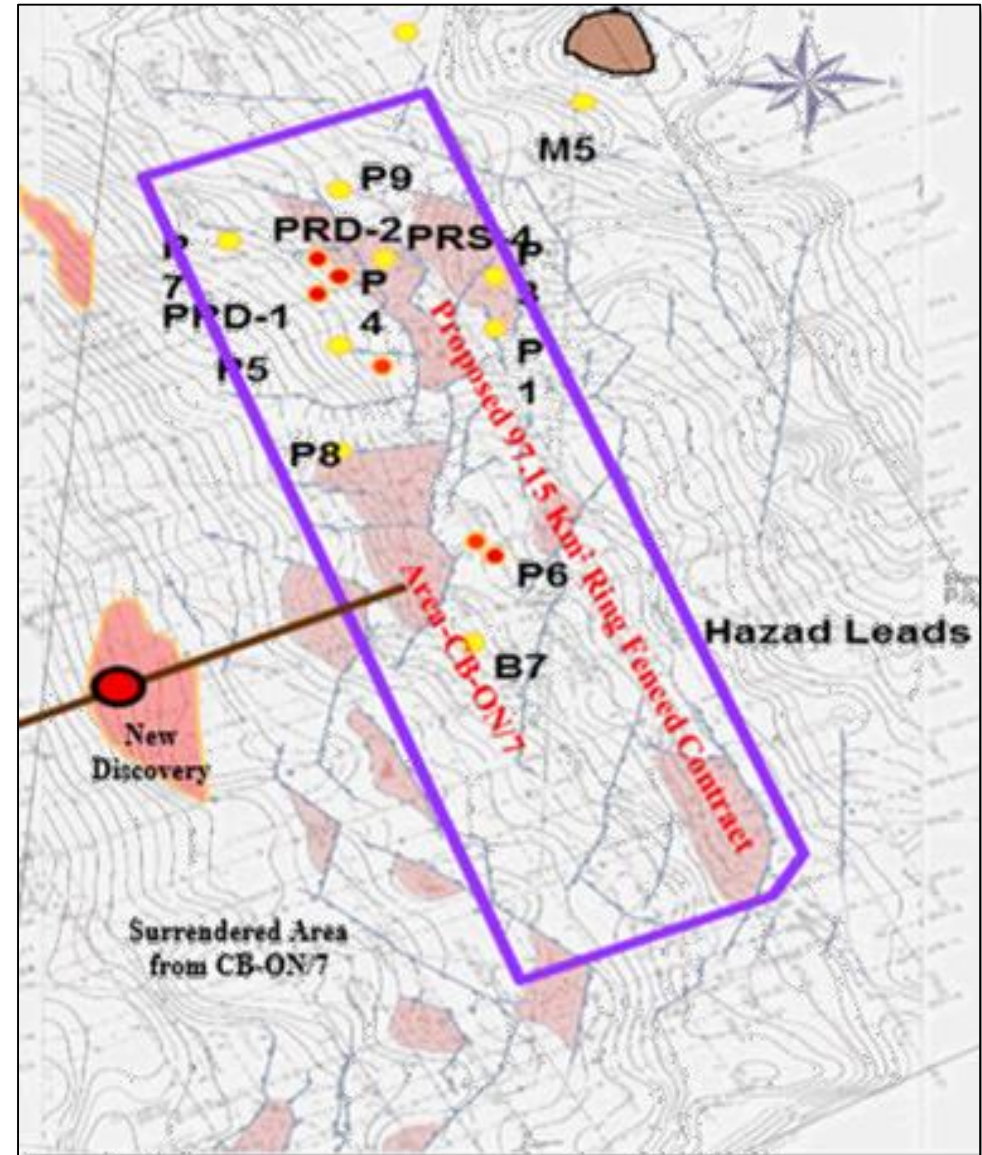
- Considerable netback even at low oil prices
- Low cost operations
- Opportunity to enhance production through minimal investment

## Competitive edge in the Discovered Small Fields (DSF)



# CB-ON-7 R2 Area

- ❑ Government is likely to grant 97.15 Sq. km of ring-fenced R2 area to JV of HOEC and GSPC through New PSC
- ❑ Recent discovery by private operator in June 2015 on the surrendered area of this Block enhances prospect of the area
- ❑ Proposed PSC envisages minimum commitment of 3D seismic acquisition and drilling of 2 wells.
- ❑ PSC likely to be executed by Q4 FY 16-17





# Key Strengths



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

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

**Debt free balance sheet, track record of safe and low cost operations with fast track development**

**Offshore and onshore infrastructure and resource base with substantial upside**

**Competence in marginal field**

**For further information, please contact:**

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<p>HOEC 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>



# ANNEXURE





# Statement of Profit & Loss



Particulars	Q2 FY 16-17 ₹ millions	Q1 FY 16-17 ₹ millions	Q2 FY 15-16 ₹ millions
<b>INCOME</b>			
Revenue from operations	56	60	57
Other income	61	35	23
<b>Total revenue</b>	<b>117</b>	<b>95</b>	<b>80</b>
<b>EXPENSES</b>			
Operating expenses	25	27	38
Decrease in stock of crude oil	-8	-6	5
Employee benefits expense	3	3	7
Depreciation, depletion and amortization	33	23	28
Provision of Inventories	10	—	---
Exploration costs	—	—	1
Other expenses	35	30	24
<b>Total expenses</b>	<b>98</b>	<b>77</b>	<b>103</b>
Profit/(loss) before tax and exceptional items	19	18	-23
Exceptional Items – Income	116	110	34
<b>Profit before tax</b>	<b>135</b>	<b>128</b>	<b>11</b>
Net tax expenses –Prior year tax adjustment	4	35	—
<b>Net profit for the year</b>	<b>131</b>	<b>93</b>	<b>11</b>
Other comprehensive income	—	—	—
<b>Total comprehensive income</b>	<b>131</b>	<b>93</b>	<b>11</b>
<b>Earnings per equity share of ₹ 10 each -Basic &amp; diluted</b>	<b>₹ 1.00</b>	<b>₹ 0.71</b>	<b>₹ 0.09</b>

# Statement of Assets and Liabilities unaudited



ASSETS	As at	As at	EQUITY AND LIABILITIES	As at	As at
	Sep 30, 2016	Mar 31, 2016		Sep 30, 2016	Mar 31, 2016
	₹ Millions	₹ Millions		₹ Millions	₹ Millions
<b>Non-current assets</b>			<b>Equity</b>		
(a) Property, Plant and Equipment	629	677	(a) Equity share capital	1,305	1,305
(b) Development work in progress	1,554	1,301	(b) Other equity	1,915	1,692
(c) Intangible assets	22	-		<b>3,220</b>	<b>2,997</b>
(d) Financial Assets			<b>Non-current liabilities</b>		
(i) Investments in subsidiary	5	5	(a) Financial liabilities		
(ii) Other financial assets	8	13	(i) Trade and other payables	101	101
(e) Other non-current assets	499	481	(ii) Other financial liabilities	162	162
	<b>2,717</b>	<b>2,477</b>	(b) Employee benefit obligation	2	2
			(c) Provision for site restoration	914	914
<b>Current assets</b>				<b>1,179</b>	<b>1,179</b>
(a) Inventories	260	224	<b>Current liabilities</b>		
(b) Financial assets			(a) Financial liabilities		
(i) Investments	1,591	662	(i) Trade and other payables	25	20
(ii) Trade receivables	23	22	(b) Employee benefit obligation	1	1
(iii) Cash and bank balances	422	480	(b) Other current liabilities	868	585
(iv) Bank balances other than (iii) above	52	47		<b>894</b>	<b>606</b>
(v) Other financial assets	12	8			
(c) Income tax assets	215	857			
(d) Other current assets	1	5			
	<b>2,576</b>	<b>2,305</b>			
<b>TOTAL</b>	<b>5,293</b>	<b>4,782</b>	<b>TOTAL</b>	<b>5,293</b>	<b>4,782</b>



# 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

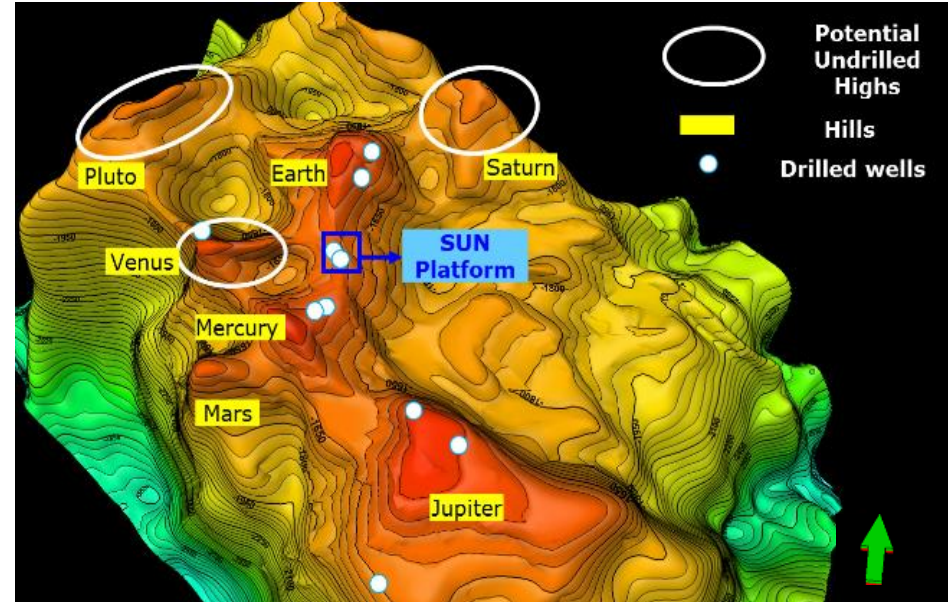
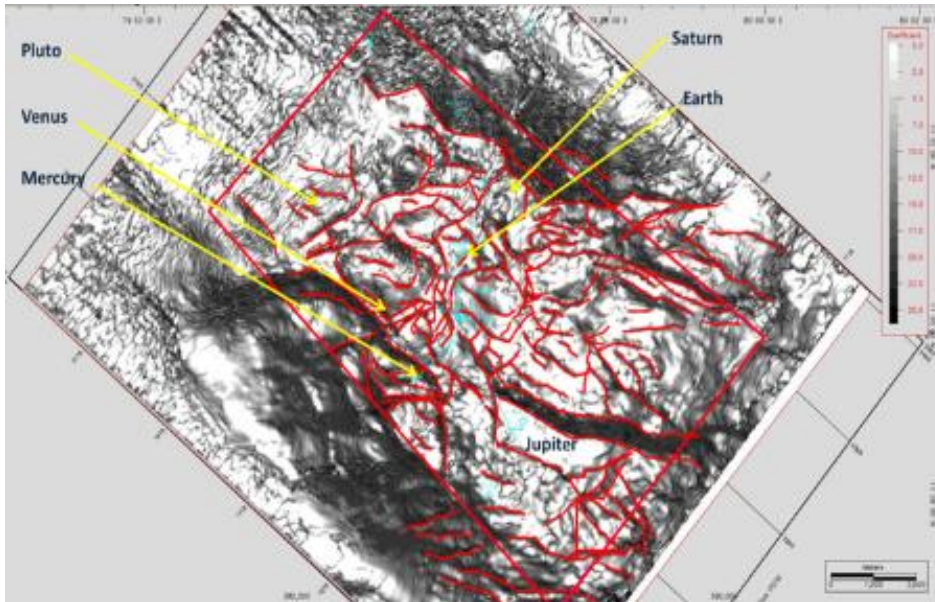




## Technical Advisory Committee of Experts Constituted - Focus Areas

- Reprocess 3D with “Controlled Beam. Migration”
- Identify type of fractures, flow of HC & water, to ascertain their production potential.
- Re-evaluate reserves
- Relook into the resources of undrilled prospects
- Map the Cretaceous shallower reservoirs
- Potential Drilling and intervention of existing wells post G & G review

## Fracture Intensity Map at Basement Top







## **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

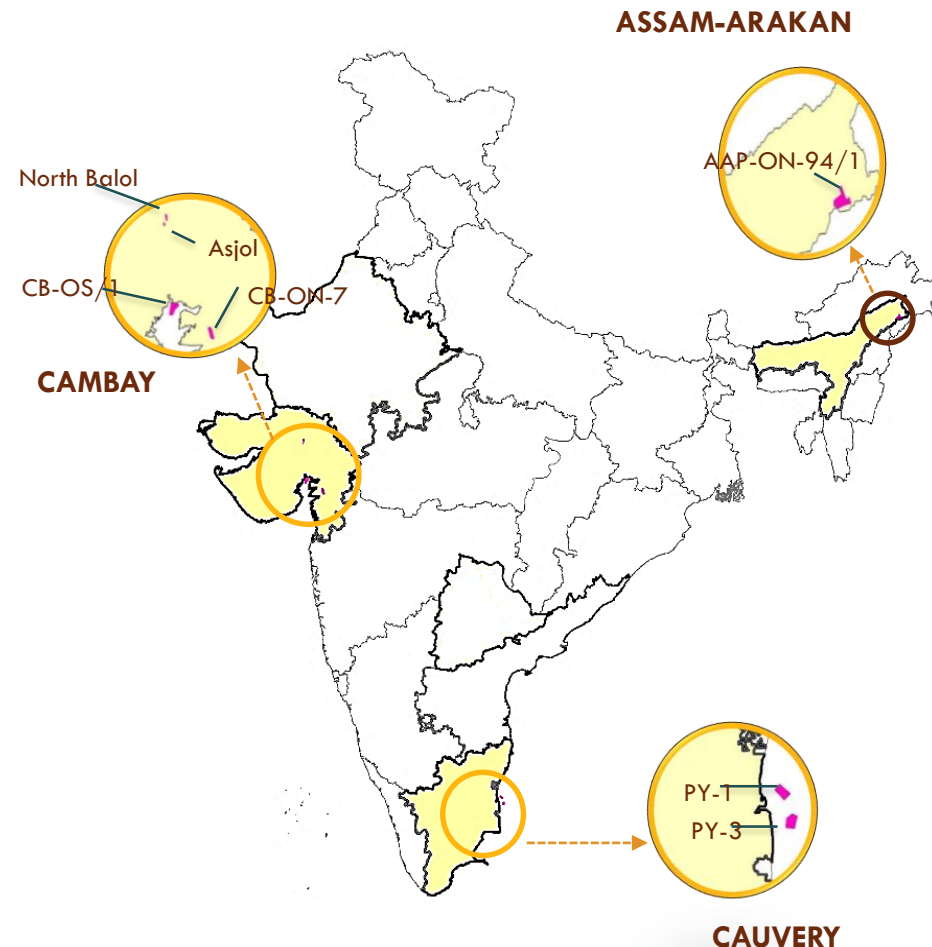


**Rajan Kumar**  
Senior Advisor (Part Time)  
Petroleum Development

# 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 Heramec Ltd
Asjol	HOEC	Onshore	Oil	50%	GSPC
AAP-ON-94/1	HOEC	Onshore	Gas	27%	Oil India Limited IndianOil
CB-OS/1	ONGC	Offshore	Oil	38%	ONGC TATA PETRODYNE LIMITED
PY-3	HEPI	Offshore	Oil	21%	TATA PETRODYNE LIMITED Hardy Oil and Gas plc ONGC



Producing

Development

Development Deferred

PI = Participating Interest

2P	-	Proved + Probable reserves
BCF	-	Billion Cubic Feet of Gas
GGG	-	Gas Gathering Station
GPP	-	Gas Processing Plant
MMbbls	-	Million Barrels of Oil
PI	-	Participating Interest
PSC	-	Production Sharing Contract
EC	-	Environmental Clearance