



INVESTOR PRESENTATION, 23 January 2018

# INDIA'S FIRST PRIVATE OIL AND GAS COMPANY



Transforming Through Talent And Technology

HINDUSTAN OIL EXPLORATION COMPANY LIMITED

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# Q3 FY 2018 Highlights & Plans



## Strong financials

- ❑ Debt free balance Sheet & self funding for organic growth.
- ❑ Gross working capital ₹ 190 Crores includes ₹ 136 Crores cash and cash equivalent.

## Dirok Gas production ramp up on track

- ❑ Dirok gas sales ramped upto 10 mmscmd (restricted by 4" pipeline capacity)
- ❑ Modular Gas Processing Plant and all facilities to be commissioned before 31 March 2018
- ❑ Production expected to be 36mmscfd of gas and 1000 barrels of condensate from 6 wells by 1 April 2018
- ❑ Gas price by 1 Apr 2018 expected to be above \$ 3/mmbtu

## Targeting new production from offshore

- ❑ PY-1 re-entry campaign on track to spud in April 2018 – Rig secured and all contracts are awarded
- ❑ Gas production from PY-1 expected to be 10 mmscfd from current level of 2.5 mmscfd by Q2 FY 18-19
- ❑ B80 (Mumbai offshore) Development plan approved by MC on 27 Dec 2017; First Oil target is Q1 FY 20-21

## Growth opportunities

- ❑ Open Acreage Licensing (OAL) & Discovered Small Field (DSF) bid round 2 announced by the Government
- ❑ HOEC participated for one block in Assam under OALP and evaluating other blocks
- ❑ Several inorganic opportunities may also spur growth

## Strong portfolio of Discovered Resources

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**

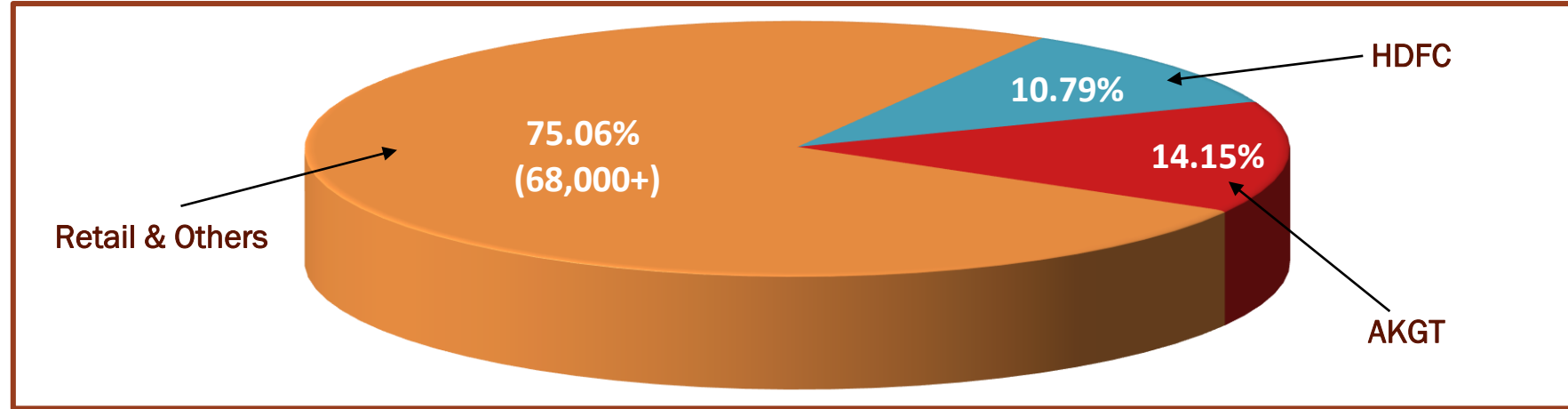
**Portfolio of 9 Blocks** with **discovered resources**  
**5 Onshore** (2 North East, 3 Gujarat) **4 offshore**  
(2 West Coast & 2 East Coast),

Presence in **4 of 7 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

## Strong Business Foundation

Experienced Management Team

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Discovered Resource Portfolio for Growth  
with Low Risk

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Developed Infrastructure in Assam,  
Cambay and PY-1

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Debt – free balance sheet

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Strengthened Financial Position for organic  
growth

## Driving Growth

Delivered first Gas from Dirok (Assam) field  
in a record 27 months

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Projects are with investment cycle to cash  
12-18 months

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HELP and DSF -2 present opportunities to  
grow the portfolio

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Ability to raise funds for inorganic growth

## Focus on North East

- Ramp-up production to 36 mmscfd of gas & 1000 bopd condensate by 1 April 18
- Re-assessment of Dirok recoverable reserves on-going
- Target for upside potential in Dirok
- Early production from Kherem on securing PML

## Revive Offshore

- PY-1 Re-entry campaign to start in April 2018
- Fast track development of B-80 to deliver First Oil from Q1 2020-21
- PY-3 extension application for PSC extension being submitted by the operator

## Enhance Cambay

- PSC to be signed for R2 area consisting of 90 sq.KM
- Acquire additional acreage through OALP and HELP bidding rounds





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





# Assam : Growing Volume and Margins

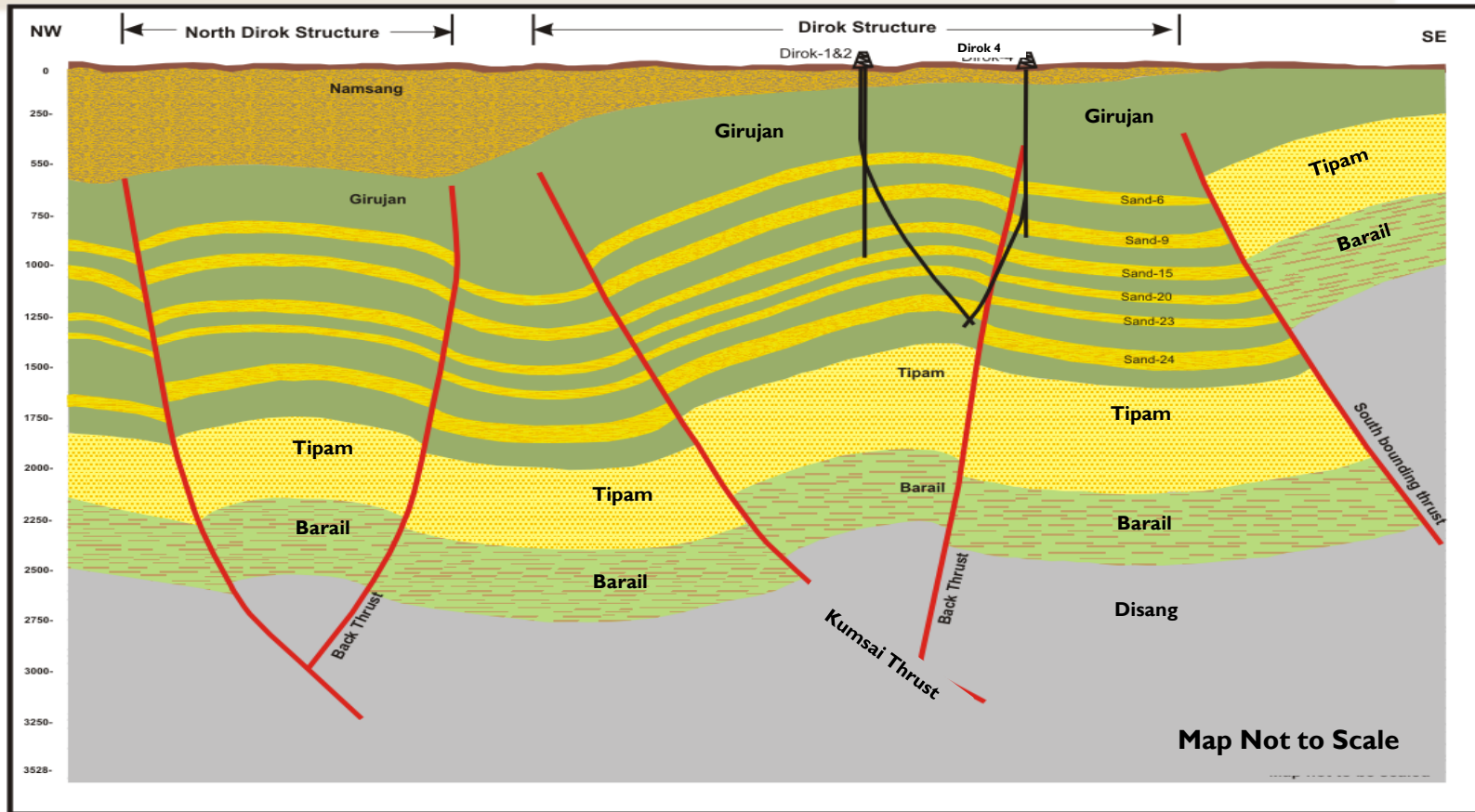


**Attractive  
Payout**

- Past Cost (Exploration & Appraisal) carry of \$100 Million, HOEC entitled to higher revenue share in initial years
- Cess and Royalty is paid by the licensee Oil India Limited
- No profit petroleum during initial years
- OIL & IOC to buy all the produced gas and condensate through the constructed pipeline
- Condensate to get International Naphtha Price and Gas price to be revised every 6 months
- Field operating cost is below \$ 0.50 /mmbtu



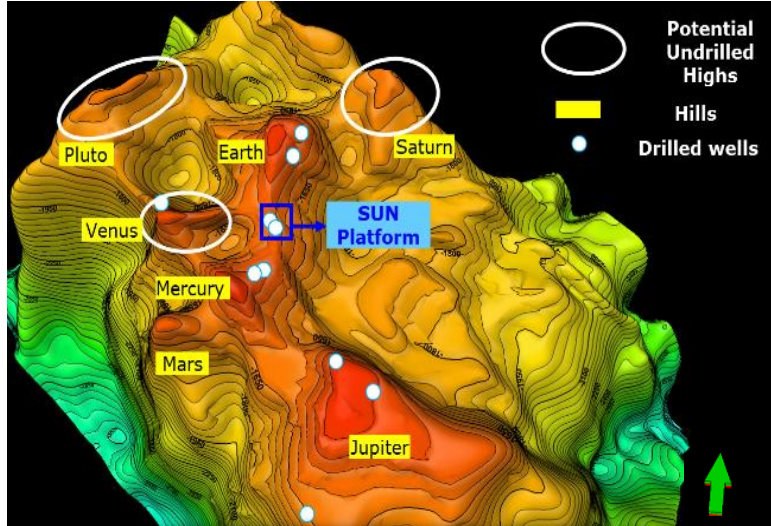
# Growth Opportunity: Prolific Dirok



- Dirok field is endowed with Girujan, Tipam and Barail Formation
- Potential exist for both increasing reserves and improving recovery factor on well performance
- Reserves to be recast based on performance of all 6 wells
- Field Development Plan needs revision to target Dirok upside potential



# Next Focus: Increasing Production from PY-1



## Significant Resource Base

## Existing Facilities

## Existing Facilities

Significant resources exist in this fractured granite basement reservoir

Being re-entry from existing wells, production ramp-up from Q2 FY 18-19

Existing facilities can handle increase in production without additional cost

## Planned Activities & Opportunities

- Re-entry of wells targeting Mercury hill and Earth tertiary sand to start in Q1 FY 18-19 to enhance production
- Rig secured and all key contracts awarded
- Capital costs for wells are marginal
- Potential up-side from Jupiter, Pluto, Saturn & Venus to be drilled subsequently



# Focus 'First Oil' B-80 (Mumbai High-DSF block)



## Discovered Resource Base

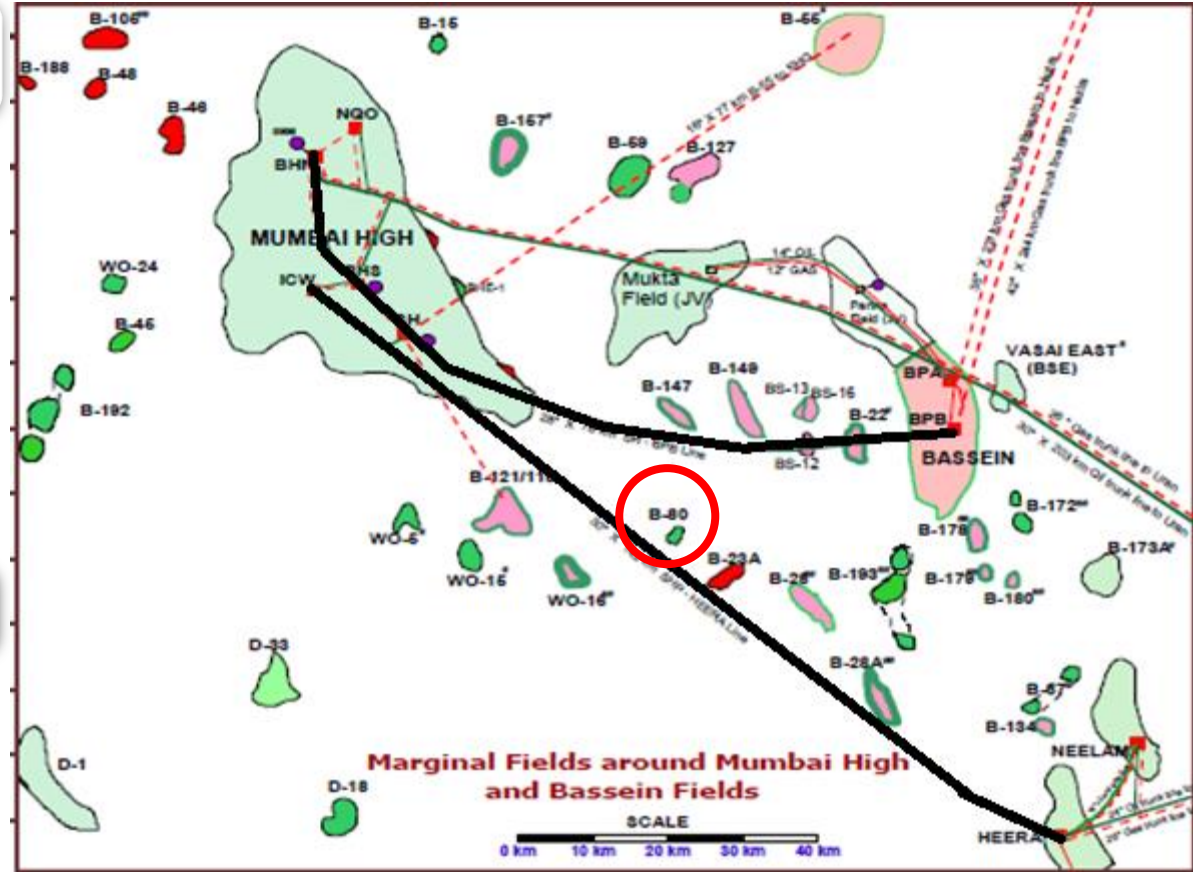
- Estimated STOIP of 40 million barrels & GIIP of 44 bcf
- Field Development plan (FDP) approved on 27 Dec 2017
- Field to produce about 5000 bopd of oil and 15 mmscfd of gas under Phase -1
- First oil expected to be in Q1 2020-21

## Planned Activities under Phase -1 of FDP

- Drill two new development wells
- Install a Mobile Offshore Processing Unit (MoPU)
- Evacuation through existing pipelines of ONGC

## Project status

- EC application process initiated and TOR approved on 21-Dec-2017
- Rig and tangibles are planned to be procured
- Market being scanned for a suitable MOPU

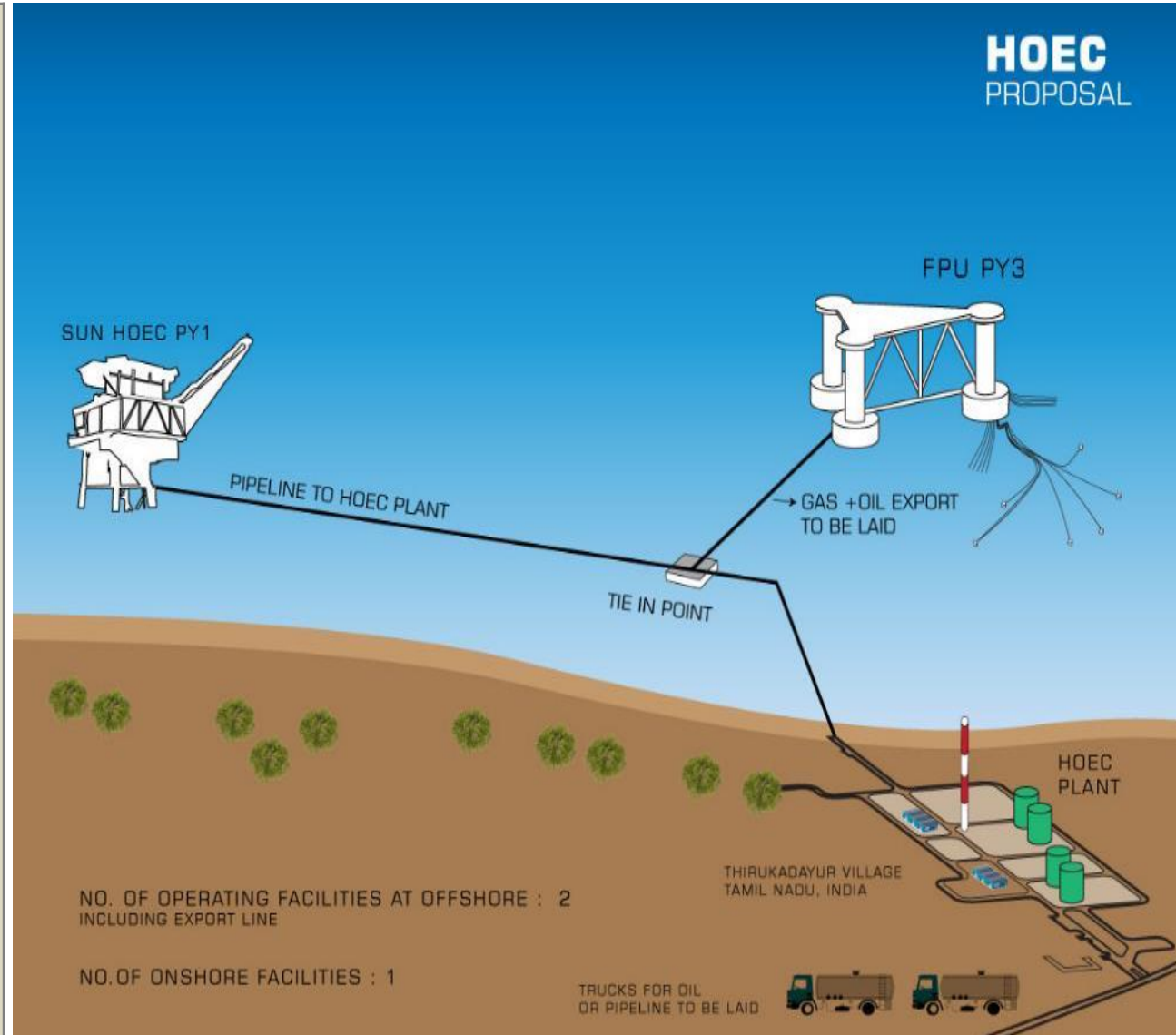




# PY3 - Status



- ❑ PY-3 field was shut-in on 31 July 2011 when it was producing 3000+ bopd without any sub-surface issues.
- ❑ 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 through 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.
- ❑ Application being submitted for PSC extension by Operator





# Cambay Marginal Fields



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

Wells: **2 wells under Production**  
Reservoir : Balol, Babaguru & Kand Sands  
Prod. Q3 FY 17-18 (100%): **37.6 mmscf**

Reserves : 2P (100%): **6.79 BCF**  
**Potential for additional wells**

**Asjol**  
(PI : 50%)

Wells : **2 wells under Production**  
Reservoir : Upper Suraj Pay Sandstone  
Prod. Q3 FY 17-18 (100%) : **1510 barrels**

Reserves : 2P (100%): **0.6 mmbbls**  
**Potential for additional wells**

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

Wells : **3 wells under Production**  
Reservoir : Hazad Sands of Ankleshwar  
Prod. Q3 FY 17-18 (100%): **8675 barrels**

Reserves : 2P (100%): **0.359 mmbbls**  
**Potential for additional wells**

# New Blocks: Kherem (Arunachal Pradesh)

❑ **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:**

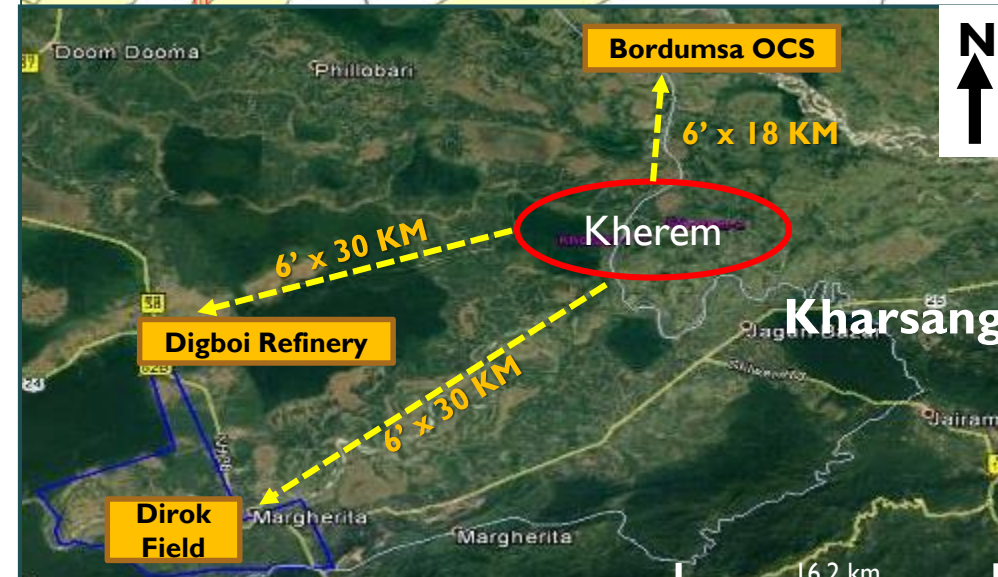
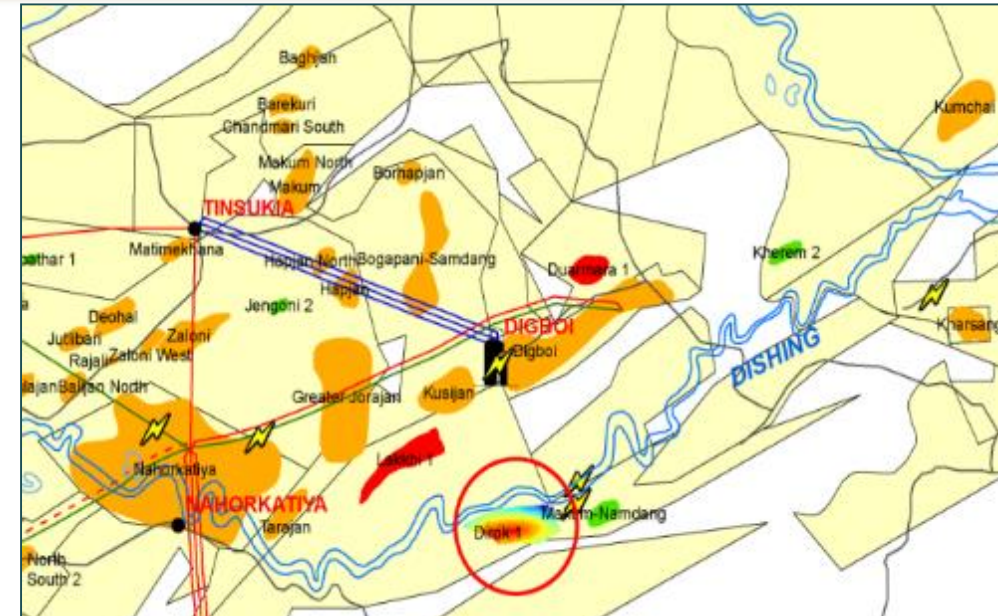
- Two pay zones Girujan pay -1 & pay - 2
- Light oil – 38.7°API

❑ **Nearest facilities :**

- ❑ Bordumasa Oil collecting Station via 6" pipeline 18kms
- ❑ Digboi Refinery, via 6" pipeline 30 kms

❑ Petroleum Mining Lease transfer/(PML) still awaited

❑ Effective Date Starts from the date of PML transfer





# Key Strengths



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

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

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

**All 9 blocks (5 onshore and 4 offshore) have discovered resources with potential up side.**

**Delivered First Gas from Dirok (Assam) Field in a record 27 months**



# ANNEXURE



# Statement of profit & loss Q3 FY 2018



Particulars	For the quarter		
	Oct to Dec 2017	July to Sep 2017	Oct to Dec 2016
	₹ millions	₹ millions	₹ millions
<b>INCOME</b>			
Revenue from operations	134	84	55
Other income	13	33	42
<b>Total revenue</b>	<b>147</b>	<b>117</b>	<b>97</b>
<b>EXPENSES</b>			
Share of Expenses from producing oil and gas blocks	37	30	29
Decrease / (Increase) in stock of crude oil and condensate	(40)	(32)	1
Employee benefits expense	2	3	3
Finance costs - unwinding of discount on decommissioning liability	12	12	-
Depreciation, depletion and amortization	46	37	18
Other expenses	6	11	4
Write-off of obsolete inventories	-	-	-
<b>Total expenses</b>	<b>63</b>	<b>61</b>	<b>55</b>
Profit/(loss) before tax and exceptional Items	84	56	42
Exceptional Items – Income / (expenses)- net	45	-	-
Profit before tax	129	56	42
Net tax expenses –prior year tax adjustment	-	-	-
<b>Net profit for the year</b>	<b>129</b>	<b>56</b>	<b>42</b>
Other comprehensive income	-	-	-
<b>Total comprehensive income</b>	<b>129</b>	<b>56</b>	<b>42</b>
Earnings per equity share of ₹ 10 each - Basic & diluted	₹ 0.99	₹ 0.43	₹ 0.32

# Statement of Assets and Liabilities Un-Audited



ASSETS	As at	As at	EQUITY AND LIABILITIES	As at	As at
	Dec 31 2017	Mar 31, 2017		Dec 31, 2017	Mar 31, 2017
	₹ millions	₹ millions		₹ millions	₹ millions
<b>Non-current assets</b>			<b>Shareholders' funds</b>		
(a) Property, Plant and Equipment			(a) Equity share capital	<b>1,305</b>	<b>1,305</b>
(i) Oil and gas assets	<b>2,556</b>	<b>2,220</b>	(b) Other equity	<b>2,222</b>	<b>2,009</b>
(ii) Others	<b>75</b>	<b>77</b>	<b>Total equity</b>	<b>3,527</b>	<b>3,314</b>
(b) Capital work-in-progress	<b>131</b>	<b>61</b>	<b>Non-current liabilities</b>		
(c) Intangible assets	<b>16</b>	<b>20</b>	(a) Financial liabilities		
(d) Financial Assets			(i) Trade payables	<b>221</b>	<b>221</b>
(i) Investments in subsidiary	<b>5</b>	<b>5</b>	(b) Provision for site restoration	<b>973</b>	<b>937</b>
(ii) Site restoration deposit	<b>542</b>	<b>514</b>	(c) Other non-current liabilities	<b>2</b>	<b>2</b>
(e) Other non-current assets	-	-	<b>Total non-current liabilities</b>	<b>1,196</b>	<b>1,160</b>
<b>Total non-current assets</b>	<b>3,325</b>	<b>2,897</b>			
<b>Current assets</b>			<b>Current liabilities</b>		
(a) Inventories	<b>287</b>	<b>247</b>	(a) Financial liabilities		
(b) Financial assets			(i) Trade payables	<b>169</b>	<b>178</b>
(i) Investments	<b>974</b>	<b>1,510</b>	(ii) Other financial liabilities	<b>325</b>	<b>492</b>
(ii) Trade receivables	<b>108</b>	<b>47</b>	(b) Other current liabilities	<b>7</b>	<b>7</b>
(iii) Cash and bank balances	<b>158</b>	<b>284</b>			
(iv) Other bank balances	<b>226</b>	<b>59</b>			
(v) Other financial assets	<b>54</b>	<b>9</b>			
(c) Income tax assets	<b>83</b>	<b>93</b>			
(d) Other current assets	<b>9</b>	<b>5</b>			
<b>Total current assets</b>	<b>1,899</b>	<b>2,254</b>	<b>Total current liabilities</b>	<b>501</b>	<b>677</b>
<b>TOTAL</b>	<b>5,224</b>	<b>5,151</b>	<b>TOTAL</b>	<b>5,224</b>	<b>5,151</b>

# Investment Multiples



Block	AAP-ON-94/1	PY-1	PY-3	N. Balol	Asjol	CB-ON-7
Royalty & Cess	Nil (Licensee)	10%	Nil (Licensee)	10%	Nil (Licensee)	Nil (Licensee)
Cost Recovery limit	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



- 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
  - ✓ Results in swapping of capital costs.
  - ✓ Reduction in Project lead time
  - ✓ State of Art technology

- M-GPP contract on build, maintenance and operate (BMO) model by Expro, UK under execution
- Facilities to be commissioned by April 2018



## **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 finalists 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



**Gopal Panigrahy**  
Resident Head – Operations Assam



**Indreshwar Bharali**  
Advisor (Infrastructure)



**P. B. Raju**  
Senior Advisor (Part Time)  
Petrophysicist



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



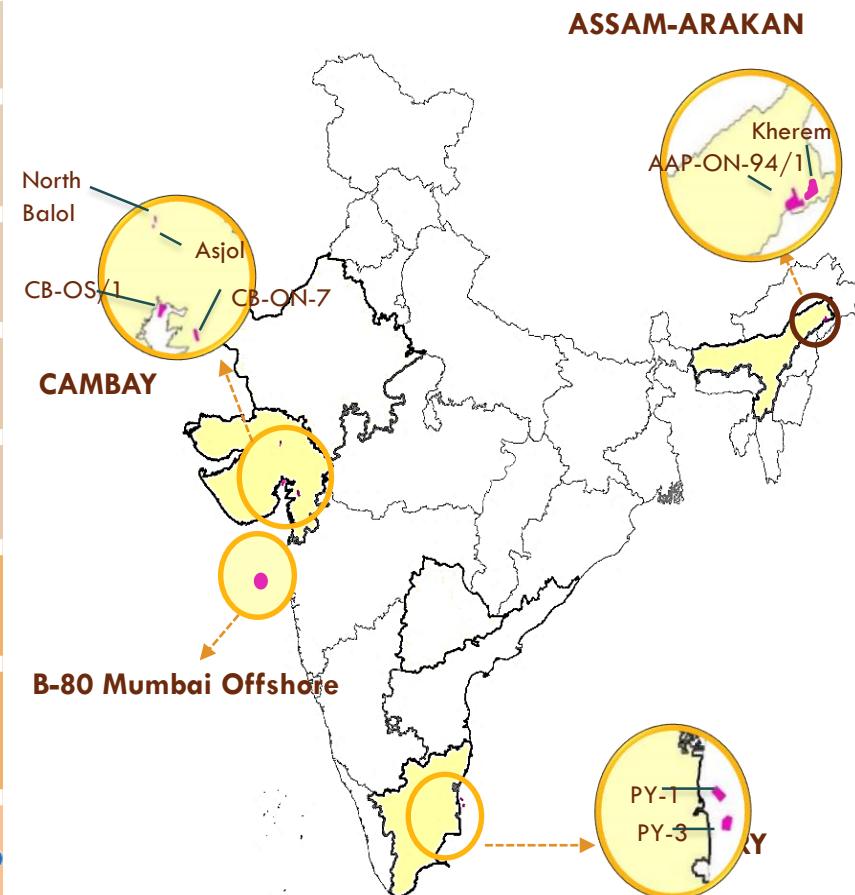
**D. S. Mohan**  
Senior Advisor (Part time)  
Geology



# 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
Asjol	HOEC	Onshore	Oil	50%	GSPC
Dirok	HOEC	Onshore	Gas	27%	Oil India Limited IndianOil
B-80	HOEC	Offshore	Oil & Gas	50%	Adbhoot
Kherem	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 plc 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/ Vikash Verma <a href="mailto:vgaurang@stellar-ir.com">vgaurang@stellar-ir.com</a>/ <a href="mailto:vikash.verma@stellar-ir.com">vikash.verma@stellar-ir.com</a></p> <p><a href="http://www.stellar-ir.com">www.stellar-ir.com</a></p>

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