



41ST

AGM 2025

INDIA'S FIRST PRIVATE
OIL AND GAS COMPANY



**HINDUSTAN OIL EXPLORATION
COMPANY LIMITED**

TRANSFORMING THROUGH TALENT AND TECHNOLOGY

Chairman's Statement for the 41st AGM of HOEC

Dear Shareholders,

Good morning and welcome to the 41st Annual General Meeting of Hindustan Oil Exploration Company Limited.

On behalf of the Board of Directors, I appreciate your support for the Company and thank you for taking the time to join us today. Hope all of you are safe and in good health.

The oil and gas sector is a cornerstone of India's economy, with energy demands intricately linked to economic growth, reflecting an annual consumption increase of 3-4%. In 2025, India remains one of the world's top crude oil consumers, relying on imports for over 86% of its crude oil and over 50% of its natural gas. Notably, domestic oil production has declined from 27.17 million metric tonnes to 26.49 million metric tonnes, while natural gas consumption has surged, underscoring India's increasing dependence on imported energy.

As of March 2025, crude oil prices have dipped below \$70 per barrel, influenced by various global factors, with the average price for the financial year 2024-25 at \$78.56 per barrel. Also, the domestic natural gas price has decreased to \$7.80 per MMBTU. India's ongoing economic growth, with a forecasted GDP growth rate of 6.3% to 6.8% for 2025-26, presents compelling investment opportunities within the energy sector.

To bridge the supply-demand gap, the Ministry of Petroleum and Natural Gas is actively promoting Exploration and Production activities, recognizing the significant untapped hydrocarbon resources. The India Hydrocarbon Vision 2025 aims to evaluate the entire sedimentary area, of which 79.5% basinal areas have been appraised. The Government is implementing policy reforms to attract investment, including a transition from Production Sharing to Revenue Sharing Contracts and the deregulation of prices.

As we delve into the financial year April 2024 to March 2025, I would like to touch upon certain financial and operational highlights for the year.

HOEC's consolidated production was 1.08 million barrels of oil equivalent (MMBOE), comprising 0.36 million barrels of crude oil and 3.80 billion cubic feet (BCF) of gas. The consolidated revenue for this period was ₹ 420.87 Crores, resulting in a net profit after tax of ₹ 147.21 Crores. On a standalone basis, the revenue for the period was ₹ 306.07 Crores and the net profit after tax was ₹ 147.47 Crores.

HOEC holds strategic interests in four blocks in the North-Eastern region viz, Dirok, Kharsang, Block AA-ONHP-2017/19, and Umatara each exhibiting unique opportunity with growth of the region.

During the financial year, HOEC has successfully tested two sand formations - Sand 9 and Sand 10 in Dirok, with Sand 9 achieving production levels of 6 million standard cubic feet of gas per day. This extensive formation has enhanced the recoverable reserves and increase production capacity from the field.

Also, we have secured approval from the Assam Pollution Control Board for the North Dirok-1 well, in which we plan to drill upto Barail formation for about 4,000 meters. Subject to rig availability, we anticipate commencing this drilling operation in the fourth quarter of this financial year.

In Block Kharsang, we have planned an initial 9-well drilling program, followed by an additional 9 wells. The first well was spudded on March 31, 2025. As on date we have completed 5 well drilling which has been hooked up for production and the sixth well is under drilling. This increases the filed production to 950 barrels as on date. We are also preparing to drill one deep well to evaluate the Lower Girujan, Tipam, and Barail formations that hold significant potential for resource extraction.

In Block AA-ONHP-2017/19, adjacent to Dirok, referred to as Greater Dirok, encouraging Pre-Stack Depth Migration results have improved area prospects considerably. Upon securing the extension to RSC we will commence drilling preparations in the field. HOEC holds 10% participating interest in Block Umatara, wherein IOCL

is the Operator with 90% participating interest. Having secured the necessary Environmental Clearance, IOCL has commenced drilling the first development well in the block.

The North-Eastern region is emerging as a key area for natural gas production, driven by the integration of the North-East Gas Grid with the National Gas Grid via the Barauni-Guwahati pipeline. This vital infrastructure project will boost regional economic growth, enable competitive gas pricing, and positively impact HOEC's assets in the region.

We've secured Environmental Clearance for North Balol and Asjol fields after four years, reviving the NB-1 well and commencing drilling of a new development well in North Balol. Our future plans include drilling development wells in Asjol in FY 2025-2026 and enhancing production across the Cambay region blocks, with anticipated clearance for the Ring-Fenced R2 Production Sharing Contract.

In Block B-80, HOEC has successfully acquired a 40% interest from AEPL, resulting in full ownership of the block. Plans are underway for the workover of the D1 well, alongside an assessment of the feasibility of implementing a minimum facility platform to support the drilling of three new wells. This initiative aims to minimize disruptions during the monsoon season, augment production and maximize the value derived from this block.

During the year, Block B15, a Discovered Small Field was awarded under the DSF Special Bid Round 2024, which has substantial seismic and well data. Our G&G team is developing a cost-effective plan focusing on two existing discoveries, leveraging the shallow water depth of 40 meters to maximize the block's value and explore further upside potential.

A comprehensive review of the PY-1 offshore field by Petro Vietnam has revealed promising potential for development. Their analysis recommends the drilling of two infill wells and one appraisal well utilizing the existing platform, as well as one exploration well positioned outside the platform. Drilling operations are expected to commence in the final quarter of this financial year.

Our strategic roadmap is geared towards driving sustained production growth, augmenting reserves, and expanding our resource base, leveraging a balanced mix of internal funds and minimum borrowings to ensure financial discipline and operational excellence.

With a legacy of over four decades in the E&P sector, HOEC is poised to unlock sustainable growth and value for all stakeholders, and we are optimistic about realizing significant value from our oil and gas assets.

We prioritize operational safety while navigating complex operational landscapes. As a responsible operator, HOEC diligently manages environmental and sustainability challenges through meticulous risk assessment and planning, upholding our commitment to Corporate Social Responsibility in the communities we serve.

Being a professionally managed Company, the responsibility cast on the Board is onerous and the Board remains committed to upholding the highest standards of corporate governance.

We acknowledge the invaluable support of our stakeholders, which has been instrumental in our growth journey. On behalf of the Board of Directors, I extend heartfelt gratitude to our shareholders, employees, and stakeholders for their steadfast support and commitment and look forward to a future marked by shared success and growth.

Chairman