



CHAIRMAN'S STATEMENT FY 2025-26



HINDUSTAN OIL EXPLORATION COMPANY LIMITED

Transforming Through Talent and Technology



HINDUSTAN OIL EXPLORATION COMPANY LIMITED

Chairman's Statement for the 42nd AGM of HOEC

Dear Shareholders,

Good morning and welcome to the 42nd Annual General Meeting of Hindustan Oil Exploration Company Limited.

On behalf of the Board of Directors, I thank you for your continued confidence and support and for taking the time to join us today.

India enters FY 2026-27 at an important juncture in its energy journey. Our economy continues to grow, and with it, our requirement for reliable and affordable energy. At the same time, domestic oil and gas production has not kept pace with demand. Crude oil import dependence reached approximately 88.7% during FY 2025-26, while domestic crude production declined to around 28 million metric tonnes.

The geopolitical developments of the past year have reinforced the importance of energy security. The continuing Russia-Ukraine conflict and the conflict involving Iran demonstrated how quickly international supply chains, shipping routes and energy prices can be disrupted. While diversification of supply, strategic petroleum reserves and refinery flexibility provide important protection, there is ultimately no substitute for increasing domestic production.

For India, therefore, the imperative is clear: we need to explore more, but equally importantly, we must develop what we have already discovered - and do so faster.

This is closely aligned with HOEC's strategy.

As we review the financial year ended 31 March 2026, I would like to highlight the Company's financial and operational performance.

HOEC's consolidated production was 1.92 million barrels of oil equivalent (MMBOE), comprising 0.52 million barrels of crude oil and 7.26 billion cubic feet (BCF) of gas. Consolidated revenue for the year was ₹ 263.15 crore, resulting in a net profit after tax of ₹ 62.74 crore. On a standalone basis, revenue was ₹ 249.86 crore and net profit after tax was ₹ 109.61 crore.

Importantly, HOEC enters its next phase of growth with a strong resource base and a conservative balance sheet. As at 31 March 2026, our in-house estimate of proved and probable reserves, on a working-interest basis, stood at 62.32 MMBOE.

Our focus now is straightforward - convert resources into production faster, maximise recovery from our producing fields and create sustainable value from infrastructure and capital already invested.

The North-East remains a major growth area for HOEC.

At Dirok, average production during the year was approximately 15.06 MMSCFD of gas and 270 barrels of condensate per day. The Revised Field Development Plan has been approved, securing the block until 2035. We are progressing land acquisition for three development wells and preparing to drill the North Dirok-1 exploration well to approximately 4,000 metres. We are also working with Oil India and other stakeholders to improve gas evacuation through the expanding regional pipeline infrastructure.

At Kharsang, our nine-well development drilling programme was successfully completed. Five of these wells were tested and hooked up during the year, helping increase oil production from around 340 barrels per day to a peak of approximately 940 barrels per day. Further well completion, drilling and production-enhancement activities will continue as we work towards materially increasing production from this asset.

At Umatara, development drilling has encountered hydrocarbons in the Tipam and Barail formations. Completion, testing and activation of the wells are being progressed with the objective of establishing production.

The preparation of drilling in North Dirok and one Exploratory Well drilling in B19 is underway. We hope to complete drilling before Q2 of next financial year.

Our strategy in the North-East is increasingly regional rather than field-by-field. Dirok provides an established operating and processing base, while North Dirok, Block-19, Kharsang and Umatara provide opportunities to create a substantially larger hydrocarbon business as evacuation infrastructure expands.

In the Western Offshore, B-80 remains one of HOEC's most important producing assets. HOEC now holds 100% participating interest in the block. Both existing subsea wells remained operational during the year, with average production of approximately 1,103 BOEPD. Our focus is now on improving recovery through well interventions, additional drilling, debottlenecking and strengthening the reliability of the production and evacuation system.

This is particularly important because only a small proportion of B-80's discovered reserves has so far been produced. The opportunity is therefore not simply to maintain production, but to extract substantially greater value from a reservoir and infrastructure in which considerable investment has already been made.

The addition of B-15 gives HOEC another important growth opportunity in the Mumbai Offshore. Field development planning is underway, with emphasis on a fit-for-purpose and capital-efficient development. We will evaluate opportunities to use existing infrastructure and create synergies with our wider Western Offshore operations rather than developing each field as an isolated asset.

At PY-1, our objective is to rejuvenate a field where much of the infrastructure required to produce and deliver gas already exists. Seismic reprocessing and detailed subsurface studies have identified prospective well locations, and an independent review by fractured-basement specialists has supported the geological interpretation and recommended additional drilling. We are progressing new wells, intervention in the existing well stock and installation of a booster compressor to improve production and utilisation of the existing infrastructure.

In the Cambay Basin, our mature fields continue to offer opportunities through disciplined reservoir management, workovers, infill drilling and production optimisation. Two wells have been drilled in North Balol, with encouraging indications of additional crude oil potential, while we continue to progress our plans across Asjol, Palej and North Balol.

Across the portfolio, our strategy is increasingly centred on execution.

HOEC has built a portfolio of producing fields, discovered resources and exploration opportunities across four of India's producing basins. The central question for us today is no longer simply how much hydrocarbon resource exists within our portfolio. It is how quickly, safely and economically we can convert those resources into producing barrels and molecules.

This requires a different approach to project development. We intend to use existing infrastructure wherever possible, pursue common facilities and regional solutions, simplify development concepts and maintain strong discipline on cost and schedule. Our engagement with DGH and the Ministry of Petroleum and Natural Gas on initiatives such as Samudra Manthan reflects our belief that common infrastructure, aggregation of smaller discoveries and faster development models can unlock substantial resources that otherwise risk remaining stranded.

The proposal to the AGM to increase the funding limits is in line with HOEC's growth opportunities. However, growth, will always be pursued with financial discipline. Capital must follow the barrels. Investments will be prioritised where there is a clear pathway to production, cash generation and competitive returns. Existing infrastructure will be leveraged wherever practical, larger developments will be staged appropriately, and partnerships and project financing will be considered where they can improve capital efficiency.



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Digitization will also be an important enabler. We are progressively embedding data-driven decision-making, predictive analytics, remote monitoring, digital project controls and AI-enabled tools across subsurface, production, maintenance, procurement and project execution. Technology must ultimately translate into better recovery, higher uptime, lower operating costs and faster decisions.

Equally important are our people. As HOEC grows, we will continue to attract, develop and retain high-quality technical, operational, commercial and leadership talent. We want to create an entrepreneurial organisation where people have ownership, accountability and the opportunity to make a meaningful contribution to building the next generation of an Indian E&P company.

Above all, safety and asset integrity remain non-negotiable. Our Duty of Care extends to our employees, contractors, communities, assets and the environment. Production growth will never be pursued at the expense of safe and responsible operations.

Our values of Integrity, Ownership, Entrepreneurship and Innovation, Duty of Care, and Diversity, Equity & Inclusion define how we intend to build this Company. We remain committed to the highest standards of corporate governance and to creating value responsibly for all our stakeholders.

HOEC today has a substantial resource base, established infrastructure, a strengthening organisation and a clear portfolio of opportunities. The task before us is execution - converting these opportunities into reserves, production, cash flow and sustainable shareholder value.

The Board is confident that with disciplined capital allocation, operational excellence and a relentless focus on execution, HOEC can build a significantly larger and stronger E&P business while contributing meaningfully to India's energy security.

On behalf of the Board of Directors, I thank our shareholders for their continued trust, our employees for their commitment and hard work, our partners, Government authorities, customers, contractors and the communities in which we operate for their continued cooperation and support.

We look forward to the next phase of HOEC's journey with confidence and a shared commitment to transform resources into producing assets, generate sustainable value and grow responsibly.

Jagadip Narayan Singh
Chairman