Hindustan Oil Exploration Company Limited
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July 25, 2018 **By Online**

The Listing Department **The National Stock Exchange of India Ltd.,** "EXCHANGE PLAZA", Bandra Kurla Complex, Bandra (East), MUMBAI – 400 051 Stock Code: HINDOILEXP	**The Corporate Relationship Department** **BSE Limited**, 1st Floor, P. Jeejeebhoy Towers, Dalal Street, MUMBAI – 400 001 Stock Code: 500186

Dear Sirs,

Sub: Investor Presentation

In connection with the Earnings Call scheduled on July 25, 2018, please find attached the Investor Presentation.

We request you to kindly take the same on records and disseminate to public.

Yours Sincerely,

For Hindustan Oil Exploration Company Limited

G Josephin Daisy
Company Secretary

Encl.: a/a

Investor Presentation

25th Jul 2018

Safe Harbour

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1	Q1 FY 19 Performance Highlights
2	Operations Update
3	Focus Areas & Priorities
4	Business Outlook

Contents

1	Q1 FY 19 Performance Highlights

Q1 FY 19 Performance Highlights

Maintain Strong Financial Foundation

- Continue to maintain debt free balance sheet and low cost operating model
- Gross working capital ₹ 139 Crores includes ₹ 60 Crores cash and cash equivalent
- Revenue from operations increased to ₹ 35 Crores from ₹ 23 Crores in Q4 FY 18

Deliver Consistent Production Ramp-up

- Average Gross Operated Production increased to 5672 boepd from 3063 boepd in Q4 FY 18 excluding Kharsang field. Average for the previous year 2017-18 was 2428 boepd.
- PY-1 Re-entry campaign completed safely & successfully
  - Two existing wells were side tracked, tested and put on production
  - Production increased to ~12 mmscfd from ~2 mmscfd
- Continue to ramp- up Dirok production by ensuring consistent offtake of gas and condensate
  - Average gas production increased to 29 mmscfd in June 2018 from 11.4 mmscfd in Q4 FY18
  - Average condensate production increased to 750 bopd in June 2018 from 187 bopd in Q4 FY18

Ensure Focus on Growth

- Focus on expanding North-East footprint
  - Integrated Kharsang into portfolio of producing assets
  - Participated in OALP bid round 1

Contents

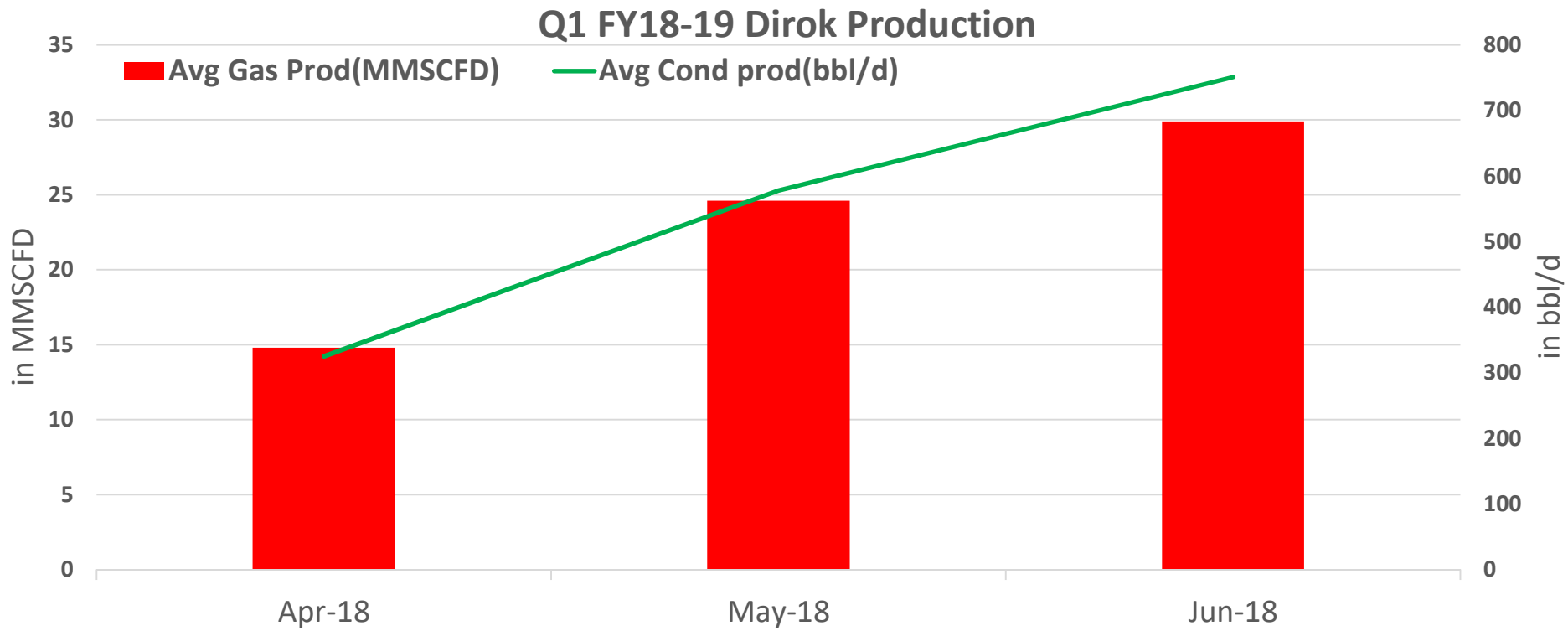
2	Operations Update

PY-1 – Production

Sidetrack drilling results

- Side track drilling of Earth and Mercury wells commenced on 10 April 2018 and completed on 14 July 2018
- After successful testing both the wells were hooked up for production.
- No additional operating costs for the increase in production.
- Overall production increased to **12 mmscfd from about 2 mmscfd** – Gas is being sold to M/s GAIL India
- Opens up the possibility for the upside potential by drilling Venus & Jupiter followed by Saturn & Pluto

Dirok – Ensuring consistent offtake



- H-MGPP -commissioned in Mar-2018. Gas flowing to OIL Kusijan GGS through 12" and condensate to IOC Digboi refinery through 4" pipeline
- Focus on ensuring consistent gas and condensate offtake
- HMGPP proved its capacity to handle 35 mmscfd of gas and 800 barrels of condensate
- Pipeline absorbed 1 MMSCMD of natural gas and about 800 barrels of condensate without any issue

Contents

3	Focus Areas & Priorities

Focus areas and priorities

- Target upside potential in key producing assets
  - Significant potential in both PY-1 and Dirok blocks
  - Existing facilities can handle additional volumes with no additional opex
  - Ability to monetise the development quickly

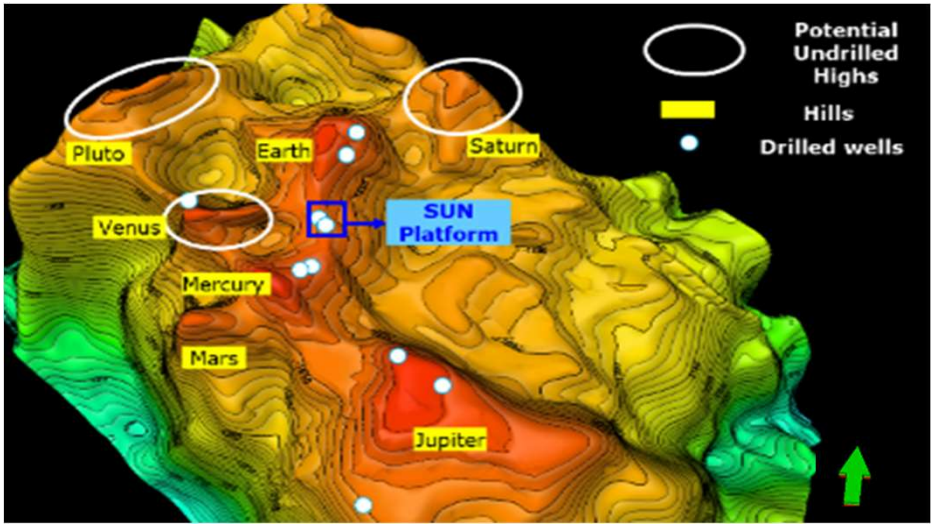
- Development projects lined up to ensure production growth
  - Development of DSF blocks B-80 and Kherem
  - Work with JV partners and regulator to revive PY-3

- Strategy for continued growth of asset portfolio
  - Integrate Kharsang with producing assets of north east
  - Secure and explore R-2 area of CB-ON-7
  - Continue to participate in the ensuing bid rounds

Explore Additional Appraisal Potential in Key Assets

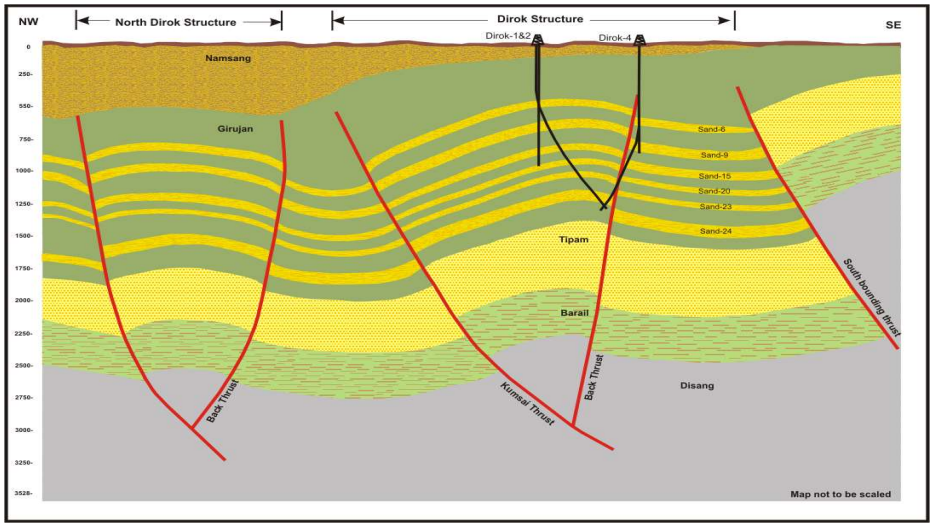
PY - I

- Potential in Venus, Jupiter, Saturn and Pluto to be targeted in phases
- EC application submitted to MoEF for follow on drilling campaign and ToR granted
- Existing pipeline and processing capacity can handle additional volumes with no additional capex and opex.



Greater Dirok Area

- Dirok block endowed with prolific Girujan, Tipam and Barail formation
- Revised FDP is under submission -EIA submitted for follow on drilling campaign.
- Existing pipeline can handle additional production
- Bid for a 79 sq.km block adjoining Dirok under OALP-I and the results are expected.



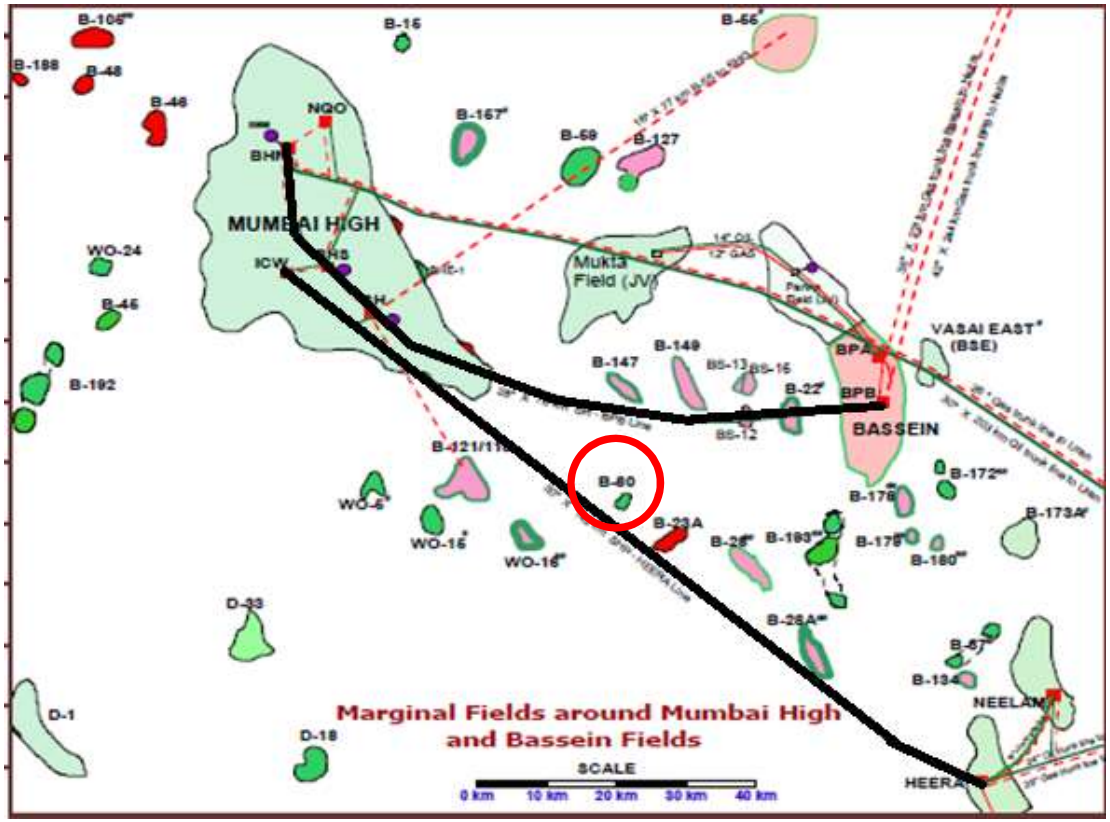
B-80 Development (Mumbai High–DSF block)

Discovered Resource Base

- Field Development Plan approved on 27 Dec 2017
- On first phase of development the field is expected to produce about 5000 bopd of oil and 15 mmscfd of gas.
- First oil is expected to be in Q1 FY 2020-21

Planned Activities under Phase -1 of FDP

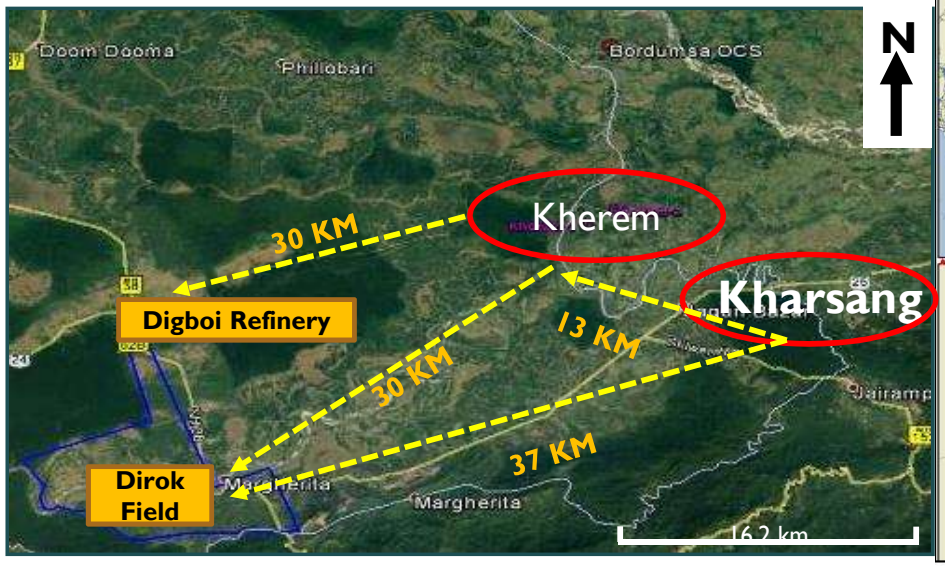
- Drill two new development wells
- Install a Mobile Offshore Processing Unit (MoPU)
- Evacuation through the existing pipelines of ONGC

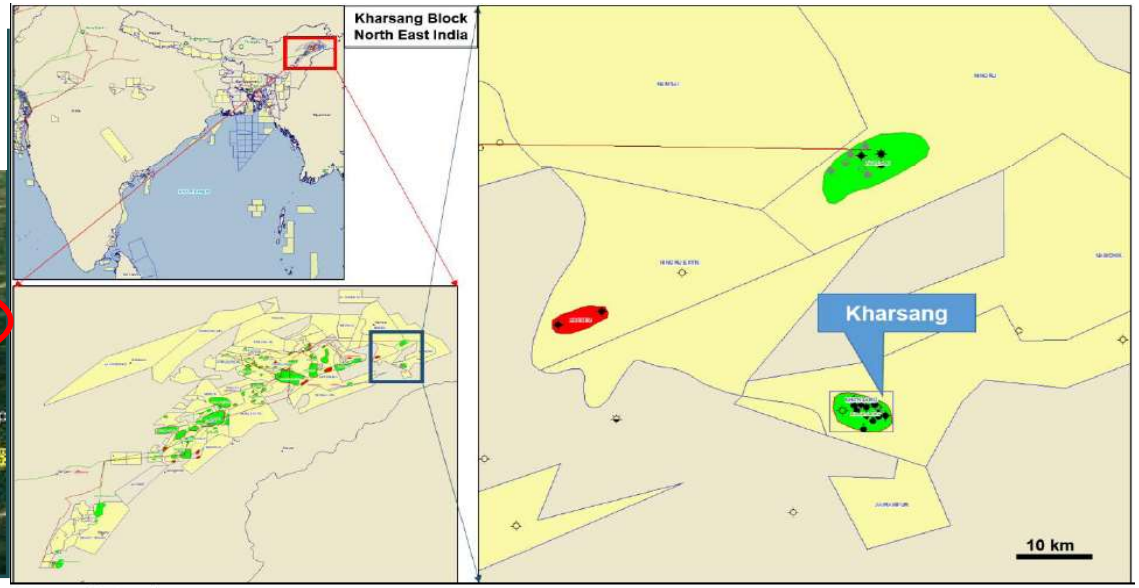


Project status

- EC application is initiated and TOR approved on 21-Dec-2017
- Rig and tangibles are planned to be procured
- Discussions to secure MOPU is in progress
- IOGPT is carrying out the engineering study for subsea pipelines and tie-in with the existing lines

Expanding North-East Footprint - Kharsang

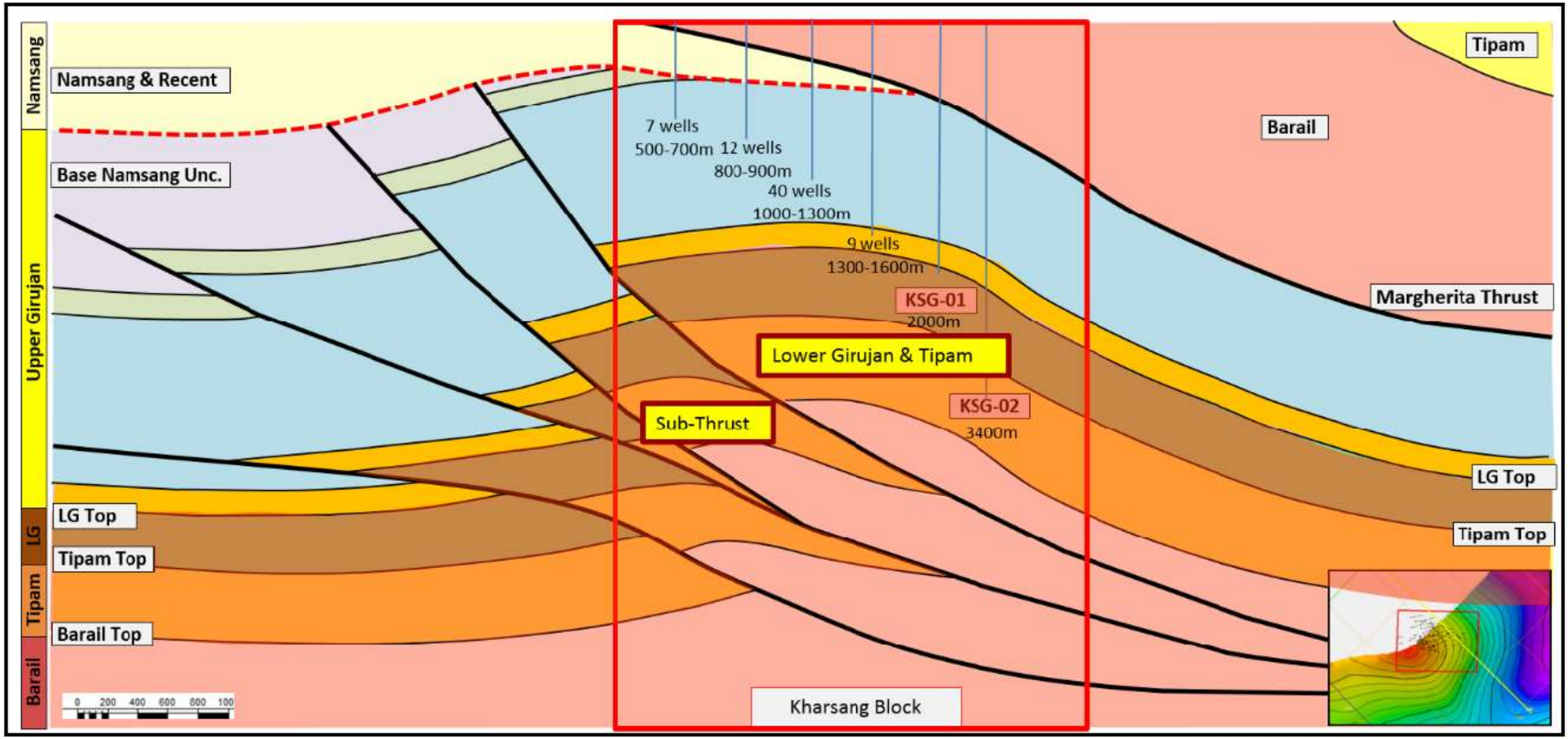




Source: Petroview

- Acquisition of Geopetrol International Inc., makes HOEC to hold 30% PI in Kharsang both directly and indirectly
- Kharsang field was discovered in 1976 by OIL India consisting a total area of 9.94 Sq. Km
- Current production of around 800 bopd is being trucked to IOC's Digboi refinery
- M/s Geoenpro in which Geopetrol holds 50% equity is the operator of the block
- HOEC representatives are appointed in the board of Geopetrol and nominated in the Operating and Management committees of Kharsang field.
- Current development targeted shallow oil potential in Namsang and Upper Girujan formations
- Operator submitted application for PSC extension with RFDP consisting of additional infill drilling program

Kharsang Additional Appraisal Potential



Significant deeper potential including gas in lower Girujan and Tipam formations to be targeted

Source: Operator

Contents

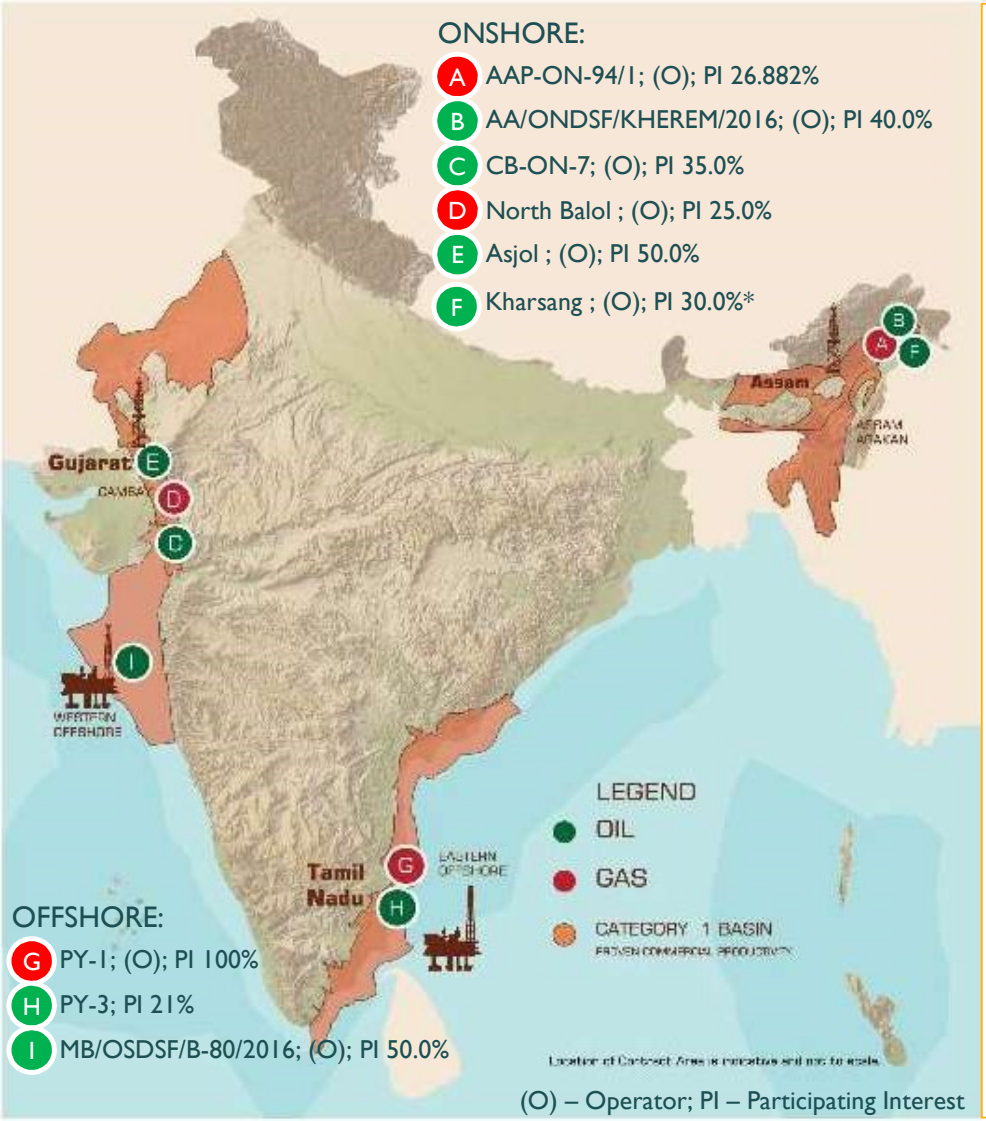
3	Business Overview

Value Proposition

- Quality Asset Portfolio
- Strong Organisation
- Focused Strategy

Uniquely placed to combine a quality asset portfolio with a strong organisation through a focused strategy to deliver superior returns

Quality Asset Portfolio



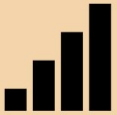
- **Portfolio of discovered resources** – all blocks with discoveries producing / ready to be developed
- **Diverse geographical footprint** - Presence in 4 out of 7 producing basins in India
- **Balanced portfolio** – Offshore/Onshore & Oil/Gas
- **Upside potential** within the portfolio having infrastructure for **rapid monetisation**
- **Operatorship in majority of the blocks** to drive value creation

* -- Direct and Indirect

Strong Organisation

- India's **first private E&P company** with decades of experience in operating onshore and offshore fields
- **Professional management** with proven industry experience
- Delivered leading HSE performance with strong focus on **safe and sustainable operations**
- **Superior technical capability** across the E&P value chain
- Proven experience in **fast track development and low-cost operations** both onshore and offshore
- Recognised as a **partner of choice** to develop and maintain social and regulatory license to operate

Focused Strategy



Grow

- Quickly monetise upside potential with existing infrastructure
- Increase portfolio of assets to ensure continuous growth rate

Strengthen

- Identify and develop low-risk, short cash cycle development projects
- Implement effective reservoir management to increase production & field life
- Build organisational capability across the life cycle

Turnaround

- Rationalise asset portfolio and mitigated risky work program commitments
- Strengthen balance sheet through effective working capital management
- Establish disciplined low-cost operating model to optimise cashflow from operations

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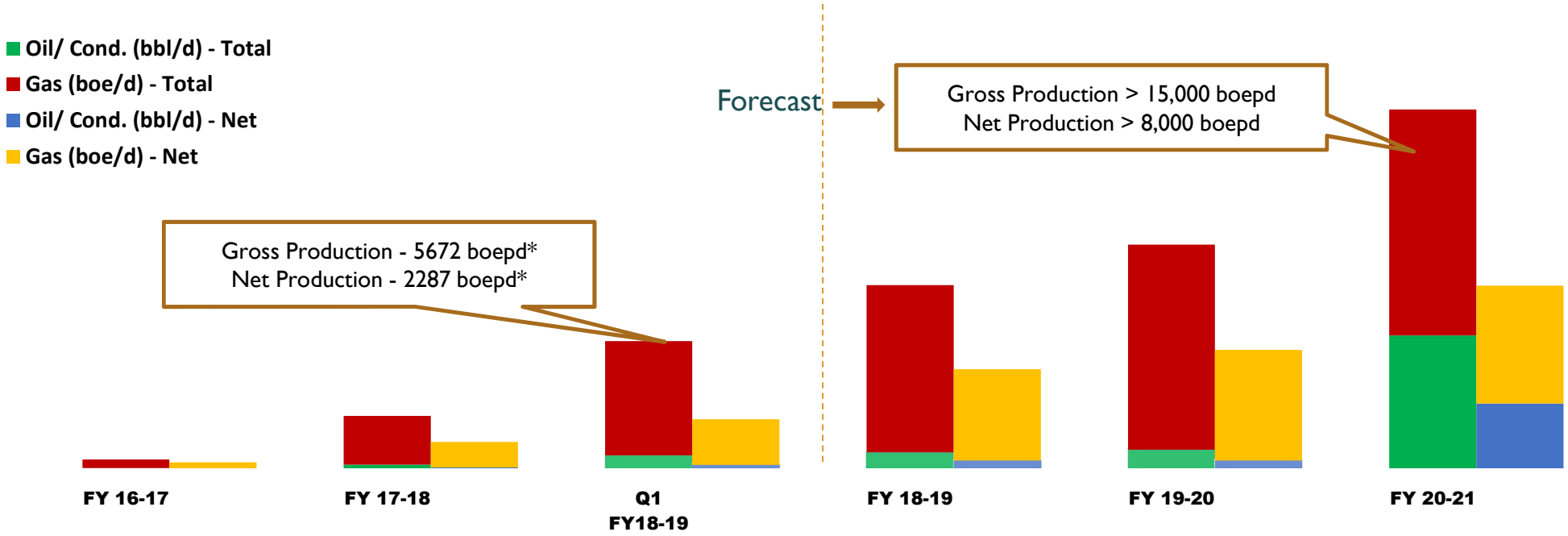
4	Business Outlook

Firing Up the Growth Engine

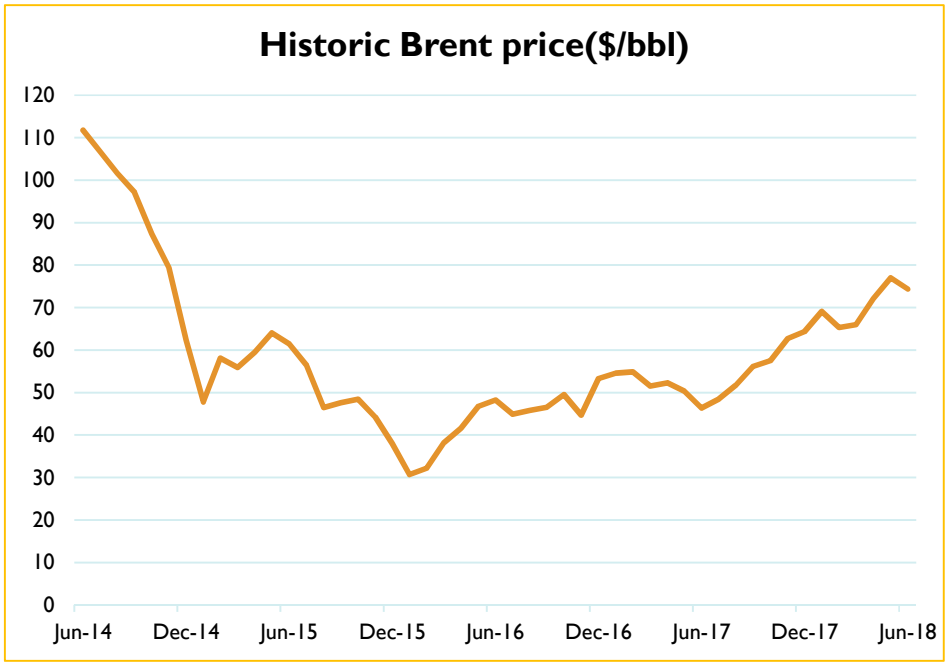


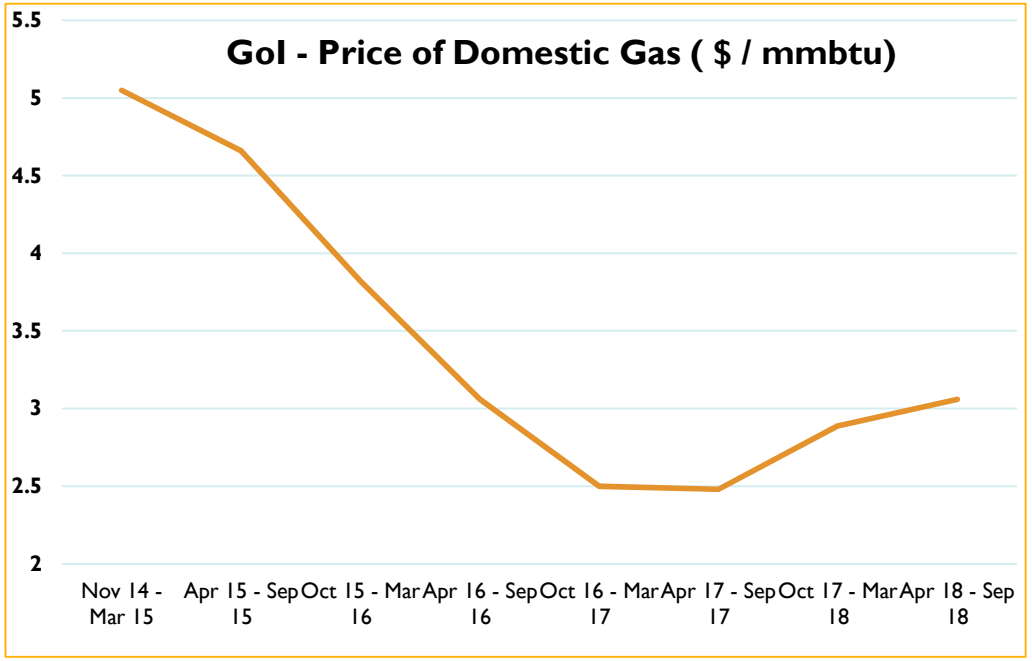
3- Year Growth Projects Pipeline

- Ensuring consistent offtake from Dirok ; Stabilise PY-1 production
- Stabilise Kharsang Production; B-80 Development; Dirok/PY-1 follow-on drilling
- Kherem, PY-3 recommissioning ; Kharsang additional potential

* Stand-alone numbers; Contribution from Kharsang field excluded

External Environment Indicating Tailwinds

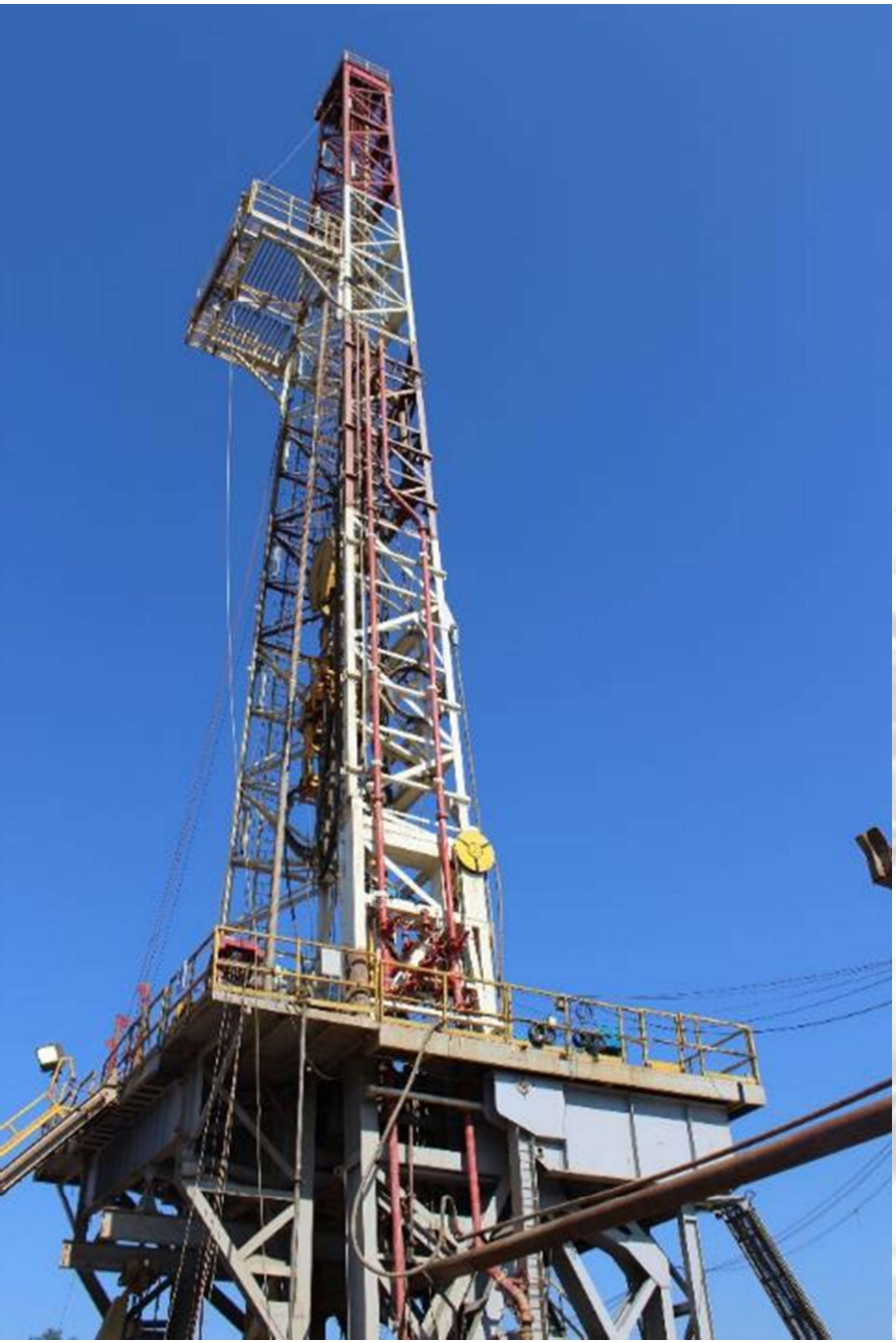




- Oil & gas prices recovering from historic lows; Analysts /Bankers revising price predictions upwards
- Indian E&P industry opening up due to key policy changes and introduction of OALP / DSF bid rounds
- Multiple inorganic opportunities available in core operational areas

Business Outlook - Summary

1	**Unique value proposition** - Quality asset portfolio with strong organisational capabilities
2	Company established on **firm financial foundation** with growing cash flow from operations
3	Management committed to growth through executing **focused strategy**
4	**Robust pipeline** of low-risk, short cash cycle projects planned/under-execution
5	External environment indicating **considerable tailwinds**
6	Company **well positioned** to deliver industry leading growth and returns



ANNEXURES

Statement of profit & loss (Un- Audited)

PARTICULARS	For the Quarter ended (₹ Crores) June 30, 2018	March 31, 2018
INCOME		
Revenue from operations	35.06	23.23
Other income	1.56	2.38
Total revenue	**36.62**	**25.61**
EXPENSES		
Expenses from producing oil and gas blocks	6.78	3.86
Decrease / (Increase) in stock of crude oil and condensate	0.59	3.72
Employee benefits expense	0.53	4.74
Finance costs - unwinding of discount on decommissioning liability	1.27	(2.63)
Depreciation, depletion and amortization	3.91	(1.69)
Other expenses	1.58	1.16
Total expenses	**14.66**	**9.16**
Profit before tax and exceptional Items	21.96	16.45
Exceptional Items – Income	2.31	-
Profit before tax	24.27	16.45
Net tax expenses –prior year tax adjustment	0.93	-
Net profit for the year	**23.34**	**16.45**
Other comprehensive income	(0.04)	(0.13)
Total comprehensive income	**23.30**	**16.32**
Earnings per share (Face value of ₹ 10/-each)		
Basic	₹ 1.79	₹ 1.26
Diluted	₹ 1.77	₹ 1.25

Statement of Assets and Liabilities (Un- Audited)

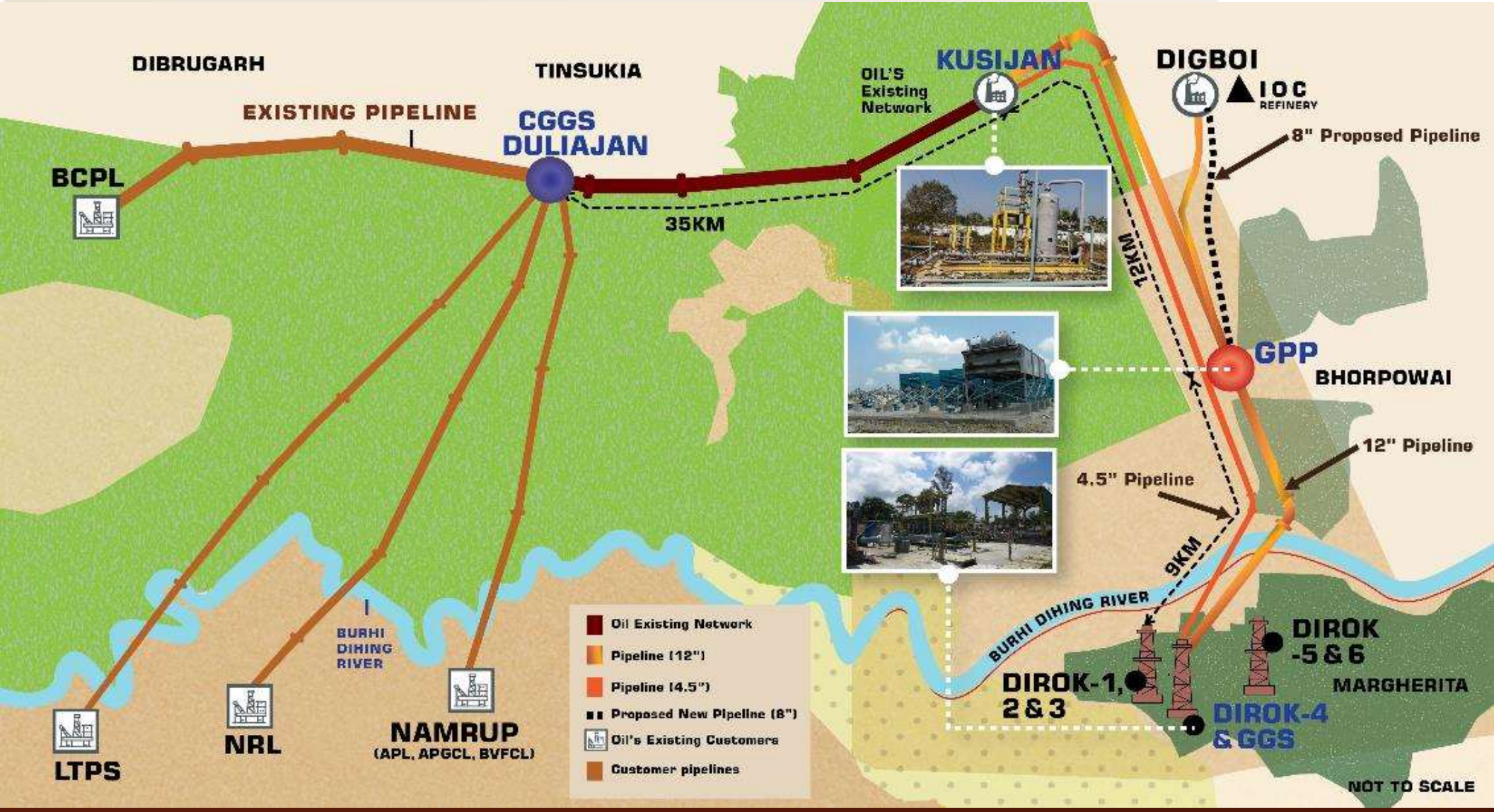
ASSETS	As at Jun 30, 2018 (₹ crores)	As at Mar 31, 2018 (₹ crores)
Non-current assets		
Property, Plant and Equipment		
(i) Oil and gas assets	338.25	262.94
(ii) Others	6.56	6.60
Capital work-in-progress	0.58	5.62
Investment property	0.82	0.83
Intangible assets	9.72	9.83
Financial Assets		
(i) Investments in subsidiary	53.02	0.50
(ii) Site restoration deposit	56.12	55.13
(iii) Other bank balances	-	0.05
(iv) Other financial assets	0.35	0.40
Total non-current assets	**465.42**	**341.90**
Current assets		
Inventories	28.56	28.27
Financial assets		
(i) Investments	43.62	41.84
(ii) Trade receivables	22.75	16.07
(iii) Cash and cash equivalent	15.84	84.18
(iv) Other bank balances	16.45	7.33
(v) Other financial assets	6.01	6.54
Income tax assets	4.43	8.34
Other current assets	1.17	0.69
Total current assets	**138.83**	**193.26**
TOTAL	**604.25**	**535.16**

EQUITY AND LIABILITIES	As at Jun 30, 2018 (₹ crores)	As at Mar 31, 2018 (₹ crores)
Shareholders' funds		
Equity share capital	130.51	130.51
Other equity	266.32	243.02
Total equity	**396.83**	**373.53**
Non-current liabilities		
Financial liabilities		
(i) Trade payables	22.11	22.11
Provision for decommissioning	97.90	96.63
Other non-current liabilities	0.17	0.20
Total non-current liabilities	**120.18**	**118.94**
Current liabilities		
Financial liabilities		
(i) Trade payables	60.05	17.88
(ii) Other financial liabilities	25.19	23.32
Other current liabilities	2.00	1.49
Total current liabilities	**87.24**	**42.69**
TOTAL	**604.25**	**535.16**

Investment Multiples

Block	AAP-ON-94/1	PY-1	PY-3	N. Balol	Asjol	CB-ON-7	Kharsang
Cost Recovery limit	80%	100%	100%	80%	100%	60%	100%
Investment Multiple							
<1	0%	0%	0%	20%	0%	0%	5%
1<1.5	10%	5%	5%	20%	10%	25%	5%
1.5<2	25%	5%	5%	30%	20%	30%	10%
2<2.5	35%	50%	50%	50%	30%	35%	15%
2.5<3	45%	50%	50%	50%	40%	40%	20%
3<3.5	50%	50%	50%	50%	50%	45%	25%
>3.5	50%	50%	50%	50%	50%	50%	30%

DIROK: Delivered Results on fast-track mode through Innovation

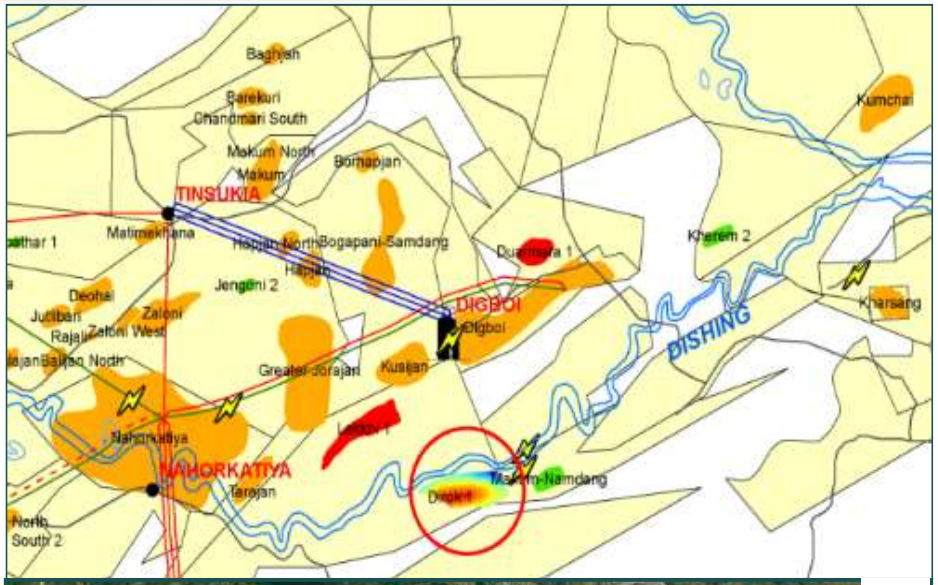


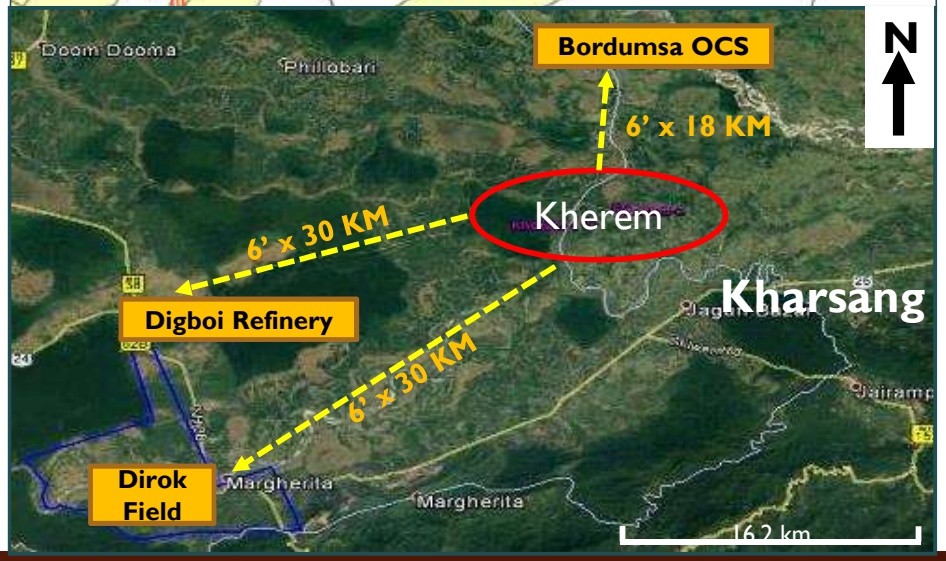
Kherem (Arunachal Pradesh – DSF Block)

- **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
STOIIP	3	10.27
GIIP (BCF)	17	54.19

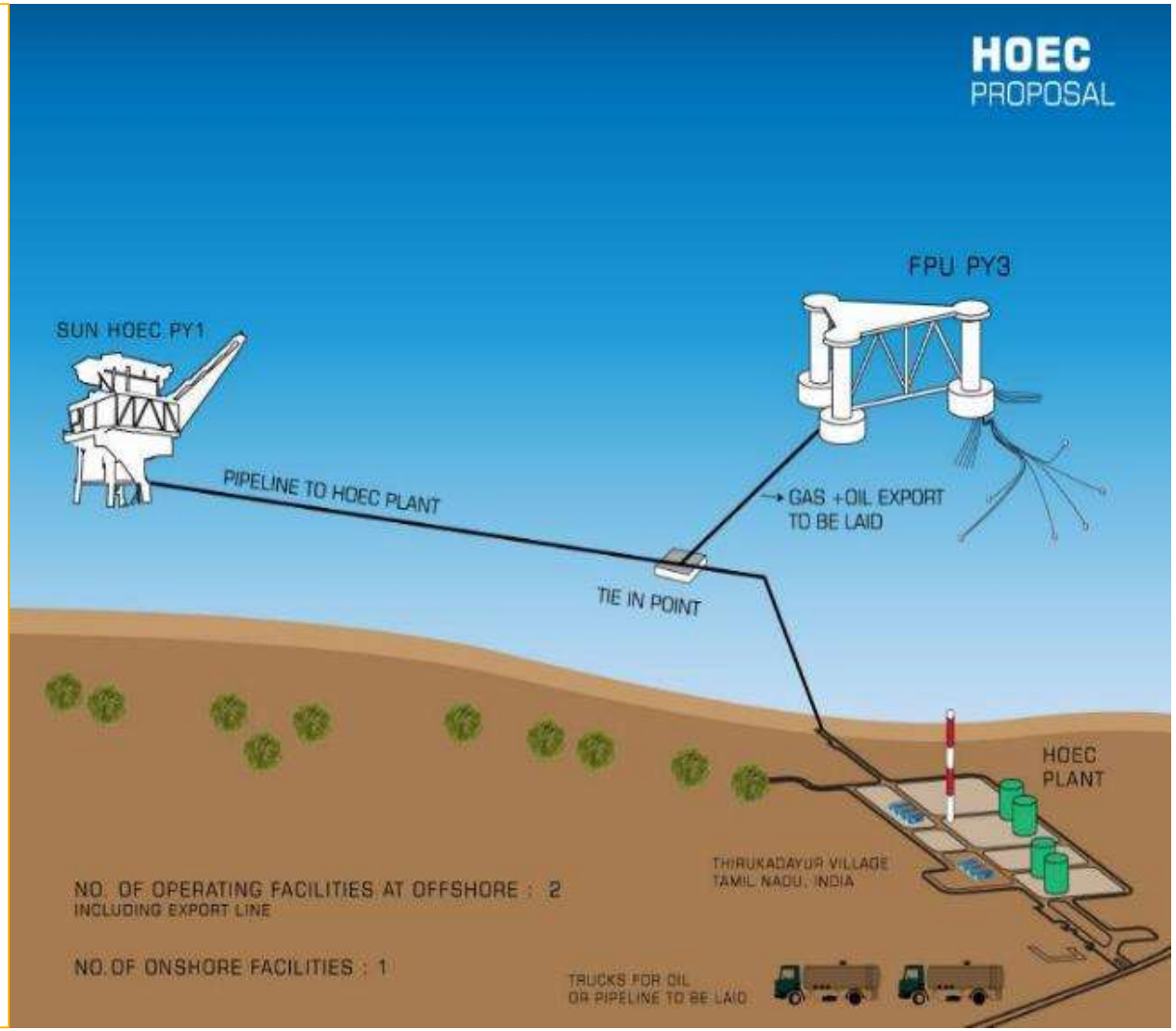
- **Reservoir Properties:**
  - ➢Two pay zones Girujan pay -1 & pay - 2
  - ➢Light oil – 38.7°API
- **Nearest facilities :**
  - ➢Bordumasa Oil collecting Station via 6" pipeline 18kms
  - ➢Digboi Refinery, via 6" pipeline 30 kms
- Petroleum Mining Lease transfer/(PML) still awaited
- Effective Date Starts from the date of PML transfer
- **Application for forest clearance submitted to Nodal officer on 02.07.2018**





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 though 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 for PSC extension submitted by Operator



Cambay Marginal Fields

North Balol
(PI: 25%)

Wells: 2 wells under Production
Reservoir : Balol, Babaguru & Kand Sands
Prod. Q1 FY 18-19 (100%): **38.4 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. Q1 FY 18-19 (100%) : **580 barrels**

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

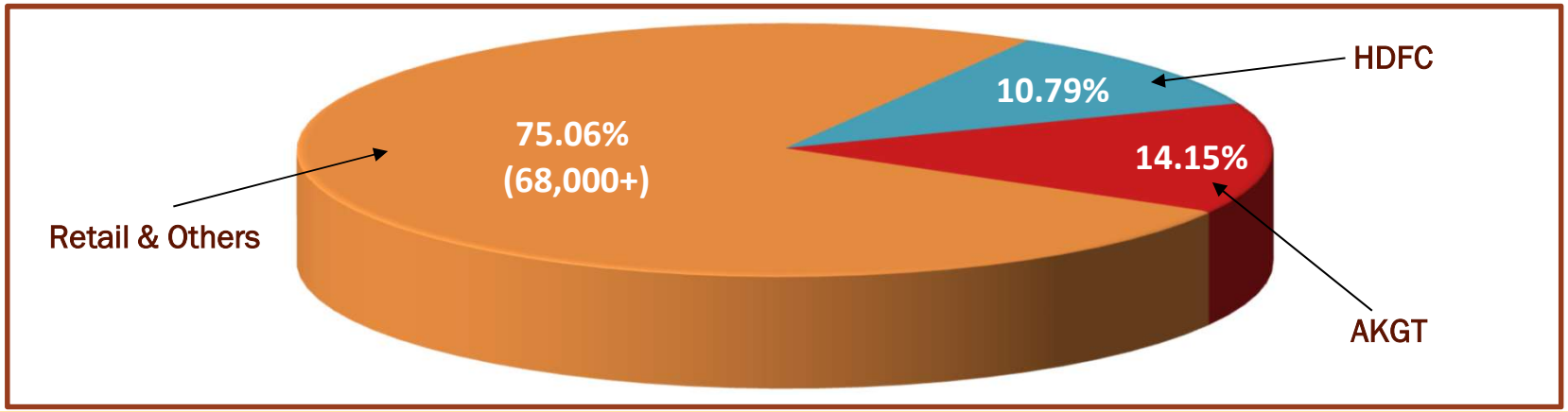
CB-ON-7
(PI : 35%)

Wells : 3 wells under Production
Reservoir : Hazad Sands of Ankleshwar
Prod. Q1 FY 18-19 (100%): **8437 barrels**

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

Company Overview

Shareholding Pattern (more than 10 %)



Board of Directors

Sunil Behari Mathur
Non-Executive Independent Director/Chairman

P. K. Borthakur
Non-Executive Independent Director

Sharmila Amin
Non-Executive Independent Director

Ashok Kumar Goel
Non-Executive Non-Independent Director

Rohit Rajgopal Dhoot
Non-Executive Non-Independent Director

P. Elango
Managing Director

R. Jeevanandam
Executive Director & CFO

Note: Shareholding, & Board Members, as on 30,June 2018

Asset Portfolio (Production / Development)

Block Name	Operator	Location	Oil/Gas	PI	Partner(s)	Oil/Gas Consumers
Dirok	HOEC	Onshore	Gas	27%	Oil India Limited, Indian Oil	Gas – OIL India; Condensate – IOCL
PY-1	HOEC	Offshore	Gas	100%	Nil	Gas – GAIL; Condensate – CPCL
CB-ON-7	HOEC	Onshore	Oil	35%	GSPC, ONGC	Oil– IOCL
North Balol	HOEC	Onshore	Gas	25%	GSPC, GNRL	Gas – GSPCL
Asjol	HOEC	Onshore	Oil	50%	GSPC	Oil – IOCL
Kharsang	Geoenpro	Onshore	Oil	30%	Jubilant Enpro, GeoEnpro	Oil - IOCL
B-80	HOEC	Offshore	Oil & Gas	50%	Adbhoot	NA
Kherem	HOEC	Onshore	Oil & Gas	40%	Oil India Limited, Prize Petroleum	NA
PY-3	HEPI	Offshore	Oil	21%	ONGC, TATA PETRODYNE LIMITED	NA

Producing | Development | Development Deferred | PI = Participating Interest

For further information, please contact:

Company :	Investor Relations Advisors :
Hindustan Oil Exploration Company Ltd. CIN: L11100GJ1996PLC029880 G. Josephin Daisy jdaisy@hoec.com www.hoec.com	Stellar IR Advisors Pvt. Ltd. CIN: U74900MH2014PTC259212 Gaurang Vasani/ Vikash Verma vgaurang@stellar-ir.com/ vikash.verma@stellar-ir.com www.stellar-ir.com

Glossary

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