



32nd Annual Report 2015-2016

INDIA'S FIRST
PRIVATE OIL AND GAS COMPANY



Transforming Through Talent And Technology

HINDUSTAN OIL EXPLORATION COMPANY LIMITED

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COMPANY INFORMATION

Registered Office

'HOEC House', Tandalja Road
Vadodara – 390 020, Gujarat (India)
E-mail: contact@hoec.com
Website: www.hoec.com

Chennai Office

Hindustan Oil Exploration Company Limited
'Lakshmi Chambers', 192, St. Mary's Road
Alwarpet, Chennai – 600 018
Tamil Nadu (India)

CIN

L11100GJ1996PLC029880

ISIN

INE345A01011

Credit Rating Agency

ICRA Limited
(An Associate of Moody's
Investors Service)

Auditors

Deloitte Haskins & Sells LLP
Chartered Accountants
Audit Partner
Bhavani Balasubramanian

Internal Auditors

Guru & Ram
Chartered Accountants

Cost Auditor

Mr. K. Suryanarayanan

32nd Annual General Meeting

Day : Monday

Time : 10.30 a.m.

Date : September 26, 2016

Place : "Chandarva Hall" WelcomHotel, Vadodara, R.C.Dutta Road,
Alkapuri, Vadodara - 390 007

Disclaimer Note:

Certain sections of this Annual Report, in particular the Management Discussion and Analysis, and Operational Highlights may contain forward-looking statements concerning the financial condition and results of operations of HOEC. Forward-looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. No assurances can be given as to future results, levels of activity and achievements & actual results, levels of activity and achievements may differ materially from those expressed or implied by any forward-looking statements contained in this report. HOEC does not undertake any obligation to publicly update or revise any forward-looking statement as a result of new information, future events or other information.

HIGHLIGHTS

FY 2015-2016

- Assam Project on track to deliver First Gas by January-March 2017
- Technical competency strengthened with a mix of experienced domain experts and young technical talent.

Average Production
492 boepd



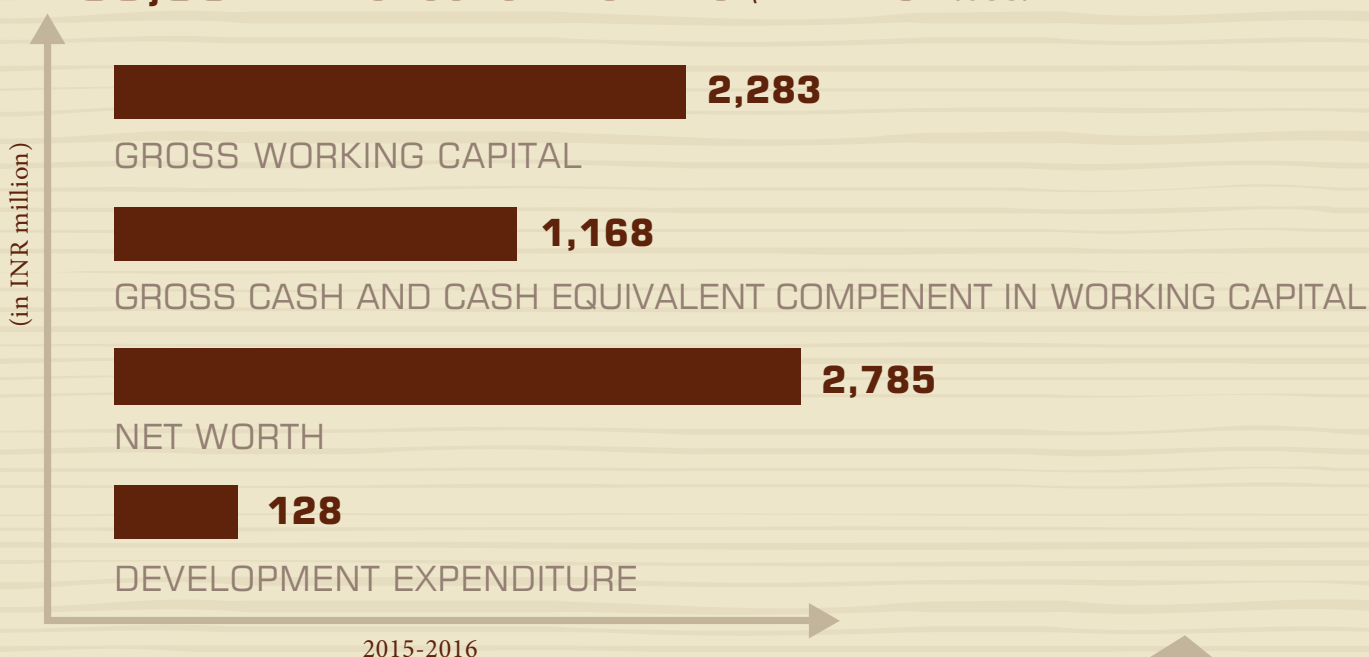
Revenue
INR 357 million



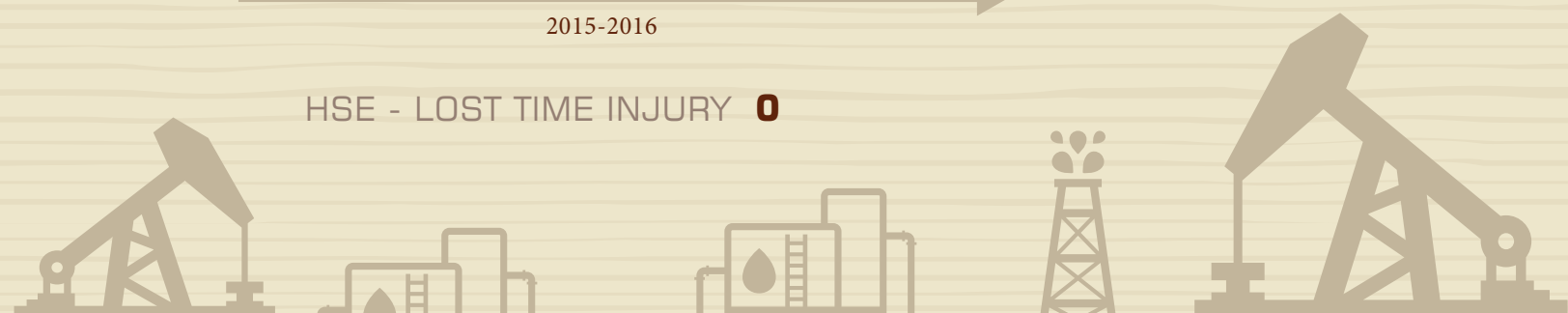
Operating Cash Flow*
INR 122 million



180,307 - PRODUCTION WORKING \ INTEREST (boe)



HSE - LOST TIME INJURY **0**



*Before working capital changes

Our Asset Portfolio

HOEC's oil and gas assets consist of operated & non-operated acreages in Assam-Arakan, Cauvery and Cambay basins in India



LEGEND

- OIL
- GAS

(O) HOEC as Operator
(PI) Participating Interest

*Notes: Production figures are gross for respective fields for Financial Year 2015-2016. Location of Contract Area is indicative and not to scale.

A AAP-ON-94/1 HOEC PI: 26.882 % (O)**Dirok Gas Discovery**

- Land rig mobilised
- Completion and testing operations on first well Dirok-1 successfully completed
- Fast track development is in progress to deliver the first gas by Q4 FY 2016-17

B PY-1, HOEC PI: 100 % (O)

- Average Production (FY 2015-16) – 2.11 mmscfd
- Cumulative Production – 30.35 BCF
- Revenue – INR 229 Mn
- Field opex – INR 107 Mn

C PY-3, HOEC PI: 21 %

- Field under shutdown since July, 2011
- Last production (100%) - 3,300 bopd
- Opportunity to develop field with optimized cost

D CB-ON-7, HOEC PI: 35 % (O)

- Average Gross (100%) Production (FY 2015-16) – 121 boepd
- Net Revenue – INR 35 Mn
- Field opex – INR 8 Mn

E CB-OS/1, HOEC PI: 38.07 %

- Approved development plan is under revision by the Operator

F North Balol, HOEC PI: 25 % (O)

- Average Gross (100%) Production (FY 2015-16) – 0.51mmscfd
- Net Revenue – INR 11 Mn
- Field opex – INR 3 Mn

G Asjol, HOEC PI: 50 % (O)

- Average Gross (100%) Production (FY 2015-16) – 18 bopd
- Net Revenue – INR 9 Mn
- Field opex – INR 6 Mn



Dirok-1 Well Completion at Assam



Safety Check



Testing Dirok-1 Well

SUNIL BEHARI MATHUR

Non-Executive Independent
Director/Chairman

Mr. Sunil Behari Mathur is a Chartered Accountant and has more than 47 years of experience in the fields of insurance and housing finance. He has been the Chairman of Life Insurance Corporation of India. He was sponsored by United States Agency for International Development ("USAID") for a training program on housing finance at the Wharton Business School of the University of Pennsylvania. Also, holds membership, advisory/administrative roles on various Government bodies, authorities and corporations.

PAOLO CEDDIA *

Non-Executive Director

Mr. Paolo Ceddia graduated in Business Administration from Bocconi University in Milan, has 29 years of planning and control experience in telecommunication and oil & gas companies. He joined ENI in 1994, where he held several assignments in planning and control area in exploration & production division at ENI spa. He dealt with important projects in scope of management reporting, adoption of IFRS and US GAAP. He is responsible for Eni's Business program and support of Central Asia, Far East and Pacific Area.

P.K. BORTHAKUR

Non-Executive Independent Director

Mr. Borthakur brings in more than 37 years of rich & diverse experience from his illustrious career in ONGC, where he has led multiple large on shore and offshore operations and projects. His wide technical expertise ranges from managing oil & gas operations, artificial lift, well completion, drilling, well control, reservoir management to processing and extraction of value added petroleum products. He is well recognized and respected technical authority in the domain of well completion, workover operations (nearly 2000 wells) and marginal development of onshore and offshore fields in India.

RAMASAMY JEEVANANDAM

Director and Chief Financial Officer

Mr. Ramasamy Jeevanandam has an overall experience of 30 years in various aspects of finance, listing, funding, finalization of accounts and taxation of upstream oil and gas industry in India. Before joining HOEC, he worked as Vice President at Aban Offshore Limited and functioned as CFO & Director at Hardy Exploration & Production (India) Inc. He started his career with ONGC in 1982. He is CPA (USA), CGMA (USA), Qualified Cost Accountant, Chartered Financial Analyst and Company Secretary with a Bachelor's Degree in Law.



BOARD OF DIRECTORS

FILIPPO RICCHETTI *

Non-Executive Director

Mr. Filippo Ricchetti is a graduated in business administration and also a certified public accountant. After an experience as statutory external auditor, he joined ENI group in 1996 and held several assignments in planning and control both at business and the corporate level. Currently he is the Senior Vice President for Consolidated Planning and Control and Reporting. He does not hold directorship in any other company.

SHARMILA H. AMIN

Non-Executive Independent Director

Ms. Sharmila H. Amin, is a Graduate in Commerce from the University of Mumbai. She also has a long list of additional qualifications that include Shipping Management from the Indian Institute of Management, Ahmedabad and is a Customs License Holder (Rule 9), Mumbai.

In her long career in Heavy Lift Projects Logistics, she has previously headed Panprojects / Oil & Gas for the South Asia Region as a part of the Panalpina Group. She has headed CRC's Projects Division and also N.S.Guzder and Company's Project Logistics Division. Currently she is the South Asian Regional Director and Managing Director for Bertling Logistics.

P. ELANGO

Managing Director

In his career spanning over 28 years in Upstream Oil & Gas Sector, Elango has held several leadership roles in different areas of the business and is a recognized leader in the Indian industry. Prior to joining HOEC, he was the Chief Executive Officer & Whole Time Director of Cairn India Limited. Over his long association with Cairn, he played a key role in building Cairn into a leading Oil & Gas company. Elango holds a Master's degree in Business Administration and began his career with ONGC in 1985. Elango was one of the five finalist for Platts' first-ever Asia CEO of the Year award 2013.

* Resigned effective 3 August 2016.

SAFETY FIRST

Integrated HSE Policy: Health, Safety, Environment, Quality

HOEC believes that “All Lives Have Equal Value” and nothing that we do can be more important than ensuring safety. HOEC is committed to making a positive contribution to the protection of the environment in areas in which we operate and to do everything possible to minimize any adverse effects of our operations.

To ensure this

- HOEC has a robust Emergency Response Plan (ERP) for production operations, drilling campaigns and project execution activities to respond swiftly during any emergency.
- Risk assessment studies are conducted for critical activities and safe operation procedures are developed for controlling identified hazards.
- HSE awareness campaigns are conducted regularly and best practices are felicitated by HSE Awards Program.
- Mock Safety Drills are carried out at Site on Monthly basis.
- Practical training on fire protection system and oil spill response are provided to site personnel.
- Fields are regularly inspected for HSE compliances.
- HSE culture is promoted by HSE Steering & Risk Management Committee which includes members from Management team.
- Mutual aid scheme with nearby operators to meet emergency.
- Field based HSE trainings to create awareness during operations.
- HSE Gap analysis through third Party Inspectors.
- Compliance to the guidelines recommended by regulatory authorities.

| Key Performance Indicators (KPIs) : 2015 -16 | HOEC* | OGP** |
|--|-------|-------|
| Fatal Accident Rate (FAR) | 0.00 | 1.45 |
| LTI Frequency (LTIF) | 0.00 | 0.29 |
| LTI Severity Rating (LTI SR) | 0.00 | 54.0 |
| First Aid Cases | 0.00 | NR |
| Total Recordable Injury | 0.00 | 1.21 |

International Association of Oil and Gas Producers (IOGP) Safety Performance Indicators Report No.2015s (June 2016)



HSE Award Program at Drok Rig Site



Training – Fire fighting



DIROK GAS DEVELOPMENT

Project Kopou - A Special Feature

KEY FACTS

ASSAM- ARAKAN BASIN

FIRST GAS Q4 FY 2016-17
PRODUCTION 20 MMSCFD
PLATEAU PERIOD/
ECONOMIC LIFE 15 YEARS | 20 YEARS



WELLS

3 Existing wells
2 New wells



RESERVES BEING DEVELOPED

244 BCF - Gas Initially in Place
134 BCF - Recoverable Reserves



PARTNERS

HOEC (26.882%) *Operator*
OIL (44.086%) *Licensee*
IOC (29.032%)

PROJECT SNAP SHOT

- Assam's AAP-ON-94/1 is a pre-NELP block located in Tinsukia District, Assam.
- The Plan of Development (PoD), was approved by MC in May 2015.
- First Gas is targeted in Q4 FY 2016-17.



Site Preparation



Road Laying

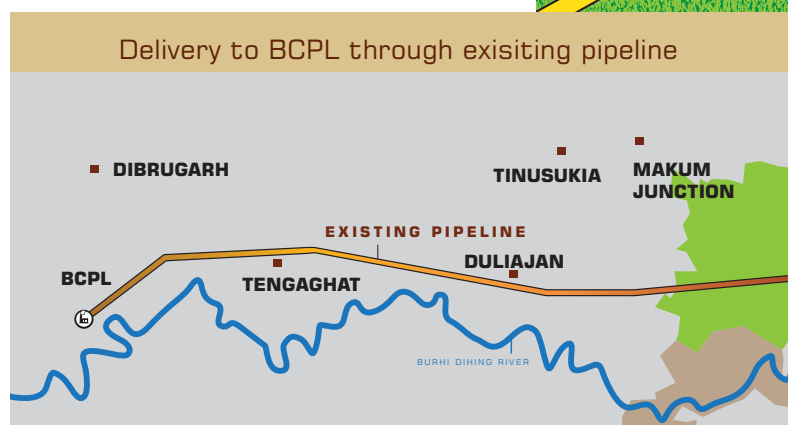


Pipe Laying



Dirak-1 Well Completion

READY ACCESS TO MARKET



- Existing infrastructure provides ready access to the gas market.
- New pricing policy allows Subsidy to private sector too.
- First Gas is targeted in Q4 FY 2016 - 17.



FAST TRACK PLAN

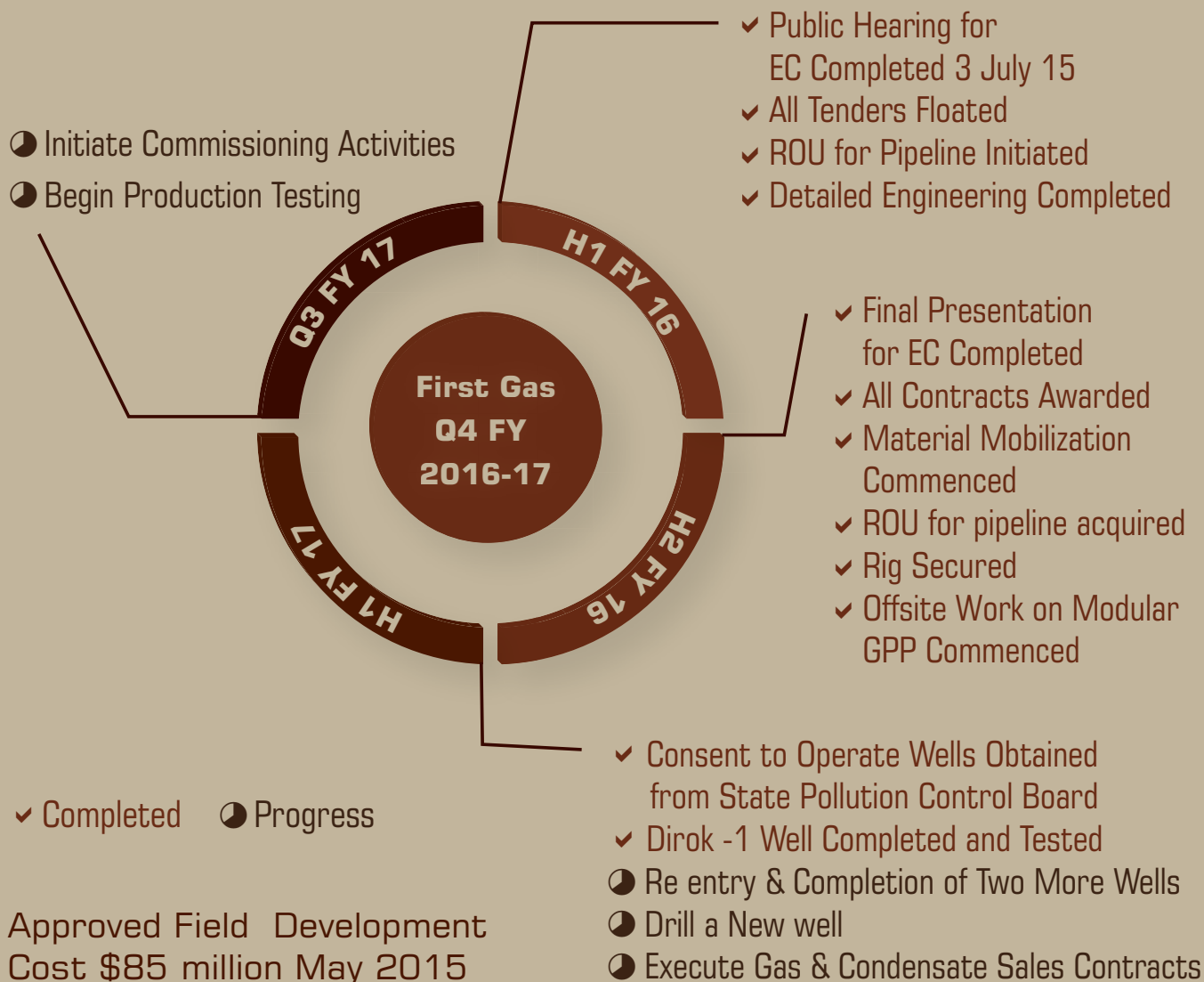
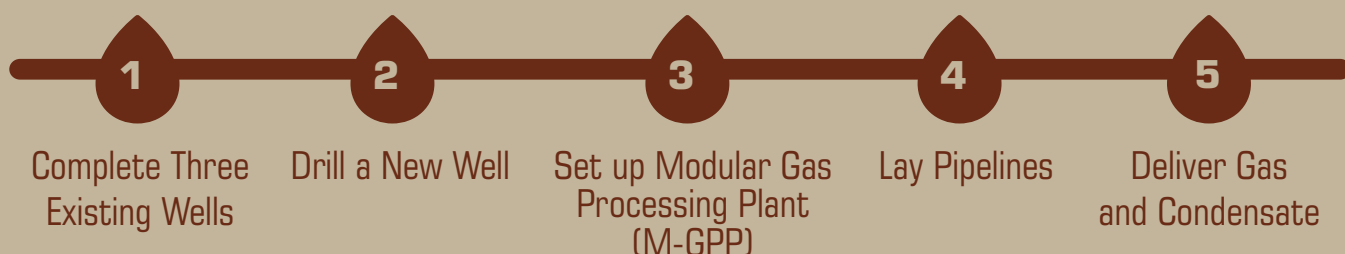
HOEC's execution strategy takes into account the logistical constraints, limited weather window as well as environmental sensitivity. To ensure rapid commercialization, with the excellent support from Oil India, and IOC, HOEC conceived as Project KOPOU (KOPOU is the State Flower of Assam) where in a 4" line will be laid directly from GGS (Gas Gathering Station) to Oil India processing facilities at Kushijan, which is connected through pipeline to various customers.

To fast track the project execution, HOEC has adopted a Split (or individual contract package) approach instead of Lump Sum Turnkey Contract for construction of all the surface facilities. The facilities are divided into three major works:

- **Package 1:** Gas Gathering Station and Well Site facilities,
- **Package 2:** Pipeline Laying (all segments) and
- **Package 3:** Modular Gas Processing Plant.

The concept and basic design is done by internationally reputed engineering contractors', Amec Foster Wheeler and Technip. The works are executed through a consortium arrangements consisting of Assam based local construction companies Tiratna Enterprise and Santosh Sahewalla and a Project Management Company E I Technologies. This particular combination is yielding excellent results in fast tracking Project KOPOU.

DEVELOPMENT ACTIVITIES



DIROK LONG TERM PLAY

The Gas bearing sands are in prolific Girujan formation. The Upside prospective resources are in the Tipam & Barail formation and North Dirok analogous structures.