



33rd Annual Report 2016-2017

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

CIN

L11100GJ1996PLC029880

ISIN

INE345A01011

Statutory Auditor

Deloitte Haskins & Sells LLP
Chartered Accountants
Audit Partner
Bhavani Balasubramanian

Internal Auditor

Guru & Ram
Chartered Accountants

Chennai Office

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

Secretarial Auditor

S Sandeep & Associates
Company Secretaries

Cost Auditor

K. Suryanarayanan

33rd Annual General Meeting

Day : Monday

Time : 10.30 a.m.

Date : September 25, 2017

Place : "Tropicana Hall" The Gateway Hotel, Akota Gardens,
Akota, Vadodara - 390 020

Disclaimer Note:

Certain sections of this Annual Report, in particular the Management's 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. Level 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 2016-2017

- Dirok phase-1 development completed and ready to flow gas.
- PY-3 Alternate Integrated Field Development Plan (AIFDP) submitted to all stakeholders.
- PY-1 re-entry and completion of an existing well is under review to enhance production.
- B-80 (Mumbai High Offshore) and Kherem (North East) discovered fields RSC under DSF executed on March 27, 2017.
- Debt free balance sheet & self-funding for organic growth.



AVERAGE
PRODUCTION
403 boepd



REVENUE
₹ 4,211 lacs

PRODUCTION WORKING
INTEREST

146,976 boe

GROSS WORKING
CAPITAL

₹ 22,536 lacs

CASH AND CASH
EQUIVALENT

₹ 18,527 lacs

PROFIT FOR
THE YEAR

₹ 3,638 lacs

NET WORTH

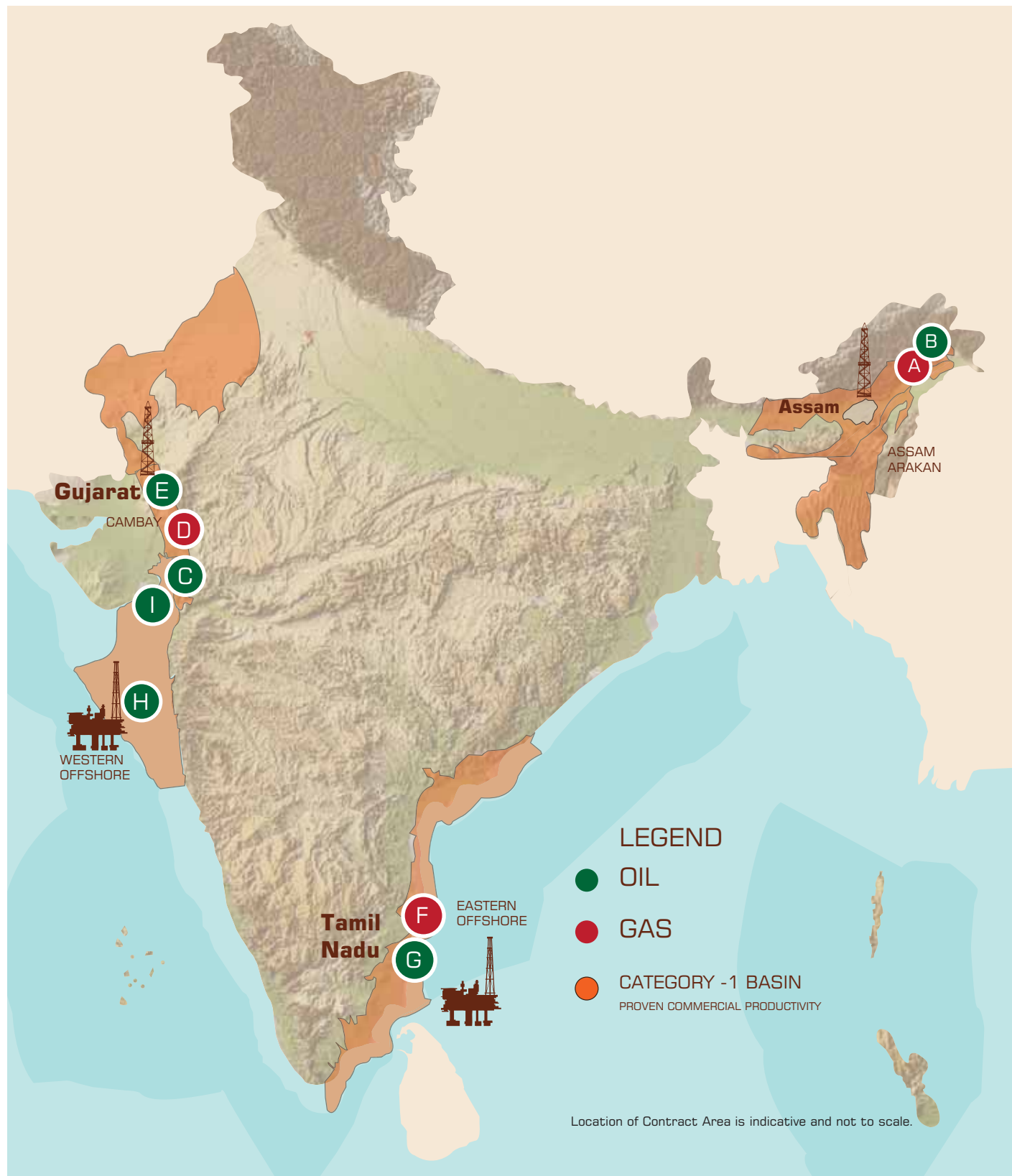
₹ 33,136 lacs

HSE -
LOST TIME INJURY

1

OUR ASSET PORTFOLIO

Consist of 9 Oil & Gas blocks of Discovered Resources



On-Shore

- A AAP-ON-94/1, HOEC PI: 26.882 % (O)**
- Phase 1 Completed and tested
 - Pending PML:
Oil India Limited (licensee) is in the process of obtaining the Petroleum Mining Lease (PML) from the Government of Assam
 - Commercial sales to commence on obtaining PML
- B AA/ONDSF/ Kherem/2016 (HOEC PI 40%) (O)**
- Block awarded under DSF Bid Round 2016
 - Contract signed on March 27, 2017
 - Work Program (2 wells) to be completed in 3 years
 - Tested: Oil 402 bopd
 - Nearest Facility 30 kms (Digboi Refinery)
- C CB-ON-7, HOEC PI: 35 % (O)**
- Average Gross (100%) Production (FY 2016-17) – 100 boepd
 - Net Revenue – ₹ 276 lacs
 - Field Opex – ₹ 79 lacs
- D North Balol, HOEC PI: 25 % (O)**
- Average Gross (100%) Production (FY 2016-17) – 66 boepd
 - Net Revenue – ₹ 93 lacs
 - Field Opex – ₹ 63 lacs
- E Asjol, HOEC PI: 50 % (O)**
- Average Gross (100%) Production (FY 2016-17) – 15 bopd
 - Net Revenue – ₹ 79 lacs
 - Field Opex – ₹ 69 lacs

Off-Shore

- F PY-1, HOEC PI: 100 % (O)**
- Average Gross (100%) Production (FY 2016-17) – 344 boepd
 - Revenue – ₹ 2054 lacs
 - Field opex – ₹ 919 lacs
 - Re-entry and completion of PY-1-12 is evaluated to enhance production from PY-1
- G PY-3, HOEC PI: 21 %**
- Field shut-in since July 2011
 - Last production (100%) – 3,300 bopd
 - Alternate Integrated Field Development Plan (AIFDP) for PY-3 was submitted to stakeholders and awaiting approval
- H MB/OSDSF/B-80/2016 (HOEC PI 50%) (O)**
- Block awarded under DSF Bid Round 2016
 - Contract signed on March 27, 2017
 - Work Program (1 well) to be completed in 4 years
 - Tested: Oil 3737 bopd & Gas 7.90 mmscfd
 - Nearest Facility 20 kms (ONGC)
- I CB-OS/1, HOEC PI: 38.07 %**
- Plan of Development was approved in FY 2015-16
 - ONGC (Operator) is optimizing the offshore development concept

(O) - HOEC as Operator

(PI) - Participating Interest

*Notes: Production figures are gross for respective fields for Financial Year 2016-17

Gas Gathering Station at Assam





From Left to Right: P. Elango, Sunil Behari Mathur, Sharmila H. Amin, Ramasamy Jeevanandam, P.K. Borthakur

BOARD OF DIRECTORS

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 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, he holds membership, advisory/administrative roles on various Government bodies, authorities and corporations.

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.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 onshore 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.

P. ELANGO

Managing Director

In his career spanning over 28 years in Upstream Oil & Gas Sector, Mr. P. 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. He holds a Master's degree in Business Administration and began his career with ONGC in 1985. Also, he was one of the five finalist for Platts' first-ever Asia CEO of the Year Award 2013.

RAMASAMY JEEVANANDAM

Whole-time Director and Chief Financial Officer

Mr. RamasamyJeevanandam 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.

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.
- All Health, Safety, Environment and related issues are incorporated and addressed, while hook-up & commissioning new installations, routine productions, and regular logistical facilities, for onshore and offshore.
- All equipment and material procured pertains to industrial HSE standards.
- HSE awareness campaigns are conducted regularly and best practices are felicitated by HSE Awards Program.
- Mock Safety Drills are carried out at operating sites on a 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) : 2016 -17	HOEC	OGP*
Fatal Accident Rate (FAR)	0.00	1.45
LTI Frequency (LTIF)	0.01	0.29
LTI Severity Rating (LTI SR)	0.00	54.0
First Aid Cases	0.01	NR
Total Recordable Injury Rate (TRIR)	0.00	1.21

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

Safety award to civil workers at Assam



Oil spill containment training, patrolling vessel PY-1



Fire fighter training at Cambay



GROWTH STRATEGY

FOCUS ON NORTH EAST

KEY FACTS

ASSAM-ARAKAN BASIN

FIRST GAS

FY 2017-18

PRODUCTION

25 mmscfd

PLATEAU PERIOD/ ECONOMIC LIFE

15 Years | 20 Years



WELLS

3 Existing wells
3 New wells



RESERVES BEING DEVELOPED

244 bcf
- Gas Initially in Place
145 bcf
- Recoverable Reserves



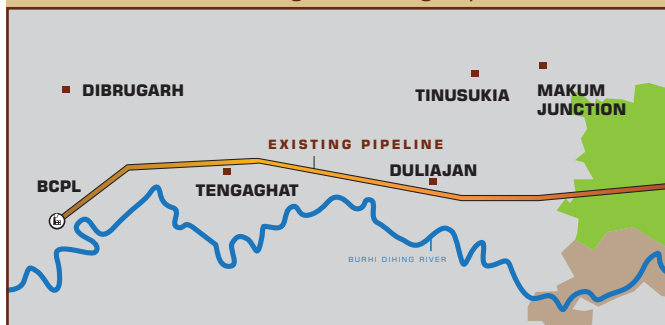
PARTNERS

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



PIPELINE LAYOUTS

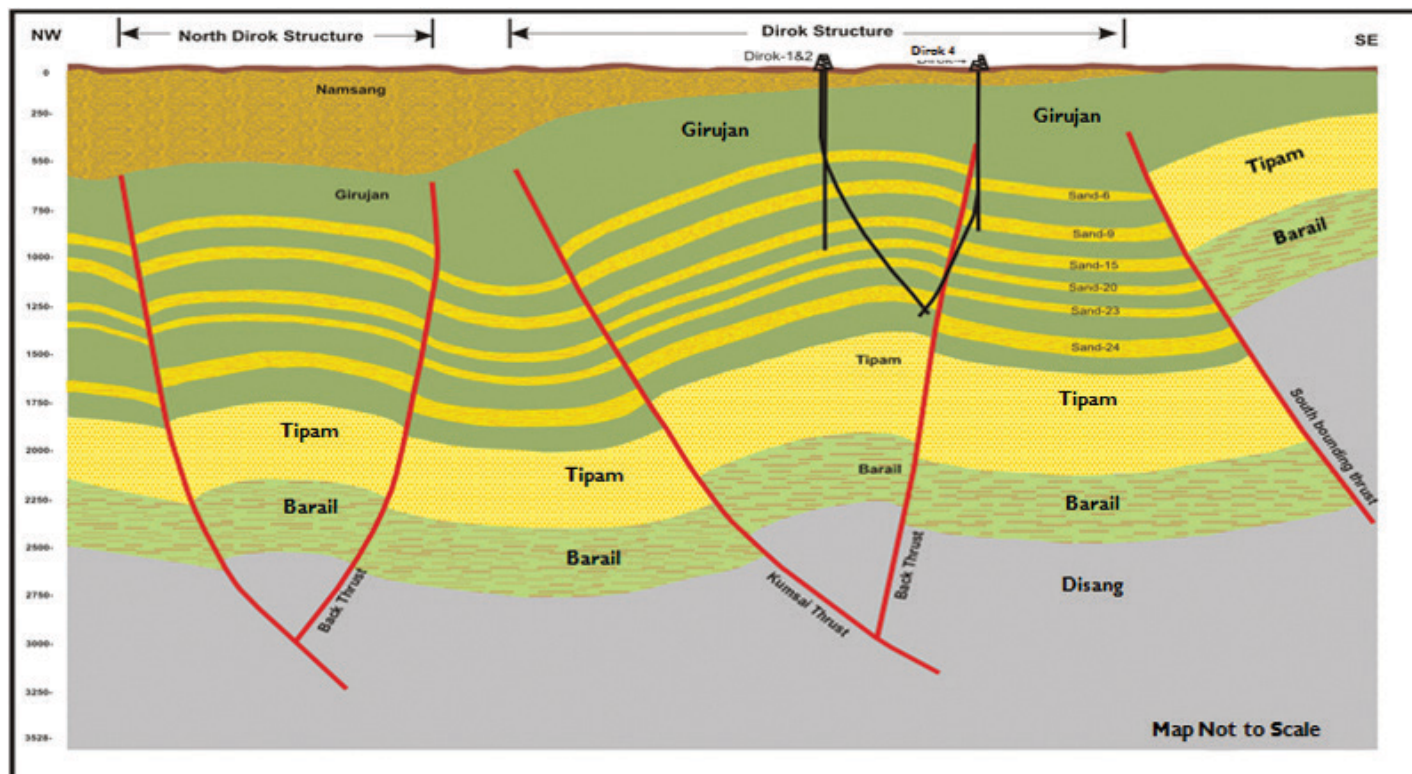
Gas to BCPL Through Existing Pipeline



- Phase 1 facilities completed and tested to flow gas on March 31, 2017
- As soon as Government of Assam issues Petroleum Mining Lease (PML) to Oil India, commercial sales will be actualized.
- Plan to produce 10 mmscfd on issue of PML and increase to 25 mmscfd by FY 2017-18.
- Fifth well completed and sixth well in progress.
- 12" pipeline and Modular Gas Processing Plant is under construction with a capacity to process 36 mmscfd (1 mmscmd)

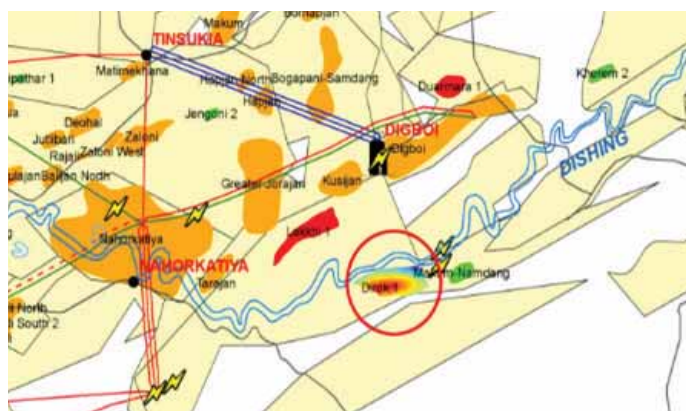
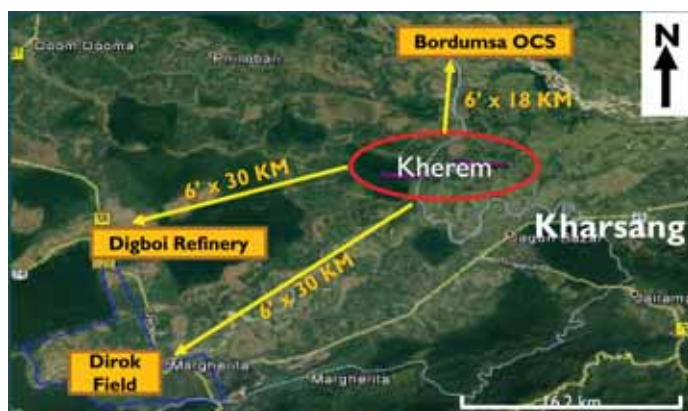


DIROK POTENTIAL



- Dirok field - 110 sq. km. is endowed with Girujan, Tipam and Barail Formation.
- Potential exists for both increasing reserves and improved recovery factor on well performance.
- Application being filed to obtain Environmental Clearance (EC) for drilling additional wells.

FAST TRACK KHEREM



Block Area: 16.45 sq. km.

Drilled Wells: 3

Tested Production: Oil 402 bopd

- Substantial facilities to handle the increase in production.
- Additional development only through marginal cost of re-entry and completion of an existing well.
- New wells to target undrilled prospects on successful re-entry