



Hindustan Oil Exploration Company Limited

COMPANY BACKGROUND.....

- Hindustan Oil Exploration Company Ltd (HOEC) is the first private company in India to enter the field of oil and gas exploration and production.
- HOEC has 10 blocks with discoveries producing or ready to be developed and 1 exploratory block in its portfolio.
- Low cost and fast-track execution capabilities that differentiates it from other players in the market.
- Gross production stood at 7932 boepd in Q3-FY24.
- Presence in 4 out of 7 sedimentary basins in India.
- Strong management team with experienced professionals.
- Awarded the Oil & Gas production & development company of the year in 2018-19 (Small category) from FIPI.

KEY GROWTH DRIVERS.....

- **Focused on discovered resources:** Oil and gas resources which is pre-discovered reduce the risk involved in exploration. Fast-track execution to bring resources to monetization at the earliest.
- **Light Asset Model:** The company follows a light-asset model in an otherwise capital-intensive industry. Focus on our core operations (Drilling for Oil/Gas) and outsource other associated tasks to partners.
- **Growing responsibly:** Create long-term stakeholder value while ensuring that we 'Grow Responsibly'. Continue to build its portfolio with a focus on respect and care for individuals, the community, and the environment.
 - **Growth strategy:** Focus on the North-East region while also focusing on its offshore resource base. Take advantage of existing infrastructure, and add attractive assets with synergies to its current asset portfolio.

FOCUSED GROWTH STRATEGIES.....

- **Make portfolio work to deliver value in low price environment:** B-80 Development – For D1 well, Baker to commence their activities by end of Feb 2024. Phase 2A and 2B of Dirok development – deliver production increase upto 55 mmscfd and infrastructure for delivering gas to Duliajan marketing hub.
- **Discover resources near existing infrastructure for faster monetization:** Greater Dirok – Appraise North Dirok potential within Dirok block and explore in adjacent OALP block. PY-1 and Kharsang – Appraise additional upside potential. Cambay – Explore R2 area of CB-ON-7 on execution of PSC.
- **Leverage "Opening Up" of sector in India and current environment:** Focus on existing portfolio and grow by increasing production by optimizing existing facilities and wells to increase cash flows. Improve value maximization by increasing realized price. DSF fields like B-80 enjoy marketing and pricing freedom for gas. D2 well re-started in B-80 as on 4th Nov, 2022.

FINANCIAL HIGHLIGHTS.....

(INR Mn)	Operational Income	EBITDA	EBITDA%	PAT	PAT%	EPS
FY20	2,021	1,246	61.65%	1,376	68.09%	10.46
FY21	1,139	541	47.54%	534	46.92%	4.04
FY22	1,557	789	50.68%	200	12.84%	1.51
FY23	5,589	3,122	55.85%	1,941	34.72%	14.67
9M-FY24	4,595	2,335	50.81%	1,558	33.91%	11.78

Key Data

BSE Code	500186
NSE Code	HINDOILEXP
Reuters	HOEX.BO
Bloomberg	HOEC:IN

Market Data (INR) As on 31st December, 2023

Face Value	10.0
CMP	182.4
52 Week H/L	258/ 116
MCAP (Mn)	24,121.2
Shares O/S (Mn)	132.2
1 Yr. Avg. Vol. ('000)	542.2

Performance As on 31st December, 2023

	3M	6M	12M
HOEC	7.29%	(11.48)%	34.07%
SENSEX	9.77%	11.42%	18.68%
BSE Oil & Gas Index	21.12%	26.04%	12.47%

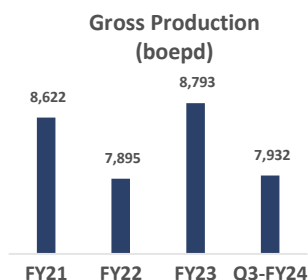
Shareholding Pattern As on 31st December, 2023

Public	98.11%
FPI	1.25%
DII	0.64%

BUSINESS SEGMENTS

B-80: Project at an advanced stage - Expected Total Production (Phase I) is 8,000 boepd (Barrel of oil equivalent per day). The Participating Interest is 60%.

- The share of oil in production mix will increase from 13% to 30%
- First Gas from B-80 being packed into WO-16 to BPB (14"-56 km) pipeline of ONGC since 31 May, 2022. B-80 first crude offtake will be ready for offtake.
- Processing of Oil & Gas through Mobile Offshore Processing Unit (MOPU) and processed oil to be exported through FSO of storage capacity of 900,000 barrels. Gas to be delivered to Gujarat Gas market by tapping into an existing gas pipeline system of ONGC and Indian Oil corporation.
- D1 well continues to be shut-in due to reservoir issues. All top side issues are sorted out, D2 well is in production during this quarter
- Current flow rate of oil and gas of D2 well is about 1,044 BOPD and about 5.7 MMSCFPD of gas.



Dirok: Priority in Assam - Gas production was ~23.91 mmscfd and condensate production was 419 bpd in Q3-FY24. The Participating Interest is 27%.

- Dirok gas field is located in Block AAP-ON-94/1 in Assam-Arakan Basin. The block has substantial potential for further exploration and development.
- Phase I - Drilling and completion of 6 development wells - 3 re-entry and 3 new wells, setting up a Gas Gathering Station and a Gas Processing Plant with a capacity of 36 mmscfd. Also, laid pipelines tied to the existing infrastructure to export gas and condensate.
- Workover of 3 legacy wells are planned, workover of Dirok-1 expected by March 2024, back-to-back workover of Dirok-2 & 4 will be continued, Drilling of 2 development wells to increase production to 70 mmscfd.
- Laying of 15kms of pipeline in forest section is completed to connect to Duliajan hub

PY-1: Enhancing Production and Offtake Arrangements: The realised price per MMBTU is fixed at \$3.67 and the processing capacity is 55 mmscfd. The Participating Interest is 100%.

- Settlement Agreement finalized and executed grant of 10-year extension.
- Only offshore platform in Cauvery Basin with 8 slots and four wells drilled
- Seismic reprocessing and In-house study is completed
- EIA study completed for obtaining Environmental Clearance for drilling additional wells – Awaiting Clearance.

Kharsang: Phase I Development Plan - The current oil production is ~420 boepd. The Participating Interest is 35%.

- The number of wells to be drilled are 18
- The Kharsang oil field is located in the state of Arunachal Pradesh and 60 kms away from Dirok. Post drilling of wells, production expected to increase to 1,800 boepd.
- HOEC acquired entire share capital of M/s Geopetrol International Inc. in 2018 which has 35% stake - Direct and Indirect in Kharsang Oil field.
- RFDP is approved & Mining lease granted till 15 June, 2030.
- Contingent and prospective gas reserves have been discovered at Kharsang field and Plan for additional drilling including deeper prospects to increase the production.
- Currently 9 wells are being planned to increase production. Further 9 wells will be drilled after revisiting the production data
- Kharsang oil field is in the state of Arunachal Pradesh and 60 kms away from Dirok - operating synergies in NE

Cambay: Developments - Total Oil Production is 71 boepd and Total Gas Production is 0.343 mmscfd in Q3-FY24. There are three marginal fields in Cambay – Asjol, North Balol and Palej. The Participating Interest for these three blocks are 50%, 35% and 25% respectively.

- Asjol - 2 development wells & hook-up to EPS; public hearing completed
- North Balol - 2 development wells & hook-up to GCS, public hearing completed
- CB-ON-7 (Palej) - RFPSC (100 sq.km. 3D seismic & 2 exploration wells – JV signed RFPSC submitted to MOPNG through DGH for approval)
- Palej: Artificial Lift is being planned for 3 wells by SRP which could increase production to 300 BOPD. Sourcing of equipment in progress

Lowering costs by:

- Outsourcing needs to experts
- Flexibility to manage investments
- Effective planning to produce quickly at lower cost
- Eliminating additional infrastructural cost
- Negotiating with clients

Maximizing Shareholder Value by:

- Enhancing Execution
- Increasing Free Cash Flows
- Improving ROCEs
- Improving NAVs

PEER COMPARISON (TRAILING 12 MONTHS) INR MN.....

Company	Operational Income	EBITDA	EBITDA%	PAT	PAT%	Market Cap
HOEC	6,346	3,748	59.06%	2,625	41.37%	24,121
Vedanta Limited	14,46,540	3,43,940	23.78%	83,930	5.80%	9,60,898
Deep Energy	222	2	0.7%	(6)	(2.9)%	6,298
Selan Exploration	1,420	672	47.33%	258	18.17%	7,476
ONGC	64,03,331	9,93,827	15.52%	5,03,863	7.87%	25,79,586
Oil India	3,49,056	1,27,504	36.53%	66,273	18.99%	4,03,778

INCOME STATEMENT (CONSOLIDATED)

Income Statement (Mn)	FY20	FY21	FY22	FY23	9M-FY24
Total Operational Income	2,021	1,139	1,557	5,589	4,595
Total Expenses	775	888	768	2,467	2,260
EBITDA	1,246	541	789	3,122	2,335
EBITDA Margins (%)	61.65%	47.54%	50.68%	55.85%	50.81%
Depreciation	294	234	262	737	598
Finance Cost	64	58	92	378	248
Exceptional Item	262	139	(344)	(122)	-
Other Income	218	113	115	88	157
Share of profit / losses from associate & JV	5	15	(9)	-	(15)
PBT	1,373	518	197	1,973	1,631
Tax	(3)	(16)	(3)	32	73
Profit After Tax	1,376	534	200	1,941	1,558
PAT Margins (%)	68.09%	46.92%	12.84%	34.72%	33.91%
Other comprehensive Income	1	1	-	-	-
Total comprehensive Income	1,377	535	200	1,941	1,558
EPS (After Exceptional Items)	10.46	4.04	1.51	14.67	11.78

BALANCE SHEET (CONSOLIDATED)

PARTICULARS (INR Mn)	FY22	FY23	H1-FY24	PARTICULARS (INR Mn)	FY22	FY23	H1-FY24
EQUITY AND LIABILITIES				ASSETS			
Equity	7,531	9,472	10,900	Non-Current Assets	13,874	13,815	14,145
(a) Equity Share Capital	1,323	1,323	1323	(a) Property, Plant and Equipment			
(b) Other Equity	6,209	8,149	9,578	(i) Oil & Gas Assets	2,965	7,996	8,536
Non-Current Liabilities	4,391	3,569	3602	(ii) Others	2,011	4,341	4,187
(a) Financial Liabilities				(b) Capital Work in Progress	7,820	315	354
(i) Borrowings	2,046	934	1,077	(c) Investment Property	30	29	29
(b) Trade Payables	-	-	-	(d) Intangible Assets	97	98	99
(c) Other Financial Liabilities	1,009	1,079	907	(e) Financial Assets			
Provisions	1,326	1,547	1,606	(i) Investment in Associates	184	185	-
Other non-current Liabilities	-	-	-	(ii) Deposits under site restoration fund	726	777	818
Deferred Tax Liability	10	9	11	(iii) Other Financial Assets	1	1	1
				(iv) Other bank balances	-	11	11
				(f) Income tax assets (Net)	38	61	106
				(f) Other non-Current assets	2	1	1
Current Liabilities	3,350	5,462	3,901	Current Assets	1,398	4,688	4,259
(a) Financial Liabilities				(a) Inventories	77	809	1,606
(i) Borrowings	1,527	2,708	1,269	(b) Financial Assets			
(ii) Trade Payables	379	1,165	746	(i) Investments	3	1,147	29
(iii) Other Financial Liabilities	1,333	805	891	(ii) Trade Receivables	162	1,169	915
(b) Provisions	2	3	3	(iii) Cash & Cash Equivalents	291	299	385
(c) Other Current Liabilities	109	781	992	(iv) Other Bank Balances	363	482	425
(d) Current Tax Liabilities (Net)	-	-	-	(v) Other Financial Assets	396	636	806
				Income tax assets (Net)	-	-	-
				Other Current Assets	106	146	93
TOTAL EQUITY AND LIABILITIES	15,272	18,503	18,403	TOTAL ASSETS	15,272	18,503	18,403

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