



Chairman's Statement 2018-2019

INDIA'S FIRST PRIVATE OIL AND GAS COMPANY

Growing Responsibly



HINDUSTAN OIL EXPLORATION COMPANY LIMITED

Transforming Through Talent And Technology



Ladies and Gentlemen,

Good morning. I am delighted to join the HOEC Board and feel honored to be its Chairman.

On behalf of the Board of Directors, I welcome all of you to this 35th Annual General Meeting of your Company.

We have dispatched the Company's Annual Report in advance. I trust all of you have received the Report. Therefore, with your permission, I take the Annual Report as read.

First, I would like to place on record our deep appreciation for the contribution made by my predecessor Shri. Sunil Behari Mathur as Chairman of HOEC Board for five years and as an Independent Director for ten years.

Energy Transition

The world is witnessing a major energy transition. Dominant role of fossil fuel is being challenged by the emergence of renewable energy and electric vehicles. This transition is being driven by the globally recognized need to reduce carbon emissions. New technologies are changing the way energy is produced, transported and consumed. Shale oil, shale gas, LNG and electric vehicles are all an integral part of this emerging global energy order.

India's Energy Challenge

India faces the unique challenge of meeting its rising demand for Petroleum primarily through imports and the need to reduce carbon emissions. The big policy push to generate power through renewable energy sources is beginning to yield results. However, its share in energy mix is still very low. Indian roads will have to host both petroleum vehicles and electric vehicles. Therefore, Oil and Gas will continue to play a critical role in the Indian Energy System for several decades ahead.

HOEC in FY 2018-19

The asset portfolio of HOEC is unique as it primarily consists of discovered resources, that can be developed without any exploration risks. HOEC has oil and gas acreages in four of the seven producing basins in India.

During FY 2018-19, your Company:

1. delivered leading HSE performance with strong focus on safe and sustainable operations;
2. successfully drilled two sidetrack wells in PY-1 field in Cauvery Offshore, increasing the production of natural gas to 10 million cubic feet per day;

3. completed one year of safe and down time-free operations in Hollong Modular Gas Processing Plant in Assam. The plant now delivers to its full capacity of 35 million cubic feet per day;
4. continued to grow the portfolio of assets by adding Kharsang, Umatara and Greater Dirok in North East Region, which is our strategic focus area; and
5. maintained a debt-free balance sheet with options for self-funding growth commitments.

Individual project updates are provided in the Management's Discussion and Analysis in the Annual Report.

Growing Responsibly

Your Company is committed to grow in a responsible manner. Therefore, full environmental compliance, comprehensive sustainability practices and positive socio-economic impact on local communities, are all an integral part of the Company's operational and growth strategy.

I am pleased to share with you that HOEC has published its first ever Sustainability Report for FY 2018-19. The Report highlights action taken by the Company to enhance sustainability and outlines the CSR projects implemented in its area of operation. The Report is available on the Company's website and I would urge all of you to read it at your convenience.

The most important growth project for the Company is B-80 oil field in Western Offshore. Your Company is one of the very few companies in India with proven experience in offshore development and operations. B-80 was secured by the company through Discovered Small Fields Bid Round. The field has potential to produce 5,000 barrels of oil per day and HOEC has 50% participating interest. We are now implementing the development plan on a fast track mode.

Successful development of this oil field will allow HOEC to make meaningful contribution to domestic oil production, in addition to gas production. Currently, your Company contributes 15% of total gas produced in Assam. Gas constitutes over 85% of our production. Once B-80 is brought in line, the share of oil in our operated production will increase to over 35%.

Continuing policy reform in oil and gas sector and the push for a larger share of gas in India's energy mix presents lot of growth opportunities for your Company.

The National Data Repository under the Open Acreage Licensing Policy (OALP) provides round the year access and bidding options. In addition, Discovered Small Field and Production Enhancement Bid Rounds offer additional opportunity to grow the portfolio continuously.

Your Company has built a very capable geo-technical, drilling and operations team with expertise in the entire Exploration and Production value chain. Your Company will prudently evaluate the opportunities for growing production, both organically and inorganically.

In parallel, the Company will remain sharply focused on execution, by replicating its innovative low cost and fast track model.

We will continuously aim to set new benchmarks in project execution and operational efficiency. Your Company is committed to pursue the highest standards of corporate governance with utmost regard to integrity, transparency and business ethics.

We will keep the interests of the minority shareholders in mind at all times and continue to strengthen Board oversight.

Thank you very much.

Vivek Rae

Chairman

August 26, 2019

HINDUSTAN OIL EXPLORATION COMPANY LIMITED

Website: www.hoec.com