

Hindustan Oil Exploration Company Limited
Q2 FY'23 Earnings Conference Call
November 11, 2022

Moderator: Ladies and gentlemen, good day and welcome to Q2 FY'23 Conference Call of Hindustan Oil Exploration Company Limited. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. I now hand the conference over to Mr. Anuj Sonpal from Valorem advisors. Thank you, and over to you, sir.

Anuj Sonpal: Thank you. Good morning, everyone, and a very warm welcome to you all. My name is Anuj Sonpal from Valorem advisors. We represent the Investor Relations of Hindustan Oil Exploration Company Limited, (HOEC).
On behalf of the company, I'd like to thank you all for participating in the Earnings Call for the Company's Second Quarter and First Half of Financial Year ending 2023.
Before we begin, let me mention a short cautionary statement. Some of the statements made in today's earnings call may be forward-looking in nature. Such forward-looking statements are subject to risks and uncertainties which could cause actual results to differ from those anticipated. Statements are based on management's beliefs as well as assumptions made by and information currently available to management. Audiences are cautioned not to place any undue reliance on these forward-looking statements and making any investment decisions. The purpose of today's earnings call is purely to educate and bring awareness about the company's fundamental business and financial quarter under review.
Let me now introduce you to the management participating with us in today's earnings call and hand it over to them for opening remarks. We have with us Mr. P. Elango -- Managing Director and Mr. R. Jeevanandam -- Executive Director and Chief Financial Officer.
Without any further delay, I request Mr. Elango to start with his Opening Remarks. Thank you and over to you, sir.

P. Elango: Thank you, Anuj. Good morning, everyone. Happy to connect with you all on this Q2 FY'23 Earnings Call. Jeeva, our CFO and director is with me, Valorem Advisors, our investor relation advisors are also on the call.
I hope everyone has received the updated Earnings Presentation. We've also uploaded it on our website for your reference.
As you all know, in B-80 at block level, HOEC holds 60% through revenue sharing contract. However, the services to B-80 field is at arm's length with subsidiaries at 100% for MOPU and FSO. Accordingly, the revenue earned by subsidiaries are consolidated.
During Q2, the Mobile Offshore Process Unit continued to be on revenue mode, while SPM-FSO unit was on revenue mode only till 14th July and B-80 field could export gas only for 14-days during Q2. FSO and SPM were on downtime due to the repair of under body hose and the connecting hose till 31st October 2022.
As we updated on 4th November, we have resumed gas sales from B-80 post completion of under body hose repair and reconnection of hose to FSO vessel. While we did not have to pay any penalty for not supplying gas since mid-July, GSPC reported that they are not able to find customers willing to pay \$20 per MMBTU which was the price we could realize in June. We have therefore agreed to adopt the market prices, discovered and published by the Indian Gas Exchange on monthly basis and the price for November 2022 supplies would be about \$13.5 per MMBTU. We will be amending the gas sales contract accordingly. And we are currently producing about 11 million standard cubic feet of gas per day from D2 gas well. This allows us to deliver the full contract volume of 10 million standard cubic feet per day.

Our priority now is to focus on resuming production from D1 oil well. Now that the weather conditions at B-80 location have improved, we will attempt to address the hydraulic leak issue in the triple SV line connecting D-1 oil well through a sealant option. In this method, specialty sealant is injected to seal the leak area. We have consulted technical experts and identified the specialist UK company to carry out the operation. This will involve importing sealant and mobilizing dive support vessel and experts. We would make our best efforts to execute the operations in December. We will notify as soon as the oil production from D1 is resumed.

As we noted, since mid-July, as the monsoon weather picked up, we have seen multiple connecting systems failure. The permanent solution will require us to engage a reputed firm to perform a comprehensive engineering of the system, including all required analysis. We need to procure new floating and under bouy hoses to withstand the roughness of the monsoon weather. And this permanent rectification and replacement work is planned to be carried out during this fair weather season.

Moving on to Dirok, Dirok has performed well during Q2 both in terms of volume and value. At volume level, compared to Q1 average of 25 million standard cubic feet per day, we achieved average daily gas sales of 34 million standard cubic feet per day. Further, the share of premium gas sales increased marginally to 45%, and the premium gas sales we realize the minimum \$1 premium over the applicable government notified price of \$6.1 dollar per MMBTU.

At Dirok, our strategy remains focused on value over volume. We have initiated the site grading work in the difficult forest segment for the proposed 18-inch pipeline, that is from Dirok gas to Duliajan marketing hub independently without relying on Oil India pipeline network. This will enable connecting with the Northeast gas grid in future, significantly enhancing the market size for Dirok gas. In our other assets, there are no significant developments during Q2. We are continuing the small volume of gas sales to GAIL from PY-1 that was recommenced in May 2022. In Cambay assets, while production operations are continuing, final execution of ringfenced PSC for R2 area by government is still awaited.

At Kharsang, normal production operations are continuing. Government is insisting the contractor parties to accept the government position on cost recovery limits as a condition precedent for PSC extension. Discussions are still ongoing between government and the operator.

In other Northeastern blocks, Kherem and Umatara, the regulatory process for forest and environmental clearances are continuously being pursued with government. In greater Dirok block, G&G evaluations are being progressed to release the potential drilling locations.

I now invite Jeeva to share the financial.

R. Jeevanandam:

Thanks, Elango. We report that the company made a total revenue of Rs.81.69 crores in the current quarter against Rs.70.19 crores in the previous quarter. In the consolidated accounts, it is Rs.125.79 crores against Rs.91 crores in the previous quarter.

If we take the revenue for half year for '22-23, it is 215.83 crores comparing Rs.76.93 crores in the corresponding previous period. This increase in revenues mainly from increasing gas sales and B-80 gas sales from 4th June to 14th July for about 40 days, that is Rs.82.81 crores including the revenue on by MOPU and FSO.

Increase in price for gas and oil for Dirok contributed about Rs.55 crores in the half yearly account of '22-23. Though an increase in the top line, It could not translate into profit due to shutdown of B-80 for over 110 days since 14th July to 31st October. Therefore, the standalone profit after taxes is Rs.6.57 crores against Rs.34.21 crores in the previous quarter. In the half yearly account, it is Rs.40.77 crores and the corresponding previous period is Rs.29.11 crores. In the consol accounts, the profit after tax is Rs.17.71 crores against Rs.32.35 crores in the previous quarter. In the half yearly consol accounts, it is Rs.50 crores comparing Rs.28 crores in corresponding previous period.

In effect, continuous production from B-80 is inevitable to have an improved and sustained bottom line of the company. The total expense of standalone including DDA is Rs.75.12 crores comparing Rs.35.98 crores in the previous quarter. Half yearly is Rs.111.11 crores for '22-23

comparing Rs.35.68 crores in the corresponding period. The total expenses in the consol accounts including DDA Rs.105.71 crores comparing Rs.59.08 crores in the previous quarter. Half yearly is Rs.164.79 crores for '22-23 comparing Rs.47.8 crores in the corresponding period. Operating costs accounted for B-80 in the consolidated accounts for '22-23 including MOPU and FSO is Rs.72.52 crores. Finance costs and DDA is Rs.35.16 crores, which makes a total of Rs.107.68 crores out of Rs.164.79 crores in the half yearly accounts. The major chunk of expenditure is flowing through B-80.

EBITDA in consol accounts for this quarter is Rs.46.16 crores comparing Rs.52.97 crores in the previous quarter. Half yearly accounts for '22-23 is Rs.99 crores comparing Rs.41 crores in the previous period.

Consequent to the commencement of production from B-80 field with gas well effective 04th November. and with the commencement of oil well in B-80, a meaningful profit will be reported in tandem with the top line of the company. As these assets are capitalized, revenue and cost mismatch are expected to be reduced substantially on commencement of D1 well. It is a the fact that the costs are not linear to production, therefore, it is important to put D1 well on production at the earliest opportunity. Continuous production from B-80 field is inevitable to have a revenue for offshore installation, MOPU and FSO and SPM owned by the wholly owned subsidiaries. On full production from B-80, with the support of ongoing high oil prices, the company can meet its obligations.

Revenue mismatch is being addressed. The company is in the process of raising equity and debt capital to sort out the working capital issues and to embark on the development of dormant assets in the western region and PY-1. It is submitted that the G&G review has been completed for PY-1 and locations were released. Thank you.

Moderator: We will now begin with the question-and-answer session. We take the first question from the line of Mr. Ritesh Gandhi from Discovery Capital. Please go ahead.

Ritesh Gandhi: Just to clarify on B-80. You guys gave a clarification on the 3rd of November to the exchanges that the trials were on and that you would inform us when the sale would have started. And I think in the studies and representation, you have implied that on the 4th of November started. So, I just want to understand, have the sales actually started or other trials is still on and how should we be looking at it?

P. Elango: The sales has started.

Ritesh Gandhi: Just a small request, sir. Because you said in your press release also that you would inform the exchanges when sales would start and we didn't get the clarification until the results. So, if you could just keep us updated, would be extremely helpful. The other question is with regards to effectively speaking on D1. So obviously, we've had a whole host of problems with the actual execution of the B-80. If you could just let us know what is giving us the confidence that we can compete this by end of December given effectively, historically, we've been inconsistent in actually achieving our target base?

P. Elango: Just to clarify, in our exchange release what we meant was that we will notify as and when D1 oil production resumes. That is what we meant. When we notified on 4th November, the sales has commenced. Anyhow, maybe we have not clarified properly. So, what we meant was whenever we resume production from D1 oil, we will notify the exchanges. Coming back to D1, what we can learn this, whatever connecting systems that we've set it up, were not able to withstand the roughness of the monsoon. That is the fact. What we have tried to do unsuccessfully during the monsoon was to fix the problem through a temporary solution. When the weather improved, we were able to fix the connection to resume the gas production. We've also found a solution that hopefully can fix the problem for the oil well as well. In terms of execution, it is not a complex execution, but whether the methodology works or not, need to be seen as such. So, that is the explanation. Where our confidence comes as

far as December timeline is concerned, the execution of the sealant option is not very complex, but I'd say effectiveness need to be tested only after we inject the sealer. But as I explained in my opening remarks, the permanent solutions will require an engineering to ensure that we upgrade the system by replacing some of the connecting hoses, etc., to withstand the monsoon weather next month. So, overall, our expectation is now that the weather is reasonably good, we don't anticipate any problem.

Ritesh Gandhi: So, effectively if I understand what we will be able to complete in December is effectively just doing sort of like quick fix if you will to get the production going and then we will undergo a more and longer process for a permanent solution, is that understanding right?

P. Elango: If this solution work which we believe it will work, that will fix the problem, there's no other changes required.

Ritesh Gandhi: And in the event it does not, then?

P. Elango: Then we like to go back to a more permanent solution looking at other engineering solutions.

Ritesh Gandhi: And then, if we have a level of confidence around being able to complete this in December, which then given effectively increases in prices in Assam which have started from Q3 onwards plus effectively the gas on board and hopefully D1 to start. Is there actually really a need for an equity raise, because ideally speaking dilution at these levels would not be ideal right?

P. Elango: I'll ask Jeeva to answer.

R. Jeevanandam: We are running an oil and gas company and have got 11 assets in the company. We are not running B-80 alone. So, whenever we raise capital at an appropriate price, we will put all the blocks under development and to monetize the blocks at the current high oil prices. That's why we will be raising equity and debt as appropriate considering the development opportunities to pursue.

Ritesh Gandhi: So just to be clear, are we monetizing actually oil block at peak prices or are we raising equity at the company level?

R. Jeevanandam: In both the assets. We have already taken AGM approval for raising debt as well as equity as appropriate... equity should be at a price and debt should be at a cost.

Ritesh Gandhi: So the equity in a listed entity. I am looking at exiting at the asset level, which is what you I think indicated?

R. Jeevanandam: It is not. Oil and gas companies wherever they've got a highest participation, want to bring a farm-in partner to dilute,.

Moderator: We take the next question from the line of Mr. Sivasankaran from Antique Limited. Please go ahead.

Sivasankaran: A couple of questions. One, on the cost of repairs. After the September month, October so far and November, whatever we have spent and what do you plan as an estimate for fixing the D1 well as well? So, if I were to look at overall cost of having like normal production in B-80, what is the cost we are looking at before that normal production starts?

R. Jeevanandam: The cost of repairs, which we are anticipating for the D1 well should be in the order of around \$250,000, roughly about Rs.2 crores. And the expenditure incurred for fixing the repairs in November, which is also in the order of about Rs.2.5-3 crores. Because of monsoon, we had

to wait for some period. Now the intended repair to carry out the D1 well should be around Rs.2 crores

- Sivasankaran:** And in the case of subsidiary if it's possible to give us a top line and EBITDA for last quarter?
- R. Jeevanandam:** Too much to predict at this stage. We wanted to put the field on production and it's having three combinations. We have to put all the wells on production. Second , we need to know what the gas price would be, what would be the oil price. So, I leave it to you to make the rough number by computing yourself.
- Sivasankaran:** About the subsidiary in 2Q, what was the top line?
- R. Jeevanandam:** That is the difference between the consol and standalone.
- Moderator:** Our next question is from the Mr. Rohith Potti from Marshmallow. Please go ahead sir.
- Rohith Potti:** So, just to continue on B-80. So, D1 from what I understand, if it works will be a permanent solution and D2 right now is a temporary solutions, is that correct?
- R. Jeevanandam:** Rohith, I would like to tell that there was a leak, leak got fixed. Now, what has happened we don't have a spare hose with us at that point in time. Now, we would be procuring the spare hose for under buoy as well as floating, which we will be stocked. Even if any subsequent leak, we will be able to use the new hose immediately. This costs about \$250,000 to \$300,000. Now, we will be placing order for it and get it on board.
- Rohith Potti:** This is you're talking about D2, right, the gas well?
- R. Jeevanandam:** No-no, both the wells, D2 and D1, both are having oil production. So, to have a continued production from the field, we need to have FSO as well as under buoy and floating hose connected. There was a problem in the under buoy hose and floating hose which we fixed it now, but now we will be having a spare hose procured and ready if any subsequent problem arise, we will be able to install at the earliest.
- Rohith Potti:** Just a little bit of confusion because in the AGM it was mentioned that we are looking for a temporary solution in D2 and we are procuring some additional materials which require six to nine months to procure it because of supply chain issues or delay because it takes time to produce that particular material and bring. So does that situation remain and follow up to what you said was if there is an issue in the next monsoon, it will be a similar issue, right, where in the rains we are not able to change it?
- R. Jeevanandam:** What we are planning as such, this will be continuing according to us.If any problem arises, and before the month of May itself we will be changing with the new hoses in a way that we don't want to take risk in the monsoon.
- Rohith Potti:** This new hose that you're talking about is, it's the same hose that we put right now or is it a product or something?
- R. Jeevanandam:** It is a different type of hoses which is being engineered in a manner that suits to our requirement, by a company in Dubai, **Beinit** Energy. Once they come out with the specifications, we will place an order for it.
- Rohith Potti:** Just a couple of questions on the capital raise. So in the AGM it was mentioned that in mid-December... I don't remember the date but somewhere in December, we're looking to close the equity raising and maybe some amount of debt raising as well. So, I am just trying to reconcile the cash flows with the requirement for funds. So, we have Dirok which is

functioning well and providing us a lot of cash flows. And we have D2 also providing cash flows and D1 also will provide cash flows, and these two will provide material cash flows along with the subsidiary. So if I could understand this better, so the capital raise, is it primarily going to be for expansion, or is it going to be for maintenance or is it going to be for B-80 repair or any other statutory payments, because I remember numbers of 75 and 50 that you had shared for statutory payments if I'm not mistaken. So, if you could explain further on how much cash we need exactly, because it seems like the operations will generate considerable amount of cash along with Dirok?

R. Jeevanandam: We are having working capital issues, and we need to have money for expansion by drilling wells. We can't keep assets dormant. You raised the issue in the AGM itself, we are conscious about the dilution impact. At a price only we will raise the equity, and at the same time, we are endeavoring to raise some debt to overcome the working capital issues. With the new capital, we will ensure that will go only for the expansion of the development of assets which requires marginal capital like PY-1.

Moderator: We take our next question from the line of Swechha Jain from ANS Wealth. Please go ahead.

Swechha Jain: Actually, I just need a clarification. I think I joined the call little late. I may have missed it. I think somebody was asking about confirming the sales in D1 well, right. The gas sales have started again, right from 4th of November is what I wanted to understand.

P. Elango: Yes, gas sales have started from 4th of November. In the announcement we only mentioned about we will notify again as and when the oil production starts.

Swechha Jain: And the next clarification actually is a little bit of understanding, I'm a bit confused. I think what we are planning now is the temporary fix has been done, right. So now, we are going to do additional hose for which we are going to place an order with some company in Dubai. But I think you are also mentioning that we are planning to do some permanent fix and for which we are tying up with the UK company. So, I am a bit confused like are we looking at a temporary solution right now and then we're going to work towards a permanent solution or what we will do in December, that will be the permanent solution, I am confused as to how we're going to deal with this?

P. Elango: Let me clarify for a minute for everyone. What we've observed is the system whatever we tested up, could not withstand the rough weather of the monsoon season. So, as the weather calm down, we have fixed the gas well and we will fix the oil well also with a solution. And we are confident that this solution will work during the bad weather period, and before that, as Jeeva was explaining, we will procure replacement materials and we will do whatever inspection required to prepare the systems to withstand the next monsoon. That will involve certain level of engineering, certain level of spares and processes based on what are the failures that we witness. So I hope that clarifies.

Swechha Jain: Okay. So for the UK company that we're looking to engage, what will start that work on -- is that work on the D2 well because of which we are not able to extract the oil?

P. Elango: First of all, we need to understand that gas well produce a certain amount of oil. Whatever oil that we produce, need to be exported to the floating storage facility that we have in the field through the SPM which need to function through the connecting process. So, these are very critical systems for production from either of the wells. So, on the UK company what we mentioned was that the UK company has a specialized sealant which will seal the leak areas, that is what we are going to do in December and the entire system will function. Before the next monsoon, we just want to ensure everything is inspected thoroughly to withstand the

monsoon, any changes, any replacement that needs to be done then so that we get ready for the monsoon.

Swechha Jain: And the total cost that you mentioned was approximately Rs.5.5 crores, right, 2.5-3 crores in fixing the repair and then you are going to spend additional 2 crores?

P. Elango: Correct.

Moderator: We take the next question from the line of Manan Patel from Airavat Capital. Please go ahead.

Manan Patel: So, the first question is if I understand correctly, you mentioned that sale contract with GSPC has some changes in the pricing and 22% of oil which they bid, has now changed to one month price of IGX. So, is that understanding correct?

P. Elango: Yes, what we have agreed with GSPC is in the Indian gas exchange, the prices are discovered through a competitive process for monthly sales, weekly sales, daily sales. We have agreed that we will adopt those prices to govern the sales in future. So, what we have agreed is exactly what you said.

Manan Patel: So, does that not defeat the purpose of e-auction that we conducted, so GSPC might have bid extra and bought the contract and now they are saying that they cannot sell at these prices, so, it is at a substantial loss almost of \$8, \$9 towards at this point. So isn't that like a problem for us and does this result in renegotiating contract of B-80 with the subsidiaries for the operating costs as well, so if you can clarify on that?

P. Elango: What we did through the e-auction is we went into a two-year contract with GSPC. Gas contract typically have a provision called take or pay, which if the buyer is not taking the volume, he still need to pay, normal standard is 75% on an annual basis. And if we don't deliver the volume, we need to pay a penalty for that. So take or pay or the corresponding clauses. So when we went with e-auction, we put it out there that in the first year, because we are aware when you commission a large offshore facility, there will be teething problems. So we put that there will be no take or pay or no supplier pay obligation in the first year, which means both the parties will do reasonable endeavors to supply and take the oil. We are in that first year. At the end of the first year period, which would be till March 2023, the first year continue. From April 2023, the second year comes into picture where the obligation for them to take the holding, at least 75% on an annual basis at the committed price comes into force. During the first year, both the parties agreed. So what happens in flipside is because we did not supply from mid-July to end-October, we didn't have to pay any penalty to GSPC because of that clause protection. GSPC is not a consumer, they are only an aggregator. They said look, at \$20 there is no consumer in India willing to take the gas. Therefore, we can sell it to anyone we want. We thought the best way to deal with the situation is take the price of the exchange or I can go to the exchange and get the market prices. But we agreed on this. And we will see, we've got option to raise the volume after things stabilize to alternate customers also or get to a point where we will see how the market prices play out. Ultimately, as a company, we cannot expect more than what the market is willing to do.

Manan Patel: There was a substantial jump if I notice from our annual report in other financial liabilities, so almost Rs.90 crores and then there are other payables of Rs.57 crores. So, these are entirely new items on our balance sheet. So, if you can help us understand what are these things for?

R. Jeevanandam: This is basically working capital issues. Some of those financial liabilities which is a long-term borrowing. HDFC loan, left out period of repayment 18 months, out of which 12 months, have to move from long term to short term. So, that is where the short-term liabilities are more. Other than that, some of the working capital issues which we have to address.

- Manan Patel:** That will be largely taken care from the cash flows or debt raising that you do that you explain, right?
- R. Jeevanandam:** I agree there is a working capital mismatch. There is a cost and revenue mismatch which has to be corrected.
- Moderator:** The next question from the line of Mr. Karan Mehta from Mirdar. Please go ahead.
- Karan Mehta:** So, I just wanted some clarification related to the permanent solution. So, any major challenge that you foresee while implementing the permanent solution?
- P. Elango:** I think the word temporary and permanent created some confusion. All we're trying to do is to ensure the system performs without any failures both during fair weather window period as well as the rough monsoon period. So, based on our initial experience, whatever we have created in the first time, could not really withstand the roughness of the monsoon. As the weather improved, we were able to fix some of the issues and bring one well on production. We will do what is the right technical solution to bring the other well on production, then before the next monsoon comes which is typically May, June, before that, we will ensure that all other replacements or certification, engineering is all performed so that the facilities are ready for this full monsoon to handle the production level.
- Karan Mehta:** So, I will just clarify once again. So, are we quite confident of the outcome while implementing the permanent solution? I got the temporary solution part.
- P. Elango:** Obviously, when we choose the solution, we do consult the experts and take their recommendation and implement, right. So unless we are confident, we will not choose an option.
- Karan Mehta:** Just wanted some details on the progress of the fundraising activity that we were to conduct after the AGM? And also one clarification that whether this fundraising will be on company level or field level?
- R. Jeevanandam:** Any equity raising could be only at the company level. And that's what we plan for it. Any debt raising is also at the company level... both at the company level. Wherever we have got more participating interest, we want to dilute and reduce our risk exposures at the asset level. We will be doing it at appropriate time and at right price.
- Karan Mehta:** So, we have begun this. So, have we found the investors, like if you can throw some light on the progress of the fundraising activity?
- P. Elango:** I think it is a process as such and it will continue at the moment. So, as soon as we reach some conclusions, we will let you know.
- Moderator:** We'll take the next question from the line of Mr. Tejas Shah from Unique Stock Broking. Please go ahead.
- Tejas Shah:** A lot of confusion is there between the investors for permanent, temporary. I think you need to clarify, one, is like your D1 the in the line issue which was supposed to be replaced for the D1 point to flow, which was using pressure, that is one part, not connected with your weather window. And second is the hose which is connected from the manufacturing of oil to your ship storage, that is a different part. People are confused over there. So, if you can through proper light on that, people will all get addressed? So, the problem right now what we are facing is your oil which is to be shipped from the manufacturing to the ship, that line connecting pipe,

that has problems. Now that is getting soiled what I'm understanding by ordering new and temporary fix is done. I am expecting from your conversation is, it will be there before the month of May. It is still not on the purchase order but you will receive it by the month of May and you will fix it before your weather window gets over. Can you throw some light on the D1 actuator line which was supposed to be replaced by getting it on the surface and replacing some parts and again putting it back?

P. Elango:

Thank you Mr. Shah. Let me answer the last part first, which is the D1 line. D1 line as you rightly observed had a pressure loss. The pressurization is required to keep the well on open condition, the pressure was not holding, we did some diving, identified there is a hydraulic pressure loss. Now, there were two solutions for that. One is you lift it and completely replace the line. The other what we have found from the market is to inject a sealant that will seal the leak area because the leak is very, very minor in nature and this is hydraulic. So, after consulting expert, this solution is found to be working in other parts of the world and we want to implement that solution in December. We identified the form, we identified the chemical consultants, the expert will do that. Once the leak is fixed through sealant option, then that will hold. There is no reason for any kind of replacing the line at all, then the oil production comes back into stream. Now, the other part of your question which is the whole FSO and SPM system is required for both the wells. If hoses got damaged and it has been fixed now. So it can now take care of both the wells as and when both the wells are in production mode. One of them is already on production or as soon as this D1 wells comes on production mode, the FSO-SPM system is fully functional. So that clarifies.

Tejas Shah:

That will take the pressure of that 4,000 barrels of oil which you're planning to produce. Am I right?

P. Elango:

Correct.

Tejas Shah:

If let us say in December, the first solution does not work, do we have the chance to get that uplift to the subsurface and replace the part and again put it back before the month of June?

P. Elango:

Yes, we will be able to do that.

Tejas Shah:

The second question is now the Indian Gas Exchange what you said, now that has gone down to 13.5. If you can share, what is the average price for the last four, five months, what will be the average price that we normally will get from this thing like \$10, \$11, what is the history, throw some light we understand, at what price we'll be able to get the money out of it? And if you can throw some top line what you can generate?

P. Elango:

I don't have the data for the last four months exchange prices. But overall, currently, there is a volatile market. There is some increased volume in the market. Once that gets absorbed, then the prices is expected to go up further because the government notified prices itself is at \$9 now, and we're seeing a general premium of about \$5 more than the government prices at the exchange level. Now, exchange also in the last six months when the good volumes are being traded in the exchange after ONGC come on to the exchange. So, over the next six months, we will get a better idea on how the prices would be. But having said that, we are only concerned about the remaining period between now and March 2023, and we are delivering to Gujarat, which is the most premium market.

Tejas Shah:

So, basically you are saying all the government notified price on an average we will get \$4 to \$5 premium. So, for the next six months, I think the price is fixed around \$9, correct, around \$13 to \$14 you will get by default?

P. Elango:

Correct.

- Moderator:** We take the next question from the line of Ritesh Parikh from Absolute Advisors. Please go ahead.
- Ritesh Parikh:** Sir, just firstly, on the D2. Since we had awarded to the GSPC based on that auction, so, what will be the second best person who had bid would have been preferred rather than accepting a lower price of \$13 or the market mechanism price?
- P. Elango:** Right now, the participants in our e-auction were mainly aggregators of the gas, let's say three participants who have bid at high level, the last two participants if I can disclose, they were competing bids was between GSPC and GAIL, both are aggregators of gas and all others are actual consumers. One of the important things for us is to ensure there is a continuous production and offtake that takes place, That reliable offtake will be ensured only by aggregator who has the ability to put capacities as in GAIL. If I reach one individual consumer, then I will be exposing our field production, let's say that consumer plant shut down, I'll be exposing myself to the plant. So, our preference will be to aggregator. Now, between both these aggregators, just based on the market prices, we are convinced that the exchange discovers the current market price in India through a very wide participation. The volume traded in the exchange is almost 10 times of our volume. After figuring out all that only, we agreed for this arrangement.
- Ritesh Parikh:** Second is regarding D1. So, we are still under process or we have to place the order for the D1 rectification as such?
- P. Elango:** We will place the order. We are in the process only now.
- Ritesh Parikh:** But we are confident that it will be ready by December end?
- P. Elango:** Correct.
- Moderator:** The next question is from the line of Nirbhay Mahawar from N Square Capital. Please go ahead sir.
- Nirbhay Mahawar:** We have had close to one and a half year of delay in B-80. Delay in offshore oil projects is a very normal thing. So I'm not disappointed with that. But the way management has handled that delay, we talk about quick fixes, we talk about working capital challenges, the whole approach seems to be very short term-ish, which shows lack of commitment of management as well as board. So, is there any gap in my understanding and why is this happening? Because the prices we are getting is definitely going to be way beyond what we had anticipated.
- P. Elango:** Those are very strong words. These are your perception. So I will leave it at that.
- Nirbhay Mahawar:** But short term working capital challenges to execute offshore oil project seems very, very short term-ish approach. Why are we not capitalizing on our balance sheet? These delays were very much expected... I mean, it can happen in any of the oil projects. So why are we not fixing it? Why are we not adequately capitalizing our balance sheet anywhere on that?
- R. Jeevanandam:** Balance sheet is adequately capitalized as required. And any unforeseen situation comes such as no revenue from Rs.1100 crore assets for four months, that caused the mismatch, the mismatch is being addressed. If you call that is incompetency.....
- Nirbhay Mahawar:** I am not talking about incompetency.
- P. Elango:** That's your perception. You can leave it to that.

Nirbhay Mahawar: So I'm not talking about incompetency, sir. I'm just saying that like a lack of commitment. Are we missing as an investor when we are so optimistic about the opportunity, why board and management is not so committed? That's what I'm trying to understand.

P. Elango: Let's move to the next question, please.

Moderator: We take the next question from the line of Mr. Amit Mehendale from RoboCapital. Please go ahead, sir.

Amit Mehendale: My question is on the equity fund raise. I think earlier participants had asked the question and probably the response was already sent. But since I have the opportunity I'll ask one bit again. The equity fundraise that we're doing, I think we appreciate that you the prices are better in terms of realizing the asset value of the block. But is there a possibility that we could dilute at the block level or is it technically or legally not possible?

R. Jeevanandam: The dilution at the block level is an ongoing process at the right price, at the right time... we don't have any blocks which are having high participating interest ... only one block we hold a maximum of 60%, another one exploration block of 100%, another one producing block with 100% block.. We will be continuously discussing with the people and at the appropriate price, we will be able to get a farm-in partner. Farm in and farm out is a regular process. So, we cannot give a timeline and we cannot say that this is being done. But at the same time, to correct the mismatch in the working capital, we will be raising debt as required for it, and to embark on a development program, we will be raising equity.

Moderator: We take the next question from the line of Mr. Rohit Balakrishnan, it thought PMS. Please go ahead.

Rohit Balakrishnan: Sorry to belabor on this point again, but on this point on taking a quick fix, just to clarify, I know you've clarified it well, but I think in the opening remarks, you mentioned that you are also appointing an reputed engineering firm so that they can evaluate and give you a report so that in the next monsoon systems and processes we are better equipped. And I think, in the AGM also, you'd mentioned this. And I think you'd also given the name of one of the contractors. So can you just clarify, this is in addition to whatever you mentioned, this is in parallel to whatever you've met in terms of sealing the approach that you're taking for D1 and the overall approach to rectifying D1 and then that you're planning as to replace it completely. This is in addition to the entire process. Is that understanding correct or -?

P. Elango: Correct, in addition to that.

Rohit Balakrishnan: What would the cost entail on -?

R. Jeevanandam: Cost of replacement

Rohit Balakrishnan: No, no, I'm saying, this this consulting engagement that you are planning to do, to get an overall view, what would be the cost of that, any idea right now?

R. Jeevanandam: Overall, we have small umbilical hydraulic hose issue in the D1. That is an umbilical with about 10 cores, which gets connected to the subsea tree. One core is having a leak, that goes to the surface control subsurface safety valve, that we are going to fix with a sealant. That is a one type of a job on the D1. Now, to produce from the D1 and D2 well, we need the floating storage offloading, that is our FSO, is connected with the single point mooring,. So, single point mooring is connected to the Pipe Line End Manifold with an under buoy hose. And from the SPM, floating hose gets connected to the FSO. Now, what has happened? At the end of the

under-buoy hose, there was a small leak. to avoid any issues, we shut the production and now we repaired it. Now, what we are planning, we will be having substantial quantity, this will be in pieces, that is 30 of 10 meters each, so that we will be having number of pieces, which can be assembled and get it into a floating hose as well as under-buoy hose. We will procure and stock it there. Before the monsoon to ensure abundant caution, we will replace it. And in the worst case, we will have another five or six of the small pieces of hoses will be there, which will be get connected if there is a leak in one to avoid the longer shutdown as happened in the past.

Rohit Balakrishnan: So you mentioned that all these would cost somewhere around 5-6 crores, right?

R. Jeevanandam: Right.

Rohit Balakrishnan: I'm asking sir, we are also planning in general overall overview of our readiness and overall preparedness of the overall systems for the next monsoon, we are going for engineering. What would that cost is what I'm trying to understand?

R. Jeevanandam: The engineering cost, it will be more or like the job which will be giving it to them. They will be charging man hour basis. We have mobilized the person to come to India and that person in India for that day, we will pay him \$2,500. For low qualified or the young guy comes along with him, it will be costing about \$700 to \$800 per day. So normally we mobilize an expert and he will be having about the contingent of two to three guys, which will be costing about \$4,000 a day when all of them in India. Similarly, when he does a review work at his place in Dubai, it will be little lesser cost and depends on the manpower, he actually spends on it. This is not going to be a high-cost item. The total exposure would be in the order of say around \$100,000 per season and in a year it will be around \$200,000 maximum.

Moderator: We take the next question from the line of Mr. Banu Doshi, individual investor. Please go ahead, sir.

Banu Doshi: Any update on the PY-1 extension and feasibility study that we were to conduct before drill?

R. Jeevanandam: PY-1 extension is there up to 5th December and before that, we will try to secure the further extension of the block. We carried out an extensive G&G review and now we have got locations ready. When we are having adequate to capital we will be embark on the drilling operations.

Moderator: We'll take the next question from the line of Mr. Sankal Gopalakrishnan from Motilal Oswal Private Equities. Please go ahead.

Sankal Gopalakrishnan: One, you said that we would do the expansion only after raising equity. Did I get it correctly?

R. Jeevanandam: Yes, I explained to you that we will be raising some equity and we have the internal accruals that would meet the entire expansion. As soon as we raise equity, we will go ahead with this.

Sankal Gopalakrishnan: So, that can be an investment of about Rs.200 to 300 crores?

R. Jeevanandam: Not Rs.200 to 300 crores. We initially start with about \$24 million expansion, followed by another \$26 million. But initial, we start with the first well, which should be about \$8 million.

Sankal Gopalakrishnan: Can you repeat?

R. Jeevanandam: \$8 million.

Sankal Gopalakrishnan: \$8 million for the first well? Okay. So, the earlier investment which you made in these two wells have been in return of?

R. Jeevanandam: That has paid off as such, but that is deepening of the existing well. Now, this would be a new well in an area other than the old wells. This would be our value creation for us for getting back the money invested in the block which is in the order of \$383 million over a period.

Sankal Gopalakrishnan: And therefore can take a couple of years to execute?

R. Jeevanandam: Each well take about 30-days drilling. So, if we continue drilling back-to-back which would be about three months and installing facilities would be taking about six months, in between the weather window is there, another six months, total about 18-months.

Moderator: We'll take the next question from the line of Mr. Siddharth from Optimum Securities. Please go ahead.

Siddharth: I just wanted to ask, like, once we have got the wells running, and we are going to be expensing all the items in the P&L, since the gas has already started flowing in, do we expect like breakeven at even \$13 or do we see that till the time oil doesn't start we will be probably operating it at a loss?

R. Jeevanandam: Operating cost at 10 million cubic feet of gas with an oil of about say 300 barrels, it will be about \$12 per MMBtu at the B-80 level. And if we take the revenue, which we'll be generating from our FSO and MOPU, this will be reduced to \$5. In effect, at the consol level, we'll be making contribution even at the \$14. We are going by only one well production, that is the D2 well alone.

Siddharth: So by just operating the gas well as a whole like we were initially saying that we can break even on B-80, considering that just the gas well is flowing. So just wanted to understand in terms of cost and income, let's say before we start the oil well, is still breaking in or till the oil well doesn't come online, we'll probably be operating at a loss?

R. Jeevanandam: At the consolidated level, majority of the facilities are owned by us that is an FSO, MOPU and single point mooring system. Our operating cost, that is actually the marginal cost for this production is \$5.35. So, anything beyond that is our contribution margin.

Siddharth: So, you have the gas sale that has started, from the next quarter onwards we should be higher bottom line also?

R. Jeevanandam: That's right.

Moderator: We take the next question from the line of Mr. Varun Agarwal from HS Capital. Please go ahead, sir.

Varun Agarwal: Sir, can you also clarify that with the new pricing that exists for Dirok that was announced on 1st October, what will be the revenue and contribution from Dirok on a quarterly basis?

R. Jeevanandam: See, any increase in revenue, you can assume that would be the additional revenue up to 60%. The balance goes as to the royalty and cess to the oil produced. So, if you look at that previous price say about \$7 and this is about \$9, that is the percentage increase, in that you can take 60% would be the contribution. It goes with the two caveats of continuing uptakes from the customers and price. Offtake some extent seasonal. One quarter maybe high and another quarter maybe less.

- Varun Agarwal:** And just to clarify on B-80, you mentioned that you will have a quick fix with the sealant in December and then the permanent solution up and running by May. So for this permanent solution, have we identified what will be the permanent solution or that is something that once that engineering firm representative comes and we do the study and then we will figure out what the solution is or is it fairly straightforward to do it? And second is around if the parts are costing only Rs.6, 7 crores and given we have so much capital stuck here, why do we just not alter the parts, have we not ordered the parts in advance since a while back and have those parts ready to be fixed earlier, maybe we have tried in a long lead time, but just wanted to clarify that.?
- R. Jeevanandam:** Thanks for this question. We would like to clarify that, see in offshore and sub-sea, any leak comes, the leak is to be addressed to continue the production. How the leak is to be addressed? Get into the deeper water through the subsea diving support and get it fixed. Another option is where the leak is smaller one like a hydraulic leak, we apply some sealant and the sealant fixes the leak. So, the sealant cost is about \$30,000. But to have the work at subsea, you need a dive support vessel, that costs . That also a small amount in the overall game. But monsoon is not in our control. So, once the monsoon period is over we will have better weather, we can get some dive support vessel and go down and fix it. And in offshore, whatever the repair we carried out, most of them are permanent at that point in time. If subsequently something leaks, we have to go again and fix it . That is the nature of the business. These hose repair is not unusual to the business. This is normal to the business. As you rightly observed, now, we will be having enough stock of those hoses in the FSO and as well as in KGB some sealant and other materials and engaging with the right consultant, complete the job when a situation occurs.
- Varun Agarwal:** Permanent solution has been identified or we will be identifying it in the next one?
- R. Jeevanandam:** Every solution which we work on it is more or less permanent there at that point in time. If any small leak comes, we have to look at whether we put a sealant or we go and tighten the nuts and bolts to arrest the leak. This is an umbilical and have more than 10 cores with small hoses. If one hose leaks in it, we have to go and fix it up. If all the hoses in umbilical, there is a problem, than we change the umbilical. But we are not at that stage as yet.
- Varun Agarwal:** So, you're essentially saying that the permanent with the stock of sealant?
- P. Elango:** What you can assume that the fixations which we are going to make is a permanent one.
- Varun Agarwal:** Which is essentially keeping a stock of sealants and hoses to solve as and when problems arise?
- R. Jeevanandam:** If problem comes, we wanted to have one spare hose of about 225 meters We are going to procure at a cost of \$250,000 which will be onboarded the vessel to address any such episode happens.
- Moderator:** We take the next question from the line of Mr. Jaisa Shah, individual investor. Please go ahead
- Jaisa Shah:** What is the expected top line after December from the D1, D2 and Dirok, if you can throw some light approximate in terms of Indian rupees?
- R. Jeevanandam:** At Assam, right now the revenues in the order of Rs.62 crores. That may increase with the increased gas price subject to the offtake of the gas,. So, accordingly, if the price difference is say 20%, than 62 crores will become 20% more. The price is now known for next six months, you have rightly observed, that should be around 30% increase in expected revenue in Assam provided the offtake is continuing as happened in the last period. B-80 as such, there are two

wells one is underproduction and we have to fix the D1. Second thing we should know the oil price, and third the gas price as such. These three things are unknown. Unless D1 get done, projecting something is not correct on our side, and we will let you know in the next quarter with numbers.

Moderator: We take the next question from the line of Mr. Uday Varankar, individual investor. Please go ahead, sir.

Uday Varankar: Regarding PY-3, there has been an update. I think the operator is trying to secure one FPSO from Norway. So, since you are also shareholder in that, do we have any additional update if we have secured that FPSO, or we are planning something on that side?

R. Jeevanandam: PY-3, we have not. If any update comes, we will let you know in the next quarter.
Uday Varankar: Additionally, any new fields we are going to bid for?

R. Jeevanandam: As such, nothing has been announced. If anything, comes then our team will evaluate.

Moderator: We'll take the next question from the line of Sushil Agarwal from MCC. Please go ahead.

Sushil Agarwal: I have only two points. One is regarding the FSO and this subsea valve and actuator. We are operating in an oil and gas construction company. Normally, whenever we are getting equipment, these are designed for 100 years from conditions and they are factory tested at site so that there is no offshore failures or negative. So, why these equipments are failing in the first year itself?

P. Elango: Good question, Mr. Agarwal. You are right. Companies like ONGC would adopt that kind of a standard. I think we all need to keep in mind, this field B-80 was discovered sometime in the mid-80s and ONGC found uneconomic to develop. That is why I came under a bidding arrangement as a discovered small field. Obviously, we need to keep in mind during the development process, overall economics of the field which means the overall cost is there. Now, on that basis, we allowed a particular model, and after the monsoon we understood that, yes, there are certain things we need to do slightly different things which we will need to do. But overall our objective was to ensure how do we develop this field in the most cost effective manner and also as early as possible. Now, we started the journey. Obviously, there's been delays that happen because of multiple reasons. But the approach that we chose was with a conscious selection process. Otherwise, the field itself would not come for development.

Sushil Agarwal: Umbilical has 10 cores and there is leakage in 1 core. If sealant is not working, then can we use other core for operating this actuator or we will have to essentially replace the umbilical itself? If that is the case, then, it's better to monitor that umbilical because otherwise we may miss this good weather period again.

R. Jeevanandam: If I explain to you properly, the umbilical is less than a kilometer. Umbilical hose which has more than 10 cores each core is having a different size such as for chemical injection is different in size comparing surface control safety valve. Each one is having a different size, we don't have any spare port for the surface controlled subsurface safety valve. We are looking for the sealant and the Sealant should work. If the sealant doesn't work we will be pulling the tree cap and tighten to arrest the leak. We wanted an optimum solution, that is sealant, that will work. In either case, we need a DSV and saturation diving is required. We are waiting for fair weather. Now, the fair weather starts in December and we will be doing the repair work in D1.

Sushil Agarwal: My only point for this is that if it does not work and we'll be in December.

R. Jeevanandam: If it doesn't work, we pull the tree cap and then we'll tighten the joint. We are not having umbilical directly connected, we have a flying lead. The leak is only at the flying lead. So that we change the flying lead ,in a manner that gets connected with tree without any leak.

Moderator: The next question is from the line of Mr. Natwar Gupta from Aplite Capital. Please go ahead, sir.

Natwar Gupta: Hi, my question relates to the fundraising. So what is the timeline for it? And what quantum of money are you planning to raise? And then, if we can break it down to the use of the funds, how much in CAPEX, how much in working capital, and how much do we pay debt, so, if you can just throw some light on that?

R. Jeevanandam: Quantum approved by the shareholders is Rs.250 crores. So, that is the number. We intend to raise this within a period of say three months. End use for a major portion goes for the development of PY-1 -drilling of wells and for working capital. We need about say Rs.100 crores. If we are able to continue production from two wells D1 & D2 well, and revenue comes in, we will be having at the end of the three months some surplus cash, which will be again used for further development. So, in essence, over a period of six months, the entire equity capital raised will be put on development use.

Natwar Gupta: So now, the first the Rs.250 crores that you're planning to raise is that totally going to be equity or you did mention that it could be debt as well. Now, what is the price at which you will issue equity? And would it be a rights issue? Or is it the new shareholder?

R. Jeevanandam: We have to be fair to our stakeholders. When we look at equity fundraising, we should be fair both to the new equity holders who are coming into the business, as well as the long-term existing shareholders. We Keep that in mind.

Natwar Gupta: I'm a minority shareholder. At a lower price, I would like to participate rather than someone new coming in and I'm getting diluted down at a very low price.

R. Jeevanandam: I fully agree with you. Our dilution for a value and not at any cost. That's what we keep it in mind.

Natwar Gupta: It certainly won't be a rights issue. It will be a new shareholder?

R. Jeevanandam: We will come back with you at the appropriate time.

Moderator: We take the next question from the line of Mr. Sivasankaran from Antique Limited. Please go ahead, sir.

Sivasankaran: Sir, the D2 well, when you're producing gas as of now, you said there is some oil also coming. So there's some number currently we're producing and storing.

R. Jeevanandam: At the 10 million cubic feet we are getting around 300 barrels per day.

Sivasankaran: So currently that is being stored in this?

R. Jeevanandam: It is stored in the FSO.

Sivasankaran: As far as the GSPC contract is concerned, this IJX basis is only for the next five to six months. Once the second year kicks in, we will go back to the original contract or how is that?

R. Jeevanandam: Correct.

Moderator: The next question is from the line of Ashwin Reddy from Samatva Investments. Please go ahead.

Ashwin Reddy: Right now, can you comment on the volumes at Dirok so far in this quarter?

P. Elango: Volume has been pretty similar to the last quarter.

Ashwin Reddy: But have we added any new customers in Dirok in terms of customer base including?

P. Elango: Not new customers, but the existing customers are continuing to take the volume similar to the last quarter at least in –

Ashwin Reddy: Second question is on PY-3. So last time, what I recall, there was a plan that was given to you or the costing was given to you from the existing operators for PY-3, which you thought was too high is what I understood in the last time you mentioned. Has there been any progress in how you would want to deal with PY-3?

P. Elango: We've been focused on B-80, not really involved in the PY-3 development.

Ashwin Reddy: The last question is on B-80. So for the D1 well, is it safe to assume that irrespective of the first solution through a sealant or the second solution that you plan to do, will this get done before March, April of next year?

P. Elango: Yes.

Moderator: We move to the next question from the line of Mr. Sharan Sharma, individual investor. Please go ahead.

Sharan Sharma: Given the high prices we've seen and we've lost that window, are we seeking damages to the delay on account of B-80 from the supplier or any other manufacturer, service provider?

P. Elango: No.

Sharan Sharma: Sir, just as a suggestion. Even if your D1 plans get delayed or it gets pushed out or something, can I please request at least the communication coming out on the status rather than filings, please? I think communication could have been better and should be better please.

P. Elango: Sure. Thank you.

Moderator: We take the next follow up question from the line of Mr. Manan Patel from Airavat Capital. Please go ahead, sir.

Manan Patel: One question on Dirok. So, now, I have seen some update that we have started grading and site clearing for the pipeline. So, is that laying of pipeline contingent on the Indradhanush gas grid or we will start playing pipeline and also drilling additional wells parallelly?

P. Elango: It is not contingent on that. This pipeline, when we complete, would allow us to connect with all our customers directly. Right now, we are using the Oil India pipeline and obviously. In Oil India, when there is a demand Oil India first would allocate its own volume before allowing our volume to be supplied. By having our own independent line, that issue will be addressed. So, this is irrespective of Indradhanush. But most important thing is, this ensures in future we will have a connectivity in Indradhanush.

Manan Patel: But the wells we will drill after the Indradhanush pipeline comes in on line, right?

P. Elango: After consistent offtake is established, only we will do the well drilling.

Manan Patel: There was some update on Kirit Parikh Committee that the new changes will apply to all types of gas including the APM. So, does that apply to our B-80 gas as well, if you have some idea?

P. Elango: Right now, we believe the committee is only deliberating, no recommendations have been made about it. So, we really don't have any clue. As far as this six months, price has already been notified by the government, that is effective 1st October \$8.57 per MMBTU price has been notified, that will be valid till March.

Moderator: We take the next question from the line of Pashaveer, individual investor. Please go ahead.

Pashaveer: Just wanted to understand on the equity raising. Would the current shareholders of the company be allowed to participate in the same or would it be at a higher level?

R. Jeevanandam: We have not come out with any fixed mode of raising equity. We will inform you at the appropriate time.

Pashaveer: Is rights issue also an option that can be considered?

R. Jeevanandam: All options are being evaluated and we will come out with the right option at the right time.

Pashaveer: I really appreciate all the hard work put in by the management and the entire team of HOEC because this is not an easy thing, from past five years, you guys have been continuously working towards it with very good commitment levels. So, really appreciate the efforts and the commitment that the company has been showing towards the assets and to create value for the shareholders.

Moderator: We take the next question from the line of Jangu Fita, individual investor. Please go ahead.

Jangu Fita: My question is regarding PY-1 field. Hardy, the operator now also because they had filed a suit against HOEC or HOEC has got the operatorship of PY-1, because it's oil producing field because of small problems regarding that 14th March that we were shut in 2011. So that's what I wanted to know.

P. Elango: There are two fields in eastern offshore. One is PY-1 which is 100% owned and operated by HOEC -.

Jangu Fita: I'm sorry that I'm mixed up. PY-1 is the gas field na which we supply gas to GAIL India. Previously, we were supplying it to a power plant. And because of that, there were a lot of issues. So what will be the status of PY-1?

P. Elango: As I was saying, PY-1 is 100% owned and operated and we are supplying. We explained that earlier. PY-3 is operated by another company. We have a legal dispute with them. It is in the court. We can't provide any update on that. Matter is sub judice.

Jangu Fita: But sir, PY-3 field is now producing oil, it was shut down in 2011, after that it has stopped.

P. Elango: It has remained shut down.

Jangu Fita: There is no chance of that thing getting sorted out early?

P. Elango: We really don't have any update on PY-3. As I said we have a legal case And all we know is field is not on production as on date.

Jangu Fita: But the previous two wells which we have drilled, there was gas being produced, are those gas wells now also operational?

P. Elango: Yes, we are operating the wells and supplying the gas to GAIL.

Moderator: Ladies and gentlemen, that was the last question for the day. I would now like to hand the conference over to Mr. Elango for closing comments. Thank you and over to you, sir.

P. Elango: Our top most priority is to achieve sustained and stable production from both oil and gas sales of B-80. Our portfolio consist of significant discovered, but yet to be developed resources across PY-1, Dirok, Assam and Cambay assets. For the last few years, all our capital investment and management focus have gone exclusively to B-80, delaying development and monetization of other discovered resources in our portfolio. Focus of the proposed fund raise is to have access to capital so that all project can be progressed simultaneously rather than sequentially. Once the company is infused with additional capital and technical resources, it can embark on its next phase of production growth comfortably. Thank you for joining.

Moderator: On behalf of Hindustan Oil Exploration Company Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.