



Hindustan Oil Exploration Company Limited

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By Online

The Listing Department National Stock Exchange of India Ltd., "Exchange Plaza", Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 Stock Code: HINDOILEXP	The Corporate Relationship Department BSE Limited, 1st Floor, P. Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 Stock Code: 500186
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Dear Sir/Madam,

Sub: Earnings Call Q1 FY 2024-25 - Transcript

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we herewith submit the transcript of the Earnings Call held on August 13, 2024. The same is available on the Company's website at www.hoec.com.

We request you to kindly take the same on record.

Thanking you,

Yours Sincerely,

For Hindustan Oil Exploration Company Limited

G. Josephin Daisy

Company Secretary & Compliance Officer

Hindustan Oil Exploration Company Limited
Q1 FY 25 Earnings Conference Call
August 13, 2024

Moderator: Ladies and gentlemen, good day, and welcome to the Q1 FY '25 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 “*” and then “0” on your touch-tone phone. Please note that this conference is being recorded.

At this time, I would like to hand the conference over to Mr. Anuj Sonpal from Valorem Advisors. Thank you, and over to you, sir.

Anuj Sonpal: Thank you, and good morning, everybody. 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 would like to thank you all for participating in the Company's Earnings Conference Call for the 1st Quarter of Financial Year 2025.

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. Such 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 in 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 firstly have with us Mr. R. Jeevanandam – Managing Director, Mr. N. S. Senthilnathan – Chief Financial Officer and Mr. Krishnan Raghavan – Chief Technical Officer, E&P.

Without any further delay, I request Mr. Jeevanandam to start with his “Opening Remarks”. Thank you, and over to you, sir.

R. Jeevanandam:

Thank you, Anuj. Good morning. Hope everyone has received the updated earnings presentation. It is in our website for your reference. I have with me Krishnan Raghavan – Chief Technical Officer, Senthilnathan – CFO and Daisy – our Company Secretary.

At the outset, we would like to highlight some of the events of the Northeastern region. We are pleased to inform you that as informed in the last call, we have tested 2 untested sands in Dirok field, Sand 9 and Sand 10. When tested Sand 9 produced a 6 million standard cubic feet of gas per day at half inch choke with some condensate. This sand extends to the whole area and is prominent in all the wells drilled. This will increase the field potential of recoverable reserves, production capacity of the field as well as the field life.

In case of Sand 10, the test is inconclusive, and we are not able to flow the hydrocarbon to surface. However, this gives us a lead for further prospecting in the contract area. During the workover, Dirok-2 well was cleaned up, which marginally increased the production. After carefully going through the existing well profile, we plan to sidetrack with a whipstock to know the full potential of the block by drilling up to Barail formation. We would like to take up this drilling after securing necessary clearance and approval of our partners. In Dirok-4 workover is in progress, and we will be testing an untested Sand no. 23. We will let you know once the results of the testing is completed. Dirok gas sales for the last quarter was 0.55 bcf, the same level is maintained in the 1st Quarter of '24, '25 for our share. Condensate is 10,578 barrels compared to 10,917 barrels in the previous quarter. Though this field can produce about 50 million standard cubic feet per day, we have to restrict the production due to lack of demand.

Oil and ONGC are selling the gas at the price applicable for nominated blocks with a ceiling of \$6.5 per mmbtu, and the Dirok JV is selling the gas at the PPAC price without any discount at about \$9.5 per mmbtu. Therefore, the gas on the nominated field is sold first and the balance demand is met by us at the PPAC price. We are keenly watching the progress of North-Eastern gas grid. Once the concept of common carrier is accepted and the gas grid connectivity is established this situation would get reversed. We believe that once the DNPL line becomes the common carrier, we can expect some increase in volume.

P&NGRB is in discussion with various stakeholders in an endeavor to commission the gas grid at the earliest. We believe that once the IGGL lays its own line from Duliajan to Numaligarh for about 180 kilometers, the demand constraint may move to supply constraint. This will ensure that an increased and stabilized offtake from financial year '25-'26 onwards to achieve the production to the full potential of the field.

After the workover success, we plan to drill 2 additional producers, which can help to ramp up the production up to 70 million standard cubic feet per day. In effect, we keep ourselves ready to meet the potential increase in demand, once the demand constraint is eased out by connecting the North-Eastern gas grid to the national gas grid.

GeoEnpro, wholly owned subsidiary, is operator to Kharsang block, and the group has 35% participating interest in the block. Continuous workover is being carried out in the producing wells to maintain the current production. After a careful G&G review, drilling one exploration well to the depth of about 4,000-plus meters would unlock substantial value in the block. We plan to have a discussion with our partners to achieve this at the earliest.

Drilling 15 wells to increase the production from Upper Girujan will start as soon as we get the environmental clearance. Revised environmental impact assessment report is submitted. We will try to get the clearance at the earliest to embark on drilling. The tangibles required such as wellhead, X-mas trees and tubulars were already procured and is in stock. We believe substantial upside is in Lower Girujan, Tipam and Barail formations. This block could unlock value after drilling the proposed exploratory well with the connectivity of the North-eastern gas grid to national grid, monetization of the gas development would be faster with a better price.

AA-ONHP- 2017/ 19, a block adjacent to Dirok said to be greater Dirok is analogue to Dirok structure. GTO has been approved to drill one exploration well with 7 seismic signatures. Due to heavy rain, drill pad and approach road could not be constructed in time to move the rig for drilling before August 2024. We have made an application for a 2-year RSC extension and once the extension is received from MoP&NG, we will drill one exploration well and on success, we will drill the second well. In North-eastern region, our capital outlay for the next 2 financial years is about Rs. 250 crores, which would further be increased if there is sustained demand for gas after the establishment of grid connectivity.

Now I'll move to Cambay blocks. In Cambay, we have secured the environmental clearance after 4 years. And once the formal minutes are received, we will start drilling 2 wells each in Asjol and North Balol. The total contract area is about 38 square kilometer with substantial number of wells for evaluation. Well data are being evaluated and good potential exists in all the 3 blocks to enhance production. Once the ring-fenced R2PSC is signed, we could add additional value to the Cambay blocks. Our G&G team has increased the production. Though meagre, this has given greater confidence to unlock value in these blocks. These wells are shallow, and we plan to start drilling at the earliest.

Now I move on to offshore blocks. Though we are proud that we are the only private operator producing from the field B-80 in Mumbai high, our every attempt to ensure continuity in production during the monsoon is failed. We are not able to achieve the continuity in production and every attempt has been frustrated due to adverse weather conditions. We will be back to normal shortly after installing the new hawser to connect the FSO and SPM. Wells and export lines are duly secured to commence the production as soon as the hawser connection is completed.

Production in the current quarter is 67,351 barrels of oil and 0.40 bcf of gas, while it was 83,290 barrels of oil and 0.42 bcf of gas in the last quarter. On recommencement of production, we expect consistent performance from the block. We earnestly hope that this will help us to test the optimum potential of the wells of D1 and D2 and get a sustained flow rate. During this quarter, the average gas price realized is US\$10.34 per mmbtu compared to US\$17.54 per mmbtu in the previous quarter. Now the gas price in the Western region is moving akin to imported LNG price, which is about US\$13.

In PY-1 offshore field, all facilities are intact, such as platform, pipeline and other infrastructure required for processing and evacuation of gas and condensate. Our in-house G&G team has evaluated and released 3 drilling locations. We've also carried out a third-party expert review, which is echoing the views of our team. The uncertainty on the gas water contact of north and south of the field indicates high and low volumes, which needs to be revalidated by one more expert team in London. We plan for 3 development wells and if everything goes as per plan, drilling of the first well will commence in April to June 2025. We are upgrading our reserves and increasing the underlying value of the assets. However, our ability to monetize quickly is hampered due to demand constraints in North-east and issues faced with the facilities in B-80. We are hopeful we will overcome all these with a sustained production.

Capital program of about Rs. 1,000 crores for the next 3 years would ensure our sustained production with increased reserves and resource base of the Company. Our planned capital spend will be met through internal accruals. We have no intention to borrow for our organic growth. Board has approved an enabling resolution for debt up to Rs. 750 crores subject to shareholders' approval. This will enable us to scout for new opportunities in oil and gas service space with hard assets to widen our scope in the service sector.

Now Senthil, our CFO, will update the financial results. Over to Senthil.

S. Senthilnathan:

Thanks, Mr. Jeeva. Good morning to all. Standalone revenue for this quarter is Rs. 71.79 crores compared to Rs. 254 crores in the previous quarter. Sales revenue in the previous quarter includes the sale of crude from B-80 field for Rs. 172.42 crores. B-80 revenue for the current quarter is Rs. 18 crores for gas sales compared to Rs. 31.16 crores in the previous quarter. Oil and stock is adjusted in the operating cost. Current quarter revenue reduction in B-80 is mainly due to reduction in gas price from US\$17.54 per mmbtu to US\$10.34 per mmbtu in the current quarter.

In the case of Dirok, revenue for the current quarter is Rs. 50.58 crores compared to Rs. 47.11 crores in the previous quarter. Field operating expenses for this quarter in the standalone accounts is Rs. 65.81 crores compared to Rs. 67.93 crores in the previous quarter. Other costs, including depletion, finance costs and others is Rs. 13.06 crores for this quarter compared to Rs. 14.55 crores in the previous quarter. Out of the total operating cost in the current quarter,

credit adjustment for oil stock is Rs. 23.43 crores whereas it was Rs. 105.56 crores debit in the previous quarter due to oil sales.

Standalone EBITDA for the current quarter is Rs. 20.97 crores compared to Rs. 29.45 crores in the previous quarter. Profit after tax for the current quarter is Rs. 11.39 crores compared to Rs. 19.1 crores in the previous quarter. Major reason for reduction in profit is due to reduction in the gas price of B-80 field from US\$17.54 per mmbtu to US\$10.34 per mmbtu.

In consolidated accounts, the revenue from operations for this quarter is Rs. 143.41 crores compared to Rs. 158.21 crores after adjusting the sales revenue of oil of Rs. 172.42 crores from B-80 block in the previous quarter. Total expenses in the consolidated accounts for the quarter is Rs. 98.25 crores compared to Rs. 241.54 crores in the previous quarter. Main reason for this difference is movement in crude stock in B-80 block. In consol accounts, EBITDA for this quarter is Rs. 72.98 crores compared to Rs. 77.67 crores in the previous quarter. Consolidated operating profit before tax is Rs. 48.5 crores against Rs. 51.07 crores in the previous quarter. Profit after tax, including exceptional in the previous quarter is Rs. 70.3 crores and the current quarter is Rs. 41.83 crores. As on 30th June 2024, the term loan outstanding is Rs. 122 crores.

India Ratings has reaffirmed the rating "IND A" and a revised outlook from "Stable" to "Positive" for Rs. 500 crores bank loan. With the current cash position and with the continued production, we will meet all our obligations, including the planned capital program for the coming 3 years.

Thanks, and back to Mr. Jeeva.

R. Jeevanandam: Thanks, Senthil. Now we can open forum for questions now.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Riddhesh Gandhi from Discovery Capital. Please go ahead.

Riddhesh Gandhi: Sir, just a few questions. Is there any approximate timeline on when we expect Assam to be connected to the national grid? And after it is, how much do we expect to be able to produce compared to how much we are producing right now?

R. Jeevanandam: See, I think as per the indication, it should be at least on the third or fourth quarter. We cannot confirm it because it is carried out by the different agencies. And if we get connected, then we will be able to get back at least minimum of 40 million cubic feet of gas, that can double it from what we are doing right now.

Riddhesh Gandhi: So roughly the double from where we are right now.

R. Jeevanandam: Yes, you're right.

Riddhesh Gandhi: And is there any potential incremental apply also, which we can actually increase because after connectivity, the national grid demand will be irrelevant because it will be ample, right?

R. Jeevanandam: Yes, you are right. And we could go up to 55 with the existing and if the workover is also successful. We will be drilling the 2 wells once the connectivity is getting done by the time we should seek approval from the partners and already they have given in the operating committee. So we will go ahead with 2 additional wells.

Riddhesh Gandhi: Great, sir. Sir, the other question was with regards to the B-80. I just wanted to understand with regards to this hawser, are there any timelines when you're expecting the new hawser? And are there any risks associated with the reconnection of the hawser and the restarting of the wells?

R. Jeevanandam: Yes. I think, see, we had on spare hawser that also parted. That's becoming a critical issue for us. We have already placed an order. We are expecting the hawser within about maximum 7 to 10 days. Once hawser comes, if the weather is a little conducive, it is about less than a day's operations.

Riddhesh Gandhi: Sir, and how expensive is the hawser, just to understand?

R. Jeevanandam: It's less than Rs. 60 to 70 lakhs.

Riddhesh Gandhi: Sir, and with regards to, is there any broader sort of guidance you're able to give us in terms of where we expect to be either in terms of barrels of oil equivalent or revenues would be harder because obviously, the oil prices and gas prices move. But any indication for how we expect production to scale over the next few years?

R. Jeevanandam: See, Riddhesh, fundamental fact is in this business, we're continuously creating the value of the underlying assets. The monetization depends on many important drills, and it would be bad to me to give any guidance, and that will be either way incorrect.

Moderator: The next question is from the line of Rishabh Daga from Motilal Oswal Financial Services. Please go ahead.

Abhishek: This is Abhishek. So just on the borrowing limit increase, if you can clarify around what kind of opportunities are you looking at and can you clarify on what kind of oil service assets are you looking at? Is it billing rates? Or is it something else?

R. Jeevanandam: See, actually, there is a wide range of opportunities in the service sector. We have a Company, Hindage, which is now capable of operating the FSO and our subsidiary Company, Geopetrol, can operate the Mobile Offshore Processing Unit. It is always in the back of our mind, we have to have a service company for oil and gas sector. So we are looking at a cost for other services. As you've rightly said, some rigs or some coil-tubing units or some other services where we can

leverage, we would like to embark on it. And for our existing growth capital or our own upstream assets, we don't intend to borrow any money.

Abhishek: Fair enough. And just on B-80, for how long has production been shut down?

R. Jeevanandam: It's about 10 to 14 days. I think it's about 14 days, a little more than that.

Abhishek: And maybe another 10 days or so, assuming the weather permits, you will restart.

R. Jeevanandam: That's better now. That's what we believe it. So let us see.

Abhishek: Fair enough. But otherwise, both the wells are fully operational and there is no technical issue with the well as such. It's just weather issue?

R. Jeevanandam: We have secured the well through putting some chemicals and diesel inside. So that should flow now.

Moderator: The next question is from the line of Rakesh Roy from Boring AMC. Please go ahead.

Rakesh Roy: I think I've missed something, sir. Sir, in B-80 for gas and oil, how much is this for B-80 and Dirok gas?

R. Jeevanandam: See, the Dirok as both oil and gas, right? So in that the revenue was about Rs. 50 crores I think, about quarter 1, you are asking, right?

Rakesh Roy: Yes. Quarter 1.

R. Jeevanandam: Quarter 1 is about Rs. 50.5 crores. And B-80 is about Rs. 18 crores. As you know that oil is held in stock. It will be sold once it reaches to a threshold limit.

Rakesh Roy: And gas, sir?

R. Jeevanandam: Gas is about Rs. 18 crores we have sold.

Rakesh Roy: Okay. And oil?

R. Jeevanandam: Oil is kept in stock.

Rakesh Roy: Okay. Right, sir. And sir, how much inventory as on date we have for oil?

R. Jeevanandam: As we speak, it should be around 165,000 barrels.

Moderator: The next question is from the line of Tejas Shah from Laser Securities. Please go ahead.

Tejas Shah: Sir, looking at all the expansions that we are trying to do, in a year's time, what are we looking at the gas volume and the oil volume? Again, in the last con call, you had informed us saying, you're looking to drill 1 or 2 as on B-80, maybe a year later or I don't know, next year. But then I think we have, what do you say, volume cap because we don't want to pay higher royalty, and existing the volume of the oil, I think usage around some 850 barrels. So normally, earlier we used to do 1,800 to 3,000 barrels also. So can't we do a workover and just increase the volume of oil from the existing oil rather than to go for a new value. And since this is not 365 days right now proven asset, every rainy season, we face some or the other problem. And also, if you can throw light whether we can every time maybe just close the 1-month window, which is very rough and restart later on so that we don't face any damages or again place new things, something goes wrong.

R. Jeevanandam: Okay, Tejas, thanks the suggestion. But as an operator, we would do all our best to ensure continuity even in the monsoon. That's our endeavor. Every lesson learned will be try to put into the next monsoon or in the ensuing monsoon. And now the question goes to about both the wells are capable of producing up to 1,400 barrels and gas about 1,200, we were crossing somewhere around 2,400 to 2,500 barrels of oil equivalent. We will continue with that. And I don't think we plan to have any workover in these wells. We'll drill 3 new wells at the appropriate time, as we plan for it about 2026 and '27 to ramp up the full potential of the block.

Tejas Shah: And can you throw some light on the Dirok total gas volumes, which we are looking at?

R. Jeevanandam: So Dirok gas volumes as I told you, there is an optic constraint. With the constraint, we are able to sell only about 20 million cubic feet up there. If the gas connectivity is established, we can ramp it up.

Tejas Shah: I think forest was done. The balance, how much time it's going to take to complete the line from our side?

R. Jeevanandam: Tejas, it is not our line. It is a gas grid I said.

Tejas Shah: That is okay. We had done a pipeline via forest, correct? And I think so rest connectivity from our side to the hub is pending.

R. Jeevanandam: That is not impacting our offtake. Our offtake is due to the demand constraint. That will get eased out only the Eastern gas grid connected to the national grid.

Tejas Shah: We have our connectivity from our plant to the Eastern grid, you're saying, correct?

R. Jeevanandam: Up to 18-inch line whatever we laid, it will be connected to the Oil India line. So there should not be any problem to ramp it up to about 40 - 45 million cubic feet of gas immediately.

Moderator: The next question is from the line of Kartik Jain from Niveshaay. Please go ahead.

Kartik Jain: So currently, I'm understanding oil and exploration industry. So a couple of questions regarding the industry. Sir, how can we value the gas produced in barrel oil or any other monetary terms?

R. Jeevanandam: See, oil, you know the price as is, that is it depends on the quality of the oil, you get a price and that has been very well documented, you can go through any Internet. That is Brent is a benchmark price. And like Bonny Light is another benchmark price. In case of gas, it goes with reference to the calorific value. Now previously, what happened, the gas price to the oil was about 1/4th, now it has come almost closer to the oil price. So that is the difference. And gas royalty is the only thing, there is no cess there. But oil in the Pre-NELP block, there is a cess also there. For now, the RSC and other things, there is no cess, only the royalty is there.

Kartik Jain: Sir, currently, Cambay Basin field. So sir, is there any bidding or there is a contact with the Government?

R. Jeevanandam: See, all this is now being a free float actually. You can sell. There is a domestic market obligation. But for that, you can auction it within the country and sell it.

Kartik Jain: So there is no bidding amount, sir?

R. Jeevanandam: Yes, we will be. See, it's up to the Company's size and volume permits, they will bid for it and get the gas allocation, or they can allocate the gas accordingly.

Moderator: The next question is from the line of Dhwanil Desai from Turtle Capital. Please go ahead.

Dhwanil Desai: Sir, my first question is regarding the new contract on the gas that we signed for the B-80. So you indicated that it is 12% of oil pricing. Can you also indicate if there is any ceiling and floor defined and the duration of the contract?

R. Jeevanandam: I think the floor, we put it as PPAC price that whatever it comes on it, that to my mind, the floor price should not be less than \$6.5 and there is no ceiling as such because it is fixed with the 12.1% for one Company, another one is 12% or something.

Dhwanil Desai: Another question, sir, on this is generally, my understanding is that the energy equivalent for gas is around 16% of oil. So, we have kind of signed this contract as a discount to the energy equivalent. So any reason we are signing because generally, Gujarat and around region, the gas consumption is pretty good and demand is generally robust. So any light that you can throw on that?

R. Jeevanandam: See, what is happening is gas is a better fuel than oil. It is a clean fuel, but the other equivalents are getting reached. The overall gas consumption in this country is much lesser than in the fossil fuel consumption. On the gas takes up more as a consumption as is, the demand will come. It will be equivalent to the oil price. Now today, it is little discounted to the oil price.

Dhwanil Desai: And sir, one, slightly larger question, but this entire idea of entering into the oil services business that we are exploring. But if I look at our next 3-year plan, we have Rs. 1,000 crores Capex lined up. We have a lot of potential to scale up B-80. Assam, we have found new reserves. We are also exploring in 2 more blocks of development wells and exploration wells. So our plate is full. So why would we want to get into a services business, which is there are many good service providers available. So, what is the underlying idea behind spending money and management bandwidth on this?

R. Jeevanandam: So it's actually, when the captive consumption is there, and that sector, it is the growing sector and we can make a difference therein and create a value. So in a sense, we are planning to drill at an arm's length price. We have our own program for about, say, 30 wells. Then why not we use our own in-house resources rather than getting outsourced. Always outsource is a concept. And resource at a cost. Now my price is going up. I wanted to mitigate my overall cost. I should have it with me itself, my facilities. So that is a ready concept, we are looking at that as a sector. But we look at our assets and purchase at a price provided we have a committed work program in a manner that it doesn't take our existing bandwidth. Our G&G team is not going to get involved. Our existing management is not going to get involved in that. We will be getting into a new set of people, with the manpower with the proper equipment, we will embark on it at the right time. As you've rightly said, if there are many good operators, we will use it, and we find any of the shortage of the rigs and other things, we would like to have it from our own source. That's the idea.

Moderator: The next question is from the line of Mehul from 40 Cents. Please go ahead.

Mehul: Sir, one question regarding the new wells for B-80. What is the timeline for the new wells and how many wells are going to be planned?

R. Jeevanandam: See, this is about 3 structures there in B-80, which is to be drilled and connected. So we are looking at '26 - '27 as per the planning at the moment.

Mehul: And what will be the capacity for these wells? Or we can't say right now?

R. Jeevanandam: So see, normally in this business, you know the subsurface, we cannot say unless we move to the surface. But the capital outlay, I can say, it is about \$50 million that we have at current.

Mehul: And sir, regarding the ability to sell oil from B-80 right now, you mentioned that there is 155,000 barrels of oil. So when are we trying to sell, when it reaches a certain threshold?

R. Jeevanandam: Yes. See, what is happening is we have to get a tanker from the buyer. So normally, to optimize the cost, the tankers would like to have a load up to 400,000 barrels. So till we reach the 400,000 barrels, we will just store it in the FSO, which is having the capacity of up to 900,000 barrels.

Mehul: And right, sir, after this B-80 issue is resolved, as in when we are in steady state after the monsoon and let's say, there are no other issues which crop up, then how much time would be tentatively required to reach that 400,000 barrels?

R. Jeevanandam: It's about another 200 days, I assume it.

Moderator: The next question is from the line of Dhruv Rawani from Shreeji Finserv. Please go ahead.

Dhruv Rawani: Like, B-80 started in June until date, what sort of barrels we would have produced?

R. Jeevanandam: See, normally, it will be about 1,400 barrels of oil. It varies from 1,300 to 1,400 barrels of oil and about 9 million cubic feet of gas.

Moderator: The next question is from the line of Rishabh Daga from Motilal Oswal. Please go ahead.

Rishabh Daga: Sir, just on the Dirok assets, how are production trends or sales trends in the second quarter between July and early August?

R. Jeevanandam: In the same line of the 1st Quarter. I don't think much changes have happened.

Rishabh Daga: So no real impact because of monsoons?

R. Jeevanandam: Yes. I think that onshore doesn't get impacted by the monsoon except about 1 or 2 days as of, nothing else.

Rishabh Daga: But even offtake is not getting impacted like from tea assets and all, tea plantations and all?

R. Jeevanandam: Getting affected because of the flood situation in Assam, and some of the tea factories closing down and some of the companies, our ultimate consumers like BVFCL and Numaligarh refinery and BCPL, they are also shutting down for some days. Those days of production get affected.

Rishabh Daga: And sir, the oil service assets will be under Hindage, right? How much stake do we have in Hindage and who is the other partner?

R. Jeevanandam: It is a wholly owned subsidiary of HOEC.

Moderator: The next question is from the line of Nirbhay Mahawar from N Square Capital Advisors. Please go ahead.

Nirbhay Mahawar: This is a question more on the sector. If we look at last 5-6 years, the sector was in general capital starved and not too much of support was there from banks or capital market. Are you seeing it changing in last 1, 2 years?

R. Jeevanandam: See, I think, Nirbhay, if I tell you the fact because it's not fair to ask banks to get funding for exploration, which is ruled out. On the development front in the rest of the world, you are getting it easier. But in India, it becomes difficult. But we also are getting some limits here and there. But in essence, we wanted to do the exploration and development through our own internal accruals. We don't intend to borrow any more for that.

Nirbhay Mahawar: That's fair, sir. That's very prudent also. But support from government or equity market, I mean, are you seeing much more interest towards sector? Any significant change in recent times?

R. Jeevanandam: Yes, it's quite proactive, and contribution by the smaller companies also they are appreciating. And lot of impetus from the Government side to get the sector to move it, at least it will substantiate its own production to reduce the imports. And that endeavor is there with the Government. And small operators, we are contributing our mind what the best we can do for it. And we will continue to do so in the years to come.

Moderator: The next question is from the line of Rakesh Roy from Boring AMC. Please go ahead.

Rakesh Roy: I have 1 follow-up, sir. Sir, out of Rs. 136 crores for this quarter, Rs. 50 crores, we get from Dirok and B-80, Rs. 18 crores. Remaining, how much from others, sir?

R. Jeevanandam: See, others, you look at actually the service companies, we get the revenue from the service companies. The 2 companies are there, B-80 and all, MOPU is about Rs. 31 crores and the FSO about Rs. 30 crores in the consol revenue. And the Cambay is a small contributor, about Rs. 2 crores, PY-1 is about Rs. 1 crores. And Kharsang is another contributor about another Rs. 10 crores.

Rakesh Roy: So you're saying Kharsang?

R. Jeevanandam: Kharsang is about Rs. 10 crores.

Rakesh Roy: Cambay is Rs. 2 crores and service Company, how much, sir?

R. Jeevanandam: This consolidation you are asking? Or what are you asking for it?

Rakesh Roy: Consol sir, consol.

R. Jeevanandam: Consol is the number which has been given. And it should be about Rs. 143 crores.

Rakesh Roy: Rs. 143 crores. And sir, it will come near the half. Remaining sir?

R. Jeevanandam: See, you can look at assets.

Rakesh Roy: Rs. 2 crores.

R. Jeevanandam: Cambay is about Rs. 51 crores.

Rakesh Roy: Cambay?

R. Jeevanandam: Sorry, sorry. Dirok, I'll go with the revenue. You want the revenue allocation, right?

Rakesh Roy: Yes, sir.

R. Jeevanandam: And Dirok is about Rs. 51 crores, B-80 is Rs. 18 crores, MOPU is about Rs. 32 crores. FSO is Rs. 31 crores, Kharsang is Rs. 10 crores and others Rs. 2 crores.

Rakesh Roy: Okay. Sir, one more question, sir. Last time when we spoke on the call, you said that for B-80, we are targeting nearby 2,000 bopod. But this quarter only we get 700 bopod, because of bad weather or what happened sir?

R. Jeevanandam: So, in between, there is a small shutdown which we have informed to the market also, if you would've seen that.

Rakesh Roy: And for Q2, how much we are looking, sir? Normal rate.

R. Jeevanandam: Q2, we have to get into the hawser connected. So our expectations would be the same level of production per day.

Rakesh Roy: Near to 1,500 barrels to 2,000 barrels per day oil?

R. Jeevanandam: No, 1,400 barrels of oil and about 8 to 9 million cubic feet of gas.

Moderator: The next question is from the line of Jason Shah, an individual investor. Please go ahead.

Jason Shah: Sir, can you throw some light on the Dirok, the new gas find, which we found in some sand. So if you can throw some light, what is the quantum that we can expect? When are we planning to do more development on that? And when can we expect the gas flow from that?

R. Jeevanandam: So this is an untested sand, and initially no volume has been attributed to it by testing it to the surface and we are able to produce 6 million cubic feet of gas at half inch choke. This extends to the entire contract area. The sand is prominent in all the 6 wells. And the volume estimations we know in-house, and I can't tell you now, the reasons are that it needs our partners' approval and then the DGH's approval. After that, we can tell you the numbers. This is a proven and discovered reserves, not resources anymore. And the reserves will be predominated in all the 6 wells. And if we want to produce additional production more than our current capacity, if the grid connectivity is established, we will be able to drill some shallow wells. That is about 1,000, 1,200 meters wells we can drill and exploit it.

Jason Shah: And normally, how much time we can look at it, a year or maybe more?

R. Jeevanandam: No, It's about when grid connectivity is established, then we can monetize it. See, indeed there is a demand constraint.

Jason Shah: Basically, we can explore immediately is what you are saying subject to the grid connectivity.

R. Jeevanandam: 1,200 meter drilling should not take more than about 30 days, drilling and completing per well.

Jason Shah: And can you throw some light on the Numaligarh refinery expansion, which will basically expand or give more demand, any timelines or any idea on that, how the demand is panning out for the Numaligarh refinery.

R. Jeevanandam: I think we are expecting shortly. Once if you turn it around, all would happen by '25 - '26. That's what I'm expecting. Once the grid connectivity is established, then this gas goes to the Barauni, Central India, then it gets connected to the national grid. Then there should not be any demand constraint. That's what we believe in. Because the natural gas is another clean fuel. So the Government should be looking also to increase the gas consumption.

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

Ashwin Reddy: Firstly, could you talk about the potential inorganic opportunities that you see? And what kind of investments or what are the opportunities that you're looking at?

R. Jeevanandam: Ashwin, we are scouting for it every day actually. So if any opportunity comes on our stream or in the service sector, we would like to buy the assets or acquire the assets at a cost. Accordingly, our team is always looking for what are the opportunities within India, but we are not looking anything outside India. There are many blocks which has been awarded under the Discovered Small Fields. And we are always looking at as such. If somebody wants to sell it, if it comes at good value to us, we will go on it.

Ashwin Reddy: So would this be offshore or the onshore ones? What are you preferring? What are you looking at?

R. Jeevanandam: Anything within India, except deep waters.

Ashwin Reddy: So you talked about your plans or at least you kind of talked about the plans in the services sector. So what are the opportunities there? And who would be your clients potentially? And what is the amount of money you need to put up in equipment, et cetera, that you need to invest and what timelines for these? Because it's a completely new field. Again, the context I tell you, which is now people are actually waiting for things to settle as operationally. So obviously, because if income is completely stable, it would have been easier for us as investors

to appreciate the move. But right now, it would be good to have more clarity given that the operations have not stabilized yet in B-80 and all.

R. Jeevanandam: See, what is happening is, there is a constraint of equipments there in the market for onshore, right? So in the market as such, we would like to look at something to resource ourselves to meet our own captive consumption first. The captive consumption itself it gives a value for us, which will almost cover the cost of the equipment, if I say so. So that's the reason we are interested in this sector. But we will do our detailed planning, and we have to have our resources, both the manpower and technical resources with ourselves, before we are committing any capital thereon. So it is a wishful projection, and we will not just jeopardize the whole thing by ourselves on upstream side. It should be independent on its own. In the right opportunity, we will embark on it, provided it gives a value to us.

Ashwin Reddy: And regarding PY-1, could you again reconfirm the time lines as to when would the next activity start?

R. Jeevanandam: PY-1, as I explained to you the gas water contact is an issue. Once if I take the gas water contact, then drill to depth, that is substantial volume. If the other constraint explained by my friends in the G&G that the volume is low. Now these 2 has to be sorted out. We had an expert who have reviewed it. And he also confirmed the volume therein. Now we wanted to get into some more third-party experts who have experienced in the basement reserves which we are scouting some people / firm in London because RPS Energy has been sold to somebody. So we are looking at somebody else. So on thorough examination of the whole thing, then we plan to drill the well in June 2025, somewhere in that April to June 2025.

Ashwin Reddy: And on B-80, is it fair to expect the work will resume only post monsoon or you think there is a chance for post monsoon as well because....

R. Jeevanandam: I am waiting for the hawser to be delivered to us. Order has been placed in Denmark. And once the material is received, then we will start working on it immediately.

Ashwin Reddy: And for the quarter, which has gone by, for how many days was B-80 operational?

R. Jeevanandam: So I think, exact numbers, I do not know. It should be about 75 days plus.

Ashwin Reddy: So then the impact is mainly because of the pricing only more than anything else in terms of the numbers of previous quarter

R. Jeevanandam: See, the total impact is about Rs. 10 crores. Out of that about Rs. 7 crores to Rs. 8 crores comes from the price.

Ashwin Reddy: And you're saying that right now the pricing is back to around \$13 you're saying.

R. Jeevanandam: \$13 was the LNG price. Ours is the contract.

Ashwin Reddy: Right.

R. Jeevanandam: So we will get about \$10 to \$11, actually, that's all.

Moderator: The next question is from the line of Rushabh, an individual investor. Please go ahead.

Rushabh: Your B-80 has stopped working again.

R. Jeevanandam: This keeps happening all the time during monsoon. It is not a big deal.

Rushabh: But sir, it did stop and start working in every monsoon. Will it start working this time? Do you think so?

R. Jeevanandam: Sir, this is the monsoon of Mumbai, it's very dangerous. It is a problem for everyone, it is not a problem for us.

Rushabh: No, sir, I am saying, the history of last two years is like this, it stops working in monsoon, then for 6 months remains closed, then it starts during third quarter or fourth quarter.

R. Jeevanandam: No, it won't stop working for 6 months, it will stop working for 10-15 days.

Rushabh: This time does it seem that it will be operational again after being shut down?

R. Jeevanandam: Yes. It will be operational within 10-15 days.

Rushabh: In this Dirok of yours, there are two things. One is the pipeline of the National Grid, which will be connected next year in June-July, in which you will have 70 mm.

R. Jeevanandam: Our capacity is up to 50 million. So we'll try less than that. It will come after connectivity is established.

Rushabh: One such is Duliajan. So you will have 40 million in it, right?

R. Jeevanandam: Yes. Duliajan is only connecting to Numaligarh, right? From Numaligarh it goes to Guwahati. From Guwahati, it goes to Barauni, right?

Rushabh: I understood that, but there are two things in this. One is the direct National Grid, which is going to be connected next year in July-August, in which you were talking about 70 million. Is my understanding correct or wrong?

R. Jeevanandam: No, your understanding is same. If I have any excess demand, I will spend capital.

Rushabh: No, I mean, that is for the next year, right? That 70 million, that is for next year July-August, right?

R. Jeevanandam: No, it will not happen this year.

Rushabh: And this year, the 40 million one, will it be in October or December? In which you will join with Oil India pipeline?

R. Jeevanandam: Mr. Rushabh, you tell me, I am just working, how can I say?

Rushabh: There is an idea, you keep looking at the projection, maybe it will happen in this quarter, it will happen in that quarter.

R. Jeevanandam: So we are working, in the Government everyone is working together. Good to have a grid actually from Northeastern comes to the Central India. So it is an endeavour, everyone is working, so it takes time.

Rushabh: Yes, so approximately, it will happen by October, you think it will go by December, in 2024.

R. Jeevanandam: If I tell you, then in the next call, you will ask, why it will not happen, how can I tell you?

Rushabh: No, no, I will not say like this, it is not in your hands, but you monitor it, you did the work, you did everything, so you are in touch, so there is an idea as to when it can happen. So nothing is in your hands, I also know that.

R. Jeevanandam: Hoping that by December it should complete. Even if it doesn't happen by that time, then by March at least it will happen.

Rushabh: This 40 million, right?

R. Jeevanandam: Yes.

Rushabh: Then this 70 million, by when will it finish?

R. Jeevanandam: If the demand increases then we will open it.

Rushabh: Are you expecting that full connectivity by next August 2025?

R. Jeevanandam: Till that time we can give 40. Then after that mobilizing rig gate and drilling, it can go up to 70.

Rushabh: During monsoon in Assam, there is this phenomenon that people go into maintenance, tea factories get closed, oil refineries go into maintenance, so Dirok's revenue decreases. For the past 3 - 4 years, it has happened in this quarter. Will this happen this quarter also?

R. Jeevanandam: If it rains this much what can we do. Tea garden workers cannot work. There is a flood everywhere.

Rushabh: Instead of 22 million, can we expect, 10-12 million?

R. Jeevanandam: It will be near 20 million.

Rushabh: So that will be maintained near 20, like last time?

R. Jeevanandam: Right.

Moderator: The next question is from the line of Parshwa, an individual investor. Please go ahead.

Parshwa: Regarding B-80, initially we were expecting 8,000 barrels 1.5 years back. After which, we were told it will be 4,000 barrels. And then it came down to 2,500 barrels for oil production. And then we were informed that we will try to maintain up to revenue of \$350,000 per day. Is this understanding correct, sir?

R. Jeevanandam: Whatever you are stating, that I'll explain to you. Yes, during the test, the wells have flown up to 8,000 barrels. When it was connected, it was producing 4,000 barrels. Until shutdown happened and we opened the well, it was not flowing. Then we reactivated the well. It was flowing now only about oil and gas together, barrel of oil equivalent 2,500 barrels, right? So in the context, you can look at where the 3,500 comes, now where are we now. That's a fact. This is a reference, right?

Now we have to look in, go back to the drawing board, what went wrong, and that is the reason we will re-evaluate because we are sure about the underlying assets, and there is no issue with the reference to the field or the reserves and whether the wells carried out and the top line facilities and the associated paraphernalia to collect process and collect the oil, there are issues which we are trying to solve one by one. We are small guys, and we are venturing into Mumbai Offshore. So we are finding a lot of teething troubles. We are overcoming it. And when we drill '26 - '27, we may get the number which we have projected initially.

Pariswa: With the new wells being drilled, we may achieve the numbers in '26 - '27. Is that correct?

R. Jeevanandam: That's right.

Pariswa: But with the current wells, it is not possible?

R. Jeevanandam: Current well, we have given a reference of about 2,500 barrel of oil equivalent.

Pariswa: So as on date, while we were speaking, the last time when the well was shut I understand it was 740 barrels, right? As mentioned in the investor presentation.

R. Jeevanandam: See, the well will shut, and the field will shut depending on the....

Pariswa: Sir, I'm talking before that, the production was 740 barrels.

R. Jeevanandam: Exactly, which number, which date you are talking about?

Pariswa: As mentioned in the investor presentation, that production was 740 barrels.

R. Jeevanandam: That might be from 1 well, actually.

Pariswa: So can you please throw light on the 2 wells production?

R. Jeevanandam: That's what I just now told you, it should be oil equivalent of 2,500 barrels, we said 2,400 to 2,500 barrels.

Pariswa: So that's including gas?

R. Jeevanandam: Yes.

Pariswa: So the gas price, we are accounting at \$60 or \$12 when you say oil equivalent. Because that gets a little confusing.

R. Jeevanandam: Please understand there is nothing called \$60. It is actually on mmbtu, that was \$17, now get reduced to \$10. You have to compute yourself, Parshwa, I have to answer others also. You have to compute the numbers.

Pariswa: And are we reaching to \$350,000?

R. Jeevanandam: With this current production I will be able to do it.

Pariswa: So what revenue are we reaching with the current production?

R. Jeevanandam: You have to compute the numbers. It depends on the price. I told you 1,400 barrels of oil and about 900 barrels of oil equivalent of gas. It varies with the price. And the price is varying on a daily basis. So I can't give correct number on that.

Pariswa: Can you give an approximate number for my understanding?

R. Jeevanandam: For approximate number, you can take 1,400 multiplied by 80 and 900 multiplied by 10.

Moderator: The next question is from the line of Nishant Shah from Millennium Capital. Please go ahead.

Nishant Shah: No real questions from me, just like a request. Whenever B-80 is operational, just would request you to kind of put out a press release for that.

R. Jeevanandam: Yes. As soon as there is recommencement of production, we will inform to the exchange. As every shutdown we inform, the recommencement we will inform.

Moderator: The next question is from the line of Manan Patel, an individual investor. Please go ahead.

Nishant Shah: Sir, most of the questions have been answered. One question regarding Kharsang. So you mentioned environmental clearance is pending. So do you have any kind of timelines when it should come in?

R. Jeevanandam: See, what has happened on 25th of July we have submitted a revised environmental impact assessment report. Whatever the data wanted by the previous Minister of Environment Forest that all data have been included and submitted to them. Now they have to take it into the portal, and then they will call for a meeting. In the meeting, if they cleared, it's well and good, otherwise, they will ask some additional data. So we have to provide the same thing. So we are trying all our best to get the things as quickly as we can, but the process is there. We have to follow through the process.

Nishant Shah: And from what I understand, Kharsang will largely be an oil field, right? So no restriction on demand based on the pipeline or anything like that, right? Once we drill the well, we can produce and start selling it. Is that understanding right?

R. Jeevanandam: Right. That is on the Upper Girujan. Upper Girujan already has been for 40 years on production. We'll drill additional wells that will ramp up the production, that can get connected immediately as soon as the wells get completed. But the lower Girujan and Tipam and Barail, we are expecting it should be more like a gas block. So the gas as such, '25 - '26, the grid connectivity established, that monetization should be much easier.

Nishant Shah: And sir, one more clarification on this. One, deep exploration well, I understand that will take much longer than the other 9 wells that you are planning as of now. So after the clearance is there, can you give a time line of how much time will the exploration well take?

R. Jeevanandam: The exploration will take minimum 3 to 4 months, but we need to secure approval from our partners. And technically, it has to be evaluated by the partners. We are quite bullish about it, and we will take the consent of the partners. I think it is high pressure well. So accordingly, we have to have a BOP and other equipments and materials, a little different from the shallow wells, which will procure it, and then with full precautions, we will be drilling those wells.

Moderator: The last question is from the line of Mehul from 40 Cents. Please go ahead.

Mehul: Sir, can you please elaborate what does the hawser do? I mean a pretty layman question. What does the hawser do? Why is it required suddenly? Because we never heard about the hawser from HOEC actually.

R. Jeevanandam: I'll explain to you. There is a single point mooring that has been moored permanently. There is a rope cum chain. One side it will be a rope, that is a nylon rope, which has thimbles on the other side, which will be connected to the SPM and that will be connected to the FSO. Now FSO will be in that rope holding it, right? In adverse weather the rope gets parted. That's called the hawser.

Mehul: Why it was not required in the last previous monsoons, I mean so many monsoons?

R. Jeevanandam: Acting on every time we have some spares and replaced it. Today, this time it's both, one we have a spare, one installed, which was new, which was also parted. Because the weather was rough, and that's the reason it has got parted. Now we are talking to the manufacturers why it has gone and all sorts of things. But the fact remains it's parted.

Mehul: Sir, one other question on the revenue allocation, which you mentioned to another question. So you mentioned that MOPU is Rs. 32 crores and FSO is Rs. 31 crores. So is it like, are we building ourselves? I mean can you please elaborate on this revenue item?

R. Jeevanandam: Not only ourselves, there is a partner there in. And this is ongoing rates in the market. Suppose you entered into a contract with some third-party, you would have paid this money. But that is the reason. It is resourced at the corporate level, outsourced at the block level, which normally happens.

Mehul: Because we have other participating interest for our resources. Is that correct?

R. Jeevanandam: That's right.

Moderator: Ladies and gentlemen, that was the last question for today's conference call. I would now like to hand the conference over to the management for their closing comments.

R. Jeevanandam: We continue to focus on achieving the optimum production from B-80 and to increase the offtake from Dirok. We will also embark on drilling wells in Kharsang, which will move substantial volume of resources to reserves. Planned drilling in Western region and PY-1 will enhance the production as well as the value of these blocks. In addition, ongoing workover in Dirok and an exploratory well in Block 19 will increase the resource base of the Company. Our existing talent pool and continuous addition of both in-house and external experts will ensure our growth targets.

We once again thank you all for joining us today. Thank you.

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. Thank you.