

**Hindustan Oil Exploration Company Limited**  
**Q4 FY24 Earnings Conference Call**  
**May 31, 2024**

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**Moderator:** Ladies and gentlemen, good day, and welcome to Hindustan Oil Exploration Company Limited Q4 and FY '24 Earnings Conference Call.

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. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sumeet Singhania from Valorem Advisors. Thank you, and over to you, Mr. Singhania.

**Sumeet Singhania:** Thank you. Good morning, everybody, and a warm welcome to you all. I am Sumeet from Valorem Advisors. We represent the investor relations of Hindustan Oil Exploration Company Limited. On behalf of the company, I would like to thank you all for participating in the company's earnings call for the company's fourth quarter and the financial year ending 2024.

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 the information currently available to the 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 to purely 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 today in the earnings call and hand it over to them for the opening remarks. We firstly have with us Mr. R. Jeevanandam - the Managing Director; and Mr. Krishnan Raghavan - the Chief Technical Officer.

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, Sumeet. Good morning. Hope everyone has received the updated earnings presentation. It is on our website for your reference. I have with me Krishnan Raghavan, our Chief Technical Officer and Daisy, our Company Secretary.

At the outset, we would like to highlight some of the achievements set to be “the firsts” such as - We believe that we are the first company which secured an offshore block in Discovered Small Fields Bid Round - I that has put the field on production within the stipulated time and shared the revenue with Government of India. We have paid Rs. 160.5 crores to the Government of India as a revenue share for B-80 block as on 31<sup>st</sup> March 2024. In addition, we have paid 10% of the total revenue as a royalty to the Government of India, Rs. 88.53 crores as on 31<sup>st</sup> March 2024.

Your Company has for the first time in over 40 years made a consolidated turnover of Rs. 830.27 crores in the year 2023-24. Net profit after tax has also, for the first time in the company's history, crossed Rs. 225 crores. All subsidiary companies are in profit mode in the current financial year '23-'24.

Having said all about our achievements, I will now start with the operational updates about the Eastern region. Dirok gas sales for '23-'24 is 1.95 BCF and condensate is 36,618 barrels compared to 3.11 BCF of gas and 58,768 barrels of condensate in the previous year. During the quarter, Dirok gas sale is 0.55 BCF and condensate is 10,917 barrels compared to 0.59 BCF of gas and 10,841 barrels of condensate 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.

Major players, OIL and ONGC are selling the gas at the price applicable for nominated blocks. We are selling the gas at the PPAC price without any discount. Therefore, the gas from the nominated field is sold first and the balance demand is met by us at PPAC price.

The ceiling price fixed by the Government of India for nominated field is 6.5 per MMBTU. The price achieved by us under the PPAC is 8.82 per MMBTU in the current quarter. The PPAC price for May '24 is 8.9 per MMBTU.

Therefore, the customers who are mostly public sector undertakings would like to avail the low price from nominated fields of ONGC and OIL. Once the common carriers start working and the grid connectivity is established, this situation would get reversed. We believe that once the DNPL line becomes a common carrier, there should be some uptick in the volume. P&NGRB is in discussion with various stakeholders. We believe that once the IGGL lays its own line from Duliajan to Numaligarh, which is about 180 kilometers, the demand constraints would further be eased out. This enables to fully establish the connectivity of the Eastern Gas Grid to the Central India. Also, this will ensure that an increase in stabilized optics from '25-'26 onwards to achieve the full potential of the field.

We have started the workover of Dirok-1 well. This well was completed with sands 12 and 15 with sand screen, which will be pulled out for further perforation and cleanup. While cleaning the sand 12 and 15, it is planned to test the Sand 9 and 10 for hydrocarbons with DST. On successful testing of Sand 9 and 10, the potential of the block would be enhanced substantially in addition to the revision of the resource in the existing producing Sands. Downside of this testing of Sand 9 and 10 is only the limited additional cost during workover.

After the workover of Dirok-1 well, Dirok-2 and 4 wells will be worked over. Re-processed seismic data with the revised geological model and the material balance is being reviewed by GCA and we expect an increase in the recoverable reserves of the field. After these workovers, we plan for additional two producers to ramp up to 70 million standard cubic feet per day. In essence, we keep ourselves ready to meet the potential increase in demand. Once the demand constraint is eased out by connecting Northeast Gas to the National Gas grid.

Our subsidiary, GeoEnpro, is the operator of Kharsang block and the group has 35% participating interest in the block. After the review of the production data, continuous workover is planned for producing wells to maintain the current production, as well as to increase the production.

We plan for drilling 15 wells to increase the production from upper Girujan and one exploration well to know the potential of deeper formation, such as Lower Girujan, Tipam and Barail. Some of the workover and additional perforations are providing positive results, though this block is producing from Upper Girujan formation for over 40 years.

The environmental clearance has taken considerable time and on obtaining the clearance, we will embark on drilling immediately, and the tangibles required such as wellheads, Xmas trees and tubulars were already procured and is installed. We believe substantial upside is in Lower Girujan, Tipam and Barail formations. This block would unlock substantial value after drilling the proposed exploratory wells. With the connectivity of Eastern Gas grid to National grid, monetization of the gas discovery will be faster, with a better price.

HOEC has 100% participating in the block AA-ONHP-2017/19, adjacent to Dirok, said to be Greater Dirok. Reprocessing of the seismic data has been completed, and our G&G team has completed the review. GTO has been approved to drill one exploration well with seven seismic signatures.

Due to heavy rain, drill fire and approach road could not be constructed in time to move the rig for drilling before August 2024. We have made an application for two years RSC extension. And once the extension is registered from MOPNG, we will drill one exploration well. And on success, we will drill the second well also.

In eastern region, the expected capital outlay for the next two financial years is about Rs. 250 crores, which will be further added if there is sustained demand for gas supply.

#### Cambay blocks

In Cambay, the total contact area is about 38 square kilometers, with substantial number of wells for evaluation. Well data are being evaluated, and good potential exists in all the three blocks to enhance production. Once the ring-fenced R2 PSC is signed, we could add additional value to the Cambay blocks. Currently, these fields are breaking even with a meager contribution to the P&L account. In part, it is planned to have artificial lifts in all three wells.

We are planning for two development wells in Asjol and two in North Balol to increase the production as soon as we get the environmental clearance. EC was expected before March. However, it is delayed. We have submitted the due clarification for all queries raised by the EAC and we expect the clearance by June '24.

Now I move on to offshore blocks. We are pleased to inform that B-80 crude was sold at a price of US\$80.27 per barrel. First offloading of 430,000 barrels of oil was completed and the total revenue of Rs. 287.37 crores is realized in the first quarter of '24-'25. Production from B-80 field for the year '22-'23 is 187,492 barrels of oil and about 1.85 BCF of gas and for the current year it is 320,887 barrels of oil and 2.13 BCF of gas.

Likewise production in the last quarter was 95,000 barrels of oil and 0.45 BCF of gas and the current total is 83,000 barrels of oil and about 0.32 BCF of gas. This reduction is mainly due to the blockage of the export flowline with intermittent times taken for chemical flushing to ease the obstruction.

We would like to inform you that the D1 well was activated by removing the blockage by chemical injection. In-house team as well as Baker carried out the operation in March '24 and the well is fully activated. When the two wells flow was established, we once again found obstruction in the oil export line and so could not test both the wells for its optimum flow for a sustained period. We tried by using various chemicals to remove the blockage in the export flowline but unable to get the required flow rate to test both the wells.

Therefore, we have mobilized the steam boilers and indirect water bath heaters with high capacity pumps to clean up the export flowline. The equipment and personnel are on board and once all the equipment are lined up, we will shut the production for some minimum period and after the due cleanup, we will line up both the wells. We honestly hope that this will help us to test the optimum potential of the well D1 and D2 and get a sustained flow rate. This period of shutdown should be minimal and we believe that the field will come up to normal production level by producing from both the wells.

I move to PY-1 offshore. We are having all facilities, pipeline and other infrastructure required evacuation of gas and condensate. Current production from this field is minimal. Seismic data of this block was reprocessed and our in-house G&G team has evaluated and released three drilling locations. We have 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 is different which is indicating the high volumes, which will again be reviewed by a firm of experts in London. After the third-party review, being in line with our in-house interpretations, we plan for three development wells, and if everything goes as per plan, drilling of the first well will commence in April to June 2025.

Consequent to the issue of D1 well, which was resolved after a substantial time, and the continued low uptake of Dirok, we are unable to ramp up the production to the expected level. We are progressing with upgrade in the results of producing blocks by carrying out the material balance with the available production data.

We have also lined up the capital program for about Rs.1,000 crores in the next 3 years to drill a substantial number of developments and exploratory wells. This will create value below the ground as well as above the ground and position the company with a reasonable and stable cash flow to achieve its objectives.

Now I will update on the financial results. Standalone revenue for this quarter is Rs. 254 crores compared to Rs. 109 crores in the previous quarter. Revenue earned for the current financial year is Rs. 544.28 crores compared to Rs. 411.1 crores in the previous year. Revenue increased mainly from sale of B-80 crude in the current quarter.

B-80 revenue for the current quarter is Rs. 203.57 crores compared to Rs. 48.43 crores in the previous quarter. This is mainly due to the oil sales. Current quarter increase is mainly due to the oil sales of Rs. 172.42 crores. B-80 revenue for the current year is Rs. 354.47 crores compared to Rs. 144.05 crores in the previous year.

In case of Dirok, the revenue for the current quarter is Rs. 47 crores compared to Rs. 57 crores in the previous quarter. Revenue for the current year is Rs. 175 crores compared to Rs. 250 crores in the previous year.

Field operating expenses for this quarter in the standalone account is Rs. 67.93 crores compared to Rs. 76.23 crores in the previous quarter. Operating expenses for the current year are Rs. 267.7 crores compared to Rs. 169.51 crores in the previous year. Others including DDA, finance costs and others is Rs. 60.88 crores compared to Rs. 77.74 crores in the previous year.

Value in stock in FSO as on 31<sup>st</sup> March is Rs. 33 crores whereas the value in stock in FSO in the previous year was Rs. 73 crores. Standalone EBITDA for the current quarter is Rs. 29.45 crores compared to Rs. 16.74 crores in the previous quarter. Profit after tax in the current quarter is Rs. 19.1 crores compared to Rs. 4.82 crores in the previous quarter.

EBITDA for the current year is Rs. 133.05 crores in the standalone compared to Rs. 223.17 crores in the previous year. This is mainly due to the reduction of revenue of Dirok by about Rs. 75.64 crores.

Profit after tax for the year is Rs. 84 crores compared to Rs. 163 crores in the previous year. Major reasons for the decrease in profit is reduction in the revenue from Dirok and charges of facilities have increased from 187 days to 315 days.

In consolidated accounts, the total revenue for this quarter is Rs. 330 crores compared to Rs. 193 crores in the previous quarter. This was due to crude oil sales from B-80 block. Revenue for the current year is Rs. 830.27 crores compared to Rs. 592.2 crores in the previous year. We are reaching about \$100 million turnover.

The total operating costs in the consolidated accounts for the year is Rs. 552.15 crores compared to Rs. 358.31 crores in the previous year. For the current quarter, it is Rs. 241.54 crores compared to Rs. 137.2 crores in the previous quarter. Reasons for the difference as stated is the oil sales.

Consol accounts' EBITDA for this quarter is Rs. 77.67 crores compared to Rs. 80.14 crores in the previous quarter. EBITDA for the current year is Rs. 326.82 crores compared to Rs. 320.98 crores in the previous year.

Consolidated profit after tax is Rs. 70.61 crores against Rs. 40.57 crores in the previous quarter. This increase is mainly to the exceptional item of Rs. 32.87 crores due to fair value adjustment of the existing shares of GeoEnpro, consequence of business combination.

The consolidated profit before tax for the year is Rs. 248.29 crores compared to Rs. 197.29 crores in the previous year. Consolidated profit after tax for the current year is Rs. 226.43 crores compared to Rs. 194 crores in the previous year.

As on 31<sup>st</sup> May 2024, the outstanding loan in the standalone account is Rs. 75 crores and in the subsidiary account is about Rs. 58 crores. The company has repaid the loan of Rs. 242 crores in the current financial year. The company has "A" stable rating for Rs. 500 crores, bank loan from India rating. With the current cash position and with the continued production, we will meet all our obligations, including the proposed work program for the coming three years as planned.

That's all. We can open the forum for questions now.

**Moderator:** Thank you. We will now begin the question-and-answer session. The first question comes from the line of Rishabh Daga with Motilal Oswal. Please go ahead.

**Abhishek:** Sir, just two questions. So, one on the B-80. So, how long could the shutdown be? And once that is completed, then is it fair for us to assume that both the wells could produce at the same level where they were before the whole incident happened? So, I think at the gross level, they were doing about 3,000-odd barrels of oil equivalent per day. So, that's my first question.

**R. Jeevanandam:** Thanks, Abhishek, and this work will be started and we expect a very, very minimal duration of the shutdown for cleanup operations. So, at the end of the day, it depends on the functioning of the equipments on board. So, we believe it should be a very minimal period. And now both of wells are getting activated. We will be able to test the capacity of the wells once the export line is fully cleaned up. Now, we believe we should be able to get back to the, before cyclone on June 2023. But there might be some variation in the gas production, a little increase in the oil production and we will test the flow for some times and we will let you know.

**Abhishek:** That helps. And sir, if you can give us some updates on the individual gas grid, what is happening over there and when can we expect progress on increasing revenues from there from Northeast?

**R. Jeevanandam:** Abhishek what I understood is that lines are laid. Now the compressor and the connecting facilities are to be made. Once that is, I mean, it takes some time and it should be operational at least by the third quarter and by all means, by the fourth quarter. That's what we expect. Meanwhile, the DNPL line, we are planning for a common carrier. Once that becomes a common carrier, then it will be further eased out and we will be able to ramp up the production little more than what we are doing now.

**Abhishek:** And DNPL line for now, I mean, Oil India is using it or how does it work? And I think full common carrier, we can also use it.

**R. Jeevanandam:** Yeah, I think Abhishek, it is a DNPL line is a contract carrier at the moment. So, now it becomes a common carrier. I think I understood that the DNPL Chairman is visiting there and the contract carrier is to become a common carrier. When it becomes a common carrier, you can, on tariff basis, you can pump the gas. That will get all the grid connectivity fully there, it can go to the Central India. That's the idea.

**Moderator:** Thank you. Next question comes from the line of Vikram Kotak with Ace Lansdowne Investments. Please go ahead.

**Vikram Kotak:** Jeeva, I have two questions, but one I think you answered already to earlier participant. What are the CapEx numbers for next two years? That's question one. And also, what is the oil and gas mix now in B-80 for FY '24?

**R. Jeevanandam:** See, Vikram, that CAPEX plan for the three years is about Rs. 1,000 crores. And what happens, we have to do that major junk for the B-80 development, that is kept for the third year. Previously, you can look at roughly around annual exposure is about Rs. 300 crores per annum. That will be supported by our cash flow itself. And mixed as such, we are producing about, say, 1,400 barrels of oil and gas is almost equal in B-80 now.

**Moderator:** Thank you. Next question comes from the line of Rishikesh with RoboCapital. Please go ahead.

**Rishikesh:** Sir, my first question is, if you could highlight what is a net production for upcoming one or two quarters, and what net production are you targeting for FY '25?

**R. Jeevanandam:** So we, because I don't go for any projections for this business, basically, because many important things we have to come up with. We can have the reference projections. We would be improving our current production level once both the wells are flowing from the B-80. And if there is an increase in the demand from the Dirok field. These both will be the determinant factors for the coming financial year to increase the production.

**Rishikesh:** Sir, my second question is with respect to the B-80.

**R. Jeevanandam:** Tell me what is the question.

**Rishikesh:** My question is with respect to B-80. Since the chemical is not fixed in the export flow line, are we now mobilizing the rate? And when can we expect to get to the optimum production levels?

**R. Jeevanandam:** See, we are in the process of cleaning up the export flow line. Once the cleanup operations are over, then we will be testing the wells for some period after we can get a choke site set on it and get the pressure stabilization. And then we will be observing for about seven - eight days, and that would be called as the sustained flow of the well. So, that way we will test both the wells in such a manner, then we will co-mingle both the production and that would be determined as the level of production from the field.

**Rishikesh:** Also sir, if you could share your revenues from Dirok and B-80 for Q4?

**R. Jeevanandam:** You wanted to know the revenue from the Dirok field and?

**Rishikesh:** From B-80.



**R. Jeevanandam:** I just read it actually. I can tell you Dirok in quarter 4 is about Rs. 47 crores. And B-80 is, you have to look at one abnormality because the entire crude oil which was stored has been sold which is about Rs. 203 crores.

**Moderator:** Thank you. Next question comes from the line of Rohit with Samatva Investment. Please go ahead.

**Rohit:** Sir, my first question is, the problem at B-80 right now, so will it be impacted by the weather window? So, do we expect it to get the work done before monsoon or will it get postponed after the monsoon?

**R. Jeevanandam:** We have carried out all the precautionary measures and the inspection and change of hoses and the maintenance of the SBM is carried out and under buoy hose inspection also carried out. And now no one can predict the fury of the monsoon. That's the position. So we are fully prepared for meeting any eventuality.

**Rohit:** So, basically, it can be done during the monsoon. Is that right, sir?

**R. Jeevanandam:** Yeah, that's right. Before the monsoon itself, we have taken care of it. We changed the hoses and we did carry out the SBM maintenance and we did inspect the under buoy hose. We believe that we have taken adequate precautions. But weather remains to be unpredictable by anyone.

**Rohit:** So, right now in Q1, what is the production for B-80?

**R. Jeevanandam:** Q4, quarter four, isn't it?

**Rohit:** So, for quarter one, so both the wells are not functioning right at the level that we want to. So, right now, is both the wells shut or are we producing at lower level?

**R. Jeevanandam:** So, we are today because of the blockage of the flow line, we will not be able to tell the exact volume, which comes a little more on one well, a little less on the other well. So, we will be able to get back to the normalcy once the cleanup is completed.

**Rohit:** Sir, my second question would be, so if you look at B-80 overall, it's been three - four years since we started the field. There have been multiple delays, certain things which have not been in our hand. So, I just want to know, because of the various problems that have happened in the field, will there be any impact on the overall production? So, we were targeting to be around net, around 7,000 barrels. So, do you see any change in those numbers, any impact on those numbers because of the various problems happened over the last three to four years?

**R. Jeevanandam:** Actually, if I tell you precisely, we have started on June 4<sup>th</sup> of 2022, about two years now. I agree with you. Now, see, we are not worrying too much about the below-the-ground reserves. And above-the-ground facilities are hammering us, which we are trying to solve one by one.

And if we sustain this production level, we will be planning for drilling three more wells to fully exploit the block. The expenditure level should be around \$50 million. So, that's what we plan two years down the line. Once we reach to that level, we can reach to the plateau of production level what you are indicating to me. With the current two wells, we won't be able to reach to the level.

**Rohit:** So, overall, there is no change. Once the problems get solved, we can still reach the level that we wanted to be earlier, right?

**R. Jeevanandam:** What happened, the current production level of before June 2023 can be continued. But you reach to the level of the number you indicated to me, more than 5,000 barrels and gas and other things could be possible only after drilling the additional three wells, which entails with the cost of about \$50-plus million, that we are planning at the end of the third year now. First two years, we will concentrate on our onshore and one well at the offshore. B-80, we will get back to drilling up, producing from five wells only on 2026-27, sorry, '27-'28.

**Moderator:** Thank you. Next question comes from the line of Manan Mundra, an individual investor. Please go ahead.

**Manan Mundra:** My question is regarding the Dirok field. Just wanted to understand was currently the reduction in the sales volume in the Dirok, is it due to the supply side pressures or the demand side pressures?

**R. Jeevanandam:** If the wells are intact, we can be able to supply 45 to 50 million cubic feet per day even tomorrow morning. But the fact remains, we don't have the demand for that uptake. That's the reason we have to curtail ourselves.

**Manan Mundra:** And once the Northeast grid gets connected and the Central grid gets connected, the demand is going to pick up. But just wanted to understand, is it going to impact the premium prices that we are charging? I am supposing the gas flow is bidirectional in the flow line. So, can you please clarify on that?

**R. Jeevanandam:** What happens? You get a better price. Because it gets connected to the National grid. So, the additional cost to you would be only the tariff on the line, tariff for pumping the gas into the line. You will be getting the price, what is in the Western region, you should be getting the price the same in the Eastern region, but what you have to minus only the tariff charges. So, in effect, we should be able to always get around PPAC price.

**Manan Mundra:** And that includes, I mean, after netting of the transmission charges, right?

**R. Jeevanandam:** That's right. So, we have to look at, because the price also will move up once it's connected to the National grid. So, any increase on that price will certainly offset by the increase in the cost on account of the tariff.

**Manan Mundra:** My second question is on the Kharsang field. We are planning to increase our output and having more exploration wells in that part, right? So, is there already a pipeline for extracting the oil or how is it done currently? And what are the future plans on that?

**R. Jeevanandam:** So Kharsang, there is, Oil India is also operating in that area. So, about 26 kilometer line is to be laid. Then it will be connected to the grid. I don't know the exact name of the place which we visited also. It is about 26 kilometer line only to be laid to connect it to the Eastern grid. Then it will automatically get into the National grid. So, there will not be any problem on monetization once we drill and complete those wells.

**Moderator:** Thank you. Next question comes from the line of Bhavik Shah with MK Ventures. Please go ahead.

**Bhavik Shah:** Sir, when would these wells have been shut, like what can you give us the date or the week when they are not functioning?

**R. Jeevanandam:** I couldn't get that question.

**Bhavik Shah:** We are currently having some shutdown in our D1 well, right?

**R. Jeevanandam:** No, the shutdown is because of the reservoir blockage. That has been rectified. Now, both the wells are fully active.

**Bhavik Shah:** So, for how long was this shutdown?

**R. Jeevanandam:** No, future, it will be a very, very limited duration. And our people are working at the place as we speak. And we will let you know once the line clean up is over.

**Moderator:** Thank you. Next question comes from the line of Anushree with Alpha Invesco. Please go ahead.

**Anushree:** Congratulations sir, for the activation of both the wells. So, my question is regarding, so any idea what could be the oil and gas production from D1 and D2 wells respectively after the export line is cleared? I believe we had guided for a 3,000 BOE from B-80 in our last call. Is that the number we will be sticking with, or what is your expectation?

**R. Jeevanandam:** So, I wish, my wishful projection is 3,000 barrels of oil equivalent per day. But we should be certainly reaching to a level of 2,500 as by the reference what we observed last few days.

**Anushree:** And, sir, how many days was the D2 well operating in the last quarter?

**R. Jeevanandam:** D2 well was operating on and it was almost on a continuous basis. But except for some intermittent shutdown of 4 hours, 3 hours like that for injecting the chemicals.

**Moderator:** Thank you. Next question comes from the line of Tejas Shah with Unique Stock Broking. Please go ahead.

**Tejas Shah:** What is the in the outcome of meetings? You have mentioned MD, I think, now supposed to be disclosures or decide on the disclosures and inform. So, can we understand what exactly went in the meeting and what is decided?

**R. Jeevanandam:** What is it? What is the question, Tejas? I didn't get you.

**Tejas Shah:** The disclosures, what is given, to be given to the stock exchanges. In your outcome of meeting you mentioned that now the board has decided on some policy and that, I think, yourself is going to decide on the material, you went and informed the exchanges. So, can we understand what happened in the meeting and what's even decided?

**R. Jeevanandam:** So, this is based on the SEBI guidelines. They put a threshold, actually, that we updated in the policies.

**Tejas Shah:** I did not get the answer, like, in between the B-80 regarding the activation of the D1 well.

**R. Jeevanandam:** Tejas, we have updated our disclosure requirements in our governance in accordance with the SEBI LODR.

**Tejas Shah:** Can we understand when the D1 well was activated? Which date?

**R. Jeevanandam:** We have activated the well on two occasions. First of all, we have to see that well activation is not a switch on, switch off type. We have to see that the well is getting activated and stabilizing the flow and then what is the back pressure it is having with the existing facility?

So many parameters we have to check. And every time we wanted to see this well is in a good condition to flow continuously. That we have established in the end of March. But we were not able to test the flow rate. So, that's why we couldn't come back and inform, so this would be the well activated and this would be the flow rate and everything, because of the blockage in the flow line.

Now we were trying with the chemical injection to clear up the blockage. That was not so successful. So, now we are mobilizing a steam as well as the hot water. And both the things will be, as we speak, it is on the platform, and they will do the cleanup operation. Once the cleanup

operation is completed, we will put the well, and observe and sustain the flow. Once the sustained flow is confirmed, then we will accordingly inform.

**Moderator:** Thank you. Next question comes from the line of Rushabh, an individual investor. Please go ahead.

**Rushabh:** I just want to know that you have so much money would you takeover Kharsang or will you be in partnership with them?

**R. Jeevanandam:** Everything at a price, right? If it is reasonable we will do it.

**Rushabh:** Do you have a thought process of it if you can do it?

**R. Jeevanandam:** I don't have any plan but it works then I will let you know,

**Rushabh:** What work these Baker people have done and if you can tell me what you could do which Baker people could not have done after which our work will start?

**R. Jeevanandam:** Our people also have some knowledge now of what to do. Baker is a renowned expert. They have a branded chemical whose composition they are not going to tell us. They have pumped the chemicals to remove the blockage. They have done that and now we are also going to do it in a manner that once in two months, three months. So, further blockage is not happening there.

**Moderator:** Thank you. Next question comes from the line of Parshva, an individual investor. Please go ahead.

**Parshva:** Sir, my question is in regards to the previous question by Mr. Rushabh. What is it that Baker guys did and why they were not able to fix it till now? Being the expert, they should have been able to fix it. So, why were they not able to fix it? And why do you think that you will be able to fix it, that they were not able to fix it? That is first thing.

And with the same question, another question comes like in the same thing, that are we changing any, directly the line or the pipes or the hose right now when the thing is being mobilized currently or not? Because if there is problem in the line, I remember you mentioning in previous phone call that we already have that hot flush line there, which is already installed in our facility. So, what new are you going to do right now that will help us to fix the problem?

**R. Jeevanandam:** Yeah, I will tell you. The Baker was mobilized for well activation, which they did. And both the wells are active now.

**Parshva:** The wells are flowing? You mean to say when you say active, does that mean the wells are flowing?

**R. Jeevanandam:** No, the activated means the wells can flow once it is having the line. The line means I have a limited storage as well. So, I cannot store the oil at the MOPU. So, once the line is fully cleaned up, both the wells can flow to its optimum capacity, right. Till the time, if I wanted to flow more than 32 barrels or 40 barrels, the line gets choked. So, that's the problem. We will clean up that line.

Second thing is your question on it. We were talking about, we have made an insulation on the top side, as we have told in the last time. Then we have instruction in IB indirect water bath heater. This is all functional now. But the temperature required, we couldn't achieve it. The main reason for it, uninsulated risers about 95 meters. And that also we are planning to insulate.

In essence, there is an element of heat is required in the oil getting pumped into the export flow line. If the temperature is high, then there would not be any wax formation. If the temperature is low, that continues to have a wax formation. This is the process, and we are learning, and we know how to clean up in once in three months.

So, we are first time attempting with the steam and the indirect water bath heater to get the maximum heat getting into the wax appearance temperature, wax disappearance temperatures. If you look at it, at 80 degrees, it will melt about 52%. And 90 degrees, it will melt about 65%. So, we are attempting to clean up the line as much as we can with the steam. Once this is done, we believe that there would not be any further obstructions on using the chemicals on a continuous basis. And this process, we will continue once in three months to enable us that there is no blockage in the export flow line.

**Moderator:** Thank you. Next question comes from the line of Sunil Jain with Nirmal Bang. Please go ahead.

**Sunil Jain:** Continuing on this, Baker has resolved the other problems. And once the line get clear, then those problems got fully resolved or not, we will come to know thereafter. Am I correct?

**R. Jeevanandam:** Yeah. That's right.

**Sunil Jain:** And the flow line is not a one-time problem. It's a continuous problem. And you need a continuous solution for that. Whatever the solution you come out, that will be, therefore, continuous process.

**R. Jeevanandam:** See, what happens, there is a wax in the crude. The wax deposition should get arrested. Once you have the clean line, further deposition can be arrested by injecting the chemicals. We identified some chemicals there. And we will pump it along with the crude. So, that will stop further accumulation of the wax in the line.

**Moderator:** Thank you. Next question comes from the line of Mohammed Patel with Care Portfolio Managers Private Limited. Please go ahead.

**Mohammed Patel:** In the last call, you mentioned that the FY '26 we can do net 10,000 BOEPD. Can you give a broad range of what can B-80 and other fields contribute in this number?

**R. Jeevanandam:** See, giving any projection is depending on the continuous production of the B-80 and our offtake in the Dirok. Then what we are planning for is the ramp up in the Kharsang and some ramp up in the small contributions will come also from Western regions. So, two already existing assets can increase the production. And the new assets, based on our program of drilling and other things, work over, we will be able to increase it.

**Mohammed Patel:** Can you give a broad range how much can?

**R. Jeevanandam:** I think it's too premature to give you any guidance on this.

**Moderator:** Thank you. Next question comes from the line of Pradyumna Dalmia with Lansdowne Investment. Please go ahead.

**Pradyumna Dalmia:** My question is kind of in continuation to, I guess, the previous question that was asked. See, sir, for us as investors, we like a certain degree of predictability and not too many surprises. But I have been following our company for the last five years and there has been a lot of ups and downs and unpredictable surprises coming our way. And even now, we are unable to really estimate what the current year or the future holds.

So, in that sense, it makes it very difficult for us as investors to really on how to value the business. So, what in your view, sir, is a timeline that you can say that, okay, maybe in this time period, we will be in kind of a steady state where we will be able to sustainably and safely predict our revenues and our production, et cetera? Because every year it's been kind of very topsy-turvy and that puts us in a bit of a fix on how do we really value the company or the business. Any thoughts you can share on that to help us?

**R. Jeevanandam:** I would like to submit one fundamental fact. Oil and gas businesses, there are two ways. You are looking at only from the monetization that is above the ground value, but the below the ground value also matters a lot. Now this company is certainly increasing its reserve and resources base over a period. Now that reserve and resource bases have to be monetized. There are certain setbacks on monetization because of certain things that are beyond our control. For example, we are ready to flow the gas, but there is no demand at Eastern region.

Similarly, monsoon fury is not in our predictions. Yes, we did not do a great job on our top-side facility that has created some problems on the B-80. Then it is a learning for us and we are trying to fix it up. As you see that uptime of the facilities of '22-'23 was about 60%, that we

have increased to 86% in '23-'24. So, these are the ways we are also trying to do our best to get on to it.

Then what happens? Then the price. The price is not in our hands. The price moves up and down. Then according to the things going on. As an oil and gas company, I am comfortable to say that to you the underlying value of the assets are increasing, it is substantial. But the monetization to the expected level is not getting reached. Even to our wishful projection, we are not able to achieve because certain factors are beyond our control.

But we believe that the next financial year, once the Dirok production comes and the stability on B-80 production and drilling of Kharsang and some of the workovers which we are doing it in Dirok and the wells to be drilled in Western region, this will all give some more stability in a growth mode, with growth.

**Pradyumna Dalmia:** We have been very patient with the company and I think the company has a lot of value as you said, but we will be more patient for another year or so. And hopefully by next year, as you said, the thing stabilizes and we are able to predict on a predictable path forward and reach the production levels that make us happy.

**R. Jeevanandam:** It is our endeavor, it is our wishful projection also. We should do better by monetizing the existing assets as well as creating the new assets.

**Moderator:** Thank you. Next question comes from the line of Bhavik Shah with MK Ventures. Please go ahead.

**Bhavik Shah:** Sir, it's really disappointing to see that how the mediator is handling the call. You are not even allowed to answer a question of follow-up or even a second question. Like this call is in a hurry or something or what? My second question was, so what is the CapEx plan for FY '25? Can you just break it up into segments? Where are you going to invest? And what are the return ratios you are expecting there?

**R. Jeevanandam:** See, our Capex plan I told you is 1,000 Rs. crores, which will be every year we are trying to spend about Rs. 300 crores. If you have seen the last financial year, '23-'24, we have repaid the loan to the extent of Rs. 245 crores. Now current financial year onwards, we will be embarking on the investments and we could have got some more investments made on the Kharsang, which we could not do due to environmental clearance at the moment.

**Bhavik Shah:** So, all the 300 crores will go basically to Kharsang for this year. Is that what you mean?

**R. Jeevanandam:** No, no, it is for, I will tell you that we will be going for about drilling the wells and working over and creating a facility. In North East, it is about some Rs. 250 to 300 crores. If the demand picked up, we will drill more wells there, and we plan some earmarks for something on the



western region and something on the PY-1 and the last year, two years down the line, we will be again going for drilling three wells as planned in the B-80.

**Moderator:** Thank you. Next question comes from the line of Anushree with Alpha Invesco. Please go ahead.

**Anushree:** So, I had another question is in the PY-1, do we have the eight slots well platform installed? And post all the drilling, when do you expect the production to start from PY-1?

**R. Jeevanandam:** In PY1, we have carried out the seismic reprocessing and third-party review. Our team has released three drilling locations. This will be again reviewed by an expert firm in London. Once it is through, the first well we are planning in June 2025. That's what our plan at the moment. Once the wells are drilled and we have determined the flow rate, then we can tell you actually what is the quantity we will be able to pump it. It's completed at the subsea level.

**Anushree:** And sir, is the platform ready?

**R. Jeevanandam:** We don't want to have a platform there. It is a subsea well.

**Anushree:** So, the infra is ready, is what I am asking.

**R. Jeevanandam:** Absolutely. All we can evacuate up to 55 million cubic feet of gas and about 2,000 barrel of condensate. But unfortunately, our four wells are not capable of producing more than 1 million cubic feet of gas. And with three planned wells, there should not be any constraint on the facilities, and we will be able to quickly monetize once the drilling and completion, and the facilities are getting connected to the platform.

**Moderator:** Thank you. Next question comes from the line of Shyam Garg with Ladderup Finance Limited. Please go ahead.

**Shyam Garg:** Most of my questions have been answered. My first question is with respect to what is the approximate operational days of B-80 in Q1?

**R. Jeevanandam:** So, Q1, our operational number of days for this quarter, right? So, this quarter is the entire 91 days out of that except 5. Intermittently, you can take the number of hours we shut down. It's about four hours, five hours together. We were roughly around 25 days we were on production.

**Shyam Garg:** Sorry, sir, your voice was very feeble. I was not able to hear.

**R. Jeevanandam:** About 25 days. 25 days on the last month.

**Moderator:** Thank you. Next question comes from the line of Anik Mitra from Finnomics. Please go ahead.

**Anik Mitra:** Sir, I have a couple of questions. First question is regarding B-80. You made around Rs. 200 crore in Q4. And sir, currently what I understood that you are running with one well. So, considering two wells fully operational, is it correct to compute around Rs. 400 crore of revenue from B-80? This is my first question.

And, sir, regarding Dirok, the second question is regarding Dirok. You said like around 200 million standard cubic feet you have explored in Q4. And you are like connecting the National Gas grid. You will be able to produce around 70 million standard cubic feet. So, once this line would get connected, so can we expect like you made Rs. 56 crore in Q4, I think. So, can we expect, like, it will be three times means in that case, your revenue, like your output will go up to three times from 23 million to 70 million. So, can we expect around Rs. 150 crore of revenue once it will be fully operational? So, this is my second question.

**R. Jeevanandam:** See, as we speak you can look at that Dirok, '22-'23, we have produced about 3.1 BCF of gas for our shares and about 58,000 barrels of oil. In '23-'24, it was about 2 BCF of gas and about 36,000 barrels of condensate. So, that net revenue before finance cost was about Rs. 191 crores on '22-'23 has got reduced to 117 crores. We actually lost about Rs. 73 crores. So, this thing would get reversed once we reach to the level of production of '22-'23, and it gets into the multiples that similar numbers will get reflected.

**Moderator:** Thank you. Next question comes from the line of Rikesh Parikh from Absolute Advisors. Please go ahead.

**Rikesh Parikh:** This from B-80, I think, sir, our agreement for the gas price sale is getting expiring. So, can you give some thought on the means how we are going to take it forward here onwards?

**R. Jeevanandam:** I think, we have extended, we have got the e-auction completed and the price we will be now getting is about 12.2% of the Brent price, which was much higher in the previous year. It is about 22%, now reduced to 12%.

**Rikesh Parikh:** So, it is proportionately if you have to look at it, so around \$16 odd what we got the realization, that will reduce to around \$12 odd.

**R. Jeevanandam:** Yeah, that's right. It will be around 12.2% of the Brent price.

**Moderator:** Thank you. Next question comes from the line of Rohit with itthought PMS. Please go ahead.

**Rohit:** I had the same question on the re-pricing of the gas from B-80. So, are you saying that this is a 12% of the crude, right?

**R. Jeevanandam:** Yeah, 12% of the Brent price.

**Rohit:** 12% of the Brent price. Understood. And sir, in terms of B-80, the pending issue that we are trying to do with the export flow pipe, so, there, I was not clear. So, is it contingent on the monsoon or it is not contingent on the monsoon? Can you explain that? I was not able to understand that? And any timeline you were sort of talking about? And has the work already started, or are we waiting for some equipment, if you can just maybe explain that?

**R. Jeevanandam:** The equipment is already on board. They will be starting the work once they line up, it may be taking a couple of days. And that's a period we will go for a small period of shutdown. And once the line cleaned up, we will again reconnect both the wells.

And second thing regarding your query on the monsoon, we endeavor to operate during the entire monsoon period. But see, the monsoon fury, you cannot predict now. That's the issue. But we are fully prepared to operate during the monsoon, normal monsoon.

**Moderator:** Thank you. Next question comes from the line of Vishal Prasad with BP Capital. Please go ahead.

**Vishal Prasad:** Sir, approximately Rs. 280 crores we got out of crude. So, what was our share of the Rs. 280 crores, and what was our share of the profit?

**R. Jeevanandam:** So, see, we always look at our participating interest, it's the 60%.

**Vishal Prasad:** So, out of 250, 60% is the revenue as well as profit.

**R. Jeevanandam:** That's right. The rest of things will be get adjusted for the outstanding cash flows of the other parties.

**Vishal Prasad:** Another question is, I think it's been happening for last two years, and I have asked a lot of times and others have also done it. In your view, when you see at B-80, how are you going to solve the continuous problems that we are facing? And is there an end to the problem?

**R. Jeevanandam:** I think, I would like to tell you one thing. So, we drilled the wells successfully, and the top side facilities having the issues initially. Now, the way it has been implemented, that was during the COVID period. So, we were in a difficult situation, but we implemented the project. Now we will be able to solve the problems one by one. And because it is too difficult, it is like a structure and it has already been installed. There is no possibility of just throwing it away and get a new one done. So, every small issue comes as and when we are rectifying it.

Now, being an offshore, you have to look at the uptime, uptime of the facilities. You look at the uptime of the facilities of '22-'23. It was about 60%. Now it has gone more than 88%. So, in a manner that we will gradually improve, it comes around 90% to 95%. So, that's what we are planning for it. And it is a learning ground for us, because the quality of the crude is waxy. And it was not expected that this concealing of the wax deposition would be so high in the flow line. That was not anticipated.

Now considering that's happening now, we have to take preventive measures. So, that's the reason the line is getting really flushed out. We have to put a chemical which is not allowing the further deposition of the wax. But this is a continuous process now to keep the facilities always on proper maintenance, as well as the lines thereon. So we are learning, and we will be doing better work in the coming years. That's the way, before we embark on three more wells drilling, we should be in a position where our facilities can handle the additional volume without any issues. That's what we are planning for.

**Moderator:** Thank you. Next question comes from the line of Tejas Shah with Unique Stock Broking. Please go ahead.

**Tejas Shah:** No, my question is answered.

**Moderator:** Thank you. Next question comes to the line of Dhruv Rawani with Shreeji Finserv LLP. Please go ahead.

**Dhruv Rawani:** Sir, my question was on the exploration block of 2017-19, which is in the Dirok field. So, is it going to be a gas and oil field, or can you just share any data on that?

**R. Jeevanandam:** Our prognosis at the moment is more of a gas.

**Dhruv Rawani:** And my second question is, sir, can you share any policy updates on the terms of government in terms of domestic oil and gas exploration in terms of how OLAP has performed over the past four, five years and what we see forward in terms of domestic gas, oil and gas exploration?

**R. Jeevanandam:** I think there is an OALP where many blocks have been offered. And recently also, they put some blocks which is taken by somebody which is getting recycled. So, we believe that most of the blocks which are discovered will be coming for auction. And that's the time we will also, having our experience in both offshore and onshore, we will be able to get into some of the blocks at a reasonable bidding.

**Moderator:** Thank you. Next question comes from the line of Mohammed Patel with Care Portfolio Managers Private Limited. Please go ahead.

**Mohammed Patel:** I request the moderator to allow me to ask the follow-up question. So, my question is margins in FY '24 has fallen significantly and more so in Q4. So, what is the major reason for this?

**R. Jeevanandam:** I am sorry, I couldn't get the question exactly. Can you just tell me?

**Mohammed Patel:** Margins in FY '24 has fallen from FY '23 levels and the Q4 margins are relatively lower. So, what is the major reason for this one?

**R. Jeevanandam:** See, we were in the similar line of '22-'23 comparing to '23-'24 because what has happened was there was about some Rs. 80 crores reduction on account of, some Rs. 75 crores virtually, that is the reduction in the Dirok and about Rs. 55 to 60 crore increase in the B-80. So, what is happening is Dirok, we have lost some of the revenue in Dirok because of the lack of demand and we have done some better performance in B-80 that get offset. So, when both the things are doing well, we will be doing much better. That is the Dirok goes to 35 to 40 million cubic feet of gas, which was done once upon a time. Similarly, if the B-80 continued and stable production for at least 90% of the uptime, we will do better off.

**Mohammed Patel:** So, can we expect the margins to go back to FY '23 levels by the next year or will it take longer?

**R. Jeevanandam:** I think we will be doing better. That's what we believe in. But it depends on many encounters which are not in our control.

**Moderator:** Mr. Patel, are you done with the questions?

**Mohammed Patel:** Yes.

**Moderator:** Thank you. Our next question comes from the line of Gautam Rajesh, an individual investor. Please go ahead.

**Gautam Rajesh:** I have two parts to my question. Can you explain me the economics of the B-80 project? What would be the fixed cost on a daily or an annual basis? And what are the variable costs in terms of let's say royalties and etc., as a percentage of the revenue?

**R. Jeevanandam:** The variable cost because the facilities are getting resourced to most of them, that is the MOPU and FSO are owned by us and total cost, because that is like if you take in a firm unit, third party contractor, you have to pay that money. That is a fact of the matter. So, it's about \$140,000 per day. Now that you divide it by 2,500 barrels of oil equivalent, that would be the variable cost, right. That is more or less fixed actually. And we have a little leeway because if there is a delay in payment or not making, being our own facility, we can run that. With that, if you take standalone B-80 with the government share, we are not making much money, but in co-mingled with our other assets, we make money.

**Gautam Rajesh:** And as a subsidiary, you mentioned MOPU and FSO has leased out to B-80. What would be the revenue and EBITDA margin that HOEC would make? And what are the operating or revenue costs in the subsidiary? Also would the revenue get impacted with the minimum shutdown we had mentioned when the wells becomes non-operation? And if so, how much would that be?

**R. Jeevanandam:** See, I will tell to your question, the revenue we will be charging when there is a production there in both. Certain costs are not charged there that you, for example, helicopters and offshore support vessels which we have to pay irrespective of the fact unless they are shut

down on their own irrespective of whether the field is operational or not. But in case of MOPU and FSO, we will be charging only when the field is on production mode, not otherwise. Right? If you take the \$140,000, the day that we don't make much EBITDA on the quarter four of B-80, it is on negative and quarter three also negative. So, unless the production improvement takes place, we will not be able to make much money in the B-80.

**Gautam Rajesh:** And just to clear out, the shutdown would not have great impact as of now like on the revenues?

**R. Jeevanandam:** No, it is not the question of shutdown impacts the revenue to us, because if there is a field shutdown, then because of our facilities are not operational, then that takes a hit on our account also, right?

**Gautam Rajesh:** Yes, sir, but like could you give like a ballpark on how much would that affect us in terms of revenue? Any rough numbers or anything like that or a percentage?

**R. Jeevanandam:** It is a charge thing, you know, like a third party contractor, he will be charging me. I have to pay for it, right? Luckily, we have got the MOPU and FSO is owned by HOEC subsidiaries. If it is some third-party contractor, B-80 wouldn't have been there at all. That's what I would like to say to you clearly.

**Moderator:** Thank you. Next question comes from the line of Vivek Joshi with BP Capital. Please go ahead.

**Vivek Joshi:** I just wanted to understand, you mentioned that the rate for the entire B-80 gas has been changed from 22% crude to 12% crude?

**R. Jeevanandam:** Yeah, because that's the rate, see, what happened, it is going back into the Western India market rates for LNG imports. LNG is getting around \$11 to \$12. We are not able to get more than that. So, that's the reason that the prices are fixed in the Brent price. Brent is going to be around \$80.

**Vivek Joshi:** In B-80, realization for the entire last year for B-80 gas was \$15, is that correct?

**R. Jeevanandam:** Yeah, it's about \$23, \$24 was the price and average price was about \$16, \$15.86. That will stand reduced to now \$10 to \$11.

**Vivek Joshi:** That is the straight revenue which will be there at the top. Is that a correct understanding?

**R. Jeevanandam:** That's right. That will be impacting us. But at the same time, it is having a revenue share will come down to some extent. So, overall you are right, it will impact us.

**Moderator:** Thank you. Next question comes from the line of Nigel, an individual investor. Please go ahead.

**Nigel:** I just had one question about Dirok. Once the connection to the North-east Gas Grid happens and then the production scales up to, let's say, 60 to 70 million standard cubic feet per day, what will be the economics for it then? Like how much will the revenue share for the royalty for the government be, operating expenses and the margins?

**R. Jeevanandam:** This is an old production sharing contract, because the government share will go around maybe 20% to 30%. But that will be our top line and as well as the bottom line, will increase in proportion to our current volume. So, the current volume is 20 million cubic feet of gas on an average. If it goes to 60, it will be triple that.

**Nigel:** And also, by when can we expect this connection to the North-eastern Gas Grid to happen and see the production ramp up as well?

**R. Jeevanandam:** It's handled by the respective government companies. So, we are not privy to it, but when we talk to them, we expect that should get fully commissioned by '25-'26.

**Moderator:** Thank you. Next question comes from the line of Mohammed Patel with Care Portfolio Managers Private Limited. Please go ahead.

**Mohammed Patel:** Sir, now both wells are operational, B-80, so will we be funding the Capex from internal accruals?

**R. Jeevanandam:** We plan for it. No borrowings anymore. They will be all capital expenditure through internal accruals. You could have seen we have about 300 plus operating cash flow that will be pumped into our capital investments.

**Mohammed Patel:** And what is the shutdown duration for B-80? From which date to which date if you can help, you know, there is a little bit of confusion.

**R. Jeevanandam:** See, the shutdown as such, we have looked at the operational uptime was about 88% last year. And this year, we will be further improving on it. But the production-related shutdown, we expect maybe about whatever the line flushing it takes. It may be two days or it may go up to five, six days. We will let you know once the job is completed.

**Mohammed Patel:** I was asking more from Q1 perspective. So, we are doing this steam thing in the well, right? So, how much shutdown duration will be for that?

**R. Jeevanandam:** See, it's a job now. The equipment and everything is functional. It is a matter of days. It's about a couple of days. If some equipment is not functional, it will take more time. So, predicting the time, it's all you can say less than about 7 days, 7 to 10 days. That's the time.

**Mohammed Patel:** And if you can just tell us the revenue from Dirok, B-80, Kharsang, and Cambay for full year FY '24 versus FY '23?

**R. Jeevanandam:** You want for each item, actually that, Dirok, it was the revenue, net revenue is about Rs. 250 crores, got reduced to Rs. 161 crores. And then what else you wanted to know? Dirok, Kharsang. Kharsang is a very minimal contribution. It is not much. So, we are ramping up the production by drilling the new well. And the B-80, when you look at the whole thing as such, it is about Rs. 175 crores in the last year. That has gone up to Rs. 259 - 260 crores in the current year.

**Mohammed Patel:** And Cambay?

**R. Jeevanandam:** Cambay, it is a very negligible sum. It's about overall contribution is less than a crore.

**Mohammed Patel:** I have one last question, if I can. So, we have a reserve of 40 MMBOE as of FY '23. So, what could be the estimated life of this reserves in number of years?

**R. Jeevanandam:** Normally, the reserves and reserve replacement ratio, we would like to have, that's where we were drilling the wells. And we wanted to test the sands which has not been tested to increase the reserve base, which will be in a manner that when we monetize, we will be still having the reserves and resources left in the company in a manner over a long period. So, we are expecting this field and the potential and are looking at a minimum period of at least 15 to 20 years comfortable to us.

**Moderator:** Thank you. Next question comes from the line of Rikesh Parikh with Absolute Advisors. Please go ahead.

**Rikesh Parikh:** Sir, with respect to PY-1, one question. Have we finalized the rig for the processing?

**R. Jeevanandam:** So, we have not finalized the rig per se. That's a fact. But we are waiting for some expert appraisal on it and our people have given us three drilling locations. In-house team has done a detailed work on it. That has been reviewed by one, Clara, she is also an expert in the basement reserve. And both the things are doing the same thing, but still to be abundantly cautious, you know the status, you know what has happened in the block in the past, we don't want to repeat it. To be abundantly cautious, we are getting a firm engaged to review the whole thing again. Once the review is completed and then we will start finalizing the rig.

**Rikesh Parikh:** So, when can we expect the drilling to start as such, means it will be 4Q, fourth quarter?

**R. Jeevanandam:** I think drilling we are planning for June, I said, the next financial year.

**Rikesh Parikh:** Next financial year, okay. That's it from me, sir.

**Moderator:** Thank you. Next question comes from the line of Uday Vernekar, an individual investor. Please go ahead.



**Uday Vernekar:** So, we have an operating stake in PY-3. So, I believe it will be going online this year, as they have already done a vessel, contract with the vessel. So, are we going to hold that stake or are we going to exit that stake in that field? What are the plans?

**R. Jeevanandam:** In our mind, we still hold and we believe we are holding 21% of the participating interest in the block. As at the moment, there is no progress to us and if they come out of the details of what has been done, so we will decide whether to get back into that or not. If it is economical to us, we will certainly get back to our rights.

**Moderator:** Thank you. Next question comes from the line of Manan Patel, an individual investor. Please go ahead.

**Manan Patel:** Congratulations for getting both wells activated. Hopefully, the journey from here on will be smoother. Sir, my question is on PY-1. So, you have mentioned that PSC has been extended till 2030, but from the timelines that you give, most likely the production might start only in '27 or '28. So, how do we see in terms of, is there a risk of PSC not being extended further? And also, if you can throw some light on the pricing of the gas from the same?

**R. Jeevanandam:** See, actually, you are right. So, '25-'26 means it takes about 18 months. We will be able to get back on '26-'27. You are right that the existing PSC, we believe that will get extended by additional 10 more years. Normally, any producing field, they don't shut down. They will give extension. That's what we believe in it. I think the Government will also do the same thing. So, there should not be any issue of continuing the production from PY-1.

And then your next question is about the price. Now, when the volume is too small, we are not able to get a better price. Now, this will go up, and we will be auctioning the gas with a good volume. We will get a price, at least not less than the PPAC.

**Manan Patel:** And sir, the next question is on the reserves that you mentioned that below the ground, HOEC has done extremely well. So, can you throw some light on what kind of growth have we seen in the reserves during the year and what can happen in the next two, three years?

**R. Jeevanandam:** As I told you, as we are speaking the GCA is reviewing the potential of the Dirok. So, we are expecting increase in the reserves of the Dirok field. Then already GCA has given the P90, P50 number of the B-80. We believe that we will be able to reaching the P50 number, move to P90. And we will be doing one exploration well in Kharsang. That would be for the Lower Girujan and Tipam and Barail formation. If it turns out to be successful, substantial additional volume would get added in the Kharsang block.

Then we are drilling one exploration well in Block 19 that is having seven seismic signatures and the chance of success is one out of five. And that would be creating at least substantial half

of the Dirok in our opinion. Because these are the projections and these are prospective resources and it will be get converted into reserves only after drilling the wells.

And we are planning for two more wells in Asjol and two more wells in North Balol. That will also increase our reserve base. And in addition, in PY-1, Mr. Krishnan is well experienced in the basement, and he is finding a difference between the gas water contact in the north and south. One, the gas water contact is in the higher, and the other one is in the lower. If you take the higher gas water conduct, this block would throw a surprise. The substantial volume on recovery is still there in PY-1.

These are our projections for the increase in the reserve base of the company. As and when the activities are taken, then we will be going with the third party to review not only our in-house, and the external third party will review, and the reserves will get upgraded. And in the manner that we are comfortable, our reserve replacement ratio would be much, much better than any other company.

**Manan Patel:** That's very helpful. Just a suggestion. It would be great instead of publishing reserves only in the annual report, it would be great if you could add that to your presentation. That would be very helpful.

**R. Jeevanandam:** What is happening is the production data are different, because it is not all the fields come at the same time, right. Some fields are getting reviewed, and some things getting in between. So, it will create some sort of, we don't want to create a sensation into it, because the reserves are upgraded. We wanted to make it as an annual exercise, and we will give it in the balance sheet as such, which we are normally doing on it. And if we find any surprises, which is either way, it may be an impairment, or it may be a substantial increase in the potential, we will certainly inform to you.

**Moderator:** Thank you. Next question comes from the line of Neha Kumari Surana, an individual investor. Please go ahead.

**Neha Kumari Surana:** So, my question is, in the statement provided to the BSC of the outcome of your board meeting, the point number four states, mentioned that there have been some amendments to the company's policy regarding the policies of announcement and other things. So, what is that amendment that has been done? Is it like you guys will start coming back to the BSE and the normal investors regularly with the updates on if any D-1 or any other wells are getting blocked or something like that?

And my second question is, if I understand, right after the cyclone during June 2023, there was some kind of repair and maintenance that was being done, which was nothing but you were trying to remove the blockage, which was like wax was deposited. So, at that point of time, this clearing of export line was already being done. And only after that, when we could not clear it

out, we told that, and we went back to Baker, and what you say, we appointed them. So, now, why again we are doing the same exercise? Why was this exercise, when it was already done, why didn't it clear the wax depository at that point of time? Because it is like, you know, sometimes we feel like as an investor, we are not being given the...

**R. Jeevanandam:** Can you post the question in the right perspective? Because it's too long a thing I need to understand and answer to you first. First, if I understand your question, the Baker is not, why have not cleared the export line? The Baker's job was related to the wells.

**Neha Kumari Surana:** No, no, not Baker. So, even before the Baker were appointed, we did clear some export lines at that point of time, stating that there are some kind of wax deposited that is there. And if I am not wrong, some kind of statements were given that we are clearing that even before the Baker were appointed.

**R. Jeevanandam:** Please put your question. You wanted to engage in a conversation. You are putting a question, I can answer to this, right? The point here is, the line flushing is a continuous process. We have flushed the line at that time with the limited facilities wherein it went up to 162 barrels per hour. Then when we opened the wells, it started flowing, it started coming down. The chemical injection is not helping much. The line is 162 barrels, started coming down to 160, 90, 92 and comes down to 60 barrels. So, every time when we put a chemical that goes up to 90 barrels. Then again within a few days, it comes down to 40 barrels. Again, we are putting chemicals, it's going up.

So, it is not the facilities available. We are not a bigger company to have the facilities in house. We have to mobilize the boiler and other equipments required to flush the line. When now the line has come down to less than 40 barrels, we have mobilized the well equipment company from, they have mobilized some Halliburton equipment, other equipments are mobilized with the high pressure pumps. That is on the field. So, if we again cleaned up, after three months, if that again gets lost, we have to go and clean up again. Now what happens, as a routine, we will clean up once in three months.

**Neha Kumari Surana:** Second question is the update that you have provided in the outcome of board meeting document wherein you have told that there is some kind of amendment that is being done in the company's policies regarding the announcements and other things. So, can you please throw more light on this?

**R. Jeevanandam:** This is based on the SEBI regulation, LODR regulations, we wanted to comply with in full. So, accordingly, we amended our disclosure requirements as a part of our corporate governance.

**Moderator:** Thank you. Next question comes from the line of Parshva, an individual investor. Please go ahead.

**Parshva:**

I remember there were some pressure issues initially when both the wells were functioning and for that we were supposed to buy a compressor to manage the pressure of the wells. But I guess now that the gas is only not coming too much out of the well, is the pressure issue still there?

Second thing, after fixing whatever we are fixing at B-80, and if gas comes more and the oil comes more, then again, do we have to manage the pressure because of which the flow will, I mean, if we cannot manage the flow because we cannot manage the pressure, for that we have to buy a compressor. So, have you, I mean, can you just put some light on that? That is my first thing.

Second thing is, last time in the Con Call, it was mentioned whatever the outcome may be after the Baker guys have worked, you will come to the investor community or the shareholders who are the co-partners of the company and inform us that it is done and XYZ is the result, whatever the result may be, positive or negative.

So, I am assuming last time you suggested they were going to come in February and if they have come in February, it's been like 4 months, February, March, April, May, we are almost in June now. So, we are getting an update in June. I don't know when they have come, but in the Con Call it was suggested last week of February. So, what really happened that you failed to inform the investor community or your co-partners or the co-holders of the company and you are informing us in this Con Call right now? So, this is two of it.

The last thing is very small that I wanted to ask is the penalty on the gas that we had done with the GSPC last year, which we failed to give them the amount of gas they had asked for. So, how did we compensate or what really happened thereafter? So, can you please go ahead and inform?

**R. Jeevanandam:**

Compressors we will decide once we know the flow rates. What is happening is getting a well activated and getting the well on continuous production to know its capacity. The moment I inform simply the well is get activated, the next question comes to me is how much is the production thereon. I won't be in a position to tell on that. That's the reason it has not been informed to the exchange as such. In terms of LODR regulations, it is affecting how much it comes. I have to give you a materiality of it, right? So, simply saying that it is open, it doesn't have much purpose. That's the reason it has not been informed, no intention to hold any information to anyone. That's a fact.

Second thing, the compressor, which you said, we will be knowing only after flowing the well for some more period. At this stage, I can't say anything on it, whether it is really needed or not needed. So, these are the fundamental problems we are addressing one by one.

Now, the third one is about your penalty, right? In all of our gas sales contract, there is a force majeure clause. The force majeure clause is very wide, which talks about not only cyclone, and any disruption to our top-side facility and our reservoir issues would be construed and termed as a force majeure. We have considered, we have given a constructive notice to the GSPC. It is within that knowledge. So, however, they have raised a demand for the shortfall of the quantity. We have given a reply to them. And that's a fact of the matter at the moment.

**Parshva:** So, would there be a penalty? Is there a, I mean, small penalty?

**R. Jeevanandam:** If there is any penalty comes when we are not able to perform, and everything is being normal. If there is any situation beyond our control comes into play, the force majeure kicks in. So, we are not obligated to supply that quantity. That is the terms of the contract.

**Parshva:** As on date, can I assume that it is already solved and there will be no penalty for this current, I mean, the last financial year that it will not come?

**R. Jeevanandam:** It all has been solved. Somebody raised the dispute. You have to go through the mode of resolving the dispute, right?

**Parshva:** And sir, is there any minimum support price for this contract that we have renewed this time with 12% crude Brent?

**R. Jeevanandam:** So, there is the contract. So, we have gone for a minimum quantity. And then we are asking them, as and when we are able to produce more, then we talk to them in advance and increase it.

**Parshva:** No, sir, I am talking about the minimum support price, like tomorrow crude crashes.

**R. Jeevanandam:** This is a standard one. There is no, we put them actually, the price should not go below the PPAC price.

**Parshva:** And that is what right now currently?

**R. Jeevanandam:** 8.9 or something.

**Moderator:** Thank you. Our next question comes from the line of Rushabh, an individual investor. Please go ahead.

**Rushabh:** Sir can you give us some idea of Dirok about mmscmd. I have heard in northeastern states during monsoon the offtake is very less because of this maintenance and all, it has the history of the last 5-10 years. So can we expect it in the next quarter that the offtake will reduce because of all these maintenance if we see historically over the last five to six years.

**R. Jeevanandam:** It does not happen like that, substantial demands goes there. Otherwise, it is at the standard, you know, BCPL and all the refineries and whatever the power plants, if all of them are functional, then there should not be a drop in the demand. What is happening is that primarily there is only one problem of price. Our price is more and the price of nominated blocks is high.

**Rushabh:** When I see your presentation and read in your result and I noticed that offtake gets reduced during monsoon if I see over the last five years record of HOEC. So this year also you will maintain this record?

**R. Jeevanandam:** It is not our record, it is the Eastern region's record.

**Rushabh:** Sorry, Eastern, my mistake, sir. So this record can be repeated again as a standard?

**R. Jeevanandam:** After it will be gas grid there will not problem.

**Rushabh:** Gas grid will happen after one and half years? Nothing will happen right now.

**R. Jeevanandam:** No, we are saying they were trying to get it connected.

**Rushabh:** Is it happening in October?

**R. Jeevanandam:** Yes, it is happening, our line is half completed and it also getting connected now.

**Rushabh:** Will it happen in October?

**R. Jeevanandam:** There is a little problem that will get solved.

**Rushabh:** I am asking by when it will happen by October or November?

**R. Jeevanandam:** I cannot tell you. It is not in my hand.

**Rushabh:** I just want to have an idea. I am not saying you write on a stamp paper, I am just asking for an idea. You must be aware as you are in the business.

**R. Jeevanandam:** It should be within six months.

**Rushabh:** So the chances are there?

**R. Jeevanandam:** Chances are there.

**Rushabh:** Are you changing any equipments as your people are going there so are you going to change the pipes or hose in B-80?

**R. Jeevanandam:** We have to repair only, it is very difficult to change. We will see what we can replace and we are replacing those, but some equipment which we cannot replace we are trying to maintain that.

**Rushabh:** So you are going to replace the equipments also in the next seven days.

**R. Jeevanandam:** Yes, some equipments we are replacing and some equipments we are maintaining so well. It is difficult but we are doing the work.

**Moderator:** Thank you. The next question comes from the line of Neha Kumari Surana, an individual investor. Please go ahead.

**Neha Kumari Surana:** Just wanted to discuss one thing. So, this is something which might be taken in a wrong way, but please try address in the right way. My question is, like, as someone else also mentioned this in the calls, that why the details of the blockage or reopening or all those things are not provided in time to the public investors?

So, now what is happening is I can see that even before the call, say, for example, in the June month if I am not wrong, when this happened, this particular, what you say, the cyclone. So, when the results were announced, the results had drastically fell down. And once it fell down, another two days, even before the information was out through the conference call that the B-80 is on hold and it is not working anymore, the share price has reduced to almost 45%, 50% within the two days matter.

So, this kind of insider thing, trading is being done by some other way. So, we are not sure what is exactly happening around. And this is because the details are not out in time. Can we do something for the public investor so that the retailers are not stuck in this stock just because something else is being done by few other people? Can we do something on this?

**R. Jeevanandam:** So, we are doing all compliances in terms of the SEBI LODR. That's what I can say you. I do not know why the share price comes up and goes down. This is not in my control. Whatever the information is required to be communicated to the exchange, we are doing it. And wherever the material information is to be given to the exchange, we are giving it either negative or positive. This is what we have been doing. We will continue to do that in future also.

**Neha Kumari Surana:** In that way, as a suggestion, can we keep the conference call on the same day when the results are announced, like so many other companies who are doing this? So, what happens is the people who are doing this mischief, they get two days or three days of time to do all this mischief. If the conference call is kept on the same day of the results, when they are announced, you know, the timeline will be reduced and obviously, the retailers will be saved out of this. So, why can't we do that? Is it possible?

**R. Jeevanandam:** I can't answer to your perceptions, because be careful about the wordings which you are using mischiefs and other things, which I don't have privy to any of those things, right. And the second thing is, this is a smaller company. We have a board meeting held outside Chennai. Then we have to travel back to Chennai to keep ourselves prepared. Till the board results are declared out, we will not be putting into any write-ups or our investor presentations, which can be prepared and get uploaded on the very next day.

But to the best of our ability, if the meetings are held in Chennai, the very next day, we used to have the meeting. Now in this case, one day delay. We had the meeting on day before yesterday and only one day we took because we reached on the early, very early about 2 o'clock, in 2:30 in the morning. We prepared everything yesterday and today we uploaded. And if the meetings are held in Chennai, so we can work late and go to the next day itself. This is what is the answer I can give.

**Moderator:** Thank you. Next question comes from the line of Mohammed Patel with Care Portfolio Managers Private Limited. Please go ahead.

**Mohammed Patel:** What is the reserves number P plus P as of FY '24?

**R. Jeevanandam:** FY?

**Mohammed Patel:** FY '24. As of FY '24?

**R. Jeevanandam:** No, I think it's too much to predict at this stage.

**Mohammed Patel:** So, we will only get this number in the annual report?

**R. Jeevanandam:** Which one?

**Mohammed Patel:** The reserves number.

**R. Jeevanandam:** '23-'24 is already there, right? We have declared the reserves, right?

**Mohammed Patel:** The reserves number. It was 40 in FY '23. The reserves number was 40 in FY '23.

**R. Jeevanandam:** The reserves will be given. I am not able to hear your questions clearly. Can you just tell me what is the question, Mr. Mohammed?

**Mohammed Patel:** The reserves number in FY '23 was 40. So, what is that number in FY '24?

**R. Jeevanandam:** So, we will give that number in the annual report because the number which we are having is different. But that we will be announcing to everyone there into that time itself.



**Mohammed Patel:** What is the duration of the new price contract of B-80 like prices are now 12% of Brent?

**R. Jeevanandam:** It's about one year.

**Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. We have reached the end of question-and-answer session. I would now like to hand the conference over to the management for closing comments.

**R. Jeevanandam:** Thank you. We continue to focus on achieving the optimum production from both the wells of D1 and D2 of B-80. And to increase the uptake from Dirok, we will also embark on drilling development wells in Kharsang, Western region, PY-1 to enhance the production from the discovered reserves as well as resources.

In addition, we plan to test the untested sands in Dirok fields during the ongoing workover and an exploratory well in Block 19 and also a well in Kharsang in order to increase the reserves and the resource base of the company. We have reasonably increased our talent pool to meet our growth targets.

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

**Moderator:** Thank you. On behalf of Valorem Advisors, that concludes this conference. Thank you for joining us. You may now disconnect your lines.