



## Hindustan Oil Exploration Company Limited

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November 25, 2024

By Online

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

### **Sub: Earnings Call Q2 FY2024-25 – 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 November 18, 2024. The same is available on the Company's website at [www.hoec.com](http://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**  
**Q2 & H1 FY24-25 Earnings Conference Call**  
**November 18, 2024**

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**Moderator:** Ladies and gentlemen good day and welcome to the HOEC Limited Q2 and H1, FY25 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 touch-tone phone. Please note that this conference is being recorded. I now hand the conference over to the management. Thank you and over to you.

**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, Chief Financial Officer, and Daisy, our Company Secretary. I would like to start with updates on the North-Eastern region. Dirok workover has been completed and it achieved its purpose of an increase in production from both the wells 1 and 2. In Dirok 4, the extension of the hydrocarbon bearing sands in sands 22A and 23 is proved in the deeper flanks of the structure. Well Dirok 4 is shut in and it is planned to perform acid jobs with partners approval before we put the well on production.

Dirok gas sales for the last quarter is 22.65 million standard cubic feet per day. But the offtake in the current quarter reduced to 15.03 million standard cubic feet per day. Therefore, the sales volume of the current quarter is 0.37 bcf compared to 0.5 bcf in the previous quarter for our share. Condensate is 5858 barrels, compared to 10578 barrels in the previous quarter. Though this field can produce about 50 million standard cubic feet of gas per day, we have to restrict the production due to lack of demand. This quarter was affected by the low demand due to the flood in Assam and shutdown of many plants, thereby affecting the offtake.

You are aware that OIL and ONGC are selling the gas at the price applicable for nominated blocks with the ceiling of US\$6.5 per mmbtu, and the Dirok JV has to sell the gas at PPAC price, which is about US\$8.2 per mmbtu. Therefore, the gas from the nominated field is sold first and the balance demand is met by us at a PPAC price. We are keenly watching the progress of the North-Eastern gas grid, once the concept of common carrier is accepted and the gas grid connectivity is established, the situation would get reversed. It is difficult to predict the timeline, but we believe that it should be operational in all form by '25-26.

We have received the approval from Assam Pollution Control Board for ND-1 well that is in North Dirok, and we plan to drill this well up to Barail formation. We are ready to meet the

potential increase in demand once the demand constraint is eased out by connecting the North-East gas grid to the National gas grid.

GeoEnpro, a wholly owned subsidiary is operator to the block Kharsang, 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. Our program to build the development wells and exploration wells in the block is delayed due to issue of environmental clearance. Public hearing is mandated before the issuance of the environmental clearance, which is scheduled on 26<sup>th</sup> November 2024. On obtaining EC we will drill one exploration well to the depth of about 4000 meters, which would unlock substantial value in the block. Our plan to drill 18 wells for Upper Girujan would increase the field production at the earliest. We believe substantial upside exists in Lower Girujan, Tipam and Barail formation and with the connectivity of the North-Eastern gas grid to national grid, monetization of the gas and development would be faster with a better price.

Block 19, adjacent to Dirok called the Greater Dirok is analogue to Dirok structure. Extension has been granted up to 1<sup>st</sup> of February 2025, and we have requested MoP&NG for additional one more year extension to start and complete the committed work program. As rainy season is over, after harvest we will start the construction of approach road and drill pad to move the rig for drilling. We are hopeful that our application for extension to the additional period will be considered by MoP&NG. In North-Eastern region our capital outlay for the next two financial years continues to be at Rs.250 crores.

Cambay blocks, in Cambay we have secured the environmental clearance after four years for North Balol and Asjol. We are in the process of securing the rig and tangibles to commence the drilling of two wells in North Balol, followed by Asjol, after the initial drilling we continue with drilling additional development wells to enhance the production. We believe good potential exists in all three blocks to enhance production. We are expecting the final clearance of the ring fenced R2 PSC for signature which would add additional value to the Cambay blocks.

Now, I move on to offshore blocks. We are happy to inform you that we participated in the DSF Special Bid Round 2024, wherein we bid for Block B15 in Mumbai Offshore, a discovered small field with an area of about 332.4 square kilometers. We were declared as a sole bidder and on award of the block by Government of India we will embark on the development of this field. Water depth of this field is about 40 feet.

With regard to B-80, we are back on production from both the wells. However, during this quarter, the wells were shut in for more than 35 days for repair and replacement of hawser. Production in the current quarter is 58,906 barrels of oil and 0.38 bcf of gas while it was 67,351 barrels of oil and about 0.4 bcf of gas in the last quarter. During this quarter, the average gas price realized is 9.89 mmbtu compared to 10.34 mmbtu in the previous quarter. Now, the gas price in the Western region is moving back into imported LNG price.

In PY-1 offshore, though the facilities for processing and transportation of gas is in existence, subsurface study is yet to be fully evaluated before the commencement of drilling. We are planning to engage experts in basement reserves from Vietnam to review the study and reserve estimations of our in-house team, G&G team and the third-party expert. Before we commence the drilling, we would like to review the uncertainty of the gas water contact in the north and south of the fields. These studies will give more confidence on our 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 confident about the underlying value oil and gas reserves and resources in our existing blocks, and are continuously adding the resource with new contracts wherever possible. However, our ability to monetize quickly is hampered due to demand constrained in North East and issues faced with the facilities in B-80.

For this quarter, our consolidated turnover is 100 crores compared to 143 crores in the previous quarter. And our profit before tax of this quarter is 13 crores compared to 49 crores in the previous quarter. This volatility in our quarterly results are due to factors such as low offtake in Assam and impact of monsoon in western regions, compounded by reduction in oil and gas prices. You would appreciate that these factors are beyond our control. However, we are doing our best to bring the fields on production and monetize to unlock the value potential.

Now I will request Senthil, our CFO to update on the Financial Results. Over to Senthil.

**N. S. Senthilnathan:**

Thanks, Mr. Jeeva. Good morning all. Standalone revenue for this quarter is Rs.51.85 crores, compared to Rs.71.79 crores in the previous quarter. The reduction in revenue is mainly on account of lower offtake in Dirok field due to shutdown of major consumer plants in that area.

B-80 revenue for the current quarter is Rs.16.96 crores for gas sales, compared to Rs.18 crores in the previous quarter. Oil in stock is adjusted in the operating cost. Current quarter revenue reduction in B-80 is mainly due to reduction in gas price from US\$10.34 per mmbtu in the previous quarter to US\$9.89 per mmbtu in the current quarter.

In the case of Dirok, revenue for the current quarter is Rs.32.33 crores compared to Rs.50.58 crores in the previous quarter. During this quarter, 369 mmscf of gas was sold compared to 550 mmscf of gas sold in the previous quarter. Similarly, 5858 barrels of oil was sold in this quarter compared to 10,578 barrels of oil sold in the previous quarter. During the quarter, offtake of Dirok gas by Oil India Limited was reduced due to the shutdown of its major consumer plants.

Field operating expenses for this quarter in the standalone accounts is Rs.49 crores compared to Rs.65.81 crores in the previous quarter. Other costs including DDA, finance cost and others is Rs.10.34 crores for this quarter compared to Rs.13.06 crores in the previous quarter. Out of

the total operating cost in the current quarter, credit adjustment for oil stock is Rs.13.6 crores, whereas it was Rs.23.43 crores in the previous quarter, due to decrease in the Net Realizable Value (NRV) of crude prices.

Standalone EBITDA for the current quarter is Rs.9.73 crores compared to Rs.20.97 crores in the previous quarter. Profit after tax for the current quarter is Rs.1.11 crore compared to Rs.11.39 crores in the previous quarter. Major reason for reduction in profit is due to reduction in offtake of gas in Dirok sales and reduction in the NRV approaching stock of crude from US\$82.55 per barrel to US\$73.69 per barrel.

In consolidated accounts, the revenue from operations for the quarter is Rs.100 crores, compared to Rs.143.41 crores in the previous quarter. Total expenses in the consolidated accounts for the current quarter is Rs.86.17 crores, compared to Rs.98.25 crores in the previous quarter. Main reason for this difference is movement in the crude stock price in B-80 block.

In consolidated accounts EBITDA for this quarter is Rs.36.47 crores, compared to Rs.72.98 crores in the previous quarter. Consolidated operating profit before tax is Rs.13.41 crores against Rs.48.5 crores in the previous quarter. Profit after tax including exceptional in the previous quarter is Rs.41.92 crores and in the current quarter it is Rs.10.81 crores.

As on date, the term loan outstanding is about Rs. 103 crores. India Ratings have reaffirmed the rating IND A and revised the 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 three years.

Thanks, and back to Mr. Jeeva.

**R. Jeevanandam:** We can open the forum for questions now.

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

**Riddesh Gandhi:** Typically we have a slowdown in offtake in the Dirok in the 1<sup>st</sup> Quarter, just wanted to understand the reasons behind the slow offtake in Q2 and if we are going to kind of continue to see the slower offtake going into Q3?

**R. Jeevanandam:** Thanks Riddesh. And you know that the 2<sup>nd</sup> Quarter is normally having a rainy season there in Assam. This time there was a flood, for about 7 to 10 days continuous flood was there, that affected the offtake. And then you look at Numaligarh refinery, which was shut in for about 19 days. And the Brahmaputra Fertilizer Corporation was about 28 days, a national Namrup thermal power station was 24 days, and NECO, that was the major consumer for about 61 days. This all compounded the whole issue of the lower offtake, that's why from 22 it has come down

to 13 million standard cubic feet per day. This situation would reverse to a little better in the third quarter and if some progress we made, we have been in discussion with the Oil India, then fourth quarter would be much better than the third quarter, that's what we believe.

**Riddesh Gandhi:** Got it, sir. And the other question is that, now that B-80 is up and running, are there any slowdown occasionally happening, or any issues happening, actually with the extraction of the oil at all or its all smooth?

**R. Jeevanandam:** It's because there is no weather issues at the moment, and the things are moving okay. There should not be any obstruction that's what we believe.

**Riddesh Gandhi:** Sir, and the other question is, is there any actually a light you can throw on the new block, which we have recently actually bid for in terms of the kind of reserves we expect, the kind of return expectations we expect, or anything on those lines?

**R. Jeevanandam:** See normally as you are aware that we don't get on to any project which gives less than 21% post tax return to us, and that's what our internal estimate of it. So based on that, we bid for that block. And that block is closer to NQO process platform, about 22 kilometers from there, it has two discoveries. So, we believe that should add good value to us. But still, the government is yet to announce and we have to get an award.

**Riddesh Gandhi:** Got it. Sir and the last question is, with regards to actually, how much actually inventory are we holding in a B-80 of the oil, because I know at around 350 or 100 is when we can have the auctions. So right now, how much is the kind of inventory we are holding?

**R. Jeevanandam:** 250,000 barrels about plus minus.

**Moderator:** Thank you. The next question is from the line of Vaibhav from Honesty and Integrity Investments. Please go ahead.

**Vaibhav:** Sir from North East you briefly updated on the pipeline status, which will enable gas connected to national grid. But there are three phases, so I just wanted to understand, whether phase one would be sufficient to provide national grid connectivity, or phase two, or we have to wait till phase three to get connected to the national grid, and the full constraint or demand will be delivered only after phase three is it the case?

**R. Jeevanandam:** No, it's not, what will happen is that the GAIL connection up to Guwahati is expected by December. Then the DNPL connections is expected by, all means by March '25 and the major connectivity of separate line by IGGL from Numaligarh to Duliajan would be expected here later. So for us our volume per se as such, once the Duliajan line get connected, we will be much better off, that would be expected by this year end.

**Vaibhav:** Okay. But as per the recent interview given by one of the officials, phase one will be completed by March, and actually by December, you are right, that's clear.

**Moderator:** Thank you. The next question is from the line of Rishikesh from Robo Capital. Please go ahead.

**Rishikesh:** Sir, my first question is with respect to the B-80. Sir we had given a reference production of around 2500 boepd in B-80. So would like to know where are we currently, and what is our plan, by when and how are we planning to go to a production level of say, around 3500 BOEPD.

**R. Jeevanandam:** So currently we are in the (+/-5%) of the 2500 barrel. That is a reference as such and 26-27 we are planning to drill three additional wells, so that should ramp up the expected level of more than 3500 barrel.

**Rishikesh:** So basically, the 3500 will come only by drilling additional wells, not from the current well that we have?

**R. Jeevanandam:** That's for sure.

**Rishikesh:** Okay, so how much CAPEX would that entail?

**R. Jeevanandam:** Actually, we are expecting that the three well would be somewhere around \$50 to \$60 million and that's what we are planning for it.

**Rishikesh:** Okay. And also would like to know currently, our revenue run rate is less, but with Dirok would be reviving Q3, Q4 later. Going ahead, what is the target or revenues, say by when can we do around 1000 crores of revenue, and what EBITDA margins if you could share that please?

**R. Jeevanandam:** It's an answer depending on many caveats, but our endeavor is '25-26 we should be able to comfortably reach that number, and our margin remains the same what we are doing now, it's little better than that, because some of the fixed cost can be leveraged, and in a manner, we would be meeting the same number little better than the previous number, and that will increase in proportion to the turnover assets.

**Moderator:** Thank you. The next question is from the line of Shiva, who is an Investor. Please go ahead. As there is no response from the line of Mr. Shiva, we move to the next participant. The next question is from the line of Kunal Tokas with Fair Value Capital. Please go ahead.

**Kunal Tokas:** My first question is related to your operational costs for the Dirok field and the B-80 fields. I remember reading something that your operational costs for mmbtu was \$0.5 for Dirok field is that correct?

**R. Jeevanandam:** Not \$0.5, it is \$0.5 when you are reaching to a full volume of production, because these operating costs are not linear. This is more or less are the fixed cost. So if your volume, gas

cannot be stored, it has to be sold. So whatever we produce, if the lesser the volume we produce, your operating cost is more that's about a dollars per mmbtu. Now you have increased the volume, even you double the volume, then the operating cost come down to 0.5. So being the low offtake, then our cost is more at the moment.

**Kunal Tokas:** So at the 40 to 45 mmscfd that you expect after the grid gets connected, your operational cost should come down to 0.5?

**R. Jeevanandam:** Yes, it should be somewhere around 0.5 to 0.6.

**Kunal Tokas:** Okay. And what would those be for the B-80 field, I am just trying to see, I am trying to understand what level of oil prices you can sustain with still being break even?

**R. Jeevanandam:** B-80 you have three issues which comes out, one about the government share. The government share irrespective of the price you have to share with the government that is the first fact. The second thing, your operating facilities if you are looking at this all operating facilities majority of them are owned by us, that through our subsidiaries, that is a floating production offshore and mobile offshore processing platform, this is all owned by us. If you take the net cost of all those things we can sustain even at an oil price of \$50.

**Kunal Tokas:** And sir about the production sharing contracts, those have a high point and a low point between which the share is linearly interpolated. So, from the basic that I understand is that, the more you produce, the more you have to share with the government and that actually hinders people from, it gets incentivizes people from producing more. Is that a correct understanding, and how do you plan to tackle it?

**R. Jeevanandam:** It's basically a revenue sharing contract, not a production sharing contract. In a revenue sharing contract, the costs are immaterial, only the revenue is getting shared with the government. That goes with the LRP, that is 12% that is a fixed one. The balance one is proportional to you what you have quoted for it. So more you produce, you will have to pay more to the government, and that's a fact. So in our case, it is about 12% is the minimum we have to pay for whatever our revenue we realized. And the maximum goes up to 55% that is a linear so essentially we produce about, your revenue share to the government should be around say, 17%, to 18% and then your royalty is about 10%, total 25% to 30% will go to the government on your revenues. Balance is getting used for your cost, and you are making a profit.

**Kunal Tokas:** Okay, does it taking us in producing more or does it still make economic sense for at the higher sharing levels?

**R. Jeevanandam:** You can work it out an optimum level for you, and you cannot put the wells on close mode, and at same time, you can't block the wells. So it depends on the bidding and depends on the contract signed by the respective parties.



**Moderator:** Thank you. The next question is from the line of Jitendra Petkar who is an Investor. Please go ahead.

**Jitendra Petkar:** My question is to Mr. Jeeva. Is there any stake sale by the management or the previous management from the company in the recent past?

**R. Jeevanandam:** No, see I can't say about what the shareholders will do, but I don't think so. If anything is there definitely we will inform you.

**Jitendra Petkar:** No, because there are rumors like that, and it appears, since there is no identifiable promoters of this company, the disclosure may not be mandatory, I believe. But it does affect the normal investors.

**R. Jeevanandam:** I just want to tell you, first you said it is a rumor, that is a fact and the second thing you are saying actually, it should be a mandatory disclosure. Yes, and anybody who is holding more than 5% has to disclose to the exchange. So both in an event, if any event on that it will get informed to us, and we will in turn inform to the exchange immediately.

**Moderator:** Thank you. The next question is from the line of Rushab who is an Investor. Please go ahead.

**Rushab:** Last time I asked you about Assam, it's lower this time?

**R. Jeevanandam:** We are trying to progress, we can't create demand.

**Rushab:** I want to ask, the one which started in these three months October, November, December, has the factories started which you were telling someone which are closed. Have all those started or still some of them are still closed?

**R. Jeevanandam:** Majority of them have started. BBSL is down but it will be fine next week.

**Rushab:** But majority of them started in October or it started in November?

**R. Jeevanandam:** It started from October.

**Rushab:** That's great. And sir you told there won't be an issue of the demand, so that's from June, July 2025?

**R. Jeevanandam:** See in 2nd Quarter we always have some problem and now there is some problem in the entire region because of the price difference.

**Rushab:** No, I am not talking about that, I am talking about the national one which you were saying June, July, so wanted to know if the timeline is same of 25-26 or it's March 2025-26?

**R. Jeevanandam:** After grid connectivity it will start.

**Rushab:** By when are you expecting the grid connectivity, June, July 2025 or March 2025?

**R. Jeevanandam:** We have to go and discuss this, we are not involved in it directly. So, one will be done in December and the second one will be done by March 2025.

**Moderator:** Thank you. The next question is from the line of Vaibhav from Honesty and Integrity Investments. Please go ahead.

**Vaibhav:** Continuing in the last thing, so phase two, as per the interviews publicly given by the officials of this pipeline, stage two is going to be completed March 26 and what you are saying is March 25 for phase two of the pipeline. So I am just confused whether it's 25 or 26?

**R. Jeevanandam:** Vaibhav, I tell you honestly, I don't know which phases you are talking about. For us, that one phase is about connecting up to GAIL connection up to Guwahati. So the second connection is from Guwahati to Numaligarh, and from Numaligarh to Duliajan, through a DNPL line. So this is what practically making our increase in volume. We are expecting the DNPL line will get connected in March '25. So with that, we will be able to increase our offtake, that's what we believe.

**Vaibhav:** So that will ensure national grid connectivity for us?

**R. Jeevanandam:** Yes, that will be because this gas go up to Baruni, Central India. So then obviously, there would be a volume uptick, and there is an establishment of grid connectivity. Further augmenting, the grid would be through a separate line, IGGL, from Numaligarh to Duliajan.

**Moderator:** Thank you. The next question is from the line of Manan Patel, who is an Investor. Please go ahead.

**Manan Patel:** Congratulations on B-15, Just wanted to understand with this, being declared the sole bidder, so when can we expect further details on the block and from your side?

**R. Jeevanandam:** So as at the moment we are just a bidder, so we have to wait for the government's the formal communication to it, and then we will be going for signing the block. So that will take at least, I do not know the exact timeline we are expecting within a month's time. Once it is done, then we will update the block, because our evaluation, what we have done, how we will come out with value in the block we will let you know.

**Manan Patel:** Understood. And sir, just wanted to know, how does this change our CAPEX projections of 1000 crores over next two to three years, does it change materially or how do we think about this?

**R. Jeevanandam:** It will change our capital plan, because what happens we are looking at there is, after signing of the PSC, we have got four year's time, within the four year's time we should be able to have enough capital from our side to go for it. And we are looking at a model by which we will be able to optimize the cost and put it on production in a quicker mode that's what we are looking at. So if any additional borrowing is required at that point in time, we look at that.

**Moderator:** Thank you. The next question is from the line of Kunal Tokas who is from Fair Value Capital. Please go ahead. As there is no response, we will move to the next participant. The next question is from the line of Shiva, who is an Investor. Please go ahead.

**Shiva:** With reference to the B-15, the current bid that has been done, I am sure things would have, why the company should run the bid, being an offshore block, the experience has not been so good in the past four, five years and the kind of investments that we have made are phenomenal in B-80 with not getting proper output, like wells getting off and on and off again and spending a lot of money, time, energy, everything. So what is the logic to bid for another offshore block, why did our company do that, what is it that you guys found very interesting in this, that is my first question related to this, B-15. The second question here is, B-80, currently all production is not that great. So, sometimes when there is a leakage in my house, the water comes down when the guy will sweep the floor, but then that water is not there in my house anymore it goes to the neighbor's house. So can a similar phenomenon also happen with B-80 like the oil is not there anymore in our area, but have gone to the neighbors, like a different land altogether. So, the second question is for Mr. Krishnan Raghavan, the technical person. The first one is for Mr. Jeevanandam. Thank you.

**R. Jeevanandam:** I will answer both the questions, I don't know about the leak in your house, but the fact remains, we are an offshore operator, we are the only company producing from Mumbai High, other than ONGC. So we are very proud of it, we are comfortable doing a good job, and we will be able to do it. We will head on to get on to many offshore blocks, when it comes to it. We know how to create the value to our shareholders, we will continue to do that. Okay, that's your first question. Second question, there is nothing about a leak or anything on it. Every oil and gas block have a certain volume. This volume has to be a proper plumbing job to come to the surface, it will come when it comes. We are on the job of doing the work. We are continuously on production at the moment, we will unlock the value by drilling additional wells. That's all it from my side. Thank you.

**Moderator:** Thank you. The next question is from the line of Aksha Maheshwari, who is an Investor. Please go ahead.

**Aksha Maheshwari:** So my question was basically regarding one of the interview which was given nearby 16th of June. So Mr. Jeeva, you said that the company expects 50% uptake in production in fiscal 25, so where are we right now over there?

**R. Jeevanandam:** So we are on target actually, and see what happens in oil and gas fields you can't continuously look at quarter-to-quarter right, three factors, because the demand is not in our hand, that will get sorted out by the connectivity established on the North Eastern side and the B-80 there is a weather impacted about 35 days, that we have already rectified it, and we will continue to do it. And the third one, our job is more towards creating a value below the ground, which we have already been on the process of getting new acreage. And with this, we will be able to reach a target. It may be a couple of months, this side and that side, but we are on target of getting the things done.

**Aksha Maheshwari:** Okay. But the interview was very recent one, so accordingly the numbers which came are supposed not in line with the interview which was said over there?

**R. Jeevanandam:** So number of this quarter, right?

**Aksha Maheshwari:** Yes.

**R. Jeevanandam:** Yes, right. But this is what I explained the reasons for the offtake in this quarter.

**Aksha Maheshwari:** Pardon me, sorry, I couldn't hear you properly.

**R. Jeevanandam:** This quarter, the low volume offtake was already explained to you. This has not affected our productivity of the wells, our capability of increasing the production. This has only affected our offtake because there was lack of demand in the region.

**Moderator:** Thank you. The next question is from the line of Rushab, who is an Investor. Please go ahead.

**Rushab:** Sir, you said some of the phase starts in December and the second one is starting in March, so if it starts in December then how much production will increase in Dirok?

**R. Jeevanandam:** We can't quantify it.

**Rushab:** I am just taking a guess of it, I am not going to hold you for what you are saying, it's just a guess.

**R. Jeevanandam:** We should improve at least 50% more than this.

**Rushab:** So, 13 will be 26 or 20 will be 30?

**R. Jeevanandam:** We are expecting at least 25+.

**Rushab:** Okay, so double of this quarter. And in March will it go to 70-80, or it will go to 50-55?

**R. Jeevanandam:** So in March we have to reach above 40.

**Moderator:** Thank you. The next question is from the line of Rikesh Parikh from Motilal Oswal Financial Services. Please go ahead.

**Rikesh Parikh:** Sir, I just wanted to understand B-80 what is the current level of production right now, in terms of oil and gas?

**R. Jeevanandam:** Oil about 1000 barrels and gas is about 8 million standard cubic feet of gas per day.

**Rikesh Parikh:** Okay. So it's back to the normal, what we expected or will we see some more improvement in the field as such, in terms of production?

**R. Jeevanandam:** As a reference, this is a one and if any improvements you will know by the next quarter.

**Rikesh Parikh:** Okay. And sir just wanted to understand this B-15 block, so probably it will take two years to get it operationalized in terms of the taking approval and studies and all, is that a right understanding?

**R. Jeevanandam:** So, basically being at offshore we don't require lot many approvals, but it is more looking at the more comprehensive development, under cost effective development, both are looked at by the team. Then we have to engage the right contractor to go out with the model with mitigating the risk and our target is to put it on production in less than 30 months.

**Moderator:** Thank you. The next question is from the line of Ravi, who is an Investor. Please go ahead.

**Ravi:** Sir my question is, last time the 400K barrels we sold in December, if I am not wrong. So, what is the current storage of oil from the B-80. where are we?

**R. Jeevanandam:** So, the current stock I told you is about 250,000 barrels. And then 2000 barrel is our current production, so you will be knowing by the 1st Quarter of the next year we will be able to make an offtake.

**Moderator:** Thank you. The next question is from the line of Manpreet Arora from Arora Wealth Advisors. Please go ahead.

**Manpreet Arora:** On the B-80 gas, if we look couple of years back, we had flows of 12 point some million, and then it gradually decreased to five, and now four, I understand that it was a gas top well, and so earlier years will probably be higher than later in the year, is that a correct understanding?

**R. Jeevanandam:** Yes, your understanding is correct.

**Manpreet Arora:** And now you mentioned that we are now flowing 8 mm and so that has increased now?

**R. Jeevanandam:** It is better to take the same reference, the 8 million standard cubic feet per day.

**Manpreet Arora:** Okay. And so, how should we model this over the next few years, will this decrease and then the oil will increase?

**R. Jeevanandam:** See any oil and gas field on a continuous production will have some decline, and it will not decline too much as we are producing very minimal from that field and by drilling additional wells, we will be able to come back to the normalcy in the block to use its facilities to its optimum potential. That's why we planned for three wells in '26-27.

**Manpreet Arora:** Okay. And sir on the pricing side, we were at 22% of Brent and then we have again come down from \$16 to now \$9 so how do you see the pricing playing out, it is more related to the Brent price, how it behaves?

**R. Jeevanandam:** So we were looking at actually the Brent price is the best model. So we went out 22%, subsequently it has been brought down to 12%, 12.2%. Now we are looking at more from an exchange where that is price is moving akin to LNG price. So partly we are selling at exchange, and partly we are selling at the Brent price. Wherever the committed contract, we are selling at the Brent price and the balance more than 50% we are selling at the exchange, which prices akin to LNG price, a little discount to the LNG price, but the price is much better than the exchange rather than going with the percentage on the Brent at the moment.

**Moderator:** Thank you. The next question is from the line of Jitendra Petkar who is an Investor. Please go ahead.

**Jitendra Petkar:** I have two questions, one, is a little bit follow up on the grid connectivity on the East, I would like to know unambiguously, when will be the final connection will be made, and there will be no constraints as to the transportation of gas on the East side. When is that date in 25, June-July 26 which exactly, all connections should be computed unambiguously?

**R. Jeevanandam:** Jitendra what you are looking at, the similar way we are looking at them. So when we discussed with the team, they are expecting that one set of the connection should get over by March. So therefore we are expecting by 25-26 there should not be any constraint to us and to enhance the production.

**Jitendra Petkar:** Shall I put it as by second half of '25?

**R. Jeevanandam:** No, first half, we are expecting them to get the first layer of connections connecting to the national grid should get done by 31<sup>st</sup> March 2025. Essentially you get a better offtake from '25-26. And further augment of the offtake depending on the production from others, as well as the demand, and then the connectivity of IGGL laying their own line from Numaligarh to Duliajan, so that we will totale in such a manner that we drill additional wells and ready to ramp up the production up to 70 million cubic meters gas per day.

**Jitendra Petkar:** I understand, so which means after 31st March 25 things are progressively going to increase only and most of the let's say, constraints will be removed by 31st March 2025, am I right?

**R. Jeevanandam:** Yes, you are right and that's what the assumptions we are also working.

**Jitendra Petkar:** Understood. My second question is about the quality of crude that we get from B-80. It gives the same crack as the other that is domestically found or, can you give any idea from refiners point of view?

**R. Jeevanandam:** It is actually a Brent, we got the Brent price based on the analysis. Crude, as say what they have done, it is equivalent to Brent, so it will continue to be that.

**Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to management for closing comments.

**R. Jeevanandam:** Thank you. Our focus remains on achieving the optimum production from B-80 and to increase the offtake from Dirok. We believe that drilling of wells in Kharsang, PY-1 and Western region will add substantial volume of resources to reserves, as well as increase in production. Our committed in-house team, with the support of external experts, will ensure our growth targets. We once again thank you all for joining us today. Thank you all.

**Moderator:** Thank you. On behalf of HOEC Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.