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E-Communication

JDIL/SECT/SE/2024-25 **30 May 2024**

BSE Limited
25th Floor, P.J. Towers,
Dalal Street, Mumbai-400001

National Stock Exchange of India Limited
Exchange Plaza, C-1, Block-G,
Bandra - Kurla Complex
Bandra (E), Mumbai-400051

Security Code: 511034

Security Code: JINDRILL

Sub.: Transcript of earnings conference call held on 23 May 2024

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find below the link of transcript of earnings conference call held on 23 May 2024.

Link to access above transcript is as under:
https://www.jindal.com/jdil/pdf-new/Transcript-of-Conference-Call-Q4-FY24-Earnings-Call.pdf

You are requested to kindly take the same on record.

Thanking you,

Yours faithfully,
For **Jindal Drilling & Industries Limited**

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Date: 2024.05.30 16:21:56 +05'30'

Binaya Kumar Dash
Company Secretary

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IADC MEMBER

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Jindal Drilling & Industries Limited

Q4 FY24 Earnings Conference Call

23 May 2024

MANAGEMENT:	**MR. RAGHAV JINDAL – MANAGING DIRECTOR, JINDAL DRILLING & INDUSTRIES LIMITED** **MR. KAUSHAL BENGANI – DEPUTY GENERAL MANAGER, INVESTOR RELATIONS AND FINANCE, JINDAL DRILLING & INDUSTRIES LIMITED**
MODERATOR:	**MR. KISHAN MUNDHRA – ANTIQUE STOCK BROKING LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Jindal Drilling and Industries Limited Q4 and FY24 Earnings Conference Call hosted by Antique Stock Broking Limited.

As a reminder, all participants' 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. Kishan Mundhra from Antique Stock Broking Limited. Thank you and over to you, sir.

Kishan Mundhra: Good afternoon everyone. On behalf of Antique Stock Broking, I welcome you all to the Post-4Q FY24 Earnings Conference Call of Jindal Drilling.

Today, the Company is represented by their managing director, Mr. Raghav Jindal, and with him we also have Mr. Kaushal Bengani, who is the Deputy General Manager, Investor Relations & Finance. So, today's session would first be a brief on the results by the management and then would be followed by a question and answer round.

And with that, I would now like to hand over the call to the management. Over to you, sir.

Raghav Jindal: Good afternoon gentlemen, this is Raghav Jindal. Glad to answer your questions later. Over to Kaushal to present.

Kaushal Bengani: Good afternoon shareholders and thank you for joining our Earnings Call.

In FY24, we have been able to improve upon revenue and profitability on account of deployment of all 5 Rigs. In FY25 our performance will improve further as one owned rig Jindal Supreme, will be deployed on a new contract by October-November 2024 at a higher rate. Further, we are in the final stage of acquisition of Rig Jindal Pioneer for which we had earlier taken approval from minority shareholders and are now awaiting final approval from statutory authorities. Our earnings will improve immediately on the acquisition of the said Rig.

I will briefly summarize key financial indicators of the previous year and the previous quarter:

On comparison with corresponding quarter of last year, that is Q4 FY23, our revenue in Q4 FY24 increased by 94%. EBITDA increased by 29%. PAT and EPS increased by around 80%. On comparison of Q4 FY24 with last quarter Q3 FY24, our revenue increased by 11% however, EBITDA declined by 11% with slight increase in PAT and EPS on account of reduction in finance cost. The decline in EBITDA in Q4 FY24 was on account of a one-time settlement that the Company did with ONGC for long pending issue in which an amount of US$ 1.704 million was receivable. This was settled for US$ 0.982 million leading to a write-off of US$ 0.722 million which is equivalent to Rs. 6 crores approximately. This led to a one-time increase in other expenses.

We would also like to point out that operating expenses in Q4 FY24 increased when compared to Q3 FY24 on account of rental payable and amortization of refurbishment expenses of Virtue-1. This is because in Q4 this rig was operating for 3 months whereas in Q3 this rig was operating for 2 months as it was deployed towards end of October 23. However, the increase in operating expenses in Q4 was compensated by increase in revenue from this rig in Q4.

Coming to the Annual Results:

On comparison of FY24 with FY23 revenue increased by 16%, EBITDA increased by 14% and PAT increased by 2%. In this context, it is also important to note that in the year ending FY23, there was foreign exchange fluctuation gain of Rs. 28 crores. This amount was only Rs. 6

crores in the year ending FY24. If the impact of foreign exchange fluctuation is taken out, then the stark improvement in our performance in FY24 is evident. This is because 3 rigs were deployed in FY24 at higher operating day rate.

I would now like to take you through our Earnings Presentation:

The first slide talks about Jindal Drilling & Industries. We are the leading offshore drilling services contractor in India's oil and gas sector. We have more than 35 years of experience in the sector of offshore drilling. We are supported by an efficient and experienced operational and management team who ensure that our efficiency is not compromised and we achieve the highest levels of safety. We have been supporting and serving ONGC for the past 30 years in their drilling programs. They are satisfied customers and we have always explored opportunities with them. Apart from 5 offshore Jack-up rigs that are under contract with ONGC, we also provide Mud Logging and Directional Drilling services to the oil and gas sector.

We want to increase our operations in India which is why we are in the process of purchasing Rig Jindal Pioneer which is currently deployed at a bare boat charter rate of US$ 35,000 per day. This purchase has been approved by the board, audit committee, shareholders and it is in the final stage of approval from statutory authorities. Once this purchase goes through, then earnings of Jindal Drilling will improve immediately.

Slide #4 is about the rigs that we have in our fleet, their design, their build and the status whether owned or rented. The largest profit generators out of these rigs are Virtue-1, Jindal Supreme and Discovery-1 as Virtue-1 has been deployed at high rates and Jindal Supreme and Discovery-1 are owned by the Company.

Slide #5 details the order book Rig wise and for relevant duration which will help interested shareholders in projecting the revenue of the

Company. The numbers are of course approximate calculations and may vary based on actual operational performance. The order book as on 31st March 24 stands at US$ 251 million.

I have already spoken about the quarterly highlights; the upward trend in earnings and PAT is quite clear. On the EBITDA front the earnings in the previous quarter were impacted by the one-time settlement that we had done for an earlier transaction.

Going forward on a year-on-year basis, EBITDA will improve on a quarter-on-quarter basis because one of our rigs was de-hired on 25th of March, 2024. EBITDA for the first quarter of FY25 will decline and then towards the third quarter will improve sharply.

The annual highlights have already been discussed earlier. Maximum EBITDA is generated from our rig segment and that trend will continue.

The borrowings of the Company have increased on a gross level. However, at a net level, we are still net cash to the extent of Rs. 51 crores. Borrowings at gross level had increased because 3 of our rigs were refurbished and redeployed in the previous financial year. One more rig Jindal Supreme, which was de-hired on 25th March, 2024 is currently under refurbishment. As soon as refurbishment is completed, we expect to deploy the rig by October or November of 2024 on a much higher day rate. Further, one loan which was taken against security of rig Discovery-1 is due for payment on 31st May 2024, that amount of around Rs. 80 crores will be fully paid from internal accruals, thereby rapidly reducing the gross debt level of the Company.

The shareholding structure as on 31st March, 24th is detailed. We have few marquee investors in which 1 mutual fund has also taken a reasonable stake. We want to increase our engagement with the shareholder and investor community and to that effect we have opened the necessary channels of communication.

This concludes the presentation and I would now ask Kishan to kindly open the floor for questions.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Saket Kapoor from Kapoor & Company. Please go ahead.

Saket Kapoor: Firstly, Kaushalji, you mentioned about some EBITDA trajectory for the H1 and H2, I missed your comment can you repeat it once more?

Kaushal Bengani: One of our rigs Jindal Supreme which is a good profit generator was de-hired on 25th March as it had completed its contract with ONGC. This rig is under refurbishment and it will be redeployed by October-November 24. Since only 4 rigs will be operating in the first quarter of FY25 and second quarter of FY25 earnings will be lower in these quarters as compared to the March quarter which will then pick up in the third quarter onwards. The only caveat here in this statement is that in these 2 quarters of FY25 if we are able to complete the transaction of purchase of rig Jindal Pioneer, then earnings will rise in these 2 quarters itself.

Saket Kapoor: Where are we in terms of the purchase of Jindal Pioneer and if I would first draw your reference to note number 4, wherein you have articulated the impairment entry that we have taken for Jindal Pioneer? If you could just explain the nature of this impairment.

Kaushal Bengani: It is very clearly mentioned in the note that the impairment is on account of difference in book value and market value of the asset in the books of the joint venture. This is very clearly written.

Saket Kapoor: Since the market dynamics are in favor of rigs and as far our understanding the requirement for rigs and the valuation for rigs might have improved because of the current buoyancy in the market, so what would have led to this impairment at this stage?

Kaushal Bengani: The book value was much higher. Even after the market improvement, the book value of the rig was much higher because it was a new rig which was purchased right before the downturn in the oil and gas cycle.

Saket Kapoor: Post the valuation which will be paying for Jindal Pioneer would be after adjusting this impairment?

Kaushal Bengani: No, this is an impairment in the books of the joint venture. We are shareholders in the joint venture. Whatever happens in books of joint venture, on the basis of the equity holding that effect comes in books of the parent Company.

Saket Kapoor: So, once this asset is being transferred to Jindal Drilling what would be the cost of acquisition and how will this transaction? Since this transaction is consummated earlier than the purchase, so the valuation will also be different in that case?

Kaushal Bengani: Because the transaction has been committed by both parties and necessary approvals by shareholders and board of both parties has already been done and a fair valuation of the asset was also done therefore the entity which owns the Rig has to impair the value of the asset in its books because the market value of the asset is not commensurate with the book value. The value at which the transaction will take place is 75 million that has also been communicated earlier very clearly in multiple announcements made to stock exchange or shareholder notices.

Saket Kapoor: So, just to conclude, 75 million value which was ascertained to Jindal Pioneer was lower than the book value and hence the impairment also is accounted for?

Kaushal Bengani: Correct.

Saket Kapoor: Then coming to your point of this equity arrangement part 7, when we look at the balance sheet part of the Company, we find on one side there is an increase in the loan under the current asset to the tune of Rs. 125

crores and also other financial assets is being increased to Rs. 119 crores if you could just explain the nature of these 2 line items?

Kaushal Bengani: The debt position has already been given in the presentation.

Saket Kapoor: My question is not for the debt part, sir. It is for the investment that we have under the asset category. Under other financial assets, we have closing balance of Rs. 119 crores and under current asset loans have gone up from Rs. 125 crores, so these are the loans given by the Company, not accumulating to the debt.

Kaushal Bengani: Yes, that is what I was saying. It is mentioned in the presentation. The loans given by the Company is included in the cash which is receivable by the Company. These are loans given to joint venture companies, which is there in the presentation. The way it has been presented is different in the balance sheet. That figure is part of the Rs. 276 crores figure in the presentation. The other financial assets that you are referring to are refurbishment expenses which are amortized gradually over the duration of the contract.

Saket Kapoor: So, these assets will now flow into the P&L going ahead, the Rs. 119 crores?

Kaushal Bengani: Yes.

Saket Kapoor: And lastly, sir, we heard from one of the pioneer in the segment, Great Eastern Shipping, speaking about some cancellation of rig acquisition by ONGC, so do you have any further color on the same? What are the dynamics currently Raghavji, if you could give some understanding on how the market is currently placed in terms of the rig requirements from key players like ONGC who is our the only customer if you could throw some light on the same and the cancellation part also?

Raghav Jindal: So, the requirement that ONGC remains where they are. They have a production level which they need to achieve and they need to get a number of rigs for which the tender was taken out earlier. Apparently they had some negotiations with L1 party and they were not able to get the rates that they wanted. Plus, the L1 party had not quoted earlier rates. Looking into all those considerations, I guess ONGC canceled that contract. The rig requirement would add on to the next contract when they will come.

Saket Kapoor: What are the current rates, the daily rates?

Raghav Jindal: The current rate is around nearing US$ 100,000 a day. The last that we got for Supreme was around US$ 84,000-88,000.

Saket Kapoor: Going ahead taking into account the dynamics of the market, can we look for these rates to sustain in the foreseeable future?

Raghav Jindal: 100%. Looking at the world market, and not only the world, what ONGC needs for its production, definitely. I would expect it to still go towards 100,000. It is not the 80's.

Saket Kapoor: Kaushalji, you mentioned about this Mud Logging and Direction Drilling Services also, so out of the total revenue profile, what percentage would be adding and what are the factors that will contribute to further increase in this? What is the contribution, Kaushal, sir?

Kaushal Bengani: Sir, please refer to the presentation. We have given the EBITDA mix segment wise.

Saket Kapoor: Okay I will go through that.

Kaushal Bengani: Majority of EBITDA is generated from the rig segment. More than 90% is coming from the rig segment.

Saket Kapoor: And my last question, Raghavji, earlier, one of the rig Jindal Explorer we are in contract with another Company of the same promoter, where you are also the Joint MD, Maharashtra Seamless and as earlier communicated to investors through various forums is that, that rig will also get de-hired sometime in middle of FY25-26 sometime in the beginning of the next financial year and earlier commentary by the owner of the rig that is MSL has been that they would be looking at ways to exit the rig business and concentrate on solely on the pipe business. So, do the board of Jindal Drilling wherein you are the MD, have worked or are looking to work out something in terms of this exit exercise which the owner of the rig is trying to explain or narrate to the investing community?

Raghav Jindal: No, so that is a view which MSL has to take. If it is selling the asset, we will definitely be looking at it at that time.

Saket Kapoor: No discussion as of now, sir?

Raghav Jindal: Correct.

Moderator: Thank you. The next question is from the line of Pritesh from Lucky Investment. Please go ahead.

Pritesh: One question on the incremental movement in your EBITDAs and the topline, so in the last 3 quarters basically you saw the round-up addition of your number because of Jindal Discovery which came in quarter 2 only and then you had Virtue in quarter 3. I just wanted to understand in quarter 3 and Quarter 4 you can call out what is the one-off expense and what would be a more normalized EBITDA for quarter 3 and Quarter 4?

Kaushal Bengani: For Quarter 4, there was only one transaction, which was one-time, that was to the extent of Rs. 6 crores, US$ 1.7 million was receivable, out of which settlement was done for US$ 0.98 million, so around US$ 0.7 million was written-off, and that was the expense that was written-off.

Pritesh: So, Rs. 55 crores was a more normalized EBITDA for Quarter 4?

Kaushal Bengani: Yes.

Pritesh: Let us say 53 of quarter 2, so quarter 2 was 53 which had the entire benefit of Jindal Discovery, Quarter 4 is Rs. 55 crores and then what is the normalized EBITDA for quarter 3 there?

Kaushal Bengani: So, for quarter 3 it should have been around Rs. 63 crores, but there was a one-time expense on account of deployment of the rig and that is why the EBITDA was lower in that quarter. So, unfortunately, we…

Pritesh: So, then the normalized EBITDA for quarter 3 was about Rs. 63 crores and normalized EBITDA for Quarter 4 is 55, then between the two quarters, quarter 3 and Quarter 4, what takes away that Rs. 7 crores-Rs. 8 crores EBITDA?

Kaushal Bengani: One is the lower number of days of Jindal Supreme which happened. The only major change is that and then the other would be certain transactions of Mud Logging and Directional Drilling which may not have generated that much revenue in the fourth quarter. Apart from that there is no other change.

Pritesh: How many days of de-hire would Jindal Supreme would record in the Quarter 4?

Kaushal Bengani: Six.

Pritesh: And at US$ 40,000?

Kaushal Bengani: At US$ 40,700 hundred per day. So, in the case of Jindal Supreme since it is a rig which is owned by the Company and the contract of Jindal Supreme officially ended in January, but it continued till end of March, so when you do a calculation of the contribution of Jindal Supreme towards the EBITDA, please bear in mind that there will be no rental component and there will also be no refurbishment component because the refurbishment component had been fully amortized by January which is why from February onwards the contribution of Jindal Supreme would be higher than it would be in January.

Pritesh: Contribution of Jindal Supreme would be higher?

Kaushal Bengani: Which is why I think due to un-deployed period of 6 days, it has a larger impact than probably it appears to be.

Pritesh: If un-deployed with no revenue and a cost on it?

Kaushal Bengani: Yes.

Pritesh: Because un-deployed, no revenue itself is Rs. 2 crores lower revenue and then there is a cost over it which would bring the EBITDA down, right that is how it is?

Kaushal Bengani: Yes.

Pritesh: What will be the Rig operating cost, US$ 20,000?

Kaushal Bengani: We are not disclosing that.

Pritesh: My last question is that, so I understood now the bridge between quarter 2, quarter 3 and Quarter 4, normalized EBITDA was more like Rs. 63 crores of quarter 3 and Rs. 55 crores of Quarter 4?

Kaushal Bengani: And since we are discussing quarterly EBITDA, I will just conclude that in June quarter and September quarter, EBITDA will be lower than March quarter because one of our rigs Jindal Supreme has been de-hired and is under refurbishment, so out of the 5 rigs that we operate, the largest profit generators are Virtue-1, because it is on a higher rate, and Jindal Supreme and Discovery-1 because they are Rigs which are owned by the Company. We are assuming that the transaction of Jindal Pioneer does not go through. If it does go through and we want it to go through as early as possible, then my statement will not hold true.

Pritesh: Now for Jindal Pioneer, what is the net acquisition cost that you would pay? Which is net adjusting for the entire Company's debt?

Kaushal Bengani: We will pay US$ 75 million. The Company which owns Jindal Pioneer has taken loans from Jindal Drilling because that company is a joint venture of Jindal Drilling. That company will then use a significant portion of this sale consideration to fully repay the loans which it has taken from Jindal Drilling earlier.

Pritesh: That is why I asked the net, what will be the net after this adjustment?

Kaushal Bengani: So, as of now, the amount payable by Discovery Drilling to Jindal Drilling is around US$ 32 million - US$ 33 million. I may be wrong but it is around US$ 30 million just for rough calculation.

Pritesh: Let us take 30, so basically the net is US$ 45 million.

Kaushal Bengani: That is the net cash outflow, yes.

Pritesh: Yes, net cash, because the debt will come back, so I will consider the net cash outflow only. So, 45 and what is the incremental EBITDA that this Pioneer will generate, considering the rate at which it has been put up?

Kaushal Bengani: Jindal Pioneer is currently deployed in Mexico at US$ 35,000 per day. This US$ 35,000 is a bareboat charter rate, which means that there are no expenses being borne by the rig owner - no operating expenses and there are no refurbishment expenses which are being borne by the rig owner. Further, since it will be a rig which will be owned by Jindal Drilling, there will be no rental expenses. I think maybe US$ 1,000 per day you can take on account of administration or a miscellaneous account, so that there is some buffer in your estimation, but most of that earning will flow through EBITDA.

Pritesh: It is like a Rs. 100 crores number for a US$ 45 million transaction that you will do too, now this will pass to your own P&L?

Kaushal Bengani: Once the purchase is done.

Moderator: Thank you. The next question is from the line of Anuj Sharma from M3 Investment. Please go ahead.

Anuj Sharma: Few questions. One is in terms of the total rig requirements by ONGC, how is it expected to shape up in the next 3 years?

Raghav Jindal: They have a constant demand which they had earlier on. It was supposed to increase. They don't have a specific number that they have said. They want to increase their production is what we know and that is the last communication that we have. So, it looks a good picture. The demand will be there for the next few years.

Anuj Sharma: So, I am just trying to understand if the exploration target is increasing, would the rig count also increase in terms of demand and how do we also plan our rig deployment? And that would possibly shape up?

Raghav Jindal: We do expect the demand to go up and the rig count to go up. Hence, we want to purchase Jindal Pioneer and want to get it into the Indian market it was made for the Indian market. We deployed it in Mexico when the demand in India was not there. We are buying it because we expect the demand to go up.

Anuj Sharma: What is the number now of the number of rigs ONGC requires at the normal runrate?

Raghav Jindal: Right now ONGC is operating around 34 rigs.

Anuj Sharma: At the bottom what was this number?

Raghav Jindal: It went down to the early 20s, early 20s is what I remember.

Anuj Sharma: My second question is on Aramco recalibrating their production targets, leading to some softness in the rig rates, but our optimism seems that we are expecting it to continue to. So, is that recalibration of production targets already taken into account by the market, and the rates are still inching up?

Raghav Jindal: So, the international market has not really affected the Indian market directly. The international markets went to US$ 140,000, US$ 120,000 per day. But it didn't really get the Indian market up to that rate plus the Rigs that are available even if Aramco softens this market, it is not appropriate for the ONGC segment. So, the rigs which are appropriate for ONGC are very limited hence my positivity towards higher prices.

Anuj Sharma: But in the international market what has been the current rate versus the peak?

Raghav Jindal: Aramco leasing out prices has softened the market for sure, yes, internationally.

Anuj Sharma: By approximately, would it be more than 10%-15%?

Raghav Jindal: I am not too sure. I haven't really checked after that news.

Anuj Sharma: And pardon me for my ignorance on this part, but how does the rental cost work? What is the rental arrangement? So, is it somehow linked to the deployment rates for the Rigs which we have rented, or it has no correlation?

Raghav Jindal: No, we don't disclose that.

Anuj Sharma: So, is the tenure of rent also not disclosed in the sense that if somebody were to understand, how does one project the change in rental cost?

Kaushal Bengani: Rentals are back-to-back arrangements. The number of days that the Rig is deployed with ONGC will be the exact number of days that Jindal Drilling will pay rental to the rig owners. These are back to back arrangements.

Anuj Sharma: So, it is co-terminus, but the percentage is not disclosed.

Kaushal Bengani: Yes.

Anuj Sharma: And just in the new rig segment, new construction how is the rate shaping up there, some thoughts?

Raghav Jindal: So, earlier when we had checked, the prices had been very high. It was touching around US$ 300 million. More than the prices, it was the time period because the demand for spares and the equipment was so high that it was almost touching 3 years of manufacturing time. Hence, it was not feasible.

Anuj Sharma: Currently it would be ruling at US$ 300 million only?

Raghav Jindal: It would have come down a bit, but the market is still very good and the demand is still very high. So, I do not see it would have reached a lot.

Anuj Sharma: But theoretically, if somebody were to place a new order today, what is the delivery timeline?

Raghav Jindal: Like what I said a few months ago, when we had found out it was about 2.5 years to 3 years, and the price was about US$ 270 to US$ 300 million depending on the specification on the rigs that you wanted.

Anuj Sharma: And my last question is the life of Jindal Supreme we have had enhancements couple of times, but looking now how long can this asset last?

Raghav Jindal: We will be spending considerably on the refurbishment and it would elongate the life for a couple of more contracts each contract being 3 years.

Moderator: Thank you. The next question is from the line of Kush Tandon from Ananta Capital. Please go ahead.

Kush Tandon: So, I just had a couple of questions on Jindal Pioneer. You said that it is currently on a US$ 35,000 per day revenue charter, till when is this contract running and when will this contract expire?

Kaushal Bengani: This contract was started in March of 2019 and it will continue into 2025. Right now it is at US$ 35,000 per day for 2024 and then from 1st January 2025 it will increase to US$ 40,000 per day on bareboat basis. So, it is difficult to define a timeline because it is based not on the number of days that it operates but on the number of wells that particular rig has to complete. So, somewhere towards the middle of 2025 is where you can take an estimation.

Kush Tandon: So, what you are saying is - currently it is at 35,000 from first Jan 25, it will come at US$ 40,000 and till mid of 25 it will be around at that price?

Kaushal Bengani: Yes.

Kush Tandon: And then you are free to put this rig in auction and then get the highest price?

Kaushal Bengani: So, either we can sell it but we don't want to sell it. We want to operate it in India. So, after the contract in Mexico ends, we will have to bring the rig into India, refurbish it and then deploy it on our contract with ONGC.

Kush Tandon: So, refurbishment and getting the rig to India may take 6 months?

Kaushal Bengani: Yes, definitely.

Kush Tandon: So, maybe from 1st Jan 26, you can expect this Rig to come to the market at a higher price?

Kaushal Bengani: It depends upon when it gets off contract in Mexico. Six months from then.

Kush Tandon: And how are you going to finance the net US$ 45 million outflow?

Kaushal Bengani: The payment would be on a staggered basis. It is not a one-time payment.

Kush Tandon: So, in that will you want to take debt to finance this?

Kaushal Bengani: No we will not take any debt. We have only taken debt for refurbishment of our rigs which will get amortized as and when these rigs get deployed because we are getting good cash flows from all the rigs. There is debt on only one rig which is Discovery-1 which will be fully paid on 31st May from internal accruals. As cash balances will improve, we do not see any requirement to take on more debt.

Kush Tandon: Finally, by when are we expecting this process to complete and is there any event which can hamper this process?

Kaushal Bengani: We have submitted an application in the third week of April, 24. We are following up on that application. Once approval is received, we can immediately buy it because the transaction has been approved by shareholders of both companies and we have obtained minority shareholder approval, audit committee approval, all sorts of approvals are in place, only the regulator's approval is pending. Once that is done, we can go ahead immediately. We want to do it as early as possible.

Kush Tandon: You are not able to tentatively give a timeline whether it is one month, whether it is one quarter?

Kaushal Bengani: It is difficult to say because we don't know how much time the regulator will take. We are following up with the bank and the regulator almost every alternate day.

Moderator: Thank you. The next is from the lines of Saket Kapoor from Kapoor and Company. Please go ahead.

Saket Kapoor: A small clarification, Kaushalji. For Jindal Pioneer, the nature of revenue generation is not a fixed price contract and it varies depending upon what you articulated on the number of wells been drilled?

Kaushal Bengani: No, it is a fixed price contract. It is on a per day basis. The duration of the contract is not on number of days, it is on the number of wells that have been drilled. We get daily rentals of US$ 35,000 per day for every day of 2024 and we will get US$ 40,000 per day from 1st January 2025.

Saket Kapoor: Generally, the duration of the contract here is on the higher side, what we are seeing currently is at?

Kaushal Bengani: International contracts cannot be compared with domestic contracts.

Saket Kapoor: What is the build date for Jindal Pioneer?

Kaushal Bengani: 2015.

Saket Kapoor: And when we look at the current market price of US$ 300 million or vicinity of US$ 300 million, are these numbers comparable with the specification of Jindal Pioneer also or are these different rig altogether than the ones which sir was referring to?

Kaushal Bengani: I don't understand. Why don't you ask what you want to ask instead of going round and round?

Saket Kapoor: I explain my question once again. Raghavji mentioned that when we look for new rigs in the market, the valuation we got was US$ 275 million to US$ 300 million, so are the specifications of Jindal Pioneer aligned to what sir was referring to in terms or whether these are different specifications than the ones sir was referring to?

Kaushal Bengani: They are different specifications because the specifications of rigs which were built in 2015 are different from specifications of rigs which were built in 2005 or an earlier time period or a different time period in 2025.

Saket Kapoor: So, this US$ 300 million is what we have been…

Raghav Jindal: We have the latest rig with latest tender requirements of ONGC and maybe a higher specification than what ONGC might also require, so this was like the top of line thing.

Saket Kapoor: Out of our portfolio of 5 rigs which we operate, which one would be valued at this market size of US$ 300 million?

Kaushal Bengani: We have been extremely patient in dealing with all your questions. I don't think we will take any further questions from you.

Moderator: Thank you. The next question is from the line of Ketan Athavale from RoboCapital. Please go ahead.

Ketan Athavale: I wanted to know Jindal Explorer, so by when will it be redeployed and what will the hire charges be?

Kaushal Bengani: Jindal Explorer will be de-hired in May 2025 and then it will get onto a new contract.

Ketan Athavale: So, do we have any idea on those hire charges which we can estimate on new contract?

Kaushal Bengani: The last contract that Jindal Drilling got was for Jindal Supreme which was at US$ 88,000 per day.

Ketan Athavale: And my understanding is we are planning to buy this rig, right? So, what will be the price and by when will the contract be executed?

Kaushal Bengani: We are not planning to buy Jindal Explorer. We have never said that.

Moderator: Thank you. The next follow-up question is from the line of Anuj Sharma from M3 Investment. Please go ahead.

Anuj Sharma: There was a reference earlier about ONGC canceling a contract for a rig, 2 questions there. Are we eligible when the rig is re-tendered? And second is can it happen to us also that there is cancellation if the negotiations don't go in the way?

Kaushal Bengani: So, in the tender that was cancelled, we did not participate. We do not have any free rigs right now. Jindal Explorer will be the next rig which will be de-hired. Once we get closer to the date of de-hire, ONGC will come out with a new tender that is what we expect and that is what we have seen over the past so many years.

Anuj Sharma: But that will be a cumulative order, right, Jindal also will have an opportunity and the rig which is cancelled will also come up in the market, so there will be 2 opportunities**?**

Kaushal Bengani: Not necessarily because this tender was for a high pressure, high temperature category rig, an HPHT tender and whatever discussions happened between our competitor and our customer we are not fully aware of the facts. We have a general idea only.

Anuj Sharma: And just is it a common occurrence that if the buyer and seller don't meet, there are cancellations or these are one-off events? And this is just relating to, can it happen to others as well?

Kaushal Bengani: These are one-off events. I think the only time in my 12 years, 13 years of experience that this has happened was when the rig market crashed in 2014.

Moderator: Thank you. As there are no further questions, I now hand the conference over to the management for closing comments.

Kaushal Bengani: Thank you shareholders for participating in the earnings conference call. We value the engagement that we have had with you. It also gives us an opportunity to review numbers and understand where we can do things better, so that maximum value creation can take place. To that effect, we have worked earlier and going forward, we want to increase the fleet of rigs that we operate which our MD sir has also guided upon. Market is very good and the only reason why our earnings fluctuate primarily is because rigs are getting off hired from old contracts which were at much lower rates and are going on to new contracts which will be at much higher rates. Going forward outlook is very good and in pursuance of our vision of improving our operations and capitalizing on the very good outlook that we believe is there. We want to increase our fleet of rigs. Also a point which was missed in my earlier discussion and also in the presentation is that promoter stake has also increased in the fourth quarter of FY24, which will also be something which is appreciated by all shareholders. Thank you again for participating and thank you, Kishan, for organizing the earnings call.

Moderator: Thank you. On behalf of Antique Stock Broking Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.