



Hindustan Oil Exploration Company Limited

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February 10, 2025

By Online

The Listing Department National Stock Exchange of India Ltd., "Exchange Plaza", Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 Stock Code: HINDOILEXP	The Corporate Relationship Department BSE Limited 1 st Floor, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 Stock Code: 500186
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Sub: Earnings Call Q3 FY2024-25 – Transcript

Dear Sir/Ma'am,

In continuation to our intimation dated January 31, 2025 and pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the transcript of the Earnings Call of the Company for the third quarter and nine months ended December 31, 2024 held on 05th February 2025 is here with attached.

The same is also available on website of the Company at <https://hoec.com/>.

We request you to kindly take our aforesaid submission on record.

Thank you,

Yours Sincerely,

For Hindustan Oil Exploration Company Limited

G. Josephin Daisy

Company Secretary and Compliance Officer

Enclosed: As above



Hindustan Oil Exploration Company Limited - Q3 FY25 Earnings Conference Call Transcript
February 05, 2025

MANAGEMENT:

Mr. R. Jeevanandam – *Managing Director*

Mr. N. S. Senthilnathan – *Chief Financial Officer*

Mr. Krishnan Raghavan – *Chief Technical Officer – E&P*



Moderator: Ladies and gentlemen, good day and welcome to the Hindustan Oil Exploration Company Limited Q3 and nine months FY25 Earnings Conference Call hosted by Valorem Advisors. As a reminder, all participant line 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 Ms. Nupur Jainkunia from Valorem Advisors. Thank you and over to you ma’am.

Nupur Jainkunia: Thank you. Good morning everyone, and a very warm welcome to you all. My name is Nupur Jainkunia from Valorem Advisors. We represent the Investor Relations of Hindustan Oil Exploration Company Limited. On behalf of the Company and Valorem Advisors, I would like to thank you all for participating in the Company's Earning Conference call for the third quarter and nine months of the Financial Year 2025.

Before we begin, let me mention a short cautionary statement. Some of the statements made in today's earnings call may be forward-looking in nature. Such forward-looking statements are subject to risk and uncertainty which could cause actual results to differ from those anticipated. Such statements are based on management's beliefs as well as assumptions made by information currently available to management. Audiences are cautioned not to place undue reliance on these forward-looking statements in making any investment decision. The purpose of today's earnings call is purely to educate and bring awareness about the Company's fundamental business and financial quarter under review.

Let me now introduce you to the management participating with us in today's earnings call, and hand it over to them for opening remarks. We have with us Mr. R. Jeevanandam – Managing Director; Mr. N. S. Senthilnathan – Chief Financial Officer; Mr. Krishnan Raghavan – Chief Technical Officer, E&P.

Without any further delay, I request Mr. R. Jeevanandam to start with his opening remarks. Thank you and over to you sir.

R. Jeevanandam: Thank you. Good morning to all. Hope everyone has received the updated presentations. It is on our website for your reference. I have with me Krishnan Raghavan – CTO, Senthilnathan – CFO and Daisy – our Company Secretary.



I would like to start with updates on the North-Eastern region.

After the Dirok workover Sand-9 is on continuous production, and we plan to activate Dirok-4 well. Pre-Stack Depth Migration study has been completed to place the new development wells and to target all deeper sands. Land acquisition for new development wells are initiated.

Dirok gas sales for the current quarter is 17.64 million standard cubic feet per day, and the offtake in the previous quarter was 15 million standard cubic feet per day. There is a marginal increase in the current quarter. Therefore the sales volume of current quarter is 0.44 bcf compared to 0.37 bcf in the previous quarter for our share. Condensate is 7499 barrels, compared to 5858 barrels in the previous quarter. Though this field can produce more than 50 million cubic feet of gas, we have to restrict the production due to lack of demand. Price realized in the current quarter is US \$8.25 per mmbtu, whereas it was US \$9.08 per mmbtu in the previous quarter.

The price difference of PPAC and the nominated block was about US \$1 per mmbtu. As long as the price of gas for the nominated block is lesser than the PPAC price, first offtake will be from ONGC and OIL. Therefore, full potential of the field could be achieved once the demand constraint is eased out.

We have been updating ourselves with the progress of North-Eastern Gas Grid. As and when the concept of common carrier is accepted and the gas grid connectivity is established, the situation of the demand constraint would get reversed. It is difficult to predict the timeline, but we believe that it should be operational in 2025-26.

We have received the approval from Assam Pollution Control Board for North Dirok-1 well, and we plan to drill this well upto the 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, wholly owned subsidiary is the Operator to Kharsang block, and the group has 35% participating interest in the block. Continuous work over is being carried out in the producing wells to maintain current production. Our program to drill the development well will commence before the end of this financial year and an exploration well is being pursued with the partners for approval. GeoEnpro's operating office in Delhi has been moved to Chennai for ease of operation.



We have successfully completed the public hearing at Kharsang, Arunachal Pradesh on 26th November 2024 for EC (Environmental Clearance). About 250 people participated in the public hearing, and we received the full support for the project. Environmental Appraisal Committee meeting was also held on 9th January, 2025. EAC has recommended the project for approval to MOEF. We are awaiting the final formal approval from MOEF.

One 1000 horsepower rig has been secured and LOI issued for drilling wells. Civil work tender is under finalization. Contracts for other services are under discussion, and we endeavor to commence a drilling of first development well in Kharsang before 31st March 2025.

We also plan to drill one exploration well, subject to partners approval in the ensuing financial year, to the depth of about 4,000 meters, which would unlock substantial value in the block. Our plan to drill initial nine wells in Upper Girujan would increase the field production at the earliest. Depending on the results, we will continue to drill shallow wells to enhance the production. We believe substantial upside exists in Lower Girujan, Tipam and Barail formation. With the connectivity of North-Eastern Gas Grid to National Grid, monetization of the gas development would be faster with a better price.

AA-ONHP-2017/19, adjacent to Dirok called as a Greater Dirok, is analogue to Dirok structure. We are expecting the extension of the block for one more year to start and complete the committed work program. Plan for laying approach road and civil work is in progress. We have carried out the Pre-Stack Depth Migration study, which is quite encouraging and the prospects look much better.

Our capital outlay for the North-East region for the next two financial years continues to be Rs. 250 crores.

Cambay blocks

In Cambay we have secured the environmental clearance after four years for North Balol and Asjol. We have also received the consent from the Pollution Control Board. We have secured a rig for workover of two wells in North Balol, and we will start as soon as we get the final approval from partners. We have also secured a rig for drilling two wells in North Balol and tangibles are in place to commence the drilling, awaiting approval from our JV partners. After the initial workover and drilling, we will continue with the drilling of additional development wells. We are also expecting the final clearance of Ring-Fenced PSC along with extension of Palaj blocks. This could add substantial value to the Cambay blocks.



Now, I move on to offshore blocks. We are awaiting the award of DSF Special Bid Round 2024, wherein we bid for Block B-15 in Mumbai offshore, a discovered small field with an area of about 332.4 square kilometers. Being the 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 meters.

B-80 - both the wells are on production. Production in the current quarter is 88,073 barrels of oil and 0.6292 bcf of gas compared to 58,000 barrels of oil and about 0.38 bcf of gas in the previous quarter. During this quarter, the average gas price realized is 10.78 mmbtu compared to 9.89 per mmbtu in the previous quarter. Now the gas price in western region is moving akin to the imported LNG price.

In PY-1 offshore field all facilities for processing and transporting gas are in existence. We have issued a letter of intent to Petro Vietnam, a state-owned oil and gas company in Vietnam, producing oil and gas from the basement akin to the complex geology of PY-1. Petro Vietnam, will evaluate the block potential as well as review the locations released by the in-house surface team. This will bring new hope to the field. These studies will give more confidence on our plan for three wells and if everything goes as per plan, drilling of the first well will commence in 25-26. The existing contract with the GAIL has expired after the completion of 15 years. We are confident about the reserves and resources in our existing blocks, and our forthcoming drilling program will add to the reserves by testing hydrocarbon to the surface.

For this quarter, our consolidated turnover is Rs. 156 crores, compared to Rs. 100 crores in the previous quarters, and our profit before tax for this quarter is Rs. 52 crores, compared to Rs. 13 crores in the previous quarter. Our net debt is zero. This volatility in quarterly results is due to factors beyond our control, such as weather, price and the demand. We will continue our efforts to maximize the value of underlying assets, both onshore and offshore.

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

N. S. Senthilnathan: Thanks, Mr. Jeeva. Good morning to all.

Standalone revenue for this quarter is Rs. 72.46 crores, compared to Rs. 51.85 crores in the previous quarter. The increase in revenue is mainly an account of B-80 field continuous production and improved offtake in Dirok.



B-80 revenue for the current quarter is Rs. 35.52 crores for gas sales compared to Rs. 16.96 crores in the previous quarter. Oil in stock is adjusted in the operating cost. Price for the current quarter for B-80 gas is US \$10.78 per mmbtu compared to US \$9.89 per mmbtu in the previous quarter.

In the case of Dirok, revenue for the current quarter is Rs. 34.76 crores, compared to Rs. 32.33 crores in the previous quarter. During this quarter 436 mmscf of gas was sold, compared to 369 mmscf of gas sold in the previous quarter. Similarly, 7499 barrels of oil was sold in this quarter, compared to 5858 barrels of oil sold in the previous quarter.

Field operating expenses for this quarter in the standalone accounts is Rs. 71.92 crores compared to Rs. 49 crores in the previous quarter. Other costs, including depreciation, depletion and amortization, finance cost and others, is Rs. 11.57 crores for this quarter, compared to Rs. 10.34 crores in the previous quarter. Out of the total operating cost in the current quarter credit adjustment for oil stock is Rs. 29.47 crores, whereas it was Rs. 13.6 crores in the previous quarter. The increase is mainly due to continuous production of oil from B-80 block which is 52,844 barrels for the current quarter compared to 35,344 barrels in the previous quarter.

Standalone EBITDA for the current quarter is Rs. 15.59 crores compared to Rs. 9.73 crores in the previous quarter. Profit after tax for the current quarter is Rs. 4.93 crores compared to Rs. 1.11 crores in the previous quarter.

In consolidated accounts, the revenue from operations for this quarter is Rs. 156 crores compared to Rs. 100 crores in the previous quarter.

Total expenses in the consolidated accounts for the current quarter is Rs. 97.73 crores compared to Rs. 86.17 crores in the previous quarter. The increase in cost is due to increase in field operating costs in B-80 field as production days increased in the current quarter.

In the consolidated financials, EBITDA for this quarter is Rs. 77.69 crores compared to Rs. 36.47 crores in the previous quarter.

Consolidated operating profit before tax is Rs. 52.47 crores against Rs. 13.41 crores in the previous quarter. Profit after tax on the current quarter is Rs. 43.32 crores compared to Rs. 10.81 crores in the previous quarter.



As on 4th February 2025, the term loan outstanding is about Rs. 91.25 crores, and the net debt is zero. We have “A rating with positive outlook” for Rs. 500 crores loan by India ratings. 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: Thanks, Senthil. We can now open the forum for questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press “*” and “1” on their touchtone telephone. If you wish to remove yourself from the question queue, you may press “*” and “2”. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Riddesh Gandhi from Discovery Capital. Please go ahead.

Riddesh Gandhi: Hi, just had a few questions. With regards to actually the B-80, how much is the inventory we are holding right now, and how much do we need to do actually towards the oil sale, and do we, like cover our exchange rate or this sale we will do on the existing the dollar exchange rate?

R. Jeevanandam: Yes, thanks for the question. B-80 our current stock is 3,17,000 barrels and we plan to do the offtake before 31st March of this year. We don't get either the oil price or the exchange rate. So we would be looking for a better price to carry out the offtake before 31st March of this year.

Riddesh Gandhi: Got it, sir. Sir, just to understand, you have mentioned in the presentation that you have cleared off all of the blockages and the new hawser and all has been installed. Has that all happened in Q3 and were there any shutdown days, and if so, how much is the existing run rate of production from B-80 compared to what we have in Q3?

R. Jeevanandam: I think we don't expect any more work to be carried out in the fourth quarter. We believe that if any unfortunate event happens then we have to take into consideration.

Riddesh Gandhi: But in Q3 did we have any issues where we have an offtake?

R. Jeevanandam: No, no, the entire 92 days were fully operational. And Q4 also we are expecting the same line, except for a couple of days some changes or something which we would like to do.



Riddesh Gandhi: Got it. And with regards to Assam and Dirok, we had earlier spoken about potentially actually, the incremental exploration happening after the connectivity happened. So is it that we have the feasibility with the connectivity now which is why we are going ahead and drilling incrementally, and is there any sense on actually how advanced it is, and some idea on the timeline?

R. Jeevanandam: We expect it should get connected and there should not be any demand constraints for our volume of gas by end of this financial year. So, the anyhow small bits and pieces works are being carried out and the timeline given by them is somewhere around 31st March of this year. But this is not in our direct control, and we cannot commit to that date.

Riddesh Gandhi: Of course, of course but effectively, what they are saying and I understand that there could be slippages, that by hopefully by 31st of March we should have the grid connectivity to the National grid

R. Jeevanandam: You are right.

Riddesh Gandhi: Got it. And the last question is that, we were the only bidder for the oil block which you mentioned, which we have won in the auction. Just to understand, is there any reason why others hadn't bid, and what did we see in that, in terms of the opportunity or is it because we already have assets which we can leverage, we were the only people who is placed well, just wanted to understand the rationale behind the new bid?

R. Jeevanandam: Sir, the rationale behind is, our G&G team has evaluated the block, and we have got 342 square kilometer area in the discovered one. We believe substantial potential exists in the field. That is our basis for bidding on it. And second thing, it is a shallow depth, it is a 40 meters water depth, and we can bring some innovative technology in such a manner we can build the wells faster and put it on production. And even with the existing discovery we can make money out of it, that's the reason we win the bid.

Riddesh Gandhi: Understood. Sir, thanks and all of the best. Thank you.

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

Rishikesh: Yeah, hi thank you for the opportunity. Sir, would like to know what revenues can we achieve in FY26. You try to say that we can do 1000 crore revenue and on that, what kind of EBITDA margins can we do?



R. Jeevanandam: Yes, could you see our EBITDA margin is somewhere around 50% if you knock out all our other cost. So that's the reason, when our top line is doing better then we can get the margins of 250 crore, it should be an easy target for us to spend per annum.

Rishikesh: And will it be fair to say that it's between 1000 crores revenue in FY26?

R. Jeevanandam: We will be reaching the revenue of 1000 crores. If you look at our consolidated revenue, it is in the order of about 500 crores, right now it is up to nine months, so we will be somewhere around 800 crores. And with the full potential of the Dirok field and the continuous production of the B-80 and we are getting some more wells drilled in Kharsang, we will be able to reach to this revenue level by the next financial year that's our wishful projection.

Rishikesh: Got it. Thank you.

Moderator: Thank you. The next question is from the line of Ajit Sanjay from Nizar Enterprise. Please go ahead.

Ajit Sanjay: Hello, Hi sir am I audible?

R. Jeevanandam: Yes, please.

Ajit Sanjay: Yes, sir good morning. Sir, I just wanted to have an understanding on timeline of the North-East Gas Grid pipeline, you just mentioned it, but in the last call you mentioned that the GAIL pipeline is expected to be completed by December. So, sir, is it completed or, what is there?

R. Jeevanandam: Yes, GAIL line upto Guwahati is completed, and that is ready. From Guwahati to Numaligarh is under commissioning. And that's what, when we discuss with them, this is what we understood. And the DNPL line is getting repaired and so the DNPL line connection is also expected by end of 31st March, which is what is the plan at the moment by the respective authorities who are handling this issue.

Ajit Sanjay: Okay. And IGGL pipeline sir?

R. Jeevanandam: IGGL line is already there up to Guwahati to Numaligarh, and once the DNPL line becomes common carrier, or if there is any arrangement between IGGL and DNPL. Now IGGL line from Guwahati to Numaligarh, from Numaligarh to Duliajan would be there under their control, and they are laying another line, which has been already approved by the Government of India, that will take little more time. So, till the time this



DNPL line will increase the demand as such, that will meet our requirements.

Ajit Sanjay: Okay. So for us, DNPL line is important and not the IGGL, right?

R. Jeevanandam: IGGL line, it is important in the sense, when we go ramp up to 70 million cubic feet of gas per day.

Ajit Sanjay: Okay sir understood thank you.

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

Amit: Thanks for the opportunity and congrats on good set of numbers. My first question is on CAPEX, sir we had earlier guided about 1000 crore CAPEX for over three year. Could you add more color to that, are you on track, what is the plan now?

R. Jeevanandam: See actually, if you could look at actually, this year we are not able to spend some money. We could have done some wells in the Kharsang and some wells in the North Balol, but that didn't happen actually, but we did a work over that has taken about some 20 crores. And total, our CAPEX plan the current year is not up to the mark. And this all linked to the regulatory clearances, and environmental clearance and others. Now we are having all those clearances in place. Our capital spend and drilling will get a momentum from 25-26 onwards. Then after that, whatever the EBITDA we generate most of the money we'll be spending on growth of the company by drilling the wells.

Amit: Is it better to say that the next year spend about 300, 350 crores or that ballpark, like 300 crores a year, provided all the production assets stay as we all know?

R. Jeevanandam: That's right. So whatever the cash generated from the company would mostly like to go into the CAPEX of this.

Amit: Sure, thanks that's it for me.

R. Jeevanandam: Thank you.

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

Nirbhay: Good morning sir, congratulations for the great work you are doing.



- Moderator:** Sorry to interrupt sir, I would request you to please use your handset.
- Nirbhay:** Yes, good morning sir, congratulations for the great work you are doing.
- R. Jeevanandam:** Thank you.
- Nirbhay:** Sir for the 1000 crore CAPEX we are doing, could you give us the breakup of how much would be on the onshore, and how much would be for the offshore?
- R. Jeevanandam:** See, if you look at our major expenditure under the North East would be about 250 crores, and about 50 to 60 crores on the Western region. The balance most of the things will go for offshore.
- Nirbhay:** So, 700 and 300, so 300 onshore?
- R. Jeevanandam:** As I said, 2/3 goes to offshore, 1/3 goes to onshore.
- Nirbhay:** Okay. And on the Kharsang sir could you give us more color in terms of timeline of when we can hit production and what kind of incremental output can come?
- R. Jeevanandam:** See, we are currently about 360 barrels on production. Okay, we will be starting the shallower wells on the Upper Girujan sand. It is all shallow depths which is around less than 1000 meters, 1200 meters type. We have already finalized the drilling rig, which will get mobilized now. Civil works are in progress. Our first well will start, we expect it to start by 15th of March, plus minus one week. So, from there we'll be continuously drilling nine wells. So, this nine well program, if we expect reasonably about 100 barrels each well, then we will surpass 1000 barrels - 1200 barrels. And even if we get into the lower estimate we look at, we will be reaching at least 1000 barrels in the next financial year.
- Nirbhay:** Okay, So 1000 barrels, plus 300 additional so 1300 would be our total?
- R. Jeevanandam:** 1200 barrels you can say, we assume it.
- Nirbhay:** Then for the evacuation infrastructure and all everything is in place sir?
- R. Jeevanandam:** We have the facility up to 5000 barrels.
- Nirbhay:** Okay, great thanks a lot and all the best.
- Moderator:** Thank you. The next question is from the line of Vaishikha Khemka from AV Fincorp. Please go ahead.



- Vaishikha Khemka:** Hello, sir. Thank you for the opportunity. Firstly I missed your product...
- Moderator:** Sorry to interrupt ma'am, I would request you to please use your handset.
- Vaishikha Khemka:** Am I audible now?
- Moderator:** Yes, ma'am.
- Vaishikha Khemka:** So, thank you for the opportunity. And firstly, I missed your production number that you had given for B-80, it will be great if you could repeat that. Secondly, the last time around the previous quarter you mentioned that the net realizable value for the closing stock of B-80 was 73.69 per barrel. What was the rate this time around, and what was the inventory gain that we have been able to do?
- R. Jeevanandam:** So, you wanted to know the production numbers?
- Vaishikha Khemka:** Yes.
- R. Jeevanandam:** The production numbers based on the current quarter is 88,000 barrels of oil and 692 mmscf of gas, say 0.69 bcf of gas.
- Vaishikha Khemka:** 0.69 bcf of gas, alright, and the net eligible value for the closing stock sir?
- R. Jeevanandam:** Closing stock valuation is done at \$73.32 and now.
- Vaishikha Khemka:** No, I was expecting it to be a little higher than the last quarter?
- R. Jeevanandam:** No, but this mark to market on the date of closer of the books, right. So that should be the price on the day. So, we have to take that. What is accounted is based on the \$73.32 per barrel. But we endeavor to sell it only at \$80 not lesser than this.
- Vaishikha Khemka:** Okay. So we did not have an inventory gain is it this time around?
- R. Jeevanandam:** No, it is not no inventory gain, because it is almost similar.
- Vaishikha Khemka:** Okay, alright that's it for me. Thank you.
- R. Jeevanandam:** Thank you.
- Moderator:** Thank you. The next question is from the line of Shaurya Punyani from Ajas Partners. Please go ahead.
- Shaurya Punyani:** Hi, am I audible?



- Moderator:** Yes, sir.
- Shaurya Punyani:** So, I just missed you earlier. So what did you say about FY26 revenue projections?
- R. Jeevanandam:** It's not proper in this industry to give any guidance, okay, that's not fair also, because either way, I will be incorrect. So it is, you can say the reference will be doing little better than the current year.
- Shaurya Punyani:** Okay. And current year where should we close at like in three, or in nine months we have around say 80 crores of revenue?
- R. Jeevanandam:** Yes.
- Shaurya Punyani:** So, where can we close FY25?
- R. Jeevanandam:** We will be doing better in the fourth quarter, if everything goes well. So we will be somewhere little lesser than the previous year and somewhere better than the current quarter.
- Shaurya Punyani:** Okay, sir thank you.
- R. Jeevanandam:** Thank you.
- Moderator:** Thank you. The next question is from the line of Gautam Rajesh, who is an Individual Investor. Please go ahead.
- Gautam Rajesh:** Good morning, sir. Thank you for the opportunity. I had two questions, my first question was, when is the pipeline connectivity expected to be established for Dirok, from which month can we roughly start seeing a ramp up of the gas volumes from Dirok?
- R. Jeevanandam:** It has 18-inch line which is getting connected with the Oil India line for 15 kilometers, then the Oil India line will take it up, and that will go up to Duliajan, from Duliajan it gets into the DNPL line that comes to Numaligarh, from Numaligarh it gets into the IGGL line that goes to Guwahati. This is what is that, so once the DNPL and up to Numaligarh it get connected and upgraded, then that's a starting point for us. So which we expect should be by end of this financial year. But that is not in our hand, if everything goes well from 25-26 there should not be any demand constraint, that is what we believe. But again, it is not in our hands that's what I can repeat.
- Gautam Rajesh:** Okay. My next question was, for the B-80, will we continue at current level, or is there a scale up expected over the next few quarters without digging



any additional well? Or will the next scale up happen only when new wells are done?

R. Jeevanandam: The next scale up will happen with drilling a new well. So we are looking at internally discussing whether to advance our drilling, that's what we plan.

Gautam Rajesh: Okay, understood. Thank you, sir.

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

Manpreet Arora: Hello, am I audible?

Moderator: Yes, sir.

Manpreet Arora: Thank you for the opportunity. Sir, would you be able to help us with understanding this APM pricing versus PPAC pricing. So my understanding is that, because of the KP, the Kirit Parikh committee, there was a floor price that was, floor and ceiling that was applied to the APM, which was \$6.5 the ceiling. But that was supposed to increase every year, and so, will that increase happen this year. And then, does that impact the PPAC pricing as well. Is there a formula link in the APM and PPAC pricing, like for example 86.5 and PPAC will be at least \$1 above, etc.. Just if you can help understand how these work?

R. Jeevanandam: See PPAC price is linked to the crude price, imported crude basket of India that is about 10% of the price. Suppose the crude average price is say \$80 our PPAC price will be \$8. But there is a ceiling for that, in that case for the nominated blocks, the blocks which has been under nomination to Oil India and ONGC, predominantly most of them, that could be a ceiling price of \$6.5. There also they have given a leeway to them, if the new production they will get some additional premium on it. In a way that, I think the market is in a process of getting to the discovered price by market, rather than by the administrative price, either the PPAC price or by the price fixed by the government. So if the market freedom is existing actually. So we will go for new options, we may get a better price if the demand exists. But we are not willing to sell it below the PPAC price that is what is there in the Eastern region. But in the Western region we will be selling more than the PPAC price because a demand exists.

Manpreet Arora: Okay. So, sir if it is 10% of oil which means the oil prices come down then let's say it hits below \$70 then the PPAC price will be around \$7?

R. Jeevanandam: Yes.



Manpreet Arora: And sir, if I look at the PPAC website, the notified prices for the last quarter for PPAC were below \$8 for the three months, but we have the average price realized as \$8.25 for the previous quarter?

R. Jeevanandam: PPAC price is based on the gross calorific value, but when we process the gas and sold, it gets into net calorific value. So 10% premium gets added directly.

Manpreet Arora: Alright, thanks sir. And sir on B-80, I think the previous participant also asked, so the current flow that is happening of gas of 7.52 and the barrel of oil at 957 barrels. Is this a steady state for, let's say, till the next six months before monsoon hit us?

R. Jeevanandam: See, I think we expect the same level will continue.

Manpreet Arora: Okay. And sir you mentioned that, you are looking to sell this oil not below \$80 and so is that under our control that is also market driven?

R. Jeevanandam: It is actually on the price in the market, what is the quoted price - the Brent price moves, then that's the time you can plan it to sell. So your total time taken for offtake will not be more than about 10 to 15 days. So that is the reason we are targeting in such a manner we get a better price at the point in time we will offload, because otherwise we will have a storage capacity up to 900,000 barrels.

Manpreet Arora: Okay. So if the price is not under, price is not favorable then we will store it?

R. Jeevanandam: We have that leverage with us because of the excessive storage capacity.

Manpreet Arora: But we don't have a hedging policy where we would like to lock in the prices?

R. Jeevanandam: Generally, we go for a natural hedge, in the sense both the dollar as well as to the price.

Manpreet Arora: All right. Thank you very much sir. All the best.

Moderator: Thank you. Before we take the next question, a reminder to all the participants that you may press "*" and "1" to ask a question. The next question is from the line of Manan Patel, who is an Individual Investor. Please go ahead.



Manan Patel: Thank you for the opportunity, sir and congratulations for improved set of numbers. Sir the first question is regarding PY-1. So, Petro Vietnam will help us in drilling, or it's just affirmation of where we want to drill the well, and by what timelines can we expect to start drilling because we were expecting in Q1 FY26, so what is your updated view on that?

R. Jeevanandam: Manan, but PY-1 you know it is a complex geology with granitic basement. Now we have to find out a person who knows the full knowledge on that. In the whole world the best knowledge emanates from the Petro Vietnam, because these guys are producing from the basement reserves. It being a government company it took longer time to get in touch with them and get the contract finalized. Now we have finalized the contract with them, and we are sharing the data with them. So, it is like a specialist doctor you know, instead of going for a general physician you go for a specialist doctor to get the full review done. So that is what we are in the process at the moment. So they will be not only reviewing our three locations, so they will be reviewing the entire field potential. So that would be a good beginning for us, and with that, we will be spending the capital judiciously, that's what it is.

Manan Patel: Okay. But, so have we contracted them also for the drilling part or drilling we will do?

R. Jeevanandam: No, drilling and all can be done by ourselves there is no need, but only the evaluation and the geological model review and any other suggestions they give how to drill and where to drill, that becomes important.

Manan Patel: Got it. And that should take three to four months before?

R. Jeevanandam: They will be giving a report to us within about 90 days. So, we have started uploading the data. Now, the data set is also big volume, there because Chinese New Year is over now so probably they will start from next week onwards.

Manan Patel: Got it sir. Sir, the second question is on the Dirok. So, like from what I understand, there are other players also waiting for the same pipeline to get online and start maybe drilling or additional production, lot of small and big players there. So like, once that pipeline comes online do you think it will have the capacity to absorb all the production apart from our production as well?

R. Jeevanandam: Our production is current, the others production as expected that is a difference.



- Manan Patel:** Okay, so we can ramp up very fast, but once that all other production also comes online maybe three, six months down the line, then can it be absorbed fully or then again, we will have the demand challenge?
- R. Jeevanandam:** Then there is about 4.5 million line, IGGL line gets ready.
- Manan Patel:** Okay, so by the time everything comes online, the bigger line will also get ready?
- Manan Patel:** Hello?
- R. Jeevanandam:** Yes, that's right.
- Manan Patel:** Okay. Sir, last question on the B-15 and B-80, so does this 1000 crore CAPEX include B-15, CAPEX as well, or that will be additional?
- R. Jeevanandam:** That is not for B-15, B-15 we have not factored, it is for our the program of about three wells in PY-1 and about three wells in B-80 and, B-15 we put it out away.
- Manan Patel:** Okay. And sir lastly on B-80, so we mentioned, so is it about increasing production is only about is the factor of drilling wells, or we will have to add additional evacuation infrastructure and other infrastructure for us to bring other wells on production for the existing infrastructure.
- R. Jeevanandam:** We don't Manan, we don't add anything on the production facilities, that will take up to 10,000 barrel comfortably and about 20 million cubic feet of gas, processing facilities, and then the export line will take care of moving the oil from the KBB to FSO. For FSO the facility is about 900,000 barrels. So that should not be any constraint on this, but what is the requirement is, how do we drill the additional three wells, whether we go through subsea or through a caisson or some new ways of getting a structure and making these wells a surface wells, that's our idea, so that is what we are discussing.
- Manan Patel:** Got it. And we have engaged some experts to do that as well, or that is the internal process?
- R. Jeevanandam:** No, we will be going with external experts and our in-house team is also strengthened. So we will be taking a full review of basic engineering and as well as a detailed engineering before we end up on it.
- Manan Patel:** Got it, sir. And last question sir, when will this B-15 announcement will be made and when will we start process of approvals and all this thing?



- R. Jeevanandam:** We have been waiting for the last three months, we will know only when it is announced.
- Manan Patel:** Okay, sir. And the new policy recently, last quarter it came about that its helping companies in terms of better, faster production and all, does it help us or what is your view on that?
- R. Jeevanandam:** So it helps actually you have to go and we can't say it's not helping. Any other improvement done by the DGH and the Ministry that helps us to faster it and fast track it. And they are helping wherever they could, that's what we think.
- Manan Patel:** Go it, sir. Thanks a lot and wish you all the best.
- R. Jeevanandam:** Thanks Manan. Thank you.
- Moderator:** Thank you. The next question is from the line of Sanjeev Damani from SKD Consulting. Please go ahead.
- Sanjeev Damani:** Good morning sir, am I audible?
- R. Jeevanandam:** Yes, please.
- Sanjeev Damani:** Sir, actually last time I had inquired about B-80 where you had said that we have enough storage capacity offshore also. And now are you meaning to say that you have onshore facility of 9 lakh barrels of petroleum which is produced from these wells?
- R. Jeevanandam:** No, no it is only an offshore facility we have, the system is totally offshore that is a floating production system, both on process as well as some storage. The FSO is having the capacity of 900,000 barrels. So it will be transported from FSO through a saddle tanker that will move out.
- Sanjeev Damani:** Okay, and now this, there is a exporting facility pipeline has been set for export also. So this is a new facility we have created now, if I have understood?
- R. Jeevanandam:** No nothing, no new facilities.
- Sanjeev Damani:** Okay, it's not a new facility. So when you said this, that we can export also, so means we can sell to our Indian companies like earlier you were told to IOC?
- R. Jeevanandam:** You wrongly understood the export. The export means to process to the FSA in the sense it is being transported that's it.



Sanjeev Damani: Okay, export means...

R. Jeevanandam: Nothing export, import in that.

Sanjeev Damani: Okay. Exporting from the oil field to our storage facility, something like that?

R. Jeevanandam: That's right.

Sanjeev Damani: Okay. Now, my question is that, we are producing some 957 barrels per day from this facility in last quarter. So what is the current running rate, is it same or it is higher now?

Sanjeev Damani: Hello ?

Moderator: Yes, sir the management is connected, sir.

Sanjeev Damani: Okay, should I speak?

Moderator: Yes, sir, please continue with your question.

Sanjeev Damani: Sir am I audible again?

Moderator: Yes, sir you are audible.

Sanjeev Damani: But I think management is not responding. I am not able to get their voice, sir are you there?

Moderator: Sir they are connected.

Sanjeev Damani: I am so sorry. My question is about B-80 only. In last quarter, we have produced 957 barrels per day average. So what is the current production run rate, is it higher or lower in this quarter?

Moderator: Ladies and gentlemen we have lost the management connection. Please stay connected while we reconnect them. Thank You.

Ladies and gentlemen, we have the management back on call, sir please continue.

We have lost the connection of the current participant, we will move on to the next participant. The next follow up question is from the line of Nirbhay from N Square Capital. Please go ahead.



- Nirbhay:** Yes, another follow up on the CAPEX only, this 1000 crore CAPEX we will be able to do it without taking any significant debt?
- R. Jeevanandam:** Yes, will not be taking any debt for this.
- Nirbhay:** So we will be maintaining this net debt, net cash status next two, three years?
- R. Jeevanandam:** Yes, that's right. So our EBITDA will support this, so we will be able to do without any debt.
- Nirbhay:** Fair enough. And sir, the currency depreciation straight away flows to our PBT or there is any cost element which hits us?
- R. Jeevanandam:** Which one, I couldn't get your question
- Nirbhay:** Currency depreciation, straight away flows into our bottom line?
- R. Jeevanandam:** Yes, that's right. That is non-cash item, gets into the balance sheet, that is to the income statement.
- Nirbhay:** Fair enough. Thank you.
- Moderator:** Thank you. The next question is from the line of Amit from Robo Capital. Please go ahead.
- Amit:** Thanks for the follow up. Sir my question is on this nine.
- Moderator:** Sorry to interrupt Mr. Amit, I would request you to please use your handset.
- Amit:** Hello, am I audible now?
- Moderator:** Yes, sir please continue.
- Amit:** Thanks. My question is on these nine new development wells that we are planning to do for Kharsang. So just wanted to check the timeline on that, when do we expect, which quarter do we expect those to be completed, and the revenue flowing to P&L?
- R. Jeevanandam:** So we will be starting the first well around the 15th of March current year. So each well will take about 20 to 22 days, that's what it is. So the most of the nine wells drilling will get over on the next financial year. And as soon as the well gets connected, we will be hooking upon production. So every



well once drilled, within about 10, 15 days we will be putting it on production that's way it will be working.

Amit: Okay, sure great, thanks. And what is the CAPEX, I don't know if I missed earlier, but for Kharsang in particular what is the CAPEX for the nine wells?

R. Jeevanandam: The total CAPEX for the nine wells and all the small wells is about some \$25 million. So our share should be about \$8 to \$9 million.

Amit: Okay, great thanks.

Moderator: Thank you. Ladies and gentlemen, you may press “*” and “1” to ask a question. The next question is from the line of Rishabh who is an Individual Investor. Please go ahead.

Rishabh: Namaste sir, how are you.

R. Jeevanandam: I am good how are you?

Rishabh: We are also good and it feels nice hearing your voice.

R. Jeevanandam: We all are good, thank you.

Moderator: Sorry, to interrupt Mr. Rishabh, I will request you to please use your handset your audio is not very clear.

Rishabh: I wanted to know about Dirok it was going to be from 22 to 25 million, so when will it be from?

R. Jeevanandam: As you have heard me earlier as well, we are expecting next financial year 25-26 it should happen.

Rishabh: Okay, and the 55 million?

R. Jeevanandam: We will have to wait for the 55 million, once this is done we will see that.

Rishabh: So, sir in 25-26 financial year first quarter and second quarter which one should we consider according to you?

R. Jeevanandam: We can't consider that way, it is actually done by somebody else. If the pipeline is connected and if there is a demand then I can increase it.

Rishabh: I am just getting an idea, I am not holding you for what you will say. I asked you last time as well I am just taking your views on that.



- R. Jeevanandam:** In that case our view is that it should be from first quarter of next year.
- Rishabh:** Okay, so how much in first quarter will it be 25 million or 30 million?
- R. Jeevanandam:** I can't give you accurate figures, once the demand is picked up we can comment on that.
- Rishabh:** Just an idea or guess on this?
- R. Jeevanandam:** It should go at least 30, 35 million.
- Rishabh:** Okay, thank you.
- R. Jeevanandam:** Thank you
- Moderator:** Thank you. Ladies and gentlemen you may press “*” and “1” to ask a question.
- A reminder to all the participants that you may press “*” and “1” to ask a question.
- The next question is, from the line of Santao, from Indian Petrol Plus. Please go ahead.
- Santao:** No, I was just wondering you get gas from different fields. So what kind of pricing regime do each of these gas production come under, could you just explain it to me, I was confused on that front?
- R. Jeevanandam:** Okay. So what is happening is, the marketing freedom exists for all the private companies in India. So if you have a demand, then the price is determined by the demand and supply. So there are two benchmarks in India, one of the recommended price by the Government of India, that is PPAC price, that is 10% of the crude. But if the demand is more, you can sell it at a premium there on to, and if the demand is less, you can sell it at discount, there on to. But in case of a nominated blocks, which is with only Oil India and ONGC their ceiling price is fixed at \$6.5. Similarly, they get a floor price also. So for us, you can look at what is the market, what is driven by the market that's the price.
- Santao:** We see your entire gas production is market driven essentially?
- R. Jeevanandam:** Yes, that's right.
- Santao:** Okay, that's all. And also I was wondering, sorry for this confusion again, when exactly you going to start drilling in your B-80 field?

- R. Jeevanandam:** So B-80 field we plan for 26-27 so we may advance it. So that's what we are internally discussing it to ramp up the production.
- Santao:** So are you going to involve a consultant to a pre-feasibility study and feasibility and basic engineering, detail engineering. How do you intend to go about it, step-by-step?
- R. Jeevanandam:** No, we wanted to get into basic engineering by our in-house team. Then we will go for a detailed engineering from an external expert.
- Santao:** Okay. So you understand the sub structure very well, so you don't really need any help in determining where exactly the location on the wells, etc,?
- R. Jeevanandam:** We are strong enough, we don't need any support.
- Santao:** Okay. So the only support that you are requiring then from an expert would be basically, after you have done the basic engineering and detail engineering if there is any problem?
- R. Jeevanandam:** That's right.
- Santao:** So, in terms of you said that, in terms of drilling platforms, you are looking at different kinds of platforms. So what kind of platforms are looking at, what kind of options you really have?
- R. Jeevanandam:** We have to look at the water depth and the stability based on that we are looking at the different models, tripod or tetrapod or whatever it is suitable to us, which is a low cost one to facilitate this marginal fuel production.
- Santao:** So, you are looking at drilling platforms essentially, what kind of drilling platforms you will have?
- R. Jeevanandam:** That's what.
- Santao:** Okay. And what is the cost per well you think it's going to be as you said, one or three quarters of your 1000 crores is going to be offshore and then of course you have other offshore establishments as well. So, in this one.
- R. Jeevanandam:** There is one program about 350 crores, in offshore is about 650 crores.
- Santao:** Yes, so in B-80 per well, how much do you think roughly the spend is going to be?



- R. Jeevanandam:** So we have to look at actually whether we are going for the subsea wells or to the platform well, so platform wells it will be cheaper, it's \$8 to \$10 million, if it is subsea wells, it will cost more.
- Santao:** Okay. So the other thing is that, these three wells that you are drilling is it going to be a full drilling program for the foreseeable future or do you expect more from the reservoir that you have right now?
- R. Jeevanandam:** If we look at the field it is about 56 square kilometers, and the well intensity is much less, so we have to increase the well intensity. So we expect at least six wells should do the block.
- Santao:** Okay. So that will tap the reservoir six wells?
- R. Jeevanandam:** Yes.
- Santao:** Okay. So then you have fair amount of, so this B-80 is coming from one well right now, right?
- R. Jeevanandam:** Two wells.
- Santao:** Two wells. So proportionately, you could have a similar expansion in production spanning over six wells over a given period of time in the future, when you have tapped the entire reservoir properly and get a certain amount of capacity of production out of that well, out of those fields. So are you looking at the 40% extraction ratio, or are you looking at a higher ratio than that or is it going to be lower than 40?
- R. Jeevanandam:** We don't want to spoil the reservoir and we look at an optimum flow from the wells for longer duration.
- Santao:** Okay. So long duration in these kind of wells like in Mumbai High, they have been running it for decades. So you could look at about maybe 20 years or something?
- R. Jeevanandam:** Yes, we have a contract for 20 years, so we should look at it.
- Santao:** So 20 is a long period of time where you could get a lot of production out over six wells?
- R. Jeevanandam:** You can't flow the wells just like that actually, you have to flow the well according to the reservoir.



- Santao:** Yes, that's right. And then of course you will have IOR UR programs also to be able to push up production, I am sure. So that's a lot of money you are going to earn over 20 years, right?
- R. Jeevanandam:** Yes.
- Santao:** That's true. But Dirok won't have that kind of upside right, that's limited?
- R. Jeevanandam:** See, you look at actually all the wells are having and all the blocks which are having an upside potential which has not been filling that. So, we will be drilling more number of wells, depending on the demand constraint in Dirok we will be drilling more number of wells there. And if any surprises in offshore we will handle it.
- Santao:** That's true. So, you have these 1000 crores for your own CAPEX, but do you know you have the expertise now in India, onshore, offshore, everywhere. So, and there are a lot of these new chaps who've come in with OALP blocks, small private operators who are struggling, probably lack of knowledge, probably lack of capacity, internal capacity or resources. Are you looking at any kind of acquisitions also?
- R. Jeevanandam:** See, we are always open to buy it at a price and sell it at a price.
- Santao:** Meaning you are willing to consider acquisitions as well?
- R. Jeevanandam:** Always it is our strategy, we will buy it at a cost and sell it at a price.
- Santao:** Okay. So you can sell it at a price as well, so is it possible that you might just sell out one day if you get a big guy coming in and cash out?
- R. Jeevanandam:** Obviously, whatever our expectations meet with us, instead of waiting for 10 years, we will do it right now no issues on that.
- Santao:** So, then what will you do eventually, if you just sort of explain your thoughts.
- R. Jeevanandam:** We will go for another one, there is no dearth of opportunities in this country as well as outside.
- Santao:** Yes. So essentially, it's the rate of return. Wherever you get more money, more buck, more bank for your buck, you are going to go that way. So it's a different picture entirely, it's all theoretical. Anyway thank you very much.
- R. Jeevanandam:** Thank you.



- Moderator:** Thank you. Ladies and gentlemen, in order to ensure that the management is able to address questions from all the participants, please limit your question to two per participant. If you have a follow up question, I would request you to rejoin the queue. The next question is from the line of Dhruv Ravani from Shriji Finserve LLP. Please go ahead.
- Dhruv Ravani:** Good morning sir, and congratulations for the great set of numbers. I just had a couple of questions. One being for the next financial year 25-26, the volume triggers will be from which all fields do you feel?
- R. Jeevanandam:** See the volume trigger as per our program, should be on the Dirok, and then the Kharsang and then from the western region.
- Dhruv Ravani:** Okay. Anything from B-80 you expect volumes to go up?
- R. Jeevanandam:** I don't think so, because unless we drill additional wells.
- Dhruv Ravani:** Okay. And the drilling of additional wells for B-80 will only be in '26-27?
- R. Jeevanandam:** Yes, that's right. And that we will be advancing or something, we are internally deliberating on it.
- Dhruv Ravani:** Okay, understood. And on the B-15 what would be the timelines once we get the approval from the government, like can you just guide?
- R. Jeevanandam:** Okay, once we get an approval our endeavor is, we have to put the field on production within 24 months.
- Dhruv Ravani:** Okay. So, that is still very far of in 27-28 is when we can expect it to flow to profit and loss?
- R. Jeevanandam:** That's right. But no field can be developed less than two years that is also there.
- Dhruv Ravani:** Okay, understood. Thank you, sir.
- R. Jeevanandam:** Thank you.
- Moderator:** Thank you. The next question is from the line of Abhilesh B who is an Individual Investor. Please go ahead.
- Abhilesh B:** Hi, good morning am I audible?
- R. Jeevanandam:** Yes, please.



- Moderator:** Yes, sir.
- Abhilesh B:** Sir couple of quarters ago, you had mentioned that there is an ambition to get into oil and gas service hard assets also. So where are we in that journey?
- R. Jeevanandam:** So we are mostly using it for the captive. When we, whatever the assets we plan for it will be using it for captive, we have not done anything so far on that. We will be looking into it, because we've got our hands full at the moment. So next year we will be trying to look at some smaller assets like some from coil tubing unit, slickline unit or something like that, in a smaller capital one, to meet our own purposes and if any left out time is available it can be serviced to others. That's where we plan for it, we don't want to get into a futuristic service company.
- Abhilesh B:** Okay, that's my only question. Thank you.
- R. Jeevanandam:** Thank you.
- Moderator:** Thank you. The next follow up question is from the line of Rishabh, who is an Individual Investor. Please go ahead.
- Sorry, to interrupt Mr. Rishabh. Request you to please use your handset.
- Rishabh:** I am using handset only.
- Moderator:** Sir, I would request you to please repeat your question.
- Rishabh:** Sir, you have said instead of sub-sea well you are going to use platform well so what is the difference between those two?
- R. Jeevanandam:** Yes, it comes from above and you can see what's happening and all and it has easier intervention and in subsea well intervention is difficult and you can't see what's happening below.
- Rishabh:** Which is more expensive?
- R. Jeevanandam:** Subsea is more expensive as you don't want platform, in subsea the cost is more. Platform is expensive and drilling is cheaper so we will have to evaluate both.
- Moderator:** Sorry to interrupt Mr. Rishabh your voice is unclear.
- Rishabh:** Subsea is cheaper?



R. Jeevanandam: No, subsea is not cheaper, in certain water debt we can't have platforms, so we use subsea.

Moderator: Mr. Rishabh your line is not very clear.

Mr. Rishabh your line is not clear. Due to no response from the current participant, we will move on to the next participant. As there are no further questions from the participants, I would now like to hand the conference over to the management for closing comments.

R. Jeevanandam: Thank you all. We focus to complete the drilling of wells in both onshore and offshore to increase the production as well as increase the reserve base of the company. This will reduce our dependence on two major assets, B-80 and Dirok. 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.

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