Hindustan Oil Exploration Company Limited
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June 02, 2023 **By Online**

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

Dear Sir/Madam

Sub: Transcripts of the Earnings Call

We wish to inform you that pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we herewith submit the transcript of the Earnings Call held on May 29, 2023, with respect to the unaudited financial results for the quarter and financial year ended March 31, 2023.

The same is made available on the Company's website at https://www.hoec.com/results-and-reports/earnings-call05/.

We request you to kindly take the submission on records.

Yours Sincerely,
For Hindustan Oil Exploration Company Limited

Deepika C S Digitally signed by Deepika C S
Date: 2023.06.02 15:34:03 +05'30'

Deepika CS
Company Secretary

Encl.: a/a

Hindustan Oil Exploration Company Limited
Q4 FY23 Conference Call
May 29, 2023

Moderator: Good day, and welcome to the Q4 FY23 Conference Call of HOEC Limited. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. I now hand the conference over to Mr. Anuj Sonpal from Valorem Advisors. Thank you and over to you.

Anuj Sonpal: Thank you. Good afternoon everyone, and a very warm welcome to you all. My name is Anuj Sonpal from Valorem Advisors. We represent the Investor Relations of HOEC Limited. On behalf of the company, I would like to thank you all for participating in the company's earnings call for the fourth quarter and financial year ending 2023. Before we begin, let me mention a short cautionary statement. Some of the statements made in today's earnings call may be forward-looking in nature. Such forward-looking statements are subject to risks and uncertainties, which could cause actual results to defer from those anticipated. Such statements are based on management's beliefs as well as assumptions made by and information currently available to management. Audiences are cautioned not to place any undue reliance on these forward-looking statements in making any investment decisions. The purpose of today's earnings call is purely to educate and bring awareness about the company's fundamental business and financial quarter under review.

Let me now introduce you to the management participating with us in today's earnings call and hand it over to them for opening remarks. We have with us Mr. P. Elango, Managing Director; and Mr. R. Jeevanandam, Executive Director and Chief Financial Officer. Without any further delay, I request Mr. Elango to start with his opening remarks. Thank you, and over to you, sir.

P. Elango: Thank you Anuj. Good afternoon all. Thanks for joining, I hope everyone has received the updated earnings presentation. We've also uploaded it on our website for your reference. FY23 has been a fruitful year with Q4 being the first quarter where both oil and gas well in B-80 on continuous production mode. In Q4 at gross level, we have produced more than 10,000 barrels of oil equivalent. Out of that about 4100 barrels of oil equivalent is net to HOEC. I would provide the operational updates and Jeeva will share the financial highlights.

Let me begin with our flagship B-80 project. Expro our process equipment vendor has during the quarter completed the repairs on the high-pressure separator and commissioned it into service. This is one of the major challenges on the project and as de-bottlenecking of others are addressed one by one. We are now able to flow both the wells simultaneously. Currently the oil production is less than forecasted. But gas production is more than we anticipated at 17 million cubic feet per day. The reservoir has shown encouraging trend of decreasing gas oil ratio. Our technical teams are closely monitoring the reservoir parameters and collecting the dynamic data required to forecast the optimum production levels from the field**.** For the additional gas, a follow on gas sales e-auction was promptly completed in April. GSA has been signed with Indian Oil Corporation at 16.2% of average Brent crude oil price of previous month. The price is subject to a ceiling price of flat West India market LNG plus $1 per MMBtu and the flow price of $9 per MMBtu. Off take based on this GSA has already commenced from 1st of May 2023 and is continuing. GSA with GSPC is also ongoing and will continue for FY23-24 on contract terms. Any additional volumes available are being sold by us on IGX that is Indian Gas Exchange and a system has been established with buyers being familiar with B-80 gas at Hazira delivery point.

As part of monsoon preparation SPM maintenance work was completed and underwater inspection of connecting hoses was carried out. New hoses are ready for shipment post inspection and will be changed out as and when required. Oil produce is being continuously transported to FSO for storage, and a tradable parcel size of over 200,000 barrel is now ready for shipment. We plan to sell the same using our e-auction mechanism, similar to the gas auction we had conducted. We will invite all the domestic refineries to participate in the e-auction. Post e-auction the sale and shipment will happen subject to availability of suitable weather window and the technical feasibility of offload by tankers during monsoon season.

At Dirok we achieved average gas sales of 30 million standard cubic feet per day in Q4, against 33 million standard cubic feet per day in Q3, 34 in Q2 and 25 in Q1. Dirok gas obtains a seasonal variation with particularly lower offtake during Q1. Maintenance activity of any major consumer also impacts offtake adversely. The PPAC notified gas price was revised to $7.92 per MMBtu in April, $8.27 per MMBtu in May 2023, as per the new Parekh committee recommendations. About 25% of Dirok gas sales was sold by us in Q4 at a dollar premium over the notified PPAC prices. Overall, our focus on value over volume in Dirok has proven its results over the last financial year. For the next phase of development at Dirok, pipeline construction work in the difficult forest segment has commenced and is progressing as planned. This 18-inch pipeline will transport Dirok gas to Duliajan Marketing Hub, independently without relying on Oil India pipeline network. This will enable connecting the Northeast gas grid in future, significantly enhancing the market price for Dirok gas. We are closely monitoring the Dirok gas sales offtake rate at different seasons and at different price points. We are proactively engaging with multiple stakeholders involved in building the Northeast gas grid to achieve greater demand and consistent offtake with a possibility of customers connected to the grid. Wells and facilities have demonstrated capacity to deliver nearly 45 to 50 million standard cubic feet of gas per day. Depending on the demand, we have the flexibility to execute, work over operation to enhance the production capacity further. We are continuing with the small volume of gas sales to Gail from PY-1. Currently reprocessing of seismic data is under progress to update the geological model. 100% PII and a low investment multiple makes this field the best choice of next investment for HOEC.

Both in PY-1 and in Kharsang outstanding issues have been resolved with the government to secure a 10-year PSC extension. While formal PSC amendment has been executed for PY-1, it is under process for Kharsang, in ministry of petroleum and natural gas. In Cambay assets, while production operations are continuing, final execution of ring fenced PSC for R2 area by government is still awaited. Meanwhile, we are progressing the environmental clearance process to undertake drilling campaigns in three marginal fields of Cambay in future. I now invite Jeeva to share the finance highlights.

R. Jeevanandam: Thanks. We report that the company made a total revenue of Rs.411.1 crores in the current year compared to Rs. 132.72 crores in the previous year in the standalone accounts. Similarly the current quarter revenue is Rs.158.78 crores compared to Rs.109.67 crores in the previous quarter in the standalone accounts. The consolidated account it is Rs. 592.2 crores against Rs.161.4 crores in the previous year. And the quarterly revenue is Rs. 193.4 crores compared to Rs. 178.99 crores in the previous quarter. This increase in revenue is mainly due to revenue from B-80 fleet and better realization from Dirok. Production from B-80 field has contributed about Rs.144 crores revenue in the current year, B-80 revenue in the previous quarter was Rs. 30.96 crore which has increased to Rs. 86.57 crores in the current quarter. Dirok revenue also increased about Rs. 129 crores in the current year due to better price realization.

Dirok current quarter revenue is Rs. 67.54 crores compared to Rs. 74.27 crores in the previous quarter.

In the consolidated accounts, in addition to the increase in sale of oil and gas revenue as stated. Subsidiary, that is, MOPU and FSO also contributed to the total revenue by Rs.149.63 crores in the current year. Standalone profit after tax Rs. 163.67 crores against Rs. 70.19 crores without considering the exceptional cost charged in the previous year. EBITDA for the current year in the standalone account is Rs. 223.17 crores compared to Rs. 92.49 crores. The consolidated accounts to profit after tax is Rs. 194.05 crores against Rs. 20 crores in the previous year. EBITDA and the consolidated accounts for the for the year Rs. 320.98 crores compared to Rs. 90.37 crores in the previous year. In effect all the investments made in B-80 fields with the associated facilities of subsidiaries started to earn revenue. Total operating expenses including royalty and standalone for the year excluding finance cost is Rs.244.49 crores compared to Rs.52.51 crores in the previous year. The major cost is for the charges for MPOU and FSO in the current year. Appreciation, depletion and amortization for the current year is Rs. 27.65 crores compared to Rs. 14.85 crores in the previous year. An amount of Rs.58.7 crores stock adjustment made in the current year which reflects the stock of B-80 crude in the FSO. Finance cost of loan for the current year is Rs.24.23 crores which will get reduced as short term loans of getting repaid. The total expenses and consolidated accounts including DDA and excluding stock adjustment is Rs.379.91 crores compared to Rs,99.22 crores in the previous year. This cost increase include the cost of MOPU, FSO, SPM maintenance. The total finance cost in the consolidated account is Rs.30.16 crores. As stated it will also be reduced in the current financial year.

As on date the outstanding loans from the banks are Rs.250.3 crores. Company has obtained the rating of A for 500 crores bank loan from India rating, with the current cash position and with the continued production we will meet all our obligations. Most of the operating cost are not linear and are fixed which needs churning of assets to get better net realizable value. As on date all the investment made in various fields including B-80 or on revenue mode and this will continuously improve the financial position of the company. We would like to optimize the revenue share to government of India by maintaining the field production from B-80 field with the constant revenue mode without hampering the reservoir pressure. We endeavor to keep the optimum revenue as our threshold by keeping in mind the field production not above the optimum level. This would prolong the plateau of the **field** life. We will bring down the borrowings in less than 100 crores in the current year. We also embark for PY-1 redevelopment in East coast of India, wherein the return on marginal capital is much higher and substantial investments are already made. Further it would unlock the substantial value of the assets which was already impaired in the books of accounts. On achieving the optimal protection from B-80 and Dirok, the company will embark on drilling wells in PY-1 having secured 10 year extension for the block. Thank you.

P. Elango: Thank you. Jeeva. Can we now open the forum for questions please?

Moderator: Thank you very much. We will now begin the question-and-answer session. We have our first question from the line of Chitresh Lunawat from Gartner. Please go ahead.

Chitresh Lunawat: My question was regarding the oil field. So last quarter, the oil was not at optimum level. So in this quarter we're expecting it to run on the optimal level right sir?

Management: We wanted to have a revenue threshold. With the current oil and gas productions we are meeting with that. With this D1 well, I can say that HP separator repair was completed, pressure differential exists between the well, which is higher in D1 comparing the test results. Till the pressure in D1 is reduced to the test pressure gas production from D1 will be more and oil will be less. Having not seen much pressure reduction in either in D1 and D2 well, we are happy about the well performance. We believe that the current level of production will continue, on the expected reduction in pressure from D1 well, by depleting the additional gas pocket we will increase the oil production. That's what at the moment, so right now we are making a decent revenue with the oil and gas and we'll continue with that as long as every day there is an improvement in oil production. Once the additional gas pocket gets depleted, we will get back to a higher level of oil production.

Chitresh Lunawat: Sir my question was like regarding the oil because, we were earlier told that we will be getting 7500 barrels of oil per day, and also 10 million tonne of gas. So what is the current scenario for B-80?

Management: Currently the gas is about 17 million cubic feet per day and the oil is about 1400 barrels.

Chitresh Lunawat: Okay, thank you sir. And what is the plan for the new drilling wells for PY-1, whether we are waiting for the B-80 to get stabilized for one or two quarters and then start PY-1 or what is the plan sir here?

Management: PY-1, the weather window starts from January, Our seismic data is getting reprocessed once the data reprocessing is completed, our geologists will reevaluate the data and once they release the final location, we will get the drilling rig embark on drill probably on the last quarter of this year or the first quarter of the next year.

Chitresh Lunawat: So, this year whether we plan to drill in Dirok or B-80 then, anything planned for this year?

Management: This year we are not going for any drilling program. Our program is for the PY-1 either the last quarter of this year or it may defer to the first quarter of the next year.

Moderator: Thank you. We have our next question from the line of Dhwanil Desai from Turtle Capital. Please go ahead.

Dhwanil Desai: Sir, my first question is, from your commentary just one clarification. So, this quarter we have not yet recorded the sale from oil in the current revenue right?

Management: Yes, the sales are not getting recorded in the sales, but you could have seen the stock adjustment which is substantial enough from, which is marked to market on 31st March. So, in effect, it has reduced the cost when it is sold it will move to the revenue.

Dhwanil Desai: Okay, sir the benefit of that on the bottom line is already reflected?

Management: Yes, it will get reflected in the bottom**.**

Dhwanil Desai: Correct. Sir second question is, so now you are saying that the sale of oil parcels will be subject to weather windows and tanker movement, so wanted to understand from you that from the perspective of doing this on an ongoing basis, do we have any connectivity with oil pipelines and if not will we be always subjected to this kind of having the right weather window to sell over oil parcel?

Management: No, issues are there, once we have got the tanker size, which is substantial it is about 900,000 barrels, we can store it. So second thing, pipeline connection is too expensive in the B-80, field. So that's why we have gone to the mode of storing and evacuation through FSO. So, this would be first update, once the update is over, we will also get familiarized with the field issues, if any and then we will be planning the regular outlook.

Dhwanil Desai: Okay. And my second question is on the oil and gas, we were aiming for much lower gas production and you said that we have got somewhere the gas is flowing higher, enhance the oil production has been curtailed. So going forward, we will kind of maintain in terms of MMBOE same equivalent output, because we want to optimize on our royalty and everything is that a right understanding?

Management: This being a revenue sharing contract, we would like to go with the revenue more constant that means that we will not be flocking, we will not be increasing production before the threshold revenue model. So, our revenue model says this is the next revenue that plateau of the revenue will keep it. So accordingly, we will see that oil and gas production match with the revenue. And in no way we want to go above the optimal level of production by our reservoir team.

Moderator: Thank you. We have our next question from the line of Sudhir Bheda from Right Time Consultancy. Please go ahead.

Sudhir Bheda: So sir my question is, as you said the stock is mark to market. So, can you quantify in what ways it was mark to market and the quantity and at present is the quantity sold or what is the status?

Management: It is in stock. Normally we take the price on the closing date that was taken at $78. And when it is sold, it will be the price what we will be realizing on that depends on the MJunction e auction, which is being planned for it.

Sudhir Bheda: Sir what's the timeline when it would be?

Management: The results are expected this week it will go online by next week so, within 10, 15 days we will find out, what would be the price we will be getting.

Sudhir Bheda: And sir whether it is possible, I don't know to quantify the timeline, but when we will be getting the optimum production level in this field?

Management: Currently the revenue mode is about say $300,000. We will go up to $350,000 that's the level of revenue because our share to the government we wanted to keep it at the current level. See currently we are paying around 30%, we may go for 10% more. And that will be our revenue opting.

Sudhir Bheda: So, that is for the entire year?

Management: Yes, that's right because we wanted to keep the plateau of the production for a longer period in B-80. To achieve this, we wanted to keep the revenue in constant mode.

Moderator: Thank you. We have our next question from the line of Rohit Potti from Marshmallow Capital. Please go ahead.

Rohit Potti: Congratulations on getting both the wells online, this is something you've worked on for a long time and really happy that we could achieve this. So on the balance sheet side, we don't want any CAPEX for the fourth quarter or the first quarter of next year. So does it mean that, in the past we used to say that, in the industry like ours we need to have 100 crore of cash on our books always. So will we be paying on our entire debt and going to that balance sheet structure going forward?

Management: Rohit, I 100% agree with you that we more or less would like to go for a debt-free balance sheet. That will be our endeavor.

Rohit Potti: So, on capital allocation again, does it make sense to go for debt free, but I just want to hear your thoughts on buyback. So from what you said B-80 alone would be generating more than $100 million a year and it's a highly cash generating asset and then we have upsides in Dirok coming with the connection with gas field, et cetera. So at the current value of the business that's good in the market does it not make sense to increase the shareholding of the existing in long term to shareholders by doing a buyback?

Management: Now there is no question of buyback, we have got the chain of capital investments plan for it now. We are talking about PY-1, after PY-1 we have to go for the Dirok, during this course itself we have to go for the Western, all the blocks in the Cambay basins which is three assets which is dormant for quite some years. So we have a capital plan in such a manner and then we have to work on. So we have capital plans already laid up for at least four to five years.

Rohit Potti: Understood sir that was helpful. And last question sir just to get this right on what you said in terms of the revenue, so you want to not optimize so, production is not your goal in B-80, but revenue so what you're saying is that, at the current production level of let's say 1400 barrels of oil and 17 MMSCFD gas, we'll be hitting the $350,000/day for the target that we have with B-80 is that right?

Management: We are not yet at the moment., So our target is to reach a revenue level of $300,000 a day to $350,000. And without hampering the reservoir, and the pressure there.

Rohit Potti: Okay, fair enough. So what does it mean in terms of the production so 17 MMSCFD gas and how much oil have to increase to reach that number?

Management: , There is a small gas pocket till it gets depleted it will be slowly gradually increasing there on, so we'll be reaching to the level of, I can't say the timeline as such and it will definitely on an increasing mode it will go on increasing and after we reach the threshold level and we will maintain that level itself. What is happening is, there is a small gas pocket which is now getting depleted, so the pressure reduction is about three to four PSA per day. So till it comes to our test pressure level. Oil would be at this rate of increasing about 10 to 12 barrels per day increases as such. Once it reaches to your threshold level as such, then there would be some reduction in the gas, both will get offset each other, that point in time we will be maintaining only the revenue generation as a benchmark for it and we will not flog the reservoir, we will not do anything to the reservoirs and we will keep the reservoir in a way that the production is below the optimal level to prolong the life of the field.

Rohit Potti: So, two questions here sir, what is the revenue generation per day right now and second is air pocket is a……

Management: Right now it is $180,000 on account of the gas, it will vary up to 182 to $190,000 per day. Oil 5500 barrel is equivalent to another $120,000. So we are reaching already a level of $310,000 per day. So we will be going up to a maximum of $350,000 and that's the level we wanted to have it.

Moderator: Thank you. We have our next question from the line of Rikesh Parikh from Rockstud Capital LLP. Please go ahead.

Rikesh Parikh: Just couple of question on the B-80 side, sir just wanted to understand what was the gas realization on the gas exchange for the last quarter since we are doing some 25% on the spot leasing?

Management: I'll tell you the number it is, gas price realized is the whole year for B-80 was $15.71 per MMBtu and last quarter was $15.47 per MMBtu, and the previous quarter was $13.86 per MMBtu.

Rikesh Parikh: This is combined of spot and negotiated price or it's only the spot exchange price?

Management: All combined.

Rikesh Parikh: Okay. Secondly sir, I just wanted to understand on the CAPEX plan for the current year largely it will be Dirok if I understand as such. So, what will be the CAPEX we are planning for the FY24?

Management: So 23-24 our CAPEX plan is only for the PY-1, one well drilling. The total outlay is about 64 crores, which we have to a portion of the mode earlier and portion of the next financial year, that is the outlay for the CAPEX outlay for the current financial year.

Rikesh Parikh: which means it is already on the way for that?

Management: Yes, we are working on it, our Seismic reprocessing is gets completed then we will start working on it, to secure some rigs and other thing.

Rikesh Parikh: Okay. And just from 4k number from the B-80 should we think of it as broadly a steady state number or there will be some marginal higher with the stability one should we be looking at?

Management: We wanted the total revenue share to the government to be not more than one third, that is the level we want to keep. So below the ground oil is better for us so that in the reason we are saying.

Rikesh Parikh: And lastly sir on PY-3 we had some Singapore arbitration is giving us quarter. They just wanted to understand our strength now and can we appeal further and what is the total amount liability over there?

Management: The appeal at the lower court got dismissed, we went to the federal court in Kuala Lumpur and that will get adjudicated at some point in time. And similarly, we have got a case in the Gujarat High Court, which is also yet to come for hearing. The total exposure towards as we are speaking with interest, liability and all put together is about 17 crores.

Rikesh Parikh: Okay. So, the max liability is 17 Crores?

Management: Yes.

Moderator: Thank you. We have our next question from the line of Abdul Kareem from HDFC Securities. Please go ahead.

Abdul Kareem: For PY-1 you have completed EIA study for obtaining environmental clearance for drilling additional wells. So, what are the environmental and regulatory approvals still pending and you are waiting for?

Management: we have already got environmental clearance it is an ongoing field as such. So, we are submitting the application in such a way we will get the clearances faster. So, we have got about an additional 7-8 months' time to drill the well, before drilling the well we will have all the clearances in place.

Abdul Kareem: Okay. And on B-80 project you are transporting as well as storing at the FSO, as you have mentioned in the investor presentations. So, if you could share some numbers in terms of what is the current number of barrels of oil which we have stored?

Management: Okay. See, this is one of the concept of evacuation in the sense, in an offshore where we are not able to lay a cost effective pipeline, the oil produced from the field is stored in a floating storage offshore that is called Aframax tanker, which is having a capacity of 900,000 barrels. Right now, as we speak we have got about 260,000 barrels of oil in the tank.

Moderator: Thank you. We have our next question from the line Ajit from Nirzar Securities. Please go ahead.

Ajit: So my first question is regarding your clarification that we will not do buyback in the coming years. So do we have a dividend distribution policy going forward?

Management: I wish actually, but we wanted to grow this company. See whatever the assets which you look at, PY-1 we spent about $380 million which is a dormant asset at the moment, then Western region assets are legacy assets of 25 years, we have to monetize these assets in a row actually, within a period of three to four years. So that is why once these assets are monetized, if you don't have any better opportunity to return inorganic acquisitions or anything they're on to it, then we will certainly do that.

Ajit: Okay. And the second question is regarding PY-1, like PY-1 generally Reliance, ONGC and HOEC are whole promoters has been unsuccessful after spending huge sums. So what is the reason for us to be very optimistic on that, like if you can give some clarification?

Management: That is a discovered oil and gas in this place. And it is going with the mind of the geologist, which geologists read that decides the whole thing. We have got a petrophysics come from London, and he is working on the project. And he's very confident about it, the very nature of the business is, it is risk associated with it. This is being a basement results, we are taking all precautions to drill at right well, at the right location, and we are confident we will be able to produce oil and gas from the new well. So at the end of the day, it is after drilling the well only we know the result.

Moderator: Thank you. We have our next question from the line of Vivek Joshi from BP Capital LLP. Please go ahead.

Vivek Joshi: I have two questions. One is that there's a reduction in charge increase of 28 crores. So could you just explain the math behind it, I was not very clear this is like a non-cash charge or like this was already paid but accounted for this year. And my second question is some trend for the current quarters like, are we on track to get a revenue which is equivalent to last quarter or more or less. And just a last question is, the contingent liabilities that you spoke on the open cases, was it 70 crores, 17 crores?

Management: 17 crores.

Vivek Joshi: Okay, thank you. So that's one done, that's all. These three question from my side.

Management: We have contracts with the Expro, where they are the provider of the offsite facilities and they are our O&M contract. So, now the field has started continuous production from the 1st November. We sat down with them and discussed, then we made a conscious decision as such. Both the sides we will pay for Expro to the duration which they work for it, similarly, we will charge for the joint venture to the duration actually the production from the field has been achieved. Accordingly, the fourth quarter revenue and the period in which we have charged the excess on the MOPU stand reversed and that is where the cost reduction comes there on, similarly we have taken a hit on the revenue on the MOPU on the consolidated accounts. That is why it's been mentioned in the note number 3of the standalone accounts the same notes are reflected in the consolidated accounts also.

Vivek Joshi: Okay. And some color on the trend for this quarter?

Management: It is more or less like a reference projection where you can take the last or rest of it.

Moderator: Thank you. We have our next question from the line of Manan Patel from Airavat Capital. Please go ahead.

Manan Patel: Sir, the first question is on the B-80 reduction, so, if we look at 17 MMSCFD and 1400 barrels, that comes to around 4500 barrel oil equivalent of production. So, if we look at the initial number, it was around 7000 to 7,500 barrel. On that basis, we assumed that the cost of production per barrel would be around 20 or a bit less than $20 per barrel. So, with the new production numbers the cost increases to almost $31, $32 and if you consider time value of money even higher. So, what are your thoughts on the profitability of the project, because the cost is significantly higher at production.

Management: It's not significantly higher as such, we have optimized the cost money and when we initially conceived the development plan the projection was about the same 4500 barrels, subsequently drilling up the wells we have got into 7500 barrels. That is why we get into the model of outsourcing at the block level, we will be resourcing at the corporate level. So right now our operating cost payable to the outside parties is only about say $40,000, less than $40,000 about $30,000. So whatever the cost increase there on comes back to the company as a revenue at some point in time. That's why this $31 is $30 is a misnomer number to us in effective terms as a company as a whole and further you look at as such the revenue has gone up substantially, then all the service companies will charge in-line with the increase in oil prices. So we don't find any abnormality in the charges made to the B-80 considering the oil price and gas prices at the moment.

Manan Patel: Understood. Sir, the second question is on the FSO. So, once we produce and once we have to auction and we have to deliver, so does that mean the production for the days that vessel goes for delivery. So, can you shed some light on that, how many days the production would not happen before FSO is not there?

Management: We have started production on 4th of June, from there to 31st of March. We have operated only up to 192 days. The production was from the field only for 192 days. And that is, but in the current year we will be continuing as such that's what we believe in it, and the FSO charges per se, it is not only for storing the oil, it is for storing the oil as well as offloading assets. So, this is the facility per se, so that the charges are applicable, when the facilities are ready to receive the oil, when the facilities are not ready to receive the oil, we won't be able to charge. For example there is a repair in the line or some reasons to the FSO we are not able to receive and store the oil, then there won't be any charges for it.

Manan Patel: No, sir the question was, so when we auction off the oil and the FSO has to go for delivery to any of the port?

Management: No, it is stationary there, it will not move out. Buyers themselves will come and pick it up.

Manan Patel: Okay. So we don't have to stop production when the delivery is happening?

Management: No. So, at a time they will come from SCA and they will pick up the crude from the FSO.

Manan Patel: Understood sir. Then sir the last question is on Kharsang, the clearance has been obtained and I understand we are not the operators there, so what kind of CAPEX should we expect in Kharsang and what is the timeframe of that?

Management: Kharsang, it all goes to the first well drilling. There will be some of the regular work over and other things will continue there. And we wanted to drill at one of the deeper prospects that will cost about $15, $20 million per well. So the total program is envisaged for 18 wells, together for less than depth 1000, 1500 meters. The program to my mind was somewhere around $80 million, but our share would be about $20 million, over a period actually.

Moderator: Thank you. We have our next question from the line of Chetan Phalke from Alpha Invesco. Please go ahead.

Chetan Phalke: Sir my question is with respect to B-80, so in our Q3 call we had mentioned that the replacement work will be carried before or carried out pre monsoon. So are we on schedule, is it already complete and do you envisage any problem with respect to hose pipe or umbilical connection during the upcoming monsoon?

Management: Recently maintenance work was carried out at the SPM and that time our divers went down and checked and all the connections made was intact. And at the moment we don't expect any problem there on. But however we have placed our order in place for the hose has got completed and the hoses are ready for shipment and we will keep the hoses ready in the vessel itself and there if any problem comes we will change it and right now we don't want to disturb, that's our position.

Chetan Phalke: Okay. So this replacement can get rescheduled to post monsoon as well and there won't be any issue in our?

Management: it's holding well, that's what we sent a diver down and he himself checked it actually and found out it was intact. And if any problem comes then we should be having the hoses ready and small disruption to production we will be able to get it done.

Chetan Phalke: Okay. So how much time will it take let's say some issue occurs to replace the hoses considering that we will receive them and we have them ready at the vessel?

Management: If the weather permits it's not a big job it is less than 10 days, less than seven to 10 days maximum.

Chetan Phalke: Okay. And sir considering your normalize operations, let's say during the full year, how many days of maximum oil production we can achieve should we consider 330 days, 350 days or any ballpark number?

Management: Normally we consider as a 350 days for our all projections and that's the general way of looking at it. But it may, we may some of those cases we have got an uptime of even 99%. They have some three, four years' experience in this field.

Chetan Phalke: Okay. And sir by when are we expecting this pressure reduction in our wells to achieve the desired level, is there a possibility that it may spill over into FY24 as well?

Management: There is a small reduction in the pressure as such because you know that we were producing around (+4000) barrels at 1200 PSI flow tubing pressure, now it is around 1500 PSI. So, daily there is a reduction of some three PSI and two PSI and some days it goes to four PSI. So, in essence we have to wait and watch. So, if the current trend goes we should come back to some level within at least six to nine months.

Chetan Phalke: Okay. So, there is a possibility that the desired level of production, we will have to wait till FY24 to get there?

Management: Yes. And the second thing also how much we would like to share with the government at the end of the day.

Chetan Phalke: Okay. And sir in in our exchange announcements in April 2023, we have mentioned that our potential oil production is under review and we are doing some debottlenecking to achieve the design capacity. So, what do we mean by the production is under review and design capacity as in any, if you can explain that?

Management: So, what we are looking at as such, because you know that one well is holding around 2400 PSI, another will reach about 1500 PSI, the pressure difference exists. So, we need to have some compressions, additional compression, booster compressors for the D1 well to get both the wells flow to its capacity. So, some of these things are being worked out, some temperature issue is there which we are getting it addressed**,** so small, small issues are coming up, because we are in the continuous production for only last including this only six months, less than six months. For compressors, we have to place an order with that, that we have asked our Expro guys to give the design for it and that is already on the right track. So, we may have to place an order with another company as in India or outside India. So, that will take about eight to nine months to delivery. So, with that, by the end of this year, beginning of the next year we will be coming to a good grip of the field facilities as well as the production thereon.

Chetan Phalke: Okay. So sir given the current situation, then what would be our let's say estimated revenue or profit guidance for the next three quarters?

Management: I would not comment much on it, you can go as a reference projection of the fourth quarter.

Chetan Phalke: Okay. So we can consider let's say $300,000 per day kind of a revenue?

Management: Yes.

Moderator: Thank you. We have our next question from the line of Rohit from iThought. Please go ahead.

Rohit: Sir, most of my questions have been answered, I just wanted your clarification on the note three that you mentioned which was asked by another participant on the reduction charges, I could not understand it, can you explain it again sir?

Management: There was a discussion we had with the Expro our service company. our MOPU charges, which we have made based on irrespective of the production we charge, we are seeing reversal of it because there was a corresponding credit we got from our own service provider to us. So essentially now we stick to one point after the prolonged discussion with the parties concerned. So, MOPU would be charged the day when production is on from the B-80 field. Similarly, FSO when it is ready to receive the oil, we will be charging. In effect our charges to the JV is depending on the actual production, we are carrying out, how many number of days we are doing on it.

And if there is any effect on account of the MOPU and FSO we will not be charging to the joint venture that is why the reversal is taken place.

Rohit: Understood. And the other question that I had this is in terms of the cost that we have, so we should take these costs as what they are in terms of cost like employees, etc. this is the correct base. The reason why I'm asking this question is, despite increasing the production the per cost declined quarter-on-quarter so, just wanted to get your thoughts on this, both at standalone and console?

Management: The consol account there would be an impact on the cost, I agree with you when the increase is the same asset churning out due to the more number of barrels the cost will come down. Because these variable costs are more or less like a, fixed operating costs. So when we get a more production we will give a better performance on account of the standalone but in the consolidated account it remains to be the same, with only a marginal increase in the revenue because the entire revenue out of $140,000 a day, $100,000 comes back to our subsidiary.

Rohit: Sure, great said. And sir last question, this to sort of summarize whatever you had said so far. So, in terms of production B-80 at this point of time at least for the next six to nine months, this would be the optimum production that you're looking at, as I remember pressure between the two wells, the difference decreases, there could be a chance of production ramping up again, post expansion is that understanding correct?

Management: Your understanding is absolutely correct. But one caveat saying that, we wanted to have the revenue stability, because we will fix that optimal revenue, that's the revenue is there, we will accordingly produce from these wells, because otherwise our share to the government goes substantially higher. So, instead of that, we will keep the oil below the ground and increase the plateau of the field.

Moderator: Thank you. We have our next question from the line of Vaibhav Badjatya from Honesty and Integrity Investment. Please go ahead.

Vaibhav Badjatya: So a lot of my questions are already asked, but just one question on the oil that is being stored. So earlier we said that we are marking it to market and it is valued at $78. And that's why the large part of the benefit is already there in the P&L?

Management: Yes, you are absolutely right.

Vaibhav Badjatya: So, for that I just wanted to understand because the established accounting principle is that you have to value inventory at the cost or net realizable value whichever is lower. So, $78 is more than the cost of production. So I'm not sure how this reorganization has happened, or maybe I'm missing something?

Management: So actually, the oil and gas companies most of them, they've got an option based on the guidance and IFRS you can check that, the revenue can be marked to market and that should be the stock valuations can be done, you can find that in the accounting policy of the company since inception.

Vaibhav Badjatya: Okay. So there is an option and we exercise that option?

Management: Yes.

Moderator: Thank you. We have our next question from the line of Tejas Shah from Unique Stock Broking. Please go ahead.

Tejas Shah: If you can quantify you've got top line of 275 crores on a consolidated basis and a profit of 125 crore, if we don't account for the reverse back for this quarter, am I right on that understanding?

Management: I couldn't get your question actually, can you tell me.

Tejas Shah: Our stop line is going, our total income is in the range of 275 crores, without other income and everything. And our net fit is in the range of 125 crores if you don't increase the reversal of the charges, that we have done that 24 crores for that FSO and all so am I thinking right 275 crores of income and 125 crores of profits for the quarter?

Management: Yes, you are right as such because the declared that number in that manner only right.

Management: If you look at the profit or loss consolidated account, which has come from 30 crore it went up to 110 crore. Then 36 into 110 as you will be having about 75 crores. It will be around 100 crores, if you take the reversal into consideration, we have another 10 crore more it should be around 85 crores right.

Tejas Shah: Yes, so should we consider this run rate from this quarter onwards around 125 crore of profit?

Management: A reference projection, I said it should be considered in that manner.

Tejas Shah: Agreed. And the break up, the top line for Dirok, B-80, PY-1 and MOPU in terms of **…….** if it's possible?

Management: Okay, you wanted to have the breakup of the revenue as such. Not the year as a whole okay.

Tejas Shah: No, for this quarter only.

Management: This quarter B-80 revenue is about 39.62 crores and without considering the oil in stock and Dirok it was 74.25 crores sorry, we are talking about last quarter or this quarter, this current quarter?

Tejas Shah: This quarter, this current quarter sir. B-80, oil and gas both together and our Dirok.

Management: B-80 gas revenue is 86.57 crores. And the Dirok is 67 crores without considering the oil in stock.

Tejas Shah: And the B-80, 87 crore which you mentioned that includes oil or that is without oil?

Management: Without oil, I said to you the sales revenue, our revenue is 87 crores for B-80 and Dirok it is 67 crore.

Tejas Shah: So, oil in stock you said for this quarter is 45 crores that is without mark to market or that is including the full mark to market?

Management: Oil in stock rangesto 37 crores in stock.

Tejas Shah: Okay, and PY-1 will be on which?

Management: PY-1 is negligible. It's producing about two crore revenue, that's breaking even revenue That's why we are on embark on a PY-1 drilling.

Tejas Shah: And the FSO revenue will be what, if you don't consider any deductions or anything?

Management: FSO revenue for the quarter would be 35 crores.

Tejas Shah: Okay, great. And on the B-80 you are saying maximum under we can go is after nine months only not before that correct?

Management: Yes, it's a question actually we have to make a call on it. What is a revenue share with the government. So, we want to keep the field life in consideration, it's not the short term we have to play for a longer term.

Tejas Shah: Thank you. And just one request, we normally send mails to Deepika she does not reply any mails, at least she should write no comments or whatever. So at least we are informed. So if you can request Deepika. Thank you.

Management: We will do that, and she will reply to you.

Moderator: Thank you. We have our next question from the line of Hemant an Individual Investor. Please go ahead.

Hemant: Sir, couple of questions from my side. Pardon me these are some sort of repetitive questions. First of all I would like to know what is the optimum capacity of BST oil well. Currently we are doing 1400 boepd, Barrels of oil equivalent per day.

Management: Okay. You wanted to know the optimum level as such, optimum level you're assuming actually that, right now we are producing 17 million cubic feet of gas, if we wanted to increase we can go up to 20 million, but we restricted to 17 million cubic feet of gas that is equivalent to about 3000 barrel of oil and another 1400 barrel we are producing it is 4400 barrel is under the current level.

Hemant: Sir, what will be the optimum capacity of the B-80 oil well?

Management: Optimum capacity we can go up to say 6000 barrel, and that we will be able to confirm it once the test level is more than 6000 barrels. So we will be going with the revenue as the optimum mode not the production as an optimum mode for producing from this block.

Hemant: So, this is the optimum capacity will be 6000 barrels? So, what I understood is the optimum capacity is 6000 oil?

Management: 6000 we will be able to confirm it once the gas peak, which is holding the pressure at the moment once get depleted, we'll be able to get back to the test results, then our optimum field level would be 6000. But we will be producing less than that, in a manner to increase the plateau period of the field life.

Hemant: And what kind of incremental revenue sir we can have it at the optimum?

Management: Incremental revenue, it depends on how much you would like to share on that revenue right. So, I have to look at an optimum level, an optimum revenue mode in the manner that lengthening the field life will be beneficial to the company as a whole or clocking it immediately and getting a higher revenue number.

Hemant: Any sir ballpark number?

Management: Ballpark I told, $350,000 a day from the field.

Hemant: Okay. And so when can we achieve it six to nine months down the line?

Management: We are already on $ 300,000 so another $50,000 we will be doing it, we will be able to do that's not going to be any problem.

Moderator: Thank you. We have our next question from the line of Ravi Nagda an Individual Investor. Please go ahead.

Ravi Nagda: Sir, my question is on Dirok, when do you see the forest pipeline to be laid down and timeline?

Management: Out of the total distance taken the forest segment that should be done in about three to six months time is what we are looking at for the forest segment. And non-forest segment also would be there.

Ravi Nagda: And total estimated time for full line to complete it?

Management: What in Dirok the question which we have really highlighted is the increase in demand will happen only when the gas grid is laid and connected within the Northeast region as such. So, right now we have the ability to produce much more gas, but the production is low because the offtake is low, we expect the offtake to increase as and when the gas grid that is being laid by various PSUs gets completed. So, we are watching that. Our idea on the project competition was to focus on the difficult part of segments which we believe we will be able to compete in about six months time, the forest segment the balanced pipeline work we will take it up depending on the progress that has happened in the gas grid as such.

Ravi Nagda: And sir gas grid will be completed next year?

Management: Yes, there's no point in doing completing our project and then holding on to the gas we will synchronize it with along with that.

Moderator: Thank you. We have our next question from the line of Basu Pooja an Individual Investor. Please go ahead.

Basu Pooja: If you could guide what is the total debt including the 100 crore loan that was taken as short term working capital for working issues in December and like guided we will be paying off some debt in this June, July after selling this oil parcel. So, after paying off the debt, what would be your long term debt on the balance sheet and the short term debt on the balance sheet that is the first thing. Second thing would be the hoses, by when are you expecting them to come on the Indian ports, any timeline would be helpful. Thank you.

Management: We missed the second part of your question, what is the second question please?

Basu Pooja: The hoses sir, when are you expecting the hoses to arrive on the Indian ports, any timeline for that?

Management: We have to go for a factory acceptance test of the hoses which are already ready there. So it is basically removed out of the container. So it should take up the factory acceptance test is over, assume it is get done within three, four days. So by this it will take another 15, 20 days to reach to the shore.

Basu Pooja: Fantastic. And sir since you are planning to go up with the PY-1, are you planning to raise any capital by any chance?

Management: You have another question you will forget and I'll answer that, total deb. Total debt of the company is about 250 crores and as we speak right now, we have reduced it substantially and this is about 210 crores at the moment. And year end we will be having less than 100 crore as our long term debt.

Basu Pooja: That will be FY24?

Management: 23-24. Out of 100 crores, there would be a short term component of about some 25 plus 20, 50 crore would be short term and 50 crore would be long term.

Basu Pooja: Okay. And PY-1, for that field are you planning to raise any capital by any chance, the expansion?

Management: No, I don't think our initially exposure we believe it should be in the order of around, it should around 64 crores that's about $8 million over a period of about six months. So, we will not be needing any funding.

Basu Pooja: And the B-80 new wells will be drilled only after PY-1 will start right?

Management: it is planned for only 26-27.

Basu Pooja: Fantastic, thank you so much sir. And really appreciate the management. Whenever I write an email, I get quick answers from your secretarial team. So, that's a great team that you're having. One small thing if you can comment on the stake of HDFC that is there in the company, because of their merger, they have to sell the stake. So if you could just throw some light on that part?

Management: They are our long term investor as such and they are holding around 6.5%.

Basu Pooja: With the compliance as such that they have to sell the stakes various companies and since they are holding in our company to, they will have to sell it if I am not mistaken as per the SEBI norms because of the merger of limited and HDFC Bank?

Management: I don't think so, that is up to them as such, because they are holding currently about 6.4%.

Basu Pooja: Right. So, it is totally their call, if the compliance suggest they will have to sell it?

Management: I don't know what their compliance requirements is there on, they are our long term investors and if there is a bigger, the merger is too big and even for them as such in situations if they take a call they will take a call.

Moderator: Thank you. We have our next question from the line of Ashwin Reddy from Samatva Investment. Please go ahead.

Ashwin Reddy: I have one question sir again on B-80. Which is, is there a price oil at which you'll be okay to increase the revenue that you would want to get from the field, because the volumes can remain the same but you are not depicting the P&I . And given that you have high requirement or given that the outlined, your CAPEX plan would like to hear, is there a price at which you would be okay to increase the product or increase the revenue from the field?

Management: So, the price what we are getting is, anywhere above 15% of the brent, it's okay for us. So that will compensate both for oil as well as the gas. You assume $75 as an oil price, 15% of that price is reasonable for us to sell the gas.

Ashwin Reddy: No, what I mean is I'm sorry, I will be more clear probably this is for the oil part set, with a specific oil price, even the volumes may be constant 1300, 1500 whichever order you want to fix the volume, the price of the oil goes up then the revenue share goes up, so how would you tackle that situation, would you run down the cross chain?

Management: We will choke down in such a manner that will lengthen the field further. We don't go that's where we have to, we can't bring choke in such a manner that it will affect the reservoir so we'll keep the reservoir at paramount importance then the revenue as such.

Ashwin Reddy: Okay. In case the volume per constant so volumes that you want to have if they are constant at whatever you have in the current level, the oil price goes up, say to 100 or 124 or whatever, what could you do there, would you not take the.

Management: Oil price goes up substantially, we don't mind to share more also.

Ashwin Reddy: Okay. So the current answer is we want to keep it at this level for understanding.

Moderator: Thank you. We have our next question from the line of Jagvir Singh from Share Capital. Please go ahead.

Jagvir Singh: I only have one question which is related to the taxation, we are not paying any tax so, this is government regulation or what?

Management: Okay. So we have carryover losses and we are adjusting the carryover losses and once the last adjustment is over, then we have to pay the tax.

Jagvir Singh: So, till which year these carry over losses will continue any idea?

Management: We have about the deferred tax credit which is in the order of around say the carryover loss would be about 800 to 900 crores at the moment. So, then that will add to the current year we have a B-80 depreciation also would get added. So, we will be tax free at this current level for at least for two to three years more.

Moderator: Thank you. We have our next question from the line of Sameer Patel from Savvy Capital. Please go ahead.

Sameer Patel: Sir, my question is on PY-1, you said we are going to do a CAPEX of about 64 crores but that I assume is only for this year?

Management: One well drilling, if we succeed in that well drilling we will go for further investment of about $42 million that is about another 300 crores more but our initial exposure which we planned for this financial year and the portion to go to the next financial year is 64 crores.

Sameer Patel: Okay. So, that is one well and what kind of production we are envisaging from there?

Management: So, we are expecting each well will contribute at least 5 to 6 million cubic feet of gas. So, when the entire development is completed we will be crossing 20 million cubic feet of gas from those three wells.

Sameer Patel: From the three wells, okay. And what kind of pricing we are expecting there on the gas, will it be the same like the auction or?

Management: We, are going to be more or like a new development and already the 25 years contract is over. We are in the 10 year new contract period they should be appraised get reopened, that would be a price of PPAC plus that's what we are expecting.

Sameer Patel: Okay. And this PPAC is like kind of fixed for us like the 10% and we are not going to have any ceiling or anything right?

Management: Actually, PPAC price we are reasonable to expect but anyway we are going for an Mjunction for an auction, if we get a better price we will go with it.

Sameer Patel: Okay. And even from the current Dirok PPASPA is applicable and that $6 is not applicable for us?

Management: $6.5 which is fixed by the government is applicable only for the government Oil India and ONGC for the legacy of nominated blocks.

Sameer Patel: Okay, great. And sir, the next question is on this upper Dirok, Dirok I can understand we are going for the expansion, but for the upper Dirok are we planning anything the one which we won in the auction?

Management: Upper, greater Dirok we have to drill the well so we have 100% holding on the block. So seismic, we have to process, reprocess and acquire some additional seismic also, after that our geology will come up with the location, then we plan for the drilling, not in this current financial year.

Moderator: Thank you. We have our next question from the line of Chandra Surya and Individual Investor. Please go ahead.

His line is disconnected. We'll move on to the next question from CS Chaudhry from CFS Financial Services. Please go ahead.

CS Chaudhry: Very light and macro kind of question. This discovered oil field policy when it came and you embarked on that journey as a management with your own depth of experience of all the people who have worked in the industry. So over the last seven, eight years with various hiccups and problems, so how much do you think that your richness of your experience has changed and gives you more confidence to deal with so many other offshore blocks that you're handling?

Management: We are confident to say that we are the only one in offshore to put the field on production actually within the record time of four years, there is no other field or the blocks which has come on to the revenue mode so far. So we are confident about it and we know how to select the right block, how to monetize it. So when the opportunity comes, we'll embark on it.

CS Chaudhry: This question was raised more because there have been, without taking any names, there have been large explorers, domestic names also included, who couldnt execute on their own, and then they brought in expertise and joint ventures and sold equity to get success, and it took them an equal amount of time. That's why I framed this question, though there was a difference that they were exploring and you have a discovered field. So do you think that you will be looking for more such opportunities on the offshore side?

Management: Certainly we will look for it, when we come with the right block, the right quantity of reserves there in and if it comes at the right model of revenue sharing, then we will certainly go for it. But all the blocks will bid for with the reasonability and we don't want to go into an unreasonable just to win a bid as such. When we win a bid, we mean it actually we wanted to develop.

Moderator: Thank you. We have our next question from the line of Chitresh Lunawat from Gartner. Please go ahead.

Chitresh Lunawat: My question was regarding the hose connection. So what kind of testing have we done our check to ensure that the current monsoon period which it starts from this month, June, July and August so, how confident are we on that?

Management: We go which the advice given by the person who inspected it, and he is saying that it is all intact, that's the confidence level we have having at the moment at the end of the day, no one can predict what would be the outcome during the monsoon but, as you are aware we placed the orders and we are getting the hoses placed. So, incase of any eventuality we will be able to replace them in a fair weather window, which may be a couple of days or even during the monsoon period, we will get some good weather for a couple of days. So with that we will be able to do that.

Chitresh Lunawat: Sure. Sir pardon my lack of knowledge just wanted to check do we get an insurance for this kind of things or it's all company?

Management: Insurance comes not for normal wear and tear, it comes for only the accidental insurance. So if any the whole damage is occurred for some other reasons, then we can claim for insurance. If there is a cyclone and the entire platform or something happened to the vessel then we can claim for it. But normal wear and tear the insurance won't cover.

Chitresh Lunawat: And one last question sir, as we're producing oil so currently government is charging for oil production some royalty. So are we eligible for that or it's only for the bigger clients like ONGC and Oil India?

Management: Royalty in our case is 10% on the price we realized and there is nothing more than that for B-80. In other blocks we pay for the gas 10%, oil 20% and even for Dirok we have to for condensate produced we have to pay 20% royalty and 20% Cess, in effectively we have to pay 36% to the government.

Chitresh Lunawat: Sure, thank you sir. And one last question, promoters stake in your company so any plan for increasing the promoter share or increasing the shareholding?

Management: This company doesn't have any promoters actually.

Moderator: Thank you. We have our next question from the line of Nishant Maheshwari from Fellow Investments. Please go ahead.

Nishant Maheshwari: Sir, my question is related with the PY-1 and Dirok or B-80, what is the cost of production because in earlier console transcripts, I read that our per day operating costs is roughly $140,000 for B-80 and we are recovering rental to the extent of $98,000. So, after implementation of that HP separator which will increase our production for crude and natural gas, what will be the operating cost per day for B-80 and what is the cost of production for natural gas.

Management: We are within the threshold of about $16 per MMBtu that is what we are within the net cost.

Nishant Maheshwari: $3.16, sorry $316,000?

Management: Net cost towards per barrel is in the order of say $16 to $20 per barrel.

Nishant Maheshwari: Okay for B-80?

Management: For B-80, and Dirok it should be in the order of around one, excluding royalty and just normal levies we are in the range of around $1 to $1.25 per MMBtu.

Nishant Maheshwari: Okay. Sir, one or one more thing regarding this revenue realization, where do we show this rental income in our balance sheet in other income and do we take standard deduction also, 30%, which is allowed in income tax?

Management: Actually, it is a part of a consolidated accounts we could have seen that, because we have two subsidiaries and one affiliate. That is where the consolidated income is different. The difference between your standalone income and the consolidated income is the revenue earned by the two assets. Major asset MOPU and FSO and small revenue comes from Kharsang.

Moderator: Thank you. We have our next question from the line of Ajit from Nirzar Securities. Please go ahead.

Ajit: Sir, I just have a follow up question on one of the previous participants question that is regarding the charges reversal. So, does this charges reversal related to MOPU only or is it related to Expro also and if you can give the breakup?

Management: It is related only to MOPU.

Ajit: Okay, thank you. And when we can expect the first delivery from FSO sir?

Management: We have to go for an Mjunction. The auction should get completed then we have to look for a fair weather to offloading it.

Ajit: So pre monsoon or post monsoon can we expect the post monsoon?

Management: We wanted to do it pre monsoon if the weather permits.

Ajit: Okay. And can we do it during the monsoon like is it possible, weather and all?

Management: Normally it should be possible and that's what our endeavor as such, and if any eventuality comes we will not be offloading, we'll keep it in stock.

Ajit: Okay. And just last plus one clarification sir about the pledging of shares. Like there are some shares pledged. So, any thought on that reduction or something like that?

Management: As of today, there would not be any pledge of anybody share.

Moderator: Thank you. We have our next question from the line of Anushree from Alpha Invesco. Please go ahead.

Anushree: So, thanks for the opportunity. So, I just had one question. So the reduction of charges that we have taken, so quarter four we were running B-80 for the full quarter. So does this charges relate to the other quarters or is it for this quarter as well, how should we look at?

Management: It is a total settlement we made with them, we made an year-end adjustment. That is where the difference comes.

Anushree: So for the quarter, the number would have been higher?

Management: Yes, you are right.

Moderator: Thank you. We have our next question from the line of Rohit from iThought. Please go ahead.

Rohit: All questions have been answered, thank you.

Moderator: Thank you. We have a question from the line of Sharad Sharma an Individual Investor. Please go ahead.

Sharad Sharma: Sir, with the current state of production what is the estimated field life for B-80 and Dirok?

Management: The B-80, we will be looking for a plateau minimum of 10 years and the field life will go up to 15 years that's what the prediction of our geologist. And Dirok we are going to do a reevaluation of the resource because we have got a production data for four, five years and we have to do the material balance after that we come back with the new set of reserve numbers which is higher than the initial numbers, we will let you know once the reservoir study is completed.

Moderator: Thank you. We have our next question from the line of Ravi Nagda an Individual Investor. Please go ahead.

Ravi Nagda: Sir, what is the payback period of B-80 field considering the current crude oil price.

Management: For all put together we have invested say around 1500 crores. If that is the case, if we earn a revenue of say 300 crores it should be five years. But if we look at as a field alone, if you look at it should be around three years.

Moderator: Thank you. We have our next question from the line of Rishikesh Oza from RoboCapital. Please go ahead.

Rishikesh Oza: Just one question. If you could provide the contribution from gas and oil in the total revenue?

Management: Today the revenue has come from only gas and not from oil. Oil has been kept in stock, but some oil revenue we have got it into the East. The condensate revenue has come from the Dirok field. In B-80 there is no oil revenue at the moment, it is in stock still.

Rishikesh Oza: So no oil revenues this quarter from B-80 you are saying right?

Management: Yes, it is in the stock.

Moderator: Thank you. Ladies and gentlemen that was the last question for today. I now hand the conference over to Mr. Elango from HOEC for closing comments. Over to you sir.

P. Elango: Thank you. By demonstrating continuous production during Q4, B-80 asset is now ready to deliver consistently and serve as a growth engine for HOEC. We remain focused on ensuring safe and steady operations, we will leverage the organizational learning's from the project to capitalize on future opportunities with a track record on driving production growth and well established offshore and onshore capabilities. HOEC will now look at deriving further value from its existing portfolio of offshore and onshore assets. Thank you.

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