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OIL INDIA

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Ref. No. OIL/SEC/32-33/NSE-BSE
Dated: 19.02.2024

National Stock Exchange of India Limited Exchange Plaza, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051 **NSE Symbol**: OIL	**BSE Limited** Department of Corporate Service Phiroze Jeejeebhoy Towers Dalal Street Mumbai - 400 001 **BSE Security Code**: 533106

Sub: **Conference Call for Q3 Financial Results (F.Y. 2023-24) [Transcript]**

Ref: **Regulation 30 of the SEBI (LODR) Regulations, 2015**

Sir/Madam,

We write further to our letter of even no. dated 08.02.2024 & 14.02.2024 regarding Conference Call to discuss the Financial Results of the Company for Q3 (FY 2023-24) and inform herewith that the Transcript of the said Call [dated 14.02.2024] has been uploaded on our website as detailed hereunder:

www.oil-india.com ⇒ Investors ⇒ Investor Services ⇒ Analysts & Investors Meet ⇒ Transcript of the Analysts' and Investors' Call on 14th February, 2024

Weblink: https://www.oil-india.com/Document/Financial/AntiqueOilIndia14Feb2024.pdf

The above is for your information & records please.

Thanking you,

Yours faithfully,
For Oil India Limited

AJAYA KUMAR SAHOO
Digitally signed by AJAYA KUMAR SAHOO
Date: 2024.02.19 16:00:52 +05'30'

(A.K. Sahoo)
Company Secretary &
Compliance Officer

Encl.: As above

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"Oil India Limited Q3 & 9M FY24 Earnings Conference Call"

February 14, 2024

MANAGEMENT:	**SHRI. HARISH MADHAV – DIRECTOR (FINANCE)- OIL INDIA LIMITED** **SHRI. PANKAJ KUMAR GOSWAMI – DIRECTOR (OPERATIONS)- OIL INDIA LIMITED** **DR. MANAS KUMAR SHARMA – DIRECTOR (E&D)- OIL INDIA LIMITED** **SHRI. SACHIDANANDA MAHARANA – CGM (F&A)- OIL INDIA LIMITED**

MODERATOR: MR. VARATHARAJAN SIVASANKARAN - ANTIQUE STOCK BROKING LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Q3 FY24 Earnings Conference Call of Oil India Limited hosted by Antique Stock Broking.

As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Varatharajan Sivasankaran from Antique Stock Broking. Over to you, sir.

V. Sivasankaran: Good morning everyone. I would like to extend a very warm welcome to all the participants and the Management of Oil India Limited.

We have with us representing Oil India, Shri. Harish Madhav – Director (Finance); Shri. Pankaj Kumar Goswami – Director (Operations); Dr. Manas Kumar Sharma – Director (E&D); and Shri. Sachidananda Maharana – CGM.

I would like to hand over the floor to Shri. Harish Madhav for its initial comments and followed by a Q&A.

Harish Madhav: Good morning to all the participants. We are very happy to reconnect once again after the Q3 results. The copies of the results and the detailed analysis we have already shared with everyone, also hosted on the stock exchanges yesterday itself. I hope all of you would have gone through that. We are available now for any further queries and details that the analysts may be requiring or whatever. For basically on the physical part, we have both Director (Exploration) and Director (Production) of the Company also available on the call.

Before we can move into the questions & answers from the analysts, I would request my CGM (Finance), Mr. Maharana, to give a brief of the results' summary and then we can switch over to the questions & answers.

Sachidananda Maharana: Good morning dear friends. At the outset, I would like to thank M/s. Antique Broking Limited for organizing today's analyst call. I am Sachidananda Maharana – CGM (F&A), Corporate Finance, of the Company. The Company's Financial Results of Q3 FY24 were published on 13th February 2024.

I would briefly give some indication about the performance of the Company in both physical and financial terms.

Now, coming to the "Standalone Results" and beginning with the production front:

The Company has continued to improve its crude oil production which is higher by 6.07% in the quarter ended 31st December 2023 at 0.856 MMT vis-a-vis 0.807 MMT in the quarter ended 31st December 2022. Crude oil production for the 9 months ended 31st December 2023 has also increased by 5.68% to 2.511 MMT vis-a-vis 2.376 MMT for the 9 months ended 31st of December 2022. Natural gas production during Q3 FY24 increased by 1.99% over Q3 FY23. Natural gas production for the 9 months ended 31st of December 2023 is marginally lower by 0.96% at 2,377 MMSCM vis-a-vis 2,400 MMSCM for the 9 months ended 31st of December 2022.

On the “Financial” side:

Average crude oil price realization for Q3 '23-24 is $84.14 per barrel vis-a-vis $88.33 per barrel for Q3 of '22-23, decreased by 4.74%. Average annual gas price for the 9 months ended 31st of December 2023 is $6.5 per MMBTU vis-a-vis $6.92 per MMBTU for the 9 months ended 31st of December 2022. The turnover for 9 months ended 31st of December 2023, has decreased by 7.04% to Rs. 16,373 crores compared to Rs. 17,613 crores in the 9 months ended 31st of December 2022, which is mainly due to lower crude oil price realization of $82.89 per barrel in 9 months ended 31st of December 2023 vis-a-vis $100.27 per barrel in the 9 months ended 31-12-2022. The EBITDA margin for the 9 months ended 31st of December 2023 has increased to 47.28% vis-a-vis 44.96% in the 9 months ended 31st of December 2022.

The Company has taken provision towards disputed service tax and GST on royalty, including interest, amounting to Rs. 237 crores during the 3rd quarter ended 31st December 2023 and total provision of Rs. 2,892.78 crores, including interest, towards these disputed taxes till 9 months ended 31st of December 2023. Profit after tax for the 9 months ended 31st of December 2023 decreased to Rs. 3,523 crores vis-a-vis Rs. 5,022 crores for the corresponding period last year. The earnings per share for the 9 months' period ended 31st of December 2023 is Rs. 32.49 per share.

Now, I come to the “Financial Performance” of Numaligarh Refinery Limited, our material subsidiary:

The profit after tax of NRL during Q3 FY24 is Rs. 858.72 crores vis-a-vis Rs. 799.14 crores during Q3 FY23 and profit after tax for the 9 months ended 31st of December 2023 is Rs. 1,516.66 crores, compared to Rs. 2,933.56 crores for the corresponding period last year. NRL's gross refining margin during Q3 FY24 is $12.72 per barrel vis-a-vis $13.48 per barrel during Q3 FY23 and gross refining margin for the 9 months ended 31st of December 2023 is USD 13.12 per barrel vis-a-vis USD 19.71 per barrel for the 9 months ended 31st of December 2022. NRL's EBITDA for Q3 FY24 is Rs. 1,218.19 crores vis-a-vis Rs. 1,121.8 crores for the Q3 FY23 while EBITDA for the 9 months ended 31st of December 2023 is Rs. 2,297 crores vis-a-vis Rs. 4,179 crores for the 9 months ended 31st of December 2022.

Coming to the "Consolidated Results" of the Group:

OIL Group's turnover for the 9 months ended 31st of December 2023 was lower at Rs. 26,137.84 crores vis-a-vis Rs. 32,261.71 crores for the 9 months ended 31st of December 2022. And the group PAT for the 9 months ended 31st of December 2023 is also lower at Rs. 4,647.51 crores vis-a-vis Rs. 7,874.65 crores for the 9 months ended 31st of December 2022, which is mainly due to lower crude price realization, turnaround maintenance of NRL, and provision made towards service tax and GST on royalty amounting to Rs. 2,892.78 crores.

With this, my opening remarks on the performance is over and we are now open to Q&A session.

Moderator: We will now begin the question & answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Siddharth Chauhan from Batlivala & Karani Securities. Please go ahead.

Siddharth Chauhan: Congratulations on a good set of numbers. Sir, I have 2 questions. One, we have been sustaining 5% to 6% Y-on-Y oil production in the last few quarters. Is it through increased EOR/IOR activity or has production commenced from field like Baghjan field?

Pankaj Kumar Goswami: Good morning. I am P. K. Goswami, Director (Operations). This is not due to EOR or IOR activities. This is from our existing fields in the Northeast, mostly. This is basically due to new drilling activities in the old areas. We have drilled lots of new development wells in those areas. And at the same time, we have introduced some new technologies for production from the old wells. Combining these two efforts, not only are we maintaining a steady production from the old field, at the same time, we are getting new production from the new wells. The ultimate result is that there is an increase in production for both oil and gas.

Siddharth Chauhan: Sir, when do we expect Baghjan field to come online? And what will be the incremental production if it comes?

Pankaj Kumar Goswami: Baghjan field is already online. There is no hindrance in any area in Baghjan. We have been producing from that Baghjan field, and there is a substantial increase in gas production from that field. Basically, it's targeted for gas production only. And as of now, as we speak today, we have been constructing one new field gas gathering station. This will be a gas producing station at Baghjan. We are targeting a gas production of 5 BCM by next 2 years. This gas will mostly come from Baghjan.

Siddharth Chauhan: And the second question on the Northeast gas grid. Sir, I understand it will be commissioned in 3 phases. Which phase is critical for Oil India to ramp up gas production?

Management: All the 3 phases are important for us because as of now, as you have seen, the gas production in the first quarter was very low because there were no offtakers for gas. Basically, that was due to the non-connectivity to the mainland India. Once we get the connectivity to the mainland India, we will have opportunities to sell gas outside the market. As of now, we have limited customers, and some customers are seasonal like tea gardens where there is a seasonal demand. That makes our gas production difficult sometimes. That is why the first quarter production was very low. But once the Northeast gas grid is connected, we will be having lots of opportunities to sell the gas outside. So, all the phases of gas grid is important. At the same time, when we talk about the Indradhanush gas grid limited (IGGL) that is working in the Northeast, IGGL is now almost ready, and we have now proposed one more line in IGGL, which will connect our field. Directly it will come to the IGGL mainland connection. That is one line planned now. If that line is available, we will be able to produce more.

Moderator: The next question is from the line of Probal Sen from ICICI Securities. Please go ahead.

Probal Sen: Two questions. One, with respect to the production growth which you mentioned that as of now, it's basically a higher level of development drilling plus some recovery techniques from existing wells itself. Can we get some sort of phasing? If I look at the run rate for this year, we are likely to end somewhere around 3.2 to 3.3 million tonnes of oil. Going from this to essentially about 4 million tonnes, how should we actually build that? Will that be a sort of gradual progression every year over the next 3 years? Is there any specific field that, when it comes online, will deliver that increase? Similarly for gas, you did mention that one new field that is under development at Baghjan. But is that going to almost entirely account for the 1.5 BCM increase that we are targeting?

Manas Kumar Sharma: Good morning. This is Dr. M. K. Sharma, Director (Exploration & Development). Regarding the Baghjan field development, we are having stack reservoirs, and we are simultaneously developing the field. And this has got a very high gas potential as well as subsequent oil together. Baghjan is regularly on production and we are producing a significantly high amount of gas and oil from that area. And looking at the coming up situation, to reach the 4 million metric tonnes, we are having a very well laid down plan, and we have accelerated drilling and accelerated activity in the drilling fields atimproving the recovery is the plan. And it is in line with our plan. This year, we are targeting to increase the drilling of wells by doubling the amount of wells. We are going close to that. Next year, it will be furthermore. From 45, it will be of the order of around 75 to 80 wells next year. With this increase in front, we are very confident that our production will increase and go close to 4 million tonnes target.

Probal Sen: And we maintain that the target will be reached sometime by FY26, if I am not mistaken, or FY27? What is the tentative timeline to reach the target?

Management: Probal, FY26 would be a very fair estimate because this year production will be around 3.35 to 3.4 in that range. And our target for next year is to escalate it to around 3.8. Very next year '25-26 certainly if everything goes well as per the plan, we will be reaching around 4 million tonnes by '25-26 or maybe more than 4 million.

Probal Sen: Can I get a similar timeline or granular target for gas as well?

Management: Yes, for gas also the same set of timelines. Maybe a little earlier also.

Probal Sen: Even earlier than that? All right. Sir, one last question if I may, a housekeeping question. With respect to the other expenses, if I take out the Rs. 237 crores from the number reported in this quarter, that still leaves basically around Rs. 930 odd crores of expenses. Barring the service and royalty provision, is that the run rate we should be building on a quarterly basis for other expenses?

Management: Other expenses more or less they continue at the current levels. Even the taxation provision and GST on royalty, that also will continue almost at the similar levels because the prices are almost moving in the normal range, around $75 to $85 per barrel. Gas price at 6.5 is stable. So, the royalty element will be similar. Accordingly, GST on royalty also will be more or less similar. So, it will be very fair to estimate that the current run rate of the other expenses or rather all the costs will remain as it is except there is an element of exchange rate variation which depends on the rupee-dollar exchange rate. This has been very low this time because the variation was less. Last year it was high. Except that, which is basically unpredictable, the rest of the elements will continue more or less in this similar thread.

Probal Sen: Sir, how much was the exploration write-off in this quarter? That's my last question.

Management: It is Rs. 258 crores.

Moderator: The next question is from the line of Sabri Hazarika from Emkay Global. Please go ahead.

Sabri Hazarika: Sir, I have a few questions. Firstly, the entire increase in provision in the dry well write-off is basically this Rs. 258 crores. This is on which asset?

Management: This is the number of wells. Many wells will be there. Total provision in write-off on account of dry wells basically our Northeast as well as 1 well in Mahanadi basin.

Sabri Hazarika: This will keep fluctuating, right? I mean, there is no particular trend.

Management: It will keep fluctuating depending on the exploratory drilling that we do and the results of the wells that happen. So, this certainly will keep on fluctuating.

Sabri Hazarika: What was this DD&A (Depreciation, Depletion, and Amortization) increase of 18%? Anything specific on that? The depletion has gone up significantly. Are there any reserve-related changes or something of that sort?

Management: It is because of the change in the production reserve ratio.

Sabri Hazarika: Has it gone down?

Management: Yes.

Sabri Hazarika: So, this is like the current run rate we have to take? It's pretty fluctuating, I think the depletion part also. So, I am just wondering if….

Management: Depletion happens because the reserve estimation is done only at the year end. Production growth is coming quarter to quarter. The new reserves estimation will be only at the year end. For the current year, yes, it will continue; Q4 it may change again because before the Q4 results, we will have the new reserve estimate.

Sabri Hazarika: It is taken on a financial year basis, right? Not on a calendar year basis?

Management: Yes, reserve estimate is annually done, not quarterly.

Sabri Hazarika: Sir, a couple of more questions. In terms of IGGL, you have said that it is almost ready. When is the commercial commissioning expected and when is this new line that you have proposed going to commission?

Management: IGGL commissioning we will have to check back because certainly we don't have it readily available. But I think the first phase is getting commissioned within this financial year or early next financial year.

Management: In this financial year, they are saying.

Sabri Hazarika: Also, in the NRL, there has been an increase in profitability QoQ despite lowering of GRMs. Anything specific there? Is there any kind of write-backs or anything of that sort?

Management: No, NRL basically the performance of the refinery in the 2-3 years has been very good. They have operated at about 114% of the installed capacity. That is contributing.

Sabri Hazarika: Have they given any interim dividends?

Management: NRL has declared yesterday, yes. In their board meeting the day before, they have declared interim dividends.

Sabri Hazarika: How much would that be if you could disclose if it's permissible to disclose?

Management: Allow us not to disclose because this is a closely held Company and it's not relevant possibly for the investors. But in any case, in our next quarter results, you will come to know how much dividend we have got from NRL. That will be reflected.

Sabri Hazarika: Sir, last question. The Mozambique debt, it's on your standalone books as external commercial borrowing. Is there a thought process to transfer it to some new holding Company or something? I think ONGC has come up with some new holding companies for taking their debt in those books. But are you restricted by some ECB covenants and something that you have to keep it in the standalone debt itself?

Management: No, Mozambique is not only for ONGC. Basically, the complete asset has undergone a restructuring with one asset Company, one holding Company structure, the borrower SPV, FPE, so the complete structure has undergone a change for the Mozambique asset. So, we are also going according to that and that structure is applicable to us also. ONGC might have declared all those things because BREML is this subsidiary Company of ONGC. So, whatever is applicable to ONGC for Mozambique asset is applicable to us also.

Sabri Hazarika: So, incremental CAPEX and funding will happen in that asset management Company, but your initial ECB will remain as it is. Is that right?

Management: Everything is moving to the new structure.

Sabri Hazarika: Even the standalone debt will go down because of this restructuring?

Management: No, the ECB that has been taken by Oil India will not be impacted because this is what we are investing in BREML. Till date, we have invested almost close to $1,500 million. That will remain in Oil India's book as borrowings. What DF sir was telling is that the structuring below BREML level, that is undergoing a change.

Sabri Hazarika: Any kind of future CAPEX will be taken by that AMC rather than….?

Management: Yes, the borrowing at the project level will be done by the borrower SPE, and the on-lending will be done to the asset Co for the execution of the project.

Moderator: The next question is from the line of Mayank Maitri from Morgan Stanley. Please go ahead.

Mayank Maitri: A couple of questions from my end. One was, in terms of dividends, there has been no interim dividend this quarter. Any specific reason on what you are thinking on the overall dividend and capital allocation policy from Oil India?

Management: Dividend we follow the government guidelines. You must be aware there are DIPAM guidelines on dividend distribution. Basically, it is 5% of the net worth or 30% of the profit after tax, whichever is higher. We follow that, and 1 interim dividend we have already declared. As of today, decision has all been taken. In yesterday's board meeting, no decision was taken. But if any call is taken, we have to discuss with the government also before the end of the financial year, and we will see if something is required, we may or may not declare the dividend. Otherwise, everything will go as the final dividend. But for the full year, those guidelines will be followed.

Mayank Maitri: Can you just talk us through in terms of the update around NRL upgrade as well as how much of the CAPEX has been spent there? And what are your plans on Oil India level CAPEX and exploration for fiscal '25?

Management: Let me first cover the Oil India first. Oil India fiscal '25 CAPEX plan is close to Rs. 6,000 crores. Out of this, of course, this includes about Rs. 1,000 crores equity investment in NRL as well. You may be knowing that we have to contribute about Rs. 2,100 crores in the NRL. Rights issue was made by the NRL last year and 50% of the total call we have already contributed and another Rs. 1,100 crores will go into the next year. A total of about Rs. 6,000 crores is the CAPEX plan of Oil India for the next year. In NRL, the CAPEX is Rs. 28,000 crores total. Total actual commitment and investment till date is about Rs. 15,000 crores out of the Rs. 28,000 crores for the refinery cost.

Mayank Maitri: Sir, what has been the progress in terms of the completion of the upgrade?

Management: The refinery is at about 55% to 60% of the completion.

Moderator: The next question is from the line of Kirtan Mehta from BOB Capital Markets. Please go ahead.

Kirtan Mehta: Sir, you mentioned that the Indradhanush gas grid is coming to the completion, with phase I likely to complete by either end of the year or early next financial year. For marketing our gas outside the Northeast, are we going to do it ourselves? And have we started talking to customers for additional sale of gas outside the northeast?

Management: No, actually with the present gas production, we are not yet covering the entire Northeast also. So, as of now, our target will be covering the Northeast because there are lots of other factories in the **Upper Assam** side, which are not being covered by our gas. Our gas is up to Numaligarh. So, we are selling gas up to Numaligarh point only. Beyond Numaligarh, lots of gas customers are there. We are initially targeting all those gas customers. Then, we will proceed to the next part.

Kirtan Mehta: So, with phase I, which are the additional areas where we can sell the gas into?

Management: Upto Guwahati.

Kirtan Mehta: We started discussing with the customers up to Guwahati in that sense to sell the additional volume?

Management: Additional volume is not yet finalized. This is under discussion now.

Kirtan Mehta: Discussion with the customers has also started or not?

Management: Yes, discussion with the customers has started. Our one main customer will be Purba Bharati Gas Private Limited who is giving all CNG & PNG connections in Guwahati city. They have already started their job and lots of other factories are there – cement factories and other units are there. We are looking for some tea gardens also in those areas. These are the new probable customers for us.

Kirtan Mehta: What could be the incremental demand from this particular area which we can target during phase I?

Management: As I said, the number is not yet finalized. Our production target is, by next year, 3.5. Definitely we are having sufficient customers for that.

Kirtan Mehta: Second question was about the exploration CAPEX that we are targeting for Q4 as well as FY25. Which are the key wells that we will be targeting within this exploration CAPEX?

Management: As you are aware, our exploration is having both OALP regimes as well as the existing PMLs. Combining that, we are having a strategy that has been getting implemented. We call it near-field exploration where the area in and around our PML area is taken into consideration inside the area with different exploration opportunities, and at the same time, OALP explorations are also kicking off for the drilling phase. So, simultaneously going on. We are drilling in Mahanadi, we are also drilling in the Northeast, and we are also drilling in Rajasthan. At the same time, our near-field exploration that we have categorized is continuing. We look forward for an extensive exploration in the coming days.

Kirtan Mehta: In terms of the chunky exploration write-offs that we see, does it arise from both the areas from our near-field drilling and the Mahanadi and Rajasthan drilling? Or is it more attributable to the drilling that we are undertaking in the new exploration areas like Mahanadi and Rajasthan?

Management: Any write-off will be attributable to any exploratory drilling. Whether we do in the current nomination block, what you call near-field exploration or the new OALP and NELP block, this is coming from everywhere. And I think the distribution of wells, also exploratory wells, is more or less…. Currently it is more in the near field, and going forward, it will be more in the new exploration area – NELP or the OALP block, rather OALP block.

Kirtan Mehta: Just one final question. From the CAPEX perspective, we indicated Rs. 6,000 crores for FY25 with exploration at around Rs. 1,000 crores and I understood NRL at Rs. 1,100 crores for the next year. What are the other components of the CAPEX plan?

Management: Rs. 1,100 crores for NRL and then exploration, development, survey all put together, it will be close to Rs. 3,000 crores. 50% of the expenditure actually goes into exploration and development. What Rs. 1,000 crores exploration you are talking about, it's only the drilling part. In fact, if we start the offshore drilling, this expenditure may further increase in the RE state. When we revise the CAPEX target, mid-term review will happen. As of now, whatever we have planned, depending on the wells plan, total exploration expenditure will be anywhere between 45% to 50% of the total CAPEX target; Rs. 1,100 crores NRL investment and balance in various capital equipments and maybe something in Mozambique project if we have to invest.

Kirtan Mehta: This Rs. 6,000 crores does not include, as of now, any expenditure on Mozambique. If that comes, would that be extra during FY25?

Management: Partly, about Rs. 250 crores to Rs. 300 crores, we would have certainly included, which is depending on the expected cost that may be coming from Mozambique. Already some expenditure or the investment has been factored in.

Moderator: The next question is from the line of Gagan Dixit from Elara Capital. Please go ahead.

Gagan Dixit: Sir, when I see you last year's presentation, that mentioned your domestically available reserves are around 780 million barrels. And your annual report says your developed reserve in the domestic market is around 200 million barrels of oil that is the number. My sense is around 25% of your reserves are the developed reserves. So, what about the production growth you are targeting for the next 2 years? And I safely assume that this is mostly the upgradation of the undeveloped to a developed reserve of that same market of 200 million barrels on the reserves? That could be the case, sir?

Management: Yes, you are right. Basically, that is one agenda. But at the same time, we are also carrying out explorations for newer places which are getting added. So, there will be a section, but significantly it will be from the upgradation of the reserves from one category to the higher category.

Gagan Dixit: It means that technically you can increase further production also if you want to further develop those reserves because 20% is a very low number.

Management: You are very right. The production we are already having a target of reaching 4 million tonnes by '26. But then, gas, as you are aware, is market driven and connectivity to the mainland is the main constraint. We are having significant potential to increase gas and we are ready with that. The moment the connectivity comes through, we will increase the production of gas.

Gagan Dixit: Sir, is there any study with you about the contingent resources that are in the Assam basin or something that gets the sense about the exploration potential? If any initial studies if you have?

Management: Yes, this is a continuous process. As you are aware, when you take up a block, it has been carried out, and basis that, there are around…. As we speak, there are 17 blocks that are under various stages of exploration, and we are carrying on this contingency resource assessment and then carrying out the exploration through different phases from seismic till drilling. That is a continuous process. Rest of the area beyond PML is actually taken care of by that process.

Gagan Dixit: My final question is, I think you have identified 4 or 5 fields for production ramp-up in the Assam region. If you give some sense about the timeline and some possible production additions roughly range or something, that could be helpful.

Management: I think you are referring to the Mission 4+ production target. For that, we have identified 5 fields. As of now, as we have discussed in previous discussions, the drilling activity is ramped up in all those areas. And the target is next year around 3.8 and the subsequent year we are achieving more than 4 plus. That is the plan from these 5 fields.

Gagan Dixit: Those 5 fields are a part of this production ramp-up plan?

Management: Yes, it is the same plan.

Moderator: The next question is from the line of S. Ramesh from Nirmal Bang Equities. Please go ahead.

S. Ramesh: The first thought is your segment results from the gas business has dropped more than 30% whereas the gas price hasn't declined that much. What is the reason for the sharp decline in the gas segment earnings?

Management: For the 9 months' period, as you already know, the first quarter was affected because the offtake was less. Numaligarh Refinery Limited had a plant shutdown and subsequently there was a certain fire incident. That's why it was closed for almost 75 days in the first quarter. And in the first quarter, BVFCL also had a planned shutdown. Brahmaputra Cracker and Polymer Limited had also a planned shutdown in the first quarter. So, in this 9 months' period if you see, the drag is because of the shortfall in the first quarter.

S. Ramesh: If you look at your growth drivers for next year, based on the 10% growth in oil production, maybe similar growth in gas, assuming the costs remain the same and there is no increase in the dry well write-off, would we be able to reverse the decline in earnings we have seen this year? Would you be able to get back to growth in earnings, say, in FY25?

Management: Yes. This is a one-off incident, as you see. And subsequently in the 2nd and 3rd quarters, it has been improved. So, with the improved performance, we are certain that in the coming quarters, the performance will be much better.

S. Ramesh: On the GRM reported for Numaligarh, are these numbers including the excise duty benefit? Because, the numbers are very low, which includes the excise duty benefits. What is the excise duty benefit you have got and the GRM numbers you have reported for Numaligarh?

Management: This GRM is reported as a core GRM without the excise duty benefits.

S. Ramesh: Then, what would be the excise duty benefit which is included in the segment results?

Management: About $15 to $16 per barrel.

S. Ramesh: $15 to $16 per barrel for 9 months? Okay. In terms of your long-term plan for Numaligarh once the expansion is done, what is the timeline for completion and start-up of the expanded capacity of 9 million?

Management: It is scheduled for July 2025, but we can consider another 3-4 months' extension. So, a fair estimate will be around September 2025.

S. Ramesh: Where do you think you will be able to sell that? Because, it's almost about 2x addition to your current volumes. So, what is the evacuation plan and how confident are you in terms of being able to sell the entire 9 million throughput equivalent of output?

Management: All these things have been already tied up. Agreements are already being done with Bharat Petroleum Corporation and also some agreements with the private marketers plus other OMCs. As far as the evacuation plan is concerned, the larger evacuation will happen through the Numaligarh-Siliguri pipeline which is currently having a capacity of 1.7 million. It is already under expansion to 5.5 million tonnes annually. All petrol, diesel, and kerosene – these 3 main products – out of the 9 million tonnes whatever is the production of these products, 5.5 million tonnes capacity pipeline is getting expanded plus Numaligarh has already laid a pipeline of 1 million tonnes per annum diesel pipeline through Bangladesh. All those plans are already in place and under implementation.

S. Ramesh: In terms of your sale of gas, are you going to sell to GAIL or are you directly selling it? And what is the pricing arrangement? Would it be at the APM price? What is the kind of pricing will you get? If you can share your thoughts on those few aspects?

Management: As of now, the entire gas that we are producing is basically the APM gas. But there was a provision in the gas pricing guidelines about some 20% premium pricing on the new gas to certain areas, but those guidelines are yet to be issued what will be considered as eligible for premium pricing. Once we get those guidelines, then only we will be able to find out how much my gas production can be eligible for additional price. Otherwise, as of today, entire gas production is APM gas production eligible for $6.5 per annum basis.

S. Ramesh: Will you be selling it through GAIL or you are directly dealing with the customers for gas?

Management: We are selling the entire gas directly, nothing through GAIL as of now.

Moderator: The next question is from the line of Somaiah V. from Avendus Spark. Please go ahead.

Vishnu Kumar: This is Vishnu from Avendus, sir. A couple of questions. Firstly, on the production targets you have just given, this factors in a base decline also? Because, typically all our fields also are kind of declined, which means our production has to be significantly higher to cover up the base decline also.

Management: Yes, you are right. Whatever increase in the production is after compensating the decline plus additional production whereas decline has been taken care of and then we are having the increased production. This is beyond considering the decline itself.

Vishnu Kumar: If I talk about a decline of around 8% to 10%, you are now showing a growth of 6%. So, this is 10 plus 6. That means the total growth is 16%?

Management: Around 16%.

Vishnu Kumar: Second, on the gas marketing which you just discussed about, at least in the near-term, at least in the next couple of years, what kind of volume that we think that we can place in the markets around the new pipeline or nearer to our markets?

Management: By the next 2 years, our target is 5 BCM of gas. We are looking for that type of market. When it gets connected to the mainland India, I don't think there will be any constraint in marketing. That is why we have now stretched a plan of 5 BCM gas.

Management: The additional 1.5 basically taking a clue from my Director Operations just mentioned, currently we produce around 3.2 BCM annually. A growth from 3.2 to 5 will be 1.8. Taking out any growth in internal consumption, etc., at least 1.5 BCM additional will be available in the market once we reach production level of 5.

Vishnu Kumar: Generally, the customers get a subsidy in terms of pricing if it's sold in the Northeast. This additional gas will also be eligible for this? Currently, what is the subsidy per unit of gas do the customers get?

Management: Only a certain class of customers get subsidy; it is 40% of the gas price. Now, that subsidy is limited to the allocations that have been made by the government long back 2005-2006. After that, there is no increase in the subsidy allocations. So, every additional molecule of gas will be at the full price, nothing on subsidized.

Moderator: The next question is from the line of Vikas Jain from CLSA. Please go ahead.

Vikas Jain: Thanks for taking my questions. A couple of them. Firstly, some numbers. Can you please share the seismic cost for the quarter?

Management: Rs. 130 crores.

Vikas Jain: Same number for the previous Y-o-Y quarter, what was that?

Management: Last quarter seismic cost was about Rs. 110 crores.

Vikas Jain: The other thing was this provision on GST that has been made in this quarter. This appears to be much more than 18% on the royalty for the quarter. What am I missing over here?

Management: This number includes not only GST, this includes also interest on the outstanding balance. That is why the amount does not match at 18% with the royalty amount.

Vikas Jain: But if you have already put in the amount in escrow, would you also need to put in the interest? Are you charging if that amount has been already deposited, although under protest?

Management: Mr. Vikas, the entire amount has not been paid. Say, out of the total GST that is payable, only about Rs. 1,400 crores has been deposited with the government. That, after the date of deposit, of course, doesn't bear any further interest? The remaining about Rs. 1,100 crores, though the provision has been made, it has not been deposited in view of the stay granted by the Guwahati High Court. That certainly may be liable to interest for which provision we are creating.

Vikas Jain: And what rate of interest are we charging? Is there any penal rate of interest as well over that? Like you said, 24. So, about Rs. 1,100 crores, right?

Management: Rs. 1,100 crores is the unpaid amount, yes.

Vikas Jain: What rate of interest are we looking at over here?

Management: The rate of interest is as per the rate given in the GST Act.

Vikas Jain: The other question was, on this production number that we are talking about going from 3.4 million tonnes you said next year and then 3.5 and for gas going to 5 BCM in FY26. In FY25, what is the kind of number that we are looking for gas?

Management: Gas will be around 4 BCM. It will not reach 4 BCM. It will be near about 3.8 to 3.9. This is basically customer driven. Once the customers are established and as the grid is established, the number of customers will go up. And accordingly, the gas production will go up. As of now, as I speak, we have the potential to produce all those wells. But we are not producing because we do not have customers. If we produce, we will have to flare it up. So, we do not produce. We are closing some of the wells. Once we get the customers, we will be able to produce. If I get a customer of around 3.8 BCM to 3.9 BCM, we will be able to produce that by next year.

Vikas Jain: Customer basically means your connectivity that you are talking about, right?

Management: Basically customers, yes.

Vikas Jain: That connectivity, what is the update on that? How is that pipeline connectivity moving as your best case?

Management: As of now, the mainland connectivity may take some time, but it is coming up, upto Guwahati, it will be ready. Upto Guwahati, we will be able to capture all those customers by this year.

Vikas Jain: You are talking of crude going to 3.5 in FY25 and then 4 million tonnes in FY26, right? Is that what your guidance is?

Management: No, this is not related to Numaligarh Refinery. For crude, we have customers. So, we can produce crude oil.

Vikas Jain: But this is the guidance, right? 3.5 and then 4?

Management: Yes, 3.8 next year, then 4.

Vikas Jain: 3.8 in FY25?

Management: Yes.

Moderator: Ladies and gentlemen, this will be the last question for today, which is from the line of Vipulkumar Shah from Sumangal Investment. Please go ahead.

Vipulkumar A. Shah: My question is excise benefit will be available for expansion of NRL from 3 million to 9 million tonnes?

Management: Yes, it is available. As long as excise duty is continuing, this benefit is available.

Vipulkumar A. Shah: The marketing of the entire 9 million will be by BPCL.

Management: Not necessarily. We have tied up with BPCL, IOCL, HPCL, even the private marketers also. But the majority will be, of course, through BPCL.

Moderator: As that was the last question for today, I would now like to hand the conference over to Mr. Varatharajan Sivasankaran for closing comments. Over to you, sir.

V. Sivasankaran: Harishji, if you have any closing comments, please go ahead.

Harish Madhav: No closing comments as such, but I will certainly thank all the analysts and the investors who participated in the call for their interest in the Company, and I think it's your positive outlook that you are basically conveying to the investors and to the shareholders that is basically reflected in the Company's market cap and the share prices of late. Thank you very much for all of that. And thank you very much for joining us today. We are open for any queries or any calls at any point of time. If any clarification is needed, please reach out to us. Thank you Antique Broking and Mr. Varatharajan for organizing this call.

V. Sivasankaran: Thanks Harishji. Thanks for giving us this opportunity to host the call. And I thank all the participants for taking time out to join this call. Have a nice day.

Moderator: Ladies and gentlemen, on behalf of Antique Stock Broking, that concludes this conference. We thank you for joining us. And you may now disconnect your lines.