

## Transcript

### Conference Call of Oil India Limited

**Event Date / Time** : 13th August 2021, 10 A.M. IST

**Event Duration** : 52 mins 48 secs

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**Moderator:** Good morning ladies and gentlemen. I am Moumita, moderator for the conference call. Welcome to the Q1FY22 results conference call of Oil India Limited hosted by Antique Stock Broking. 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 \* and then 0 on your touchtone telephone. Please note that this conference is being recorded. I would now like to hand over the floor to Mr. Varadarajan Sivasankaran. Thank you and over to you sir.

**Varadarajan Sivasankaran:** Thank you Moumita. Good morning everyone. I would like to extend a very warm welcome to the senior management of Oil India represented by Mr. Harish Madhav, Director Finance, Mr. P. K. Goswami, Director Operations and all the participants listening in the current quarter call. I request Mr. Harish Madhav to give a brief and then we can move on to Q&A. Mr. Harish Madhav?

**Harish Madhav:** Good morning ladies and gentlemen. I will request...I think the results we have already circulated to all the analysts yesterday and they were posted on the corporate website also. I will request my Executive Director-Finance Mr. Sanjay Choudhuri to give a brief and then we can open for the questions and answers.

**Sanjay Choudhuri:** Good morning dear friends. At the outset I would like to thank Antique Broking Limited for arranging this call. We appreciate the interest shown by the analysts in the company. The financial results of Q1'21-'22 have been shared with all the analysts and been posted on our website as well. I hope all of you have received the same.

I will briefly give some indications about the performance of the company in both physical and financial terms.

To start at the group level, income of OIL for Q1 '21-'22 is Rs. 6276 crores vis-à-vis Rs.4334 crores in Q1 '20-'21. The PBT in Q1 '21-'22 is 1678 crores against 526 crores in Q1 '20-'21. Profit after tax at the group level of the company for Q1 '21-'22 is 1215 crores vis-à-vis 378 crores in Q1 '20-'21.

Now coming to the standalone results and we will begin at the production front. The crude oil production for Q1 '20-'21 has marginally reduced to 0.748 mmt as compared to 0.752 mmt in the corresponding quarter last year. However, looking at it sequentially, from Q4 of '20-'21, there has been an increase of 4.32%. In case of natural gas also, the production in Q1 '21-'22 has increased to 0.711 mmscm as compared to 0.682 mmscm. However, sequentially, it has increased by 9.52% from Q4 of '20-'21.

On the financial side, the company's profit after tax in Q1 '20-'21 has increased by 756 crores. From loss of 248 crores in Q1 '20-'21 to profit of 507.94 crores in Q1 '21-'22. EBITDA during the similar period has increased by 295% to 1296.92 crores due to better price realization. EPS has increased to Rs.4.68 per share in Q1 '21-'22 as compared to -2.29 in Q1 '20-'21. The crude oil price realization has increased to USD 67.15 dollar per barrel from USD 30.42 dollar per barrel in the corresponding quarter last year. The increase in prices led to an increase in turnover by Rs.1350 crores and PAT by 675 crores during first quarter of '21-'22. The average natural gas price realization in the first quarter was USD 1.79 mmbtu as compared to USD 2.39 mmbtu in the corresponding quarter last year. The decrease in price has led to decrease in turnover by 111 crores and profit after tax by 75 crores during the first quarter. The low realization of natural gas has been a matter of concern since last year.

In the current quarter, our risk taking provision of write off against wells is to the tune of Rs.6.22 crores which is against 260 crores, which was in the first quarter of last year.

Numaligarh being our material subsidiary, we would like to share some of the financial information relating to Numaligarh.

The performance after tax of NRL in Q1 '21-'22 is 678 crores as against 423 crores in the corresponding quarter last year. NRL's GRM has improved to 5.21 dollar per barrel in Q1 '21-'22 from negative 3.15 dollar per barrel in Q1 of last year and EPS stood at Rs.9.22 per share from Rs.5.75 per share in Q1 of the previous year.

We are also happy to inform that in the country's fight against Covid, the company is supporting the cause by providing PSA Oxygen Plants, Oxygen Concentrators, and Cylinders to various states. Additionally, the company has created 100 bed covid care center and is undertaking wide spread vaccination program in its operational areas covering all stakeholders.

In order to encourage excellence in sports, the company has decided to honour Ms. Lovlina Borgohain and Ms. Saikhom Mirabai Chanu with cash award of ₹25 Lakhs each for their outstanding performance in individual events in the Tokyo Olympics.

With this opening remark on the performance of the company, it is over to you, and we are open to the Q&A session.

### *Question and Answer Session*

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**Moderator:** Thank you sir. Ladies and gentlemen, we will now begin the question and answer session. If you have a question, please press \* and 1 on your telephone keypad and wait for your turn to ask the question. If you would like to withdraw your request, you may do so by pressing \* and 1 again. Ladies and gentlemen, we will wait for a moment while the question queue assembles. Ladies and gentlemen, if you have any questions, please press \* and 1 on your telephone keypad.

Sir, our first question comes from Mr. Somaiah V. from Spark Capital. Please go ahead sir.

**Somaiah V.:** Hi, sir. Thanks for the opportunity. Sir, my first question, is could you please share the NRL numbers, what is the offer this quarter vis-à-vis the last year quarter, sir could you please provide me the numbers for the last quarter 4Q21, the GRRM and (not clear) cost.

**Management:** Somaiahji, Last quarter GRM, basically I think it is not available, we can send you an email separately concerning that. Separately communicate that.

**Management:** You want Q4 GRM.

**Somaiah V.:** Yeah.

**Management:** Okay, we will communicate, just during the call itself we can communicate, just give us some time.

**Somaiah V.:** Sure sir. And also this quarter, including excise duty benefits, what will be the numbers?

**Management:** Could you speak a bit louder?

**Somaiah V.:** Yeah. This quarter, including excise duty benefits, what would be the GRM number?

**Management:** Excise duty benefits, I think that is something very, very specific to the northeast refineries, so we feel that some of the comparable numbers, if we are comparing the GRM or the performance of the refineries, it is reflected in the GRM of other refineries. Moreover, we do not have that numbers readily because NRL also doesn't record that number anywhere. So, maybe, if it is a specific request, we will have to collect it from NRL and then come back to you.

**Somaiah V.:** Sir, and can you just provide an update on the capex program, both from standalone operations perspective as well as NRL perspective.

**Management:** Okay, standalone perspective, this year our program capex plan is around 4100 crore. Last year we had done about 4600 crore total investment plus 8600 crore in another investment. This year capex plan for OIL is 4100 crore. Another phase is just commencing on the refinery expansion this year plus the bio refinery projects. I think this is in the area of about 1000 crores for '21-'22.

**Somaiah V.:** Okay, and for FY23, NRL, because of this expansion program just wanted to get the...

**Management:** FY23, in Q4, NRL capex will be certainly much, much higher because the refinery expansion will be going ahead. Only thing is the capex for the new refinery or expanded capacity was initially 22000 crores, it is now under approval for 28000 crores, So the subject number which may be available after some time once the revised numbers are approved by the government. So, maybe in the next call or one or two months later, we will be able to share those numbers except instead of capital allocation.

**Somaiah V.:** And just on your volume outlook, production outlook, both in terms of oil and gas, you have been giving this, so both for this year as well as in the next two, three years, your medium term outlook, keeping in context your new project that is coming.

**Management:** In fact, we have a growth plan production for the next two years up to '23-'24, '24-'25, and '25-'26 also we have a growth plan, and we are targeting a very aspirational target, but the infra, we are working on that. Once everything is finalized and revenue will be able to give that number

**Somaiah V.:** So, your debt and cash numbers at the end of this quarter sir?

**Management:** Cash is very reasonable ones, maybe few three, four hundred crores only, not much, but we have the tax-free bonds of about 1500 crores and the cash and mutual fund investment of about 400 odd crores. And, debt is close to 9000 crores, standalone, I will just check on the debt. Somewhat 11000 crore.

**Somaiah V.:** Alright sir, thank you.

**Moderator:** Thank you sir. Participants are requested to restrict with two questions per person during the initial rounds. Thank You. The next question comes from Mr. Probal Sen from Centrum Broking. Please go ahead sir.

**Probal Sen:** Thank you for the opportunity, good morning sir. Sir, with respect to the production outlook, I got the point that you are working on a longer term range. I had a specific question on the Baghjan field, you had mentioned last quarter after all the fire-related activities have now been completed, and prior to the incident, I believe, this was one of the promising regions in terms of exploration outlook and production that we had. Just wanted to understand, now where do we stand in terms of development exploration activity on this asset, and do we still believe that this can add, if I believe that number shared a couple of years ago, was that this field and this asset alone can add 3 to 4 MMSCM of your gas production. Is that accurate or...just wanted to get your sense.

**Management:** Yeah, thank you for your question. You are right, basically in Baghjan, everything related to fire is now closed and we have been working on that field right now and production from the field is to the extent possible now, the maximum production we are getting from that field only. And most of the...we have already started working on three drilling operations in the site, and four (not sure) units are also placed in that area. So the operational production activities is going on at full steam in that place, and as you have rightly said, we have earlier declared that this is one of the most promising field and with the support from the present ministry also, from the State of Assam, we have been working in this field very nicely. There is no disturbance as of now and the production figure from this field is going up from day to day. So, we are very hopeful that this field will be giving most promising results in the days to come.

**Probal Sen:** Is it possible to share what is the production level now sir? And what do you expect it to be maybe by the end of the year or next year?

**Management:** For the entire field or you are asking about the Baghjan field particularly?

**Probal Sen:** No, the Baghjan area, basically I believe there are a number of smaller fields as well, in that asset, I mean, in that block.

**Management:** Exactly, giving the figure for Baghjan, it is not readily available with me right now, so I will have to find it out, maybe during the course of this discussion we shall find it out for the Baghjan field separately.

**Management:** Probal you want the production of gas from Baghjan field separately?

**Probal Sen:** No, I just wanted to get a sense that what is the recovery looking like, because we had mentioned that this will be a primary driver for gas production growth for us, before the incident happened. So that sense sir, I just wanted to guess sir, that's all.

**Management:** See, this is continuing. This is our most promising field, and everything is working on that. In fact, we are working for a infrastructure facility development in that area, which will be capable of handling 5 million gas, so we are targeting a 5 million gas production from there, so that is the infrastructure development projects is also going on. If you ask me exactly what is this production, that I will not be able to give you right now, but our target is 5 million from that area.

**Management:** Probal, one more thing is there.

**Probal Sen:** Yes sir.

**Management:** Baghjan, that one particular well which was producing around 18,000 mmscm a day. That well is which typically the blowout happened is closed now. Presently the production scope from the other Wells, we would have increased a little bit. Plus, unless a new well or something is drilled there to augment the further production, the production norms have particular fields which is more or less are static as of now are we could have been such a that we have augmented a development plan from the Baghjan field and we that very soon we will be starting production and all those things.

**Management:** One thing we would like to add further that one well was completed yesterday, so we have started producing from that well yesterday. So, the production started from yesterday. So, we have been getting that gas from that well. So, Director (Operations) has told that one new well has come to production effectively from yesterday only.

**Probal Sen:** So, basically sir, over the next few years we would expect to see a gradual production uptake from this area, right?

**Management:** Yes.

**Probal Sen:** Great sir. Sir, second question, if I may, on the 280 billion of revised capex for NRL, you said it is still in the process of finalization, but roughly the

funding of this will be in the 30:70 ratio? So, 30% will be an additional equity contribution from Oil India?

**Management:** No, that increases the capital cost from 22 to 28000 crores, as of now it is supposed to be funded 70% through debt and 30% through equity. But the equity there will not be any additional contribution as per the interpretation. NRL's Internal resources will be sufficient to fund this additional 30% equity of 6000 crores investment. So, from the partners shareholders, the equity contribution which was there at 22400 level, the same level is anticipated as of now.

**Probal Sen:** And the timeline would be basically about three to four years sir, for completion of this project from the time of final approval?

**Management:** Yes, yes. Project has already...work has already started on this project. So by '24, '25, if there is any standing capacity, it should get commissioned.

**Probal Sen:** Got it sir. Thank you sir. Thank you so much for the detailed answer. I will come back in the queue if I have more questions.

**Moderator:** Thank you sir. The next question comes from Mr. Avishek Datta from Prabhudas Lilladhar. Please go ahead sir.

**Avishek Datta:** Sir, just carrying on from the previous question. Sir, if you plan to ramp it up gas volumes by 5 mmscmd, does the region have the demand potential of that amount currently, or how do we plan to do it, you plan to export the same or what?

**Management:** Gas exports from India is not at all permitted. Crude oil and natural gas exports in any case is not permitted. The demand is also coming up and our production ramp up also will be in line with the demand ramp up, which is coming up. BVFCL they are coming up with Namrup four fertilizer plant. There is some more power plant also capacity is getting increased. Assam Petrochemicals Limited also is going to increase its capacity. So, apparently, the demand will also increase over the next two to three years period and our production also will be in line with the demand potential.

**Avishek Datta:** Sir, in your presentation, you have mentioned that this expected production of 5 mmscmd can happen by FY24, is it a realistic target or it can be delayed also sir?

**Management:** No, it should not get delayed, all efforts have been made to stick to that production target. We have to make commitments to the ministry and all of it.

**Avishek Datta:** And when you say NRL expansion will complete by FY24-'25, you mean FY24-'25 or...

**Management:** Yes FY24-'25.

**Avishek Datta:** Okay sir. And sir, can you share like last year, FY21 what was the dividend which you received from Russia?

**Management:** Russia, dividend declaration is on a calendar year basis, in fact the first dividend we received from our subsidiary in Russia, about 270 crores dividend that we received from OIL India International PTE Ltd and this is our wholly owned subsidiary, that declared a dividend of about 234 crore that Oil India received from Singapore. But the total dividend received from Russia last year, I will just give you the numbers.

**Avishek Datta:** Okay sir. Thank you so much sir.

**Moderator:** Thank you sir. Sir, we have the next question from Sabri Hazarika from Emkay Global. Please go ahead.

**Sabri Hazarika:** Good morning sir. Congratulations on the good numbers. Sir, I have two questions and followed by a bookkeeping question. So, the first question is how much crude Oil India is selling to NRL currently?

**Management:** About 60% of our crude oil production goes to NRL, say out of 3 total approximately million, 1.6 -1.7 million tonne goes to NRL.

**Sabri Hazarika:** Okay. And it is like a totally arm's lengths transaction right, there is no synergies as such.

**Management:** No, it is absolutely on arm's lengths basis. The same pricing structure on which we sale to other refineries.

**Sabri Hazarika:** Okay, so there is no specific synergies regarding NRL being a Oil India subsidiary now.

**Management:** No, there are certain limitations also with the related party transaction and we have to have transaction on arm's length basis. Otherwise it requires AGM shareholders, approval, board approval and all those things. So, normal course, the business with the subsidiaries also has to be on the arm's length basis and even on the taxation perspective also, if you have a differential pricing or something, it will attract transfer pricing issues etc. So, on this basis it has to be arm's length basis. And the crude oil sale allocation in any case is done by the petroleum ministry.

**Sabri Hazarika:** Okay sir, fair enough. Second question relates to status of this panel regarding gas pricing reforms, so I know that gas prices have gone up in the last few months and probably in the next one year it may be higher than what was actually asked by the companies, but still is there any update on that panel regarding gas pricing reforms?

**Management:** Yes that panel has submitted its report in December itself, but so far now it is still under ministry under process, so nothing concrete has come out of that report. Though, one or two meetings also has happened, but I think it has not yet moved to the cabinet level. So, there is a status quo as far as the pricing structure is concerned.

**Sabri Hazarika:** Okay sir. And the book keeping question, I just wanted to confirm/ reconfirm from you said that your standalone debt is around 9000 crore as on June end, is that right?

**Management:** No, I think, that number was not right, 11,400 I corrected that, 11400 was the long term debt and as of 30th June, additional short term debt which we had taken for NRL funding, 2350 crores. So, total debt if you take, it is, long term plus short term, it is about 14000 crores, but out of 2350, 400 crores we have repaid already post 30th June. So, current debt is 11400 plus 2000-1950 crores, so about 13500 crores. Expected to liquidate another about 1200 crores within next 15 to 20 days.

**Sabri Hazarika:** Okay, and this is standalone you are talking about, right?

**Management:** Standalone, yes.

**Sabri Hazarika:** Okay, and you said that cash is around 400 crores and you mentioned also about short term investment, what was the guidance, I could not get it.

**Management:** Not short term investment, it was a long term investment in tax-free bonds, we have about 1400 crores tax-free bonds.

**Sabri Hazarika:** 1400 crores tax-free bonds and 400 crores cash.

**Management:** Yes.

**Sabri Hazarika:** Okay sir. Thank you so much and all the best.

**Management:** Somebody asked question about Q4 GRM of NRL, it was 11.63 dollar per barrel.

**Moderator:** Thank you sir. Sir, we have the next question from Mr. Nitin Tiwari from Yes Securities. Please go ahead sir.

**Nitin Tiwari:** Good morning sir. Thanks for the opportunity. My first question is with respect to your operating expenses in this quarter. So, there was a sharp decline vis-à-vis the March quarter especially in the contract cost. So, what is the reason, if you can just throw some light on that?

**Management:** The increase in the contract cost is basically on account of higher exploration activities, survey activities in the new oil OLAP block that we have received.

**Nitin Tiwari:** No sir, I think there is a decline in contract costs, right, vis-à-vis March, so what does that decline pertain to, and also other expenses are down.

**Management:** Yeah, that is what I am saying. In March quarter there was an increase due to the OLAP exploration, survey costs. That showed the higher contract costs in the last quarter last year, which was more than the average cost of contract that we normally have.

**Nitin Tiwari:** Alright. So sir this contract cost that we have seen in this quarter would be a more on-going run rate? Is that the correct sir?



**Management:** Yes, yes.

**Nitin Tiwari:** And sir, my second question is related to your crude production. We have been experiencing a decline/ a continuous decline in crude oil production. What is the outlook? In case of natural gas you did highlight that we are looking to increase the production by about 5 mmscmd over the next couple of years, but what is the outlook on crude? If you can give us some sense over there?

**Management:** If you compare to last quarter, FY20-21 Q4, it is sequentially increasing but compared to last year maybe you are seeing that there is a slight decrease in production. So slowly we are going up. From the last quarter we have increased by around 4%. We have planned to go up. New things are coming up, new wells as I was saying a few minutes back also. New wells have started giving production. So production is going up, we are looking for...and it was committed to Ministry also that 5 oil plus O+OEG at one point of time 25-26, 24- 25. So we will be able to achieve that. That is what we have now planned.

**Nitin Tiwari:** I need the MoU target that you spoke about that you have promised to the government.

**Management:** MoU target is not yet finalized, it is still under discussion. Anyway MoU target is something totally different from what the company's actual performance can be. For MoU carries certain other factors. Earlier MoU target and company's personal target used to be more or less in sync. But now things are going in a different manner altogether, so MoU target is not at all comparable. Of course, MoU for 21-22 is still under discussion.

**Nitin Tiwari:** Right.. My question was more on a longer-term basis...directionally on a long-term basis because at least if we look at the production 10 years back it was about 3-1/2 million tons but now we are looking at more of 3 million ton and there has been a continuous decline that has been happening over a period of time. So are we going to continue to see this decline in crude oil production because of natural decay in the Oil fields or are we going to see a scenario where the production actually looks up? So that's a boarder directional question

**Management:** In fact there is always a decline in production because as you said, these are all basically matured fields and matured fields has a tendency to decline in production every year. At the same time if you look at all reserve, replacement issue, we have been going always in a positive direction, it has always passed more than one. So that indicates that we have been able to compensate that decline through accretion of new reserves and new production. We are very hopeful and have started working very aggressively in some particular five fields, so those are basically as compared to our fields these are new fields and we have an expectation that we will be getting quantum jump in production in the coming days.

**Nitin Tiwari:** Okay.

**Management:** Similar to the forecast or estimate what we gave for the natural gas production, we have program for fast track development of certain identified fields mainly in the Assam, Arunachal and also in Rajasthan. So that should give us good production growth in crude oil as well. But that number are still uncertain and

unless we firm up the plans, it will be difficult for us to quote any numbers but maybe after some time we should be able to once the program and everything is confirmed, we should be able to share some good numbers with you but certainly there will be growth in crude oil production and a significant growth in quantity.

**Nitin Tiwari:** Right. Lastly, you also mentioned purchase of gas in small quantities, what is that related to? In the new financial analysis there is a small purchase of gas, what is that related to actually?

**Management:** We had a joint venture block, it's a pre-NELP block with M/s. HOEC- in Assam -Dirok. Oil India is having 44% stake in that block. The other partners are M/s. HOEC and M/s. Indian Oil Corporation. So whatever production from that block around 1 mmscmd currently, 44% of that gas...in fact Oil India is marketing 100% of Dirok gas as at present but 44% is accounted as OIL's share of the production and balance 56% is shown as purchase of gas.

**Nitin Tiwari:** Alright understood. So 44% belongs to you and becomes a part of your own production and the rest 56% is what you market as the purchase gas?

**Management:** Yes purchase and accounted as purchased cost

**Nitin Tiwari:** Got it. Understood sir, thank you.

**Management:** Before we proceed there was one question about the dividends received from Russian Company. As I mentioned the Singapore and Russia, this accounting is on calendar year basis so in calendar year 2020, from the Vankor & Taas these two assets will receive total dividend of about USD 393 million. And also in current year six months, January till June, we have received dividend of USD 96 million so far.

**Moderator:** Thank you sir. The next question is from Mr. Vidyadhar Ginde from ICICI Securities. Please go ahead sir.

**Vidyadhar Ginde:** Good morning. My first question is to Numaligarh. Do you have EBITDA for the first quarter?

**Management:** Okay, we will take out the number and in the meantime, you can go ahead with the next question.

**Vidyadhar Ginde:** The other question was that in case of Numaligarh your stake at the beginning of the quarter was slightly over 80% and then I think you have sold about 3% to Assam government. Two questions related to that. One, how is your accounting in the first quarter? Is it pro-rata part of the quarter at 80% then at 77% and the next related question is press reports are suggesting that the balance stake sale you will do to the Assam government by September so that their stake will go up to 26 and yours will come down to 69, 70. So is that on track to happen in September?

**Management:** Yes, that is on track. It was only because of the budget sanction for the government of Assam. I think in this assembly session the budget has already been presented. Once it is approved, we will get the money and the share

transfer will happen. That is expected to happen before September certainly. Our share will be 69. Something...close to 70%

**Vidyadhar Ginde:** My first question was regarding how is it accounted in the first quarter? Is it pro-rata part of the quarter at 80 and your share of profit?

**Management:** Those shares have been accounted for held for sale not been taken into the account in initial capital.

**Vidyadhar Ginde:** So basically are you saying that your first quarter profit, you are only accounting what will be your eventual stake?

**Management:** Yes.

**Vidyadhar Ginde:** So you are not accounting 80% of overall or 77%, you are accounting 69 odd percent of the profit.

**Management:** Consolidation is done based on the stake as on 30<sup>th</sup> of June which is about 77%. In March,21 we consolidated on 80% of the holding...

**Vidyadhar Ginde:** Okay so it is based on actual holding?

**Management:** Actual holding as on date of the balance sheet.

**Vidyadhar Ginde:** Okay. Last question, do you plan to have any gas production in the near future, in the next one or two years where the development of the field is happening or something? Where you will be entitled to de-regulated gas pricing?

**Management:** No, as of now all production growth will come only from the nominated field.

**Vidyadhar Ginde:** Okay but even in nominated I think there was some provision that any FDP in North east after July 2018 or something would be entitled to de-regulated pricing?

**Management:** That's right. Provided there is any field discovery. We are not having any new field discovery. Presently, there is only augmenting production.

**Vidyadhar Ginde:** Okay. So anything of this sort is sometime away?

**Management:** Yes, unless we get some discovery in the OLAP block or something in the DSF block then yes.

**Vidyadhar Ginde:** That will also take some time?

**Management:** Certainly, three to four years minimum time taken.

**Vidyadhar Ginde:** Okay, thank you.

**Management:** Vidyadhar you asked about the EBITDA of NRL; in Q1 it was 986 crores.

- Vidyadhar Ginde:** What about the same period last year first quarter?
- Management:** 635.
- Vidyadhar Ginde:** Thank you very much.
- Moderator:** Thank you sir. The next question comes from Mr. Vikas Jain from CLSA. Please go ahead sir.
- Vikas Jain:** Thanks for the opportunity. Sir, I just wanted to ask for this quarter, is there any IOC dividend which is there? I think the second issuance of dividend should have come in this quarter, is that the case or it happened in the last quarter itself....?
- Management:** In Q1, no dividend.
- Vikas Jain:** There is no big dividend which has come except.....
- Management:** Of course interim dividend nobody declares in Q1, and Q2 dividend also will be only the final dividend which have already been declared which will be paid after the AGM.
- Vikas Jain:** So just wanted to check...IOCL dividend, was there a big IOCL dividend in the last quarter?
- Management:** Yes it was in Q4.
- Vikas Jain:** Thank you. The other thing is, in terms of the debt movement, can you just give me a sense on how....so currently you are saying that there is about 14500 crores gross debt?
- Management:** Yes.
- Vikas Jain:** And about 2000 crores of what you said, cash on liquids right?
- Management:** That is about 14000 crores, say 13800 as of 30<sup>th</sup> June which today has come down to 13400 because 400 crores we have repaid. And the cash is, cash plus investments put together is about 1700 to 1800 crores.
- Vikas Jain:** Okay. So how do you see this debt kind of moving by the end of the year? What is your cost of debt. I just want to understand how debt will move and also what will be the interest cost roughly for the last quarter.
- Management:** Interest cost I think we would have already mentioned in the .....
- Vikas Jain:** No, I am saying how will debt reduce?

**Management:** The rupee debt we have taken for Numaligarh. It was total 6300 crores we had borrowed. 2000 crores for long-term three year period and 4300 for short-term. Out of the 4300 crores as of date 1950 crores is already been repaid. 2350 crores close to 1200 crores we expect to repay before September. That will further reduce to around 700 crores only. So 1950 is remaining today; 1200 we will pay, about 750 crores only will remain after September which also if the prices remain at the current level 65 dollars average we should be able to pay to cash controls and I think cash flows will improve in the second half and so we should be able to liquidate the entire short term loan by the end of the year. So that will leave 2000 crores for the long-term, which depending on the circumstances, availability of funds, we will try to liquidate if possible even before that. Rest of the loan is all long-term loans for foreign currency borrowing. around 11400 minus 2000, so 9400 crores is all overseas borrowing from Mozambique. That loan will remain for some time.

**Vikas Jain:** For this long term debt that you borrowed for NRL what is the rough cost of debt for that?

**Management:** That is 4-1/2%.

**Vikas Jain:** And that is long-term?

**Management:** Yes.

**Vikas Jain:** Okay sir, that's it thank you so much.

**Moderator:** Thank you sir. The next question is from Mr. Vineet Joshi from Goldman Sachs. Please go ahead sir.

**Vineet Joshi:** Hi sir, thanks for taking my question. I had a question on the gas production that 5 mmscmd growth that you have projected by FY24. Can you give us your thoughts in the sense how much will it be over the next one, two, three and four years and what is the capex that you are looking to spend on this growth? Finally, I think somebody else asked this as well, like what would be the end demand sectors consuming this gas growth since the growth is quite substantial. Thank you.

**Management:** We are working on that figure, year-wise production. But as of now our production from this entire north east is around 7million. From a particular field we have been looking for a production of upto 5 million that you are mentioning. So in that field presently we have production of 1.6 to 1.8. So this is the present production trend right now. End of this year we will be going to 2 and slowly we will be going to 5 by next 3 years. That is the working plan we have been working on and accordingly we have been placing our drilling rigs for that and daily activities are going on. As I have said a few minutes back, yesterday we have started producing one new well which is giving us good result now. 0.2 million we are expecting, as of now it is 0.1 plus. In a day or two the entire flow will be established so we are expecting that. So this is our plan as of now. Regarding the market, so maybe Madhav sir has already explained that the entire gas production is now being sold in the north east only, partly in the Numaligarh refinery, mostly to BCPL (Brahmaputra Crackers & Polymer Limited) and there are some fertilizer plants in Namrup and power generation in Namrup. Government of Assam is planning for one more additional power generation unit in that Namrup plant. So that will

give another requirement as of now we have been also in touch with those markets. There is no dearth of market in the north east for gas production.

**Vineet Joshi:** What would be the capex for this growth sir?

**Management:** On this particular project of field gathering station it is around 400 crores project, 300 plus crores project. The procurements are going on, once the procurements are finalized, the exact value it will be finalized. Presently we are targeting a capex of around 400 crores.

**Management:** So Vineet what the Director Operations just now mentioned about the project, this is in respect of one capacity for the....to take care of increased gas production. For production growth, certain additional wells and all those things will also happen. That will get covered, it will difficult to say this is for oil and gas because all common capex for the infrastructure. So total capex what I mentioned currently at about 4500 crores future years also it will be between this 4500 crores, on an annual basis and that will take care of all this infrastructure development including the wells, facilities and everything.

**Vineet Joshi:** What is the reserve potential facility of this field sir? Just trying to raise get sense how long you will be able to sustain this production in the future? So any color you can provide on that, it would be helpful.

**Management:** It is very difficult to give an exact number but we can give you assurance that this field will produce for not less than next 40, 50 years.

**Vineet Joshi:** Okay, thank you sir. One last question. We are generally seeing a trend where a lot of the E&P producers are now investing in renewables. So can you just update if you have any such plans in the future to invest into the green capex?

**Management:** Renewables?

**Vineet Joshi:** Yes.

**Management:** There are no concrete plans as such, but yes we are in the process of having some thought process we certainly have to augment renewable capacity of solar and something in bio-sphere sort of things we are discussing but as of date there is nothing concrete to share with anybody. Infact, within the company also there is nothing concrete. So maybe in one year's time if something concrete comes up, we will be able to tell something but as of now, nothing.

**Vineet Joshi:** Okay and maybe if I can ask one more question sir? The slight increase in capex in NRL that you mentioned, can you update us has there been any change in terms of the growth of the capacity or the upgrades that we are looking to do at NRL? If you can update us what exactly is the plan?

**Management:** Enhance capacity will be from 3 million tons to 9 million tons only. Only thing is this additional capex increase from 22000 crores to 28000 crores is basically towards making the refinery production petrochemical ready. This is not that the petrochemical plant will be established but the production will be...what we can say,

ready raw material for petrochemical plants subsequently which refinery may think of. So this additional capex will be towards making the refinery ready for the production of raw materials for the petrochemicals. So that's how it is linked up.

**Vineet Joshi:** Okay, thanks a lot for your time sir. Thank you.

**Moderator:** Thank you sir. The next question is from Manikanta Gare from Axis Capital. Please go ahead sir.

**Manikanta Gare:** Good morning sir. Thanks for providing an opportunity and congratulations on a good set of numbers. If I see your gas production, the quarter-on-quarter improvement has been to the tune of 0.6 mmscmd. So is it fair to assume that the incremental of 0.6 mms md would have come from Baghjan field itself?

**Management:** No, it is a combined growth. Not only Baghjan.

**Manikanta Gare:** So which are the other fields which are supporting this production growth here?

**Management:** Our gas production is coming mostly from this greater hapjhan area we say in our terms. You can say from the earlier fields of Narkhatiya and all those fields also are contributing to gas production. In fact there is a substantial amount of gas production from our whole Narkhaitya fields.

**Manikanta Gare:** Okay, so something is being done there to get incremental production because we have not seen such contribution earlier from these fields?

**Management:** Yes, regularly all those old wells we do work over operations. So through work over operations also we get some additional production. These are old wells not new ones.

**Manikanta Gare:** Right sir. My second question is, with respect to...when Harish Madhav sir was mentioning about the consolidated capex for FY22, he mentioned about the bio-refinery. Can you please provide some color on that? What is the capex and what is the concept about...how much is the capacity and timelines there?

**Management:** I don't have much details on that but Numaligarh refinery is in collaboration with some foreign partners. They are setting up bio-refinery i.e., ethanol plant basically. That is bamboo based ethanol production facility which will be coming up in the close to Numaligarh only. It will produce ethanol from bamboo. So it is a second generation basically pilot sort of plant, first plant in India to produce ethanol from bamboo. Not much details are available with me at the moment readily, but subsequently if required we can share. But conceptually it is this and the refinery is likely to come up in the next two, three years time and I think it should start producing.

**Manikanta Gare:** Sure sir. Just wanted to clarify one thing, does this ethanol refinery predominantly produces only ethanol or because it is bio-refinery...?

**Management:** It is supposed to produce ethanol from bamboo and then ethanol will mix with petrol as per government ethanol blending program.

**Manikanta Gare:** Right sir. Any capex number? Can we provide our capacity?

**Management:** readily I don't have. That information you need to take from NRL and then share with you.

**Manikanta Gare:** Sure sir, no worries. So if I understand correctly, apart from the 4100 crores of capex from the standalone, what would be the consol level capex, if you can repeat that?

**Management:** Consol level will be anywhere between 5000 to 5500 for the current year including NRL.

**Manikanta Gare:** Thank you so much.

**Moderator:** Thank you sir. The next question is from Mr. Gagan Dixit from Elara Capital. Please go ahead sir.

**Gagan Dixit:** Is gas consumption by the Numaligarh refinery, at present is there any gas consumption increase by NRL by the increase in the capacity?

**Management:** Yes, there will be increase in gas production also.

**Management:** Currently we have contract to supply 1 mmscmd against which depending on their requirement, on an average we are supplying 0.7 mmscmd to NRL. The enhanced capacity also to 9 million will require some additional gas.

**Gagan Dixit:** Why I am asking this sir, because in the past we have seen that many of your gas reserves are under the contingent resources because of the limitation of the gas market. So with the increase in the NRL demand can we expect that some increase in the...or upgradation of the reserve from the contingent resources to the proved & developed reserve? Can this be a possibility sir?

**Management:** In fact there is a plan for increasing the gas production in our old fields. So the plan is already there. So with the increase in demand from the field definitely we will be able to cater to the demand.

**Gagan Dixit:** Okay that's all from me.

**Moderator:** Thank you sir. Ladies and gentlemen that was the last question for the call. I would now like to hand over the floor to Mr. Varadarajan Sivasankaran for closing comments.

**Varadarajan Sivasankaran:** Thank you Moumita. I would like to thank the senior management of Oil India, Mr. Harish Madav and Mr. P.K. Goswami, Mr. Sanjay Choudhuri and all the participants for taking time out for participating in this call. Have a nice day, thank you all.

**Management:** Thank you Mr. Varadarajan for arranging this call and thank you all the participants.



**Moderator:** Thank you sir. Ladies and gentlemen on behalf of Antique Stock Broking, this concludes your conference for today. Thank you for your participation and for using Door Sabha's conference call service. You may disconnect your lines now. Thank you and have a good day everyone.