



Hindustan Oil Exploration Company Limited

'Lakshmi Chambers', 192, St. Mary's Road, Alwarpet, Chennai - 600 018. INDIA.

☎: 91 (044) 66229000 • Fax: 91 (044) 66229011 / 66229012

E-mail: contact@hoec.com • Website: www.hoec.com CIN: L11100GJ1996PLC029880

August 24, 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 August 18, 2023, with respect to the unaudited financial results for the quarter ended June 30, 2023.

The same is made available on the Company's website at <https://hoec.com/earnings-call05/>.

We request you to kindly take the submission on records.

Yours Sincerely,

For Hindustan Oil Exploration Company Limited

Deepika CS
Company Secretary

Encl.: a/a

Hindustan Oil Exploration Company Limited
Q1 FY24 Conference Call
August 18, 2023

Moderator: Ladies and gentlemen, good day and welcome to Q1 FY24 Conference Call of Hindustan Oil Exploration Company 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 the operator by pressing *, then 0 on your touchtone phone. I now hand the conference over to Mr. Sumeet Singhania from Valorem Advisors. Thank you and over to you, sir.

Sumeet Singhania: Thank you. Good morning, everyone and a very warm welcome to you all. My name is Sumeet from Valorem Advisors. We represent Investor Relations of Hindustan Oil Exploration Company Limited. On behalf of the company, I would like to thank you all for participating in the Earnings Call for the company's first quarter of the financial year 2024.

Before we begin, let me mention a short cautionary statement. Some of the statements made in today's earnings call may be forward-looking in nature. Such forward-looking statements are subject to risk and uncertainties, which could cause actual results to differ from those anticipated. Statements are based on the management's beliefs as well as assumptions made and information currently available to the management. Audiences are cautioned not to place any undue reliance on these forward-looking statements or make 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 today in the 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, Sumeet. Good morning all. Thanks for joining. I hope everyone has received the updated earnings presentation. We have also as usual uploaded it on our website for your reference. During the board meeting held on 14th August, Board was pleased to appoint Mr. Jeevanandam as the Managing Director of HOEC effective 1st October, as I retire from the services of HOEC on 30th September. Jeeva and I have been close friends and industry colleagues for nearly 4 decades, starting our career in ONGC. As you all know, Jeeva and I joined HOEC in 2015, we worked together in every step to script this turnaround journey of HOEC during the last 8 years. Jeeva has been very actively involved in the business operations of the company and I can assure you that it will be a seamless transition. Jeeva will now lead HOEC providing required continuity as well as change to drive the next phase of its growth. On behalf of all of you, and on my own behalf, I convey our best wishes.

I would give a brief introductory update on Q1 and would let Jeeva give the business, operational and financial update in detail. Q1 FY24 results have been adversely impacted solely on account of the lowest ever gas offtake in Dirok. Offtake by consumers was down by 66% compared to Q1 against average gross sales volume of 30 million standard cubic feet per day during Q4, gross sales was only 10 million standard cubic feet per day during Q1. Unusually, during Q1, most of the major customer plans went on simultaneous shutdowns, some planned and some unplanned. As you are aware, the field has the capacity to produce up to 45 million standard cubic feet per day without any additional wells. To mitigate the risk of

reduced production due to consumer shutdowns, the way forward would be to connect to the Northeast gas grid phase 1 of which is expected to be completed in Q4 FY24 by the GAIL-led consortium.

For the next phase of development at Dirok, pipeline construction work in the difficult forest segment has commenced. It has progressed significantly with about 70% of the work in the critical forest segment already completed. 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 size for Dirok Gas. B-80 production was normal during Q1. Production from the field was resumed on 16th August after shut-in for maintenance activities since 2nd July. Produced oil from B-80 is being stored in FSO to meet the tradable parcel size of 400,000 barrels required by the refining market. On all other producing assets, normal operations are continuing.

I now request Jeeva to outline plans and provide the operational and financial updates.

R. Jeevanandam:

Thanks, Elango. Let me begin with the Eastern region. As stated by Elango, Dirok field average gas production was 10.24 MMSCFD a day and 187 barrels of condensate compared to 29.93 million standard cubic feet per day and 577 barrels of oil, virtually we could realize only one-third of what was in the last quarter. Many of the consumer plants were shut in, compounded by differential price for nominated oil fields reduced the demand substantially for the Dirok Gas. We expect some improvement in the current quarter. The existing 6 wells with some work over can cater to the demand up to 45 million cubic feet per day without much additional capital. As the field is on a continuous production for more than 5 years, we need to reevaluate the block potential. Accordingly, reprocessing of the seismic data is in progress and on completion of the reprocessing, the reserves will be updated and results will be re-evaluated. We expect there would be a significant increase in the results of the block.

We believe there would be an increase in demand in 2024-25 onwards when the gas from Northeast could flow to the National Grid. We would be in a better position to meet the demand as well as monetize the potential of the block. We have acquired the balance 50% share capital of Geoenpro, who is the operator to the block Kharsang. Thereby Geoenpro becomes the subsidiary of HOEC. This block has been producing from lower Girujan formation for over 40 years and currently producing about 350 barrels. Substantial upside has been identified, which has also been seen in the GCA report of 2017, both in the existing and in the deeper formations.

We plan to drill new wells to enhance the production and authorize the deeper formation by drilling a well to a depth of about 3000 meters by obtaining consent from JV partners. This would unlock substantial value in the block wherein HOEC would be having 35% participating interest, PSC addendum for 10 years and the mining lease have already been extended.

Block 19, an exploration block called the Greater Dirok, where seismic reprocess is being carried out for drilling exploration wells. This block, which is located between Dirok and Kharsang is 100% owned by HOEC. We will release the location after the interpretation of the reprocessed seismic data. This is about the blocks in the Eastern region. Two small blocks we are having one is Umatara where 10% participating interest and another one block Kherem, we are not very keen on the Kherem block and that we will be looking for the opportunities of what do we do with these blocks.

In case of offshore blocks, in B-80, we restarted the production after the maintenance work on 16th August 2023. After the recent cyclone, the flow was found to be partially choked in the oil export line and remediation work was carried out and production recommenced. Our full production is not possible due to partial cleaning of the export

line. Further studies are being carried out to reflect the line fully clean. Till then, production will be continued with one well for over 1000 barrels per day and the gas rate is to be checked now. This remedial work will be carried out as soon as we get a fair weather window. Issues on the top side facilities and the concerns are addressed one by one.

PY-1 offshore block producing under 1 million cubic feet a day to breakeven while seismic processing studies are in progress for fine tuning the new well location. After the reprocessing interpretation, we plan to get third party specialist opinion before drilling. If everything goes as per plan, drilling will commence in the second quarter of 2024 and 25.

Cambay blocks, we are awaiting environmental clearance to drill two wells each in Asjol and North Balol in single campaign. The possibility of increasing the number of wells will be decided after drilling the above wells for quick monetization. Associated natural gas, which was flared, is now being sold to make zero flaring. This is the operational update for this quarter and I will share the financial highlights.

We report that the standalone revenue for this quarter is Rs. 108.69 crores comparing Rs. 158.78 crores in the previous quarter. Revenue earned from offshore B-80 block is Rs. 83.44 crores and the previous quarter it is Rs. 86.57 crores. In the case of Dirok, it is Rs. 21.17 crores comparing Rs. 67.74 crores. Out of the total reduction of Rs. 50 crores, major reduction is from Dirok by about Rs. 46.57 crores. This is mainly due to reduction in offtake by major customers consequent to shutdown of their plants due to dual pricing of gas by Government of India, one for nominated blocks and one for private companies. That is the price of gas sold by Oil India Limited is \$6.5 per MMBtu and private companies it is U.S. \$7.92 per MMBtu for quarter average. This in effect prioritized the gas sales by OIL for its production and therefore our production becomes a fall back. In effect, our revenue realization is one-third of the previous quarter in Dirok. We expect better offtake in the second quarter as the major customers plant started operating one by one. This trend could be reversed on completion of 256 kilometer of IGGL line and around 401 kilometer of UrjaGanga project which connects to the National Grid. These lines are expected to be completed by the last quarter of this financial year. This will open a new market for the gas production from the Eastern region effective next financial year.

The consolidated account of the company made a total revenue of Rs. 187.14 crores in the current quarter compared to Rs. 193.39 crores in the previous quarter. There was an increase in revenue from subsidiary companies by Rs. 43.85 crores in the current quarter and the reduction from the revenue on the sales from the operating blocks, Rs. 50 crores. This in effect reduced the consolidated revenue only by about Rs. 6.25 crores. Operating expenses for this quarter in the standalone account including stock adjustment is Rs. 79.12 crores comparing Rs. 43.72 crores in the previous quarter. In case of operating expenses, the current quarter is Rs. 73.07 crores comparing Rs. 39.88 crores in the previous quarter.

As explained in the last quarter, the revenue recognized in the previous 3 quarters of 22-23 of MOPU and FSO is adjusted downward in the revenue of fourth quarter of 22-23 by Rs. 28.92 crores on a commercial settlement. The corresponding effect on this has reduced the cost of B-80 in the last quarter of Rs. 28.92 crores. This was the major cause of the increase in the cost in the current quarter. Oil in stock in FSO has not been sold and the stock as on 30th June 2023 is 2,92,000 barrels and as on 31st March 23 it is 1,87,000 barrels. Stock adjustment and credit for the current quarter is Rs. 27.7 crores, whereas Rs. 36.7 crores in the previous quarter. This difference is caused by the price variation of stock by about Rs. 3.71 crores that is the previous price taken was 78.54 in the current quarter that is taken as 70.93 barrel of oil and the quantity variation is about Rs. 5.27 crores. The above are the major cause for increase in cost comparing to the previous quarter.

The standalone accounts profit for the current quarter is Rs. 21.34 crores comparing and Rs. 107.03 crores in the previous quarter. The main reason for reduction in profit on account of increase in cost including stock adjustment is Rs. 35.4 crores and the revenue reduction from Dirok alone is Rs. 46.57 crores. There is an increase in cost and the reduction in revenues that makes the substantial difference in the standalone profit for the company. Consolidated profit after tax is Rs. 66 crores against Rs. 106 crores in the previous quarter. EBITDA for the current quarter in the consolidated account is Rs. 96.86 crores compared to Rs. 139.84 crores in the previous quarter. This reduction is mainly due to poor offtake by consumers and thereby reduction in the sales revenue by Rs. 46.57 crores. The operating expense on the consolidated account is Rs. 106.68 crores comparing Rs. 69.35 crores, main reason for the increase as explained in the standalone accounts.

The company had made a shutdown for the preventive maintenance of facility of B-80 as well as the replacement of floating hose and hawser in B-80 field from 3rd July to 16th August 2023. Production has recommenced on 16th August 2023. This will have impact in the second quarter of this year. HOEC, through its subsidiary, was holding 30% participating interest in the block Kharsang, which is operated by Geoenpro Petroleum Limited as an associate of HOEC. We are pleased to inform that HOEC subsidiary has acquired the balance 50% shares of Geoenpro Petroleum Limited at a cost of Rs. 50 crores. Consequent to the above Geoenpro hitherto before an associate company has now become the subsidiary of HOEC. This in effect increased the participating interest in Kharsang Oil Field to 35% both directly and indirectly with the right as an operator to the block. This will create synergy in the Northeastern region of the company.

This block potential as evaluated by GCA UK as of September 2017 is of 7.3 million barrels of reserves and 24.4 million barrels of contingent and prospective resources. In addition, the contingent prospective resources of gas are estimated as 438 BCF for 100%. As the company has now secured extension for 10 years, substantial value in the block would be unlocked. As on date, the outstanding loans in the standalone books are Rs. 137 crores and in the subsidiary books Rs. 86 crores. Company has obtained a rating for Rs. 500 crores bank loan from India Ratings. With the current cash position and with the continued production, we will meet all our obligations. We would be in a position to raise capital as and when required to create value, both organic and inorganic asset acquisition.

Most of the operating costs are not linear and are fixed, which means churning of assets to get better net realizable value which we are in progress at the moment. We are in the process of developing, producing and exploration assets to its potential. Seismic reprocess is being carried out in PY-1, Dirok, Block 19 and Raw 3D seismic data is being reevaluated in block B-80. On completion of the seismic reprocessing, interpretation and third-party review, we will embark on PY-1 redevelopment in East Coast of India wherein the return of marginal capital is much higher as substantial investments were already made. Further, it would unlock value of the assets which was already impaired in the books of accounts.

We are also in the processing review of geological model of Dirok and the preliminary assessment indicates upside potential in the block. Drilling in the Northeast blocks will be carried out for further appraisal to enhance the production in a manner to get to the market as soon as the demand picks up by connecting to the National Grid and this is what is the operational business update. I will ask Elango to take over.

P. Elango:

Thank you, Jeeva. We can open the forum for questions now.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Ritesh Gandhi from Discovery Capital. You may go ahead with your question, sir.

Ritesh Gandhi: Sir, we had a number of starts and stops on the B-80 over the last year and a half or two, just wanted to understand that again, this one which we had which was reasonably long and what was indicated was in case the hose had to be changed, it was only a few days of work etc., just want to understand the reason behind this and whether there is sort of a structural issue with regards to some of the development, if this is something we should continue to expect to see into the future or are we comfortable in actually now that it has stabilized?

Management: This is the first monsoon we encountered during production and that too with the cyclone. So, we have changed the floating hose. Initially we thought we could do it within 7-8 days, then we were not able to, the weather was very rough. So, this has turned out to be more or less like a continuous process and we need the facilities also to be upgraded or to be repaired and replaced. This is a continuous process as the facility initially designed is not tailor-made to the wells, so we are continuously making some of the changes to it. Every effort is being made to make the top side facilities meet our well requirements. And we never expected there would be a blockage in the export line that we flush it, and it is yet to be cleaned fully and we are talking to different experts to clean up the flow line to get the full potential of the oil flow from the export line and this is more or less like a continuous process. It needs some more time to get into a stabilized mode of production during the monsoon as well as the fair weather period. So, it needs some time to get back to absolute normalcy in the plant actually.

Ritesh Gandhi: And any expectation on how long it is expected to take and how much a lower offtake until it then we will have and how we should be thinking about potential risks to this actually ultimately stabilizing?

Management: . In the overall, at least it will take about another 6 to 9 months to get the plant to be operated in a stabilized mode and that too during the monsoon there will be a small shutdown, small changes will take place and we cannot exactly quote the timeline, as whichever the way I say I will be incorrect.

Ritesh Gandhi: And the other thing is we have also increased our P2 reserves that we have not disclosed in the investor presentation, just wanted to understand is this based on study which we have actually conducted and any thoughts around that?

Management: The B-80 results we have already disclosed. There is no increase in the results, now what we are going to do is we are going to reevaluate the seismic data and that will be again updated based on the one-year production data by GCA. That is what we are in the process at the moment.

Ritesh Gandhi: And the other question is around Kharsang, we have now taken over as operator, just wanted to understand what our plans are around that and the overall potential of Kharsang and also of the PY-1?

Management: Kharsang, we have taken over now as the operator to the block because we will be owning the Geoenpro, the operator to the block, as our subsidiary . The block is having substantial potential as you could have seen this upper region alone is producing for the last 40 years and partial evaluation has been done with the block for the lower region, under Tipam suppressed. So, these two are, our geologists are very bullish about it and now what we will be planning, we will talk to the partners and drill one well, appraisal well or exploration well whichever the name you call it, to a deeper depth, at least 3000 meters to find out the potential of the lower formations, that is the lower Girujan, Tipam suppressed and Barail if possible. If the three formations turn out to be a good result, as indicated by the GCA, we will be unlocking substantial value from the block. That is where you could have seen in the investor presentation, I have indicated the resource as well as the resources potential of the block. So, we are holding 35%, Oil India 40%, JEKPL are holding 25%. We could

make a good synergy on developing this block to a full potential. Once the gas resources are discovered, it is just 60 kilometers from Dirok, so we should be connected to the National Grid, so we can unlock the value of the gas, which is not deployed it is just getting back into the reservoir at the moment and PY-1, we have invested a lot of money, you know about that. So, the seismic reprocessing is in place that we expected by end of September, then the interpretation will take place. Then we are engaging a third-party specialist in London and they will also review the data before we start the drilling of the first well.

Ritesh Gandhi: Sir and any timelines on both of these?

Management: First one it is basically reevaluation that will take at least six months to us and then convincing the partner and get on to this would be one year and the similar timeline is expected for the PY-1.

Ritesh Gandhi: And the last question which I had was around, we were storing the oil and it needed to reach some amount or capacity for us to do in initial sale, has that happened and then effectively has that in turn helped us really reduce our leverage or is that actually, it is still to happen?

Management: It is about 300,000 barrel we are holding on it. Now, the tanker size is about 400,000-450,000 barrels. So, the refineries are asking us to take the parcel size to 400,000 to get a better price. So, we assume around 45-50 days, we should be able to get to a reasonable size of parcel size. Then we will be asking the refinery to take that and Mjunction is ready for getting the price from them. So, once that is done and we are also comfortable to get out from the monsoon to offtake. So, essentially sometime in November we will be doing the first parcel.

Moderator: Thank you. Our next question is from the line of Anushree from Alpha Invesco. Please go ahead.

Anushree: Sir, my question is regarding Dirok, what is the current status of the Dirok customers, those who have taken the shutdown in the plant?

Management: Yes, I think around 50% of them have come back except NEEPCO. I will tell you that the NRL has come back, after 73 days shut down, they have come back and BCPL also will come back and BVFCL has not yet come back and it means actually what happens, all these customers, we have got all the contracts signed with them is a fall back as such except 0.1 million. Now we are going for the new e-bidding which for every quantity bid 50% will be firm basis and 50% will be on fallback basis, I mean take or pay basis and the balance should be on the fall back in a manner that our revenue stream is not getting affected. We are in the process of taking partners approval and going to the e-bidding again. Now, you have to understand there is a price, one guy, Oil India is selling at \$6.5 and our price is more than \$7.5, the first priority goes for the Oil India production, so unless the overall demand is picked up, we will not be able to offtake our gas. So, that is the situation right now, so we will be embarking on the e-bidding with the floor price and the ceiling price in a manner that our gas is getting sold in the market.

Anushree: And so sir, what do you expect would be the normalized offtake of gas from Dirok hence forward since our gas is at a premium to national?

Management: We will be expecting somewhere around 20 to 25 million standard cubic feet per day till the National Grid gets connected. Once that comes on it there will not be any demand restrictions. We will ramp up the production and by drilling three more wells, we can go up to 70 million cubic feet per day.

Anushree: And so average volume of oil was around 1158 barrels per day, so what would be the normalized oil production that we expect going into the next few quarters, so quarter 2, we know that there was a shutdown, but after that what would be the normalized flow?

Management: The normalized flow is what we expect. We should be crossing the threshold in a way that our revenue model is around \$300,000 per day. That is the revenue mark we are looking at both oil and gas, so accordingly our production would be ramped up.

Anushree: And sir, earlier we had mentioned that 2,50,000 would be the parcel size for oil, so the final that you are mentioning, so why did they increase it to 4,00,000 barrels?

Management: Yes, the differential tariff it comes that affects about \$3 to \$4 per barrel the price to us because the high capacity tanker we used it for only for 50% of the volume therein, the charter rates and the coming and going and all the rates as such, if the refinery wants to pick up from the outside plant of our facility, then they will be quoting a lesser price which we expect about \$3 to \$4 per barrel. So, we thought that \$3 to \$4 is a bigger sum, so why don't we wait for one or two months and get to the full offtake of \$400,000 barrels.

Anushree: And sir, just one last question, so in this quarter we have mentioned that the gas volume from B-80 was around 12 MMSCFD whereas in last quarter we had mentioned that quarter 4 average production was around 16, so can you explain why there is a difference in quarter 4 gas numbers?

Management: See that there is an averaging error as it is instead of 365 days, the actual number of days were taken. So, when you look at as such 194 days the field on operation, so that was taken as an average production per day, but whereas when we looked at the overall number of 365 days, when we give it as a company as a whole, we took it as divided by 365 days and corrected it.

Anushree: So, the correct numbers are then 12 MMSCFD?

Management: Yes, that is right. Previous quarter number was correct if you take divided by 194 days.

Moderator: Thank you. Our next question is from the line of Ashwin Reddy from Samatva Investments. Please go ahead, sir.

Ashwin Reddy: Sir, my first question is on Dirok, so could you let us know right now what is the offtake like is it like 15 units, 20 units or what is the average we expect for this quarter?

Management: In July and August, we are witnessing somewhere around 18 to 20 MMSCFD per day.

Ashwin Reddy: But the primary fall is only the shortfall or is there like a new supply is coming from whom you are competing with or what is the scenario there?

Management: There is no demand for our sale because of the shutdown of the consumer plants.. Further, Oil India produces associated gas, they cannot flare it, then they will be pumping into their line, and their price is also lower and as the first priority, it goes from Oil India production, then only it comes to us.

Ashwin Reddy: And my next thing on B-80 sir, in the opening comments you mentioned that this could take 6 to 8 months to stabilize and all, so how do we understand as an investor because B-80 has seen a lot of ups and downs, I understand it is a very complex operation, it is offshore, things can go and some things should not be in the control, I understand that, so for our understanding, should we say for example, just budget the operational days is 200 days or 250 days a year, is that a better way to say it because will you keep having these issues or how do we think about these? And is

there like a permanent solution or will it always be where you have to work through solutions and that is what we have to think about B-80?

Management: Yes, I think until another 7-8 months, we will make ourselves fully prepared for the next monsoon when it comes on it. So, on an average it is safely to take about 300-330 days production. That should be a reasonable assumption for us from the next financial year onwards.

Ashwin Reddy: But until we get this, say for this quarter and next quarter and subsequently, so what should we think about the volume, the volume output in terms of oil and gas from B-80 for the next 2-3 quarters?

Management: See, I think it is too much of presupposes, I can't make it at this stage because we are endeavoring our best. So, at least 6 to 9 months, the plant will have aberrations and corrections, and it will go on as happened in the last 2 quarters of the year and we will get back to some better understanding before the next monsoon.

Ashwin Reddy: So, what would be the amount of money needed, so what is the CAPEX required to get the field again back in order for the next 7 to 8 months?

Management: The CAPEX is not much higher. It is only about Rs. 6 crores to Rs. 10 crores. That would be the level, but what is happening is, it is the issue comes, that is where the problem comes. When you start out one issue, small problems on the other issue, we have to address into and we are mobilizing the additional resources of people also in a manner that we will have both the technically competent people are operating on it and at the same time, the facility is upgraded to the requirement of our wells as such.

Ashwin Reddy: And my last question sir, is on the surprise announcement of Mr. Elango's retirement, so some context on that would be helpful to us because this is not expected, at least lot of markets are not expecting it, so some context and also we remain as a consultant to the company or how should we think about this going ahead?

Management: I think Elango can explain better.

Management: Ashwin, what I would request is, I am sorry few others will have a similar question. I will address all of them. I will note down the question, I will address them together at the end, so let the discussion on the business continue.

Moderator: Thank you. Our next question is from the line of Rikesh Parikh from Rockstud Capital. Please go ahead.

Rikesh Parikh: Just wanted to understand, in the beginning we talked about Kherem block, we are going to discontinue, so any cost or one-time write-off we are going to take on that?

Management: No, nothing because it is a very small expenditure which has already been charged out.

Rikesh Parikh: And in case of disclosure of B-80, any financial impact on us from the GSPC from the committed offtake will be incurred on us?

Management: It is an annual adjustment. I don't think it will have an impact much.

Rikesh Parikh: And last on the Dirok, my understanding is that the National Grid is expected by December as such, so by when, sir any update on that or when we are expecting this National Grid to come up and we can see the normalized offtake once it is indicated?

Management: As per the plan and everything, what we received from the information is the two lines are supposed to be get connected by February and March 2024.

Rikesh Parikh: And when is our connectivity or the additional line what we are looking is going to be completed?

Management: This is actually a two season work, now only portion of the line in the mountain area has been completed. Now the balance what we are looking at there is an Oil India line. We will tie it to that line till our balance line gets connected, in the manner that the demand picks up we will be ready to supply the gas.

Rikesh Parikh: No, I want to understand that if you can, once we connected the National Grid, by when we will be ready with that directly to the national grid.

Management: That is right, demand is the constraint, not our ability to supply.

Moderator: Thank you. Our next question is from the line of Manan Patel from Airavat Capital. Please go ahead.

Manan Patel: Sir, first set of question is on B-80, so is it right to understand that once we solve this problems in 6 to 9 months, is there a possibility of recovering all the substantial loss of production that has happened during these quarters, so that is one? Secondly, from what I understand the equipment, so just to reconfirm the value is okay, but the equipment has a problem, so if you could outline what all equipment have problem and what all we need to do to resolve that? And lastly on B-80, when we talked last time, we wanted to have a 2,00,000-barrel buffer and then on top of it 2.5 lakh we were planning to trade, so now do we understand that we will have 2,00,000 barrel buffer and then on top of that 4,00,000 barrel basket would be traded, so these are the questions on B-80?

Management: B-80, any oil field, actually the loss of production is the loss of the time as well. It is below the ground value as such that can come as and when we get ready to produce from the topside. So, it is only the time difference of the value that is an impact on this, and the second thing is about your equipment failures. Overall, all the facility equipment is profiled to the requirement of our wells as such. That is why it takes more time on it, and we did not expect the export flow line would get clogged and would require a clean-up. So, once we overcome that phase, we will be in a better position. Next, the initial parcel size was considered to be about 200-250 barrels. Now, all the refineries are going through the auction mode for quoting the price for it and they were looking at a parcel size of around 400,000 barrels. This we got to know when we went to the Mjunction for auctioning the crude as such. Now, we cannot enter into a contract with the one person for an offtake as such, we have to go through the Mjunction for getting a price there. So, when we are looking at the price impact, it is better to sell the at the rate of 400,000 barrels. So, that is what we will be doing on it in future.

Manan Patel: But we still have a buffer, so we need a production of 6,00,000 to have a 2,00,000 barrel buffer and then sell 4,00,000 is that right understanding?

Management: What is happening is that is the buffer as such, we thought of a continuous offtake of 200,000 barrel on a continuous basis. Now, we will not be doing that . We will pump out the balance.

Manan Patel: Sir, the second set of questions on Kharsang, so you have mentioned the prospective results, which seem to be almost even better than B-80, so by what time do we get to understand to be part of the reserves and when are you planning to drill appraisal well and what kind of equipments we require for that?

Management: So, under the value of that appraisal as such, we need to drill on deeper well. The deeper well is about say \$15 million it would cost as such and in that, our share would be about \$5 million, \$4 to \$5 million that can exposure of about Rs. 40 crores. That

we need a consent from the Oil India and from the partner as such, so we will talk to them and our geologists and their geologists will review the whole thing as such and based on that, we will start drilling on it. It will take at least, as I told you, it will take about a year as such, one year project now.

Manan Patel: And lastly, sir, I wanted to understand Mr. Elango's retirement, so he said he would evaluate and, sir, we have faced this issue of communication, so if Biparjoy disrupted production and if it would have been better, we could have disclosed that to the exchanges, it was a very material event even for Dirok 3 potential clients stopping production, that would also have been a material event, so it would be great if we have faced this in the past, it would be very prudent for you to disclose all these things in a timely manner, so that market doesn't lose the trust on HOEC, we have been very good in disclosing everything, but a lot of times it happens it comes very late to the market, right now, we have again started production and then we are disclosing that the B-80 was shut in for almost 1.5 months, so the market doesn't look it in a favorable manner, so it would be great if the disclosures are timely.

Moderator: Thank you. Our next question is from the line of Vishal Prasad from VP Capital. Please go ahead.

Vishal Prasad: Sir, in the last call, we have mentioned that the offshore tanker capacity is 9,00,000 barrels and today we have mentioned that it is 450 lakh barrel.

Management: No, I have not mentioned so. It is 450 barrels.

Vishal Prasad: So, total capacity is 9,00,000 and we will be able to store 9,00,000, is it?

Management: Yes, that is right.

Vishal Prasad: And the second question, in the past we have mentioned that for B-80, once we have enough oil in the tanker, we will be sending the oil to the prospects for testing, so how is the quality of the oil and with respect to Brent, would we be selling at some discount or will it be in line with the prevailing oil price?

Management: So, crude assay will be given to the refinery. Based on that, they will quote a price. The quality of the crude is better than Brent, so we will be knowing once we get the prices.

Vishal Prasad: So, right now, we are not sure about the quality of the oil?

Management: No, the quality of the oil is better than Brent. That is what I am saying.

Vishal Prasad: And sir, last question, starting 2020, the first monsoon in 2020 and this is the fourth monsoon, first 2 years it was COVID, but we keep on facing different set of problems every year and for one reason or the other, we tend to push the final production by 8 or 9 months every year, so I am somebody who doesn't understand the challenges we face in offshore field, so could you help me understand is it the problem with the vendors that we have or we don't have the right skill set within our company or this is very common in Bombay high that everybody who goes there faces the same set of challenges?

Management: So, you are right that whatever you have mentioned, it will get compounded in this manner.

Vishal Prasad: So, going forward, just assume that cyclones are not happening, within our own discussions, are we confident that probably next 1 year or 18 months, there will come a day when we are not facing significant challenges and we are able to produce for 30 to 40 days without any hindrance?

Management: We are working on it, we are resourcing, we are mobilizing the right technical people now and we will be able to come out of the problem on it because almost it is not the thing we cannot resolve it or anything, it just needs the resources and we are in the process of getting things to normalcy.

Vishal Prasad: But sir, last question, both of you have worked in this industry for 4 decades and you must have seen these challenges, which are happening now, so when we hire people in our company, is there something which we are not doing right and because of which we are not able to evaluate the problems which may happen in the future and every time we say that we could not foresee this problem and we do people who have right skill sets?

Management: By hindsight, it may be right, but any hindsight analysis will throw some of these things not taken care properly, but at that point in time, we thought we are doing the right thing, but it turned out to be incorrect. So, we are correcting it now.

Moderator: Thank you. Our next question is from the line of Chitresh Lunawat from Gartner. Please go ahead.

Chitresh Lunawat: So, my question for the management is, is the B-80 shutdown a material event for the company or not because it was not disclosed to the market, and we came to know only from the PowerPoint presentation?

Management: At any point in time, it was expected to be completed within about 6-7 days. That was the duration of the job.

Chitresh Lunawat: Investors, even last to last quarter also there was shut down, I am not sure why management is not disclosing it in the thing, see whatever action you take and how much time it takes a different thing, we can send a notification again saying that it started, but to a shareholder, it is like putting in the dark right, so I mean you are not informing the shareholders on the things, what is happening in the company, so there are so many companies which have so much better standards of informing shareholders if there is a factory shutdown or something?

Management: So, one thing I would like to submit in oil and gas operations, well shut in for today and opening within 2 days it is a regular routine and this cannot be on a continuous basis to go to the market and inform as such. That is why once in a quarter, we will give you the update on that. So, now tomorrow, if I say that, yes, I am shutting down this well for today and then within 2 days I will be saying I am reopening this well, so I will be in a continuous process of sending the messages which will give you a wrong signal. So, that is why once in a quarter, we will update you on all oil and gas operations which are happening on it. If you are going for a value degradation, suppose the wells are not flowing, the wells are not possible to open, there is a permanent damage of value to the company, then we will come back to the market and inform immediately.

Moderator: Thank you. Our next question is from the line of Dharmendra Vora from Vora Wealth. Please go ahead.

Dharmendra Vora: I think most of the questions from my side have been answered, but still there is a small request to make adequate and timely regulatory disclosures to the stakeholders.

Management: Okay, that we will do it.

Moderator: Thank you. Our next question is from the line of Nikhil Somani from SC Lowy. Please go ahead.

Nikhil Somani: My question was around B-80, I wanted to understand what is the future CAPEX plan for the development plan for B-80 in the sense when are we expecting CAPEX for drilling new wells potentially to ramp up the production?

Management: B-80, we wanted to have an uninterrupted 2 year continuous production. So, after that we will start drilling the 3rd, 4th and 5th, three wells together. That would be expected around 26-27.

Nikhil Somani: And what would be the budgeted CAPEX for that?

Management: About another \$40-\$45 million.

Nikhil Somani: And this would be our share or 100% share?

Management: It is 100% actually.

Nikhil Somani: And I looked at the 2P reference number for B-80, if I am reading the numbers right, so 25 billion barrels of oil and close to 65 billion cubic feet of gas, am I understanding it right that the total revenue potential from the field could be close to \$2.5 billion at say, \$70 gas per MMBtu?

Management: If you take that, that is the value potential of the block in the topline, then you have to have the government share, then you have got your operating expenses, then you have got your royalty, so after that that is the value potential of the block as such, but so you are right, that is the reserve numbers we have got and that is certified by GCA.

Nikhil Somani: And on the operating costs, I understand last quarter you mentioned we were running at operating cost of around \$140,000 a day, is that the right number to assume going forward as well or was \$140,000 a day relatively high on account of these one-offs that we have seen in the last 12 months?

Management: That is actually on a standalone that should be the right number, but on a consol, we get a revenue credit for our own 2 facilities we are getting operated. That is about \$90,000.

Moderator: Thank you. Our next question is from the line of Ajit from Nizhal Securities. Please go ahead.

Ajit: Sir, my first question is just a clarification, you in your opening remarks told about the operating expenses the reason behind, I did not understand that and could you please elaborate that thing and result and decrease in our EBITDA margin? And sir, what is our current production in the B-80 field and is there any revision in the results?

Management: I go with the last question, there is no revision in the results at this moment and that your first question I have explained to you, what has happened, in the previous 3 quarters of the last year, there is a revenue on account of the MOPO and FSO has been booked therein, when parties are explained the duration which they were not operational, you should take them out from the revenue assets. So, we have reduced the revenue of the MOPO and FSO in the fourth quarter that you could have seen that and that is reflected in the notes to the accounts also that is in the consol accounts. You could have seen that. Correspondingly, whenever there is a revenue reduction of the MOPO and FSO, that gets reduced in the operating expenses of the B-80 field, right, so that was an aberration on the last quarter adjustment that current level as such is for the right number as such. So, that is why when you look at as such in this quarter, there is an increase in the operating cost because of that adjustment happened in the last quarter of the last year. So, the reason that which you are projecting right now would be the cost for 90 days operation of the B-80 fields.

Ajit: And sir current production in B-80 sir?

Management: So, we are producing as we opened the well yesterday and we are producing about 1000 barrels of oil and the gas rate I've yet to get.

Ajit: Sir, is this the normalized cost you explained just now about the operating expenses?

Management: Yeah, that's right. That is for the standalone account. \$140,000 per day is a normalized cost.

Moderator: Thank you. Our next question is from the line of Jagvir Singh from Shade Capital. Please go ahead.

Jagvir Singh: My question related to the share of expenses from producing oil and gas blocks. So, on the same revenue, even revenue is 3%-4% down compared to last quarter. Our call like this item has increased from Rs. 42 crores to Rs. 75 crores. What is the reason for this sir?

Management: The standalone accounts you're talking about?

Jagvir Singh: No consol account.

Management: Yeah, consol accounts, as I explained to you in the last quarter of the last year, there is about Rs. 28.92 crores. You could have seen the notes therein. The three quarters previous revenue has been reduced in that. So, when I reduce the revenue of the MOPO and FSO, the corresponding reduction in the cost sharing. So, that is what happened in the last quarter adjustment. So, we can get back to the normalized cost in the current quarter. That is the reason there is no cost increase per se as such, we have continued to operate on \$140,000 per day as such for the total cost basis.

Jagvir Singh: So, going forward, suppose we do the revenue of Rs. 190 crore total revenue, so this item will be around Rs. 75 crores?

Management: Yeah.

Jagvir Singh: Q2 for some time, B-80 is closed, so any idea in the Q3 what kind of revenue at consol level we can do this?

Management: I don't want to project any revenue projections at this stage. As, it would be incorrect in either way.

Jagvir Singh: But can we do the revenue like in Q1 or Q4 type revenue?

Management: So, I mean, we hope to do better in the third and fourth quarter. It is not good to project the numbers therein.

Moderator: Thank you. Our next question is from the line of Rikesh Parikh from Rockstud Capital. Please go ahead.

Rikesh Parikh: Sir, with regard to B-80, would like to understand are we back to that production level for 3 to 3-1/2 lakh per day?

Management: Not yet.

Rikesh Parikh: By when the pipeline starts flowing we'll be able to do it or it will take time?

Management: So, what is happening is we have recommenced the production now. We will be doing hose repairs after the monsoon, that time we would like to flush the line in a manner

that comes back to its original position of it can take up to 250 barrels per hour. Right now, it is about 50 to 60 barrels. So, what is happening is that all systems would get connected once we are going to do the repair work in the month of October and November, that time we will flush the line fully.

Rikesh Parikh: And the last thing is for PY-1, so have we formed up any drilling special or something because we were planning somewhere in January for drilling?

Management: I told you in PY-1, we are in the seismic reprocessing, then they have to be completed with the interpretation. Then the third-party review. Once all is being done, when the location is ready, then we will start mobilizing the rigs and other facility because we'll be drilling a well and then we will not be completing it. And if it is successful, then we will drill another two wells, then complete all the three wells together. That's what our plan.

Moderator: Thank you. Our next question is from the line of Rohit Potti from Marshmallow Capital, please go ahead.

Rohit Potti: Sir, my first question is so what new field do you expect to be on revenue mode next? Is it going to be Kharsang or is it going to be PY-1? How do you think about that? And on related note, do we think we need external capital to raise that either loans or equity because there was mention of equity by Jeeva sir in his opening remarks, do we expect access to issue equity for any of this capital trading plans that we have? On balance sheet, again, the question is how do we see the balance sheet evolving over the next year with the CAPEX plan, but at the same time cash flows coming in from Dirok and B-80?

Management: So, what is happening is there are two ways of looking at the things now. The reprocessing of the data is in place for all the three blocks. One side, PY-1 is getting reprocessed and then we are looking at the Kharsang also, we are re-evaluating. Based on all these things, how the data comes out to the best of our understanding, we should have a better stand there. Then you have a monsoon there in the East Coast and there is a rainy season in the Assam region. Accordingly, we'll plan in such a manner. that where to go for the drilling campaign. So, we look at the capital expenditure which should be in the order of PY-1 about say Rs. 70 crore initial capital. So, that should be from our internal accruals. Then you look at all this in the range of less than Rs. 100 crores. So, we will be able to manage internally and if we are finding it extremely difficult, then we will be borrowing it.

Rohit Potti: So, this is helpful, sir. Most all other questions have been answered. I just want to reiterate the question on Elango sir leaving. I mean, it's been 8 years, it was patiently listening to him also on this concalls all this time. This departure seems a little sudden and the fact that it seems like he will not be on the board going forward. So, it would be great if you can get clarity on if he's retiring from the oil and gas field for good or will he be available as a non-Executive member of the board or as a consultant and what led to the departure is something that some of us are very curious to know. It would be great if some clarity can be provided on this. Thank you so much. Congratulations to you, Jeeva sir on the appointment of the MD. Thank you so much for the opportunity.

Moderator: Thank you. Our next question is from the line of Chetan Phalke from Alpha Invesco. Please go ahead.

Chetan Phalke: Sir, I think my question is on B-80. Since we are continuously facing some of the issues on this block, so is there any thought process to get a strategic investor or some other expert investor who can help us in managing the block in a better way? Is there any thought process to get an outside investor and part with some of our space? Just wanted to know that? And second thing, is there any issue with the contractor, Expro?

I mean is there any thought process to change our contractor, getting a new contractor going forward as well. So, would like to know on these things?

Management: So, considering the value in the block, we don't want to bring anymore investors into the block, that is for the first question. Second thing, the contractor remains to be a contractor. We did an amicable settlement with them. Now, they are also embarking on a process of rectifying most of the things, and we have no intention of changing the contractor immediately. Third one, we are resourcing ourselves to strengthen our own operating and maintenance team of these facilities. '

Moderator: Thank you. Our next question is from the line of Manan Patel from Arrowhead Capital. Please go ahead.

Manan Patel: Just wanted to ask, have we started the process of looking for an CFO or do we already have someone in the team who can take up the matter?

Management: Yes, sir. We have given appointment order to one gentleman. Once he accepts the order, he will be joining as such.

Moderator: Thank you. Our next question is from the line of Vishal Prasad from VP Capital. Please go ahead.

Vishal Prasad: Sir, one follow up on B-80. So, given your experience of last 40 years, once things settle down in Bombay high, do other companies who operate there keep on facing such issues or finally we can expect a day will come when we have smooth operations there?

Management: So, we expected to get a smooth operation therein, because everybody who is having a floating structures have the problem therein during the monsoon period, this is not only for us. Even the field of Panna-Mukta, they had some struggle. We are the only floating structure there in which is having SPM and another one is Panna-Mukta. So, both of us will have some trouble during the monsoon period, but how do we manage, so that's a bit of an experience to us. So, we will be better prepared next time. The learning will make us better. That's what we believe.

Vishal Prasad: And sir, you will be starting from 1st of October as the MD & CEO. So, what would be your priorities going forward?

Management: Our priority going forward is see one side, the top side facilities whatever the small things which they can do, which they are working on it, that they will be doing on it. From our side, the marine system per se that is an FSO, SPM and the export line, these three areas we wanted to strengthen in a manner. Then the export flow line, why it is clogged that has to be studied, then to avoid the clogging thereon what should we do and to the under bouy hose if there is any issues there on, which we will replace it with the new hose. Now, we are getting a 10 meter hose as such, and then Acroflex is doing some study on it, how the mooring system and how has to moor it in such a way it will weather in even in the worst cyclone, these are things we are planning to carry out from October, November, December before ready for the next monsoon. We would like to have a necessary as fast with the hoses and Chafe staying and what are the spares are required to get on to immediate replacement. This is being studied now. We are engaging experts who are specialized in this field to do this job in a manner that we will be prepared for the next monsoon. And another 2-3 monsoons, we will get used to the situation and to manage better. That's what I can say at this stage.

Vishal Prasad: It seems when we are trying to learn from our mistakes, so do you think we have the requisite skill set within the company now given the experiences we had in the last 2-3 years?

Management: We are in the process of getting the additional experience. Within the last couple of months, we have got some people on board. They are doing the repair works and we will be recruiting the people and required consultants there on who have the relevant experience and expertise there on to it to manage it.

Moderator: Thank you. Our next question is from the line of Tejas Shah from Laser Securities. Please go ahead.

Tejas Shah: So, B-80 gas, I missed out, right now how much you're producing from the B-80 gas?

Management: I told you, I didn't know the rate at the moment and once wells are completely put on production, I'll get to know the rate and will let you know we should be.

Tejas Shah: So, what I can request this time at least inform the market when the gas starts because there's a lot of disparity I can say or anguish in the way things have gone, maybe not in your hand, but actually in terms of the communication and the disappointment as an investor we have. Today, I sold all my stocks in my account at a loss, because absolutely as a shareholder, I lost the faith. This is what I can tell you.

Management: Tejas, as I already stated, this is an oil and gas field operations. Some repair will happen, some shutdown will happen and during the monsoon there will be an inevitable shutdowns. So, these things we cannot go on and off daily in the morning and evening in such regular reports. So, we give an update once in three months and if we have a major impairment to the assets per se, then we will immediately come to you and explain in the market. We cannot say just the difference of the cash flow that would impact the company substantially. It cannot be the basis for reporting on a daily basis.

Tejas Shah: It is all your perspective, but as the investors, I've shared my perspective anyway. Now can you understand how are we going to work on the working capital because B-80 is a major flow that is going to get blocked plus your Dirok block, it is not that great for next another four months or five months though. How are you going to work on the working capital and the loan which has to be rated and also work on the capital requirement to repair or order new thing or embark on a new project? And also if you can share or throw some light on the Dirok, I think in the presentation you were told that we can take it to 70 MMBtu by next six months or we get a new well, how much time that will take? If you can throw some light on that?

Management: As explained Dirok, the offtake is getting better in the second quarter, right. So, we have to manage within the revenue we are getting at the moment. So, we are not finding any working capital issues coming up immediately. Our investment decision is going to be about 8 to 9 months down the line. So, by the time we should be stabilizing ourselves to get a better cash flow from the existing assets which are producing and, we will be taking some short term loan and repay if we have already committed to the capital. Now you have to understand this all the capital which we are talking about now is a discretionary capital, it is not a mandatory capital. So, whatever the capital we are infusing into the company to create a value add, right. So, we are not finding any working capital issues and you should be aware that we have about 300,000 barrel of oil. Once we sell the oil stock, then we have got enough revenue to meet all our obligations.

Moderator: Thank you. Our next question is from the line of Alison Lewis, who's an investor. Please go ahead.

Alison Lewis: Yeah. So, Mr. Elango, I just want to say that the timing of the announcement of retirement right is something which is a little bothersome for investors like us because as you said, you know, B-80 is like the flagship discovery for Hindustan Oil Exploration company. And there are certain challenges which we were already discovering, it

would have been great that there are some able hands to manage the company out of a sticky situation at the present where the thing gets stabilized and then the Dirok thing, the connection becomes connected to the National Grid and then you've got the PY-1. Besides the Jeevan sir, if there is any able leadership which can manage the situation and bring it into a stabilized situation and hopefully Mr. Elango, if you can continue with the consultant role because the expertise would be highly required by the company and it will be like a reassurance for the investors for holding on to the promise of having very stable outlook in terms of revenue. The second question was with regards to the windfall tax. Is there any impact of that which has been coming up and the last question is regards to the APM, which is now changed from 6 months to 1 month. Is that something which is going to be impacting in a large way over the revenue in terms of the gas prices and the oil prices? Thank you.

Management:

So, last two questions, I'll answer it. First question, Elango will answer. Windfall tax, there is no impact. It has nothing to do with this company at the moment. And the gas price is having a dual pricing, but now it has lost its impact because every company is going through the auction process. In the auction process, it is a plus or minus. So, we will be discovering the price and that price would be the basis for it. It is more or less like a benchmark pricing, I think.

Management:

Let me take a just step back and look at my career briefly. Look, I've spent close to 40 years in oil and gas. And then I left Cairn, came to HOEC in 2015. I really never imagined that I'll get an opportunity to play a leading role to turn around a 40 years old company like HOEC. And this turnaround would not have been possible without Jeeva. We did everything together. So, in eight years HOEC operated production, kind of grew from 500 barrels of oil equivalent to 10,000 barrels of oil equivalent, with the support of less than 100 employee team. And to me, really that gives me an immense sense of satisfaction. If you really look at where the business is today, you know every quarter is bit dynamic. As I said, Dirok was totally unexpected. it is a fantastic field and the fact that the field is going to be connected to a market by Guwahati by end of this financial year and we have the ability to just increase the production to 45 million cubic feet and the price is really moved up to a very decent number. Some of you will recollect the Dirok was operating at \$1.6 per MMBtu, from there today we are talking about \$7-\$8. So, Dirok, it is absolutely in a fantastic position and whatever offtake issue, it is a very temporary issue. Jeeva outlined to you very clearly that Kharsang and increasing our stake in Kharsang is a huge statement on the belief we have about the field and it brings us a lot of synergy and with the gas grid, even a gas potential in Kharsang could be developed. So, Northeast as a whole is going to really grow and the company is well positioned to execute the projects there. B-80 obviously has been a focus of multiple questions. I just want to take a step back and look at it as when we ventured into this field, it is the field which ONGC left as not possible to develop economically, ONGC did not find it economically viable to develop this field. And that's why this field came into an auction mode and when we chose and bid, obviously to make a field economically viable in a price environment which cannot be very predictable, the only thing that you can control is cost. So, we went in for a bit of an innovative model, focusing on a low cost model, we took certain calls which in hindsight that may be not right. And as we brought this field into operation, one thing to remember is whatever was the initial resources estimated at the time of field development, subsequent technical work done by the team as well as the oils drilled has increased the resource very significantly.

Therefore, you have a field which has initial issues which are being addressed, particularly during monsoon, it's very difficult to predict the intensity of the weather. So, when something goes wrong, it is easily fixable, but if the weather is not permitting us to go access and fix it, then one can't take a risk beyond the point as such. So, I don't really see, if you look at the previous quarter, we had the full quarter first time both the wells were producing very well and we saw what that could do to the organization as a whole. So, once again and in B-80, there are still remaining

challenges, but I believe the team that is managing it, we all work as a single team, took all decisions together, there will be no gap as Jeeva outlined. There is an effort to add more people in the last few months, we've added people, we continue to add and strengthen the operating part of that team as well. So, there is no doubt in my mind that value is very much in place. It is about just addressing some of the operating issues as such. It is a very interesting quote that says, you know, in life, you never fail, you either win or you learn. So, I am at a point where I've had a good share of work in HOEC and I thought after 40 years this is the right moment to say bottoms up on barrels and spend quality time on other personal priorities of my life. There's nothing more or nothing less to it. As I told you, not only Jeeva, the entire board is very friendly, very respectful. In fact Jeeva and me, we're actively involved in inviting each of the Board members to join us. I still continue to feel I'm part of this company. I will be available anytime on call as required. We live in Chennai, so my support and assistance will be if and when required.

Now when I began my career, one of the important principles that I at least follow is while every employee is valuable, no one is indispensable. That's the principle under which you need to operate a company. I have full confidence that the team has the ability to deal with these short-term operational issues and come out stronger as such. I would like to convey my deep appreciation and gratitude for all the support. Thank you.

Moderator: Thank you. Our next question is from the line of Veer who is an investor. Please go ahead.

Veer: Congratulations for all the patience you've showed with the B-80 and the shareholders as we have been asking you all along for this field. So, I would really heartily, honestly congratulate you, because I know this field, it's not easy an offshore field. And you've been sailing your boat on and off, on and off, which is a very good thing that the boat has not come down. So, thank you for showing so much patience, sir. Now I had two to three questions. First question is Dirok, by when can we expect a complete offtake which was happening in the last quarter?

Management: It should be expected once the National Grid is get connected, that would be on the next financial year, not in this financial year.

Veer: So, if I understand correctly, for the next two quarters the offtake would be 100% less 66%, so it's like 34%, right?

Management: Yeah, one third, now we are coming back to second quarter bit better than this, somewhere around 20-25 million cubic feet per day against 30-35.

Veer: So, that would be 35%-36% of offtake?

Management: Yeah. Now, instead of two-third reduction in this first quarter, it will get reduced to one-third, that's what it is.

Veer: I was a little confused with B-80. I think it was closed because of the cyclone which came in May end, right.

Management: It is in the June actually, middle of June.

Veer: So, we had shut the field from middle of June or June beginning or May end?

Management: The end of June, we survived the cyclone comfortably and subsequently cyclone.

Veer: So, the production was on?

Management: Yeah, we have survived the cyclone. We have completed the June as such and July, we wanted to go and check all the equipment. Then, we found some of things are to be replaced that has taken the time, then we have to shut it.

Veer: And another thing is now that the field has already started. Are both the wells on?

Management: No, we have started with the one well yesterday.

Veer: And that would be D1 or D2?

Management: D2 well.

Veer: D2 well, which is a major gas producing well, am I correct?

Management: Yeah, that's it.

Veer: Sir any idea like a ballpark idea, when would we start the second well?

Management: No, I don't want to commit any time on it, because what is happening is that the ability of the export line, the export line can accommodate more volume than what it is. So, we are working on it and the line is to get clean to some extent, we will be operating one well only.

Veer: So, if I understand correctly, there is no problem with D1 well. It is just the export line which cannot take more volumes to be exported to our customer. Am I correct?

Management: Export line to pump the oil actually because what is happening is this is the facility, the heater treater, the volume will go up if I'm not able to pump the oil which comes out. Suppose if it is a 50 barrel is my ability to pump, so I cannot produce more than 50 barrels.

Veer: And what exactly is wrong with the export line. Is there some CC surface material there or is it like some waste product which has choked it? Or what is it exactly which is causing this?

Management: We are expecting some wax formation there into the line.

Veer: And is this a normal occurrence?

Management: The paraffin actually. It's a paraffin, which is in the crude. When you keep the oil therein for a longer period, the paraffin sets in the walls of the floor.

Veer: So, this occurrence is very normal to happen even to the new equipment?

Management: Occurrence is normal because you remember that after July 14th, we shut it down. We reopened the wells only in the month of first of November, there is substantial period of four months we had.

Veer: So, how did you solve the problem that time if this is the same problem currently?

Management: What happened, paraffin deposit was there and what we will be able to pump around say 70-80 barrels, we thought the line is clean. Now, we wanted to pump more, then we found out it started choking from 80 barrels, 70 barrels, 60 barrels, 50 barrels, 40 barrel and 30 barrels. Now, we made process cleaning, to pump somewhere around 60 barrels at the moment. So, we'll be further cleaning up through different processes..

Participant: And well, I can only say that had you been on the board would be more helpful, but I'm sure like your team has been, Mr. Jeeva and you have been really getting this ship sailing well along all this time. So, missing you by Mr. Jeeva would be a big thing because I remember you guys were together in Hardy Oil also, right? Read somewhere on the Internet?

Management: We were in together in ONGC. I still hope we will be together.

Moderator: Thank you. Our next question is from the line of Vishal Prasad from VP Capital. Please go ahead.

Vishal Prasad: Only one question. So, for B-80 when things are fine and we are able to sell gas and oil, so given current price, what percentage of revenue will go to Government of India?

Management: I'm not interested to give any revenue projection at this stage. We have to stabilize.

Vishal Prasad: No, I'm not asking about the revenue. I'm asking, there is a formula based on which you will pay Government of India the royalty. So, if it is today, what percentage of revenue will go to Government of India, that's what I'm trying to understand?

Management: Now that is 10% versus royalty to the government on whatever the price we are getting. Then balance is about the range between 10% to 45%, 10% minimum and then 10% to 45% more than \$10,000. So, it's basically a progression, it is an arithmetic progression.

Vishal Prasad: Between 10 to 55, that's the possibility.

Management: That's it. So, if they have about \$100,000 revenue that will be added by about another 12%.

Vishal Prasad: But we will try to keep it between 10% to 12% or how we are thinking?

Management: No, we will go up to 30% to the Government that is 25% to the Government. So, we will ramp up the revenue accordingly depending on the production which get from the field.

Moderator: Thank you. Our next question is from the line of Satish, who's an investor. Please go ahead.

Satish: So, look, I've been watching the performance of the company for the last 4-5 years and then what I see is like we are always one step forward and two steps backward. The results could be different, the challenges in the production line, operational issues and so many issues. So, are these challenges which you and the company are facing, were they all unanticipated? Are they all accidental or what is the reason for these issues coming up?

Management: So, Mr. Satish, these oil and gas companies are basically value in the assets below the subsurface, right? These assets are continuously growing in the company. You can look at the reserve base of the company 7 years back and the reserve base of the company now, right. So, every quarter there is an increase in revenue, decrease in revenue that happens, yes, you are right. One step we go forward, we are getting back three steps. But this is all the temporary phenomena that doesn't change the underlying value of the company per se. The underlying value of the company is in a continuously increasing mode that will continue to grow more and more. That's what we can share.

Satish: So, my second question is like you said that one of the reasons for the reduction in the production in B-80 is because of the accumulation of paraffin in the passage pipes or whatever it is, so is this not a phenomenon which is faced by the other producers for which there is no standard solution available? Because what I hear from you is like you're still trying to work out the best possible way of coming out of this issue. So, is it the issue which is very unique to this company?

Management: It's not unique to the company, it is a 100-year-old issue there on to all the oil and gas pipelines..

Satish: One other question of mine like you've been saying that many of the operational issues which you have been facing, you are going to plug out those issues, maybe in the span of 8 to 9 months. Most of the issues you have mentioned the same timelines. Is there any way by which the timelines can be reduced?

Management: So, that is the maximum timeline, we are making all efforts to get it reduced and it could be less as such. So, we are doing our best as such to get the things. Nine months' time should be the reasonable time according to us, maximum reasonable time and we should be able to crash it a little faster as well.

Satish: So, my last question is like because there has been a good amount of production loss happening in Q2. So, whether the production from different fields in terms of oil and gas and all put together, will that be lower than Q1 or better than Q1 for the Q2?

Management: I cannot say at this stage either way I'll be wrong because we have to see the field performance and the offtake issue of the Assam that has to be seen and then the production comes from the B-80 field with the issues thereon. So, I can't predict any number there at the moment.

Satish: You can't even say whether it would be less or more or as compared to Q1?

Management: That is right.

Moderator: Thank you. Our next question is from the line of Tejas Shah from Laser Securities. Please go ahead.

Tejas Shah: Just one request to Mr. Elango, if you can prolong his retirement by a year so at least what are the most difficult part of trying to work around is taken care with under him or along with Jeeva sir. And then after a year you can renew. And another thing is can we not look at JV with our international company who will be more interested as we are having a lot of interest in lot of producing their fields, so just a thought because Jeeva would retire after some time, because I think even age 55-60 I suppose, so are we not looking at exploring on those aspects also?

Management: Thank you and noted your suggestion.

Moderator: Thank you. Our next question is from the line of Ashwin Reddy from Samatva Investment. Please go ahead.

Ashwin Reddy: I just had one small question if you could answer that, so would Mr. Elango remain as a shareholder in the company or would he also be exiting the company?

Management: No, I'll remain as a shareholder of the company.

Moderator: Thank you. Ladies and gentlemen, that brings us to the end of our question and answer session. I would now like to hand the conference over to Mr. Elango from Hindustan Oil Exploration Company Limited for closing comments.

Management:

Thank you. We've noted all your suggestions, observations and questions. I think we've made our best efforts to answer them, but we take all your feedback seriously and we'll continue to work on that. Thank you for the support. Thank you.

Moderator:

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