



Oil India Q3FY13 Earnings Conference Call

February 13, 2013



**MANAGEMENT: MR. T. K. ANANTH KUMAR
MR. S. RATH
MS. R.S BORAH**

ANALYST: MR. AMIT RUSTAGI

Moderator: Ladies and gentleman, good day and welcome to the Oil India Q3 FY13 Earning Conference Call hosted by Antique Stock Broking Limited. As a reminder, for the duration of the conference, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance during the conference call you may signal for an operator by pressing *0 and then 000 on your touchtone telephone. Please note this conference is being recorded. I would now like to hand the conference over to Mr. Amit Rustagi of Antique Stock Broking. Thank you and over to you.

Amit Rustagi: Good morning everyone. I welcome you all to Oil India third quarter FY13 Results Conference Call hosted by Antique Stock Broking. Today we have with us Mr. T.K. Ananth Kumar ó Director Finance - Oil India and Mr. S. Rath ó Director Operations, joined by other Senior Management team from Oil India. I heartily congratulate Oil India Management for successful OFS which was oversubscribed 2.6 times. Congratulations Sir for the same and handing over to you for opening remarks.

Ananth Kumar: Thank you Amit and welcome to all present in the conference call. I am Ananth Kumar - Director Finance - Oil India. With me I have Director Operations Sri S. Rath and Group General Manager Finance Smt. Rupshikha Borah. We are pleased to announce the Q3 and nine-month FY13 Results which was approved in the 429th board meeting of the company. Briefly, I shall be presenting the physical performance, the financial performance, the financial highlights, the sales revenue, the crude price realization, natural gas realization, something on the transportation income, the profitability, the subsidies which has been given by us and other relevant things which will be of interest to the investors. We also would like to tell you the guidance for the next year and the reasons which has affected the production during the first nine months of this year.

To begin with, the physical performance of the crude oil production during Q3 FY13 was 0.921 million metric tonnes as compared to 0.968 million metric tonnes achieved during Q3 FY12. This is lower by 4.86%. As far as natural gas production is concerned, the production has been 675 million standard cubic meter during Q3 which is slightly lower as compared to 676 million standard cubic meters during Q3 FY12. The crude oil sales have been 0.924 MMT, decreased by 2.74% as compared to sale of 0.950 in Q3 FY12. Sale of natural gas has decreased by 1.47% to 536 million standard cubic meters as compared to 544 million standard cubic meters during Q3 FY12. As you are aware during the last four years we have been doing good growth in volumes both in crude oil and natural gas. But unfortunately this year the growth has been affected because of external factors. We have been continuously plagued by bandhs, blockades and external environment which impacted our production and drilling operation in Assam where we operate. We have been doing our best to overcome this problem. We are reasonably successful in arresting these problems which we have faced, but nevertheless they are not fully resolved. We are hopeful that by the year end we should be able to resolve them. As per the indications, as against 3.884 million tonnes we achieved during last year, including production from JV operations, we should be able to manage 3.79 million tonnes this

year, so there is a shortfall of about 0.1 million tones in crude oil. As far as gas is concerned, our target is 2.66 BCM and we should be able to manage that during FY13.

The financial performance has also been affected to some extent due to lower crude oil production and flat gas production. The subsidy burden which has increased during the current year also has impacted the financial performance to a large extent. The rupee dollar exchange variation has been favorable which compensated to some extent the lower net price realization. But nevertheless the final figure has been slightly lower than last year. We also had increased burden of cess which has been increased from Rs.2500 per MT to Rs.4500 per MT from March 16, 2012. This also had an impact of around 569 Crores.

The Crude Oil price realization in Q3 has been \$108.59 gross as compared to \$110.07 in the corresponding quarter last year. The gross realization during nine months FY13 is \$109 as compared to \$112.79 per barrel last year. Due to higher sharing of under recovery, the net realization is \$53 in the nine months as compared to \$67.32 which we achieved during the same period last year. However, as I mentioned, due to exchange rate there has been some positive variation but still the rupee realization has been lower in the nine months period. The natural gas realization also has impact to US Dollar, because of that the average realization during the nine months FY13 has increased by 14.77% to Rs.5470 per million standard cubic meters as compared to Rs.4766 per SCM in the corresponding period.

We also have third segment, viz. transportation which has been doing quite well in the last year. The volume has increased but the transportation income has decreased by 33.44% because certain arrears in freight were accounted last year.

The profitability overall for nine months has decreased by close to 6%. As compared to Rs.3002 crores we have done Rs.2824 crores in nine months. Subsidy to oil marketing companies has increased to Rs.6042 Crores from Rs.4478 Crores. The subsidy burden has affected the profit after considering taxes, royalty etc., to the extent of Rs.3413 Crores. The other operating income has increased during the current fiscal. It has increased primarily due to increase in claims towards subsidy on natural gas because of higher exchange rate. The DDA cost during nine months FY13 has decreased by 6.06%. The expenditure on statutory levies, as we mentioned, has increased primarily due to increase in rate of OID cess. The employee cost you may find significantly decreased in the nine months period by 16.81%, that is Rs.965 Crores as compared to Rs.1159 Crores, this is mainly on account of the superannuation benefits of Rs. 305 Crores which had been provided in the last year for the period 1.1.2007 onwards which is Rs.305 crore. So, that had an extraordinary impact last year and that impact is not there during the current year.

These are some of the highlights of Oil India's nine months results both financial and quantitative performance. We are quite pleased to say that we have made a target of 3.95 million tonnes of crude oil production and 2.74 billion cubic meter gas production for the next year. We are quite hopeful that the problem which had affected our production during the current year should be overcome and we should get back to our growth path. I have with me Director Operations who would be able to guide you on the production performance in much more detail. Thank you very much. Thank you Amit.

Moderator: Participants will now begin the question and answer session. We will take our first question from the line of Mr. Ashutosh Bharadwaj from Nirmal Bang Equities; please go ahead.

Ashutosh Bharadwaj: I just want to check this 3.95 MMT you were talking about for FY14. What would be the run rate it will go on, currently you have 0.91 MMT you are doing for a quarter, so how the run rate will increase in next four quarters for FY14?

S.Rath: This year we are going to achieve what Mr. Ananth Kumar has said only upto a rate of 3.79 to 3.8 MMT. What we are planning is for the next financial year, that is where we will achieve close to 3.9 and last year also at certain point of time when this bandhs and blockades were not there we achieved a rate around 10,700 tonnes per day which works out to around 3.9 MMT. We will take number of measures. In addition to handling of blocks and bandhs, technology intervention we will do so that we really pickup the production.

Ashutosh Bharadwaj: You are talking about 3.95 MMT from 3.79 MMT for FY13, so when you are going to increase from 0.91 to 0.98 on a quarterly basis, from 0.91 how it will reach to 0.98, because if you are doing 0.98 for a full year it actually means that in Q3 and Q4 you will be having more than 0.98, so just looking at what exactly is the trajectory of the increase in our production on a quarterly basis?

S.Rath: That is a very big challenge for us. The question you have asked, only two days back we had a discussion with the government on our MOU performance for the next year. We have been given a challenging task, we are working on that. Last few days only it has been decided. So this is a very big challenge and we will make it up.

Ananth Kumar: I also wish to clarify that this 3.95 is 3.91 from our normal operations at Assam and 0.04 is coming from our JV operation. So 3.95 includes the JV operation 0.04 also. As Mr. Rath said, bandhs and blockades we are taking measures to overcome which should take the production back to 10,750 metric tonnes per day level. The induction of technology, like horizontal well and IOR/EOR technological development would also help us in improving the production. We are parallelly working on induction of new technology and overcoming the bandhs and blockades. We are quite hopeful that during the course of next year gradually the production ramp up would take place. It may not be

exactly average 0.98 or whatever we mentioned; it will be gradually going up from quarter to quarter. Because the technology induction would take some time but we are working seriously towards that.

Ashutosh Bharadwaj: I just noted 2.74 BCM you are talking about for 2014, how will your gas for your production to sales ratio will pan out because till now you have some type of customer problem that is the reason your production to sales ratio is still about 79%. Now you are getting new customers. Are you looking at this particular ratio improving in FY14?

S.Rath: As far as FY14 is concerned we are going to ramp up production may be by more than 1.5 million standard cubic meters per day. For that we are already procuring materials. We are going to complete some of the specialized wells which are expected to give gas more than three times what we are producing now. So I hope by the middle of next year things will come and we are also bound to supply to BCPL which is also going to come on line. So we are taking special measures as far as gas is concerned to move from this present production to another at least 1.5 million.

Ananth Kumar: This 21% what you said between production and sales, that would more or less continue because we require internal consumption of gas also for our captive generation and other important uses.

Moderator: Thank you sir. Next question is from the line of Mr. Probal Sen from IDFC Securities. Please go ahead.

Probal Sen: The reasons for the drop in DD&A cost, is it because we have had less dry well write offs in this nine-month period or is it because the drilling has reduced?

S. Rath: It is a combination of both the factors; the drilling as I said was affected because of the bandhs and blockades which we faced in Assam. The DDA is also not consistent on year to year so this year the write off has been slightly low.

Probal Sen: If I could get some color on the drilling plans we might have for FY14, how many wells, are we looking at NELP blocks that we are looking to drill in FY14?

Ananth Kumar: We are quite pleased to say that two of our very prospective NELP blocks one at KG and one at Mizoram, in both these locations we are expected to start the drilling activity in 2013-2014. In KG the order for rigs have already been placed. We are hopeful that by April the well should be started and for Mizoram we are likely to place the order very soon. So both these prospective NELP blocks would take a couple of well drilling in 2013-2014. Apart from that we also have drilling going on at Gabon where the second well is being drilled now and we expect to drill one more well. The drilling budget for the next year also has been enhanced both in development drilling and exploration drilling.

- ProbalSen:** KG one would be deep water offshore sort of well while Mizoram would be an onshore well?
- Company speaker:** No KG is also onshore block; both are onshore as far as drilling is concerned.
- Moderator:** Our next question is from the line of Mr. Vishnu Kumar from Spark. Please go ahead.
- Vishnu Kumar:** If I look at your nine month financial analyses that you sent across, the Crude oil revenue is about Rs.1910 Crores. If I look at it from your reported volumes, reported realization, there seems to be about a 60 Crores short, is there any one offadjustment in your revenue? I am just comparing between your reported volumes, reported realization, if I compute it against your actual reported revenue historically, this formula works. But now it seems that a 60-65 Crores one offset off probably is there?
- Ananth Kumar:** Government provides subsidy on LPG also but for clarity sake we have taken the entire discount on crude oil for reporting purpose. So \$56 discount what government has worked out which is distributed to crude oil and LPG but for clarity sake we have taken the entire discount on crude oil that will give some difference.
- Vishnu Kumar:** This is purely the difference the practice you are doing only from Q3?
- Ananth Kumar:** From the current year.
- Vishnu Kumar:** Same formula if I apply for Q1 and Q2 it is working out well, because if you see the gross revenue for Q2 is 1916 Crores.
- Ananth Kumar:** It has been implemented; this reporting change has been done from third quarter.
- Vishnu Kumar:** During the quarter your gross realization if I see the discount to Brent has actually widened, any thoughts on that sir because earlier it was used to be on a premium then last quarter it just about went flat and today this quarter it is at a discount.
- Ananth Kumar:** The Oil India basket has been slightly ahead of Brent to the extent of about 0.25 to 0.5% so it is depending on the formula of the crude basket what we have and generally we find that premium of 0.5 dollar to barrel, it varies from time to time, so the Brent crude and our oil basket there is slight variation.
- Vishnu Kumar:** FY14 we expect the discount to be less than 2% or you expect to widen or any thoughts on that?
- Ananth Kumar:** No, as I said, oil basket has been higher than Brent but it varies from time to time, of late we have been seeing that the difference has reduced.

- Vishnu Kumar:** NRL in its 12th five year plan has stated that they want to increase their capacity from 3 to 8. I understand that this is too preliminary of course, but can Oil India increase its volumes say even if the plan works out and say FY06, 17, for 3 to 8 is a big jump for NRL. Can you support this at least say 50%-60% of NRLs plans?
- S. Rath:** This expansion is proposed to be import oriented; even we are not able to feed the present crude what is being produced both by OIL and ONGC to the existing refineries. So their entire expansion is dependent on import.
- Vishnu Kumar:** On the Mizoram and KG you just give an update. When can we expect any results to see from this drilling program; say FY04 end or any reserve estimates or anything on that front?
- S. Rath:** Reserve estimate will come only when we drill and these are appraised and also certified because these are NELP blocks. But Mr. Ananth Kumar said just minutes back that we are going to start drilling for these blocks in KG may be in another two to three months time and deep wells will be drilled maybe after six months to eight months. Mizoram may come after six months. So at least you will know whether oil and gas presence is there and what is the quality. But as far as reserves estimation is concerned, it may take some time.
- Moderator:** Our next question is from the line of Mr. Amit Shah from BNP Paribas. Please go ahead.
- Amit Shah:** Just couple of questions, on back of the production guidance I was just wondering if you can tell us what is your guidance for FY05, if you have one and the second question is can you just give us the Capex numbers for FY03 and FY04?
- Ananth Kumar:** As a practice we do not give guidance two years later, we have worked out the guidance for next year because that is a MOU we are planning to sign with the government. As far as Capex is concerned for next year we have a figure of Rs.3425 Crores for exploration development and overseas investments wherever we already taken blocks. However this does not include the possible acquisitions for which we would give as and when acquisition materializes. So Rs.3425 Crores is the budget for next year for Capex as compared to Rs.3070 crore revised estimate for the current year.
- Amit Shah:** Up till now how much Capex has been incurred for nine months?
- Ananth Kumar:** About 80% of the budget.
- Moderator:** Our next question is from the line of Mr. Abhijeet Bohra from IFCI Financial Services. Please go ahead.
- Abhijeet Bora:** Could you please repeat the number about production guidance for gas for this current year FY03?

- Ananth Kumar:** For FY13, as I said, the production is likely to be equal to what we have done last year that is 2.63 BCM. We are likely to reach the same milestone and have a flat growth for gas. But next year as I said we are targeting 2.74 billion cubic meters.
- Abhijeet Bora:** In this particular quarter if you see the crude sales volume is down by almost 2%, rupee has appreciated by almost 2% and your dollar term realization is almost flattish, despite this the crude revenues are flat on a sequential basis, ideally it should be lower because your volumes are down and rupee has appreciated. What is the primary reason reporting for a flattish crude revenues, especially crude oil revenues?
- Ananth Kumar:** Last year corresponding quarter we had crude oil revenue of Rs.1945 crore and this year it is Rs.1910 crore. So there is a decrease of Rs.35 Crores.
- Abhijeet Bora:** I am talking about a sequential basis?
- Ananth Kumar:** Second and third quarter?
- Abhijeet Bora:** Yes.
- Ananth Kumar:** The nine month crude sale revenue has been Rs.5740 crore, the revenue from Crude oil decreased by 10.51% primarily due to high discount and decrease in sale quantity. On account of decrease in quantity sold there has been adverse variance of Rs.186 Crores and due to decrease in net price realization the impact is Rs.1500crore, whereas the rupee dollar exchange positive variance has been Rs.992 Crores. So the net decrease is Rs.688.5 Crores during the subject period.
- Abhijeet Bora:** These figures are sequential or like on a year on year basis?
- Ananth Kumar:** Yes, this is for nine months period.
- Abhijeet Bora:** The financial analysis sheet which you have uploaded on the website, your crude revenue excluding JV is Rs.1910.45 Crores in Q3 and in Q2 it was Rs.1916.34 Crores, I am just wondering your production is down, rupee has appreciated and your realization dollar terms were flattish but still the revenues you have reported almost flattish on quarter on quarter basis so the primary reason it should be on a declining trend with your volumes going down and the rupee appreciating?
- Ananth Kumar:** We will give you a reply for that.
- Moderator:** Our next question is from the line of Mr. Rakesh Kedia from Morgan Stanley. Please go ahead.

- Rakesh Kedia:** If you could update on last quarter plans for Venezuela, how much Capex have you done so far and how much Capex you plan to incur let us say over next two to three years timeframe and what is the production growth we can look after and secondly, if you look at your cash balance any plans in terms of how you trying to utilize the excess amount of cash which you have in your balance sheet?
- Ananth Kumar:** I will answer the second question regarding cash utilization first. As we have been talking, inorganic growth through acquisition has been one of our key strategy. We have been pursuing this for quite some time and last year we have acquired a Shale Oil asset at USA. Recently we have given some non-binding offers for acquisition of some assets. We are in the advance stage of discussion, so we are quite hopeful that couple of such acquisition should crystallize this year or in the next financial year. So we are hopeful of utilizing the cash for more productive use decisions. As far as Venezuela is concerned we are quite happy that on December 27, the first well has started producing and in January the second well has started producing and the third well is likely to start very soon. There is a good program for ramping up the production through continuous drilling efforts. We are expecting that in the next three to four years the production should go up gradually up to a level of 400,000 barrels per day and our share should be around 13,000 to 14,000 barrels per day. We are expected to spend over the next three to four years \$424 million for this project. The year wise breakup, we have spent till now Rs.34 Crores. For 2013-2014 we are likely to spend about Rs.245 Crores which is included in that figure of Rs.3425 crore what we mentioned sometime back.
- Rakesh Kedia:** Have you heard anything on the gas price hike which is currently being discussed and mooted by the government in the wake of the Rangarajan Panel committee, have you made any proposal to the government on that front or have you heard anything on any movement, any direction on that front?
- Ananth Kumar:** We have not heard anything from Ministry as yet. We have been getting this news only from the media sources but informally we gather that the proposal has gone from Ministry, it will be taken up by EGOM very soon and as per indications the revised gas price should be implemented at the earliest. When exactly, it is difficult for us to make any comments but based on indications it is being taken up and likely to come as fast as possible.
- Moderator:** Our next question is from the line of Avdhoot Sabnis from CIMB. Please go ahead.
- Avdhoot Sabnis:** Ananthji mentioned that the Capex for this year FY13 is Rs.3070 Crores and that 80% of that has been spent in nine months, I wondered if it was possible to get a split of that in terms of how much on surveys, exploratory drilling, development drilling and fixed assets?
- Ananth Kumar:** We have the details available with us. We will mail it to you.
- Avdhoot Sabnis:** Sure.

- Moderator:** Our next question from the line of Mr. Rohit Nagraj from Centrum Broking. Please go ahead.
- Rohit Nagraj:** On the issue in Assam whether that issue has been subsided in the current quarter that is last one, one-and-a-half months?
- S. Rath:** The issues are very complex, these are some of the very localized issues and relate to developmental issues in that part of the country. So this is going on. This year it has increased. But we have brought these issues to the Chief Minister, to the DGP Police of the Assam and the concerned District Collector. Again it has been flagged in PMO's meetings as well as with concerned officials even of our Ministry. We hope in future these things will decline that is what we can say at present.
- Rohit Nagraj:** I was just wondering the guidance for FY13 on crude production you have said 3.79 million tons and we have done about 2.83 million tons in nine months so if I take that differential that comes to around 0.97 million tons of which probably 0.95 Millions tons will be done from Oil India. so sequentially I am looking at the numbers it looks like the production will jump from 0.91 in Q3 to 0.95. I was just wondering if the issue is not resolved, would we be able to make up for this differential increase in production?
- Ananth Kumar:** When we mentioned about the figure 3.884 MMT for last year and likely figure of 3.79 MMT for the current year we have included the production from joint Ventures also. So we expect from joint venture we should get a production of 0.04 MMT. So from Oil India's operation the production is expected to be around 3.74 to 3.75 MMT. So taking the joint venture production the final figure is expected to be 3.79 MMT as compared to 3.88 MMT last year. So the figures whatever we have been saying includes the joint venture in Arunachal Pradesh but does not include the likely production from USA and Venezuela.
- Rohit Nagraj:** This figure you are talking about is probably a consolidated figure and not only domestic?
- Ananth Kumar:** Yes that is the figure we uploaded in the website so that total figure is including JV.
- Rohit Nagraj:** Secondly a similar question on the gas production, now gas production in the first nine months has been flattish and in Q3 we did about .68 BCM and you said that for the entire year also it would be flattish at 2.63 which signifies that in fourth quarter there would be drop in gas production to probably .64 BCM so would that be a right thing to assume?
- Ananth Kumar:** It will be more or less same 0.64-0.65 in that range because Numaligarh has started taking more gas at the moment but keeping in mind the likely figure we had given 2.64, we should be able to touch that figure or slightly improve it upon also.

- Rohit Nagraj:** So sequentially there will be drop because I can make out from the numbers in Q3 it was 0.68 BCM and this quarter in Q4 probably will be doing 0.64 to 0.65?
- Ananth Kumar:** I was slightly conservative when I said 2.63. what we will be touching may be equal or slightly more than that.
- Rohit Nagraj:** On gas production front I missed out that point that was mentioned regarding 1 to 1.5 MMSCD increase in production. When is it going to happen and who would be customer for the same and secondly on the update on the BCPL when the plant is going to likely commence operations and what kind of supplies are expected from us?
- Ananth Kumar:** Plant commissioning is likely to take place by December-January 2014, the progress has been quite satisfactory, the mechanical completion is likely to be done in phases right from May 2013 and likely to get completed by June ó July 2013 and a six month period between mechanical completion and commissioning that makes January 2014 as a likely date of commissioning. We have been in touch with them for augmentation of gas supplies. We expect that some gas would be supplied to them in 2013-2014 but from 2014-2015 onwards the gas supply would considerably get enhanced. We are working towards augmenting our production to take care of the supply to Brahmaputra Gas Cracker. We are spending more money in developing some of the wells which should be able to give the gas to Brahmaputra Gas Cracker, we are hopeful that in the year 2014-2015 and 2015-2016 onwards our gas production should be able to touch 10 Million Standard Cubic Meter per day.
- Moderator:** Our next question from the line of Mr. Devang Mehta from Canara Robeco Mutual Fund. Please go ahead.
- Devang Mehta:** Given the current scenario the Diesel price hike has been happened once but going forward they are expecting every month and the current crude oil prices hovering around \$120 per barrel what would be the sense on net realizations going forward for FYø14?
- Ananth Kumar:** The reforms introduced by government right from September and also in January are very welcome and the direction is very positive. We expect that some more revisions should come through in the months coming by. These revisions in price would definitely reduce under recovery and we expect that once under recovery is reduced, upstream oil companies would also get lower subsidy burden. We are taking up with government that the subsidy burden should be reduced consequent to the possible reductions in under recovery, we will be consistently following upon that, so let us hope for the best but the direction from the government has been quite positive.
- Devang Mehta:** Would there be any aggressive acquisition outlook if the realizations improve?

- Ananth Kumar:** As I mentioned the acquisition ambition what we are pursuing has been continuously on the improvement. We are at the moment having couple of acquisitions which are in the advanced stage and we hope that next year we should be able to close couple of deals and the discussions are continuously happening in this direction.
- Devang Mehta:** The new discoveries the KG NELP block at Rajasthan and the Mizoram, what kind of investments are we looking at this point of time, any Capex plan for that particular block?
- Ananth Kumar:** As I mentioned the Capex plan including all the exploration in development block plus purchase of capital equipment and also investment in overseas is around Rs.3425 Crores for the next year. We will be able to provide you the breakup separately for KG and Mizoram, we will send to you separately.
- Moderator:** Next question from the line of Mr. Rajat Modi from Dalyan Capital. Please go ahead.
- Rajat Modi:** Basically my question is regarding that there will be some inorganic growth coming from two acquisitions in the next financial year so I just want to get the sense of the potential of these opportunities in terms of production?
- Ananth Kumar:** It is too early for us to make any comment on the likely production etc., but we have done a detailed due diligence and we are positive about the acquisitions what we are likely to conclude. At the moment, beyond this I am not able to say anything.
- Moderator:** We have a follow up question from the line of Mr. Bhavin Gandhi from B&K Securities. Please go ahead.
- Bhavin Gandhi:** I appreciate that you would not be able to share details on the acquisition but could you at least give us color as to whether it will be an exploratory asset or a producing asset or it will be conventional or unconventional asset that you are looking at?
- Ananth Kumar:** As we have been talking that our objective is to look for discovered, developed and producing asset so that we get topline and bottom line growth overnight. So keeping in mind these objectives, we are at the moment looking at discovered and developing assets.
- Bhavin Gandhi:** Just one more clarification, there was this talk about the condensate production removed being removed from the production calculation for under recovery sharing, has there been any progress on that side?
- Ananth Kumar:** We along with ONGC have made a representation to finance Ministry as well as Ministry of Petroleum that condensate production should be removed while calculating the \$56 per barrel subsidy

to be borne by upstream companies. As far as the Oil India is concerned our condensate production is very nominal. We are pursuing with them but at the moment we havenot heard anything from government.

Bhavin Gandhi: Could it be so that because our condensate production is nominal the under recovery burden could incrementally increase for OIL vis-à-vis ONGC?

Company Speaker: No we do not expect any increase in condensate production.

Moderator: A next question from the line of Mr. Miten Lathia from HDFC Mutual fund. Please go ahead.

Mithin Lathia: On BCPL if you could sort of give us a sense of what volume will be sold to BCPL in FY014 and how much will it ramp up in FY015, also is the price for that gas frozen via separate agreement or not?

Ananth Kumar: As I said the BCPL commissioning is likely to be by December January 2014. The quantity what we have contracted is 1.35 Million Standard Cubic Meters per day. So current year we do not expect any significant increase in the volume, it will be marginal. But from next year onwards generally the plant takes some time to stabilize, even if they do 70%-80% we should be able to give about one million standard cubic in 2014-2015. As far as price is concerned there is a separate agreement which was signed about six years back so as per that APM price of Rs.3200 was kept and subsequently since it has been revised to USD 4.2/ mmbtu. We should be getting that price of 4.2 and meanwhile if the price undergoes a change to \$7 or 8 per MMBTU, we should be able to get that price from BCPL also.

Moderator: Next question from the line of Mr. Sumit Pokharna from Kotak Securities. Please go ahead.

Sumit Pokharna: Is it possible to share how much discount or the subsidy part was for LPG out of the total subsidy?

Ananth Kumar: The discount on LPG for nine months as far as Oil India is concerned its 94 Crores, the total 6042 Crores includes 94 Crores discount on LPG.

Sumit Pokharna: The budget is due very soon. So can you share with me if custom duty on crude oil that has been reduced to zero will be re-imposed. Anything on that front can you share with me?

Ananth Kumar: It is difficult for us to make any comment, we are just waiting and watching.

Moderator: Participants that was the last question. I would now like to hand the conference over to Mr. Amit Rustagi for closing comments.



Oil India Limited
February 13, 2013

Amit Rustagi: On behalf of Antique Stock Broking I sincerely thank you all for joining us in the call and I also sincerely thank Oil India Management for sparing their time for investors and analyst community and we appreciate their efforts in maintaining a contact with all the analysts and investors continuously. Thanks a lot sir.

Ananth Kumar: Thank you Amit and all the investors.

Moderator: Thank you. Participants, with that we conclude the conference. Thank you.