



ऑयल इंडिया लिमिटेड

(भारत सरकार का उद्यम) पंजीकृत कार्यालय: दुलियाजान, असम

Oil India Limited

(A Government of India Enterprise) Registered Office "Dulijajan, Assam

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Ref. No. OIL/SEC/32-33/NSE-BSE

Dated: 17.08.2022

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| National Stock Exchange of India Limited Exchange Plaza, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051 NSE Symbol: OIL | BSE Limited Department of Corporate Service Phiroze Jeejeebhoy Towers Dalal Street Mumbai - 400 001 BSE Security Code: 533106 |
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Sub: Conference Call for Q1 Financial Results (F.Y. 2022-23) [Transcript]

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

Sir/Madam,

We write further to our letters of even no. dated 08.08.2022 & 11.08.2022 on the captioned subject and submit herewith the Transcript of the said Concall [dated 11.08.2022] which has also been uploaded on our website as detailed hereunder:

www.oil-india.com ⇒ Investors ⇒ Investor Services ⇒ Analysts & Investors Meet
⇒ Transcript of the conference call held on 11.08.2022

Weblink: <https://www.oil-india.com/Document/Financial/Transcript%20of%20the%20Conference%20Call%20held%20on%2011-08-2022.pdf>

The above is for your information & records please.

Thanking you,

Yours faithfully,
For Oil India Limited

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

Encl.: As above



“Oil India Limited
Q1 FY 23 Earnings Conference Call”

August 11, 2022



MANAGEMENT: **SHRI HARISH MADHAV – DIRECTOR (FINANCE),
OIL INDIA LIMITED**
**SHRI PANKAJ KUMAR GOSWAMI – DIRECTOR
(OPERATIONS), OIL INDIA LIMITED**
**SHRI SANJAY CHOUDHURI – EXECUTIVE
DIRECTOR (F&A), OIL INDIA LIMITED**

MODERATOR: **MR. VARATHARAJAN SIVASANKARAN - ANTIQUE
STOCK BROKING LIMITED**



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Moderator:

Ladies and gentlemen, good day and welcome to Q1 FY'23 Earnings Conference Call of Oil India Limited, hosted by Antique Stock Broking. As a reminder, all participants, lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Varatharajan Sivasankaran, from Antique Stock Broking. Thank you and over to you, sir.

Varatharajan Sivasankaran:

Thank you, Margaret. Good morning, everyone. It's my pleasure to welcome all the participants and the management of Oil India Limited, represented by Shri. Harish Madhav - Director Finance; Shri. Pankaj Kumar Goswami - Director Operations; Dr. Manas Kumar Sharma - Director E&D and Mr. Trisonku to this call. I would like to request Mr. Harish Madhav to give an initial remark and then we can move on to Q&A. Over to you, Mr. Harish Madhav.

Harish Madhav:

Thank you, Mr. Varatharajan for hosting this conference call with all investors and analysts. Thank you, Antique Broking. And I also welcome and thank you all the analysts and investors who have joined our call for Q1 results. So, let me just introduce our, along with me today as Mr. Varatharajan said, is Director Operations - Mr. Pankaj Goswami; Dr. Manas Sharma, somehow could not make it because he is little unwell today. So, he's not on the call. We have our Executive Director Finance - Shri. Sanjay Choudhuri and other officers also with us. I will request Mr. Sanjay Choudhuri to give a brief on the results of our first quarter, and then we can open for the question answers.

Sanjay Choudhuri:

Good morning, our friends and the analyst and the investor fraternity. At the outset let me thank Antique Broking Limited for hosting today's Earning Call of the company. The complete financial result for Q1 FY'23 was published yesterday, and now briefly gives some indications about the performance of the company, both in physical and financial terms. First to start with the consolidated turnover of the company for Q1 FY'23 is INR 11,566 crore versus INR 6,201 crore for the corresponding quarters last year.

The consolidated profit before tax for Q1 FY'23 is INR 4,333 crore versus INR 1,678 crore for Q1 FY'22. The profit after tax at the group level of the company for Q1 FY'23 is INR 3,230 crore versus INR 1,214 crore for Q1 FY'22. Now coming to the standalone results and dealing with the production front, the crude oil production for Q1 FY'23 is 0.779 million metric tons versus 0.74 million metric tons of production in Q4 of FY'22. The production in Q1 FY'22 also was the same figure, indicating an increase of 4.14% over the corresponding period last year. Natural gas production for Q1 FY'23 is 771 million standard cubic meters versus 734 million standard cubic meters sequentially in Q4 of FY'22, which is an increase of 5.04%.

If you compare that production to the corresponding quarter last year, the increase is by 8.44%. On the financial side, the company's profit after tax in Q1 FY'23 has increased by 206.23% to INR 1,555 crore versus INR 507 crore in the first quarter last year. The company's EBIDTA in Q1 FY'23 is INR 2,698.67 crore versus INR 1,296.92 crore in Q1 of FY'22. The EPS has increased to INR 14.34 per share in the first quarter of FY'23 as compared to the corresponding quarter of last year, where it was INR 4.68 per share.

The average crude oil price reservation for the first quarter FY'23 is increased by 67.88% to USD 112.73 per barrel versus USD 67.15 per barrel in the first quarter of last year. The average natural gas price for first quarter of FY'23 has increased by USD 4.31 per mmBtu to USD 6.10 per mmBtu, this is against USD 1.79 per mmBtu in the first quarter of the last year. We would also like to inform you that OIL has taken a provision and write-off against well of INR 270.73 in Q1 of FY'23 versus INR 6.22 crore during the same period last year.

A snapshot of the performance of NRL, profit after tax of NRL for Q1 FY'23 is INR 1,406 crore against INR 678 crore in Q1 of FY'22. NRL's gross refining margin has



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improved to USD 36.66 per barrel in the first quarter of FY'23 from USD 5.21 per barrel in the first quarter of last year. The EPS of NRL is INR 19.12 per share in this quarter of FY'23 versus INR 9.22 per share in the first quarter FY'22. With these opening remarks on the performance we are now open to take questions that you may have.

- Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Probal Sen, from ICICI Securities. Please go ahead.
- Probal Sen:** Yes, thank you very much for the opportunity, sir. First question was with respect to the new the additional duty that has been imposed that doesn't reflect obviously in the net realization, is that sitting in the other expense set or is it sitting in the statutory duty, sir, in the P&L?
- Sanjay Choudhuri:** This additional excise duty is applicable from 1st of July. So, it won't be reflected these results. These are only up to 30th of June. Subsequently it will become a part of the duties.
- Probal Sen:** Sorry about that. Yes. Sorry. Second question was with respect to the...
- Sanjay Choudhuri:** Subsequently it will be a part of the duties and taxes.
- Probal Sen:** Duties and taxes, got it. So the second question was with respect to NRL, just wanted to clarify, you've mentioned it USD 36.66 a barrel this quarter, but the Q1 number, you've mentioned 5.21, is that --
- Sanjay Choudhuri:** Yes. You got it right. What I was saying is that 36, this is for this year, and the other number was for last year, USD 5.21 per barrel for the corresponding quarter last year.
- Probal Sen:** Okay. Including the excise duty benefit last year it was only USD 5.21, is it?
- Harish Madhav:** Both are excluding excise duty, Probal.
- Probal Sen:** Sorry, sir?
- Harish Madhav:** Both these GRMs, which we have quoted are excluding the excise duty benefit. This is the core GRM.
- Probal Sen:** So, USD 36 is the core GRM that has been reported this month.
- Harish Madhav:** Yes.
- Probal Sen:** Oh, wow. Okay. Great. Last question is, sir, just some guidance on overall given that production has picked up for us, just some color on FY'23 - '24 production guidance and capex guidance if you can give. Thank you, sir.
- Harish Madhav:** Capex we have this year total of capex outlay of about INR 4,300 crore and in the first quarter it's I think, about INR 1,200 crore we've already invested. And for production guidance as our Director (Operations) will just --
- Probal Sen:** Sure, sir.
- Pankaj Goswami:** Good morning. So, for production this year, we are targeting, we are expecting that we'll be getting around 3.2 corresponding to 2.8 - 2.9 last year. So, we'll be getting 3.2 this year. So that is the production target as of now. And as of now, with our present production rate there is increase in the production compared to the last quarter, we're expecting that we'll be able to achieve that.
- Probal Sen:** Sorry, sir. This 3.2, you talked about oil?



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- Pankaj Goswami:** Crude oil production, yes.
- Probal Sen:** And what about gas?
- Pankaj Goswami:** In gas also we are expecting similar number, around 3.2 BCM.
- Probal Sen:** This is for FY'23, right?
- Pankaj Goswami:** Yes.
- Probal Sen:** Alright, sir. I have more questions, but I'll come back in the queue. So, thank you so much for the opportunity.
- Moderator:** Thank you. The next question is from the line of Nitin Tiwari, from Yes Securities. Please go ahead.
- Nitin Tiwari:** Good morning, sir. Thanks for the opportunity. Sir, my question is again related to production only, so in the – you had guided for incremental 1 million ton of production in about next 2 or 3 years. So where are we like with respect to that guidance right now? And are we still holding onto that guidance? And if you can also help us understand that how that production would come? So that would be my first question. And my second question would be around the result numbers. So, if you look at our crude oil results, they've been, they've fallen over the last decade or so. So where do we see making reserves in about next 5 or 10 years and if suppose the reserve base doesn't grow, so then what is the timeline that we are looking at, like you have probably, we would have monetized most of the monetizable reserves that we have. So that would be my two questions.
- Pankaj Goswami:** Your question, you were mentioning about our target for 4.0 in '24 - '25. So accordingly, we had the plan to go like that, this year 3.2, next year 3.6 and next year 4.1. So that is the target as of now. So, as I said earlier, we are in line with the production target. We are expecting 3.2 this year and subsequently in the next coming years we'll be increasing production. And your second part of the question that where from this production will come from, basically we are targeting our own operating areas as of now. So that is we have identified five thrust areas within the, within our existing field. And with that we are expecting, we are accelerating our drilling activities on those areas and we're expecting that we'll be getting more production from that, that is the target. Regarding reserve, as of now in each, you can say that the reserve the replacement ratio is always 1 plus Oil India Limited, that means we are always growing company. And at the same time we have already acquired on 25 numbers of OLAP blocks where we are yet to achieve any area result till now, seismic activities, exploration activities are going on. Then we have identified few locations in those areas. We'll be drilling in the next year. And with that drilling we'll be able to establish new reserves. That is what we are looking for. That is the growth plan for the company.
- Nitin Tiwari:** Fair, sir. I just like, just wanted to clarify on that only. So, as you mentioned our reserve replacement ratio is more than one. So does that include natural gas as well, are you talking about combined reserves or talking about crude reserves, because when I look at crude reserves they have suddenly come down over last 10 decades, sorry, last decade. So that certainly doesn't look like more than one reserve replacement.
- Pankaj Goswami:** It's a combined one.
- Harish Madhav:** More than one reserves numbers we have just quoted is a combined reserve. Crude oil reserves have come down, but then there is a conversion from 3P to 2P to 1P, which is regularly happening. See as of reserve versus production, I think we have been consistently maintaining our reserve production of almost 10 years production equivalent reserves for crude oil and natural gas more than 20 years. And that is the status as of today also. And as Director Operation has just mentioned that after the



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new exploration that we are doing in our numbers again, as well as the new oil field that we have acquired, we expect to add more reserves subject to of course discovery and with that reserves versus production balance that will continue to be maintained in a good form.

Nitin Tiwari:

Fair enough. Sir, lastly if I may ask, so in terms of natural gas, what is the peak production that we can hit in terms of natural gas keeping in perspective that demand that exist in north and east, the amount of gas we'll be able to take out of north -east and the pipeline connectivity it is there. So, what is the peak production we could look at?

Pankaj Goswami:

As of now our target is 5 BCM, so that we are expecting now, but we have built up our infrastructure so that we can handle up to 7 BCM. So that will be subject to production from the new reserve. So, we have built up our capacity like that, but the production target, gas production target if you talk about that is the 5 BCM as of now.

Nitin Tiwari:

So what is the timeframe for this 5 BCM?

Pankaj Goswami:

'24 - '25.

Nitin Tiwari:

Okay. Alright, thank you so much, sir. I'll get back in the queue.

Moderator:

Thank you. The next question is from the line of Sabri Hazarika, from Emkay Global. Please go ahead.

Sabri Hazarika:

Yeah, good morning, sir. I have three questions. The first one is relating to the windfall tax. So, can you give us some sense on what exactly is the formula which the government?

Sanjay Choudhuri:

The windfall tax, basically what we have seen from the three circular that have come till now, is that they are going to be reviewed every fortnight and after fortnight review the amount of SAED is going to be decided. So, starting about 23,250 has done 17500 now. So, what we expect is that every fortnight, the SAED will be declared and accordingly we'll be paying the taxes on that. However, we have observed one thing is that even after the windfall tax the company has the net realization in excess of our USD 25 per barrel, which is actually much higher than any time that, realization anytime in the past, if you keep aside the realization that we had last year.

Sabri Hazarika:

Right, no, I wanted to know that are they looking, I mean, it is like they have got some net realization for the companies in mind, right? Is that the way they're looking into it? I wanted to know the, I mean, the formula, if there is a formula, which you are aware of, of course, like it is the ministry's purview.

Harish Madhav:

We are not aware of any formula. This is the numbers which have been declared and there's no formula, which we are aware of. How this has been calculated that, of course, we don't know.

Sabri Hazarika:

Okay, sir. Secondly, I mean, part of this question itself, what is the, I mean, would you be like netting this windfall tax off from the crude oil revenue and then be calculating royalty and sales, or would it be like a direct impact on the statutory levies?

Sanjay Choudhuri:

This will be set up says against the CESS, yes, but about royalty, we are not so sure. We are examining the matter and we are not, been able to conclude as far as royalty is concerned, but this will be set up against CESS.

Sabri Hazarika:

Okay. So, you are saying that we have to take the net realization, then reduce the USD 25 - 30 impact and then calculate like 20% CESS on that. Is that right way?



- Sanjay Choudhuri:** Right.
- Harish Madhav:** Royalty as of now we don't think we'll be able to adjust this, make this adjustment, but still we are examining it and if the like sale we are able to give we'll certainly do.
- Sabri Hazarika:** Okay. So royalty being a state subject, I think, it will be more tricky to actually implement.
- Harish Madhav:** Yes.
- Sabri Hazarika:** Secondly, sir, considering your production growth, especially on gas as well as oil. I mean, since Baghjan the growth has been quite remarkable and it is, I think we are above even pre Baghjan period volumes also. So still now which are the fields which have contributed to this growth.
- Pankaj Goswami:** Gas production is mostly contributed from the Baghjan fields. So, this is one field which is producing gas more. Then secondly, for oil we have identified two major fields, one is Balimara that is near Namrup, and one is Lakwagaon, these are the two fields which are giving constantly more and more oil. So, we are expecting these two fields will be giving more oil.
- Sabri Hazarika:** So last one year these are the ones which are basically contributing to the growth, which has come already for the company. Right?
- Pankaj Goswami:** You are right.
- Sabri Hazarika:** Okay. And third question is that your expenditure, I mean, with respect to the provision as well as certain sundry expenses, which has also gone up, I mean, compared to what it used to be in the past. I mean, of course, it has been a volatile thing, but specifically asking about the provision, there was INR 400 crore provision. So, what was this on about and can we expect more such provisions coming up or is this the end of it?
- Sanjay Choudhuri:** Actually, you would have observed our finance for the last few years, or for any time for that matter, that provisions don't have a linear, are not linear throughout the year, right. There -- provisions do happen. It so happened coincidentally, that last year the first quarter we didn't have much of provision. Whereas this year we have higher provision in the first quarter, and last year the third quarter we had higher provisions. So if, basically if we look at the company's numbers provision on an annual basis was around INR **650-700** crore average on a year, on annual basis. Okay. So now in the first quarter, yes, we had an excess of INR 400 crore provision. That was because, we had a write-off, well write-off amounted to around INR 270 crore and another INR 144 crore we took a provision for the NELP where the PL had expired and extension is expected. However, this has been taken as a matter of abundant precaution, because we are really expecting the extension to come through in the next few months.
- Sabri Hazarika:** Okay, sir, it can be, there can be reversal as well on this later.
- Sanjay Choudhuri:** It is quite possible. Yes.
- Sabri Hazarika:** And INR 270 crore was on which well, it was written-off.
- Harish Madhav:** This includes one well of Bangladesh, 80 crore Bangladesh well, and two wells in northeast.
- Sabri Hazarika:** Two wells in northeast and one well in Bangladesh. Right? Sir, just one last add up, one last question actually related to your notes to account. So, I mean, the Supreme Court formed committee on that Baghjan blast. So, they've given this INR 1,200 crore figure. You have stated that that mostly it has been covered. So, is there any more, I mean, liability pending on we are like fully sorted in terms of Baghjan?



- Sanjay Choudhuri:** See if you talk of a liability in the financial, the liability can only be taken in the financial whether it can, when it can reasonably establish. Now this figure has moved on all the time. It started off with a INR 2,000 crore figure, then it came down to INR 1,200 Cr. odd. Now some come to INR 950 Cr. odd, so we really don't know which way this is going. And these are just numbers, which are put up by individual. The court has got it in cognizance of these numbers or given any order based on this numbers. So, these are just numbers which are floating around basically.
- Sabri Hazarika:** Okay, the court has not given any order as such.
- Sanjay Choudhuri:** No, none whatsoever.
- Harish Madhav:** Not even heard. Just the submission of a report, which has not even been heard in the Supreme Court.
- Sabri Hazarika:** Okay, sir. Fair enough. Thank you so much and all the best.
- Sanjay Choudhuri:** Thank you.
- Moderator:** The next question is from the line of Somaiah V from Spark Capital. Please go ahead.
- Somaiah V:** Yes. Thanks for the opportunity, sir. So, question with respect to NRL, so we had given the GRM's excluding excise duty benefit, could you help us with the excise duty benefit this quarter and last quarter?
- Harish Madhav:** I don't have the GRM, sorry, earlier also this questions have been asked, but GRM with excise duty numbers are not there, but my one suggestion is this that for comparative performance of the refinery its core GRM, which matters. The some additional benefit with the refinery is at northeast refineries are having. So if you're going to compare the Numaligarh refinery performance with other refineries, I think the core GRM that we are declaring that is the right number to compare and excise duty benefits each refinery, each company has certain concessions, duties, some VAT concessions, all these things are there, which is individual to each specific business or part of the business, depending on the sector or the location where it is established. So, I don't think that is too much important, but it's still based on the excise duty numbers of petrol and diesel, I think annually the refinery has a total benefit about INR 2000 - 2400 crore annually, on excise duty part based on the current excise duty.
- Somaiah V:** Got it. So just one clarification there, so from Q4 to Q1, because there was this excise duty revision cut in month of May. So, on a quarterly basis between the two quarters so the excise duty benefit directionally has it reduced to that extent or...
- Harish Madhav:** Naturally if the excise duty has reduced from Q4 to Q1 that resultant affect has been factored into the financial reserve of Numaligarh refinery.
- Somaiah V:** Got it sir. Sir, second thing on NRL, can you provide an update on the expansion plans, timings and from, I mean, the funding prospect to the equity contribution from standalone and the timing of the cash flow?
- Harish Madhav:** See expansion project is going on as per schedule, is fully online and expected to get completed by end of 2025. And the Numaligarh refinery company has tied up funding of about INR 19,000 crore from the consortium of banks. And currently the refinery since it has good cash flows over the past few periods. So, it is utilizing the internal cash flows plus some draw down from the funding arrangements, which has been tied up from the bank. So, equity contribution right now in current financial year is not expected, maybe next financial year after the internal resources, which are being generated into Numaligarh refinery, if they're exhausted after that only some equity contribution will come. But I think we have indicated earlier also as per the funding plan approved for this expansion project, out of approve total INR 28,000



- crore investment, about INR 3,000 crore will go from the Oil India's 70% equity share.
- Somaiah V:** Got it, sir. Sir, can you just help us out with the net debt number at NRL and also consolidated?
- Sanjay Choudhuri:** Could you just repeat it please?
- Somaiah V:** The net debt at end of the quarter at NRL and also on a console basis?
- Harish Madhav:** We (NRL) have drawn around INR 1,350 crore as of now against the total funding tied-up. So that is the only debt which the company (NRL) have. And on consolidated basis we, our total debt I will just tell you, it must be around, INR 14,000 crore. So, about INR 15,000 crore must be our consolidated debt. In the meantime, we can tell you the final number.
- Somaiah V:** So, this INR 15,000 crore is gross number, no?
- Sanjay Choudhuri:** Consolidated debt for the company Oil India, including 70% share of NRL status.
- Somaiah V:** Okay. Got it. Thank you. I'll join back the queue. Thank you.
- Moderator:** Thank you. The next question is from the line of Gazal Gupta, from JM Financials. Please go ahead.
- Gazal Gupta:** Hi. Thanks a lot for taking my question. I just have one question related to the subsidy. So, just wanted to understand that any idea that what will happen to the USD 40 subsidy, will it go to the OMC, that's it for my side? Thank you.
- Harish Madhav:** We are not able to understand the, can you repeat please?
- Gazal Gupta:** Hello?
- Harish Madhav:** Can you repeat the question? We could not understand.
- Gazal Gupta:** I wanted to understand the subsidy of USD 40 what is going to happen this year? Is it going to go to the OMC, any clarity on that?
- Harish Madhav:** There's no subsidy of \$40.
- Harish Madhav:** There's no subsidy, this is the special excise duty, which has been levied by the government. So as any other taxation this will go to the normal kitty of the Government of India.
- Gazal Gupta:** Okay. Thank you.
- Moderator:** Thank you. The next question is from the line of Kanak Kumar Bucha, from Bucha and Sons. Please go ahead.
- Kanak Kumar Bucha:** When will be the ex date for the dividend?
- Harish Madhav:** Sorry?
- Kanak Kumar Bucha:** Ex date of the dividend.
- Sanjay Choudhuri:** We have not announced yet.
- Harish Madhav:** No, we have not declared any dividend after the Q1 results.



- Kanak Kumar Bucha:** Fine. Thank you.
- Moderator:** Thank you. The next question is from the line of Kishan Mundhra, from Antique Research. Please go ahead.
- Kishan Mudhra:** Hi. Just one question from my end. Sir, regarding the capex that you plan to spend, can you please give the bifurcation between exploration and development expenditure, please?
- Harish Madhav:** Yes. Broadly about 60-65% goes into the direct exploration and development activities. And about 15%, you can also say that is part of exploration development, because that is all capital infrastructure that we invest, but we don't categorize that as exploration development expenditures. All infrastructure facilities, etc, about 20% of the total plan expenditure is that, and maybe around 15% goes on an average to the overseas and other in investments. So, 60-65% of the total expenditure it goes directly into the exploration and development.
- Kishan Mudhra:** And in between exploration and development, would you be able to bifurcate?
- Harish Madhav:** You can say almost 60-40.
- Sanjay Choudhuri:** No, 70 - 30.
- Harish Madhav:** 70 - 30, 70% exploration, 30% development.
- Kishan Mundhra:** Thank you.
- Moderator:** Thank you. The next question is from the line of Vishnu Kumar, from Spark Capital. Please go ahead.
- Vishnu Kumar:** So, this royalty computation, I mean, have you paid for the month of July yet, or you are going to pay this, I mean, just trying to understand the workings again, as one of the previous participants also was also asking, so how do you compute royalty with the CESS, without the CESS, how does this 17,000 gets adjusted or not? If you could just give us some more clarity on that.
- Sanjay Choudhuri:** Royalty spread is at 20% on the sales value for crude oil and 10% for natural gas.
- Vishnu Kumar:** So we will not get any credit for the 17,000 that we are paying.
- Sanjay Choudhuri:** No, we won't get any credit for it. There are some adjustments post well head costs which are final adjustment basically.
- Harish Madhav:** For this 17,000 per ton that we had explained earlier also, about the 17,750 duty, as of now our understanding is that we will not be able to adjust it against royalty payment.
- Vishnu Kumar:** Have you made any, vis-à-vis representations that you made and any response that you've got till now from the government on this?
- Harish Madhav:** We have not received any response, but the representations certainly we have made to have a re-look into this whatever windfall taxation etc, which the government has levied, but government as they have declared earlier also, they have reviewed it on a fortnightly basis. First review, after 20 days, the second review after 14 days, it has happened all. So hopefully we see correction in the prices, this review will continue.
- Vishnu Kumar:** Sir, apart from this CESS, we also had a CESS earlier to this, would that, would there be some adjustments for that or even for that CESS also we'll have to pay on gross realization?



- Sanjay Choudhuri:** That CESS will be on the adjusted price.
- Vishnu Kumar:** Sorry, you're not audible, sir.
- Sanjay Choudhuri:** The OIDB Cess you're talking about, right?
- Vishnu Kumar:** Yes.
- Sanjay Choudhuri:** You're talking about the OIDB if I'm not wrong. The question is related to OIDB CESS, is it?
- Harish Madhav:** As we made clear on royalty there are two main levies on crude oil and natural gas. On crude oil it is royalty and cess, so this is special additional duty or the windfall tax, which has been levied. We will not be able to adjust for royalty payment, but we will be able to adjust it for cess payment. So, cess payment, suppose USD 100 fuel price manage USD 30 or 25, USD 30 windfall, on USD 70 only CESS will be paid.
- Vishnu Kumar:** Okay. Got it, sir.
- Moderator:** Thank you. The next question is from the line of Vikas Jain, from CLSA. Please go ahead.
- Vikas Jain:** Hi, thanks for taking my question. So, I mean, just a couple of things to round up all the, to what are the total write off? So this INR 270 crore, which has been mentioned that is a part of provision or that is a part of dry well exploration. Plus what is the Forex loss, any other provisions which are one off, could we just get that rounded up number?
- Sanjay Choudhuri:** So, the provision for INR 270 crore is for the well, another INR 144 crore we've taken provision for MWP penalty. These are the two main major figures, which make that INR 400 crore figure.
- Vikas Jain:** Okay. And Forex loss, what is the number?
- Sanjay Choudhuri:** Forex loss has been there about INR 200 crore.
- Vikas Jain:** Okay. And this is also sitting in other expenditure, right.
- Harish Madhav:** Correct.
- Vikas Jain:** And Harish Sir just to get this clarification on CESS, this is assessment of the company or have we got a clarification from the government also that a net off for CESS will be allowed?
- Harish Madhav:** We have got the clarification based on our assessment which has been validated by the tax expert consultants.
- Vikas Jain:** Okay, it's been validated by the tax authorities?
- Harish Madhav:** No, by our tax experts.
- Vikas Jain:** By your tax experts. And based on that, I think, CESS is paid every, I think 7 days after the month end or something like that.
- Harish Madhav:** Yes.
- Vikas Jain:** So has that payment been made based on that only?
- Sanjay Choudhuri:** This month, this month the payment is being made based on this, in these calculations.



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- Vikas Jain:** And that you are reasonably confident, royalty is something that you have relatively low confidence on.
- Sanjay Choudhuri:** Absolutely right.
- Vikas Jain:** Okay. Anything else that, anything that we are given this action by the government? It is uncertain how, for a lot of us this is to be read as the government not wanting to allow for any kind of higher profitability measures for upstream. If that is really the right way to look at it, how are we looking at gas price revision, which is due in less than two months from now?
- Sanjay Choudhuri:** You see internationally, in developing countries, supernatural, super normal profits on crude oil is not allowed to the NOCs. This is not a thing, which is only prevalent in India. It is across developing countries. So, some kind of funds are created, when crude oil prices hit above USD 100 - 120.
- Harish Madhav:** Vikas, I'm sorry, I'm interrupting already. We are a listed company. We are a public sector company. We have to abide by whatever the taxation structure the government provides. Now, there is a policy decision by the company, we have to follow that policy provision.
- Vikas Jain:** Sir, I'm not even asking on that. I'm just asking what is your?
- Harish Madhav:** Vikas, please understand, we will not be able to give you any view why this has been done and all those things.
- Vikas Jain:** No, I'm not asking on the view on the tax. I'm asking on the, have we heard anything on the gas price as well as?
- Harish Madhav:** Gas prices we have not heard anything, as of now the formula stands. So as per the formula, as per the international prices, which are factoring into that price, that formula, whatever will be the price revision, to our understanding as of now there will be no change and whatever prices worked out, they will be implemented. But, of course, subsequently government makes any policy decision we are not privy to that as of now.
- Vikas Jain:** Sure. Of course. No, I was just understanding if there's any movement that you've seen to alter that?
- Harish Madhav:** We don't, we are not aware of any such movements.
- Vikas Jain:** Okay. And as per your best calculations, what is the kind of rough prices that we are looking at? Is it much closer to USD 10 or USD 9 to 10 plus or, based on the formula?
- Harish Madhav:** I think it'll be difficult for us to make any mention in this conference call, any futuristic predictions, but the market, everybody knows that there's a rising trend, so prices will be certainly higher. I think you all also must be estimating that better than us.
- Vikas Jain:** Okay, sir. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Sabri Hazarika, from EMkay Global. Please go ahead.
- Sabri Hazarika:** Yeah. Thank you for the opportunity once again. So, I just have a follow up question on your, I think, GST on service tax. So, your notes to accounts suggest that the Assam government has agreed to this adjustment, right? But the Rajasthan government has not, is that the right assessment?



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- Sanjay Choudhuri:** Actually, we have got a stay from the Guwahati High Court, regarding the royalty payment to the Assam Government of against any coercive action. The hearing on merit has not had taken place, but the same is also listed in the Rajasthan High Court, which is not yet come up for the hearing. Once it comes up for the hearing on the same ground, we are expecting the same kind of dealing from the court.
- Harish Madhav:** And Sabri, this is not a state subject in any case, this is a central levy, so state government's agreement or not agreement is not material or it is not in picture at all.
- Sabri Hazarika:** Okay. It's the High Court which has actually put a stay, so you have not, in Rajasthan it will come basically for hearing and you are expecting same kind of a decision there. Right? Okay. Thank you. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Nitin Tiwari, from YES Securities. Please go ahead.
- Nitin Tiwari:** Thank you for the opportunity again, sir. Just had a related question on the calculation of royalty in sales. So, what's the rate of royalty and Cess and are both calculated on sale price. I mean if you can just help me understand on what base these calculations are done. So, correct me if I am wrong, I both rates are 20% on sale price?
- Sanjay Choudhuri:** Both are 20% on sale price. There are deductions available in both the cases, for royalty there is a deduction of post well head cost to the extent of INR 2,800 per MT. In case of royalty, you set off the SAED and the NCCD, sorry, in case of CESS you set off the SAED and NCCD.
- Nitin Tiwari:** All right. So basically, both rates are 20%, but there are certain deductions allowed in both cases. So why is that happening that given that both on the same price and in case of cess you are allowed the deduction of extra levy that has happened, but in case royalty, we are not sure. So, if you can help us understand the difference, why that difference is coming?
- Trisonku Kotoky:** Sir, actually we appreciate your question. Actually, sir, both the levies are not collected under same legislation. First, first point is that.
- Nitin Tiwari:** Both are not on the same size. Okay?
- Trisonku Kotoky:** Sir, both are levies are collected under two-different legislations. So that is why the calculation method will also differ. First thing is that the CESS, which we are paying that CESS is collected as a duty of excise. So, all the provisions of Excise Act are applicable for calculation of CESS. So accordingly, some actions are allowed, which we are doing, but as far as royalties concerned, royalties is paid as per Oil Regulation and Development Act, where everything is specifically mentioned. So, there is no scope for any alteration in the adjustment or in the calculation. So that is why some difference exists as far as calculation part is concerned.
- Nitin Tiwari:** Okay. Alright. Thank you for that.
- Moderator:** The next question is from the line of Abhishek Dutta, from Prabhudas Liladhar. Please go ahead.
- Abhishek Dutta:** Hello, sir. Sorry, sir, I missed the initial part. So, I just want some clarity on and NRL EBIDTA and GRM, sir?
- Sanjay Choudhuri:** NRL GRM is USD 36.66 per barrel.
- Abhishek Dutta:** Can you just repeat that number?
- Sanjay Choudhuri:** Yeah, it is USD 36.66 per barrel.



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- Abhishek Dutta:** And what is the EBIDTA?
- Sanjay Choudhuri:** Is about INR 2,000 crore.
- Abhishek Dutta:** Can you repeat that?
- Sanjay Choudhuri:** INR 2,000 crore.
- Abhishek Dutta:** Okay, sir. Thank you so much, sir. Yes.
- Moderator:** The next question is from the line of Hemal, an individual investor. Please go ahead.
- Hemal:** Thank you, sir, for taking the question. I just have a very quick, if you were to apply the windfall tax which was, it's coming from July, but just for calculation purposes, on this quarter how much would that quantum be in totality? Like, would you be able to give some understanding?
- Sanjay Choudhuri:** SAED is INR 23,000 to 17,500, so it is varying and we don't have, we are not privy to the formula, it is difficult to make an assessment.
- Hemal:** Not an exact number, just a guesstimate if you take the last windfall tax.
- Harish Madhav:** It will be really difficult because if you see the crude prices, now they are ruling in USD 90 - 95 range. And from USD 120 when the revision was taken for USD 20, now USD 90 - 95. 2 corrections on fortnightly basis are already taken place. Basically, in a quarter, we are looking for six revisions in the duty structure. So, unless we arrive maybe sometimes in the month of September, we'll be able to give you some estimate because then we will know what is structure in two months and what is the price strength in two months period. So as of now, it will be difficult for us to give you any quantum or estimate.
- Hemal:** Okay, sir. Thank you again, appreciated.
- Moderator:** As there are no further questions from the participants. I now hand the conference over to Mr. Varatharajan Sivasankaran for closing comments.
- Varatharajan Sivasankaran:** Thank you, Margaret. I wish to thank all the participants for taking out time to join the call. And I wish to thank the management for giving us the opportunity to host the call. Mr. Harish and team if you have any closing comment, please go ahead, sir.
- Harish Madhav:** Yes. Thank you once again, Mr. Varatharajan and your company Antique Broking for arranging this conference call on behalf of Oil India Limited. And I once again thank all the participants for their participation, their interest in the company and raising so many questions, making certain things, which hopefully we have been able to clarify most of the things. In case any further questions, any queries you can reach us, our colleagues, Mr. Sanjay Chaudhuri, Mr. Trisonku at any point of time or to me also. And we'll be able to very, very happy to satisfy all the queries of the investors. So, thank you very much. And thank you very much once again to all the participants and Antique.
- Moderator:** Thank you. On behalf of Antique Stock Broking Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.