



Hindustan Oil Exploration Company Limited

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June 05, 2025

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 1 st Floor, P. Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 Stock Code: 500186
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Dear Sir / Madam,

Sub: Earnings Call Q4 FY2024-25 – Transcript

In continuation to our intimation dated May 26, 2025 and pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Transcript of the Earnings Call of the Company for the fourth quarter and year ended March 31, 2025 held on 29th May 2025 is here with attached.

The same is also available on website of the Company at <https://hoec.com/earnings-call/>

We request you to kindly take our aforesaid submission on record.

Thank you

Yours Sincerely,

For Hindustan Oil Exploration Company Limited

G. Josephin Daisy

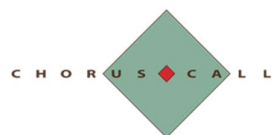
Company Secretary & Compliance Officer

Encl.: a/a



“Hindustan Oil Exploration Company Limited
Q4 FY '25 Earnings Conference Call”

May 29, 2025



MANAGEMENT: **MR. R. JEEVANANDAM – MANAGING DIRECTOR**
MR. N. S. SENTHILNATHAN – CHIEF FINANCIAL OFFICER
MR. KRISHNAN RAGHAVAN – CHIEF TECHNICAL OFFICER, E&P

MODERATOR: **MR. NACHIKET KALE – EY INVESTOR RELATIONS**

Moderator: Ladies and gentlemen, good day, and welcome to Hindustan Oil Exploration Company Limited Q4 FY '25 Earnings Conference Call. 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 this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Nachiket Kale from EY IR. Thank you and over to you, Mr. Kale.

Nachiket Kale: Yes. Thanks, Nirav. Good morning everyone, and a very warm welcome to all of you. I'm Nachiket Kale from EY IR. We represent the Investor Relations Advisory for Hindustan Oil Exploration Company Limited. On behalf of the Company and the management, I would like to thank you all for participating in the Company's earnings conference call for Q4 FY '25.

The Company has published its result and uploaded investor presentation on the exchange last night. But before we start, a disclaimer. Some of the statements made in today's earnings con call may be forward-looking in nature. Such forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ from those anticipating.

Such statements are based on management's beliefs as well as assumptions made by information currently available to the management. Audiences are cautioned not to place undue reliance on these forward-looking statements in making any investment decisions. The purpose of today's earnings con call is purely to educate and bring awareness about the Company's fundamental business and financial quarter under review.

Let me introduce you to the management participating with us in today's con call. We have with us Mr. R. Jeevanandam, Managing Director; Mr. N. S. Senthilnathan, Chief Financial Officer; Mr. Krishnan Raghavan, Chief Technical Officer, E&P.

Without further ado, I would now like to hand over to Mr. R. Jeevanandam. Thanks, I hand over to you sir.

R. Jeevanandam: Okay. Thank you, Nachiket. Good morning to you all. I hope everyone has received the updated presentation. It is available on our website for your reference. I have with me Krishnan Raghavan, our Chief Technical Officer; and Senthilnathan, our Chief Financial Officer and our Company Secretary.

I would like to start with the updates on the North-Eastern region.

We have obtained environmental clearance for drilling 40 development wells and 3 exploration wells in Kharsang Block in Arunachal Pradesh on 28th February of 2025.

The contract has been awarded for the first phase of drilling 9 development wells. We commenced drilling of the first well on 31st March 2025 and the well was drilled, tested, completed and hooked up for production. The well is producing about 200 barrels of oil per day.

The second well has been drilled to a depth of 1,186 meters and logging is in progress. We continue to drill the first phase of 9 wells, which will be followed by an additional 9 wells. We are also planning to drill one deep well, testing the Lower Girujan, Tipam and Barail formation to assess the full potential of the block.

The revised development plan for Dirok has been approved by DGH for the extension of the block. We plan to drill a well in North Dirok upto the Barail formation and subject to the availability of the rig, we will start the drilling in the fourth quarter of this year.

The Dirok gas sales for the current quarter is 15.57 million standard cubic feet per day, while the offtake in the previous quarter was 17.79 million standard cubic feet per day. For the year 2024-25, the average production and sales were 17.76 compared to 19.96 mmscf in '23-24.

Accordingly, the sales volume of the current quarter is 0.37 Bcf compared to 0.44 Bcf in the previous quarter for our share. Condensate production is 6,600 barrels compared to 7,500 barrels in the previous quarter. Although this field can produce more than 50 million cubic feet of gas per day, we have to restrict the production due to lack of demand. The price realized in the current quarter is USD 8.45 per mmbtu, whereas it was USD 8.25 mmbtu in the previous quarter.

We have been keeping ourselves updated on the progress of the North-Eastern Gas Grid. As and when the concept of common carrier is accepted and the gas grid connectivity is established, the situation of the demand constraints would get reversed. It is difficult to predict the timeline, but we believe it should be operational in '25-26.

We will augment our capacity and be ready to meet the potential increase in demand once the demand constraint is alleviated by connecting the North-East Gas Grid to the National Gas Grid.

Block AA-ONHP-2017/19, we call it as a Block 19, adjacent to Dirok called as a Greater Dirok is analogous to the Dirok structure. We expect the extension of the block for 1 more year to start and complete the committed work program. We have carried out the Pre-Stack Depth Migration study, which is quite encouraging, and the prospects looks much better. The first well GTO is ready, and our drilling preparations will start as soon as we receive the extension.

Our capital outlay for the North-East region for the next 2 financial years continues to be INR 250 crores.

Cambay blocks.

In Cambay, after securing the environmental clearance, we have carried out the workover operation of the NB-1 well, which started producing about 0.1 mmscf after being shut-in for over 15 years. With this encouragement, we plan to drill 2 development wells in North Balol, which has already been approved by the partners.

A contract has been awarded for drilling these 2 development wells. After the North Balol drilling, we will start preparing for drilling 2 wells in Asjol. We are also expecting the final

clearance of the Ring-Fenced PSC along with the extension of the Palej block. This could add substantial value to the Cambay blocks.

Now I move on to the offshore blocks. We signed the Revenue Sharing Contract on April 15, 2025 for Block B-15 in the Mumbai offshore, a discovered small field with an area of about 332 square kilometres. This block has 2 discoveries and 3D seismic data for the entire area. Considering the water depth of 40 meters, we are planning for a cost-effective development plan to unlock the value in the block. We are in the process of preparing the development plan for the existing discoveries and also evaluating the potential for further exploration.

In B-80, we have taken over the 40% interest of AEPL, and thereby we hold 100% interest in the block. Both the wells are in production. Production in the current quarter is 60,544 barrels of oil and 0.44 Bcf of gas compared to 88,703 barrels of oil and about 0.69 Bcf of gas in the previous quarter.

For the year, the production is 275,000 barrels of oil and 1.9 Bcf of gas compared to 320,000 barrels of oil and 2.5 Bcf of gas. During this quarter, the average gas price realized is USD 12.09 per mmbtu compared to USD 10.78 per mmbtu in the previous quarter. For the current year, it is USD 10.84 per mmbtu compared to USD 15.86 in the previous year. The gas price in the Western region is now moving akin to the imported LNG price. We have about 390,000 barrels of oil in stock and are expecting a better price to realize before we sell that.

Until the workover and additional drilling in B-80, the charge to the subsidiaries has been moved from a day rate to a rate per barrel of production. This will ensure the sustenance of all 3 assets.

In PY-1 offshore field, all facilities for processing and transporting gas are in place. Petro Vietnam, a state-owned oil and gas company in Vietnam, which is producing oil and gas from the basement akin to the complex geology of PY-1 has completed the G&G review. We are expecting their suggestions, in-place volumes and proposed locations for drilling new wells. This will validate the locations proposed by our in-house G&G team and bring new hope into the field. The gas price of USD 3.66 per mmbtu is no longer applicable and we have entered into a term sheet with GAIL for a PPAC price about US\$ 6.75 per mmbtu on Gross Calorific Value. The net price will be a little higher than that. By the end of June 2025, we'll receive the report from Petro Vietnam, and immediately thereafter, we plan to drill 3 wells. If everything goes as per plan, the drilling of the first well will commence in the current financial year.

In effect, the EBITDA for the current year is INR 249 crores in the consolidated accounts compared to INR 326 crores in the previous year. In standalone, EBITDA for the current year is INR 195 crores compared to INR 133 crores in the previous year. This overall reduction of about 24%, which is mainly due to the low offtake in Dirok and gas price and lower production in B-80.

We are confident about the reserves and resources in our existing blocks and our ongoing drilling program and its continuation both onshore and offshore will add to the reserves by testing hydrocarbons to the surface.

This volatility in quarterly results is due to many factors beyond our control. We have started the onshore drilling campaign for about 30 wells from 31st March 2025 and will continue till the completion of drilling of all wells. Similarly, our 10 offshore wells in 3 offshore blocks will start from PY-1 and will continue till completion.

Our net debt is zero and our drilling program is unabated and will continue to drill to achieve our targets. We believe in our assets, which will not let us down even in the worst price scenario.

Now Senthil, our CFO, will update on the financial results. Over to Senthil.

N. S. Senthilnathan:

Thanks, Mr. Jeeva. Good morning all. Standalone revenue for this quarter is INR 142.61 crores compared to INR 77.64 crores in the previous quarter. The increase in revenue is mainly on account of 100% participating interest in B-80 field and transfer of 25% participating interest in Kharsang field.

B-80 revenue for the current quarter is INR 44.15 crores for gas sales compared to INR 59.19 crores in the previous quarter. Oil in stock is adjusted in the operating cost. Current quarter revenue decrease in B-80 is due to lower production of gas at 439 mmscf in Q4 compared to 692 mmscf in the previous quarter.

In case of Dirok, revenue for the current quarter is INR 31.47 crores compared to INR 34.76 crores in the previous quarter. During this quarter, 373 mmscf of gas was sold compared to 436 mmscf of gas sold in the previous quarter. Similarly, 6,603 barrel of oil was sold in this quarter compared to 7,499 barrel of oil sold in the previous quarter. Major reason for reduction in revenue is lower demand in the region.

Field operating expenses for this quarter in the standalone account is INR 74.5 crores compared to INR 73.98 crores in the previous quarter. Other cost, including depreciation, depletion, finance costs and others is INR 22.66 crores for this quarter compared to INR 12.81 crores in the previous quarter. The increase is mainly on account of 100% participating interest in B-80 sales. Out of the total operating cost in the current quarter, credit adjustment for oil stock is INR 76.08 crores, whereas it was INR 29.32 crores in the previous quarter.

Standalone EBITDA for the current quarter is INR 148.32 crores compared to INR 16.57 crores in the previous quarter. Major reason for increase is due to impact in reduction of operating charges of facilities pertaining to the previous quarters of the year and other interest income. At annual level, we report that the standalone revenue for this year is INR 343.88 crores compared to INR 569.64 crores in the previous year. The main reason for reduction in revenue is oil was sold during the previous year.

Profit after tax for the year was INR 147.47 crores compared to INR 85 crores in the previous year. Major reason for increase in profit is reduction of operating charges of facilities pertaining to the previous quarters of the year and other interest income. In consolidated accounts, the revenue from operations for this quarter is INR 59.58 crores compared to INR 156.12 crores in the previous quarter. Total expenses in the consolidated accounts for the current quarter is

INR 64.89 crores compared to INR 97.73 crores in the previous quarter. The decrease in cost is mainly due to stock movement.

In consol accounts, EBITDA for this quarter is INR 61.86 crores compared to INR 77.69 crores in the previous quarter. Consolidated profit after tax for the current quarter is INR 51.16 crores against INR 43.32 crores in the previous quarter. At annual level, consolidated revenue for this year is INR 459.12 crores compared to INR 830.27 crores in the previous year.

This was mainly due to the crude oil sales from B-80 block during the previous year. Consolidated profit before tax for the year is INR 149.95 crores against INR 248.29 crores in the previous year. The decrease is mainly on account of 100% participating interest in B-80 field.

As on today, the term loan outstanding is about INR 81.67 crores. India Ratings has reaffirmed the rating IND A and revised the outlook from 'Stable' to 'Positive' for INR 500 crores bank loan. With the current position and with the continued production, we will meet all our obligations. Thanks. And back to Mr. Jeeva.

R. Jeevanandam: Thanks, Senthil. We can now open the forum for questions.

Moderator: Thank you very much. We will now begin with the question-and-answer session. Anyone wishes to ask the question may press star and 1 on their touchtone telephone. If you wish to remove yourself from the question queue you may press star and 2. Participants are requested to use handset while asking a question. Ladies and Gentlemen, we will wait for a moment while the question queue assemble. Participants you may press star and 1 to ask the question.

First question is from the line of Dhruv Rawani from Shreeji Finserv, please go head.

Dhruv Rawani: Hi Sir, Good morning, my first question is regards to the Dirok field. Any update on the DNPL pipeline which will lead to an increase in sales on the Dirok field?

R. Jeevanandam: We are expecting the DNPL line to be get connected and because you see, every time I commit something, I may be wrong, I will be either way incorrect. So we expect that it should be at least.. the volume uptake should take place from the third quarter.

Dhruv Rawani: Okay, and how confident are we that we'll get a share out there in that common carrier pipeline?

R. Jeevanandam: See, that is.. actually in this field, we have only 27%, 44% is from Oil India. So, it's the value realization to both. So, they will be using this line at least for about 1 million cubic meters.

Dhruv Rawani: Okay. On the B-80, any specific reason why the production was less for this quarter?

R. Jeevanandam: See, actually that, some valve was not functioning, so we have to shut it for a few days and very few days and when we got to open it up, small, small issues will come up and unfortunately, that has happened in the last quarter. So that's why the production is declining. So, we are continuously working on the ways and means to increase the production from these 2 wells. In

the worst come, we will be going for a workover and get back to the our intended capacity of those wells.

Dhruv Rawani: Okay, and last year, there was a cyclone, and the production got affected. Understanding that there is nothing this around, we can expect a similar run rate of 683 or 700 barrels per day of oil for this quarter?

R. Jeevanandam: You have to understand that I can't predict the monsoon, how severe, how it goes actually. We are taking all precautions. But if the weather is worse, we have to disconnect and we have to shut it.

Dhruv Rawani: Okay and on the 40% consolidation, has it been consolidated in this quarter or when it will start getting reflected on the numbers?

R. Jeevanandam: No, it's a done deal and 00% revenue is accounted in our books. 100% cost is taken over because we have taken over the income and expenditure there on to it and we are waiting for the formal approval from the Government. Once it will get capitalized and the fair value also would get recognized at that point in time.

Dhruv Rawani: Okay, and how much have we paid for this acquisition of this share?

R. Jeevanandam: So, all put together, it should be somewhere around INR 310 crores or INR 315 crores, in the range of INR 315 crores to INR 320 crores.

Dhruv Rawani: Okay. Fair enough. Just last one. On the annual report of last year, we had a share in PY-3, which was out there. This year, ONGC came out with the notification that they have started, but our name was missing. So, have we sold the interest or anything? Any update on that?

R. Jeevanandam: I don't know about the press releases by ONGC, but the fundamental fact is we are holding 21% of the investment and all the investments below the ground belongs to us forward to the value of up to 21%. If any above the value which comes out of it and they are taking it right now there is a legal notice have been issued, and we will continue to pursue our participating interest in the block. We are not going to let it go just like that.

Dhruv Rawani: Okay, okay. Fair enough. On the B-80, we have a particular limit up to which we can store the oil post which we'll have to sell it. Is my understanding correct?

R. Jeevanandam: Yeah.

Dhruv Rawani: So, what is that limit up to which we can keep on storing the oil.

R. Jeevanandam: It can go up to, say, 850,000 to 900,000 barrels.

Dhruv Rawani: Okay that's a pretty long on. Okay sir, thankyou sir.

Moderator: Thank you, Next question is from the line of Jiten Parmar from Aurum Capital, please go head.

- Jiten Parmar:** Yeah, Good morning, Jeeva most of the questions I wanted to ask have been asked by the previous participant. The only question basically I want to know is or ask is rather regarding Dirok. If we get a connection and all that, we had basically guided in the past that we can do 40 mmscf/d volume. Can we do that sometime this year? Is it do you think it is possible, or we have to push those timelines?
- R. Jeevanandam:** See, if the line is getting connected and there is no issue on account of the demand, we can go up to 35 to 40 comfortably and also, we will be immediately starting the drilling of the North Dirok well and other development wells also to augment ourselves when the entire grid connectivity is linked to the National Grid.
- Jiten Parmar:** Okay. So, we are fairly confident that we will get pathway on the pipeline, right?
- R. Jeevanandam:** Yeah. I think it is everybody's interest to know. It is not only that we are only a small player in there. There are many big guys involved in that. So, they have to get it done.
- Jiten Parmar:** Okay, great. Now regarding this B-80 and B-15, basically, I mean, we have talked that we want to take it to, let's say, 11,000 BOEPD from Bombay High over the next 2, 3 years. Do you still think that that is possible or what is the situation on that?
- R. Jeevanandam:** See, we have to drill the wells. We have to complete the workover. That will give the correct numbers for the B-80. And B-15, we are planning to drill 4 wells and after drilling the 4 wells, now that both the fields are 100% owned by us, we should be able to get into the target. But the caveat is we have to drill and test.
- Jiten Parmar:** Okay, that is all from my side, thank you so much.
- Moderator:** Thank you, Next question is from the line of Ruchita Maheshwari from Ace Lansdowne, please go head.
- Ruchita Maheshwari:** Hello.
- R. Jeevanandam:** Yes Please.
- Ruchita Maheshwari:** I just wanted to ask one question. As these rig rates have been on a declining trend, what is our sense on the oil drilling expansion plans? Are we going to increase the expansion plan or what is it, if you can throw some light on that front?
- R. Jeevanandam:** So the rig rates of offshore are coming down, but onshore, there are not much reduction. But that's what, that's the window we wanted to use it for drilling our wells, offshore wells, and already, we have a contract for 9 well drilling in Kharsang. The same rig will continue for 9 more wells for drilling 18 wells. So, we have to look at further drilling there in the block and as well as in Assam.
- Ruchita Maheshwari:** So, when by when we will be taking this decision?

- R. Jeevanandam:** It's already on drilling.
- Ruchita Maheshwari:** Okay
- R. Jeevanandam:** First and second well, both are completed. Second well will get tested. It is a continuous process. Every month, we'll drill one well.
- Ruchita Maheshwari:** Okay, got it. Thank you so much.
- Moderator:** Thank you, Next question is from the line of Viraj from Money Grow, please go head.
- Viraj:** Hi sir, sorry I'm just refreshing myself on the Company after many years. I read something that the PY-3 field has resumed production with 4,100 barrels per day, which the Oil and Gas Minister has just put out there, Hardeep Singh Puri and that's expected to ramp up to 7,500 barrels per day in the next couple of years. Is that true? and would the economics of that accrue to you with your shareholding? and what are potential plans going forward?
- R. Jeevanandam:** So, they are in the pretext of exclusive operations. So, we have been contesting that. The current production is coming out of the wells where we hold 21% participating interest. This is a legal issue now. So, we have issued a legal notice. It will be come to an end through the dispute resolution.
- Viraj:** Understood. So, this is probably a couple of years of this legal process?
- R. Jeevanandam:** No, no, it is an arbitration. How much time it takes, I don't know.
- Viraj:** Okay, understood. But you still are holding 20%-odd in that well and it is producing, if you can confirm that at 4,100 barrels per day?
- R. Jeevanandam:** I don't know about the volume, which I have no privy to it. But the fact remains, we are holding 21% effective participating interest in the whole field, which includes the 4 wells drilled and completed.
- Viraj:** Okay, fantastic. I would just encourage you to look at the tweet of Hardeep Singh Puri on this topic. So, he mentioned 4,100 barrels per day, rising to 7,500 by '28-'29.
- R. Jeevanandam:** So, then that should be the fact actually. I have no other information other than that.
- Viraj:** Okay perfect. Thank you.
- Moderator:** Thank you, Next question is from the line of Vaibhav from Honesty and Integrity, please go head.
- Vaibhav:** Yeah, Hi sir, thanks for providing the opportunity. So just to get more detail on the National Grid connectivity. So, this DNPL, so when you say connectivity, you mean to say DNPL should

become a common carrier, right, which it is as of now, it is not the case, right? That's what you mean, right?

R. Jeevanandam: That's right.

Vaibhav: Yeah. So, see, if I see Oil India itself has a lot of assets in Assam, and DNPL is basically effectively a JV of Oil India with Assam Gas. Now Oil India itself is not able to get Assam Gas online to make it DNPL a common carrier. So how confident are we that actually it will happen?

R. Jeevanandam: It will be driven by Oil India. It will be driven by PNGRB. It is driven by the national interest. So, and Oil India, in our gas also 50% is Oil India's gas, Dirok Gas.

Vaibhav: Right. No, so what I'm trying to understand is that where is the problem because this has been getting delayed. So, what is the argument Assam Gas is giving not to accept it as a common carrier?

R. Jeevanandam: So, I'm sorry, I'm not knowing about the exact reasons for it. We have been pushing them, we have to get the line connected in a manner to evacuate the gas. The evacuation of the gas comes with the demand increases. The demand increase is subject to the connectivity of the line. That's all.

Vaibhav: Okay. Got it and for Kharsang, so Kharsang is primarily oil field, right, if I'm not wrong?

R. Jeevanandam: It is oil and gas field, gas is not being produced.

Vaibhav: Gas is not being produced and for oil, how the oil is getting evacuated, or you plan to get as you drill more and more wells, how the oil will get evacuated from the fields?

R. Jeevanandam: Oil is getting evacuated through the tankers by IOC.

Vaibhav: Okay got it, that's it from my side, thank you.

Moderator: Thank you, Next question is from the line of Manan Patel, Individual Investor, please go ahead.

Manan Patel: am I audible?

R. Jeevanandam: Yes Manan.

Manan Patel: Thank you for the opportunity and congratulations for oil production from Kharsang. Sir, the first question is, so are we planning to drill all these 18 wells during this year or like it will only be one by one?

R. Jeevanandam: So right now, we have as committed as contract, it is one by one. But at the same time, we looking into the possibility of getting one more rig. So as a reference, it will be one by one and if something happens within 3 to 4 months down the line, it may be 2 rigs working.

- Manan Patel:** Okay and timeline for drilling 1 well would be 1 month, right?
- R. Jeevanandam:** It's about including hooking up to production. Together, it will be about a month. Otherwise, each well will be about 21 to 25 days.
- Manan Patel:** Understood, sir. Sir, second question is on the B-15. So, what kind of capex do you expect in B-15? and what would be the timeline approximate timeline on that?
- R. Jeevanandam:** So, see we don't want to commit something. It will be taking about a minimum of 2 to 2.5 years, 30 months' time. So, we are in the process of in the drawing board to get to know what type of facility is to be installed. We don't want to go for the subsea. The water depth is just 40 meters. We wanted to drill 4 wells and test those wells and then yes, the next phase, we would like to go out to evacuate that. So, it's more or less like a discussion mode at the moment. So, but we endeavour to get it on production within 30 months.
- Manan Patel:** Okay and sir, a follow-up on that. So, do we have any synergies with B-80 in terms of the assets that we already have put up in B-80?
- R. Jeevanandam:** No. Only some synergy would be on the logistics side because 2 boats are with us, and the helicopter is there. That would be the only synergy. Other than that, our people synergy, that's the only thing can help.
- Manan Patel:** Okay, and sir, the last question is we have made some changes in the contract, how we charge the field production in B-80, and we have reduced some revenues during the quarter and for the year. So, can you explain that?
- R. Jeevanandam:** Yes. What is the rationale is, see, what happened, it is basically it gets it's having no impact to HOEC is concerned because once move from consolidated to the stand-alone. That's all is the difference. The reason for that is because without MOPU, B-80 cannot survive. Without FSO, MOPU cannot survive. So, it is actually a concept of mutually assured survival. We don't want to get into the concept of mutually assured destruction of insisting the same day rate. Even if it is a third-party contractor, we would have gone in the same mode and with the reduced oil prices.
- So, what we have done, it should be changed from the day rate irrespective of the production be linked to the rate per barrel of production, barrel of oil equivalent. So that is where the conceptual change we made it. This makes all the 3 assets are sustainable for a longer period and when the B-80 production gets more after the workover, after drilling additional wells, then the value of these assets will get it effective. That's the reason we have done this.
- Manan Patel:** So, now the revenue recognition will...
- Moderator:** Manan, sorry we are not able to hear you.
- Manan Patel:** Hello?
- R. Jeevanandam:** Yeah, tell me Manan.

- Manan Patel:** So now revenue recognition will be based on the production of B-80. Is that understanding right?
- R. Jeevanandam:** Yes, that's right. But in either way, one side I charge, one side it's my revenue, one side it is my cost. It doesn't make much of a difference to the consol of the HOEC as a concern.
- Manan Patel:** Understood sir, thanks a lot and wish you all the best.
- R. Jeevanandam:** Thanks, Manan, thank you.
- Moderator:** Thank you, I request to all the participants kindly restrict to two questions per participant and join the queue for a follow up question. Next question is from the line of Mehul from 40 cents, please go head.
- Mehul:** Sir, many congratulations on acquiring 100% interest in B-80. Sir, my first question is on B-15. I think in the previous answer, you mentioned that it will take about 2, 2.5 years to get into production mode. So right now, what's the update in the PPT is just a testing update. So, we won't be getting any oil and gas in this year, right?
- R. Jeevanandam:** So, B-15 is a block, which has been drilled by ONGC. They drilled, they made 2 discoveries, now that 2 discoveries, we have to develop by drilling wells and with the facilities for evacuation, right? It cannot be just a quick process. So, we have to drill the 4 offshore wells. After drilling the wells, we have to test, we know what type of oil comes out of it, what type of facilities are required for it and we have to do the economics there on and then we will put it on production. So, it takes time actually. From discovery to development, always take 5 to 6 years. In this case, already discovered by ONGC. So, we are trying to use it and we'll be able to get it done within about 30 months, 30 months plus. That's all.
- Mehul:** Right, sir. Sir, my next question is around again, from a follow-up question and discussion about 21% interest. Actually, I just joined a little bit late. Which block are we talking about that we have the 21% and there's a legal suit which we have arbitrated?
- R. Jeevanandam:** That PY-3, that is an adjacent block to PY-1. That's where the HOEC is having the 21% participating from 1994.
- Mehul:** Sir, who is the remaining 79%?
- R. Jeevanandam:** I think 79% is one company I think ONGC is 40% and the balance 39% is between the operator and Invenire Petrodyne Limited.
- Mehul:** Okay. So, sir this we have gone into a legal matter. So, is there any documentation available around this? What kind of legal suit we have filed?
- R. Jeevanandam:** We have filed. We are the holder of the asset. We have put in money into that. We invested about INR 385 crores and all wells are drilled at our cost where we have contributed 21%. So, we are holding interest in the asset.

- Mehul:** Sir, are we an active partner?
- R. Jeevanandam:** See, that's what I said. If I'm an active partner, I wouldn't have been answering this question, right? So, we are getting into the legal process.
- Mehul:** So, who is the active explorer, sir?
- R. Jeevanandam:** You can see the press release on that because I don't have much privy to how it is done now.
- Moderator:** Thank you very much. Mehul, I request to comeback for a follow up question. I request to all the participants please restrict to two questions per participant and join the queue again for a follow up. Next question is from the line of Sanjeev from SKD Consultants., please go head.
- Sanjeev:** Sir, today, I would just request you to kindly update me about our consolidated account entries. So, first thing I'm reading on the balance sheet is oil and gas assets, which I can understand. But what is others, INR 352 crores What is others item other than oil and gas assets? Can I know, sir, briefly?
- R. Jeevanandam:** So just a second, I'll go through this, which is that the capital work in progress is which is the other assets? Okay, I understand. Other assets is called Mobile Offshore Processing Unit. That is an offshore installed platform of HOEC and then I mean, HOEC's subsidiary Company. and another we have an Aframax tanker, which is converted into a Floating Storage offshore that is under the Hindage and we have got a Single Point Mooring System that also belong to us. That is the value of those three assets.
- Sanjeev:** Got it, sir and the capital work in progress is the expenses that we incur for exploring our well, etc., or acquisition of certain assets?
- R. Jeevanandam:** So, what happens when we are in a continuous drilling mode, we have to buy some drilling stores and spares, which according to the new classifications, that has to be treated as a capital work in progress, right? In addition, we are constructing a ship, which will be used for our PY-1 that is also in capital work in progress. This is majority stores and spares for drilling that will be converted into capital as and when it is consumed and when the ship gets delivered, that will also move into other assets actually.
- Sanjeev:** Got it, sir. The next item is there is a small entry of INR 10 crores as intangible assets in exploration. So, I mean, are there some rights or something like that or some sort of assets intangible assets?
- R. Jeevanandam:** So, this is intangible assets means we have got a block called Ring-Fenced PSC to be signed along with the Palej field. That formal PSC is yet to be signed with the Government of India. So, for that, we paid an amount of about INR 9 crores and that is what is the amount.
- Sanjeev:** And the next one is, sir, deposits under...

- R. Jeevanandam:** So, one thing, if you have any queries on this, you can give me a call a little later. I will answer all item by line by line, every answer.
- Sanjeev:** Thank you, sir.
- Moderator:** Thank you so much, a kind request to all the participants please restrict to two questions per participant. Next question is from the line of Sandeep Dixit from Arjav Partners, please go head.
- Moderator:** Sandeep sorry, your audio is not coming, sorry your voice is breaking terribly can you come in a better reception area please?
- Sandeep Dixit:** Shall I try and come back in a queue? Can you hear me now?
- Moderator:** This is better, you can go head now.
- Sandeep Dixit:** Thank you sir, I had just one question. Last quarter con call, you had indicated that FY '26 revenues could be INR 1,000 crores and EBITDA margin of 50%. Now given the results that we saw in Q4, are we sticking with those estimates with those projections?
- R. Jeevanandam:** You could have seen, I cannot stick to the estimates in the sense because the reasons for that is oil has not been sold. Oil is in stock. If the oil has been sold, it would have moved up actually, moved up to the revenue side, right? And second thing, the price is dampening. You should be knowing the current oil price is about US\$65 and the gas price is also coming down.
- So, this is a factor of these are many importers which we cannot decide and control on it. It depends on the price actually and if the oil price is \$80, we will be able to sell it and then you can see my top-line is much better than this.
- Sandeep Dixit:** Right. So may I make a small suggestion, sir. Given that the prices are outside of our control, but the volume of production is very much within our control, right, broadly, I mean, assuming that the Dirok gets connected and etc. So, may I suggest that you probably could give guidance or some indication on the production volumes because I understand that we don't have control over prices?
- R. Jeevanandam:** Sandeep, I would like to tell you, I've been in this business for more than 40 years. In either way, I'll be wrong. So better to not give any guidance.
- Sandeep Dixit:** Okay, thank you sir, that's my question.
- Moderator:** Thank you, Sandeep, Next question is from the line of Rakesh Roy from Boring AMC, please go head.
- Rakesh Roy:** Sir, my first question is regarding, sir, any reason behind why we have not sell our oil inventory, only the reason is due to low prices or anything else?
- R. Jeevanandam:** I couldn't get the question, Rakesh. Please, can you repeat?

- Rakesh Roy:** Sir, my question is, for this quarter, generally, we sell our oil inventory, sir. Still our oil inventory is 3,90,000. So, the reason is only for decline in oil prices or other apart from this?
- R. Jeevanandam:** So, we are hoping for a better price, and we are not in a pricking need to get it liquidated at a lower price. So that is the reason we are waiting for. Hopefully, something will happen. If it is a better price, we realize more than \$70, \$75, we'll be able to sell it.
- Rakesh Roy:** Okay. Sir, related to the same question, sir. If we assume the price will remain same, say, for next 8 months or 9 months, then how we will manage our inventory, sir?
- R. Jeevanandam:** No, we will accept the fact and live with that.
- Rakesh Roy:** Okay sir, thanks sir.
- Moderator:** Thank you. Next question is from the line of Anubhav from Sirius Advisors, please go head.
- Moderator:** Anubhav, sorry we are not receiving your audio, can you speak little louder please?
- Anubhav:** Can you hear me now?
- R. Jeevanandam:** Yeah, now it's better.
- Anubhav:** Sir, the workover of 2 wells in B-80, so this would mean production gets halted for a few months, right, while that process is going on?
- R. Jeevanandam:** I think once you do the workover, obviously, what will happen is that we'll pull out the tubings, whatever the block zones and other things, we'll re-perforate and we'll get a better production. So that is why we do the workover and the other D2 well, we may make a zone transfer. So that will give us a better results. That's the purpose of workover.
- Anubhav:** So, sir this will take like 1, 2 months of stoppage?
- R. Jeevanandam:** It will be taking about at least 30 days to us. 15 days for each well should be there. So, it should be around 30 days, a month stoppage.
- Anubhav:** Okay and sir, the timeline for this for the drilling of 3 new wells and the workover?
- R. Jeevanandam:** See, we are targeting first to start the well drilling in PY-1 and once the monsoon gets over in the Western region, then we would like to move the rig there. That's our idea. But we have yet to commit to the rig, which we will start doing end of June and then we will be making a program for it and schedule and trying to get the tangibles required for it. So, all the planning started now, so we will let you know when we will be actually spudding those wells.
- Anubhav:** Got it. Got it and sir, the current production for B-80 is the same as the Q4 in number?

- R. Jeevanandam:** I think this is at the same level, actually 600 barrels or around about 5 million cubic feet of gas, that's it. We expect to continue at the same level.
- Anubhav:** Okay and sir, one question on the debt outlook. Like we are a net debt-free company. But now our production volumes are a bit lower, and we are going to be starting a round of capex. So where do we see debt levels heading by the end of this year?
- R. Jeevanandam:** See, we never wanted to have a debt more than 10% of our market cap. That's the level we wanted to have it. So, we will be looking somewhere around INR 200-250 crores if we are not able to generate internally because all our programs as such, it is on a deferred payment. and more or less, it's moving ahead with one month for each one. So, in the process we'll try to manage all our onshore operations and when offshore comes, we may raise some debt as and when required and we are talking to the bankers. Some of them will be helping us. At the lower the interest rate, it will be better for us.
- Moderator:** Thank you, on above I request to come back for a follow up question please.
- Anubhav:** Okay sir. Thank you.
- Moderator:** Thank you, I request to all the participants please restrict to one question and come back for a follow up. Next question is from the line of Manan, Individual Investor, please go head.
- Manan:** Hello, good afternoon. So, sir my question is relating to the current prices of crude oil. So, what is the minimum price at which we can continue to operate? Because see, the shale rigs in US is also started reducing because they say the minimum price should be \$65, which they can operate. So, what is the minimum price for us?
- R. Jeevanandam:** Minimum price for us to survive all the 3 things, we are looking at, at least \$55. Up to \$55, we can keep going on it and onshore is much lesser than that. Onshore is we can survive even at \$40.
- Manan:** Okay. Thanks for that. My second question is relating to accounting. See, in the consolidated financials, the interest charged in P&L is INR 10.59 crores, but the interest that is paid as per cash flow statement it's INR 22.68 crores. So, may I know what is the reason for this difference in payment and the expense that we have recorded?
- R. Jeevanandam:** So, I think our loan is about only INR 65 crores. I do not know which entry you're referring it. I'll just check it and get back to you. Is it okay, Manan? Loan to subsidiaries is about INR 100 crores, which number you are talking about? Interest received...
- Manan:** No, no, I'm talking about the consolidated financials
- R. Jeevanandam:** Sorry, consolidated financial statements. Saying actually the adjustment depreciation, tax expenses, exceptional, interest income you are talking about, right? Interest expense you are talking about?

Moderator: Manan, sorry to interrupt you. Can I request you to come back for a follow-up, please?

Manan: No, no, this is a continuous question. I'm not doing any follow-up.

R. Jeevanandam: So which number you are -- interest received you are talking about or interest payment you're talking about?

Manan: Yes, finance cost, banks and financial institutions, INR 10.58 crores, if you can see in the consolidated for the whole year.

R. Jeevanandam: Okay. I'll come back to you, Manan. I don't have an offline, I'll refer to it. I have to check the accounts and come back to you. Okay?

Manan Patel: Okay sir, sure thank you.

Moderator: Thank you. Next follow-up question is from the line of Dhruv from Shreeji Finance, please go head.

Dhruv: Hello sir, just one follow-up question. Just B-80 and Dirok, you have very well laid in the plan that for this particular FY, taking Kharsang and PY-1 into consideration, what sort of oil production can we expect, say, probably in H2? Because I understand you are drilling different wells at different points of time. So, any timeline you can give that probably by Q3 we can expect this sort of production?

R. Jeevanandam: See, every well we drill in Kharsang, we will connect to the production, and that's what our plan as such. But first well we drilled that was given 200 barrels and that got connected to the production. That is done within 30 days. Similarly, the next well, 30 days. So, every 30 days, we will augment the revenue thereon. So, it will be more of a step up the revenue, right? That is in the case of Kharsang.

PY-1, we have got a pipeline. We have got a processing facilities and all are lined up therein. I don't need any surface facilities. I have to drill a well, which should be producible. So that is the only thing. Once it gets drilled and if it is the drilling is successful, each well, we are targeting at least minimum of 5 million to 6 million cubic feet per day.

Dhruv: Okay. So, on PY-1, we don't have an exact timeline by this quarter or anything that...

R. Jeevanandam: Okay. The timeline I told you know, that we are waiting for the final report from Petro Vietnam, which would be expected by 30th of June. Then we don't require much of the tangibles if it is we are drilling the well through the platform. Suppose the location has to be changed and drill as a subsea well, then we need to procure some more tangibles. Accordingly, we will have a timeline worked out on most likely on end of June.

Dhruv: Okay. So, in next quarter I would follow-up. So, on Kharsang, can we expect 200 barrels of oil at least for this quarter production, Q1 of FY '26?

- R. Jeevanandam:** So, with due concern, each well is a different one. Once you drill, test and hook up our production, we can give you the right volume. Before that, it would not be fair on my part to guide you with some numbers.
- Dhruv:** Okay. Fair enough. Noted, thank you.
- Moderator:** Thank you. Next question is from the line of Sanjeev from SKD Consultants, please go head.
- Sanjeev:** Sir, I just want to know the note number 3, other income includes interest on outstanding dues amounting to INR 45.90 crores. So, has it been received or it's only a book entry? That is one and secondly sir, we have other income in the consolidated account on an annual basis is INR 76 crores and INR 57 crores in the latest quarter. So, can you give some more light about it? and after 2 years, how much more payment we have to make to AEPL? If I could understand right, sir.
- R. Jeevanandam:** AEPL has not paid the cash calls for quite some time. The interest accrued on account of this was about INR 46 crores and they have accepted this as a liability, which will be a part of the consideration adjustment. The outstanding liabilities and along with the interest they have to pay, which is a part of the consideration, right? In addition, we have to pay them on a deferred payment, which should be in the order of around INR 137 crores for 2 years.
- Sanjeev:** Okay. INR 137 crores will become due to them after all adjustments to what...
- R. Jeevanandam:** INR 137 crores would be the amount due to them payable by us. Out of that, we paid some portion of that amount and the balance as and when on the terms of the contract, we will settle it.
- Sanjeev:** Okay. So that means the total acquisition cost is somewhat higher than INR 137 crores also. I mean more than that, we have to catch cash out from our Company?
- R. Jeevanandam:** That's right.
- Sanjeev:** Right, right and there is a deposit of INR 90 crores that is my last question. INR 90 crores deposit is shown as in consolidated balance sheet as deposits under site restoration fund. So, it is only a book entry only, sir. We are not obliged to give it to anybody else?
- R. Jeevanandam:** No, no, site restoration fund means we have deposited that much money, right? So that is in the bank.
- Sanjeev:** It will remain in bank, and it is our own money. It is not to give it to anyone?
- R. Jeevanandam:** Not to anyone. But when we have to restore the site, then you have to use the funds for restoring it.
- Sanjeev:** Okay. Got it, sir and if I need to contact you, I have to contact you at Chennai, sir?

R. Jeevanandam: Yeah, any time. You're welcome.

Sanjeev: Thank you very much sir, you are very kind, thank you and all the best sir.

Moderator: Thank you very much. Next question is from line of Pradyumna from Ace Lansdowne, please go head.

Pradyumna: Hi, am I audible?

R. Jeevanandam: Yeah.

Pradyumna: Just wanted to understand more the rationale of not selling the oil that we have and the impact that that would have if we sell it. So, we are currently holding close to 400,000 barrels of oil and our cost of production is lower than the current market price, right? So even if we were to sell it, we would still be making a profit on it, right?

R. Jeevanandam: No, it's not a question of the profit, it's a question of the value. So, I believe that the value of the oil should be more than the current price. So, we are holding on it. We have the capacity to hold on it. So, we continue to hold on it till we get a better price.

Pradyumna: So, what is our outlook for the crude oil prices for the year? and until what price are we going to hold on? and what is our capacity also? How much oil can we hold?

R. Jeevanandam: We can hold up to, say, 900,000 barrels. Currently, only 400,000 barrels. We have got enough capacity to store the oil. But the price per se is no one can predict correctly. Only thing we can ask Goldman, and I can't say anything on it.

Pradyumna: Okay. So, any sort of benchmark above which price we will be willing to sell, or you will kind of see as the situation evolves from time to time?

R. Jeevanandam: Yeah. See, I think we have to take the reference. We would like to sell the oil around US\$75 per barrel. That's our benchmark price for us and if we are any time when we reach to that level, we will get it. We'll get to offload.

Pradyumna: And once we hit our holding capacity with 900,000 barrels, then whatever price there is in the market, then we will have to...

R. Jeevanandam: So, it's a dynamic process. When I'm in a struggle, then I have to sell it, right? I won't shut the field because of not selling the oil.

Pradyumna: Correct. Okay. So, we don't have any outlook, or you saying that we are kind of hopeful that the oil prices will go up during this financial year to about \$70, you are hopeful of that?

R. Jeevanandam: And we have to accept the facts and live with it. We should accept the facts and live with it.

Pradyumna: Got it. So then eventually, we may have to sell the oil at whatever market price is?

- R. Jeevanandam:** It's like, it's a zero-collar hedging.
- Pradyumna:** Sure, and but that would still give us some certain profit, right? It would still be above...
- R. Jeevanandam:** No. Actually, no. It is mark-to-market. I would consider the profit in every quarterly numbers.
- Pradyumna:** Okay. Got it. Now just one more question regarding the gas. You mentioned that there is no offtake of gas and because the demand is not there and what are the reasons for that? and how and when can we expect the demand to come back?
- R. Jeevanandam:** See, –the demand is the local demand right now. If it is moved from the Eastern region to the rest of the country, then the gas is a precious commodity because everyone needs it, right? Only the question is the connectivity. Once the connectivity get established through the Eastern grid to the National Grid, then gas you can pump it so the Eastern region gets sold at Western region. So that's where the price stability also will come and you will get a better price and demand will be substantial. So, the country is importing more than 1 Bcf of gas. So, there should not be any issue on the demand. Only the question is the connectivity of the pipeline.
- Moderator:** Thank you, Pradyumna I request to come back please. Next question is from the line of Anubhav from Sirius Advisors, please go head.
- Anubhav:** Sir, just to understand the capex timeline, so post June 1st is PY-1, then we have B-80 post the monsoons and Dirok in Q4, right?
- R. Jeevanandam:** Yes.
- Anubhav:** And sir, on Dirok, let's assume the pipeline is hooked up and done with, but the common carrier issue is not sorted out. So, like then what is the impact?
- R. Jeevanandam:** See, the issue is actually, which is a burning issue, it has to be sorted out because any pipeline which is existing in the country, which they wanted to use it, they will be using it, right? So, we cannot get a fact actually whether it will not be done or something like it will be done. It is taking time. That's all.
- Anubhav:** And sir, the second, it is connected overnight, we can ramp up our volumes or will that again take like a timeline of a few months?
- R. Jeevanandam:** No, no. Our 5 wells up to 35 million to 40 million cubic feet, there should not be any issue. But we are hoping that the line get connected, there will be a demand picks up. So, by the time to make ourselves ready, we are drilling the additional wells. So North Dirok drilling will take place and after that followed by other development wells.
- Anubhav:** Got it. So, the drilling in Dirok you will take in Q4 will again take a few months and post that, we can ramp up to 40 and 50?

- R. Jeevanandam:** No, no, 40 is not a problem to me right now with the existing wells. To make it 40 to 70, I need to drill the wells.
- Anubhav:** Got it. Got it and sir, any it's a guess to make. Any rough numbers you can share what you expect from PY-1? since the amount is quite material.
- R. Jeevanandam:** No, no. See, thing is it is not advisable for me to give you a guidance on the numbers. I would like to drill the wells and once I test the wells and hook up the wells for production and then sales, then first thing I will come and inform to you.
- Anubhav:** Fair enough, sir. Fair enough. Sir, just last question. The capitalization of the remaining 40% of B-80 on our books, is there any chance that moment of time, like we take an impairment or anything on those lines, given that production volumes have been lower than what we have expected?
- R. Jeevanandam:** Thank you so much. It is a good question. It is not going to be an impairment. It would be going to be a fair value increase. So that would be an entry that would get reflected as soon as the approval comes.
- Anubhav:** Got it sir, thank you.
- Moderator:** Thank you very much. Ladies and gentlemen, due to paucity of time, we'll take that as the last question. I'll now hand the conference over to the management for closing comments.
- R. Jeevanandam:** Okay. Thank you, all. We focus to complete the drilling of wells in both onshore and offshore to increase the production as well as increase the reserve base of the Company. Our committed in-house team with the support of the external experts will ensure to achieve our growth targets. We once again thank you all for joining us today. Thank you.
- Moderator:** Thank you very much. On behalf of Hindustan Oil Exploration Company Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.