



“Oil India Limited  
Q3 FY2022 Results Conference Call”

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**Moderator:** Ladies and gentlemen, good day and welcome to the Q3 FY2022 Results Conference Call of Oil India Limited hosted by Emkay Global Financial Services. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing ‘\*’ then ‘0’ on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Sabri Hazarika from Emkay Global Financial Services. Thank you and over to you Sir!

**Sabri Hazarika:** Good morning everybody. On behalf of Emkay Global Financial Services, I welcome you all to the Q3 FY2022 post earnings conference call of Oil India Limited. We have with us the senior management of Oil India Limited headed by Mr. Harish Madhav, Director of Finance and Mr. P K Goswami, Director Operations. So without any further delay, I will now request their management for their opening remarks and then we can move over to the question and answer round. Over to you Sir.

**Harish Madhav:** Good morning ladies and gentlemen. I am Harish Madhav, Director Finance. Along with me is just introduced Mr. Pankaj Goswami, Director Operations. I will request ED Finance, Shri Sanjay Choudhuri to please give the opening remarks and then we can have the question and answers.

**Sanjay Choudhuri:** Thank you Sir. Good morning dear friends. At the outset I would like to thank M/s. Emkay Global Financial Services Limited for arranging this call. I am Sanjay Choudhuri, ED, Finance and accountants and today we have with us Shri. Harish Madhav, Director Finance and Shri. Pankaj Goswami, Director Operations for providing the valuable side. We appreciate the interest shown by you in the company. The financial results of Q3 FY2021-2022 have been shared with all the analysts and posted in the website as well. I hope all of you have received them. I will briefly give some indications about the performances of the company both in physical and financial terms. The consolidated turnover of oil for the nine months ended December 31, 2021 is Rs.21,141 crores versus Rs.15,982 crores for the corresponding period nine months ended December 31, 2020. The consolidated PBT for the nine months ended December 31, 2021 is Rs.5,699 crores versus Rs.2,354 crores for the same period last year. The profit after tax for the group level of the company for nine months ended December 31, 2021 is Rs.4,192 crores versus Rs.3,003 crores for the nine months ended December 31, 2020.

Now the proceeding on to the standalone results. We will begin on the production front. Total production for Q3 2021-2022 is 0.754 mmt which is almost in the same range for the corresponding period last year with a marginal increase of about 0.8%. Total production for the nine months is 2.262 mmt versus 2.247 mmt which is also in the same range with a marginal increase of about 0.71%. Natural gas production however has shown substantial increase because in Q3 2021-2022 it has been 793 mmscm versus 673 million SCM for Q3 FY2020-21 which I mentioned is an increase of about 18%. Natural gas production for the nine months ended December 31, 2021 is 2,311 million metric cubic meters versus 1993 million metric cubic meters

for the same period ended December 31, 2020, which is an increase of 16%. On the financial side, the company's profit after tax in Q3 2021 is Rs.1,244.90 Crores versus Rs.903.69 Crores in Q3 2020. For the nine months ended December 31, 2021 profit after tax is Rs.2,257.30 Crores versus profit of Rs.894 Crores for the nine months ended December 31, 2020. The company's EBITDA in Q3 FY2021-22 is Rs.2235.72 Crores versus Rs.277.42 Crores in 2020-21 and EBITDA for the nine months ended December 31, 2021 is Rs.4813.63 Crores versus Rs.1453.66 Crores for the nine months ended December 31, 2020. EPS has increased to Rs.11.48 per share in Q3 FY2021-22 as compared to Rs.8.33 in Q3 FY2020-21. For the nine months ended December 31, 2021, EPS is Rs.20.82 per share vis-à-vis EPS of Rs.8.24 per share for the nine months ended December 31, 2020. The board of OIL has recommended a second interim dividend of Rs.5.75 per share for FY2021-22. This is the second interim dividend which resulted in a total interim dividend till date of Rs.9.25 per share against a face value of Rs.10 in the financial year 2021-2022. The average crude oil price realization for Q3 2021-2022 is \$78.59 per barrel versus \$44.09 per barrel for Q3 of 2020-21, which has increased by 78%. Crude oil price realization for the nine months ended December 31, 2021 is \$72.41 per barrel versus \$38.98/ barrel for the nine months ended December 31, 2020 which has also increase in excess of 85%. The increase in price has lead to increase in the turnover by Rs.3,841 crores and profitability by around Rs.1,900 crores for the nine months ended December 31, 2021. Average natural gas price for Q3 2021-22 is \$2.90 per mmbtu versus \$1.79 per mmbtu for the corresponding quarter last year which has increased by \$1.01 per mmbtu. Natural gas price realization for the nine months ended December 31, 2021 is \$2.16 per mmbtu versus \$2.19 per mmbtu for the nine months ended 2020, which has decreased by \$0.03 per mmbtu. The decrease in price led to decrease in turnover by Rs.20.27 crores and profitability that is PAT by Rs.13.81 Crores for the nine months ended December 31, 2021.

In the current quarter OIL has taken provisions and write off against wells to the tune of Rs.272 crores in Q3 2021-22 versus Rs.537 crores in the same quarter last year. OIL acquired 39,84,36,929 equity shares in the NRL in March 26, 2021 including 7,74,80,746 shares on behalf of Government of Assam, at the total investment of Rs.8676 Crores. The transfer process to the entire number of equity shares purchased by OIL from BPCL on behalf of Government of Assam has been completed on the January 3, 2022. After transfer of the Government of Assam shares all present equity holding in NRL stands at 69.63%.

The OIL-AGCL (Assam Gas Company Limited) consortium where OIL holds 49% and AGCL holds 51% has received letter of intent of grant of authorization for development of CGD in three place, two in Tripura and one in Assam in the recently concluded 11<sup>th</sup> round of CGD bidding launched by the PNGRB for the development of CGD network in the country.

Now coming to the financial performance of Numaligarh Refinery Limited, profit after tax for NRL for Q3 2021-22 is Rs.794 Crores as against Rs.841 Crores in Q3 2020-21. NRL's Gross refining margin is \$12.48 per barrel in Q3 2021-22 from \$0.82 per barrel in Q3 2020-21 and EPS is Rs.10.80 per share in the Q3 of 2021-22 vis-à-vis Rs.11.43 per share in Q3 of the previous year.

With this my open remarks on performance of the company is over and we are now open to the Q&A session.

**Moderator:** Thank you very much. We will now begin the question and answer session. The first question is from the line of Aishwarya Agarwal from Nippon India Mutual Fund. Please go ahead.

**Aishwarya Agarwal:** Thank you very much. I have two questions. One is how do you see the gas price going forward on the 1<sup>st</sup> April and the 1<sup>st</sup> of October? My understanding is this should be around \$6 and \$9 respectively? How do you calculate and how do you see the number? Can you share your review that would be very helpful?

**Harish Madhav:** Good morning. I am Harish Madhav. The gases prices of course will be declared by PPAC on the March 31, 2022, but going by the trend we anticipate anywhere between \$5.5 to around \$5.75 per MMBTU effective 1<sup>st</sup> April and not \$6 and may be the final corrections little bit here and there, but around that is the range and going forward effective October may be \$6 to \$6.5 per MMBTU.

**Aishwarya Agarwal:** Sorry Sir I could not get October 1?

**Harish Madhav:** It is around \$6.5 to \$7 and current effective April 1, \$5.5 to \$5.75. This is as per our calculation but these are all estimates because PPAC sources though we are aware we do estimate, but then actual calculation may be slightly different.

**Aishwarya Agarwal:** Sure and Sir do you see any indication of any of the under recoveries coming to us especially on the LPG side? LPG under recovery I understand was absorbed by the OMC in the Q3 and the Q4 is the one where there it is apprehensive so what is our read on that Sir?

**Harish Madhav:** I do not think so any burden is coming. Last several years we have stopped sharing any under recoveries so there should be no apprehension that some under recovery burden is likely to come on us. In any case, going by the indication in the budget provisions, the government has provided only Rs.4000 Crores of LPG subsidy, so it is very, very likely that all the price increase as the government has been passing on will be passed on in the consumers' prices with a little bit subsidy mechanism which is in place today. That only continues. The burden is going to be very less and Rs.4000 crores the government has already provided and OMC whatever they have got I am not having any idea because it was only temporary or the government will reimburse in subsequent period of what it is, but upstream companies especially Oil India you can be rest assured that no subsidiary absorption of any kind is likely to come to us.

**Aishwarya Agarwal:** Sir that is very helpful and my last question is Sir how we should look at the capex number for the next financial year? Should we see an increase in the capex number because we have better oil and gas realization?

**Harish Madhav:** Yes, the capex for the next year that is FY2023 is already locked out around Rs.4300 Crores. We have already worked out the plan so that will be the number.

- Aishwarya Agarwal:** Sure? You do not see any further increase on the top of this Rs.4300 Crores?
- Harish Madhav:** This one is all decided. Aishwarya the capex plan is decided almost six months before. In October and November we have worked out so in case there is any requirements of course we will have a midterm review sometime in August to September so in case any requirement comes up we will certainly invest but then it is not over night that suddenly in six months period we can increase our capex or like that because the drilling plans, production plan, asset whatever, infrastructure is to be developed all those things are to be planned and then investments made so there should not be any significant increase over this Rs.4300 Crores number but whatever is required certainly we will spend.
- Aishwarya Agarwal:** Sure Harish Sir and this Rs.4300 Crores includes that capex on the subsidiaries and JVs everything together?
- Harish Madhav:** No. Subsidiary means NRL. NRL we do not see any equity investment in FY2023. It is just that the overseas company, overseas projects, whatever joint venture projects, domestic, OLEP, NELP, DSF block exploration all those things are included in this.
- Aishwarya Agarwal:** Sir one last thing Sir? Do we see any increase in the opex number going forward because of any reason or it will remain stable the way it is excluding the royalty which is a percentage?
- Harish Madhav:** Royalty and cess these two are ad-valorem levies so they of course will go up or down as the crude prices or the gas prices behave but apart from that we do not anticipate any increase may be a minor corrections here and there. Otherwise no major increase in the operating cost.
- Aishwarya Agarwal:** Sure Sir that was really helpful. Thank you very much and best of luck. I hope you people will do very well going forward.
- Moderator:** Thank you. The next question is from the line of Somaiah V from Spark Capital. Please go ahead.
- Somaiah V:** Thanks for the opportunity Sir. Sir my first question is with respect to the other income so this time around in Q3 we have had a higher number on other incomes and Q4 is the quarter that have a higher other income? Can you just help us understand? I think you had categorized this under the miscellaneous income so what is driving this and what is your outlook for Q4?
- Sanjay Choudhuri:** Other income is higher basically due to higher dividend income.
- Somaiah V:** This is from IOCL that is funded by?
- Sanjay Choudhuri:** This is basically because Rs.265 Crores from OIPL and Rs.242 Crores from IOCL.
- Somaiah V:** Sorry Sir? Can you just repeat the numbers?

- Sanjay Choudhuri:** NRL is Rs.265 Crores, IOCL Rs.242 Crores and OIPL Rs.265 Crores and Rs.2 Crores from BNPL.
- Harish Madhav:** OIPL is our overseas subsidiary in Singapore through which we are holding our investments in the Russian assets in Taas & Venkor. During the current year that company has also paid us the dividend.
- Somaiah V:** Got is Sir. Sir do you see some kind of timing impact I think we have got it preemptively in Q3 and Q4 probably would be lower when compared to the previous year's run rate?
- Sanjay Choudhuri:** Q4 number may be slightly lower because OIPL we may not be getting any dividend but certainly IOCL has declared dividend. NRL also may declare. Of course they have not declared not so far but they may be declaring something in the next month because as and when it is reviewed by the government so we expect some more dividend of IOCL and NRL. IOCL of course has been declared already so it will be less but not lesser to a larger extent., but certainly it will be lesser than the Q3.
- Somaiah V:** Understood that is very helpful. Sir my second question is with respect to NRL so I think you did mention close to Rs.800 Crores of PAT and last year PAT you had said it is Rs.841 Crores if I am right and GRMs of 12.4 this year and was it 0.8 last year is that what you said?
- Harish Madhav:** GRM last year for the nine-month period was 1.44 and this year 10.43.
- Somaiah V:** Sorry Sir I am looking for Q3 this year versus last year?
- Harish Madhav:** Q3 numbers.
- Somaiah V:** Yes?
- Harish Madhav:** What you mentioned was the correct number 0.8 last year.
- Somaiah V:** Sorry Sir because of your voice, I could not get so it is 0.8 last year and is it 12.4 this Q3 FY2022 is that right?
- Harish Madhav:** Yes 12.48 current year Q3 and last year Q3 was 0.82.
- Somaiah V:** Sir but I think the PAT numbers you mentioned is about for Q3 that is 794 and 840?
- Harish Madhav:** Yes.
- Somaiah V:** So given that the GRMs have been substantially high this kind in Q3 whereas PAT is relatively lower what would explain that?

- Harish Madhav:** There was a correction in the excise duty Rs.10 per liter on diesel and petrol in the Q3 compared to last year so that has made the difference.
- Somaiah V:** Got it Sir helpful and Sir what would be the debt at NRL currently Sir net debt?
- Harish Madhav:** Can you repeat your question please.
- Somaiah V:** Can you provide the net debt number at a consol level and probably break it at the subsidiaries also it will be helpful?
- Sanjay Choudhuri:** Subsidiaries what numbers you want?
- Somaiah V:** The net debt numbers?
- Harish Madhav:** The debt number?
- Somaiah V:** Yes?
- Harish Madhav:** Net debt at the consol level is we have already declared I think in our results. So net debt at the group level is as on December 31, 2021 would be around Rs. 17,000 Crores.
- Somaiah V:** So this would include how much at a standalone and how much in the international subsidiary and NRL?
- Harish Madhav:** I am talking of this Rs.12,900 Crores is the standalone.
- Somaiah V:** Got it Sir and is it possible to give on the international subsidiary will that number be available Sir?
- Harish Madhav:** 17 minus 12, which is about Rs.4500 Crores to Rs.4200 Crores.
- Somaiah V:** So NRL continues to be almost negligible?
- Harish Madhav:** As of now NRL continues to be debt free but going forward they will drawing out of the debt funding what they have arranged for the expansion program going forward NRL will be drawing something, but as of December 31, 2021 they debt free.
- Somaiah V:** Got it Sir and one last question from my side continuing with the NRL so what is the capex that we have invested so far as part of the expansion program in NRL and what we envisage for the next year and I also mentioned that you do not see equity contribution from our side in this? Can you just elaborate a bit on this pending and the plant Sir?
- Harish Madhav:** Can you move forward with the other question. In the meantime, by the time we collect this details.

- Somaiah V:** Sure Sir. I will join back the queue. Thanks.
- Moderator:** Thank you. The next question is from the line of Varatharajan Sivasankaran from Antique Limited. Please go ahead.
- Varatharajan S:** The opex we have this provision as well as the service cost number which seems to be fairly volatile if you can give some insights into it and what is the kind of a stable number which we should consider on an average basis if not quarterly?
- Sanjay Choudhuri:** These provisions numbers basically relate to the wells and provision for impairment of investments. Did you get it, please?
- Varatharajan S:** Sure. Not a problem? You are talking about Rs.4300 Crores of capex for the FY2023,I believe any guidance going forward as well, which will remain broadly at those levels or should we look at any kind of major capex apart from NRL?
- Harish Madhav:** Apart for NRL, I think capex will be around in that range only say Rs.4200 Crores to Rs.4500 Crores in that range.
- Varatharajan S:** Any breakup available in terms of what goes where exploration and development?
- Harish Madhav:** Currently about exploration and development put together you can say around 60% as per the trend will be I that activity and about 15% to 16% in overseas and the rest in infrastructure.
- Varatharajan S:** Fair enough. I will join back in the queue. Thank you.
- Harish Madhav:** There was a question by the previous gentleman about the NRL capex details so the NRL so far on the extension project they have spent about Rs.3000 Crores, Rs.900 Crores in last financial year and current year up to December Rs.2100 Crores and this year the plan is to invest around Rs.3600 Crores that is another about Rs.1500 Crores will come in the Q4.
- Moderator:** Thank you. The next question is from the line of Gagan Dixit from Elara Capital. Please go ahead.
- Gagan Dixit:** Thanks. Sir what is your production guidance for gas and oil separately for this FY2023?
- Pankaj K Goswami:** You are talking about production numbers.
- Gagan Dixit:** Yes any guidance or your expectations for the next year Sir?
- Pankaj K Goswami:** As of now as you can see the trend, the crude oil production has increased marginally and the present target if you talk about, we are targeting a total production by the end of this year is around 3 million metric tonne for oil. You are asking about 2022-23.



**Gagan Dixit:** Yes Sir?

**Pankaj K Goswami:** In that case, I will have to change my view. In fact you may be knowing that oil is pick up a very big expansion plan in some thrust area where we are exploring more and we are going for accelerated drilling and as for that plan by the end of 2023-24 our production what is presently at 3 will be 4 so as of now the 2022-23 will be around 3.6 million metric tonnes of crude oil and similarly for gas also we are going to increase the production to around 4 million so that is the target as of now.

**Gagan Dixit:** So if you can give some color on what are the major fields that you are trying to bring online and what is the peak production that is expected? I just want to get a sense that whether FY2023 will be the peak or might be impacted more going forward?

**Pankaj K Goswami:** In fact presently we are targeting some five thrust area where the exploration is presently going on drilling activities are going on, out of which one is at Rajasthan, one is at Arunachal and the rest three are in Assam so these are the five fields identified and over and above you may be knowing that Oil India has started drilling in the first OLEP block that is in Rajasthan and one big drilling we have started in Sadiya so that is one NELP block so these are the two new fields we have now started and this is purely exploratory activities. We cannot say anything right now, but we have started exploration in this new place but the rest of the production we are expecting is from the old fields that are by accelerated drilling in the 5 major thrust areas that I have mentioned.

**Gagan Dixit:** Sir on the domestic production point typically in the past you have problem especially from the natural gas side because of the demand constraint you are not able to increase the production so what is the guidance you are seeing in the rise in the production in FY2023 so may I assume there will be constraint by the demand or there is a possibility to further increase? Is the demand constraint or might be further possibility of increase in the production from this level?

**Pankaj K Goswami:** There is definitely possibility of increasing production because we have many commitments to the nearby industries in North East so there are requirements for enhancement of capacity in the Namrup power grid, then expansion of capacities in the fertilizer plant so we have new commitment so I do not think there will be any market constraint. We will be able to produce more.

**Gagan Dixit:** Sir you mean that if you are able to increase the production and demand is there that is what?

**Pankaj K Goswami:** Yes.

**Gagan Dixit:** That is from my side. Thank you.

**Moderator:** Thank you. The next question is from the line of Vishnu Kumar from Spark India. Please go ahead.

- Vishnu Kumar:** Thanks for your time. A few questions. Firstly on the gas pricing so we have till June for the October reset I understand so if the gas prices globally remains pretty high and let us say if we inch towards \$8 to \$9 is there any risk that government may cap it at a certain price? I am sure some conversations are going given the fertilizer cost and other things the government are overall subsidy outlay increases so any thoughts on that let us say if gas prices were to move towards \$8 to \$9?
- Harish Madhav:** No. Currently there is no thought process and no discussion going on for the ratio of capping of the gas price is concerned. The formula which is in place since October 2014 is continuing and no discussion, nothing is in place to apprehend that there may be some correction or some capping but of course October is bit far of as of now. Anything happens in between it is a different thing but as of today there is no indication.
- Vishnu Kumar:** Got it. Sir how much percentage of gas if you could split into what is that we get at APM say other pricing methodologies?
- Harish Madhav:** At OIL India 100% gas production comes at the APM price only.
- Vishnu Kumar:** So if we move to this 3.6 to 4 BCM which you mentioned that gas also will be part of APM or you will have a differential pricing?
- Harish Madhav:** That will be APM only because that production growth will come from the existing fields only.
- Vishnu Kumar:** Understood Sir. My second question is on the NRL side? Could you just give us the GRM with the excise benefit that will be useful Sir?
- Harish Madhav:** GRL with excise duty benefit is not readily available. May be we can get back to you.
- Vishnu Kumar:** Understood. Any color on the inventory gain that you had on NRL this time Sir on the 12.4?
- Harish Madhav:** Out of \$12 how much is on account of inventory gain? Absolute inventory gains numbers possibly we will be able to share by converting that into GRM part.
- Vishnu Kumar:** Even absolute gain will be good enough Sir if you can give us some number?
- Harish Madhav:** We will respond to you separately on this query.
- Vishnu Kumar:** If you can on the excise duty if you have GRM including excise duty that will also use?
- Moderator:** Thank you. The next question is from the line of Probal Sen from ICICI Securities. Please go ahead.
- Probal Sen:** Thank you very much for the opportunity Sir. Sir staying on the guidance of around 20% growth that we are looking at in terms of oil for FY2023 and a further 10% on that may be by FY2024 in

terms of the five thrust areas is it possible to put a number on the reserves being targeted Sir the incremental reserve addition that you are targeting? What I am trying to get at is for what period of time can this production increase be sustained as a result of this exploratory drilling in the five areas we are developing? Is there any data available on that front?

**Pankaj K Goswami:** It is a very difficult question to answer because exploration is totally we are not sure what we will get with exploration but as of now the program is that by end of 2023-24 we have the production figure but all the 25 blocks in OLEP that we have already taken, the seismic project is still on so once the seismic program are completed then we take the data and get the interpretation study ready then we will be able to give you some figure regarding the reserve figures, but as of now the reserve figure we do not have for the period 2024-2025.

**Harish Madhav:** Gopal, in any case you must be knowing that reserve estimates are done on the year end every year so as per the last result estimate March 31, 2022 will be the next estimate, 2023 next estimate like that and whatever the five thrust areas that we mentioned for this we are targeting for increase basically faster exploration and development so of course the production growth we are anticipating there will be a reserve increase also. There may be a reserve increase in this thrust areas with the new exploration but that estimates can be done only at the end of March or this year or March next year like that.

**Probal Sen:** So is my understanding correct that this 0.6 of 1 mmnt oil addition that we are looking to do from 3MT to 4MT we already have a fair idea of which reserves will be target. It is not necessarily incrementally reserves?

**Harish Madhav:** We have a fair idea that there are possible reserves are available but to what extent those reserves are there that will be known only through further exploration that which we are targeting.

**Probal Sen:** Sir just one question? I am sorry if you have answered that? The NRL expansion completion time timeline what are looking at as of now?

**Harish Madhav:** I think it is FY2024-2025.

**Probal Sen:** Sir thank you so much. I will come back if I have more questions. Thank you.

**Moderator:** Thank you. The next question is from the line of Avishek Datta from Prabhudas Lilladher. Please go ahead.

**Avishek Datta:** Sir following on the previous question, I just wanted to understand what is the capex for NRL invest capex?

**Harish Madhav:** NRL total capex for this project for this refinery expansion is about Rs.28,000 Crores plus and for the target for current year cumulative target for the current year cumulative target is around

Rs.4500 Crores. Rs.900 Crores we have already spent last year. Rs.3600 Crores is the capex target for current year.

**Avishek Datta:** What will be the government contribution for this capex?

**Harish Madhav:** The government total viability cap of Rs.1000 Crores.

**Avishek Datta:** Only Rs.1000 Crores?

**Harish Madhav:** Only Rs.1000 Crores. The rest everything is funded by either debt or by internal accruals or equity contribution by promoters.

**Avishek Datta:** Sir during this quarter what was the throughput for NRL?

**Harish Madhav:** For third quarter current year it was 614 TMT.

**Avishek Datta:** This is for Q1?

**Harish Madhav:** This is Q3 current year, October to December.

**Avishek Datta:** Sir I just wanted to reconfirm the dividend amount which you received? IOC is Rs.242 Crores and OIPL is Rs.265 Crores?

**Harish Madhav:** Yes.

**Avishek Datta:** And NRL is?

**Sanjay Choudhuri:** Rs.265 Crores again.

**Avishek Datta:** Thank you so much Sir.

**Moderator:** Thank you. The next question is from the line of Kirtan Mehta from BOB Capital Market. Please go ahead.

**Kirtan Mehta:** Thank you Sir for giving this opportunity. I wanted to go back to the production question? You are looking for sort of an increase from 3 million tonnes to 3.6 million tonnes in FY2023 and then further to 4 million tonnes in FY2024 and is this primarily on the back of success on the exploration? Would they be connected that fast to deliver another incremental 0.6 million tonnes production through FY2023? Is that the expectation currently?

**Pankaj K Goswami:** Yes. This is from the existing producing fields what we are targeting right now. Only some accelerated drilling in the existing producing fields and from that we will be getting the additional production.

- Kirtan Mehta:** Would you be able to give us a breakup of how the incremental 0.6 million tonne, could you associate with the field that we are looking at?
- Pankaj K Goswami:** There are five fields we have identified. One is Kumchai in Andhra Pradesh, then in Assam, Balimara, Baghjan and Lakwaga Gaon. These are the three fields and in Rajasthan, the Baghewala. These are the five fields we have identified. We have been producing from this field right now and we are going from accelerated drilling activities in this areas and for the accelerated drilling we will be getting additional production. That means that the number of wells will increase.
- Kirtan Mehta:** Understood. These are not the exploratory wells? These are basically the infield developmental wells, which will help increase the production level?
- Pankaj K Goswami:** It is mixture of both.
- Kirtan Mehta:** Sure and in terms of the natural gas production which are the fields where we are looking to sort of increase the production to 4 BCM next year?
- Pankaj K Goswami:** Mostly it is from Baghjan.
- Kirtan Mehta:** Right and in terms of the Baghjan could you also sort of take us through the progress that you have made over this year?
- Pankaj K Goswami:** The entire production gain that we have been getting right now is from Baghjan only, the gas production so this is a very prolific field and we have been expecting more gas in those areas. In fact we are targeting some high production wells with some additional design features so that we can get more gas from the same well.
- Kirtan Mehta:** Right Sir. Thanks for this explanation. One more question on the provision side, you mentioned that there was one well write off and there was some investment write impairment of investment as well? Would you be able to give us the numbers for a well write off and give more details about the specific well write off that has been taken?
- Sanjay Choudhuri:** There are three wells which were written off in operational areas in Assam, okay and three wells accounted for about Rs.220 Crores and we took a provision for impairment of the investment in Venezuela that amounted to around Rs.200 Crores which was also set off by Rs.100 Crores because we gained on the write back of impairment on our US asset so net, net impairment was Rs.100 Crores of investment and around Rs.220 Crores on wells.
- Kirtan Mehta:** Right Sir. One last question if I may, there is always in the comprehensive items there are equity instruments which are directly sort of impacting the earning in the comprehensive income? This quarter the number was Rs.670 Crores of loss? What does this pertain to and what are the key drivers for them?

- Sanjay Choudhuri:** IOCL share are the major driver for this in fact the only driver for this as for this quarter is concerned.
- Kirtan Mehta:** Which share you repeat?
- Sanjay Choudhuri:** IOC the change in evaluation on Indian Oil Cooperation shares in done through the OCI.
- Kirtan Mehta:** Right Sir. Thanks for the clarification.
- Moderator:** Thank you. The next question is from the line of Sabri Hazarika from Emkay Global. Please go ahead.
- Sabri Hazarika:** Good morning Sir. Actually I have a question on behalf of an investor so next year what kind of GRMs are you expecting from NRL and what will be the capex for NRL for next year for FY2023?
- Harish Madhav:** About GRM I will not be able to respond because GRM of course they only behave depend on how the crude oil prices behave. Capex part yes around Rs.11,000 Crores is the planned capex for the NRL expansion project next year.
- Sabri Hazarika:** That is like for the year itself not cumulative that is for?
- Harish Madhav:** That in 2022-23 year only. Cumulative will be around Rs.14,000 Crores say around Rs.15,500 Crores.
- Sabri Hazarika:** Secondly 69.3% is your effective stake right now so exactly how much was actual outflow for you for this NRL acquisition?
- Harish Madhav:** For 69% yes.
- Sabri Hazarika:** Yes from 26% to 69%?
- Harish Madhav:** It is around Rs.6500 Crores.
- Sabri Hazarika:** Around Rs.6500 Crores. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Vipul Shah from Sumangal Investments. Please go ahead.
- Vipul Shah:** Sir I just want to know what is the current capacity of NRL? What will be the capacity after the expansion and what will be the debt position of NRL right now and what will be the peak debt of NRL?

- Harish Madhav:** The current capacity is 3 million tonnes per annum processing capacity. Post expansion, it will be 9 million. Current debt is nil and the peak debt after the expansion will be Rs.18300 Crores or Rs.18900 Crores something like.
- Vipul Shah:** So related question, what will be the peak debt of consolidated Oil India in that case?
- Harish Madhav:** Peak debt consolidated 70% of 18000 you can add how much it will be around Rs.26,000 Crores to Rs.27,000 Crores but certainly out of that by the time the NRL debt is drawn we will be liquidating certain debt so you can say around Rs.23,000 Crores to Rs.24,000 Crores.
- Vipul Shah:** Are you expecting any write off from your Mozambique asset?
- Harish Madhav:** No.
- Vipul Shah:** Because there was some political problem there?
- Harish Madhav:** Some security related issues, which they are trying to resolve and get the project back on track as soon as possible so right now there is no indication that we will be taking any write off or any provision for this project.
- Vipul Shah:** Lastly regarding the expected increase in production that is coming from which phase you said?
- Harish Madhav:** There are five areas which the Director Operations just mentioned.
- P K Goswami:** One is in Arunachal Pradesh i.e., Kumchai field. Three are from Assam i.e., Balimara, Baghjan and Lakwaga Gaon. and the fifth one is from Rajasthan i.e., Baghewala field.
- Vipul Shah:** Sir lastly are you going to post the transcript of this call on your website?
- Harish Madhav:** Yes we will be doing that.
- Vipul Shah:** Thank you very much Sir and all the best for the future.
- Moderator:** Thank you. The next question is from the line of Kirtan Mehta from BOB Capital Market. Please go ahead.
- Kirtan Mehta:** Just one followup actually it is not a question but a request? Would it be possible for you to share the NRL results also as a part of your analysis of the results that you share with analysts?
- Harish Madhav:** Not core results but may be some key numbers we can start sharing and the analysis of the results what we share that we can share and all those things we can possibly share. We can explore that in the next quarters.

- Kirtan Mehta:** That could be very helpful and for the first time if you can give us sort of a six to seven quarters history in one go and then afterwards the specific quarters that will allow us to do a better modeling for the NRL?
- Harish Madhav:** We will explore that possibility certainly.
- Kirtan Mehta:** Thank you.
- Moderator:** Thank you. The next question is from the line of Vipul Shah from Sumangal Investments. Please go ahead.
- Vipul Shah:** Sir the excise benefits for NRL expansion will be available means what is the sunset date be for that?
- Harish Madhav:** There is no sunset date as per the approval given by the cabinet. The excise duty benefit is available to the entire project entire production over the lifetime. As of now there is no sunset clause defined.
- Vipul Shah:** Sir thank you.
- Moderator:** Thank you. As there are no further questions from the participants, I now hand the conference over to the management for closing comments
- Harish Madhav:** Thank you analyst. I am Harish Madhav again. Thank you for your interest in the company and in this quarterly results that we declared on Friday. We could not have the call earlier because the results were declared on Friday in the afternoon only and then it was Saturday and Sunday so earliest we could do was today morning, so we hope that we have responded to all the queries. In case something more is required any analyst is looking for some more information, please send email or messages to us and our team will be responding to them to the extent possible. Thank you very much once again and we hope that the results, the performance, financials, and physical performance of the company have been reviewed in a positive perspective by the investors and the analysts and any feedback on that and any feedback on further improvement in the information sharing is always welcome we will be able to do that. Thank you.
- Moderator:** Thank you. On behalf of Emkay Global Financial Services that concludes this conference. Thank you for joining us and you may now disconnect your lines.