

ANTIQUO OIL & GAS CONFERENCE HELD ON 30TH JUNE 2021

OIL INDIA LTD CALL AT 10.30 PM.

Name of the Speaker	Description
OIL	: Good Morning ladies and gentlemen. We had declared our financial results for Q4 and FY2021 on 21.06.2021. Before we open for the Q&A, we would like to run thorough a presentation. OIL is Navratna Public sector enterprise having more than 6 decades of presence in oil & gas sector. We are integrated and fully serviced oil & gas company having presence across oil & gas value chain. The company is having both domestic and global presence. We have a strong reserve base of 2P and reserve replacement ratio of more than 1. The company is led by strong, experienced Management team led by Shri S.C. Mishra, CMD having experience of more than 37 years and have government representation and independent directors in the board. OIL's journey, we have a rich heritage of more than 6 decades with the incorporation of the company in 1959, listing in 2009, getting good credit rating in 2013 and recently in 2021 additional acquisition of NRL. We are having Global Platts ranking of 206 and ratings from Fitch, Moody and Care. This is the Key Performance Highlights. We were able to bring on stream two major projects i.e. Secondary Tank Farm at Madhuban and GCS at Makum, which is

	<p>dedicated to the Nation by the Hon'ble Prime Minister of the country. Then NRL became subsidiary of OIL with acquisition of 54.163% equity and we very successfully arranged for the debt finance of Rs.6,300 crores from SBI and HDFC. Besides, we also acquired blocks in OAL – V Round which increased our acreage by 13% and we are happy to inform that last year we have the highest Capex of over Rs. 4,600 Crores. Now coming to the strategic part, as you are aware we are integrated oil and gas player. In exploration we have 64 domestic blocks. As I have already mentioned which includes nominated blocks in Pre NELP, NELP, OLAP and DSF. Besides, we have presence in 11 countries internationally and recently in our nominated block we had discovery in Assam. Regarding production we have about 18 installations for oil and gas and around 2000 kms of gas and oil pipelines. In terms of midstream -transportation, we have major crude pipeline which is over 1100 kms besides, we have got stake in Sudan pipeline and there is natural gas pipeline which is in DNPL in North East which is about 200 kms. This multi-product pipeline which runs from Numaligarh to Siliguri has a capacity of 1.70 MMT right now, which with expansion of Numaligarh refinery to 9 million tonnes, the capacity will be augmented so as to meet/support the excavation of the expanded quantity of products of Numaligarh refinery and this would be on stream in line with the time when the refinery</p>
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would be producing the enhanced quantities.

Now coming to the inhouse capabilities, as you know we have the in-house expertise of being an integrated oil and gas company having 2D/ 3D inhouse groups, having work-overs well as drilling rigs, logging units and like already mentioned we have production facilities and storage facilities and the pipelines. We have been in the forefront in introducing the state of art technology in exploration and production activities and since we are the frontrunners in managing aging fields and getting the maximum production out of these fields which is done by deployment of wide array of IOR / EOR activities fetching maximum recoveries from these aging oil reserves. We have also technology to include the production facilities like ESPs to improve the artificial lifting from wells. We have also collaborated with the best minds in the world to get the best input and to best utilize the resources that is the reserves available to us. We have also created surface facilities and have introduced horizontal drilling, In-fact most of wells now are horizontal wells, which lead to enhancement production and have a bigger reach besides we have also introduced gravel pack completion so that the life of the well is enhanced. Now this is the snapshot of our latest acquisition that is the Numaligarh Refinery. We have 70% equity in this 3 MT Numaligarh Refinery. The Refinery has the best in class

facility. It is also the largest producer of paraffin wax and it has the expansion plans like we mentioned of going upto 9 million tones from its present capacity of 3 million tones. Which will be at a cost of Rs.22,500 Crores.

Coming to the domestic assets like we mentioned we have got 64 domestic assets, which is got 28 nominated blocks, 25 OALP Blocks, 2 Pre-NELP Blocks, 6 NELP blocks and 3 DSF blocks. This just gives us the snapshot in terms of the coverage and the spread of our activities within India. This talks about our presence across the globe. In Russia, Venezuela, Mozambique and to the lesser extent in Bangladesh. These are the major overseas projects. This is Taas, Russia which was jointly acquired with IOCL and BPRL in 2016, the acquisition cost of OIL's share was \$393 mn. This has gone into production now. In fact, I would like to emphasize one aspect; the accumulated dividend payouts have been to the extent of \$211 mn which is almost in excess of 50% of the investment. In Vankorneft, Russia as well our Dividend yield has been to the extent of 57% of the investment. So in a short span of time both these investments have given us rich dividends.

Now coming to Mozambique. OIL's Investment till date is in the range of \$1.2 billion. Mozambique has a huge area i.e., it

has a block which extends to almost 10,000 square kms and the reserves size is also big, which supports 50 MMTPA of LNG.

Coming to the operating performance. The crude oil production performance has been a little low this year compared to the previous years due to various environmental factors. However, we are hopeful that during the current fiscal, we would be able to get back to normal levels of production. Same is the case with gas. The reserve base as you can see is consistent and it is been on the upswing as well. The cost structure is quite competitive with the finding cost of around \$8.00 and the raising cost of around \$13.00. The revenue which is related to the production due to the shortfall in production the revenue has been little low due and due to the depressed in crude oil prices caused which is cause by lower demand. The obvious hit was in our revenues which were low in FY 21 at Rs.10,500 crores odd and which effectively brought down the EBITDA as well. The profit after tax and earning per share. In terms of the company's networth, the company networth stands over Rs. 24,500 crores. The book value per share is around Rs. 150/- and the dividend payment at Rs.542 crores. The dividend payout ratio i.e., as a percentage of PAT has been 31% in FY 21 which is little lower than the consistent dividend of over 44% in the last three

years. The total debt stands at Rs.11,000 crores and the debt / equity ratio is at 47% odd. The net Debt to EBITDA is at 3.2. The contribution to exchequer has been lower because of the lower revenue because it is totally related to the revenue and so as the case with the State Exchequer. The price realization has been \$44 and net after levies has been \$29 for crude oil. For natural gas due to the depressed prices, the realization has been \$1.79. Here this is just a snapshot of the crude oil movement which as we all know saw its worst in the period of April – March 2020 and has recovered to near 70 or excess to 65 range right now.

Growth Strategy of the Company. The capex plans for fiscal 22 is Rs.4,100 crores which is, there is a division we can see, large share of it is for drilling and exploration and the capex would account for around 24% and overseas would be around 10% - 12% rather. The short term goal perspective we have Ningru PML which was awarded to us in 2018. It was after lot of effort this was the old PML which had expired and we were unable to exploit it really. Now, which has been awarded to us in 2018 and it has huge potential. The recent discoveries in Assam that we talked about has been in Lakwagaon and Balimara and the field development plan are under progress right now. In terms of long term growth strategy, we aspire to be an international player with operations at scale in atleast

two geographical clusters outside India and significantly higher production, reserves and cash flows while being known globally for our capabilities to extract value from mature assets and this is largely speaking about our growth strategy because being among the top ten mature assets operators, known globally to extract value from mature assets and alongwith that too counter balance the portfolio making selective profitable diversification in the energy value chain to monetize E&P assets and participate in India's push for renewables.

The strategies to achieve 2030 aspirations. Reimagine the main producing areas, development and to maximize the potential for which the Company's strategically has identified some highly promising blocks / areas rather and to step-up the exploration & development activities in selecting basins. Build international presence at scale in one or two geographic clusters like we have already mentioned. Pursue selective, profitable diversification in the energy value chain and to restructure the organization and people & processes because with these plans we need to do that to deliver the perspective plan.

In our endeavour to grow, the policy environment has been very positive and conducive to help in our plans for growth.

	<p>The strategy maximizing domestic oil and gas production is a strategic priority for the Government, with an aim to reduce import dependence by 10% as we all know by 2022. The Hydrocarbon Vision 2030 for the Northeast India where all our producing assets were gives strategical importance to the development to the Northeast India which is the main operating area for OIL. Action areas envisaged under the North East vision, is to reiterate our vision to increase in production from mature fields, enhancing exploration activities, offering premium on gas production, re-allotment of relinquished blocks on nomination to NOCs. Hydrocarbon Exploration Licensing Policy in place of NELP which is already in place now and monetization of marginal fields through DSF which is already in place and we have got 3 DSF fields and we have got 25 OALP blocks like we have already mentioned.</p> <p>Unconventional exploration policy for PSUs like there is incentive to explore and enhance production from the aging fields through IOR / EOR activities which has got fiscal benefits. National Data Repository was a facility which was created so that the data to facilitate open acreage offers can be made and national seismic program which has been completed and OIL was mandated for acquiring, processing and interpretation for the North East.</p>
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		Just to summarize, we are the second largest Public Sector E&P company. We have steady and sustained growth of sound financial health and having a very strong and legacy and spreading on that legacy we are expanding to over parts of the country as well as overseas. Large prospective E&P acreage and we have diversified across the oil and gas value chain. That's all from our side. Thank you so much.
Antique	:	Thank you Sir. That was a very comprehensive presentation.
OIL	:	Thank You Sir.
Antique	:	If anyone has a query, please put up your hand, while we wait for the question. I have couple of questions. Production outlook you are mentioning about of 6 – 7% point of growth in terms of absolute numbers what is the kind of numbers we are looking at probably 2 years or 3 years down the line.
OIL	:	We are looking at around say 3.1- 3.2 in that range this year and once the uptake starts, we can expect same kind of year on growth for the next 2 – 3 years.
Antique	:	Okay. Should we looking at around 4 mn tonnes of number per annum.
OIL	:	That would be a little later in the horizon may be. The short term we are, Like I mentioned, we would be looking at 3.1 – 3.2 range this year and then the same kind of growth may be in the next atleast year for 2023 atleast same rate of growth and may be from thereon we can look at better things.

Antique	:	Fair enough Sir. Anything specific on the Kharsang fields what is the progress what is the status?
OIL	:	We have allocated a rig there, so, during this year, going to begin soon and it is very promising. Once it starts we know actually the results. In the E&P business we expect the best to happen, but then, till it actually the production is achieved it is difficult to say right.
Antique	:	Fair enough. So on this 2D/ 3D seismic surveys, one of course there is a Government mandate for you and you are carrying out on behalf of national surveyors. So when you were mentioning in the quarterly results as well as financial discussion about the total expenses on that front, would that include part of the national machine as well and where have you....
OIL	:	No... That is excluded. That is a separate account altogether. We are reimbursed for these expenses; there is no expenditure at all. Whatever we spend DGH reimburse us whatever we spend for that.
Antique	:	Fair enough... Fair enough... So as a reminder if anyone has a question, please put up your hand or message me on the chat box. Specific to Venezuela what is the current status as to how do you see things planning out going forward.
OIL	:	Right now we are in a force majeure situation, but in the project having of life of 30 years and more some six months to a year, it is a fair game I think, so there is a slight delay of few

		months may be, but that would not affect the prospects of the project in any manner.
Antique	:	Is the sanction regime has to be lifted for some action there or these two are independently events
OIL	:	Independently events, totally independent events. It is more about the situation coming better normal and which we expect to happen within a year's time.
Antique	:	Fair enough... As far as the recovery rate in domestic fields are concerned, what would be the current rates?
OIL	:	Right now...I will provide you the figures later.
Antique	:	Sure... Not a problem...
OIL	:	We will get back on that as I don't have the figures right now.
Antique	:	Fair enough. Just wait for more
OIL	:	In terms of oil in place right?
Antique	:	Sure
OIL	:	I will get back to you.
Antique	:	On this IOR / EOR front do you see a big delta in terms of production as well as recovery rates or whatever calculation
OIL	:	Yes, because we have a center of excellence which is a dedicated study center which is opened up at Guwahati and we have a team of motivated and very talented people out there and they are basically working on these lines. For IOR activities. We have a legacy of being front runners in the area over the last few decades and there has been lot of new work which has been done, lot of development work, lot of R & D

		work which is being done on this. We are very hopeful that from the IOR / EOR activities there would be a quantum improvement.
Antique	:	Fair enough Sir. As far as the damages in the last accident is concerned, is it fully covered, incrementally, is there something pending which we need to handle...
OIL	:	It is fully covered.Rs.448 crores is the final figure.
Antique	:	Okay. Any incremental kind of penalty or things which are being discussed in the media is there any provisions which are being made. Do you expect something to materialize?
OIL	:	That would be rather difficult to comment because that is something within our control, What would be a judgement from agency or quasi-judicial or agencies not proper to comment as such. I would rather refrain from saying anything on that.
Antique	:	Sure... Not a problem. One specific question on this Russian fields there was this export tax which was supposed to be modified, which was actually quite high to start with especially when the crude prices go down. Has there been any change over the last year or two or does it remain the same? What would be effective be the breakeven oil price if those taxes currently as per the current tax levels?
OIL	:	There have been some changes and the process has started. So they are basically trying to reduce the export duty at a particular component and then gradually building up that in the

		MET. But neck to neck the impact that we have seen it is neutralizing kind of impact, so export duty component is going out from the price and MET is partially getting increased.
Antique	:	Fair enough. Thanks Sir. There are no further questions. I would like to thank the Management – Mr. Harish and his colleagues and Ankit for a very insightful presentation and for taking time to brief us today in the conference. Thanks everyone and thanks all the participants. Have a nice day.
OIL	:	Thank you.