“Oil India Limited

Q1 FY '25 Earnings Conference Call”

August 09, 2024

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MODERATOR: **MR. VARATHARAJAN SIVASANKARAN --ANTIQUE STOCKBROKING**

Moderator: Ladies and gentlemen, good day, and welcome to Oil India Limited Q1 FY '25 Results Conference Call hosted by Antique Stockbroking. 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Varatharajan Sivasankaran from Antique Stockbroking. Thank you, and over to you, sir.

V. Sivasankaran: Thank you, Riya. Good morning, everyone. I'd like to welcome all the participants to the First Quarter Oil India Results Call. We have senior management of Oil India represented by Shri Ashok Das, Director, HR and also holding additional charge as Director Finance; Shri Pankaj Kumar Goswami, Director Operations; Shri Saloma Yomdo, Director E&D; Shri Rupam Barua, ED F&A and CFO, Shri Sachidananda Maharana, CGM F&A and of course our Trisonku Kotoky.

I'd like to hand over the call to Shri Ashok Das for his initial remarks, and then we can move on to Q&A.

Ashok Das: Thank you. A very warm good morning, ladies and gentlemen. At the outset, we would like to thank Antique Stockbroking for organizing this call for discussing the first quarter FY '25 results with the management of the company.

The company's financial results for the quarter ended 30 June 2024 were approved by the Board of Directors on 8th August, that is yesterday and have been published. The company has achieved significant milestones in terms of growth in production numbers of both crude oil and natural gas. The significant financial and operating achievements will be brief by our CGM F&A, which can be followed by a Q&A session.

Thank you. So over to our CGM, F&A.

Sachidananda Maharana: Good morning, dear friends. At the outset, I would like to thank Antique Stockbroking Limited for organizing today's analyst call. I am Sachidananda Maharana, CGM Finance of the company. The company's financial results of Q1 FY '25 were published on 8th August 2024. I will briefly give some highlights about the performance of the company in both physical and financial terms.

Now coming to the standalone results and beginning with the production front. The company has continued to improve its crude oil production, which is higher by 6.22% in quarter ended 30th June 2024 at 0.871 MMT, vis-à-vis, 0.820 MMT in the quarter ended 30th June 2023.

Natural gas production during Q1 FY '25 is at 0.818 BCM increased by 9.8% over production in Q1 FY '24, which was at 0.745 BCM. On the financial side, average crude oil price realization for Q1 FY '25 is USD 84.89 per barrel, vis-a-vis, USD 76.85 per barrel for Q1 of FY '24, increased by 10.46%.

Average natural gas price for Q1 FY '25 has remained unchanged at USD 6.5 per MMBtu. The turnover for Q1 FY '25 has increased by 25.73% to INR5,840 crore compared to INR4,645 crores in Q1 FY '24, which is mainly due to higher crude oil price realization in Q1 FY '25 compared to Q1 FY '24 and higher production numbers.

EBITDA margin for Q1 FY '25 is 43.79%, vis-a-vis, 53.49% for Q1 FY '24. The reduction in EBITDA margin is mainly due to the increase in SAED from USD2.59 per barrel in Q1 FY '24 to USD10.27 per barrel in Q1 FY '25 and provision made towards service tax GST on royalty during Q1 FY '25 amounting to INR204 crores, vis-a-vis, nil for Q1 FY '24.

Profit after tax for Q1 FY '25 is INR1,467 crores, vis-a-vis, INR1,613 crores for Q1 FY '24. The decline in PAT is mainly on account of increase in SAED and other statutory levies on account of increase in price realization and provision for GST on royalty.

The earnings per share for Q1 FY '25 is INR9.02 per share, vis-a-vis INR9.92 for Q1 FY '24. Coming to financial performance of Numaligarh Refinery Limited, Oil India's material subsidiary, Profit after tax of Numaligarh Refinery Limited during Q1 FY '25 is INR430 crores, vis-a-vis, loss of INR77 crores during Q1 FY '24. NRL's gross refining margin during Q1 FY '25 is USD6.43 per barrel, vis-a-vis negative margin of USD15.59 per barrel during Q1 FY '24. NRL's EBITDA for the Q1 FY '25 is INR734 crores, vis-a-vis negative EBITDA of INR5 crores for the Q1 FY '24.

Now coming to consolidated results of the group company. Oil group turnover for the quarter ended 30th June 2024 is INR9,351 crores visa-vis INR6,409 crores for the quarter ended 30th June 2023 and consolidated profit after tax for Q1 FY '25 is INR2,016 crores vis-a-vis INR1,400 crores for Q1 FY '24.

With this, my opening remarks on the performance is over and now we are open to Q&A session. Thank you.

Moderator: The first question is from the line of Probal Sen from ICICI Securities.

Probal Sen: Couple of questions. Firstly, with the performance in the last few quarter's after the announcement was made essentially of the aggressive growth targets that we have put in place for oil and gas. Would you say that the performance of the wells and development of whatever new assets we are developing keeps us on track to achieve the targets that have been shared, which I believe was getting to around 4 million plus in terms of oil and even higher 5 BCM for gas within the next 2 to 3 years? Just wanted your sense on where the update stands on that front.

Pankaj Goswami: I'm P.K. Goswami, Director Operations. So it's a very valid question from your side. And as you can see that the crude oil production from the -- compared to last quarter, it's increasing by 6%, more than 6%, and then the natural gas production is almost 10% increase. So with that you can be very much -- actually we can very much assure you that the trajectory we have projected in the last year is, in fact, and we have been moving in that trajectory only.

In fact, the crude oil production and the natural gas production, both the teams are getting a little bit affected because of non performance of some of the gas subsidiaries and gas offtakers. And

because of the cyclic demand of gas, we are not being able to produce the gas to the extent we can produce.

So that is extremely affecting. But otherwise, from our side, the wells are ready. And once we -- and North East Gas Grid is in place, which we are expecting by end of this year, there will be no interruption in gas production, and we'll be able to increase our gas production to the 5 BCM level that we are planning in the next 2 years. Could I answer your question or you need something more?

Probal Sen: Yes. I was just saying, sir, just as a follow-up, is it possible to give a slightly more granular guidance on what exact rate do you expect for FY '26 for both oil and gas and for '27? If that is available.

Pankaj Goswami: Yes. In fact, the growth part, if you can say, the number of wells we have drilled in the last 2, 3 years, if you can compare the -- every year, we have been increasing the number of new wells drill in our areas. So this year, we were plan -- we are planning 78 wells. And if I talk about the next year, then we are planning 100 wells.

So if you can talk about '26, '27, we are planning 100 drilling -- new drilling to be completed. And similarly, for the old well workover also, we are expecting a growth of around 20%. So that way the -- our plan for the next 2, 3 years are also in the track, I can say that.

Probal Sen: Fair enough. Sir, one more question I had with respect to NRL, if you can kindly let us know the status of the expansion project, what is the investment committed, what is the investment completed? And what is the first year where we can expect the full capacity to be online for the expansion?

Sachidananda Maharana: As you know, this cost for this NRL is -- this is INR28,000 crores. Currently, the physical progress is 65%. And we are expecting that the completion will be by end 2025, that is December 2025.

Probal Sen: And sir, what has been the -- I mean, what is the equity contribution Oil India has made so far in the project?

Pankaj Goswami: Actually, depending on the progress and the financial requirement, the current year, we have -- total equity contribution will be around INR5,500 crores for this project. Out of that 69% will be oil india there.

Probal Sen: Understood, sir. My question is more around how much have we already invested rather than the planned amount, sir?

Pankaj Goswami: Roughly about INR19,000 crores has already invested.

Probal Sen: In the project, INR19,000 crores is already been invested?

Pankaj Goswami: Yes, yes.

Moderator: The next question will be from the line of Rajesh Gajra from Informist Media Pvt Ltd.

Rajesh Gajra: Can you please share just 3 numbers from the previous quarter, the March quarter, January to March quarter, crude oil price realization figure and the sales figure for crude oil and natural gas. That's all from me.

Management: Crude oil sales for Q1 '24, '25 was at INR4,198 crores.

Rajesh Gajra: In terms of volume, not in terms of revenue.

Management: So if you see crude oil production as already explained, the quarter-on-quarter increase is 6.22%. Q1 '24, '25 production was at 0.871 MMT as compared to Q1 '23, '24 production of 0.820 MMT.

Rajesh Gajra: And the sales number?

Management: And the gas numbers are Q1 '24, '25 0.818 MMT. Q1 '23, '24 sales number of 0.747 MMT.

Rajesh Gajra: And in the March quarter, January to March?

Management: So Fourth quarter -- the fourth quarter the total crude oil production was 0.848 MMT.

Rajesh Gajra: And sales?

Management: it was, 0.840 MMT.

Rajesh Gajra: And natural gas, sir?

Management: Natural gas production is 0.805 BCM and sales is 0.618.

Rajesh Gajra: Sorry, I didn't get that, point?

Management: Total sales, yes, it was 0.618 for the Q4. .

Moderator: The next question will be from the line of Kirtan Mehta from BOB Capital Markets.

Kirtan Mehta: I had couple of questions. One is, basically, is there any particular update on the APM gas price upside that modality DTS has been working? Do we have additional inputs in terms of when will it get finalized and how the movement is being likely to be?

Pankaj Goswami: At present, there is not much clarity on that. But as you know, we'll be entitled to $0.25 cents increase from April '25 onwards.

Kirtan Mehta: What increase did you speak of? Could you repeat it, please?

Management: Sorry, come again.

Kirtan Mehta: I didn't understand the question, what would be there from April '25?

Pankaj Goswami: There is a $0.25 increase MMBtu. Right now, it is 6.5 MMBtu. That is what we are realizing, and as per the guidelines that will be increasing by $0.25 from first April '25.

Kirtan Mehta: Right. I was actually referring to the -- basically the additional well for additional production that we can derive from the...

Management: So you were talking about the -- gas that is what you are talking about?

Kirtan Mehta: Yes.

Management: Right now, there is no clarity on that because we are also waiting for that.

Kirtan Mehta: Sure. In terms of the recent judgment by the 9-judge bench, what would be the implication for the royalty - sales tax on royalty that you've paid in protest. Does this sort of judgement specializes that liability?

Pankaj Goswami: Actually, the GST on royalty, which we have been paying on a protest till maybe some time back, and presently on hold in Assam and Arunachal Pradesh due to some Guwahati High Court interim stay order. This entire amount we have already provided for in their accounts in the last year itself and this year, whatever additional amount is there that has also been provided this time.

So total amount, we have already provided is roughly about INR3,300 crores till now. But accordingly, any decision of the Supreme Court, although it may go against us, it will not have any impact on the bottom line of the company, first of all. Secondly, the decision which has already been given by the 9-judge bench, there, our matter is not there because we have already disclosed in our notes to accounts also which you may go ahead. So actually, this amount, although this particular case, we try to get back with the 9-judge bench matter. But finally, it got detained in the month of March itself.

So ultimately, what will happen that in our case, there will be a separate decision from the Supreme Court or because our case is lying under oils and regulation and development and particularly this decision which has been pronounced at the Supreme Court recently, this refers to the MMDR Act. So accordingly, there is some constitutional distinction between these 2 cases.

Kirtan Mehta: Understood, sir. So basically, we will need a separate judgment from the supreme court to finalize anything.

Pankaj Goswami: Yes, yes. Yes.

Kirtan Mehta: And last question was about the visibility completion of the Indradhanush Grid and accordingly sort of increase in the gas offtakers. So how do we sort of see the gas sales volume ramp-up coming through, any incremental update on that, in terms of tying up of the customers or visibility on the volumes that we can deliver?

Pankaj Goswami: Would you like to take this call sir, this question?

Management: Yes. The visibility in terms of, I think you're talking about the consumers. So first of all, we are looking for increase in gas consumption in the NREP, Numaligarh Refinery Expansion Project. So once this project is completed, there will be an additional gas requirement for that. Then there

are some additional requirements coming up from Assam Power Generation Company Limited, then another gas demand is coming up from DCPL and some gas demand is also from the NEEPCO side.

So there are internal -- within the area itself, North East itself, there are some customers which are coming up. Then we are also into CCP for Guwahati, so Guwahati metro area, so CCP Purba Bharati Gas Limited is working there. So there will be customers in Guwahati, then another customer base is being created in the north bank of the river Brahmaputra, that is North East Gas Distribution Company Limited for Lakhimpur and other areas.

And once the Indradhanush Gas Grid is completed in the entire North East. So we have now some GAs in Nagaland and Arunachal Pradesh. So these 2 areas will also be catered for gas by this Indradhanush Gas Grid pipeline. So all these new GAs are coming up, entire North East various GAs are coming up.

So Tripura is another GA, so with that there will be definitely customers for end gas production. And at the same time, once the Urja Ganga pipeline is connected to IGGL then the gas produce in North East can be bumped to the Mainland India. So that's the main opportunity we're looking for an increased gas production.

Kirtan Mehta: Thank you for the color of the customer, is it also possible to indicate quantum of volume that can be offtaken by these classes of consumers?

Pankaj Goswami: Exactly at this point of time, I do not have the exact number.

Kirtan Mehta: Broad indication also in terms of sort of -- would it be half MMSCMD or more sort of -- what could go in the -- within the area, what could be basically we get within exclusively Guwahati and then what would be the additional volumes so when we are able to approach the Arunachal Pradesh and with other area. Some indication broad?

Pankaj Goswami: Some broad indication, if I have to say that as of now, I can say that from 3 BCM to 3.5 BCM can be within the area and rate, whatever we produce, we can dispose it to the mainland India.

Moderator: The next question will be from the line of Somaiah V from Avendus Spark.

Somaiah V: So the first question, you did mention the number of wells that's planned to be drilled for this year is 78 and 100 next couple of years. So what could this be in the last 2, 3 years?

Pankaj Goswami: Please repeat your last part of the question?

Somaiah V: So number of wells that we have drilled in the last 2, 3 years, sir?

Pankaj Goswami: Okay, you can respond.

Management: Yes, I think in -- let's see, let's look at the last 5 years, actually. The 2019-'20, we drilled 36 wells; 2020-'21, we drilled 36 wells; 2021-'22, we drilled 38 wells; 2022- '23 we drilled 45 wells; and last year, '23-'24, we drilled 61 wells. So these 61 wells, which we have did last year is actually the highest we have ever drilled so far.

And this has given us the confidence that we can still achieve higher numbers. And that's for the target for the current year is for the wells. And accordingly, we are trying to increase our number of drilling fleet rigs to cater to the additional requirements.

Somaiah V: Sir, and also this number of wells that we plan to drill, can we give some details around the fields where this predominantly will be drilled?

Pankaj Goswami: Well, predominantly, we will be drilling in the North East, in our main division areas and of course, in our OALP block which are now maturing from exploration in the sense of seismic operation processing and interpretation, so whatever leads and prospects have been generated will be targeted in the whole period.

And in the immediate future, some of the wells, we've also be driven by block, as we speak, we are already drilling in Rajasthan and Mahanadi. And from July onwards, we are also going to be drilling in India for the DSF well. And from October, and we're going to start our exploration campaign in Andaman. We are going to drill there 3 on the Andaman as well.

Somaiah V: Sir, and also, you did mention that the opportunity once NRL expansion comes online in terms of gas consumption. Any broad number in terms of what would be the demand that could come from NRL on the gas side?

Sachidananda Maharana: For NRL, it will be close to, once the expansion is received and the production would be 2 MMSCMD for expanded capability.

Somaiah V: So once this 9 million tonne comes online fully, then the demand would be around 2 MMSCMD.

Pankaj Goswami: Yes.

Somaiah V: So one bookkeeping question. So what would be the -- in terms of a debt breakup, what is the total consolidate? And how much is NRL? How much is it stand-alone and then the international assets. And also if you could give your Capex plans for this year and next year?

Pankaj Goswami: On stand-alone, as you know -- on a stand-alone basis, the debt is INR11,330 crores, which is primarily, that is debt the company has taken for Mozambique project and NRL as of 30th June is INR9,522 crores.

Somaiah V: So this INR9,000-odd crores is entirely for that INR19,000-odd crores of Capex that you have spent so far, so.

Pankaj Goswami: Yes.

Moderator: The next question will be from the line of Mr. Nitin Tiwari from PhilipCapital.

Nitin Tiwari: Just wanted to stay on the topic of Indradhanush Gas Pipeline Network. So if you can help me understand 2 things. What is the commissioning time line as we stand today for the pipeline network? One is that. And secondly, when you speak about north bank connections, so what is the point of connection from where to where are we getting connected in terms of location when you talk about north bank connection.

Pankaj Goswami: Yes. This pipeline, we are expecting the first sales by December this year. So this is one time line that I can tell you. But for the north bank, actually, the pipeline is coming from the other bank from Guwahati to Jorhat, there is a crossing of the river Brahmaputra. So in that line, after crossing Brahmaputra, it's in the north bank only. That way it is connected to north bank near Tezpur area.

Nitin Tiwari: Sorry. So basically, the connection would be...

Pankaj Goswami: Yes, there is one more plan as the next phase of the Indradhanush Gas Grid pipeline, we're seeing a growth now. So that pipeline, we connect this from near Duliajan up to the north bank, other end of the Indradhanush Gas Grid, so that will make the entire connectivity in the North grid easier. But as of now, the north bank is connected near Tezpur.

Nitin Tiwari: So as of now, the connection is there near Tezpur, it is being undertaken or it is already connected near Tezpur?

Pankaj Goswami: The SDD -- the micro tunneling job has been completed. So the connection is done. But the line is to be completed till now. So the remaining part of the job is going on.

Nitin Tiwari: So basically, then Phase 2 commissioning for IGGL would be, what?

Pankaj Goswami: Phase 2 IGGL actually, various phases, in fact, IGGL will connect all the North East states. So there are various phases. But the first phase is to connect the Assam, upto Guwahati area. So that connection first phase is now undergoing.

Nitin Tiwari: So the reason I asked this question about north bank connectivity is because when we look at the map for Indradhanush Gas pipeline, so the Phase I actually looks to be running on north of Brahmaputra only. So I couldn't understand what is the north bank connection. So are we connecting the south part of Northeast with the IGGL is Phase 1. Is that what we're talking about?

Pankaj Goswami: Yes, yes. Exactly when I'm talking about Assam, north side and south side, the river Brahmaputra is the dividing thing. So north of river Brahmaputra the pipeline is coming from Guwahati area to north of river Brahmaputra. And from there, it is crossing near Majuli to Jorhat. So this is the connectivity as of now we are making.

You can see the first phase we met, the connection is through north bank. And coming to south bank, near Majuli and is connected to Jorhat to Numaligarh and all those areas. The present pipeline is like that. So we are talking about one more pipeline, which will still be connected from Duliajan it will start and it will cross the river Brahmaputra near Sadiya or some area, and it will come across the north bank through the north bank connection of the -- present north bank connection of the IGGL phase I.

Nitin Tiwari: This is a DNP pipeline, what this one is DNP?

Pankaj Goswami: DNP pipeline is in the south bank. DNP pipeline is in the south bank, it is cross the river Brahmaputra, so it was from Duliajan to Numaligarh directly.

Nitin Tiwari: Okay. So this is a completely new section we are talking about, which is crossing from near Duliajan to north. Okay. Got it. So apparently, there is some delay in Phase 1 commissioning because I think the earlier time line was July, August. So now you're saying it time revised to December.

Pankaj Goswami: Yes, yes. There is some delay, yes.

Nitin Tiwari: And secondly, sir, I just wanted one clarification on the earlier numbers that you gave. So the equity contribution you mentioned in Numaligarh crude is INR10,500 crores total equity contribution?

Management: INR8,500 crore will be total equity part because INR18,000 crores has been -- as borrowings.

Nitin Tiwari: So how much have we already invested out of this INR8,500 crores?

Management: No. See, we are -- as you know, we have already acquired the 70% stake in -- when I came in March '21.

So subsequent to that, there was one right issue where we had made some this infusion. But thereafter, actually, the refinery expansion is going on with debt as well as equity contribution out of internal accruals of Numaligarh Refinery itself.

Nitin Tiwari: So as of now, we have not allocated any equity to the INR8,500?

Management: So apparently, we have not allocated any equity sold till date, till now. But subsequently, depending on the progress of the project and the requirement of funds, we will see because maximum contribution even if anything goes that will not exceed INR3,000 crores in terms of equity, yes.

Moderator: The next question will be from the line of Avishek Datta from Anand Rathi Shares and Stock Brokers Ltd.

Avishek Datta: So just wanted to know like once the Numaligarh expansion is commissioned in December '25, when do you expect a full ramp-up of the same?

Sachidananda Maharana: As you are aware, once this new capacity is installed. In the first year, it will be around 50% to 60%. And then slowly, it will ramp up to a 100%. By say, second year to third year.

Avishek Datta: So in FY '27, we can expect only 50% to 60%?

Sachidananda Maharana: Yes, '25, '26, yes, '26, '27, let's say, that it will be reaching near to 100%, '25, '26 because it will be completing in December. So it is for only for 3 months, it will be there for '25, '26.

Avishek Datta: And will you be eligible for excise benefits on exports, any exports you're making from the expanded capacity?

Pankaj Goswami: No, there is no excise benefit on exports. But yes, whatever production is there, it is whatever still in the domestic front, that will be definitely eligible for the excise benefit.

Avishek Datta: And in the expanded capacity, what volumes you're targeting to export?

Management: Here, we'll come back to you separately because that data we don't have readily available at this time.

Moderator: The next question will be from the line of Anuj Sharma from M3 Investments.

Anuj Sharma: In terms of number of wells being drilled, what is the success factors -- success factors in a sense, success rate of drilling of wells. So let's say, 5 years ago versus now, how many wells we assume or we estimate for a success rate?

Saloma Yomdo: Well, as you know, there are 2 categories of well that we generally drill. One is exploration, one his exploratory and the other is development. So the development or the appraisal wells or the field wells, there relatively you have a good control. So for a company that existing fields. So as far as our record goes, in terms of development wells, our success ratio is almost 100% because we know that we are certainly going to encounter that particular hydrocarbons zone.

Now in case of exploration, especially in wealthy areas or where we have not -- we have not drilled even in Assam where we are drilling, when we are going to the flanks or going to the thrust-fold belt area. Those are relatively unknowns. So in terms of exploratory wells, our success rate over the years have been hovering in the range of 50% to 60%. So that number still holds actually. So 50% to 60% is still the exploration success ratio, which is not bad.

If you have -- universally, look, people will be talking about 30% is a very good number. But yes, and development wells, we are almost 100% success ratio is there. Because we go through a very robust system of releasing the wells to be drilled. So we have a comprehensive exploration and development portfolio management board, which reviews all the proposed wells which are proposed or identified for drilling, whether it is exploration or developments. And then only a call is taking to finally release the well for drilling.

Anuj Sharma: And our target is to maintain this level of 60% or our aspiration is...

Pankaj Goswami: Yes, our aspiration would be close to 2-ish close to 80%. 90%, actually, that's what should be our target.

Anuj Sharma: Okay. Second is in the PPT, we have mentioned that we've have drilled 61, which is the highest wells with the same amount of rigs. So is it right to assume that the cost of drilling a well is going down? Or is it offset due to the inflationary increase in the cost of equipment or cost of the expenses for drilling a well, some light on that?

Management: Yes. So the number of wells that were drilled last year, I'm telling the same fleet, like I mentioned in my earlier answer, when we are going to announce our drilling campaign or the numbers of wells to be drilled. We will be announcing our fleet as well. But the question you asked is that we reached this number without enhancing our fleets. And there are a couple of things involved in that. One is, of course, improving the drilling efficiency, engaging newer and modern technology in our existing fleets, that is one.

And the second thing that we did was that when you drill a rig and complete the well, we still used to use the same rig for initial testing of the well itself. So what happens is when you're engaging the rig for testing also upon completion to produce from that well, you loose another month's time about roughly on an average per rig. So what we have taken a decision was that, we will build a combo pad, a larger pad area.

So that once the drilling part is completed, once the hermeticity testing of the final casing is completed. We will move away the rig to drill to another location and bring back a workover, smaller rig which is used for servicing/ for testing the well. So this is the reason why we have been able to engage the drilling rigs for more drilling activities and use the smaller workover rigs for testing the well. And that's why we have saved a lot of rig time and improved on the drilling performance.

Anuj Sharma: And my last question is on the expenses related to upstream. What is the trend there? How much inflation do you expect in expenses relating to upstream over the next 3 years?

Management: With increased crude prices, definitely there will be impact on the research cost as well, so we can expect a normal increase over the current prices but like right now, the crude price is hovering around $80 per barrel. So we expect that the prices, whatever increase will be say, 5% to 6%...

Management: Another positive side, which we foresee is that in case say, our main products, crude oil and natural gas are brought in within GST, then what will happen is we may be able to make substantial saving in terms of ITC, the input tax credit, which is presently being charged above. So that will be a good setting for us because already talks are on that these products are also likely to be included in the form of GST.

Management: [inaudible 0:42:48].

Anuj Sharma: All right. Thanks. There was lot of echo, but thank you for the answer.

Moderator: The next question will be from the line of Harsh Maru from Emkay Global.

Harsh Maru: My question is relating to the unrest that is happening in Bangladesh. So in terms of NRL offtake and export of products to Bangladesh, do we foresee any impact on the current as well as the expanded capacity of NRL?

Management: Actually, it is too early to comment on this. But anyway, we'll just take the data from NRL, and we can come back on that.

Harsh Maru: Sure. And just one bookkeeping, what's the CapEx for '25, 26?

Management: CapEx for?

Harsh Maru: '25, '26 for Oil India and NRL, both.

Management: For Oil India, it is -- '24, '25, it is INR6,880 crores. That is the Capex. The NRL '24, '25 is available, INR9,650 crores.

Moderator: The next question will be from the line of Gagan Dixit from Elara Securities.

Gagan Dixit: If I like your -- this result trend and production trend of the past 8 years, it looks like on the 1P side, we almost added 25 BCM of the gas reserves in the past few year, I can see, while you produced almost 24 BCM. So if I add back, it means you are almost adding the results at the double rate of the production in terms of gas. While in case of oil, it's almost flat 1P reserve. So I can safely assume that this -- your Assam basis is more prolific towards the gas side. I mean, in the future upside potential is more towards the gas in future?

Management: No, that's not a correct way of making a one-to-one correlation. So the only thing is that, in the recent past, we have been making more gas discoveries than the oil. But that can change the immediately tomorrow. So next year, you might encounter more oil prospects rather than gas and then the questions changes completely. So I would not say it is a fair judgment to say that we have more gas than oil.

Gagan Dixit: So you mean success of -- I mean, you also had the -- I see potential of the oil side also in the Assam. Okay. So -- and also, whatever the gas reserve addition is all driven by the exploratory factors that I assume, not from the gas price increase, that I can strictly assume, right?

Management: Well, there are 2 things that you have to understand here in terms of gas reserves. So oil, what happens is whatever oil you produce, it's immediately saleble, right? You can have a worldwide market for it and that's why in terms of oil, whatever you discover can immediately be classified as reserves, as far as the definition of the society of petroleum engineers, that's a Petroleum Reserves and Management System definition of 2017, which is widely accepted. Where any oil reserves, which is commercially viable is a reserve.

Now in terms of gas, yes, also has to be commercial viable that is one. But the for the gas part what happens is, you have to have a gas sale agreement. So you may have a gas reserves, which can last to 100 years. But then you have a gas sale agreement with an entity, say, you have a gas sale agreement with NRL. Where for the next 20 years, you will have the agreement and you can only sell 20 million out of the 100 in the next 20 years.

So your reserves will be 20 for gas.. Little technically producible gas would be say 100, since you're governed by the gas sale agreements, the gas results will only be linked to that particular period. It's another thing that after 20 years, we will have sale agreement. And then you are reserves then again will get upgraded further. Gas, in terms of gas.

Gagan Dixit: So it's more the addition of the customer, that is the upgradation of the contingent to the reserve status.

Management: Yes, yes. So it can be both. I mean you can have additional discovery also. Otherwise, the gas reserves again will get upgraded, once you have a longer period of gas sale agreements.

Gagan Dixit: And sir, my final question is, what is the capacity of the gas pipeline that you are connecting from North Assam to the south of Assam?

Pankaj Goswami: The line is not yet that the GFR, et cetera, is going on. So as of now, the figure is not available but it will be to cater for the gas production of the -- our gas production in our North East places. So it will be around, say, 3BCM will consider that pipeline because another pipeline is there for the DNPL, which is connecting in the south bank of the river.

Gagan Dixit: So 3 BCM additional, I can assume you are trying something capacity for the northern side of the fields?

Pankaj Goswami: Yes.

Moderator: The next question will be from the line of Vikash Jain from CLSA.

Vikash Jain: I have just two small questions. Firstly, on this provision for royalty. I just wanted to double confirm that these provisions are part of other expenditure, not part of royalty, right, when you report them?

Pankaj Goswami: This is part of other expenditure only.

Vikash Jain: And the one other thing was, can you give me the number for seismic for this quarter, please?

Pankaj Goswami: INR168 crores.

Vikash Jain: 168?

Pankaj Goswami: Yes.

Moderator: The next question will be from the line of Nitin Tiwari from PhillipCapital.

Nitin Tiwari: Just wanted to have the metric around how many wells are we operating at the moment? So whatever production that we are having in terms of crude oil and natural gas, how many wells is that coming from? And are all wells like having both the productions or like there are stand-alone wells as well for crude oil and natural gas? So that will be one.

Pankaj Goswami: Well, currently, as of today, we have a fleet of 20 drilling wells. And these 20 drilling wells are actually, 10 of them are owned by Oil India itself and 10 are outsourced.

Nitin Tiwari: I was referring to how many wells we are operating, not the rigs in the total number of the production that we have, how many wells are you operating?

Saloma Yomdo: DO, sir, you have the exact numbers? I have a rough estimate.

Management: Yes. This is also rough estimate, exact number varies from day-to-day or month-to-month, we can't say. Your question was what I could understand that whether these wells are standalone gas well or oil well and what is the total number of well, I think that is the question. So total number of wells varies from 150 to 200. And some of the wells -- majority of the wells are producing oil and gas, both. Associated well, we call it because it produce oil and gas, both. But there are some totally gas wells, 100% gas well, which are called non-associated gas well, but the number is very less. Most of the wells are associated wells.

Nitin Tiwari: I mean it's then safe to assume that as your gas production is ramped up when the new gas sales agreements are signed, your crude production would accordingly also go up because you would have both the productions going up simultaneously, right?

Pankaj Goswami: Yes, yes.

Nitin Tiwari: And secondly, I also wanted to confirm what percentage of the area in Assam basin is already sort of explored and what percentage is remaining in terms of exploration?

Pankaj Goswami: DED, you can take the question, I think?

Management: Well, in Assam if you consider Assam mainly the shelf belt part of the basin. So rather than talking about the space in terms of geography, we generally talk -- when we talk about exploration for oil and gas, we talk in terms of the prospectivity in terms of the sediments.

So it's very difficult to say whether geographically this much has been explored or do you think from the point of view of the sediment, it has been explored. But if you look at the numbers that we have, as of now, we are actually exploring in the main shelf belt part of the Assam basin where we have extensive exploration done, and oil and gas as well as ONGC.

So in the shelf belt part of the basin, it's roughly about 5,000 square kilometers where we operate. And the other area, which is a thrust-fold belt area, which is bordering states of like Mizoram and Nagaland, they are relatively unexplored. So for example, in Mizoram we have explored and we have drilled 4 wells already and we have done a thorough basinal study, but the hydrocarbon prospectivity doesn't seemed to be there. Similarly Nagaland is relatively unexplored in the North East. Meghalaya is going for exploration now, we are going to take 2 blocks. Part of this Assam is, you would say, the most well-explored as of now.

Nitin Tiwari: Right. Sir, the reason I asked this question, I was trying to understand that what percentage of prospectivity have you already sort of come across or explored and what percentage remains as far as Assam basin is concerned, because you spoke about...

Management: If you look at the Assam and Assam-Arakan Basin. And you will have this number in the DGH website as well. So what is the number that you'll find is that about 5.5 billion tonnes of oil equivalent are there, you have to find resources. 5.5 billion tonnes of oil equivalents.

Nitin Tiwari: 5.5 billion tonnes.

Management: 5.5 billion tonnes of oil equivalent. Out of which only about 2 billion tonnes of oil equivalent have been established. Oil India and ONGC primarily. So you can say that 3.5% this year to be discovered or established so that's taking your percentage to about close to 70%, right?

Nitin Tiwari: Right. This is very helpful, sir. This is a very good metric that you put to us. So thank you for that. That's all from my end.

Moderator: Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to the management for closing comments.

Ashok Das : Thank you so much. So maybe we think all the persons who have raised questions, I'm sure you have got the answers to some session. I want to thank Antique Stockbroking Limited once again and the -- our officials of Oil India Limited for participating in this call. Thank you. Have a nice day.

Moderator: Thank you. I would now like to turn the conference over to Mr. Varatharajan sir, for his remarks.

V. Sivasankaran: Thank you. On behalf of Antique Stockbroking, we would like to thank all the participants as well as the management for taking time to participate in the call. We'd also like to thank the management for giving us this opportunity to hold this call. Thanks, everyone, and have a nice day.

Moderator: Thank you for joining us, and you may now disconnect your lines.