

# Oil India Limited

Analyst-Investor Meet held on 3<sup>rd</sup> June 2022

- **Moderator:**
- Good evening, ladies and gentlemen. At the outset, Oil India Limited is pleased to extend a very warm and wholehearted welcome to all the analysts and investors present on this occasion. We are happy to mention that today we have with us the Board of Directors of the company represented by its Chairman and Managing Director Mr. Sushil Chandra Mishra, Director Finance Mr. Harish Madhav, Director Operations Mr. Pankaj Kumar Goswami, Director E&D Dr. Manas Kumar Sharma. We are also pleased to have with us Managing Director of Numaligarh Refinery Limited Mr. Bhaskar Jyoti Phukan. We also have our Resident Chief Executive, Director HR Select, ED Finance, and other senior officials of the company present on this occasion. I wish to make special mention of IIFL Securities who consented to volunteer this event for the company. Dear ladies and gentlemen, Oil India Limited values its investors and analysts meet as an important event in its annual calendar. However, due to COVID-19 pandemic, the company could not organize this event for the last two years. Today, we are indeed very fortunate to have so many of you with us and we convey our heartfelt appreciations for the confidence you have reposed in the company and your continued support to the company. With this, I now request Shri Harsh Dole of IIFL Securities for a welcome address to the house. Thank you.
- **Mr. Harsh Dole – Vice President, IIFL:**
- Greetings. I'm Harsh Dole, Energy Analyst at IIFL. On behalf of IIFL Securities, I welcome you all for the Annual Analysts' Meet of Oil India. It's my privilege to host this meeting in person after almost 2-2½ years. Welcome everyone. To share OIL's performance and present its strategy for growth, we have the entire senior management team of Oil India. Briefly I'd like to introduce, we have CMD Shri Sushil Chandra Mishra. He's an Electronics Engineer and an MBA and has worked with Oil India for almost 37 years. He's handled diverse functions like ERP, Strategic Planning, complex C&P projects, and renewable energy portfolio amongst others. Under leadership while he's bracing to significantly step up the oil and gas production in coming years. We also have Shri Harish Madhav Director Finance & HR. Shri Pankaj Kumar Goswami Director Operations. Dr. Manas Kumar Sharma Director E&D. Shri Bhaskar Jyoti Phukan MD NRL. All the directors on the dais have more than 30 years of rich and varied experience. I have no doubt in my mind that OIL is in good hands to charts its future growth. During the discussion and the presentation, I'm sure the dignitaries will be able to address all your macro as well as micro concerns on the sector, company etc. Without much of a delay I'd hand over the floor to the management for the presentation. Thank you.

- **Moderator:**
- Thank you, Mr. Dole. I now request CMD OIL, Mr. Sushil Chandra Mishra to kindly give his opening remarks.
- **Mr. Sushil Chandra Mishra -- Chairman and Managing Director, Oil India Limited:**
- Good evening, ladies and gentlemen. It is my privilege to welcome all the analysts' and investors' to this meeting and seeing the gathering it gives us a lot of confidence that our investors, our analysts are with the company. Most of you are aware about the company. Our areas of operations, the policy environment relating to upstream oil sector in the country etc. However, just to refresh, I would like to give a brief introduction of Oil India Limited. The company was formed in 1959 as a joint venture company between Burma Oil Company and Government of India. We are in existence for over 6 decades now. We became the Central Public Sector undertaking in 1981 and currently Government of India owns more than 56% of its shares. Now I'll touch upon the current operations and future prospects of the company. As you are aware till mid 90s our operations were concentrated in northeast India and little bit in Rajasthan. With introduction of NELP, we started our E&P activities in other parts of the country as well as in the later part of 90s and in the beginning of 2000 when OALP round came OALP and DSF, Oil India aggressively submitted its bid and won many blocks. Today, we are operating 66 E&P blocks, out of which 28 are nomination blocks, 6 NELP, 27 OALP blocks, which were acquired in last two to three years only. 2 pre NELP blocks and 3 DSF block, these are spread in different geographies of India. We have also started overseas venture in 2006-2007 and today we have our presence in Gabon, Russia, Mozambique, Venezuela, and Bangladesh etc. Our current production of crude oil and natural gas, it comes mostly from our oilfields in northeast India that is in nomination block and majority of natural gas partly, partly comes from Rajasthan about 10% of our total production and remaining 90% comes from northeast only Assam and Arunachal Pradesh. In spite of the fact that the most of our fields are very old and matured, we have been able to maintain production through highly successful implementation of IOR/EOR techniques. The company had achieved highest over natural gas production of 3045 MMSCM in 21-22(FY) that is an increase of more than 15% over the previous year. We had plans under execution for quantum increase in our oil and gas production.
- We also have 1157-kilometer crude oil trunk pipeline for supplying ours and ONGCs crude oil to four refineries in the northeast as well as transportation of imported crude for IOCL from Barauni to Bongaigaon. We also own a 660-kilometer product pipeline for transportation of finished products produced by Numaligarh Refinery to their Siliguri marketing terminal. The pipeline capacity is being augmented to cater to the future higher capacity of NRL, which is planned by them. OIL has recently declared its best ever financial results both at standalone and consolidated basis. Due to our presence in the northeast part of India, which is logistically a highly difficult area, we have developed complete in-house expertise in E&P value chain. This has now become one of our key strengths. We have become the first company in the country to Commission a pilot plant of 100-kilowatt capacity for production of green hydrogen in the state of Assam. The plant is based on AEM technology for production of green hydrogen of 99.999% purity.

- OIL has also entered into collaboration with the startups for development of green hydrogen utilities. The company is currently drilling its deepest onshore well in Sadiya in Assam, which will be about 6,500 meter deep. The company has completed -- committed seismic acquisition in 17 of the OALP blocks. The company is using advanced exploration technologies including airborne gravity gradiometry and gravity magnetic survey as well as passive seismic tomography for seismic data acquisition. The company has prepared the strategic plan 2030 with primary focus on use of advanced techniques to improve existing productivity pursuing exploration and production efforts, in organic growth, forward integration, and nonconventional energy sources. Our company led by a very experienced management team with each director having over 30 years' experience in oil and gas sector. We have best of both the worlds with independent and autonomous management and the benefit of Government of India linkages, which add to our capabilities of engaging with overseas counterparts, which helps us with government-to-government linkages in oil and gas industry. With this, I would like to request my colleagues to take forward today's presentation and discussion. I once again thank you all for joining us today.
- **Moderator:**
- Thank you CMD Sir for sharing the valuable insights about the company. I now request Mr. Debojeet Hazarika our DGM Finance to give the presentation to the house. Thank you.
- **Mr. Debojeet Hazarika -- DGM Finance, Oil India Limited:**
- Thank you Trisonku. Dear Analysts' and Investors', respected dignitaries on the dais, a warm welcome and a very good evening to all of you. Indeed, we are really grateful to see such a large gathering today and as CMD Sir has said it really boost up our confidence. I'm starting this presentation. In the session, we are covering a overview of the company, the strategic strengths of OIL, its assets, and overview, operating and financial performance of the company, OIL's growth strategy, as well as the key highlights on ESG.
- As you know, OIL was incorporated in 1959 and is almost 6 decades the companies is in the oil and gas sector. We are very strong parentis with Government of India. The company got nationalized in 1981 and then subsequently with its consistent performance; we could receive Navratna status in 2010. Currently, Government of India is having a 56.66% shareholding in the company. We are integrated and fully serviced oil and gas company. We have our presence in the entire oil and gas value chain and as the presentation will go, you'll see we have got presence in refining. In addition to E&P, we've got presence in refining, in transportation- crude oil transportation, natural gas transportation, in petro chemicals, and in renewables, so we are a truly integrated oil and gas company. We have over the period developed very sound infrastructure as well as in-house expertise to carry out any E&P activity. OIL uses its in-house infrastructure and expertise for all the E&P activities and as for the business requirement, we also outsource. We, have a crude pipeline which is 1,157 kilometer long. It starts from the Digboi in Assam to Barauni in Bihar. We also have one product pipeline which is basically used for transportation of the product of Numaligarh refinery. It's owned and operated by OIL and the pipeline is from

Numaligarh refinery to Siliguri terminal. On the acreages front, we have domestic 66 blocks with around 64,000 square kilometers and on the international front, we have presence in seven countries in 10 assets around 44,000 square kilometers of acreages. We have a strong reserve base, our 1P reserved for crude oil covers around 10 years of our production, if we consider the current trend and our 1P reserve of natural gas covers around more than 25 years of our production at the current trend. We are consistently through innovative technologies are maintaining a reserve replacement ratio of more than 1. At the group level our financials, the revenue part is for financial year 21-22 ₹30,000 crores, profit after tax for financial year 21-21, ₹6,719 crore, and equity base of ₹26,361 crore.

- A brief introduction of the management team. We are led by our Chairman & Managing Director Sir, Shri Sushil Chandra Mishra with 37 years plus experience in the industry. Shri Harish Madhav, Director Finance. Shri Pankaj Kumar Goswami, Director Operations. Dr. Manas Kumar Sharma, Director Exploration and Development, all are having 30 years plus experience in the industry.
- In OIL's board, the present government nominee director is Shri Asheesh Joshi. He is an IAS of 2006 batch and is a widely experienced official holding different post in Government departments. We've got six Independent Directors, Dr. Tangor Tapak, Shri Gagann Jain, Shri Anil Kaushal, Ma'am Pooja Suri, Shri Raju Revanakar, and Shri Samik Bhattacharya, all are eminent personalities in different fields of life having a wide range of experience and contributing towards management of the company by participating in all board meetings and also as Board Committees -- Members of the Board Committees.
- A glimpse on the shareholding structure of the company, we are listed in both NSE and BSE. Number of shares is 108.44 crores. Our EPS for last financial year 21-22 is ₹35.85 per share. We have in last fiscal already paid an interim dividend of 9.25 per share and board in its last meeting has approved -- recommended in fact a final dividend of ₹5 per share for approval of the shareholders. The market cap of the company considering the share price on 27<sup>th</sup> of May is ₹23,065 crores. Shareholding percentage for the company, Government of India is 56.66%, domestic institutional investors including LIC are 15.96%, FII is 12.14%, corporate bodies 10.07%, and others 5.16%.
- The snapshot of the company's journey since its incorporation, as I was mentioning OIL was formed in 1959, was nationalized in 1981, we participated in the NELP round one bidding in 1999. In 2009, we went for the maiden IPO of the organization, which was a resounding success. In 2010, we got the Navratna status. In 2012, we entered the renewable domain. In fact, OIL as on date have 188 MW of wind and solar energy. Also in last year, we have set up the first of its kind green hydrogen plan in the country. In 2013, we took our maiden international credit rating from Moody's and Fitch. We went for raising offshore fund for procurement of our stake in Rovuma Block in Mozambique, a prolific gas reserve and at a very competitive price we could complete the bond raising. We acquired in 2016, two prolific oil and gas fields in Russia, TYNGD and JSC Vankorneft. This was through a consortium of OIL, IOCL, and BPRL, the wholly owned subsidiary of Bharat Petroleum. We also participated aggressively in all the bids of OALP, DSF, as well as City Gas Distribution in 2018. We have as will be showing

in the slides around 27 blocks of almost 50,000 square kilometers of acreage under the OLP bidding rounds. Financial year 21 was a significant development for OIL as we acquired the metal stake in Numaligarh Refinery. We were already having 26% stake in their refinery and with a consortium of EIL and Government of Assam, we acquire our stake was 69.63 current stake in Numaligarh Refinery and with this acquisition we have become a truly integrated E&P and downstream -- with a major presence in downstream industry as well. In financial year 21-22 as I was mentioning we have also set up the first green hydrogen plant of the country. This was using an AEM technology and with a hydrogen purity of 99.99999, five 9s. So currently we have got a tie up with IIT Guwahati to explore the further scope in this regard.

- View of the company's current credit ratings, we've got investment grade ratings from international agency Moody's and Fitch. Moody's our rating is Baa3, with a stable outlook. Fitch is BBB negative. On the domestic front, we have got ratings from CRISIL as well as CARE; both organizations has given us the highest rating for our long-term instruments AAA and for the short-term instruments A1+. CRISIL rating we were the maiden rating was in last year in 21-22 financial year.
- Just to again highlight few of the key performance of the company for financial year 21-22 as we were mentioning that we had the highest turnover and the highest profit after tax in financial year 21-22, our major subsidiary Numaligarh Refinery also reported the highest profit after tax during financial year 21-22. On the physical front, our crude production also increased by around 1.5% and gas production increased by around 15%. We achieved a gas production of 3045 MMSCM in financial year 21-22. As I was mentioning with the first company in the country to Commission a pilot plant of 100 KW capacity based on Anion Exchange Membrane technology for production of green hydrogen of 99.99% purity in the state of Assam. We got the maiden rating, a highest rating from CRISIL last year and we are also proud to say that we have got NIL comments from government audit for consecutively 19 years, which definitely shows our standards of ethic, transparency, and integrity.
- A view on the overall group structure of the company. On the overseas front, we have got presence currently in seven countries in 10 assets, out of that four are producing blocks, four are exploration blocks, and two are developing blocks. We have got two assets in Russia, which are regularly paying us dividend since its acquisition from 2017. All these acquisitions were through our wholly owned subsidiaries -- foreign wholly owned subsidiaries, or Step-Down JVs or SPVs.
- On the domestic front, as I was mentioning we've got presence in the refinery sector through our stake in Numaligarh Refinery. We also have 5% stake in IOCL. On the petrochemical side, we have got 10% stake in BCPL and NRL as they also have holding 10% stake in BCPL, so as a group we have got 20% stake in BCPL. For another entity, Assam Petrochemical Limited, we have got 48.68% stake, this is also in petrochemicals. In gas transportation, we have got stake in Duliajan Numaligarh Pipeline, that is we have got 23% stake and we have got Indraprastha Gas Grid Limited, we've got 20% stake. IGGL is formed basically for gas connectivity to all the northeastern state capitals. So, friends you can see that we have got variance experience and our presence in all these diversified entities. Also, on the CGD part HOGPL and PBGPL, they have their presence – HOGPL is basically doing CNG stations

in Maharashtra as well as in Haryana. PBGPL is for the northeast states, and we have got stake in HOGPL, with HPCL we have got 50% stake, in PBGPL we have got 26% stake. A snapshot of our stake holding in all these different entities on the domestic front.

- As we're mentioning OIL is a truly integrated oil and gas player. On the exploration front, we have got domestic 66 E&P blocks and on the international site we have got presence in Russia, Venezuela, Mozambique, Gabon, Libya, Bangladesh, as well as in Nigeria. We have got production -- on the production front we have the crude oil installations -- 48 installations and 1,670 kilometers of pipelines. For natural gas, we have got 29 installations and 730 kilometers of pipelines. The company has been pioneer in utilizing all state of art technologies to maintain its matured fields and to ensure a steady production. We have been consistently producing 3 million metric ton plus. On the transportation front, we have got the pipeline of 1,157 kilometer which has a capacity of 6 million metric tons. We have product pipeline which is 660 kilometer long 1.70 million metric ton capacity. This is also undergoing revamping to cater to the needs of Numaligarh Refinery as the refinery is going through a major expansion plan. On the natural gas front, we have got 23% stake in the DNPL in northeast, which is having a 192-kilometer pipeline, 20% stake in IGGL. On the downstream site 69.60% in NRL. We have got 10% stake in BCPL, 48.68% stake in APL and City Gas Distribution in four geographical areas. On the nonconventional energy part, we have got wind energy, we have a presence in solar energy, as well as in green hydrogen.
- OIL over the period over the years of its presence in the O&G industry has developed in house expertise and is capable of carrying out any E&P activity through its in-house resources as well as in-house expertise. We have got resources and expertise to complex seismic, drilling, logging, field development, production, field/reservoir management, IOR/EOR in the entire gamut of the E&P business we have our own internal resources to complete the activities. We have got production and storage facilities also which are commensurate with the current production that we are having.
- Under technology journey, as you can see from the graph, we are maintaining consistently 3 million metric ton plus production through adoption of advanced technologies. All our fields, most of the fields are matured fields, of course we have been able to replenish whatever we are producing from these fields. We have been using technologies on for intensive exploration as well as for enhanced production. Technologies like Alpha Dominant Frequency Processing, cable-less Seismic data acquisition, passive seismic tomography, again for enhanced production extended reach drilling, hydro-fracturing, chemical water shut-off, all these are state of the art technologies which the company is using to sustain its production, maintain its reserve replacement ratio.
- Few slides on Numaligarh Refinery our material subsidiary, we acquired Numaligarh Refinery stake in 2021. Numaligarh Refinery is a state-of-the-art refinery in the state of Assam with current capacity of 3 million metric ton. It has a high complexity -- Nelson complexity index of 9.2 which enables it to produce diverse products. It has a very consistently high distillate yield and high refinery margins. The refineries have

two marking terminal one is at Numaligarh as well as one at Siliguri which is connected to the product pipeline owned by OIL. Refinery has credit rating form CRISIL AAA and stable A, the highest rating. Currently the refinery is going through a major expansion of increasing its capacity from 3 million metric ton to 9 million metric ton. To cater to the additional 6 million metric ton, there is a parallel project going on of laying a pipeline from Odisha to Assam for connectivity. Numaligarh Refinery is already currently selling products to Bangladesh and is also in a project of creating product pipeline from India to Bangladesh. Refinery is having another project of bio-refinery for production of 2G ethanol, which is in advanced stage.

- A glimpse of the physical performance of the refinery. On the financial side as I was mentioning the profit after tax for the refinery for last year was the highest as reported by Numaligarh Refinery. The EBITDA margin percentage was around 22%. The refinery gross margin -- gross refining margin is around \$14 per barrel.
- Details on OIL's domestic acreages. We have got 66 blocks with an acreage of 64,000 plus square kilometer. We are operator in almost 59,000 square kilometers of all these blocks and you can see that under OALP bid, we have got 27 blocks with almost 50,000 square kilometers of acreage. So, it shows the way aggressively we are going for bidding in the OALP blocks.
- A glimpse of the presence of the different blocks across the country. The green blocks are basically for the OALP round blocks that we have got, and you can see that all throughout the country we have got our presence.
- A glimpse on the overseas assets' presence for OIL. We have got producing assets in Russia, 3 fields. JSC Vankorneft, TYNGD, License-61, and also stake in Venezuela, that's also a producing field. We have got development assets in Africa. We have got exploratory assets in Africa and two blocks in partnership with OVL, we are doing in Bangladesh.
- Few details on the Russian assets which are paying dividends to us from 2017. We acquired TYNGD 29.9% stake with IOCL and BPRL. The total acquisition cost was US\$1.1 billion and OIL share was US\$392 million. Against this you can see that we have already received our share of dividend to the tune of around US\$272 million. The field is located in eastern Siberia in Russia. OIL share of 2P reserve is around 10 million metric ton and the current production level is around a lakh bopd.
- We have got another huge asset, very prolific asset in JSC Vankorneft, Russia. This is also in eastern Siberia. The acquisition cost was US\$1.8 billion with OIL share US\$598 million. We have received cumulative dividend of US\$391 million from this field. OIL share of 2P reserve is around 30 million metric ton.
- We have got under stake in Area 1 Rovuma, Mozambique. It's one of the largest gas reserves. Our acquisition cost was almost a US\$ billion. We have completed -- the project has completed FID in June 2019 and project financing the wet closure was received in March 2021. However, currently the project is under force measure for security concerns. Other Indian entities which are having stake in this project are BPRL as well as OVL.

- You can see that OIL has a consistently performing for crude oil production. There's a marginal increase of around 1.5% if we compare 21 to 22. On the gas front, we produced 3,045 million MMSCM of gas, which is around 15% increase over last year. Our reserve base as I was explaining it's with the crude oil reserve of 1P reserve of almost 10 years equivalent production and natural gas reserves of around 25 years production. On the 2P reserve basis, our percentage of gas reserve is around 63% and for crude oil it is around 37% and the reserve replacement ratio is consistently more than 1, for FY21-22 it is 1.11.
- Price realization last year was very good. For crude oil the average price realization was almost US\$79 per barrel and net realization after the state levies is around US\$53 per barrel. For natural gas as you will be aware that there was a good price hike for the period April '22 to September '22 the current price is 6.1 USD per MMBTU.
- Financial performance of the company, we got a revenue of Rs.16,428 crores last year. The EBITDA margin percentage increased from 30% to around 44%. We reported highest PAT of Rs.3,887 crores. EPS for last year was Rs.35.85 rupees per share.
- Our net worth increased from Rs.24,500 crores to Rs.26,979 crores. We paid handsome dividend last year. Government of India's share was around Rs.670 crores and for other shareholders it is around Rs.876 crore, sorry Rs.876 crore for government of India and Rs.670 crore for the other shareholders. And the dividend pay-out ratio is around 40% which we are almost consistently maintaining. Book value per share for last year is 275.64 rupees per share.
- OIL's debt as on 31<sup>st</sup> March 2022 is Rs.11,636 crores with a debt equity ratio of around 43%. At the Group level our debt stood at Rs.16,388 crores as on 31<sup>st</sup> March 2022.
- Contribution to central exchequer, we contribute through income tax payment, cess payment through dividend payment to central exchequer and for the state exchequer through royalty payment and VAT payment.
- On the capex front for the company's growth strategy, we incur around Rs.4,300 crores average as capex per year. And we spend around 55% of the total capex for core E&P activities, seismic, exploratory drilling, development drilling. Our actual expenditure reported for '21-22 is Rs.4,277 crores and for '22-23 the plan is Rs.4,302 crores.
- Just to share with you the short-term growth perspective of the company. We are on Mission 4+. We want to increase our production from the 3MMT level to 4MMT level. With this target we have prepared enhanced production profile for all the oil and gas producing fields in our nomination regime. This was vetted by one of the renowned international agency, D&M. 5 thrust areas were identified, 3 in Assam, 1 in Arunachal Pradesh and 1 in Rajasthan. The target is to do 75 wells to be drilled over a period of 4 years, and it is expected that this will contribute around 30% additional production from these thrust areas. During '21-22 we have drilled 8 numbers of wells, and the additional production received is 1612 KL per day against the target of 1126 KL per day.



- We have a long-term strategy, this was adopted in 2016 - Mission 2030, where we have an ambitious target of increasing our production both domestic and overseas to 15MMTOE. And we want to increase our production from outside Northeast as well as overseas by more than 50% of the total production. We also want to be recognized as a renowned player in managing mature assets. Currently different steps are being taken so that we are on track for Mission 2030. Some of the strategies to achieve this 2030 aspirations, re-imagined main producing area development to maximum potential, state of exploration and development activities in select Indian basins, build international presence at scale in one or two geographic clusters, pursuing selective profitable diversification in the energy value chain, restructured organization and people processes to deliver the prospective plan.
- We are taking all initiatives to have a sustained ESG compliance in the field of carbon transition, in the field of physical climate risk, water management, pollution and waste management, natural capital. The company management is taking all required steps so that we are ESG compliant. Both international rating agencies, Moody's and Fitch, have kept us at par or in a better position on the ESG scores with most of our peer entities.
- OIL is known for its CSR initiatives. In fact, we have got a lot of awards and accolades from all the fronts for our CSR initiatives. We are called people's organization. Some of the flagship projects which the organization has taken up during the years like OIL Sparsh, Swabalamban, Super 30, Rupantar, so all these are to cater to the needs of the extended family members of the corporate.
- OIL has taken good initiative in management of Covid. A 100 bedded Covid care centre was set up at Duliajan where our operational headquarter is there. We have supplied oxygen plants in different states 5 in Bihar, 2 in UP, 1 in Nagaland, 1 in Arunachal Pradesh. We have supplied oxygen cylinders to different parts of the country. We have taken extensive measures to ensure that complete vaccination is done for all the employees, their dependants, the business partners including the contract workers, channel partners and nearby communities.
- Friends, to summarize, Oil India is having a steady and sustained growth with sound financial health and strong operating track record with its six decades presence in E&P expertise. It is spreading its wings in northeast, pan India and global. We have got large prospective E&P acreages. We are pioneer in pipeline transportation. We have acquisition of discovered and producing assets and we are diversifying into new areas but remain focused on our core area of E&P. To share with you we have got dedicated officials to cater to the needs of the institutional investors as well as retail investors.
- Thank you very much.
- [Applause]
- **Moderator:**
- Thank you, Debojeet, for such a beautiful presentation on the company's past, present and future.
- So now the house is open for question-and-answer session.

- **Q&A:**
- We are investors in Oil India. Now my first question is on Numaligarh Refinery, as you know the GRM has risen sharply even post March and last year in FY22 we had substantial increase in GRM that has prevailed in FY22. So, if you could guide us with what kind of GRM we should work with for our forecast in terms of FY23, that is my first question. The second question is one of the reasons why public sector undertakings trade substantially below fair value is that the execution track record in terms of very large projects has not been as well as one would have hoped for, like in the case of NMDC, their steel plant has taken like several years beyond what was initially planned. So, this expansion from 3 million to 9 million, we have already seen the planned project capex being revised more than once on the upside. If you could guide us with some realistic timelines in terms of when this project can actually be commissioned, thank you.
- **Mr. Sushil Chandra Mishra – Chairman & Managing Director, Oil India Limited:**
- Thank you. I will request Mr. Bhaskar Jyoti Phukan to address the issue in the two questions.
- **Mr. Bhaskar Jyoti Phukan – Managing Director, Numaligarh Refinery Ltd:**
- On the first, margin GRM you have seen that generally we are a typically \$7 per barrel refinery if you see the track record. Because our distilled rate is extremely high, it is based among all oil PSUs. We convert 0.86 tons of products from one ton of crude process, that is kind of distilled rate that we have. If you see the rest, they are at around 78 to 79%. So therefore, our margins are generally good and last year was exceptionally good because of the Ukraine war and spread between diesel because we are mostly a diesel refinery as of now, we have a hydro cracker, we maximize the diesel production. So that being the case the first 2 months of the current financial year was even better. You know that diesel spread was hovering around \$47 in the month of March, it has marginally come down now, it is in mid 30s now. So therefore, our margins this year are also going to be very high if things remain the way it is today. That is the first part of the question. We also get excise benefit on top of that. These figures are excluding the excise benefit. If you top it up, it will be much more. Second your concern about the execution of the project. See from my knowledge and the kind of dedicated team that we have on their behalf I am committing that this project is not going to be the way normally the government sector projects are doing. Because it was our dream project. We are pursuing this project from the year 2011 but it got approved in 2019. So, enough planning and pre-planning has been done and we are working day and night to see but we were not helped by the two rounds of Covid that we had and the cycle of commodity price increase that is actually affecting the prices like steel which is predominantly used in the construction of the refineries. So those are the facts that you have to bear in mind. As far as revision of capex is concerned, as I mentioned because we had started the refinery configuration in the year 2011, had we pursued the same refinery configuration we would have stayed with the same prices that we were approved that is Rs.22594 crore. But we thought that it is not prudent to have a refinery which was envisioned in the year 2011 to be executed in 2024, definitely things have changed drastically as far as auto fuel demand is concerned. We need to build flexibility for future. So that is why we have brought in a

lot of other plans within the configuration so that we can be flexible in our product portfolio. Typically, we have gone the petrochemical side, therefore we have inducted plans which are not part of the original configuration. So, there was a scope change in between that's why we went back to the Ministry, and with their approval we are now at Rs.28,026 crore, but I am assuring you it will be a very smart refinery with a lot of flexibility. If the auto fuel demands were to go down in future because of the very aggressive intervention of EVs, we will still survive.

– **Q&A:**

– And on the excise duty benefits it was reduced to the current level some years back so is there any risk that this excise duty benefit may be reduced further at any stage ahead of the sunset clause.

– **Mr. Bhaskar Jyoti Phukan – Managing Director, Numaligarh Refinery Ltd:**

– One thing there is no sunset clause fortunately. But it is for the government to decide, and I would not be able to comment on what government will decide on the excise duty.

– **Mr. Sushil Chandra Mishra – Chairman & Managing Director, Oil India Limited:**

– Depending on the scenario they may take some decision, it may increase also.

– **Mr. Bhaskar Jyoti Phukan – Managing Director, Numaligarh Refinery Ltd:**

– But statistically if you see the prices go down generally, they mop up with additional revenue and that actually helps us.

– **Q&A:**

– Right, so on this Rs.28,000 crore capex what is the timeline in terms of spending this. Is it 3 to 4 years?

– **Mr. Bhaskar Jyoti Phukan – Managing Director, Numaligarh Refinery Ltd:**

– It was a 48-month target, so we should be up and running by end of 2024.

– **Q&A:**

– And how much have we already spent?

– **Mr. Bhaskar Jyoti Phukan – Managing Director, Numaligarh Refinery Ltd:**

– We have spent, we have committed around Rs.16,000 crores already but spending I think around Rs.4,000 crores we have already spent.

– **Q&A:**

– Okay, fine. My next question is on the overseas exploration blocks, so in the recent ONGC analyst meet which they had, there was a mention that out of the 3 blocks that they have in Russia, one of them is facing some logistical issues. So, I would like to understand from you in terms of our 3 blocks are they all functioning as per plans so

far or there is any disruption, number 1. Number 2, in terms of the dividend flows I believe it is quarterly. So how are we planning to get the July dividends or is there any revisiting of the methodology of getting those dividends.

– **Mr. Sushil Chandra Mishra – Chairman & Managing Director, Oil India Limited:**

– Actually, as far as the Russian blocks are there, we have not come across any such issue. The crude oil and gas they are in sale, normal sale, there is no problem as such. As far as dividend is concerned it is I understand it is declared 6 monthly, so January-February it came, now it should come in July-August. So far, we have not thought of any alternate method. We are hopeful that things will settle down by that time.

– **Q&A:**

– So...

– **Mr. Sushil Chandra Mishra – Chairman & Managing Director, Oil India Limited:**

– Please give chance to others also.

– **Q&A:**

– Sure, I will come back later.

– **Moderator:**

– We have a request to the audience, whoever has any question kindly mention your name and organization's name.

– **Mr. Vipul Shah – Individual Investor:**

– Can you quantify the excise benefit now for the NRL?

– **Mr. Bhaskar Jyoti Phukan – Managing Director, Numaligarh Refinery Ltd:**

– It is in the order of around Rs.3.500 crores like that.

– **Mr. Vipul Shah – Individual Investor:**

– Rs.3.500 crores annually?

– **Mr. Bhaskar Jyoti Phukan – Managing Director, Numaligarh Refinery Ltd:**

– Annually.

– **Mr. Vipul Shah – Individual Investor:**

– Irrespective of the quantity?

– **Mr. Bhaskar Jyoti Phukan – Managing Director, Numaligarh Refinery Ltd:**

– No, these are specific.

- **Mr. Sushil Chandra Mishra – Chairman & Managing Director, Oil India Limited:**
- It is specific to 21-22.
- **Mr. Vipul Shah – Individual Investor:**
- Okay.
- **Mr. Bhaskar Jyoti Phukan – Managing Director, Numaligarh Refinery Ltd:**
- As the rates vary it will vary but fortunately excise duty is on specific, it is not specific, it doesn't vary with the price.
- **Mr. Vipul Shah – Individual Investor:**
- So, what will be the benefit once you reach your full capacity of 9 million metric tons?
- **Mr. Bhaskar Jyoti Phukan – Managing Director, Numaligarh Refinery Ltd:**
- It should be in excess of Rs.10,000 crores, but we are trying to become independent of excise duty because the kind of value additions that we are envisioning, we will gradually become independent of this benefit.
- **Mr. Vipul Shah – Individual Investor:**
- And, sir, would you repeat the capex already done, you said Rs.4,000 crores.
- **Mr. Bhaskar Jyoti Phukan – Managing Director, Numaligarh Refinery Ltd:**
- Rs.4,000 crores money has gone out but our commitment to the market is in excess of Rs.16,000 crores.
- **Mr. Vipul Shah – Individual Investor:**
- What will be your peak debt for this project?
- **Mr. Bhaskar Jyoti Phukan – Managing Director, Numaligarh Refinery Ltd:**
- We have tied up debt of around Rs.18,900 crores but we may not require to draw that much, we have flexibility and if the revenues are as buoyant as we have seen this year, so we might end up drawing little lesser than that.
- **Mr. Vipul Shah – Individual Investor:**
- So, what was your standalone debt as of '22 March?
- **Mr. Harish Madhav – Director (Finance), Oil India Limited:**
- We didn't have any standalone debt prior to this expansion plan, and for this expansion plan only some draw down has been made.
- **Mr. Bhaskar Jyoti Phukan – Managing Director, Numaligarh Refinery Ltd:**
- Some draw down, around Rs.900 crores we have drawn last financial year.

- **Mr. Vipul Shah – Individual Investor:**
- Since it is a huge capex, you will need to draw more so that my question is what will be your peak debt?
- **Mr. Bhaskar Jyoti Phukan – Managing Director, Numaligarh Refinery Ltd:**
- Yeah, peak debt is Rs.18,900 crores, after that the repayment will start.
- **Mr. Vipul Shah – Individual Investor:**
- And last question can you give your products list, I mean you said you are have you on diesel side, if you can give....
- **Mr. Bhaskar Jyoti Phukan – Managing Director, Numaligarh Refinery Ltd:**
- We are almost around 69% of diesel as of now but we have little flexibility over there, almost 15% additional is MS, rest it is flexible, we can produce ATF to the requirement because KRO almost we have dropped down to zero. So, we have Pet coke, which is also anode grade, so these are the things that we produce.
- **Mr. Vipul Shah – Individual Investor:**
- I have more questions, but I will come in the queue. Thank you.
- **Mr. Sushil Chandra Mishra – Chairman & Managing Director, Oil India Limited:**
- Then we can come back to him he had some more questions.
- **Q&A:**
- So, what I would like to understand is in terms of the next revision on the gas prices which is due in October there is given the inflationary trends there is a lot of uncertainty about whether the kind of increase which is warranted will happen. So do you have any comment on that, number one. Number two, on the speculation around the windfall tax whether you think this is something which is even in the realm of possibility, or we can safely assume that it is speculative.
- **Mr. Sushil Chandra Mishra – Chairman & Managing Director, Oil India Limited:**
- Yes, as far as this windfall tax is there, there has been some rumour here and there. But there is no communication on that, there is no discussion going on as far as our knowledge goes. So let us not speculate, if something comes, we will see on that. Same thing on gas price, it is going to increase from October session also, but if you see the international gas price and all it is still, I feel it is much competitive in India. We feel that this marketing freedom will remain, and they will give the increase whenever it comes.
- **Q&A:**
- Okay one last question, you have mentioned in your presentation that 30% increase in production should come from the new field, new wells which you are planning to dig, what I would like to understand is from your existing reserves, what kind of ramp

up is possible (a); and (b) you have given a long term vision over that you want it to increase it to 15, but if you could give us a more shorter term vision like 3 years or 5 years.

– **Mr. Sushil Chandra Mishra – Chairman & Managing Director, Oil India Limited:**

– That we have already told in shorter term '24-25 we are trying to increase the crude oil production from current 3 million to 4. And this is coming from our existing fields only, existing reservoirs only, only accelerated drilling program because we are adding some reservoirs also continuously. So, there are 5 fields identified and all are nomination block where we are currently producing.

– **Q&A:**

– The new ones are beyond that?

– **Mr. Sushil Chandra Mishra – Chairman & Managing Director, Oil India Limited:**

– Sorry?

– **Q&A:**

– The new ones will come beyond '24-25?

– **Mr. Sushil Chandra Mishra – Chairman & Managing Director, Oil India Limited:**

– Yeah, the new ones, OALP and other things it takes 5 to 7 years to come to know about their perspective.

– **Q&A:**

– Right, thank you, that answers my questions.

– **Mr. Sushil Chandra Mishra – Chairman & Managing Director, Oil India Limited:**

– Yes, Vipulji, please go ahead.

– **Mr. Vipul Shah – Individual Investor:**

– Sir, can you give your exploration and development costs per barrel?

– **Mr. Sushil Chandra Mishra – Chairman & Managing Director, Oil India Limited:**

– Our total production cost, if you see per barrel is about US\$34 to 35.

– **Mr. Vipul Shah – Individual Investor:**

– It includes both exploration and development?

– **Mr. Sushil Chandra Mishra – Chairman & Managing Director, Oil India Limited:**

– Entire thing finished product I am talking about total.

- **Mr. Vipul Shah – Individual Investor:**
- Okay. And sir, lastly on NRL debt it will be taken on the books of Oil India or it will be on the books of NRL.
- **Mr. Harish Madhav – Director (Finance), Oil India Limited:**
- That will be on the standalone books of NRL but we consolidate NRL into Oil India books.
- **Mr. Vipul Shah – Individual Investor:**
- And what is the coupon rate?
- **Mr. Harish Madhav – Director (Finance), Oil India Limited:**
- Sorry?
- **Mr. Vipul Shah – Individual Investor:**
- For Rs18,000 crore bank credit line which has been approved, what is the coupon rate?
- **Mr. Bhaskar Jyoti Phukan – Managing Director, Numaligarh Refinery Ltd:**
- It started at 7.05 but with the recent revision there is marginal increase there, it is a floating rate.
- **Mr. Vipul Shah – Individual Investor:**
- So, 7% roughly.
- **Mr. Bhaskar Jyoti Phukan – Managing Director, Numaligarh Refinery Ltd:**
- Roughly 7%.
- **Mr. Vipul Shah – Individual Investor:**
- Okay, thank you, sir.
- **Mr. Harish Madhav – Director (Finance), Oil India Limited:**
- And you talked about the exploration cost, exploration development, that is US\$ 7-8 per barrel.
- **Mr. Sushil Chandra Mishra – Chairman & Managing Director, Oil India Limited:**
- Only exploration and development.
- **Mrs. Patel – Individual Investor:**
- Hello, good evening to you all, I am Mrs. Patel over here. I would like to ask a question regarding Oil India has come out with some plant to have hydrogen run gases along with the blending with natural gas. Sir, could you throw some light on it, it will be operated in Assam, will it also be operated in cities like Bombay and Delhi in the future. My second question runs as to we have now Mr. Ranjit Rath as our new Chairman, is



he present here at the meeting today, if he can be introduced to us if he is there. These are my two questions please.

– **Mr. Sushil Chandra Mishra – Chairman & Managing Director, Oil India Limited:**

– Thank you, Mrs. Patel. On this mixing of hydrogen with CNG or natural gas this is on pilot basis it is being studied by IT, Guwahati. And in fact, other petroleum companies they are also having some R&D. As of now worldwide 15 to 20% mix is allowed. First, we have to produce the green hydrogen. Once these are increased there are more plants definitely it is going to be mixed with CNG as well as natural gas. And if it is mixed in Assam, it can be mixed in Maharashtra also there should not be any doubt in that. Regarding Mr. Rath, I don't know whether he is here or not, he will be Chairman from 1<sup>st</sup> of July, so let us see.

– **Mr. Rohit Rokde – Individual Investor:**

– Thanks for the opportunity. I am Rohit Rokde as an individual investor. I have a question that currently oil is trading at US\$ 120 barrel but as and when the Russian-Ukraine crisis settles down we may see the price coming down to maybe US\$ 80 barrel, and one year down the line about US\$ 60 barrel. So, in this situation how will our top margins look like percentage wise basis in FY 23-24, will it deplete or we may see a similar performance. And the second question is what will be the potential companies targeting from the DSF Round 3. And we are awarded any blocks, by when we can expect this field will come into operation, any timeline you can give us. And my last question is, Oil Ministry is planning to boost domestic crude output, so they have plans to sell PSU dormant oil fields to small private players in the market. If this thing happens will this move benefit the company or affect the future plans. That's all from my side, thank you.

– **Mr. Sushil Chandra Mishra – Chairman & Managing Director, Oil India Limited:**

– I will address the first DSF block, DSF we have taken 3 blocks, and this is very, very small blocks, not very huge production is expected from these 3 blocks. These are in difficult areas, and you have to do a lot of development so first production is expected only after one and half to two years. We have got one in Tripura, and one in KG Offshore. KG Offshore things we are trying to expedite because it is offshore, it may take some time one to one and half years. And there the production was not very high, and that is why it was given for bidding.

– Your third question was regarding?

– **Mr. Rohit Rokde – Individual Investor:**

– Oil Ministry's planning to boost the domestic crude oil output so they have plans to sell PSU dormant oil fields to the small and private players in the market. If this thing happens will this move benefit the company or affect future plans.

– **Mr. Sushil Chandra Mishra – Chairman & Managing Director, Oil India Limited:**

– Actually, if you see this plan has been going on for last 4-5 years, and definitely some of the private players they have come in through either OALP or through DSF or

through PSE. But those blocks which we have awarded, Oil India avoided 1 block to one company, but they have not yet come up with any development activities in those. And that is why now we are trying ONGC and Oil India we are trying to engage with some of the companies who can come who can partner with us, share the profit, share the enhanced production and then we can introduce them in our own field. And first question was regarding this crude oil pricing?

– **Mr. Harish Madhav – Director (Finance), Oil India Ltd:**

– I think you wanted to know whether the crude prices come down from...

– **Mr. Rohit Rokde – Individual Investor:**

– I will repeat the question, sir, currently oil is trading at US\$ 120 barrel but as and when the Russian-Ukraine crisis settles down we may see the price coming down to maybe US\$ 80 barrel and one year down the line about almost US\$ 60 barrel. So, in this situation how will our top line margins look like on percentage wise basis in FY23-24, will it deplete, or we may see a similar performance.

– **Mr. Harish Madhav – Director (Finance), Oil India Limited:**

– See if the prices are coming down from 120 to 60\$ per barrel scenario which you are anticipating, naturally the bottom-line, top line, everything margins will come down because we are not operating on the margins, we are operating purely on crude pricing unlike refineries who operate on the refining margins. So naturally there will be some effect on the bottom line as well as on the top line.

– **Mrs. Patel – Individual Investor:**

– Sir, once again I am Mrs. Patel. I would like to know that our Bombay High is very rich in natural resources, natural gases, does Oil India has any plans to join with Bombay High in the future, if you could throw light on it.

– **Mr. Sushil Chandra Mishra – Chairman & Managing Director, Oil India Limited:**

– ONGC is...

– **Mrs. Patel – Individual Investor:**

– Because you'll are mainly in the north, any plans for the west?

– **Mr. Sushil Chandra Mishra – Chairman & Managing Director, Oil India Limited:**

– Actually, ONGC is already operating in Bombay High, so there is no need for OIL to go and that is the nomination block awarded to ONGC, so there is no plan to join hands with them at the moment.

– **Moderator:**

– If there are no further questions then I request our Resident Chief Executive, Mr. Prasanta Borkakoty to kindly put up a vote of thanks.

- **Mr. Prasanta Borkakoty – Resident Chief Executive, Oil India Limited:**
- Good evening, everyone. I take on the responsibility of extending our deep sense of gratitude to all the investors, be it institutional investors and analysts here, in fact a few retail investors. I think the huge presence here truly reflects the abiding spirit that people have to further the growth of the organization. We are extremely overwhelmed. I would also to put on record our appreciation to the CMD and the board of directors of OIL India and to Mr. Bhaskar Jyoti Phukan, Numaligarh Refinery Ltd., he is the Managing Director. And of course, IIFL, who has greatly largely helped us in organizing this event. With this thank you once against, please join us for dinner now.
- [Applause]