

# JINDAL DRILLING & INDUSTRIES LTD.

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## E-Communication

**JDIL/SECT/SE/2023-24**

**10 November 2023**

**BSE Limited**  
25th Floor, P.J. Towers,  
Dalal Street, Mumbai-400001

**National Stock Exchange of India Limited**  
Exchange Plaza, C-1, Block-G,  
Bandra - Kurla Complex  
Bandra (E), Mumbai-400051

**Security Code: 511034**

**Security Code: JINDRILL**

Sub.: Transcript of earnings conference call held on 03 November 2023

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find below the link of transcript of earnings conference call held on 03 November 2023.

Link to access above transcript is as under:

<https://www.jindal.com/jdil/pdf-new/Transcript-of-Conference-Call-Q2-FY24-Earnings-Call.pdf>

You are requested to kindly take the same on record.

Thanking you,

Yours faithfully,

For **Jindal Drilling & Industries Limited**

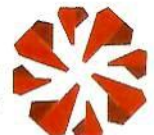
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**Chief Financial Officer**

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**MEMBER :** INTERNATIONAL ASSOCIATION OF DRILLING CONTRACTORS, HOUSTON, TEXAS, USA



**IADC**  
MEMBER



Jindal Drilling & Industries Limited  
Q2 FY24 Earnings Conference Call  
03 November 2023



**MANAGEMENT:**        **MR. RAGHAV JINDAL – MANAGING DIRECTOR – JINDAL DRILLING & INDUSTRIES LIMITED**  
**MR. KAUSHAL BENGANI – DEPUTY GENERAL MANAGER, INVESTOR RELATIONS & FINANCE – JINDAL DRILLING & INDUSTRIES LIMITED**

**MODERATOR:**        **MR. VIKASH SINGH – PHILLIPCAPITAL (INDIA) PRIVATE LIMITED**

**Moderator:** Ladies and Gentlemen, Good day and welcome to the Jindal Drilling & Industries Limited Q2 FY24 Earnings Conference Call hosted by PhillipCapital (India) Private Limited.

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 the operator by pressing “\*” and then “0” on your touchtone phone. Please note that the conference is being recorded.

I now hand the conference over to Mr. Vikash Singh from PhillipCapital (India) Private Limited. Thank you and over to you, sir.

**Vikas Singh:** Good afternoon, everyone. Welcome to all of you on Jindal Drilling & Industries first ever concall.

Today, we have with from the Management side Mr. Raghav Jindal – MD and Mr. Kaushal Bengani – DGM, Investor Relations and Finance.

Without taking any much time I would hand over the call to Mr. Kaushal for the opening remarks. Over to you, sir.

**Kaushal Bengani:** Thank you Vikash. Good afternoon shareholders and thank you for joining us on our earnings call. This is the first earnings call that we have conducted in the recent past. We are extremely excited for the future and want to communicate to our shareholders the various updates and changes which we have done in Jindal Drilling & Industries.

We have improved our operations and that has been reflected in our numbers. Our performance has improved substantially, and we strongly believe that we will perform even better in the second half of FY24 and in FY25. I will briefly summarize key financial indicators.

In Q2 FY24, our revenue increased by 51% compared to our performance in Q1 FY24, our EBITDA increased by 26%. The profit after tax and earnings per share increased by 55%. This is on account of deployment of 3 rigs in the current financial year, Discovery I, Jindal Star and Virtue I.

These 3 rigs have started their new ONGC contracts at rates significantly higher than the previous contract. This has been the key reason for our improved performance.

Another feather in our cap, which has been achieved in the past week followed the deployment of rig Virtue I with ONGC. Consequent to this deployment, Jindal Drilling has become the largest Indian offshore drilling services contractor with ONGC. We operate 5 offshore jack up rigs with them and our efficiency in operations is in excess of 98%.

I would now like to take you through our earnings presentation. The first slide talks about Jindal Drilling & Industries. We are, as mentioned earlier the leading offshore drilling services contractor in India's oil and gas sector. We have more than 35 years of experience in the sector of offshore drilling. We are supported by an efficient and experienced operational and management team who ensure that our efficiency is not compromised and we achieve the highest levels of safety.

We have been supporting ONGC for the past 30 years and it is an indication of the level of customer satisfaction that we are able to command from them. Apart from 5 offshore jack up rigs that we run with ONGC, we also operate 10 mud logging units, 9 with ONGC and 1 with Megha Engineering. We also provide directional drilling services to the oil and gas sector.

The next slide talks about the rigs which are deployed with ONGC. All rigs are on long-term contracts. On perusing this slide, you will note that there is a significant difference in the day rates of Virtue I versus the day rates of other rigs. This is because the tender for Virtue I was issued after

the onset of the Russia-Ukraine War and that is the reason why the rate of USD 80,633 is higher than the other rates which are in the range of USD 40,000 to USD 50,000 per day.

One of our other rigs Jindal Supreme will be de-hired in the later part of FY24 and we expect the new contract rates to be higher than the existing rates. The rig segment of Jindal Drilling and Industries accounts for 90% of the EBITDA generated and that is the area of growth for Jindal Drilling in future.

The next slide details the revenue and EBITDA, PAT and EPS. We have fantastic EBITDA margins, and we will maintain the same going forward. The PAT margin has also been consistent despite a turbulent period over the past year and we have been able to generate such strong PAT margins by controlling costs, despite inflationary pressures.

Our marketing team has also ensured that we are able to secure tenders at good rates. The profit and loss account is detailed on the next slide and our profitability has improved quarter-on-quarter. The annual highlights indicate an upward trend in the performance of Jindal Drilling and we strongly believe that this performance will be replicated going forward and we are excited in achieving that.

As I was talking about the EBITDA mix earlier that the rig segment accounts for more than 90% of the total EBITDA generated, this slide spells it out in more detail on a quarter-on-quarter basis. The borrowings of Jindal Drilling are currently at 192 crores. This has slightly increased on account of refurbishment activities for 3 rigs in the current calendar year.

As all 5 rigs are now deployed at higher rates with ONGC, our debt will reduce rapidly over the next 12 months. Our shareholding structure comprises few marquee investors and we hope that going forward we will

also be considered favorably by similar investors and institutions. I would now like to hand over back to Vikash so that we can take questions.

**Moderator:** Thank you very much. We'll now begin the question-and-answer session. The first question is from the line of Nilesh Doshi from Green Lantern Capital. Please go ahead.

**Nilesh Doshi:** Kaushal one point just to understand is Virtue I, you say you have mentioned in the presentation it is rented, but I believe you have passed a board resolution to acquire this rig. Can you elaborate on that please?

**Kaushal Bengani:** Yes, sir, you're right. We've been considering purchasing rig Virtue I. We are in the process of obtaining legal opinion for the said purchase. Once that opinion is received and if that opinion gives us a clear go ahead, we will purchase rig Virtue I.

Currently, we own Discovery I and Jindal Supreme and we want to increase our fleet of rigs in the books of Jindal Drilling and for that reason we have approached shareholders for approval of the said purchase, that approval was received a few months ago.

However, we are still in the process of obtaining the legal opinion once that is received we can go ahead with the purchase of this rig.

**Nilesh Doshi:** Now when you say these are rented, I believe Jindal Drilling owns some percentage into each of these, that is in Virtue I, correct?

**Kaushal Bengani:** Virtue I is owned by Virtue Drilling Pte. Limited, which is based in Singapore. It is a joint venture company of Jindal Drilling, and Jindal Drilling owns 49% of Virtue Drilling Pte. Limited.

**Nilesh Doshi:** Second is, what is the current rate going on because your Jindal Supreme is coming for renewal next year?

**Kaushal Bengani:** Rates are good. We would not like to specify a rate as the tender is still under process. However, the market is good, rates are good.

**Nilesh Doshi:** Third is you never mentioned anything about the other rig which you're operating in the Mexican water?

**Kaushal Bengani:** There is another joint venture company in Singapore, Discovery Drilling Pte. Limited, which is also 49% owned by Jindal Drilling. That entity owns a rig called Jindal Pioneer. Rig Jindal Pioneer is deployed with Saimexicana in Mexico. We were focusing on standalone operations of Jindal Drilling, which is why that was not covered in this presentation.

**Nilesh Doshi:** And the last question is to Mr. Raghav, can you explain or help us understand what's happening in the drilling area globally and how do you see for next couple of years the opportunity, because the geopolitical scenario and the volatility is very high in the region and on the other side ESG and carbon neutrality is hurting the oil industry. So, can you please help us understand how do you see the future?

**Raghav Jindal:** The future is very bright. There is a lot of shortage of rigs in the market internationally and in India. India has grown its fleet of its existing rigs last year by 33% and yet in the last 2 contracts / 3 contracts we've seen that ONGC is short of the kind of rigs that it wants.

So, the Indian market as well as international market is going up and we are looking at better rates in the coming future, including the tender for Jindal Supreme that we were talking about and so the demand is there and talking about the volatility in the market, the war has basically strengthened the market.

Oil prices have become higher and because of that rig rates that we command would become higher. There is a shortage internationally, no new rigs are being made currently, but if things goes the same way we look at newer rigs being built in the market.

So, more of the old rigs would be given away and new rigs would be made. So, increasing the demand of the rigs increases our prices.

**Nilesh Doshi:** Kaushal, if you permit me last question. Last year you had other income of 18 crore and if I recall this was more of a foreign exchange mark-to-market gain and current quarter it is 8 crores. So, can you explain what is the change and this other income of 8 crore, is it again a foreign exchange mark-to-market or it is some other interest income?

**Kaushal Bengani:** The 18 crores which was the other income in the previous year was mostly on account of forex fluctuation. When the dollar moved from Rs. 70 to Rs. 80 the exposure which Jindal Drilling has in dollar terms, that exposure was revalued and it was a mark-to-market gain. In the current quarter the movement in the dollar was not significant, therefore there wasn't any significant forex fluctuation.

This income was primarily interest income on the loan denominated in dollar which has been given to the joint venture companies Discovery Drilling and Virtue Drilling.

**Nilesh Doshi:** So, this is what we expect to continue quarter-on-quarter?

**Kaushal Bengani:** Yes, provided there isn't significant forex fluctuation.

**Moderator:** Thank you. The next question is from the line of Aditya Sen from Robo Capital. Please go ahead.

**Aditya Sen:** Sir, given that the market suggests that there's a scarcity of this down supply and demand is high on the ONGC front, the rates are also around 1,000 sorry \$1,00,000 a day. So, if Supreme gets a contract at such rate, so would it be fair to say that we can do roughly 900 crores of revenue in the following year with around 50%, 55% EBITDA margin?



**Raghav Jindal:** We can't really comment on the rates of Jindal Supreme currently. So, we can't really assume anything further on this. We are under negotiations with ONGC and hope to get the best that we can.

**Aditya Sen:** And in a recent interview you talked about a new acquisition given that there's a demand supply mismatch. So, do we have any updates here, how much will be the amount until when shall we expect it and the funding on this?

**Kaushal Bengani:** I will just touch upon the point which MD sir made. So, we cannot comment on the rate of Jindal Supreme at this point because the same is under negotiation. However, in the next financial year, we will have full year operations of the other rigs.

In the current financial year, we've only had operations of 1 rig for 5 months and other 2 rigs for 7 months and 9 months instead of 12 months for each of the rigs.

Because in the next financial year, there will be operations for entire 12 months of all of our rigs except for Jindal Supreme, we expect revenue to go up from current financial year level.

**Aditya Sen:** I am asking about the new rig acquisition that we were talking about.

**Raghav Jindal:** For the new rig acquisition we have already identified one or two rigs. We have to wait for ONGC to take out the next tender and based on that their requirements we will be seeing whether the rigs would be suitable or not. So, we are in talks and we've identified older rigs. We are not looking at constructing any new rigs for the moment.

**Aditya Sen:** Older rig, so any ballpark number of the capex that we need to do the acquisition?

- Raghav Jindal:** Nothing, as of now because acquiring a rig is one thing and then refurbishing it to the requirement of ONGC would be the second thing. So, it all depends upon the tender requirements.
- Aditya Sen:** So, this is not a bare boat charter, right?
- Raghav Jindal:** No, it won't be a bare boat charter it would be a purchase if it would be.
- Aditya Sen:** And since the rates on Virtue has been revised, so do the bare boat charter rate and the expenditure rate also get revised in a similar proportion? How does it work?
- Raghav Jindal:** No, I mean, it depends upon many factors, so can't really comment on that.
- Aditya Sen:** And about Pioneer, can you share at what rate is Pioneer been contacted at?
- Raghav Jindal:** So, Pioneer has time-based charter, so it increases every few months. It's about 30,000 bare boat charter rates currently, but it will increase eventually.
- Aditya Sen:** And we consolidated revenue on our balance sheet, on our P&L, right?
- Kaushal Bengani:** The revenue is not consolidated. The profit of the joint venture is consolidated, and it is a bare boat charter. Just for clarity we incur no expenses. The amount of USD 30,000 is the net amount receivable for us because it's a bare boat charter.
- Aditya Sen:** And last question do we have any cost sharing with the inter companies like Jindal Explorer is with Maharashtra Seamless, so do we have cost sharing structure with them?

**Kaushal Bengani:** Jindal Explorer is owned by Maharashtra Seamless. Maharashtra Seamless has given it on rent to Jindal Drilling. Jindal Drilling has given it on rent to ONGC.

**Aditya Sen:** And do we pay like what is the rent rate that we pay to Maharashtra Seamless?

**Kaushal Bengani:** We pay USD 23,000 per day to Maharashtra Seamless for Jindal Explorer.

**Moderator:** Thank you. The next question is from the line of Jeetu Punjabi from EM Capital Advisors. Please go ahead.

**Jeetu Punjabi:** First thank you so much for doing this analyst call. It kind of helps us understand what you're thinking and brings out good interaction between management and investors. So, thank you for that.

Two, I heard a lot of commentary in the last few questions around what you guys are thinking in terms of tactically about rigs that you're trying to, you're probably going to buy some, refurb it and give it to ONGC, etc.

Can I, however, I love to hear what the management is thinking on what's its 2-year, 3 year, 4 year vision? What's the goal? What are you trying to do and if you're going to buy one or two, two or three or four rigs over the next 3 years, 4 years, then what's the thinking, what's the leverage you are okay with and how are you going to financially put that to work and what would be implications in terms of financials?

So, I'm not kind of asking for a commitment or guidance. All I'm trying to understand is what is the broader thinking of the management and what you're trying to achieve over the next 3 years, 4 years?

**Raghav Jindal:** So, basically, we want to increase our rig count according to the requirements by ONGC. We are only looking at ONGC to increase the market. We're not looking for any other international markets to get into.

So, it will only depend upon what the requirements are and what the rig availability is for us. It's basically that.

**Jeetu Punjabi:** And in terms of where do you think you would add 2 or 3 rigs to this current thing over the next 3 years, 4 years, is that fair way to think about it that if you think the markets right and the prices are right, that would be where you would get to?

**Raghav Jindal:** It's really about the availability of rigs. There are very few rigs in the world that would match the ONGC requirements. Some of them are very old, some of them have not been in contract for more than three years. So, it makes it non contractible for ONGC. There are a lot of issues.

It will really depend upon if ONGC relaxes their requirements in their tender and whether the rig is suitable or not. We would love to increase it by 2 to 3 rigs a year depending on the contract that ONGC comes out with the tenders, but it really depends upon what is available, what is contracted, what the terms of the tenders are.

**Jeetu Punjabi:** And the other question is in your opening comments you said that you're going to work towards getting your leverage down very quickly because cash flow is going to be strong, is that not factoring in the assumption that there is going to be potentially a new rig coming in and if that comes and your level goes up again, is that a fair way to look at it?

**Raghav Jindal:** Correct, yes, that is not factored with the new acquisition right now.

**Jeetu Punjabi:** And then the other question is when I look at your margins and then I saw your last contracted rig, what it points to that if the pricing is where it is, then your margin should go up over the next 12 months. Is that a fair assumption to build in or other costs going up in commensurate to that?

**Raghav Jindal:** Correct.

**Jeetu Punjabi:** So, margins will head up?

- Raghav Jindal:** Definitely. I mean, Jindal Supreme is currently working at USD 40,000 something. The new rates would definitely be substantially higher.
- Jeetu Punjabi:** And then last question for me, I'm just saying think 5 years out, what's the vision of the imagination like you're young what's the bigger goal that you want to achieve over the next 5 years, 7 years, say 20-30?
- Raghav Jindal:** Definitely there is a lot of volatility in this market. We are one of the biggest players in India. We are looking at increasing the fleet. We are looking and speaking to people in India and internationally to acquire a few more rigs and a few more businesses in the same sector. That's our vision and that's our goal for the next 5 years.
- Moderator:** Thank you. The next question is from the line of Shivan Sarvaiya from Humiviction Investment Advisors. Please go ahead.
- Shivan Sarvaiya:** Few questions from my end. One is on the operational status of the rigs in Q2, if you could throw some light? All 5 rigs operational for the entire quarter?
- Kaushal Bengani:** No. Out of the 5 rigs Jindal Star was deployed on 10th of July and Virtue was deployed in the last week of October. So, out of the 5 rigs, 3 rigs were operational for the entire quarter from July to September. One rig was operational from 10th July onwards and one rig was not operational in the second quarter. It became operational in the last week of October.
- Shivan Sarvaiya:** So, Virtue which went on a charter on October, when did it come off contract previously?
- Kaushal Bengani:** It came off contract in end of December, beginning of January.
- Shivan Sarvaiya:** And in terms of our contracts with our JVs, how is the rig hire charges determined and how are the operating costs bifurcated between the JV and a Jindal Drilling, if you could give a broad understanding here?

**Kaushal Bengani:** Yes, I'll do that in a moment. The dehire date of Virtue was not correct, I beg your pardon, the rig was dehiired in the first week of April.

**Shivan Sarvaiya:** You want me to repeat my question?

**Kaushal Bengani:** Yes, please.

**Shivan Sarvaiya:** Sir, my next question was on some understanding I would require I wanted on the terms of the contract between Jindal Drilling and its JVs with respect to rig hire charges, how are they determined? How are the operating costs divided between Jindal Drilling and its JVs, some understanding here?

**Kaushal Bengani:** The rig owner gets rental from Jindal Drilling. Jindal Drilling operates the rig with ONGC and Jindal Drilling bears all the operational costs. Rental is paid to the rig owner.

**Shivan Sarvaiya:** So, basically in the books of the JV, there would not be any operating costs or employee cost which would be booked there everything would be booked in Jindal Drilling books, right?

**Kaushal Bengani;** Almost all expenses are booked in books of Jindal Drilling because Jindal Drilling operates the rig with ONGC. However, in the books of the rig owner, there would be insurance and certain other administrative and depreciation expenses.

**Shivan Sarvaiya:** If I was referring to our annual report where a line item comes as drilling operating expenses, so what are the constituents of these expenses?

**Kaushal Bengani:** I don't understand. Could you clarify?

**Shivan Sarvaiya:** So, in our operating expenses in our annual report, there is a line item by the name drilling operation expenses. So, what are the constituents of these expenses?

**Kaushal Bengani:** Crew salary, crew travel, accommodation, stores and spares, all of this would comprise operational expenses and employee benefit expenses.

**Shivan Sarvaiya:** And like when we say that our uptime performance or utilization was 99% or 98%, how is this calculated based if you could give an understanding here?

**Kaushal Bengani:** It is calculated on the hours on which the rig operates with ONGC. So, out of a 24 hour period if 98% of the time the rig is operating then that is 98% efficiency.

**Shivan Sarvaiya:** So, this would exclude any lag period between two contracts or when it goes for refurbishment, et cetera, right?

**Kaushal Bengani:** Yes, because refurbishment exercises are undertaken after conclusion of the contract on which the rig is operating.

**Moderator:** The next question is from the line of Pritesh Chheda from Lucky Investment. Please go ahead.

**Pritesh Chheda:** Few clarifications, one the Discovery rig was a part of this quarter fully in the standalone numbers?

**Kaushal Bengani:** Discovery was deployed in May 2023.

**Pritesh Chheda:** Which means it was there for full quarter. This particular quarter, it was there for three months?

**Kaushal Bengani:** Pritesh, there is significant disturbance in your line, we cannot hear you very well.

**Pritesh Chheda:** Is it clear?

**Kaushal Bengani:** Yes.

**Pritesh Chheda:** So, which means that it was available.....

- Moderator:** Pritesh sir, your lines has lots of disturbance. Can you please come back in the queue. The next question is from the line of Dhiraj S from Roha Asset. Please go ahead.
- Dhiraj S:** I just wanted to know the rental cost has also gone up or getting revised just like the charter rates are for the 3 rigs that we have taken on rent or lease?
- Raghav Jindal:** Yes, with the revenue increase the expenses has also increased which is almost spanning every expense including employees, spare parts, refurbishment costs, everything.
- Dhiraj S:** So, what could be the average rental going forward because you've given the rig rates that's the revenue side of the story, but on the cost side what will be the rental cost going forward? Will it be a commensurate increase just wanted to know that directionally?
- Kaushal Bengani:** We don't want to comment on rental. What is there has already been disclosed.
- Dhiraj S:** And on the operating number of days can we assume that all the 5 rigs will operate 365 days?
- Kaushal Bengani:** 98%. At least 98% till the contract is there.
- Moderator:** Thank you. The next question is from the line of Aditya Sen from Robo Capital. Please go ahead.
- Aditya Sen:** Can you please share the refurbishment expense that we might do on Supreme once it gets dehiired?
- Raghav Jindal:** I mean we can't share – it is still under...



- Aditya Sen:** We just want to understand the ballpark number. We don't have any idea like how much refurbishment expense do we do on rigs. So, do we just need a ballpark number?
- Raghav Jindal:** It really depends. It's very different from rig-to-rig. Once it goes under refurbishment is what we get to know.
- Aditya Sen:** So, Virtue has been deployed recently, can you share its refurbishment expense?
- Kaushal Bengani:** No.
- Moderator:** Thank you. The next question is from the line of Saket Kapoor from Kapoor and Co. Please go ahead.
- Saket Kapoor:** Earlier in one of the ONGC notifications they mentioned about age of the fleet also being a criteria for which the rate would be set in. So, what's the average age of our fleet and how do there is a differentiation on the charter rates?
- Raghav Jindal:** So, there is no difference as such in the charter rate, we do get points. There are technical points given to each rig. Jindal Supreme is the only rig which is built in 1975, 80s rest all of the rigs are new. Discovery Virtue were built towards 2008, Star 13 Explorer 14. So, these are all new Jack up.
- There is a difference between the prices in case there is a new rig and a old rig. So, the technical marks are about USD 5,000 to USD 6000 depending upon how new or how old your rig is.
- Saket Kapoor:** USD 5,000 to USD 6,000 on the total amount. So, suppose 80,000 on a charter rate of 80,000, 5,000 is what is attributed to the age of the fleet?
- Raghav Jindal:** Approximately yes, if there's an old rig which was bid with Virtue, the technical scores would bring it down by about USD 5,000, USD 6,000.

**Saket Kapoor:** Sir, when we look at the consolidated numbers and come below the line item for share of equity accounted in JV, there are losses on QoQ basis 8 crore and now this quarter again closer to 9 crores. So, if you could explain the nature of the same?

**Kaushal Bengani:** The losses are on account of depreciation, the depreciation charge is high in one of the joint ventures that will gradually reduce. It is a noncash item. It does not impact the cash EPS of the company.

**Saket Kapoor:** Sir, when we look at the revenue model wherein, we have owned and rented, if you could explain us the benefit of owning 49% in Virtue and Discovery and not 51, if you could explain that and what's the significant advantage of the rented and owning the assets in terms of earning in the profitability from....

**Kaushal Bengani:** The reason why we have 49% joint venture is a strategic reason and we would not want to discuss that on the call. However, the reason why rigs were initially bought in the joint venture was the ability to raise finance at low cost at that point in time.

Just so that you're able to appreciate this point better, one new jack up rig, the kind that we have, if one is to go and order one and get it delivered in the next two years, they'll have to pay at least USD 250 million. That is the replacement, that is the cost of a new jack up rig with specifications like the ones that we have.

Out of the 5 rigs that are being operated by us, the most expensive rig is Jindal Explorer. It was manufactured at a capital cost of USD 220 million. So, that is the quality of our fleet and a reason why ONGC is very happy with our operations and one of the reasons why we are able to maintain high levels of efficiency in operations, in addition to our ability to retain and nurture good manpower.

**Saket Kapoor:** And this is the same Explorer, Jindal Explorer, but that is being owned by MSL?

**Kaushal Bengani:** Yes.

**Saket Kapoor:** And there the cost of acquisition was around USD 100 million...

**Kaushal Bengani:** Yes. Jindal Explorer was manufactured at a cost of \$220 million at the peak of the crude oil cycle in 2014. Thereafter, crude oil cycle crashed, and it was sold at a lower rate.

**Saket Kapoor:** And sir what should be the current replacement cost, any ballpark number since the market is strong and there is lesser availability of rigs?

**Raghav Jindal:** Since there are no rigs for sale and the only option as such is a new rig to be built which Kaushal just told you would be about USD 250 million and it would take you more than 2.5 years to build one.

**Saket Kapoor:** Last point is on the ONGC legal case, sir, any update on the same, sir?

**Kaushal Bengani:** The matter is sub-judice and it has been sub-judice for quite some time. We would not like to discuss that because it's sub-judice.

**Saket Kapoor:** Sir, the last point is on the business model of the rig business and my understanding is that we don't have pure play rig company listed. So, if you could explain can investors look at it as an annuity type business and only the forex fluctuations are the ones that would lead to the vagaries or the technicalities of the numbers. Are these the only factors because the cost and the income component are fixed over a period of time, so are there any other variables that we need to keep in mind while modeling out the numbers for the entity as a whole?

**Kaushal Bengani:** The contracts that we have with ONGC are firm contracts. So, irrespective of changes in the crude oil market, once the contract has been awarded

and the rig starts operations in the said contract, there are no changes in the day rate.

**Moderator:** Ladies and gentlemen, as there are no further questions, I now hand the conference over to Mr. Vikash Singh for closing comments.

**Vikash Singh:** On behalf of PhillipCapital I would like to thank Jindal Drilling management to give us the opportunity to host this concall. Now I hand over the dais to Kaushal for any closing remark.

**Kaushal Bengani:** Thank you, Vikash. Thank you for organizing this call for us. We appreciate your support. We also appreciate support of our shareholders who have stayed with us in difficult times. We have been working continuously even during difficult times to improve operations of the company and we are hopeful that the results will start getting reflected from next quarter onwards.

I would also like to thank MD sir for taking time out to join us on this call and would request him to give his closing comments as well. Thank you.

**Raghav Jindal:** Good afternoon and thank you to everybody. It was a pleasure to speak to you all and we hope the company does well. It's promising, the market is looking very good and we definitely do hope to add more rigs to our fleet provided there are contracts by ONGC and we're able to identify some more. So, thank you all once again and look forward to such calls again in the future.

**Moderator:** Thank you sir. On behalf of PhillipCapital (India) Private Limited that concludes the conference call. Thank you for joining us and you may now disconnect your lines.