“Asian Energy Services Limited

Q2 & H1 FY27 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day and welcome to the Asian Energy Services Limited Q2 and H1 FY27 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict.

From the management, we have with us today, Mr. Kapil Garg, Managing Director; Mr. Aman Garg, Director; Mr. Sumit Maheshwari, Group Chief Financial Officer; Mr. Nirav Talati, Chief Financial Officer. As a reminder, all participant lines will be in the listen-only mode and you will have an opportunity 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. Kapil Garg, Managing Director. Thank you, and over to you, sir.

Kapil Garg: Thank you. Good evening, everyone. I welcome you all to the Q2 and H1 FY27 Earnings Conference Call. Along with me, we have on the call Mr. Aman Garg, Director; Mr. Sumit Maheshwari, Group CFO; Mr. Nirav Talati, Chief Financial Officer of Asian Energy and AdFactors PR, our Investor Relations Advisers.

I hope everyone had the opportunity to go through our financial results and investor presentation, which have been uploaded on the stock exchanges website and our website. I will begin by sharing some perspectives on the operating environment during the first half of financial year '27, followed by the key strategic and operational developments across our businesses.

During H1 FY27, the energy landscape was heavily impacted by the geopolitical tensions in the Middle East, where supply chain disruptions and elevated crude prices drove global energy market volatility and reinforce the importance of energy security through domestic production. Governments are increasingly prioritizing investment in domestic production, operational efficiency and resilient infrastructure, while higher energy prices have enhanced the attractiveness and the profitability of marginal fields.

For India, with import dependency of 85% to 90% for crude oil and about 50% for natural gas, energy security has become an increasingly critical national priority. The emphasis on strengthening domestic exploration and production is reinforced by recent government initiatives like the Samudra Manthan, alongside earlier initiatives like discovered small field bid round through which Oilmax has built an array from its hydrocarbon assets. All these initiatives are creating significant opportunities for growth and expansion going ahead.

On AESL front, the order book remains robust. The success of the Vedanta project execution is expected to accelerate the adoption and outsourcing of integrated field development project from producers, both private and public, creating long-term opportunities for AESL. The planned production ramp-up at Indrora and Mevad fields is on track, bolstered by the drilling of 3 wells in calendar year 2026, all of which have been successful and are producing.

The fourth well, where horizontal drilling technology is being deployed for the first time in the field, drilling is going at this very moment. We remain confident in achieving the target of 800 to 900 barrels of oil per day capacity.

Moving on to key developments for the company during the period, a strategic milestone was the approval of the scheme of merger by absorption of Oilmax Energy Private Limited into Asian Energy Services Limited by the NCLT Mumbai bench. We have also received in principle approval from the Ministry of Petroleum and Natural Gas in relation to the proposed merger, marking another important step towards its completion and we now await final approval from them in the coming days for the implementation of the merger.

This merger represents a significant milestone in our long-term growth strategy, transforming AESL from services business into an integrated energy platform. By combining our established services capability with Oilmax's upstream oil and gas and mineral assets, we aim to strengthen our presence across the energy value chain, improve operational efficiency and build a more comprehensive business platform.

Due to imminent merger between AESL and Oilmax, we believe it would be prudent to provide an update on the Oilmax activities. With respect to Oilmax, we achieved 3 important milestones in first half of financial year '27. First, Oilmax awarded the Kutch offshore hydrocarbon block for under Discovered Small Field Bid Round 4, in which it holds a 50% participating interest and has been designated as operator.

Subsequent to the quarter, Oilmax has also executed the revenue sharing contract with the Government of India for the awarded block, marking a significant step towards the company's upstream journey into large offshore blocks. Second, Major progress has been also taken place with the connection of the DNPL pipeline in Assam to the wider IGG network, which is in progress and is expected to help all hydrocarbon producers in the Northeast, including Oilmax in increasing natural gas offtake and realizing better prices. Third, Oilmax received a letter of intent for the Pakro Vanadium & Graphite Block in Arunachal Pradesh, marking its entry into the critical minerals segment.

We also signed a gas sales agreement for Tiphuk with production is expected to commence in Q4 FY27. These developments are aligned with our strategy of expanding our upstream asset base and diversifying into mineral assets with long-term growth potential.

We see the global conditions creating opportunities abroad as well. Our international operations under Kuiper Group witnessed a recovery during Q2 FY27, following certain operational challenges experienced at the beginning of the financial year due to the evolving geopolitical conditions in West Asia. Business activity returned to normal levels during the quarter.

The most recent tensions, particularly affecting Saudi Arabia continue to warrant close monitoring. Our operations in Saudi Arabia remain unaffected till now and overall project activity is on track, notwithstanding the impact on operating costs. We remain cautiously optimistic about the near-term outlook and excited by opportunities that will come from the region's post-war reconstruction as we focus on expanding Kuiper's revenue to the guided USD 100 million by FY30.

On our Mineral Infrastructure segment, we have completed our first project in Rajmahal, Jharkhand and 2 more projects are currently undergoing trials and commissioning. Along with the project we secured earlier from Gujarat State Electricity Corporation Limited for Ukai TPS in Gujarat, these recent developments give us great confidence in building and executing the mineral handling project going ahead.

Going by historical operational performance, we are anticipating large revenue booking in H2 from the segment and remain active in participating in all opportunities on the horizon, not only with Coal India, but also with other customers. As we enter the second half of financial year '27, our focus remains on accelerating project execution, strengthening our order book, integrating Oilmax operations with AESL and maintaining capex & financial discipline.

Now I hand over the call to Mr. Sumit Maheshwari, our Group CFO, to talk about the financials.

Sumit Maheshwari: Thank you, Kapil sir. Good evening, everyone. Talking about H1 FY27 financial performance, the company reported revenue from operations of INR 537.9 crores, a 148% increase on a YoY basis, more than doubling compared to INR 217.4 crores in H1 FY26, reflecting a strong growth trajectory. EBITDA stood at INR 52.3 crores, up 148% on a YoY basis, while EBITDA margins came in at 10%. Profit after tax stood at INR 29.8 crores, translating into a PAT margin of 6%.

Coming to Q2 FY27, the company reported revenue from operations of INR 266.7 crores compared to INR 102 crores in Q2 FY26, growing 161% YoY. EBITDA for the quarter grew 235% YoY to INR 30.3 crores compared to INR 9.1 crores in the corresponding period last year, while EBITDA margin came in at 11%. Profit after tax for the quarter stood at INR 17.1 crores with PAT margin at 6%. For the Oil and Gas segment, revenue for Q2 FY27 stood at INR 239.8 crores with an operating profit of INR 42.8 crores.

For H1 FY27, the segment reported revenue of INR 484.5 crores and a profit of INR 76.1 crores. In the Mineral and Other Energy Services segment, revenue for Q2 FY27 amounted to INR 26.9 crores with a profit of INR 4.3 crores. For H1 FY27, the segment reported revenue of INR 53.3 crores while profit came in at INR 8.4 crores.

Coming to our balance sheet, we continue to maintain a strong financial position with a gross debt-to-equity ratio of just 0.25 and on a net basis, we are almost a debt-free company. It further reflects the strength of our financial fundamentals, and this provides us a strong foundation to pursue future growth opportunity while maintaining a disciplined approach to our capital allocation.

While sequential revenue remained largely stable during Q2 FY27, we delivered a strong performance at the EBITDA level, reflecting improved operational efficiency and profitability. Looking ahead, we are confident of delivering strong revenue in H2 FY27, supported by our robust order book, accelerated project execution and a healthy pipeline of opportunity. We remain firmly focused on sustaining this momentum and are well on track to achieving our stated guidance for the financial year. Thank you. We now open the floor for questions.

Moderator: Thank you, sir. We will now begin the question and answer session. Our first question comes from the line of Siddharth Chauhan with 360 ONE Capital.

Siddharth Chauhan: Congratulations on good set of results. A couple of questions from my end. Firstly, in the Oil and Gas segment, if I look on a sequential basis, EBIT has increased sharply despite revenue moderating. So can you share the reason for the same?

Sumit Maheshwari: Siddharth, do you have any further question

Siddharth Chauhan: Yes. I do have two other questions. Should I say them?

Sumit Maheshwari: Yes. Please.

Siddharth Chauhan: The second is in terms of the opportunity size which you're looking at from the perspective of upstream companies like ONGC, Oil India and even Vedanta outsourcing their fields on integrated service contract basis. So just want to know what is the entire size of the opportunity? And are there any tenders currently out there? That is my second question. And lastly, on the coal handling segment, any ongoing tenders out there where you are bidding? And if you can share the quantum or the size of these contracts, I think that will be helpful? That's it from me?

Sumit Maheshwari: Okay. So Siddharth, answering your first question about the EBITDA increase, that is more reflecting our robust operation and financial performance. We have implemented a lot of cost efficiency measures, which has started yielding the results. Second is more of the project mix, which we have executed in Q1 and Q2, and that has led to the sharp EBITDA increase as compared to a sequential basis from Q1 to Q2.

Kapil Garg: With regards to the 2 other questions you asked about the integrated oil field opportunities. As I mentioned in my earlier, based on the Vedanta success, ONGC and Oil India has started to look at. There are 2 tenders going on at this moment as we speak, which we are looking to participate. In terms of size, some of these contracts are 15-year long, and they are about 5,000 barrels each. If I was to put a number, I would say, between INR 500 crores to INR 700 crores per tender per year for 15 years. This is the beginning, these are 2 projects on which currently tenders are going on, and we expect more of those to come. Overall opportunity, you can calculate is very, very decent size. With regard to the question you asked for the coal handling plant, yes, there is a bid going on at the moment. Roughly size is about INR 250 crores for that project and more opportunities are in the pipeline.

Moderator: Thank you. The next question comes from the line of Raj with TPR Capital. Please go ahead.

Raj: Firstly, congratulations on the wonderful set of results. My first question is, sir, on the in-principle approval, how long do you think it would take time to get the approval from MoPNG for the Oilmax merger? Second question would be on the contribution from project Kuiper on this quarter, particularly, and we've given a guidance of INR 500 crores to INR 550 crores? So how are we looking based on the current momentum in H1 in terms of meeting that guidance? And my third question was just on the overall acceptance that you're seeing with the Samudra Manthan scheme and the other capex that have been announced by the likes of Oil India for drilling by ONGC for drilling. So what is the scenario change that we're seeing in the industry today because of all those initiatives being taken by the government in terms of orders, tenders coming up?

Kapil Garg: Okay. The first question you asked was about MoPNG approval. Because in principle approval is already in place, we would expect that we should receive the final approval soon. I mean I

would not like to put a number to the day because it's the government we are dealing with. Hopefully soon.

The second question you asked about the Kuiper guidance. The numbers we guided in the beginning of the year, we remain firmly on track to deliver the guidance of between INR 500 crores to INR 550 crores for the year. As I mentioned earlier, we all know that there is some crisis going on in the Middle East, which we are watching very carefully. But luckily, fortunately, our operations are not impacted at this point in time. So going forward, we expect the numbers to be delivered.

Raj: Okay. Sir, any number on this quarter's contribution from Kuiper?

Sumit Maheshwari: Yes. This quarter, the difference between standalone and consolidated is the revenue from the Kuiper. Kuiper has contributed roughly around INR 135 crores of revenue.

Moderator: Yes, Mr. Raj, does that answer your question?

Raj: Yes. And just a third question on how the Samudra Manthan and the other investments announced by ONGC, Oil India and the likes have been received. How is the bidding pipeline looking like? How the opportunity is scaling up for you guys there?

Kapil Garg: Samudra Manthan detailed guidelines were only published last week about how the whole scheme would work. We are evaluating the detailed guidelines on how it will impact us and how we can use the opportunity. On a broader level, what we understand is that out of INR 84,000 crores, which have been provided at Samudra Manthan, about majority chunk goes for deepwater drilling, there we don't really have much role to play, but the balance which is directed towards building common infrastructure pipelines, there could be potential for us to work with regards to Samudra Manthan policy. But as I just mentioned to you, the detailed guidelines were only published last week.

Sumit Maheshwari: Kuiper will get benefited in the deepwater drilling.

Kapil Garg: Kuiper will definitely benefit because a lot of these deepwater rigs, which will come from outside to drill those wells will be an opportunity for Kuiper directly.

Raj: Okay. Makes sense. Because what we saw was that generally the market was a bit negative on the quality in terms of the repayment scheme that the government has come up with whether it's in terms of 7 years or 50% of the cost being recovered. So any views on those particular guidelines, sir?

Kapil Garg: See, you're right. Some of the foreign companies might take it slightly on the negative side. But on the domestic front, the players who are already active here, for example, ONGC, Oil India, British Petroleum, Vedanta, my view would be that they would certainly like to take advantage of the policy because they are already here, and they want to do some of these things. This is my view. We have to see how it plays out.

Raj: Got it and sir, regarding Northeast, you mentioned the guide -- just the last question from my end before switching back again. You mentioned that the gas pipeline would help in terms of realizations also. And we already know that Vedanta has a big unexplored block that's available

there. So what is just on your take on Northeast development in terms of the blocks that are not explored there and the potential gas pipeline that is coming up, what can be the benefit that we can accrue from this?

Kapil Garg: So last 2, 3 years, we have been kind of hamstrung by the pipeline connectivity. So we have been selling gas into the local grid, mainly primarily to Tea Gardens, a little bit to Brahmaputra Trackers and the Assam Power Corporation because we are not connected to the wider grid. The North East Gas Grid, which was supposed to be completed 2 years back was slightly delayed. But now it has started to happen.

And what we understand is that later this in November, the DNPL pipeline will be connected to the IGGL network. Some sections of the ONGC has already been connected to IGGL. And we are starting to see wider market opening up. For example, Indian Oil brings imported LNG for the two refineries operating in Assam. That imported LNG will be replaced by domestic gas, which all the producers, including us, that are producing in Assam.

Once the demand picks up for the domestic local gas, we think the pricing will improve. Right now, we're realizing about plus/ minus $7 per million BTUs, even though pan-India gas sells for more than $10. Expectation would be that as the connectivity improves, the pricing gap would start to narrow down.

Moderator: The next question comes from the line of Rajesh Jain with Jain Investment.

Rajesh Jain: First of all, congratulations on the great set of numbers. I basically have 2 queries. Now because Oilmax is going to merge with Asian Energy, if you can throw some light on the Oilmax revenue and profit for H1. And can you give us a guidance for the same for FY28 all 3 companies put together: Kuiper, Asian Energy and Oilmax?

Sumit Maheshwari: Rajesh, as we told you, FY '28 guidance, once the Oilmax merger is completed, we will start providing the detailed numbers and financials of Oilmax. The guidance we had provided for FY 27 and as we already told for the Asian Energy, we are on track to deliver on the guidance. Once the merger is being completed, as an organization, we are providing the annual guidance and which we'll provide that will include the next year guidance for Oilmax also.

If you see, we have already provided the next 2 - 3 years long-term guidance for the company, combining Asian, Oilmax and Kuiper, where we are targeting INR 3,000 crores of top line and INR 700 crores of EBITDA and we'll continue with those guidance. As and when the merger is being completed and the implementation is being done, we will start providing the necessary financial details and the guidance for the Oilmax also.

Moderator: The next question comes from the line of Hina Parekh with Starklume Investments.

Hina Parekh: I mean, firstly, congratulations on good set of numbers. I just wanted to ask that we have remained almost flat or degrown on the mineral and other services businesses on a Y-o-Y level, both in half yearly and quarterly. So could you please help me with the business that has led to the degrowth in this section. And I have another question on the Duarmara plant. We indicated that we should start production in Q4 soon. So it has still not started. So when do you think that we could expect it to start?

Sumit Maheshwari: Okay. Answering your first question about the mineral segment. As we explained earlier also and if you've seen our PPT, generally, the Q3 and Q4, which is the second part of the year is where we deliver and we execute more projects because of the seasonality and the monsoon season, which hits into the Q1 and Q2. We expect the momentum to pick up for the mineral segment in H2 of the year and we will definitely be doing much better than H1 in H2. We do foresee the growth on the overall year basis from the last year numbers in the minerals segment. Coming to very specific thing, the 2 new projects which have been awarded to us. Generally, for 6 months, you spend more time into the engineering and all those things, the revenue recognition is slightly slower. After 6 months, the revenue recognition improves. We do believe in H2, we will see a much better performance in this mineral segment as compared to H1, and we will see a better growth and we'll see growth compared to the last year numbers also. Could you please repeat your second question?

Hina Parekh: Yes, perfect got on that. Because on the plant, we indicated that we should start the production in Q4. So I just wanted an update like by when do you think we could expect it to start?

Kapil Garg: With regards to Duarmara as you must be aware, Antelopus Selan is our partner and operator in that field. During the call, they provided guidance. The well, which was drilled last year encountered three zones. We were expecting the gas zone to be more prolific, but the oil zone came out better there, I would have to say it was a slight surprise to us. We are discussing with Antelopus now about the future plan, and we intend to go back and do more workovers and more testing. With regards to your specific question, when can you expect the production to start, I would say Q1 FY28 or Q2 FY28 would be more closer to what the expectations are right now.

Moderator: The next question comes from the line of Pawan Kumar with Aggarwal Investment.

Pawan Kumar: So congratulations on the good set of numbers. Just have one question. How is the Vedanta project going on and by when we are expecting the revenue from the project?

Kapil Garg: Vedanta project remains firmly on schedule, and we are expecting to complete all the capex elements during this financial year. It's firmly on schedule as it was planned.

Sumit Maheshwari: And we are already recognizing revenue for the work which we are performing on the quarter-on-quarter basis.

Pawan Kumar: Okay. And another question is, are there any active contracts that we are bidding for going to in the second year of the year -- second half of year?

Sumit Maheshwari: As we told you, there is a very active bid pipeline for which we are working. We'll not get into very specific details. Both oil and gas side, we are actively working on 3 - 4 tenders right now, and we are expecting a couple of more tenders to come. In the CHP side, we have one active tender that is live right now for which we are planning to submit our bid and we are expecting a couple of more tenders coming into November. The bid pipeline remains very robust and very active.

Moderator: The next question comes from the line of Raj with TPR Capital. Please go ahead.

Raj: I just wanted to get a better idea on the CBM in Chhattisgarh that we already have in terms of the block. As of this quarter also we have stated that it's under development. Can you just give

me a bit more detail on the potential at the project and what do we look for in the next 2 years regarding this project?

Kapil Garg: We have got all the permissions required, including all the environmental clearances required. The contract has been finalized. The drilling is expected to start by middle of November immediately after Diwali. The drilling results will take about 6 months to be accumulated, based on which we expect the production as per our initial guidance. It will take about 2 years to start the production. But the activity, is going to start around 15th of November.

Moderator: The next question comes from the line of Tina Maheshwari with OP Equity Advisors.

Tina Maheshwari: Congratulations on the results. First, I want to understand that since the anticipated merger has now been sanctioned by NCLT and only regulatory approval is pending what is the capital intensiveness of this entire thing and how will this help in achieving the overall growth for FY'30 that they have initiated?

Sumit Maheshwari: If you have seen our presentation, the Oilmax vertical, which is the E&P vertical, and we have a couple of mineral mines also. For FY30, from the current production of 2,000 BOE per day, we are targeting to reach 10,000 BOE per day. It will immensely benefit and immensely contribute to the growth of the company, which we are targeting.

In terms of the capex requirement and all the things, as we told you, all these blocks are discovered blocks and already have necessary infrastructure and some wells in place. We do not see too heavy investments in this particular sector in coming years. This business, particularly after the merger, as we ramp up our production of Oilmax E&P assets and Oilmax blocks, it will immensely contribute to the overall top line and bottom line of the company.

Tina Maheshwari: All right. Noted sir. Thank you so much.

Moderator: Thank you.

Kapil Garg: If there are no further questions, thank you all for joining the call and if there are any additional questions you have, please reach out to our PR agency and we'll be very happy to answer those. Thank you so much. Good evening.

Moderator: Thank you, sir. On behalf of Asian Energy Services Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.