"Mangalore Refinery and Petrochemicals Limited
FY'24 Earnings Conference Call"
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MODERATOR: **MR. AMIT RUSTAGI – UBS SECURITIES**

Moderator: Ladies and gentlemen, good day and welcome to the FY24 Mangalore Refinery and Petrochemicals Limited Earnings Conference Call hosted by UBS Securities. 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 the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

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I now hand the conference over to Mr. Amit Rustagi from UBS Securities. Thank you and over to you, sir.

Amit Rustagi: Thank you. Good morning, everyone. I am Amit Rustagi, Executive Director Research with UBS Securities. On behalf of UBS Securities, I welcome you all to the Q4 and FY24 earnings call of Mangalore Refinery & Petrochemicals Limited. We have the pleasure of having with us today the senior management of MRPL, represented by; Mr. M.S. Kamath, Managing Director; Mr. Vivek Tongaonkar, Director Finance and CFO; Mr. Sanjay Varma, Director Refinery; Mr. BHV Prasad, ED Projects; and Mr. Yogish Nayak, Head of Finance. I welcome the entire team of MRPL to be with us.

Now I would like to hand over the call to the management for the opening remarks, which will be followed by a Q&A session. Thank you, sir, and over to you.

Vivek Tongaonkar: Thank you, Amit. Good morning to everyone. Thank you for joining today's call. I am Vivek Tongaonkar, Director Finance and CFO of MRPL. I trust all of you are all well. As Amit has already mentioned, I have over here with me our; Managing Director, Mr. Shyamprasad Kamath; our Director Refinery, Mr. Sanjay Varma; our ED Projects, Mr. BHV Prasad; and our Head of Finance, Mr. Yogish Nayak, along with our finance team over here.

Today I will discuss our financial and operational results for the past quarter, Q4, outline our strategic initiatives and explain how these efforts align with our long-term objectives. We will also explore the challenges and opportunities we anticipate as we move forward.

Let us begin with our financial performance for the quarter ending 31st March, 2024. In Q4, we achieved a gross refining margin of $11.35 per barrel, a significant improvement from $5 per barrel in the Q3 of financial year 23-24. For the fiscal year 23-24, our GRM stood at $10.36 per barrel, better than the GRM of $9.88 per barrel for the previous year. Consequently, for Q4 of financial year 23-24, the PBT, Profit Before Tax and PAT, Profit After Tax numbers stand at INR1,766 crores and INR1,137 crores respectively.

On operational basis, MRPL has posted the highest ever PBT and PAT in the financial year 23-24. The PBT for the financial year 23-24 stands at INR5,521 crores, which is 30% higher than the PBT of INR4,239 crores last financial year. Similarly, profit after tax for the financial year 23-24 stands at INR3,596 crores, which is 36% higher than the profit after tax of INR2,638 crores last financial year.

The net worth of the company has increased to INR13,251 crores from INR9,835 crores in the last financial year, a 35% increase year-on-year. Additionally, the company prepaid some of the high interest bearing loans in the last financial year amounting to INR3,183 crores. Total loan repayment in the financial year 23-24 was INR5,058 crores. The debt-equity ratio has therefore improved from 1.70 as on 31st March 2023 to 0.94 as on 31st March 2024.

Coming to the physical performance, the company achieved a throughput of 4.6 million metric tons in Q4 of financial year 23-24. This is the highest throughput ever in Q4 for the company. Further, the throughput for the whole fiscal year 23-24 stands at 16.59 million metric tons and this is the second highest ever, despite a major plant shutdown which occurred during Q2 of financial year 23-24.

MRPL also posted highest ever distillate yield of 79.27% in Q4 of 23-24. The yield for the financial year 23-24 stands at 78.77% versus an already high number of 78.11% in financial year 22-23. The fuel and loss reported was lesser at 10.46% for Q4 and 11.02% for the fiscal year 23-24 versus 11.13% in the fiscal year 22-23.

The company also constantly focused on bringing in value through diversified crude sources and hence procured and processed three new crudes during the year. The three crudes were Siberian Light from Russia, KGD-6 crude from Reliance BP's Ruby FPSO East Coast of Kakinada, India during February 24 and KG98 crude from ONGC's East Coast Block during March 2024. MRPL has further enhanced the capacity of desalination plant from 30 MLD to 40 MLD and hence now is not dependent on river water during the summer months.

This move has paved the way for MRPL to constantly run on consistent throughput throughout the year. MRPL also won many accolades to its name during the year. Notable awards were Best Innovation in Refinery Award in Energy Technology Meet 2023, GEM Star Buyer Award from Government of India.

MRPL also became the first AS9100D certified refinery in India and internationally recognized certification for ATF production and distribution. The certificate established the best practices followed by MRPL with respect to ATF production and distribution. Coming to marketing, MRPL achieved the mark of 100 retail outlets in the financial year 2023-2024.

The average sale per retail outlet is around 150 kL per month which is higher than the industry average. Totally we sold 154,000 kL of product earning INR76 crores over the RTP. As we are there, we have currently got 103 retail outlets already functioning. We have also started manufacturing and marketing Mineral Turpentine Oil, MTO, from Q4 onwards. MTO is a key raw material used in paint industry.

We are excited about our strategic direction for the future. Significant planning is underway for new projects aimed at enhancing our refineries GRMs by enhancing the PET-CHEM intensity from the current 10% to 12.5%. We anticipate an investment of approximately INR8,000 crores over the next five years, primarily funded through internal accruals. We are also planning to launch some of the products through our patented technologies. One is Isobutyl Benzene for which significant progress has been made and pilot plant is already awarded.

Additionally, we are steadfast in our commitment to sustainability aiming for net zero emissions by 2038 in line with our parent company's goals. The refinery is already taking RLNG as a feed and can consume up to 0.65 MMSCMD of RLNG. Discussions and strategy to reduce the fuel and loss is firmed up and project to import the grid power is on track.

The targeted actions will not only build on green credentials of the company but also add to the bottom line substantially. MRPL has also paid its first ever interim dividend of INR1 per share which is 10%. The board during its meeting on the 3rd May 2024 has also proposed a final dividend of INR2 per share which is 20% subject to shareholder approval at the upcoming annual general meeting. Looking ahead to the next year, we are targeting a throughput in excess of 17 million metric tons with no planned shutdowns aligning with our strategic focus on maximising asset utilisation.

Despite the volatile market for crude and refined products, these challenges also present opportunities for MRPL to innovate and adapt. Our team is committed to leveraging our core strengths and agility to capitalise on these opportunities. In conclusion, while the past year's presented challenges, our performance underscores MRPL's resilience and potential.

I am confident in our strategy and our ability to drive sustainable growth and create shareholder value. I would like to express my gratitude to our dedicated employees and our loyal shareholders for their continuous support and trust. We will now open the floor for any questions as you may have. Thank you very much.

Moderator: Thank you very much. The first question is from the line of Sabri Hazarika from Emkay Global. Please go ahead.

Sabri Hazarika: I have a few questions. Firstly, on the capex, I think in FY24 you had around INR1,500 crores of capex is that right and what was it spent on?

Vivek Tongaonkar: Yes, that is correct and we have spent this capex on our Devangonthi Terminal and other projects that have been there which are all in-house as of now.

Sabri Hazarika: Okay, so these are all like low ticket size projects or was there other than Devangonthi Terminal, was there any like larger size projects?

Vivek Tongaonkar: No, these were all smaller size projects only.

Sabri Hazarika: Okay, sir. Secondly, you mentioned that 0.65 MMSCMD is the amount of RLNG that you can take or is that the amount you are taking right now?

Vivek Tongaonkar: That we can take, maximum.

Sabri Hazarika: Okay, and as of now what would be the intake of RLNG?

Vivek Tongaonkar: 0.4 MMSCMD.

Sabri Hazarika: 0.4 is the current intake. Okay, sir. Thirdly, any update on your green hydrogen tender that you have, Electrolyser tender that you have released probably a year back?

Vivek Tongaonkar: No, that was an EOI. I will let Mr. Prasad who is our ED, Projects, he will clarify on this issue.

B.H.V. Prasad: Yes, the green hydrogen projects, earlier it was only expression of interest to know various technologies available and the suppliers. Now the board has approved the green hydrogen project and we will be implementing the green hydrogen projects within the refinery.

Sabri Hazarika: Right, any capex number for that?

B.H.V. Prasad: It is about INR50 crores.

Sabri Hazarika: INR50 crores, okay. And the specs will be similar to what the EOI document has said, right?

B.H.V. Prasad: Yes, something similar to that.

Sabri Hazarika: Okay, sir. And last question, I don't know whether you would be able to answer that or not. Any update on merger with HPCL?

Vivek Tongaonkar: No, we don't think we are not aware of anything that has been going on this issue. I believe that would be more for ONGC to take a view, ONGC HPCL.

Sabri Hazarika: Right, sir. Thank you so much and all the best. Thank you.

Moderator: The next question is from the line of Kirtan Mehta from BOB Capital Markets. Please go ahead.

Kirtan Mehta: Thank you, sir, for the opportunity. In terms of, you mentioned that you are currently undertaking around 0.4 mmscmd of LNG and you have the ability to go up to 0.65. At what level of prices you would be like to maximize this? How does the switching happen between the RLNG and the internal consumption of fuel?

Vivek Tongaonkar: On the RLNG front, yes, we do have capacity to go up to 0.65. This was more dependent upon the prices of RLNG, which were much higher earlier on. But now, yes, now that these prices have gone down, we are in the process of tying up RLNG and we'll be suitably increasing this quantum also. It's just a question of when it happens.

Kirtan Mehta: So whenever the LNG price is under $10, can we assume that it would be beneficial to operate at full capacity, 0.65 MMSCMD?

Vivek Tongaonkar: Yes.

Kirtan Mehta: And in terms of the Russian crude usage, what was the average usage during the quarter as well as during the year? And what were the discounts that we would measure related to the other basket?

Vivek Tongaonkar: So as far as the Russian crudes are concerned, broadly, they would be in the levels of what you have for the industry as a whole, which is typically between 30% to 40% and discounts, we would not be able to put a figure on to it because these have been separate differently, but discounts are still there for Russian crudes.

Kirtan Mehta: Right. And is the usage likely to continue at this rate for next one or two quarters? Do you have some visibility on the same?

Vivek Tongaonkar: As we are always looking at crudes which give us most value. So if these crudes continue to give us value, then we would certainly be looking at them.

Kirtan Mehta: Right. And in terms of the Venezuelan crude, have we been able to use that as well? And would it came at a discount to the other crude basket?

Vivek Tongaonkar: We have not used Venezuelan crudes now. And we understand that they are not available so freely. I believe, again, some sanctions are coming up on the Venezuelan crudes.

Kirtan Mehta: One more question, if I can squeeze on the margin. So in terms of the near-term market environment, are we seeing sort of the easing down of the spreads? And do we expect this easing to continue for next one or two quarters?

Vivek Tongaonkar: We have found the margins to have come down. As of now, we would not be in a position to hazard anything. But we believe that this should be the level at which they should continue.

Kirtan Mehta: Particularly the gasoline margins per se have started easing. And now I think the main support from diesel can probably come only towards November, December when European winter starts. So in the absence of both the drivers sort of narrowing down, is it fair to assume that margins may not sort of make, could also go down further from here?

Vivek Tongaonkar: We are not anticipating too much a drastic fall on the margins as of now. Although these margins have come down, but they are a factor of a number of, they are also subject to geopolitical and other factors. So we are, we do not think that this would drop too much as of now.

Kirtan Mehta: Thanks for this clarification.

Moderator: The next question is from the line of Rwibhu Aon from UBS. Please go ahead.

Rwibhu Aon: Thanks for the opportunity. First, I wanted to ask what was our distillate yield this year? How it differed, especially for the key products as compared to last year? And if any of our small scale projects is actually going to improve our distillate yield going forward?

Vivek Tongaonkar: Okay. For the quarter four last year, we had a total distillate yield of 79.27% out of which light distillates were 29.4% and middle were about 50%. Then for the previous year, '23-'24 financial year, it was 78.77%. Light distillates were about 28.45% and middle distillates were again around 20%-50%.

Rwibhu Aon: This is for FY '24 or full year.

Vivek Tongaonkar: FY '24.

Rwibhu Aon: Okay. And any indicative number for the next year if we are planning to improve the distillate yield or any particular key product?

Shyamprasad Kamath: It could be on the similar levels or we may be slightly there could be whatever margins are there, we will exercise that. Maybe plus minus another 0.5%, plus 0.5%, not minus, 0.5% plus.

Rwibhu Aon: Understood. And, sir, we were, I think, producing more reformate given the spreads before. So, can you please tell us in what mode are we operating the plant currently? And how do you see it changing over the next few quarters?

Vivek Tongaonkar: As of now, the aromatic complex is operating on the reformate mode and the outlook is also that we may continue at least for this quarter on the reformate mode. Going forward, we do analyze it very closely and depending on how the economics are moving, we will be switching over to Para xylene mode if the economics looks healthy.

Rwibhu Aon: Okay. And, sir, lastly on capex, of course, you mentioned our capex plans in terms of how you are looking at it, but broadly in FY '25 and FY '26, do you have any annual capex numbers that you can share with us?

Vivek Tongaonkar: For this year and next year, as of now, the routine capex would be around INR1000 crores, which continue. And we have, as I have already mentioned earlier on, we have new projects lined up, which would be around INR8000 crores over a period of next five years. These projects are under conceptualization and finalization for DPR.

Once they are ready, I think maybe after this, in the quarter three, we will be able to throw more light as far as the capex plans are concerned. So, but broadly, it should be around maybe 2000 crore odd maximum additionally for these capex projects.

Rwibhu Aon: Okay, sir. Thank you, sir. I'll come back in the Q&A queue.

Moderator: The next question is from the line of Sabri Hazarika from Emkay Global. Please go ahead.

Sabri Hazarika: Yes, thank you for the opportunity. So, a couple of more questions. Firstly, on this KG 98/2 crude, So, this is, I mean, from, I mean, are you regularly taking it right now? Or was it just a testing cargo? Have you signed any, I mean, any kind of contract with ONGC for that?

Vivek Tongaonkar: No, we took first two cargos, which were there from ONGC. Now ONGC would also be going into that auction mode. That auction mode would be carried out by ONGC and depending upon who wins that cargo, it would be taken by that company.

Sabri Hazarika: Okay, and can you give us some idea on this crude? I mean, is it a, I mean, what could be the API and the sulfur content and all? Is it like, I mean, are you, is your refinery like getting benefit out of that crude or it is like any other crude?

Shyamprasad Kamath: It is a low sulfur crude and you can say, we can comparable say with Mumbai high levels kind of a thing. Maybe there could be some plus minus on the cut yields on the particular range, but it's a low sulfur crude and we can compare with Mumbai High.

Sabri Hazarika: Okay, but you are open to like taking this 12,000, 13,000 barrels per day, what they are producing right now?

Shyamprasad Kamath: Yes,

Sabri Hazarika: It's like fitting your refinery configuration overall?

Shyamprasad Kamath: Yes, yes.

Sabri Hazarika: Okay, sir. Yes, thanks. And secondly, on the marketing side, I mean, you are like expanding retail outlets, but the marketing outlook again is like little bit volatile. So we've got margins fluctuating significantly. So, and of course, you have made INR76 crores, which is like quite commendable, but last year has been like quite good for everyone.

So given the current circumstances, you're still fine with your like retail expansion plans or is there a relook into it? And you had like, I think 500 retail outlets sort of a permission. So are you going ahead with that number?

Vivek Tongaonkar: Yes, I would say that we are continuing to look at marketing positively. We have a target of 1000 outlets by '26, '27, and also sales of 1 million metric tons products through these retail outlets. There could be small periods wherein retail outlets may not make money or there would be certain issues as far as the pricing is concerned.

But on in the long run, we are sure that it is good to be in this retail outlet. If you see it gives us a better price than RTP also. So compared to exporting our products, if we have a retail outlet, we get the better margins in most of the periods.

Sabri Hazarika: Right, so and sir, last question, any update on your 2G, ethanol and bio ETF plans?

Vivek Tongaonkar: Yes, Mr. Prasad would be able to tell you.

B.H.V. Prasad: Yes, regarding bio ETF, the board has approved the project of the bio ETF and we are in the process of finalizing the consultant for the execution of the project. We'll be shortly, we'll be finalizing and moving ahead. This particular project is coming within the refinery complex.

As regards to 2G ethanol, we are looking into various options to make the project more viable. As of now, the Board has asked us to look at various options to make the project more viable. As of now, the project is not viable. So we are not moving ahead unless the project becomes viable.

Sabri Hazarika: Okay, sir. And on the Bio-ATF, how much could be the capex and do you have the confidence of airlines in terms of like offtake, because airline companies generally tell that it is almost like 3x, 4x the price of hydrocarbon-based ATFs. So I know they have got their own sustainability goals. So are you confident -- I mean, what could be the capacity, the capex and your confidence in placing them with domestic airlines?

B.H.V. Prasad: Capex is about INR350 crores.

Sabri Hazarika: INR250 crores, okay.

B.H.V. Prasad: INR350 crores. And we are confident of selling this product at premium because internationally by 2027, it is mandatory that the -- SAF blending is mandatory. So we are confident of getting the margins. Even a lot of airlines as well as international airlines have shown interest.

Sabri Hazarika: Okay. And what could be the capacity and what exactly is the capex for, would it be a new plant or it would be like a blending sort of a thing or is there some other process altogether for that?

B.H.V. Prasad: Yes, now this particular plant is what we are putting up is a demo plant, which is a 20 KLPD plant. We are also looking into the possibility of other modes of producing sustainable aviation fuel. They are also in advanced stage of study.

Sabri Hazarika: So it's a facility, right? I mean, it's a unit that you have to set up.

B.H.V. Prasad: It's a unit which is coming up right now. The Board has approved one unit which is coming up, which is going to be constructed within the refinery.

Sabri Hazarika: Okay. And the feedstock will not be crude oil, it will be something else?

B.H.V. Prasad: Feedstock will be vegetable oil, used oil, cooking oil, and which is available plenty in the region.

Sabri Hazarika: Okay, sir, got it. Thank you so much. Thanks a lot.

Moderator: Thank you. The next question is from the line of Avishek Datta from Anand Rati Share and Stock Brokers Limited. Please go ahead.

Avishek Datta: Sir, I just wanted to know what was the inventory gain for this quarter and for the full year.

Vivek Tongaonkar: Our inventory gain for this year was $0.58 per barrel. And what was the next question?

Avishek Datta: And for the quarter?

Vivek Tongaonkar: The quarter, it was around $1.

Avishek Datta: $1. Okay, sir. Okay, thank you so much.

Moderator: Thank you. The next question is from the line of Amit Rustagi from UBS Securities. Please go ahead.

Amit Rustagi: Yes, thanks, sir, for giving this opportunity. Sir, first question relating to the capital allocation. Now, we have seen that the company is making significant amount of profits. So, how are you going to utilize the profits? This year's money has gone into repayment of debt. But going forward, like how much repayment of debt we can consider? How much additional capex we can consider? And are we in for taking some big project for maybe four to five years going forward? So, can you give us slightly medium to longer term view that how we are looking at the situation?

Vivek Tongaonkar: Okay. So, as far as I've already mentioned, we have got additional capex also lined up. We have a grid upgradation project coming up, which would -- grid power upgradation project coming up, which would help us to import power through the grid and reduce our own captive power. So, that is coming up in '25-'26. We already have an IBB plant, Iso Butyl Benzene plant, which I have already mentioned in the start. Bio-ATF plant is coming up.

Green hydrogen plant is also there. We have got certain jetty infrastructure and pipelines, modifications and upgradations to be done. All these projects would come in '25-'26. Apart from this, as I've already mentioned, we have projects for enhancing our Petchem from 10% to 12%, which would be about INR8,000 crores over a period of five years. So, broadly, it would be another INR2,000 crores additionally from next year onwards.

Starting with even from this year, we would have certain additional work going on, on these Petchem projects. So, that is how we are planning to spend for the future years. We do have approximately INR1,000 crores annually spend, which is a regular sort of a capex requirement for this refinery.

Amit Rustagi: So, then it is fair to assume that our capex will move in the trajectory of about INR3,000 crores -INR4000 crores annually now from here onwards?

Vivek Tongaonkar: INR3,000 crores plus, yes, next year onwards.

Amit Rustagi: Yes, after '26 onwards. So then in that situation, how do we see the dividend payout? Because I think PSEs are supposed to pay 30% dividend annually. And I think this year, we have not paid around 30%. So how do we see dividends from here, basically?

Vivek Tongaonkar: Yes. So, normally, DIPAM guidelines specify that 30% of PAT or 5% of network should be the amount that is paid off. You would have seen if you have been following the company that earlier on we had a lot of capex and loans which were there, and we were not in a position to pay dividends.

When our cash position has improved, we have given out a 10% interim dividend. For this year also, now final dividend of 20% has been declared by the Board, subject to the shareholder's approval. And this is considering the various factors which could affect the profitability of the company and the cash flow of the company.

If there are any sudden spikes in crude prices or otherwise, which could affect the cash position of this company, we do not want that we should have a variable dividend -- volatile dividend policy. So, in line with that, the company has considered 30% for the previous year. As cash positions improve and our loan positions also go down, we are looking at rewarding our shareholders on a regular basis, rather than giving it in one lump sum.

So, we would again take a view post our quarter H1 results, the company would again take a view on distribution of dividend or otherwise, considering all the factors at that time.

Amit Rustagi: Okay. And how much debt repayment we can expect in the next two years? And what is the comfortable level of debt you are looking at that where you will think that, okay, now we are happy with the current level of debts? What is that level, basically?

Vivek Tongaonkar: So as far as the debt levels are concerned, we are already below one. We were last year 1.70, we have gone down to below 1 debt equity ratio. We have repaid INR5,000-odd crores. So, we are quite comfortable as far as the debt repayments are coming. We do not have too much of debt balance. Our normal working capital loan requirement is about INR7,500 crores. So that amount of debt would continue on a short-term basis.

As far as the term loans are concerned, we have got NCDs -- four number of NCDs, which are for 4,477 crore. And they would be continued till about '30 and '32. The interest rates are also quite benign. So, we are not in a hurry to repay those loans as such. And for the year '24-'25, the loans repayable are INR1,174 crores, which we are sure that we would able to do it through our own internal approvals.

There are no other major loans which require repayment as of now. And whatever loans that are there are like OIDB loans, which are at very good interest rates. The interest rates have been between 6% to about 7%, 7.5%.

Amit Rustagi: So we can consider INR10,000 crores of debt level broadly, you are happy with?

Vivek Tongaonkar: As the network goes up, we would be in a position to have better debt levels also. And if need be, for any major capex, we are ready to be able to obtain a debt for those projects also.

Amit Rustagi: Okay, great sir. So, thanks for taking my question. I will hand over to the operator.

Vivek Tongaonkar: Thank you.

Moderator: Thank you. The next question is from the line of Neerav Jimudia from Anvil Reseach. Please go ahead.

Neerav Jimudia: Yes, thanks for the opportunity, sir. Sir, you mentioned one of the products which we are under the feasibility stage which is isobutylbenzene. So, this predominantly I guess finds application in the production of ibuprofen if I'm not wrong.

So, if you can just share your views in terms of what could be the capacity of IBB which we are coming up with and if I'm not wrong I think the raw materials required here would be toluene and propylene. So, if you can just share your thought process about our venturing into this product, what is the demand here in India and what are the imports coming to India. So, if you can just share your views on that would be helpful?

Shyamprasad Kamath: The IBB project right now we are on a pilot scale and the feedstock as you rightly mentioned they are toluene and propylene which are available within the complex. So, that's the advantage that we gain and the technology is based on our patent.

Secondly, we are confident that whatever demand which is there in the country, this will be a kind of around 10,000 tons to 15,000 tons per year capacity which will be a kind of a mega scale plant for that product and we are confident with our pilot we will be able to establish the market for that to start with.

Neerav Jimudia: Because I think one of the largest chemical players is like Vinati Organics is into the production of IBB and the purity levels of which they've been producing for a long period of time. So, they have achieved the cost economics and the economies of scale. So, I just wanted to check with you in terms of our venturing into that because initially the capacity is what you mentioned 10,000 to 15,000 tons of the plant would be quite sufficient enough in order to cater to the domestic market. So, I was just wondering on that.

And secondly, on the OMPL, how are the utilization rates currently because there also, we produce paraxylene and benzene. And paraxylene cracks have been offlate not doing well. So, if you can just share your thought process on both the paraxylene as well as the benzene production for FY24 and how we are looking for FY25?

Shyamprasad Kamath: The complex the aromatic complex as you mentioned the paraxylene market is not very economical at this point of time. So, we have been operating the complex on the reformate mode and we have consistently now operating at around 110% of the capacity utilization. During the last financial year we have produced around 800,000 tons of reformate and we have exported it. Benzene also we have been producing from the complex. We have produced about 130,000 tons of benzene last year and we are sustaining the complex on that mode and reformate is definitely bringing more margins onto the table today compared to paraxylene.

Sanjay Varma: Basically, our refinery complex we have some kind of a product swing capabilities. So, OMPL, erstwhile OMPL we have a flexibility to look into the economics and operate it either on PX or reformate mode. So, from past 2 years we are finding making Reformate more cost advantageous to us and similarly within the refinery also we have a lot of -- little bit of product swing capabilities between Diesel ATF, between other products. So, we are trying to look into the market conditions and wherever the cracks are good we are trying to maximize that.

Neerav Jimudia: And sir last question from my side is like apart from IBB are there any downstream products which we are planning because we have the upstream with us like benzene we have, PX we have, toluene propylene you rightly mentioned, would be available from our complex only. So, any other products apart from that which we are planning to add along with IBB for our downstream?

Shyamprasad Kamath: Yes Neerav as DF mentioned we are right now in the study mode which is on advanced stage for increasing our petchem intensity from around 10% to 12.5%. So, all these things are getting covered in that and probably by Q3 of this year we should be getting our necessary approvals to go ahead and get into the implementation mode. We are looking at various products based on the feedstocks that are available within the company.

Neerav Jimudia: Got it, sir. Thank you so much, sir, and wish you all the best.

Sanjay Varma: APR for this project is under compilation. So, the board approval may take by Q3. By that time all kind of these projects are being evaluated and which brings more economic value to the company those projects will be on-boarded in this expansion.

Neerav Jimudia: Thank you so much sir and wish you all the best.

Moderator: Thank you. The next question is from the line of Harsh Maru from Emkay Global. Please go ahead.

Harsh Maru: Thank you for the opportunity. My question basically pertains to the Bio-ATF part. So, two specific points over there. One is when do we expect Bio-ATF output to be available for sale? And the second question being what would be the premiums that we are looking at vis-a-vis hydrocarbon-based ATF?

B.H.V. Prasad: Bio-ATF is expected to be ready by the year 2026-2027 when the SAF becomes mandatory for an international flights. 2026-2027, we would be ready with the project. What was the second question?

Shyamprasad Kamath: Price, premium on ATF.

B.H.V. Prasad: The premium on SAF over ATF, presently it is very high when it comes in the international market. Presently, we are not taking any number at this moment, but we expect to get substantial premium for this particular product.

Harsh Maru: Okay. Thank you so much.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. As there are no further questions from the participants I now hand the conference over to Mr. Rwibhu Aon from UBS Securities. Thank you and over to you for closing comments.

Rwibhu Aon: Thanks, moderator. We are extremely grateful to host this insightful audience call and I would like to extend our heartfelt gratitude to the company management for taking out their time for the call. And I would like to thank all the analysts, investors, and experts for dialing in. I would now like to hand the conference over to the management for their closing comments, if any. Over to you, sir.

Shyamprasad Kamath: At the outset, thank you all for participating in this con call and it was a privilege for us also to have at least a con call and try to address your whatever clarification questions that you have had and hope we have met all the expected responses to all your clarifications. We would be looking forward to meet you probably in the near future also as and when we have an opportunity again. Thank you on behalf of the entire team here, Director Finance, Director Refinery, ED Projects, GGM Finance and the entire finance team present here. We would like to thank you all.

Moderator: Thank you. On behalf of UBS Securities, that concludes this conference. Thank you for joining us and you may now disconnect your lines.